

Annual Report 2015

Scatec Solar at a glance	3
Scatec Solar in brief	4
Letter from the CEO	6
Key events	8
Our solar plants	10
The Management	12
The Board of Directors	14
Report from the Board of Directors	15
Corporate Governance	30
Shareholder Matters	34
Corporate Social Responsibility	36
Consolidated financial statements Group	50
Notes to the Consolidated financial statements Group	57
Parent company financial statements	102
Notes to the parent company financial statements	107
Definitions	124
Auditor's report	126

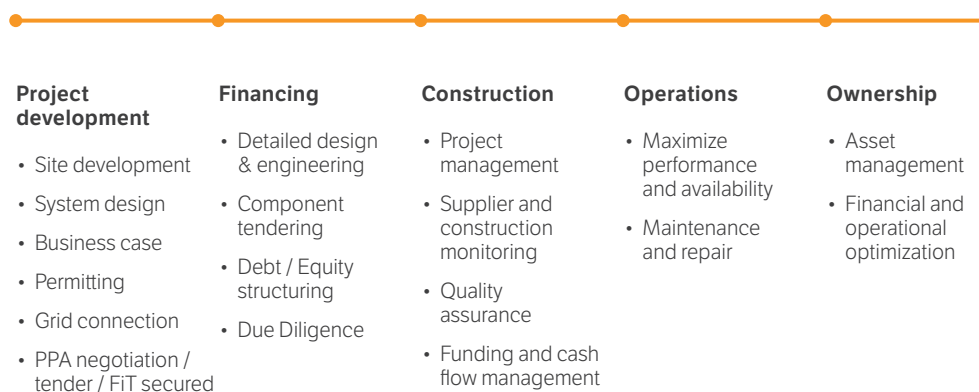
Scatec Solar

Scatec Solar is an integrated independent solar power producer, delivering affordable, rapidly deployable and sustainable source of clean energy worldwide. A long term player, Scatec Solar develops, builds, owns, operates and maintains solar power plants, and already has an installation track record of close to 600 MW.

The company is producing electricity from 383 MW of solar power plants in the Czech Republic, South Africa, Rwanda, Honduras and the United States. Construction of an additional 43 MW solar power plants in Jordan is under way.

With an established global presence, the company is growing strongly with a project backlog and pipeline of close to 1.5 GW under development in the Americas, Africa, Asia and the Middle East. 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

OUR LOCATIONS



IN OPERATION

383 MW

UNDER CONSTRUCTION

43 MW

BACKLOG

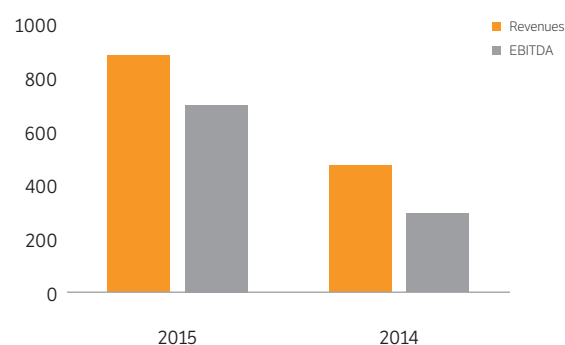
422 MW

PROJECT PIPELINE

1,096 MW

CONSOLIDATED REVENUES AND EBITDA

NOK MILLION



KEY FACTS

Established	2007
Employees	132
Listed on the Oslo Stock Exchange	2014
Market capitalisation (year-end)	NOK 3.7 billion

CONSOLIDATED FINANCIALS

NOK MILLION	2015	2014
Total revenue and other income	881	471
EBITDA	698	293
EBIT	523	191
Net profit / (loss)	136	49
Net profit / (loss) to Scatec Solar	68	-18
SSO share of cash flow to equity*	208	240
Power production (GWh)	466	274
LTI (Lost time injuries)*	2	1

* Refer to appendix for definition of this measure.

OUR VISION

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

Strong growth in pipeline

2015 has been an exceptional year for us. In last year's annual report, we promised significant expansion. We are happy to inform that we have now expanded our activities into five continents, even as we completed projects on schedule in both developed and developing economies. Our 60 MW Agua Fria plant in Honduras was grid-connected in autumn and in December we commissioned our 104 MW project in Red Hills, Utah - the biggest PV plant in the state. This is the largest project we have undertaken so far and construction was completed on time in less than 12 months. All these plants have begun their long journey to provide electricity for the next 20 years.

The 2015 financials reflect substantial growth from 2014 and consolidated revenues reached NOK 881 million, EBITDA NOK 698 million and net profit NOK 136 million. Cash generated to Scatec Solar's equity across our business segments reached NOK 208 million in 2015.

Our position as one of South Africa's leading solar energy providers was reaffirmed when we were awarded the Preferred Bidder status for building another three projects totalling 258 MW in the spring. In July, we signed an historic agreement to build-own-and-operate West Africa's first utility-scale solar plant to be located in the ancient city of Segou in Mali.

We have made great progress in the development of the pipeline of projects in Asia, Africa, the Middle East and the Americas. A green bond issue at NOK 500 million was successfully raised in November and will fund further growth. Construction of our solar plant in Jordan is underway, while we have ongoing activities in

Egypt, Pakistan and African countries that are keen to tackle power shortages as well as pollution caused by fossil fuel-generated electricity.

In this context, we are very pleased with the landmark climate agreement in Paris that is setting the course for the world to move towards a clean and low- carbon future. No doubt, challenges remain as countries strive to deliver on their promises and intentions. But for the first time, a record number of 195 nations have unanimously adopted a New Clean Energy Roadmap for the planet. Countries, companies and municipalities have committed to increasing the share of renewables in their energy mix. With our proven capability to rapidly deploy clean, cost-effective energy in multiple continents simultaneously, Scatec Solar is uniquely positioned to seize, what energy analysts call "unprecedented" opportunities unfurled by the Paris Agreement. Significantly, despite low oil prices, renewable energy projects secured a record investment of USD \$330 billion in 2015.

2016 will be another exciting year for Scatec Solar as we accelerate the implementation of projects in our pipeline and backlog that will start generating electricity over the next few years. To enable smooth and simultaneous execution of projects located in different continents we have further strengthened our organisation. We are on track for vigorous growth and expansion towards our target of 1.5 GW in operation and under construction by the end of 2018. This trajectory has been achieved with our investors' support, our partners' collaboration and our talented employees' dedication to implement projects with speed and precision.



2016 will be another exciting year as we accelerate development of our project pipeline. We are on track for vigorous growth and expansion towards our target of 1.5 GW of installed capacity by the end of 2018.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and strokes, representing the name Raymond Carlsen.

Raymond Carlsen
CEO

Key events in 2015

Q1



Commencement of construction of the Red Hills solar power plant in Utah, USA.

Commencement of construction of the Agua Fria solar power plant in Honduras.

Q2



Pipeline increased by 747 MW with project additions in Pakistan, Egypt, Kenya and South Africa.

Awarded three projects totaling 258 MW in the fourth bidding round in South Africa.

Commencement of construction of the three solar power plants in Jordan.

Q3



The 60 MW Agua Fria plant in Honduras grid connected.

The 53 MW Los Prados project in Honduras entered backlog.



Q4

Commissioning of the 104 MW Red Hills solar plant in Utah.

Awarded the Norwegian Industry's Climate Prize 2015.

Successfully issued a NOK 500 million unsecured corporate green bond.

Our solar plants

Scatec Solar currently has ten solar power plants in operation: three in South Africa, one in Rwanda, four in the Czech Republic, one in Honduras and one in the US.

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: 145,000 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: 85,000 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: 161,000 tons

CZECH REPUBLIC

Location: Czech Republic
Capacity: 20 MW
Energy produced: 20,500 MWh per annum
Providing energy for: 17,000 households
CO₂ reduction per annum: 12,000 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: 8,000 tons

RED HILLS

Location: Utah, USA
Capacity: 104 MW
Energy produced: 210,000 MWh per annum
Providing energy for: 18,500 households
CO₂ reduction per annum: 178,000 tons

AGUA FRIA

Location: Nacaome, Honduras
Capacity: 60 MW
Energy produced: 103,000 MWh per annum
Providing energy for: 80,000 households
CO₂ reduction per annum: 60,000 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 BERTSEN

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.



PÅL HELSING

EVP Solutions

Mr. Helsing joined the Company in September 2015 from the role as President of Kongsberg Oil and Gas Technologies AS and a member of the Kongsberg Group Executive Management Team. Before that, he held several executive positions within Aker Solutions and was member of the group Executive Management Team. He has extensive international experience and more than 30 years' experience from execution of major capital projects in the Oil and Gas industry. Mr. Helsing has a Bsc of Science degree in Civil Engineering from Glasgow University and Business Economist degree from Norwegian School of Management.

The Board of Directors



JOHN ANDERSEN JR.
Chairman

Mr. 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.



YUJI TACHIKAWA
Board Member

Mr. Tachikawa holds an engineering degree from Yokohama National University in Kanagawa, Japan. He has been with ITOCHU Corporation since 1990, holding the position as the manager of Solar & Environment Business Section. Prior to this, Mr. Tachikawa served as inter alia Deputy General Manager of Nuclear & Solar Business Department and Deputy General Manager of Planning & Administration Department, Metals & Minerals Company.



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

2015 HIGHLIGHTS

- Completed and grid connected two major solar power plants, the 60 MW Agua Fria in Honduras and the 104 MW Utah Red Hills plant in the US
- Power production increased by 70% to 466 GWh, consolidated revenues reached NOK 881 million, EBITDA NOK 698 million and net profit NOK 136 million
- Total investments in solar power plants developed by Scatec Solar amounted to NOK 2.5 billion, of which Scatec Solar provided NOK 580 million in equity
- Proportionate share of cash flow to equity reached NOK 208 million
- Set a target of 1,400 - 1,600 MW in operation and under construction by year end 2018
- Raised NOK 500 million through issuance of a three year senior unsecured green bond
- The Board of Directors proposes a dividend of NOK 62 million, equivalent to NOK 0.66 per share

KEY FIGURES

NOK MILLION	2015	2014
Total revenues and other income	881	471
EBITDA ¹⁾	698	293
Operating profit (EBIT)	523	191
Profit / (loss) for the period	136	49
Profit / (loss) to Scatec Solar	68	-18
Profit / (loss) to non-controlling interests	68	66
Total Assets	7,984	5,012
Equity (%) ²⁾	18%	23%
Power Production (GWh)	466	274
Scatec Solar proportionate share of cash flow to equity ¹⁾ :		
Power Production	131	87
Operation & Maintenance	24	10
Development & Construction	76	179
Corporate	-22	-35
Total	208	240

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

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) with Norwegian Kroner (NOK) as reporting currency. 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 2015.

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 or loss is used to reflect the value creation in each of the business segments. Further information is provided in note 3, Operating segments.

Group overview

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 operates in partnerships, and seeks equity co-investments on project basis to enhance value and reduce risk whenever feasible, while at the same time maintaining transactional and operational control.

The company's ambition is to grow its gross asset base from current 426 MW to 1,400-1,600 MW in operation and under construction by the end of 2018.

Scatec Solar operates globally and operates subsidiaries in the Czech Republic, South Africa, the US, Rwanda, Jordan, Honduras, France and Italy. The Group is headquartered in Oslo, Norway, and had 132 permanent employees (full-time equivalents) at the end of 2015.

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.

Scatec Solar's own 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 raises non-recourse project financing to each project. This structure isolates operational and financial risks to individual projects.

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 predominately in emerging solar markets. As per the publication of this report, the backlog of projects with secured sales agreements for future power production stood at 422 MW, while the project pipeline consisted of several projects with a combined capacity of about 1,096 MW. The project pipeline comprises projects in the Americas, Africa and MENA. Projects are classified as "pipeline" when the likelihood of financial close and subsequent realisation is estimated to be more than 50%.

	CAPACITY (MW)	SCATEC SOLAR OWNERSHIP
In operation and under construction:		
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%
Agua Fria, Honduras	60	40%
Utah Red Hills, USA	104	100%
Oryx (under construction)	10	90%
EJRE/GLAE (under construction)	33	50.1%
Total	426	
Project backlog:		
Los Prados, Honduras	53	70%
Segou, Mali	33	50%
Upington, South Africa	258	42%
Sertão & Sobral, Brazil	78	70%
Total	422	

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

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 2015, 20.8% of the shares were owned by Scatec AS, and 10.4% by the Itochu group of Japan, while the remaining 68.8% were freely traded.

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, the Agua Fria (60 MW) plant in Honduras, the Red Hills (104 MW) plant in Utah, USA and four plants (20 MW) in the Czech Republic. The plants produce electricity for sale under 20-25 year power purchase agreements (PPA) 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 2015

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	863.0	4.1	0.7	-	-	867.7
Internal revenues	-	51.4	1,146.6	7.5	-1,205.5	-
Net gain / (loss) from sale of project assets	-	-	14.1	-	-	14.1
Net income / (loss) from associates	-	-	-0.9	-	-	-0.9
Total revenues and other income	863.0	55.4	1,160.5	7.5	-1,205.5	881.0
Cost of sales	-	-	-989.7	-	989.7	-
Gross profit	863.0	55.4	170.8	7.5	-215.8	881.0
Operating expenses	-102.9	-24.0	-69.7	-44.8	58.8	-182.6
EBITDA	760.1	31.4	101.2	-37.3	-156.9	698.4
Depreciation, amortisation and impairment	-227.6	-2.6	-6.5	-0.5	61.6	-175.6
Operating profit (EBIT)	532.5	28.8	94.6	-37.8	-95.4	522.8

SEGMENT FINANCIALS FULL YEAR 2014

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	448.1	7.0	-	-	-	455.1
Internal revenues	11.4	21.6	949.5	6.2	-988.7	-
Net gain / (loss) from sale of project assets	-	-	17.4	-	-	17.4
Net income / (loss) from associates	-	-	-1.2	-	-	-1.2
Total revenues and other income	459.5	28.7	965.7	6.2	-988.7	471.3
Cost of sales	-	-	-634.4	-	634.4	-
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

SCATEC SOLAR REPORTING STRUCTURE



POWER PRODUCTION

Revenues in the Power Production segment reached NOK 863 million (460)¹⁾ in 2015 with the increase mainly reflecting increased power production.

Power production totalled 466,278 MWh in 2015 up from 273,827 MWh last year, an increase of about 70%.

The increase in power production is driven by a full year of production at the 40 MW Linde and 75 MW Dreunberg plants in South Africa and the 9 MW ASYV plant in Rwanda, as well as grid connection of the 60 MW Agua Fria plant 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 and third quarter of 2015.

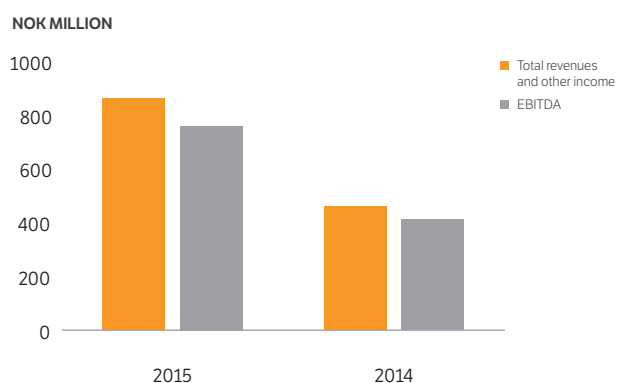
Operating expenses in the segment amounted to NOK 103 million (47) in 2015. Costs increased with the grid connection of new power plants in 2015 and full year effect of the O&M contracts that commenced in 2014.

Depreciation and amortisation increased to NOK 228 million (123), with the increase reflecting new plants in operation.

EBITDA amounted to NOK 760 million (412) for 2015, and EBIT to NOK 533 million (289). The EBITDA margin reached 88% (90%).

Scatec Solar's proportionate share of cash flow to equity from Power Production was NOK 131 million in 2015 up from NOK 87 million in 2014.

REVENUES AND EBITDA BY YEAR



PRODUCTION

MWh	2015	2014
MWh produced	466,278	273,827
-net to Scatec Solar	196,420	119,994

KEY FIGURES

NOK MILLION	2015	2014
External revenues	863.0	448.1
Internal revenues	-	11.4
Total revenues and other income	863.0	459.5
Operating expenses	-102.9	-47.2
EBITDA	760.1	412.2
D&A and impairment	-227.6	-122.9
EBIT	532.5	289.3

KEY RATIOS

%	2015	2014
EBITDA margin	88%	90%
EBIT margin	62%	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 55 million (29) in 2015.

The increased O&M revenues mainly reflects the full year revenues from Linde and the new O&M contracts for Dreunberg and ASYV.

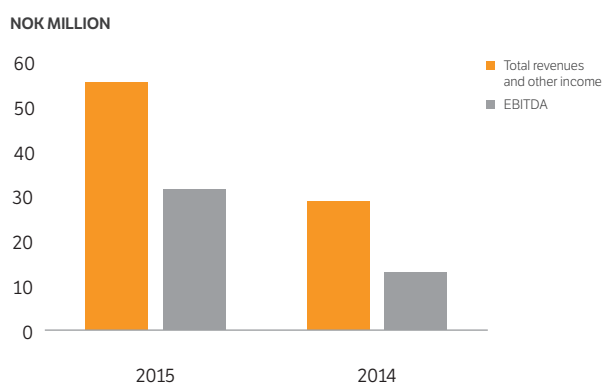
Operating expenses amounted to NOK 24 million (16), with the increase mainly reflecting grid connection and operation of the Linde, Dreunberg, ASYV and Agua Fria solar power plants.

EBITDA increased to NOK 31 million (13) in 2015, corresponding to an EBITDA margin of 57% (45).

Depreciation and amortisation in 2015 amounted to NOK 2.6 million (1.2), and EBIT was NOK 29 million (12).

Scatec Solar's proportionate share of cash flow to equity from O&M was NOK 24 million in 2015, up from NOK 10 million in 2014.

REVENUES AND EBITDA BY YEAR



KEY FIGURES

NOK MILLION	2015	2014
External revenues	4.1	7.0
Internal revenues	51.4	21.6
Total revenues and other income	55.4	28.7
Operating expenses	-24.0	-15.8
EBITDA	31.4	12.9
D&A and impairment	-2.6	-1.2
EBIT	28.8	11.7

KEY RATIOS

%	2015	2014
EBITDA margin	57%	45%
EBIT margin	52%	41%

DEVELOPMENT & CONSTRUCTION

Revenues in the Development & Construction (D&C) segment amounted to NOK 1,161 million (966) in 2015.

Construction revenues are recognised on a percentage-of-completion (PoC) basis, and defined as cost incurred over total expected cost. At the end of 2015 PoC for the Agua Fria plant was 100%, the Oryx plant 66%, the EJRE plant 24% and the GLAE plant 33%.

In 2015 revenues were mainly recognised from the development and construction of the Agua Fria, Utah Red Hills and Oryx solar power plants.

Total investments in solar power plants developed by Scatec Solar amounted to NOK 2.5 billion in 2015, of which Scatec Solar provided NOK 580 million in equity

The 8 MW Waihonu solar power project in Hawaii, USA was sold in the fourth quarter 2015 adding a net gain of NOK 11.5 million.

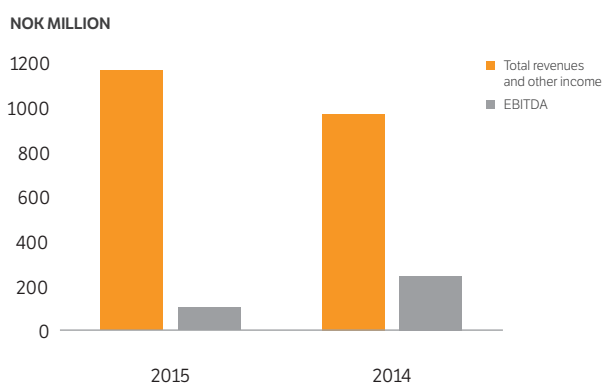
Cost of sales related to both project execution and project development amounted to NOK 990 million (634) in 2015, generating a gross margin of 15% (34). The decreased gross margin reflects reduced prices for construction services delivered in 2015.

Operating expenses were NOK 70 million (89) in 2015. Operating expenses related to construction amounted to NOK 30 million while operating expenses for early stage project development came to NOK 40 million. A NOK 3 million write-down of receivables related to a former sale of a solar power plant in France is included in operating expenses.

EBITDA declined to NOK 101 million (242) in 2015. Depreciation, amortisation and impairment amounted to NOK 6 million (15), and EBIT was NOK 95 million (226).

Scatec Solar's proportionate share of cash flow to equity from D&C was NOK 76 million in 2015, down from NOK 179 million in 2014.

REVENUES AND EBITDA BY YEAR



KEY FIGURES

NOK MILLION	2015	2014
External revenues	0.7	-
Internal revenues	1,146.6	949.5
Net gain / (loss) from sale of project assets	14.1	17.4
Net income associated	-0.9	-1.2
Total revenue and other income	1,160.5	965.7
Cost of sales	-989.7	-634.4
Gross profit	170.8	331.3
Operating expenses	-69.7	-89.4
EBITDA	101.2	241.9
D&A and impairment.	-6.5	-15.4
EBIT	94.6	226.4

KEY RATIOS

%	2015	2014
Gross margin	15%	34%
EBITDA margin	9%	25%
EBIT margin	8%	23%

CORPORATE & ELIMINATIONS

Corporate activities mainly relate to corporate services, management and group finance. The segment reported an operating loss of NOK -38 million (-48) in 2015.

CORPORATE - KEY FIGURES

NOK MILLION	2015	2014
Total revenues	7.5	6.2
Operating expenses	-44.8	-53.8
D&A and impairment	-0.5	-0.4
EBIT	-37.8	-48.0

The revenues are mainly related to a charge of corporate management fees. Corporate incurred NOK 15 million of IPO costs in 2014. Further, the corporate segment was charged NOK 7 million (5) in 2015 relating to the share incentive plan introduced in the third quarter of 2014.

ELIMINATIONS - KEY FIGURES

NOK MILLION	2015	2014
Revenues	-1205.5	-988.7
Cost of sales	989.7	634.4
Operating expenses	58.8	27.8
EBITDA	-156.9	-326.5
D&A	61.6	38.1
EBIT	-95.4	-288.4

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 2015 this effect amounted to NOK 62 million (38).

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 59 million (28) in 2015.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

Unless otherwise indicated, the below information describes the development for the continuing operations of the Scatec Solar Group in 2015, and the corresponding figures for 2014.

Revenues

Scatec Solar reported net revenues of NOK 881 million (471) in 2015, mainly reflecting sales of electricity from solar power plants in the Czech Republic, South Africa (Kalkbult, Linde, Dreunberg), Rwanda (ASYV) and Honduras (Agua Fria).

Net income from associated companies was a negative NOK 1.0 million in 2015, compared to a negative NOK 1.2 million in 2014.

Net gain from sale of project assets amounted to NOK 14.1 million (17.4) in 2015.

Operating expenses

Operating expenses (personnel and other operating expenses) amounted to NOK 183 million in 2015, compared to NOK 178 million in 2014. The consolidated cost base consists of around NOK 76 million related to operation of existing power plants, NOK 40 million for the development of new projects, NOK 30 million related to construction of new solar power plants, NOK 37 million in general corporate costs.

Personnel expenses totalled NOK 71 million (70), with the average number of permanent full-time employee equivalents increasing to 132 in 2015 from 92 in 2014. The additional employees are primarily hired for the Development and Construction (D&C) segment of the company. This explains the minor increase in personnel expenses, as the majority of these costs are capitalised.

Other operating expenses amounted to NOK 112 million, compared to NOK 109 million in 2014.

The company recognised no R&D costs in 2015 or 2014.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 698 million in 2015, a significant increase from the EBITDA of NOK 293 million in 2014. The increase reflects full year production at the Dreunberg and Linde plants in South Africa, the ASYV plant in Rwanda, as well as commencement of production at the Agua Fria plant in Honduras.

Depreciation, amortisation and impairment amounted to NOK 176 million in 2015, compared to NOK 102 million in 2014. Depreciation came in at NOK 171 million, compared to NOK 88 million in 2014. The increase is explained by the full year asset depreciation of the Dreunberg, Linde and ASYV solar power plants as well as the start of depreciation of the Agua Fria plant.

Impairments were NOK 5 million (14), made up of impairment losses of development projects in South Africa and the US.

Operating profit (EBIT) ended at NOK 523 million in 2015, up from a NOK 191 million in 2014.

NET FINANCIAL ITEMS - KEY FIGURES

NOK MILLION	2015	2014
Interest income	63.9	34.0
Forward exchange contracts	-	-
Other financial income	0.5	20.8
Financial income	64.4	54.8
Interest expenses	-395.5	-190.8
Forward exchange contracts	-3.0	-46.7
Other financial expenses	-9.6	-11.0
Financial expenses	-408.1	-248.6
Foreign exchange gains/(losses)	40.5	62.3
Net financial expenses	-303.1	-131.4

Net financial items amounted to a negative NOK 303 million in 2015, compared to a negative NOK 131 million in 2014. The increase mainly reflects interest on debt financing of the growing asset base.

Financial income came in at NOK 64 million (55) for 2015, mainly reflecting interest income on cash balances.

Financial expenses totalled to NOK 408 million (249), of which NOK 396 million is interest expenses on project financing and corporate bonds.

Foreign exchange gains, which mainly relates to revaluation of intercompany balances, decreased from NOK 62 million in 2014 to NOK 41 million in 2015.

Profit before tax and net profit

Profit before income tax was positive at NOK 220 million in 2015, up from NOK 60 million in 2014.

Income tax expense amounted to NOK 84 million in 2015, equivalent to a tax rate of 38%. The tax rate was primarily influenced by intercompany transactions subject to different tax rates, valuation allowances, permanent differences and withholding taxes. Taxes paid came to NOK 48 million, with net deferred tax asset decreased by NOK 182 million. In 2014, the company recorded an income tax expense of NOK 11 million. Tax was paid in the amount of NOK 101 million, with a net deferred tax asset increased by NOK 87 million. The underlying tax rates in the countries of operation are in the range of zero to 35%.

The net profit was thus NOK 136 million in 2015, compared to NOK 49 million in 2014.

A profit of NOK 68 million (-18) for 2015 was attributable to Scatec Solar ASA, and a profit of NOK 68 million (66) 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, amounted to NOK 147 million in 2015 (55). This relates to after-tax net movement of cash flow hedges of NOK 103 million (63). Furthermore, the foreign currency translation differences amounted to NOK 45 million (118).

Total comprehensive income was thus a positive NOK 283 million for 2015, of which a positive NOK 189 million was attributable to Scatec Solar, while a positive NOK 94 million came from non-controlling interests.

This compares to a total comprehensive income of NOK 103 million for 2014, attributable to a positive NOK 74 million to Scatec Solar and a positive NOK 29 million to non-controlling interests.

Consolidated statement of cash flow

Cash flow

Net cash flow from operating activities ended at NOK 505 million (-96), which is more or less in line with EBITDA.

Net cash flow from investing activities was NOK -2,409 million (-910), driven by the construction activities related to the Agua Fria solar power plant in Honduras, the Utah Red Hills plant in the US and the Oryx, EJRE and GLAE plants in Jordan.

Net cash flow from financing activities amounted to NOK 2,535 million (972), of which NOK 2,325 million (682) is attributable to net proceeds from non-recourse project financing and gross proceeds from the bond issue of NOK 493 million. Further, equity contributions from NCIs amounted to NOK 280 million (105). Further, interest of NOK 380 million (258) and dividends of NOK 183 million (42) was paid.

In total, the Group's cash balance increased by NOK 631 million (decreased by 34 million in 2014). Of the total cash balance of NOK 1,639 million (1,049), NOK 813 million (530) was restricted cash in project companies, NOK 174 million (116) represented other restricted cash while NOK 651 million (403) 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	2015	2014
Power Production	130.6	86.7
Operation & Maintenance	23.6	9.6
Development & Construction	75.6	178.5
Corporate	-22.1	-34.6
Total	207.7	240.1
SSO project equity investments	-580.4	-35.1
Dividends to corporate shareholders	-25.3	-42.2

Scatec Solar's proportionate share of cash flow to equity totalled NOK 208 million in 2015. Scatec Solar invested NOK 580 million of equity in Jordan, Honduras and the US.

Please also refer to Dividend Policy.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total assets amounted to NOK 7,984 million at year-end 2015, up from NOK 5,012 million at the end of 2014. This increase primarily reflects increased non-current assets, which reflects investments in the US, Honduran and Jordanian projects.

Overall, non-current assets totalled NOK 5,844 million (3,751), of which NOK 5,216 million was PP&E. Current assets amounted to NOK 2,140 million (1,261), with cash and cash equivalents

amounting to NOK 1,639 million (1,049). Part of the cash holdings is subject to restrictions or is collateralised, while free unrestricted cash was NOK 651 million (404) at the end of 2015.

Current and non-current financial assets and liabilities in the consolidated statement of financial position mainly relates to interest rate derivatives in the South African project companies. Other current assets and liabilities mainly relate to working capital items such as prepayments and accruals.

Total equity stood at NOK 1,425 million (1,177) at the end of 2015, corresponding to an equity ratio of 18% (23). 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 1,076 million.

Total non-current liabilities amounted to NOK 5,843 million (3,439) at the end of 2015, of which non-recourse project financing accounted for NOK 4,800 million (3,337) and bond debt of NOK 493 million (0). Total current liabilities came in at NOK 715 million (396), of which NOK 167 million (113) was in non-recourse project financing.

PARENT COMPANY

Scatec Solar ASA prepares its financial statements according to NGAAP. 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 789 million and operating profit (EBIT) of negative NOK 33 million in 2015, compared to revenues of NOK 36 million and operating profit (EBIT) of negative NOK 84 million in 2014.

Revenues increased from 2014 to 2015 mainly due to increased EPC activities.

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 822 million, from NOK 120 million in 2014, reflecting an increase in project development and construction activities, increased capacity and activity at a corporate level.

Interest and other financial income amounted to NOK 284 million (52) in 2015. The increase from 2014 stems from dividends received from subsidiaries. Interest and other financial expenses totalled NOK 252 million (50), including impairment losses on financial assets of NOK 220 million. The investment, which was impaired, paid a dividend of NOK 236 million prior to the impairment and the net return was NOK 16 million. Net foreign exchange

gain was in the sum of NOK 64 million, compared to a net loss of NOK 9 million in 2014. The main impact on the net foreign exchange result for 2015 was the depreciation of the NOK versus the EUR and USD and the appreciation against the ZAR.

Profit after tax was NOK 35 million compared to a profit after tax of negative NOK 67 million in 2014.

Total equity for the parent company Scatec Solar ASA stood at NOK 814 million at December 31, 2015, down from NOK 828 million in 2014.

Total assets increased to NOK 2,627 million at 31 December 2015 from NOK 1,580 million a year earlier. The increase reflects investments as part of the construction of the Agua Fria solar power plant in Honduras, the Oryx, EJRE and GLAE plant in Jordan and the Red Hills Utah plant in the US.

Cash flow from operating activities was negative NOK 333 million in 2015, down from a negative NOK 88 million in 2014. The difference between the operating loss of NOK 33 million and NOK 333 million in cash flow from operating activities in 2015 is mainly explained by changes to the working capital and in particular increased trade receivables.

Scatec Solar ASA had 35 permanent full-time employee equivalents in 2015, up from 18 in 2014. The sickness rate in 2015 was 2.3%. Scatec Solar ASA focuses on equal opportunities irrespective of gender. There should be no discrimination related to gender in cases such as compensation, promotion or recruitment. In Scatec Solar ASA females made up 31% of the employees in 2015.

CORPORATE SOCIAL RESPONSIBILITY

Sustainability is an integral part of our business model, which in itself represents a positive contribution towards meeting the climate challenge and bridging the global energy gap. We generate cost-effective, clean and reliable electricity. Scatec Solar not only brings value to the countries and local communities where we operate by increasing access to electricity through renewable energy, but we also have strong ambitions to conduct business in a sustainable manner wherever we operate.

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 and economic 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, as well as to maintain a healthy and open dialogue. Additionally, Scatec Solar strives to use local labour to the greatest extent possible, whether this is a regulatory or

contractual requirement or not. Health, safety and environmental considerations are at the top of our agenda. We do our utmost to conduct our business in a way that makes people proud to work with and for Scatec Solar.

Our efforts related to corporate social responsibility are vital to realising Scatec Solar's business ambitions and strategy. 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 section later 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

The Board of Scatec Solar is committed to ensure trust in the company and to enhance shareholder value through effective decision-making and open 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 limit business risk, maximise value and utilise the company's resources in an efficient, sustainable manner, to the benefit for 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 2015. For more information about corporate governance, see separate section in the annual report.

PLANTS UNDER CONSTRUCTION, PROJECT BACKLOG AND PIPELINE

Scatec Solar has a target to have 1,400 to 1,600 MW in operation and under construction by the end of 2018. Figures related to plants under construction, project backlog and pipeline is as per the date of publishing the annual report.

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

Plants under construction

There are currently three solar power plants under construction in Jordan. We expect all three to be completed in the first half of 2016. More details on these projects can be found below.

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 capital expenditure is estimated to be approximately USD 35 million (NOK 300 million). The plant is expected to generate 25,000 MWh per year with revenues of about USD 4 million per year. Scatec Solar owns 90% of the project company, with a local developer holding 10%. The local Jordanian utility Kingdom Electricity holds an option to acquire 20% 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 capital expenditure is estimated to be USD 100 million (NOK 870 million). The plants are expected to generate a combined 78,500 MWh per year with annual revenues of about USD 13 million. Scatec Solar owns 50.1% of the project companies, with Greenland Alternative Energy and European Jordanian Renewable Energy holding 49.9% of the projects.

Scatec Solar is providing EPC services for the three projects in Jordan. In addition, Scatec Solar will provide Operations 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%).

Backlog

Los Prados, Honduras, 53 MW

In October 2015, Scatec Solar and Norfund signed a share purchase agreement to acquire the 53 MW Los Prados solar project in Honduras. The project have secured 20-year Power Purchase Agreement (PPA) with Empresa Nacional de Energía Eléctrica (ENEE), the government-owned utility.

Scatec Solar will build, own and operate the solar power plants with a 70% shareholding. Norfund will hold the remaining 30% of the equity.

Total capital expenditure is estimated to be USD 100 million (NOK 870 million) and will be funded by 75% non-recourse project finance debt. Project financing will be provided by the Central American Bank of Economic Integration (CABEI) and Export Credit Norway with guarantee from the Norwegian Export Credit Guarantee Institute. Financial close and construction start is expected in 1H 2016 and grid connection in 2H 2016.

Segou, Mali, 33 MW

In July 2015, Scatec Solar ASA together with its partners International Finance Corporation (IFC) and Power Africa 1, signed a Power Purchase Agreement (PPA) with Electricité du Mali (EDM), the utility of Mali for delivery of solar power over the next 25 years from a 33 MW solar power plant.

Scatec Solar will build, own and operate the solar power plant with a 50% shareholding. World Bank's IFC InfraVentures will hold 32.5% of the equity, while the local project development company, Africa Power 1, will hold 17.5%.

Total capital expenditure is expected to total approximately EUR 52 million (NOK 490 million). The project finance process with IFC and preparations for construction are well under way, and the security situation in Mali is closely monitored.

Financial close and construction start is expected by mid-2016.

Uppington, South Africa, 258 MW

In April 2015, Scatec Solar was awarded preferred bidder status for three projects with a combined capacity of 258 MW in the fourth bidding round under the REIPPP programme (Renewable Independent Power Producer Programme) in South Africa.

Scatec Solar will build, own and operate the solar power plants with a 42% shareholding. Norfund will hold 18% of the equity, while the balance will be held by a Trust channelling dividends from the projects to economic development initiatives in the local communities through the Black Economic Empowerment (BEE) Programme in South Africa.

Total capital expenditure is estimated to about ZAR 6,000 million (NOK 3,300 million). Scatec Solar is awaiting further information from the government on the timing for financial close, but it is expected to happen later in 2016. Construction start of the Uppington projects is expected in 2017 to align with the timeline of required grid construction activities in the area.

Sertão & Sobral, Brazil, 78 MW

In February 2016, Scatec Solar signed an agreement with the Spanish Company, Grupo Gransolar, to acquire a majority stake in two solar projects totalling 78 MW (DC) in the state of Piauí in Brazil. The projects were bid and won in the auction process held by the ANEEL, the Brazilian Electricity Regulatory Agency in August 2015.

Scatec Solar will build, own and operate the two power plants in Piauí. Total capital expenditure to realise the plants is estimated to BRL 418 million (NOK 925 million).

Scatec Solar expects to own up to 70% of the equity and Gran Solar the remaining equity. Construction is expected to start in the first quarter 2017.

Pipeline

Scatec Solar currently has a project pipeline of a number of projects with a gross capacity of about 1,096 MW. Furthermore, the company has project opportunities with verified feasibility and business cases for an additional 2,500 MW.

PIPELINE - TARGETED START OF CONSTRUCTION

	CAPACITY (MW)	2016	2017	2018
South Africa	430			430
East Africa	88	88		
West Africa	57		57	
Egypt	341	341		
Pakistan	150	150		
Americas	30		30	
Total pipeline	1,096	579	87	430

In South Africa, Scatec Solar bid the projects in the pipeline in the expedited bidding round under the REIPPP programme on November 11, 2015. Award of preferred bidder status for this tender round is expected in 1H 2016.

In East and West Africa, the pipeline consists of projects across Burkina Faso, Ghana, Ivory Coast, Kenya and Mozambique. Development is progressing well, especially for the 48 MW in Kenya and the 40 MW in Mozambique. In Mozambique, the negotiation of the power purchase agreement with the utility is nearing completion and the financing process is on track with IFC as mandated lead bank.

Scatec Solar has secured participation in five projects in Egypt, each 50 MW (AC) in the FiT programme that are all included in the pipeline. Based on current planning, these projects would be built out with a total installed capacity of 341 MW (DC). One project has been secured with Scatec Solar as lead developer, while Scatec Solar has secured agreements with other developers to participate as equity investor, EPC and O&M contractor and asset manager in the four other projects.

Three of the projects are located in the Ben Ban area, while the two other projects are located in the Zafarana area. Agreements have been signed and down payments made by all developers for the establishment of shared grid connection and infrastructure for the Ben Ban area. Power purchase agreements are expected to be finalised shortly. The project agreements for the Zafarana area are expected to follow closely after the agreements for the Ben Ban area are finalised. The project finance process is moving forward with due diligence and the European Bank for Reconstruction and Development (EBRD) has been mandated as lead bank for the Scatec Solar projects.

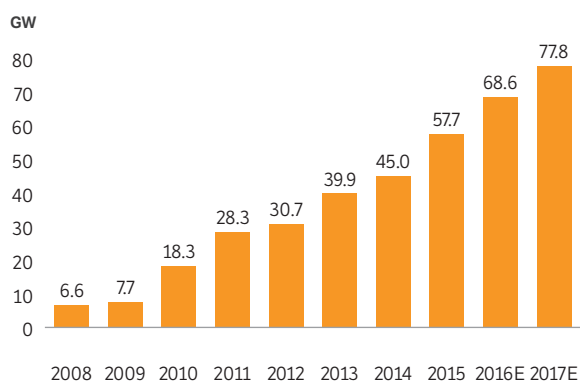
In Pakistan, Scatec Solar has signed a joint development agreement with Nizam Energy for the development of 300 MW solar power plants. The first 150 MW under this agreement is in the state of Sindh and is included in pipeline. A new feed-in tariff has been announced for 2016 and the project is well positioned to secure this new tariff in the first half of 2016.

In Mexico (Americas), Scatec Solar has a development agreement with a local project developer. This development agreement includes a 30 MW project in Baja California, which is included in the project pipeline. The project is waiting for clarification of local grid capacity from the national grid authority. 200 MW in the US (Americas), consisting of one project in Utah and one in Georgia, were sold 27 January 2016 and are removed from the project pipeline.

OUTLOOK

Industry analysts continue to forecast strong growth in the solar market, and the global market for PV is expected to grow from 57 GW in 2015 to 68 GW in 2016. The graph below shows the increase in annual new installed PV capacity globally per year from 2008 to 2015 and estimates for 2016 and 2017.

PV MARKET OUTLOOK



Source: Bloomberg New Energy Finance, Q4 2015 PV market outlook

The main priorities of Scatec Solar in 2016 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 Agua Fria plant in Honduras, the Utah Red Hills plant in the US and partly from the Oryx, EJRE and GLAE plants in Jordan, revenues and operating results are expected to increase in 2016 compared to 2015.

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. With the current business plan Scatec Solar's portfolio of power producing assets is expected to diversify significantly over the next few years.

The company has set a target to reach 1,400-1,600 MW in operation and under construction by the end of 2018 up from 383 MW in operation today.

RISK FACTORS AND RISK MANAGEMENT

Through its business activities, Scatec Solar is exposed to a variety of 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 profit. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed price contracts. Currently, the Group has limited exposure to price risk related to electricity sold at spot rate as all contracts are based on Feed-in-Tariffs (FiTs) or Power Purchase Agreements (PPAs) with the exception of the Red Hills plant in the US which was commissioned late December 2015 and will be operating in the merchant market until the PPA commences January 2017. 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 allows 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.

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 USD, ZAR and CZK, affects its consolidated statement of income and consolidated statement of financial position. As the Group expands its operations with projects in new markets the currency risk exposure increases. For the projects in Jordan and Honduras the exposure is in all material respects related to USD as all significant contracts are USD denominated. In order to mitigate convertibility and transfer risk, the Group is currently tailoring currency risk strategies for its upcoming investments in Egypt.

The Group is on an overall level managed as a NOK company for currency risk management purposes with primary focus on NOK cash flow.

During the construction phase of new solar power plants the construction contract payments to Scatec Solar as the provider of Engineering Procurement and Construction (EPC) services, are structured to match the source currencies. The project company buying the EPC services, will hedge the foreign currency exposure from financial close until grid connection of the power plant. The project company will furthermore secure non-recourse project finance in the functional currency of the company.

Once a solar power plant is grid connected, the general policy of the Group is not to hedge foreign currency exposure based on long-term cash flows from the power plants.

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 minimise 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 a policy to enter into fixed rate interest swaps, reducing the interest rate risk for the Group significantly.

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 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. With the exception of the Utah Red Hills plant, for all current power plants in operation, all such counterparties are supported by government guarantees or have obligations regulated by law. The power produced at the Utah Red Hills plant is sold to Rocky Mountain Power/PacifiCorp, a company with a solid credit rating.

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 sources of liquidity. Cash flow forecasts are prepared and adequate utilised financing facilities are monitored on a monthly basis.

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 individual projects financed.

In some of the countries where Scatec Solar operates, including South Africa, governments have imposed regulations on repatriation of funds out of the country. This may halt or delay flow of funds between group companies under certain circumstances. Scatec Solar has not experienced any significant delays to date, and are seeking to minimise such risk through thorough

investigations of the relevant jurisdictions and regulations and adapt accordingly.

Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In November 2015, the company secured funding through issuance of a NOK 500 million senior unsecured bond.

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.

Scatec Solar operates in several regions of the world with complex risk environments. This primarily relates to political, integrity and security risk. The Company mitigates these risks through comprehensive country risk assessments from partnership with a global risk and security consultancy, security mitigation plans and continuously monitoring of risk environments. In addition, Scatec Solar has 24/7-hour access to comprehensive medical, security and crisis assistance including medical, security, logistical and aviation resources worldwide.

DIVIDEND POLICY

The Company's objective is to pay shareholders consistent and growing cash dividends. Scatec Solar's dividend policy is to pay its shareholders dividends representing 50% of free cash distributed from the power producing project companies. The Board of Directors has proposed a dividend for 2015 of NOK 62 million, amounting to NOK 0.66 per share.

SUBSEQUENT EVENTS


No events have occurred after the balance sheet date with significant impact on the financial statements for 2015.

Oslo, 14 March 2016

The Board of Directors of Scatec Solar ASA



 John Andersen jr. (Chairman)


 Yuji Tachikawa


 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 and sustainable manner for the benefit of shareholders, employees and society at large.

The Company has complied, 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 established a Nomination Committee in accordance with the Articles of Association. The Nomination Committee is independent of the Board and management of the Company, and its composition shall safeguard the shareholders' interests. The annual meeting of the Company's shareholders (the "General Meeting") (last held on 7 May 2015) elected the current members of the Nomination Committee for a period of two years. The General Meeting also elected the Chairman of the Nomination Committee and decided upon the committee's compensation. The current Nomination Committee is composed of Mr. Inge K. Hansen (Chairman) and Mr. Alf Inge Gjerde (Member).

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, and until the General Meeting of 2016, but in no event later than 30 June 2016, authorised by the General Meeting to resolve an increase in the Company's share capital, in one or more rounds, by a total of up to NOK 234,540. The authorisation may be used for necessary strengthening of the Company's equity, issuing of shares in connection with incentive schemes, and issuing of shares as consideration shares in the acquisition of businesses within the Company's purpose. The authorisation to increase the share capital is in line with the Company's Corporate Governance Statement in which it is stated that if the Board is authorised by the General Meeting to increase the 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, and until the annual General Meeting of 2016, but in no event later than 30 June 2016, authorised by the General Meeting to, in one or more rounds, acquire shares with a total nominal value of up to NOK 234,540. Shares acquired pursuant to the authorisation shall either be deleted in connection with a later reduction of the registered share capital, be applied as remuneration to the members of the Board, be utilised for incentive schemes, or as consideration shares with regards to acquisition of businesses. The authorisation to acquire own share is in line with the Company's Corporate Governance Statement in which it is stated that if the Board is authorised by the General Meeting to acquire 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 programme are carried out either through the trading system on the Oslo Stock Exchange or at prevailing prices on the Oslo Stock Exchange. If such a programme is introduced, the Board will 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 the shareholders, a shareholder's parent company, members of the Board, executive personnel nor any close associates of any such parties during 2015. The Board will ensure that any material transactions between the Company and the 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 use 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 the shareholders and the Board. The last General Meeting was held on 7 May 2015.

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 supporting 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 the General Meeting. 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 Company will engage external counsel to Chair the General Meetings.

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 the shareholders as their proxy.

4. NOMINATION COMMITTEE

The Company has established a Nomination Committee in accordance with the Articles of Association. The Nomination Committee is independent of the Board and management of the Company, and its composition shall safeguard the shareholders' interests. The General Meeting (last held on 7 May 2015) elected the members of the Nomination Committee for a period of two years. The General Meeting also elected the Chairman of the Nomination Committee, and decide upon the committee's compensation. The current Nomination committee is composed of Mr. Inge K. Hansen (Chairman) and Mr. Alf Inge Gjerde (Member).

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: Mr. John Andersen, Mr. Alf Bjørseth, Mr. Yuji Tachikawa, Ms. Cecilie Amdahl and Ms. Mari Thjømøe. The Chairman of the Board (Mr. Andersen) was elected by the General Meeting. The term of office for members of the Board is two years at a time. Mr. Andersen, Mr. Bjørseth, Ms. Amdahl, and Ms. Thjømøe were all elected at the General Meeting in 2014. Mr. Tachikawa was elected at the General Meeting in 2015.

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

The Board does not include executive personnel.

6. THE WORK OF THE BOARD

Nine (9) Board meetings were held in 2015. The Chairman, Mr. Andersen, and each of Mr. Bjørseth, Mr. Tachikawa, and Ms. Thjømøe were present at all Board meetings whilst being a member of the Board. Ms. Amdahl was absent from three Board meetings. All meetings were quorate.

The Board approved the 2015 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 2015.

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 policy adopted by the Board. The members of the audit committee are appointed by and from the members of the Board, and currently consist of Ms. Mari Thjømøe and Mr. John Andersen. Both members are independent of the Company's executive management, and Ms. Mari Thjømøe and Mr. John Andersen have qualifications in accounting and auditing. The audit committee met five (5) times in 2015. 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
- Liaise continuously 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 policy adopted by the Board. The members of the remuneration committee are appointed by and from the members of the Board, and currently consist of Ms. Cecilie Amdahl and Mr. John Andersen. 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 one meeting in 2015.

7. RISK MANAGEMENT AND INTERNAL CONTROL

The Board and internal control

In 2015 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 Company's business and prospects in order to identify risks and potential risks, and remedy any incidents that have occurred. In 2015 the Board ensured that the management presented quarterly financial

statements informing the Board and the shareholders of current business performance for the second and third quarter, whilst the fourth quarter results were presented on 29 January 2016.

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 in 2015.

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.

9. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board, in accordance with the Norwegian Public Limited Liability Companies Act, prepared a separate guideline for the stipulation of salary and other remuneration to key management personnel which was approved by the General Meeting held 7 May 2015. The guideline includes the main principles applied in determining the salary and other remuneration of the executive management, and ensures convergence of the financial interests of the executive management and the shareholders. It is clear that only section 3.1.2 of the guidelines is binding, whilst the other parts of the guidelines are advisory.

Any revision to the guidelines will be communicated to the General Meeting.

The Board shall continue 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. 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 the 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 guidelines 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 relevant 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 EY 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 General Meeting. The Board will report to the General Meeting the 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. The Company's objective is to pay shareholders consistent and growing cash dividends.

Scatec Solar's dividend policy is to pay its shareholders dividends representing 50% of free cash distributed from the power producing project companies.

The Company will, subject to the approval of the General Meeting, propose a distribution of dividends on the basis of the 2015 account of approximately NOK 62 million.

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. Subsequent to the share issue Scatec Solar has 93.8 million shares outstanding.

Per 31 December 2015 the number of shareholders amounted to 2,941. A list of the company's 20 largest shareholders per 31 December 2015 is presented in the table below.

20 LARGEST SHAREHOLDERS AS PER 31ST OF DECEMBER 2015

SHAREHOLDER	NO. OF SHARES	OWNERSHIP	COUNTRY
Scatec AS	19,482,339	20.77%	NOR
Itochu Corporation	9,768,657	10.41%	JPN
Ferd AS	4,761,900	5.08%	NOR
Geveran Trading Co Ltd	3,157,238	3.37%	CYP
Verdipapirfondet DNB Norge	2,824,150	3.01%	NOR
Argentos AS	2,755,760	2.94%	NOR
Eleva Ucits Fund – Eleva European	2,218,800	2.37%	LUX
Verdipapirfondet Delphi Norden	1,997,336	2.13%	UK
JP Morgan Chase Bank	1,894,290	2.02%	USA
Morgan Stanley & Co LLC	1,580,528	1.68%	USA
The Bank of New York Mellon	1,501,091	1.60%	USA
Folketrygdfondet	1,219,477	1.30%	NOR
Victoria India Fund AS	1,168,200	1.25%	NOR
UBS AG, London Branch	1,160,675	1.24%	UK
Verdipapirfondet DNB Miljøinvest	1,111,171	1.18%	NOR
Delphi Norge	1,080,000	1.15%	NOR
Storebrand Verdi	1,026,067	1.09%	NOR
Verdipapirfondet DNB Norge	989,533	1.05%	NOR
DNB Livsforsikring ASA	958,238	1.02%	NOR
Delphi Kombinasjon	880,726	0.94%	NOR
Total 20 largest	61,536,176	65.59%	
Other	32,280,054	34.41%	

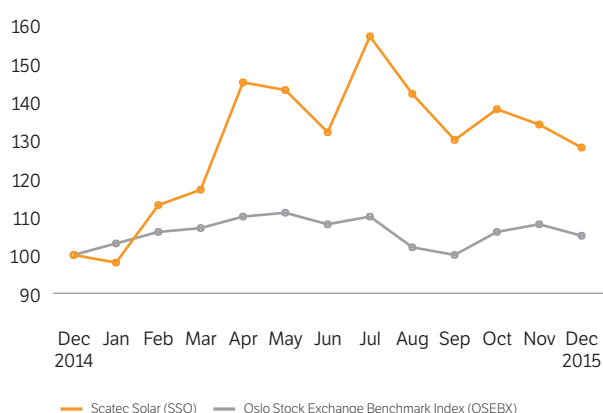
THE SCATEC SOLAR SHARE

By the end of 2015 the SSO share price was NOK 39.0. From the date of the listing to the end of the year, the SSO share price has more than doubled.

SHARE PRICE DEVELOPMENT - INDEXED

31.12.14 – 31.12.15

NOK MILLION



FINANCIAL CALENDAR 2016

EVENT	DATE
Fourth quarter 2015	29 January, 2016
First quarter 2016	22 April, 2016
Annual General Meeting	4 May, 2016
Second quarter 2016	22 July, 2016
Third quarter 2016	25 October, 2016
Fourth quarter 2016	January, 2017

INVESTOR RELATIONS

Scatec Solar puts a strong emphasis on informing shareholders, 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.

In December 2015, Scatec Solar won the prize as the "Most Internationally-Minded Newcomer 2015" in the European Small- and Mid-Cap Awards hosted by the Federal European Securities Exchange (FESE) and European Issuers. The Awards are backed by the European Commission to promote best practices and success stories of dynamic growth companies that have accessed European capital markets through an Initial Public Offering.

Analysts following Scatec Solar:

Equity analysts

- **Petter Nystrom**, ABG Sundal Collier
- **Preben Rasch-Olsen**, Carnegie
- **Thomas Skeivys**, Norne Securities
- **Andreas Bertheussen**, Swedbank
- **Fredrik Steinslien**, Pareto Securities

Credit analysts

- **Knut Olav Rønningen**, DNB Markets
- **Andreas Austrell**, Swedbank
- **Andreas Zsiga**, Nordea Markets

CONTACT

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



Mikkel Tørud

Chief Financial Officer

Phone: +47 976 99 144

E-mail: mikkel.torud@scatecsolar.com

Our sustainability framework

Business ethics and sustainability extend beyond compliance with local, national, regional and international rules and conventions. Compliance is mandatory in Scatec Solar, but our aim is higher in that we aspire to become a leader so that other enterprises too can see the benefits of sustainability. Sustained ethical practices build trust among our stakeholders; they are also vital to our business ambitions and corporate strategy.

In 2014, Scatec Solar undertook an important step towards further improving and systemising the work within the scope of sustainability. We developed a policy that defines Scatec Solar's fundamental principles of integrity and sustainability.

Our approach to sustainability is built around three main principles: delivering competitive renewable energy, contributing to local value creation and being a trusted business partner. Ten priority areas are grouped into these principles. Each of the areas is defined by a policy, an evaluation of results in 2015, and a set of ambitions to be measured guide our work for 2016. Our sustainability framework is displayed below and the chapters that follow present each area in more detail.



1. DELIVERING COMPETITIVE RENEWABLE ENERGY

1.1 Predictable energy production

Our policy

We have established a track record for delivering predictable and affordable supply of solar electricity. Being a long-term player, we attach top priority to the operational excellence of our solar plants, which is essential to earn the trust of the local communities, our customers and our business partners. Our business model is founded on three fundamentals:

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

Our achievements and results in 2015

We increased our total installed capacity of power producing solar plants from 219 MW to 383 MW, an increase of close to 75%. The Agua Fria (60 MW) plant in **Honduras** was grid connected in the third quarter. The commissioning of this project was a milestone for the company, representing our debut into the Latin American solar market. The Red Hills plant (104 MW) in Parowan, Utah, **United States** was grid connected in December. Constructed in less than a year, this is Utah's first utility-scale solar plant. It will more than double the state's solar footprint.

During 2015, we also started construction of three solar power plants in **Jordan** with a total capacity of 43 MW. The Oryx, EJRE and GLAE projects are scheduled for completion during the first half of 2016. Annual production from these three plants is estimated to be 104,000 MWh, generating revenues of about USD 17 million per year. The electricity produced will be sold under a 20-year Power Purchase Agreement (PPA) with the National Electric Power Company (NEPCO). All plants are located in the area near Ma'an City in southern Jordan.

At year-end, Scatec Solar was producing electricity from ten solar power plants. The total production in 2015 reached 466 GWh, up from 274 GWh in 2014. The production performance (plant uptime) of our power-producing assets across the portfolio has been as high as 99.4%.

Our ambitions and goals

We will realise projects in 2016 with a current project backlog of 422 MW. We will work to realise and complete all projects in the project backlog. Construction is progressing well to ensure that our three solar plants in Jordan are completed and start production as planned. In addition, we will continue to use our expanding base of experience from existing operations to provide inputs to enhance design and operating procedures for new solar power plants.

1.2 Securing capacity growth

Our policy

The growth of our business is in itself a positive contribution towards tackling the twin global challenges of climate change and energy deficits in many parts of the world. We are also mindful that taking part in driving change through new solutions and technology is key to growth. Our policy is to:

- 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 to provide clean energy and bridge energy gaps
- Monitor developments in relevant technologies and solutions and contribute to innovative initiatives in the sector

Our achievements and results in 2015

Scatec Solar is growing strongly and continuously seeks new and attractive project opportunities worldwide. During 2015, we secured additional capacity growth in several regions of the world. Our project backlog, defined as projects with a secure off-take agreement assessed to have more than 90% likelihood of reaching financial close and subsequent realisation, stands at 422 MW. This includes the three 258 MW Upington projects in **South Africa**, the 33 MW Segou project in **Mali**, the 53 MW Los Prados project in **Honduras** and the 78 MW Sertão & Sobral projects in **Brazil**.

In April 2015, we were awarded the preferred bidder status for three additional projects in South Africa with a combined capacity of 258 MW in the fourth bidding round under the REIPPP programme (Renewable Independent Power Producer Programme). In July 2015, Scatec Solar, together with its partners, the World Bank's International Finance Corporation (IFC) and Power Africa 1, signed a Power Purchase Agreement (PPA) with Mali's utility, the Electricité du Mali (EDM), for delivery of solar power over the next 25 years from a 33 MW solar power plant. In October 2015, Scatec Solar and Norfund (Norway's Investment Fund for Developing Countries) signed a share purchase agreement to acquire the 53 MW Los Prados solar project in Honduras. The project has secured a 20-year PPA with Empresa Nacional de Energía Eléctrica (ENEE), the government-owned utility.

Scatec Solar currently has a project pipeline of a number of projects with a gross capacity of about 1,096 MW across Africa, Egypt, Pakistan and the Americas.

A massive solar energy programme is emerging in **Egypt**. Scatec Solar has secured participation in five projects totalling 341 MW (DC) under Egypt's new 2000 MW Feed in Tariff (FIT) Programme (First Regulatory Period 2015 – 2017), making it a lead player in Egypt's pioneering solar energy programme located in Benban and Zafarana.

"Our plan to invest more than USD 600 million in Egypt's solar energy programme over the next two years will be a significant boost to Egypt's economy."

- Terje Osmundsen, Scatec Solar's Senior Vice President for Business Development in an interview published in the Daily News Egypt

Our ambitions and goals

Scatec Solar has a target to reach 1,400-1,600 MW of solar power plants in operation and under construction by the end of 2018. At the time of publishing this report, we have 383 MW in operation, 43 MW under construction in Jordan and a pipeline of projects with a combined capacity of 1,096 MW. The pipeline includes projects in **South Africa**, **East and West Africa**, **Egypt**, **Pakistan** and the **Americas**. The project opportunities by the end of the

year held a combined capacity of 2,500 MW across the Americas, Africa and MENA.

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. Our policy is intended to:

- 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 projects' internal rates of return
- Ensure that our efforts to promote renewable energy are done in a balanced manner and with integrity

Our achievements and results in 2015

Scatec Solar was active at several industry conferences, where we continued to share knowledge on solar energy at events and seminars throughout 2015. These included amongst others the Utility Week in South Africa, the SREP (Scaling Up Renewable Energy Programme in Low Income Countries) conference in Jamaica, Solar Projects Egypt in Cairo, PowerTrends 2015 in Manila, Africa Energy Exchange in London and the NABA's Nordic African Business Summit in Oslo. 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. Scatec Solar also shares knowledge through blogs, articles and books.

Fossil fuels dominate the energy mix of most countries with the largest growth in energy demand coming from the developing countries.



The 10 MW Oryx solar power plant in Jordan.

A running theme across our markets is the high fossil fuel content in the energy mix. Local governments are grappling with the task of increasing energy supply to meet rising demand while simultaneously addressing growing concerns regarding air pollution and carbon emissions. In South Africa for instance, Scatec Solar's three operating plants generate over 420,000 MWh of electricity to provide power to over 90,000 households resulting in avoiding more than 400,000 tons of carbon emissions per year. Coal currently accounts for 84% of South Africa's energy mix, causing huge carbon emissions. Based on a study conducted by the premier Council for Scientific and Industrial Research, South Africa gained US\$ 30 million in the first six months of 2015 from Scatec Solar's three operating solar projects. The gains came from saving fossil fuel import costs and avoiding production losses caused by power outages. Solar PV is widely hailed as a "game changer", an important source to improve energy access, avoid pollution and reduce dependence on imported fossil fuel, thus saving precious foreign exchange. Scatec Solar is positioned to support the country further by addressing its energy challenges with the building of three additional solar power plants totalling 258 MW scheduled for construction start in 2017.

All our projects in developing countries undergo the mechanisms of the UN Framework Convention on Climate Change (UNFCCC) to certify that the emission reductions we achieve substitute the use of fossil fuels, and that the impacts are real, verifiable and permanent. All projects are approved as part of this process by host countries for their contribution to sustainable development plans. These elements ensure that the environmental and social integrity of Scatec Solar's projects is of the highest order; meeting the standards set out by the multilateral climate change process under the UNFCCC.

Most countries tabled plans to increase climate action for the UNFCCC Paris climate talks, containing an unprecedented commitment to increase the share of renewables in the total energy-mix. Implementation of these plans can accelerate if developing countries can avail climate finance. A recent research paper published by Environmental Finance Terje Osmundsen,

Scatec Solar's Senior Vice President for Business Development, and Daniel Rossetto from Climate Mundial, Scatec Solar's global climate finance partner, shows how important the UNFCCC mechanisms can be for accelerating clean energy deployment in developing countries. The paper illustrates that UNFCCC mechanisms can enable developed countries to increase their climate ambition by up to 30% from current levels. Developing countries would, in turn, receive USD 400 billion in additional investment in energy infrastructure between now and 2025, creating millions of new jobs and enhancing economic growth, security and independence. Early climate initiatives may save developed nations more than \$160 billion (current value) during 2016-2040.

Scatec Solar's operating solar power plants resulted in avoiding 426,000 tons of carbon emissions in 2015. This emissions number is based on an official average data mix. Scatec Solar is working with the UN to improve emission calculation methods in order to reflect more accurately the reduction impact of solar PV on carbon dioxide emission volumes.

The table 1 below shows the estimated avoided emissions from our clean electricity generation per year for our plants in operation and under construction (as of the publication of this report).

In October 2015, Scatec Solar was awarded the prestigious Norwegian Industry's Climate Prize of 2015 for being "an important player for more people to have access to affordable and renewable energy". The jury comprised the NHO (Norwegian Confederation of Industries), the NTNU (Norwegian University for Science and Technology) and the environmental organisation, ZERO. "Scatec Solar shows that the green shift is all about expertise and technology" declared Kristin Skogen Lund, Member of the Award Jury and CEO of NHO.

"We are very proud to receive this award and happy that the jury appreciates a new and innovative business model in the renewable sector"

- Raymond Carlsen, CEO Scatec Solar

TABLE 1: CARBON EMISSIONS AVOIDED PER PROJECT

ALL PROJECTS (WHEN IN FULL OPERATION)	INSTALLED MW OF RENEWABLE ENERGY GENERATION (DC CAPACITY)	GHG ¹⁾ EMISSIONS AVOIDED (TONNES CO ₂ PER ANNUM) ²⁾
Kalkbult, South Africa	75	145,000
Linde, South Africa	40	85,000
Dreunberg, South Africa	75	161,000
Czech portfolio, Czech Republic	20	12,000
ASYV, Rwanda	9	8,000
Agua Fria, Honduras	60	60,000
Utah Red Hills, USA	104	178,000
Oryx, Jordan ³⁾	10	15,000
EJRE/GLAE, Jordan ³⁾	33	48,000
Total	426	712,000

1) Greenhouse gases.

2) Figures are company's own estimates and not audited.

3) Plants under construction.



Our ambitions and goals

Scatec Solar shall continue to take a lead role in promoting solar energy and leveraging carbon and climate finance to the benefit of accelerated deployment of large-scale PV in developing countries.

We estimate that emission reductions from Scatec Solar projects for 2016 will amount to about 731,000 tons. The estimated increase from 2015 is expected from the full year operation of six additional power plants in Honduras, the United States and Jordan. Additionally, we predict the emission reductions in 2018 to reach more than 2.2 million tons of CO₂ annually, equal to about 4 percent of Norway's total emissions in 2015.

We are committed to strengthening the emission-abatement contributions of our solar projects, in operation and in the pipeline. We have developed and registered a global Programme of Activity with the UNFCCC. Three Component Project Activities are also under validation with support from the United Nations Clean Development Mechanism (CDM) and validation is targeted for first half of 2016.

2. CONTRIBUTING TO LOCAL VALUE CREATION

2.1 Local development

Our policy

Our goal is to positively impact the societies in which we operate, both directly and indirectly. Our policy is to:

- Employ local labour, enable knowledge transfer and generate 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
- Create awareness of our zero tolerance for corruption
- Train and educate our people on how best to operate in a new, often foreign culture to make every project a collaborative enterprise devoid of friction
- Increase access to renewable electricity generation capacity in countries experiencing energy shortage

TABLE 2: OUR 2015 PROJECTS - SUSTAINABLE NATIONAL DEVELOPMENT ACHIEVEMENTS

PROJECT UNDER CONSTRUCTION OR COMPLETED IN 2015	INSTALLED MW OF RENEWABLE ENERGY GENERATION (DC CAPACITY)	ANNUAL POWER PRODUCTION (MWH)	NUMBER OF HOUSEHOLDS PROVIDED WITH CLEAN ENERGY ¹⁾
Agua Fria, Honduras	60	103,000	80,000
Utah Red Hills, USA	104	210,000	18,500
Oryx, Jordan	10	23,000	10,000
EJRE/GLAE, Jordan	33	78,000	15,000
Previously reported projects 2014 ²⁾	124	287,500	72,500
Total	331	701,500	196,000

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

2) ASYV (Rwanda), Dreunberg (South Africa), Linde (South Africa).

Our achievements and results in 2015

Electricity is fundamental to human existence and economic development. Our most significant contribution to local value creation is through increasing access to clean energy. The completion of two solar power plants, Utah Red Hills (104 MW) in the United States and Agua Fria (60 MW) in Honduras in 2015, provided nearly 100,000 households with energy. The Agua Fria plant contributes with an annual power production of 103,000 MWh, while the Red Hills plant - Utah's first utility-scale solar plant - produces 210,000 MWh annually. "The fact that we were able to build this 104 MW grid-scale plant within 12 months is proof of our company's capability to deploy solar power rapidly," says CEO Raymond Carlsen.

Table 2 below provides an overview of the projects that were completed or were under construction in 2015 with regard to installed MW of renewable energy generation, annual power production and the number of households provided with energy.

Scatec Solar is strongly committed to contributing to job creation including the use of local labour and suppliers. We strive to employ local labour as far as possible, regardless of whether this is a regulatory or contractual requirement. This contributes to reducing unemployment rates and provides knowledge transfer to the communities where we are present.

Sazi Ramoekipa is the Plant Supervisor at our Dreunberg solar power plant in South Africa. He says: "Working for Scatec has been a journey of growth and development for me so far. I am happy to see that my contributions were met with great recognition and I feel like I am adding value to the organisation. I believe that I have a bright future ahead within the organisation and I just have to continue working hard".



Sazi Ramoekipa, Plant Supervisor at our Dreunberg solar power plant.

During 2015, we commenced construction of five solar power plants listed in the table below, and we employed a total of 1,842 workers during the peak construction phase of these projects. The job creation, the percentage of local employment and the number of skill certifications for each project are shown in the table below. The total number of workers involved in the ongoing construction of the Oryx, EJRE and GLAE plants in Jordan is estimated to be about 600. The percentage of local employees is 100% for all three plants. In addition, all jobs have been equally distributed among the local tribes and regions in the area through an employment agreement with the Ma'an municipality.

Women in the Agua Fria project

The Agua Fria Project had women working in different areas and at multiple levels. About 1,000 people were engaged during the construction phase of the project, of which 70 were women. Although seemingly a small number, this represents a significant step towards including women in typically male dominant industries. Of the women, 21% worked in technical and supervisory areas, which included electrical, civil and environmental engineering. Another 6% worked in assistant and administrative roles, while the rest carried out diverse functions including cleaning, assembly of metal parts and electrical aids. A number of women were interviewed after the construction phase in order to understand their opinions and insights about their experiences from the project, so that Scatec Solar can facilitate for more jobs for women in development and operations.

Their eagerness to work in a solar energy project included several different factors. Solar photovoltaic plants represent a new technology in Honduras, as the first projects in the country started construction in 2014. The interviews revealed that one of the main motivations for the women working in the project was the novelty of the technology in the country.

Recalling her experience, Johana Ortiz (Electrical Works Supervisor, Cobra Gran Solar) stated that for her it was not merely the excitement of this being her very first job, but "the thrill of working in one of the first solar projects in her country". This sentiment was also shared by Edda Cerrato, who worked as Electrical Resident for Flores y Flores. She had previous experience from working at a wind farm and felt the Agua Fria project "was innovative and a pioneer in the solar industry of the country".

Gaudi Ochoa, worked in metal parts assembly and cleaning in the project. This job represented the first time she was able to work

TABLE 3: LOCAL JOB CREATION FROM OUR 2015 PROJECTS

PROJECT	JOB CREATION (DURING THE PEAK CONSTRUCTION PERIOD)	% LOCAL EMPLOYEES (CITIZENS)	NO. OF WORKERS WITH DOCUMENTED SKILL ENHANCEMENT
Agua Fria	1,050	82%	275 ²⁾
Utah Red Hills	192	92%	30 ¹⁾
Oryx	150	100%	N/A
EJRE/GLAE	450	100%	N/A
Previously reported projects (2014)	2,550	77% on average	621
Total	4,392	90% on average	926

1) Workers certified.

2) Workers with formalised documentation of experience.

outside her home. As she said: “My motivation was family-oriented, as a mother of a young child, I believed that working in the project would be an opportunity to provide for my son”, adding that there are not many work opportunities for women in the community.

Contribution to local economic development

Scatec Solar contributes to local communities through economic development (ED) initiatives. In South Africa, the Dreunberg project has been supporting the local Small Medium Micro Enterprises (SMME's) in the Burgersdorp area through its Enterprise Development Obligation by means of quarterly monetary grants (ED contributions). This is awarded to eligible local SMME's chosen as ED grant beneficiaries. The grant aims to assist and accelerate the entity's development as a professional local service sub-supplier to the project and in the future to other businesses in the community.

The ED grant contribution is planned to be spent on assisting enterprises with the following elements:

- Business set up cost
- Training and upskilling of staff
- Job creating initiatives

To date, three local SMME's have been carefully chosen as the first ED grant beneficiaries. The grant received by these SMME's has been used to assist with business equipment such as laptops, printers, office furniture and other equipment. One of the beneficiaries has used the grant to create short term employment of 3 youths from the local community. The services of the entities were also used in the construction of the ECD building, which included the construction of the play equipment outside and building and fitting of the kitchen and classroom cupboard.

For the Agua Fria project in Honduras, the financial contribution to local development initiatives during 2015 amounted to USD 410,000. Of this about 50% was targeted towards initiatives related to education, involving school supplies like notebooks, pencils, colours and paper for children and schools, infrastructure improvements such as painting, renovation of windows and ceilings in schools and donations of computer. Around 30% was spent on other infrastructure such as water tanks, roads and electrification. The rest was spent on equipment and material for a health centre in the area, support of local sport and recreation activities, as well as reforestation. The local procurement spending connected to the land lease and substation lease of the project from 2015 (for a period of 30 years) amounts to approximately USD 115,000 annually.

For the 10 MW Oryx project in Jordan, we estimate that about USD 42,000 will be spent on social economic development programmes. Some of these programmes are currently under development.

Our ambitions and goals

Going forward, we will continue to increase access to renewable electricity generation capacity in countries experiencing energy shortage. In the first half of 2016, we will complete the three projects in Jordan. During 2016, we also target to start construction of solar power plants across East Africa, Egypt and Pakistan.

Moreover, we will continue to develop our experience of hiring local labour when constructing new solar power plants in 2016 and onwards with reference to for instance the three projects in Jordan, where 100% of the construction workers are locally employed.

2.2 Community dialogue and engagement

Our policy

Development projects impact local communities. Changes are usually positive, but the possibility of unintended consequences cannot be overlooked. Communication and engagement with the local communities are therefore essential to foresee and minimise potential negative outcomes and maintain good relations with interested parties. Our policy is to:

- Develop a structured 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 enables 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 facilitate understanding and communications among sections of the local communities
- Maintain an active dialogue during the project phases with the local communities to ensure open and integrated communication
- Engage with communities at several levels, from national governments to project neighbours

Our achievements and results in 2015

Community engagement is central to Scatec Solar's way of doing business. We often operate in countries where legal frameworks and governing structures do not necessarily protect the communities we may impact. We therefore employ international norms for stakeholder engagement, such as the World Bank's International Finance Corporation (IFC) performance standards, and our own experiences to ensure that we have a constructive dialogue with the local communities. Regular meetings with the local leaders and representatives also contribute to operational efficiency by alleviating fears, managing expectations and ensuring local support and employee loyalty, rather than opposition to our projects.

A well performed and anchored community dialogue will also help alleviate security risk and potentially prevent incidents from taking place, as an integrated project is often savored by the community and considered partly theirs.

In 2015, all projects were assigned a Community Liaison Officer (CLO) responsible for community engagement to ensure a robust and consistent process. During the year, we also ensured that all our projects were carried out with a formalised stakeholder analysis and stakeholder engagement plan, in accordance with the expectations set out in the IFC performance standard and the Equator Principles.

For instance in Honduras, we held approximately 15 community meetings open to anyone connected directly or indirectly to our Agua Fria project. This effort alleviated fears and misconceptions about solar technology amongst the local communities. It included dispelling myths that photovoltaic panels generate more heat in local areas or create hazardous radiation. It also addressed

concerns relating to noise and dust during construction, all of which were successfully resolved.

In Jordan, we held meetings every fortnight from April 2015 onwards with tribal elders. This mainly addressed community questions over division of local jobs to the different tribes. Whilst successful community dialogue in the USA for our Utah Red Hills project helped ensure that the project enjoyed local support for new clean energy jobs, it also avoided potential opposition and delays to project delivery.

“Over 85% of the work force came from workers who had recently been laid off due to the closing of iron mines. As Chad Nay, County Building and Zoning Administrator, who issued our building permit at 5PM on Christmas Eve put it: This is the best Christmas our community could ask for”.

- Tim Tennis, Community Liaison Officer, Utah Red Hills solar power plant

In 2015, we continued to have local grievance mechanisms for all our projects, and also established a publicly available online grievance mechanism (read more about this in chapter 3.1). The table 4 below shows the number of grievances received during the execution phase of projects in 2015. All reported grievances were taken seriously, and each was addressed and resolved.

TABLE 4: COMMUNITY DIALOGUE AND ENGAGEMENT INDICATORS

INDICATOR	2015 RESULTS
Percentage of operations with implemented local community engagement, impact assessments, and development programmes	100 %
Number of grievances received	19
Number of grievances addressed and resolved	19

SED Programmes

Scatec Solar also makes significant financial contributions to socio-economic development (SED) programmes directly to the local communities where we operate. In South Africa, a fixed percentage of the current operating projects' revenues is dedicated to this, and 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 lifetime. These initiatives not only contribute to local value creation and development, they also improve our engagement and dialogue with the local communities, which can be crucial to the successful completion of a project. In the appendix of this report, we elaborate on some of the initiatives launched during 2015.

Our ambitions and goals

Even though the construction period is over, we will continue to strengthen our grievance mechanism and have a CLO for each of our projects to manage community expectations. We will also formalise the CLO position with clear guidelines about the role and its responsibilities. This will include guidance as to how the formal engagement process should proceed such as how long it will last, how meetings should be conducted and how the dialogue process must be documented. It is important for us to maintain

consistently high standards across all our projects to protect our reputation and maximise local community benefits.

Finally, we will continue to manage our SED programmes in local communities with integrity. We will also plan for and contribute to new local development initiatives in new projects to ensure that we impact positively the local communities we operate within and uphold an active and open dialogue with them.

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 largely 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. Our policy is to:

- Conduct environmental and social impact assessments 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 criminal records, creditworthiness, breaching sanctions and engaging in bribery and corruption
- 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 the local environment

Our achievements and results in 2015

Scatec Solar collaborates with partners that also have high standards for the projects and their associated impacts. We have committed to operate in line with the Equator Principles in all our projects. The projects constructed in 2015 come under “Category B” projects according to the Equator Principles, meaning 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”. We also follow the International Finance Corporation HSE performance standards, as a requirement for some projects and voluntarily for others, to ensure consistent standards across all our projects.

All the projects constructed in 2015 were developed in accordance with the IFC performance standards. Both the 60 MW Agua Fria plant in Honduras and the 104 MW Utah Red Hills plant in the United States were constructed and completed on time and budget during 2015. Both of these plants have positively influenced the local community, not only through the job creation during the project period, but also through improved services in the area. The execution team interact with the local communities and attempt to look beyond their responsibilities of the project by organizing initiatives for local children and adults. For example in Agua Fria project, we financed the organisation of a football tournament and a kindergarten day for the local community.

When searching and planning for new markets we have a systematic and in-depth process for site selection involving



relevant government body for assessment and approval. This regulated process gives us insight into the potential impact on the environment and communities surrounding the site and this work is often very comprehensive and involves many stakeholders over a prolonged period. The assessments developed for our projects constructed during 2015, Agua Fria and Utah Red Hills, did not reveal any long-term material negative impact on the environmental or social dimension.



During the execution phase, we identify potential local candidates for positions in our Operation & Maintenance business. In Honduras for example, we are very proud of the quality of the local personnel recruited and their technical expertise. We are exceeding our targets of local employment in Honduras. We also often hire specialist consultants to ensure that

we are compliant in our operations. For example in Honduras, we hired three environmental engineers with special expertise to ensure a high level of quality and control.

In our 2014 sustainability report, we stated that we would strive to ensure a grievance mechanism for all our projects in line with IFC's social and environmental standards. In 2015, as mentioned previously we established a publicly available grievance mechanism for all of our projects covering four different languages; English, Arabic, Spanish and French. The mechanism is available through

our website and at each site locally for individuals, communities and companies who have feedback or concerns regarding our projects. This provides a channel to present issues to the administration of the projects along with a system to solve these systematically and efficiently. We take all grievances seriously and aim to have a response time of maximum 30 working days. One of the members of the corporate management team directly supervises the grievance mechanism.

Our ambitions and goals

We will work further to formalise environmental, social and governance integration in the project development phase through incorporating ESG considerations into all stages of our operating model.

Going forward, we will continue to hire specialist consultants such as environmental engineers to ensure that we are compliant in our operations and that we contribute with a high degree of quality and control.

We will also work to ensure that the established grievance mechanism for all our projects is available for the public and all reported grievances are handled in a systematic and timely manner.

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 HSSE policy for more information. Our policy is to:

- 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 accordance with applicable labour standards and fundamental human rights norms as prescribed 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
- Always undertake risk assessments of new countries and regions we plan to enter and develop security plans based on this
- Always inform all employees about travel requirements and security briefings when relevant

Our achievements and results in 2015

Health, safety and security are key priorities in the development, construction and maintenance of our projects and during transportation to and from the sites. Scatec Solar takes responsibility, sets requirements and monitors performance of health, safety and security.

During the year, we have worked to improve our reporting on accidents, lost time injuries and other indicators in the area of HSSE across all of our projects. This involved establishing and implementing a standardized reporting format for all projects that ensures comparable and consistent data delivered bi-weekly. Further it makes it easier to analyse the reported data to identify areas that need further attention and improvements. In 2015, there were no fatal accidents and two lost time injuries. None of the injuries led to a permanent disability. Detailed injury statistics for each project is shown in the table below. These indicators include the operations conducted by our contractors. We choose to manage, monitor and report on these indicators since the health,

safety and security on our sites are our responsibility, regardless of whether the solar parks are constructed by contractors.

We also take a proactive approach to ensure safety of workers and operation of machinery on our sites. Preventive measures are also equally important. During the construction phase of the Agua Fria plant, a vaccination campaign against tetanus and hepatitis C was introduced for all employees. Infections and diseases are considered a risk during the construction of these types of projects. In addition, as part of the first awareness discussions to all employees, both national and foreign, we provided extensive information concerning HIV/AIDS to educate employees about the risks involved.

We put a strong emphasis on creating safe and good worksites for our employees including competitive wage levels above the minimum requirement, limits to long working hours and basic issues such as ensuring access to clean drinking water. Additionally, we recognize that the physical and mental health of our employees is an essential factor for their general well-being at work and increased productivity. In Jordan for example, we have set up a local clinic where we provide occupational health examinations for each employee who is part of any of our three projects. An occupational health hazard is usually an illness or condition that develops over time due to workplace conditions such as exposure to chemicals, dust or bacteria/viruses.

Scatec Solar has operations in regions where mitigating security risk is vital. An extensive assessment of the regions where we have presence has been undertaken during this year. To minimize and mitigate security risk, we have implemented several important initiatives. In 2015, we entered into a partnership with an international, third party security assessment company that primarily provides country risk assessments, security and operational advice, pre-enter preparations, immediate security advice for special situations, emergency response and mandatory training of all employees. The agency electronically monitors the movement of our personnel constantly to safeguard them.

"I was involved in an occurrence where our driver was exceeding the speeding limit, and I received a call from our management team who requested the driver to stop speeding. The security company had informed the management about the speeding through information they received from trackers provided by the security company".

- Vijandren Naidoo, VP Engineering, South Africa

TABLE 5: HSSE INDICATORS FOR OUR PROJECTS IN 2015

PROJECT	FATAL ACCIDENTS	LOST TIME INJURIES (LTI) ¹⁾	NUMBER OF LOST TIME INJURIES PER MILLION WORKED HOURS	NUMBER OF TOTAL RECORDABLE INJURIES PER MILLION WORKED HOURS ²⁾
Agua Fria, Honduras	-	2	3.1	3.1
Utah Red Hills, USA	-	-	-	-
Oryx, Jordan	-	-	-	-
EJRE, Jordan	-	-	-	-
GLAE, Jordan	-	-	-	-

1) An occurrence that results in a permanent disability or time lost from work of one day/shift or more.

2) Includes two LTIs.

In addition to this, we have undertaken a review of our emergency preparedness plan including initial training and regular briefing to emergency preparedness teams. A requirement for each of our operating locations is to hire an interim security manager to manage and assess the security environment. The manager is responsible for providing live and accurate information relevant to our operations, ensure quality in relation to personnel and programmes and set standards for the operating procedures.

We believe that security should be mitigated at the lowest level, and that an early starting will lead to a better project. We therefore place emphasis on community relations and cultural awareness as an integral part of our training. Working with local people and getting a common understanding will eventually contribute to safety and the creation of a protective environment, thus lowering risk and threat potential.

Our ambitions and goals

We work continuously for zero harm to personnel, materials and the environment, and we believe that all incidents can be prevented through awareness, training and preparedness well in advance. We aim to continue to set high HSSE standards in the countries where Scatec Solar operates. Further, we will build on developing our approach for a common understanding of our expectations with regard to high levels of work ethics and quality control on our sites. We also aim to better analyse the data on accidents, lost time injuries and other HSSE indicators to be able to identify and respond to all types of challenges that can arise in this area. Finally, we will work to develop our partnership with the security assessment partner to ensure that we offer accurate risk assessments for the regions where we operate and thereby better prepare our employees and mitigate security risk.

"We are growing into a truly global company with operations across five continents. This calls for a strong focus on security risk. The safety of our employees is the greatest responsibility we, as a company, will ever have. Going forward we are determined to work continuously to ensure that we are able to mitigate security risk in the countries where we operate."

- Roar Haugland, EVP Business & People Development

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. Our policy is to:

- Encourage a working environment guided by a culture based on our values
- Provide our people with opportunities to develop according to their career aspirations.
- Build a high performance working environment, recognising peoples' achievements and rewarding them based on their results
- Ensure that each employee knows what is expected of them in their role
- Provide our people with direct feedback and guidance on their work performance

- Provide equal opportunities and value diversity of people.
- Provide a safe place to work.
- Support and advice managers in leadership of their people

Our achievements and results in 2015

Scatec Solar is characterised by enthusiastic and committed people who believe in the importance of our purpose. In 2014, we recognised that maintaining a work-life balance for all our employees was a challenge. This remained a challenge during 2015, and therefore we have established a total of 41 new permanent positions in a number of areas during the year to alleviate this pressure. We will continuously monitor this going forward.

One of the key functions of our human resources (HR) department is to attract and retain talent. HR is a support function and its strategy is in line with the business strategy. During 2015, HR continued to focus on supporting leaders with business growth. In addition, HR continued the creation of a core set of tools and processes, to support leaders in attracting and retaining the right people.

Every year, Scatec Solar managers establish a "People Development Plan" in cooperation with their employees. This tool assesses each employee's responsibilities, performance and areas for development.

During 2015, we reviewed our employee benefits packages and improved the offering where deemed necessary. For example, the company implemented annual health checks for all employees.

An overview of sickness absence rate, diversity and numbers of complaints for the headquarter in Norway, and the Company as a whole, is shown in the table below. We have formalised a system for dealing with internal complaints, and we received two complaints during 2015. Both complaints were systematically dealt with and successfully resolved within the course of the year.

TABLE 6: INDICATORS RELATED TO HEALTH AND WORKING ENVIRONMENT

PROJECT	SICKNESS ABSENCE RATE (%)	DIVERSITY (% WOMEN)	NO. OF COMPLAINTS
Head quarter (Norway)	2.3%	31%	1
Total company	2.4%	26%	2

Our ambitions and goals

As we mature as a company, we continue 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 continue to strive to be a preferred employer for great employees with the best talents. We will therefore make sure that we are a highly visible company promoting our positive social and environmental impact.

We will continue to benchmark compensation and benefit plans for all our employees to ensure that we offer competitive conditions.

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 ensure a non-corruptive business environment. Our policy is to:

- have a zero-tolerance approach to bribery and corruption
- continuously 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 relevant employees

Our achievements and results in 2015

A truly global company, Scatec Solar operates in several countries exposed to various levels of corruption according to the Transparency International Corruption Perceptions Index. We therefore undertake a thorough assessment of the potential host country, region and partners before we decide to conduct our business. We also demonstrate a high level of awareness in relation to any indicators of corrupt activities while conducting our business.

We always undertake a due diligence of potential partners and suppliers. For the screening process, we use a widely adopted source of structured intelligence to identify heightened risk or blacklisted individuals and organisations. We also have collaborations with an international risk-consulting firm for conducting background checks of business partners and individuals. Some of our main financial collaborators include Norfund, the International Finance Corporation (IFC), member of the World Bank Group, and other leading Development Banks. This ensures a high level of ethical standards. All of our projects are developed in accordance with the IFC performance standards and the Equator Principles.

One of our main goals of the 2014 report was to establish an apparatus to enable whistleblowing. In 2015, Scatec Solar established a whistleblower function for employees to raise legal and ethical concerns related to the company's businesses and activities. A third party has also been assigned as the receiver of any reported concerns.

Our overall aim for our work in the field of anti-corruption is to operate in line with best practices. During 2015, we entered a partnership with an advisory firm to focus our efforts in this area and strengthen our compliance. This involves gathering and evaluating all our existing documentation and policies to identify potential gaps and areas of improvements. This collaboration will continue in 2016 and potentially onwards.

Our ambitions and goals

We will continue to raise awareness of corruption and the high expectations we have of our employees and business partners in this regard. We will continue to review our current processes and initiatives to better position ourselves to operate in accordance with best practices.

Going forward, we will ensure that the whistleblower function is anchored and visible for our employees. We also aim to develop further our integrity, dilemma and anti-corruption training in the induction process for all new employees in 2016, particularly for business development and procurement.

3.5 Responsible procurement

Our policy

Our selection of suppliers and sub-contractors impact our social and environmental performance. Our policy is to:

- Choose suppliers based on relevant sustainability criteria including transparency, HSSE standards and environmental performance
- Ensure that 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 ⁽¹⁾ 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 products from any supplier that relies on dangerous or harmful substances to the environment

(1) Lifecycle approach: Accounting for total energy footprint from raw materials to decommissioning.

Our achievements and results in 2015

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. To ensure a responsible and resilient supply chain we set requirements and engage in dialogue with our suppliers and sub-contractors. We integrate sustainability in every step of our procurement process, from pre-qualification to ongoing dialogue with existing suppliers.

In 2015, we worked to formalise and standardise the pre-qualification due diligence and tender processes, so that our requirements meet the same standards in all our projects. All our contracts contain details regarding HSSE standards and labour rights. We furthermore require all our suppliers to comply with and sign our supplier code of conduct. The code focuses on compliance with laws and regulations as well as internationally recognized standards. Topics covered by the code include; anti-corruption and ethical business practices, human rights, the environment, HSSE and labour rights and the environment.

To ensure our suppliers meet our standards we visit selected suppliers to monitor performance regarding factors such as quality, HSSE, labour conditions and environmental management. In 2015, we visited 13 of our current and potentially new major suppliers. We also identified two cases where contractors were in breach of our standards, one in Jordan and the other in South Africa. We requested corrective actions and followed up on implementation of our requirements. In both cases, the contractors successfully put in place improvements, and therefore we did not need to take further action.

Innovation is important in a fast moving industry such as ours, and we collaborate with suppliers to drive the development of new and better solutions such as reducing the use of precious metals in solar modules. In 2015, we implemented a strategy involving quarterly meetings with key technology providers where we share and co-develop ideas for improvement on every front possible, including sustainability.

Our ambitions and goals

We plan to continuously evaluate our approach to responsible procurement and will in 2016 update our supplier code of conduct to include more specific requirements aligned with international standards and legal requirements.

Procurement is a part of our value chain that has potential for negative environmental impact. This includes greenhouse gas (GHG) emissions and emissions of local pollutants. The solar

energy we produce positively contributes to avoiding GHG emissions. In order to contribute further to reducing GHG, we aim to take on a life-cycle perspective and limit the amount of GHG emissions and energy consumption in our supply chain.

Therefore, we intend to conduct a risk assessment of our supply chain to identify environmental risk hot spots, develop an action plan, and start measuring and reporting on our greenhouse gas emissions. With regard to production of our purchased products, our current requirements include good life expectancy and safe end-of-life disposal options. But now we aim to expand the requirements to also include the GHG emissions and energy consumption in the production process of our purchased products. We also seek to review our own energy consumption during the construction phase with the goal of replacing fossil fuels with renewable energy sources.



Consolidated financial statements Group

Consolidated statement of profit or loss	51
Consolidated statement of comprehensive income	52
Consolidated statement of financial position	53
Consolidated statement of financial position	54
Consolidated statement of changes in equity	55
Consolidated statement of cash flow	56
Notes to the Consolidated financial statements Group	57
Note 1 Corporate information	57
Note 2 Key sources of estimation uncertainty, judgements and assumptions	57
Note 3 Operating segments	59
Note 4 Financial risk management	62
Note 5 Bonds	64
Note 6 Non-recourse financing	64
Note 7 Cash	66
Note 8 Guarantees and commitments	67
Note 9 Derivative financial instruments	69
Note 10 Financial instruments by category	70
Note 11 Financial instruments: measurement and market risk sensitivities	71
Note 12 Property, plant and equipment	73
Note 13 Impairment testing goodwill and property, plant and equipment	74
Note 14 Tax	75
Note 15 Trade receivables	77
Note 16 Trade and other payables	78
Note 17 Other current liabilities	78
Note 18 Other current assets	78
Note 19 Other operating expenses	79
Note 20 Financial income and expenses	80
Note 21 Investments in associated companies	80
Note 22 Earnings per share	81
Note 23 Share capital, shareholder information and dividend	82
Note 24 Non-controlling interests	83
Note 25 Project financing provided by co-investors	88
Note 26 Employee benefits	89
Note 27 Transactions with related parties	90
Note 28 Restructuring provisions	92
Note 29 Non-current assets held for sale	92
Note 26 Consolidated subsidiaries	93
Note 31 Summary of significant accounting policies	94
Note 32 Subsequent events	101

Consolidated statement of profit or loss

1 January – 31 December

NOK THOUSAND	NOTE	2015	2014
Revenues	3	867,714	455,098
Net gain/(loss) from sale of project assets	3, 12	14,112	17,393
Net income/(loss) from associated companies	3, 21	-865	-1,183
Total revenues and other income		880,961	471,308
Personnel expenses	25	-70,543	-69,686
Other operating expenses	19	-112,027	-108,736
Depreciation, amortisation and impairment	12, 13	-175,609	-101,859
Operating profit		522,782	191,027
Interest and other financial income	20	64,402	54,799
Interest and other financial expenses	20	-408,054	-248,557
Foreign exchange gain/(loss)	4, 20	40,514	62,310
Net financial expenses		-303,138	-131,448
Profit before income tax		219,644	59,579
Income tax (expense)/benefit	14	-83,970	-11,062
Profit/(loss) for the period		135,674	48,517
Profit/(loss) attributable to:			
Equity holders of the parent		67,651	-17,923
Non-controlling interests		68,023	66,440
Basic and diluted earnings per share (NOK)	22	0.72	-0.25
Weighted average number of shares (in thousand)	22	93,816	72,807

Consolidated statement of comprehensive income

1 January – 31 December

NOK THOUSAND	NOTE	2015	2014
Profit/(loss) for the period		135,674	48,517
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Net movement of cash flow hedges	9	142,713	-86,997
Income tax effect	14	-39,959	24,359
Foreign currency translation differences		44,576	117,750
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		147,330	55,112
Total comprehensive income for the year, net of tax		283,004	103,629
Attributable to:			
Equity holders of the parent		188,941	74,449
Non-controlling interests		94,063	29,180

Consolidated statement of financial position

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2015	AS OF 31 DECEMBER 2014
ASSETS			
Non-current assets			
Deferred tax assets	14	340,670	402,011
Property, plant and equipment - in solar projects	12	5,196,298	3,049,193
Property, plant and equipment - other	12	19,891	13,231
Goodwill	13	23,595	22,169
Financial assets	9	126,810	23,868
Investments in an associated companies	21	-	25,841
Other non-current assets	26	136,543	214,401
Total non-current assets		5,843,807	3,750,715
Current assets			
Trade and other receivables	15	221,382	126,122
Other current assets	18, 26	251,892	82,897
Financial assets	9	1,086	2,946
Cash and cash equivalents	7	1,639,029	1,049,106
Non-current assets held for sale	28	26,427	-
Total current assets		2,139,816	1,261,071
TOTAL ASSETS		7,983,623	5,011,785

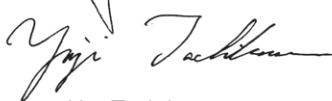
Consolidated statement of financial position

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2015	AS OF 31 DECEMBER 2014
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	23	2,345	2,345
Share premium		807,903	794,142
Total paid in capital		810,248	796,487
Other equity			
Retained earnings		-164,909	-207,227
Other reserves		161,803	40,511
Total other equity		-3,106	-166,716
Non-controlling interests	24	618,255	546,811
Total equity		1,425,397	1,176,582
Non-current liabilities			
Deferred tax liabilities	14	203,436	82,640
Non-recourse project financing	6	4,799,828	3,337,265
Bonds	5	492,917	-
Financial liabilities	9	-	14,886
Other non-current financial liabilities	26	346,616	4,646
Total non-current liabilities		5,842,797	3,439,437
Current liabilities			
Trade and other payables	16	154,154	69,947
Income tax payable	14	23,508	41,543
Non-recourse project financing	6	166,789	112,786
Financial liabilities	9	6,184	25,773
Other current liabilities	17, 26	364,794	145,717
Total current liabilities		715,429	395,766
Total liabilities		6,558,226	3,835,203
TOTAL EQUITY AND LIABILITIES		7,983,623	5,011,785

Oslo, 14 March 2016

The Board of Directors of Scatec Solar ASA

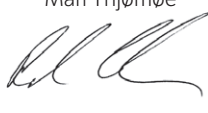

 John Andersen jr. (Chairman)


 Yuji Tachikawa


 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 1 January 2014	1,624	301,286	-147,074	-71,602	19,742	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 December 2014	2,345	794,142	-207,227	45,199	-4,688	629,771	546,811	1,176,582
Profit for the period	-	-	67,651	-	-	67,651	68,023	135,674
Other comprehensive income	-	-	-	82,261	39,031	121,290	26,040	147,330
Total comprehensive income	-	-	67,651	82,261	39,031	188,941	94,063	283,004
Share-based payment	-	13,761	-	-	-	13,761	-	13,761
Dividend to equity holders of the company	-	-	-25,331	-	-	-25,331	-157,740	-183,071
Capital increase from non-controlling interests ¹⁾	-	-	-	-	-	-	135,120	135,120
At 31 December 2015	2,345	807,903	-164,909	127,460	34,343	807,142	618,255	1,425,397

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 9,835 thousand (2014: NOK 47,581 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	2015	2014
Cash flow from operating activities			
Profit before taxes		219,644	59,579
Taxes paid	14	-47,639	-100,549
Depreciation and impairment	12,13	175,609	101,859
Net income from associated companies/sale of project assets	21	-13,247	1,183
Interest and other financial income	20	-64,403	-54,799
Interest and other financial expenses	20	408,054	248,557
Unrealised foreign exchange (gain)/loss	20	-134,272	24,986
(Increase)/decrease in trade and other receivables	15	-95,260	-100,650
(Increase)/decrease in other current/non-current assets	18	-96,347	22,340
Increase/(decrease) in trade and other payables	16	84,207	-371,864
Increase/(decrease) in current liabilities	17	46,374	83,091
Increase/(decrease) in financial assets/liabilities and other changes		22,107	-10,200
Net cash flow from operating activities		504,827	-96,467
Cash flows from investing activities			
Interest received		64,403	34,012
Investments in property, plant and equipment	12	-2,512,284	-923,315
Investments in associated companies	21	39,106	-20,489
Net cash flow used in investing activities		-2,408,775	-909,792
Cash flow from financing activities			
Proceeds from non-controlling interest shareholder financing include both equity contributions and shareholder loans		279,840	105,100
Proceeds from share capital increase	23	-	484,595
Interest paid		-379,676	-257,579
Proceeds from non-recourse project financing	6	2,874,104	701,882
Repayment of non-recourse project financing	6	-549,385	-19,780
Proceeds from corporate overdraft facility	7	425	43,355
Repayment of corporate overdraft facility	7	-	-43,355
Proceeds from bond issue	5	492,917	-
Dividends paid to equity holders of the parent company	23	-25,331	-42,230
Dividends paid to non-controlling interest		-157,740	-
Net cash flow from financing activities		2,535,154	971,988
Net increase/(decrease) in cash and cash equivalents		631,206	-34,271
Effect of exchange rate changes on cash and cash equivalents		-41,283	58,016
Cash and cash equivalents at beginning of the period		1,049,106	1,025,362
Cash and cash equivalents at end of the period	7	1,639,029	1,049,106
		527,980	380,935
Cash in project companies in operation	7	643,495	527,980
Cash in project companies under construction	7	169,934	1,933
Other restricted cash	7	174,241	115,540
Free cash	7	651,359	403,653
Total cash and cash equivalents		1,639,029	1,049,106

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 a leading independent solar power producer. 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 30 – consolidated subsidiaries.

On 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange. Scatec AS and Itochu Corporation remain the two largest shareholders of the Company as of 31 December 2015 with a shareholding of 20.8% and 10.4% respectively.

The consolidated financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 14 March 2016.

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) and 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.

A summary of significant accounting policies is provided in Note 31.

Note 2 Key sources of estimation uncertainty, judgements and assumptions

In connection with the preparation of the Company's consolidated financial statements, the 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, 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. To be able to fully utilise the business model, 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:

1. As the largest shareholder providing equity financing to the project
2. As (joint) developer, including obtaining project rights, land permits, off taker agreements and other local approvals
3. As EPC contractor, responsible for the construction of the project
4. As provider of operation & maintenance services to the projects, responsible for the day to day operations of the plant
5. 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 Programme. Through holding companies, Scatec Solar indirectly owns 39% 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% in the project company. At financial completion Scatec Solar's shareholding will increase to 57% as part of a shareholders agreement. During 2015 Scatec Solar completed the construction of the Agua Fria (Honduras) solar power plant. Further, construction commenced on two plants in Jordan (EJRE/GLAE). Scatec Solar has a shareholding of 40% and 50.1% in the project companies respectively.

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 facts and circumstances, including the above agreements are analysed. For the project companies referred to above, Scatec Solar has concluded that it through its involvement controls the entities. Scatec Solar has considered that it has the current ability to direct the relevant activities of the entities and has the ability to affect the variable returns through its power over the companies.

US tax equity investor and investment tax credit

During fourth quarter 2015 Google entered as tax equity investor in the Red Hills project. Tax equity is a term that is used to describe a passive ownership interest in an asset or a project, where an investor receives a return based not only on cash flow from the asset or project but also on income tax benefits (tax deductions and tax credits). The majority of the tax equity investor's return in the Red Hills project stems from tax credits and deductions, which can be offset against taxable profits the investor is generating in projects and/or lines of business. Based on the characteristics of this instrument Scatec Solar has assessed that Google's investment is to be considered a financial liability as defined by IAS 32 Financial Instruments: Presentation. Consequently, Google's return on its tax equity investment will be

presented as a financial expense in the consolidated statement of profit or loss and Scatec Solar consolidates the Red Hills project company as a wholly owned subsidiary.

The Red Hills project has been granted an investment tax credit (ITC). The ITC provides the project an extra deduction in taxable profits amounting to 30% of the total tax eligible asset, which is an amount close to the project capital expenditure. As the project is set up as a partnership flip, most of the ITC is allocated to the tax equity investor. In analysing whether to account for the ITC according to IAS 12 Income Taxes or IAS 20 Government Grants, Scatec Solar has applied judgement. Based on an analysis of facts and circumstances related to the ITC, Scatec Solar has concluded that it should be recognised based on IAS 20 Government Grants. Hence, the value of the ITC (NOK 383,702 thousand) is presented as a reduction to the cost of the plant. If the ITC had been accounted for based on IAS 12 the same amount would have been recognised as an income tax credit in the statement of profit or loss.

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

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 2,364,158 thousand (2014: NOK 2,273,208 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. The majority of the Group's tax losses are related to favourable tax rules for depreciation of solar power plants and its reversal is merely a timing effect. At year-end 2015 the Group has recorded a valuation allowance of NOK 8,369 thousand (2014: NOK 12,063 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 8,369 thousand. Further details on taxes are disclosed in Note 14 - 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. normally when it is grid connected and producing electricity. When determining the useful life of a plant, the following factors are considered:

- a. expected usage of the plant. Usage is assessed by reference to the asset's expected capacity, physical output as well as market regulations and maturity;
- b. expected physical wear and tear, which depends on operational factors and the repair and maintenance programme;
- c. technical or commercial obsolescence;
- d. 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. Based on the markets in which Scatec Solar is currently operating solar power plants (South Africa, Rwanda, Honduras and the Czech Republic), it is management's assessment that, of the four factors

described above, the length of the PPAs is the decisive factor impacting/limiting the useful life of the plants. Consequently, the Group depreciates the solar power plants over the length of the PPAs. This assessment is made on a plant by plant basis.

The Red Hills plant in the US was commissioned late December 2015 and will sell power into the merchant market in 2016 prior to commencing a 20 year PPA from 2017. Due to the characteristics of US power market the useful life of the Red Hills plant is estimated at 30 years.

The technical life of the plants is not deemed to be a limiting factor and there is good access to quality services and personnel to secure the required level of maintenance and repair.

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).

Financing and operation of solar power plants is ring-fenced in project companies with a non-recourse project finance structure - where Scatec Solar contributes with the required equity, either alone or together with co-investors. For companies where Scatec Solar is deemed to have a controlling interest in accordance with IFRS 10, revenues, expenses, assets and liabilities are included on a 100% basis in the consolidated financial statements and presented correspondingly in the Power Production 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 2015, 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, four plants in the Czech Republic (20 MW), the Agua Fria (60 MW) plant in Honduras and the Red Hills (104 MW) plant in the US. The Agua Fria plant commenced production late July

2015 while the Red Hills plant was commissioned late December 2015 with revenues being recognised from January 2016.

Operation and Maintenance

The Operation and Maintenance segment delivers services to ensure optimised operations of the Group's and third party's 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. The segment commenced construction of 103 MW in the first half of 2015, of which the 60 MW Agua Fria plant in Honduras was completed in the third quarter 2015.

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 2015 as described in Note 31 - Summary of significant accounting policies.

2015

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	862,982	4,074	658	-	-	867,714
Internal revenues	-	51,359	1,146,639	7,462	-1,205,460	-
Net gain/(loss) from sale of project assets	-	-	14,112	-	-	14,112
Net income/(loss) from associated companies	-	-	-865	-	-	-865
Total revenues and other income	862,982	55,433	1,160,544	7,462	-1,205,460	880,961
Cost of sales	-	-	-989,710	-	989,710	-
Gross profit	862,982	55,433	170,834	7,462	-215,750	880,961
Personnel expenses	-9,904	-9,879	-27,120	-23,640	-	-70,543
Other operating expenses	-92,993	-14,169	-42,544	-21,142	58,821	-112,027
Depreciation, amortisation and impairment	-227,570	-2,555	-6,548	-495	61,559	-175,609
Operating profit	532,515	28,830	94,622	-37,815	-95,370	522,782

2014

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	448,064	7,025	-	9	-	455,098
Internal revenues	11,386	21,630	949,490	6,208	-988,713	-
Net gain/loss from sale of project assets	-	-	17,393	-	-	17,393
Net income/(loss) from associated companies	-	-	-1,183	-	-	-1,183
Total revenues and other income	459,450	28,654	965,700	6,217	-988,713	471,309
Cost of sales	-	-	-634,406	-	634,406	-
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

Geographical areas

In presenting information on the basis of geographical areas, revenues from external customers are attributed to the country of the legal entity recording the sales. The allocation of property, plant and equipment is based on the geographical location of the assets. Projects that have not yet reached construction are allocated to parent company being the main developer. Geographical data for the years ended 31 December 2015 and 2014 is presented below.

NOK THOUSAND	EXTERNAL REVENUE		PROPERTY, PLANT AND EQUIPMENT	
	2015	2014	2015	2014
South Africa	698,122	362,900	1,929,912	2,288,228
Czech	87,273	75,312	439,076	427,773
Honduras	47,696	-	1,037,524	-
Rwanda	28,631	8,434	168,041	149,387
US	12,787	15,029	1,109,653	145,835
Jordan	-	-	380,752	-
Germany	792	5,210	-	6,916
Italy	3,940	4,715	2,462	4,891
France	-	883	1,116	4,563
Norway	2,585	9	147,653	34,831
Total	881,826	472,492	5,216,189	3,062,424

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, Czech Republic, Honduras and Rwanda.

In South Africa, revenues (3 plants which commenced operations in 2013 and 2014) are earned under 20-year Power Purchase Agreements (PPA) 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 PPA are guaranteed by the South African National Treasury under the Inter-Governmental Framework Agreement.

The Czech power plants commenced operations in 2009 (1 plant) and 2010 (3 plants), and have entered into power purchase agreements 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 ASYV power plant in Rwanda commenced operations in 2014. The power is sold under a 25-year Power Purchase Agreement with the state-owned utility EWSA, with an annual price adjustment of 100% 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.

The Agua Fria power plant in Honduras commenced operations late July 2015. The electricity is sold under a 20-year Power Purchase Agreement with the utility Empresa Nacional de Energia Electricia (ENEE). The financial commitments of ENEE under the PPA are guaranteed by the sovereign guarantee executed by the Honduran attorney general and the secretary of finance.

The Red Hills power plant in the US was commissioned late December 2015. The electricity will be sold under a 20-year Power Purchase Agreement with PacifiCorp's Rocky Mountain Power, according to the utility's obligation under the federal Public Utility Regulatory Policies Act (PURPA). The PPA commences January 2017. Until then the electricity will be sold in the merchant market.

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 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 the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed price contracts. Currently, the Group has limited exposure to price risk related to electricity sold at spot rate as all contracts are based on Feed-in-Tariffs (FITs) or Power Purchase Agreements (PPAs) with the exception of the Red Hills plant in the US which was commissioned late December 2015 and will be operating in the merchant market until the PPA commences January 2017. 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 allows 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 USD, ZAR and CZK, 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. As the Group expands its operations with projects in new markets the currency risk exposure increases. For the projects in Jordan and Honduras the exposure is in all material respects related to USD as all significant contracts are USD denominated. In order to mitigate convertibility and transfer risk, the Group is currently tailoring currency risk strategies for its upcoming investments in Egypt. 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 functional currency and expected cash flows. This is because the SPVs are set up with ring-fenced financing and have significant 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, which are structured as multi-currency contracts to achieve a natural hedging of cost of sales.

Forward exchange contracts (FEC) were 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 were denominated. The FECs were set up to limit the currency risk. The FECs expired in the first quarter 2015.

For currency risk sensitivities see Note 11 - 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 flows interest rate risk by either using long-term financing at fixed rates or using 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 CZK) 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 are primarily at floating interest rates. To hedge this exposure, the Group uses interest rates swaps designated as hedging instruments. The Group's solar power plant in Rwanda is financed through fixed rate non-recourse USD loans. The debt financing of the Agua Fria project in Honduras is USD denominated non-recourse debt. During construction, the loans were priced at an unhedged floating rate. From completion of construction (end July 2015), the entire loan was priced at fixed rate. The Utah project in the US is partly financed using non-recourse debt (denominated in USD), which includes both fixed- and floating-rate tranches. From completion of construction (late December 2015), 88.5% of the total facility was priced at a fixed rate. The remaining 11.5% floating-rate debt is left unhedged. The project is additionally financed through a tax equity investor which receives a predetermined and fixed return. 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% of the total facility will be priced at a fixed rate.

During fourth quarter 2015 Scatec Solar successfully completed a NOK 500 million senior unsecured bond issue with maturity in November 2018. The bonds carry a floating interest of 3 month NIBOR + 6.5%. The interest is not hedged.

For more information on the Group's financial liabilities, see Note 5 – Bonds and Note 6 - Non-recourse financing.

For interest-risk sensitivities see Note 11 - 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. In November 2015, the company secured funding through issuance of a NOK 500 million senior unsecured bond. As of 31 December 2015, the Group has total short term contractual commitments of approximately NOK 1036 million. These commitments are mainly related to the construction of solar power plants in Jordan and Honduras and will be covered by external non-recourse debt financing, as well as equity funded by available cash in the Group. For further information on contractual commitments, see note 8 - Guarantees and commitments.

For information on, and the maturity of the Group's financial liabilities see Note 5 – bonds and Note 6 - Non-recourse financing.

In some of the countries where Scatec Solar operates, including South Africa, governments have imposed regulations on repatriation of funds out of the country. This may halt or delay flow of funds between group companies under certain circumstances. Scatec Solar has not experienced any significant delays to date, and are seeking to minimise such risk through thorough investigations of the relevant jurisdictions and regulations and adapt accordingly.

A break-down of free and restricted cash is provided in Note 7 – 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, with respect to off-take partners who have committed to buy 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 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 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. Some of the markets in which the Group operates has in recent years suffered significant constraints which have led to a large number of bankruptcies, involving also 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 2,409,130 thousand at 31 December 2015.

See Note 15 – Trade receivables for information on the provision for bad debt related to trade receivables.

Note 5 Bonds

During fourth quarter 2015 Scatec Solar successfully completed a NOK 500 million senior unsecured green bond issue with maturity in November 2018. The bonds were listed on Oslo Børs in December. The bonds carry an interest of 3 month NIBOR + 6.5%, to be settled on a quarterly basis. During fourth quarter, an interest amounting to NOK 4,574 thousand was expensed. During the term of the bonds, Scatec Solar shall comply with the following financial covenants at all times:

- a. Minimum liquidity: Scatec Solar shall maintain free cash of minimum NOK 30 million
- b. Maximum debt to capitalisation ratio: Scatec Solar shall maintain a debt to capitalisation ratio of maximum 55%
- c. Maximum cash flow coverage ratio: Scatec Solar shall maintain a cash flow coverage ratio of maximum:
 - a) 7x from 19 November 2015 to 19 November 2016;
 - b) 6x from 20 November 2016 to 19 November 2017; and
 - c) 5x from 20 November 2017 to 19 November 2018

Per 31 December 2015, Scatec Solar was in compliance with all bond covenants. The book equity of the recourse group, as defined in the loan agreement, was NOK 1,486,343 thousand per year end. Refer to loan agreement available on www.scatecsolar.com/investor/debt for further information and definitions.

The loan is carried at amortised cost with the total fees of NOK 7,292 thousand being amortised over the 3 year period until maturity.

See Note 7 – Cash for description of other sources of corporate funding.

Note 6 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 at 31 December 2015 and 2014.

NOK THOUSAND	INTEREST RATE	MATURITY DATE	2015	2014
Loan facilities (ZAR) – Scatec Solar SA 166 (Pty) Ltd. (Kalkbult) ^{1,2)}	12.30%	31/12/2028	916,024	1,056,597
Loan facilities (ZAR) – Simacel 160 (Pty) Ltd. (Dreunberg) ^{1,2)}	11.50%	31/12/2029	1,021,370	1,183,228
Loan facilities (ZAR) – Simacel 155 (Pty) Ltd. (Linde) ^{1,2)}	11.52%	30/06/2029	511,792	607,931
Loan facilities (CZK) – Scatec Solar PV1 s.r.o (Czech) ¹⁾	5.53%	27/10/2028	68,293	65,461
Loan facilities (CZK) – Signo Solar PP01 S.R.O (Czech) ¹⁾	5.69%	23/03/2029	201,336	192,729
Loan facilities (CZK) – Signo Solar PP02 S.R.O (Czech) ¹⁾	5.53%	23/02/2029	60,641	57,636
Loan facilities (CZK) – Signo Solar PP04 S.R.O (Czech) ¹⁾	5.28%	11/05/2029	84,595	81,423
Loan facilities (USD) – Gigawatt Global Rwanda Ltd (ASYV) ¹⁾	8.08%	11/01/2030	173,326	158,576
Loan facilities (USD) – Utah Red Hills Renewable Park LLC	5.15%	31/12/2036	603,117	46,469
Loan facilities (USD) – Scatec Solar AS (Oryx) ¹⁾	5.80%	31/12/2036	156,086	-
Loan facilities (USD) – Anwar al ardh (EJRE) ¹⁾	6.03%	31/12/2036	341,815	-
Loan facilities (USD) – Anwar al Amal (GLAE) ¹⁾	5.79%	31/12/2036	176,708	-
Loan facilities (USD) – Produccion De Energia S.A (Aqua Fria) ¹⁾	6.31%	31/12/2036	651,514	-
Total non-recourse financial liabilities			4,966,617	3,450,051
Of which non-current non-recourse financial liabilities			4,799,828	3,337,265
Of which current non-recourse financial liabilities			166,789	112,706

1) The rate of interest is a calculated average.

2) The rate of interest is a 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 4,924,753 thousand (after elimination of internal profits), whereas the local book value is NOK 6,178,983 thousand.

Repayment structure

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

NOK THOUSAND	LOAN REPAYMENT	INTEREST PAYMENT	TOTAL
2016	135,483	379,582	515,065
2017	257,374	411,141	668,516
2018	296,950	390,759	687,710
2019	309,605	364,520	674,125
2020	321,596	340,641	662,237
2021	357,548	312,936	670,484
2022	372,627	284,376	657,003
2023	396,231	252,201	648,432
2024	408,908	219,374	628,281
2025	428,694	182,380	611,074
2026	442,263	145,113	587,376
2027	372,139	107,231	479,370
2028	389,077	73,574	462,651
2029	265,626	40,398	306,025
2030	119,660	22,399	142,058
2031	108,820	15,077	123,897
Thereafter	235,479	27,067	262,546
Total future loan repayment	5,218,080	3,568,770	8,786,850

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

NOK THOUSAND	KALKBULT	LINDE	DREUNBERG	UTAH	CZECH	ASYV	AGUA FRIA	ORYX	EJRE/GLAE	TOTAL
2016	117,859	80,841	153,342	32,000	44,669	26,859	28,488	9,919	21,089	515,068
2017	127,335	79,681	157,881	63,879	44,833	26,727	88,231	19,996	59,954	668,516
2018	135,551	78,481	160,369	62,791	44,994	23,300	90,046	21,406	70,772	687,710
2019	140,460	73,008	155,029	61,758	45,175	17,918	88,777	21,300	70,701	674,125
2020	150,426	72,139	136,116	60,252	45,348	17,706	88,936	21,177	70,137	662,237
2021	158,237	73,205	140,927	57,402	45,551	17,785	87,949	20,754	68,675	670,484
2022	148,933	72,880	140,993	55,902	45,757	17,882	85,474	20,525	68,657	657,003
2023	139,842	75,239	144,309	53,118	45,975	17,997	83,421	20,208	68,323	648,432
2024	131,233	74,104	142,146	46,455	46,202	18,102	83,025	20,014	67,001	628,281
2025	121,719	61,312	144,870	46,620	46,446	18,252	85,544	19,873	66,437	611,074
2026	121,663	58,098	131,281	46,414	47,143	18,358	78,885	19,679	65,856	587,376
2027	111,519	57,615	113,587	45,892	47,525	18,508	-	19,468	65,257	479,370
2028	106,039	57,619	108,025	45,713	47,441	18,411	-	19,274	60,130	462,651
2029	-	30,319	111,681	45,381	19,207	16,438	-	19,045	63,953	306,025
2030	-	-	-	45,318	-	14,817	-	18,816	63,108	142,058
2031	-	-	-	43,259	-	-	-	18,517	62,121	123,897
Thereafter	-	-	-	213,780	-	-	-	10,412	38,354	262,546
Total future loan repayment	1,710,816	944,540	1,940,555	1,025,933	616,264	289,059	888,775	320,383	1,050,526	8,786,850

Of the total future loan repayment in the table above, NOK 201,472 thousand is related to not yet drawn financing on the Jordanian projects.

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%, as well as funding on 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 expenditures and changes of shareholder structure and auditors, as well as 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% 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, as well as 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% 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 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 loan agreement includes financial covenants requiring that the borrower must ensure that on each Calculation Date from the Financial Completion Date: Historic Audited DSCR and Historic Unaudited DSCR must exceed 1.10 : 1; and Projected Minimum DSCR must exceed 1.10 : 1.

Produccion De Energia S.A (Aqua Fria)

The loan facilities agreement contains financial covenants included, but not limited to: maintain a Minimum Debt Service Coverage of 1.10; maintain a Financial Debt to Total Assets not more than 70%.

For the Jordanian projects and the Utah project no covenants apply before the projects are producing and selling power under the PPA's.

The project companies meet the financial covenants at 31 December 2015. Refer to the definitions chapter for description of the abbreviations.

Note 7 Cash

NOK THOUSAND	2015	2014
Cash in project companies in operation	643,495	527,980
Cash in project companies under construction	169,934	1,933
Other restricted cash	174,241	115,540
Free cash	651,359	403,653
Total cash and cash equivalents	1,639,029	1,049,106

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

Cash in project companies under construction comprise shareholder financing and draw down on term loan facilities by project companies to settle outstanding external EPC invoices.

Other restricted cash comprises restricted deposits for withholding tax, guarantees, VAT and rent as well as collateralised shareholder financing of project companies not yet distributed to the project companies.

RECONCILIATION OF MOVEMENT IN FREE CASH

NOK THOUSAND	2015	2014
Free cash at beginning of the period	403,653	296,510
Net free cash flow from operations outside non-recourse financed companies	704,526	121,916
Equity contributions/collateralised for equity commitments in project companies	-580,518	-35,090
Distributions from project companies	123,698	20,317
Free cash at end of the period	651,359	403,653

In 2014, Scatec Solar 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's equity ratio to be above 30% - where the equity ratio is calculated excluding assets and debt related to non-recourse project company financing. The term of the facility is NIBOR 7 days plus 2.5% per year. Per 31 December 2015, the Group has drawn NOK 425 thousand on the facility.

The proceeds from the IPO fourth quarter 2014 and the bond issue fourth quarter 2015 is included in the table above as net free cash flow from operations outside non-recourse financed companies. See note 5 for further information on the bonds.

Note 8 Guarantees and commitments

Scatec Solar is often required to provide performance and warranty guarantees in connection with construction activities, as well as bid bonds in connection with tender processes. Outstanding performance and warranty guarantees are mainly issued in relation to construction contracts entered into with project companies where Scatec Solar has a controlling interest. Performance guarantees typically represents 10-15% of the construction contract value. After the power plant is completed and grid connected the performance guarantee is replaced by a warranty guarantee of typically 5-10% of the contract value and is in force for the duration of the warranty period typically 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. A bid bond is a guarantee issued by Scatec Solar to the customer in a tender process.

The Group has provided the following guarantees at 31 December 2015

- Guarantees for advance payments of NOK 125,307 thousand, (NOK 19,163 thousand as of 31 December 2014) related to the construction contracts in Jordan and Honduras
- Performance guarantees related of NOK 136,676 thousand (NOK 320,452 thousand as of 31 December 2014) related to the construction contracts for power plants in Honduras and Jordan
- Warranty guarantees of NOK 193,305 thousand (NOK 16,018 thousand as of 31 December 2014) related to power plants constructed by Scatec Solar in South Africa as well as to solar plants historically built for third parties
- Bid bonds of NOK 105,098 thousand (NOK 14,468 thousand as of 31 December 2014) related to tenders/bidding for new projects in South Africa, Mali and Peru
- Other guarantees of NOK 250,611 thousand (NOK 9,322 thousand as of 31 December 2014) mainly related to the equity investments in Jordan and the Google investment in the US

The guarantee volumes specified below include both guarantees issued to third parties and issued to project companies with non-controlling interests. The guarantee exposure towards third parties is specified further on the following page.

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

GUARANTEES' DURATION

NOK THOUSAND	2016	2017	2018	>2018
Advances payment guarantees	125,307	-	-	-
Performance guarantees ¹⁾	136,676	88,105	77,729	2,537
Warranty guarantees ²⁾	193,305	123,912	40,662	-
Bid Bonds ³⁾	105,098	-	-	-
Other guarantees ⁴⁾	250,611	2,046	1,852	1,852
Total	810,997	214,063	120,243	4,389

1) Of which NOK 48,571 thousand to third parties

2) Of which NOK 13,120 thousand to third parties

3) Of which NOK 105,098 thousand to third parties

4) Of which NOK 183,049 thousand to third parties

Covenants

The advance payment, performance guarantees and warranty guarantees outstanding as of December 2015 relates to the construction of the Kalkbult, Linde and Dreunberg projects in South Africa, Oryx, Ejre and Glæ in Jordan and Agua Fria in Honduras. The guarantees are issued by Garanti-instituttet for Eksportkreditt (GIEK) and Nordea Bank on behalf of the EPC entities as contractors to the projects, and with the Project entities, where Scatec Solar holds a share from 39% to 90%, as beneficiaries. These guarantee agreements are subject to the following financial covenants to be measured by the end of each quarter:

Covenant

Minimum Equity ratio (adjusted for non-recourse financed entities)

Requirement

Minimum 35 percent

The Group meets the financial covenants at 31 December 2015. See Note 6 – Non-recourse financing for information on covenants related to the non-recourse debt financing of the project companies and note 5- Bonds for information on covenants related to other corporate funding.

Contractual obligations

Scatec Solar has entered into several purchase agreements with suppliers related to sourcing of modules, inverters and other equipment as well as services for EPC projects mainly in Jordan and Honduras. In Egypt, Scatec Solar has entered into agreements for project development and equity investments as well as cost sharing of infrastructure development related to five projects of 50 MW (AC) each. Total purchase obligations related to construction and development contracts amount to NOK 1,021.3 million as per end 31 December 2015 (NOK 1,628.2 million per 31 December 2014).

CONTRACTUAL OBLIGATIONS

NOK THOUSAND	2016	2017	2018	>2018
Leases (cars and office rental)	6,490	6,022	4,336	3,716
Leases (PV power plant land areas)	15,562	19,458	19,205	408,298
Total purchase equipment	490,392	-	-	-
Total purchase services	220,228	-	-	-
Other contractual obligations	303,513	-	-	-
Total contractual obligations	1,036,185	25,479	23,541	412,014

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 such termination, and has instituted arbitration proceedings against the Company to recover its 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 Rand 160 million (NOK 103 million) in respect of the Linde and Dreunberg projects. On the 27th of November 2015 the arbitrator has ruled in the Company's favour on all counts. However, the award is subject to an appeal right, and the sub-contractor has filed an appeal. It is expected that the appeal will be heard by the arbitrators within the beginning of second quarter 2016. No provision is recognised as the Company considers it probable that the outcome of the appeal will be in the Company's favour.

Note 9 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 forward exchange derivative contracts expired during 2015.

The interest rates 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	2015	2014
Interest rate swap contracts		
Current portion	1,086	85
Non-current portion	126,810	23,868
Forward exchange contracts		
Current portion	-	2,861
Total derivative financial assets	127,896	26,814

DERIVATIVE FINANCIAL LIABILITIES

NOK THOUSAND	2015	2014
Interest rate swap contracts		
Current portion	5,759	25,773
Non-current portion	-	14,886
Total derivative financial liabilities	5,759	40,659

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2015 were NOK 1,943,413 thousand (2014: NOK 2,066,575 thousand). The fixed interest rates vary from 11.11% to 14.06%, and the main floating rates are South African Prime.

The notional principal amounts of the outstanding forward exchange contracts at 31 December 2015 were NOK 0 thousand, (2014: NOK 2,861 thousand).

Reconciliation of hedging reserve

HEDGING RESERVE - INTEREST RATE SWAP CONTRACTS

NOK THOUSAND	2015	2014
Opening balance	-12,020	50,555
Reclassification during the year to profit or loss, gross	-33,498	-4,958
Reclassification during the year to profit or loss, tax effect	9,379	1,406
Net gain/(loss) during the year of the not-yet matured contracts	172,496	-81,976
Tax on items recognised in OCI	-48,299	22,953
Hedging reserve	88,059	-12,020
Of which equity holders of the parent company	34,343	-4,688

Note 10 Financial instruments by category

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

2015 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	-	-	-	-	126,810	126,810
Other non-current assets	-	136,471	-	72	-	136,543
Total non-current financial assets	-	136,471	-	72	126,810	263,353
Trade and other receivables	-	221,382	-	-	-	221,382
Other current assets	-	251,892	-	-	-	251,892
Financial assets	-	-	-	-	1,086	1,086
Cash and cash equivalents	-	1,639,029	-	-	-	1,639,029
Total current financial assets	-	2,112,303	-	-	1,086	2,113,389
Non-recourse project financing	-	-	4,893,045	-	-	4,893,045
Bonds	-	-	492,917	-	-	492,917
Financial liabilities	-	-	-	-	-	-
Other financial liabilities	-	-	253,399	-	-	253,399
Total non-current financial liabilities	-	-	5,639,361	-	-	5,639,361
Trade and other payables	-	-	154,154	-	-	154,154
Non-recourse project financing	-	-	334,072	-	-	334,072
Other financial liabilities	-	-	425	-	5,759	6,184
Other current liabilities	-	-	197,511	-	-	197,511
Total current financial liabilities	-	-	686,162	-	5,759	691,921

2014	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	AVAILABLE FOR SALE	DERIVATIVES USED FOR HEDGING	TOTAL CARRYING AMOUNT
NOK THOUSAND						
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 financial 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

Note 11 Financial instruments: measurement and market risk sensitivities

Fair value measurement of financial instruments

Derivative financial instruments

The Group mainly uses derivative financial instruments for to hedge financial risk and apply hedge accounting. Derivatives not fulfilling the criteria for hedge accounting are recognised 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). For further description of the derivatives, see Note 9 - Derivative financial instruments.

Financial investments

Scatec Solar's financial investments comprise shares in companies where the Group does not have significant influence or control as well as self-built guarantees. All financial investments are recognised in the consolidated statement of financial position at fair value and are classified as available for sale assets. 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 9 - Derivative financial instruments. The fair value of the Group's derivative financial instruments has been determined by external banks.

2015	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)	-	127,896	-5,759	122,137
Fair value based on unobservable inputs (Level 3)	72	-	-	72
Total fair value at 31 December 2015	72	127,896	-5,759	122,209

2014

NOK THOUSAND	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSET)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITY)	TOTAL FAIR VALUE
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	26,814	-40,659	10,725

Fair value in level 1 is based on prices quoted in an active market for identical assets or liabilities. At year end 2015 and 2014 there are 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 2015 and 2014 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 2015, there have been no transfers between the fair value levels.

Market risk sensitivities

In the following overview, a sensitivity analysis showing 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 at 31 December 2015, is presented.

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 rates and interest for the coming year.

Currency risk

At the end of 2015, currency risk sensitivities for monetary items were calculated by assuming a +5/-5% change in the foreign exchange rates that the Group was exposed to; a +5% change refers to a weakening of the functional currency against the transactional currency and a -5% change refers to a strengthening of the functional currency against the transactional currency.

NOK THOUSAND	NOK	EUR	USD	ZAR	CZK
At 31 December 2015					
Net gain/(loss) (-5% sensitivity)	-2,548	-22,073	51,011	4,086	41
Net gain/(loss) (5% sensitivity)	2,548	22,073	-51,011	-4,086	-41

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 carry fixed rates. For further information see Note 4 - Financial risk management.

At the end of 2015, interest rate sensitivities are calculated by assuming a +1/-1% change in the interest rates.

NOK THOUSAND		
At 31 December 2015	1%	-1%
Net gain/(loss)	-11,732	11,732

Note 12 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

NOK THOUSAND	SOLAR POWER PLANTS	SOLAR POWER PLANTS UNDER CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Accumulated cost at 1 January 2015	3,048,310	218,581	20,695	3,287,586
Additions	1,767,017	487,560	10,469	2,265,046
Transfers	-7,369	-20,659	1,601	-26,427
Disposed assets at cost	-	-17,509	-548	-18,057
Effect of movements in foreign exchange	74,106	26,869	-96	100,879
Accumulated cost at 31 December 2015	4,882,064	694,842	32,121	5,609,027
Accumulated depreciation and impairment losses at 1 January 2015	177,371	40,327	7,464	225,162
Depreciation for the year	165,848	-	4,947	170,795
Impairment losses	-	4,457	357	4,814
Accumulated depreciation and impairment losses disposed assets	-	-	-167	-167
Effect of movements in foreign exchange	-6,828	-567	-370	-7,765
Accumulated depreciation and impairment losses at 31 December 2015	336,391	44,217	12,231	392,839
Carrying amount at 31 December 2015	4,545,673	650,625	19,891	5,216,188
Estimated useful life (years)	20-30	N/A	3-5	
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	

The Group operates solar power plants in Europe, Africa as well as in North and South America. During 2015, five solar power plants have been under construction (Agua Fria in Honduras, Oryx, EJRE and GLAE in Jordan as well as Red Hills in the US). The Agua Fria and Red Hills plants started production late July and December 2015 respectively. Power plants which are constructed within one fiscal year are presented as additions to "solar power plants" in the table above. If construction is carried out in two fiscal years, the carrying value of the completed plant is transferred from 'solar power plants under construction' to "solar power plants".

The carrying value of development projects that have not yet reached the construction phase was NOK 141,302 thousand at 31 December 2015 (31 December 2014: NOK 50,666 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 13 - Impairment testing goodwill and property, plant and equipment.

Note 13 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 of 31 December 2015 and 2014, 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	2015	2014
Development and construction	23,595	22,169
Total at 31 December	23,595	22,169

The goodwill is associated with the acquisition of Solarcompetence GmbH October 2007. The goodwill was determined to be related to know-how (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 & 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 2016, which is based on the Group's project backlog. Consequently, the value in use generated from operations in 2017 and onwards, is not included in the analysis. The business plan is approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes 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 calculation and are therefore excluded.

A detailed weighted average cost of capital (WACC) has not been calculated, as the nominal free cash flows exceed the carrying amount by more than 4 times, and no reasonable interval of the discount rate would change this fact.

Property, plant and equipment – impairment losses

During 2015, the Group incurred impairment losses of NOK 4,814 thousand (2014: NOK 13,718 thousand). In the third quarter 2015, the Group recognised an impairment loss of NOK 1,443 thousand related to a development project in South Africa. Recoverable amount of the project was estimated at zero. During fourth quarter 2015, the Group incurred an impairment loss of NOK 2,596 thousand related to two US development projects which are held for sale at 31 December 2015. Recoverable amount, determined as fair value less cost to sell, was estimated at NOK 26,427 thousand.

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. The impairment risk related to these assets is considered to be limited due to the long term power purchase agreements securing future revenues in line with the investment case for the project companies. The profitability of the project companies, compared to the investment case, are monitored on a monthly basis. Further, the carrying value of the property, plant and equipment in the consolidated financial statements is reduced with NOK 935 million of internal profit which provides an additional buffer compared to the project companies on a stand-alone basis.

Following the moratorium that was introduced in Japan in 2014, Scatec Solar deemed it necessary to make changes to the operations in the country. A restructuring process was initiated in the fourth quarter of 2014 and the Group impaired development projects of NOK 6,760 thousand. Further, 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.

Note 14 Tax

NOK THOUSAND	2015	2014
Tax payable	-28,710	-43,411
Change in deferred tax	-44,807	30,076
Withholding tax	-11,306	1,796
Correction of previous years income taxes	853	477
Income tax expense	-83,970	-11,062
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	219,644	59,579
Nominal tax rate (27%)	-59,304	-16,086
Tax effect of:		
Tax rates different from nominal rate of 27% (0% to 35%)	-6,676	643
Share of net income from associated companies	-234	-319
Permanent differences	-3,408	4,213
Current tax on dividend received and withholding tax	-11,306	1,797
Use and capitalisation of previously unrecognised losses carried forward	786	4,515
Valuation allowance	-1,631	-6,980
Effect of change of statutory tax rate	-1,207	-
Correction of previous years taxes	853	477
Other items	-1,843	679
Calculated tax expense	-83,970	-11,062
Effective tax rate	38.2 %	18.57 %

For 2015, the income tax expense was NOK 83,970 thousand, equivalent to a tax rate of 38%. The effective tax rate was primarily influenced by intercompany transactions subject to different tax rates, valuation allowances, permanent differences and withholding taxes. For 2014 the effective tax rate was additionally influenced by use and capitalisation of previous unrecognised losses carried forward. Depending on the volume of construction activities, the effective income tax rate is on average expected to be approximately 30% going forward.

SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

NOK THOUSAND	2015	2014
Deferred tax assets		
Tax losses carried forward	657,989	636,378
Property, plant and equipment	343,236	378,058
Financial instruments	2,670	7,946
Bad debt provision	1,602	1,332
Other items	2,017	7,743
Offsetting of tax balances ¹⁾	-658,475	-617,383
Valuation allowance	-8,369	-12,063
Total deferred tax assets	340,670	402,011

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	2015	2014
Deferred tax liabilities		
Property, plant and equipment	772,095	695,434
Financial instruments	82,157	3,901
Other items	7,659	568
Offsetting of tax balances ¹⁾	-658,475	-617,262
Total deferred tax liabilities	203,436	82,640

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	2015		2014	
	LOSS CARRIED FORWARD	DEFERRED TAX ASSET	LOSS CARRIED FORWARD	DEFERRED TAX ASSET
COUNTRY				
South Africa	2,249,750	629,930	2,049,908	573,974
Norway	54,284	13,571	107,359	28,986
Czech	26,442	5,024	41,703	7,923
US	-	-	37,485	13,120
France	15,423	-	9,860	-
Rwanda	3,933	590	1,568	312
Italy	12,473	-	8,084	-
Japan	-	-	17,246	-
Mexico	850	250	-	-
Honduras	1,020	255	-	-
Total at 31 December	2,364,158	657,989	2,273,208	624,315

Except for in Czech, Norway, Rwanda and Honduras, all tax losses can be carried forward indefinitely. In Czech, there is a five year expiration period for losses carried forward. In Norway, interest limitation rules came into force in 2014. The Group has at the end of 2015 capitalised approximately NOK 7 million in deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years. The losses carried forward in South Africa, Rwanda, Honduras and Mexico 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. Further, 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 asset is the tax effect of the eliminated internal profit related to the construction of the solar power plants of NOK 292,035 thousand. This tax asset is expensed over the useful life of the solar power plants.

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

MOVEMENT IN NET DEFERRED TAX ASSET

NOK MILLION	2015	2014
Net deferred tax asset at 1 January	319,371	232,750
Recognised in the consolidated statement of profit or loss	-44,807	30,076
Deferred tax on financial instruments recognised in other comprehensive income	-39,959	24,359
Deferred tax on transactions recognised in equity	8,567	12,851
Tax effect of ITC treated as government grant*	-80,293	-
Distributed taxes to tax equity partners ¹⁾	-8,342	-
Deferred taxes on withholding taxes	1,008	726
Translation differences	-18,311	18,609
Net deferred tax asset 31 December	137,234	319,371

1) During 2015 the Red Hills project received an investment tax credit (ITC) which is recognised as a government grant (see note 2). A part of this grant reduces the tax base for future depreciations, and is therefore treated as a deferred tax liability. Further the Red Hills project is structured as a tax equity partnership, and tax profits are distributed between the partners at a pre-determined ratio. The tax equity partner's contribution is treated as debt, hence all distributions are considered repayment of debt.

Note 15 Trade receivables

NOK THOUSAND	2015	2014
Accounts receivables	149,090	66,682
Provision for bad debt	-	-5,632
Accrued income and other receivables	72,292	65,072
Total trade receivables	221,382	126,122

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
2015	149,090	117,912	31,178
2014	66,682	63,870	2,813

The overdue receivables is related to sale of electricity from the Agua Fria plant in Honduras. Collection was postponed due to the tariff determination process. However, payments were received in full during first quarter 2016, and a normalised collection cycle applies going forward.

NOK THOUSAND	OVERDUE			
	LESS THAN 30 DAYS	30 - 60 DAYS	60 - 90 DAYS	MORE THAN 90 DAYS
2015	11,169	9,793	9,666	550
2014	-	12	34	2,767

Note 16 Trade and other payables

NOK THOUSAND	2015	2014
Trade and other payables	154,154	69,647
Total trade and other payables	154,154	69,647

The consolidated trade and other payables are mainly related to construction related supplier credits. Consequently, the balance is affected by the activity level in the Development & Construction segment. The increased payables at 31 December 2015 compared to 31 December 2014, reflects the activity currently ongoing as part of the construction of Red Hills, Agua Fria, Oryx and EJRE/GLAE projects.

Note 17 Other current liabilities

Other current liabilities comprise the following:

NOK THOUSAND	2015	2014
Current liabilities to related parties (ref note 26)	282,902	30,502
Accrued expenses related to assets under construction	15,180	54,417
Public dues other than income taxes	12,643	15,797
Accrued dividends to non-controlling interests	11,306	-
Accrued warranty expenses	-	227
Accrued payroll	12,268	8,357
Accrued interest expenses	4,575	7,375
Accrued rent and operating lease	5,911	-
Other accrued expenses	20,010	29,042
Total other current liabilities	364,794	145,717

Note 18 Other current assets

Other current assets comprise the following:

NOK THOUSAND	2015	2014
Receivables related to assets under construction	124,072	6,521
Receivables from related parties (ref note 26)	63,943	8,531
Receivables from public authorities /prepaid taxes, VAT etc	25,875	29,692
Accrued interest income	2,493	2,388
Deposits	1,762	349
Other receivables and prepaid expenses	33,747	35,417
Total other current assets	251,892	82,897

Receivables related to assets under construction reflects working capital components on the construction contracts for the projects in Jordan.

Note 19 Other operating expenses

Other operating expenses for the years ended 31 December 2015 and 2014 comprise:

NOK THOUSAND	2015	2014
Facilities	32,164	15,349
Professional fees	35,791	56,429
Other office costs	10,173	8,487
Travel costs	10,607	9,816
Social development contributions	5,533	3,547
Provisions for loss on receivables	3,328	11,559
Other costs	14,431	3,549
Total other operating expenses	112,027	108,736

Professional fees comprise the following costs:

NOK THOUSAND	2015	2014
External accounting services	5,342	2,406
Audit services fees (including tax and other services provided by the auditors)	7,809	5,707
Legal fees	6,155	4,682
Consultant fees	16,485	28,578
IPO costs	-	15,056
Total professional fees	35,791	56,429

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 was recognised in equity, net after tax.

Consultant fees mainly relate to new market surveys, project development activities, recruitment of additional employees and temporary hires.

REMUNERATION TO THE AUDITORS (EY AND OTHER INDEPENDENT AUDITORS)

NOK THOUSAND	2015	2014
Audit services	3,973	3,189
Other attestation services	15	421
Tax services	3,335	1,684
Other services	486	413
Total remuneration	7,809	5,707

Note 20 Financial income and expenses

INTEREST AND OTHER FINANCIAL INCOME

NOK THOUSAND	2015	2014
Interest income	63,868	34,013
Other financial income	534	20,786
Total financial income	64,402	54,799

INTEREST AND OTHER FINANCIAL EXPENSES

NOK THOUSAND	2015	2014
Interest expenses	-395,541	-190,802
Forward exchange contracts	-2,954	-46,744
Other financial expenses	-9,559	-11,011
Total financial expenses	-408,054	-248,557
Foreign exchange gains/(losses)	40,514	62,310
Net financial expenses	-303,138	-131,448

See note 6 – Non-recourse financing and note 11 – Financial instruments: measurement and market risk sensitivities for further information on project financing and interest rate sensitivity. See note 5 – Bonds and note 7 – Cash for further information on corporate financing.

Note 21 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	2015	2014
SSOGE Limited	Manchester, UK	-	50.0%
Megawatt Holding AS	Oslo, Norway	50.0%	50.0%
Sansca Limited	Hong Kong	40.0%	40.0%
Scatec Energy LLC	Denver, US	50.0%	50.0%
Waihonu North LLC	Hawaii, US	-	49.0%
Waihonu South LLC	Hawaii, US	-	49.0%

Megawatt Holding AS and Sansca Limited had no activity in 2015, and the carrying amounts were zero for both companies at the beginning and end of the year.

In May 2015, the Group sold its portfolio of projects in the UK. Total consideration was NOK 20,094 thousand, cost of sales was NOK 17,509 and net gain was NOK 2,585 thousand.

In October 2015, the Group concluded the sale of Waihonu North LLC and Waihonu South LLC (8 MW total) in the US. Total cash consideration was NOK 87,430 thousand and the Group's share of the net development margin was NOK 11,527 thousand.

Both transactions are recorded in the Development & Construction segment and presented as net gain from sale of project assets.

NOK THOUSAND	2015	2014
Carrying amount 1 January	25,841	6,321
+/- share of profits	-865	-1,183
Additions	34,433	20,489
Disposals	-64,072	-
Effects of movement in foreign exchange	4,663	215
Carrying amount 31 December	-	25,841
Net loss from associated companies	-865	-1,183

Included in net loss from associated companies for 2014 is an impairment of NOK 1,517 thousand related to the Group's project portfolio in the UK.

Note 22 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	2015	2014
Profit/(loss) attributable to the equity holders of the company	67,651	-17,923
Weighted average number of shares outstanding	93,816	72,807
Earnings per share for income attributable to the equity holders of the company - basic and diluted (NOK)	0.72	-0.25

Note 23 Share capital, shareholder information and dividend

At year-end 2015 the total number of shareholders in Scatec Solar was 2,941.

At 31 December 2015, 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 2015.

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
SCATEC AS	19,482,339	20.77 %
ITOCHU CORPORATION	9,768,657	10.41 %
FERD AS	4,761,900	5.08 %
GEVERAN TRADING CO LTD	3,157,238	3.37 %
VERDIPAPIRFONDET DNB NORGE (IV)	2,824,150	3.01 %
ARGENTOS AS	2,755,760	2.94 %
ELEVA UCITS FUND - ELEVA EUROPEAN	2,218,800	2.37 %
VERDIPAPIRFONDET DELPHI NORDEN	1,997,336	2.13 %
JP MORGAN CHASE BANK, NA	1,894,290	2.02 %
MORGAN STANLEY & CO. LLC	1,580,528	1.68 %
THE BANK OF NEW YORK MELLON	1,501,091	1.60 %
FOLKETRYGDFONDET	1,219,477	1.30 %
VICTORIA INDIA FUND AS	1,168,200	1.25 %
UBS AG, LONDON BRANCH	1,160,675	1.24 %
VERDIPAPIRFONDET DNB MILJØINVEST	1,111,171	1.18 %
DELPHI NORGE	1,080,000	1.15 %
STOREBRAND VERDI	1,026,067	1.09 %
VERDIPAPIRFONDET DNB NORGE SELEKTIV	989,533	1.05 %
DNB LIVSFORSIKRING ASA	958,238	1.02 %
DELPHI KOMBINASJON	880,726	0.94 %
Total 20 largest shareholders	61,536,176	65.59 %
Total other shareholders	32,280,054	34.41 %
Total shares outstanding	93,816,230	100.0 %

BOARD OF DIRECTORS	NUMBER OF SHARES	OWNERSHIP
John Andersen Jr.	-	0.00%
Alf Bjørseth ¹⁾	19,482,339	20.77%
Yuji Tachikawa	-	0.00%
Cecilie Amdahl	-	0.00%
Mari Thjømøe ²⁾	15,557	0.02%
Total at 31 December 2015	19,497,896	20.79%

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	385,735	0.41%
Torstein Berntsen ⁴⁾	EVP Power Production & Asset Management	678,504	0.72%
Snorre Valdimarsson	EVP General Counsel	275,220	0.29%
Total at 31 December 2015		4,862,927	5.18%

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 2015 the Board of Directors has proposed a dividend of NOK 0.66 per share, totalling NOK 61,919 thousand. The share will be traded excluding dividend rights (ex-date) on the day following the Annual General Meeting to be held 4 May 2016.

On 7 May 2015, the Annual General Meeting of Scatec Solar ASA resolved to pay a dividend of NOK 0.27 per share, totalling NOK 25,330 thousand. The dividend was paid to the shareholders on 15 June 2015.

Note 24 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 are 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 2015 Scatec Solar established;

- Two project companies in Honduras operating the Agua Fria and Los Prados (to be constructed) power plants,
- Three project companies in Jordan, currently constructing the Oryx, EJRE/GLAE power plants.

There are no material changes in the structure of the other companies with non-controlling interest.

PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS

NAME	COUNTRY OF INCORPORATION AND OPERATION	2015	2014
Scatec Solar SA 165 (Pty) Ltd	South Africa	35%	35%
Scatec Solar SA 164 (Pty) Ltd	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	South Africa	8%	8%
Scatec Solar SA (Pty) Ltd	South Africa	30%	30%
Gigawatt Global Rwanda (ASYV)	Rwanda	57%	57%
Miners 152 LLC (Three Peaks & AREP)	USA	50%	-
Chateau St Jean	USA	20%	20%
BFL S.R.L	Italy	49%	49%
Scatec Solar AS/ Jordan PSC (Oryx)	Jordan	10%	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	49,9%	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	49,9%	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	60%	-
Los Prados	Honduras	30%	-
Scatec Solar Intertec Mexico SAPI de CV	Mexico	40%	-

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	2015	2014
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	140,747	216,688
Simacel 155 (Pty) Ltd (Linde)	111,555	120,916
Simacel 160 (Pty) Ltd (Dreunberg)	232,334	214,518
Scatec Solar SA 163 (Pty) Ltd	-18,093	-
Scatec Solar SA (Pty) Ltd	-12,973	-12,973
Gigawatt Global Rwanda (ASYV)	12,024	7,953
Chateau St Jean	-467	-291
Miners 152 LLC (Three Peaks & AREP)	18,057	-
Scatec Solar AS/ Jordan PSC (Oryx)	529	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	6,448	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	3,004	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	100,978	-
Los Prados	21,055	-
Scatec Solar Intertec Mexico SAPI de CV	3,057	-
Total non-controlling interest	618,255	546,811

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

NOK THOUSAND	2015	2014
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	29,313	26,461
Simacel 155 (Pty) Ltd (Linde)	14,329	18,295
Simacel 160 (Pty) Ltd (Dreunberg)	22,952	23,239
Gigawatt Global Rwanda (ASYV)	842	-464
Chateau St Jean	-115	-1,091
Miners 153 LLC	-1,253	
Scatec Solar AS/ Jordan PSC (Oryx)	-17	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	-9	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	-27	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	2,014	-
Scatec Solar Intertec Mexico SAPI de CV	-6	-
Total non-controlling interest	68,023	66,440

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

SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2015 (STAND ALONE BASIS)

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	KALKBULT	LINDE	DREUNBERG	SCATEC SOLAR SA 163	SCATEC SOLAR SA
Total revenues and other income	-	-	283,938	145,390	268,829	93,742	-
Cost of sales	-	-	-	-	-	-42,116	-
Gross profit	-	-	283,938	145,390	268,829	51,626	-
Operating expenses	-115	-124	-98,540	-51,612	-92,368	-39,192	-1,576
Operating profit	-115	-124	185,398	93,778	176,461	12,434	-1,576
Net financial expenses	-1,602	8,703	-132,692	-70,947	-142,045	3,373	9,167
Profit before income tax	-1,717	8,579	52,706	22,831	34,416	15,807	7,591
Income tax (expense)/benefit	478	-2,404	-14,757	-6,386	-9,659	-3,829	-2,542
Profit/(loss) for the period	-1,239	6,175	37,949	16,445	24,757	11,978	5,049
Other comprehensive income	-	-	38,031	20,666	44,654	-	-
Total comprehensive income	-1,239	6,175	75,980	37,111	69,411	11,978	5,049
Attributable to non-controlling interests	-434	1,791	46,348	22,638	42,341	958	1,515
Dividends paid to non-controlling interests	-	-	109,672	28,609	-	19,459	-

NOK THOUSAND	CHATEAU ST JEAN	ASYV	AGUA FRIA	ORYX	EJRE	GLAE
Total revenues and other income	1,260	28,631	47,696	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	1,260	28,631	47,696	-	-	-
Operating expenses	-1,475	-11,178	-22,886	-96	-58	-60
Operating profit	-215	17,453	24,810	-96	-58	-60
Net financial expenses	-1,057	-16,595	-21,477	7	13	1
Profit before income tax	-1,272	858	3,333	-89	-45	-59
Income tax (expense)/benefit	452	-167	-	-	-	-
Profit/(loss) for the period	-820	691	3,333	-89	-45	-59
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-820	691	3,333	-89	-45	-59
Attributable to non-controlling interests	-164	394	2,000	-80	-22	-29
Dividends paid to non-controlling interests	-	-	-	-	-	-

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

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	KALKBULT	LINDE	DREUNBERG
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	ASYV
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 FINANCIAL POSITION AS AT 31 DECEMBER 2015 (STAND ALONE BASIS)

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	KALKBULT	LINDE	DREUNBERG	SCATEC SOLAR SA 163	SCATEC SOLAR SA
Property, plant and equipment	-	-	1,054,217	576,016	1,137,970	4,816	6
Other non-current assets	115,180	208,722	33,024	60,729	133,716	5,124	-
Cash and cash equivalents	2,639	29,018	137,834	52,093	131,619	6,164	43,274
Other current assets	12	401	52,052	33,728	62,002	327,360	83,206
Non-recourse financing	-	-	-916,024	-511,792	-1,021,370	-	-
Other non-current liabilities	-54,729	-233,537	-106,765	-63,380	-180,095	-8,945	-5
Current liabilities	-20,362	-14,773	-53,977	-15,447	-42,307	-318,888	-123,382
Total equity	42,740	-10,169	200,361	131,947	221,535	15,631	3,099
Attributable to:							
Equity holders of parent	27,781	-7,220	78,141	51,459	86,399	14,381	2,169
Non-controlling interest	14,959	-2,949	122,220	80,488	135,136	1,250	930

NOK THOUSAND	CHATEAU ST JEAN	ASYV	AGUA FRIA	LOS PRADOS	ORYX	EJRE	GLAE
Property, plant and equipment	15,336	177,756	957,266	58,579	181,060	201,057	123,150
Other non-current assets	484	476	-	-	-	-	-
Cash and cash equivalents	132	25,458	179,571	-	10,403	102,308	57,223
Other current assets	88	5,268	57,259	117,011	60,597	239,834	92,257
Non-recourse financing	-	-173,326	-651,514	-	-161,671	-350,598	-181,289
Other non-current liabilities	-18,384	-9,355	-143,340	-105,365	-61,134	-147,295	-69,143
Current liabilities	-264	-6,545	-197,401	-	-22,490	-30,929	-15,415
Total equity	-2,608	19,732	201,841	70,225	6,765	14,377	6,783
Attributable to:							
Equity holders of parent	-2,086	8,485	80,736	49,158	677	7,203	3,398
Non-controlling interest	-522	11,247	121,105	21,068	6,089	7,174	3,385

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

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	KALKBULT	LINDE	DREUNBERG
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	ASYV
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

Note 25 Project financing provided by co-investors

In relation to the structuring and financing of the project companies in the Group, financial instruments are issued by both the controlling and non-controlling interests. Such financing is granted both as formal equity and shareholder loans. The shareholder loans granted to Kalkbult, Linde, Dreunberg and ASYV are recognised as equity as 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 at the discretion of the project company. Accordingly, these shareholder loans are accounted for as equity.

Further to the above, the Red Hills project in Utah is partly financed by a third party tax equity investor. Based on the characteristics of this instrument Scatec Solar has assessed that the investment is to be considered a financial liability as defined by IAS 32 Financial Instruments: Presentation. Consequently, the tax equity investor's return on its investment will be presented as a financial expense in the consolidated statement of profit or loss.

At the year ended 31 December 2015, the following financing have been granted by co-investors to consolidated project companies.

NOK THOUSAND	TOTAL FINANCING	FORMAL EQUITY	SHAREHOLDER LOAN RECOGNISED IN EQUITY	FINANCIAL LIABILITY
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	120,463	63,741	56,722	-
Simacel 155 (Pty) Ltd (Linde)	62,314	19,250	43,064	-
Simacel 160 (Pty) Ltd (Dreunberg)	174,976	37,467	137,509	-
Gigawatt Global Rwanda (ASYV)	12,563	2,195	10,368	-
Scatec Solar AS/ Jordan PSC (Oryx)	6,798	544	-	6,254
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	80,699	6,457	-	74,242
Aradh Al Amal for Solar Energy Generation PSC (GLAE)	37,917	3,033	-	34,884
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	204,892	98,752	-	106,140
Los Prados	52,675	21,068	-	31,607
Scatec Solar Intertec Mexico SAPI de CV	3,764	3,764	-	-
Total project financing from non-controlling interests	757,062	256,272	247,663	253,127
Red Hills	260,500	-	-	260,500
Total project financing from tax equity investors	260,500	-	-	260,500
Total project financing from co-investors	1,017,562	256,272	247,663	513,627

At the year ended 31 December 2014 the following financing have been granted by co-investors to consolidated project companies.

NOK THOUSAND	TOTAL FINANCING	FORMAL EQUITY	SHAREHOLDER LOAN RECOGNISED IN EQUITY	FINANCIAL LIABILITY
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	246,401	72,489	173,912	-
Simacel 155 (Pty) Ltd (Linde)	93,328	21,891	71,436	-
Simacel 160 (Pty) Ltd (Dreunberg)	195,682	42,609	153,073	-
Gigawatt Global Rwanda (ASYV)	9,198	1,851	7,347	-
Total project financing from non-controlling interests	544,608	138,840	405,769	-
Total project financing from tax equity investors	-	-	-	-
Total project financing from co-investors	544,608	138,840	405,769	-

For the year ended 31 December 2015 NOK 35,752 thousand of interest on financing provided by co-investors have been accrued, of which NOK 31,225 thousand is recognised directly in the equity.

The equity and loan financing provided by the co-investors is repaid according to a pre-determined waterfall structure, meaning that the financing presented above will be settled after external non-recourse financing, and will only when distributable cash as defined by the financing agreements is available. Normally this would occur twice a year. The tax equity liability will partly be settled with cash distributions based on a waterfall structure and partly from non-cash allocation of taxable results from the project company.

Note 26 Employee benefits

SALARIES AND OTHER PERSONNEL COSTS

NOK THOUSAND	2015	2014
Salaries	80,171	70,193
Share-based payment	14,756	8,982
Payroll tax	9,141	7,404
Pension costs	4,310	2,162
Other personnel costs	7,271	6,386
Capitalised to PP&E (project assets)	-45,106	-25,440
Total personnel expenses	70,543	69,686

MANAGEMENT GROUP REMUNERATION

NOK THOUSAND	2015	2014
Salary and bonus	12,353	9,942
Share-based payment	-	6,986
Pension	614	391
Other benefits	299	686
Total reportable benefits paid	13,266	18,005

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 2015 a total of NOK 13,759 thousand (2014: 9,841 thousand) was expensed as a personnel expense related to this plan. Estimated quarterly expense until third quarter 2016 is NOK 3,776 thousand.

In September 2015 certain key employees were invited to participate in a one-time personal award programme, whereby such key employees were granted 80 thousand synthetic Scatec Solar shares. In addition, the participants will earn a multiplier of between 1 and 2 times the awarded number of synthetic shares, making the total size of the programme 160 thousand synthetic shares. The vesting of the shares is conditional upon the participants being employed with the company at year-end 2016/2018. Further, the second tranche of shares is linked to performance conditions that must be satisfied. The value of the synthetic shares will be paid to the participants 28 February 2017/2019 based on the share price on the last day of trading in 2016/2018. The programme meets the definition of a cash settled share based payment transaction and is accounted for in accordance with IFRS 2. The estimated total fair value of the plan at grant date was NOK 8,383 thousand and an accrual of NOK 997 thousand has been recognised per 31 December 2015.

The retention and share incentive plan introduced in the second quarter 2014 is not affected by the new programme.

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

NUMBER OF FTES EMPLOYED DURING THE FINANCIAL YEAR	2015	2014
Norway	35	18
Germany	1	19
South Africa	59	37
Rwanda	1	-
Czech	4	4
France	5	4
USA	13	4
Jordan	3	-
Italy	2	2
Japan	-	4
Honduras	8	-
Egypt	1	-
Total	132	92

Note 27 Transactions with related parties

THE SCATEC SOLAR GROUP HAS DURING 2015 AND 2014, HAD TRANSACTIONS WITH THE FOLLOWING RELATED PARTIES

RELATED PARTY	NATURE OF TRANSACTION
KLP Norfund Investments AS (non-controlling interest)	Financing
Potencia y Energía de Mesoamérica S.A. (PEMSA)	Financing
Quest Energy Investments LLC	Financing
Green Land for Alternative Energy Company	Financing, development and construction services
European Jordanian for Renewable Energy Project Company	Financing, development and construction services
Group of partners in Egypt (non-controlling interest)	Financing
Scatec AS (shareholder)	Management services and financing
Itochu Corp/Europe (shareholder)	Purchase of modules and inverters
Simacel Pty Ltd (non-controlling interest)	Development services
Scatec Energy LLC (associate)	Financing
SSOGE UK Ltd (associate)	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 2015 and 2014 are:

OTHER NON-CURRENT ASSETS COMPRISE THE FOLLOWING

NOK THOUSAND	2015	2014
Loan to non-controlling interests	102,899	124,742
Loan to associated companies	21,043	30,313
Prepayments	-	29,455
Loan fees on not yet drawn facilities	-	12,078
Loan to employees	8,666	8,683
Long term investments	-	3,120
Other items	3,935	6,010
Total other non-current assets	136,543	214,401

OTHER CURRENT RECEIVABLES ON RELATED PARTIES COMPRISE THE FOLLOWING

NOK THOUSAND	2015	2014
Short term financing of non-controlling interests	44,408	4,552
Committed but not paid capital contribution from non-controlling interests	15,686	-
Other items	3,849	3,979
Total current receivables on related parties	63,943	8,531

See Note 18 – Other current assets for specification of total other current assets.

OTHER NON-CURRENT LIABILITIES COMPRISE THE FOLLOWING

NOK THOUSAND	2015	2014
Shareholder loan from non-controlling interests	253,128	-
Tax equity financing	93,217	-
Other long term provisions and accruals	271	4,646
Total other non-current liabilities	346,616	4,646

OTHER CURRENT LIABILITIES TO RELATED PARTIES COMPRISE THE FOLLOWING

NOK THOUSAND	2015	2014
Tax equity financing	167,283	-
Short term liabilities to non-controlling interests	30,241	29,935
EPC trade payables to non-controlling interests	45,657	-
Dividends to non-controlling interests	18,093	-
Other items	21,628	567
Total current liabilities to related parties	282,902	30,502

See Note 17 – Other current liabilities for specification of total other current liabilities.

Note 28 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 2015 the provision has been reversed.

Following the moratorium which was introduced in Japan in 2014, Scatec Solar deemed it necessary to make changes to the operations in the country. A restructuring process was initiated in the fourth quarter 2014 and a provision of NOK 1,803 thousand was recognised. The restructuring process was completed first half of 2015.

PROVISIONS

NOK THOUSAND	RESTRUCTURING PROVISIONS
Non-current portion at 31 December 2014	-
Current portion at 31 December 2014	2,115
Provisions at 31 December 2014	2,115
Additional provisions made in the period	-
Amounts used	-2,257
Effects of movements in foreign exchange	42
Non-current portion at 31 December 2015	-
Current portion at 31 December 2015	-
Provisions at 31 December 2015	-

Note 29 Non-current assets held for sale

The 200 MW AREP and Three Peaks solar power projects in the US which was developed by Scatec Solar were sold at carrying value in the first quarter 2016 and are presented as held for sale assets at 31 December 2015.

Net gain from sale of project assets during 2015 amounted to NOK 14,112 thousand (2014: NOK 17,393):

- In October 2015, Scatec Solar concluded the sale of the 8 MW Waihonu project in the US. The project was developed and owned jointly by Scatec Solar (49%) and Meridian (51%). Total cash consideration was NOK 87,430 thousand and Scatec Solar's share of the net development margin was NOK 11,527 thousand.
- In May 2015, the Group sold its portfolio of projects in the UK. Total consideration received was NOK 20,094 thousand, cost of sales was NOK 17,509 thousand and the net gain was NOK 2,585 thousand.

Both transactions were recorded in the Development & Construction segment.

Note 30 Consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements.

COMPANY	REGISTERED OFFICE	OWNERSHIP INTEREST 2015	OWNERSHIP INTEREST 2014
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%
SPV 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, USA	100%	100%
Utah Red Hills Renewable Park, LLC	California, USA	100%	100%
Altamaha Renewable Energy Park, LLC	California, USA	100%	100%
Live Oak Solar Farm, LLC	California, USA	100%	100%
Three Peaks Power, LLC	California, USA	100%	100%
Scatec California Solar No 1, LLC	California, USA	100%	100%
Scatec California Partners, LP	California, USA	100%	100%
Scatec Solar Hawaii, LLC	Hawaii, USA	100%	100%
Chateau St Jean Solar LLC	California, USA	80%	80%
Tourves SPV SAS	St Raphael, France	100%	100%
Scatec Solar SAS	Paris, France	100%	100%
Scatec Solar Jordan EPC	Amman, Jordan	100%	100%
Scatec Solar AS/Jordan PSC	Amman, Jordan	90%	90%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.1%	50.1%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.1%	50.1%
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 ²⁾	Tokyo, Japan	100%	100%
Scatec Solar Ghana Ltd	Accra, Ghana	95%	95%
Scatec Solar West Africa Mali	Segou, Mali	100%	100%
Segou Solaire SA	Segou, Mali	50%	
Ouaga Solaire SA	Ouagadougou, Burkina Faso	100%	
Scatec Solar Namibia (Pty) Ltd	Windhoek, Namibia	70%	70%
Scatec Solar Rwanda Ltd	Rwamagana, Rwanda	100%	100%
Gigawatt Global Rwanda Ltd	Rwamagana, Rwanda	43%	43%

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COMPANY	REGISTERED OFFICE	OWNERSHIP INTEREST 2015	OWNERSHIP INTEREST 2014
Scatec Solar Honduras SA	Tegucigalpa, Honduras	100%	100%
Produccion de Energia Solar Demas Renovables SA	Tegucigalpa, Honduras	40%	40%
Fotovoltaica Surena S.A ¹⁾	Tegucigalpa, Honduras	70%	
Generaciones Energeticas S.A ¹⁾	Tegucigalpa, Honduras	70%	
Fotovoltaica Los Prados S.A ¹⁾	Tegucigalpa, Honduras	70%	
Foto Sol S.A ¹⁾	Tegucigalpa, Honduras	70%	
Energias Solares S.A ¹⁾	Tegucigalpa, Honduras	70%	
Scatec Solar Mexico SAPI de CV ¹⁾	Mexico D.F., Mexico	99%	
Scatec Solar Intertec Mexico SAPI de CV ¹⁾	Mexico D.F., Mexico	60%	
Saferay Solar SAPI de CV ¹⁾	Mexico D.F., Mexico	100%	
SIM Solar 1 SAPI de CV ¹⁾	Mexico D.F., Mexico	100%	
SIM Solar 2 SAPI de CV ¹⁾	Mexico D.F., Mexico	100%	
Scatec Egypt for Solar Energy ¹⁾	Cairo, Egypt	100%	

1) Companies established in 2015.

2) Companies in the process of liquidation.

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 21.

Note 31 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of 31 December 2015. 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, Honduras and Jordan which use 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 24 - 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

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 11
- Financial instruments (including those carried at amortised cost)
 - Note 10

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 recognised 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 group 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 year, indexation of tariffs are recognised when they come into force.

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 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 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.

Loans and receivables

This category is the most relevant category to the Group in the 2015 and 2014 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 15.

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 6 – 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 9 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 or capacity contracts that have a contractually fixed price are not considered by the Group to qualify as leases. In doing this assessment the Group applies the conditions set forth by IFRIC 4. With regards to the interpretation of the requirement "contractually fixed price per unit" Scatec Solar considers the contract price fixed also when the price is subject to inflation adjustment. All of the existing power purchase agreements and feed in tariff schemes are considered capacity contracts.

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.

Held for sale assets

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position and qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations

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 programme. The programme 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. In 2015, a cash settled share based programme was introduced to certain key employees. Further information on both programmes is provided in note 25.

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. As discussed in note 2 Key sources of estimation uncertainty, judgements and assumptions, the Red Hills project in the US has been granted an investment tax credit (ITC). Based on an analysis of facts and circumstances related to the ITC, Scatec Solar has concluded that it should be recognised based on IAS 20 Government Grants. Hence, the value of the ITC is presented as a reduction to the cost of the plant.

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

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

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial

Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The implementation of IFRS 9 will not have a significant impact on the financial statements of Scatec Solar.

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 preliminary conclusion is that the new standard will not materially affect the revenue recognition related to sale of power. With regards to variable consideration related to EPC and O&M agreements, the new standard is expected to cause a somewhat delayed recognition of income compared to that of the current IAS 11/18.

IFRS 16 Leases

In January 2016 the IASB issued IFRS 16 Leases. The standard is effective from 1 January 2019, but is not yet adopted by the EU. The standard requires all leases (with the exception of short-term and small asset leases) to be recognised in the statement of financial position as a right-of-use asset with subsequent depreciation. The Group has not yet completed the analysis of the impact of the new standard.

Amendments to IFRS 11, IAS 16, IAS 38, IFRS 10, IAS 28, annual improvement cycle 2012-2014, IFRS 14

These amendments are not expected to have any impact on the Group.

Note 32 Subsequent events

No events occurred after the balance sheet date with significant impact on the financial statements for 2015.

Parent company financial statements

Statement of income	103
Statement of financial position	104
Statement of financial position	105
Statement of cash flow	106
Notes to the parent company financial statements	107
Note 1 General information	107
Note 2 Accounting principles	107
Note 3 Revenues	109
Note 4 Personnel expenses, number of employees and auditor's fee	110
Note 5 Property, plant and equipment	113
Note 6 Other operating expenses	114
Note 7 Financial income and expenses	114
Note 8 Tax	115
Note 9 Investments in subsidiaries and associated companies	116
Note 10 Inventory	117
Note 11 Cash and cash equivalents	118
Note 12 Equity and shareholder information	118
Note 13 Guarantees, contractual obligations, contingent liabilities	120
Note 14 Transactions with related parties	121
Note 15 Provision for bad debt	122
Note 16 Bonds	122
Note 17 Other current liabilities	123
Note 18 Subsequent events	123

Statement of income

1 January – 31 December

NOK THOUSAND	NOTE	2015	2014
Revenues	3	789,005	36,448
Total revenues		789,005	36,448
Costs of sales	2, 10	-739,256	-16,083
Personnel expenses	4	-42,518	-30,064
Other operating expenses	6, 14, 15	-39,805	-74,281
Depreciation, amortisation and impairment	5	-495	-119
Operating profit/(loss)		-33,069	-84,099
Interest and other financial income	7, 14	283,947	51,651
Interest and other financial expenses	7, 14	-251,864	-49,726
Foreign exchange gain/(loss)		64,130	-9,196
Profit before tax		63,145	-91,370
Income tax (expense)/benefit	8	-28,587	24,274
Profit/(loss) for the period		34,558	-67,096
Allocation of profit/(loss) for the period			
Dividend	12	61,919	25,330
Transfer to/(from) other equity	12	-27,361	-92,426
Total allocation of profit/(loss) for the period		34,558	-67,096

Statement of financial position

as of 31 December

NOK THOUSAND	NOTE	2015	2014
Non-current assets			
Deferred tax assets	8	16,721	31,623
Property plant and equipment	5	4,365	3,762
Investments in subsidiaries	9	752,305	854,713
Loan to group companies	14	774,324	190,518
Other long term receivables		14,138	14,176
Total non-current assets		1,561,853	1,094,792
Current assets			
Inventory	10	139,287	16,839
Trade and other receivables	15	97,230	10,906
Trade and other receivables group companies	3,15	400,728	97,297
Other current assets		51,669	9,915
Cash and cash equivalents	11	376,683	349,921
Total current assets		1,065,597	484,880
TOTAL ASSETS		2,627,451	1,579,672

Statement of financial position


as of 31 December

NOK THOUSAND	NOTE	2015	2014
Paid in capital			
Share capital	12	2,345	2,345
Share premium	12	807,902	794,142
Total paid in capital		810,248	796,487
Other equity			
Other equity	12	3,955	31,315
Total other equity		3,955	31,315
Total equity		814,202	827,802
Non-current liabilities			
Bonds	16	492,917	-
Liabilities to group companies	14	942,527	698,966
Total other non-current liabilities		1,435,444	698,966
Current liabilities			
Trade and other payables		109,707	20,179
Trade payables group companies		51,826	-
Income tax payable	8	1,370	-
Public duties payable		10,600	1,402
Dividend	12	61,919	25,330
Other current liabilities	17	142,383	5,993
Total current liabilities		377,805	52,904
Total Liabilities		1,813,249	751,870
TOTAL EQUITY AND LIABILITIES		2,627,451	1,579,672


Oslo, 14 March 2016

The Board of Directors of Scatec Solar ASA



John Andersen jr. (Chairman)


Alf Bjørseth


Mari Thjømøe


Yuji Tachikawa


Cecilie Amdahl


Raymond Carlsen (CEO)

Statement of cash flow

1 January – 31 December

NOK THOUSAND	NOTE	2015	2014
Cash flow from operating activities			
Profit before taxes		63,145	-91,370
Depreciation, amortisation and impairment	5	495	119
Interest and other financial income	7	-348,077	-51,651
Interest and other financial expenses	7	251,864	49,726
(Increase)/decrease in inventories	10	-122,448	-6,910
(Increase)/decrease in trade receivables	15	-389,755	59,035
(Increase)/decrease in trade payables		141,354	14,855
Taxes paid	8	-67	-48,989
Other items		70,979	-12,571
Net cash flow from operating activities		-332,510	-87,756
Cash flows from investing activities			
Investments in property, plant and equipment	5	-1,098	-3,405
Net loans to subsidiaries	14	-610,903	-56,276
Interests received		13,806	-
Investments in subsidiaries and associated companies	9	277,461	-70,637
Dividends from and capital decrease in subsidiaries	9	211,995	6,401
Net cash flow used in investing activities		-108,739	-123,917
Cash flows from financing activities			
Proceeds from share capital increase		-	484,595
Dividends paid to equity holders	12	-25,331	-42,230
Proceeds from corporate overdraft facility	11	425	43,355
Repayment of corporate overdraft facility	11	-	-43,355
Proceeds from bond issue	13	492,917	-
Net cash flow from financing activities		468,011	442,365
Net increase/(decrease) in cash and cash equivalents		26,761	230,692
Cash and cash equivalents at beginning of period		349,921	119,229
Cash and cash equivalents at end of period		376,683	349,921

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 a leading independent solar power producer. 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. Scatec AS and Itochu Corporation remain the two largest shareholders of the Company as of 31 December 2015 with a shareholding of 20.8% and 10.4% respectively.

The financial statements were authorised for issue by the Board of Directors on 14 March 2016.

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.

Revenues and cost of sales

Scatec Solar ASA develops project rights that are the basis for construction of solar PV plants. Revenues are partly 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 recognised upon the transfer of title. 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 capitalised 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.

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.

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.

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 programme. The programme 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. In 2015, a cash settled share based programme was introduced to certain key employees. 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 2015 the deferred tax asset was revalued at 25% 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	2015	2014
Services	789,005	36,448
Sum	789,005	36,448

Revenues comprise EPC services, sale of project rights and management services – all rendered to Group companies.

REVENUES BY GEOGRAPHICAL DISTRIBUTION

NOK THOUSAND	2015	2014
Honduras	722,039	-
Jordan	53,646	-
South Africa	5,148	28,363
UK	3,736	-
USA	1,489	106
Germany	1,464	1,599
France	717	97
Czech	475	356
Rwanda	214	4,486
Japan	-	1,390
Italy	76	44
Other countries	-	7
Sum	789,005	36,448

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	2015	2014
Salaries	32,257	20,377
Share-based payment	14,270	8,169
Payroll tax	6,418	4,403
Pension costs	2,454	1,146
Other benefits and personnel costs	1,387	1,113
Capitalised to PPE (project assets)	-14,268	-5,164
Total personnel expenses	42,518	30,064

The average number of FTEs that has been employed in the company through 2015 was 29 (2014: 18).

SALARIES AND PERSONNEL EXPENSES FOR THE MANAGEMENT OF SCATEC SOLAR ASA

2015

NOK THOUSAND	TITLE	SALARY ¹⁾	RETENTION AND SHARE INCENTIVES ²⁾	OTHER BENEFITS ³⁾	PENSION COST	LOANS OUTSTANDING
Raymond Carlsen	Chief Executive Officer	2,174	-	121	90	-
Mikkel Tørud	Chief Financial Officer	2,086	-	19	86	1,467
Snorre Valdimarsson	EVP General Counsel	1,544	-	80	86	1,438
Terje Pilskog	EVP Project Development & Project Finance	1,870	-	19	87	1,381
Roar Haugland	EVP Human Resources, HSSE, CSR & IT	1,550	-	19	92	1,381
Torstein Berntsen	EVP Power Production and Asset Management	1,764	-	24	90	1,381
Christian Blom	EVP Solutions	1,365	-	19	82	153

2014

NOK THOUSAND	TITLE	SALARY ¹⁾	RETENTION AND SHARE INCENTIVES ²⁾	OTHER BENEFITS ³⁾	PENSION COST	LOANS OUT-STANDING
Raymond Carlsen ⁴⁾	Chief Executive Officer	2,480	6,022	472	90	-
Mikkel Tørud ⁵⁾	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 Human Resources, HSSE, CSR & IT	1,497	2,843	48	64	1,469
Torstein Berntsen	EVP Power Production and Asset Management	1,654	2,843	39	64	1,344

1) Including paid out holiday allowance.

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

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

4) 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.

5) From 1 June 2014.

REMUNERATION FOR THE BOARD OF DIRECTORS ¹⁾

2015	2015			2014		
	NOK THOUSAND	BOARD REMUNERATION	AUDIT COMMITTEE REMUNERATION COMMITTEE	BOARD REMUNERATION	AUDIT COMMITTEE REMUNERATION	COMMITTEE REMUNERATION
Alf Bjørseth	250	-	-	250	-	-
Cecilie Amdahl (from 13.08.14)	250	-	25	250	-	25
Mari Thjømøe (from 13.08.14)	250	50	-	250	50	-
Akihiko Nakazono (until 07.05.2015)	-	-	-	250	-	-
Yuji Tachikawa (from 07.05.2015)	250	-	-	-	-	-
John Andersen Jr.	400	50	25	400	50	25
Michio Tanaka (until 13.08.14)	-	-	-	-	-	-
Ole Grimsrud (until 13.08.14)	-	-	-	-	-	-

1) Annual fees.

Remuneration policy and concept for the accounting year 2015

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 Annual General Meeting:

1. Remuneration policy and principles

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

- Are competitive to recruit and retain skilled leaders
- Reward the performance of the members of the 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 (that would otherwise have been payable in the fiscal year 2016) as such bonus was forfeited as part of the Share Incentive and Retention Plan established in 2014 and 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 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 goal 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 consists or may consist of the following main elements:

- Fixed salary
- Short-term incentive through a bonus plan based on key performance indicators (both individual and general for the company)
- Long-term incentive through a share option plan (as further described in section 3.2 below)
- 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

3.2.1 Existing Share Incentive and Retention Plan

- The Company in 2014 implemented a share incentive plan (the "Share Incentive and Retention Plan") whereby certain of the Company's key employees have received a total of 2,532,280 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 share 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 the duration of the Share Incentive and Retention Plan.

3.2.2 New Existing Share Incentive and Retention Plan

- The Company will seek to implement an option plan (the "Option Plan") whereby the Executive Management and certain of the Company's key employees (hereunder unused allocation to future employees), may over a three year period be allocated options corresponding to up to 4 600 000 shares of the Company, equivalent to approximately five percent (5%) of the total outstanding shares.
- If the employee gives notice of resignation or the employment is terminated by the Company with cause pursuant to regulations in the Option Plan, no further options shall vest. Any options not vested after such date shall be cancelled.
- It is intended that the Board of Directors may use its authorisation to increase the share capital of the Company and/or buy own shares to settle any options being exercised
- The Board of Directors will propose for approval by the Annual General Meeting the declaration on remuneration for executive management in which the new Long Term Incentive Plan based on options is described and which is sought granted to eligible employees in 2016. Simultaneously, the Company has proposed to the annual general meeting that the board is authorised to increase the share capital of the company by issuance of new shares as well as the authorisation to purchase own shares. Both these authorisation may be used to issue shares to the participants upon exercise of options.

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 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 2,454 thousand is expensed related to the defined contribution plan in 2015 (2014 NOK 1,146 thousand).

AUDIT

NOK THOUSAND	2015	2014
Audit fees	1,576	1,491
Other attestation services	15	-
Tax services	3,335	1,261
Other services	486	773
Total	5,412	3,525

VAT is not included in the numbers above.

Note 5 Property, plant and equipment**OFFICE EQUIPMENT**

NOK THOUSAND	2015	2014
Accumulated cost at 01.01	3,940	534
Additions	1,099	3,406
Disposed assets at cost	-	-
Accumulated cost at 31 December	5,039	3,940
Accumulated depreciation at 01.01	178	59
Depreciations for the year	495	119
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31 December	673	178
Carrying amount at 31 December	4,365	3,762
Estimated useful life (years)	3-5	3-5

Note 6 Other operating expenses

NOK THOUSAND	2015	2014
Management services Scatec AS ¹⁾	-	2,462
Facilities	3,313	4,188
Professional fees	18,387	10,996
IPO expenses ²⁾	-	15,056
IT and communications	6,503	4,084
Travel costs	4,959	3,121
Other costs	6,643	1,019
Provisions for loss on receivables (ref note 15)	-	33,355
Total other operating expenses	39,805	74,281

1) Scatec Solar ASA had a management service agreement with Scatec AS related to certain administrative functions. The agreement was 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	2015	2014
Interest income from group companies	25,360	14,467
Other interest income	13,806	4,149
Dividend from group companies	244,782	33,035
Total interest and other financial income	283,947	51,651

INTEREST AND OTHER FINANCIAL EXPENSES

NOK THOUSAND	2015	2014
Interest expenses from group companies	24,351	47,531
Other interest expenses	6,985	396
Impairment of financial assets	220,223	1,799
Other financial expenses	305	-
Total interest and other financial expenses	251,864	49,726

Note 8 Tax

NOK THOUSAND	2015	2014
Income tax expense:		
Current taxes	1,370	-87
Withholding tax on received dividends	-11,305	1,797
Change in deferred tax	-15,912	22,564
Total tax expense	-28,587	24,274
Tax basis:		
Profit before taxes	63,145	-91,370
Net non-deductible income and expenses ¹⁾	-3,587	-12,210
Changes in temporary differences	-1,410	-3,779
Utilisation of tax losses carried forward	-53,075	-
Tax base	5,073	-107,359
Current taxes according to statutory tax rate (27%)	-1,370	-

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	2015	2014
Expected income tax expense according to statutory tax rate (27%)	-17,049	24,670
Non-deductible expenses	968	3,210
Withholding tax on received dividends	-11,305	1,797
Taxes from previous years	7	-
Tax expense recognised directly in equity	-	-5,402
Effect of changed statutory tax rate (27% to 25%)	-1,208	-
Income tax expense	-28,587	24,274
Effective tax rate (%)	45.7%	26.7%

TEMPORARY DIFFERENCES AS OF DECEMBER 31:

NOK THOUSAND	2015	2014	CHANGE
Tax loss carried forward	-54,284	-107,359	-53,075
Property, plant and equipment	-121	-119	2
Receivables	-5,542	-6,954	-1,412
Total temporary differences	-59,947	-114,432	-54,485
Recognised tax liability/(asset)	-14,987	-30,897	-15,912

Included in the deferred tax asset as of 31 December 2015 is also a withholding tax receivable of NOK 1,734 thousand (2014: NOK 726 thousand). NOK 29,311 thousand of the tax loss carried forward expire in 2024. The remaining tax loss can be carried forward indefinitely.

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 voting interest if not otherwise stated.

Ownership interest in daughter-daughter companies are shown by direct ownership interest of daughter-company.

NOK THOUSAND				
COMPANY	REGISTERED OFFICE	OWNERSHIP INTEREST	CARRYING VALUE 2015	CARRYING VALUE 2014
Scatec Solar GmbH	Regensburg, Germany	100%	43,837	43,837
Scatec Solar SA163 (Pty) Ltd	Cape Town, South Africa	92%	15,631	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%	159,021	183,107
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%	-	-
SPV 1 Solar S.R.O.	Prague, Czech	100%	31,222	32,685
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	-	-
Scatec Solar North America Inc.	California, USA	100%	85,311	-
Utah Red Hills Renewable Park, LLC	California, USA	100%	-	-
Altamaha Renewable Energy Park, LLC	California, USA	100%	-	-
Live Oak Solar Farm, LLC	California, USA	100%	-	-
Three Peaks Power, LLC	California, USA	100%	-	-
Scatec California Solar No 1, LLC	California, USA	100%	-	-
Scatec California Partners, LP	California, USA	100%	-	-
Scatec Solar Hawaii, LLC	Hawaii, USA	100%	-	-
Chateau St Jean Solar LLC	California, USA	80%	-	-
Tourves SPV SAS	St Raphael, France	100%	4	4
Scatec Solar SAS	Paris, France	100%	305	305
Scatec Solar Jordan EPC	Amman, Jordan	100%	-	-
Scatec Solar AS/Jordan PSC	Amman, Jordan	90%	4,144	231
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.1%	5,726	-
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.1%	2,691	-
Scatec Luxemburg 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%	81,816	142,707
Scatec Solar SA 166 (Pty) Ltd	Sandton, South Africa	39%	-	-
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	71%	195,199	203,419
Simacel 155 (Pty) Ltd	Sandton, South Africa	39%	-	-
Simacel 160 (Pty) Ltd	Sandton, South Africa	39%	-	-
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Corporation	Tokyo, Japan	100%	-	-
Scatec Solar Ghana Ltd	Accra, Ghana	95%	62	62
Scatec Solar West Africa Mali	Segou, Mali	100%	64	64
Segou Solaire SA	Segou, Mali	50%	64	-
Ouaga Solaire SA	Ouagadougou, Burkina Faso	100%	37	-
Scatec Solar Namibia (Pty) Ltd	Windhoek, Namibia	70%	-	-
Scatec Solar Rwanda Ltd	Rwamagana, Rwanda	100%	9	9
Gigawatt Global Rwanda Ltd	Rwamagana, Rwanda	43%	12,902	11,373

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NOK THOUSAND				
COMPANY	REGISTERED OFFICE	OWNERSHIP INTEREST	CARRYING VALUE 2015	CARRYING VALUE 2014
Scatec Solar Honduras SA	Tegucigalpa, Honduras	100%	9	17
Produccion de Energia Solar Demas Renovables SA	Tegucigalpa, Honduras	40%	59,630	-
Fotovoltaica Surena S.A ¹⁾	Tegucigalpa, Honduras	70%	12,227	-
Generaciones Energeticas S.A ¹⁾	Tegucigalpa, Honduras	70%	12,227	-
Fotovoltaica Los Prados S.A ¹⁾	Tegucigalpa, Honduras	70%	10,918	-
Foto Sol S.A ¹⁾	Tegucigalpa, Honduras	70%	5,453	-
Energias Solares S.A ¹⁾	Tegucigalpa, Honduras	70%	6,793	-
Scatec Egypt for Solar Energy ¹⁾	Cairo, Egypt	100%	7,003	-
			752,305	853,186

1) Established in 2015.

NOK THOUSAND				
ASSOCIATES AND JOINT VENTURES	OFFICE	OWNERSHIP	CARRYING VALUE 2015	CARRYING VALUE 2014
Megawatt Holding AS	Oslo, Norway	50%	-	-
SanSca Limited	Hong Kong, China	25%	-	-
Scatec Energy	California, USA	50%	-	-
Total			-	-

During 2015, the Company impaired shares in Scatec Solar SA 163 (Pty) Ltd, amounting to NOK 220,223 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	2015	2014
Americas	79,170	137
South-Africa	26,909	2,330
West Africa	14,942	3,773
Middle East	9,239	9,884
East Africa	6,553	-
Asia	2,475	-
Other	-	715
Carrying value inventory at 31.12	139,287	16,839

During 2015 the company impaired project assets in the amount of NOK 89 thousand (2014: NOK 11,120 thousand). The impairment is presented in cost of sales.

Note 11 Cash and cash equivalents

NOK THOUSAND	2015	2014
Restricted cash	124,066	71,324
Free cash	252,617	278,597
Total cash and cash equivalents	376,683	349,921

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 2015, the company has drawn NOK 425 thousand on the facility.

Note 12 Equity and shareholder information

NOK THOUSAND	ISSUED CAPITAL	SHARE PREMIUM	OTHER EQUITY	TOTAL EQUITY
Equity as of 31.12.2014	2,345	794,142	31,315	827,802
Profit/(loss) for the period	-	-	34,558	34,558
Share-based payment	-	13,761	-	13,761
Dividend	-	-	-61,919	-61,919
Equity as of 31.12.2015	2,345	807,902	3,955	814,202

For 2015 the Board of Directors has proposed a dividend of NOK 0.66 per share, totalling NOK 61,919 thousand. The share will be traded excluding dividend rights (ex-date) on the day following the Annual General Meeting to be held 4 May 2016.

On 7 May 2015, the Annual General Meeting of Scatec Solar AS resolved to pay a dividend of NOK 0.27 per share, totalling NOK 25,330 thousand. The dividend was paid to the shareholders 15 June 2015.

At year-end 2015 the total number of shareholders in Scatec Solar were 2,941. At 31 December 2015, 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 2015.

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
SCATEC AS	19,482,339	20.77 %
ITOCHU CORPORATION	9,768,657	10.41 %
FERD AS	4,761,900	5.08 %
GEVERAN TRADING CO LTD	3,157,238	3.37 %
VERDIPAPIRFONDET DNB NORGE (IV)	2,824,150	3.01 %
ARGENTOS AS	2,755,760	2.94 %
ELEVA UCITS FUND - ELEVA EUROPEAN	2,218,800	2.37 %
VERDIPAPIRFONDET DELPHI NORDEN	1,997,336	2.13 %
JP MORGAN CHASE BANK, NA	1,894,290	2.02 %
MORGAN STANLEY & CO. LLC	1,580,528	1.68 %
THE BANK OF NEW YORK MELLON	1,501,091	1.60 %
FOLKETRYGDFONDET	1,219,477	1.30 %
VICTORIA INDIA FUND AS	1,168,200	1.25 %
UBS AG, LONDON BRANCH	1,160,675	1.24 %
VERDIPAPIRFONDET DNB MILJØINVEST	1,111,171	1.18 %
DELPHI NORGE	1,080,000	1.15 %
STOREBRAND VERDI	1,026,067	1.09 %
VERDIPAPIRFONDET DNB NORGE SELEKTIV	989,533	1.05 %
DNB LIVSFORSIKRING ASA	958,238	1.02 %
DELPHI KOMBINASJON	880,726	0.94 %
Total 20 largest shareholders	61,536,176	65.59%
Total other shareholders	32,280,054	34.41%
Total shares outstanding	93,816,230	100.0%

BOARD OF DIRECTORS	NUMBER OF SHARES	OWNERSHIP
John Andersen Jr.	-	0.00%
Alf Bjørseth ¹⁾	19,482,339	20.77%
Yuji Tachikawa	-	0.00%
Cecilie Amdahl	-	0.00%
Mari Thjømøe ²⁾	15,557	0.02%
Total at 31 December 2015	19,497,896	20.79%

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	385,735	0.41%
Torstein Berntsen ⁴⁾	EVP Power Production & Asset Management	678,504	0.72%
Snorre Valdimarsson	EVP General Counsel	275,220	0.29%
Total at 31 December 2015		4,862,927	5.18%

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. A bid bond is a guarantee issued by Scatec Solar to the customer in a tender process.

Scatec Solar ASA has provided the following guarantees at 31 December 2015

- Guarantees for advance payments of NOK 125,307 thousand, (NOK 19,163 thousand as of 31 December 2014) related to the construction contracts in Jordan and Honduras
- Performance guarantees related of NOK 136,676 thousand (NOK 320,452 thousand as of 31 December 2014) related to the construction contracts for power plants in Honduras and Jordan
- Warranty guarantees of NOK 193,305 thousand (NOK 16,018 thousand as of 31 December 2014) related to power plants constructed by Scatec Solar in South Africa as well as to solar plants historically built for third parties
- Bid bonds of NOK 105,098 thousand (NOK 14,468 thousand as of 31 December 2014) related to tenders/bidding for new projects in South Africa, Mali and Peru
- Other guarantees of NOK 250,611 thousand (NOK 9,322 thousand as of 31 December 2014) mainly related to the equity investments in Jordan and the Google investment in the US

The guarantee volumes specified below include both guarantees issued to project companies (subsidiaries) and other third parties. The guarantee exposure towards third parties is specified further below.

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

GUARANTEE DURATION

NOK THOUSAND	2016	2017	2018	>2018
Advances payment guarantees	125,307	-	-	-
Performance guarantees ¹⁾	136,676	88,105	77,729	2,537
Warranty guarantees ²⁾	193,305	123,912	40,662	-
Bid Bonds ³⁾	105,098	-	-	-
Other guarantees ⁴⁾	250,611	2,046	1,852	1,852
Total	810,997	214,063	120,243	4,389

1) Of which NOK 48,571 thousand to third parties besides subsidiaries

2) Of which NOK 13,120 thousand to third parties besides subsidiaries

3) Of which NOK 105,098 thousand to third parties besides subsidiaries

4) Of which NOK 183,049 thousand to third parties besides subsidiaries

Scatec Solar ASA has entered into several purchase agreements with suppliers related to sourcing of modules, inverters and other equipment for EPC projects mainly in Jordan and Honduras. In addition, Scatec Solar entered into agreements with other developers to participate as equity investor, EPC and O&M contractor and asset manager in four projects in Egypt, each 50 MW (AC). Total purchase obligations related to construction and development contracts amount to NOK 889,417 thousand as per end 31 December 2015 (NOK 0 per 31 December 2014).

CONTRACTUAL OBLIGATIONS

NOK THOUSAND	2016	2017	2018	>2018
Leases	3,143	3,204	3,267	3,329
Total purchase equipment	462,080	-	-	-
Total purchase services	114,643	-	-	-
Other contractual obligations	312,695	-	-	-
Total contractual obligations	892,560	3,204	3,267	3,329

Note 14 Transactions with related parties

Related parties	Transactions
Co-investors	Financing
Scatec AS (shareholder)	Management services
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
Subsidiaries and associates	Management, development and EPC services 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 2015 and 2014 are:

Subsidiaries – EPC services

Scatec Solar ASA has been the main EPC contractor for the construction of the Agua Fria solar power plant in Honduras. Total revenues on the contract amounted to NOK 721,862 thousand (2014: NOK 0).

Subsidiaries – development services

During 2015 four projects in the company's project pipeline reached financial close and Scatec Solar ASA transferred development rights amounting to NOK 33,542 thousand the project companies.

Subsidiaries - management service income

Scatec Solar has during 2015 charged NOK 6,100 thousand for corporate services provided to its subsidiaries (2014: NOK 6,208 thousand).

Subsidiaries and associates - 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. Refer to note 7 for specification of interest income/expenses from/to subsidiaries.

Scatec AS – management services

Scatec Solar acquired certain management services, such as accounting and office facility services, from Scatec AS. This contract was discontinued during 2014. For the year ended 31 December 2015 the company incurred no management service cost (2014: NOK 2,462 thousand). Management services are presented as other operating expenses in the statement of income. As per 31 December 2015 there were no trade payables to Scatec AS (2014: NOK 449 thousand).

Equity financing of co-investors

Scatec Solar financed the equity contributions of co-investors in South Africa, Jordan and Honduras amounting to NOK 109,264 thousand at 31 December 2015. The financing will be repaid in 2016.

Note 15 Provision for bad debt

NOK THOUSAND	2015	2014
Bad debt realised	17,784	14,555
Provision for bad debt	-17,784	18,800
Change in bad debt provision last year	-6	
Total	-6	33,355

The company recorded no additional provision for bad debt in 2015 (2014: NOK 18,800 thousand, whereof NOK 17,784 thousand related to receivables on group companies).

There company realised bad debt of NOK 17,784 in 2015 (2014: NOK 14,555 thousand of which NOK 12,882 related to receivables on group companies).

Note 16 Bonds

During fourth quarter 2015 Scatec Solar ASA successfully completed a NOK 500 million senior unsecured green bond issue with maturity in November 2018. The bonds were listed on Oslo Børs in December. The bonds carry an interest of 3 month NIBOR + 6.5%, to be settled on a quarterly basis. During fourth quarter, an interest amounting to NOK 4,574 thousand was expensed. During the term of the bonds, Scatec Solar shall comply with the following financial covenants at all times:

- a. Minimum liquidity: Scatec Solar shall maintain free cash of minimum NOK 30 million
- b. Maximum debt to capitalisation ratio: Scatec Solar shall maintain a debt to capitalisation ratio of maximum 55%
- c. Maximum cash flow coverage ratio: Scatec Solar shall maintain a cash flow coverage ratio of maximum:
 - a) 7x from 19 November 2015 to 19 November 2016;
 - b) 6x from 20 November 2016 to 19 November 2017; and
 - c) 5x from 20 November 2017 to 19 November 2018

Per 31 December 2015, Scatec Solar was in compliance with all bond covenants. The book equity of the recourse group, as defined in the loan agreement, was NOK 1,486,343 thousand per year end. Refer to loan agreement available on www.scatecsolar.com/investor/debt for further information and definitions.

The loan is carried at amortised cost with the total fees of NOK 7,292 thousand being amortised over the 3 year period until maturity.

See Note 11 – Cash for description of other sources of corporate funding.

Note 17 Other current liabilities

NOK THOUSAND	2015	2014
Deferred income EPC projects	115,587	-
Withholding taxes on cross border transactions	11,307	862
Accrued interest expenses	4,575	-
Vacation allowances, bonus accrual etc.	6,170	3,174
Employee withholding tax	1,940	1,639
Other	2,804	318
Total current liabilities	142,383	5,993

Note 18 Subsequent events

No events occurred after the balance sheet date with significant impact on the financial statements for 2015.

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.

Definitions of project finance terms

Debt Service Cover Ratio (DSCR):	The ratio of net cash flow available for debt service to the aggregate of scheduled debt service (interest and principal) payments.
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 debt balance in the period.

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for the period 1 January 2015 to 31 December 2015 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period, and their impact on the financial statements, key risk and uncertainty factors that Scatec Solar is facing during the next accounting period.

Oslo, 14 March 2016

The Board of Directors of Scatec Solar ASA



John Andersen jr. (Chairman)



Alf Bjørseth



Mari Thjømøe



Yuji Tachikawa



Cecilie Amdahl



Raymond Carlsen (CEO)

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 387 MVA

Tlf: +47 24 00 24 00

Fax: +47 24 00 24 01

www.ey.no

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 statements of financial position as at 31 December 2015, the statement 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 2015, the statements of profit and loss, 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 issued by the International Accounting Standards Board and 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.



2

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 2015 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 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and 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, 18 March 2016
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)



www.scatecsolar.com