

Financial report

**eam**

**Q4**  
**2014**

**EAM Solar ASA**

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## Highlights in the fourth quarter 2014

- In the fourth quarter EAM signed a six-month standstill agreement with Aveleos SA, in order to secure liquidity, and jointly clarify facts about the solar power plants affected by the investigation by the prosecutor of Milan.
- The reported Q4 power production was 6,3 GWh, 3% above the seasonal average, bringing the full year 2014 production to 22,8 GWh equivalent to 2% below normal for the period.
- Reported EBITDA in the quarter was EUR -0,2m, adjusted for acquisition and transaction costs, EBITDA was EUR 0,7m. There is a higher cost of operation in the quarter compared with last year related to maintenance and increased scope of operations, due to the P31 purchase.
- The GSE cancelled the RID contracts for the SPVs affected by the on-going investigations with effect from 31 December 2014. EAM subsequently entered into new power purchase agreements with other counterparts for the sale of electricity with effect from 1 January 2015.
- EAM has had several court hearings during the fourth quarter 2014 and the first quarter 2015. See below for further details.

## Key figures

	Provisional unaudited	Unaudited	Provisional unaudited	Audited	Audited
<i>(EUR 000')</i>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>	<b>3 006</b>	<b>497</b>	<b>8 926</b>	<b>3 110</b>	<b>3 106</b>
Cost of operations	-440	-128	-1 126	-360	-259
Sales, general and administration expenses	-1 849	-332	-3 129	-1 021	-1 133
Acquisition and transaction costs	-912	5	-2 044	-512	-908
<b>EBITDA</b>	<b>-195</b>	<b>42</b>	<b>2 627</b>	<b>1 216</b>	<b>806</b>
Depreciation, amortizations and write downs	-1 221	-358	-3 054	-1 240	-1 036
Gain on bargain purchase	0	-187	0	2 244	2 668
<b>EBIT</b>	<b>-1 416</b>	<b>-503</b>	<b>-427</b>	<b>2 220</b>	<b>2 438</b>
Net financial items	2 120	749	268	2 538	-1 848
<b>Profit before tax</b>	<b>704</b>	<b>247</b>	<b>-159</b>	<b>4 758</b>	<b>590</b>
Income tax gain/(expense )	459	0	334	-106	-61
<b>Net income</b>	<b>1 163</b>	<b>246</b>	<b>175</b>	<b>4 652</b>	<b>529</b>
<b>Earnings per share (fully diluted):</b>	<b>0,23</b>	<b>0,11</b>	<b>0,03</b>	<b>2,01</b>	<b>0,44</b>
Distribution to shareholders per share	0,36	0,00	0,36	0,60	0,00
Dividend yield	3,6 %	0,0 %	3,6 %	6,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	2,32	5,07	2,32	1,20
<b>EBITDA adjusted</b>	<b>717</b>	<b>37</b>	<b>4 671</b>	<b>1 729</b>	<b>1 714</b>
EBIT adjusted	-504	-321	1 617	489	678
Net income adjusted	-1 014	1 606	2 150	252	-424

*Adjusted EBITDA, EBIT and Net income are adjusted for non-recurring items such as cost of acquisition and financing, gains from bargain purchase and non-cash currency movements.*

# Interim report fourth quarter 2014

*EAM Solar ASA is an investment company listed on the Oslo Stock Exchange under the ticker EAM. The Company's business is to own solar photovoltaic power plants and sell produced electricity under long-term fixed price sales contracts. The initial geographical focus is Italy, where the company owns twenty-five power plants of which four power plants are located in the Friuli and Piemonte regions in Northern Italy, and twenty-one power plants are located in the Puglia region in Southern Italy. Energeia Asset Management AS manages EAM Solar ASA under a long-term management agreement.*

## Operational review and outlook

The quarterly power production of 6,3 GWh was 3% above normal level due to good solar irradiation conditions in the quarter. The total reported production for 2014 was 22,8 GWh, about 2% below normal production for the period.

## Market price development

Around 13% of the total revenue in the fourth quarter of 2014 came from variable market contracts (RiD).

In the fourth quarter the price has increased and reached an average of EUR 65 per MWh. The market price in 2014 has on average been EUR 52 per MWh. In 2011 and 2012 the wholesale market price of electricity in Italy was between EUR 75 to 85 per MWh, in 2013 it was between EUR 55 to 65 per MWh.

## P31 portfolio

On 15 July 2014 EAM Solar ASA executed the transfer of the shares of 7 out of a total of 8 companies that comprise the P31 portfolio. On 25 July 2014 EAM discovered that 17 of the 21 purchased solar power plants changed its status in the GSE portal from active to suspended. The suspension notice from GSE refers to a preliminary investigation conducted by the prosecutor's office in Milan.

### **Standstill agreement**

EAM Solar ASA entered into a 6 months standstill agreement on 11 October 2014, with Aveleos SA.

EAM and the seller have agreed to jointly clarify all relevant facts related to the power plants and the viability

of the FIT contracts that has been affected by the preliminary investigations conducted by the public prosecutor in Milan. Furthermore, EAM received cash supporting liquidity for operation of the affected power plants and the SPVs in a normal manner. Based on the standstill agreement EAM has lifted the injunction as described in the stock exchange notice of 4 September 2014.

The standstill agreement does not construe that either party waive any rights as regulated by the share purchase agreement, and all actions regulated by the share purchase agreement is suspended until the end of the standstill agreement period.

### **Several on-going legal processes**

EAM is waiting for the preliminary investigation of the prosecutor's office in Milan to be concluded. The outcome of the investigation will determine future legal processes of P31.

1. Since EAM so far has not been provided any documentation that can justify the suspension of the RiD and FIT payments by GSE, EAM started a legal process against GSE. In the petition EAM claimed that the process followed by the GSE was not in line with administrative law and that the suspensions should be lifted awaiting the final outcome of the preliminary investigation conducted by the prosecutor's office of Milan and any criminal trial following thereafter. The Council of State in Italy agreed with EAM that the procedure followed by GSE was unlawful. Therefore, a new hearing will be held in the administrative court where GSE have to present evidence for their suspension, and the court shall rule on the merits of the presented documentation.

On 31 October 2014 GSE unilaterally notified that they would cancel the RiD agreements from 1 January 2015, for all plants where the RiD was formerly suspended. EAM has therefore entered into PPAs with a new third party from 1 January 2015.

2. Aion Renewables SpA (formerly known as Kerself SpA) was the responsible EPC, (Engineering, Procurement and Construction) building all the P31 power plants purchased by EAM. Aion was declared bankrupt in March 2013. The

court of Reggio Emilia has granted EAM access to documentation possessed by the bankruptcy manager related to the construction of the plants. At first EAM was denied this access.

3. EAM has decided not to pay interest or instalments on the leasing and project financing related to the SPVs ESGI, ESGP and ESSP. Instead EAM has decided to use the free cash flow to maintain the assets by covering costs for O&M (Operation and Maintenance), security and utilities. Since the absent of payment on the financing can be seen as a breach of the payment terms, the relevant financing has been reclassified to current debt.

## Dividends

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

## Debt financing

The market for non-recourse project financing to renewable energy in Italy has been inactive the last years.

A leading Italian finance institute has conducted a full evaluation of EAM 1, EAM 2 and EAM 3, including a third party due diligence, and proceeded into the following non-binding offer:

- A loan in the range of EUR 14-15m
- 14 year duration, without a pre-amortization
- Fixed instalments
- EURIBOR 3 months and a spread between 350 bps and 435 bps

However, during the final legal risk assessment, the P31 portfolio's legal situation has temporarily impeded the issuing of the binding offer. The bank remains available to reevaluate once the portfolio's legal issues are resolved unequivocally.

EAM has utilized 100% of the credit facility provided by Sundt AS of approx. EUR 7.2m, and the facility has been extended two times, each time at a cost of approx. 1% of outstanding amount. The facility's current termination date is 27 March 2015, and Sundt and EAM are in a constructive dialogue to make the facility a longer term financing.

EAM overall targets gearing level of approximately 60% to 65% debt level.

## Revenue recognition and asset values

In the fourth quarter report EAM has recognised full revenues for the suspended plants, and thereby accumulated a substantial receivable towards GSE. The normal procedure of reporting the production in the GSE portal has not been available for the suspended plants. Therefore, EAM has after the end of 2014 sent production reports and requested corresponding amounts to be paid from the date of suspension. The communication is done directly to the GSE using registered email.

At the time of reporting there is material uncertainty regarding the recognition of revenues and subsequently value of the receivable. This uncertainty is mainly relating to:

- The final outcome of the prosecutor's investigation and any subsequent rulings in the criminal court of Milano.
- The actions taken by GSE before and after the final verdict in the criminal case
- The outcome of processes between EAM and Aveleos

Following this uncertainty the board of EAM has requested the auditor to issue a qualified opinion.

## Impairment

An impairment test of all power plants owned by EAM has been made and the conclusion has been not to do any impairment in the official accounts. This is due to the fact that the company has not been given any evidence to support that criminal activities has been exercised on the plants acquired by EAM. This does not exclude that such evidence can be provided in the near future. There is considerable uncertainty regarding the valuation of the plants. See note 4 for more details.

## Going concern

These financial statements have been prepared under the assumption of going concern. Due to the investigation of the P31 power plants, there is uncertainty regarding the recognition of revenue, the value of receivables and property plant and equipment.

The assumption of going concern is based on an estimation that free cash flow from the power plants not affected is enough to cover running costs for those plants. See note 15 for details.

New information that might be made available in the near future can make it necessary to change the assumption of going concern.

## Subsequent Events

### ***Ruling in the Council of State***

In October 2014, EAM started a legal process claiming that GSE had not followed correct procedures when

suspending the FIT and RID contracts, mainly because they did not supply any documentation of breach of the contracts. On the 28 January 2015, the Council of State in Italy ruled in favour of EAM.

The consequence of this outcome is that there will be a new hearing in the administrative court where GSE has to present documentation for their suspension, and the court shall rule on the merits of the presented documentation.

### ***New PPA agreements***

Due to GSE's termination of the RID contracts for the suspended plants, EAM has entered into new PPA's for these plants valid from 1 January 2015.

# Financial review

## Income Statement

The full year 2014 accounts include the P31 portfolio from 30 June 2014.

### *Revenues*

Fourth quarter revenues came in at EUR 3,0m and 2014 revenues came in at EUR 8,9m.

Achieved average electricity price for the quarter was EUR 389 per MWh against EUR 379 per MWh in the third quarter.

### *Operational cost*

Cost of operations for the full year came in at EUR 439k, an increase of EUR 311k compared with the same period in 2013, mainly driven by the increased scope of operations.

SG&A costs came in at EUR 1,8m for the quarter against EUR 0,3m in 2013, because of the increased scope of operations.

Acquisition and financing costs in the period amounted to EUR 0,9m.

### *Operational earnings*

The full year 2014 EBITDA came in at EUR 2,6m, adjusted for expensed costs related to the private placement in January and the due diligence costs of the P31 acquisition EBITDA from operations came in at EUR 4,6m.

The full year EBITDA contribution from the P31 companies has been EUR 8,1m, however, the period January to July 15 is not included in the financial report.

### *Net financial items*

Net finance is mainly affected by the fluctuations in the NOK/EUR currency exchange rate. The drop in the value of the NOK against the EURO in the fourth quarter resulted in a preliminary net agio of approximately EUR 3m for the quarter and EUR 2m in 2014.

### *Profit before tax and net income after tax*

The result for the fourth quarter was an income of EUR 1,2m and adjusted for acquisition costs and non-cash currency gain a loss of EUR 1,0m in the quarter.

## Cash Flow and Balance Sheet Statements

### *Cash Flow*

Cash flow from operations for the full year 2014 came in at negative EUR 3,8m.

Investment of EUR 24,4m is related to the P31 acquisition.

Cash flow from financing was in total EUR 31,4m of which the net proceeds from the private placement in January was EUR 25,1m, dividend payment of EUR 1,9m, P31 acquisition financing of EUR 8,1m and a EUR 2,5 loan from Aveleos under the standstill.

Restricted and unrestricted cash by the end of the quarter was EUR 8,4m.

### *Balance Sheet*

Total assets at the end of the period are EUR 108,0m, with an equity ratio of 48%. Net working capital (excluding cash) was EUR 11,5m at end of December.

Oslo 25 February 2015

Marthe Hoff  
Director

Ragnhild Wiborg  
Chair

Pål Hvammen  
Director

Viktor E Jakobsen  
Executive Director

Audun Wickstrand Iversen  
CEO

## Condensed consolidated interim financial information

### Interim condensed statement of comprehensive income

<i>(EUR)</i>	Note	Provisional unaudited Q4 2014	Unaudited Q4 2013	Provisional unaudited 2014	Audited 2013	Audited 2012
<b>Revenues</b>	1,2,8,13	<b>3 006 396</b>	<b>497 105</b>	<b>8 925 907</b>	<b>3 109 548</b>	<b>3 106 472</b>
Cost of operations	12	-439 647	-127 937	-1 125 970	-360 210	-259 260
Sales, general and administration expenses	12	-1 849 347	-331 739	-3 128 671	-1 020 720	-1 133 138
Acquisition and transaction costs	12	-912 174	5 042	-2 043 888	-512 385	-907 671
<b>EBITDA</b>		<b>-194 772</b>	<b>42 472</b>	<b>2 627 378</b>	<b>1 216 233</b>	<b>806 403</b>
Depreciation, amortizations and write downs	9	-1 221 491	-358 159	-3 054 485	-1 240 020	-1 036 269
Gain on bargain purchase		0	-186 822	0	2 243 510	2 668 237
<b>EBIT</b>		<b>-1 416 263</b>	<b>-502 510</b>	<b>-427 107</b>	<b>2 219 723</b>	<b>2 438 371</b>
Finance income		3 167 197	755 230	4 636 971	2 753 421	4 711
Finance costs		-1 047 376	-6 176	-4 368 830	-215 308	-1 853 042
<b>Profit before tax</b>		<b>703 558</b>	<b>246 544</b>	<b>-158 967</b>	<b>4 757 837</b>	<b>590 040</b>
Income tax gain/(expense)		458 982	-443	334 190	-106 093	-61 171
<b>Profit after tax</b>		<b>1 162 540</b>	<b>246 101</b>	<b>175 224</b>	<b>4 651 744</b>	<b>528 869</b>
<b>Other comprehensive income</b>						
Translation differences		-412 651	-1 177 701	-412 651	-3 138 155	812 044
Cash flow hedges		-927 269	0	-927 269	0	0
<b>Other comprehensive income net of tax</b>		<b>-1 339 920</b>	<b>-1 177 701</b>	<b>-1 339 920</b>	<b>-3 138 155</b>	<b>812 044</b>
<b>Total comprehensive income</b>		<b>-177 380</b>	<b>-931 600</b>	<b>-1 164 696</b>	<b>1 513 589</b>	<b>1 340 913</b>
<b>Profit for the year attributable to:</b>						
Equity holders of the parent company		1 162 540	246 101	175 224	4 651 744	528 869
Non-controlling interests		0	0	0	0	0
<b>Equity holders of the parent company</b>		<b>1 162 540</b>	<b>246 101</b>	<b>175 224</b>	<b>4 651 744</b>	<b>528 869</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the parent company		-177 380	-931 600	-1 164 696	1 513 589	1 340 913
Non-controlling interests		0	0	0	0	0
<b>Equity holders of the parent company</b>		<b>-177 380</b>	<b>-931 600</b>	<b>-1 164 696</b>	<b>1 513 589</b>	<b>1 340 913</b>
<b>Earnings per share:</b>						
Continued operation						
- Basic		<b>0,23</b>	<b>0,11</b>	<b>0,04</b>	<b>2,26</b>	<b>0,44</b>
- Diluted		<b>0,23</b>	<b>0,11</b>	<b>0,04</b>	<b>2,01</b>	<b>0,44</b>

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the fourth quarter 2014 is 5,070,000.



## Consolidated condensed statement of financial position

(EUR)	Note	Provisional unaudited 2014	Audited 2013	Audited 2012
<b>ASSETS</b>				
Property, plant and equipment	4,9	82 595 758	23 721 735	19 533 095
Other long term assets		6 239 691	422 867	338 210
<b>Non-current assets</b>		<b>88 835 449</b>	<b>24 144 602</b>	<b>19 871 305</b>
Receivables		10 753 724	802 046	950 882
Other current assets		398 794	77 723	598 551
Cash and short term deposits	10	8 415 004	4 861 406	713 730
<b>Current assets</b>		<b>19 567 522</b>	<b>5 741 174</b>	<b>2 263 163</b>
<b>TOTAL ASSETS</b>		<b>108 402 971</b>	<b>29 885 776</b>	<b>22 134 468</b>
<b>EQUITY AND LIABILITIES</b>				
Issued capital		6 152 669	2 932 561	1 523 423
Share premium		22 444 156	2 683 821	13 400 695
<b>Paid in capital</b>		<b>28 596 825</b>	<b>5 616 382</b>	<b>14 924 118</b>
Other components of equity		-3 479 705	-2 089 997	1 048 158
Other equity		26 433 232	25 797 776	-455 720
<b>Other equity</b>		<b>22 953 527</b>	<b>23 707 779</b>	<b>592 438</b>
<b>Total equity</b>		<b>51 550 353</b>	<b>29 324 160</b>	<b>15 516 556</b>
Leasing	16	6 417 275	0	0
Non-recourse debt		0	0	0
Other long term debt		0	0	0
<b>Total non-current liabilities</b>		<b>6 417 275</b>	<b>0</b>	<b>0</b>
Trade payables		1 228 498	167 772	1 004 610
Tax liabilities		1 863 093	174 311	164 106
Short term financing - interest bearing	16	42 426 686	0	5 420 265
Other current liabilities	16	4 917 066	219 533	28 931
<b>Total current liabilities</b>		<b>50 435 343</b>	<b>561 616</b>	<b>6 617 912</b>
<b>Total liabilities</b>		<b>56 852 618</b>	<b>561 616</b>	<b>6 617 912</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>108 402 971</b>	<b>29 885 776</b>	<b>22 134 468</b>

Oslo, 25 February 2015

Board of Directors

## Consolidated condensed statement of changes in equity

<i>(EUR)</i>	Share capital	Share premium fund	Other equity	Foreign Currency translation reserve	Cash flow hedge reserve	Total equity
<b>Equity as at 1 January 2013</b>	<b>1 523 423</b>	<b>13 400 695</b>	<b>-455 720</b>	<b>1 048 158</b>		<b>15 516 556</b>
Capital increase 25 March 2013	1 335 833	13 519 263				14 855 096
Costs related to capital increase		-1 026 588				-1 026 588
Conversion of share premium fund		-25 415 355	25 415 355			
Dividends or distribution to shareholders			-1 484 705			-1 484 705
Profit (loss) After tax			4 651 744			4 651 744
Other comprehensive income				-3 187 943		-3 187 943
<b>Equity as at 31 December 2013</b>	<b>2 859 256</b>	<b>478 016</b>	<b>28 126 674</b>	<b>-2 139 785</b>	<b>0</b>	<b>29 324 160</b>
<b>Equity as at 1 January 2014</b>	<b>2 859 256</b>	<b>478 016</b>	<b>28 126 674</b>	<b>-2 139 785</b>		<b>29 324 160</b>
Capital increase 17 January 2014	3 293 413	23 053 892				26 347 305
Costs related to capital increase		-1 087 752				-1 087 752
Dividends or distribution to shareholders			-1 868 665			-1 868 665
Profit (loss) After tax			175 224			175 224
Other comprehensive income				-412 651	-927 269	-1 339 920
<b>Equity as at 31 December 2014</b>	<b>6 152 669</b>	<b>22 444 156</b>	<b>26 433 232</b>	<b>-2 552 436</b>	<b>-927 269</b>	<b>51 550 353</b>

## Consolidated condensed cash flow statement

<i>(EUR)</i>	Note	Provisional unaudited 2014	Audited 2013	Audited 2012
Ordinary profit before tax		-158 967	4 757 837	590 040
Paid income taxes		0	0	-727 658
Depreciation		3 054 485	1 240 020	1 036 269
Gain on bargain purchase		0	-2 243 510	-2 668 237
Changes in trade receivables and trade payable		-8 890 952	-761 292	130 944
Changes in other accruals		2 171 948	-1 725 101	-390 824
<b>Cash flow from operations</b>		<b>-3 823 486</b>	<b>1 267 955</b>	<b>-2 029 466</b>
Purchase of property, plant and equipment		0	0	-73 685
Acquisition of subsidiary, net of cash acquired		-24 477 899	-3 368 989	-11 696 898
<b>Cash flow from investments</b>		<b>-24 477 899</b>	<b>-3 368 989</b>	<b>-11 770 583</b>
Proceeds from issue of share capital		25 259 554	13 828 508	0
Dividends or shareholder distributions		-1 868 665	0	0
Proceeds from new loans		10 080 175	-5 420 265	6 106 249
Repayment of loans		-2 028 732	-1 484 705	-685 984
<b>Cash flow from financing</b>		<b>31 442 332</b>	<b>6 923 538</b>	<b>5 420 265</b>
<b>Cash at beginning of period</b>		<b>4 861 406</b>	<b>713 730</b>	<b>8 000 351</b>
Net currency translation effect		412 651	-674 828	1 093 163
Net increase/(decrease) in cash and cash equivalents		3 140 947	4 822 504	-7 286 621
<b>Cash at end of period</b>		<b>8 415 004</b>	<b>4 861 406</b>	<b>713 730</b>

EUR 6,4m is restricted at the end of 2014. See Note 10 for further detail.

## Notes to the Interim Condensed Consolidated Financial Statements

### Note 1 - Basis of preparation

#### *General accounting principles*

EAM Solar ASA (the Group) is a public limited liability company, incorporated and domiciled in Norway. The registered office of EAM Solar ASA is Dronningen 1, NO-0287 Oslo, Norway. The Company was founded the 5 January 2011.

The Company is listed on the Oslo Stock Exchange under the ticker EAM.

The main activity of EAM Solar ASA is to own solar PV power plants and sell the electricity produced under long-term contracts. EAM's main purpose is to create a steady long-term dividend yield for its shareholders. EAM Solar ASA currently owns twenty-five photovoltaic power plants and eleven subsidiaries in Italy. The company has no employees.

Energieia Asset Management AS manages EAM Solar ASA under a long-term management agreement. EAM Solar Park Management AS (EAM SPM), a subsidiary of Energieia Asset Management AS, is conducting most of the day-to-day management tasks directly or through the use of subcontractors and own employees.

This interim condensed consolidated financial statement for the fourth quarter 2014 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report 2013

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013. Standards and interpretations as mentioned in the Group's Annual Report 2013 Note 1 and effective from the 1 January 2013 did not have a significant impact on the Group's consolidated interim financial statements.

#### *Financial risk*

The primary focus of the Group's capital management is to ensure good solidity and liquidity that will support a strong credit rating and healthy capital ratio in order to support its business and maximize the shareholders values.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives policies or processes during 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by enterprise value. The Group's policy and ambition is to keep the gearing ratio between 60% and 65%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent.

The Company has with the purchase of the P31 portfolio also acquired debt. The gearing ratio as at the end of the fourth quarter (including the newly acquired companies) is 49%.

#### *Market and regulatory risk*

In Italy the main incentive program expired in 2013, which has reduce the volume of new built solar power plant. As Solar PV power plants have become less expensive, Italian authorities expect 1 – 2 GW of new capacity to be installed annually without subsidies.

The secondary market is abundant, especially in Italy, with a steady availability of projects that have been in operation for 3 – 4 years.

During the last years there has been changes in different taxes that impact the profitability of solar power plants. An increase in IMU (real estate taxes) and corporate tax has had a negative impact during the last years.

The Italian government made a retroactive cut of the Feed in-Tariff (FIT) during the 3<sup>rd</sup> quarter of 2014. The photovoltaic power plant owners could either choose a reduction in the annual FIT revenues ranging from 17% to 25% depending on the remaining contract lifetime and a 4-year prolongment of the contract period, a flat 8% annual reduction in the FIT, or a reduction in FIT the next 5 years for about 16% and increase in the FIT from the 12<sup>th</sup> year of operation. The board of EAM Solar ASA has selected the 8% flat reduction of FIT on all plants currently owned.

With the transition from a subsidy-based industry to grid parity, with pure commercial considerations, off-take agreements and new valuation models to factor in new risk elements will have to be developed.

### *Credit risk*

Under normal circumstances the risk for losses is considered to be low, as the counterparts will be sovereign states in Western Europe. The group has not made any set-off or other derivate agreements to reduce the credit risk in EAM Solar ASA.

With the current situation for EAM in Italy where the state has suspended the FIT and the RID payments as a result of an on going criminal investigation against persons representing the seller of the P31 portfolio, the Company has evaluated if there is grounds for writing down the value of the receivables. No such write down has been conducted based on the fact that the company has not been given any evidence to support that criminal activities have been exercised on the plants acquired by EAM. That does not exclude that such evidence can be provided in the near future or that the Company obtains information that makes a write down necessary. There is considerable uncertainty whether the Company will receive payment of the receivables presented in the balance sheet.

### **Note 2 – Currency exposure**

Most of EAM's activity is in EUR. Some of the cost base and financing is in NOK and the functional currency for the parent company is NOK.

### **Note 3 - Tax**

Interest charged on loans from Norway to Italy is subject to a 15% withholding tax in Italy. The withholding tax is payable at the time of transfer of funds from Italy to Norway as payment for accrued interest. This tax can be offset against taxes paid in Norway. In Italy, interest payments in general are capped at 30% of EBITDA for tax purposes, meaning that the excess interest payment will not be deductible for tax purposes but can be carried forward for an indefinite period of time.

### **Note 4 – Acquisition accounting and impairment test**

EAM Solar ASA's core business is to acquire and operate solar PV power plants (SPPs). Acquisitions are either conducted by acquiring companies that owns SPPs, or by acquiring the power plant directly (asset purchase). Choice of acquisition method has tax implications, and implications for the asset value used in the Company's accounts post acquisition.

As experienced in the third quarter 2013, the book value of assets owned by the acquired company was higher than the purchase price. In conjunction with the accounting principles used in the group accounts by EAM Solar ASA in 2012 and in 2013, a difference between purchase price and the book value of assets results in an accounting gain

or loss recognized in the Company's profit and loss statement.

Since EAM is experiencing that the current accounting practise of recognising such difference in the P&L statement results in significant gains, which may distort the perception of the underlying economic activity of the company, the Board of Directors have evaluated this accounting practise together with the Company's auditor in conjunction with the full year 2013 audit. See the Annual Report 2013 for further comments.

Based on the current IFRS accounting rules, the Board of Directors in EAM has, together with the Company's Auditor, decided to apply the IFRS accounting rules, i.e. maintain the recognition of book values when deemed appropriate.

### *Impairment test*

During the annual impairment test, EAM has identified indicators for impairment as described in IAS 36. We have therefore done a full impairment test of all solar power plants owned by EAM.

We would like to point out that the assumptions in the impairment test are made to indicate scenarios that management find explanatory at the reporting date. Actual outcome might be materially different, due to, but not limited to the inherent risk in the on-going legal processes.

The impairment test has been conducted under the assumption that all FIT for the P31 plants are reinstated and paid out, also the outstanding amounts for 2014. Based on this assumption it will not necessitate any adjustments to the book value of the power plants.

The impairment test does not evidence the need to conduct write down of the assets. That does not exclude that such evidence can be provided in the near future or that the Company obtains information that makes a write down necessary. There is considerable uncertainty whether the Company can maintain the asset values of the solar power plants presented in the balance sheet.

## Note 5 - List of subsidiaries

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

Company	Country of incorporation	Main operation	Ownership	Voting power
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%	100%
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 14 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 25 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%

## Note 6 - Segment information

<b>EAM Solar Italy 1 s.r.l.</b>	<b>2014</b>	<b>2013</b>
Revenues from external customers	899 201	957 440
EBITDA	604 362	581 294
EBIT	218 299	19 530
Investments	0	0
Non-current assets	5 730 355	6 138 187

<b>EAM Solar Italy 2 s.r.l.</b>	<b>2014</b>	<b>2013</b>
Revenues from external customers	1 955 843	2 047 522
EBITDA	1 389 936	1 265 556
EBIT	603 171	478 791
Investments	0	0
Non-current assets	11 856 631	12 640 276

<b>EAM Solar Italy 3 s.r.l.</b>	<b>2014</b>	<b>2013</b>
Revenues from external customers	820 166	104 586
EBITDA	493 399	-81 700
EBIT	220 385	2 094 618
Investments	0	5 428 659
Non-current assets	5 197 344	5 399 659

<b>P21</b>	<b>2014*</b>	<b>2013</b>
Revenues from external customers	5 242 034	0
EBITDA	4 018 727	0
EBIT	2 410 084	0
Investments	0	0
Non-current assets	66 084 775	0

<b>Other &amp; eliminations</b>	<b>2014</b>	<b>2013</b>
Revenues from external customers	8 663	0
EBITDA	-3 879 046	-548 916
EBIT	-3 879 046	-548 916
Investments	0	0
Non-current assets	-33 656	-33 520

<b>Total</b>	<b>2014</b>	<b>2013</b>
Revenues from external customers	8 925 907	3 109 548
EBITDA	2 627 378	1 216 234
EBIT	-427 107	2 044 023
Investments	0	5 428 659
Non-current assets	88 835 449	24 144 602

Non-current assets consist of the solar power plants in Italy, land, deferred tax asset and capitalized acquisition costs.

In the fourth quarter EAM Solar ASA owned, through ten 100% owned Italian subsidiaries, 25 solar power plants in Italy.

<b>Single purpose vehicle (SPV)</b>	<b>Power plant</b>	<b>MWp</b>	<b>Ownership</b>
EAM Solar Italy 1 Srl	Varmo	3,128	100%
EAM Solar Italy 2 Srl	Codroipo	1,522	100%
EAM Solar Italy 3 Srl	Momo	0,994	100%
EAM Solar Italy 3 Srl	Caltignaga	0,992	100%
Energetic Source Green Power srl (ESGP)	Selvaggi	0,989	100%
Energetic Source Green Power srl (ESGP)	Di Mauro	0,989	100%
Energetic Source Green Power srl (ESGP)	Ninivaggi	0,984	100%
Energetic Source Green Power srl (ESGP)	Lomurno	0,987	100%
Energetic Source Green Power srl (ESGP)	Giordano D.	0,989	100%
Energetic Source Green Power srl (ESGP)	Gagnazzi	0,989	100%
Energetic Source Green Power srl (ESGP)	Gentile	0,987	100%
Energetic Source Green Investments srl (ESGI)	Lorusso	0,989	100%
Energetic Source Green Investments srl (ESGI)	Cirasole	0,986	100%
Energetic Source Green Investments srl (ESGI)	Scaltrito	0,989	100%
Energetic Source Solar Production srl (ESSP)	Pasculli	0,987	100%
Energetic Source Solar Production srl (ESSP)	Pisicoli N.	0,987	100%
Energetic Source Solar Production srl (ESSP)	Pisicoli T.	0,987	100%
Energetic Source Solar Production srl (ESSP)	Marulli	0,742	100%
Energetic Source Solar Production srl (ESSP)	Antonacci	0,986	100%
Aveleos Green Investment srl (AGI)	Piangevino	0,989	100%
Ens Solar One srl (ENS1)	Lorusso	0,984	100%
Ens Solar One srl (ENS1)	Brundesini	0,994	100%
Ens Solar One srl (ENS1)	Scardino	0,993	100%
Energia Fotovoltaica 14 Soc. Agr. a r.l. (ENFO14)	Enfo 14	0,977	100%
Energia Fotovoltaica 25 Soc. Agr. a r.l. (ENFO25)	Enfo 25	0,983	100%

## Note 7 - Transactions with related parties

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

Energeia Asset Management, and its daughter company EAM SPM, delivers management services to EAM Solar ASA according to the Management Agreement. EAM SPM is 100% owned by Energeia Asset Management AS.

According to the Management Agreement, the Energeia group charges EAM Solar ASA the direct operating costs, without any profit margin, related to the management services provided. At the moment any direct operating costs above NOK 5 million a year must be approved by the board of directors in EAM Solar ASA.

Furthermore, the Energeia group receives 12.5% of the Groups pre-tax profit as royalty from EAM Solar ASA, known as the financial participation mechanism. The royalty is based on the fact that EAM Solar is developed, created and managed by Energeia Asset Management AS. The royalty structure aligns the interests of the Energeia group with the interests of the shareholders of EAM Solar ASA.

Direct cost charged by the Energeia group according to the Management Agreement amounts can be seen in note 11.

In the calculation of the royalty, any non-cash currency gain or non-cash gain on bargain purchase is subtracted from the royalty calculation base.

In the financing of the P31 acquisitions, EAM used a credit facility of EUR 8,1m provided by the largest shareholder in EAM Solar ASA, Sundt AS. For further information about the credit facility see Note – 15.

### Note 8 – Information on major customers

Of the groups' revenues of EUR 5,9m in 2014, all came from the sale of electrical power.

84% of electricity sale is conducted through long-term electricity sales contracts (the FIT contracts), and the remainder from sales at market price.

The Company's major customer is GSE for the FIT contracts. GSE is short for Gestore dei Servizi Energetici GSE S.p.A., a company owned by the Italian Ministry of Economy and Finance. For further information about GSE visit the following web page: [www.gse.it](http://www.gse.it).

### Note 9 – Property, plant and equipment

The assets are depreciated based over an economic life of 11 to 20 years and linear depreciation.

In the fourth quarter 2013 the tax depreciation period for SPPs was changed from 20 to 25 years according to a regulatory change in Italy. This has not impacted our IFRS practise of depreciation over 20 years equivalent to the FIT electricity sales contract period.

(EUR)

<b>2014</b>	<b>Power plants</b>
Carrying value 1 January 2014	23 721 735
Additions	61 928 508
Depreciation	-3 054 485
<b>Carrying value 31 December 2014</b>	<b>82 595 758</b>

<b>2013</b>	<b>Power plants</b>
Carrying value 1 January 2013	19 533 095
Additions	5 428 660
Depreciation	-1 240 020
<b>Carrying value 31 December 2013</b>	<b>23 721 735</b>

<b>2012</b>	<b>Power plants</b>
Carrying value 1 January 2012	6 563 352
Additions	14 006 012
Depreciation	-1 036 269
<b>Carrying value 31 December 2012</b>	<b>19 533 095</b>

### Note 10 - Cash and cash equivalents

(EUR)	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1'2014	Q2'2014	Q3 2014	Q4 2014
Unrestricted cash Norway	860 075	249 256	9 860 020	7 507 109	1 746 242	1 435 170	25 975 787	969 095	203 138	<b>585 396</b>
Unrestricted cash Italy	254 943	203 564	588 323	659 126	2 105 870	3 176 028	3 365 968	33 499 741	1 150 985	<b>1 480 609</b>
Restricted cash Italy	260 910	260 910	260 885	250 208	250 208	250 208	250 208	250 208	9 373 462	<b>6 348 999</b>
<b>Cash</b>	<b>1 375 927</b>	<b>713 730</b>	<b>10 709 227</b>	<b>8 416 443</b>	<b>4 102 320</b>	<b>4 876 716</b>	<b>29 591 962</b>	<b>34 719 044</b>	<b>10 727 584</b>	<b>8 415 004</b>

The group has no unused credit facilities at the end of 2014. The restricted cash is partly tied up in debt service reserve accounts related to the debt financing of the power plants, but also funds that have been seized in conjunction with the preliminary investigations conducted by the Public Prosecutor in Milan.

The financing institutions have not paid out the last tranche, in total EUR 2.6m, of the lending agreement. Because the final acceptance test have not been delivered.

In the third quarter this amount was accounted as cash, and the accounted financial liability also included the last unreleased tranche. However, since the relevant financing now can be viewed as breached, it is deemed unlikely that the last tranche will be released. In the fourth quarter report the receivable towards the bank and the liability due to the last tranche have been netted.

## Note 11 – Detailed operational cost overview

(EUR)	EAM Solar ASA Group	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	P21	Other & Eliminations
<b>Revenues</b>	<b>8 925 907</b>	<b>899 201</b>	<b>1 955 843</b>	<b>820 166</b>	<b>5 242 034</b>	<b>8 663</b>
<b>Cost of operations</b>	<b>-1 125 970</b>	<b>-124 495</b>	<b>-273 413</b>	<b>-123 840</b>	<b>-592 647</b>	<b>-11 575</b>
Land rent	-224 486	-35 623	-74 845	0	-114 017	0
Insurance	-165 644	-17 594	-63 146	-14 710	-59 077	-11 116
Operation & Maintenance	-543 100	-64 148	-120 354	-92 921	-265 676	0
Other operations costs	-192 741	-7 129	-15 068	-16 209	-153 877	-458
<b>Sales, General &amp; Administration</b>	<b>-3 128 671</b>	<b>-173 773</b>	<b>-289 438</b>	<b>-207 795</b>	<b>-527 909</b>	<b>-1 929 756</b>
Commercial management	-50 431	-25 281	-25 150	0	0	0
Accounting, audit & legal fees	-318 401	-25 139	-21 536	-26 924	-129 137	-115 665
IMU tax	-413 949	-35 876	-64 364	-54 094	-259 615	0
EAM SPM direct costs	-1 364 680	-78 284	-161 877	-98 282	-84 253	-941 985
EAM SPM management service contract*	-530 004	0	0	0	0	-530 004
Other administrative costs	-451 206	-9 193	-16 511	-28 495	-54 906	-342 102
<b>Acquisition &amp; financing cost</b>	<b>-2 043 888</b>	<b>3 429</b>	<b>-3 056</b>	<b>4 868</b>	<b>-102 750</b>	<b>-1 946 379</b>
Acquisition transaction costs	-794 654	0	0	0	0	-794 654
Funding & IPO costs	-1 151 725	0	0	0	0	-1 151 725
Other non-recurring items	-97 509	3 429	-3 056	4 868	-102 750	0
<b>EBITDA</b>	<b>2 627 378</b>	<b>604 362</b>	<b>1 389 936</b>	<b>493 399</b>	<b>4 018 727</b>	<b>-3 879 046</b>

\* This amount will first become payable upon a definite solution of outstanding issues on the P31 portfolio.

The costs under other & eliminations are costs of EUR 1,9m related to the due diligence and transaction costs of the P31 acquisition by EAM Solar Italy Holding Srl.

## Note 12 – Quarterly P&L overview 2012 - 2014

(EURm)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
<b>Production (GWh)</b>	<b>1,176</b>	<b>2,484</b>	<b>2,574</b>	<b>0,931</b>	<b>1,102</b>	<b>2,335</b>	<b>2,692</b>	<b>1,629</b>	<b>1,521</b>	<b>3,283</b>	<b>11,691</b>	<b>6,375</b>
% of annual production	16%	35%	36%	13%	14%	30%	35%	21%				
<b>Revenues</b>	<b>0,501</b>	<b>1,047</b>	<b>1,085</b>	<b>0,474</b>	<b>0,496</b>	<b>0,986</b>	<b>1,131</b>	<b>0,497</b>	<b>0,592</b>	<b>1,380</b>	<b>3,947</b>	<b>3,007</b>
<b>Total operating costs</b>	<b>-0,550</b>	<b>-0,789</b>	<b>-0,448</b>	<b>-0,516</b>	<b>-0,689</b>	<b>-0,318</b>	<b>-0,431</b>	<b>-0,455</b>	<b>-0,934</b>	<b>-0,912</b>	<b>-1,251</b>	<b>-3,201</b>
Operations costs	-0,061	-0,080	-0,064	-0,061	-0,081	-0,083	-0,068	-0,128	-0,116	-0,204	-0,366	-0,440
SG&A costs	-0,193	-0,202	-0,255	-0,479	-0,281	-0,173	-0,234	-0,332	-0,260	-0,315	-0,704	-1,850
A&T costs	-0,295	-0,507	-0,129	0,023	-0,327	-0,062	-0,129	0,005	-0,558	-0,393	-0,181	-0,912
<b>EBITDA</b>	<b>-0,049</b>	<b>0,258</b>	<b>0,637</b>	<b>-0,042</b>	<b>-0,193</b>	<b>0,667</b>	<b>0,700</b>	<b>0,042</b>	<b>-0,342</b>	<b>0,468</b>	<b>2,696</b>	<b>-0,194</b>
EBITDA margin	-10%	25%	59%	-9%	-39%	68%	62%	9%	-58%	34%	68%	-6%
Depreciation	-0,161	-0,291	-0,292	-0,293	-0,345	-0,241	-0,295	-0,358	-0,360	-0,360	-1,112	-1,222
Gain on bargain purchase	2,668	0,000	0,000	0,000	0,000	0,000	2,422	-0,179	0,000	0,000	0,000	0,000
<b>EBIT</b>	<b>2,458</b>	<b>-0,033</b>	<b>0,345</b>	<b>-0,335</b>	<b>-0,538</b>	<b>0,426</b>	<b>2,826</b>	<b>-0,494</b>	<b>-0,702</b>	<b>0,108</b>	<b>1,584</b>	<b>-1,417</b>
Financial income	0,000	0,027	0,003	0,001	0,333	0,999	0,666	0,755	0,043	1,300	0,127	3,167
Financial costs	-0,313	-0,413	-0,658	-0,496	-0,158	-0,003	-0,049	-0,006	-0,258	-1,176	-1,887	-1,048
<b>Profit before tax</b>	<b>2,145</b>	<b>-0,419</b>	<b>-0,310</b>	<b>-0,831</b>	<b>-0,362</b>	<b>1,422</b>	<b>3,444</b>	<b>0,254</b>	<b>-0,917</b>	<b>0,232</b>	<b>-0,176</b>	<b>0,702</b>
<b>Adjusted EBITDA</b>	<b>0,246</b>	<b>0,765</b>	<b>0,766</b>	<b>-0,066</b>	<b>0,134</b>	<b>0,729</b>	<b>0,828</b>	<b>0,037</b>	<b>0,216</b>	<b>0,861</b>	<b>2,877</b>	<b>0,717</b>

EBITDA adjusted is adjusted for acquisition, transaction and funding costs.



## Note 13 – Power production

The following power plants are included in the consolidated financial statements:

Reported power production kWh	Q4 2014	Q3 2014*	Q2 2014*	Q1 2014*	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY2014	FY2013	FY2012		
EAM Solar Italy 1 Srl	334	710	796	367	352	785	862	315	600	811	873	286	2 207	2 315	2 571		
EAM Solar Italy 2 Srl	693	1 502	1 605	749	750	1 550	1 798	707	576	1 673	1 701	645	4 548	4 806	4 595		
EAM Solar Italy 3 Srl	271	602	881	405	0	0	32	287	0	0	0	0	2 160	637	0		
Energetic Source Green Power srl (ESGP)	1703	2984	0	0	0	0	0	0	0	0	0	0	4 687	0	0		
Energetic Source Green Investments srl (ESGI)	735	1 271	0	0	0	0	0	0	0	0	0	0	2 005	0	0		
Energetic Source Solar Production srl (ESSP)	1161	2090	0	0	0	0	0	0	0	0	0	0	3 251	0	0		
Aveleos Green Investment srl (AGI)	241	417	0	0	0	0	0	0	0	0	0	0	659	0	0		
Ens Solar One srl (ENS1)	743	1301	0	0	0	0	0	0	0	0	0	0	2 045	0	0		
Energia Fotovoltaica 14 Soc. Agr. a r.l. (ENFO14)	248	396	0	0	0	0	0	0	0	0	0	0	645	0	0		
Energia Fotovoltaica 25 Soc. Agr. a r.l. (ENFO25)	246	417	0	0	0	0	0	0	0	0	0	0	664	0	0		
<b>Total</b>	<b>6 375</b>	<b>11 691</b>	<b>3 283</b>	<b>1 521</b>	<b>0</b>	<b>1 102</b>	<b>2 335</b>	<b>2 692</b>	<b>1 310</b>	<b>0</b>	<b>1 176</b>	<b>2 484</b>	<b>2 574</b>	<b>931</b>	<b>22 869</b>	<b>7 758</b>	<b>7 166</b>

(\*) Production is based on historical average solar irradiation.

Actual power production	Q4 2014	Q3 2014*	Q2 2014*	Q1 2014*	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY2014	FY2013		
Varmo	334	710	796	367	352	785	862	315	600	811	873	286	2 207	2 315		
Codroipo	693	1 502	1 605	749	750	1 550	1 798	707	1 218	1 673	1 701	645	4 548	4 806		
Momo	127	214	451	198	0	0	460	287	0	0	0	0	990	747		
Caltignaga	144	389	430	208	0	0	439	144	0	0	0	0	1 171	583		
Selvaggi	245	431	420	277	199	436	457	255	0	0	0	0	1 373	1 347		
Di Mauro	250	433	413	274	167	421	454	280	0	0	0	0	1 371	1 322		
Ninivaggi	249	427	423	274	197	405	458	252	0	0	0	0	1 373	1 312		
Lomurno	238	419	410	270	204	444	453	256	0	0	0	0	1 337	1 356		
Giordano D.	243	434	419	280	197	420	445	267	0	0	0	0	1 376	1 330		
Gagnazzi	242	423	412	276	201	452	458	264	0	0	0	0	1 353	1 374		
Gentile	236	416	411	260	192	383	438	245	0	0	0	0	1 324	1 258		
Lorusso	224	393	403	267	169	433	441	235	0	0	0	0	1 287	1 278		
Cirasole	261	452	441	292	200	438	468	260	0	0	0	0	1 445	1 367		
Scaltrito	250	426	405	278	199	428	459	249	0	0	0	0	1 359	1 335		
Pasculli	252	441	412	283	272	464	417	242	0	0	0	0	1 388	1 395		
Pisicoli N.	245	442	424	275	270	483	469	247	0	0	0	0	1 385	1 469		
Pisicoli T.	241	433	414	272	244	397	441	245	0	0	0	0	1 359	1 327		
Marulli	180	325	312	197	141	273	338	182	0	0	0	0	1 014	934		
Antonacci	246	447	430	285	101	482	472	255	0	0	0	0	1 407	1 310		
Piangevino	241	417	415	273	202	387	358	235	0	0	0	0	1 347	1 183		
Lorusso	230	429	421	274	216	472	469	251	0	0	0	0	1 354	1 407		
Brundesini	258	439	419	286	218	469	454	253	0	0	0	0	1 402	1 393		
Scardino	253	436	426	286	204	428	440	280	0	0	0	0	1 400	1 352		
Enfo 14	248	396	415	280	205	418	424	265	0	0	0	0	1 339	1 313		
Enfo 25	246	417	413	267	195	430	456	258	0	0	0	0	1 343	1 339		
<b>Total</b>	<b>6 375</b>	<b>11 691</b>	<b>11 940</b>	<b>7 246</b>	<b>0</b>	<b>5 296</b>	<b>11 297</b>	<b>12 829</b>	<b>6 729</b>	<b>0</b>	<b>1 818</b>	<b>2 484</b>	<b>2 575</b>	<b>931</b>	<b>37 252</b>	<b>36 150</b>

## Note 14 – Acquisitions

On the 15 July the company executed the transfer of the shares of 7 out of a total of 8 companies that comprises the P31 portfolio, effectively bringing the power plants owned by the SPV's under EAM's control. This transaction is in line with the Company's growth strategy in Italy. The 7 companies represent 21 of the total 31 power plants in the P31 Portfolio, equivalent to 20.5MW out of a total of 30.4MW. A partial closing was decided and executed by EAM Solar and the seller. Due to the matters that have arisen there since with the ongoing criminal investigation, it is evident that the company will not carry through the purchase of the last SPV and the corresponding 10 power plants. The closing is therefore no longer a partial close but a definite close, the second closing does not take place.

Company	Country of incorporation	Main operation	Ownership	Voting power
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 14 Soc. Agr. A.r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 25 Soc. Agr. A.r.l.	Italy	Solar power plant	100%	100%

There are two contingent consideration arrangements:

The first is an earn-in/earn-out agreement. If the adjusted power production performance of the power plants in 2014 are higher or lower than the normalized expected production, the Seller may receive an additional payment of up to maximum EUR 2.7m, or the purchase price may be reduced by maximum EUR 2.7m. Based on the performance at the end of the reporting period given the irradiation in the same period, the Company expects to receive full earn-in.

The second relates to possible changes in the payment structure of the feed in tariff (FIT) contracts or an



additional taxation of Solar Power Plants, as officially proposed by the government in Italy on 25 June 2014. During the third quarter the proposed amendments were ratified and implemented as law in Italy. Based on this the Company has calculated the effect, and the purchase price is reduced with EUR 3.7m.

In addition the company is preparing a claim notice to the seller on the misrepresentation conducted by them prior to the closing of the acquisition.

### Note 15– Going concern

These financial statements have been prepared under the assumption of going concern. Due to the investigation of the P31 power plants, there is uncertainty regarding the recognition of revenue, the value of receivables and property plant and equipment. New information that can be made available in the near future can make it necessary to change assumption of going concern.

Normalized 2015 EBITDA for the non-suspended power plants are in the range between EUR 3-3,5m, which is expected to be sufficient to keep the non-suspended plants operational.

### Note 16 – Financial liabilities

<i>Financial liabilities:</i>	<i>Financial liabilities at 31.12.2014</i>
Secured project financing	
Obligations under finance leases	6 417 275
Trade and other payables	3 091 591
Current interest bearing loans and b	9 834 828
Current project finance	9 640 209
Current leasing	22 951 649
Other current loans	4 917 066
<b>Total</b>	<b>56 852 618</b>
<b>Total current</b>	<b>50 435 343</b>
<b>Total non-current</b>	<b>6 417 275</b>

EAM has decided not to pay interest or instalments on the leasing and project financing related to the SPVs ESGI, ESGP and ESSP. Instead EAM has decided to use the free cash flow to maintain the assets by covering costs for O&M (Operation and Maintenance), security and utilities. Since the absent of payment on the financing can be seen as a breach of the payment terms, the relevant financing has been reclassified to current debt.

The financing institutions have not paid out the last tranche, in total EUR 2.6m, this amount have been netted in the fourth quarter, see Note 10 for further detail.

### Note 17 – Pro-forma accounts

The unaudited pro forma condensed financial information has been prepared for illustrative purposes to show how the EAM Group financial statement might have been affected by achieving control of the P31 portfolio from 1 January 2014. Please note that the Pro-forma numbers are not made in compliance with IFRS and are

only intended for illustrative purposes, and because of its nature, the pro-forma financial information addresses a hypothetical situation and, therefore, does not represent EAM's actual financial result.

<i>(EUR)</i>	<i>2014</i>
<b>Revenues</b>	<b>14 219 332</b>
<b>Cost of operations</b>	<b>-1 718 617</b>
Land rent	-338 503
Insurance	-224 721
Operation & Maintenance	-808 776
Other operations costs	-346 617
<b>Sales, General &amp; Administration</b>	<b>-3 572 328</b>
Commercial management	-50 431
Accounting, audit & legal fees	-447 538
IMU tax	-673 563
EAM SPM direct costs	-1 364 684
EAM SPM management service contract	-530 000
Other administrative costs	-506 112
<b>Acquisition &amp; financing cost</b>	<b>0</b>
<b>EBITDA</b>	<b>8 928 387</b>
Depreciation, amortizations and write downs	-4 663 128
<b>EBIT</b>	<b>4 265 259</b>
Net financial items	-1 034 087
<b>Profit before tax</b>	<b>3 231 172</b>
Income tax gain/(expense)	-1 017 819
<b>Net income</b>	<b>2 213 353</b>

### Note 18 – Events after the interim period

Filing to the administrative court and Council of State

In December 2014 EAM filed a petition to the administrative court in Rome in order to have the suspension of the payment of the feed in tariffs lifted. The filing of the petition was conducted following the preliminary results of the forensic fact finding work currently conducted by EAM. The administrative court in Rome did not rule in the Company's favour. The Company immediately appealed this decision to a higher court and received a ruling in its favour by the Council of State in January 2015. The Council of State has accepted the appeal as it deems that the claim filed with the administrative court appears to be grounded.

There will be scheduled a new hearing in the administrative court where GSE must provide evidence and the administrative court resolve on the merits of the case, taking into consideration the ruling from the Council of State.

# Fourth quarter 2014

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