

Financial report

eam

Q4
2013

EAM Solar ASA

Table of contents

HIGHLIGHTS IN THE 4TH QUARTER 2013	3
KEY FIGURES	3
INTERIM REPORT 4TH QUARTER 2013	4
OPERATIONAL REVIEW AND OUTLOOK	4
OPERATIONS	4
ACQUISITIONS	4
DIVIDENDS	5
DEBT FINANCING	5
SUBSEQUENT EVENTS	5
OUTLOOK	5
FINANCIAL REVIEW	6
INCOME STATEMENT	6
CASH FLOW AND BALANCE SHEET STATEMENTS	6
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	7
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	7
CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED CONDENSED CASH FLOW STATEMENT	9
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
<i>Note 1 - Basis of preparation</i>	10
<i>Note 2 – Currency exposure</i>	11
<i>Note 3 - Tax</i>	11
<i>Note 4 – Acquisition accounting and impairment test</i>	11
<i>Note 5 - List of subsidiaries</i>	11
<i>Note 6 - Segment information</i>	12
<i>Note 7 - Transactions with related parties</i>	12
<i>Note 8 – Information on major customers</i>	12
<i>Note 9 – Property, plant and equipment</i>	12
<i>Note 10 - Cash and cash equivalents</i>	13
<i>Note 11 – Detailed operational cost overview</i>	13
<i>Note 12 – 2 year quarterly P&L overview</i>	13
<i>Note 13 – Power production</i>	14

Highlights in the 4th quarter 2013

- Conditional acquisition of the P31 portfolio signed. The acquisition represents an increase of the asset base of EUR 114m and an annual EBITDA contribution of approximately EUR 13m. Closing of transaction is expected in Q1'2014
- Q4 power production of 1.3 GWh in line with seasonal variation, representing 17% of full year 2013 power production of 7.4 GWh.
- Full year 2013 EBITDA before acquisition and transaction cost of EUR 1.65m.
- Subsequent events January 2014 of EUR 26.2m equity issue securing acquisition finance of the P31 portfolio
- Dividend payments 2014 planned on a quarterly basis going forward

Key figures

<i>(EUR 000')</i>	Unaudited Q4 2013	Unaudited Q4 2012	Unaudited 2013	Audited 2012	Audited 2011
Revenues	494	474	3 106	3 106	340
Cost of operations	-128	-61	-361	-259	-25
Sales, general and administration expenses	-407	-479	-1 096	-1 133	-343
Acquisition and transaction costs	-199	23	-716	-908	-1 123
EBITDA	-240	-42	933	806	-1 151
Depreciation, amortizations and write downs	-307	-293	-1 189	-1 036	-148
Gain on bargain purchase	0	0	2 430	2 668	0
EBIT	-547	-335	2 175	2 438	-1 299
Net financial items	750	-496	2 539	-1 848	-41
Profit before tax	203	-831	4 714	590	-1 340
Income tax gain/(expense)	-34	-1	-140	-61	355
Net income	169	-831	4 574	529	-985
Earnings per share (fully diluted):	0,07	-0,69	1,97	0,44	-0,82
Distribution to shareholders per share	0,00	0,00	0,60	0,00	0,00
Dividend yield	0,0 %	0,0 %	5,6 %	0,0 %	0,0 %
Million no. of shares (fully diluted)	2,32	1,20	2,32	1,20	1,20
EBITDA adjusted	-42	-66	1 649	1 714	-28
EBIT adjusted	-348	-358	461	678	-176
Net income adjusted	-383	-403	192	-424	946

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. Non-cash currency gain amounted to EUR 2,67 million in 2013. The gain on bargain purchase is provisional and subject to revision; see note 4 "acquisition accounting and impairment test" for further information.

Interim report 4th quarter 2013

EAM Solar ASA is a listed investment company on the Oslo Stock Exchange under the ticker EAM. The Company's business is to own solar photovoltaic power plants and sell the produced electricity under long-term fixed price sales contracts. Initial geographical focus is Italy where the company owns four power plants in the Friuli and Piemonte regions in Northern Italy. Energeia Asset Management AS manages EAM Solar ASA under a long-term management agreement.

Operational review and outlook

Operations

Power production & performance

The quarterly power production of 1,31 GWh was 1,6% above norm level, resulting in an annual power production of 7,44 GWh, 3,8% above the historical norm levels. Based on current asset base of 6,6 MW capacity, EAM has an annual power production of approximately 9,2 GWh.

The 4th quarter production typically represents about 14% of annual production.

Solar irradiation in northern Italy was very poor in Q1, at normal levels in Q2 and Q4 and very good in Q3.

Commercial availability of the power plants was 99,4% in the 4th quarter as well as for the full year 2013.

Market price development

The market price of electricity in Italy has dropped from a level of EUR 75 to 85 per MWh in 2011 and 2012 to a level of EUR 55 to 65 per MWh in 2013.

Achieved market price for the plants above 1MW in 2013 (Varmo & Codroipo) was approximately EUR 60 per MWh against a budget of EUR 65 per MWh. The Momo & Caltignaga plants are both below 1MW in size and has therefore benefitted from the minimum guaranteed RID price (market price) offered by the GSE in 2013 of approximately EUR 80 per MWh.

In the 4th quarter Italian regulatory authorities proposed a reduction in the minimum guaranteed RID price for Solar PV power plants (SPP's) below 1MW from EUR 80 per MWh to EUR 38,5 per MWh for 2014, effectively exposing the sub 1MW SPP's to the same market conditions as larger power plants. Subsequent this decision, there was issued another proposal to abandon

the minimum guaranteed RID price mechanism altogether.

The effect for EAM and all SPP's in Italy under FIT contracts with a market price element in its earnings structure is that the future market price revenues will be exposed to the general market price development in the wholesale electricity market in Italy.

EAM assumes in its budgets and in its acquisition appraisals that the long-term electricity price in Italy will remain at a low level in the range EUR 50 to 60 per MWh going forward.

Acquisitions

The P31 portfolio acquisition

On the 31st of December 2013 EAM signed a conditional Share Purchase Agreement (SPA) with Aveleos S.A. of Luxembourg for the acquisition of a portfolio consisting of 31 power plants in southern Italy with a combined capacity of 30 MW and an annual electricity production capacity of approximately 44 GWh.

The enterprise value of the acquisition is in the range of EUR 114m to 107m depending on the outcome of the final due diligence and the P31 portfolio obtaining certain revenue and production targets in 2014. Final settlement of all acquisition price adjustments will be concluded in 2015.

The P31 portfolio has an existing debt financing of EUR 73.4m, at the financial take-over date the 1st of January 2013, in a combination of leasing and non-recourse project finance. The equity payment for the shares in the P31 portfolio companies will consequently be in the range EUR 41m to 34m.

The portfolio will contribute with annual sales of approximately EUR 16m and an annual EBITDA in the range EUR 12 to 14m.

EAM Solar ASA conducted a private placement of EUR 26,2m in January. Through the proceeds from the equity issue, available cash resources in the company and a committed credit facility of EUR 6 million, EAM has secured the funding required to complete the Acquisition. The Acquisition is expected to close during the 1st quarter 2014.

Dividends

In addition to performing good acquisitions and good operations, EAM's main focus is to secure a continuous dividend distribution to the shareholders.

Based the Company by-laws, recent change in Norwegian company law, and the decision made by the Company's extraordinary general meeting the 17th of December 2013, the Board of Directors in EAM will distribute dividends on a quarterly basis in 2014.

Dividends will be distributed in April, July, October and December. The quarterly dividend will be based on an assessment of the short-term liquidity development and in accordance with the intention as stated in Company's by-laws article 11.

Debt financing

The market for non-recourse project financing to renewable energy in Italy has been inactive the last years. The project finance market is in its early phase of re-opening. EAM is currently in discussions with banks regarding leveraging the current equity financed portfolio.

EAM will enter into debt financing of the existing portfolio if the terms and conditions offered are deemed beneficial for the shareholders.

EAM's overall target gearing level is approximately a 60% to 65% debt level.

Subsequent events

EAM Solar ASA raised EUR 26,2m in gross proceeds through a private placement where 2,750,000 new shares were issued at a price of EUR 9.56 per share. The private placement was finalized on the 17th of January 2014.

Further information about the equity issue and the acquisition may be seen in the private placement prospectus published on the Company's website.

Outlook

Closing of the P31 portfolio

The financial closing of the P31 portfolio acquisition is anticipated conducted before the end of the 1st quarter 2014. According to the SPA, the final closing date is the end of April 2014, however, the parties may agree to prolong the closing period if deemed necessary

There is a possibility to start a partial closing when a minimum of 20 SPP's is cleared, i.e. all conditions precedent to closing of the transaction has been met.

In conjunction with the closing of the acquisition and subsequent increased scope of EAM's business in Italy, Energeia Asset Management AS will establish an operational office in Italy during the first half 2014 as part of the organisation to manage the day-to-day operation of EAM Solar ASA's power plants in Italy.

Further acquisitions

The management company, Energeia Asset Management, is in continuous discussions and assessments with further portfolios of PV power plants, mainly in Italy.

At current, the pipeline of projects that may be relevant to consider for acquisitions is in the range of 500 to 1,000 MW in total.

However, the main focus for EAM Solar ASA for the 1st half 2014 is to finalize the closing and operational take-over of the P31 portfolio, and to execute the company's dividend policy.

Financial review

Income Statement

Revenues

Full year revenues came in at EUR 3.1m while 4th quarter revenues were EUR 493k, representing 16% of annual revenues. Full year revenues from FIT contracts were EUR 2.57m and EUR 449k from the market sale of electricity (RID), equal to 14% of revenues.

Achieved average electricity price for the year was EUR 417 per MWh against EUR 434 per MWh in 2012, representing a 3,7% reduction. The main reasons for the reduction in achieved electricity price was the reduction in the RID price of 32% from EUR 88 per MWh to EUR 60.5 per MWh, and the fact that the Momo & Caltignaga SPP's has a FIT of EUR 245 per MWh against Varmo and Codroipo that has EUR 346 per MWh.

Operational cost

Cost of operations came in at EUR 360k, an increase of EUR 101k, mainly due to Codroipo being included for the full year 2013 and the addition of the Momo & Caltignaga plants from the 27th of September 2013.

SG&A costs came in at EUR 1,095k in 2013 against EUR 1,113k in 2012. The paid IMU tax increased due to more operations, and adjusted for this the total SG&A costs was reduced by 90k in 2013 from 2012 levels.

Based on the closing of the P31 portfolio the Company expects the relative SG&A cost level per SPP to be decreased significantly due to economies of scale going forward.

Operational earnings

Full year EBITDA came in at EUR 933k, adjusted for expensed costs related to the IPO in March and the M&T acquisition EBITDA from operations came in at EUR 1,65m.

The 4th quarter delivered a LBITDA of EUR 240m, of which EUR 198m was related to acquisition and transaction costs. The 4th quarter is the weakest earnings quarter since most costs are fixed while revenues in the

quarter is only 14% of annual revenues. The result where in line with company expectations.

Net financial items

Following the down payment of the short-term loan in March, EAM does not have any debt financing. Consequently net finance is mainly affected by the fluctuations in the NOK/EUR currency exchange rate.

Due to the weakening of the NOK against the EUR in 2013 EAM had a non-cash currency gain of EUR 2.67m.

Profit before tax and net income after tax

Profit before tax and net profit was greatly affected by one main event apart from the currency exchange gain and that was the gain on bargain purchase of EUR 2.43m following the M&T acquisition. The gain stems from the positive difference between the book value of the assets and the acquisition price of the company.

The result was a full year net income of EUR 4.57m representing earnings per share of EUR 1,97.

Cash Flow and Balance Sheet Statements

Cash Flow

Cash flow operations for the full year 2013 came in at EUR 2.97m, investments of EUR 3.5m and net cash from financing of EUR 6.7m, has increased to cash at hand by EUR 4.1m through the year to EUR 4.87m. In addition the company distributed its first dividend in August of EUR 1.5m, equivalent to EUR 0.6 per share.

Balance Sheet

Total assets stands at EUR 30.4m 100% financed by equity. Net working capital (excluding cash) was positive with EUR 700k at year-end.

Oslo 11th of February 2014

Ragnhild Wiborg
Director

Paal E Johnsen
Chairman

Marthe Hoff
Director

Viktor E Jakobsen
Executive Director

Audun Wickstrand Iversen
CEO

Condensed consolidated interim financial information

Interim condensed statement of comprehensive income

<i>(EUR)</i>	5	Unaudited	Unaudited	Unaudited	Audited	Audited
	Note	Q4 2013	Q4 2012	2013	2012	2011
Revenues	6,8,13	493 624	473 946	3 106 067	3 106 472	340 075
Cost of operations	12	-128 423	-60 567	-360 697	-259 260	-25 230
Sales, general and administration expenses	12	-406 917	-478 968	-1 095 898	-1 133 138	-342 639
Acquisition and transaction costs	12	-198 647	23 359	-716 074	-907 671	-1 122 832
EBITDA		-240 364	-42 230	933 398	806 403	-1 150 626
Depreciation, amortizations and write downs	9	-306 645	-292 896	-1 188 506	-1 036 269	-148 012
Gain on bargain purchase	10	136	0	2 430 468	2 668 237	0
EBIT		-546 872	-335 126	2 175 361	2 438 371	-1 298 638
Finance income		755 500	695	2 753 691	4 711	86 740
Finance costs		-5 560	-496 235	-214 692	-1 853 042	-128 021
Profit before tax		203 067	-830 666	4 714 360	590 040	-1 339 919
Income tax gain/(expense)		-34 225	-720	-139 875	-61 171	355 330
Profit after tax		168 843	-831 386	4 574 486	528 869	-984 589
Other comprehensive income						
Translation differences		-750 684	55 087	-2 711 138	812 044	236 114
Other comprehensive income net of tax		-750 684	55 087	-2 711 138	812 044	236 114
Total comprehensive income		-581 842	-776 299	1 863 348	1 340 913	-748 475
Profit for the year attributable to:						
Equity holders of the parent company		168 843	-831 386	4 574 486	528 869	-984 589
Non-controlling interests		0	0	0	0	0
Equity holders of the parent company		168 843	-831 386	4 574 486	528 869	-984 589
Total comprehensive income attributable to:						
Equity holders of the parent company		-581 842	-776 299	1 863 348	1 340 913	-748 475
Non-controlling interests		0	0	0	0	0
Equity holders of the parent company		-581 842	-776 299	1 863 348	1 340 913	-748 475
Earnings per share:						
Continued operation						
- Basic		0,07	-0,69	1,97	0,44	-1,15
- Diluted		0,07	-0,69	1,97	0,44	-1,15

The interim financial statement information has not been subject to audit or review. Basic and diluted number of shares in the 4th quarter 2013 is 2,320,000, basic number of shares in 2013 is 2,071,452, and the basic and diluted number of shares in 2011 and 2012 is 1,200,000.

Consolidated condensed statement of financial position

(EUR)	Note	Unaudited 2013	Audited 2012	Audited 2011
ASSETS				
Property, plant and equipment	9	23 809 008	19 533 095	6 563 352
Other long term assets		339 525	338 210	355 330
Non-current assets		24 148 533	19 871 305	6 918 682
Receivables		1 280 616	950 882	429 266
Other current assets		77 723	598 551	209 770
Cash and short term deposits	11	4 876 718	713 730	8 000 351
Current assets		6 235 057	2 263 163	8 639 387
TOTAL ASSETS		30 383 590	22 134 468	15 558 069
EQUITY AND LIABILITIES				
Issued capital		2 859 256	1 523 423	1 523 423
Share premium		0	13 400 695	13 400 695
Paid in capital		2 859 256	14 924 118	14 924 118
Translation differences		-1 662 980	1 048 158	236 114
Other equity		28 527 431	-455 720	-984 589
Other equity		26 864 451	592 438	-748 475
Total equity		29 723 707	15 516 556	14 175 643
Total non-current liabilities		0	0	0
Trade payables		327 881	1 004 610	590 729
Income tax payable		330 315	164 106	175 591
Short term loan - interest bearing		0	5 420 265	0
Other current liabilities		1 688	28 931	616 106
Total current liabilities		659 883	6 617 912	1 382 426
Total liabilities		659 883	6 617 912	1 382 426
TOTAL EQUITY AND LIABILITIES		30 383 590	22 134 468	15 558 069

Oslo, 11th of February 2014

Board of Directors

Consolidated condensed statement of changes in equity

<i>(EUR)</i>	Share capital	Share premium fund	Retained earnings	Currency translation reserve	Total equity
Equity as at 5 January 2011 (date of incorporation)	12 838	0	0	0	12 838
Capital decrease 14.04.2011	-12 838	0			-12 838
Capital increase 14.04.2011	1 523 423	13 710 804			15 234 227
Costs related to capital increase		-310 109			-310 109
Profit (loss) after tax			-984 589		-984 589
Other comprehensive income				236 114	236 114
Equity as of 31 December 2011	1 523 423	13 400 695	-984 589	236 114	14 175 643
Equity as at 1 January 2012	1 523 423	13 400 695	-984 589	236 114	14 175 643
Profit (loss) After tax			528 869		528 869
Other comprehensive income				812 044	812 044
Equity as of 31 December 2012	1 523 423	13 400 695	-455 720	1 048 158	15 516 556
Equity as at 1 January 2013	1 523 423	13 400 695	-455 720	1 048 158	15 516 556
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
Dividends or distribution to shareholders		-1 484 705			-1 484 705
Profit (loss) After tax			4 574 486		4 574 486
Other comprehensive income				-2 711 138	-2 711 138
Equity as of 31 December 2013	2 859 256	24 408 666	4 118 766	-1 662 980	29 723 707

Consolidated condensed cash flow statement

<i>(EUR)</i>	Note	Unaudited Q4 2013	Unaudited Q4 2012	Unaudited 2013	Audited 2012	Audited 2011
Ordinary profit before tax		203 067	-830 666	4 714 360	590 040	-1 339 919
Paid income taxes		0	-727 658	-159 310	-727 658	0
Depreciation		306 645	292 896	1 188 506	1 036 269	148 012
Gain on bargain purchase		-136	0	-2 430 468	-2 668 237	0
Changes in trade receivables and trade payable		104 240	1 486 185	-1 006 463	130 944	861 238
Changes in other accruals		56 845	251 490	659 794	-390 824	188 526
Cash flow from operations		670 661	472 247	2 966 418	-2 029 466	-142 143
Purchase of property, plant and equipment		0	-73 685	-66 240	-73 685	0
Acquisition of subsidiary, net of cash acquired		0	-710 982	-3 518 720	-11 696 898	-6 933 426
Cash flow from investments		0	-784 667	-3 584 960	-11 770 583	-6 933 426
Proceeds from issue of share capital		0	0	13 770 205	0	14 924 118
Dividends or shareholder distributions		0	0	-1 484 705	0	0
Proceeds from new loans		0	0	0	6 106 249	0
Repayment of loans		0	-685 984	-5 512 476	-685 984	0
Cash flow from financing		0	-685 984	6 773 024	5 420 265	14 924 118
Cash at beginning of period		4 102 078	1 375 928	713 730	8 000 351	0
Net currency translation effect		-48 290	336 206	-674 828	1 093 163	151 802
Net increase/(decrease) in cash and cash equivalents		622 372	-662 198	5 479 654	-7 286 621	8 000 351
Cash at end of period		4 876 718	713 730	4 876 718	713 730	8 000 351

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 company, incorporated and domiciled in Norway. The registered office of EAM Solar ASA is Dronningen 1, N-0287 Oslo, Norway. The Company was founded the 5th of 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 four photovoltaic power plants in Italy. The company has three subsidiaries in Italy and 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.

This interim condensed consolidated financial statement for the 4th quarter and full year 2013 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 2012.

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 31st of December 2012. Standards and interpretations as mentioned in the Group's Annual Report 2012 Note 1 and effective from the 1st of 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 2013.

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.

Following the IPO of the Company in March 2013, the Company is currently debt free. However, as financial markets seems to improve, the Company will seek to increase its acquisition capacity by assuming debt on the currently 100% equity financed power plants.

Market risk

The period from 2011 to 2013 represented a period of significant challenge to the photovoltaic industry. Solar PV module sales prices dropped by 75%, and construction costs of a SPP in Europe dropped by 60% to 75%.

Renewable energy incentives through subsidized electricity sales price contracts for new power plants were in the same period reduced in Europe.

After a two-year period of deteriorating profitability and financial restructuring, the Solar PV manufacturing industry now seems to return to profitable operations. The global PV market is expected to grow significantly in 2014 to a level of 40 to 45 GW of new installed capacity. However, most of this growth will not be in Europe but mainly in Asia and the US.

The European financial crisis and Basel III funding requirements has reduced European banks possibilities to secure funding for long-term project finance, which has limited the financing of solar power plants in Europe from August 2011. Although the project financing showed signs of reopening in 2013 the recovery of a normalized bank financing market is still not in place.

This has affected EAM Solar, although the outcome is positive so far through the acquisition of power plants of

high quality and with a price significantly below market terms as seen in 2011 and 2012.

In Italy the main incentive program expired in 2013, which most probably will reduce the volume of new built solar power plants the next couple of years. As Solar PV power plants have become cheaper, Italian authorities expect 1 – 2 GW of new capacity to be installed annually without subsidies.

The secondary market is strong, especially in Italy, with a steady availability of projects that have been in operation for 1 – 3 years. Sellers are mainly EPC companies and financial investors.

With financial stress upstream in the PV industry, equipment warranties is considered to be less valuable in the future as we expect most equipment manufacturers to disappear in the coming year. EAM Solar ASA's strategy in light of this development is to back product warranties with appropriate insurance policies, as has been implemented on the power plants owned and operated by EAM Solar.

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

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

Note 2 – Currency exposure

Almost all of EAM's activity is in EUR. Some of the cost base is in NOK and the effective currency for the mother company is NOK.

Due to the weakening of the Norwegian krone against the Euro, EAM has booked a non-realized currency exchange gain in 2013 of EUR 2,6m.

Note 3 - Tax

The subsidiaries are mainly financed through intercompany loans granted by the Mother Company. 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.

Note 4 – Acquisition accounting and impairment test

EAM Solar ASA has as its core business to acquire and operate solar PV power plants (SPP's). Acquisitions are either conducted by acquiring companies that owns SPP's, 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 3rd 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 decided to evaluate this accounting practise in conjunction with the full year 2013 audit.

A decision on any changes to the company's current accounting practise in this matter will be implemented in conjunction with the auditing of the full year 2013 accounts. Arguments that goes in favour of the current accounting practise is that the balance sheet represents a more fair representation of the underlying value of the company, this is particularly the case with SPP's under long term power purchase contracts.

Furthermore, on the basis of these deliberations, the Board of Directors have decided to implement as a standard practise in conjunction with the finalization and audit of the full year accounts to conduct impairment tests of all the company's SPP's on a continuous basis.

The Annual report will identify the results of the annual impairment test conducted in accordance with International Accounting Standards no.36. EAM's impairment test entails a complete valuation of each individual power plant asset.

Note 5 - List of subsidiaries

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

Company	Country of incorporation	Main operation	Ownership
EAM Solar Italy Holding Srl	Italy	Holding company	100%
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%

Note 6 - Segment information

EAM Solar Italy 1 Srl	2013	2012
Revenues from external customers	956 336	1 091 419
EBITDA	574 406	495 376
EBIT	188 343	111 723
Investments	48 080	30 850
Non-current assets	6 118 763	6 589 469
EAM Solar Italy 2 Srl	2013	2012
Revenues from external customers	2 045 145	2 015 052
EBITDA	1 233 948	769 240
EBIT	447 184	2 784 861
Investments	44 160	13 975 162
Non-current assets	12 605 813	13 655 688
EAM Solar Italy 3 Srl	2013	2012
Revenues from external customers	104 586	0
EBITDA	-273 513	0
EBIT	2 141 278	0
Investments	3 555 396	0
Non-current assets	5 423 957	0
Other & eliminations	2013	2012
Revenues from external customers	0	1
EBITDA	-601 444	-458 213
EBIT	-601 444	-458 213
Investments	-62 676	0
Non-current assets	0	0
Total	2013	2012
Revenues from external customers	3 106 067	3 106 472
EBITDA	933 398	806 403
EBIT	2 175 361	2 438 371
Investments	3 584 960	14 006 012
Non-current assets	24 148 533	20 245 157

EAM Solar ASA owns, through three 100% owned Italian subsidiaries, four solar power plants in Italy.

EAM Italy 1 Srl owns the Varmo power plant, EAM Italy 2 Srl the Codroipo power plant, and EAM Solar Italy 3 Srl owns, through the 100% acquired company M&T Solare Srl, the Momo and Caltignaga power plants.

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

Note 7 - Transactions with related parties

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

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

According to the Management Agreement, the Energieia 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 Energieia group receives 12,5% of the Groups pre-tax profit as royalty from EAM Solar ASA – the financial participation mechanism. The royalty is based on the fact EAM Solar is developed, created and managed by Energieia Asset Management AS. The royalty structure aligns the interests of the Energieia group with the interests of the shareholders of EAM Solar ASA.

Direct cost charged by the Energieia group according to the Management Agreement amounts to EUR 644k in 2013. Royalty for 2013 is preliminary assessed to EUR 75k for 2013 (see 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.

Note 8 – Information on major customers

Of the groups' revenues of EUR 3,106,067 in 2013, EUR 3,024,197 came from sale of electrical power.

The sale of electricity is mostly (85%) conducted through long-term electricity sales contracts (the FIT contracts), and the rest is 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 Ministry of Economy and Finance. For further information about GSE visit the following web page: 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 4th quarter 2013 the tax depreciation period for SPP's 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)

2013	Power plants
Carrying value 1 January 2013	19 533 095
Additions	4 906 622
Depreciation	-1 188 506
Carrying value 31 December 2013	23 251 211
2012	Power plants
Carrying value 1 January 2012	6 563 352
Additions	14 006 012
Depreciation	-1 036 269
Carrying value 31 December 2012	19 533 095

Note 10 - Cash and cash equivalents

(EUR)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Unrestricted cash Norway	225 149	725	860 075	249 256	9 860 020	7 507 109	1 746 242	1 450 480
Unrestricted cash Italy	1 448 391	756 072	254 943	203 564	588 323	659 126	2 105 870	3 176 028
Restricted cash Italy	260 910	260 910	260 910	260 910	260 885	250 208	250 208	250 208
Cash	1 934 449	1 017 707	1 375 927	713 730	10 709 227	8 416 443	4 102 320	4 876 716

The group has no credit facilities at the end of the 4th quarter 2013.

Note 11 – Detailed operational cost overview

(EUR)	EAM Solar ASA	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	Other & Eliminations
Revenues	3 106 067	956 336	2 045 145	104 586	0
Cost of operations	-360 697	-103 753	-227 937	-27 119	-1 888
Land rent	-118 327	-35 305	-83 022	0	0
Insurance	-78 131	-15 403	-57 157	-3 684	-1 888
Operation & Maintenance	-137 787	-45 461	-74 252	-18 074	0
Other operations costs	-26 453	-7 585	-13 506	-5 362	0
Sales, General & Administration	-1 095 898	-275 707	-593 350	-58 436	-139 126
Commercial management	-55 544	-18 619	-36 925	0	0
Accounting, audit & legal fees	-173 848	-26 018	-37 891	-14 661	-95 277
IMU tax	-125 737	-35 763	-64 364	-25 610	0
EAM SPM direct costs	-643 769	-141 971	-302 635	-39 444	-159 719
EAM SPM management service contract	-75 095	-9 000	-30 000	-8 000	-28 095
Other administrative costs	-21 905	-44 336	-121 534	0	143 965
Acquisition & financing cost	-716 074	-2 470	10 090	-292 543	-431 151
Acquisition transaction costs	-299 855	0	0	-292 543	-7 313
Funding & IPO costs	-423 838	0	0	0	-423 838
Other non-recurring items	7 620	-2 470	10 090	0	0
EBITDA	933 398	574 406	1 233 948	-273 513	-572 165

The costs under other & eliminations are mostly costs in the Norwegian mother company.

Note 12 – 2 year quarterly P&L overview

(EURm)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Production (GWh)	1,176	2,484	2,574	0,931	1,102	2,335	2,692	1,310
% of annual production	16%	35%	36%	13%	15%	31%	36%	18%
Revenues	0,501	1,047	1,085	0,474	0,496	0,986	1,131	0,494
Total operating costs	-0,550	-0,789	-0,448	-0,516	-0,689	-0,318	-0,431	-0,734
Operations costs	-0,061	-0,080	-0,064	-0,061	-0,081	-0,083	-0,068	-0,128
SG&A costs	-0,193	-0,202	-0,255	-0,479	-0,281	-0,173	-0,234	-0,407
A&T costs	-0,295	-0,507	-0,129	0,023	-0,327	-0,062	-0,129	-0,199
EBITDA	-0,049	0,258	0,637	-0,042	-0,193	0,667	0,700	-0,240
EBITDA margin	-10%	25%	59%	-9%	-39%	68%	62%	-49%
Depreciation	-0,161	-0,291	-0,292	-0,293	-0,345	-0,241	-0,295	-0,307
Gain on bargain purchase	2,668	0,000	0,000	0,000	0,000	0,000	2,422	0,000
EBIT	2,458	-0,033	0,345	-0,335	-0,538	0,426	2,826	-0,547
Financial income	0,000	0,027	0,003	0,001	0,333	0,999	0,666	0,756
Financial costs	-0,313	-0,413	-0,658	-0,496	-0,158	-0,003	-0,049	-0,006
Profit before tax	2,145	-0,419	-0,310	-0,831	-0,362	1,422	3,444	0,203

Note 13 – Power production

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

Power plant	Capacity kW	Production MWh (*)	Location Province	Type
Codroipo	3 128	4 623	Udine	Dual axis tracker
Varmo	1 521	2 298	Udine	Dual axis tracker
Momo	994	1 133	Piemonte	Fixed tilt
Caltignaga	992	1 120	Piemonte	Fixed tilt
Total	6 635	9 173		

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

Reported power production	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY2013	FY2012
Codroipo	750	1 550	1 798	707	576	1 673	1 701	645	4 806	4 595
Varmo	352	785	862	315	600	811	873	286	2 315	2 571
Momo	0	0	16	143	0	0	0	0	159	0
Caltignaga	0	0	15	144	0	0	0	0	160	0
Total	1 102	2 335	2 692	1 310	1 176	2 484	2 574	931	7 439	7 166

Actual power production	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY2013	FY2012
Codroipo	750	1 550	1 798	707	1 218	1 673	1 701	645	4 806	5 238
Varmo	352	785	862	315	600	811	873	286	2 315	2 571
Momo	0	0	460	143	0	0	0	0	603	0
Caltignaga	0	0	439	144	0	0	0	0	583	0
Total	1 102	2 335	3 559	1 310	1 818	2 484	2 575	931	8 307	7 808

Varmo commenced commercial operations in December 2010, Codroipo in May 2011, and Momo and Caltignaga since September 2011. All power plants are on 20-year fixed price electricity sales contracts with the GSE in Italy. Varmo and Codroipo receive a fixed price (FIT) of EUR 346 per MWh delivered and Momo and Caltignaga receives a fixed price of EUR 245 per MWh. In addition all power plants receives a market-determined price (RID-price). The market price for electricity in Italy has dropped from a level of approximately EUR 80 per MWh to EUR 60 per MWh the past 12 months.

All power plants are included in the financial report from the time of the financial close. Varmo since September 2011, Codroipo since March 2012, and Momo and Caltignaga from the 27th of September 2013. However, the financial ownership of the power plants took place earlier. EAM Solar ASA assumed ownership of Varmo and Codroipo the 1st of September 2011 and Momo and Caltignaga the 1st of July 2013.

The power plants are located on the North of Italy, and production follows the seasonality of solar irradiation, implying that about 19% of annual power production is in Q1, 32% in Q2, 35% in Q3 and 14% in Q4.

Electricity production in the Q4 2013 was 1,6 % higher than budget (based on historic average irradiation), which is within normal weather variations.

Electricity production FY 2013 was 3,8 % above budget (including Momo and Caltignaga from the 1st of July).

Technical status for the power plants in the 4th quarter was good with no significant disruptions recorded, resulting in commercial availability of 99,4% in the 4th quarter and 99,4% year to date. The Momo plant was disconnected for two days in the end of the quarter due to a transformer related error.

EAM assumed operational control of Momo and Caltignaga the 27th of September. Both plants had a somewhat lower commercial availability due to inefficiently scheduled maintenance, but the overall commercial availability in the quarter is estimated to be 99,1%, which is deemed to be good.

The power plants have operated as planned. No external disturbances (i.e. grid instability) have been experienced.

Fourth quarter 2013

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