

Financial report

eam

Q2
2014

EAM Solar ASA

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Highlights in the 2nd quarter 2014

Main activity in the second quarter was the finalization of the negotiations and due diligence of the P31 portfolio. The final agreements for the purchase were signed on the 26th of June.

- Q2 power production was 3,28 GWh, 7% above seasonal average, bringing first half year production to 4,8 GWh equivalent to 2% above normal for the period (excluding P31 power plants).
- Reported EBITDA in the quarter was EUR 468k, adjusted for P31 acquisition costs, EBITDA was EUR 861k. Slightly higher cost of operations in the quarter is related to maintenance and larger scope of operations.
- EAM published a Stock exchange notice on Monday the 28th of July commenting on subsequent events relating to the P31 portfolio acquisition, these events are also commented in more detail in this report.

Key figures

<i>(EUR 000')</i>	Unaudited Q2 2014	Unaudited Q2 2013	Unaudited H1 2014	Unaudited H1 2013	Audited 2013	Audited 2012
Revenues	1 380	986	1 972	1 482	3 110	3 106
Cost of operations	-204	-83	-320	-165	-360	-259
Sales, general and administration expenses	-315	-173	-575	-455	-1 021	-1 133
Acquisition and transaction costs	-393	-62	-951	-389	-512	-908
EBITDA	468	667	126	474	1 216	806
Depreciation, amortizations and write downs	-360	-241	-721	-586	-1 240	-1 036
Gain on bargain purchase	0	0	0	0	2 244	2 668
EBIT	108	426	-594	-112	2 220	2 438
Net financial items	124	996	-91	1 172	2 538	-1 848
Profit before tax	232	1 422	-686	1 059	4 758	590
Income tax gain/(expense)	-25	-77	252	-41	-106	-61
Net income	206	1 344	-434	1 018	4 652	529
Earnings per share (fully diluted):	0,04	0,58	-0,09	0,58	2,01	0,44
Distribution to shareholders per share	0,36	0,00	0,36	0,00	0,60	0,00
Dividend yield	3,6 %	0,0 %	3,6 %	0,0 %	6,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	2,32	5,07	2,32	2,32	1,20
EBITDA adjusted	861	729	1 077	863	1 729	1 714
EBIT adjusted	501	488	356	276	489	678
Net income adjusted	392	419	448	419	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 2nd quarter 2014

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 produced electricity under long-term fixed price sales contracts. 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 3,28 GWh was 7% above norm level due to good solar irradiation conditions in the quarter. The total production for H1 2014 was 4,8 GWh, equivalent to 2% above normal for the period (excluding the P31 power plants).

Market price development

Around 14% of the total revenue in Q2 2014 came from variable market contracts (RiD).

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. The market price in the 2nd quarter was EUR 52,3 per MWh in average and is expected to stay at these levels in Q3.

EAM assumes in its budgets and in its acquisition appraisals that the long-term electricity price in Italy will remain at a level in the range EUR 50 to 60 per MWh going forward and has adjusted valuation of acquisition targets accordingly and not reduced the required capital return ratios.

EAM use from time to time to 12mths fixed contracts for market electricity sales.

P31 portfolio closing

On the 31st of December 2013 EAM signed a conditional Share Purchase Agreement (SPA) with Aveleos S.A., a subsidiary of Enovos Luxembourg S.A., 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 107m to 114m depending on the outcome of the final certain revenue and production targets in 2014 as well as changes to the FIT contracts. Final settlement of all

acquisition price adjustments will be concluded in Q1 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 25m to 41m.

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

The finalization of the due diligence and renegotiations of certain elements in the purchase agreement resulted in a longer closing period than originally anticipated.

The parties signed the final addendums to the share purchase agreement on the 26th of June and executed a partial transfer of the target companies on the 15th of July. In conjunction with the partial closing EAM transferred EUR 30m to Aveleos S.A. in Luxembourg as the first payment of the power plants. The acquired SPV's had approximately EUR 6m in restricted and unrestricted cash at the transfer date.

On the 25th of July EAM received news from our banks and through EAM's monitoring of the GSE portal that certain measures was taken by Italian Authorities against the purchased SPV's on the 25th of July in relation to an ongoing investigation by the court of Milan (see subsequent events for further information).

Dividends

EAM paid EUR 0,36 in dividend in the 2nd quarter according to company dividend policy.

Based on the closing of the P31 Portfolio acquisition, EAM expected to pay dividends following this quarterly report, however, due to the situation as described in the

subsequent paragraph no dividend has been decided at the publication of this report.

Debt financing

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

EAM has started discussions with several banks active in the Italian PV plant market on debt financing of the existing portfolio, but no conclusion was achieved prior to the end of the quarter. Indicated pricing of project financing debt is in the range 6,5% to 7% all-inclusive for a fixed interest 15-year duration loan.

EAM's overall target gearing level is approximately a 60% to 65% debt level and we will continue the current debt financing discussions with primarily Italian banks in the 3rd quarter.

Subsequent Events

On the 28th of July 2014 EAM notified the market that EAM Solar ASA had been made aware of an investigation by the public prosecutors' office in Milan against employees of the P31 portfolio seller's owners through media.

EAM Solar ASA was notified informally by the P31 banks that they had received an order by the court of Milan to restrict accounts where certain of the prosecuted individuals where registered.

At the date of this report EAM Solar and its Italian daughter companies have still not received a copy of this order, any documentation or any further information with regards to this action. EAM has started a dialogue with the relevant authorities in order to receive this documentation.

EAM Solar discovered on its own initiative that according to the online portal of the GSE, the Italian governmental agency responsible for the Feed-in Tariff (FIT) contracts, the contractual status of the FIT contracts for certain of the power plants acquired as part of the P31 portfolio has changed from active to suspended late on Friday the 25th of July.

EAM Solar has not received any notification or information from the GSE concerning any suspension or change in status of any of the FIT contracts. We have sent a formal request according to normal procedures in order to obtain the necessary information.

EAM has initiated all necessary formal actions in order to receive all appropriate information from the relevant authorities and will revert to the market with more precise information when this is received.

To the extent any of the actions from the public prosecutors office in Milan should have any harmful impact on our acquisition, EAM Solar ASA believes that it should be sufficiently covered by the legal commitments in the acquisition agreements and the guarantees issued in relation to the acquisition.

Financial review

Income Statement

Revenues

2nd quarter revenues came in at EUR 1,380k and first half revenues came in at 1,972k.

Achieved average electricity price for the quarter was EUR 420 per MWh against EUR 422 per MWh in 2nd quarter 2013. The main reasons for the reduction in achieved electricity price is due to 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. In addition, a reduction in the RID price of 22% from EUR 67 per MWh to EUR 52 per MWh in the 2nd quarter.

Operational cost

Cost of operations first half came in at EUR 320k, an increase of EUR 155k, partly due to the inclusion of the Momo & Caltignaga plants but also due to maintenance work in the 2nd quarter.

SG&A costs came in at EUR 575k in the first half 2014 against EUR 454k in 2013.

Acquisition and financing costs in the first half amounted to EUR 950k of which 886k is related to the due diligence and transaction costs of the P31 acquisition.

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

First half 2014 EBITDA came in at EUR 126k, 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 1,077k.

Net financial items

Net finance is mainly affected by the fluctuations in the NOK/EUR currency exchange rate. In the last days of the 2nd quarter EAM made a drawdown on the P31 acquisition financing facility of EUR 7,6m.

Profit before tax and net income after tax

The result for the 2nd quarter was a profit EUR 206k and the first half a loss of EUR 433k representing loss per share of EUR 0,09 in the first half 2014.

Cash Flow and Balance Sheet Statements

Cash Flow

Cash flow operations for the first half came in at EUR 773k. Investment of EUR 217k is related to the final payment for the Momo and Caltignaga acquisition.

Cash flow from financing was in total EUR 30,9m of which the net proceeds from the private placement in January was EUR 25,1m, dividend payment of EUR 1,868k and P31 acquisition financing of EUR 7,6m.

Cash at hand for the Company is by the end of the quarter EUR 34,7m.

Balance Sheet

Total assets stands at EUR 61m 85% financed by equity. Net working capital (excluding cash) was EUR 1,017k at end of June.

Oslo 4th of August 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>	Note	Unaudited H1 2014	Unaudited H1 2013	Audited 2013	Audited 2012
Revenues	6,8,13	1 972 334	1 481 916	3 109 548	3 106 472
Cost of operations	12	-320 018	-164 618	-360 210	-259 260
Sales, general and administration expenses	12	-575 226	-454 508	-1 020 720	-1 133 138
Acquisition and transaction costs	12	-950 619	-388 662	-512 385	-907 671
EBITDA		126 470	474 128	1 216 233	806 403
Depreciation, amortizations and write downs	9	-720 818	-586 414	-1 240 020	-1 036 269
Gain on bargain purchase		0	0	2 243 510	2 668 237
EBIT		-594 348	-112 286	2 219 723	2 438 371
Finance income		1 343 000	1 331 870	2 753 421	4 711
Finance costs		-1 434 488	-160 270	-215 308	-1 853 042
Profit before tax		-685 835	1 059 314	4 757 837	590 040
Income tax gain/(expense)		251 958	-41 200	-106 093	-61 171
Profit after tax		-433 877	1 018 114	4 651 744	528 869
Other comprehensive income					
Translation differences		-305 796	-460 958	-3 138 155	812 044
Other comprehensive income net of tax		-305 796	-460 958	-3 138 155	812 044
Total comprehensive income		-739 673	557 156	1 513 589	1 340 913
Profit for the year attributable to:					
Equity holders of the parent company		-433 877	1 018 113	4 651 744	528 869
Non-controlling interests		0	0	0	0
Equity holders of the parent company		-433 877	1 018 113	4 651 744	528 869
Total comprehensive income attributable to:					
Equity holders of the parent company		-739 673	557 155	1 513 589	1 340 913
Non-controlling interests		0	0	0	0
Equity holders of the parent company		-739 673	557 155	1 513 589	1 340 913
Earnings per share:					
Continued operation					
- Basic		-0,09	0,58	2,23	0,44
- Diluted		-0,09	0,44	1,98	0,44

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the 2nd 2014 is 5,070,000.

Consolidated condensed statement of financial position

(EUR)	Note	Unaudited H1'2014	Unaudited H1'2013	Audited 2013	Audited 2012
ASSETS					
Property, plant and equipment	9	22 781 776	19 012 921	23 721 735	19 533 095
Other long term assets		1 199 385	358 834	422 867	338 210
Non-current assets		23 981 161	19 371 755	24 144 602	19 871 305
Receivables		2 295 713	973 238	802 046	950 882
Other current assets		27 769	760 903	77 723	598 551
Cash and short term deposits	10	34 719 044	8 416 445	4 861 406	713 730
Current assets		37 042 525	10 150 586	5 741 174	2 263 163
TOTAL ASSETS		61 023 686	29 522 341	29 885 776	22 134 468
EQUITY AND LIABILITIES					
Issued capital		6 152 669	3 008 932	2 932 561	1 523 423
Share premium		429 971	25 743 694	429 971	13 400 695
Paid in capital		6 582 640	28 752 626	3 362 532	14 924 118
Translation differences		-2 445 581	-460 958	-2 089 997	1 048 158
Other equity		47 838 317	562 393	28 051 626	-455 720
Other equity		45 392 736	101 435	25 961 629	592 438
Total equity		51 975 376	28 854 061	29 324 160	15 516 556
Total non-current liabilities		0	0	0	0
Trade payables		1 017 970	445 825	167 772	1 004 610
Income tax payable		280 982	210 374	174 311	164 106
Short term loan - interest bearing		7 742 607	0	0	5 420 265
Other current liabilities		6 751	12 081	219 533	28 931
Total current liabilities		9 048 310	668 280	561 616	6 617 912
Total liabilities		9 048 310	668 280	561 616	6 617 912
TOTAL EQUITY AND LIABILITIES		61 023 686	29 522 341	29 885 776	22 134 468

Oslo, 4th of August 2014

Board of Directors

Consolidated condensed statement of changes in equity

<i>(EUR)</i>	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
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
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
Equity as of 31 December 2013	2 859 256	478 016	28 126 674	-2 139 785	29 324 160
Equity as at 1 January 2014	2 859 256	478 016	28 126 674	-2 139 785	29 324 160
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			-433 877		-433 877
Other comprehensive income				-305 796	-305 796
Equity as at 30 June 2014	6 152 669	478 016	47 790 272	-2 445 581	51 975 376

Consolidated condensed cash flow statement

<i>(EUR)</i>	Note	Unaudited H1 2014	Unaudited H1 2013	Audited 2013	Audited 2012
Ordinary profit before tax		-433 877	1 059 313	4 757 837	590 040
Paid income taxes		0	0	0	-727 658
Depreciation		720 818	586 414	1 240 020	1 036 269
Gain on bargain purchase		0	0	-2 243 510	-2 668 237
Changes in trade receivables and trade payable		643 469	-1 266 201	-688 002	130 944
Changes in other accruals		-156 624	540 045	491 897	-390 824
Cash flow from operations		773 785	919 571	3 558 243	-2 029 466
Purchase of property, plant and equipment		0	-66 240	0	-73 685
Acquisition of subsidiary, net of cash acquired		-217 845	0	-3 368 989	-11 696 898
Cash flow from investments		-217 845	-66 240	-3 368 989	-11 770 583
Proceeds from issue of share capital		25 259 554	13 770 205	13 828 508	0
Dividends or shareholder distributions		-1 868 665	0	0	0
Proceeds from new loans		7 580 175	0	-5 420 265	6 106 249
Repayment of loans		0	-5 512 476	-1 484 705	-685 984
Cash flow from financing		30 971 064	8 257 729	6 923 538	5 420 265
Cash at beginning of period		4 861 406	713 730	713 730	8 000 351
Net currency translation effect		-1 669 366	-1 408 345	-2 965 116	1 093 163
Net increase/(decrease) in cash and cash equivalents		31 527 004	9 111 060	7 112 792	-7 286 621
Cash at end of period		34 719 044	8 416 445	4 861 406	713 730

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, 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 owns at the date of release of this report twenty-five photovoltaic power plants and eleven subsidiaries in Italy of which twenty-one photovoltaic power plants and seven subsidiaries were acquired after the reporting date, see note 14 further details on the transaction. 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.

This interim condensed consolidated financial statement for the 2nd 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 31st of December 2013. Standards and interpretations as mentioned in the Group's Annual Report 2013 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 the first half-year of 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 second quarter (excluding the newly acquired companies) is 14%. The Company will continue to seek to increase its acquisition capacity by assuming debt on the currently 100% equity financed power plants.

Market and regulatory risk

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 less expensive, 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 2 – 3 years.

During the last years there has been changes in different taxes that impact the profitability of solar power plants.

Increases in IMU (real estate taxes) and corporate taxes have had negative impact during the last years.

On the regulatory side changes has been proposed by the Italian government to the parliament in order to reduce the feed-in tariff (FIT). The proposed reduction is expected either to be through 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, or through a voluntary 8% annual reduction in the FIT. The final outcome of the proposal is expected by end of August 2014. Tariff for one-year RiD contracts for plants below 1MW has been steadily reduced over time and is currently at a level of EUR 52 per MW.

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 derivate 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 parent company is NOK.

Note 3 - Tax

The subsidiaries holding the four solar power plants in Northern Italy are mainly financed through intercompany loans granted by the parent 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. 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 has as its core business to acquire and operate solar PV power plants (SPP's). 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 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 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.

An indicative impairment test has been conducted on EAM Solar Italy 1, 2 and 3. Based on the indicative impairment test the proposed changes in the FIT contracts in Italy will not necessitate any adjustments to the book value of the power plant assets.

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	H1 2014	H1 2013
Revenues from external customers	475 416	470 539
EBITDA	341 806	288 152
EBIT	148 775	95 120
Investments	0	22 080
Non-current assets	5 933 298	6 337 312
EAM Solar Italy 2 Srl	H1 2014	H1 2013
Revenues from external customers	1 086 830	1 011 377
EBITDA	781 068	692 222
EBIT	387 686	298 839
Investments	0	44 160
Non-current assets	12 246 308	13 021 073
EAM Solar Italy 3 Srl	H1 2014	H1 2013
Revenues from external customers	410 089	0
EBITDA	241 622	0
EBIT	107 218	0
Investments	217 845	0
Non-current assets	5 262 734	0
Other & eliminations	H1 2014	H1 2013
Revenues from external customers	0	0
EBITDA	-1 238 026	-506 246
EBIT	-1 238 026	-506 246
Investments	0	-66 240
Non-current assets	538 821	13 370
Total	H1 2014	H1 2013
Revenues from external customers	1 972 334	1 481 916
EBITDA	126 470	474 127
EBIT	-594 348	-112 287
Investments	217 845	0
Non-current assets	23 981 161	19 371 755

In the 2nd quarter EAM Solar ASA owned, 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 that 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 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.

Note 8 – Information on major customers

Of the groups' revenues of EUR 1,972k in the first half 2014 all came from sale of electrical power.

The sale of electricity is mostly (86%) 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 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.

2014	Power plants
Carrying value 1 January 2014	23 197 458
Additions	217 845
Depreciation	-720 818
Carrying value 30 June 2014	19 533 095

2013	Power plants
Carrying value 1 January 2013	19 533 095
Additions	4 904 382
Depreciation	-1 240 020
Carrying value 31 December 2013	23 197 458

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)	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1'2014	Q2'2014
Unrestricted cash Norway	860 075	249 256	9 860 020	7 507 109	1 746 242	1 435 170	25 975 787	969 095
Unrestricted cash Italy	254 943	203 564	588 323	659 126	2 105 870	3 176 028	3 365 968	33 499 741
Restricted cash Italy	260 910	260 910	260 885	250 208	250 208	250 208	250 208	250 208
Cash	1 375 927	713 730	10 709 227	8 416 443	4 102 320	4 876 716	29 591 962	34 719 044

The group has no unused credit facility at the end of the 2nd quarter 2014.

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	1 972 334	475 416	1 086 830	410 089	0
Cost of operations	-320 018	-61 308	-182 644	-76 066	0
Land rent	-54 286	-17 592	-36 694	0	0
Insurance	-87 232	-8 797	-71 916	-6 520	0
Operation & Maintenance	-152 118	-31 794	-63 842	-56 482	0
Other operations costs	-26 381	-3 125	-10 192	-13 064	0
Sales, General & Administration	-575 226	-72 917	-120 563	-92 401	-289 345
Commercial management	-31 793	-12 575	-12 575	-193	-6 450
Accounting, audit & legal fees	-104 546	-14 700	-32 304	-25 525	-32 016
IMU tax	-66 745	-17 592	-23 545	-25 608	0
EAM SPM direct costs	-352 735	-25 358	-52 139	-33 088	-242 149
EAM SPM management service contract	0	0	0	0	0
Other administrative costs	-19 408	-2 691	0	-7 987	-8 730
Acquisition & financing cost	-950 619	616	-2 555	0	-948 681
Acquisition transaction costs	-886 471	0	0	0	-886 471
Funding & IPO costs	-62 210	0	0	0	-62 210
Other non-recurring items	-1 938	616	-2 555	0	0
EBITDA	126 470	341 806	781 068	241 622	-1 238 026

The costs under other & eliminations are costs of EUR 886k related to the due diligence and transaction costs of the P31 acquisition in EAM Solar Italy Holding Srl., and EUR 62k related to the Private placement conducted in January 214 in the Norwegian mother company.

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
Production (GWh)	1,176	2,484	2,574	0,931	1,102	2,335	2,692	1,310	1,521	3,283
% 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	0,497	0,592	1,380
Total operating costs	-0,550	-0,789	-0,448	-0,516	-0,689	-0,318	-0,431	-0,455	-0,934	-0,912
Operations costs	-0,061	-0,080	-0,064	-0,061	-0,081	-0,083	-0,068	-0,128	-0,116	-0,204
SG&A costs	-0,193	-0,202	-0,255	-0,479	-0,281	-0,173	-0,234	-0,332	-0,260	-0,315
A&T costs	-0,295	-0,507	-0,129	0,023	-0,327	-0,062	-0,129	0,005	-0,558	-0,393
EBITDA	-0,049	0,258	0,637	-0,042	-0,193	0,667	0,700	0,042	-0,342	0,468
EBITDA margin	-10%	25%	59%	-9%	-39%	68%	62%	9%	-58%	34%
Depreciation	-0,161	-0,291	-0,292	-0,293	-0,345	-0,241	-0,295	-0,358	-0,360	-0,360
Gain on bargain purchase	2,668	0,000	0,000	0,000	0,000	0,000	2,422	-0,179	0,000	0,000
EBIT	2,458	-0,033	0,345	-0,335	-0,538	0,426	2,826	-0,494	-0,702	0,108
Financial income	0,000	0,027	0,003	0,001	0,333	0,999	0,666	0,755	0,043	1,300
Financial costs	-0,313	-0,413	-0,658	-0,496	-0,158	-0,003	-0,049	-0,006	-0,258	-1,176
Profit before tax	2,145	-0,419	-0,310	-0,831	-0,362	1,422	3,444	0,254	-0,917	0,232
Adjusted EBITDA	0,246	0,765	0,766	-0,066	0,134	0,729	0,828	0,037	0,216	0,861

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:

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	Q2 2014	Q1 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD2014	FY2013	FY2012
Codroipo	1 605	749	750	1 550	1 798	707	2 354	4 806	4 595
Varmo	796	367	352	785	862	315	1 163	2 315	2 571
Momo	451	198	0	0	16	143	649	159	0
Caltignaga	430	208	0	0	15	144	638	160	0
Total	3 283	1 521	1 102	2 335	2 692	1 310	4 803	7 439	7 166

Actual power production	Q2 2014	Q1 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD2014	FY2013	FY2012
Codroipo	1 605	749	750	1 550	1 798	707	2 354	4 806	5 238
Varmo	796	367	352	785	862	315	1 163	2 315	2 571
Momo	451	198	0	0	460	143	649	603	0
Caltignaga	430	208	0	0	439	144	638	583	0
Total	3 283	1 521	1 102	2 335	3 559	1 310	4 803	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 achieved market price for electricity for EAM was EUR 51 per MWh the first half 2014.

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 second quarter 2014 was 7,2 % higher than budget, bringing first half production to 2% above budget (budget is based on historic average irradiation and the variation is within normal weather variations).

Technical status for the power plants in the 2nd quarter was fair. We conducted mayor maintenance work on Varmo and Codroipo in the 2nd quarter resulting in higher than normal operation and maintenance cost in the period.

EAM (the Manager) has since January introduced a new technical management and preventive maintenance programme. The new programme involves amongst others a faster fault response intervention. Furthermore, a continuous operational monitoring is now conducted from the Manager's office in Oslo.

Note 14 – Events after the interim period

On 15 July 2014 EAM Solar ASA 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 operational control. The 7 companies represents 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 ASA and the seller due to matters remaining to be resolved concerning the last bank waiver affecting the last SPV to be purchased, which comprise 10 power plants. Since these matters are not expected to be determined before September/October 2014 the parties decided to conduct a partial transfer of the companies not affected by this bank waiver. The partial transfer has been executed on the premise that all the 31 purchased power plants are transferred as agreed. Any material changes to the lending conditions relating to the last bank waiver beyond the already assumed changes will result in further reduction in the purchase price.

Since the transfer of control of the 7 companies took place the 15th of July, the accounts of EAM Solar ASA will include the 21 power plants from this date in its financial statement.

Single purpose vehicle (SPV)	Power plant	MWp	Ownership
Ens Solar One srl (ENS1)	Scardino	0.993	100%
Ens Solar One srl (ENS1)	Brundesini	0.994	100%
Ens Solar One srl (ENS1)	Lorusso	0.984	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)	Pasculli	0.987	100%
Energetic Source Solar Production srl (ESSP)	Antonaacci	0.986	100%
Energetic Source Solar Production srl (ESSP)	Marulli	0.742	100%
Energetic Source Green Investments srl (ESGI)	Scaltrito	0.989	100%
Energetic Source Green Investments srl (ESGI)	Cirsole	0.986	100%
Energetic Source Green Investments srl (ESGI)	Lorusso	0.989	100%
Aveleos Green Investment srl (AGI)	Piangevino	0.989	100%
Energetic Source Green Power srl (ESGP)	Selvaggi	0.989	100%
Energetic Source Green Power srl (ESGP)	Nimivaggi	0.984	100%
Energetic Source Green Power srl (ESGP)	Di Mauro	0.989	100%
Energetic Source Green Power srl (ESGP)	Gentile	0.987	100%
Energetic Source Green Power srl (ESGP)	Lomurno	0.987	100%
Energetic Source Green Power srl (ESGP)	Gagnazzi	0.989	100%
Energetic Source Green Power srl (ESGP)	Giordano D.	0.989	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%

The final acquisition price for the acquired companies is adjusted from the initial EUR 41.6m to EUR 36.8m (including net working capital). EUR 6.8m of the purchase price has been withheld to see the outcome of the post closing adjustments mentioned below. The withheld amount is subject to an interest of 6% p.a. In addition EAM will purchase net receivables towards the acquired companies from Aveleos SA for an amount of EUR 11.5m payable in two instalments with EUR 8m by 31 October 2014 and EUR 3.5m by 20 December 2014.

The purchased companies have approximately EUR 6m in cash and EUR 5.7m in receivables at the reporting date.

The determination of the final acquisition price is subject to certain post-closing adjustments to be settled in the second half of 2014. The post-closing purchase price adjustments are related to three subsequent events and the price adjustments are structured to achieve the same or improved return on equity if any of the following events should occur post closing;

1. If a change in the payment structure of the FIT contracts or an additional taxation of Solar Power Plants, as officially proposed by the government in Italy, should take effect, the purchase price will be reduced with a maximum of EUR 7.5m depending on the final outcome of the law proposal.
2. 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 4m, or the purchase price may be reduced by maximum EUR 4m.
3. The financing banks have withheld EUR 6.6m in undrawn loans. In the case these loans are not released during the 2nd half 2014, the purchase price will be reduced by EUR 775k. The release of the undrawn loans is subject to receiving the Final Acceptance Certificate on the power plants, a measure EAM starts immediately post closing. If the loans are not released the gross interest bearing debt will be reduced accordingly. At the closing date the gross interest bearing debt is approximately EUR 69m.

The post closing adjustment provided under 1. above shall be finally determined no later than 10 days after such law provision has been published and shall form basis for a payment from the seller to the company or a release of the withheld amount (EUR 6.1m of the total EUR 6.8m withheld) as the case may be. If no such provision is published or other equivalent measure with the same content and purpose the company will release the part of the withheld amount relating to this adjustment and pay the residual on 22 December 2014. The post closing adjustment provided under 2. above shall be finally determined and paid for by the end of Q1 2015. The post closing adjustment provided under 3. above shall be finally determined and paid for within four business days after the end of the first quarter of 2015.

At the time the condensed consolidated financial statements were authorised for issue, the result of the purchase accounting for the business combination was not fully completed and therefore information about the total assets acquired and liabilities assumed as well as total revenues, net income and impact on the respective consolidated figures of EAM Solar ASA was not available. Effective 1 July 2014 the entities of the P31 portfolio will be included in the condensed consolidated interim financial statements for the third quarter and first nine months of 2014.

Investigation of employees of the Seller's Owners

On the 28th of July 2014 EAM notified the market that EAM Solar ASA had been made aware of an investigation by the public prosecutors' office in Milan against employees of the P31 portfolio seller's owners through media.

EAM Solar ASA was notified informally by the P31 banks that they had received an order by the court of Milan to restrict accounts where certain of the prosecuted individuals were registered.

At the date of this report EAM Solar and its Italian daughter companies have still not received a copy of this order, any documentation or any further information with regards to this action. EAM has started a dialogue with the relevant authorities in order to receive this documentation.

EAM Solar discovered on its own initiative that according to the online portal of the GSE, the Italian governmental agency responsible for the Feed-in Tariff (FIT) contracts, the contractual status of the FIT contracts for certain of the power plants acquired as part of the P31 portfolio has changed from active to suspended late on Friday the 25th of July.

EAM Solar has not received any notification or information from the GSE concerning any suspension or change in status of any of the FIT contracts. We have sent a formal request according to normal procedures in order to obtain the necessary information.

EAM has initiated all necessary formal actions in order to receive all appropriate information from the relevant authorities and will revert to the market with more precise information when this is received.

To the extent any of the actions from the public prosecutors office in Milan should have any harmful impact on our acquisition, EAM Solar ASA believes that it should be sufficiently covered by the legal commitments in the acquisition agreements and the guarantees issued in relation to the acquisition.

Second quarter 2014

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