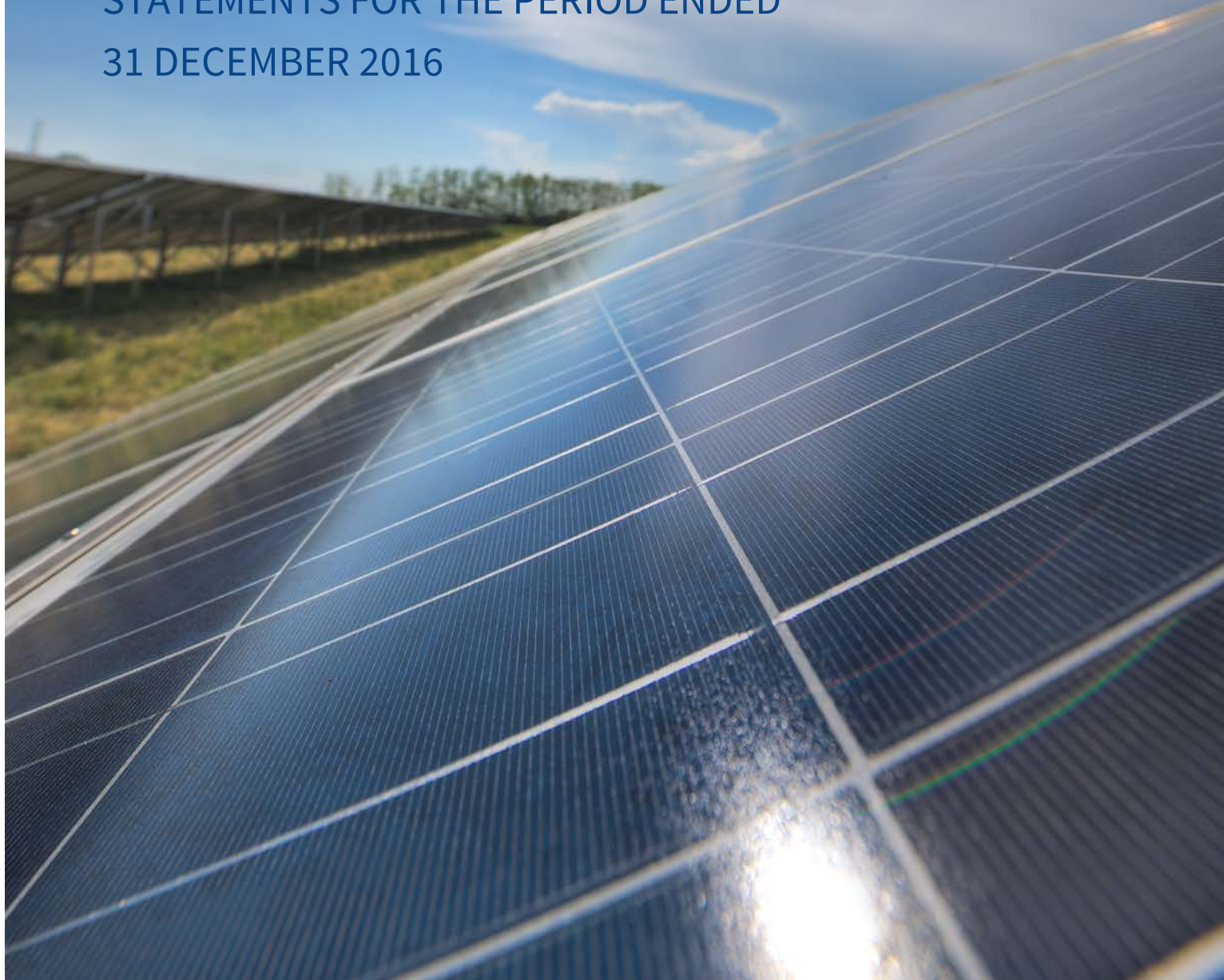




EAM SOLAR ASA

Q4 2016

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2016



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HIGHLIGHTS Q4 2016

Main events

- The power production in the quarter was 2.16 GWh. At the end of December 2016, accumulated power production for the 12M was 13.4 GWh.
- EBITDA in the quarter came in at a loss of EUR 100k, adjusted for legal costs and write-downs associated to SPVs with terminated FIT contracts, EBITDA from the SPVs in normal operations was EUR 131k in the quarter.
- 6 power plants produced electricity in the 4th quarter.
- The Criminal Court proceedings in Milan continued on 6 December 2016 where the Court again confirmed the positions of the three companies, Enovos, Avelar and Aveleos, as financially liable parties for the economic damages arising from the criminal offence of contractual fraud charged against the defendants Marco Giorgi and Igor Akhmerov.

Key figures

EUR 000'	Unaudited	Unaudited	Unaudited	Audited	Audited
	Q4 2016	Q4 2015	2016	2015	2014
Revenues	692	9 825	4 454	6 131	8 715
Cost of operations	-133	-327	-1 152	-1 606	-1 158
Sales, general and administration expenses	-429	-920	-1 643	-3 113	-2 356
Acquisition and transaction costs	-230	-32 906	-10 260	-20 361	-2 989
EBITDA	-99	-24 328	-8 600	-18 949	2 213
Depreciation, amortizations and write downs	-417	-36 858	-6 677	-49 573	-3 365
EBIT	-516	-61 186	-15 278	-68 522	-1 152
Net financial items	36	-478	-2 585	-1 508	561
Profit before tax	-480	-61 664	-17 863	-70 031	-591
Income tax gain/(expense)	-566	2 727	-536	167	-1 034
Net income	-1 046	-58 937	-18 399	-69 864	-1 625
Earnings per share (fully diluted):	-0,21	-11,62	-3,63	-13,78	-0,32
Distribution to shareholders per share	0,00	0,00	0,00	0,00	0,36
Dividend yield	0,0%	0,0%	0,0%	0,0%	0,0%
Million no. of shares (fully diluted)	5,07	5,07	5,07	5,07	5,07
EBITDA adjusted	131	8 579	1 659	1 412	5 202

Adjusted EBITDA are adjusted for non-recurring items related to the P31 acquisition and associated legal costs.

INTERIM REPORT

EAM Solar ASA is an investment company listed on the Oslo Stock Exchange under the ticker "EAM". The Company's primary 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 six power plants of which two power plants are located in the Friuli region in Northern Italy, and four 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.

This interim report should be read in conjunction with the annual report for 2015, published on 30 April 2016, and the 1st, 2nd and 3rd quarter reports 2016 published on 25 May 2016, on 19 August 2016 and on 23 November 2016 respectively, and the stock exchange notices in the reporting period.

Operational review and outlook

Power plants in operation

EAM Solar ASA operated the 6 remaining power plants in the 4th quarter. EAM Solar ASA's own operation and maintenance team conducted normal operational inspections and maintenance work during the 4th quarter.

The 6 power plants have a combined installed capacity of 8.6 MW with an average annual power production of 12.7 GWh (P50 production).

Power production

Power production in the 4th quarter amounted to 2,157 MWh, 11.5% above budgeted production for the period.

FIT revenue

FIT contract revenues in the 4th quarter amounted to EUR 562k, equivalent to an average FIT contract price of EUR 261 per MWh. 2 power plants in the north of Italy and 4 power plants in the south of Italy receives FIT contract revenues.

Closed-down power plants

As reported in the 2nd quarter report for 2016, the 17 power plants with terminated FIT contracts were permanently shut down 16 June 2016 (3 plants) and 17 June 2016 (14 plants).

The shut down of electricity production was a direct consequence of the ruling issued by the Administrative Court of Lazio (TAR) on 9 June 2016 confirming the legal validity of the termination decisions made by Gestore dei Servizi Energetici (GSE) in 2015 and the factual evidences leading to the termination decisions.

Following the filing for voluntary liquidation of the SPV's involved in the criminal proceedings in Milan in September, these SPV's are no longer included in EAM Solar ASA's reporting.

Status for SPV's with terminated FIT contracts

The 5 SPV's owning and leasing 17 power plants with terminated FIT contracts has been put into voluntary liquidation and filed for bankruptcy proceedings on 22 September 2016.

EAM Solar ASA attempted in the period from March to September 2016 to execute a formal financial restructuring procedure ("Concordato Preventivo"), however, it became evident that such restructuring procedure was impossible for several reasons, of which the most important were:

- No formal recertification of the PV modules, thus reuse of the PV modules, was impossible.
- No insurance coverage of the power plants or operations due to lacking PV module certification.
- No possibility to appeal the TAR termination ruling due to lack of evidence that could repeal GSE's evidence used in termination decisions.
- No possibility to issue payments to creditors before the end of criminal proceedings, thus being in breach of the maximum time requirements for a voluntary restructuring procedure.

Based on these and additional considerations, the SPV's decided to file for voluntary liquidation and bankruptcy on 5 September 2016.

The formal filing for liquidation was delivered to the Court on 22 of September 2016, and on 28 of September 2016 the Bankruptcy Court of Milan accepted the voluntary bankruptcy filing of the SPV's. Consequently the SPV's are derecognised from the group accounts with effect from 28 September 2016.

The Bankruptcy Court of Milan has appointed bankruptcy trustees that now have taken over the responsibility of the SPV's. EAM Solar ASA is providing operational and administrative support to the bankruptcy managers in a transition period.

There are no values or assets left in the SPVs to distribute to the creditors given the fact that power plants themselves do not represent any value, but only an obligation to recycle the electrical equipment. This follows from the ruling in the administrative court of Lazio where it was established that the power plants have been built without valid certification.

Market price development

Market price revenues in the 4th quarter amounted to EUR 122k representing an average market price for electricity of EUR 56.8 per MWh. The average electricity market price achieved in the northern part of Italy was EUR 65.0 per MWh and in the southern part of Italy EUR 47.6 per MWh.

The average market price of electricity in Italy has increased over the past 12 months. The increase, especially in the north price zone is an effect of reduced import of electricity with France due to their reduced production of electricity from nuclear power plants.

Legal processes

The P31 Acquisition has transformed EAM Solar ASA from an operational Solar PV YieldCo to a company where the future value is decided by the outcome of various legal actions and litigation procedures.

The criminal proceedings continued with a scheduled court hearing on 14 December 2016. In this hearing the court ruled on the civilly liable parties, Aveleos, Enovos and Avelar's attempt to be excluded as liable parties. These parties argued that they should be excluded given the arbitration proceedings having been initiated by EAM Solar ASA towards Aveleos in order to have the Share Purchase Agreement annulled and be awarded compensation for losses incurred. The ruling said, however, that Aveleos, Enovos and Avelar cannot be excluded as civilly liable parties. Another scheduled hearing in the criminal proceedings took place on 2 February 2017 where it was decided that the venue for the proceedings will be Milan. The next hearing is scheduled for 30 March 2017.

The first hearing in the arbitration proceedings took place on 20 January 2017. This hearing was used to set the frame and timeline for the proceedings. Filing of documents and hearings will take place throughout 2017 and a final decision from the arbitration panel is expected in 2018.

The bankruptcy proceedings continued with a hearing on 16 January 2017. No decision was taken by the court on the claims submitted by EAM Solar ASA and another hearing has been scheduled for 10 April 2017.

The first hearing in the Standstill Agreement procedures in Luxembourg took place on 17 January 2017. Both parties filed their note of pleadings and presented to the judge. In the proceedings has Aveleos SA delivered a claim and EAM Solar ASA a counter claim. A ruling is expected on or about 1 March 2017.

The companies EAM Solar ASA and EAM Solar Italy Holding srl, as well as their CEO and Managing Director, Mr Viktor E. Jakobsen, received in January 2017 a subpoena to meet in court in Luxembourg on 13 March 2017. The plaintiffs are Enovos Luxembourg SA, Enovos International SA and their directors. The plaintiffs claim that the criminal complaint filed by EAM Solar ASA in February 2016 is false and not merited. This is an attempt by the directors to evade the ongoing investigation by the criminal court of Luxembourg that followed after the criminal complaint was filed.

Dividends

EAM Solar ASA will pay no dividend in conjunction with the 4th quarter 2016.

Subsequent events

Development on various legal proceedings. See above.

Financial review

The financial review of the 4th quarter 2016 does not compare with the reported 4th quarter report of 2015 due to changes in the company structure as a consequence of the FIT termination decision by GSE, the subsequent ruling in the administrative court (TAR) validating GSE's termination and the consequential bankruptcy of the SPV's with terminated FIT contracts. The SPV's in bankruptcy has been derecognised from the group accounts at the end of the 3rd quarter 2016.

Revenues

4th quarter revenues came in at EUR 692k, of which EUR 562k came from FIT contracts and EUR 122k came from market sales of electricity. In addition, the company has EUR 8k in other revenues. For the full year revenues came in at EUR 4,454k, of which EUR 3,532k came from FIT contracts, EUR 857k came from market sales of electricity and EUR 65k in other revenues.

The 4th quarter 2016 revenues represent approximately 14.6% of the expected annual revenues of EUR 4.73 million based on the current corporate structure with 6 power plants in operations.

Achieved electricity prices

EAM Solar ASA achieved an average FIT electricity price in the 4th quarter of EUR 260 per MWh. The power plants in operations achieved an average PPA electricity price in the quarter of EUR 56.8 per MWh, EUR 65.0 per MWh in north Italy and EUR 47.6 per MWh in south Italy.

Cost of operations

Cost of operations in the 4th quarter was EUR 133k. For the year cost of operations was EUR 1,152k, of which EUR 635k was for plants in normal operations (non-affected plants).

SG&A costs

SG&A costs in the 4th quarter were EUR 429k. For the year SG&A costs were EUR 1,643k, of which EUR 1,373k were for the non-affected power plants and holding companies.

Legal costs

The legal costs for EAM Solar ASA is posted under the heading "Acquisition and financing costs". In the 4th quarter 2016 costs related to the legal costs in stemming from the P31 Acquisition were EUR 578k. For the year total legal costs were EUR 2,044k.

Non-recurring items

For the year a total of EUR 8.21 million has been recognised related to write-downs of debt and other provisions related to the bankruptcy of the criminally affected SPV's.

EBITDA

EBITDA in the 4th quarter came in at a loss of EUR 100k.

For the year EBITDA came in at a loss of EUR 8.6 million. EBITDA before write-downs from the non-affected SPVs came in at a profit of EUR 1.7 million.

EBIT

Depreciation in the 4th quarter was EUR 416k.

Net financial items

Net financial items in the 4th quarter were a profit of EUR 36k, mainly due to unrealised currency fluctuations.

For the year net financial costs were EUR 2.6 million, of which EUR 2 million was related to currency exchange rate variations.

Pre-tax loss, taxes and net loss

Pre-tax loss in the 4th quarter was EUR 480k. For the year pre-tax loss was EUR 17.9 million, all of which is due to the financial effects from the bankruptcy of the criminally affected SPVs.

Taxes in the 4th quarter amounted to a net tax cost of EUR 566k on a group level. For the year tax cost amounted to EUR 536k.

Reported net loss for the group was in the 4th quarter EUR 1.1 million.

Cash Flow

Cash flow from operations for the year came in at EUR minus 11.1 million, mainly due to the derecognition of SPVs in bankruptcy. No investment activities took place in the 4th quarter and cash flow from financing activities was in total EUR 2.0 million.

Restricted and unrestricted cash by the end of the quarter was EUR 1.6 million, of which EUR 463k remains seized by the Prosecutors Office in Milan in companies not affected by the criminal proceedings.

Balance Sheet

Total assets at the end of the period amount to EUR 39.5 million, while book equity for the group is EUR 14.5 million representing an equity ratio of 37% for the Group.

The parent company has a positive equity ratio of 79% at the end of the 4th quarter.

Oslo, 15 February 2017

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

CONSOLIDATED INTERIM FINANCIAL INFORMATION

Statement of comprehensive income

EUR	Note	Unaudited Q4 2016	Unaudited Q4 2015	Unaudited 2016	Audited 2015
Revenues	5,12	692 254	9 825 331	4 453 648	6 130 955
Cost of operations	12	-132 658	-326 745	-1 151 560	-1 605 821
Sales, general and administration expenses	12	-428 696	-919 864	-1 642 865	-3 113 255
Acquisition and transaction costs	12	-230 280	-32 906 329	-10 259 560	-20 360 928
EBITDA	5	-99 380	-24 327 607	-8 600 338	-18 949 049
Depreciation, amortizations and write downs	9	-416 833	-36 858 394	-6 677 455	-49 573 204
EBIT	5	-516 213	-61 186 001	-15 277 794	-68 522 253
Finance income	6	358 072	313 098	1 217 069	3 963 924
Finance costs	6	-321 699	-791 106	-3 801 864	-5 472 255
Profit before tax		-479 840	-61 664 009	-17 862 589	-70 030 584
Income tax gain/(expense)		-566 193	2 727 280	-536 373	167 027
Profit after tax		-1 046 033	-58 936 729	-18 398 961	-69 863 557
Other comprehensive income					
Translation differences		-1 099 242	0	337 462	-4 563 500
Cash flow hedges		-96 869	0	-129 880	53 808
Other comprehensive income net of tax		-1 196 111	0	207 582	-4 509 692
Total comprehensive income		-2 242 144	-58 936 729	-18 191 379	-74 373 249
Profit for the year attributable to:					
Equity holders of the parent company		-1 046 033	-58 936 729	-18 398 961	-69 863 557
Equity holders of the parent company		-1 046 033	-58 936 729	-18 398 961	-69 863 557
Total comprehensive income attributable to:					
Equity holders of the parent company		-2 242 144	-58 936 729	-18 191 379	-74 373 249
Equity holders of the parent company		-2 242 144	-58 936 729	-18 191 379	-74 373 249
Earnings per share:					
Continued operation					
- Basic		-0,21	-11,62	-3,63	-13,78
- Diluted		-0,21	-11,62	-3,63	-13,78

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the 4th quarter 2016 is 5,070,000.

Consolidated statement of financial position

EUR	Note	Unaudited 2016	Audited 2015	Audited 2014
ASSETS				
Property, plant and equipment	9	23 077 581	34 436 689	83 379 490
Deferred tax asset		0	0	1 738 617
Intangible assets		321 012	277 089	962 427
Other long term assets		-556 218	1 598 603	964 318
Non-current assets		22 842 376	36 312 381	87 044 852
Receivables	8	14 923 380	21 744 787	21 775 066
Other current assets		127 898	1 076 836	452 703
Cash and short term deposits	7	1 568 193	10 718 169	10 944 938
Current assets		16 619 471	33 539 792	33 172 707
TOTAL ASSETS		39 461 847	69 852 173	120 217 559
EQUITY AND LIABILITIES				
Issued capital		6 214 380	6 214 380	6 214 380
Share premium		24 606 370	24 606 370	24 606 370
Paid in capital		30 820 750	30 820 750	30 820 750
Translation differences		-8 532 220	-8 869 682	-4 306 182
Other equity		-7 823 792	-48 103 947	21 705 804
Other equity		-16 356 012	-56 973 629	17 399 622
Total equity		14 464 738	-26 152 879	48 220 372
Leasing	10	5 838 488	6 135 377	6 417 275
Long term loan - interest bearing	10	7 370 641	7 632 405	0
Other non current liabilities	10	0	1 079 505	639 495
Total non-current liabilities		13 209 129	14 847 287	7 056 770
Trade payables	10	2 175 470	3 089 199	4 755 495
Tax liabilities	10	1 532 521	807 902	1 109 122
Short term financing - interest bearing	10	0	41 063 191	45 734 451
Other current liabilities	10	8 079 988	36 197 476	13 341 349
Total current liabilities		11 787 979	81 157 768	64 940 417
Total liabilities		24 997 108	96 005 055	71 997 187
TOTAL EQUITY AND LIABILITIES		39 461 847	69 852 176	120 217 559

Oslo, 15 February 2017

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

Consolidated statement of cash flow

EUR	Note	Unaudited 2016	Audited 2015
Cash flow from operating activities			
Ordinary profit before tax		-17 862 589	-70 030 585
Loss on disposal of property, plant and equipment		1 137 652	
Paid income taxes		0	0
Depreciation	9	1 891 558	4 181 074
Write down of fixed assets	9	4 785 897	45 392 130
Changes in trade receivables and trade payable	8	5 907 678	30 279
Changes in other accruals*		-7 043 582	20 474 559
Net cash flow from operating activities		-11 183 385	47 457
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired		0	-630 403
Acquisition of property, plant and equipment		0	
Net cash flow used in investing activities		0	-630 403
Cash flows from financing activities			
Proceeds from sale of property, plant and equipment		3 550 000	
Purchase of property, plant and equipment		-6 000	
Proceeds from issue of share capital		0	0
Dividends or shareholder distributions		0	0
Proceeds from new loans		0	676 327
Repayment of loans		-1 510 594	-320 147
Net cash flow from financing activities		2 033 406	356 180
Cash and cash equivalents at beginning of period		10 718 172	10 944 938
Net currency translation effect		0	0
Seizure of cash	7	0	0
Net increase/(decrease) in cash and cash equivalents		-9 149 979	-226 766
Cash and cash equivalents at end of period		1 568 193	10 718 172

* Includes effect of derecognition of SPVs in bankruptcy

Consolidated statement of changes in equity

EUR	Share capital	Share premium fund	Other equity	Cash flow hedge reserve	Currency translation reserve	Total equity
Equity as at 1 January 2015	6 214 380	24 606 370	22 303 644	-597 840	-4 306 182	48 220 372
Profit (loss) After tax			-69 863 557			-69 863 557
Other						0
Other comprehensive income				53 808	-4 563 500	-4 509 692
Equity as at 31 December 2015	6 214 380	24 606 370	-47 559 913	-544 032	-8 869 682	-26 152 877
Equity as at 1 January 2016	6 214 380	24 606 370	-47 559 913	-544 032	-8 869 682	-26 152 877
Profit (loss) After tax			-18 398 961			-18 398 961
Derecognition of SPVs in bankruptcy			58 808 994			58 808 994
Other comprehensive income				-129 880	337 462	207 582
Equity as at 31 December 2016	6 214 380	24 606 370	-7 149 880	-673 912	-8 532 220	14 464 738

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis for preparation

General accounting principles

EAM Solar ASA is a public limited liability company, incorporated and domiciled in Norway, with registered office at Dronningen 1, NO-0287 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013.

The primary business activity of EAM Solar ASA is to own solar PV power plants and sell electricity produced under long-term contracts. EAM Solar ASA is structured to create a steady long-term dividend yield for its shareholders. Following the P31 Acquisition, the main value of EAM Solar ASA is dependant on the future outcome of litigation activities.

EAM Solar ASA currently owns 6 photovoltaic power plants and 4 subsidiaries in Italy. The Company has no employees.

Energiea Asset Management AS manages the Company under a long-term management agreement. EAM Solar Park Management AS, a subsidiary of Energiea Asset Management AS, conducts most of the day-to-day operational tasks with own employees and through the use of subcontractors.

This interim condensed consolidated financial statement for the fourth quarter 2016 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. The 4th quarter report should therefore be read in conjunction with the Group's Annual Report 2015 that was published on 30 April 2016.

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 the 31st of December 2015. Standards and interpretations as mentioned in the Group's Annual Report 2015 Note 1 and effective from 1 January 2015 did not have a significant impact on the Group's consolidated interim financial statements.

Financial risk

For one of the external financing contracts with floating interest there is an interest rate swaps for the full duration of the contact period and for the full amount.

Credit risk

Under normal circumstances the risk for losses is considered to be low, since the main commercial counterparty is GSE, owned by the Ministry of Finance in Italy. The Group has not made any set-off or other derivate agreements to reduce the credit risk in EAM Solar ASA.

Asset value risk

EAM Solar ASA group's cash balance was EUR 1.6 million on 31 December 2016, of which EUR 463k are seized.

The subsidiaries affected by the criminal proceedings have gone into voluntary bankruptcy and has been derecognised from the group accounts.

Market and regulatory risk

The main risk of operations in Italy is related to regulatory risk, whereby the contractual counterparty, the Government of Italy, has shown willingness to conduct unilateral and retroactive changes to the commercial electricity sales contracts and also to the operational regulatory regime governing the power plants in Italy.

Note 2: Significant accounting judgements

In the process of applying the Group's accounting policies in according to IFRS, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and the profit for the period. The Company's most important accounting estimates are the following items:

Going concern

Given GSE's termination decision in the 4th quarter of 2015 followed by the ruling in the administrative court in June 2016, and the subsequent write-down of assets and accrual of possible claims and derecognition of companies in bankruptcy, the board and management considers continuously the Company's ability to operate as a going concern for the next 12 months. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

Given the legal corporate status, having been identified as a victim of criminal contractual fraud by the Prosecutors Office of Milan and Criminal Court of Milan, resulting in significant legal

and operational challenges, the board and management is continuously reviewing the situation.

It is the judgment by the board and management, all factors considered, that the Company has adequate liquidity for the next 12 months, consequently, that the foundation for “going concern” is present at the end of the 4th quarter 2016. See also the annual report 2015 published on 30 April 2016 for further background information.

Note 3: Currency exposure

Most of EAM Solar ASA's economic activities (revenues and costs) are in EUR. Some of the cost base and financing are in NOK. The functional currency for the parent company is NOK.

Note 4: Transactions with related parties

Related parties

Energeia Asset Management AS is the manager of EAM Solar ASA. Energeia Asset management owns EAM Solar Park Management AS 100%. EAM Solar Park management AS in Norway and Italy employs most of the personnel conducting the technical and administrative services for EAM Solar ASA.

Sundt AS, Canica AS and Pactum AS are large shareholders in EAM Solar ASA. They are also shareholders in Energeia Asset Management AS, but not involved in the day-to-day operations of Energeia Asset Management AS. They are represented with one director each on the board of directors of Energeia Asset Management AS. Certain key personnel managing the day to day operations of EAM Solar ASA are also investors in Energeia Asset Management AS.

Transactions with related parties

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

According to the management agreement between the parties, EAM Solar Park Management AS charges the Group for direct costs without any profit margin related to the services provided. In addition to reimbursement of direct cost, EAM Solar Park Management AS shall receive 12.5% of the Groups pre-tax profit as a royalty. The royalty is based on the fact that EAM Solar ASA is developed, created and managed by Energeia Asset Management AS. The royalty structure aligns the interests between the Group and the manager.

In the 4th quarter 2016 EAM Solar Park Management AS' direct costs of the management of EAM Solar ASA was EUR 570k, of which EUR 25k is related to cost of operations, EUR 310k is related to SG&A and EUR 235k is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud. No royalty was calculated in the quarter. The royalty payment has been waived until the legal situation of EAM Solar ASA has found its solution.

Invoices from EAM Solar Park Management AS to some Group subsidiaries has for a period remained unpaid, simultaneously EAM Solar ASA has funded EAM Solar Park Management AS with

necessary liquidity on behalf of the subsidiaries creating a receivable. In order to settle outstanding amounts between the parties EAM Solar Park Management AS has in 2015 and 2016 assigned its position as creditor towards the subsidiaries of EAM Solar ASA to EAM Solar ASA and thereby settling the outstanding amount between EAM Solar ASA and EAM Solar Park Management AS, and EAM Solar Park Management and the subsidiaries of EAM Solar ASA.

Credit facility from shareholder

EAM Solar ASA entered on 20 June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM Solar ASA, Sundt AS. The credit facility originally expired on 10 December 2014, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility with 15 years duration, carrying an all-inclusive interest of 10%. The lending facility is secured against EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl. The lender has given a waiver for payment of instalments and interest for the period from February to July 2017.

Note 5: Segment information

EAM Solar ASA owns and operates six solar PV power plants at the end of the 4th quarter 2016. Due to the criminal proceedings affecting 17 of the “P31 portfolio” power plants, that ultimately have led to their bankruptcy, EAM Solar ASA has separated the affected power plants and SPVs in a separate segment.

EAM Solar Italy 1 s.r.l.	2016	2015
Revenues from external customers	858 084	1 006 449
EBITDA	599 333	727 310
EBIT	213 025	340 105
Non-current assets	4 925 112	5 323 888

EAM Solar Italy 2 s.r.l.	2016	2015
Revenues from external customers	1 728 923	1 953 380
EBITDA	1 270 796	1 310 686
EBIT	483 296	522 590
Non-current assets	10 312 864	11 078 206

EAM Solar Italy 3 s.r.l. *	2016	2015
Revenues from external customers	255 382	723 018
EBITDA	176 303	540 880
EBIT	62 354	264 950
Non-current assets	0	4 949 358

ENS1 & ENFO 25	2016	2015
Revenues from external customers	1 267 356	1 375 612
EBITDA	-1 663 380	786 363
EBIT	-2 197 424	252 412
Non-current assets	9 537 201	10 431 404

SPV's in criminal proceedings**	2016	2015
Revenues from external customers	354 204	1 072 496
EBITDA	-1 718 324	-28 500 619
EBIT	-6 572 917	-68 490 630
Non-current assets	0	5 127 464

Other & eliminations	2016	2015
Revenues from external customers	-10 301	0
EBITDA	-7 265 066	6 186 330
EBIT	-7 266 128	-1 411 681
Non-current assets	-1 932 802	-597 941

Total	2016	2015
Revenues from external customers	4 453 648	6 130 955
EBITDA	-8 600 338	-18 949 050
EBIT	-15 277 794	-68 522 254
Non-current assets	22 842 376	36 312 379

* Sold with financial takeover 1 June 2016

** Derecognised with effect from 28 September 2016

Note 6: Financial income and expenses

Financial income	2016	2015
Interest income	616 897	33 598
Foreign exchange gain	126 287	3 930 311
Other financial income	473 884	15
Total financial income	1 217 069	3 963 924

Financial expenses	2016	2015
Interest expense	-1 481 633	-3 031 082
Foreign exchange losses	-2 140 012	-1 873 976
Other financial expenses	-180 219	-567 198
Total financial expenses	-3 801 864	-5 472 256

Net financial income (expenses)	-2 584 795	-1 508 332
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The average exchange rate used for 12M 2016 is EUR/NOK 9.2928 (12M 2015: EUR/NOK 8.9530), whereas the exchange rate used on 31 December 2016 is EUR/NOK 9.0863 (31 December 2015: EUR/NOK 9,6190)

Note 7: Cash and cash equivalents

EUR	2016	Q3 2016
Free cash Norway	39 916	536 711
Free cash Italy	125 044	333 494
Restricted cash Italy	939 477	938 938
Seized cash Italy	463 757	463 757
Unused credit facility	0	0
Cash and cash equivalents	1 568 193	2 272 900
Seized cash	463 757	463 757

The EAM Solar ASA had no credit facilities on 31 December 2016.

Of the restricted cash, EUR 680k is the debt service reserve account of ENS Solar One Srl. The EUR 463k of the seized cash is taken from companies not included in the criminal proceedings. In addition EAM Solar ASA transferred EUR 3,256 million to the accounts of ESGP, ESGI and ESSP on 15 July 2014 from Norway that were seized by the Prosecutors office on 23 July 2014 that are not included in these accounts.

Note 8: Accounts receivables

Receivables	2016	Q3 2016
Accounts receivables	41 051	1 278 038
Deferred revenue towards GSE	1 126 360	987 208
Receivable from Aveleos	11 528 996	11 528 996
Other receivables	2 226 973	905 752
Accounts receivables	14 923 380	14 699 994

The substantial amount of the receivable outstanding is towards GSE and the sellers of P31. GSE normally has 60 days payment terms from receiving an invoice. In 2015, GSE

introduced a 12 month delayed payment on 10% of expected annual revenues, which accounts for the deferred revenue against GSE.

Note 9: Property, plant and equipment

2016	Solar power plants
Carrying value 1 January 2016	34 436 689
Additions	6 001
Write down	-4 785 897
Depreciation	-1 891 558
Disposals	-4 687 653
Carrying value 31 December 2016	23 077 581

2015	Solar power plants
Carrying value 1 January 2015	83 379 490
Additions	630 403
Write down	-45 392 130
Depreciation	-4 181 074
Carrying value 31 December 2015	34 436 689

Economic life of 20- 25 years and straight-line depreciation.

Note 10: Short- and long-term debt

EUR	2016	Q3 2016
Interest bearing debt	7 370 641	7 533 450
Other non current liabilities	0	0
Obligations under finance leases	5 838 488	5 914 159
Total non-current liabilities	13 209 129	13 447 609
Trade and other payables	2 175 470	1 954 311
Current interest bearing loans	0	0
Current project finance	0	0
Current leasing	0	0
Other current debt	0	0
Deferred tax	483 658	472 982
Tax payable	1 048 863	662 033
<i>Related to ordinary operations</i>	<i>3 707 991</i>	<i>3 089 326</i>
AION Renewables	0	0
Aveleos S.A.	8 079 988	8 045 518
GSE repayment claim	0	0
<i>Related to criminal proceedings</i>	<i>8 079 988</i>	<i>8 045 518</i>
Total current liabilities	11 787 979	11 134 844
Total liabilities	24 997 108	24 582 453

Leasing and project finance ESGP, ESGI and ESSP

The leasing and project finance for the SPVs ESGP, ESGI and ESSP of EUR 41 million has been derecognised from the group accounts following the bankruptcy proceedings of the same companies. The identified debt is a gross amount before adjustment of the EUR 2.6 million that not has been released under the financing agreements by the banks.

Equity contribution agreement and patronage letter

EAM Solar Italy Holding Srl and EAM Solar ASA entered into an equity contribution agreement and patronage letter with UBI Leasing and UniCredit in conjunction with the acquisition of ESGP, ESGI and ESSP.

In the outset, the agreements require EAM Solar Italy Holding Srl to inject equity into the SPVs under certain circumstances of breach of the lending agreement.

In the current situation, whereby the transfer of the companies came about as a deliberate fraud conducted by the previous owners, Enovos Luxembourg SA and Avelar Energy Ltd, the transfer also released Enovos and Avelar from their equity contribution obligations against UBI Leasing and UniCredit.

In the legal proceedings EAM Solar ASA has alleged that the main motive behind the contractual fraud conducted was in order for Enovos and Avelar to achieve to be formally released by the financing banks from their debt guarantee obligations, thus avoiding the losses that would come as a consequence of a FIT contract termination decision by GSE.

Consequently, the equity contribution commitments of EAM Solar ASA and EAM Solar Italy Holding srl are considered void since this was brought about as a result of a criminal contractual fraud. It is the companies opinion that there is a less than 50% likelihood that EAM Solar ASA will have to honour the agreements, and consequently no liability has been recognised.

Voluntary liquidation proceedings and filing for bankruptcy

In conjunction with the termination decision by GSE, the affected SPVs entered into an operational and financial restructuring procedure in March 2016, as approved by the Bankruptcy Court of Milan.

The financial restructuring was to be presented to the Court in Milan no later than on 6 September 2016. Due to insurmountable legal obstacles to execute a voluntary financial restructuring plan, the SPV's decided to file for a voluntary liquidation and bankruptcy on 5 September 2016. The formal filing was submitted to the bankruptcy Court in Milan on 22 September 2016, and the Court approved the voluntary liquidation and bankruptcy of the SPVs on 28 September 2016.

The execution of a voluntary financial restructuring became legally impossible due to several causes, of which the most important were:

- No formal recertification of the PV modules, thus reuse of the PV modules, was impossible.
- No insurance coverage of the power plants or operations due to lacking PV module certification.
- No possibility to appeal the TAR termination ruling due to lack of evidence that could repeal GSE's evidence used in termination decisions.
- No possibility to issue payments to creditors before the end of criminal proceedings, thus being in breach of the maximum time requirements for a voluntary restructuring procedure.

Note 11: List of subsidiaries

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Norway Holding AS	Norway	Holding company	100%	100%	-31 415	-31 415	8 143 432	161 523
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	242 427	242 427	6 760 108	6 780 564
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	599 333	213 025	-157 535	5 507 210
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	1 270 796	483 296	2 198 644	8 994 480
EAM Solar Italy 3 s.r.l.*	Italy	Solar power plant	100%	100%	176 303	62 354	-13 242	0
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	-6 095 398	-6 096 460	0	0
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	-1 884 474	-2 301 782	-619 848	458 485
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	221 094	104 358	311 106	2 218 040
Energetic Source Green Power s.r.l.**	Italy	Solar power plant	100%	100%	-649 414	-2 221 419	0	0
Energetic Source Green Investment s.r.l.**	Italy	Solar power plant	100%	100%	-326 068	-1 063 598	0	0
Energetic Source Solar Production s.r.l.**	Italy	Solar power plant	100%	100%	-471 785	-2 394 543	0	0
Aveleos Green Investment s.r.l.**	Italy	Solar power plant	100%	100%	-151 601	-349 815	0	0
Energia Fotovoltaica 14 s.r.l.**	Italy	Solar power plant	100%	100%	-119 455	-543 541	0	0

* Sold with financial takeover on 1 June 2016

** Derecognised with effect from 28 September 2016

Note 12: Operational costs break-down 2016

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3*	ENS1 & ENFO25	Criminal proceedings**	Other & Eliminations
Revenues	4 453 648	858 084	1 728 923	255 382	1 267 356	354 204	-10 301
Cost of operations	-1 151 560	-130 729	-247 723	-67 391	-189 043	-479 658	-37 016
Land rent	-242 282	-35 394	-74 025	0	-7 735	-125 128	0
Insurance	-195 001	-17 625	-64 557	-4 623	-29 431	-56 439	-22 326
Operation & Maintenance	-349 470	-33 577	-55 254	-57 430	-60 012	-143 197	0
Other operations costs	-364 807	-44 133	-53 887	-5 338	-91 865	-154 894	-14 690
Sales, General & Administration	-1 642 865	-128 022	-199 480	-11 669	-252 007	-717 236	-334 451
Accounting, audit & legal fees	-379 922	-29 453	-31 296	-13 325	-69 379	-16 749	-219 720
IMU tax	-221 994	-2 769	-282	8 130	-9 544	-217 529	0
EAM SPM adm costs	-860 580	-91 843	-158 789	-5 314	-98 580	-131 454	-374 600
Other administrative costs	-180 369	-3 957	-9 113	-1 160	-74 504	-351 504	259 869
Acquisition & financing cost	-10 259 560	0	-10 924	-19	-2 489 686	-875 634	-6 883 298
Legal costs	-1 528 506	0	0	0	0	-4 984	-1 523 522
Other non-recurring items	-8 731 055	0	-10 924	-19	-2 489 686	-870 650	-5 359 776
EBITDA	-8 600 338	599 333	1 270 796	176 303	-1 663 380	-1 718 324	-7 265 066

* Sold with financial takeover on 1 June 2016

** Derecognised with effect from 28 September 2016

Note 13: Events after the reporting date

Development on various legal proceedings. See above in the report.

POWER PRODUCTION

Reported production (MWh)	2012	2013	2014	2015	YTD'16	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
EAM Solar Italy 1 Srl	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376
EAM Solar Italy 2 Srl	5 237	4 806	4 565	4 138	742	754	1 616	1 502	693	933	1 275	1 195	735	742	1 449	1 770	760
EAM Solar Italy 3 Srl*		326	2 160	2 482	431	404	881	603	271	438	858	816	370	431	507	0	0
Ens Solar One srl			1 882	4 305	749			1 115	767	797	1 377	1 349	781	749	1 234	1 242	754
Energia Fotovaltaica 25			611	1 395	268			357	254	251	443	417	284	268	428	442	266
<i>MWh</i>	<i>7 808</i>	<i>7 447</i>	<i>11 436</i>	<i>14 808</i>	<i>2 566</i>	<i>1 533</i>	<i>3 298</i>	<i>4 287</i>	<i>2 318</i>	<i>2 879</i>	<i>4 794</i>	<i>4 610</i>	<i>2 526</i>	<i>2 566</i>	<i>4 363</i>	<i>4 325</i>	<i>2 157</i>

Companies affected by criminal proceedings

Energetic Source Green Power**			4 236	9 692	1 782			2 505	1 732	1 679	3 175	2 967	1 870	1 782	2 258	0	0
Energetic Source Green Investments**			1 824	3 892	761			1 072	752	731	1 253	1 184	725	761	992	0	0
Energetic Source Solar Production**			2 930	6 584	980			1 750	1 180	1 220	2 191	2 021	1 151	980	1 520	0	0
Aveleos Green Investment**			597	1 380	142			351	246	255	457	443	225	142	291	0	0
Energia Fotovaltaica 14**			609	1 417	243			344	265	262	456	430	269	243	228	0	0
<i>MWh</i>	<i>0</i>	<i>0</i>	<i>10 196</i>	<i>22 964</i>	<i>3 908</i>	<i>0</i>	<i>0</i>	<i>6 022</i>	<i>4 174</i>	<i>4 147</i>	<i>7 531</i>	<i>7 045</i>	<i>4 241</i>	<i>3 908</i>	<i>5 289</i>	<i>0</i>	<i>0</i>

Total reported MWh	7 808	7 447	21 632	37 772	6 474	1 533	3 298	10 309	6 493	7 026	12 325	11 655	6 766	6 474	9 652	4 325	2 157
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Actual production	2012	2013	2014	2015	YTD'16	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Varmo	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376
Codroipo	5 237	4 806	4 565	4 138	742	754	1 616	1 502	693	933	1 275	1 195	735	742	1 449	1 770	760
Momo*		1 219	990	1 234	226	198	451	214	127	213	425	410	186	226	258	0	0
Caltignaga*		1 160	1 170	1 248	205	207	430	389	144	225	433	406	184	205	249	0	0
Lorusso		1 407	1 378	1 420	234	274	421	444	238	250	470	443	258	234	380	396	225
Brundesini		1 393	1 427	1 461	255	286	419	455	267	277	472	456	256	255	416	403	261
Scardino		1 352	1 424	1 424	259	286	426	451	261	270	436	450	268	259	437	443	268
Enfo 25		1 339	1 367	1 395	268	267	413	432	254	251	443	417	284	268	428	442	266
<i>MWh</i>	<i>7 808</i>	<i>14 992</i>	<i>14 537</i>	<i>14 808</i>	<i>2 566</i>	<i>2 646</i>	<i>4 977</i>	<i>4 597</i>	<i>2 318</i>	<i>2 879</i>	<i>4 794</i>	<i>4 610</i>	<i>2 526</i>	<i>2 566</i>	<i>4 363</i>	<i>4 325</i>	<i>2 157</i>

Power plants affected by criminal proceedings and permanently shut down as of the 18th of June 2016

Selvaggi**			1 347	1 384	1 303	261	277	420	438	249	174	444	417	269	261	325	0	0
Di Mauro**			1 322	1 382	1 417	255	274	413	440	254	260	464	423	270	255	354	0	0
Ninivaggi**			1 312	1 384	1 400	256	274	423	434	253	243	444	440	273	256	358	0	0
Lomurno**			1 356	1 348	1 382	259	270	410	426	242	250	453	421	258	259	341	0	0
Giordano D.**			1 330	1 387	1 412	242	280	419	441	247	239	472	436	265	242	350	0	0
Gagnazzi**			1 374	1 364	1 416	244	276	412	430	246	259	459	430	267	244	177	0	0
Gentile**			1 258	1 334	1 361	265	260	411	423	240	254	438	400	269	265	354	0	0
Lorusso**			1 278	1 300	1 264	241	267	403	401	229	198	434	427	204	241	331	0	0
Cirasole**			1 367	1 461	1 217	253	292	441	462	267	271	369	320	258	253	323	0	0
Scaltrito**			1 335	1 373	1 411	267	278	405	435	256	262	449	436	263	267	338	0	0
Pasculli**			1 395	1 398	1 375	244	283	412	448	255	252	459	415	249	244	305	0	0
Pisicoli N.**			1 469	1 396	1 427	266	275	424	449	248	257	467	437	266	266	363	0	0
Pisicoli T.**			1 327	1 369	1 318	143	272	414	439	244	248	446	433	191	143	310	0	0
Marulli**			934	1 022	1 045	203	197	312	330	183	194	348	326	177	203	268	0	0
Antonacci**			1 310	1 418	1 419	124	285	430	454	249	269	471	410	269	124	273	0	0
Piangevino**			1 183	1 358	1 380	142	273	415	425	246	255	457	443	225	142	291	0	0
Enfo 14**			1 313	1 377	1 417	243	280	415	417	265	262	456	430	269	243	228	0	0
<i>MWh</i>	<i>0</i>	<i>22 207</i>	<i>23 055</i>	<i>22 964</i>	<i>3 908</i>	<i>4 613</i>	<i>6 978</i>	<i>7 290</i>	<i>4 174</i>	<i>4 147</i>	<i>7 531</i>	<i>7 045</i>	<i>4 241</i>	<i>3 908</i>	<i>5 289</i>	<i>0</i>	<i>0</i>	
Total produced MWh	7 808	37 199	37 593	37 772	6 474	7 258	11 955	11 886	6 493	7 026	12 325	11 655	6 766	6 474	9 652	4 325	2 157	

(Some power plants have the historical production adjusted based on revised data)

* Sold with financial takeover on 1 June 2016

** Derecognised with effect from 28 September 2016

EAM SOLAR ASA

Q4 2016 REPORT



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