

Financial report

eam

Q3
2014

EAM Solar ASA

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Highlights in the third quarter 2014

The main activity in the third quarter was the acquisition of the P31 portfolio. A partial closing including 21 of the 31 power plants was executed on the 15th of July.

- The reported Q3 power production was 10,2 GWh, 14% below seasonal average, bringing the first nine month's production to 15 GWh equivalent to 9% below normal for the period.
- Reported EBITDA in the quarter was EUR 2,7m, adjusted for P31 acquisition costs, EBITDA was EUR 2,9m. A higher cost of operations in the quarter is related to maintenance and increased scope of operations, due to the P31 purchase.
- EAM has published several Stock exchange notices commenting on events during the third quarter relating to the P31 portfolio acquisition, these events are commented in more detail in this report.

Key figures

<i>(EUR 000')</i>	Unaudited Q3 2014	Unaudited Q3 2013	Unaudited 9M 2014	Unaudited 9M 2013	Audited 2013	Audited 2012	Audited 2011
Revenues	3 947	1 131	5 920	2 612	3 110	3 106	340
Cost of operations	-366	-68	-686	-232	-360	-259	-25
Sales, general and administration expenses	-704	-234	-1 279	-689	-1 021	-1 133	-343
Acquisition and transaction costs	-181	-129	-1 132	-517	-512	-908	-1 123
EBITDA	2 696	700	2 822	1 174	1 216	806	-1 151
Depreciation, amortizations and write downs	-1 112	-295	-1 833	-882	-1 240	-1 036	-148
Gain on bargain purchase	0	2 422	0	2 430	2 244	2 668	0
EBIT	1 584	2 826	989	2 722	2 220	2 438	-1 299
Net financial items	-1 760	617	-1 852	1 789	2 538	-1 848	-41
Profit before tax	-176	3 444	-863	4 511	4 758	590	-1 340
Income tax gain/(expense)	-377	-64	-125	-106	-106	-61	355
Net income	-553	3 379	-987	4 406	4 652	529	-985
Earnings per share (fully diluted):	-0,11	0,58	-0,19	0,58	2,01	0,44	-0,82
Distribution to shareholders per share	0,36	0,00	0,36	0,00	0,60	0,00	0,00
Dividend yield	3,6 %	0,0 %	3,6 %	0,0 %	6,0 %	0,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	2,32	5,07	2,32	2,32	1,20	1,20
EBITDA adjusted	2 877	828	3 954	1 691	1 729	1 714	-28
EBIT adjusted	1 765	533	2 121	809	489	678	-176
Net income adjusted	757	419	1 204	419	252	-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.

Interim report third quarter 2014

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

Operational review and outlook

The quarterly power production of 10,2 GWh was 14% below norm level due to poor solar irradiation conditions in the quarter. The total reported production for the first nine months of 2014 was 15 GWh, equivalent to 9% below normal for the period.

Market price development

Around 11% of the total revenue in the third quarter of 2014 came from variable market contracts (RiD). Due to the suspension of payments by the GSE, EAM has assumed the lowest sales price of market electricity for the affected power plants.

In 2011 and 2012 the wholesale market price of electricity in Italy was between EUR 75 to 85 per MWh, in 2014 it has been between EUR 45 to 60 per MWh. The market price in the third quarter was approximately EUR 55 per MWh in average. The price has increased slightly since the beginning of August from a EUR 50 level to an average of EUR 58 in September.

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 of EUR 50 to 60 per MWh going forward and has adjusted valuation of acquisition targets accordingly and not reduced the required capital return ratios.

P31 portfolio closing

On the 31 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.

On 15 July 2014 EAM Solar ASA executed the transfer of the shares of 7 out of a total of 8 companies that comprise

the P31 portfolio, 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. The 21 plants have an estimated annual production of approximately 29 GWh.

A partial closing have been executed by EAM and the seller due to unresolved matters concerning the last bank waiver affecting the last SPV to be purchased, which comprises 10 power plants.

In conjunction with the partial closing on 15 July 2014 EAM transferred EUR 30m to Aveleos S.A. in Luxembourg as the first payment for the power plants. In addition EAM inserted EUR 3,4m into debt service reserve accounts in the SPV's. After the transfer, the acquired SPV's had approximately EUR 9m in restricted and unrestricted cash.

The enterprise value of the partial close is in the range of EUR 63m to 72m depending on the outcome of certain withheld payments from the banks and production targets in 2014, as well as changes to the FIT contracts. Final settlement of all acquisition price adjustments will be concluded in the first quarter of 2015 (see Note 14 – Acquisitions during the period for further detail).

The 7 companies had an existing debt financing of EUR 43m at the closing date, with a combination of leasing and non-recourse project finance. The equity payment for the shares in the 7 companies will consequently be in the range EUR 20m to 29m.

The portfolio will contribute with annual sales of approximately EUR 10m and an annual EBITDA in the range of EUR 7 to 9m.

During the third quarter GSE enacted a temporary suspension of payments of the FIT and RID on 17 out of 21 power plants under EAM control. The suspension notices refers to a preliminary investigation, involving the

power plants, conducted by the Prosecutors' office in Milan.

EAM was also notified informally by the P31 banks of an order by the court of Milan to restrict accounts owned by the P31 companies. (See Note 15 – Events after the interim period for further information).

Dividends

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

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. The indicated pricing of project financing debt is within a competitive price for a floating interest 10-15 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 fourth quarter.

Subsequent Events

Standstill agreement

On 20 October 2014 EAM notified the market that EAM Solar ASA had entered into a 6 months Standstill Agreement in conjunction with the P31 portfolio acquisition.

EAM and the seller have agreed to jointly clarify all relevant facts related to the power plants and the viability of the FIT contracts that has been affected by the preliminary investigations conducted by the public Prosecutor in Milan. Furthermore, EAM receives cash securing liquidity for operating the affected power plants and SPV's in a normal manner. Based on the standstill Agreement EAM has lifted the injunction as described in the stock exchange notice of the 4th of September.

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

Administrative court filing

On the 16th of October 2014, EAM filed a petition to the administrative court in Rome in order to have the suspension of the payment of the feed in tariffs lifted. The filing of the petition is conducted following the preliminary results of the forensic fact finding work currently conducted by EAM. The administrative court in Rome is expected to conduct its court hearing on this matter the 30th of October. The administrative court may conduct a verdict in this matter two weeks after the hearing.

Financial review

Income Statement

The accounts for the third quarter include the partial closed P31 portfolio from the 15th of July.

Revenues

Third quarter revenues came in at EUR 3,9m and revenues year to date came in at 5,9m.

Achieved average electricity price for the quarter was EUR 379 per MWh against EUR 372 per MWh in the second quarter.

Operational cost

Cost of operations for the first nine months came in at EUR 686k, an increase of EUR 454k compared with the same period in 2013, mainly driven by the increased scope of operations.

SG&A costs came in at EUR 1,3m for the first nine months of 2014 against EUR 688k in 2013.

Acquisition and financing costs in the period amounted to EUR 1,1m of which 1,08m is related to the due diligence and transaction costs of the P31 acquisition.

Operational earnings

First nine months 2014 EBITDA came in at EUR 1,8m, 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 3,95M.

The 9-month EBITDA contribution from the partial closed P31 companies has been EUR 6,5m, however, the period January to July 15 is not included in the financial report.

Net financial items

Net finance is mainly affected by the fluctuations in the NOK/EUR currency exchange rate. The drop in the value of the EUR against NOK in the third quarter resulted in a preliminary net disagio cost of approximately EUR 1m year to date.

Profit before tax and net income after tax

The result for the third quarter was a loss of EUR 552k and adjusted for acquisition costs and non-cash currency loss a profit of EUR 757k in the quarter.

Cash Flow and Balance Sheet Statements

Cash Flow

Cash flow operations for the first nine months came in at negative EUR 3.5m. Investment of EUR 23,5m is related to the P31 partial close.

Cash flow from financing was in total EUR 29,8m of which the net proceeds from the private placement in January was EUR 25,1m, dividend payment of EUR 1,9m and P31 acquisition financing of EUR 8,1m.

Restricted and unrestricted cash by the end of the quarter was EUR 10,7m.

Balance Sheet

Total assets at the end of the period are EUR 119m, with an equity ratio of 46%. Net working capital (excluding cash) was EUR 7.7m at end of September.

Oslo 21 October 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 consolidated statement of comprehensive income

(EUR)	Note	Unaudited Q3 2014	Unaudited Q3 2013	Unaudited 9M 2014	Unaudited 9M 2013	Audited 2013	Audited 2012
Revenues	6,8,13	3 947 177	1 130 527	5 919 511	2 612 443	3 109 548	3 106 472
Cost of operations	12	-366 305	-67 655	-686 323	-232 274	-360 210	-259 260
Sales, general and administration expenses	12	-704 098	-234 473	-1 279 324	-688 981	-1 020 720	-1 133 138
Acquisition and transaction costs	12	-181 094	-128 765	-1 131 714	-517 427	-512 385	-907 671
EBITDA		2 695 679	699 634	2 822 150	1 173 761	1 216 233	806 403
Depreciation, amortizations and write downs	9	-1 112 176	-295 446	-1 832 994	-881 861	-1 240 020	-1 036 269
Gain on bargain purchase		0	2 422 269	0	2 430 332	2 243 510	2 668 237
EBIT		1 583 503	2 826 457	989 155	2 722 233	2 219 723	2 438 371
Finance income		127 435	666 321	1 469 774	1 998 192	2 753 421	4 711
Finance costs		-1 886 967	-48 861	-3 321 455	-209 131	-215 308	-1 853 042
Profit before tax		-176 029	3 443 917	-862 525	4 511 293	4 757 837	590 040
Income tax gain/(expense)		-376 749	-64 450	-124 791	-105 650	-106 093	-61 171
Profit after tax		-552 778	3 379 467	-987 316	4 405 643	4 651 744	528 869
Other comprehensive income							
Translation differences		-305 796	-553 648	-305 796	-1 960 454	-3 138 155	812 044
Other comprehensive income net of tax		-305 796	-553 648	-305 796	-1 960 454	-3 138 155	812 044
Total comprehensive income		-858 574	2 825 819	-1 293 112	2 445 189	1 513 589	1 340 913
Profit for the year attributable to:							
Equity holders of the parent company		-552 778	3 379 466	-987 316	4 405 643	4 651 744	528 869
Non-controlling interests		0	0	0	0	0	0
Equity holders of the parent company		-552 778	3 379 466	-987 316	4 405 643	4 651 744	528 869
Total comprehensive income attributable to:							
Equity holders of the parent company		-858 574	2 825 819	-1 293 112	2 445 189	1 513 589	1 340 913
Non-controlling interests		0	0	0	0	0	0
Equity holders of the parent company		-858 574	2 825 819	-1 293 112	2 445 189	1 513 589	1 340 913
Earnings per share:							
Continued operation							
- Basic		-0,11	1,46	-0,19	2,26	2,23	0,44
- Diluted		-0,12	1,46	-0,21	1,90	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 third quarter 2014 is 5,070,000.

Consolidated condensed statement of financial position

(EUR)	Note	Unaudited 9M'2014	Unaudited 9M'2013	Audited 2013	Audited 2012	Audited 2011
ASSETS						
Property, plant and equipment	9	86 797 205	24 115 653	23 721 735	19 533 095	6 563 352
Other long term assets		2 892 478	350 311	422 867	338 210	355 330
Non-current assets		89 689 682	24 465 964	24 144 602	19 871 305	6 918 682
Receivables		16 802 056	1 942 242	802 046	950 882	429 266
Other current assets		2 297 561	180 582	77 723	598 551	209 770
Cash and short term deposits	10	10 727 584	4 102 078	4 861 406	713 730	8 000 351
Current assets		29 827 202	6 224 902	5 741 174	2 263 163	8 639 387
TOTAL ASSETS		119 516 884	30 690 866	29 885 776	22 134 468	15 558 069
EQUITY AND LIABILITIES						
Issued capital		6 152 669	2 859 256	2 932 561	1 523 423	1 523 423
Share premium		429 971	0	429 971	13 400 695	13 400 695
Paid in capital		6 582 640	2 859 256	3 362 532	14 924 118	14 924 118
Translation differences		947 747	350 311	-2 089 997	1 048 158	236 114
Other equity		47 284 878	26 494 729	28 051 626	-455 720	-984 589
Other equity		48 232 624	26 845 040	25 961 629	592 438	-748 475
Total equity		54 815 265	29 704 295	29 324 160	15 516 556	14 175 643
Leasing		29 685 237	0	0	0	0
Non-recourse debt		12 566 790	0	0	0	0
Deferred tax liability		2 906 726	0	0	0	0
Total non-current liabilities		45 158 754	0	0	0	0
Trade payables		9 593 275	814 273	167 772	1 004 610	590 729
Income tax payable		1 805 577	172 298	174 311	164 106	175 591
Short term loan - interest bearing		8 144 014	0	0	5 420 265	0
Other current liabilities		0	0	219 533	28 931	616 106
Total current liabilities		19 542 866	986 571	561 616	6 617 912	1 382 426
Total liabilities		64 701 620	986 571	561 616	6 617 912	1 382 426
TOTAL EQUITY AND LIABILITIES		119 516 884	30 690 866	29 885 776	22 134 468	15 558 069

Oslo, 21 October 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			-987 316		-987 316
Other comprehensive income				3 087 532	3 087 532
Equity as at 30 September 2014	6 152 669	478 016	47 236 833	947 747	54 815 265

Consolidated condensed cash flow statement

<i>(EUR)</i>	Note	Unaudited 9M 2014	Unaudited 9M 2013	Audited 2013	Audited 2012	Audited 2011	Unaudited 9M 2012
Ordinary profit before tax		-987 316	4 511 293	4 757 837	590 040	-1 339 919	1 420 706
Paid income taxes		-310 270	-130 672	0	-727 658	0	0
Depreciation		1 832 994	881 861	1 240 020	1 036 269	148 012	743 373
Gain on bargain purchase		0	-2 430 332	-2 243 510	-2 668 237	0	-2 668 237
Changes in trade receivables and trade payable		-6 574 508	-1 181 697	-688 002	130 944	861 238	-1 355 241
Changes in other accruals		2 516 085	397 230	491 897	-390 824	188 526	-642 314
Cash flow from operations		-3 523 014	2 047 683	3 558 243	-2 029 466	-142 143	-2 501 713
Purchase of property, plant and equipment		0	-66 240	0	-73 685	0	0
Acquisition of subsidiary, net of cash acquired		-23 519 621	-3 518 720	-3 368 989	-11 696 898	-6 933 426	-10 985 916
Cash flow from investments		-23 519 621	-3 584 960	-3 368 989	-11 770 583	-6 933 426	-10 985 916
Proceeds from issue of share capital		25 259 554	13 770 205	13 828 508	0	14 924 118	0
Dividends or shareholder distributions		-1 868 665	-1 484 705	0	0	0	0
Proceeds from new loans		8 144 014	0	-5 420 265	6 106 249	0	6 106 249
Repayment of loans		-1 713 621	-5 512 476	-1 484 705	-685 984	0	0
Cash flow from financing		29 821 282	6 773 024	6 923 538	5 420 265	14 924 118	6 106 249
Cash at beginning of period		4 861 406	713 730	713 730	8 000 351	0	8 000 351
Net currency translation effect		3 087 532	-1 847 399	-2 965 116	1 093 163	151 802	756 957
Net increase/(decrease) in cash and cash equivalents		2 778 647	5 235 747	7 112 792	-7 286 621	8 000 351	-6 624 423
Cash at end of period		10 727 585	4 102 078	4 861 406	713 730	8 000 351	1 375 928

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 - Basis of preparation

General accounting principles

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

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

The main activity of EAM Solar ASA is to own solar PV power plants and sell the electricity produced under long-term contracts. EAM's main purpose is to create a steady long-term dividend yield for its shareholders. EAM Solar ASA currently owns twenty-five photovoltaic power plants and eleven subsidiaries in Italy. Seven subsidiaries were acquired after the reporting date, see note 14 for 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 third quarter 2014 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report 2013

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

Financial risk

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

support its business and maximize the shareholders values.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives policies or processes during the first nine months 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 (including the newly acquired companies) is 49%. 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 the market terms 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. An increase in IMU (real estate taxes) and corporate tax has had a negative impact during the last years.

On the regulatory side, changes has been adopted by the Italian government to reduce the feed-in tariff (FIT). The photovoltaic power plant owners can either choose a reduction in the annual FIT revenues ranging from 17% to 25% depending on the remaining contract lifetime and a 4-year prolongment of the contract period, or through a voluntary 8% annual reduction in the FIT. There is also discussed two other options in the adopted law, however the details of the proposal are not yet published. EAM has done the purchase price allocation based on the 8% cut in feed in tariff.

Tariff for one-year RiD contracts for plants below 1MW has been steadily reduced over time and is currently at a level of EUR 57 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's core business is 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 third quarter 2013, the book value of assets owned by the acquired company was higher than the purchase price. In conjunction with the accounting principles used in the group accounts by EAM Solar ASA in 2012 and in 2013, a difference between purchase price and the book value of assets results in an accounting gain or loss recognized in the Company's profit and loss statement.

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

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

An impairment test has been conducted on EAM Solar Italy 1, 2 and 3. Based on the 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	Voting power
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%	100%
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 14 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 25 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%

Note 6 - Segment information

EAM Solar Italy 1 s.r.l.	9M 2014	9M 2013
Revenues from external customers	761 758	824 947
EBITDA	553 513	567 865
EBIT	263 965	278 318
Investments	0	48 080
Non-current assets	5 822 948	6 213 218
EAM Solar Italy 2 s.r.l.	9M 2014	9M 2013
Revenues from external customers	1 669 250	1 777 101
EBITDA	1 277 961	1 298 102
EBIT	687 887	708 028
Investments	0	44 160
Non-current assets	12 051 700	12 799 880
EAM Solar Italy 3 s.r.l.	9M 2014	9M 2013
Revenues from external customers	647 673	10 395
EBITDA	432 716	-150 931
EBIT	231 090	2 277 161
Investments	217 845	3 518 720
Non-current assets	5 218 124	5 452 867
P21	9M 2014*	9M 2013
Revenues from external customers	2 840 830	0
EBITDA	2 232 774	0
EBIT	1 481 027	0
Investments	30 000 000	0
Non-current assets	66 284 187	0
Other & eliminations	9M 2014	9M 2013
Revenues from external customers	0	0
EBITDA	-1 674 814	-541 274
EBIT	-1 674 814	-541 274
Investments	0	10 676
Non-current assets	312 723	0
Total	9M 2014	9M 2013
Revenues from external customers	5 919 511	2 612 443
EBITDA	2 822 150	1 173 761
EBIT	989 155	2 722 233
Investments	30 217 845	3 621 636
Non-current assets	89 689 682	24 465 965

* P21 is included from 15 July 2014.

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

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

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

Note 7 - Transactions with related parties

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

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

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

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

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

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

In the financing of the P31 acquisitions, EAM used a credit facility of EUR 8,1m provided by the largest shareholder in EAM Solar ASA, Sundt AS. The credit facility is secured with a pledge in EAM Solar Italy Holding S.r.l and carries an interest rate of 6% p.a.

Note 8 – Information on major customers

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

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

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

Note 9 – Property, plant and equipment

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

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

(EUR)

2014	Power plants
Carrying value 1 January 2014	23 197 458
Additions	65 432 741
Depreciation	-1 832 994
Carrying value 30 September 2014	86 797 205

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	Q3 2014
Unrestricted cash Norway	860 075	249 256	9 860 020	7 507 109	1 746 242	1 435 170	25 975 787	969 095	203 138
Unrestricted cash Italy	254 943	203 564	588 323	659 126	2 105 870	3 176 028	3 365 968	33 499 741	1 150 985
Restricted cash Italy	260 910	260 910	260 885	250 208	250 208	250 208	250 208	250 208	9 373 462
Cash	1 375 927	713 730	10 709 227	8 416 443	4 102 320	4 876 716	29 591 962	34 719 044	10 727 584

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

Note 11 – Detailed operational cost overview

(EUR)	EAM Solar ASA	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	P21	Other & Eliminations
Revenues	5 919 511	761 758	1 669 250	647 673	2 840 830	0
Cost of operations	-686 323	-97 578	-214 291	-100 074	-265 630	-8 750
Land rent	-131 096	-26 727	-55 081	0	-49 289	0
Insurance	-102 872	-13 196	-47 034	-9 714	-24 178	-8 750
Operation & Maintenance	-374 932	-52 801	-100 208	-77 410	-144 514	0
Other operations costs	-77 422	-4 855	-11 969	-12 949	-47 649	0
Sales, General & Administration	-1 279 324	-111 283	-173 875	-128 673	-342 425	-523 069
Commercial management	-53 418	-18 993	-18 863	0	0	-15 563
Accounting, audit & legal fees	-166 756	-17 870	-21 976	-31 968	-34 877	-60 065
IMU tax	-213 874	-26 533	-48 273	-36 069	-102 999	0
EAM SPM direct costs	-705 328	-38 038	-78 209	-49 633	-145 919	-393 530
EAM SPM management service contract	0	0	0	0	0	0
Other administrative costs	-139 948	-9 849	-6 554	-11 003	-58 630	-53 911
Acquisition & financing cost	-1 131 714	616	-3 124	13 789	0	-1 142 996
Acquisition transaction costs	-1 080 785	0	0	0	0	-1 080 785
Funding & IPO costs	-62 210	0	0	0	0	-62 210
Other non-recurring items	11 282	616	-3 124	13 789	0	0
EBITDA	2 822 150	553 513	1 277 961	432 716	2 232 774	-1 674 814

The costs under other & eliminations are costs of EUR 1,08m 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 2014 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	Q3 2014
Production (GWh)	1,176	2,484	2,574	0,931	1,102	2,335	2,692	1,629	1,521	3,283	10,213
% of annual production	16%	35%	36%	13%	14%	30%	35%	21%			
Revenues	0,501	1,047	1,085	0,474	0,496	0,986	1,131	0,497	0,592	1,380	3,947
Total operating costs	-0,550	-0,789	-0,448	-0,516	-0,689	-0,318	-0,431	-0,455	-0,934	-0,912	-1,251
Operations costs	-0,061	-0,080	-0,064	-0,061	-0,081	-0,083	-0,068	-0,128	-0,116	-0,204	-0,366
SG&A costs	-0,193	-0,202	-0,255	-0,479	-0,281	-0,173	-0,234	-0,332	-0,260	-0,315	-0,704
A&T costs	-0,295	-0,507	-0,129	0,023	-0,327	-0,062	-0,129	0,005	-0,558	-0,393	-0,181
EBITDA	-0,049	0,258	0,637	-0,042	-0,193	0,667	0,700	0,042	-0,342	0,468	2,696
EBITDA margin	-10%	25%	59%	-9%	-39%	68%	62%	9%	-58%	34%	68%
Depreciation	-0,161	-0,291	-0,292	-0,293	-0,345	-0,241	-0,295	-0,358	-0,360	-0,360	-1,112
Gain on bargain purchase	2,668	0,000	0,000	0,000	0,000	0,000	2,422	-0,179	0,000	0,000	0,000
EBIT	2,458	-0,033	0,345	-0,335	-0,538	0,426	2,826	-0,494	-0,702	0,108	1,584
Financial income	0,000	0,027	0,003	0,001	0,333	0,999	0,666	0,755	0,043	1,300	0,127
Financial costs	-0,313	-0,413	-0,658	-0,496	-0,158	-0,003	-0,049	-0,006	-0,258	-1,176	-1,887
Profit before tax	2,145	-0,419	-0,310	-0,831	-0,362	1,422	3,444	0,254	-0,917	0,232	-0,176
Adjusted EBITDA	0,246	0,765	0,766	-0,066	0,134	0,729	0,828	0,037	0,216	0,861	2,877

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
Varmo	1 521	2 298	Udine	Dual axis tracker
Codroipo	3 128	4 623	Udine	Dual axis tracker
Momo	994	1 133	Piemonte	Fixed tilt
Caltignaga	992	1 120	Piemonte	Fixed tilt
Selvaggi	989	1 383	Puglia	Fixed tilt
Di Mauro	989	1 383	Puglia	Fixed tilt
Ninivaggi	984	1 377	Puglia	Fixed tilt
Lomurno	987	1 403	Puglia	Fixed tilt
Giordano D.	989	1 406	Puglia	Fixed tilt
Gagnazzi	989	1 406	Puglia	Fixed tilt
Gentile	987	1 381	Puglia	Fixed tilt
Lorusso	989	1 353	Puglia	Fixed tilt
Cirasole	986	1 376	Puglia	Fixed tilt
Scaltrito	989	1 376	Puglia	Fixed tilt
Pasculli	987	1 433	Puglia	Fixed tilt
Pisicoli N.	987	1 386	Puglia	Fixed tilt
Pisicoli T.	987	1 386	Puglia	Fixed tilt
Marulli	742	1 038	Puglia	Fixed tilt
Antonacci	986	1 378	Puglia	Fixed tilt
Piangevino	989	1 428	Puglia	Fixed tilt
Lorusso	984	1 403	Puglia	Fixed tilt
Brundesini	994	1 477	Puglia	Fixed tilt
Scardino	993	1 483	Puglia	Fixed tilt
Enfo 14	977	1 415	Puglia	Fixed tilt
Enfo 25	983	1 430	Puglia	Fixed tilt
Total	25 600	35 975		

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

Reported power production	Q3 2014	Q2 2014	Q1 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD2014	FY2013	FY2012
EAM Solar Italy 1 Srl	710	796	367	352	785	862	315	1 873	2 315	2 571
EAM Solar Italy 2 Srl	1 502	1 605	749	750	1 550	1 798	707	3 856	4 806	4 595
EAM Solar Italy 3 Srl	602	881	405	0	0	32	287	3 777	637	0
Energetic Source Green Power srl (ESGP)	2 491							2 491	0	
Energetic Source Green Investments srl (ESGI)	1 062							1 062	0	
Energetic Source Solar Production srl (ESSP)	1 704							1 704	0	
Aveleos Green Investment srl (AGI)	350							350	0	
Ens Solar One srl (ENS1)	1 100							1 100	0	
Energia Fotovoltaica 14 Soc. Agr. a r.l. (ENFO14)	339							339	0	
Energia Fotovoltaica 25 Soc. Agr. a r.l. (ENFO25)	354							354	0	
Total	10 213	3 283	1 521	1 102	2 335	2 692	1 310	16 904	7 758	7 166

Actual power production	Q3 2014	Q2 2014	Q1 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD2014	FY2013	FY2012
Varmo	710	796	367	352	785	862	315	1 873	2 315	2 571
Codroipo	1502	1 605	749	750	1 550	1 798	707	3 856	4 806	5 238
Momo	213	451	198	0	0	460	143	862	603	0
Caltignaga	389	430	208	0	0	439	144	1 027	583	0
Selvaggi	427	420	277	199	436	457	255	1 125	1 347	
Di Mauro	430	413	274	167	421	454	280	1 118	1 322	
Ninivaggi	424	423	274	197	405	458	252	1 121	1 312	
Lomurno	416	410	270	204	444	453	256	1 096	1 356	
Giordano D.	431	419	280	197	420	445	267	1 130	1 330	
Gagnazzi	420	412	276	201	452	458	264	1 107	1 374	
Gentile	413	411	260	192	383	438	245	1 084	1 258	
Lorusso	391	403	267	169	433	441	235	1 061	1 278	
Cirasole	451	441	292	200	438	468	260	1 183	1 367	
Scaltrito	425	405	278	199	428	459	249	1 108	1 335	
Pasculli	437	412	283	272	464	417	242	1 132	1 395	
Pisicoli N.	438	424	275	270	483	469	247	1 137	1 469	
Pisicoli T.	429	414	272	244	397	441	245	1 114	1 327	
Marulli	322	312	197	141	273	338	182	831	934	
Antonacci	443	430	285	101	482	472	255	1 158	1 310	
Piangevino	415	415	273	202	387	358	235	1 103	1 183	
Lorusso	434	421	274	216	472	469	251	1 129	1 407	
Brundesini	444	419	286	218	469	454	253	1 149	1 393	
Scardino	440	426	286	204	428	440	280	1 152	1 352	
Enfo 14	406	415	280	205	418	424	265	1 101	1 313	
Enfo 25	421	413	267	195	430	456	258	1 101	1 339	
Total	11 669	11 940	7 246	5 296	11 297	12 829	6 584	30 855	36 006	7 808

Note 14 – Acquisitions during the period

On the 15th of July the company executed the transfer of the shares of 7 out of a total of 8 companies that comprises the P31 portfolio, effectively bringing the power plants owned by the SPV's under EAM's control. This transaction is in line with the Company's growth strategy in Italy. The 7 companies represent 21 of the total 31 power plants in the P31 Portfolio, equivalent to 20.5MW out of a total of 30.4MW. A partial closing was decided and executed by EAM Solar and the seller due to matters remaining to be resolved concerning the last bank waiver affecting the last SPV to be purchased (ENS 4), which comprise 10 solar power plants. Since these matters are not expected to be determined before October/November, 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. The parties have agreed that if the revised condition precedent is not fulfilled by December 19, 2014 the second closing does not take place.

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

The combined book value of equity in the SPVs acquired as of 30 June 2014 was EUR 14.3 million, resulting in an excess value before purchase price allocation (PPA) of

EUR 6.4 million (EUR 20.7 million purchase price ÷ EUR 14.3 million equity).¹

The purchase price allocation was EUR 9.3m for property, plant and equipment, since the solar power plants are the main source of value for the target companies. The deferred tax liability associated with the excess value allocated to property, plant and equipment equals EUR 2.9m, based on a nominal Italian corporate tax rate of 31.4% of the total allocated amount.

The total SPV quota price shall be paid to the Seller in two instalments and the second instalment is originally due on 22 December 2014. This second instalment has been postponed until no later than 30 June 2015 based on a "stand still" agreement between EAM and the Seller. See separate description of this agreement in note 15.

There are two contingent consideration arrangements:

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

The second relates to possible changes in the payment structure of the feed in tariff (FIT) contracts or an additional taxation of Solar Power Plants, as officially proposed by the government in Italy on 25 June 2014.

¹ (The transaction took place on the 15th of July, but the company has chosen to use the figures as 30 June since these figures are considered not to materially differ from those of the actual transaction date.)

During the third quarter the proposed amendments were ratified and implemented as law in Italy. Based on this the Company has calculated the effect, and the purchase price is reduced with EUR 3.7m.

Consideration	EUR
Cash	22 055 850
Deferred payment quota price	5 046 832
Contingent consideration earn-in	-2 697 399
Contingent consideration FIT change in law	-3 740 000
Total consideration transferred	20 665 283

Recognised amounts of identifiable assets acquired and liabilities assumed	EUR
Property, plant and equipment	55 287 184
Addition to property, plant and equipment	9 257 090
Other non-current assets	3 343 133
Current assets	12 997 548
Change in deferred tax liability	-2 906 726
Other non current liabilities	-42 641 526
Current liabilities	-14 671 419

Total identifiable net assets at fair value 20 665 283

Goodwill 0

Total net assets at fair value 20 665 283

The revenue included in the consolidated statement of comprehensive income since 15 July 2014 contributed by the new SPVs was EUR 2.8m. The new SPVs also contributed profit of EUR 0.8m over the same period.

The fair value of the receivables acquired is EUR 4.3m, which is equal to the gross contractual amounts receivable. Given that the counterpart is the Italian state represented by GSE, the Company expects to collect all receivables outstanding.

Note 15 – Events after the interim period

Stand still agreement

The Company has agreed to, and implemented a 6 months Standstill Agreement in conjunction with the P31 portfolio acquisition. EAM and Aveleos, the seller of the P31 portfolio which is a joint venture between Enovos Luxembourg SA (59% ownership) and Avelar Energy Ltd (41% ownership), have agreed to jointly clarify all relevant facts related to the power plants and the viability of the FIT contracts that has been affected by the preliminary investigations conducted by the public Prosecutor in Milan. Furthermore, EAM receives cash securing liquidity for operating the affected power plants and SPV's in a

normal manner. Based on the standstill agreement EAM has lifted the injunction as described in the stock exchange notice of 4 September.

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

Filing to the administrative court

Last week EAM filed a petition to the administrative court in Rome in order to have the suspension of the payment of the feed in tariffs lifted. The filing of the petition is conducted following the preliminary results of the forensic fact finding work currently conducted by EAM. The administrative court in Rome is expected to conduct its court hearing on this matter on 30 October. The administrative court may conduct a verdict in this matter two weeks after the hearing.

Third quarter 2014

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