Financial report

eam

Q2 2013

EAM Solar ASA

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Highlights in 2nd quarter 2013

- Main focus in 2nd quarter has been to negotiate purchase of additional power plants. More than 50 plants/portfolios have been reviewed. Acquisition of two power plants in Italy commenced in June and a binding term-sheet was signed the 16th of July. Financial close is expected in September. The investment is about EUR 4m and may result in a gain on bargain purchase of EUR 1,6m in 3rd quarter.

- EAM will pay its first dividend of NOK 5 per share. The share will trade ex-dividend from the 12th of August.

- EAM has received a preliminary proposal for debt financing of its current power plants in Italy with acceptable conditions. EAM expect to conclude on debt financing facilities in the 3rd quarter enabling further growth.

- Power production in 2nd quarter was 4,6% higher than seasonal average due to good weather conditions in April and June. However, due to very poor weather conditions in the 1st quarter, power production 1st half is 2,7% below historical average. Technical operations in the quarter were very good with commercial availability of 99.8%.

Key figures

(EUR)	Unaudited **Q2 2013**	Unaudited **Q2 2012**	Unaudited **H1 2013**	Unaudited **H1 2012**	Audited **2012**	Audited **2011**
Revenues	**985 503**	**1 046 686**	**1 481 916**	**1 547 530**	**3 106 472**	**340 075**
Cost of operations	-83 295	-79 776	-164 618	-141 044	-259 260	-25 230
Sales, general and administration expenses	-173 206	-201 894	-454 508	-395 375	-1 133 138	-342 639
Acquisition and transaction costs	-61 922	-506 877	-388 662	-802 072	-907 671	-1 122 832
EBITDA	**667 080**	**258 139**	**474 127**	**209 039**	**806 403**	**-1 150 626**
Depreciation, amortizations and write downs	-241 346	-290 859	-586 414	-451 536	-1 036 269	-148 012
Gain on bargain purchase	0	0	0	2 668 237	2 668 237	0
EBIT	**425 734**	**-32 720**	**-112 287**	**2 425 740**	**2 438 371**	**-1 298 638**
Net financial items	995 999	-386 259	1 171 600	-699 222	-1 848 331	-41 281
Profit before tax	**1 421 734**	**-418 979**	**1 059 313**	**1 726 518**	**590 040**	**-1 339 919**
Income tax gain/(expense)	-77 475	-155 497	-41 200	-123 964	-61 171	355 330
Net income	**1 344 258**	**-574 476**	**1 018 113**	**1 602 554**	**528 869**	**-984 589**
Other comprehensive income						
Translation differences	-787 104	137 807	-460 958	435 093	812 044	236 114
Total comprehensive income	**557 155**	**-436 669**	**557 155**	**2 037 647**	**1 340 913**	**-748 475**
Earnings per share (fully diluted):	**0,58**	**-0,48**	**0,44**	**1,34**	**0,44**	**-0,82**
No. of shares (fully diluted)	2 320 000	1 200 000	2 320 000	1 200 000	1 200 000	1 200 000
EBIT adjusted	487 656	474 157	276 375	559 575	677 805	-175 806
EBITDA adjusted	729 002	765 016	862 790	1 011 111	1 714 074	-27 794
Net income adjusted	418 632	128 405	86 213	91 950	-131 189	138 243

Adjusted EBIT, EBITDA and Net income are adjusted for non-recurring items as cost of acquisition and financing, gains from bargain purchase and non-cash currency movements. Non-cash currency gain (agio) amounted to EUR 1.3 million in first half 2013.

Interim report 2nd quarter 2013

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

Operational review and outlook

Market

EAM Solar Park Management AS has in the period since the IPO had as it's main focus to screen and review acquisition opportunities for EAM Solar.

More than 50 solar power plants and portfolios of power plants have been evaluated, mostly in Italy. Most projects are power plants that have been in operations since 2011/2012.

The general impression is that the market currently has more sellers than buyers. Therefore, good acquisitions are possible given a prudent approach. The evaluation and negotiation process usually takes several months before a project may be considered for acquisitions.

In general the sellers in the secondary market in Italy are targeting a selling price representing after tax project return in the range 7 to 9% for the contract period of the power plant. However, our experience is that there is a large spread in the understanding of the pricing and relevant valuation potential of projects in the secondary market. Many projects considered are power plants where the owner is in a forced selling position. This opens good opportunities to conduct acquisitions well within the risk-return criteria's of EAM Solar.

In June the Italian Parliament proposed to include electricity producers with annual revenues between EUR 10 and 3 million and taxable income between EUR 1 million and 300,000 in the so-called "Robin Hood tax" regime. The Robin Hood tax was introduced for electricity producers in 2008 and represents an additional 6,5% IRES (state) tax on the 27.5% normal tax rate, i.e. a state tax of 34%. In 2011 the Robin Hood tax also included renewable energy producers with revenues above EUR 10 million and a taxable income higher than EUR 1 million. The current proposal will be decided on in August 2013, and if approved the new tax will be effective from 2014. The effect on existing operations for EAM is minor. However, it will strengthen the downward pressure on the pricing/valuation of projects in the secondary market. Therefore, EAM deem the net-effect for our operations to be positive based on valuation of future acquisition becoming more beneficial.

Our main conclusion at the moment is that the secondary market for Solar Power plants in Europe will remain beneficial for buyers going forward, and in Italy alone there may be as much as 1 GW of power plants marketed for sale during the next year.

Acquisition

In June, EAM decided to pursue the acquisition of two power plants in northern Italy. The Power plants are approximately 2MW in total capacity and represents an investment of approximately EUR 4m. EAM signed a binding term sheet the 16th of July and has entered into the due diligence phase of the transaction. The final share purchase agreement is expected signed before the 6th of September, and financial close will probably take place in September given a positive outcome of the due diligence.

The power plants will be acquired based on the financial take-over date being the 1st of July. Based on the current assessment, the acquisition may result in a one-off gain (gain on bargain purchase) of approximately EUR 1,6m to be booked in the 3rd quarter 2013. The gain represents the difference between the book value of the assets in the acquired company and the purchase price.

Although EAM has initiated an acquisition process, the company will on a continuous basis evaluate and negotiated additional acquisition opportunities.

Debt financing

During 2nd quarter, EAM has initiated discussion with both banks active in the financing of Solar Power plants in Italy, as well as initiated discussion with other parties for the issuance of debt in relation to debt financing of the two power plants Codroipo and Varmo.

EAM has received an indicative offer for lease financing of the power plants in Italy that is within an attractive cost of debt range. EAM expects to conclude the first debt financing structure during the 3rd quarter. Debt financing of Varmo and Codroipo is expected to release equity to be employed in new acquisitions.

Dividend

Based on the decision in the Annual General meeting the 14th of May, EAM Solar will pay it's first dividend to the Company's shareholders. The dividend will be NOK 5 per share, equivalent to a total of NOK 11.6 million in total. The dividend will be paid out in the form of distribution of capital.

The share will trade ex-dividend from Monday the 12th of August.

The distribution to the shareholders marks the start of the intention and ambition behind the creation of EAM Solar, which is to create a listed financial exposure for investors to solar PV power plants under long-term sales contracts of electricity yielding a steady dividend during the contract period.

The dividend payment is based on the free cash flow from the power plants currently under ownership and operation. The dividend payment will not impair or impact the proceeds received from the IPO.

Power & performance

Solar irradiation & production

The winter and spring 2013 have been characterised by unusually poor weather conditions, while the same period in 2012 was unusually dry and sunny. Such quarterly and semi-annual variations from year to year are normal, but over longer periods the irradiation and production will approach the historical average level.

2nd quarter 2013 saw good solar irradiation in April and June, while May was poor. The resulting production in the 2nd quarter was 2,335 MWh, 4,6% higher than the historical average. This balances the low production in the 1st quarter somewhat, and the production prognosis for the full year 2013 is only 1,4% below the historical average when assuming normal weather conditions rest of the year.

Technical performance

Technical availability in the period was high and no significant disruptions were recorded. This resulted in a commercial availability (as percent of theoretical maximum) of approximately 99,8 %, which is deemed very good and above operational plans. For the first six months of 2013 the commercial availability is recorded at 99,5%

The power plants have operated as planned. Grid disturbance problems experienced late 2012 seem to be solved. The minor losses (deviation from 100% commercial availability) were mainly due to a blown fuse that reduced the production on a small section of the Varmo plant for about a week. Such minor technical incidents are normal within risk versus cost optimised operations. The 2nd quarter inspection in June found the plants in good condition.

Financial review

Income Statement

Revenue and production

Revenues in Q2 2013 amounted to EUR 985k, reflecting production and external sales of 2,335 MWh of electrical power. The power production in the period reflects the seasonality of the solar irradiation in the Friuli region in Northern Italy.

Feed-in tariffs accounted for approximately 84% of revenue in first half 2013, with electricity sales in the market accounting for the remainder. Market prices for electricity have declined further, from approximately EUR 80 per MWh at the beginning of 2012 to approximately EUR 67 per MWh in first half 2013.

All EAM Solar's electricity production is carried out under 20-year sales agreements under the Italian 2010 feed-in tariff scheme, with the Italian renewable energy executive authority GSE (Gestore Servizi Energetici) as commercial counter-party.

Operational cost

Cost of technical operations amounted to EUR 164k in the first half period, mainly consisting of operations and maintenance cost, land rent and insurance. SG&A expenses amounted to EUR 173k in the 2nd quarter, mainly reflecting management costs, accounting and audit, and real estate tax (IMU tax).

EAM has managed to reduce the running SG&A costs by about EUR 20 to 30k relative to the level seen in 2012. Acquisition and transaction costs in the first half of EUR 388k is mainly expensed IPO costs.

Operational earnings

EBITDA first half 2013 came in at EUR 474k, however, adjusted for the one-off cost related to the IPO the EBITDA for the period amounted to EUR 862k.

Reported EBIT first half 2013 was EUR -112k, whereas adjusted EBIT first half 2013 was EUR 276k.

Net financial items

At the end of the 1st quarter 2013 EAM was financed in its entirety by equity. Consequently, movement in the currency exchange rate between NOK and EUR are the main influence on financial items. Due to the weakening of the NOK against the EUR in the 1st half 2013 EAM reports a non-cash currency exchange gain of EUR 1.3 million.

Profit before tax and net income after tax

Profit before tax amounted to EUR 1 million in the 1st half, and adjusted for expensed IPO cost it came in at EUR 1.44 million.

Net tax amounted to EUR -42k, of which EUR -57k is payable tax and EUR 16k are deferred tax gain.

Reported net income first half 2013 was thus EUR 1 million, and earnings per share EUR 0.44 on a diluted basis. Adjusted for non-recurring items and unrealized currency gain the net income was EUR 86k for the first half 2013.

Cash Flow and Balance Sheet Statements

Cash Flow

Net cash flow from operations first half came in at EUR 919k. Investment cash flow amounted to EUR 66k.

Following the IPO with gross proceeds of EUR 14.85 million and repayment of loans of EUR 5.5 million, net cash flow from financing amounted to EUR 8.25 million.

Cash and cash equivalents were at EUR 713k at the end of 2012, and EUR 8.4 million at the end of 2nd quarter 2013.

Balance Sheet

Total assets amounts to EUR 29 million per 30th of June 2013, consisting of EUR 19.3 million in operating assets and EUR 9 million in cash and receivables.

Current liabilities has been reduced EUR 6.6 million to EUR 668k during the 2nd quarter.

At appropriate levels of debt financing, EAM Solar ASA has an investment capacity in the range EUR 60 to 90 million depending on conditions for debt financing.

Based on current operations, financing and insurance policy, EAM Solar ASA is sufficiently funded to conduct its current business in foreseeable future.

Oslo 17th of July 2013

Ragnhild Wiborg Director	Paal E Johnsen Chairman	Ingelise Arntsen Director
Viktor E Jakobsen Executive Director	Audun Wickstrand Iversen CEO	

Condensed consolidated interim financial information

Interim condensed statement of comprehensive income

(EUR)	Note	Unaudited Q2 2013	Unaudited Q2 2012	Unaudited H1 2013	Unaudited H1 2012	Audited 2012	Audited 2011
Revenues	5,9,10	**985 503**	**1 046 686**	**1 481 916**	**1 547 530**	**3 106 472**	**340 075**
Cost of operations	9	-83 295	-79 776	-164 618	-141 044	-259 260	-25 230
Sales, general and administration expenses	9	-173 206	-201 894	-454 508	-395 375	-1 133 138	-342 639
Acquisition and transaction costs	9	-61 922	-506 877	-388 662	-802 072	-907 671	-1 122 832
EBITDA		**667 080**	**258 139**	**474 127**	**209 039**	**806 403**	**-1 150 626**
Depreciation, amortizations and write downs	8	-241 346	-290 859	-586 414	-451 536	-1 036 269	-148 012
Gain on bargain purchase		0	0	0	2 668 237	2 668 237	0
EBIT		**425 734**	**-32 720**	**-112 287**	**2 425 740**	**2 438 371**	**-1 298 638**
Finance income	2	998 749	27 115	1 331 870	27 174	4 711	86 740
Finance costs		-2 750	-413 374	-160 270	-726 396	-1 853 042	-128 021
Profit before tax		**1 421 734**	**-418 979**	**1 059 313**	**1 726 518**	**590 040**	**-1 339 919**
Income tax gain/(expense)	3	-77 475	-155 497	-41 200	-123 964	-61 171	355 330
Profit after tax		**1 344 258**	**-574 476**	**1 018 113**	**1 602 554**	**528 869**	**-984 589**
Other comprehensive income							
Translation differences		-787 104	137 807	-460 958	435 093	812 044	236 114
Other comprehensive income net of tax		**-787 104**	**137 807**	**-460 958**	**435 093**	**812 044**	**236 114**
Total comprehensive income		**557 155**	**-436 669**	**557 155**	**2 037 647**	**1 340 913**	**-748 475**
Profit for the year attributable to:							
Equity holders of the parent company		1 344 258	-574 476	1 018 113	1 602 554	528 869	-984 589
Non-controlling interests		0	0	0	0	0	0
Equity holders of the parent company		**1 344 258**	**-574 476**	**1 018 113**	**1 602 554**	**528 869**	**-984 589**
Total comprehensive income attributable to:							
Equity holders of the parent company		557 155	-436 669	557 155	2 037 647	1 340 913	-748 475
Non-controlling interests		0	0	0	0	0	0
Equity holders of the parent company		**557 155**	**-436 669**	**557 155**	**2 037 647**	**1 340 913**	**-748 475**
Earnings per share:							
Continued operation							
- Basic		**0,58**	**-0,48**	**0,58**	**1,34**	**0,44**	**-1,15**
- Diluted		**0,58**	**-0,48**	**0,44**	**1,34**	**0,44**	**-1,15**

The interim financial statement information has not been subject to audit or review. Basic and diluted number of shares in Q2'2013 is 2,320,000, basic number of shares in H1'2013 is 1,760,000, and the basic and diluted number of shares in 2011 and 2012 is 1,200,000.

Consolidated condensed statement of financial position

(EUR)	Note	Unaudited H1 2013	Unaudited H1 2012	Audited 2012	Audited 2011
ASSETS					
Property, plant and equipment	8	19 012 921	20 109 842	19 533 095	6 563 352
Other long term assets		358 834	441 187	338 210	355 330
Non-current assets		**19 371 755**	**20 551 029**	**19 871 305**	**6 918 682**
Receivables		973 238	1 596 852	950 882	429 266
Other current assets		760 903	398 142	598 551	209 770
Cash and short term deposits	7	8 416 445	1 017 707	713 730	8 000 351
Current assets		**10 150 587**	**3 012 701**	**2 263 163**	**8 639 387**
TOTAL ASSETS		**29 522 342**	**23 563 730**	**22 134 468**	**15 558 069**
EQUITY AND LIABILITIES					
Issued capital		3 008 932	1 523 423	1 523 423	1 523 423
Share premium		25 743 694	13 400 695	13 400 695	13 400 695
Paid in capital		**28 752 626**	**14 924 118**	**14 924 118**	**14 924 118**
Translation differences		-460 958	670 604	1 048 158	236 114
Other equity		562 393	623 773	-455 720	-984 589
Other equity		**101 435**	**1 294 377**	**592 438**	**-748 475**
Total equity		**28 854 061**	**16 218 495**	**15 516 556**	**14 175 643**
Trade payables		445 825	1 263 609	1 004 610	590 729
Income tax payable		210 374	82 324	164 106	175 591
Short term loan - interest bearing		0	5 973 716	5 420 265	0
Other current liabilities		12 081	25 586	28 931	616 106
Total current liabilities		**668 281**	**7 345 235**	**6 617 912**	**1 382 426**
Total liabilities		**668 281**	**7 345 235**	**6 617 912**	**1 382 426**
TOTAL EQUITY AND LIABILITIES		**29 522 341**	**23 563 730**	**22 134 468**	**15 558 069**

Oslo, 17th of July 2013

Board of Directors

Consolidated condensed statement of changes in equity

(EUR)	**Share capital**	**Share premium fund**	**Retained earnings**	**Currency translation reserve**	**Total equity**
Equity as at 5 January 2011 (date of incorporation)	12 838	0	0	0	**12 838**
Capital decrease 14.04.2011	-12 838	0			-12 838
Capital increase 14.04.2011	1 523 423	13 710 804			15 234 227
Costs related to capital increase		-310 109			-310 109
Profit (loss) after tax			-984 589		-984 589
Other comprehensive income				236 114	236 114
Equity as of 31 December 2011	**1 523 423**	**13 400 695**	**-984 589**	**236 114**	**14 175 643**
Equity as at 1 january 2012	**1 523 423**	**13 400 695**	**-984 589**	**236 114**	**14 175 643**
Profit (loss) After tax			528 869		528 869
Other comprehensive income				812 044	812 044
Ecquity as of 31 December 2012	**1 523 423**	**13 400 695**	**-455 720**	**1 048 158**	**15 516 556**
Equity as at 1 January 2013	**1 523 423**	**13 400 695**	**-455 720**	**1 048 158**	**15 516 556**
Capital increase 25 March 2013	1 485 510	13 369 587			14 855 096
Costs related to capital increase		-1 026 588			-1 026 588
Profit (loss) After tax			1 018 113		1 018 113
Other comprehensive income				-1 509 116	-1 509 116
Equity as of 30 June 2013	**3 008 933**	**25 743 694**	**562 393**	**-460 958**	**28 854 061**

Consolidated condensed cash flow statement

(EUR)	Unaudited **Q2 2013**	Unaudited **Q2 2012**	Unaudited **H1 2013**	Unaudited **H1 2012**	Audited **2012**	Audited **2011**
Ordinary profit before tax	1 421 734	-418 979	1 059 313	1 726 518	590 040	-1 339 919
Paid income taxes	0	-694 085	0	-694 085	-727 658	0
Depreciation	241 346	290 859	586 414	451 536	1 036 269	148 012
Gain on bargain purchase	0	0	0	-2 668 237	-2 668 237	0
Changes in trade receivables and trade payable	-2 980 106	496 598	-1 266 201	-494 707	130 944	861 238
Changes in other accruals	-88 514	-591 136	540 045	-532 977	-390 824	188 526
Cash flow from operations	**-1 405 541**	**-916 743**	**919 571**	**-2 211 952**	**-2 029 466**	**-142 143**
Purchase of property, plant and equipment	0	0	-66 240	0	-73 685	0
Acquisition of subsidiary, net of cash acquired	0	0	0	-10 985 916	-11 696 898	-6 933 426
Cash flow from investments	**0**	**0**	**-66 240**	**-10 985 916**	**-11 770 583**	**-6 933 426**
Proceeds from issue of share capital	0	0	13 770 205	0	0	14 924 118
Proceeds from new loans	0	0	0	5 917 938	6 106 249	0
Repayment of loans	-92 211	0	-5 512 476	0	-685 984	0
Cash flow from financing	**-92 211**	**0**	**8 257 729**	**5 917 938**	**5 420 265**	**14 924 118**
Cash at beginning of period	**10 712 022**	**1 934 449**	**713 730**	**8 000 351**	**8 000 351**	**0**
Net currency translation effect	-797 825	137 807	-1 408 345	435 092	1 093 163	151 802
Net increase/(decrease) in cash and cash equvivalents	-1 497 751	-778 936	9 111 060	-6 844 838	-7 286 621	8 000 351
Cash at end of period	**8 416 445**	**1 155 513**	**8 416 445**	**1 155 513**	**713 730**	**8 000 351**

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 - Basis of preparation

1.1 General accounting principles

EAM Solar ASA (the Group) is a public limited company, incorporated and domiciled in Norway. The registered office of EAM Solar ASA is Dronningen 1, N-0287 Oslo, Norway. The Company was founded 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 power plants with the purpose of creating dividend yield for its shareholders. EAM Solar ASA currently owns two photovoltaic power plants in Italy. The company has three subsidiaries in Italy. The company has no employees.

EAM Solar Park Management AS manages EAM Solar ASA under a long-term management agreement (EAM SPM). EAM SPM is responsible for and conducts all day-to-day operations of EAM Solar ASA directly or through the use of subcontractors.

This interim condensed consolidated financial statement for the first half 2013 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report 2012.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012. Standards and interpretations as mentioned in the Group's Annual Report 2012 Note 1 and effective from 1 January 2012 did not have a significant impact on the Group's consolidated interim financial statements.

1.2. Principal risks and uncertainties

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 shareholders value.

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 of 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by enterprise value. The Group's policy and ambition is to keep the gearing ratio between 60% and 75%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent.

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

Market risk

2011 and 2012 marked a dramatic change for the European Solar PV industry whereby the sales prices for Solar PV modules and power plants dropped by between 60 % and 75%. Renewable energy incentives through subsidized electricity sales price contracts for new power plants have been reduced accordingly in major European markets.

Profitability margins of equipment- and module manufacturers and project developers have been compressed on the back of this development to the extent that Europe is experiencing major bankruptcies in the PV equipment and supplier industry.

Today the construction cost for large-scale power plants (above 5MW) in Europe is now about EUR 0.95 to 1.05 per Watt peak.

The European financial crisis and Basel III funding requirements have reduced European banks possibilities to secure funding for long-term project finance. This has significantly limited the financing of solar power plants in Europe from August 2011. The project financing has shown signs of reopening in 2013 and is expected to gradually recover towards the end of the year.

This has affected EAM Solar, although the outcome is positive so far through the acquisition of a power plant of high quality and with a price significantly below market terms in 2012. The negative side is that business development is slower than anticipated in 2011 and 2012.

The market expectations for 2013 vary according to outlook and focus. With the installation rates and cost reductions faster than anticipated, policy objectives in many markets have been reach earlier than expected. Policy makers in many markets have thus reduced the incentives for new power plants significantly.

In Italy the main incentive program will expire in 2013, which creates uncertainty regarding the volume of new built solar power plants the next couple of years. As Solar PV power plants have become cheaper, Italian authorities expect 1 – 2 GW of new capacity to be installed annually without subsidies. In Spain, Germany and Italy grid parity projects are under planning and may be constructed in 2014.

The conflict between Chinese and European trade authorities have created uncertainty about the customs duties that may be levied on modules imported after March 2013. This has resulted in an increase in module prices in Europe effectively pushing capital return margins on new-builds outside EAM Solar's investment criteria.

The secondary market is strong, with a steady availability of projects that have been in operation for typically 1 – 3 years. The typical sellers are EPC companies and small to medium scale investors who need to sell assets to improve their financial situation.

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

As EAM Solar builds scale of operations, there will be a continuous focus on maintaining flexibility with partner agreements to be able to fully exploit the potential economies.

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 - Agio

Due to the weakening of the Norwegian krone against the Euro, EAM has booked a non-realized currency exchange gain (agio) in the First half of EUR 1.3 million, and EUR 987k in the 2nd quarter 2013. The cut-off exchange rate the 30th of June was set at NOK 7.8845.

Note 3 - Tax

The subsidiaries are partly financed through intercompany loans granted by the Mother Company. Interest charged on loans from Norway to Italy is subject to a 15% withholding tax in Italy. In the payable withholding tax assessment for the first half 2013 approximately EUR 56k are accrued as payable tax expenses. The withholding tax is payable at the time of transfer of funds from Italy to Norway as payment for accrued interest.

Payable tax expense in the period is assessed to EUR 56k, while deferred taxes are assessed to a tax income of EUR 16k. In addition to the above-mentioned taxes, Italy has a real estate tax (IMU), which is paid and expensed as part of the SG&A costs. The IMU tax paid in the period was EUR 23k.

Note 4 - List of subsidiaries

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

Company	Country of incorporation	Main operation	Ownership interest	Voting power
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 %

Note 5 - Segment information

EAM Solar ASA owns two solar power plants in Italy. EAM Italy 1 Srl owns the Varmo power plant, and EAM Italy 2 Srl owns the Codroipo power plant.

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

Information about major customers

Of the groups' revenues of EUR 1,481,916 in the half 2013, EUR 1,433,598 consisted of sale of electrical power from the solar power plants to the Company's customer, GSE.

EAM Solar Italy 1 Srl	H1 2013	H1 2012
Revenues from external customers	470 539	600 051
EBITDA	288 152	282 332
EBIT	95 120	175 463
Investments	22 080	710 982
Non-current assets	6 337 312	6 685 437

EAM Solar Italy 2 Srl	H1 2013	H1 2012
Revenues from external customers	1 011 377	947 479
EBITDA	692 222	316 566
EBIT	298 839	2 640 136
Investments	44 160	10 274 934
Non-current assets	13 021 073	13 807 955

Other & eliminations	H1 2013	H1 2012
Revenues from external customers	0	-1
EBITDA	-506 246	-389 859
EBIT	-506 246	-389 859
Investments	0	0
Non-current assets	13 370	57 637

Total	H1 2013	H1 2012
Revenues from external customers	1 481 916	1 547 530
EBITDA	474 127	209 039
EBIT	-112 287	2 425 740
Investments	66 240	10 985 916
Non-current assets	19 371 755	20 551 029

Note 6 - Transactions with related parties

Transactions with related parties

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

EAM Solar Park Management AS delivers management services to EAM Solar ASA according to a management agreement between the parties. According to this agreement, EAM Solar Park Management AS can charge EAM Solar ASA for direct costs related to the management services provided - amounts above NOK 5 million a year must be approved by the board of directors in EAM Solar ASA.

Furthermore, EAM Solar Park Management AS (EAM SPM) receives 12,5% of the Groups profit as a royalty from EAM Solar ASA (financial participation mechanism). The royalty is based on the fact EAM Solar is developed, created and managed by EAM SPM. The royalty structure aligns the interests of EAM SPM with the interests of the shareholders of EAM Solar ASA.

Cost charged by EAM SPM according to the management agreement amount to EUR 167k in the first quarter 2013. No royalty has been charged in the first quarter.

Note 7 - Cash and cash equivalents

(EUR)	**Q2 2013**	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Unrestricted cash Norway	7 507 109	9 860 020	249 256	860 075	725	225 149	7 190 050
Unrestricted cash Italy	659 126	588 323	203 564	254 943	756 072	1 448 391	720 181
Restricted cash Italy	250 208	260 885	260 910	260 910	260 910	260 910	90 120
Cash & cash equivalents	**8 416 443**	**10 709 227**	**713 730**	**1 375 927**	**1 017 707**	**1 934 449**	**8 000 351**

The group has no credit facilities at the end of the 1st quarter 2013.

Note 8 - Property, plant and equipment

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

(EUR)

2013	**Solar power plant**
Carrying value 1 January 2013	19 533 095
Additions	66 240
Depreciation	-586 414
Carrying value 30 June 2013	**19 012 921**

2012	**Solar power plant**
Carrying value 1 January 2012	6 563 352
Additions	14 006 012
Depreciation	-1 036 269
Carrying value 31 Desember 2012	**19 533 095**

2011	**Solar power plant**
Additions from aquisition of companies	6 711 364
Depreciation	-148 012
Carrying value 31 December 2011	**6 563 352**

5 January 2011 - 30 June 2013	**Solar power plant**
Carrying value 5 January 2011	0
Additions	20 783 616
Accumulated depreciations and write downs	-1 770 695
Carrying value 30 June 2013	**19 012 921**

Note 9 – Detailed operational cost overview

(EUR)	EAM Solar ASA	EAM Solar Italy 1	EAM Solar Italy 2	Other & Eliminations
Revenues	**1 481 916**	**470 539**	**1 011 377**	**0**
Cost of operations	**-164 618**	**-61 252**	**-103 366**	**0**
Land rent	-70 184	-26 348	-43 835	0
Insurance	-26 474	-6 606	-19 868	0
Operation & Maintenance	-61 160	-25 499	-35 661	0
Other operations costs	-6 801	-2 799	-4 002	0
Sales, General & Administration	**-454 508**	**-118 378**	**-216 400**	**-119 730**
Comercial management	-24 094	-11 594	-12 500	0
Accounting, audit & legal fees	-48 870	-13 390	-9 600	-25 879
IMU tax	-23 897	-17 881	-6 016	0
Other external fees	0	0	0	0
EAM SPM direct costs	-326 817	-73 218	-159 748	-93 850
EAM SPM management service contract	0	0	0	0
Other administrative costs	-30 832	-2 295	-28 536	0
Acquisition & financing cost	**-388 662**	**-2 146**	**0**	**-386 516**
Acquisition transaction costs	0	0	0	0
Merger & repatriation costs	0	0	0	0
IPO & financing costs	-386 516	0	0	-386 516
Other non-recurring items	-2 146	-2 146	0	0
EBITDA	**474 127**	**288 763**	**691 611**	**-506 246**

Note 10 – Power production

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

Reported power production (MWh)	Q1 2013	**Q2 2013**	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	FY 2011
Codroipo	750	**1 550**	576	1 673	1 701	645	4 595	0
Varmo	352	**785**	600	811	873	286	2 571	692
Total	**1 102**	**2 335**	**1 176**	**2 484**	**2 574**	**931**	**7 166**	**692**

Actual power production (MWh)	Q1 2013	**Q2 2013**	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	FY 2011
Codroipo	750	**1 550**	1 218	1 673	1 701	645	5 238	3 262
Varmo	352	**785**	600	811	873	286	2 571	2 623
Total	**1 102**	**2 335**	**1 818**	**2 484**	**2 575**	**931**	**7 808**	**5 885**

Varmo has been in operation since December 2010, while Codroipo commenced operation in May 2011. The power plants are included in the financial report from the financial close (Varmo from September 2011 and Codroipo from March 2012).

Power production follows the seasonality of solar irradiation, which implies that 18% of annual power production is in Q1, 32% in Q2, 35% in Q3 and 15% in Q4.

Electricity production in the Q2 2013 was 4,6% higher than historic average irradiation. This deviation is due to normal weather variations.

Electricity production first half of 2013 was 3% below historic average irradiation. Given a normal solar irradiation in the second half 2013, electricity production is expected to be 1,4% below the historical average irradiation.

Overall technical availability of the power plants has been 99,8% representing a very good level and higher than operational plans. Technical availability in first half 2013 has been close to 99.5% representing an acceptable level.

Second quarter 2013

EAM Solar ASA
Dronningen 1
NO-0287 Oslo
NORWAY

Phone: +47 - 2411 5716
E-mail: viktor@eamsolar.no

www.eamsolar.no