

Financial report

eam

Q4
2015

EAM Solar ASA

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Highlights in the fourth quarter 2015

- All 25 PV power plants produced electricity in the 4th quarter. Annual power production 2015 was 37.7 GWh, 99.8% of normal. Adjusted for the lightning strike in July, the production was 1.5% above normal for the year. 4th quarter production was 4.7% above normal production.
- GSE made in the 4th quarter a unilateral decision to terminate the FIT-contracts of the 17 power plants affected by the criminal proceedings in Milan. The correctness of the termination decision will be judged in the Administrative Court of Rome in April 2016.
- As a consequence of the GSE termination decision, EAM has conducted a write-down of assets and receivables and recognition of contingent liabilities of a total EUR 69.7 million
- The SPV Energetic Source Solar Production Srl received a formal notice of breach of the loan agreement from UniCredit.
- The Board of Directors has annulled the decision it made the 14th of December 2015 to distribute shares in EAM Solar Italy Holding Srl.
- Legal actions to secure damage claims of EUR 212 million against Enovos, Avelar and Aveleos have been initiated.
- The Board of Directors has appointed a new CEO in EAM Solar ASA.

Key figures

<i>(EUR 000')</i>	Unaudited Q4 2015	Unaudited Q4 2014	Unaudited 2015	Audited 2014
Revenues	9 825	3 006	20 730	8 715
Cost of operations	-327	-440	-1 588	-1 158
Sales, general and administration expenses	-920	-1 849	-3 131	-2 356
Acquisition and transaction costs	-32 906	-912	-35 086	-2 989
EBITDA	-24 328	-195	-19 075	2 213
Depreciation, amortizations and write downs	-36 858	-1 221	-40 854	-3 365
EBIT	-61 186	-1 416	-59 929	-1 152
Net financial items	-478	2 120	-1 707	561
Profit before tax	-61 664	704	-61 636	-591
Income tax gain/(expense)	2 727	459	2 414	-1 034
Net income	-58 937	1 163	-59 222	-1 625
Earnings per share (fully diluted):	-11,62	0,23	-11,68	-0,32
Distribution to shareholders per share	0,00	0,00	0,00	0,36
Dividend yield	0,0 %	0,0 %	0,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	5,07	5,07	5,07
EBITDA adjusted	8 579	717	16 011	5 202
EBIT adjusted	-28 280	-504	-24 843	1 837
Net income adjusted	-28 743	2 487	-25 804	1 363

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 fourth quarter 2015

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 power plants and sell produced electricity under long-term fixed price sales contracts. The initial geographical focus is Italy, where the company four power plants that are located in the Friuli and Piemonte regions in Northern Italy. Energeia Asset Management AS manages EAM Solar ASA under a long-term management agreement.

Operational review

The quarterly power production of 6.7 GWh was 4.7% above normal level, and full year 2015 power production was 37.7 GWh, 99.8% of normal production. The lightning strike on the Codroipo plant in June 2015 reduced annual production with 0.6 GWh. The lost power production has been covered by the insurance. Adjusted for the lightning strike, full year power production 2015 came in 1.5% above normal production.

Market price development

18.4% of the total revenue in the fourth quarter of 2015 came from variable market price contracts (PPA/RiD).

In the fourth quarter, the price reached an average of EUR 47.1 per MWh and for the full year 2015, the prices reached an average of EUR 48.4 per MWh. The market price in 2014 was on average EUR 52 per MWh; in 2013 it was between EUR 55 and 65 per MWh. In 2011 and 2012, the wholesale market price of electricity in Italy was between EUR 75 to 85 per MWh.

P31 portfolio

On 15 July 2014, EAM Solar ASA executed the transfer of shares in 7 out of a total of 8 companies that comprise the P31 portfolio. One week after the transfer it became evident that Aveleos S.A. received money from EAM Solar ASA for companies that were under criminal investigations under the allegation of fraud against the Italian State, and with substantial future contingent liabilities. Two of the directors in Aveleos have been charged by the Italian Judicial Authorities for fraud.

EAM Solar ASA and associated companies delivered a criminal complaint to the Criminal Court of Milan for contractual fraud in September 2014. The Prosecutors Office of Milan has included the sale of the P31 Portfolio companies to EAM in their criminal indictment.

The preliminary hearing of the criminal indictment commenced in the Criminal Court of Milan on the 3rd of June 2015. Following the hearing on the 9th and 16th of

February 2016, the Criminal Court of Milan may convene and make a final decision on the criminal charges on the 14th of March 2016.

The decision to split the company has been reversed

On the 25th of November 2015, EAM held an extraordinary shareholders meeting in order to grant the Board of Directors the authority to conduct a split of the company by issuing shares in EAM Solar Italy Holding Srl as dividends to the Company's shareholders.

The purpose of the decision was to give the Board of Directors the sufficient authority to protect the financial integrity of EAM Solar ASA.

On the 14th of December 2015 the Board of Directors decided to split the Company by distribution of dividends. No date for distribution of dividends was set (ex. dividend date).

Subsequent events have made the split of the Company irrelevant in order to maintain the financial integrity. Consequently, the Board of Directors has decided to annul the issue of shares in EAM Solar Italy Holding Srl as dividends.

Termination of FIT contracts

The fraud conducted against EAM is now an established fact through the termination of the feed-in-tariff contracts by the Italian regulatory authority Gestore dei Servizi Energetici GSE Spa.

EAM received termination letters from GSE of the FIT-contracts of all 17 power plants affected by the criminal investigation in October and November.

GSE's termination decisions are based on the documentation GSE has received from the criminal investigation conducted by the Public Prosecutors Office of Milan. In this relation, both GSE and EAM have been identified as victims of fraud in the criminal proceedings.

The FIT contract termination decisions are unilateral decisions by GSE. Consequently, EAM has appealed the termination decisions to the Administrative Court of Rome in order to secure appropriate legal treatment of

GSE's decision. The termination decision appeal will be subject to a court hearing on the 28th of April 2016.

In accordance with the purchase agreements EAM has given Aveleos S.A. (and the financing banks) the opportunity to participate in the appeal, since EAM does not have the possibility to provide positive evidence of the achievement of completion of works of the power plants built by Aveleos in accordance with regulations. Aveleos S.A. has both declined to provide the necessary evidence of the achievement of the completion of works as well as participating in the appeal.

Formal notice of breach of loan agreement

Following the termination decision, the SPV Energetic Source Solar Production Srl has received formal notice of breach of the loan agreement from UniCredit. Furthermore, GSE has also requested the financing banks UBI Leasing and UniCredit to repay GSE previously received FIT-contract revenues.

Termination of the Share Purchase Agreement

Following the fundamental breach of contract due to the GSE FIT-contract termination decisions, EAM Solar ASA notified Aveleos S.A. and the company's directors in November 2015 that all agreements between EAM, Aveleos and its shareholders are considered null and void.

Standstill agreement

EAM Solar ASA entered into a time limited standstill agreement with Aveleos the 11th of October 2014, with duration until the 30th of March 2015.

Under the standstill agreement, EAM and Aveleos agreed to clarify all relevant facts related to the power plants and the viability of the FIT contracts of the transferred power plants affected by the criminal investigation.

Due to Aveleos's contractual breaches, the Standstill Agreement was terminated by EAM in July 2015. Aveleos challenged EAM's termination in the court of Milan. In September 2015 the Court of Milan concluded that Aveleos was in breach, but that the final validity of the contract was subject to a decision in the Court of Luxembourg. EAM has been summoned by Aveleos and the court hearing on this matter will be held on the 2nd of March 2016.

Legal actions and claim

EAM Solar ASA has initiated the necessary legal actions in Italy and Luxembourg in order to hold the companies Aveleos, Enovos and Avelar and their directors

responsible for the fraud conducted against EAM. Legal actions in Switzerland against responsible parties will be initiated shortly.

The financial losses and contingent liabilities suffered by EAM Solar ASA and associated companies are currently assessed to approximately EUR 212.4 million. EAM Solar ASA will conduct all necessary legal actions to enforce this claim to cover the economic damages suffered from the fraud.

GSE inspection of ENS1

GSE conducted an inspection in accordance with rules and regulations of the three power plants owned by the P31 SPV ENS1 on the 21st and 22nd of December. ENS1 is not included in the ongoing criminal proceedings.

EAM is still awaiting the conclusions from GSE on this inspection.

Dividends

No dividend payment was made in the 4th quarter, and the dividend decision made by the Board of Directors on the 14th of December has been annulled.

Debt financing and restructuring

The affected SPVs (ESGI, ESGP and ESSP) have not paid interest or instalments on the leasing and project financing. The SPV's have used the free cash flow to maintain the assets by covering costs for insurance, O&M (Operation and Maintenance), security and utilities. EAM has in addition provided necessary liquidity through loans in order to maintain the financial integrity of the SPV's pending the outcome of the various legal proceedings as described above. The absence of payment on the financing can be seen as a breach of the payment terms, the relevant financing was reclassified to current debt in the fourth quarter last year. This remains classified in the same way this quarter.

In the first quarter 2015, the company came to an agreement with Sundt AS to convert the short-term acquisition facility to a longer-term debt facility. The new debt facility has 15 years to maturity at acceptable conditions.

Subsequent Events

Change of CEO in EAM Solar ASA

Based on a recommendation from the Manager, the Board of Directors has decided to appoint Viktor E Jakobsen as CEO of EAM Solar ASA in accordance with the terms and conditions as stated in the Management Agreement. Mr Jakobsen is replacing Audun Wickstrand Iversen.

Consequently, Viktor E Jakobsen will resign from the Board of Directors of EAM Solar ASA at the same time. Mr Iversen will continue his work in the Manager.

The Decision by the Board of Directors is effective as of the 23rd of February 2016, and represents no change in the day-to-day management of EAM Solar ASA as conducted by the manager under the management agreement.

Financial review

Income Statement

Going concern

The financial statements and figures presented in the report have been prepared under the assumption of going concern.

Although the group accounts identifies a negative equity of EUR 18,5 million, the mother company EAM Solar ASA maintains its financial integrity with the cash flow from the operations not affected by the criminal proceedings and termination decisions conducted by GSE.

Approximately EUR 22 million of the liabilities in the consolidated balance sheet of the EAM group of companies are contingent liabilities, dependent on future decision in various criminal and civil courts.

In case the total investment in the P31 portfolio should be proven to be worthless, the mother company will still maintain a positive equity.

Write-down of fixed assets and receivables

Based on the termination decision conducted by GSE of the FIT-contracts for 17 power plants, the book value of the power plants has been revised in accordance with the expected future cash flow derived from the sale of electricity to market price, without revenues from the FIT contracts.

The current recognized value of the liabilities for the affected SPV's exceeds the value of the companies' fixed assets following this adjustment of the value of the power plant and equipment. Consequently, and in accordance with Italian Law the companies are to be regarded as insolvent.

EAM is conducting the necessary legal steps in order to secure the values for all stakeholders of the companies pending the legal treatment in the administrative court

where the lawfulness of the termination decision conducted by GSE will be judged.

Due to the fact that the Company still is in control of the SPVs and the fact that the financial situation of the SPVs is pending the outcome of the decision by the Administrative Court of Rome, the affected SPVs have been included in the consolidated accounts.

The total amount of receivables and restatement of the values of the power plants and equipment amounts to EUR 47.7 million. In addition, contingent liabilities towards GSE of approximately EUR 22 million have been recognised.

Revenues

Fourth quarter operational revenues came in at EUR 1.7m. Additional revenues of EUR 8.1m stem from revenue recognition of the overpaid amount for the P31 SPV's.

Achieved average electricity price for the quarter was EUR 255 per MWh.

Due to the termination decision by GSE, revenues from the FIT-contracts of affected power plants have not been recognised since the date of the termination decision in October and November.

In addition, receivables for electricity delivered but not paid under the FIT-contracts since June 2014 has been written-off and the demand from GSE of repayment of previously received FIT revenues of in total EUR 33m.

Operational cost

Cost of operations came in at EUR 0.33m for the quarter. SG&A costs came in at EUR 0.92m for the quarter. Acquisition and transaction costs in the period amounted to EUR 0.33m.

Operational earnings

The Fourth quarter EBITDA came in at EUR -24.3m, adjusted EBITDA from operations came in at EUR 8.6m. Full year EBITDA came in at EUR -19.1m, adjusted EBITDA from operations came in at EUR 0.7m.

Net financial items

Change in net financial items from the third to the fourth quarter is mainly affected by the payment and accumulation of interest in addition changes in agio/disagio.

Profit before tax and net income after tax

The result for the fourth quarter was a loss of EUR 58.9m and adjusted for acquisition costs and non-cash currency gain/loss, a gain of EUR 2.5m in the quarter.

Cash Flow and Balance Sheet Statements

Cash Flow

Cash flow from operations for the year came in at negative at EUR 0.5m. Cash flow from investing activities was negative at EUR 0.08m. Cash flow from financing activities was in total EUR 0.4m. Restricted and unrestricted cash at the end of the quarter was EUR 8.1m.

Balance Sheet

Total assets at the end of the period are EUR 69.0m, with an equity ratio of -26.8%. Net working capital (excluding non serviced interest bearing debt) was EUR -25.2m at the end of December.

Oslo 23 February 2016

Marthe Hoff
Director

Ragnhild Wiborg
Chair

Pål Hvammen
Director

Viktor E Jakobsen
CEO

Condensed consolidated interim financial information

Interim condensed statement of comprehensive income

<i>(EUR)</i>	Note	Provisional unaudited Q4 2015	Unaudited Q4 2014	Provisional unaudited 2015	Audited 2014
Revenues	1,9,10	9 825 331	3 006 396	20 730 257	8 715 437
Cost of operations	8	-326 745	-439 647	-1 587 705	-1 157 952
Sales, general and administration expenses	8	-919 864	-1 849 347	-3 131 161	-2 355 590
Acquisition and transaction costs	8	-32 906 329	-912 174	-35 086 101	-2 988 966
EBITDA		-24 327 608	-194 772	-19 074 710	2 212 929
Depreciation, amortizations and write downs	6	-36 858 394	-1 221 491	-40 854 439	-3 365 187
EBIT		-61 186 002	-1 416 263	-59 929 149	-1 152 258
Finance income		313 098	3 167 197	3 362 507	4 869 785
Finance costs		-791 106	-1 047 376	-5 069 588	-4 308 783
Profit before tax		-61 664 010	703 558	-61 636 230	-591 256
Income tax gain/(expense)		2 727 280	458 982	2 414 365	-1 034 211
Profit after tax		-58 936 730	1 162 540	-59 221 865	-1 625 467
Other comprehensive income					
Translation differences		0	-412 651	1 118 831	-2 216 185
Cash flow hedges		0	-927 269	-1 149 970	-597 840
Other comprehensive income net of tax		0	-1 339 920	-31 139	-2 814 025
Total comprehensive income		-58 936 730	-177 380	-59 253 004	-4 439 492
Profit for the year attributable to:					
Equity holders of the parent company		-58 936 730	1 162 540	-59 221 865	-1 625 467
Equity holders of the parent company		-58 936 730	1 162 540	-59 221 865	-1 625 467
Total comprehensive income attributable to:					
Equity holders of the parent company		-58 936 730	-177 380	-59 253 004	-4 439 492
Equity holders of the parent company		-58 936 730	-177 380	-59 253 004	-4 439 492
Earnings per share:					
Continued operation					
- Basic		-11,62	0,23	-11,68	-0,33
- Diluted		-11,62	0,23	-11,68	-0,33

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the third quarter 2015 is 5,070,000.

Consolidated condensed statement of financial position

(EUR)	Note	Provisional unaudited Q4 2015	Audited 2014	Audited 2013	Audited 2012
ASSETS					
Property, plant and equipment	2,6	44 093 757	85 620 879	23 721 735	19 533 095
Deferred tax asset		1 034 820	1 034 820	0	0
Intangible assets		264 737	962 427	0	0
Other long term assets		10 147 638	788 457	422 867	338 210
Non-current assets		55 540 952	88 406 583	24 144 602	19 871 305
Receivables		4 871 083	13 735 899	802 046	950 882
Other current assets		445 911	452 703	77 723	598 551
Cash and short term deposits	7	8 100 281	8 326 068	4 861 406	713 730
Current assets		13 417 275	22 514 670	5 741 174	2 263 163
TOTAL ASSETS		68 958 227	110 921 253	29 885 776	22 134 468
EQUITY AND LIABILITIES					
Issued capital		6 214 380	6 214 380	2 932 561	1 523 423
Share premium		24 606 370	24 606 370	2 683 821	13 400 695
Paid in capital		30 820 750	30 820 750	5 616 382	14 924 118
Other components of equity		-4 935 161	-4 306 182	-2 089 997	1 048 158
Other equity		-44 372 863	21 705 804	25 797 776	-455 720
Other equity		-49 308 024	17 399 622	23 707 779	592 438
Total equity		-18 487 274	48 220 372	29 324 160	15 516 556
Project finance		10 394 504	0	0	0
Leasing		6 135 377	6 417 275	0	0
Total non-current liabilities		16 529 881	6 417 275	0	0
Trade payables		19 001 788	4 755 495	167 772	1 004 610
Tax liabilities		1 479 122	1 109 122	174 311	164 106
Short term financing - interest bearing		32 288 843	43 115 581	0	5 420 265
Other current liabilities		18 145 866	7 303 408	219 533	28 931
Total current liabilities		70 915 619	56 283 606	561 616	6 617 912
Total liabilities		87 445 500	62 700 881	561 616	6 617 912
TOTAL EQUITY AND LIABILITIES		68 958 227	110 921 253	29 885 776	22 134 468

Oslo, 23 February 2016

Board of Directors

Consolidated condensed statement of changes in equity

<i>(EUR)</i>	Share capital	Share premium fund	Other equity	Cash flow hedge reserve	Currency translation reserve	Total equity
Equity as at 1 January 2013	1 523 423	13 400 695	-455 720	0	1 048 158	15 516 556
Capital increase 25 March 2013	1 409 138	13 519 263				14 928 401
Costs related to capital increase		-1 026 588				-1 026 588
Conversion of share premium fund		-23 209 549	23 209 549			0
Dividends or distribution to shareholders			-1 607 797			-1 607 797
Profit (loss) After tax			4 651 744			4 651 744
Other comprehensive income				0	-3 138 155	-3 138 155
Equity as at 31 December 2013	2 932 561	2 683 821	25 797 776	0	-2 089 997	29 324 161
Equity as at 1 January 2014	2 932 561	2 683 821	25 797 776	0	-2 089 997	29 324 161
Capital increase 17 January 2014	3 281 819	22 972 731				26 254 550
Costs related to capital increase		-1 050 182				-1 050 182
Dividends or distribution to shareholders			-1 868 665			-1 868 665
Profit (loss) After tax			-1 625 467			-1 625 467
Other comprehensive income				-597 840	-2 216 185	-2 814 025
Equity as at 31 December 2014	6 214 380	24 606 370	22 303 644	-597 840	-4 306 182	48 220 372
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			-59 221 865			-59 221 865
Other			-7 454 642			-7 454 642
Other comprehensive income				-1 149 970	1 118 831	-31 139
Equity as at 31 December 2015	6 214 380	24 606 370	-44 372 863	-1 747 810	-3 187 351	-18 487 274

Consolidated condensed cash flow statement

<i>(EUR)</i>	Note	Unaudited 2015	Audited 2014
Ordinary profit before tax		-59 221 865	-591 256
Paid income taxes		0	-1 007 617
Depreciation	6	4 249 072	3 365 187
Write down of fixed assets	2,6	37 357 008	
Changes in trade receivables and trade payable		33 953 566	-8 346 130
Changes in other accruals		-16 876 616	2 923 511
Cash flow from operations		-538 835	-3 656 305
Acquisition of subsidiary net of cash acquired		-78 958	-24 477 899
Acquisition of property, plant and equipment			
Cash flow from investments		-78 958	-24 477 899
Proceeds from issue of share capital		0	25 204 368
Dividends or shareholder distributions		0	-1 868 665
Proceeds from new loans		676 000	10 291 896
Repayment of loans		-252 856	-2 028 732
Cash flow from financing		423 144	31 598 867
Free cash at beginning of period		1 941 384	4 861 406
Net currency translation effect		-31 139	0
Seizure of cash	7	0	-6 384 685
Net increase/(decrease) in cash and cash equivalents		-194 650	3 464 663
Free cash at end of period	10	1 715 595	1 941 384

EUR 6.4m is seized at the end of Q4 2015. See Note 7 for further detail.

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 - Basis of preparation

General accounting principles

EAM Solar ASA (the Group or the Company) 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 four photovoltaic power plants and four subsidiaries in Italy. 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 and own employees.

This interim condensed consolidated financial statement for the fourth quarter 2015 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 2014

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 2014. Standards and interpretations as mentioned in the Group's Annual Report 2014 Note 1 and effective from the 1 January 2014 did not have a significant impact on the Group's consolidated interim financial statements.

Financial risk

For some of the external financing contracts with floating interest there are interest rate swaps for the full duration of the contact period and for the full amount; swapping the interest from floating to fixed.

Credit risk

Under normal circumstances the risk for losses is considered to be low, as the main 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 cash balance was EUR 8.1 million at 31 December 2015, of which EUR 6.4 million was seized. The seized cash has limited the Company from paying its obligations under the leasing and loan agreements and the relevant financing has been reclassified as short-term debt since the lack of payment can be viewed as a breach of contract. The Company has received, subsequent to the reporting period, to its SPV ESSP formal notice of breach of the loan agreement following the termination of the FIT contracts by GSE.

During the annual impairment test, EAM has identified indicators for impairment as described in IAS 36. We have therefore done a full impairment test of all solar power plants owned by EAM.

The impairment test has been conducted under the assumption that all FIT for the 17 affected plants of the 21 P31 portfolio plants are terminated and will not be paid out, this also includes the outstanding amounts for 2014. Based on this assumption adjustments to the book value of the power plants have been done accordingly.

Market and regulatory risk

In Italy, the main incentive program expired in 2013, which has reduced the volume of new built solar power plant. As the cost of Solar PV power plants has come down, Italian authorities expect 1 – 2 GW of new capacity to be installed annually without subsidies.

The secondary market is abundant, especially in Italy, with a steady availability of projects that have been in operation for 3 – 4 years.

During the last years, there have 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.

The Italian government made a retroactive cut of the Feed in-Tariff (FIT) during the 3rd quarter of 2014. This has resulted in a permanent 8% annual reduction in the FIT. In addition, the payments terms of the FIT have been changed; the Company receives each month 1/12 of the

average production of the previous year , multiplied by 90%. The remaining 10% is received in June the following year.

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.

Note 2 – Acquisition accounting and impairment test

EAM Solar ASA's core business is to acquire and operate solar PV power plants (SPPs). 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.

Impairment test

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the remaining feed in tariff period. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows.

We would like to point out that the assumptions in the impairment test are made to indicate scenarios that management find explanatory at the reporting date. Actual outcome might be materially different, due to, but not limited to the inherent risk in the on-going legal processes.

An impairment test has been concluded for the fourth quarter 2015 accounts. Based on termination decision of GSE conducted in the fourth quarter, the impairment test concludes with major write down of asset values.

The total amount of receivables and restatement of the values of the power plants and equipment amounts to EUR 47.7 million. In addition, contingent liabilities towards GSE of approximately EUR 22 million have been recognised.

Note 3 - 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 Norway Holding AS	Norway	Holding company	100%	100%
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%
EAM Solar Italy Holding II 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 4 - Segment information

EAM Solar Italy 1 s.r.l.	12M 2015	12M 2014
Revenues from external customers	1 006 449	899 201
EBITDA	711 589	604 362
EBIT	324 384	218 299
Investments	0	0
Non-current assets	5 301 466	5 730 355
EAM Solar Italy 2 s.r.l.	12M 2015	12M 2014
Revenues from external customers	1 953 380	1 955 843
EBITDA	1 230 547	1 389 936
EBIT	442 451	603 171
Investments	0	0
Non-current assets	11 078 666	11 856 631
EAM Solar Italy 3 s.r.l.	12M 2015	12M 2014
Revenues from external customers	723 018	820 166
EBITDA	523 327	493 399
EBIT	247 397	220 385
Investments	0	0
Non-current assets	4 949 613	5 197 344
P21	12M 2015	12M 2014
Revenues from external customers	9 008 243	5 242 034
EBITDA	-27 997 469	4 018 727
EBIT	-57 400 602	2 410 084
Investments	0	0
Non-current assets	28 466 575	66 084 775
Other & eliminations	12M 2015	12M 2014
Revenues from external customers	8 039 167	8 663
EBITDA	6 457 296	-3 879 046
EBIT	6 457 296	-3 879 046
Investments	0	0
Non-current assets	5 744 632	-33 656
Total	12M 2015	12M 2014
Revenues from external customers	20 730 257	8 925 907
EBITDA	-19 074 710	2 627 378
EBIT	-49 929 074	-427 107
Investments	0	0
Non-current assets	55 540 952	88 835 449

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

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

Note 5 - 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.

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.

Note 6 – Property, plant and equipment

(EUR)

2015	Power plants
Carrying value 1 January 2015	85 620 879
Additions	78 958
Write down	-37 357 008
Depreciation	-4 249 072
Carrying value 31 December 2015	44 093 757

2014	Power plants
Carrying value 1 January 2014	23 721 735
Additions	65 264 331
Depreciation	-3 365 187
Carrying value 31 December 2014	85 620 879

2013	Power plants
Carrying value 1 January 2013	44 093 757
Additions	-19 132 002
Depreciation	-1 240 020
Carrying value 31 December 2013	23 721 735

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.

Note 7 - Cash and cash equivalents

Cash and cash equivalents

(EUR)	Q3 2013	Q4 2013	Q1'2014	Q2'2014	Q3 2014	Q4 2014	Q1'2015	Q2'2015	Q3'2015	Q4'2015
Restricted/Unrestricted cash Norway	1 746 242	1 435 170	25 975 787	969 095	203 138	496 460	44 483	50 702	155 543	29 112
Restricted/Unrestricted cash Italy	2 105 870	3 176 028	3 365 968	33 499 741	1 150 985	1 480 609	1 473 296	1 283 679	963 693	1 530 846
Seized cash Italy	250 208	250 208	250 208	250 208	9 373 462	6 348 999	6 501 021	6 499 446	6 540 323	6 540 323
Cash	4 102 320	4 876 716	29 591 962	34 719 044	10 727 584	8 326 068	8 018 799	7 833 827	7 659 559	8 100 281

The group has no unused credit facilities at the end of the fourth quarter 2015.

Note 8 – Detailed operational cost overview

Operational cost break down

(EUR)	EAM Solar ASA Group	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	P21	Other & Eliminations
Revenues	20 730 257	1 006 449	1 953 380	723 018	9 008 243	8 039 167
Cost of operations	-1 587 705	-106 667	-377 495	-74 632	-1 379 793	350 882
Land rent	-337 121	-35 462	-74 010	0	-227 649	0
Insurance	-230 451	-17 561	-64 341	-11 961	-129 769	-6 819
Operation & Maintenance	-743 324	-46 788	-228 431	-48 513	-419 592	0
Other operations costs	-276 809	-6 856	-10 713	-14 158	-602 783	357 701
Sales, General & Administration	-3 131 161	-188 193	-423 442	-144 793	-2 579 139	204 406
Commercial management	0	0	0	0	0	0
Accounting, audit & legal fees	-460 587	-16 048	-15 696	-14 861	-142 662	-271 320
IMU tax	-694 554	-35 763	-64 364	-54 094	-540 333	0
EAM SPM direct costs	-1 506 770	-104 000	-212 000	-62 000	-1 750 992	622 222
EAM SPM management service contract	0	0	0	0	0	0
Other administrative costs	-469 250	-32 382	-131 382	-13 838	-145 152	-146 496
Acquisition & financing cost	-35 086 101	0	78 104	19 734	-33 046 780	-2 137 159
Acquisition transaction costs	-2 013 739	0	0	0	0	-2 013 739
Funding & IPO costs	0	0	0	0	0	0
Other non-recurring items	-33 072 362	0	78 104	19 734	-33 046 780	-123 420
EBITDA	-19 074 710	711 589	1 230 547	523 327	-27 997 469	6 457 296

The costs under other & eliminations are costs of EUR 2.0m related to the due diligence and transaction costs of the P31 acquisition both before and after closing by EAM Solar Italy Holding Srl.

Note 9 – Quarterly P&L overview 2014 - 2015

(EURm)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Production (GWh)	1,521	3,283	11,691	6,375	7,026	12,325	11,655	6,766
% of annual production								
Revenues	0,592	1,380	3,947	2,796	2,383	4,248	4,274	9,825
Total operating costs	-0,934	-0,912	-1,251	-3,405	-1,366	-1,112	-3,174	-34,153
Operations costs	-0,116	-0,204	-0,366	-0,472	-0,379	-0,372	-0,510	-0,327
SG&A costs	-0,260	-0,315	-0,704	-1,076	-0,676	-0,702	-0,833	-0,920
A&T costs	-0,558	-0,393	-0,181	-1,857	-0,311	-0,038	-1,831	-32,906
EBITDA	-0,342	0,468	2,696	-0,609	1,017	3,136	1,100	-24,328
EBITDA margin	-58%	34%	68%	-22%	43%	74%	26%	-248%
Depreciation	-0,360	-0,360	-1,112	-1,533	-1,313	-1,332	-1,351	-36,858
Gain on bargain purchase	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
EBIT	-0,702	0,108	1,584	-2,142	-0,296	1,805	-0,251	-61,186
Financial income	0,043	1,300	0,127	3,399	0,042	0,290	2,717	0,313
Financial costs	-0,258	-1,176	-1,887	-0,988	-2,201	-0,925	-1,153	-0,791
Profit before tax	-0,917	0,232	-0,176	0,270	-2,454	1,170	1,313	-61,664
Adjusted EBITDA	0,216	0,861	2,877	1,248	1,328	3,174	2,931	8,579

EBITDA adjusted is adjusted for acquisition, transaction and funding costs.

Note 10 – Power production

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

Reported power production (MWh)	FY2012	FY2013	FY2014	FY2015	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
EAM Solar Italy 1 Srl	2 571	2 315	2 219	2 488	374	801	710	334	460	841	832	355
EAM Solar Italy 2 Srl	5 237	4 806	4 565	4 138	754	1 616	1 502	693	933	1 275	1 195	735
EAM Solar Italy 3 Srl		326	2 160	2 482	404	881	603	271	438	858	816	370
Energetic Source Green Power srl (ESGP)			4 236	9 692			2 505	1 732	1 679	3 175	2 967	1 870
Energetic Source Green Investments srl (ESGI)			1 824	3 892			1 072	752	731	1 253	1 184	725
Energetic Source Solar Production srl (ESSP)			2 930	6 584			1 750	1 180	1 220	2 191	2 021	1 151
Aveleos Green Investment srl (AGI)			597	1 380			351	246	255	457	443	225
Ens Solar One srl (ENS1)			1 882	4 305			1 115	767	797	1 377	1 349	781
Energia Fotovoltaica 14 s.r.l. (ENFO14)			609	1 417			344	265	262	456	430	269
Energia Fotovoltaica 25 s.r.l. (ENFO25)			611	1 395			357	254	251	443	417	284
Total	7 808	7 447	21 632	37 772	1 533	3 298	10 309	6 493	7 026	12 325	11 655	6 766

Actual power production (MWh)	FY2012	FY2013	FY2014	FY2015	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Varmo	2 571	2 315	2 219	2 488	374	801	710	334	460	841	832	355
Codroipo	5 237	4 806	4 565	4 138	754	1 616	1 502	693	933	1 275	1 195	735
Momo		1 219	990	1 234	198	451	214	127	213	425	410	186
Caltignaga		1 160	1 170	1 248	207	430	389	144	225	433	406	184
Selvaggi		1 347	1 384	1 303	277	420	438	249	174	444	417	269
Di Mauro		1 322	1 382	1 417	274	413	440	254	260	464	423	270
SCN		1 312	1 384	1 400	274	423	434	253	243	444	440	273
Lomurno		1 356	1 348	1 382	270	410	426	242	250	453	421	258
Giordano D.		1 330	1 387	1 412	280	419	441	247	239	472	436	265
Gagnazzi		1 374	1 364	1 416	276	412	430	246	259	459	430	267
Gentile		1 258	1 334	1 361	260	411	423	240	254	438	400	269
Lorusso		1 278	1 300	1 264	267	403	401	229	198	434	427	204
Cirasole		1 367	1 461	1 217	292	441	462	267	271	369	320	258
Scaltrito		1 335	1 373	1 411	278	405	435	256	262	449	436	263
Pasculli		1 395	1 398	1 375	283	412	448	255	252	459	415	249
Pisicoli N.		1 469	1 396	1 427	275	424	449	248	257	467	437	266
Pisicoli T.		1 327	1 369	1 318	272	414	439	244	248	446	433	191
Marulli		934	1 022	1 045	197	312	330	183	194	348	326	177
Antonacci		1 310	1 418	1 419	285	430	454	249	269	471	410	269
Piangevino		1 183	1 358	1 380	273	415	425	246	255	457	443	225
Lorusso		1 407	1 378	1 420	274	421	444	238	250	470	443	258
Brundesini		1 393	1 427	1 461	286	419	455	267	277	472	456	256
Scardino		1 352	1 424	1 424	286	426	451	261	270	436	450	268
Enfo 14		1 313	1 377	1 417	280	415	417	265	262	456	430	269
Enfo 25		1 339	1 367	1 395	267	413	432	254	251	443	417	284
Total	7 808	37 199	37 593	37 772	7 258	11 955	11 886	6 493	7 026	12 325	11 655	6 766

The reported production is in accordance with the IFRS accounting regulations, i.e. the companies are reported from the day when the control of the companies is assumed. Actual power production refers to production from the agreed financial takeover date in accordance with the acquisition agreements.

The P31 Portfolio companies were bought based on a minimum production guarantee for the 2014 power production, subject to normal solar irradiation. For the transferred 21 power plants this production was 29,529 MWh. Actual achieved production in 2014 became 28,650 MWh, or 3% less than the guaranteed production level. Due to the shortfall in production, the post closing price adjustments in accordance with the acquisition contracts for the P31 Portfolio is EUR 4 million based on acquiring 31 power plants and EUR 2.7 million for the transferred companies.

Note 11 – Going concern

The financial statements and figures presented in the report have been prepared under the assumption of going concern.

With the distribution of EAM Solar Italy Holding srl, the uncertainty of going concern from previous quarters has been removed.

Note 12 – Information on major customers

Of the groups' revenues of EUR 9.8m in Q4 2015, EUR 1.8m came from the sale of electrical power and EUR 8.0m from post closing adjustments of the purchase price of P31.

85.0% 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.

Fourth quarter 2015

EAM Solar ASA
Dronningen 1
NO-0287 Oslo
NORWAY

Phone: +47 – 9161 1009
E-mail: viktor@eam.no

www.eamsolar.no

