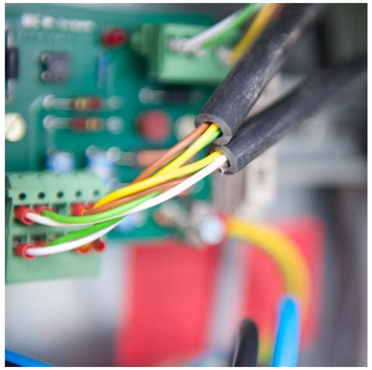
ANNUAL REPORT **2013**

EAM SOLAR ASA



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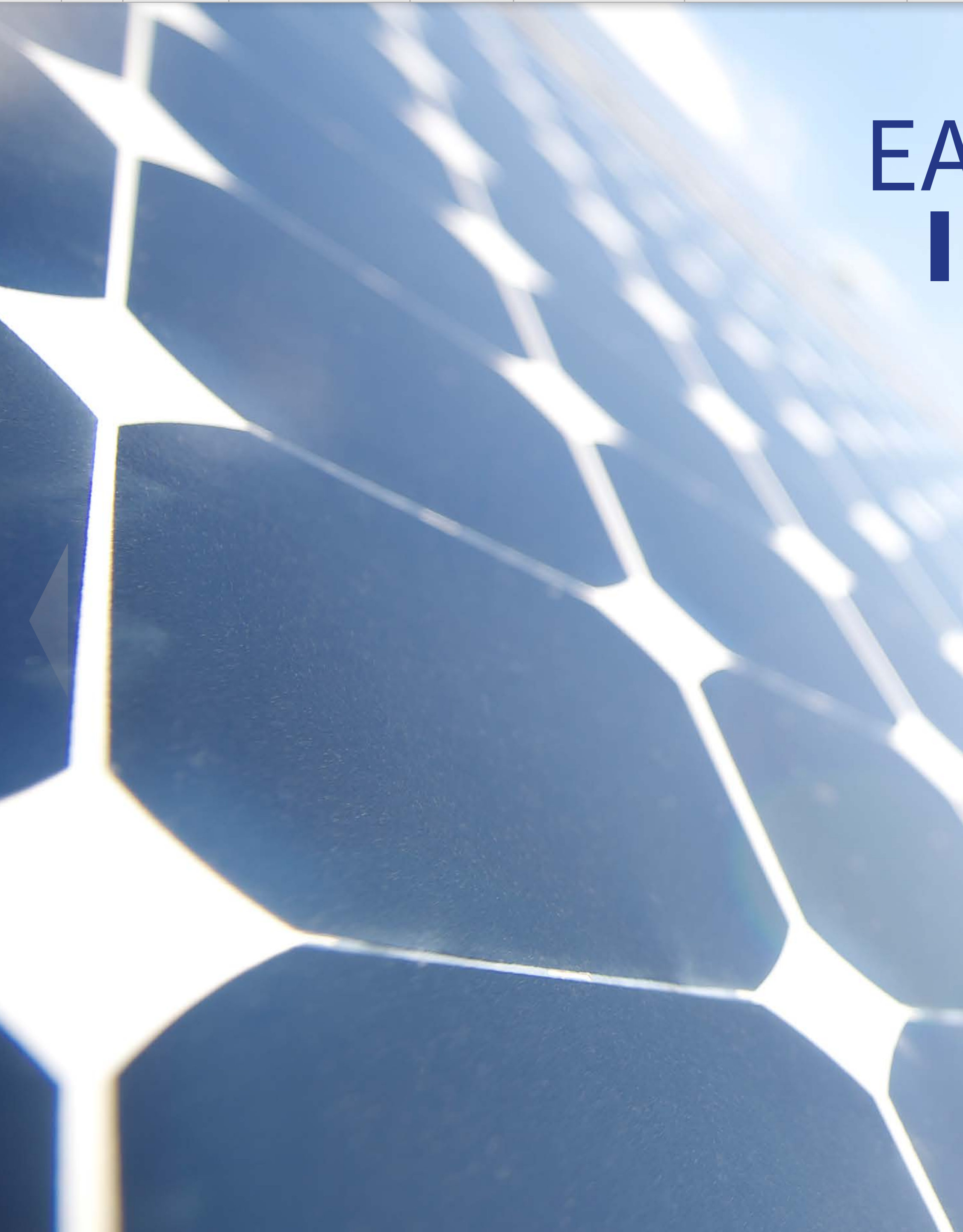


EAM SOLAR ASA **IN BRIEF**

EAM Solar ASA is an investment company which acquires and operates solar PV power plants for long-term ownership. The company was established by Energeia Asset Management in 2011.An initial public offering was conducted by EAM Solar in March 2013, when the company's shares were listed on the Oslo Stock Exchange (Oslo Axess list) under ticker EAM.

EAM Solar is a pure investment company without employees under a long-term management agreement with the Energeia Asset Management group (the manager).

The company's purpose is to create value through acquiring, operating and managing solar power plants in accordance with best practice for operational performance and risk management.

Based on recent amendments to Norwegian company law, the company may distribute dividends to its shareholders on a quarterly basis.

EAM Solar's goal is to offer the shareholders an attractive return in the form of dividend. This policy is expressed in article 11 to the company's articles of

association, which specifies that all cash surpluses from operations will be distributed to the shareholders on a continuous basis. A change to this dividend policy requires a minimum of 90 per cent of the votes in the general meeting.

The company aims to distribute dividends on a quarterly basis.

EAM Solar acquires solar power plants which are already operational or commissioned for operation. The electricity generated is sold primarily under long-term fixed-price contracts in government-backed contractual structures.

EAM Solar currently owns four solar power plants in Italy with a generating capacity of 9.1 GWh and annual revenues of EUR 3.5 million.

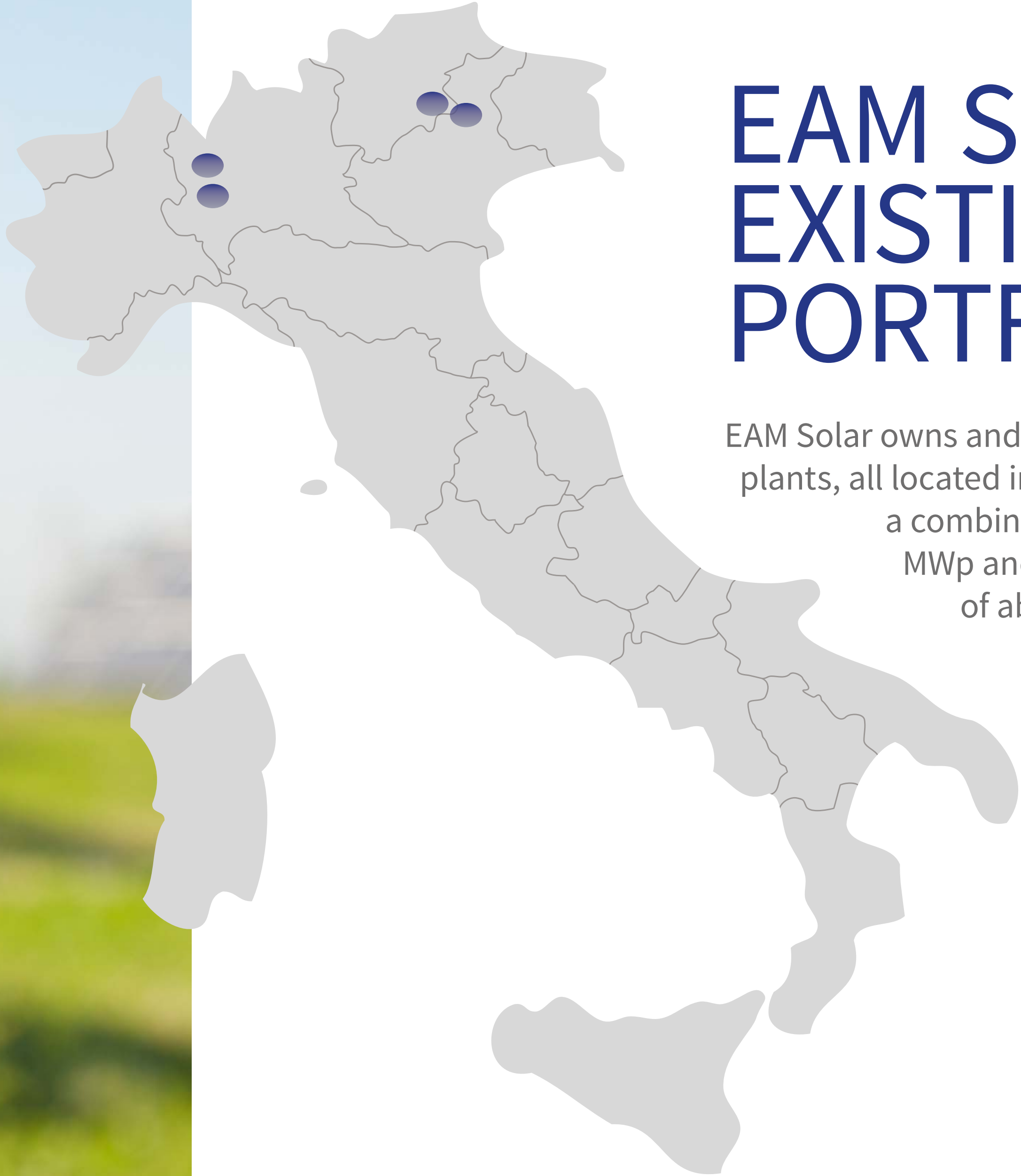
On 31 December 2013, EAM signed an agreement with intent to acquire 31 power plants for EUR 114 million. With a generating capacity of 43.5 MWh, these bring the company's annual revenues to about EUR 20 million. The acquisition has been funded through an equity issue conducted in January 2014.

The company is continuously evaluating growth opportunities, and its current geographical focus is Europe.

Energeia Asset Management AS and its subsidiary, EAM Solar Park Management AS, conduct all day-to-day management activities.

The board of directors of EAM Solar ASA is elected by the annual general meeting. It is responsible for and makes all material investments, divestments and contractual decisions.

The manager is continuously assessing possible targets for acquisition. EAM Solar has the first right of refusal for any possible acquisition targets within the company's investment mandate.



EAM SOLAR'S EXISTING PORTFOLIO

EAM Solar owns and operates four solar power plants, all located in northern Italy. The four have a combined installed capacity of 6.6 MWp and an annual electricity output of about 10 GWh.

CODROIPO

The Codroipo power plant covers 16.85 hectares and consists of 368 dual-axis tracker structures and 4 416 modules, with a generating capacity of 3.13 MWp. Annual electricity generating capacity is 4.6 GWh.

The plant benefits from the feed-in tariffs granted by the Italian government, as defined in the decree from the Ministry of Economic Development dated 19 February 2007 and also known as Conto Energia 2. The Codroipo power plant commenced commercial operation on 11 May 2011.

VARMO

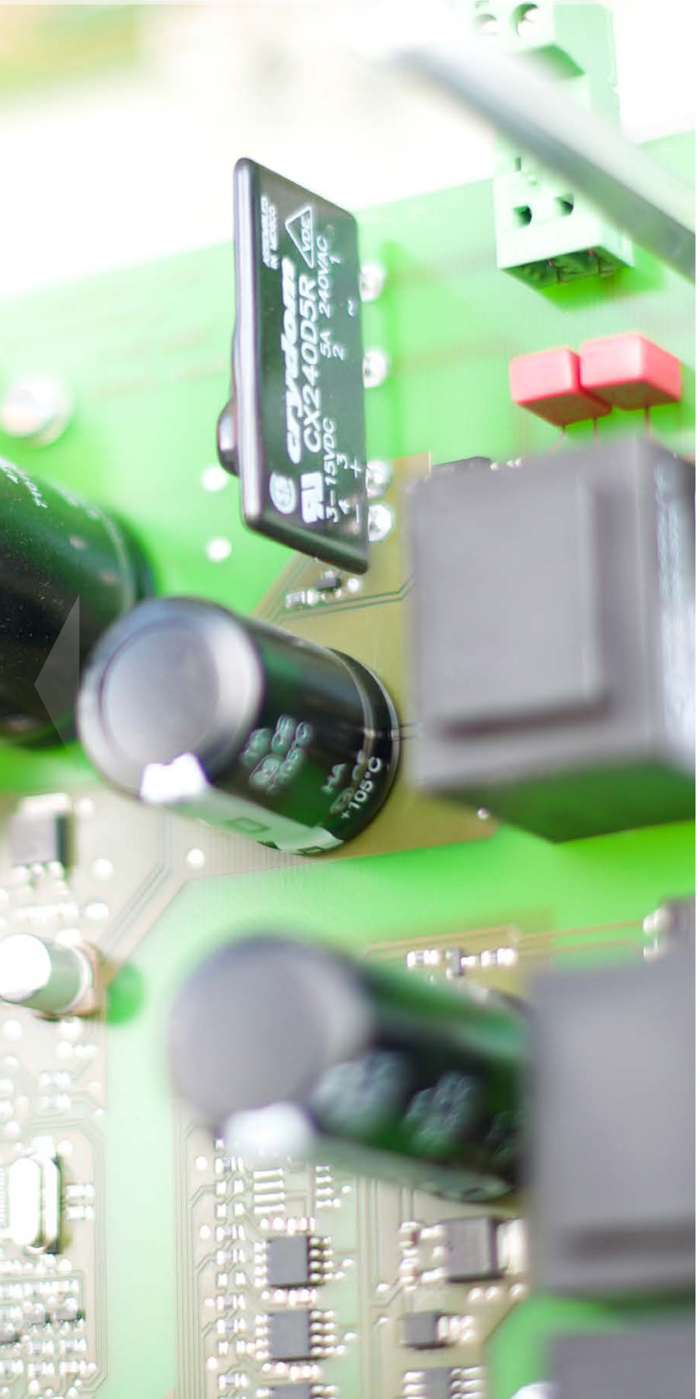
The Varmo power plant covers eight hectares and consists of 184 dual-axis tracker structures and 2 208 modules, with a generating capacity of 1.52 MWp. Annual electricity generating capacity is 2.4 GWh.

The plant benefits from the feed-in tariffs granted by the Italian government, as defined in the decree from the Ministry of Economic Development dated 19 February 2007 and also known as Conto Energia 2. The Varmo power plant commenced commercial operation on 28 December 2010.

MOMO

The Momo power plant covers 3.8 hectares and has a generating capacity of 0.97 MWp. Annual electricity generating capacity is about 1.1 GWh.

The plant benefits from the feed-in tariffs granted by the Italian government, as defined in the decree from the Ministry of Economic Development known as Conto Energia 4. The power plant commenced commercial operation in September 2011.



CALTIGNAGA

The Caltignaga power plant covers 3.9 hectares and has a capacity of 0.96 MWp. Annual electricity generation is about 1.1 GWh.

The plant benefits from the feed-in tariffs granted by the Italian government, as defined in the decree from the Ministry of Economic Development known as Conto Energia 4. The power plant commenced commercial operation in September 2011.

DIRECTORS' REPORT

EAM Solar ASA is a Norwegian public limited company based in Oslo, Norway, and was established in 2011. EAM Solar acquires and operates solar PV power plants with long-term electricity sales contracts.

EAM Solar owns four power plants in northern Italy, with a total installed capacity of 6.63 MW. Annual average output from its current power plants is 9.17 GWh, representing annual revenues in the range of EUR 3.5-3.7 million, of which 85 per cent derive from long-term fixed-price contracts.

Reported revenues in 2013 were EUR 3.1 million and EBITDA came to EUR 1.2 million. EAM Solar paid its first dividend to the shareholders in 2013. Equal to EUR 0.64 per share, this represented a dividend yield of 5.2 per cent.

The company had an eventful year in 2013. EAM Solar conducted an IPO and was listed on the Oslo Stock Exchange in March. Two new power plants were acquired in September, and several acquisition targets have been negotiated during the year, from single power plants to portfolios.

On 31 December 2013, EAM Solar signed a share purchase agreement with Aveleos SA concerning the acquisition of 31 power plants in southern Italy representing 30.4 MW of capacity and an annual generating capacity of about 43.5 GWh.

The closing is expected during second quarter of 2014 and the expected enterprise value of the acquisition is in the order of EUR 114-107 million, depending on the outcome of the final negotiations and due diligence.

Health, safety and the environment

EAM Solar ASA has no employees, and therefore no statistics related to health issues, recruiting processes, salaries or working conditions.

The company's board comprised two female and two male directors at 31 December.

The manager and sub-suppliers to the manager provide all administrative, technical and commercial services. The manager is responsible for requirements related to gender neutrality, non-discrimination and equal opportunities.

The manager has six employees, supplemented by 10-15 employees in sub-suppliers. It provides the various services required for operating EAM Solar's solar PV power plants.

The manager employs two women and four men.

The manager recruits employees and directors on a gender-neutral and non-discriminatory basis.

Solar power plants offer a power source which is environmentally superior to fossil fuels. They do not expose the environment to any harm, other than by occupying land and possibly altering its visual appearance. EAM Solar's power plants are built with silicon-based solar panels, and the production facilities produce no harmful waste.

Activities related to the management of the business have no impact on the natural environment apart from effects related to normal office work.

Values and guidelines for business ethics and CSR

Confidence and trust in EAM Solar are essential to the success of the company.

EAM Solar is committed to transparency in its management practices, and in particular in the relationship between EAM

Solar and the manager.

The company has not established separate guidelines for corporate social responsibility (CSR) as recommended by the code. The company was listed on Oslo Axess in 2013 and aims to establish guidelines for CSR during 2014.

Business strategy

EAM Solar's strategy is to create value through a low risk acquisition strategy and an active ownership of the power plants in order to optimise operations and achieve the best possible electricity yield.

EAM Solar aims to differentiate its operational strategy from module producers project developers and EPC contractors by taking an active ownership role. The company will not take project development or construction risk, but will buy solar power plants that are grid connected. The company has a strong focus on active ownership and optimal operation of the power plants.

All free cash flow from operating assets is to be paid on a continuous basis to the company's shareholders through dividends and capital contributions, as regulated in the company's articles of association. A change to this strict dividend policy requires a vote by more than 90 per cent of the shareholders in the general meeting.

The rationale for listing the company's shares on the stock exchange is to separate the individual investor's decision to own shares from the company's long-term strategy to own and operate solar PV power plants. This listing secures a liquid marketplace for the sale and purchase of the company's shares without the need to dispose of assets should individual shareholders need to sell shares before the operating life of the power plants ends.

EAM Solar's acquisition strategy is to eliminate risks related to development, construction and commissioning of power plants by thorough business planning, valuation and due diligence before acquiring power plants.

The company's existing plants were all built, authorised, grid-connected, and generating and selling electricity under long-term sales contracts at the time of acquisition.

EAM Solar may acquire fully licensed power plants under construction subject to the elimination of construction risk through an EPC contract. The geographical scope of the company's investments is Europe, and the risk strategy is based on power plants with long-term fixed-price contracts.

The manager's business is to acquire, finance and operate solar PV power plants on behalf of the company under a long-term management agreement. The manager selects and proposes feasible investment targets to the board. EAM Solar has the first right of refusal to acquire any acquisition targets the manager may find in Europe.

The selection of feasible targets follows a set of pre-defined investment criteria seeking robust EPC and O&M contract designs, insurance where possible, and land purchases or leases covering long-term sales contracts. Furthermore, the company targets acquisition candidates offering an opportunity to enhance output through active management. EAM Solar's operational strategy thus differs from that of project developers, EPC contractors and module producers.

The board of EAM Solar makes all investment decisions and approves the annual budgets on the basis of the manager's recommendations.

Risk is further reduced through a plant ownership structure in which subsidiaries own power plants through single purpose vehicles. This isolates operational and financial risks and facilitates a high degree of flexibility for asset restructuring. Distributed profits generated in the single purpose vehicles are transferred to the parent company in Norway as dividends, interest and repayment of intercompany loans and group contributions.

The main investment criteria for individual acquisitions by the company are an equity return on capital above 10 per cent (IRR), with an average dividend yield above 12 per cent.

Operational review

EAM Solar owns and operates two solar power plants in the Friuli-Venezia Giulia region and two in the Piemonte region, all in northern Italy.

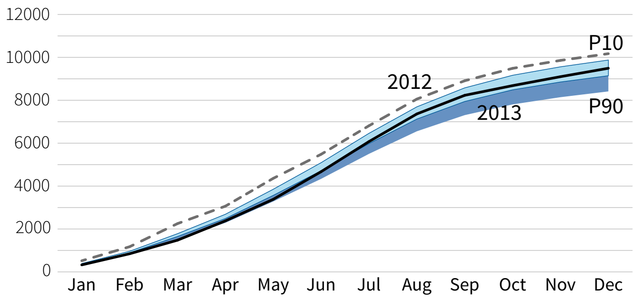
The Friuli power plants were owned throughout 2013, generating 7 120 MWh, while the Piemonte power plants were acquired in September 2013 with financial ownership from 1 July 2013. The Piemonte plants generated 1 186 MWh in the second half of the year.

Actual solar irradiation was close to the historical average in northern Italy in 2013. Actual solar irradiation and thereby power generation may vary by up to ± 15 per cent in this part of Italy, but the long-term historical variation over 20 years is closer to ± three per cent. Commercial availability was above 99 per cent in 2013.

Power production varies throughout the year in line with seasonal solar irradiation in northern Italy. On average, about 19 per cent of annual power output will be generated in the first quarter of the year, increasing to 33 per cent in the second and 34 per cent in the third before declining to 14 per cent in the fourth.

The Italian energy authorities imposed new technical requirements for all power plants in 2012 to improve grid operation. EAM Solar made the necessary adjustments during the first quarter of 2013. No similar technical changes are expected in the foreseeable future.

Accumulated power output 2013 & 2012 (MWh)



P10 and P90 signify the 10 per cent and 90 per cent probable annual output based on average historical solar irradiation.

Market overview

EAM Solar's strategic focus is ownership and operation of power plants under long term fixed-price sales contracts in Europe.

Many countries in Europe have implemented government-backed incentive mechanisms for supporting investment in solar PV power plants since 2004.

Germany was the first country to provide a substantial long-term fixed-price contract structure in 2004, known as the feed-in tariff (FIT).

General market development for solar PV in Europe

The FIT basically provides that owners of a solar PV power plant can generate, feed into the grid and sell electricity under long-term contracts guaranteed by the state. Solar PV, along with other renewable energy sources such as wind, biomass, and so forth, receives preferential treatment for dispatch into the grid compared with fossil-fuel generation. This provision is essential for wind and solar power since they are intermittent source – electricity is only generated when the wind blows or the sun shines.

These regulations and structures permitted significant investment in solar PV power plants, especially in 2008-12 and in Germany and Italy in particular. During 2008-12, more than EUR 150 billion is estimated to have been invested in solar PV plants in Europe under long-term electricity sales contracts.

The regulatory regime differed slightly between European countries, with varying sources of financing and incentives, including pure price structures, tax holidays and receipt of green certificates with an anticipated sales value in carbon trading.

Looking ahead for 2014, EAM sees that the price structures and FIT regulations prevailing in 2008-12 have been amended, reduced or wholly abandoned. This is partly a result of the success of the FITs, which prompted significant construction of wind and solar capacity. Germany experienced days in 2013 when wind and solar energy alone met more than 60 per cent of its electricity supply, and Italy experienced days in July 2013 when wind and solar power provided all electricity supply during the daytime.

EAM believes that a volume expansion in the FIT market will be low for the next couple of years, and that market opportunities for EAM Solar will primarily be found in the secondary market for the purchase of existing power plants.

FITs in Italy are financed through the end-user's electricity bill. This payment system limits third-party risk and is more robust against the political risk of regulations than in other European countries.

Solar PV market development in Italy

Italy's National Renewable Energy Action Plan of 2009 aimed for a total PV capacity of eight GW by 2020. This target was met by 2011 and, according to Gestore Servizi Energetici (GSE), the total installed base under contract stood at 17 GW in January 2014. No new FIT regulations are likely to be introduced in Italy in the near future. Consequently, new business opportunities for EAM Solar in Italy will be based mainly on acquisitions in the secondary market.

Power plants owned by EAM Solar have a two-tier price structure, consisting of a fixed FIT of EUR 346-245 per MWH, and a variable market price component of about EUR 60 per MWh.

The average wholesale power price in Italy fell by 25-35 per cent from 2011 to 2013, from EUR 80 to EUR 55-60 per MWh. This drop is partly attributable to the increased supply of intermittent solar and wind power.

EAM Solar has locked-in the market sales price of about 50 per cent of output in 2014 through fixed price contracts at roughly EUR 61.5 per MWh with power traders in the Italian market.

The regulator has decided that the previous arrangement of a minimum guaranteed market price for small power plants (with less than one MW of installed capacity) will be abandoned from 2014, effectively exposing these facilities as well to market price fluctuations.

Investment opportunities

EAM Solar is focusing on the German and Italian market for acquisition targets owing to their regulatory regimes for contracts, and because the volume of available power plants permits an industrial approach. Italy stood out as the most attractive market from 2012 to 2014 owing to the relatively large differences in capital yields seen between German and Italian acquisition targets.

A substantial number of power plants – both single and in portfolios – were available on Italy's secondary market during 2013. The manager received initial pitches during the year to start negotiations on more than 10 of the 20 biggest power-plant portfolios in Italy, in addition to a large number of smaller portfolios and single plants. The manager's acquisition pipeline overview at 31 December 2013 contained more than 1 000 MW of possible acquisition targets.

Negotiating for and acquiring a power plant or a portfolio is a time-consuming process. This is partly a reflection of the continued immaturity of the power plant industry as well as the large number of regulatory risk issues in an acquisition process. Dialogue with the sellers for several of the portfolios which the manager is considering as suitable targets for EAM Solar has effectively been on-going for more than a year.

The process of negotiating for and acquiring solar power plants in Italy usually involves two main stages: the initial negotiating stage leading to the signing of a term sheet, and the due diligence and closing stage up to signing and executing a share purchase agreement.

In the acquisition of Momo and Caltignaga, concluded in September 2013, EAM Solar and the seller had agreed on the transaction in principle (price, scope and so forth) in July and, even though the power plants had no debt financing from external banks, it took three months to conclude the acquisition because of the normal complexity of such transactions.

EAM Solar signed a share purchase agreement on 31 December 2013 to acquire the P31 portfolio of 31 power plants, representing an investment of EUR 114 million (debt and equity). The initial negotiating process began in June 2013 and a term sheet was signed at the end of November.

When the share purchase agreement was signed, EAM Solar had not finalised confirmatory due diligence, primarily because of the lack of documentation in the data room for verifying the validity of the FIT contracts.

At the time the annual report is published, the process of finalising confirmatory due diligence for the P31 portfolio has still not been completed and final approval of the change of control is still awaited from the financing banks.

Events after the balance sheet date

After signing the share purchase agreement for the P31 portfolio, EAM Solar conducted a private placement which was concluded on 17 January. This aimed to secure financing for the P31 acquisition.

The private placement involved issuing 2 750 000 shares at a price of EUR 9.56 per share. EAM Solar raised gross proceeds of EUR 26 million in new equity, and also secured a credit facility of EUR 6 million. Financing was thereby secured for the acquisition of the P31 portfolio.

Risk factors and management

EAM Solar is exposed to a number of risk factors. The most likely are government subsidies, incentives and the regulatory framework, power prices and operations. The company seeks to mitigate these risks thorough due diligence processes during acquisitions, long-term electricity sales contracts with limited counterparty risk, hands-on operation and insurance.

With no debt financing at 31 December 2013, the company is not exposed to any lending risks.

EAM Solar has limited credit risk since its main counterparty is GSE, owned by the Ministry of Finance. The company's gross credit risk exposure at 31 December 2013 was EUR 975 000. EAM Solar has made no financial arrangements to limit the credit risk further.

EAM Solar's cash balance was EUR 4.8 million at 31 December 2013, which is considered sufficient given the company's current asset base and level of activity. EAM Solar is sufficiently funded to conduct its business, based on the company's current level of activity, financing, acquisition obligations and risk level.

The company's asset base and level of activity may increase considerably as a result of planned investments in 2014, which will be funded through a combination of equity and debt.

Transactions with related parties

Energeia Asset Management AS and its subsidiary EAM Solar Park Management AS are related third parties providing management and consulting services for EAM Solar on a continuous basis under a long-term management agreement. All transactions are conducted as part of ordinary operations and in accordance with the management agreement.

Pursuant to the management agreement, the manager charges EAM Solar for direct costs related to providing management services and is also entitled to a royalty of 12.5 per cent of the company's pre-tax profits. The royalty structure aligns the interest of the manager with those of the shareholders in EAM Solar (see note 9).

At 1 January 2013, EAM Solar had a EUR 5.4 million shareholder loan, secured by a first priority mortgage on the company's shares in the Italian subsidiaries. The loan was repaid in full during March 2013.

Outlook

EAM Solar's existing power plants are expected to generate 9.17 GWh of electricity in 2014. This will yield revenues of about EUR 3.5 million, based on FIT prices for the plants and the budgeted wholesale electricity price of EUR 60 per MWh for 2014.

Based on the closing of P31, annual power output will increase to about 52.6 GWh and annual revenues to roughly EUR 20 million.

EAM Solar is continuously evaluating growth opportunities in both the new-build market and the secondary market for operational solar power plants, and the asset and revenue base may be significantly increased through acquisitions during 2014.

Presentation of the financial statements

Pursuant to Section 3-3 of the Norwegian Accounting Act, the board of directors of EAM Solar ASA confirms that the financial statements have been prepared under the assumption that the enterprise is a going concern, and that this assumption was appropriate at the date when the financial statements were approved.

EAM Solar ASA reports its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. For more information, please refer to the notes on consolidated financial statements. Please note that the section financial review is a part of the directors' report.

Oslo, 29 April 2014

Paal E Johnsen	Ragnhild Wiborg	Marthe Hoff	Viktor E Jakobsen	Audun W Iversen
Chair	*Non-executive director*	*Non-executive director*	*Executive director*	*Chief executive officer*

CORPORATE GOVERNANCE

EAM Solar is committed to pursuing corporate governance practices which support trust in the company and thereby contribute to value creation over time. The objective of corporate governance is to regulate the roles and responsibilities of shareholders, directors and executive management in a more comprehensive manner than is required by legislation.

Implementation and reporting on corporate governance

Implementation

EAM Solar's board of directors is ultimately responsible for ensuring that the company applies best practice for corporate governance, and has prepared and approved the company's policy for corporate governance. Through its board and executive management, the company conducts a review and evaluation of its principles for corporate governance on an annual basis.

EAM Solar ASA is a Norwegian public limited company listed on the Oslo Axess exchange. Section 3-3b of Norway's Accounting Act requires the company to provide an annual statement of its corporate governance principles and practices. These provisions also specify the minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code). Adherence to the code is based on the "comply or explain" principle, which means that a company must comply with the recommendations of the code or explain why it has chosen an alternative approach to specific recommendations.

The Oslo Stock Exchange requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the code in force at the time. Rules on the continuing obligations of listed companies are available at www.oslobors.no.

EAM Solar will comply with the above-mentioned rules and regulations, and the current code, issued on 21 October 2010 and amended on 20 October 2011, with the exception of the following.

Pursuant to the company's articles of association, the manager has the right to make recommendations to the company's nomination committee for two of the directors. The general meeting elects the company's directors.

The manager's right of recommendation is intended to ensure good communication between the company's board and the manager.

Viktor E Jakobsen is currently a director in addition to being chief executive of EAM and EAM SPM. This is not in accordance with the recommendation in the code that the board should not include executive directors.

EAM Solar provides a statement on its principles for corporate governance in its annual report, and this information is also available on its website at www.eamsolar.no.

Business

The business purpose of EAM Solar ASA is defined in article 3 of the company's articles of association, which states that:

"The company's business activities include identification, analysis, financing, operating, purchase and sale of solar power plants outside Norway, and naturally related activities, such as ownership in similar companies."

EAM Solar's articles of association are available on the company's website at www.eamsolar.no.

Equity and dividends

Equity

Total equity amounted to EUR 29.4 million at 31 December 2013, representing an equity ratio of 98 per cent.

Dividend policy

The company's objective is to generate a capital return to its shareholders through dividends.

A dividend of EUR 0.64 (NOK 5.00) per share was paid on 12 August 2013.

Article 11 of the company's articles of association specifies that the entire annual cash surplus will be distributed as dividend to the shareholders to the extent permitted by applicable law. Changes to or exemptions from this article require the support of at least 90 per cent of the votes cast and of the share capital represented at the general meeting.

Based on the company's articles of association, recent changes to Norwegian company law, and the decision by the company's extraordinary general meeting of 17 December 2013, the board aims to declare and pay dividends to the shareholders on a quarterly basis from the first quarter of 2014.

Board mandates

An extraordinary general meeting held on 7 March 2013 mandated the board to increase the company's share capital in conjunction with its initial public offering (IPO) on the Oslo Stock Exchange.

The IPO and share capital increase were concluded on 20 March 2013, and the first day of trading on the Oslo Stock Exchange was 26 March 2013.

A total of 1 120 000 shares were issued through the IPO at a price of NOK 100 per share, bringing the total number of shares in the company to 2 320 000. Furthermore, 179 000 warrants were issued to a limited number of investors who had made a prior commitment to subscribe for shares in the IPO.

The board was mandated by the extraordinary general meeting of 17 December 2103 to increase the company's share capital by a minimum of NOK 23 333 330 and a maximum of NOK 80 000 000 through issuing a minimum of 2 333 333 and a maximum of 8 000 000 new shares, each with a nominal value of NOK 10.

This mandate was given in relation to a private placement and implemented on 17 January 2014.

Equal treatment of shareholders and transactions with close associates

Equal treatment

All the shares in the company and shareholders have equal rights, including voting rights. Each share carries the right to one vote at the company's general meeting.

In the event that the board is mandated to buy the company's own shares and decides to exercise this mandate, the transactions will be conducted through the stock exchange or at prevailing market prices if conducted in any other way.

Transactions with related parties

EAM Solar has a long-term management agreement with the manager. The latter provides all administrative, technical, and operational services required by the company. EAM Solar has no employees.

All transactions between EAM Solar and the manager have been conducted as part of ordinary operations and in accordance with the management agreement.

Any transactions, agreements or arrangements between the company and its shareholders, directors, members of the executive management team or close associates of any such parties will only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions will comply with the procedures set out in the Norwegian Public Limited Liability Companies Act or similar provisions, as applicable.

Transfer of shares

The company's articles of association place no general restrictions on transfers of the company's shares which will apply from the listing date.

No provisions in the articles would have the effect of delaying, deferring or preventing a change of control of the company, or would require disclosure of a level of ownership above any specified threshold.

Transfers of shares in the company do not require the consent of the board. Nor do they trigger any pre-emptive rights for other shareholders.

General meetings

Annual general meeting

The annual general meeting (AGM) is the company's highest authority. The board strives to ensure that the AGM is an effective forum for communication between the shareholders and the board, and encourages shareholders to attend.

Preparations for the AGM

The AGM will be held before 30 June, which is the latest date permitted by Norwegian company law. It will deal with and approve the annual financial statements and directors' report, including the distribution of any dividend, and such other matters as may be set out in the notice of the meeting.

The AGM for 2014 will be held on 28 May.

The board can call extraordinary general meetings. It will also call an extraordinary general meeting at the request in writing of the auditor or shareholders representing at least five per cent of the share capital in order to deal with a specific subject.

General meetings are summoned by the board. Notice of a general meeting will be issued at the latest 21 days before the date of the meeting, and will include a proposed agenda. The notice will also be made available on the company's website at www.eamsolar.no.

A shareholder is entitled to submit proposals to be discussed at general meetings provided such proposals are submitted in writing to the board in time for the proposal to be entered in the agenda for the meeting.

The date of the next AGM is included in the company's financial calendar. The financial calendar for the coming year is published no later than 31 December in the form of a stock exchange announcement, and is also made available on the company's website.

Participation in a general meeting

The company's articles of association do not specify any requirements for giving notice of attending a general meeting.

Shareholders who are unable to attend the meeting are encouraged to appoint a proxy. The arrangements for appointing a proxy allow shareholders to specify how their proxy should vote on each matter to be considered. Directors attend the AGM, together with at least one member of the nomination committee and the auditor. The executive management is represented at the AGM by the CEO.

Agenda and conduct of the AGM

The board decides the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act and article 9 of the articles of association of EAM Solar.

The board will seek to propose a person independent of the company and the board to chair general meetings, ensuring that the AGM has an independent chair as recommended by the code.

The board and the chair of the meeting will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's governing bodies.

Directors and members of the nomination committee, as well as the company's auditor, are present at the AGM.

The minutes of the AGM are published in the form of a stock exchange announcement, and are also made available on the company's website at www.eamsolar.no.

Nomination committee

EAM Solar will have a nomination committee consisting of three members. The company's current nomination committee was elected for two years on 7 March (Askvig and Hvammen) and 14 May 2013 (Foldal), and consists of:

- Leiv Askvig (representing Sundt AS)
- Paal Hvammen (Scandinavian Property Group AS)
- Nils Foldal (representing Lorentzen group).

Members of the nomination committee will be shareholders or shareholder representatives.

The general meeting elects the members of the nomination committee, including its chair. These members will serve for two years at a time unless the general meeting decides otherwise. This term commences from the date of election unless otherwise decided. It terminates at the end of the annual general meeting in the year when the term expires. Even if the term has expired, the member must remain in their post until a new member has been elected.

Remuneration for members of the nomination committee is determined by the general meeting.

The nomination committee has the following responsibilities:

1. to provide the general meeting with recommendations on directors to be elected by the shareholders, subject to the proviso that the manager has the right to recommend up to two directors
2. to provide the general meeting with recommendations on the remuneration of directors
3. to provide the general meeting with recommendations on members of the nomination committee
4. to provide the general meeting with recommendations on the remuneration of the members of the nomination committee.

The general meeting may issue further guidelines for the nomination committee's work.

Corporate assembly and board of directors: composition and independence

Elections to the board

Directors are elected by the general meeting. The company's articles of association provide that the board will have no fewer than three members and no more than seven. In accordance with Norwegian law, the CEO and at least half the directors must be either resident in Norway or citizens of and resident in an EU/EEA country.

Composition of the board

At 31 December 2013, the board of EAM Solar consisted of four directors, including two men and two women:

- Paal E Johnsen
- Ragnhild Wiborg
- Marthe Hoff
- Viktor E Jakobsen

At the extraordinary general meeting of 7 March 2013, and with effect from the IPO, Paal E Johnsen was elected chair of the board. Marthe Hoff was elected to the board at the extraordinary general meeting of 18 October 2013. All directors have been elected to serve until the AGM in 2015.

Directors represent varied and broad experience from relevant industries and areas of technical speciality, and contribute knowledge from both Norwegian and international companies. More information about the expertise and background of directors can be found on the company's website.

Independence of the board

Paal E Johnsen, Ragnhild Wiborg and Marthe Hoff are all independent of the company's executive management, material business contacts and largest shareholders.

Paal E Johnsen represents Alden AS, which owns 2.9 per cent of the company's shares. Seventy-five per cent of the directors are independent of the executive management and largest shareholders.

The board includes one member of the manager's executive team, Viktor E Jakobsen. Jakobsen has been elected as a director by the company's AGM based on a recommendation from the nomination committee.

The other shareholder-elected director is considered to be independent of the company's main shareholders and its material business connections.

Work of the board of directors

Board's duties and responsibility

The board has ultimate responsibility for managing the company and for supervising its day-to-day management and activities in general.

This includes participating in the development and approval of the company's strategy, performing necessary monitoring functions, including supervision, to ensure that the company manages its business and assets and carries out risk management in a prudent and satisfactory manner, and acting as an advisory body for the manager.

In the management agreement between the company and the manager, the manager is effectively the CEO of the company. Should an individual have to be appointed as the CEO, the manager will propose this person for approval by the board. The manager prepares the annual plan for the board's work.

Mandate for the board

In accordance with the provisions of Norwegian company law, the terms of reference for the board are set out in a formal mandate which includes specific rules and guidelines on the work of the board and decision-making. The chair is responsible for ensuring that the work of the board is carried out in an effective and proper manner in accordance with legislation.

Mandate for the CEO

The CEO is the representative of the manager. The manager is responsible for executive management and day-to-day operations of the company as defined in the management agreement.

Financial reporting

The board receives periodic reports on the company's commercial and financial status. The company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

Board meetings

The board holds regular meetings and a strategy meeting each year. Extraordinary board meetings are held as and when required to consider matters which cannot wait until the next regular meeting. The board has also appointed an audit committee.

During 2013, the board of directors had 16 formal meetings. In addition, both the board and individual directors held informal discussions and meetings on specific issues related mainly to acquisition negotiations and financing.

Audit committee

EAM Solar is exempted from the obligation to have an audit committee since it satisfies the criteria in section 2.3.3 (3) no 4 of the Listing Rules and section 6-41 (2) of the Norwegian Public Limited Liability Companies Act.

The company has nevertheless established an audit committee. Currently, the full board serves as the audit committee, and the company believes that the audit committee satisfies the requirements in section 6-42 of the Norwegian Public Limited Liability Companies Act.

None of the members of the committee are employees of the company. The audit committee will not make any decisions on behalf of the board, since it is effectively the board.

Board's evaluation of its own work

The board will carry out an annual evaluation of its own performance, working arrangements and competence.

The chair prepares a report on this evaluation, which is made available to the nomination committee.

Risk management and internal control

EAM Solar's board is responsible for ensuring that the company has a sound internal control and sufficient systems for risk management. The company's systems for internal control and procedures for risk management are intended to ensure timely and correct financial reporting, as well as compliance with the legislation and regulations to which the company is subject.

Follow-up of internal controls relating to financial reporting is undertaken by means of management's day-to-day monitoring, periodic reports to the board and the work of the audit committee.

The board carries out an annual review of the company's most important areas of exposure to risk and its internal control procedures. In addition, the auditor presents an annual review of the company's internal control procedures to the audit committee, including the company's accounting principles, risk areas, internal control routines and proposals for improvement.

Remuneration of the board of directors

The AGM determines the board's remuneration, based on a recommendation from the nomination committee.

Remuneration of directors will be reasonable and based on the board's responsibilities, work, the time invested and the complexity of the enterprise.

Compensation will be a fixed annual amount. The chair receives a higher compensation than the other directors.

The board will be informed if individual directors perform other tasks for the company than their role as directors. Work in sub-committees may be remunerated in addition to the remuneration received for the directorship.

The company's annual accounts provide information about the board's compensation.

Directors elected on the basis of a recommendation from the manager receive no remuneration.

Remuneration of the manager and the CEO

Pursuant to the management agreement, the CEO receives no direct remuneration from the company.

The manager is entitled to receive revenues from the company equal to its directly attributable costs for providing services to the company, pursuant to article 5 of the management agreement and article 1 of appendix 1. The direct costs of management services provided are invoiced without any profit margin.

In addition to coverage of its direct costs, the manager is entitled to receive a royalty equal to 12.5 per cent of the pre-tax profits of EAM Solar.

The annual pre-tax profit which forms the basis for calculating the annual royalty to the manager is subject to certain adjustments. These are described in article 6 of the management agreement and article 2 of appendix 1, and are as follows:

1. adjustments for non-cash accounting items (eg, asset writedowns and revaluation)
2. acquisition and transaction costs which would otherwise have been expensed in the year when the costs have been incurred (such costs will be capitalised and depreciated over the asset's operating life).

The royalty will be based on the audited annual accounts, and is paid quarterly on the basis of interim accounts.

The royalty structure aligns the interests of the manager with the interests of the shareholders in the company.

The management agreement has been entered into for an initial term of 10 years. After the initial term, both parties may terminate the agreement by giving 12 months' notice, with effect at the earliest from 2021. Termination by the company triggers a termination fee of five times the average royalty for the two preceding fiscal years.

In 2013, the company paid EUR 643 769 to the manager to cover part of the direct costs of the management services provided. The actual direct costs incurred by the manager in providing the management services were higher in 2013. However, the understanding between the company and the manager is that the company's operations must increase beyond their size in 2013 before the full cost of the management services provided can be covered by the company.

Based on the closing of the P31 acquisition or equivalent in 2014, the company will be in a position to cover the full direct costs of the manager in providing the management services.

No member of the company's board or other administrative or supervisory body has service contracts with the company or any of its subsidiaries which provide benefits on the termination of employment. No loans or guarantees have been given to any members of the board or other company bodies.

Information and communications

EAM Solar maintains regular dialogue with analysts and investors. The company strives to publish relevant information continuously to the market in a timely, effective and non-discriminatory manner, and considers it very important to inform shareholders and investors about the company's commercial and financial performance.

All stock exchange announcements are made available both on the company's website and on the Oslo Stock Exchange news website at www.newsweb.no.

Financial reports

EAM Solar publishes its preliminary annual accounts by the end of February, and the full annual report, including approved and final financial statements and the directors' report, is available no later than 30 April each year as required by the Securities Trading Act.

The complete annual report and financial statements are made available to shareholders no later than three weeks prior to the AGM.

Quarterly interim reports are normally published within three weeks of the end of the quarter. The company's financial calendar for the coming year is published as a stock exchange announcement and made available on the company's website and on the Oslo Stock Exchange website in accordance with the continuing obligations for companies listed on the Oslo Stock Exchange.

Other market information

EAM Solar may give open presentations in conjunction with the publication of the company's interim results. At these presentations, the manager will review and comment on the published results, market conditions and the company's future prospects.

Communication with shareholders

The manager gives high priority to communication with the investor market. Individual meetings are organised for major investors, investment managers and analysts. The company also attends investor conferences.

The board has issued guidelines for the company's investor relations function, including the designation of authorised spokespersons for the company.

Take-overs

The board endorses the principle of non-discrimination of shareholders. In the event of a take-over, the board undertakes to act in a professional manner and in accordance with applicable legislation and regulations.

The board will seek to comply with the recommendations in the code relating to the board's responsibilities and duties in a take-over.

Auditor

EAM Solar is audited by Ernst & Young AS, Norway.

The auditor presents a plan annually to the board for the audit work and confirms that the auditor satisfies established requirements for independence and objectivity.

In connection with the auditor's presentation of the annual work plan to the board, the board will specifically consider whether the auditor also exercises a control function to a satisfactory extent. The auditor attends board meetings which deal with the annual accounts, and presents a review of the company's internal control procedures to the audit committee, including the company's accounting principles, risk areas, internal control routines and so forth, and proposals for improvement.

The board has established guidelines on the use of the auditor by the company's executive management for services other than auditing.

The board reports the remuneration paid to the auditor to the AGM, including details of fees paid for audit work and for other specific assignments.

FINANCIAL STATEMENTS

FINANCIAL REVIEW

Consolidated statement of comprehensive income

Revenue and production

Revenue for 2013 amounted to EUR 3.11 million, reflecting a reported generation and external sale of 7 439 MWh of electricity from the company's four solar plants in Varmo (2 315 MWh), Codroipo (4 806 MWh), Momo (159 MWh) and Caltignaga (160 MWh).

Revenue and output from the Momo and Caltignaga plants were consolidated in the income statement with effect from 27 September 2013. Including Momo and Caltignaga from 1 January 2013, full-year output was 9 480 MWh with anticipated revenues of EUR 3.5 million.

All EAM Solar's electricity sales are made under 20-year sale agreements in the feed-in tariff (FIT) scheme, with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty. Fixed price sales contracts (FIT) account for about 85 per cent of revenues, with electricity sales at market prices accounting for the remaining 15 per cent. Market prices for electricity declined from about EUR 80 per MWh at 1 January 2012 to roughly EUR 60 per MWh at 31 December 2013.

The Varmo and Codroipo plants have FIT contracts of EUR 346 per MWh. The Momo and Caltignaga power plants have FIT contracts of EUR 245 per MWh.

Operational cost

The cost of operations amounted to EUR 360 000 in 2013, and consisted mainly of land rent, operating and maintenance costs, and insurance. The increase from 2012 reflects the inclusion of Codroipo for the full year in 2013 and the addition of Momo and Caltignaga. SG&A expenses amounted to EUR 1.02 million. SG&A costs decreased by EUR 110 000 even though the IMU tax increased by EUR 72 000. Adjusted for the increased IMU tax, SG&A costs were reduced by EUR 182 000.

Cost related to acquisition and financing amounted to EUR 512 000 for 2013, with transaction costs related to due diligence and subsequent purchase of M&T Solare Srl accounting for EUR 108 000. The remaining costs relate to the IPO in March 2013.

Operational earnings

Earnings before interest, depreciation, amortisation and taxes (EBITDA) amounted to EUR 1.216 million for 2013, and EUR 1.728 million adjusted for non-recurring items related to acquisition and transaction costs.

Depreciation amounted to EUR 1.2 million for the year, whereas gain on bargain purcahse amounted to EUR 2.2 million – including a gain related to the acquisition of Momo and Caltignaga.

Both the Momo and Caltignaga plants were purchased at a price below the fair value of net identified assets and liabilities in the acquired company, and the difference is accounted for as a gain of bargain purchase.

The carrying value of the power plants was EUR 23.7 million at 31 December 2013, with the increase of EUR 4.1 million from 31 December 2012 mainly reflecting the acquisition of the Momo and Caltignaga plants. These were consolidated with effect from 27 September 2013.

Operating profit (EBIT) for 2013 was thereby EUR 2.2 million, including the gain related to the Momo and Caltignaga acquisition.

Net financial items

Net financial items amounted to EUR 2.5 million for the full year 2013, primarily owing to the weakening of the NOK against the EUR which resulted in a foreign exchange gain of EUR 2.7 million, and an expense of EUR 156 000 related to a bridging loan from the shareholders. The shareholder loan was repaid in full during March 2013.

Profit before tax and net income after tax

Profit before tax amounted to EUR 4.758 million for 2013. Net tax expense amounted to EUR 106 000, including EUR 142 000 payable and a negative change of EUR 36 000 in deferred tax.

Reported net income after tax was thus EUR 4.651 million for 2013, and reported earnings per share were EUR 2.01 on a diluted basis.

Cash flow and balance sheet statements

Consolidated statement of financial position

Total assets amounted to EUR 29.9 million at 31 December 2013. This was up by EUR 4.8 million over the year, mainly because of the increase in fixed assets as a result of consolidating the Momo and Caltignaga power plants in the third quarter of 2013.

Total equity amounted to EUR 29.3 million at 31 December 2013, up by EUR 13.8 million over the year. The equity ratio was 98 per cent at 31 December, up from 70 per cent at 31 December 2012 because of the partial financing of investments through a bridging loan from shareholders, which was repaid in 2013, and the IPO. Net working capital amounted to EUR 318 000 at 31 December 2013, excluding the cash balance. The decrease from EUR 352 000 at 31 December 2012 relates to an outstanding net working capital payment in regards to M&T Solare Srl of EUR 219 000.

EAM Solar is in dialogue with Italian banks on long-term debt financing of Varmo and Codroipo.

Cash flow

Net cash flow from operating activities was EUR 3.48 million in 2013, primarily reflecting Operating profit before depreciation and amortisation (EBITDA) adjusted for non-cash items, an change in net trade receivable and trade payable of EUR 761 000 and negative changes of EUR 492 000 in other accruals.

Net cash flow from operating activities in 2012 and 2013 was significantly affected by the expensing of costs related to the acquisition of Codroipo and the Momo and Caltignaga plants. Cash costs of EUR 0.5 million in 2013 related to expensed acquisition costs and financing of the company. The latter was negatively affected by a EUR 761 000 reduction in trade payables, mainly owing to the payment of outstanding management fees to the manager for fiscal 2012. When excluding non-recurring items such as acquisition costs, the IPO and currency gain, the company had a positive pre-tax cash flow from operations of about EUR 1.5 million in 2013.

Net cash flow from investing activities was negative at EUR 3,4 million in 2013, and related mainly to the acquisition of the Momo and Caltignaga power plants.

Net cash flow from financing activities amounted to EUR 6.9 million, which primarily reflected redemption of the bridging loan from shareholders and the IPO. Cash and cash equivalents stood at EUR 4.86 million at 31 December 2013, compared with EUR 714 000 a year earlier.

EAM Solar also conducted a private placement on 20 January 2014, raising EUR 31 million in equity and securing a credit facility.

EAM Solar ASA (parent company)

Profit and loss statement

Revenues are presented net of management services provided to subsidiaries and purchased (see note 3). Operational costs consist mainly of purchased services and were very affected by the IPO process in 2013 and the weakening of the NOK against the EUR, which resulted in a currency gain of NOK 21.8 million. Net Financial income for 2013 was NOK 20.14 million, compared with an expense of NOK 9.2 million in 2012.

Balance sheet

Total assets amounted to NOK 217.9 million, of which NOK 178 million is intercompany interest-bearing receivables and NOK 25.2 million is trade receivables mainly with group companies. Cash came to NOK 12.2 million. Total equity amounted to NOK 216 million, 99 per cent of total assets, compared with 70 per cent in 2012. This increase primarily reflects redemption of the shareholder bridging loan and the IPO. Current liabilities amounted to NOK 1.6 million.

Cash flow

Net cash flow from operational activities was negative at NOK 3.7 million. Net cash flow from investing activities is negative at NOK 38.7 million owing to the provision of financing to EAM Solar Italy 3 Srl for purchasing M&T Solare Srl and conversion. Net cash flow from financing activity came to NOK 52.7, reflecting the proceeds of the share issue in conjunction with the IPO. Net of transaction costs, this amounted to NOK 104 million. The company also repaid a bridging loan to shareholders.

Allocation of net income

The board has proposed that the net income of NOK 20 138 308 for EAM Solar ASA be allocated to other equity.

CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR)	Note	**2013**	2012
Revenue	5	**3 109 548**	3 106 472
Total revenue	5	**3 109 548**	3 106 472
Cost of operations	6,7	**(360 210)**	(259 260)
Sales, general and administration expenses	6,7,8,9	**(1 020 720)**	(1 133 138)
Acquisition and transaction costs	7	**(512 385)**	(907 671)
Depreciation, amortizations and write downs	13	**(1 240 020)**	(1 036 269)
Gain on bargain purchase	2	**2 243 510**	2 668 237
Operating profit		**2 219 723**	2 438 371
Finance income	10	**2 753 421**	4 711
Finance costs	10	**(215 308)**	(1 853 042)
Profit before tax		**4 757 837**	590 040
Income tax gain/(expense)	11	**(106 093)**	(61 171)
Profit after tax		**4 651 744**	528 869
Other comprehensive income (items that may be subsequently to profit or loss)			
Translation differences		**(3 138 155)**	812 044
Other comprehensive income for the year, net of tax		**(3 138 155)**	812 044
Total comprehensive income for the year		**1 513 589**	1 340 913
Profit for the year attributable to:			
Equity holders of the parent company		**4 651 744**	528 869
Non-controlling interests		**-**	-
Equity holders of the parent company		**4 651 744**	528 869
Total comprehensive income attributable to:			
Equity holders of the parent company		**1 513 589**	1 340 913
Non-controlling interests		**-**	-
Equity holders of the parent company		**1 513 589**	1 340 913
Earnings per share:		**2013**	2012
Continued operation			
- Basic	12	**2.26**	0.44
- Diluted	12	**2.01**	0.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR)	Note	**31.12.2013**	31.12.2012
ASSETS			
Non-current assets			
Property, plant and equipment	2,13	**23 721 735**	19 533 095
Deferred tax asset	11	**422 867**	338 210
Total non-current assets		**24 144 602**	19 871 305
Current assets			
Receivable	16	**802 046**	950 882
Other current assets		**77 723**	598 551
Cash and cash equivalents	17	**4 861 406**	713 730
Total current assets		**5 741 174**	2 263 163
TOTAL ASSETS		**29 885 776**	22 134 468

(EUR)	Note	**31.12.2013**	31.12.2012
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	18	**2 932 561**	1 523 423
Share premium	18	**2 683 821**	13 400 695
Total paid in capital		**5 616 382**	14 924 118
Other equity			
Translation differences		**(2 089 997)**	1 048 158
Other equity		**25 797 776**	(455 720)
Total other equity		**23 707 779**	592 438
Total equity		**29 324 161**	15 516 556
Current liabilities			
Trade payables		**167 772**	1 004 610
Income tax payable	11	**174 311**	164 106
Short term loan - interest bearing	9	**-**	5 420 265
Other current liabilities		**219 533**	28 931
Total current liabilities		**561 616**	6 617 912
Total liabilities		**561 616**	6 617 912
TOTAL EQUITY AND LIABILITIES		**29 885 776**	22 134 468

Oslo, 29 April 2014

Paal E Johnsen	Ragnhild Wiborg	Marthe Hoff	Viktor E Jakobsen	Audun W Iversen
Chair	*Non-executive director*	*Non-executive director*	*Executive director*	*Chief executive officer*

CONSOLIDATED CASH FLOW STATEMENT

(EUR)	Note	2013	2012
Cash flow from operating activities			
Ordinary profit before tax		**4 757 837**	590 040
Income taxes paid		**-**	(727 658)
Depreciation	13	**1 240 020**	1 036 269
Gain on bargain purchase	2	**(2 243 510)**	(2 668 237)
Changes in trade receivable and trade payable		**(761 292)**	130 944
Changes in other accruals		**(1 725 101)**	(390 824)
Net cash flow from operating activities		**1 267 955**	(2 029 466)
Cash flows from investing activities			
Additions of property, plant and equipment		**-**	(73 685)
Acquisition of subsidiary, net of cash acquired	2	**(3 368 989)**	(11 696 898)
Net cash flow used in investing activities		**(3 368 989)**	(11 770 583)
Cash flows from financing activities			
Proceeds from issue of share capital		**13 828 508**	-
Proceeds from borrowings		**-**	6 106 249
Repayment of loans		**(5 420 265)**	(685 984)
Dividends to shareholders		**(1 484 705)**	-
Net cash flow from financing activities		**6 923 538**	5 420 265
Net currency translation effect		**(674 828)**	1 093 163
Net increase/(decrease) in cash and cash equivalents		**7 039 502**	(7 286 621)
Cash and cash equivalents at beginning of period		**713 730**	8 000 351
Cash and cash equivalents at end of period		**4 861 406**	713 730

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR)	Share capital	Share premium fund	Other equity	Currency translation reserve	**Total equity**
Equity as at 01.01.2012	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**
Equity as at 31.12.2012	**1 523 423**	**13 400 695**	**(455 720)**	**1 048 158**	**15 516 556**
Equity at at 1.1.2013	1 523 423	13 400 695	(455 720)	1 048 158	**15 516 556**
Share issue in conjunction with IPO	1 335 833	12 492 675	-	-	**13 828 508**
Conversion of share premium fund	-	(23 209 549)	23 209 549	-	**-**
Distribution to shareholders	-	-	(1 484 705)	-	**(1 484 705)**
Profit (loss) after tax	-	-	4 651 744	-	**4 651 744**
Other comprehensive income	-	-	-	(3 187 942)	**(3 187 942)**
Equity as at 31.12.2013	**2 859 256**	**2 683 821**	**25 920 868**	**(2 139 784)**	**29 324 161**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of EAM Solar for the year ended 31 December 2013 were authorised for issue by a board resolution of 29 April 2014. EAM Solar ASA is a public limited company, incorporated and domiciled in Norway. The registered office of EAM Solar ASA is Dronningen 1, NO-0287 Oslo, Norway. The company was founded on 5 January 2011. EAM Solar ASA owns and operates photovoltaic power plants in Italy, and will invest in photovoltaic power plants in Europe. The company has five subsidiaries in Italy.

1.1: Basis for preparation of the financial statement

The EAM Solar group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and mandatory for financial years beginning on or after 1 January 2013.

The consolidated financial statements are based on historical cost.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The group's presentation currency is the euro (EUR) and the parent company's functional currency is the NOK. Balance sheet items in group companies with a functional currency other than EUR are converted to euros by applying the currency rate applicable on the balance sheet date. Currency translation differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period.

1.2: Consolidation principles

The consolidated financial statements comprise the financial statements of the group and its subsidiaries at 31 December 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The acquisition method is applied when accounting for business combinations.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interest
- derecognises the cumulative transaction differences recorded in equity
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

1.3: The use of estimates when preparing the financial statements

The management has used estimates and assumptions which have affected assets, liabilities, incomes, expenses, deferred tax asset and information on potential liabilities. This particularly applies to the depreciation of tangible fixed assets and evaluations related to acquisitions. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is accounted for prospectively. See also note 4.

1.4: Foreign currency

The group's consolidated financial statements are presented in EUR. Each entity in the group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into the functional currency using the exchange rate applicable at the end of the reporting period. Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchanges at the date when the fair value is determined. Changes in exchange rates are recognised in the statement of comprehensive income as they occur during the accounting period.

Foreign operations

On consolidation, the assets and liabilities of operations with a functional currency other than the EUR are translated to EUR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The average exchange rates are used as an approximation of the transaction exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the accumulated translation differences relating to the subsidiary are recognised in the statement of comprehensive income.

Translation differences arising from the translation of a net investment in foreign operations are specified as translation differences in the statement of equity.

1.5: Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent. The group has concluded that it is acting as a principal in all its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of solar power

EAM Solar owns and operates four solar power plants in Italy, which generate electricity. Revenue from the sale of electricity is recognised in the statement of comprehensive income once delivery has taken place and the risk and return have been transferred.

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate which exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

1.6: Segments

The group's activities are uniform, where the business strategy is to operate solar power plants in different European countries. For management purposes, the group is organised into segments related to the individual solar power plants. Financial information relating to segments is presented in note 5.

Internal gains on sales between the various segments are eliminated in the segment reporting.

1.7: Income tax

Income tax consists of tax payable and changes to deferred tax. Deferred tax liability/tax asset is calculated on all differences between the carrying and tax value of assets and liabilities, with the exception of:

- temporary differences related to investments in subsidiaries where the group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the deferred tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax liability and deferred tax asset are measured on the basis of the expected future tax rates applicable to the companies in the group where temporary differences have arisen.

Deferred tax liability and deferred tax asset are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet. Tax payable and deferred tax are recognised directly in equity to the extent that they relate to equity transactions.

1.8: Property, plant and equipment

All property, plant and equipment (including solar power plants) are valued at their cost less accumulated depreciation and impairment. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income as incurred, while other costs expected to provide future financial benefits are capitalised.

Depreciation is calculated using the straight-line method over the following useful lives:

- movers, modules and cable connectors 20 years
- inverters 11 years
- control and transmission system 11 years
- other installations 20 years

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

1.9: Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and at the amount of any non-controlling interest in the acquired company. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as profit or loss.

After initial recording, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units which are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Bargain purchase transactions

If the net of the acquisition-date fair values of identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred (measured at acquisition-date fair value), the excess amount is recognised as a gain in the statement of comprehensive income on the acquisition date.

Having done so, the company has reviewed the procedures used to measure all of the following:

- the identifiable assets acquired and liabilities assumed
- the non-controlling interest in the acquiree, if any
- the consideration transferred.

In 2013, the company recognised a gain related to a bargain purchase transaction owing to the financial position of the seller.

1.10: Financial instruments

Financial instruments are classified in the following categories: at fair value with changes in value through profit or loss, held to maturity, loans and receivables, available for sale and other liabilities.

The group has financial instruments in the form of trade receivables and trade payables, recognised at amortised cost.

Trade receivables are initially recognised at fair value plus any transaction costs. Trade receivables are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material. The carrying amount is subsequently reduced by any impairment losses. Provisions for impairment are made when there are objective indicators that the group will not receive their contractual payments.

The carrying amount of trade receivables and trade payables is approximately equal to fair value, as they are agreed at "normal" conditions and normally have a short period to maturity.

1.11: Cash and cash equivalents

Cash includes cash in hand and at the bank. Cash equivalents are short-term liquid investments which can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

1.12: Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economical realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments which are classified as equity will be recorded directly in equity.

Costs of equity transactions

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

Other equity

Translation differences

Translation differences arise in connection with exchange-rate differences for consolidated entities with a functional currency other than the EUR.

If an entity with a different functional currency than the EUR is sold, the accumulated translation difference linked to the entity is reversed and recognised in the statement of comprehensive income in the same period as the gain or loss on the sale is recognised.

1.13: Provisions

A provision is recognised when the group has an obligation (legal or constructive) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation, and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax which reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Restructuring provisions are recognised when the group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

Provisions for loss-making contracts are recognised when the group's estimated revenues from a contract are lower than unavoidable costs which were incurred to meet the obligations pursuant to the contract.

1.14: Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities which are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the group.

1.15: Current/non-current classification

All assets and liabilities related to the operating cycle are classified as current/short-term. For receivables and liabilities outside the operating cycle, the current/non-current distinction is determined on the basis of a one-year maturity rule from the acquisition date.

1.16: Earnings per share

Earnings per share are calculated by dividing the majority shareholder's share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options which have a potential dilutive effect. Options which have a dilutive effect are treated as shares from the date they are issued.

1.17: Events after the reporting period

New information on the company's financial position at the end of the reporting period, which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period which do not affect the company's financial position at the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant. See note 23.

1.18: Standards issued but not yet effective

Standards with effective date from 1 January 2013 applicable to the group

IAS 1 – Amendment - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the profit or loss section of the income statement.

1.19: Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9

Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the group's financial assets, but will not have an impact on classification and measurements of the group's financial liabilities. The group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

The following standards and interpretations which are issued but not yet effective are not expected to be relevant to the group:

IFRS 10 – Consolidated Financial Statements

Effective for annual periods beginning on or after 1 January 2014.

IFRS 11 - Joint Arrangements

Effective for annual periods beginning on or after 1 January 2014.

IFRS 12 - Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after 1 January 2014.

IAS 27 Revised - Separate Financial Statements

Effective for annual periods beginning on or after 1 January 2014.

IAS 28 Revised - Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after 1 January 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Effective for annual periods beginning on or after 1 January 2014.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

Effective for annual periods beginning on or after 1 January 2014.

IFRIC Interpretation 21 Levies (IFRIC 21)

Effective for annual periods beginning on or after 1 January 2014.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

Effective for annual periods beginning on or after 1 January 2014.

IAS 36 - Narrow Scope amendments: Recoverable Amount Disclosures for Non-Financial Assets

Effective for annual periods beginning on or after 1 January 2014.

NOTE 2: CHANGES IN THE GROUP'S STRUCTURE

Business combinations:

Acquisition of M&T Solare Srl

EAM Solar Italy 3 Srl, a wholly owned subsidiary of EAM Solar ASA, acquired M&T Solare Srl in its entirety on 27 September 2013. The acquisition amount was EUR 3.5 million and was divided into two payments of EUR 1.25 million for a shareholder loan and EUR 2.3 million for the equity of the company.

The purchase price assumed zero net working capital at 30 June 2013 so, after EAM's review of the 30 June accounts, the parties agreed to a payment for net working capital of EUR 200 000. The purchase is a continuation of EAM Solar ASA's growth strategy in Italy.

M&T Solare Srl	Fair value recognised on acquisition
Cash, bank & securities	149 731
Receivables	554 895
Inventories, advances to suppliers etc.	124 803
Accounts Payable and Accrued Liabilities	(101 163)
Corporate tax	(142 499)
Tax withholdings, public fees, etc.	(6 080)
Other current liabilities	(15 359)
Deferred tax advantage	21 884
Land & buildings, offices etc.	555 720
Operational machinery	4 838 143
Net Assets identified for acquisition	**5 980 075**
Gain on bargain purchase	2 243 510
Total consideration	**3 736 565**
Cash	3 518 720
Deferred payment	217 845
Total consideration	**3 736 565**
Cash paid	(3 518 720)
Cash in acquired entities	149 731
Net cash flow on acquisition	**(3 368 989)**

Acquisition of Sistema Solare 1 GMBH in 2012

On 29th February 2012, EAM Solar ASA acquired 100% of the voting shares in Sistema Solar 1 GmbH for MEUR 12.7 through its fully owned subsidiary EAM Solar Italy 2 Srl. The acquisition was paid in cash. Sistema Solar 1 GmbH was a German company with a permanent establishment in Italy and a solar plant located in Italy. Sistema Solar 1 GmbH plans to merge with EAM Solar Italy 2 Srl in 2012. The company runs and operates a solar plant close to the city of Codroipo in the Friuli region in Northern Italy.

The purchase price allocations have been performed by the company.

Sistema Solar 1 GmbH	Fair value recognised on acquisition
Cash and cash equivalents	1 464 084
Trade accounts receivable	284 648
Other receivables	70 670
Fixed assets	13 932 326
Accruals for taxes in Italy	(326 540)
Other current payables	(45 969)
Total identifiable net assets at fair value	**15 379 219**
Gain on bargain purchase from the acquisition	(2 668 237)
Total consideration	**12 710 982**
Cash	12 450 000
Deferred payment	260 982
Total consideration	**12 710 982**
Cash paid	(12 450 000)
Cash in acquired entities	1 464 084
Net cash flow on acquisition	**(10 985 916)**

Merger

M&T Solare Srl and EAM Solar Italy 3 Srl will be formally merged during the second quarter of 2014.

Group restructuring

EAM Solar ASA established the wholly owned subsidiary EAM Solar Italy Holding Srl on 11 December 2013. This Italian holding company may serve as the acquiree of the P31 portfolio, and EAM Solar ASA will also transfer the ownership of its three existing Italian subsidiaries to this new legal entity. This is due to be done during the second quarter of 2014.

NOTE 3: LIST OF SUBSIDIARIES

The following subsidiaries are included in the interim consolidated financial statements

Company	Country of incorporation	Main operations	Ownership interest	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 [1]	Italy	Holding company	100%	100%
M&T Solare Srl [1]	Italy	Solar power plant	100%	100%

[1] EAM Solar Italy 3 Srl and M&T Solare Srl are expected to merge during the second quarter of 2014.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the group's accounting policies pursuant to IFRS, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have a significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and net profit.

The company's most important accounting estimates are the following items.

Depreciation of tangible fixed assets, see also note 13

Depreciation and amortisation expenses are based on management estimates of residual value, amortisation method and the future useful life of solar power plants. Estimates may change owing to technological developments, competition, changes in market conditions and other factors, and may result in changes to the estimated useful life and to amortisation or depreciation charges. The estimated useful life of the company's solar power plants is connected with the government-guaranteed FIT for electricity generated by solar power plants. These FITs provide a guaranteed revenue from the government for 20 years from the time the licence is granted. Given also that the technological life of the solar plant of at least 20 year we assume that the estimated useful life of these power plants are 20 years. The inverters have been assessed to have a shorter useful life of 11 year.

The fair value of assets and liabilities in business acquisitions, see also note 2

Management is required to allocate the cost of acquisition of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant judgements in selecting valuation methods, estimates and assumptions. Critical estimates in the evaluations for such intangible assets include, but are not limited to, remaining work to get all permits for the project and expected development in technology and markets. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. This includes estimates related to accounting of gain on bargain purchase.

NOTE 5: SEGMENT INFORMATION

EAM Solar group owned and operated four solar power plants in Italy at 31 December 2013, which provided all group revenues for the year. The business invests in and operates solar power plants with similar economic characteristic. The management monitors the business based on the characteristics of geographical segments.

EAM Italy 1	**2013**	2012
Revenues from external customers	**957 440**	1 091 419
Operating profit before depreciation and amortisation	**581 294**	495 376
Operating profit	**195 230**	111 723
Additions of property, plant and equipment	**-**	30 850
Non-current assets	**6 138 187**	6 511 069

EAM Italy 2	**2013**	2012
Revenues from external customers	**2 047 522**	2 015 052
Operating profit before depreciation and amortisation	**1 265 556**	769 240
Operating profit	**478 791**	2 784 861
Additions of property, plant and equipment	**-**	13 975 162
Non-current assets	**12 640 276**	13 708 756

EAM Italy 3	**2013**	2012
Revenues from external customers	**104 586**	-
Operating profit before depreciation and amortisation	**(81 700)**	-
Operating profit	**2 094 618**	-
Additions of property, plant and equipment	**5 428 659**	-
Non-current assets	**5 399 659**	-

Other/eliminations	**2013**	2012
Revenues from external customers	**-**	1
Operating profit before depreciation and amortisation	**(548 916)**	(458 213)
Operating profit	**(548 916)**	(458 213)
Additions of property, plant and equipment	**-**	-
Non-current assets	**(33 520)**	(348 520)

Total	**2013**	2012
Revenues from external customers	**3 109 548**	3 106 472
Operating profit before depreciation and amortisation	**1 216 233**	806 403
Operating profit	**2 219 723**	2 438 371
Additions of property, plant and equipment	**5 428 659**	14 006 012
Non-current assets	**24 144 602**	19 871 305

EAM Italy 1 owns the Varmo power plant, EAM Italy 2 owns the Codroipo power plant, and EAM Italy 3 wholly owns M&T Solare Srl, which in turn owns the Momo and Caltinaga power plants.

Information about major customers

Most of the group's revenues of EUR 3 109 548 in 2013 were provided by the sale of electricity from its solar power plants in Italy. More than 90 per cent came from sales to the group's largest customer, Gestore dei Servizi Energetici Sp (GSE). This was also the case for 2012.

NOTE 6: OTHER OPERATING EXPENSES

Specification of auditor's fee	2013	2012
Statutory audit	**45 824**	40 000
Other assurance services	**32 400**	64 900
Other non-assurance services	**1 409**	26 500
Tax consultant services	**549**	2 300
Total fee to auditor	**80 182**	133 700

VAT is not included in the fees specified above. Other assurance services consist mainly of work related to the initial public offering and to the prospectus for the private placement of 20 January 2014.

NOTE 7: OPERATIONAL COSTS BREAKDOWN 2013

(EUR)	Total EAM Solar	EAMSI1	EAMSI2	EAMSI3	EAMSIH	Norway & Eliminations
Revenues	**3 109 548**	**957 440**	**2 047 522**	**104 586**	**-**	**-**
Cost of operations	**(360 210)**	**(103 994)**	**(227 209)**	**(27 120)**	**-**	**(1 888)**
Land rent	(110 549)	(35 305)	(75 244)	-	-	-
Insurance	(78 131)	(15 403)	(57 157)	(3 684)	-	(1 888)
Operation & Maintenance	(171 531)	(53 286)	(94 809)	(23 436)	-	-
Other operations costs						
Sales, General & Administration	**(1 020 720)**	**(265 126)**	**(564 847)**	**(50 436)**	**(8 000)**	**(132 310)**
Commercial management	(55 544)	(18 619)	(36 925)	-	-	-
Accounting, audit & legal fees	(166 533)	(18 705)	(37 891)	(14 661)	-	(95 275)
Financial & tax fees	(138 803)	(51 392)	(65 842)	(9 167)	-	(12 402)
Other external fees	(307)	(304)	-	-	-	(2)
EAM SPM direct costs	(643 769)	(141 972)	(302 635)	(39 444)	(8 000)	(151 719)
EAM SPM management service contract	-	-	-	-	-	-
Other administrative costs	(15 764)	(34 135)	(121 553)	12 836	-	127 088
Acquisition & financing cost	**(512 385)**	**(7 026)**	**10 090**	**(108 730)**	**(7 313)**	**(399 406)**
Acquisition transaction costs	(116 043)	-	-	(108 730)	(7 313)	-
Merger & repatriation costs	-	-	-	-	-	-
IPO & financing costs	(399 406)	-	-	-	-	(399 406)
Other non-recurring items	3 064	(7 026)	10 090	-	-	-
Operating profit before depreciation and amortisation	**1 216 233**	**581 294**	**1 265 556**	**(81 700)**	**(15 313)**	**(533 604)**

Other administrative costs include the Italian IMU tax (property tax). This is treated and booked as operating costs under SG&A.

NOTE 8: SALARY AND PERSONNEL EXPENSE AND MANAGEMENT REMUNERATION

The company had no employees in 2013, and no salary or personnel expenses.

Management remuneration

The group management consists of the group CEO, and the Energeia Asset Management group provides other management services.
Management: Audun Wickstrand Iversen (CEO).
Members of the board of directors: Paal Espen Johnsen (chair), Ragnhild Marte Wiborg (non-executive director), Marthe Hoff (non-executive director) and Viktor Erik Jakobsen (executive director).

The CEO and the executive director are employed and remunerated by the manager. See note 9 for a description of the management agreement with EAM Solar Park Management AS.

Both the CEO and the executive director of EAM Solar ASA directly own part of Energeia Asset Management AS. Paal Espen Johnsen (chair of the board) and Ingelise Arntsen (former director), received NOK 50 000 in director's fees each in 2013.

No member of the group management has received remuneration or financial benefits from other companies in the group other than those stated above. No additional remuneration has been paid for services outside the normal functions of a director.

No loans or guarantees have been given to any members of the group management, the board of directors or other company bodies.

Shares held by group management and directors:	Shares	Warrants[1]
Paal Espen Johnsen[3]	-	-
Ragnhild Marte Wiborg	-	-
Marthe Hoff	-	-
Viktor Erik Jakobsen	-	-
Audun Wickstrand Iversen, CEO[2]	16 250	2 000
Total	**16 250**	**2 000**

[1] All warrants to subscribe for shares in EAM Solar ASA have an strike price of NOK 100 (adjusted for dividends paid).
[2] Shares and warrants owned by Naben AS, a company owned by Audun Wickstrand Iversen.
[3] Paal Espen Johnsen is the CFO Alden AS that owns 146 875 shares. Alden AS also owns 8 000 warrants.

NOTE 9: TRANSACTIONS WITH RELATED PARTIES

Related parties	Transactions
Energeia Asset Management AS	Owner of EAM Solar Park Management AS
EAM Solar Park Management AS	Management and consulting services

Energeia Asset Management AS ownership

Company/owner	Ownership	Function
Jakobsen Energeia AS (Viktor Erik Jakobsen)	28.33%	Executive Director of EAM Solar ASA
Naben AS (Audun Wickstrand Iversen)	28.33%	CEO of EAM Solar ASA
Sundt AS	28.33%	Shareholder of EAM Solar ASA
Canica AS	7.51%	Shareholder of EAM Solar ASA
Bjørgvin AS	7.51%	Shareholder of EAM Solar ASA

Transactions with related parties

All transactions have been carried out as part of the company's ordinary operations and in accordance with the management agreement.

The Energeia Asset Management group delivers management services to EAM Solar ASA in accordance with a management agreement between the parties. Pursuant to this agreement, the manager can charge EAM Solar ASA for direct costs related to the management services provided. Direct costs for 2013 above NOK 5 million must be approved by the board. In addition, the manager will receive 12.5 per cent of the group's profit as financial participation from EAM Solar ASA. The financial participation reflects the fact that EAM Solar AS has been developed, created and managed by the manager. The royalty structure aligns the interests of the manager with those of the shareholders in EAM Solar ASA.

The manager's direct costs for management of EAM Solar ASA exceeded NOK 5 million in 2013. Owing to the size of EAM Solar ASA's operations, however,, the manager chose not to invoice the total actual cost of managing EAM Solar ASA for direct reimbursement in 2013. Following the anticipated closing of additional power plant acquisitions in 2014, the manager expects to recover all direct management costs in 2014. Owing to the expected increase in EAM Solar ASA's operations, however, management costs per kWh sold will be reduced significantly.

The manager has not invoiced any financial participation costs for 2013 (nor were any costs incurred in relation to financial participation in 2012). Based on the expected increase in EAM Solar ASA's operations, the manager expects to receive royalty in accordance with the management agreement in 2014.

Credit facility from shareholder

EAM Solar ASA entered into a EUR 6 million credit facility with the company's largest shareholder, Sundt AS, on 21 January 2014.

This facility has an annual interest rate of six per cent if drawn. In addition comes a commitment fee of two per cent. The facility is secured on the existing solar power plants in EAM Solar ASA.

Calculation of the manager's financial participation in 2013

As part of the administrative, technical and commercial management agreement between EAM Solar and the manager, the manager has the right to receive an annual financial participation from value creation in EAM

Solar. This financial participation is equal to 12.5 per cent of pre-tax profit in EAM Solar.
Calculation of the annual financial participation is based on the adjusted pre-tax profit of EAM Solar ASA, and determines the amount eligible for the 12.5 per cent royalty to be received by the manager.

The main principles behind the annual adjustments are:
1) acquisition and transaction (A&T) costs expensed in the year will be capitalised and adjusted during the life of the project (in 2013, over 18 years).
2) adjustment will be made for non-cash items in the accounts, such as asset gain on bargain purchase, asset impairment and reversals of impairment, non-realised currency exchange gains or losses and so forth.
3) in the case of asset sales with capital gains, the remaining capitalised acquisition and transaction costs relating to the asset will be expensed in the year the asset is sold.

At 31 December 2013, the manager had not received any royalty pursuant to the financial participation mechanism, and the closing balance of capitalised costs relating to the activity was EUR 1 878 385.

	Note	2013	2012
Reported pre-tax profit		**4 757 837**	590 040
Adjustments to pre-tax profit			
Annual A&T cost	7	**112 979**	907 671
Gain on bargain purchase	2	**(2 243 510)**	(2 668 237)
Non-realized currency gain/(loss)	10	**(2 693 483)**	1 100 508
Other non-cash items in pre-tax profit		**-**	-
Adjusted pre-tax profit		**(66 177)**	(70 018)
Used A&T costs (annualized cost)		**(110 323)**	(101 525)
Adjusted pre-tax profit basis for FPM		**(176 500)**	(171 543)
Annual financial participation	7	**-**	-

Account of annual A&T cost adjustment base	Acc.	2013	2012
Opening balance A&T costs	-	**1 872 836**	1 066 690
A&T cost of the year (addition)	2 143 482	**112 979**	907 671
Used A&T costs (annualized cost)	(267 990)	**(110 323)**	(101 525)
Closing balance for A&T cost for use in consecutive years	1 875 492	**1 875 492**	1 872 836

NOTE 10: FINANCIAL INCOME AND EXPENSES

Financial income	2013	2012
Interest income	**1 214**	4 711
Foreign exchange gain	**2 752 207**	-
Total financial income	**2 753 421**	4 711

Financial expenses	2013	2012
Interest expense	**(156 583)**	(752 534)
Foreign exchange losses	**(58 724)**	(1 100 508)
Total financial expenses	**(215 307)**	(1 853 042)
Net financial income (expenses)	**2 538 114**	(1 848 331)

All foreign exchange losses relate to intercompany receivables, almost all of which are unrealised losses. The average exchange rate applied for 2013 was EUR/NOK 7.8075, whereas the exchange rate used at 31 December 2013 was EUR/NOK 8.3825.

NOTE 11: INCOME TAX

Income tax expense:	2013	2012
Income tax payable	**(59 014)**	(9 156)
Changes in deferred tax	**36 474**	(17 119)
Withholding tax on intercompany interests	**(83 553)**	(90 758)
Adjustments for previous years income tax	**-**	55 862
Income tax expense	**(106 093)**	(61 171)

Income tax payable:	2013	2012
Income tax payable	**-**	(32 612)
Withholding tax on intercompany interests	**(174 311)**	(90 758)
Property tax payable (expensed as an operating expense)	**-**	(40 736)
Total tax payable in the balance sheet	**(174 311)**	(164 106)
Prepaid taxes (other current assets)	**422 867**	338 430
Net tax receivable	**248 556**	174 324

The net tax receivable/payable will be used mainly to offset against income tax cash in coming years.

Reconciliation of the effective rate of tax and the tax rate in EAM Solar ASA's country of registration:

	2013	2012
Pre-tax profit	**4 757 837**	590 040
Expected income taxes according to income tax rate in Norway (28%)	**(1 332 194)**	(165 211)
Adjustment in respect of current income tax of previous years	**15 851**	55 862
Non deductible expenses and other permanent differences	**254 069**	(100 127)
Non-taxable income	**628 183**	723 502
Tax rate outside Norway other than 28%	**(26 616)**	(10 045)
Withholding tax on intercompany interests	**(83 553)**	(90 758)
Losses carried forward not recognised as an asset	**-**	(474 394)
Use of previously unrecognised loss carried forward	**437 968**	-
Income tax expense	**(106 292)**	(61 171)

Deferred tax and deferred tax asset:

	2013	2012
Deferred tax assets		
Tax losses carried forward	**234 948**	763 331
Other (transaction costs)	**216 354**	171 225
Other temporary differences	**61 039**	
Losses carried forward not recognised as an asset	**(89 474)**	(596 346)
Deferred tax assets - gross	**422 868**	338 210
Deferred tax liabilities		
Property, plant and equipment	**-**	-
Other	**-**	-
Deferred tax liabilities - gross	**-**	-
Net recognised deferred tax assets	**422 867**	338 210

The Group has a total tax loss carried forward of EUR 235 000 as at 31 December 2013, and EUR 423 000 is recognised as an asset. The basis for the recognition of the deferred tax asset is forecasted results in the operating segments. There are no expiry dates on any of the losses carried forward.

NOTE 12: EARNINGS PER SHARE

Basic earnings per share are calculated as the ratio of the profit for the year due to the shareholders of the parent company, divided by the weighted average number of ordinary shares outstanding.

The company has 179 000 warrants outstanding at a strike price of NOK 95 per share, which are valid until 26 March 2015.

After issuing 2 750 000 shares in January 2014, the company had 5 070 000 shares outstanding at 31 January 2014 and 179 000 warrants (one share per warrant).

	2013	2012
Profit for the year due to holders of ordinary shares	**4 651 744**	528 869
Loss for the year due to the holders of ordinary shares		
Basis for calculating earnings per share	**4 651 744**	528 869
Earnings per share:	**2013**	2012
- Basic	**2.26**	0.44
- Diluted	**2.01**	0.44
Earnings per share in NOK*:	**2013**	2012
Continued operation		
- Basic	**17.64**	3.29
- Diluted	**15.66**	3.29
Number of shares outstanding year end	**2 320 000**	1 200 000
Average shares outstanding during the year	**2 059 178**	1 200 000
[1] Based on average exchange rate	**7.809**	7.474

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

YTD December 2013	Solar power plants	Total
Accumulated cost 1 January	19 533 095	19 533 095
Additions plant and equipment	4 904 382	4 904 382
Additions property	524 277	524 277
Depreciation	(1 240 020)	(1 240 020)
Carrying value 31 December 2013	**23 721 735**	**23 721 735**

2012	Solar power plants	Total
Carrying value 1 January 2012	6 563 352	6 563 352
Additions from acquisition of companies	14 006 012	14 006 012
Accumulated depreciation and write downs	(1 036 269)	(1 036 269)
Carrying value 31 December 2012	**19 533 095**	**12 969 743**

05.01.2011 - 31.12.2013	Solar power plants	Total
Acquisition cost	26 146 035	26 146 035
Accumulated depreciation and write downs	(2 424 301)	(2 424 301)
Carrying value 31 December	**23 721 735**	**23 721 735**

Economic life 11 to 20 years and straight-line depreciation.

NOTE 14: CONTRACTUAL OBLIGATIONS

The group has the following contractual obligations relating to an operations and maintenance agreement, land leases, insurance and a management service agreement for the solar power plants in Momo, Caltignaga, Codroipo and Varmo.

Year	Amount
2014	344 000
2015	208 000
2016	192 000
2017	177 000
2018	121 000
After 2018	1 144 000
Total	**2 186 000**

(All amounts are in nominal 2013 values.)

NOTE 15: FINANCIAL RISK MANAGEMENT

Financial risk

The group only has financial instruments related to trade receivables, other current assets and trade payables, involving both credit and liquidity risk. The group plans to have 60-75 per cent debt financing for its investments. See the section on capital structure and equity for plans concerning future financing.

Credit risk

The group is exposed to credit risk related primarily to accounts receivable, cash and other current assets. The group mitigates its exposure to credit risk by evaluating its customers before credit are given.

The group has only one customer, since it sells electricity through an FIT scheme. This customer is wholly owned by the Ministry of Economy and Finance in Italy, and the group considers the credit risk related to this customer to be low.

The group has guidelines for ensuring that sales are only made to customers which have not experienced any significant payment problems, and that outstanding amounts do not exceed certain credit limits.

The group relates its maximum credit risk exposure to the carrying amount of trade receivables (see note 16) and other current assets.

The main customer is the GSE executive agency, which pays the FIT and, until now, also buys the power. The risk of not receiving the correct revenues is very low. However, bureaucratic procedure may delay payments from time to time, particularly with regard to communicating upgrades to the power plant or changes in company data for the SPV which owns the power plant.

Interest-rate risk

The group has no interest-bearing debt, and therefore had no interest-rate risk at 31 December 2013.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when these fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Surplus liquidity is primarily placed in a bank deposit account.

Capital structure and equity

The primary focus of the group's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder 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 year to 31 December 2013. The group monitors capital using a gearing ratio, which is net debt divided by enterprise value. The group's policy is to keep the gearing ratio between 60 and 75 per cent The group's net debt includes interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent company. At 31 December, the group had no interest-bearing debt.

NOTE 16: TRADE RECEIVABLES

Receivables (EUR)	**2013**	2012
Accounts receivables	**498 536**	612 452
Other receivables	**303 510**	338 430
Accounts receivables	**802 046**	950 882

Provision for bad debt was EUR 0 for 2013. Bad debts are classified as other operating expenses in the income statement.

Changes in bad debt provision (EUR):	**2013**	2012
Provisions as of January 1	**-**	-
Provision for bad debt during the period	**-**	-
Realized losses for the year	**-**	-
Reversed provision during the period	**-**	-
Changes due to business combinations	**-**	-
December 31	**-**	-

Credit risk related to accounts receivable is discussed in note 14. All receivables are in EUR except for a receivable of NOK 742 000 (about EUR 89 000).

Aging of accounts receivable at 31 December 2013 was as follows:

Aging structure of receivables	Total	Less than 30 days	30-60 days	60-90 days	More than 90 days
2013	802 046	52 807	411 478	201 205	309 450

NOTE 17: CASH AND CASH EQUIVALENTS

(EUR)	**2013**	2012
Cash Norway	**1 435 170**	249 256
Cash Italy	**3 176 028**	203 564
Restricted cash Italy	**250 208**	260 910
Unused credit facility	**-**	-
Cash and cash equivalents in the cash flow statement	**4 861 406**	713 730

The group had no credit facilities at 31 December 2013.

NOTE 18: SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

Shareholder	Number of shares	Ownership
SUNDT AS	440 000	19.0%
CANICA AS	350 000	15.1%
BJØRGVIN AS	250 000	10.8%
DNB LIVSFORSIKRING ASA	220 000	9.5%
HOLBERG NORGE	119 000	5.1%
LUDVIG LORENTZEN AS	90 195	3.9%
ALDEN AS	90 000	3.9%
EXTELLUS AS	80 000	3.4%
SEB PRIVATE BANK S.A. (EXTENDED)	71 100	3.1%
MP PENSJON PK	60 000	2.6%
TERRA TOTAL	59 646	2.6%
OJN INVEST AS	50 000	2.2%
NHO - P665AK	46 000	2.0%
CARNEGIE AS	40 576	1.7%
WATRIUM AS	40 000	1.7%
STIFTELSEN KJELL HOLM	40 000	1.7%
ARCTIC SECURITIES ASA	32 897	1.4%
TYBL AS	30 000	1.3%
UBS AG, LONDON BRANCH	20 000	0.9%
KARLANDER INVEST AS	20 000	0.9%
Total of the 20 main shareholders	**2 149 414**	**92.6%**

The company had a total of 2 320 000 shares and 179 000 warrants outstanding at 31 December 2013.

All warrants issued have a current strike price of NOK 95 (adjusted for any dividend paid) to subscribe for shares in EAM Solar ASA. The warrants may be exercised at any time up to 26 March 2015.

After the private placement at 20 January 2014, the company has a total of 5 070 000 shares and 179 000 warrants outstanding.

The latest published overview of shareholders is available at www.eamsolar.no. A dividend of NOK 5 per share was paid in 2013.

NOTE 19: POWER PRODUCTION AND OPERATIONS

Power plant	Capacity kW	Production MWh[1]	Location Province	Type
Codroipo	3 128	4 623	Udine	Dual axis tracker
Varmo	1 521	2 298	Udine	Dual axis tracker
Momo	994	1 133	Piemonte	Fixed tilt
Caltignaga	992	1 120	Piemonte	Fixed tilt
Total	**6 635**	**9 174**		

[1] Production is based on historical average solar irradiation.

Reported power production	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	**FY2013**	FY2012
Codroipo	750	1 550	1 798	707	576	1 673	1 701	645	**4 806**	4 595
Varmo	352	785	862	315	600	811	873	286	**2 315**	2 571
Momo	-	-	16	143	-	-	-	-	**159**	-
Caltignaga	-	-	15	144	-	-	-	-	**160**	-
Total	**1 102**	**2 335**	**2 692**	**1 310**	1 176	2 484	2 574	931	**7 439**	7 166

Actual power production	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	**FY2013**	FY2012
Codroipo	750	1 550	1 798	707	1 218	1 673	1 701	645	**4 806**	5 238
Varmo	352	785	862	315	600	811	873	286	**2 315**	2 571
Momo	-	-	460	143	-	-	-	-	**603**	-
Caltignaga	-	-	439	144	-	-	-	-	**583**	-
Total	**1 102**	**2 335**	**3 559**	**1 310**	1 818	2 484	2 575	931	**8 307**	7 808

Varmo commenced commercial operations in December 2010, Codroipo in May 2011, and Momo and Caltignaga in September 2011. All power plants are on 20-year fixed-price electricity sales contracts with the GSE in Italy. Varmo and Codroipo receive a fixed price (FIT) of EUR 346 per MWh delivered and Momo and Caltignaga receive a fixed price of EUR 245 per MWh. In addition, all power plants receive a market-determined price (RID price). The market price for electricity in Italy has dropped from about EUR 80 per MWh to EUR 60 per MWh over the past 12 months.

All the power plants are included in the financial report from the financial close of their acquisition – Varmo since September 2011, Codroipo since March 2012, and Momo and Caltignaga from 27 September 2013. However, financial ownership of the power plants occurred earlier. EAM Solar ASA assumed ownership of Varmo and Codroipo on 1 September 2011 and Momo and Caltignaga on 1 July 2013.

The power plants are located in northern Italy, and output fluctuates with the seasonal changes in solar irradiation. This means that about 19 per cent of annual power generation is in the first quarter, 32 per cent in the second, 35 per cent in the third and 14 per cent in the fourth.

Electricity output in 2013 was 3.8 per cent above budget (including Momo and Caltignaga from 1 July).

The technical status of the power plants during 2013 was good, with no significant disruptions recorded. This resulted in a commercial availability above 99 per cent for the year.

EAM assumed operational control of Momo and Caltignaga on 27 September. Both plants initially had a somewhat lower commercial availability of about 98 per cent.

The power plants have operated as planned. No external disturbances (ie, grid instability) have been experienced.

NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE

P31 portfolio closing

EAM signed a conditional share purchase agreement (SPA) on 31 December 2013 with Aveleos SA of Luxembourg for the acquisition of a portfolio consisting of 31 power plants in southern Italy with a combined capacity of 30 MW and an annual electricity generating capacity of about 44 GWh.

The enterprise value of the acquisition is in the range of EUR 107-114 million depending on the outcome of the final due diligence and on the P31 portfolio reaching certain revenue and production targets in 2014. Final settlement of all acquisition price adjustments will be made in 2015.

The P31 portfolio has an existing debt financing of EUR 73.4 million at the financial take-over date of 1 January 2013, in a combination of leasing and non-recourse project finance. The equity payment for the shares in the P31 portfolio companies will consequently be in the range of EUR 34-41 million.

The portfolio will contribute annual sales of about EUR 16 million and an annual EBITDA in the range of EUR 12-14 million.

By the end of the first quarter, the confirmatory due diligence process was almost complete. As a result of findings in the due diligence process, EAM has renegotiated certain terms and conditions to the share purchase agreement. In addition, finalisation of formalities relating to the change of ownership has taken longer than anticipated. The transaction closing longstop date has been postponed and the final adjustments to the terms and conditions of the acquisition will be made shortly.

EAM and the seller are working towards ensuring that all necessary formalities prior to the closing are finalised before the end of May.

Private placement

On 17 January 2014, EAM Solar ASA announced that it had raised NOK 220 million in gross proceeds through a private placement of 2 750 000 new shares, each with a par value of NOK 10.00, at a price of NOK 80.00 per share.

The net proceeds from the private placement are intended to be used to finance the equity of the acquisition of a portfolio of 31 solar power plants in southern Italy with a combined capacity of 30 MW.

After the private placement, the company has 5 070 000 shares outstanding, each with a par value of NOK 10.00

Dividend

EAM Solar will distribute a dividend of EUR 0.36 per share (NOK 3) in conjunction with the first-quarter report. The dividend will be distributed to shareholders in week 20 (12-16 May). The share will trade ex dividend from Monday 12 May.

PARENT COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS STATEMENT

(NOK)	Note	**2013**	2012
Revenue	5	**74 200**	200 000
Total revenue	3	**74 200**	200 000
Sales, general and administration expenses	4	**(1 172 670)**	(835 433)
Acquisition and transaction costs	4	**(3 013 610)**	(2 604 109)
Operating profit		**(4 112 080)**	(3 239 542)
Finance income	11	**26 483 074**	4 487 889
Finance costs	11	**(1 569 139)**	(13 685 930)
Profit before tax		**20 801 855**	(12 437 583)
Income tax gain/(expense)	7	**(663 549)**	(666 254)
Profit after tax		**20 138 306**	(13 103 837)
Attributable to			
Share premium		**-**	(13 103 837)
Other equity		**20 138 306**	-

BALANCE SHEET

(NOK)	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Investment in subsidiaries	2	**2 539 001**	233 882
Deferred tax asset	7	**-**	-
Intercompany loan		**178 014 945**	-
Total non-current assets		**180 553 946**	233 882
Current assets			
Receivable	8	**25 192 961**	4 756 682
Intercompany loan	8	**-**	141 624 056
Other current assets	8	**-**	518 618
Cash and cash equivalents	9	**12 158 670**	1 842 527
Total current assets		**37 351 630**	148 741 883
TOTAL ASSETS		**217 905 577**	148 975 765

(NOK)	Note	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital		**23 200 000**	12 000 000
Share premium		**9 535 992**	91 680 755
Total paid in capital		**32 735 992**	103 680 755
Other equity			
Other equity		**183 538 306**	-
Total other equity		**183 538 306**	-
Total equity		**216 274 298**	103 680 755
Current liabilities			
Trade payables		**301 476**	4 738 590
Income tax payable	11	**1 329 803**	666 254
Short term loan - interest bearing	9	**-**	39 790 166
Other current liabilities		**-**	100 000
Total current liabilities		**1 631 279**	45 295 010
Total liabilities		**1 631 279**	45 295 010
TOTAL EQUITY AND LIABILITIES		**217 905 577**	148 975 765

Oslo, 29 April 2014

Paal E Johnsen	Ragnhild Wiborg	Marthe Hoff	Viktor E Jakobsen	Audun W Iversen
Chair	*Non-executive director*	*Non-executive director*	*Executive director*	*Chief executive officer*

STATEMENT OF CHANGES IN EQUITY

(EUR)	Share capital	Share premium fund	Other equity	**Total equity**
Equity as at 01.01.2012	12 000 000	104 784 592	-	**116 784 592**
Profit (loss) after tax	-	(13 103 837)	-	**(13 103 837)**
Equity as at 31.12.2012	12 000 000	91 680 755	-	**103 680 755**
Equity at at 1.1.2013	12 000 000	91 680 755	-	**103 680 755**
Net proceeds IPO	11 200 000	92 855 237	-	**104 055 237**
Conversion of share premium fund		(163 400 000)	163 400 000	**-**
Distribution to shareholders		(11 600 000)	-	**(11 600 000)**
Profit (loss) after tax	-	-	20 138 306	**20 138 306**
Equity as at 31.12.2013	23 200 000	9 535 992	183 538 306	**216 274 298**

CASH FLOW STATEMENT

(NOK)	Note	**Audited 2013**	Audited 2012
Cash flow from operating activities			
Ordinary profit before tax		**20 801 855**	(12 437 583)
Income taxes paid		**-**	-
Changes in trade receivable and trade payable		**(24 873 393)**	5 414 172
Changes in other accruals		**418 618**	(309 409)
Net cash flow from operating activities		**(3 652 920)**	(7 332 820)
Cash flows from investing activities			
Loans to subsidiary		**(36 390 889)**	(86 625 313)
Investment in subsidiary	2	**(2 305 119)**	-
Net cash flow used in investing activities		**(38 696 008)**	(86 625 313)
Cash flows from financing activities			
Proceeds from issue of share capital		**104 055 237**	-
Proceeds from borrowings		**-**	45 000 000
Repayment of loans		**(39 790 166)**	(5 209 834)
Dividends to shareholders		**(11 600 000)**	-
Net cash flow from financing activities		**52 665 071**	39 790 166
Net increase/(decrease) in cash and cash equivalents		**10 316 143**	(54 167 967)
Cash and cash equivalents at beginning of period		**1 842 527**	56 010 494
Cash and cash equivalents at end of period		**12 158 670**	1 842 527

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The company was founded on 5 January 2011.

Use of estimates

The management has used estimates and assumptions which have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated into NOK using an exchange rate applicable on the balance sheet date. Non-monetary items which are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items which are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenue recognition

The company's revenues consist of management services provided to the subsidiaries. Management services have been presented net in the profit and loss statement, and only the mark-up related to the services has been recognised as revenue. Revenue is recognised once delivery has taken place and most of the risk have been transferred.

Income tax

Tax expense consists of tax payable and changes to deferred tax. Deferred tax/tax asset are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 28 per cent of temporary differences and tax effect of tax losses carried forward. Deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Balance sheet classification

Current assets and liabilities consist of receivables and payables falling due within one year. Other balance sheet items are classified as non-current assets.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognised at nominal value.

Subsidiaries

Investments in subsidiaries are measured at cost in the company accounts, less any impairment. In accordance with generally accepted accounting principles, an impairment charge is recognised if impairment is not considered temporary. Impairment charges are reversed if the reason for the impairment disappears in a later period.

Dividends and other contributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

Trade receivables and other receivables

Trade receivables and other receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provision for doubtful accounts is based on an individual assessment of different receivables. For the remaining receivables, a general provision is estimated on the basis of expected loss.

Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term liquid investments which can be converted to a known amount of cash within three months.

Cash flow statement

The cash flow statement is presented using the indirect method.

NOTE 2: INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Company (NOK)	Country of incorporation	Main operation	Ownership	Voting power	Book value
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	842 850
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%	1 539 898
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%	77 758
EAM Solar Italy 3 Srl[1]	Italy	Solar power plant	100%	100%	78 495

[1] EAM Solar Italy 3 wholly owns M&T Solare Srl, which in turns owns the Momo and Caltignaga plants.

NOTE 3: REVENUE

By business area (NOK)	**2013**	2012
Management services provided to subsidiaries	**1 258 757**	5 200 000
Mangement service (expense)	**1 184 557**	5 000 000
Net revenue	**74 200**	200 000

Geographical distribution	**2013**	2012
Norway	**-**	-
Italy	**8 754**	200 000
Total	**8 754**	200 000

NOTE 4: OTHER OPERATING EXPENSES

Specification auditor's fee (NOK)	**2013**	2012
Statutory audit	**357 825**	200 000
Other assurance services	**253 000**	253 073
Tax consultant services	**4 290**	48 080
Other assurance services	**11 000**	249 500
Total	**626 115**	750 653

VAT is not included in the fees specified above. Other assurance services consists mainly of work related to the initial public offering and to the prospectus for the private placement of 20 January 2014.

NOTE 5: SALARY AND PERSONNEL EXPENSE

Directors

Paal Espen Johnsen (chair)
Ragnhild Marte Wiborg (non-executive director)
Viktor Erik Jakobsen (executive director)
Marthe Hoff (non-executive director)

The CEO is employed by the manager, and is consequently remunerated by it. See note 8 for a description of the management agreement with the manager.

Both the CEO and the executive director of EAM Solar ASA own part of Energeia Asset Management AS. Paal Espen Johnsen (chair of the board) and Ingelise Arntsen (former director), received NOK 50 000 in director's fees each in 2013.

No member of the group management has received remuneration or financial benefits from other companies in the group other than those stated above. No additional remuneration has been paid for services outside the normal functions of a director.

No loans or guarantees have been given to any members of the group management, the board of directors or other company bodies.

Shares held by Directors and Management:	Shares	Warrants[1]
Paal Espen Johnsen[3]	-	-
Ragnhild Marte Wiborg	-	-
Marthe Hoff	-	-
Viktor Erik Jakobsen	-	-
Audun Wickstrand Iversen, CEO[2]	16 250	2 000
Total	**16 250**	**2 000**

[1] All warrants to subscribe for shares in EAM Solar ASA have a strike price of NOK 100 (adjusted for dividends paid).
[2] Shares and warrants owned by Naben AS, a company owned by Audun Wickstrand Iversen.
[3] Paal Espen Johnsen is the CFO of Alden AS, which owns 146 875 shares. Alden AS also owns 8 000 warrants.

NOTE 6: TRANSACTIONS WITH RELATED PARTIES

Related parties	Transactions
EAM Solar Park Management AS	Management and consulting services

Transactions with related parties

All transactions have been carried out as part of ordinary operations and at arm's length prices.

EAM Solar Park Management AS provides management services to EAM Solar ASA pursuant 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. The board will approve direct costs of more than NOK 5 million for 2013.

In addition, EAM Solar Park Management AS will receive 12.5 per cent of the group's profit as a royalty from EAM Solar ASA. The royalty reflects the fact that EAM Solar AS has been developed, created and managed by the manager. The royalty structure aligns the interests of EAM Solar Park Management AS with those of shareholders in EAM Solar ASA.

EAM SPM's direct costs for management of EAM Solar ASA exceeded NOK 5 million in 2013. Owing to the size of EAM Solar ASA's operations, however, EAM SPM chose not to invoice the total actual cost of managing EAM Solar ASA in the direct cost reimbursement for 2013. Following the anticipated closing of additional power plant acquisitions in 2014, EAM SPM expects to recover all the direct costs of management. Owing to the expected increase in EAM Solar ASA's operation, however, the management cost per kWh sold for EAM Solar ASA will be reduced significantly.

EAM SPM has not invoiced any financial participation costs for 2013 (nor were any costs incurred in relation to financial participation in 2012). Based on the expected increase in EAM Solar ASA's operations, EAM SPM expects to receive royalty in accordance with the management agreement in 2014.

Credit facility from shareholder

EAM Solar ASA entered into a NOK 50 million credit facility with the largest shareholder in EAM Solar ASA, Sundt AS, on 21 January 2014.

This facility has an annual interest rate of six per cent if drawn. In addition comes a commitment fee of two per cent. The facility is secured on the existing solar power plants in EAM Solar ASA.

Transactions with subsidiaries

The company provided services to subsidiaries totalling NOK 1 258 757 during 2013 (see note 3). It also provided subsidiaries with interest-bearing loans during 2013 (see notes 8 and 11).

NOTE 7: INCOME TAXES

Income tax expense: (NOK)	**2013**	2012
Tax payable (withholding tax Italy)	**(663 549)**	(666 254)
Changes in deferred tax	**-**	-
Income tax expence	**(663 549)**	(666 254)

Tax base calculation:	**2013**	2012
Profit before income tax	**20 801 855**	(12 437 583)
Permanent differences	**(7 944 763)**	
Tax loss carried forward	**(15 634 915)**	(3 197 332)
Tax base	**(2 777 823)**	(15 634 915)

Tax loss carried forward:

EAM Solar ASA had a tax loss carried forward of NOK 2 777 823 at 31 December 2013, which expires as follows.

(NOK)	**2013**	2012
Defered tax asset without expiry date	**(2 777 823)**	(15 634 915)
Total tax loss carried forward	**(2 777 823)**	(15 634 915)

The deferred tax asset of NOK 750 012 at the 27 per cent tax rate is not recognised in the balance sheet.

NOTE 8: LIABILITIES AND RECEIVABLES

Receivables:	**2013**	2012
Trade receivables intercompany	**21 861 283**	4 756 682
Other receivables	**3 331 678**	518 618
Loan to Group Companies	**178 014 945**	141 624 056
Total receivables	**203 207 906**	146 899 356

Liabilities:	**2013**	2012
Trade payables	**301 476**	2 395 658
Other current liabilities	**1 329 803**	1 023 840
Total current liabilities	**1 631 279**	3 419 498

In 2012 EUR 141 624 056 was classified as a short term intercompany loan, due to that EAM Solar ASA expected to refinance the intercompany loans. In 2013 EAM Solar ASA has reclassified outstanding loans to long term intercomapny loans, due to changed expectations on the timeframe of refinancing.

NOTE 9: CASH AND CASH EQUIVALENTS

(NOK)	2013	2012
Cash	**12 158 670**	1 840 188
Restricted cash[1]	**-**	2 339
Cash and cash equivalents in the cash flow statement	**12 158 670**	1 842 527

[1] The group had no credit facilities at 31 December 2013.

NOTE 10: EQUITY

Shareholder	Number of shares	Ownership
SUNDT AS	440 000	19.0%
CANICA AS	350 000	15.1%
BJØRGVIN AS	250 000	10.8%
DNB LIVSFORSIKRING ASA	220 000	9.5%
HOLBERG NORGE	119 000	5.1%
LUDVIG LORENTZEN AS	90 195	3.9%
ALDEN AS	90 000	3.9%
EXTELLUS AS	80 000	3.4%
SEB PRIVATE BANK S.A. (EXTENDED)	71 100	3.1%
MP PENSJON PK	60 000	2.6%
TERRA TOTAL	59 646	2.6%
OJN INVEST AS	50 000	2.2%
NHO - P665AK	46 000	2.0%
CARNEGIE AS	40 576	1.7%
WATRIUM AS	40 000	1.7%
STIFTELSEN KJELL HOLM	40 000	1.7%
ARCTIC SECURITIES ASA	32 897	1.4%
TYBL AS	30 000	1.3%
UBS AG, LONDON BRANCH	20 000	0.9%
KARLANDER INVEST AS	20 000	0.9%
Total of the 20 main shareholders	**2 149 414**	**92.6%**

As at 31.12.2013 the Company had a total of 2 320 000 shares and 179 000 warrants outstanding.

All warrants issued have a current exercise price of NOK 95 (adjusted for dividend any paid) to subscribe for shares in EAM Solar ASA. The warrants may be exercised at any time during the period ending on the 26th of March 2015.

After the private placement as at the 20 January 2014 the Company have a total of 5 070 000 shares and 179 000 warrants outstanding.

The latest published overview of shareholders is available at www.eamsolar.no. A dividend of NOK 5 per share was paid in 2013.

NOTE 11: FINANCE INCOME AND FINANCE COST

Financial income	2013	2012
Interest income on intercompany loans	**4 393 015**	4 487 889
Agio	**21 808 135**	-
Other financial income	**281 925**	-
Total financial income	**26 483 074**	4 487 889

Financial expenses	2013	2012
Interest expense	**1 172 785**	5 545 717
Foreign exchange losses	**396 354**	8 140 213
Total financial expenses	**1 569 139**	13 685 930
Net financial income (expenses)	**24 913 935**	(9 198 041)

NOTE 12: SUBSEQUENT EVENTS

See note 20 in the group financial statements.

RESPONSIBILITY STATEMENT
FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2013 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 29 April 2014

Paal E Johnsen	Ragnhild Wiborg	Marthe Hoff	Viktor E Jakobsen	Audun W Iversen
Chair	*Non-executive director*	*Non-executive director*	*Executive director*	*Chief executive officer*

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Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 29 01
www.ey.no
Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of
EAM Solar ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of EAM Solar ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of profit and loss, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of EAM Solar ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 30 April 2014
ERNST & YOUNG AS

Thomas Embretsen

Thomas Embretsen
State Authorised Public Accountant (Norway)

EAM Solar ASA
Dronningen 1
NO-0287 Oslo
NORWAY

www.eamsolar.no

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