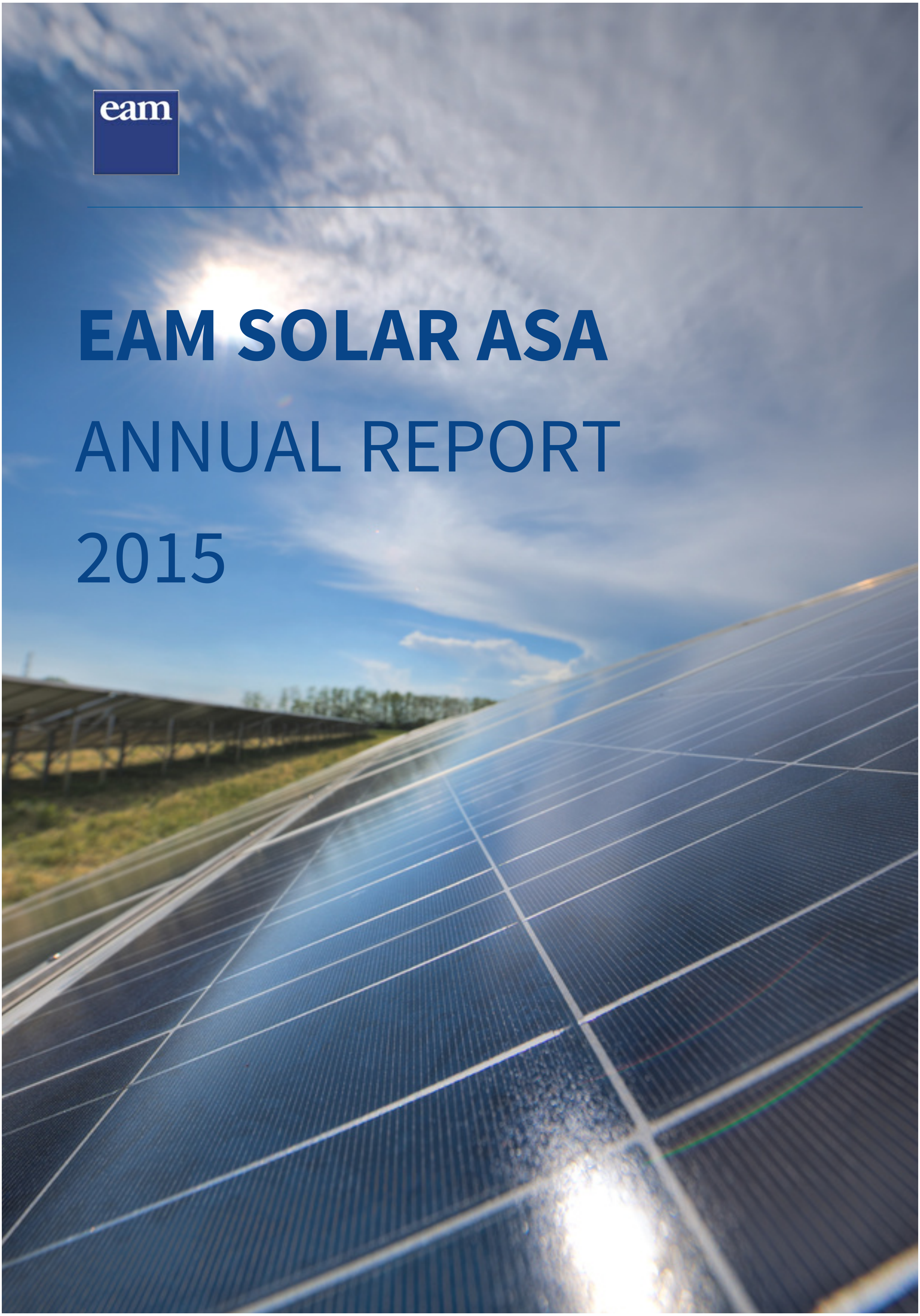
EAM SOLAR ASA

ANNUAL REPORT 2015



Contents

EAM SOLAR ASA IN BRIEF

EAM Solar ASA (EAM) is a public limited liability company, incorporated and domiciled in Norway, with registered address at Dronningen 1, Oslo, Norway.

Energeia Asset Management AS established EAM the 5th of January 2011. The company is established with the purpose of owning Solar PV power plants under long-term electricity sales contracts and distribute dividends on a continuous basis to its shareholders.

EAM acquired the first power plant in Italy in 2011. At the beginning of 2015 EAM owned 25 power plants with a combined capacity of 27.1MW generating 38.3GWh annually, employing EUR 110 million in capital and with EUR 180 million in future FIT contract reserves and EUR 50 million in expected future market price sales at the beginning of 2015.

EAM has no employees and is managed by Energeia Asset Management AS. EAM Solar Park Management AS, a subsidiary of Energeia Asset Management AS, conducts all administrative and technical tasks with own employees and subcontractors. The annual general meeting of the shareholders elects the Company's board of directors, who makes all material investments, divestments and contractual decisions.

The Company was listed on the Oslo Stock Exchange under the ticker EAM in March 2013, becoming the worlds first publicly listed pure solar PV "YieldCo".

EAM entered into an acquisition of 31 PV power plants in Italy for a total valuation consideration of EUR 115 million in July 2014. One week after the transfer of 21 of the 31 power plants, it appeared that 27 of 31 power plants acquired, and some directors of the sellers, were the targets of a criminal investigation conducted by the Prosecutors Office of Milan.

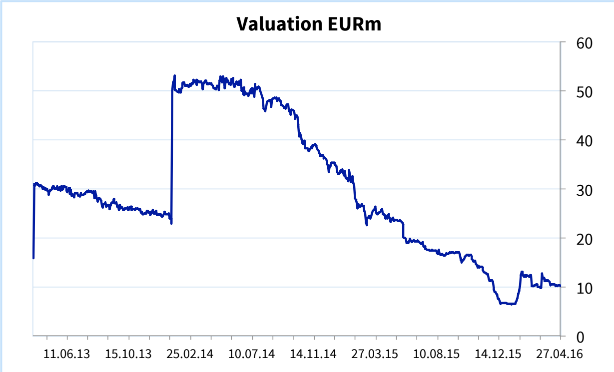
Based on the criminal proceedings, the companies contractual counterparty for purchase of electricity, the state owned utility company Gestore dei Servizi Energetici (GSE), firstly suspended, then terminated the long-term electricity sales contract for 17 of the 21 PV power plants transferred to EAM in July 2014.

The future revenue loss from terminated FIT contracts exceeds EUR 100 million and will most probably result in the bankruptcy of the SPVs affected by the criminal proceedings.

The annual accounts of 2015 have identified a total loss of EUR 70 million, stemming from write-down of assets, receivables recognition of possible repayment obligations and extraordinary legal costs on a group level.

On the basis of the fundamental breach of contract guarantees in the acquisition agreement, resulting in losses now suffered by EAM, and the lack of willingness from the seller to remedy the flawed sale, EAM was forced to initiate legal proceedings against the sellers to recover losses and damages in excess of EUR 200 million. This situation has effectively changed EAM from a YieldCo to a large listed lawsuit.

In the beginning of 2016 EAM was acknowledged as a victim of criminal contractual fraud by the Criminal Court of Milano.



As a consequence of the fraud, EAMs valuation has dropped to a market valuation of EUR 10 million since 2014, 80% below the invested equity capital of EUR 55 million.

Despite lacking revenues from the affected power plants, EAM has maintained the operational and safety integrity of all power plants in 2015 pending adequate court decisions on the validity of the long-term electricity sales FIT contracts. EAM expect to receive a final court decision on the validity of the long-term electricity sales contracts in 2016.

EAMs power plants produced 37.8GWh of renewable energy delivered into the Italian electricity grid in 2015, sufficient to cover the power demand of 14,000 households. However, due to criminal proceedings 22.9GWh of the renewable electricity delivered did not receive any FIT revenues.

The board of directors and the management are directing all their effort and attention to resolve the legal matters in appropriate legal venues in order to restore the value of the company and return to normal modus operandi.

Since 2014 EAM has conducted an extensive forensic investigation into all aspects of the fraudulent sale and are well prepared to provide adequate evidence documenting the fraud conducted against EAM in various legal venues.

Even though EAM's business development has been seriously obstructed the past 18 months, Energeia Asset Management is continuously evaluating development opportunities for the Company. The board of directors and the manager has initiated a strategic review process for the company focusing on positive future development opportunities.

THE POWER PLANTS

DIRECTORS REPORT

The 2015 annual report

EAM Solar ASA [EAM] is a public limited liability company, incorporated and domiciled in Norway, with registered address at Dronningen 1, Oslo, Norway. Energeia Asset Management AS established EAM the 5th of January 2011.

The Company's activity is to own and operate Solar PV power plants under long-term electricity sales contracts and distribute dividends on a continuous basis to its shareholders.

The geographical focus of EAM has since its inception been to acquire power plants under long-term contracts in Europe. EAM acquired its first power plant in Italy in 2011. Since then EAM has acquired in total 25 power plants with a combined capacity of 27.1MW generating 38,3 GWh annually, representing annual revenue of EUR 13,5 million.

At the beginning of 2015, EAM had EUR 110 million in capital employed, EUR 180 million in contractual revenue reserve, EUR 50 million in future market price sales and an expected EBITDA from the 17-year contract period of EUR 200 million.

However, 2015 became a challenging year for EAM on the back of the flawed acquisition of 21 PV power plants from Enovos Luxembourg S.A. and Avelar Energy Ltd. through their jointly owned single purpose vehicle Aveleos S.A.

17 of the 21 PV power plants transferred to EAM in July 2014 did not have valid long-term feed-in-tariff contract (FIT) according to the contractual counterparty Gestore dei Servizi Energetici GSE S.p.A, owned by the State of Italy, as guaranteed by Enovos and Avelar under the acquisition agreement. This conclusion stems from the criminal investigation and proceedings initiated by the Prosecutors Office of Milan.

In the 4th quarter 2015, GSE terminated the FIT contracts, which had been suspended since August 2014, and demanded a repayment of previously received FIT from 5 of the 7 companies acquired by EAM.

Due to the lack of willingness to assume the contractual obligation by the Sellers of the Aveleos companies and remedy the situation, EAM has been forced to initiate legal proceedings in Italy, Luxembourg and Switzerland.

The events following the so-called "P31 acquisition" have effectively transformed EAM from a dividend paying "YieldCo" to a large lawsuit. Consequently the share price of EAM Solar ASA on the Oslo Stock Exchange has dropped

The board of directors and the management are directing all their effort and attention to resolve this matter in the appropriate legal venues as fast as possible in order to restore the value of the company and return to a normal modus operandi.

Operational review

EAM owned and operated 25 PV power plants in 2015 with a combined capacity of 27.1MW that generated 37.8GWh of electricity, of which only 14.8GWh received revenues from long-term electricity sales contracts.

4 power plants are located in North Italy (Friuli and Piemonte) representing 6.63MW (17%) of capacity, generating 9.1GWh of electricity, representing 25% of production and revenues. 21 Power plants are located in South Italy (Puglia and Basilicata), with 20.6MW capacity, generating 28.7GWh of electricity.

The annual solar irradiation in 2015 was 8% above normal in North Italy and 1% below normal in South Italy. The seasonal distribution of power production in 2015 was in accordance with normal distribution; 18% in Q1, 33% in Q2, 31% in Q3 and 18% in Q4.

Despite the payment suspension by GSE on the FIT contract for 17 power plants EAM has as far as possible maintained normal operations and safety of all power plants.

During 2015, the effort to improve operations and yield on the North Italy power plants has continued. As part of this effort, EAM has terminated O&M and management service contracts with external subcontractors. This has been done in order to both improve the control and quality of the O&M operations, as well as reducing cost of operations. Most of the cost reduction effect from this effort is expected to commence by the beginning of 2016 as contracts with sub suppliers are expiring.

Energeia Asset Management has now in place internally a competent team that to a large extent can conduct all necessary administrative and technical tasks.

In 2015 EAM has conducted technical, legal and administrative audit of our power plants in order to be ready and compliant with the announced future changes in operational regulations for Solar PV power plants in Italy. Ministerial decrees 421 and 595 regulating Solar PV power plants have been implemented on all EAM Solar ASAs power plants.

EAM experienced a few major incidents affecting power production in 2015. In June 2015 the Codroipo power plant experienced a severe lightning strike. The repair work on the power plant resulted in temporary production shutdown in periods from July through September. The production shortfall and associated repair work was covered by the insurance contract.

The lightning strike on the Codroipo plant in June 2015 reduced annual production with 0.7GWh. The lost power production has been covered by the insurance. Adjusted for the lightning strike, full year power production 2015 came in 1.8% above normal production.

In conjunction with the repair work conducted on the electrical equipment a worker employed by the electric installation repair service provider suffered damage by electric shock. He was hospitalized following the incident.

In 2015 EAM experienced theft of approximately 950 modules and security equipment (sensors and cameras) from power plants in the South of Italy. This represents approximately 1% of the total modules installed on EAM power plants in South Italy. Following the thefts, EAM has initiated measures including improved security surveillance and enlarged scope of the security company's access to direct feed from security cameras etc. All thefts have been reported to the Police and EAM have initiated insurance coverage claims, however, there is a high deductible amount by the insurance company that effectively makes EAM carry a cost of the theft.

Based on the forensic investigation conducted by EAM in conjunction with the criminal proceedings against the P31 companies, EAM has a complete overview of each individual PV module, in total more than 105,000, on our power plants (where they are placed on the power plant, brand, serial number etc.)

Corporate status

Legal challenges in 2015

2015 became a very challenging year for EAM on the back of the FIT contract payment suspension by GSE conducted in 2014, the ongoing criminal proceedings in Milan, and the unwillingness of the sellers of the "P31 portfolio" to remedy the fundamental breach of the acquisition agreement.

2015 ended with the unilateral termination by GSE of the FIT contracts for 17 power plants, and the preliminary criminal proceedings approaching its conclusion, thus giving EAM the essential proof of breach of contract, enabling EAM to start 2016 with a solid position to pursue the Company's legal rights in the appropriate courts of law.

When EAM executed the "P31 acquisition" it was conducted on the basis of a thorough due diligence process involving highly skilled professional advisors within legal, compliance, finance and merger and acquisitions specialities. In addition, EAM acquired power plants and companies that had been in operations for 4 years delivering renewable electricity to the Italian grid and receiving payments every month since 2011.

The power plants had been subject to the validity verification procedures conducted by GSE in 2011, prior to GSE awarding the long-term FIT contracts.

The financing banks, UBI Leasing and UniCredit, had together with their technical advisor Protos conducted due diligence and verification procedures prior to releasing the debt financing facilities in 2010 and 2011, a work that included the verification of compliance with the necessary rules and regulations for the power plants and the validity of the FIT contracts.

And finally, the sellers of the power plants, Enovos and Avelar Energy, in the outset astute industrial energy companies, deeply involved and skilled in the renewable energy sector in Italy could only be considered as good faith sellers with their respective industrial background and ownership.

The majority owner, the Enovos group, is an industrial utility company, majority owned and controlled by the State of Luxembourg, employing 1,400 skilled people involved in generation and distribution of power and gas, operating in Luxembourg Germany, France, Belgium and Italy, with more than 280,000 delivery points and thousands of kilometres of power and gas lines in operation.

The acquisition agreement is crystal clear;

> *"[All] power plants have been constructed, connected to the power grid, operated and managed in compliance with the Permits and all applicable laws and regulations."*

Signed and sealed by the top management of Enovos, this representation and warranty is unconditional and absolutely unambiguous in a commercial acquisition agreement. However, the fact that the fundamental breach involves serious criminal proceedings initiated by the Public Prosecutor in Milan, with allegation of fraud against the State of Italy involving organized crime, has made the process of remedying the fundamental contractual breach much more complicated and prolonged than a normal business-related dispute.

The stringent and thorough due diligence conducted by EAM prior to the execution of the acquisition demonstrates that the defence against falsification of documents and bad faith fraud is difficult to safeguard. EAM now puts its trust in the judicial systems capability to look past fabrications and fraudulence and judge by the facts in 2016.

EAM entered into a so-called standstill agreement with Enovos and Avelar in October 2014. This rationale for entering such an agreement at this point in time was in order to give Enovos and Avelar the necessary time deemed by them to prove the validity of the FIT contracts. The standstill agreement was a time limited agreement lasting until the 31st of March 2015.

During the standstill agreement period, it became apparent that Enovos and Avelar were unable to provide the necessary documentation of the validity of the FIT contracts. In addition, the sellers did not honour the contractual commitment to return funds that had been overpaid by EAM for all 31 power plants by the 22nd of December 2014, as was the contractual obligation. Based on these breaches, and the termination of the FIT contracts in the 4th quarter 2015 by GSE, EAM sent notice to the sellers that EAM considers the acquisition agreement and all other related agreements void.

Business operations in 2015

In 2015 EAM Solar owned 25 power plants, whereby 8 are operating under normal conditions and contracts, representing an annual power production of 14,8 GWh and revenues of EUR 5 million.

17 power plants with 23GWh of power production in 2015, representing in the onset EUR 8,2 million in revenues only received EUR 1 million in revenues due to the payment suspension initiated by GSE in August 2014 due to the criminal investigation.

In order to secure the financial and operational integrity of the power plants pending a decision on the validity of the FIT contracts, EAM has subsidized the operation of the affected SPVs with more than EUR 3 million in 2015. Although this has resulted in strained liquidity throughout 2015, EAM has managed this situation due to the strong cash flow from the 8 power plants in normal operations.

Subsidizing the affected SPVs has been necessary in order to secure the legal rights of EAM in the pending litigation for claims and damages and also to secure a final decision in a court of law on the validity of the FIT contracts.

GSE made a unilateral termination decision of the FIT contracts for the 17 power plants affected by the criminal proceedings in October and November 2015. In addition GSE demands repayment of previously received FIT-contract revenues since the start of the contract in 2011 from the affected SPVs.

As a consequence of the termination decision, EAM has written-down the value of power plants and equipment of EUR 45 million, receivables against GSE of EUR 12 million, and recognized contingent liabilities towards GSE of a total EUR 20 million. When including the additional extraordinary legal costs incurred EAM has suffered a total loss in 2015 of more than EUR 80 million. Following the termination decision the financing banks have formally notified the SPVs of their breach of contract.

In the current situation, financing the operation of 25 power plants and legal proceedings with the revenues from 8 power plants have lead to a strained liquidity situation in 2015. EAM has, however, prioritised to keep the assets running and producing electricity, but has suspended certain payments partly or fully, such as interest and leasing payments, land rent and tax for the affected subsidiaries.

The financial statement is prepared under the assumption of going concern. It is the board's opinion that the group has sufficient liquidity to support operations for the next twelve months, which is the legal requirement for going concern.

Reported revenues in 2015 were EUR 6.1 million and EBITDA came to EUR -19 million and EBIT at EUR -68.5 million. The group reduced total asset to EUR 69.9 million.

Accumulated extraordinary costs related to the flawed sales amounted to approximately EUR 7.5 million by year-end 2015.

At current EAM employs a seamless legal team consisting of 6 law firms in total that assists the Company in all the various legal proceedings in Italy, Luxembourg and Switzerland.

Cash flow from operation was negative with EUR 0.5 million for the year. The working capital is negative with EUR 47.6 million. The reason for the negative working capital is that the financing agreements in Italy (loans and leasing) have been classified as short term due to instalments remaining unpaid for the second half of the year.

Normalized 2016 EBITDA for the power plants under normal operations are in the range between EUR 3-3.5m, which is expected to be sufficient to keep the non-suspended plants operational.

Following the termination decision by GSE in the 4th quarter, EAM initiated a financial restructuring of the affected companies. In the 1st quarter 2016 the SPVs ESGP, ESGI, ESSP, AGI and Enfo14 are subject to a restructuring process governed by the civil court of Milan that will lead to the proposal of an operational and financial restructuring with deadline the 8th of July 2016.

Going concern

The financial statements and annual report is made under the assumption of going concern. The basis for this assumption is that the company has annual revenues of EUR 5 million from fixed price contracts for the next 16 years, in total between EUR 75 and 80 million in future contract revenues, from 8 power plants that are operating under normal conditions.

The EBITDA contribution from the 8 power plants in the fixed contract period to 2031 is in the range EUR 45 to 55 million, sufficient to cover the long-term debt obligation of EUR 14 million relating to these assets.

The basis for evaluating going concern for EAM Solar ASA is based on the fact that the SPVs affected by the criminal proceedings have a debt obligation to UBI Leasing and UniCredit of EUR 41 million. Since the FIT contracts have been terminated these debt obligations will most probably not be met.

In conjunction with the "P31 acquisition", EAM Solar Italy Holding Srl entered into a so-called patronage letter and an equity contribution agreement with UBI Leasing and UniCredit respectively. The agreements may under certain circumstances require EAM Solar Italy Holding Srl to inject additional equity into the debt financed SPVs to cover any shortfall or breach of the debt repayment obligations of the SPVs.

The FIT contracts of the SPVs have been terminated by GSE due to a criminal fraud against the State of Italy. EAM has been acknowledged as victims of contractual fraud. It is EAMs belief that an important motive behind the fraud conducted against EAM by the directors of Aveleos, was in order for Enovos and Avelar to escape their debt repayment responsibilities by transferring this to EAM through the sale of the companies. Consequently, EAM considers the patronage letter/equity contribution agreement as an integrated part of the criminal contractual fraud, thus being void.

This fact also serves to the benefit for UBI Leasing and UniCredit since it implies that the waiver given to Enovos and Avelar from the original debt repayment obligation in conjunction with may also be considered void. Consequently, UBI Leasing and UniCredit can pursue Enovos and Avelar, being the original builders of the power plants, in order to cover their losses.

If any of the financing banks should try to enforce the fraudulent debt repayment agreements it would for EAM constitute an addition to the criminal acts conducted against EAM, and EAM will respond accordingly. See note 19 for further details.

During the period 2014 until March 2016, EAM has subsidized the operation of the affected SPVs. The total amount subsidized by EAM in order to maintain the safety and operational integrity of the SPVs, and assist the SPVs in their defence of their legal rights, is approximately EUR 7.5 million by the end of 2015.

In March 2016 EAM ensured that the affected SPVs enter into a financial restructuring governed by the Bankruptcy Court of Milan. This has secured that the SPVs are protected against the creditors until the restructuring plan is presented and approved. The deadline for the restructuring plan filing is the 8th of July 2016.

Due to the heavy burden of subsidizing the affected SPVs with operating costs and legal costs, EAM has been forced in the period 2014 and 2015 to cover the costs for 25 power plants and legal processes with the revenues from 8 power plants. This has placed a significant strain on EAMs running liquidity. However, since the affected SPVs now are under financial restructuring, EAM will no longer have the same need to subsidize the costs of operations going forward.

Nevertheless, EAM has implemented cost reduction measures that has started to take effect, and is expected to be fully effective during 2016.

Finally, in order to ensure that EAM has the necessary cash buffer needed to meet future legal cost, EAM is in discussion and considers to release cash through partial sale or refinancing of existing assets.

Criminal and civil legal proceedings

Following the flawed acquisition of the “P31 portfolio” from Enovos Luxembourg S.A. and Avelar Energy Ltd, and the unwillingness of the sellers to remedy the fact that the companies did not have valid FIT contract as guaranteed, EAM has been forced to get involved in several legal proceedings.

Criminal proceedings in Italy

EAM delivered a criminal complaint against two of the directors in Aveleos[1] in September 2014 for contractual fraud. The criminal complaint at this point in time was based on the limited information EAM received from the Prosecutors Office in Milan in late July 2014.

In January 2015 the Prosecutors office finalized their investigation and delivered a request for committal to criminal trial to the Criminal Court of Milan. Part of their request for trial included the contractual fraud against EAM Solar ASA, in addition to the claim of fraud against the State of Italy.

In the period from the 3rd of June 2015 until the 15th of March 2016, the Criminal Court of Milan has conducted a preliminary hearing in order to judge whether the Prosecutors Office request for trial shall be fully or partially approved.

On the 15th of March 2016 the presiding judge in the Criminal Court decided that the request for trial against the indicted should commence on the 7th of June 2016. In addition, the judge ruled that EAM Solar ASA and EAM Solar Italy Holding Srl was civil victims and that Enovos and Avelar would be financially liable for the damages inflicted on EAM from the criminal contractual fraud.

In the preliminary hearing period, two of the indicted have pleaded guilty to some of the allegations made by the Prosecutors Office.

EAM has conducted an extensive forensic investigation into all facts and circumstances involving the companies sold to EAM in 2014. The forensic investigation includes technical mapping and verification of all installed equipment by third party independent experts, deep analysis of the evidence provided EAM by the Prosecutors Office in Milan, field investigations in China and Italy etc.

The investigation, and the information received, is deemed as sufficient to prove in a court of law the deliberate fraud conducted against EAM by the sale of the “P31 portfolio” companies. Some of this documentation has already been subject to judicial review in the preliminary hearing in Milan, and such has been deemed as conclusive to prove the fraud.

FIT suspension and termination legal proceedings

Following the suspension decision of the FIT contract payments initiated by GSE in August 2014, EAM has been forced to pursue a legal justification of the suspension measure by challenging the suspension in the Administrative Court of Lazio, Rome (TAR).

Following EAM’s appeal to the State Council of Italy TAR was ordered in January 2015 by the State Council to make a judgement on the legal validity of the payment suspension. TAR decided to conduct a Court hearing on this issue in July 2015.

Prior to the court hearing in July 2015, GSE conducted a technical and administrative inspection of the 17 power plants affected by the suspension measure in May 2015. Following this inspection, TAR abstained from conducting a ruling on the validity of the suspension measure since GSE had promised the Court to make a final decision on the validity of the FIT contracts by the end of July 2015. No decision or communication on the validity was made by GSE at the end of July 2015.

Due to GSE’s breach of the administrative legal rights of the affected SPVs, EAM requested and received the assistance of the Norwegian Government in a dialogue with the relevant Italian Authorities.

Following this initiative, GSE decided to terminate the FIT contracts for all the affected power plants in the 4th quarter 2015, thus enabling EAM to pursue its legal rights.

In order to secure a legally valid termination decision EAM has appealed the termination decision to the administrative court in Lazio, Rome (TAR). The validity of the termination decision was treated in a court session the 28th of April 2016, and a final ruling by is expected in May/June 2016.

[1] Aveleos S.A. is a special purpose vehicle without employees, jointly owned, financed and established in 2010 by Enovos Luxembourg S.A. (59%) and Avelar Energy Ltd (41%). Aveleos was established with the purpose to build for sale PV power plants benefitting from FIT contracts in Italy. Aveleos S.A. is not a self-sufficient company but relied on the financial support and lending-guarantees from Enovos and Avelar.

EAM has now ongoing several criminal and civil legal proceedings in parallel in different jurisdictions. The board of directors and the manager is doing everything possible to protect EAM's legal rights, and seeking justice and compensation for the damages suffered from the criminal actions conducted against EAM.

Legal actions to secure EAMs preliminary damage claims of EUR 212 million against Enovos Luxembourg S.A., Avelar Energy Ltd and their SPV Aveleos S.A. is initiated and in progress.

The expected timeline for the legal proceedings to be concluded are uncertain, but EAM will ensure that all legal actions will be brought to a final conclusion regardless the time it will take.

Market overview

Global Solar PV developments

2015 became another year of strong growth in the global solar PV industry. Volume growth (from various sources) in 2015 is estimated in the range 50GW to 57GW, bringing total installed solar PV generating capacity to approximately 220GW. 220GW installed PV capacity yields approximately 320TWh of electricity, equivalent to 1,5% of global electricity production.

The largest global markets in 2015 were China, USA and Japan. The European market has seen a significant drop during the past 4 years after Germany and Italy reduced or stopped their incentive schemes for Solar PV installations.

Total installed capacity in Europe in 2015 was approximately 8GW, with UK at 3.5GW. Germany and France is the second and third largest markets. Italy installed around 300 MW of new capacity.

Most of the global PV market demand is driven by public subsidy schemes, either in the form of long-term FIT contracts or through tax incentives. However, due to the strong reduction in the installation cost, solar PV is now becoming cost competitive with conventional power production technologies in many countries, especially in South Asia.

Prices for solar PV modules and balance of system components kept falling in 2015. At the end of 2015, EAM has experienced that the total cost of construction for a new PV power plant in Europe, excluding cost of land, may be in the range EUR 0.70 to 0.9 per watt depending on design and quality of equipment.

Consumables cost for module manufacturers have fallen during 2015, and it is foreseeable that the next couple of years will yield further production cost reductions as measured per watt effect, partly due to improved efficiency in the cell lines.

The equipment industry has seen an increase in orders to refurbish existing cell lines to higher-efficiency cell concepts. EAM expects these capacity and performance enhancement investments to yield a further reduction in the per watt purchase price of modules in the period 2016 to 2018. We expect PV module prices to go below EUR 0.35 per watt within 2020, and system prices below EUR 0.5 per watt.

Solar PV development in Italy

Italy introduced in 2015 a revised administrative and operational regulation of solar PV power plants. The new regulations was implemented the 1st of May 2015, however, GSE withdrew the effectiveness of the new regulations the 27th of May 2015.

The high degree of complexity of the new regulations increases the regulatory risks for owners of PV power plants. It has become more difficult to operate PV power plants under normal conditions without being in breach of the revised administrative regulations, thus increasing the risk for FIT contracts to be terminated for non-material reasons.

The implementation of the new regulations resulted in a massive protest from the Italian Solar PV branch organizations. A final revised regulation was announced implemented in September 2015. However, no new regulations have been implemented so far.

The revised decree and regulations for operations has significantly increased the regulatory complexity of operating solar PV power plants and has increased the cost and risk of operating in Italy.

EAM has implemented all necessary technical and administrative procedures and adjustments in order to be in compliance with the revised regulations when they re-enter regulatory force.

The unilateral retroactive cut in the FIT contract prices enforced by the Italian State in 2014 has been challenged in various legal venues. In Italy it is expected that the legality of the retroactive cut will be discussed and judged by the Constitutional Court in December 2016.

Power prices in Italy

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. The fall in power prices has continued into 2015 and 2016.

Average achieved market price for electricity for EAM in 2015 was EUR 55 per MWh in North Italy and EUR 47 per MWh in South Italy. In the first quarter 2016, the fall in prices has continued and we experience price as low as EUR 3 per MWh in periods. We expect that power prices will remain low in Europe going forward.

Business strategy

EAM Solar ASA's strategy is in the outset to create value by acquiring operational power plants and through an active ownership in order to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations, and highest possible dividend yield.

In light of the legal proceedings and its impact on the Company value, EAM has changed from a YieldCo to a large lawsuit. As previously stated; the directors and the management directs all their effort and attention to resolve the legal issues in order to restore the value of the company.

In light of the corporate status of the company, the board of directors have together with management initiated a strategic review of the company and its operations.

In 2015, the board and manager prepared for a possible split of the company in a "good-co" and a "bad-co". This proved not to be necessary and feasible for several reasons. However, the board and manager is continuously working to find suitable solutions to retrieve lost value to the Company's shareholders in addition to pursuing the legal damages claims.

Investment opportunities

In light of the corporate status of the company, EAM Solar ASA is currently not reviewing any new investment opportunities.

Prior to the "P31 acquisition", EAM had in negotiations and due diligence two transactions with a combined corporate value of approximately EUR 450 million representing a total portfolio of 126MW installed capacity in Italy. In addition, EAM had approximately 1,000 MW of possible target portfolios in Italy in early stages of discussion in 2014. All of this acquisition activity is suspended since the Company has no possibility to access funds for growth investments under current corporate status.

Outlook

EAM owns today 25 power plants with a combined capacity of 27.1MW. With the termination decision of GSE and the restructuring of the SPVs affected by the criminal proceedings, EAMs operations in 2016 is divided in two main segments of operations;

The "healthy assets" consisting of 4 power plants in North Italy and 4 power plants in South Italy. The healthy assets generate approximately 15GWh of electricity, approximately EUR 5 million in revenues and an EBITDA of EUR 3 to 3.5 million.

The "criminally affected assets", consisting of the 17 power plants in South Italy (16,5MW capacity) will undergo financial restructuring and no longer be part of the EAM Solar ASA group at the end of 2016.

EAM will, as soon as the Administrative Court of Lazio has authenticated GSE's termination decision, initiate the necessary civil legal action proceedings against the SPV Aveleos in the Arbitration Court of Milan with the objective to annul the acquisition agreements from 2014.

Apart from this, EAM's focus in 2016 is to secure good operations of the healthy assets and pursue Enovos and Avelar in the necessary legal venues to recover the values of EAM Solar ASA.

Events after the balance sheet date

On the 15th of March 2016, the preliminary stage of the criminal proceedings in Milano came to an end. The Judge in the Criminal Court of Milan has ruled that all indicted will be committed to trial on all charges.

The board of directors annulled the decision made on the 14th of December 2015 to distribute shares in EAM Solar Italy Holding Srl.

Legal actions to secure damage claims of EUR 212 million against Enovos, Avelar and Aveleos have been initiated.

Viktor E Jakobsen assumed the position as CEO of EAM Solar ASA at the end of the first quarter and simultaneously resigned from the board as executive director. The appointment is in accordance with the management agreement between EAM Solar ASA and Energeia Asset Management AS.

In the first quarter of 2016, five of the affected SPVs filed with the bankruptcy court of Milano for protection from the creditors under the "arrangement with creditors" institute and the application was accepted. The deadline for filing the restructuring plan is the 8th of July 2015.

Risk factors

Apart from the direct risk mentioned before, EAM Solar ASA is exposed to a number of risk factors.

The largest risk to our current operation is regulatory risk in Italy, i.e. retroactive changes in government incentives schemes, changes to regulatory framework for operation and changes in taxation of assets and renewable energy operations.

EAM is also exposed to risk related to market power price fluctuations and general technical operational risks. The Company mitigate these risks as far as possible through long-term electricity sales contracts with limited counterparty risk, hands-on operation and insurance.

Regulatory risk

The unilateral and retroactive 8% reduction of the long-term electricity price of the FIT contracts conducted by the State of Italy in 2015 through their wholly owned subsidiary, Gestore dei Servizi Energetici GSE SpA, is believed illegal and in a breach of the constitutional law of Italy by leading legal experts, law firms and courts of law in Italy. However, the state of Italy has made no attempt to amend this situation. The regulatory risk experienced in Italy is by far the largest risk to PV power plant financial return and operation at the current moment.

It is unfortunately impossible to hedge against this type of regulatory risk in Italy at this point in time. The international market for insurance against State Government risk only is possible to achieve for countries classified as "underdeveloped" or "developing" by the United Nations system through the World Bank Group insurance institute MIGA (MIGA underwrite insurance against state confiscation, unlawful punitive taxation etc.). Since Italy still is classified as a developed country, insurance against regulatory risk in Italy is not possible to obtain.

EAM is informed of current lawsuits in international arbitration courts directed against the State of Italy for fundamental breach of the International Energy Charter Treaty's (ECT) protection of International Infrastructure Investors. In January 2015 news emerged that the State of Italy had submitted a petition to be released from the International Energy Charter

Treaty, however, as far as EAM understand this petition has been rejected by the European Union as a fundamental breach of the EU membership rules. EAM is monitoring these legal cases closely.

The new regulatory environment of the operation of Solar PV power plants in Italy, partially implemented in 2015, poses a significant risk to PV power plant owners since these rules may be exploited in order to reduce or revoke long-term FIT contracts for non-material or non-technical reasons. This creates significant risk for corruption in conjunction with administrative processes since the legal treatment of administrative decisions takes several years, in breach of Italy's administrative law, exposing owners to financial default and bankruptcy without having administrative measures judged in a court of law.

EAM is familiar with legal preparations underway with the purpose of requesting the European Commission to initiate an investigation into recent practises by the State of Italy of criminalizing investments in renewable energy, resulting in confiscation of renewable energy assets to the benefit of state controlled entities.

Financial risk

For one of the external financing contracts with floating interest rate there are interest rate swap agreements in place for the full duration of the contact period and the full lending amount.

Credit risk

Under normal circumstances the risk of losses is considered low, since the main contractual counterparty is GSE, a state owned entity. The group has not made any set-off or other derivate agreements to reduce the credit risk against GSE.

With the current situation for EAM in Italy where GSE has terminated the FIT payments as a result of a criminal proceedings against individuals and companies related to the "P31 portfolio", the company has concluded that there are grounds for writing down the value of the receivables against GSE. Consequently such write down was conducted in the fourth quarter 2015.

The Company's gross credit risk exposure at the 31st of December 2015 was EUR 0.7 million (ENS1 and ENFO25). EAM Solar has made no financial arrangements to limit the credit risk further.

Asset value risk

EAM's cash balance was EUR 10.7 million at the 31st of December 2015, of which the Prosecutors Office of Milan seized EUR 9.2 million.

EUR 3.2 million of the seized cash was transferred as loans from EAM to the SPVs on the 15th of July 2014, a week after the Court of Milan ordered the seizure of cash from the companies the 8th of July 2014.

EAM now considers these loans received in July 2014 as part of the criminal contractual fraud and will therefore file a separate criminal complaint against the SPVs for obtaining loans based on fraud and request the Criminal Court of Milan to repatriate the funds that was illegally obtained from Norway.

The suspension of FIT payments and seized cash has limited the affected SPVs from paying its debt obligations, consequently, this financing is reclassified as short term debt since the lack of payment is viewed as breach of contact.

During the annual impairment test, EAM has identified indicators for impairment as described in IAS 36. A full impairment test of all solar power plant and equipment has been conducted. The assumption used in the impairment test represents business development scenarios EAM finds most likely at the reporting date, although the actual outcome may be materially different due to on-going legal processes.

The impairment test for the SPVs affected by the GSE termination decision is conducted under the assumption that all 17 FIT contracts remains terminated.

Finally, on a positive note, equipment prices continues to drop, and has dropped by approximately 30% during 2015. Consequently, the replacement cost risk of equipment fault is reduced in 2015. EAM expects the replacement cost to continue being reduced going forward.

Transactions with related parties

Energeia Asset Management AS and its subsidiary EAM Solar Park Management AS are 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 ASA direct costs, without any profit margin, for all services conducted. The manager is also entitled to a royalty of 12.5% of the Company's pre-tax profits. The royalty structure aligns the interest of the manager with those of the shareholders in EAM Solar (note 7). In conjunction with the "P31 acquisition" fraud the manager has waived any payment of royalties until the matter is resolved and values are restored.

At year-end 2015 EAM's largest shareholder, Sundt AS, had an outstanding loan of EUR 7.6 million. The loan was entered into in the first half 2014 as part of the financing of the "P31 acquisition". The loan is secured by a first priority mortgage on the Company's shares in EAM Solar Norway Holding AS including the assets, which were owned by EAM prior to the P31 acquisition.

The loan from Sundt AS was originally a short-term acquisition credit facility, but has been converted to a long term debt financing in 2015.

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.

In conjunction with repair work on the Codroipo power plant following the lightning strike in June, an employee of the electric services company engaged for parts of the repair work got injured when exposed to a strong electrical current.

The board of director comprised two female and two male directors on the 31st of December 2015.

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

At the end of 2015 the manager has 16 full- and part-time employees, 7 women and 9 men, supplemented by employees of suppliers. It provides the various services required to operate EAM's solar PV power plants.

Solar power plants offer a power source that is environmentally superior to fossil fuels. The power plants do not expose the environment to any harm, other than by occupying land and possibly altering its visual appearance. EAM's power plants are built with silicon-based solar panels, and the power 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

Honesty, transparency and trust are essential to the success of the Company.

EAM is committed to transparency in its management practices, and in particular in the relationship between EAM Solar ASA and Energeia Asset Management AS. The board of directors have at all times full access to all information and assistance from the employees of 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 when company has entered into a normal mode of operation.

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.

The board of directors and the manager has in the preparation of the annual accounts conducted a process together with the Company's Auditor, and based on the uncertainty of the present situation we agree with the auditors conclusion that we have not received sufficient information from Italian Authorities to judge the annual accounts in any other way than what is stated in the Director's and Auditor's reports.

Oslo, 30 April 2016

Pål Hvammen Non-executive director	Marthe Hoff Non-executive director	Ragnhild M Wiborg Chair	Viktor E Jakobsen CEO

CORPORATE GOVERNANCE

EAM Solar is committed to pursuing corporate governance practices that supports the trust in the company, its directors and management, and thereby contribute to value creation.

The objective of corporate governance is to regulate the roles and responsibilities of shareholders, directors and management in a more comprehensive manner than is required by legislation.

Implementation and reporting on corporate governance

Implementation

EAM Solar ASA's board of directors is responsible for executing best practice corporate governance, and has prepared and approved the Company's policy for corporate governance.

Through its board and 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 Stock 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 the 30th of October 2014 with the exception of the following:

1. Pursuant to the company's articles of association, the manager has the right to recommend to the Company's nomination committee two of the directors in the board. 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 based on the fact that the Company has no employees and that all day-to-day management activities are conducted by the Manager.

   At year-end 2015 the Manager had a representative in the board of directors in accordance with the management agreement. Following the appointment of Viktor E Jakobsen as CEO in 2016, the manager has at current no representatives in the board of directors.

   Following a discussion between the board of directors, the Company's nomination committee and the manager, it has been agreed that the manager not will propose any appointments to the board of directors to the annual general meeting in 2016 since it is deemed not necessary in order to secure a fluent communication between the board of directors and the manager.

2. The company has not established separate guidelines for corporate social responsibility (CSR) as recommended by the code. The company has decided not to prioritise this work given the challenging situation the group is in. EAM aims to establish guidelines for CSR when the situation for the group is normalised.

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

Equity and dividends

Equity

Total equity for the group amounted to EUR -26.1 million at the 31st of December 2015, representing an equity ratio of -37.4%.

The equity of the mother company amounted to NOK 276 million (EUR 30 million) at the 31st of December 2015, representing an equity ratio of 70%.

The changes in equity on a group level and for the mother company comes as a direct consequence of the criminal proceedings and the termination of the long-term electricity sales FIT contract with the State of Italy.

Dividend policy

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

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, of the share capital represented, at the general meeting.

Based on the status of the company no dividend will be declared for 2015.

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

The transactions between EAM Solar ASA and the manager in 2015 have been conducted both as part of ordinary operations in accordance with the management agreement, and also extensive work has been conducted by the manager in pursuing legal objectives in the fraud case against EAM Solar ASA.

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.

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, unless such transaction would be in violation of Norwegian law and in conjunction with criminal activities.

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 approve the annual report and annual accounts, including the distribution of any dividend, election of board, auditor and nomination committee and such other matters as may be set out in the notice of the meeting.

The AGM for 2016 will be held on the 26th of May at the Company offices in Oslo, Norway.

The board can call for extraordinary general meetings. It will also call for 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.

The board summons general meetings. 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 the 31st of 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 CEO represents the management at the AGM.

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.

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 the 7th of March 2013 (Askvig), 14 May 2013 (Foldal) and 19 December 2014 (Tollefsen), and consists of:

- Leiv Askvig, chair (representing Sundt AS)
- Truls Tollefsen, member (representing DNB Livsforsikring AS)
- Nils Foldal, member (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:

- To provide the general meeting with recommendations on directors to be elected by the shareholders, subject to the provision that the manager has the right to recommend up to two directors
- To provide the general meeting with recommendations on the remuneration of directors
- To provide the general meeting with recommendations on members of the nomination committee
- 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

The general meeting elects directors. 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 or resident in a EU/EEA country.

Composition of the board

At the 31st of December 2015, the board of EAM Solar ASA consisted of four directors, two women and two men:

- Ragnhild M Wiborg, chair
- Marthe Hoff
- Pål Hvammen
- Viktor E Jakobsen

At the extraordinary general meeting on the 19th of December 2014 Ragnhild M Wiborg was elected as new chair of the board and Pål Hvammen was elected as a new member of the board.

Previously Ragnhild M Wiborg has served as a member of the board. Marthe Hoff was elected to the board at the extraordinary general meeting on the 18th of October 2013.

Viktor E Jakobsen has served on the board since the inception of the company in 2011, but stepped down in April 2016 when he assumed the position as CEO of the company. Audun Wickstrand Iversen of Energeia Asset Management was CEO in the company during 2015.

Directors have been elected to serve for a period of two years unless otherwise stated.

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

Ragnhild M Wiborg, Marthe Hoff and Pål Hvammen are all independent of the company's executive management, material business contacts and largest shareholders.

Three out of four of the directors are independent of the Manager and largest shareholders.

The board included year-end 2015 one member proposed by the manager, Viktor E Jakobsen. Jakobsen is also the CEO of Energeia Asset Management AS. Jakobsen has been elected as a director by the company's AGM based on a recommendation from the nomination committee.

The other shareholder-elected directors are 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 management and make strategic decisions.

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 that 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 when required to consider matters that cannot wait until the next regular meeting. The board has also appointed an audit committee.

During 2015, the board of directors had several meetings in addition to the formal meetings each quarter. In addition, both the board and individual directors held informal discussions and meetings on specific issues.

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 aims at carrying out an annual evaluation of its own performance, working arrangements and competence. This has not been performed in 2015 given the situation the company has been in. The chair prepares a report on this evaluation, which is made available to the nomination committee.

Risk management and internal control

EAM Solar ASA'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% of the pre-tax profits of EAM Solar ASA. 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:

- Adjustments for non-cash accounting items (e.g., asset write-downs and revaluation)
- 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. To date no royalty has been received by the manager given the situation of 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.

No member of the company's board or other administrative or supervisory body has service contracts with the Company or any of its subsidiaries that 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 ASA 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 the 30th of 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 six 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 ASA 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 that 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 REVIEW

In 2015 EAM has suffered termination of FIT contract termination due to criminal proceedings involving directors of the seller of the P31 portfolio. The negative impact on EAM in 2015 is severe and is materialized in the annual accounts 2015 by a loss before tax of EUR 70 million.

Consolidated statement of comprehensive income

Revenue and production

All 25 power plants owned and controlled by EAM produced electricity and delivered this to the grid in 2015. Total electricity production in 2015 was 37.772MWh, representing in the outset a total revenue of EUR 13.5 million. However, due to the termination decision by GSE, 23MWh of power production did not receive any FIT payments in 2015.

Reported revenue for 2015 amounted therefore to EUR 6.1 million, reflecting the write down of unpaid revenues from GSE due to the FIT contract termination decision made in the 4th quarter.

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.

The fixed price sales contracts (FIT) accounts for 85% of revenues, with electricity sales at market prices accounting for the remaining 15%.

Market price contracts are renewed yearly. Market prices for electricity continued its decline in 2015 from an average of EUR 55 per MWh in 2014 to an average of EUR 48.5 per MWh in 2015.

In 2015, the 8 out of 25 power plants that received the FIT payments from GSE had an average FIT contracts price of EUR 255 per MWh. This represent as reduction of approximately 8% from 2014 due to the retroactive reduction in the FIT contract price implemented by the State of Italy the 1st of January 2015.

Operational cost

Total cost of operations in 2015 amounted to EUR 1.6 million. The cost of operations consisted mainly of land rent, operating and maintenance costs, and insurance. The company has initiated actions to reduce the cost of both operations and SG&A. SG&A expenses amounted to EUR 3.1 million for the year.

Cost related to acquisition and transactions amounted to EUR 20.3 million for 2015, of which EUR 18 million is related to the write down of receivables and recognition of debt towards GSE.

Operational earnings

Loss before interest, depreciation, amortisation and taxes (LBITDA) amounted to EUR 19 million for 2015. Acquisition and transaction costs amounted to EUR 20.3 million of which EUR 18 million was recognition of repayment claims from GSE and write down of receivables against GSE relating to the termination decision..

Depreciation amounted to EUR 4.2 million for the year and write down of power plants to EUR 46.3 million

Operating profit (EBIT) for 2015 was thereby EUR -68.5 million.

Net financial items

Net financial items amounted to EUR -1.5 million for the full year 2015.

Profit before tax and net income after tax

Profit before tax amounted to EUR -70 million for 2015. Net tax gain amounted to EUR 0.16 million.

Reported net income after tax was thus EUR -69.9 million for 2015, and reported loss per share were EUR -13.78 on a diluted basis.

Cash flow and balance sheet statements

Consolidated statement of financial position

Total assets amounted to EUR 69.8 million at 31 December 2015. This was down by EUR 50.4 million over the year, mainly because of the write down of the P31 portfolio and recognition of payment requests from GSE.

Total equity amounted to EUR -26.2 million at 31 December 2015, down by EUR 74.3 million over the year. The equity ratio was negative with 37.4 per cent at 31 December, down from 43.4 per cent at 31 December 2014 because of the write down of assets and revenue and the recognition of liabilities. Net working capital amounted to EUR -47.6 million at 31 December 2015, excluding the cash balance. The decreases from 2014 relates to the payment request from GSE and write down of receivables.

Cash flow

Net cash flow from operating activities was EUR -0.5 million in 2015.

Net cash flow from financing activities amounted to EUR 0.4 million, which primarily reflected the final leasing amount paid by Credit Agricole less repayments. Cash and cash equivalents amounted to EUR 10.7 million at 31 December 2015, of which 9.1 million was restricted at year-end (see note 17).

EAM Solar ASA (parent company)

Profit and loss statement

Revenues are management services provided to subsidiaries and presented net of purchased services (see note 3).

Operational costs consist mainly of purchased services. Net Financial cost for 2015 was NOK 119 million.

Balance sheet

Total assets amounted to NOK 395.6 million, of which NOK 191 million is intercompany interest-bearing receivables and NOK 46.4 million is trade receivables mainly with group companies. Cash amounted to NOK 0.3 million at year-end. Total equity amounted to NOK 276.6 million, 70 per cent of total assets, compared with 81.1 per cent in 2014. This decrease primarily reflects the write down of intercompany receivables due to the situation in EAM Solar Italy Holding Srl and its subsidiaries. Current liabilities amounted to NOK 46.2 million.

Cash flow

Net cash flow from operational activities was negative at NOK 14.5 million.

Allocation of net income

The board has proposed that the net income of NOK -143,731,531 for EAM Solar ASA be allocated to other equity.

CONSOLIDATED FINANCIAL INFORMATION

Statement of comprehensive income

EUR	Note	2015	2014
Revenue		6 130 955	8 715 437
Total revenue		**6 130 955**	**8 715 437**
Cost of operations	9,1	-1 605 821	-1 157 952
Sales, general and administration expenses	5,6,7,9,10	-3 113 255	-2 355 590
Acquisition and transaction costs	9,10,22	-20 360 928	-2 988 966
Operating profit before depreciation and amortisation		**-18 949 050**	**2 212 929**
Depreciation, amortizations and write downs	13	-49 573 204	-3 365 187
Operating profit		**-68 522 254**	**-1 152 258**
Finance income	8	3 963 924	4 869 785
Finance costs	8	-5 472 255	-4 308 783
Profit before tax		**-70 030 585**	**-591 256**
Income tax gain/(expense)	11	167 027	-1 034 211
Profit after tax		**-69 863 559**	**-1 625 467**
Other comprehensive income (1)			
Translation differences		-4 563 500	-2 216 185
Cash flow hedges	20	53 808	-597 840
Other comprehensive income for the year, net of tax		**-4 509 692**	**-2 814 025**
Total comprehensive income for the year		**-74 373 251**	**-4 439 492**
Profit for the year attributable to:			
Equity holders of the parent company		-69 863 559	-1 625 467
Equity holders of the parent company		**-69 863 559**	**-1 625 467**
Total comprehensive income attributable to:			
Equity holders of the parent company		-74 373 251	-4 439 492
Equity holders of the parent company		**-74 373 251**	**-4 439 492**

Earnings per share		2015	2014
Continued operation			
- Basic	12	-13,78	-0,33
- Diluted	12	-13,78	-0,33

1) Other comprehensive income that may be reclassified to profit and loss in subsequent periods.

Consolidated statement of financial position

EUR	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment	1,3,13,21	34 436 689	83 379 490
Deferred tax asset	11	0	1 738 617
Intangible assets		277 089	962 427
Other long term assets		1 598 603	964 318
Total non-current assets		**36 312 380**	**87 044 852**
Current assets			
Receivables	16	21 744 787	21 775 066
Other current assets		1 076 836	452 703
Cash and cash equivalents	17	10 718 169	10 944 938
Total current assets		**33 539 793**	**33 172 707**
TOTAL ASSETS		**69 852 173**	**120 217 559**
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	18	6 214 380	6 214 380
Share premium	18	24 606 370	24 606 370
Total paid in capital		**30 820 750**	**30 820 750**
Other equity			
Translation differences		-8 869 682	-4 306 182
Other equity		-48 103 947	21 705 804
Total other equity		**-56 973 629**	**17 399 622**
Total equity		**-26 152 879**	**48 220 372**
Leasing	19	6 135 377	6 417 275
Long term loan - interest bearing	7,19	7 632 405	0
Other non current liabilities	19	1 079 505	639 495
Total non-current liabilities		**14 847 287**	**7 056 770**
Current liabilities			
Trade payables	19	3 089 199	4 755 495
Income tax payable	11,19	807 902	1 109 122
Short term loan - interest bearing	19	41 063 191	45 734 451
Other current liabilities	19	36 197 476	13 341 349
Total current liabilities		**81 157 767**	**64 940 417**
Total liabilities		**96 005 054**	**71 997 187**
TOTAL EQUITY AND LIABILITIES		**69 852 175**	**120 217 559**

Oslo, 30 April 2016

Pål Hvammen Non-executive director	Marthe Hoff Non-executive director	Ragnhild M Wiborg Chair	Viktor E Jakobsen CEO

Consolidated cash flow statement

EUR	Note	2015
Cash flow from operating activities		
Ordinary profit before tax		-70 030 585
Income taxes paid		0
Depreciations and write downs	13	49 573 204
Currency translation effects		0
Changes in trade receivable and trade payable	16,20	30 279
Changes in other accruals		20 474 559
Net cash flow from operating activities		**47 456**
Cash flows from investing activities		
Acquisition of fixed assets		-630 403
Acquisition of subsidiary, net of cash acquired		0
Net cash flow used in investing activities		**-630 403**
Cash flows from financing activities		
Proceeds from issue of share capital		0
Proceeds from borrowings	19, 20	676 327
Repayment of loans		-320 147
Dividends to shareholders		0
Net cash flow from financing activities		**356 180**
Net currency translation effect		
Net increase/(decrease) in cash and cash equivalents		-226 767
Cash and cash equivalents at beginning of period	17	10 944 938
Cash and cash equivalents held by the company at end of period	17	**10 718 171**
Seized cash in the period	17	192 731
Part of the cash at end of period that is seized		9 158 788

Consolidated statement of changes in equity

EUR	Share capital	Share premium fund	Other equity	Cash flow hedge	Curr. translation reserve	Total equity
Equity as at 1 January 2014	**2 932 561**	**2 683 821**	**25 797 776**	**0**	**-2 089 997**	**29 324 161**
Capital increase 17 January 2014	3 281 819	22 972 731				26 254 550
Costs related to capital increase		-1 050 182				-1 050 182
Dividends or distribution to shareholders			-1 868 665			-1 868 665
Profit (loss) After tax			-1 625 467			-1 625 467
Other comprehensive income				-597 840	-2 216 185	-2 814 025
Equity as at 31 December 2014	**6 214 380**	**24 606 370**	**22 303 644**	**-597 840**	**-4 306 182**	**48 220 372**
Equity as at 1 January 2015	**6 214 380**	**24 606 370**	**22 303 644**	**-597 840**	**-4 306 182**	**48 220 372**
Profit (loss) After tax			-69 863 559			-69 863 559
Other						0
Other comprehensive income				53 808	-4 563 500	-4 509 692
Equity as at 31 December 2015	**6 214 380**	**24 606 370**	**-47 559 915**	**-544 032**	**-8 869 682**	**-26 152 879**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

The consolidated financial statements of EAM Solar for the year ending the 31st of December 2015 were authorised for issuance by a board resolution of 30 April 2016.

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 25 photovoltaic power plants in Italy, and has as its business to invest in photovoltaic power plants in Europe. The company has 12 subsidiaries in Italy and 1 subsidiary in Norway.

1.1 Basis for preparation of the financial statement

The EAM group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and mandatory for financial years beginning on or after the 1st of January 2015.

The consolidated financial statements are based on historical cost. In addition, cash flow hedges are measured at actual value.

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

The group's presentation currency is the Euro (EUR) and the parent company's functional currency is the Norwegian Krone (NOK). Balance sheet items in the 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.

The financial statements and figures presented in the director's report are prepared under the assumption of going concern. However, due to the criminal proceedings of the P31 power plants (now only consisting of 21 power plants), there is uncertainty regarding the value of receivables and the value of property plant and equipment.

New information that may be made available in 2016 may challenge the assumption of going concern. In the current situation, with a strained liquidity situation, the group has prioritised to keep the assets running and producing electricity, but has suspended certain payments of interest and leasing payments, land rent and tax for the subsidiaries affected by the criminal proceedings.

The Criminal Court of Milan acknowledges the group as civil victims of a criminal contractual fraud. According to Italian law, and in accordance with most applicable law in Europe, any contract entered into under fraud is deemed void.

The reason for preparing the financial statements as going concern is due to the board's opinion that the group has sufficient liquidity for the next twelve months subject to the de facto standstill with the financing banks. The board and manager are placing all their effort into operating the company in a prudent manner, pending the legal proceedings that ultimately solve the situation for EAM.

In addition to pursuing the affected SPVs legal rights in the administrative court in Lazio, EAM has also initiated legal actions to secure damage claims of EUR 212 million against Enovos, Avelar and Aveleos.

1.2 Consolidation principles

The consolidated financial statements comprise the financial statements of the group and its subsidiaries at 31 December 2015.

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 Use of estimates in the financial statements

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses, deferred tax asset and information on potential liabilities. Due to the termination of the FIT contracts, the accounts reflect fully loss of values, but not reduction of debt obligations, although these obligations are disputed due to the criminal fraud.

Future events may lead to estimates being changed, and 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 that 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. Change 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 owns and operates twenty-five 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 and when they were purchased. Financial information relating to segments is presented in note 5.

Due to the special situation arising from the fact that 5 SPVs are affected by criminal proceedings, these five SPVs are subject to a separate segmentation.

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
- Land lease rights 25 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 Leases

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.10 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 that 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.

1.11 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.

1.12 Cash and cash equivalents
Cash includes cash in hand, at the bank or cash seized by the Prosecutors Office of Milan.

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.

1.13 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 that is categorized 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.

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.

1.14 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 that were incurred to meet the obligations pursuant to the contract.

1.15 Contingent liabilities and assets
Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that 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.

1.16 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.

1.17 Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group has derivatives classified as cash flow hedge.

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is categorized as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

1.18 Earnings per share
Earnings per share are calculated by dividing the majority shareholders' 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 that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.

1.19 Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment.

1.20 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 24.

1.21 Correction of PPA recognised in 2014

The company conducted the acquisition of the P31 portfolio in 2014 and there was considerable uncertainty during the preparation of the purchase price allocation. This uncertainty has now been cleared and the company has decided to update the 2014 figures to reflect the now considered facts. The uncertainty was mainly related to net working capital and post closing adjustments.

The correction has been implemented by restating each of the affected financial statements line items for the prior periods as follows:

Identifiable assets acquired and liabilities assumed			
EUR	Book value	Excess value	Fair value
Property, plant and equipment	55 287 184	7 598 011	62 885 195
Other non-current assets	3 343 133	175 861	3 518 994
Current assets	12 997 548		12 997 548
Deferred tax liability		-2 385 775	-2 385 775
Other non current liabilities	-42 641 526	-639 495	-43 281 021
Current liabilities	-14 671 419		-14 671 419
Total net assets fair value			19 063 521
Goodwill			0
Total net assets at fair value			19 063 521
Consideration			**EUR**
Acquisition value at closing			27 102 688
Shareholder loans			0
Post closing adjustments			-8 039 167
Total consideration transferred			19 063 521

The correction has not affected equity, profit or loss or earnings per share. The revised purchase price allocation is as follows:

Impact on balance sheet	EUR
Property, plant and equipment	-2 241 389
Other non-current assets	175 861
Receivables	8 039 167
Deferred tax asset	703 797
Other non current liabilities	-639 495
Current liabilities	-6 037 941
Total impact	**0**

1.22 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 but only to the extent they are expected to have an impact on the Group's financial position, performance, and/or disclosures. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

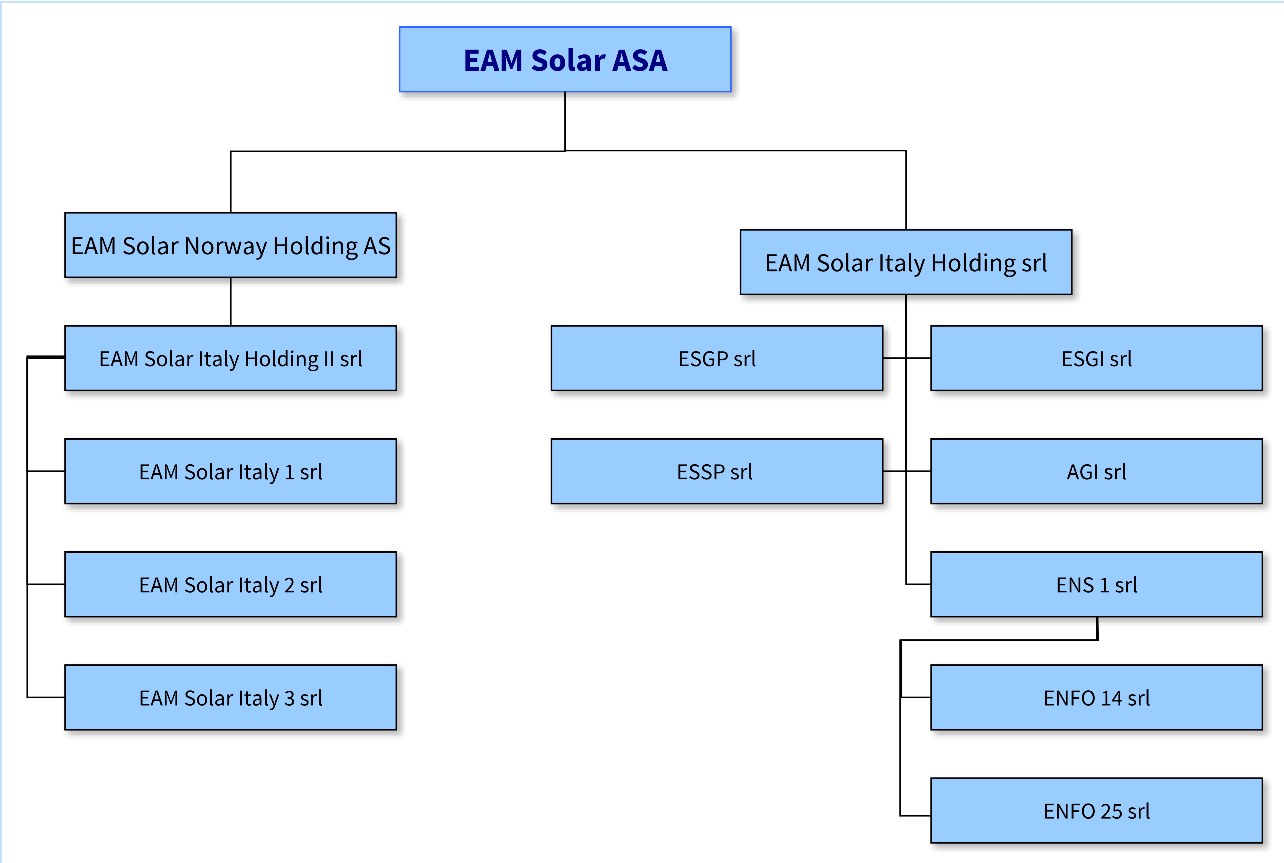
(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

Note 2: Changes in the group's structure

Business re-organisation:

De-merger of EAM 1, EAM 2 and EAM 3

Due to the ongoing criminal proceedings related to the "P31 portfolio" the company decided separate out EAM 1, EAM 2 and EAM 3 under a new holding company. The demerger was conducted in the second quarter 2015. The organisational chart after the demerger as shown in the figure below:



Note 3: List of subsidiaries

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Norway Holding AS	Norway	Holding company	100%	100%	-633	-633	16 200 326	152 578
EAM Solar Italy Holding II Srl	Italy	Holding company	100%	100%	-85 854	-85 854	6 310 493	10 447 289
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%	727 310	340 105	-74 505	5 857 863
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%	1 310 686	522 590	2 214 916	9 586 801
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%	100%	540 880	264 950	1 920 892	3 251 923
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	589 679	172 384	2 205 443	676 073
Energia Fotovoltaica 25 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%	196 684	80 028	328 370	2 459 135
Companies affected by criminal proceedings								
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	7 177 263	-2 974 453	14 188 241	22 629 291
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%	-12 426 545	-27 719 217	-23 914 571	4 399 651
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%	-5 226 616	-13 313 113	-12 210 259	1 704 646
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%	-8 978 272	-21 326 016	-21 789 026	1 998 884
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%	-791 045	-2 917 419	-2 172 578	1 296 045
Energia Fotovoltaica 14 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%	-1 078 140	-3 214 863	-3 022 099	2 857 395

Note 4: Significant accounting judgements, estimates and assumptions

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

Going concern

Given the termination decision by GSE in the 4th quarter of 2015, and the subsequent write-down of assets and accrual of possible claims, the board and management has had to consider the basis for the Company's ability to operate as a going concern for the next 12 months. The going concern consideration is mainly related to the assessment of having adequate liquidity to meet the Company's running operational financial obligations.

Given the special corporate status, having become a victim of a criminal contractual fraud, resulting in significant legal and operational challenges, the board and management is continuously reviewing running operations.

It is the judgment by the board and management, all factors considered, that the Company has adequate liquidity for the next 12 months, consequently, that the foundation for "going concern" is present at year-end 2015. See the directors report section on going concern and note 19 in the accounts for further background information.

Revenue and receivables

The group has receivables against various parties including the Italian state and companies involved in the criminal proceedings in Milano. It is uncertainty regarding the willingness or ability for these parties to pay. To the extent the company or its subsidiary is aware of any doubt in the likelihood of collecting such receivable a provision has been made. Significant judgement is required in estimating the soundness of such receivable.

As a result of the termination decision by GSE, EAM has derecognized all receivables as of year-end for the SPVs affected by the criminal proceedings. In addition the financial claims for repayment from GSE against the SPVs have been recognized as other short-term debt. The repayment claim amounts have been recognized in full although the size of the amount is disputed.

As a consequence of the repayment demand, tax liabilities related to revenues no longer expected to be received, and tax liabilities for previous revenues now demanded repaid have also been derecognized in the accounts.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. Deferred tax asset related to the companies with terminated revenue has not been recognised.

Depreciation of tangible fixed assets

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 due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. The estimated useful life of the company's solar power plants is connected with the governmental guaranteed feed in tariff for electricity produced by solar power plants. These feed-in-tariffs gives guaranteed revenue from the government of 20 years from the time of the license was granted. Together with the fact that the technological lifetime a solar plant is at least 20 year we assume that the estimated useful life of these power plants are 20 years (see also note 13).

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the remaining feed in tariff period. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in Note 21.

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

The impairment test has been conducted under the assumption that all FIT contracts for the affected "P31 power plants" remains terminated and only the market price element is creating revenue. Based on this assumption the book value of the power plants has been reduced.

Fair value of assets and liabilities in acquisitions

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 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 (see also note 2).

Note 5: Other operating expenses

VAT is not included in the fees specified below.

Specification of auditor's fee	2015	2014
Statutory audit	83 169	129 289
Other assurance services	0	35 076
Other non-assurance services	2 287	7 901
Tax consultant services	1 559	1 437
Total fee to auditor's	**87 015**	**173 703**

Note 6: Salary and personnel expense and management remuneration

Board of directors year-end 2015:

- Ragnhild M Wiborg (chair)
- Marthe Hoff (non-executive director)
- Pål Hvammen (non-executive director)
- Viktor Erik Jakobsen (executive director)

The CEO in 2015, Audun Wickstrand Iversen, is employed and remunerated by the manager (see note 7 for description of management agreement). Mr. Iversen was replaced by Viktor E Jakobsen as the Company's CEO in April 2016. Both the CEO and the executive director of the board of EAM Solar ASA own directly part of Energeia Asset Management AS that owns EAM Solar Park Management AS 100%. Mr. Jakobsen resigned as director April 2016 when he became CEO.

Ragnhild Wiborg, Marthe Hoff and Pål Hvammen have received in 2015 NOK 350,000, NOK 125,000 and NOK 137,500 respectively as compensation for their works as directors

No member of the management receives 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 by owned Mr. Iversen through Naben AS.

Shares held by directors and management	Shares
Ragnhild M Wiborg (chair)	0
Marthe Hoff (board member)	0
Pål Hvammen (board member)	0
Viktor Erik Jakobsen (executive director) 1	0
Audun Wickstrand Iversen (CEO) 2	16 250
Total	**16 250**

Note 7: Transactions with related parties

Related parties

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

Sundt AS, Canica AS and Bjørgvin AS are large shareholders in EAM Solar ASA. They are also shareholders in Energeia Asset Management, but not involved in the day-to-day operations of Energeia Asset management. They are represented with one director each in the board of directors of Energeia Asset Management AS

Transactions with related parties

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

EAM Solar Park Management AS is 100% owned by Energeia Asset Management AS. EAM Solar Park Management AS delivers management services to EAM Solar ASA according to a management agreement between the parties. According to this agreement, EAM Solar Park Management AS can charge EAM Solar ASA for direct costs without any profit margin related to the management services provided. The board of directors must approve direct costs above NOK 5 million.

In addition to full reimbursement of direct cost, EAM Solar Park Management AS shall receive 12.5% of the groups profit as a royalty from EAM Solar ASA. The royalty is based on the fact that EAM Solar ASA is developed, created and managed by EAM Solar Park Management AS. The royalty structure aligns the interests of EAM Solar Park Management AS with the interests of the shareholders in EAM Solar ASA.

In 2015 EAM SPM's direct costs of the management of EAM Solar ASA was NOK 14.3m (2014: NOK 10.1m), and no royalty was calculated. The royalty payment has been waived until the situation in EAM Solar ASA has found its solution. For 2015 the direct cost was EUR 0.04 per kWh based on full year figures. (against EUR 0.03 per kWh in 2014).

Approximately NOK 3 million of the direct costs charged in 2015 was related to extraordinary costs incurred due to the legal process and forensic investigation in conjunction with the P31 fraud.

Invoices from EAM Solar Park Management AS to the subsidiaries of EAM Solar ASA has for a period remained unpaid, simultaneously EAM Solar ASA has funded EAM Solar Park Management AS with necessary liquidity on behalf of the subsidiaries creating a receivable. In order to settle outstanding amounts between the parties has EAM Solar Park Management AS in 2015 assigned its position as creditor towards the subsidiaries of EAM Solar ASA to EAM Solar ASA and thereby settling between EAM Solar ASA and EAM Solar Park Management AS, and EAM Solar Park Management and the subsidiaries of EAM Solar ASA.

Credit facility from shareholder

EAM Solar ASA entered on the 20th of June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM Solar ASA, Sundt AS. The credit facility originally expired on the 10th of December 2014, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility with 15 years duration, carrying an all-inclusive interest of 10%.

The lending facility has been secured against the shares in EAM Solar Norway Holding AS, EAM Solar Italy Holding II Srl and the subsidiaries EAM Solar Italy 1 Srl, EAM Solar Italy 2 Srl and EAM Solar Italy 3 Srl since 2014.

Energeia Asset Management AS ownership

Company/owner	Ownership	Person
Jakobsen Energeia AS	28,33%	1) Viktor E Jakobsen
Sundt AS	28,33%	2)
Naben AS	15,57%	3) Audun W Iversen
Canica AS	7,51%	4)
Bjørgvin AS	7,51%	5)
Chold AS	9,77%	6) Christian Hageman
Jemma Invest AS	2,97%	8) Jarl Egil Markussen

No.	Position year-end 2015
1)	Executive Director of EAM Solar ASA
2)	Shareholder of EAM Solar ASA
3)	CEO of EAM Solar ASA
4)	Shareholder of EAM Solar ASA
5)	Shareholder of EAM Solar ASA
6)	COO - Energeia Asset Management AS
7)	CAO - Energeia Asset Management AS

Note 8: Financial income and expenses

Financial income	2015	2014
Interest income	33 598	21 375
Foreign exchange gain	3 930 311	4 812 818
Other financial income	15	35 593
Total financial income	**3 963 924**	**4 869 786**

Financial expenses	2015	2014
Interest expense	-3 031 082	-1 373 074
Foreign exchange losses	-1 873 976	-2 498 990
Other financial expenses	-567 198	-436 719
Total financial expenses	**-5 472 255**	**-4 308 783**
Net financial income (expenses)	**-1 508 332**	**561 003**

The average exchange rate used for 2015 was EUR/NOK 8,9530, whereas the exchange rate used at 31.12.2015 was EUR/NOK 9,619

Note 9: Segment information

EAM Solar Group owns and operates twenty-five solar PV power plants in Italy as of year-end 2015, which include all of the group's revenue for 2015. The business is investing in and operating power plants that have similar economic characteristics. The management monitor the business based on both geographical segments and portfolio of assets.

Due to the criminal proceedings affecting 17 of the "P31 portfolio" power plants, EAM has separated the affected power plants and SPVs in a separate segment.

EAM Solar Italy 1 s.r.l.	2015	2014
Revenues	1 006 449	899 202
EBITDA	727 310	600 216
EBIT	340 105	214 153
Net profit	68 862	-32 113
Non-current assets	5 323 888	5 730 782

EAM Solar Italy 2 s.r.l.	2015	2014
Revenues	1 953 380	1 955 843
EBITDA	1 310 686	1 342 294
EBIT	522 590	555 529
Net profit	29 446	110 424
Non-current assets	11 078 206	11 856 631

EAM Solar Italy 3 s.r.l.	2015	2014
Revenues	723 018	820 166
EBITDA	540 880	506 734
EBIT	264 950	233 720
Net profit	49 921	38 168
Non-current assets	4 949 358	5 197 344

ENS1 & ENFO 25	2015	2014
Revenues	1 375 612	1 441 161
EBITDA	786 363	932 310
EBIT	252 412	385 852
Net profit	-242 503	-9 326
Non-current assets	10 431 404	10 996 577

SPV's in criminal proceedings	2015	2014
Revenues	1 072 496	3 712 224
EBITDA	-28 500 619	1 713 394
EBIT	-68 490 630	640 943
Net profit	-71 720 894	-284 890
Non-current assets	5 127 464	45 677 414

Other & eliminations	2015	2014
Revenues	0	-113 159
EBITDA	6 186 330	-2 882 020
EBIT	-1 411 681	-3 182 455
Net profit	1 951 609	-1 447 729
Non-current assets	-597 941	8 947 836

Total	2015	2014
Revenues	6 130 955	8 715 437
EBITDA	-18 949 050	2 212 929
EBIT	-68 522 254	-1 152 258
Net profit	-69 863 559	-1 625 467
Investments	0	0
Non-current assets	36 312 380	88 406 584

Note 10: Operational costs break-down 2015

(EUR)	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	ENS1 & ENFO25	Criminal proceedings	Other & Eliminations
Revenues	**6 130 955**	**1 006 449**	**1 953 380**	**723 018**	**1 375 612**	**1 072 496**	**0**
Cost of operations	**-1 605 821**	**-106 667**	**-377 645**	**-74 632**	**-312 408**	**-1 177 603**	**443 134**
Land rent	-337 121	-35 462	-74 010	0	-7 945	-219 704	0
Insurance	-233 909	-17 561	-64 341	-11 961	-30 567	-102 660	-6 819
Operation & Maintenance	-731 474	-46 788	-228 581	-48 513	-113 387	-294 205	0
Other operations costs	-303 318	-6 857	-10 713	-14 158	-160 509	-561 034	449 953
Sales, General & Administration	**-3 111 739**	**-163 081**	**-315 244**	**-139 160**	**-270 324**	**-1 526 794**	**-697 136**
Accounting, audit & legal fees	-544 313	-16 950	-21 670	-16 218	-53 079	-106 912	-329 484
Financial & tax fees	-129 864	-666	0	-570	-5 509	-123 119	0
IMU tax	-678 055	-35 763	-64 364	-54 094	-87 736	-436 098	0
EAM SPM direct costs	-1 586 322	-104 000	-212 000	-62 000	-124 000	-844 000	-240 322
Other administrative costs	-173 185	-5 702	-17 210	-6 278	0	-16 665	-127 330
Acquisition & financing cost	**-20 360 928**	**0**	**70 628**	**40 224**	**-6 517**	**-25 890 045**	**5 424 782**
Acquisition transaction costs	-2 410 902	0	0	0	0	0	-2 410 902
Other non-recurring items	-17 950 026	0	70 628	40 224	-6 517	-25 890 045	7 835 684
EBITDA	**-18 947 534**	**736 701**	**1 331 119**	**549 450**	**786 363**	**-27 521 946**	**5 170 779**

In the period 2014 and 2015 EAM has incurred approximately EUR 3.34 million in legal costs in relation to the “P31 acquisition”. In addition EAM has funded and subsidized the SPVs affected by the criminal proceedings with 5.8 million directly in 2014 and 2015.

Note 11: Income tax

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. Property tax payable is expensed as an operating expense under SG&A.

All tax positions, assets or liabilities, in the SPVs affected by the criminal proceedings have been recognized through the profit & loss statement and removed from the balance sheet. The background for this is that all historical revenues and future revenues deriving from eth original FIT contracts now are deemed as void.

Income tax expense:	**2015**	**2014**
Income tax payable	-373 273	-230 019
Changes in deferred tax	-2 778 594	-804 192
Withholding tax on intercompany interests	-473 689	0
Adjustments for previous years income tax	3 792 583	0
Income tax expense	**167 027**	**-1 034 211**

Income tax payable:	**2015**	**2014**
Income tax payable	-760 022	1 109 122
Withholding tax on intercompany interests	-468 244	0
Property tax payable	0	0
Total tax payable in the balance sheet	**-1 228 266**	**1 109 122**
Prepaid taxes (other current assets)	**0**	**0**
Net tax receivable / (payable)	**-1 228 266**	**1 109 122**

Reconciliation of tax effective by country of registration:	2015	2014
Pre-tax profit	-70 030 585	-591 256
Expected income taxes according to income tax rate in Norway (27%)	18 908 258	-159 639
Adjustment in respect of current income tax of previous years	34 841	0
Non deductible expenses and other permanent differences	-17 188 543	428 454
Non-taxable income	-3 734	-6 182
Tax rate outside Norway other than 27%	-146 288	25 816
Withholding tax on intercompany interests	-473 689	0
Losses carried forward not recognised as an asset	-1 010 404	-1 322 659
Use of previously unrecognised loss carried forward	46 586	0
Income tax gain / (expense)	**167 027**	**-1 034 210**

Deferred tax and deferred tax assets	2015	2014
Deferred tax assets		
Tax losses carried forward	0	401 976
Other (transaction costs)	0	0
Other temporary differences	0	1 563 059
Losses carried forward not recognised as an asset	0	-1 322 659
Deferred tax assets	**0**	**642 376**
Deferred tax liabilities		
Property, plant and equipment	0	-3 000 605
Other	420 365	0
Deferred tax liabilities	**420 365**	**-3 000 605**
Net recognised deferred tax assets	**420 365**	**-2 358 229**

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 had 5,070,000 shares outstanding at the 31st of January 2015. There is no dilutive potential on the ordinary shares, so the earnings will be the same for both basic and diluted basis.

Earnings per share	2015	2014
Profit for holders of ordinary shares	-69 863 559	-1 625 467
Basis for earnings per share	**-69 863 559**	**-1 625 467**

Earnings per share	2015	2014
- Basic	-13,78	-0,33
- Diluted	-13,78	-0,32

Earnings per share in NOK*	2015	2014
Continued operation		
- Basic	-123,37	-2,77
- Diluted	-123,37	-2,68

Shares outstanding year-end	**5 070 000**	**5 070 000**
Average shares outstanding 2015	5 070 000	4 904 247

Note 13: Property, plant and equipment

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

31 December 2014	Solar power plants
Accumulated cost 1 January	23 721 735
Additions	65 264 331
Depreciation	-3 365 187
Carrying value 31 December 2014	**85 620 879**

*) Restated, see note 1.21 for details.

Economic life of 20- 25 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 and insurance. (All amounts are in nominal 2015 values.)

Year	Amount
2016	768 000
2017	441 000
2018	441 000
2019	441 000
2020	441 000
After 2020	4 334 000
Total	**6 866 000**

Note 15: Financial risk management

Regulatory risk

The largest risk to the Company's operations and profitability are regulatory risk relating to changes in agreements, taxation or operational regulations made by the State of Italy. This risk is difficult to hedge against apart from securing that operations at all times are incompliance with the prevailing rules and regulations.

Financial risk

The Group has different financial instruments; a) trade and other receivables and trade accounts payable, b) project finance (bank loan at amortised cost), c) leasing. In addition the group has derivative financial instruments in the form of interest rate swaps, swapping from floating to fixed interest.

Credit risk

Under normal circumstances the risk for losses is considered to be low, as the counterparts will be sovereign states in Western Europe. The group has not made any offsets or other derivative agreements to reduce the credit risk in EAM Solar ASA.

Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relate primarily to the groups debt with floating interest rates.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Groups approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation. Surplus liquidity is primarily placed on 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 healthy capital ratio in order to support its business and maximise shareholders value.

With the unresolved situation in Italy, the main focus is to secure liquidity for operating the power plants.

The financial statement is prepared on the basis of going concern. It is the board's opinion that the group has sufficient liquidity for the next twelve months subject to a de facto standstill with the financing banks.

Given all the uncertainty, the board and manager are placing all their effort into finding a solution, and find it realistic that a solution will be reached.

Note 16: Trade receivables

Receivables	2015	2014
Accounts receivables	2 768 743	1 905 700
Unbilled revenue towards GSE	0	6 084 460
Recievable from Aveleos	10 936 877	2 218 367
Other receivables	8 039 167	11 566 539
Accounts receivables	**21 744 787**	**21 775 066**

Changes in bad debt provision	2015	2014
Provisions as of January 1	0	0
Provision for bad debt during the period	-12 352 932	0
Realized losses for the year	0	0
Reversed provision during the period	0	0
Changes due to business combinations	0	0
December 31 2015	**-12 352 932**	**0**

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osses for bad debt are classified in the line "Acquisition and transaction costs" in the income statement.

Aging of accounts receivable at 31 December 2015 was as follows:

Days	Total	0 - 90	90-180	> 180
2015	21 744 787	200 486	1 499 409	20 044 892

The substantial amount of the receivable outstanding is towards GSE and the sellers of P31. GSE normally 60 days payment terms from receiving an invoice. In 2015, GSE introduced a 12 month delayed payment on 10% of expected annual revenues that increased receivables against GSE at year-end 2015.

Note 17: Cash and cash equivalents

EUR	2015	2014
Cash Norway	29 804	585 396
Cash Italy	9 767 850	18 164 280
Restricted cash Italy	920 515	1 161 319
Seized cash	-192 731	-8 966 057
Unused credit facility	0	0
Cash and cash equivalents	**10 718 169**	**10 944 938**
Seized cash	-9 158 788	-8 966 057

The group had no credit facilities at 31 December 2015.

Note 18: Share capital, shareholder information and dividend

The 21 main shareholders as at 31.12.2015 are:

Shareholder	Shares	Ownership
SUNDT AS	840 000	16,6%
CANICA AS	725 000	14,3%
BJØRGVIN	312 500	6,2%
MP PENSJON PK	228 100	4,5%
DNB LIVSFORSIKRING ASA	220 000	4,3%
HOLBERG NORGE	213 970	4,2%
TOLUMA INVEST AS	175 000	3,5%
LUDVIG LORENTZEN AS	152 695	3,0%
EIKA BALANSERT	149 146	2,9%
ALDEN AS	146 875	2,9%
MELLEM NES INVEST AS	125 000	2,5%
AKA AS	125 000	2,5%
EXTELLUS AS	105 000	2,1%
CARNEGIE AS	101 301	2,0%
AREPO AS	93 750	1,8%
SKANDINAVISKA ENSKILDA BANKEN S.A.	90 700	1,8%
PARK LANE FAMILY OFFICE AS	62 500	1,2%
FLU AS	62 500	1,2%
FIRDA AS	54 698	1,1%
SANDEN A/S	50 000	1,0%
OJN INVEST AS	50 000	1,0%
Total of the 21 main shareholders	**4 083 735**	**80,5%**

As at 31.12.2015 the Company had a total of 5 070 000 shares outstanding.

Due to the financial situation of the Company the board of directors propose no dividend payments for 2015.

Note 19: Debt

EUR	2015	2014
Interest bearing debt	7 632 405	0
Other non current liabilities	1 079 505	639 495
Obligations under finance leases	6 135 377	6 417 275
Total non-current liabilities	**14 847 287**	**7 056 770**
Trade and other payables	3 089 199	6 553 889
Current interest bearing loans	0	9 834 828
Current project finance	15 861 426	10 329 431
Current leasing	25 201 765	22 951 649
Other current debt	3 855 682	7 303 409
Deferred tax	420 365	0
Tax payable	807 902	0
Related to ordinary operations	*49 236 338*	*7 303 409*
AION Renewables	6 192 604	0
Aveleos S.A.	5 628 611	
GSE repayment claim	20 100 214	0
Related to criminal proceedings	*31 921 429*	*0*
Total current liabilities	**81 157 767**	**64 276 615**
Total liabilities	**96 005 054**	**64 276 615**

Leasing and project finance ESGP, ESGI and ESSP

The leasing and project finance for the SPVs ESGP, ESGI and ESSP of EUR 41 million is classified as current debt due to the fact that interest payments and instalments has not been paid in full by the SPVs since GSE suspended payment of the FIT contract in August 2014. Consequently the SPVs are now in breach of the lending and leasing agreements.

The identified debt is a gross amount before adjustment of the EUR 2.6 million that not has been released under the financing agreements by the banks.

The SPVs are currently in formal debt restructuring governed by the Court of Milan and under creditor protection until the 8th of July 2016.

EAM is working together with 5 Commissioners appointed by the Judge in the Bankruptcy Court of Milano to make a corporate restructuring plan to be approved by the court.

Equity contribution agreement and patronage letter

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

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

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

EAM is of the opinion that the main motive behind the contractual fraud conducted was in order for Enovos and Avelar to achieve to be formally released by the financing banks from their debt guarantee obligations, thus avoiding the inevitable losses that would come about as a consequence of the then anticipated FIT contract termination decision by GSE.

Consequently, the equity contribution commitments of EAM companies are considered void since this was brought about as a result of a criminal contractual fraud.

The financing banks, UBI Leasing and UniCredit, are also best served by having the debt guarantee obligation waivers given to Enovos and Avelar in conjunction with the transfer of the SPV's in July 2014 considered void as well, thereby being able to direct their rightful repayment claims against the parties that built the power plants and obtained the lending in the first place.

Payables to Aveleos and Enovos

The account of the "P31" SPVs recognizes payables to Aveleos S.A. and the bankruptcy estates of the EPC contractor AION Renewables Spa of EUR 11.8 million.

Although recognized in the accounts, these payable claims are considered void due to the fact that they stems from criminal breach of the EPC contract obligations of AION renewables in conjunction with the contractual obligation to achieve that the power plant achieved the so–called "completion of works" before the end of 2010.

The investigation conducted by the Prosecutors Office in Milan and the criminal proceedings in Milano specifically identifies that the power plants did not achieve to be constructed in time to achieve completion of works before the end of 2010 in accordance with the Conto Energia II Salva Alcoa regulations.

Furthermore, the investigation has identified that the director responsible for issuing the declaration of achievement of completion of works has admitted in the criminal proceedings that he issued the declaration even though the power plants probably not were completed in time in accordance with the regulations.

Based on this breach of the EPC contract, the SPVs under Conto Energia II and III (ESGP, ESGI, ESSP and AGI) will file a criminal complaint with civil damages action against AION Renewables for the deliberate breach of the EPC contract. Consequently, the payables to AION Renewables are considered void, but the effectuation of this fact is subject to an adequate court decision.

The payables against Aveleos S.A. is considered invalid due to the fact that the directors of Aveleos S.A. were the responsible party for filing the application to the GSE for the FIT contracts under Conto Energia II, III and IV based on deliberately falsified documentation. The SPVs will file a separate criminal complaint with civil actions against the responsible directors and their representative companies in order to have the payable claims annulled and also to seek compensation on behalf of the injured creditors in the SPVs.

Payables to GSE

In conjunction with the termination decision of GSE, GSE has issued a claim for repayment of previously paid FIT contract revenues. This claim has been recognized in the annual accounts. However, the gross claim amount recognized in the accounts is disputed.

The basis for the claim is the gross amount of FIT contract payment given to the affected SPVs since they started to receive FIT revenues in 2011 until May 2014. GSE has in addition also directed the same repayment claim directly against the financing banks, UBI Leasing and UniCredit under the argument that they have received revenues directly from GSE under the financing repayment structure, i.e. GSE payment conducted directly to the banks on behalf of the SPVs.

EAM is of the opinion that the repayment claim of payment from GSE, if accepted by the courts, must be adjusted with other revenues received by the State of Italy in conjunction with the construction and operation of the Solar PV power plants. These revenues includes but are not limited to the VAT received by the State of Italy in conjunction with the construction of the power plants, VAT and other tax revenues received in conjunction with the operation of the power plants, revenues received by GSE for the Renewable Energy Certificates achieved form the production of renewable energy in the period from 2011 until year-end 2015.

In addition, the Prosecutors Office in Milan has seized EUR 9.1 million that either must be subtracted from the claim of GSE or returned to the SPVs.

A final point that must be considered by the court in the assessment of the repayment claim from GSE is the fact that GSE received revenues directly from the end-consumers of electricity in Italy in the period 2010 to 2014 for the delivery if renewable energy, In 2015 these revenues has been received directly to the Ministry of Finance after the restructuring of the ownership and payment streams for renewable energy in Italy from eth end-consumers. The question to consider is whether GSE already have received revenues for the electricity they purchased from the SPVs in the period 2011 to May 2014 and whether this revenue must be subtracted from their claim.

In conjunction with the financial restructuring of the SPVs under the "Concordato Preventivo" institute, these issues will be presented in front of the Bankruptcy Court of Milan for a ruling.

"Concordato preventive" – restructuring of the SPVs

In conjunction with the termination decision by GSE, EAM has filed for and gotten approved an operational and financial restructuring of the affected SPVs.

The restructuring plan is to be approved by the Bankruptcy Court of Milan, based on the proposal made by EAM and approved by the Commissioners appointed by the court in Milan.

The restructuring plan shall be presented to the Court in Milan no later than the 8th of July 2016, and shall be verified by an appropriate "Independent Certifier". EAM is in the process of appointing one of the leading law firms in the World to assume the responsibility as the Independent Certifier of the restructuring plan.

EAM will issue details of the restructuring plan in conjunction with the 2nd quarter report 2016.

Note 20: Hedging

Derivatives	***Liabilities***	
	Fair	*Notional*
Current portion:	*value*	*amount*
Interest rate swaps	443 410	5 033 424
Derivatives year-end	**443 410**	**5 033 424**
Total non-current	**0**	**0**
Current portion	**443 410**	**5 033 424**

ESSP
In 2014 ESSP had an interest rate swap. The bank has cancelled it and total outstanding under the derivative has been added to the debt that is defaulted.

ENS1
Purpose of the derivative: hedging of the variable interest rate on the bank senior loan. Risk coverage: 80% of the senior loan. Fixing rate (swap rate): 2,15% Duration: The interest swap will expire on 10 April 2021

Note 21: Impairment

Cost of capital (WACC)	
Risk free interest rate - 15yrs (Rf)	0,818%
Corporate tax rate (Tc)	31,9%
Market risk premium Oslo Stock Exchange (MRP)	5,50%
Equity ratio (EQ%)	40,0%
Total asset beta in market (ꞵA)	**0,155**
Equity beta in market (ꞵE)	0,405
Implied equity beta EAM (ꞵEam)	0,734
Implied debt beta EAM (ꞵD)	0,715
Capital cost of debt	
Debt financing proposal MedioCredito (Dr)	4,750%
Debt financing spread to risk free interest (Dr - Rf)	3,932%
Debt cost of capital after tax (Dcc)	**3,237%**
Capital cost of equity	
Country risk premium (Italy) - Crp	2,110%
Additional EAM risk premium - Corp	2,500%
Equity cost of capital after tax - EQcc	**6,400%**
WACC	**4,502%**

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

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

Cost of capital: Average WACC after tax used in DCF calculation of cash flow from power plant assets equals approximately 4,5%.

Other main assumptions include:
- Adjustment of operating cost basis as if only revenue is based on market price.
- Power production profile as experienced (P50 scenario)
- No residual value beyond FIT contract period (i.e. 2031)
- Market price of electricity going forward starting point in the North of EUR 5 per kWh and in the South of EUR 4,25 kWh with annual inflation adjustment of 1,5%

Note 22: Damages claims of the P31 acquisition

In conjunction with the contractual fraud committed by Enovos, Avelar and their joint SPV Aveleos, various legal proceedings has been initiated in order to redeem the losses suffered by EAM.

The “P31 Acquisition Claims and Damages Report” to be used in the appropriate legal venues in order to substantiate and verify the financial claims against Enovos and Avelar identifies by the end of 2015 a total financial claim of EUR 212 million.

Economic damages	**EURm**
1) Direct economic loss	91,783
2) Extraordinary cash costs	16,167
3) Contingent liabilities	58,492
4) Tort claim	45,953
Total economic damage	**212,395**

The total economic damages claim amount is expected to increase going forward. Direct “custodian” costs for EAM for the affected SPVs amounts to EUR 7.5 million at the end of 2015, including lending to the affected SPVs for the coverage of operating costs etc.

Note 23: Events after the balance sheet date

In March 2016 the preliminary stage of the criminal proceedings in Milano has come to an end. The Judge in the Criminal Court of Milan has ruled that all indicted will be committed to trial on all charges.

The Board of Directors has annulled the decision it made the 14th of December 2015 to distribute shares in EAM Solar Italy Holding Srl.

Legal actions to secure damage claims of EUR 212 million against Enovos, Avelar and Aveleos have been initiated.

The Board of Directors appointed Viktor E Jakobsen as CEO in April, and he resigned from the board at the same time.

PARENT COMPANY FINANCIAL STATEMENTS

Profit and loss statement

NOK	Note	2015	2014
Revenue	3	1 331 549	1 294 085
Total revenue	3	**1 331 549**	**1 294 085**
Sales, general and administration expenses	4	-4 727 877	-4 815 636
Acquisition and transaction costs	4	-14 811 011	-12 356 352
Operating profit		**-18 207 339**	**-15 877 903**
Finance income	11	48 336 345	49 553 894
Finance costs	11	-167 265 007	-25 311 151
Profit before tax		**-137 136 001**	**8 364 840**
Income tax gain/(expense)	7	-6 595 530	0
Profit after tax		**-143 731 531**	**8 364 840**
Attributable to			
Share premium		0	0
Other equity		-143 731 531	8 364 840

Balance sheet

NOK	Note	31-Dec-15	31-Dec-14
ASSETS			
Non-current assets			
Investment in subsidiaries	2	157 918 746	176 070 606
Deferred tax asset	7	0	0
Inter company loan		190 975 989	314 459 943
Total non-current assets		**348 894 735**	**490 530 549**
Current assets			
Receivable	16	46 437 892	22 397 082
Other current assets	17	0	0
Cash and cash equivalents	18	275 604	5 288 688
Total current assets		**46 713 496**	**27 685 770**
TOTAL ASSETS		**395 608 231**	**518 216 319**
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	19	50 700 000	50 700 000
Share premium	19	192 946 900	192 946 900
Total paid in capital		**243 646 900**	**243 646 900**
Other equity			
Other equity		32 961 614	176 693 146
Total other equity		**32 961 614**	**176 693 146**
Total equity		**276 608 514**	**420 340 046**
Long term liabilities			
Inter company loan		72 804 305	0
Total current liabilities		**72 804 305**	**0**
Current liabilities			
Trade payables		13 073 359	7 592 623
Tax payable	11	7 566 883	1 411 231
Short term loan - interest bearing	8	25 555 170	88 872 419
Other current liabilities		0	0
Total current liabilities		**46 195 412**	**97 876 273**
Total liabilities		**118 999 717**	**97 876 273**
TOTAL EQUITY AND LIABILITIES		**395 608 231**	**518 216 319**

Oslo, 30 April 2016

Pål Hvammen Non-executive director	Marthe Hoff Non-executive director	Ragnhild M Wiborg Chair	Viktor E Jakobsen CEO

Statement of changes in equity

NOK	Share capital	Share premium fund	Other equity	Total equity
Equity as at 01.01.2012	12 000 000	104 784 592	0	116 784 592
Profit (loss) after tax	0	-13 103 837	0	-13 103 837
Equity as at 31.12.2012	**12 000 000**	**91 680 755**	**0**	**103 680 755**
Equity at at 1.1.2013	12 000 000	91 680 755	0	103 680 755
Net proceeds IPO	11 200 000	92 855 237	0	104 055 237
Conversion of share premium fund		-163 400 000	163 400 000	0
Distribution to shareholders		-11 600 000	0	-11 600 000
Profit (loss) after tax	0	0	8 364 840	8 364 840
Equity as at 31.12.2013	**23 200 000**	**9 535 992**	**171 764 840**	**204 500 832**
Equity at at 1.1.2014	23 200 000	9 535 992	183 538 306	216 274 298
Net proceeds share issue	27 500 000	183 410 908	0	210 910 908
Distribution to shareholders	0	0	-15 210 000	-15 210 000
Profit (loss) after tax	0	0	8 364 840	8 364 840
Equity as at 31.12.2014	**50 700 000**	**192 946 900**	**176 693 146**	**420 340 046**
Equity at at 1.1.2015	50 700 000	192 946 900	176 693 146	420 340 046
Profit (loss) after tax	0	0	-143 731 531	-143 731 531
Equity as at 31.12.2014	**50 700 000**	**192 946 900**	**32 961 615**	**276 608 515**

Cash flow statement

NOK	Note	2015	2014
Cash flow from operating activities			
Ordinary profit before tax		-137 136 001	8 364 840
Changes in trade receivable and trade payable		-18 560 074	10 087 026
Changes in other accruals		141 195 935	4 308 848
Net cash flow from operating activities		**-14 500 140**	**22 760 714**
Cash flows from investing activities			
Loans to subsidiary		0	-136 444 998
Investment in subsidiary	2	0	-173 531 605
Net cash flow used in investing activities		**0**	**-309 976 603**
Cash flows from financing activities			
Net proceeds from issue of share capital		0	211 130 908
Proceeds from borrowings		0	84 425 000
Repayment of loans		0	0
Dividends to shareholders		0	-15 210 000
Net cash flow from financing activities		**0**	**280 345 908**
Net increase/(decrease) in cash and cash equivalents		-14 500 140	-6 869 981
Cash and cash equivalents at beginning of period		5 288 689	12 158 670
Cash and cash equivalents at end of period		**-9 211 451**	**5 288 689**

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 the 5th of January 2011.

Use of estimates

The management has used estimates and assumptions that 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 that 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 that 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 27% 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 that 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	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Norway Holding AS	Norway	Holding company	100%	100%	-633	-633	16 200 326	152 578
EAM Solar Italy Holding II Srl	Italy	Holding company	100%	100%	-85 854	-85 854	6 310 493	10 447 289
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%	727 310	340 105	-74 505	5 857 863
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%	1 310 686	522 590	2 214 916	9 586 801
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%	100%	540 880	264 950	1 920 892	3 251 923
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	589 679	172 384	2 205 443	676 073
Energia Fotovoltaica 25 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%	196 684	80 028	328 370	2 459 135
Companies affected by criminal proceedings								
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	7 177 263	-2 974 453	14 188 241	22 629 291
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%	-12 426 545	-27 719 217	-23 914 571	4 399 651
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%	-5 226 616	-13 313 113	-12 210 259	1 704 646
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%	-8 978 272	-21 326 016	-21 789 026	1 998 884
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%	-791 045	-2 917 419	-2 172 578	1 296 045
Energia Fotovoltaica 14 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%	-1 078 140	-3 214 863	-3 022 099	2 857 395

*Ens Solar One s.r.l wholly owns Energeia Fotovoltaica 14 s.r.l and Energeia Fotovoltaica 25 s.r.l.

Note 3: Revenue

By business area (NOK)	2015	2014
Management services to subsidiaries	1 331 549	1 258 757
Mangement service (expense)	0	1 184 557
Net revenue	**1 331 549**	**74 200**

Geographical distribution	2014	2013
Norway	0	0
Italy	1 331 549	74 200
Net revenue	**-1 331 549**	**-74 200**

Note 4: Other operating expenses

Specification auditor`s fee (NOK)	2015	2014
Statutory audit	0	1 080 000
Other assurance services	0	293 000
Tax consultant services	0	66 000
Other assurance services	0	12 000
Total	**0**	**1 451 000**

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 5: Salary and personnel expense

Board of directors year-end 2015:

- Ragnhild M Wiborg (chair)
- Marthe Hoff (non-executive director)
- Pål Hvammen (non-executive director)
- Viktor Erik Jakobsen (executive director)

The CEO in 2015, Audun Wickstrand Iversen, is employed and remunerated by the manager (see note 8 for description of management agreement). Mr. Iversen was replaced by Viktor E Jakobsen as the Company's CEO in April 2016. Both the CEO and the executive director of the board of EAM Solar ASA own directly part of Energeia Asset Management AS that owns EAM Solar Park Management AS 100%. Mr. Jakobsen resigned as director April 2016 when he became CEO.

Ragnhild Wiborg, Marthe Hoff and Pål Hvammen have received in 2015 NOK 700,000, NOK 325,000 and NOK 237,500 respectively as compensation for their works as directors

No member of the management receives 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 by owned Mr. Iversen through Naben AS.

Shares held by directors and management	Shares
Ragnhild M Wiborg (chair)	0
Marthe Hoff (board member)	0
Pål Hvammen (board member)	0
Viktor Erik Jakobsen (executive director) 1	0
Audun Wickstrand Iversen (CEO) 2	16 250
Total	**16 250**

Note 6: Transactions with related parties

Related parties

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

Sundt AS, Canica AS and Bjørgvin AS are large shareholders in EAM Solar ASA. They are also shareholders in Energeia Asset Management, but not involved in the day-to-day operations of Energeia Asset management. They are represented with one director each in the board of directors of Energeia Asset Management AS

Transactions with related parties

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

EAM Solar Park Management AS is 100% owned by Energeia Asset Management AS. EAM Solar Park Management AS delivers management services to EAM Solar ASA according to a management agreement between the parties. According to this agreement, EAM Solar Park Management AS can charge EAM Solar ASA for direct costs without any profit margin related to the management services provided. The board of directors must approve direct costs above NOK 5 million.

In addition to full reimbursement of direct cost, EAM Solar Park Management AS shall receive 12.5% of the groups profit as a royalty from EAM Solar ASA. The royalty is based on the fact that EAM Solar ASA is developed, created and managed by EAM Solar Park Management AS. The royalty structure aligns the interests of EAM Solar Park Management AS with the interests of the shareholders in EAM Solar ASA.

In 2015 EAM SPM's direct costs of the management of EAM Solar ASA was NOK 14.3m (2014: NOK 10.1m), and no royalty was calculated. The royalty payment has been waived until the situation in EAM Solar ASA has found its solution. For 2015 the direct cost was EUR 0.04 per kWh based on full year figures. (against EUR 0.03 per kWh in 2014).

NOK [•] million of the direct costs charged in 2015 was related to extraordinary costs incurred due to the legal process and forensic investigation in conjunction with the P31 fraud.

Invoices from EAM Solar Park Management AS to the subsidiaries of EAM Solar ASA has for a period remained unpaid, simultaneously EAM Solar ASA has funded EAM Solar Park Management AS with necessary liquidity on behalf of the subsidiaries creating a receivable. In order to settle outstanding amounts between the parties has EAM Solar Park Management AS in 2015 assigned its position as creditor towards the subsidiaries of EAM Solar ASA to EAM Solar ASA and thereby settling between EAM Solar ASA and EAM Solar Park Management AS, and EAM Solar Park Management and the subsidiaries of EAM Solar ASA.

Credit facility from shareholder

EAM Solar ASA entered on the 20th of June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM Solar ASA, Sundt AS. The credit facility originally expired on the 10th of December 2014, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility with 15 years duration, carrying an all-inclusive interest of 10%.

The lending facility has been secured against the shares in EAM Solar Norway Holding AS, EAM Solar Italy Holding II Srl and the subsidiaries EAM Solar Italy 1 Srl, EAM Solar Italy 2 Srl and EAM Solar Italy 3 Srl since 2014.

Energeia Asset Management AS ownership

Company/owner	Ownership	Person
Jakobsen Energeia AS	28,33%	1) Viktor E Jakobsen
Sundt AS	28,33%	2)
Naben AS	15,57%	3) Audun W Iversen
Canica AS	7,51%	4)
Bjørgvin AS	7,51%	5)
Chold AS	9,77%	6) Christian Hageman
Jemma Invest AS	2,97%	8) Jarl Egil Markussen

No.	Position year-end 2015
1)	Executive Director of EAM Solar ASA
2)	Shareholder of EAM Solar ASA
3)	CEO of EAM Solar ASA
4)	Shareholder of EAM Solar ASA
5)	Shareholder of EAM Solar ASA
6)	COO - Energeia Asset Management AS
7)	CAO - Energeia Asset Management AS

Note 7: Income taxes

Income tax expence (NOK)	2015	2014
Tax payable (withholding tax Italy)	0	0
Changes in deferred tax	0	0
Income tax expence	**0**	**0**

Tax base calculation	2015	2014
Profit before income tax	**-137 136 001**	**8 364 840**
Permanent differences		-8 800 000
Tax loss carried forward		-2 114 273
Tax base	**-137 136 001**	**-2 549 433**

Tax loss carried forward	2015	2014
No due date		-19 279 113
Total tax loss carried forward	**0**	**-19 279 113**

EAM Solar ASA had a tax loss carried forward of NOK 2,549,433 at 31 December 2014, which expires as follows.

The deferred tax asset as at 27% tax rate; NOK 5 205 360 is not recognized in balance sheet, as it is currently not likely that the tax loss carried forward can be utilized.

Note 8: Liabilities and receivables

Receivables (NOK)	2015	2014
Intercompany receivables	42 093 995	22 397 082
Other receivables	4 343 897	0
Loan to Group Companies	0	314 459 943
Total receivables	**46 437 892**	**336 857 025**

Liabilities	2015	2014
Intercompany payables	1 877 169	0
Other payables	11 372 715	96 465 042
Other current liabilities	32 945 528	1 411 231
Total receivables	**46 195 412**	**97 876 273**

Note 9: Cash and cash equivalents

NOK	2015	2014
Cash	275 604	5 288 688
Restricted cash	0	0
Cash and cash equivalents	**275 604**	**5 288 688**

The group had no credit facilities at 31 December 2014

Note 10: Equity

At year-end 2015 the Company had a total of 5,070,000 shares outstanding.

Note 11: Finance income and finance cost

Financial income (NOK)	2015	2014
Intercompany interest income	16 230 045	9 055 239
Agio	30 635 626	40 203 392
Other financial income	1 470 674	295 262
Total financial income	**48 336 345**	**49 553 893**
Financial expenses	**2015**	**2014**
Interest expense	7 685 183	2 902 937
Disagio	16 777 708	20 875 064
Other financial expenses	142 802 116	1 533 151
Total financial expenses	**167 265 007**	**25 311 152**
Net financial income (expenses)	**-118 928 662**	**24 242 741**

Note 12: Subsequent events

See note 22 in the group financial statements.

POWER PRODUCTION

Reported power production (MWh)	2012	2013	2014	2015	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
EAM Solar Italy 1 Srl	2 571	2 315	2 219	2 488	374	801	710	334	460	841	832	355
EAM Solar Italy 2 Srl	5 237	4 806	4 565	4 138	754	1 616	1 502	693	933	1 275	1 195	735
EAM Solar Italy 3 Srl		326	2 160	2 482	404	881	603	271	438	858	816	370
Ens Solar One srl			1 882	4 305			1 115	767	797	1377	1 349	781
Energia Fotovaltaica 25			611	1 395			357	254	251	443	417	284
MWh	*7 808*	*7 447*	*11 436*	*14 808*	*1 533*	*3 298*	*4 287*	*2 318*	*2879*	*4 794*	*4 610*	*2 526*
Companies affected by criminal proceedings												
Energetic Source Green Power			4 236	9 692			2 505	1 732	1679	3175	2 967	1 870
Energetic Source Green Investments			1 824	3 892			1 072	752	731	1 253	1 184	725
Energetic Source Solar Production			2 930	6 584			1 750	1 180	1220	2191	2 021	1 151
Aveleos Green Investment			597	1 380			351	246	255	457	443	225
Energia Fotovaltaica 14			609	1 417			344	265	262	456	430	269
MWh	*0*	*0*	*10 196*	*22 964*	*0*	*0*	*6 022*	*4 174*	*4147*	*7 531*	*7 045*	*4 241*
Total reported MWh	**7 808**	**7 447**	**21 632**	**37 772**	**1 533**	**3 298**	**10 309**	**6 493**	**7 026**	**12 325**	**11 655**	**6 766**

Actual power production	2012	2013	2014	2015	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Varmo	2 571	2 315	2 219	2 488	374	801	710	334	460	841	832	355
Codroipo	5 237	4 806	4 565	4 138	754	1 616	1 502	693	933	1 275	1 195	735
Momo		1 219	990	1 234	198	451	214	127	213	425	410	186
Caltignaga		1 160	1 170	1 248	207	430	389	144	225	433	406	184
Lorusso		1 407	1 378	1 420	274	421	444	238	250	470	443	258
Brundesini		1 393	1 427	1 461	286	419	455	267	277	472	456	256
Scardino		1 352	1 424	1 424	286	426	451	261	270	436	450	268
Enfo 25		1 339	1 367	1 395	267	413	432	254	251	443	417	284
MWh	*7 808*	*14 992*	*14 537*	*14 808*	*2 646*	*4 977*	*4 597*	*2 318*	*2879*	*4 794*	*4 610*	*2 526*
Power plants affected by criminal proceedings												
Selvaggi		1 347	1 384	1 303	277	420	438	249	174	444	417	269
Di Mauro		1 322	1 382	1 417	274	413	440	254	260	464	423	270
Ninivaggi		1 312	1 384	1 400	274	423	434	253	243	444	440	273
Lomurno		1 356	1 348	1 382	270	410	426	242	250	453	421	258
Giordano D.		1 330	1 387	1 412	280	419	441	247	239	472	436	265
Gagnazzi		1 374	1 364	1 416	276	412	430	246	259	459	430	267
Gentile		1 258	1 334	1 361	260	411	423	240	254	438	400	269
Lorusso		1 278	1 300	1 264	267	403	401	229	198	434	427	204
Cirasole		1 367	1 461	1 217	292	441	462	267	271	369	320	258
Scaltrito		1 335	1 373	1 411	278	405	435	256	262	449	436	263
Pasculli		1 395	1 398	1 375	283	412	448	255	252	459	415	249
Pisicoli N.		1 469	1 396	1 427	275	424	449	248	257	467	437	266
Pisicoli T.		1 327	1 369	1 318	272	414	439	244	248	446	433	191
Marulli		934	1 022	1 045	197	312	330	183	194	348	326	177
Antonacci		1 310	1 418	1 419	285	430	454	249	269	471	410	269
Piangevino		1 183	1 358	1 380	273	415	425	246	255	457	443	225
Enfo 14		1 313	1 377	1 417	280	415	417	265	262	456	430	269
MWh	*0*	*22 207*	*23 055*	*22 964*	*4 613*	*6 978*	*7 290*	*4 174*	*4147*	*7 531*	*7 045*	*4 241*
Total produced MWh	**7 808**	**37 199**	**37 593**	**37 772**	**7 258**	**11 955**	**11 886**	**6 493**	**7 026**	**12 325**	**11 655**	**6 766**

Power plant	Capacity kW	Annual production MWh (*)	Location Province	Power plant design	Ownership company
Varmo	1 521	2 298	Udine	Dual axis tracker	EAM Solar Italy 1 Srl
Codroipo	3 128	4 623	Udine	Dual axis tracker	EAM Solar Italy 2 Srl
Momo	994	1 133	Piemonte	Fixed tilt	EAM Solar Italy 3 Srl
Caltignaga	992	1 120	Piemonte	Fixed tilt	EAM Solar Italy 3 Srl
Lorusso	984	1 403	Puglia	Fixed tilt	Ens Solar One srl
Brundesini	994	1 477	Puglia	Fixed tilt	Ens Solar One srl
Scardino	993	1 483	Puglia	Fixed tilt	Ens Solar One srl
Enfo 25	983	1 430	Puglia	Fixed tilt	Energia Fotovaltaica 25
MWh	*10 589*	*14 965*			
Power plants affected by criminal proceedings					
Selvaggi	989	1 383	Puglia	Fixed tilt	Energetic Source Green Power
Di Mauro	989	1 383	Puglia	Fixed tilt	Energetic Source Green Power
Ninivaggi	984	1 377	Puglia	Fixed tilt	Energetic Source Green Power
Lomurno	987	1 403	Puglia	Fixed tilt	Energetic Source Green Power
Giordano D.	989	1 406	Puglia	Fixed tilt	Energetic Source Green Power
Gagnazzi	989	1 406	Puglia	Fixed tilt	Energetic Source Green Power
Gentile	987	1 381	Puglia	Fixed tilt	Energetic Source Green Power
Lorusso	989	1 353	Puglia	Fixed tilt	Energetic Source Green Investments
Cirasole	986	1 376	Puglia	Fixed tilt	Energetic Source Green Investments
Scaltrito	989	1 376	Puglia	Fixed tilt	Energetic Source Green Investments
Pasculli	987	1 433	Puglia	Fixed tilt	Energetic Source Solar Production
Pisicoli N.	987	1 386	Puglia	Fixed tilt	Energetic Source Solar Production
Pisicoli T.	987	1 386	Puglia	Fixed tilt	Energetic Source Solar Production
Marulli	742	1 038	Puglia	Fixed tilt	Energetic Source Solar Production
Antonacci	986	1 378	Puglia	Fixed tilt	Energetic Source Solar Production
Piangevino	989	1 428	Puglia	Fixed tilt	Aveleos Green Investment
Enfo 14	977	1 415	Puglia	Fixed tilt	Energia Fotovaltaica 14
Total	*16 533*	*23 308*			
Total	**27 122**	**38 273**			

RESPONSIBILITY STATEMENT

From the Board of Directors and the CEO

We confirm, to our best knowledge that the financial statements for the period 1 January to 31 December 2014 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, 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.

Oslo, 30 April 2016

Pål Hvammen Non-executive director	Marthe Hoff Non-executive director	Ragnhild M Wiborg Chair	Viktor E Jakobsen CEO

AUDITORS REPORT

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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 were engaged to audit 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 2015, the statements of income, 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 2015, 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 an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Due to the matter described under "Basis for disclaimer of opinion" below, however, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

EAM Solar ASA acquired 15 July 2014 solar power plant entities located in Italy (P31). A significant component of the revenues of the power plant entities are Feed in Tariffs (FiT) which are contingent on the solar plants meeting certain conditions. We issued a disclaimer of opinion on the 2014 financial statements because we were unable to determine whether any adjustments might have been necessary in respect of revenues, receivables, property, plant and equipment, cash and cash equivalents, short term loan – interest bearing and deferred tax assets and the elements making up the statement of financial position as at 31 December 2014 and the statements of comprehensive income, cash flows and changes in equity of the Group and investment in subsidiaries and intercompany loan and the elements making up the balance sheet as at 31 December 2014, the statements of income, cash flows and changes in equity for the year then ended of the Parent Company.

Due to the disclaimer in 2014 we would not able to satisfy ourselves by alternative means that the Statement of Comprehensive income for 2015 presents fairly in all material respects, the financial performance for the year ended December 31,2015.

The FiT agreements were terminated by the contractual counterparty Gestore dei Servizi (GSE) during fourth quarter 2015 awaiting the result of an ongoing public investigation of the seller of the solar power plants as to whether the conditions for receiving the FiT consideration are met for 17 of the 21 solar power plants entities acquired. EAM Solar ASA is also involved in legal proceedings with the seller related to the acquisition agreement of P31. Given the material uncertainty as to whether EAM Solar ASA is entitled to the FiT and the uncertainty related to the outcome of the legal proceedings concerning the acquisition agreement of P31, we were unable to satisfy ourselves by alternative means the receivables towards the seller, investment in subsidiaries, intercompany loan and any contingent liabilities that could arise if EAM Solar ASA is not successful in the current legal proceedings taking place related to the acquisition of P31. We were also unable to satisfy ourselves by alternative means concerning the balances of lease agreements/project finance loans and seized cash at 31 December 2015 because we were not able to obtain confirmations of these balances from the banks.

As a result of the matters described above, we were unable to determine whether any adjustments might have been found necessary in respect of receivables towards the seller, cash and cash equivalents, short term loan – interest bearing and the elements making up the statement of financial position as at 31 December 2015 and the statements of comprehensive income, cash flows and changes in equity for the year then ended of the Group.

Further, we were unable to determine whether any adjustments might have been found necessary in respect of investment in subsidiaries and intercompany loan and the elements making up the balance sheet as at 31 December 2015, the statements of income, cash flows and changes in equity for the year then ended of the Parent Company.

Disclaimer of opinion on the financial statements

Because of the significance of the matters described in the "Basis for disclaimer of opinion" paragraph, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion for the Group and Parent Company. Accordingly, we do not express an opinion on the financial statements.

Report on other legal and regulatory requirements

Disclaimer of opinion on the Directors' report

Because of the significance of the matter described in the "Basis for disclaimer of opinion on the financial statements" paragraph, we do not express an opinion on the information in the Directors' report.

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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 2016
ERNST & YOUNG AS

Thomas Embretsen
State Authorised Public Accountant (Norway)

Annual report 2015

EAM Solar ASA

Dronningen 1

NO-0287 Oslo

NORWAY

Phone: +47 2411 5716

E-mail: viktor@eamsolar.no

www.eamsolar.no