



Scatec Solar
Improving our future™

SCATEC SOLAR ASA

Initial public offering of New Shares with gross proceeds of MNOK 500 and up to 19,835,413 Secondary Shares

Indicative Price Range of NOK 28 to NOK 36 per Share

Listing of the Company's Shares on Oslo Børs

This Prospectus (the "**Prospectus**") has been prepared by Scatec Solar ASA (the "**Company**" or "**Scatec Solar**", and together with its consolidated subsidiaries, the "**Group**") solely for use in connection with the initial public offering (the "**Offering**") and listing (the "**Listing**") of the Company's shares (the "**Shares**") on Oslo Børs.

The Offering consists of a primary offering of a number of new Shares in the Company with gross proceeds of NOK 500 million, each with a nominal value of NOK 0.025 (the "**New Shares**") offered by the Company and a secondary sale of up to 19,835,413 existing Shares in the Company, each with a nominal value of NOK 0.025 (the "**Secondary Shares**") offered by Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS, ITOCHU Corporation, ITOCHU Europe PLC, Argentos AS, Rearden AS and the Selling Employees as defined in Section 18 (the "**Selling Shareholders**") (the New Shares together with the Secondary Shares, the "**Offer Shares**"), in connection with (i) an institutional offering in which Offer Shares are offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, pursuant to applicable exemptions from local prospectus requirements and other filing requirements, and (c) in the United States to qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, in each case subject to a minimum application of NOK 1,000,000 (the "**Institutional Offering**"), (ii) a retail offering to the public in Norway subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 (the "**Retail Offering**"), and (iii) an employee offering to eligible employees of the Group, subject to a minimum application amount of NOK 10,500 (NOK 2,000 for eligible employees of the Company's South African consolidated subsidiaries) and a maximum application amount of NOK 999,999 (the "**Employee Offering**").

ABG Sundal Collier Norge ASA ("**ABG Sundal Collier**") and Carnegie AS ("**Carnegie**") are acting as joint lead managers and joint bookrunners in the Offering (the "**Managers**"). On behalf of the Managers, Carnegie, acting as Stabilisation Manager in the Offering, may elect to over-allot a number of additional Shares equalling up to 15% of the number of Offer Shares (the "**Additional Shares**"). In this respect, Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS and ITOCHU Corporation (the "**Principal Shareholders**") have granted Carnegie, on behalf of the Managers, an option to lend a number of Shares equal to the number of Additional Shares in order to facilitate such over-allotment (the "**Lending Option**"). The Principal Shareholders have granted the Managers an option to buy a number of Shares equal to the number of Additional Shares at a price per share equal to the final Offer Price (the "**Greenshoe Option**").

The price (the "**Offer Price**") at which the Offer Shares are expected to be sold is indicatively set to be between NOK 28 and NOK 36 per Offer Share (the "**Indicative Price Range**"). The Offer Price may be set within, below or above the Indicative Price Range. The Offer Price will be determined through a bookbuilding process and will be set by the Board of Directors in consultation with the Managers. Investors in the Retail Offering and the Employee Offering will receive a discount of NOK 1,500 (14.30% per share allocated to eligible employees of the Company's South African consolidated subsidiaries, limited to a maximum amount of NOK 1,500) on their aggregate amount payable for the Offer Shares allocated to such investors. The Offer Price, and the number of Offer Shares sold in the Offering, is expected to be announced through a stock exchange notice on or before 26 September 2014 at 09:00 hours (CET). The offer period for the Institutional Offering (the "**Bookbuilding Period**") will commence at 09:00 hours (CET) on 15 September 2014 and close at 16:30 hours (CET) on 25 September 2014. The application period for the Retail Offering and the Employee Offering (the "**Application Period**") will commence at 09:00 hours (CET) on 15 September 2014 and close at 12:00 hours (CET) on 25 September 2014. The Bookbuilding Period and/or the Application Period may, at the Company's sole discretion and for any reason, be shortened or extended beyond the set times, but will in no event be shortened to expire prior to 12:00 hours (CET) on 23 September 2014 or extended beyond 16:30 hours (CET) on 2 October 2014.

All of the Shares are, and the New Shares will be, registered in the Norwegian Central Securities Depository (the "**VPS**") and will be in book-entry form. All of the Shares rank *pari passu* with one another and will each carry one vote. Except where the context otherwise requires, references in this Prospectus to the Shares will be deemed to include the New Shares.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except (i) within the United States to QIBs in reliance on Rule 144A or another applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Managers have represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 16.2 "Transfer restrictions".

Prior to the Offering, the Shares have not been publicly traded. On 27 August 2014, the Company applied for admission to trading of its Shares on Oslo Børs. It is expected that the board of directors of Oslo Børs will consider the listing application on 24 September 2014. Completion of the Offering is subject inter alia to the approval of the listing application by the board of directors of Oslo Børs and the Company fulfilling all listing conditions set by Oslo Børs.

The due date for the payment of the Offer Shares is expected to be on or about 30 September 2014. Provided timely payment, delivery of the Offer Shares is expected to take place on or about 1 October 2014 for the Retail Offering and the Employee Offering, and on or about 30 September 2014 for the Institutional Offering, through the facilities of the VPS. Trading in the Shares on Oslo Børs is expected to commence on or about 29 September 2014 under the ticker code "SSO".

Joint Lead Managers and Joint Bookrunners

ABG Sundal Collier Norge ASA

Carnegie AS

The date of this Prospectus is 12 September 2014

IMPORTANT INFORMATION

This Prospectus has been prepared solely for use in connection with the Offering of the Offer Shares and Listing of the Shares on Oslo Børs. Please see Section 18 "Definitions and glossary" for definitions of terms used throughout this Prospectus.

The Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 No. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in Prospectuses, as amended, and as implemented in Norway (the "**Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described or referred to in this Prospectus.

The Company has engaged ABG Sundal Collier and Carnegie as Joint Lead Managers and Joint Bookrunners.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Offering or sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Managers or by any of the affiliates, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. For further information on the sale and transfer restrictions of the Offer Shares, see Section 16 "Selling and transfer restrictions".

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Offer Shares between the time of approval of this Prospectus by the Norwegian FSA and the Listing of the Offer Shares on Oslo Børs, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor any sale of Offer Shares made hereunder, shall under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

In making an investment decision, each investor must rely on their own examination, and analysis of, and enquiry into the Group and the terms of the Offering, including the merits and risks involved. None of the Company, the Selling Shareholders or the Managers, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality or suitability of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

This Prospectus and the terms and conditions of the Offering as set out herein shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

All Sections of the Prospectus should be read in context with the information included in Section 0 "General information".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE UNITED STATES

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares. The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offer Shares will not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act. The Offer Shares will be offered outside the United States in compliance with Regulation S. **Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act.** See Section 16.1 "Selling restrictions."

Any Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under Section 16.2 "Transfer restrictions."

The securities offered hereby have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO UNITED KINGDOM INVESTORS

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In any European Economic Area (the "**EEA**") that has implemented the EU Prospectus Directive, other than Norway, (each, a "**Relevant Member State**") this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Directive. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a Prospectus for offer of shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or the Managers to publish a Prospectus or a supplement to a Prospectus under the EU Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

- (a) it is a qualified investor as defined in the EU Prospectus Directive, and
- (b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) such Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company incorporated under the laws of Norway. As a result, the rights of holders of the Company's Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The Company's directors and the Group's executive officers are not residents of the United States, and a substantial portion of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or its directors or the Group's executive officers in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons based on the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its directors or the Group's officers under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its directors or officers under the securities laws of other jurisdictions. The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Similar limitations may also apply in any other jurisdictions than the United States.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

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1. EXECUTIVE SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

A.1	Warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
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Section B – Issuer

B.1	Legal and commercial name	Scatec Solar ASA.
B.2	Domicile and legal form, legislation and country of incorporation	The Company's registered name is Scatec Solar ASA. The Company is organised as a public limited liability company under Norwegian law, in accordance with the Norwegian Public Limited Companies Act, and is registered with the Norwegian Register of Business Enterprises with registration number 990 918 546.
B.3	Current operations, principal activities and markets	The Company is a leading integrated, independent power producer (IPP). The Company pursues a unique integrated business model, encompassing the entire lifecycle of a solar power plant project. The Company is a project originator and developer, a plant designer, engineer and constructor, as well as an operator and long-term owner. The Company operates globally, and currently has operating subsidiaries in Germany, the Czech Republic, France, USA, Jordan, Japan, Rwanda, and South Africa
B.4a	Significant recent trends affecting the Company and the industries in which it operates	The management of Scatec Solar has not seen any recent major changes in the operating or financial environment for its producing assets or assets under construction. Production is increasing significantly, and the Company's construction projects have progress timely and in line with budget assumptions. Please refer to section 11.3

B.5	Description of the Group	Scatec Solar ASA is the parent company in the Group. The Company carries out corporate services, management and Group finance services, and also provides certain services related to project development and construction for its subsidiaries. The Company generates internal revenues based on agreements established between the Company and individual subsidiaries in the Group. The scope of these agreements includes management services as well as services related to project development and construction, including but not limited to permitting, financial modelling, production of bidding documents, structuring of debt and equity financing and securities and guarantees, evaluation of tax issues, legal services, advice on procurement tendering processes, and grid-connection studies. The Company's subsidiaries in the Group are fully or partly-owned special purpose vehicle companies (SPVs) that own and operate solar power plants in, including but not limited to, South Africa, the Czech Republic, North America and Rwanda, and other companies set up to undertake necessary activities with respect to the SPVs.
B.6	Interests in the Company and voting rights	Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. The following shareholders owned more than 5% of the Shares on 12 September 2014:

Name	Number of Shares	Percentage (%)
Scatec AS	24,848,440	36.81
ITOCHU Corporation	17,073,160	25.29
Scatec Invest AS	11,100,000	16.44
ITOCHU Europe PLC.	7,317,040	10.84
Total	60,339,040	89.38

B.7	Selected historical key financial information	The following consolidated financial information has been derived from the Company's audited consolidated annual financial statements for the years ended 31 December 2013 and 2012, as well as the unaudited consolidated interim financial statements for the three and six month periods ended 30 June 2014, prepared according to IFRS as adopted by the EU. The selected financial information presented below should be read in conjunction with Section 10 "Financial Information" and the Group's annual financial statements and interim financial statement included in Appendices B and C to the Prospectus.
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Condensed consolidated profit or loss

(NOK thousand)	Q2 2014 (Unaudited)	Q2 2013 (Unaudited)	YTD 2014 (Unaudited)	YTD 2013 (Unaudited)	FY 2013	FY 2012
Revenues	92 854	28 076	149 982	45 912	132 163	366 705
Net income/(loss) from associated companies	-140	-280	-249	-482	-3 191	-298
Total revenues and other income	92 714	27 796	149 734	45 430	128 972	366 407
Cost of sales	-1 236	-2 388	-1 639	-12 087	-12 331	-257 394
Gross profit	91 477	25 408	148 094	33 343	116 641	109 013
Personnel expenses	-16 443	-12 214	-30 277	-22 592	-50 886	-39 212
Other operating expenses	-23 076	-22 425	-36 737	-33 606	-82 607	-41 927
Depreciation, amortisation	-16 705	-6 447	-35 755	-12 690	-57 836	-29 858

and impairment						
Operating profit	35 253	-15 678	45 326	-35 545	-74 688	-1 984
Interest and other financial income	8 306	71 580	31 825	110 393	90 613	4 485
Interest and other financial expenses	-36 079	-15 544	-93 273	-22 979	-62 116	-62 006
Net foreign exchange gain/(losses)	23 838	3 229	56 742	1 788	62 242	-8 101
Net financial expenses	-3 935	59 265	-4 706	89 203	92 739	-65 622
Profit before income tax	31 318	43 587	40 620	53 658	18 052	-67 606
Income tax (expense)/benefit	-4 884	-14 350	-4 397	-28 408	-25 603	19 161
Profit/(loss) for the period	26 435	29 237	36 223	25 249	-7 751	-48 445
Profit/(loss) attributable to:						
Equity holders of the parent	8 170	2 017	-1 555	-18 585	-34 678	-46 371
Non-controlling interests	18 265	27 220	37 777	43 834	27 127	-2 074
	26 435	29 237	36 223	25 249	-7 551	-48 445
Basic and diluted earnings per share (NOK)	0,13	0,03	-0,02	-0,29	-0,53	-0,71
Weighted average no of shares (in thousand)	64960	64960	64960	64960	64960	64960

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Condensed consolidated statement of financial position

Assets

(NOK thousand)	30 June 2014 (Unaudited)	31 December 2013	31 December 2012
ASSETS			
Non-current assets			
Deferred tax assets	359 886	313 644	137 066
Property, plant and equipment – in solar projects	2 550 882	1 857 294	631 239
Property, plant and equipment – other	10 189	8 715	3 350
Goodwill	20 616	20 566	18 010
Financial assets	50 803	79 921	-
Investments in associated companies	17 251	6 321	2 257
Other non-current assets	70 452	31 397	10 926
Total non-current assets	3 080 080	2 317 859	802 848
Current assets			
Trade and other receivables	58 818	25 472	22 665
Other current assets	97 205	105 237	93 627
Financial assets	17 895	50 552	-
Cash and cash equivalents	919 329	1 025 362	173 209
Total current assets	1 093 247	1 206 623	289 501
TOTAL ASSETS	4 173 327	3 524 482	1 092 349

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Equity and Liabilities

(NOK thousand)	30 June 2014 (Unaudited)	31 December 2013	31 December 2012
EQUITY AND LIABILITIES			
Equity			
Share capital	1 624	1 624	1 624
Share premium	301 286	301 286	301 286
Total paid in capital	302 910	302 910	302 910
Retained earnings	-190 858	-147 074	-112 396
Other reserves	-3 143	-51 860	-38 509
Total other equity	-194 001	-198 934	-150 905
Non-controlling interests	356 843	294 640	10 517
Total equity	465 752	398 616	162 522
Non-current liabilities			
Deferred tax liabilities	96 875	80 894	10 076
Non-recourse project financing	2 494 347	2 376 968	595 493
Financial liabilities	4 650	-	61 532
Other non-current liabilities	42	3 608	3 728
Total non-current liabilities	2 595 914	2 461 470	670 829
Current liabilities			
Trade and other payables	354 503	441 811	27 400
Income tax payable	87 545	91 881	55 597
Non-recourse project financing	447 825	21 572	16 003
Financial liabilities	18 100	16 298	25 121
Other current liabilities	203 688	92 834	134 877
Total current liabilities	1 111 661	664 396	258 998
Total liabilities	3 707 575	3 125 866	929 827
TOTAL EQUITY AND LIABILITIES	4 173 327	3 524 482	1 092 349

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Condensed consolidated statement of cash flows

(NOK thousand)	Q2 2014 (Unaudited)	Q2 2013 (Unaudited)	YTD 2014 (Unaudited)	YTD 2013 (Unaudited)	FY 2013	FY 2012
Cash flow from operating activities						
Profit before taxes	31 318	43 587	40 620	53 658	18 052	-67 606
Taxes paid	-14 165	-32 265	-29 672	-93 332	-133 116	-67 286
Depreciation and impairment	16 705	6 447	35 755	12 690	57 835	29 858
Net income from associated companies	140	280	249	482	3 191	298
Interest and other financial income	-8 306	-71 580	-31 825	-110 393	-90 613	-4 485
Interest and other financial expenses	36 079	15 544	93 273	22 979	62 116	62 006
Foreign exchange (gain)/loss	-31 290	-3 229	8 611	-1 788	-64 242	8 101
(Increase)/decrease in trade	-36 988	-16 907	-33 346	-9 305	-2 807	22 869

and other receivables						
(Increase)/decrease in other current assets	39 620	30 609	8 032	13 644	-11 610	55 275
Increase/(decrease) in trade and other payables	-91 619	224 801	-87 308	383 253	414 411	-107 041
Increase/(decrease) in current liabilities	64 669	-134 941	68 623	-47 443	38 921	25 215
Increase/(decrease) in financial assets and other changes.	-4 624	-20 656	47 773	-29 152	8 942	3 728
Net cash flow from operating activities	1 538	41 689	120 785	195 291	301 080	-39 068
Cash flow from investing activities						
Interest received	7 987	3 461	13 369	6 923	13 845	1 477
Investments in property, plant and equipment	-252 154	-355 251	-657 159	-524 310	-1 313 765	-134 991
Investments in associated companies	-11 215	-5 792	-11 215	-5 792	-6 497	-7 437
Net cash flow from investing activities	-255 382	-357 582	-655 005	-523 180	-1 306 417	-140 951
Cash flow from financing activities						
Proceeds shareholder loan from non-controlling interests	17 952	119 542	33 873	142 894	207 804	46 656
Interest paid	-28 058	-11 200	-55 111	-22 399	-44 798	-23 196
Proceeds from non-recourse project financing	217 906	639 933	478 960	719 990	1 803 047	228 510
Repayment of non-recourse project financing	-29 195	-4 001	-30 224	-8 002	-16 003	-15 218
Repayment of corporate overdraft facility	-	-	-	-	-80 964	-
Dividends paid to non-controlling interests	-	-	-	-	-800	-12 172
Net cash flow from financing activities	178 605	744 274	427 498	832 484	1 868 286	224 580
Net increase/(decrease in cash and cash equivalents	-75 239	427 055	-106 723	504 596	862 948	44 561
Effect of exchange rate changes on cash and cash equivalents	23 277	-38 060	689	-25 216	-10 795	14 384
Cash and cash equivalents at beginning of the period	971 291	262 267	1 025 362	173 209	173 209	114 264
Cash and cash equivalents at end of the period	919 329	652 589	919 329	652 589	1 025 362	173 209

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

B.8	Selected key pro forma financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate is made.
B.10	Audit report qualifications	Not applicable. There are no qualifications in the audit reports.
B.11	Working capital	It is the Company's opinion that the Group does not have sufficient working capital for its present requirements, i.e. for the next 12 months. In order to realise solar power plants currently in project backlog and operations for a period of twelve months from the date of this Prospectus, the Company is dependent on additional financing of NOK 360 million in gross proceeds.

		Additional financing is expected to be required for the first projects in current backlog, during the course of November 2014. The additional financing is proposed raised through the Offering as described in this Prospectus. The Company is confident that the Offering will be successful and secure adequate funding for further growth. No capital commitments have been made in relation to growth or to realisation of new solar plants currently in project backlog. No additional capital is needed to maintain current operations without growth. Should the Offering fail to raise additional funding, the Company may reduce its growth ambitions to secure continued operations. Liquidity would without growth be maintained through existing cash, cash from operations after reduction in growth related operational expenditures, and the use of existing overdraft and guarantee facilities.
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Section C – Securities

C.1	Type and class of securities admitted to trading and identification numbers	The Company has one class of shares in issue. The Offer Shares offered in connection with the Offering will in all respect be equal to the existing Shares of the Company, once the New Shares have been issued and registered with the Norwegian Register of Business Enterprises and the VPS. The Company's Shares are registered in the VPS with ISIN 001 0715139.
C.2	Currency	NOK.
C.3	Number of shares and par value	At the date of this Prospectus, the Company's share capital is NOK 1,687,511 divided into 67,500,440 ordinary Shares with a nominal value of NOK 0.025 each. All the existing Shares are validly issued and fully paid.
C.4	Right attached to the securities	The Offer Shares offered in connection with the Offering will in all respects be equal to the existing Shares of the Company once the New Shares have been issued and registered with the Norwegian Register of Business Enterprises and the VPS. The Shares are equal in all respects and there are no different voting rights or classes of shares. Each Share carries one vote at the General Meeting.
C.5	Restrictions on transferability	<i>Not applicable. The Shares of the Company are freely transferable, subject to any local regulatory transfer restrictions. For further information regarding the sale and transfer of the Shares in jurisdictions other than Norway see Section 16 "Selling and transfer restrictions".</i>
C.6	Admission to trading	On 27 August 2014, the Company applied for admission to trading of its Shares on Oslo Børs. It is expected that the board of directors of Oslo Børs will approve the listing application on 24 September 2014, subject to certain conditions being met. Subject to approval of the listing application by the board of directors of Oslo Børs and fulfilment of the listing conditions set by Oslo Børs, the Company expects commencement of trading in the Shares on Oslo Børs on or about 29 September 2014. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.
C.7	Dividend policy	All Shares in the Company have equal rights to dividends. The Company's objective is to pay its shareholders consistent and growing cash dividends. A share of free cash distributed from the project companies

		holding our power producing assets will be used to pay regular cash dividends that are sustainable on a long term basis. It is the intention that dividend will grow in line with the growth in the Company's producing asset base. The Company intends to announce its first dividend as a listed company, during the first half of 2015, distributing 100% of the cash received from the Company's project companies during 2014, estimated to approximately NOK 25 million. From 2015 the Company intends to allocate 50% of free cash received from the project companies holding the Company's power producing assets to dividends. For 2015, the dividend is estimated to approximately NOK 40 million. There can be no assurances that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, the Group's capital requirements and financial condition, general business conditions, any restrictions that borrowing arrangements or other contractual arrangements may place on the Company's ability to pay dividends and the maintaining of appropriate financial flexibility.
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Section D – Risks

D.1	Key risks specific to the Company or its industry	Risks related to the Group and the industry in which it operates: • The market price of electricity • Government subsidies, incentives and other support mechanisms • Changes in the legal environment • Political risk • Competition • The global capital market environment • Risks associated with acquisitions, participations and partly owned companies • The Company's growth including pipeline and backlog, and international operations • Cost uncertainty and increasing operation expenses • Insufficient quality of equipment and technical breakdowns • Inflation • Exchange rates • Risks relating to counterparties • Disputes and legal or regulatory proceedings • External subcontractors • Solar power plant and their performance • Intellectual property risks • HSE regulations and other laws • Taxation risks • Risk relating to key employees and contractors • Catastrophes, natural disasters, war, climate change, weather variations etc. • Theft and vandalism • Insufficient insurance coverage • Risks relating to accounting treatment and classification • Risks relating to bureaucratic or executive error and inefficiencies • Corruption and unethical practices • Impairment of asset values
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		Risks related to the Group's financing: • Reduced financing availability and increase in interest rates • Dependency on current financing arrangements and compliance with such
D.3	Key risks specific to the securities	Risks related to the Listing and the Shares: • The Group will incur increased costs as a result of being a publicly traded company • Fluctuation in the share price • Future issuances of Shares or other securities • Limited liquidity • Nominee accounts and voting rights • Difficulties for foreign investors to enforce non-Norwegian judgments • Limitations on the shareholders' ability to bring actions against the company • Exchange rate risks • Dilution • Transfer restrictions

Section E – Offer

E.1	Net proceeds and estimated expenses	The Offering comprises a number of New Shares with gross proceeds of NOK 500 million offered by the Company and up to 19,835,413 Secondary Shares offered by the Selling Shareholders, excluding utilization of the Over Allotment Option. The Company will not receive any proceeds from the sale of the Secondary Shares. Selling Shareholders will pay brokerage fees for any sale of Secondary Shares. All other transaction costs related to the New Shares and all other directly attributable costs in connection with the Listing and Offering will be paid by the Company. The total cost is expected to be in the range NOK 22 million – NOK 27 million, implying net proceeds in the range NOK 473 million – NOK 478 million.
E.2a	Reasons for the Offering and use of proceeds	The Listing is an important factor in the Group's business strategy. The Company has decided to apply for the Listing of the Shares on Oslo Børs and conduct the Offering in order to: • Increase the Company's access to equity and ensure financing of further growth. • Ensure organised and regulated trading of the Shares. • Increase liquidity of the Shares and thus increase the attractiveness of the Shares, inter alia as transaction currency in potential future acquisitions or mergers, and the Company as an investment alternative. • Strengthen the Company's profile in the markets in which it operates. • Satisfy the requirement on sufficient spread of ownership of the Shares pursuant to the listing rules for Oslo Børs. The primary purpose of the Offering is to strengthen the strategic and financial position of the Company. The net proceeds from the Offering will primarily be used to, and in the following order of priority, (i) equity investments for the Company's project backlog and pipeline as described in the Prospectus and (ii) working capital for execution of the Company's projects.

		The proceeds will also be used for general corporate purposes.
E.3	Terms and conditions of the Offering	The Offering consists of a primary offering of a number of New Shares with gross proceeds of NOK 500 million offered by the Company and a secondary sale of up to 19,835,413 Secondary Shares offered by the Selling Shareholders. In addition, the Managers, with consent from the Company, may elect to over-allot a number of additional Shares equalling up to 15% of the number of Offer Shares allotted in the Offering (the "Additional Shares"). The Principal Shareholders have granted Carnegie, on behalf of the Managers, an option to lend a corresponding number of Additional Shares to cover any such over-allotments (the "Lending Option"). Further, the Principal Shareholders have granted Carnegie an option to buy a number of Shares equal to the number of Additional Shares at a price per share equal to the final Offer Price (the "Greenshoe Option"). The Offering consists of: (i) An Institutional Offering, in which Offer Shares are offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, pursuant to applicable exemptions from local Prospectus requirements and other filing requirements, and (c) in the United States to QIBs as defined in, and in reliance on Rule 144A under the U.S. Securities Act. The Institutional Offering is subject to a minimum application of NOK 1,000,000; (ii) A Retail Offering, in which Offer Shares are being offered to the public in Norway, subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 per applicant. Investors that are allocated Offer Shares in the Retail Offering will receive a discount of NOK 1,500 on the aggregate Offer Price for the Offer Shares allocated to such investor. Investors who intend to place an order in excess of NOK 999,999 must do so in the Institutional Offering; (iii) An Employee Offering, in which Offer Shares are being offered to Eligible Employees (as defined herein), subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of an amount of NOK 999,999 for each Eligible Employee. Eligible Employees who are allocated Offer Shares in the Employee Offering will receive a discount of NOK 1,500 on the aggregate Offer Price for the Offer Shares allocated to such investor. Investors who intend to place an order in excess of NOK 999,999 must do so in the Institutional Offering. Directors of the Company's South African consolidated subsidiaries and permanent employees of Scatec Solar SA 163 (Pty) Ltd who become participants in the Company's South African Employee Share Scheme may apply for Offer Shares subject to a lower limit per application of an amount of NOK 2,000 and an upper limit per application of an amount of NOK 999,999 for each South African Eligible Employee, and will receive a discount of 14.30% of the Offer Price for the Offer Shares being acquired, limited to a maximum amount of NOK 1,500 per application. In the event that the Offering is not fully subscribed, the issuance of New Shares will have priority over the sale of Secondary Shares.

		All offers and sales outside the United States will be made in compliance with Regulation S. The Bookbuilding Period for the Institutional Offering is expected to take place from 15 September 2014 at 09:00 hours (CET) until 25 September 2014 at 16:30 hours (CET). The Application Period for the Retail Offering and the Employee Offering is expected to take place from 15 September 2014 at 09:00 hours (CET) until 25 September 2014 at 12:00 (CET). The Company, in consultation with the Managers, reserves the right to shorten or extend the Bookbuilding Period and/or the Application Period at any time. The Company also reserves the right, in consultation with the Managers, to withdraw, suspend or revoke the Offering at any time prior to final allocation at its sole discretion (and for any reason). The Managers expect to issue notifications of allocation of Offer Shares in the Offering on or about 26 September 2014, by issuing allocation notes to the applicants by email or otherwise. Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares in the Institutional Offering is expected to take place on or about 30 September 2014. The due date for payment in the Retail Offering and the Employee Offering is on or about 30 September 2014. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 1 October 2014.
E.4	Material and conflicting interests	ABG Sundal Collier and Carnegie or their affiliates are currently providing, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. ABG Sundal Collier and Carnegie are Managers for the Offering and receive fees and commission in this regard. None of the Managers currently own any Shares in the Company. The Selling Shareholders will receive the proceeds from the Secondary Sale and the Company will receive the proceeds from the issuance of the New Shares. Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons involved in the Offering.
E.5	Selling Shareholders and lock-up	At the date of this Prospectus, the Selling Shareholders hold 67,208,280 Shares, corresponding to 99.56% of the issued and outstanding Shares. The total number of Secondary Shares to be sold by the Selling Shareholders shall be decided by the Board of Directors in its sole discretion after consultations with the Managers, following expiry of the Bookbuilding Period. If the total number of Secondary Shares to be sold is lower than the aggregate of the maximum number of Secondary Shares offered for sale in the Secondary Sale, the priority between the Secondary Shares shall in principle be pro rata in relation to the number of Secondary Shares to be sold by each Selling Shareholder. The Selling Shareholders' names and corresponding maximum number of Secondary Shares to be sold by each Selling Shareholder is detailed in Section 5.13 "Selling Shareholders".

		The Managers have entered into agreements with Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS, ITOCHU Corporation, ITOCHU Europe PLC., Argentos AS, the Company, the members of the Board of Directors and members of the Management, pursuant to which such parties have made undertakings to the Managers restricting their ability to sell or transfer Shares for a period of 9-12 months following the first day of Listing. For further information on such lock-up restrictions, please see Section 5.14 "Lock-Up".
E.6	Dilution resulting from the Offering	Assuming that the Offer Price is set within the Indicative Price Range, the dilutive effect of the Offering will be in the range of 17% to 21%, depending on the Offer Price and the number of New Shares allocated in the Offering.
E.7	Estimated expenses charged to investor	Not applicable. The expenses related to the Offering will be paid by the Company and the Selling Shareholders.

2. RISK FACTORS

Investing in the Shares involves inherent risks. Prior to making any investment decision with respect to the Shares, an investor should carefully consider all of the information contained in this Prospectus, and in particular the risks and uncertainties described in this Section, which the Company believes are the known risks and uncertainties faced by the Group as of the date hereof. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine potential threat to an investment in the Shares. Should any of the following risks occur, it could have a material adverse effect on the Company's business, prospects, results of operations, cash flows and financial position, and the trading price of the Company's Shares may decline, causing investors to lose all or part of their invested capital. Additional risks not presently known to the Company or which the Company currently deems immaterial may also have a material adverse effect on the Company.

A prospective investor should consult his or her own expert advisors as to the suitability of an investment in the Shares. It is not possible to quantify the significance to the Company of each individual risk factor as each of the risk factors mentioned below may materialise to a greater or lesser degree. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of individual risks.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group. The information in this Section is as of the date of this Prospectus.

2.1 RISK RELATING TO SCATEC SOLAR AND THE INDUSTRY IN WHICH IT OPERATES

2.1.1 *Market price of electricity*

Scatec Solar's sales of electricity constitute a material share of its gross profit. Thus, the profitability of its PV solar power plants depends to a large extent on the sales price of the electricity produced. The Group seeks to reduce the effect of price fluctuation by entering into long-term fixed price contracts. Currently, the Group is not exposed to price risk related to electricity sold at spot rate.

While this is further influenced by government subsidies and support, as outlined more detailed below, the future development of the PV industry in general, and the Company in particular, will to a significant degree depend on the development in electricity market prices over time. Electricity prices depend on a number of factors including, but not limited to, availability and costs of primary energy sources (including oil, coal, natural gas and uranium), and the development in cost, efficiency and equipment investment need for other electricity producing technologies, including other renewable energy sources.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity trading market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects.

2.1.2 *Government subsidies, incentives and other support mechanisms*

Political developments could lead to a material deterioration of the conditions for, or a discontinuation of, current incentives for PV solar power plants. It is also possible that government financial support for PV solar power plants will be subject to judicial review and determined to be in violation of applicable constitutional or legal requirements, or be significantly reduced or discontinued for other reasons. A reduction of government support and financial incentives for the installation of PV solar power plants in any of the markets in which Scatec Solar currently operates or intends to operate in the future could result in a material decline in the availability of investment opportunities. Scatec Solar is currently active in a number of markets, including South Africa, the Czech Republic, Rwanda, Jordan, Japan, Sub-Saharan Africa, the UK and the United States. Scatec Solar is also planning to broaden its market presence and will also become active in new markets going forward. Incentives for PV energy are currently important in all these markets.

2.1.3 *Changes in the legal environment*

In addition to risks related specifically to governmental subsidies, incentives and other support, Scatec Solar is exposed to risks related to general changes in legislation and regulatory framework in the various jurisdictions in which the Company operates. Generally, these regulations are subject to change based on the current and future economic and political conditions. The implementation of new regulations or the modification of existing regulations affecting the industries in which the Group operates could lead to delays on the constructions or development of additional solar power projects and/or adversely impair its ability to acquire and develop economic projects, generate adequate internal returns from operating projects and continue operating in current markets.

Uncertainties include, but are not limited to, change in renewable energy policies, changes in taxation policies and/or the regulatory environment. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on the Group's operations and financial performance.

2.1.4 *Political risk*

The Group holds and will in the future hold assets and operate in many jurisdictions. Further to this, the Group's operations are subject to international and national laws and regulations applied by various government authorities and international organisations in connection with inter alia obtaining and renewing various licenses and permits (also refer to Section 6.12), as well as its ongoing and future operations in general. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with the terms thereof. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with existing and changes in regulatory requirements in the jurisdictions where the Group operates, and any non-compliance can have an adverse effect on the Group's operations, business, financial performance and prospects.

2.1.5 *Issuance of debt, financing availability and increase in interest rates*

Generally, a scarcity of financing during any given period of time could limit the demand for PV projects with a negative impact on the growth of the PV industry. In particular, the Company finance a significant portion of the capital costs associated with the construction and development of its renewable energy projects by way of incurring external debt and/or equity investments in the SPV used for the particular PV solar power plant development, construction and operation project.

Further expansion of the Group's operations will require external funding. Failure to obtain financing on a timely basis could cause the Company to miss business opportunities, reduce or terminate its operations in certain locations or forfeit its direct interest in certain projects. There is no assurance that debt or equity financing, or cash generated from operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, or that it will be available on terms acceptable to the Company.

Moreover, relatively low interest rates generally have had a positive effect on the profitability of PV solar power plants in recent years. In addition, the low interest rate environment has reduced the expected return on certain alternative investments, and increased costs of financing. An increase in interest rates could significantly reduce the profitability of, and reduce the demand for, the Company's PV solar power plants.

Scatec Solar is exposed to interest rate risk through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimize interest costs and to keep the volatility of future interest payments within acceptable limits. The Group manages its cash flows interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps. Although the Group has established arrangements in order to minimise interest rate risk exposure, fluctuation in interest rates may nevertheless affect, inter alia, the competitiveness of solar power plants.

2.1.6 *Competition*

The PV industry competes with other sources of renewable energy (e.g. wind, biomass, fuel cells) and conventional power generation. If prices for conventional and/or other renewable energy resources decline or if other renewable energy resources enjoy greater policy support than the PV industry, and the PV industry, including Scatec Solar, is not able to achieve reduction in production costs that enables it to reduce the price per kilowatt-hour of electricity that can be generated from its PV solar power plants, the PV industry could suffer.

In particular, national legislation that supports the PV industry generally either mandates a regular reduction of the support level, or is regularly reviewed with the intention that support should be reduced. Accordingly, in the medium and long term, market prices for PV panels may decline, and market participants, including Scatec Solar, will need to reduce the future price per kilowatt-hour of electricity that can be generated from its PV solar power plants.

Scatec Solar currently faces intense competition in most of the markets in which the Company is present. The Company has in the past been able to enter new markets before other peers and thereby been able to realise its projects with good margins, inter alia in South Africa. Due to increasing competition, the Company may not be able to develop projects with similar margins. The Company may face increasing competition in the future, inter alia due to peers being able to develop competing projects, or by obtaining capital, at a lower cost than the Company.

Many of Scatec Solar's existing and potential competitors may have longer operating histories, access to lower cost financing, structurally better cost positions through geographical location or agreements with local authorities (including direct and indirect subsidies), better access to skilled personnel, better access to research and development partners, and significantly greater financial, technical and other resources than Scatec Solar. As a result, they may be able to respond more quickly than Scatec Solar can to the changing customer demands or to market development. It is possible that new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share.

Furthermore, Scatec Solar also competes with other companies in attempting to secure equipment necessary for the construction of solar energy projects. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. There is no assurance that the Company will be able to successfully compete against its competitors. The failure by the Scatec Solar to successfully compete against its competitors could have a material adverse effect on the Company's business and results of operations.

2.1.7 *Global capital market environment*

In the fall of 2008, the world's industrial nations entered into a severe economic and liquidity crisis. This crisis is still having a broad impact on the world's economy, with unspecified results. Due to the speed, size, scope, volatility and severity of the crisis, Scatec Solar is unable to accurately predict the impact it will have on the Company. An unstable global capital market could materially impact revenues, margins and earnings in certain markets. The current economic conditions could further significantly impact governments' willingness to continue to subsidise the development of the renewable energy sector.

2.2 RISK RELATING TO SCATEC SOLAR AND ITS BUSINESS

2.2.1 *Acquisitions, participations and partly owned companies*

Scatec Solar has primarily grown organically in the past, but has also acquired ownership interests in projects developed by third parties. Furthermore, co-operation through various forms of partnerships and investments by third parties in part of the equity of the SPVs established to hold operating power plants have been, and will continue to be, an important element of Scatec Solar's business structure.

The activities of the Group are in many circumstances conducted through joint ventures, associated companies and/or companies where Scatec Solar is not the sole shareholder. The Group's ability to receive dividends and other payments from such companies depends not only upon such companies' cash flows and profits, but also upon the terms of agreements with the shareholders of such companies. Conflict or disagreement with such

shareholders may lead to deadlock and result in the Group's inability to pursue its desired strategy and/or force it to exit from such companies. Also, agreements with such shareholders, or the virtue of not being the sole shareholder, may restrict the Group's freedom to carry out its business.

There can be no assurance that the Group's partners in such companies will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its joint ventures and the markets in which they operate. Furthermore, the partners in such companies may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) undergo a change of control; (c) experience financial and other difficulties; or (d) be unable or unwilling to fulfil their obligations under the joint ventures, which may materially adversely affect the Group's revenues, profitability, cash flows and financial condition.

2.2.2 Growth of Scatec Solar including pipeline and backlog, and international operations

Scatec Solar has grown rapidly over the past few years, and is constantly assessing opportunities for further expansion. Developing appropriate internal organisational structures and management processes on an ongoing basis to support growth represents a challenge to Scatec Solar, and occupies significant management resources. The need to hire, integrate and retain an appropriate number of qualified employees to keep pace with Scatec Solar's growth represents a particular challenge.

Scatec Solar may in the future establish PV solar power plants at locations of which it is currently not present. The operation and protection of information technology structures and the establishment and maintenance of appropriate risk management and internal control systems and processes present special challenges for cross-border business activities. Future expansion projects may also be significantly affected by cost overruns, schedule delays, technology risks and defects.

At an early stage in the business process of establishing new PV solar power plants, the Company has to pursue the approval of various permits, such as building permits. Any delays in obtaining permits put the eligibility for receiving period-specific incentives at risk. This could have an adverse effect on projected returns.

The Company categorizes its future potential projects within three categories, being project opportunities, "pipeline" and "backlog". As further described in section 6.5.5, a project is categorized by Scatec Solar as pipeline if and when the Company assesses the project of having a likelihood of 50% or more of being realized. As further described in section 6.5.4, a project is categorized as backlog if and when the Company assesses the project of having a likelihood of 90% or more of being realized. There are various outstanding matters in order for such potential projects to realize, many of which are subject to uncertainties and outside the Company's control such as securing final permits, offtake agreements on feasible terms, access to project finance and equity. The categorisation assessment is made on a best judgement basis, however, there is no certainty that a pipeline project will materialize as a backlog project, nor that a backlog project will materialize as a realized project. The inability to realize potential projects may have a material adverse effect on the Group's growth, expansion plans as well as business, financial condition, results of operations and cash flows.

Historically, the Company has not been dependent on its ability to acquire complementary or strategic businesses or assets in order to grow. The Company may however acquire complementary or strategic businesses in the future. The process of integrating any future acquired business, technology, services or products may result in unforeseen operating difficulties and expenditures. The integration of acquisitions, and the integration of any future acquisition, also requires significant management resources that would otherwise be available for operation, ongoing development and expansion of the Company's business. To the extent that the Company miscalculates its ability to integrate and properly manage acquired businesses, or it depends on the continued service of acquired personnel who choose to leave, the Company may have difficulty in achieving its operating and strategic objectives. Any such acquisition could result in dilution, operating difficulties, difficulties in integrating acquired businesses and other harmful consequences. In addition, the Company may not realise the anticipated benefits of any acquisition. Although the Company continues to seek acquisition opportunities, it may be unable to identify suitable acquisition opportunities or to negotiate and complete acquisitions on favourable terms, or at all.

Furthermore, any future acquisitions may require substantial capital resources and the Company may need to obtain additional capital or financing from time to time to fund these activities. This could result in potentially dilutive issuances of the Company's securities or the incurrence of debt, contingent liabilities or amortisation expenses related to goodwill and other intangible assets, any of which could harm the business, financial condition and results of operation. Sufficient capital or financing for the Company's acquisition activities may not be available on satisfactory terms, or at all.

The Company currently operates internationally and intends to expand its international project portfolio in the future. The Company's activities are, and will be, subject to significant political and economic uncertainties which include:

- the risk of a change in renewable power pricing policies, possibly with retroactive effect;
- measures restricting the ability of our facilities to access the grid to deliver electricity at certain times or at all;
- the macroeconomic climate and levels of energy consumption in the countries where we have operations;
- the comparative cost of other sources of energy;
- changes in taxation policies and/or the regulatory environment in the countries in which we have operations, including reductions to renewable power incentive programs;
- the imposition of currency controls and foreign exchange rate fluctuations;
- high rates of inflation;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- changes to land use regulations and permitting requirements;
- difficulty in identifying, attracting and retaining qualified technical and other personnel;
- difficulty competing against competitors who may have greater financial resources and/or a more effective or established localized business presence;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms; and
- being subject to the jurisdiction of various countries' legislation and judicial systems, which may be less favourable to the Company.

These uncertainties, many of which are beyond our control, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

2.2.3 Cost uncertainty and increasing operating expenses

The Company may on certain projects participate on all consecutive levels; developing, construction and operation of PV solar power plants. For projects in which the Company currently undertakes, or in the future will undertake, the construction of any particular PV plant, the Company is subject to the risk of cost overruns or other unanticipated costs and expenses, or delays that could have a material adverse impact on the Company's financial performance. Furthermore, while the revenues from sale of power from operating plants are typically fixed through long term contracts, the operating cost base is exposed to the markets of the respective inputs, such as manpower, and may increase in the future. This may have a negative impact on the Group's profitability and cash flows.

2.2.4 Insufficient quality of equipment and technical breakdowns

Insufficient quality of installed solar modules and other equipment resulting in faster than estimated degradation, may lead to lower revenues and higher maintenance costs, particularly if the product guarantees have expired or the supplier is unable or unwilling to respect its obligations. Even well maintained high quality PV solar power plants may from time to time experience technical problems or breakdowns. This may be caused by a number of different events, inter alia erroneous installation or malfunction of components, which may require extensive repair projects. Depending on the component that fails and the design of the plant parts, some or whole of the capacity can be out of production for some time. There is a risk that the appropriate spare parts are not available for various reasons, causing a prolonged production stop.

Moreover, solar panels, inverters, modules and other system components utilized in the Company's solar power plants are generally covered by manufacturers' warranties, which typically range from 5 to 20 years. In the event any such components fail to operate as required, the Company may be able to make a claim against the applicable warranty to cover all or a portion of the expense associated with the faulty component. However, these suppliers could cease operations or for any other reasons not honour their obligations and warranties, which would leave the Company to cover the expense associated with the faulty component, both in relation to EPC and as shareholder in any SPV. The Company's business, financial condition, results of operations and cash flows could be materially adversely affected if it cannot make claims under warranties covering its projects.

There is also a risk of discrepancies between power meter readings and actual power production due to system or human failure. In such cases, it is upon the operator to justify claims for the correct revenue collection.

2.2.5 Inflation risks

Some of the off-take agreements that have been entered into for the projects in the Company's portfolio do not contain inflation-based price increase provisions or provisions that only partially allows for inflation-base increases. Some of the countries in which the Company operates, or into which the Company may expand in the future, have in the past experienced high inflation. To the extent that the countries in which the Company conducts its business experience high rates of inflation, thereby increasing the Company's operating costs in those countries, the Company may not be able to generate sufficient revenues to offset the effects of inflation.

2.2.6 Exchange rate risks

Scatec Solar operates internationally and is exposed to foreign exchange risk arising from various currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, with respect to fluctuations in currencies such as EUR, ZAR, CZK and USD, affects its consolidated statement of income and consolidated statement of financial position.

The Group is on an overall level managed as a NOK company for currency risk management purposes with primary focus on NOK cash flow. The general policy of the Group is to hedge foreign currency exposure based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements. However, the Company's segment revenues, cost of sales and gross profit may be subject to significant currency fluctuations, inter alia with respect to construction contracts in South Africa which are structured as multi-currency contracts to achieve a natural hedging of cost of sales.

A sustained adverse development of the exchange rates between the said currencies may have an adverse effect on Scatec Solar's business, prospects, financial results and results of operations. Currency developments will affect translation to NOK of financial statements of entities with functional currencies other than NOK. For translation of profit and loss items, as well as capital expenditure, Scatec Solar uses average year-to-date exchange rates as an approximation to the exchange rates at the dates of the transactions. If exchange rates fluctuate significantly, the use of the average rate for a period may be inappropriate.

2.2.7 Counterparties

The Group will be exposed to third party credit risk in several instances, including, without limitation, with respect to suppliers and/or contractors who may be engaged to construct or operate assets held by the Group, property owners who are leasing ground space to the Company for the locating of assets, banks which may provide guarantees of the obligations of other parties or which may commit to provide leverage to the Group at a future date, insurance companies which may provide coverage against various risks applicable to the Group's assets, off-take partners which have committed to buy electricity produced by or on behalf of the Company and other third parties who may owe sums or obligations to the Group.

All of the electric power generated by our current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in

Tariiff ("FIT") arrangements or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfill their related contractual obligations or if they refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. For our current projects under operation, all such counterparties are supported by government guarantees or have obligations regulated by law. However, there is still a risk of legislative or other political action that may impair their contractual performance.

The Group's main credit risks mainly arises from credit exposures with customer accounts receivables and deposits with financial institutions.

The market in which the Group operates has in recent years suffered significant constraints which have led to a large number of bankruptcies, involving also well-established market participants. Should this trend continue, the Group will be further exposed to third party credit risk.

2.2.8 Financing arrangements

The Group is dependent on current financing agreements, renewal of these and/or obtaining new financing agreements to fund its operations, additional acquisitions, working capital or capital expenditures. The Group cannot assure that it will be able to obtain any additional financing or retain or renew current financing upon expiry on terms that are acceptable, or at all. An increase in the Group's level of debt financing and/or adverse change in the terms of its current financing agreements, may increase financing costs and reduce the Group's profitability. If the Group becomes unable to service its debt when due, there will be a default under the terms of these agreements, which could result in an acceleration of repayment of funds that have been borrowed and have a material adverse effect on the Group's results of operation, cash flow, financial condition and/or prospects and in worst case lead to a insolvency.

The Group has operational and financial covenants related to its loans and other financial commitments, demanding a certain performance of the Group and setting restrictions on the Group's freedom to operate and manage the Group's business, including change of control clauses that may be triggered outside the control of the Group. Failure to comply with financial and other covenants may have a material adverse effect on the Group and its financial position, including potential increased financial cost, need for re-financing and requirement for additional security or cancellation of loans. See Section 6.9 for further information.

The Group's financing arrangements currently have, and may also in the future have, cross-default provisions. In such event, default on a specific loan arrangement will be regarded as default also under other financing arrangements. Any such default may have a material adverse effect on the Group and its financial position, including potential increased financial cost, need for re-financing, and requirement for additional security or cancellation of loans.

The Group currently has no significant corporate level debt. All of the Group's current operating plants as well as the plant currently under construction, are financed through non-recourse project finance debt pledged only to the assets of the individual SPV.

2.2.9 Disputes and legal or regulatory proceedings

Scatec Solar expects from time to time be involved in disputes and legal or regulatory proceedings. Such disputes and legal or regulatory proceedings may be expensive and time-consuming, and could divert management's attention from Scatec Solar's business. Furthermore, legal proceedings could be ruled against the Company and Scatec Solar could be required to, inter alia, pay damages or fines, halt its operations, etc., which could have a significant adverse effect on Scatec Solar's business, prospects, financial results and results of operations. Please see Section 6.12 "Litigation and Disputes" for further information on current legal proceedings.

2.2.10 External subcontractors and suppliers of services and goods

Scatec Solar's construction of PV solar power plants relies on external subcontractors and suppliers of services and goods to varying degrees. This construction model inherently contains a risk to Scatec Solar's goodwill and branding as well as timely project development according to budgeted costs. If suppliers fail to meet agreed or

generally accepted standards in areas such as environmental compliance, human rights, labour relations, product quality and timely delivery, this could have a significant adverse effect.

2.2.11 PV plants quality or PV plants performance

Scatec Solar's PV solar power plants must meet stringent quality requirements, but may contain defects that are not detected until the completion of their construction and subsequent operation because Scatec Solar or subcontractors cannot test for all possible scenarios or applications. These defects could cause Scatec Solar to incur significant replacement costs or re-engineering costs, divert the attention of its engineering personnel from development efforts, and significantly affect its customer relations and business reputation. If Scatec Solar constructs defective PV plants or if there is a perception that its PV plants are defective, Scatec Solar's credibility and sales could be harmed.

Furthermore, widespread PV plant failures may damage Scatec Solar's market reputation, reduce its market share and cause a decline of construction projects. Although a defect in Scatec Solar's PV plants may be caused by defects in products delivered by Scatec Solar's sub-suppliers which are incorporated into Scatec Solar's PV plants, there can be no assurance that Scatec Solar will be entitled to or successful in claiming reimbursement, repair, replacement or damages from its sub-suppliers relating to such defects.

Scatec Solar is often required to provide certain warranties in connection with agreements, and in particular in relation to acting as EPC. Such warranties often include performance guarantees in connection with construction activities and O&M, in addition to guaranteed deadlines for completion of deliveries. Breach of any such warranties may pursuant to relevant agreements trigger claims for liquidated damages towards the Company, and the Company's loss in respect of such breach may be significant. Further, the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the Company believes that the exposure is limited in relation to the expected project margins and the contracts relate to fairly standardised construction where the Company has a solid track-record. No performance guarantees have yet been called upon.

If Scatec Solar is not able to achieve satisfactory quality in the design, engineering and construction of its PV plants or does not continue to develop at the same rate as its competitors, the demand for its PV solar power plants could be adversely affected and existing contracts could be terminated, which could have a significant adverse effect on Scatec Solar's business, prospects, financial results and results of operations.

2.2.12 The Group's intellectual property

The Group's daily business and business strategy are tied to its technology and know-how, however, the Group is not dependent on any patents for its daily business. The Group relies on a combination of trade secrets, confidentiality procedures and contractual provisions to protect its intellectual property rights.

The Group cannot give assurances that its measures for preserving the secrecy of its trade secrets and confidentiality information are sufficient to prevent others from obtaining such information. The Group may not have adequate remedies to preserve the trade secrets or to compensate the Group fully for its loss if its employees' or other contractor's breach their confidentiality agreements with the Group. The Group cannot give assurances that its trade secrets will provide the Group with any competitive advantage, as it may become known to or be independently developed by the Group's competitors, regardless of the success of any measures the Group may take to try to preserve confidentiality.

2.2.13 Health, safety, environmental and other laws and regulations

Scatec Solar is subject to numerous laws and regulations of the various jurisdictions in which Scatec Solar conducts its business. Such laws and regulations govern, among other matters, land utilization, development- and zoning plans, property tax, HSE (health, safety and environmental), power market, grid operation, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and may contain "strict liability"), and the cost of compliance with these requirements can be expected to increase over time.

Scatec Solar cannot predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that any of these requirements impose substantial costs or constrain Scatec Solar's ability to expand or change its processes, Scatec Solar's business, prospects, financial results and results of operations could suffer.

If the Company fails to comply with any laws and regulations, permits or conditions, or to obtain any necessary permits, including but not limited to permission to use water for the cleaning of solar panels and regulations of environmental issues such as the safeguard of natural conditions and animal wild life, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms its current permits or registrations, then the Company may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of its operations, which could have a significant adverse effect on its business, prospects, financial results and results of operations.

2.2.14 *Tax*

The Company is subject to risks that foreign countries in which the Company operates, or will operate in the future, may impose additional withholding taxes, income taxes or other taxes, as well as changing tax levels from those in force at the date of the respective projects or the date hereof. Any such additional taxation or change in tax regimes or levels may have a significant adverse effect on its business, prospects, financial results and results of operations.

The Company has revised and re-stated its annual financial statements for 2013 to amend translation effects regarding shareholder loans to project subsidiaries. See section 10.1 for further information. The Company's tax return has been amended correspondingly.

2.2.15 *Reliance on key employees and contractors*

The success of Scatec Solar depends on qualified executives and employees, in particular certain executive officers of Scatec Solar and employees with special expertise within project development, financing, engineering, construction and operation and maintenance. Given their expertise in the industry in general, their knowledge of the Group's business processes and their relationships with the Group's local partners, the loss of the services of one or more of these individuals could have a material adverse effect on the Group's financial development, results of operations and financial condition.

Furthermore, considerable expertise could be lost or access thereto gained by competitors. Due to competition, there is a risk that qualified employees will be attracted by competitors and that Scatec Solar will be unable to find a sufficient number of appropriate new employees. There can be no assurance that Scatec Solar will be successful in retaining these executives and the employees in key positions or in hiring new employees with corresponding qualifications. If Scatec Solar fails to do so, it could have a significant adverse effect on Scatec Solar's business, prospects, financial results and results of operations.

In addition, the Company's ability to conduct its operations is highly dependent on the availability of skilled workers and contractors who are engaged to build and operate the Company's solar projects. The price for contractors' services may impair the economic viability of the Group's projects.

2.2.16 *Catastrophes, natural disasters, war, consequences of climate change, operational disruptions or deliberate sabotage and weather variations*

The occurrence of deliberate industrial sabotage or a terrorist attack at one of Scatec Solar's PV plants could threaten, disrupt or destroy a significant portion of Scatec Solar's production capacity for a significant period of time.

Severe weather phenomena such as strong wind, hail storms, snow and lightening or other weather phenomena may disrupt the functionality of components or even cause damage. Other phenomena that may occur are rodent damage and fires. The risk of floods, landslides, earthquakes and volcanic eruptions, and other geo hazards must be taken into account when evaluating the risk of solar power plant operation. Weather and other natural phenomena may also increase cost of operation as well as reduce the revenues.

Even in a stable climate the weather varies from year to year, and thus also the production of energy from the power plants. This will influence the periodic revenues, and hence the results of operation and cash-flows of the Company. Over time the irradiation and production will likely approach the expected average, but still with the risk of less production than anticipated. However, due to climate changes it is also possible that the expected annual irradiation changes over long periods of time. It is possible that this may influence the expected performance of the plant during its technical lifetime of 20 – 40 years.

The Company's involvement in countries which have been, are or may be, subject to civil wars and/or political turmoil, may have implications of a detrimental nature not currently foreseeable to the Company.

2.2.17 Increased costs due to theft and vandalism

Thefts and vandalism may cause loss of or damage to the Company's equipment and could result in disruption of production at the Company's power plants and thereby have an adverse effect on the Company's results of operations.

2.2.18 Insurance policies

The power plants will normally have insurance against damage and loss of revenue due to incidents such as technical breakdown, natural phenomena and criminal actions as described above. Liability insurance is also available and applicable to power plant operations. However, the insurance policy may not cover all foreseeable and unforeseeable events, and the Company may be exposed to losses and cost of repairs that exceed normal O&M budgets and are outside the insurance agreements. There is no assurance that the insurance coverage of Scatec Solar would be adequate to cover the anticipated losses of the insurable events, or that insurance coverage is applicable to relevant damages.

Further, under special circumstances, it could be that the amount of damages received from the insurance company is reduced due to curtailments or other reasons due to, e.g. the magnitude of the total damages to be covered. The occurrence of insurance claims may in turn lead to requirements for additional mitigating measures, such as e.g. increased security, and/or increases in insurance premiums that will have a negative impact on the profitability of power plant operations.

Although Scatec Solar has not received any indication that the future renewal of its insurance policies will be difficult, the Company cannot guarantee that these renewals can be made on the same terms as existing policies or that Scatec Solar will be able to obtain insurance on normal and acceptable terms or able to insure its business and assets to the extent deemed necessary. If not, such circumstances could have a significant adverse effect on Scatec Solar's business, prospects, financial results and results of operations.

2.2.19 Accounting treatment and classification

The accounting treatment for many aspects of the Company's solar energy business is complex, and the Company's future results could be adversely affected by changes in the accounting treatment applicable to its solar energy business. Various matters may require the Company to change the manner in which it undertakes its accounting treatment, which may include, but are not limited to:

- consolidation of entities, especially where the Company does not have full ownership to the capital of such entities or consolidation of joint venture entities and the inclusion or exclusion of their assets and liabilities on our balance sheet;
- classification of assets, liabilities and equity generally;
- revenue recognition and related timing;
- deferred tax assets;
- intra-company contracts;
- operation and maintenance contracts;
- long-term vendor agreements; and
- foreign holding company tax treatment.

The Company has revised and re-stated its annual financial statements for 2013 to amend translation effects regarding shareholder loans to project subsidiaries. See section 10.1 for further information.

Moreover, the preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Uncertainties include impairment reviews, evaluation of useful lives of assets, income taxes and provisions.

Changes in key assumptions could lead to the recognition of additional impairment losses. Changes in evaluation of the useful lives of assets may change depreciation and amortization going forward. The Group is subject to income taxes in several jurisdictions. Judgment is required in determining the provision for income taxes, and the final outcome may be different from the amounts that were initially recorded. The Group recognizes its best estimate of provisions for liabilities of uncertain amount and timing, including warranty provisions, provisions for restructuring, onerous contracts and asset retirement and restoration obligations. Even if assumptions underlying such assessments are reasonable, they are inherently uncertain and unpredictable and, as a result, future estimates and actual results may differ from the current estimates.

2.2.20 Bureaucratic or executive errors and inefficiencies

The operation of the power plants includes from time to time exchange of information with relevant authorities and counter parties. Such exchange and verification of documents may take some time. This may influence the Company's ability to execute its business without delays.

It may further happen that administrative procedures in the management of the Company are subject to inefficiencies or errors which may generate cost or loss, due to improper planning or execution of work flows.

2.2.21 Corruption and unethical practices

The Group operates in countries known to experience governmental corruption. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that the Group's employees or agents or those of its affiliates may take actions that violate either the U.S. Foreign Corrupt Practices Act or legislation promulgated pursuant to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable anti-corruption regulations. These actions could result in monetary penalties against the Group or its affiliates and could damage the Group's reputation and, therefore, its ability to do business.

In addition to the risks that arise in countries that have experienced governmental corruption, there is also a risk that the Group will not be able to ensure that its internal control policies and procedures will protect the Group from fraud or other criminal acts committed by the Group's employees or agents or those of its affiliates.

Changes in the political status of certain countries may also impact the Group's services. For example, certain countries in which the Group currently operates or may operate in the future may become restricted or sanctioned countries. As a result, the Group could incur fines or other penalties for performing services or be required to cease operations in such jurisdictions. If any jurisdiction in which the Group operates becomes designated as a sanctioned country by certain organisations, countries or other political bodies, the Group's services may be impaired.

2.2.22 Impairment of asset values

The fair market value of the assets currently owned by the Group and/or those the Group may acquire in the future, may increase or decrease depending on a number of factors, including:

- general economic and market conditions affecting the PV industry, including competition from other PV companies;
- supply and demand for parts for PV plant installations and equipment;
- cost of solar plants;
- the prevailing level of electricity prices;
- changes in incentive programs for renewable energy;
- government laws and regulations, including but not limited to environmental protection laws and regulations and such laws becoming more stringent due to, *inter alia*, accidents; and
- technological advances.

If the book value of any of the Group's assets exceeds the fair market value, the Group may suffer impairment of the book value of its assets and consequently suffer a loss. Further, an impairment may cause a breach of the Group's equity level and equity ratio under the financial covenants of certain of its financing arrangements. See Section 11.6.1 "Material borrowings". Also, should the Group sell any assets when prices have fallen, the sale may be at a loss.

2.2.23 Dividends distribution

The Company intends to distribute dividends to its shareholders in the future. Any distribution of dividends may imply that the Company, after any dividend distribution, will not have sufficient funds to support future corporate investments and further growth. There can be no guarantee that the Company will be able to pay dividends to its shareholders in the future.

2.3 RISKS RELATING TO THE SHARES AND THE OFFERING

2.3.1 There is no prior market for the Shares, and an active trading market may not develop

Prior to the Offering, there was no public market for the Shares, and there can be no assurances that an active trading market will develop, or be sustained or that the Offer Shares will be capable of being resold at or above the Offer Price. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following the completion of this Offering.

2.3.2 The price of the Shares may fluctuate significantly

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the Company or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about Scatec Solar, its products and services or its competitors, lawsuits against Scatec Solar, unforeseen liabilities, changes in management, changes to the regulatory environment in which it operates or general market conditions.

In recent years, Oslo Børs has experienced wide price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as the Company. Those changes may occur without regard to the operating performance of these companies. The price of the Company's Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the prices of its Shares.

2.3.3 Future sales of Shares by major shareholders

The market price of the Shares could decline as a result of sales of a large number of Shares in the market after this Offering or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and at a price that it deems appropriate.

2.3.4 Dilution of shareholdings

The Company may require additional capital in the future to finance its business activities and growth plans. No assurance can be given that any future share capital will be raised through rights offerings affording existing shareholders the possibility to sustain their relative shareholding in the Company. Raising additional capital and, conceivably, the exercise of currently outstanding or yet to be issued convertible or warrant-linked bonds, or the acquisition of other companies or shareholdings in companies by means of yet to be issued Shares of the Company, as well as any other capital measures, may lead to a considerable dilution of shareholdings, and thus the voting interests of shareholders and earnings and net asset value per Share, in the Company.

2.3.5 *Use of the net proceeds from this Offering*

The Company intends to use the net proceeds from this Offering as described in Section 5.1 “Background for the Offering and use of proceeds”. The Company will have broad discretion over the use of net proceeds received from this Offering, and such proceeds may not be used as currently planned and may not be used effectively. A failure to apply the net proceeds from this Offering effectively or as currently planned could have a material adverse effect on the Company's business, prospects, financial position and results of operations.

2.3.6 *The interests of the Company's major shareholders*

As of the date of this Prospectus, the aggregate ownership of the shareholders holding more than 5% of the total share capital of the Company is approximately 89.38%. However, following the Offering and assuming sale of the maximum number of Secondary Shares as set out in Section 5.13 “Selling Shareholders”, the aggregate ownership of the shareholders holding more than 5% of the total share capital will be reduced to approximately 47%.

If the major shareholders of the Company, alone or acting in concert, were to retain a majority of the voting rights at any future general meeting, they would e.g. have the ability to elect or dismiss directors and either pass or, as the case may be, block shareholders' resolutions on significant corporate matters. Such shareholders could also impact decision-making within the Company.

The Company's major shareholders may have interests that differ from other shareholders' and the Company's interests, and may exercise their influence in a way which may be adverse to the interests of the Company or its other shareholders. This concentration of ownership may have a material adverse effect on the market price of the Shares.

2.3.7 *Pre-emptive rights may not be available to U.S. holders and certain other foreign holders of the Shares*

Under Norwegian law, prior to the Company's issuance of any new Shares for consideration in cash, the Company must offer holders of the Company's then-outstanding Shares pre-emptive rights to subscribe and pay for a sufficient number of Shares to maintain their existing ownership percentages, unless these rights are waived at a general meeting of the Company's shareholders. These pre-emptive rights are generally transferable during the subscription period for the related offering and may be listed on Oslo Børs.

U.S. holders of the Shares may not be able to receive, trade or exercise pre-emptive rights for new Shares unless a registration statement under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) is effective with respect to such rights or an exemption from the registration requirements of the U.S. Securities Act is available. The Company is not a registrant under the U.S. securities laws. If U.S. holders of the Shares are not able to receive trade or exercise pre-emptive rights granted in respect of their Shares in any rights offering or other offerings by the Company, then they may not be able to exercise such rights or receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted. Similar restrictions may apply to other foreign holders of Shares, including, but not limited to, shareholders in Australia, Canada, Hong Kong, Japan and Switzerland.

2.3.8 *It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, the Company's affiliates outside the U.S. or the Company's directors and executive officers*

The Company is a limited liability company organized under the laws of Norway. All of the Company's directors and its executive officers reside outside the United States. All or a significant portion of the assets of these individuals are located outside the United States. Similarly, a substantial portion of Scatec Solar's assets is located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Company or its directors and officers, or to enforce judgments obtained in the United States against the Company or its directors and officers, including judgments based on the civil liability provisions of the U.S. federal securities laws.

2.3.9 *Holders of Shares that are registered in a nominee account*

Beneficial owners of the Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names

with the VPS prior to the Company's General Meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. For more information, see Section 13 "Shares and share capital".

2.3.10 Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in NOK, the lawful currency of Norway, and any future payments of dividends on the Shares will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially adversely affected.

2.3.11 The ability of shareholders of the Company to make claims against the Company in their capacity as such following registration of the share capital increase in the Norwegian Register of Business Enterprises is severely limited under Norwegian law

Once the capital increase relating to any Shares of the Company (including the New Shares and the Offer Shares) has been registered with the Norwegian Register of Business Enterprises, purchasers of those Shares have limited rights against the Company under Norwegian law.

3. RESPONSIBILITY FOR THE PROSPECTUS

3.1 The Board of Directors of Scatec Solar ASA

This Prospectus has been prepared in connection with the Offering and the Listing described herein.

The Board of Directors of Scatec Solar ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Oslo, 12 September 2014

John Andersen
Chairman

Alf Bjørseth
Board member

Akihiko Nakazono
Board member

Cecilie Amdahl
Board member

Mari Thjømøe
Board member

3.2 The Selling Shareholders

The Selling Shareholders confirm that the Secondary Shares are being offered free of any liens or encumbrances.

Oslo, 12 September 2014

For Scatec AS

John Andersen
Chief executive officer

For Scatec Invest AS

John Andersen
Chairman of the board

Scatec Solar Ansatte AS

John Andersen
Chairman of the board

Rearden AS

Grete Sønsteby
Chairman

Torstein Berntsen / Belito AS
Mikkel Tørud
Terje Pilskog / Océmar AS
Roar Haugland / Buzz Aldrin AS
Snorre Valdimarsson
Valeri Andreev / Pretium AS
Claus Henning Schmidt

For ITOCHU Corporation

Kazufumi Takahashi
Attorney in fact

ITOCHU Europe PLC

Jason Frank
Attorney in fact

Argentos AS

Raymond Carlsen Chairman of the board

Kari Mercedes Fremme
Christian Lie Hansen
Andrzej Golebiowski
Torgeir Birgersen / Gemba Invest AS
Terje Osmundsen
Thomas Hansen
Christian Blom

Snorre Valdimarsson
Holder of power of attorney signing on behalf of the Selling Employees

4. GENERAL INFORMATION

4.1 Other important investor information

Neither the Company nor the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality or suitability of an investment in the Offer Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. See Section 2 "Risk factors".

In connection with the Offering, the Managers and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Managers or any of their respective affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

4.2 Presentation of financial and other information

4.2.1 Financial information

The Group's audited financial statements as of, and for the years ended, 31 December 2013 and 2012 included in Appendix B to this Prospectus have been prepared in accordance with IFRS. The Group's unaudited financial statements as of, and for the three and six month periods ended, 30 June 2014 included in Appendix C to this Prospectus have been prepared in accordance with IAS 34.

The financial statements for the years ended 31 December 2013 and 2012 have been audited by Ernst & Young AS, as set forth in their report thereon included herein in Appendix B.

The Company prepares its financial statements in NOK (presentation currency).

For further information, see Section 10.

4.2.2 Industry and market data

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The

Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk factors" and elsewhere in this Prospectus.

The following third party sources have been used in this prospectus:

- World Energy Outlook 2013, IEA
- IHS Technology PV Demand Market Tracker – Q2 2014

Please note that these third party sources are not freely available.

4.2.3 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.3 Forward-looking statements

This Prospectus includes forward-looking statements in Section 2, 5, 6, 7, 9 11, 13.10 and 16, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. All forward-looking statements included in the Prospectus are based on information available to the Company, and views and assessments of the Company, as at the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words "anticipate", "assume", "believe", "can", "could", "estimate", "expect", "intend", "may", "might", "plan", "should", "will", "would" or, in each case, their negative, and similar expressions, as they relate to the Company, its subsidiaries or its management, are intended to identify forward-looking statements. The Company can give no assurance as to the correctness of such forward-looking statements and investors are cautioned that any forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Company and its subsidiaries operate.

Factors that could cause the Company's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to, the competitive nature of the markets in which the Company operates, technological developments, government regulations, changes in economic conditions or political events. These forward-looking statements reflect only the Company's views and assessment as at the date of this Prospectus. Factors that could cause the Company's actual results,

performance or achievements to materially differ from those in the forward-looking statements include, but are not limited to, those described in Section 2 "Risk factors" and elsewhere in the Prospectus.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

5. THE OFFERING

This Section sets out the terms and conditions pursuant to which all applications for Offer Shares in the Offering are made. Investing in the Offer Shares involves inherent risks. In making an investment decision, each investor must rely on its own examination, analysis of and enquiry into the Company and the terms of the Offering, including the merits and risks involved. None of the Company, the Selling Shareholders or the Managers, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality or suitability of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares. You should read this Section in conjunction with the other parts, in particular Section 2 "Risk Factors".

5.1 Background for the Offering and use of proceeds

The Listing is an important element in the Company's strategy. Through the Listing, the Company aims to provide a regulated marketplace for trading of its Shares. The Listing will further make the Company's Shares more attractive as transaction currency in potential future acquisitions or mergers. In addition, the Company believes that the Listing will help to further strengthen the Company's profile in the markets in which it operates.

The primary purpose of the Offering is to strengthen the strategic and financial position of the Company. The Company estimates net proceeds from the Offering in the range of NOK 478 million to NOK 473 million. The net proceeds from the Offering will primarily be used to, in the following order of priority, (i) equity investments for the Company's project backlog and pipeline as described in the Prospectus and (ii) working capital for execution of the Company's projects. The distribution of amounts of the net proceeds for item (i) and (ii) will be considered by the Company on a continuing basis.

The proceeds will also be used for general corporate purposes.

The Offering will also broaden the Company's shareholder structure.

The Offer Shares are all of the same class and will have ISIN NO 001 0715139.

5.2 Overview of the Offering

The Offering comprises a number of New Shares with gross proceeds of NOK 500 million offered by the Company and up to 19,835,413 Secondary Shares offered by the Selling Shareholders, excluding utilization of the Over Allotment Option. The gross proceeds from the sale of Secondary Shares is expected to be between up to NOK 555 million and NOK 714 million (within the Indicative Price Range and excluding utilization of the Over Allotment Option). The size of the Offering, with respect to the Secondary Sale, is subject to adjustment as further described below. The final number of Offer Shares to be issued and sold in the Offering will be determined by the Company in consultation with the Managers, subsequent to expiry of the Bookbuilding Period.

In addition, Carnegie may, with consent of the Company, elect to over-allot a number of Additional Shares equalling up to 15% of the number of Offer Shares. The Principal Shareholders has granted Carnegie, on behalf of the Managers, an Over Allotment Option to purchase a number of Shares corresponding to the number of Additional Shares to cover any such over-allotments. "Offer Shares" shall in the rest of this Section, unless the context indicates otherwise, also include any Additional Shares (see Section 5.21 "*Over Allotment Option and stabilisation activities*").

The Offering will comprise of:

- The Institutional Offering, in which Offer Shares are being offered (i) to institutional and professional investors in Norway, (ii) to investors outside Norway and the United States pursuant to applicable exemptions from local prospectus requirements and other filing requirements, and (iii) in the United

States to a limited number of QIBs in reliance on Rule 144A under the US Securities Act, subject to a lower limit per application of NOK 1,000,000.

- The Retail Offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of an amount of NOK 999,999 for each investor. Multiple applications are not allowed. Investors who intend to place an application in excess of an amount of NOK 999,999 must do so in the Institutional Offering. Each investor being allocated Offer Shares in the Retail Offering will receive a discount of NOK 1,500 on the aggregate amount payable by such investors.
- The Employee Offering, in which Offer Shares are being offered to Eligible Employees (as defined herein), subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of an amount of NOK 999,999 for each Eligible Employee. Multiple applications are not allowed. Each Eligible Employee being allocated Offer Shares will receive a discount of NOK 1,500 on the aggregate amount payable by such investors. Directors of the Company's South African consolidated subsidiaries and permanent employees of Scatec Solar SA 163 (Pty) Ltd who become participants in the Company's South African Employee Share Scheme may apply for Offer Shares subject to a lower limit per application of an amount of NOK 2,000 and an upper limit per application of an amount of NOK 999,999 for each South African Eligible Employee, and will receive a discount of 14.30% of the Offer Price for the Offer Shares being acquired, limited to a maximum amount of NOK 1,500 per application.
- For a brief description of the Norwegian tax effects of such discount, please see Section 15.

All offers and sales outside the United States will be made in compliance with Regulation S under the U.S. Securities Act.

The Company has, in consultation with the Managers and the Selling Shareholders, set an Indicative Price Range for the Offering from NOK 28 to NOK 36 per Offer Share. The bookbuilding process, which will form the basis for the final determination of the Offer Price and the number of Offer Shares, will be conducted only in connection with the Institutional Offering. In the bookbuilding process, investors indicate demand and subscribe for Offer Shares, either as a fixed amount or as number of Shares, through the Managers. The Indicative Price Range may be amended during the Bookbuilding Period. Any change of the Indicative Price Range will be presented in a supplement to the prospectus to be published, and communicated by way of a press release distributed through Oslo Børs' information system, before the opening of trading on the last day of the then prevailing Bookbuilding Period.

The final number of Offer Shares, the final allocation between New Shares and Secondary Shares and the final allocation between the tranches, will be determined by the Board in consultation with the Managers after expiry of the Bookbuilding Period and the Application Period. When determining the final number of Offer Shares, the final allocation between New Shares and Secondary Shares and the final allocation between the tranches, the Board will consider the demand at different price levels, and in accordance with the principles outlined in Section 5.6. In the event that the Offering is not fully subscribed, the issuance of New Shares will have priority over the sale of Secondary Shares.

Assuming that the Offering is completed at the mid-point of the Indicative Price Range, about 15,625,000 New Shares will be issued in connection with the Offering.

The Bookbuilding Period for the Institutional Offering is expected to take place from 09:00 hours (CET) on 15 September 2014 to 16:30 hours (CET) on 25 September 2014, subject to shortening or extension at the Board of Directors' sole discretion. The Application Period for the Retail Offering and the Employee Offering will last from 09:00 hours (CET) on 15 September 2014 to 12:00 hours (CET) on 25 September 2014, subject to shortening or extension at the Board of Directors' sole discretion.

On 10 September 2014, it was decided to announce the terms of the Offering. The New Shares are, subject to the conditions set out in section 5.22, expected to be issued following a resolution by the Board of Directors of the Company on or around 25 September 2014 pursuant to a power of attorney granted by the General Meeting, see section 5.22 below. On that same day, in order to facilitate delivery against payment of the New Shares on equal terms as the Secondary Shares in the Institutional Offering, it is expected that the Company and the Managers will enter into a subscription and payment agreement whereunder the Managers will, subject to the terms and conditions of the subscription and payment agreement, formally subscribe for the New Shares and pre-fund payment of the New Shares. The non-paying applicants will remain fully liable for

payment of the Offer Shares allocated to them, irrespective of any payment by the Managers according to the subscription and payment agreement.

The Company expects that the share capital increase pertaining to the New Shares will be registered in the Norwegian Register of Business Enterprises on 26 September 2014, and the Company expects that the Offer Shares (both New Shares and Secondary Shares) in the Retail Offering and the Employee Offering will be delivered to the investors' VPS accounts on or about 1 October 2014, and that the Offer Shares in the Institutional Offering will be delivered to the investors' VPS accounts on or about 30 September 2014. Trading in the Shares on Oslo Børs is expected to commence, on or about 29 September 2014.

The Company reserve the right, in consultation with the Managers, to withdraw, suspend or revoke the Offering at any time prior to final allocation at its sole discretion (and for any reason).

The table below provides certain indicative key dates for the Offering:

	Date
Commencement of Bookbuilding Period and the Application Period (at 09:00 CET)	15 September 2014
Meeting of the board of directors of Oslo Børs (to resolve on the listing application of the Company)	24 September 2014
End of Bookbuilding Period (at 16:30 CET) and the Application Period (at 12:00 CET)	25 September 2014 ¹
Allocation of Offer Shares	26 September 2014
Allocation letters distributed	26 September 2014
Registration of the share capital increase with the Norwegian Register of Business Enterprises	26 September 2014
Commencement of trading in the Shares on Oslo Børs	29 September 2014
Payment due date for the Offer Shares in the Retail Offering and the Employee Offering	30 September 2014
Payment due date for the Offer Shares in the Institutional Offering	30 September 2014
Provided timely payment, delivery of Offer Shares in the Institutional Offering	30 September 2014
Provided timely payment, delivery of Offer Shares in the Retail Offering and the Employee Offering	1 October 2014

¹ Subject to shortening or extension. To the extent the Bookbuilding Period and/or the Application Period is shortened or extended, all other dates referred to in this table will be extended correspondingly.

Please refer to 5.3 through 5.22 below for further details on the terms of the Offering.

5.3 The Institutional Offering

5.3.1 Overview

The Institutional Offering is structured as an offer of Offer Shares to (i) institutional and professional investors in Norway, (ii) to investors outside Norway and the United States pursuant to applicable exemptions from local prospectus requirements and other filing requirements and in compliance with Regulation S under the U.S. Securities Act, and (iii) in the United States to a limited number of QIBs as defined in, and in reliance on Rule 144A under the U.S. Securities Act. Applications from investors outside of Norway will only be accepted if the Managers are satisfied that the application is not in violation of the laws of any jurisdiction.

The minimum application in the Institutional Offering is NOK 1,000,000. Investors who intend to place an application for less than NOK 1,000,000 must do so in the Retail Offering or the Employee Offering. Investors applying for Offer Shares in the Institutional Offering may not apply for Offer Shares in the Retail Offering or the Employee Offering. In the event an investor, or parties personally related to him, applies for Offer Shares in both the Institutional Offering and the Retail Offering or the Employee Offering, the Managers may without further notice disregard the applications made in the Retail Offering or the Employee Offering by such parties.

In the event a Manager for whatever reason does not disregard the Applications made in the Retail Offering and/or the Employee Offering on the basis referred to above, this will not entitle the investor or its related parties to demand a reduction in the number of Offer Shares allotted to it/them.

5.3.2 *Offer price*

The non-binding Indicative Price Range from NOK 28 to NOK 36 per Offer Share has been set by the Board of Directors after consultation with the Managers and the Selling Shareholders. The Board reserves the right to change the Indicative Price Range. Any change of the Indicative Price Range will be presented in a supplement to the prospectus to be published, and communicated by way of a press release distributed through Oslo Børs' information system, before the opening of trading on the last day of the then prevailing Bookbuilding Period.

The final Offer Price may be set within, below or above the Indicative Price Range at the sole discretion of the Board of Directors. The final Offer Price, the number of New Shares to be issued and the number of Secondary Shares to be sold will be determined by the Board after consultation with the Managers on the basis of orders placed in the Institutional Offering during the Bookbuilding Period in which the Managers receive expressions of investor interests in the Offer Shares and the number of applications received in the Retail Offering and the Employee Offering.

The final Offer Price is expected to be announced through Oslo Børs' information system under the Company's ticker "SSO" on 26 September 2014.

5.3.3 *Bookbuilding Period*

The Bookbuilding Period for the Institutional Offering is expected to take place from 09:00 CET on 15 September 2014 until 16:30 CET on 25 September 2014. The Company reserves the right to extend the Bookbuilding Period in consultation with the Managers at any time, depending on the number and size of orders or applications received in the Offering, in the aggregate or individually. Any extension of the Bookbuilding Period will be announced through the information system of Oslo Børs no later than 09:00 CET on the day following the last day of the (then prevailing) Bookbuilding Period. An extension may take place one or several times, provided, however, that the Bookbuilding Period will in no event be extended beyond 16:30 CET on 2 October 2014. In the event of extension, the allocation date, the first trading date, the payment dates and the dates of delivery of Offer Shares may be extended accordingly upon notice through the Oslo Børs information system. The Company also reserves the right to close the Bookbuilding Period earlier, but not earlier than 16:30 CET on 23 September 2014. A decision to close the Bookbuilding Period early will be announced through the Oslo Børs information system no later than 16:30 CET on 22 September 2014. In the event of an early close, the allocation date, the first trading date, the payment dates and the dates of delivery of Offer Shares may be brought forward accordingly upon notice through the Oslo Børs information system.

5.3.4 *Application for Offer Shares*

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Managers shown below, of the number of Offer Shares that the investor wishes to apply for and the price per Offer Share that the investor is offering to pay for such Offer Shares. All applications in the Institutional Offering will be treated in the same manner regardless of which Manager the investor chooses to place the application with.

ABG Sundal Collier Norge ASA

Munkedamsveien 45
P.O. Box 1444 Vika
0115 Oslo, Norway
Telephone: +47 22 01 60 00
Telefax: +47 22 01 60 62
www.abgsc.no

Carnegie AS

Grundingen 2, Aker Brygge
P.O. Box 684 Sentrum
0106 Oslo, Norway
Telephone: +47 22 00 93 40
www.carnegie.no

Any oral order placed in the Institutional Offering will be binding upon the investor and subject to the same terms and conditions as a written order. However, the Managers can, at any time and in their sole discretion, require the investor to confirm any orally placed application in writing. By applying for Offer Shares, the applicant authorizes and instructs each of the Managers (or someone appointed by any of them) acting jointly or

severally to transfer and/or subscribe for the Offer Shares allocated to the applicant and to take all actions required to transfer such Offer Shares to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to the applicant.

Applications made may be withdrawn or amended by the investor at any time up to the end of the Bookbuilding Period. After the end of the Bookbuilding Period, all applications that have not been withdrawn or amended are irrevocable and binding upon the investor, regardless of whether the final Offer Price is set within, above or below the Indicative Price Range.

5.3.5 Allocation, payment for and delivery of Offer Shares

The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 26 September 2014, by issuing contract notes to the applicants by e-mail or otherwise.

Payment and delivery of Offer Shares in the Institutional Offering will take place against delivery of Offer Shares to the Norwegian VPS account specified by the investor. Payment and delivery of Offer Shares are expected to take place on or about 30 September 2014.

Investors in the Institutional Offering must ensure that payment with cleared funds for the Offer Shares allocated to them is available at the designated settlement account registered on the selected VPS account. If funds have not been made available and/or relevant instructions have been given in accordance with these requirements and in time to be included in the settlement, the investor's obligation to pay for the Offer Shares will be deemed overdue. Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, which at the date of this Prospectus is 9.50% per annum.

If an investor fails to comply with the terms of payment, the Offer Shares will not be delivered to the investor, and the Company, the Selling Shareholders and the Managers reserve the right, at the risk and cost of the investor (however, so that the investor will not be entitled to any profit therefrom) to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Company, the Selling Shareholders and the Managers may decide in accordance with Norwegian law. The original investor remains liable for payment of the Offer Price for the Offer Shares allocated to the investor together with any interest, cost, charges and expenses suffered or incurred by the Company, the Selling Shareholders or the Managers as a result of or in connection with such sales, and the Company, the Selling Shareholders and the Managers may enforce payment for any such amount outstanding.

Investors should be aware that delivery of the Offer Shares will only be made if the investor pays for the Offer Shares.

5.4 The Retail Offering

5.4.1 Overview

The Retail Offering is a public offering to investors in Norway. The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 for each applicant. Each investor in the Retail Offering will receive a discount of NOK 1,500.

Applicants submitting an application in the Retail Offering may not apply for Offer Shares in the Institutional Offering. In the event an investor, or parties personally related to him, applies for Offer Shares in both the Institutional Offering and the Retail Offering, the Managers may without further notice disregard the applications made in the Retail Offering by such parties. In the event a Manager for whatever reason does not disregard the Applications made in the Retail Offering on the basis referred to above, this will not entitle the investor or its related parties to demand a reduction in the number of Offer Shares allotted to it/them.

5.4.2 Offer Price

The Offer Price for the Offer Shares offered in the Retail Offering will be the same as in the Institutional Offering but each investor will receive a discount of NOK 1,500 on the total amount payable.

Each applicant in the Retail Offering will be permitted, but not required, to indicate on the Retail Application Form that the applicant does not wish to be allocated Offer Shares should the Offer Price be set above the Indicative Price Range. If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set above the upper end of the Indicative Price Range. If the applicant does not expressly stipulate such reservation on the Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range.

5.4.3 Application Period

The Application Period for the Retail Offering will last from and including 09:00 CET on 15 September 2014 until 12:00 CET on 25 September 2014. Applications submitted after the expiry of the Application Period may be disregarded by the Managers. The Company reserves the right, in consultation with the Managers, to extend the Application Period at any time, depending on the number and size of orders or applications received in the Offering, in the aggregate or individually. Any extension of the Application Period will be announced through the information system of Oslo Børs no later than 09:00 CET on the day following the last day of the (then prevailing) Application Period. An extension may take place one or several times, provided, however, that the Application Period will in no event be extended beyond 12:00 CET on 2 October 2014. In the event of extension, the allocation date, the first trading date, the payment dates and the dates of delivery of Offer Shares may be extended accordingly upon notice through the Oslo Børs information system. The Company also reserves the right, in consultation with the Managers, to close the Application Period earlier, but not earlier than 12:00 CET on 23 September 2014. A decision to close the Application Period early will be announced through Oslo Børs' information system no later than 12:00 CET on 22 September 2014. In the event of an early close, the allocation date, the first trading date, the payment dates and the dates of delivery of Offer Shares may be brought forward accordingly upon notice through the Oslo Børs information system.

5.4.4 Application Procedures and application offices

All Applications for Offer Shares in the Retail Offering must be made during the Retail Application Period on the Retail Application Form attached to this Prospectus as Appendix D. Retail Application Forms together with this Prospectus can be obtained from the Company or the application offices set out below. Norwegian investors who apply for Offer Shares in the Retail Offering can also apply for Offer Shares by completing the application procedures on the internet at www.abgsc.no and www.carnegie.no which will redirect the investor to the VPS online subscription system. In order to use the online subscription system, the investor must have, or obtain, a VPS account number. All online applicants must verify that they are Norwegian citizens by entering their national identity number.

Accurately completed Retail Application Forms must be received by the Managers at the application offices by 12:00 CET on 25 September 2014, subject to any extension or early close of the Application Period. Any online applications must be completed by the same time. Retail Application Forms sent by regular mail close to the end of the Application Period are likely to arrive after the deadline. Neither the Company, the Selling Shareholders nor the Managers may be held responsible for delays in the mail system, busy facsimile lines or for non-receipt of Retail Application Forms forwarded by mail, e-mail or facsimile to the Managers.

Properly completed and signed Retail Application Forms must be sent by mail or e-mail, faxed or delivered to one of the Managers at the addresses set out below. An application for Offer Shares in the Retail Offering is irrevocable and may not be withdrawn, cancelled or modified once the applicant's Retail Application Form has been received by one of the application offices. By applying for Offer Shares, the applicant authorizes and instructs each of the Managers (or someone appointed by any of them) acting jointly or severally to transfer and/or subscribe for the Offer Shares allocated to the applicant and to take all actions required to transfer such Offer Shares to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to the applicant.

Multiple applications are not allowed. In the event an applicant submits two or more Retail Application Forms, the applicant runs the risk of either having the multiple applications accumulated or either of, or all of the applications annulled at the discretion of the Company.

The Board and the Managers may, in their sole discretion, refuse any improperly completed, delivered or executed Retail Application Form or any application which may be unlawful, without notice to the applicant.

All questions concerning the timeliness, validity, form and eligibility of any application for Shares in the Retail Offering will be determined by the Board in its sole discretion, whose determination will be final and binding.

The Board, or the Managers upon being authorised by the Board, may in its sole discretion waive any defect or irregularity in the Retail Application Forms (and as such accept any incorrectly completed Retail Application Forms), permit such defect or irregularity to be corrected within such time as the Board or the Managers may determine, or reject the purported application for any Offer Shares in the Retail Offering. It cannot be expected that Retail Application Forms will be deemed to have been received or accepted until all irregularities have been cured or waived within such time as the Board or the Managers shall determine. Neither the Board, the Company, the Selling Shareholders nor the Managers will be under any duty to give notification of any defect or irregularity in connection with the submission of a Retail Application Form or assume any liability for failure to give such notification. All applications in the Retail Offering will be treated in the same manner regardless of which Manager the investor chooses to place the application with.

The application offices for physical applications in the Retail Offering are:

ABG Sundal Collier Norge ASA

Munkedamsveien 45
P.O. Box 1444 Vika
0115 Oslo, Norway
Telephone: +47 22 01 60 00
Telefax: +47 22 01 60 62
E-mail: subscription@abgsc.no
www.abgsc.no

Carnegie AS

Grundingen 2, Aker Brygge
P.O. Box 684 Sentrum
0106 Oslo, Norway
Telephone: +47 22 00 93 60
E-mail: subscriptions@carnegie.no
www.carnegie.no

5.4.5 Allocation, payment and delivery of Offer Shares in the Retail Offering

In the Retail Offering, the applicants will receive a minimum allocation of Offer Shares with a value of NOK 10,500 based on the Offer Price, rounded to the nearest one Offer Shares, and a maximum allocation of Offer Shares with value of NOK 999,999 based on the Offer Price.

All applicants being allotted Offer Shares in the Retail Offering will receive a letter confirming the number of Offer Shares allotted and the corresponding amount to be paid. These letters are expected to be mailed on or about 26 September 2014.

Each applicant in the Retail Offering must, and will by completing and signing the Retail Application Form, provide a one-time authorization to the Managers to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares allotted to such applicant in the Retail Offering.

It is expected that the amount will be debited on or about 30 September 2014 (the “**Retail Payment Date**”). However, there must be sufficient funds in the specified bank account from and including 26 September 2014. The Managers are only authorised to debit such account once, but reserve the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Retail Payment Date. If there are insufficient funds on the specified bank account or it is impossible to debit the specified bank account for the amount that the applicant is obligated to pay, or payment is not received by one of the Managers according to other instructions, the applicant’s obligation to pay for the Offer Shares will be deemed overdue.

Applicants who do not have a Norwegian bank account must ensure that payment for their Offer Shares allocated in the Retail Offering with cleared funds is made on or before 08:00 CET on 29 September 2014 and should contact one of the Managers in this respect.

For late payments, penalty interest will accrue at a rate equal to the prevailing interest rate, pursuant to the Norwegian Act on Interest on Overdue Payment of December 17, 1976 no. 100, which at the date of this Prospectus was 9.50% per annum.

If an applicant fails to comply with the terms of payment, the Offer Shares will, subject to the discretion of the Managers, not be delivered to the applicant, and the Company, the Selling Shareholders and the Managers reserve the right, at the risk and cost of the applicant (however, so that the applicant will not be entitled to any profit therefrom), to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Company, the Selling Shareholders and the Managers may decide in accordance with Norwegian law. The original applicant remains liable for payment of the Offer Price for the Offer Shares allocated to the applicant together with any interest, cost, charges and expenses suffered or incurred by the Company, the Selling Shareholders or the Managers as a result of or in connection with such sales, and the Company, the Selling Shareholders or the Managers may enforce payment for any such amount outstanding.

All applicants in the Retail Offering must have a valid VPS account to receive Offer Shares. The VPS account number must be stated when registering an application through the VPS online subscription system or on the Retail Application Form. VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA.

Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from around 12:00 hours (Oslo time) on 26 September 2014. Subscribers who do not have access to investor services through their VPS account manager may contact the Managers, from 12:00 hours (Oslo time) on 26 September 2014 to obtain information about the number of New Shares allocated to them.

It is expected that registration of the share capital increase relating to the issue of the New Shares in the Offering will be registered in the Norwegian Business Registry on or about 26 September 2014 and that the Offer Shares will be delivered in the VPS to applicants in the Retail Offering on or about 1 October 2014, provided that the applicant has paid for the Offer Shares allocated to the applicant when due.

Applicants should be aware that delivery of the Offer Shares will only be made if the applicant pays for the Offer Shares.

5.5 The Employee Offering

5.5.1 Eligible Employees

Subject to applicable laws, (i) all permanent employees, as of the last day of the Application Period, of Scatec Solar, (ii) members of the Board of Directors being independent from the Company's large shareholders and major business relations, and (iii) participants in the "South African Employee Share Scheme", ("**Eligible Employees**") are eligible for participation in the Employee Offering. The Employee Offering will not be available for any employees in the United States or Japan or in any other jurisdiction where such offering would be unlawful.

5.5.2 Overview

In the Employee Offering, Offer Shares are being offered to Eligible Employees (as defined herein), subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of an amount of NOK 999,999. Each Eligible Employee will receive a discount of NOK 1,500. For Eligible Employees participating in the South African Employee Share Scheme, the lower limit per application is an amount of NOK 2,000, and the discount is set at 14.30% of the Offer Price for the Offer Shares being acquired, limited to a maximum amount of NOK 1,500 per application.

Applicants submitting an application in the Employee Offering may not apply for Offer Shares in the Institutional Offering and the Retail Offering. In the event an investor, or parties personally related to him, applies for Offer Shares in both the Institutional Offering and/or the Retail Offering and the Employee Offering, the Managers may without further notice disregard the applications made in the Employee Offering by such parties. In the event a Manager for whatever reason does not disregard the applications made in the Employee Offering on the basis referred to above, this will not entitle the investor or its related parties to demand a reduction in the number of Offer Shares allotted to it/them.

5.5.3 *Offer Price*

The Offer Price for the Offer Shares offered in the Employee Offering will be the same as in the Institutional Offering but each Eligible Employee will receive a discount of NOK 1,500 on the total amount payable. For Eligible Employees participating in the South African Employee Share Scheme, the discount will be set at 14.30% of the Offer Price for the Offer Shares being acquired, limited to a maximum amount of NOK 1,500 per application.

Each applicant in the Employee Offering will be permitted, but not required, to indicate on the Employee Application Form that the applicant does not wish to be allocated Offer Shares should the Offer Price be set above the Indicative Price Range. If the applicant so elects, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set above the upper end of the Indicative Price Range. If the applicant does not expressly stipulate such reservation on the Employee Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range.

5.5.4 *Application Period*

The Application Period for the Employee Offering will last from and including 09:00 CET on 15 September 2014 until 12:00 CET on 25 September 2014. Applications submitted after the expiry of the Application Period may be disregarded by the Managers. The Company reserves the right, in consultation with the Managers, to extend the Application Period at any time, depending on the number and size of orders or applications received in the Offering, in the aggregate or individually. Any extension of the Application Period will be announced through the information system of Oslo Børs no later than 09:00 CET on the day following the last day of the (then prevailing) Application Period. An extension may take place one or several times, provided, however, that the Application Period will in no event be extended beyond 12:00 CET on 2 October 2014. In the event of extension, the allocation date, the first trading date, the payment dates and the dates of delivery of Offer Shares may be extended accordingly upon notice through the Oslo Børs information system. The Company also reserves the right, in consultation with the Managers, to close the Application Period earlier, but not earlier than 12:00 CET on 23 September 2014. A decision to close the Application Period early will be announced through Oslo Børs' information system no later than 12:00 CET on 22 September 2014. In the event of an early close, the allocation date, the first trading date, the payment dates and the dates of delivery of Offer Shares may be brought forward accordingly upon notice through the Oslo Børs information system.

5.5.5 *Application Procedures and application offices*

All applications for Offer Shares in the Employee Offering must be made during the Application Period on the Employee Application Form attached to this Prospectus as Appendix E. Employee Application Forms together with this Prospectus can be obtained from the Company or the application offices set out below.

Accurately completed Employee Application Forms must be received by the Managers at the application offices by 12:00 CET on 25 September 2014, subject to any early close or extension of the Application Period. Employee Application Forms sent by regular mail close to the end of the Application Period are likely to arrive after the deadline. Neither the Company, the Selling Shareholders nor the Managers may be held responsible for delays in the mail system, busy facsimile lines or for non-receipt of Employee Application Forms forwarded by mail, e-mail or facsimile to the Managers.

Properly completed and signed Employee Application Forms must be sent by mail or e-mail, faxed or delivered to one of the Managers at the addresses set out below. An application for Offer Shares in the Employee Offering is irrevocable and may not be withdrawn, cancelled or modified once the applicant's Employee Application Form has been received by one of the application offices. By applying for Offer Shares, the applicant authorize and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to transfer and/or subscribe for the Offer Shares allocated to the applicant and to take all actions required to transfer such Offer Shares to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to the applicant.

Multiple applications are not allowed. In the event an applicant submits two or more Employee Application Forms, the applicant runs the risk of either having the multiple applications accumulated or either of, or all of, the applications annulled at the discretion of the Company.

The Board and the Managers may, in their sole discretion, refuse any improperly completed, delivered or executed Employee Application Form or any application which may be unlawful, without notice to the applicant. All questions concerning the timeliness, validity, form and eligibility of any application for Shares in the Employee Offering will be determined by the Board in its sole discretion, whose determination will be final and binding.

The Board, or the Managers upon being authorised by the Board, may in its or their sole discretion waive any defect or irregularity in the Employee Application Forms (and as such accept any incorrectly completed Employee Application Forms), permit such defect or irregularity to be corrected within such time as the Board or the Managers may determine or reject the purported application for any Offer Shares in the Employee Offering. It cannot be expected that Employee Application Forms will be deemed to have been received or accepted until all irregularities have been cured or waived within such time as the Board or the Managers shall determine. Neither the Board, the Company, the Selling Shareholders nor the Managers will be under any duty to give notification of any defect or irregularity in connection with the submission of an Employee Application Form or assume any liability for failure to give such notification. All applications in the Employee Offering will be treated in the same manner regardless of which Manager the investor chooses to place the application with.

The application offices for physical applications in the Employee Offering are:

ABG Sundal Collier Norge ASA

Munkedamsveien 45
P.O. Box 1444 Vika
0115 Oslo, Norway
Telephone: +47 22 01 60 00
Telefax: +47 22 01 60 62
E-mail: subscription@abgsc.no
www.abgsc.no

Carnegie AS

Grundingen 2, Aker Brygge
P.O. Box 684 Sentrum
0106 Oslo, Norway
Telephone: +47 22 00 93 60
E-mail: subscriptions@carnegie.no
www.carnegie.no

5.5.6 Allocation, payment and delivery of Offer Shares in the Employee Offering

In the Employee Offering, the applicants will receive a minimum allocation of Offer Shares with a value of NOK 10,500 (or NOK 2,000 for Eligible Employees participating in the South African Employee Share Scheme) based on the Offer Price, rounded to the nearest one Offer Share, and a maximum allocation of Offer Shares with value of NOK 999,999 based on the Offer Price.

All applicants being allotted Offer Shares in the Employee Offering will receive a letter confirming the number of Offer Shares allotted and the corresponding amount to be paid. These letters are expected to be mailed on or about 26 September 2014.

Each applicant in the Employee Offering must, and will by completing and signing the Employee Application Form, provide a one-time authorization to the Managers to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares allotted to such applicant in the Employee Offering.

It is expected that the amount will be debited on or about 30 September 2014 (the “**Employee Payment Date**”). However, there must be sufficient funds in the specified bank account from and including 26 September 2014. The Managers are only authorised to debit such account once, but reserve the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Employee Payment Date. If there are insufficient funds on the specified bank account or it is impossible to debit the specified bank account for the amount that the applicant is obligated to pay, or payment is not received by one of the Managers according to other instructions, the applicant’s obligation to pay for the Offer Shares will be deemed overdue.

Applicants who do not have a Norwegian bank account must ensure that payment for their Offer Shares allocated in the Employee Offering with cleared funds is made on or before 08:00 CET on 29 September 2014 and should contact one of the Managers in this respect.

For late payments, penalty interest will accrue at a rate equal to the prevailing interest rate, pursuant to the Norwegian Act on Interest on Overdue Payment of December 17, 1976 no. 100, which at the date of this Prospectus was 9.50% per annum.

If an applicant fails to comply with the terms of payment, the Offer Shares will, subject to the discretion of the Managers, not be delivered to the applicant, and the Company, the Selling Shareholders and the Managers reserve the right, at the risk and cost of the applicant (however, so that the applicant will not be entitled to any profit therefrom), to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Company, the selling Shareholders and the Managers may decide in accordance with Norwegian law. The original applicant remains liable for payment of the Offer Price for the Offer Shares allocated to the applicant together with any interest, cost, charges and expenses suffered or incurred by the Company, the Selling Shareholders or the Managers as a result of or in connection with such sales, and the Company, the selling Shareholders or the Managers may enforce payment for any such amount outstanding.

All applicants in the Employee Offering must have a valid VPS account to receive Offer Shares. The VPS account number must be stated when registering an application through the VPS online subscription system or on the Employee Application Form. VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA.

It is expected that registration of the share capital increase relating to the issue of the New Shares in the Offering will be registered in the Norwegian Business Registry on or about 26 September 2014 and that the Offer Shares will be delivered in the VPS to applicants in the Employee Offering on or about 1 October 2014, provided that the applicant has paid for the Offer Shares allocated to the applicant when due.

5.6 Mechanism of allocation

The Company's current shareholders' pre-emptive rights to subscribe for the New Shares will be set aside in the Offering in order to fulfil the listing requirements of Oslo Børs as set out in Section 5.8. The pre-emptive rights are set aside to the benefit of the applicants in the Offering.

The Offering is divided into an Institutional Offering, a Retail Offering and an Employee Offering. The expected allocation of Offer Shares between (i) the Institutional Offering and (ii) the Retail Offering and the Employee Offering is 90% and 10% respectively. However, the final allocation between the tranches will be decided on or about 25 September 2014 based on the subscription level in the respective tranches relative to the overall ordered level for the Offering and the allocation principles set out below. The Company and the Managers reserve the right to deviate from the provisionally assumed allocation between the tranches without further notice and at its sole discretion.

In the Institutional Offering, the Board will determine the allocation of Offer Shares after consultation with the Managers. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principles will include factors such as subscribed amounts, premarketing and management road show participation, timeliness of orders, price aggressiveness in the Bookbuilding Period, relative order size, perceived investor quality and shareholder horizon, sector knowledge and the goal of establishing a strong, diversified shareholder structure. The Company, together with the Managers, further reserve the right, at their sole discretion, to take into account the creditworthiness of any applicant. The Company, together with the Managers, may also set a maximum allocation, or decide to make no allocation to any applicant.

In the Retail Offering, allocation will be made on a pro rata basis using the VPS automated standard allocation procedure and/or other allocation mechanisms, but no allocation shall be for a number of Offer Shares with a total Offer Price less than NOK 10,500. The Company further reserves the right to limit the total number of applicants to whom Offer Shares will be issued if it deems this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing regarding number of shareholders will not be satisfied. If the Company should decide to limit the total number of applicants to whom Offer Shares will be allocated and issued, the identity of the applicants to whom Offer Shares will be issued will be determined by drawing lots or applying similar

mechanisms. Limitation of total number of applicants may also be done by defining a threshold between NOK 10,500 and NOK 999,999 and applying the same limitation principle amongst applicants in the Retail Offering who has applied for Offer Shares for a total Offer Price below such threshold. The applicants in the Employee Offering will have priority over applicants in the Retail Offering.

In the Employee Offering, the Company aims to give the applicants full allocation for an application as long as the total number of Offer Shares applied for in the Employee Offering does not exceed such number of Offer Shares that the Board resolves to allocate to applicants in the Retail Offering and the Employee Offering (as opposed to the Institutional Offering). The Board reserves the right to reduce any applications in the Employee Offering should the Board, in consultation with the Managers, consider that required in order to obtain a diversified shareholder structure or to meet the conditions for Listing.

No Offer Shares have been reserved for any specific national market.

Applications will not be treated differently based on which Manager they are submitted to.

5.7 Publication of information related to the Offering

In addition to press releases at the Company's website, the Company will use Oslo Børs' electronic information system to publish information in respect of the Offering, such as information related to changes to the Indicative Price Range, changes to the timetable of the Offering, including the Bookbuilding Period and the Application Period and determination of Offer Price.

General information on the result of the Offering, including the final determination of the Offer Price, the number of Offer Shares allocated and the total amount of the Offering, is expected to be published on or about 26 September 2014 in the form of a release through Oslo Børs' electronic information system.

5.8 Conditions for completion of the Offering

On 27 August 2014, the Company applied for Listing. Completion of the Offering is conditional upon the board of directors of Oslo Børs approving the application for Listing of the Company's Shares in a board meeting to be held on 24 September 2014 and the satisfaction of the conditions for admission to Listing set by Oslo Børs, which are expected to be that:

- the Offering raising gross proceeds to the Company of minimum NOK 360 million;
- the Company have in excess of 500 shareholders, each holding Shares with a value of more than NOK 10,500; and
- there will be a minimum free float of the Shares of 25%.

The Company expects that these conditions will be fulfilled through the Offering.

Completion of the Offering on the terms set forth in this Prospectus is expressly conditioned upon the satisfaction of the conditions for admission to Listing on Oslo Børs, and the Offering will be cancelled in the event that the conditions are not satisfied. There can be no assurance that the Company will satisfy these conditions.

Completion of the Offering on the terms set forth in this Prospectus is otherwise only conditional on (i) the Board resolving to issue the New Shares and (ii) the Board, in consultation with the Managers having approved the Offer Price and the allocation of the Offer Shares to eligible investors following the bookbuilding process. There can be no assurance that these conditions will be satisfied.

Assuming that the conditions are satisfied, the first day of trading of the Shares, including the Offer Shares, on Oslo Børs, is expected to be on or about 29 September 2014. The Shares are expected to trade under the ticker "SSO".

5.9 The rights conferred by the Offer Shares

The Shares of the Company are, as will the New Shares be, created under the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Liability Companies Act**"). The

Offer Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other Shares in the Company already in issue, including the right to any dividends, after the registration of the share capital increase pertaining to the New Shares in the Norwegian Register of Business Enterprises. The registration of the New Shares in the Norwegian Register of Business Enterprises is expected to take place on or about 26 September 2014. For a description of rights attached to the Shares, see Section 13.

5.10 Admission to trading, trading market, trading symbol and VPS registration

Assuming that the conditions for completion of the Offering are satisfied, and the Offering is not withdrawn, it is expected that the Shares will be tradable on Oslo Børs on or about 29 September 2014. The Shares are expected to trade under the symbol "SSO". The Offer Shares may not be transferred or traded before the share capital increase pertaining to the New Shares has been registered with the Norwegian Register of Business Enterprises. Investors who wish to trade the Offer Shares on Oslo Børs prior to delivery of Offer Shares run the risk that payment and delivery is not completed as set out in this Prospectus.

The Company has not applied for admission to trading of its Shares on any other stock exchange or regulated market than Oslo Børs.

The Company and the Managers cannot assure that a liquid trading market for the Shares can be created or sustained. The prices at which the Shares will trade after the Offering may be lower than the Offer Price. The Offer Price may bear no relationship to the market price of the Shares subsequent to the Offering.

The Offer Shares will, as the existing Shares in the Company, be registered in book-entry form with the VPS and have ISIN NO 001 0715139. The Company's register of shareholders with the VPS is administrated by Nordea Bank Norge ASA, address: Middelthuns gate 17, 0368 OSLO.

5.11 Mandatory anti-money laundering procedures

The Offering is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers with one of the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Application Form are exempted, unless verification of identity is requested by any of the Managers. The verification of identity must be completed prior to the end of the Application Period or Bookbuilding Period. Applicants that have not completed the required verification of identity may not be allocated Offer Shares.

5.12 VPS account

In participating in the Offering, each applicant must have a VPS account. The VPS account number must be stated on the Application Form, or in the VPS online subscription system. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.13 Selling shareholders

Selling Shareholder	Business address	Maximum number of Secondary Shares that may be sold
Scatec AS	Karenslyst Allé 9C 0278 Oslo Norway	7 454 652
ITOCHU Europe PLC.	The Broadgate Tower 20 Primrose Street London EC2A 2EW, U.K.	7 317 040
Scatec Invest AS	Karenslyst Allé 9C 0278 Oslo Norway	3 330 000
ITOCHU Corporation	5-1, Kita-Aoyama 2-chome Minatu-ku, Tokyo 107-8077, Japan	20
Argentos AS/Raymond Carlsen	Hoslegata 10 1356 Bekkestua Norway	675 161
Scatec Solar Ansatte AS	Karenslyst Allé 9C 0278 Oslo Norway	555 000
Rearden AS	Strand Gård 3622 Svene Norway	109 500
Torstein Berntsen / Belito AS ¹	Valkyrieveien 11 1349 Rykkinn Norway	199 537
Mikkel Tørud	Ringkroken 17B 1356 Bekkestua Norway	69 610
Terje Pilskog / Océmar AS ¹	Mikjelsbakken 1B 0378 Oslo Norway	132 678
Roar Haugland / Buzz Aldrin AS ¹	Hønsmyra 14 1384 Asker Norway	134 574
Snorre Valdimarsson ¹	Øvre Dyrhusbakken 4 1390 Vollen Norway	77 481
Valeri Andreev / Pretium AS ¹	Hildertunet 13 1341 Slependsen Norway	83 314
Claus Henning Schmidt ¹	Solvikveien 22B 1363 Høvik Norway	26 759
Kari Mercedes Fremme	Vollsveien 13C 1327 Lysaker Norway	18 350
Christian Lie Hansen ¹	Fearnleys gate 2B 0353 Oslo Norway	29 492
Andrzej Golebiowski	Neuberggata 1A 0367 Oslo Norway	18 350
Torgeir Birgersen / Gemba Invest AS ¹	c/o Torgeir Birgersen Maridalsveien 50A 0458 Oslo Norway	29 051

Terje Osmundsen ¹	Aspehaugveien 10 B 0376 Oslo Noway	43 766
Thomas Hansen	Dalsveien 5 B 1357 Bekkestua Norway	7 280
Christian Blom	Vollsveien 13C 1366 Lysaker Norway	7 280
Adjustment for indirect held Secondary Shares²		-483 482
TOTAL		19 835 413

1) Including indirect held Secondary Shares

2) The adjustment is made as the number of indirect held Secondary Shares are included both for the Selling Shareholders referred to in note 1 above and Scatec Invest AS and Scatec Solar Ansatte AS

The table above includes indirect shareholdings. The final number and allocation between the Selling Shareholders of Secondary Shares to be sold in the Offering will be determined by the Board after consultations with the Managers, following expiry of the Bookbuilding Period. Allocation will be based on a main principle of pro rata sale (Itochu Corporation and Itochu Europe PLC. to be calculated on a consolidated basis), however with the intention that ITOCHU Corporation and ITOCHU Europe PLC's aggregate ownership shall not exceed 20% subsequent to the Offering (this might result in Itochu Corporation selling up to 1 707 314 Shares in addition to what is set out above with a corresponding pro rata reduction in the sale from Scatec AS, Scatec Invest AS and Scatec Solar Ansatte AS). The maximum number of Secondary Shares to be sold in the Offering by all the Selling Shareholders combined shall not exceed 19 835 413, corresponding to 30% of their aggregated holding.

Pursuant to the lock-up undertakings entered into by the members of the Group's senior management, Torstein Berntsen, Roar Haugland, Terje Pilskog, Mikkel Tørud and Snorre Valdimarsson, as described in Section 5.14, the relevant members of management may not sell more than 25% of the Shares they hold, either directly (in person or through controlled entities) or indirectly through Scatec Invest AS or Scatec Solar Ansatte AS. The table above shows the maximum number of Shares each member of management may sell directly or indirectly through a sale of Shares by Scatec Invest AS or Scatec Solar Ansatte AS. Consequently, any Shares sold indirectly through the sale of Offer Shares by Scatec Invest AS or Scatec Solar Ansatte AS will be deducted from the number of Secondary Shares such members of management otherwise may sell. If the sale of Secondary Shares by Scatec Invest AS or Scatec Solar Ansatte AS leads to any member of senior management reducing its direct and indirect shareholding with more than 25%, such Selling Shareholders will through an arrangement with Scatec AS increase its shareholding so that its direct and indirect shareholding is not reduced by more than 25%.

Scatec AS is a wholly owned subsidiary of Celmar AS which is controlled by Alf Bjørseth, being a member of the Board of Directors. Scatec Solar Ansatte AS and Scatec Invest AS are investment companies set up to facilitate investments in Scatec Solar by key personnel. The chief executive officer of Scatec AS, Mr John Andersen is chairman of the Board of Directors. Scatec AS has held board positions with the Company since its incorporation. Scatec AS has an ownership interest of 63.10% in Scatec Invest AS and 21.33% in Scatec Solar Ansatte AS, and thereby also an indirect ownership to Shares in the Company as further set out in Section 13.3. It is contemplated that the indirect ownership in the Company through Scatec Solar Ansatte AS and Scatec Invest AS are to be distributed to its shareholders subsequent to completion of the Offering.

ITOCHU Corporation and ITOCHU Europe PLC. are associated companies and are represented at the Board of Directors of the Company by Mr Akihiko Nakazono. ITOCHU has held board positions with the Company during the periods for the financial information presented in this Prospectus.

Assuming the Offering will be subscribed for in its entirety, and the final Offer Price is set at the mid-range of the Indicative Price Range, Scatec AS will retain ownership in the Company, including indirect held Shares, of approximately 28%. ITOCHU owns Shares in the Company through ITOCHU Europe PLC. and ITOCHU Corporation. ITOCHU Europe PLC. intends to sell all of its Shares in the Company in the Offering, but if a complete sale is not possible, ITOCHU Europe PLC. intends to sell all of its (remaining) Shares in the Company

to ITOCHU Corporation. Consequently and subsequent to the Offering, it is expected that ITOCHU Corporation will be the only ITOCHU company holding Shares in the Company, retaining ownership in the Company of approximately 19%, assuming the Offering will be subscribed for in its entirety and the final Offer Price is set at the mid-range of the Indicative Price Range. Furthermore, if the over-allotment and Greenshoe Option are fully utilized the ownership will equal approximately 25% and 17%, for Scatec AS and ITOCHU Corporation respectively.

The Selling Employees are participating in the Secondary Sale inter alia to attend to the relevant employees' ability to pay their relevant tax claim as a result of participating in the share incentive plan, as further described in Section 8.13.2. Each Selling Employee may sell up to 25% of its aggregated holding of Shares they hold, either directly (in person or controlled entities) or indirectly through Scatec Invest AS or Scatec Solar Ansatte AS in the Secondary Sale. Please refer to Section 13.3 for further details regarding direct and indirect shareholdings.

5.14 Lock-up

The Managers have entered into lock-up agreements with Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS, ITOCHU Corporation, ITOCHU Europe PLC., Argentos AS, the Company, the members of the Board of Directors and the following members of the Management:

Name	Position
Raymond Carlsen	Chief Executive Officer
Mikkel Tørud	Chief Financial Officer
Terje Pilskog	Chief Operating Officer
Torstein Berntsen	Executive Vice President Power Production & Asset Mgmt.
Roar Haugland	Executive Vice President Business Development
Snorre Valdimarsson	Executive Vice President & General Counsel

Pursuant to these lock-up agreements, Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS, ITOCHU Corporation, ITOCHU Europe PLC., Argentos AS, the Company, the members of the Board of Directors and the management listed above have undertaken not to sell, pledge, lend or otherwise dispose of any Shares in the Company (or any options, warrants, convertible bonds or other securities convertible or exchangeable into Shares in the Company) or to enter into swap agreements or other agreements with a similar economic effect to a transfer of Shares in the Company. The undertakings are applicable for shareholders for a period of 9 months, for shareholders who are members of the Board of Directors and part of the Company's Management as listed above for a period of 12 months and for the Company for a period of 12 months starting the first day of Listing (the "**Lock-up Period**"), without the prior written consent of the Managers.

The lock-up undertakings with the shareholders allow for (i) any sale or lending of Shares in connection with the Offering (including sale of Secondary Shares, lending Shares to the Managers and sale of Secondary Shares pursuant to any green shoe arrangement with the Managers), (ii) acceptance (including pre-acceptance) of any bona fide offer from a third party which is not related to any of the persons/entities that have signed lock-up undertakings pursuant to the Norwegian Securities Trading Act chapter 6, (iii) any direct or indirect transfer of Shares to another company controlled by the shareholder or entity controlling the shareholder (including any transfer from ITOCHU Europe PLC to ITOCHU Corporation) or (iv) any transfer of Shares from Scatec Invest AS and Scatec Solar Ansatte AS to their respective shareholders. Shares in Scatec Solar distributed to shareholders in Scatec Invest AS and Scatec Solar Ansatte AS, shall not, except for Shares distributed to shareholders having signed individual lock-up undertakings, be subject to transfer restrictions.

With respect to members of the Group's senior management, Torstein Berntsen, Roar Haugland, Terje Pilskog, Mikkel Tørud and Snorre Valdimarsson, the lock-up agreements allow for a sale of up to an aggregate of 25% of the Shares they hold, either directly (in person or controlled entities) or indirectly through Scatec Invest AS or Scatec Solar Ansatte AS. Please refer to Section 13.3 for further details regarding direct and indirect shareholdings. With respect to the chief executive officer, Raymond Carlsen, the lock-up agreement allows for a sale of up to an aggregate of 24.5% of the Shares he holds. The relevant members of the Management are participating in the Offering as Selling Shareholders.

The lock-up undertaking with the Company allow for issuance of new Shares in connection with the Offering and any issuances of options, Shares or other similar instruments as part of duly approved employee incentive programs.

5.15 Selling and transfer restrictions

See Section 16 for certain applicable selling and transfer restrictions relating to the Offering.

5.16 Managers and advisers

ABG Sundal Collier Norge ASA and Carnegie AS act as Joint Lead Managers and Joint Bookrunners for the Offering. The Managers will be acting as paying agents in the Offering as described in Section 5.2.

Advokatfirmaet Selmer DA acts as Norwegian legal counsel to the Company. Advokatfirmaet Wiersholm AS has acted as Norwegian legal advisor to the Managers in connection with the Offering. KPMG AS has acted as financial due diligence advisor to the Managers.

5.17 Proceeds and expenses related to the Offering

The expected gross proceeds of the New Shares are NOK 500 million. The net proceeds of the New Shares will be used to support the Company's growth. The net proceeds of the part of the Secondary Shares will be for the benefit of the Selling Shareholders.

Selling Shareholders, other than the Selling Employees, will pay brokerage fees for any sale of Secondary Shares. All other transaction costs related to the New Shares and all other directly attributable costs in connection with the Listing and Offering will be paid by the Company. Scatec Solar estimates that expenses in connection with the Offering and the Listing, which will be paid by the Company, will amount to between NOK 22 million and NOK 27 million. Expenses relating to the Offering will not be charged to the investor.

5.18 Interests of natural and legal persons involved in the Offering

The Managers (and/or their affiliates) have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. Further, in connection with the Offering, the Managers, their employees and any affiliates acting as an investor for their own account, may purchase Offer Shares and other securities of the Company or other investments for their own account and may offer or sell such securities (or other investments) otherwise than in connection with the Offering. Neither of the Managers intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Managers will receive a success fee of a fixed percentage of the gross proceeds raised in the Offering and, as such, have an interest in the Offering.

The Selling Shareholders will receive proceeds from the sale of the Secondary Shares and, as such, has an interest in the Offering. Please refer to section 5.13 for details on the maximum numbers of Secondary Shares to be sold by each of the Selling Shareholders. The Company is not aware of whether any major shareholders, members of the Company's senior management or Board of Directors intend to apply for Offer Shares in the Offering, or whether any person intends to subscribe for more than 5% of the Offer Shares other than as described in this Prospectus.

5.19 Dilution

Assuming that the Offer Price is set within the Indicative Price Range, the immediate dilutive effect of the Offering will be in the range of 17% to 21%, depending on the Offer Price and the number of New Shares allocated in the Offering.

5.20 Governing law and jurisdiction

The terms and conditions of the Offering as set out in this Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

5.21 Over Allotment Option and stabilisation activities

5.21.1 *Over-allotment of Additional Shares*

In connection with the Offering, the Stabilisation Manager may, with consent from the Company, elect to over-allot a number of Additional Shares equalling up to 15% of the number of Offer Shares. In order to permit the delivery in respect of over-allotments made, the Stabilisation Manager may require the Principal Shareholders to lend such Additional Shares to the Stabilisation Manager, on behalf of the Managers. Pursuant to the Greenshoe Option, the Principal Shareholders have also granted the Stabilisation Manager, on behalf of the Managers, an option to purchase a number of Additional Shares equal to up to 15% of the number of Offer Shares at a price equal to the final Offer Price in the Offering, as may be necessary to cover over-allotments, if any, made in connection with the Offering. To the extent that the Managers have over-allotted Shares in the Offering, the Managers have created a short position in the Shares. The Stabilisation Manager may close out this short position by buying Shares in the open market through stabilisation activities and/or by exercising the Greenshoe Option.

A stock exchange notice will be made on or about 26 September 2014 announcing whether the Managers have over-allotted Shares in connection with the Offering. Any exercise of the Over-Allotment Option will be promptly announced by the Stabilisation Manager through the information system of Oslo Børs.

5.21.2 *Price stabilisation*

Carnegie, acting as the Stabilisation Manager, may, upon any over-allotment in the Offering, effect transactions from the first day of trading with a view to supporting the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offering Price. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after first day of Listing. It should be noted that stabilisation activities might result in market prices that are higher than would otherwise prevail.

Any stabilisation activities will be conducted in accordance with section 3-12 of the Norwegian Securities Trading Act, and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

The net profit, if any, resulting from stabilisation activities conducted by the Stabilisation Manager, on behalf of the Managers, will be for the benefit of the Principal Shareholders.

Within one week after the expiry of the 30 calendar day period of price stabilisation, the Stabilisation Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (i) the total amount of Shares purchased; (ii) the dates on which the stabilisation period began and ended; (iii) the price range between which stabilisation was carried out, as well as the highest, lowest and average price paid during the stabilisation period; and (iv) the date at which stabilisation activities last occurred.

5.22 Resolution behind the Offering

The Company resolved on an extraordinary general meeting held 13 August 2014 to grant the Board an authorisation to increase the share capital of the Company with up to a total par value of NOK 843,755 by issuing up to 33,750,200 new Shares, each having a par value of NOK 0.025. The resolution had the following wording (English office translation):

"The Company's board of directors is authorised to increase the share capital, on the following conditions:

1. The share capital may, in one or more rounds, be increased by a total of up to NOK 843,755.
2. The authorisation may only be used for initial public offering in relation to the application for listing of the Company's shares on Oslo Børs/Oslo Axess.
3. The authorisation shall be valid until the ordinary general meeting in 2015, but no later than 30 June 2015.
4. The shareholders pre-emption for subscription of shares may be set aside.
5. The authorisation does not include increase of share capital with contribution in kind or the right to incur the Company special obligations.
6. The authorisation does not include decision on merger.
7. This authorisation replaces previous issued authorisations for share capital increase."

The resolution was registered in the Register of Business Enterprises on 25 August 2014. The authorisation enables the Board of Directors to carry out the share issue contemplated by the Offering. The share issue will be carried out following a resolution by the Board of Directors which must be in accordance with the authorisation and which will include share price and other terms and conditions as determined by the Board of Directors. Such resolution is expected to be passed on or around 25 September 2014.

6. PRESENTATION OF THE GROUP

6.1 Overview

Scatec Solar ASA is a Norwegian incorporated public limited liability company under the Norwegian Public Limited Companies Act, and is registered with the Norwegian Register of Business Enterprises with registration number 990 918 546. The Company's registered office is Karenslyst Allé 49, 0279 Oslo, Norway, telephone +47 48 08 55 00.

Scatec Solar is an integrated, independent power producer (IPP). The Company is pursuing an integrated business model across the entire downstream value chain for utility-scale solar power plants, including project development and design, financing, engineering, procurement, construction management, operation and maintenance, and asset management.

Scatec Solar's positioning in the value chain

Scatec Solar operates globally, and currently has operating subsidiaries in Germany (under dissolution), the Czech Republic, Italy, France, USA, Jordan, Japan, Rwanda, and South Africa.

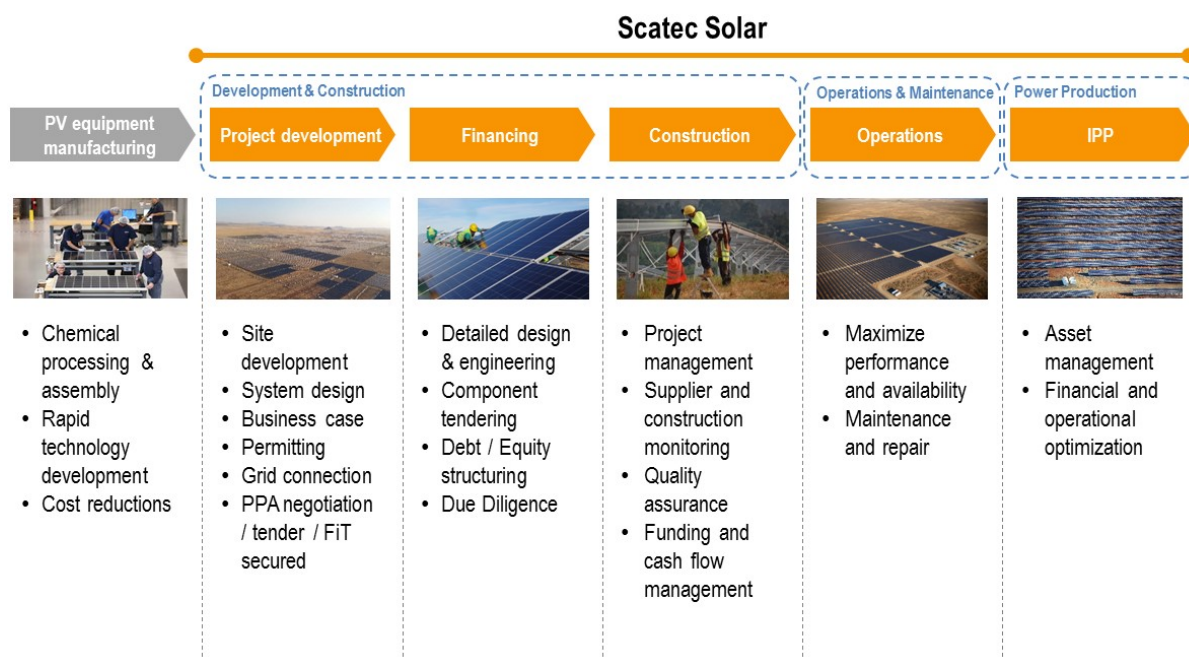
The Company reports on three business segments; Development & Construction, Operation & Maintenance, and Power Production, in addition to Corporate and Eliminations.

Segment reporting structure



6.2 Solar market value chain

The value chain from production of raw materials to a fully operational power plant producing electricity can be divided into in the six steps. As illustrated directly below, Scatec Solar business encompasses five of these six steps:



PV equipment manufacturing: This part of the value chain could mainly be divided into several sub-categories as there are four steps in the production and ultimately the assembly of solar panels:

- Polysilicon
- Wafer
- Cells
- Panels

From the perspective of the Company, it is expedient to present the upstream part of the solar PV value chain as one separate part, as none of the processes in the production of solar panels are part of the Company's business model.

Project development: The most important activities in project development includes site identification and permitting, plant design, development of business case, securing of grid connection, PPA negotiation, tendering activity and securing FiTs. Competition in this part of the value chain is typically related to securing of attractive land, and in tendering rounds where numerous parties may compete. Scatec Solar is active in this part of the value chain

Financing: Project financing represents a critical part of solar PV projects and is coherent to the development of new projects. This stage involves securing financing for new large-scale solar PV project and preparation of the new projects for commercial operations. The process includes structuring of debt and equity and due diligence processes. The funding of a new project can vary widely, although senior debt typically forms the dominant source of funding together with junior debt and equity. Other examples of source of funding can be subsidized loans, grants or tax credits.

Construction: The construction phase includes activities related to building and finalizing PV plants, such as project management, construction, supplier and construction monitoring, quality assurance, and cash flow management. Scatec Solar's integrated value chain includes the construction part of the value chain.

Operations: This part of the value chain includes services related to operating, monitoring, maintaining and repairing PV power plants to maximize plant performance and availability. The business related to operation and maintenance is driven by PV capacity and has conventionally been a source to stable margins. Scatec Solar has activities in this part of the value chain.

IPP (Independent Power Producer): The last part of the value chain involves selling power to off-takers. Normally low variation of solar irradiation, power purchase agreements (PPAs) and feed-in-tariffs ensures fairly predictable returns once the plant is connected. Strong decline in prices for PV systems as well as

increase in the general level of electricity prices has led solar PV generated electricity to be competitive with conventional sources of energy on equal terms in some segments in some countries, a development that is expected to continue. This development is important when evaluating the profitability of potential projects, in addition to ensure IPPs to be less dependent of future policymakers' subsidy schemes. However, competition for electricity sales is not an issue as soon as power off-take agreements are acquired as the Company then will sell its production in accordance to contracted arrangements. Scatec Solar operates as an IPP through its ownership in several assets.

6.3 Business objectives and strategy

Scatec Solar's vision is to improve our future by establishing solar power as a competitive and sustainable source of energy

Scatec Solar's strategy is to pursue an integrated business model, and develop, construct, own and operate utility-scale photovoltaic solar power plants offering attractive returns. The Company will seek geographical diversification and believes the integrated business model can create competitive advantages through lower cost, higher speed and improved project execution in both established and emerging markets.

Scatec Solar believes its strategic approach enables realization of premium margins and cash flows through the development, financing, construction and operation of solar power plants.

The experience gained from constructing and operating the plants is used in developing and designing new projects and vice versa. Further, the integrated approach also allows the Company to efficiently redeploy development and construction margins generated in the early phases as working capital and equity into the project companies.

As the power plant portfolio grows, the Company will seek to further optimise the capital structure of the project companies holding the power plant assets. Documented improved operational performance represents a basis for evaluating re-financing opportunities. Scatec Solar will continuously explore alternative attractively priced sources of debt and equity to reduce cost of capital over time.

The Company's key capabilities is leveraged through multi-disciplinary teams comprising power market insights, operational knowledge, technical and construction management knowhow, and commercial, legal and financial competence. The business model opens for flexible execution models adapted to each individual market. The Company will maintain its strong focus on partnerships throughout the entire business process, and seek equity co-investments to enhance value and reduce risk.

Scatec Solar sees a positive market environment. Solar power is becoming increasingly more cost competitive versus conventional sources of energy and it is fast and easy to deploy in large volumes. The company sees attractive margin opportunities in both established and emerging markets, and believe the development of solar power plants without subsidies or Feed in Tariff schemes still is in its infancy. Asset owners and project developers are expected to continue to benefit from cost reductions, technology developments and declining cost of capital. Overall, this is expected to generate continued strong demand growth going forward, with attractive market opportunities.

Scatec Solar currently has ownership in solar plants with a combined gross capacity of 143 MW, and a 75 MW plant (Dreunberg) under construction. Based on contractual power prices and estimated production volumes, the Company has secured solar power sales contracts with a total nominal undiscounted value of more than NOK 15 billion until 2034 for plants in production and under construction.

The current project backlog represents additional capacity of 155 MW, assessed as projects having more than a 90% likelihood of being realized. Adding to this, the Company has a pipeline of more than 730 MW of projects assessed as having more than 50% likelihood of being realized. Scatec Solar has furthermore verified the feasibility and business cases for project opportunities representing a combined capacity of approximately 900 MW.

Given the Company's current asset base and concrete expansion plans, the management of Scatec Solar believes the company is well positioned to realize its ambition to secure ownership of a portfolio of solar power plants with a gross capacity of 750 MW by the end of 2016.

6.4 Historical background and development

Scatec Solar was formally incorporated 2 February 2007, with its roots tracing back to 2001, through Scatec Solar's acquisition of the German project development company Solarcompetence GmbH. Scatec Solar has an accumulated project track record of 400 MW, spanning 58 projects in seven geographical markets.

Scatec Solar milestones

Year	Event
2001	1st world record: First megawatt sized solar park in Germany (1.6 MWp) and the world's largest solar power plant (4 MWp)
2004	2nd time the world's largest solar power plant (6.3 MWp)
2005	US-award "Best Renewable Project of the Year" market entry into the roof top PV business
2008	Market entry and project development in Czech Republic and Italy
2009	First installation in Czech Republic and Italy
2010	Market entry South Africa, France and the US
2011	Selected preferred bidder for the 75 MW Kalkbult project in South Africa Market entry West Africa
2012	Initiated construction of the first 75 MW solar power plant in South Africa. Selected as preferred bidder for two more plants in South Africa, totalling 115 MW
2013	Start of construction of two phase 2 projects (40 MW + 75 MW) in South Africa, followed by grid connection of the first 75 MW project Market entry into Japan, the UK and Jordan
2014	Grid connection of a 40 MW project in South Africa Start of construction and grid-connection of a 8.5 MW PV plant in Rwanda Continued progress on 75 MW project in South Africa, to be grid-connected in 2H 2014 Backlog of projects of 155 MW and pipeline of more the 730 MW globally
2014	Scatec Solar AS is converted to a Norwegian public limited liability company and set up to facilitate a listing on Oslo Børs

From 2008, the Company expanded its business offering in Design and Construction of solar power plants, as well as Operation & Maintenance (O&M). Geographically, the Company expanded from its home base in Germany into the Czech Republic and Italy.

In 2008-2010 Scatec Solar developed and constructed four solar power plants with a combined capacity of 20 MW in the Czech Republic. The Company retained full ownership of these plants, and hence became a fully integrated independent solar power producer.

In 2010, the Company further expanded its geographical reach with market entry into South Africa, France and the US, and in 2011 also entered into several markets in West Africa.

The decision to enter South Africa was made in anticipation of the start-up of South Africa's government-backed Renewable Energy Independent Power Producer Procurement Program. Scatec Solar's 75 MW Kalkbult solar power project was in 2011 selected as one of the preferred bidders in the first concession round, and construction of the plant was initiated upon financial closing in November 2012. Kalkbult was grid-connected in September 2013, as the first large solar power plant to come on stream under the government program in South Africa.

In 2012, Scatec Solar was selected as preferred bidder with two more solar power plants in the second concession round in South Africa; the 40 MW Linde plant and the 75 MW Dreunberg plant. Construction of these plants commenced upon financial closing in May 2013. The Linde plant was grid-connected in June 2014, whereas the first stage of Dreunberg was grid connected in August, and is expected to increase production through September and October 2014.

In 2013, the Company also entered into Japan, the UK and Jordan.

In early 2014, construction was initiated on an 8.5 MW solar power plant in Rwanda. The solar power plant was grid-connected in July 2014.

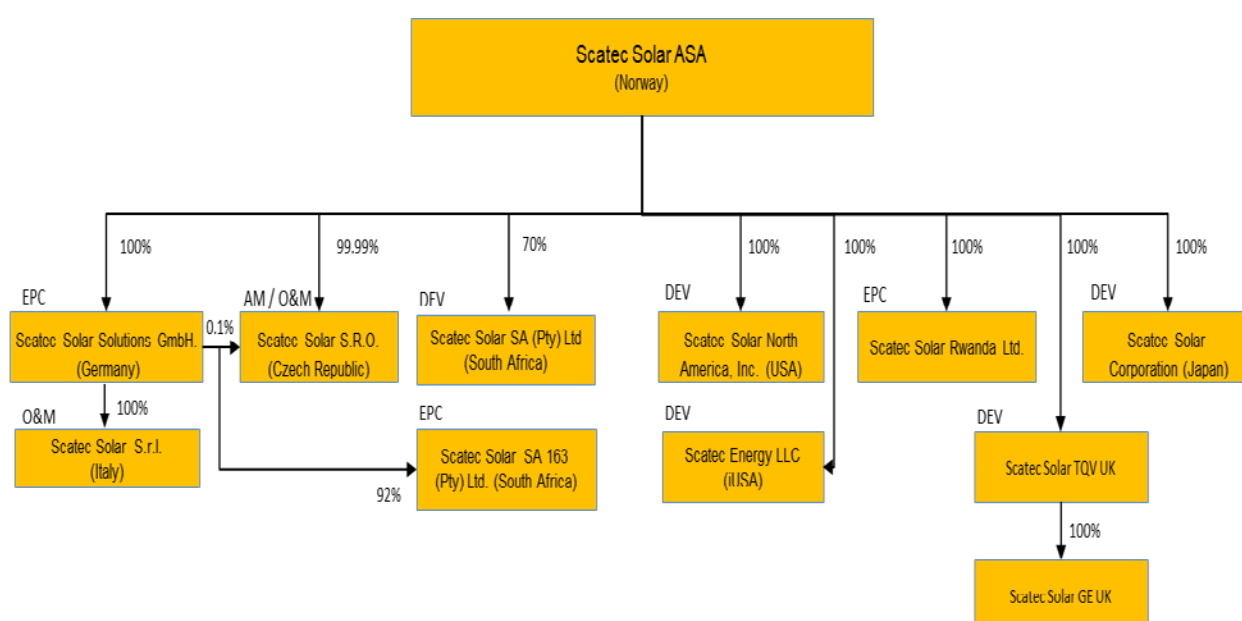
6.5 Legal structure

The Group consists of the Company and 41 direct and indirect subsidiaries. The operations of the Group are carried out by the Company through certain key subsidiaries, while certain of the Company's direct and/or indirect subsidiaries currently are dormant or have only limited operations.

The Group's legal structure is set up on the basis of the key operations of the Group, as further illustrated by the figures below, including the Company's main subsidiaries:

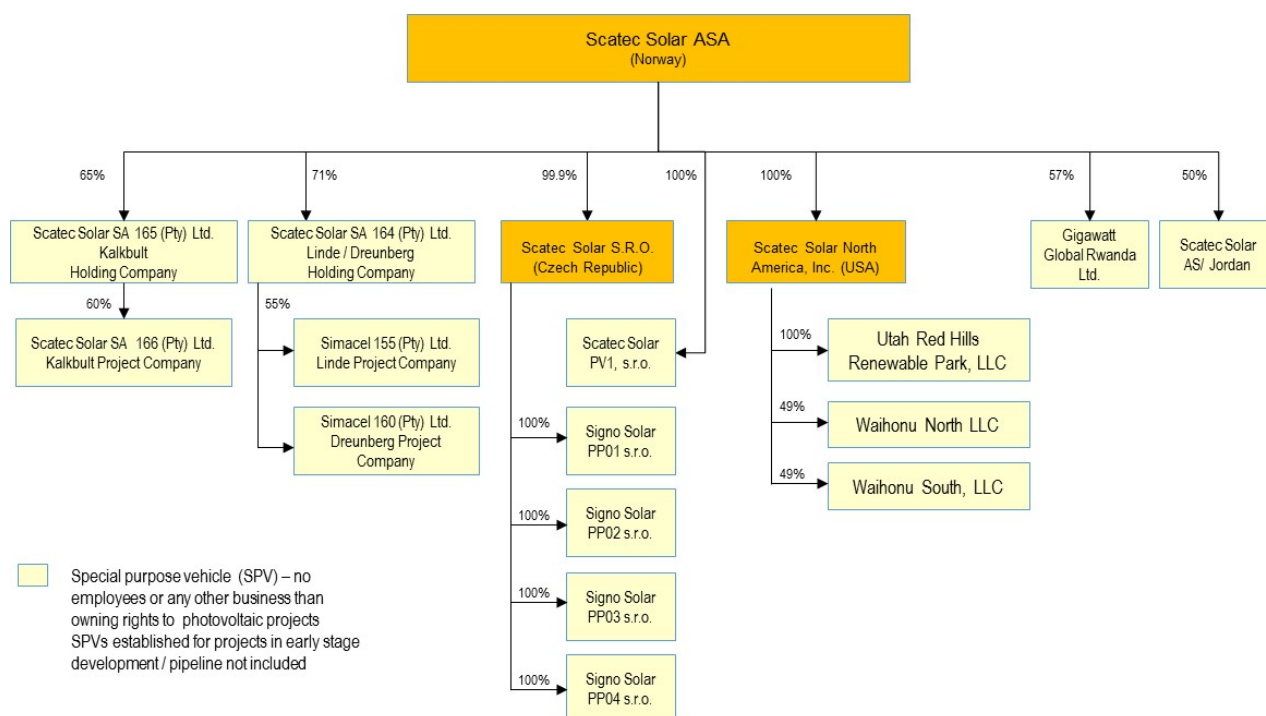
- 1 Development, construction and operations & maintenance activities, and
- 2 Plants in operations, under construction and in backlog.

LEGAL STRUCTURE — DEVELOPMENT, CONSTRUCTION AND O&M ACTIVITIES



Legends:

- DEV: Project development companies
- EPC: Construction/EPC service companies
- O&M: Operation and maintenance service companies
- AM: Management of SPVs, statutory and financial reporting



For tabular overviews over all subsidiaries and associated companies, please refer to the Annual Report for 2013, notes 5 and 13, in Appendix B.

6.6 Business description

Scatec Solar operates globally, seeking to match the Company's strengths with markets meeting the Company's requirements in terms of solar irradiation, financial and legal support schemes, and operational and political risks. Headquartered in Oslo, Norway, the Group currently has operating subsidiaries in Germany (under dissolution), France, the Czech Republic, USA, Rwanda, Japan, Jordan and South Africa. The Company has close to 100 highly skilled employees, competent owners and partners, and a broad industrial network.

Ownership in solar power plants is held through project companies offering isolation of operational and financial risks related to each individual project. The solar power plants are debt financed by non-recourse financing pledged only to the respective solar power park asset of each project company, limiting Scatec Solar's exposure to the equity invested and retained in each individual project.

Scatec Solar has established a sizeable asset base. Solar power plants in production or under construction currently represent installed capacity of 219 MW, and projects currently in backlog represent further capacity of 155 MW.

The project companies contract an entity within the Group acting as the contractor with a turnkey engineering, procurement, construction and installation agreement whereby the contractor will sell a turnkey plant to the project company. The contractor will in turn contract with suppliers for the supply of all components required (such as panels, inverters, substructure, cables, high voltage and so forth). The contractor will also contract with sub-contractors for civil and electrical work. Additionally, the project companies will purchase the project rights from the group entity that has developed the project or from third party developers.

Based on contractual power prices, existing feed-in tariff schemes and estimated production volume the Company has secured solar power sales contracts with a total nominal undiscounted value of more than NOK 15 billion until 2034 for plants in production or under construction. Subsequent to fulfilling requirements in finance agreements where relevant, the annual free cash flow to equity from plants currently in operation and/or under construction is estimated to NOK 130-150 million.

A decision was made in April 2014 to close down the Group's subsidiary located in Regensburg, Germany. The termination of the German activities will occur gradually and is expected to be completed within fiscal year 2014. A provision of NOK 6 967 thousand related to severance pay, onerous contracts, legal fees and impairments has been made in the second quarter.

The Company reports three separate business segments: Power Production, Operation & Maintenance, and Development & Construction, in addition to Corporate and Eliminations.

The competitive environment for the Company is fragmented. There are many players in this field and their market approaches and business models vary greatly. Only a few players are pursuing the integrated business model of Scatec Solar, where projects are developed, built, owned and operated by the same company. In addition to a number of local companies, larger global players like SunEdison, Sunpower, First Solar and Enel are typically competitors in the Company's main markets.

6.6.1 Power Production

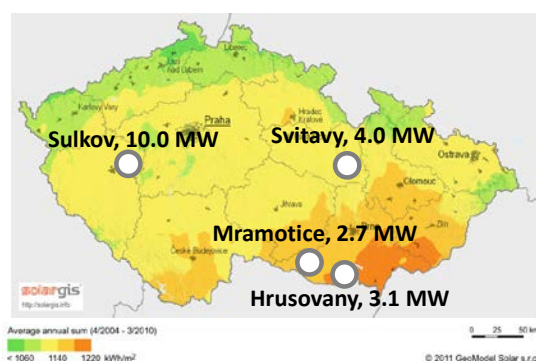
Scatec Solar currently holds ownership positions in seven producing solar power plants with a combined production capacity of 143 MW. This comprises two solar power plant in South Africa with a combined capacity of 115 MW (39% Scatec Solar ownership), four solar power plants with a total capacity of 20 MW in the Czech Republic (100% Scatec Solar ownership), and one plant with a capacity of 8.5 MW in Rwanda (57% Scatec Solar ownership).

Plants	Capacity (MW)	Scatec Solar ownership	COD	Off-take arrangement	Expected annual production (MWh)	Expected annual revenues (NOKm)	Expected annual OPEX (NOKm)
IN OPERATION:							
Czech plants	19.8	100%	2010/2011	20 year, FIT ²	20,500	76	7
Kalkbult, RSA	75.0	39%	Q1 2014	20 year, PPA ³	150,000	250	23
Linde, RSA	40.0	39%	Q2 2014	20 year, PPA	93,700	138	14
ASYV, Rwanda	8.5	57% ¹	Q3 2014	25 year, PPA	15,500	17	4
TOTAL	143.3				279,700	481	48

- 1) As from 2015. The Company's current ownership in ASYV is 43%
- 2) Feed-in Tariff: A policy mechanism designed to accelerate investment in renewable energy technologies, by offering long-term contracts to renewable energy producers, typically based on the cost of generation of each technology, offering cost-based.
- 3) Power purchase agreements entered into by the project company and off-take counterparty (public utilities or other partners), The power purchase agreements are long term off-take agreements under which the price for electricity are subject to consumer price index ("CPI") adjustments or linked to fluctuation in prevailing market prices.

KEY FACTS – SCATEC SOLAR'S SOLAR POWER PLANTS IN THE CZECH REPUBLIC

The four fully owned Czech plants were developed and constructed by Scatec Solar and commenced operation in 2010 and 2011. The power from the plants is sold under 20-year Feed-in-Tariff (FIT) contracts at prices escalating at 2% per annum.



Installed capacity	19.8 MWp
Total investment by SPVs*	CZK 2,232 million
Debt financing at production start	CZK 1,502 million
Equity financing at production start	CZK 730 million
Weighted annual P50 specific yield (first year 2011)	1,083 kWh/kWp
Annual production (2014e)**	20,500 MWh
Annual revenues (2014e)**	NOK 76 million
Annual opex (2014e)**	NOK 6.5 million

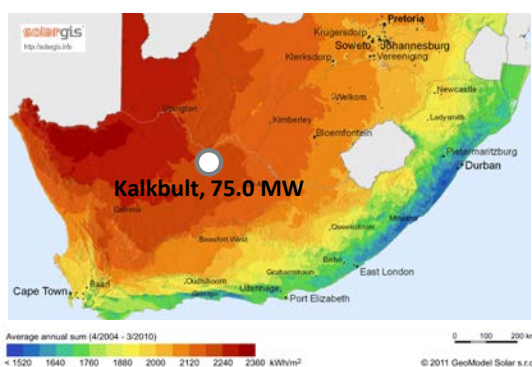
* The SPVs were 67% debt financed at financial close, including upfront-paid GIEK debt guarantee fee (covering 70% of the debt for the whole tenor), land purchase and transaction costs. The debt matures in 2028/29 (18 years tenor), with 5.3-5.7% effective cash interest rate in CZK and sculpted repayment.

** Estimates for production, revenues and operational costs in 2014 are based on the contractual power prices/FIT, production volumes based on existing operating data, and a NOK/CZK rate of 0.31. The operations are subject to 19% corporate tax rate and a 10% special levy on revenues for 17.7 MWp of the capacity.

KEY FACTS – KALKBULT – SOUTH AFRICA

The Kalkbult solar power plant was developed by Scatec Solar and its partner Simacel, constructed by Scatec Solar, and has a production capacity of 75 MW. The construction phase started in the fourth quarter of 2012 and the plant came into operation late in the first quarter 2014. The power generated from the plant is sold under a 20-year PPA with the South African state-owned utility company Eskom, with an annual price adjustment of 100% of South African CPI.

The SPV is 60% owned by the subsidiary *Scatec Solar 165* and 40 percent by Old Mutual Life Insurance Company, StanLIB, and Simacel & Local Community Trust. Scatec Solar 165 is in turn 65 percent owned by Scatec Solar and 35 percent by Norfund, leaving Scatec Solar with an indirect plant ownership of 39 percent.



Installed capacity	75.0 MWp
Total investment by SPVs*	ZAR 2,200 million
Debt financing at production start	ZAR 1,650 million
Equity financing at production start	ZAR 550 million
Annual P50 specific yield (first year 2014)	2,035 kWh/kWp
Annual production**	150,000 MWh
Annual revenues**	NOK 250 million
Annual opex**	NOK 23 million

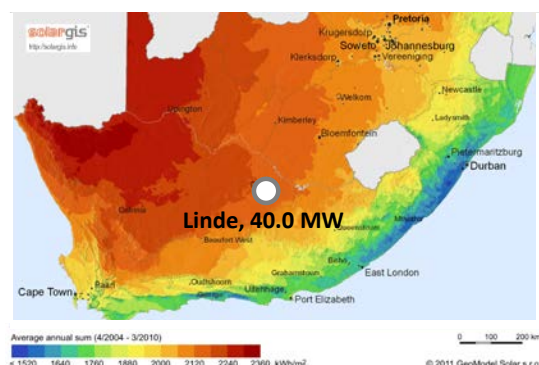
* The SPV is 75% debt financed, with the debt maturing end 2028. The debt carried 9.5% cash interest rate during construction and 11.0-12.5% during operations, in ZAR.

** Estimates for production, revenues and operational costs are for the first 12 months after COD, with the revenue estimate based on contractual power prices, estimated production volumes and a NOK/ZAR rate of 0.56. The operations are subject to 28% corporate tax rate.

KEY FACTS – LINDE – SOUTH AFRICA

The Linde solar power plant was developed by Scatec Solar and Simacel, and constructed by Scatec Solar. Construction of the plant commenced in the second quarter of 2013 and the plant came into operation in June 2014. The power will be sold under 20-year PPAs with Eskom, with an annual price adjustment of 19 percent of South African CPI.

The SPV is owned 55 percent by Scatec Solar 164 and 45 percent by the co-owners Old Mutual Life Insurance Company, StanLIB, and Simacel and local community trusts. Scatec Solar 164 is in turn owned 71 percent by Scatec Solar and 29 percent by Norfund, leaving Scatec Solar with an indirect plant ownership of 39 percent.



Installed capacity	40.0 MWp
Total investment by SPVs*	ZAR 1,116 million
Debt financing at production start	ZAR 893 million
Equity financing at production start	ZAR 223 million
Annual specific P50 yield (first year 2014-15)	2,388 kWh/kWp
Annual production**	93,673 MWh
Annual revenues**	NOK 138 million
Annual opex**	NOK 14 million

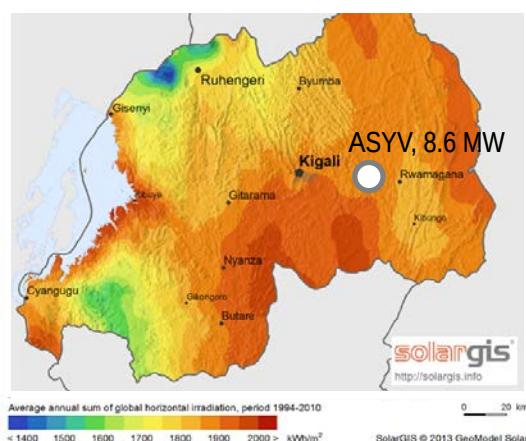
The SPV is 80% debt financed, with the debt maturing 2029. Senior debt carried 9.1% cash interest in ZAR during construction and 11.3-12.9% during operations, whereas subordinated debt (5%) carried 12% cash interest rate during construction and 14.1-15.8% during operations.

** Estimates for production, revenues and operational costs are for the first 12 months after COD, with the revenue estimate based on contractual power prices, estimated production volumes and a NOK/ZAR rate of 0.56. The operations are subject to 28% corporate tax rate.

KEY FACTS – ASYV – RWANDA

The 8.5 MW Agahozo-Shalom Youth Village (ASYV) power plant was developed by Gigawatt Global and was constructed by Scatec Solar. Construction commenced in the first quarter 2014, and the plant was grid connected in July 2014. The power will be sold under 25-year PPA with the state-owned utility EWSA, with an annual price adjustment of 100% of Rwandan CPI.

Throughout the construction phase Scatec Solar has a shareholding of 43% in the project entity. One year subsequent to the commercial operation date Scatec Solar's shareholding will increase to 57% as part of a shareholders agreement. The remaining ownership is held by Norfund 13% and by Norfund/KLP 30%.



Installed capacity	8.5 MWp
Total investment by SPVs*	USD 23,7 million
Debt financing	USD 20,1 million
Equity financing	USD 3,6 million
Annual solar P50 specific yield	1,829 kWh/kWp
Annual production**	15,500 MWh
Annual revenues**	NOK 17 million
Annual opex**	NOK 3.5 million

* The SPV is 85% debt financed, with the debt maturing 2030. The debt carries an “all-in” cash interest rate of 7.9% in USD.

** Estimates for production, revenues and operational costs are based on averages of the contractual power prices and estimated volumes for the duration of the PPA, and a NOK/USD rate of 5.9. The operations are subject to 15% corporate tax rate.

The Company's portfolio of assets in operation will grow with the completion of the Dreunberg (75 MW) solar power plant in South Africa later in 2014 (see 6.5.3 “Development & Construction”).

6.6.2 Operation & Maintenance

Scatec Solar has an industrial approach to the ownership of power plants and recognizes sound operation and maintenance of the solar power plants to be essential in order of maintaining control and maximising plant performance.

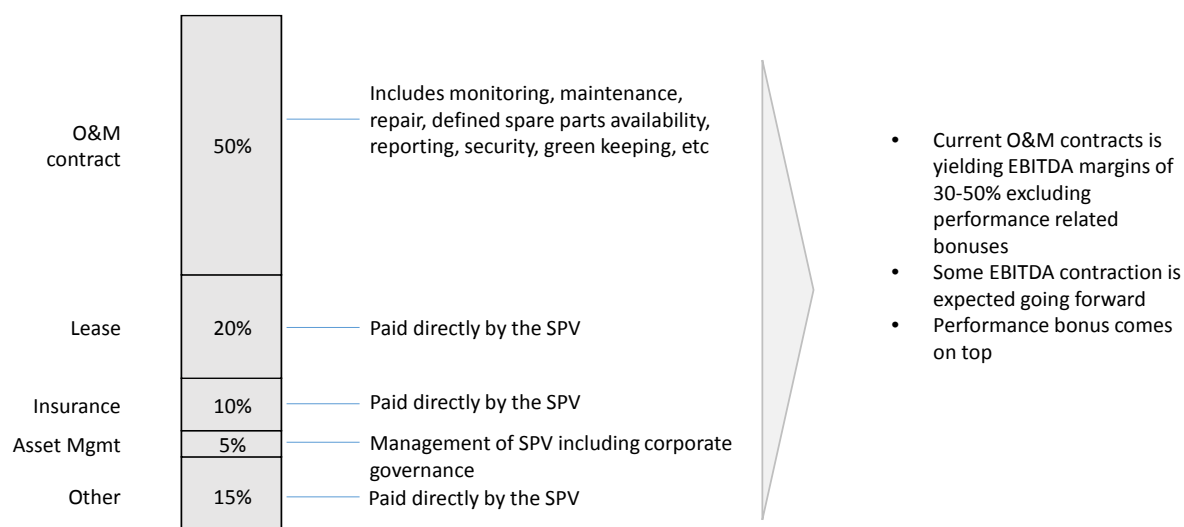
The company operates and maintains all the plants in which the company holds ownership positions, as well as with selected third-party solar power plants designed and constructed by the Scatec Solar.

Revenues and profits are typically generated on the basis of long-term contracts with fixed base-fees and additional profit-sharing arrangements based on power plant performance. The key parameters to optimize performance at lower cost relate to performance and availability, which in turn depend on adequate monitoring systems, regular module cleaning, and optimised fault response, repair time and spare parts strategy.

O&M contracts typically account for approximately 50 percent of total operating expenses at a plant, with land leases (~20%), insurance ~10%), asset management (~5%) and other costs (~15%) making up the remainder.

Operational cost breakdown and O&M margins

Total Opex for plant, %



Scatec Solar's current O&M contracts yield EBITDA margins of 30-50%, excluding performance related bonuses.

The Company expects some EBITDA margin contraction for new O&M contracts going forward.

The third party contracts are considered non-core business and some of these contracts will be terminated during second half 2014. It is expected that 16 MW will be terminated during Q3 2014 and another 7 MW will be terminated by the end of 2014. After these contract terminations the O&M portfolio is expected to generate annual base revenues of approximately NOK 35 million at current exchange rates.

In addition, the majority of the O&M contracts include performance bonus provisions, securing the company 50% of revenue generated when exceeding pre-defined production levels. If the current performance is maintained at Kalkbult, the plant is estimated to generate performance bonus in addition to the base fee of approximately NOK 12 million on an annual basis.

Plants	Capacity (MW)	Ownership	Annual O&M base fee ¹⁾ (NOK million)	Performance ratio triggering bonus	Bonus-% of revenue from overperformance
IN OPERATION:					
Kalkbult, RSA	75	39%	9	77.5% ²⁾	50%
Linde, RSA	40	39%	7	79.6% ²⁾	50%
ASYV, Rwanda	9	57%	1	80.8%	50%
Czech Republic	20	100%	3	n.a.	n.a.
Third-party	51	-	8	n.a. ³⁾	n.a.
UNDER CONSTRUCTION:					
Dreunberg, RSA	75	39%	12	80.0% ²⁾	50%
TOTAL	270		40		

1) The annual O&M base fee is based on NOK/ZAR 0.56, NOK/USD 5.9 and NOK/EUR 8.13

2) 79% hurdle rate first two years

3) Some contracts with performance bonuses, with varying frequency, level and structure

6.6.3 Development and Construction

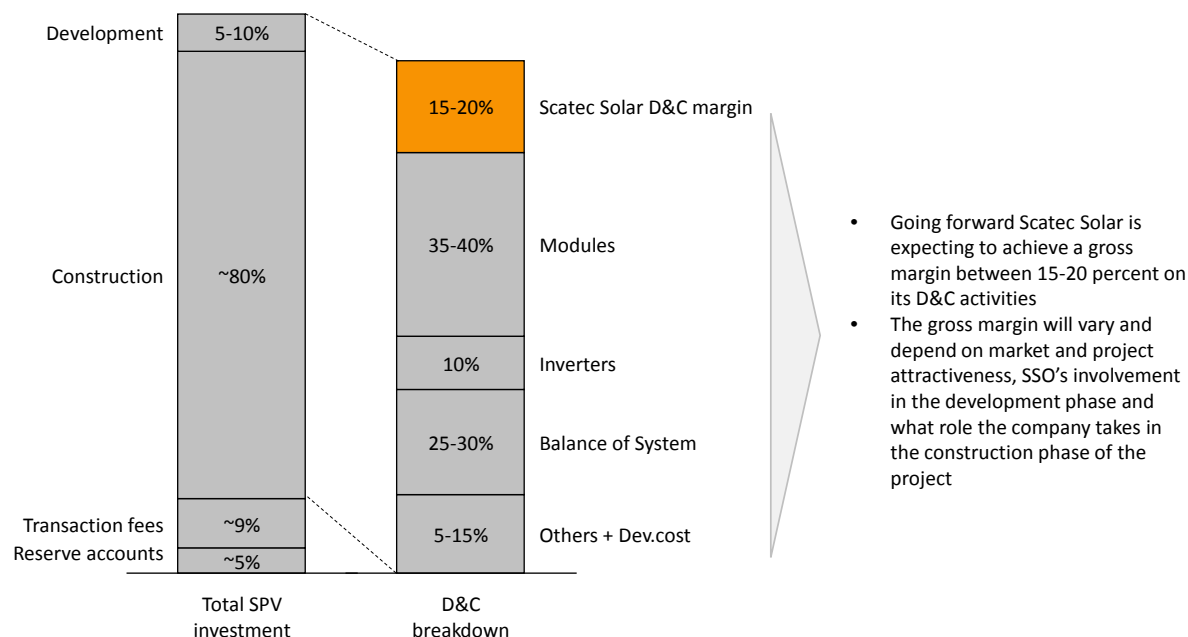
Development, design and construction of solar power plants is a crucial activity for increasing the Company's base of producing assets, and also generates significant cash flows in the early stages of the project lifecycle. Development and construction typically account for 85-90% of an SPV's total investment, with transaction fees and reserve accounts making up the remainder.

New solar power plants are developed in several stages, and the process will vary greatly from project to project and depend on a number of factors including the relevant regulations in the markets in which the Company operates. One of the main milestones in the projects development phase is to secure the off-take agreement. In some markets, like Japan, Feed-In-Tariffs are secured through an application process, in other markets, like most of Africa, the off-take agreements are secured through bi-lateral negotiations with the utilities. In some other markets, including South Africa and Jordan, off-take agreements are allocated through tender processes.

The time frame for the development and financing of a new project varies, but normally takes 1-2 years. Construction time for a solar power plant varies with size, location and design. For projects in the Company's current backlog and pipeline, construction time frames are typically estimated to 6 – 12 months.

The breakdown of the development and construction costs typically comprises modules (35-40%), inverters (10%), balance of system (25-30%) and other costs (5-15%), securing Scatec Solar a 15-20% gross D&C-margin. The company believes this will be a sustainable margin level going forward, although the gross margin will vary across markets and projects and depend of the Company's role in the construction phase in each individual project.

Plant CAPEX breakdown and D&C gross margins



Scatec Solar has a well-tested operating system with clearly defined decision gates between project selection, feasibility studies, development and construction, and project close and transfer of responsibilities to SPVs. The construction approach itself is standardized and well proven, across site preparations, mechanical assembly, electrical assembly, and grid connection and commissioning.

Scatec Solar currently has one solar power plant under construction; the 75.4 MW Dreunberg plant in South Africa.

Plants	Capacity (MW)	Scatec Solar ownership	COD	Off-take arrangement	Expected annual production (MWh)	Expected annual revenues (NOKm)	Expected annual OPEX (NOKm)
UNDER CONSTRUCTION:							
Dreunberg, RSA	75.4	39%	Q4 2014	20 year, PPA	178,000	270	23

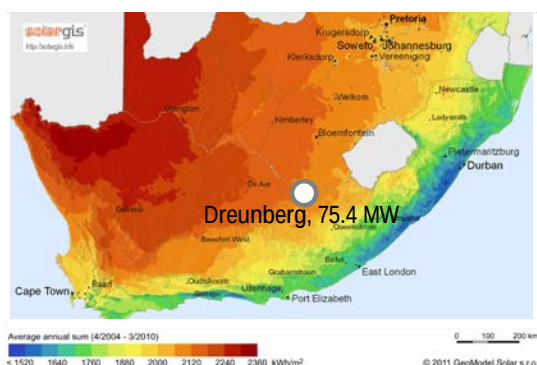
The construction contract for Dreunberg is nominated in ZAR.

Per the end of the second quarter 2014 the remaining revenue in construction contracts amounted to approximately NOK 170 million based on current exchange rates, of which a minor part pertained to the construction of the Linde and ASYV plants.

KEY FACTS – DREUNBERG – SOUTH AFRICA

The Dreunberg (75.4 MW) solar power plant was developed by Scatec Solar and Simacel, and constructed by Scatec Solar. Construction commenced in the second quarter of 2013, and was estimated to be 91 percent complete at the end of the second quarter 2014. The first stage of Dreunberg was grid connected in August, and is expected to increase production through September and October 2014. Formal COD is at year- end 2014. The power will be sold under 20-year PPAs with Eskom, with an annual price adjustment of 18 percent of South African CPI. Any production before COD will be sold at 60% of the agreed PPA price.

The SPV is owned 55 percent by Scatec Solar 164 and 45 percent by the co-owners StanLIB, Simacel and local community trusts. Scatec Solar 164 is in turn owned 71 percent by Scatec Solar and 29 percent by Norfund, leaving Scatec Solar with an indirect plant ownership of 39 percent.



Installed capacity	75.4 MWp
Total investment by SPVs*	ZAR 2,173 million
Debt financing at production start	ZAR 1,738 million
Equity financing at production start	ZAR 435 million
Annual specific P50 yield (first year 2015)	2,404 kWh/kWp
Annual production**	178,000 MWh
Annual revenues**	NOK 270 million
Annual opex**	NOK 23 million

* The SPV is 80% debt financed, with the debt maturing 2029. Senior debt carried 9.2% cash interest in ZAR during construction and 11.5-13.0% during operations, whereas subordinated debt (5%) carried 12.1% cash interest during construction and 14.3-15.9% during operations.

** Estimates for production, revenues and operational costs are for the first 12 months after COD, with the revenue estimate based on contractual power prices, estimated production volumes and a NOK/ZAR rate of 0.56. The operations are subject to 28% corporate tax rate.

6.6.4 Backlog

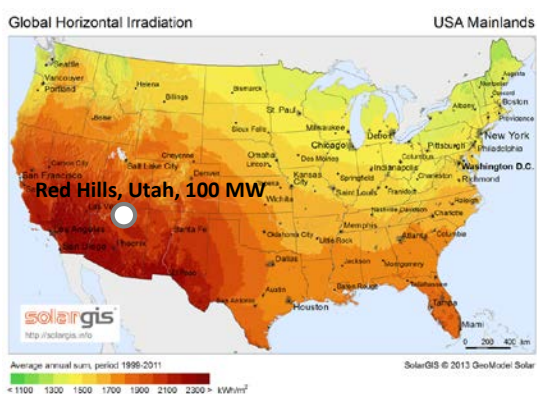
Scatec Solar's project backlog, as of the date of this Prospectus, is 155 MW, defined as projects assessed as having more than 90% likelihood of being realized. PPA agreements or FiT and grid-connections have been secured for these projects and all main permits are in place. Scatec Solar is currently working on project financing, which is considered to be the only major outstanding milestone before commencement of construction.

KEY FACTS – RED HILLS – USA

The main project in Scatec Solar's backlog is the 104 MW Red Hills solar power plant project in Utah, USA, which is a project developed by the company and where it has retained 100% ownership. The Utah Public Service Commission in March, 2014 approved the 20-year fixed-price PPA without inflation adjustment with PacifiCorp.

Work to secure financing is ongoing with a combination of tax equity and term loan as the most likely solution. The federal investment tax credit allows certain eligible investors to leverage a 30% tax credit in the US. Scatec Solar expects to retain 100% non-tax equity ownership.

Financial close is expected in the fourth quarter 2014. Scatec Solar is expecting to outsource the main part of the EPC services for this project, but Scatec Solar is considering to secure sourcing of certain key components to the project. A development fee will be realized in the D&C segment from the project, while EPC revenues will be realized only if Scatec Solar takes responsibility for sourcing any of the components.



Installed capacity	104 MWp
Total investment by SPV	USD 190 million
Annual solar yield	2,084 kWh/kWp
Annual production*	218,000 MWh
Annual revenues*	NOK 84 million
Annual opex*	NOK 17 million

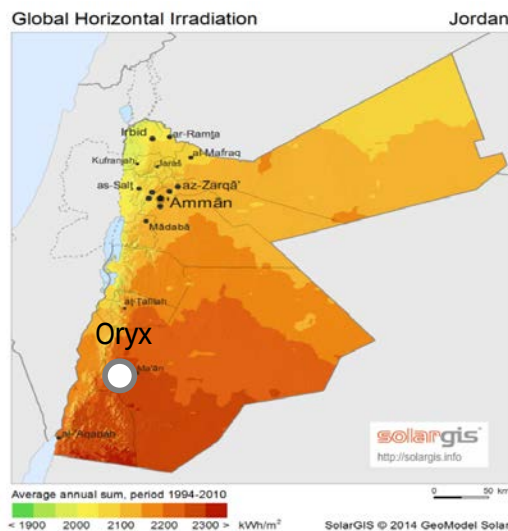
* Estimates for production, revenues and operational costs are for first year of production, based on contractual power prices, estimated production volumes, and a NOK/USD rate of 5.9.

KEY FACTS – ORYX – JORDAN

The 10 MW Oryx solar power plant in Jordan is a project developed by Scatec Solar and a local developer. A fixed price 20-year PPA (with no inflation adjustment of the power price) was signed with the National Electric Power Company (Nepco) in March 2014. Debt financing with an expected debt ratio of 75% is expected to be provided by EBRD and Proparco.

Scatec Solar will own 70% of the SPV, with the name of the co-owner(s) yet to be announced. Financial close is expected in the second half of 2014.

Scatec Solar's Development & Construction segment hold a revenue potential of USD 25 million from the EPC contract and development fees. The company will also provide operation and maintenance services to the plant.



Installed capacity	10.4 MWp
Total investment by SPV	NOK 200 million
Annual solar yield	2,450 kWh/kWp
Annual production*	25,000 MWh
Annual revenues*	NOK 24 million
Annual opex*	NOK 2.2 million

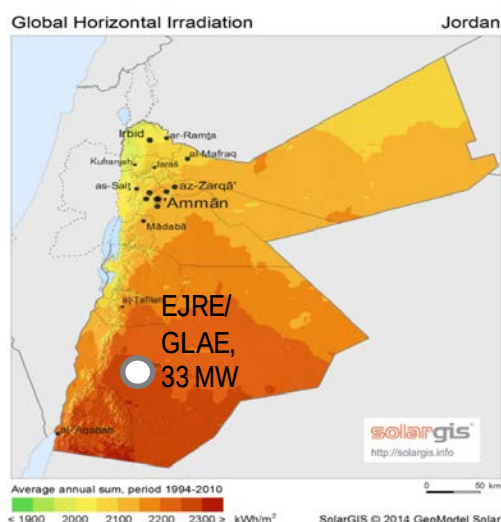
* Estimates for production, revenues and operational costs are for first year of production, based on contractual power prices, estimated production volumes, and a NOK/USD rate of 5.9.

KEY FACTS – EJRE/GLAE – JORDAN

The 33 MW EJRE/GLAE solar power plants in Jordan are two projects developed by a local developer. A fixed price 20-year PPA (with no inflation adjustment of the power price) has been signed with the National Electric Power Company (Nepco). Debt financing with an expected debt ratio of 75% is expected to be provided by EBRD and Proparco.

Scatec Solar will retain 40% ownership of the SPV, with an option to increase ownership to 50.1% subject to government consent. Financial close is expected in the second half of 2014.

Scatec Solar will be responsible for EPC and will also provide operation and maintenance services to the plant.



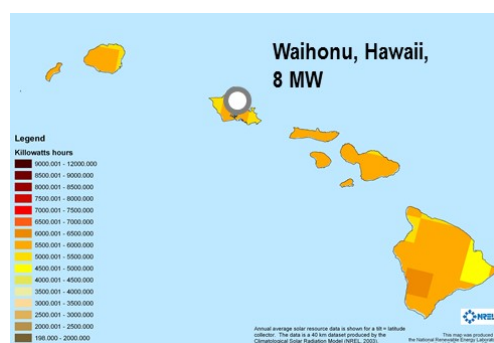
Installed capacity	33,0 MWp
Total investment by SPV	USD 98 million
Annual solar yield	2,473 kWh/kWp
Annual production*	78,750 MWh
Annual revenues*	NOK 76 million
Annual opex*	NOK 9.0 million

* Estimates for production, revenues and operational costs are for first year of production, based on contractual power prices, estimated production volumes, and a NOK/USD rate of 5.9.

KEY FACTS – WAIHONU – HAWAII, USA

The 8 MW Waihonu solar power plant on Hawaii, USA is a project developed by Scatec Solar and the solar project developer Meridian. Scatec Solar holds 49 percent of the solar power plant, whereas Meridian holds 51 percent. Sale of power will be based on a 20-year FIT, and a PPA will be formalized with the local utility HECO.

The process to secure financing will be initiated shortly, with a sale-and-lease back solution as the likely alternative. This project is expected to benefit from both State and Federal Investment Tax Credits. Financial close is targeted for the first half of 2015. Scatec Solar will likely not assume the role as EPC contractor for this project.



Installed capacity	8 MWp
Total investment by SPV	USD 34.2 million
Annual solar yield	1,652 kWh/kWp
Annual production*	12,700 MWh
Annual revenues*	NOK 18 million
Annual opex*	NOK 3.5 million

* Estimates for production, revenues and operational costs are for first year of production, based on contractual power prices, estimated production volumes, and a NOK/USD rate of 5.9.

6.6.5 Project pipeline

Scatec Solar has established a pipeline of approximately 730 MW, defined as projects assessed by the Company as having more than 50% likelihood of being realized. Together with partners, the Company has furthermore verified the feasibility and business case for projects with a combined capacity of approximately 900 MW.

The Company has already secured land for these projects, established the availability of grid-connections, and completed preliminary design. It is Scatec Solar's assessment that the chances of securing PPA/FIT through permitting, tender or negotiations are promising.

The process to secure off-take arrangements for these projects are in varying stages across the different markets and projects, with bi-lateral PPA processes or tenders in the US and in Africa & Middle East, bi-lateral

PPAs and Renewable Obligation Certificates for large-scale power plants in the UK, and the national Feed-in-Tariff scheme in Japan. The processes to secure financing to the projects often occur in parallel and will be completed before start of construction for each of the projects.

In the UK, Scatec Solar is in the permitting process for six projects totalling 53 MW. Permits are expected to be granted in the second half of the year, with financial close and construction start immediately thereafter.

In South Africa, Scatec Solar has submitted three projects of 86 MWp each in the fourth round of the REIPPP (Renewable Energy Independent Power Producer Programme). The preferred bidder's list of the REIPPP is expected to be announced in November 2014. In addition, Scatec Solar has also submitted bids in a number of smaller RFP programs in various countries in Africa.

PIPELINE BY REGION, MARKET AND PROJECT

Project name	Country/State	Expected capacity (MW)	Target ownership	Target start of construction
Dyasans Klip 1	South Africa	86	42%	Q1 2017
Dyasans Klip 2	South Africa	86	42%	Q1 2017
Sirius / Aurora	South Africa	86	42%	Q1 2017
Zagtouli	Burkina Faso	30	51%	Q3 2015
Segou	Mali	33	50%	Q2 2015
Ningo	Ghana	20	70%	Q2 2016
Odienne	Ivory Coast	45	80%	Q4 2015
Tender project	Namibia	10	100%	Q3 2015
SUM AFRICA & MIDDLE EAST		396		
Three Peaks	Utah	100	100%	Q4 2015
Live Oak	Georgia	20	100%	Q4 2015
AREP	Georgia	100	100%	Q4 2015
SUM USA		220		
Farthinghoe	UK	10	86%	Q4 2014
Kickles	UK	6	86%	Q4 2014
Nailcote	UK	9	86%	Q4 2014
Skinnners Farm	UK	6	86%	Q4 2014
Ring'o'Bells	UK	17	86%	Q4 2014
Churchill Park	UK	5	86%	Q4 2014
SUM UK		53		
Oita I	Japan	16	60%	Q2 2015
Myaigi	Japan	48	60%	Q1 2016
SUM JAPAN		64		
TOTAL PIPELINE		733		

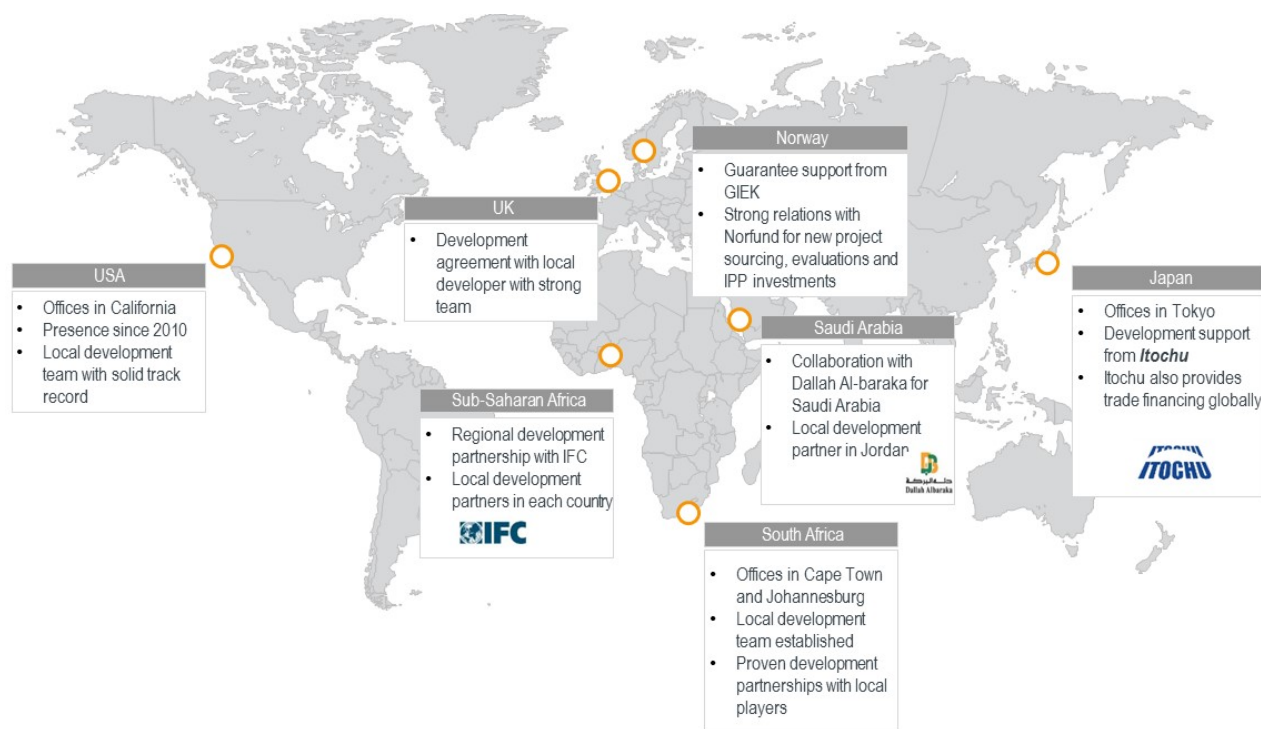
GROWTH PROSPECTS

Scatec Solar's key selection criteria for entering new markets include;

- Solar insolation
- Urgency in terms of energy demand
- The availability of alternative energy sources
- Market transparency and jurisdiction
- Legislation favouring installation of solar power

Markets fulfilling these objective criteria are then matched with company specific competitive advantages in terms of in-house competence, local partnerships, and the availability of flexible financing structures. The resulting target markets offer attractive opportunities across the globe, which can be seen in the current portfolio of assets in production, under construction, in backlog or in the project pipeline.

The global market approach requires a strong organization with regional offices in hubs covering large areas, as well as a broad network of regional and local partners and industry relationships in priority markets. This approach has enabled early entry into new markets with limited investments.



In South Africa, Scatec Solar has offices in Cape Town and Johannesburg, with a local development team and proven development partnerships with local players. Elsewhere in sub-Saharan Africa the company has a regional development partnership with IFC and local development partners in each country. In the Middle East the company collaborates with Dallah Al-baraka in Saudi Arabia and a local development partner in Jordan. In the US, the company has been present since 2010, with offices in California and a local development team with a solid track record.

In the UK, the company has established a development agreement with a local developer with a strong team, whereas the Japanese market is served from offices in Tokyo and in a development partnership with ITOCHU. ITOCHU also provides trade financing globally.

Norwegian partners support the partnership network further, and the Company and Norfund (The Norwegian Fund for Developing Countries) have co-invested on several projects. In August 2014 the parties signed a joint investment agreement and a joint development agreement. The parties will establish a joint investment company to be owned 70% by the Company and 30% by Norfund.

Both GIEK offering guarantees and Norfund are acting as a strong partner for new project sourcing, evaluations, and IPP investments.

6.6.6 Outlook

Revenues and profits in the Consolidated Income Statement are expected to reflect the activity in the Power Production segment in the foreseeable future, as well as corporate and administrative costs and costs related to development of new projects.

Power production (PP)

Electricity production, revenues, EBITDA and operating profit in Power Production is expected to grow significantly from the first half to the second half of 2014. The main reasons are that electricity production at Kalkbult (75 MW) now is selling at 100% of the agreed PPA price, and that electricity production is being phased in from the Linde (40 MW) and Dreunberg (75 MW) solar power plants in South Africa and the ASYV (8.5 MW) plant in Rwanda.

Total power production is expected to increase from 86,278 MWh in the first half 2014 to approximately 210,000 MWh in the second half of the year.

The segment operating margin is also expected to improve from the first to the second half of the year. Margins will also be supported by the increasing leverage on the fixed cost base but will be negatively affected by increasing (internal) O&M costs.

Scatec Solar has defined a minimum requirement on after tax return on equity of 10% for new solar power plants.

Operations and Maintenance (O&M)

O&M volumes, revenues, EBITDA and operating profit in O&M are expected to grow from the first half to the second half 2014. The O&M contract on Kalkbult took effect in late April, and the Linde and ASYV plants will add further to the portfolio later in the year. The O&M contract on Dreunberg is expected to take effect in early 2015.

Including all projects under construction, the O&M portfolio is set to increase from 71 MW at the end of 2013 to 247 MW by the end of 2014. This will increase the annual base revenue considerably, to approximately NOK 30-35 million at current exchange rates.

The majority of the O&M contracts include performance bonus provisions, securing the company 50% of revenue generated from exceeding of pre-defined performance levels. If the current performance is maintained at Kalkbult, this contract is expected to generate an O&M performance bonus of approximately NOK 6 million in the second half of 2014 and approximately NOK 12 million on an annual basis.

Development & Construction (D&C)

Revenue, EBITDA and operating profit in the D&C segment depend on the completion of ongoing construction projects and timing and execution of the Company's project backlog and pipeline.

Remaining contracted revenue from ongoing construction projects, mainly Dreunberg, is estimated at approximately NOK 170 million with expected gross margin in line with previous quarter.

Financial close and commencement of construction for the current backlog is expected to take place during the second half of 2014 and first quarter of 2015. For projects developed by Scatec Solar, a project development margin will normally be recognized at financial close.

Corporate & Eliminations

Recurring corporate costs are expected to remain fairly stable. Elimination will basically reflect D&C revenues and costs related to internal deliveries to project companies managed and consolidated by Scatec Solar. The bulk of O&M revenue and costs also reflect internal deliveries.

6.7 Description of the main companies in the Group

6.7.1 Scatec Solar ASA

Scatec Solar ASA is a Norwegian Public Limited Liability Company and the parent company in the Group. The Company carries out corporate services, management and Group finance services, and also provides certain services related to project development and construction for its subsidiaries.

The Company generates internal revenues based on agreements established between the Company and individual subsidiaries in the Group. The scope of these agreements includes management services as well as services related to project development and construction, including but not limited to permitting, financial modelling, production of bidding documents, structuring of debt and equity financing and securities and guarantees, evaluation of tax issues, legal services, advice on procurement tendering processes, and grid-connection studies.

6.7.2 South African subsidiaries

Scatec Solar SA (Pty) Ltd. has historically been the development entity in South Africa which developed and entered the Kalkbult plant, the Dreunberg plant and the Linde plant in the tender process in South Africa. The company is 70% owned by Scatec Solar ASA and 30% owned by Simacel (Pty) Ltd. The revenue for this

company is generated through the sale of the projects rights pertaining to the Kalkbult plant, the Dreunberg plant and the Linde plant to the respective project companies through an asset sale agreement.

Scatec Solar SA 163 (Pty) Ltd. is the construction entity in South Africa, which has been contracted to engineer, procure, construct and install (EPC) the Kalkbult plant, the Dreunberg plant and the Linde plant. The company is also providing the operation and maintenance (O&M) services for the aforementioned plants. The company is 92% owned by Scatec Solar Solution GmbH and 8% by a black economic empowerment trust established by Scatec Solar.

Scatec Solar SA 165 (Pty) Ltd. is the holding company for the Kalkbult plant (Scatec Solar SA 166 (Pty) Ltd.), and is 65% owned by the Company and 35% owned by Norfund. The revenue is generated through dividend distribution/repayment of shareholder loans from the project company of the Kalkbult plant.

Scatec Solar SA 166 (Pty) Ltd. is the project company for the Kalkbult plant. The company receives revenue through the power purchase agreement entered into with Eskom. Furthermore, the company is the contractual counterparty of Scatec Solar SA 163 (Pty) Ltd. for the EPC and O&M for the Kalkbult plant, as well as the counterparty to Scatec Solar SA (Pty) Ltd. for the acquisition of the project rights to the Kalkbult plant through the asset purchase agreement entered into therewith.

Scatec Solar SA 164 (Pty) Ltd. is the holding company for both the Dreunberg and the Linde plant. The company is 71% owned by the Company, and 29% owned by KLP Norfund Invest AS. The revenue is generated through dividend distribution /repayment of shareholder loans from the project company of the Dreunberg and the Linde plant (Simacel 160 (Pty) Ltd. and Simacel 155 (Pty) Ltd.).

Simacel 160 (Pty) Ltd. is the project company for the Dreunberg plant. The company receives revenue through the power purchase agreement entered into with Eskom. Furthermore, the company is the contractual counterparty of Scatec Solar SA 163 (Pty) Ltd. for the EPC and O&M for the Dreunberg plant, as well as the counterparty to Scatec Solar SA (Pty) Ltd. for the acquisition of the project rights to the Dreunberg plant through the asset purchase agreement entered into therewith.

Simacel 155 (Pty) Ltd. is the project company for the Linde plant. The company receives revenue through the power purchase agreement entered into with Eskom. Furthermore, the company is the contractual counterparty of Scatec Solar SA 163 (Pty) Ltd. for the EPC and O&M for the Linde plant, as well as the counterparty to Scatec Solar SA (Pty) Ltd. for the acquisition of the project rights to the Linde plant through the asset purchase agreement entered into therewith.

All sale and acquisitions of project rights are done on market prevailing terms for such market.

6.7.3 *Czech subsidiaries*

Scatec Solar S.R.O. is the holding company for the Czech plants (save for the Hrusovany project company Scatec Solar PV1 S.R.O.) and is 100% owned by the Company. Additionally, the company was also the developer of the plants and sold the project rights therewith to the project companies established to own the plants. Furthermore, the company provides O&M services, accounting and other management services.

Scatec Solar PV1 S.R.O. is the project company for the Hrusovany plant, and is 100% owned by the Company. The company receives revenue through the power purchase agreement entered into with CEZ/E.On. and is 100% owned by Scatec Solar ASA. Furthermore, the company is the contractual counterparty of Scatec Solar ASA for the export and EPC contract for the plant, as well as the counterparty to Scatec Solar S.R.O. for the O&M services for the Hrusovany plant.

Signo Solar PP01 S.R.O., Signo Solar PP02 S.R.O., S.R.O., Signo Solar PP03, Signo Solar PP04 S.R.O. are the project companies for the Mramotize plants, the Svitavy plants and the Sulkov plants respectively. The companies receive revenue through the power purchase agreements entered into with CEZ/E.On. and are 100% owned by Scatec Solar S.R.O. Furthermore, the companies are the contractual counterparty of Scatec Solar ASA for the export and EPC contract for the plants, as well as the counterparties to Scatec Solar S.R.O. for the O&M services for the plants.

6.7.4 *North America subsidiary*

Scatec Solar North America Inc. is the development entity in the US. The company performs project development and is also the owner of project companies established for projects. Revenues are received through sale of project rights to the project companies as well as distribution of dividends from the project companies generated through power sale.

6.7.5 *Rwanda subsidiaries*

Scatec Solar Rwanda Ltd. is the construction entity in Rwanda, which has been contracted to EPC the ASYV plant. The company is also providing the O&M services for the aforementioned plants. The company is 100% owned by the Company.

Gigawatt Global Rwanda Ltd. is the project company for the Agahozo-Shalom Youth Village (ASYV) plant. The company receives revenue through the power purchase agreement entered into with the state utility. Throughout the construction phase Scatec Solar has a shareholding of 43% in the project entity. One year subsequent to the commercial operation date Scatec Solar's shareholding will increase to 57% as part of a shareholders agreement. Furthermore, the company is the contractual counterparty of Scatec Solar Rwanda Ltd. for the EPC and O&M for the ASYV plant.

6.8 **Customers**

The predominant share of the Group's consolidated revenues comes from the Power Production segment, and relates to sale of electricity from solar power plants in South Africa and the Czech Republic.

All revenues in South Africa are earned under a 20 year Power Purchase Agreement (PPA) with Eskom Holdings, the South African incumbent utility, awarded under the Renewable Independent Power Producer Procurement Programme (REIPPPP) administered by the Department of Energy. Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Inter-Governmental Framework Agreement.

The Czech power plants commenced operations in 2009 (1 plant) and 2010 (3 plants). Revenues from these plants are being generated under power purchase agreements with the utility companies CEZ Distribuce (representing approximately 68% of 2013 revenues) and E.ON Distribuce (representing approximately 32% of 2013 revenues), based on the terms of the Czech Energy Act and Czech Renewable Energy Act. This legislation requires the utilities to purchase the power produced from renewable energy sources for a period of 20 years at the Feed-in-Tariff (FiT) prescribed by law and applicable regulation, and adjusted annually with inflation.

6.9 **Significant commercial and financial contracts**

For all plants in operation or under construction, a significant number of contracts have been entered into, both by the project companies itself and other Scatec Solar entities.

The project companies are parties to power purchase agreements with the offtaker, and in most cases will also be party to an implementation/concession agreement with a governmental agency. Please also refer to Sections 6.6 and 6.7 above.

Additionally, the project companies have entered into finance documents with the senior lenders on standard terms and conditions which includes i.a. a common terms agreement, facility agreements and security agreements. Amongst others, there is a change of control regulation for Share ownership of the Company in its finance agreement with Nordea Bank Norge ASA. Please also refer to Section 11.6.1.

Furthermore, the project companies are the contracting party with other Scatec Solar group entities for the EPC contracts, O&M contracts, management services contracts and asset purchase agreements. Amongst others, there is a change of control regulation for Share ownership of the Company in the Joint Development Agreement with the International Finance Corporation regarding operations in West-Africa, however exempted upon a "qualified IPO" meaning (i) an accepted market place (such as Oslo Børs), (ii) meeting the free float requirements of such market place, and (iii) the market capitalisation – post offering – exceeds USD 300 million. It is expected that such conditions will be fulfilled through this listing process. If not, IFC has the

right to terminate the agreement and claim three times the development costs it has funded, estimated to approx. USD 600,000.

The Scatec Solar entity holding the ownership in the project companies will, where minority shareholders are present, have entered into a shareholders agreement and funding documents.

The business of the Company, similar to other entities operating in a specialised environment, depends on the various power purchase agreements and financing agreements referred to above.

6.10 Research and development activities

Scatec Solar has no research and development activities but put costs related to development of projects in a mature stage are normally capitalised.

6.11 Significant recent trends affecting the Company and the industry in which it operates

Please refer to section 11.3.

6.12 Litigation and disputes

The Company is currently involved in the following two legal proceedings:

6.12.1 Svitavy-project in the Czech Republic

The Group is currently involved in litigation in the Czech Republic in relation to its Svitavy-project.

On 21 November 2013, the Czech Supreme State Prosecutor filed an action challenging (i) the granting (the "**Original Decision**") by the Czech Energy Regulatory Office ("**ERO**") of the Group's licence to develop and operate the Svitavy-project (the "**Licence**") and (ii) the subsequent ERO resolution regarding an amendment of the Licence by which the change of the name of the project company was reflected (the "**Second Decision**"), effectively claiming that the Licence granted to the Signo Solar PP04 S.R.O is to be cancelled. The main arguments of the Supreme State Prosecutor are:

- that it is unclear to what extent the Subsequent Decision affected the Original Decision of ERO, and whether the intention of ERO was just to amend the Original Decision or to supersede the Original Decision with the Subsequent Decision. It is also argued that since the relevant administrative file is incomplete, it is unclear on which basis the Subsequent Decision was issued;
- that the licence application stated 4.033 MW as the capacity of the Svitavy-project while the Licence was granted for 4.032 MW, and that this entails that the licensing procedure has been defect since the Licence was issued for a different capacity than requested by the Company;
- that the Company has not fulfilled all conditions necessary for the granting of the Licence. In particular, it is alleged that the Company did not prove to ERO that it has sufficient financial resources as required by Czech law for pursuing the relevant licensed activity and, additionally, that the Company did not meet the technical requirements reflecting the applicable legal regulations and technical standards; and
- that there is discrepancy in the number of panels installed on the Svitavy-project site.

On 1 April 2014, Group's legal advisor filed a response to the Czech Supreme State Prosecutor addressing all of the above concerns. It is the Company's opinion that the litigation is not legitimate and that the action initiated by the Czech Supreme State Prosecutor should be dismissed in its full extent.

As of the date of this Prospectus there are no further developments in the litigation process.

Should the litigation result with the Licence being cancelled, the Company is expected to having to stop producing electricity (i.e. to disconnect the Svitavy-project from the distribution grid). In case of non-compliance with this obligation (i.e. supplying the electricity to the grid without an appropriate licence being in place), the Company may face a penalty of up to approx. EUR 555,555. Should the Group wish to further produce electricity on its Svitavy-project, it would most likely have to apply for a new licence. Such new licence would not be eligible for similar governmental support as the original Licence. Any result from the litigation in first instance may be appealed.

The ongoing litigation regarding the Svitavy-project is an isolated matter without any impact on the rest of the Company's subsidiaries and projects in the Czech Republic.

6.12.2 Terrafix Suedafrika (Pty) Ltd.

There is a pending arbitration between Scatec Solar 163 (Pty) Ltd (Scatec) and Terrafix Suedafrika (Pty) Ltd (Terrafix). Terrafix is the Claimant, and initiated arbitration proceedings against Scatec, the Respondent, in or about December 2013. Scatec and Terrafix have agreed a timetable for the arbitration, which is embodied in an arbitration agreement.

The current status of the arbitration is that Terrafix has filed its statement of claim, and Scatec has, in response, filed its statement of defence and its claim in reconvention. The key issue in the arbitration is which party validly terminated the sub-contract between them and, flowing from that, which party is consequently liable to pay the other certain party amounts as damages.

There are still a number of procedural steps that need to take place before the first hearing, which is scheduled to start on 29 September 2014, and which will run for two weeks. It is not anticipated that the arbitration will be concluded by the end of the aforesaid two week period. As such, the hearing will continue at a later date or dates (ie depending how many further hearings are required), which date(s) is/are still to be agreed between the parties. There are no dates agreed beyond the two week hearing starting on 29 September 2014 although, of course, the parties will be bound to agree new dates, as soon as possible, after the 29 September 2014 hearing.

It is difficult to predict, at this stage, when the arbitration hearing will be finalised, although it is expected to be finalised in 2015. Once the arbitration hearing has been finalised, the arbitrator will make a determination/ruling. The arbitrator is likely to reserve his judgment and then hand down a judgment at a later date, probably within three months of the end of the hearing.

The amounts claimed by Terrafix, cumulatively, are in the region of MZAR 248 (approx. MNOK 150). It is estimated that the counterclaim against Terrafix by the Company is in the region of MZAR 370 (approx. MNOK 220). No accruals have been made by the Company.

6.12.3 Other

Other than as described in Section 6.12.1 and 6.12.2, the Company is not and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), as at the date of this Prospectus, and for the preceding 12 months, which may have, or have had in recent past significant negative effects on the Company's and/or the Group's financial position or profitability.

6.13 Environmental issues

Scatec Solar is subject to numerous laws and regulations in the various jurisdictions in which the Company conducts its business. Such laws and regulations govern, among other matters, land utilization, development- and zoning plans, HSE, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials.

If the Company fails to comply with any laws and regulations, permits or conditions, or to obtain any necessary permits, including but not limited to permission to use water for the cleaning of solar panels and regulations of environmental issues such as the safeguard of natural conditions and animal wild life, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms its current permits

or registrations, then the Company may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of its operations.

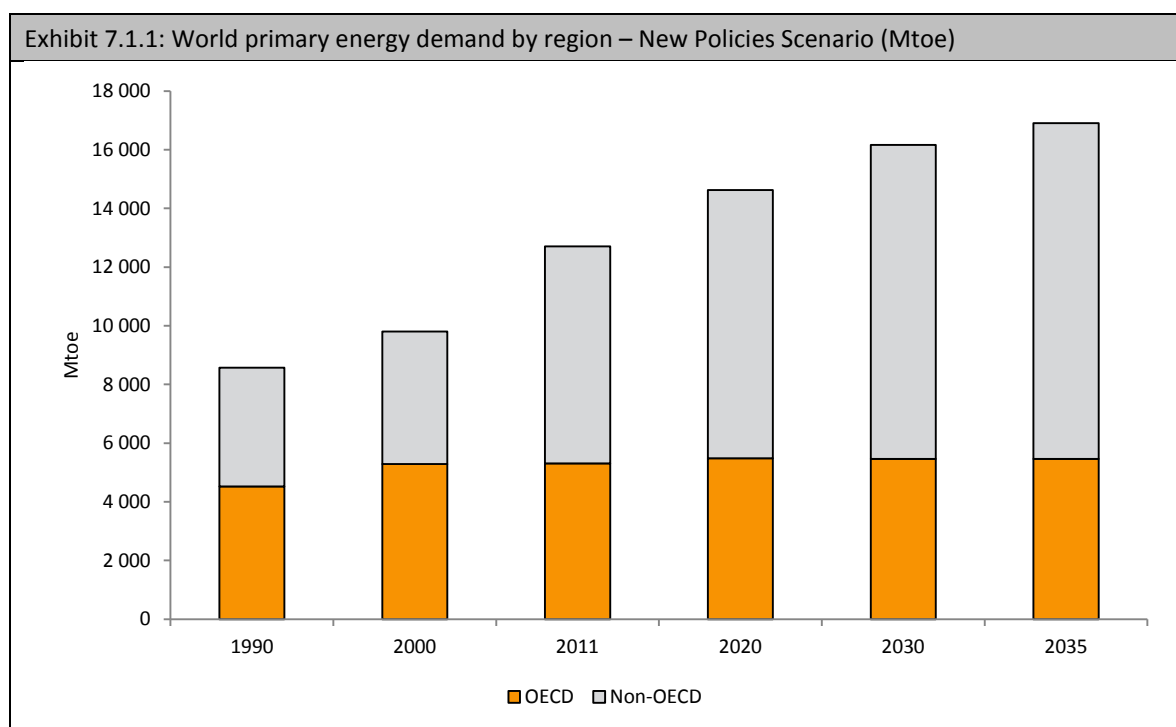
In the past, the Group has not experienced any difficulties in complying with permits and/or licences after they have been granted.

7. MARKET OVERVIEW

7.1 Renewable energy industry overview

The information in this sub-section is based on information from IEA's annual publication "World Energy Outlook" and is not freely available.

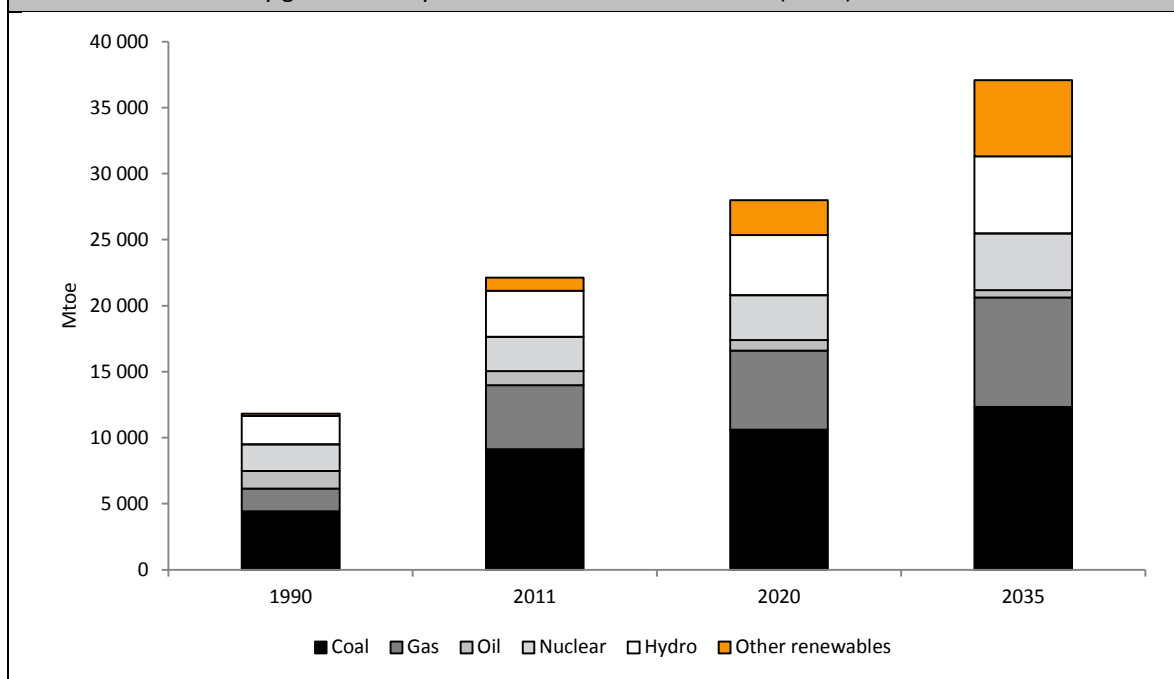
Renewables have become an increasingly important part of the global energy mix with several renewable energy technologies experiencing double-digit growth rates. IEA forecasts global energy demand to grow more than 30% from 2011 to 2035. Emerging economies are expected to account for the majority of the growth in energy demand with China as the largest contributor to the growth near-term, and India and South East Asia as the strong contributors post 2020. Electricity is the form of energy expected to grow the most among the various sources of energy, and almost half of the increase will origin from renewables such as wind, hydro, solar PV, bioenergy and others. IEA forecasts renewables to become the second-largest electricity source already by 2015, and further close the gap to coal as the primary source of electricity towards 2035.



Source: World Energy Outlook 2013, IEA

IEA forecasts power generation from renewables to increase by more than 7 000TWh between 2011 and 2035 increasing renewables part of the energy mix from 20% to 31%. IEA estimates that USD 6.5 trillions of investment is required until 2035. Close to two-thirds of the growth in power generation from renewables are expected to come from non-OECD countries, with China growing more than the EU, US and Japan combined.

Exhibit 7.1.2: Electricity generation by source – New Policies Scenario (Mtoe)



Source: World Energy Outlook 2013, IEA

7.2 Drivers for renewable energy

The information in this sub-section is based on information from IEA's annual publication "World Energy Outlook" and is not freely available.

IEA points to several underlying drivers for the experienced and expected expansion of renewable power generation. Europe, which has experienced a rapid growth in power generation especially from wind and solar, has according to IEA been driven by the EU's Renewable Energy Directive and targets set by national governments. In the US, renewables have grown strongly due to stimulus policies intended to promote renewable energy, e.g. provision of cash grants of up to 30% of investment costs – the federal energy investment tax credit. The key policy driving demand for solar PV in the US is, however, state-level Renewable Portfolio Standards (RPS). These policies dictate the utilities to supply a certain amount of electricity from renewable energy, thus forcing the utilities to increase their investing in renewable energy, i.e. solar PV. Furthermore, some selected states have also introduced Renewable Energy Certificates (REC), which require a specified amount of renewable power to come from solar power.

Strong growth in demand for power and concerns related to energy security and environmental factors has accelerated the use of renewables as a power source in non-OECD countries. China, as mentioned expected to be one of the largest contributors to the growth of renewables, has set ambitious targets for its use of renewable energy as part of its Five-Year Plan published in January 2013. In India, 11 GW from hydropower and 30 GW from other renewable sources generating electricity that are expected to be connected to the utility grid by 2017. In the same manner, large increase in the renewable power production capacity is expected in Brazil. In other countries such as South Africa, the United Arab Emirates and Morocco there are tendering activities to promote wind, solar PV and concentrating solar power. Considerable growth is also expected in other African countries, Southeast Asia and Latin America as a result of political stimuli.

Important drivers of renewable energy can be summarized in the following bullets (not an exhaustive list):

- Increased global demand for energy
- Energy security and energy independence
- Decreasing costs of renewable energy systems
- Regulations to decrease pollution from fossil fuel
- Political dedication to the use of clean and sustainable energy sources
- Capital subsidies

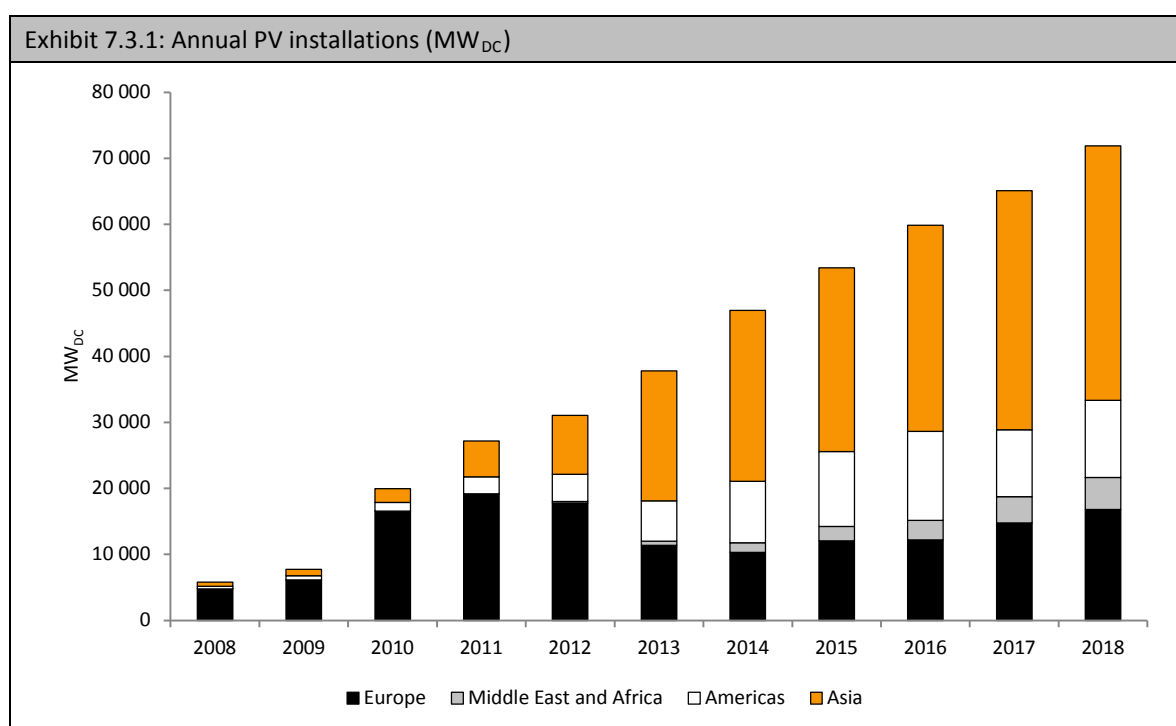
7.3 The solar PV industry

The information in this sub-section is partly based on information from IHS' publication "IHS Technology PV Demand Market Tracker – Q2 2014" and is not freely available.

7.3.1 Global demand (historical development and forecasts going forward).

2013 marked a new successful year for the global PV industry, and solar PV has maintained its position as the third most important energy source behind hydro and wind power in terms of new installed capacity¹.

According to HIS, 38 GW solar PV capacity was installed in 2013, an increase of 22% compared to 2012. As incremental increases in capacity has slowed down in Europe with 2012 as the first ever year with a decline compared to the previous year, IHS predicts Asian markets to offset the slowdown and estimates a total of 47 GW newly installed capacity globally through 2014. Important contributors to the expected near-term increase in installed capacity are increased installation target in China and improved outlook for commercial and ground-mounted (solar PV systems that are installed to the ground) projects in Japan. At the same time, Germany (currently the country with the largest installed PV base) is expected to experience slower growth due to reduced financial incentives; several European countries show the same tendency. Hence, most of the growth is expected to come from Asia with China and Japan amounting to 85% of predicted Asian installations in 2014. Total new installation in Europe is forecasted to decrease from 11.4 GW in to 10.3 GW in 2014.

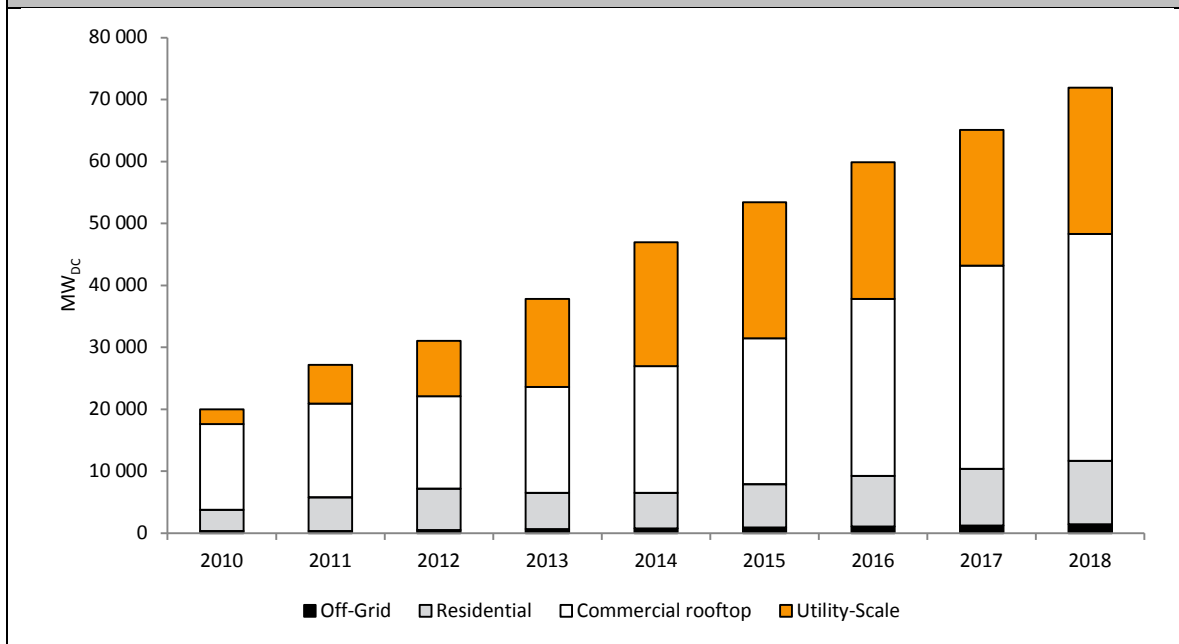


Source: IHS Technology PV Demand Market Tracker – Q2 2014

Exhibit 7.3.1 depicts forecasted annual installed PV capacity by segment type. IHS projects utility-scale to grow from 14 GW in 2013 to 24 GW in 2018, implying a CAGR of 10.7%. Off-Grid PV-systems is forecasted to grow from 0.7 GW in 2013 to 1.4 GW in 2018 (CAGR of 16.9%), Residential systems from 5.8 GW to 10.2 GW (CAGR of 11.49%) and Commercial rooftop from 17.1 GW in 2013 to 36.7 GW in 2018 (CAGR of 16.5%).

¹ Global Market Outlook For Photovoltaics 2014-2018, EPIA, June 2014, publicly available at <http://www.epia.org/news/publications/>

Exhibit 7.3.2: PV installations by system type (MW_{DC})



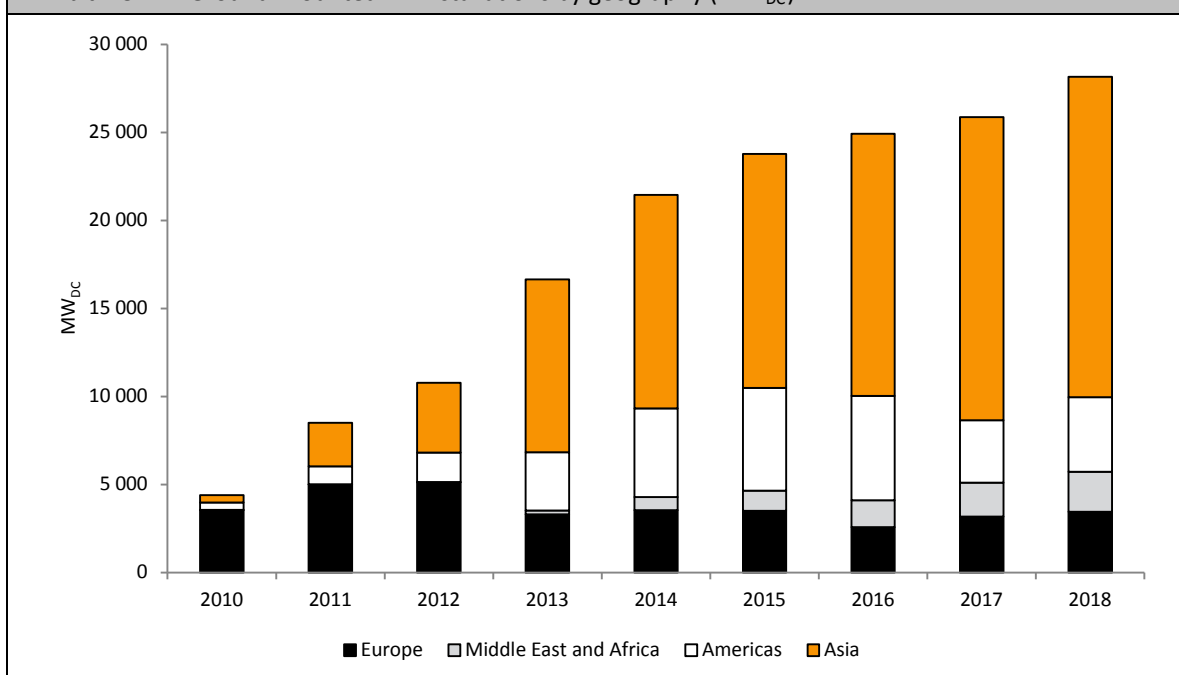
Source: IHS Technology PV Demand Market Tracker – Q2 2014

7.3.2 Ground-mounted PV installations by geography

Exhibit 7.3.2.1 depicts yearly ground-mounted PV installations by geographical region. Yearly installed ground-mounted systems are forecasted to grow vastly towards 2018. In 2010, 4.4 GW ground-mounted PV systems were installed compared to 28 GW in 2018. IHS predicts a CAGR of 11.1% between 2013 and 2018 in yearly installed ground-mounted PV-systems. Accumulated, IHS forecasts a total of 164 GW ground-mounted PV-systems installed between 2010 and 2018.

Asia is expected to be the largest contributor of newly installed ground-mounted systems rising from a contribution of 9% of the total in 2010 to more than 60% between 2013 and 2018. Between 2013 and 2018, China is expected to be the country with the single largest contribution, peaking at 44% in 2014. European yearly installations are expected to slow down, partly because of less political subsidies granted to solar PV.

Exhibit 7.3.2.1: Ground-mounted PV installations by geography (MW_{DC})



Source: IHS Technology PV Demand Market Tracker – Q2 2014

The contribution from the Middle East and Africa, even though only a small part compared to total installations globally, is expected to increase its contribution of yearly installed ground-mounted systems, constituting 8.1% of total capacity installed in 2018 compared to 0.2% in 2012. Between 2010 and 2018, IHS forecasts a total of 7.9 GW ground-mounted systems to be installed in Middle East and Africa.

8. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

8.1 Introduction

The General Meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Group is vested in the Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Group's business ensuring proper organisation, preparing plans and budgets for its activities ensuring that the Group's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Group's chief executive officer, or CEO, is responsible for keeping the Group's accounts in accordance with applicable law and for managing the Group's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board of Directors about the Group's activities, financial position and operating results at a minimum of one time per month.

8.2 Board of Directors

8.2.1 Overview

The Articles of Association provide that the Board of Directors shall consist of three to seven members.

As at the date of this Prospectus, the Company's Board of Directors consists of the following:

Name of director	Director since	Current term expires
John Andersen, Chairman	2013	2015
Alf Bjørseth	2007	2015
Akihiko Nakazono	2014	2016
Mari Thjømøe	2014	2016
Cecilie Amdahl	2014	2016

The Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 (the "**Corporate Governance Code**"), meaning that (i) the majority of the shareholder-elected members of the Board of Directors is independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder-elected members of the Board of Directors are independent of the Company's main shareholders, and (iii) no members of the Company's executive management are on the Board of Directors.

All members of the Board of Directors are independent of the Company's significant business relations. Mr Andersen, Mr Bjørseth and Mr Nakazono have relations towards the Company's large shareholders (shareholders holding more than 10% of the Shares in the Company), Scatec AS and ITOCHU Corporation respectively. All of the members of the Board of Directors are independent of the Management.

The Company's registered office, Karenslyst Allé 49, 0279 Oslo, Norway, serves as the business address for the members of the Board of Directors in relation to their directorships of the Company.

8.2.2 Brief biographies of the members of the Board Directors

Set out below are brief biographies of the members of the Board of Directors, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Board of Directors is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and management positions in subsidiaries of the Company).

In the following, for directorships the denominations "C" and "BM" states the position as chairman of the Board of Directors ("C") and ordinary board member ("BM"), respectively, and "CEO", "CFO", "COO" and "EVP" state the position as Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Executive Vice President respectively in the relevant companies.

John Andersen (born 1967), Chairman

Mr Andersen holds a Master of Business and Economics (Finance) from BI Norwegian Business School, where he after graduating continued for one year as an academic research fellow. Mr Andersen started his professional career as a Project Manager in Energipartner AS, subsequent to which he held positions as Senior Project Manager of Business Development in Borregaard ASA and Sales and Marketing Manager in Borregaard Italia S.p.A.

In 2001, Mr Andersen joined Renewable Energy Corporation ASA (REC), where he in the period from 2001 to 2012 held various executive positions including Vice President of Business Development, Executive Vice President REC Wafer, Executive Vice President REC Solar, Executive Vice President Wafers, Cells and Modules and Group COO. From 2012 to 2013 Mr Andersen was an Executive Vice President and Special Advisor in REC ASA, reporting to the President and CEO of the company.

As from 2013, Mr Andersen is CEO of Scatec AS, and has served at the chairman of the Board of Directors of Scatec Solar since spring 2014.

Current directorships and management positions	Scatec Invest AS (C), Scatec Solar Ansatte AS (C), Scatec Sunrise AS (C), Scatec Adventure AS (C), NTi Holding AS (C), C2U Norway AS (C), Norsk Titanium AS (BM), Norsun AS (BM), Norwind Installer AS (BM), NBT AS (BM), Reactive Metal Particles AS (BM), Scatec AS (CEO) and Scatec Invest AS (CEO).
Previous directorships and management positions last five years	Sway Turbine AS (C), Mainstream Energy Corp. (BM), Sovello GmbH (BM), REC ASA (EVP and Group COO), REC Solar AS (Managing Director) and REC Wafer Norway AS (Managing Director).

Alf Bjørseth (born 1941), Board member

Alf Bjørseth earned his Doctor Phil. degree in physical chemistry from the University of Oslo, Norway in 1979. He started his professional career as an associated professor at the Universities of Oslo and Bergen, and subsequently worked for contract research organizations in Norway (SI – today SINTEF). Then Dr. Bjørseth went into industrial research and served as Corporate Director of Research for Norsk Hydro and Director of Technology for Elkem.

In 1994, Dr. Bjørseth started ScanWafer, a company specializing in the production of multi-crystalline silicon wafers for the global solar industry. Later, he started another three companies related to solar cell and module production, as well as a solar module installation company. These companies were later merged into one holding company, Renewable Energy Corporation (REC), where Dr. Bjørseth served as President and CEO from the start.

In 2005, Dr. Bjørseth retired as President of REC. He is now the Chairman of Scatec AS, which is owned by Dr. Bjørseth and his family. The main objective of Scatec AS is to establish new companies based on the latest technologies in the areas of renewable energy and advanced materials. These efforts have resulted in the following new businesses:

- NorSun – Production of high quality mono-crystalline wafers to the PV industry.
- Scatec Solar – the Company.
- NorWind – EPCI of offshore wind farms.
- Thor Energy – development of thorium fuels cycle for nuclear power plants.
- Norsk Titanium – new technology for the production of complex titanium components.

Dr. Bjørseth is a member of the Norwegian Academy of Sciences and the Norwegian Academy of Technical Sciences, and has been honoured as Commander of The Royal Order of St. Olav.

Current directorships and management positions	Scatec AS (C), Celmar AS (C), N-Tec AS (BM), Tegma AS (C), Celmar Invest (C), Thor Corporation (C), Norsk Titanium Technology AS (C), Scatec Solar ASA (BM), Scatec Power AS (C), Thor Energy AS (C), Swemodule AB (BM) Scatec AB (C), Institutt for Energiteknikk (BM), Borealis Solar AS (C), Integrated Solar AS (BM) Sunergy AS (BM), Stall SP Breeding AS (C) and Kanorådet Invest AS (BM).
Previous directorships and management positions last five years	Scatec Invest AS, Scatec Adventure AS, Scatec Sunrise AS, NorWind AS, NorWind Installer AS, OceanWind AS, REEtec AS, NTi Holding AS, Norsun AS, Scatec Power AS, 3G Solar AS, SCI Scatec, Think Global AS, Think AS, Confluence Inc, Innovalight Inc and Solopower Inc

Akihiko Nakazono (born 1963), Board member

Aki Nakazono joined ITOCHU Corporation in 1986 after graduating from the Faculty of Law of Keio University (Tokyo, Japan). For nearly two decades he held positions in charge of fuel oil, petroleum and oil products trading in Japan, East Asia, and other locations around the Pacific.

From 2004, for five years Aki served as the Energy Division Head of ITOCHU Korea. In 2009, Aki returned to Japan to become Group Manager of ITOCHU's Nuclear Fuel Group where he expanded activities in uranium trading and project development. Aki has served as General Manager of ITOCHU's department in charge of nuclear fuel and biomass since 2011, and ITOCHU's solar business units since 2013.

Current directorships and management positions	ITC Nuclear Fuel Service (Cayman) Ltd (BM), Japan Australia Uranium Resources Development Company Limited (BM), Scatec Solar ASA (BM) and ITOCHU Corporation (GM),
Previous directorships and management positions last five years	N/A

Mari Thjømøe (born 1962), Board member

Board member Mrs Thjømøe holds a Master of Economy and Business Administration (Nw.: Siviløkonom) from BI Norwegian Business School, is a Chartered Financial Analyst at the Norwegian School of Economics and Business Administration (NHH), and has attended the Senior Executive Programme (SEP 70) at London Business School, as well as several courses in listing and stock market rules.

Mrs Thjømøe has 25 years of experience from the oil and energy sector, working with financial reporting and control, business development, strategy, investor relations and management. Relevant work experience includes serving as Senior Vice President in Statoil ASA during their listing process and beyond, as well as CFO of KLP, and CFO and CEO of Norwegian Property. In addition, Mrs Thjømøe has extensive experience as board member and chairman of the board of directors, in several private and public limited liability companies, including listed companies.

In 2014, Mrs Thjømøe was awarded with the Gabrielsen board award (Nw.: Gabrielpriisen", granting her Oslo Børs' scholarship for board members at Harvard Business School.

Current directorships and management positions	Seilspport Maritimt Forlag AS (C), ThjømøeKranen AS (C and CEO), Avinor AS (BM), Magseis ASA (BM), Sevan Marine ASA (BM), Tryg (BM), Sintef STI (BM), Argentum Fondsinvesteringer AS (BM), E-CO Energi Holding AS (BM), AGR Group ASA (BM) and Nordic Mining ASA (BM).
Previous directorships and management positions last five years	Onshore Petroleum Company AS (C), Bank2 ASA (C), Norgani AS (C), Infratek ASA (BM), Petoro (BM), SinOceanic Shipping ASA (BM) and Norwegian Property ASA (CEO/CFO).

Cecilie Amdahl (born 1964), Board member

Board member Mrs Amdahl holds a Master of Law (Nw.: Cand. jur) from the University of Oslo.

Mrs Amdahl started her professional carrier as an associate at the law firm Advokatfirmaet Vaagland, subsequent to which she became a partner at the law firm Det Midtnorske Advokatkontor. In 2000, Mrs Amdahl jointed the law firm Advokatfirmaet Schjødt as a partner. Today she is Head of Tax at Advokatfirmaet Schjødt and a member of the management group in the law firm's advisory and transactions department.

Mrs Amdahl specialises in corporate and international tax, as well as general corporate law, and has extensive experience in corporate and international taxation, as well as corporate law, with particular focus on establishment and optimisation of corporate- and tax structures, restructuring and transactions. Key industries which she advises include energy, property and finance. In addition, Mrs Amdahl is, and has in the past been, a board member in several private and public limited liability companies, including companies listed at Oslo Børs.

Current directorships and management positions	Felicia AS (C), Gruppo Moda AS (C), Norse Energy Corp. ASA (C) and Moeco Oil and Gas Norge AS (BM).
Previous directorships and management positions last five years	Advokatfirmaet Schjødt AS (C), Bridge Energy ASA (BM), Acta Kapitalforvaltning AS (BM), Acta Management ASA (BM), Apply ASA (BM) and Telio ASA (BM).

8.2.3 Remuneration

The remuneration paid to the members of the Board of Directors in 2013 was NOK 0.

8.2.4 Shares and options held by members of the Board of Directors

As at the date of this Prospectus, the members of the Board of Directors have the following shareholdings in the Company:

Name	Position	Number of Shares
John Andersen	Chairman	0*
Alf Bjørseth	Board member	0
Akihiko Nakazono	Board member	0
Mari Thjømøe	Board member	0
Cecilie Amdahl	Board member	0

*for the avoidance of doubt: not including Shares held by Scatec AS, Scatec Invest AS and Scatec Solar Ansatte AS

As at the date of this Prospectus, none of the members of the Board of Directors holds any options for Shares in the Company.

8.3 Management

8.3.1 Overview

The Management of the Company consists of six individuals. The names of the members of the Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Position	Served since
Raymond Carlsen	Chief Executive Officer	2009
Mikkel Tørud	Chief Financial Officer	2014
Terje Pilskog	Chief Operational Officer	2012
Roar Haugland	EVP Business Development	2010
Torstein Berntsen	EVP Power Production & Asset Management	2014
Snorre Valdimarsson	EVP General Counsel	2009

All members of the Management are employed by Scatec Solar ASA.

The Company's registered office, Karenslyst Allé 49, 0279 Oslo, Norway, serves as the business address for the members of management in relation to their positions in the Company.

8.3.2 *Brief biographies of the members of the Management*

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and management positions in subsidiaries of the Company).

Raymond Carlsen, Chief Executive Officer

Mr. Carlsen earned his M.Sc. at Florida Institute of Technology, USA in 1981. He has held various top management positions within the Aker Group and former Kvaerner ASA since he joined the enterprise in 1989 as managing director for Kvaerner Process Systems. Before joining the Company, Mr. Carlsen was Partner and responsible for developing Aker ASA's portfolio of energy related businesses. Prior to becoming a partner of Aker ASA, he was Executive Vice President and member of the Aker Solutions ASA management team as well as responsible for Aker Solutions Subsea business with operations in more than 15 countries and more than USD 2 billion in revenue.

Current directorships and management positions	Scatec Solar ASA (CEO) Agility Group AS (BM)
Previous directorships and management positions last five years	Aker ASA (Partner)

Mikkel Tørud, Chief Financial Officer

Mr. Tørud joined the Company in 2014 from the position as SVP Investor Relations and Business Development and member of Group Management in REC. He has extensive experience from finance, investor relations, corporate communications and business development in REC. Prior to joining REC he was commercial advisor in BP and management consultant in PA Consulting Group.

Mr. Tørud has a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology.

Current directorships and management positions	Scatec Solar ASA (CFO)
Previous directorships and management positions last five years	REC ASA (Director, Vice President and Senior Vice President)

Terje Pilskog, Chief Operational Officer

Mr. Pilskog joined the Company from the position as Senior Vice President of REC Systems and Business Development based in München, where he was responsible for REC's downstream activities, developing, constructing and financing projects. He also served as board member for Sovello AG a joint venture between REC, Q-Cells and Evergreen, as well as Mainstream Energy Corporation where REC held a 20% stake.

Earlier, Mr. Pilskog was a member of the REC Wafer/Solar management team, leading the REC Wafer/Solar's Business Development team with responsibilities including strategic initiatives and general solar market analysis. Mr. Pilskog joined REC in 2006 to support the IPO of REC that same year. Prior to joining REC, he was Associated Partner at the management consulting company McKinsey & Co. Mr. Pilskog has a Master of Science in business administration with specialisation in finance from the Norwegian School of Management.

Current directorships and management positions	Scatec Solar ASA (COO)
Previous directorships and management positions last five years	REC ASA (Senior Vice President), Mainstream Energy, Inc. (BM), NorthLight Power LLC (Managing Director) and Sovello AG (BM).

Roar Haugland, EVP Business Development

Mr Haugland is EVP in the Company and responsible for the Global Project Development. Mr Haugland holds a Master Degree in Mechanical Engineering from the Norwegian University of Science and Technology from 1984. His professional experience is from the information technology industry with international leaders like HP and IBM. Haugland has held leading positions in Business Development, Sales and Management in Norway and internationally for more than 20 years.

Current directorships and management positions	Scatec Solar ASA (EVP)
Previous directorships and management positions last five years	Scatec Solar (VP)

Torstein Berntsen, EVP Power Production & Asset Management

Mr Berntsen is EVP in the Company and responsible for Power Production and asset management for plants in operation as well as structuring and project financing of new projects. Mr Berntsen joined the Company in 2010 from the position as CFO in the parent company Scatec AS. Before joining Scatec AS, he had more than 10 year of experience within auditing and business advisory services from Arthur Andersen and later Ernst & Young, where he served a number of Norwegian and international clients in various industries, including some of the major listed companies in Norway.

Mr. Berntsen holds a Master of Science in Business Administration and is a state authorised public accountant from the Norwegian School of Economics and Business Administration (NHH) in Bergen, Norway.

Current directorships and management positions	Scatec Solar ASA (EVP)
Previous directorships and management positions last five years	Scatec Solar ASA (CFO) and Scatec AS (CFO)

Snorre Valdimarsson, EVP General Counsel

Mr Valdimarsson is responsible for all legal aspects of the Group. Prior to joining the Company, he worked at the Norwegian law firm Selmer, focusing on M&A, banking, finance and financial issues of complex transactions and company structures.

Mr Valdimarsson has a Master of law from the University of Bergen, Norway.

Current directorships and management positions	Scatec Solar ASA (General Counsel)
Previous directorships and management positions last five years	N/A

8.3.3 Remuneration and benefits

The remuneration paid to the members of the Management in 2013 was NOK 11 918 000. The table below sets out the total remuneration paid to the members of the Management in 2013 (all in NOK).

Name and position	Salary	Bonus	Pension costs	*Other remuneration	Share option costs	Total amount
Raymond Carlsen	1 900 000	1 248 860	60 793	1 719 584	N/A	4 929 237
Mikkel Tørud	N/A	N/A	N/A	N/A		N/A
Terje Pilskog	1 561 648		60 123	15 911	N/A	1 637 682
Roar Haugland	1 393 291	250 000	60 886	67 204	N/A	1 771 381
Torstein Berntsen	1 505 687	345 000	60 886	70 490	N/A	1 982 063
Snorre Valdimarsson	1 195 910	270 000	60 573	71 154	N/A	1 597 637
Total	7 556 536	2 113 860	303 261	935 759		11 918 000

*During 2013 the CEO has been stationed in South Africa. Other remuneration comprises accommodation, transportation and additional travel expenses in relation to this arrangement.

8.3.4 *Shares and options held by members of the Management*

As of the date of this Prospectus, the members of the Management have the following shareholdings and options in the Company (including direct and indirect ownership):

Name	Position	Number of Shares	Number of options
Raymond Carlsen	Chief Executive Officer	2,755,760	0
Mikkel Tørud	Chief Financial Officer	278,440	0
Terje Pilskog	Chief Operational Officer	530,720	0
Roar Haugland	EVP Business Development	538,280	0
Torstein Berntsen	EVP Power Production & Asset Management	795,760	0
Snorre Valdimarsson	EVP General Counsel	309,920	0

8.3.5 *Bonus program*

The Company has had a bonus program (performance contracts) in place for Management. During 2013, 5 employees participated in this program (2012, 6 employees). The maximum possible bonus payment ranges from 15 to 25% of total salary. However, during the restricted period for the share incentive program commencing from 2014 throughout 2016 there will be no bonuses payable to Management. Please refer to Section 8.13.2 "Employee Incentive Scheme" for further details.

8.4 **Benefits upon termination**

No employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination of employment.

No member of the Board of Directors has or will have service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

8.5 **Pension and retirement benefits**

The Group has a defined contribution plan for its Norwegian employees. The Group's payments are recognised in the income statement as employee benefits expense for the year to which the contribution applies. Once the contributions have been paid, there are no further payment obligations. For the year ended 31 December 2013, the costs of pensions for members of Management were NOK 328,000. The Company has no pension or retirement benefits for the members of the Board of Directors.

For more information regarding pension and retirement benefits, see note 7 in the annual financial statements for the year ended 31 December 2013, included in Appendix B.

8.6 **Loans and guarantees**

The Company has granted a loan to certain key employees, which includes the members of the Management. The loan was granted in relation to an issuance of Shares in accordance with the Company's Management incentive plan as further described in Section 8.13.2. The details of the loan, including amount outstanding is set out in Section 12.

Other than the above, the Company has not granted any loans, guarantees or other commitments to any of the members of the Board of Directors or Management.

8.7 **Nomination committee**

The Articles of Association provide for a nomination committee composed of two to three members who are elected by the General Meeting. The nomination committee is responsible for nominating the shareholder-elected members of the Board of Directors and members of the nomination committee and to make recommendations for remuneration to the members of the Boards of Directors. The Company's general meeting has on 13 August 2014 adopted instructions for the nomination committee. The election of members

to the nomination committee has not taken place as of the date of the Prospectus. It is contemplated that the election shall take place subsequent to listing of the Company's Shares, and at the latest on the annual general meeting in 2015.

8.8 Audit committee

The Board of Directors has elected an audit committee amongst the members of the Board of Directors. The audit committee comprises of John Andersen and Mari Thjømmøe. Pursuant to section 6-43 of the Norwegian Public Limited Companies Act, the audit committee shall:

- prepare the Board of Directors' supervision of the Company's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the Company's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the Company's auditor, including in particular the extent to which services than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

8.9 Remuneration committee

The Company has established a remuneration committee that shall consist of two members of the Board. The members of the remuneration committee shall be independent of the Company's executive management. The members of the remuneration committee are appointed by the Board for a period of two years, or until they resign their position as a member of the Board. The committee currently comprises of John Andersen and Cecilie Amdahl.

The remuneration committee is a preparatory and advisory committee for the Board that shall prepare matters for the Board's consideration and decisions regarding the remuneration of, and other matters pertaining to, the Company's executive management. The recommendations of the remuneration committee shall cover all aspects of remuneration to the executive management, including but not limited to salaries, allowances, bonuses, options and benefits-in-kind.

The Company has adopted separate instructions for the remuneration committee setting out further details on the duties, composition and procedures of the committee.

8.10 Board and management practices

The Company has adopted routines and guidelines to ensure proper distribution and handling of information, internally in the Group and for the Management and the Board, and distribution of information to the market. The Company has adopted insider manuals, manual on disclosure of information, rules of procedures for the Board, instructions for the nomination committee, audit committee and the remuneration committee. The two latter is described in Sections 8.7, 8.8 and 8.9 above.

For further information on the executive management and the Board please refer to Sections 8.2 and 8.3.

8.11 Conflicts of interests

For information on the Group's involvement in transactions with related parties, see Section 12 "Related party transactions".

Alf Bjørseth is the father-in-law of John Andersen. Except for this there are no family relations between any of the members of the Board of Directors or members of Management.

There are currently, to the Company's knowledge, no actual or potential conflicts of interest between the private interests or other duties of any of the members of Management and the Board of Directors and their duties towards the Company, including any family relationships between such persons.

8.12 Convictions for fraudulent offences, bankruptcy etc.

Mr John Andersen was the Managing Director of REC Wafer Norway AS, a group company in REC ASA, when it filed for bankruptcy in 2012, and board member Cecilie Amdahl is also a board member of Norse Energy ASA which filed for bankruptcy in 2014.

REC Wafer Norway AS had significant debt and based on the company's financial position the board of directors resolved to file for a bankruptcy petition. The board of directors of Norse Energy ASA filed for bankruptcy petition due to financial problems related to the continued delay of permits to develop the company's assets.

Except for the above, none of the members of the Board of Directors or the Management have during the last five years preceding the date of this Prospectus:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or senior manager of a company or partner of a limited partnership.

8.13 Employees

8.13.1 Overview

As at the date of this Prospectus, the Company had a total of 96 employees, of which 18 are located in Norway, and 78 in various countries in which the Company operates.

The following table illustrates the number of employees as per the end of each calendar year for 2013 and 2012 and per 30 June 2014 split by the geographical areas.

	YTD 2014	Year ended 31 December	
Geographical area	2014	2013	2012
Norway	18	16	18
Germany	23	26	35
South Africa	36	34	8
Czech Republic	4	4	4
France	3	5	5
USA	3	2	2
India	0	1	1
Italy	2	2	5
Japan	7	1	0
Total	96	91	78

8.13.2 Employee incentive schemes

The Company has implemented a share incentive plan whereby for certain of the Company's key employees have received a total of 2,531,280 Shares in the Company. The share incentive plan was adopted by the Board of Directors on 17 June 2014 and approved by the General Meeting on 4 July 2014.

The Shares issued under the share incentive plan cannot be sold, pledged or otherwise disposed over until the earlier of (i) twenty four (24) months following completion of an initial public offering of the Shares of the Company on Oslo Børs (including the Listing), or (ii) 31 December 2016. All Shares issued in accordance with the share incentive plan are subject to these restrictions. However, certain exemptions apply, inter alia in the event of a change of control of the Company. Further to this, the Shares issued under the share incentive scheme were subscribed at a price per share of NOK 1. Adjusted for the share split in the ratio of 1:40 as

described in Section 13.2 the subscription price was NOK 0.025 per Share. The Indicative Price Range ranges from NOK 28 to NOK 36 per Offer Share. Please refer to Section 5.3.2.

If the employee gives notice of resignation or the employment is terminated by the Company with cause pursuant to regulations in the share incentive plan, no further Shares shall vest or become unrestricted. Any Shares not vested after such date shall be transferred back to the Company without compensation.

The Company has an obligation to withhold tax from payment of the employees' salaries due immediately after the share issue pursuant to the share incentive plan. The withheld amount is not, however, sufficient to cover the entire tax amount, and the employees are liable to pay the remaining amount. To attend the employees' ability to pay such remaining amount, each employee is allowed to dispose of up to twenty five (25) per cent of its aggregated holding of Shares in the Company, including restricted Shares issued pursuant to the share incentive plan, in a sale in conjunction with the Listing.

If the Shares are not listed as contemplated, prior to the due date of the employees' tax liability, the employees may not be able to carry out a sale on such terms that will ensure their ability to pay the tax amount. On this basis, the Board has granted the employees a loan of a maximum aggregate amount of NOK 12,000,000 for purposes of ensuring the employees' ability to pay the relevant taxes. The loan was approved by the General Meeting on 4 July 2014. The loan will be available to the employees only in the event that the listing of the Shares does not occur prior to the due date of the employees' tax liability.

The loan shall be disbursed immediately prior to the due date of the tax liability, and the employees shall subsequent to the disbursement present evidence that their respective tax claims are paid. The loan shall carry an interest of 2.75 pct. p.a., equal to Inland Revenue's norm interest rate, and is secured by a pledge upon the Shares received by the employees through the share incentive plan. Otherwise, the loan agreement contains commercial terms normally found in loan arrangements, including ordinary default clauses. The loan shall be fully repaid on 31 December, 2016.

No amount has been drawn and there is no current outstanding amount under the loan.

The share incentive plan comprises 6 of the Company's Management as set out below. The Shares in this table are taken into account also in the tables set out in Section 8.3.4 with respect to relevant members of the Management, and does not represent additional ownership to Shares.

Employee	Shares awarded	Shares vested	Shares yet to be vested
Raymond Carlsen	632,800	0	632,800
Torstein Berntsen	278,440	0	278,440
Mikkel Tørud	278,440	0	278,440
Terje Pilskog	278,440	0	278,440
Roar Haugland	278,440	0	278,440
Snorre Valdimarsson	278,440	0	278,440
Total	2,025,000	0	2,025,000

The Company has also established an employee share scheme for directors of the Company's South African consolidated subsidiaries and permanent employees of Scatec Solar SA 163 (Pty) Ltd, referred to in this Prospectus as the South African Employee Share Scheme. Pursuant to the South African Employee Share Scheme, South African Eligible Employees are given the opportunity to participate in the Employee Offering. The terms of the South African Employee Share Scheme are aligned with the terms of the Employee Offering, and reference is made to Section 5.5 for a more detailed description.

8.14 Corporate governance

The Company has adopted and implemented a corporate governance regime which complies in all material respects with the Corporate Governance Code. The deviations from the Corporate Governance Code with reasoning are described below:

Nomination committee

As set out in Section 8.7, the Articles of Association of the Company provide for a nomination committee composed of two to three members who are elected by the general meeting, in accordance with the principles of section 7 of the Corporate Governance Code. The election of members to the nomination committee has not taken place as of the date of this Prospectus. It is contemplated that the election shall take place subsequent to listing of the Company's Shares, and at the latest on the annual general meeting in 2015. The background for this is that the Company currently has a shareholder base consisting of a few major shareholders and employees, and it is assumed to be more expedient to carry out the election at such later point of time inter alia to allow new shareholders from the Offering the possibility to participate in such election. Such delayed election of members to the nomination committee was also presented to the general meeting held on 13 August 2014, which approved the establishment of a nomination committee.

Take-overs

There are no defence mechanisms against take-over bids in the Company's Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of Shares in the Company. The Board of Directors has not established written guiding principles for how it will act in the event of a take-over bid, as set out in section 14 of the Corporate Governance Code, as such situations are normally characterized by concrete and one-off situations which make a guideline challenging to prepare.

In the event a take-over were to occur, the board of directors will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

9. CAPITALISATION AND INDEBTEDNESS

9.1 Capitalisation

The tables below should be read in conjunction with the information included elsewhere in this Prospectus, including Section 10 "Financial information" and the financial statements and related notes included in Appendices B and C of this Prospectus.

The following table sets forth information about the Group's unaudited consolidated capitalisation as at 30 June 2014. There has been no material change in the Group's consolidated capitalisation since 30 June 2014.

<i>(NOK 1 000)</i>	As of 30 June 2014 (unaudited)
<i>Indebtedness</i>	
Current debt	
Guaranteed	447 825
Secured	0
Unguaranteed/unsecured	663 836
Total current debt	1 111 661
Non-current debt (excl. current portion of long-term debt)	
Guaranteed	2 494 347
Secured	0
Unguaranteed/unsecured	101 567
Total non-current debt	2 595 914
Total indebtedness (a)	3 707 575
<i>Shareholders' equity</i>	
Share capital	1 624
Legal reserve	0
Other reserves	464 128
Total equity (b)	465 752
Total capitalisation (a + b)	4 173 327

The pledge and guarantees granted as security for the current debt are described below.

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group. The project entities' assets are pledged as security for the non-recourse financing. Both current and non-current guaranteed debt relates to the non-recourse financing. The Company has no liability nor provided any guarantees for the debt provided to the project companies.

See chapter 11.6.2 for further description of the debt.

Included in the unguaranteed/unsecured non-current debt is the fair value of interest rate swap agreements (floating to fixed rate) amounting to NOK 4 650 thousand.

The unguaranteed/unsecured current debt includes NOK 354 503 thousand of trade and accounts payable, of which a significant portion is entered into through trade financing agreements with ITOCHU. ITOCHU provides

trade finance and logistics services in relation to the Groups purchases of solar modules and inverters. ITOCHU acts as an intermediary and supplies the Scatec Solar Group with the majority of its purchases of such goods.

The remaining part of the unguaranteed/unsecured current debt consists of income tax payable (NOK 87 545 thousand), fair value of current interest rate swap agreements (NOK 18 100 thousand), dividend accrual (NOK 42 330 thousand) and other current liabilities and accruals (NOK 161 358 thousand).

Scatec Solar is often required to provide performance guarantees in connection with construction activities. While the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to standardized construction where Scatec Solar has a very solid record of accomplishment.

The Group has provided the following guarantees at 31 December 2013:

* Performance guarantees related to construction contracts of NOK 276 731 thousand (NOK 134 224 thousand as of 31 December 2012).

* Guarantees for advance payments of NOK 237 470 thousand (NOK 178.845 thousand of 31 December 2012)

* Guarantees for equity commitments in the subsidiaries Scatec Solar SA 165 and Scatec Solar SA166 has been cancelled as per end 31 December 2013 (NOK 203 577 thousand of 31 December 2012)

* Warranty guarantees of NOK 83 523 thousand (NOK 73 725 thousand as per 31 December 2012)

* Bid bonds related to bidding phase 3 under the REIPP in South Africa of NOK 8 712 thousand

The guarantees have the following duration:

Guarantees duration	2014	2015	2016	>2016
Advances payment guarantees	87 832	-	-	-
Performance guarantees	276 561	267 338	214 549	75 831
Warranty guarantees	34 930	49 726	43 805	31 306
Bid Bonds	5 514			
NOK thousand	404 836	317 064	258 354	107 137

There has been no material change to the Group's guarantee commitments during 2014.

9.2 Indebtedness

The following table sets forth information about the Group's unaudited net indebtedness as at 30 June 2014. There has been no material change in the Group's unaudited indebtedness since 30 June 2014.

<i>(NOK 1 000)</i>	As of 30 June 2014 (unaudited)
Net indebtedness	
(A) Cash	919 329
(B) Cash equivalents	0
(C) Trading securities	0
(D) Liquidity (A + B + C)	919 329
(E) Current financial receivables	0
(F) Current bank debt	0
(G) Current portion of long-term debt	447 825
(H) Other current financial debt	0
(I) Current financial debt (F) + (G) + (H)	447 825
(J) Net current financial indebtedness (I) - (E) - (D)	471 504
(K) Non-current bank loans	2 494 347
(L) Bonds issued	
(M) Other non-current loans	
(N) Non-current financial indebtedness (K) + (L) + (M)	2 494 347
(O) Net financial indebtedness (J) + (N)	2 022 843

9.3 Working capital statement

It is the Company's opinion that the Group does not have sufficient working capital for its present requirements, i.e. for the next 12 months. In order to realise solar power plants currently in project backlog and operations for a period of twelve months from the date of this Prospectus, the Company is dependent on additional financing of NOK 360 million in gross proceeds. Additional financing is expected to be required for the first projects in current backlog, during the course of November 2014. The additional financing is proposed raised through the Offering as described in this Prospectus. The Company is confident that the Offering will be successful and secure adequate funding for further growth.

No capital commitments have been made in relation to growth or to realisation of new solar plants currently in project backlog.

No additional capital is needed to maintain current operations without growth. Should the Offering fail to raise additional funding, the Company may reduce its growth ambitions to secure continued operations. Liquidity would without growth be maintained through existing cash, cash from operations after reduction in growth related operational expenditures, and the use of existing overdraft and guarantee facilities.

10. FINANCIAL INFORMATION

10.1 Introduction

The tables set out in this Section 10 present selected financial information derived from the Group's audited consolidated annual financial statements for the years ended 31 December 2013 and 2012 (included in Appendix B) and the unaudited interim consolidated financial statements for the three and six month periods ended 30 June 2014 (included in Appendix C). The annual consolidated financial statements and the interim consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU.

The Company's annual report and annual accounts for 2013 was initially approved on 26 March 2014. Subsequently, the Company restated its annual report and annual accounts for 2013. In the revised accounts, foreign currency translation effects related to shareholder loans issued to project entities in South Africa is presented in other comprehensive income, whereas in the initial accounts these translation effects were presented as a part of finance expenses in the consolidated statement of profit or loss. The impact of these corrections on the consolidated financial statements is increased profit before tax with NOK 18.1 million, reduced total comprehensive income with NOK 2.3 million and reduced total equity with NOK 2.3 million. On this basis the annual report and annual accounts resolved on 26 March 2014 have been amended and replaced with a new and updated annual report and annual accounts adopted by the Board of Directors 21 July 2014. See the annual consolidated financial statements for the year ended 31 December 2013 attached hereto as Appendix B for further information.

The Company's auditor is Ernst & Young AS, Dronning Eufemias gate 6, 0191 Oslo, Norway. Ernst & Young AS and its auditors are members of the Norwegian Institute of Public Accountants (Den Norske Revisorforening). Ernst & Young AS has been the Company's auditor since 2010. The annual financial statements have been audited by Ernst & Young AS, and the auditor's reports are included together with the annual financial statements in Appendix B. Ernst & Young AS has also performed a review on the half year 2014 interim consolidated financial statements in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity and their report is included as Appendix B and C. EY has not audited, reviewed or produced any report on any other information provided in this Prospectus.

The amounts from the financial information are presented in NOK, rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial information may not add up to the total of that row or column.

The selected financial information presented herein should be read in connection with the annual financial statements and interim financial statements included in Appendices B and C to the Prospectus.

10.2 Summary of accounting principles

For information regarding accounting policies, please refer to note 2 of the consolidated financial statements for the year ended 31 December 2013, included in this Prospectus as Appendix B.

In connection with the preparation of the Company's consolidated financial statements, the Company's management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. The Company's management believes the following critical accounting policies affect the more significant judgements and estimates used in the preparation of the consolidated financial statements.

10.2.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

10.2.1.1 Consolidation of project entities in South Africa

Together with four other shareholders, Scatec Solar has established three project companies in South Africa for the purpose of constructing and operating solar power plants under the South African Renewable Energy Independent Power Producer Program. Through various group entities, Scatec Solar have five distinct roles in these projects:

1. As shareholder and lead member of the consortium in the tender process
2. As developer including obtaining project rights, land permits and other local approvals
3. As EPC supplier Scatec Solar is responsible for the construction of the projects
4. As provider of Operations & Maintenance services to the projects
5. As provider of Management Services to the project companies

Through governing documents of these entities, rights that are considered more than protective by nature have been transferred from Scatec Solar to the other shareholders. This transfer of rights include approval of all Shareholders in the composition of the Board of Directors, amendments of Project Agreements or Finance Agreements, approval of the annual budgets of the companies and the appointment and removal of the managing directors of the Companies. However, based upon the contractual terms and the overall role of Scatec Solar in these projects, the Group has assessed that the transfer of rights in these project companies are not a dominant factor in deciding who controls the entities. The magnitude and variability of exposure to returns in these projects for Scatec Solar have been considered together with other factors such as the ability to direct the relevant activities of the project companies. Therefore, the Group concluded that these project companies are under the control of Scatec Solar under IFRS 10 with non-controlling interests. On the basis of the above, these project companies are consolidated in the Group's consolidated financial statements.

10.2.1.2 Consolidation of project entity in Rwanda

During first quarter 2014 the construction of the ASYV solar power plant commenced. Throughout the construction phase Scatec Solar has a shareholding of 43% in the project entity. One year subsequent to the commercial operation date Scatec Solar's shareholding will increase to 57% as part of a shareholders agreement. However, based on Scatec Solar's ability to direct the relevant activities in the project entity, the Group concluded that the project entity is under the control of Scatec Solar as defined by IFRS 10. Consequently, the project entity is consolidated with a non-controlling interest of 57%.

10.2.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

10.2.2.1 Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that

can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies. When assessing the probability of utilising tax losses carried forward several factors are considered. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward, if the losses may be used to offset taxable income elsewhere in the Group and if there are any tax planning opportunities available.

10.3 Condensed consolidated profit or loss

The table below sets out selected data from the Group's audited consolidated statement of profit or loss for the years ended 31 December 2013 and 2012, and from the unaudited interim consolidated statement of profit or loss for the three and six month periods ended 30 June 2014 and 2013.

(NOK thousand)	Q2 2014 (Unaudited)	Q2 2013 (Unaudited)	YTD 2014 (Unaudited)	YTD 2013 (Unaudited)	FY 2013	FY 2012
Revenues	92 854	28 076	149 982	45 912	132 163	366 705
Net income/(loss) from associated companies	-140	-280	-249	-482	-3 191	-298
Total revenues and other income	92 714	27 796	149 734	45 430	128 972	366 407
Cost of sales	-1 236	-2 388	-1 639	-12 087	-12 331	-257 394
Gross profit	91 477	25 408	148 094	33 343	116 641	109 013
Personnel expenses	-16 443	-12 214	-30 277	-22 592	-50 886	-39 212
Other operating expenses	-23 076	-22 425	-36 737	-33 606	-82 607	-41 927
Depreciation, amortisation and impairment	-16 705	-6 447	-35 755	-12 690	-57 836	-29 858
Operating profit	35 253	-15 678	45 326	-35 545	-74 688	-1 984
Interest and other financial income	8 306	71 580	31 825	110 393	90 613	4 485
Interest and other financial expenses	-36 079	-15 544	-93 273	-22 979	-62 116	-62 006
Net foreign exchange gain/(losses)	23 838	3 229	56 742	1 788	64 242	-8 101
Net financial expenses	-3 935	59 265	-4 706	89 203	92 739	-65 622
Profit before income tax	31 318	43 587	40 620	53 658	18 052	-67 606
Income tax (expense)/benefit	-4 884	-14 350	-4 397	-28 408	-25 603	19 161
Profit/(loss) for the period	26 435	29 237	36 223	25 249	-7 551	-48 445
Profit/(loss) attributable to:						
Equity holders of the parent	8 170	2 017	-1 555	-18 585	-34 678	-46 371
Non-controlling interests	18 265	27 220	37 777	43 834	27 127	-2 074
	26 435	29 237	36 223	25 249	-7 551	-48 445
Basic and diluted earnings per share (NOK)	0,13	0,03	-0,02	-0,29	-0,53	-0,71
Weighted average no of shares (in thousand)	64960	64960	64960	64960	64960	64960

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

10.4 Condensed consolidated statement of comprehensive income

The table below sets out selected data from the Group's audited consolidated statement of comprehensive income for the years ended 31 December 2013 and 2012 and from the unaudited consolidated interim statement of comprehensive income for the three and six month periods ended 30 June 2014 and 2013.

(NOK thousand)	Q2 2014 (Unaudited)	Q2 2013 (Unaudited)	YTD 2014 (Unaudited)	YTD 2013 (Unaudited)	FY 2013	FY 2012
Profit loss for the period	26 435	29 237	36 223	25 249	-7 551	-48 445
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges	-44 173	110 547	-31 658	128 586	125 280	-62 197
Income tax effect	12 378	-30 953	8 874	-36 004	-35 079	17 415
Foreign currency translation differences	-595	-14 879	62 055	-19 839	-53 560	-5 046
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-32 390	64 715	39 271	72 743	36 642	-49 828
Total comprehensive income for the period, net of tax	-5 955	93 951	75 494	97 992	29 091	-98 273
Attributable to:						
Equity holders of the parent	-14 218	13 720	47 163	-8 149	-48 029	-68 252
Non-controlling interests	8 262	80 232	28 330	106 141	77 120	-30 021

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review

10.5 Condensed consolidated statement of financial position

The table below sets out selected data from the Group's audited consolidated statement of financial position as at 31 December 2013 and 2012 and from the unaudited consolidated interim statement of financial position as at 30 June 2014.

Assets

(NOK thousand)	30 June 2014 (Unaudited)	31 December 2013	31 December 2012
ASSETS			
Non-current assets			
Deferred tax assets	359 886	313 644	137 066
Property, plant and equipment – in solar projects	2 550 882	1 857 294	631 239
Property, plant and equipment – other	10 189	8 715	3 350
Goodwill	20 616	20 566	18 010
Financial assets	50 803	79 921	-
Investments in associated companies	17 251	6 321	2 257
Other non-current assets	70 452	31 397	10 926
Total non-current assets	3 080 080	2 317 859	802 848
Current assets			
Trade and other receivables	58 818	25 472	22 665
Other current assets	97 205	105 237	93 627
Financial assets	17 895	50 552	-
Cash and cash equivalents	919 329	1 025 362	173 209
Total current assets	1 093 247	1 206 623	289 501
TOTAL ASSETS	4 173 327	3 524 482	1 092 349

Equity and Liabilities

(NOK thousand)	30 June 2014 (Unaudited)	31 December 2013	31 December 2012
EQUITY AND LIABILITIES			
Equity			
Share capital	1 624	1 624	1 624
Share premium	301 286	301 286	301 286
Total paid in capital	302 910	302 910	302 910
Retained earnings	-190 858	-147 074	-112 396
Other reserves	-3 143	-51 860	-38 509
Total other equity	-194 001	-198 934	-150 905
Non-controlling interests	356 843	294 640	10 517
Total equity	465 752	398 616	162 522
Non-current liabilities			
Deferred tax liabilities	96 875	80 894	10 076
Non-recourse project financing	2 494 347	2 376 968	595 493
Financial liabilities	4 650	-	61 532
Other non-current liabilities	42	3 608	3 728

Total non-current liabilities	2 595 914	2 461 470	670 829
Current liabilities			
Trade and other payables	354 503	441 811	27 400
Income tax payable	87 545	91 881	55 597
Non-recourse project financing	447 825	21 572	16 003
Financial liabilities	18 100	16 298	25 121
Other current liabilities	203 688	92 834	134 877
Total current liabilities	1 111 661	664 396	258 998
Total liabilities	3 707 575	3 125 866	929 827
TOTAL EQUITY AND LIABILITIES	4 173 327	3 524 482	1 092 349

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

10.6 Condensed consolidated statement of cash flow

The table below sets out selected data from the Group's audited consolidated statements of cash flows for the years ended 31 December 2013, 2012, and from the unaudited consolidated interim statement of cash flows for the three and six month periods ended 30 June 2014 and 2013.

(NOK thousand)	Q2 2014 (Unaudited)	Q2 2013 (Unaudited)	YTD 2014 (Unaudited)	YTD 2013 (Unaudited)	FY 2013	FY 2012
Cash flow from operating activities						
Profit before taxes	31 318	43 587	40 620	53 658	18 052	-67 606
Taxes paid	-14 165	-32 265	-29 672	-93 332	-133 116	-67 286
Depreciation and impairment	16 705	6 447	35 755	12 690	57 835	29 858
Net income from associated companies	140	280	249	482	3 191	298
Interest and other financial income	-8 306	-71 580	-31 825	-110 393	-90 613	-4 485
Interest and other financial expenses	36 079	15 544	93 273	22 979	62 116	62 006
Foreign exchange (gain)/loss	-31 290	-3 229	8 611	-1 788	-64 242	8 101
(Increase)/decrease in trade and other receivables	-36 988	-16 907	-33 346	-9 305	-2 807	22 869
(Increase)/decrease in other current assets	39 620	30 609	8 032	13 644	-11 610	55 275
Increase/(decrease) in trade and other payables	-91 619	224 801	-87 308	383 253	414 411	-107 041
Increase/(decrease) in current liabilities	64 669	-134 941	68 623	-47 443	38 921	25 215
Increase/(decrease) in financial assets and other changes.	-4 624	-20 656	47 773	-29 152	8 942	3 728
Net cash flow from operating activities	1 538	41 689	120 785	195 291	301 080	-39 068
Cash flow from investing activities						
Interest received	7 987	3 461	13 369	6 923	13 845	1 477
Investments in property, plant and equipment	-252 154	-355 251	-657 159	-524 310	-1 313 765	-134 991
Investments in associated companies	-11 215	-5 792	-11 215	-5 792	-6 497	-7 437
Net cash flow from investing activities	-255 382	-357 582	-655 005	-523 180	-1 306 417	-140 951
Cash flow from financing activities						

Proceeds shareholder loan from non-controlling interests	17 952	119 542	33 873	142 894	207 804	46 656
Interest paid	-28 058	-11 200	-55 111	-22 399	-44 798	-23 196
Proceeds from non-recourse project financing	217 906	639 933	478 960	719 990	1 803 047	228 510
Repayment of non-recourse project financing	-29 195	-4 001	-30 224	-8 002	-16 003	-15 218
Repayment of corporate overdraft facility	-	-	-	-	-80 964	-
Dividends paid to non-controlling interests	-	-	-	-	-800	-12 172
Net cash flow from financing activities	178 605	744 274	427 498	832 484	1 868 286	224 580
Net increase/(decrease in cash and cash equivalents	-75 239	427 055	-106 723	504 596	862 948	44 561
Effect of exchange rate changes on cash and cash equivalents	23 277	-38 060	689	-25 216	-10 795	14 384
Cash and cash equivalents at beginning of the period	971 291	262 267	1 025 362	173 209	173 209	114 264
Cash and cash equivalents at end of the period	919 329	652 589	919 329	652 589	1 025 362	173 209

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review

10.7 Condensed consolidated statement of changes in equity

The table below sets out selected data from the Group's audited consolidated statements of changes in equity for the years ended 31 December 2013 and 2012 and from the unaudited consolidated interim statement of changes in equity for the six month periods ended 30 June 2014 and 2013.

(NOK thousand)				Other reserves				
	Share capital	Share premium	Retained earnings	Foreign currency translation	Hedging reserve	Total	Non-controlling interests	Total equity
At 1 January 2012	1 624	301 286	-66 025	-16 627	-	220 258	9 584	229 842
Profit for the period	-	-	-46 371	-	-	-46 371	-2 074	-48 445
Other comprehensive income	-	-	-	-4 417	-17 465	-21 882	-27 947	-49 829
Total comprehensive income	-	-	-46 371	-4 417	-17 465	-68 253	-30 021	-98 274
Transactions with NCI	-	-	-	-	-	-	-3 529	-3 529
Dividend to equity holders of the Company	-	-	-	-	-	-	-12 173	-12 173
Capital increase from NCI	-	-	-	-	-	-	46 656	46 656
At 31 December 2012	1 624	301 286	-112 396	-21 044	-17 465	152 005	10 517	162 522
At 1 January 2013	1 624	301 286	-112 396	-21 044	-17 465	152 005	10 517	162 522
Profit for the period	-	-	-18 585	-	-	-18 585	43 834	25 249
Other comprehensive income	-	-	-	-25 670	36 107	10 437	62 307	72 743

Total comprehensive income	-	-	-18 585	-25 670	36 107	-8 148	106 141	97 993
Transactions with NCI	-	-	-	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	-	-
Capital increase from NCI	-	-	-	-	-	-	142 894	142 894
At 30 June 2013	1 624	301 286	-130 981	-46 714	18 642	143 857	259 552	403 409
At 1 July 2013	1 624	301 286	-130 981	-46 714	18 642	143 857	259 552	403 409
Profit for the period	-	-	-16 093	-	-	-16 093	-16 708	-32 801
Other comprehensive income	-	-	-	-22 884	-902	-23 786	-12 314	-36 100
Total comprehensive income	-	-	-16 093	-22 884	-902	-39 879	-29 022	-68 901
Transactions with NCI	-	-	-	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	-800	-800
Capital increase from NCI	-	-	-	-	-	-	64 909	64 909
At 31 December 2013	1 624	301 286	-147 074	-69 598	17 738	103 976	294 640	398 616
At 1 January 2014	1 624	301 286	-147 074	-69 598	17 738	103 976	294 640	398 616
Profit for the period	-	-	-1 555	-	-	-1 555	37 777	36 223
Other comprehensive income	-	-	-	57 603	-8 886	48 717	-9 447	39 271
Total comprehensive income	-	-	-1 555	57 603	-8 886	47 163	28 330	75 494
Transactions with NCI	-	-	-	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-42 230	-	-	-42 230	-	-42 230
Capital increase from NCI	-	-	-	-	-	-	33 873	33 873
At 30 June 2014	1 624	301 286	-190 858	-11 995	8 852	108 909	356 843	465 752

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

10.8 Business segment description

Operating business segments align with internal management reporting to the Group's chief operating decision maker, defined as the Group management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec Solar manages its operations in three segments; Power Production (PP), Operation and Maintenance (O&M) and Development and Construction (D&C). The table below sets out selected data from the Group's note on Operating Segments to the consolidated financial statements for the years ended 31 December 2013 and 2012 and from the

unaudited interim consolidated financial statements for the three and six month periods ended 30 June 2014 and 2013.

Financing and operation of solar power plants is ring-fenced in project entities with a non-recourse project finance structure, where Scatec Solar contributes the required equity, either alone or together with co-investors. For entities where Scatec Solar is deemed to have a controlling interest in accordance with IFRS 10, revenues, expenses, assets and liabilities are included on a 100% basis in the condensed interim Financial Statements and presented correspondingly in the Power Production segment reporting.

Power Production (PP)

The Power Production segment manages the Group's power producing assets, and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Finance and operation of the plants is ring-fenced in project entities with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these project companies to Scatec Solar and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

The PP segment currently comprises the Kalkbult (75 MW) and Linde (40 MW) plants in South Africa, the ASYV (8.5 MW) plant in Rwanda, and four plants in the Czech Republic (20 MW). The plants produce electricity for sale under 20 year power purchase agreements (PPA) or Feed-in tariff (FiT) schemes. The Linde plant commenced operation towards the end of the second quarter, and ASYV in Rwanda in July 2014.

Operation and Maintenance (O&M)

The Operation and Maintenance segment delivers services to ensure optimised operations of the Group's solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus.

Development and Construction (D&C)

The Development and Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Groups solar power plants. These transactions are primarily made with entities that are under the control of the Group and hence are being consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method.

Following the commencement of production at Linde in South Africa in June and ASYV in Rwanda in July, the company has one solar power plant, Dreunberg, with a capacity of 75 MW under construction. The backlog of projects with secured offtake of future power production is currently 155 MW, whereas the project pipeline counts projects with a combined capacity of more than 730 MW.

Corporate

Corporate consists of the activities of corporate services, management and group finance. Further, Corporate also provide certain development and construction services, primarily to the Development and Construction segment.

General comments

No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, O&M and PP segments, where Scatec Solar is deemed to hold a controlling interest, are presented as Internal Revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on international contract standards and terms negotiated at arm's length with lenders and co-investors in each project entity. The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit. The measurement basis for the

segment data follows the accounting policies used in the consolidated financial statement for 2013 as described in Note 2 *Summary of significant accounting policies*.

Q2 2014 (in NOK thousand) (Unaudited)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	91 136	1 603	115	-	-	92 854
Internal revenues	1 511	4 948	402 632	3 131	-412 221	-
Net income/(loss) from associates	-	-	-140	-	-	-140
Total revenues and other income	92 646	6 551	402 607	3 131	-412 221	92 714
Cost of sales	-	-	-266 548	-	265 311	-1 236
Gross profit	92 646	6 551	136 059	3 131	-146 910	91 477
Personnel expenses	-388	-1 648	-10 903	-3 504	-	-16 443
Other operating expenses	-8 673	-1 795	-15 678	-5 011	8 079	-23 077
Depreciation and impairment	-23 063	-287	-1 050	-309	8 003	-16 705
Operating profit	60 522	2 821	108 429	-5 693	-130 828	35 253

Q2 2013 (in NOK thousand) (Unaudited)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	22 159	2 553	3 364	-	-	28 076
Internal revenues	-	759	406 044	1 608	-408 411	-
Net income/(loss) from associates	-	-	-280	-	-	-280
Total revenues and other income	22 159	3 312	409 128	1 608	-408 411	27 796
Cost of sales	-	-	-193 225	-	190 837	-2 388
Gross profit	22 159	3 312	215 903	1 608	-217 574	25 408
Personnel expenses	-615	-637	-8 138	-2 825	-	-12 215
Other operating expenses	-3 299	-2 142	-10 165	-9 185	2 367	-22 424
Depreciation and impairment	-7 547	-48	-336	-	1 484	-6 447
Operating profit	10 698	485	197 264	-10 402	-213 723	-15 678

YTD 2014 (in NOK thousand) (Unaudited)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	145 367	4 080	537	-	-	149 983
Internal revenues	11 386	5 662	722 213	4 284	-743 544	-
Net income/(loss) from associates	-	-	-249	-	-	-249
Total revenues and other income	156 752	9 742	722 501	4 284	-743 544	149 734
Cost of sales	-	-	-496 949	-	495 309	-1 640
Gross profit	156 752	9 742	225 551	4 284	-248 235	148 094
Personnel expenses	-894	-3 083	-18 667	-7 633	-	-30 277
Other operating expenses	-11 742	-3 503	-21 560	-9 878	9 946	-36 736
Depreciation and impairment	-44 615	-556	-4 485	-310	14 209	-35 756
Operating profit	99 501	2 600	180 840	-13 537	-224 080	45 326

YTD 2013 (in NOK thousand) (Unaudited)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	27 956	4 456	13 500	-	-	45 912
Internal revenues	-	1 505	448 418	3 216	453 139	-
Net income/(loss) from associates	-	-	-482	-	-	-482
Total revenues and other income	27 956	5 961	461 426	3 216	-453 139	45 430
Cost of sales	-	-	-228 973	-	216 886	-12 087
Gross profit	27 956	5 961	232 463	3 216	-236 253	33 343
Personnel expenses	-2 316	-1 055	-13 696	-5 525	-	-22 592
Other operating expenses	-5 212	-3 924	-18 445	-10 746	4 721	-33 606
Depreciation and impairment	-14 986	-57	-645	-	2 998	-12 690
Operating profit	5 442	925	199 677	-13 055	-228 534	-35 545

Full year 2013 (in NOK thousand)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	106 040	9 888	16 235	-	-	132 162
Internal revenues	-	4057	1 812 187	8 040	1 824 284	-
Net income/(loss) from associates	-	-	-3 191	-	-	-3 191
Total revenues and other income	106 040	13 945	1 825 232	8 040	1 824 284	128 972
Cost of sales	-	-	-1 153 521	-	1 141 190	-12 331
Gross profit	106 040	13 945	671 711	8 040	-683 094	116 641
Personnel expenses	-5 309	-2 742	-30 970	-11 865	-	-50 886
Other operating expenses	-34 754	-10 634	-51 571	-19 482	33 835	-82 607
Depreciation and impairment	-45 538	-161	-23 416	-	11 279	-57 836
Operating profit	20 439	408	565 753	-23 307	-637 980	-74 688

Full year 2012 (in NOK thousand)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	67 777	9 379	289 550	-	-	366 705
Internal revenues	-	2 990	297 927	9 294	-310 211	-
Net income/(loss) from associates	-	-	-298	-	-	-298
Total revenues and other income	67 777	12 369	587 179	9 294	-310 211	366 407
Cost of sales	-	-	-397 185	-	139 791	-257 394
Gross profit	67 777	12 369	189 993	9 294	170 420	109 013
Personnel expenses	-1 367	-3 062	-22 548	-12 235	-	-39 212
Other operating expenses	-5 137	-9 469	-26 823	-12 782	12 284	-41 927
Depreciation and impairment	-30 389	-	-4 573	-	5 104	-29 858
Operating profit	30 884	-162	136 050	-15 723	-153 032	-1 984

10.9 Sales revenues by geographical area

In presenting information on the basis of geographical areas, revenues from external customers are attributed to the country of the legal entity making the sale.

(NOK thousand)	FY 2013	FY 2012
Czech	60 240	64 847
South Africa	44 454	-
US	4 238	13 504
Italy	4 222	37 913
France	1 544	83 325
Romania	14 597	27 439
Germany	2 867	139 677
Norway	-	-
Total	132 162	366 705

The revenues presented in the table above are consistent with the consolidated revenues of the Group and thus does not include intercompany transactions.

11. OPERATING AND FINANCIAL REVIEW

The following review of the Group's financial condition and operating results should be read in conjunction with Section 10 "Financial information" and the financial statements (including the notes thereto) included in Appendices B and C to this Prospectus.

This review contains forward-looking statements based on current expectations and assumptions about the Group's future business. The actual results of the Group may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, including in Section 2 "Risk factors".

11.1 Overview and presentation

Scatec Solar is an integrated independent solar power producer, developing, constructing, operating and owning solar power plants. Revenues and profits generated by plants controlled by Scatec Solar are fully consolidated. This implies that development and construction as well as operation and maintenance services delivered to these plants are considered internal to the Group, and that the corresponding revenues and margins are eliminated in the consolidated accounts. The condensed consolidated statement of profit or loss does therefore not reflect the underlying activity in project development and construction, or operation and maintenance, for which reference is made to the segment review in chapter 10.8.

11.2 Key factors affecting the Group's results of operations and financial performance

Overview

The management of Scatec Solar believes the most important factors driving the results of operations and financial performance include;

1. Power production and revenue
2. O&M portfolio volume, and performance of plants under O&M contracts
3. Solar plants under construction and cost efficiency in the execution of construction projects
4. Development of projects in backlog and pipeline
5. Financial expenses related to the funding of producing assets and growth projects
6. Income tax

The company has three operating business segments; Power Production (PP), Operation & Maintenance (O&M), and Development & Construction (D&C), as well as on Corporate and Eliminations. The consolidated financial statements will mainly reflect the Power Production segment, as revenues and costs related to intra segment sales transactions from O&M and D&C to companies deemed to be controlled by Scatec Solar are eliminated. The underlying activity level and financial performance of the Operation & Maintenance and Development & Construction segment is hence reflected only in the segment reporting and not on a line-by-line basis in the consolidated statement of profit or loss. However, profit attributable to the equity holders of the parent company is positively affected by these eliminated transactions. Further, Operation & Maintenance and Development & construction activities do impact the consolidated statement of financial position as well as the consolidated statement of cash flow.

Revenue and profits related to power production and operation and maintenance will increase with the expected expansion of the company's asset base. Given that production environments are relatively stable, that pricing structures are pre-determined under long-term contracts, and that most cost elements are fixed in nature, these assets are expected to represent relatively stable revenues, profits and cash flows once the solar power plants are in production and O&M contracts have commenced. The main risks pertaining to these revenues, profits and cash flows relate to possible changes in political support and commitment to agreements entered into under current policies for renewable energy and solar power. Refer to Section 2 "Risk Factors" for more information.

The level of activity within development and construction is expected to fluctuate more across individual periods, depending on the timing of the execution of new projects. The main risks pertaining to these projects are linked to process and logistics control and component availability and cost, which may lead to delays and/or cost overruns. Refer to Section 2 “Risk Factors” for more information.

Future development of projects in backlog and pipeline are subject to risks in terms of the availability of financing at competitive terms, as well as to general risks in terms of the energy demand/supply balance globally, regionally and locally, and possible changes in political commitment and policies designed to support renewable energy in general and solar power in particular. Refer to Section 2 “Risk Factors” for more information.

11.2.1 *Power production and revenue*

The portfolio of power producing assets that Scatec Solar consolidates currently comprises seven solar power plants with a combined annual capacity of 143 MW, of which four plants in the Czech Republic combined account for 20 MW, Kalkbult and Linde in South Africa for 75 MW and 40 MW, respectively, and ASYV in Rwanda for 8.5 MW. The first stage of the 75 MW Dreunberg plant was grid connected in August, and is expected to increase production through September and October 2014, which will increase the gross total annual capacity to 219 MW.

The production at these plants will depend on variations in solar insolation, and on the plant availability and efficiency. After completion of the Dreunberg plant and based on the yield assumptions for these plants outlined in chapter 6, the annual combined production from the above plants is estimated to approximately 450,000 MWh.

All production from the plants is being sold under long-term Power Purchasing Agreements (PPAs) or Feed-in-Tariff (FiT) schemes, on either fixed prices or inflation-adjusted fixed prices.

Expected annual revenue for the above plants is about NOK 750 million based on current exchange rates.

Operating expenses related to power production are relatively modest (excluding depreciation and amortisation). The costs mainly comprise operation and maintenance costs, land leases, insurance, asset management fees and other overhead. The cost base is predominantly fixed, with the exception of performance-related O&M bonuses. Scatec Solar is carrying out O&M services for all the solar power plants in its portfolio.

Depreciation cost is based on linear depreciation over the expected useful life of the plant, normally 20 years. Property, plant and equipment in solar projects amounted to NOK 2.6 billion per the end of the first half 2014, with annualized depreciation of approximately NOK 130 million.

Expected annual operating expenses for the above portfolio of producing assets is about NOK 70 million based on current exchange rates.

11.2.2 *O&M portfolio volume and performance of plants under O&M contracts*

Scatec Solar’s portfolio of O&M contracts currently cover plants with a combined capacity of 195 MW, comprising all the solar power plants in which the company holds ownership as well as third-party owned plants with a combined capacity of 51 MW. The third party contracts are considered non-core business and some of these contracts will be terminated during second half 2014. It is expected that 16 MW will be terminated during Q3 2014 and another 7 MW will be terminated by the end of 2014. Scatec Solar intends to take on O&M for all plants the company develop and construct, and the portfolio will increase to 247 MW upon take-over of the Dreunberg plant early in 2015. The annual base case revenue for the above 247 MW portfolio is estimated to NOK 30-35 million on current exchange rates. Current contracts are nominated in Czech Koruna, Euro, South African Rand and USD, respectively. However, the O&M contracts typically include performance-related bonuses, which may offer considerable upside to the base case revenue. Maintaining of the current performance on Kalkbult will for instance generate an annual performance bonus of approximately NOK 12 million.

Operating expenses related to the O&M activities are mostly fixed, comprising mainly monitoring, maintenance, repairs, spare parts availability, security, green keeping, reporting, etc. Once all plants currently under construction have been included, Scatec Solar expects to realize EBITDA-margins of 40%-50%, plus potential performance bonuses. Some margin contraction is expected on new projects going forward.

11.2.3 Solar plants under construction and cost efficiency in the execution of construction projects

Scatec Solar has a long development and construction track-record covering solar power projects with a combined annual capacity of 400 MW, and has over the years executed construction contracts with total revenue of approximately NOK 4.2 billion.

The activity level was high in 2013 and the first half of 2014, with the construction of the Kalkbult, Linde, Dreunberg and ASYV plants. These contracts are typically structured as traditional EPC fixed-fee turnkey contracts with revenues and costs being recognized on a percentage-of-completion basis.

Segment revenues, cost of sales and gross profit may be subject to variations across quarters, as the multi-currency construction contracts in South Africa are exposed to currency fluctuations. Operating profit is thus exposed to multiple currencies.

Revenues for the last 12 months up to and including the second quarter 2014 amounted to approximately NOK 2.1 billion, or an average of more than NOK 500 million per quarter.

The cost base mainly reflect direct cost of sales related to the construction projects, with the purchase of modules, inverters and other system components making up the main parts. These costs will naturally vary with the activity level, whereas other general administration costs add a moderate fixed cost base (See Chapter 6.5.3). In the last 12 months up to and including the second quarter 2014, gross margins have been reported in the 30%-40% range, and operating margins in the 25%-30% range.

Going forward, volumes under construction and corresponding revenue and profits will vary with the timing of start-ups of new construction projects. Per the end of the second quarter, ongoing construction projects had remaining contracted revenues of approximately NOK 170 million, reflecting primarily the remaining work on the Dreunberg plant. Scatec Solar furthermore expects financial close and commencement of construction for its current backlog during the second half of 2014.

Gross margins on future projects will vary and depend on market and project attractiveness, Scatec Solar's involvement in the development phase and what role the company takes in the construction phase of the project. Overall, the company expects to achieve a gross margin of 15%-20% on its Development & Construction activities.

11.2.4 Development of projects in backlog and pipeline

At the end of the first half 2014, Scatec Solar's project backlog amounted to 155 MW, defined as projects assessed as having more than 90% likelihood of being realized. The backlog comprises the large Red Hills project in Utah (104 MW), the Waihonu project in Hawaii (8 MW), the Oryx project in Jordan (10 MW) and the EJRE/GLAE project (33 MW) both in Jordan.

PPA agreements or FiT and grid-connections have been secured for these projects and all main permits are in place. Scatec Solar is currently working on project financing, and expects financial close and commencement of construction during the second half of 2014 and first quarter 2015.

At the end of the first half 2014, Scatec Solar also had a project pipeline with a capacity of 730 MW, defined as projects assessed as having more than 50% likelihood of being realized. This covers about 20 projects across Africa (396 MW), USA (220 MW), Japan (64 MW) and the UK (53 MW).

Scatec Solar has furthermore verified feasibility and business cases for projects with an additional combined capacity of approximately 900 MW. These are projects meeting general criteria with regards to solar insolation, urgency in terms of energy demand, availability of alternative energy sources, market transparency and jurisdiction, flexibility in terms of financing structures, and company-specific criteria in terms of in-house competencies and local partnerships.

The Company has a stated ambition of growing its asset base of producing assets to 750 MW by the end of 2016.

Scatec Solar has defined a minimum requirement on after tax return on equity of 10% for new solar power plants.

11.2.5 Financial costs related to the funding of producing assets and growth projects.

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group.

To manage certain interest rate and currency risks related to the financing of solar power plants in the project entities, the Group has entered into interest rate swap and forward exchange derivative contracts. The interest rates swap contracts are classified as derivatives designated as hedging instruments in effective hedges. The forward exchange contracts are not considered to be hedges in terms of IAS 39 Financial Instruments: Recognition and Measurement as they hedge the risk of embedded derivatives in the project entities that are offset by the opposite embedded derivative in another Group company. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right or the intention to offset these cash flows. The derivative contracts are recognised at fair value in the consolidated statement of financial position with the changes in the fair value recognised directly in the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income until the transactions they hedge occur. Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts entered into.

11.2.6 Income tax

The Group operates under several tax regimes with varying tax legislation. Due to the large extent of intercompany transactions, this imposes both risks and possibilities. Efforts are made to ensure that tax efficient and sustainable transaction structures are being set up. The consolidated effective tax rate is expected to be lower than the nominal tax rate (27%) of the parent company. The underlying tax rates in the countries of operation are in the range of 19%-35%.

11.3 Recent developments and trends

The management of Scatec Solar has not seen any recent major changes in the operating or financial environment for its producing assets or assets under construction. Production is increasing significantly, and the company's construction projects have progress timely and in line with budget assumptions.

Declining costs of solar power systems have also contributed significantly to the increasing attractiveness of solar power, helped both by increased production volumes and rapid technology changes. This trend has continued in 2014.

Overall, Scatec Solar believes fundamental factors remain in place for continued growth for the solar power industry, and for the company to proceed with its growth strategy going forward.

With respect to future growth, the company has not seen any major adverse changes in important prevailing drivers for renewable energy such as the increasing global energy demand or the need for improved energy security and energy independence. If anything, recent political unrest in Eastern Europe highlights the need to improve energy security and independence, to which improving the availability of sustainable regional and local energy generation is an important means.

Neither has Scatec Solar seen major changes to regulatory schemes to decrease pollution from fossil fuels, political commitment to increase the use of clean and sustainable energy sources, or the level of capital subsidies in the industry.

Scatec Solar has a global approach, targeting project development opportunities both in emerging and established markets. As the global power market increases in size and gradually matures, the company expects increasing competition for attractive projects. In the current key market in South Africa, the number of bidders increased significantly from the first to the second bidding round of the Renewable Energy IPP procurement program (REIPPP), and further still from the second to the third bidding round. This has put pressure on bidding prices and on the terms for debt financing of new projects.

Although the competitive pressure is likely to continue to increase as markets mature, Scatec Solar believes it is well positioned to execute a sufficient amount of attractive projects to maintain its ambition of building a gross producing asset base of 750 MW by the end of 2016.

11.4 Results of operations for the Group

11.4.1 *Second quarter and first half year 2014 compared to second quarter and first half year 2013 – Group consolidated figures*

Revenues

Scatec Solar reported revenues of NOK 93 million in the second quarter 2014, mainly reflecting sales of electricity from solar power plants in the Czech Republic and South Africa. This compares to total net revenues of NOK 28 million in the second quarter 2013, with the increase explained by electricity sales from the Kalkbult plant in South Africa. Net revenues included NOK -0.1 million in income from associated companies in the second quarter (NOK -0.3 million).

For the first half year 2014, revenues amounted to NOK 150 million (45). Revenues in the first half 2013 included NOK 18 million related to development, construction, operation and maintenance sales to third parties.

Cost of sales

Cost of sales declined to NOK 1 million in the second quarter 2014 (2) and NOK 2 million (12) in the first half year 2014. The change mainly reflects the major shift in the composition of consolidated revenue, from predominantly development and construction revenue in 2012 to predominantly power production revenue in 2013.

Operating expenses

Consolidated operating expenses amounted to NOK 40 million in the second quarter 2014 (35). This comprised of approximately NOK 8 million related to operation of existing power producing plants, NOK 5 million in general and administrative costs, NOK 14 million related to development of new projects, NOK 8 million related to construction of power plants, and NOK 5 million in non-recurring, special items. The non-recurring items relates to restructuring provisions made as part of the close-down of the Regensburg office in Germany.

Split by type of expenses, personnel expenses accounted for NOK 16 million (12) and other operating expenses for NOK 23 million (22).

For the first half year 2014, consolidated operating expenses amounted to NOK 67 million (56). The increase in operating expenses primarily reflects commencement of operations at the Kalkbult plant in South Africa, as well as increased spending on development and construction activities.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 52 million in the second quarter 2014 (-9), and NOK 81 million for the first half year (-23). The improvements primarily reflect the higher power production, and higher average electricity prices as the Kalkbult project reached COD in April 2014.

Depreciation, amortisation and impairment amounted to NOK 17 million in the second quarter 2014 (6) and NOK 36 million in the first half year (13). The increases are mainly explained by commencement of asset

depreciation of Kalkbult, NOK 3 million impairment of development projects in South Africa in the first quarter, and NOK 1 million impairment related to restructuring of the German operations in the second quarter.

Operating profit (EBIT) was hence NOK 35 million in the second quarter (-16), and NOK 45 million in the first half of 2014 (-36).

Net financial items

Net financial items amounted to NOK -4 million in the second quarter (59), and NOK -5 million in the first half 2014 (89). The lower figures mainly reflect interest on financing of a higher asset base and significant changes in the value of foreign exchange contracts.

Financial income amounted to NOK 8 million (72) in the second quarter 2014 and NOK 32 million in the first half year (110), including interest income on collateralised equity commitments for projects under construction. The second quarter and half year 2013 include gains on mark-to-market revaluations of open Euro and US dollars forward exchange contracts (FEC) of NOK 70 and 108 million respectively. The FECs are carried at fair value and will fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses amounted to NOK 36 million in the second quarter 2014 (16) and NOK 93 million in the first half year (23), mainly reflecting interest on the Kalkbult project and a partial reversal of the mark-to-market gains on forward exchange contracts recognised in previous periods.

Foreign exchange gains amounted to NOK 24 million in the second quarter 2014 (3) and NOK 57 million in the first half year (2), primarily influenced by gain on realized forward exchange contracts.

Profit before income tax and net profit

Profit before income tax was NOK 31 million in the second quarter 2014 (44) and NOK 41 million in the first half year (54), with the declines mainly explained by higher interest expenses and revaluation of forward exchange contracts.

Income tax was a positive NOK 5 million in the second quarter 2014 (-14) and NOK 4 million in the first half year (-28), including a withholding tax benefit related to dividends from a South African subsidiary in the first quarter. The underlying tax rates in the countries of operation are in the range of 19%-35%.

Net profit was hence NOK 26 million in the second quarter 2014 (29) and NOK 36 million in the first half year (25).

A profit of NOK 8 million was attributable to the equity holders of Scatec Solar for the second quarter 2014 (2) and NOK -2 million for the first half year (-19). A profit of NOK 18 million was attributable to non-controlling interests in the second quarter (27) and NOK 38 million for the first half year (44). Non-controlling interests mainly reflect financial investors in the project companies for the individual solar power plants.

11.4.2 Year ended 31 December 2013 compared to the year ended 31 December 2012 – Group consolidated figures

Revenues

Scatec Solar reported net revenues of NOK 129 million in 2013, mainly reflecting sales of electricity from solar power plants in the Czech Republic and South Africa. Net revenues in 2012 amounted to NOK 366 million, of which NOK 290 million was related to development and construction sales to third parties.

The decline in 2013 reflect the strategic transition from offering development and construction services to third parties or selling solar power plants upon completion, to becoming an Independent Power Producer (IPP) where Scatec Solar seeks to retain full or partial ownership or all solar power plants developed and built by the Company.

Solar power plants controlled by Scatec Solar will not generate revenues or profits on a consolidated basis until the solar power plants have been grid connected and produce electricity for sale. Consolidated revenues hence is not reflecting the significant increase in the underlying project development and construction activity.

Power Production (PP) revenues increased to NOK 106 million in 2013 from NOK 68 million in 2012, with the increase primarily reflecting commencement of electricity production and sales from the new Kalkbult solar power plant from ultimo September. The project reached its formal Commercial Operation Date under the PPA on 19 March 2014. Before this date, the plant has received Early Operation Revenue based on 60% of the contracted tariff.

Consolidated external revenues from *Operation & Maintenance* (O&M) ended at NOK 10 million in 2013, up from NOK 9 million in 2012. These revenues relate to O&M services delivered to European solar power plants outside of Scatec Solar's IPP portfolio.

Consolidated external revenues from *Development & Construction* (D&C) declined to NOK 16 million in 2013 from NOK 290 million in 2012. Revenues in 2013 mainly relate to completion of the construction of a solar plant in Romania for an external client in the first quarter of the year. In 2012, external revenues mainly reflected EPC contracts for external clients in France and Germany, as well as sales of solar system components to the distributed market. In accordance with the current strategy of Scatec Solar to operate as an IPP, external revenues from development and construction are expected to be insignificant in the time to come.

The higher underlying activity level in D&C (related to power plants wholly or partly owned by Scatec Solar) is illustrated by the increase in total segment revenues to NOK 1,825 million in 2013 from NOK 587 million in 2012, with the share of internal revenues increasing from 51% to 99%.

Net income from associated companies was a negative NOK 3.2 million in 2013, compared to a negative NOK 0.3 million in 2012. The change is primarily due to an impairment charge related to a Joint Venture company in China.

Cost of sales

Cost of sales declined to NOK 12 million in 2013, compared to NOK 257 million in 2012. The change mainly reflects the major shift in the composition of consolidated revenue, from predominantly development and construction revenue in 2012 to predominantly power production revenue in 2013. Gross profit increased to NOK 117 million in 2013, compared to NOK 109 million in 2012. Gross margin hence increased to 90% in 2013 from 30% in 2012.

Operating expenses

Operating expenses (personnel and other operating expenses) amounted to NOK 133 million in 2013. This consolidated cost base consists of around NOK 30 million related to operation of existing power producing plants, NOK 25 million in general corporate and administrative costs, NOK 66 million related to development of new projects, and NOK 11 million in non-recurring, special items. Included in non-recurring items is a settlement expense of NOK 6 million related to claim from a project co-developer in France as well as a bad debt provision of NOK 5 million related to a receivable originating from an agreement entered into as part of a sale of a portfolio of nine solar power plants in 2011.

The increase in operating expenses from NOK 81 million in 2012 is primarily a reflection of the significant increase in the development and construction activities, higher operating cost base from commencing of operations on the Kalkbult project, and expenses related to discontinued business in Europe.

Personnel expenses totalled NOK 51 million (39), with the average number of permanent full time employee equivalents increasing to 91 in 2013 from 78 in 2012. Further personnel expenses of NOK 15 million (16) related to development projects and projects under construction have been capitalized and recognized in the Property, Plant and Equipment in the Statement of Financial Position.

Other operating expenses amounted to NOK 83 million (42), including legal settlement costs of NOK 6 million related to dispute with a previous development partner in France, and NOK 5 million accrual for potential losses on remaining receivables from a plant divestment in Italia in 2010-11. The Company recognized no R&D costs in 2013 or 2012.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment amounted to NOK 58 million in 2013, compared to NOK 30 million in 2012. Depreciation amounted to NOK 36 million, with the increase from NOK 27 million in 2012 explained by commencement of depreciation of the Kalkbult solar power plant following the grid-connection in September 2013. Impairments amounted to NOK 22 million (3), primarily related to prior period development activities in Italy and France.

Operating profit

Operating profit (EBIT) was thus a negative NOK 75 million in 2013, compared to a negative NOK 2 million in 2012.

Net financial items

Net financial items amounted to a positive NOK 93 million in 2013, compared to a negative NOK 66 million in 2012.

Interest and other financial income increased to NOK 91 million in 2013 (4), mainly reflecting a fair value change on the Group's forward exchange contracts of NOK 75 million. Further, interest income increased to NOK 13 million reflecting equity injections in the Linde and Dreunberg projects at the financial close in May 2013. The funds have been deposited in collateralized accounts for transfer to the project companies towards end of project construction, later in 2014.

Interests and other financial expenses ended at NOK 62 million, unchanged from 2012, partly reflecting commencement of interest expensing on the Kalkbult project. In 2012 the Group incurred a loss on mark to market valuation of forward exchange contracts of NOK 25 million.

The foreign exchange gain amounted to NOK 64 million in 2013, compared to foreign exchange loss of NOK 8 million in 2012. The effects are mainly related to translation of balances and valuation of derivatives held by the South African project companies.

Profit before income tax and net profit

Profit before income tax was negative NOK 18 million in 2013, compared to a negative NOK 68 million in 2012. Income tax expense amounted to NOK 26 million. Taxes payable (including withholding tax on dividends) amounted to NOK 170 million, with net deferred tax asset increased by NOK 152 million. A correction of NOK 8 million of previous year taxes is also included in the tax expense. In 2012, the Company recorded an income tax benefit of NOK 19 million. Taxes payable amounted to NOK 66 million, with net deferred tax asset increased by NOK 85 million.

The underlying tax rates in the countries of operation are in the range of 19%-35%. The 2013 effective tax rate was primarily influenced by valuation allowances, permanent differences, the use of previously unrecognised losses carried forward, taxes in previous years and foreign taxable income where the local tax rate is higher than the nominal tax rate as well as negative foreign taxable income where the local tax rate is lower than the nominal tax rate.

For 2012, the income tax benefit of NOK 19 million, equivalent to an effective tax rate of 28,3 percent, was primarily influenced by the utilization of previously unrecognized losses carried forward. The net loss was hence NOK 24 million in 2013, compared to a net loss of NOK 48 million in 2012.

11.4.3 Second quarter and first half year 2014 compared to second quarter and first half year 2013 - Segments

Power Production: Revenues amounted to NOK 93 million in the second quarter 2014 (22), mainly reflecting the increase in power production to 44,338 MWh from 7,133 MWh in the same quarter last year. Production at the 75 MW Kalkbult plant was 35,341 MWh in the second quarter, whereas the 20 MW of Czech solar power plants generated 8,130 MWh. Electricity production at Linde commenced ultimo June, adding 867 MWh.

Kalkbult production has exceeded model assumptions throughout the first half of the year. Kalkbult electricity has been sold at the prices contracted through the long-term power purchasing agreement (PPA) since Commercial Operation Date (COD*) on 19 March 2014. The plant was grid-connected in September 2013, generating 'early revenues' based on 60% of the contracted price until COD.

Compared with the second quarter last year, revenues in the Czech operations reflect 14% higher production, primarily due to higher solar irradiation, as well as a permanent reduction of an industry specific revenue tax from 26% to 10%.

Operating expenses amounted to NOK 9 million in the second quarter 2014 (4). Costs increased with the commencement of the O&M contract for the 75 MW Kalkbult with effect from the Take Over Date (TOD*) on 26 April. A provision was made for an O&M bonus of NOK 2 million in the second quarter, based on the significant over performance by the plant in the quarter.

Depreciation and amortisation increased to NOK 23 million (7.5), with the increase reflecting Kalkbult.

EBITDA improved to NOK 84 million in the second quarter 2014 (18), with the EBITDA-margin increasing to 90% (82%). EBIT increased to NOK 61 million (11).

For the first half year, revenues amounted to NOK 157 million (28). This includes internal revenue from the Development & Construction segment as compensation for a slightly delayed COD for Kalkbult (19 March 2014 versus scheduled COD on 1 January 2014).

EBITDA amounted to NOK 144 million for the first half year (20), and EBIT to NOK 100 million (5).

Revenues and operating profit are expected to continue to increase in the second half of 2014 with the addition of production from Linde (40 MW) from end of June and ASYV (8.5 MW) from end of July. The first stage of Dreunberg was grid connected in August, and is expected to increase production through September and October 2014, and will then generate 'early revenue' at 60% of the contracted PPA price until COD which is scheduled to take place at year end.

Based on current exchange rates and expected production level, total revenues from the company's secured solar power sales contracts amount to more than NOK 15 billion through 2034 (nominal undiscounted revenues).

Production (MWh)

	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Kalkbult	-	1,588	42,051	38,240	35,341
Linde	-	-	-	-	867
Czech portfolio	7,133	8,057	2,634	3,701	8,130
MWh produced	7,133	9,645	44,686	41,940	44,338
-net to Scatec Solar	7,133	8,677	19,034	18,997	22,251

Annual installed capacity (MW) – end of period

	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Kalkbult	-	75.0	75.0	75.0	75.0
Linde	-	-	-	-	40.0
Czech portfolio	19.8	19.8	19.8	19.8	19.8
MW capacity	19.8	94.8	94.8	94.8	134.8
-net to Scatec Solar	19.8	49.8	49.8	49.8	64.7

Scatec Solar directly and/or indirectly owns 100% of the Czech portfolio of solar power plants and 39% of Kalkbult and Linde in South Africa

Project entities – Key financials Q2 2014

NOK million (unaudited)	Czech Republic	Kalkbult, SA	Linde, SA	Other	Total segment
Revenues	30.8	60.4	0.9	0.5	92.7
Cost of sales	0.0	0.0	0.0	0.0	0.0
Gross profit	30.8	60.4	0.9	0.5	92.6
OPEX	-2.6	-6.5	-0.2	0.2	-9.1
EBITDA	28.3	53.9	0.7	0.7	83.6

Project entities – Key financials YTD 2014

NOK million (unaudited)	Czech Republic	Kalkbult, SA	Linde, SA	Other	Total segment
Revenues	44.5	110.7	0.9	0.7	156.8
Cost of sales	0.0	0.0	0.0	0.0	0.0
Gross profit	44.5	110.7	0.9	0.7	256.8
OPEX	-4.7	-7.5	-0.2	-0.2	-12.6
EBITDA	39.8	103.2	0.7	0.5	144.1

Project entities – PP&E, net debt and working capital break-down

As of 30 June 2014	Power Production					D&C, O&M, Corporate & Eliminations ¹	Consolidated
NOK million (unaudited)	Czech	Kalkbult	Linde	Dreunberg	ASYV		
PP&E	509.4	1,175.4	612.7	1,098.8	108.0	-953.4	2,550.9
Total cash	35.9	217.6	53.4	151.9	79.9	380.9	919.3
- of which restricted cash ²	20.5	214.5	50.4	148.6	79.6	273.7	787.4
Gross debt	379.1	958.9	582.8	887.9	129.8	3.7	2,942.2
Net debt	343.1	741.3	529.4	736.0	50.2	-377.2	2,022.8
Net working capital ³	3.8	-76.9	-26.4	-278.7	-50.5	-60.9	-489.6

¹ The amount of NOK 953.4 million, includes development projects that have not yet reached construction phase of NOK 48.2 million

² Restricted cash in SPVs includes debt service reserve accounts, disbursements accounts, insurance reserve accounts etc. Restricted cash in D&C, O&M and Corporate includes collateralized shareholder financing of project entities not yet distributed to the project entities, as well as certain restricted deposits for WHT, guarantees, VAT, rent, etc.

³ Net working capital includes trade and other receivables, other current assets, trade and other payables, income tax payable, other current liabilities and intercompany receivables and payables

Operation & Maintenance: Revenues in the Operation & Maintenance segment were NOK 6.5 million in the second quarter 2014 (3.3), with the increase mainly reflecting commencement of the O&M contract on Kalkbult. Accrued performance bonuses represented NOK 2.2 million in the second quarter.

The O&M contract on Kalkbult took effect at the Take Over Date (TOD) on 26 April 2014, increasing the company's O&M portfolio to a combined capacity of 146 MW. Plants owned by third parties account for 51 MW of this.

Operating expenses amounted to NOK 3.4 million (2.8), with the increase mainly reflecting Kalkbult and organizational ramp-up ahead of start-up of further contracts later in the year.

EBITDA increased to NOK 3.1 million in the second quarter 2014 (0.5), corresponding to an EBITDA-margin of 47% (15%).

Depreciation and amortisation amounted to NOK 0.3 million in the quarter 2014 (0), and EBIT was thus NOK 2.8 million (0.5).

For the first half year, revenues increased to NOK 9.7 million (4.5), whereas operating expenses increased to NOK 6.6 million (5.0). EBITDA hence amounted to NOK 3.2 million for the first half year (1.0), and EBIT to NOK 2.6 million (0.9).

The third party contracts are considered non-core business and some of these contracts will be terminated during second half 2014. It is expected that 16 MW will be terminated during Q3 and another 7 MW will be terminated by the end of 2014.

Segment revenues and operating profit are expected to increase in the second half of 2014, given that the O&M contract on Kalkbult (75 MW) takes full effect, and that contracts are expected to commence on Linde (40 MW) and ASYV (8.5 MW). The O&M contract for Dreunberg (75 MW) is expected to take effect from the beginning of 2015.

The inclusion of further plants in South Africa and in Rwanda will increase the O&M portfolio to 247 MW, which is expected to generate annual base revenues of approximately NOK 30-35 million at current exchange rates. The contracts are nominated in Czech Koruna, Euro, South African Rand and USD respectively.

Overall, the company expects to realise 35%-50% EBITDA-margin on the base service fees in the O&M portfolio once all plants currently under construction have been included.

In addition, the majority of the O&M contracts include performance bonus provisions, securing the company 50% of revenue generated when exceeding pre-defined production levels. If the current performance is maintained at Kalkbult, the plant is estimated to generate performance bonus in addition to the base fee of approximately NOK 12 million on an annual basis.

Portfolio overview - MW at end of period

	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Portfolio (MW)	71	71	71	71	146
Whereof third-party	51	51	51	51	51

O&M-contracts are included upon Take Over Date (TOD)

Development & Construction: Revenues in the Development & Construction segment amounted to NOK 403 million in the second quarter 2014 (409), with virtually all revenues reflecting internal deliveries to project companies managed and controlled by Scatec Solar.

During the second quarter 2014, the company continued construction at the Linde (40 MW) and Dreunberg (75 MW) plants in South Africa and the ASYV (8.5 MW) plant in Rwanda. Construction revenues are recognized on a percentage-of-completion basis, defined as cost incurred over total expected cost (see separate table).

Construction at Linde and ASYV was nearly completed in the quarter, with Start of Production (SOP*) of Linde on 26 June 2014, Commercial Operation Date (COD*) on 30 June 2014 and Take Over Date (TOD*) on August 1. The ASYV plant reached SOP/COD on 26 July 2014 with TOD expected later in the third quarter. The first stage of Dreunberg was grid connected in August, and is expected to increase production through September and October 2014 and COD is scheduled for year-end, with TOD early in 2015.

Cost of sales amounted to NOK 267 million in the second quarter 2014 (193), generating a gross margin of 34%. Gross margin was 53% in the second quarter last year, supported by a NOK 94 million internal sale of a development project to the power production segment.

Operating expenses were NOK 27 million in the second quarter 2014 (18). The increase is mainly explained by restructuring expenses related to close down of German operations (see note 7).

Segment EBITDA thus declined to NOK 110 million in the second quarter 2014 (198). Depreciation, amortisation and impairment amounted to NOK 1.1 million (0.3), and EBIT was NOK 108 million (197).

For the first half year, revenues increased to NOK 723 million (462), with a gross margin of 31% (50%). Operating expenses increased to NOK 40 million (32), and EBITDA was hence NOK 185 million (200) and EBIT NOK 181 million (200).

Segment revenues, cost of sales and gross profit may be subject to variations across quarters, as the multi-currency construction contracts in South Africa are exposed to currency fluctuations. Operating profit is thus exposed to multiple currencies.

Over the years, Scatec Solar has executed construction contracts with total revenue of approximately NOK 4.2 billion, and had ongoing construction projects with a remaining revenue of approximately NOK 170 million at the end of the second quarter. Ongoing contracts are denominated in South African Rand (ZAR) and USD. Revenue and profit development going forward will depend of the pace and timing of execution of the project backlog and pipeline.

Construction projects - Percentage-of-completion

	Capacity	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Kalkbult	75 MW	70%	93%	100%	-	-
Linde	40 MW	13%	25%	74%	84%	96%
Dreunberg	75 MW	11%	22%	50%	76%	91%
ASYV	8.5 MW	-	-	-	10%	79%

Construction projects - Milestones*

	Capacity	Q2'14	Q3'14	Q4'14	Q1'15
Linde	40 MW	SOP/COD	TOD		
Dreunberg	75 MW		SOP	COD	TOD
ASYV	8.5 MW		SOP/COD	TOD	

Scatec Solar's project backlog and identified pipeline span a variety of markets in the US, UK, South and West Africa, the Middle East and Japan.

Corporate and eliminations: Corporate activities mainly relate to corporate services, management and group finance, and showed an operating loss of NOK 6 million in the second quarter 2014 (-10).

The eliminations reflect that the bulk of development and construction activities and operation and maintenance contracts are related to projects managed and consolidated by Scatec Solar.

Internal revenues of NOK 410 million were eliminated in the consolidation of the segments in the second quarter 2014 (408), generating consolidated Group revenues of NOK 93 million for the second quarter (46).

On the operating profit level, internal eliminations had a negative effect of NOK 131 million (213), generating a consolidated Group EBIT of NOK 35 million in the quarter 2014 (-16).

Internal revenues of NOK 741 million (453) and operating profit of NOK 238 million (229) were eliminated in the first half 2014, generating consolidated Group revenues of NOK 150 million (45) and consolidated Group operating profit of NOK 45 million (-36) for the first half year.

11.4.4 Comments to the consolidated statement of financial position

Assets related to the solar power projects are valued on at the Group's cost in the consolidated statement of financial position, and do not include internal margins generated through project development and construction. The debt in the solar power projects is on the other hand fully accounted for including all ring-fenced non-recourse debt pledged only to the assets in each individual project company.

This negatively affects the book equity ratio, which declined to 11.1% from 12.7% at the end of the first quarter and 11.3% at the end of 2013. The book equity ratio is further affected in second quarter 2014 by the General Meeting's approval of a dividend of NOK 42 million.

Adjusted for assets and debt related to the solar power project companies, the equity ratio was approximately 58% at the end of the first half year 2014.

Total assets amounted to NOK 4 173 million at the end of the first half 2014 (3 524), which was an increase of NOK 277 million during the second quarter and NOK 649 million during the first half year.

The increase primarily reflects non-current assets, which in turn mainly reflects investments related to the South African and Rwandan projects.

Non-current assets overall amounted to NOK 3 080 million per 30 June (2 318), an increase of NOK 334 million during the second quarter and NOK 762 million during the first half year. Property, plant & equipment in project companies accounted for 91% of the increase.

Current assets amounted to NOK 1 093 million (1 206), which was a decrease of NOK 58 million during the second quarter and NOK 114 million during the first half year.

Cash and cash equivalents was NOK 919 million at the end of the first half year, compared to NOK 971 million at the end of the first quarter and NOK 1 025 million at year-end 2013. NOK 514 million of the cash balance was restricted cash held in project companies, NOK 274 million other restricted cash, and NOK 132 million free cash. Cash and cash equivalents in project entities which are reserved on debt service accounts, disbursements accounts, insurance reserve accounts and similar are reported as restricted. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements. Other restricted cash is mainly collateralised shareholder financing of project entities not yet distributed to the project entities (NOK 191 million) and deposits.

Financial assets in the consolidated statement of financial position primarily comprise currency and interest rate derivatives in the South African project companies.

Total equity stood at NOK 465 million at the end of the first half year 2014 (399), which was a decrease of NOK 31 million during the second quarter and an increase of NOK 66 million during the first half year.

Total liabilities increased to NOK 3 708 million from NOK 3 400 million at the end of the first quarter and NOK 3 124 million at the end of 2013.

Total non-current liabilities amounted to NOK 2 596 million at the end of the first half 2014, compared to NOK 2 466 million at the end of the first quarter and NOK 2 462 million at year-end 2013. NOK 2 494 million of this was non-recourse project financing pledged only to the assets and performance of each individual project accounted, compared to NOK 2.381 million at the end of the first quarter and NOK 2.377 million at the end of 2013.

Total current liabilities increased to NOK 1 112 million, from NOK 934 million at the end of the first quarter and NOK 662 million at the end of 2013. The increase reflects maturing of non-recourse financing.

Net interest bearing debt stood at NOK 2 023 million at the end of the first half year, compared to NOK 1 696 million at the end of the first quarter and NOK 1 373 million at the end of 2013. All interest bearing debt is non-recourse debt, pledged only to the assets and performance of the individual projects.

11.5 Liquidity and capital resources

11.5.1 Sources and uses of cash

The Group's cash and cash equivalents amounted to NOK 919 million per 30 June 2014. This was a decline of NOK 106 million during the first half year 2014, including effects of exchange rate changes.

NOK 513 million of the Group's cash and cash equivalents was restricted cash in project companies, NOK 274 million other restricted cash, and NOK 132 million free cash. Cash and cash equivalents in project entities which are reserved on debt service accounts, disbursements accounts, insurance reserve accounts and similar are reported as restricted. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements. Other restricted cash is mainly collateralized shareholder financing of project entities not yet distributed to the project entities.

On 14 July 2014, Scatec Solar entered into an overdraft facility of NOK 100 million with a tenor of 1 year and a guarantee facility of NOK 150 million with a tenor of 3 years, both with Nordea Bank Norge ASA. Both facilities have a covenant requiring Scatec Solar's equity ratio to be above 30% - where the equity ratio is calculated excluding assets and debt related to non-recourse financing. The interest rate on the facility is NIBOR 7 days plus 2.5% per year. Furthermore, the facilities are subject to change of control provisions, whereby a 'change of control occurs' inter alia if any person or group of persons acting in concert (other than Scatec AS) gains control of more than 33.33% of the Shares in the Company.

11.5.2 Cash flows from operating, investing and financing activities

Net cash flow from consolidated operating activities amounted to NOK 2 million in the second quarter 2014 (41). For the full year 2013, net cash flow from operating activities amounted to NOK 301 million (-39), mainly reflecting a significant working capital improvement. This was partly enabled by the Group's trade finance and logistics cooperation with ITOCHU.

Net negative cash flow from consolidated investing activities was NOK 255 million for the second quarter 2014 (358), driven mainly by property, plant and equipment investments in the Linde, Dreunberg and ASYV solar power plants. For the full year 2013, net cash flow from investing activities was NOK -1,306 million (-141), driven by the construction activities related to the Kalkbult, Linde and Dreunberg solar power plants.

Net cash flow from financing activities for the second quarter 2014 was NOK 178 million (744), including proceeds of NOK 217 million from non-recourse project financing (640). For the full year 2013, net cash flow from financing activities was NOK 1,868 million (225), of which NOK 1 803 million (229) was attributable to proceeds from non-recourse project financing. Further, equity contributions from non-controlling interests amounted to NOK 208 million (47). During 2013 the Group settled its corporate overdraft facility of NOK 81 million.

In the first half year 2014, net cash flow from operating activities was NOK 120 million (195), whereas the net negative cash flow from investing activities was NOK 655 million (523). Net cash flow from financing activities amounted to NOK 427 million (832), including proceeds of NOK 479 million from non-recourse project financing (720).

The company considers 'net free cash flow' to be a relevant measure of the ability to generate funds for shareholder dividends over time. Net free cash flow is defined as the Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies.

Net free cash flow' was NOK 14 million in the second quarter 2014 (98), split between distribution from project entities of NOK 3 million (0), and NOK 11 million in net free cash flow from operations outside non-recourse financed project entities (291). There were no equity contributions or collateralised equity commitments in project entities in the second quarter (-192).

Net free cash flow was NOK -164 million in the first half year 2014, split between NOK -9 million in equity contributions or collateralised equity commitments in project entities (-245) and NOK -160 million in net free cash flow from operations outside non-recourse financed project entities (284). In the first half, a total of NOK 4 million was distributed in cash from project companies (0).

Net free cash flow amounted to NOK 202 million in 2013 (81).

11.6 Borrowings, loans receivable and contractual obligations

11.6.1 Material borrowings

The table below sets out the Group's material borrowings as of the date of this Prospectus:

Facility (unaudited)	Unit	Total facility	Utilised facility	Outstanding 30/06/2014	Op. Interest rate (cash)	Maturity date
To Scatec Solar Kalkbult (Pty) Ltd RF:						
Senior (Tranche A)	kZAR	1 249 829	1 249 829	1 249 829	12.46 %	31/12/2028
Senior (Tranche B)	kZAR	400 000	400 000	400 000	11.82 %	31/12/2028
To Simacel 155 (Pty) Ltd RF:						
Senior (Tranches A and C)	kZAR	656 353	656 353	656 353	11.16 %	30/06/2029
Senior (Tranche B)	kZAR	164 088	164 088	164 088	11.11 %	30/06/2029
Sub'ed (Tranches A and C)	kZAR	58 045	58 045	58 045	13.86 %	30/06/2029
Sub'ed (Tranche B)	kZAR	14 511	14 511	14 511	13.81 %	30/06/2029
Mezz Term	kZAR	52 464	52 464	52 464	14.13 %	31/12/2019
To Simacel 160 (Pty) Ltd RF:						
Senior (Tranches A and C)	kZAR	1 268 821	1 203 410	1 203 410	11.36 %	31/12/2029
Senior (Tranche B)	kZAR	317 205	317 205	317 205	11.30 %	31/12/2029
Sub'ed (Tranches A and C)	kZAR	121 668	60 834	60 834	14.06 %	31/12/2029
Sub'ed (Tranche B)	kZAR	30 417	30 417	30 417	14.00 %	31/12/2029
Mezz Term	kZAR	102 114	-	-	14.48 %	30/06/2020
To Scatec Solar PV1 S.R.O:						
Senior (Tranche A)	kCZK	186 835	186 835	151 211	5.45 %	27/10/2028
Senior (Tranche B)	kCZK	85 588	85 588	70 475	5.69 %	27/10/2028
To Signo Solar PP02 S.R.O:						
Senior (Tranche A)	kCZK	132 122	132 122	118 234	5.69 %	31/01/2029
Senior (Tranche B)	kCZK	86 125	86 125	76 753	5.28 %	23/02/2029
To Signo Solar PP01 S.R.O:						
Senior (Tranche A)	kCZK	362 537	362 537	324 428	5.69 %	23/03/2029
Senior (Tranche B)	kCZK	365 745	365 745	327 298	5.69 %	23/03/2029
To Signo Solar PP04 S.R.O:						
Senior (Tranche A)	kCZK	309 115	309 115	275 550	5.28 %	11/05/2029
To Gigawatt Global Rwanda Ltd:						
Construction Facility FMO	kUSD	8 900	8 837	8 837	7.82 %	15/10/2030
Construction Facility EAIF	kUSD	8 900	8 837	8 837	7.82 %	15/10/2030
VAT Facility FMO	kUSD	1 700	-	-	5.21 %	15/10/2030
VAT Facility EAIF	kUSD	1 700	-	-	5.21 %	15/10/2030
Mezzanine Facility	kUSD	2 373	2 373	2 373	10.00 %	11/01/2030

Loan Facilities to Scatec Solar Kalkbult (Pty) Ltd RF

Per 30/06/2014 Scatec Solar Kalkbult (Pty) Ltd RF was the Borrower under two Loan Facility Agreements, both dated 06/11/2012: the Tranche A Loan Facility Agreement and the Tranche B Loan Facility Agreement. Main terms and conditions for both Facilities are regulated in a Common Terms Agreement dated 02/11/2012. The Tranche A Loan Facility has the total commitment of approx. ZAR 1 250 million, while the Tranche B Loan Facility – ZAR 400 million. As of 30/06/2014 both Facilities were fully drawn in 11 advances in 2012 - 2013.

The mandatory scheduled repayment of both Facilities is by 29 consecutive semi-annual instalments starting on 31/12/2014 with repayment in full on the final repayment date of 31/12/2028. Under certain conditions arising before 24/04/2016 there can be required additional mandatory repayments under a cash sweep type mechanism. Until October 2016 voluntary prepayments are allowed under certain conditions.

Starting from 01/07/2014 and until 31/12/2022, the interest rate on the Tranche A Loan is 8.40 % + 4.06 % or 12.46 % p.a. From 01/01/2023 and until the final repayment date of 31/12/2028 the interest rate is floating at 3 months JIBAR + 4.06 %. Starting from 01/07/2014 and for the full tenor of the Tranche B Loan the interest rate is fixed at 7.72 % + 4.10 % or 11.82% p.a.

Both Facilities shall be repaid (“cancelled” or “accelerated”), in part or in full, if any of the defined events (Events of Default) occur and continue, including but not limited to: failure of payment of interest or mandatory repayment, breach of certain covenants or representations and warranties under the financing agreements, Borrower’s insolvency and change of control or constitutional documents of the Borrower.

The Borrower or other entities have given and have an obligation to maintain the following securities, pledges and sessions: Pledge and cession of all of the shares of the Borrower, pledge and cession of all the Borrower's incorporeal, movable rights (including rights under the agreements and authorizations, insurance policies and bank accounts excluding the Distribution Account), mortgage bond over the land lease, general notarial bond over and in respect of all movable assets and assignment of all claims against the main contractors’ guarantors.

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: DSCR of 1.30 : 1, LLCR of 1.30 : 1 and PLCR of 1.40 : 1; 50% distribution cash sweep if DSCR is between 1.30 : 1 and 1.20 : 1; lock-in and full cash sweep ratios: DSCR of 1.20 : 1, LLCR of 1.20 : 1 and PLCR of 1.35 : 1; and default ratios: DSCR of 1.10 : 1, LLCR of 1.15 : 1 and PLDR of 1.30 : 1 as well as funding on debt service and maintenance reserve accounts. The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information. The undertakings and covenants contained in the Agreements are considered to be customary for similar type of project financing in the South African renewable sector in 2012.

Loan Facilities to Simacel 155 (Pty) Ltd RF - Linde

Per 30/06/2014 Simacel 155 (Pty) Ltd RF was the Borrower under ten different Loan Facility Agreements, all dated 10/05/2013. Main terms and conditions for all Facilities are regulated in a Common Terms Agreement dated 08/05/2013. Three of the Facilities (Senior Contingency Loan Facility, Subordinated Contingency Loan Facility and Mezz Bridge Loan Facility) were cancelled in August 2014 on the completion of the construction period of the Linde project. Six of the remaining seven Facility Agreements - (senior) Tranche A Loan Facility, (senior) Tranche B Loan Facility and (senior) Tranche C Loan Facility as well as Subordinated Tranche A Loan Facility, Subordinated Tranche B Loan Facility and Subordinated Tranche C Loan Facility - relate to the term loans. The seventh, the Mezz Term Loan Facility Agreement, regulates the mid-term mezzanine loan used by the Borrower, together with a corresponding approved financial assistance, as a vendor financing of part of the equity obligations.

The Tranche A and the Tranche C Loan Facilities have the total commitment of approx. ZAR 328 million each, while the Tranche B Loan Facility – ZAR 164 million. The Subordinated Tranche A and the Subordinated Tranche C Loan Facilities have the total commitment of approx. ZAR 29 million each, while the Subordinated Tranche B Loan Facility – ZAR 15 million. The Mezz Term Loan Facility has the total commitment of ZAR 52 million. As of 30/06/2014 all the above-mentioned seven Facilities were fully drawn in 2013 - 2014.

The mandatory scheduled repayment of all senior and subordinated tranches is by 29 consecutive semi-annual instalments starting on 30/06/2015 with repayment in full on the final repayment date of 30/06/2029. Under certain conditions arising before August 2016 there can be required additional mandatory repayments under a cash sweep type mechanism. Until April 2017 voluntary prepayments are allowed for the senior and subordinated loans under certain conditions. The Mezz Term Loan is to be repaid until 31/12/2019. The Mezz Term Loan Facility Agreement allows partial voluntary prepayments any time during the term of the loan, such prepayments are expected and will be funded from the certain shareholders' repayment of the received financial support.

Starting from August 2014 and until 30/06/2019, the interest rate on the (senior) Tranche A and C Loans is 7.30 % + 3.86 % or 11.16 % p.a., and for the (senior) Tranche B Loan - 7.25 % + 3.86 % or 11.11 % p.a. Between 01/07/2019 and 30/06/2024 the interest rate on the (senior) Tranche A and C Loans is 8.04 % + 3.86 % or 11.90 % p.a., and for the (senior) Tranche B Loan - 7.95 % + 3.86 % or 11.81 % p.a. From 01/07/2024 and until the final repayment date of 30/06/2029 the interest rate on all three senior Facilities is floating at 3 months JIBAR + 3.86 %.

Starting from August 2014 and until 30/06/2019, the interest rate on the Subordinated Tranche A and C Loans is 7.30 % + 6.56 % or 13.86 % p.a., and for the Subordinated Tranche B Loan - 7.25 % + 6.56 % or 13.81 % p.a. Between 01/07/2019 and 30/06/2024 the interest rate on the Subordinated Tranche A and C Loans is 8.02 % + 6.56 % or 14.58 % p.a., and for the Subordinated Tranche B Loan - 7.95 % + 6.56 % or 14.51 % p.a. From 01/07/2024 and until the final repayment date of 30/06/2029 the interest rate on all three subordinated Facilities is floating at 3 months JIBAR + 6.56 %.

Starting from August 2014 and until 30.06.2019, the interest rate on the Mezz Term Loan is 6.17 % + 7.96 % or 14.13 % p.a., while the rate for the last 6 months of the tenor (if not prepaid earlier) is floating at 3 months JIBAR + 7.96 %. Payment of the Mezz Term Loan interest together with the repayment is funded by the repayment of the financial support.

The cancellation events for and the securities given under the abovementioned Facilities are similar to those mentioned for Scatec Solar Kalkbult (Pty) Ltd RF.

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: senior DSCR of 1.30 : 1 (total meaning senior + subordinated DSCR of 1.15 : 1), senior LLCR of 1.30 : 1 (total LLCR of 1.20 : 1), and senior PLCR of 1.40 : 1 (total PLCR of 1.30 : 1); 50% distribution cash sweep if DSCR is between 1.30 : 1 and 1.20 : 1; lock-in and full cash sweep ratios: senior DSCR of 1.20 : 1 (total DSCR of 1.10 : 1), senior LLCR of 1.20 : 1 (total LLCR of 1.15 : 1) and senior PLCR of 1.35 : 1 (total PLCR of 1.25 : 1); and default ratios: senior DSCR of 1.10 : 1 (total DSCR of 1.05 : 1), senior LLCR of 1.15 : 1 (total of LLCR 1.10 : 1) and senior PLDR of 1.30 : 1 (total PLCR of 1.20 : 1), as well as funding on debt service and maintenance reserve accounts. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar Kalkbult (Pty) Ltd RF. Such undertakings and covenants are considered to be customary for similar type of South African project financing in 2013.

Loan Facilities to Simacel 160 (Pty) Ltd RF – Dreunberg

Per 30/06/2014 Simacel 160 (Pty) Ltd RF was the Borrower under ten different Loan Facility Agreements, all dated 10/05/2013. Main terms and conditions for all Facilities are regulated in a Common Terms Agreement dated 08/05/2013. Three of the Facilities (Senior Contingency Loan Facility, Subordinated Contingency Loan Facility and Mezz Bridge Loan Facility) will be cancelled approx. in January 2015 on the completion of the construction period of the Dreunberg project. Six of the remaining seven Facility Agreements - (senior) Tranche A Loan Facility, (senior) Tranche B Loan Facility and (senior) Tranche C Loan Facility as well as Subordinated Tranche A Loan Facility, Subordinated Tranche B Loan Facility and Subordinated Tranche C Loan Facility - relate to the term loans. The seventh, the Mezz Term Loan Facility Agreement, regulates the mid-term mezzanine loan used by the Borrower, together with a corresponding approved financial assistance, as a vendor financing of part of the equity obligations.

The Tranche A and the Tranche C Loan Facilities have the total commitment of approx. ZAR 634 million each, while the Tranche B Loan Facility – ZAR 317 million. The Subordinated Tranche A and the Subordinated Tranche C Loan Facilities have the total commitment of approx. ZAR 61 million each, while the Subordinated Tranche B Loan Facility – ZAR 30 million. The Mezz Term Loan Facility has the total commitment of ZAR 102

million. As of 30/06/2014 senior Tranche B and C as well as Subordinated Tranche B and C Loan Facilities were all fully drawn in 2013 - 2014. ZAR 569 million of the senior Tranche A Facility was drawn, while full Subordinated Tranche A Facility remained unutilised as of 30/06/2014.

The mandatory scheduled repayment of all senior and subordinated tranches is by 29 consecutive semi-annual instalments starting on 31/12/2015 with repayment in full on the final repayment date of 31/12/2029. Under certain conditions arising before approx. January 2017 there can be required additional mandatory repayments under a cash sweep type mechanism. Until April 2017 voluntary prepayments are allowed for the senior and subordinated loans under certain conditions. The Mezz Term Loan is to be repaid until 30/06/2020. The Mezz Term Loan Facility Agreement allows partial voluntary prepayments any time during the term of the loan, such prepayments are expected and will be funded from the certain shareholders' repayment of the received financial support.

Starting from approx. January 2015 and until 31/12/2019, the interest rate on the (senior) Tranche A and C Loans is 7.50 % + 3.86 % or 11.36 % p.a., and for the (senior) Tranche B Loan - 7.44 % + 3.86 % or 11.30 % p.a. Between 01/01/2020 and 31/12/2024 the interest rate on the (senior) Tranche A and C Loans is 8.35 % + 3.86 % or 12.21 % p.a., and for the (senior) Tranche B Loan – 8.26 % + 3.86 % or 12.12 % p.a. From 01/01/2025 and until the final repayment date of 31/12/2029 the interest rate on all three senior Facilities is floating at 3 months JIBAR + 3.86 %.

Starting from approx. January 2015 and until 31/12/2019, the interest rate on the Subordinated Tranche A and C Loans is 7.50 % + 6.56 % or 14.06 % p.a., and for the Subordinated Tranche B Loan - 7.44 % + 6.56 % or 14.00 % p.a. Between 01/01/2020 and 31/12/2024 the interest rate on the Subordinated Tranche A and C Loans is 8.33 % + 6.56 % or 14.89 % p.a., and for the Subordinated Tranche B Loan – 8.33 % + 6.56 % or 14.89 % p.a. From 01/01/2025 and until the final repayment date of 31/12/2029 the interest rate on all three subordinated Facilities is floating at 3 months JIBAR + 6.56 %.

Starting from approx. January 2015 and until 31.12.2019, the interest rate on the Mezz Term Loan is 6.52 % + 7.96 % or 14.48 % p.a., while the rate for the last 6 months of the tenor (if not prepaid earlier) is floating at 3 months JIBAR + 7.96 %. Payment of the Mezz Term Loan interest together with the repayment is funded by the repayment of the financial support.

The cancellation events for and the securities given under the abovementioned Facilities are similar to those mentioned for Scatec Solar Kalkbult (Pty) Ltd RF.

The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Simacel 155 (Pty) Ltd RF. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar Kalkbult (Pty) Ltd RF. Such undertakings and covenants are considered to be customary for similar type of South African project financing in 2013.

Loan Facilities to Scatec Solar PV1 S.R.O.

Per 30/06/2014 Scatec Solar PV1 S.R.O. was the Borrower under one Facilities Agreement dated 21/09/2010 (as amended on 26/10/2011) containing two Facilities. The Facility A has the total commitment of approx. CZK 187 million, while the Facility B – CZK 56 million. Both Facilities were fully drawn in October 2010.

The mandatory scheduled repayment of the Facility A is by 36 consecutive semi-annual instalments starting on 27/04/2011 with repayment in full on the final repayment date of 27/04/2028 (as well as one extraordinary prepayment on 27/07/2010). The mandatory scheduled repayment of the Facility B is by 36 consecutive semi-annual instalments starting on 20/06/2011 with repayment in full on the final repayment date of 27/10/2028 (as well as one extraordinary prepayment on 27/07/2010). Partial or full voluntary prepayments are allowed during the entire tenor of the Facilities.

Starting from 27/07/2011 and for the full tenor, the cash interest rate on the Facility A is 5.45 % p.a. On the Facility B, starting from 27/07/2011 and for the full tenor, the cash interest rate is 5.69 % p.a.

Both Facilities shall be cancelled, in part or in full, if any of the defined events (Events of Default) occur and continue, including but not limited to: failure of payment of interest or mandatory repayment, breach of certain financial covenants or representations and warranties under the Facilities Agreement, termination or

changes in the tariff or licence, Borrower's insolvency and change of the Borrower. The Facilities Agreement also provides for a Cross Default within the borrower group consisting of the Borrower, Signo Solar PP02 S.R.O. (the Mramotice project), Signo Solar PP01 S.R.O. (the Sulkov project), Signo Solar PP04 S.R.O. (the Svitavy project) and Signo Solar PP03 S.R.O. (non-operational company).

The Borrower or other entities have given and have an obligation to maintain the following first priority securities, pledges and sessions: Pledge of all of the shares of the Borrower, pledge of all the Borrower's incorporeal, movable rights (including rights under the agreements and authorizations, insurance policies and bank accounts excluding the Distribution Account), mortgage over the land lease, notarial bond over and in respect of all movable assets (equipment charge) as well as notarial deed of direct enforcement.

The Facilities Agreement contains financial covenants including, but not limited to: lock-in and default DSCR ("**Debt Service Coverage Ratio**") of 1.30 : 1 and minimum (adjusted) Equity Ratio of 20 %, as well as funding on debt service reserve account. The Agreement contain further restrictions on, inter alia, environmental compliance, changes of business and certain corporate acts, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial reporting and information. The undertakings and covenants contained in the Agreement are considered to be customary for similar type of project financing in the Czech renewable sector in 2010 - 2011.

Loan Facilities to Signo Solar PP02 S.R.O.

Per 30/06/2014 Signo Solar PP02 S.R.O. was the Borrower under one Facilities Agreement dated 22/12/2010 (as amended on 26/10/2011) containing two Facilities. The Facility A has the total commitment of approx. CZK 132 million, while the Facility B – CZK 86 million. The Facilities were fully drawn in, respectively, January 2011 and February 2011.

The mandatory scheduled repayment of the Facility A is by 36 consecutive semi-annual instalments starting on 30/09/2011 with repayment in full on the final repayment date of 31/01/2029. The mandatory scheduled repayment of the Facility B is by 36 consecutive semi-annual instalments starting on 30/09/2011 with repayment in full on the final repayment date of 23/02/2029. Partial or full voluntary prepayments are allowed during the entire tenor of the Facilities.

Starting from 31/01/2011 and for the full tenor, the cash interest rate on the Facility A is 5.69 % p.a. On the Facility B, starting from 25/02/2011 and for the full tenor, the cash interest rate is 5.28 % p.a.

The cancellation events for and the securities given under the abovementioned Facilities are similar to those mentioned for Scatec Solar PV1 S.R.O. The Cross-Default borrower group consisting of the Borrower, Scatec Solar PV1 S.R.O. (the Hrusovany project), Signo Solar PP01 S.R.O., Signo Solar PP04 S.R.O. and Signo Solar PP03 S.R.O.

The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Scatec Solar PV1 S.R.O. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar PV1 S.R.O. Such undertakings and covenants are considered to be customary for similar type of Czech renewable project financing in 2011.

Loan Facilities to Signo Solar PP01 S.R.O.

Per 30/06/2014 Signo Solar PP01 S.R.O. was the Borrower under one Facilities Agreement dated 28/02/2011 (as amended on 26/10/2011) containing two Facilities. The Facility A has the total commitment of approx. CZK 363 million, while the Facility B – CZK 366 million. Both Facilities were fully drawn in March 2011.

The mandatory scheduled repayment of both Facility A and B is by 36 consecutive semi-annual instalments starting on 25/11/2011 with repayment in full on the final repayment date of 23/03/2029. Partial or full voluntary prepayments are allowed during the entire tenor of the Facilities.

Starting from 25/03/2011 and for the full tenor, the cash interest rate on both Facility A and B is 5.69 % p.a.

The cancellation events for and the securities given under the abovementioned Facilities are similar to those mentioned for Scatec Solar PV1 S.R.O. The Cross-Default borrower group consisting of the Borrower, Scatec Solar PV1 S.R.O. (the Hrusovany project), Signo Solar PP02 S.R.O., Signo Solar PP04 S.R.O. and Signo Solar PP03 S.R.O.

The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Scatec Solar PV1 S.R.O. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar PV1 S.R.O. Such undertakings and covenants are considered to be customary for similar type of Czech renewable project financing in 2011.

Loan Facilities to Signo Solar PP04 S.R.O.

Per 30/06/2014 Signo Solar PP04 S.R.O. was the Borrower under one Facility Agreement dated 15/04/2011 (as amended on 26/10/2011) containing one Facility. The Facility has the total commitment of approx. CZK 309 million, and it was fully drawn in May 2011.

The mandatory scheduled repayment of the Facility B is by 36 consecutive semi-annual instalments starting on 20/12/2011 with repayment in full on the final repayment date of 11/05/2029. Partial or full voluntary prepayments are allowed during the entire tenor of the Facilities.

Starting from 11/05/2011 and for the full tenor, the cash interest rate on both Facility A and B is 5.28 % p.a.

The cancellation events for and the securities given under the abovementioned Facilities are similar to those mentioned for Scatec Solar PV1 S.R.O. The Cross-Default borrower group consisting of the Borrower, Scatec Solar PV1 S.R.O. (the Hrusovany project), Signo Solar PP02 S.R.O., Signo Solar PP01 S.R.O. and Signo Solar PP03 S.R.O.

The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Scatec Solar PV1 S.R.O. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar PV1 S.R.O. Such undertakings and covenants are considered to be customary for similar type of Czech renewable project financing in 2011.

Gigawatt Global Rwanda Ltd - ASYV

Gigawatt Global Rwanda is the borrower under a USD 21.2 million senior credit facility, of which USD 17.8 million is a construction facility and USD 3.4 million is a VAT Facility.

As per 30/06/2014, USD 17,637,989 was drawn from the construction facility and USD 0 from the VAT Facility. The construction facility was fully drawn on 04/08/2014.

Repayment of the credit facility is by 32 consecutive semi-annual instalments, starting from the first repayment date 15/04/2015. The final maturity date is 15/10/2030.

The agreement include financial covenants including that the Borrower must ensure that on each Calculation Date from the Financial Completion Date: Historic Audited DSCR and Historic Unaudited DSCR exceed 1.10 : 1; and Projected Minimum DSCR exceeds 1.10 : 1.

The interest rate for the construction facility is based on each disbursement date until the Loan Consolidation date following the last drawdown, at which weighting of each utilization based on the principal amount of that utilization in relation to the entire principal amount of all of the Construction Loans. This rate was approximately 7.83% as of 30 June 2014, based on the rates of the two initial disbursements. For the VAT facility, the interest rate is margin + LIBOR, where margin is 5.0 % per annum.

Gigawatt Global Rwanda is also the borrower under a mezzanine term loan facility of USD 2.373 million. The amount was fully drawn in March 2014. The repayment schedule starts in 2019, 4.425 % each 6m for the first 20 periods, 2.875 % thereafter until maturity (4 x 2.875 %). The final maturity date is 01/11/2030.

The agreement include financial covenants including that The Borrower must ensure that on each Calculation Date from the Financial Completion Date: Historic Audited DSCR and Historic Unaudited DSCR exceed 1.10 : 1; and Projected Minimum DSCR exceeds 1.10 : 1.

The interest rate is 10.0 % per annum. There is an interest payment grace period until 30/04/15. Interest period is 6 months.

11.6.2 Major historical and future capital expenditures and investments

The Group's main capital expenditures and investments are construction of solar power plants.

The following table sets out the Group's capital expenditures for the six months ended 30 June 2014 and the years ended 31 December 2013 and 2012.

(in NOK thousand)	30 June 2014 (Unaudited)	2013	2012
Carrying value at 1 January	1 866 009	634 589	543 032
Additions	717 672	1 313 765	134 991
Depreciation	-31 806	-35 555	-26 713
Impairment losses	-3 949	-22 280	-3 145
Effect of foreign exchange currency translation adjustments	13 145	-24 510	-13 576
Carrying value at 30 June / 31 December	2 561 071	1 866 009	634 589

The Group operates solar power plants in Europe, Africa and North America. During the first half year 2014 two solar power plants (Linde and Dreunberg) in South Africa were under construction and are expected to be completed during 2014. The Linde solar power plant reached COD 30 June 2014. The Group also commenced construction of the Asyv solar power plant in Rwanda in first quarter 2014. The plant reached SOP 26 July 2014.

Remaining capital expenditures (from 1 August 2014) for the three ongoing construction projects is estimated at approximately NOK 90 million (including internal resources, but excluding capitalized finance expenses).

Capital expenditures per project			
(in NOK thousand)	30 June 2014 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Kalkbult	16 035	645 029	126 040
Dreunberg	403 407	362 020	2 311
Linde	179 639	289 211	2 026
Asyv	101 657	-	-
Other ¹	16 934	17 505	4 614
Total capital expenditure	717 672	1 313 765	134 991

1) "Other" mainly consists of capitalised expenses related to development of projects in the Company's pipeline.

The carrying value of development projects that have not yet reached the construction phase was NOK 48 151 thousand at 30 June 2014 (31 December 2013: NOK 37 335 thousand).

No contractual commitments have been made in relation to investments in backlog projects.

In addition to the property, plant and equipment described above, the Group has recorded a goodwill of NOK 20 616 per 30 June 2014. The goodwill is associated with the acquisition of Solarcompetence GmbH October 2007. The goodwill was determined to be related to know how (employees), the record of accomplishment of the company acquired as well as synergies. The purpose of the acquisition was to gain control of a competence centre that had documented results from delivering engineering, procurement and construction services related to large solar power projects.

Whereas project development and certain subcontracting requires local knowledge and presence, a major part of the work related to the completion of solar power projects is of a generic nature and can be provided through a common methodology and platform independent of project and market.

In line with this strategy, the German company is not operating as a stand-alone profit centre but serves as a hub/competence centre for Scatec Solar's global business. Consequently, the goodwill is allocated to and impairment tested on the global EPC business which is part of the Development and construction operating segment.

11.6.3 Major other future contractual commitments

Scatec Solar has entered into several purchase agreements with suppliers related to sourcing of modules, inverters and other equipment for EPC projects. Further, EPC services have also been contracted. Total purchase obligations are included in the capital expenditures projections discussed in chapter 11.6.2 above. In addition, the Group has land lease agreements with an accumulated nominal contract value of approximately NOK 220 million at current exchange rates. The land lease agreements relate to the Group's solar power plants in South Africa, Rwanda and the Czech Republic.

11.7 Restrictions on the use of capital resources

There are no restrictions on the use of capital resources that have historically affected the Company's operations.

As described in section 11.6.1, The Loan Facility and the Common Terms Agreements for each of the projects and Project Companies contain financial covenants which must be fulfilled in order for distribution of dividends to be allowed, in particular that funding of debt service and maintenance reserve accounts must meet the required thresholds prior to distributions being made to the shareholders.

The restrictions in these agreements are considered to be customary for similar type of project financing, and each of these restrictions are taken into account in the forecasting of future distributions as basis for the dividend policy and working capital need of the Company.

11.8 Financial risk management objectives and policies

Through its business activities Scatec Solar is exposed to financial risks, including but not limited to:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec Solar's group finance department in cooperation with the individual operational units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Scatec Solar is exposed to various market risks, including fluctuations in commodity prices, foreign currency rates and interest rates that can affect the revenues and costs of operating, investing and financing.

Commodity price risk

Scatec Solar's sales of electricity constitute a material share of its gross profit. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed price contracts. Currently, the Group is not exposed to price risk related to electricity sold at spot rate as all contracts are based on Feed-in-Tariffs (FiTs) or Power Purchase Agreements (PPAs).

Currency risk

Scatec Solar operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in EUR, ZAR, CZK and USD, affects its other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into NOK for reporting purposes. There is also an accounting exposure related to translation effects for intercompany balances. The Group is in the start-up phase with projects in Japan, Rwanda and the UK and will increasingly be exposed to changes in JPY, RWF and GBP. Exchange rate risk also arises when subsidiaries enter into transactions denominated in currencies other than their own functional currency and through assets and liabilities related to working capital and monetary items being denominated in various currencies. The Group is on an overall level managed as a NOK company for currency management purposes with primary focus on NOK cash flow. Subsidiaries with functional currency other than NOK do not hedge NOK positions versus their own functional currency. For the Group's project entities, currency risk is managed separately with the basis of its local currency and expected cash flows. This is because the SPVs are set up with ring-fenced financing and have significant local non-controlling interests. The general policy of the Group is to hedge foreign currency exposure based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements. Forward exchange contracts (FEC) have been entered into in association with the construction of the Kalkbult, Linde and Dreunberg solar power plants in South Africa to reduce the EUR and USD currency exposure in which the construction contracts are denominated. The FECs are set up to limit the currency risk. For currency risk sensitivities see Note 24 - financial instruments: measurement and market risk sensitivities – to the 2013 Financial Statements.

Interest rate risk

Scatec Solar is exposed to interest rate fluctuation risks through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimise interest costs and to keep the volatility of future interest payments within acceptable limits. Based on various scenarios, the Group manages its cash flows interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting financing from floating rates to fixed rates. The non-recourse financing that is established in the Czech project entities is at fixed interest rates whereas the non-recourse financing in the South African project entities is at floating interest rates. To hedge this exposure, the Group uses interest rates swaps designated as hedging instruments. Shareholder loans granted by the non-controlling interests in the South African project entities bear a fixed interest rate. For more information on the Group's financial liabilities, see Note 21 - non-recourse financing – to the 2013 Financial Statements. For interest-risk sensitivities see Note 25 - financial instruments: measurement and market risk sensitivities – to the 2013 Financial Statements.

Liquidity risk

Liquidity risk is the risk that Scatec Solar will not be able to meet obligations associated with financial liabilities when due. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised financing facilities are monitored. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. For information on, and the maturity of, the Group's financial liabilities see Note 21 - non-recourse financing – to the 2013 Financial Statements.

Credit risk

Credit risk is the risk that Scatec Solar's customers or counterparties will cause the Group financial loss by failing to honour their obligations. Credit risk mainly arises from credit exposures with customer accounts receivables and deposits with financial institutions. For banks and financial institutions, only high and medium rated institutions operating in local markets are accepted. All sale of electricity is to utility companies with a solid financial position or supported by government guarantees, and the Group's management therefore considers the credit risk associated with trade receivables to be limited. Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, which equals NOK 30 405 thousand at 31 December 2013.

For further information about possible risk factors related to the Company, see section 2 "Risk Factors".

11.9 Significant changes

There have been no significant changes in the financial or trading position of the Group since 30 June 2014.

12. RELATED PARTY TRANSACTIONS

Below is a summary of the Group's related party transaction for the periods covered by the historical financial information included in this Prospectus as Appendices B and C and up to the date of this Prospectus. For information on related party transactions for the Group for the years ended 31 December 2013 and 2012, please refer to note 15 of the financial statements for the year ended 31 December 2013 included in Appendix B to this Prospectus.

The Group has, during 2014, 2013 and 2012, had transactions with the following related parties:

Related party	Nature of transaction
Scatec AS (shareholder)	Management services and financing
ITOCHU Corp/Europe (shareholder)	Purchase of modules and inverters
ITOCHU Corp/Europe (shareholder)	Financing
Celmar AS (ultimate parent)	Financing
Simacel (non-controlling interest)	Development services

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2014, 2013 and 2012 are:

12.1 Scatec AS – management services

Scatec Solar acquires certain management services, such as accounting and office facility services, from Scatec AS. For the half year ended 30 June 2014 the Group incurred a management service cost of NOK 1.3 million (2013: NOK 2.5 million, 2012: NOK 2.1 million). These services are presented as other operating expenses in the consolidated statement of profit or loss.

12.2 Scatec AS – financing

During 2012 Scatec AS provided short-term financing to the Scatec Solar Group. The loans were fully repaid in November 2012. Total interest expenses amounted to NOK 0.2 million for 2012.

Further, Scatec AS provided guarantees for the overdraft facility Scatec Solar had in Nordea Bank as well as guarantees for credit lines. For the year ended 31 December 2013, guarantee fees charged by Scatec AS amount to NOK 0.5 million (2012; NOK 1.4 million).

As per 30 June 2014 trade payables to Scatec AS was NOK 1.1.

12.3 ITOCHU Corp/Europe - financing

ITOCHU provides trade finance and logistics services in relation to the Group's purchases of solar modules and inverters. In this sense, ITOCHU acts as an intermediary and supplies the Group with the majority of its purchases of such goods. Total purchases of modules and inverters through ITOCHU were NOK 331.1 million for the half year ending 30 June 2014 (2013: NOK 787.5 million, 2012: 0).

Further, ITOCHU provided guarantees for the overdraft facility Scatec Solar had in Nordea Bank as well as guarantees for credit lines. For the year ended 31 December 2013, guarantee fees charged by ITOCHU amount to NOK 0.3 million (2012; NOK 0.5 million).

As part of the incorporation of one of the Group's project entities in South-Africa in 2012 ITOCHU issued a letter of credit as a guarantee for Scatec Solar's equity investment. The fee of NOK 27.5 million was capitalised on the solar power plant being constructed.

As per 30 June 2014 trade payables to ITOCHU was NOK 292.2 million.

12.4 Celmar AS – financing

Celmar AS is the private holding company of the Bjørseth family, whereby Alf Bjørseth owns 51.5% and his daughter, Tone Bjørseth-Andersen owns 48.5%. Celmar AS owns 100% of Scatec AS, which in turn is the largest shareholder in Scatec Solar ASA.

Celmar has provided certain financing to the Company, and the company incurred expenses for guarantees fees related to the overdraft facility Scatec Solar had in Nordea Bank, guarantees for credit lines as well as fees in relation to letters of credit as a guarantee for Scatec Solar's equity investments amounted to NOK 3.4 million for the year ending 31 December 2013 (2012; NOK 3.1 million). A total of NOK 5.9 was capitalised on the solar power plant being constructed.

12.5 Simacel – development services

During 2012 and 2013 the Group acquired development services related to the construction of three solar power plants in South Africa from Simacel (Pty) Ltd. The development fee is capitalised as part of carrying value of the plants. For the year ended 31 December 2013 the fee amounted to NOK 17 million (2012; NOK 11.4 million).

12.6 Subsidiaries -management service income

In relation to the construction of three PV solar power plants in South Africa, Scatec Solar ASA has provided development rights as well as a range of services to its subsidiaries Scatec Solar SA and Scatec Solar SA 163. Further, Scatec Solar has charged NOK 3.6 million for provided corporate services to its subsidiaries in the first half year 2014 (2013: NOK 7.6 million, 2012: NOK 7.8 million).

12.7 Subsidiaries –financing

In the course of the ordinary business inter-company financing is provided between Scatec Solar and its subsidiaries.

13. SHARES AND SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.

13.1 Current share capital

The current share capital of the Company is NOK 1 687 511 divided onto 67,500,440 Shares fully paid with a par value of NOK 0.025 each and issued in accordance with Norwegian law. The Shares are registered in the VPS register with ISIN NO 001 0715139.

The Shares are equal in all respects and there are no different voting rights or classes of shares. Each Share carries one vote at the General Meeting. Please refer to Section 13.9 "The Articles of Association and certain aspects of Norwegian company law" for a further review of certain rights attached to the Shares.

13.2 Share capital history

The table below summarizes the development in the Company's share capital for periods covered by the historical financial information included in this Prospectus as Appendices B and C and up to the date of this Prospectus.

Date of registration	Type of change	Change in issued share capital (NOK)	Subscription price per Share (NOK)	Par value per Share (NOK)	No. of issued Shares after change	Total issued share capital after change (NOK)
1 January 2012 to 31 December 2012	-	-	-	1	1 624 229	1 624 229
1 January 2013 to 31 December 2013	-	-	-	1	1 624 229	1 624 229
1 January 2014	-	-	-	1	1 624 229	1 624 229
4 July 2014	Private placement – Employee incentive plan ¹	63 282	1	1	1 687 511	1 687 511
13 August 2014	The Company's shares are split in the ratio 1:40	N/A		0.025	67,500,440	1 687 511

1) See Section 8.13.2, "Employee incentive schemes" for further information

13.3 Shareholders

As at the date of this Prospectus, the Company has the following shareholders, holding in aggregate 100% of the issued and outstanding Shares:

Shareholder	Number of Shares	Percentage
Scatec AS	24 848 840	36,81
ITOCHU Corporation	17 073 160	25,29
Scatec Invest AS ¹	11 100 000	16,44
ITOCHU Europe PLC.	7 317 040	10,84
Argentos AS/Raymond Carlsen ²	2 755 760	4,08
Scatec Solar Ansatte AS ³	1 850 000	2,74
Rearden AS	365 000	0,54
Belito AS/Torstein Berntsen ⁴	278 440	0,41
Mikkel Tørud ⁵	278 440	0,41
Océmar AS/Terje Pilskog ⁶	278 440	0,41
Buzz Aldrin AS/Roar Haugland ⁷	278 440	0,41
Snorre Valdimarsson ⁵	278 440	0,41
Kanorådet Invest AS	218 560	0,32
Valeri Andreev ⁸	73 400	0,11
Claus Henning Schmidt ⁸	73 400	0,11
Kari Mercedes Fremme ⁸	73 400	0,11
Christian Lie Hansen ⁸	73 400	0,11
Andrzej Golebiowski ⁸	73 400	0,11
Torgeir Birgersen ⁸	40 520	0,06
Terje Osmundsen ⁸	40 520	0,06
Pingvin Invest AS	40 000	0,06
Spinnaker Venture AS	33 600	0,05
Thomas Hansen ⁸	29 120	0,04
Christian Blom ⁸	29 120	0,04
TOTAL	67 500 440	100,00

- 1) Scatec AS and the following members of the board of directors and the Company's management have an indirect ownership to Shares in the Company through Scatec Invest AS: (i) Scatec AS, having an indirect ownership to 7 004 498 Shares, corresponding to 10.38% of the Shares, (ii) Belito AS, controlled by Torstein Berntsen, having an indirect ownership to 519 708 Shares, corresponding to 0.78% of the Shares, and (iii) Buzz Aldrin AS, controlled by Roar Haugland, having an indirect ownership to 259 854 Shares, corresponding to 0.38% of the Shares.
- 2) Argentos AS is controlled by Raymond Carlsen, the CEO of the Company
- 3) Scatec AS and the following members of the Company's management have an indirect ownership to Shares in the Company through Scatec Solar Ansatte AS: (i) Scatec AS, having an indirect ownership to 562 880 Shares, corresponding to 0.83% of the Shares, (ii) Océmar AS, controlled by Terje Pilskog, having an indirect ownership to 252 273 Shares, corresponding to 0.37% of the Shares, and (iii) Snorre Valdimarsson, having an indirect ownership to 31 484 Shares, corresponding to 0.05% of the Shares.
- 4) Controlled by Torstein Berntsen, part of the Company's management
- 5) Part of the Company's management
- 6) Controlled by Terje Pilskog, part of the Company's management
- 7) Controlled by Roar Haugland, part of the Company's management

8) Employee

There are no differences in voting rights between the shareholders. Each of the Shares carries one vote.

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. The table above shows the ownership percentage held by such notifiable shareholders. See Section 14.7 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act. To the extent known to the Company, there are no other persons or entities that, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company. The Shares have not been subject to any public takeover bids during the current or last financial year.

13.4 Board authorisations

At the Company's extraordinary general meeting held on 13 August 2014, the Board of Directors was granted an authorisation to increase the share capital by up to NOK 843,755, corresponding to 50% of the Company's current share capital through issuance of New Shares in connection with the Offering contemplated by this Prospectus. See Section 5.22 "Resolutions behind the Offering". The authorisation is valid until the annual general meeting of the Company in 2015, however no later than 30 June 2015. The preferential rights of the existing shareholders to subscribe for the new Shares pursuant to section 10-4 of the Norwegian Public Limited Companies Act may be set aside.

The authorisation to increase the share capital is limited to be used only for initial public offering in relation to the listing of the Company's Shares on Oslo Børs.

The Board of Directors is currently not authorised to resolve any dividend.

13.5 Treasury shares

Neither the Company nor any of its subsidiaries directly or indirectly holds any Shares at the date of this Prospectus.

13.6 Other financial instruments

Except as described under Section 8.13.2 "Employee incentive schemes", neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

13.7 Shareholder rights

The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Liability Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote. Certain rights attaching to the Shares are described in Section 13.9 "The Articles of Association and certain aspects of Norwegian company law".

13.8 Shareholder agreements

The Company is not aware of any agreements between its shareholders relating to the Shares of the Company that will be in force at the time of Listing.

13.9 The Articles of Association and certain aspects of Norwegian company law

13.9.1 *The Articles of Association*

The Company's Articles of Association as at the date of this Prospectus are set out in Appendix A. The following is a summary of certain provisions of the Articles of Association.

Company name

The company's name is Scatec Solar ASA. The company is a public limited company.

Registered office

The company's registered office is in the municipality of Oslo.

The Company's business

The company's business, as set out in section 3 in the Company's Articles of Association, is establishment and operation of business based on downstream technology for production of solar electricity, hereunder investment in companies operating such business.

Signatory rights

The chairman of the board alone shall have the authority to sign for the company.

Power of procuration

The board may grant power of procuration.

Share capital

The company's share capital is NOK 1,687,511, divided into 67,500,440 shares with par value NOK 0.025 per share.

Board of Directors

The company's board of directors shall consist of three to seven members.

Nomination Committee

The company shall have a nomination committee.

The nomination committee shall make recommendations to the general meeting regarding election of shareholder-elected members of the board of directors, remuneration to the members of the board of directors, election of members to the nomination committee and remuneration to the members of the nomination committee.

The nomination committee shall consist of two to three members who shall be shareholders or representatives of shareholders. The members of the nomination committee, including the chairman of the nomination committee, are elected by the general meeting for a term of two years. Remuneration to the members of the nomination committee is determined by the general meeting.

General meeting

Shareholders who want to participate at the general meeting shall notify the company thereof within five days prior to the general meeting.

Upon acquisition of shares, the right to participate and vote at the general meeting may only be exercised if the acquisition is recorded in the shareholder registry the fifth business day prior to the general meeting.

Documents relating to matters which shall be considered at the general meeting need not be sent to the shareholders if the documents are made available to the shareholders on the company's websites. This also applies for documents which according to law shall be included in or attached to the notice to the general meeting.

The board of directors may decide that shareholders may submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting.

Ordinary general meeting

The company's ordinary general meeting shall consider the following:

- 1) Approval of the annual accounts and annual report, including distribution of dividend.
- 2) Other matters which according to law or the articles of association shall be dealt with by the general meeting.

13.9.2 Certain aspects of Norwegian corporate law**The general meeting of shareholders**

The Company's shareholders exercise ultimate authority in the Company through the general meeting. A shareholder may attend the general meeting either in person or by proxy. The Company will include a proxy form with notices of general meetings.

In accordance with Norwegian law, the annual general meeting of the Company's shareholders is required to be held each year on or prior to 30 June. The following business must be dealt with and decided at the annual general meeting:

- Approval of the annual accounts and annual report, including the distribution of any dividend.
- Consideration of the declaration of the Board of Directors on remuneration of the executive management.
- Any other business to be transacted at the general meeting by law or in accordance with the Company's Articles of Association.

Norwegian law requires that written notice of general meetings are sent to all shareholders whose addresses are known at least 21 days prior to the date of the meeting, unless the Articles of Association stipulate a longer period. The Articles of Association do not include any provisions on this subject. Pursuant to § 8 of the Articles of Association, documents concerning matters to be considered at the general meeting are not required to be sent to the shareholders, provided that the documents are made available for the shareholders at the Company's website. The same applies for documents which according to law shall be included in or attached to the notice of the general meeting. A shareholder is entitled to request that documents concerning matters to be handled at the general meeting are sent to him/her.

Any shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the Board of Directors with notice of the issue within seven days prior to the deadline for the notice to the general meeting, along with a proposal to a draft resolution or a justification for the matter having been put on the agenda.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the Board of Directors. An extraordinary general meeting shall also be convened for the consideration of specific matters at the written request of the Company's auditor or shareholders representing a total of at least 5% of the share capital.

Voting rights

The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders than required by the Norwegian Public Limited Companies Act.

Each Share carries the right to one vote at the Company's general meetings. No voting rights can be exercised with respect to treasury Shares held by the Company. A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. The Company will include a proxy form with notices of general meetings. The Company's Articles of Association includes a provision requiring shareholders to pre-register in order to participate at general meetings.

Decisions that the general meeting is entitled to make under Norwegian law or the Company's Articles of Association are in general made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes cast are elected.

Certain decisions, including but not limited to increase or reduction of the Company's share capital, approval of merger or demerger, and amendment of the Company's Articles of Association, require the approval of at least two-thirds of the aggregate number of votes cast at the general meeting, as well as at least two-thirds of the share capital represented at the meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the Shares through introduction of a consent requirement, a right of first refusal upon transfers or a requirement that shareholders must have certain qualifications, require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain other types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

There are no quorum requirements at general meetings.

In general, in order to be entitled to vote, a shareholder must be registered as the owner of Shares in the Company's share register in the VPS or, in the case of a share transfer, report and show evidence of the shareholder's share acquisition to the Company prior to the general meeting. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such Shares as nominees. Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote for nominee registered Shares.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor who audits the Company's annual accounts or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a fourteen days' notice period until the next annual general meeting provided the Company has procedures in place allowing shareholders to vote electronically.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues (involving the issuance of new Shares by a transfer from the Company's share premium reserve or distributable equity to share capital), the Company's Articles of Association must be amended, which requires a two-thirds majority of the aggregate number of votes cast at the general meeting, as well as at least two-thirds of the share capital represented at the general meeting. In connection with an increase in the Company's share capital by a subscription for Shares against cash contributions, Norwegian law provides the Company's shareholders with a preferential right to subscribe for the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company. The preferential rights may be waived by the general meeting by the majority vote as required for amendments to the Company's Articles of Association.

The general meeting may, with a majority vote as described above, authorise the Board of Directors to issue new Shares. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the share capital at the time the authorisation is registered with the Norwegian Register of Business Enterprises. The preferential right to subscribe for Shares against consideration in cash may be set aside by the Board of Directors only if the authorisation includes such possibility for the Board of Directors.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided that, amongst other requirements, the Company does not have an uncovered loss from a previous accounting year, by transfer from the Company's distributable equity or from the Company's share premium reserve. Any bonus issues may be effected either by issuing Shares or by increasing the nominal value of the Shares outstanding. If the increase in share capital is to take place by new Shares being issued, these new Shares must be allocated to the shareholders of the Company in proportion to their current shareholdings in the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Dividends

Under Norwegian law, interim dividends may only be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders, if the dividend payments are based on an audited interim balance sheet presented by the Board of Directors and approved by the general meeting of shareholders. The interim balance sheet may not be dated any later than six months prior to the day the resolution of paying dividends is resolved. Any proposal to pay dividends must be recommended or accepted by the Board of Directors and approved by the shareholders at a general meeting or resolved by the Board of Directors in accordance with an authorisation from the general meeting. The shareholders at the annual general meeting may vote to reduce (but not, unless accepted by the Board of Directors, to increase) the dividends proposed by the Board of Directors. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends in cash or in kind:

- Dividends are payable only out of distributable equity. Pursuant to section 8-1 of the Norwegian Public Limited Companies Act, the Company may only distribute dividends provided that, following such distribution, it retains net assets that provide coverage for the Company's share capital and other non-distributable equity pursuant to sections 3-2 and 3-3 of the Norwegian Public Limited Companies Act. The calculation shall be made on the basis of the balance sheet total in the Company's last approved annual accounts, such, however, that it is the registered share capital at the time the resolution is adopted that forms the basis for the calculation. A deduction shall be made for the total nominal value of own shares the Company has acquired for ownership or as security prior to the balance sheet date. A deduction shall also be made for credit and security etc. furnished pursuant to sections 8-7 to 8-10 of the Norwegian Public Limited Companies Act prior to the balance sheet date, which, pursuant to these provisions, shall be within the limits of the assets the Company may distribute as dividend. A deduction shall nonetheless not be made for credit and furnished security etc. that has been repaid or cancelled before the resolution is adopted, or for credit furnished to a shareholder insofar as the credit is cancelled by being offset against the dividend.
- In connection with the calculation above, a deduction shall be made for other transactions after the balance sheet date that, pursuant to the Norwegian Public Limited Companies Act, shall be within the limits of the assets the Company may utilise for the distribution of dividends.
- The Company may only distribute dividends provided that it has sound equity and liquidity following such distribution, cf. section 3-4 of the Norwegian Public Limited Companies Act.

All shareholders that are shareholders at the time the general meeting pass its resolution to distribute dividends are entitled to such dividends. According to the Norwegian Public Limited Companies Act, there is no time limit after which entitlement to dividends lapses. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Act. For a description of withholding tax on dividends that is applicable to non-Norwegian residents see Section 15.3.1 "Withholding tax on dividends".

Liability of directors

Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Directors act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Each Director may be held liable by the Company for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to exempt any such person from liability towards the Company, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was made. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a majority below that required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds that the Company receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by a majority required to amend the Articles of Association, the minority shareholders cannot pursue the claim in the Company's name.

Indemnification of directors

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company of the Board of Directors. The members of the Board of Directors are, as part of an insurance coverage covered against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by the same majority as required to amend the Articles of Association. After completion of the Offering, the Offer Shares and the existing Shares rank equally in the event of a return on capital by the Company upon a winding-up or otherwise.

Rights of redemption and repurchase of Shares

The share capital may be reduced by decreasing the nominal value of the Shares or by redemption of issued Shares. Such a decision requires the same majority as required to amend the Articles of Association. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

A Norwegian company may purchase its own shares if an authorisation for the board of directors of the company to this effect has been given by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and Shares represented at the meeting. The aggregate nominal value of treasury shares so acquired and held by the company must not exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting cannot be given for a period exceeding two years.

13.10 Dividend policy and payment of dividends

All Shares in the Company have equal rights to dividends.

On 14 July 2014 the Board of Directors resolved a dividend of NOK 26 per Share, totalling NOK 42.23 million. The dividend was paid to shareholders on 16 July 2014. The resolution was made in accordance with an authorisation granted by the Company's annual general meeting 2014. Adjusted for the share split in the ratio of 1:40 as described in Section 13.2, the dividend was NOK 0.65 per Share. The Company has not paid any other dividend during the period of the historical financial information presented in the Prospectus.

The Company's objective is to pay its shareholders consistent and growing cash dividends. A share of free cash distributed from the project companies holding our power producing assets will be used to pay regular cash dividends that are sustainable on a long term basis. It is the intention that dividend will grow in line with the growth in the Company's producing asset base. The Company intends announce its first dividend as a listed company, during the first half of 2015, distributing 100% of the cash received from the Company's project companies during 2014, estimated to approximately NOK 25 million. From 2015 the company intends to allocate 50% of free cash received from the project companies holding the Company's power producing assets to dividends. For 2015, the dividend is estimated to approximately NOK 40 million.

There can be no assurances that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, the Group's capital requirements and financial condition, general business conditions, any restrictions that borrowing arrangements or other contractual arrangements may place on the Company's ability to pay dividends and the maintaining of appropriate financial flexibility.

14. SECURITIES TRADING IN NORWAY

This Section 14 includes certain aspects of rules pertaining to securities trading in Norway in a Norwegian incorporated company pursuant to Norwegian legislation, but is however not a full or complete description of the matters described herein. The following summary does not purport to be a comprehensive description of all the legal considerations that may be relevant to a decision to purchase, own or dispose of Shares. Investors are advised to consult their own legal advisors concerning the overall legal consequences of their ownership of Shares. Prior to this Offering, the Shares have not been listed or traded on any stock exchange or regulated market.

14.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs is operated by Oslo Børs ASA, which also operates the regulated marketplace Oslo Axess.

Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

14.2 Trading and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system TradElect. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs is currently three days (T+3). Pursuant to new settlement requirements in the EU, including Regulation on improving securities settlement in the EU and on central securities depositories (CSDs) and amending Directive 98/26/EC ("CSD"), the VPS has decided to introduce a settlement period of two trading days (T+2) from 6 October 2014. This means that securities will be settled on the investor's account in VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

Oslo Clearing ASA, a wholly-owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs. Oslo Børs VPS Holding ASA has agreed to sell Oslo Clearing ASA to Swiss SIX group, and such sale is expected to be completed in the second quarter of 2014.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation of investment firms being members of Oslo Børs to report all trades in stock exchange listed securities.

14.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors market activity on a continuous basis. Market

surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance. Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

14.4 The VPS and transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is generally prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

The Shares of the Company are freely transferable.

14.5 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the issuer and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote on shares at general meetings on behalf of the beneficial owners.

14.6 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

14.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in an issuer with its shares listed on a regulated market in Norway (with Norway as its home state, which will be the

case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that issuer, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the Company's share capital.

14.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

14.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian issuer with its shares listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that issuer. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the issuer and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the issuer in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the issuer or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer is subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is required to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in unfulfilled, exercise rights in the issuer, such as voting on shares at general meetings of the issuer's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian issuer with its shares listed on a Norwegian regulated market is required to make an offer to purchase the remaining shares of the issuer (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40% or more of the votes in the issuer. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the issuer. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, required to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

14.10 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the issuer has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing 90% or more of the total number of issued shares, as well 90% or more of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired 90% or more of the voting shares of an issuer and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory and/or voluntary offer unless specific reasons indicate that another price is the fair price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

14.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian issuer who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

15. TAXATION

15.1 Introduction

This subsection presents a brief outline of certain tax aspects under Norwegian law related to purchase, holding and disposal of Shares. The presentation is based on Norwegian tax regulations in force as at the date of this Prospectus and describes the tax situation for Norwegian shareholders and withholding tax for non-Norwegian shareholders. The presentation is subject to any amendments to tax laws and regulations that may occur after the date of this Prospectus, including any retroactive enforcement.

The presentation does not concern tax issues for the Company.

The presentation does not include any information with respect to taxation in any other jurisdiction than Norway, and the presentation only focuses on the shareholder categories explicitly mentioned below. Hence, the presentation does not inter alia exhaustively cover the tax situation for non-Norwegian shareholders holding or disposing Shares through a Norwegian permanent establishment. Further, special rules, which are not mentioned below, may apply to shareholders who are considered transparent entities for tax purposes and for shareholders that ceases to be resident in Norway for tax purposes (due to domestic tax law or tax treaty). Such shareholders should consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

The presentation is of a general nature and is not intended to be an exhaustive analysis of all Norwegian tax aspects related to the Shares or dividends paid from the Company. Accordingly, prospective holders of Shares should consult with their own tax advisors with respect to the tax consequences under Norwegian tax regulations and tax regulations in other jurisdictions of a decision to acquire, own or dispose of Shares.

Please note that for the purpose of this subsection, a reference to a Norwegian or non-Norwegian (foreign) shareholder refers to the tax residency and not the nationality of the shareholder.

15.2 Norwegian shareholders

15.2.1 *Taxation of dividends*

Norwegian personal shareholders

Dividends distributed from the Company to personal shareholders resident in Norway for tax purposes ("**Norwegian personal shareholders**") are taxable as ordinary income at a current rate of 27%. However, this will only apply to dividends exceeding a calculated risk-free return on the investment (tax-free return), which is tax exempt.

The tax-free return is calculated on the basis of the shareholder's cost price of the Share multiplied by a statutory risk-free interest. The risk-free interest is determined on the basis of interest on 3-months Treasury bills, as published by the Central Bank of Norway (*Nw.: Norges Bank*), adjusted downwards by 27% (i.e. after tax interest rate). The risk-free interest rate is calculated and announced by the Ministry of Finance in January in the year after the income year; i.e. the risk-free interest rate for 2014 will not be decided until January 2015. For the income year 2013, the risk-free interest rate was set to 1.1%. The tax-free return is calculated annually for each Share and pertains to the owner of the Share at the end of the year. Norwegian personal shareholders who transfer shares will thus not be entitled to deduct any calculated tax free return related to the year of transfer.

If the distributed dividend one year is less than the calculated tax-free return (calculated on each Share), the surplus tax-free return can be carried forward to be set-off against dividends or capital gains on the same Share for subsequent years (any surplus tax-free return on one Share cannot be set-off against dividends or capital gains on other Shares). Furthermore, any such surplus tax-free return will be added to the basis for calculating the annual tax-free return on the Share for subsequent years.

Norwegian corporate shareholders

Dividends distributed from the Company to Norwegian corporations (joint stock companies and certain similar entities) resident in Norway for tax purposes ("**Norwegian corporate shareholders**") are effectively taxed at rate of 0.81% (3% of dividend income from the Shares is included in the calculation of ordinary income and subject to tax at a flat rate of 27% under the Norwegian participation exemption method).

15.2.2 *Taxation of capital gains*

Norwegian personal shareholders

Sale, redemption or other disposal of shares is regarded as a realisation for Norwegian tax purposes.

A capital gain or loss generated by a Norwegian personal shareholder through a realisation of Shares is taxable or tax deductible. Such capital gain or loss is included or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at a rate of 27%. Gains are taxable and losses are tax deductible irrespective of the duration of the ownership and the number of Shares disposed of.

The gain or loss is calculated as net consideration for the Shares less the cost price on the Shares, transactional expenses and any surplus tax-free return on the Shares (as a result of non-utilisation of the calculated annual tax-free returns at the time of disposal). However, any surplus tax-free return may only be deducted in order to reduce a capital gain, and not to create or increase a deductible loss, i.e. any unused tax-free return exceeding the capital gain upon the realisation of a Share will be annulled. Further, any surplus tax-free return on one Share cannot be set-off against gains on other Shares. Expenses and broker's commission at both the purchase and the sale are deductible when calculating the capital gain or loss. If the Norwegian personal shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian corporate shareholders

A capital gain generated by a Norwegian corporate shareholder through a realisation of Shares is exempt from tax under the Norwegian participation exemption method. Net losses from realisation of shares and costs incurred in connection with the purchase and realisation of such shares are not tax deductible for Norwegian corporate shareholders.

15.2.3 *Net wealth tax*

Norwegian corporate shareholders are not subject to net wealth taxation.

Norwegian personal shareholders are subject to net wealth tax. The marginal net wealth tax rate is currently 1.0% of the value assessed. When calculating the net wealth tax base, listed shares and other listed instruments are valued at the quoted value as at 1 January in the assessment year (i.e. the year following the relevant fiscal year).

15.3 **Non-Norwegian shareholders**

15.3.1 *Withholding tax on dividends*

Dividends distributed from the Company to shareholders who are not resident in Norway for tax purposes ("**Non-Norwegian shareholders**") (personal and corporations) are generally subject to Norwegian withholding tax. The general withholding tax rate on dividends is 25%, but is in normally reduced through tax treaties between Norway and country in which the shareholder is resident.

In accordance with the present administrative system in Norway, the Company will deduct withholding tax at the regular rate or reduced rate according to an applicable tax treaty, based on the information registered with the VPS with regard to the tax-residency of the Non-Norwegian shareholder. The Company is obliged to report and pay the withholding tax to the Norwegian tax authorities and the Company assumes this obligation.

Nominee registered Shares will be subject to 25% withholding tax unless the nominee has obtained an approval from the Norwegian tax authorities for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee must file an application to the Norwegian tax authorities, which must include a survey of all beneficial owners that are subject to withholding tax at a reduced rate.

Non-Norwegian corporate shareholders tax resident within the EEA are exempt from Norwegian withholding tax on dividends distributed from the Company if the shareholder (i) is a corporation that is equivalent to a Norwegian (qualifying) corporate shareholder, (ii) is the beneficial owner of the Shares and (iii) is genuinely established and performs genuine economic activities within the relevant EEA member state.

Non-Norwegian personal shareholders tax resident within the EEA may apply for a refund corresponding to the calculated tax-free return on each individual Share, cf. the description above regarding Norwegian personal shareholders. However, the deduction for tax-free return does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free return. Any tax-free return is only available upon application, and any refund is given after the end of the income year.

Non-Norwegian shareholders that have been subject to a higher withholding tax than set out in an applicable tax treaty or the Norwegian Tax Act may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If Shares are held in respect of a business (permanent establishment) liable to taxation in Norway, dividends distributed from the Company will in general be subject to the same taxation as for Norwegian shareholders, cf. above.

15.3.2 Capital gains

Non-Norwegian shareholders (persons and corporations) are as a main rule not subject to Norwegian tax on capital gains generated through realisation of shares. However, a tax liability in Norway may arise if shares are held in connection with a business (permanent establishment) liable to taxation in Norway, or if an individual has previously been tax resident in Norway.

15.4 Duties on transfer of shares

No VAT, stamp duty or similar duties are currently imposed in Norway on the issue or transfer of shares, neither on acquisition nor disposal.

15.5 Inheritance tax

There is currently no inheritance tax in Norway, neither when shares are transferred through inheritance or as a gift.

16. SELLING AND TRANSFER RESTRICTIONS

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

None of the Company or the Managers, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

16.1 Selling restrictions

16.1.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs as defined by Rule 144A in a transaction exempt from, or not subject to, the registration requirements under the U.S. Securities Act; or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 16.2 "Transfer restrictions."

Any offer or sale in the United States will be made by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the U.S. Securities Act and in connection with any applicable state securities laws.

16.1.2 United Kingdom

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and*
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.*

16.1.3 European Economic Area

In relation to each Relevant Member State, with effect from and including the relevant implementation date, an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Prospectus may not be made in that Relevant Member State, other than the offering in Norway as described in this Prospectus, once the Prospectus has been approved by the competent authority in Norway and published in accordance with the EU Prospectus Directive as implemented in Norway, except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time with effect from and including the relevant implementation date under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) *to legal entities which are qualified investors as defined in the EU Prospectus Directive,*
- (b) *to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer, or*
- (c) *in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;*

provided that no such offer of Offer Shares shall require the Company, the Selling Shareholders or any Manager to publish a Prospectus pursuant to Article 3 of the EU Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

16.1.4 Australia

This Prospectus has not been lodged with the Australian Securities and Investments Commission as a disclosure document under Chapter 6D of the Corporations Act 2001 (Cwth) of Australia (the "**Corporations Act**") and is only directed to certain categories of exempt persons. Accordingly, if you receive this Prospectus in Australia:

- (a) *you confirm and warrant that you are either:*
 - (i) *a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act*
 - (ii) *a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate pursuant to the section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made*
 - (iii) *a person associated with the Company under section 708(12) of the Corporations Act, or*
 - (iv) *a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act,*
 - (v) *and, to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance; and*
- (b) *you warrant and agree that you will not offer any of the Offer Shares sold to you pursuant to this Prospectus for resale in Australia within 12 months of those Offer Shares being sold unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.*

16.1.5 *Canada*

This Prospectus is not, and under no circumstance is to be construed as, a Prospectus, an advertisement or a public offering of the Offer Shares in Canada or any province or territory thereof. Any offer or sale of the Offer Shares in Canada will be made only pursuant to an exemption from the requirements to file a Prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

16.1.6 *Hong Kong*

No Offer Shares have been offered or sold, or will be offered or sold, in Hong Kong by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. In addition, no advertisement, invitation or document relating to the Offer Shares has been issued or has been in the possession of any person for the purposes of issue, nor will any such advertisement, invitation or document be issued or be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offer Shares that are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

16.1.7 *Japan*

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise.

16.1.8 *South Africa*

The Offer Shares may not be offered or sold in South Africa unless the offer pertains to an employee share scheme as contemplated in section 96(1)(f) of the South African Companies Act, 2008 ("Companies Act"). Insofar as Offer Shares are offered or sold in South Africa to Eligible Employees who are South African residents, in the Employee Offering and in compliance with the provisions of section 96(1)(f) of the Companies Act, such Eligible Employees must also ensure that the requirements of the Financial Surveillance Department of the South African Reserve Bank are complied with.

16.1.9 *Additional jurisdictions*

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

16.2 **Transfer restrictions**

16.2.1 *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that the Company, the Selling Shareholders, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), and (ii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares, as the case may be.
- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and / or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resale of any Offer Shares, as the case may be.

- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that the Company, the Selling Shareholders, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

17. ADDITIONAL INFORMATION

17.1 Advisors

ABG Sundal Collier Norge ASA (Munkedamsveien 45, 0250 Oslo, Norway) and Carnegie AS (Grundingen 2, 0250 Oslo, Norway) are acting as Joint Lead Managers and Joint Bookrunners for the Offering.

Advokatfirmaet Selmer DA (Tjuvholmen alle 1, 0252 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

Advokatfirmaet Wiersholm AS (Ruseløkkveien 26, 0251 Oslo, Norway) is acting as Norwegian legal counsel to the Managers.

17.2 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Karenslyst Allé 49, 0279 Oslo, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus.

- The Company's Articles of Association and Certificate of Incorporation.
- The Group's audited consolidated annual financial statements for the years ended 31 December 2013 and 2012.
- The Group's unaudited consolidated interim financial statements for the three and six month periods ended 30 June 2014.
- This Prospectus.

18. DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus.

2010 PD Amending Directive	Directive 2010/73/EU.
ABG Sundal Collier	ABG Sundal Collier Norge ASA.
Additional Shares	Up to a number of additional shares sold pursuant to the over-allotment by the Stabilisation Manager, equalling up to 15% of the number of Offer Shares to be sold in the Offering.
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009.
Application Form	The Retail Application form and the Employee Application Form collectively.
Application Period	The application period for the Retail Offering and the Employee Offering which will take place from 09:00 hours (CET) on 15 September 2014 to 12:00 hours (CET) on 2 October 2014, unless shortened or extended.
Articles of Association	The articles of association of the Company.
Board of Directors or Board	The board of directors of the Company.
Bookbuilding Period	The bookbuilding period for the Institutional Offering which will take place from 09:00 hours (CET) on 15 September 2014 to 12:00 hours (CET) on 25 September 2014, unless shortened or extended.
Carnegie	Carnegie AS.
COD	Commercial operation date
Company	Scatec Solar ASA.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance dated 23 October 2012.
CPI	Consumer price index
DSCR	Debt Service Coverage Ratio
EBIT	Operating profit.
EBITDA	Operating profit adjusted for depreciation, amortisation and impairments.
EEA	The European Economic Area.
Employee Application Form	The application form to be used to apply for Offer Shares in the Employee Offering, attached as Appendix E to this Prospectus.
Employee Offering	A employee offering, in which Offer Shares are being offered to the employees of the Company in Norway, the EEA and South Africa, which is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 per investor.
EU	The European Union.

EU Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.
FiT	Feed-in Tariff: A policy mechanism designed to accelerate investment in renewable energy technologies, by offering long-term contracts to renewable energy producers, typically based on the cost of generation of each technology, offering cost-based.
Forward-looking statements	Statements made that are not historic and thereby predictive as defined in Section 4.3.
General Meeting	The Company's general meeting of shareholders.
Greenshoe Option	The option granted by the Principal Shareholders in order to secure re-delivery to the Principal Shareholders of Shares borrowed under the Lending Option, pursuant to which the Stabilisation Manager has a right, but no obligation, to buy a number of Shares equal to the number of Additional Shares at a price per share equal to the final Offer Price.
Group	The Company and its subsidiaries.
IAS	International Accounting Standard.
IEA	International Energy Agency
IFRS	International Financial Reporting Standards as adopted by the EU.
Indicative Price Range	The indicative price range in the Offering of NOK 28 to NOK 36 per Offer Share.
Inland Revenue's norm interest	A norm interest determined bi-monthly by the Ministry of Finance and announced by the Inland Revenue (Nw: Skatteetaten). The general purpose of the Inland Revenue's Interest is to determine taxable benefits related to loans granted from employer to employee; i.e. that such loans will not be deemed earned income for the employee provided that the actual interest on the loan equals or exceeds the Inland Revenue's Interest. The Inland Revenue's Interest for September/October 2014 is determined at 2.75 pct.
Institutional Offering	An institutional offering, in which Offer Shares are offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, pursuant to applicable exemptions from local prospectus requirements and other filing requirements, and (c) in the United States to QIBs, as defined in, and in reliance on Rule 144A under the U.S. Securities Act, which is subject to a minimum application of NOK 1,000,000.
ISIN	Securities number in the Norwegian Registry of Securities (VPS).
Lending Option	A lending option granted to the Stabilisation Manager by the Principal Shareholders, pursuant to which the Stabilisation Manager may require the Principal Shareholders to lend to the Stabilisation Manager, on behalf of the Managers, up to a number of Shares equal to the number of Additional Shares.
Listing	The listing of the Shares on Oslo Børs.
Management	The Group's senior management team.
Managers	ABG Sundal Collier and Carnegie.
Net free cash flow	The Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies.
New Shares	Up to a number of new Shares in the Company offered pursuant to the Offering with gross proceeds of NOK 500 million.

NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian FSA	The Financial Supervisory Authority of Norway (Nw.: Finanstilsynet).
Norwegian corporate shareholders	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian personal shareholders	Personal shareholders resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Nw.: verdipapirhandelloven).
Offer Price	The final offer price for the Offer Shares in the Offering.
Offer Shares	The New Shares together with the Secondary Shares, being the Shares offered pursuant to the Offering.
Offering	The offering contemplated by this Prospectus, pursuant to the terms and conditions set out herein.
Off-take agreement	A power purchase agreement entered into with the purchaser (being the offtaker) of the power generated by the power plants.
Oslo Børs	Oslo Børs ASA or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
Over-Allotment Option	The Managers option to over-allot a number of Additional Shares equalling up to 15% of the number of Offer Shares
PPA	Power purchase agreement
Prospectus	This Prospectus dated 12 September 2014, prepared in connection with the Offering and the Listing.
Principal Shareholders	Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS and ITOCHU Corporation.
QIBs	Qualified institutional buyers, as defined in Rule 144A under the U.S. Securities Act.
Relevant Member State	Each Member State of the EEA which has implemented the EU Prospectus Directive.
Retail Application Form	The application form to be used to apply for Offer Shares in the Retail Offering, attached as Appendix D to this Prospectus.
Retail Offering	A retail offering, in which Offer Shares are being offered to the public in Norway, which is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 per investor.
Secondary Sale	The offer and sale of Secondary Shares in the Offering.
Secondary Shares	Up to 19,835,413 existing Shares in the Company offered by the Selling Shareholders in the Offering.
Selling Employees	The employees of the Company having agreed to sell Secondary Shares as set out in Section 5.13
Selling Shareholders	Scatec AS, Scatec Invest AS, Scatec Solar Ansatte AS, ITOCHU Corporation, ITOCHU Europe PLC, Argentos AS and Selling Employees.
Share(s)	Shares in the share capital of the Company, each with a nominal value of NOK 0.025 or any one of them.

SOP	Start of production
South African Employee Share Scheme	The Company's employee share scheme for allowing directors of the Company's South African consolidated subsidiaries and permanent employees of Scatec Solar SA 163 (Pty) Ltd to invest in the Offer Shares – known as 'Scatec Solar ASA – South African Employee Share Scheme'
Stabilisation Manager	Carnegie
USD	United States Dollar, the lawful currency of the United States of America.
U.S. Securities Act	The United States Securities Act of 1933, as amended
VPS	The Norwegian Central Securities Depository (<i>Nw.: Verdipapirsentralen</i>).
VPS Registrar	Nordea Bank Norge ASA, address: Middelthuns gate 17, 0368 OSLO

	These minutes have been prepared in both Norwegian and English. In case of any discrepancies between the versions, the Norwegian version shall prevail.
Vedtekter for Scatec Solar ASA (sist endret 13. august 2014) § 1 Selskapets navn er Scatec Solar ASA. Selskapet er et allmennaksjeselskap. § 2 Selskapets forretningskontor er i Oslo kommune. § 3 Selskapets formål er etablering og drift av virksomhet basert på nedstrøms teknologi for produksjon av solstrøm, herunder investering i selskaper med slik virksomhet. § 4 Selskapets firma tegnes av styrets leder. § 5 Styret kan tildele prokura. § 6 Aksjekapitalen er NOK 1 687 511, fullt innbetalt og fordelt på 67 500 440 aksjer, hver med pålydende NOK 0,025." § 7 Selskapets styre skal ha fra tre til syv medlemmer etter generalforsamlingens nærmere beslutning. § 8 Selskapet skal ha en valgkomité. Valgkomiteen skal avgi innstillinger til generalforsamlingen om valg av aksjeeiervalgte medlemmer til styret, godtgjørelse til styrets	Articles of association for Scatec Solar ASA (last amended on 13 August 2014) § 1 The company's name is Scatec Solar ASA. The company is a public limited company. § 2 The company's registered office is in the municipality of Oslo. § 3 The company's business is establishment and operation of business based on downstream technology for production of solar electricity, hereunder investment in companies operating such business. § 4 The chairman of the board alone shall have the authority to sign for the company. § 5 The board may grant power of procuration. § 6 The share capital is NOK 1,687,511 fully paid up and divided on 67,500,440 shares, each with a nominal value of NOK 0.025. § 7 The company's board of directors shall consist of three to seven members. § 8 The company shall have a nomination committee. The nomination committee shall make recommendations to the general meeting regarding election of shareholder-elected members of the board of directors, remuneration to

medlemmer, valg av medlemmer til valgkomiteen og godtgjørelse til valgkomiteens medlemmer. Valgkomiteen skal bestå av to til tre medlemmer som skal være aksjeeiere eller representanter for aksjeeiere. Valgkomiteens medlemmer, herunder valgkomiteens leder, velges av generalforsamlingen for en periode på to år. Godtgjørelse til valgkomiteens medlemmer fastsettes av generalforsamlingen. § 9 Aksjeeiere som vil delta på generalforsamlingen skal meddele dette til selskapet innen fem dager før generalforsamlingen. Ved erverv av aksjer kan retten til å delta og stemme på generalforsamlingen bare utøves når ervervet er innført i aksjeeierregisteret den femte virkedagen før generalforsamlingen. Dokumenter som gjelder saker som skal behandles på generalforsamlingen trenger ikke sendes til aksjeeierne dersom dokumentene er gjort tilgjengelige for aksjeeierne på selskapets internettsider. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. Styret kan bestemme at aksjeeierne skal kunne avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. § 10 Den ordinære generalforsamling skal behandle: 1) Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte 2) Andre saker som etter loven eller vedtektene hører under generalforsamlingen.	the members of the board of directors, election of members to the nomination committee and remuneration to the members of the nomination committee. The nomination committee shall consist of two to three members who shall be shareholders or representatives of shareholders. The members of the nomination committee, including the chairman of the nomination committee, are elected by the general meeting for a term of two years. Remuneration to the members of the nomination committee is determined by the general meeting. § 9 Shareholders who want to participate at the general meeting shall notify the company thereof within five days prior to the general meeting. Upon acquisition of shares, the right to participate and vote at the general meeting may only be exercised if the acquisition is recorded in the shareholder registry the fifth business day prior to the general meeting. Documents relating to matters which shall be considered at the general meeting need not be sent to the shareholders if the documents are made available to the shareholders on the company's websites. This also applies for documents which according to law shall be included in or attached to the notice to the general meeting. The board of directors may decide that shareholders may submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting. § 10 The company's ordinary general meeting shall consider the following: 1) Approval of the annual accounts and annual report, including distribution of dividend. 2) Other matters which according to law or articles of association shall be dealt with by the general meeting.
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Annual Report

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Report from the Board of Directors

This annual report replaces the annual report adopted by the Board of Directors 25 March 2014. For further details refer note 29 in the consolidated financial statements for the Group, and note 17 in the financial statements for the parent company.

- Scatec Solar has made a strategic shift over the past years, from offering development and construction services to third parties or selling solar power plants upon completion, to becoming a dedicated independent Power Producer (PP) retaining full or partial ownership of solar power plants developed and built by the company.
- Consistent with this change consolidated revenue declined to NOK 129 million from NOK 366 million in 2012 ¹⁾, due to reduced sale of development and construction services to third parties, and the consolidated operating loss increased to NOK 75 million from a loss of NOK 2 million in 2012.
- The Company is rapidly growing its installed base of power producing assets, and following the commissioning of the 75 MW Kaikbult plant in South Africa in September, power production reached 63,996 MWh in 2013 with 99.9% plant availability, up from 23,069 MWh in 2012.
- The activity level was high in 2013. Total assets increased from NOK 1.1 billion to NOK 3.5 billion, primarily due to construction and completion of Kaikbult solar power plant, construction of the 40 MW Linde power plant (completed June 2014), and the ongoing construction of the Drenberg (75 MW) solar power plant in South Africa.
- Net free cash flow ²⁾ amounted to NOK 202 million in 2013, up from NOK 81 million in 2012.
- As per March 2014, Scatec Solar operates projects representing a total installed capacity of 135 MW and has projects under construction with a nominal installed capacity of 84 MW.
- Scatec Solar is pursuing a growth strategy, and has a backlog of mature development projects amounting to 122 MW and a further development pipeline of more than 600 MW in several markets worldwide.
- Scatec Solar expects increasing revenue and improved profits in 2014, based on full year operation of capacity grid-connected in 2013 and completion of ongoing construction projects.

KEY FIGURES

	2013	2012 RESTATED ^{a)}
NOK MILLION		
Revenues, external	132.2	366.7
Net income (loss) from associated companies	-3.2	-0.3
Total revenue and other income	129.0	366.4
Gross profit	116.6	109.0
EBITDA	-16.9	27.9
Operating profit	-74.7	-2.0
Profit before income tax	18.0	-67.6
Profit (loss) for the period	-7.5	-48.4
Attributable to equity holders of the parent company	-34.7	-46.4
Attributable to non-controlling interests	27.1	-2.1
Total Assets	3,524.5	1,092.3
Equity (%) ^{b)}	11.3%	14.9%

1) 2012 Financial Statements have been restated following the implementation of IFRS10 and the resulting consolidation of Scatec Solar's South African Project Companies.

2) Net free cash flow is defined as the Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies

3) The consolidated equity ratio is negatively affected by inclusion of non-recourse debt in project companies at full amount while the value of consolidated assets are reduced by the internal margin generated through the project development and construction activities. This non-recourse project finance debt is pledged solely to the assets and performance of each individual project.

Group overview, business model and strategy

Scatec Solar is a leading integrated independent power producer (IPP). The Company is pursuing an integrated business model across the complete lifecycle of utility-scale solar power plants including project development and design, financing, engineering, procurement, construction management, operation and maintenance and asset management.

Scatec Solar operates globally, and currently has operating subsidiaries in Germany, the Czech Republic, Italy, UK, France, U.S., Jordan, Japan, Rwanda and South Africa. The Group headquarter is located in Oslo, Norway. The company had 91 permanent employees (full time equivalents) in 2013, and together with the owners, partners and a broad industrial network these represent extensive industrial experience and competence on all aspects related to the development and execution of solar power plants.

Per 31 December 2013, 58.2% of the shares were owned by companies controlled by Scatec AS and 37.6% by the Itochu group of Japan.

Scatec Solar believes its integrated business model enables realization of premium margins and cash flows throughout the value chain, and overall superior value creation for its shareholders. The model has provided access to attractive projects that would otherwise not have been available, and allows for a seamless workflow through the engineering, design and construction phases. Thorough project knowledge in turn offers the best basis for efficient operation and maintenance of the solar power plants. Retaining ownership further ensures that shareholders capture the residual value of the power plants.

Scatec Solar holds ownership in solar power plants through project companies, a structure that offers isolation of operational and financial risks related to each individual project. Non-recourse financing is only secured by the assets of the project companies, which limits Scatec Solar's exposure to the equity invested and related in the respective project. Net cash flows generated in the project companies are typically transferred to Scatec Solar and its co-investors on a semi-annual basis in accordance with the financing agreements, in proportion to the percentage shareholding in each project company.

Scatec Solar's Development & Construction activities represent value creation and cash flow generation in the early phase of successful projects, and contributes to funding of the equity positions maintained by Scatec Solar in the project companies. Scatec Solar also receives recurring revenue from delivery of Operation & Maintenance services to the operating power plants. The contracts for such services are normally based on a combination of a fixed service fee and a variable component linked to plant performance.

Per June 2014 Scatec Solar has constructed solar power plants with a combined capacity of 386 MW. Currently Scatec Solar has a portfolio of 219 MW of solar power plants in operation or under construction for start-up in 2014. Scatec Solar also provides operation and maintenance services to a total of 51 MW of third-party owned solar power plants.

MWP	CAPACITY	SCATEC SOLAR OWNERSHIP
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In operation:		
Four plants in the Czech Republic	20	100%
Kaikbult, South Africa	75	39% ^{a)}
Linde, South Africa	40	39% ^{a)}
Total	135	

Under construction:		
Drenberg, South Africa	75	39% ^{a)}
ASV, Rwanda	9	57% ^{a)}
Total	84	

¹⁾ Scatec Solar is deemed to have control in these projects. Please see Note 3 to the Consolidated Financial Statements for more information.

The company intends to grow its asset base further in the years to come, and has established a project backlog for an additional 122 MW and a pipeline of identified projects with a combined capacity of more than 600 MW. Projects are classified as "backlog" when offtake of the electricity to be produced is secured through a Power Purchase Agreement (PPA) or Feed-in Tariff (FIT) and the likelihood of reaching financial close and subsequent realization is estimated to be more than 90%. Projects are classified as "pipeline" when the likelihood of financial close and subsequent realization is estimated to be more than 50%.

Scatec Solar has a global approach in the search for new projects, seeking to match the company's strengths with markets meeting important requirements like solar radiation, financial and legal framework, and operational and political risk. Scatec Solar operates in both emerging and mature markets. Current portfolio comprises projects in the US, UK, South Africa, Sub-Saharan Africa, the Middle East and Japan.

Presentation of Accounts

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the Financial Statements have been prepared under the assumption that the Scatec Solar Group is a going concern and that this assumption was appropriate at the date of approval of the Financial Statements. The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS), and applies Norwegian Kroner (NOK) as reporting currency. For more information, please refer to the notes to the Consolidated Financial Statements. The notations Scatec Solar, Scatec Solar Group, and the Group are used interchangeably throughout the document.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include several investments in which there is a significant non-controlling interest. Because Scatec Solar controls these entities, they are fully consolidated.

The business model under which Scatec Solar is operating, involves intercompany transactions between fully and partially

owned subsidiaries. In the consolidated statement of profit and loss these transactions are eliminated. Consequently, a segmented statement of profit or loss is used to reflect the value creation in each of the business segments. Further information is provided in note 4 Operating segments.

In 2013 the Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. In addition, the application of IFRS 12 Disclosure of Interests in Other Entities resulted in additional disclosures in the consolidated financial statements.

Financial performance – Statement of profit or loss

Unless otherwise indicated, the below information describes the development for the continuing operations in the Scatec Solar Group in 2013, and the corresponding restated figures for 2012.

Revenues

Scatec Solar reported net revenues of NOK 129 million in 2013, mainly reflecting sales of electricity from solar power plants in the Czech Republic and South Africa. Net revenues in 2012 amounted to NOK 366 million, of which NOK 290 million was related to development and construction activities for third parties.

The decline in 2013 reflects the strategic transition from offering development and construction services to third parties or selling solar power plants upon completion, to becoming an Independent Power Producer (IPP) where Scatec Solar seeks to retain full or partial ownership of all solar power plants developed and built by the company.

Solar power plants controlled by Scatec Solar will not generate revenues or profits on a consolidated basis until the solar power plants have been grid connected and produce electricity for sale. Consolidated revenues hence is not reflecting the significant increase in the underlying project development and construction activity.

Power Production (PP) revenues increased to NOK 106 million in 2013 from NOK 68 million in 2012, with the increase primarily reflecting commencement of electricity production and sales from the new Kalkbult solar power plant from ultimo September. The project reached its formal Commercial Operation Date under the PPA on 19 March 2014. Before this date, the plant has received Early Operation Revenue based on 60% of the contracted tariff.

Consolidated external revenues from Operation & Maintenance (O&M) ended at NOK 10 million in 2013, up from NOK 9 million in 2012. These revenues relate to O&M services delivered to European solar power plants outside of Scatec Solar's IPP portfolio.

Consolidated external revenues from Development & Construction (D&C) declined to NOK 16 million in 2013 from NOK 290 million in 2012. Revenues in 2013 mainly relate to completion of the construction of a solar plant in Romania for an external client in the first quarter of the year. In 2012, external revenues mainly reflected PPC contracts for external clients in France and Germany, as well as sales of solar system components to

the distributed market. In accordance with the current strategy of Scatec Solar to operate as an IPP, external revenues from development and construction are expected to be insignificant in the time to come.

The higher underlying activity level in D&C (related to power plants wholly or partly owned by Scatec Solar) is illustrated by the increase in total segment revenues to NOK 1,825 million in 2013 from NOK 587 million in 2012, with the share of internal revenues increasing from 51% to 99%.

Net income from associated companies was a negative NOK 3.2 million in 2013, compared to a negative NOK 0.3 million in 2012. The change is primarily due to an impairment charge related to a Joint Venture company in China.

Gross profit

Gross profit increased to NOK 117 million in 2013, compared to NOK 109 million in 2012. Gross margin hence increased to 90% in 2013 from 30% in 2012.

The sharply improved margin mainly reflects the major change in revenue composition, as power production inherently represents significantly higher margins than development and construction activities.

Operating expenses

Operating expenses (personnel and other operating expenses) amounted to NOK 133 million in 2013. This consolidated cost base consists of around NOK 25 million related to operation of existing power producing plants, NOK 31 million in general corporate and administrative costs, NOK 66 million related to development of new projects, and NOK 11 million in non-recurring special items.

The increase in operating expenses from NOK 81 million in 2012 is primarily a reflection of the significant increase in the development and construction activities, higher operating cost base from commencing of operations on the Kalkbult project, and certain special items related to discontinued business in Europe.

Personnel expenses totalled NOK 51 million (39), with the average number of permanent full time employee equivalents increasing to 91 in 2013 from 78 in 2012. Further personnel expenses of NOK 15 million (16) related to development projects and projects under construction have been capitalized and recognized in the Property, Plant and Equipment in the Statement of Financial Position.

Other operating expenses amounted to NOK 83 million (42), including legal settlement costs of NOK 6 million related to dispute with a previous development partner in France, and NOK 5 million accrual for potential losses on remaining receivables from a plant divestment in Italia in 2010-11.

Other operating expenses of NOK 18 million (16) related to development projects and projects under construction have been capitalized and recognized in the Property, Plant and Equipment in the Statement of Financial Position.

The company recognized no R&D costs in 2013 or 2012.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) was negative NOK 17 million in 2013, compared to a positive EBITDA of NOK 28 million in 2012.

As outlined above, this reflects higher operating costs related to increased development and construction activity on projects that will not generate external revenue and profits until the solar power plants are in production.

Depreciation, amortisation and impairment amounted to NOK 58 million in 2013, compared to NOK 30 million in 2012. Depreciation amounted to NOK 36 millions, with the increase from NOK 27 million in 2012 explained by commencement of depreciation of the Kalkbult solar power plant following the grid-connection in September 2013. Impairments amounted to NOK 22 million (3), primarily related to prior period development activities in Italy and France.

Operating profit (EBIT) was thus a negative NOK 75 million in 2013, compared to a negative NOK 2 million in 2012.

Net financial items

Net financial items amounted to a positive NOK 93 million in 2013, compared to a negative NOK 86 million in 2012.

Interest and other financial income increased to NOK 91 million in 2013 (4), mainly reflecting a fair value change on the Groups forward exchange contracts of NOK 75 million. Further, interest income increased to NOK 13 million reflecting equity injections in the Linde and Drenburg projects at the financial close in May 2013. The funds have been deposited in collateralized accounts for transfer to the project companies towards end of project construction, later in 2014.

Interest and other financial expenses ended at NOK 62 million, unchanged from 2012, partly reflecting commencement of interest expensing on the Kalkbult project. In 2012 the Group incurred a loss on mark to market valuation of forward exchange contracts of NOK 25 million.

The foreign exchange gain amounted to NOK 64 million in 2013, compared to a foreign exchange loss of NOK 8 million in 2012. The effects are mainly related to translation of balances and valuation of derivatives held by the South African project companies.

Profit before tax and net profit

Profit before income tax was positive NOK 18 million in 2013, compared to a negative NOK 68 million in 2012.

Income tax expense amounted to NOK 26 million. Taxes payable (including withholding tax on dividends) amounted to NOK 170 million, with net deferred tax asset increased by NOK 152 million. A correction of NOK 8 million of previous year taxes is also included in the tax expense. In 2012, the company recorded an income tax benefit of NOK 19 million. Taxes payable amounted to NOK 66 million, with net deferred tax asset increased by NOK 85 million.

The underlying tax rates in the countries of operation are in the range of 19%-35%. The 2013 effective tax rate was primarily influenced by valuation allowances, permanent differences, the use

of previously unrecognized losses carried forward, taxes in previous years and foreign taxable income where the local tax rate is higher than the nominal tax rate as well as negative foreign taxable income where the local tax rate is lower than the nominal tax rate.

For 2012, the income tax benefit of NOK 19 million, equivalent to an effective tax rate of 28.3 percent, was primarily influenced by the utilization of previously unrecognized losses carried forward.

The net loss was hence NOK 8 million in 2013, compared to a net loss of NOK 48 million in 2012.

A loss of NOK 35 million was attributable to the equity holders of the parent company Scatec Solar AS for 2013, whereas a profit of NOK 27 million was attributable to non-controlling interests. The non-controlling interests mainly reflect other owners in the project companies set up for each of the solar power plants.

In 2012, a loss of NOK 46 million was attributable to equity holder of the parent company Scatec Solar AS, whereas a loss of NOK 2 million was attributable to non-controlling interests.

Consolidated Statement of Comprehensive Income

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, and amounted to NOK 36 million in 2013 (-50). This relates to after tax net movement of cash flow hedges of NOK 50 million (-45). Further, the foreign currency translation differences amounted to NOK -53 million (-5).

Total comprehensive income was thus a positive NOK 29 million for 2013, of which a negative NOK 48 million was attributable to equity holders of the parent company, and a positive NOK 77 million attributable to non-controlling interests.

This compares to a negative total comprehensive income of NOK 98 million for 2012, attributable with a negative NOK 68 million to equity holders of the parent company and a negative NOK 30 million to non-controlling interests.

Cash Flow and Balance Sheet

Net cash flow from operating activities ended at NOK 301 million (-39) mainly reflecting a significant working capital improvement partly enabled by the Group's trade finance and logistics cooperation with Itocchu.

Net cash flow from investing activities was NOK -1,306 million (-141), driven by the construction activities related to the Kalkbult, Linde and Drenburg solar power plants.

Net cash flow from financing activities was NOK 1,868 million (225), of which NOK 1,803 million (229) is attributable to proceeds from non-recourse project financing. Further, equity contributions from non-controlling interests amounted to NOK 208 million (47). During 2013 the Group settled its corporate overdraft facility of NOK 81 million.

In total the Group's cash balance increased by NOK 863 million (45). Of the total cash balance of NOK 1,025 million (73), NOK 381 million (57) was restricted cash in project companies, NOK 348 million (22) other restricted cash and NOK 297 million (94) free cash.

Net free cash flow amounted to NOK 202 million in 2013, up from NOK 81 million in 2012. Net free cash flow is defined as the Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies.

Consolidated statement of financial position

Total assets amounted to NOK 3,524 million at the end of 2013, up from NOK 1,092 million at the end of 2012. This considerable increase primarily reflects increased non-current assets - which in turn mainly relates to property, plant and equipment (PP&E) in the South African projects, as well as a significantly strengthened cash position both in South Africa and in the rest of the Group.

Overall, non-current assets amounted to NOK 2,318 million (803), of which NOK 1,857 million was PP&E in the Czech and South African projects. Current assets amounted to NOK 1,207 million (290), of which cash and cash equivalents in the Czech and South African companies accounted for NOK 381 million (57) and other cash and cash equivalents accounted for NOK 644 million (117). Part of the cash holdings are subject to restrictions or collateralized, and free unencumbered cash amounted to NOK 297 million (94) at the end of 2013.

Current and non-current financial assets in the balance sheet mainly relates to currency and interest rate derivatives in the South African companies. Other current assets and liabilities mainly relate to working capital components such as prepayments and accruals.

Total equity stood at NOK 398 million at the end of 2013 (163), corresponding to an equity ratio of 11% (15%). The consolidated equity ratio is negatively affected by inclusion of non-recourse debt in project companies at full amount while the value of consolidated assets are reduced by the internal margins generated through the project development and construction activities. This non-recourse project finance debt is pledged solely to the assets and performance of each individual project.

Total non-current liabilities amounted to NOK 2,461 million at the end of 2013 (671), of which non-recourse project financing accounted for NOK 2,377 million (595). Total current liabilities amounted to NOK 662 million (259), of which NOK 22 million in non-recourse project financing (16).

Parent Company

Scatec Solar AS prepares its financial statements according to NGAAP, and the amounts referred to below for Scatec Solar AS are NGAAP figures. Scatec Solar AS is a holding company comprising parts of corporate services, management and group finance. In addition, Scatec Solar AS provides certain services related to project development and construction for its subsidiaries.

Scatec Solar AS reported revenue of NOK 249 million and operating profit (EBIT) of NOK 170 million in 2013, compared to revenue of NOK 66 million and operating profit (EBIT) of NOK 47 million in 2012.

Revenues increased from 2012 to 2013 reflecting new service agreements and a higher activity level, especially related to the projects in South Africa.

All revenues are internal and based on agreements established between Scatec Solar AS and its subsidiaries. The agreements where

new in 2013 better reflecting the value generated for the subsidiaries. The scope of the agreements includes management services as well as services related to project development and construction including but not limited to permitting, financial modelling, production bidding documents, debt and equity financing, evaluation of tax issues, structuring of securities and guarantees, legal services, advice on tendering of components as well as grid connection studies.

Operating costs increased to NOK 79 million from NOK 40 million in 2012, reflecting a higher activity level and an increase in provision for loss on receivables from group companies.

Interest and other financial income was stable at NOK 29 million. Interest expenses increased while dividends decreased compared to 2012.

Interest and other financial expenses increased sharply to NOK 58 million from NOK 7 million in 2012. The increase reflects increased interest expenses from group companies and expenses related to certain guarantees provided by Ichohu Corporation and Celmar Invest AS related to letters of credit issued as guarantees for Scatec Solar's equity investments in South Africa.

Profit after tax was NOK 106 million compared to a profit after tax of NOK 51 million in 2012.

Total equity for the parent company Scatec Solar AS amounted to NOK 427 million at December 31, 2013, up from NOK 363 million in 2012. The increase reflects the net of the profit for the year and the proposed dividend distribution.

Total assets increased to NOK 1,028 million at December 31, 2013 from NOK 613 million at December 31, 2012. The increase reflects construction the Kalkbult, Linde and Dreunberg solar power plants in South Africa.

Cash flow from operating activities was negative NOK 2 million in 2013, down from NOK 7 million in 2012. The difference between the operating profit of NOK 170 million and NOK 2 million in cash flow from operating activities is mainly explained by NOK 153 million in increased trade receivables against Scatec Solar controlled entities in South Africa.

Scatec Solar AS had 16 permanent full-time employee equivalents in 2013 down from 18 in 2012. Sickness rate in 2013 was 0.1 percent. Scatec Solar AS is focusing on equal opportunities irrespective of gender. There should be no discrimination related to gender in cases such as compensation, promotion or recruitment. In Scatec Solar AS the female share of employees was 25 percent in 2013.

Segment Information

For reporting purposes, Scatec Solar reports on three business segments: Power Production, Operation & Maintenance, and Development & Construction, in addition to Corporate and Eliminations.

Revenues and costs for each of the segments are eliminated in the Consolidated Group Financial Statements for internal deliveries to companies deemed to be controlled by Scatec Solar. The underlying activity level and financial performance of each segment is hence not reflected on a line-by-line basis in the Consolidated Income Statement.

Power production (PP)

The Power Production segment consisted of one 75 MW solar power plant in South Africa (39% ownership by Scatec Solar) and four solar power plants with a total capacity of 20 MW in the Czech Republic (100% ownership by Scatec Solar) as of 31 December 2013. As of June 2014 the segment also includes the 40 MW power plant Linde (39% ownership by Scatec Solar) in South Africa. The electricity produced is sold under 20-year power purchase agreements (PPA) or Feed-in tariff (FIT) schemes. Three additional solar power plants are currently under construction in South Africa and Rwanda, with targeted commercial operation during 2014. The segment will grow with the delivery of additional solar power plants over the years to come.

KEY FIGURES	2013	2012
NOK MILLION		
External revenues	106.0	678
Internal revenues	-	-
Net income from associated companies	-	-
Total revenue and other income	106.0	678
Gross profit	106.0	678
EBITDA	66.0	61.3
EBIT	20.4	30.9

Total revenues and other income for the power production activities amounted to NOK 106 million in 2013. Corresponding revenues for 2012 ended at NOK 68 million.

The solar power plants consolidated in the Income Statement produced 53,996 MWh, up from 23,069 MWh in 2012. Total availability for the solar power plants was 99.9%. A solar plant's availability measures the amount of time it is able to generate power during daylight.

The increase in power production reflects the commissioning of the 75 MW Kalkbult solar power plant in South Africa. Kalkbult was scheduled for completion at year-end 2013 but was grid-connected already in September. Under the Power Purchase Agreement (PPA), revenues from start of this early operation period until the formal Commercial Operation Date (COD) is reached is based on 60% of contracted tariff. The PPA is a 20-year inflation-adjusted supply contract.

Operating costs amounted to NOK 40 million in 2013 (6), excluding depreciation and amortization, with the increase primarily reflecting the start of operations in Kalkbult.

EBITDA hence improved to NOK 66 million in 2013, from NOK 61 million in 2012.

SEGMENT INFORMATION

2013	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
NOK MILLION						
External revenues	106.0	9.9	16.2	-	-	132.2
Internal revenues	-	4.1	1812.2	8.0	-1824.3	-
Net income from ass.	-	-	-3.2	-	-	-3.2
Total revenue and other income	106.0	13.9	1825.2	8.0	-1824.3	129.0
Cost of sales	-	-	-1153.5	-	1141.2	-12.3
Gross profit	106.0	13.9	671.7	8.0	-683.1	116.6
Personnel expenses	-5.3	-2.7	-31.0	-11.9	-	-50.9
Other operating expenses	-34.8	-10.6	-51.6	-19.5	33.8	-82.6
EBITDA	66.0	0.6	589.2	-23.3	-649.3	-16.9
Depreciation, amortisation and impairment	-45.5	-0.2	-23.4	-	11.3	-57.8
Operating profit (EBIT)	20.4	0.4	565.8	-23.3	-638.0	-74.7
2012	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
NOK MILLION						
External revenues	67.8	9.4	289.6	-	-	366.7
Internal revenues	-	3.0	297.9	9.3	-310.2	-
Net income from ass.	-	-	-0.3	-	-	-0.3
Total revenue and other income	67.8	12.4	587.2	9.3	-310.2	366.4
Cost of sales	-	-	-397.2	-	139.8	-257.4
Gross profit	67.8	12.4	190.0	9.3	-170.4	109.0
Personnel expenses	-1.4	-3.1	-22.5	-12.2	-	-39.2
Other operating expenses	-5.1	-9.5	-26.8	-12.8	12.3	-41.9
EBITDA	61.3	-0.2	140.6	-15.7	-158.1	27.9
Depreciation, amortisation and impairment	-30.4	-	-4.6	-	5.1	-29.9
Operating profit (EBIT)	30.9	-0.2	136.0	-15.7	-153.0	-2.0

Depreciation, amortisation and impairment amounted to NOK 46 million in 2013, with the increase from NOK 30 million in 2012 primarily explained by the depreciation of Kalkbult from the commencement of operations.

Operating profit (EBIT) thus fell to NOK 20 million from 31 million in the previous year.

The addition of Kalkbult increased the Group's gross installed capacity to 95 MW.

Revenue and operating profit are expected to increase in 2014, reflecting a full year of production at Kalkbult and completion of the Linde (40 MW) and Dreunberg (75 MW) solar plants during the year. In February 2014, Scatec Solar also initiated construction of an 8.5 MW project in Rwanda that will commence operations within 2014.

Operation & Maintenance (O&M)

The Operation & Maintenance segment comprises O&M services provided to a total of 146 MW of wholly-owned, partially-owned or third-party-owned solar power plants, designed and constructed by Scatec Solar. Revenues and profits are typically generated on the basis of long term contracts with profit-sharing arrangements based on production performance.

KEY FIGURES

NOK MILLION	2013	2012
External revenues	9.9	9.4
Internal revenues	4.1	3.0
Net income from associated companies	-	-
Total revenue and other income	13.9	12.4
Gross profit	13.9	12.4
EBITDA	0.6	-0.2
EBIT	0.4	-0.2

Total revenues in the Operation & Maintenance (O&M) segment amounted to NOK 14 million in 2013 (12), of which NOK 4 million in internal revenues (3). The increase mainly reflects contract price adjustments.

Operating costs amounted to NOK 13 million (13), with costs split between personnel costs at NOK 3 million and other operating expenses at NOK 11 million. Depreciation and amortisation for the segment are limited to NOK 0.2 million.

O&M operating profit (EBIT) was hence NOK 0.4 million (0).

The addition of the Kalkbult plant increased the O&M contract portfolio from 71 MW to 146 MW, of which 51 MW is third party contracts. No O&M revenues are recognized from the Kalkbult plant in 2013 as the contract is only effective from the formal technical taking over date. Segment revenues and profits are thus expected to increase significantly in 2014, with full year revenues from Kalkbult and O&M services provided to Linde and Dreunberg during the year.

Development & Construction (D&C)

The Development & Construction segment comprises development activities in a number of projects across the globe. Revenues and profits are generated through development,

design and construction of solar power plants, wholly- or partially-owned by Scatec Solar. The company currently has two solar power plants with a combined gross capacity of 84 MW under construction. The development portfolio currently consists of projects with a combined capacity of 122 MW in backlog and in excess of 600 MW additional in pipeline.

KEY FIGURES

NOK MILLION	2013	2012
External revenues	16.2	289.6
Internal revenues	1812.2	297.9
Net income from associated companies	-3.2	-0.3
Total revenue and other income	1825.2	587.2
Gross profit	671.7	190.0
EBITDA	589.2	140.6
EBIT	565.8	136.0

Revenues in the Development & Construction (D&C) segment amounted to NOK 1,825 million in 2013, of which NOK 1,812 million were internal revenues and NOK 16 million were external. This represents a substantial increase from 2012, when total D&C revenues amounted to NOK 587 million split between NOK 298 million in internal revenues and NOK 290 million in external revenues.

The higher activity level on internal projects primarily relates to the construction and completion of the 75 MW Kalkbult solar power plant, and ongoing construction of the Linde (40 MW) and Dreunberg (75 MW) solar power plants.

Gross profit improved to NOK 672 million in 2013 from NOK 190 million in 2012. Gross margin improved to 37% from 32% in the previous year.

Operating costs amounted to NOK 83 million excluding depreciation, amortisation and impairment (49), reflecting the higher activity level.

EBITDA hence amounted to NOK 589 million in 2013, compared to NOK 141 million in 2012.

Depreciation, amortisation and impairment amounted to NOK 23 million (5), and operating profit (EBIT) was thus NOK 566 million (136).

As of June 2014, the D&C segment has a total of 84 MW under construction.

Construction revenues are recognized based on Percentage of Completion, using cost incurred over total expected costs as the basis for calculation. The Linde solar power plant was 74% completed at the end of 2013, and reached its commercial operation date 30 June 2014, whereas Dreunberg was 50% completed and is scheduled for commissioning in the third quarter 2014. Construction of a 8.5 MW solar power plant in Rwanda was initiated in February 2014 with expected commercial operation later in 2014.

Corporate and elimination

Corporate activities generated revenues and gross profit of NOK 8 million in 2013 (9), and an operating loss of NOK 23 million (16).

The operating costs of NOK 31 million (25), comprised personnel costs of NOK 12 million (12) and other operating expenses of NOK 19 million (13) primarily reflecting general corporate and administrative costs.

Internal revenues of NOK 1,824 million where eliminated in the consolidation of the segments (310), generating the reported consolidated revenues of NOK 129 million for 2013 (366).

In terms of operating profits, internal eliminations reduced gross profit by NOK 683 million to NOK 117 million, whereas internal elimination reduced operating profit by NOK 638 million to NOK -75 million. In 2012 internal eliminations reduced gross profit by NOK 170 million to NOK 109 million, while internal eliminations reduced operating profits by NOK 153 million to NOK -2 million.

Market approach, backlog and pipeline

Market approach

The global market for solar energy continued to grow in 2013 reaching about 37 GW of new installations compared to approximately 29 GW in 2012, according to the solar industry analyst IHS. The continued declining trend of the European markets was more than offset by strong growth in China, Japan, the US, as well as in a number of emerging markets.

Scatec Solar has been positioning for these dynamics and has shifted its business and project development focus away from mature European markets into attractive market opportunities in Sub-Saharan Africa, the US, UK, Japan and parts of the Middle East.

The company considers a variety of factors when evaluating new markets and projects, including existing support schemes for solar, long-term market attractiveness, and operational and political risk. This is matched against Scatec Solar's strengths, seeking to increase the success rate through leveraging the company's strong track record, the integrated business model, and its network of partners.

South Africa was the first emerging market Scatec Solar penetrated, and in the short to mid-term this will remain the most important market for the company.

Demand for solar in the Sub-Saharan region is driven by strong economic growth and the need for additional low cost clean electricity generation capacity. Carbon-based alternatives for electricity generation are not readily available, often rely on fuels with volatile pricing and are costly in many regions of Africa. Scatec Solar is working with a number of international and local partners to develop and finance projects in this region, and has established an attractive pipeline in both South Africa and other parts of Sub-Saharan Africa.

The UK is one of the fastest growing solar markets in Europe, with new installations increasing to about 1.3 GW in 2013, up from 0.9 GW in 2012. Development of large-scale solar power plants in the UK is driven by a political ambition to grow the supply of renewable electricity substantially over the next few years and the introduction of the so-called "Renewables Obligation". Scatec Solar entered the UK market in 2012 through various partnerships with local project developers.

The US solar market is growing at a high rate across all customer segments. About 5.5 GW was installed in 2013, up from about

2.9 GW the year before. Development of large-scale solar power plants is mainly driven by the "Renewable Energy Portfolio Standards" (RPS) introduced in many US states and federal investment tax credits covering 30% of the investments. Scatec Solar's engagement in the US market started in 2010, and the company currently has several projects under development.

After Fukushima, Japan reinforced the support to solar by introduction of a very attractive FIT scheme in 2012. About 6 GW was installed in 2013, up from about 2.1 GW the year before. Scatec Solar is currently developing a number of projects in Japan in cooperation with Itochu Corporation, which owns 37.5% of Scatec Solar.

Backlog & pipeline

Defined as projects estimated to have more than 90% likelihood of reaching financial close and subsequent realization, Scatec Solar has a backlog comprising projects with a combined gross capacity of 122 MW as per June 2014. For these projects, off-take agreements (PPA or FIT) have been secured, and the work to secure financing of the projects has started.

The backlog includes projects in Utah (104 MW, 100% Scatec Solar), Hawaii (8 MW, 49%) and Jordan (10 MW, 50%). Construction start is expected towards the end of 2014 for all of these projects.

In addition to the project backlog, the Development & Construction segment has identified a pipeline of planned projects where the likelihood of reaching financial close and subsequent realization is estimated to be more than 50%.

This pipeline comprised projects with a combined estimated capacity of more than 600 MW. The pipeline includes about 20 projects of various size across Sub-Saharan Africa, the US, UK, Japan and parts of the Middle East.

**Organization and sustainability
Working environment and equal opportunity environment**

Scatec Solar Group had a total of 91 permanent full time employee equivalents (31 % female) in 2013, up from 78 (32% female) in 2012. The Board of Directors consists of five members, all male.

Scatec Solar promotes equal opportunities in relation to employment, career opportunities and compensation policies. As for employers, the best qualified person will be hired – regardless of gender.

The board considers the working environment to be good. The absence due to regular sick leave was 3.4% for the group.

Non-discrimination

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The company has employees in nine countries representing ten different nationalities as of end of 2013. The company has been through a rapid expansion and development phase, but is working to encourage the act's purpose within all parts of the business through establishing policies on recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group also aims to be a workplace with no discrimination due to reduced functional ability. For any employees or new applicants with reduced functional ability, individual arrangements of workplace and assignments will be made to accommodate relevant needs.

Safety

Developing and complying with HSE standards and policies in all locations is a focus area for the management and board as the Company is continuing to expanding its operations.

Scatec Solar has established an "HSE policy" based on principles addressing prevailing laws and regulations, HSE best practise, and the "Equator Principles" - a financial industry benchmark for determining, assessing and managing environmental and social risk in projects set out by the World Bank.

Scatec Solar has strong focus on safety, especially in all its construction activities. All suppliers retained to build the solar power plants are required to follow the company's HSE principles and to report on key parameters related to safety.

On the Kalkbult project, 800,000 work hours were completed in 2013 without lost time injuries.

In 2013, Scatec Solar had three lost time injuries related to the construction of the Linde project. These minor injuries affected personnel working for service providers, not employees of Scatec Solar.

External environment

Generating electricity from the sunlight is itself an act of active environmental protection and an important contribution to ensuring sustainable energy supplies. However, Scatec Solar also puts great emphasis on protecting the environment in all aspects of developing, building and operating solar power plants.

In 2013, Scatec Solar constructed Kalkbult as well as commenced construction of the Linde and Dreunberg solar power plants, all in South Africa.

Based on environmental regulations, Scatec Solar prepared "Environmental Impact Report" as part of the permitting and tendering process for the South African solar power plants. Based on the findings a "Environmental Management Programme" was established where risk mitigation and control measures were identified for implementation during the construction, operations and decommissioning phase. The main risk identified typically relates to water and waste management, flora and fauna protection, archaeology, earthwork and soil treatment, erosion and dust. Monthly reporting through the construction phase to authorities as well as site inspections by consultants and government officials were conducted without significant findings.

Social responsibility

Scatec Solar is putting a great emphasis on the social impact on local communities of its activities, an ambition shared by most authorities in the regions where Scatec Solar operates.

Scatec Solar has for the projects in South Africa taken on a commitment to ensure a share of the work force on the projects are based in the local regions, is black and as well as that a minimum share of components and supplies are domestically

sourced. Scatec Solar is also in these projects bound by the "Equator Principles" referred to above. Scatec Solar has also supported a number of activities for the local community to create awareness around solar energy the positive contributions to the local community of these projects.

Corporate governance

Equal treatment of shareholders

The Company has one class of shares. All shares carry equal rights in the Company, and the Articles of Association do not contain any provisions restricting the exercise of voting rights.

Guidelines for directors and executive management

The board of directors has adopted rules of procedures for the board of directors which inter alia includes guidelines for notification by members of the board of directors and executive management if they have any material direct or indirect interest in any transaction entered into by the Company.

Risk management and internal control

The board of directors is seeking to ensure that the Company has sound internal control and systems for risk management, including with respect to the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility, that are appropriate in relation to the extent and nature of the Company's activities.

Anti Corruption

The Company applies a zero tolerance principles for bribery and corruption, and each employee shall have reviewed and acknowledged the anti-corruption guidelines of the company.

In terms of third party risk, the Company, whilst acting as contractor, undertake to follow the IFC Performance Standards, and to ensure that its sub-contractors and suppliers adhere to the same principles.

Transactions with related parties

Scatec Solar has during 2013 and 2012 had transactions with the following related parties:

RELATED PARTY	NATURE OF TRANSACTION
Scatec AS (shareholder)	Management services and financing
Ilcochu Corp/Europe (shareholder)	Purchase of modules and inverters
Ilcochu Corp/Europe (shareholder)	Financing
Celmar AS (ultimate parent)	Financing
Simecel (non-controlling interest)	Development rights

The Board of Directors aims to ensure that any material future transaction between the Company and shareholders, a shareholder's parent company, members of the board of directors, executive personnel or close associates of any such parties are entered into on arms-length terms. For any such transactions which do not require approval by the general meeting pursuant to the Norwegian Act, the board of directors will on a case-by-case basis assess whether a fairness opinion from an independent third party should be obtained.

Please see note 19 for further details.

Risk factors

Risk factors

Through its business activities, Scatec Solar is exposed to the following financial risks: Market risk (including commodity price risk, currency risk and interest rate risk), liquidity risk and credit risk.

Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec Solar's group finance department in cooperation with the individual operational units. See also note 6.

Market risk

Scatec Solar is exposed to various market risks, including fluctuations in commodity prices, foreign currency rates and interest rates, which can affect the revenues and costs of operating, investing and financing.

Commodity price risk

Scatec Solar's sales of electricity constitute a material share of its gross profit. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term fixed price contracts. Currently, the Group is not exposed to price risk related to electricity sold at spot rate.

Currency risk

Scatec Solar operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in EUR, ZAR, CZK and USD, affects its consolidated statement of income and consolidated statement of financial position.

The Group is on an overall level managed as a NOK company for currency risk management purposes with primary focus on NOK cash flow. The general policy of the Group is to hedge foreign currency exposure based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements.

Interest rate risk

Scatec Solar is exposed to interest rate risk through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimize interest costs and to keep the viability of future interest payments within acceptable limits. The Group manages its cash flows interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps.

The non-recourse financing established in the Czech companies are at fixed interest rates whereas the non-recourse financing in the South African companies are at floating interest rates. To hedge this exposure, the Group uses interest rates swaps designated as hedging instruments.

Liquidity risk

Liquidity risk is the risk that Scatec Solar will not be able to meet obligations associated with financial liabilities when due. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilized financing facilities are monitored.

Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities.

Credit risk

Credit risk is the risk that Scatec Solar's customers or counterparties will cause the Group financial loss by failing to honour their obligations. Credit risk mainly arises from credit exposures with customer accounts receivables and deposits with financial institutions. For banks and financial institutions, only high and medium rated institutions operating in local markets are accepted. All sale of electricity is to utility companies with a solid financial position or supported by government guarantees, and the Group's management therefore considers the credit risk associated with trade receivables to be limited.

The business of the company is project related and the majority of the risks that the business is exposed to is contained and managed within individual projects. The market risk mainly relates to attractiveness of solar projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets, relative to the prices of key components, such as solar modules. Scatec Solar manages this risk through balancing the commitments on sourcing of projects and components with the commitments on the off-take and financing of the final systems, and through developing a robust portfolio of attractive project opportunities in different markets.

Scatec Solar is often required to provide performance guarantees in connection with construction activities. While the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to fairly standardized construction where Scatec Solar has a solid track-record.

Subsequent events

This annual report replaces the annual report adopted by the Board of Directors 25 March 2014. For further details refer note 29 in the consolidated financial statements for the Group, and note 17 in the financial statements for the parent company.

In February 2014, Scatec Solar secured financing and started construction of an 8.5 MW solar power plant in Rwanda. Scatec Solar is responsible for construction as well as operations and maintenance, and will hold 57% of the equity of the project. The remaining equity will be held by Nofund, the Norwegian Investment Fund for Developing Countries, and the Dutch developer Gigawatt Global Cooperative.

On 19 March 2014, the 75 MW Kalkbult solar power plant in South Africa reached its formal Commercial Operation Date under the Power Purchase Agreement with Eskom and is subsequently selling electricity at 100% of the contracted price.

On 21 March 2014, the 104 MW Uthmaniyah Red Hills project in the US received final approval from the Public Service Commission for the power purchase agreement (PPA) entered into with Rocky Mountain Power (PacifiCorp) in December 2013. Financing and construction planning activities are ongoing and the project is expected to commence construction in the second half of 2014.

On June 30 2014, the 40 MW Linde solar power plant in South

Africa reached its formal Commercial Operation Date under the Power Purchase Agreement with Eskom and is subsequently selling electricity at 100% of the contracted price.

A decision was made in April to close down the Group's subsidiary located in Regensburg, Germany. The termination of the German activities will occur gradually and is expected to be completed within FY 2014. It is not expected that the Group will incur significant one-off costs in relation to the closure of the Regensburg office.

Outlook

The main priorities for Scatec Solar in 2014 is to secure maximum production at solar power plants in operation, complete projects currently under construction, achieve financial close on projects in the backlog as well as further develop projects in the pipeline.

When construction of Dreunberg in South Africa and ASVY in Rwanda is completed, Scatec will operate solar power plants with

a combined capacity of 219 MW.

Based on a full year of production at the Kalkbult plant in South Africa, revenues and operating results are expected to increase significantly in 2014 compared to 2013.

The global market for solar energy is expected to grow significantly also in 2014, with industry analysts estimating between 45-50 GW of new installation up from about 37 GW in 2013.

As described above, Scatec Solar is well positioned to take part in this growth through a significant backlog and pipeline of projects in Sub-Saharan Africa, the US, UK, Japan and parts of the Middle East.

In total, Scatec Solar's portfolio of solar power plants in production, under construction, in backlog and pipeline have a total production capacity of more than 1 GW.

Oslo, 21 July, 2014

The Board of Directors of Scatec Solar AS

John Andersen Jr. (Chairman)

Akiniko Nakazono

Olaf Bjørseth

Ole Gimsrud

Michio Tanaka

Raymond Carlsen (CEO)

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Consolidated statement of profit or loss

1 January – 31 December

NOK THOUSAND	NOTE	2013	2012 RESTATED ¹⁾
Revenues	4	132,163	366,705
Net income/(loss) from associated companies	4, 13	-3,191	-298
Total revenues and other income		128,972	366,407
Cost of sales	4	-12,331	-257,384
Gross profit		116,641	109,023
Personnel expenses	7	-50,886	-39,212
Other operating expenses	8	-82,607	-41,927
Depreciation, amortization and impairment	10, 11	-578,36	-29,858
Operating profit		-74,688	-1,984
Interest and other financial income	9	90,613	4,485
Interest and other financial expenses	9	-62,116	-62,006
Foreign exchange gain/(loss)	6	64,242	-8,101
Net financial expenses		92,739	-65,622
Profit before income tax		18,052	-67,606
Income tax (expense)/benefit	12	-25,603	19,161
Profit/(loss) for the period		-7,551	-48,445
Profit/(loss) attributable to:			
Equity holders of the parent		-34,678	-46,371
Non-controlling interests		-7,551	-2,074
			-48,445
Earnings per share (NOK)			
- Basic and diluted	17	-21	-29

1) Amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made; refer to note 2.3.

Consolidated statement of comprehensive income

1 January – 31 December

NOK THOUSAND	NOTE	2013	2012 RESTATED ¹⁾
Profit/(loss) for the period		-7,551	-48,445
Other comprehensive income: Items that may be subsequently reclassified to profit or loss			
Net movement of cash flow hedges	22	125,280	-62,197
Income tax effect	12	-35,079	17,415
Foreign currency translation differences		-53,560	-5,046
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		36,642	-49,828
Total comprehensive income for the year, net of tax		29,091	-98,273
Attributable to:			
Equity holders of the parent		-48,029	-68,252
Non-controlling interests		77,120	-30,021
		29,091	-98,273

1) Amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made; refer to note 2.3.

Consolidated statement of financial position

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2013	AS OF 31 DECEMBER 2012 RESTATED	AS OF 1 JANUARY 2012 RESTATED
ASSETS				
Non-current assets				
Deferred tax assets	12	313,644	137,066	31,396
Property, plant and equipment - in solar projects	11	1,857,294	631,239	538,057
Property, plant and equipment - other	11	8,715	3,350	1,857
Intangible assets	10	20,566	18,010	19,023
Financial assets	22	79,921	-	-
Investments in an associated companies	13	6,321	2,257	2,246
Other non-current assets		31,397	10,926	6,644
Total non-current assets		2,317,859	802,848	599,223
Current assets				
Trade and other receivables	25	25,472	22,665	45,534
Other current assets	16	105,237	93,627	168,102
Financial assets	22	50,552	-	-
Cash and cash equivalents	14	173,209	173,209	114,264
Total current assets		1,205,623	289,501	327,900
TOTAL ASSETS		3,524,482	1,092,349	927,123

1) Amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to note 2.3.

Consolidated statement of financial position

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2013	AS OF 31 DECEMBER 2012 RESTATED	AS OF 1 JANUARY 2012 RESTATED
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	18	1,624	1,624	1,624
Share premium		301,286	301,286	301,286
Total paid in capital		302,910	302,910	302,910
Other equity				
Retained earnings		-14,074	-112,396	-66,025
Other reserves		-51,860	-38,509	-16,627
Total other equity		-198,934	-150,905	-82,652
Non-controlling interests		294,640	10,517	9,584
Total equity		398,616	162,522	229,842
Non-current liabilities				
Deferred tax liabilities	12	80,894	10,076	6,382
Non-recourse project financing	21	2,376,968	595,493	386,367
Financial liabilities	22	-	61,532	-
Other non-current financial liabilities		3,608	3,728	-
Total non-current liabilities		2,461,470	670,829	392,749
Current liabilities				
Trade and other payables		441,811	274,000	134,441
Income tax payable	12	91,881	55,597	18,602
Non-recourse project financing	21	21,572	16,003	28,915
Financial liabilities	22	16,298	25,121	-
Other current liabilities	15	92,834	134,877	122,574
Total current liabilities		664,396	236,998	304,532
Total liabilities		3,125,866	929,827	697,281
TOTAL EQUITY AND LIABILITIES		3,524,482	1,092,349	927,123

1) Amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to note 2.3.

Oslo, 21 July, 2014

The Board of Directors of Scatec Solar AS

John Andersen Jr. (Chairman)
Akimiko Nakazono

Olav Bjørseth
Ole Gimsrud

Michio Tanaka
Raymond Carlsen (CEO)

Consolidated statement of changes in equity

NOK THOUSAND	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	OTHER RESERVES			NON- CONTROLLING INTERESTS	TOTAL EQUITY
				FOREIGN CURRENCY TRANSLATION	IFRS RESERVES	TOTAL		
At 01.01.2012	1,624	301,286	-66,025	-16,627	-	220,288	9,584	229,842
Profit for the period			-46,371		-	-46,371	-2,074	-48,445
Other comprehensive income			-4,417	-17,465	-	-21,882	-279,47	-49,829
Total comprehensive income	-	-	-46,371	-4,417	-17,465	-68,253	-30,021	-98,274
Transactions with non-controlling interests							-3,529	-3,529
Dividend to equity holders of the company							-12,173	-12,173
Capital increase from non-controlling interests				-	-	-	46,656	46,656
At 31.12.2012	1,624	301,286	-112,396	-21,044	-17,465	152,005	10,517	162,522
Profit for the period			-34,678		-	-34,678	271,27	-7,551
Other comprehensive income			-48,554	35,203	-13,351	49,993	36,642	36,642
Total comprehensive income	-	-	-34,678	-48,554	35,203	-48,029	77,120	29,091
Transactions with non-controlling interests							-	-
Dividend to equity holders of the company							-800	-800
Capital increase from non-controlling interests				-	-	-	207,803	207,803
At 31.12.2013	1,624	301,286	-147,074	-69,598	17,738	103,976	294,640	398,616

1) The total capital increase from non-controlling interests to project entities consists of shareholder loans and equity. The amount of shareholder loans is NOK 199 094 thousand. All payments related to these loans are at the discretion of the project companies. Accordingly, as the loans do not contain any contractual obligation to pay cash or other financial assets, the shareholder loans are presented as equity in the financial statements of the Group.

There were no effects on equity at 1 January 2012 resulting from the retrospective application of IFRS 10 in 2013.

Consolidated statement of cash flow

NOK THOUSAND	NOTE	2013	2012 RESTATED ¹⁾
Cash flow from operating activities			
Profit before taxes		18,052	-67,606
Taxes paid	12	-133,116	-67,286
Depreciation, amortisation and impairment	10,11	57,835	29,858
Net income from associated companies	13	3,191	298
Interest and other financial income	9	-90,613	-4,485
Interest and other financial expenses	9	62,116	62,006
Foreign exchange gain/(loss)		-64,242	8,101
(Increase)/decrease in trade and other receivables	25	-2,807	22,889
(Increase)/decrease in other current assets	16	-11,610	55,275
Increase/(decrease) in trade and other payables		414,411	-107,041
Increase/(decrease) in current liabilities	15	38,921	25,215
Other changes		8,942	3,128
Net cash flow from operating activities		301,080	-39,068

Cash flows from investing activities			
Interest received		13,845	1,477
Investments in property, plant and equipment ²⁾	11	-1,313,765	-134,991
Investments in associated companies and other non-current assets	13	-6,487	-7,437
Net cash flow used in investing activities		-1,306,417	-140,951

Cash flow from financing activities			
Proceeds shareholders loan from non-controlling interest		207,804	46,656
Interest paid		-44,798	-23,196
Proceeds from non-recourse project financing	21	1,803,047	228,510
Repayment of non-recourse project financing	21	-16,003	-15,218
Repayment of corporate overdraft facility	14	-80,964	-
Dividends paid to non-controlling interest		-800	-12,172
Net cash flow from financing activities		1,868,286	224,980

Net increase/(decrease) in cash and cash equivalents		862,948	44,561
Effect of exchange rate changes on cash and cash equivalents		-10,795	14,364
Cash and cash equivalents at beginning of the period		173,209	114,264
Cash and cash equivalents at end of the period		1,025,362	173,209

1) Amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to note 2.3.

2) hereof NOK 70 673 is capitalized borrowing costs

Restricted cash in project entities	380,935	56,511
Other restricted cash	347,917	22,246
Free cash	296,510	94,452
Total cash and cash equivalents	1,025,362	173,209

Notes to the Consolidated financial statements Group

Note 1 Corporate information

Scatec Solar AS is incorporated and domiciled in Norway. The address of its registered office is Sommergaten 13-15, NO-0255 OSLO, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar AS ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec Solar") is one of the world's leading independent solar power providers. The Company is pursuing an integrated business model across the complete lifecycle of utility-scale solar photovoltaic (PV) power plants including project

development and design, financing, engineering, procurement, construction management, operation and maintenance and asset management (see Note 4 – operating segments). Information on the Group's structure is provided in Note 5.

The consolidated financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2014.

Note 2 Summary of significant accounting policies

2.1 Basis for preparation of the annual accounts

The Scatec Solar Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments at fair value through profit or loss, financial instruments that are available for sale and recognised at fair value, and loans, receivables and other financial liabilities, which are recognised at amortised cost.

The consolidated financial statements are presented in Norwegian kroner (NOK), and all values are rounded to the nearest thousand (NOK 1 000) except when otherwise indicated. See subsection 2.3 for further information on the implemented change of presentation currency in 2013.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policies, refer to Note 2.3.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December

2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests

The non-controlling interests include the non-controlling interests' share of subsidiaries' carrying amounts. Non-controlling interests are calculated on the respective subsidiaries' stand-alone reporting, adjusted for intercompany transactions – i.e. unrealised profits and losses for the Group are not taken into account even if they are realised for the subsidiary on a stand-alone basis. Further, unrealised intercompany profits relating to depreciable assets (solar power plants) are viewed as being realised gradually over the remaining economic life of the asset.

See Note 28 - Non-controlling interests for information on the non-controlling interests share of profit/loss and equity prior to intercompany eliminations.

a) 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 the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When Scatec Solar 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 as at the acquisition date.

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 re-measured to fair value at the acquisition date through profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of consideration transferred and any amount recognised for the non-controlling interests over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

When acquiring a non-controlling interest, the difference between the cost of the non-controlling interest and the non-controlling interest's share of the assets and liabilities is reflected in the consolidated statement of financial position at the date of acquisition of the non-controlling interest as an equity transaction.

b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's statement of financial position is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss as part of the operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Group does not currently have any significant interest in joint ventures or joint operations.

c) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Foreign currencies

The Group's consolidated financial statements are presented in NOK, which is also the parent company's functional currency. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

Transactions in foreign currencies are initially recorded by the Groups entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into NOK at the rate of exchange prevailing at the reporting date and their income statements are translated at average monthly exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

e) Revenue recognition

The Group have the following main sources of revenues:

Sale of project rights

Where Scatec Solar develops projects or acquire project rights and sell these assets to entities outside the Scatec Solar group, Revenues from transfer of development rights are recognised upon the transfer of title.

Sale of construction services

Where Scatec Solar is responsible for the total scope of a Turn

Key installation of a solar power plant through a contract covering Engineering, Procurement and Construction. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method.

Sale of operation and maintenance services

Where Scatec Solar delivers services to ensure optimised operations of solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided.

Sale of electricity

The Group's power producing assets derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of electricity are recognised at the time the electricity is supplied on the basis of periodic meter readings.

Construction contracts

Revenue from fixed price construction contracts is recognised based on the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete.

Scatec Solar periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for solar modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec Solar recognises direct material costs as incurred costs when the direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, revenue and associated costs are deferred and recognised once those materials are installed and have met any other revenue recognition requirements. Scatec Solar considers direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale, and are adjusted for subsequent changes in estimates of actual outcomes.

The group has currently no ongoing external construction contracts.

f) Employee benefits

The Group has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the consolidated statement of profit or loss in the period in which the contribution amounts are earned by the employees.

g) Income tax

Income tax expense comprises current tax and deferred tax.

Current income tax

Current income tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and, the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amount for assets to be received (disputed tax positions for which payment has already been made), are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred and are presented in net financial expenses in the statement of profit or loss.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period

Current and deferred tax are recognised as expense or income in the consolidated statement of profit or loss, except where they relate to items recognised in other comprehensive income or directly to equity, in which case the tax is also recognised as other comprehensive income or directly to equity.

h) Intangible assets

Each solar project that the Group develops is unique and does not give rise to an intangible asset, which can be utilised across projects. Consequently, there are no internally generated intangible assets in the Group's statement of financial position.

i) PPE under development

Expenses relating to research activities (feasibility studies) are recognised in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and other directly attributable expenses. Capitalised development costs are presented as part of Property, plant and equipment to the extent that the Group has the intention to complete the development and construction as well as operating the solar power plant. In the

case where the Group's intention is to sell the solar power plant, capitalised development costs are presented as inventory.

j) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs incurred in the construction period. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component. Maintenance expenses are recognised in the statement of profit or loss as incurred.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is de-recognised.

General and specific borrowing costs directly attributable to the acquisition or construction of solar power plant are capitalised within property plant and equipment. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalised until the date in which development of the relevant asset is complete. All other borrowing costs are recognised in the profit or loss in the period in which they incur.

Depreciation of a solar power plant commences when the plant is ready for management's intended use, normally at the date of grid connection and commissioning. On the same date capitalisation of construction expenses cease.

k) Impairment of intangible assets with definite useful life and property, plant and equipment

For impairment of intangible assets and property, plant and equipment, the Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped to a level that provides separately identifiable and largely independent cash flows.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount which is the higher of fair value less costs to sell and value in use. Frequently the recoverable amount of an asset proves to be the Group's estimated value in use, which is determined using a discounted cash flow model. The estimated future cash flows are based on budgets and forecasts for a period of up to five years and are adjusted for risks specific to the asset and discounted using a post-tax discount rate. Country risk is adjusted for in the discount rate. The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the

amount of impairment that would be required if pre-tax discount rates had been used.

If assets are determined to be impaired, the carrying amounts of those assets are written down to the recoverable amount which is the higher of fair value less costs to sell and value in use. Impairments are reversed to the extent that conditions for impairment are no longer present.

l) Impairment of goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. At the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the business combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised, first on goodwill and then on a pro-rata basis to the other assets of that unit. Impairments of goodwill are not reversed in future periods.

m) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, Scatec Solar assesses whether the arrangement is or contains a lease.

The Group distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by the Group to qualify as leases for accounting purposes. Capacity payments are recognised in the statements of income as an expense.

Lease arrangements in which the Group is a lessee

Leases for which the Group assumes substantially all the risks and rewards of ownership, are reflected as finance leases within property, plant and equipment and financial liabilities, respectively. All other leases are classified as operating leases and the costs are charged to the statement of profit or loss on a straight-line basis over the lease term, unless another basis is more representative of the benefits of the lease to the Group.

Finance lease assets and liabilities are reflected at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease. The finance lease assets are subsequently reduced by accumulated depreciation and impairment losses, if any. The assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases for which most of the risk and return associated with the

ownership of the asset have not been transferred to the Group are classified as operating leases. During the contract period, lease payments are classified as operating costs and are recognised in the statement of comprehensive income in a straight-line.

Lease arrangements in which the Group is a lessor

Scatec Solar has not entered into arrangements in which the Group is a lessor.

n) Government grants

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are recognised systematically over the asset's useful life. Investment grants are recognised either as deferred income or as a deduction of the assets' carrying amount.

o) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises costs of solar PV components as well as solar PV project assets that are intended for sale.

Inventories consist primarily of costs relating to solar power projects in various stages of development that is capitalised prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing a solar power plant. Development costs can include legal costs, consulting fees, authorisations and permits, or other costs such as interconnection and transmission upgrade costs.

The Group reviews inventory for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Scatec Solar considers a project commercially viable if it is anticipated to be realised for a profit once it is either fully developed or fully constructed. Scatec Solar considers a partially developed or partially constructed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable of which is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease.

p) Cash and cash equivalents

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

Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group.

q) Dividends

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Norway, a distribution

is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r) Non-recourse financing

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the project entities carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For the non-recourse financing associated with the Czech entities, cross default applies within the Czech group of companies.

Non-recourse financing is recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the profit or loss within finance expense. Transaction costs incurred in acquiring a floating rate instrument are amortised using the straight-line amortisation method. Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down; in this case, the fee is deferred until the drawdown occurs. If there is no evidence to indicate that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

s) Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Group did not have any held-to-maturity or available for sale investments during the years ended 31 December 2013 and 2012.

Loans and receivables

This category is the most relevant category to the Group in the 2012 and 2013 consolidated financial statements. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of

profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 23.

ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred loss event), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty or the probability that they will enter bankruptcy.

iii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information refer to Note 21.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the

recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

v) Definition of equity instrument

Entities within the Group has issued certain instruments as part of the project financing structures to minority shareholders (shareholder loans). These shareholder loans are considered equity instruments only if both of the following conditions are met:

- The instrument includes no contractual obligation either:
- To deliver cash or another financial asset to another party; or
- To exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the issuer

On the basis of the above, all payments related to the shareholder loans are of the discretion of the company. Accordingly, the shareholder loans are accounted for as equity.

b) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

The Group has interest rate swaps (fair value hedge) that is used as a hedge for the exposure of changes in the fair value of its floating rate secured loans; see Note 22 for more details.

The Group uses forward currency contracts as cash flow hedges of its exposure to foreign currency risk in forecast transactions.

The Group only applies hedge accounting for fair value hedges that meet the criteria in IAS 39. At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts recognised in other comprehensive income are reclassified to profit or loss when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised. If a hedge of a forecasted

transaction subsequently results in the recognition of a non-financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss. If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs.

u) Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses in the consolidated statement of profit or loss.

A provision for a guarantee is recognised when the underlying products or services are sold. The provision is based on historical information on guarantees and a weighting of possible outcomes according to the likelihood of their occurrence.

The Group recognises as provisions the obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received in relation to the contract.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation, if any, are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved. Disclosures are not given if the possibility of an outflow in settlement is remote.

Contingent assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the Group's control, are not recognised, but are disclosed when an inflow of economic benefits is probable.

v) Events after the reporting period

New information on the company's financial position at the end of the reporting period that becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that 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.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. In addition, the application of IFRS 12 Disclosure of Interests in Other Entities resulted in additional disclosures in the consolidated financial statements.

Several other amendments apply for the first time in 2013.

However, they do not impact the annual consolidated financial statements of the Group. The nature and the impact of each new standard and amendment is described below.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

The Group early adopted IFRS 10 in the current year. The application of IFRS 10 affected the accounting for the Group's interest in the equity shares in Scatec Solar SA 166, Simacel 155 and Simacel 160 (South African project entities operating the solar power plants). For the financial year 31 December 2012, Scatec Solar SA 166 was considered to be an associate under the previously existing IAS 28 Investments in Associates and was accounted for using the equity method. At the date of initial application of IFRS 10 (1 January 2013), the Group assessed that it controls the three entities based on the factors explained in note 3 - Key sources of estimation uncertainty, judgements and assumptions and note 26 - Early adoption IFRS 10.

The Group has consolidated the financial statements of the three entities based on its equity interest and accounted for the balance as non-controlling interests. The assets, liabilities and equity of the entities have been retrospectively consolidated in the financial statements of the Group. Non-controlling interests have been recognised at a proportionate share of the net assets of the subsidiary. The opening balances at 1 January 2012 and comparative information for year ended 31 December 2012 have been restated in the consolidated financial statements.

The quantitative impact on the financial statements is provided in Note 26.

Change of presentation currency

In December 2013, the Board of Directors of Scatec Solar resolved that the presentation currency in the consolidated financial statements of the group should be changed from Euros to Norwegian kroner. A change of the presentation currency is considered a change of accounting policy and is applied retrospectively. The following main procedures have been applied:

- Assets and liabilities of foreign operations where the functional currency is other than NOK were translated into NOK at the relevant closing rates of exchange. Non-NOK trading results were translated into NOK at the relevant average rates of exchange. Difference arising from the retranslation of the opening net assets and the results for the year haven't recognised in the foreign currency translation reserve.
- The cumulative foreign currency translation reserve was set to zero at the date the group was established, 2 October 2007.

- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of the transactions

Presentation of associated companies

Net income from associated companies is presented on a separate line within total revenues and other income in the consolidated statement of profit or loss with retrospective effect. Under the former accounting policy, net income from associated companies was presented on a separate line after net financial expenses. The current presentation reflects the fact that these investments are part of core business for the Group.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified to profit or loss at a future point in time, for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets, would be presented separately from items that will never be reclassified, for example, actuarial gains and losses on defined benefit plans. The amendments affects presentation only and have no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the dated notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 January 2012) in the case of the Group, presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. IFRS 12 disclosures are provided in Note 27.

The early adoption of IFRS 11 Joint arrangements and IFRS 13 Fair value measurement has not had an impact on the Groups consolidated statements of income, comprehensive income, financial position, changes in equity or cash flow.

2.4 Standards issued but not yet effective

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

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) effective for annual periods beginning on or after 1 January 2014.

Note 3 Key sources of estimation uncertainty, judgements and assumptions

In connection with the preparation of the Company's consolidated financial statements, the Company's management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. The Company's management believes the following critical accounting policies affect the more significant judgements and estimates used in the preparation of the consolidated financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Consolidation of entities in South Africa

Together with four other shareholders, Scatec Solar has established three project companies in South Africa for the purpose of constructing and operating solar power plants under the South African Renewable Energy Independent Power Producer Program.

Through various group entities, Scatec Solar have five distinct roles in these projects:

1. As shareholder and lead member of the consortium in the tender process
2. As developer including obtaining project rights, land permits and other local approvals
3. As EPC supplier Scatec Solar is responsible for the construction of the projects

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 effective for annual periods beginning on or after 1 January 2014.

IFRIC Interpretation 21 Levies (IFRIC 21) effective for annual periods beginning on or after 1 January 2014.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 effective for annual periods beginning on or after 1 January 2014.

4. As provider of Operations & Maintenance services to the projects

5. As provider of Management Services to the project companies

Through governing documents of these entities, rights that are considered more than protective by nature have been transferred from Scatec Solar to the other shareholders. This transfer of rights include approval of all Shareholders in the composition of the Board of Directors, amendments of Project Agreements or Finance Agreements, approval of the annual budgets of the companies and the appointment and removal of the managing directors of the Companies.

However, based upon the contractual terms and the overall role of Scatec Solar in these projects, the Group has assessed that the transfer of rights in these project companies are not a dominant factor in deciding who controls the entities. The magnitude and variability of exposure to returns in these projects for Scatec Solar have been considered together with other factors such as the ability to direct the relevant activities of the project companies. Therefore, the Group concluded that these project companies are under the control of Scatec Solar under IFRS 10 with non-controlling interests. On the basis of the above, these project companies are consolidated in the Group's consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against

Note 4 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision maker, defined as the Group management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec Solar manages its operations in three segments: Development and Construction (D&C), Operation and Maintenance (O&M) and Power Production (PP).

Financing and operation of solar power plants is ring-fenced in project entities with a non-recourse project finance structure, where Scatec Solar contributes the required equity either alone or together with co-investors. For entities where Scatec Solar is deemed to have a controlling interest in accordance with IFRS 10, revenues, expenses, assets and liabilities are included on a 100% basis in the consolidated Financial Statements and presented correspondingly in the Power Production segment reporting.

Development and Construction

The Development and Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Groups solar power plants. These transactions are primarily made with entities that are under the control of the Group and hence are being consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method.

Operation and Maintenance

The Operation and Maintenance segment delivers services to ensure optimised operations of the Groups solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are

which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has NOK 656 547 thousand (2012: NOK 46 190 thousand) of tax losses carried forward. When assessing the probability of utilising these losses several factors are considered. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward, if the losses may be used to offset taxable income elsewhere in the Group and if there are any tax planning opportunities available. At year-end 2013 the Group has recorded a valuation allowance of NOK 10 491 thousand (2012: NOK 8 699 thousand) related to tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by NOK 36 826 thousand. Further details on taxes are disclosed in Note 12.

based on service agreements with a peioritic base fee as well as a potential performance bonus.

Power Production

The Power Production segment manages the Groups power producing assets, and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Finance and operation of the plants is ring-fenced in project entities with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these project companies to Scatec Solar and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

Corporate

Corporate consists of the activities of corporate services, management and group finance. Further, Corporate also provide certain development and construction services, primarily to the Development and Construction segment.

No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, O&M and PP segments, where Scatec Solar is deemed to hold a controlling interest, are presented as internal Revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on internal contractual standards and terms negotiated at arm's length with lenders and co-investors in each project entity.

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit. The measurement basis for the segment data follows the accounting policies used in the consolidated financial statement for 2013 as described in Note 2 Summary of significant accounting policies.

2013	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
NOK THOUSAND						
External revenues	106,040	9,888	16,235	-	-	132,163
Internal revenues	-	4,057	1,812,187	8,040	-1,824,284	-
Net income/(loss) from associated companies	-	-	-3,191	-	-	-3,191
Total revenues and other income	106,040	13,945	1,825,232	8,040	-1,824,284	128,973
Cost of sales	-	-	-1,153,521	-	1,141,190	-12,331
Gross profit	106,040	13,945	671,711	8,040	-683,094	116,642
Personnel expenses	-5,309	-2,742	-30,970	-11,865	-	-50,886
Other operating expenses	-34,754	-10,634	-51,571	-19,482	33,835	-82,607
Depreciation, amortisation and impairment	-45,538	-161	-23,416	-	11,279	-57,836
Operating profit	20,439	408	565,754	-23,308	-637,980	-74,688
2012						
NOK THOUSAND	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	67,777	9,379	289,550	-	-	366,705
Internal revenues	-	2,990	297,927	9,294	-310,211	-
Net income/(loss) from associated companies	-	-	-298	-	-	-298
Total revenues and other income	67,777	12,369	587,179	9,294	-310,211	366,407
Cost of sales	-	-	-397,185	-	139,791	-257,394
Gross profit	67,777	12,369	189,993	9,294	-170,420	109,013
Personnel expenses	-1,367	-3,062	-22,548	-12,235	-	-39,212
Other operating expenses	-5,137	-9,469	-26,823	-12,782	12,284	-41,927
Depreciation, amortisation and impairment	-30,389	-	-4,573	-	5,104	-29,858
Operating profit	30,884	-162	136,050	-15,723	-153,032	-1,984

Geographical areas

In presenting information on the basis of geographical areas, revenues from external customers are attributed to the country of the legal entity. The allocation of property, plant and equipment is based on the geographical location of the assets. Geographical data for the years ended 31 December 2013 and 2012 is presented below.

NOK THOUSAND	EXTERNAL REVENUE		PROPERTY, PLANT AND EQUIPMENT	
	2013	2012	2013	2012
Czech	60,240	64,847	425,908	430,781
South Africa	44,454	-	1,400,948	151,677
US	4,238	13,504	29,117	26,775
Italy	4,222	37,913	4,426	18,871
France	1,544	83,325	2,901	5,537
Romania	14,597	27,439	-	-
Germany	2,867	138,677	2,234	947
Norway	-	-	476	-
Total	132,162	366,705	1,866,009	634,589

Major customers

The predominant share of the Group's recurring revenues comes from the Power Production segment, and relates to sale of electricity from solar power plants in Czech Republic and South Africa.

The Czech power plants commenced operations in 2009 (1 plant) and 2010 (3 plants), and have entered into power purchase agreements with utilities CEZ Distribuce (representing approx. 66% of 2013 revenues) and E.ON Distribuce (representing approx. 32% of 2013 revenues), based on the terms of the Czech Energy Act and Czech Renewable Energy Act. This legislation requires the utilities to purchase the power produced from renewable energy sources for a period of 20 years at the feed-in-tariff (FIT) prescribed by law and applicable regulation, adjusted annually.

In South Africa, all revenues are earned under a 20 year Power Purchase Agreement (PPA) with Eskom Holdings (South African incumbent utility) which was awarded under the Renewable Independent Power Producer Procurement Programme (REIPPP) administered by the Department of Energy. Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Inter-Governmental Framework Agreement.

Note 5 Consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements.

COMPANY	REGISTERED OFFICE	OWNERSHIP INTEREST 2013	OWNERSHIP INTEREST 2012
Scatec Solar GmbH	Regensburg, Germany	100%	100%
Scatec Solar Italy S.R.L.	Milano, Italy	100%	100%
BEL F S.R.L.	Roma, Italy	100%	51%
Scatec Solar SA163 (Pty) Ltd	Cape Town, South Africa	92%	92%
Scatec Solar S.R.O	Prague, Czech	100%	100%
Signo Solar PP01 S.R.O	Prague, Czech	100%	100%
Signo Solar PP02 S.R.O	Prague, Czech	100%	100%
Signo Solar PP03 S.R.O	Prague, Czech	100%	100%
Signo Solar PP04 S.R.O	Prague, Czech	100%	100%
SPV 1 Solar S.R.O	Prague, Czech	100%	100%
Scatec Solar India Pvt. Ltd.	New Dehl, India	100%	100%
Scatec Solar North America Inc.	California, US	100%	100%
Utah Red Hills Renewable Park, LLC	California, US	100%	100%
Altamira a Renewable Energy Park, LLC ¹⁾	California, US	100%	
Live Oak Solar Farm, LLC ¹⁾	California, US	100%	
Three Peaks Power, LLC ¹⁾	California, US	100%	
Scatec California Solar No.1, LLC ¹⁾	California, US	100%	
Scatec California Partners, LP ¹⁾	California, US	100%	
Scatec Solar Hawaii, LLC ¹⁾	Hawaii, US	100%	
Chateau St. Jean Solar LLC	California, US	80%	80%
Jouves SPV SAS	St Raphael, France	100%	100%
La Lande de Gout SAS	St Raphael, France	100%	100%
Scatec Norgege Holding II SA	Luxemburg	100%	100%
Scatec Dineen Partnership SARL	Luxemburg	100%	100%
SDP ISARL	Luxemburg	100%	100%
Charima Soleil SAS	France	100%	100%
Riguepeu SAS	France	100%	100%
SI Usin SAS	France	100%	100%
Scatec Solar SAS	St. Raphael, France	100%	100%
Scatec Luxembourg Holding SA	Luxemburg	100%	100%
Scatec Solar Asia Pacific Pte Ltd	Singapore	100%	100%
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	70%	70%
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	65%	65%
Scatec Solar SA 166 (Pty) Ltd	Sandton, South Africa	39%	39%
Scatec Solar SA 164 (Pty) Ltd ¹⁾	Sandton, South Africa	71%	
Simacel 155 (Pty) Ltd ¹⁾	Sandton, South Africa	39%	
Simacel 160 (Pty) Ltd ¹⁾	Sandton, South Africa	39%	
Scatec Solar Management Services (Pty) Ltd ¹⁾	Sandton, South Africa	100%	
Scatec Solar Ghana Ltd ¹⁾	Tokyo, Japan	100%	
Scatec Solar West Africa Mail	Ghana	95%	
Scatec Solar Namibia (Pty) Ltd ¹⁾	Mail	100%	
	Namibia	70%	

¹⁾ Companies established in 2013.

Ownership interest corresponds to the voting interest if not otherwise stated. For companies on level 2 in the table above (i.e. subsidiaries of the ultimate parent's subsidiaries), the ownership interest stated is the mathematically indirect shareholding.

For information on associated companies, see Note 13.

Note 6 Financial risk management

General information relevant to risks

Through its business activities Scatec Solar is exposed to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec Solar's group finance department in cooperation with the individual operational units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Scatec Solar is exposed to various market risks, including fluctuations in commodity prices, foreign currency rates and interest rates that can affect the revenues and costs of operating, investing and financing.

Commodity price risk

Scatec Solar's sales of electricity constitute a material share of its gross profit. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed price contracts. Currently, the Group is not exposed to price risk related to electricity sold at spot rate as all contracts are based on Feed-in-Tariffs (FITs) or Power Purchase Agreements (PPAs).

Currency risk

Scatec Solar operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in EUR, ZAR, CZK and USD, affects its other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into NOK for reporting purposes. There is also an accounting exposure related to translation effects for intercompany balances. The Group is in the start-up phase with projects in Japan, Rwanda and the UK and will increasingly be exposed to changes in JPY, RWF and GBP. Exchange rate risk also arises when subsidiaries enter into transactions denominated in currencies other than their own functional currency and through assets and liabilities related to working capital and monetary items being denominated in various currencies.

The Group is on an overall level managed as a NOK company for currency management purposes with primary focus on NOK cash flow. Subsidiaries with functional currency other than NOK do not hedge NOK positions versus their own functional currency. For the Group's project entities, currency risks is managed separately with the basis of its local currency and expected cash flows. This is because the SPVs are set up with ring-fenced financing and have significant local non-controlling interests. The general policy of the Group is to hedge foreign currency exposure based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements.

Forward exchange contracts (FECs) have been entered into in association with the construction of the Kalkbult, Linde and Drennberg solar power plants in South Africa to reduce the EUR and USD currency exposure in which the construction contracts are denominated. The FECs are set up to limit the currency risk.

For currency risk sensitivities see Note 24 - financial instruments; measurement and market risk sensitivities.

Interest rate risk

Scatec Solar is exposed to interest rate fluctuation risks through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimise interest costs and to keep the volatility of future interest payments within acceptable limits. Based on various scenarios, the Group manages its cash flows interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting financing from floating rates to fixed rates. The non-recourse financing that is established in the Czech project entities is at fixed interest rates whereas the non-recourse financing in the South African project entities is at floating interest rates. To hedge this exposure, the Group uses interest rates swaps designated as hedging instruments. Shareholder loans granted by the non-controlling interests in the South African project entities bear a fixed interest rate. For more information on the Group's financial liabilities, see Note 21 - non-recourse financing.

For interest-risk sensitivities see Note 25 - financial instruments; measurement and market risk sensitivities.

Liquidity risk

Liquidity risk is the risk that Scatec Solar will not be able to meet obligations associated with financial liabilities when due. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised financing facilities are monitored. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities.

For information on, and the maturity of, the Group's financial liabilities see Note 21 - non-recourse financing.

Credit risk

Credit risk is the risk that Scatec Solar's customers or counterparties will cause the Group financial loss by failing to honour their obligations. Credit risk mainly arises from credit exposures with customer accounts receivables and deposits with financial institutions. For banks and financial institutions, only high and medium rated institutions operating in local markets are accepted. All sale of electricity is to utility companies with a solid financial

position or supported by government guarantees, and the Group's management therefore considers the credit risk associated with trade receivables to be limited. Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, which equals NOK 30 405 thousand at 31 December 2013.

See Note 25 for information on the provision for bad debt related to trade receivables.

Note 7 Employee benefits

SALARIES AND OTHER PERSONNEL COSTS

NOK THOUSAND	2013	2012
Salaries	65,789	51,392
Payroll tax	7177	10,708
Pension costs	1,427	2,294
Other employee benefits	1,834	2,293
Other personnel costs	1,255	1,000
Allocation to PPE / WIP (project assets)	-26,596	-28,475
Total	50,886	39,212

The number of man-years that has been employed during the financial fiscal year:

NUMBER OF MAN-YEARS EMPLOYED DURING THE FINANCIAL YEAR	2013	2012
Norway	16	18
Germany	26	35
South Africa	34	8
Czech	4	4
France	5	5
USA	2	2
India	1	1
Italy	2	5
Japan	1	0
Total	91	78

Management remuneration

CEO REMUNERATION

NOK THOUSAND	2013	2012
Salary and bonus	4,157	3,716
Pension	61	58
Other benefits	711	153
Total	4,929	3,927

During 2012 and 2013 the CEO has been stationed in South Africa. Other benefits comprise accommodation, transportation and additional travel expenses in relation to this arrangement.

The CEO has no agreed right to termination pay or other benefits except for participation in the company's regular pension plan. The CEO has a 3,3% shareholding in Scatec Solar (see Note 18 Share capital, shareholder information and dividend).

MANAGEMENT GROUP REMUNERATION

NOK THOUSAND	2013	2012
Salary and bonus	10,679	10,523
Pension	267	401
Other benefits	972	1,090
Total	11,918	12,014

Bonus arrangements

Scatec Solar has a bonus program (performance contracts) in place for its management team. During 2013, 5 employees participated in this program (2012, 6 employees). The maximum possible bonus payment range from 15 to 25% of total salary.

Performance in Scatec Solar is defined as the combination of delivery (what you achieve) and behavior (how you achieve). The performance contracts consist of both collective goals and individual goals and the bonus potential is equally split between the two. It is furthermore an absolute threshold for any payouts that certain financial targets have been met.

Total bonus payments in 2013 amounted to NOK 2,192 thousand (2012 NOK 3,002 thousand).

Pension costs

The Group has defined contribution plans for Norwegian employees. In 2013 TNOK 1,427 is expensed related to defined contribution pension plan (in 2012 TNOK 2,294).

Remuneration to the auditors (EY and other independent auditor)

The table below summarises fees for 2013 and 2012 for audit, other attestation services, tax services and other services incurred by the Group during these financial years.

2013	SCATEC SOLAR AS	OTHER GROUP COMPANIES	OTHER AUDITOR	TOTAL
Audit services	568	1,840	333	2,741
Other attestation services	0	26	98	124
Tax services	1,180	0	0	1,180
Other services	298	82	0	380
Total	2,046	1,948	431	4,424
2012	SCATEC SOLAR AS	OTHER GROUP COMPANIES	OTHER AUDITOR	TOTAL
Audit services	559	1,211	127	1,898
Other attestation services	291	45	0	336
Tax services	45	0	13	58
Other services	0	0	0	0
Total	895	1,256	140	2,291

All fees are exclusive of VAT.

The fees for audit services include fees associated with the required statutory and financial audits and reviews. Further assurance services principally include other attestation services, regulatory reporting audits and agrees upon procedures. Tax service include review of tax compliance and tax service.

Note 8 Operating expenses

Other operating expenses for the years ended 31. December 2013 and 2012 consists of:

NOK THOUSAND	2013	2012
Facilities	6,900	4,418
Professional fees	23,290	13,565
Other office costs	9,182	4,282
Travel costs	13,711	7,506
Other costs	29,526	12,155
Total other operating expenses	82,609	41,925

Included in other expenses 2013 is a settlement expense of NOK 5,868 thousand related to claim from a project co-developer in France. The case is concluded and the Company will not incur further expenses. Included in other expenses 2013 is also a bad debt provision of NOK 4,933 thousand related to a receivable originating from an agreement entered into as part of a sale of a portfolio of nine solar power plants in 2011.

Professional fees comprise the following costs:

NOK THOUSAND	2013	2012
External accounting services	2,065	1,952
Audit services fees (ref note 7)	4,691	3,043
Legal fees	3,067	2,954
Consultant fees	7061	5,527
Other	6,406	89
Total professional fees	23,290	13,565

Note 9 Financial income and expenses

NOK THOUSAND	2013	2012
Interest income	13,845	1,480
Gain on sale of financial investments	187	3,005
Forward exchange contracts (Note 24)	75,548	0
Other	1,033	0
Total financial income	90,613	4,485

NOK THOUSAND	2013	2012
Interest on debts and borrowings	51,137	29,288
Forward exchange contracts (Note 24)	0	25,121
Other	10,980	7,597
Total financial expenses	62,116	62,006

Note 10 Impairment testing goodwill and property, plant and equipment

The Group tests goodwill and other intangible assets with infinite useful life annually or more frequently if there are impairment indicators. As of 31 December 2013 and 2012 the Group had no other intangible assets with infinite useful life. Property, plant and equipment and other intangible assets with finite useful life are tested if there are indicators that assets may be impaired.

CARRYING VALUE OF GOODWILL AT 31 DECEMBER

NOK THOUSAND	OPERATING SEGMENT	
	2013	2012
Scalex Solar Solutions GmbH	Development and construction	
Total at 31 December	20,566	18,010
	20,566	18,010

The goodwill is associated with the acquisition of Solarcompetence GmbH October 2007. The goodwill was determined to be related to know how (employees), the record of accomplishment of the company acquired as well as synergies. The purpose of the acquisition was to gain control of a competence centre that had documented results from delivering engineering, procurement and construction services related to large solar power projects.

Whereas project development and certain subcontracting requires local knowledge and presence, a major part of the work related to the completion of solar power projects is of a generic nature and can be provided through a common methodology and platform independent of project and market.

In line with this strategy, the German company is not operating as a stand-alone profit centre but serves as a hub/competence centre for Scatec Solar's global business. Consequently, the goodwill is allocated to and impairment tested on the global EPC business which is part of the Development and construction operating segment.

The recoverable amount have been determined based on value in use calculations. The estimated cash flows correspond to the business plan for 2014 which is based on the Group's project pipeline. Consequently, the value in use, generated from operations in 2015 and onwards, is not included in the analysis. The business plan is approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes (MW) and an average margin related to project execution. Cash expenses have been calculated based on budgeted operating expenses attributable to project execution activities. To the best of management's judgement, capital expenditure and changes in

Goodwill

The following table shows the allocation of the total goodwill acquired in business combinations for impairment testing purposes, including to which segment the goodwill relates.

working capital is insignificant in relation to this business and is therefore excluded for the purpose of the calculation.

A detailed weighted average cost of capital (WACC) has not been calculated as the nominal free cash flows exceeds the carrying amount by more than 20 times and no reasonable interval of the discount rate would change this fact.

Property, plant and equipment - impairment losses

During 2013 the Group decided to abandon a solar power project in Italy. The impairment loss is calculated based on fair value less cost to sell. The carrying amount of the project was NOK 20 705 thousand. Estimated recoverable amount is NOK 4 253 thousand and relates to acquired land and cash deposits made. The impairment loss of NOK 16 507 has been recognised in the statement of profit and loss. The impairment loss is recognised in the Development and construction operating segment as disclosed in Note 4 - operating segments.

Further, the Group identified several smaller projects in China, France, Italy, West-Africa and North America where it is not considered probable that the Group will receive future economic benefits. Fair value less cost to sell is estimated at 0 and a total impairment charge of NOK 5 773 is recognised in the Development and construction operating segment.

No impairment indicators have been identified related to the Group's remaining property, plant and equipment, which in all material respect consists of solar power plants in operation or under construction; consequently, no impairment tests have been carried out for these assets.

The Group recognised NOK 3145 of impairment losses in 2012.

Note 11 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

NOK THOUSAND	POWER PLANTS	SOLAR POWER PLANTS UNDER CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Accumulated cost at 1 January 2013	482,908	189,450	6,008	678,366
Additions	-	1,306,255	7510	1,313,765
Transfers	743,410	-743,410	-	-
Disposed assets at cost	-	-	-489	-489
Effect of movements in foreign exchange	23,397	-44,302	-638	-21,543
Accumulated cost at 31 December 2013	1,249,715	707,993	12,391	1,970,099
Accumulated depreciation and impairment losses at 1 January 2013	379,974	3,145	2,657	43,777
Depreciation for the year	34,259	-	1,297	35,555
Impairment losses	-	22,280	-	22,280
Accumulated depreciation and impairment losses disposed assets	-	-	-489	-489
Effect of movements in foreign exchange	2,756	-	211	2,967
Accumulated depreciation and impairment losses at 31 December 2013	74,989	25,425	3,676	104,090
Carrying amount at 31 December 2013	1,174,726	682,568	8,715	1,866,009
Estimated useful life (years)	20	N/A	3-5	
Accumulated cost at 1 January 2012	497,719	56,687	4,125	558,532
Additions	-	132,855	2,136	134,991
Transfers	-	-	-	-
Disposed assets at cost	-	-	-	-
Effect of movements in foreign exchange	-14,811	-92	-254	-15,157
Accumulated cost at 31 December 2012	482,908	189,450	6,008	678,366
Accumulated depreciation and impairment losses at 1 January 2012	13,615	-	1,884	15,500
Depreciation for the year	25,285	539	889	26,713
Impairment losses	-	3,145	-	3,145
Accumulated depreciation and impairment losses disposed assets	-	-	-	-
Effect of movements in foreign exchange	-926	-539	-116	-1,580
Accumulated depreciation and impairment losses at 31 December 2012	37,974	3,145	2,657	43,778
Carrying amount at 31 December 2012	444,934	186,305	3,350	634,589
Estimated useful life (years)	20	N/A	3-5	

The Group operates solar power plants in Europe, Africa and North America.

During fourth quarter 2013 the Kaikouli solar power plant in South Africa was completed. The Group is currently constructing two other plants (Linde and Dreunberg) in South Africa. These plants will be completed and in production during 2014.

The carrying value of development projects that have not yet reached the construction phase was NOK 37 336 thousand at 31 December 2013. (2012: NOK 59 321 thousand).

For further disclosure on impairment losses and impairment testing, see Note 10 - impairment testing goodwill and property, plant and equipment.

Note 12 Tax

NOK THOUSAND	2013	2012
Tax payable	166,366	65,959
Change in deferred tax	-151,520	-85,267
Withholding tax	3,034	-
Correction of previous years income taxes	7723	147
Income tax expense	25,603	-19,161
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	18,052	-67,606
Nominal tax rate (28%)	5,055	-18,930
Tax effect of:		
Tax rates different from nominal rate	5,785	147
Share of net income from associated companies	179	580
Permanent differences	3,287	1,035
Current tax on dividend received and withholding tax	3,034	-
Use of previously unrecognised losses carried forward	-10,987	-6,614
Valuation allowance	7,008	4,023
Effect of change of statutory tax rate	183	-
Correction of previous years taxes	7723	147
Other items without tax effect	4,336	451
Calculated tax expense	25,603	-19,161
Effective tax rate	141.83 %	28.3 %

For 2013, the income tax expense was NOK 25 603 thousand, equivalent to a tax rate of 142 percent. The effective tax rate was primarily influenced by valuation allowances, permanent differences, taxes in previous years, use of previously unrecognised losses carried forward and foreign taxable income where the local tax rate is higher than the nominal tax rate as well as negative foreign taxable income where the local tax rate is lower than the nominal tax rate.

For 2012, the income tax benefit was NOK 19 161, equivalent to an effective tax rate of 28.3 percent. This is slightly higher than the nominal tax rate in Norway. The utilisation of previously unrecognised losses carried forward was to a large extent offset by valuation allowances.

SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

NOK THOUSAND	2013	2012
Deferred tax assets		
Tax losses carried forward	183,556	15,121
Property, plant and equipment	290,818	74,952
Financial instruments	18,442	33,589
Bad debt provision	2,930	-
Other items	827	22,104
Offsetting of tax balances ⁱⁱ	-172,439	-
Valuation allowance	-10,491	-8,699
Total deferred tax assets	313,644	137,065

NOK THOUSAND	2013	2012
--------------	------	------

Deferred tax liabilities		
Property, plant and equipment	200,602	-
Financial instruments	50,089	7933
Other items	2,642	2,144
Offsetting of tax balances ¹⁾	-172,439	-
Total deferred tax liabilities	80,894	10,076

1) Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities.

SPECIFICATION OF TAX LOSS CARRIED FORWARD

COUNTRY	2013	2012
	LOSS CARRIED FORWARD	LOSS CARRIED FORWARD
DEFERRED TAX ASSET	DEFERRED TAX ASSET	DEFERRED TAX ASSET
South Africa	563,086	157,664
Czech	42,379	2,717
US	36,241	12,685
France	5,784	-
Italy	7,499	-
Japan	1,121	-
Luxembourg	352	-
India	85	-
Singapore	-	1,417
Total at 31 December	656,547	173,065
	46,190	6,422

Except for in Czech, all tax losses can be carried forward indefinitely. In Czech there is a five year expiration period of losses carried forward. The Group's assessment is that part of the losses in Czech can be utilised before they expire. The losses carried forward in South Africa and the US are recognised in full, based on expected future taxable profits that will more than offset accumulated losses.

The losses carried forward in South Africa is mainly related to the fact that solar power plants are depreciated over three years for tax purposes whereas the expected useful life for accounting purposes is 20 years. Similarly, the accelerated tax depreciations result in a deferred tax liability for property, plant and equipment at the same level as the taxable loss. Further, these project entities have entered into long-term Power Purchase Agreements and is expected to be profitable to the extent that all losses can be carried forward.

For further information on valuation allowance related to losses carried forward, see Note 3 - Key sources of estimation uncertainty, judgements and assumptions.

MOVEMENT IN DEFERRED TAX

NOK MILLION	2013	2012
Deferred tax at 1 January	126,990	25,014
Recognised in the consolidated statement of profit or loss	144,484	85,267
Deferred tax on financial instruments recognised in other comprehensive income	-35,079	17,415
Translation differences	-3,645	-706
Deferred tax asset - net	232,750	126,990

Note 13 Investments in associated companies

The consolidated financial statements include the Group's share of profits/losses from associated companies, accounted for using the equity method.

Proportion of equity interest held by non-controlling interests:

COMPANY	REGISTERED OFFICE	2013	2012
Megawatt Holding AS	Oslo, Norway	50.0%	50.0%
Sansca Limited	Hong Kong	40.0%	40.0%
Scatec Energy LLC	Denver, US	50.0%	50.0%
Walihonu North LLC ¹⁾	Hawaii, US	49.0%	
Walihonu South, LLC ¹⁾	Hawaii, US	49.0%	

1) Company established in 2013

NOK THOUSAND	2013	2012
Carrying amount 1 January	2,257	2,246
+/- share in profits	-3,191	-298
Additions	7255	309
Carrying amount 31 December	6,321	2,257
Share of (loss)/profit of associated companies	-3,191	-298

Included in net loss from associated companies is an impairment of NOK 2,302 thousand of the Group's investment in Sansca Ltd. The carrying value of the investment at 31 December 2013 is 0.

Note 14 Cash

NOK THOUSAND	2013	2012
Cash and cash equivalent	1,025,361	173,209
Overdraft facility	-	83,687
Unused credit facility	-	-2,724
Withdrawn on overdraft facility (presented as current liability)	-	-80,964
Total cash and cash equivalent	1,025,361	173,209
Restricted cash in project entities	380,935	56,511
Other restricted cash	340,917	22,245
Free cash	296,509	94,453
Total cash and cash equivalent	1,025,361	173,209

Cash at banks earns interest at floating rates based on daily bank deposit rates. The overdraft facility was discontinued at the end of December 2013.

The part of the Group's cash and cash equivalents that relates to the project entities are reported as restricted. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements.

Other restricted cash is mainly shareholder financing of project entities not yet distributed to the project entities (NOK 225 532 thousand).

RECONCILIATION OF MOVEMENT IN FREE CASH

	2013	2012
NOK THOUSAND		
Free cash at beginning of the period	94,452	13,145
Net free cash flow from operations outside non-recourse financed entities	499,499	121,127
Equity contributions/collateralised for equity commitments in project entities	-320,367	-46,690
Distributions from project entities	22,926	5,870
Free cash at end of the period	296,510	94,452

Note 15 Other current liabilities

Other current liabilities comprise the following:

	2013	2012
NOK THOUSAND		
Bank overdraft facility (ref note 15)	0	81,062
Accrued expenses related to assets under construction	40,457	5,433
Public dues other than income taxes	5,332	8,195
Accrued warranty expenses	2,262	1,979
Accrued salaries	7083	5,929
Accrued exp (outstanding invoices)	7998	12,970
Accrued interest expenses	2,999	1,942
Prepayments	0	17,367
Deposits	22,473	0
Other	4,229	0
Total other current liabilities	92,834	134,877

Note 16 Other current assets

Other current assets comprise the following:

	2013	2012
NOK THOUSAND		
Receivables related to assets under construction	1,703	-
Prepaid expenses	2,855	1,596
Receivables from public authorities / prepaid taxes, VAT etc	46,654	42,702
Accrued income	28,521	13,802
Advanced payments	6,366	19,604
Inventory	1,353	3,249
Accrued interest income	1,020	1,315
Receivables from co-developers	13,734	49
Receivables from associates	331	-
Deposits	178	83
Sundry receivables	3,523	11,229
Total other current assets	106,237	93,627

Note 17 Earnings per share

Basic and diluted

The calculation of basic and diluted earnings per share at 31 December 2013 is based on the profit/(loss) attributable to the equity holders of Scatec Solar AS and a weighted average number of shares outstanding, calculated as follows:

	2013	2012
NOK THOUSAND		
Profit attributable to the equity holders of the company	-34,678	-46,371
Weighted average number of shares outstanding (in thousands)	1,624	1,624
Earnings per share for income attributable to the equity holders of the company - basic and diluted	-21	-29

Note 18 Share capital, shareholder information and dividend

As of 31.12.2013 the share capital in the company consists of 1 624 229 shares, each with a par value of NOK 1,-. All shares have the same voting rights and are fully paid in. There have not been any changes in the number of outstanding shares from 1 January 2013.

The table below show the shareholders of Scatec Solar AS and shares held by Management and Board of Directors at 31 December 2013.

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
Scatec AS	621,221	38.2%
Scatec Invest AS	277,500	17.1%
Itochu Corporation	426,829	26.3%
Itochu Europe Plc.	182,926	11.3%
Argentis AS	53,074	3.3%
Scatec Solar Ansatte AS	46,250	2.8%
Rearden AS	9,125	0.6%
Kanordet Invest AS	5,464	0.3%
Pingvin Invest AS	1,000	0.1%
Sprinkler Venture AS	840	0.1%
Total	1,624,229	100.0%

All Bjørseth is chairman of the board and major shareholder of Scatec AS. Argentis AS is owned by Raymond Carlsen (CEO), Scatec Solar Ansatte AS is owned by employees in Scatec Solar AS.

Dividend

For 2013 the Board of Directors has proposed a dividend of NOK 26 per share, totalling NOK 42 230 thousand.

Note 19 Transactions with related parties

The Scatec Solar Group has, during 2013 and 2012, had transactions with the following related parties:

Related party	Nature of transaction
Scatec AS (shareholder)	Management services and financing
Ilochu Corp/Europe (shareholder)	Purchase of modules and inverters
Ilochu Corp/Europe (shareholder)	Financing
Celmar AS (ultimate parent)	Financing
Simacel (non-controlling interest)	Development services

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2013 and 2012 are:

Scatec AS – management services

Scatec Solar acquires certain management services, such as accounting and office facility services, from Scatec AS. For the year ended 31 December 2013 the Group incurred a management service cost of NOK 2 537 thousand (2012: NOK 2 101 thousand). These services are presented as other operating expenses in the consolidated statement of profit or loss.

Scatec AS – financing

During 2012 Scatec AS provided short-term financing to the Scatec Solar Group. The loans were fully repaid in November 2012. Total interest expenses amounted to NOK 238 thousand for 2012.

Further, Scatec AS has provided guarantees for the overdraft facility Scatec Solar had in Nordaa Bank as well as guarantees for credit lines. For the year ended 31 December 2013, guarantee fees charged by Scatec AS amount to NOK 544 thousand, (2012: NOK 1 407 thousand).

As per 31 December 2013 trade payables to Scatec AS was NOK 523 thousand, (2012: NOK 1 280 thousand).

Ilochu Corp/Europe - financing

Ilochu provides trade finance and logistics services in relation to the Groups purchases of solar modules and inverters. In this sense, Ilochu acts as an intermediary and supplies the Scatec Solar Group with the majority of its purchases of such goods. Total purchases of modules and inverters through Ilochu were NOK 787 452 thousand for the year ending 31 December 2013, (2012: 0).

Further, Ilochu has provided guarantees for the overdraft facility Scatec Solar had in Nordaa Bank as well as guarantees for credit lines. For the year ended 31 December 2013, guarantee fees charged by Ilochu amount to NOK 324 thousand, (2012: NOK 475 thousand).

As part of the incorporation of one of the Group's project entities in South-Africa in 2012 Ilochu issued a letter of credit as a guarantee for Scatec Solar's equity investment. The fee of NOK 27 510 thousand was capitalised on the solar power plant being constructed.

As per 31 December 2013 trade payables to Ilochu was NOK 289 168 thousand, (2012: NOK 117 thousand).

Celmar AS – financing

Expenses for guarantee fees related to the overdraft facility Scatec Solar had in Nordaa Bank, guarantees for credit lines as well as fees in relation to letters of credit as a guarantee for Scatec Solar's equity investments amounted to NOK 3 401 thousand for the year ending 31 December 2013, (2012: NOK 3 096 thousand). A total of NOK 5 866 was capitalised on the solar power plant being constructed.

Simacel – development services

During 2012 and 2013 the Group acquired development services related to the construction of three solar power plants in South Africa from Simacel. The development fee is capitalised as part of carrying value of the plants. For the year ended 31 December 2013 the fee amounted to NOK 16 988 thousand, (2012: NOK 11 434 thousand).

Note 20 Guarantees and commitments

Scatec Solar is often required to provide performance guarantees in connection with construction activities. While the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to standardised construction where Scatec Solar has a solid record of accomplishment.

The Group has provided the following guarantees at 31 December 2013

- Performance guarantees related to construction contracts of NOK 276 731 thousand, (NOK 134 224 thousand as of 31 December 2012)
- Guarantees for advance payments of NOK 237 470 thousand, (NOK 178 845 thousand of 31 December 2012)
- Guarantees for equity commitments in the subsidiaries Scatec Solar SA 165 and Scatec Solar SA 166 has been cancelled as per end 31 December 2013, (NOK 203 577 thousand of 31 December 2012)
- Warranty guarantees of NOK 83 523 thousand, (NOK 73 725 thousand as per 31 December 2012)
- Bid bonds related to bidding phase 3 under the REIPPP in South Africa of NOK 8 712 thousand

The guarantees have the following duration (closing balance of total guarantee exposure):

GUARANTEES DURATION	2014	2015	2016	>2016
NOK THOUSAND				
Advances payment guarantees	87,832	-	-	-
Performance guarantees	276,561	267,338	214,549	75,831
Warranty guarantees	34,930	49,726	43,805	31,306
Bid Bonds	5,514	-	-	-
NOK thousand	404,836	317,064	258,354	107,137

Covenants

The advance payment and performance guarantees outstanding as of December 2013 relates to the construction of the Kaikbuli, Linde and Drenbering projects in South Africa. The guarantees are issued by Garant-institute for Eskoportreift (GIEK) and Nordaa Bank on behalf of Scatec Solar SA 163 as the EPC contractor to the projects, and with the Project entities, where Scatec Solar holds a 39% stake, as Beneficiaries. These guarantee agreements are subject to the following financial covenants to be measured by the end of each quarter:

Covenant	Requirement
Minimum Equity ratio (adjusted for non-recourse financed entities)	Minimum 35%
Minimum liquidity (free cash)	NOK 125 million ¹⁾
¹⁾ Equivalent of EUR 15 million	

The Group meets the financial covenants at 31 December 2013.

Contractual obligations

Scatec Solar has entered into several purchase agreements with suppliers related to sourcing of modules, inverters and other equipment for EPC projects in South Africa. Further, EPC services have also been contracted. Total purchase obligations amount to NOK 1,481.4 million as per end 31 December 2013 (NOK 559.2 million per 31 December 2012).

CONTRACTUAL OBLIGATIONS	2014	2015	2016	>2016
NOK THOUSAND				
Leases (cars and office rental)	3,106	806	169	3
Leases (PV power plant land areas)	5,241	9,276	9,499	181,800
Total purchase equipment	403,453	-	-	-
Total purchase services	1,077,995	-	-	-
Other contractual obligations	450	52	-	-
Total obligations (NOK thousand)	1,490,245	10,134	9,668	181,803

Contingent liabilities

The Group is currently in arbitral proceedings with the insolvency administrator of the assets of a sub-contractor. The insolvency administrator tries to enforce a take-or-pay provision under a supply agreement between the sub-contractor and Scatec Solar. The principal amount in dispute is Euro 1,691 thousand. Scatec Solar has assessed that it is not probable that the Group will be liable. Hence, no provision has been recognised in relation to the proceedings.

In November 2013, Scatec Solar SA 163 (the Company) terminated the contracts for delivery and installation of the tracker systems for the Dreunberg and Linde projects, due to material non-performance by the sub-contractor. The sub-contractor is disputing the lawfulness of such termination, and has instituted arbitration proceedings against the Company to recover its alleged damages arising out of the purported unlawful termination of the contracts. The sub-contractor, which parent company is currently under administration in Germany, is claiming an amount of Rand 57 million in respect of the Linde project and Rand 112 million in respect of the Dreunberg project. The arbitration proceedings are still at an early stage. The sub-contractor has yet to quantify or clarify its calculation of the claim, although it can be anticipated that most, or all, of the claim will be for lost profits because of (in their view) unlawful termination of the contracts. The Company has instituted a counterclaim against the sub-contractor, which exceeds the sub-contractor's claim. This counterclaim comprise damages incurred by Scatec because of the sub-contractor's breach, which resulted in termination of the contracts. Scatec Solar has assessed that it is not probable that the Company will be liable. Hence, no provision has been recognised in relation to the proceedings.

Note 21 Non-recourse financing

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group.

The table below specifies non-recourse financing at 31 December 2013 and 2012.

NOK THOUSAND	EFFECTIVE INTEREST RATE	MATURITY DATE	2013	2012
Consortium bank loans to Scatec Solar SA 166 (Pty) Ltd. ¹⁾	9.39%	31/12/2028	958,231	228,510
Consortium bank loans to Simacel 160 (Pty) Ltd. ¹⁾	8.25%	31/12/2029	662,697	0
Consortium bank loans to Simacel 165 (Pty) Ltd. ¹⁾	9.17%	31/12/2029	389,799	0
Bank loan to Scatec Solar PV1 s.r.o.	6.91%	27/10/2028	41,462	43,027
Bank loan to Scatec Solar PV1 s.r.o.	7.15%	27/10/2028	21,862	20,255
Bank loan to Signo Solar PP01 S.R.O.	7.03%	15/03/2029	94,514	99,799
Bank loan to Signo Solar PP01 S.R.O.	6.64%	15/03/2029	98,618	85,042
Bank loan to Signo Solar PP02 S.R.O.	7.12%	23/03/2029	34,818	32,439
Bank loan to Signo Solar PP02 S.R.O.	7.12%	23/03/2029	21,869	23,590
Bank loan to Signo Solar PP04 S.R.O.	6.69%	11/05/2029	79,680	78,835
Total non-recourse financial liabilities			2,398,540	611,496
Of which non-current non-recourse financial liabilities			2,376,968	595,493
Of which current non-recourse financial liabilities			21,572	16,003

1) The rate of interest is a calculated average.

The project entities' assets are pledged as security for the non-recourse financing.

Repayment structure

The table below specifies the repayment structure of the non-recourse financing.

NOK THOUSAND	LOAN REPAYMENT
2014	21,572
2015	56,838
2016	76,062
2017	95,096
2018	110,822
2019-2023	847,727
2024-2028	1,089,295
Thereafter	101,168
Total future loan repayment	2,398,540

In addition to the nominal loan repayment detailed in the table above, the Group expects to pay interest to the amount of NOK 3,221,979 thousand.

Note 22 Derivative financial instruments

To manage certain interest rate and currency risks related to the financing of solar power plants in the project entities, the Group has entered into interest rate swap and forward exchange derivative contracts.

The interest rates swap contracts are classified as derivatives designated as hedging instruments in effective hedges. The forward exchange contracts are not considered to be hedges in terms of IAS 39 Financial Instruments: Recognition and Measurement as they hedge the risk of embedded derivatives in the project entities that are offset by the opposite embedded derivative in another Group company. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right or the intention to offset these cash flows.

The derivative contracts are recognised at fair value in the consolidated statement of financial position with the changes in the fair value recognised directly in the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income until the transactions they hedge occur. Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts entered into.

DERIVATIVE FINANCIAL LIABILITIES	2013	2012
NOK THOUSAND		
Interest rate swap contracts		
Current portion	16,298	0
Non-current portion	0	61,532
Forward exchange contracts		
Current portion	0	25,121
Total derivative financial liabilities	16,298	86,653

DERIVATIVE FINANCIAL ASSETS

NOK THOUSAND	2013	2012
Interest rate swap contracts		
Current portion	125	0
Non-current portion	79 921	0
Forward exchange contracts		
Current portion	50 427	0
Total derivative financial assets	130 427	0

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2013 were NOK 2 010 726 thousand (2012: NOK 228 510 thousand). The fixed interest rates vary from 5.02% to 9.389%, (2012: 9.325% to 9.375%), and the main floating rates are South African Prime.

The notional principal amounts of the outstanding forward exchange contracts at 31 December 2013 were NOK 50 427 thousand, (2012: NOK 25 121 thousand).

**Reconciliation of hedging reserve
HEDGING RESERVE - INTEREST RATE SWAP CONTRACTS**

NOK THOUSAND	2013	2012
Opening balance	-44 782	-
Reclassification during the year to profit or loss	-258	-
Net gain/(loss) during the year of the not-yet matured contracts	125 538	-62 197
Tax on items recognised in OCI	-35 079	17 415
Hedging reserve	45 419	-44 782
Hiered controlling interests	17 738	-17 465

Note 23 Financial instruments by category

Financial instruments and their carrying amounts recognised in the consolidated statement of financial position at 31 December, as defined by IAS 39, are presented below. There are no significant differences between total carrying value and fair value.

2013 NOK THOUSAND	2013 FAIR VALUE THROUGH PROFIT OR LOSS	2013 LOANS AND RECEIVABLES	2013 FINANCIAL LIABILITIES AT AMORTISED COST	2013 AVAILABLE FOR SALE	2013 DERIVATIVES USED FOR HEDGING	2013 TOTAL CARRYING AMOUNT
Financial assets						79 921
Other non-current assets	-	28 870	-	2 528	-	31 398
Total non-current financial assets	0	28 870	0	2 528	79 921	111 319
Trade and other receivables	-	25 472	-	-	-	25 472
Other current assets	-	63 345	-	-	-	63 345
Financial assets	50 427	-	-	-	125	50 552
Cash and cash equivalents	-	1 025 361	-	-	-	1 025 361
Total current financial assets	50 427	1 114 178	0	0	125	1 164 730
Non-recourse project financing	-	-	2 376 968	-	-	2 376 968
Other financial liabilities	-	-	3 607	-	-	3 607
Total non-current fin. liabilities	0	0	2 380 575	0	0	2 380 575
Trade and other payables	-	-	441 811	-	-	441 811
Non-recourse project financing	-	-	21 572	-	-	21 572
Other financial liabilities	-	-	16 298	-	-	16 298
Other current liabilities	-	-	92 833	-	-	92 833
Total current financial liabilities	0	0	556 216	0	16 298	572 514

2012 NOK THOUSAND	2012 FAIR VALUE THROUGH PROFIT OR LOSS	2012 LOANS AND RECEIVABLES	2012 FINANCIAL LIABILITIES AT AMORTISED COST	2012 AVAILABLE FOR SALE	2012 DERIVATIVES USED FOR HEDGING	2012 TOTAL CARRYING AMOUNT
Financial assets						0
Other non-current assets	-	9 521	-	1 405	-	10 926
Total non-current financial assets	0	9 521	0	1 405	0	10 926
Trade and other receivables	-	22 665	-	-	-	22 665
Other current assets	-	93 627	-	-	-	93 627
Financial assets	-	-	-	-	-	0
Cash and cash equivalents	-	173 209	-	-	-	173 209
Total current financial assets	0	289 501	0	0	0	289 501
Non-recourse project financing	-	-	595 493	-	-	595 493
Other financial liabilities	0	-	3 728	-	-	61 532
Total non-current fin. liabilities	0	0	599 221	0	61 532	660 753
Trade and other payables	-	-	27 400	-	-	27 400
Non-recourse project financing	-	-	16 003	-	-	16 003
Other financial liabilities	25 121	-	-	-	-	25 121
Other current liabilities	-	134 877	-	-	-	134 877
Total current financial liabilities	25 121	134 877	43 403	0	0	203 401

Note 24 Financial instruments: measurement and market risk sensitivities

Fair value measurement of financial instruments

Derivative financial instruments

The Group recognises all derivative financial instruments in the consolidated statement of financial position at fair value. Changes in the fair value of the derivative financial instruments are recognised in the consolidated statement of profit or loss as financial income/ (expense) unless they are used for hedging and fulfilling the criteria for hedge accounting. For further description of the derivatives, see Note 22 - derivative financial instruments.

Financial investments

Scatec Solar's financial investments comprise shares in companies where the Group does not have significant influence or control as well as self-built guarantees. All financial investments are recognised in the consolidated statement of financial position at fair value and are classified as available for sale assets. Changes in fair value are recognised in other comprehensive income, except if there is a significant and prolonged decline in fair value. In the event of a significant and prolonged decline, an impairment loss is recognised in the consolidated income statement. A subsequent increase in the fair value is recognised in the consolidated statement of comprehensive income.

Fair value hierarchy

The following table summarises each class of financial instrument recognised in the consolidated statement of financial position at fair value, split by the Group's basis for fair value measurement. Financial instruments recognised at fair value comprise financial investments and derivative financial instruments as described in Note 22 - derivative financial instruments. The fair value of the Group's derivative financial instruments has been determined by external banks.

2013	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSET)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITY)	TOTAL FAIR VALUE
NOK THOUSAND				
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	130 427	-16 298	114 174
Fair value based on unobservable inputs (Level 3)	2 529	-	-	2 529
Total fair value at 31 December 2013	2 529	130 427	-16 298	116 703
2012				
NOK THOUSAND				
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	-	-86 653	-86 653
Fair value based on unobservable inputs (Level 3)	1 341	-	-	1 341
Total fair value at 31 December 2012	1 341	25 849	-112 502	-85 312

Fair value in level 1 is based on prices quoted in an active market for identical assets or liabilities. At year end 2013 and 2012 there are no financial instruments measured at fair value within this level.

Fair value in level 2 is based on price inputs other than quoted prices, which are derived from observable market transactions. At 31 December 2013 and 2012 this level included the Group's derivative contracts.

Fair value in level 3 is based on unobservable inputs mainly internal assumptions. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation. Shares in companies in which Scatec Solar does not have significant influence or control are included in this level.

During the reporting period ending 31 December 2013 there have been no transfers between the fair value levels.

Market risk sensitivities

In the following, a sensitivity analysis showing how profit and loss or equity would have been affected by changes in the different types of market risk which the Group is exposed to at 31 December 2013, is presented.

For further information related to market risks and how the Group manages these risks, see Note 6 - financial risk management.

The sensitivities have been calculated based on what Scatec Solar views to be reasonably possible changes in the foreign exchange rates and interest for the coming year.

Currency risk

At the end of 2013, currency risk sensitivities were calculated by assuming a +5/-5 percent change in the foreign exchange rates that the Group was exposed to, a +5 percent change refers to a weakening of the functional currency against the transactional currency and a -5 percent change refers to a strengthening of the functional currency against the transactional currency.

NOK THOUSAND	NOK	EUR	USD	ZAR	JPY	CZK
At 31 December 2013						
Net gain/(loss) (-5% sensitivity)	-101	43 059	7 740	-2 820	170	6 369
Net gain/(loss) (5% sensitivity)	101	-43 059	-7 740	2 820	-170	-6 369

Interest rate risk

The Group has a limited exposure related to interest rate risk through liquid assets and interest bearing financial liabilities as most of the Group's interest bearing liabilities are carried at fixed rates, for further information - see Note 6 Financial risk management. In terms of interest rate risk sensitivity at 31 December 2013, a +1/-1 percentage point change in the interest rates has been used to calculate the change in fair value of the Group's interest rate swaps. The gain/(loss) from such changes would be recognised in the consolidated statement of other comprehensive income.

NOK THOUSAND	
At 31 December 2013	
Net gain/(loss)	1%
	-1%
	181 908
	-181 908

Note 25 Trade receivables

NOK THOUSAND	2013	2012
Accounts receivables		
Other receivables	25 472	22 665
Total trade receivables	25 472	22 665

Provision of bad debt was NOK 4 933 thousand in 2013. The bad debt provision is related to a receivable originating from an agreement entered into as part of a sale of a portfolio of nine solar power plants in 2011. No bad debt provision was recognised in 2012.

Information of credit risk and foreign exchange risk regarding accounts receivables is further provided in Note 6 - Financial risk management.

Ageing of trade receivables at year-end was as follows:

NOK THOUSAND	TOTAL	NOT DUE	OVERDUE
2013	25,472	6,410	19,062
2012	22,665	19,148	3,517

NOK THOUSAND	LESS THAN 30 DAYS	30-60 DAYS	60-90 DAYS	MORE THAN 90 DAYS
2013	16,975	335	-	1,752
2012	62	3,405	-	50

Note 26 IFRS 10 – impact of implementation

As discussed in Note 2 - Summary of significant accounting policies, the Group early adopted IFRS 10 in 2013. The application of IFRS 10 affected the accounting for the Group's interest in the equity shares in Scatec Solar SA 166, Simacel 155 and Simacel 160, (South African project entities operating solar power plants). The financial information presented below provides an impact analysis on the consolidated statements of profit or loss, comprehensive income, financial position and equity.

STATEMENT OF PROFIT OR LOSS

NOK THOUSAND	NOTE	2012 RESTATED	2012 *	IMPACT
Revenues	4	366,705	767,367	-400,662
Net income/(loss) from associated companies	4, 13	-288	-1,870	1,572
Total revenues and other income		366,407	765,497	-399,090
Cost of sales	4	-257,394	-553,860	296,466
Gross profit		109,013	211,637	-102,624
Personnel expenses	7	-39,212	-54,970	15,758
Other operating expenses	8	-41,927	-36,224	5,703
Depreciation, amortization and impairment	10, 11	-29,858	-21,698	8,160
Operating profit		-1,984	98,745	-100,729
Interest and other financial income	9	4,485	4,477	8
Interest and other financial expenses	9	-62,006	-36,106	-25,900
Foreign exchange gain/(loss)	6	-8,101	-5,894	-2,207
Net financial expenses		-65,622	-37,523	-28,099
Profit before income tax		-67,606	61,222	-128,828
Income tax (expense)/benefit	12	19,161	-18,490	37,651
Profit/(loss) for the period		-48,445	42,732	-91,177

Profit/(loss) attributable to:				
Equity holders of the parent		-46,371	27,562	-73,933
Non-controlling interests		-2,074	15,170	-17,244
		-48,445	42,732	-91,177

Earnings per share (NOK)				
- Basic and diluted	17	-30	26	-56

1) The Group's presentation currency was changed from EUR to NOK in 2013. The 2012 financial data has been converted to NOK for the purpose of the impact analysis.

The main impact of the implementation of IFRS 10 on the consolidated statement of profit or loss is the full elimination of the construction revenue and cost of sales generated in relation to the manufacturing of the solar power plants in the South African project entities. These transactions were previously only partially (39%) eliminated as they were accounted for as transactions with associated companies.

STATEMENT OF COMPREHENSIVE INCOME

NOK THOUSAND	NOTE	2012 RESTATED	2012 *	IMPACT
Profit/(loss) for the period		-48,445	42,732	-91,177

Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Net movement of cash flow hedges	22	-62,197	-25,569	-36,628
Income tax effect	12	17,415	7159	10,256
Foreign currency translation differences		-5,046	-4,294	-752
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-49,828	-22,704	-27,124
Total comprehensive income for the year, net of tax		-98,273	20,028	-118,301

Attributable to:				
Equity holders of the parent		-68,262	5,099	-73,361
Non-controlling interests		-30,021	14,929	-44,950
		-98,273	20,028	-118,301

1) The Group's presentation currency was changed from EUR to NOK in 2013. The 2012 financial data has been converted to NOK for the purpose of the impact analysis.

Statement of comprehensive income is significantly affected by the inclusion of cash flow hedges in previously not consolidated entities.

STATEMENT OF FINANCIAL POSITION

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2012 RESTATED	AS OF 31 DECEMBER 2012 *	IMPACT
ASSETS				
Non-current assets				
Deferred tax assets	12	137,066	81,473	55,593
Property, plant and equipment - in solar projects	11	631,239	463,062	168,177
Property, plant and equipment - other	11	3,350	3,350	-
Intangible assets	10	18,010	18,010	-
Financial assets	22	-	594	-594
Investments in an associated companies	13	2,257	2,124	133
Other non-current assets	16	10,926	43,513	-32,587
Total non-current assets		802,848	612,126	190,722
Current assets				
Trade and other receivables	25	22,665	22,665	-
Other current assets	17	93,627	238,266	-144,639
Financial assets	22	-	9,837	-9,837
Cash and cash equivalents	14	173,209	149,552	23,657
Total current assets		289,501	420,320	-130,819
TOTAL ASSETS		1,092,349	1,032,446	59,903

1) The Group's presentation currency was changed from EUR to NOK in 2013. The 2012 financial data has been converted to NOK for the purpose of the impact analysis.

Total assets have increased, reflecting the consolidation line by line of previously non-consolidated entities. Elimination of intercompany balances offset this effect to a certain extent.

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2012 RESTATED	AS OF 31 DECEMBER 2012 ^a	IMPACT
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	18	1,624	1,624	-
Share premium		301,286	301,286	-
Total paid in capital		302,910	302,910	-
Other equity				
Retained earnings		-112,396	-31,820	-80,576
Other reserves		-38,509	-45,209	6,700
Total other equity		-150,905	-77,029	-73,876
Non-controlling interests		10,517	8,288	2,229
Total equity		162,522	234,169	-71,647
Non-current liabilities				
Deferred tax liabilities	12	10,076	1,330	8,746
Non-recourse project financing	21	595,493	370,865	224,628
Financial liabilities	22	61,532	-	61,532
Other non-current financial liabilities		3,728	-	3,728
Total non-current liabilities		670,829	372,195	298,634
Current liabilities				
Trade and other payables		27,400	27,400	-
Income tax payable	12	55,597	55,728	-131
Non-recourse project financing	21	16,003	16,003	-
Financial liabilities	22	25,121	81,061	-55,940
Other current liabilities	15	134,877	246,890	-111,013
Total liabilities		258,998	426,082	-167,084
Total liabilities		929,827	798,277	131,550
TOTAL EQUITY AND LIABILITIES		1,092,349	1,032,446	59,903

1) The Group's presentation currency was changed from EUR to NOK in 2013. The 2012 financial data has been converted to NOK for the purpose of the impact analysis.

The Group's total liabilities have increased, reflecting the consolidation line-by-line of previously non-consolidated entities. Elimination of intercompany balances offset this effect to a certain extent.

CONSOLIDATED STATEMENT OF CASH FLOW

NOK THOUSAND	NOTE	2012 RESTATED	2012 ^a	IMPACT
Cash flow from operating activities				
Profit before taxes		-67,606	61,222	-128,828
Taxes paid	12	-67,286	-3,783	-63,503
Depreciation, amortisation and impairment	10,11	29,858	21,698	8,160
Net income from associated companies	13	298	1,870	-1,572
Interest and other financial income	9	-4,485	-4,477	-8
Interest and other financial expenses	9	62,006	-36,106	98,112
Foreign exchange gain/(loss)		8,101	5,894	2,207
(Increase)/decrease in trade and other receivables	25	22,869	22,869	-
(Increase)/decrease in other current assets	16	55,275	-71,368	126,643
Increased/(decrease) in trade and other payables		-107,041	82,429	-189,470
Increased/(decrease) in current liabilities	15	25,215	172,62	7953
Other changes		3,728	38,668	-34,940
Net cash flow from operating activities		-39,068	136,178	-175,246
Cash flows from investing activities				
Interest received		1,477	1,467	10
Investments in property, plant and equipment	11	-134,991	-	-134,991
Investments in associated companies and other non-current assets	13	-7,437	-37,341	29,904
Net cash flow used in investing activities		-140,951	-35,874	-105,077

Cash flow from financing activities				
Proceeds shareholders loan from non-controlling interest		46,656	-	46,656
Interest paid		-23,196	-23,196	-
Proceeds from non-recourse project financing	21	228,510	-	228,510
Repayment of non-recourse project financing	21	-15,218	-15,218	-
Proceeds from issuance of new share capital		-	-	-
Dividends paid to equity holders of the parent company		-	-	-
Dividends paid to non-controlling interest		-12,172	-1,654	-10,518
Net cash flow from financing activities		224,580	-40,068	264,648

Net increase/(decrease) in cash and cash equivalents	44,561	60,236	-15,675
Effect of exchange rate changes on cash and cash equivalents	14,384	-1,291	15,675
Cash and cash equivalents at beginning of the period	114,264	114,264	-
Cash and cash equivalents at end of the period	173,209	173,209	-

1) The Group's presentation currency was changed from EUR to NOK in 2013. The 2012 financial data has been converted to NOK for the purpose of the impact analysis.

Note 27 Pro forma information

The financial information presented below provides pro forma consolidated statements of profit or loss and financial position as if the Group would still account for the South African project entities as associated companies.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

NOK THOUSAND	2013	2012 RE-STATE ¹⁾
Revenues	1,904,687	664,632
Net income from associated companies	11,395	-1,870
Total revenues and other income	1,916,082	662,762
Cost of sales	-1,445,165	-460,882
Gross profit	470,917	201,880
Personnel expenses	-65,334	-54,970
Other operating expenses	-65,861	-43,648
Depreciation, amortization and impairment	-43,788	-26,714
Operating profit	296,934	76,548
Interest and other financial income	88,012	4,477
Interest and other financial expenses	-33,716	-62,734
Foreign exchange gain/(loss)	-14,145	-5,895
Net financial expenses	40,152	-64,152
Profit before income tax	336,085	12,396
Income tax (expense)/benefit	-108,060	-4,995
Profit/(loss) for the period	228,025	7,401
Profit/(loss) attributable to:		
Equity holders of the parent company	223,676	-6,334
Non-controlling interests	4,349	13,735
	228,025	7,401

1) The 2012 pro forma financial information has been restated to ensure consistency with accounting policies applied in 2013. During 2013 the basis for calculating percentage of completion was changed from a time-based measure to a cost-based measure. Further, fair value changes of embedded derivatives are recognised in the statement of profit or loss as hedge accounting is no longer applied.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK THOUSAND	AS OF 31 DECEMBER 2013	AS OF 31 DECEMBER 2012 RE-STATE ¹⁾
ASSETS		
Non-current assets		
Deferred tax assets	160,982	86,900
Property, plant and equipment - in solar projects	465,495	444,934
Property, plant and equipment - other	4,803	3,350
Intangible assets	20,893	18,185
Investments in an associated companies	-	2,124
Other non-current assets	35,277	10,115
Total non-current assets	687,450	555,608
Current assets		
Trade and other receivables	9,456	22,665
Inventory	13,043	54,802
Other current assets	343,581	155,685
Cash and cash equivalents	444,606	159,389
Total current assets	810,685	392,541
TOTAL ASSETS	1,498,135	948,148

1) The 2012 pro forma financial information has been restated to ensure consistency with accounting policies applied in 2013. During 2013 the basis for calculating percentage of completion was changed from a time-based measure to a cost-based measure. Further, fair value changes of embedded derivatives are recognised in the statement of profit or loss as hedge accounting is no longer applied.

NOK THOUSAND	AS OF 31 DECEMBER 2013	AS OF 31 DECEMBER 2012 RE-STATE ¹⁾
EQUITY AND LIABILITIES		
Equity		
Paid in capital		
Share capital	1,624	1,624
Share premium	301,286	301,286
Total paid in capital	302,910	302,910
Other equity		
Retained earnings	151,317	-72,359
Other reserves	-37,180	-19,935
Total other equity	114,137	-92,284
Non-controlling interests	15,173	5,997
Total equity	432,220	216,613
Non-current liabilities		
Deferred tax liabilities	14,370	1,329
Non-recourse project financing	370,265	36,654
Other non-current financial liabilities	3,039	3,385
Total non-current liabilities	387,675	372,388
Current liabilities		
Trade and other payables	399,307	27,397
Income tax payable	90,470	55,731
Non-recourse project financing	17,739	16,003
Other current liabilities	170,725	270,016
Total current liabilities	678,241	369,147
Total liabilities	1,065,916	741,535
TOTAL EQUITY AND LIABILITIES	1,498,135	948,148

1) The 2012 pro forma financial information has been restated to ensure consistency with accounting policies applied in 2013. During 2013 the basis for calculating percentage of completion was changed from a time-based measure to a cost-based measure. Further, fair value changes of embedded derivatives are recognised in the statement of profit or loss as hedge accounting is no longer applied.

Note 28 Non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS

NAME	COUNTRY OF INCORPORATION AND OPERATION	2013	2012
Scatec Solar SA 165 (Pty) Ltd	South Africa	35%	35%
Scatec Solar SA 164 (Pty) Ltd	South Africa	29%	29%
Scatec Solar SA 166 (Pty) Ltd	South Africa	61%	61%
Simacel 165 (Pty) Ltd	South Africa	61%	61%
Simacel 160 (Pty) Ltd	South Africa	61%	61%
Scatec Solar SA 163 (Pty) Ltd	South Africa	8%	8%
Scatec Solar SA (Pty) Ltd	South Africa	30%	30%
Chateau St Jean	USA	20%	20%
BFL SRL	Italy	49%	49%

ACCUMULATED BALANCES OF MATERIAL NON-CONTROLLING INTEREST

NOK THOUSAND	2013	2012
Scatec Solar SA 165 (Pty) Ltd	23,006	-10,452
Scatec Solar SA 164 (Pty) Ltd	74,565	-
Scatec Solar SA 166 (Pty) Ltd	116,078	27,974
Simacel 165 (Pty) Ltd	10,018	-
Simacel 160 (Pty) Ltd	22,013	-
Scatec Solar SA 163 (Pty) Ltd	-	-
Scatec Solar SA (Pty) Ltd	-12,973	-12,173
Chateau St Jean	698	755
BFL SRL	-	4,413

PROFIT/(LOSS) ALLOCATED TO MATERIAL NON-CONTROLLING INTEREST

NOK THOUSAND	2013	2012
Scatec Solar SA 165 (Pty) Ltd	7864	-1,038
Scatec Solar SA 164 (Pty) Ltd	3,026	-
Scatec Solar SA 166 (Pty) Ltd	9,580	-763
Simacel 165 (Pty) Ltd	3,296	-
Simacel 160 (Pty) Ltd	7,152	-
Scatec Solar SA 163 (Pty) Ltd	-	-
Scatec Solar SA (Pty) Ltd	-128	-34
Chateau St Jean	-	-
BFL SRL	-4,921	-239

SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2013

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 165	SIMACEL 160
Total revenues and other income	-	-	45,421	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	45,421	-	-
Operating expenses	-136	-97	-39,067	-387	-278
Net financial expenses	-2,379	-97	6,354	-387	-23,037
Profit before income tax	-2,516	-10,759	27,679	10,436	22,760
Income tax (expense)/benefit	-	-	-9,525	-2,498	-6,373
Profit/(loss) for the period	-2,516	-10,856	24,507	7,951	16,387
Other comprehensive income	-	-	38,815	11,410	34,907
Total comprehensive income	-2,516	-10,856	63,322	18,961	51,294
Attributable to non-controlling interests	-881	-3,148	38,626	11,566	31,289
Dividends paid to non-controlling interests	-	-	-	-	-

NOK THOUSAND	SCATEC SOLAR SA 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL SRL
Total revenues and other income	1,682,207	90,971	1,346	-
Cost of sales	-1,437,102	-1,410	-	-
Gross profit	245,105	89,561	1,346	-
Operating expenses	-22,955	-60,826	-1,140	-
Operating profit	222,150	28,735	206	-
Net financial expenses	49,542	-1,844	-829	-
Profit before income tax	271,693	26,891	-623	-
Income tax (expense)/benefit	-76,076	-8,564	0	-
Profit/(loss) for the period	195,616	18,327	-623	-
Other comprehensive income	-	-	-	-
Total comprehensive income	195,616	18,327	-623	-
Attributable to non-controlling interests	15,649	5,498	-125	-
Dividends paid to non-controlling interests	-	800	-	-

SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2012

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 165	SIMACEL 160
Total revenues and other income	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Operating expenses	-2,000	-	-473	-	-
Operating profit	-2,000	-	-473	-	-
Net financial expenses	10	-	-1,531	-	-
Profit before income tax	-1,990	-	-2,004	-	-
Income tax (expense)/benefit	-	-	563	-	-
Profit/(loss) for the period	-1,990	-	-1,441	-	-
Other comprehensive income	-	-	-48,482	-	-
Total comprehensive income	-1,990	-	-49,923	-	-
Attributable to non-controlling interests	-697	-	-30,453	-	-
Dividends paid to non-controlling interests	-	-	-	-	-

NOK THOUSAND	SCATEC SOLAR SA B3	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL SLR
Total revenues and other income	250,551	75,095	1,048	-
Cost of sales	-213,055	-386	-291	-
Gross profit	37,497	74,708	757	-
Operating expenses	-6,072	-7,285	-1,333	-45
Operating profit	31,425	67,423	-576	-45
Net financial expenses	-25,061	-38,295	-4,989	-
Profit before income tax	6,364	29,128	-5,565	-45
Income tax (expense)/benefit	-2,014	-21,971	-	-
Profit/(loss) for the period	4,350	7158	-5,565	-45
Other comprehensive income	-	-	-	-
Total comprehensive income	4,380	7158	-5,565	-45
Attributable to non-controlling interests	348	2,447	-1,113	-22
Dividends paid to non-controlling interests	-	-	12,173	-

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOK THOUSAND	SCATEC SOLAR SA B5	SCATEC SOLAR SA B4	SCATEC SOLAR SA B6	SIMACEL B5	SIMACEL B6
Property, plant and equipment	-	-	1,145,673	331,333	568,815
Other non-current assets	193,904	-	10,512	24,568	47,279
Cash and cash equivalents	1	230,155	172,599	51,927	126,075
Other current assets	3,316	285	33,591	44,621	47,859
Non-recourse financing	-	-	-958,231	-389,799	-662,697
Other non-current liabilities	-	-	-7,598	-12,203	-17,829
Current liabilities	-29,478	-38,790	-54,349	-32,365	-60,582
Total equity	167,743	191,649	342,297	18,083	48,918

Attributable to:					
Equity holders of parent	109,033	136,071	133,457	7052	19,078
Non-controlling interest	58,710	55,578	208,740	11,030	29,840

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOK THOUSAND	SCATEC SOLAR SA B3	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL SLR
Property, plant and equipment	5,801	35	12,666	10,336
Other non-current assets	424,032	1,465	-	-
Cash and cash equivalents	262,162	7959	176	8
Other current assets	163,236	105,962	91	411
Non-recourse financing	-	-	-	-
Other non-current liabilities	-15,724	-23	-3,243	-10,537
Current liabilities	-649,390	-118,597	-10,348	-117
Total equity	190,117	-3,197	-657	101

Attributable to:				
Equity holders of parent	174,908	-2,238	-526	51
Non-controlling interest	15,209	-959	-131	49

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

NOK THOUSAND	SCATEC SOLAR SA B5	SCATEC SOLAR SA B4	SCATEC SOLAR SA B6	SIMACEL B5	SIMACEL B6
Property, plant and equipment	-	-	123,209	-	-
Other non-current assets	45,813	-	18,744	-	-
Cash and cash equivalents	478	1	39,191	-	-
Other current assets	6	-	203,825	1	1
Non-recourse financing	-	-	-228,510	-	-
Other non-current liabilities	-	-	-	-	-
Current liabilities	-2,249	-3	-65,280	-	-
Total equity	44,047	-2	91,180	1	1

Attributable to:					
Equity holders of parent	28,631	-1	35,560	-	-
Non-controlling interest	15,417	-1	55,620	-	-

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

NOK THOUSAND	SCATEC SOLAR SA B3	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL SLR
Property, plant and equipment	2,035	208	12,541	9,051
Other non-current assets	116,566	3,982	-	-
Cash and cash equivalents	25,989	8,141	306	7
Other current assets	68,768	39,726	61	360
Non-recourse financing	-	-	-	-
Other non-current liabilities	-2,632	-23	-2,967	-9,278
Current liabilities	-206,709	-75,379	-9,947	-103
Total equity	4,018	-23,345	-6	88

Attributable to:				
Equity holders of parent	3,697	-16,342	-4	45
Non-controlling interest	321	-7,004	-1	43

SUMMARISED CASH FLOW INFORMATION FOR YEAR ENDING 31 DECEMBER 2013

NOK THOUSAND	SCATEC SOLAR SA B5	SCATEC SOLAR SA B4	SCATEC SOLAR SA B6	SIMACEL B5	SIMACEL B6
Operating	37,661	38,409	186,575	-5,806	33,094
Investing	-153,330	-	-1,016,990	-332,065	-569,716
Financing	115,246	230,154	991,197	389,798	662,697
Net increase/(decrease) in cash and cash equivalents	-422	268,564	160,782,7657	51,927	126,075

SUMMARISED CASH FLOW INFORMATION FOR YEAR ENDING 31 DECEMBER 2013

NOK THOUSAND	SCATEC SOLAR SA B3	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL SLR
Operating	571,329	191	697	-
Investing	-331,545	-	-	-
Financing	-639	558	-855	-
Net increase/(decrease) in cash and cash equivalents	239,145	749	-157	-

SUMMARISED CASH FLOW INFORMATION FOR YEAR ENDING 31 DECEMBER 2012

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 165	SIMACEL 160
Operating	405	-	-16,7502	-	-
Investing	-45,813	-	-124,020	-	-
Financing	45,886	-	304,864	-	-
Net increase/(decrease) in cash and cash equivalents	478	-	13,342	-	-

SUMMARISED CASH FLOW INFORMATION FOR YEAR ENDING 31 DECEMBER 2012

NOK THOUSAND	SCATEC SOLAR SA 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL SLR
Operating	134,344	51,750	10,374	-
Investing	-110,981	-4,146	-	-
Financing	2,626	-40,382	-12,424	-
Net increase/(decrease) in cash and cash equivalents	25,989	7222	-2,051	-

Note 29 Subsequent events

This annual report replaces the Group's annual report adopted by the Board of Directors 25 March 2014. In the revised annual report, foreign currency translation effects related to shareholder loans issued to project entities in South Africa is presented in other comprehensive income. Whereas in the former annual report these translation effects were presented as a part of finance expenses in the consolidated statement of profit or loss. See note 2 subsection (v) for further information about the shareholder loans. The impact of these corrections on the consolidated financial statements is increased profit before tax with NOK 18,1 million, reduced total comprehensive income with NOK 2,3 million and reduced total equity with NOK 2,3 million.

In February 2014, Scatec Solar secured financing and started construction of a 8.5 MW solar power plant in Rwanda. Scatec Solar is be responsible for construction as well as operations and maintenance, and will hold 57% of the equity of the project. The remaining equity will be held by Norfund, the Norwegian Investment Fund for Developing Countries, and the Dutch developer Gigawatt Global Cooperator.

On 19 March 2014, the 75 MW Kaikoubi solar power plant in South Africa reached its formal Commercial Operation Date under the Power Purchase Agreement with Eskom and is subsequently selling electricity at 100% of the contracted price.

On 21 March 2014, the 80 MW Utah Red Hills project in the US received final approval from the Public Service Commission for the power purchase agreement (PPA) entered into with Rocky Mountain Power (PacifiCorp) in December 2013. Financing and construction planning activities are ongoing and the project is expected to commence construction in the second half of 2014.

On 30 June 2014, the 40 MW Linde solar power plant in South Africa reached its formal Commercial Operation Date under the Power Purchase Agreement and is subsequently selling electricity at full tariff.

A decision was made in April to close down the Group's subsidiary located in Regensburg, Germany. The termination of the German activities will occur gradually and is expected to be completed within FY 2014. It is not expected that the Group will incur significant restructuring costs in relation to the closure of the Regensburg office.

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Statement of income

1 January – 31 December

NOK THOUSAND	NOTE	2013	2012
Revenues	3	249,284	86,402
Total revenues		249,284	86,402
Costs of sales	2, 10	-4,218	-
Personnel expenses	4	-20,859	-15,617
Other operating expenses	6, 15, 16	-53,732	-23,911
Depreciation, amortisation and impairment	5	-	-18
Operating profit		170,475	46,856
Interest and other financial income	7, 15	29,216	29,836
Interest and other financial expenses	7, 15	-58,492	-7168
Foreign exchange gain/(loss)		13,904	-4,363
Profit before tax		155,103	65,161
Income tax (expense)/benefit	8	49,097	-13,765
Profit/(loss) for the period		106,006	51,396
Allocation of profit/(loss) for the period			
Dividend	13	42,230	-
Transfer to other equity	13	63,776	51,396
Total allocation of profit/(loss) for the period		106,006	51,396

Statement of financial position

at 31 December

NOK THOUSAND	NOTE	2013	2012
Non current assets			
Deferred tax assets	8	2,930	4
Property, plant and equipment	5	476	-
Investments in subsidiaries	9	429,439	307,083
Investments in associated companies	9	-	2,301
Other investments		29	550
Loan to group companies	15	293,556	185,633
Other long term receivables		580	698
Total non current assets		727,010	496,246
Current assets			
Inventory	10	9,929	8,131
Trade and other receivables	16	21,439	6,981
Trade receivables group companies	3, 16	145,799	37,016
Other current assets		4,327	3,766
Cash and cash equivalents	11	119,129	61,057
Total current assets		300,723	116,951
TOTAL ASSETS		1,027,733	613,200

Statement of financial position

at 31 December

NOK THOUSAND	NOTE	2013	2012
Paid in capital			
Share capital	13	1,624	1,624
Share premium	13	301,286	301,286
Total paid in capital		302,910	302,910
Other equity			
Other equity	13	123,742	59,966
Total other equity		123,742	59,966
Total equity		426,652	362,876
Non current liabilities			
Liabilities to group companies	15	497,678	145,604
Total other non current liabilities		497,678	145,604
Current liabilities			
Trade and other payables		3,674	1,129
Trade payables group companies		1,650	1,513
Income tax payable	8	48,989	13,768
Public duties payable		1,667	1,600
Dividend	13	42,230	-
Other current liabilities	12	5,193	86,710
Total current liabilities		103,403	104,720
Total Liabilities		601,081	250,324
TOTAL EQUITY AND LIABILITIES		1,027,733	613,200

Oslo, 21 July, 2014

The Board of Directors of Scatec Solar AS

 John Andersen Jr. (Chairman)
 Ole Bjørseth
 Michio Tanaka
 Akiriko Nakazono
 Ole Grimsrud
 Raymond Carlsen (CEO)

Consolidated statement of cash flow

1 January – 31 December

NOK THOUSAND	NOTE	2013	2012
Cash flow from operating activities			
Profit before taxes		155,103	65,161
Depreciation, amortisation and impairment	5	-	-18
Finance income		-29,216	-29,836
Finance expenses		44,588	11,531
(Increase)/decrease in inventories	10	-1,798	1,215
(Increase)/decrease in trade receivables		-152,797	-32,686
(Increase)/decrease in trade payables		2,682	-421
Taxes paid	8	-16,802	-9,941
Other items		-3,665	2,074
Net cash flow from operating activities		-1,905	7079
Cash flows from investing activities			
Dividends received from subsidiaries		1,343	21,141
Investments in property, plant and equipment	5	-476	-
Loans to subsidiaries	15	-196,669	-104,953
Investments in subsidiaries and associated companies	9	-15,133	-12,349
Capital decrease in subsidiaries	9	-	16,730
Net cash flow used in investing activities		-210,935	-79,431
Cash flows from financing activities			
Proceeds from long term borrowings	15	352,074	108,573
Repayment of short term borrowings	11	-81,062	-4,442
Net cash flow from financing activities		271,012	104,131
Net increase/(decrease) in cash and cash equivalents		58,172	31,779
Cash and cash equivalents at beginning of period		61,057	29,278
Cash and cash equivalents at end of period		119,229	61,057

Notes to the parent company financial statements

Note 1 General information

Scatec Solar AS is incorporated and domiciled in Norway. The address of its registered office is Sommergaten 13-15, NO-0255 OSLO, Norway. Scatec Solar was established 2 February 2007.

Scatec Solar AS ('the Company'), its subsidiaries and investments in associated companies ('the Group' or 'Scatec Solar') is one of the world's leading independent solar power producers. Through its subsidiaries the Company is pursuing an integrated business

Note 2 Accounting principles

Statement of compliance

The financial statements of Scatec Solar AS are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Policies (NGAAP).

Basis for preparation

These financial statements have been prepared on the historical cost basis.

Accounting estimates and judgements

In preparing the financial statements, assumptions and estimates that have an effect on the amounts and presentation of assets and liabilities, income and expenses and contingent liabilities must be made. Actual results could differ from these assumptions and estimates.

Foreign currency translation

The functional currency and presentation currency of the Company is Norwegian kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the 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

Scatec Solar AS develops project rights that are the basis for construction of solar PV plants. Revenues are primarily derived from the sale of these project rights. These transactions are primarily made with SPVs that is under the control of the Group. Revenues are recognized upon the transfer of title.

model across the complete life cycle of utility-scale solar photovoltaic (PV) power plants including project development and design, financing, engineering, procurement, construction management, operation and maintenance, and asset management.

The financial statements were authorised for issue by the Board of Directors on 25 March 2014.

Further, Scatec Solar AS derives revenues from the allocation of headquarter costs to its subsidiaries. Revenues from the sale of intercompany services are recognised when the services are delivered.

Cost of sales

The accumulated cost of projects rights are exposed upon the transfer of title or when a project is abandoned and impaired. Cost of sales consists of capitalized payroll expenses, travel expenses and external expenses that are directly attributable to developing the project rights, such as legal fees, expenses incurred for obtaining permits etc.

Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

Interest income and expenses

Interest income and expenses are recognised in the income statement as they are accrued, based on the effective interest method.

Income tax expense

Income tax expense in the statement of income for the year comprises current tax and changes in deferred tax. Income tax expense is recognised in the statement of income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amounts for assets to be received (disputed tax positions for which

payment has already been made) in each case are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred, and are presented in net finance expenses in the statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. As at 31 December 2013 the deferred tax asset was revalued at 27% with the effect charged to profit and loss.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

Balance sheet classification

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

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost, less accumulated amortisation/depreciation and accumulated impairment losses. Intangible assets and property, plant and equipment acquired separately are carried initially at cost.

Intangible assets and property, plant and equipment are amortised/depreciated on a straight-line basis over their expected useful life, from the date the assets are taken into use. The expected useful life of the assets is reviewed on an annual basis and changes in useful life are accounted for prospectively.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component.

An item of intangible assets and property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the statement of income in the period the item is derecognised.

Subsidiaries and investment in associated companies

Subsidiaries are all entities controlled by Scatec Solar AS. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

Subsidiaries and investment in associated companies are accounted for using the cost method, and are recognised at

cost less impairment. The cost price is increased when funds are added through capital increases. Dividends to be received are recognised either as income or a reduction of the investment in the subsidiary, at the date the dividend is declared by the general meeting of the subsidiary. To the extent that the dividend relates to distribution of results from the period Scatec Solar AS has owned the subsidiary, it is recognised as income. Dividends which are repayment of invested capital are recognised as a reduction of the investment in the subsidiary.

Financial assets and liabilities

Scatec Solar AS assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables has been incurred, the carrying amount of the asset is reduced. Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method. Amortised cost is calculated by taking into account any issue costs. Trade payables are carried at cost.

Other current assets

Inventories are stated at the lower of cost and net realisable value and comprises costs of solar PV project assets that are intended for sale. Project assets consist primarily of costs relating to solar power projects in various stages of development that is capitalised prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing a solar power plant. Development costs can include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs as well as directly attributable payroll expenses.

Scatec Solar reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Scatec Solar considers a project commercially viable if it is anticipated to be realised for a profit once it is either fully developed or fully constructed. Scatec Solar consider a partially developed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable of which is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease. The accumulated cost of a project is expensed as cost of sales either when it is sold or when a project is impaired.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. In the statement of cash flows, the overall facility is presented gross as part of changes in current liabilities.

Dividends

Distribution of dividends is resolved by a majority vote at the Annual General Meeting of the shareholders of Scatec Solar AS, and on the basis of a proposal from the Board of Directors.

Dividends are recognised as a liability at the reporting date of the financial year that the proposal of dividend relates to. Additional dividends proposed based on previous fiscal year approved financial statements (i.e. between 1 January and the date that the current year financial statements will be approved) are recognised as a liability at the balance sheet date.

Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting

period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 3 Revenues

REVENUE BY BUSINESS AREA

NOK THOUSAND	2013	2012
Sale of solarparks	-	2,519
Services	249,284	83,113
Other	-	770
Sum	249,284	86,402

REVENUE BY GEOGRAPHICAL DISTRIBUTION

NOK THOUSAND	2013	2012
South Africa	245,158	76,953
Germany	1,982	4,396
Czech	397	2,519
Italy	98	-
France	230	2,310
USA	658	-
Other countries	751	224
Sum	249,284	86,402

See note 15 Transactions with related parties for further information.

SALE OF SOLAR PARKS TO GROUP COMPANIES

CUSTOMER	COUNTRY	MW	2013	2012
Scatec Solar PV1	Czech	10	-	170
Signo Solar PP02 s.ro	Czech	3.5	-	1,569
Signo Solar PP01 s.ro	Czech	100	-	321
Signo Solar PP04 s.ro	Czech	4.5	-	459
Total		190	-	2,519

All solar parks were grid connected in 2010 and the revenue of 2012 is related to fulfillment of remaining retainers.

Note 4 Personnel expenses, number of employees and auditor's fee

PERSONNEL EXPENSES

NOK THOUSAND	2013	2012
Salaries	21,435	20,514
Social security tax	3,018	3,058
Pension costs	995	1,032
Other employee benefits	182	137
Other personnel costs	203	257
Recharge of personnel costs	-4,975	-9,381
Total	20,859	15,617

The number of man-years that have been employed in the company through the year was 16 (2012: 18).

SALARY TO CEO

NOK THOUSAND	2013	2012
Salary	262	5,284
Pension	97	105
Other benefits	225	179
Total	575	5,568

During 2013 the CEO relocated to a Group company in South Africa in relation to the construction of three PV solar power plants. Remuneration in this period has been paid from the South African subsidiary. The CEO has no agreed right to termination pay or other benefits, except for participation in the company's regular pension plan. The CEO has a 3.3% shareholding in Scatec Solar (ref note 13). Based on performance, the CEO is entitled to an annual bonus.

Pension costs

The company has a defined contribution plan in line with the requirement of the law. NOK 995 thousand is expensed related to the defined contribution plan in 2013 (2012 NOK 1,032 thousand).

AUDIT

NOK THOUSAND	2013	2012
Audit fees	568	559
Other services	1,478	336
Total	2,046	895

VAT is not included in numbers above.

Note 5 Property, plant and equipment

OFFICE EQUIPMENT

NOK THOUSAND	2013	2012
Accumulated cost at 01.01	59	59
Additions	475	-
Disposed assets at cost	-	-
Accumulated cost at 31 December	534	59
Accumulated depreciation at 01.01	59	41
Depreciations for the year	-	18
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31 December	59	59
Carrying amount at 31 December	475	-
Estimated useful life (years)	3-5	3-5

Note 6 Other operating expenses

NOK THOUSAND	2013	2012
Management agreement with Scatec AS ¹⁾	2,537	2,101
Facilities	1,710	1,755
Professional fees	6,903	5,009
Other office costs	2,570	1,702
Travel costs	4,931	2,304
Guarantee costs	-1,270	5,471
Other costs	6,796	418
Provisions for loss on receivables (ref note 16)	29,555	5,243
Total other operating expenses	53,722	24,003

1) Scatec Solar AS has a management agreement with Scatec AS related to certain administrative functions. The agreement is based on fair market terms for similar services. See note 15 transactions with related parties for further information.

Note 7 Financial income and expenses

INTEREST AND OTHER FINANCIAL INCOME

NOK THOUSAND	2013	2012
Interest income from group companies	15,433	5,014
Other interest income	1,835	673
Gain on sale of shares	229	3,008
Dividend from group companies	11,719	21,141
Total interest and other financial income	29,216	29,836

INTEREST AND OTHER FINANCIAL EXPENSES

NOK THOUSAND	2013	2012
Interest expenses from group companies	24,585	3,903
Other interest expenses	1,309	1,090
Impairment on financial assets	-904	2,174
Other financial expenses	33,502	1
Total interest and other financial expenses	58,492	7168

Note 8 Tax

NOK THOUSAND	2013	2012
Income tax expense:		
Current taxes	48,989	13,768
Withholding tax on received dividends	3,034	-
Change in deferred tax	-2,926	-3
Total tax expense	49,097	13,765

Tax basis:		
Profit before taxes	155,103	65,161
Non-deductible income and expenses ¹⁾	10,376	-16,002
Changes in temporary differences	10,838	12
Tax base	174,963	49,171
Current taxes according to statutory tax rate (28%)	48,989	13,768

1) Non-deductible income and expenses is mainly related to received dividend and impairment of receivables and shares.

RECONCILIATION OF NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

NOK THOUSAND	2013	2012
Expected income tax expense according to statutory tax rate (28%)	43,429	18,245
Non-deductable expenses	2,526	-4,481
Withholding tax on received dividends	3,034	-
Effect of changed statutory tax rate (28% to 27%)	109	-
Income tax expense	49,098	13,765
Effective tax rate (%)	31.6 %	21.1 %

TEMPORARY DIFFERENCES AS OF DECEMBER 31:

NOK THOUSAND	2013	2012	CHANGE
Property, plant and equipment	-	-14	-14
Receivables	-10,852	-	10,852
Total temporary differences	-10,852	-14	10,838
Recognised tax liability/(asset)	-2,930	-4	2,926

Note 9 Investments in subsidiaries and associated companies

The table below sets forth Scatec Solar AS's ownership interest in subsidiaries as well as investments owned by Scatec Solar's subsidiaries. Ownership interest corresponds to voting interest if not otherwise stated.

Ownership interest in daughter-daughter companies are shown by direct ownership interest of daughter company.

NOK THOUSAND				
COMPANY	OFFICE	OWNERSHIP INTEREST	CARRYING VALUE 2013	CARRYING VALUE 2012
Scatec Solar GmbH	Regensburg, Germany	100%	43,836	43,836
Scatec Solar Italy S.R.L.	Milano, Italy	100%	-	-
BFL F S.R.L.	Roma, Italy	100%	-	-
Scatec Solar SA63 (Pty) Ltd	Cape town, South Africa	92%	-	-
Scatec Solar S.R.O	Prague, Czech	100%	83,751	193,051
Signo Solar PP01 S.R.O	Prague, Czech	100%	-	-
Signo Solar PP02 S.R.O	Prague, Czech	100%	-	-
Signo Solar PP03 S.R.O	Prague, Czech	100%	-	-
Signo Solar PP04 S.R.O	Prague, Czech	100%	-	-
SPV 1 Solar S.R.O	Prague, Czech	100%	22,485	22,485
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	-	-
Scatec Solar North America Inc.	California, US	100%	-	-
Utah Red Hills Renewable Park, LLC	California, US	100%	-	-
Alabama Renewable Energy Park, LLC	California, US	100%	-	-
Live Oak Solar Farm, LLC	California, US	100%	-	-
Three Peaks Power, LLC	California, US	100%	-	-
Scatec California Solar No.1, LLC	California, US	100%	-	-
Scatec California Partners, LP	California, US	100%	-	-
Scatec Solar Hawaii, LLC	Hawaii, US	100%	-	-
Chateau St. Jean Solar LLC	California, US	80%	-	-
Touves SPV SAS	St Raphael, France	100%	4	4
La Lande de Gault SAS	St Raphael, France	100%	-	8
Scatec Novege Holding II SA	Luxemburg	100%	-	243
Scatec Dinesen Partnership SARL	Luxemburg	100%	-	-
SDP 1 SARL	Luxemburg	100%	-	-
Charita Sotiel SAS	France	100%	-	-
Riguepeu SAS	France	100%	-	-
SI Ustin SAS	France	100%	-	-
Scatec Solar SAS	St. Raphael, France	100%	305	305
Scatec Luxembourg Holding SA	Luxemburg	100%	-	-
Scatec Solar Asia Pacific Pte Ltd	Singapore	100%	-	-
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	70%	-	-
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	65%	132,846	47,087
Scatec Solar SA 166 (Pty) Ltd	Sandton, South Africa	60%	-	-
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	71%	145,481	-
Simacei 165 (Pty) Ltd	Sandton, South Africa	55%	-	-
Simacei 160 (Pty) Ltd	Sandton, South Africa	55%	-	-
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Ghana Ltd	Tokyo, Japan	100%	605	-
Scatec Solar West Africa Mail	Ghana	95%	62	-
Scatec Solar Namibia (Pty) Ltd	Namibia	100%	64	64
		70%	-	-
			429,439	307,083

NOK THOUSAND				
ASSOCIATES AND JOINT VENTURES	OFFICE	OWNERSHIP	CARRYING VALUE 2013	CARRYING VALUE 2012
Megawatt Holding AS	Oslo, Norway	50.0%	-	-
SanSca Limited	Hong Kong	25.0%	-	2,302
Total			-	2,302

During 2013 the company impaired the shares in SanSca Limited.

Note 10 Inventory

Inventories are stated at the lower of cost and net realisable value and comprises costs of solar PV project assets that are intended for sale.

PROJECT GEOGRAPHY

NOK THOUSAND				
	2013	2012		
UK	1,718	-		
France	2,904	4,601		
South Africa	1,831	1,170		
Mali	1,866	1,845		
North America	300	421		
Jordan	960	-		
Burkina Faso	341	-		
Ghana	9	-		
Romania	-	94		
Carrying value inventory at 31.12	9,929	8,131		

During 2013 the company impaired project assets in the amount of NOK 1,828 thousand. The impairment is presented in cost of sales.

Note 11 Cash and cash equivalents

NOK THOUSAND				
	2013	2012		
Short-term bank deposits	119,229	61,057		
Cash and cash equivalents in the statement of financial position	119,229	61,057		
Overdraft facility	-	83,687		
Unused overdraft facility	-	-2,625		
Withdrawn overdraft facility (presented as short-term liability)	-	-81,062		
Cash and cash equivalents in the statement of cash flows	119,229	61,057		

The company had NOK 98 513 thousand of restricted cash as of 31 December 2013 (2012: NOK 58 214 thousand).

Note 12 Other current liabilities

NOK THOUSAND	2013	2012
Bank overdraft ¹⁾	-	81,062
Other short term liabilities	5,193	5,648
Total	5,193	86,710

1) The company had an overdraft facility in Nordaa of NOK 83 687 thousand.

As security for this facility Nordaa held pledge in cash position of EUR 6 279 thousand from Celmar Invest AS (sister company of major shareholder Scatec AS) and pledge in other financial assets of NOK 34 000 thousand. Itochu Corporation has also guaranteed for this facility pro rata according to ownership. In total the shareholder's guarantees sum up to EUR 17 000 thousand.

The overdraft facility was discontinued in 2013.

Note 13 Equity

NOK THOUSAND	ISSUED CAPITAL	SHARE PREMIUM	OTHER EQUITY	TOTAL EQUITY
Equity as of 31.12.2012	1,624	301,286	59,966	362,876
Profit/(loss) for the period	-	-	106,006	106,006
Dividend			-42,230	-42,230
Equity as of 31.12.2013	1,624	301,286	123,742	426,652

As of 31.12.2013 the share capital in the company consists of 1 624 229 shares, each with a par value of NOK 1,-. All shares have the same voting rights and are fully paid in.

SHAREHOLDERS AS OF 31.12.2013

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
Scatec AS ^a	621 221	38.2%
Scatec Invest AS	277 500	17.1%
Itochu Corporation	426 829	26.3%
Itochu Europe Pte.	182 926	11.3%
Argentos AS ^b	53 074	3.3%
Scatec Solar Ansatte AS	46 250	2.8%
Rearden AS	9 125	0.6%
Kanoradel Invest AS	5 464	0.3%
Penguin Invest AS	1 000	0.1%
Sprinkler Venture AS	840	0.1%
Total	1 624 229	100.0%

1) Argentos AS is owned by Raymond Carlsen (CEO).

2) Scatec AS is controlled by Alf Bjørseth (Chairman of the board).

Note 14 Guarantees, contractual obligations, contingent liabilities

The Scatec Solar group is constructing, operating and maintaining solar projects in several locations and with different legal entities as the primary contract party. When required, Scatec Solar AS is providing a parent guarantee on behalf of subsidiaries for their fulfilment of such contractual obligations.

Scatec Solar AS has provided the following guarantees as per end 31 December 2013

- Performance guarantees related to construction contracts of NOK 276 721 thousand (NOK 124 224 thousand as of December 2012).
- Guarantees for advance payments of NOK 237 470 thousand (NOK 178 845 thousand of 31 December 2012)
- Warranty guarantees of NOK 83 523 thousand (NOK 73 725 thousand as per 31 December 2012)

GUARANTEE DURATION

NOK THOUSAND	2014	2015	2016	>2016
Advance payment guarantees	87,832	-	-	-
Performance guarantees	276,561	267,338	214,549	75,831
Warranty guarantees	34,930	49,726	43,805	31,306
Total	399,323	317,064	258,354	107,137

Scatec Solar has no other contractual obligations or contingent liabilities beyond the guarantees provided.

Note 15 Transactions with related parties

Related parties	Transactions
Scatec AS (Shareholder)	Management service cost and financing
Itochu Corp/Europe (Shareholder)	Financing
Celmar AS (parent of Scatec AS)	Financing
All subsidiaries	Management service income and financing

Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arms' length. The most significant transactions in 2013 and 2012 are:

Scatec AS – management services

Scatec Solar acquires certain management services, such as accounting services, from Scatec AS. For the year ended 31 December 2013 the Group incurred a management service cost of NOK 1 994 thousand (2012: NOK 1 775 thousand). Management services are presented as other operating expenses in the statement of income.

Scatec AS – financing

During 2012 Scatec AS provided short-term financing to the Scatec Solar Group. The loans were fully repaid in November 2012. Total interest expenses amounted to NOK 238 thousand.

Further, Scatec AS has provided guarantees for the overdraft facility Scatec Solar had in Nordaa Bank as well as guarantees for credit lines. For the year ended 31 December 2013, guarantee fees charged by Scatec AS amount to NOK 544 thousand (2012: NOK 1 407 thousand). As per 31 December 2013 trade payables to Scatec AS was NOK 523 thousand (2012: NOK 1 280 thousand).

Itochu Corp/Europe - financing

Itochu has provided guarantees for the overdraft facility Scatec Solar had in Nordaa Bank as well as guarantees for credit lines. For the year ended 31 December 2013, guarantee fees charged by Itochu amount to NOK 324 thousand (2012: NOK 475 thousand).

As part of the incorporation of one of the Group's SPVs in South-Africa in 2012 Itochu issued a letter of credit as a guarantee for Scatec Solar's equity investment. The fee of NOK 27 510 thousand is presented as financial expenses in the statement of income. As per 31

December 2013 trade payables to Ilochu was NOK 0 (2012: NOK 117 thousand).

Celmar Invest AS – financing

Expenses for guarantees fees related to the overdraft facility Scatec Solar had in Norda Bank, guarantees for credit lines as well as fees in relation to letters of credit as a guarantee for Scatec Solar's SPV equity investments amounted to NOK 3,401 thousand for the year ending 31 December 2013 (2012: NOK 3,096 thousand). Scatec Solar AS had no trade payables to Celmar Invest AS as per 31 December 2013 and 2012.

Subsidiaries - management service income

In relation to the construction of three PV solar power plants in South Africa, Scatec Solar AS has provided development rights as well as a range of services to its subsidiaries Scatec Solar SA and Scatec Solar SA 163. Further, Scatec Solar has charged NOK 7,644 thousand for provided corporate services to its subsidiaries (2012: NOK 7,765 thousand).

Subsidiaries - financing

In the course of the ordinary business inter-company financing is provided between Scatec Solar and its subsidiaries. Long-term financing is interest bearing and priced at arm's length.

Note 16 Provision for bad debt

NOK THOUSAND	2013	2012
Bad debt realized	5,841	5,243
Provision for bad debt	23,715	-
Total	29,556	5,243

The company recorded a provision for bad debt of NOK 23,715 thousand in 2013, of which NOK 18,782 relates to receivables on group companies. Realised bad debt in 2012 and 2103 relates to receivables on group companies.

Note 17 Subsequent event

This Annual report replaces the Parent's annual report adopted by the BOD as of 25 March 2014. In the revised annual report, shareholder loans to project entities in South Africa is presented as investment in subsidiaries. Whereas the former annual report these loans were presented as loan to group companies. The impact of these corrections in the financial statements is decreased loan to group companies with NOK 2279 million and increased investment in subsidiaries with NOK 246,5 million. Additionally profit before tax is increased with NOK 18,6 million and total equity is increased with NOK 16,3 million.

Auditor's report



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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Scatec Solar AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Scatec Solar AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the statement of financial position as at 31 December 2013, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of profit or loss, 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 EY for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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



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

Opinion on the financial statements of the Parent Company

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

Opinion on the financial statements of the Group

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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

Other matters

This report replaces our previous audit report dated 11 April 2014 as the Board of Directors and Chief Executive Officer have prepared and approved a new set of financial statements dated 21 July 2014. We refer to further description in the Board of Director's report and notes 29 and 17 in the consolidated and separate financial statements respectively.

Osb, 22 July 2014
ERNST & YOUNG AS


Erik Tandevold
State Authorised Public Accountant (Norway)



Scatec Solar
Improving our future™

Annual Report 2012

Scatec Solar

REPORT FROM THE BOARD OF DIRECTORS 2012

Scatec Solar combines Norwegian and international experience in the development and financing of major energy projects with in-depth technological and industrial expertise within photovoltaic (PV) solar energy, as well as knowledge of local regulatory requirements in selected markets. The business covers all key aspects of the implementation of a solar project, from government contacts, licensing and permits, through design and engineering, legal, commercial and financial structuring, procurement and construction, as well as asset management, operation and maintenance of the project through its lifecycle. Consequently, Scatec Solar will ensure that attractive and sustainable projects are implemented with the lowest possible risk, and further contribute to solar energy's continued growth as a viable and preferred source of energy in sunny parts of the world.

With main offices located in Oslo, Scatec Solar operates globally, and currently has operating subsidiaries in Germany, Czech, Italy, US, France and South Africa. Through its owners, partners, management and industrial network, Scatec Solar represents a significant industrial experience and knowledge related to the execution of PV power projects across the world.

As of 31.12.2012, 58.7% of the shares are owned by Norwegian company Scatec AS and companies controlled by Scatec while 37.5% of the shares are owned by the Itochu group of Japan.

KEY DEVELOPMENTS IN 2012

The global market for Photovoltaic (PV) Solar Energy continued to grow through 2012, reaching a total 29 GW added capacity. The trend of the European markets losing attractiveness continued from 2011 and was reinforced as Germany introduced sudden and unexpected changes to the support schemes in Q1 2012. However, this is more than offset by the growth from new markets with a stronger underlying support for growth in solar energy. Scatec Solar has been positioning for this dynamic and has shifted the business and project development focus away from mature markets in Europe into emerging markets in Africa, Asia and the Middle East. This market shift also implies a move towards larger projects and more complex and time consuming development processes, where Scatec Solar's ability to cover all aspects of realizing a project has proved to be a key competitive advantage. The integrated business model, where the Company is engaged across development, construction financing and all the way through to owning and operating the projects, ensures that all critical processes required to realize and operate a high quality PV project are aligned and controlled, and helps securing synergies and maximizing the combined value creation.

South Africa has been the first of such emerging markets Scatec Solar has penetrated by, and in the short to mid-term this remains the most important market to the Company. After being awarded the 75 MW Kalkbuit project in Q4 2011, preparations for Financial Close and start of construction of this project was a key focus in 2012. Due to delays outside our control, the Financial Close was postponed from the originally communicated date in June and did not take place until November. However, the Company was able to mitigate the implications of the delay and fast-track execution once the notice to proceed was received. The construction is currently progressing in accordance with plan and commissioning is expected in Q4 2013.

In May 2012, Preferred Bidder status was awarded to Scatec Solar in the second round of the IPP program for two additional projects, Unde and Dreunberg, with a combined installed capacity of 115 MW. These projects reached Financial Close in early May 2013, and are ready to start construction shortly. With a total of 190 MW across the first two bidding rounds, Scatec Solar is now established as a leading player in the South African solar energy market with a market share of around 20%. The projects are developed through a Joint Venture with local partners and Scatec Solar is responsible for construction under Turn Key EPC contracts and for providing Operation and Maintenance Services once the projects are commissioned. Scatec Solar is also leading the investor consortium and retains a 39% equity stake in the projects.

South Africa continued to expand its commitment to solar energy and during 2012 another 1,075 MW was added to the original allocation of 1,450 MW PV projects under the IPP program. The Company continues to develop and structure projects for submission in the third bidding round which is due in August 2013 and is also seeking to use the South African position as a stepping stone into other attractive and fast growing markets on African continent. In addition to the presence in Southern Africa, the Company is currently developing opportunities in Western and Central Africa through a Joint Venture with the International Finance Corporation (IFC).

In response to an increasing portion of oil reserves being used for domestic electricity production rather than for generating export revenues, the Kingdom of Saudi Arabia has announced the launch of an extensive renewable energy program to increase the share of non-fossil energy production. Scatec Solar has established a partnership with a leading Saudi conglomerate with the aim of winning a significant share of the projects to be bid for and constructed under the program. The program is in many respects similar to that of South Africa, and Scatec Solar expects there will be significant benefits from transfer of knowledge and experience from the Company's operations in South Africa. Subject to successful bidding, the first projects in Saudi Arabia are expected to be constructed during 2014. The Company is also carefully considering other selected opportunities in the Middle East.

In June 2012, Japan implemented a new and attractive Feed in Tariff (FIT) which is expected to fuel a significant growth in installed volumes over the coming years. Through the cooperation with the Tochu Group, the second largest shareholder in Scatec Solar, the Company is well positioned for success in this market and expects the first projects to start construction in the second half of 2013. Market screening activities have been undertaken for a selection of other East Asian markets, but further development activities have not yet been initiated in the region.

Project development continues in selected states in the US. So far the projects developed in this market have been sold pre-construction, and in August 2012 another 6 MW project on Hawaii was sold to an external developer. A 49 % share of an 8 MW project on Hawaii has recently been secured in which Scatec Solar will also lead construction and retain ownership of the completed project.

Following the strategy to focus outside Europe, Scatec Solar has significantly reduced activities in the European markets during 2012. With the exception of a very successful 8 MW car park project in France, which was completed in Q2, this has all been smaller projects with a limited contribution to the 2012 financial performance. While certain developed projects in France and Italy are still considered to represent sustainable opportunities, a review of the inventory of development projects has led to the recognition of certain impairment losses.

Scatec Solar is currently providing operations and maintenance services to 27 projects constructed by the company between 2007 and 2012. In general, these parks perform above expectation which in several contracts trigger performance bonuses to the Company in addition to the regular service fees. The 4 projects (20 MW) owned by Scatec Solar in the Czech Republic generated revenues that significantly outperformed baseline expectations in 2012. This was partly a result of an above average solar irradiation due to favorable weather conditions, but the underlying technical performance after having been adjusted for differences in irradiation, was also significantly above the baseline assumptions. Solar electricity revenue in the Czech Republic is subject to a 26 % special tax until the end of 2013 in accordance with current legislation implemented in 2010. There are currently processes ongoing to review the general framework for renewable energy projects in the country beyond 2013.

COMMENTS RELATED TO THE FINANCIAL STATEMENTS

The 2012 consolidated revenues for the Group amounted to KEUR 103,766 compared to KEUR 110,991 in 2011. Despite the slight reduction in revenues, the consolidated profit after tax increased from KEUR 3,569 in 2011 to 6,162 KEUR in 2012. The operating earnings before depreciations, amortizations and impairment (EBITDA) increased from KEUR 9,063 (8.2 %) in 2011 to KEUR 18,501 (17.8 %) in 2012, and the operating profit increased from KEUR 7,318 (6.6 %) to KEUR 13,940 (13.4 %). The improvement in profit margin is primarily related to an increase in sales of project development rights, as these are sporadic transactions with higher margins than other revenue streams. In addition, construction activities have been shifted from mature markets to emerging markets with higher margin levels, while operating costs have been kept stable. The margins from construction contracts in progress as of 31.12.2012 are recognized based on the estimated Percentage of Completion multiplied with the estimated total contract margin. A significant portion of development and construction revenues in 2012 relates to South Africa, where Scatec Solar holds a 39% equity share in the project company acquiring these assets and services. Consequently, a 39% share of the margin from these transactions is eliminated against Cost of goods sold in the consolidated financial statements.

Following a review of the portfolio of projects under development and outstanding amounts from projects sold in prior years, an impairment loss of KEUR 1,073 have been recognized in relation to projects in the US, Italy and France. Depreciations are increasing from KEUR 1,720 in 2011 to KEUR 3,458 in 2012 as depreciation of the operating solar parks in the Czech Republic were only included for 6 months in 2011.

Financial expenses are negatively affected by unrealized currency losses caused by revaluation of accounting balances in other currencies than EUR, which are mainly related to activities in South Africa and Czech Republic. Interest expenses are reduced from last year due to the deconsolidation of Italian solar parks sold in Q4 2011. Financial income includes a gain of KEUR 407 related to the sale of a minority shareholding in an Italian project.

Total cash flow from operating activities amounted to KEUR 21,156 in 2012. The difference from the EBITDA of KEUR 18,501 is mainly related to an increase in current liabilities related to ongoing construction contracts. The balance of cash and cash equivalents as of 31.12.2012 amounted to KEUR 20,372.

The total assets of the Group as of 31.12.2012 amounted to KEUR 141,924, compared to KEUR 118,763 as of 31.12.2011. The increase is primarily due to an increase in the level of construction activities leading to an increase of both current and current liabilities related to construction contracts.

The consolidated equity ratio was 22.2 % as of 31.12.2012 compared to 24.2 % as of 31.12.2011. The equity ratio is negatively affected by an embedded currency derivative in a construction contract in South Africa being recognized at fair value through other comprehensive income. The board considers the group to have a healthy financial structure and expect that the secured backlog of projects will lead to a significant strengthening of the balance sheet during 2013.

The separate financial statements for the parent company, Scatec Solar AS, shows a net profit after tax of 54,284 kNOK for 2012 compared to a loss of kNOK 14,627 for 2011. The revenues and profit generated in 2012 were related to intragroup delivery of services, primarily related to South Africa. The increase in total assets from kNOK 453,205 as of 31.12.2011 to kNOK 616,087 kNOK is due to an increased level of intragroup funding activities.

It is the opinion of the Board of Directors that the Financial Statements for both the parent company and the group provide a true and fair view of the assets and liabilities, financial position and income as of 31.12.2012 and for the year then ended.

FINANCIAL, MARKET, CREDIT AND LIQUIDITY RISKS

With the exception of an overdraft facility of EUR 11,029, Scatec Solar only has exposure to interest bearing debt through the equity investments in solar projects with a non-recourse project finance structure. To the extent such debt has a floating interest, this is being hedged by derivatives in the sense that the floating interest rate is swapped to a fixed interest rate for the same period. Interest rate risk is thus considered to be very low.

As for currency risk, the increased activity in countries outside the EUR zone will require a more focus on currency risk management going forward. The group has a currency exposure related to the equity investment in Czech solar parks which has not been hedged as of 31.12.2011. Through the start of construction activities in South Africa, the exposure to South African Rand (ZAR) will become significant going forward. Scatec Solar is seeking to structure contracts and transactions in order to achieve a natural hedge to currency exposure to the degree possible. Residual currency risk mitigation is addressed based on a cash flow focus. Accounting translation differences occurring as a consequence of differences in functional currencies within the company does not represent real currency risk to the group and has consequently not been subject to hedging.

The business of the company is project related and the majority of the risks that the business is exposed to is contained and managed within individual projects. The market risk mainly relates to attractiveness of PV projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets, relative to the prices of key components, such as solar modules. Scatec Solar manages this risk through balancing the commitments on sourcing of projects and components with the commitments on the off-take and financing of the final systems, and through developing a robust portfolio of attractive project opportunities in different markets.

The credit risk relates to settlement of sales and finance transactions to pay for the systems constructed and delivered by Scatec Solar. The major part of such transactions is related to project finance debt from well renowned financial institutions and the credit risk is thus regarded limited. Scatec Solar assesses the credit risk of each potential project structure to evaluate to what extent the remaining risk requires additional mitigation activities.

Although the Board considers the current financial position as of 31.12.2012 to be adequate in relation to the current activity, the company has a limited reserve of unrestricted cash and other highly liquid assets in the short term and significant negative deviations in the amount and timing of cash inflows may put a temporary strain on liquidity. The Board is however expecting a significant strengthening of liquidity buffer based on cash flows from the secured backlog of projects.

Scatec Solar is often required to provide performance guarantees in connection with construction activities. While the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to fairly standardized construction where Scatec Solar has a very solid track-record.

GOING CONCERN

The Financial Statements have been prepared under the assumption of a going concern. The Board confirms that this basis is deemed appropriate based on the current status and future plans of the Company.

WORKING ENVIRONMENT/EQUAL OPPORTUNITY

As of 31.12.2012 the Scatec Solar Group had a total of 82 employees (28 women and 54 men), of which 17 (5 women and 12 men) were employed by the Norwegian parent company. The corresponding numbers as of 31.12.2011 was 73 (14/59), 17 (4/13) in the Group and parent company respectively. The Board of Directors currently consists of 5 members, all male.

Scatec Solar promotes equal opportunities in relation to employment, career opportunities and compensation policies. As for employments, the best qualified person will be hired – regardless of gender.

The board considers the working environment to be good. The absence due to regular sick leave was approximately 2 % on a group level, and no injuries were reported in connection with the operations in 2012. Developing and complying with HSE standards and policies in all locations is a focus area for the management and board as the Company is continuing to expand its operations.

DISCRIMINATION

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The company has employees in 8 countries representing 12 different nationalities as of 31.12.2012. The company has been through a rapid expansion and development phase, but is working to encourage the act's purpose within all parts of the business through establishing policies on recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group also aims to be a workplace with no discrimination due to reduced functional ability. As the expansion of business requires new premises the company seeks to ensure that these are supporting this goal. For any employees or new applicants with reduced functional ability, individual arrangements of workplace and assignments will be made to accommodate relevant needs.

EXTERNAL ENVIRONMENT

The core business of the Company is to contribute to the development and production of renewable energy through solar installations, and as such Scatec Solar brings a net positive contribution to the external environment.

FUTURE PROSPECTS

The demand for renewable energy generation is still increasing, and the total market for Photovoltaic power systems is expected to grow further in the years to come. In the short to mid-term, solar markets are still fuelled by incentives or government investment programs, and changes, or even anticipated changes, to such schemes can have significant impact on the attractiveness and feasibility of individual markets and projects on short notice. As the costs pr. unit of installed power generating capacity continues to go down, solar power is becoming increasingly attractive as an alternative to conventional sources of energy. In addition, new markets are opening as several new countries have introduced or are contemplating to introduce programs to promote solar energy.

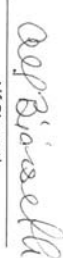
The Company has established a strong track record, holds a significant project backlog and has visibility to significant additional opportunities. The Board thus believes that Scatec Solar is well positioned for success in its target markets going forward.

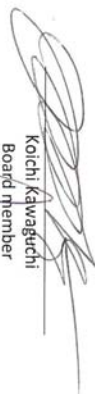
ALLOCATION OF PROFIT

The Board proposes that the profit of KNOK 51,397 in the parent company Scatec Solar AS, is transferred to other equity.

Distributable equity as of 31.12.2012 was KNOK 59,962.

Hillingsberg, May 23, 2013

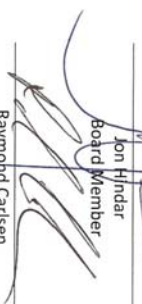

Alf Bjørseth
Chairman of the Board


Koichi Kawaguchi
Board Member


Michio Tanaka
Board member

Jon Hinder
Board Member


Ole Grimsrud
Board member


Raymond Carlsen
Chief Executive Officer

Scatec Solar Group Income Statement 1 January - 31 December (EUR 1000)

	Note	2012	2011
Revenue	4,5	103 766	110 991
Total revenue		103 766	110 991
Cost of goods sold		-74 701	-89 024
Payroll and personnel expenses	6	-7 386	-7 521
Other operating expenses	7	-4 859	-5 445
Depreciation, amortizations and impairment	9,11	-2 879	-1 682
Operating profit		13 940	7 318
Financial income	8	3 831	3 043
Financial expenses	8	-8 814	-6 494
Share of (loss)/profit of associated companies	14	-254	-12
Profit before tax		8 704	3 856
Income tax	12	-2 542	-287
Profit after tax		6 162	3 569
Profit for the year attributable to:			
Equity holders of the parent company		4 124	3 571
Non-controlling interests		2 038	-1
		6 162	3 569
Earning per share			
Continued operation	19	3,8	2,2
- Basic	19	3,8	2,2
- Diluted	19	3,8	2,2

Scatec Solar Group
Statement of Comprehensive Income
1 January - 31 December
(EUR 1000)

	Note	2012	2011
Profit after tax		6 162	3 569
Other comprehensive income (loss)			
Net gain (loss) on hedge of financial instruments	24	-3 483	-
Income taxes	12	975	-
Exchange differences		1 148	-1 829
Other comprehensive income (loss), net of taxes		-1 359	-1 829
Total comprehensive income (loss) for the year		4 803	1 739
Total comprehensive income attributable to:			
Equity holders of the parent company		2 764	1 741
Non-controlling interests		2 038	-1
		4 803	1 739

Scatec Solar Group
Statement of financial position
(EUR 1000)

	Note	31.12.2012	31.12.2011
ASSETS			
Non-current assets			
Deferred tax assets	12	10 586	4 049
Property, plant and equipment	11	60 973	61 851
Intangible assets	9	2 470	6 976
Goodwill	10	2 453	2 453
Other non-current financial assets		72	278
Investments in an associate and joint ventures	14	290	290
Other non-current assets	14	5 928	579
Total non-current assets		82 773	76 476
Current assets			
Project assets	13	5 019	3 077
Trade and other receivables	25	3 087	5 872
Amounts due from customers for contract work	5	20 518	9 272
Other current assets	18	8 814	9 329
Other financial current assets	24	1 340	-
Cash and cash equivalents	15	20 372	14 736
Total current assets		59 151	42 287
TOTAL ASSETS		141 924	118 763

EQUITY AND LIABILITIES

Equity			
Paid in capital	20	202	202
Issued capital		37 235	37 235
Share premium		37 437	37 437
Total paid in capital		37 437	37 437
Other equity			
Reserves		-2 091	-731
Other equity		-5 033	-9 156
Total other equity		-7 123	-9 887
Non-controlling interests		1 129	1 236
Total equity		31 443	28 786
Non-current liabilities			
Deferred tax liabilities	12	184	823
Interest bearing loans and borrowings	23	50 576	49 831
Total non-current liabilities		50 760	50 654
Current liabilities			
Interest bearing loans and borrowings	16	13 222	14 756
Trade and other payables	21	3 732	17 338
Income tax payable	12	7 339	2 399
Other current liabilities	17,24	35 427	4 829
Total current liabilities		59 721	39 323
Total liabilities		110 481	89 977
TOTAL EQUITY AND LIABILITIES		141 924	118 763

Hillingsberg, May 23, 2013

Alf Bjørseth (Chairman)

Koichi Kawaguchi

Michio Tanaka

Joy Hildner

Ole Grimsrud

Raymond Carlsen (CEO)

Scatec Solar Group
Statement of changes in equity
(EUR 1000)

Note	Attributable to parent company equity holders				Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Other equity		
Equity as at 01.01 2011	202	37 235	1 098	-12 725	25 809	1 177
Transactions with non controlling interests						
Total comprehensive income for the year			-1 829	3 569	1 740	61
Equity as at 31.12 2011	202	37 235	-731	-9 156	27 549	1 236
Transactions with non controlling interests						
Total comprehensive income for the year			-1 360	4 124	2 764	2 039
Equity as at 31.12 2012	202	37 235	-2 091	-5 032	30 313	1 130
						31 443

Scatec Solar Group
Statement of cash flows 01.01 - 31.12
(EUR 1000)

	Note	2012	2011
Cash flow from operating activities			
Profit before taxes		8 704	3 856
Depreciation and amortisation	9,11	2 879	1 682
Result from associated companies	14	254	12
Financial income	8	-3 831	-3 043
Financial expenses	8	8 814	6 494
(Increase)/decrease in project assets	13	-1 942	85 496
(Increase)/decrease in customer receivables		2 785	2 570
(Increase)/decrease in other current assets	18	-10 731	-5 339
Increase/(decrease) in current liabilities		17 262	-50 407
Interests paid		-3 105	-4 182
Taxes paid		-3 783	-846
Net cash flow from operating activities		17 306	36 292
Cash flows from investing activities			
Proceeds from sale of intangible assets		-	333
Interest received		199	146
Investments in property, plant and equipment	11	-	-61 086
Investments in intangible assets	9	-	-4 083
Investments in associates and joint venture	14	-5 144	18
Net cash flow used in investing activities		-4 945	-64 671
Cash flows from financing activities			
Proceeds from loan		-	36 375
Repayment borrowings		-2 073	-
Dividends to non controlling interest		-1 654	-
Net cash flow from financing activities		-3 727	36 375
Net currency translation effect		-1 291	-66
Net increase/(decrease) in cash and cash equivalents		8 634	7 996
Cash and cash equivalents at beginning of period		14 736	6 806
Cash and cash equivalents at end of period		19 944	14 736

Note 1 Summary of significant accounting policies

The consolidated financial statements of Scatec Solar, for the year ended 31 December 2012, were authorised for issue in accordance with a resolution of the Board on 23 May 2013 for adoption by the general meeting on 28.06.2013. Scatec Solar AS (hereafter the 'Company' or the 'Group') is a limited liability company incorporated and domiciled in Norway. The registered office of Scatec Solar AS is Sommergaten 13-15, NO-0255 Oslo, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar is a global turn-key supplier of solar PV solutions, with headquarters in Oslo, Norway. Scatec Solar operates globally, and has operating subsidiaries in Germany, Czech, Italy, India, US, France and South Africa.

1.1 Basis for preparation of the annual accounts

The Scatec Solar Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2012.

The consolidated financial statements are based on historical cost, with the exception of the following:

Financial instruments at fair value through profit or loss, financial instruments which are available for sale and recognised at fair value, and loans, receivables and other financial liabilities which are recognised at amortised cost.

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

The consolidated financial statements are presented in EURO and all values are rounded to the nearest thousand (EURO 1.000) except when otherwise indicated.

1.2 Functional currency and presentation currency

The Group's presentation currency is EUR. The parent company's functional currency is NOK. The statement of financial position figures of subsidiaries with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period while the statement of comprehensive income figures are translated at the transaction exchange rate. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognised in other comprehensive income. When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary are recognised in the statement of comprehensive income.

1.3 Consolidation principles

The Group's consolidated financial statements comprise Scatec Solar AS and companies in which Scatec Solar AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Non-controlling interests are included in the Group's equity.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

An associate is an entity in which the Group has a significant influence but does not control the management of its finances and operations (normally when the Group owns 20%-50% of the company). The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method, from the date when a significant influence is achieved and until the date when such influence ceases.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's statement of financial position is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

The consolidated financial statements include joint ventures according to the equity method from the date when joint control is achieved and until joint control ceases.

A joint venture is an activity over which the Group has joint control through a contractual agreement between the parties. A jointly controlled enterprise involves the creation of a separate entity in which each of the parties has its ownership interest and which is under joint control.

All other investments are recognised in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, and additional information is provided in note 24.

Inter-company transactions and inter-company balances, including internal profits and unrealised gains and losses, are eliminated. Unrealised gains linked to transactions with associates and joint ventures are eliminated according to the Group's share in the entity. Correspondingly, unrealised losses are eliminated but only to the extent that there are no indications of impairment in the value of the asset that has been sold internally. Eliminations of internal profit is done net on cost of goods sold.

1.4 The use of estimates when preparing the annual accounts

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. This particularly applies to the depreciation of tangible fixed assets, evaluation of goodwill, valuation of projects in progress, certain receivables, deferred tax assets and evaluations related to acquisitions. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods. Refer also to note 2.

1.5 Foreign 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 EUR using the exchange rate applicable at the end of the reporting period. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into EUR 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 at the end of the reporting period. Changes to exchange rates are recognised in the statement of comprehensive income as they occur during the accounting period.

Foreign operations

The results and financial position of all the Scatec Solar Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences from translation are recognized as a separate component of other comprehensive income.

Translation differences due to the translation of a net investment in foreign operations and from related hedging objects are specified as translation differences in the other comprehensive income. Translation differences previously recognised in equity are recognised in the statement of comprehensive income when the foreign operations are disposed of.

1.6 Revenue recognition

The Group have the following main sources of revenues:

Sale of project rights: where Scatec Solar develops projects or acquire project rights and sell these assets to entities outside the Scatec Solar group.
EPC: Where Scatec Solar is responsible for the total scope of a Turn Key installation of a PV power plant through a contract covering Engineering, Procurement and Construction.
Operation and Maintenance (O&M): where Scatec Solar provides operation and maintenance services to operating PV power plants.
Parts in operation: where Scatec Solar sell electricity from operating PV plants in which the Group holds a controlling interest

The company base revenue recognition for arrangements entered into for the underlying arrangements. Revenue from fixed price construction contracts is recognised on the percentage of completion method. The stage of completion of a contract may be determined by a variety of ways. Depending on the nature of the contract, revenue is recognised as contractually agreed technical milestones are reached, as units are delivered or as the work progresses, as actual cost incurred over total estimated costs to complete or as labour hours incurred to date compared to estimated total labour hours for each contract.

We periodically revise our contract profit estimates and we immediately recognize any losses that we identify on contracts. Incurred costs include all direct materials, costs for solar modules, labor, subcontractor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, and tools. We recognize direct material costs as incurred costs when the direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, we defer revenue and associated costs and recognize them once those materials are installed and have met any other revenue recognition requirements. We consider direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

For certain arrangements, typically when we have gained control of land or land rights, we record the sale as revenue once the sale is consummated, the buyer's initial and continuing investments are adequate, the receivable is not subject to any future subordination, and the risk and rewards have been transferred to the buyer. As a result, depending on the value of the initial and continuing payment commitment by the buyer, we generally align our revenue recognition and release of project assets to cost of sales with the receipt of payment from the buyer.

Revenues from the sale of electric power are recognised in the statement of comprehensive income once delivery has taken place and most of the risk and return has been transferred.

Revenues from the sale of O&M agreements are recognised in the statement of comprehensive income according to the project's level of completion provided the outcome of the transaction can be estimated reliably.

Some products are sold with product warranties. The expected warranty amounts are recognized as an expense at the time of sale, and are adjusted for subsequent changes in estimates of actual outcomes.

1.7 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income when they arise. Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a solar park. The interest costs accrued during the construction period until the solar park is capitalised. Borrowing costs are capitalised until the date when the solar park asset is ready for its intended use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised.

1.8 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the carrying value and tax value of assets and liabilities, with the exception of: temporary differences linked to goodwill that are not tax deductible temporary differences related to investments in subsidiaries, associates or joint ventures when 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 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 and deferred tax assets 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 and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

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

1.9 Research and development

Expenses relating to research activities are recognised in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

1.10 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and unreversed impairment. Historical cost includes expenditures that are directly attributable to the acquisition, construction or installation of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Scatec Solar Group and the cost of the item can be measured reliably. All other costs are charged to the statement of comprehensive income during the financial period in which they are incurred. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. For the Scatec Solar Group, capitalization of borrowing costs during a year is limited to the total amount of external borrowing costs incurred for the parent company and subsidiaries during the relevant year. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, to their residual values over their estimated useful lives. The assets' residual values, if any, depreciation method and useful lives are reviewed at least annually and related depreciation rates are adjusted prospectively. Depreciation commences when the assets are ready for their intended use.

1.11 Leasing

(i) The Group as a lessee

Finance leases

Finance leases are leases under which the Group assumes most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognised at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this cannot be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The same depreciation period as for the company's other depreciable assets is used. If it is not reasonably certain that the company will assume ownership when the term of the lease

expires, the asset is depreciated over the term of the lease or the asset's economic life, whichever is the shorter.

Operating leases

Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Group are classified as operating leases. Lease payments are classified as operating costs and recognised in the statement of comprehensive income in a straight line during the contract period.

(ii) The Group as a lessor

Operating leases

The Group presents assets it has leased to others as non-current assets in the balance sheet. The rental income is recognised as revenue on a straight line basis over the term of the lease. Direct costs incurred in establishing the operating lease are included in the leased asset's carrying amount and are expensed over the term of the lease on the same basis as the rental income.

1.12 Intangible assets

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognised at their fair value in the Group's opening balance sheet. Capitalised intangible assets are recognised at cost less any amortisation and impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year. Changes to the amortisation

method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortised. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

1.13 Business combinations and goodwill

Goodwill

The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognised as goodwill. For investment in associates, goodwill is

included in the investment's carrying amount.

Goodwill is recognised at cost in the balance sheet, minus any accumulated impairment losses. Goodwill is not amortised but is tested at least once a year for impairment.

Assets and liabilities acquired in a business combination are carried at their fair value in the Group's opening balance sheet. The non-controlling interests are calculated on the basis of the minority's share of these assets and liabilities.

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered until the annual accounts are presented or prior to the expiry of a 12-month period.

Goodwill is tested annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

1.14 Government grants

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are capitalised and recognised systematically over the asset's useful life. Investment grants are recognised either as deferred income or as a deduction of the asset's carrying amount.

1.15 Financial instruments

In accordance with IAS 39, *Financial Instruments: Recognition and measurement*, financial instruments within the scope of IAS 39 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.

Financial instruments that are primarily held with the objective of selling them or buying them back in the short term, financial instruments that form part of a portfolio of identified instruments which are managed together and where there are clear traces of short-term gain realisation, or derivatives that are not designated as hedging instruments are classified as held for trading purposes. These instruments form part of the category of financial instruments recognised at their fair value with changes in value through profit or loss, together with financial instruments which qualify for, and have been designated as, instruments recognised at their fair value with changes in value through profit or loss.

Financial assets with fixed or determinable cash flows and a specific redemption date which the Group intends and is able to keep until maturity are classified as investments held to maturity, with the exception of those instruments which the company designates as being at fair value with changes in value through profit or loss or available for sale or which meet the criteria for forming

part of the loans and receivables category.

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables, with the exception of instruments that the Group has designated as being at fair value with changes in value through profit or loss or available for sale.

All other financial assets are classified as being available for sale.

Financial liabilities that do not form part of the held for trading purposes category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other liabilities.

Financial instruments that are held to maturity are included in fixed asset investments unless the redemption date is less than 12 months after the end of the reporting period. Financial instruments in the held for trading purposes group are classified as current assets. Financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within the 12-month period following the end of the reporting period.

Investments that are held to maturity, loans and receivables and other liabilities are recognised at their amortised cost. Financial instruments that are classified as available for sale and held for trading purposes are recognised at their fair value, as observed in the market at the end of the reporting period, without deducting costs linked to a sale.

The gain or loss resulting from changes in the fair value of financial investments that are classified as available for sale is recognised directly in equity until the investment is sold. When the investment is sold, the accumulated gain or loss on the financial instrument that has previously been recognised in equity is reversed and the gain or loss is recognised in the statement of comprehensive income.

Changes in the fair value of financial instruments classified as held for trading purposes or designated as being at fair value with changes in value through profit or loss are recognised in the statement of comprehensive income and presented as a financial income/expense. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of other instruments that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measures are provided in Note 24.

1.16 Derivatives that are not hedging instruments

Financial derivatives that are not recognised as hedging instruments are assessed at their fair value. Changes in the fair value are recognised in the statement of comprehensive income as they arise.

An embedded derivative is separated from the host contract and recognised as a derivative if, and only if, all the following conditions are met:

The financial characteristics of and financial risk relating to the embedded derivative are not closely related to the financial characteristics of and financial risk relating to the host contract.
A separate instrument with the same conditions as the embedded derivative would have complied with the definition of a derivative.
The combined instrument (the main contract and embedded derivative) is not measured at its fair value with changes in value recognised in profit or loss.

1.17 Impairment of financial assets

Financial assets valued at amortised cost are impaired when it is probable, based on objective evidence, that the instrument's cash flows have been negatively affected by one or more events occurring after the initial recognition of the instrument. The impairment loss is recognised in the statement of comprehensive income. If the reason for the impairment loss disappears in a later period and this disappearance can be objectively linked to an event which takes place after the impairment loss has been recognised, the previous impairment is reversed. The reversal must not result in the carrying amount of the financial asset exceeding the amount that the amortised cost would have been if the impairment loss had not been recognised on the date when the impairment was reversed. The reversal of a previous impairment loss is presented as income.

1.18 Project asset

Project assets consist primarily of costs relating to solar power projects in various stages of development that we capitalize prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing and constructing a solar power plant. Development costs can include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs.

Once we enter into a definitive sales agreement, we reclassify project assets to deferred project costs on our balance sheet until we have met the criteria to recognize the sale of the project assets as revenue. We recognize project assets/deferred project costs in cost of sales as we record revenue for a particular project. We classify project assets generally as noncurrent due to the time required to complete all activities to sell a specific project, which is typically longer than 12 months. We review project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We consider a project commercially viable if it is anticipated to be sellable for a profit once it is either fully developed or fully constructed. We consider a partially developed or partially constructed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. We examine a number of factors to determine if the project will be profitable, the most notable of which is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease.

1.19 Accounts receivables

Trade receivables are recognised at their cost minus any impairment.

1.20 Cash and cash equivalents

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

In the statement of cash flows, the overdraft facility is presented gross as part of changes in current liabilities.

1.21 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 are classified as equity will be recorded directly in equity.

Costs of equity transactions

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

Other equity

(a) Translation differences

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity 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.

1.22 Non-controlling interest

The non-controlling interests include the non-controlling interest's share of subsidiaries' carrying amounts, including the share of identified excess value on the acquisition date.

Losses in a consolidated subsidiary that can be attributed to the non-controlling interests cannot exceed the minority's share of the equity in the consolidated subsidiary. Losses which exceed this amount are recognised in the majority interests' share of the subsidiary to the extent that the minority shareholders are not obliged and able to pay their share of the loss. Should the subsidiary start to be profitable, the majority interests in the subsidiary's equity is to be adjusted until the non-controlling interests' share of previous losses has been settled.

1.23 Employee benefits

Defined contribution plans

The Group's companies have made contributions to local pension plans. These contributions have been made to the pension plan for full-time employees and equal 3-5% of the employee's salary. The pension premiums are charged to expenses as they are incurred.

1.24 Provisions

A provision is recognised when the Group has an obligation (legal or self-imposed) 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 that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

A provision for a guarantee is recognised when the underlying products or services are sold. The provision is based on historical information on guarantees and a weighting of possible outcomes according to the likelihood of their occurrence.

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

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

1.25 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.

1.26 Events after the reporting period

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

1.27 New accounting standards

New accounting standards issued.

IFRSs and IFRICs issued but not yet effective

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

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 12 Income Taxes

The amendments in IAS 12 imply that deferred tax related to an investment property measured at fair value in accordance to IAS 40 Investment Property. The amendment clarified the determination of deferred tax on investment property measured at fair value in accordance with IAS 40 should be determined on the basis that its carrying amount will be recovered through sale (and not use). The expectation can be confuted if two given exceptions are present. The amendments also include an incorporation of SIC 21- Income Taxes - Recovery of Revalued - Non-Depreciable Assets stating that if a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in IAS 16 Property, Plant and Equipment, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale. The amendments become effective for financial statements starting on or later than January 1st, 2013 within the EU/EEA region.

IAS 19 Employee Benefits

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The removal of the corridor mechanism implies that actuarial gains and losses shall be recognized in other comprehensive income in the current period. The amended standard will impact the net benefit expense as the expected return on plan assets

will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investment in Associates and Joint Ventures

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendments become effective for financial statements starting on or later than January 1st, 2014 within the EU/EEA region.

IAS 32 Financial Instruments – Presentation

These amendments in IAS 32 clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments become effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Financial Instruments – Disclosure

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent. The Group has evaluated which entities that are required to be consolidated in accordance to IFRS 10 and made a comparison with the current requirements in IAS 27.

IFRS 10 has revised the definition of control compared to IAS 27. Entities the investor controls are required to be consolidated in accordance to IFRS 10. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The amendments become effective for financial statements starting on or later than January 1st, 2014 within the EU/EEA region.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The amendments become effective for financial statements starting on or later than January 1st, 2014 within the EU/EEA region.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 39.

statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 39. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. The amendments become effective for financial statements starting on or later than January 1st, 2014 within the EU/EEA region.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements 2009-2011

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013; however the amendments have not yet been endorsed by the EU.

IAS 16 Property, Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendments become effective for annual periods beginning on or after 1 January 2013; however the amendments have not yet been endorsed by the EU.

IAS 32 Financial Instruments - Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendments become effective for annual periods beginning on or after 1 January 2013; however the amendments have not yet been endorsed by the EU.

Note 2 Estimation uncertainty

In the process of applying the Group's accounting policies according to IFRS, management makes 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 related to the following:

Business combinations, see also note 3

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

Depreciation and amortisation, see also note 9, 10 and 11.

Depreciation and amortisation expenses are based on management estimates of residual value, amortisation method and the future useful life of photovoltaic power plants and intangible assets. 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 photovoltaic power plants is connected with the governmental guaranteed feed in tariff for electricity produced by photovoltaic power plants. These feed in tariffs give a guaranteed revenue from the government from 15 to 20 years. Together with the fact that the technological lifetime of the equipment is at least 20 year we assume that the estimated lifetime of these power plants are 20 years.

Impairment, see also note 9, 10 and 11.

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associated companies, project assets and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet brought into use are tested for impairment annually.

Estimating recoverable amounts of assets and companies must in part be based on management's evaluations, including determining appropriate cash-generating units, determining discounting rates, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. The operations are to a large extent affected by economic conditions which result in considerable fluctuations in the company's fair value, particularly the development in the governmental support for photovoltaic power production and prices for key components as photovoltaic solar modules. As the market is still immature, these values can vary in time.

Revenue recognition, see also note 4, 5 and 18.

Revenue recognition for certain long-term construction contracts is based on the percentage-of-completion method as defined in IAS 12. This method requires use of estimates for total project and profits in order to define the progress of a project and recognize the appropriate portion of revenues and profits that should be attributed to the period in question. Although the key features of our projects are the same for all projects, the project executing period is relatively short and the complexity of such projects are normally limited, the use of such estimates implies an inherent uncertainty and a risk that prior estimates on the expected outcome (i.e. costs / labour hours) and performance may have to be revised in later periods with a corresponding impact on the financial statements.

Revenue for contracts on sale of project rights is based on fair value of the consideration to be received. Parts of the consideration is based on managements best estimate. The use of such estimates implies an inherent uncertainty and a risk that prior estimates on future performance and may have to be revised in later periods with a corresponding impact on the financial statements.

Deferred tax assets, see also note 12

Recognition of deferred tax assets requires that management prepares estimates of future taxable revenues in order to demonstrate the probability that the tax asset can be effectively utilized. Tax assets can only be recognized to the extent such estimates are deemed to be sufficiently reliable, but it is inherent to any such forward looking analysis that the actual outcome of future events and transactions can be different.

Note 3 List of subsidiaries and business combinations
(EUR 1000)

The following subsidiaries are included in the consolidated financial statements:

Company	Office	Ownership interest 2012	Ownership interest 2011
Scatec Solar GmbH	Regensburg, Germany	100.0%	100.0%
Scatec Solar Italy S.R.L.	Milano, Italy	100.0%	100.0%
Enersolis 06 S.R.L.**	Roma, Italy	100.0%	100.0%
Enertel PV01 S.R.L.**	Roma, Italy	100.0%	100.0%
BFL F.S.R.L.	Roma, Italy	51.0%	51.0%
Scatec Solar SA163 (Pty) Ltd*	Cape Town, South Africa	92.0%	100.0%
Scatec Solar S.R.O	Prague, Czech	100.0%	100.0%
Signo Solar PP01 S.R.O	Prague, Czech	100.0%	100.0%
Signo Solar PP02 S.R.O	Prague, Czech	100.0%	100.0%
Signo Solar PP03 S.R.O	Prague, Czech	100.0%	100.0%
Signo Solar PP04 S.R.O	Prague, Czech	100.0%	100.0%
SPV 1 Solar S.R.O	Prague, Czech	100.0%	100.0%
Scatec Solar India Pvt. Ltd.	New Delhi, India	100.0%	100.0%
Scatec Solar North America Inc.	California, US	100.0%	100.0%
Chateau St Jean Solar LLC	California, US	80.0%	80.0%
Kalaïda Renewable Energy Park LLC **	Hawaii, US	70.0%	100.0%
Tourves SPV SAS	St Raphael, France	100.0%	100.0%
La Lande de Gout SAS	St Raphael, France	100.0%	100.0%
Scatec Norge Holding II SA	Luxemburg	100.0%	100.0%
Scatec Solar Production SAS ***	St. Raphael, France	100.0%	100.0%
Scatec Dinesen Partnership SARL	Luxemburg	100.0%	100.0%
SDP 1 SARL	Luxemburg	100.0%	100.0%
SDP II SARL ***	Luxemburg	100.0%	100.0%
Charante Soleiel SAS ***	France	100.0%	100.0%
Charita Soleiel SAS	France	100.0%	100.0%
Riguepeu SAS	France	100.0%	100.0%
St Ursin SAS	France	100.0%	100.0%
Pierre Brune I SAS ***	France	100.0%	100.0%
Pierre Bruen II SAS ***	France	100.0%	100.0%
SPV 1 SAS ***	France	100.0%	100.0%
Scatec Solar SAS	St. Raphael, France	100.0%	100.0%
St Cyr sur Loirel SAS ***	France	100.0%	100.0%
Saint Cyr Soleil SAS ***	France	100.0%	100.0%
Scatec Luxembourg Holding SA	Luxemburg	100.0%	100.0%
Scatec Solar South Africa Ltd	Sandton, South Africa	70.0%	100.0%
Scatec Solar Asia Pacific Pte Ltd	Singapore	100.0%	100.0%

Ownership interest corresponds to voting interest if not otherwise stated

* Companies established in 2012.

** Companies sold in 2012.

*** Companies dissolved in 2012

All business combinations are accounted for by applying the acquisition method of accounting.

Business combinations 2012

No material business combinations in 2012

Business combinations 2011

No material business combinations in 2011

Note 4 Revenues

Revenues per product:	2012	2011
EPC	67 756	81 355
O&M	1 257	566
S&C	9 835	14 071
Parks in operations	13 332	13 927
Sale of project rights	11 127	825
Other	459	247
Total revenue	103 766	110 991

The revenues per geographic markets:	2012	2011
Italy	5 148	61 434
Germany	22 291	27 887
France	11 338	12 786
Czech	12 504	8 666
Norway	57	65
South Africa	50 498	152
US	1 930	152
Total revenue	103 766	110 991

Note 5 Construction contracts

Total income and expense recognised under IAS 11 on contract in progress in the year

	2012	2011
Contract revenue recognised as revenue	67 756	22 398
Related costs	-53 547	-17 919
Recognised profit or loss on contracts in the period	14 209	4 479
Amounts due from customers for contract work	20 518	9 272
Amounts due to customers for contract work	24 392	-
Construction contracts in progress, net position	-3 874	9 272
Advances from customers	2 485	4 226
Customer retentions		

Note 6 Employee benefits expense, number of employees and auditor's fee
(EUR 1000)

Salaries and other personnel costs	2012	2011
Salaries	6 874	6 612
Payroll tax	1 509	1 344
Pension costs	293	257
Other employee benefits	334	126
Other personnel costs	88	59
Recruitment costs	-	7
Allocated to project assets and project rights	-1 712	-885
Total	7 386	7 521

The number of man-years that has been employed during the financial year:

	2012	2011
Norway	18	19
Germany	35	30
South Africa	8	
Czech	4	7
France	5	8
USA	2	4
India	1	2
Italy	5	7
Total	78	77
Management remuneration	CEO	BoD
Salary and bonus	707	-
Pension	14	-
Other benefit	24	-
Sum	745	-

The CEO has no agreed right to termination pay or other benefits except for participation in the company's regular pension plan. The CEO has a significant shareholding in Scatec Solar (ref note 20).

Total compensation for the management group in 2012 amounts to EUR 2 116 (2011: EUR 1 770). In addition, all members of the management group participates in the Company's defined contribution pension plan.

Bonus arrangements

Scatec Solar has a bonus program (performance contracts) in place for its management team. During 2012, 12 persons has participated in this program, and the maximum possible bonus payment range from 15 to 25% of total salary.

Performance in Scatec Solar is defined as the combination of delivery (what you achieve) and behavior (how you achieve). The performance contracts consist of both collective goals and individual goals, and the bonus potential is equally split between the two. It is furthermore an absolute threshold for any payouts that certain financial targets have been met.

Total bonus payments in 2012 amounted to EUR 621 (in 2011 EUR 263).

Pension costs

The Company has a defined contribution plan in line the requirement of the law.
EUR 293 is expensed related to defined contribution pension plan in 2012 (2011: EUR 257)

Audit fees, excluding VAT

The table below summarises audit fees for 2012 and 2011 and fees for audit related services, tax services and other services incurred by the Group during 2012 and 2011. Fees include both Norwegian and foreign subsidiaries.

	2012	2011
Audit fees	254	178
Fees for further assurance services	45	21
Fees for tax services	8	6
Total	307	205

Fees for audit services include fees associated with the required statutory and financial audits and reviews. Further assurance services principally include other attestation services, regulatory reporting audits and agreed upon procedures. Tax services include review of tax compliance and tax service.

Note 7 Other operating expenses (EUR 1000)

	2012	2011
Facilities	592	518
Professional fees	1 774	2 096
Other office costs	574	606
Travel costs	1 051	1 146
Other costs	868	1 208
Government grants	-	-130
Total other operating expenses	4 859	5 445

No government grants are received in relation to research and development for 2012 (2011: EUR 130k). This grant is presented as cost deduction.

Note 8 Financial income and expenses (EUR 1000)

	2012	2011
Financial income		
Interest income	199	146
Gain on sale of financial investments	407	-
Change in fair value interest swap contract	-	-
Agio**	3 224	2 897
Total financial income	3 831	3 043

* Unrealised agio related to translation of monetary items in foreign currency to year end exchange rates and not part of net investment in subsidiaries.

	2012	2011
Financial expenses		
Interest expenses	3 106	4 284
Interest expenses from group companies*	384	384
Bank and guarantee fees in relation to long term financing	1 425	962
Change in fair value interest swap contract	-	134
Disagio**	4 035	729
Other	247	-
Total finance costs	8 814	6 494

* Interest expense on loan from parent company Scatec AS.

** Unrealised disagio related to translation of monetary items in foreign currency to year end exchange rates and not part of net investment in subsidiaries.

Note 9 Intangible assets
(EUR 1000)

	Project rights*	Software licenses and other rights	Sum
Intangible assets			
2012			
Accumulated cost 01.01.12	7 838	220	8 058
Reallocation to projects assets	-5 368	-	-5 368
Accumulated amortisation 31.12.2012	-	-220	-220
Accumulated impairment 31.12.2012	-	-	-
Carrying amount 31.12.2012	2 470	-	2 470
This year amortisation	-	-83	-83
This year impairment	-	-	-
2011			
Accumulated cost 01.01.11	5 882	186	6 068
Additions	3 093	34	3 127
Change in estimate	-1 137	-	-1 137
Accumulated cost 31.12.11	7 838	220	8 058
Accumulated amortisation 31.12.2011	-	-137	-137
Accumulated impairment 31.12.2011	-945	-	-945
Carrying amount 31.12.2011	6 893	83	6 976
This year amortisation	-	-55	-55
This year impairment	-	-	-

Project rights are related to permits and rights for construction and operation of photovoltaic power plants (PV plants).

The total portfolio of such rights consists of a number of projects in different stages of completion as to the total permitting process. Until construction of the related plant, these rights are deemed to have an indefinite economic life. In this situation these assets are not depreciated, but tested annually for impairment. Intangible assets in the balance sheet as of 31.12.2012 is in its entirety related to one 7 MW project in Italy. While Scatec Solar is not focusing on the Italian market in general as it has lost attractiveness over the last couple of years, this particular project is kept intact in terms of the key permits required to construct and is deemed sustainable based on the current and reduced cost of construction and the estimated price level in a Power Purchase Contract (PPA) from a completed installation. Upon construction of the plants the rights are either sold in a separate transaction with the buyer of the project, reallocated to inventory to be sold as an integrated part of a turn key project, or reallocated to assets under construction and depreciated as part of PV plants kept on the balance sheet of Scatec Solar.

Software licenses and other rights are linear depreciated with 3-5 years.

Note 10 Goodwill

The total amount of goodwill recognized in the balance sheet as of 31.12.2012 is related to the purchase of shares in the German subsidiary, the relevant cash-generating unit for the purpose of impairment testing is deemed to be activities in Scatec Solar Solutions EPC activities (Engineering, Procurement, Construction) and Operation and Maintenance services). The purpose of the acquisition in Germany was to use the experience from this unit to leverage the capabilities of execution projects in new markets, and these synergies remain in force as the German Solutions department continues to serve as a competence center supporting operations on a global scale.

Recoverable amount for this cash-generating unit is based on value in use. Value in use has been estimated by discounted cash flows based on information from business plans approved by the management. Cash revenues have been calculated based on estimated project volumes (MW) and an average margin related to project execution. For system integration projects, a portion of the total margin has been attributed to project execution, excluding margins attributable to project development and financing arrangements. This is also validated with observed margins from projects where Scatec Solar has taken a pure contractor role. Cash expenses have been calculated based on budgeted operating expenses attributable to project execution activities. To the best of management's judgment, capital expenditure and changes in working capital is insignificant in relation to this business and is therefore excluded for the purpose of the calculation.

As the primary purpose of these calculations is to assess whether recoverable amounts exceed carrying amounts of goodwill, Scatec Solar has based volume predictions in the calculations on actuals performance for 2012 and 2013 budgets. As these projections show that recoverable amounts exceed carrying amounts even with very high pre tax discount rates, limited effort has been made to detail the relevant Weighted Average Cost of Capital (WACC).

Note 11 Property, plant and equipment
(EUR 1000)

Property, plant and equipment	PV power plants	PV power plants under construction	Machines and office equipment	Sum
2012				
Accumulated cost 01.01.12	63 282	-	532	63 814
Foreign exchange revaluation impact	1 660	-	-	1 660
Additions	-	-	286	286
Disposals	-	-	-	-
Accumulated cost 31.12.12	64 942	-	818	65 760
Accumulated depreciations 31.12.2012	-4 425	-	-362	-4 787
Carrying amount 31.12.2012	60 517	-	456	60 973
This year depreciations	-2 705	-	-119	-2 824
2011				
Accumulated cost 01.01.11	-	2 318	410	2 728
Additions	-	-	122	122
Reclassification from project assets*	60 964	-	-	60 964
Reclassification from PV power plants under construction	2 318	-2 318	-	-
Accumulated cost 31.12.11	63 282	-	532	63 814
Accumulated depreciations 31.12.2011	-1 720	-	-243	-1 963
Carrying amount 31.12.2011	61 562	-	289	61 851
This year depreciations	-1 546	-	-81	-1 627

The company uses linear depreciations for all fixed assets based on the following rate:

Photovoltaic power plants 20 years
Machines and office equipment 3-5 years

Note 12 Tax
(EUR 1000)

	2012	2011
Income tax expense		
Tax payable	9 329	2 116
Change in deferred tax	-6 807	-1 828
Correction of previous years current income taxes	20	-
Income tax expense	2 542	287

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense (income) according to the corporate income tax rate of 28% in Norway. It also outlines the major components of the tax expense. Below the table, selected line items are commented.

Income tax rate in Norway (28%)	2 490	1 079
Tax rate different than 28%	20	152
Share of net income from associated companies*	79	-
Non-deductible expenses**	141	-786
Current tax on dividend received and withholding tax	165	-
Use of previously unrecognised loss carried forward	-901	-264
Deferred tax assets not recognised***	548	106
Calculated tax expense	2 542	287
Effective tax rate	29,2 %	7,5 %

***Tax rates outside Norway different from 28%**

Significant effects are related to the fact that Scatec Solar Czech (19%),

Scatec Solar Germany (30,7%) and Scatec Solar France (33%) have tax rates different than 28%

****Non-deductible expenses**

In 2012, the group had deductible expenses in relation to impairment on internal receivables.

The company has a tax payable on an internal gain, which is eliminated in the group accounts.

Variances in tax rate between Norway (28%) and Czech (19%) entails that the tax deduction will be at a lower rate and therefore not tax deductible for the Group.

*****Deferred tax assets not recognised**

Deferred tax assets are not recognised for deductible temporary differences (primarily carry forward of unused tax losses) in subsidiaries unless the Group can demonstrate probable taxable profits that will be available against such deductible temporary differences.

Deferred tax and deferred tax assets:

	Consolidated balance sheet	
	2012	2011
Deferred tax assets		
Tax losses carried forward	1 867	1 306
Property, plant and equipment	3 034	3 998
Construction contracts	2 722	-
Other current assets	3 011	-
Financial instruments	1 245	-48
Other current assets	-109	-1 208
Valuation allowance	-1 185	-
Deferred tax assets - gross	10 586	4 049

Consolidated balance sheet

	2012	2011
Deferred tax liabilities		
Construction contracts	-	-613
Financial instruments	-	-
Other	-183	-211
Deferred tax liabilities - gross	-183	-823
Net recognised deferred tax assets	10 403	3 225
Of which deferred tax assets	10 586	2 073
Of which deferred tax liabilities	-183	-317

Tax loss carried forward

	2012	2011
US	4 425	2 627
Czech	1 417	2 381
Singapore	193	193
India	257	230
Total tax loss carried forward	6 292	5 431

The Group has a total tax loss carried forward of KEUR 6 292 as at 31 December 2012 (2011: KEUR 5 431) which expires as follows:

	2012	2011
Tax loss carried forward	6 292	5 431
2017 or later	-	-
No due date	-	-
Total tax loss carried forward	6 292	5 431

Scatec Solar has recognized deferred tax assets as of 31.12.2012 in those markets where profit is generated according to current budgets and business plans show.

The tax loss carried forward expires in 2017 and later.

Note 13 Project assets
(EUR 1000)

	2012	2011
Modules on stock	109	127
Inverters on stock	70	39
Project rights	3 085	-
Project pre-contract cost	1 755	-
Grid connected Italian PV power plants	-	2 844
Other	-	67
Total project assets	5 019	3 077

Project rights are related to permits and rights for construction and operation of photovoltaic power plants (PV plants). The total portfolio of such rights consists of a number of projects in different stages of completion as to the total permitting process.

Projects rights are reclassified to project assets by start of construction if the intention is to sell the project.

Write downs of project assets at KEUR 427 have been recognised as cost of goods sold (2011: k EUR 0)

Note 14 Investments in joint ventures and associated companies
(EUR 1000)

Interests in joint ventures

Interests in joint ventures have been consolidated by the equity method based on the direct ownership interest.

The Group has the following interests in joint ventures. All the joint ventures are limited companies. The joint ventures have their own management responsible for the day to day operation. However, the composition of the board of directors and guidelines for operation of business is based on shareholder agreements. As a result of these agreements, the participants have jointly control of the entities.

Entity	Country	Activities	Ownership interest
Scatec Solar SA165	Sandton, South Africa	Investment	65 %
Scatec Solar SA166	Sandton, South Africa	SPV	60 %

The Scatec Solar Group's total share of assets, liabilities, revenues and costs relating to investments in joint ventures which are included in the consolidated financial statements, is as follows:

	2012	2011
Assets		
Current assets	12 810	-
Non-current assets	11 164	-
Liabilities		
Current liabilities	4 413	-
Non-current liabilities	22 164	-
Net Assets	-13 767	-

Revenues	-	-
Operating expenses	-320	-
Net financial cost (income)	39	-
Profit before taxes	-280	-
Tax	28	-
Profit after tax from joint venture	-254	-

There are no contingent liabilities or commitments beyond the paid in capital towards (name of the joint venture).

Investments in associated companies

The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method.

Associates 2012	Office	Ownership interest	Voting rights
Megawatt Holding AS	Oslo, Norway	50.0%	50.0%
Sansca Limited	Hong Kong	25.0%	25.0%
Scatec Energy LLC*	Denver, USA	50.0%	50.0%

Associates 2011	Office	Ownership interest	Voting rights
Megawatt Holding AS	Oslo, Norway	50.0%	50.0%
Scansca Limited	Hong Kong	25.0%	25.0%
Euroridge Partners sarl**	Luxembourg	0.0%	49.0%
Ren Solar AS***	Oslo, Norway	0.0%	49.0%

* Company established in 2012

** Euroridge Partners sarl was liquidated in 2011

*** The shares in Ren Solar were sold in 2011. Payment for these share was settled in 2012 (KEUR 189).

	2012	2011
Reconciliation		
Carrying amount 1 January	290	302
+/- share in profits	-254	-12
Additions	2 423	-
Receivable joint venture	-2 169	-
Carrying amount 31 December	290	290
Of which investment carried at negative value 1)	-2 169	-
Share of (loss)/profit of associated companies	-254	-12

1) Associated companies and joint ventures accounted for under the equity method are carried at negative values where the Group has other long-term interest that in substance form part of the capital invested (classified against receivables on associates/joint venture), or a corresponding liability above and beyond the capital invested (classified as a provision).

Note 15 Cash and cash equivalents

	2012	2011
Short-term bank deposits	20 372	14 736
Cash and cash equivalents	20 372	14 736
Overdraft facility	11 400	11 400
Unused credit facility	-371	-373
Withdrawn on overdraft facility (presented as short term liability)	-11 029	-11 027
Cash and cash equivalents	20 372	14 736

The company has EUR 10 728 in restricted cash as of 31.12.2012 (2011: EUR 8 766)

Cash deposits earn at floating interest based on daily bank deposits rates.

Note 16 Interest bearing loans and borrowings

	Carrying amount	Interest rate	2012	2011
Current interest bearing loans and borrowings				
Secured				
Bank loan	LIBOR + 3%	-	2 193	2 028
First year installments long term loan (note 23)			11 029	11 027
Overdraft facility	1,90 %		13 222	14 756
Total				

The bank loan was related to construction of the PV power plant St. Jean, US (note 11)

The loan was provided as a construction loan with maturity date in June 2012, and is fully repaid in 2012.

As security for the overdraft facility and credit lines in Norddea, the major shareholders Scatec AS and Itochu Corporation have issued a guarantee to Norddea of EUR 17 000.

Note 17 Other current liabilities (EUR 1000)

	2012	2011
Other short term liabilities		
Government taxes	1 288	1 523
Prepayments from customers	2 485	-
Accrued contract cost	-	2 407
Amounts due to customers for contract work	24 392	
Financial liability embedded derivatives, ref note 24	3 521	
Other short term liabilities	3 741	899
Total	35 427	4 829

Note 18 Other current assets (EUR 1000)

	2012	2011
Other current assets		
Prepaid expenses	984	4 814
VAT	1 240	1 066
Cash in transit	-	484
Current assets sale of PV power plants and project rights*	2 952	2 561
Other current assets	3 638	403
Total	8 814	9 329

* Fair value estimate of not settled consideration for the sale of Italian PV power plants and project rights in US.

Note 19 Earnings per share

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholder of the parent of EUR 6 162 (EUR 3 569 in 2011) divided by the weighted average for both basic and diluted basis.

	2012	2011
Profit for the year due to holders of ordinary shares		
Profit for the year	6 162	3 569
Profit for the year due to the holders of ordinary shares	6 162	3 569

Earnings per share:

Continued operation		
- Basic	3,79	2,20
- Diluted	3,79	2,20

Note 20 Share capital, shareholder information and dividend

As of 31.12.2012 the share capital in the company consists of **1 624 229 shares**, each with a par value of NOK 1,-. All shares have the same voting rights and are fully paid in.

Changes in number of shares	
Number of shares 01.01.2009	1 027 737
Number of shares 31.12.2009	1 027 737
Share issue 31.01.2010	596 492
Number of shares 31.12.2010	1 624 229
Number of shares 31.12.2011	1 624 229
Number of shares 31.12.2012	1 624 229

Shareholders as of 31.12.2012

Shareholder	Number of shares	Ownership
Scatec AS	621 221	38,2%
Scatec Invest AS	277 500	17,1%
Itochu Corporation	426 829	26,3%
Itochu Europe Plc.	182 926	11,3%
Argentos AS	53 074	3,3%
Scatec Solar Ansatte AS	46 250	2,8%
Rearden AS	9 125	0,6%
Kanorådet Invest AS	5 464	0,3%
Pingvin Invest AS	1 000	0,1%
Spinmaker Venture AS	840	0,1%
Total	1 624 229	100,0%

All Bjørseth is chairman of the board and major shareholder of Scatec AS. Argentos AS is owned by Raymond Carlsen (CEO).

Scatec Solar Ansatte AS is owned by employees in Scatec Solar AS.

Note 21 Transactions with related parties

Related parties	Transactions
Scatec AS (Shareholder)	Management services and loan facilities/guarantees
Itochu Corporation/Itochu Europe (Shareholder)	Trade finance, logistic services and guarantee fees
Celmar Invest AS	Guarantee and security fees
JV company Scatec Solar SA 166	EPC services and sale of project rights

Transactions with related parties

The company has various transactions with related parties. All the transactions have been carried out as part of the ordinary operations and at arms-length. The most significant transactions in 2012 and 2011 are the following:

- Trade finance and logistics services from Itochu Corporation in relation to purchase of solar modules and inverters. The fee in relation to these services expensed by the Group to Itochu was KEUR 0 in 2012 and KEUR 338 in 2011.
- Purchase of management services from Scatec AS of KEUR 293 in 2012 and KEUR 372 in 2011. In addition there were loans provided from Scatec AS to Scatec Solar AS. Total interest of KEUR 32 is expensed in relation to these loans in 2012 (2011: KEUR 412). The loans are fully repaid in 2012. Expenses for guarantee fees in relation to the Norddea overdraft facility and credit lines are KEUR 53 for 2012 (2011: KEUR 16)
- Expenses for guarantee fees to Celmar Invest AS and Itochu in relation to the Norddea overdraft facility and credit lines are KEUR 625 for 2012 (KEUR 91 for 2011)
- Sale of EPC services to JV company Scatec Solar SA 166 with a total contract revenue of KEUR 45 457
- Sale of Project Rights to JV company Scatec Solar SA 166 with a total contract revenue of KEUR 9 449

The balance sheet includes the following receivables and payables resulting from transactions with related parties:

	2012	2011
Short term liability Celmar Invest	-	75
Account payables Scatec	174	132
Account payables Itochu	16	9 720

Note 22 Guarantees, contractual obligations, contingent liabilities (EUR 1000)

Scatec Solar is often required to provide performance guarantees in connection with construction activities. While the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to fairly standardized construction where Scatec Solar has a very solid track-record.

The Group has provided the following guarantees at 31 December 2012

- Performance guarantees related to construction contracts of mEUR 18,3. (mEUR 12,8 as of 31 December 2011). A provision of mEUR 0,8 is made as of 31 December 2012 (mEUR 0,2 of 31 Dec 2011)
- Guarantees for advance payments of mEUR 24,4 (mEUR 0 of 31 Dec 2011)
- Guarantees for equity in the joint venture companies SA165 and SA166 of mEUR 28 (mEUR 0 of 31 Dec 2011)
- Warranty guarantees of mEUR 10,0 (mEUR 0 of 31 Dec 2011)

Guarantees	2013	2014	2015	>2015
Advance payment guarantees	18 522	945	352	-
Performance guarantees	17 776	17 668	16 602	8 454
Warranty guarantees	10 032	4 143	1 328	983
Project equity/loan guarantees	27 753	12 672	-	-
Total KEUR	74 082	35 428	18 282	9 437

Contractual obligations

Scatec Solar has entered into several purchase agreements with different suppliers related to supply of modules, inverters and other equipment for an EPC project in South Africa. Also related to this project an agreement with a subcontractor for delivering of service was contracted. Total purchase obligations amount to mEUR 76,2.

Contractual obligations	2013	2014	2015	>2015
Leases	393	393	135	8
Purchase contracts	76 179	-	-	-
Total KEUR	76 572	393	135	8

Contingent liabilities

Scatec Solar has entered into an agreement of co-developing and acquiring photovoltaic projects in France. In relation to this agreement the counterpart has filed a law suit against Scatec Solar claiming up to EUR 3 million in payment for project development. The claim is contested by Scatec Solar, and the case was fully won by Scatec Solar AS in the Oslo City Court and were the counterpart was also ruled to pay Scatec Solar's legal expenses in connection with defending itself against the claim. The counterpart has appealed the ruling, and the case is scheduled to be held in May 2014.

Note 23 Interest bearing loans and borrowings

	Effective interest rate	Maturity date	2012	2011
Carrying amount				
Secured				
Bank loan to Scatec Solar PV1 s.r.o.	6.91 %	27.10.2028	5 861	5 534
Bank loan to Scatec Solar PV1 s.r.o.	7.13 %	27.10.2028	2 759	2 600
Bank loan to Signo Solar PP01 S.R.O	7.03 %	15.03.2029	13 651	12 600
Bank loan to Signo Solar PP01 S.R.O	6.64 %	15.03.2029	11 584	12 723
Bank loan to Signo Solar PP02 S.R.O	7.12 %	23.03.2029	4 419	4 624
Bank loan to Signo Solar PP02 S.R.O	7.12 %	23.03.2029	3 213	2 969
Bank loan to Signo Solar PP04 S.R.O	6.69 %	11.05.2029	10 739	10 809
Other long term debt			541	
Total secured long-term debt			52 768	51 859
Total long-term debt			-2 193	-2 028
1st year's principal repayments on long-term debt (Note 16)			50 576	49 831
Total long-term debt excluding the 1st year's principal repayments				

The rate of interest is a calculated weighted average.

Bank loans

Bank loans are secured by the some of the Group's assets as described in Note 11. The bank loans have no repayments before they fall due. The bank loans have been recognised at amortised cost by using the effective interest rate method. Bank fees of EUR 5 532 is capitalized in connection with the draw down on these loans. Amortization in 2012 amounts to 2.1 MEUR (2011: 0.3 MEUR)

The loans are formally arranged as individual facilities for each SPV, but is based on a portfolio framework and contains certain cross provisions within the portfolio. The agreed long term debt structures for the projects do not include construction finance, and draw down of these facilities could thus only be made upon grid connection and completion of all documentation relevant to a non-recourse structure.

Pledged as security

PV power plants are pledged as security for the Group's bank loan.

Note 24 Financial instruments, hedging and fair value

Financial Risk

The Group uses financial instruments like bank loans. The purpose of the financial instruments is to raise capital for investments necessary for Group operations. In addition the Group has financial instruments such as account receivables, accounts payables etc. which are directly linked to the every day operation.

The Group does not use financial instruments, including financial derivatives, for trading purposes.

Guidelines for risk management have been approved by the board and are carried out by the Group finance department in cooperation with the individual operational units.

The most significant financial risks for the Group are interest rate risk, liquidity risk and exchange rate risk. Management continuously evaluates these risks and determines policies related to how these risks are to be handled within the Group.

(i) Credit risk

The Company has few but large customers, which might imply a concentration of credit risk. However, major part of the revenues are related to firm agreements and a substantial part of the claims are secured by different forms of payment guarantees.

The Company has not provided any guarantees for third parties liabilities with the exception of certain agreements for the Company's participation in joint ventures. It is the management's opinion that there is no material credit risk connected to the Company's current assets.

(ii) Interest rate risk

The Group is exposed to interest-rate risk through its funding activities (see Note 23). The interest bearing debt in relation to the Czech portfolio of power plants has financing with fixed interest rates.

The objective for the interest rate management is to minimize interest costs and at the same time keep the volatility of future interest payments within acceptable limits. The Group has loans in CZK, EUR, NOK and USD giving a natural hedge for the interest rate risk to the underlying cash flow in the companies.

Based on the financial instruments assets and interest-rate swap agreements that existed as of 31 December 2012, an increase of 0.5 % in the interest rate will reduce the Group's profit before tax by KEUR 317 (2011: KEUR 323).

Refer to note 16 and 23 for the average interest rate on financial instruments

(iii) 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.

The table below sets out the maturity profile of the Groups for financial liabilities based on contractual undiscounted payments. When a counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the entity can be required to pay. Financial liabilities that can be required to be repaid on demand are included in the "within 1 year" column.

2012	Period left					Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 5	
Financial liabilities (non- derivative)						
Bank loan	2 028	2 124	2 249	2 382	55 700	64 483
Bank overdraft	11 029				11 029	11 029
Trade and other payables	3 732					3 732
Forward currency contracts / Embedded derivatives	3 483					3 483
Total	20 272	2 124	2 249	2 382	55 700	82 727
2011						
	Period left					Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 5	
Financial liabilities (non- derivative)						
Bank loan	2 028	2 124	2 249	2 382	55 804	64 587
Bank overdraft	11 027					0
Trade and other payables	17 338					0
Total	30 393	2 124	2 249	2 382	55 804	64 587

(iv) Exchange rate risk

The Group is to some extension exposed to changes in the value of EUR relative to other currencies, due to production and sales operations in foreign entities with different functional currencies. The net income of the Group is also affected by changes in exchange rates, as the profit and loss from foreign operations are translated into EUR using the weighted average exchange rate for the period. The Group has not entered into forward/futures contracts and option agreements to hedge such exposure as of 31.12.2012. The general policy of the group is to hedge foreign currency exposure based on cash flow considerations and not with regard to currency translation effects in the financial statements.

The following table sets the Group's sensitivity for potential adjustments in EUR exchange rate, with all the other variables kept constant. The calculation is based on equal adjustments towards all relevant currencies. The effect in the profit is a result of adjustments in monetary value, and the effect on the equity is an result of the value of hedging instruments (foreign currency derivative).

	Adjustment in exchange rate, EUR	Effect on profit before tax	Effect on equity
2012	+5 %	-275	-2 099
	-5 %	289	2 202
2011	+5 %	-1 454	-2 880
	-5 %	1 527	3 023

Determination of fair value

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts and "hold-to-maturity" investments.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

Financial assets	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash	20 372	20 372	14 736	14 736
Trade receivables	3 087	3 087	5 872	5 872
Other non-current assets	5 928	5 928	579	579
Interest rate swap			136	136
Financial liabilities				
Bank overdraft	11 029	11 029	11 027	11 027
Trade and other payables	3 732	3 732	17 338	17 338
Interest-bearing loans and borrowings:				
Bank loans	64 483	64 483	64 587	64 587
Forward currency contracts / Embedded derivatives	3 483	3 483	0	0

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Liabilities measured at fair value	31.12.2012	Level 1	Level 2	Level 3
Hedging				
Foreign exchange contracts/ embedded derivatives - hedged	3 483		3 483	
Total	3 483	0	3 483	0

At 31.12.2011 interest rate swap contract with fair value at 136 level 2.

During the reporting period ending 31 December 2012, there were no transfers between Level 1 and Level 2 fair value and no transfers into and out of Level 3 fair value measurements.

Hedging

At 31 December 2012, the Group has recognised embedded derivatives related to the construction contract towards the joint venture in South-Africa. Purchase contract in the same currency as the sale contract, as well as customer foreign currency accounts have been set up as hedges of expected future payments from the joint venture. The purchase contracts and customer foreign currency accounts contracts are being used to hedge the foreign currency risk of the expected future sales.

All forward/ future contracts are recognised at fair value and net unrealised gain or loss is recognised in the statement of other comprehensive income for these hedges.

Changes in equity related to cash flow hedges

The following amounts have been added and removed from equity during the period related to cash flow hedges:

Fair value of cash flow hedges 1. January	2012	2011
Changes in fair value recognised in other comprehensive income	-3 483	0
Reclassified from equity to profit and loss	0	0
Fair value of cash flow hedges 31. December	-1 471	2011

Note 25 Account receivables

(EUR 1000)

	2012	2011
Accounts receivables	3 087	5 872
Other receivables	-	-
Accounts receivables	3 087	5 872

The provision for bad debt was EUR 0 for both 2012 and 2011.

Credit risk and foreign exchange risk regarding accounts receivable is discussed in note 24.

Aging of accounts receivable by year-end was as follows:

	Total	Not due
2012	3 087	2 124
2011	5 872	2 588

	Overdue			
	Less than 30 days	30-60 days	60-90 days	More than 90 days
2012	445	320	198	-
2011	1 104	1 685	495	-

Scatec Solar AS Statement of income 1 January - 31 December (NOK 1000)

	Note	2012	2011
Revenue	2	86 402	19 438
Total revenue		86 402	19 438
Costs of goods sold	2	-	-19 315
Payroll and personnel expenses	3	-15 617	-24 061
Other operating expenses	5	-23 911	-22 685
Depreciation, amortization and impairment	4	-18	-19
Operating profit		46 856	-46 642
Financial income	6	48 271	27 377
Financial expenses	6	-29 965	-12 639
Profit before tax		65 162	-31 904
Income tax expense	7	-13 765	17 277
Profit (loss) for the year		51 397	-14 627
Allocation of profit (loss) for the year		51 397	-14 627
Transfer to other equity			
Total allocation of profit (loss) for the year		51 397	-14 627

Scatec Solar AS
Statement of financial position 31.12
(NOK 1000)

	Note	2012	2011
Non current assets			
Intangible assets	4	6 540	9 346
Deferred tax assets	7	4	1
Property plant and equipment	4	-	18
Investments in subsidiaries	8	259 932	276 798
Investments in an associates and joint ventures	8	19 661	2 301
Other investments		530	1 352
Loan to group companies	9	48 661	52 708
Other long term receivables		698	4 414
Total non current assets		336 026	346 938
Current assets			
Accounts receivables		6 981	2 299
Accounts receivables in group companies	9	37 016	5 910
Accrued income to group companies	9	-	3 102
Other short term receivables to group companies	9	147 971	57 699
Other current assets		24 149	7 979
Cash and cash equivalents	10	61 057	29 278
Total current assets		277 174	106 267
TOTAL ASSETS		613 200	453 205

Scatec Solar AS
Statement of financial position 31.12
(NOK 1000)

	Note	2012	2011
Paid in capital			
Issued capital	12	1 624	1 624
Share premium	12	301 286	301 286
Total paid in capital		302 910	302 910
Other equity			
Other equity	12	59 966	8 569
Total other equity		59 966	8 569
Total equity		362 876	311 479
Current liabilities			
Accounts payable		1 129	2 092
Accounts payable to group companies	9	1 513	971
Tax payable	7	13 768	9 941
Public duties payable		1 600	1 957
Short term liabilities to group companies	9	145 604	37 031
Other current liabilities	11	86 710	89 734
Total current liabilities		250 324	141 726
Total Liabilities		250 324	141 726
TOTAL EQUITY AND LIABILITIES		613 200	453 205

Hillingsberg, 23 May 2013


Alf Bjørseth (Chairman)


Kōmō Kawabuchi


Ole Grimsrud


Jon Hindar


Michio Tanaka


Raymond Carlsen (CEO)

Scatec Solar AS
Statement of cash flows 01.01-31.12
(NOK 1000)

	Note	2012	2011
Cash flow from operating activities			
Profit before taxes and minority interests		65 162	-31 904
Depreciation and amortisation	4	-18	-19
Financial income	6	-48 271	-27 377
Financial expenses	6	29 965	12 639
(Increase)/decrease in inventories		-	-
(Increase)/decrease in customer receivables		-35 788	267 005
(Increase)/decrease in current assets		-103 340	443 104
Increase/(decrease) in current liabilities		104 098	-626 173
Tax paid		-9 941	-
Interest received		673	-
Interest paid		-4 992	-5 434
Net cash flow from operating activities		-2 452	31 841
Cash flows from investing activities			
Proceeds from sale of intangible assets	4	3 870	6 379
Dividends received from subsidiaries	6	21 141	-
Financial income received		8 695	578
Investments in intangible assets	4	-1 064	-6 943
Investments in joint ventures		-12 349	-18 268
Capital decrease in subsidiaries	8	16 730	-
Net cash flow used in investing activities		37 023	-18 254
Cash flows from financing activities			
Proceeds from issue of share capital		-	-
Repayment borrowings from Scatec		-	-
Net cash flow from financing activities		-	-
Net currency translation effect		-265	-251
Net increase/(decrease) in cash and cash equivalents		34 571	13 587
Cash and cash equivalents at beginning of period		29 278	15 942
Cash and cash equivalents at end of period		61 057	29 278

Note 1 Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and 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 a foreign currency are translated into NOK using the 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

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and the risk and return has been transferred. The sale of solar modules to group companies is presented as net sale. The costs of goods sold has reduced the revenue and only the internal profit is presented in the income statement.

Revenues from the sale of turn key solar parks are recognised in the statement of income according to the project's level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as actual costs incurred over total estimated costs to complete a project (including module costs). When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the statement of income during the period when it is identified that a project will generate a loss.

We accrue warranty costs when we recognize sales, using amounts estimated based on our historical experience with warranty claims.

Income tax

The tax expense in the profit and loss account consists of both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated as 28 percent of temporary differences between accounting profit and taxable profit considering the tax effect of former operating losses. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and entries related to goods in circulation. Other entries are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of acquisition cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at recognised cost, but in the case of impairment the asset will be written down to the recoverable amount if this is lower than the recorded amount. Recoverable amount is the higher of value in use and net realisable value. Long term liabilities are recognized at nominal value.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the separate financial statements. The investment is valued as cost of acquiring shares in the subsidiary, providing they are not impaired. Write down to fair value will be carried out if the impairment is not considered temporary, and a write down is deemed necessary according to generally accepted accounting principles. Impairments are reversed when the indication no longer exist.

Dividends and other distributions are recognised in the same year as they are recognised in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the recorded value of the acquisition in the balance sheet.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are estimated using individual assessments of the different receivables. In addition, for the remainder of the receivables, a general provision is estimated based on expected loss.

Intangible assets

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognised at their fair value in the Group's opening balance sheet. Capitalised intangible assets are recognised at cost less any amortisation and impairment losses.

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 2 Revenue and cost of goods sold (NOK 1000)

Revenue by business area		2012	2011
Sale of solar parks		2 519	17 179
Services*		83 113	520
Other		770	1 739
Sum		86 402	19 438
Revenue by geographical distribution			
South Africa		76 953	2011
Germany		4 396	-
Czech		2 519	17 763
Italy		-	1 551
France		2 310	-
Other countries		224	124
Sum		86 402	19 438

* Revenue in relation to services of TNOK 61 699 in 2012 is related to internal sale to group company in South Africa.

Sale of solar parks to group companies

Customer	Country	MW	2012	2011
Scatec Solar PV1	Czech	1,0	170	-
Signo Solar PP02 s.r.o	Czech	3,5	1 569	-
Signo Solar PP01 s.r.o	Czech	10,0	321	13 376
Signo Solar PP04 s.r.o	Czech	4,5	459	3 803
Total		19,0	2 519	17 179

Construction costs of solar parks

Customer	Country	MW	2012	2011
Scatec Solar PV1	Czech	1,0	-	-
Signo Solar PP02 s.r.o	Czech	3,5	-	4 758
Signo Solar PP01 s.r.o	Czech	10,0	-	3 508
Signo Solar PP02 s.r.o	Czech	4,5	-	6 690
Other cost of goods sold			-	2 809
Total		19,0	-	17 765

All solar parks was grid connected in 2010 and the revenue of 2012 is related to fulfillment of remaining retainers.

Note 3 Employee benefits expense, number of employees and auditor's fee
(NOK 1000)

Salaries and other personnel costs	2012	2011
Salaries	20 514	22 595
Social security tax	3 058	3 079
Pension costs	1 032	1 001
Other employee benefits	137	121
Other personnel costs	257	265
Recharge of personnel costs	-9 381	-3 000
Total	15 617	24 061

As of 31.12.2012 there are 17 employees in Scatec Solar AS (2011: 18)

Salary to CEO	2012	2011
Salary	2 438	3 035
Other benefit	54	105
Sum	2 492	3 140

The CEO has no agreed right to termination pay or other benefits except for participation in the company's regular pension plan. The CEO has a significant shareholding in Scatec Solar (ref note 13). The CEO is also participant in a bonus program based on performance of the company.

Pension costs

The Company has a defined contribution plan in line with the requirement of the law.
TNOK 1 032 is expensed related to "Innskuddspensjon" in 2012 (2011 TNOK 1 001)

Audit	2012	2011
Audit fees	550	370
Audit related fees	294	189
Total	844	559

VAT is not included in numbers above.

Note 4 Intangible assets and fixed assets
(NOK 1000)

	Project rights - Photovoltaic power plants	Total
Intangible assets		
Cost price 01.01.12	9 346	9 346
Additions	1 064	1 064
Sale	-3 870	-3 870
Accumulated depreciations 31.12.2012	-	-
Carrying amount 31.12.2012	6 540	6 540

Cost price 01.01.11	8 782	8 782
Additions	6 943	6 943
Sale	-6 379	-6 379
Carrying amount 31.12.2011	9 346	9 346

Project rights are related to permits and rights for construction and operation of photovoltaic power plants (PV plants). The total portfolio of such rights consists of a number of projects in different stages of completion as to the total permitting process. Until construction of the related plant, these rights are deemed to have an indefinite economic life.

Tangible assets	IT equipment	Total
Cost price 01.01.12	59	59
Additions	-	-
Sale	-	-
Cost price 31.12.12	59	59
Accumulated depreciations 31.12.2012	-59	-59
Accumulated write downs 31.12.2012	-	-
Reversed write downs 31.12.2012	-	-
Carrying amount 31.12.2012	-	-

This year depreciations -18

This year write downs -

The company uses linear depreciations for all tangibel assets based on the following rate:
IT equipment 33 %

Note 5 Other operating expenses
(NOK 1000)

	2012	2011
Management agreement with Scatec AS*	2 189	2 899
Facilities	1 755	2 235
Professional fees	4 921	6 660
Other office costs	1 702	1 880
Travel costs	2 304	2 981
Guarantee costs	5 471	-
Other costs	418	780
Grants**	-92	-451
Provisions for loss on receivables***	5 243	5 701
Total other operating expenses	23 911	22 685

* Scatec Solar AS has a management agreement with Scatec AS related to certain administrative functions. The agreement is based on fair market terms for similar services.

** Skattefunn TNOK 0 (2011: TNOK 340) and Norad grant of TNOK 92 (2011: TNOK 111).

*** Loss on bad debt is related to solar parks (SPVs) constructed and sold in Italy (ref note 8).

Note 6 Financial income and expenses
(NOK 1000)

	2012	2011
Financial income		
Interest income from group companies	5 014	6 778
Other interest income	673	326
Gain on sale of shares	3 008	-
Dividend from group companies	21 141	-
Other financial income (agio)*	18 435	20 273
Total financial income	48 271	27 377

* Unrealised agio related to translation of monetary items in foreign currency to year end exchange rates.

	2012	2011
Financial expenses		
Interest expenses from group companies	3 772	3 207
Other interest expenses	1 220	2 225
Impairment on financial assets	2 174	-
Other financial expenses (disagio)*	22 799	7 207
Total finance costs	29 965	12 639

* Unrealised disagio related to translation of monetary items in foreign currency to year end exchange rates.

Note 7 Tax
(NOK 1000)

	2012	2011
Income tax expense:		
Current taxes	13 768	9 941
Change in deferred tax	-3	-27 219
Change in valuation allowance	-	-
Total tax expense	13 765	-17 278

Tax basis:

Profit before taxes	65 162	-31 904
Non-deductible income and expenses*	-15 979	-29 794
Changes in temporary differences	-12	120 518
Utilisation of tax losses from previous years	-	-23 308
Tax base	49 171	35 512

Current taxes according to statutory tax rate (28%)

13 768 9 941

* Non-deductible income and expenses in 2012 is related to received dividend and loss on receivables and impairments.

	2012	2011
Reconciliation of income tax expense		
Expected income tax expense according to statutory tax rate (28%)	18 245	-8 933
Non-deductible expenses	-4 474	-8 344
Changes in temporary differences	-3	-
Reversal of previous year valuation allowance	-	27 218
Current year valuation allowance	-	-
Income tax expense	13 768	9 941

Temporary differences as of December 31:

	2012	2011	Change
Property, plant and equipment	-14	-2	12
Production contract	-	-	-
Long term receivables in foreign currency	-	-	-
Total temporary differences before tax losses carried forward	-14	-2	12

Tax losses carried forward	-	-	-
Basis for recognition of deferred tax assets	-14	-2	12
28 % deferred tax	-4	-1	3
Valuation allowance	-	-	-
Recognised tax liability/(asset)	-4	-1	3

Note 8 Investment in subsidiaries and associates
(NOK 1000)

The table below sets forth Scatec Solar AS's ownership interest in subsidiaries. Ownership interest corresponds to voting interest if not otherwise stated

Shares in subsidiaries	Office	Ownership interest	Carrying value 2012	Carrying value 2011
Scatec Solar Gmbh	Regensburg, Germany	100,0%	43 836	43 836
Scatec Solar S.R.O	Prague, Czech	100,0%	193 051	193 051
SPV 1 Solar S.R.O	Prague, Czech	100,0%	22 485	39 215
Scatec Solar India Pvt. Ltd.	New Delhi, India	100,0%	-	67
Scatec Solar North America Inc.	California, US	100,0%	-	-
Tourves SPV SAS	St Raphael, France	100,0%	4	9
Scatec Solar SAS	St Raphael, France	100,0%	305	305
La Lande de Gout SAS	France	100,0%	8	8
Scatec Norvege Holding II SA	Luxembourg	100,0%	243	243
Scatec Solar West Africa Mali	Mali	100,0%	-	64
Scatec Solar South Africa Pty Ltd.	South Africa	70,0%	-	-
Scatec Solar Asia Pacific Pte Ltd	Singapore	100,0%	-	-
Total			259 932	276 798

Shares in subsidiaries owned by subsidiaries	Office	Ownership interest
Scatec Solar Italy S.R.L	Perugia, Italy	100,0%
BFL F.S.R.L	Roma, Italy	51,0%
Signo Solar PP01 S.R.O	Prague, Czech	100,0%
Signo Solar PP02 S.R.O	Prague, Czech	100,0%
Signo Solar PP03 S.R.O	Prague, Czech	100,0%
Signo Solar PP04 S.R.O	Prague, Czech	100,0%
Scatec Solar SA 163	South Africa	92,0%
Chateau St Jean Solar LLC	California, US	80,0%
Scatec Solar Production SAS	St. Raphael, France	100,0%
Scatec Dinesen Partnership SARL	Luxembourg	100,0%
SDP I SARL	Luxembourg	100,0%
SDP II SARL	Luxembourg	100,0%
Charante Soleiel SAS	France	100,0%
Charita Soleiel SAS	France	100,0%
Riguepeu SAS	France	100,0%
St Ursin SAS	France	100,0%
Pierre Bruen I SAS	France	100,0%
Pierre Bruen II SAS	France	100,0%
SPV 1 SAS	France	100,0%
St Cyr sur Loirel SAS	France	100,0%
Saint Cyr Soleil SAS	France	100,0%

Ownership and voting interest are the same.

Associates and joint ventures	Office	Ownership	Carrying value 2012	Carrying value 2011
Megawatt Holding AS	Oslo, Norway	50,0%	-	-
Ren Solar AS*	Oslo, Norway	0,0%	-	-
Scatec Solar SA 165	South Africa	65,0%	17 359	-
ScanSca Limited	Hong Kong	25,0%	2 302	2 302
Total			19 661	2 302

* Shares in Ren Solar AS is sold in 2011 at the price of TNOK 1 467. The payment is not settled so TNOK 1 467 is presented as a short term receivable under other current assets as of 31.12.2012.

Note 9 Intercompany balances with group companies and associates
(NOK 1000)

GROUP COMPANIES	2012	2011
Loan to group companies		
Scatec Solar North America	48 661	50 395
Scatec Solar India*	-	1 914
Scatec Solar Asia Pacific Pte Ltd	-	399
Total	48 661	52 708

* Part of loan converted to equity in 2012

Accounts receivables		
Scatec Solar Solutions Gmbh	4 758	878
Scatec Solar s.r.o	92	1 858
SPV 1 Hrusovany s.r.o	-	33
Scatec Solar s.r.l	1 042	861
Scatec Solar Asia Pacific	-	1 036
Scatec Solar North America	881	-
Scatec Solar SA 163	21 925	-
Scatec Solar South Africa Ltd.	8 318	-
Scatic Solar SAS	-	1 244
Total	37 016	5 910

Sale in excess of invoicing		
Enersolis 08 S.R.L	-	1 551
Enertel PVO1 S.R.L	-	1 551
Total	-	3 102

2012 **2011**

Other short term receivables

SPV Epsilon PV	184	197
Scatec Solar s.r.o	4 365	13 529
SPV 1 Hrusovany s.r.o	16 822	2 112
Signo Solar PP01 s.r.o	-	358
Signo Solar PP02 s.r.o	-	1 635
Signo Solar PP03 s.r.o	-	102
Signo Solar PP04 s.r.o	-	520
Scatec Solar SAS	-	285
La Lande de Goul SAS	201	189
SDP II sarl	93	101
Scatec Solar srl	25 386	25 633
Scatec Norvege Holding II sarl	1 732	4 437
Tourves SPV SAS	336	333
Enersolis 06 S.R.L	5	5
Scatec Solar North America	421	-
Scatec Solar SA 165	31 503	-
Scatec Solar West Africa	63	-
Scatec Solar SA	66 860	8 263
Total	147 971	57 699

Accounts payables

Scatec AS	1 280	881
Scatec Solar srl	233	-
Scatec Solar Engineering GmbH	-	6
Scatec Solar s.r.o	-	84
Total	1 513	971

Current liabilities

Scatec AS	-	729
Scatec Solar Engineering GmbH	131 272	35 719
Scatec Solar SAS	14 332	-
Celmar Invest AS	-	583
Total	145 604	37 031

Note 10 Cash and cash equivalents

	2012	2011
Short-term bank deposits	61 057	29 278
Cash and cash equivalents in the statement of financial position	61 057	29 278
Overdraft facility	83 687	88 396
Unused overdraft facility	(2 625)	(2 892)
Withdrawn on overdraft facility (presented as short term liability)	(81 062)	(85 504)
Cash and cash equivalents in the statement of cash flows	61 057	29 278

The company has TNOK 58 214 in restricted cash as of 31.12.2012 (2011: TNOK 28 709).

Note 11 Other short term liabilities

(NOK 1000)

Other short term liabilities	2012	2011
Bank overdraft*	81 062	85 504
Accrued expenses	-	2 148
Other short term liabilities	5 648	2 082
Total	86 710	89 734

* The company has a overdraft facility in Nordea of TEUR 11 400 (TNOK 83 687).

As security for this facility Nordea hold pledge in cash position of TEUR 6 279 mill. EUR from Celmar Invest AS (sister company of major shareholder Scatec AS) and pledge in other financial assets of TNOK 34 000. Itochu Corporation has also guaranteed for this facility pro rata according to ownership. In total the shareholders guarantees sum up to 17 mill. EUR.

Note 12 Equity

(NOK 1000)

	Issued capital	Share premium	Other equity	Total Equity
Equity as of 31.12.2011	1 624	301 286	8 569	311 479
Income(loss) in period	-	-	51 397	51 397
Equity as of 31.12.2012	1 624	301 286	59 966	362 876

As of 31.12.2012 the share capital in the company consists of 1,624,229 shares, each with a par value of NOK 1,-. All shares have the same voting rights and are fully paid in.

Shareholders as of 31.12.2012

Shareholder	Number of shares	Ownership
Scatec AS**	621 221	38,2%
Scatec Invest AS	277 500	17,1%
Itochu Corporation	426 829	26,3%
Itochu Europe Plc.	182 926	11,3%
Argentos AS*	53 074	3,3%
Scatec Solar Ansatte AS	46 250	2,8%
Rearden AS	9 125	0,6%
Kanorådet Invest AS	5 464	0,3%
Pingvin Invest AS	1 000	0,1%
Spinaker Venture AS	840	0,1%
Total	1 624 229	100,0%

* Argentos AS is owned by Raymond Carlsen (CEO).

** Scatec AS is controlled by Alf Bjørseth (Chairman of the board).

Note 14 Guarantees, contractual obligations, contingent liabilities

The Scatec Solar group is constructing, operating and maintaining solar projects in several locations and with different legal entities as the primary contract party. When required, Scatec Solar AS is providing a parent guarantee on behalf of 100% owned subsidiaries for their fulfillment of such contractual obligations. See also note 22 in the Scatec Solar Group statement.

Note 15 Transactions with related parties

Related parties	Transactions
Scatec AS (Shareholder)	Management service cost and guarantee fees
Ittochu Corporation/Ittochu Europe (Shareholder)	Guarantee fees
Scatec)	Guarantee fees
Scatec Solar SA 163	Management service income
All subsidiaries	Management service income

Transactions with related parties

The Company has various transactions with related parties. All the transactions have been carried out in accordance with the Norwegian Accounting Act and the Norwegian Financial Reporting Standards.

a) Purchase of management services from Scatec AS of TNOK 2 189 in 2012 and TNOK 2 899 in 2011. In addition there were corporate guarantees provided from Scatec AS to Scatec Solar AS in relation to overdraft Norddea facilities. Total interests of TNOK 1 210 is expenses in relation to these guarantees in 2012 (2011: TNOK 0).

b) Corporate guarantee provided from Ittochu Corporation in relation to Norddea facilities. Total interests of TNOK 476 is expenses in relation to these guarantees in 2012 (2011: TNOK 123). In addition Ittochu Corporation have provided a equity letter of credit in relation to equity contribution in Scatec Solar SA 166. Fees in relation to this guarantee in the size of TNOK 17 360 for 2012 (2011: TNOK 0) is capitalized on the investment in affiliated company Scatec Solar SA 165.

c) Expenses for guarantee fees to Celimar AS in relation to financial support for bidding phase in South Africa is in order of TNOK 5 379 for 2012 (2011: TNOK 0)

d) Management service income for project in South Africa of TNOK 80 128 in 2012 (2011: TNOK 0)

e) Management service income for corporate services of TNOK 7 987 in 2012 (2011: TNOK 540)

The balance sheet includes the following receivables and payables resulting from transactions with related parties:

	2012	2011
Account receivables Scatec Solar SA 163	80 128	-
Account payables Scatec	1 280	885
Account payables Ittochu	117	-

ERNST & YOUNG

To the Annual Shareholders' Meeting of
Scatec Solar AS

State Authorised Public Accountants
Ernst & Young AS
Dronning Eufemia gate 6, NO-0191 Oslo
Oslo Alnø, P.O. Box 20, NO-0051 Oslo
Business Register NO 976 389 387 MVA
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www.ey.no
Member of the Norwegian Institute of Public
Accountants

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Scatec Solar AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the statement of financial position as at 31 December 2012, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the statement of financial position as at 31 December 2012, the statements of income, 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 International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Scatec Solar AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

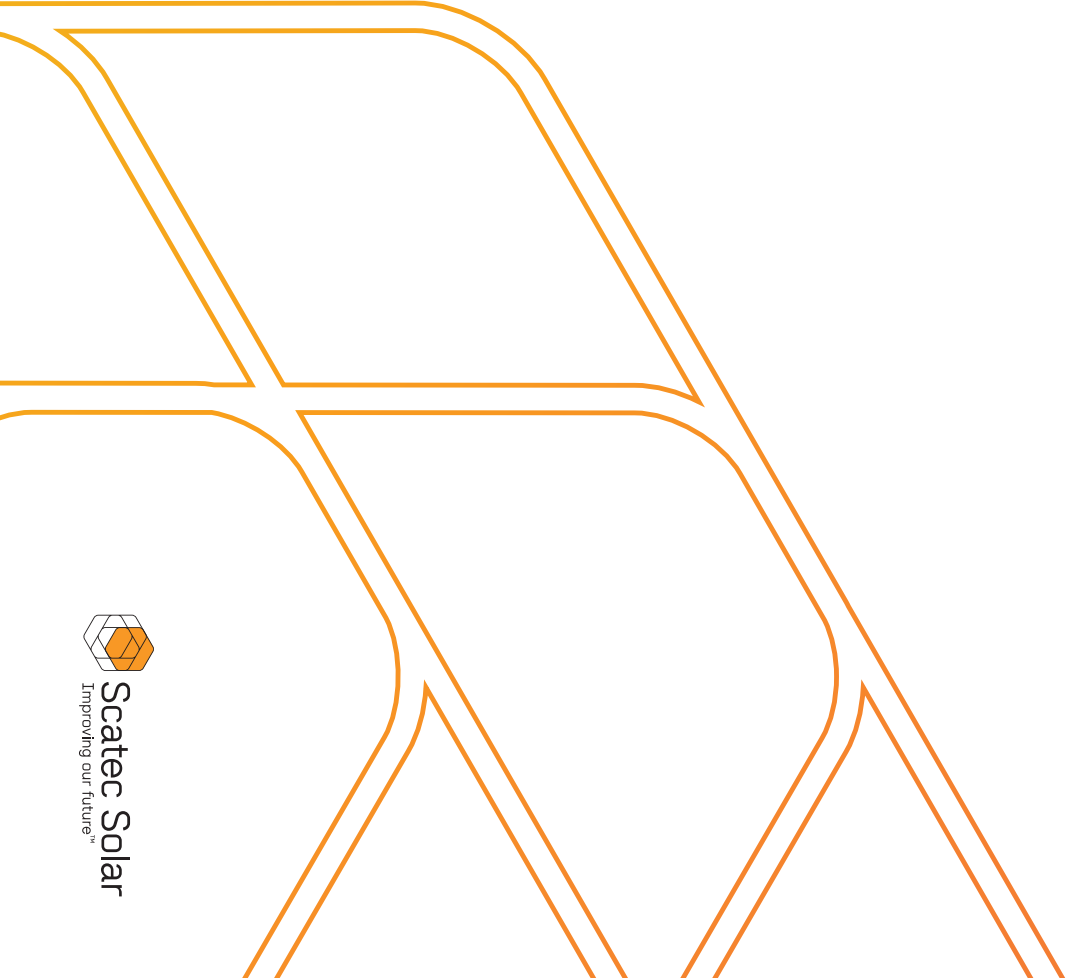
Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with 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 bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 June 2013
ERNST & YOUNG AS


Eirik Tandrevold
State Authorised Public Accountant (Norway)

Second quarter and half year report 2014



About Scatec Solar

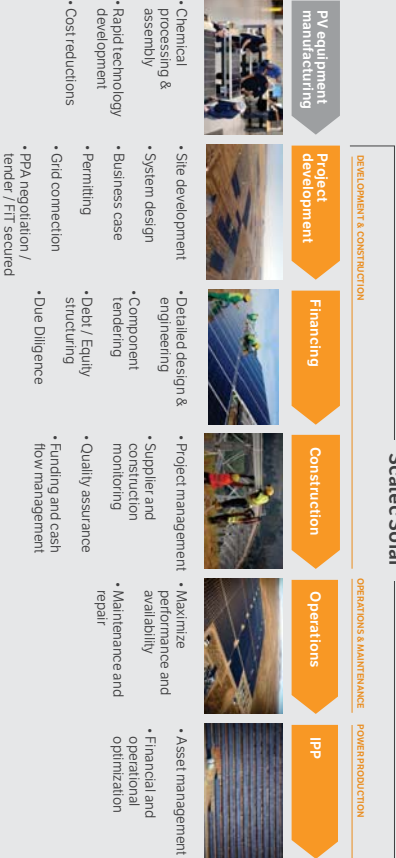
Scatec Solar is an integrated independent solar power producer, aiming to make solar power a sustainable and affordable source of energy worldwide. Scatec Solar develops, builds, owns and operates solar power plants, and has a track record of close to 400 MW of installations.

The company is growing strongly, and will by the end of 2014 deliver power from 220 MW of solar power plants in the Czech Republic, South Africa and Rwanda.

The company has a global presence with a solid backlog and pipeline of projects under development in Africa, North America, Asia, Middle East and Europe. Scatec Solar is headquartered in Oslo, Norway.

To learn more, visit www.scatecsolar.com

Scatec Solar's positioning in the value chain



Highlights

- Revenues amounted to NOK 93 million (28)¹ and operating profit to NOK 35 million in the second quarter 2014 (-16). Profit before tax was NOK 31 million (44), and net profit NOK 26 million (29).
- Revenues in the first half 2014 were NOK 150 million (45), operating profit NOK 45 million (-36), profit before tax NOK 41 million (54), and net profit NOK 36 million (25).
- The higher revenues and improved operating profit reflects higher electricity production, primarily due to the start-up of Kalkbult in September 2013, and higher average electricity prices once the PPA agreement for the Kalkbult plant took full effect from 19 March 2014.
- Net change in cash was NOK -52 million (390) in the second quarter and NOK -106 million (479) in the first half year, leading up to a cash position of NOK 919 million at the end of the first half year. The main part of the cash is restricted and held within project companies.
- Net free cash flow² was NOK 14 million in the second quarter and NOK -165 million in the first half year, and free cash amounted to NOK 132 million per 30 June, 2014.
- Asset value of solar power projects amounted to NOK 2 551 million at the end of first half year, an increase of NOK 694 million from end of 2013.
- Net interest bearing debt amounted to NOK 2 022 million at the end of the first half year, an increase of NOK 327 million in the second quarter and NOK 650 million in the first half year. All interest bearing debt is non-recourse debt in project companies, pledged solely to the assets and the performance of each individual project.
- The company expects continued growth and improved profitability in the second half of 2014, based on already grid-connected production capacity and successful completion of projects under construction.

KEY FIGURES

NOK MILLION	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FY 2013
Total revenue and other income	927	278	1487	45,4	129,0
EBITDA ³	52,0	-9,2	81,1	-22,9	-16,9
Operating profit (EBIT)	35,3	-15,7	45,3	-35,5	-74,7
Profit before income tax	31,3	43,6	40,6	53,7	18,1
Profit (loss) for the period	26,4	29,2	36,2	25,2	-7,6
Attributable to equity holders of the parent company	8,2	2,0	-1,6	-18,6	-34,7
Attributable to non-controlling interests	18,3	27,2	37,8	43,8	27,1
Total Assets	4 173,3	2 296,4	4 173,3	2 296,4	3 524,5
Equity (%) ⁴	11%	18%	11%	18%	11%
Net interest bearing debt (NIBD) ⁵	2 022	671	2 022	671	1 373
Net free cash flow ²	14,3	98,4	-164,5	38,7	202,1
Free cash at end of period	132,0	133,2	132,0	133,2	296,5

Consolidated revenues and profits were mainly generated in the Power Production segment. Activities in Operation & Maintenance and Development & Construction mainly reflect deliveries to entities controlled by Scatec Solar, for which revenues and profits are eliminated in the Consolidated Financial Statements.

- 1 Numbers in parentheses refer to comparative information for the corresponding period last year
- 2 Net free cash flow is defined as the Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies.
- 3 See "Definitions" for definition of this measure
- 4 The value of consolidated assets does not include internal margins generated through project development, construction and operation and maintenance, whereas the consolidated debt includes non-recourse debt in project companies at full amount. This negatively affects the consolidated equity ratio. The non-recourse project finance debt is pledged solely to the assets and performance of each individual project.

Financial review

CONSOLIDATED INCOME STATEMENT

Scatec Solar is an integrated independent solar power producer, developing, constructing, operating, maintaining and owning solar power plants. Revenues and profits generated by plants controlled by Scatec Solar are fully consolidated. This implies that development and construction (D&C) as well as operation and maintenance (O&M) services delivered to these plants are considered internal to the group, and that the corresponding revenues and costs are eliminated in the consolidated accounts. The Consolidated Income Statement does therefore not reflect the underlying activity in project development and construction, or operation and maintenance, for which reference is made to the Segment Review.

Revenues

Scatec Solar reported revenues of NOK 93 million in the second quarter 2014, mainly reflecting sales of electricity from solar power plants in the Czech Republic and South Africa. This compares to total revenues of NOK 28 million in the second quarter 2013, with the increase explained by electricity sales from the Kalkbult plant in South Africa. Net revenues included NOK -0,1 million in income from associated companies in the second quarter (-0,3).

For the first half year, revenues amounted to NOK 150 million (45). Revenues in the first half 2013 included NOK 18 million related to development, construction, operation and maintenance activities for third parties.

Operating expenses

Consolidated operating expenses amounted to NOK 40 million in the second quarter (35). This comprised of approximately NOK 8 million related to operation of existing power plants, NOK 5 million in general and administrative costs, NOK 14 million related to development of new projects, NOK 8 million related to construction of power plants, and NOK 5 million in non-recurring, special items.

Split by nature of expenses, personnel expenses accounted for NOK 16 million (12), and other operating expenses for NOK 23 million (22).

For the first half year, consolidated operating expenses amounted to NOK 67 million (56). The increase in operating expenses primarily reflects commencement of operations at the Kalkbult plant in South Africa, as well as increased spending on development and construction activities.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 52 million in the second quarter 2014 (-9), and NOK 81 million for the first half year (-23). The improvements primarily reflect the higher power production, and higher average electricity prices as the Kalkbult project reached Commercial Operation Date (COD) in April 2014.

Depreciation, amortisation and impairment amounted to NOK 17 million in the second quarter (6) and NOK 36 million in the first half

year (13). The increases are mainly explained by commencement of asset depreciation of Kalkbult, NOK 3 million impairment of development projects in South Africa in the first quarter, and NOK 1 million impairment related to restructuring of the German operations in the second quarter.

Operating profit (EBIT) was hence NOK 35 million in the second quarter (-16), and NOK 45 million in the first half of 2014 (-36).

Net financial items

Net financial items amounted to NOK -4 million in the second quarter (59), and NOK -5 million in the first half 2014 (89). The lower figures mainly reflect interest on financing of a higher asset base and significant changes in the value of foreign exchange contracts.

Financial income amounted to NOK 8 million (72) in the second quarter and NOK 32 million in the first half year (110), including interest income on collateralised equity commitments for projects under construction. The second quarter and half year 2013 include gains on mark-to-market revaluations of open Euro and US dollars forward exchange contracts of NOK 70 and 108 million respectively. The foreign exchange contracts are carried at fair value and will fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses amounted to NOK 36 million in the second quarter (16) and NOK 39 million in the first half year (23), mainly reflecting interest on the Kalkbult project and a partial reversal of the mark-to-market gains on forward exchange contracts recognised in previous periods.

Foreign exchange gains amounted to NOK 24 million in the second quarter (3) and NOK 57 million in the first half year (2), primarily influenced by gain on realized forward exchange contracts.

Profit before tax and net profit

Profit before income tax was NOK 31 million in the second quarter (44) and NOK 41 million in the first half year (54), with the declines mainly explained by higher interest expenses and revaluation of forward exchange contracts.

Income tax was a positive NOK 5 million in the second quarter (-14) and NOK 4 million in the first half year (-28), including a withholding tax benefit related to dividends from a South African subsidiary in the first quarter. The underlying tax rates in the countries of operation are in the range of 19%-35%. Net profit was hence NOK 26 million in the second quarter (29) and NOK 36 million in the first half year (25).

A profit of NOK 8 million was attributable to the equity holders of Scatec Solar for the second quarter (2) and NOK -2 million for the first half year (-19). A profit of NOK 18 million was attributable to non-controlling interests in the second quarter (27) and NOK 38 million for the first half year (44). Non-controlling interests mainly reflect financial investors in the project companies for the individual solar power plants.

5 See "Definitions" for definition of this measure.

SEGMENT REVIEW

Scatec Solar reports on three operating business segments: Power Production (PP), Operation & Maintenance (O&M), and Development & Construction (D&C), as well as on Corporate and Eliminations.

Internal revenues and profits related to deliveries of development and construction and operation and maintenance activities to companies deemed to be controlled by Scatec Solar are eliminated in the Consolidated Group Financial Statements. The underlying activity level and financial performance of each segment is hence reflected only in the segment reporting and not on a line-by-line basis in the consolidated income statement.

Power production (PP)

The PP segment currently comprises the Kalkbult (75 MW) and Linde (40 MW) plants in South Africa, the ASVY (9 MW) plant in Rwanda, and four plants in the Czech Republic (20 MW). The plants produce electricity for sale under 20 year power purchase agreements (PPA) or Feed-in tariff (FIT) schemes. The Linde plant commenced operation towards the end of the second quarter, and ASVY in Rwanda in July 2014.

Operation & Maintenance (O&M)

O&M comprises services provided both to solar power plants where Scatec Solar has an ownership share and to third-party owned solar power plants designed and constructed by Scatec Solar. Revenue and profits are typically generated on the basis of fixed service fees with additional profit-sharing arrangements based on plant performance.

Development & Construction (D&C)

D&C comprises development activities in a number of projects across the globe as well as construction of solar power plants developed by the company. Revenues and profits are recognized on a percentage-of-completion basis in construction contracts, or through sales of development projects. Following the commencement of production at Linde in South Africa in June and ASVY in Rwanda in July, the company has one solar power plant with a capacity of 75 MW under construction. The backlog of projects with secured offtake of future power production is currently 122 MW, whereas the project pipeline counts projects with a combined capacity of more than 750 MW.

Scatec
Solar ASA

**Main activities**

- Asset management
- Financial and operational optimization
- Maximize performance and availability
- Technical and operational services
- Project development
- Engineering and Procurement
- Debt / Equity structuring
- Construction management
- Quality assurance
- Corporate services
- Management
- Group finance
- Elimination of revenue and costs from Group internal transactions

Main projects/ assets

- | | | |
|--|---|--|
| South Africa:
• Kalkbult, 75 MW
• Linde, 40 MW

Czech Republic:
• Sulikov, 10 MW
• Svitavy, 4 MW
• Hrusovany, 3 MW
• Mramotice, 3 MW | South Africa:
• Kalkbult, 75 MW
• Linde, 40 MW

Czech Republic:
• Sulikov, 10 MW
• Svitavy, 4 MW
• Hrusovany, 3 MW
• Mramotice, 3 MW

Third-party owned
• 19 plants, 51 MW | South Africa:
• Linde, 40 MW
• Deunberg, 75 MW

Rwanda:
• ASVY, 9 MW

Backlog – 122 MW
Pipeline – 750 MW |
|--|---|--|

Segment financials**SEGMENT FINANCIALS Q2 2014**

NOK MILLION	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
External revenues	91.2	1.6	0.1	0.0	0.0	92.9
Internal revenues	1.5	5.0	402.6	3.1	-412.2	0.0
Net income/(loss) from associates	0.0	0.0	-0.1	0.0	0.0	-0.1
Total revenues and other income	92.7	6.5	402.6	3.1	-412.2	92.7
Cost of sales	0.0	0.0	-265.5	0.0	265.3	-1.2
Gross profit	92.7	6.5	136.1	3.1	-146.9	91.5
Operating expenses	-9.0	-3.4	-26.6	-8.5	8.0	-39.5
EBITDA	83.6	3.1	109.5	-5.4	-138.8	52.0
Depreciation, amortisation and impairment	-23.1	-0.3	-1.1	-0.3	8.0	-16.7
Operating profit	60.5	2.8	108.4	-5.7	-130.8	35.3

SEGMENT FINANCIALS Q2 2013

NOK MILLION	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
External revenues	22.2	2.5	3.4	0.0	0.0	28.1
Internal revenues	0.0	0.8	406.0	1.6	-408.4	0.0
Net income/(loss) from associates	0.0	0.0	-0.3	0.0	0.0	-0.3
Total revenues and other income	22.2	3.3	409.1	1.6	-408.4	22.8
Cost of sales	0.0	0.0	-193.2	0.0	190.8	-2.4
Gross profit	22.2	3.3	215.9	1.6	-217.6	25.4
Operating expenses	-3.9	-2.8	-18.3	-12.0	2.4	-34.6
EBITDA	18.2	0.5	197.6	-10.4	-215.2	-9.2
Depreciation, amortisation and impairment	-7.5	0.0	-0.3	0.0	1.5	-6.5
Operating profit	10.7	0.5	197.3	-10.4	-213.7	-15.7

SEGMENT FINANCIALS YTD 2014

NOK MILLION	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
External revenues	145.4	4.1	0.5	0.0	0.0	150.0
Internal revenues	11.4	5.7	722.2	4.3	-743.5	0.0
Net income/(loss) from associates	0.0	0.0	-0.2	0.0	0.0	-0.2
Total revenues and other income	156.8	9.7	722.5	4.3	-743.5	149.7
Cost of sales	0.0	0.0	-486.9	0.0	485.3	-1.6
Gross profit	156.8	9.7	225.6	4.3	-248.2	148.1
Operating expenses	-12.6	-6.6	-40.2	-17.5	9.9	-67.0
EBITDA	144.1	3.2	185.3	-13.2	-238.3	81.1
Depreciation, amortisation and impairment	-44.6	-0.6	-4.5	-0.3	14.2	-35.8
Operating profit	99.5	2.6	180.8	-13.5	-224.1	45.3

SEGMENT FINANCIALS YTD 2013

NOK MILLION	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
External revenues	28.0	4.5	13.5	0.0	0.0	46.9
Internal revenues	0.0	1.5	448.4	3.2	-453.1	0.0
Net income/(loss) from associates	0.0	0.0	-0.5	0.0	0.0	-0.5
Total revenues and other income	28.0	6.0	461.5	3.2	-453.1	45.4
Cost of sales	0.0	0.0	-229.0	0.0	216.9	-12.1
Gross profit	28.0	6.0	222.5	3.2	-236.2	33.3
Operating expenses	-7.5	-5.0	-32.1	-16.2	4.7	-56.2
EBITDA	20.4	1.0	200.4	-13.1	-231.5	-22.9
Depreciation, amortisation and impairment	-15.0	-0.1	-0.7	0.0	3.0	-12.7
Operating profit	5.4	0.9	199.7	-13.1	-228.5	-35.5

Power Production

Revenues amounted to NOK 93 million in the second quarter (22), mainly reflecting the increase in power production to 44,338 MWh from 2133 MWh in the corresponding quarter last year. Production at the 75 MW Kalkbult plant was 35,341 MWh in the second quarter, whereas the 20 MW of Czech solar power plants generated 8,130 MWh. Electricity production at Linde commenced ultimo June, contributing with 867 MWh.

Kalkbult production has exceeded model assumptions throughout the first half of the year. Kalkbult electricity has been sold at the prices contracted through the long-term power purchasing agreement (PPA) since COD on 19 March. The plant was grid-connected in September 2013, generating 'early revenues' based on 60% of the contracted price until COD.

Compared with the second quarter last year, revenues in the Czech operations reflect 14% higher production, primarily due to higher solar irradiation, as well as a permanent reduction of an industry specific revenue tax from 26% to 10%.

Operating expenses amounted to NOK 9 million in the second quarter (4). Costs increased with the commencement of the O&M contract for the 75 MW Kalkbult with effect from the Take Over Date (TOD) on 26 April. Based on Kalkbult over performance in the quarter, a provision was made for an O&M bonus of NOK 2 million in the second quarter, based on the significant over performance by the plant in the quarter.

Depreciation and amortisation increased to NOK 23 million (75), with the increase reflecting Kalkbult.

EBITDA improved to NOK 84 million in the second quarter (18), with the EBITDA margin increasing to 90% (82%). EBIT increased to NOK 61 million (11).

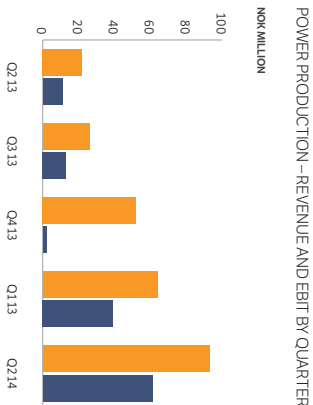
For the first half year, revenues amounted to NOK 157 million (28). This includes internal revenue from the Development & Construction segment as compensation for a slightly delayed COD for Kalkbult (19 March versus scheduled COD on 1 January 2014).

EBITDA amounted to NOK 144 million for the first half year (20), and EBIT to NOK 100 million (5).

Revenues and operating profit are expected to continue to increase in the second half of 2014 with the addition of production from Linde (40 MW) from end of June and ASYV (9 MW) from end of July. The Dreunberg (75 MW) plant is expected to start production in phases from August 2014, and will then generate 'early revenue' at 60% of the contracted PPA price until COD which is scheduled to take place at year end.

Total revenues from the company's secured solar power sales contracts amount to more than NOK 15 billion through 2034 (nominal undiscounted revenues).

See also the 'Outlook' section below.



POWER PRODUCTION – KEY FIGURES

NOK MILLION	Q214	Q213	YTD14	YTD13
External revenues	91.2	22.2	145.4	28.0
Internal revenues	1.5	0.0	11.4	0.0
Total revenues and other	92.7	22.2	156.8	28.0
Income	-9.0	-3.9	-12.6	-7.5
Operating expenses	83.6	18.2	144.1	20.4
EBITDA	-23.1	-7.5	-44.6	-15.0
D&A and impairment	60.5	10.7	99.5	5.4
EBIT	90%	82%	92%	90%
EBITDA margin	65%	48%	63%	73%
EBIT margin				

PRODUCTION

MWh	Q213	Q313	Q413	Q114	Q214
Kalkbult	-	1,588	42,051	38,240	35,341
Linde	-	-	-	-	867
Czech portfolio	7133	8,057	2,634	3,701	8,130
MWh produced	7133	9,645	44,686	41,940	44,338
-net to Scatec Solar	7133	8,677	19,034	18,997	22,251

ANNUAL INSTALLED CAPACITY – END OF PERIOD

MW	Q213	Q313	Q413	Q114	Q214
Kalkbult	-	75.0	75.0	75.0	75.0
Linde	-	-	-	-	40.0
Czech portfolio	19.8	19.8	19.8	19.8	19.8
MW capacity	19.8	94.8	94.8	94.8	134.8
-net to Scatec Solar	19.8	49.8	49.8	49.8	64.7

Scatec Solar directly and/or indirectly owns 100% of the Czech portfolio of solar power plants and 39% of Kalkbult and Linde in South Africa

PROJECT ENTITIES – KEY FINANCIALS Q2 2014

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	OTHER	TOTAL SEGMENT
Revenues	30.8	60.4	0.9	0.5	92.7
Cost of sales	0.0	0.0	0.0	0.0	0.0
Gross profit	30.8	60.4	0.9	0.5	92.6
OPEX	-2.6	-6.5	-0.2	0.2	-9.1
EBITDA	28.3	53.9	0.7	0.7	83.6

PROJECT ENTITIES – KEY FINANCIALS YTD 2014

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	OTHER	TOTAL SEGMENT
Revenues	44.5	110.7	0.9	0.7	156.8
Cost of sales	0.0	0.0	0.0	0.0	0.0
Gross profit	44.5	110.7	0.9	0.7	156.8
OPEX	-4.7	-7.5	-0.2	-0.2	-12.6
EBITDA	39.8	103.2	0.7	0.5	144.1

PROJECT ENTITIES – PP&E, NET DEBT AND WORKING CAPITAL BREAK-DOWN

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	D&C, O&M, CONSTRUCTION ¹	CONSOLIDATED
PP&E	509.4	1,175.4	612.7	1,098.8	108.0	-953.4	2,550.9
Total cash	35.9	227.6	53.4	151.9	79.9	380.9	919.3
- of which restricted cash ²	20.5	214.5	50.4	148.6	79.6	273.7	787.4
Gross debt	379.1	958.9	582.8	887.9	129.8	3.7	2,942.2
Net debt	341.1	741.3	529.4	736.0	50.2	-377.2	2,022.8
Net working capital ³	3.8	-76.9	-26.4	-278.7	-50.5	-60.9	-489.6

- 1 The amount of NOK 953.4 million, includes development projects that have not yet reached construction phase of NOK 483.2 million
- 2 Restricted cash in SPVs includes debt service reserve accounts, disbursements accounts, insurance reserve accounts etc. Restricted cash in D&C, O&M and Corporate includes collateralized shareholder financing of project entities not yet distributed to the project entities, as well as certain restricted deposits for VHT, guarantees, VAT, rent, etc.
- 3 Net working capital includes trade and other receivables, other current assets, trade and other payables, income tax payable, other current liabilities and intercompany receivables and payables

Operation & Maintenance

Revenues in the Operation & Maintenance segment were NOK 6.5 million in the second quarter (3.3), with the increase mainly reflecting commencement of the O&M contract on Kalkbult. Accrued performance bonuses represented NOK 2.2 million in the second quarter.

The O&M contract on Kalkbult took effect at the Take Over Date (TOD⁷) on 26 April, increasing the company's O&M portfolio to a combined capacity of 146 MW. Plants owned by third parties account for 51 MW of this.

Operating expenses amounted to NOK 3.4 million (2.8), with the increase mainly reflecting Kalkbult and organizational ramp-up ahead of start-up of further contracts later in the year.

EBITDA increased to NOK 3.1 million in the second quarter (0.5), corresponding to an EBITDA-margin of 47% (15%).

Depreciation and amortisation amounted to NOK 0.3 million in the quarter (0), and EBIT was thus NOK 2.8 million (0.5).

For the first half year, revenues increased to NOK 9.7 million (4.5), whereas operating expenses increased to NOK 6.6 million (5.0). EBITDA hence amounted to NOK 3.2 million for the first half year (1.0), and EBIT to NOK 2.6 million (0.9).

The third party contracts are considered non-core business and some of these contracts will be terminated during second half 2014. It is expected that 16 MW will be terminated during Q3 and another 7 MW will be terminated by the end of 2014.

Segment revenues and operating profit are expected to increase in the second half of 2014, given that the O&M contract on Kalkbult (75 MW) takes full effect, and that contracts are expected to commence on Linde (40 MW) and ASVY (8 MW). The O&M contract for Dreunberg (75 MW) is expected to take effect from the beginning of 2015.

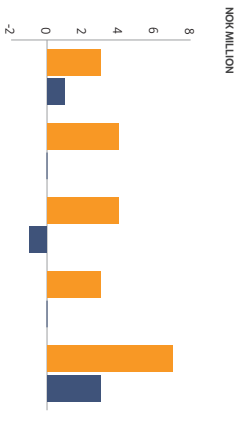
The inclusion of further plants in South Africa and in Rwanda will increase the O&M portfolio to 247 MW, which is expected to generate annual base revenues of approximately NOK 30-35 million at current exchange rates. The contracts are nominated in Czech Koruna, Euro, South African Rand and USD respectively.

Overall, the company expects to realise 40%-50% EBITDA-margin on the base service fees in the O&M portfolio once all plants currently under construction have been included.

In addition, the majority of the O&M contracts include performance bonus provisions, securing the company up to 50% of revenue generated when exceeding pre-defined production levels. If the current performance is maintained at Kalkbult, the plant is estimated to generate performance bonus in addition to the base fee of approximately NOK 12 million on an annual basis.

See also the Outlook⁸ section below.

OPERATION & MAINTENANCE – REVENUE AND EBIT BY QUARTER



OPERATION & MAINTENANCE – KEY FIGURES

NOK MILLION	Q214	Q213	YTD14	YTD13
External revenues	1.6	2.5	4.1	4.5
Internal revenues	5.0	0.8	5.7	1.5
Total revenue and other income	6.5	3.3	9.7	6.0
Operating expenses	-3.4	-2.8	-6.6	-5.0
EBITDA	3.1	0.5	3.2	1.0
D&A and impairment	-0.3	0.0	-0.6	-0.1
EBIT	2.8	0.5	2.6	0.9
EBITDA margin	47%	15%	32%	17%
EBIT margin	43%	15%	27%	15%

PORTFOLIO OVERVIEW – MW AT END OF PERIOD

MW	Q213	Q313	Q413	Q114	Q214
Portfolio (MW)	71	71	71	71	146
Whereof third-party	51	51	51	51	51

O&M-contracts are included upon Take Over Date (TOD)

Development & Construction

Revenues in the Development & Construction segment amounted to NOK 403 million in the second quarter (409), with virtually all revenues reflecting internal deliveries to project companies managed and controlled by Scatec Solar.

During the second quarter, the company continued construction at the Linde (40 MW) and Dreunberg (75 MW) plants in South Africa and the ASVY (9 MW) plant in Rwanda. Construction revenues are recognized on a percentage-of-completion basis, defined as cost incurred over total expected cost (see separate table).

Construction at Linde and ASVY was nearly completed in the quarter, with Start of Production (SOP⁸) of Linde on 26 June, Commercial Operation Date (COD⁸) on 30 June and Take Over Date (TOD⁸) is expected later in the third quarter. The ASVY plant reached SOP/COD on 26 July with TOD expected later in the third quarter. SOP on Dreunberg is expected in phases from August and COD is scheduled for year-end, with TOD early in 2015.

Cost of sales amounted to NOK 267 million in the second quarter (193), generating a gross margin of 34%. Gross margin was 53% in the second quarter last year, including an internal sale of the development rights to Dreunberg and Linde to the project entities in the power production segment of NOK 94 million. Gross margin exclusive the internal sales was 39%.

Operating expenses were NOK 27 million in the second quarter (18). The increase is mainly explained by restructuring expenses related to close down of German operations (see note 7).

Segment EBITDA thus declined to NOK 110 million in the second quarter (198). Depreciation, amortisation and impairment amounted to NOK 11 million (0.3), and EBIT was NOK 108 million (197).

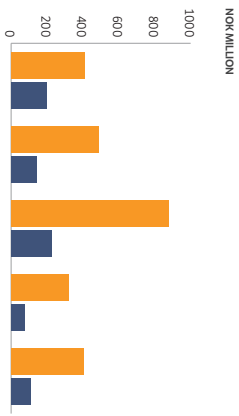
For the first half year, revenues increased to NOK 723 million (462), with a gross margin of 31% (50%). Operating expenses increased to NOK 40 million (32), and EBITDA was hence NOK 185 million (200) and EBIT NOK 181 million (200).

Segment revenues, cost of sales and gross profit may be subject to variations across quarters, as the multi-currency construction contracts in South Africa are exposed to currency fluctuations. Operating profit is thus exposed to multiple currencies.

Over the years, Scatec Solar has executed construction contracts with total revenue of approximately NOK 4.2 billion, and had ongoing construction projects with remaining contracted revenues of approximately NOK 170 million at the end of the second quarter, at current exchange rates. Ongoing contracts are denominated in South African Rand (ZAR) and USD.

Revenue and profit development going forward will depend of the pace and timing of execution of the project backlog and pipeline. See also the Outlook⁸ section below.

DEVELOPMENT & CONSTRUCTION – REVENUE AND EBIT BY QUARTER



DEVELOPMENT & CONSTRUCTION – KEY FIGURES

NOK MILLION	Q214	Q213	YTD14	YTD13
External revenues	0.1	3.4	0.5	13.5
Internal revenues	402.6	406.0	722.2	448.4
Net income associated	-0.1	-0.3	-0.2	-0.5
Total revenue and other income	402.6	409.1	722.5	461.5
Cost of sales	-266.5	-193.2	-496.9	-229.0
Gross profit	136.1	215.9	225.6	232.5
Operating expenses	-26.6	-18.3	-40.2	-32.1
EBITDA	109.4	197.6	185.3	200.4
D&A and impairment	-1.1	-0.3	-4.5	-0.7
EBIT	108.3	197.3	180.8	199.7
Gross margin	34%	53%	31%	50%
EBITDA margin	27%	48%	26%	43%
EBIT margin	27%	48%	25%	43%

CONSTRUCTION PROJECTS – PERCENTAGE OF COMPLETION

CAPACITY	Q213	Q313	Q413	Q114	Q214
Kalkbult	75 MW	70%	93%	100%	-
Linde	40 MW	13%	25%	74%	84%
Dreunberg	75 MW	11%	22%	50%	76%
ASVY	9 MW	-	-	-	10%

CONSTRUCTION PROJECTS – MILESTONES*

	CAPACITY	Q214	Q314	Q414	Q115
Linde	40 MW	SOP/COD	TOD		
Dreunberg	75 MW		SOP	COD	TOD
ASVY	9 MW		SOP/COD		

⁷ See "Definitions" for definition of project milestones

⁸ See "Definitions" for definition of project milestones

Corporate & Eliminations**CORPORATE - KEY FIGURES**

NOK MILLION	Q214	Q213	YTD 14	YTD13
Total revenues	3.1	1.6	4.3	3.2
Operating expenses	-8.5	-12	-17.5	-16.2
De&A and impairment	-0.3	0	-0.3	0
EBIT	-5.7	-10.4	-13.5	-13.1

Corporate activities mainly relate to corporate services, management and group finance, and showed an operating loss of NOK 6 million in the second quarter 2014 (-10).

The underlying increased cost base mainly reflects a build-up of organization to handle a generally higher level of activity. The second quarter 2013 was negatively affected by a settlement expense of NOK 6 million related to claim from a co-developer in France. The case was concluded in 2013 and the Company will not incur further expenses.

For the first half year, the operating loss amounted to NOK -14 million (-13).

ELIMINATIONS - KEY FIGURES

NOK MILLION	Q214	Q213	YTD 14	YTD13
Revenues	-412.2	-408.4	-743.5	-453.1
EBITDA	-138.9	-215.2	-234.3	-231.5
EBIT	-130.9	-213.7	-224.1	-228.5

The eliminations reflect that the bulk of development and construction activities and operation and maintenance contracts are related to projects managed and consolidated by Scatec Solar.

Internal revenues of NOK 412 million were eliminated in the consolidation of the segments in the second quarter 2014 (408), generating consolidated Group revenues of NOK 93 million for the second quarter (28).

On the operating profit level, internal eliminations amounted to NOK 131 million (214), generating a consolidated Group EBIT of NOK 35 million in the quarter (-16).

Internal revenues of NOK 744 million (453) and operating profit of NOK 224 million (229) were eliminated in the first half 2014, generating consolidated Group revenues of NOK 150 million (45) and consolidated Group operating profit of NOK 45 million (-36) for the first half year.

CONSOLIDATED CASH FLOW

Net cash flow from consolidated operating activities amounted to NOK 2 million in the second quarter (41).

Net negative cash flow from consolidated investing activities was NOK 255 million (358), driven mainly by property, plant and equipment investments in the Linde, Dreunberg and ASVY solar power plants.

Net cash flow from financing activities was NOK 128 million (744), including proceeds of NOK 217 million from non-recourse project financing (640).

In the first half year, net cash flow from operating activities was NOK 120 million (195), whereas the net negative cash flow from investing activities was NOK 655 million (523). Net cash flow from financing activities amounted to NOK 427 million (832), including proceeds of NOK 479 million from non-recourse project financing (720).

The company considers 'net free cash flow' to be a relevant measure of the ability to generate funds for shareholder dividends over time. Net free cash is defined as the Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies.

'Net free cash flow' was NOK 14 million in the second quarter (98), split between distribution from project entities of NOK 3 million (0), and NOK 11 million in net free cash flow from operations outside non-recourse financed project entities (291). There were no equity contributions or collateralised equity commitments in project entities in the second quarter (-92).

'Net free cash flow' was NOK -164 million in the first half year, of which NOK -9 million was equity contributions or collateralised equity commitments in project entities (-245) and NOK -160 million was net free cash flow from operations excluding project entities (284). In the first half, NOK 4 million was distributed in cash from project companies (0).

Refer to note 6 for a detailed cash overview.

On 14 July 2014, Scatec Solar entered into an overdraft facility of NOK 100 million with a tenor of 1 year and a guarantee facility of NOK 150 million with a tenor of 3 years, both with Nordaa Bank Norge ASA. Both facilities have a covenant requiring Scatec Solar's equity ratio to be above 30% - where the equity ratio is calculated excluding assets and debt related to non-recourse financing. The interest rate on the facility is NIBOR 7 days plus 2.5% per year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets related to the solar power projects are valued at the Group's cost in the consolidated statement of financial position, and do not include internal margins generated through project development and construction. The debt in the solar power projects is, on the other hand fully accounted for including all ring-fenced non-recourse debt pledged only to the assets in each individual project company.

This negatively affects the book equity ratio, which declined to 11.1% from 12.7% at the end of the first quarter and 11.3% at the end of 2013. The book equity ratio is further affected in second quarter 2014 by the General Meeting's approval of a dividend of NOK 42 million.

Adjusted for assets and debt related to the solar power project companies, the equity ratio was approximately 58% at the end of the first half year 2014.

Total assets amounted to NOK 4173 million at the end of the first half 2014 (3 524), which was an increase of NOK 277 million during the second quarter and NOK 649 million during the first half year.

The increase primarily reflects non-current assets, which in turn mainly reflects investments related to the South African and Rwandan projects.

Non-current assets overall amounted to NOK 3 080 million per 30 June (2 318), an increase of NOK 334 million during the second quarter and NOK 762 million during the first half year. PPE in project companies accounted for 91% of the increase.

Current assets amounted to NOK 1 093 million (1 206), which was a decrease of NOK 58 million during the second quarter and NOK 114 million during the first half year.

Cash and cash equivalents stood at NOK 919 million at the end of the first half year, compared to NOK 971 million at the end of the first quarter and NOK 1 025 million at year-end 2013. NOK 514 million of the cash balance was restricted cash held in project companies.

NOK 274 million other restricted cash, and NOK 132 million free cash. Cash and cash equivalents in project entities which are reserved on debt service accounts, disbursements accounts, insurance reserve accounts and similar are reported as restricted. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements. Other restricted cash is mainly collateralised shareholder financing of project entities not yet distributed to the project entities (NOK 191 million) and deposits.

Financial assets in the balance sheet primarily comprise currency and interest rate derivatives in the South African project companies.

Total equity was NOK 465 million at the end of the first half year 2014 (399), which was a decrease of NOK 31 million during the second quarter and an increase of NOK 66 million during the first half year.

Total liabilities increased to NOK 3 708 million from NOK 3 400 million at the end of the first quarter and NOK 3 124 million at the end of 2013.

Total non-current liabilities amounted to NOK 2 596 million at the end of the first half 2014, compared to NOK 2 466 million at the end of the first quarter and NOK 2 462 million at year-end 2013. NOK 2 494 million of this was non-recourse project financing pledged only to the assets and performance of each individual project, compared to NOK 2 381 million at the end of the first quarter and NOK 2 377 million at the end of 2013.

Total current liabilities increased to NOK 1 112 million, from NOK 934 million at the end of the first quarter and NOK 662 million at the end of 2013. The increase reflects maturing of non-recourse financing. Refer to notes 4 and 6 for further details.

Net interest bearing debt stood at NOK 2 023 million at the end of the first half year, compared to NOK 1 696 million at the end of the first quarter and NOK 1 373 million at the end of 2013. All interest bearing debt is non-recourse debt, pledged only to the assets and performance of the individual projects.

BACKLOG AND PIPELINE

Scatec Solar's project backlog and identified pipeline span a variety of markets in the US, UK, Jordan, Japan and Africa.

See the Section on "Definitions" for a description of the criteria for inclusion of projects into backlog and pipeline.

Backlog

At the end of the first half 2014, Scatec Solar had a gross project backlog of 122 MW. The backlog consists of the Red Hills project in Utah (104 MW, 100% owned by Scatec Solar), the smaller Waihonu projects on Hawaii (8 MW, 49%) and Oryx in Jordan (10 MW, 70%).

Oryx, Jordan, 10 MW

The 10 MW Oryx solar power plant in Jordan is a project developed by Scatec Solar and a local developer. A fixed price 20-year PPA was signed with the National Electric Power Company (NEPCO) in March 2014.

Total investment in the plant is expected to be approximately NOK 200 million. The plant is expected to generate 25,000 MWh per year and revenues of about NOK 24 million per year.

EBRD and Proparco is expected to provide the debt financing with an expected debt ratio of 75 %. Scatec Solar will own 70% of the project entity, with the name of the co-owner(s) yet to be announced. Financial close is expected in the second half of 2014.

Revenue potential related to this project for the Scatec Solar D&C segment is in the range of USD 25 million from both the EPC contract and the project development fee. In addition Scatec Solar will provide operation and maintenance services to the plant.

Red Hills, USA, 104 MW

Scatec Solar has developed and retained 100% ownership of the 104 MW Red Hills solar power plant project in Utah, USA. The Utah Public Service Commission approved a 20-year PPA with PacifiCorp in March 2014.

The total investments in the plant is expected to be approximately USD 200 million. The plant is expected to generate 228,000 MWh per year and revenues of about NOK 84 million per year.

Work to secure financing is ongoing with a combination of tax equity and a term loan as the most likely solution. Financial close is targeted for the fourth quarter 2014.

Scatec Solar is finalizing the execution strategy for this project and is expected to retain 100% non-tax equity ownership.

Furthermore, Scatec Solar is not expected to take the role as main EPC contractor, but is considering to secure sourcing of certain key components to the project. Development revenues will be realized in the D&C segment from the project, while EPC revenues will be realized only if Scatec Solar takes responsibility for sourcing any of the components.

Waihonu, USA, 8 MW

The 8 MW Waihonu solar power plant in Hawaii, USA is developed and owned jointly by Scatec Solar (49%) and the solar project developer Meridian (51%). Sale of power will be formalized in a PPA with the local utility HECO, based on the Feed in Tariff secured for the projects.

The total investment in the plant is expected to be approximately USD 34 million. The plant is expected to generate 12,700 MWh per year and revenues of about NOK 18 million per year. Scatec Solar will not take the role as EPC contractor.

The process to secure financing will be initiated shortly, with a sale and lease-back solution as the likely outcome. Financial close is targeted for the first quarter 2015.

Pipeline

At the end of the first half 2014, Scatec Solar had a pipeline of about 20 projects with a gross capacity of more than 750 MW, and the company has furthermore verified feasibility and business cases for additional close to 900 MW.

PIPELINE BY REGION AND TARGETED START OF CONSTRUCTION

	CAPACITY	2014E	2015E	2016/17E
Jordan	33	-	33	-
UK	53	53	-	-
West Africa	138	-	118	20
USA	220	-	220	-
Japan	64	-	16	48
South Africa	258	-	-	258
Total pipeline	766	53	367	326

In Jordan, Scatec Solar expects to secure two additional projects awarded in the first bidding round totalling 33 MW.

In the UK, Scatec Solar is in the permitting process for six projects totalling 53 MW. Permits are expected to be granted in the second half of the year, with financial close and construction start immediately thereafter. The construction activities will be completed by the end of first quarter 2015.

In South Africa, Scatec Solar has submitted three projects of 86 MW each in the fourth round of the REPPP (Renewable Energy Independent Power Producer Programme). The preferred bidder's list of the REPPP is expected to be announced in November 2014.

The company has an ambition of growing its gross base of producing assets to 750 MW by the end of 2016, in both emerging and established solar power markets.

See also the "Outlook"-section.

OUTLOOK

Revenues and profits in the Consolidated Income Statement are expected to reflect the activity in the Power Production segment in the foreseeable future, as well as corporate and administrative costs and costs related to development of new projects.

Power production (PP)

Electricity production, revenues, EBITDA and operating profit in Power Production is expected to grow significantly from the first half to the second half of 2014. The main reasons are that electricity production at Kakibuli (75 MW) now is selling at 100% of the agreed PPA price, and that electricity production is being phased in from the Linde (40 MW) and Dreuhenberg (75 MW) solar power plants in South Africa and the AS'V (9 MW) plant in Rwanda.

Total power production is expected to increase from 86,278 MWh in the first half 2014 to approximately 210,000 MWh in the second half of the year.

The segment operating margin is also expected to improve from the first to the second half of the year. Margins will also be supported by the increasing leverage on the fixed cost base but will be negatively affected by increasing (internal) O&M costs.

Operations and Maintenance (O&M)

O&M volumes, revenues, EBITDA and operating profit in O&M are expected to grow from the first half to the second half 2014. The O&M contract on Kakibuli took effect in late April, and the Linde and AS'V plants will add further to the portfolio later in the year. The O&M contract on Dreuhenberg is expected to take effect in early 2015.

The third party contracts are considered non-core business and some of these contracts will be terminated during second half 2014. It is expected that 16 MW will be terminated during Q3 and another 7 MW will be terminated by the end of 2014.

Including all projects under construction, the O&M portfolio is set to increase from 71 MW at the end of 2013 to 247 MW, of which 51 MW contracts with third-party plants. This will increase the annual base revenue considerably, to approximately NOK 30-35 million at current exchange rates, with EBITDA margins of 40-50%.

The majority of the O&M contracts include performance bonus provisions, securing the company up to 50% of revenue generated from exceeding of pre-defined performance levels. If the current performance is maintained at Kakibuli, this contract is expected to generate an O&M performance bonus of approximately NOK 6 million in the second half of 2014.

Development & Construction (D&C)

Revenue, EBITDA and operating profit in the D&C segment depend on the completion of ongoing construction projects and timing and execution of the company's order backlog and project pipeline.

Remaining contracted revenue from ongoing construction projects is estimated at approximately NOK 170 million with expected gross margin in line with previous quarter.

Financial close and commencement of construction for the current backlog is expected to take place during the second half of 2014, and in the first quarter of 2015. For projects developed by Scatec Solar, a project development margin will normally be recognized at financial close.

Corporate & Eliminations

Recurring corporate costs are expected to remain fairly stable. Elimination will basically reflect D&C revenues and costs related to internal deliveries to project companies managed and consolidated by Scatec Solar. The bulk of O&M revenue and costs also reflect internal deliveries.

RISK

Scatec Solar has entered into long-term fixed price contracts for the electricity production from all its current solar power plants, and the entry into such contracts is a prerequisite for financing and construction of the projects in the backlog and pipeline. The company is subject to political risk in the countries in which it sells electricity, although electricity contracts are typically entered into with state-owned utilities or other solid power distribution companies.

Scatec Solar has established a solid project backlog and pipeline but the further growth of the company will depend on a number of factors such as project availability, access to financing, component availability and pricing, price development for alternative sources of energy and the regulatory framework in the relevant markets.

The main risks related to 2014 financial performance relate to timely completion of solar plants under construction and progress in the transitioning of projects in backlog through financial close and into construction.

In terms of specific financial risks, Scatec Solar is exposed to currency risk, interest rate risk, credit risk and liquidity risks, all of which are sought mitigated through comprehensive risk management systems.

For further information refer to the Annual Report 2013.

RELATED PARTIES

Note 19 in the annual report for 2013 provides details of transactions with related parties. No significant changes occurred in the nature or presentation of related party transactions during the first half of 2014. During the half year ended 30 June 2014, the Group sourced solar modules and inverters from Ilochu amounting to NOK 331 million. The purchases are related to the construction projects in South Africa and Rwanda. As at 30 June 2014, trade payables and accruals for not yet received invoices from Ilochu amounted to NOK 292 million.

FORWARD LOOKING STATEMENTS

This condensed interim report contains forward-looking statements, based upon various assumptions. These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Scatec Solar believes that these assumptions were reasonable when made, we cannot assure you that our future results, level of activity or performances will meet these expectations.

Condensed interim financial information

Interim consolidated statement of profit or loss

NOK THOUSAND	NOTES	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FULL YEAR 2013
Revenues	2	92 854	28 076	149 982	45 912	132 163
Net income/(loss) from associated companies	2	-140	-280	-249	-482	-3 191
Total revenues and other income		92 714	27 796	149 734	45 430	128 972
Cost of sales	2	-1 236	-2 388	-1 639	-12 087	-12 331
Gross profit		91 477	25 408	148 094	33 343	116 641
Personnel expenses	2	-16 443	-12 214	-30 277	-22 592	-50 886
Other operating expenses	2	-23 076	-22 425	-36 737	-33 606	-82 607
Depreciation, amortisation and impairment	2, 3	-16 705	-6 447	-35 755	-12 690	-57 836
Operating profit		35 253	-15 678	45 326	-35 545	-74 688
Interest and other financial income	4	8 306	71 580	31 825	110 393	90 613
Interest and other financial expenses	4	-36 079	-15 544	-93 273	-22 979	-62 116
Net foreign exchange gain/(losses)	4	23 838	3 229	56 742	1 788	64 242
Net financial expenses		-3 935	59 265	-4 706	89 203	92 739
Profit before income tax		31 318	43 587	40 620	53 658	18 052
Income tax (expense)/benefit	7	-4 894	-14 350	-4 392	-28 408	-25 603
Profit/(loss) for the period		26 435	29 237	36 223	25 249	-7 551
Profit/(loss) attributable to:						
Equity holders of the parent		8 170	2 017	-1 555	-18 585	-34 678
Non-controlling interests		18 265	27 220	37 777	43 834	27 127
		26 435	29 237	36 223	25 249	-7 551
Basic and diluted earnings per share (NOK)	10	0.13	0.03	-0.02	-0.29	-0.53
Weighted average no of shares (in thousand)	10	64 960	64 960	64 960	64 960	64 960

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Interim consolidated statement of comprehensive income

NOK THOUSAND	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FULL YEAR 2013
Profit/(loss) for the period	26 435	29 237	36 223	25 249	-7 551
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss					
Net movement of cash flow hedges	-44 173	110 547	-31 658	128 586	125 280
Income tax effect	12 378	-30 953	8 874	-36 004	-35 079
Foreign currency translation differences	-595	-14 879	62 055	-19 839	-53 560
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-32 390	64 715	39 271	72 743	36 642
Total comprehensive income for the period, net of tax	-5 955	93 951	75 494	97 992	29 091
Attributable to:					
Equity holders of the parent	-14 218	13 720	47 163	-8 149	-48 029
Non-controlling interests	8 262	80 232	28 330	106 141	77 120
	-5 955	93 951	75 494	97 992	29 091

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 30 JUNE 2014	AS OF 31 DECEMBER 2013
ASSETS			
Non-current assets			
Deferred tax assets	7	359 886	313 644
Property, plant and equipment – in solar projects	3	2 550 882	1 857 294
Property, plant and equipment – other	3	10 189	8 715
Goodwill		20 616	20 566
Financial assets	4	50 803	79 921
Investments in associated companies		17 251	6 321
Other non-current assets		70 452	31 397
Total non-current assets		3 080 080	2 317 859
Current assets			
Trade and other receivables		58 818	75 472
Other current assets		97 205	105 237
Financial assets	4	17 895	50 552
Cash and cash equivalents	6	919 329	1 025 362
Total current assets		1 093 247	1 206 623
TOTAL ASSETS		4 173 327	3 524 482

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Interim consolidated statement of financial position

NOK THOUSAND	NOTE	AS OF 30 JUNE 2014	AS OF 31 DECEMBER 2013
EQUITY AND LIABILITIES			
Equity			
Share capital		1 624	1 624
Share premium		301 286	301 286
Total paid in capital		302 910	302 910
Retained earnings		-190 858	-147 074
Other reserves		-3 143	-51 860
Total other equity		-194 001	-198 934
Non-controlling interests		356 843	294 640
Total equity		465 752	398 616
Non-current liabilities			
Deferred tax liabilities	7	96 875	80 894
Non-recourse project financing	4	2 494 347	2 376 968
Financial liabilities	4	4 650	-
Other non-current liabilities		42	3 608
Total non-current liabilities		2 595 914	2 461 470
Current liabilities			
Trade and other payables		354 503	441 811
Income tax payable	7	87 545	91 881
Non-recourse project financing	4	447 825	21 572
Financial liabilities	4	18 100	16 298
Other current liabilities	8.9	203 688	92 834
Total current liabilities		1 111 661	664 396
Total liabilities		3 707 575	3 125 866
TOTAL EQUITY AND LIABILITIES		4 173 327	3 524 482

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Interim consolidated statement of changes in equity

NOK THOUSAND	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	OTHER RESERVES			NON-CONTROLLING INTERESTS	TOTAL EQUITY
				FOREIGN CURRENCY TRANSLATION	IFRS CHANGING RESERVES	TOTAL		
At 1 January 2013	1 624	301 286	-112 396	-21 044	-17 465	152 005	10 517	162 522
Profit for the period	-	-	-18 585	-	-	-18 585	43 834	25 249
Other comprehensive income	-	-	-	-25 670	36 107	10 437	62 307	72 743
Total comprehensive income	-	-	-18 585	-25 670	36 107	-8 148	105 141	97 993
Transactions with NCI	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	-	-	-	-
Capital increase from NCI	-	-	-	-	-	-	142 894	142 894
At 30 June 2013	1 624	301 286	-130 981	-46 714	18 642	143 857	259 552	403 409
At 1 July 2013	1 624	301 286	-130 981	-46 714	18 642	143 857	259 552	403 409
Profit for the period	-	-	-16 093	-	-	-16 093	-16 708	-32 801
Other comprehensive income	-	-	-	-22 884	-902	-23 786	-12 314	-36 100
Total comprehensive income	-	-	-16 093	-22 884	-902	-39 879	-29 022	-68 901
Transactions with NCI	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	-	-	-800	-800
Capital increase from NCI	-	-	-	-	-	-	64 909	64 909
At 31 December 2013	1 624	301 286	-147 074	-69 598	17 738	103 976	294 640	398 616
At 1 January 2014	1 624	301 286	-147 074	-69 598	17 738	103 976	294 640	398 616
Profit for the period	-	-	-1 555	-	-	-1 555	37 777	36 223
Other comprehensive income	-	-	-	57 603	-8 886	48 717	-9 447	39 271
Total comprehensive income	-	-	-1 555	57 603	-8 886	47 163	28 330	75 494
Transactions with NCI	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-42 230	-	-	-42 230	-	-42 230
Capital increase from NCI	-	-	-	-	-	-	33 873	33 873
At 30 June 2014	1 624	301 286	-190 858	-11 995	8 852	108 909	356 843	465 752

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Interim consolidated statement of cash flow

NOK THOUSAND	NOTE	Q2 2014	Q22013	YTD2014	YTD2013	FULL YEAR 2013
Cash flow from operating activities						
Profit before taxes		31 318	43 887	410 620	53 658	18 052
Taxes paid	7	-14 165	-32 265	-29 672	-93 332	-133 116
Depreciation and impairment	3	16 705	6 447	35 755	12 690	57 835
Net income from associated companies		140	280	249	482	3 191
Interest and other financial income	4	-8 306	-71 580	-31 825	-110 393	-90 613
Interest and other financial expenses	4	36 079	15 544	93 273	22 979	62 116
Foreign exchange (gain)/loss	4	-31 290	-3 229	8 611	-1 788	-64 242
(Increase)/decrease in trade and other receivables		-36 988	-16 507	-33 346	-9 305	-2 807
(Increase)/decrease in other current assets		39 620	30 609	8 032	13 644	-11 610
Increase/(decrease) in trade and other payables		-91 619	224 801	-87 308	383 253	414 411
Increase/(decrease) in current liabilities		64 669	-134 941	68 623	-47 443	38 921
Increase/(decrease) in financial assets/liabilities and other changes		-4 624	-20 656	47 773	-29 152	8 942
Net cash flow from operating activities		1 538	41 689	120 785	195 291	301 080
Cash flow from investing activities						
Interest received	4	7 987	3 461	13 369	6 923	13 845
Investments in property, plant and equipment	3	-252 154	-355 251	-657 159	-524 310	-1 313 765
Investments in associated companies		-11 215	-5 792	-11 215	-5 792	-6 487
Net cash flow from investing activities		-255 382	-357 582	-655 005	-523 180	-1 306 417
Cash flow from financing activities						
Proceeds shareholder loan from non-controlling interests	4	17 952	119 542	33 873	142 894	207 804
Interest paid	4	-28 058	-11 200	-55 111	-22 399	-44 798
Proceeds from non-recourse project financing	4	217 906	639 333	478 960	719 990	1 803 047
Repayment of non-recourse project financing	4	-29 195	-4 001	-30 224	-8 002	-16 003
Repayment of corporate overdraft facility	4	-	-	-	-	-80 964
Dividends paid to non-controlling interests		-	-	-	-	-800
Net cash flow from financing activities		178 605	744 214	427 498	832 484	1 868 286
Net increase/(decrease) in cash and cash equivalents		-75 239	427 055	-106 723	504 596	862 948
Effect of exchange rate changes on cash and cash equivalents		23 277	-38 060	689	-25 216	-10 795
Cash and cash equivalents at beginning of the period	6	971 291	262 267	1 025 362	173 209	173 209
Cash and cash equivalents at end of the period	6	919 329	652 589	919 329	652 589	1 025 362

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Notes to the condensed interim consolidated financial statements

Note 1 Organisation and basis for preparation

Corporate information

Scatec Solar ASA is incorporated and domiciled in Norway. The address of its registered office is Karenlyst Allé 49, NO-0279 OSLO, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar ASA ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec Solar") is one of the world's leading independent solar power producers. The Company is pursuing an integrated business model across the complete life cycle of utility-scale solar photovoltaic (PV) power plants including project development and design, financing, engineering, procurement, construction management, operation and maintenance, and asset management.

The condensed interim consolidated financial statements were authorised for issue by the Board of Directors on 19 August 2014.

The interim financial information has not been subject to audit. The first half year 2014 financial information has been subject to review.

Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement and presentation principles consistent with International Financial Reporting Standards as adopted by the European Union ("IFRS") for interim reporting under International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed interim consolidated financial statements are unaudited.

These condensed interim consolidated financial statements are condensed and do not include all of the information and notes required by IFRS for a complete set of consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013. Standards and interpretations mentioned in

Note 2 of the Group's annual report 2013, with effective date from financial year 2014, do not have a significant impact on the Group's condensed interim consolidated financial statements.

The functional currency of the entities in the Group is determined based on the nature of the primary economic environment in which each company operates. The functional currency of the parent company Scatec Solar ASA and the presentation currency of the Group is Norwegian kroner (NOK). All amounts are presented in NOK thousands unless otherwise stated.

As a result of rounding adjustments, the figures in some columns may not add up to the total of that column.

Significant estimates and judgements

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed interim financial statements:

Consolidation of project entity in Rwanda

During first quarter 2014 the construction of the ASV solar power plant commenced. Throughout the construction phase Scatec Solar has a shareholding of 43% in the project entity. One year subsequent to the commercial operation date Scatec Solar's shareholding will increase to 57% as part of a shareholder's agreement. However, based on Scatec Solar's ability to direct the relevant activities in the project entity, the Group concluded that the project entity is under the control of Scatec Solar as defined by IFRS 10. Consequently, the project entity is consolidated with a non-controlling interest of 57%.

Estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimate is revised. If the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Seasonality in operations

Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. The Group's operating results are affected by external factors, such as weather conditions. The power production at the PV solar parks is directly affected by seasonal changes in solar irradiance which is normally at its highest during the summer months. This effect is to a certain degree offset in the consolidated revenues due to the fact that the Group operates PV solar parks on both the northern and southern hemisphere.

Note 2 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision maker, defined as the Group management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec Solar manages its operations in three segments: Power Production (PP), Operation and Maintenance (O&M) and Development and Construction (D&C).

Financing and operation of solar power plants is ring-fenced in project entities with a non-recourse project finance structure, where Scatec Solar contributes the required equity, either alone or together with co-investors. For entities where Scatec Solar is deemed to have a controlling interest in accordance with IFRS 10, revenues, expenses, assets and liabilities are included on a 100% basis in the condensed Interim Financial Statements and presented correspondingly in the Power Production segment reporting.

Power Production

The Power Production segment manages the Group's power producing assets, and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Finance and operation of the plants is ring-fenced in project entities with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these project companies to Scatec Solar and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

Operation and Maintenance

The Operation and Maintenance segment delivers services to ensure optimised operations of the Group's solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus.

Development and Construction

The Development and Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Groups solar power plants. These transactions are primarily made with entities that are under the control of the Group and hence are being consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method.

Corporate

Corporate consists of the activities of corporate services, management and group finance. Further, Corporate also provide certain development and construction services, primarily to the Development and Construction segment.

No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, O&M and PP segments, where Scatec Solar is deemed to hold a controlling interest, are presented as Internal Revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on international contract standards and terms negotiated at arms length with lenders and co-investors in each project entity.

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit. The measurement basis for the segment data follows the accounting policies used in the consolidated financial statement for 2013 as described in Note 2 Summary of significant accounting policies.

Q2 2014	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE ELIMINATIONS	TOTAL
NOK THOUSAND					
External revenues	91136	1603	115	-	92 854
Internal revenues	1511	4948	402 632	3 131	-412 221
Net income/(loss) from associates	-	-	-140	-	-140
Total revenues and other income	92 646	6 551	402 607	3 131	92 714
Cost of sales	-	-	-266 548	-	-1 236
Gross profit	92 646	6 551	136 059	3 131	91 477
Personnel expenses	-388	-1 648	-10 903	-3 504	-16 443
Other operating expenses	-8 673	-1 795	-15 678	-5 011	-22 077
Depreciation and impairment	-23 063	-287	-1 050	-309	-16 705
Operating profit	60 522	2 821	108 429	-5 693	35 253

Q2 2013	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE ELIMINATIONS	TOTAL
NOK THOUSAND					
External revenues	22 159	2 553	3 364	-	28 076
Internal revenues	-	759	406 044	1 608	-408 411
Net income/(loss) from associates	-	-	-280	-	-280
Total revenues and other income	22 159	3 312	409 128	1 608	27 796
Cost of sales	-	-	-193 225	-	-2 388
Gross profit	22 159	3 312	215 903	1 608	25 408
Personnel expenses	-615	-637	-8 138	-2 825	-12 215
Other operating expenses	-3 299	-2 142	-10 165	-9 185	-22 424
Depreciation and impairment	-7 547	-48	-336	1 484	-6 447
Operating profit	10 698	485	197 264	-10 402	15 678

YTD 2014	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE ELIMINATIONS	TOTAL
NOK THOUSAND					
External revenues	146 367	4 080	537	-	149 983
Internal revenues	11 386	5 662	722 213	4 284	-743 544
Net income/(loss) from associates	-	-	-249	-	-249
Total revenues and other income	156 752	9 742	722 501	4 284	149 734
Cost of sales	-	-	-496 949	-	-495 509
Gross profit	156 752	9 742	225 551	4 284	148 094
Personnel expenses	-894	-3 083	-21 667	-7 633	-30 277
Other operating expenses	-11 742	-3 503	-18 560	-9 878	-36 736
Depreciation and impairment	-44 615	-556	-4 485	-310	-35 756
Operating profit	99 501	2 600	180 840	-13 537	45 326

YTD 2013	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE ELIMINATIONS	TOTAL
NOK THOUSAND					
External revenues	27 956	4 456	13 500	-	46 912
Internal revenues	-	1505	448 418	3 216	453 139
Net income/(loss) from associates	-	-	-482	-	-482
Total revenues and other income	27 956	5 961	461 426	3 216	45 430
Cost of sales	-	-	-228 973	-	-216 886
Gross profit	27 956	5 961	232 463	3 216	33 343
Personnel expenses	-2 316	-1 055	-13 696	-5 525	-22 592
Other operating expenses	-5 212	-3 924	-18 445	-10 746	-33 606
Depreciation and impairment	-14 986	-57	-645	-	-12 690
Operating profit	5 442	925	199 677	-13 055	35 546

Full year 2013	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE ELIMINATIONS	TOTAL
NOK THOUSAND					
External revenues	106 040	9 888	16 235	-	132 162
Internal revenues	-	4057	1 612 187	8 040	1 824 284
Net income/(loss) from associates	-	-	-3 191	-	-3 191
Total revenues and other income	106 040	13 945	1 825 232	8 040	1 824 284
Cost of sales	-	-	-1 153 521	-	-1 141 190
Gross profit	106 040	13 945	671 711	8 040	116 641
Personnel expenses	-5 309	-2 742	-30 970	-11 865	-50 886
Other operating expenses	-34 754	-10 634	-51 571	-19 482	-82 607
Depreciation and impairment	-46 538	-161	-23 416	-	-57 836
Operating profit	20 439	408	565 753	-23 307	74 688

Note 3 Property, plant and equipment

The Group operates solar power plants in Europe, Africa and North America. During first half year 2014 two solar power plants (Linde and Dierubeyl) in South Africa were under construction and are expected to be completed during 2014. The Linde solar power plant reached COD 30 June 2014 and is transferred from solar power plants under construction to solar power plants in the table below. The Group also commenced construction of the Asy solar power plant in Rwanda in first quarter 2014. The plant reached SOP 26 July 2014.

The carrying value of development projects that have not yet reached the construction phase was NOK 48 151 thousand at 30 June 2014 (31 December 2013: NOK 37 335 thousand).

During first quarter 2014 the Group incurred impairment losses of (NOK 3 201. The impairment losses are recognised in the Development and Construction segment and relates to two development projects in South Africa. There were no impairment losses in first quarter 2013. During second quarter 2014 the Group incurred impairment losses of NOK 748 thousand related to the close-down of the German operations, see note 8 for further information. There were no impairment losses in second quarter 2013.

NOK THOUSAND	POWER PLANTS	SOLAR POWER PLANTS UNDER CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Carrying value at 31 December 2013	1 174 726	682 568	8 715	1 866 009
Additions	16 035	698 661	2 976	717 672
Transfers	471 560	-471 560	-	-
Depreciation	-30 753	-	-1 053	-31 806
Impairment losses	-	-3 201	-748	-3 949
Effect of foreign exchange currency translation adjustments	-2 894	15 740	299	13 145
Carrying value at 30 June 2014	1 628 674	922 208	10 189	2 561 071
Estimated useful life (years)	20	N/A	3-5	

Note 4 Net financial expenses and liabilities

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group.

The project entities' assets are pledged as security for the non-recourse financing. The maturity date for the loans is 2030. NOK 448 million of the Groups total non-recourse debt is due within 12 months and is presented as current in the statement of financial position. During first half year 2014, the Group raised approximately NOK 657 million of non-recourse debt as part of the construction of the solar power plants in South Africa and Rwanda.

NOK THOUSAND	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FULL YEAR 2013
Interest income	7 987	1 795	13 369	2 006	13 945
Forward exchange contracts	-	69 785	-	108 387	75 548
Other financial income	319	-	18 456	-	1 220
Financial income	8 306	71 580	31 825	110 393	90 613
Interest expenses	-28 058	-5 542	-55 111	-11 001	-51 137
Forward exchange contracts	-7 561	-	-35 261	-	-
Other financial expenses	-460	-10 002	-2 901	-11 978	-10 980
Financial expenses	-36 079	-15 544	-93 273	-22 979	-62 116
Foreign exchange gains/(losses)	23 838	3 229	56 742	1 788	64 242
Net financial expenses	-3 935	59 255	-4 706	89 203	92 739

Note 5 Significant fair value measurements in accordance with IFRS 13

Derivative financial instruments (including interest rate swaps and forward exchange contracts) are valued at fair value on level 2 of the fair value hierarchy, in which the fair value is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. Note 23 in the annual report for 2013 provides details for each class of financial assets and financial liabilities, and how these assets and liabilities are grouped. There are

no significant changes for the presentation of these categories in the period, and there are no significant differences between total carrying value and fair value at reporting date. The presented table below summarises each class of financial instruments recognised in the condensed consolidated statement of financial position, split by the Groups basis for fair value measurement.

NOK THOUSAND	NON-CURRENT FINANCIAL INSTRUMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	TOTAL FAIR VALUE
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	68 698	-22 750	45 948
Fair value based on unobservable inputs (Level 3)	2 590	-	-	2 590
Total fair value at 30 June 2014	2 590	68 698	-22 750	48 538

NOK THOUSAND	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE INSTRUMENTS (ASSET)	DERIVATIVE INSTRUMENTS (LIABILITY)	TOTAL FAIR VALUE
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	130 427	-16 298	114 174
Fair value based on unobservable inputs (Level 3)	2 529	-	-	2 529
Total fair value at 31 December 2013	2 529	130 427	-16 298	116 703

Note 6 Cash and cash equivalents

NOK THOUSAND	30 JUNE 2014	31 DECEMBER 2013
Restricted cash in project entities	513 662	380 935
Other restricted cash	273 703	347 917
Free cash	131 964	296 509
Total cash and cash equivalents	919 329	1 025 361

Cash and cash equivalents in project entities which are reserved on debt service accounts, disbursements accounts, insurance reserve accounts and similar are reported as restricted. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements.

Other restricted cash is mainly collateralized shareholder financing of project entities not yet distributed to the project entities (NOK 191,348 thousand and NOK 225,532 thousand at 30 June 2014 and 31 December 2013 respectively) as well as restricted deposits for withholding tax, guarantees, VAT and rent.

NOK THOUSAND	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FULL YEAR 2013
Free cash at beginning of period	117 634	34 778	296 510	94 452	94 452
Net free cash flow from operations outside non-recourse financed entities	11 327	290 720	-159 736	284 143	499 499
Equity contributions/collateralised for equity commitments in project entities	-	-192 313	-8 847	-245 410	-320 367
Distributions from project entities	3 003	-	4 037	-	22 926
Free cash at end of the period	131 964	133 185	131 964	133 185	296 510

Note 7 Income tax expense

For the second quarter and half year ended 30 June 2014, the effective income tax rate was primarily influenced by intercompany transactions subject to different statutory tax rates. In addition the half year is influenced by refund of withholding tax related to dividends received from a subsidiary in 2012.

For the year ended 31 December 2013, the income tax rate was mainly influenced by valuation allowances, permanent differences, tax in previous years and use of previously unrecognised losses carried forward

NOK THOUSAND	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FULL YEAR 2013
Profit before income tax	31 318	43 587	40 620	53 658	18 052
Income tax (expense)/benefit	-4 884	-14 350	-4 397	-28 408	-25 603
Equivalent to a tax rate of (%)	15.6	32.9	10.8	52.9	141.8

Note 8 Restructuring provision

A decision was made in April 2014 to close down the Group's subsidiary located in Regensburg, Germany. The termination of the German activities will occur gradually and is expected to be completed

within fiscal year 2014. A provision of NOK 6 967 thousand related to severance pay, onerous contracts, legal fees and impairments has been made in the second quarter.

Note 9 Dividend

For 2013 the Board of Directors has proposed a dividend of NOK 3 per share, totalling NOK 42 230 thousand. Distribution of dividends is resolved by a majority vote of the Annual General Meeting of the shareholders of the Company, and on the basis of a proposal from the Board

of Directors. The Annual General Meeting has the power to reduce, but cannot increase the dividend proposed by the Board of Directors. The proposed dividend was approved by the Annual General Meeting 25 April and paid to the shareholders in July 2014

Note 10 Subsequent events

The General Meeting adopted in July 2014 a retention and share incentive plan. Certain key employees are invited to participate in the one-time plan and are awarded the right to subscribe to a specific number of shares at their nominal value. The shares issued will be subject to a lock-up period of approximately two years. The total fair value of the plan (including social security tax) will be expensed over the vesting period.

On 14 July 2014, Scatec Solar entered into an overdraft facility of NOK 100 million with a term of 1 year and a guarantee facility of NOK 150 million with a term of 3 years, both with Nordea Bank Norge ASA. Both facilities have a covenant requiring Scatec Solar's equity ratio to be above 30% - where the equity ratio is calculated excluding assets and debt related to non-recourse project entity financing. The terms of the facility is NIBOR 7 days plus 2.5% per year.

On 21 July 2014, the Board of Directors and General Meeting adopted a revised annual report for 2013. The changes made are reflected in the 2013 comparatives in these condensed interim consolidated financial

statements. For further information refer note 29 in the revised annual report

The arbitral proceedings with the insolvency administrator of the assets of a sub-contractor, as further described in note 20 in the annual report, was concluded in July. Claims from the claimant were dismissed by the tribunal and Scatec Solar was awarded a compensation of approximately NOK 975 thousand to cover its expenses.

On 26 July 2014, the ASVY solar power plant in Rwanda reached COD.

On 13 August 2014, an extraordinary General Meeting was held to convert Scatec Solar AS from a private limited liability company to a public limited liability company. The General Meeting also adopted a share split in the ratio of 1:40 by reducing the nominal value from NOK 1 to NOK 0.025. The earnings per share calculations for prior period financial statements are restated and based on the current number of shares.

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statements for the period 1 January 2014 to 30 June 2014 has been prepared in accordance with IFRS as adopted by EU and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period, and their impact on the financial statements, key risk and uncertainty factors that Scatec Solar is facing during the next accounting period.

Oslo, 19 August 2014

The Board of Directors of Scatec Solar ASA


John Andersen Jr. (Chairman)


Alf Bjørseth


Cecilie Andahl


Akiniko Nakazono


Mari Thjømøe


Raymond Carlsen (CEO)

Definitions

Backlog

Project backlog is defined as projects with a secure off-take agreement and more than 90% estimated likelihood of reaching financial close and subsequent realization.

Pipeline

Project pipeline is defined as projects with more than 50% likelihood of reaching financial close and subsequent realization.

Definition of project milestones

Financial close (FC): The date on which all conditions precedent for drawdown of debt funding have been achieved and equity funding has been subscribed for, including execution of all project agreements. Notice to proceed for commencement of construction of the solar power plant will normally be given directly thereafter. Projects in Scatec Solar "backlog" are classified as "under construction" upon achievement of financial close.

Start of Production (SOP): The first date on which the solar power plant generates revenues through sale of power under the off-take agreement. Production volumes and/or the price of the power may be lower than when commercial operation date (COD) is reached. This milestone is regulated by the off-take agreement with the power off-taker. This milestone may be reached prior to COD if the construction of a power plant is completed earlier than anticipated in the off-take agreement.

Commercial Operation Date (COD): A scheduled date when certain formal key milestones have been reached, typically including grid compliance, approval of metering systems and technical approval of plant by independent engineers. Production volumes have reached normalized levels sold at the agreed off-take agreement price. This milestone is regulated by the off-take agreement with the power off-taker.

Take Over Date (TOD): The date on which the EPC contractor hands over the power plant to the project company. COD must have been reached, in addition to delivery of training and all technical documentation before TOD takes place. The responsibility for Operations & Maintenance (O&M) of the plant is handed over from the EPC contractor to the O&M contractor at the TOD. This milestone will normally occur shortly after the COD date.

Definition of Non-IFRS financial measures

Net interest bearing debt (NIBD): Net interest bearing debt is defined as total interest bearing debt, less cash and cash equivalents.

Net free cash flow: Net free cash flow is defined as the Group's operating cash flow before consolidation of project companies, plus share of cash distributions from project companies, less share of equity investments in project companies.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

Adjusted equity ratio: is an approximation to the Group's equity ratio excluding assets, liabilities and equity pertaining to non-resource financing of the solar power project companies.

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To the Board of Directors of Scatec Solar ASA

Report on review of condensed interim financial information

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Scatec Solar ASA as of 30 June 2014 and the related interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards applicable to interim financial reporting as adopted by EU (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2014 and of its financial performance and its cash flows for the six month period then ended in accordance with the International Financial Reporting Standards applicable to interim financial reporting as adopted by EU (IAS 34).

Oslo, 20 August 2014

ERNST & YOUNG AS


Erik Tandevold
State Authorized Public Accountant (Norway)

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General information: The terms and conditions of the Retail Offering by Scatec Solar ASA (the “Company”) are set out in the prospectus dated 12 September 2014 (the “Prospectus”), which has been issued by the Company in connection with the initial public offering (the “Offering”) and the listing of the Company’s Shares on Oslo Børs. Terms defined in the Prospectus shall have the same meaning in this Retail Application Form. The resolution by the Board relating to the share capital increase pertaining to the Offering will, upon the expiry of the Bookbuilding Period, be, and the notice of, and minutes from, the Company’s extraordinary general meeting held on 13 August 2014 (with appendices), the Company’s articles of association and annual accounts and annual reports for the last two years are, available at the Company’s registered office at Karenslyst allé 49, N-0279 Oslo, Norway. All announcements referred to in this Retail Application Form, including the resolution by the Board, will be made through Oslo Børs’ information system under the Company’s ticker symbol “SSO”.

Application procedures: Subject to any shortening or extension (which will be announced), the Application Period is from 09:00 hours (CET) on 15 September 2014 to 12:00 hours (CET) on 25 September 2014. Correctly completed application forms must be received before the end of the Application Period at one of the following addresses: **ABG Sundal Collier Norge ASA, Munkedamsveien 45, P.O.Box 1444 Vika, N-0115 Oslo, Norway, Fax. +47 22 01 60 62, e-mail: subscription@abgsc.no or Carnegie AS, Grundingen 2, Aker Brygge, P.O.Box 684 Sentrum, N-0106 Oslo, Norway, Fax. +47 22 00 99 60, e-mail: subscriptions@carnegie.no** The applicant is responsible for the correctness of the information filled in on the Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, or that are received after the end of the Application Period, and any application that may be unlawful, may be disregarded, at the discretion of the Managers on behalf of the Company, without further notice to the applicant. **Applicants who are residents of Norway with a Norwegian personal identification number may also apply for Offer Shares through the VPS online application system by following the link on any of the following websites: www.abgsc.no and www.carnegie.no.** Applications made through the VPS online application system must be duly registered before the expiry of the Application Period. The minimum application amount in the Retail Offering is NOK 10,500 and the maximum application amount is NOK 999,999 per applicant. Multiple applications are not allowed (see the Prospectus for further terms). Neither the Company, the Selling Shareholders nor any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in applications not being received in time or at all by the Managers. Applications are irrevocable and binding upon receipt and cannot be withdrawn, cancelled or modified by the applicant after having been received by a Manager, or in the case of applications through the VPS online application system, upon registration of the application.

Indicative Price Range and final Offer Price: A non-binding Indicative Price Range of NOK 28 to NOK 36 has been set for the Offer Shares. The final Offer Price may be set within, below or above the Indicative Price Range at the sole discretion of the Board of Directors. The final Offer Price, the number of New Shares to be issued and the number of Secondary Shares to be sold will be determined by the Board after consultation with the Managers on the basis of orders placed in the Institutional Offering during the Bookbuilding Period in which the Managers receive expressions of investor interests in the Offer Shares and the number of applications received in the Retail Offering and the Employee Offering. The application may, but is not required to, be made conditional upon the final Offer Price not exceeding NOK 36, being the higher end of the Indicative Price Range set forth in the Prospectus. If the applicant so does, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set above NOK 36. If the applicant does not expressly stipulate such reservation on the Retail Application Form, the application will be binding regardless of whether the Offer

Price is set within or above (or below) the Indicative Price Range. Investors in the Retail Offering will receive a discount of NOK 1,500 on their aggregate amount payable for the Offer Shares allocated to such investors.

Allocation of Offer Shares: Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each applicant are expected to be distributed by the Managers by issuing allocation notes to the applicants by mail or otherwise on or about 26 September 2014. Applicants who have access to investor services through an institution that operates the applicant’s VPS account should be able to see how many Offer Shares they have been allocated from 12:00 hours (CET) on or about 26 September 2014.

Payment: In completing the application form, or registering an application through the VPS online application system, the applicant authorizes the Managers to debit the applicant’s Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. Accounts will be debited on or about 30 September 2014 (if earlier, such date will be announced), and there must be sufficient funds in the stated bank account from and including the date falling 2 banking days prior to the payment date (i.e. from and including 26 September 2014). **Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before 29 September 2014. Details and instructions can be obtained by contacting the Managers: ABG Sundal Collier Norge ASA, telephone + 47 22 01 60 00 or Carnegie AS, telephone + 47 22 00 93 60.** The Managers are only authorized to debit each account once, but reserves the right (but has no obligation) to make up to three debit attempts, and the authorization will be valid for up to seven working days after the payment date. Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, or if payments for any other reasons are not made when due, then overdue interest will accrue and other terms will apply as set out under the heading “Overdue and missing payments” below.

PLEASE SEE PAGE 2 OF THIS APPLICATION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE APPLICATION

DETAILS OF THE APPLICATION

Applicant’s VPS account:	I/we hereby apply for Offer Shares for a total of NOK (min NOK 10,500 and maximum NOK 999,999):	Applicant’s Norwegian bank account to be debited:
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OFFER PRICE: My/our application is conditional upon the final Offer Price not being set above the higher end of the Indicative Price Range (being NOK 36) (optional - must only be completed if the application is conditional upon the final Offer Price not being set above the higher end of the Indicative Price Range - see further terms above): ☐

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Retail Application Form and in the Prospectus, (ii) authorize and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to transfer and/or subscribe for the Offer Shares allocated to me/us and to take all actions required to transfer such Offer Shares to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to me/us in the VPS, on my/our behalf, (iii) authorize the Managers to debit my/our bank account as set out in this Retail Application Form for the amount payable for the Offer Shares allotted to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to apply for and subscribe for Offer Shares under the terms set forth therein.

Place and date*

*must be dated during the Application Period

Binding signature**

**The applicant must have legal capacity. When signed on behalf of a company or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE APPLICANT – ALL FIELDS MUST BE COMPLETED

First name	
Surname/company	
Street address	
Post code/district/ country	
Personal ID number/ organization number	
Nationality	
E-mail address	
Daytime telephone number	

ADDITIONAL GUIDELINES FOR THE APPLICANT

Regulatory issues: In accordance with the Markets in Financial Instruments Directive (“MiFID”) of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Managers must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All applicants in the Offering who are not existing clients of one of the Managers will be categorized as non-professional clients. Applicants can, by written request to a Manager, ask to be categorized as a professional client if the applicant fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorization, the applicant may contact ABG Sundal Collier Norge ASA, Munkedamsveien 45, P.O.Box 1444 Vika, N-0115 Oslo, Norway, Fax. +47 22 01 60 62, e-mail: subscription@abgsc.no or Carnegie AS, Grundingen 2, Aker Brygge, P.O.Box 684 Sentrum, N-0106 Oslo, Norway, Fax. +47 22 00 99 60, e-mail: subscriptions@carnegie.no. **The applicant represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling restrictions: Any application and subscription is subject to the provisions of Section 16 “Selling and transfer restrictions” of the Prospectus. The Offer Shares have not been, and will not be, registered, under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state laws. This application form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. An application for Offer Shares in contravention of the above restrictions may be deemed to be invalid. By applying for the Offer Shares, persons effecting applications will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Offer Shares, have complied with the above selling restrictions.

Execution only: The Managers will treat the application form as an execution-only instruction. The Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the applicant. Hence, the applicant will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information exchange: The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of each of the Managers, as well as between the Managers and the other entities in the Managers’ respective groups. This may entail that other employees of the Managers or the Managers’ respective groups may have information that may be relevant to the applicant and to the assessment of the Offer Shares, but which the Managers will not have access to in their capacity as Managers for the Offering.

Information barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers’ corporate finance departments are kept confidential, the Managers’ other activities, including analysis and stock broking, are separated from the respective Manager’s corporate finance departments by information walls. Consequently the applicant acknowledges that the Managers’ analysis and stock broking activity may conflict with the applicant’s interests with regard to transactions in the Shares, including the Offer Shares.

VPS account and mandatory anti-money laundering procedures: The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the “Anti-Money Laundering Legislation”). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the application form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the application form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Stabilisation: In connection with the Offering, Carnegie AS (as the Stabilisation Manager) may over-allot shares or effect transactions with a view to supporting the market price of the Company’s Shares at a level higher than what might otherwise prevail. However, there is no assurance that the Stabilisation Manager undertakes stabilisation action. Any stabilisation activity may begin on or after the first day of trading of the Shares and, if begun, may be ended at any time, but it must end no later than 30 calendar days after the first day of trading of the Shares.

Investment decision based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and conditions for payment by direct debiting – securities trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer’s bank the following standard terms and conditions apply:

- a) The service “Payment by direct debiting – securities trading” is supplemented by the account agreement between the payer and the payer’s bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of “Payment by direct debiting – securities trading” appear from the bank’s prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer’s bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer’s bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer’s account at the time of payment. The payer’s bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer’s account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary’s account between one and three working days after the indicated date of payment/delivery.
- g) If the payer’s account is wrongfully charged after direct debiting, the payer’s right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100; 9.50% per annum as of the date of the Prospectus. If the applicant fails to comply with the terms of payment or should payments not be made when due, the applicant will remain liable for payment of the Offer Shares allocated to it and the Offer Shares allocated to such applicant will not be delivered to the applicant. In such case the Company and the Managers reserve the right to, at any time and at the risk and cost of the applicant, re-allot, cancel or reduce the order and the allocation of the allocated Offer Shares or otherwise dispose of the allocated Offer Shares in accordance with applicable law and on such terms and in such manner as the Managers may decide (and that the applicant will not be entitled to any profit there from). If Offer Shares are sold on behalf of the applicant, such sale will be for the applicant’s account and risk and the applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company, the Selling Shareholders and/or the Managers as a result of, or in connection with, such sales. The Company, the Selling Shareholder and/or the Managers may enforce payment for any amounts outstanding in accordance with applicable law.

SCATEC SOLAR ASA
EMPLOYEE OFFERING

APPLICATION FORM

General information: The terms and conditions of the Employee Offering by Scatec Solar ASA (the “Company”) are set out in the prospectus dated 12 September 2014 (the “Prospectus”), which has been issued by the Company in connection with the initial public offering (the “Offering”) and the listing of the Company’s Shares on Oslo Børs. Only eligible employees as defined in the Prospectus (the “Eligible Employees”) are eligible for participation in the Employee Offering. Terms defined in the Prospectus shall have the same meaning in this Employee Application Form. The resolution by the Board relating to the share capital increase pertaining to the Offering will, upon the expiry of the Bookbuilding Period, be, and the notice of, and minutes from, the Company’s extraordinary general meeting held on 13 August 2014 (with appendices), the Company’s articles of association and annual accounts and annual reports for the last two years are, available at the Company’s registered office at Karenslyst allé 49, N-0279 Oslo, Norway. All announcements referred to in this Employee Application Form, including the resolution by the Board, will be made through Oslo Børs’ information system under the Company’s ticker symbol “SSO”.

Application procedures: Subject to any shortening or extension (which will be announced), the Application Period is from 09:00 hours (CET) on 15 September 2014 to 12:00 hours (CET) on 25 September 2014. Correctly completed application forms must be received before the end of the Application Period at one of the following addresses: **ABG Sundal Collier Norge ASA, Munkedamsveien 45, P.O.Box 1444 Vika, N-0115 Oslo, Norway, Fax. +47 22 01 60 62, e-mail: subscription@abgsc.no or Carnegie AS, Grundingen 2, Aker Brygge, P.O.Box 684 Sentrum, N-0106 Oslo, Norway, Fax. +47 22 00 99 60, e-mail: subscriptions@carnegie.no.** The applicant is responsible for the correctness of the information filled in on the Employee Application Form. Employee Application Forms that are incomplete or incorrectly completed, or that are received after the end of the Application Period, and any application that may be unlawful, may be disregarded, at the discretion of the Managers on behalf of the Company, without further notice to the applicant. **Applicants who are residents of Norway with a Norwegian personal identification number may also apply for Offer Shares through the VPS online application system by following the link on any of the following websites: www.abgsc.no and www.carnegie.no.** Applications made through the VPS online application system must be duly registered before the expiry of the Application Period. The minimum application amount in the Employee Offering is NOK 10,500 and the maximum application amount is NOK 999,999 per applicant. For Eligible Employees participating in the South African Employee Share Scheme, the lower limit per application is NOK 2,000. Multiple applications are not allowed (see the Prospectus for further terms). Neither the Company, the Selling Shareholders nor any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in applications not being received in time or at all by the Managers. Applications are irrevocable and binding upon receipt and cannot be withdrawn, cancelled or modified by the applicant after having been received by a Manager.

Indicative Price Range and final Offer Price: A non-binding Indicative Price Range of NOK 28 to NOK 36 has been set for the Offer Shares. The final Offer Price may be set within, below or above the Indicative Price Range at the sole discretion of the Board of Directors. The final Offer Price, the number of New Shares to be issued and the number of Secondary Shares to be sold will be determined by the Board after consultation with the Managers on the basis of orders placed in the Institutional Offering during the Book-building Period in which the Managers receive expressions of investor interests in the Offer Shares and the number of applications received in the Retail Offering and the Employee Offering. The application may, but is not required to, be made conditional upon the

final Offer Price not exceeding NOK 36, being the higher end of the Indicative Price Range set forth in the Prospectus. If the applicant so does, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set above NOK 36. If the applicant does not expressly stipulate such reservation on the application form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range. Each Eligible Employee will receive a discount of NOK 1,500 on their aggregate amount payable for the Offer Shares allocated to such investors. For Eligible Employees participating in the South African Employee Share Scheme, the discount will be set at 14.30 per cent, limited to a maximum amount of NOK 1,500.

Allocation of Offer Shares: Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each applicant are expected to be distributed by the Managers by issuing allocation notes to the applicants by mail or otherwise on or about 26 September 2014. Applicants who have access to investor services through an institution that operates the applicant’s VPS account should be able to see how many Offer Shares they have been allocated from 12:00 hours (CET) on or about 26 September 2014.

Payment: In completing the application form the applicant authorises the Managers to debit the applicant’s Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. Accounts will be debited on or about 30 September 2014 (if earlier, such date will be announced), and there must be sufficient funds in the stated bank account from and including the date falling 2 banking days prior to the payment date (i.e. from and including 26 September 2014). **Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before 26 September. Details and instructions can be obtained by contacting the Managers: ABG Sundal Collier Norge ASA, telephone + 47 22 01 60 00 or Carnegie AS, telephone + 47 22 00 93 60.** The Managers are only authorized to debit each account once, but reserves the right (but has no obligation) to make up to three debit attempts, and the authorization will be valid for up to seven working days after the payment date. Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, or if payments for any other reasons are not made when due, then overdue interest will accrue and other terms will apply as set out under the heading “Overdue and missing payments” below.

PLEASE SEE PAGE 2 OF THIS APPLICATION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE APPLICATION

DETAILS OF THE APPLICATION

Applicant’s VPS account:	I/we hereby apply for Offer Shares for a total of NOK (min NOK 10,500 (NOK 2000 for eligible South African employees) and maximum NOK 999,999);	Applicant’s Norwegian bank account to be debited:
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OFFER PRICE: My/our application is conditional upon the final Offer Price not being set above the higher end of the Indicative Price Range (being NOK 36) (optional) - must only be completed if the application is conditional upon the final Offer Price not being set above the higher end of the Indicative Price Range - see further terms above): ☐

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Employee Application Form and in the Prospectus, (ii) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to transfer and/or subscribe for the Offer Shares allocated to me/us and to take all actions required to transfer such Offer Shares to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to me/us in the VPS, on my/our behalf, (iii) authorise the Managers to debit my/our bank account as set out in this Employee Application Form for the amount payable for the Offer Shares allotted to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to apply for and subscribe for Offer Shares under the terms set forth therein.

Place and date*

*must be dated during the Application Period

Binding signature**

**The applicant must have legal capacity. When signed pursuant to a proxy, documentation in the form of a power of attorney must be enclosed.

INFORMATION ON THE APPLICANT – ALL FIELDS MUST BE COMPLETED

First name	
Surname/company	
Street address	
Post code/district/ country	
Personal ID number/ organization number	
Nationality	
E-mail address	
Daytime telephone number	

ADDITIONAL GUIDELINES FOR THE APPLICANT

Regulatory issues: In accordance with the Markets in Financial Instruments Directive (“MiFID”) of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Managers must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All applicants in the Offering who are not existing clients of one of the Managers will be categorized as non-professional clients. Applicants can, by written request to a Manager, ask to be categorized as a professional client if the applicant fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorization, the applicant may contact ABG Sundal Collier Norge ASA, Munkedamsveien 45, P.O.Box 1444 Vika, N-0115 Oslo, Norway, Fax. +47 22 01 60 62, e-mail: subscription@abgsc.no or Carnegie AS, Grundingen 2, Aker Brygge, P.O.Box 684 Sentrum, N-0106 Oslo, Norway, Fax. +47 22 00 99 60, e-mail: subscriptions@carnegie.no. **The applicant represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling restrictions: Any application and subscription is subject to the provisions of Section 16 “Selling and transfer restrictions” of the Prospectus. The Offer Shares have not been, and will not be, registered, under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state laws. This application form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. An application for Offer Shares in contravention of the above restrictions may be deemed to be invalid. By applying for the Offer Shares, persons effecting applications will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Offer Shares, have complied with the above selling restrictions.

Execution only: The Managers will treat the application form as an execution-only instruction. The Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the applicant. Hence, the applicant will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information exchange: The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of each of the Managers as well as between the Managers and the other entities in the Managers’ respective groups. This may entail that other employees of the Managers or the Managers’ respective groups may have information that may be relevant to the applicant and to the assessment of the Offer Shares, but which the Managers will not have access to in their capacity as Managers for the Offering.

Information barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers’ corporate finance departments are kept confidential, the Managers’ other activities, including analysis and stock broking, are separated from the respective Managers’ corporate finance departments by information walls. Consequently the applicant acknowledges that the Managers’ analysis and stock broking activity may conflict with the applicant’s interests with regard to transactions in the Shares, including the Offer Shares.

VPS account and mandatory anti-money laundering procedures: The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the “Anti-Money Laundering Legislation”). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the application form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the application form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Stabilisation: In connection with the Offering, Carnegie AS (as the Stabilisation Manager) may over-allot shares or effect transactions with a view to supporting the market price of the Company’s Shares at a level higher than what might otherwise prevail. However, there is no assurance that the Stabilisation Manager undertakes stabilisation action. Any stabilisation activity may begin on or after the first day of trading of the Shares and, if begun, may be ended at any time, but it must end no later than 30 calendar days after the first day of trading of the Shares.

Investment decision based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and conditions for payment by direct debiting – securities trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer’s bank the following standard terms and conditions apply:

- a) The service “Payment by direct debiting – securities trading” is supplemented by the account agreement between the payer and the payer’s bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of “Payment by direct debiting – securities trading” appear from the bank’s prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer’s bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer’s bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer’s account at the time of payment. The payer’s bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer’s account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary’s account between one and three working days after the indicated date of payment/delivery.
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Scatec Solar

Improving our future™

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