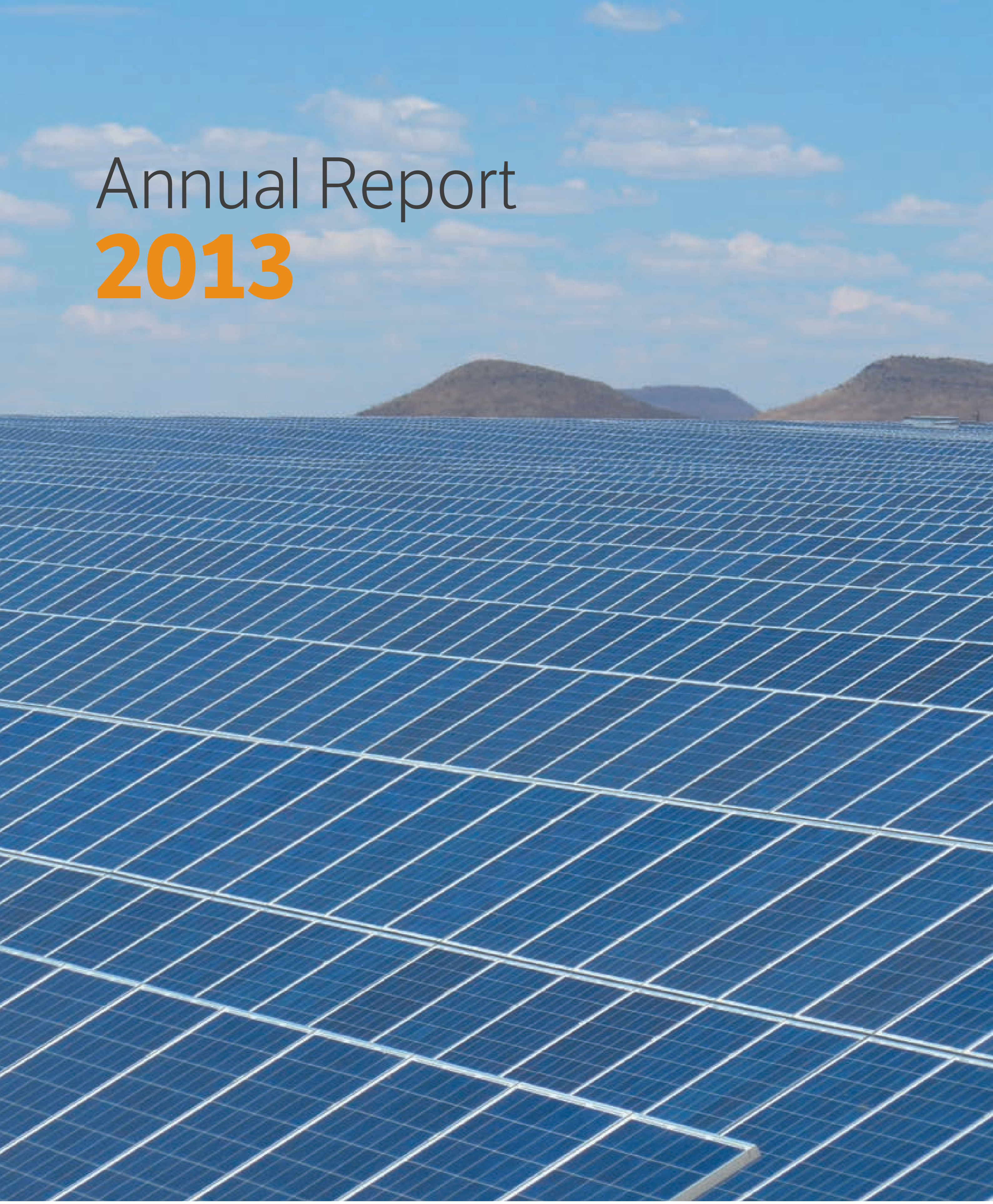

Annual Report 2013

Scatec Solar
Improving our future™

Content

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 (IPP) 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 Kalkbult 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 Kalkbult solar power plant, construction of the 40 MW Linde power plant (completed June 2014), and the ongoing construction of the Dreunberg (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

NOK MILLION	2013	2012 RESTATED [1]
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 (%) [3]	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 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.

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, US, 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 retained 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
In operation:		
Four plants in the Czech Republic	20	100%
Kalkbult, South Africa	75	39% 1)
Linde, South Africa	40	39% 1)
Total	135	
Under construction:		
Dreunberg, South Africa	75	39% 1)
ASYV, Rwanda	9	57%
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 irradiation, 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 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.

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 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 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 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 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 90 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

Cash Flow

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 Itochu.

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 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 (173), 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 unrestricted 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 86 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 of 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 Itochu 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 compares 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 milion 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

NOK MILLION	2013	2012
External revenues	106.0	67.8
Internal revenues	-	-
Net income from associated companies	-	-
Total revenue and other income	106.0	67.8
Gross profit	106.0	67.8
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 63,996 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

NOK MILLION	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
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	-	-	-1 153.5	-	1 141.2	**-12.3**
Gross profit	106.0	13.9	671.7	8.0	-683.1	**116.6**
Personell 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

NOK MILLION	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATION	TOTAL
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**
Personell 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, partly-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 Kakbult 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 partly-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 elimination 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 Fukusihma, 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 employment

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 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 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 were 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
Itochu Corp/Europe (shareholder)	Purchase of modules and inverters
Itochu Corp/Europe (shareholder)	Financing
Celmar AS (ultimate parent)	Financing
Simacel (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 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.

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 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.

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 Norfund, the Norwegian Investment Fund for Developing Countries, and the Dutch developer Gigawatt Global Coöperatief.

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 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 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 ASYV 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)	Alf Bjørseth	Michio Tanaka
Akihiko Nakazono	Ole Grimsrud	Raymond Carlsen (CEO)

Consolidated financial statement Group

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	-257,394
Gross profit		116,641	109,013
Personnel expenses	7	-50,886	-39,212
Other operating expenses	8	-82,607	-41,927
Depreciation, amortization and impairment	10, 11	-57,836	-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		27,127	-2,074
		-7,551	-48,445
Earnings per share (NOK)			
- Basic and dilluted	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 [1]	AS OF 1 JANUARY 2012 RESTATED [1]
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	**1,025,362**	173,209	114,264
Total current assets		**1,206,623**	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 [1]	AS OF 1 JANUARY 2012 RESTATED [1]
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		-147,074	-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	27,400	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	258,998	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) Alf Bjørseth Michio Tanaka

Akihiko Nakazono Ole Grimsrud Raymond Carlsen (CEO)

Consolidated statement of changes in equity

				OTHER RESERVES				
NOK THOUSAND	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	HEDGING RESERVES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 01.01 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 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	27,127	-7,551
Other comprehensive income				-48,554	35,203	-13,351	49,993	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 159 094 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	22,869
(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	3,728
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	-6,497	-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	224,580
Net increase/(decrease) in cash and cash equivalents		862,948	44,561
Effect of exchange rate changes on cash and cash equivelents		-10,795	14,384
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) herof TNOK 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 Sommerogaten 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 interest's 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 interest 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 Group's 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 or 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 managements 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 asset's 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 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. 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 pre-payment 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.

t) 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 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 related 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.

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.

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
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 counties 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.

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.

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 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.

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.

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 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

NOK THOUSAND	POWER PRODUCTION	OPERATIONS & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
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.

	EXTERNAL REVENUE		PROPERTY, PLANT AND EQUIPMENT	
NOK THOUSAND	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	139,677	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. 68% 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-Tarriff (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 (REIPPPP) administrated 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%
BFL 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 Dehli, India	100%	100%
Scatec Solar North America Inc.	California, US	100%	100%
Utah Red Hills Renewable Park, LLC	California, US	100%	100%
Altamaha 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%
Tourves SPV SAS	St Raphael, France	100%	100%
La Lande de Goult SAS	St Raphael, France	100%	100%
Scatec Norvege Holding II SA	Luxemburg	100%	100%
Scatec Dinesen Partnership SARL	Luxemburg	100%	100%
SDP I SARL	Luxemburg	100%	100%
Charita Soleiel SAS	France	100%	100%
Riguepeu SAS	France	100%	100%
St Ursin SAS	France	100%	100%
Scatec Solar SAS	St. Raphael, France	100%	100%
Scatec Luxemburg 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 Corporation [1]	Tokyo, Japan	100%	
Scatec Solar Ghana Ltd [1]	Ghana	95%	
Scatec Solar West Africa Mali	Mali	100%	
Scatec Solar Namibia (Pty) Ltd [1]	Nambia	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 Solars'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 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.

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	7,177	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

NOK THOUSAND	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

NOK THOUSAND	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	7,061	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.

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.

CARRYING VALUE OF GOODWILL AT 31 DECEMBER

NOK THOUSAND	OPERATING SEGMENT	2013	2012
Scatec Solar Solutions GmbH	Development and construction	20,566	18,010
Total at 31 December		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 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 3 145 of impairment losses in 2012.

Note 11 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

NOK THOUSAND	SOLAR 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	7,510	**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	37,974	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 Kalkbult 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 37 335 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
Witholding tax	3,034	-
Correction of previous years income taxes	7,723	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 witholding 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	-
Correcton of previous years taxes	7,723	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 [1)]	-172,439	-
Valuation allowance	-10,491	-8,699
Total deferred tax assets	313,644	137,066

NOK THOUSAND	2013	2012
Deferred tax liabilities		
Property, plant and equipment	200,602	-
Financial instruments	50,089	7,933
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

NOK THOUSAND	2013		2012	
COUNTRY	LOSS CARRIED FORWARD	DEFERRED TAX ASSET	LOSS CARRIED FORWARD	DEFERRED TAX ASSET
South Africa	563,086	157,664	-	-
Czech	42,379	2,717	10,402	1,976
US	36,241	12,685	32,484	4,445
France	5,784	-	-	-
Italy	7,499	-	-	-
Japan	1,121	-	-	-
Luxembourg	352	-	-	-
India	85	-	1,887	-
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 recognized 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%
Waihonu North LLC [1]	Hawaii, US	49.0%	
Waihonu 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	7,255	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	347,917	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 entites not yet distributed to the project entities (NOK 225 532 thousand).

RECONCILIATION OF MOVEMENT IN FREE CASH

NOK THOUSAND	2013	2012
Free cash at beginning of the period	94,452	13,145
Net free cash flow from operations outside non-recourse financed entites	499,499	121,127
Equity contributions/collateralised for equity commitments in project entities	-320,367	-45,690
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:

NOK THOUSAND	2013	2012
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	7,083	5,929
Accrued exp (outstanding invoices)	7,998	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:

NOK THOUSAND	2013	2012
Receivables related to assets under construction	1,703	-
Prepaid expenses	2,855	1,596
Receivables from public authorities /prepaid taxes, VAT etc	45,654	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	105,237	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:

NOK THOUSAND	2013	2012
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 dilluted	-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%
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%
Spinnaker Venture AS	840	0.1%
Total	1,624,229	100.0%

Alf 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.

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
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 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 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 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 provides trade finance and logistics services in relation to the Groups purchases of solar modules and inverters. In this sense, Itochu 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 Itochu were NOK 787 452 thousand for the year ending 31 December 2013, (2012: 0).

Further, Itochu has 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 324 thousand, (2012; NOK 475 thousand).

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 27 510 thousand was capitalised on the solar power plant being constructed.

As per 31 December 2013 trade payables to Itochu was NOK 289 168 thousand, (2012: NOK 117 thousand).

Celmar AS – financing

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 3 401 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 REIPPPP in South Africa of NOK 8 712 thousand

The guarantees have the following duration (closing balance of total guarantee exposure):

GUARANTEES DURATION

NOK THOUSAND	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

Covenants

The advance payment and performance guarantees outstanding as of December 2013 relates to the construction of the Kalkbult, Linde and Dreunberg projects in South Africa. The guarantees are issued by Garanti-instituttet for Eksportkreditt (GIEK) and Nordea 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% share, 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

NOK THOUSAND	2014	2015	2016	>2016
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 institute 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 155 (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	41,452	43,027
Bank loan to Scatec Solar PV1 s.r.o.	7.13%	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	93,618	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 liabilties			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	1,089,255
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

NOK THOUSAND	2013	2012
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
Hereof 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	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	AVAILABLE FOR SALE	DERIVATIVES USED FOR HEDGING	TOTAL CARRYING AMOUNT
Financial assets			-		79,921	**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	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	AVAILABLE FOR SALE	DERIVATIVES USED FOR HEDGING	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	**65,260**
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 NOK THOUSAND	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSET)	DERIVATIVE FINANCIAL 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**

2012 NOK THOUSAND	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSET)	DERIVATIVE FINANCIAL 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)	-	-	-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	1%	-1%
Net gain/(loss)	181 908	-181 908

Note 25 Trade receivables

NOK THOUSAND	2013	2012
Accounts receivables	25,472	22,665
Other receivables	-	-
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

	OVERDUE			
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 1)	IMPACT
Revenues	4	366,705	767,367	-400,662
Net income/(loss) from associated companies	4, 13	-298	-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 1)	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	7,159	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		-68,252	5,099	-73,351
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 1)	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 [1]	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	245,890	-111,013
Total current 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 [1]	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
Increase/(decrease) in trade and other payables		-107,041	82,429	-189,470
Increase/(decrease) in current liabilities	15	25,215	17,262	7,953
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	-
Proeceeds 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 equvivalents		44,561	60,236	-15,675
Effect of exchange rate changes on cash and cash equivavelents		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 RESTATED [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	295,934	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 RESTATED [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	565,608
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	958,148

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 RESTATED [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	-92,294
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	367,674
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	958,148

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 155 (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 S.R.L	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	176,078	27,974
Simacel 155 (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	7,864	-1,038
Scatec Solar SA 164 (Pty) Ltd	3,026	-
Scatec Solar SA 166 (Pty) Ltd	9,580	-763
Simacel 155 (Pty) Ltd	3,296	-
Simacel 160 (Pty) Ltd	7,152	-
Scatec Solar SA 163 (Pty) Ltd	-	-
Scatec Solar SA (Pty) Ltd	-	-
Chateau St Jean	-128	-34
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 155	SIMACEL 160
Total revenues and other income	-	-	45,421	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	45,421	-	-
Operating expenses	-136	-97	-39,067	-387	-278
Operating profit	-136	-97	6,354	-387	-278
Net financial expenses	-2,379	-10,759	27,679	10,436	23,037
Profit before income tax	-2,516	-10,856	34,033	10,049	22,760
Income tax (expense)/benefit	-	-	-9,525	-2,498	-6,373
Profit/(loss) for the period	-2,516	-10,856	24,507	7,551	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 S.L.R
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 155	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 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL S.L.R
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	7,158	-5,565	-45
Other comprehensive income	-	-	-	-
Total comprehensive income	4,380	7,158	-5,565	-45
Attributable to non-controlling interests	348	2,147	-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 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
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	342,197	18,083	48,918
Attributable to:					
Equity holders of parent	109,033	136,071	133,457	7,052	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 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL S.L.R
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	7,959	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 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
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 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL S.L.R
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	-9,228
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 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
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 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL S.L.R
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 155	SIMACEL 160
Operating	405	-	-167,502	-	-
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 S.L.R
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	7,222	-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 s) 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 Coöperatief.

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 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.

Parent company financial statement

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	-7,168
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	530
Loan to group companies	15	293,556	185,633
Other long term receivables		580	698
Total non current assets		727,010	496,249
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	119,229	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)   Alf Bjørseth   Michio Tanaka

Akihiko 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	7,079
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 tem 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 Sommerogaten 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 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.

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 plats. 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 regognized upon the transfer of title.

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 expesed upon the transfer of title or when a project is abandoned and impaired. Cost of sales consists of capitalized payroll expences, 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 overdraft 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	668	-
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	1.0	-	170
Signo Solar PP02 s.r.o	Czech	3.5	-	1,569
Signo Solar PP01 s.r.o	Czech	10.0	-	321
Signo Solar PP04 s.r.o	Czech	4.5	-	459
Total		19.0	-	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	252	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 note16)	29,555	5,243
Total other operating expenses	53,732	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	7,168

Note 8 Tax

NOK THOUSAND	2013	2012
Income tax expense:		
Current taxes	48,989	13,768
Witholding 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-deductable 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
Witholding 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 subsidaries 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 daugther 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 SA163 (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 Dehli, India	100%	-	-
Scatec Solar North America Inc.	California, US	100%	-	-
Utah Red Hills Renewable Park, LLC	California, US	100%	-	-
Altamaha 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%	-	-
Tourves SPV SAS	St Raphael, France	100%	4	4
La Lande de Goult SAS	St Raphael, France	100%	-	8
Scatec Norvege Holding II SA	Luxemburg	100%	-	243
Scatec Dinesen Partnership SARL	Luxemburg	100%	-	-
SDP I SARL	Luxemburg	100%	-	-
Charita Soleiel SAS	France	100%	-	-
Riguepeu SAS	France	100%	-	-
St Ursin SAS	France	100%	-	-
Scatec Solar SAS	St. Raphael, France	100%	305	305
Scatec Luxemburg 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	-
Simacel 155 (Pty) Ltd	Sandton, South Africa	55%	-	-
Simacel 160 (Pty) Ltd	Sandton, South Africa	55%	-	-
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Corporation	Tokyo, Japan	100%	605	-
Scatec Solar Ghana Ltd	Ghana	95%	62	-
Scatec Solar West Africa Mali	Mali	100%	64	64
Scatec Solar Namibia (Pty) Ltd	Nambia	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 on 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 Nordea of NOK 83 687 thousand.

As security for this facility Nordea 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 shareholders 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 [2]	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 [1]	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%
Spinnaker 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 fulfillment 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 276 731 thousand (NOK 134 224 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 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 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 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 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 Nordea 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 financal expenses in the statement of income. As per 31

December 2013 trade payables to Itochu was NOK 0 (2012: NOK 117 thousand).

Celmar Invest AS – financing

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 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 where presented as loan to group companies. The impact of these corrections in the financial statements is decreased loan to group companies with NOK 227,9 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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Statsautoriserte revisorer
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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 EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of 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.

Oslo, 22 July 2014
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)

Artbox AS

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