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# FOURTH QUARTER 2014

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REPORT



RECSILICON

## FOURTH QUARTER HIGHLIGHTS

(Compared to Third Quarter 2014)

- > Revenues of USD 126.2 million and EBITDA of USD 38.0 million
  - Polysilicon Sales Volumes of 4,595 MT (18% Increase)
  - Average Polysilicon Sales Prices 12% Decrease
  
- > Strong Silicon Gas Sales
  - Sales Volume of 848 MT (11% Decrease)
  - Silicon Gas Prices Remain Stable
  
- > Record Polysilicon Production
  - Total Polysilicon Production of 5,337 MT (5% Increase)
  - FBR Cash Cost of 10.8 USD/kg (2% Increase)
  
- > Weaker PV Market
  - 2014 Installed Capacity 42 to 45 GW
  - Solar Grade Prices Impacted by Trade Dispute
  
- > Expansion Initiatives
  - Yulin JV – USD 75 million Equity Contribution
  - Rx 25/26 Expansion Underway

## FINANCIAL HIGHLIGHTS

### Key financials - REC Silicon Group - re-presented for discontinued operations

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013	Q3 2014
Revenues	126.2	123.4	493.0	417.6	126.5
EBITDA	38.0	27.7	232.9	50.7	145.9
EBITDA margin	30%	22%	47%	12%	115%
EBITDA excluding special items 1)	38.0	27.7	131.9	30.3	44.9
EBITDA margin excluding special items	30%	22%	27%	7%	35%
EBIT	-1.2	-9.7	94.1	-86.1	112.9
EBIT margin	-1%	-8%	19%	-21%	89%
Profit/loss before tax from continuing operations	110.9	-11.3	218.8	-244.8	158.6
Profit/loss from continuing operations	119.0	-3.2	213.4	-160.0	119.5
Profit/loss from discontinued operations, net of tax	1.0	34.7	-0.6	-192.7	-0.4
Earnings per share from continuing operations, basic and diluted (USD)	0.05	-0.00	0.09	-0.07	0.05

1) Special items in 2014 represents the recognition of USD 101 million in gain on the transfer of technology to the Yulin JV (See Note 3). Special items in 2013 represent income from contract cancellation.

## REC SILICON GROUP

REC Silicon Group continuing operations consist of the REC Silicon Segment and Other.

Prior to October 2013, the Group also included REC Solar and REC Wafer. Results from these operations, including gains and losses on disposal, are presented after tax in the statement of income as discontinued operations. Changes in estimates used to calculate discontinued operations are reflected in discontinued operations in the current period.

The table below reconciles the operating results of the Group's Segments for continuing and discontinued operations.

(USD IN MILLION)	Q4 2014			Q4 2013			DEC 31, 2014			DEC 31, 2013		
	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
REC Silicon	126.2	38.2	-1.0	124.8	31.3	-6.1	492.9	136.2	-2.5	432.7	63.3	-73.5
REC Silicon Special Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	101.0	101.0	0.0	20.4	20.4
Other & related eliminations ex. gain/loss on disposal	0.0	-0.2	-0.2	-1.5	-2.1	-2.1	0.1	-4.3	-4.3	-15.2	-16.0	-16.0
REC Silicon and Other	126.2	38.0	-1.2	123.4	29.2	-8.2	493.0	232.9	94.1	417.6	67.7	-69.1
REC Solar excluding loss on disposal	0.0	0.0	0.0	51.0	4.5	1.9	0.0	0.0	0.0	520.9	19.0	1.8
Gain/loss on disposal discontinued operations	0.0	1.0	1.0	0.0	-175.4	8.5	0.0	-0.6	-0.6	0.0	-206.8	-206.8
Eliminations ex. gain/loss on disposal	0.0	0.0	0.0	-0.1	0.4	0.4	0.0	0.0	0.0	-0.1	0.0	0.0
REC Solar, REC Wafer, eliminations	0.0	1.0	1.0	50.9	-170.6	10.8	0.0	-0.6	-0.6	520.9	-187.9	-205.0
Total operations	126.2	39.0	-0.2	174.3	-141.4	2.6	493.0	232.3	93.5	938.4	-120.1	-274.0
Re-representation of discontinued operations	0.0	-1.0	-1.0	-51.0	169.0	-12.3	0.0	0.6	0.6	-520.9	170.9	188.0
Continuing operations	126.2	38.0	-1.2	123.3	27.7	-9.7	493.0	232.9	94.1	417.6	50.7	-86.1

## REC SILICON

**REC Silicon produces polysilicon and silicon gas for the solar industry and the electronics industry at plants in Moses Lake, Washington and in Butte, Montana. REC Silicon targets polysilicon production of 19,300 MT in 2015 and employs approximately 720 people.**

Fourth quarter 2014 revenues were USD 126.2 million compared to USD 126.5 million in the third quarter of 2014. Revenues for the fourth quarter reflected higher polysilicon sales volumes offset by lower average polysilicon sales prices and decreased sales volumes of silicon gases.

Total polysilicon sales increased by 18 percent to 4,595 MT compared to the third quarter. Lower average polysilicon prices were the result of sales price discounts implemented to overcome uncertainty caused by the trade dispute between the US and China, and softer than anticipated demand to achieve higher sales volumes and manage inventory stocking levels.

Silicon gas sales volumes decreased by 11 percent to 848 MT compared to the third quarter and 6 percent higher than announced targets. Continued strong end use demand in addition to high spot sales due to competitive capacity being offline contributed to high sales volumes. Silane sales prices were broadly in line with prices received during the third quarter.

Total polysilicon production volume for the fourth quarter increased by 4.6 percent to 5,337 MT compared to the third quarter and broadly in line with announced targets. Stable operations resulted in higher production volumes and continued low cost performance. FBR cash production cost increased to 10.8 USD/kg compared to 10.5 USD/kg in the third quarter and 0.2 USD/kg below the announced target of 11.0 USD/kg.

Fourth quarter 2014 EBITDA was USD 38.2 million compared to USD 146.5 million in the third quarter. Third quarter EBITDA included the recognition of USD 101 million associated with the transfer of technology to the Yulin JV (See Note 3). The underlying comparable EBITDA decreased by approximately 17 percent compared to the prior quarter. This decrease is due primarily to lower average polysilicon prices resulting in lower margins compared to the previous quarter.

## Market Development

During the fourth quarter of 2014, global demand continued to grow but fell short of analyst expectations based upon PV installation targets and seasonality from prior years. This was mainly due to the timing of the Chinese government's announcement in August on improved Distributed Grid (DG) policies, leaving insufficient time to achieve installation goals for the year. Demand was also negatively impacted by uncertainty and regional demand shifts caused by the ongoing trade dispute between the US and China. Demand for solar grade polysilicon outside of China remained steady compared to the third quarter of 2014.

According to external sources, total global PV installations are estimated in a range from 14 to 17 GW in the fourth quarter of 2014 compared to 12 GW in the third quarter of 2014 and 13 GW in the fourth quarter of 2013. Total global PV installations for 2014 are estimated in a range from 42 to 47 GW compared to 37 GW in 2013. (Source: IHS PV Integrated Market Tracker Database)

According to multiple third party indices, average fourth quarter spot prices for solar grade polysilicon were down slightly from the previous quarter in a range from 18.5 to 20.0 USD/kg dependent upon volume, terms, application, and geography. Pricing in certain markets was negatively impacted by some secondary market re-selling of polysilicon by wafer manufacturers.

The market for semiconductor grade polysilicon during the quarter was slightly stronger than the previous quarter, driven by continued strengthening demand for end components and wafers, partly offset by excessive inventories in the value chain.

Silicon gas markets are driven by production of Flat Panel Displays, semiconductors, and Crystalline PV cells. Fourth quarter demand was high, driven by strong semiconductor end use markets, new manufacturing capacity coming on line, new technology adoption, and market share gains.

## Financial highlights - REC Silicon

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013	Q3 2014
Internal revenues	0.0	1.9	0.0	15.7	0.0
External revenues	126.2	122.9	492.9	417.0	126.5
Total revenues	126.2	124.8	492.9	432.7	126.5
EBITDA	38.2	31.3	237.2	83.7	146.5
EBITDA margin	30%	25%	48%	19%	116%
EBITDA excluding special items 1)	38.2	31.3	136.2	63.3	45.5
EBITDA margin excluding special items	30%	0%	28%	15%	36%
Depreciation and amortization	-36.2	-32.9	-134.5	-127.6	-31.8
EBIT before impairment charges	2.0	-1.6	102.8	-43.9	114.7
Impairment	-3.0	-4.5	-4.3	-9.2	-1.1
EBIT	-1.0	-6.1	98.5	-53.1	113.6
EBIT margin	-1%	-5%	20%	-12%	90%
Polysilicon production in MT (Siemens and granular)	5 337	5 136	18 794	19 764	5 103
Polysilicon sales in MT (Siemens and granular)	4 595	4 961	16 854	18 947	3 903
Silicon gas sales in MT	848	778	3 428	2 229	952

1) Special items in 2014 represents the recognition of USD 101 million in gain on the transfer of technology to the Yulin JV (See Note 3). Special items in 2013 represent income from contract cancellation.

### Technology development and R&D

The Group incurred R&D expenses of USD 1.9 million and capitalized FBR-B development costs of USD 1.4 million in intangible assets during the fourth quarter of 2014. Total R&D spending of USD 3.3 million for the fourth quarter is comparable to USD 3.3 million for the third quarter.

The pilot facility for testing of the FBR-B technology ran through most of the fourth quarter. Materials produced met expectations in terms of product quality and process stability. Additional tests are planned for the first quarter of 2015 which are intended to produce material for customer acceptance testing, to refine operating procedures, and to further expand operational experience.

### OTHER

**Other consists primarily of the parent company REC Silicon ASA (previously Renewable Energy Corporation ASA) which employs 2 people.**

Through April 2014, REC Silicon ASA incurred costs related to the scale down of headquarters functions in Norway and the retention of employees during the scale down period. Expense amounts related to these functions are reflected in "EBITDA excluding gains/losses on discontinued operations" of USD -0.2 million in the fourth quarter 2014.

In addition, REC Silicon ASA incurred income of USD 1.0 million on the change in value of the indemnification agreement related to the disposal of REC Wafer in the fourth quarter 2014. On consolidation, this income has been re-presented and included as part of discontinued operations for the Group.

## FINANCIAL ITEMS

Net currency gains in the fourth quarter 2014 relate primarily to internal loans (loans of approximately USD 0.9 billion) that are not eliminated on consolidation.

Fourth quarter income for fair value adjustment is related to the USD convertible bonds and is primarily due to the reduction in the share price of REC Silicon from September 30, 2014 to December 31, 2014.

Decreased interest bearing liabilities resulted in lower interest expense in the fourth quarter 2014 compared to the same period in 2013.

See note 6 for additional information on borrowings.

### INCOME TAX

The Group has an estimated income tax benefit from continuing operations of USD 8 million for the fourth quarter 2014. This represents a decrease in deferred tax liabilities in REC Silicon due to the loss for the period.

For 2014, the Group has estimated income tax expense from continuing operations of USD 5 million. This represents an increase in deferred tax liabilities in REC Silicon due to profit for the year which was driven by the recognition of USD 101 million gain associated with the transfer of technology to the Yulin JV (See Note 3).

## CASH FLOW

Net cash inflows from operating activities were USD 30.5 million in the fourth quarter 2014. Cash inflows primarily consisted of EBITDA of USD 38 million. This was offset by working capital changes of USD 6.9 million and interest payments of USD 2.3 million.

Net cash outflows from investing activities were USD 91.6 million in the fourth quarter 2014 due to capital expenditures of USD 16.8 million and the contribution to the Yulin JV for USD 75 million.

During the fourth quarter 2014, cash balances decreased by USD 63.7 to USD 96.4 million.

### Financial highlights - Other

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013	Q3 2014
Internal revenues	0.0	0.1	0.0	1.5	0.0
External revenues	0.0	0.5	0.1	0.5	0.0
Revenues	0.0	0.6	0.1	2.0	0.0
EBITDA	0.8	-58.7	-4.9	-72.8	-1.0
EBITDA excluding gains/losses on discontinued operations	-0.2	-2.1	-4.3	-16.0	-0.6
EBIT	0.8	-58.7	-5.0	-72.8	-1.1
EBIT excluding gains/losses on discontinued operations	-0.2	-2.1	-4.3	-16.0	-0.6

### Financial items - REC Silicon Group

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013	Q3 2014
Financial income	1.2	0.9	4.6	7.6	1.2
Interest expenses on borrowings	-2.1	-7.8	-17.8	-46.3	-3.6
Capitalized borrowing cost	0.6	0.1	1.2	0.8	0.3
Expensing of up-front fees and costs	-0.0	-0.7	-0.3	-7.3	-0.0
Other financial expenses	-4.5	-0.6	-7.4	-4.8	-2.0
Net financial expenses	-6.0	-9.1	-24.2	-57.6	-5.4
Net currency gains/losses	92.0	6.8	131.8	39.5	31.5
Net gains/losses derivatives and fair value hedge	0.1	-6.3	-1.5	-36.0	0.1
Fair value adjustment convertible bonds	25.4	6.1	14.6	-112.2	18.3
Net financial items	112.8	-1.6	125.3	-158.8	45.7

## FINANCIAL POSITION

Equity increased to USD 1,054 million (72 percent equity ratio) at December 31, 2014, compared to USD 1,015 million (66 percent) at September 30, 2014. This increase consisted of profit from total operations of USD 120 million offset by currency losses included in other comprehensive income.

Net debt increased to USD 94 million at December 31, 2014, from USD 68 million at September 30, 2014. This increase is due to the contribution of USD 75 million to the Yulin JV on October 14, 2014 (See Note 3) offset by lower carrying values of the Company's debt due to changes in currency exchange rates and the fair value adjustment to the USD convertible bond.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt was USD 112 million at December 31, 2014, compared to from USD 64 million at September 30, 2014.

See note 17 to the consolidated financial statements for 2013 and note 6 to this report for further information on interest bearing liabilities for the Group.

## RISKS AND UNCERTAINTIES

Please refer to the annual report for 2013. Specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' report.

### USA/CHINA TRADE DISPUTE

REC continues to sell its solar grade polysilicon into China by working with customers to utilize available options, namely the "Process in Trade," under China Customs laws.

On December 17, 2014, the US Department of Commerce announced final AD/CVD determinations against panels manufactured in China containing non-Chinese and Taiwanese made solar cells. This determination related to the second trade cases filed by SolarWorld with the US Department of Commerce at the end of 2013.

However, on December 31, 2014, the US Department of Commerce announced the preliminary results of the first review of AD/CVD duties imposed in 2012 following the first trade case filed by SolarWorld and substantially reduced duties applicable to solar panels containing Chinese cells imported into the US. If these lower duties become final, which is expected to occur in mid-2015, panels containing Chinese made components will be subject to significantly lower tariffs. This should substantially enhance Chinese panel maker access to the US PV panel market.

On August 14, 2014, the China Ministry of Commerce made an announcement which could make Process in Trade unavailable for imports of solar grade polysilicon into China. However, Process in Trade has continued to be used by Chinese wafer makers for imports of solar grade polysilicon. If Process in Trade becomes unavailable for polysilicon imports into China, REC Silicon's earnings and cash flows would be negatively

impacted by import tariffs until mitigating measures are implemented. Sales of semi-conductor grade polysilicon and silicon gases are not subject to the tariff; therefore, changes in the availability of the Process in Trade will not have an impact on sales of these products.

The company is actively working to mitigate the impact of potential duties should the availability of Process in Trade change. Initiatives include expanding REC Silicon's customer base outside of China, increasing sales to customers within free trade zones inside China, and utilizing other opportunities, including the sale of solar grade polysilicon in a manner that would not be subject to the tariffs.

The US Government has advised REC Silicon that it is continuing to make diplomatic efforts to engage with the Chinese government to obtain a resolution to the trade dispute. However the outcome and timing of discussions or any resolution is uncertain.

## MARKET OUTLOOK

The global outlook for end market demand of PV systems in 2015 is positive, however there is currently uncertainty regarding demand during the first half of the year. This is mainly due to PV installation programs ending or changing, financially motivated adjustments at year end 2014, extended holiday seasons in Asia, and uncertainty around how new policy changes will be implemented. Third party estimates and industry participant views indicate strong demand for 2015 with estimates of global PV installations in a range from 53 GW to 57 GW. Solar grade polysilicon markets are expected to have periods of both oversupply and tightness during the year, driven by demand, success in ramp ups and the timing of entry of new capacity.

A limited number of previously planned polysilicon capacity expansions are being realized. The impact of capacity additions are subject to uncertainty caused by the accuracy of estimates used for timing of commissioning, utilization of suboptimal production capacity, and curtailment of production capacity.

First quarter 2015 demand for solar grade polysilicon currently appears to be somewhat soft following continued uncertainty related to the trade dispute and lack of visibility regarding end user demand. Third party indices continue to project flat to modest increases in solar grade polysilicon prices through the end of 2015 with a profile similar to the first three quarters of 2014.

Semiconductor grade polysilicon demand is expected to remain flat in 2015 compared to 2014. Although the outlook for end user demand is positive, excess inventory levels are expected to limit demand for polysilicon. Prices are expected to be flat to slight decreasing due to continued weak demand and the expiration of contracts.

Silicon gas market forecasts indicate continued strong demand in 2015, projecting a growth rate in a range from 7 percent to 10 percent from 2014. REC Silicon expects the market to adjust to the re-entry of competitive capacity of Silicon gas. However, REC Silicon intends to defend market share gains realized during 2014 and expects sales volumes to increase by 7 percent.

**Production targets**

POLYSILICON PRODUCTION VOLUME	ACTUAL Q4 2014	ACTUAL 2014	TARGETS Q1 2015	TARGETS 2015
Polysilicon Production Volume				
Granular	4 491	15 929	4 400	16 300
Semiconductor Grade	253	1 313	380	1 300
Siemens Solar	593	1 552	520	1 700
Total	5 337	18 794	5 300	19 300
Silicon Gas Sales Volume	848	3 428	730	3 700

**Cost targets**

POLYSILICON PRODUCTION VOLUME	ACTUAL Q4 2014	ACTUAL 2014	TARGETS Q1 2015	TARGETS 2015
FBR Cash Cost (USD/kg)	10.8	12.1	11.5	12.5

**REC SILICON - GUIDANCE****Production targets**

REC Silicon targets first quarter 2015 polysilicon production of 5,300 MT. There are no scheduled maintenance outages and production is expected to be stable and near peak rates.

Annual polysilicon production volume is targeted at 19,300 MT in 2015, a 2.7 percent increase compared to 2014. The increase is primarily due to shorter silane outages compared to 2014.

**Cost targets**

FBR cash production costs in the first quarter 2015 are expected to be near 11.5 USD/kg. Similar to the third and fourth quarters of 2014, there are no planned outages and production rates are expected to result in continued low cost performance.

FBR cash production costs targets for 2015 are expected to be near 12.5 USD/kg and reflect higher raw material input prices offset by lower repair costs and higher volumes due to shorter silane outages compared to 2014.

**Investment and Expansion**

For 2015 total capital expenditures are expected to be approximately USD 85 million including USD 60 million for capacity expansion initiatives in Moses Lake and Butte.

Building permits have been obtained and construction activity has commenced on the FBR-B expansion. Start-up is scheduled for the third quarter of 2016.

During the fourth quarter of 2014, REC Silicon made USD 75 million capital contribution to the Yulin JV (See Note 3). Detailed engineering has progressed and purchase orders for long lead time items have been issued.

**FORWARD LOOKING STATEMENTS**

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section "Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in section 'Risks and Uncertainties' above, in REC Silicon's Annual Report 2013, including the section Risk Factors in the Board of Directors' Report.

Fornebu, February 12, 2015  
Board of Directors

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	DEC 31, 2014	SEP 30, 2014	DEC 31, 2013
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	2	24.2	16.9	18.0
Land and buildings	2	74.6	75.5	79.3
Machinery and production equipment	2	839.9	874.2	962.7
Other tangible assets	2	20.9	21.8	24.0
Assets under construction	2	35.3	27.0	11.4
Property, plant and equipment	2	970.6	998.4	1 077.4
Government grant assets		116.7	115.7	113.3
Other non-current receivables		8.7	8.7	9.7
Derivatives	4	0.0	0.0	15.3
Restricted bank accounts non-current		4.1	4.7	6.4
Financial assets and prepayments		12.8	13.4	31.4
Deferred tax assets		0.0	1.2	0.0
<b>Total non-current assets</b>		<b>1 124.4</b>	<b>1 145.6</b>	<b>1 240.1</b>
<b>Current assets</b>				
Inventories	5	128.2	119.5	95.2
Trade and other receivables	10	124.1	119.3	114.8
Current tax assets		0.0	0.0	3.4
Current derivatives	4	0.0	0.0	4.4
Restricted bank accounts		1.1	2.0	5.1
Cash and cash equivalents		96.4	160.2	61.6
<b>Total current assets</b>		<b>349.8</b>	<b>400.9</b>	<b>284.6</b>
<b>Total assets</b>		<b>1 474.2</b>	<b>1 546.5</b>	<b>1 524.6</b>
<b>Total assets</b>		<b>1 474.2</b>	<b>1 546.5</b>	<b>1 524.6</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	DEC 31, 2014	SEP 30, 2014	DEC 31, 2013
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Paid-in capital		3 115.3	3 115.3	3 115.3
Other equity and retained earnings		-2 060.9	-2 099.8	-2 159.3
Total shareholders' equity		1 054.4	1 015.5	956.0
<b>Non-current liabilities</b>				
Retirement benefit obligations		18.4	13.4	14.3
Deferred tax liabilities		94.1	107.3	90.6
Investments in Associates	3	22.4	22.0	0.0
Derivatives	4	2.0	3.3	5.1
Non-current financial liabilities, interest bearing	6	190.4	228.5	225.1
Non-current prepayments, interest calculation		3.2	3.9	6.7
Other non-current liabilities, not interest bearing		0.1	0.0	0.0
Total non-current liabilities		330.5	378.3	341.9
<b>Current liabilities</b>				
Trade payables and other liabilities		80.1	144.2	68.6
Provisions		0.0	0.3	1.4
Current tax liabilities		2.6	0.0	0.0
Derivatives	4	0.0	0.0	4.3
Current financial liabilities, interest bearing	6	-0.2	-0.2	143.3
Current prepayments, interest calculation		6.7	8.5	9.1
Total current liabilities		89.3	152.8	226.7
Total liabilities		419.8	531.1	568.6
Total equity and liabilities		1 474.2	1 546.5	1 524.6

# CONSOLIDATED STATEMENT OF INCOME

## REC SILICON GROUP

(USD IN MILLION)	NOTES	Q4 2014	Q4 2013	DEC 2014	DEC 31, 2013
Revenues		126.2	123.4	493.0	417.6
Cost of materials	5	-28.2	-27.3	-99.7	-106.8
Changes in inventories	5	10.1	-0.6	29.2	16.4
Employee benefit expenses		-23.2	-24.6	-93.5	-105.9
Other operating expenses		-47.0	-43.2	-197.0	-189.1
Other income and expenses	3	0.0	0.0	101.0	18.6
EBITDA		38.0	27.7	232.9	50.7
Depreciation	2	-35.5	-32.3	-131.9	-125.2
Amortization	2	-0.7	-0.6	-2.5	-2.4
Impairment	2	-3.0	-4.5	-4.3	-9.2
Total depreciation, amortization and impairment		-39.2	-37.4	-138.8	-136.8
EBIT		-1.2	-9.7	94.1	-86.1
Share of profit/loss of investments in associates	3	-0.6	-0.0	-0.6	-
Financial income		1.2	0.9	4.6	7.6
Net financial expenses		-6.0	-9.1	-24.2	-57.6
Net currency gains/losses		92.0	6.8	131.8	39.5
Net gains/losses derivatives and fair value hedge		0.1	-6.3	-1.5	-36.0
Fair value adjustment convertible bonds		25.4	6.1	14.6	-112.2
Net financial items		112.8	-1.6	125.3	-158.8
Profit/loss before tax from continuing operations		110.9	-11.3	218.8	-244.8
Income tax expense/benefit from continuing operations		8.0	8.1	-5.4	84.8
Profit/loss from continuing operations		119.0	-3.2	213.4	-160.0
Profit/loss from discontinued operations, net of tax 1)		1.0	34.7	-0.6	-192.7
Profit/loss from total operations		119.9	31.4	212.8	-352.7
<b>Attributable to:</b>					
Owners of REC Silicon ASA		119.9	31.4	212.8	-352.7
<b>Earnings per share (In USD)</b>					
From continuing operations					
-basic		0.05	0.00	0.09	-0.07
-diluted		0.05	0.00	0.09	-0.07
<b>Earnings per share (In USD)</b>					
From total operations					
-basic		0.05	0.01	0.09	-0.16
-diluted		0.05	0.01	0.09	-0.16

1) Profit/loss from discontinued operations includes income and expense from Group external transactions of REC Solar and REC Wafer and net gain or loss on disposal. Discontinued operations are shown as a single amount in the statement of income for the Group. This re-presentation does not represent the activities or indicate the profit earned or loss incurred by continuing or discontinued operations as if they were standalone entities, for past periods or likely to be earned or incurred in future periods. See note 9 to this report and note 9 to the consolidated financial statements for 2013 for further information.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013
Profit/loss for the period	119.9	31.4	212.8	-352.7
Other comprehensive income, net of tax:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	-0.1	4.1	-0.1	4.1
Currency translation effects	-98.2	-12.4	-139.5	-41.2
Sum items that will not be reclassified to profit or loss	-98.3	-8.3	-139.6	-37.1
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences				
- taken to equity	17.2	0.4	25.0	17.7
- transferred to profit/loss for the period 1)	0.0	-16.6	0.0	-16.6
Sum items that may be reclassified subsequently to profit or loss	17.2	-16.2	25.0	1.1
Total other comprehensive income for the period	-81.1	-24.5	-114.6	-36.0
Total comprehensive income for the period	38.8	7.0	98.2	-388.7
<b>Total comprehensive income for the period attributable to:</b>				
Owners of REC Silicon ASA	38.8	7.0	98.2	-388.7

1) Currency translation differences transferred to profit/loss in 2013 relate to the sale of REC Solar at the end of October 2013. The amount is included in the statement of income in the line item "profit/loss from discontinued operations, net of tax".

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

(USD IN MILLION)	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME	TOTAL EQUITY
<b>Year 2013</b>							
At January 1, 2013	342.7	2 667.5	41.8	3 052.0	174.2	-1 944.5	1 281.8
Equity share option plan	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3
Share issue	34.4	28.9	0.0	63.2	0.0	0.0	63.2
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	-388.7	-388.7
At December 31, 2013	377.1	2 696.4	41.8	3 115.3	173.9	-2 333.2	956.0
<b>Year 2014</b>							
At January 1, 2014	377.1	2 696.4	41.8	3 115.3	173.9	-2 333.2	956.0
Equity share option plan	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	98.2	98.2
At December 31, 2014	377.1	2 696.4	41.8	3 115.3	174.0	-2 235.0	1 054.3

## This table presents details of comprehensive income

(NOK IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
<b>Year 2013</b>				
Accumulated at January 1, 2013	-7.9	20.9	-1 957.4	-1 944.5
Loss for the period	0.0	0.0	-352.7	-352.7
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	0.0	0.0	4.1	4.1
Currency translation effects	0.0	0.0	-41.2	-41.2
Sum items that will not be reclassified to profit or loss	0.0	0.0	-37.1	-37.1
Items that may be reclassified to profit or loss				
Currency translation differences taken to equity	21.3	0.0	0.0	21.3
Tax on currency translation differences taken to equity	-3.5	0.0	0.0	-3.5
Currency translation differences transferred to profit/loss for the period 1)	-16.6	0.0	0.0	-16.6
Sum items that may be reclassified to profit or loss	1.1	0.0	0.0	1.1
Total comprehensive income for the period	1.1	0.0	-389.8	-388.7
Accumulated at December 31, 2013	-6.8	20.9	-2 347.2	-2 333.2
<b>Year 2014</b>				
Accumulated at January 1, 2014	-6.8	20.9	-2 347.2	-2 333.2
Profit/Loss for the period	0.0	0.0	212.8	212.8
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	-0.1	-0.1
Currency translation effects	0.0	0.0	-139.5	-139.5
Sum items that will not be reclassified to profit or loss	0.0	0.0	-139.6	-139.6
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	31.4	0.0	0.0	31.4
Tax on currency translation differences taken to equity	-6.5	0.0	0.0	-6.5
Sum items that may be reclassified to profit or loss	25.0	0.0	0.0	25.0
Total other comprehensive income for the period	25.0	0.0	-139.6	-114.6
Total comprehensive income for the period	25.0	0.0	73.2	98.2
Accumulated at December 31, 2014	18.1	20.9	-2 274.0	-2 235.0

1) Currency translation differences transferred to profit/loss in 2013 relate to the sale of REC Solar at the end of October 2013. The amount is included in the statement of income in the line item "profit/loss from discontinued operations, net of tax".

# CONSOLIDATED STATEMENT OF CASH FLOWS

## TOTAL OPERATIONS

### REC SILICON GROUP

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013
<b>Cash flows from operating activities</b>				
Profit/loss before tax from total operations 1)	111.9	23.3	218.2	-436.2
Income taxes paid/received	0.0	0.6	3.4	-0.2
Depreciation, amortization and impairment	39.2	-144.0	138.8	153.9
Fair value adjustment convertible bond	-25.4	-6.1	-14.6	112.2
Equity accounted investments, impairment financial assets, gains/losses on sale	0.6	-23.1	0.6	-3.1
Gains/losses on disposal of discontinued operations	-1.0	175.4	0.6	206.8
Changes in receivables, prepayments from customers etc.	-8.3	-26.1	-3.5	18.7
Changes in inventories	-8.7	0.8	-33.0	3.6
Changes in payables, accrued and prepaid expenses	13.4	-11.8	-4.0	-37.3
Changes in provisions	-0.2	-0.7	-1.3	-1.6
Changes in VAT and other public taxes and duties	-2.1	2.0	3.4	2.2
Changes in derivatives	-0.5	-8.1	11.3	0.3
Currency effects not cash flow or not related to operating activities	-86.6	1.8	-127.4	-26.8
Other items 2)	-2.0	0.2	-104.8	6.3
Net cash flow from operating activities	30.5	-15.7	87.7	-1.2
<b>Cash flows from investing activities</b>				
Cash proceeds for shares (incl. equity accounted investments)	0.0	0.7	0.0	12.4
Cash payments for shares (incl. equity accounted investments)	-75.0	0.0	-75.0	-4.3
Proceeds from finance receivables and restricted cash	0.3	2.3	5.6	6.8
Payments finance receivables and restricted cash	0.0	0.1	0.0	-17.2
Proceeds from sale of property, plant and equipment and intangible assets	0.0	-0.1	198.0	6.6
Payments for property, plant and equipment and intangible assets	-16.8	-8.7	-35.8	-37.4
Proceeds from investment grants	0.0	-0.1	0.0	13.6
Proceeds/payments from disposal of subsidiaries, net of cash disposed of	0.0	88.5	0.0	88.5
Net cash flow from investing activities	-91.6	82.8	92.8	69.0
<b>Cash flows from financing activities</b>				
Increase in equity	0.0	0.0	0.0	63.2
Payments of borrowings and up-front/waiver loan fees	0.0	-262.2	-143.1	-435.8
Proceeds from borrowings	0.0	0.0	0.0	45.5
Net cash flow from financing activities	0.0	-262.2	-143.0	-327.1
Effect on cash and cash equivalents of changes in foreign exchange rates	-2.6	-0.4	-2.6	-21.7
Net increase/decrease in cash and cash equivalents	-63.7	-195.5	34.8	-280.9
Reclassification to/from assets held for sale	0.0	59.4	0.0	0.0
Cash and cash equivalents at the beginning of the period	160.2	197.7	61.6	342.6
Cash and cash equivalents at the end of the period	96.4	61.6	96.4	61.6

#### 1) PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF

Profit/loss before tax from continuing operations	110.9	-11.3	-80.4	-244.8
Profit/loss before tax from discontinued operations	1.0	34.6	189.6	-191.3
Profit/loss before tax from total operations	111.9	23.3	109.2	-436.2

2) In 2014, Other items includes a gain of USD 101 million due to the sale of technology to the Julin JV for which the cash flows have been reflected in investing activities (See Note 3). In 2013 Other items consist primarily of expensing of loan fees and costs related to debt financing.

# NOTES

## 1 GENERAL

### THE GROUP

Renewable Energy Corporation ASA was renamed REC Silicon ASA at the end of October 2013. At the same time the segment REC Solar was sold.

References to the "Company" denote Renewable Energy Corporation ASA and then REC Silicon ASA subsequent to October 2013. The Company and its subsidiaries (together, "REC Silicon Group" or "Group") have a presence in the international solar energy industry. Subsequent to the sale of REC Solar in October 2013, Group operations are focused on the production of polysilicon and silicon gases for the solar and electronics industries.

References to "REC Silicon", "REC Solar", or "REC Wafer" denote the segments defined in note 5 to the consolidated financial statements for 2013.

### BASIS OF PREPARATION

The financial statements are presented in million USD, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements may not add up to the total of that row or column.

### STATEMENTS

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by the auditor. They do not include all of the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2013. The consolidated financial statements for 2013 are available upon request from the Company's registered office at Fornebu or at [www.recsilicon.com](http://www.recsilicon.com).

The Board of Directors has prepared these interim financial statements under the assumption that the company is a going concern and is of the opinion that this assumption was realistic at the date of the accounts. Refer to the section "risks and uncertainties" in this report for additional information.

### ACCOUNTING POLICIES

The consolidated financial statements for 2013 were prepared in accordance with IFRS as adopted by the EU and the Norwegian Accounting Act.

IFRIC 21: Levies, an Interpretation on the accounting for levies imposed by governments, was approved by EU and effective from June 17, 2014, the Group adopted this new standard in the second quarter 2014. Comparable interim periods have been adjusted to reflect the adoption of IFRIC 21.

A number of new standards, amendments to standards, and interpretations have been published, but are not effective at December 31, 2014 and have not been applied in preparing these financial statements. The most relevant of these is:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture was issued in September 2014 and is effective for periods beginning on or after January 1, 2016. Earlier application is permitted. Accounting Policies adopted by the Group are consistent with these amendments and adoption will not affect the accounting or disclosures of the Group.

### CHANGE IN PRESENTATION CURRENCY

Following the sale of REC Solar, ongoing operations are primarily in US dollar (USD). Accordingly, the Group changed reporting currency from NOK to USD starting with the first quarter 2014.

Comparable historic periods have been restated to USD.

### FOREIGN CURRENCY EXCHANGE

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are presented in USD which is the Group's reporting currency.

The financial statements of all entities that have a functional currency different from the reporting currency are translated into USD as follows:

- i) Assets and liabilities for each statement of financial position are translated at the closing rate;
- ii) Income and expenses for each statement of income are translated at the year to date average exchange rate;
- iii) All resulting exchange differences from translation are recognized as a separate component of other comprehensive income (OCI).

The following table presents the period end exchange rates used to consolidate the financial statements of the Group's entities for each period presented:

#### Exchange rates used for Consolidation

(NOK/USD)	SEP 30, 2013	DEC 31, 2013	SEP 30, 2014	DEC 31, 2014
Average year to date	5.81	5.88	6.25	6.86
End of period	6.08	6.08	6.45	7.43

#### ESTIMATES AND JUDGMENTS

Preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements for 2013.

## 2 FIXED ASSETS

#### Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT	TOTAL INTANGIBLE ASSETS	TOTAL
Carrying value at January 1, 2014	79.3	962.7	24.0	11.4	1 077.4	18.0	1 095.4
Exchange differences	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net additions 1)	0.0	3.8	1.6	24.2	29.5	8.7	38.2
Government grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals - discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization - continuing operations	-4.6	-122.7	-4.6	0.0	-131.9	-2.5	-134.4
Depreciation and amortization - discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment - continuing operations	0.0	-3.9	-0.1	-0.3	-4.3	0.0	-4.3
Carrying value at December 31, 2014	74.6	839.9	20.9	35.3	970.6	24.2	994.8
At December 31, 2014							
Cost price	145.1	2 042.5	74.9	44.0	2 306.5	82.5	2 389.0
Accumulated depreciation/amortization/impairment	-70.5	-1 202.6	-54.1	-8.7	-1 335.8	-58.3	-1 394.2
Carrying value at December 31, 2014	74.6	839.9	20.9	35.3	970.6	24.2	994.8

1) Net additions include transfers from assets under construction

#### IMPAIRMENT REVIEWS

The Group has conducted a review of impairment indicators and determined that changes in estimated future sales prices caused by the trade dispute between the US and China (See Note 8) could give rise to a change in impairment and impairment testing was performed. Consequently, impairment testing was performed at December 31, 2014.

Management determined that the Group continues to contain only one cash generating unit. Future cash flows are estimated on the basis of the budget for the next year and forecasts for the subsequent four years. Value in use has been estimated using discounted cash flows over a 5 year period with the last year used as a basis for terminal value. The discount rate was based on the Company's cost of capital which was estimated using the capital assets pricing model (CAPM) to calculate the weighted average of the required rates of return for the Company's equity and debt (WACC). A discount rate of 10.7 percent was estimated on an after tax basis and adjusted to estimate the equivalent before tax discount rate of 15 percent.

The resulting value in use at December 31, 2014 is estimated to approximate the carrying value of REC Silicon. Therefore, no additional impairment or reversal of impairment has been recognized in 2014.

See notes 7 to the consolidated financial statements for 2013 for a discussion of the determination of the cash generating unit and a description of the key assumptions and sensitivities.

### 3 INVESTMENTS IN ASSOCIATES

In February 2014, the Group entered into a joint venture agreement and in July 2014 the Yulin JV in China was established. The Group has a 49 percent interest and joint control, therefore, it is a joint venture and is accounted for according to the equity method. Under the equity method, the investment is initially recorded at cost and then adjusted for post-acquisition changes in the investor's share of the net assets of the joint venture. The profit or loss of the investor includes the investor's share of the profit or loss of the joint venture.

During 2014, the Group received USD 198 million upfront payments for technology transfer associated with the formation of the joint venture. In accordance with IFRS 10 Consolidated Financial Statements, the Group recognized this payment as other income in the third quarter 2014 to the extent of the unrelated investors' interest in the joint venture and the remaining part of the gain was eliminated against the carrying amount of the investment and will be amortized over the life of the technology.

On October 14, 2014 the Group made its initial contribution of USD 75 million to the Yulin JV.

The following table presents a reconciliation of the Group's investment in the joint venture:

(USD IN MILLION)	DEC 31, 2014
Carrying value at January 1, 2014	0.0
Equity Contributions	75.0
Adjustment for Basis Difference in Technology Contributed	-97.0
Share of Joint Venture Profits/Loss	-0.6
Effects of Changes in Currency Exchange Rates	0.3
Carrying value at December 31, 2014 (Reclassified as a Non-Current Liability)	-22.4

In 2014, substantially all activities of the Yulin JV have been associated with the construction of a polysilicon plant in China. Accordingly, most expenditures have been capitalized in non-current assets. The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at December 31, 2014:

(USD IN MILLION)	DEC 31, 2014
Non-current assets	263.5
Current assets (including cash of 73.4)	92.4
Current liabilities	-201.3
Net Assets (100%)	154.6
REC Silicon's share of net assets (49%)	74.6
Adjusted for technology transfer	-97.0
Carrying value at December 31, 2014 (Reclassified as a Non-Current Liability)	-22.4



## 4 DERIVATIVES

See notes 3 and 11 to the consolidated financial statements for 2013.

### Fair values and carrying amounts

(USD IN MILLION)	DEC 31, 2014		DEC 31, 2013	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Foreign exchange forward and option contracts	0.0	0.0	0.5	1.4
Interest rate swaps	0.0	0.0	19.2	5.6
Option contract	0.0	2.0	0.0	2.5
Total	0.0	2.0	19.7	9.4

Option contract is part of the indemnification agreement in connection with the REC Wafer bankruptcy, and the change in estimated fair value has been reported as part of the gain/loss on disposal of discontinued operations, see note 9 to the consolidated financial statements for 2013.

All foreign exchange forward contracts and interest rate swaps were settled during the first quarter of 2014.

## 5 INVENTORIES

Refer to note 13 to the consolidated financial statements for 2013.

### Inventories at end of period

(USD IN MILLION)	DEC 31, 2014			DEC 31, 2013		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	21.5	0.0	21.5	21.9	0.0	21.9
Spare parts	41.7	-12.0	29.7	38.2	-9.9	28.4
Work in progress	9.6	-0.1	9.5	9.2	-0.3	8.9
Finished goods	67.6	-0.1	67.4	37.9	-1.8	36.0
Total	140.4	-12.2	128.2	107.2	-11.9	95.2

## 6 BORROWINGS AND GUARANTEES

Refer to notes 3 and 17 to the consolidated financial statements for 2013.

Carrying amounts of interest bearing liabilities at December 30, 2014 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST		
	CURRENCY	USD	TOTAL	2016	2018
Unamortized upfront fees (NOK)	-3.2	-0.4	0.0	0.0	0.0
NOK bonds (NOK)	538.3	72.4	72.0	31.5	40.4
USD convertible bond (USD)	91.3	91.3	110.0	0.0	110.0
Indemnification loan (NOK)	200.0	26.9	26.9	26.9	0.0
Total		190.2	208.88	58.5	150.4

The difference between carrying amounts and contractual repayments of the USD convertible bonds are due to fair value adjustments. The difference for the NOK bonds is related to fair value interest rate hedges and the tap issue in May 2013. The fair value hedges were revoked in November 2013 and the remaining fair value adjustments are being amortized prospectively as part of the effective interest.

### Guarantees

See note 29 to the consolidated financial statement for 2013.

Bank guarantees at December 31, 2014 amounted to USD 1.2 million, down from USD 3.1 million at September 30, 2014.

Guarantees related to REC Solar were primarily unchanged compared to December 31, 2013.

### Fair values of financial instruments

See note 30 to the consolidated financial statements for 2013. The option contract contained in indemnification agreement associated with the REC Wafer Norway AS bankruptcy is subject to level 3 of the fair value hierarchy of IFRS 13. The value of this option is estimated to have decreased from USD 2.5 million at December 31, 2013 to USD 2.0 million at December 31, 2014 due to the impact of changes in currency translation rates and the REC Silicon ASA's share price on the estimated dividend from the REC Wafer bankruptcy estate.

The Group estimates that the carrying values of financial instruments approximate fair values except for the NOK bonds REC02 and REC03 (level 2).

(USD IN MILLION)	DEC 31, 2014		
	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC02	31.5	30.7	30.9
REC03	40.4	41.6	38.4
	72.0	72.4	69.3

The fair value of the USD convertible bond at December 31, 2014 is estimated at 83.0 percent of nominal value, compared to 95 percent at December 31, 2013. The decrease is due primarily to the decrease in the share price and consequently the value of the embedded option.

### USD convertible bond

(USD IN MILLION)	AT ISSUE SEP 2013	DEC 31, 2013	DEC 31, 2014	CHANGE TO P/L YEAR 2013	CHANGE TO P/L YEAR 2014
Nominal value	110.0	110.0	110.0		
Value of the total loan	110.0	104.5	91.3	5.5	13.2

Estimated fair values exclude accrued interest. Increase (decrease) in fair value is recognized as an expense (income) in the statement of income.

## 7 COMMITMENTS

### Contractual purchase obligations and minimum operating lease payments at September 30, 2014

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	DISTRIBUTION OF PAYMENTS						
		2015	2016	2017	2018	2019	AFTER 2019	AFTER 2019
<b>Purchase of goods and services</b>								
REC Silicon	173.1	134.1	30.1	1.5	1.5	1.5	4.4	4.4
Other	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase of goods and services	173.2	134.2	30.1	1.5	1.5	1.5	4.4	4.4
<b>Minimum operating lease payments</b>								
REC Silicon	97.2	20.6	19.4	19.2	16.7	12.8	8.4	3.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total minimum operating lease payments	97.2	20.6	19.4	19.2	16.7	12.8	8.4	3.7

In July 2014, REC Silicon became a partner in a joint venture in China (See Note 3). REC Silicon has agreed to contribute additional equity to the joint venture of USD 15 million in August 2016 and USD 154 million in August 2017 which have not been included in the table above.

## 8 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Please refer to the annual report for 2013. Specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' report.

### USA/CHINA TRADE DISPUTE

REC continues to sell its solar grade polysilicon into China by working with customers to utilize available options, namely the "Process in Trade," under China Customs laws.

On December 17, 2014, the US Department of Commerce announced final AD/CVD determinations against panels manufactured in China containing non-Chinese and Taiwanese made solar cells. This determination related to the second trade cases filed by SolarWorld with the US Department of Commerce at the end of 2013.

However, on December 31, 2014, the US Department of Commerce announced the preliminary results of the first review of AD/CVD duties imposed in 2012 following the first trade case filed by SolarWorld and substantially reduced duties applicable to solar panels containing Chinese cells imported into the US. If these lower duties become final, which is expected to occur in mid-2015, panels containing Chinese made components will be subject to significantly lower tariffs. This should substantially enhance Chinese panel maker access to the US PV panel market.

On August 14, 2014, the China Ministry of Commerce made an announcement which could make Process in Trade unavailable for imports of solar grade polysilicon into China. However, Process in Trade has continued to be used by Chinese wafer makers for imports of solar grade polysilicon. If Process in Trade becomes unavailable for polysilicon imports into China, REC Silicon's earnings and cash flows would be negatively impacted by import tariffs until mitigating measures are implemented. Sales of semi-conductor grade polysilicon and silicon gases are not subject to the tariff; therefore, changes in the availability of the Process in Trade will not have an impact on sales of these products.

The company is actively working to mitigate the impact of potential duties should the availability of Process in Trade change. Initiatives include expanding REC Silicon's customer base outside of China, increasing sales to customers within free trade zones inside China, and utilizing other opportunities, including the sale of solar grade polysilicon in a manner that would not be subject to the tariffs.

The US Government has advised REC Silicon that it is continuing to make diplomatic efforts to engage with the Chinese government to obtain a resolution to the trade dispute. However the outcome and timing of discussions or any resolution is uncertain.

## 9 DISCONTINUED OPERATIONS

See notes 4.1(D), 4.2(D) and 9 to the consolidated financial statements for 2013 for further information about discontinued operations. REC Solar was sold on October 25, 2013 and REC Wafer was deconsolidated on August 13, 2012.

Results from discontinued operations, including gains and losses on disposal, are reported separately as profit (loss) from discontinued operations in the statement of income. The consolidated statement of income for previous periods is re-presented with only external income and expenses included in discontinued operations beginning on loss of control or on assets and liabilities held for sale. Internal transactions continue to be eliminated on consolidation but are not re-presented in discontinued operations.

Change in estimated fair value of the option agreement (see note 11) for REC Wafer was reported as a gain from discontinued operations during the fourth quarter of 2014.

# ANALYSIS OF DISCONTINUED OPERATIONS

## CONSOLIDATED STATEMENT OF INCOME

### REC SILICON GROUP

USD IN MILLION	REC GROUP	OF WHICH	REC GROUP	REC GROUP	OF WHICH	REC GROUP	REC GROUP	OF WHICH	REC GROUP
	TOTAL OPERATIONS	DISCONTINUED OPERATIONS	RE-PRESENTED	TOTAL OPERATIONS	DISCONTINUED OPERATIONS	RE-PRESENTED	TOTAL OPERATIONS	DISCONTINUED OPERATIONS	RE-PRESENTED
	Q4 2014	Q4 2014	Q4 2014	Q4 2013	Q4 2013	Q4 2013	DEC 31, 2013	DEC 31, 2013	DEC 31, 2013
Revenues	126.2	0.0	126.2	174.3	51.0	123.4	938.4	520.9	417.6
Cost of materials	-28.2	0.0	-28.2	-57.0	-29.7	-27.3	-394.9	-288.1	-106.8
Changes in inventories	10.1	0.0	10.1	1.9	2.5	-0.6	1.1	-15.2	16.4
Employee benefit expenses	-23.2	0.0	-23.2	-31.1	-6.5	-24.6	-170.5	-64.7	-105.9
Other operating expenses	-47.0	0.0	-47.0	-53.9	-10.7	-43.2	-304.9	-115.8	-189.1
Other income and expenses	0.0	0.0	0.0	31.0	31.0	0.0	17.5	-1.1	18.6
Gains/losses on disposal of discontinued operation - Wafer	1.0	-1.0	0.0	14.5	14.5	0.0	14.3	14.3	0.0
Gains/losses on disposal of discontinued operation - Solar	0.0	0.0	0.0	-221.1	-221.1	0.0	-221.1	-221.1	0.0
EBITDA	39.0	-1.0	38.0	-141.4	-169.0	27.7	-120.1	-170.9	50.7
Depreciation	-35.5	0.0	-35.5	-34.4	-2.2	-32.3	-139.4	-14.2	-125.2
Amortization	-0.7	0.0	-0.7	-0.8	-0.2	-0.6	-4.1	-1.7	-2.4
Impairment	-3.0	0.0	-3.0	179.1	183.7	-4.5	-10.4	-1.3	-9.2
Total depreciation, amortization and impairment	-39.2	0.0	-39.2	144.0	181.4	-37.4	-153.9	-17.1	-136.8
EBIT	-0.2	-1.0	-1.2	2.6	12.3	-9.7	-274.0	-188.0	-86.1
Share of profit/loss of equity accounted investments	-0.6	0.0	-0.6	23.1	23.1	0.0	3.1	3.1	0.0
Financial income	1.2	0.0	1.2	0.9	0.0	0.9	7.9	0.4	7.6
Net financial expenses	-6.0	0.0	-6.0	-9.2	-0.1	-9.1	-59.2	-1.6	-57.6
Net currency gains/losses	92.0	0.0	92.0	6.1	-0.7	6.8	34.2	-5.2	39.5
Net gains/losses derivatives and fair value hedge	0.1	0.0	0.1	-6.3	0.0	-6.3	-36.0	0.0	-36.0
Fair value adjustment convertible bond	25.4	0.0	25.4	6.1	0.0	6.1	-112.2	0.0	-112.2
Net financial items	112.8	0.0	112.8	-2.4	-0.8	-1.6	-165.3	-6.5	-158.8
Profit/loss before tax	111.9	-1.0	110.9	23.3	34.6	-11.3	-436.2	-191.3	-244.8
Income tax expense/benefit	8.0	0.0	8.0	8.1	0.1	8.1	83.4	-1.4	84.8
Profit/loss from continuing operations	NA	NA	119.0	NA	NA	-3.2	NA	NA	-160.0
Profit/loss from discontinued operations	NA	1.0	1.0	NA	34.7	34.7	NA	-192.7	-192.7
Profit/loss from total operations	119.9	NA	119.9	31.4	NA	31.4	-352.7	NA	-352.7
<b>Profit/loss attributable to:</b>	<b>TOTAL</b>	<b>DISCONTINUED</b>	<b>CONTINUING</b>	<b>TOTAL</b>	<b>DISCONTINUED</b>	<b>CONTINUING</b>	<b>TOTAL</b>	<b>DISCONTINUED</b>	<b>CONTINUING</b>
Owners of REC SILICON ASA	119.9	1.0	119.0	31.4	34.7	-3.2	-352.7	-192.7	-160.0
Earnings per share (in USD)									
-basic	0.05	0.00	0.05	0.01	0.01	0.00	-0.15	-0.08	-0.07
-diluted	0.05	0.00	0.05	0.01	0.01	0.00	-0.16	-0.09	-0.07

# SPECIFICATION OF DISCONTINUED OPERATIONS

## REC SILICON GROUP

USD IN MILLION	WAFER GROUP	SOLAR GROUP	TOTAL GROUP	WAFER GROUP	SOLAR GROUP	TOTAL GROUP	WAFER GROUP	SOLAR GROUP	TOTAL GROUP
	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS	DISCONTINUED OPERATIONS
	Q4 2014	Q4 2014	Q4 2014	Q4 2013	Q4 2013	Q4 2013	DEC 31, 2013	DEC 31, 2013	DEC 31, 2013
Revenues	0.0	0.0	0.0	0.0	51.0	51.0	0.0	520.9	520.9
Cost of materials	0.0	0.0	0.0	0.0	-29.7	-29.7	0.0	-288.1	-288.1
Changes in inventories	0.0	0.0	0.0	0.0	2.5	2.5	0.0	-15.2	-15.2
Employee benefit expenses	0.0	0.0	0.0	0.0	-6.5	-6.5	0.0	-64.7	-64.7
Other operating expenses	0.0	0.0	0.0	0.0	-10.7	-10.7	0.0	-115.8	-115.8
Other income and expenses	0.0	0.0	0.0	0.0	31.0	31.0	0.0	-1.1	-1.1
Gains/losses on disposal of discontinued operation - Wafer	1.0	0.0	1.0	14.5	0.0	14.5	14.3	0.0	14.3
Gains/losses on disposal of discontinued operation - Solar	0.0	0.0	0.0	0.0	-221.1	-221.1	0.0	-221.1	-221.1
EBITDA	1.0	0.0	1.0	14.5	-183.5	-169.0	14.3	-185.1	-170.9
Depreciation	0.0	0.0	0.0	0.0	-2.2	-2.2	0.0	-14.2	-14.2
Amortization	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	-1.7	-1.7
Impairment	0.0	0.0	0.0	0.0	183.7	183.7	0.0	-1.3	-1.3
Total depreciation, amortization and impairment	0.0	0.0	0.0	0.0	181.4	181.4	0.0	-17.1	-17.1
EBIT	1.0	0.0	1.0	14.5	-2.2	12.3	14.3	-202.3	-188.0
Share of profit/loss of equity accounted investments	0.0	0.0	0.0	0.0	23.1	23.1	0.0	3.1	3.1
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Net financial expenses	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-1.6	-1.6
Net currency gains/losses	0.0	0.0	0.0	0.0	-0.7	-0.7	0.0	-5.2	-5.2
Net gains/losses derivatives and fair value hedge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment convertible bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	0.0	0.0	0.0	0.0	-0.8	-0.8	0.0	-6.5	-6.5
Profit/loss before tax	1.0	0.0	1.0	14.5	20.1	34.6	14.3	-205.6	-191.3
Income tax expense/benefit	0.0	0.0	0.0	0.0	0.1	0.1	0.0	-1.4	-1.4
Profit/loss from discontinued operations	1.0	0.0	1.0	14.5	20.2	34.7	14.3	-207.0	-192.7

**Cash flows of discontinued operations, REC Solar (internal and external)**

See note 9 to the consolidated financial statements for 2013 for further description. The table below shows the cash flows of REC Solar. It includes cash flows to and from other REC Silicon Group companies. It includes REC Solar AS. Cash balance at December 31, 2013 is the cash at the time of deconsolidation of REC Solar at the end of October 2013. There is no cash flow in 2014.

(USD IN MILLION)	Q4 2013	DEC 31, 2013
Cash flows from operating activities	-5.6	34.6
Cash flows from investing activities	-88.1	9.5
Cash flows from financing activities	94.4	-12.9
Effect on cash and cash equivalents of changes in foreign exchange rates	-0.3	-2.8
Net increase/decrease in cash and cash equivalents	0.3	28.4
Cash and cash equivalents at beginning of the period	47.8	19.7
Cash and cash equivalents at end of the period	48.1	48.1

**10 RECEIVABLES****Aging of receivables at December 31, 2014**

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	115.8	80.7	11.2	11.8	0.1	0.4	11.6
Provision for loss on trade receivables	-11.6	0.0	0.0	0.0	0.0	0.0	-11.6
Other non-current and current receivables	0.5	0.4	0.0	0.0	0.0	0.2	0.0
Finance receivables and short-term loans	9.7	9.7	0.0	0.0	0.0	0.0	0.0
Total	114.4	90.8	11.2	11.8	0.1	0.5	0.0

See note 12 and 30 to the consolidated financial statements for 2013. During the third quarter of 2014, additional impairments of USD 2 million were taken on delinquent receivables.

**11 TRANSACTIONS WITH RELATED PARTIES**

See note 10 and note 16 to the consolidated financial statements for 2013.

In the fourth quarter 2014, the Board member Erik Løkke-Øwre invoiced USD 36 thousand to REC Silicon for consultancy work.

REC Silicon ASA offices are owned by shareholder UMØE AS and leased to the Company.

## 12 SEGMENT INFORMATION

Refer to note 5 to the consolidated financial statements for 2013 for further information on segments.

### Segment information

(USD IN MILLION)	Q4 2014	Q4 2013	DEC 31, 2014	DEC 31, 2013	Q3 2014
<b>Revenues</b>					
REC Silicon	126.2	124.8	492.9	432.7	126.5
REC Solar	0.0	51.0	0.0	520.9	0.0
Other	0.0	0.6	0.1	2.0	0.0
Eliminations	0.0	-2.1	0.0	-17.3	0.0
Total operations	126.2	174.3	493.0	938.4	126.5
Of which discontinued operations 1)	0.0	51.0	0.0	520.9	0.0
Total continuing operations	126.2	123.4	493.0	417.6	126.5
<b>Revenues external</b>					
REC Silicon	126.2	122.9	492.9	417.0	126.5
REC Solar	0.0	51.0	0.0	520.9	0.0
Other	0.0	0.5	0.1	0.5	0.0
Total operations	126.2	174.3	493.0	938.4	126.5
Of which discontinued operations 1)	0.0	51.0	0.0	520.9	0.0
Total continuing operations	126.2	123.4	493.0	417.6	126.5
<b>EBITDA</b>					
REC Silicon	38.2	31.3	237.2	83.7	146.5
REC Solar	0.0	-206.7	0.0	-192.2	0.0
Other	0.8	-58.7	-4.9	-72.8	-1.0
Eliminations	0.0	92.7	0.0	61.1	0.0
Total operations	39.0	-141.4	232.3	-120.1	145.4
Of which discontinued operations 1)	-1.0	-169.0	0.6	-170.9	0.4
Total continuing operations	38.0	27.7	232.9	50.7	145.9
<b>Depreciation, amortization and impairment</b>					
REC Silicon	-39.2	-37.4	-138.7	-136.8	-32.9
REC Solar	0.0	-2.5	0.0	-17.1	0.0
Other	0.0	0.0	0.0	0.0	-0.1
Eliminations	0.0	183.9	0.0	0.0	0.0
Total operations	-39.2	144.0	-138.8	-153.9	-32.9
Of which discontinued operations 1)	0.0	181.4	0.0	-17.1	0.0
Total continuing operations	-39.2	-37.4	-138.8	-136.8	-32.9
<b>EBIT</b>					
REC Silicon	-1.0	-6.1	98.5	-53.1	113.6
REC Solar	0.0	-209.2	0.0	-209.3	0.0
Other	0.8	-58.7	-5.0	-72.8	-1.1
Eliminations	0.0	276.6	0.0	61.1	0.0
Total operations	-0.2	2.6	93.5	-274.0	112.5
Of which discontinued operations 1)	-1.0	12.3	0.6	-188.0	0.4
Total continuing operations	-1.2	-9.7	94.1	-86.1	112.9

1) Profit/loss from discontinued operations includes income and expense from REC Silicon Group external transactions of REC Solar and REC Wafer and gains and losses on disposal. Discontinued operations are shown as a single amount in the statement of income for the Group. This re-presentation does not represent the activities or indicate the profit earned or loss incurred by continuing or discontinued operations as if they were standalone entities, for past periods or likely to be earned or incurred in future periods. See note 9 to the consolidated financial statements for 2013.

FOR MORE INFORMATION, PLEASE CONTACT

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### About REC Silicon ASA

REC Silicon ASA is a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gas to the solar and electronics industries worldwide. We combine 25 years of experience and proprietary technology with the needs of our customers, and annual production capacity of more than 20,000 MT of polysilicon from our two US-based manufacturing plants. Listed on the Oslo Stock Exchange (ticker: REC), the company is headquartered in Moses Lake, Washington and employs approximately 720 people.

For more information, go to: [www.recsilicon.com](http://www.recsilicon.com)