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# SECOND QUARTER 2015

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REPORT



RECSILICON

## SECOND QUARTER HIGHLIGHTS

(Compared to First Quarter 2015)

- > Revenues of USD 93.0 million and EBITDA of USD 5.8 million
  - Polysilicon Sales Volumes of 3,817 MT (60% Increase)
  - 20% Solar Grade Polysilicon Sales Price Decline
  
- > Silicon Gas Sales
  - Sales Volume of 989 MT (34% Increase)
  - 21% Silicon Gas Price Decline
  
- > Strong Polysilicon Production
  - Total Polysilicon Production of 5,071 MT (2.7% Decrease)
  - Polysilicon Inventory Build of 1,248 MT
  - FBR Cash Cost of 11.0 USD/kg (3% Increase)
  
- > Expansion Initiatives
  - Yulin JV On-Track
  
- > Production Capacity Curtailment in Moses Lake
  - 2015 FBR production reduced by 2,030 MT
  - Moses Lake – Rx 25&26 Expansion Halted

## FINANCIAL HIGHLIGHTS

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

(USD IN MILLION)	Q2 2015	Q2 2014	JUN 30, 2015	JUN 30, 2014	DEC 31, 2014	Q1 2015
Revenues	93.0	126.9	167.4	240.3	493.0	74.4
EBITDA	5.8	31.6	30.6	49.1	232.9	24.8
EBITDA margin	6 %	25 %	18 %	20 %	47 %	33 %
EBITDA excluding special items 1)	5.8	31.6	30.6	49.1	131.9	24.8
EBITDA margin excluding special items	6 %	25 %	18 %	20 %	27 %	33 %
EBIT	-29.4	-1.7	-40.9	-17.6	94.1	-11.5
EBIT margin	-32 %	-1 %	-24 %	-7 %	19 %	-15 %
Profit/loss before tax from continuing operations	-42.8	19.7	-10.6	-50.8	218.8	32.2
Profit/loss from continuing operations	-30.9	24.6	15.7	-25.0	213.4	46.7
Profit/loss from discontinued operations, net of tax	0.8	0.3	0.1	-1.2	-0.6	-0.6
Earnings per share from continuing operations, basic and diluted (USD)	-0.01	0.01	0.01	-0.01	0.09	0.02
Polysilicon production in MT (Siemens and granular)	5 071	4 375	10 281	8 354	18 794	5 210
Polysilicon sales in MT (Siemens and granular)	3 817	4 221	6 208	8 356	16 854	2 390
Silicon gas sales in MT	989	844	1 725	1 628	3 428	736

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).

## REC SILICON

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. REC Silicon targets polysilicon production of 17,130 MT in 2015 and employs approximately 720 people.

Second quarter 2015 revenues were USD 93.0 million compared to USD 74.4 million in the first quarter of 2015. Revenues for the second quarter reflected higher sales volumes partially offset by lower average sales prices.

Total polysilicon sales increased by 59.7 percent to 3,817 MT compared to the first quarter of 2015. Increased sales volumes reflect a partial recovery from the low sales volumes realized during the first quarter of 2015. However, sales volumes continue to be adversely impacted by weak end use demand, excess polysilicon and wafer inventories, and the impact of the trade dispute between the US and China. As a result, solar grade polysilicon prices realized by REC Silicon declined by 20 percent compared to the prior quarter in order to secure volumes and limit inventory growth. However, REC Silicon's inventories grew by approximately 1,248 MT (USD 11.3 million). Weak demand and high inventory levels continue to result in slow collections from customers and disqualified shipments due to credit risk concerns.

Silicon gas sales volumes increased by 34.4 percent to 989 MT compared to the first quarter of 2015 and were 41.3 percent above announced targets of 700 MT. This increase is attributable to the execution of short term Silicon gas sales contracts at discounted prices to pull sales volumes into the second quarter, to recover market share, and to improve the Company's cash position. As a result, second quarter 2015 Silane gas sales prices declined by approximately 21% compared

to prices received during the first quarter of 2015.

Total polysilicon production volume for the second quarter decreased by 2.7 percent to 5,071 MT compared to the first quarter of 2015 and was broadly in line with announced targets of 5,100 MT. Stable operations resulted in high production volumes and continued low cost performance. FBR cash production cost increased to 11.0 USD/kg compared to 10.7 USD/kg in the first quarter and 0.5 USD/kg below the announced target of 11.5 USD/kg.

Second quarter 2015 EBITDA was USD 5.8 million compared to USD 24.8 million in the first quarter of 2015. EBITDA decreased by approximately 76.6 percent compared to the prior quarter. This decrease is caused almost exclusively by lower solar grade polysilicon prices (20% decrease) and lower Silicon gas prices (21% decrease).

### MARKET DEVELOPMENT

Second quarter demand for solar grade polysilicon remained weak until late in the second quarter of 2015. High inventory levels caused by weak demand beginning late in 2014, previously anticipated capacity additions, and trade dispute related restrictions had an adverse impact on demand and pricing. Toward the end of the second quarter 2015, pricing stabilized as wafer production capacity utilization increased. In turn, the increased consumption of polysilicon resulted in lower polysilicon inventories and increased polysilicon demand. In particular, capacity utilization by wafer producers outside of China increased from the very low levels observed during the first quarter of 2015.

According to external sources, total global PV installations are estimated near 26GW in the first half of 2015. Total global PV installations for 2015 are estimated in a range from 53 to 57 GW compared to 42 GW in 2014.

According to multiple third party indices, average second quarter spot prices for solar grade polysilicon were down from the previous quarter and in a range from 14 to 16 USD/KG. Pricing stabilized and in some cases improved towards the end of the quarter. Resale of polysilicon from firm long term contracts by wafer producers continued to have a negative impact on spot prices as producers liquidated excess polysilicon inventories.

The market for Semiconductor grade polysilicon was consistent with previous quarters. Demand for end use components and wafers continues to strengthen, however, strengthening demand continues to be offset by excess inventories. Wafer demand specifically in larger diameters with the most stringent specifications continued to be strong where the balance between supply and demand could be characterized as tight.

Silicon gas markets are driven by the production of Flat Panel Displays, Semiconductors, and Crystalline PV cells. Second quarter demand was softer than anticipated due to situational softness in specific semiconductor segments, lower utilization at certain PV cell manufacturers, and delays in the start-up of new production lines occurred. Second quarter sales opportunities were impacted by the West Coast Port slowdown in the US. However, the situation continued to improve as the backlog cleared. As a result of shipping delays caused by the West Coast port slowdown at the beginning of 2015, certain customers procured silicon gas volumes from competitors to reduce the perceived threat of supply shortages. This created opportunities for competitors, however, REC Silicon executed short term Silicon gas sales contracts at discounted prices to recover market share.

#### TECHNOLOGY DEVELOPMENT AND R&D

REC Silicon incurred R&D expenses of USD 1.6 million and capitalized FBR-B development costs of USD 0.2 million in intangible assets during the second quarter of 2015. REC Silicon incurred total R&D expenditures of USD 1.8 million for the second quarter compared to USD 1.6 million for the first quarter of 2015.

The FBR-B pilot facility is being used to conduct tests to improve operational abilities and product yields.

Research and development activities have included efforts to increase rod mass and improve product quality in Siemens production, optimize raw material yields in Silane production, and commercialize Silicon Gas precursor and derivative products.

## FINANCIAL ITEMS

Decreased interest bearing liabilities resulted in lower interest expense in the second quarter of 2015 compared to the same period in 2014.

Net currency losses in the second quarter of 2015 relate primarily to internal loans (loans of approximately USD 0.9 billion) that are not eliminated on consolidation.

Second quarter income for fair value adjustment is related to the USD convertible bonds and is primarily due to a decrease in the share price of REC Silicon from March 31, 2015 to June 30, 2015.

See note 6 for additional information on borrowings.

## INCOME TAX

REC Silicon reported an income tax benefit from continuing operations of USD 11.9 million for the second quarter of 2015. This is primarily a decrease in deferred tax liabilities due to a loss in the second quarter for US operations. The tax effects of currency losses during the second quarter of 2015 were offset by an increase in unrecognized deferred tax assets and resulted in expense with no effective tax impact.

## CASH FLOW

Net cash outflows from operating activities were USD 8.7 million in the second quarter of 2015. Cash inflows primarily consisted of EBITDA of USD 5.8 million and working capital changes of USD 9.1 million. This was offset by, interest payments of USD 6.0 million. The decrease in working capital consisted primarily of a decrease in accounts receivable of USD 18.5 million due to cash collections in excess of sales for the period offset by increases in inventories of USD 11.3 million.

#### Financial items - REC Silicon Group

(USD IN MILLION)	Q2 2015	Q2 2014	JUNE 30, 2015	JUNE 30, 2014	2014	Q1 2015
Financial income	0.6	1.2	1.4	2.2	4.6	0.8
Interest expenses on borrowings	-3.2	-5.8	-6.4	-12.0	-17.8	-3.2
Capitalized borrowing cost	0.8	0.2	1.6	0.3	1.2	0.8
Expensing of up-front fees and costs	-0.0	-0.1	-0.1	-0.2	-0.3	-0.0
Other financial expenses	-0.2	-0.1	-0.7	-0.9	-7.4	-0.4
Net financial expenses	-2.7	-5.8	-5.6	-12.9	-24.2	-2.9
Net currency gains/losses	-20.1	18.4	37.3	8.2	131.8	57.3
Net gains/losses derivatives and fair value hedge	0.0	-0.0	0.0	-1.7	-1.5	0.0
Impairment and gains/losses on financial instruments	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment convertible bonds	8.7	7.5	-1.2	-29.1	14.6	-9.9
Net financial items	-13.4	21.4	31.8	-33.2	125.3	45.3



Net cash outflows from investing activities were USD 13.3 million in the second quarter of 2015 due exclusively to capital expenditures of USD 14.1 million.

The net currency exchange effect on cash balances for the period was USD 0.9 million favorable due to the impact of weaker US dollar on cash deposits in NOK.

During the second quarter of 2015, cash balances decreased by USD 3.7 million to USD 49.2 million.

## FINANCIAL POSITION

Equity decreased to USD 1,035.8 million (72 percent equity ratio) at June 30, 2015, compared to USD 1,046.8 million (71 percent) at March 31, 2015. This decrease consisted of a loss from total operations of USD 30.2 million offset by currency gains of USD 19.2 million included in other comprehensive income.

Net debt decreased to USD 138 million at March 31, 2015, from USD 140 million at December 31, 2014. This decrease is due primarily to lower carrying values of the Company's debt due to the fair value adjustment to the USD convertible bond. This was offset by the impact of a weaker US dollar on debt denominated in NOK and lower cash balances.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt was USD 154 million at June 30, 2015, compared to USD 148 million at March 31, 2015.

The Company currently holds approximately NOK 1.1 billion of its own bonds (REC02 NOK 478.5 million and REC 03 NOK 612.5 million).

See note 17 to the consolidated financial statements for 2014 and note 6 to this report for further information on interest bearing liabilities.

## RISKS AND UNCERTAINTIES

Please refer to the annual report for 2014. Specifically, note 31 to the consolidated financial statements and the risk factors section of the board of directors' report.

### USA/CHINA TRADE DISPUTE

REC Silicon's polysilicon exports to China are subject to a 57% AD tariff, following final orders imposed by the Chinese Ministry of Commerce (MOFCOM) in July 2013. Through the second quarter of 2015, REC Silicon has continued to sell solar grade polysilicon into China under the "Process in Trade," under China Customs laws. This option for sales into China will not be available to REC after September 1, 2015.

The AD tariffs faced by REC Silicon and other US polysilicon makers in China, were imposed by MOFCOM in response to AD/CVD tariffs imposed by the US Department of Commerce (DOC) on Chinese solar panel imports in 2012, and again in 2014. The tariffs faced by Chinese panels exported to the US now range between 31%-90%.

The tariffs imposed by the DOC on Chinese panels are problematic commercially for Chinese panel makers, however, it is not clear that they are creating the intended benefits for US panel manufacturers. Additionally the tariffs on US polysilicon exports to China are problematic for buyers of polysilicon in China, by curtailing access to sources of foreign polysilicon and creating potential for increased prices in China. Currently, there appears to be significant commercial incentives for a resolution of all tariffs in the US and China.

There is growing political momentum to resolve the tariff cases. The US and China governments have a number of bilateral meetings focused on environmental cooperation leading up to the Paris Climate Conference in late 2015 and solar trade is a relevant issue. Additionally, Chinese President Xi Jinping is planning to visit the US in September 2015. We understand that in recent government discussions that China has emphasized the need for a global resolution of the trade cases, including the polysilicon tariffs.

Under US trade law, the original petitioner controls any potential settlement of AD/CVD tariffs. Therefore, Solarworld needs to agree to a global resolution of the trade cases between the US and China. We understand that the US and China panel companies are continuing to make progress in discussions to obtain a resolution.

REC Silicon has encouraged and supported all global resolution efforts and continues to work with the US government, the Chinese government, affected companies, and industry organizations to obtain a favorable resolution.

Due to restricted access to the Chinese solar polysilicon market caused by the trade dispute, REC Silicon has announced the curtailment of FBR production capacity in Moses Lake, Washington. The timing associated with a resolution to the trade dispute has a significant impact on the assumptions used by the Company to arrive at estimates used in the preparation of these financial statements (See note 2 Fixed Asset: Impairment Reviews).

The outcome and timing of efforts to resolve the trade dispute remain uncertain.

## MARKET OUTLOOK

The global outlook for end market demand for PV systems in 2015 remains positive and should translate to increased demand for polysilicon. Third party analysts and industry participants estimate global PV installations in a range from 53 GW to 57 GW for 2015. Because first half demand is estimated near 26 GW, second half demand has the potential to be in a range from 27 GW to 31 GW. Even if demand develops near 31 GW, it is not likely that solar grade polysilicon markets will experience shortages of supply during the year due to excessive inventory levels and increased polysilicon manufacturing capacity. However, inventories are expected to decline as demand increases during the second half of 2015 creating some upward movement in polysilicon prices. In addition, the impact of the trade dispute between the US and China is expected to increase prices within China and

**Production targets**

POLYSILICON PRODUCTION VOLUME	ACTUAL RESULTS Q2 2015	TARGETS Q3 2015	TARGETS Q4 2015	TARGETS 2015
Polysilicon Production Volume				
Granular	4 410	2 920	2 430	14 270
Semiconductor Grade	300	330	350	1 300
Siemens Solar	361	350	470	1 560
Total	5 071	3 600	3 250	17 130
Silicon Gas Sales Volume	736	736	736	700

**Cost targets**

POLYSILICON PRODUCTION VOLUME	ACTUAL RESULTS Q2 2015	TARGETS Q3 2015	TARGETS Q4 2015	TARGETS 2015
FBR Cash Cost (USD/kg)	11.0	15.2	16.9	12.5

encourage Tier 2 producers to maintain or increase production despite high unit costs.

Previously planned solar grade polysilicon capacity expansions are expected to be implemented. However, the impact of expansions continues to be uncertain due to estimates concerning the timing of commissioning, the continued utilization of high cost production capacity, and the curtailment of suboptimal production capacity.

Third quarter 2015 demand for solar grade polysilicon is expected to improve due to increases in end use demand. Third party indices continue to project modest increases in solar grade polysilicon prices through the end of 2015. However, excess inventory levels and the resale of excess polysilicon are expected to impact end use demand and slow the potential for improved spot prices. Furthermore, the closure of Process in Trade by the Chinese government is expected to result in higher polysilicon prices within China compared to the remainder of the world.

Estimates of demand for semiconductor grade polysilicon continue to remain flat for 2015 in total. However, demand during the second half of 2015 is expected to increase due to higher production capacity utilization for key semiconductor polysilicon consumers. Although the outlook for end use demand is positive, excess inventory levels will continue to limit demand for polysilicon and will result in flat to slightly decreasing prices.

Silicon gas market forecasts indicate continued demand growth in 2015. However, growth rates are expected to be at the low end of previous estimates ranging from 7% to 10%. In addition, estimates of the total available market are smaller than anticipated due to the downward revision of consumption during prior periods and higher inventory levels at year end 2014 than were originally estimated. During the second quarter of 2015, REC Silicon offered significant discounts to increase sales volumes, to defend market share gains realized in 2014, and to regain customers lost due to the West Coast port slowdown in the US during the first half of 2015. These discounts are not expected to impact Silicon gas pricing during future periods. Silicon gas prices during the third quarter of 2015 are expected to be near those experienced during the first quarter of 2015.

**GUIDANCE****Production targets**

Third quarter, fourth quarter, and 2015 production targets as well as the actual second quarter production figures are summarized in a separate table.

REC Silicon targets polysilicon production of approximately 3,600 MT in the third quarter, 3,250 MT in the fourth quarter, and 17,130 MT in total for 2015. This represents a reduction of approximately 2,000 MT from prior 2015 guidance and is caused almost exclusively by the curtailment of FBR production capacity at the Moses Lake facility.

Silicon gas sales volumes are targeted at 720 MT for the third quarter, 850 MT for the fourth quarter, and 3,300 MT in total for 2015. This represents a reduction of approximately 400 MT from prior 2015 guidance and is driven by sales volumes lost due to the West Coast port slowdown in the United States during the first half of 2015.

**Cost targets**

FBR cash production costs are expected to be near 15.2 USD/kg in the third quarter, 16.9 USD/kg in the fourth quarter, and 12.5 USD/kg for 2015. Increased unit costs are driven by the curtailment of FBR production capacity at the Moses Lake facility in response to the ongoing solar trade dispute between the US and China.

**Investment and Expansion**

FFor 2015 total capital expenditures are expected to be approximately USD 55 million including USD 40 million for capacity expansion initiatives in Moses Lake and Butte.

Due to soft market conditions and the ongoing solar trade dispute between the US and China, activities associated with the FBR-B expansion in Moses Lake have been halted. Ongoing expenditures associated with this project will consist only of items for which non-cancellable commitments exist. In addition, maintenance capital has been reduced based upon the idling of production capabilities at the Moses Lake facility in response to the ongoing trade dispute.

Activities associated with the Yulin JV are progressing as planned.

## 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 2014, including the section Risk Factors in the Board of Directors' Report.

## STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer have today considered and approved the condensed financial statements for the first half year 2015 and the financial information in this report that is relevant for the first half year 2015 (together "the first half year 2015 report").

The first half year 2015 report has been prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements for the first half year report as stated in the Norwegian Verdipapirhandellov (Securities Trading Act).

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2015 gives a true and fair view of the Group's consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the first half year 2015 report includes a fair review of important events during the period and their effects on the condensed set of financial statements for the first half year 2015, together with a description of the principal risks and uncertainties for the remaining months of the financial year as well as transactions with related parties that have a material effect on financial position or the results for the period.

Fornebu, July 15, 2015  
Board of Directors



Espen Klitzing  
Member of the Board



Jens Ulltveit-Moe  
Chairman of the Board



Ragnhild Wiborg  
Member of the Board



Erik Løkke-Øvre  
Member of the Board



Tore Torvund  
President and CEO



Inger Berg Ørstavik  
Member of the Board

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2015	JUN 30, 2014	DEC 31, 2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	2	23.5	17.1	24.2
Land and buildings	2	79.4	76.7	74.6
Machinery and production equipment	2	775.6	902.1	839.9
Other tangible assets	2	20.5	22.7	20.9
Assets under construction	2	52.9	18.6	35.3
Property, plant and equipment	2	928.4	1 020.2	970.6
Government grant assets		117.8	114.9	116.7
Other non-current receivables		8.7	9.7	8.7
Restricted bank accounts non-current		0.0	4.9	4.1
Financial assets and prepayments		8.7	14.6	12.8
Deferred tax assets		0.0	5.9	0.0
Total non-current assets		1 078.3	1 172.9	1 124.4
<b>Current assets</b>				
Inventories	5	181.8	106.0	128.2
Trade and other receivables	10	115.6	121.3	124.1
Current tax assets		0.4	0.0	0.0
Restricted bank accounts		4.2	3.5	1.1
Cash and cash equivalents		49.2	82.3	96.4
Total current assets		351.1	313.1	349.8
Total assets		1 429.5	1 485.9	1 474.2



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2015	JUN 30, 2014	DEC 31, 2014
<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		-2 079.4	-2 191.8	-2 060.9
Total shareholders' equity		1 035.9	923.5	1 054.4
<b>Non-current liabilities</b>				
Retirement benefit obligations		18.1	13.4	18.4
Deferred tax liabilities		69.4	71.4	94.1
Investments in Associates	3	23.8	0.0	22.4
Derivatives	4	0.0	3.6	2.0
Non-current financial liabilities, interest bearing	6	132.5	251.4	190.4
Non-current prepayments, interest calculation		2.4	4.9	3.2
Other non-current liabilities, not interest bearing		0.1	0.2	0.1
Total non-current liabilities		246.4	344.9	330.5
<b>Current liabilities</b>				
Trade payables and other liabilities		87.3	174.6	80.1
Provisions		0.0	1.1	0.0
Current tax liabilities		0.0	0.0	2.6
Derivatives	4	1.8	0.0	0.0
Current financial liabilities, interest bearing	6	54.7	31.7	-0.2
Current prepayments, interest calculation		3.4	10.2	6.7
Total current liabilities		147.2	217.6	89.3
Total liabilities		393.6	562.5	419.8
Total equity and liabilities		1 429.5	1 485.9	1 474.2

# CONSOLIDATED STATEMENT OF INCOME

## REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2015	Q2 2014	JUN 30, 2015	JUN 30, 2014	FY 2014
Revenues		93.0	126.9	167.4	240.3	493.0
Cost of materials	5	-29.2	-23.0	-56.7	-44.7	-99.7
Changes in inventories	5	8.5	3.5	51.0	2.7	29.2
Employee benefit expenses		-23.7	-23.7	-46.6	-47.7	-93.5
Other operating expenses		-42.8	-51.9	-84.5	-101.6	-197.0
Other income and expenses 1)		0.0	-0.2	0.0	0.0	101.0
EBITDA		5.8	31.6	30.6	49.1	232.9
Depreciation	2	-34.4	-32.5	-69.9	-65.2	-131.9
Amortization	2	-0.8	-0.6	-1.5	-1.2	-2.5
Impairment	2	0.0	-0.2	0.0	-0.2	-4.3
Total depreciation, amortization and impairment		-35.2	-33.2	-71.5	-66.6	-138.8
EBIT		-29.4	-1.7	-40.9	-17.6	94.1
Share of profit/loss of investments in associates	3	0.0	0.0	-1.6	0.0	-0.6
Financial income		0.6	1.2	1.4	2.2	4.6
Net financial expenses		-2.7	-5.8	-5.6	-12.9	-24.2
Net currency gains/losses		-20.1	18.4	37.3	8.2	131.8
Net gains/losses derivatives and fair value hedge		0.0	0.0	0.0	-1.7	-1.5
Fair value adjustment convertible bonds		8.7	7.5	-1.2	-29.1	14.6
Net financial items		-13.4	21.4	31.8	-33.2	125.3
Profit/loss before tax from continuing operations		-42.8	19.7	-10.6	-50.8	218.8
Income tax expense/benefit from continuing operations		11.9	5.0	26.3	25.8	-5.4
Profit/loss from continuing operations		-30.9	24.6	15.7	-25.0	213.4
Profit/loss from discontinued operations, net of tax	9	0.8	0.3	0.1	-1.2	-0.6
Profit/loss from total operations		-30.2	25.0	15.8	-26.2	212.8
<b>Attributable to:</b>						
Owners of REC Silicon ASA		-30.2	25.0	15.8	-26.2	212.8
<b>Earnings per share (In USD)</b>						
From continuing operations						
-basic		-0.01	0.01	0.01	-0.01	0.09
-diluted		-0.01	0.01	0.01	-0.01	0.09
<b>Earnings per share (In USD)</b>						
From total operations						
-basic		-0.01	0.01	0.01	-0.01	0.09
-diluted		-0.01	0.01	0.01	-0.01	0.09

1) 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).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### REC SILICON GROUP

(USD IN MILLION)	Q2 2015	Q2 2014	JUN 30, 2015	JUN 30, 2014	2014
Profit/loss from total operations	-30,2	25,0	15,8	-26,2	212,8
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	0,0	0,0	0,0	0,0	-0,1
Currency translation effects	21,9	-18,6	-40,5	-8,0	-139,5
Sum items that will not be reclassified to profit or loss	21,9	-18,6	-40,5	-8,0	-139,6
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	-2,7	3,7	6,1	1,6	25,0
- transferred to profit/loss for the period	0,0	0,0	0,0	0,0	0,0
Sum items that may be reclassified subsequently to profit or loss	-2,7	3,7	6,1	1,6	25,0
Total other comprehensive income	19,2	-14,8	-34,4	-6,5	-114,6
Total comprehensive income	-11,0	10,1	-18,5	-32,6	98,2
<b>Total comprehensive income attributable to:</b>					
Owners of REC Silicon ASA	-11,0	10,1	-18,5	-32,6	98,2

## 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>June 30, 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	0.0	0.0	0.0	0.0	0.0	-32.6	-32.6
At June 30, 2014	377.1	2 696.4	41.8	3 115.3	174.0	-2 365.8	923.5
<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	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	1 054.4
<b>June 30, 2015</b>							
At January 1, 2015	377.1	2 696.4	41.8	3 115.3	174.0	-2 235.0	1 054.4
Equity share option plan	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-18.5	-18.5
At June 30, 2015	377.1	2 696.4	41.8	3 115.3	174.0	-2 253.5	1 035.9

## 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>June 30, 2014</b>				
Accumulated at January 1, 2014	-6.8	20.9	-2 347.2	-2 333.2
Profit/loss from total operations	0.0	0.0	-26.2	-26.2
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	-8.0	-8.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	-8.0	-8.0
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	2.0	0.0	0.0	2.0
Tax on currency translation differences taken to equity	-0.4	0.0	0.0	-0.4
Sum items that may be reclassified to profit or loss	1.6	0.0	0.0	1.6
Total other comprehensive income for the period	1.6	0.0	-8.0	-6.5
Total comprehensive income for the period	1.6	0.0	-34.2	-32.6
Accumulated at June 30, 2014	-5.3	20.9	-2 381.4	-2 365.8
<b>Year 2014</b>				
Accumulated at January 1, 2014	-6.8	20.9	-2 347.2	-2 333.2
Profit/loss from total operations	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
<b>June 30, 2015</b>				
Accumulated at January 1, 2015	18.1	20.9	-2 274.0	-2 235.0
Profit/loss from total operations	0.0	0.0	15.8	15.8
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	-40.5	-40.5
Sum items that will not be reclassified to profit or loss	0.0	0.0	-40.5	-40.5
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	8.0	0.0	0.0	8.0
Tax on currency translation differences taken to equity	-1.9	0.0	0.0	-1.9
Currency translation differences transferred to profit/loss for the period	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	6.1	0.0	0.0	6.1
Total other comprehensive income for the period	6.1	0.0	-40.5	-34.4
Total comprehensive income for the period	6.1	0.0	-24.6	-18.5
Accumulated at June 30, 2015	24.2	20.9	-2 298.6	-2 253.5

# CONSOLIDATED STATEMENT OF CASH FLOWS

## TOTAL OPERATIONS

### REC SILICON GROUP

(USD IN MILLION)	Q1 2015	Q1 2014	Q1 2015	Q1 2014	2014
<b>Cash flows from operating activities</b>					
Profit/loss before tax from total operations 1)	-42.1	20.0	-10.5	-52.0	218.2
Income taxes paid/received	0.0	3.4	-3.1	3.4	3.4
Depreciation, amortization and impairment	35.2	33.2	71.5	66.6	138.8
Fair value adjustment convertible bond	-8.7	-7.5	1.2	29.1	-14.6
Equity accounted investments, impairment financial assets, gains/losses on sale	0.0	0.0	1.6	0.0	0.6
Gains/losses on disposal of discontinued operations	-0.8	-0.3	-0.1	1.2	0.6
Changes in receivables, prepayments from customers etc.	13.7	-16.4	10.1	12.2	-3.5
Changes in inventories	-11.3	-7.4	-53.6	-10.8	-33.0
Changes in payables, accrued and prepaid expenses	0.1	0.5	-2.3	-8.9	-4.0
Changes in provisions	0.0	0.1	0.0	-0.3	-1.3
Changes in VAT and other public taxes and duties	3.0	-3.5	2.9	-6.2	3.4
Changes in derivatives	-0.8	0.0	-0.1	12.7	11.3
Currency effects not cash flow or not related to operating activities	20.4	-20.1	-35.8	-9.4	-127.4
Other items 2)	-0.1	-0.4	-0.3	-1.2	-104.8
Net cash flow from operating activities	8.7	1.5	-18.5	36.6	87.7
<b>Cash flows from investing activities</b>					
Cash proceeds for shares (incl. equity accounted investments )	0.0	0.0	0.0	0.0	0.0
Cash payments for shares (incl. equity accounted investments )	0.0	0.0	0.0	0.0	-75.0
Proceeds from finance receivables and restricted cash	0.8	0.0	0.8	3.1	5.6
Payments finance receivables and restricted cash	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.0	99.1	198.0
Payments for property, plant and equipment and intangible assets	-14.1	-3.7	-28.5	-6.4	-35.8
Proceeds from investment grants	0.0	0.0	0.0	0.0	0.0
Proceeds/payments from disposal of subsidiaries, net of cash disposed of	0.0	0.0	0.0	0.0	0.0
Net cash flow from investing activities	-13.3	-3.8	-27.7	95.8	92.8
<b>Cash flows from financing activities</b>					
Increase in equity	0.0	0.0	0.0	0.0	0.0
Payments of borrowings and up-front/waiver loan fees	0.0	-111.4	0.0	-111.7	-143.1
Proceeds from borrowings	0.0	0.0	0.0	0.0	0.0
Net cash flow from financing activities	0.0	-111.4	0.0	-111.7	-143.0
Effect on cash and cash equivalents of changes in foreign exchange rates	0.9	0.0	-1.0	0.0	-2.6
Net increase/decrease in cash and cash equivalents	-3.8	-113.6	-47.3	20.6	34.8
Reclassification to/from assets held for sale	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the period	52.9	195.9	96.4	61.6	61.6
Cash and cash equivalents at the end of the period	49.2	82.2	49.2	82.2	96.4

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

Profit/loss before tax from continuing operations	-42.8	19.7	-10.6	-50.8	218.8
Profit/loss before tax from discontinued operations	0.8	0.3	0.1	-1.2	-0.6
Profit/loss before tax from total operations	-42.1	20.0	-10.5	-52.0	218.2

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 2014 Other items consist primarily of expensing of loan fees and costs related to debt financing.

# NOTES

## 1 GENERAL

### THE GROUP

REC Silicon ASA (the Company) and its subsidiaries (together, REC Silicon Group, REC Silicon, or Group) are a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gases to the solar and electronics industries worldwide.

REC Silicon operates manufacturing facilities in Moses Lake, Washington and Butte, Montana in the USA. REC Silicon's subsidiaries include; REC Solar Grade Silicon LLC, and REC Advanced Silicon Materials LLC in the US. REC Silicon's sales and marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and in the United States. The Group's joint venture operations are held in REC Silicon Pte Ltd in Singapore.

### 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.

### FINANCIAL 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 2014. The consolidated financial statements for 2014 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. Please refer to the section "risks and uncertainties" in this report for additional information.

### ACCOUNTING POLICIES

The consolidated financial statements for 2014 were prepared in accordance with IFRS as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted by the Company are consistent with those of the previous financial year. See note 2.24 to the consolidated financial statements for 2014.

### 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 2014.



## 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, 2015	74,6	839,9	20,9	35,3	970,6	24,2	994,8
Net additions <sup>1)</sup>	6,6	1,7	1,8	17,6	27,8	0,8	28,6
Depreciation and amortization	-1,9	-65,9	-2,1	0,0	-69,9	-1,5	-71,5
Impairment	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Carrying value at June 30, 2015	79,4	775,6	20,5	52,9	928,4	23,5	951,9
At June 30, 2015							
Historical cost	151,7	2 044,0	76,8	61,6	2 334,1	83,3	2 417,4
Accumulated depreciation/amortization/impairment	-72,4	-1 268,4	-56,2	-8,7	-1 405,7	-59,9	-1 465,6
Carrying value at June 30, 2015	79,4	775,6	20,5	52,9	928,4	23,5	951,9

1) Net additions include transfers from assets under construction

### IMPAIRMENT REVIEWS

The Group has conducted a review of impairment indicators and has determined that changes in the value of the Company's market capitalization and 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 at June 30, 2015.

Management determined that the Group continues to contain only one cash generating unit. Future cash flows are estimated on the basis of forecasts for the next 5 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. 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 forecasts used to arrive at estimated future cash flows contain the assumption that the trade dispute will be resolved at the beginning of 2016. Should the trade dispute remain unresolved, additional impairment would be required.

The resulting value in use at June 30, 2015 is estimated to approximate the carrying value of REC Silicon. Therefore, no additional impairment or reversal of impairment has been recognized.

See note 7 to the consolidated financial statements for 2014 for a discussion of the determination of the cash generating unit and a description of the key assumptions and sensitivities.

### 3 INVESTMENTS IN ASSOCIATES

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

(USD IN MILLION)	JUN 30, 2015
Carrying value at January 1, 2015	-22.4
Equity Contributions	0.0
Amortization of Basis Difference in Technology Contributed	0.0
Share of Joint Venture Profits/Loss	-1.6
Effects of Changes in Currency Exchange Rates	0.1
Carrying value at June 30, 2015	-23.8

The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at June 30, 2015:

(USD IN MILLION)	JUN 30, 2015
Non-current assets	305.2
Current assets (including cash 61.3)	104.0
Non-current liabilities	-245.4
Current liabilities	-12.2
Net Assets (100%)	151.6
REC Silicon's share of net assets	73.2
Adjusted for technology transfer	-97.0
Carrying amount of REC's interest	-23.8

See note 8 to the consolidated financial statements for 2014.

### 4 DERIVATIVES

See notes 3, 9, and 11 to the consolidated financial statements for 2014.

Derivatives consist of an option contract which is a part of the indemnification agreement associated with the REC Wafer bankruptcy. Changes in estimated fair values have been reported as part of the Profit/loss from discontinued operations on the statement of income.

At June 30, 2015, the option contract was a liability valued at USD 1.8 million (USD 2.0 million at December 31, 2014).

## 5 INVENTORIES

See note 13 to the consolidated financial statements for 2014.

### Inventories at end of period

(USD IN MILLION)	JUN 30, 2015			DEC 31, 2014		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	21.7	0.0	21.7	21.5	0.0	21.5
Spare parts	44.0	-12.8	31.3	41.7	-12.0	29.7
Work in progress	12.6	0.0	12.6	9.6	-0.1	9.5
Finished goods	148.7	-32.5	116.2	67.6	-0.1	67.4
Total	227.1	-45.3	181.8	140.4	-12.2	128.2

## 6 BORROWINGS AND GUARANTEES

See notes 3 and 17 to the consolidated financial statements for 2014.

Carrying amounts of interest bearing liabilities at June 30, 2015 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)	-2.6	-0.3	0.0	0.0	0.0
NOK bonds (NOK)	538.9	68.6	68.1	29.8	38.2
USD convertible bond (USD)	93.5	93.5	110.0	0.0	110.0
Indemnification loan (NOK)	200.0	25.5	25.5	25.5	0.0
Total		187.2	203.5	55.3	148.2

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. The fair value hedges have been revoked and the remaining fair value adjustments are being amortized prospectively as part of the effective interest.

### Guarantees

See note 29 to the consolidated financial statements for 2014.

Bank guarantees for the benefit of REC Solar at June 30, 2015 amounted to USD 1.3 million. Restricted cash of USD 0.2 million has been provided to secure these guarantees.

The Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.7 million at June 30, 2015, a decrease of USD 14.8 million compared to December 31, 2014.

The Group has been provided with offsetting guarantees by REC Solar Holdings AS as part of the sale of REC Solar in 2013.

**Fair values of financial instruments**

See note 30 to the consolidated financial statements for 2014.

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 2.0 million at December 31, 2014 to USD 1.8 million at June 30, 2015 due to the impact of changes in currency translation rates and the REC Silicon ASA's share price.

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)	JUN 30, 2015		
	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC02	29,8	29,4	29,4
REC03	38,2	39,2	36,7
	68,1	68,6	66,2

The fair value of the USD convertible bond at June 30, 2015 is estimated at 85 percent of nominal value, compared to 93 percent at December 31, 2014. 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	JUN 30, 2014	DEC 31, 2014	JUN 30, 2015	CHANGE TO P/L Q2 2014	CHANGE TO P/L YEAR 2014	CHANGE TO P/L Q2 2015
Nominal value	110,0	110,0	110,0	110,0			
Value of the total loan	110,0	132,0	91,3	93,5	-8,3	-13,2	-8,8

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 June 30, 2015**

		DISTRIBUTION OF PAYMENTS						
(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2015	2016	2017	2018	2019	2020	AFTER 2020
<b>Purchase of goods and services</b>								
REC Silicon	114,3	73,0	32,2	1,8	1,5	1,5	1,5	2,9
Other	0,1	0,1	0,0	0,0	0,0	0,0	0,0	0,0
Total purchase of goods and services	114,4	73,0	32,2	1,8	1,5	1,5	1,5	2,9
<b>Minimum operating lease payments</b>								
REC Silicon	82,4	10,3	19,5	19,3	16,8	12,9	3,7	0,0
Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total minimum operating lease payments	82,4	10,3	19,5	19,3	16,8	12,9	3,7	0,0

In 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 2014. Specifically, note 31 to the consolidated financial statements and the risk factors section of the board of directors' report.

### USA/CHINA TRADE DISPUTE

REC Silicon's polysilicon exports to China are subject to a 57% AD tariff, following final orders imposed by the Chinese Ministry of Commerce (MOFCOM) in July 2013. Through the second quarter of 2015, REC Silicon has continued to sell solar grade polysilicon into China under the "Process in Trade," under China Customs laws. This option for sales into China will not be available to REC after September 1, 2015.

The AD tariffs faced by REC Silicon and other US polysilicon makers in China, were imposed by MOFCOM in response to AD/CVD tariffs imposed by the US Department of Commerce (DOC) on Chinese solar panel imports in 2012, and again in 2014. The tariffs faced by Chinese panels exported to the US now range between 31%-90%.

The tariffs imposed by the DOC on Chinese panels are problematic commercially for Chinese panel makers, however, it is not clear that they are creating the intended benefits for US panel manufacturers. Additionally the tariffs on US polysilicon exports to China are problematic for buyers of polysilicon in China, by curtailing access to sources of foreign polysilicon and creating potential for increased prices in China. Currently, there appears to be significant commercial incentives for a resolution of all tariffs in the US and China.

There is growing political momentum to resolve the tariff cases. The US and China governments have a number of bilateral meetings focused on environmental cooperation leading up to the Paris Climate Conference in late 2015 and solar trade is a relevant issue. Additionally, Chinese President Xi Jinping is planning to visit the US in September 2015. We understand that in recent government discussions that China has emphasized the need for a global resolution of the trade cases, including the polysilicon tariffs.

Under US trade law, the original petitioner controls any potential settlement of AD/CVD tariffs. Therefore, Solarworld needs to agree to a global resolution of the trade cases between the US and China. We understand that the US and China panel companies are continuing to make progress in discussions to obtain a resolution.

REC Silicon has encouraged and supported all global resolution efforts and continues to work with the US government, the Chinese government, affected companies, and industry organizations to obtain a favorable resolution.

Due to restricted access to the Chinese solar polysilicon market caused by the trade dispute, REC Silicon has announced the curtailment of FBR production capacity in Moses Lake, Washington. The timing associated with a resolution to the trade dispute has a significant impact on the assumptions used by the Company to arrive at estimates used in the preparation of these financial statements (See note 2 Fixed Asset: Impairment Reviews).

The outcome and timing of efforts to resolve the trade dispute remain uncertain.

## 9 DISCONTINUED OPERATIONS

See notes 4.1(D), 4.2(D) and 9 to the consolidated financial statements for 2014 for further information about discontinued operations.

In August of 2012, REC Wafer filed bankruptcy and was deconsolidated. During the first half of 2015, REC Silicon recognized income of USD 0.1 million (expense of USD 1.2 million in the first half of 2014) on the change in estimated fair value of the option contract contained in the indemnification agreement related to the disposal of REC Wafer.

There were no impacts to cash flows due to discontinued operations for any period presented.

## 10 RECEIVABLES

### Aging of receivables at June 30, 2015

(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	100,4	59,5	4,9	5,8	18,2	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	1,6	1,5	0,0	0,0	0,0	0,1	0,0
Total receivable	90,4	61,0	4,9	5,8	18,2	0,6	0,0
Prepaid Costs	25,2						
Total trade and other receivable	115,6						

See note 12 and 30 to the consolidated financial statements for 2014.

## 11 TRANSACTIONS WITH RELATED PARTIES

See note 10 and note 16 to the consolidated financial statements for 2014.

In the first half of 2015, REC invoiced Yulin JV USD 2.5 million for engineering and project services.

In the first half of 2015, Board member Erik Løkke-Øvre invoiced USD 96 thousand to REC Silicon for consultancy work.

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

## 12 SEGMENT INFORMATION

See note 5 to the consolidated financial statements for 2014 for further information on segments.

The Group's reporting segments are based on the operating segments. The Group's segments were managed separately and each segment represented a strategic business area that offered products different from the other segments. The Group's segments were REC Silicon, REC Solar and REC Wafer. Subsequent to the sale of REC Solar in 2013, REC Silicon is the only remaining segment

## 13 SUBSEQUENT EVENTS

The Company has initiated efforts to raise additional cash through the issuance of equity and the sale of bonds held in treasury. The proceeds from these efforts are expected to increase the cash held by the Company, decrease the Company's net debt, and increase the outstanding debt. The exact effects of these efforts will not be known until after the release of these financial statements.









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**About REC Silicon**

REC Silicon ASA is a leading producer of advanced silicon materials, supplying high-purity polysilicon and silicon gases to the solar and electronics industries worldwide. We combine 30 years' experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a capacity of more than 20,000 MT high-purity polysilicon. REC Silicon is headquartered in Moses Lake, Washington and employs approximately 720 people. Listed on the Oslo stock exchange under the ticker: REC.

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