ANNUAL REPORT 2015

CONTENTS

Board of Directors	3
Letter from the CEO	4
Board of Directors' report	6
Board of Directors' report on corporate governance	15
Financial statements index	21
Financial statements REC Silicon Group	22
Financial statements REC Silicon ASA	68
Auditor's report	84

BOARD OF DIRECTORS

JENS ULLTVEIT-MOE

Chairman of the Board of Directors since November 2013, Mr. Ulltveit-Moe is currently CEO and Board member of Umoe Group, a company he established in 1984. Prior to Umoe, his career included McKinsey in New York and London, The Dutch SHV Group, and Knut Knutsen OAS. He has also served as Chairman of the Board for PGS, Kverneland, Sevan Marine and REC. Mr. Ulltveit-Moe has a Master degree in Business and Economics from the Norwegian School of Economics and Business Administration (NHH) and a Master degree in International Affairs from Colombia University.

INGER BERG ØRSTAVIK

Board member since November 2013, Ms. Ørstavik is an associate professor at the Department of Private Law, University of Oslo. She has previously been a partner with Advokatfirmaet Schjødt AS and a lawyer at the office of the Attorney General for Civil Affairs. She taught international human rights law at Fudan University in Shanghai, China, and is also a member of the Norwegian Board of Appeal for Industrial Property Rights. Ms. Ørstavik has a law degree from the University of Oslo, a Ll.M. from Ruprecht-Karls-Universität in Heidelberg, Germany, and a Ph.D. from the University of Oslo in the areas of patent law and competition law.

RAGNHILD WIBORG

Member of the Board of Directors since May 2013, Ms. Wiborg has over 30 years' experience in financial markets and an extensive network both within the international and Nordic business communities. She has working experience from, CEO of Wiborg Kapitalforvaltning, CIO of Odin Fund Management and different position in investmentbanks such as Pareto Securitie, ABG Sundal & Collier and First Chicago. She is member of the BoD in several listed companies; Borregaard ASA, Gränges AB, Intrum Justitia AB, IM Skaugen, Skandiabanken ASA and as well as Chairman of the board of EAMSolar ASA. Ms. Wiborg has a Bachelor of Science in Economics (Civilekonom) with a major in International Business from Stockholm School of Economics and Business Administration as well as master studies from Fundacao Getulio Vargas , Brasil and from Sorbonne University.

ESPEN KLITZING

Board member since November 2013, Mr. Klitzing is CFO of Umoe Group, Chairman of the Board of several Group companies and Alliance Venture Polaris AS, as well as a board member of DNB Life Insurance and the Stock Exchange Appeals Committee. Prior to Umoe he was a Principal at McKinsey & Company, CFO and Deputy CEO at Norges Bank Investment Management, CEO of Petrojarl ASA and Storebrand Life Insurance, and held various management positions in Storebrand Group. Mr. Klitzing holds a degree in Business and Economics (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH).

ERIK LØKKE-ØWRE

Board member since November 2013, Mr. LøkkeØwre is a consultant in his company, Varbak Consulting AS. Prior to Varbak Consulting, he was SVP of Global Operations, Technology and Sourcing for REC Solar. Mr. Løkke-Øwre was also with the Elkem group where he held several management positions, inter alia plant director in both Elkem Aluminium ANS and Elkem Silicon, General Manager for Elkem Silicon and Elkem Solar. Mr. Løkke-Øwre holds a Master of General Management from the Norwegian School of Management (BI) and has executive education from IMD in Switzerland and Columbia University in New York.

LETTER FROM THE CEO

2015 was another year of growth for solar installations, and the future of the solar energy industry remains bright. The consensus agreement of the United Nations Climate Change Conference in Paris, adopted on December 12, 2015 by the 195 member states and the European Union, marked a historical development with regard to global efforts to address climate change, as the parties agreed to pursue efforts to decrease greenhouse gas emissions and to limit the global temperature increase to 1.5 degrees Celsius above pre-industrial levels.

Renewable sources of energy, and solar in particular, will no doubt form a large part of the climate change solution. Not only is solar energy demand still expected to grow, with a compound annual growth rate of 19% through 2020, the geographic distribution of that demand is expected to become more diversified, as emerging markets increase their share. This means that in the coming years, the industry will become less reliant on any one particular country for demand.

Polysilicon remains the primary feedstock for roughly 90% of photovoltaic solar panels globally. Further, given current solar demand projections, and because limited polysilicon production capacity is expected to come online in the next two to three years, if solar demand develops as currently projected, a polysilicon shortage is expected to occur by 2018.

REC Silicon's low cost FBR technology perfectly positions the Company to service this increasing demand with its granular polysilicon. Further, when the Company's joint venture plant in Yulin, China is up and running, it will produce the highest quality, lowest cost granular polysilicon in the world.

However, 2015 was not without substantial challenges for REC Silicon. Weak polysilicon market conditions, with oversupply and low prices, prevailed throughout much of the year. Further, the ongoing solar trade dispute between the US and China continued to have increasingly appreciable effects on the global polysilicon market as a whole, and particularly on REC Silicon's ability to sell its solar grade polysilicon into China.

Negotiations between the US and China continued off and on throughout 2015, without a resolution. However, there currently appears to be increased momentum by the relevant stakeholders to settle the dispute. Although I remain hopeful that a resolution can be achieved, for purposes of strategic planning, the Company has assumed that there will be no resolution to the trade dispute in the near term.

"Look, if anybody still wants to dispute the science around climate change, have at it. You will be pretty lonely, because you'll be debating our military, most of America's business leaders, the majority of the American people, almost the entire scientific community, and 200 nations around the world who agree it's a problem and intend to solve it.

But even if – even if the planet wasn't at stake, even if 2014 wasn't the warmest year on record – until 2015 turned out to be even hotter – why would we want to pass up the chance for American businesses to produce and sell the energy of the future?

We've got to accelerate the transition away from old, dirtier energy sources. Rather than subsidize the past, we should invest in the future."

Barack Obama
President of the United States

As a result, REC Silicon has embarked on the process of diversifying its customer base, a strategy which will continue to serve the Company well in the future. Qualification and optimization efforts outside China are ongoing. Further, the Company's low cost production allows it to take discounted prices, if necessary, to maximize sales volumes.

Unfortunately, the consequences of continued trade dispute between the US and China, specifically the lack of access to the customer base in China, which represents about 80% of the solar grade polysilicon market, created some financial challenges for REC Silicon in 2015. The USD 53 million which was raised in July from the new equity issued and the sale of bonds was necessary in order to maintain necessary financial flexibility through this challenging period. But, the Company's growing portfolio of customers outside of China as well as the gradually improving polysilicon market will give REC Silicon sufficient financial strength to continue operations without additional external funding.

Although 2015 presented some obstacles, the actions which have recently been implemented by the Company, including the temporary shutdown of Moses Lake production, will ensure that all 2016 debt obligations can be met without additional funding. Further, during Q1 2016, we have already observed stronger demand and an increase in polysilicon prices, which make me cautiously optimistic that the market will support a return to full production in Moses Lake in the coming months.

During 2015, there was substantial progress on the Yulin project, with continued strong cooperation between REC Silicon and its joint venture partner, Shaanxi Non-Ferrous Tian Hong New Energy Co., Ltd. Construction of the plant is now well underway, and detailed engineering is scheduled for completion this summer. Over fifty joint venture employees from China are currently undergoing extensive training at REC Silicon's Moses Lake and Butte plants. Overall, the project is on schedule and remains on track for start-up next summer.

With regard to silicon gases, 2015 sales were impacted by the port shutdown that occurred on the west coast of the US during the first half of the year and by the Q2 forward sales in the second half of the year. However, overall 2015 silicon gas sales were relatively strong. Further, demand for silicon gases has a positive outlook going forward, with year on year growth expected through 2020. As the silicon gas industry leader, REC Silicon is also well positioned to address this increased demand.

2015 was, from a market perspective, a tumultuous year for REC Silicon. However, our employees proved yet again that they can rise to a challenge. Operationally, the Company has remained strong and innovations have continued. Although the last year has required significant cost cutting across the organization, these initiatives have always been balanced with our commitment to maintaining safe and environmentally sustainable operations.

Safety has remained a priority for REC Silicon, with further safety improvements across the organization. Our employees continue their focus on assessing all work activities to identify safety risks and taking necessary actions to mitigate or eliminate those risks. The Company has once again reduced our lost time injury rate in 2015, and we continue to strive towards our goal of zero harm to our employees, contractors, partners, customers, and the communities in which we operate.

Despite difficult market conditions, I am proud of the Company's operational performance in 2015 and our employees' ability to adapt to changing circumstances without losing focus on excellence and continuous improvement. There is no doubt that our people and their substantial expertise are the most valuable asset of REC Silicon ASA.

Tore Torvund
President and CEO

BOARD OF DIRECTORS' REPORT

2015 HIGHLIGHTS (COMPARED TO 2014)

> EBITDA loss of $13.0 million
- Compared to 2014 EBITDA of $131.9 million (excl. special items)
- Revenues decreased by 33% to $329.9 million

> Polysilicon sales volumes decreased by 20% to 13,460 MT
- 27% decrease in average polysilicon prices
- Effects of oversupply – excess industry inventories
- Discounts to mitigate impact of US/China trade war

> Silicon gas sales volumes decreased by 10% to 3,076 MT
- 6% decrease in silane gas prices
- Targeted discounts to retain market share

> Polysilicon production volumes decreased by 10% to 16,883 MT
- Capacity curtailment of FBR in Moses Lake to control inventories
- FBR Cash cost of $12.4/kg (2% increase)
- Full capacity available when market conditions permit

> Expansion initiatives
- Yulin JV on-track – construction underway
- Rx 25/26 project halted due to soft market conditions and solar trade war

> Impairment charges of $151.6 million
- Continued uncertainty caused by the trade war
- Declining polysilicon prices due to market oversupply

> December 31, 2015 cash balance of $95.4 million
- Financial strength to meet 2016 debt obligations
- Anticipate no additional requirements for funding

GROUP PRESENTATION

Business Activities

REC Silicon ASA was established in Norway on December 3, 1996. The Company is headquartered in Lysaker, Norway.

REC Silicon is a global leader in silane-based, high-purity 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 Silicon Inc., REC Solar Grade Silicon LLC, and REC Advanced Silicon Materials LLC in the United States. 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.

Markets

Industry analysts are estimating global Photovoltaic (PV) installations in 2015 at approximately 58 GW to 60 GW, compared to 41 GW in 2014. The Asia pacific region continues to be the largest market with the fastest growth of over 60% compared to 2014. However, based on overall market trends, the PV markets are continuing to diversify geographically. Europe and North America continue to exhibit strong growth (near 20%). Emerging markets in Latin America, the Middle East, and Africa now have a combined market share near 10% and growth of approximately 175% compared to 2014. (Market data taken from GTM Research)

Global PV polysilicon demand increased by 35% from 2014 to 2015. However, excess inventories caused by oversupply pushed spot prices at year end 2015 lower by 33% compared to year end 2014. Increases in second half 2015 demand, limited industry expansion, and curtailment of marginal capacity combined to reduced industry inventories. However, the liquidation of excess polysilicon inventories caused by oversupply and the resale of polysilicon from fixed firm contracts continued to contribute to weaker overall market conditions. In addition, restricted access to Chinese markets due to the trade war forced REC Silicon to curtail production capacity to reduce inventory levels and retain cash.

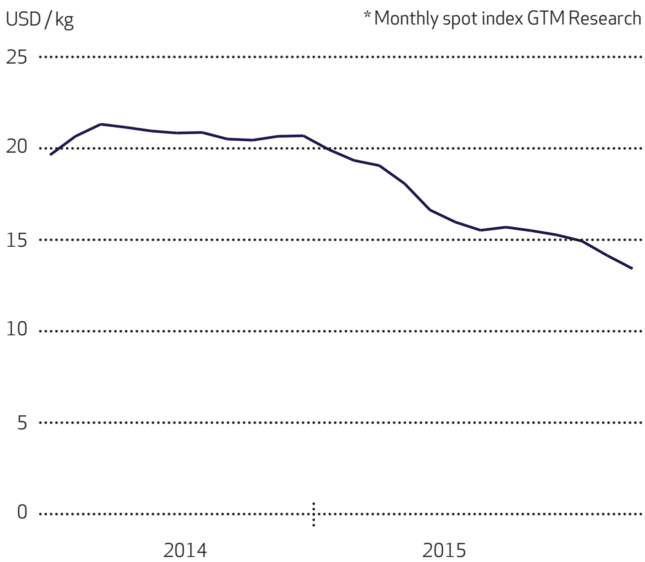
Softer demand for consumer goods and the economic environment in China contributed to softer semiconductor grade polysilicon demand.

Financial highlights - Continuing Operations

(USD IN MILLION)	2015	2014
Revenues	329.9	493.0
EBITDA	-13.0	232.9
EBITDA margin	-4.0%	47.2%
EBITDA excluding special items [1)]	-13.0	131.9
EBITDA margin excluding special items	-4 %	27 %
EBIT excluding impairment charges	-147.2	98.5
Impairment charges	-151.6	-4.3
EBIT	-298.8	94.1
EBIT margin	-91 %	19 %
Polysilicon production in MT (Siemens and granular)	16 883	18 794
Polysilicon sales in MT (Siemens and granular)	13 460	16 854
Polysilicon (Multicrystalline Bricks) in MT	482	0
Silicon gas sales in MT	2 367	2 579

1) Special items in 2014 represent the recognition of USD 101 million in gain on the transfer of technology to the Yulin JV.

Polysilicon spot price development



While markets stabilized near year end, demand for semiconductor grade polysilicon continues to lag due to excess inventories. However, wafer demand in certain large diameter applications with the most stringent specifications can be characterized as tight and presented opportunities for sales of REC Silicon's products.

Demand for silicon gases 2015 remained strong overall due primarily to growth in the PV cell segment. However, lower than expected demand for consumer products limited demand growth for silicon gases used in integrated circuits and flat panel displays. Shipments of REC Silicon's gas products were adversely impacted by the West Coast Port slowdown early in 2015 as certain customers procured silicon gas from our competitors to reduce the perceived threat of supply shortages. In addition, the market readjusted to the re-entry of a competitors silicon gas production capacity shut down in 2014 due to an industrial accident. REC Silicon used price discounts and forward sales arrangements to defend market share.

Strategy and Objectives

REC Silicon's strategy is to maintain its position as a low cost leader and technological innovator in the Silicon materials industry.

REC Silicon intends to improve its competitive position by:

- Maintaining Liquidity (Retain Cash)
- Minimizing the impact of trade dispute between US and China (prioritize spending and develop market opportunities outside China)
- Focusing on control by decreasing spending while maintaining safe operations
- Optimizing semiconductor polysilicon product offerings
- Focusing on continued quality improvements in FBR (surface powder removal and reduction of contaminants)

REPORT FOR 2015

Financial Statements

The Group reports its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the Norwegian Accounting Act.

Revenues

Revenues decreased by 33 percent from USD 493.0 million in 2014 to USD 329.9 million in 2015.

Polysilicon sales volumes decreased by 20% percent to 13,460 MT compared to 2014. Decreased sales volumes can primarily be attributed to limited access to Chinese markets for REC Silicon's products caused by the continuing trade war between the United States and China. During the third quarter of 2015, the Chinese Ministry of Commerce (MOFCOM) eliminated the use of "process in trade" to facilitate imports of polysilicon tariff free into China. Accordingly, REC Silicon decreased polysilicon prices to increase penetration of limited polysilicon markets outside of China. Lower sales volumes resulted in excess inventories and resulted in the decision to curtail manufacturing capacity at the Moses Lake facility in July of 2015.

Excess polysilicon manufacturing capacity led to excess inventory levels and resulted in decreasing spot prices through 2015. At the end of 2015, average spot prices were in a range from 13 to 14 USD/kg compared to spot prices near 20 USD/kg at the end of 2014.

REC Silicon's average annual selling prices for solar grade polysilicon decreased by 34 percent from 2014 to 2015. REC Silicon's prices were negatively impacted by price discounts offered to offset the effects of the trade war between the United States and China and weaker polysilicon markets caused by excess polysilicon supply. At the end of 2015, spot prices began to stabilize as increasing demand for polysilicon depleted excess inventories.

Silicon gas sales volumes were 3,076 MT; a 10 percent decrease from 3,428 MT in 2014. Average annual prices for Silicon gases decreased by 6% due to REC Silicon's successful efforts to protect market share compromised by the re-entry of previously shutdown competitive capacity and the West Coast Port slowdown. Overall, demand for silicon gases remained strong, however, regional competitors continue to put pressure on pricing as they attempt to capture market share.

Operating Costs and Expenses

In July of 2015, REC Silicon reduced FBR production capacity utilization at the Moses Lake facility in order to reduce high inventory levels caused by limited access to the Chinese markets due to the ongoing trade war between the United States and China. Accordingly, production of granular solar grade polysilicon decreased to 14,098 or a 10% decrease compared to 15,929 for 2014. Total polysilicon production declined by 10 percent in 2015 to 16,833 MT.

FBR cash cost increased by only 2.5 % to 12.4 USD/kg from 12.1 USD/kg in 2014 despite the curtailment of production. Low unit costs reflect record production rates achieved during the first half of 2015 and successful efforts to control costs and increase efficiency.

Earnings Before Financial Items and Income Taxes (EBIT)

EBITDA from continuing operations decreased to a loss of USD 213.0 million from income of USD 232.9 million in 2014. EBITDA for 2014 included special items; a gain of USD 101 million associated with the transfer of technology to the Yulin JV in 2014. The decrease in EBITDA was primarily driven by the decrease in solar grade polysilicon prices (34 percent decrease), lower solar grade polysilicon sales volumes (20 percent decrease), and decreases in cost efficiency caused by the curtailment of FBR capacity at the Moses Lake facility.

EBIT from continuing operations was a loss of USD -298.8 million in 2015 compared to USD 94.1 million in 2014. Depreciation, amortization, and impairment of property, plant, equipment, and intangible assets increased by USD 147.0 million compared to 2014 due to the recognition of impairment charges of USD 151.6 million. At December 31, 2015, management determined that changes in the Company's market capitalization, changes in estimated future sales prices, and the curtailment of production capacity due to uncertainty associated with the trade dispute could result in lower net cash flows. This review indicated that the carrying values of the Company's assets at December 31, 2015 may not be recoverable. Accordingly, the Company reduced the carrying values of property, plant, and equipment and recognized impairment charges of approximately USD 148 million. See note 7 to the consolidated financial statements and Risk Factors discussed below.

The remaining USD 3.6 million in impairment expense was a result of assets that have been replaced or taken out of service before the end of their estimated useful lives.

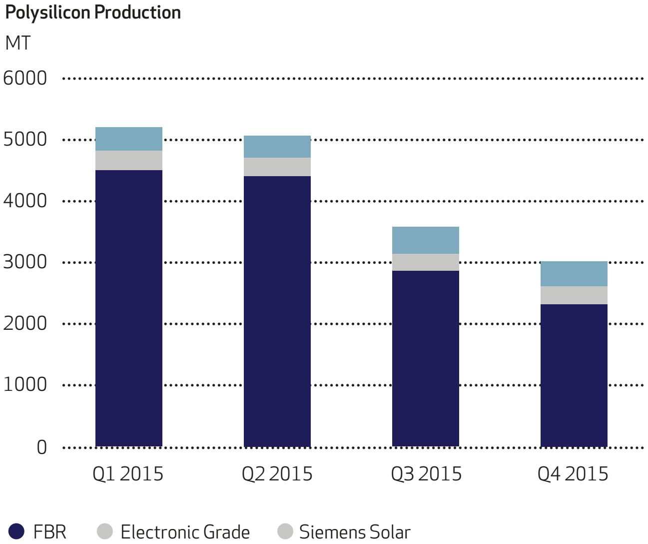
Financial Items

Net financial items changed to income of USD 110.5 million from income of USD 125.3 million in 2014. In 2015, currency gains related to USD denominated intercompany loans between the Company and the US subsidiaries decreased to a gain of USD 115.1 million in 2015 compared to USD 131.8 million in 2014. In addition, income due to fair value adjustments to the convertible bonds decreased by USD 11.3 million to USD 3.3 million in 2015. The underlying interest expense on the Company's long term debt declined from USD 17.8 million in 2014 to USD 13.7 million in 2015 due to debt maturities in 2014.

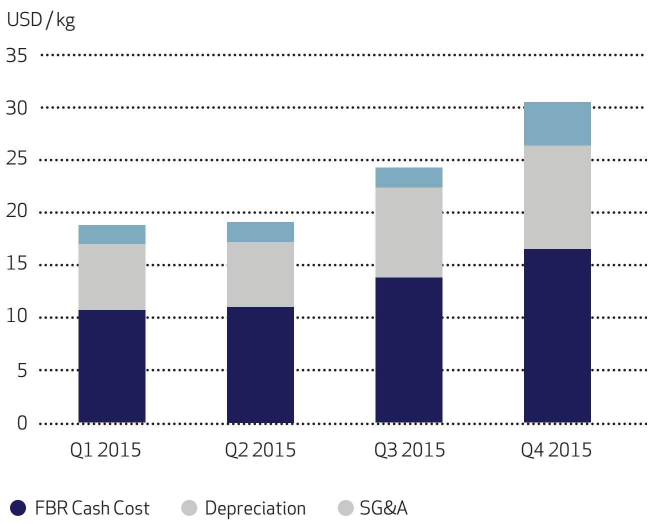
Income Taxes

Income tax changed from an expense of USD -5.4 million in 2014 to a benefit of USD 127.3 million in 2015. Tax benefit for 2015 was primarily a result of the recognition of USD 151.6 million in impairment charges as well as the decrease in earnings caused primarily by weak demand for solar grade polysilicon compared to 2014. In addition, 2014

Polysilicon Production



FBR Cost



income before tax included a gain of USD 101 million associated with the transfer of technology to the Yulin JV.

Profit and Loss
Loss from continuing operations was USD -62.8 million in 2015 compared to income of USD 213.4 million in 2014. The loss from total operations was USD -62.6 million in 2015 compared to income of USD 212.8 million in 2014.

Cash Flow
Net cash inflow from operating activities was USD 1.6 million for 2015 compared to net cash inflow of USD 87.7 million for 2014. In 2015, EBITDA from continuing operations was a loss of USD -13.0 million. In addition, the Group paid interest of USD 12.6 million and taxes of USD 3.5 million. These were offset by decreases in working capital of approximately USD 28.7 million and other items totaling USD 2.0 million.

Net cash outflow from investing activities was USD 48.2 million in 2015 compared to USD 92.8 million in 2014. In 2015, the Company reported capital expenditures of USD 54.7 million. This was offset by receipts of USD 5.7 million due to the early redemption of municipal bonds and USD 0.8 million of restricted cash deposits.

Net cash inflow from financing activities was USD 53.1 million for 2015 compared to a cash outflow of USD 143.0 million in 2014. During the third quarter of 2015, the Company issued an additional 230 million shares of the Company's stock resulting in net proceeds of USD 42.7 million and sold a net NOK 100 million of the Company's bonds held in treasury resulting in net proceeds of USD 10.4 million. Cash outflows during 2014 was due almost exclusively to the extinguishment of debt.

Cash at year end 2015 was USD 95.4 million.

Balance Sheet and Liquidity
Equity amounted to USD 921.0 million at December 31, 2015, corresponding to an equity ratio 75 percent. This compared to USD 1,054.4 million and 72 percent, respectively, at year end 2014.

Net debt decreased by USD 7.5 million to USD 86.3 million at December 31, 2016 from USD 93.8 million at December 31, 2014.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt was USD 109.4 million which represents a decrease of USD 3.0 million from USD 112.4 million at December 31, 2014. See note 17 to the consolidated financial statements.

During 2015, the Company entered into transactions to issue NOK 155 million of REC03 Bonds and to repurchase NOK 55 million of REC02 bonds. The net proceeds of these transactions was USD 10.3 million. The resulting increase in debt was offset by the impact of a stronger USD compared to NOK. There were no debt maturities during 2015.

Technology, Research, and Development
REC Silicon's long-term competitive position is only sustainable with cost efficiency and industry leading product performance. REC Silicon therefore deploys significant resources for research and development activities designed to enhance quality, improve efficiency, and reduce production cost throughout the value chain.

REC Silicon's program for producing higher grade FBR polysilicon has resulted in the development of the next generation FBR-B technology. Research related to the commercialization of FBR-B technology was completed during the fourth quarter of 2015. The Process Development Facility is being used to further develop the FBR technology.

Efforts in other areas focused on improving yield and productivity in the Siemens process and improvements to energy efficiency and productivity in silicon gas processes. Efforts to improve analytical capabilities continue to show progress and concentrate on polysilicon and silicon gases.

Research and development expenditures were USD 8.3 million in 2015 compared to USD 13.3 million in 2014. These expenditures included USD 2.5 million in 2015 in and USD 1.4 million in 2014 associated with development of FBR-B which were capitalized.

GOING CONCERN
The Board of Directors confirms that the Financial Statements have been prepared under the assumption that the company is a going concern and that this assumption was realistic at the date of the accounts.

The Board of Directors also makes reference to the risk factors discussed in this report. Specifically, the ongoing solar trade war between China and the United States create significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole.

REC SILICON ASA (NGAAP)
Financial Review
REC Silicon ASA (the Company) prepares its financial statements according to NGAAP. The Company is a holding company with corporate management and financial functions.

In 2015, REC Silicon ASA had a negative EBIT of NOK 17.2 million, compared to a negative EBIT of NOK 34.2 million in 2014. Net profit was NOK 1,459.4 million compared to a net profit of NOK 1,331.6 million in 2014. Net profit in 2015 included NOK 1,081.8 million due to net currency gains related to USD denominated intercompany loans between the Company and the US subsidiaries, NOK 17.2 million of operating expense, and NOK 393.5 million in net interest income.

Total equity for the parent company amounted to NOK 7,296.8 million at December 31, 2015 compared to NOK 5,487.8 million in 2014. This increase is a result of net profit of NOK 1,459.4 million, net proceeds from additional equity shares for NOK 348.7 million, and NOK 0.9 million for existing employee share option programs.

Allocation of the Net Profit for the Parent Company
The Board proposes that the net profit for the year of NOK 1,459.4 million be allocated to other equity.

Organization
REC Silicon ASA had one employee at the end of 2015.

Change of Control

The bond agreements and the indemnification loan have change of control provisions. If a shareholder or a group of shareholders gains control of more than 50 percent of the share capital, bondholders acquire a put option entitling them to cancel the commitments and declare all outstanding amounts and accrued unpaid interest due and payable. The bondholders in the convertible bond agreements will be entitled to convert their bonds into shares in REC Silicon ASA. More detailed information can be obtained from the bond trustee, Norsk Tillitsmann ASA.

RISK FACTORS

The Group's activities expose it to a variety of financial risks, including currency risk, interest-rate risk, liquidity risk, credit risk, refinancing risk and others. See note 3 to the consolidated financial statements.

Market Risk

REC Silicon believes that there are significant uncertainties related to the market development going forward. This uncertainty relates primarily to supply and demand balance and its effect on polysilicon prices, and the outcome of the trade dispute.

REC Silicon's access to polysilicon markets in China has been severely restricted by an import tariff imposed by the Chinese Ministry of Commerce (MOFCOM).

Tariffs imposed by the US Department of Commerce (DOC) on Chinese panels imported into the US decrease margins and increase uncertainty in an increasingly attractive US panel market. In response, tariffs imposed by MOFCOM on imports of US polysilicon into China limit access to low cost sources of polysilicon and create the potential for higher polysilicon prices in China. In addition, the tariffs encourage wafer, cell and module manufacturers to locate manufacturing capacity outside of China; threatening China's dominance in solar manufacturing and opportunities to expand employment in China.

US interests appear to be better served by a resolution to the tariff cases that would allow the US polysilicon industry, including REC Silicon, to regain access to important Chinese markets. Significant expansions to panel and cell capacity in geographic regions that are able to service US panel demand "tariff free" as well as decreasing US panel prices mean panel tariffs have diminishing value from a US perspective.

Discussions toward a resolution of the solar trade cases continue. The US and Chinese governments have reiterated their commitment to finding a resolution. REC Silicon has encouraged and supported all efforts to find a comprehensive resolution and continues to work with the US government, the Chinese government, affected companies, and industry organizations to obtain a resolution.

The outcome, timing, and impact of any resolution to the trade dispute remain uncertain.

Liquidity Risk

Debt maturities in 2016 include USD 23 million for the Indemnification loan and USD 20 million for a bond (REC02); both are denominated in NOK. See note 17 to the consolidated financial statements. At December 31, 2015 the Group has sufficient available cash to meet debt service and other anticipated operating cash flow requirements. Management's estimates of future cash requirements can be met from current working capital and cash flows generated by operations. See Note 31 Claims, Disputes, Contingent Liabilities and Contingent Assets.

Credit risk

Credit risk is primarily related to accounts receivable and guarantees provided for discontinued operations. In accounts receivable, sources of credit risk include geographic, industry and customer concentrations; and risks related to the collection. Policies and procedures are in place for managing credit risk, including obtaining securities where possible. Market and customer specific developments affect credit risk.

Currency risk

The Company's net cash flows from continuing operations are primarily in USD. Debt is denominated in USD and NOK. Accordingly, the Group's currency risk on a consolidated basis relates primarily to the sufficiency of net positive cash flows in USD to meet debt service requirements in NOK. The Group does not currently hold any hedging instruments to offset the risk of changes in exchange rates between the USD and NOK.

CORPORATE GOVERNANCE

Good corporate governance is essential to ensure that our business is run in a way that protects the long-term interest of all stakeholders. The Board of Directors have approved and implemented corporate governance principles endorsing and complying with the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The Group's compliance with the Code of Practice is described in the report on Corporate Governance for 2015 which is included in this Annual Report.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Sustainability is at the core of REC Silicon's business model, and the Company acknowledges its responsibilities toward the environment, society and the local communities in which it operates.

It is a Board responsibility to secure acceptable sustainability performance. To ensure compliance with policies, REC Silicon's management monitors performance through specific Key Performance Indicators (KPIs), reports results monthly and quarterly, and executes audits on all levels in the organization.

The Environment

REC Silicon's environment and climate policy commits the Group to maximize the positive contribution from its products and to minimize negative environmental impacts and reduce its carbon footprint.

To achieve these goals, REC Silicon includes environmental considerations in the design, manufacture, and delivery of its products. The Group sets clear objectives, monitors performance regularly, reports results, and audits to ensure continuous improvement. The Group's Pollution Prevention Plan and Process Safety Management Plan cover environmental risks in its operations and the annual, quarterly, monthly and weekly reporting includes emissions to air and water, as well as waste management.

Due to reduced production rates, the Group has reduced its greenhouse gas emissions by over 30 percent since 2012. The Group achieved a 15 percent reduction from 453,264 tons CO2 equivalents in 2014 to 386,554 tons in 2015. Water use decreased by 31 percent compared to 2014, however, this change is due primarily to improvements in methods for water use accounting rather than actual changes in water use.

Waste from manufacturing processes is sorted and recycled with third-party waste management services. REC Silicon's production and maintenance cycles cause large natural variations in waste figures. In 2015, the Group had a 9 percent increase in total waste generation, with a reduction in recycled waste of 32 percent, and a 12 percent increase in non-hazardous waste. Despite using stricter sampling protocols, the Group had a 22 percent decrease in hazardous waste compared to 2014.

The Group registered three environmental permit breaches in 2015 compared to five in 2014. There were no serious incidents or environmental releases in 2015.

Our Employees

Health and safety has the highest priority, and the Group believes that all accidents, injuries, and occupational illnesses are preventable. The target is zero incidents, zero injuries, and no harm to employees, contractors, partners, customers and communities.

REC Silicon had 656 employees as of December 31, 2015, down by 73 during 2015. This decrease is due to workforce reduction and employee attrition which were both a result of the uncertainty caused by the trade war between the United States and China.

To achieve a world-class safety culture, REC Silicon's employees are involved in safety-focused continuous improvement efforts each day. This includes assessing all work activities to eliminate inherent risks as well as applying control measures. The Group has an extensive set of HSE procedures that are regularly monitored, safety departments at each facility, and employee-driven processes that audit and further develop safety practices and protocols. All employees have the right and the responsibility to stop unsafe activities as needed.

Emphasis is placed on training employees and leadership in the Job Safety Analysis (JSA) method, which is applied to high-risk and nonstandard work activities. In 2015, the Group conducted 453 Job Safety Analyses, an increase of compared to 102 in 2014. In addition, employees conducted 701 Hazardous Recognition Audits (HRA), compared to 638 during 2014.

The Group saw an improvement in the total number of recordable injuries with 13 in 2015, down from 20 in 2014. However, the number of lost time injuries increased from 6 in 2014 to 9 in 2015. Of the 9 lost time injuries, 3 exceeded 180 days of lost work time, with one of those injuries reverting back to 2014.

Group policy now provides a benefit for paid time off (PTO) and no longer separately identifies sick days in compensating employees. Accordingly,

	2015	2014	% CHANGE
Energy			
Direct energy consumption (GWh)	863	976	-12 %
Electricity (GWh)	981	973	1 %
Total energy use (GWh)	1 844	1 949	-5 %
CO2 emissions			
Direct emissions (tCO_2-eq)	176 972	201 443	-12 %
Indirect emissions from electricity (tCO_2-eq)	209 582	251 820	-17 %
Total CO2 emissions (tCO_2-eq)	386 554	453 263	-15 %
Water			
Municipal water consumption (million m^3/yr)	0.3	0.4	-25 %
Surface water consumption (million m^3/yr)	2.2	3.3	-32 %
Surface water consumtion (million m^3/yr)	2.6	3.7	-31 %
Waste water discharge (million m^3/yr)	1.3	1.2	4 %
Waste			
Recycled waste (MT)	196	288	-32 %
Non-hazardous waste(MT)	23 001	20 606	12 %
Hazardous waste (MT)	1 342	1 723	-22 %
Total waste (MT)	24 343	22 329	9 %
Other figures			
Total number of permit breaches	3	5	-40 %

average sickness rates have not been provided. The Group maintains a health and wellness program which facilitates healthy lifestyle choices and activities.

REC Silicon is committed to equal opportunity employment and practices. All employees and applicants are treated without regard to age, gender, sexual orientation, nationality, race, religion, disability, marital situation or any other protected status. Of the employees, 14 percent are women. In the management group, 12.5 percent are women, and 40 percent of the board members are women.

REC Silicon's policies related to equal employment, harassment and discrimination clearly states the Group's expectations, examples of unwelcome behavior, and reporting and complaints procedures.

Human Rights

The Group's Code of Conduct states that REC Silicon supports fundamental human rights and will abstain from participating in any business activities that may compromise human rights, including child labor and forced labor. The main risk of human rights violations is in the Group's overseas and extended supply chain.

Ethics and sustainability are part of REC Silicon's supply chain management process. The Group seeks to contract services, purchase materials, hire, and lease equipment in a manner that ensures that REC Silicon's own sustainability policies are met. The Group's standard terms and conditions require adherence to standards on human rights, freedom of association, child and forced labor, corruption, and occupational health and safety.

The Group's focus has been on implementing a standardized sourcing process and all its strategic suppliers had contractual clauses or are subject to regulations regarding respect for human rights. The Group increased the number of supplier audits in 2015, and completed two on-site audits and six self-directed audits, where suppliers were asked to document policies and performance related to human rights, labor rights, anti-corruption and environmental protection. For 2016, REC Silicon has eight on-site audits scheduled. There were no human rights violations reported in 2015.

Anti-Corruption

REC Silicon sets high standards of integrity and believes that a sound business must be based on value-based management and clear guidelines on ethics and sustainability. The Code of Conduct, the Anti-Corruption Policy, and related procedures describe the behavior expected of our employees.

REC Silicon operates in a challenging business environment. The Code of Conduct and the Anti-Corruption Policy are backed by procedures that give practical guidance to help employees in their day-to-day work. Every employee is required to sign the Code of Conduct to acknowledge their commitment to adherence. New employees receive training on the Code of Conduct, including information about REC Silicon's anti-corruption policies and procedures.

REC Silicon investigates all potential integrity concerns and cooperates fully with the authorities. The Group takes every accusation of corruption seriously, performs thorough investigations, reports to the Board of Directors, and takes necessary action. No adverse action will be taken against an employee due to complaints submitted in good faith. Complaints can be made anonymously.

No incidents of corruption were reported in 2015.

Local Communities

REC Silicon and its employees donated approximately USD 115 thousand, down from approximately USD 200 thousand in the previous year. However, employees volunteered over 4,300 hours, up from 2,000 hours reported last year, to programs and charitable organizations in 2015.

REC Silicon provided donations and sponsored activities including Solar Races and Energy Science Days, a program that engages 1,300 students annually. REC Silicon also donated to many youth and educational programs including Big Brothers and Big Sisters, Butte High School, Montana Tech University, Big Bend Community College's Co-Op Pre-School, Boys and Girls Club, Rascal Rodeo, and Youth Outdoors. With company matching activity, employees donated to American Cancer Society's Relay for Life and Columbia Basin Cancer Foundation. REC Silicon employees also donated to United Way and area food banks.

Of the volunteer hours, employees' most significant contribution was to emergency response services including volunteer fire, law, and ambulance with over 2,800 hours recorded for 2015. Also, twelve employees held board or executive roles with local non-profit organizations.

OUTLOOK

Market Outlook

Estimates of global end market demand for PV systems in 2016 remain strong and are estimated to grow by approximately 9 percent to 64 GW (GTM Research). Demand for PV systems is expected to follow seasonality demonstrated in previous years with higher volumes anticipated during the second half of 2016. Increases in demand, limited capacity additions, and rationalization of inefficient polysilicon capacity will continue to consume excess polysilicon inventories and place upward pressure on prices globally.

Uncertainty caused by the trade war between the United States and China will continue to place downward pressure on prices realized by REC Silicon due to price discounts offered to penetrate markets outside of China. These geographic imbalances will persist until increases in polysilicon demand exceed polysilicon supply, pricing levels dictate additional curtailments of polysilicon manufacturing capacity, and/or the trade war is resolved.

In general, the global economic slowdown will continue to dampen demand for semiconductor grade polysilicon. Accordingly, the market is expected to remain weak and result in a downward trend in prices. However, opportunities for REC Silicon products in certain specialized applications will continue to be available. Long term contracts and excess inventories will continue to be the limiting factors in demand realization for semiconductor grade polysilicon.

Silicon gas forecasts indicate continued demand growth through 2016. Demand will continue to be driven primarily by growth in PV cell production. However, overall demand growth will be tempered by weaker demand for consumer electronics. Silicon gas prices are expected to remain broadly in line with fourth quarter 2015 prices. However, prices could decline as a result of competitive activities.

Production Targets
Full year 2016 production targets as well as the actual 2015 production figures are summarized in the table below.

POLYSILICON PRODUCTION VOLUME MT	2015 ACTUAL	2016 TARGET
Granular	14 098	N/A
Semiconductor Grade	1 194	1 650
Siemens Solar	1 591	1 040
Total	16 883	N/A
Silicon Gas Sales Volume (MT)	3 076	3 360

FBR production volumes during 2016 have not been provided due to the curtailment of all FBR production at the Moses Lake facility beginning in February 2016. See note 33 to the consolidated financial statements. The restart of production in Moses Lake is dependent upon improved market conditions and/or a resolution to the trade dispute between the U.S. and China.

Production of semiconductor grade polysilicon and silicon gases is located at the Company's manufacturing facility in Butte, Montana and will not be interrupted due to the curtailment of production in Moses Lake.

Production and sales achieved during 2016 will be dependent on the development of market conditions and operational performance.

Cost Targets
FDuring the production curtailment at the Moses Lake facility, FBR cash production costs will be at levels that do not represent the low cost capability of this facility. The Company plans to use available resources to execute maintenance and maintain production capabilities during the curtailment which will not result in proportional decreases in fixed manufacturing costs. Cash cost estimates for 2016 are dependent upon the restart of production. Accordingly, the Company will not provide cash cost estimates for 2016. However, when production is restarted, cash costs are expected to be at or below rates demonstrated during previous periods.

Investment and Expansion
For 2016, capital expenditures are expected to be approximately USD 16 million including USD 7 million for expansion initiatives.

During 2016, the Company's activities will be focused on maintaining the liquidity necessary to meet ongoing debt service obligations and increasing operational efficiencies to offset the impacts of weak market conditions and the impacts of the trade dispute between China and the United States.

Maintenance capital includes the impact of idling production capabilities at the Moses Lake facility. The Company will defer and delay capital spending when possible while maintaining safe operating conditions in order to retain cash.

Activities associated with all expansion projects have been halted due to market conditions. Ongoing expenditures associated with expansion initiatives consist only of items for which non-cancelable commitments exist.

Activities associated with the Yulin JV are progressing as anticipated. See notes 8 and 29 to the consolidated financial statements.

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 REC Silicon's activities described in section "Risk Factors" above.

Fornebu, April 5, 2016
Board of Directors

Espen Klitzing
Member of the Board

Jens Ulltveit-Moe
Chairman of the Board

Ragnhild Wiborg
Member of the Board

Erik Løkke-Øwre
Member of the Board

Inger Berg Ørstavik
Member of the Board

Tore Torvund
President and CEO

STATEMENT OF COMPLIANCE

The Board of Directors and the Chief Executive Officer (CEO) have today considered and approved the report from the Board of Directors and CEO, the financial statements for the Group and for the parent company REC Silicon ASA (the Company) for the year ending December 31, 2015.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements as stated in the Norwegian Accounting Act that are applicable at December 31, 2015. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway that are applicable at December 31, 2015. The report from the Board of Directors and CEO, including the report on corporate governance, for the Group and the Company has been prepared in accordance with the Norwegian Accounting Act and the Norwegian Accounting Standard no. 16 applicable at December 31, 2015.

We confirm that, to the best of our knowledge:

- The financial statements for the Group and the Company for the year ending December 31, 2015 have been prepared in accordance with applicable accounting standards, and
- The information in the financial statements gives a true and fair view of the Group's and the Company's assets, liabilities, financial position, and results of operations for the year ending December 31, 2015, and
- The report from the Board of Directors for the year ending December 31, 2015 includes a fair review of:
  - The development, results of operations and position for the Group and the Company, and
  - The principal risks and uncertainties for the Group and the Company.

Fornebu, April 5, 2016
Board of Directors

Espen Klitzing
Member of the Board

Jens Ulltveit-Moe
Chairman of the Board

Ragnhild Wiborg
Member of the Board

Erik Løkke-Øwre
Member of the Board

Inger Berg Ørstavik
Member of the Board

Tore Torvund
President and CEO

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

REC Silicon ASA (the "Company") and its subsidiaries (together REC Silicon Group/the Group), endorses the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board. The latest amendments to the Code of Practice (last revised October 30, 2014) are also incorporated into the reporting requirements of the Accounting Act.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board has adopted the following report that explains how the Group meets the requirements of the Code of Practice and the Accounting Act. The application of the Code of Practice is based on the "comply or explain" principle and deviations from the code, if any, will be explained.

REC Silicon Group deviated from the recommendations in the Code of Practice on three sections in 2015. These deviations pertained to; Nomination Committee's independency and arrangements for shareholders to submit candidate proposals for the Board (Section 7); separate proxy voting for candidates to the Board (Section 6); and separate regulations for takeover bids (Section 14).

Corporate Values, Code of Conduct and Corporate Social Responsibility

REC Silicon's vision is to be a global leader in silane-based, high-purity silicon materials. The Group's objective is long-term value creation for its shareholders.

The Group believes sound business must be based on value-based management and clear guidelines on ethics and sustainability.

The Group's ethical values and corporate social responsibility are described in the Code of Conduct and other Group policies on sustainability. The Code of Conduct includes requirements for compliance with laws, ethical behavior and professional integrity for all employees and board members of the Company and its subsidiaries. The Code of Conduct is available on the Company's website at www.recsilicon.com.

In addition, the Group has adopted the following policies:

- Anti-Corruption policy
- Business conduct policy
- Safety and health policy
- Quality and improvement policy
- Environment and climate policy

The Corporate Governance principles, the Code of Conduct and the group policies have been adopted by the Board and are reviewed on a regular basis. Employees can access these polices and principles on the Group's internal website.

2. BUSINESS

The purpose of the Company is described in the Articles of Association § 3:

"The Company's purpose is development and sale of products and services related to renewable energy sources, and to perform other financial operations related to such. The Company may, through subscription of shares or in any other ways, including granting of loans, acquire interests in other companies with identical or similar purposes".

The Group believes the solar industry plays a key role as a long-term supplier of sustainable energy and its business is focused on the production of polysilicon and silicon gases for the solar and electronics industries. To make solar electricity competitive with traditional energy sources, the Group focuses on cost reduction and improvements to products. This should be achieved through introduction of new process and product technologies as well as continuous productivity improvement and technology development. The Group's strategies and business goals are presented in the annual report, quarterly reports, and at various investor meetings.

3. EQUITY AND DIVIDENDS

The Groups consolidated equity was USD 921.0 million on December 31, 2015, which represented 75 percent of total assets.

The Board considers the Group's capital structure appropriate for the current objectives, strategy, and risk profile. Reference is also made to the consolidated financial statements (note 3.3) regarding capital structure and financing and to the report of the Board of Directors.

The Group's ambition is to give its shareholders a high and stable return on their investment and to be competitive compared with alternative investment opportunities with comparable risk.

To support committed investments and productivity improvements, the Board's view so far has been that retained earnings should be put to profitable use within the Company. Accordingly, there has been no distribution of dividends to the shareholders since the Company was publicly listed in 2006.

The Board of Directors did not propose any dividend payments for the financial year 2015.

The Board will continue to assess the capital structure based on the goals and strategies and the financial situation of the Company.

At the Annual General Meeting (AGM) on May 6, 2015, the Board was granted the following authorities:

- Authority to acquire treasury shares in the Company (up to a maximum of ten percent of the face value of the share capital)
- Authority to increase the share capital (up to ten percent of the existing share capital).

These authorities are restricted to defined purposes and each mandate was considered separately. They are valid until the AGM in 2016 or no later than 15 months from the date of the 2015 AGM.

For further information about the mandates given to the Board, reference is made to the minutes from REC Silicon's 2015 Annual General Meeting dated May 6, 2015, which are available on the Company's website (www.recsilicon.com).

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

REC Silicon ASA has one class of shares and each share confers one voting right at the General Meetings. The Articles of Association contain no restrictions on voting rights. The Company seeks to conform to the principles for equal treatment of shareholders and is generally cautious in transactions with shareholders, members of the Board of Directors, Group Management, or other related parties.

The Group did not acquire any of its own shares in 2015.

The Board has adopted guidelines to ensure that they will be informed of possible interests of Board members or members of Group Management or close associates in any transaction or matter dealt with by the Board, as well as guidelines for handling of such situations. The Board must review and approve all transactions between the Group and Group Management or the Board of Directors.

During 2015, Board member Erik Løkke-Øwre invoiced USD 96 thousand to REC Silicon for consultancy work. Also during 2015, Board member Ragnhild Wiborg invoiced USD 32 thousand to REC ASA for consultancy work. This work was approved in advance and was reviewed on a regular basis by the Board of Directors.

REC Silicon ASA's offices are owned by the shareholder UMOE AS and leased to the Company. UMOE AS is controlled by Board Chairman Jens Ulltveit-Moe.

There were no other agreements in 2015 between the Group and its shareholders, directors, Group Management or other related parties that could be described as a material transaction.

5. FREELY NEGOTIABLE SHARES

The Company is listed on the Oslo Børs. All shares are without any restrictions and are freely tradable.

6. GENERAL MEETINGS

The General Meeting is the Company's highest authority. All shareholders are guaranteed participation and the opportunity to exercise their rights. The Annual General Meeting (AGM) has adopted the Articles of Association, where the notice period, right to attend and agenda proposals are regulated. The Board, auditor, or shareholders representing at least 5 percent of the shares can call for Extraordinary General Meetings when deemed necessary.

According to the Articles of Association, the AGM is to be held by the end of June every year. The AGM is to be held in the municipality where the Company has its registered business address or in Oslo. The 2016 Annual General Meeting is scheduled for May 3, 2016 in Oslo.

The notice of the General Meeting and supporting documents are made available on the Company's website no later than three weeks prior to the date of the meeting. Shareholders may however request the documents by mail.

Efforts are made to ensure that proposed resolutions and supporting information are sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The notice includes information about shareholders' rights.

Shareholders wishing to participate at the General Meeting shall notify the Company within a specific time limit. The time limit cannot expire earlier than five days prior to the General Meeting. Shareholders who have not given notice within the time limit may be denied participation at the meeting. Shares must be registered by the fifth business day prior to the date of the meeting in order to exercise rights to attend and vote at the General Meeting. Registration of attendance may be done by mail, e-mail, or via the Company's website.

Separate voting on each candidate for election to the Board and nomination committee is offered at the general meeting.

Shareholders are entitled to request that specific matters be placed on the agenda of a general meeting by giving written notice to the Board within seven days prior to the time limit for notice of the general meeting together with a proposal for resolution and reasons why the matter is proposed for consideration. If the notice has already been distributed, a new notice shall be distributed if the time limit for notice to the general meeting has not expired.

Shareholders who cannot attend the General Meeting may vote by proxy. They may elect a proxy of their choice, and the Company also nominates a person that shareholders may elect as a proxy. Information about the procedures shareholders must observe to participate and vote is given together with the notice of the meeting. A proxy form is prepared in a way that allows separate voting instructions to be given for each matter considered.

The Articles of Association allow the Board to accept written advance votes subject to the existence of a satisfactory method for verifying the identity of the shareholder. The Articles of Association also allow the Board to accept votes cast through electronic communication. So far, no satisfactory solutions for written advance votes and electronic voting have been established, but the Board will continue to evaluate any solutions that become available.

The Chairman of the Board, the Board members, the auditor, and the members of the Nomination Committee are normally present at the General Meeting. All Board members are encouraged to participate at the meeting.

The General Meeting is opened by the Chairman of the Board who nominates an independent chair for election to lead the meeting.

The minutes of General Meetings are made available on the Company's website shortly after the meeting is completed.

Deviation from the Code of Practice:
The Code recommends that separate proxy voting for candidates to the Board be available for shareholders who are unable to attend the AGM in person. However, it is not possible to vote separately on each candidate nominated to the Board by way of proxy because the composition of the Board must be in accordance with applicable legislation regarding gender representation and qualifications for committee assignments. The nomination committee's proposal is given with respect to such legislation. Should a situation arise where the composition of the Board might conflict with applicable legislation, the situation and consequences of electing a board contrary to legislation should be discussed at the General Meeting and shareholders should base their votes on the views discussed.

7. NOMINATION COMMITTEE

The Articles of Association provide for a Nomination Committee consisting of three members. The members are elected by the AGM for a term of two years and the general assembly appoints the chair of the Committee. The remuneration of the Nomination Committee is decided by the AGM. The Nomination Committee makes proposals to the AGM for members to be elected to the Nomination Committee.

The Nomination Committee presents recommendations to the General Meeting regarding election of shareholder-elected members to the Board and the remuneration for members of the Board. The Committee's recommendations provide relevant information of the candidates, and are based on consultations with the largest shareholder groups of the Company.

The Nomination Committee examines the annual report by the Board of Directors on the evaluation of its own work and takes its contents into consideration when making its recommendations on board composition. The Committee also consults with the CEO, the Chairman of the Board, the shareholder-elected Board members and the largest shareholders of the Company before submitting its proposals.

The Nomination Committee presents and provides the basis for the proposals by the Committee at the General Meeting and also reports on how its work has been carried out during the past year. The rules of procedure do not establish rules for rotation of the members of the Nomination Committee. The current members of the Nomination Committee are Mr. Rune Selmar (chair) (elected in 2014), Ms. Live Haukvik Aker (2015), and Ms. Karen Helene Ulltveit-Moe (2014).

Deviation from the Code of Practice:
The Code recommends that the members of the Nomination Committee are independent of the Board. However, in 2014 Ms. Karen Helene Ulltveit-Moe, wife of largest shareholder and chair of the Board Mr. Jens Ulltveit-Moe, was elected member of the Nomination Committee. The Code further recommends that the company arrange for shareholders to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments. By the end of 2015, the Company has however not made any such arrangements.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Company does not have a corporate assembly.

The Board consists of between five and twelve directors (five directors as of December 31, 2015). Up to eight are elected by the shareholders. Board members elected by the shareholders are elected for a term of one year.

The directors are presented in the Annual Report with information about education and experience. Currently two of the five shareholder-elected members are women.

All members of the Board are independent of Group Management. A majority of the Board members are independent of material business contacts.

The following three Board members are independent of the Company's main shareholders:

- Erik Løkke-Øwre
- Ragnhild Wiborg
- Inger Berg Ørstavik

The Board elects a Chairman according to the Articles of Association and the Public Limited Liability Companies Act § 6-1 (2).

Board members are encouraged to acquire shares with due consideration to the requirements of the Securities Trading Act and Company procedure for primary insiders. The Company assists Board members compliance with mandatory disclosure obligations. Primary insiders should abstain from short-term transactions in financial instruments, and that they should apply due care and diligence with regard to ownership periods.

9. WORK OF THE BOARD OF DIRECTORS
The Board has the ultimate responsibility for the management of the Company and the Group and for supervising management.

The Board has adopted an annual plan for work with respect to fixed items. Other items are added as required. The Board held 15 board meetings in 2015, which were all attended by all Board members.

MEMBERS OF BOARD OF DIRECTORS	POSITION	BOARD MEMBER SINCE	UP FOR ELECTION	PARTICIPATION AT BOARD MEETINGS IN 2015
Jens Ulltveit-Moe	Chairman	2013	2016	15 of 15
Ragnhild Wiborg	Board member	2013	2016	15 of 15
Espen Klitzing	Board member	2013	2016	15 of 15
Erik Løkke-Øwre	Board member	2013	2016	15 of 15
Inger Berg Ørstadvik	Board member	2013	2016	15 of 15

The Board has adopted "Rules of procedures for the Board of Directors". The rules describe Board responsibilities, duties and administrative procedures as well as the tasks and duties of the Chief Executive Officer. The Board has also adopted a Chart of Authority regulating matters that are to be decided by the Board and matters that may be decided by Group Management. The Chart of Authority distinguishes between investment decisions, customer contracts, procurement contracts, compensation, and finance and is reviewed on an annual basis. The Board holds at least one meeting per year with the auditor and without any members of Group Management or administration present.

The Board engages a third party consultant to evaluate the performance of the Board of Directors. This evaluation is based upon interviews with members of the Board and members of management interacting with the Board. The evaluation is designed to measure Board performance in its entirety and be reflective of best practices in governance. The results of this evaluation are provided to the Chairman of the Board of Directors and incorporated in the work of the Board of Directors as appropriate.

The Board has established two committees: an Audit Committee and a Compensation Committee.

Audit Committee
The Audit Committee consists of two members of the Board both of which are independent of Group Management. The Committee collectively has the competence required in the Public Limited Liability Companies Act § 6-42. Both members are independent according to § 6-42 Public Limited Liability Companies Act, and both members have the required qualifications within accounting and auditing.

The Committee supports the Board with respect to the assessment and control of financial risk, financial reporting, auditing, control, and prepares discussions and resolutions for Board meetings. It has no decision-making authority. In addition, under the whistleblower procedure, complaints from employees and other concerned parties are received and followed up by the Committee. The Chief Financial Officer participates in the meetings of the Audit Committee. The Committee holds at least one meeting per year with the auditor and without the Chief Financial Officer or any other members of the Group Management and administration present.

The Audit Committee held 7 meetings in 2015 and was in regular contact with the Company's auditor regarding audits of the statutory accounts. The Committee also assesses and monitors the auditor's independence, including non-audit services provided by the auditor.

The Committee makes recommendations to the Board with respect to appointment, retention and termination of the Group's auditor as well as the auditor's fees. The Committee reviews complaints regarding accounting, internal controls, and auditing matters.

The tasks and rules of procedure of the Audit Committee are further regulated in the Audit Committee Charter.

The audit committee members are currently Ms. Ragnhild Wiborg (chair) and Mr. Espen Klitzing.

Compensation Committee
The Compensation Committee consists of two members of the Board, which are independent of the executive management. The Committee supports the Board by preparing resolutions on the terms and conditions of employment for the Chief Executive Officer and the general principles and strategies for compensation of Group Management including bonus and share based compensation as well as other personnel matters. It also makes recommendations to the Board on employee share purchase programs.

The tasks and procedures of the Compensations Committee are further regulated in the Compensation Committee Charter.

The Compensation Committee members are currently Mr. Erik Løkke Øwre and Ms. Inger Ørstavik.

During 2015, the Compensation Committee met 3 times.

10. RISK MANAGEMENT AND INTERNAL CONTROL
The Group's risk management system shall ensure that the Group has a systematic and uniform approach to risk management. The system defines roles, responsibilities, processes and procedures, standards, tools and documentation. Group Management sets the context in which risks are managed and supervises the risk management process.

Group Management performs separate risk evaluations based on a top-down approach. Risk assessments are presented to the Audit Committee and the Board of Directors. The Board performs a review of risks in connection with the approval of the annual budget.

Group Management generates a monthly report, which is provided to the Board of Directors as requested. This report includes operational reviews, HSE (Health, Safety and Environment) measures, financial highlights and key performance indicators. Prior to each Board meeting, the CEO prepares a report to the Board of Directors, which includes information from monthly management report in addition to any items requested by Board members and items requiring action by the Board of Directors.

Because the Group operates internationally, it is required to comply with numerous national and international laws and regulations. All business activities and processes must be conducted in accordance with laws, and regulations.

To strengthen internal control, the Group has established an Anti-Corruption Policy and procedures, provided training to employees and managers, and performed a fraud risk assessment. Whistleblower complaints and other internal control activities are presented to the Audit Committee according to the Audit committee charter.

To ensure consistent financial reporting throughout the Group, financial information is reported through a computerized financial reporting system utilizing a common chart of accounts and procedures designed to ensure the consistency of information reported. Subsidiaries accumulate transactional information, period end balances, and performance statistics through ERP systems designed to meet the business requirements of each operation. Quarterly and year-end reporting processes are expanded to meet various supplementary requirements.

The quarterly and yearly reporting process and significant accounting and reporting issues are discussed with the Audit Committee in the presence of the external auditor.

The Group's financial risk management is described in the consolidated financial statements (note 3). Reference is also made to the Board of Directors' report that includes an analysis of the financial statements and the risk factors.

11. REMUNERATION OF THE BOARD OF DIRECTORS
The members of the Board receive remuneration in accordance with their individual roles. Board members who participate in the Audit Committee or the Compensation Committee receive additional compensation.

Board remuneration is not linked to Company performance and members are not granted share options. During 2015, Board members Erik Løkke-Øwre invoiced USD 96 thousand and Ragnhild Wiborg invoiced USD 32 thousand to REC Silicon for consultancy work. No other shareholder-elected members have taken on specific assignments in addition to their appointment as members of the Board. See paragraph 4 above.

Details on the remuneration of the Board of Directors are disclosed in the consolidated financial statements (note 16).

12. REMUNERATION OF THE GROUP MANAGEMENT
The Board determines remuneration of the Chief Executive Officer.

Group Management remuneration has been established according to guidelines from the Board. The Board presented its policy on the remuneration of Management at the AGM in May 2015. The general meeting approved the policy.

The Board of Directors statement regarding compensation of leading employees has been included in the consolidated financial statements (note 16).

The remuneration of the Group Management consists of a basic salary, relevant fringe benefits and membership in the company's pension and insurance schemes. The remuneration also includes performance bonuses for selected individuals based on an annual performance-related compensation system. In addition, the Board has adopted an incentive program for keeping key personnel.

The performance bonuses are linked to the Group's financial performance and defined KPI's over time and includes incentives related to performance employees can influence. There are absolute limits for the performance-related remuneration, where maximum performance bonus payout for the management varies between 33-100 percent of the yearly fixed base salary.

In 2015, the Board further extended a long-term incentive program for keeping key personnel, whereby employees' entitlements are linked to the share price development of the Company's shares. Details on the features and awards made under this plan are disclosed in the consolidated financial statements (note 32).

At the AGM in 2015, the general assembly voted separately on the compensation to leading employees and the statement regarding long-term incentive plans.

Details on the remuneration of the Chief Executive Officer and other members of Group Management are disclosed in the consolidated financial statements (note 16).

13. INFORMATION AND COMMUNICATION

The Company treats its investors equally. Timely information is published simultaneously to all investors in accordance with applicable legislation and regulation in order to provide the best possible basis for evaluation of Company performance.

The Board has adopted an IR policy specifying, among other things, who is entitled to speak on behalf of the Company on various subjects and with guidelines for the Company's contact with shareholders other than through General Meetings.

Presentations that are open to the public are conducted in connection with quarterly reports and are made available through a webcast. The Chief Executive Officer and the Chief Financial Officer normally participate in quarterly presentations. The Investor Relations Officer participates at the quarterly presentations. Furthermore, the Company keeps an ongoing dialogue with its investors and makes presentations to analysts and investors through various conferences and events.

The Company observes a "Silent Period" extending from the last day of the quarter until operating results are released publicly. During this period, Group Management is not available for discussions with investors or analysts. Investor relations is available on a limited basis to provide material previously released and to facilitate the collection and distribution of consensus forecasts.

The Investor Relations (IR) function is in charge of coordinating the Company's communications to the market and to existing and potential investors of the Company. The Investor Relations Officer reports to the Chief Financial Officer.

The annual report is sent to shareholders on request. The annual and quarterly reports, Stock Exchange announcements, presentations, and the financial calendar are published on the Company's website.

Each year the Company publishes a financial calendar indicating the publication dates of interim reports and the date of the Annual General Meeting. The calendar is available on the Company's website at www.recsilicon.com.

14. TAKE-OVERS

The Company has no defense mechanism to prevent take-over bids. The Board is open to initiatives that are commercially and financially attractive for the shareholders. The Board assesses potential offers in accordance with applicable legislation and Code of Conduct requirements in due course.

Any transaction that effectively constitutes a disposal of a majority of the Company's activities will be decided by the General Meeting.

Deviation from the Code of Practice:

The Board has not established separate guidelines in the event of a take-over bid as recommended by the Code of Practice.

15. AUDITOR

The Company's external auditor is independent from the Company and elected by the AGM.

The auditor participates at Board meetings with respect to the Annual Financial Statements and provides comments related to the accounting principles and the Financial Statements. The auditor comments on any material changes in the Company's accounting principles, material estimates used to calculate accounting figures, and reports disagreements between the auditor and Group Management.

The auditor presents the most significant identified weaknesses and proposals for improvements of the internal control procedures annually to the Board with an annual confirmation that the auditor had satisfied the requirements for independence together with a summary of all services provided to the Group. The auditor meets with the Audit Committee and the Board once a year without the Chief Executive or any other member of the Group Management present.

The auditor participates in meetings of the Audit Committee and presents the main features of the audit plan to the Committee.

Remuneration of the auditor is approved by the AGM. The auditor provides a break-down between audit and non-audit services, and the AGM is given information about non-audit services provided by the auditor. The Board has issued guidelines regarding Group Management's use of the auditor for services other than audit.

The auditor participates at the AGM and presents the independent auditor's report.

FINANCIAL STATEMENTS

REC SILICON GROUP & REC SILICON ASA

REC SILICON GROUP

Consolidated statement of financial position	22
Consolidated statement of income	24
Consolidated statement of comprehensive income	25
Consolidated statement of changes in equity	26
Details of consolidated comprehensive income	27
Consolidated statement of cash flows	28
Index of the notes to the consolidated financial statements	29
Notes to the consolidated financial statements	30

REC SILICON ASA

Balance sheet (NGAAP)	68
Income statement (NGAAP)	70
Statement of cash flows (NGAAP)	71
Index of the notes to the financial statements	72
Notes to the financial statements	73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	2015	2014
ASSETS			
Non-current assets			
Intangible assets	6	**21.9**	24.2
Land and buildings	6	**62.8**	74.6
Machinery and production equipment	6	**605.2**	839.9
Other tangible assets	6	**16.2**	20.9
Assets under construction	6	**65.8**	35.3
Property, plant and equipment	6	**750.0**	970.6
Government grant assets	12	**110.8**	116.7
Other non-current receivables	12	**4.1**	8.7
Restricted bank accounts non-current	14	**0.0**	4.1
Financial assets and prepayments		**4.1**	12.8
Deferred tax assets	18	**34.5**	0.0
Total non-current assets		**921.2**	1 124.4
Current assets			
Inventories	13	**141.6**	128.2
Trade and other receivables	12	**70.3**	124.1
Restricted bank accounts	14	**3.7**	1.1
Cash and cash equivalents	14	**95.4**	96.4
Total current assets		**311.0**	349.8
Total assets		**1 232.2**	1 474.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
REC SILICON GROUP

(USD IN MILLION)	NOTES	2015	2014
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital		**3 158.0**	3 115.3
Other equity and retained earnings		**-2 237.0**	-2 060.9
Total shareholders' equity		**921.0**	1 054.4
Non-current liabilities			
Retirement benefit obligations	19	**18.2**	18.4
Deferred tax liabilities	18	**5.5**	94.1
Investments in Associates	8	**28.5**	22.4
Derivatives	11	**0.0**	2.0
Non-current financial liabilities, interest bearing	17	**138.8**	190.4
Non-current prepayments, interest calculation	20	**1.1**	3.2
Other non-current liabilities, not interest bearing		**0.2**	0.1
Total non-current liabilities		**192.3**	330.5
Current liabilities			
Trade payables and other liabilities	20	**72.5**	80.1
Current tax liabilities	18	**0.0**	2.6
Derivatives	11	**1.4**	0.0
Current financial liabilities, interest bearing	17	**42.9**	-0.2
Current prepayments, interest calculation	20	**2.0**	6.7
Total current liabilities		**118.9**	89.3
Total liabilities		**311.2**	419.8
Total equity and liabilities		**1 232.2**	1 474.2

Fornebu, April 5, 2016
Board of Directors

Espen Klitzing
Member of the Board

Jens Ulltveit-Moe
Chairman of the Board

Ragnhild Wiborg
Member of the Board

Erik Løkke-Øwre
Member of the Board

Inger Berg Ørstavik
Member of the Board

Tore Torvund
President and CEO

CONSOLIDATED STATEMENT OF INCOME REC SILICON GROUP

(USD IN MILLION)	NOTES	2015	2014
Revenues	5	**329.9**	493.0
Cost of materials		**-96.1**	-99.7
Changes in inventories		**12.0**	29.2
Employee benefit expenses	24	**-89.5**	-93.5
Other operating expenses	22	**-169.2**	-197.0
Other income and expenses	23	**-0.1**	101.0
EBITDA		**-13.0**	232.9
Depreciation	6	**-131.1**	-131.9
Amortization	6	**-3.1**	-2.5
Impairment	6,7	**-151.6**	-4.3
Total depreciation, amortization and impairment		**-285.7**	-138.8
EBIT		**-298.8**	94.1
Share of profit/loss in joint ventures	3	**-1.8**	-0.6
Financial income	25	**3.4**	4.6
Net financial expenses	25	**-11.2**	-24.2
Net currency gains/losses	25	**115.1**	131.8
Net gains/losses derivatives and fair value hedge	25	**0.0**	-1.5
Fair value adjustment convertible bonds	25	**3.3**	14.6
Net financial items		**110.5**	125.3
Profit/loss before tax from continuing operations		**-190.1**	218.8
Income tax expense/benefit from continuing operations	18	**127.3**	-5.4
Profit/loss from continuing operations		**-62.8**	213.4
Profit/loss from discontinued operations, net of tax	9	**0.2**	-0.6
Profit/loss from total operations		**-62.6**	212.8
Attributable to:			
Owners of REC Silicon ASA		**-62.6**	212.8
Earnings per share (In USD)			
From total operations			
-basic	26	**-0.03**	0.09
-diluted		**-0.03**	0.09

EBITDA is earnings before financial items, income taxes, depreciation, amortization and impairment.

EBIT is earnings before net financial items and income taxes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	**2015**	2014
Profit/loss for the period	**-62.6**	212.8
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	**-0.8**	-0.1
Currency translation effects	**-132.3**	-139.5
Sum items that will not be reclassified to profit or loss	**-133.1**	-139.6
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences		
- taken to equity	**19.6**	25.0
Sum items that may be reclassified subsequently to profit or loss	**19.6**	25.0
Total other comprehensive income	**-113.6**	-114.6
Total comprehensive income	**-176.2**	98.2
Total comprehensive income attributable to:		
Owners of REC Silicon ASA	**-176.2**	98.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
(USD IN MILLION)	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	**TOTAL PAID-IN CAPITAL**	OTHER EQUITY	COMPREHENSIVE INCOME	**TOTAL EQUITY**
Year 2014							
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**
Share issue	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Total comprehensive income	0.0	0.0	0.0	**0.0**	0.0	98.2	**98.2**
At Year 2014	377.1	2 696.4	41.8	**3 115.3**	174.0	-2 235.0	**1 054.4**
Year 2015							
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**
Share issue	28.2	14.5	0.0	**42.7**	0.0	0.0	**42.7**
Total comprehensive income	0.0	0.0	0.0	**0.0**	0.0	-176.2	**-176.2**
At December 31, 2015	405.3	2 710.9	41.8	**3 158.0**	174.1	-2 411.1	**921.0**

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	**TOTAL**
Year 2014				
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**
Year 2015				
Accumulated at January 1, 2015	18.1	20.9	-2 274.0	**-2 235.0**
Profit/loss from total operations	0.0	0.0	-62.6	**-62.6**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	-0.8	**-0.8**
Currency translation effects	0.0	0.0	-132.3	**-132.3**
Sum items that will not be reclassified to profit or loss	0.0	0.0	-133.1	**-133.1**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	24.7	0.0	0.0	**24.7**
Tax on currency translation differences taken to equity	-5.1	0.0	0.0	**-5.1**
Sum items that may be reclassified to profit or loss	19.6	0.0	0.0	**19.6**
Total other comprehensive income for the period	19.6	0.0	-133.1	**-113.6**
Total comprehensive income for the period	19.6	0.0	-195.7	**-176.2**
Accumulated at December 31, 2015	37.7	20.9	-2 469.7	**-2 411.2**

CONSOLIDATED STATEMENT OF CASH FLOWS TOTAL OPERATIONS REC SILICON GROUP

(USD IN MILLION)	NOTES	2015	2014
Cash flows from operating activities			
Profit/loss before tax from total operations 1)		-189.9	218.2
Income taxes paid/received		-3.0	3.4
Depreciation, amortization and impairment	6,7	285.7	138.8
Fair value adjustment convertible bond	25	-3.3	-14.6
Equity accounted investments, impairment financial assets, gains/losses on sale	8	1.8	0.6
Gains/losses on disposal of discontinued operations	9	-0.2	0.6
Changes in receivables, prepayments from customers etc.	12	38.2	-3.5
Changes in inventories	13	-13.4	-33.0
Changes in payables, accrued and prepaid expenses	20	-3.8	-4.0
Changes in provisions	20	0.0	-1.3
Changes in VAT and other public taxes and duties	20	2.5	3.4
Changes in derivatives	11	-0.3	11.3
Currency effects not cash flow or not related to operating activities 3)	25	-111.7	-127.4
Other items 2)		-1.0	-104.8
Net cash flow from operating activities		1.6	87.7
Cash flows from investing activities			
Cash payments for shares (incl. equity accounted investments)	8	0.0	-75.0
Proceeds from finance receivables and restricted cash	14	0.8	5.6
Proceeds from sale of property, plant and equipment and intangible assets	8	0.0	198.0
Payments for property, plant and equipment and intangible assets	6	-54.7	-35.8
Proceeds from investment in municipal bonds		5.7	0.0
Net cash flow from investing activities		-48.2	92.8
Cash flows from financing activities			
Increase in equity	15	42.7	0.0
Payments of borrowings and up-front/waiver loan fees	17	-6.7	-143.1
Proceeds from borrowings	17	17.1	0.0
Net cash flow from financing activities		53.1	-143.0
Effect on cash and cash equivalents of changes in foreign exchange rates	25	-7.4	-2.6
Net increase/decrease in cash and cash equivalents		-1.0	34.8
Cash and cash equivalents at the beginning of the period		96.4	61.6
Cash and cash equivalents at the end of the period		95.4	96.4

1) Profit / loss before tax from total operations consists of		
Profit/loss before tax from continuing operations	-190.1	218.8
Profit/loss before tax from discontinued operations	0.2	-0.6
Profit/loss before tax from total operations	-189.9	218.2

2) In 2014, Other items includes a gain of USD 101 million due to the sale of technology to the Yulin JV for which the cash flows have been reflected in investing activities.

3) Net currency gains in 2015 and 2014 are primarily related to changes in currency rates on intercompany loan balances between group members with different functional currencies

INDEX OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REC SILICON GROUP

NOTE		PAGE
1	General information	30
2	Summary of significant accounting policies	30
3	Financial risk management	35
4	Critical accounting judgments and key sources of estimation uncertainty	36
5	Segment information	37
6	Fixed assets	38
7	Impairments of cash-generating units	40
8	Equity accounted investments (associates and joint ventures)	42
9	Discontinued operations	43
10	Related party transactions	43
11	Derivative financial instruments	44
12	Receivables and government grant asset	44
13	Inventories	45
14	Cash and cash equivalents and restricted bank accounts	46
15	Shareholder information	46
16	Management and board of directors' compensation, loans, shares, bonds	47
17	Borrowings	50
18	Income tax expense and deferred tax assets and liabilities	52
19	Retirement benefit obligations and expenses	55
20	Trade payables, provisions and other liabilities	57
21	Government grants	57
22	Other operating expenses	58
23	Other income and expenses	58
24	Employee benefits	59
25	Financial income and expenses	59
26	Earnings per share	60
27	Dividends per share	61
28	Research and development	61
29	Commitments, guarantees, pledges	62
30	Other information financial instruments	63
31	Claims, disputes, contingent liabilities and contingent assets	66
32	Share-based compensation	67
33	Events after the reporting period	67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REC SILICON GROUP

1 GENERAL INFORMATION

REC Silicon ASA was established in Norway on December 3, 1996. The Company is headquartered in Lysaker, Norway.

Company and its subsidiaries (together, "REC Silicon Group" or "Group") have a presence in the international solar energy industry. Group operations are focused on the production of polysilicon and silicon gases for the solar and electronics industries.

The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Fornebuveien 84, Lysaker.

These consolidated financial statements have been approved for issue by the Board of Directors on April 5, 2016 and are subject to approval by the Annual General Meeting on May 3, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), relevant interpretations, and the Norwegian Accounting Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by impairment of some assets, the revaluation of derivative instruments, and convertible bonds measured at fair value as well as fair value adjustments of parts of the fixed interest rate bonds.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Actual outcomes may differ substantially. It also requires management to exercise judgment in applying the Group's accounting policies. Areas involving a high degree of judgment or complexity, and areas where assumptions and estimates have a significant impact are disclosed in note 4.

2.2 CONSOLIDATION

(A) Subsidiaries

Subsidiaries are entities controlled by the Group. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date control is obtained until the date that control ceases.

All subsidiaries are owned 100 percent and there are no non-controlling interests.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated.

(B) Joint arrangements

A joint venture is an arrangement where two or more parties have joint control. Joint control exists only when decisions require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by the equity method of accounting.

(C) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for by the equity method of accounting.

2.3 SEGMENT REPORTING

An operating segment is a distinguishable component of the Group that is engaged in providing products that are subject to similar risks and returns and corresponds to management reporting.

REC Silicon produces silicon gas and polysilicon for the photovoltaic and semiconductor industries. REC Silicon is comprised of the operating companies REC Solar Grade Silicon LLC (SGS) and REC Advanced Silicon Materials LLC (ASiMI) located in the United States. Management can elect to produce similar products from either facility (with some adjustments), common intermediate production materials are produced only at Moses Lake, and silane gas is transferred from the Butte facility to maximize efficiencies at both facilities. Accordingly, REC Silicon operations consist of only one operating segment.

Group Management is headed by the Chief Executive Officer (CEO), and the CEO makes decisions regarding the allocation of resources and performance assessment. Accordingly, the CEO is regarded as the chief operating decision maker.

2.4 FOREIGN CURRENCY TRANSLATION

(A) Functional and presentation currency

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 the entity operates ("the functional currency"). The Company's functional currency is NOK. Because operations are primarily in USD, the Group's reporting currency is USD. Accordingly, these consolidated financial statements are presented in USD.

(B) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates on the reporting date. Foreign exchange gains and losses resulting from the settlement or the translation of monetary assets and liabilities are recognized in the statement of income, except when deferred in equity as qualifying cash flow hedges, qualifying net investment hedges or as a part of a net investment.

(C) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate;

(ii) Income and expenses for each statement of income are translated at average exchange rates for the reporting period (based on monthly average rates); and

(iii)All resulting exchange differences from translation are recognized as a separate component of other comprehensive income (OCI).

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries, including monetary items that are regarded as a part of the net investment, and of borrowings and other currency instruments designated as hedges of such investments, are included in OCI. When a subsidiary is disposed, exchange differences are recognized in the statement of income as part of the gain or loss on sale. At December 31, 2015 or 2014 the Group did not hold any instruments accounted for as net investment hedges. At December 31, 2015 and 2014, an intercompany loan to REC Silicon, Inc. of USD 132 million was regarded as a part of the net investment in REC Silicon Inc.

2.5 CURRENT/NON-CURRENT

An asset/liability is classified as current when it is expected/due to be realized or settled within 12 months after the reporting date.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and un-reversed impairment losses. Cost includes expenditures that are directly attributable to the acquisition, construction or installation of the item. Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Costs are included in an asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and costs can be measured reliably.

Depreciation is calculated using the straight-line method based on the costs of the assets less any residual value over their estimated useful lives.

2.7 INTANGIBLE ASSETS

(A) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets. Goodwill is carried at cost less accumulated impairment losses. Goodwill related to equity accounted investments is included in the carrying value of investments. At December 31, 2015 and 2014 the Group had no goodwill.

(B) Other intangible assets

Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and un-reversed impairment losses. Amortization is calculated using the straight-line method on the costs of assets over their estimated useful lives from the date they are available for use. The Group has no intangible assets with indefinite useful lives.

(C) Research and development

Research expenditures are recognized in expense as incurred. Development expenditures (relating to the design, construction and testing of a chosen alternative for new or improved materials, devices, products, processes or systems) are capitalized when it is probable that the project will be successful considering its commercial and technological feasibility. Costs expensed in prior reporting periods are not later capitalized. Other development expenditures are recognized in expense as incurred.

2.8 IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized in the statement of income for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash inflows that are largely independent from the cash inflows from other assets can be identified (cash-generating units). Generally, any impairment is allocated to goodwill first, then proportionately to other non-current assets within a cash-generating unit. Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment includes losses associated with assets determined to have no future economic benefits and assets that are replaced prior to the end of their useful lives.

2.9 FINANCIAL ASSETS

Financial assets are classified in the following categories: at fair value through profit or loss, and loans and receivables.

Classification depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

For the years ended December 31, 2015 and 2014, the Group had no available-for-sale financial assets and no held-to-maturity financial assets.

For the years ended December 31, 2015 and 2014, the Group had only derivatives in the category financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortized cost, which for current receivables approximates historical cost.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.10 ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are recognized at fair value on the date a derivative contract is entered into and are subsequently measured for changes in fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative unless the Group has the intention and ability to settle the contracts net. The method of recognizing resulting gains or losses depends on whether the derivative is designated and qualifies as a hedging instrument and the nature of the item being hedged. Derivatives are categorized as held for trading unless they are designated and qualify as hedging instruments. All derivative financial instruments were settled in the first quarter of 2014.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. No embedded derivatives are separated.

2.11 TRADE RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less impairment. An impairment of a trade receivable is recognized when there is objective evidence that the Group will not be able to collect all amounts. Balances are written off when collection efforts have been exhausted and the probability of recovery is unlikely.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits at banks, and money market funds with terms less than three months.

2.13 PAID-IN EQUITY CAPITAL

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of any income tax, from the proceeds.

2.14 BORROWINGS

Borrowings are recognized initially at fair value. Borrowings that are not maintained at fair value through profit or loss are recognized net of transaction costs and subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period the borrowings are outstanding using the effective interest method. Commitment fees for bank credit facilities are recognized as part of interest expenses as incurred.

A foreign currency convertible bond is not a compound financial instrument and is classified wholly as a liability in the financial statements. Convertible debts contain embedded derivatives in relation to the conversion option and are remeasured to market at reporting dates. The Group recognizes the changes in the fair value of the whole convertible bonds, and not just the embedded derivatives, through profit or loss as a part of financial income or expenses.

The Group applied fair value hedge accounting to parts of the fixed rate NOK bonds during prior periods. Any remaining adjustments to fair value are reflected in income as part of the effective interest of the bonds.

A financial liability is removed from the statement of financial position when the obligation is discharged, cancelled, or expires. Substantial modifications to the terms of existing financial liabilities or an exchange of debt instruments with an existing lender at substantially different terms are treated as extinguishments of the original liability. The difference between the carrying amount of a financial liability and the consideration paid to extinguish the liability is recognized in profit or loss.

2.15 INVENTORIES

Inventories are stated at the lower of cost or net realizable value (NRV).

Purchased inventories are stated at average cost less estimated obsolescence. Reserves for obsolescence include the write down of items no longer required (held for disposal) and the estimated decline in NRV caused by slow moving items.

The cost of finished goods and work in progress inventories are determined on a first in, first out basis and consists of raw materials, direct labor, other direct costs, and related indirect overheads. Costs associated with abnormal waste or unused normal operating capacity are not included in inventories. NRV is the estimated sales price less incremental costs to complete and sell the item. Net adjustments to reduce inventory to the lower of cost or NRV are recognized in inventory changes in the statement of income.

2.16 INCOME TAX

Income tax expense (benefit) includes current and deferred tax. Income tax expense (benefit) is recognized in profit or loss except to extent it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the estimated tax payable or receivable on the taxable income or loss for the year, and any adjustments to tax payable for previous years. Deferred tax includes the effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax also includes the carry forward of unused net operating losses and credits.

Current and deferred tax amounts are determined using rates and laws that have been enacted or substantially enacted at the reporting date or are expected to apply when temporary differences reverse. Net deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deferred amounts can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Utilization of net operating losses and tax credit carry forwards are subject to certain limitations under Section 382 and 383 of the Internal Revenue Code of the United States in the event of a change in the Company's ownership.

Changes in the value of convertible bonds are recognized in profit or loss giving rise to temporary differences. The Group recognizes related deferred tax liabilities or deferred tax assets. Any deferred tax assets on these fair value adjustments are recognized regardless of any probable taxable profits.

The Group reclassifies the currency effects on a loan regarded as part of a net investment (see note 2.4 (c)) and a related calculated income tax from profit or loss to OCI. The reclassification of income tax is made regardless of whether REC Silicon ASA reports a net tax expense/benefit and does not affect recognition of deferred tax assets or deferred tax liabilities in the statement of financial position.

2.17 PROVISIONS

Provisions for product warranties, onerous contracts, asset retirement obligations, restructuring costs, termination benefits, loss on financial guarantees, environmental restoration, and legal claims are recognized when: the Group has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted only when the effect is material and the distribution in time can be reliably estimated.

2.18 PENSION/POST RETIREMENT OBLIGATIONS

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity via other comprehensive income in the period in which they arise.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Obligations for contributions to defined contribution pension plans are recognized as an expense during the period incurred.

2.19 REVENUE RECOGNITION

Revenues are primarily generated from sale of manufactured goods and represent the fair value of goods and services provided to customers less rebates, discounts and expected returns.

Revenue is recognized when the significant risks and rewards of ownership and control have been transferred, the price is fixed or determinable, collectability is reasonably assured, and the costs can be measured reliably. The Group generally recognizes revenues at the point of shipment.

2.20 LEASES

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other leases are classified as operating leases. Operating leases consist primarily of agreements where the Group is entitled to the output of leased process gas facilities which cannot be separated from the underlying lease. Leases are evaluated at inception, based on the substance of the transaction. The evaluation of leases requires substantial judgment. The Group has no finance leases.

2.21 GOVERNMENT GRANTS

Government grants are recognized at their fair values when there is reasonable assurance that the grants will be received and that the Group will comply with attached conditions. Government grants related to assets are presented in the statement of financial position as a reduction to the carrying amount of the assets and reduce depreciation in the statement of income. Government grants relating to income are deducted from related expenses.

Government grant assets are recognized for the unsettled portions of grants and are discounted if the effect of discounting is significant. Significant changes to estimates of timing of utilization or discount rates are recognized as a change in the grant asset and offset to production assets or expenses based on the classification at the inception of the grant.

2.22 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that has been disposed of, abandoned, or is classified as held for sale and represents a separate major line of business or geographical area of operations.

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. Prior periods are not restated in the statement of financial position or in the statement of cash flows.

2.23 STATEMENT OF CASH FLOWS

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid are reported as a part of operating activities, except borrowing costs capitalized as part of the construction of a non-current asset that are included in investing activities, and payment of up-front and loan fees that are reported as part of financing activities.

Operating activities include all cash flow effects from derivatives. Significant currency gains and losses are recognized in the statement of income. Amounts estimated to relate to borrowings (financing activities), non-current financial assets and investments (investing activities) and unrealized gains or losses on cash and cash equivalents held at the end of the periods are reclassified in a separate line item under operating activities.

Proceeds from borrowings include prepayments received from customers on which interest is calculated.

The consolidated statement of cash flows presents changes in cash balances with respect to total operations (continuing and discontinued) and therefore does not reflect the performance of continuing operations during prior periods or the performance that is likely to be achieved in future periods.

2.24 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Group adopted new and amended standards and interpretations issued by the IASB and approved by the EU that are relevant to its operations and effective for reporting periods beginning on or before January 1, 2015. The most relevant of these are:

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.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations have been published, but are not effective at December 31, 2015 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.

Clarification to IAS 16 and 38 concerning acceptable methods of revenue based depreciation and amortization issued on May 12, 2014 and effective for periods beginning on or after January 1, 2016. Accounting Policies adopted by the Group are consistent with these amendments and adoption will not affect the accounting or disclosures of the Group.

IFRS 15, issued May 2014 and establishes a new five step model that will apply to revenue arising from con¬tracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for goods or services to a customer. The principles in IFRS 15 provide a more structured to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition require¬ments under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date. The Group currently expects no impact to the Company's revenue recognition policies and procedures due to IFRS 15.

Management intends to adopt new standards and interpretations at the effective dates provided the standards and interpretations are approved by the EU.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including currency risk, interest-rate risk, liquidity risk, credit risk, refinancing risk and others.

The goals for the Group finance policy and the treasury operations are primarily to minimize the risk of financial distress, secure long term funding, manage currency risk of expected future net cash flows, and manage interest rate risk. The Company's finance policy sets the framework and limits for hedging activities in the Group. It defines risk management objectives, responsibilities and operational requirements.

The disclosures that are required regarding financial risks below focus on the risks that arise from financial instruments and how they have been managed. Derivative financial instruments may be used to reduce risks from commercial transactions; the existence of these derivative financial instruments exposes the Company to additional risks.

(A) Currency risk

The Company operates internationally and is exposed to currency risk. At December 31, 2015, the Group's working capital is almost exclusively in USD, equity is in NOK, and debt is in NOK and USD. Currency risk arises from transactions in currencies other than the Group's reporting currency and long term liabilities denominated in NOK.

Net cash flow is defined as the consolidated external cash flows of the Group. The Group's policy provides the ability to hedge external net cash flows with a maximum time horizon of 24 months. The purpose is to reduce the currency risk of expected future net cash flows. The Company manages currency risk on an overall level.

At December 31, 2014 and 2015, the Group did not hold any derivative financial instruments related to mitigating currency risks.

(B) Credit risk

Credit risk is the risk of loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation and is primarily related to trade receivables. The Group maintains policies to ensure that credit is extended to customers with appropriate liquidity and credit histories in combination with requiring guarantees when appropriate.

(C) Liquidity risk

Liquidity risk is measured by subtracting the firm's liabilities from cash considering historic and anticipated operating results. Liquidity risk management requires maintaining sufficient available cash or access to capital markets to compensate for anticipated volatility in operating cash flows or to fund additional investments.

Liquidity risk is impacted by changes in market conditions, potential claims against the Company, and uncertainty associated with critical judgements used to arrive at accounting estimates. In addition, the Company's access to capital markets may be impacted by overall market conditions. See notes 4, 31, and 17.

(D) Interest rate risk

Changes in market interest rates affect the fair value of assets and liabilities or the variability in cash payments. The Group is exposed to interest rate risk through funding and cash management activities, primarily in REC Silicon ASA. Cash in bank accounts and liabilities have primarily carried variable interest rates. The Company has borrowings through bonds, convertible bonds and indemnification loans.

Interest income and interest expense in the statement of income, as well as interest receipts and payments, are influenced by interest rate changes for financial instruments that carry variable interest rates. See note 30 for interest rate sensitivity.

(E) Hedging of risk related to supply of raw material/commodities

When the Group is exposed to changes in the total costs from specific input factors it may hedge the associated risk. As of year-end 2015 and 2014, no hedges were in place, except certain forward energy purchase contracts.

3.2 FAIR VALUE ESTIMATION

Fair value estimation is discussed in note 30.

3.3 CAPITAL STRUCTURE AND FINANCING

In determining the appropriate capital structure for the Group, various factors have been considered. These include risks associated with the Group's business profile and the fact that the polysilicon production has high capital intensity.

The Group's goal is to maintain sufficient capital to implement business strategies and financial flexibility expansion opportunities. Taking into account market volatility and risk related to future cash flows, the Group aims to maintain a sound and sustainable capital structure with a high ratio of equity funding.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Management's judgments in applying the Group's accounting policies which have the most significant effect on the financial statements are discussed below and in the relevant notes.

(A) Deferred tax

According to current regulations and tax treaties between Norway and the USA, withholding tax of 15 percent applies to any dividend paid by the Group's operations in the USA to the parent company in Norway. The Company controls the distribution of future dividends from the US operations, and has determined that those profits will not be distributed in the foreseeable future. Consequently, the Group has not recognized deferred tax liability on undistributed earnings. See note 18.

(B) Functional currencies

The Group's presentation currency is USD and the Company's functional currency is NOK. The activities of the Group are primarily in the subsidiaries in the USA with USD as functional currency. Functional currency affects the reporting of currency gains and losses and exchange differences as well as hedging strategies and effects. Facts or circumstances may change in the future.

(C) Development expenditures

The Group conducts research and development activities and projects. Some costs incurred in the development phase of an intangible asset may be capitalized if the recognition criteria are fulfilled. Determining fulfillment of capitalization criteria represents a critical judgment that is made based upon the facts and circumstances of an individual project. During 2014 and 2015, costs relating to the development of second generation Fluidized Bed Reactor (FBR-B) project have been capitalized.

(D) Cash-generating units for impairment testing

For the 2015 and 2014 impairment test, the judgment that the REC Silicon segment is one cash-generating unit is a critical and difficult judgment. See note 7.

(E) Environmental Liability

The Group's operations are subject to environmental laws and regulations. These laws and regulations and their interpretations are subject to change. Changes may require investment and/or increased costs to meet more stringent standards or to take remedial actions related to past activities.

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY – CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain amounts included in or affecting the Group's financial statements and related disclosures must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared.

(A) Impairment

Changes in facts and in management's evaluations and assumptions may give rise to further impairment losses, or reversals. The estimated recoverable amounts of the Group's assets are sensitive to small changes to key assumptions (see note 7).

Financial assets are also periodically reviewed for impairment. Provisions for losses on trade receivables have been made based on an evaluation of individual accounts. Actual losses may turn out significantly different from the evaluations made based on the knowledge and assumptions at the time of approving the accounts.

(B) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required to determine the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Provisions for anticipated tax audit issues are based on estimates of whether additional taxes will be due. If estimates change or actual outcomes differ from current estimates, current and deferred tax assets or liabilities will be adjusted accordingly.

Tax authorities in the various tax jurisdictions may challenge the calculation of taxes payable. These challenges may lead to changes in taxable income and result in changes to income tax expenses in the period of change. Management is required to make estimates of the probability and magnitude of possible tax adjustments. Estimates may change as additional information becomes available and may vary substantially from actual determinations.

The Company has received notices of reassessment from the Norwegian Central Tax office for large Enterprises regarding the deductibility of losses on loans and guarantees to subsidiaries and joint ventures. See note 31 for further information.

(C) Government grant asset
In 2010, REC Silicon recognized an asset for an Advanced Energy Manufacturing Tax Credit grant (AEMTC grant) related to the construction of the FBR and silicon gas plants in Moses Lake. Receipt of benefits under this program will be claimed as a credit on the US company's annual tax return and can be carried forward 20 years. All conditions associated with this grant have been met with the exception of the generation of US federal income tax in order to utilize the grant.

REC Silicon has estimated future taxable profits sufficient to utilize the AEMTC grant. Changes in the estimated or actual timing and amounts of future profits will affect the value of the government grant asset. See notes 12 and 21. Upon a change in ownership, the grant is subject to the same limitations as an income tax credit; amounts and timing of recognition could be adversely impacted. See Note 2.16.

(E) Contingent liabilities
See note 31.

5 SEGMENT INFORMATION

Revenues from customers constituting more than ten percent of total revenues from continuing operations

(USD IN MILLION)	2015	%	2014	%
Customer 1	52.1	15.8%	41.1	8.3%
Customer 2	5.5	1.7%	76.2	15.5%

Geographic distribution of external revenues for continuing operations based on customer location

(USD IN MILLION)	2015	2014
China	102.9	267.0
Taiwan	52.9	61.1
Japan	42.0	60.5
South Korea	40.0	42.6
Singapore	31.4	27.4
Hong Kong	25.0	5.4
USA	19.8	15.0
Europe	13.1	11.0
Other Asia	1.4	1.3
Other countries	1.3	1.6
Total external revenues	329.9	493.0

Customer location is based on the invoicing address. Customers may distribute the products to other countries.

Revenues by category

(USD IN MILLION)	2015	2014
Polysilicon	228.4	381.4
Silane gas	91.2	102.1
Other	10.3	9.4
Total revenues	329.9	493.0

Substantially all of the Group's non-current assets are located in the United States.

6 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**
Carrying value at January 1, 2014	79.3	962.7	24.0	11.4	**1 077.4**
Net additions [1]	0.0	3.8	1.6	24.2	**29.5**
Government grant [2]	0.0	0.0	0.0	0.0	**0.0**
Depreciation and amortization	-4.6	-122.7	-4.6	0.0	**-131.9**
Impairment [3]	0.0	-3.9	-0.1	-0.3	**-4.3**
Carrying value at December 31, 2014	74.6	839.9	20.9	35.3	**970.6**
At December 31, 2014					
Historical cost	145.1	2 042.5	74.9	44.0	**2 306.5**
Accumulated depreciation/amortization/impairment	-70.5	-1 202.6	-54.1	-8.7	**-1 335.8**
Carrying value at December 31, 2014	74.6	839.9	20.9	35.3	**970.6**
Carrying value at January 1, 2015	74.6	839.9	20.9	35.3	**970.6**
Net additions [1]	7.2	11.9	2.2	30.3	**51.5**
Government grant [2]	-0.2	7.2	1.4	0.0	**8.4**
Depreciation and amortization	-3.8	-123.4	-3.9	0.0	**-131.1**
Impairment [3]	-14.9	-130.2	-4.4	0.0	**-149.5**
Carrying value at December 31, 2015	62.8	605.2	16.1	65.8	**750.0**
At December 31, 2015					
Historical cost	152.3	2 059.5	78.6	70.6	**2 361.1**
Accumulated depreciation/amortization/impairment	-89.5	-1 454.3	-62.4	-4.8	**-1 611.1**
Carrying value at December 31, 2015	62.8	605.2	16.1	65.8	**750.0**

[1] Net additions include transfers from assets under construction.
[2] Amounts for government grants are adjustments to previously recognized grants.
[3] See note 7 for details of impairments.

Specification of useful lives and depreciation

At year-end 2015, estimated useful lives by asset class were as follows:

- Land and Buildings 0-31.5 years (weighted average approximately 29 years)
- Machinery and equipment 3-32 years (weighted average approximately 16 years)
- Other tangible fixed assets (weighted average approximately 15 years)

Assets under construction are not yet ready for their intended use and depreciation has not started.

The review of estimated useful lives for 2015 and 2014 resulted in only minor changes.

Intangible assets

(USD IN MILLION)	ASSETS UNDER DEVELOPMENT	OTHER	**TOTAL**
Carrying value at January 1, 2014	1.4	16.6	**18.0**
Net Additions [1]	7.3	0.0	**7.3**
Internal Development	1.4	0.0	**1.4**
Amortization	0.0	-2.5	**-2.5**
Impairment [2]	0.0	0.0	**0.0**
Carrying value at December 31, 2014	10.1	14.1	**24.2**
At December 31, 2014			
Historical cost	10.5	72.0	**82.5**
Accumulated amortization/impairment	-0.4	-57.9	**-58.3**
Carrying value at December 31, 2014	10.1	14.1	**24.2**
Carrying value at January 1, 2015	10.1	14.1	**24.2**
Net Additions [1]	0.8	-0.4	**0.4**
Internal Development	2.5	0.0	**2.5**
Amortization	0.0	-3.1	**-3.1**
Impairment [2]	0.0	-2.1	**-2.1**
Carrying value at December 31, 2015	13.3	8.6	**21.9**
At December 31, 2015			
Historical cost	13.4	72.0	**85.4**
Accumulated amortization/impairment	-0.1	-63.4	**-63.4**
Carrying value at December 31, 2015	13.3	8.6	**21.9**

[1] Net additions include transfers from assets under development .
[2] See note 7 for details of impairments.

Intangible assets above have estimated useful lives, over which the assets are amortized on a straight-line basis. Intangible assets under development are not ready for their intended use, and consequently amortization has not started.

Intangible assets are primarily related to software (3-8 years) and FBR technology in REC Silicon (20 years).

The effects of the review of estimated useful lives for 2015 and 2014 resulted in only minor changes.

7 IMPAIRMENTS OF CASH-GENERATING UNITS

REC Silicon routinely monitors assets for indications that the carrying values of assets are no longer recoverable. If impairment indicators exist, impairment tests will be carried out to determine whether the carrying value of affected assets can be justified. If estimates conclude that asset values are no longer recoverable, the assets are written down to the recoverable amount which is the greater of fair value less cost to sell and value in use (discounted cash flows).

During 2014, changes in estimated future sales prices caused by the trade dispute between the US and China were determined to be an impairment indicator and impairment testing was performed at December 31, 2014. The resulting value in use was estimated to approximate the carrying value of REC Silicon. Consequently, no additional impairment or reversal of impairment was recognized in 2014. Impairment charges of USD 4.3 million represent assets that have been replaced or taken out of service before the end of their estimated useful lives.

At the end of 2015, changes in the Company's market capitalization, changes in estimated future sales prices, and the curtailment of production capacity due to uncertainty associated with the trade dispute between the United States and China were determined to be impairment indicators and impairment testing was performed. The resulting value in use of approximately USD 893 million was less than the carrying value of REC Silicon and additional impairment charges were recognized. The carrying value of the Company's property plant and equipment (see note 6) were reduced and impairment charges of USD 148.0 million were recognized. Additional impairment charges of USD 3.6 million during 2015 represent assets that have been replaced or taken out of service before the end of their estimated useful lives.

Impairments for continuing operations are included in the line item "impairment" in the statement of income.

CASH-GENERATING UNITS
REC Silicon consists of a single cash-generating unit at December 31, 2015 and December 31, 2014.

REC Silicon produces and sells silicon gas and polysilicon for use in the electronics and solar industry. Silicon gas is a precursor material in the production of polysilicon and a portion is sold to external parties. The total available market for silicon gas is not sufficient to absorb all silicon gas produced by REC Silicon. Therefore, management has determined that there is not an active market for the silicon gas that is used internally. Also, management can elect to produce and sell products from the Butte or Moses Lake production facilities (with some adjustments). Common intermediate production materials are produced at the Moses Lake facility only and distributed to Butte. Additionally, silicon gas is transferred between facilities to balance asset utilization to market requirements. Accordingly, management's judgment is that the cash inflows for the silicon gas and polysilicon producing assets cannot be determined individually and that they therefore constitute one CGU. Changes in the determination of cash generating units could result in additional impairment amounts.

BASIS FOR THE IMPAIRMENT TESTS
Recoverable amounts for the cash-generating units are based on value in use. Value in use has been estimated using discounted cash flows over a 5 year period with the last year used as a basis for estimating terminal value.

Future cash flows are estimated on the basis of the budget for the next year and the subsequent four forecast years. A terminal value is calculated from the estimated cash flows generated in the last forecast year. A growth rate of zero has been used during the terminal period for both years presented. EBITDA less capital expenditures and changes in working capital have been used to estimate future cash flows.

Future cash flows do not include the effects of improvements or enhancements to asset performance. However, assets under construction for which investment has been committed are included with estimated expenditures to complete and estimated cash flows from their operations.

The carrying amounts of cash-generating units include tangible fixed assets, intangible assets, and net working capital only.

DISCOUNT RATE
The discount rate applied is based on the Company's cost of capital which has been estimated using the weighted average of the required rates of return for the Company's equity and debt (WACC). The required rate of return for the Company's equity is estimated using the capital assets pricing model (CAPM). The required rate of return on debt is estimated on the basis of a risk free rate of return plus a credit risk premium derived from analysis of the debt costs and loading of public companies similar to REC Silicon. The discount rate is estimated on an after tax basis and adjusted to estimate the equivalent before tax discount rate using the Company's estimated before and after tax cash flows and evaluated for reasonableness. The discount rates used at December 31, 2014 and 2015 are reflected in the table below:

Discount rates (%)

	2015		2014	
	POST-TAX	PRE-TAX	POST-TAX	PRE-TAX
REC Silicon (USD)	**12.0**	**16.6**	10.7	15.0

KEY ASSUMPTIONS AND SENSITIVITIES
Key assumptions include future revenues (sales prices and sales volume), cost of major inputs, conversion costs and efficiency (production volume), and maintenance capital expenditures.

Price trends are difficult to predict in the current market environment and external views of anticipated market conditions differ widely. When possible, REC Silicon has used third party analyses to estimate product prices. When third party estimates are not available or vary widely, REC Silicon uses internal estimates based on experience and market intelligence to estimate market conditions and prices.

Production and sales volumes represent rates near full capacity beginning in the second half of 2016. Costs have been estimated using contractual obligations, third party indexes when appropriate, and historical spending trends adjusted for inflation.

Capital expenditures have been estimated using past experience and an evaluation of anticipated replacement requirements of specific items of equipment (useful lives of fixed assets).

The table below presents the estimated change in impairment due to an isolated change in the key assumption for all years. Spending includes fixed manufacturing costs, selling general and administrative expenses, and capital expenditures in total. The estimates are based on the assumptions used in the December 31, 2015 impairment analysis.

KEY ASSUMPTION (USD IN MILLION)	CHANGE	ESTIMATED CHANGE IN IMPAIRMENT [1]
Post-tax discount rate	+/-1%	-52.2/+60.5
Sales prices	+/-5%	+/-262.2
Volume (production and sales)	+/-5%	+/-183.8
Raw materials cost	+/-5%	+/-78.4
Spending	+/-5%	+/-118.0

[1] Negative amounts represent an estimated increase in impairment.

8 EQUITY ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES)

The Group has entered into a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). 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.

The following table presents a reconciliation of the Group's investment in the Yulin Joint Venture in China:

(USD IN MILLION)	2015	2014
Carrying value at January 1	-22.4	0.0
Equity contributions	0.0	75.0
Amortization of basis difference in technology contributed	0.0	-97.0
Share of joint venture profits/loss	-1.8	-0.6
Effects of changes in currency exchange rates	-4.3	0.3
Carrying value at December 31	-28.5	-22.4

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 in income to the extent of the unrelated investors' interest in the joint venture and the remaining part of the gain is reflected in the carrying amount of the investment (Amortization of basis difference in technology contributed) and will be amortized over the life of the technology transfer agreement at a rate consistent with the recognition of amortization expense by the Yulin JV.

During both years presented, 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, 2015 and 2014:

(USD IN MILLION)	2015	2014
Non-current assets	395.8	263.5
Current assets	29.2	19.0
Cash	19.4	73.4
Non-current liabilities	-231.0	0.0
Current liabilities	-25.0	-201.3
Net Assets (100%)	188.5	154.6
REC Silicon's share of net assets	68.5	74.6
Adjusted for technology transfer	-97.0	-97.0
Carrying amount of REC's interest	-28.5	-22.4

9 DISCONTINUED OPERATIONS

Discontinued operations consisted of income of USD 0.2 million in 2015 and a loss of USD 0.6 million in 2014. These amounts are related to changes in estimates used to value assets and liabilities associated with operations which were sold or disposed of during prior years.

10 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its subsidiaries, associates, joint ventures and with its Group Management and Board of Directors. At December 31, 2015 and 2014 Jens Ulltveit-Moe controlled 23.50 percent and 23.17 percent of the shares respectively, primarily through UMOE AS.

Transactions with subsidiaries have been eliminated on consolidation and are not reported as related party transactions in the consolidated financial statements for the Group.

During 2015, Board member Erik Løkke-Øwre invoiced USD 96 thousand to REC Silicon for consultancy work.

During 2015, Board member Ragnhild Wiborg invoiced USD 32 thousand to REC ASA for consultancy work.

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

KEY MANAGEMENT COMPENSATION, SHAREHOLDINGS, LOANS ETC.
Group Management and Board of Directors' compensation, ownership of REC Silicon ASA shares, options and bonds, loan agreements and guarantees are shown in note 16.

ASSOCIATES AND JOINT VENTURES
During 2015, REC Silicon Inc. invoiced the Yulin JV USD 5.5 million for engineering and project services.

11 DERIVATIVE FINANCIAL INSTRUMENTS

Fair values and carrying amounts

	2015		2014	
(USD IN MILLION)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Option contract	0.0	1.4	0.0	2.0
Total	0.0	1.4	0.0	2.0

Option contract is part of the indemnification agreements in connection with the REC Wafer Norway AS bankruptcy, and the estimated fair value is subject to change. The change in estimated fair value has been reported as part of the net gain on disposal of discontinued operations, see note 9.

Distribution of derivatives

	2015		2014	
(USD IN MILLION)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Total non-current derivatives	0.0	0.0	0.0	2.0
Total current derivatives	0.0	1.4	0.0	0.0
Total derivatives	0.0	1.4	0.0	2.0

See note 3 for information on the Group's general policy for currency risk and interest rate risk.

2014
All foreign exchange forward contracts and interest rate swaps were settled during the first quarter of 2014. Several of these contracts had opposite and cancelling effects and settlement resulted in approximately USD 11 million net cash inflow.

12 RECEIVABLES AND GOVERNMENT GRANT ASSET

Trade and other receivables

(USD IN MILLION)	2015	2014
Trade receivables and accrued revenues	75.3	115.8
Provision for loss on trade recivables	-18.7	-11.6
Trade receivables - net	56.6	104.1
Prepaid costs	13.3	18.3
VAT and other public taxes and duties receivables	0.0	0.0
Other current receivables	0.4	1.5
Total Trade and other receivables	70.3	124.1

Specification of provision for loss on receivables

(USD IN MILLION)	2015	2014
At January 1	-11.6	-8.1
Change in provision for total operations	-7.0	-3.6
At December 31	-18.7	-11.6

The government grant asset is related to REC Silicon's Advanced Energy Manufacturing Tax Credit grant. See notes 4.2 (C) and 21. Because this grant is not a contractual right to receive cash or another financial asset it is not regarded as a financial asset.

The Other non-current receivable relates to municipal bonds issued by a local taxing district in the United States which are secured by future property tax payments made by the company.

13 INVENTORIES

Inventories in the statement of financial position

	2015			2014		
(USD IN MILLION)	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	21.9	0.0	21.9	21.5	0.0	21.5
Spare parts	42.5	-13.4	29.2	41.7	-12.0	29.7
Work in progress	11.8	0.0	11.8	9.6	-0.1	9.5
Finished goods	125.8	-47.1	78.7	67.6	-0.1	67.4
Total	202.0	-60.5	141.6	140.4	-12.2	128.2

Inventories have been written down to estimated net realizable values. Write-downs of materials and spare parts represent the estimated obsolescence related to items held in inventories at cost. Write-downs of work in progress and finished goods have been estimated by comparing the net realizable value of anticipated sales to the manufacturing costs of items held in inventory.

14 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

Cash and cash equivalents are primarily bank deposits.

Restricted bank accounts (not included as cash and cash equivalents)

(USD IN MILLION)	2015	2014
Non-current	0.0	4.1
Current	3.7	1.1
Total restricted bank accounts	3.7	5.2

At December 31, 2015 restricted bank accounts consisted of USD 3.5 million security for the indemnification loan, USD 0.2 million security for bank guarantees for REC Solar (a former subsidiary of the Company).

At December 31, 2014 restricted bank accounts consisted of USD 4.1 million security for the indemnification loan (see notes 17 and 29) and USD 1.1 million for bank guarantees associated with REC Solar (see note 29).

15 SHAREHOLDER INFORMATION

The following shareholders held one percent or more of the total outstanding shares in REC Silicon ASA at December 31

		2015		2014	
NAME OF SHAREHOLDERS		NO. OF SHARES	OWNERSHIP	NO. OF SHARES	OWNERSHIP
UMOE AS [1]		597 701 902	23.50 %	536 201 902	23.17 %
STATE STREET BANK AND TRUST CO.	Nominee	136 777 956	5.38 %	48 795 730	2.11 %
FOLKETRYGDFONDET		107 204 476	4.21 %	122 651 917	5.30 %
SKAGEN KON-TIKI		93 675 416	3.68 %	83 201 594	3.60 %
SKANDINAVISKA ENSKILDA BANKEN AB	Nominee	71 923 811	2.83 %	0	0.00 %
CLEARSTREAM BANKING S.A.	Nominee	50 111 542	1.97 %	53 339 810	2.31 %
EQUITY TRI-PARTY		43 373 968	1.71 %	66 782 460	2.89 %
JP MORGAN CHASE BANK, NA	Nominee	42 444 507	1.67 %	88 732 275	3.83 %
Bank of New York Mellon SA/NVT	Nominee	38 268 067	1.50 %	24 609 990	1.06 %
SKAGEN VEKST		35 182 178	1.38 %	29 162 486	1.26 %
Bank of New York Mellon SA/NV	Nominee	1 330 887	0.05 %	46 613 276	2.01 %
Pictet & CIE	Nominee	601 034	0.02 %	74 713 749	3.23 %
Goldman Sachs & Co Equity	Nominee	211 564	0.01 %	25 521 223	1.10 %

1) Includes 53.9 million shares and 35.3 million shares held on forward contracts on December 31, 2015 and 2014, respectively.

The list of shareholdings above is based on the VPS shareholder register at December 31, 2015 and 2014. Actual shareholding may deviate due to the use of nominee accounts, share lending, forward contracts or other contractual arrangements.

At December 31, 2015, REC Silicon ASA had 26,233 shareholders (26,061 at December 31, 2014). The total number of outstanding shares was 2,543,818,785 at December 31, 2015 and 2,313,818,785 at December 31, 2014, each with a par value of NOK 1.

At the Annual General Meeting on May 6, 2015, the Board was authorized to increase the share capital with up to NOK 230,000,000, which was approximately 10% of the share capital at that time, through one or more increases in the share capital. This authorization was executed in full in July of 2015. The Annual General meeting also authorized the Board to acquire treasury shares in the Company (up to a maximum of ten percent of the nominal value of the existing share capital). Both authorizations were valid until the 2016 Annual General Meeting, but in any event not longer than 15 months.

16 MANAGEMENT AND BOARD OF DIRECTORS' COMPENSATION, LOANS, SHARES, BONDS

Salary and other compensation to the Group's Board of Directors and Management for 2015 and 2014 are described below. With regard to the determination of salary and other compensation for leading employees for 2016, the Board of Directors will propose guidelines at the 2016 Annual General Meeting that include factors mentioned below.

The competencies, performance and dedication of the Group's employees are critical success factors for the short term and long term value creation of REC. Hence, key compensation goals are to support attraction, development, and retention of the right talent, reward past achievements, and incentivize strong performance, world class operating capabilities, and practice of our Core Values. Compensation packages should be put together to support these goals.

Fixed base salary levels are determined locally and reflect market conditions for corresponding positions and qualifications in similar businesses.

Performance bonuses are considered and provided for selected individuals whose achievement of performance objectives can be measured through clearly defined results parameters (KPIs). KPIs should include both financial performance targets as well as individual performance targets tied to the individual's area of responsibility. Maximum performance bonus payouts are defined on an individual basis in a range from 15 percent to 20 percent of yearly fixed base salary. Maximum performance bonus payouts for REC Silicon management varies between 33 percent and 100 percent of the yearly fixed base salary.

The Group offers supplementary pension and personnel insurance to employees in accordance with local standards.

In addition to the above mentioned compensation components, the Group offers housing allowances, car allowances, cell phones, and a limited number of other benefits to selected employees.

The Board of Directors also wishes to implement a synthetic incentive program in 2016 whereby employees' entitlements are linked to the share price development of the company's shares. The program will be a six year program, where the first three years is a lock up period and the next three years will be the period over which the incentive payments will become payable, provided always that the share price is above the strike price. The strike price will be set at the time of grant to the market price at such time + 10%. There will be a maximum gain in each calendar year for each employee under the program, equal to the base salary for the employee for the calendar year. The entitlements under the program will be lost if the employee's employment is terminated. For the next financial year, the total grant under this program will not exceed 8 million shares, or 0.32% of the share capital.

The Board of Directors has implemented incentive programs during previous periods whereby employee entitlements are linked to the share price development of the Company's shares. See note 32 for details of share based compensation programs.

Compensation of the Group Management for 2015

(AMOUNTS IN USD) NAME	BASE SALARY	BONUS EARNED AND MAX %	SHARE BASED PAYMENT	PENSION BENEFITS	OTHER TAXABLE BENEFITS	RETENTION BONUS
Tore Torvund	793 269	247 777	75 265	103 531	79 095	0
President and CEO		100%				
James A. May II	263 775	35 384	9 283	17 364	1 137	0
CFO		33%				
Francine Sullivan	333 492	69 272	26 674	18 550	6 494	0
CLO		40%				
Kurt Levens	468 999	94 034	40 506	18 550	717	0
VP Business Development		50%				
Total 2015	1 859 535	446 467	151 728	157 995	87 442	0

Compensation of the Group Management for 2014

(AMOUNTS IN USD) NAME	BASE SALARY	BONUS EARNED AND MAX %	SHARE BASED PAYMENT	PENSION BENEFITS	OTHER TAXABLE BENEFITS	RETENTION BONUS
Tore Torvund	736 538	489 750	74 310	95 625	126 301	0
President & CEO		100%				
James A. May II	233 978	59 685	3 956	16 876	21 186	0
CFO		33%				
Francine Sullivan	315 833	70 933	22 470	3 866	3 654	0
CLO		40%				
Kurt Levens	444 591	171 834	43 326	-33 940	5 141	222 795
VP Business Development		50%				
Total 2014	1 730 940	792 202	144 062	82 427	156 282	222 795

All amounts are exclusive of social security tax. There were no payments and benefits from the Group for services outside their functions as Group Management. Base salary represents the amount, including holiday pay that was paid in the year.

Bonus amounts represent bonuses earned during each year and are normally paid and reported as taxable income for the employee in the subsequent year.

Pension benefits include benefits earned with respect to defined benefit plans and contributions related to defined contribution plans.

Other taxable benefits include company car / coverage of automobile expenses / vehicle allowance, telephone and Internet service, newspapers, health club memberships, reimbursement of home-office related expenses, cash in lieu of paid time off, and certain other benefits. The benefits vary, and the amounts in the table are the amounts that are taxable based on rules and regulations in the relevant tax jurisdictions.

At December 31, 2015 and 2014, members of the Group Management have contracts that entitle them to severance benefits beyond the normal notice period if employment is terminated by the Group. These severance payments are equal to six months of salary for Mr. Torvund and three months of salary for Mr. May, Ms. Sullivan, and Mr. Levens.

Compensation of the Board of Directors paid in 2015

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Jens Ullveit-Moe	61 928	0
Espen Klitzing	37 157	6 193
Ragnhild Wiborg	37 157	6 193
Inger Ørstavik Berg	37 157	6 193
Erik Løkke-Øwre	37 157	6 193
Total period May 12, 2014 – May 6, 2015	210 556	24 772

Compensation of the Board of Directors paid in 2014

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Jens Ullveit-Moe	25 801	0
Espen Klitzing	15 177	3 035
Ragnhild Wiborg	15 177	3 035
Inger Ørstavik Berg	15 177	3 035
Erik Løkke-Øwre	15 177	3 035
Total period November 29, 2013 – May 12, 2014	86 509	12 141

Compensation paid to the Board of Directors in 2014 was for a term of approximately 6 months while compensation for 2015 was approximately for one year. Annual compensation rates in NOK for the Board of Directors are identical for both years presented.

LOANS AND GUARANTEES FOR GROUP MANAGEMENT, BOARD OF DIRECTORS AND SHAREHOLDERS

At December 31, 2015 and 2014 there were no outstanding loans or guarantees to members of Group Management, Board members or shareholders or their closely related parties.

SHAREHOLDINGS, OPTIONS AND BONDS

The number of shares and options owned by members of the Board of Directors and the Group Management, including their closely related parties, are shown in the table below. The table includes those that were members at December 31, 2015 or 2014.

	OPTIONS		SHARES	
NAME	**2015**	2014	**2015**	2014
Tore Tovund	**3 494 384**	2 409 973	**731 486**	431 486
James A. May II	**809 252**	400 824	**742 043**	2 043
Francine Sullivan	**1 427 787**	912 368	**85 000**	0
Kurt Levens	**1 966 812**	1 325 814	**4 395**	4 395
Jens Ulltveit-Moe	**0**	0	**597 701 902**	536 201 902
Espen Klitzing	**0**	0	**200 000**	200 000
Ragnhild Wiborg	**0**	0	**10 000**	10 000

Refer to note 32 for details of the share option program.

Details of options outstanding at December 31, 2015

		2015 PROGRAM		2014 PROGRAM		2011 PROGRAM		2010 PROGRAM	
NAME	TOTAL NUMBER	NUMBER	STRIKE PRICE (NOK)	NUMBER	STRIKE PRICE (NOK)	NUMBER	STRIKE PRICE (NOK)	NUMBER	STRIKE PRICE (NOK)
Tore Torvund	3 494 384	1 226 515	2.30	1 280 620	3.50	508 564	10.09	478 685	15.32
James A. May II	809 252	408 428	2.30	400 824	3.50	0	10.09	0	15.32
Francine Sullivan	1 427 787	515 419	2.30	540 804	3.50	208 478	10.09	163 086	15.32
Kurt Levens	1 966 812	725 124	2.30	760 841	3.50	275 291	10.09	205 556	15.32

REC bonds

At December 31, 2015 and 2014 Jens Ulltveit-Moe (Chairman of the Board) owned REC NOK bonds with nominal value of approximately NOK 1 million.

17 BORROWINGS

Financial liabilities, interest bearing

(USD IN MILLION)	2015	2014
Non-current financial liabilities, interest bearing		
NOK Bond	**50.9**	72.4
Up-front loan fees etc [1]	**-0.1**	-0.3
USD Convertible bond	**88.0**	91.3
Indemnification loans	**0.0**	26.9
Total non-current financial liabilities, interest bearing	**138.8**	190.4
Current financial liabilities, interest bearing		
NOK Bond	**20.3**	0.0
Up-front loan fees etc [1]	**-0.1**	-0.2
Indemnification loans	**22.7**	0.0
Total non-current financial liabilities, interest bearing	**42.9**	-0.2

[1] Amortized as part of effective interest.

The indemnification loans are related to the Bankruptcy of a former subsidiary in 2012. These loans represent estimated indemnification amounts. They have been reported as interest bearing liabilities; however, interest has not started to accrue. At December 31, 2015, the indemnification loan is NOK 200 million (USD 22.7 million) and can only be called after February 2016 if certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5%. The indemnification loan has not been called as of the issue date of these financial statements.

During 2015, the Company entered into transactions to issue NOK 155 million of REC03 Bonds and to repurchase NOK 55 million of the REC02 bonds. The net proceeds of these transactions was USD 10.3 million. Subsequent to this transaction, the company holds NOK 457.5 million of its own REC03 bonds. There were no debt maturities during 2015.

During 2014, bonds denominated in NOK (REC01) and the EUR convertible bonds reached maturity and were extinguished. On June 14, 2014 the Company repaid the EUR 81.2 million convertible bond (USD 111.4 million). On September 16, 2014, the Company repaid the NOK 195.5 million REC01 bond (USD 31.3 million).

At December 31, 2015 none of the interest bearing liabilities contain financial covenants. However, there are cross default clauses between all the loan agreements above certain threshold amounts.

The NOK bonds, the indemnification loan, and the USD convertible bond are all senior. All the bond agreements have negative pledge clauses with certain threshold amounts. The NOK bonds are guaranteed by the Company and its material subsidiaries.

At December 31, 2015 and 2014, the Company had complied with all financial covenants and other restrictions in the loan agreements.

The following are the contractual maturities of financial liabilities including estimated interest.

AT DECEMBER 31, 2015 (USD IN MILLION)	CARRYING AMOUNT	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE TOTAL	MAR 2016	JUN 2016	SEP 2016	DEC 2016	2017	2018
Unamortized upfront fees (NOK)	-0.2							
NOK Bonds (NOK)	71.2	87.8	0.3	25.7	0.0	0.0	5.1	56.8
USD Convertible Bond (USD)	88.0	129.7	1.8	1.8	1.8	1.8	7.2	115.4
Indemnification Loan (NOK)	22.7	22.7	22.7					
Total	181.7	240.2	24.8	27.5	1.8	1.8	12.2	172.1

AT DECEMBER 31, 2014 (USD IN MILLION)	CARRYING AMOUNT	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE TOTAL	2015	2016	2017	2018
Unamortized upfront fees (NOK)	-0.4					
NOK Bonds (NOK)	72.4	83.5	5.7	32.2	3.9	41.7
USD Convertible Bond (USD)	91.3	136.6	7.2	7.2	7.2	115.0
Indemnification Loan (NOK)	26.9	28.8	1.1	27.7	0.0	0.0
Total	190.2	248.9	14.0	67.1	11.1	156.7

The differences between carrying amounts and total expected payments in the tables above are due primarily to discounting. Interest payments are estimated using the interest rates at December 31, 2015 and 2014. All cash flows are undiscounted. Amounts in other currencies than USD are translated at the exchange rates at December 31, 2015 and 2014, respectively.

The nominal interest rates and currency distribution (notional amounts) at December 31, 2015 were as follows

	INTEREST RATE (%)		CURRENCY	AMOUNTS IN MILLION CURRENCY	BORROWER
NOK BOND REC02	5.4	Variable	NOK	179.5	REC Silicon ASA
NOK BOND REC03	9.8	Fixed	NOK	455.5	REC Silicon ASA
USD Convertible bond	6.5	Fixed	USD	110.0	REC Silicon ASA
Indemnification loans	2.0	Variable	NOK	200.0	REC Silicon ASA

The nominal interest rates and currency distribution (notional amounts) at December 31, 2014 were as follows

	INTEREST RATE (%)		CURRENCY	AMOUNTS IN MILLION CURRENCY	BORROWER
NOK BOND REC02	5.9	Variable	NOK	234.5	REC Silicon ASA
NOK BOND REC03	9.8	Fixed	NOK	300.5	REC Silicon ASA
USD Convertible bond	6.5	Fixed	USD	110.0	REC Silicon ASA
Indemnification loans	2.0	Variable	NOK	200.0	REC Silicon ASA

Interest on the variable rate NOK bond (REC02) is determined every three months and based on the NIBOR rate plus a fixed margin of 4.35 percent.

18 INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Recognized income tax expense

(USD IN MILLION)	2015	2014
Non-current financial liabilities, interest bearing		
Current income tax expense (-)/benefit (+)	127.3	-2.8
Defferred tax expense (-)/benefit (+)	-0.1	-2.6
Total income tax expense (-)/benefit (+) in the statement of income from continuing operations	127.3	-5.4

Relationship of income tax expense/benefit to profit/loss from continuing operations

(USD IN MILLION)	2015	2014
Profit/loss before tax from continuing operations	-190.1	218.8
Tax calculated at domestic tax rates applicable to profits /losses in the respective countries	82.3	-60.7
Effects of changes in tax rates and use of another tax rate for parts of profits /losses	-27.4	0.0
Associated companies	-0.3	0.0
Tax credits, expenses deductible only for tax, and income not subject to tax	0.1	0.8
Results not taxable (Singapore)	-5.2	0.0
Expenses not deductible for tax purposes	-0.3	-0.1
Effects of not recognized deferred tax assets, including reversal of previous years	75.5	54.6
Adjustment of prior year's income taxes	2.5	0.0
Total income tax expense (-) / benefit (+) in the statement of income from continuing operations	127.3	-5.4
Effective tax rate	67 %	2 %

The income tax calculation for the Group is primarily based on corporate income tax rates of 35 percent in the USA and 27 percent in Norway.

Tax expense for 2014 is primarily a result of the recognition of USD 101 million gain associated with the transfer of technology to the Yulin JV (see note 8) and the tax effects of currency gains on intercompany USD loans held by the Company which were offset by a decrease in unrecognized deferred tax assets resulting in a low effective tax rate.

The tax benefit in 2015 is primarily related to losses in REC Silicon in the United States.

In 2014, the line item "effects of not recognized deferred tax assets, including reversal of previous years" is due to the decrease in unrecognized deferred tax assets related to currency gains on intercompany USD loans.

Income tax for REC Silicon in the USA is based on nominal 35 percent federal tax rate plus estimated blended state taxes. The effective tax rate for REC Silicon in the USA was 34.8 percent 2015 and 35.2 percent in 2014.

Income tax assets and liabilities in the statement of financial position

(USD IN MILLION)	2015	2014
Current tax assets	**0.0**	0.0
Current tax liabilities	**0.0**	2.6
Net current tax assets (+) / liabilities (-)	**0.0**	-2.6
Deferred tax assets	**34.5**	0.0
Deferred tax liabilities	**5.5**	94.1
Net deferred tax assets (+) / liabilities (-)	**29.0**	-94.1

Deferred tax assets and liabilities, based on classification as current and non-current are as follows

(USD IN MILLION)	2015	2014
Deferred tax assets		
Deferred tax asset to be recovered after 12 months	**35.4**	49.9
Deferred tax asset to be recovered within 12 months	**0.0**	0.1
Offset deferred tax assets and liabilities	**-0.9**	-50.1
Total	**34.5**	0.0
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	**6.4**	144.2
Offset deferred tax assets and liabilities	**-0.9**	-50.1
Total	**5.5**	94.1
Net deferred tax liabilities	**29.0**	-94.1

Tax losses and tax credits carried forward are presented as deferred tax assets to be recovered after 12 months in the table above.

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2015

(USD IN MILLION)	BALANCE JAN 1, 2015	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31, 2014
Total non current assets	-345.9	94.6	0.0	9.7	-241.6
Total current assets	7.4	3.1	0.0	0.0	10.4
Total non current liabilities	60.8	-49.7	0.4	0.2	11.7
Total current liabilities	3.8	6.4	0.0	-0.6	9.6
Tax losses and tax credits carry-forward recognized [1)]	179.9	67.4	0.0	-8.4	238.9
Total	-94.1	121.7	0.4	0.9	29.0

1) Tax losses and tax credit carry-forwards recognized at December 31, 2015 related to REC Silicon in the USA were USD 179.8 million and USD 59.0 million related to REC Silicon ASA. Amounts recognized for REC Silicon ASA are due to offsetting deferred tax liabilities.

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2014

(USD IN MILLION)	BALANCE JAN 1, 2015	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31, 2015
Total non current assets	-324.6	-20.6	-6.5	5.8	-345.9
Total current assets	7.6	-0.3	0.0	0.1	7.4
Total non current liabilities	19.3	37.2	5.7	-1.5	60.8
Total current liabilities	3.7	0.0	0.0	0.1	3.8
Tax losses and tax credits carry-forward recognized	203.4	-19.1	0.0	-4.4	179.9
Total	-90.6	-2.8	-0.8	0.1	-94.1

Accumulated income taxes recognized to equity at December 31

(USD IN MILLION)	2015	2014
Effect of transition to IAS 39 at January 1, 2005	2.3	2.3
Effect of actuarial gains and losses	-2.1	-2.1
Effect of conversion of convertible bonds	-61.0	-61.0
Effect of costs for capital increase	8.5	8.5
Effect of translation differences on loans as part of net investment	12.3	7.2
Total deferred tax	-40.0	-45.1
Current tax - effect of costs for capital increase	13.1	13.1
Total	-26.9	-32.0

The following main deferred tax assets have not been recognized at December 31

(USD IN MILLION)	2015	2014
Tax losses carry forward - not recognized	306.3	443.6
Total	306.3	443.6

Distribution of the deferred tax assets that have not been recognized at December 31

(USD IN MILLION)	2015	2014
REC Silicon ASA and related eliminations (Norway)	107.7	190.6
REC Solar AS and related eliminations (Norway)	198.5	253.0
Total	306.3	443.6

Tax losses carried forward and other deferred tax assets are not recognized due to requirements in IAS 12 for convincing evidence of future profits. There is no expiry date for tax losses in Norway. The decrease in deferred tax assets not recognized is primarily due to the use of tax loss carry forwards to offset taxable income caused by currency gains on intercompany USD loans held by the Company and translation differences caused by changes in currency rates.

Refer to note 31 contingent liabilities for discussion of notices of reassessment from the Central Tax office for large Enterprises.

At December 31, 2015 and 2014, accumulated undistributed earnings for the Company's ownership share in the REC Silicon Inc. and its subsidiaries in the United States were approximately USD 131 million and USD 363 million respectively. A 15 percent withholding tax would apply to any dividends paid from the USA. No corresponding deferred tax liability has been recognized (see notes 2.16 and 4.1 (A)).

19 RETIREMENT BENEFIT OBLIGATIONS AND EXPENSES

The cost of defined pension benefit plans is expensed in the period that the employee renders services and becomes eligible to receive benefits. The cost of defined contribution plans is expensed as contributions become payable.

REC Silicon has an employer-sponsored defined contribution retirement plan (401 (k)) for employees in the United States. The REC Silicon subsidiary REC Advanced Silicon Materials LLC in the United States had defined benefit plans at the time it was acquired in 2005. At that time, these plans were frozen and no future benefits are accruing to the members of the plans. Previous pension rights remain unchanged and are fully vested.

REC Silicon maintains a defined contribution plan for its employee in Norway.

For defined benefit plans, the plan assets and the projected benefit obligations were measured at December 31, 2015 and 2014. An independent actuary performed actuarial calculations. The present value of the projected defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Defined benefit plans

	TOTAL OPERATIONS	
(USD IN MILLION)	**2015**	2014
Gross retirement benefit obligations at January 1	**38.2**	33.1
Interest cost on pension obligations	**1.4**	1.5
Remeasurements recognized through OCI	**0.8**	5.1
Benefits paid, paid-up policies and disability obligation	**-1.5**	-1.5
Gross retirement benefit obligations at December 31	**38.9**	38.2
Fair values of plan assets at January 1	**19.8**	19.7
Actual return on plan assets	**0.3**	0.3
Pension premiums	**2.1**	1.5
Benefits paid, paid-up policies and disability reserve	**-1.5**	-1.5
Fair value of plan assets at December 31	**20.7**	19.8
Funded status at December 31	**18.2**	18.4
Net retirement benefit obligations at December 31	**18.2**	18.4

The plan assets relate to one of three ASiMI plans, and are currently invested in stable value funds.

Retirement benefit obligations in the statement of financial position

	TOTAL OPERATIONS		ASIMI	
(USD IN MILLION)	**2015**	2014	**2015**	2014
Net retirement benefit obligations at January 1	**18.4**	13.4	**18.4**	13.4
Net periodic benefit costs including net interest	**0.7**	0.6	**0.7**	0.6
Remeasurements recognized through OCI	**1.2**	5.8	**1.2**	5.8
Pension premiums and benefits paid	**-2.1**	-1.4	**-2.1**	-1.4
Net retirement benefit obligations at December 31	**18.2**	18.4	**18.2**	18.4

The amounts recognized in the statement of income are as follows

	TOTAL OPERATIONS	
(USD IN MILLION)	**2015**	2014
Total benefit plans	**0.0**	0.0
Contribution plans including employer's social security tax	**3.3**	3.2
Total pension expenses (see note 24)	**3.3**	3.2
Net interest expense	**0.7**	0.6

Remeasurements of the net defined benefit liability recognized through Other Comprehensive Income (gains (-)/losses (+))

(USD IN MILLION)	**2015**	2014
Experience adjustments	**0.2**	0.3
Effects of changes in assumptions	**0.5**	4.8
Total remeasurements (gains (-)/losses (+)) on gross retirement benefit obligations	**0.7**	5.1
Return on plan assets, excluding amounts included in interest	**0.5**	0.7
Total remeasurements (gains (-)/losses (+)) recognized through Other Comprehensive Income	**1.2**	5.8

During 2015 the effects of changes in assumptions were due to an increase in discount rate and changes in demographic assumptions for the ASiMI plans.

The cumulative remeasurement loss recognized to equity through other comprehensive income was USD 10.9 million before income taxes at December 31, 2015. Of this, a loss of USD 17.0 million was related to ASiMI (excluding translation difference).

The mortality table for ASiMI plans was updated from the IRS 2014 Static Mortality table to the adjusted RP-2014 base rates with projection scale MP-2015. Adjusted RP-2014 means that RP-2014 was adjusted to 2006 by removing improvement based on MP-2014 and then used as the base table as of 2006.

The principal actuarial assumptions used to determine retirement benefit obligations at December 31

	2015	2014
Discount rate	**4.17**	3.8
Future salary increases	**NA**	NA
Future pension increases	**NA**	NA
Future increase in social security base amount	**NA**	NA
Future turnover	**NA**	NA

The assumptions used to determine the benefit cost for the year are determined at the beginning of the year. The expected return for the ASiMI plans equals the discount rate.

The expected remaining service life (average, in years) of the defined benefit obligation for the ASiMI plans are approximately 10.9 at December 31, 2015 and 11.5 at December 31, 2014. Pension premiums of USD 1.2 million are expected to be paid during 2016 to the ASiMI defined benefit plans.

For the ASiMI benefit plans, a one percentage point increase (decrease) in discount rate is estimated to decrease (increase) the pension obligation by approximately USD -5.0 (6.2) million at December 31, 2015.

20 TRADE PAYABLES, PROVISIONS AND OTHER LIABILITIES

Non-financial liabilities, interest calculation

(USD IN MILLION	2015	2014
Non-current prepayments - interest calculation	**1.1**	3.2
Current portion of prepayments interest calculation	**2.0**	6.7
Total prepayments, interest calculation	**3.2**	10.0

Trade payables and other liabilities

(USD IN MILLION)	2015	2014
Trade and other payables	**26.7**	34.6
Accrued costs for capex - external	**0.0**	0.0
VAT and other public taxes and duties payables	**29.3**	26.8
Accrued operating costs - external	**10.8**	13.6
Accrued finance costs - external	**3.9**	3.3
Other non-interest bearing liabilities	**1.8**	1.7
Trade payables and other liabilities	**72.5**	80.1

Estimated fair values of the Company's guarantees, indemnification loans and option contract related to the REC Wafer bankruptcy are not reported as provisions, but included in other line items in the statement of financial position, see note 9.

21 GOVERNMENT GRANTS

(USD IN MILLION)	2015	2014
Recognized in the statement of financial position - grants related to assets for continuing operations	**-5.9**	3.5

[1] Negative amounts for government grants related to assets are adjustments to previously recognized grants.

The grant relates to an Advanced Energy Manufacturing Tax Credit grant (AEMTC grant) in the USA. See note 4.2(C).

Changes in grants related to assets for continuing operations in 2015 and 2014 are due to a changes in the estimated present value of the AEMTC grant due to changes in the estimated timing of utilization and in discount rates.

22 OTHER OPERATING EXPENSES

(USD IN MILLION)	2015	2014
Freight, postage and transportation	7.3	5.2
Energy and water	46.3	56.7
Lease expenses	23.2	22.8
Total operating, service and maintenance costs	48.1	59.6
Consultancy and auditor fees	32.6	35.5
Own work capitalized on fixed assets	-2.7	-1.9
IT and telecommunications costs	5.1	6.8
Travel and entertainment costs	2.5	3.6
Insurance costs	5.4	5.6
Loss on receivables	7.0	3.6
Other operating costs	-5.6	-0.5
Other operating expenses	169.2	197.0

[1] Loss on receivables, see note 12.

Auditor's remuneration (continuing operations)

(USD IN MILLION)	2015	2014
Statutory Audit (only relating to statutory auditor)	0.8	1.0
Other assurance services (only relating to statutory auditor)	0.0	0.0
Tax advisory services (only relating to statutory auditor)	0.3	0.4
Other non-audit services (only relating to statutory auditor)	0.1	0.1
Total auditors remuneration	1.2	1.6

23 OTHER INCOME AND EXPENSES

(USD IN MILLION)	2015	2014
Restructuring cost and employee termination benefits	-0.5	0.2
Onerous contracts	0.0	-0.3
Other income	0.3	101.1
Gain/loss on disposal of non-current assets	0.0	0.0
Total other income and expenses	-0.1	101.0

During 2014, the Group received USD 198 million upfront payments for technology transfer associated with the formation of the joint venture. Accordingly, the Group recognized a gain of USD 101 million and eliminated the remaining part of the payment against the carrying amount of the investment. See note 8.

24 EMPLOYEE BENEFITS

(USD IN MILLION)	2015	2014
Salaries	64.3	65.1
Bonus	5.4	8.1
Share option expense	0.1	0.1
Social security tax	4.4	4.8
Pension cost (incl. social security tax)	3.3	3.2
Other employee related costs	11.9	12.2
Employee benefit expenses	89.5	93.5

The average number of permanent employees during 2015 was 711. The number of permanent employees at December 31, 2014 for continuing operations was 721.

There were no loans or guarantees provided to employees at December 31, 2015 or 2014.

25 FINANCIAL INCOME AND EXPENSES

(USD IN MILLION)	2015	2014
Interest income from financial assets not at fair value through profit or loss	0.9	1.1
Calculated interest income	2.5	3.5
Total income from financial assets not at fair value through profit or loss	3.4	4.6
Interest expenses for the convertible bonds (fair value through profit or loss)	-7.2	-9.3
Interest expenses for the NOK Bonds REC01 and REC03 (partially fair value through profit or loss)	-4.5	-5.7
Interest expenses for financial liabilities not at fair value through profit or loss	-2.0	-2.8
Expensing of up-front fees and costs	-0.2	-0.3
Calculated interest expenses	-0.4	-0.3
Capitalization of borrowing costs	3.7	1.2
Other expenses from financial assets and liabilities	-0.7	-7.1
Net financial expenses	-11.2	-24.2
Net currency gains/losses	115.1	131.8
Total net gains/losses derivatives and fair value hedge (excluding interest)	0.0	-1.5
Fair value through profit or loss - convertible bonds (excluding interest)	3.3	14.6
Total fair value through profit or loss	3.3	13.1
Net financial items	110.5	125.3

Calculated interest is interest calculated on prepayments (See note 20).

Other expenses for financial assets and liabilities in 2014 consisted primarily of USD 6.4 million due to the effect of exchange rate fluctuations on interest expense recognized on intercompany between group members with different functional currencies. It also included USD 0.6 million interest on defined benefit pension obligations It also includes USD 0.7 million interest on defined benefit pension obligations, and USD 0.6 million due to the effect of exchange rate fluctuations on interest expense recognized on intercompany between group members with different functional currencies.

Net currency gains in 2015 and 2014 are primarily related to changes in currency rates on intercompany loan balances between group members with different functional currencies. These gains reflect the strengthening of the USD and are partially offset by currency losses associated with the USD convertible bonds.

Net losses on derivatives in 2014 are primarily due to the strengthening of USD against NOK. See note 11.

Estimated fair values are shown in the table below.

USD convertible bond

(USD IN MILLION)	AT ISSUE	DEC 31, 2014	DEC 31, 2015	CHANGE TO P/L 2014	CHANGE TO P/L 2015
Nominal value	110.0	110.0	110.0	0.0	0.0
Value of the total loan	110.0	91.3	88.0	14.6	3.3
			Fair value adjustment excluding currency	14.6	3.3

Estimated fair value excludes accrued interest.

During 2014, the convertible EUR bond was extinguished and the convertible USD bond declined in value due to reduction in the share price.

ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS ON INTEREST, UP-FRONT FEES, AND OTHER COSTS PAID.
Interest paid is approximately USD 12.6 million in 2015 and USD 21.0 million in 2014.

26 EARNINGS PER SHARE

BASIC
Basic earnings per share (EPS) is calculated by dividing the profit/loss attributable to equity holders of the Company by the weighted average number of ordinary shares issued during the year, excluding treasury shares.

On July 16, 2015, the Company issued 230 million ordinary shares through a private placement which increased the average outstanding shares during 2015. There were no changes in the Company's outstanding ordinary shares during 2014.

	2015	2014
Profit/loss from continuing operations (USD IN MILLION)	**-62.8**	213.4
Profit/loss from total operations (USD IN MILLION)	**-62.6**	212.8
Weighted average number of ordinary shares in issue (IN MILLION)	**2 419**	2 314
Basic earnings per share from continuing operations (USD per share)	**-0.03**	0.09
Basic earnings per share from total operations (USD per share)	**-0.03**	0.09

DILUTED
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the convertible bonds and employee share options. Earnings are adjusted to reverse interest expense, currency gains or losses, changes in fair value and the related tax amounts of the convertible bonds. The calculation is made individually for each of the convertible bonds. If the effect increases EPS from continuing operations, it is anti-dilutive, and is then not included in diluted EPS.

The calculation shows that the convertible bonds and the share options are anti-dilutive for 2015 and 2014. Consequently, dilutive EPS equals basic EPS for both years.

27 DIVIDENDS PER SHARE

The Board of Directors did not propose any dividend payments for the financial year 2015 or 2014.

28 RESEARCH AND DEVELOPMENT

(USD IN MILLION)	2015	2014
Research and development expense	5.6	11.9
Development capitalized	2.5	1.4
Total research and development	8.1	13.3

Research and development activities consist of improvements to current production processes and equipment as well as activities designed to enhance quality, improve efficiency, and reduce production cost.

REC Silicon's program for producing higher grade FBR polysilicon has resulted in the development of the next generation FBR-B technology. Research and development expenditures capitalized during 2015 and 2014 are associated with the commercialization of FBR-B technology.

Efforts in other areas are focused on improving yield and productivity of the Siemens process, improvements to energy efficiency and productivity in silicon gas processes. Efforts to improve analytical capabilities continue to show progress and concentrate on polysilicon and silicon gases.

29 COMMITMENTS, GUARANTEES, PLEDGES

Purchase obligations consist of significant items for which the Group is contractually obligated to purchase from third parties at December 31, 2015 and 2014. Operating lease payments show contractual minimum future payments.

In cases where contracts can be terminated or reduced, the reduced amount has been included as estimated payments in the first period subsequent to the reporting period. Consequently, the amounts presented in the table represent the estimated unavoidable portion of the Group's expected future costs related to purchase obligations and lease payments. It does not reflect the Group's expected future cash outflows.

Purchase obligations and operating lease payments are undiscounted and exclude the payment of amounts recognized for other assets, liabilities, and investments.

Contractual purchase obligations and minimum operating lease payments at December 31, 2015

		DISTRIBUTION OF PAYMENTS					
(USD IN MILLION)	TOTAL FUTURE PAYMENTS	2016	2017	2018	2019	2020	AFTER 2020
Purchase of goods and services							
REC Silicon	52.2	47.0	0.5	0.2	0.2	1.5	2.9
Other	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total purchase of goods and services	52.3	47.1	0.5	0.2	0.2	1.5	2.9
Minimum operating lease payments							
REC Silicon	76.3	20.1	19.2	15.6	9.4	5.8	6.3
Other	0	0	0	0	0	0	0
Total minimum operating lease payments	76.3	20.1	19.2	15.6	9.4	5.8	6.3

Purchase obligations consist primarily of long term contracts for Metallurgical Grade Silicon. Operating leases consisted primarily of agreements for facilities that provide hydrogen and nitrogen used in production processes.

REC Silicon has entered into a joint venture in China (See Note 8). The Group 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 has not been included in the table above.

GUARANTEES AND PLEDGES

Bank guarantees at December 31, 2015 amounted to USD 4.8 million related to purchases of energy, performance guarantees (REC Solar), and salary related liabilities. Restricted cash balances related to guarantees were USD 3.7 million (see note 14).

Bank guarantees at December 31, 2014 amounted to USD 1.2 million related to performance guarantees (REC Solar). Restricted cash balances related to guarantees were USD 1.1 million (see note 14).

The Group provided parent company guarantees for the REC Solar Group related to the performance of solar panels and systems and the sale of REC ScanModule AB. The Group has been provided with offsetting guarantees by REC Solar Holdings AS. The guarantees are valid for relevant warranty periods and are limited by warranties provided on solar panels and systems. Parent company guarantees for REC Solar were USD 54.7 million and USD 69.5 million at December 31, 2015 and 2014 respectively. Parent company guarantees of USD 14.8 million expired in 2015. The remaining guarantees will decrease from 2022 to 2039 when they will expire in their entirety.

The Company has provided guarantees and indemnification agreements in connection with the bankruptcy of a former subsidiary. See notes 9, 11, 17 and 30.

30 OTHER INFORMATION FINANCIAL INSTRUMENTS

FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Group's financial instruments are based on market prices and the valuation methods described below.

Financial instruments recognized at fair values (partially or in whole)

	2015		2014	
(USD IN MILLION)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Convertible bonds - fair value whole instrument	0.0	88.0	0.0	91.3
Derivatives option related to REC Wafer bankruptcy	0.0	1.4	0.0	2.0

Determining the categorization of fair value measurements in accordance with IFRS 13 involves judgment.

Level 2

USD Convertible bonds: The Group accounts for these instruments at fair value. The convertible bonds are not listed on any exchange but are traded in limited markets. Quotations published by Bloomberg and actual trades are used to estimate fair value during the year. At year-end the value is adjusted to the tax assessment value published by Norges Fondsmeglerforbund. This value is an estimate of fair value.

Norwegian bonds: The fair value adjustments recognized in the financial statements were due to fair value hedge from the fixed swap interest rate to the floating NIBOR rate. In November 2013 the hedging designation was revoked and the hedged part of the bonds is no longer adjusted to their fair values (see note 17). Derivative instruments purchased from banks: The fair value estimates are based on contractual cash flows and traded prices for input components. The fair values are compared to estimates by external parties; primarily banks.

Level 3

Option contract is part of the indemnification agreements in connection with the REC Wafer Norway AS bankruptcy, and the estimated fair value is subject to change. The change in estimated fair value has been reported as part of the net gain on disposal of discontinued operations, see note 9. There are no anticipated cash flows associated with this option until estimated maturity, the earliest of which was in February 2016. The option contract has not been settled as of the issue date of these financial statements. The option price is dependent on the share price of the Company and dividend payout from the REC Wafer Norway AS's bankruptcy estate.

A ten percent change in the Company's share price would result in a change of NOK 2 million (USD 0.3 million at year end 2014) in the fair value of the indemnification liability. A similar change to the dividend payout from REC Wafer Norway AS's bankruptcy estate would result in a corresponding change of NOK 1 million (USD 0.2 million at year end 2014) in the fair value of the liability. A gain of USD 1.0 million for 2014 is included in profit or loss from discontinued operations. At yearend 2015, this option had matured and the associated liability amounts became fixed with respect to changes in the Company's share price.

Other financial liabilities and assets

The NOK bonds are traded on the Oslo Stock Exchange. Although trading is limited, market values of the bonds are estimated using trades near year-end and Norges Fondsmeglerforbund (level 2 in the fair value hierarchy).

	2015			2014		
(USD IN MILLION)	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC02	20.4	20.3	20.2	31.5	30.7	30.9
REC03	51.7	50.9	48.4	40.4	41.6	38.4

For all remaining financial assets and liabilities the carry amounts represent a reasonable approximation of fair value.

CREDIT RISK

The maximum credit risks related to financial assets are estimated in the table below

	2015		2014	
(USD IN MILION)	CARRYING AMOUNT	MAX. EXPOSURE	CARRYING AMOUNT	MAX. EXPOSURE
Cash and bank (incl. restricted bank accounts)	**99.1**	**99.1**	101.7	101.7
Trade receivables and accrued revenues	**56.6**	**56.6**	104.1	104.1
Other non-current and current receivables	**0.4**	**0.4**	0.5	0.5
Finance receivables and short-term loans	**4.1**	**4.1**	9.7	9.7
Total	**160.2**	**160.2**	216.1	216.1

The bank guarantees, parent company guarantees, and indemnification agreements (see note 29) expose the Group to credit risk. The fair values of bank and parent company guarantees are estimated at zero. The maximum amount of the indemnification agreements is NOK 270 million and has been recognized in liabilities for NOK 212.7 million (USD 24.1 million) at December 31, 2015.

Shared characteristics that identify each concentration of trade receivables at December 31, 2015

GEOGRAPHICAL	2015	2014	SECTOR	2015	2014	INDUSTRY	2015	2014
China	**32 %**	37 %	Manufacturing	**75 %**	88 %	Solar	**67 %**	75 %
Hong Kong	**22 %**	34 %	Wholesale	**23 %**	10 %	Electronic	**31 %**	23 %
Taiwan	**9 %**	10 %	Other	**2 %**	2 %	Other	**2 %**	2 %
Other Asia	**27 %**	10 %						
Japan	**2 %**	4 %						
Europe	**4 %**	2 %						
North America	**4 %**	2 %						
Total	**100 %**	100 %		**100%**	100%		**100%**	100%

Continuing operations are dependent on a small number of customers. In 2015, seven customers represented approximately 50 percent of revenue (five customers in 2014). Seven customers represented approximately 50 percent of total trade receivables at December 31, 2015 (five customers at December 31, 2014).

Generally, a more challenging and competitive market environment increases credit risk due to financially weaker customers and extended payment terms. Amounts overdue but not impaired between 90 and 365 days were associated with only four customers for both years presented.

Analysis of aging of receivables at December 31, 2015

		AGING OF RECEIVABLES THAT ARE NOT IMPAIRED					
			PAST DUE				
(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	IMPAIRED
Trade receivables	75.3	42.4	5.3	5.4	3.5	0.0	18.7
Provision for loss on trade recivables	-18.7	0.0	0.0	0.0	0.0	0.0	-18.7
Other non-current and current receivables	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Total receivables	57.0	42.8	5.3	5.4	3.5	0.0	0.0
Prepaid Costs	13.3						
Total trade and other receivables	70.3						

Analysis of aging of receivables at December 31, 2014

		AGING OF RECEIVABLES THAT ARE NOT IMPAIRED					
			PAST DUE				
(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	IMPAIRED
Trade receivables	115.8	80.7	11.2	11.8	0.1	0.4	11.6
Provision for loss on trade recivables	-11.6	0.0	0.0	0.0	0.0	0.0	-11.6
Other non-current and current receivables	1.6	1.4	0.0	0.0	0.0	0.2	0.0
Total receivables	105.7	82.1	11.2	11.8	0.1	0.5	0.0
Prepaid Costs	18.3						
Total trade and other receivables	124.1						

At December 31, 2015 approximately 12 percent of not due trade receivables were secured by bank guarantees. At December 31, 2014, approximately 27 percent of the not due receivables were secured by bank guarantees.

SENSITIVITIES

Convertible USD bond – sensitivity to changes in the Company's share price

At December 31, 2015 and 2014 it is estimated that a ten percent increase (decrease) in the Company's share price will increase (decrease) the estimated fair value of the USD convertible bond by USD 0.4 million.

Interest rate sensitivity

A change in interest rates will affect interest payments on variable interest rate liabilities, cash, and restricted cash. The net effect of a one percentage point increase (decrease) in interest rates is estimated to affect profit or loss for the year by USD -0.5 (0.5) million calculated on outstanding amounts at December 31, 2015. The same calculation at December 31, 2014 was USD -0.7 (0.7) million.

A one percentage point increase (decrease) in market interest rates is estimated to change the net estimated fair values of the bonds with an effect to profit or loss by USD 3.7 (-3.8) million at December 31, 2015. The same calculation at December 31, 2014 including derivatives was USD 2.6 (-2.7) million.

Exchange rate sensitivity

The tables below show the estimated impact of a 10 percent increase or decrease in foreign currencies rates compared to functional currencies for each entity. The amounts are calculated at period end and do not reflect fluctuations during the year.

The exchange rate sensitivity for financial assets in USD relates to the Company's loans to REC Silicon of which a portion is regarded as a net investment and consequently recognized to equity through other comprehensive income. The sensitivity of financial liabilities relates to the convertible bonds. In addition, sensitivity related to financial liabilities has declined with the extinguishment of debt.

Exchange rate sensitivity on financial instruments at December 31, 2015

	CHANGE + 10% COMPARED TO FUNCTIONAL CURRENCIES	
(USD IN MILLION)	USD	**TOTAL**
Financial assets	86.7	**98.9**
Financial liabilities	-11.0	**-18.5**
Total	75.7	**80.4**
Of which to equity		
USD receivables as part of net investment	13.2	**13.2**
Rest is to profit or loss	62.5	**67.2**

As described in note 3.1(A), the Group's currency risk on a consolidated basis relates primarily to the sufficiency of net cash flows in USD to meet debt service requirements in NOK. The Company currently holds NOK 627 million in NOK bonds with a carrying value of USD 71.2 million. A 10 percent increase or decrease in the NOK/USD exchange rate would result in a decrease of USD 6.5 million or increase of USD 7.9 million in the carrying values of these bonds in USD.

31 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group is involved in legal disputes in the ordinary course of business. Provisions are recognized for the expected outcomes in accordance with applicable accounting rules. Provisions are based on Group Management's estimate of likely outcomes based on prior experience, the source, and the facts and circumstances of a claim. The final outcomes of such disputes and litigation are subject to significant uncertainty and actual outcomes may vary from provisions recognized. Provisions are adjusted to reflect the most recent facts and circumstances.

PROPERTY TAXES

REC Silicon has appealed property taxes in Grant County, Washington (USA). The 2012 assessment year is currently subject to an appeal currently pending in the Thurston County Superior Court. REC Silicon has received a Notice of Change of Value from Grant County for the 2013, 2014, and 2015 assessment year and has also appealed these valuations.

REC Silicon has contested Grant County's valuations of taxable property. For both years presented, there was no difference between expenses recognized and amounts claimed by Grant County; the total provision in the statement of financial position is USD 26.3 million at December 31, 2015 and USD 23.3 million at December 31, 2014. Under relevant law and previous agreements, REC Silicon is required to pay only the undisputed amounts and a portion of the disputed amounts while the appeals are pending; accordingly, payments made in 2015 for 2014 property taxes totaled USD 4.2 million and payments made in 2014 for 2013 property taxes totaled USD 4.0 million.

INCOME TAXES

The Company has received notices of reassessment from the Norwegian Central Tax office for large Enterprises (CTO) regarding the tax returns for fiscal years 2009 through 2011. The CTO has questioned the deductibility of losses on loans to REC ScanModule AB in 2009 and losses on loans and guarantees to Sovello GmbH in 2009 and 2010. In addition, the CTO has questioned the deductibility on losses on loans to REC Wafer Norway AS, REC Solar AS, and REC ScanCell AS in 2011. These losses amounted to NOK 7.8 billion in total (at 28 percent the tax would be approximately NOK 2.2 billion; USD 250 million at December 31, 2015).

The Company has opposed the notices by filing legal assessments of the cases and presented supporting documentation. A decision has not been communicated by the CTO. Should the CTO make a decision denying the deductibility of the losses, any re-assessed tax is generally due two weeks after the decision, whether or not such decision is appealed. If this occurs, the Company believes that the amounts should be adjusted for group contributions and carry back of tax losses, reducing the potential tax effect (excluding any interest) to approximately NOK 230 million (USD 26 million at December 31, 2015).

The Company believes the losses are tax deductible and has made no provision for potential tax liabilities.

In 2015, REC Silicon received a notice from the Norwegian Central Tax Office (CTO) regarding 2013 tax returns for REC Solar AS and REC Silicon ASA related to the valuation of REC Solar ASA when it was sold in October of 2013. The CTO has suggested a higher valuation which could result in smaller tax losses recognized by the Company and could result in additional income taxes payable. REC Silicon has opposed this notice by filing legal assessments of the Company's tax position and by providing documentation supporting the valuation used. The Company believes that valuations of REC Solar ASA are correct and has made no provision for potential tax liabilities.

USA/CHINA TRADE DISPUTE

REC Silicon's access to polysilicon markets in China has been severely restricted by an import tariff imposed by the Chinese Ministry of Commerce (MOFCOM).

Discussions toward a resolution of the solar trade cases continue, with the US and Chinese governments reiterating their commitment to a finding a resolution. REC Silicon has encouraged and supported all efforts to find a comprehensive resolution and continues to work with the US government, the Chinese government, affected companies, and industry organizations to obtain a resolution.

The outcome, timing, and impact of any resolution to the trade dispute remain uncertain.

32 SHARE-BASED COMPENSATION

The Group has share option programs from 2009 to 2011 for management and key personnel. Each program spans six years with a lock up period in the first three years. Options can be exercised in the remaining years, with four exercising periods per year. These periods start after presentation of the quarterly financial results and last 14 days. Any unexercised options are forfeited upon termination of employment.

Each program has a profit cap of one to two years fixed base salary. The number of share options awarded is limited to a maximum profit in each calendar year relative to the employee's annual fixed base salary effective at January 1 in the year of exercise. The profit is calculated as the difference between the exercise price and the market price at the time of exercise.

In 2014, the 2008 option plan expired. In 2015, the 2009 program expired.

During 2014 and 2015, REC Silicon granted 8,000,000 share options to certain key employees each year. These programs are for six years. The first three years are a lock-up period. The vesting of the options for eligible employees will take place in equal parts in the fourth, fifth and sixth years of each program, on each June 30 of each year. The options were granted at a strike price of NOK 3.50 in 2014 and NOK 2.30 for 2015. These option programs are synthetic programs; the options will be settled in cash. Cash payments due to an eligible employee following any disbursement date is limited to a maximum amount in each calendar year equal to the employee's base annual salary effective January 1st in the year of the disbursement. Any unexercised options are forfeited upon termination of employment.

Fair values were estimated using the Black-Scholes option price model. Expected volatility was based on historical volatility and no dividends were expected in the periods. Expected lifetime and vesting periods were set at the time of allocation based on expectations that employees would exercise options early due to the structure of the programs, including the annual profit cap, and the volatility of the Company's share price. Fair values for options are expensed over the estimated vesting periods. Due to the low share price compared to the exercise prices, the expected vesting periods have increased from approximately three years to approximately six years.

OPTIONS OUTSTANDING AT DECEMBER 31, 2015
REC Silicon excluding REC Solar

PROGRAM	EXERCISE PRICE (NOK)	NO. OPTIONS	TOTAL FAIR VALUE (USD MILLION)	TOTAL EXPENSED (USD MILLION)	REMAINING TO BE EXPENSED (USD MILLION)	REMAINING CONTRACTUAL LIFE (YEAR)
2010	15.32	1 374 020	0.3	0.3	0.0	0.6
2011	10.09	1 999 188	0.4	0.3	0.1	1.6
2014 [1]	3.50	7 686 975	0.4	0.2	0.3	4.5
2015	2.30	8 000 000	0.7	0.1	0.6	5.5
Total		19 060 183	1.8	0.9	0.9	

[1] In 2015, 313,025 Options have been terminated.

The amount recognized in the statement of income from continuing operations for share based compensation was an expense of USD 0.1 million in 2015 and USD 0.2 million in 2014.

33 EVENTS AFTER THE REPORTING PERIOD

In February 2016 the Company shutdown FBR production in Moses Lake. The restart of production in Moses Lake is dependent upon improved market conditions and/or a resolution to the trade dispute between the U.S. and China.

The Company has provided guarantees and indemnification agreements in connection with the bankruptcy of a former subsidiary. See notes 9, 11, 17, 29, and 30. The indemnification loan is callable under certain conditions after February 2016. As of the issue date of these financial statements, the indemnification loan has not been called.

BALANCE SHEET (NGAAP) REC SILICON ASA

AT DECEMBER 31 (NOK IN MILLION)	NOTES	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	B	**0.3**	0.4
Investments in subsidiaries	C	**838.5**	228.9
Non-current receivables from subsidiaries	D	**7 634.1**	6 125.7
Restricted bank accounts non-current	E	**30.9**	30.5
Total non-current assets		**8 503.8**	6 385.5
Current assets			
Trade recievables		**0.0**	1.1
Other receivables from subsidiaries	D	**0.0**	559.2
Other receivables		**3.2**	3.5
Restricted bank accounts current	E	**1.6**	8.3
Total current receivables		**4.8**	572.2
Cash and cash equivalents	E	**632.3**	125.3
Total current assets		**637.1**	697.4
Total assets		**9 140.9**	7 082.9

BALANCE SHEET (NGAAP)
REC SILICON ASA

AT DECEMBER 31 (NOK IN MILLION)	NOTES	2015	2014
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	H	**2 543.8**	2 313.8
Share premium reserve	H	**1 959.8**	1 841.1
Total paid-in capital	H	**4 503.6**	4 154.9
Other equity and retained earnings	H	**2 793.2**	1 332.9
Total shareholders' equity	H	**7 296.8**	5 487.8
Non-current liabilities			
Interest-bearing liabilities			
Interest-bearing liabilities	F	**1 415.7**	1 552.8
Derivatives	L	**0.0**	15.0
Total non-current liabilities		**1 415.7**	1 567.8
Current liabilities			
Trade payables		**0.3**	0.4
Social security, VAT and other taxes		**0.1**	0.3
Interest-bearing liabilities	F	**378.3**	0.0
Derivatives	L	**12.7**	0.0
Other current liabilities		**37.0**	26.7
Total current liabilities		**428.4**	27.4
Total liabilities		**1 844.1**	1 595.1
Total equity and liabilities		**9 140.9**	7 082.9

Fornebu, April 5, 2016
Board of Directors

Espen Klitzing
Member of the Board

Jens Ulltveit-Moe
Chairman of the Board

Ragnhild Wiborg
Member of the Board

Erik Løkke-Øwre
Member of the Board

Inger Berg Ørstavik
Member of the Board

Tore Torvund
President and CEO

INCOME STATEMENT (NGAAP) REC SILICON ASA

YEAR ENDED DECEMBER 31 (NOK IN MILLION)	NOTES	2015	2014
Lease revenues and other revenues - external		0.0	0.6
Total revenues		0.0	0.6
Employee benefit expenses	I	-3.9	-13.6
Other operating expenses	K	-13.2	-16.2
Depreciation, amotization and impairment	B	-0.1	-5.0
EBIT		-17.2	-34.2
Interest Income, internal	L	501.8	418.9
Interest Income, external	L	3.2	3.8
Interest expense, external	L	-111.5	-123.8
Other financial expenses	L	-0.4	-0.8
Net currency gains/losses	L	1 081.8	1 082.2
Net gains/losses on derivatives	L	0.0	-10.2
Impairment and gains/losses on financial instruments	M	1.7	-4.3
Net financial items		1 476.6	1 365.8
Profit/loss before income tax		1 459.4	1 331.6
Income tax expense	J	0.0	0.0
Profit/loss for the year		1 459.4	1 331.6
Profit/loss for the year is distributed as follows			
Other equity	H	1 459.4	1 331.6
Total distributed		1 459.4	1 331.6

STATEMENT OF CASH FLOWS (NGAAP) REC SILICON ASA

YEAR ENDED DECEMBER 31 (NOK IN MILLION)	2015	2014
Cash flows from operating activities		
Profit/loss before tax	1 459.4	1 331.6
Taxes paid/received	0.0	0.0
Depreciation, amortization and impairment	0.1	5.0
Writedowns and losses on financial instruments	0.6	0.0
Changes in receivables [1]	3.2	-533.1
Changes in payables	10.2	-54.2
Changes in provisions	0.0	-6.2
Changes in VAT and other public taxes and duties	-0.2	-11.6
Changes in derivatives	-2.3	77.7
Currency effects not cash flow or not related to operating activities [2]	-1 063.0	-997.7
Other items [3]	5.2	-4.7
Net cash flow from operating activities	413.2	-193.2
Cash flows from investing activities		
Investement in equity in subsidiaries [1]	0.0	0.0
Investment in loan to subsidiary	-345.5	0.0
Proceeds from finance receivables and restricted cash	5.9	31.4
Payments for property, plant and equipment and intangible assets	0.0	-0.2
Net change in internal part of group account system	0.0	0.6
Net cash from disposal of subsidiaries	0.0	0.4
Net cash flow from investing activities	-339.6	32.2
Cash flows from financing activities		
Increase in equity	348.7	0.0
Payments of borrowings and up-front/waiver loan fees	-55.0	-859.8
Proceeds from borrowings	139.8	1 082.4
Net cash flow from financing activities	433.4	222.5
Net increase/decrease in cash and cash equivalents	507.0	61.5
Cash and cash equivalents at the beginning of the period	125.3	63.8
Cash and cash equivalents at the end of the period	632.3	125.3

1) Change in receivables includes receivable on REC Silicon AS established in 2014 and in 2015 converted to share capital in REC Silicon AS. See note D.
2) Currency gains and losses are primarily related to interest bearing liability in US Dollar (USD convertible bond) and loans to subsidiaries. See note D and F.
3) Other items consist primarily of the expensing of up-front loan fees and amortization of interests.

INDEX OF THE NOTES TO THE FINANCIAL STATEMENTS REC SILICON ASA

NOTE		PAGE
A	Summary of significant accounting principles and general	73
B	Property, plant, equipment and intangible assets	74
C	Shares in subsidaries	74
D	Receivables from subsidiaries	75
E	Cash and cash equivalents and restricted bank accounts	75
F	Interest bearing liabilities	75
G	Provisions	76
H	Equity	76
I	Employee benefits	77
J	Income taxes	78
K	Other operating expenses	80
L	Interest, currency, derivatives	81
M	Writedowns and gains/losses on financial instruments	81
N	Research and development	82
O	Guarantees and indemnification agreements	82
P	Related parties	82
Q	Contingent liabilities	82

NOTES TO THE FINANCIAL STATEMENTS REC SILICON ASA

A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND GENERAL

REC Silicon ASA (the Company) is a holding company with corporate management and financial functions.

The financial statements have been prepared in compliance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP) in effect at December 31, 2015. The functional and reporting currency of the Company is Norwegian Krone (NOK). The reporting currency used in the consolidated financial statements is US Dollar (USD). The consolidated financial statements of the Group have been prepared in accordance with IFRS. However, except as stated, the Company's accounting principles are similar to the accounting principles for the Group, as described in the notes to the consolidated financial statements. Financial statement disclosures for the Company that are substantially different from the disclosures for the Group are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Group contributions and dividends that are subject to approval by the Annual General Meeting are recognized according to IFRS in the consolidated financial statements at the time of approval. For the Company's financial statements according to NGAAP, these are recognized in the fiscal year they relate to. Group contributions to subsidiaries are recognized as investment in shares in subsidiaries, net of tax.

Subsidiaries, jointly controlled entities and associates are carried at the lower of cost or estimated recoverable amount in the Company's consolidated financial statements. In the consolidated financial statements, these are consolidated or accounted for using the equity method.

In the consolidated financial statements, the convertible EUR and USD bond loans issued in 2009 and 2013 have been measured at fair value. In the Company's financial statements they are measured at amortized cost. The convertible EUR bond was settled in 2014.

In the Company's financial statements, payments expected to be made during the next 12 months on non-current financial assets or liabilities are not reclassified to current financial assets or liabilities. In the consolidated financial statements these are reclassified.

The financial statements are presented in NOK, rounded to the nearest tenth of million, 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.

The financial statements of the Company have been approved for issue by the Board of Directors on April 5, 2016 and are subject to approval by the Annual General Meeting on May 3, 2016.

B PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

(NOK IN MILLION)	2015	2014
Cost at January 1	**0.7**	53.6
Additions	**0.0**	0.2
Disposal	**0.0**	-53.0
Cost at December 31	**0.7**	0.7
Accumulated depreciation January 1	**0.0**	-44.2
Depreciation for the year	**-0.1**	-4.7
Disposal depreciation	**0.0**	48.9
Accumulated depreciation December 31	**-0.1**	0.0
Accumulated impairment January 1	**-0.3**	-4.1
Impairment for the year	**0.0**	-0.3
Disposal impairment	**0.0**	4.1
Accumulated impairment December 31	**-0.3**	-0.3
Carrying value at December 31	**0.3**	0.4

All additions in 2014 (office and other equipment) are related to furniture and office equipment. The Company moved to new offices in May 2014. All assets from 2013 and earlier were fully depreciated at that time and disposed of, except certain assets with a cost of NOK 0.5 million. These assets were impaired by NOK 0.3 million in 2014.

C SHARES IN SUBSIDIARIES

			DECEMBER 31 (NOK IN MILLION)	
COMPANY	OWNERSHIP/ VOTING RIGHT	BUSINESS OFFICE	2015	2014
REC Silicon AS	100%	Bærum	**837.5**	227.9
REC Solar AS	100%	Bærum	**1.0**	1.0
Total			**838.5**	228.9

In 2015 the Company converted the USD 75 million receivable on REC Silicon AS to share capital in REC Silicon AS. Simultaneously REC Silicon AS increased the share capital and ownership with USD 75 million in REC Silicon Pte. Ltd.

SUB-SUBSIDIARIES	OWNERSHIP/ VOTING RIGHT	BUSINESS OFFICE
REC Solar AS subsidiaries		
Gitzeli Solar Energy Production S.A.	100%	Greece
REC Greece S.A.	100%	Greece
REC Silicon AS subsidiaries		
REC Silicon Inc	100%	Moses Lake, USA
REC Solar Grade Silicon LLC	100%	Moses Lake, USA
REC Advanced Silicon Materials LLC	100%	Butte, USA
REC Silicon Pte Ltd	100%	Singapore

At December 31, 2015, REC Solar AS's subsidiaries were under liquidation.

D RECEIVABLES FROM SUBSIDIARIES

Non-current interest bearing receivables from subsidiaries are USD loans to the subsidiaries in USA (REC Silicon Inc. and REC Solar Grade Silicon LLC), with USD 866.6 million at December 31, 2015 and USD 824.1 million December 31, 2014.

Other receivables (current) from subsidiaries at December 2014 was mainly receivable from REC Silicon AS of USD 75 million that has been converted to share capital in REC Silicon AS.

E CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

Cash and cash equivalents consist of bank deposits.

Restricted bank accounts (not included as cash and cash equivalents)

(NOK IN MILLION)	2015	2014
Non-current	**30.9**	30.5
Current	**1.6**	8.3
Total restricted bank accounts	**32.5**	38.8

At December 31, 2015 and 2014 current restricted bank accounts include NOK 0.2 million to secure employees' tax deductions in REC Silicon ASA

See note 14 to the consolidated financial statements for a description of restricted bank accounts.

F INTEREST BEARING LIABILITIES

(NOK IN MILLION)	2015	2014
NOK bonds	**627.0**	538.3
Up-front loan fees etc (amortized as part of effective interest)	**-2.0**	-3.2
USD convertible bond	**969.0**	817.7
Indemnification loan	**200.0**	200.0
Total interest bearing liabilities	**1 794.0**	1 552.8

See note 17 to the consolidated financial statements for details of the Company's interest bearing liabilities.

G PROVISIONS

All provisions were settled in 2014 and no provision has been made in 2015.

At December 31

(NOK IN MILLION)	EMPLOYEE TERMINATION BENEFITS	LOSS CONTRACT	TOTAL
At January 1, 2014	3.0	3.2	**6.2**
Additional provision	0.0	2.0	**2.0**
Unused amount reversed	-1.2	0.0	**-1.2**
Used during the year	-1.8	-5.2	**-7.0**
At December 31, 2014	0.0	0.0	**0.0**

H EQUITY

(NOK IN MILLION)	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY AND RETAIND EARNINGS	TOTAL
Equity at January 1, 2014	2 313.8	1 841.1	0.3	**4 155.2**
Share option program	0.0	0.0	1.0	**1.0**
Profit for the year	0.0	0.0	1 331.6	**1 331.6**
Equity at December 31, 2014	2 313.8	1 841.1	1 332.9	**5 487.8**
Share option program	0.0	0.0	0.9	**0.9**
Share issues	230.0	118.7	0.0	**348.7**
Profit for the year	0.0	0.0	1 459.4	**1 459.4**
Equity at December 31, 2015	2 543.8	1 959.8	2 793.2	**7 296.8**

Share capital at December 31, 2015 was 2,543,818,785 shares at par value of NOK 1 (2,313,818,785 shares at December 31, 2014). There is one class of shares, and all shares have the same voting rights. See note 15 to the consolidated financial statements for more information.

In 2015 the Company increased equity through share issues of 230 million shares at a price of NOK 1.55 per share. The net proceed was NOK 348.7 million after deduction of costs of NOK 7.8 million.

EMPLOYEE BENEFITS

Employee benefit expenses

(NOK IN MILLION)	2015	2014
Payroll	-3.3	-8.4
Bonus	-0.1	-2.4
Social security tax	-0.5	-1.6
Pension expense including social security tax	-0.1	-0.8
Other employee related costs	0.0	-0.5
Employee benefit expenses	-3.9	-13.6

The average number of employees measured in man-years was 1 during 2015 and 5 during 2014. There were no loans or guarantees to employees at December 31, 2015 and 2014.

Payroll includes compensation to Board of Directors. For compensation and shareholdings for Group management and Board of Directors see note 16 to the consolidated financial statements.

PENSION PLANS
In the beginning of 2014, the defined benefit plans were settled. At December 31, 2015 the Company maintained a defined contribution pension plan for employees that fulfill requirements according to Norwegian law: "Lov om obligatorisk tjenestepensjon".

SHARE OPTION PROGRAMS
See note 32 to the consolidated financial statements for details of the share option programs.

At December 31, 2015 there was one previous employee of the Company that had share options remaining. At December 31, there were 971,347 share options outstanding; 365,715 from the 2010 program and 605,632 from the 2011 program.

At December 31, 2014 the accumulated share option expense recognized by the Company was NOK 4 million and there was no remaining expense to be recognized. At December 31, 2015, the accumulated amount recognized to equity was NOK 15 million and NOK 14 million at December 31, 2014. At December 31, 2015 there was NOK 1 million remaining to be recognized to equity by the Company relating to 2.4 million options outstanding for employees in the US subsidiaries.

The difference between the amounts recognized to equity and the expense are share options offered by the Company to employees in subsidiaries that are recognized as additions to the cost of shares in subsidiaries.

J INCOME TAXES

(NOK IN MILLION)	2015	2014
Current income tax benefit (+) / expense (-) for the year	0.0	0.0
Total deferred tax benefit (+) / expense (-) for the year	0.0	0.0
Total income tax benefit (+) / expense (-) for the year in the income statement	0.0	0.0

Relationships of income tax expense/benefit to profit/loss before taxes

(NOK IN MILLION)	2015	2014
Profit/loss before tax	1 459.4	1 331.6
Tax calculated at domestic tax rate of 27 percent	-394.0	-359.5
Effect of change in tax rate on gross temporary differences	-75.9	0.0
Income not subject to tax	0.0	0.1
Expenses not deductible for tax (permanent differences)	0.0	0.0
Recognition of previosuly not recognized deferred tax assets	469.9	359.4
Total income tax benefit (+) / expense (-) for the year in the income statement	0.0	0.0
Effective tax rate	0 %	0 %

Current income tax

(NOK IN MILLION)	2015	2014
Profit/loss before taxes	1 459.4	1 331.6
Impairments and losses on shares and loans - permanent difference	0.0	0.0
Other permanent differences	0.0	0.0
Changes in temporary differences	-1 022.5	-816.7
Utilization (-) / increase (+) of tax losses carried forward	-436.9	-514.9
Basis for current tax in the income statement	0.0	0.0
Estimated 27 percent current income tax	0.0	0.0
Current income tax benefit (+) / expense (-) in the income statement	0.0	0.0
Basis for current tax in the income statement	0.0	0.0
Cost for capital increase, recognized to equity	-7.8	0.0
Tax loss carried forward	7.8	0.0
Basis for current tax in the balance sheet	0.0	0.0
Current tax asset (+) / liability (-)	0.0	0.0

Specification of temporary differences and tax loss, deferred tax assets and liabilities

(NOK IN MILLION)	2015	2014
Fixed assets	**-6.5**	-8.3
Up-front fees	**2.0**	3.2
Interest bearing liabilities	**-209.7**	-213.8
Derivatives	**-12.7**	-15.0
Net unrealized gains on non-current foreign exchange receivables and liabilities	**2 387.2**	1 375.6
Other	**-80.0**	-80.0
Tax losses carried forward	**-5 876.6**	-6 305.7
Total temporary differences and tax loss carried forward	**-3 796.3**	-5 243.9
Tax percentage	**25 %**	27 %
Deferred tax assets (-) / liabilities (+)	**-949.1**	-1 415.9
Deferred tax assets not recognized	**949.1**	1 415.9
Deferred tax assets (-) / liabilities (+) in the balance sheet	**0.0**	0.0
Change in deferred tax assets (-) / liabilities (+) in the balance sheet	**0.0**	0.0
Of which actuarial gains and loss, recognized to equity	**0.0**	0.0
Total deferred tax benefit (-) / expense (+) for the year	**0.0**	0.0

K OTHER OPERATING EXPENSES

Specification of other operating expenses

(NOK IN MILLION)	2015	2014
Operating lease expenses	-0.2	-1.6
Audit remuneration	-2.8	-2.5
Consultancy fees	-4.1	-3.5
Insurance	-1.5	-2.4
Other operating expenses	-4.6	-5.4
Onerouse (loss) contracts	0.0	-2.0
Employee termination benefits	0.0	1.2
Total other operating expenses	-13.2	-16.2

Audit remuneration

(NOK IN MILLION)	2015	2014
Statutory audit	-2.1	-1.9
Other non-audit services	-0.7	-0.6
Total auditor's remuneration expensed	-2.8	-2.5

Amounts in 2015 includes VAT 0.6 million (0.3 million in 2014) as expensed.

Future payment obligations

The future aggregate minimum payment obligations are as follows

	2015			2014		
(NOK IN MILLION)	OPERATING LEASE	OTHER	TOTAL	OPERATING LEASE	OTHER	TOTAL
No later than 1 year	0.1	0.6	0.7	0.1	0.8	0.9
Later than 1 year but not later than 5 years	0.1	0.0	0.1	0.2	0.0	0.2
Later than 5 years	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.2	0.6	0.8	0.3	0.8	1.1

L INTEREST, CURRENCY, DERIVATIVES

INTEREST INCOME AND EXPENSES
The Company conducts financing for the Group. See note 17 to the consolidated financial statements of the Group. Interest income increased in 2015 compared to 2014 due to the strengthening of the USD compared to NOK and increases to Group internal loans. External interest expenses are lower in 2015 compared to 2014 due to reduction in interest bearing liabilities (repaid the NOK bond REC01 and EUR convertible bond during 2014). Interest expenses include expensing of upfront fees, see note 25 to the consolidated financial statements.

CURRENCY GAINS AND LOSSES
Net currency gains in 2015 of NOK 1 081.8 million and NOK 1 082.2 in 2014 are related primarily to USD loans to subsidiaries partially offset by currency effects on USD interest bearing liabilities.

DERIVATIVES
In the beginning of 2014, all derivatives instruments except the indemnification option contract were settled.

The Company was the only entity within the Group holding derivative instruments. The overview of derivatives in note 11 to the consolidated financial statement is therefore representative for the Company for the periods presented.

See notes 3 and 11 to the consolidated financial statements for a description of derivatives, the purpose of entering into derivative transactions and accounting for derivatives.

M WRITEDOWNS AND GAINS/LOSSES ON FINANCIAL INSTRUMENTS

(NOK IN MILLION)	2015	2014
Gain/loss in connection with the bankruptcy of REC Wafer Norway	1.7	-4.3
Net writedowns and gains/losses on financial intruments	1.7	-4.3

The gain/loss in connection with the bankruptcy of REC Wafer Norway AS relates to estimated values of liabilities taken on by the Company and loss on receivables, see note O below. In 2015 and 2014 some adjustments to these estimated liabilities were made.

N RESEARCH AND DEVELOPMENT

No research and development expenses were recognized in 2015 and 2014.

O GUARANTEES AND INDEMNIFICATION AGREEMENTS

At December 31, 2015 bank guarantees amounted to NOK 11 million (9 million at December 31, 2014). These guarantees were cosigned by REC Solar.

The Company and some of its subsidiaries are jointly and severally liable for certain loans established by the Company.

- Relevant loan agreements at December 31, 2015 were as follows:
  - REC02: senior unsecured bonds with NOK 179.5 million outstanding. The tenor is from May 2011 to May 2016.
  - REC03: senior unsecured bonds with NOK 455.5 million outstanding. The tenor is from May 2011 to May 2018.

- The Company and the following subsidiaries of the Company are jointly and several liable for the above mentioned loans at December 31, 2014: REC Silicon AS, REC Silicon Inc., REC Advanced Silicon Materials LLC and REC Solar Grade Silicon LLC.

The Company has provided guarantees and indemnification agreements in connection with the bankruptcy of REC Wafer Norway AS in 2012. The maximum amount of the indemnification agreements is NOK 270 million. Liabilities have been estimated based upon conditions contained in these agreements for NOK 212.7 million at December 31, 2015. Indemnification loans estimated to NOK 200 million and an option agreement with estimated fair value of NOK 12.7 million. See note 29 and 30 to the consolidated financial statements for more information.

P RELATED PARTIES

Related parties transactions for the Company are primarily interest income and interest expenses with its subsidiaries (see the income statement). These loans are included in non-current receivables from subsidiaries (see the balance sheet). During the 2015, the Company has contributed equity to REC Silicon AS (see note C). Group Management and Board of Directors' compensation, ownership of shares and options, loan agreements and guarantees are shown in note 16 to the consolidated financial statements.

Q CONTINGENT LIABILITIES

See note 31 to the consolidated financial statements. Specifically of notices of reassessment from the Central Tax Office for Large Enterprises. No provisions for potential tax liabilities have been recognized at December 31, 2015 or 2014 related to these.

AUDITOR'S REPORT

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To the Annual Shareholders' Meeting of REC Silicon ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of REC Silicon ASA, which comprise the financial statements of the parent company REC Silicon ASA and the consolidated financial statements of REC Silicon ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2015, the income statement and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2015, and the statement of income and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

KPMG

Independent auditor's report 2015
REC Silicon ASA

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of REC Silicon ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of REC Silicon ASA and its subsidiaries as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statement on Corporate Governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statement on Corporate Governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 5 April 2016
KPMG AS

Vegard Tangerud
State Authorized Public Accountant

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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 Fornebu Norway.

For more information, go to: www.recsilicon.com