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# FIRST QUARTER 2014

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REPORT



RECSILICON

## **FIRST QUARTER HIGHLIGHTS**

(Compared to Fourth Quarter 2013)

- > Revenues of USD 113.4 million and EBITDA of USD 17.5 million
  - EBITDA for Silicon Segment of USD 19.5 million
- > Yulin Joint Venture in China
  - Planned 19,000 MT of polysilicon capacity
  - Upfront payment of USD 99 million received in March
- > Increased average sales price for polysilicon
  - ~10% price increase
- > Strong silicon gas sales
  - Volumes in line with Q4'13, but seasonally strong
- > Extended outage lowered production
  - Silane IV planned outage
  - Identified and made permanent repair to component within the silane process

## FINANCIAL HIGHLIGHTS

### REC Silicon Group - re-presented for discontinued operations (Note 8)

(USD IN MILLION)	Q1 2014	Q1 2013	2013	Q4 2013
Revenues	113.4	94.5	417.6	123.4
EBITDA	17.5	6.9	50.7	27.7
EBITDA margin	15 %	7 %	12 %	22 %
EBITDA excluding special items 1)	17.5	-13.5	30.3	27.7
EBITDA margin excluding special items	15 %	-14 %	7 %	22 %
EBIT	-15.9	-24.8	-86.1	-9.7
EBIT Margin	-14 %	-26 %	-21 %	-8 %
Profit/ loss before tax from continuing operations	-70.5	-55.3	-244.8	-11.3
Profit/loss from continuing operations	-49.7	-34.9	-160.0	-3.2
Profit/loss from discontinued operations, net of tax	-1.5	-2.3	-192.7	34.7
Earning per share from continuing operations, basic and diluted (USD)	-0.02	-0.02	-0.07	0.00

1) Special items in 2013 represent income from contract cancellation.

## REC SILICON GROUP

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

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

The table below reconciles revenues, EBITDA, and EBIT to allow comparisons to the current operating structure of the Group.

(USD IN MILLION)	Q1 2014			Q1 2013			DEC 31, 2013			Q4 2013		
	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
REC Silicon	113.3	19.5	-13.9	98.6	21.0	-10.7	432.7	83.7	-53.1	124.8	31.3	-6.1
Other & related eliminations ex. gain/loss on disposal	0.1	-2.0	-2.0	-4.2	-4.0	-4.0	-15.2	-16.0	-16.0	-1.5	-2.1	-2.1
REC Silicon and Other	113.4	17.5	-15.9	94.5	17.0	-14.7	417.5	67.7	-69.1	123.4	29.2	-8.2
REC Solar excluding loss on disposal	0.0	0.0	0.0	132.6	-8.9	-13.5	520.9	19.0	1.8	51.0	4.5	1.9
Gain/loss on disposal discontinued operations	0.0	-1.5	-1.5	0.0	0.0	0.0	0.0	-206.8	-206.8	0.0	-175.4	8.5
Eliminations ex. gain/loss on disposal	0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
REC Solar, REC Wafer, eliminations	0.0	-1.4	-1.4	132.6	-8.9	-13.5	520.9	-187.9	-205.0	51.0	-170.6	10.8
Total operations	113.4	16.0	-17.4	227.1	8.1	-28.2	938.5	-120.1	-274.0	174.3	-141.4	2.6
Re-presentation of discontinued operations	0.0	1.5	1.5	-132.6	-1.2	3.4	-520.9	170.9	188.0	-51.0	169.0	-12.3
Continuing operations	113.4	17.5	-15.9	94.5	6.9	-24.8	417.6	50.7	-86.1	123.4	27.7	-9.7

## REC SILICON

**REC Silicon produces polysilicon and silicon gas for the solar industry and the electronics industry at plants in Moses Lake, Washington and in Butte, Montana.**

First quarter 2014 performance compared to the previous quarter:

- Polysilicon production decreased by 23% to 3,979 MT primarily due to maintenance in the Silane IV facility. The scheduled maintenance outage in Silane IV was extended due to repairs identified during equipment inspections. The extended outage resulted in lower silicon gas production. Together with high external silicon gas sales, this resulted in lower polysilicon production.
- As a result of the extended outage and reduced volumes, FBR cash production cost increased to USD 13.6/kg from USD 10.5/kg in the fourth quarter 2013. This is USD 0.8/kg above guidance provided for the first quarter of 2014. Lower production was offset by lower spending.
- Polysilicon sales volumes declined by 17% to 4,135 MT. Solar grade polysilicon demand continued to strengthen, particularly relative to normally lower seasonal demand, however, shortage of product caused by the extended outage resulted in decreased polysilicon sales volumes.
- Higher average polysilicon prices reflect continued strong demand for solar grade polysilicon. However, average prices were adversely impacted by lower prices on shipments deferred from the previous quarter due to customer credit issues and the timing of short term forward sales agreements.
- Continued high silicon gas sales volumes reflect market share gains, spot transactions as a result of competitive capacity affected by industry accidents, and PV market strength despite traditional seasonal lows during Q1. Sales prices were relatively flat compared to Q4 2013.

First quarter 2014 revenues decreased to USD 113.3 million from USD 124.8 million in the fourth quarter 2013. The decrease in revenue can primarily be attributed to lower sales volumes due to lower production partly offset by the increases in the average selling prices for polysilicon.

First quarter 2014 EBITDA decreased to USD 19.5 million from USD 31.3 million in the fourth quarter 2013. Decreased EBITDA can be attributed to lower production, higher unit manufacturing cost, and lower polysilicon sales volumes. These were partially offset by increased average selling prices for polysilicon.

### Market Development

Global demand for solar panels continued to strengthen in the first quarter of 2014. According to external sources, total installations were 9.7 GW in the first quarter of 2014, an increase of 31% from the first quarter of 2013 (source: IHS PV Integrated Market Tracker Database - Q1 2014).

According to multiple third party indices, the average first quarter spot price for solar grade polysilicon was up 16% from previous quarter to USD 20.3/kg. After a steep increase in the beginning of the quarter, prices stabilized towards the end of the quarter. The price increase in the beginning of the quarter was a result of forward purchases in anticipation of price increases during the remainder of the year.

Markets for semiconductor grade polysilicon continue to suffer from more than two years of flat growth and excessive inventories. Consequently prices are stable and not sensitive to short term changes in demand.

Silicon gas markets are driven by production of Flat Panel Displays, Semiconductors and Crystalline PV cells. First quarter demand continued to be robust due to strong PV markets, market share gains, and spot transactions due to industry accidents.

## Financial highlights - REC Silicon

(USD IN MILLION)	Q1 2014	Q1 2013	DEC 31, 2013	Q4 2013
Internal revenues	0.0	4.4	15.7	1.9
External revenues	113.3	94.3	417.0	122.9
Total revenues	113.3	98.6	432.7	124.8
EBITDA	19.5	21.0	83.7	31.3
EBITDA margin	17%	21%	19%	25%
EBITDA excluding special items 1)	19.5	0.6	63.3	31.3
EBITDA margin excluding special items	17%	1%	15%	0%
Depreciation and amortization	-33.3	-31.7	-127.6	-32.9
EBIT before impairment charges	-13.9	-10.7	-43.9	-1.6
Impairment	-0.1	-	-9.2	-4.5
EBIT	-13.9	-10.7	-53.1	-6.1
EBIT margin	-12%	-11%	-12%	-5%
Polysilicon production in MT (Siemens and granular)	3 979	4 927	19 764	5 135
Polysilicon sale in MT (Siemens and granular)	4 135	4 993	18 947	4 961
Silicon gas sale in MT	783	409	2 229	778

1) Special items in 2013 represent income from contract cancellation.

### Technology development and R&D

The Group incurred R&D expenses of USD 3.4 million during the first quarter of 2014 which is comparable to the previous quarter.

REC Silicon's program for developing higher grade FBR polysilicon has been focused on analyzing the results of testing conducted in the previous quarter. The knowledge gained is being used to finalize specifications and requirements to scale up the technology to commercial operations. Additional testing is planned to optimize production processes and to produce polysilicon for customer acceptance qualification.

Efforts in the silicon gas technology area have continued to emphasize pilot tests of new technology for waste separation and handling. Results have been positive and testing will continue.

### OTHER

**Other consists primarily of the parent company REC Silicon ASA (previously Renewable Energy Corporation ASA) in Norway.**

REC Silicon ASA has incurred, and will incur further costs related to the scale down of the headquarter functions in Norway and the retention of employees in the scale down period (through April 2014). Expense amounts related to these functions are reflected in "EBITDA excluding gains/losses on discontinued operations" of USD -2 million in the first quarter.

In addition, REC Silicon ASA incurred a loss on the change in value of the indemnification agreement related to the disposal of REC Wafer in the first quarter 2014 of USD 1.5 million. On consolidation this loss has been re-presented and included as part of discontinued operations for the Group (see note 8).

## FINANCIAL ITEMS

### FINANCIAL ITEMS (CONTINUING OPERATIONS)

Interest expenses on borrowings for 2013 include commitment fees on undrawn credit facilities.

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

See note 5 for additional information on borrowings.

Net currency losses in the first quarter 2014 relate primarily to internal loans (loans of approximately USD 0.9 billion) that are not eliminated on consolidation. This was partially offset by currency gains on the EUR and USD convertible bonds.

All currency and interest rate derivatives have been settled in the first quarter 2014 (see note 3). Net loss on derivatives in the first quarter 2014 was primarily due to the weakening of NOK in relation to USD until the time of settlement.

First quarter expense for fair value adjustment is related to the USD convertible bonds and is primarily due to increase in the share price of REC Silicon from December 31, 2013 to March 31, 2014 (See note 5).

### INCOME TAX

The Group has estimated income tax benefit from continuing operations of USD 20.8 million for the first quarter 2014. This is primarily a reduction in deferred tax liabilities in REC Silicon due to the loss for the period and calculation of deferred tax benefit on the fair value adjustment of the convertible bonds.

See note 18 to the consolidated financial statements for 2013.

### Financial highlights - Other

(USD IN MILLION)	Q1 2014	Q1 2013	DEC 31, 2013	Q4 2013
Internal revenues	0.0	0.8	1.5	0.1
External revenues	0.1	0.2	0.5	0.5
Revenues	0.1	1.0	2.0	0.6
EBITDA	-3.5	-4.0	-72.8	-58.7
EBITDA excluding gains/losses on discontinued operations	-2.0	-4.0	-16.0	-2.1
EBIT	-3.5	-4.0	-72.8	-58.7
EBIT excluding gains/losses on discontinued operations	-2.0	-4.0	-16.0	-2.1

### Financial items - REC Silicon Group

(USD IN MILLION)	Q1 2014	Q1 2013	DEC 31, 2013	Q4 2013
Financial income	1.0	2.6	7.6	0.9
Interest expenses on borrowings	-6.3	-14.4	-46.3	-7.8
Capitalized borrowing cost	0.1	0.2	0.8	0.1
Expensing of up-front fees and costs	-0.1	-4.1	-7.3	-0.7
Other financial expenses	-0.8	-0.0	-4.8	-0.6
Net financial expenses	-7.1	-18.4	-57.6	-9.1
Net currency gains/losses	-10.2	26.9	39.5	6.8
Net gains/losses derivatives and fair value hedge	-1.7	-14.3	-36.0	-6.3
Fair value adjustment convertible bonds	-36.6	-27.3	-112.2	6.1
Net financial items	-54.6	-30.4	-158.8	-1.6



## CASH FLOW

Net cash inflows from operating activities were USD 35.1 million in the first quarter 2014. Cash inflows consisted of EBITDA of USD 17.5 million, settlement of derivatives of USD 11.1 million, and changes in working capital of approximately USD 10.6 million. These were offset by interest payments of USD 4.2 million. The net positive effect of changes in working capital was primarily due to lower product sales during the first quarter of 2014 compared to the previous quarter.

Net cash inflows from investing activities were USD 99.6 million in the first quarter 2014 mainly related to receipt of the first USD 99 million upfront payment for technology transfer associated with the formation of the production joint venture in China. In addition, net investing activities consisted of capital expenditures of USD 2.7 million offset by USD 3.2 million releases of restricted cash.

During the first quarter 2014, cash balances increased by USD 134.2 to USD 195.9 million.

## FINANCIAL POSITION

Equity decreased to USD 913 million (57 percent equity ratio) at March 31, 2014, from USD 956 million (63 percent) at December 31, 2013. This decrease consisted primarily of a loss from total operations of USD 51.1 million.

Net debt decreased to USD 212 million at March 31, 2014, from USD 307 million at December 31, 2013. The reduction is primarily due to cash inflows of USD 134.2 million offset by fair value adjustments to the USD convertible bonds.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt was USD 182 million at March 31, 2014, down from USD 313 million at December 31, 2013.

See note 17 to the consolidated financial statements for 2013 and note 5 to this report for further information on interest bearing liabilities for the Group.

## RISKS AND UNCERTAINTIES

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

The on-going solar trade dispute between the US and China continues to be a significant concern. REC Silicon has mitigated the impact of tariffs in China through working with customers to utilize options currently available under existing laws, including the "Process in Trade" available under Chinese customs laws.

Two additional trade cases were filed in the US against Taiwanese and Chinese cells, modules, laminates, and wafers in December 2013. A preliminary tariff determination by the US Department of Commerce (DOC) in relation to these cases is scheduled to be announced on June 2,

2014. If preliminary tariffs are imposed by the DOC on imports of Chinese solar components, the trade dispute may escalate and may invoke retaliation by China against the US. This could in turn affect the use of "Process in Trade" by REC Silicon's customers for imports of polysilicon into China until the matter is resolved.

REC Silicon has continued to work with the US government, the Chinese government, affected companies, and industry trade organizations to obtain a resolution. The timing and potential outcome of these negotiations are highly uncertain.

## MARKET OUTLOOK

Solar grade polysilicon market balance is expected to continue to improve in the second quarter 2014, mainly due to stronger solar installation markets particularly in Japan, USA and China. However, the improvement in market conditions has encouraged some companies to announce capacity additions or restarted previously idle capacity.

Third party indices project modest increases in solar grade polysilicon sales prices through the second quarter 2014; however price increases are highly dependent upon the current estimated levels of PV installations.

First quarter 2014 demand for solar grade polysilicon was stronger than anticipated despite seasonal fluctuations. REC Silicon expects the positive demand for our solar grade polysilicon to continue in the second quarter. We do not expect to build any inventory in the second quarter.

Semiconductor grade polysilicon demand remains flat. End user demand is improving and will positively impact the markets for semiconductor grade polysilicon. However, sales volumes and prices will not be directly impacted due to excess inventory levels in the supply chain.

Silicon gas market forecasts project a continuation of the strong demand experienced in the first quarter of 2014 and have encouraged competitors to announce the repair of damaged assets and restart of production. REC Silicon expects temporary increases in Silicon gas demand to continue through the third quarter. Prices are expected to show a positive trend as some tightness is expected in the market as forward demand forecasts exceed effective capacity.

## REC SILICON - GUIDANCE

### Production targets

The second quarter production targets and the actual first quarter production results are summarized in a separate table.

REC Silicon targets second quarter 2014 polysilicon production of about 4,350 MT. The increase compared to the first quarter 2014 is due primarily to the extended outage in the first quarter (Silane IV). During the second quarter, maintenance has been scheduled for Silane III. Based on conditions identified in Silane IV the Silane III outage has been extended to compensate for additional inspection items and anticipated repairs.

### Cost targets

FBR cash production costs in the second quarter 2014 are expected to decrease to USD 13.4/kg.

**Production targets**

POLYSILICON PRODUCTION VOLUME	ACTUAL Q1 2014	TARGETS Q2 2014
FBR	3 322	3 600
Semiconductor Grade	376	430
Siemens Solar	281	320
Total	3 979	4 350
Silicon Gas Sales Volume	783	800

**Investment and Expansion**

For 2014 total maintenance capital expenditure is expected to be approximately USD 25 million.

On February 26, 2014 the Group announced that it had entered into a joint venture agreement with Shaanxi Non-Ferrous Tian Hong New Energy Co., Ltd. for the formation of a production joint venture and a sales joint venture. During the first quarter of 2014, the Group received the initial upfront payment of USD 99 million. In addition, work to prepare the front end engineering design (FEED) has commenced. All activities are on schedule to meet milestones for the delivery of FEED for detailed engineering design during the third quarter 2014.

**FORWARD LOOKING STATEMENTS**

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

Sandvika, May 8, 2014  
Board of Directors

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP <sup>1)</sup>

(USD IN MILLION)	NOTE	MAR 31, 2014	MAR 31, 2013	DEC 31, 2013	JAN 1, 2013
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	2	17.5	21.9	18.0	22.8
Land and buildings	2	78.0	145.2	79.3	148.8
Machinery and production equipment	2	931.5	1 083.2	962.7	1 114.7
Other tangible assets	2	23.7	36.5	24.0	38.5
Assets under construction	2	13.8	25.1	11.4	26.5
Property, plant and equipment	2	1 047.0	1 290.0	1 077.4	1 328.3
Prepaid lease, non-current		0.0	24.7	0.0	25.8
Government grant assets		114.1	121.7	113.3	121.3
Equity accounted investments		0.0	28.9	0.0	27.2
Other non-current receivables		9.7	23.9	9.7	25.5
Derivatives	3	0.0	13.6	15.3	17.9
Restricted bank accounts non-current		5.0	0.0	6.4	0.0
Financial assets and prepayments		14.8	66.3	31.4	70.6
Deferred tax assets		8.3	1.8	0.0	1.5
<b>Total non-current assets</b>		<b>1 201.6</b>	<b>1 526.5</b>	<b>1 240.1</b>	<b>1 570.3</b>
<b>Current assets</b>					
Inventories	4	98.6	234.1	95.2	232.7
Prepaid lease, current		0.0	1.3	0.0	1.3
Trade and other receivables		97.7	272.1	114.8	309.0
Current tax assets		3.4	3.9	3.4	4.6
Current derivatives	3	0.0	5.2	4.4	11.2
Restricted bank accounts		3.5	0.1	5.1	0.5
Cash and cash equivalents		195.9	349.8	61.6	342.6
<b>Total current assets</b>		<b>399.0</b>	<b>866.4</b>	<b>284.6</b>	<b>901.9</b>
<b>Total assets</b>		<b>1 600.6</b>	<b>2 392.9</b>	<b>1 524.6</b>	<b>2 472.2</b>

1) The Group has changed its presentation currency to USD from 2014. See note 1



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP <sup>1)</sup>

(USD IN MILLION)	NOTES	MAR 31, 2014	MAR 31, 2013	DEC 31, 2013	JAN 1, 2013
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Paid-in capital		3 115.3	3 052.0	3 115.3	3 052.0
Other equity and retained earnings		-2 202.0	-1 835.2	-2 159.3	-1 770.3
Total shareholders' equity		913.3	1 216.8	956.0	1 281.8
<b>Non-current liabilities</b>					
Retirement benefit obligations		13.7	21.0	14.3	22.3
Deferred tax liabilities		77.4	153.8	90.6	174.0
Provisions	5	0.0	61.9	0.0	61.8
Derivatives	3	4.0	9.2	5.1	10.0
Non-current financial liabilities, interest bearing	6	262.9	677.8	225.1	675.5
Non-current prepayments, interest calculation		5.7	10.6	6.7	7.1
Other non-current liabilities, not interest bearing		0.0	0.0	0.0	0.0
Total non-current liabilities		363.8	934.3	341.9	950.7
<b>Current liabilities</b>					
Trade payables and other liabilities		168.0	205.7	68.6	217.5
Provisions	5	0.9	7.5	1.4	8.4
Current tax liabilities		0.0	0.8	0.0	0.2
Derivatives	3	0.0	9.7	4.3	3.1
Current financial liabilities, interest bearing	6	145.2	-2.6	143.3	-5.3
Current prepayments, interest calculation		9.3	20.5	9.1	15.8
Total current liabilities		323.5	241.8	226.7	239.7
Total liabilities		687.3	1 176.1	568.6	1 190.4
Total equity and liabilities		1 600.6	2 392.9	1 524.6	2 472.2

2) The Group has changed its presentation currency to USD from 2014. See note 1.

# CONSOLIDATED STATEMENT OF INCOME

## REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2014	Q1 2013	DEC 31, 2013
Revenues		113.4	94.5	417.6
Cost of materials	4	-21.6	-32.0	-106.8
Changes in inventories	4	-0.7	3.4	16.4
Employee benefit expenses		-24.0	-28.5	-105.9
Other operating expenses		-49.7	-50.7	-189.1
Other income and expenses		0.2	20.2	18.6
EBITDA		17.5	6.9	50.7
Depreciation	2	-32.7	-31.1	-125.2
Amortization	2	-0.6	-0.6	-2.4
Impairment	2	-0.1	0.0	-9.2
Total depreciation, amortization and impairment		-33.4	-31.7	-136.8
EBIT		-15.9	-24.8	-86.1
Financial income		1.0	2.6	7.6
Net financial expenses		-7.1	-18.4	-57.6
Net currency gains/losses		-10.2	26.9	39.5
Net gains/losses derivatives and fair value hedge		-1.7	-14.3	-36.0
Fair value adjustment convertible bonds		-36.6	-27.3	-112.2
Net financial items		-54.6	-30.4	-158.8
Profit/loss before tax from continuing operations		-70.5	-55.3	-244.8
Income tax expense/benefit from continuing operations		20.8	20.4	84.8
Profit/loss from continuing operations		-49.7	-34.9	-160.0
Profit/loss from discontinued operations, net of tax 1)		-1.5	-2.3	-192.7
Profit/loss from total operations		-51.1	-37.1	-352.7
<b>Attributable to:</b>				
Owners of REC Silicon ASA		-51.1	-37.1	-352.7
<b>Earnings per share (In USD)</b>				
From continuing operations				
-basic		-0.02	-0.02	-0.07
-diluted		-0.02	-0.02	-0.07
<b>Earnings per share (In USD)</b>				
From total operations				
-basic		-0.02	-0.02	-0.16
-diluted		-0.02	-0.02	-0.16

1) Profit/loss from discontinued operations includes income and expense from Group external transactions of REC Solar and REC Wafer and net gain or loss on disposal. Discontinued operations are shown as a single amount in the statement of income for the Group. This re-presentation does not represent the activities or indicate the profit earned or loss incurred by continuing or discontinued operations as if they were standalone entities, for past periods or likely to be earned or incurred in future periods. See note 8 to this report and note 9 to the consolidated financial statements for 2013 for further information.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## REC SILICON GROUP

(USD IN MILLION)	Q1 2014	Q1 2013	2013
Loss for the period	-51.1	-37.1	-352.7
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	0.0	0.0	4.1
Currency translation effects	10.6	-33.8	-41.2
Sum items that will not be reclassified to profit or loss	10.6	-33.8	-37.1
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
- taken to equity	-2.2	6.1	17.7
- transferred to profit/loss for the period <sup>1)</sup>	0.0	0.0	-16.6
Sum items that may be reclassified subsequently to profit or loss	-2.2	6.1	1.1
Total other comprehensive income for the period	8.4	-27.7	-36.0
Total comprehensive income for the period	-42.8	-64.8	-388.7
<b>Total comprehensive income for the period attributable to:</b>			
Owners of REC Silicon ASA	-42.8	-64.8	-388.7

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## REC SILICON GROUP

(USD IN MILLION)	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME	TOTAL EQUITY
<b>March 31, 2013</b>							
At January 1, 2013	342.7	2 667.5	41.8	3 052.0	174.2	-1 944.5	1 281.8
Equity share option plan	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	-64.8	-64.8
At March 30, 2013	342.7	2 667.5	41.8	3 052.0	174.1	-2 009.3	1 216.8
<b>Year 2013</b>							
At January 1, 2013	342.7	2 667.5	41.8	3 052.0	174.2	-1 944.5	1 281.8
Equity share option plan	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3
Share issue	34.4	28.9	0.0	63.2	0.0	0.0	63.2
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	-388.7	-388.7
At December 31, 2013	377.1	2 696.4	41.8	3 115.3	173.9	-2 333.2	956.0
<b>March 2014</b>							
At January 1, 2014	377.1	2 696.4	41.8	3 115.3	173.9	-2 333.2	956.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	-42.8	-42.8
At March 30, 2014	377.1	2 696.4	41.8	3 115.3	173.9	-2 376.0	913.3

## This table presents details of comprehensive income

(NOK IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
<b>March 31, 2013</b>				
Accumulated at January 1, 2013	-7.9	20.9	-1 957.4	<b>-1944.5</b>
Loss for the period	0.0	0.0	-37.1	<b>-37.1</b>
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	0.0	0.0	0.0	<b>0.0</b>
Currency translation effects	0.0	0.0	-33.8	<b>-33.8</b>
Sum items that will not be reclassified to profit or loss	0.0	0.0	-33.8	<b>-33.8</b>
Items that may be reclassified to profit or loss				
Currency translation differences taken to equity	7.7	0.0	0.0	<b>7.7</b>
Tax on currency translation differences taken to equity	-1.6	0.0	0.0	<b>-1.6</b>
Sum items that may be reclassified to profit or loss	6.1	0.0	0.0	<b>6.1</b>
Total comprehensive income for the period	6.1	0.0	-70.9	<b>-64.8</b>
Accumulated at December 31, 2013	-1.8	20.9	-2028.4	<b>-2009.3</b>
<b>Year 2013</b>				
Accumulated at January 1, 2013	-7.9	20.9	-1 957.4	<b>-1944.5</b>
Loss for the period	0.0		-352.7	<b>-352.7</b>
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	0.0	0.0	4.1	<b>4.1</b>
Currency translation effects	0.0	0.0	-41.2	<b>-41.2</b>
Sum items that will not be reclassified to profit or loss	0.0	0.0	-37.1	<b>-37.1</b>
Items that may be reclassified to profit or loss				
Currency translation differences taken to equity	21.3	0.0	0.0	<b>21.3</b>
Tax on currency translation differences taken to equity	-3.5	0.0	0.0	<b>-3.5</b>
Currency translation differences transferred to profit/loss for the period 1)	-16.6	0.0	0.0	<b>-16.6</b>
Sum items that may be reclassified to profit or loss	1.1	0.0	0.0	<b>1.1</b>
Total comprehensive income for the period	1.1	0.0	-389.8	<b>-388.7</b>
Accumulated at December 31, 2013	-6.8	20.9	-2347.2	<b>-2333.2</b>
<b>March 2014</b>				
Accumulated at January 1, 2014	-6.8	20.9	-2 347.2	<b>-2333.2</b>
Loss for the period	0	0	-51.1	<b>-51.1</b>
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	<b>0.0</b>
Currency translation effects	0.0	0.0	10.6	<b>10.6</b>
Sum items that will not be reclassified to profit or loss	0.0	0.0	10.6	<b>10.6</b>
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-2.8	0.0	0.0	<b>-2.8</b>
Tax on currency translation differences taken to equity	0.6	0.0	0.0	<b>0.6</b>
Sum items that may be reclassified to profit or loss	-2.2	0.0	0.0	<b>-2.2</b>
Total other comprehensive income for the period	-2.2	0.0	10.6	<b>8.4</b>
Total comprehensive income for the period	-2.2	0.0	-40.6	<b>-42.8</b>
Accumulated at March 31, 2014	-9.0	20.9	-2387.80	<b>-2376.0</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## TOTAL OPERATIONS

### REC SILICON GROUP

(USD IN MILLION)	Q1 2014	Q1 2013	DEC 31, 2013
<b>Cash flows from operating activities</b>			
Profit/loss before tax from total operations 1)	-71.9	-57.1	-436.2
Income taxes paid/received	0.0	0.5	-0.2
Depreciation, amortization and impairment	33.4	36.3	153.9
Fair value adjustment convertible bond	36.6	27.3	112.2
Equity accounted investments, impairment financial assets, gains/losses on sale	0.0	0.4	-3.1
Gains/losses on disposal of discontinued operations	1.5	0.0	206.8
Changes in receivables, prepayments from customers etc.	28.7	29.7	18.7
Changes in inventories	-3.4	-0.4	3.6
Changes in payables, accrued and prepaid expenses	-10.6	-22.8	-37.3
Changes in provisions	-0.5	0.9	-1.6
Changes in VAT and other public taxes and duties	-1.5	-0.7	2.2
Changes in derivatives	12.7	13.1	0.3
Currency effects not cash flow or not related to operating activities	10.8	-29.0	-26.8
Other items 2)	-0.8	2.8	6.3
Net cash flow from operating activities	35.1	1.0	-1.2
<b>Cash flows from investing activities</b>			
Cash proceeds for shares (incl. equity accounted investments)	0.0	0.0	12.4
Cash payments for shares (incl. equity accounted investments)	0.0	-2.7	-4.3
Proceeds from finance receivables and restricted cash	3.2	0.5	6.8
Payments finance receivables and restricted cash	0.0	0.0	-17.2
Proceeds from sale of property, plant and equipment and intangible assets	99.1	6.6	6.6
Payments for property, plant and equipment and intangible assets	-2.7	-4.9	-37.4
Proceeds from investment grants	0.0	13.7	13.6
Proceeds/payments from disposal of subsidiaries, net of cash disposed of	0.0	0.0	88.5
Net cash flow from investing activities	99.6	13.2	69.0
<b>Cash flows from financing activities</b>			
Increase in equity	0.0	0.0	63.2
Payments of borrowings and up-front/waiver loan fees	-0.4	0.0	-435.8
Proceeds from borrowings 3)	0.0	8.3	45.5
Net cash flow from financing activities	-0.4	8.3	-327.1
Effect on cash and cash equivalents of changes in foreign exchange rates	0.0	-15.2	-21.7
Net increase/decrease in cash and cash equivalents	134.2	7.3	-280.9
Cash and cash equivalents at the beginning of the period	61.6	342.6	342.6
Cash and cash equivalents at the end of the period	195.9	349.8	61.6
<b>1) PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF</b>			
Profit/loss before tax from continuing operations	-70.5	-55.3	-244.8
Profit/loss before tax from discontinued operations	-1.5	-1.8	-191.3
Profit/loss before tax from total operations	-71.9	-57.1	-436.2

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

3) Proceeds from borrowings include prepayments, interest calculation. Payments of borrowings include fees and costs for issue and repurchase of interest bearing debt.

# NOTES

## 1 GENERAL

### THE GROUP

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

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

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

### BASIS OF PREPARATION

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

### STATEMENTS

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

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

### ACCOUNTING POLICIES

The consolidated financial statements for 2013 were prepared in accordance with IFRS as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted are consistent with those of the previous financial year. Because IFRIC 21: Levies, at Interpretation on the accounting for levies imposed by governments has not been approved by the EU, the Group has not adopted any new or amended standards or interpretations during the first quarter of 2014. See note 2.24 to the consolidated financial statements for 2013.

### CHANGE IN PRESENTATION CURRENCY

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

At December 31, 2013 the Group had disposed of all its operations except the USD silicon business and most currency translation differences relating to prior foreign operations had been transferred to retained earnings.

Comparable historic periods have been restated to USD. The statements of income and cash flows (except financing activities) have been translated to USD at the average year to date exchange rate for each period. The quarterly statements of income and cash flows are calculated as the change in year to date statements. Assets and liabilities in the statement of financial positions are translated at period end exchange rates.



## Exchange rates used for the translation from NOK to USD

	2013				2012
	DEC 31	SEP 30	JUN 30	MAR 31	DEC 31
Average year to date	5.88	5.81	5.73	5.63	NA
End of period	6.08	6.01	6.03	5.83	5.57

## ESTIMATES AND JUDGMENTS

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

## 2 FIXED ASSETS

## Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT	TOTAL INTANGIBLE ASSETS	TOTAL
Carrying value at January 1, 2014	79.3	962.7	24.0	11.4	1 077.4	18.0	1 095.4
Net additions 1)	-0.0	2.3	1.4	-1.2	2.4	0.1	2.5
Depreciation and amortization	-1.3	-30.4	-1.1	0.0	-32.7	-0.6	-33.3
Impairment 1)	0.0	-3.1	-0.6	3.7	0.0	0.0	0.0
Carrying value at March 31, 2014	78.0	931.5	23.7	13.8	1 047.0	17.4	1 064.4
At March 31, 2014							
Historical cost	146.0	2 050.2	77.5	18.9	2 292.6	68.7	2 361.2
Accumulated depreciation/amortization/impairment	-68.0	-1 118.7	-53.8	-5.1	-1 245.6	-51.2	-1 296.8
Carrying value at March 31, 2014	78.0	931.5	23.7	13.8	1 047.0	17.4	1 064.4

1) Net additions include transfers from assets under construction.

## IMPAIRMENT REVIEWS

The Group has conducted a review of impairment indicators and has not identified any indicators which would give rise to a change in impairment compared to December 31, 2013. Consequently, impairment testing was not performed at March 31, 2014.

### 3 DERIVATIVES

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

#### Fair values and carrying amounts

(USD IN MILLION)	MAR 31, 2014		DEC 31, 2013	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Foreign exchange forward and option contracts	0.0	0.0	0.5	1.4
Interest rate swaps	0.0	0.0	19.2	5.6
Option contract	0.0	4.0	0.0	2.5
Total	0.0	4.0	19.7	9.4

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

All foreign exchange forward contracts and interest rate swaps were settled during the first quarter of 2014. Several of these contracts had opposite and cancelling effects and settlement resulted in positive liquidity.

Realization of foreign exchange forward contracts and interest rate swaps resulted in approximately USD 11 million net cash inflow in the first quarter 2014.

### 4 INVENTORIES

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

#### Allocation of writedowns of inventories at end of period

(USD IN MILLION)	MAR 31, 2014			DEC 31, 2013		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of materials, merchandise, production supplies	25.2	0.0	25.2	21.9	0.0	21.9
Spare parts	38.8	-10.8	28.0	38.2	-9.9	28.4
Work in progress	9.8	-0.1	9.7	9.2	-0.3	8.9
Finished goods	35.8	-0.1	35.7	37.9	-1.8	36.0
Total	109.5	-10.9	98.6	107.2	-11.9	95.2

## 5 BORROWINGS AND GUARANTEES

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

Carrying amounts of interest bearing liabilities at March 31, 2014 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST				
	CURRENCY	USD	TOTAL	JUN 2014	SEP 2014	2016	2018
Unamortized upfront fees (NOK)	-4.5	-0.7	0.0	0.0	0.0	0.0	0.0
NOK bonds (NOK)	734.9	122.7	122.0	0.0	32.7	39.2	50.2
EUR convertible bond (EUR)	81.6	112.5	112.0	112.0	0.0	0.0	0.0
USD convertible bond (USD)	140.3	140.3	110.0	0.0	0.0	0.0	110.0
Indemnification loan (NOK)	200.0	33.4	33.4	0.0	0.0	33.4	0.0
<b>Total</b>		<b>408.2</b>	<b>377.4</b>	<b>112.0</b>	<b>32.7</b>	<b>72.6</b>	<b>160.2</b>

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

### Guarantees

See note 29 to the consolidated financial statement for 2013.

Bank guarantees at March 31, 2014 amounted to USD 9.4 million, down from USD 22.5 million at December 31, 2013.

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

### Fair values of financial instruments

See note 30 to the consolidated financial statements for 2013. The option contract contained in indemnification agreement associated with the REC Wafer Norway AS bankruptcy is subject to level 3 of the fair value hierarchy of IFRS 13. The value of this option is estimated to have increased from USD 2.5 million at December 31, 2013 to USD 4 million at March 31, 2014 due to increases in the REC Silicon ASA share price.

The Group estimates that the carrying values of financial instruments approximate fair values, except for the NOK bonds REC01, REC02 and REC03 (level 2).

(USD IN MILLION)	MAR 31, 2014		
	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC01	32.7	33.0	33.6
REC02	39.2	37.9	38.7
REC03	50.2	51.9	52.3
	<b>122.0</b>	<b>122.7</b>	<b>124.7</b>

The fair value of the remaining EUR convertible bond at March 31, 2014 is estimated at 100.5 percent of nominal value, compared to 99.3 percent at December 31, 2013.

**EUR convertible bond**

(EUR IN MILLION)	DEC 31, 2012	MAR 31, 2013	DEC 31, 2013	MAR 31, 2014
Nominal value	320.0	320.0	81.2	81.2
Value of the total loan	217.6	240.0	80.6	81.6

**EUR convertible bond**

USD IN MILLION)	DEC 31, 2012	MAR 31, 2013	DEC 31, 2013	MAR 31, 2014	CHANGE TO P/L Q1 2013	CHANGE TO P/L YEAR 2013	CHANGE TO P/L Q1 2014
Nominal value	422.0	417.7	111.9	112.0	7.6	26.2	-1.7
Value of the total loan	287.0	267.3	111.0	112.5	34.9	144.1	-0.3
			Fair value adjustment excluding currency		27.3	117.9	1.4

The fair value of the USD convertible bond at March 31, 2014 is estimated at 127.5 percent of nominal value, compared to 95.5 percent at December 31, 2013. The increase is primarily due to increase in the share price and consequently the value of the embedded option.

**USD convertible bond**

USD convertible bond					
(USD IN MILLION)	AT ISSUE SEP 2013	DEC 31, 2013	MAR 31, 2014	CHANGE TO P/L YEAR 2013	CHANGE TO P/L Q1 2014
Nominal value	110.0	110.0	110.0	4.5	-1.7
Value of the total loan	110.0	104.5	140.3	-1.2	33.5
	Fair value adjustment excluding currency			-5.7	35.2

**Total**

USD IN MILLION)	DEC 31, 2012	MAR 31, 2013	DEC 31, 2013	MAR 31, 2014	CHANGE TO P/L Q1 2013	CHANGE TO P/L YEAR 2013	CHANGE TO P/L Q1 2014
Nominal value	422.0	417.7	221.9	117.1	7.6	30.7	-3.4
Value of the total loan	287.0	267.3	215.5	164.8	34.9	142.9	33.2
			Fair value adjustment excluding currency		27.3	112.2	36.6

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

## 6 COMMITMENTS

**Contractual purchase obligations and minimum operating lease payments at March 31, 2014**

		DISTRIBUTION OF PAYMENTS						
(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2014	2015	2016	2017	2018	2019	AFTER 2019
<b>Purchase of goods and services</b>								
REC Silicon	100.3	88.5	1.5	1.5	1.5	1.5	1.5	4.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase of goods and services	100.3	88.5	1.5	1.5	1.5	1.5	1.5	4.4
<b>Minimum operating lease payments</b>								
REC Silicon	101.5	15.2	19.3	18.3	18.1	15.5	11.5	3.7
Other	0.6	0.2	0.3	0.1	0.0	0.0	0.0	0.0
Total minimum operating lease payments	102.1	15.4	19.6	18.4	18.1	15.5	11.5	3.7

See note 29 to the consolidated financial statements for 2013.

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

See note 31 to the consolidated financial statements for 2013.

The on-going solar trade dispute between the US and China continues to be a significant concern. REC Silicon has mitigated the impact of tariffs in China through working with customers to utilize options currently available under existing laws, including the “Process in Trade” available under Chinese customs laws.

Two additional trade cases were filed in the US against Taiwanese and Chinese cells, modules, laminates, and wafers in December 2013. A preliminary tariff determination by the US Department of Commerce (DOC) in relation to these cases is scheduled to be announced on June 2, 2014. If preliminary tariffs are imposed by the DOC on imports of Chinese solar components, the trade dispute may escalate and invoke may retaliation by China against the US. This could in turn affect the use of “Process in Trade” by REC Silicon’s customers for imports of polysilicon into China until the matter is resolved.

REC Silicon is continues to work with the US government, the Chinese government, affected companies, and industry trade organizations to obtain a resolution. The timing and potential outcome of these negotiations are highly uncertain.

## 8 DISCONTINUED OPERATIONS

See notes 2.22, 4.1(D), 4.2(D) and 9 to the consolidated financial statements for 2013 for further information about discontinued operations. REC Solar was sold on October 25, 2013 and REC Wafer was deconsolidated on August 13, 2012.

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

Change in estimated fair value of the option agreement (see note 2) for REC Wafer was reported as a loss from discontinued operations in the first quarter 2014.

# ANALYSIS OF DISCONTINUED OPERATIONS

## CONSOLIDATED STATEMENT OF INCOME

### REC SILICON GROUP

(USD IN MILLION)	REC GROUP TOTAL OPERATIONS MAR 31, 2014	OF WHICH DISCONTINUED OPERATIONS MAR 31, 2014	REC GROUP RE-PRESENTED MAR 31, 2014	REC GROUP TOTAL OPERATIONS MAR 31, 2013	OF WHICH DISCONTINUED OPERATIONS MAR 31, 2013	REC GROUP RE-PRESENTED MAR 31, 2013	REC GROUP TOTAL OPERATIONS DEC 31, 2013	OF WHICH DISCONTINUED OPERATIONS DEC 31, 2013	REC GROUP RE-PRESENTED DEC 31, 2013
Revenues	113.4	0.0	113.4	227.1	132.6	94.5	938.4	520.9	417.6
Cost of materials	-21.6	0.0	-21.6	-93.9	-61.9	-32.0	-394.9	-288.1	-106.8
Changes in inventories	-0.7	0.0	-0.7	-13.1	-16.5	3.4	1.1	-15.2	16.4
Employee benefit expenses	-24.0	0.0	-24.0	-47.2	-18.8	-28.5	-170.5	-64.7	-105.9
Other operating expenses	-49.7	0.0	-49.7	-84.8	-34.2	-50.7	-304.9	-115.8	-189.1
Other income and expenses	0.2	0.0	0.2	20.2	0.0	20.2	17.5	-1.1	18.6
Gains/losses on disposal of discontinued operation - Wafer	-1.5	1.5	0.0	0.0	0.0	0.0	14.3	14.3	0.0
Gains/losses on disposal of discontinued operation - Solar	0.0	0.0	0.0	0.0	0.0	0.0	-221.1	-221.1	0.0
EBITDA	16.0	1.5	17.5	8.1	1.2	6.9	-120.1	-170.9	50.7
Depreciation	-32.7	0.0	-32.7	-35.1	-4.0	-31.1	-139.4	-14.2	-125.2
Amortization	-0.6	0.0	-0.6	-1.1	-0.5	-0.6	-4.1	-1.7	-2.4
Impairment	-0.1	0.0	-0.1	-0.1	-0.1	0.0	-10.4	-1.3	-9.2
Total depreciation, amortization and impairment	-33.4	0.0	-33.4	-36.3	-4.6	-31.7	-153.9	-17.1	-136.8
EBIT	-17.4	1.5	-15.9	-28.2	-3.4	-24.8	-274.0	-188.0	-86.1
Share of profit/loss of equity accounted investments	0.0	0.0	0.0	-0.4	-0.4	0.0	3.1	3.1	0.0
Financial income	1.0	0.0	1.0	3.0	0.3	2.6	7.9	0.4	7.6
Net financial expenses	-7.1	0.0	-7.1	-18.7	-0.3	-18.4	-59.2	-1.6	-57.6
Net currency gains/losses	-10.2	0.0	-10.2	28.8	1.9	26.9	34.2	-5.2	39.5
Net gains/losses derivatives and fair value hedge	-1.7	0.0	-1.7	-14.3	0.0	-14.3	-36.0	0.0	-36.0
Impairment and gain/loss on financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment convertible bond	-36.6	0.0	-36.6	-27.3	0.0	-27.3	-112.2	0.0	-112.2
Net financial items	-54.6	0.0	-54.6	-28.5	1.9	-30.4	-165.3	-6.5	-158.8
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss before tax	-71.9	1.5	-70.5	-57.1	-1.8	-55.3	-436.2	-191.3	-244.8
Income tax expense/benefit	20.8	0.0	20.8	20.0	-0.4	20.4	83.4	-1.4	84.8
Profit/loss from continuing operations	NA	NA	-49.7	NA	NA	-34.9	NA	NA	-160.0
Profit/loss from discontinued operations	NA	-1.5	-1.5	NA	-2.3	-2.3	NA	-192.7	-192.7
Profit/loss from total operations	-51.1	NA	-51.1	-37.1	NA	-37.1	-352.7	NA	-352.7
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit/loss attributable to:</b>	<b>TOTAL</b>	<b>DISCONTINUED</b>	<b>CONTINUING</b>	<b>TOTAL</b>	<b>DISCONTINUED</b>	<b>CONTINUING</b>	<b>TOTAL</b>	<b>DISCONTINUED</b>	<b>CONTINUING</b>
Owners of REC SILICON ASA	-51.1	-1.5	-49.7	-37.1	-2.3	-34.9	-352.7	-192.7	-160.0
Earnings per share (in USD)									
-basic	-0.02	-0.00	-0.02	-0.02	-0.00	-0.02	-0.16	-0.09	-0.07
-diluted	-0.02	-0.00	-0.02	-0.02	-0.00	-0.02	-0.16	-0.09	-0.07



# ANALYSIS OF DISCONTINUED OPERATIONS

## CONSOLIDATED STATEMENT OF INCOME

### REC SILICON GROUP

(USD IN MILLION)	WAFER GROUP DISCONTINUED OPERATIONS MAR 31, 2014	SOLAR GROUP DISCONTINUED OPERATIONS MAR 31, 2014	TOTAL GROUP DISCONTINUED OPERATIONS MAR 31, 2014	WAFER GROUP DISCONTINUED OPERATIONS MAR 31, 2013	SOLAR GROUP DISCONTINUED OPERATIONS MAR 31, 2013	TOTAL GROUP DISCONTINUED OPERATIONS MAR 31, 2013	WAFER GROUP DISCONTINUED OPERATIONS DEC 31, 2013	SOLAR GROUP DISCONTINUED OPERATIONS DEC 31, 2013	TOTAL GROUP DISCONTINUED OPERATIONS DEC 31, 2013
Revenues	0.0	0.0	0.0	0.0	132.6	132.6	0.0	520.9	520.9
Cost of materials	0.0	0.0	0.0	0.0	-61.9	-61.9	0.0	-288.1	-288.1
Changes in inventories	0.0	0.0	0.0	0.0	-16.5	-16.5	0.0	-15.2	-15.2
Employee benefit expenses	0.0	0.0	0.0	0.0	-18.8	-18.8	0.0	-64.7	-64.7
Other operating expenses	0.0	0.0	0.0	0.0	-34.2	-34.2	0.0	-115.8	-115.8
Other income and expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.1	-1.1
Gains/losses on disposal of discontinued operation - Wafer	-1.5	0.0	-1.5	0.0	0.0	0.0	14.3	0.0	14.3
Gains/losses on disposal of discontinued operation - Solar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-221.1	-221.1
EBITDA	-1.5	0.0	-1.5	0.0	1.2	1.2	14.3	-185.1	-170.9
Depreciation	0.0	0.0	0.0	0.0	-4.0	-4.0	0.0	-14.2	-14.2
Amortization	0.0	0.0	0.0	0.0	-0.5	-0.5	0.0	-1.7	-1.7
Impairment	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-1.3	-1.3
Total depreciation, amortization and impairment	0.0	0.0	0.0	0.0	-4.6	-4.6	0.0	-17.1	-17.1
EBIT	-1.5	0.0	-1.5	0.0	-3.4	-3.4	14.3	-202.3	-188.0
Share of profit/loss of equity accounted investments	0.0	0.0	0.0	0.0	-0.4	-0.4	0.0	3.1	3.1
Financial income	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.4	0.4
Net financial expenses	0.0	0.0	0.0	0.0	-0.3	-0.3	0.0	-1.6	-1.6
Net currency gains/losses	0.0	0.0	0.0	0.0	1.9	1.9	0.0	-5.2	-5.2
Net gains/losses derivatives and fair value hedge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment and gain/loss on financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment convertible bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	0.0	0.0	0.0	0.0	1.9	1.9	0.0	-6.5	-6.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss before tax	-1.5	0.0	-1.5	0.0	-1.8	-1.8	14.3	-205.6	-191.3
Income tax expense/benefit	0.0	0.0	0.0	0.0	-0.4	-0.4	0.0	-1.4	-1.4
Profit/loss from discontinued operations	1.5	0.0	1.5	0.0	-2.3	-2.3	14.3	-207.0	-192.7

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

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

(USD IN MILLION)	MAR 30, 2013	DEC 31, 2013
Cash flows from operating activities	2.6	34.6
Cash flows from investing activities	17.1	9.5
Cash flows from financing activities	-34.1	-12.9
Effect on cash and cash equivalents of changes in foreign exchange rates	-0.4	-2.8
Net increase/decrease in cash and cash equivalents	-14.8	28.4
Cash and cash equivalents at beginning of the period	19.7	19.7
Cash and cash equivalents at end of the period	4.9	48.1

## 9 RECEIVABLES

**Analysis of aging of receivables at March 31, 2014**

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	84.5	64.9	1.1	2.9	6.1	1.4	8.1
Provision for loss on trade receivables	-8.1	0.0	0.0	0.0	0.0	0.0	-8.1
Other non-current and current receivables	1.1	0.9	0.0	0.0	0.0	0.2	0.0
Finance receivables and short-term loans	10.7	10.7	0.0	0.0	0.0	0.0	0.0
Total	88.2	76.5	1.1	2.9	6.1	1.6	0.0

See note 12 and 30 to the consolidated financial statements for 2013. No losses on receivables are reported in the first quarter 2014.

## 10 TRANSACTIONS WITH RELATED PARTIES

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

In the first quarter 2014, the Board member Erik Løkke-Øwre invoiced USD 38 thousand to REC Silicon for consultancy work.

## 11 SEGMENT INFORMATION

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

### Segment information

(USD IN MILLION)	Q1 2014	Q1 2013	DEC 31, 2013	Q4 2013
<b>Revenues</b>				
REC Silicon	113.3	98.6	432.7	124.8
REC Solar	0.0	132.6	520.9	51.0
Other	0.1	1.0	2.0	0.6
Eliminations	0.0	-5.2	-17.3	-2.1
Total operations	113.4	227.1	938.4	174.3
Of which discontinued operations 1)	0.0	132.6	520.9	51.0
Total continuing operations	113.4	94.5	417.6	123.4
<b>Revenues external</b>				
REC Silicon	113.3	94.3	417.0	122.9
REC Solar	0.0	132.6	520.9	51.0
Other	0.1	0.2	0.5	0.5
Total operations	113.4	227.1	938.4	174.3
Of which discontinued operations 1)	0.0	132.6	520.9	51.0
Total continuing operations	113.4	94.5	417.6	123.4
<b>EBITDA</b>				
REC Silicon	19.5	21.0	83.7	31.3
REC Solar	0.0	-8.9	-192.2	-206.7
Other	-3.5	-4.0	-72.8	-58.7
Eliminations	0.0	0.0	61.1	92.7
Total operations	16.0	8.1	-120.1	-141.4
Of which discontinued operations 1)	1.5	1.2	-170.9	-169.0
Total continuing operations	17.5	6.9	50.7	27.7
<b>Depreciation, amortization and impairment</b>				
REC Silicon	-33.4	-31.7	-136.8	-37.4
REC Solar	0.0	-4.6	-17.1	-2.5
Other	0.0	0.0	0.0	0.0
Eliminations	0.0	0.0	0.0	183.9
Total operations	-33.4	-36.3	-153.9	144.0
Of which discontinued operations 1)	0.0	-4.6	-17.1	181.4
Total continuing operations	-33.4	-31.7	-136.8	-37.4
<b>EBIT</b>				
REC Silicon	-13.9	-10.7	-53.1	-6.1
REC Solar	0.0	-13.5	-209.3	-209.2
Other	-3.5	-4.0	-72.8	-58.7
Eliminations	0.0	0.0	61.1	276.6
Total operations	-17.4	-28.2	-274.0	2.6
Of which discontinued operations 1)	1.5	-3.4	-188.0	12.3
Total continuing operations	-15.9	-24.8	-86.1	-9.7

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

FOR MORE INFORMATION, PLEASE CONTACT

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**About REC Silicon ASA**

REC Silicon ASA is a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gas to the solar and electronics industries worldwide. We combine 25 years of experience and proprietary technology with the needs of our customers, and annual production capacity of more than 20,000 MT of polysilicon from our two US-based manufacturing plants. Listed on the Oslo Stock Exchange (ticker: REC), the company is headquartered in Moses Lake, Washington and employs approximately 740 people.

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