2014
Annual report

Elkem
A Bluestar Company

Contents

Cover photo is from Elkem Technology.

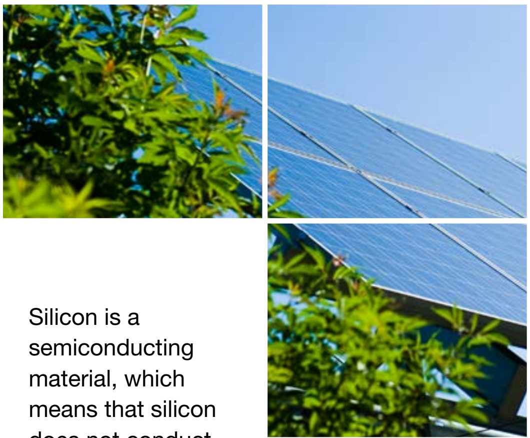
Key figures

FINANCIALS	UNIT	2014	2013*	2012*
Revenues	NOK million	8 652	7 789	8 093
EBITDA	NOK million	1 060	644	770
EBIT	NOK million	611	418	(127)
Profit for the year	NOK million	303	(628)	(457)
Total assets	NOK million	11 025	11 668	11 607
Net interest-bearing assets /(debt)	NOK million	2 279	145	(5 039)
Equity	NOK million	8 757	7 697	4 305
Equity ratio	Per cent	79	66	37

* Elkem Solar is presented as discontinued operation for the two months ended February 2014 and for the year ended 2013 and 2012. As a consequence Elkem Solar is not included in revenues, EBITDA, EBIT and net interest-bearing asset/(debt). Please refer to accounting principles under consolidated financial statement Elkem AS group for more details.

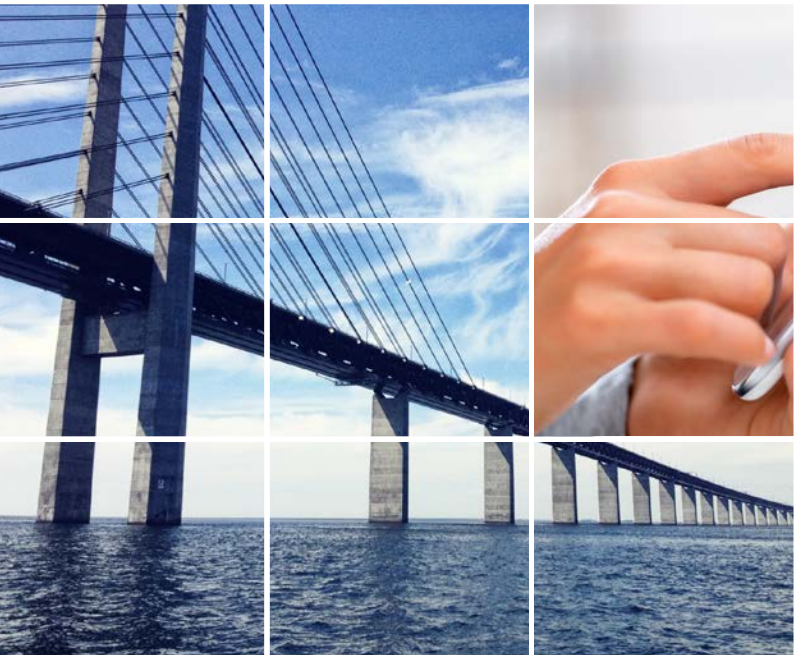
Our products

Elkem's core expertise includes knowledge of processes that involve very high temperatures and accurately determining the chemical content of materials so that they precisely match customer needs. Additionally, Elkem is a world leader when it comes to the production of carbonaceous materials, which is crucial when silicon is to be extracted from quartz.

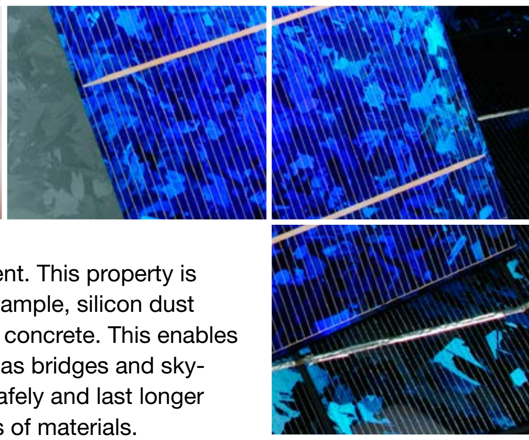


It is easy to combine silicon with other elements, which means it can help to create new, practical substances. Silicon makes aluminium stronger and more pliable, and enables cars, aeroplanes and other means of transport to be built using light aluminium instead of heavy metal.

Silicon is a semiconducting material, which means that silicon does not conduct electricity at room temperature, making it suitable for use in electronics.



Elkem Solar Silicon® (ESS®) is a solar grade silicon developed by Elkem Solar. Production of ESS® requires only 25 per cent of the energy consumption and CO_2 emission compared to competitors.



Silicon is water-repellent. This property is exploited when, for example, silicon dust (microsilica) is used in concrete. This enables large structures, such as bridges and skyscrapers, to be built safely and last longer using smaller amounts of materials.

CHAIRMAN OF THE BOARD

ROBERT LU

Bold steps secure future activity

For me as CEO of Bluestar and Chairman of the board of Elkem, 2014 was a double anniversary: Bluestar turned 30 years and Elkem turned 110 years. Both companies were started by bold and entrepreneurial men: Ren Jianxin and Sam Eyde.

In 1904 Elkem ignited Norway's second industrial revolution by taming and exploiting water falls to produce electricity used to producing fertilizer and melting metal. This gave Norway an important new source of foreign currency, and laid the foundation for the modernization of the Norwegian society.

Bluestar was born as a result of the economic reforms in China starting in 1984. Hard work, courage and constant innovation gave results: Bluestar grew from selling industrial cleaning services in China into the diverted global chemical company Bluestar is today. The two companies' history is based on common features: Both companies have contributed to their respective home countries prosperity. We share a vision of a truly sustainable world.

Bluestar has acquired several overseas companies. The philosophy behind this growth is to share best practices and integrate companies, in order to optimize production processes.

Over the last three years we have run a project called BlueIco. The aim is to optimise the entire silicone value chain, from the extraction of the quartz in the mine at Tana, Norway, through the production of silicon (Si99) at the Elkem plant in Salten, Norway, to the production of the specialised silicone at Bluestar Silicones International in France. This project has been a success, contributing to more than 20 million Euros in savings. We will continue to integrate the French and the Norwegian entities. Two Chinese plants, Yongdeng (silicon) and Xinghuo (silicone) are also part of this innovative silicone value chain.

Elkem's solar industry has been going through a rough period, but several bold steps have been taken to secure future activity, and we are now entering an exciting phase of new development. In March 2014 the Hong Kong-based investment company Guangyu International invested 200 Million USD and acquired 50 per cent of Elkem Solar, and this year Bluestar Elkem Investment HK has acquired REC Solar. The integration and optimising of the two companies' production processes has already started.

There is no doubt in my mind that the solar industry will be a profitable part of our future.

The financial results of 2014 is the best we have had since Elkem became part of Bluestar in 2011, with an EBITDA of 1060 mill NOK and a net result of 303 mill NOK.

I want to use this opportunity to thank Elkem's employees. Our good results in 2014 would not have been possible without your dedication and relentless work.

Elkem – an overview

Elkem is a world-leading producer of silicon, ferrosilicon-based speciality alloys, carbon products and microsilica. The 2014 turnover was NOK 8,652 million. Elkem had 2,127 employees in about 40 countries throughout the world in 2014. Elkem is part of China National Bluestar (Group) Co. Ltd.

Elkem Silicon Materials is one of the world's leading suppliers of silicon and microsilica. Silicon has a wide range of applications, such as an important additive in certain aluminium alloys and in the chemical industry, where silicon is the main ingredient in silicones. Silicon is also necessary for the production of solar cells and almost all electronic devices. Microsilica is extremely finely grained silicon that is used as additive in concrete, refractory materials, plastics, fertiliser and sealants for oil wells.

Elkem Foundry Products is the world's leading producer of ferrosilicon and ferrosilicon-based speciality alloys.

Ferrosilicon is used as an additive to improve the properties of steel and iron that are used, for example, in the production of windmills, trains, cars and other mechanical devices. Elkem's speciality alloys are added during the customer's foundry operations and contribute to increased productivity and reduced energy consumption.

Elkem Carbon is the world's largest producer of electrically calcinated anthracite, which is used in electrode paste and sealants (ramming paste) that are necessary in the manufacturing process of steel, aluminium, silicon and other metals.

Elkem Solar produces solar-grade silicon for the solar industry, using a metallurgical process that requires only about 25 per cent of the energy consumption of traditional manufacturing processes. Elkem Solar is now 50 per cent owned by Elkem and 50 per cent by Guangyu International Investment Company.

Elkem Technology conducts research and development projects related to all parts of Elkem's value chain. The research strategy is based on close cooperation between the operational organisation and the researchers.

Elkem's plants and offices around the world:

CEO

HELGE AASEN

Profitable and sustainable growth

Population growth and higher living standards worldwide mean greater demand for resources and energy. The goal of limiting man-made climate change means strict requirements for how we produce our goods and services.

Elkem's long-term vision is zero emissions. Technological leaps forward and continuous improvements to our methods will ensure that we move more quickly towards our zero emissions target than our competitors. This will ensure that Elkem continues to hold an important position in the global economy in the future.

Elkem's value chains are based on the elements silicon and carbon, and we have for many years carried out active development so we can utilise our products for specialised, future-oriented products.

Silicon will be an important element of products also in the future: for example, smart phone screens and the electronic circuit boards in computers are made of silicon. We believe that silicon could dramatically increase the storage capacity of batteries and thus make electricity an even more usable energy source in, for example, cars. This will also help to ensure that renewable energy sources such as solar and wind can make up a larger proportion of the future energy mix.

Silicon is required to exploit the sun as a source of energy. This will entail a vertical integration between Elkem Solar and REC Solar. We have strengthened our focus on the solar industry with the aqusition of REC Solar, that was finilised in May 2015.

The developments within ferrosilicon alloys provide cast iron with properties that make it very suitable for producing, for example, lighter engine blocks for cars and windmill blades that are stronger and thus make windmills more efficient.

Elkem also invested in two new plants in 2014. A number of Elkem Carbon's most important customers are in the process of establishing new production in Samalaju industrial park in Sarawak, Malaysia. In order to take part in this growth and establish a strategic bridgehead in South East Asia, Elkem Carbon is building a factory right next to its customers. The plant will expand as demand increases.

The foundry division is building a new plant in Paraguay together with Argentinian partners. The plant will be based on local hydroelectric power, local charcoal, and other local raw materials. This highly sustainable plant will mark the start of a new aggressive growth strategy in South America, where the goal is to capture a significant market share.

Elkem has several important research projects aimed at reducing our impact on the environment. A large proportion of Elkem Carbon's products currently contain a coal tar pitch based binder that may be linked to health and environmental risks. In order to meet the steadily stricter requirements, Elkem Carbon has entered into a partnership with Borregaard to develop alternative, green, bio-based binders.

Two years ago we started a research project with the aim to develop a process for carbon neutral metal production, which is also energy neutral: the production plant will generate as much electricity as it consumes in the process. If we succeed, this will represent a technological quantum leap that could change the industry around the world. The work is supported by the Research Council of Norway and the ambition is for us to be in a position to start constructing a full-scale smelting plant within 5-7 years. If so, this will be a green industrial revolution.

With the exception of two plants, all of Elkem's smelting plants achieved record production in 2014. Financially speaking, 2014 was a good year for Elkem with an operating result (EBITDA) of NOK 1,060 million (NOK 644 million in 2013) and an annual result of NOK 303 million (NOK -628 million in 2013). We are systematically working on increasing productivity and sales from our existing capacity and getting the most out of the company's combined resources.

Corporate governance

Elkem is part of the China National Bluestar (Group) Co. Ltd. (Bluestar). Bluestar is a global group in the chemical industry that focuses on new chemical materials and animal nutrition.

Elkem is governed by the board of directors, which consists of seven persons, five of whom are elected by the owners and two by the employees. Mr. Robert Lu, CEO of Bluestar, is chairman of Elkem's board. Elkem's CEO, Helge Aasen, sits on the board as a representative elected by the owners. Aasen also sits on Bluestar's board of directors.

Elkem's board meets at least four times a year and conducts its activities in accordance with approved rules of procedure that are based on the provisions of the Norwegian Limited Liability Companies Act. These rules regulate the board's responsibility and the CEO's relationship to the board. The main tasks of the board are to ensure the sound organisation of the company's activities, adopt plans and budgets, supervise the general management, and ensure that the company's activities, accounts and asset management are subject to proper scrutiny.

Elkem's work on corporate social responsibility is coordinated through a steering committee lead by the SVP HR. The steering committee reports directly to Elkem's CEO. In 2014, the steering committee initiated extensive updates in Elkem's guiding documents.

Non-hierarchical organisation

Elkem has had employee representatives on its board since 1974 and promoted the introduction of corporate democracy in Norway. The relationship between corporate management and employees is characterised by a flat organisational structure.

Detailed authority structure and internal control

A detailed authority structure has been developed to regulate who can make decisions at various levels in the organisation with the board being the highest ranking body for business-related decisions.

The group's internal control function is exercised through monthly reviews of the business activities at the group management level. The monthly reviews are conducted according to a stated agenda.

Updated risk assessment

Assessment of risk includes all aspects of the enterprise and are delegated as a line responsibility. This includes health and environmental risk, financial risk, market risk (price and volumes) and operational risk. There are policies and procedures for all risk areas, and the risk assessment is updated regularly. Measures are decided on and implemented as soon as possible. The board and management are regularly updated on the group's performance.

Corporate management

Helge Aasen
CEO

Morten Viga
CFO

Katja Lehland
SVP Human Resources

Inge Grubben-Strømnes
SVP Business development and Solar

Håvard I. Moe
SVP Elkem Technology

Trond Sæterstad
SVP Elkem Silicon Materials

Jean Villeneuve
SVP Elkem Foundry Products

Asbjørn Søvik
SVP Elkem Carbon

Liu He
SVP Elkem China

Kjell Ramsdal
SVP Corporate development

Board of directors

Robert Lu
CEO Bluestar
Chairman

Olivier de Clermont-Tonnerre
Bluestar Silicones
Board member

Sverre T. Tysland
Selmer DA
Board member

Helge Aasen
Elkem AS
Board member

Yougen Ge
Bluestar
Board member

Einar Støfringshaug
Union representative
Board member

Espen Sortevik
Union representative
Board member

Sustainable growth

Elkem's vision is to develop advanced materials that shape the future. Our mission is to help promote a sustainable future by producing advanced silicon- and carbon-based solutions that create value for all our stakeholders. We believe that safe and sustainable operations are the future and that our products and innovations can help solve many of the world's challenges.

Our solutions shape the future

Our products are based on two of the world's most common elements – silicon and carbon. The products we manufacture from these elements are essential building blocks for current and future materials. As a manufacturer we think that safe and environmentally-friendly production is the only way forward. During our 110 year long history we have developed a very good understanding of the silicon process, which we are now using to consolidate our position as the world's most environmentally-friendly manufacturer of these products. Our research constantly facilitates safer and more efficient production. This gives a lower consumption of energy and lower emissions of greenhouse gases, reduces the losses in production and results in the utilisation of more and more by-products. Elkem is working to introduce energy management and energy recovery in all plants. In the long run our goal is to remove all waste through efficient utilisation of all by-products and side streams.

The demand for Elkem's products is expected to increase in the coming years. We see that cooperation with our customers, suppliers and other partners helps develop solutions that give our customers better quality, higher efficiency and reduced emissions. Our technology and processing knowledge will continue to form the basis for many of the solutions that are needed in order to shape a sustainable future for our planet, such as highly efficient solar cells and windmills, batteries that may abate fluctuations in the production of renewable energy, as well as smart electronics.

Our values

Our core values are the foundation for the way we work in Elkem. The work of each individual, regardless of where they are in the value chain, is based on the following values: **involvement, respect, precision and continuous improvement.**

Involvement commits people. Despite smart systems and artificial intelligence, it is still people who are best at identifying problems and finding solutions. Through the wide involvement of our colleagues, customers and other stakeholders, we create openness and teamwork that increase our ability to learn and to develop new solutions.

Respect entails being open and honest, trusting colleagues, appreciating diversity and promoting fairness. We respect the law, the environment, our employees, colleagues, customers, suppliers, owners, the society, the local community, and other cultures.

Our focus on precision is evident in our efforts to develop and comply with standards for best practices and stable, safe operations. By establishing standards for work practices and working conditions we can measure and thereby continuously improve them.

We know that the value chain can always be improved by experimenting, by making use of new solutions, and by continuously eliminating waste. Continuous improvement means that we are always looking for potential improvements and that we are open to learn new things and willing to share knowledge.

Tools for continuous improvement

Elkem Business System (EBS) is a set of fundamental principles, methods and tools that describes how employees at all levels should conduct themselves and how the organisation should work together to achieve common goals and continuous improvement. EBS forms the foundation of Elkem's corporate culture and operations.

Individual responsibility

One of the main EBS principles is that people are the driving force. Therefore, each Elkem employee is encouraged and expected to actively find and suggest potential improvements to the processes he or she is involved in. In order to ensure that everyone can take part in and contribute to improvements, all of Elkem's plants have established arenas for active daily improvement efforts.

Management responsibility

Another key principle of EBS is that managers must have in-depth knowledge about critical processes. Therefore, Elkem's managers are present in the organisation and regularly visit production facilities to see for themselves what is happening, talk with employees about production flow and any other issues, and encourage and discuss suggested improvements.

Giving direct, specific feedback on how each employee is performing his/her duties is an important management task in Elkem. Job observation and cooperation, team organisation and annual appraisal interviews provide a basis for the professional and personal development of Elkem's employees.

The four main principles of Elkem Business System are:

1. Make to use

The customer's needs are always in focus. This is also the case internally in Elkem, where everyone in the organisation is regarded as interlinked suppliers and customers in a value chain. Value added is a key component, both in relations with our customers and suppliers and in our own organisation.

2. Empowered people

Elkem ascribes 70 per cent of its success to human input and 30 per cent to the underlying system and technical equipment. Those who perform the tasks are the experts, and together they constitute Elkem's resource base. We attempt to live up to our core values in all of our activities, including collaboration with suppliers.

3. Eliminating waste

Eliminating all forms of waste lies at the heart of Elkem's goal of continuous improvement.

4. Processes in control

All processes shall be stable and predictable, and variations shall be avoided.

Capital structure and financing

Elkem operates in a cyclical industry and aims to balance operating market risks by having a sound financial profile with strong equity and adequate liquidity reserves.

The policy is to have
- equity ratio of more than 40 per cent and
- available liquidity reserves (cash and available credit lines) of more than 10 per cent of annual revenue.

As of 31.12.2014 Elkem's equity was NOK 8,757 million giving an equity ratio of 79 per cent. Elkem had almost no interest bearing debt outstanding as of 31.12.2014.

In order to secure sufficient liquidity reserves, Elkem has credit facilities with banks. As of 31.12.2014 Elkem had credit facilities of NOK 1,746 million, of which NOK 58 million was drawn. The facilities mature in 2015 and a process has been initiated to renew the facilities during first half of 2015.

The external loan agreements contain one financial covenant; that the equity ratio is to exceed 30 per cent at all times.

Financial risk management

Elkem is operating in international markets. Most of the group's sales are in Euro (EUR) and US dollars (USD). The location of Elkem's plants gives a natural cost base in other currencies, such as Norwegian krone (NOK), Canadian dollars (CAD) and Icelandic krone (ISK).

The currency mismatch between revenue and costs represents an exposure to Elkem's result and cash flow. Elkem's result will improve when the main cost currencies, mainly NOK, weaken against EUR and USD. Elkem's net cash flow is expected to increase by NOK 400 million if the NOK depreciates 10 per cent versus these currencies.

The group has implemented policies to hedge the currency risk.

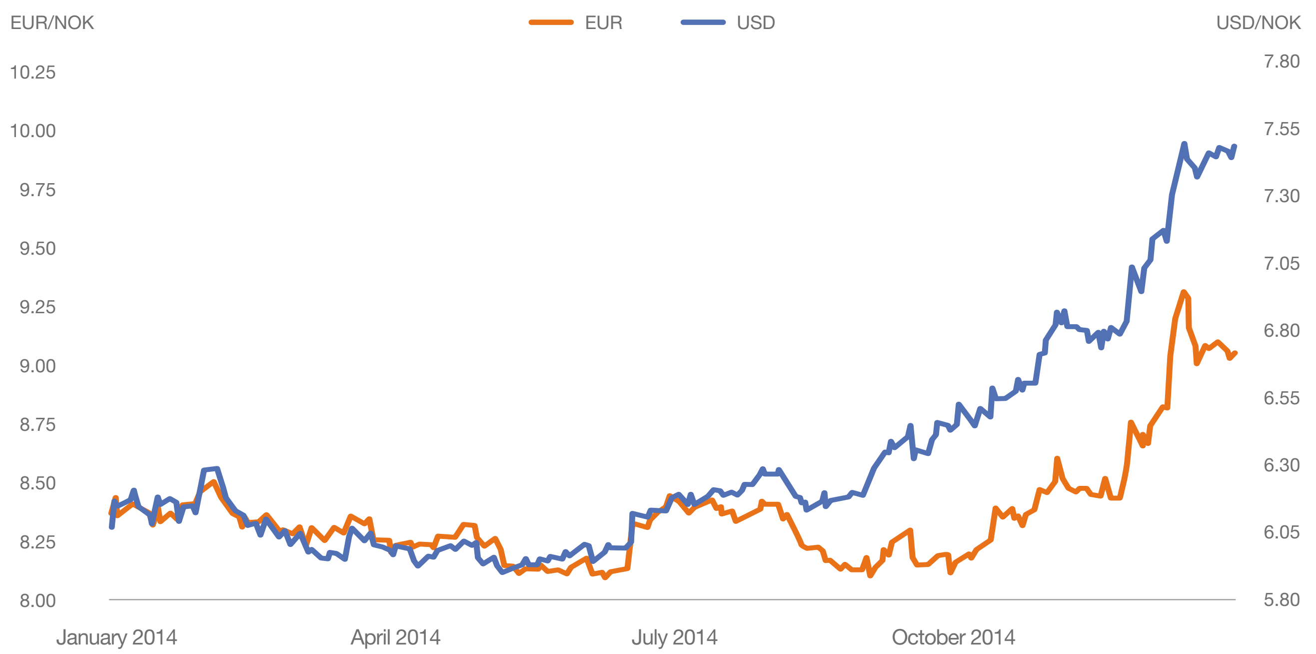
The policy is to hedge 90 per cent of the net exposure on a 0-3 month rolling basis, and between 25 and 75 per cent of expected cash flows on a 4-12 month rolling basis. The purpose is to even out the effect of currency movements on result and cash flow.

The plants in Norway have improved their relative cost position due to the weakening of the NOK during 2014. On that basis, the board of directors approved a mandate to increase the net cash flow hedge for EUR and USD to 75 per cent for 2015, and implement 25 per cent hedging for 2016 and 15 per cent hedging for 2017.

Hedge accounting is implemented to mitigate effects from unrealized gains and losses on the hedging portfolio.

From 1 January to 31 December 2014, the NOK depreciated 23 per cent against USD and 8 per cent against EUR, as shown in the chart below. This had a positive effect on Elkem's result, but was partly countered by a net realized loss of NOK 118 million on the hedging programme.

CHANGES IN THE RELATIONSHIP BETWEEN NOK AND USD/EUR



Profitable growth from a solid base

In 2014, the Elkem Group achieved an annual profit after tax of NOK 303 million following growth in operating income of 11 per cent. Better markets, stable operations and favourable exchange rates made positive contributions to our financial performance in 2014. The company also expects profitable growth in 2015. Elkem has solid equity and almost no interest-bearing debt.

Elkem's operating income in 2014 was NOK 8,652 million, compared with NOK 7,789 million in 2013, a rise of 11 per cent. The increase was due to better prices, favourable exchange rates and higher volumes.

The net operating profit (EBIT) was NOK 611 million, compared with NOK 418 million in 2013, a rise of 46 per cent. Greater demand for Elkem's products also led to higher selling prices. In addition to this, a weaker NOK exchange rate had a positive impact on the result, although it also resulted in higher prices for raw materials. High capacity utilisation resulted in somewhat higher costs as well. The weaker NOK produced losses in the group's currency hedging programme.

The annual profit after tax was NOK 303 million, compared with a loss of NOK 628 million in 2013. The annual result for 2013 was negatively impacted by NOK 477 million by Elkem Solar. In 2014, Elkem Solar was deconsolidated from the Elkem Group after Guangyu International acquired 50 per cent of the shares in March 2014. In 2014, Elkem's share of the result in Elkem Solar was included on the income statement line 'income from associated companies and joint ventures'.

The equity in the Elkem Group amounted to NOK 8,757 million at year-end 2014. The equity ratio was 79 per cent, inclusive of minority interests. The group had almost no interest-bearing debt. The company is owned by Bluestar Elkem International in Luxembourg, which in turn is controlled by the China National Bluestar Group.

Investments and R&D

Developing new, sustainable materials and production methods is considered strategically important to securing a solid market position in the future.

Elkem spent NOK 99 million on research and development in 2014. Among the most important projects are measures for increasing furnace efficiency, reducing the formation and emissions of NO_x and dust, and developing a completely new method for carbon neutral metal production.

NOK 546 million was invested in 2014. NOK 102 million of this was defined as strategic investment. This includes the

construction of an electrode paste plant in Malaysia, a new ferrosilicon production plant in Paraguay (joint venture), the acquisition of MSC Europa GmbH, and a new energy recovery facility in Bjølvefossen.

Elkem Silicon Materials

Elkem Silicon Materials had a turnover of NOK 4,170 million in 2014; 17 per cent higher than in 2013. Elkem Silicon Materials is the largest division in the Elkem Group and achieved record high production at all three of its plants in Salten, Thamshavn and Bremanger. The quartz mine in Tana also achieved record production. Elkem Silicon Materials (after two years of difficult market conditions) saw greater demand and higher prices for its main products. It is also continuously working on cutting costs, as well as increasing energy and production efficiency at the plants. Elkem Silicon Materials maintains a continuous focus on developing special products tailored to the customers' needs.

Elkem Foundry

Elkem Foundry's turnover was NOK 3,090 million in 2014; 7 per cent higher than in 2013. Elkem Foundry experienced good prices for all products, but saw lower production at its plants in Iceland and in Chicoutimi, Canada. In Iceland, power restrictions limited production capacity, while production at the plant in Chicoutimi was disrupted due to rebuilding of furnace. The rebuilding will result in increased production and sales of recovered energy to its neighbouring company, Rio Tinto Alcan, and make a positive contribution to the operating result.

Elkem Foundry is constructing a new plant in Paraguay together with a local joint venture partner. The opening of this plant will mark the start of an aggressive focus on the South American market. A greater focus on the growth markets of Asia and South America forms part of the Foundry division's strategy.

Elkem Carbon

Elkem Carbon's turnover was NOK 1,277 million in 2014; 11 per cent higher than in 2013. The company enjoys large market shares in mature markets in North America and Europe. In China and South East Asia, where strong future growth is expected, Elkem Carbon will increase its presence by constructing a new plant in the industrial park in Sarawak, Malaysia. The first construction phase will be completed in 2015 and the goal is to establish local production to meet the increased demand from energy-intensive industries in South East Asia. Over time, as demand rises, Elkem Carbon could expand the plant in Sarawak.

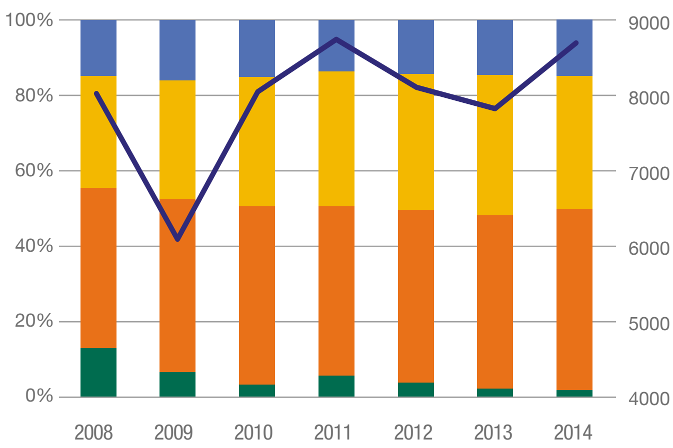
Elkem Carbon is conducting research into developing a new binder (green binder) based on biomass to meet the demand for greener products.

Elkem Solar

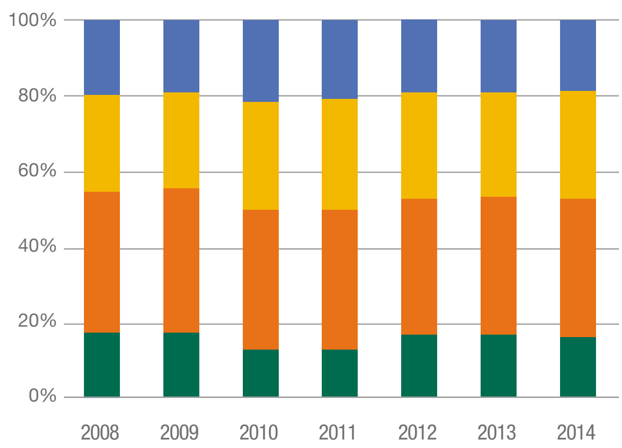
Elkem Solar's operating result for 2014 was a loss of NOK 428 million after the company gradually escalated over the year to full production, which is 6,000 tonnes per year. In December, the EBITDA was positive for the first time since the start-up of operations in February.

In 2014, Elkem Solar was deconsolidated from the Elkem Group after Guangyu International acquired 50 per cent of the shares in March 2014. In November 2014, Bluestar Elkem Investment HK announced an agreement to purchase 100 per cent of the shares in REC Solar. The plan is to establish an integrated value chain for the production of solar cells by optimising solar cell production from quartz extraction through to sales of finished solar cell modules. This will be done through a close partnership between Elkem Solar's plant in Fiskaa in Norway and REC Solar's plant in Singapore.

OPERATING INCOME BY BUSINESS AREA NOK MILL



EMPLOYEES BY BUSINESS AREA



Other · Silicon Materials · Foundry · Carbon · Elkem group

Report of the Board of Directors 2014

Elkem – general information

The Elkem group is one of the world's leading companies in environmentally-friendly production of silicon related materials. Its main products are silicon, ferrosilicon, specialty alloys for the foundry industry, carbon products and microsilica.

Elkem has production facilities in Europe, North America, South America, Africa and Asia, as well as an extensive network of sales offices and agents covering the most important markets.

Elkem has centralised support functions and headquarters in Oslo, Norway.

Elkem AS is owned 100 per cent by Bluestar Elkem International Co. Ltd. S.A., which is under control of China National Bluestar Group Co. Ltd. (Bluestar).

Highlights in 2014

The Elkem group experienced better market conditions in 2014, compared to a challenging market situation in 2012 and 2013. Demand for Elkem's products has been good. Improved sales volumes, a favourable sales price development and a weakening of the Norwegian krone have strengthened the profitability in 2014.

In addition to improved market conditions, Elkem has continued the focus on enhancing its cost position, operational performance and preparing the company for further growth:

- Elkem's balance sheet has been strengthened by capital injection of NOK 552 milion. The equity ratio was 79 per cent per 31 December 2014, and allows Elkem to seek growth opportunities going forward.

- Elkem has invested NOK 546 million in 2014, whereof NOK 102 million relates to strategic growth initiatives. Elkem is currently expanding operations to Paraguay and Malaysia to increase Foundry and Carbon capacity respectively. In addition, Elkem has carried out investments to increase energy recovery, reduce NO_X emissions and improve operational efficiency at plants both in Norway and internationally.

- Elkem has continued to support and seek a long-term favourable positioning of Elkem Solar. The Elkem group made a private placement of new shares to Guangyu International on 7 March 2014. Guangyu International, which is a Hong Kong-based investment company, has injected USD 200 million into Elkem Solar and holds an ownership of 50 per cent. Elkem Solar is recognised as a joint venture, deconsolidated from the Elkem group.

  On 24 November 2014, Bluestar Elkem Investment Co. Ltd. reached an agreement to purchase 100 per cent of REC Solar ASA. The board of Elkem AS believes that this transaction will strengthen Elkem Solar's strategic position, and the plan is to build an integrated solar value chain with REC Solar.

Results in 2014

Operating income for the Elkem group amounted to NOK 8,652 million compared to NOK 7,789 million in 2013. The operating income increased by 11 per cent, due to higher prices, favourable currency development and increased sales volumes of speciality products.

The operating profit (EBIT) for the group in 2014 was NOK 611 million positive compared to NOK 418 million positive in 2013. Operating profit improved due to higher sales prices for silicon related products, increased sales volume for speciality products, weakening of the Norwegian krone, and strong underlying operations. This was only partly countered by increased operating cost relating to higher capacity utilisation and higher raw material cost. Other gains and losses have a negative effect on operating profit of NOK 53 million.

Silicon Materials experienced higher sales prices and improved sales of specialty quality products. Investments carried out in 2013 for Salten and Thamshavn have resulted in higher production and sales volumes in 2014. Silgrain sales volume was still low in 2014. The sale of microsilica and other materials products continued to be good with strong positions in the well-drilling, concrete and refractory segments.

The Foundry division experienced improved sales prices on standard ferrosilicon, but this was partly countered by lower production due to power curtailment at Iceland. Speciality sales volume increased during the year. European sales prices improved somewhat during the year, while the North American market has shown good demand and stable price levels. All production facilities had stable and good operations throughout 2014. Elkem Chicoutimi in Canada performed a major furnace-upgrading project, enabling increased production and higher energy recovery.

The Carbon division's result for 2014 improved due to higher sales prices and improved sales volume. Sales volume increased by 13 per cent year-on-year.

The annual average rate for the Euro and US dollar strengthened by approximately 7 per cent on average against the Norwegian krone, giving a positive impact on Elkem's operating results.

The consolidated profit before income tax was NOK 392 million positive for the year. Net financial items was NOK 43 million positive and consist of finance income of NOK 83 million and finance expenses of NOK 40 million. Income from associates and joint ventures amounted to NOK 262 million negative, of which NOK 304 million negative relates to the group's share of profit from Elkem Solar for the period from March to December 2014.

The consolidated profit for the year was NOK 303 million positive, including NOK 170 million negative in tax expense and NOK 80 million in profit for the year from discontinued operations.

Elkem Solar experienced improved market conditions in the beginning of 2014. As a result of improved market conditions, production was re-started in February 2014. Production and sales volume increased throughout the year, and production was near the capacity level of 6,000 mt at the end of the year. Operating profit was NOK 428 million negative for the year. EBITDA was positive in December 2014 for the first month after the start-up in February.

Financial situation

Cash flow from operating activities before investments was NOK 645 million positive for the year. Operating profit was NOK 611 million positive for continued operations countered by NOK 95 million negative from discontinued operations. Amortisation, depreciation and impairment changes amounted to NOK 441 million. Cash flow was weakened by increased working capital. Higher revenues and increased capacity utilisation triggered higher working capital. Net interest received amounted to NOK 56 million and taxes paid amounted to NOK 109 million.

The group's liquidity position is considered to be good. Elkem has no large financial obligations falling due over the next 12 months and the group has adequate credit facilities to support its operations. The board of Elkem AS have approved a dividend of NOK 750 million to be paid during the next twelve months. The dividend will be financed by cash at hand and drawing on the group's credit facilities.

Capital expenditures was NOK 546 million for the year, of which NOK 102 million was categorised as strategic investments and NOK 444 million as reinvestments.

Strategic investments were mainly related to the energy recovery project at Bjølvefossen, ongoing expansion project of Elkem Carbon in Malaysia, acquisition of MSC Europe GmbH and investments to increase speciality sales.

In addition to the above investments, Elkem has entered into a strategic joint venture with Grupo Andreani and Grupo Araújo to build a new ferrosilicon plant in Paraguay.

Risk Management

Elkem is exposed to business risks related to sales and production. The group aims to manage risk in a systematic and professional manner. Policies and procedures are in place for all main areas to promote Health & Safety in the workplace, to prevent accidents and to secure proper management of financial risk factors.

Elkem has organised risk management and risk mitigation activities in the line of responsibility. By delegating the responsibility for risk management to the respective level in the organisation, Elkem aims to ensure clear ownership for own activities and efficient processes. Corporate management and the board of directors are updated on the overall risk picture for Elkem on a regular basis through internal business reviews.

In addition, Elkem has a well-established global insurance programme for property and business interruption, in order to mitigate Elkem's exposure to large unforeseen incidents that might occur at Elkem's plants. Elkem also has a general third party liability insurance in place.

Price and volume risk

Elkem's main risk exposure is related to prices and sales volumes of silicon related materials as well as costs for key raw materials, energy and other consumables.

The demand for silicon related materials has increased over the past years and the long-term outlook is positive. Demand and prices will however fluctuate with economic cycles, and significant price and volume changes can be observed depending on the overall business sentiment. Elkem seeks to position itself by continuous development and product specialisation to meet customer demands. Elkem aims to establish long-term customer relationships to stabilise volume and production. The length of the contracts varies within different segments, with a tendency towards short-term contracts or long-term volume contracts, which are subject to quarterly or semi-annual price adjustments.

Elkem has over many years developed a strong competence on raw material sourcing. Elkem's strategy on raw materials and energy is to secure stable and predictable prices and timely supply of good quality raw materials that meet the operating requirements. The group has long-term contracts in place to secure volume of key input factors, in addition to sourcing from captive sources. Long-term energy contracts are in place to secure base volume and predictable prices. In order to secure operational flexibility some of the energy volume is covered through short-term contracts.

Financial risk

Elkem is exposed to financial risks such as currency risk, interest rate risk, liquidity risk and counterparty risk. These risks are managed according to policies approved by the board of directors.

Elkem has sales and costs in various currencies. The group aims to mitigate the currency risk by sourcing raw materials and other costs in the same currencies as the group's sales revenue. However, Elkem has a substantial part of its production in Norway, Iceland and Canada, which gives a large net cost base in respective currencies. Elkem has positive net cash flows in other currencies, mainly EUR and USD. The policy is to hedge 90 per cent of the net exposure on a 0-3 month rolling basis, and between 25 and 75 per cent of expected cash flows on a 4-12 month rolling basis, in order to even out the effect of currency movements on result and cash flow. The plants in Norway has improved its relative cost position due to the weakening of the NOK during 2014. On that basis, the board of directors approved a mandate to increase the net cash flow hedge for EUR and USD to 75 per cent for 2015, and implement 25 per cent hedging for 2016 and 15 per cent hedging for 2017.

After conversion of shareholder loans to equity in 2013, and equity injection in 2014, Elkem has virtually no interest bearing debt. The cash position as of 31 December 2014, amounts to NOK 546 million and is denominated in various currencies. Elkem has good ability to handle currency exposure related to the group's balance sheet and equity. Elkem is actively managing liquidity risk. The group has centralised its liquidity management and monitors the liquidity development through short- and long-term cash forecasts and daily reporting of the liquidity position. Elkem has established group cash pooling structures, which include most of the business units. For jurisdictions where cash pooling is restricted, Elkem has implemented other measures to repatriate cash. In addition, the group has undrawn credit facilities with its main banks to back up its liquidity position. The policy is to have a liquidity buffer of 10-20 per cent of expected annual revenue. The target is that these credit facilities should have an average maturity of 12-24 months to mitigate any short-term refinancing risk. Elkem group must maintain an equity ratio of minimum 30 per cent to comply with financial covenants related to credit facilities.

Counterparty risk is managed centrally and the main portion of the accounts receivables is insured by a reputable credit insurance company. For customers not covered by credit insurance, Elkem seeks to mitigate risk through payment terms or trade finance instruments. Elkem is monitoring the credit risk also for financial trading counterparties. Financial counterparties must have a credit rating of minimum A- or the equivalent from the main rating agencies. In addition, Elkem monitors other financial measures, such as the spread for the respective banks' Credit Default Swaps (CDS).

Capital structure

As of 31 December 2014, Elkem's equity was NOK 8,757 million. Including minority interests of NOK 96 million the equity ratio was 79 per cent.

At year-end, Elkem had almost no interest-bearing debt outstanding. In order to secure a good liquidity position at all times, Elkem has credit facilities with its main banks. These credit facilities amount to NOK 1,746 million, where the group has drawn NOK 58 million. The plan is to refinance the credit facilities ahead of final maturity date.

Going concern

The board confirms that the company satisfies the going concern assumption, and that the 2014 annual financial statements have been prepared on this basis.

Research and Development (R&D)

Elkem devotes considerable effort and resources to research and development (R&D), in order to create and develop innovative products, develop environmentally-friendly and energy-efficient production technologies, reduce energy consumption, and to optimise Elkems raw material base.

Elkem's R&D expenses in 2014 were NOK 99 million. The main R&D activities included:

- Fundamental improvements and increased understanding of the silicon and ferrosilicon furnace processes through the Si 2020 programme
- R&D on environmental challenges, with particular focus on Elkem's NO_X and dust emissions
- Development of a novel process for carbon neutral metal production
- Product development within silicon materials products and foundry alloy segments
- Silicone value chain, optimisation between Elkem's silicon and BSI's silicone production processes.
- Development of green binders for ramming paste and electrode production

Elkem had three first filings of new patents in 2014:

- Process for the production of alumina particles
- Process for the production of silicon dioxide particles
- Energy efficient process for production of metals and alloys

Other R&D and improvement projects including optimisation of work processes and improvement and standardisation of furnace equipment. Development of industrial computer systems for improved furnace operations has also been executed.

Environment, Health and Safety

Elkem is committed to high environmental, health and safety standards and has closely integrated efforts in these areas with all other activities throughout the company. Operating heavy industry worldwide involves major challenges, both in terms of incident prevention and environmental protection. Through management commitment, systematic methods, targeted plans and strong organisational participation, Elkem has achieved significant improvements and operates with a low level of serious harm to employees and the environment. Elkem uses considerable resources to identify hazards and implement appropriate measures to reduce risk to an acceptable level so that all employees and contractors at Elkem can leave their jobs just as healthy as they were when they arrived.

Health

Absenteeism is the key performance indicator for health in Elkem. The average rate of absenteeism measured in percent of available working days for 2014 was 3.4 per cent. This is slightly lower than 2013 (3,7 per cent) and is the third year in a row with reduction. It also represents a normal level taking into account the combination of Norwegian and non-Norwegian plants. Studies of absenteeism throughout Elkem show no indication that the overall rate of illness is related to working conditions, but coincides with the general health conditions in countries where Elkem operates.

Ongoing activities to increase health and wellbeing at Elkem locations include working environment assessments and improvement efforts in the areas of ergonomics, chemical control and noise and dust reduction.

Safety

The average lost time injury rate (H1 = number of lost time injuries per 1,000,000 working hours) for 2014 was 2.1 at year-end (0.8 in 2013), while the total recordable rate (TRR = H1+H2 = total number of lost work time, medical treatment and restricted work injuries per 1,000,000 working hours) was 5.3 (6.6 in 2013). When taking into consideration the deconsolidation of Elkem Solar in 2014 the total recordable rate remains relatively stable, albeit with a higher weight of H1 compared to H2. TRR for Solar in 2014 was 6.

In addition to recordable rates, incident severity is also a key performance indicator. Of a total of 22 recordable injuries (own employees), none were defined as high severity (fatality or serious permanent damage), 6 were defined as medium severity (serious injury without permanent damage) and 16 defined as low severity (cuts, bruises, sprains, etc. without further consequences). For contractors there were no injuries with high severity, 1 with medium severity and 17 with low severity.

Environmental impact

Elkem is committed to environmentally responsible production and continuous improvement. Elkem creates products needed for current and future generations based on highly developed production technology, with efficient utilisation of raw materials and energy.

Converting significant natural resources such as water, coal, ores and minerals into important products for the present and future generations also involves resource consumption, emissions, discharges, transportation and waste. Emissions and discharges are recorded and dealt with in compliance with public permits at each site. The main environmental focus during 2014 has been ensuring compliance with landfill regulations at several of our Norwegian plants, and on understanding implications of the EU water directive to ensure compliance where this is applicable. All identified challenges, discrepancies and observations are being managed in a timely manner in cooperation with the authorities. All environmental incidents are recorded, investigated and followed up according to procedures.

One of Elkem's most important environmental initiatives is energy conservation including the efficient use of energy and energy recovery. By the end of 2014, all plants in Norway have implemented a system for energy management according to ISO 50001. Action plans, with or without investments, and with the support of government grants result in an increased energy efficiency at all plants. Elkem's production facilities had energy recovery systems connected to their furnaces recovering a total of 200 GWh/year electricity and more than 400 GWh/year steam and hot water. A major upgrade of the existing energy recovery system at the Bjølvefossen plant and and a new facility for steam production at Chicoutimi are important improvements performed in 2014. Furthermore, all plants have achieved reduced specific energy consumption similar to 100 GWh saved energy in total. According to actions plans at all plants, new improvements will be implemented according to our commitment to reduce the global climate footprint of our products.

After successfully implementing NO_X reduction measures on Furnace 2 at the Salten plant, it has been decided to implement similar measures on the other furnaces. A project on Furnace 3, with support from the Norwegian Business Sector's NO_X fund, will be completed in 2015.

Total emissions of nitrogen oxides (NO_X), sulfur dioxides (SO_2) and carbon dioxides (CO_2) from Elkem's Norwegian plants were 5,764, 3,539 and 746,000 tons respectively.

Equality and diversity

To achieve Elkem's strategic targets of safe operations, profitability and global growth, the company is dependent on attracting, developing and retaining competent people and a corporate culture based on Elkem Business System and our values; Respect, Involvement, Precision and Continuous improvement. Elkem Business System (EBS) has people as the driving force for continuous improvement. Empowered people in Elkem exhibit the right competencies, behaviour, appreciation and total acceptance of diversity regardless of the position or geographical location. Our values embrace equality and diversity of all kinds among all Elkem employees and towards our external stakeholders. Elkem strongly believes that diversity enhances the quality of decisions, the speed of improvement work and is a catalyst for the continuous development of the company.

Diversity and non-discrimination continued to be an important foundation for Elkem in 2014, based on the group's standards for recruitment, code of conduct and company values. This foundation is aimed ensuring that Elkem continues to embrace diversity and non-discrimination culture and practices.

Elkem's Norwegian entities operate mainly within traditional industry and research and development. The proportion of female employees has seen an increase over the past few years, especially in the part of the organisation that is not directly linked to plant operations. Also in the company's internal leadership development programmes the share of women is slowly but steadily increasing and in recent years around 30 per cent. Elkem's trainee program in Norway has had a proportion of around 50 per cent female participants since 2000. Moving forward, Elkem is working on increasing the proportion of women in the company.

The company provides a workplace with full equality between women and men, and has established a policy and practice to ensure that there is no discrimination based on gender, disability, ethnicity, nationality, race, religion or beliefs. About 20 per cent of the total Norwegian operations' employees are women.

The company disapproves of and is actively working to prevent any discrimination based on gender, disability, ethnicity, nationality, race, religion or beliefs. The activities include recruitment, compensation and benefits, working conditions, possibilities for promotion, development and protection against harassment.

Organisational development

Elkem is more than 110 years old, and the success story of our company is highly linked to a good cooperation with our employees. Development of our people and organisation is based on Elkem's values of involvement, respect, precision and continuous improvement. Our dedicated employees base their work on these values, and they allow the organisation to function efficiently. Elkem Business System (EBS) is the Elkem version of Lean Manufacturing, which represents the core philosophy and tools for continuous improvement. The board of directors wants to recognise good cooperation with the employees during 2014.

Accounting principles

The consolidated financial statements for 2014 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted by EU.

Elkem AS' separate financial statements for 2014 have been prepared and presented in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

Allocation of profit/loss for the year

In 2014, Elkem AS posted a profit of NOK 431 million. The Board of Directors proposes to transfer profit to retained earnings.

On 18 March 2015 the general meeting of Elkem AS approved a dividend to be paid to its shareholder for NOK 750 million. The dividend is distributed from the other paid in capital.

Outlook for 2015

World Economic Outlook expects global growth to increase from 3.3 per cent in 2014 to 3.5 per cent in 2015 largely due to continued recovery in the advanced economies. The largest growth rates are still evident in the emerging markets and developing economies.

Economic growth forecasts in 2015 point upwards for the U.S. and Euro Area, whereas China and India are expected to grow slightly slower during 2015 compared to previous years. The significant fall in oil prices towards the end of 2014 due to surplus oil production, is expected to increase global growth. On the flip side, most economies has grown slower than assumed, which in turn may give investment weakness due to reduced expectations. At the moment, risks such as lower investment, stagnation risk in Euro Area, market volatility including currency, and geopolitical events seem to outweigh the upside potential of lower oil prices. Market conditions are however, cyclical and rapidly changing. In a long-term perspective Elkem's business units are deemed to be well positioned in markets with attractive growth rates.

Elkem group's structure is sensitive to individual factors in the macro development. Early in 2015 demand for silicon and carbon related products appear stable and prices are flat or slightly increasing. The strong Euro and US dollar is positive for Elkem's revenue generation.

Based on strong cost positions and highly specialised products, Elkem group is well positioned to handle uncertain and volatile markets in the future.

Oslo, 20 April 2015

Xiaobao Lu
Chairman of the board

Einar Støfringshaug

Espen Sortevik

Yougen Ge

Olivier de Clermont-Tonnerre

Sverre S. Tysland

Helge Aasen
CEO

Consolidated income statement

1 January - 31 December	Note	2014	2013
Amounts in NOK 1000			
Revenue		8 561 833	7 638 571
Other operating income		90 519	150 153
Total operating income	2	**8 652 352**	**7 788 724**
Cost of goods sold		(4 251 156)	(4 028 256)
Salaries and related expenses	3, 4	(1 358 684)	(1 285 249)
Other operating expenses	5, 6	(1 982 864)	(1 831 329)
Amortisation and depreciation	10	(394 347)	(353 838)
Impairments	10	(730)	(14 977)
Operating profit before other items		**664 571**	**275 075**
Other gains and losses	7	(53 155)	142 546
Operating profit		**611 416**	**417 621**
Finance expenses net	8	42 953	(569 679)
Income from associates and joint ventures	11, 12	(262 045)	19 554
Profit before income tax		**392 324**	**(132 504)**
Tax (expense)/income	9	(169 802)	(17 891)
Profit for the year from continued operations		**222 522**	**(150 395)**
Profit for the year from discontinued operations	30	80 181	(477 545)
Profit for the year		**302 703**	**(627 940)**
Attributable to:			
Non-controlling interest share of profit		35 017	19 801
Owners of the parent share of profit		267 686	(647 741)

Consolidated statement of other comprehensive income

1 January - 31 December	Note	2014	2013
Amounts in NOK 1000			
Profit for the year		**302 703**	**(627 940)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains and losses	4	(33 591)	41 572
Tax effects on actuarial gains and losses	9	7 590	(11 129)
Share of profit of other comprehensive income joint ventures	11	(106)	0
		(26 107)	**30 443**
Items that may be subsequently reclassified to profit or loss			
Gain/loss foreign currency translation		286 564	64 926
Fair value adjustment to hedged items	25	(15 067)	(563 231)
Tax effects on cash flow hegdes	9	4 972	151 398
Share of profit of other comprehensive income joint ventures		(3 422)	0
Change in cumulative unrealised gains financial assets available for sale		806	0
		273 853	**(346 908)**
Other comprehensive income for the year, net of tax		**247 746**	**(316 465)**
Discontinued operations		**-**	**(245)**
Total comprehensive income for the year		**550 449**	**(944 651)**
Attributable to:			
Non-controlling interest share of comprehensive income		45 692	27 008
Owners of the parent share of comprehensive income		504 757	(971 659)
Total comprehensive income for the year		**550 449**	**(944 651)**
Total comprehensive income attributable to equity shareholders arises from:			
- Continuing operations		470 268	(466 861)
- Discontinued operations		80 181	(477 790)

Consolidated balance sheet

Amounts in NOK 1000	Note	31.12.2014	31.12.2013
ASSETS			
Property, plant and equipment	10	3 294 636	3 100 763
Goodwill	10	160 734	136 137
Other intangible assets	10	160 884	121 803
Deferred tax assets	9	320 882	338 004
Investement in joint ventures	11	960 398	52 905
Interest in associated and other companies	12	53 741	28 250
Derivatives	25	69 743	40 727
Other non-current assets	14	1 582 274	112 650
Total non-current assets		**6 603 292**	**3 931 239**
Inventories	15	2 086 604	1 715 245
Accounts receivables	16	1 275 377	1 066 997
Other current assets	17	506 421	284 187
Derivatives	25	6 844	1 254
Cash and cash equivalents	18	546 114	627 479
Total current assets		**4 421 360**	**3 695 162**
Assets held for sale	30	-	4 041 698
TOTAL ASSETS		**11 024 652**	**11 668 099**
EQUITY AND LIABILITIES			
Paid-in capital		6 055 203	5 503 413
Retained earnings		2 606 367	2 101 621
Non-controlling interest		95 873	92 365
Total equity		**8 757 443**	**7 697 399**
Non-current interest-bearing debt	21	14 520	18 737
Deferred tax liabilities	9	56 595	35 073
Pension liabilities	4	204 450	167 940
Derivatives	25	252 405	133 580
Provisions and other non-current liabilities	23	157 838	142 724
Total non-current liabilities		**685 808**	**498 054**
Accounts payables		831 317	673 358
Income tax payables	9	43 370	37 711
Interest-bearing current liabilities	21	66 425	570 130
Derivatives	25	241 155	215 876
Other current liabilities	24	399 134	448 413
Total current liabilities		**1 581 401**	**1 945 488**
Liability held for sale	30	-	1 527 158
TOTAL EQUITY AND LIABILITIES		**11 024 652**	**11 668 099**

Oslo, 20 April 2015

Xiaobao Lu
Chairman of the board

Einar Støfringshaug

Espen Sortevik

Yougen Ge

Olivier de Clermont-Tonnerre

Sverre S. Tysland

Helge Aasen
CEO

Consolidated statement of changes in equity

Amounts in NOK 1000	Share capital	Other paid-in capital	Total paid in capital	Foreign currency translation reserve	Cash flow hedge reserve	Other retained earnings	Total retained earnings	Total owners share	Non-controlling interest	**Total**
Balance 31 December 2012	**1 500 000**	**1 094 315**	**2 594 315**	**7 525**	**(48 541)**	**1 667 558**	**1 626 542**	**4 220 857**	**84 008**	**4 304 865**
Profit for the year	-	-	-	-	-	(647 741)	(647 741)	(647 741)	19 801	**(627 940)**
Other comprehensive income for the year	-	-	-	57 796	(411 833)	30 121	(323 917)	(323 917)	7 207	**(316 711)**
Total comprehensive income for the year	-	-	-	57 796	(411 833)	(617 621)	(971 658)	(971 658)	27 008	**(944 651)**
Conversion of liabilities	500 000	3 855 837	4 355 837	-	-	-	-	4 355 837	-	**4 355 837**
Dividends to equity holders	-	-	-	-	-	-	-	-	(18 650)	**(18 650)**
Covered by other paid in capital	-	(1 446 739)	(1 446 739)	-	-	1 446 739	1 446 739	-	-	-
Balance 31 December 2013	**2 000 000**	**3 503 413**	**5 503 413**	**65 320**	**(460 374)**	**2 496 676**	**2 101 621**	**7 605 034**	**92 365**	**7 697 399**

Amounts in NOK 1000	Share capital	Other paid-in capital	Total paid in capital	Foreign currency translation reserve	Cash flow hedge reserve	Other retained earnings	Total retained earnings	Total owners share	Non-controlling interest	**Total**
Balance 1 January 2014	**2 000 000**	**3 503 413**	**5 503 413**	**65 320**	**(460 374)**	**2 496 676**	**2 101 621**	**7 605 034**	**92 365**	**7 697 399**
Profit for the year	-	-	-	-	-	267 686	267 686	267 686	35 017	**302 703**
Other comprehensive income for the year	-	-	-	275 373	(10 095)	(28 207)	237 071	237 071	10 675	**247 746**
Total comprehensive income for the year	-	-	-	275 373	(10 095)	239 479	504 757	504 757	45 692	**550 449**
Capital increase	10 000	541 790	551 790	-	-	-	-	551 790	-	**551 790**
Dividends to equity holders	-	-		-	-	-	-	-	(41 472)	**(41 472)**
Changes in the composition of the group	-	-	-	-	-	(11)	(11)	(11)	(712)	**(723)**
Balance 31 December 2014	**2 010 000**	**4 045 203**	**6 055 203**	**340 693**	**(470 469)**	**2 736 144**	**2 606 367**	**8 661 570**	**95 873**	**8 757 443**

Consolidated cash flow statement

1 January - 31 December	Note	2014	2013
Amounts in NOK 1000			
Operating profit - continued operations		611 416	417 621
Operating profit - discontinued operations	30	(94 675)	(485 337)
Changes fair value Power contract	7	52 554	(49 440)
Amortisation, depreciation and impairment changes	10	441 294	681 759
Changes in net working capital		(312 181)	134 045
Interest payments received		77 825	32 173
Interest payments made		(22 196)	(92 078)
Income taxes paid		(109 022)	(119 085)
Cash flow from operating activities		**645 015**	**519 658**
Investments in property, plant and equipment and intangible assets	10	(546 154)	(611 096)
Sale of property, plant and equipment	10	24 183	5 187
Dividend received		12 263	10 000
Repayment of loans to associate and joint ventures		60 000	-
Loan to associate and joint ventures		(48 839)	(21 602)
Sale of subsidiaries	30	(311 375)	3 338
Other		7 855	-
Cash flow from investing activities		**(802 067)**	**(614 172)**
Dividend paid		(41 472)	(18 650)
New equity		551 790	-
Repayment of loans		(807 112)	(94 653)
New loans raised		288 938	232 948
Cash flow from financing activities		**(7 856)**	**119 645**
Change in cash and cash equivalents		(164 908)	25 130
Currency exchange differences		83 543	20 984
Cash and cash equivalents opening balance		**627 479**	**581 366**
Cash and cash equivalents closing balance	18	**546 114**	**627 479**

General information

Elkem AS is a limited liability company located in Norway. Elkem AS is fully owned by Bluestar Elkem International Co. Ltd. S.A., Luxembourg, which is under control of Bluestar Elkem Investment Co. Ltd.

Elkem AS and its subsidiaries (hereafter Elkem AS group / the group) was acquired by Bluestar Elkem International Co. Ltd. on 14 April 2011.

Bluestar Elkem Investment Co. Ltd is a limited company registered and domiciled in Hong Kong, owned by China National Bluestar (group) Co. Ltd ('Bluestar').

Elkem AS group is one of the world's leading companies in the environmentally friendly manufacture of metals and materials. The main activities are related to production and sale of silicon, ferrosilicon, specialty alloys for the foundry industry, carbon products and microsilica. Elkem AS group serves several global industries, such as construction, transport, engineering, packaging, aluminium, chemical and electronic markets, and has organised its business to handle market presence and customer focus. Elkem AS group has multiple production facilities located in Europe, North America, South America, Africa and Asia, and an extensive network of sales offices and agents covering most important markets. Core production processes are focused on converting high quality raw material to specialised metals and materials through high temperature smelting processes and further processing. Thus, the business has high consumption of electrical power, and is also capital intensive, due to the requirement for large and complex processing plants.

The presentation currency of Elkem AS group is NOK (Norwegian krone). All financial information is presented in NOK thousand, unless otherwise stated.

Significant accounting policies

The consolidated financial statement is prepared in accordance with International Financial Reporting Standards as adopted by EU.

General

The financial statement is based on a historical cost basis, with the exception of derivatives and financial assets held for trading which are measured at fair value. For assets and liabilities designated as hedged items in a fair value hedge the recognised amounts are adjusted with the change in the fair value caused by the hedged risk.

Changes in accounting policies, changes in accounting estimates and errors

Change in accounting treatment based on renewed assessment of an item are treated as an error in previous accounting period, according to IAS 8 Accounting policies, changes in accounting estimates and errors. The change is recognised retrospectively by restating the comparative amounts for the prior period presented, including the opening balance of the prior year. See note 31 for changes in accounting policies, estimates and disclosures, including changes in classification.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Elkem AS and entities controlled by Elkem AS. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Goodwill is measured as the excess of the sum of consideration transferred and net identifiable value of transferred assets and liabilities.

Acquisition-related costs are expensed as incurred.

All subsidiaries are using accounting policies consistent within the group, and all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control is based on a proportionate amount of the net assets of the subsidiary.

Investment in associates

Associates are those entities in which the group has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 per cent and 50 per cent of the voting power of another entity. Investment in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

Upon disposal of an associate that results in the group loosing significant influence over that associate, any retained investment is measured at fair value at that date.

Joint arrangements

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations for each investor.

Joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The group interest in joint operations are recognised in relation to its interest in a joint operation's:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Foreign currency
Each entity in the group determines its functional currency based on the economic environment in which it operates, and items included in the financial statements of each entity are measured using that functional currency. When preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised in the functional currency using the transaction date's currency rate. Items in the income statement in other currencies than the group's presentation currency are converted monthly to the group's presentation currency using the month's average currency rate, and items in the balance sheet are converted monthly to presentation currency at the exchange rate on the balance sheet date. Translation differences are reported in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation, and any fair value adjustment to the carrying amount of assets and liabilities arising on the acquisition, are treated as assets and liabilities of the foreign operation and translated at the closing rate. On disposal of a foreign entity, the deferred cumulative amount recognised in Other Comprehensive Income relating to that particular foreign operation is recognised in profit and loss.

Monetary items denominated in foreign currencies are presented at the exchange rate on the balance sheet date, and any gains/losses are reported in the income statement. Currency gains/losses related to operating activities, i.e. receivables, payables, bank accounts for operating purposes including short term intragroup balances, are classified as a part of Operating Profit.

Currency effects included in Finance income and expenses are only related to financing activities like loans, long term placements and dividends.

Foreign currency differences are recognised in Other Comprehensive Income for the following items:
- loans to subsidiaries treated as a part of the net investment
- a financial asset or liability designated as a cash flow hedge to the extent that the hedge is effective

Goodwill
Goodwill is initially measured as the excess of the cost of an acquisition over the group's share of the fair values of of the acquired entity's net identifiable assets at the acquisition date. If the fair value of the group's interest in the net assets of the acquired subsidiary exceeds the cost of the acquisition (negative goodwill), the differences are recognised directly in profit and loss. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently when there is an indication of impairment. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Intangible assets
Intangible assets are stated in the consolidated financial statement at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired in business combinations are recognised at fair value at the acquisition date. Intangible assets with a finite useful life are amortised, using the straight-line method. The estimated useful lives and amortisation method are reviewed at the end of each reporting period.

An intangible asset is derecognised on disposal, or when the group expects no future economic benefits from its use to be derived. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from an internal development project is recognised if the group can demonstrate technically feasibility of completing the intangible asset, has intention to complete it, ability to use it, can demonstrate that it will generate probable future economic benefits and the cost can be reliably measured.

Property, plant and equipment
Property, plant and equipment are stated in the consolidated statement of financial position at cost, less accumulated depreciations and accumulated impairment losses. Property, plant and equipment acquired in business combinations are recognised at fair value at the acquisition date. Properties in the course of construction are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. Depreciation commences when the assets are ready for their intended use.

Initial costs include expenditures that are directly attributable to the acquisition of the asset. Self-constructed assets include the cost of materials and direct labor, any other costs directly attributable to bringing the assets to working condition for their intended use and estimated dismantling or removing charges.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when future benefits are probable and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. Major periodic maintenance that is carried out less frequently than every year is capitalised and depreciated over the period until the next periodic maintenance is performed. All other repairs and maintenance are charged to the income statement when incurred.

Depreciation is recognised using the straight-line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each reporting period.

An item of property, plant and equipment is derecognised at disposal or when no future economic benefits are expected to arise from the continued use use of the asset. Any gain or loss arising on the disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Impairment of tangible and intangible assets

At the end of each reporting period, the group's management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less the costs to sell, or its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or the cash generating unit to which it belongs, after taking into accounts all other relevant information.

The group's cash generating units are reflecting the company's business areas, which are the basis for the Management review and Monthly Report. The capitalised value of tangible and intangible assets within the cash generating units is measured against the value in use of tangible and intangible assets within these units.

Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised as assets of the group at the lower the fair value of the asset and the present value of the minimum lease payment. The corresponding liability to the lessor is included in the consolidated financial statement of financial position as a finance lease obligation. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

Non-derivative financial assets not at fair value through profit or loss

Purchases and sales of financial assets are recognised at the date of transaction on which the group is committed to the purchase or sale of the asset.

At initial recognition, the financial assets are carried in the balance sheet at fair value plus any transaction costs directly attributable to the acquisition or issue of the asset. Financial assets are derecognised once the right to future cash flows have expired or been transferred to a third party and once the group has transferred substantially all the risks and rewards of control of these assets.

Financial assets with a maturity exceeding one year are classified as non-current financial assets. Short term investments that do not meet the definitions of a cash equivalent, and financial assets with a maturity of less than one year, are classified as current financial assets.

Financial assets at fair value through profit or loss

These are financial assets classified as held for trading as the group has acquired the assets for the purpose of selling it in the near term. The assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

Financial assets available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These assets are included in non-current assets, unless the management intends to sell the investment within 12 months from the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a regulated market. After initial recognition, they are recognised at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

This category includes operating receivables, loans, guarantee deposits, and cash and cash equivalents.

Trade and other receivables are initially recognised at fair value, which in most cases corresponds to their nominal amount. The carrying amount is subsequently measured at amortised cost using the effective interest rate method, less any impairment provision. Short term receivables with no stated interest rate are recognised at their nominal amount.

Cash and cash equivalents are held for the purpose of meeting short term fluctuations in liquidity, rather than for investment purposes. Cash and cash equivalents comprise cash fund and short term deposits. Bank overdrafts are shown within interest bearing current liabilities on the balance sheet. Deposits and drawings within the group bank accounts are netted by offsetting deposits against withdrawals. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

If there is objective evidence of impairment, or if there is a risk that the group may not recover the contractual amounts at the contractual maturity dates, an impairment loss is recognised in the income statement. The provision is equal to the difference between the carrying amount and the estimated future recoverable cash flows.

Non derivative financial liabilities

Non-derivative financial liabilities include borrowings and trade payables. The liabilities are initially recognised at fair value of the amount required to settle the associated obligation, net of related costs. Subsequently and insofar as they are not designated as liabilities at fair value through profit or loss, such liabilities are recognised at amortised cost using the effective interest rate method, and the difference between the cost and the amount of repayment being recognised in the income statement over the term of the borrowing.

Derivative financial instruments including derivative hedging instruments and non-financial contracts with net settlements that are to be treated as financial derivatives

Derivatives are initially recognised at fair value at the date when the derivative contracts are entered into. Transaction costs that are directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss, are recognised immediately in profit or loss. Subsequently the derivatives are remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately, unless the derivative is designated and is effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Financial assets are derecognised 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. Financial liabilities are derecognised when they are extinguished.

Hedge accounting
The group can designate certain derivatives as hedging instruments for fair value hedges and cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

i) Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges, are recognised in profit or loss immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ii) Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in comprehensive income at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Commodity contract within the scope of IAS 39
Non-financial commodity contracts where the relevant commodity is readily convertible to cash, and where the contracts are not for own use, fall within the scope of IAS 39 Financial Instruments - recognition and measurement. Such contracts are treated as derivatives in accordance with IAS 39. The group currently has energy contracts in Norway that do not meet the own use criteria according to IAS 39.5. The contracts must therefore be treated as derivatives and are booked at fair value through profit or loss (see also notes 7, 25 and 26). Commodity contracts within the scope of IAS 39 are classified as current assets or liability, unless they are expected to be realised more than 12 months after the balance sheet date. In that case, they are classified as non-current assets.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory is measured at the cost of raw materials, energy for smelting, direct labor, other direct costs and production overhead cost based on the higher of actual and normal capacity. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and variable selling expenses.

Taxation

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Current tax payable includes any adjustment to tax payable in respect of previous years. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in comprehensive income. The group includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. The group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favor of the group and can no longer be appealed.

Deferred tax
Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, including tax losses carried forward. Deferred tax relating to items outside profit or loss are recognised in correlation with the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets are recognised in the statement of financial position to the extent that it is more likely than not that the tax assets will be utilised. The tax rates at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Defined contribution plans
Defined contribution plans comprise of arrangements whereby the company makes monthly contributions to the employees' pension plans, and where the future pensions are determined by the amount of the contributions and the return on the pension plan asset. The company's contribution constitutes from 4 to 8 per cent of the basic salary between 1 and 12 G (G stands for the Norwegian Public Pension base rate, which is adjusted annually. In 2014 1G was equal to NOK 88.4 thousand). A separate contribution plan is established for salary above 12 G. Payments related to the contribution plans are expensed as incurred.

Defined benefit plans
Defined benefit plan is recognised at present value of future liabilities considered retained at the end of reporting period. Plan assets are recorded at fair value. Changes in benefit liabilities due to changes in the benefit plan are expensed when the plan amendment occurs. Accumulated effects of changes in estimates and financial and actuarial conditions are recognised as Other Comprehensive Income. Net pension

benefit costs are classified as part of Salary and other employee remuneration. Net interest on pension liabilities/ assets are presented as a part of Finance expenses.

Provisions
A provision is recognised when the group has a present obligation and it is probable that an outflow of resources is required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the obligation, taking into account the risks and uncertainties surrounding the obligation, known at the end of the reporting period. Provisions are measured at present value, unless the time value is assessed to be immaterial.

Contingent liabilities
Contingent liabilities are liabilities which are not recognised because they are possible obligations that have not yet been confirmed, or they are present obligations where an outflow of resources is not probable. Any significant contingent liabilities are disclosed in the notes.

Contingent assets
Contingent assets are not recognised, but presented in the notes if probable.

Revenue recognition
Revenues are recognised when it is probable that transactions will generate future economic benefits for the group and the amount can be measured reliably. Sales revenue is presented net of VAT and discounts. Revenue from goods sold are recognised when the significant risk and reward of the ownership of the goods are transferred to the buyer, according to the actual delivery term for each sale.

Income from insurance settlements are recognised when it is virtually certain that the group will receive the compensation, and presented as other operating income. Interest income is recognised on accrual basis. Dividend is recognised when shareholders' right to receive dividend is determined by the shareholder's meeting.

Government grants
Government grants are recognised when it is virtually certain that the group will comply with the conditions attaching them, and the grants will be received. Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset. The grant is recognised as income over the lifetime of a depreciable asset by reducing the depreciation charge. Grants related to expenses are classified as other operating income.

CO_2 emission quotas
CO_2 emission quotas allocated from the government are classified as Government grants, measured at nominal value (zero). The CO_2 quotas are meant to cover CO_2 emissions from The group's plants in Norway. If actual emissions exceed the allocated emission quotas, additional quotas are purchased. Purchased CO_2 quotas are recognised at cost as Other operating expenses, and any sale of CO_2 quotas are recognised as Other operating income, according to transaction price.

CO_2 compensation
The Norwegian government has, from 2013, established a CO_2 compensation scheme to compensate for CO_2-costs included in power contracts for industry. The extent of the scheme may vary considerably from year to year depending on the future carbon price. This compensation scheme applies for the Norwegian plants, and is recognised as Other operating income when there is reasonable assurance that the entity will comply with the conditions attached and the grants will be received.

Statement of cash flows
The statement of cash flows is prepared under the indirect method.

Events after the reporting period
Events after the reporting period related to the group's financial position at the end of the reporting period, are considered in the financial statement.
Events after the reporting period that have no effect on the group's financial position at the end of the reporting period, but will have effect on future financial position are disclosed if the future effect is material.

New interpretations and changes to existing standards not yet adopted
IASB has published a number of new standards and amendments to standards and interpretations that are not effective for annual period ending 31 December 2014. None of these are expected to have a significant effect, when approved by EU, on the consolidated financial statements of the group.

Notes on consolidated financial statement

Amounts in NOK 1000

1 Accounting estimates

The preparation of the consolidated financial statements according to IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and judgments are evaluated on a continually basis, and are based on historical experiences and other factors that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Estimated value of goodwill:
The group performs annual tests to assess the value of goodwill. The recoverable amount from cash generating units is determined on the basis of present-value calculations of expected annual cash flows. These calculations require the use of estimates for cash flows and the choice of discount rate before tax for discounting the cash flows. Additional information is disclosed in note 10.

Deferred tax assets:
The group performs annual tests for impairment of deferred tax assets. Part of the basis for recognising deferred tax assets is based on applying the loss carried forward against future taxable income in the group. This requires the use of estimates when calculating future taxable income.

Power contracts:
Fair value for power contracts are based on assumptions derived from observable prices for comparable instruments. See note 31 for changes in assumption used for valuation. Net booked value as of 31 December 2014 is in total negative NOK 317 million (see note 25, Financial instruments for further details and note 26 for sensitivity).

Elkem Solar:
On 7 March 2014, the ownership in Elkem Solar Holding S.a.r.l (Elkem Solar) were reduced from 100 per cent to 50 per cent after a share issue of the company. The USD 200 transactions value equals the carrying value of the net assets of Elkem Solar as at year end 2013.

As of 31 December 2014, the Elkem group has a receivable on Elkem Solar of NOK 1,651 million and shares in the joint venture of NOK 887 million, which is an exposure of NOK 2,538 million in total.

Elkem Solar' s assets consist primarily of fixed assets with NOK 3,450 million, intangible assets with NOK 85 million and operating materials and spare parts with NOK 100 million, total NOK 3,635 million. In addition Elkem group's excess value of NOK 85 million related to the investment. Book value of these assets is assessed in relation to its recoverable amount. Other inventories and current assets are assessed separately. Recoverable amount is calculated according to the methodology fair value less costs of disposal. Fair value is estimated by discounting expected future cash flows at WACC (Weighted Average Cost of Capital). The discounted cash flow is estimated to be higher than book values of the assets per 31 December 2014.

Calculation of recoverable amount is based on the following assumptions:
Elkem Solar's production is capital intensive and the equipment has a long technical lifetime that is comparable with other Elkem plants. Re-investment and maintenance are kept at a level where equipment standard is maintained. The present value of Elkem Solar is therefore based on a perpetual cash flow. Production and sales volumes are estimated at 7,500 mt per year from 2017. Polysilicon prices are expected to be in the range 20-28 USD / kg, where a price in the upper half of the range is required to defend the construction of new capacity. Based on this, Elkem Solar employed 24 USD / kg as long polysilicon price. Elkem Solar's Silicon rate is estimated somewhat lower than polysilicon price since Elkem Solar has had to share some of the cost benefit of customers. The pre-tax rate (WACC) is calculated according to the CAPM (Capital Asset Pricing Model) to 10.9 per cent.

Sensitivity related to the estimated recoverable amount:
The recoverable amount of plant and equipment, intangible assets and operating materials and spare parts are considered, based on the assumptions above, cashflow is most sensitive to changes in sales prices, sales volume and exchange rates. A change of polysilicon price of 5 per cent would change the recoverable amount by NOK 0.7 billion, a change of sales volume by 5 per cent will change the recoverable amount by NOK 0.5 billion and a change of NOK / USD 0.5 will change in recoverable amount by NOK 0.7 billion. These changes in recoverable amount are within the range and will not require a write down.

2 Income

By type	2014	2013
Revenue from sale of goods	8 069 807	7 264 712
Revenue - China National Bluestar group	330 944	262 386
Other operating revenue	157 619	108 193
Other operating revenue - China National Bluestar group	3 463	3 280
Total revenue	8 561 833	7 638 571
Other operating income	90 519	150 153
Total operating income	**8 652 352**	**7 788 724**

Revenue by geographic market	2014	2013
Nordic countries	1 010 237	1 110 632
United Kingdom	367 626	317 334
Germany	1 397 311	1 200 549
France	162 695	131 693
Italy	321 534	251 347
Switzerland	9 973	8 090
Netherlands	110 355	113 503
Poland	273 469	160 981
Luxembourg	343 480	245 747
Other European countries	600 812	531 824
Europe	**4 597 492**	**4 071 700**
Africa	**140 402**	**124 818**
America	**1 570 318**	**1 447 561**
China	325 675	234 640
Japan	378 297	405 328
South Korea	269 291	314 968
Other Asian countries	696 070	617 170
Asia	**1 669 334**	**1 572 107**
Rest of the world	**92 261**	**48 526**
Revenue from sale of goods	**8 069 807**	**7 264 712**

Details of Other operating income:	2014	2013
Sale of fixed assets	20 428	1 357
Insurance settlement	20 199	26 694
Government grants	39 978	32 747
Proceeds from cancellation of supply contract	9 914	88 350
Other	-	1 005
	90 519	**150 153**

Elkem AS group has several smaller and larger external customers, no single customer constitutes a substantial part of the revenues.

3 Payroll expenses and audit fees

	2014	2013
Salaries and other benefits	(1 131 850)	(1 067 728)
Employer's national insurance contribution	(140 737)	(127 399)
Pension cost, see note 4	(63 672)	(64 227)
Other payments / benefits	(22 425)	(25 895)
Total salaries and other benefits	**(1 358 684)**	**(1 285 249)**

In 2014 the number of full time employees in Elkem AS group was 2127. In 2013 the number was 2092.

Salary, wages and other compensations above include the following compensations:

Compensation to members of the board	2014	2013
Payment to boardmembers in total	(465)	(465)

Senior staff compensation
Helge Aasen is the CEO of Elkem AS.

Salary and other compensations to CEO	2014	2013
Salary, including holiday pay	(3 591)	(3 247)
Bonus, including retention fee [1)]	(10 288)	(1 549)
Free car	(129)	(129)
Other compensation	(11)	(29)
Pension cost	(436)	(401)

1) A retention fee of NOK 8,024 thousand, equivalent to 36 months of base salary, was paid in Q2.

Retirement age for the CEO is 67 years. Pension from the age of 67 and other pensions regarding spouse, children and disability are paid in accordance with the general pension policy of the company. For salaries up to 12G, the pension provided by the company is according to a defined contribution plan. Pension for salaries above 12G will be paid according to the company's current guidelines through operations.

The CEO is also entitled to:
A yearly compensation in total equivalent to 50 per cent of the base salary.
A perfomance bonus equivalent to maximum 50 per cent of base salary, based on the company performance.

The following applies for the CEO upon termination by the company:
- Termination payment equal to 12 months salary is to be paid on the last working day.
- Severence payment equivalent to 18 months salary.

Senior staff options
Some members of Elkem management have continued holding options previously awarded by Orkla ASA.

Loans and guarantees to employees
There are no loans or guarantees to board members or the CEO.

Audit and other services	2014	2013
Audit fee	(9 213)	(9 167)
Other assurance services	(1 417)	(553)
Tax services	(1 636)	(213)
Other services	(317)	(313)
Total audit fees	**(12 583)**	**(10 246)**

Fees to auditors are reported exclusive of VAT.
'Audit fee and tax services, others' are expenses related to other audit companies than PWC. Compareable figures for 2013 have not been restated.

4 Retirement benefits

Elkem group has both defined contribution and defined benefit plans. For defined contribution plans the cost is equal to the group's contribution to the employee's pension savings during the period. For defined benefit plans the cost is calculated based on actuarial valuation methods, taking assumptions related to the employee's salary, turnover, mortality, discount rate, etc. into consideration.

Defined contribution plan
Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employee's pension plan, and where the employee's future pension is determined by the amount of the contributions and the return on the pension plan asset. Contribution plans also comprise pension plans that are common to several companies, and where the pension premium is determined independently of the demographic profile in the individual companies (multiemployer plans). Employees in Elkem group are primarily covered by pension plans that are classified as contribution plans.

The new early retirement scheme effective from 2011 in Norway is defined as a multi-employer plan and the costs are accounted for based on received invoices from Fellesordningen for AFP'. The plan is accounted for as a defined contribution plan, as the plan's administrators have not been able to calculate the pension obligation for each entity participating in the plan.

Defined benefit plan
Defined benefit plans are pension plans where the group is responsible for paying pensions at a certain level, based on employees' salaries when retiring. The group has funded and unfunded benefit plans in Norway, Germany, UK, Canada, Japan and South Africa, distributed as follows: Norway 34 per cent, Europe 40 per cent, Canada 21 per cent, other 4 per cent based on Net Pension Obligation per 31 December 2014. In Norway all defined benefit plans are unfunded. The pension plans comprice pension on salaries above a certain level (12G), the closed early retirement scheme (AFP) and a top hat on the closed early retirement scheme. In Canada provisions are made for medical insurance as well as pension benefit plans.

Net interest is calculated based on net pension liability at the start of the period multiplied by the discount rate. Any difference between actual return on pension assets and the interest income calculated as a part of the net interest will be recognised directly in OCI. Interest on net pension liabilities are presented as a part of Financial expenses.

Breakdown of net pension cost:

	2014	2013
Current service cost	(11 678)	(12 884)
Accrued employer's national insurance contribution	(786)	(894)
General administration costs	(397)	(604)
Net pension benefit costs, actuarial	(12 861)	(14 382)
Defined contribution plan	(41 841)	(40 749)
Early retirement scheme AFP (Norway)	(8 970)	(9 096)
Pension contribution costs	(50 811)	(49 845)
Net pension costs total	**(63 672)**	**(64 227)**

In addition, the interest cost on net pension liabilities of NOK 6 551 thousand is recognised as a part of finance expences.

Net liabilities arising from defined benefit obligations	2014	2013
Present value of funded pension obligation	(369 734)	(293 977)
Fair value of plan assets	340 166	280 283
Net funded pension obligation	(29 568)	(13 694)
Present value of unfunded pension obligation	(174 882)	(152 940)
Net value of funded and unfunded obligations	(204 450)	(166 634)
Net pension liabilities	**(204 450)**	**(166 634)**
Booked net pension assets	-	1 306
Booked net pension liabilities	(204 450)	(167 940)
Net pension liabilities	**(204 450)**	**(166 634)**

Movement in the present value of the defined benefit obligation and plan assets:

Movement in defined benefit obligation	2014	2013
Opening balance	(446 917)	(445 966)
Current service cost and social contribution tax	(12 464)	(13 126)
Interest cost	(20 805)	(16 457)
Actuarial gains / (losses)	(52 972)	16 863
Liabilities extinguished on settlements	-	1 143
Benefits paid	24 194	23 114
Business combinations and disposals	13 790	3 130
Currency translation	(49 442)	(15 618)
Pension obligation as of 31 December	(544 616)	(446 917)

Movement in fair value of plan assets	2014	2013
Opening balance	280 283	228 391
Interest income	14 471	9 673
Administration cost	(397)	(604)
Actuarial gains/(losses)	19 382	25 108
Contributions from employer and plan participants	15 124	19 394
Benefits paid	(13 097)	(10 992)
Settlements	-	-
Business combinations and disposals	(12 073)	-
Currency translation	36 473	9 313
Fair value of plan assets as of 31 December	340 166	280 283

Breakdown of pension plan assets (fair value) as of 31 December:

	Distribution % 2014	Fair value of plan assets 2014	Distribution % 2013	Fair value of plan assets 2013
Cash, cash equivalent and money market investments	0 %	360	3 %	8 403
Bonds	45 %	153 481	40 %	112 835
Shares	53 %	180 247	55 %	153 232
Property	2 %	6 078	2 %	5 813
Total pension fund	100 %	340 166	100 %	280 283

The actual return on plan assets was NOK 33.1 million (12.3 per cent) in 2014, and NOK 33.1 million (14.5 per cent) in 2013.

In addition some Norwegian entities have pension contribution funds, mainly based on excess pension assets from settlement of the defined benefit plans in 2010. The pension contribution funds are classified as long-term pension funds, except next year's expected contributions which are classified as short-term, see note 14 and 17.

Pension contribution funds	2014	2013
Current part of contribution fund	11 492	15 940
Long-term part of contribution fund	8 860	12 429
	20 352	28 369

Summary of pension liabilities and change in actuarial gains / losses:

Net pension liabilities	2014	2013
Pension obligations	(544 616)	(446 917)
Pension plan assets	340 166	280 283
	(204 450)	**(166 634)**

Total actuarial gains/(losses) recognised in other comprehensive income this period	2014	2013
Changes in actuarial gain/(loss) in pension obligation recognised in other comprehensive income	(52 973)	17 109
Changes in actuarial gain/(loss) in pension assets recognised in other comprehensive income	19 382	25 108
	(33 591)	**42 217**

The principal assumptions used for the actuarial valuations in 2014 (2013) were as follows:

	Norway		Canada		Germany		UK	
Discount rate	2.3%	(3.4%)	4.0%	(4.8%)	2.4%	(3.4%)	3.5%	(4.5%)
Expected rate of salary increase	3.0%	(3.5%)	3.5%	(3.5%)	3.0%	(3.0%)	3.0%	(4.5%)
Annual regulation of pensions paid	0.5%	(0.5%)		-	2.0%	(2.2%)		-
Change in public pension base rate (G)	3.0%	(3.5%)		-		-		-

Assumptions regarding future mortality are set based on actuarial advise in accordance with published statistics and experience in each country.

Sensitivity on pension liabilities based on change in main actuarial assumptions:
The defined benefit pension schemes exposes the group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk.
A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilitities.

The sensitivity analysis below shows estimated effects in the defined pension liabilities based on reasonable changes in the main assumptions. The calculations are based on a change in one assumption while holding all other assumptions constant.

Assumption	Discount rate		Life expectancy		Salary growth	
	0.5% increase	0.5% decrease	1 year increase	1 year decrease	0.5% increase	0.5% decrease
2014: Effect on the pension liability in NOK million	(56)	63	18	(18)	11	(10)
2013: Effect on the pension liability in NOK million	(27)	30	14	(14)	5	(5)

As the group's main pension plans are Defined contribution plans there are no group policies for funding of the defined benefit plans. This is mananged locally, based on the terms and status for the individual plan. The defined benefit plans in Norway and Germany are unfunded.

Expected contribution for the pension plans next year and average duration for the main defined benefit plans:

	Norway	Canada	Germany	UK
Contribution to be paid to defined pension plans next year	6 588	7 814	1 419	3 753
Weighted average duration of the defined benefit obligation	6 years	17 years	15 years	16 years

5 Other operating expenses

	2014	2013
Loss on disposal of fixed assets	(2 518)	(552)
Freight and commission expenses	(630 400)	(531 905)
Machinery, equipment, spare parts and operating materials	(326 671)	(325 481)
Leasing expenses	(69 046)	(52 472)
Repairs and maintenance services	(277 917)	(252 990)
External services	(219 724)	(200 289)
Travel expenses	(72 557)	(68 831)
Energy and fuel	(96 945)	(91 876)
Operating expenses vehicles	(36 919)	(33 059)
Insurance expenses	(44 064)	(43 635)
Impairment losses receivables	(6 089)	(6 648)
Other operating costs	(200 014)	(223 591)
Total other operating expenses	**(1 982 864)**	**(1 831 329)**

In 2014 Elkem group expensed NOK 98,926 thousand related to research and development, which are included in the figures above. Grants received from Norwegian Research Counsel relating to research and development amounts to NOK 17,569 thousand for 2014, of which NOK 12,011 thousand is included as a deduction in other operating expenses and NOK 5,558 thousand is included in other operating income.

6 Operating lease

2014	Machinery and plant	Land, buildings and other properties	Equipment, furniture, systems and vehicles	Total
Lease expenses 2014	(17 606)	(45 184)	(6 256)	**(69 046)**
Lease in accordance to contract due:				
Within one year	(3 082)	(23 401)	(3 079)	**(29 562)**
In the second to fifth year inclusive	(3 703)	(52 584)	(5 211)	**(61 498)**
Over five years	0	(44 987)	(857)	**(45 844)**

Most leasing agreements have an escalation clause, this is not included in the future lease cost in the table above.

2013	Machinery and plant	Land, buildings and other properties	Equipment, furniture, systems and vehicles	Total
Lease expenses 2013	(18 537)	(28 028)	(5 907)	**(52 472)**
Lease in accordance to contract due:				
Within one year	(2 090)	(20 419)	(1 889)	**(24 398)**
In the second to fifth year inclusive	(2 908)	(46 454)	(2 790)	**(52 152)**
Over five years	0	(51 198)	(39)	**(51 237)**

7 Other gains and losses

	2014	2013
Dividend income from available for sale financial assets	309	701
Change in fair value commodity contracts	15 057	41 468
Net foreign exchange gains / losses - foreign exchange forward contracts	(7 936)	70 770
Operating foreign exchange gains / losses	12 045	30 901
Ineffectiveness on fair value hedges	2 198	2 961
Ineffectiveness on cash flow hedges	(67 602)	(4 255)
Gains / losses disposal of subsidiaries	(193)	-
Other gains/losses	(7 034)	-
Total other gains and losses	**(53 155)**	**142 546**

See note 25 for details related to valuation of financial assets and liabilities through profit or loss.

8 Finance income and expenses

	2014	2013
Interest income1)	81 497	31 249
Other financial income	565	2 020
Total finance income	**82 063**	**33 269**
Interest expenses borrowings2)	(22 681)	(175 306)
Unwinding of discounted liabilities	(73)	(74)
Interest on net pension liabilities	(6 551)	(6 571)
Other interest expenses	(8 210)	(4 001)
Other financial expenses	(2 447)	(6 141)
Total finance expenses	**(39 962)**	**(192 093)**
Net foreign currency translation expenses	852	(410 855)
Finance income (expenses), net	**42 953**	**(569 679)**

1) The increase in interest income from 2013 to 2014 is mainly related to interest from Elkem Solar AS.

2) The decrase in interest expenses borrowings from 2013 to 2014 is mainly realted to re-payment and debt conversion of loans to parent companies.

9 Taxes

Income tax recognised in profit or loss	2014	2013
Income (loss) from continuing operations before taxes	392 324	(132 504)
Current taxes	(117 640)	(145 341)
Deferred taxes	(52 162)	127 450
Total tax (expense) / income	**(169 802)**	**(17 891)**
Income taxes recognised in other comprehensive income (OCI)		
Net gain / (loss) on revaluation on cash flow hedges	4 972	151 398
Net gain / (loss) related to actuarial gain / losses	7 590	(11 129)
Total tax charged to OCI	**12 562**	**140 269**

The table below shows the reconciliation of accounting profit and tax (expense) income. Accounting profit is multiplied by applicable tax rates.

	2014	2013
Income (loss) from continuing operations before taxes	**392 324**	**(132 504)**
Expected income taxes 27 percent in 2014 and 28 percent in 2013 of profit before tax	(105 928)	38 608
Tax effects of:		
Difference in tax rates from 27/28 percent	26 681	10 009
Permanent differences		
Tax effect of income from Norwegian controlled foreign companies (NOKUS)	(6 830)	(5 158)
Tax effect share of profit (loss) associates and joint ventures	(70 899)	878
Tax effects other permanent differences	7 468	3 918
Other effects		
Tax effect of not capitalised deferred tax assets this year	(5 221)	(35 664)
Currency effect on tax expense	(564)	(5 775)
Other current tax paid	(14 230)	(15 086)
Previous year tax adjustment	(279)	(9 622)
Tax (expense) / income for the year	**(169 802)**	**(17 891)**
Effective tax rate	43%	-14%

Deferred tax asset and deferred tax liability	31.12.2014	31.12.2013
Hedges recognised in other comprehensive income	(174 009)	(170 275)
Property, Plant, Equipment and Intangible assets	62 656	24 780
Pension fund	(43 393)	(32 490)
Other differences	(13 715)	(557)
Accounts receivables	1 077	1 380
Inventories	27 938	15 417
Provisions	33 155	58 641
Tax losses to carry forward	(168 141)	(213 300)
Deferred tax liabilities	**(274 432)**	**(316 405)**
Not capitalised deferred tax asset to tax loss carryforward	10 145	13 474
Not capitalised deferred tax asset other items	-	-
Net deferred tax liabilities recognised	**(264 287)**	**(302 931)**

Change in net deferred tax assets / liabilities	31.12.2014	31.12.2013
1 January	(302 931)	3 535
Recognised in profit or loss continued operation	52 162	(127 450)
Effect of discontinued operations	-	(39 120)
Recognised in other comprehensive income	(12 562)	(140 269)
Gain/loss foreign exhange banlance sheet movements	(956)	373
31 December	**(264 287)**	**(302 931)**

Deferred taxes	2014	2013
Deferred tax assets	320 882	338 004
Deferred tax liabilities	56 595	35 073
Net deferred tax liabilities	**(264 287)**	**(302 931)**

	Gross tax loss carryforward	Capitalised deferred tax assets	Not capitalised deferred tax assets	Total deferred tax assets loss carryforward
Norway	584 704	(157 870)	103	(157 767)
France	28 409	(9 469)	9 467	(2)
Brazil	677	(230)	-	(230)
UK	883	(185)	186	0
Turkey	1 937	(387)	389	2
Total related to loss carryforward	**616 609**	**(168 141)**	**10 145**	**(157 997)**

The major part of the taxable loss carryforward can be indefinitely carried forward.

Deferred tax assets not recognised current year

When an entity has a history of recent losses, the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. There are no entities with a recognised deferred tax asset who have a history of tax losses.

Pending tax issues with the tax authorities

The Elkem group includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review.

10 Property, plant and equipment and intangible assets

PROPERTY, PLANT AND EQUIPMENT

2014	Land and other property	Buildings	Machinery and plants	Equipment, furniture and transport-vehicles	Construction in progress	Total
Opening balance net booked value 2014	**129 445**	**766 992**	**1 839 663**	**84 123**	**280 540**	**3 100 763**
Additions 2014	0	568	51 865	5 261	442 657	**500 351**
Disposals 2014	(913)	(396)	(2 812)	(2 153)	-	**(6 273)**
Reclassification	(98 270)	98 270	-	-	-	**-**
Transferred from CiP	10 900	61 621	394 392	25 145	(492 058)	**0**
Impairment losses 2014	-	-	(701)	(29)	-	**(730)**
Depreciation expenses 2014	(2 832)	(73 514)	(282 914)	(23 372)	-	**(382 632)**
Disposal of discontinued operations	-	-	-	(113)	-	**(113)**
Foreign currency exchange differences	10 543	8 795	41 454	2 605	19 874	**83 270**
Closing balance Net booked value 2014	**48 874**	**862 336**	**2 040 947**	**91 467**	**251 013**	**3 294 636**
Fixed assets under financial leasing included in Net booked value	24 313	-	3 843	963	-	**29 119**
Historical cost	96 827	2 113 401	5 775 431	302 106	251 013	**8 538 779**
Accumulated depreciation	(37 280)	(1 245 718)	(3 634 377)	(210 053)	-	**(5 127 428)**
Accumulated impairment losses	(10 674)	(5 347)	(100 107)	(586)	-	**(116 714)**
	48 874	**862 336**	**2 040 947**	**91 467**	**251 013**	**3 294 636**
Estimated useful life	5-50 yrs	5-40 yrs	3-30 yrs	3-20 yrs		
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line		

Depreciations start when the asset is ready for use. Land is not depreciated.

2013	Land and other property	Buildings	Machinery and plants	Equipment, furniture and transport-vehicles	Construction in progress	Total
Opening balance Net booked value 2013	**75 914**	**2 793 138**	**3 456 210**	**113 976**	**466 959**	**6 906 197**
Additions 2013	11	3 674	13 434	3 370	538 173	**558 663**
Disposals 2013	(13)	-	(658)	(421)	-	**(1 092)**
Transfered from CiP	61 789	89 398	507 870	10 350	(669 554)	**(147)**
Impairment losses 2013	(44)	(2 562)	(312)	(310)	(11 018)	**(14 246)**
Depreciation expenses 2013	(5 799)	(84 013)	(232 680)	(26 139)	-	**(348 632)**
Depreciation expenses 2013 - discontinued operations	(273)	(85 600)	(211 750)	(3 621)	-	**(301 244)**
Disposal of discontinued operations	(2 622)	(1 950 400)	(1 692 934)	(14 015)	(47 804)	**(3 707 774)**
Foreign currency exchange differences	482	3 358	483	932	3 784	**9 038**
Closing balance Net booked value 2013	**129 445**	**766 992**	**1 839 663**	**84 123**	**280 540**	**3 100 763**
Fixed assets under financial leasing included in Net booked value	24 313	-	4 051	3 163	-	**31 527**
Historical cost	221 244	1 888 013	5 335 520	302 850	291 558	**8 039 184**
Accumulated depreciation	(81 844)	(1 113 578)	(3 395 324)	(217 816)	-	**(4 808 561)**
Accumulated impairment losses	(9 955)	(7 443)	(100 532)	(911)	(11 018)	**(129 860)**
	129 445	**766 992**	**1 839 663**	**84 123**	**280 540**	**3 100 763**
Estimated useful life	5-50 yrs	5-40 yrs	3-30 yrs	3-20 yrs		
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line		

INTANGIBLE ASSETS

2014	Goodwil	Other intangible assets	Development	IT systems and programmes	Intangible assets under construction	Total other intangible assets
Opening Balance Net Booked Value 2014	**136 137**	**26 660**	**9 123**	**15 613**	**70 408**	**121 803**
Additions 2014	-	4 341	-	924	43 254	**48 519**
Disposals 2014	-	-	-	-	-	-
Reclassification	-	-	(9 123)	-	9 123	-
Transferred from CiP	-	1 431	-	112 232	(113 663)	-
Amortisation 2014	-	(1 764)	-	(9 952)	-	**(11 716)**
Foreign currency exchange differences	**24 597**	2 220	-	58	-	**2 278**
Closing balance Net booked value 2014	**160 734**	**32 887**	**0**	**118 874**	**9 123**	**160 884**
Historical cost	**160 739**	84 898	11 925	209 175	9 123	**315 121**
Accumulated amortisation	-	(51 223)	(11 925)	(90 300)	-	**(153 449)**
Accumulated write-downs	**(5)**	(787)	-	-	-	**(787)**
Closing balance Net booked value	**160 734**	**32 887**	**0**	**118 874**	**9 123**	**160 884**
Estimated useful life	Indefinite	3-10 yrs	3-16 yrs	3-10 yrs		
Amortisation plan		Straight-line	Straight-line	Straight-line		

The investments related to intangible assets mainly consist of ERP system M3 of NOK 36,081 thousand.

During 2014, the Elkem AS group expensed NOK 98,926 thousand as research and development related to improval of processes and products, and partially for long-term technology and business development. Capitalised development relates to technology.

2013	Goodwil	Other intangible assets	Development	IT systems and programmes	Intangible assets under construction	Total other intangible assets
Opening balance Net booked value 2013	**135 836**	**15 873**	**86 982**	**35 619**	**42 482**	**180 956**
Additions 2013	-	10 460	-	2 303	39 670	**52 433**
Disposals 2013	-	-	-	-	-	**0**
Reclassification	-	-	-	-	-	**0**
Transferred from CiP	-	1 043	-	1 779	(2 675)	**147**
Impairment losses 2013	-	(731)	-	-	-	**(731)**
Amortisation 2013	-	(1 163)	-	(4 043)	-	**(5 206)**
Amortisation 2013 - discontinued operations	-	-	(8 425)	(3 275)	-	**(11 700)**
Disposal of discontinued operations	-	-	(69 434)	(16 806)	(9 069)	**(95 309)**
Foreign currency exchange differences	**301**	1 178	-	36	-	**1 213**
Closing balance Net booked value 2013	**136 137**	**26 660**	**9 123**	**15 613**	**70 408**	**121 803**
Historical cost	**136 142**	78 496	21 048	75 697	70 408	**245 649**
Accumulated amortisation	**0**	(51 108)	(11 925)	(60 084)	-	**(123 118)**
Accumulated write-downs	**(5)**	(728)	-	-	-	**(728)**
Closing balance Net booked value	**136 137**	**26 660**	**9 123**	**15 613**	**70 408**	**121 803**
Estimated useful life	Indefinite	3-10 yrs	3-16 yrs	3-10 yrs		
Amortisation plan		Straight-line	Straight-line	Straight-line		

Valuation of fixed assets, intangible assets and goodwill

Fixed assets and intangible assets are stated in the consolidated financial statement at cost, less subsequent accumulated depreciation and amortisation. Fixed assets are tested for impairment whenever there is an indication of such. Goodwill and intangible assets with an indefinite useful life are not amortised, and are tested for impairment annually. If the fair value of the assets is lower than the carrying amount, a write-down will be recognised.

Goodwill

The impairment test is performed comparing the carrying amount for the asset or the Cash Generating Unit (CGU) including goodwill, with the recoverable amount. The recoverable amount is based on value in use, calculated using the discounted cash flow method. A Cash Generating Unit (CGU) is the lowest level at which independent cash inflows can be measured.

Goodwill per entity/CGU	Foundry	Silicon Materials	Carbon	Total
Elkem Oilfield Chemical FZCO	-	17 398	-	17 398
Elkem Materials Process Services BV/Dehong JV	-	165	-	165
Elkem Participacòes Indústria e Comércio Limitada	-	-	11 380	11 380
Ferroveld JV	-	-	47 716	47 716
Elkem Carbon China Comp Ltd	-	-	1 000	1 000
NEH Inc.	50 593	19 523	12 960	83 075
Total Goodwill	**50 593**	**37 086**	**73 055**	**160 734**

Discounted cash flow models are applied to determine the value in use for the cash-generating units. Management in each CGU has projected cash flows based on forecast and strategy plans covering a four-year period. Currency rates and power prices are based on external official sources such as Reuters and Nasdaq. Beyond the explicit forecast period of four years the cash flows are extrapolated using constant nominal growth rates.

Key assumptions

Key assumptions used in the calculation of value in use are growth rate, EBITDA levels, capital expenditure and discount rates.

Growth rates: The expected growth rates for a cash-generating unit converges from its current level experienced over the last few years to the long-term growth level in the market in which the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on management's past experience, assumptions in terms of market share and expectations for the market development in which the entity operates.

EBITDA levels: The EBITDA level represent the operating margin before depreciation and amortisation and is estimated based on the current level and expected future market development, which also takes into consideration committed operational efficiency programs. Changes to the outcome of these initiatives may affect future estimated EBITDA levels.

Capital expenditure ('Capex'): A normalised capex is assumed in the long run. Estimated capital expenditures do not include capital expenditures that significantly enhance the current performance as such effects generally are not included in the cash flow projections.

Discount rates: The required rate of return was calculated by the WACC method. The cost of a company's equity and debt, weighted to reflect its capital structure of 50:50 respectively, derive from its weighted average cost of capital. The WACC rates used in discounting the future cash flows are based on a Norwegian 10 year risk-free interest rate, adjusted for inflation differential and country risk premium. The discount rates take into account the debt premium, market risk premium, corporate tax rate and asset beta.

The following WACC and growth rate have been used for the impairment test:

	WACC	Growth
Foundry	10.4%	2.5%
Silicon	8.9%	2.5%
Carbon	9.6%	2.5%

A normal change in WACC and other key assumptions will not affect the conclusion as Elkem group has a large headroom regarding the test of the recoverable amount.

Impairment – test results and conclusion

Impairment tests of goodwill, included in each CGU shown above, are done annually.
The tests indicated no need for write-down as of December 2014.

11 Joint arrangements

In 2013 and 2014 Elkem AS group has interests in the following jointly controlled arrangements:

Name of entity	Business office	Country	% equity interest 2014	% equity interest 2013	Principal activities	2014 Classi-fication	2013 Classi-fication
Elkem Ferroveld JV (ZA)	Ferrobank Emalahleni	South Africa	50%	50%	Electrode paste production	JO	JO
Dehong Elkem Materials Co. Ltd	Dehong, Yunnan	China	50%	50%	Microsilica production	JO	JO
Elkania DA	Hauge i Dalane	Norway	50%	50%	Microfine weighting material	JO	JO
Igazú Alloys S.A.	Montevideo	Uruguay	50%	-	Production of foundry products	JV	-
North Sea Container Line AS	Haugesund	Norway	50%	50%	Shipping services	JV	JV
Klafi EHF	Grundartangi, Akranes	Iceland	50%	50%	Transportation/habour services	JV	JV
Elkem Solar Holding S.a.r.l	Luxembourg	Luxembourg	50%	100%	Solar technology	JV	Subsidiary

In the column for classification JO is equal to joint operations and JV is equal to joint ventures.

The investment in Igazú Alloys S.A. is new in 2014 while the investment in Elkem Solar Holding S.a.r.l has changed ownership interest from subsidiary to joint venture in 2014.

There is no quoted market price for the investments.

Based on the requirements of IFRS 11, adopted in 2014, the group now consider the investment in Klafi EHF. and North Sea Container Line AS to be recognised using the equity method versus former proportionate consolidation method. The changes are implemented with retrospective effect, see note 31 for effects.

There are limited business transactions between the consolidated joint operations and the consolidated entities within the Elkem AS group. The transactions between the joint ventures is described in note 27.

The joint ventures had no other contingent liabilities or commitments as at 31 December 2014 and 2013.

For the joint venture in Uruguay, Igazú Alloys S.A., Elkem AS group has, together with the other investor, obligations to finance the development of the foundry plant, that is under construction. In 2014 Elkem AS group has therefore given a long-term loan of NOK 58 million as at 31 December 2014. Of this USD 7,000 thousand is committed to be converted to equity in 2015.

	2014 Elkem Solar Holding S.a.r.l[1)]	2014 Other	2014 Total	2013 All
Total interest in joint ventures 1 January	-	**52 905**	**52 905**	-
IFRS 11-adjustment	-	-	-	**47 594**
Acquired shares in joint ventures	1 194 000	4	**1 194 004**	-
Share of profit	(303 735)	27 278	**(276 457)**	**15 312**
Share of other comprehensive income	(3 528)	-	**(3 528)**	
Dividend received	-	(10 000)	**(10 000)**	**(10 000)**
Currency effects	-	(532)	**(532)**	-
IFRS 11-adjustment	-	-	-	-
Total interest in joint ventures 31 December	**886 737**	**69 656**	**956 393**	**52 905**
Included in investment in joint ventures			**960 398**	**52 905**
Included in other current liabilities[2)]			**(4 005)**	**-**

1) Elkem Solar Holding S.a.r.l went from 100% owned on 7 March 2014 to 50% owned. See also note 30 for additional information.
Share of profit related to Elkem Solar is for the period 1 March to 31 December 2014.

2) The amount NOK 4,005 thousand relates to provision for investment commitment in Igazú Alloys S.A.

The Joint Ventures' proportionate share of revenues, expenses, assets, liabilities and cash flows are included in the consolidated financial statement as follows:

2014	Elkem Solar Holding S.a.r.l[1)]	Other	Total
Current assets, including cash and cash equivalents NOK 685,664 thousand	980 396	182 791	1 163 187
Non-current assets	3 534 949	7 877	3 542 826
Current liabilities, including current financial liabilities NOK 242,697 thousand	404 534	37 954	442 488
Non-current liabilities, including non-current financial liabilities NOK 2,509,513 thousand	2 507 374	5 392	2 512 765
Net assets/Equity	1 603 438	147 321	1 750 759
Group's Carrying amount (including goodwill of NOK 85,018 thousand)	886 737	73 661	960 398
Total revenue	437 681	421 717	859 397
Total expenses, including depreciation and amortisation NOK 234,323 thousand	(775 002)	(365 454)	(1 140 456)
Financial income, including interest income NOK 11,324 thousand	9 835	5 293	15 128
Financial expenses, including interest expenses NOK 94,395 thousand	(94 389)	(675)	(95 063)
Tax expense	(78)	(2 697)	(2 775)
Total profit for the year continuing operations	(607 470)	62 567	(544 903)
Post-tax profit discontinued operations	-	-	-
Other comprehensive income	(7 055)	-	(7 055)
Total comprehensive income	(7 055)	-	(7 055)
Group's share of profit for the year	(303 735)	31 284	(272 451)
Group's share of other comprehensive income	(3 528)	-	(3 528)

2013	All	Total
Current assets, including cash and cash equivalents NOK 74,352 thousand	136 926	136 926
Non-current assets	2 083	2 083
Current liabilities, where of no current financial liabilities	30 812	30 812
Non-current liabilities, including non-current financial liabilities NOK 15,554 thousand	2 386	2 386
Net assets / Equity	105 812	105 812
Group's carrying amount	52 905	52 905
Total revenue	347 377	347 377
Total expenses, including depreciation and amortisation NOK 2,863 thousand	(316 863)	(316 863)
Financial income, including interest income NOK 775 thousand	775	775
Financial expenses, including interest expenses NOK 3 thousand	(178)	(178)
Tax expense	(1 804)	(1 804)
Total profit for the year continuing operations	30 623	30 623
Group's share of profit for the year	**15 312**	**15 312**

12 Interest in associated and other companies

	31.12.2014	31.12.2013
Interest in associates	41 157	17 752
Interest in other companies	12 583	10 498
Total interest in associates and other companies	**53 741**	**28 250**

	2014	2013
Total interest in associates at opening balance	17 752	15 318
Share of profit [1)]	14 412	4 241
Dividend received	(2 263)	(3 540)
Acquired shares in associates [2)]	8 836	203
Disposal discontinued operations	-	(203)
Other changes	2 419	1 733
Total interest in associates	**41 157**	**17 752**

1) Share of profit in 2013 includes the sale of the 47% share in GT Tækni which is recorded at a gain of NOK 0.6 million.

2) The acquired shares relates to Elkem Chartering AS, Euro Nordic Agencies Belgium NV and an increased investment in Combined Cargo Warehousing BV.

As of 31 December 2014 the Elkem AS group has interest in following associates:

Name of entity	Business office	Country	Proportion of shares/-votes %	Principal activities	Net assets	Total operating income	Group's share of profit of associates	Carrying amount
Elkem Chartering AS	Oslo	Norway	25%	Deep sea charter services	33 919	3 530	(49)	8 480
Euro Nordic Agencies Belgium NV	Antwerpen	Belgium	50%	Ship agencies services	489	-	-	244
Euro Partnership BV	Moerdijk	Netherlands	50%	Ship management services	57 862	226	13 100	28 931
Combined Cargo Warehousing BV	Moerdijk	Netherlands	33%	Warehousing	10 613	7 466	1 361	3 502
Total interest in associates							**14 412**	**41 157**

As of 31 December 2013 the Elkem AS group has interest in following associates:

Name of entity	Business office	Country	Proportion of shares/-votes %	Principal activities	Net assets	Total operating income	Group's share of profit of associates	Carrying amount
GT Tækni [1)]	Grundartangi	Iceland		Mechanical maintenance			637	0
Euro Partnership BV	Moerdijk	Netherlands	50%	Ship management services	27 588	420	2 957	13 794
Combined Cargo Warehousing BV	Moerdijk	Netherlands	33%	Warehousing	11 994	21 003	647	3 958
Total interest in associates							**4 241**	**17 752**

1) Sold in 2013.

13 Group entities

The following subsidiaries are included in the financial statements:

	Country of incorporation	2014 Equity interest	2013 Equity interest	Owner
Elkem AS	Norway	100%	100%	Bluestar Elkem International Co., Ltd. S.A.
Elkem Carbon AS	Norway	100%	100%	Elkem AS
Elkem Chartering Holding AS	Norway	80%	80%	Elkem AS
Elkem Distribution Center B.V.	Netherlands	100%	100%	Elkem AS
Elkem Finanz AG	Switzerland	100%	100%	Elkem AS
Elkem Foundry Invest AS	Norway	100%	100%	Elkem AS
Elkem GmbH	Germany	100%	100%	Elkem AS
Elkem Iberia SL	Spain	100%	100%	Elkem AS
Elkem Iceland Ltd.	Iceland	100%	100%	Elkem AS
Elkem International AS	Norway	100%	100%	Elkem AS
Elkem International Trade (Shanghai) Co. Ltd.	China	100%	100%	Elkem AS
Elkem Japan K.K	Japan	100%	100%	Elkem AS
Elkem LTD.	England	100%	100%	Elkem AS
Elkem Materials Processing (Tianjin) Co. Ltd.	China	100%	100%	Elkem AS
Elkem Materials Processing Services BV	Netherlands	100%	100%	Elkem AS
Elkem Metal Canada Inc.	Canada	100%	100%	Elkem AS
Elkem Milling Services GmbH	Germany	100%	100%	Elkem AS
Elkem Nordic A.S.	Denmark	100%	100%	Elkem AS
Elkem Oilfield Chemicals FZCO	Dubai	51%	51%	Elkem AS
Elkem S.a.r.l.	France	100%	100%	Elkem AS
Elkem S.r.l.	Italy	100%	100%	Elkem AS
Elkem Singapore Materials Pte. Ltd.	Singapore	100%	100%	Elkem AS
Elkem South Asia Private Limited	India	100%	100%	Elkem AS
NEH LLC	USA	100%	100%	Elkem AS
Nor-Kvarts AS	Norway	67%	67%	Elkem AS
Dehong Elkem Materials Co. Ltd.	China	50%	50%	Elkem AS
Elkania DA	Norway	50%	50%	Elkem AS
Hoffsveien 65B Invest AS[4]	Norway	100%	100%	Elkem AS
Elkem Solar AS[1]	Norway	-	100%	Elkem AS
Elkem Solar Holding S.á r.l[1]	Luxemburg	-	100%	Elkem AS
Elkem Power AS[2]	Norway	-	100%	Elkem AS
Elkem Tana AS[2]	Norway	-	100%	Elkem AS
Elkem Carbon Malaysia Sdn. Bhd.	Malaysia	100%	100%	Elkem Carbon AS
Elkem Participacòes Indústria e Comércio Limitada	Brazil	100%	100%	Elkem Carbon AS
Elkem Ferroveld JV	South Africa	50%	50%	Elkem Carbon AS
Elkem Carbon (China) Comp Ltd.	China	100%	100%	Elkem Carbon Singapore Pte. Ltd.
Elkem Egypt for Industry, Contracting & Trading S.A.E	Egypt	99.99%	85%	Elkem International AS
Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd STI	Turkey	100%	100%	Elkem International AS
Gimtrade Ltd.	England	100%	100%	Elkem LTD.
Mill Street Ltd.	England	100%	100%	Elkem LTD.
Elkem Materials Inc.	USA	100%	100%	NEH LLC
Elkem Materials Delaware Inc.	USA	100%	100%	Elkem Materials Inc.
Elkem Materials South America Ltda	Brazil	100%	100%	Elkem Materials Inc.
Euro Nordic Logistics BV	Netherlands	80%	80%	Elkem Chartering Holding AS
Elkem Chartering AS[3]	Norge	-	80%	Elkem Chartering Holding AS
Elkem Chartering Singapore[3]	Singapore	-	80%	Elkem Chartering Holding AS
Elkem Chartering Rederi[3]	Norge	-	80%	Elkem Chartering Holding AS
Euro Nordic Belgium BVBa	Belgium	80%	80%	Euro Nordic Logistics BV
Euro Nordic Netherlands B.V.	Netherlands	80%	80%	Euro Nordic Logistics BV
Explotacion de Rocas Industriale sy Minerales S.A. (ERIMSA)	Spain	67%	67%	Nor-Kvarts AS
Hoffsv 65B AS[4]	Norway	100%	100%	Hoffsveien 65B Invest AS
Hoffsveien 65B SLB ANS[4]	Norway	100%	100%	Hoffsv 65B AS

The equity interest stated is the indirect ownership for Elkem Bluestar International Co., Ltd. S.A. Co. Ltd.

1) In March 2014 Elkem AS group sold 50% of the shares in Elkem Solar Holding S.á.r.l. Net gain on the sale NOK 153 837 thousand is recognised in profit for the year from discontinued operations. See note 30 for further information. Elkem Solar is after the transaction treated as a joint venture and Elkem AS group share of profit for the period March to December 2014 is included in income from associate and joint ventures.

2) Elkem Power AS and Elkem Tana AS merged with Elkem AS in 2014.

3) In October 2014 Elkem AS group sold 75% of the shares in Elkem Chartering AS, including its subsidiaries Elkem Chartering Rederi AS and Elkem Chartering Singapore Ltd. Net gain on the sale NOK 5,749 thousand is recognised in other gains and losses. The sub group is after the transaction treated as an associate and Elkem AS group share of profit for the period November to December 2014 is included in income from associate and joint ventures.

4) The companies were liquidated in January 2015.

14 Other non-current assets

	31.12.2014	31.12.2013
Long-term pension contribution fund[1)]	8 860	12 429
Defined benefit pension asset[1)]	-	1 306
Long-term deposit pension guarantee[2)]	14 820	13 008
Restricted depostits[3)]	68 253	59 266
Loans to joint arrangements[4)]	1 478 129	-
Other long-term receivables	12 213	26 641
Total other non-current assets	**1 582 274**	**112 650**

1) See note 4 Retirement benefits.

2) Long-term deposit pension guarantee is related to unfunded pension liabilities for salaries above 12G.

3) See note 18 Cash, cash equivalents and restricted deposits.

4) See note 21 Net interest bearing assets / debt.

15 Inventories

	31.12.2014	31.12.2013
Finished goods	1 205 117	966 241
Work in progress	223 399	180 285
Raw materials	431 560	368 448
Operating materials and spare parts	226 528	200 272
Total inventories	**2 086 604**	**1 715 245**
Provisions for write down of inventories as of 31 December	5 455	23 300

16 Accounts receivables

	31.12.2014	31.12.2013
Accounts receivables (external)	1 140 213	983 975
Accounts receivables (Bluestar group companies)	109 773	64 510
Provision for doubtful accounts	(14 487)	(9 329)
Bills receivable 1)	39 877	27 842
Total accounts receivables	**1 275 377**	**1 066 997**

1) A Bill receivable is a document that the customer formally agrees to pay at maturity date. The bill receivable document effectively replaces, for the related amount, the open debt exchanged for the bill. Bills receivable are used at Elkem entities located in China.

Analysis of gross accounts receivables by age, presented based on the due date:

	31.12.2014	31.12.2013
Not due	1 021 848	831 913
1 - 30 days	133 253	139 870
31 - 60 days	26 487	29 941
61 - 90 days	18 475	8 859
More than 90 days	49 923	37 901
Total accounts receivables	**1 249 986**	**1 048 485**

Elkem had an average granted credit period of 40 days for 2014 and actual credit days were 42 days.

Elkem applies for credit insurance for all customers. In cases where credit insurance coverage is refused, other methods of securing the sales income are used. Other methods used for securing the sales are, among others, prepayment, letter of credit, documentary credit, guarantee, etc.

Movement in allowance for doubtful debts	31.12.2014	31.12.2013
Opening balance	(9 329)	(9 219)
Provisions/losses on doubtful accounts during the year	(8 039)	(4 984)
Disposal discontinued operations	-	191
Reversed provisions	2 881	4 683
Closing balance	**(14 487)**	**(9 329)**

Analysis of current receivables that are past due date and impaired, by age:

Overdue by:	31.12.2014	31.12.2013
less than 60 days	(1 475)	(1 020)
61 - 90 days	(421)	(449)
more than 90 days	(12 591)	(7 860)
Total impaired overdue receivables	**(14 487)**	**(9 329)**

17 Other current assets

	31.12.2014	31.12.2013
Pension contribution fund, short-term part[1]	11 492	15 940
CO_2 Compensation from Norwegian Environment Agency[2]	32 592	26 070
VAT receivable	98 653	127 795
Corporate income tax receivable	23 960	26 387
Prepayments	44 054	47 071
Restricted deposits	2 728	4 791
Interest-bearing loan to Elkem Solar AS	240 000	-
Other receivables	52 942	36 133
Total other current assets	**506 421**	**284 187**

1) See note 4 Retirement benefits.

2) See information about government grants in note 28.

18 Cash, cash equivalents and restricted deposits

	31.12.2014	31.12.2013
Cash and cash equivalents	546 114	627 479
Restricted deposits, current	2 728	4 791
Restricted deposits, non-current [1]	68 253	59 266
Total	**617 095**	**691 536**

1) Of the deposits, NOK 67,537 thousand relates to tax litigation in Elkem group's business in Brazil, see note 23 for more information.

19 Shareholder information

Elkem AS is the parent company of Elkem AS group.
As of 31 December 2014 Elkem AS is 100 per cent owned by Bluestar Elkem International Co. Limited S.A.
Elkem AS has its registered company address: Drammensveien 169, 0277 Oslo, Norway.

Share Capital
Share capital as of 31 December 2014 in Elkem AS is NOK 2,010 million, divided in 1 share.

20 Finance lease liabilities

Elkem AS group leases some of its manufacturing equipment under finance lease. Interest rates range from 3.06 per cent to 6.99 per cent. The group has options to purchase the equipment for a nominal amount at the end of the lease term.
The obligations under finance lease are secured by the lessors title to the leased assets.

Overview of finance lease	31.12.2014	31.12.2013
Within one year	4 995	8 356
Between 1 and 5 years	6 001	11 209
Over 5 years	-	-
Total lease payments	10 996	19 566
Less future finance charges	(511)	(1 209)
Present value of lease obligations	**10 485**	**18 356**
Less amount due for settlement within 12 months	4 682	4 923
Total non-current finance lease obligations	**5 804**	**13 433**
Leasing cost current year	9 316	7 620

See note 21 for further information

21 Interest-bearing assets / debt

	31.12.2014	31.12.2013
Non-current interest-bearing debt		
Financial leases (see note 20)	5 804	13 433
Other loans	3 446	3 681
Bank financing and other debt	5 270	1 623
Total non-current interest-bearing debt	**14 520**	**18 737**
Current interest-bearing debt		
Financial leases (see note 20)	4 682	4 923
Bank financing	57 702	564 728
Other loans	2 372	-
Accrued interest	1 669	479
Total current interest-bearing debt	**66 425**	**570 130**
Total interest-bearing debt	**80 945**	**588 867**
Interest-bearing assets		
Cash and bank balances	546 119	627 479
Restricted deposits	70 981	64 057
Interest-bearing financial assets [1)]	1 742 501	41 240
Accrued interest income	576	961
Total interest-bearing assets	**2 360 178**	**733 737**
Net interest-bearing assets / (debt)	**2 279 233**	**144 870**

1) Long term pension contribution fund and deposit guarantee of total NOK 23,680 thousand is included. The additional increase is related to loan to Solar group of NOK 1,651,110 thousand and loan to other related parties of NOK 67,019 thousand and other investments of NOK 681 thousand.

Interest-bearing debt by currency	Currency amount	NOK 31.12.2014	Currency amount	NOK 31.12.2013
EUR	15 222	137 765	63 207	528 908
USD	8 533	63 632	(10 354)	(62 854)
NOK[1]		(175 884)	148 445	148 445
Other currencies		55 432		(25 631)
Total interest-bearing debt		**80 945**		**588 867**

1) The NOK currency has a negative amount in 2014 due to a net presentation of the bank accounts included in the group account scheme. The use of the credit limit for the currencies USD and EUR are greater than the deposits of the other currencies.

Maturity of interest-bearing debt at 31.12.2014	Financial leases	Bank financing	Other loans	Accrued interest	Total
2015	4 682	57 702	2 372	1 669	66 425
2016	3 915	3 008	434	-	7 356
2017	1 889	2 263	434	-	4 585
2018	-	-	434	-	434
2019	-	-	434	-	434
2020 and later	-	-	1 710	-	1 710
Total	**10 486**	**62 972**	**5 817**	**1 669**	**80 945**

Maturity of interest-bearing debt at 31.12.2013	Financial leases	Bank financing	Other loans	Accrued interest	Total
2014	4 923	564 728	-	479	570 130
2015	7 435	937	401	-	8 773
2016	4 043	686	401	-	5 130
2017	1 955	-	401	-	2 356
2018	-	-	401	-	401
2019 and later	-	-	2 077	-	2 077
Total	**18 356**	**566 351**	**3 681**	**479**	**588 867**

Of total granted external credit facilities of NOK 1,746 million, the group has drawn NOK 58 million as of 31 December 2014. The drawn amount has been classified as short-term debt, as the amount is considered to be part of Elkem's short-term liquidity management.

As of 31 December 2013, the group has drawn NOK 551 million of total granted external credit facilities of NOK 1,426 million.

Elkem AS' bank facilities contain a financial covenant that the equity ratio of the Elkem group shall at all times exceed 30 per cent. As of 31 December 2014 the group's equity ratio was 79 per cent.

Covenant calculation Elkem AS group	31.12.2014	31.12.2013	Loan covenant
Total Equity	8 757 443	7 697 399	
Total Assets	11 024 652	11 668 099	
Equity ratio	**79%**	**66%**	**> 30%**

22 Pledge of assets and guarantees

The Elkem AS group makes limited use of guarantees, see specification below.

Guarantee commitments	31.12.2014	31.12.2013
Guarantee commitment MD (Miljødirektoratet - Norwegian Environment Agency)	4 618	4 618

23 Provisions and other non-current liabilities

Provisions include the following:	Contingencies due to litigations	Site restoration	Currency effects bond loan	Accrued provisions	Total provisions
Balance 1 January 2014	**86 751**	**40 530**	**8 572**	**6 871**	**142 724**
Additional provisions recognised	13 106	3 578	-	5 270	21 955
Reclassed to current liability	-	(9 600)	-	-	(9 600)
Used during the year	(554)	(306)	(2 939)	(4 781)	(8 579)
Foreign currency exchange differences	7 810	2 703	-	825	11 339
Balance 31 December 2014	**107 114**	**36 905**	**5 633**	**8 186**	**157 838**

Contingencies due to litigations
Contingencies relates to employee and tax litigations in Elkem AS group's business in Brazil. The time of settlement is uncertain. In accordance with Brazilian regulations, the contingencies have been transferred to restricted bank accounts and are adjusted for interest on an annual basis. The restricted cash is included in the balances of other non-current assets.

Site restoration
Elkem AS group has worldwide operations representing potential exposure towards environmental consequences. Elkem has established clear procedures to minimise environmental emissions, well within public emission limits. However, in some cases Elkem faces potential claims regarding environmental issues.

Currency effects bond loan
Elkem has participated in the Central Bank of Iceland's Investment Programme and purchased a bond loan in ISK, with payment in EUR. The gain from the purchase in EUR is dependent on retaining the ownership of the securities in 5 years, the currency gain is therefore recognised as deferred income and will be amortised over the required ownership period.

Other provisions
Other provisions mainly consist of accrual for severance benefits in some locations in Europe, and an accrual for loss on contracts in Egypt.

24 Other current liabilities

	31.12.2014	31.12.2013
Employee withholding taxes, social security, vacation pay, etc.	261 684	227 336
VAT payable	4 629	43 447
Advance from customers	8 647	14 207
Accrued expenses power	12 160	9 171
Deferred income	4 226	2 009
Current part of long term provisions	9 600	0
Other current liabilities	98 189	152 243
Other current liabilities	**399 134**	**448 413**

25 Financial instruments

Financial assets and liabilities by category 31 December 2014

	Note	Assets at fair value through profit or loss	Derivatives used for hedging	Financial assets available for sale	Loans and receivables	Non-financial assets	Total
Interest in associated and other companies	12	-	-	12 583	-	41 157	**53 741**
Fair value derivatives, non-current		41 082	28 661	-	-	-	**69 743**
Other non-current assets	14	-	-	-	1 572 200	10 074	**1 582 274**
Trade and other receivables	16	-	-	-	1 275 377	-	**1 275 377**
Fair value derivatives, current		6 844	-	-	-	-	**6 844**
Other current assets	17	-	-	-	438 988	67 433	**506 421**
Cash and cash equivalents	18	-	-	-	546 114	-	**546 114**
Total		**47 926**	**28 661**	**12 583**	**3 832 679**	**118 665**	

	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Financial liabilities at amortised cost	Non-financial liabilities	Total
Interest-bearing liabilities, non-current	21	-	-	14 520	-	**14 520**
Fair value derivatives, non-current		(254 788)	507 193	-	-	**252 405**
Other non-current liabilities	23	-	-	-	157 838	**157 838**
Trade and other payables		-	-	831 317	-	**831 317**
Interest bearing liabilities, current	21	-	-	66 425	-	**66 425**
Fair value derivatives, current		3 332	237 823	-	-	**241 155**
Other current liabilities	24	-	-	-	399 134	**399 134**
Total		**(251 456)**	**745 016**	**912 262**	**556 972**	

Financial assets and liabilities by category 31 December 2013

	Note	Assets at fair value through profit or loss	Derivatives used for hedging	Financial assets available for sale	Loans and receivables	Non-financial assets	Total
Interest in associated and other companies	12	-	-	10 497	-	17 752	**28 250**
Fair value derivatives, non-current		40 727	-	-	-	-	**40 727**
Other non-current assets	14	-	-	-	98 915	13 735	**112 650**
Trade and other receivables	16	-	-	-	1 066 997	-	**1 066 997**
Fair value derivatives, current		1 000	254	-	-		**1 254**
Other current assets	17	-	-	-	221 212	62 974	**284 187**
Cash and cash equivalents	18	-	-	-	627 479	-	**627 479**
Total		**41 727**	**254**	**10 497**	**2 014 604**	**94 462**	

	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Financial liabilities at amortised cost	Non-financial liabilities	Total
Interest-bearing liabilities, non-current	21	-	-	18 737	-	**18 737**
Fair value derivatives, non-current		(258 162)	391 742	-	-	**133 580**
Other non-current liabilities	23	-	-	-	142 724	**142 724**
Trade and other payables		-	-	673 358	-	**673 358**
Interest bearing liabilities, current	21	-	-	570 130	-	**570 130**
Fair value derivatives, current		(27 272)	243 148	-	-	**215 876**
Other current liabilities	24	-	-	-	448 413	**448 413**
Total		**(285 434)**	**634 890**	**1 262 226**	**591 137**	

Fair value measurement
Financial instruments at fair value through profit or loss and financial assets available for sale are measured using different levels of input. There are no material difference between fair value and amortised cost for financial liabilities at amortised cost.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for the asset or liability.

The group's assets and liabilities measured at fair value as of 31 December 2014:	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	2 923	45 004	**47 927**
Derivatives designated in a hedging relationship	-	28 660	-	**28 660**
Financial assets available for sale	3 895	-	8 688	**12 583**
Total assets	**3 895**	**31 583**	**53 692**	**89 170**
Financial liabilities at fair value through profit or loss	-	12 626	(264 082)	(251 456)
Derivatives designated in a hedging relationship	-	215 634	529 381	745 015
Total liabilities	**-**	**228 259**	**265 300**	**493 559**

The group's assets and liabilities measured at fair value as of 31 December 2013:	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	1 000	40 727	**41 727**
Derivatives designated in a hedging relationship	-	254	-	**254**
Financial assets available for sale	1 761	-	8 736	**10 497**
Total assets	**1 761**	**1 255**	**49 463**	**52 478**
Financial liabilities at fair value through profit or loss	-	(15 854)	(269 580)	**(285 434)**
Derivatives designated in a hedging relationship	-	280 907	353 983	**634 890**
Total liabilities	**-**	**265 053**	**84 403**	**349 456**

Level 1:
Financial assets measured at level 1 apply to external noted shares. The noted shares are measured based on the listed price. Dividends from the external shares are classified as other gains and losses.

Level 2:
Financial assets and liabilities measured at level 2 applies to forward foreign exchange contracts and power commodity contracts, measured at fair value by estimating the future cash flows.

The foreign exchange forward contracts are designated in a cash flow hedge to hedge highly probable future sales, realised effects are therefore booked as an adjustment of the sales revenue. The power commodity contracts are designated as hedging instruments in a cash flow hedge of highly probable future purchases. Hence, the effective part of change in fair value is booked against OCI, and booked as a adjustment of the power cost (part of COGS) when realised. Any ineffectiveness is booked as other gains / losses.

Level 3:
The financial assets and liabilities at fair value through profit or loss measured at level 3 consist of two power contracts; a contract with Statkraft bought from Norske Skog in 2010, and a contract called '30-øringen' based on how the power price in the contract is determined. The usage of power from the contract with Statkraft is restricted to industrial purposes, and the power from the 30-øringen contract are restricted to be used at Elkem AS plants. The contracts are assessed to be settled net in cash and are therefore within the scope of IAS39 and recognised as financial instruments.

When valuing these contracts, observable data is used, such as power price, currency, CPI and CfD, when available. The power prices for long-term electricity contracts in Norway are not directly observable in the market for the whole contract length. Power prices are observable until 2023, CfD to 2016 and the currency rates are observable until 2020. Valuation of the contracts for the remaining periods are based on the latest observable data adjusted for CPI, if relevant.

See note 26 Financial risk and capital management for sensitivity analysis.

Assessment of fair value of contract with Statkraft:

Elkem AS group pays a fixed power price to Statkraft, specified for each year in the contract lasting to 31 December 2020.

Assumptions for valuation of the contract:
- Discount rate: 1.85 per cent p.a. This is estimated based on our contract counterparty's assumed cost of capital.
- Power prices: Market prices per 31 December 2014 for the duration of the contract.
- CfD's: Four year average historic CfD prices based on Nord Pool Spot prices
- Currency rate EUR: Market prices tradable for the group as of 31 December 2014 for the duration of the contract.

Assessment of fair value of 30-øring contract:

The 30-øre power contract last until 31 December 2030.
For the years 2014 - 2020 the price under the contract is fixed except if the spot price at the relevant grid points exceed a certain threshold, in which case the price equals the spot price. For the last 10 years of the contract the price is fixed based on the average spot price the preceding four years, adjusted for inflation. The fixed price and the threshold price are based on a start date and adjusted with inflation for every year thereafter.

Assumptions for valuation of the contracts:
- Discount rate: 9.5 per cent. This is estimated based on our contract counterparty's assumed cost of capital, adjusted for risk related to the estimated cash flows under the contracts.
- *Inflation: 2.5 per cent p.a., in line with Norges Bank's inflation target.*
- Power prices: Market prices per 31 December 2014 until 2024, thereafter prices are based on 2024, adjusted with inflation rate.
- CfD's: Four year average historic CfD prices based on Nord Pool Spot prices
- Currency rate EUR: Market prices tradable for the group as of 31 December 2014 until 2020, thereafter prices equal to 2020 rates.

As of 1 January 2013, the Statkraft contract has been designated as a hedging instrument in a cash flow hedge of highly probable future purchases. Changes in fair value for the power contract are therefore from the same date booked against OCI. Realised effects from the fair value as of 31 December 2012 are booked through profit or loss together with changes in fair value for the 30-øring contract, in other gains / losses.

In addition, level 3 includes shares in external companies, not listed. These shares are booked at cost and written down if the value of the company is assessed to be lower than cost.

The total changes in fair value categorised in level 3 is set out below:

Specification of movements in measurement on level 3	2014	2013
Opening balance 01.01	(34 940)	321 137
Transfer to/from other levels	-	-
Change in fair value recognized in OCI	(189 759)	(353 983)
Settlement	92 395	(64 272)
Disposal	(26 257)	-
Acquisition	-	256
Other changes in fair value through profit or loss	(53 046)	61 922
Closing balance 31.12	**(211 608)**	**(34 940)**

Details of financial instruments

Details of foreign exchange contracts as of 31 December 2014

Purchase currency	Purchase ccy 1000	Sale currency	Sale ccy 1000	Type of instrument	Currency rate	Due	Fair value in NOK	Notional amount in NOK[1)]
NOK	806 901	AUD	150 000	Fwd	6.0809	2015	-105	916
CAD	27 759 828	EUR	18 780 000	Fwd	1.4782	2015	7 715	169 963
NOK	2 419 940 909	EUR	276 520 000	Fwd	8.7514	2015	-97 205	2 502 566
NOK	86 109 857	GBP	8 220 000	Fwd	10.4757	2015	-9 642	95 521
NOK	59 762 840	JPY	990 000 000	Fwd	0.0604	2015	-2 309	61 734
NOK	321 690 217	USD	46 000 000	Fwd	6.9933	2015	-22 707	343 008
SEK	2 514 280	AUD	400 000	Fwd	6.0904	2015	-8	2 442
NOK	883 384 450	EUR	94 000 000	Fwd	9.3977	2016	18 615	850 720
NOK	28 742 220	JPY	468 000 000	Fwd	0.0614	2016	-1 044	29 183
NOK	126 334 690	USD	17 000 000	Fwd	7.4315	2016	-662	126 764
NOK	552 218 550	EUR	58 400 000	Fwd	9.4558	2017	9 069	528 533
NOK	29 419 650	JPY	468 000 000	Fwd	0.0629	2017	-786	29 183
NOK	79 703 980	USD	10 800 000	Fwd	7.3800	2017	-454	80 532
Total fair value currency forward contracts							**(99 522)**	

1) Notional value of underlying asset

Details of foreign exchange contracts as of 31 December 2013

Purchase currency	Purchase ccy 1000	Sale currency	Sale ccy 1000	Type of instrument	Currency rate	Due	Fair value in NOK	Notional amount in NOK[1)]
NOK	1 250	AUD	224	Fwd	5.4200	2014	36	1 216
CAD	2 598	EUR	1 780	Fwd	1.4594	2014	(204)	14 895
NOK	1 468 749	EUR	185 275	Fwd	7.9274	2014	(92 016)	1 550 362
NOK	98 156	GBP	10 550	Fwd	9.3039	2014	(8 278)	105 926
NOK	54 602	JPY	892 600	Fwd	0.0612	2014	2 573	51 634
SEK	2 940	JPY	45 000	Fwd	5.7903	2014	173	2 603
CAD	12 572	USD	12 190	Fwd	1.0314	2014	(2 293)	74 002
NOK	254 937	USD	43 270	Fwd	5.8918	2014	(8 968)	262 679
Total fair value currency forward contracts							**(108 976)**	

1) Notional value of underlying asset.

Details of energy contracts within the scope of IAS39 as of 31 December 2014

	Volume GWh	Due	Fair value in NOK	Notional amount in NOK[1)]
Forward contracts NASDAQ OMX Commodity	806	2015	(66 313)	284 358
Forward contracts NASDAQ OMX Commodity	422	2016	(31 043)	143 654
Forward contracts financial institutions	138	2015	(7 081)	44 119
Forward contracts financial institutions	202	2016	439	53 134
Commodity contracts '30-øringen'	501	2015	(6 612)	137 081
Commodity contracts '30-øringen'	501	2016	(7 986)	70 254
Commodity contracts '30-øringen'	501	2017	(9 066)	144 020
Commodity contracts '30-øringen'	6513	2018-2030	62 055	1 553 889
Commodity contract Solar	-219	2015	6 844	68 448
Commodity contract Statkraft	1498	2015	(36 888)	417 825
Commodity contract Statkraft	7498	2016-2020	(221 801)	2 237 820
Fair value energy contracts inside the scope of IAS39			**(317 450)**	

1) Notional value of underlying asset.

Details of energy contracts within the scope of IAS39 as of 31 December 2013

	Volume GWh	Due	Fair value in NOK	Notional amount in NOK[1)]
Forward contracts NASDAQ OMX Commodity	797	2014	(81 236)	305 850
Forward contracts NASDAQ OMX Commodity	569	2015	(46 309)	236 105
Forward contracts NASDAQ OMX Commodity	369	2016	(21 832)	123 973
Forward contracts financial institutions	36	2014	(2 067)	11 997
Forward contracts financial institutions	105	2015	(3 378)	32 266
Commodity contracts '30-øringene'	740	2014	(5 730)	197 803
Commodity contracts '30-øringene'	740	2015	(3 190)	202 748
Commodity contracts '30-øringene'	740	2016	(6 360)	207 81
Commodity contracts '30-øringene'	740	2017	(6 530)	213 012
Commodity contracts '30-øringene'	9620	2018-2030	56 840	3 263 677
Commodity contract Statkraft (bought from Norske Skog)	1500	2014	(16 615)	408 435
Commodity contract Statkraft (bought from Norske Skog)	9000	2015-2020	(62 061)	2 655 645
Fair value energy contracts inside scope of IAS39			**(198 468)**	

1) Notional value of underlying asset.

Hedge Accounting

Fair value hedges
Settlement of the last foreign currency exchange contract related to a fair value hedging program closed in October 2012. In 2014 the program resulted in a gain of NOK 2,198 thousand, classified as ineffectiveness under other gains and losses.

Cash flow hedges
The effective portion of change in fair value of derivatives that are designated and quality as cash flow hedges is recognised in other comprehensive income. The gain or losses relating to the ineffective portion is recognised immediately in the income statement under other gains and losses. As of December 2014, Elkem group had foreign exchange forward contracts designated as highly effective hedging instruments in order to manage the group's foreign currency exposure related to expected future sales, mainly in USD and EUR. Realised effects from this hedging programme in 2014 amounts to negative NOK 127,395 thousand, booked as an adjustment to sales revenue. There was no ineffectiveness related to this hedging program.

In addition, forward power contracts are used for hedging of cash flows related to the group's future need for power at the plants. Realised effects in 2014, from the hedging of power are a loss of NOK 158,795 thousand booked as a part of cost of raw materials and other input factors, in addition a gain of NOK 1,669 thousand representing the ineffective part of the hedging relationship is booked as part of other gains and losses.

The table below shows fair value for the derivative financial instruments, classified by type of hedging:

Derivative financial instruments	2014 Assets fair value	2014 Liabilities fair value	2013 Assets fair value	2013 Liabilities fair value
Forward foreign exchange contracts - fair value hedges	-	-	254	-
Forward foreign exchange contracts - cash flow hedges	28 660	118 480	-	126 085
Forward power contract Statkraft - cash flow hedges	-	529 382	-	353 983
Forward power contracts NASDAQ - cash flow hedges	-	97 154	-	154 822
Total derivative instruments	**28 660**	**745 016**	**254**	**634 890**
Less non-current portion:				
Forward foreign exchange contracts - cash flow hedges	28 660	-	-	-
Forward power contract Statkraft - cash flow hedges	-	476 589	-	320 223
Forward power contracts NASDAQ - cash flow hedges	-	30 604	-	71 519
Current portion of derivative instruments	**-**	**237 823**	**254**	**243 148**

The table below shows the movements in OCI related to hedging instruments:

Financial derivatives against OCI	Opening balance 2014	Net change in fair value	Reclassified to P&L	Closing balance 2014
Change in fair value from derivatives designated as a hedge of future need for power (Nasdaq + other)	(150 583)	(41 095)	97 130	(94 548)
Change in fair value from derivatives designated as a hedging of future need for power (Statkraft)	(353 983)	(189 759)	83 631	(460 112)
Change in fair value from derivatives designated as a hedge of future purchase of RM	44 701	(44 701)	-	-
Change in fair value from derivatives designated as a hedge of future sales	(169 549)	(47 664)	127 395	(89 818)
Total gains / losses (gross) in OCI 31.12.2014	**(629 413)**	**(323 220)**	**308 156**	**(644 478)**

Accumulated gains / losses from cash flow hedges recognised in OCI are expected to be recycled to profit or loss in the period 2015 - 2020.

Financial derivatives against OCI	Opening balance 2013	Net change in fair value	Reclassified to P&L	Closing balance 2013
Change in fair value from derivatives designated as a hedge of future need for power (Nasdaq + other)	(75 420)	(88 054)	12 892	(150 583)
Change in fair value from derivatives designated as a hedging of future need for power (Statkraft)	-	(368 055)	14 072	(353 983)
Change in fair value from derivatives designated as a hedge of future purchase of RM	43 655	-	1 046	44 701
Change in fair value from derivatives designated as a hedge of future sales	(38 939)	(216 676)	86 066	(169 549)
	(70 704)	**(672 785)**	**114 076**	**(629 413)**
Realised effects from derivatives sold, designated as a hedge of future sales	4 522	-	(4 522)	-
Total gains / losses (gross) in OCI 31.12.2013	**(66 182)**	**(672 785)**	**109 554**	**(629 413)**

Accumulated gains/losses from cash flow hedges recognised in OCI are expected to be recycled to profit or loss in the period of 2015 - 2020, see further details in the tables above specifying financial instruments by due date.

The following financial assets are subject to offsetting:

2014	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented	Financial instruments not set off in the balance sheet	Cash collateral pledged	Net amount
Foreign exchange forward contracts	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

The following financial liabilities are subject to offsetting:

2014	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented	Financial instruments not set off in the balance sheet	Cash collateral pledged	Net amount
Commodity contracts NASDAQ	97 356	-	97 356	-	(2 730)	94 626
Foreign exchange forward contracts	99 522	-	99 522	-	-	99 522
Total	**196 878**	**-**	**196 878**	**-**	**(2 730)**	**194 148**

The following financial assets are subject to offsetting:

2013	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented	Financial instruments not set off in the balance sheet	Cash collateral pledged	Net amount
Foreign exchange forward contracts	1 254	-	1 254	-	-	1 254
Total	**1 254**	**-**	**1 254**	**-**	**-**	**1 254**

The following financial liabilities are subject to offsetting:

2013	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented	Financial instruments not set off in the balance sheet	Cash collateral pledged	Net amount
Commodity contracts NASDAQ	149 377	-	149 377	-	(2 856)	146 521
Foreign exchange forward contracts	110 231	-	110 231	-	-	110 231
Total	**259 608**	**-**	**259 608**	**-**	**(2 856)**	**256 752**

26 Financial risk and capital management

Introduction
Elkem is exposed to a variety of financial risks such as interest rate risk, currency risk, liquidity risk, credit risk and risks relating to prices of finished goods and raw materials.
The market risks affect the group's income or the value of financial instruments held. Elkem operates in an international and cyclical industry and all financial risks related to its operations are monitored and handled at Elkem centrally. Elkem has financial risk policies in place, approved by its Board of directors.

FINANCIAL RISK FACTORS

(a) Market risk

(i) Currency risk

Transaction risk - cash flow hedge
Elkem has sales revenue and operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in US Dollar and Euro. This is partly offset by purchase of raw materials denominated in the same currencies. Elkem has net positive cash flows in most currencies, but has a net cost position in some currencies, mainly Norwegian krone, Canadian dollar and Iceland krona.

Elkem's policy is to hedge foreign exchange risk against functional currency to even out fluctuations in result and cash flow. The target is to hedge net cash flows for 0-3 months on a 90 per cent hedging ratio. Net cash flow for 4-12 months shall be hedged on a rolling basis based on a 45 per cent hedging ratio target. The hedging ratio for 4-12 months may vary between 25 per cent and 75 per cent. In 2014, Elkem realised a loss of NOK 127 million from this hedging program (in 2013 a loss of NOK 86.1 million). In Q4 2014, a mandate was given from the board to increase the hedging horizon for EUR and USD up to 36 months. For 2015 the hedging ratio was set to 75 per cent, 2016 25 per cent and 2017 15 per cent. Elkem uses hedge accounting for all cash flow hedges over 3 months.

Foreign exchange – sensitivity analysis on financial instruments
Elkem is presenting its accounts in Norwegian krone but it has underlying assets and liabilities in various currencies. These effects are monitored and managed centrally.

In 2014 Elkem had a gain of NOK 1 million (in 2013 a loss of NOK 411 million) on foreign exchange recognised in financial items.

Sensitivity on profit and loss from financial instruments: The sensitivity related to financial instruments on Elkem's profit or loss is based on a strengthening / weakening of all currencies by 10 per cent against the Norwegian krone, which is the presentation currency for Elkem AS group. If the Norwegian krone is strengthened / weakened by 10 per cent against all other currencies, the isolated effect on financial instruments would have been an increased / reduced profit before tax of approximately NOK 521 million (NOK 411 million in 2013).

Sensitivity on balance sheet from financial instruments: The sensitivity related to financial instruments on Elkem's balance sheet is based on a weakening / strengthening of all currencies by 10 per cent against the Norwegian krone, which is the presentation currency for the Elkem AS group. If the Norwegian krone is strengthened / weakened by 10 per cent against all other currencies, the isolated effect on financial instruments would have given an increased / reduced equity of NOK 40 million (NOK 55 million in 2013). This effect does not include the effects from the sensitivity on profit or loss as calculated above.

(ii) Price risk

Elkem is exposed to fluctuations in market prices both in the investment portfolio and in the operating business related to individual contracts.

The investment portfolio is limited, see note 11 Joint Ventures and note 12 Interest in associated and other companies.

Raw materials
The business is exposed to changes in market price for raw materials and finished goods. The group seeks to minimise the exposure by entering into sales and purchase contracts with similar duration and volume.

Elkem's main production capacity is focused towards specialised products. These products require special types of raw materials that have fixed customer specifications. Therefore, Elkem has acquired several raw material sources and/or enters into medium to long-term contracts with raw material suppliers.

Power
Some of Elkem's purchase contracts are within the scope of IAS 39, and thus for financial reporting purposes treated as financial instruments. These financial instruments are measured in the balance sheet at fair value with value changes recognised through profit or loss. These contracts are either financial contracts for the purpose of hedging, or physical commodity contracts that are not for the purpose of own use.

Changes in fair value of commodity contracts reflect unrealised gains or losses and are calculated as the difference between market price and contract price, discounted to present value. Valuation techniques are used for available market information as much as possible. Techniques that reflect how the market could be expected to price instruments are used in non-observable markets.

Elkem's portfolio of commodity contracts consists mostly of physical energy contracts. Electric power is a key input factor for Elkem. Elkem's estimated future power exposure is therefore partly hedged by long-term power contract, in addition to several contracts in the medium-term. Optimisation of 24-hour, seasonal and capacity utilisation variations are solved through utilising financial and physical contracts that are traded bilaterally, or at Nasdaq OMX. The purpose of the hedging activities is to reduce volatility in the power cost and increase the predictability of the cost base. Fair value of commodity contracts is especially sensitive for future changes in energy prices.

The Statkraft power contract:
Elkem has a power contract (1.5 TWh/year) with Statkraft, which is physically delivered in NO_2. The deliveries under the contract started 1 January 2011 and ends 31 December 2020. Elkem pays a fixed power price specified for every year in the contract to Statkraft.

Restrictions: The power delivered under the contract must be used in industrial processes.

Estimated fair value of the contract at 31 December 2014 was negative of NOK 259 million based on market prices (NOK 79 million in 2013).

The '30-øringen' power contract:
Elkem has a power contract (501 GWh/year) which is delivered in NO_2, but the power is physically delivered in NO_5. The contracts last until 31 December 2030. For the last 10 years of the contracts, the price is fixed based on the average spot price for the preceding 5 years adjusted for inflation.

For the years before 31 December 2020, the price under the contracts is fixed except if the spot price at the relevant grid points exceed a certain threshold, in which case the price equals the spot price. The fixed price and the threshold price are based on one start date and adjusted with inflation for every year thereafter. The fixed price and the relevant spot prices for the two contracts are slightly different, but this difference is so minor that in the net present value calculation the two contracts are being treated as one.

Restrictions: The contracts can only be used by plants owned by Elkem AS.

Estimated fair value of the contracts at 31 December 2014 was NOK + 39 million (in 2013 the contracts were valued at NOK + 35 million).

Valuation of the power contracts
The valuation technique used for valuing the power contracts is described in note 25 Financial instruments.

Sensitivity analysis - power contracts
Sensitivity on the Statkraft and 30-øre contracts is as follows (figures in million NOK):

30-øre contract		Fair value 31.12.2014	Adjusted NPV
WACC (used 9.50%)	change to 6.5%	38	63
WACC (used 9.50%)	change to 12%	38	24
CPI	change to 2%	38	52
CPI	change to 3%	38	24
Power price	decrease -10%	38	30
Power price	increase + 10%	38	47

Statkraft contract		Fair value 31.12.2014	Adjusted NPV
Power price	decrease -10%	(259)	(483)
Power price	increase +10%	(259)	(35)
WACC (used 1.85%)	change to 0%	(259)	(274)
WACC (used 1.85%)	change to 5%	(259)	(236)

(iii) Interest rate risks
Elkem is exposed to fluctuating interest-rates. Currently this exposure is related to interest-bearing assets where the return will depend on the interest level. Elkem has low interest-bearing debt after conversion of shareholder loan to equity in 2013, and equity injection in 2014. For any new debt obligation Elkem would implement a floating interest rate policy. Industry conditions are cyclical and prices and sales volumes for Elkem's products tend to correlate with general economic conditions. During an economic downturn sales prices and volumes are expected to go down, while prices and volumes tend to go up during an economic upturn. Interest rates have historically shown a similar pattern. Therefore, a floating interest rate policy is seen as appropriate from a financial risk perspective. Consequently, with floating interest rates the group will normally be in a position to benefit from lower interest rates in an economic downturn. A floating rate policy will however leave the group exposed to increased future interest rates.

As of 31 December 2014, the Elkem group has the following interest bearing assets and liabilities:

	Floating	Fixed	Total
Interest-bearing liabilities	80 945	-	80 945
Interest-bearing assets	2 360 178	-	2 360 178
Net exposure	**(2 279 233)**	**-**	**(2 279 233)**

The interest bearing assets include a receivable on Elkem Solar of NOK 1,651 million with a interest rate of 4.1 per cent.

(b) Counterparty credit risk
Credit risk is the risk of financial losses to the group if customer or counterparty fail to meet contractual obligations.
For the Elkem AS group this arises mainly to trade receivables and financial trading counterparties.

Trade receivables are generally secured by credit insurance from a reputable credit insurance company. Credit limits for each customer and overdue receivables are monitored at the Elkem AS group level. For customers where credit insurance cannot be obtained, other methods are generally used to secure the sales proceeds, such as prepayment, letter of credit, documentary credit or guarantees. In particular, when selling in countries with high political risk, or to remote customers, trade finance products are used to reduce the credit risk. More than 85 per cent of Elkem's turnover is covered by credit insurance, trade finance or prepayments. Elkem group realised credit losses of NOK 6.1 million in 2014 (NOK 6.6 million in 2013). The maximum exposure to credit risk for the group is NOK 1,275 million per 31 December 2014 (NOK 1,062 million per 31 December 2013).

Evaluation of financial counterparties is based on external credit ratings from Moody's and/or Standard and Poor's. The policy is that financial counterparties should have a rating equal to, or higher than, A- (or the equivalent) from the rating agencies. Elkem group has not had any losses in 2014 or 2013 related to financial counterparties.

(c) Liquidity risk
Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. Elkem is exposed to liquidity risk related to its operations and financing.

Elkem's cash flow will fluctuate due to economic conditions and financial performance. In order to assess its future operational liquidity risk short-term and long-term cash flow forecasts are provided. The short-term forecast is updated each week and the long-term cash flow projection is updated each quarter.

In order to mitigate the operational liquidity risk, Elkem has cash and revolving credit facilities with banks. As of 31 December 2014 Elkem has unrestricted cash of NOK 546 million (in 2013 NOK 665 million). In addition, revolving credit facilities amount to NOK 1,746 million (in 2013 NOK 1,395 million), of which NOK 1,689 million is undrawn (in 2013 NOK 875 million).

The policy is to have available credit facilities amounting to 10-20 per cent of annual turnover. In addition, the policy is to have an average maturity of the credit facilities of 12-24 months. The credit facilities contain a financial covenant that the equity ratio of Elkem shall at all times be higher than 30 per cent. As of 31 December 2014 Elkem's equity ratio was 79 per cent (66 per cent in 2013). The maturity profile of the credit facilities at Elkem level is shown in the table below.

Year / maturity	2015	2016	Total
Total amount of credit facilities	1 746	-	1 746

The board of Elkem AS have approved a dividend of NOK 750 million to be paid during the next twelve months. The dividend will be financed through cash and credit facilities.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2014	Less than 6 months	6 month and 1 year	Between 1 and 2 years	Between 1 and 5 years	Over 5 years
Interest-bearing debt	60 897	846	3 442	2 697	2 578
Financial lease	2 341	2 341	3 915	1 889	-
Accounts payable	831 317	-	-	-	-

At 31 December 2013	Less than 6 months	6 month and 1 year	Between 1 and 2 years	Between 1 and 5 years	Over 5 years
Interest-bearing debt	479	564 728	2 531	1 889	2 077
Financial lease	2 462	2 462	7 435	5 998	-
Accounts payable	678 185	-	-	-	-

A total overview of Elkem's debt portfolio and instalment profile is presented in note 21.

CAPITAL MANAGEMENT
As of 31 December 2014, Elkem is mainly financed with equity from China National Bluestar. Bluestar's objective is to maximise the overall return for the shareholder and to provide adequate financial flexibility for the group. It is the intention of Bluestar to make sure that Elkem is able to meet its external financial obligations at all times. Bluestar may, through its group companies, amend Elkem's capital structure and/or adjust dividend and interest-rate conditions in order to safeguard this goal.

Elkem's policy is to have an equity ratio for the group which exceeds 40 per cent. As of 31 December 2014 the group equity ratio was 79 per cent. Elkem is managing its financing and liquidity position to reduce liquidity risk and to ensure that the company can meet its financial obligations at all times.

27 Related party transactions

100 per cent of shares in Elkem AS group are held by Bluestar Elkem International Co., Limited S.A. (see also note 19). Balances and transactions between Elkem AS and subsidiaries have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

2014	Trade sales	Trade purchases	Services	Interest expenses	Interest income
Bluestar Elkem International Co., Ltd. S.A.	-	-	134	-	-
Joint arrangements and associates	97 374	(197 480)	39 339	-	60 735
Other related parties within China National Bluestar group	330 944	-	3 163	(9 644)	-
Total	**428 318**	**(197 480)**	**42 636**	**(9 644)**	**60 735**

2013	Trade sales	Trade purchases	Services	Interest expenses	Interest income
Bluestar Elkem International Co., Ltd. S.A.	-	-	20 638	(87 486)	-
Joint arrangements and associates	235	(64 873)	-	-	-
Other related parties within China National Bluestar group	262 496	(10 182)	3 356	(62 676)	-
Total	**262 731**	**(75 055)**	**23 994**	**(150 162)**	**-**

Loans from/to related parties	31.12.2014	31.12.2013
Financing from China National Bluestar (group) Co. Ltd[1]	-	(1 436 213)
Accrued interest loan from China National Bluestar (group) Co.Ltd[1]	-	(1 613)
Loan to joint arrangements	1 718 129	-
Receivables from Bluestar Elkem International Co., Ltd. S.A.	154	312
Receivables from Bluestar Elkem Investment Co., Ltd	-	-
Payables to joint arrangements and associates	(23 650)	(1 926)
Receivables from joint arrangements and associates	17 469	7 494
Payables to other related parties within China National Bluestar group	(30 052)	(15 792)
Receivables from other related parties within China National Bluestar group	109 621	64 201

1) Loans from parent company to company classified as held for sale

Information about transactions between related parties outside the Elkem AS group

The main transactions between Elkem AS group and parties outside Elkem AS group are:

- Sale of management and technology services to Elkem Solar AS
- Power supply and sale of raw materials to Elkem Solar AS
- Purchase of short and deep sea transport from North Sea Containerline AS and Elkem Chartering AS
- Purchase of warehousing for Combined Cargo Warehousing BV
- Sale of silicone to Bluestar Silicones France SAS

Elkem AS group also has long term receivables from the joint ventures. The main loans are given to:

- Elkem Solar AS
- Igazú Alloys S.A.

The sale and purchase from related parties outside the Elkem AS group are made on terms equivalent to those that prevail in arm's length transactions. Prices are set upon negotiation between the parties.

Outstanding balances at year-end are unsecured and the short term receivables and payables are interest free, with exception of the short term loans. The long term loans are interest bearing and the interests are calculated based on interbank rates (for example LIBOR and EURIBOR) plus a margin.

Commitments with related parties
For the joint venture in Uruguay, Igazú Alloys S.A., Elkem AS group has, together with the other investor, obligations to finance the development of the foundry plant, that is under construction. In 2014 Elkem AS group therefore has given a long-term loan of NOK 58 million as at 31 December 2014. Of this USD 7,000 thousand is committed to be converted to equity in 2015.

Transactions with key management personnel
Information on transactions with key management personnel is included in note 3.

Information about eliminated transactions between related parties within the Elkem AS group
The Elkem AS group follows internationally accepted principles for transactions between related parties within the group. In general, the Elkem AS group seeks to use transaction based methods (comparable uncontrolled price, cost plus and resale price method) in order to set the price for the transaction.

The majority of the transactions between related parties relates to products involving:

- Raw materials (quartz) from quarries to plants
- Electrode paste from carbon plants to ferrosilicon and silicon plants
- Surplus raw materials between plants
- Ad-hoc supplies of finished goods to Elkem's internal distributors

The Elkem AS group's set-up for sales is based on an agent structure, rather than a distribution network. Elkem AS group is also sourcing companies that purchase key raw materials and other supplies from selected suppliers world-wide. In both activities above, the transaction between the related parties is a delivered service, either sales-service or sourcing-service.

In addition there are a few group loans. The group loans are normally interest bearing and interest is calculated based on interbank rates (for example NIBOR) and a margin.

28 Government grants

The Elkem AS group has received the following grants:	2014	2013
Funding from Norwegian research-fund (NFR)	17 569	13 303
CO_2 Compensation from Norwegian Environment Agency	22 414	26 070
Enova	23 219	1 173
NHO NO_X fund	13 786	54 000
Other grants	4 568	2 190
Total grants received	**81 556**	**96 736**

Of total grants received in 2014, NOK 39,978 thousand (in 2013 NOK 32,748 thousand) is included in other operating income, NOK 15,291 thousand (in 2013 NOK 11,143 thousand) as a deduction in other operating expenses and NOK 26,978 thousand (in 2013 NOK 54,773 thousand) as a deduction of the carrying amount of construction in progress.

In 2014, the group received grants totalling NOK 81,556 thousand. In total NOK 55,269 thousand is included in the profit and loss as other operating income or operating cost deduction with NOK 40,669 thousand and NOK 14,600 thousand respectively.

29 Events after the balance sheet day

On 18 March 2015, the general meeting of Elkem AS approved a dividend to be paid to its shareholder of NOK 750 million. The dividend is distributed from the other paid in capital.

30 Non-current assets held for sale and discontinued operations

The assets and liabilities related to Elkem Solar AS are classified as held for sale 31 December 2013 based on the Board of Directors in Elkem AS' decision in November 2013, to enter into an investment agreement with a subsequent share issue of the company, reducing the group's ownership from 100 per cent to 50 per cent. The completion date for the transaction was 7 March 2014.

After the reduced ownership to 50 per cent, the investment is recorded according to the equity method. In 2014, from March 2014, 50 per cent of the profit after tax a loss of NOK 303,735 thousand is included as income from associates and joint ventures in the income statement. See note 11 for more information.

	1.1-28.02.2014	2013
Operating cash flows	(37 432)	(175 533)
Investing cash flows	(1 151)	(28 392)
Financing cash flows	-	-
Total cash flows	**(38 583)**	**(203 924)**

The cash flow for the period January and February 2014 is fully consolidated and included in the statement of cash flows. Cash at NOK 302,162 thousand was deconsolidated due to the change in ownership.

(a) Assets of disposal group classified as held for sale

	2014	2013
Property, plant and equipment	-	3 707 774
Other intangible assets	-	95 309
Interest in associated and other companies	-	190
Other non-current assets	-	22
Inventories	-	210 327
Accounts receivables	-	17 321
Other current assets	-	10 754
Total assets held for sale	**-**	**4 041 698**

(b) Liability of disposal group classified as held for sale

	2014	2013
Non-current interest-bearing liabilities	-	1 436 213
Pension liabilities	-	3 129
Accounts payables	-	19 627
Income tax payables	-	28 000
Other current liabilities	-	40 189
Total liability held for sale	**-**	**1 527 158**

Excerpt of the income statement for discontinued operations is as follows:

	1.1-28.02.2014	2013
Revenue (external)	27 603	90 622
Operating expenses (external)	(122 278)	(575 959)
Operating profit	(94 675)	(485 337)
Finance expenses (external)	10 976	(3 253)
Profit before tax of discontinued operations	(83 699)	(488 589)
Tax	-	11 044
Profit after tax of discontinued operations	**(83 699)**	**(477 545)**
Pre-tax gain / (loss) recognised on the re-measurement of assets of disposal group	163 880	-
Tax	-	-
After tax gain / (loss) recognised on the re-measurement of assets of disposal group	163 880	-
Profit for the year from discontinued operations	**80 181**	**(477 545)**

31 Changes in accounting policies and estimates

New and amended standards adopted by the group in 2014 are IFRS 10, IFRS 11 and IFRS 12. They are applied for the first time for the financial year beginning 1 January 2014. IFRS 12 Disclosure of interest in other entities is a consolidated disclosure standard and the effect is included in the disclosures. IFRS 10 and other IFRSs and IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2014 do not have material effect on the group financial statements.

Changes in classification
Elkem group has in 2014 made an adjustment of the classification of restricted cash. Restricted cash that does not meet the group's updated definition of cash and cash equivalents is presented either as other non-current assets or as other current assets. Comparable figures are restated.

The tables below summarises the effects of changes in accounting standards and change in classification on the comparable figures for 2013.

Income statement	2013 Financial statement	Restricted deposit	IFRS 11	2013 Restated
Total operating income	7 929 976	-	(141 252)	7 788 724
Total operating expences	(7 641 868)	-	128 219	(7 513 649)
Other gains and losses	145 429	-	(2 883)	142 546
Operating profit	**433 537**	**-**	**(15 916)**	**417 621**
Finance expences net	(569 381)	-	(298)	(569 679)
Income from associates and joint ventures	4 241	-	15 313	19 554
Income tax	(18 792)	-	901	(17 891)
Profit for the year from discontinued operations	(477 545)	-	-	(477 545)
Profit for the year	**627 940)**	**-**	**-**	**(627 940)**
Fair value adjustment to hedged items	(563 231)	-	-	(563 231)
Tax effects on hedged items	151 398	-	-	151 398
Other items included in other comprehensive income	95 122	-	-	95 122
Total comprehensive income	**(944 651)**	**-**	**-**	**(944 651)**

Balance sheet 31.12	2013 Financial statement	Restricted deposit	IFRS 11	2013 Restated
Property, plant and equipment	3 101 763	-	(1 000)	3 100 763
Goodwill	136 137	-	-	136 137
Other intangible assets	121 803	-	-	121 803
Deferred tax assets	338 046	-	(42)	338 004
Investement in joint ventures	-	-	52 905	52 905
Interest in associated and other companies	28 250	-	-	28 250
Derivatives, non-current	40 727	-	-	40 727
Other non-current assets	53 384	59 266	-	112 650
Inventories	1 715 245	-	-	1 715 245
Accounts receivable	1 080 535	-	(13 538)	1 066 997
Other current assets	292 445	4 791	(13 049)	284 187
Derivatives, current	1 254	-	-	1 254
Cash and cash equivalents	728 703	(64 057)	(37 167)	627 479
Assets classified as held-for-sale	4 041 698	-	-	4 041 698
Total assets	**11 679 989**	**-**	**(11 891)**	**11 668 098**

Total equity	7 697 399	-	-	7 697 399
Non-current interest-bearing liabilities	19 930	-	(1 193)	18 737
Deferred tax liabilities	35 073	-	-	35 073
Pension liabilities	167 940	-	-	167 940
Derivatives, non-current	133 580	-	-	133 580
Provisions and other non-current liabilities	142 724	-	-	142 724
Accounts payable	678 185	-	(4 827)	673 358
Income tax payables	38 590	-	(879)	37 711
Interest-bearing current liabilities	570 130	-	-	570 130
Derivatives, current	215 876	-	-	215 876
Other current liabilities	453 404	-	(4 991)	448 413
Liability classified as held-for-sale	1 527 158	-	-	1 527 158
Total equity and liabilities	**11 679 989**	**-**	**(11 890)**	**11 668 099**

Cash Flow	2013 Financial statement	Restricted deposit	IFRS 11	2013 Restated
Cash flow from operating activities	534 746	(1 389)	(13 699)	519 658
Cash flow from investing activities	(620 397)	-	6 225	(614 172)

Financial statement Elkem AS

Income statement – Elkem AS

1 January - 31 December	Note	2014	2013
Amounts in NOK 1000			
Revenue		6 450 525	5 243 523
Other operating income		72 496	49 411
Total operating income	2	**6 523 021**	**5 292 934**
Cost of raw materials and other input factors		(3 864 619)	(3 290 473)
Salaries and related expenses	3, 4	(835 590)	(810 497)
Amortisation, depreciation and impairment losses	10	264 571	(192 920)
Currency gains/losses related to operating activities	7	(84 443)	(135 504)
Other operating expenses	5, 6	(1 317 040)	(1 165 436)
Total operating costs		**(5 837 121)**	**(5 594 830)**
Operating profit		**685 900**	**(301 896)**
Income from subsidiaries	11	213 414	83 887
Income from joint ventures	12	(303 735)	0
Write down on shares in subsidiaries	1, 11	4 000	(952 539)
Net loss from investments in subsidiaries	11	(86 321)	(868 652)
Finance income / (expenses)	8	62 231	(458 141)
Profit before income tax		**661 810**	**(1 628 689)**
Tax income / (expenses)	9	(230 311)	181 950
Profit for the year		**431 499**	**(1 446 739)**

Balance sheet – Elkem AS

Amounts in NOK 1000	Note	31.12.2014	31.12.2013
ASSETS			
Property, plant and equipment	10	1 683 756	1 720 375
Intangible assets	10	609 207	94 426
Deferred tax assets	9	83 650	125 840
Investments in subsidiaries	11	1 170 030	2 592 069
Investments in joint ventures		886 737	0
Investments in associates and other companies	13	15 811	3 504
Other non-current assets	14	1 713 672	1 665 059
Total non-current assets		**6 162 863**	**6 201 273**
Inventories	15	1 247 440	988 080
Accounts receivables	16	919 933	790 681
Other current assets	17	493 774	298 562
Derivatives	25	15 391	2 691
Cash and cash equivalents	18	99 293	92 867
Total current assets		**2 775 831**	**2 172 881**
TOTAL ASSETS		**8 938 694**	**8 374 154**
EQUITY AND LIABILITIES			
Paid-in capital		5 305 203	5 503 413
Retained earnings		380 518	(13 109)
Total equity	19	**5 685 721**	**5 490 304**
Non-current interest-bearing liabilities	21	89 701	56 521
Pension liabilities	4	65 559	67 850
Derivatives	25	55 343	0
Provisions and other non-current liabilities	23	27 658	10 616
Total non-current liabilities		**238 261**	**134 987**
Accounts payable		618 929	664 887
Current interest-bearing liabilities	21	1 231 648	1 664 449
Derivatives	25	152 418	112 352
Dividend		750 000	0
Other current liabilities	24	261 717	307 175
Total current liabilities		**3 014 712**	**2 748 863**
TOTAL EQUITY AND LIABILITIES		**8 938 694**	**8 374 154**

Oslo, 20 April 2015

Xiaobao Lu
Chairman of the board

Einar Støfringshaug

Espen Sortevik

Yougen Ge

Olivier de Clermont-Tonnerre

Sverre S. Tysland

Helge Aasen
CEO

Cash flow statement – Elkem AS

1 January - 31 December	Note	2014	2013
Amounts in NOK 1000			
Operating profit		685 900	(301 896)
Unrealised effects of currency gains / losses from currency contracts	7	(37 898)	119 245
Amortisation, depreciation and impairment changes	10	(264 571)	192 920
Changes in net working capital		(195 684)	70 225
Interest payments received		107 514	27 825
Interest payments made		(50 238)	(81 181)
Income taxes paid		357	(2 540)
Cash flow from operating activities		**245 381**	**24 598**
Investments in property, plant and equipment and intangible assets	10	(198 436)	(404 345)
Sale of property, plant and equipment	10	14 868	647
Cash effect from merged companies	28	7 972	25 937
Acquisition of subsidiary and associated companies		(20 668)	0
Increase / decrease in loans to joint ventures		60 000	0
Increase / decrease in loans to subsidiaries		(190 504)	132 903
Dividend		46 141	145 255
Cash flow from investing activities		**(280 627)**	**(99 603)**
New equity	19	551 790	0
New loans raised		288 938	224 728
Repayment of loans		(799 381)	(94 653)
Cash flow from financing activities		**41 347**	**130 075**
Change in cash and cash equivalents		**6 101**	**55 070**
Currency exchange differences		325	170
Net change in cash and cash equivalents		**6 426**	**55 240**
Cash and cash equivalents Opening balance	18	**92 867**	**37 627**
Cash and cash equivalents Closing balance	18	**99 293**	**92 867**

General information

Elkem AS is a company located in Norway, producing Silicon Metal, FerroSilicon and Microsilica. The company is fully owned by Bluestar Elkem International Co. Ltd. S.A., Luxembourg.

In 2014, Elkem AS merged with two of its subsidiaries; Elkem Tana AS and Elkem Power AS. For more details about the effect on the financial statement please refer to note 28.

Significant accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.
The accounts are prepared on the basis of a going concern assumption.

Changes in accounting policies

Changes in accounting policies are recognised directly in the equity, and the opening balance is adjusted as if the new accounting policy had always been applied. Last year's figures are changed correspondingly, for comparative purposes.

Accounting estimates

In the event of uncertainty, the best estimate is applied, based on the information available when the annual accounts are prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. See note 1 for further information.

Foreign currency translation

Elkem AS' functional currency is Norwegian Kroner (NOK).
Transactions in currencies other than the entity's functional currency are translated using the transaction date's currency rate, if the transaction is not a part of a hedging relationship. If the transaction is hedged, the currency rate of the hedging instrument is used. Monetary items in foreign currencies are presented at the exchange rate applicable on the balance sheet date. Currency gains / losses related to operating activities, i.e. receivables, payables, bank accounts for operating purposes, are classified as a part of Operating Profit. As a result of this, currency effects included in Finance income and expenses are only related to loans and dividends.

Revenue recognition

Sales revenue are presented net of VAT and discounts. Revenue from goods sold are recognised when the significant risk and reward of the ownership of the goods are transferred to the buyer, according to the actual delivery term for each sale. Revenue and sales expenses, related to the same transaction, are recognised in the same period.

Income from insurance settlements are recognised in the profit and loss when there is reasonable assurance Elkem AS will receive the compensation. Interest income is recognised on accrual basis. Dividend is recognised when a shareholder's right to receive dividend is resolved by the shareholders' meeting.

Investment in subsidiaries, associates and jointly controlled entities

Subisidiaries are companies in which Elkem AS has controlling interests, normally obtained when Elkem AS owns more than 50 per cent of the shares.

Associates are those entities in which Elkem AS has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when Elkem AS holds between 20 per cent and 50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities Elkem AS has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Subsidiaries
Interests in subsidiaries are recognised at cost less any write-down for impairment. An impairment loss is recognised if the impairment is considered not to be temporary.

Associates
Investments in associates are accounted for using the equity method and are recognised initially at cost. Elkem AS' share of the associates' profit and loss are included in Elkem's Financial Statement and presented on a single line in the Income Statement and Balance Sheet.

Joint ventures
Elkem AS' interests in jointly controlled entities, which operates within Elkem AS business areas (Silicon Metal, FerroSilicon and Microsilica), are accounted for by proportionate consolidation. Elkem AS combines its share of the Joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the financial statements. Elkem AS' interests in joint controlled entities, which do not operates within Elkem AS business areas, are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Intangible assets

Intangible assets are stated in the financial statement at cost less subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets with a finite useful life are amortised, using the straight-line method. The estimated useful lives and amortisation method are reviewed at the end of each reporting period.

An intangible asset is derecognised on disposal, or when no future economic benefits from its use are expected to be derived. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from an internal development project is recognised if the company can demonstrate technical feasibility in completing the intangible asset, has intention to complete it, ability to use it, can demonstrate that it will generate probable future economic benefits and the cost can be reliably measured.

Property, plant and equipment

Property, plant and equipment are presented at cost, less accumulated depreciations and any accumulated impairment losses Construction in progress are carried at cost, less any recognised impairment loss. Such assets are classified to the appropriate class of property, plant and equipment when completed and ready for its intended use. Significant parts of an item of property, plant and equipment which have different useful lives, are accounted for as separate items. Depreciation commences when the assets are ready for their intended use.

Initial costs include expenditures that are directly attributable to the acquisition of the asset. Self-constructed assets include cost of materials and direct labor, any other costs directly attributable to bringing the assets to working condition for their intended use, including estimated dismantling or removing charges if applicable, and capitalised borrowing costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when future benefits are probable and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. Major periodic maintenance that is carried out less frequently than every year is capitalised and depreciated over the period until the next periodic maintenance is performed. All other repairs and maintenance are charged to the income statement when incurred. Depreciation is recognised using the straight-line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the income statement.

Impairment of tangible and intangible assets

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the individual asset is estimated in order to determine the extent of the impairment loss/write-down. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the lowest possible cash generating unit, to which the asset belongs, is estimated. The recoverable amount is the higher of fair value less costs to sell, or its value in use. Value in use is the present value of the future cash flows expected to be derived from use of the cash generating unit, after taking into account all other relevant information. If an impairment loss for assets other than goodwill is recognised in a previous period, the entity assesses whether there are indications that the impairment may have decreased or no longer exists. If so, the impairment loss/write-down is reversed, based on an updated estimate of the recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset.

Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the financial statements as a finance lease obligation. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the obligation.

Non-derivative financial assets and liabilities

Purchases and sales of financial assets are recognised at the date of transaction on which Elkem AS is committed to the purchase or sale of the asset.

At initial recognition, the financial assets are carried in the balance sheet at fair value plus any transaction costs directly attributable to the acquisition or issue of the asset. Financial assets are derecognised once the right to future cash flows have expired or when substantially all risks and rewards related to control of the assets are transferred to a third party.

Financial assets with a maturity exceeding one year are classified as non-current financial assets. Short term investments that do not meet the definitions of a cash equivalent and financial assets with a maturity of less than one year are classified as current financial assets. Non-current financial assets are recognised and subsequently measured at cost less any impairment loss, if the impairment is assessed not to be temporary.

Financial assets classified as held for trading are assets that have been acquired for the purpose of selling in the near term. These assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a regulated market. They are recognised at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. An impairment loss is recognised when the carrying amount exceeds the estimated recoverable amount.

The category includes operating receivables, deposits, guarantees and loans. These assets are classified in the balance sheet as non-current assets or other current assets, if the repayment schedule is less than one year.

Trade and other receivables

Trade and other receivables are recognised at nominal value less provisions for doubtful accounts.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short term fluctuations in liquidity, rather than for investment purposes. Cash and cash equivalents comprise cash fund and short term deposits. Bank overdrafts are shown within current interest bearing liabilities in the balance sheet.

Elkem AS' deposits and drawings within the Group Bank Accounts are netted by offsetting deposits against withdrawals. The subsidiaries' deposits and drawings are classified as current assets/ liabilities.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date into which derivative contracts are entered, and are subsequently remeasured to their fair value at the end of the reporting period, except contracts for the entity's own use. The resulting gain or loss is recognised in the income statement immediately, unless the derivative is designated and is effective as a hedging instrument. If the derivative is designated as a hedging instrument, timing of recognition in the income statement depends on the nature of the hedging relationship.

Contracts for the entity's own use are contracts which are entered into and continue to be held for the purpose of the receipt of a non-financial item according to the group's usage requirements. This is related to purchase of power for use in the plant's production processes.

Hedge accounting

Elkem AS may designate certain derivatives as hedging instruments for fair value hedges and cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges, are recognised in profit or loss immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognised in the equity and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains / losses recognised in the equity are reclassified into Profit or Loss in the same period(s) as the hedged assets / liabilities.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

Inventories are recognised at the lowest of cost and net realisable value. The cost of inventory comprises of the costs incurred in bringing the goods to their current condition and location, such as raw materials, energy for smelting, direct labor, other direct costs and production overhead costs based on normal capacity. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and variable selling expenses.

Taxation

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Current tax payable includes any adjustment to tax payable in respect of previous years. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. Income tax relating to items recognised directly in equity is recognised in equity, not in the income statement.

Uncertain tax positions are included when it is probable that the tax position will be sustained in a tax review, and provisions are made relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed when the disputed tax position is settled in favor of the entity and can no longer be appealed.

Deferred tax

Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the financial statements, including tax losses carried forward. Deferred tax relating to items outside profit or loss is recognised outside profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other profit and loss or directly in equity.
If the temporary difference arises from the initial recognition of goodwill, the deferred tax assets and liabilities are not recognised.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rate at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

Employee benefits

Defined contribution plans

Defined contribution plans comprise arrangements whereby the company makes monthly contributions to the employees' pension plans, and where the future pensions are determined by the amount of the contributions and the return on the pension plan asset. The company's contribution constitutes from 4 per cent to 8 per cent of the basic salary between 1 and 12G (G stands for the Norwegian Public Pension Base Rate, which is adjusted annually. In 2014 1G was equal to NOK 88.4 thousand). A separate contribution plan is established for salaries above 12G. Payments related to the contribution plans are expensed as incurred, as a part of Salary and other employee remunerations.

Defined benefit plans

Defined benefit plans are recognised at present value of future liabilities considered retained at the end of the reporting period. Plan assets are recorded at fair value. Changes in benefit liabilities due to changes in benefit plans, are expensed when the plan amendment occurs. Actuarial gains / losses due to changes in financial and actuarial assumptions are recognised directly in the equity. Net pension benefit costs are classified as part of Salary and other employee remunerations. Net interest on pension liabilities/assets are presented as a part of Finance expenses.

Provisions
A provision is recognised when a present obligation exists and it is probable that an outflow of resources is required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the obligation, taking into account the risks and uncertainties surrounding the obligation, known at the end of the reporting period. Provisions are measured at present value, unless the timevalue is assessed to be immaterial.

Government grants
Government grants are recognised when there is reasonable assurance that Elkem AS will comply with the conditions attaching them, and that the grants will be received. Government grants are recognised in the income statement over the periods necessary to match them with the cost they are intended to compensate.

Contingent assets and liabilities
Contingent assets are not recognised, but presented in the notes if probable. Contingent liabilities are liabilities that are not recognised because they are possible obligations that have not yet been confirmed, or they are present obligations where an outflow of resources are not probable. Any significant contingent liabilities are disclosed in the notes.

Events after the reporting period
Events after the reporting period related to Elkem AS' financial position at the end of the reporting period, are considered in the financial statement. Events after the reporting period that have no effect on the Company's financial position at the end of the reporting period, but will have effect on future financial position, are disclosed if the future effect is material.

Notes for financial statement – Elkem AS

Amounts in NOK 1000

1 Accounting estimates

In the event of uncertainty, the best estimate is applied, based on the information available when the annual accounts are prepared.

The most significant accounting estimates in the figures as of 31 December 2014 are shares in Elkem AS' joint venture investment Elkem Solar Holding S.á.r.l., with a book value of NOK 886,337 thousand. The investment is recorded using the equity method and the original cost price is NOK 1,194,000 thousand.

On 7 March 2014 the ownership in Elkem Solar Holding S.a.r.l (Elkem Solar) were reduced from 100 per cent to 50 per cent after a share issue of the company. The USD 200 transactions value equals the carrying value of the net assets of Elkem Solar as at year end 2013.

As of 31 December 2014, the Elkem AS has a receivable on Elkem Solar of NOK 1,651 million and a shares in the joint venture of NOK 887 million, in total an exposure of NOK 2,538 million.

Elkem Solar assets have been tested for impairment as of 31 December 2014 by the management of Elkem Solar. The recoverable amount is estimated based on fair value less the cost of disposal.

Elkem Solar's assets consist primarily of fixed assets with NOK 3,450 million, intangible assets with NOK 85 million and operating materials and spare parts with NOK 100 million, total NOK 3,635 million. Book value of these assets is assessed in relation to its recoverable amount. Other inventories and current assets are assessed separately. Recoverable amount is calculated according to the methodology fair value less costs of disposal. Fair value is estimated by discounting expected future cash flows at WACC (Weighted Average Cost of Capital). The estimated discounted cash flow is estimated to be higher than book values of the assets and therefore made no impairment per 31 December 2014.

Calculation of recoverable amount is based on the following assumptions:
Elkem Solar's production is capital intensive and the equipment has a long technical lifetime that is comparable with other Elkem plants. Re-investment and maintenance are kept at a level where equipment standard is maintained. The present value of Elkem Solar is therefore based on a perpetual cash flow. Production and sales volumes are estimated at 7,500 mt per year from 2017. Polysilicon prices are expected to be in the range 20-28 USD / kg, where a price in the upper half of the range is required to defend the construction of new capacity. Based on this, Elkem Solar employed 24 USD / kg as long polysilicon price. Elkem Solar Silicon rate is estimated somewhat lower than polysilicon price since Elkem Solar has had to share some of the cost benefit of customers. The pre-tax rate (WACC) is calculated according to the CAPM (Capital Asset Pricing Model) to 10.9 per cent.

Sensitivity related to the estimated recoverable amount:
The recoverable amount of plant and equipment, intangible assets and operating materials and spare parts are considered, based on the assumptions above, cash flow is most sensitive to changes in sales prices, sales volume and exchange rates. A change of polysilicon price of 5 per cent would change the recoverable amount by NOK 0.7 billion, a change of sales volume by 5 per cent will change the recoverable amount by NOK 0.5 billion and a change of NOK / USD 0.5 will change in recoverable amount by NOK 0.7 billion. These changes in recoverable amount are within the range and will not require any write down.

2 Income

By type	2014	2013
Revenue from sale of goods	5 212 892	4 292 871
Revenue from sale of goods - group	1 021 537	717 498
Other operating revenue	119 876	87 122
Other operating revenue - group	96 220	146 031
Total revenue	6 450 525	5 243 523
Other operating income	72 496	49 411
Total operating income	**6 523 021**	**5 292 934**

Revenue by geographic market	2014	2013
Nordic Countries	904 381	480 909
Great Britain	367 088	317 334
Germany	1 395 204	1 202 991
France	152 740	117 405
Italy	196 719	135 411
Switzerland	9 973	8 090
Netherlands	65 616	83 932
Poland	191 020	128 800
Luxembourg	343 480	245 747
Other European countries	517 785	459 512
Africa	9 762	12 900
The Americas	243 684	184 819
China	2 416	3 292
Japan	325 420	357 767
South Korea	241 968	294 529
Other Asian countries	215 068	244 285
The rest of the world	30 567	15 148
Revenue from sale of goods	**5 212 892**	**4 292 871**

Other operating income consists of gains from sale of fixed assets, insurance settlements and government grants.

3 Payroll expenses and audit fee

	2014	2013
Wages/salaries	(706 298)	(687 189)
Social security tax	(88 805)	(80 785)
Pension expenses (see note 4)	(37 405)	(37 882)
Other employee related costs	(3 081)	(4 640)
Salary, wages and other compensation	**(835 590)**	**(810 497)**

In 2014 the number of full time employees in Elkem AS was 1052. In 2013 the number was 1025.

Salary, wages and other compensations above include the following compensations:

Compensation to members of the board	2014	2013
Payment to boardmembers in total	(465)	(465)

Senior staff compensation
Helge Aasen is the CEO of Elkem AS.

Salary and other compensations to CEO	2014	2013
Salary, including holiday pay	(3 591)	(3 247)
Bonus, including retention fee [1)]	(10 288)	(1 549)
Free car	(129)	(129)
Other compensation	(11)	(29)
Pension cost	(436)	(401)

1) A retention fee of NOK 8,024 thousand, equivalent to 36 months of base salary, was paid in Q2.

Retirement age for the CEO is 67 years. Pension from the age of 67 and other pensions regarding spouse, children and disability are paid in accordance with the general pension policy of the company. For salaries up to 12G, the pension provided by the company is according to a defined contribution plan. Pension for salaries above 12G will be paid according to the company's current guidelines through operations.

The CEO is also entitled to :
A yearly compensation in total equivalent to 50 per cent of the base salary.
A perfomance bonus equivalent to maximum 50 per cent of base salary, based on the company performance.

The following applies for the CEO upon termination by the company:
- Termination payment equal to 12 months salary is to be paid on the last working day.
- Severence payment equivalent to 18 months salary.

Senior staff options
Some members of Elkem management have continued holding options previously awarded by Orkla ASA.

Loans and guarantees to employees
There are no loans or guarantees to board members or the CEO.

Audit and other services	2014	2013
Audit fee	(3 764)	(4 018)
Other assurance services	(1 139)	(242)
Other Services	-	(12)
Audit fee, others	(630)	-
Total audit fees	**(5 533)**	**(4 272)**

Fees to auditors are reported exclusive of VAT.
Audit fee and Tax services, others' are expenses related to other audit companies than PWC. Compareable figures for 2013 have not been restated.

4 Retirement benefits

Defined contribution plan
Pension for employees in Elkem AS are mainly covered by pension plans that are classified as contribution plans.

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employees' pension plans, and where the future pension is determined by the amount of the contributions and the return on the individual pension plan assets.

Contribution plans also comprise pension plans that are common to several companies and where the pension premium is determined independently of the demographic profile in the individual companies (multiemployer plans).
The early retirement scheme, effective from 2011, 'ny AFP-ordning' is defined as a multi-employer plan and cost are accounted for based on annual premiums from 'Fellesordningen for AFP' (separate legal entity). The plan is accounted for as a defined contribution plan, as the plan's administrator has not been able to calculate the pension obligation for each entity participating in the plan.

All defined benefit plans are unfunded and relate to closed early retirement scheme ('gammel AFP-ordning'), a top hat on the closed early retirement scheme and pension on salary above 12G.

Net interest is calculated based on pension liability at the start of the period multiplied by the discount rate and are presented as a part of Financial expenses. Actuarial gains/losses for the defined benefit plans are recognized directly in equity.

The company's retirement schemes meet the minimum requirement in the Norwegian Act of Mandatory Occupational Pension.

Breakdown of net pension cost	2014	2013
Current service cost	(1 594)	(2 119)
Accrued employer's national insurance contribution	(703)	(754)
Net pension cost, defined benefit plan	**(2 297)**	**(2 872)**
Defined contribution plan	**(27 341)**	**(27 175)**
Early retirement scheme (AFP)	**(7 767)**	**(7 835)**
Total pension cost	**(37 405)**	**(37 882)**

Calculated pension obligation	2014	2013
Present value of pension obligation (PBO)	(65 559)	(67 850)
Fair value of plan assets	0	0
Net unfunded pension obligation	**(65 559)**	**(67 850)**
Active participants in pension scheme for salary above 12G	51	46
Participants in closed pension scheme for early retirement (AFP) / Top-hat early retirement	103	144

Summary of pension obligation and actuarial gain / losses:	2014	2013
Pension obligations	(65 559)	(67 850)
Changes in actuarial gains / (losses) in pension obligation recognised in Equity / Deferred tax	(1 452)	7 623
Additional merged companies	(43)	(4 185)
Total actuarial gains / (losses) recognised in Equity / Deferred tax as of 31 December	**(8 857)**	**(7 362)**

Economical assumptions	2014	2013
Discount rate (%)[1)]	2.25	3.40
Expected return on plan asset (%)	-	-
Expected rate of salary increase (%)	3.00	3.50
Change in public pension rate (G) (%)	3.00	3.50
Annual regulation of pensions paid (%)	0.50	0.50

1) The discount rate is based on high quality corporate bonds reflecting the timing of the benefit payments.

The company's chosen assumptions are in line with 'Guide to Pension Assumptions' published by The Norwegian Accounting Standard Board, January 2015.

5 Other operating expenses

	2014	2013
Travel expenses	(36 001)	(38 303)
Machinery, tools, fixtures and fittings	(240 147)	(228 757)
Repair and maintenance cost and other operating expenses	(111 177)	(116 666)
Other external costs (fees, transport, IT services, etc.)	(199 771)	(141 828)
Loss on accounts receivable	(527)	(1 965)
Other energy and fuel	(53 234)	(69 227)
Commission cost	(79 006)	(67 343)
External distribution cost	(452 670)	(338 343)
Rental/leasing expenses	(49 053)	(36 602)
Miscellaneous manufacturing, administration and selling expenses	(95 453)	(126 402)
Total other operating costs	**(1 317 040)**	**(1 165 436)**

In 2014, Elkem AS expensed NOK 86,544 thousand (NOK 60,026 thousand for 2013) related to research and development, which is included in the figures above.
Grants received from Norwegian Research Counsel relating to research and development amounts to NOK 17,569 thousand for 2014, of which NOK 12,011 thousand is included as a deduction in other operating expenses and NOK 5,558 thousand is included in other operating income.

6 Operating lease

2014	Machinery and plant	Land, buildings and other properties	Equipment, furniture, systems and vehicles	Total
Lease expenses 2014	(14 754)	(31 588)	(2 711)	(49 053)
Lease in accordance with contract due:				
Within one year	(2 081)	(13 849)	(974)	(16 903)
In the second to fifth year inclusive	(1 701)	(36 522)	(1 239)	(39 462)
Over five years	-	(40 625)	(298)	(40 923)

Most leasing agreements have an escalation clause, this is not included in the future lease cost in the table above.

2013	Machinery and plant	Land, buildings and other properties	Equipment, furniture, systems and vehicles	Total
Lease expenses 2013	(15 295)	(18 783)	(2 525)	(36 602)
Lease in accordance with contract due:				
Within one year	(636)	(8 929)	(331)	(9 896)
In the second to fifth year inclusive	-	(36 108)	-	(36 108)
Over five years	-	(49 648)	-	(49 648)

7 Currency gains / losses related to operating activities

	2014	2013
Currency gains / (losses) from forward contracts [1]	(87 310)	(145 941)
Ineffectiveness on cash flow hedges power	1 669	-
Other currency gains / (losses) operational	1 198	10 437
Currency gains / (losses) operational, net	**(84 443)**	**(135 504)**

1) See note 25 for more information about to forward contracts and power forward contracts.

8 Finance income and expenses

	2014	2013
Interest income[1]	61 346	1 845
Interest income - group[2]	27 482	125 807
Dividend	79	498
Other financial income	2 223	114
Total finance income	91 130	128 263
Interest expenses	(19 258)	(26 036)
Interest expenses - group[3]	(20 043)	(161 865)
Interest expenses net pension liabilities	(2 367)	(1 881)
Other financial expenses	(3 414)	(2 691)
Total finance expenses	(45 083)	(192 473)
Net foreign currency translation expenses[4]	16 185	(393 931)
Finance income / (expenses), net	**62 231**	**(458 141)**

1) The change in interest income from 2013 to 2014 is mainly related to changed ownership interest in Elkem Solar AS from 100% in 2013 to 50% as of March 2014.

2) The change in interest income - group from 2013 to 2014 is manly related to changed ownership interest in Elkem Solar AS and the merger between Elkem Power AS and Elkem AS (se note 28).

3) The change in interest expenses - group from 2013 to 2014 is manly related to the merger between Elkem Power AS and Elkem AS, and that Elkem AS no longer have a loan to the parent company.

4) Foreign exchange gain / loss in 2013 was mainly related to gain / loss from shareholder loans denominated in USD. In 2014 it is mainly related to gain / loss on bank loans and loan to group companies.

9 Taxes

Income tax recognised in profit or loss	2014	2013
Current tax expenses	(3 338)	(2 538)
Previous year tax adjustment	-	-
Tax effect group contribution	(13 872)	(16 885)
Deferred tax	(213 101)	201 373
Total tax (expenses) / income recognised in profit or loss	**(230 311)**	**181 950**

The table below show the reconciliation of accounting profit and tax (expense) income. Accounting profit is multiplied by the applicable tax rate.

	2014	2013
Profit before tax and group contribution	**610 433**	**(1 682 917)**
Group contribution from subsidiaries (financial income)	51 377	54 228
Profit before tax	**661 810**	**(1 628 689)**
Applicable tax rate Norway	27%	28%
Tax expense at applicable tax rate	(164 817)	471 217
Tax effect group contribution	(13 872)	(16 885)
Permanent differences		
Tax effect of income from Norwegian controlled foreign companies (NOKUS)	(6 818)	(5 158)
Ext. gain / loss on shares within the Tax Exemption Method	(9)	-
Dividend	43 148	8 315
Tax effects share of profit joint ventures	(82 008)	-
Impairment of shares / reversal of impairment	739	(266 711)
Tax effects other permanent differences	(1 358)	(920)
Other effects		
Previous year tax adjustment	(1 979)	(1 944)
Tax effect change in corporate tax rate [1]	-	(4 658)
Other current tax paid	(3 338)	(1 306)
Income tax for the year	**(230 311)**	**181 950**

1) Tax rate in Norway was changed from 28% to 27% with effect from 1 January 2014.

Effective tax rate	35%	11%

Deferred tax asset and deferred tax liability	31.12.2014	31.12.2013
Hedges recognised in equity	(26 672)	-
Property, plant, equipment and intangible asset	95 963	98 195
Pension fund	(12 426)	(10 828)
Other differences	(28 443)	(36 208)
Accounts receivable	(3)	(493)
Inventory	39 740	18 716
Provisions	(9 319)	(3 108)
Tax losses to carry forward	(142 490)	(192 113)
Deffered tax liabilities (assets)	**(83 650)**	**(125 840)**

Deferred taxes	31.12.2014	31.12.2013
Opening balance - net deferred tax asset (+) liabilities (-)	125 840	3 252
Charged to Profit and Loss	(226 973)	184 488
Ch. def. tax hedges charge to equity	(15 129)	1 266
Change due to merger	199 520	(60 667)
Other items charged to equity	393	(2 500)
Net deferred tax asset (+) liabilities (-)	**83 650**	**125 840**

The taxable loss carry forward can be indefinitely carried forward. Capitalised deferred tax assets are expected to be utilised based on expectations of future profit.

10 Property, plant and equipment and intangible assets

PROPERTY, PLANT AND EQUIPMENT

2014	Land and other property	Buildings	Machinery and plants	Equipment, furniture and transport-vehicles	Construction in progress	Total
Opening balance Net booked value 2014	**19 712**	**454 726**	**1 045 226**	**40 704**	**160 008**	**1 720 375**
Additions 2014	-	-	2 028	68	153 160	155 257
Additional merged companies	1 087	1 032	12 115	1 336	1 139	16 710
Disposals 2014	(913)	(259)	(1 652)	(270)	-	(3 094)
Transferred from CiP	5 627	43 332	110 949	14 699	(174 608)	0
Impairment losses 2014	-	-	(701)	(29)	-	(730)
Depreciation expenses 2014	(3 347)	(44 188)	(146 232)	(11 031)	-	(204 798)
Foreign currency exchange differences	-	(5)	28	14	-	37
Closing balance Net booked value 2014	**22 166**	**454 639**	**1 021 761**	**45 490**	**139 699**	**1 683 756**
Fixed assets under financial leasing included in Net booked value	24 313	-	-	54	-	24 367
Historical cost	59 782	1 142 782	3 094 156	131 894	139 699	4 568 314
Accumulated depreciation	(36 472)	(683 771)	(2 009 081)	(86 311)	-	(2 815 635)
Accumulated impairment losses	(1 144)	(4 371)	(63 315)	(93)	-	(68 922)
Closing balance Net booked value 2014	**22 166**	**454 639**	**1 021 761**	**45 490**	**139 699**	**1 683 756**
Estimated useful life	5-50 yrs	5-40 yrs	3-30 yrs	3-20 yrs		
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line		

Depreciations start when the asset is ready for use. Land is not depreciated.

2013	Land and other property	Buildings	Machinery and plants	Equipment, furniture and transport-vehicles	Construction in progress	Total
Opening balance Net booked value 2013	**16 311**	**243 304**	**511 150**	**25 445**	**153 689**	**949 897**
Additions 2013	2	2	1 164	527	362 348	364 042
Additional merged companies	6 811	180 884	349 985	28 297	34 556	600 533
Disposals 2013	(13)	-	-	-	(4 750)	(4 763)
Transferred from CiP	(1 340)	68 738	316 800	1 489	(385 834)	(147)
Impairment losses 2013	(44)	(2 026)	(226)	(182)	-	(2 478)
Depreciation expenses 2013	(2 014)	(36 175)	(133 669)	(14 902)	-	(186 760)
Foreign currency exchange differences	-	-	22	30	-	52
Closing balance Net booked value 2013	**19 712**	**454 726**	**1 045 226**	**40 704**	**160 008**	**1 720 375**
Fixed assets under financial leasing included in Net booked value	24 313	-	-	1 192	-	25 505
Historical cost	37 566	1 054 106	2 999 675	126 542	160 008	4 377 896
Accumulated depreciation	(16 710)	(594 861)	(1 892 104)	(85 593)	-	(2 589 266
Accumulated impairment losses	(1 144)	(4 519)	(62 345)	(246)	-	(68 254)
Closing balance Net booked value 2013	**19 712**	**454 726**	**1 045 226**	**40 704**	**160 008**	**1 720 375**
Estimated useful life	5-50 yrs	5-40 yrs	3-30 yrs	3-20 yrs		
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line		

INTANGIBLE ASSETS

2014	Other intangible assets	Development	IT systems and programmes	Intangible assets under construction	Total intangible assets
Opening Balance Net Booked Value 2014	**77**	**9 123**	**14 818**	**70 408**	**94 426**
Additions 2014	-	-	23	43 160	43 183
Additional merged companies	1 498	-	-	-	1 498
Reclassification / Transferred from CiP	1 191	(9 123)	112 472	(104 540)	0
Reversal of impairment losses	551 576	-	-	-	551 576
Amortisation	(71 862)	-	(9 615)	-	(81 477)
Closing balance Net booked value 2014	**482 480**	**0**	**117 698**	**9 029**	**609 207**
Historical cost	805 059	11 925	199 012	9 123	1 025 120
Accumulated amortisation	(322 673)	(11 925)	(81 315)	-	(415 913)
Closing balance Net booked value 2014	**482 386**	**0**	**117 698**	**9 123**	**609 207**
Estimated useful life	3-10 yrs	3-16 yrs	3-10 yrs		
Amortisation plan	Straight-line	Straight-line	Straight-line		

The investments related to intangible assets mainly consists of ERP system M3 of NOK 36,081 thousand.
In 2014, Elkem AS expensed NOK 86,544 related to research and development, related to the improval of processes and products, and partially for long-term technology and business development.
Reversal of impairment losses relates to value of power contract against Statkraft of 1.5 TWh. Book value of the contract as of 31 December 2014 is NOK 480 million and the notional amount is NOK 2,656 million.

2013	Other intangible assets	Development	IT systems and programmes	Intangible assets under construction	Total intangible assets
Opening balance Net booked value 2013	**0**	**9 123**	**16 549**	**31 919**	**57 591**
Additions 2013	1	0	1 603	38 700	40 303
Additional merged companies	0	0	67	0	67
Reclassification / Transferred from CiP	147	0	211	(211)	147
Amortisation	(70)	0	(3 611)	0	(3 682)
Closing balance Net booked value 2013	**77**	**9 123**	**14 818**	**70 408**	**94 426**
Historical cost	2 332	21 048	73 161	70 408	166 949
Accumulated amortisation	(2 254)	(11 925)	(58 343)	0	(72 523)
Closing balance Net booked value 2013	**77**	**9 123**	**14 818**	**70 408**	**94 426**
Estimated useful life	3-10 yrs	3-16 yrs	3-10 yrs		
Amortisation plan	Straight-line	Straight-line	Straight-line		

11 Investments in subsidiaries

Investment in subsidiaries of Elkem AS as of 31 December 2014:

Owned by Elkem AS	Country	Owner share Vote rights (%)	Equity 31.12.2014	Profit 31.12.2014	Book value 31.12.2014
Elkem Carbon AS	Norway	100	465 628	103 267	112 915
Elkem Chartering Holding AS	Norway	80	1 429	21 589	747
Elkem Distribution Center B.V.	Netherlands	100	16 263	1 912	186
Elkem Finanz AG	Switzerland	100	7 624	(320)	166
Elkem Foundry Invest AS [3]	Norway	100	68 937	1 247	70 119
Elkem GmbH	Germany	100	7 783	3 734	1 309
Elkem Iberia SL	Spain	100	4 000	1 303	476
Elkem Iceland Ltd.	Iceland	100	1 472 345	103 535	783 789
Elkem International AS	Norway	100	46 379	(9 072)	5 427
Elkem Japan K.K	Japan	100	59 951	6 556	15
Elkem LTD.	England	100	11 772	4 280	21 840
Elkem Materials Processing (Tianjin) Co. Ltd.	China	100	2 202	221	793
Elkem Materials Processing Services BV	Netherlands	100	4 815	(1 785)	962
Elkem Metal Canada Inc.	Canada	100	624 249	72 790	5 870
Elkem Milling Services GmbH	Germany	100	15 260	1 492	12 486
Elkem Nordic A.S.	Denmark	100	6 351	1 279	5 139
Elkem Oilfield Chemicals FZCO	Dubai	51	65 158	49 503	12 546
Elkem S.a.r.l.	France	100	10 498	1 950	0
Elkem International Trade (Shanghai) Co. Ltd. [1]	China	100	118 728	14 376	558
Elkem S.r.l.	Italy	100	25 033	1 452	6 397
Elkem Singapore Materials Pte. Ltd.	Singapore	100	15 075	7 169	47
Elkem South Asia Private Limited	India	100	63 452	8 021	2 026
Elkem Tana AS	Norway	100	0	0	0
Hoffsveien 65B Invest AS[2]	Norway	100	9 040	(208)	50
NEH LLC	USA	100	250 859	13 949	97 506
Nor-Kvarts AS	Norway	67	37 446	125	28 587
Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd STI [1]	Turkey	1	4 815	(1785)	75
Total subsidiaries					**1 170 030**

1) Elkem AS and subsidiary owns 100% of Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd and Elkem International Trade (Shanghai) Co. Ltd.

2) The company was liquidated in January 2015

3) Elkem AS has performed a debt conversion of NOK 70 million in December 2014

In March 2014 Elkem AS sold 50 per cent of the shares in the subsidiary Elkem Solar Holding S.á.r.l. The sale did not result in any profit / loss as the book value was equal to the sales value. Elkem Solar is after the transaction treated as a joint venture and Elkem AS share of profit for the period March to December 2014 is included in income from associate and joint ventures.

The two subsidiaries Elkem Tana AS and Elkem Power AS merged with Elkem AS in 2014, see note 28 for additional information.

Income on investments in subsidiaries	2014	2013
Dividend from subsidiaries	162 037	29 659
Group contribution received	51 377	54 228
Total income	**213 414**	**83 887**

Write-down / reversal of write-down on investments in subsidiaries	2014	2013
Reversal of write-down subsidiaries	-	0
Write-down subsidiaries 1)	4 000	(952 539)
Total write-down	**4 000**	**(952 539)**
Net gain/loss from investments in subsidiaries	**217 414**	**(868 652)**

1) During 2013 Elkem Solar was written down with NOK 547 million and Elkem Power with NOK 406 million.
In 2014 NOK 4 million of the write down of Elkem Solar AS was reversed.

12 Joint ventures

	Company address	Country	Owner share Voting rights (%)
Elkania DA	Hauge i Dalane	Norway	50
Dehong Ltd	Wanding, Dehong	China	50
Elkem Solar Holding S.á.r.l1)2)	Luxembourg	Luxembourg	50

1) The investment is accounted for using the equity method. Book value and this years income is shown below.

2) Elkem Solar Holding S.a.r.l went from 100% owned on 7 March 2014 to 50% owned. Share of profit is for the period 1 March to 31 December 2014.

Main figures for the investments accounted for by proportionate consolidation. The figures are Elkem AS portion.

	Dehong Elkem Materials Co. Ltd	Elkania DA	Total 2014
Current asset	2 543	4 627	7 170
Non-current assets	180	6 172	6 352
Current liabilities	306	6 784	7 090
Non-current liabilities	(158)	7 119	6 961
Net assets	2 574	(3 104)	(530)
Total revenue	1 426	3 348	4 774
Total expenses	(1 287)	(5 893)	(7 180)
Financial items	-	(189)	(189)
Tax	(30)	(90)	(120)
Total profit for the year	109	(2 824)	(2 715)

	Elkem Solar Holding S.á.r.l	Total
Total interest in joint ventures 1 January	-	-
Acquired shares in Joint ventures/change of ownership	1 194 000	**1 194 000**
Share of profit	(303 735)	**(303 735)**
Share of other comprehensive income	(3 528)	**(3 528)**
Dividend received	-	-
Currency effects	-	-
Total interest in joint ventures 31 December	**886 737**	**886 737**

13 Investments in associates and other companies

	Ownership percent	Book value 31.12.2014
Elkem Chartering AS	25.0%	8 529
Alcoa	0.3%	3 896
Teknova AS	24.5%	1 583
Apartment, Fauske Hotell	-	765
Other companies	-	723
Lyngenveien Barnehage	-	177
Indre Salten vekst	20.7%	139
Total investments in associates and other companies		**15 811**

14 Other non-current assets

	31.12.2014	31.12.2013
Long-term deposit pension guarantee	14 820	13 008
Pension contribution fund, long-term	8 860	12 429
Loans to joint arrangements [1)]	1 417 883	1 417 694
Non-current interest-bearing deposits - group	271 224	221 007
Other non-current assets	886	921
Total other non-current assets	**1 713 672**	**1 665 059**

1) Hereof interest-bearing loan to Elkem Solar AS NOK 1.4 million. The loan matures on December 2016. External part of interest-bearing loan to Elkania DA and interest-bearing loan to Elkem Solar AS. For information regarding the sensitivity of the value of the loan to Elkem Solar AS, see note 1, Accounting estimates.

15 Inventories

	31.12.2014	31.12.2013
Finished goods	729 992	565 906
Work in progress	191 304	136 755
Raw materials	193 150	165 117
Operating materials and spare parts	132 995	120 302
Total inventories	**1 247 440**	**988 080**

Inventories are valued at the lower of cost and fair value (i.e. net realizable value).
As of 31 December 2014 inventories were written down by NOK 3,202 thousand
As of 31 December 2013 inventories were written down by NOK 16,058 thousand

16 Accounts recievables

	31.12.2014	31.12.2013
Accounts receivables	630 752	581 438
Short-term receivables - group	289 390	211 139
Provision for doubtful accounts	(209)	(1 895)
Total accounts receivables	**919 933**	**790 681**

The following is an analysis of gross accounts receivables by age, presented based on the due date:

	31.12.2014	31.12.2013
Not due	838 006	688 743
1 - 30 days	62 318	82 769
31 - 60 days	3 768	9 630
61 - 90 days	3 436	2 188
More than 90 days	12 614	9 248
Total accounts receivables	**920 142**	**792 577**

Elkem had an average granted credit period of 40 days for 2014 and 42 actual credit days.

Elkem applies for credit insurance for all customers. In cases where credit insurance coverage is refused, other methods of securing the sales income are used. Other methods used for securing the sales are, among others, prepayment, letter of credit, documentary credit, guarantee etc.

Movement in allowance for doubtful debts	31.12.2014	31.12.2013
Opening balance	(1 895)	(1 424)
Impairment losses recognised on receivables	(209)	(1 894)
Reversed impairment losses	1 895	1 423
Closing balance	**(209)**	**(1 895)**

The following is an analysis of current receivables that are past due date and impaired by age:

Overdue by:	31.12.2014	31.12.2013
less than 90 days		
61 - 90 days	-	-
more than 90 days	(209)	(1 895)
Total impaired overdue receivables	**(209)**	**(1 895)**

17 Other current assets

	31.12.2014	31.12.2013
Shares[1]	-	1 759
Pension contribution fund, short term part [2]	10 678	15 940
Loan to Elkem Solar AS	240 000	-
CO_2 Compensation from Norwegian Environment Agency	32 592	26 070
VAT receivables	57 253	98 485
Prepayments	19 161	29 398
Receivable group entities related to group bank accounts	80 746	63 094
Receivable group contribution	48 000	54 228
Other current assets	5 343	9 589
Total other current assets	**493 774**	**298 562**

1) The shares are in 2014 presented as a non-current asset, se note 13.

2) See note 4 Retirement benefits for more information.

18 Cash and cash equivalents

	31.12.2014	31.12.2013
Cash and bank balances	96 563	92 867
Restricted deposits[1]	2 730	0
Cash and cash equivalents	**99 293**	**92 867**

1) Deposits against NASDAQ OMX related to power trading. The deposit is settled in March 2015.

19 Equity

Changes in equity

2014	Share capital	Other paid in capital	Total paid in capital	Fund	Other equity	Total retained earnings	Total equity
Equity 31.12.2013	**2 000 000**	**3 503 413**	**5 503 413**	**1 418**	**(14 527)**	**(13 109)**	**5 490 304**
Capital increase	10 000	541 790	551 790	-	-	-	551 790
Merger[1]	-	-	-	-	(74 673)	(74 673)	(74 673)
Hedging	-	-	-	-	40 906	40 906	40 906
Actuarial gain / loss	-	-	-	-	(1 062)	(1 062)	(1 062)
Currency translation	-	-	-	485	-	485	485
Share of OCI joint venture[2]	-	-	-	-	(3 528)	(3 528)	(3 528)
Dividend	-	(750 000)	(750 000)	-	-	-	(750 000)
Profit for the year	-	-	-	-	431 499	431 499	431 499
Equity 31.12.2014	**2 010 000**	**3 295 203**	**5 305 203**	**1 903**	**378 615**	**380 518**	**5 685 721**

1) See note 28 for more information.

2) See note 11 for more information.

Fund
Fund is valuation variances in conjunction with Dehong who is consolidated by proportionate consolidation.

Shareholders
Elkem AS is the parent company of Elkem group. As of 31 December 2014 Elkem AS was 100 per cent owned by Bluestar Elkem International Co. Limited S.A. Elkem AS has its registered company address: Drammensveien 169, 0277 Oslo, Norway.

Share capital
Share capital as of 31 December 2014 in Elkem AS is NOK 2,010 million, divided in 1 share.

Changes in equity

2013	Share capital	Other paid in capital	Total paid in capital	Fund	Other equity	Total retained earnings	Total equity
Equity 31.12.2012	**1 500 000**	**1 094 315**	**2 594 315**	**1 260**	**(161 004)**	**(159 744)**	**2 434 571**
Conversion of liabilities	500 000	3 855 837	4 355 837	-	-	-	4 355 837
Merger	-	-	-	-	144 140	144 140	144 140
Hedging	-	-	-	-	(3 256)	(3 256)	(3 256)
Actuarial gain / loss	-	-	-	-	5 457	5 457	5 457
Other	-	-	-	158	136	294	294
Profit for the year	-	(1 446 739)	(1 446 739)	-	-	-	(1 446 739)
Equity 31.12.2013	**2 000 000**	**3 503 413**	**5 503 413**	**1 418**	**(14 527)**	**(13 109)**	**5 490 304**

20 Finance lease liabilities

Elkem AS leases some of its manufacturing equipment under a finance lease. Interest rates range from 3.50 per cent to 6.99 per cent. Ekem AS' obligations under a finance lease are secured by the lessor's title to the leased assets. Elkem AS has the right to prolong agreements, and the right to keep the leased equipment after the closed leasing period for some leasing agreements.

Overview of finance lease	31.12.2014	31.12.2013
Within one year	4 247	7 136
Between 1 and 5 years	5 965	10 433
Over 5 years	0	0
Total lease payments	10 212	17 569
Less future finance charges	(494)	(1 114)
Present value of lease obligations	**9 718**	**16 455**
Less amount due for settlement within 12 months	3 950	3 778
Total non-current finance lease obligations	**5 767**	**12 677**
Leasing cost current year	8 077	6 088

21 Net interest-bearing assets/debt

	31.12.2014	31.12.2013
Non-current interest-bearing debt		
Financing from subsidiaries	77 474	37 385
Financial leases (see note 20)	5 767	12 677
Other loans	6 459	6 459
Total non-current interest-bearing debt	**89 701**	**56 521**
Current interest-bearing debt		
Financing from subsidiaries	1 170 032	1 110 224
Financial leases (see note 20)	3 950	3 778
Bank financing	56 013	549 968
Accrued interest - group	-	-
Accrued interest	1 654	479
Total current interest-bearing debt	**1 231 648**	**1 664 449**
Total interest-bearing debt	**1 321 349**	**1 720 970**
Interest-bearing assets		
Cash and bank balances	96 563	92 867
Restricted deposits	2 730	-
Non-current loans to subsidiaries[1)]	271 224	1 625 533
Non-current loans to joint arrangements[2)]	1 417 883	6 584
Current loans to subsidiaries	80 746	63 094
Current loans to joint arrangements	240 000	-
Accrued interest income - group	-	6 575
Financial assets[3)]	24 360	32 722
Total interest-bearing assets	**2 133 506**	**1 827 375**
Net interest-bearing assets / (debt)	**812 157**	**106 405**

1) The reduction in non-current loans to subsidiaries from 2013 to 2014 is mainly related to the changed ownership interest in Elkem Solar AS.

2) The increase in non-current loans to subsidiaries from 2013 to 2014 is mainly related to the changed ownership interest in Elkem Solar AS.

3) Long term pension contribution fund and deposit guarantee of total NOK 23,680 thousand is included.

Interest-bearing debt by currency	Currency amount	NOK 31.12.2014	Currency amount	NOK 31.12.2013
EUR	29 832	269 988	68 770	575 459
USD	30 548	227 790	27 578	167 417
NOK	154 492	154 492	937 268	937 268
Other currencies	-	669 079	-	40 826
Total interest-bearing debt		**1 321 349**		**1 720 970**

Maturity of interest-bearing debt at 31.12.2014	Group financing	Financial leases	Bank financing	Other loans	Accrued interest	Total
2015	1 170 032	3 950	56 013	-	1 654	1 231 648
2016	-	3 878	-	-	-	3 878
2017	-	1 889	-	-	-	1 889
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020 and later	77 474	-	-	6 459	-	83 933
Total	**1 247 506**	**9 718**	**56 013**	**6 459**	**1 654**	**1 321 349**

Maturity of interest-bearing debt as of 31.12.2013	Group financing	Financial leases	Bank financing	Other loans	Accrued interest	Total
2014	1 110 224	3 778	549 968	-	479	1 664 449
2015	37 385	6 677	-	-	-	44 062
2016	-	4 043	-	-	-	4 043
2017	-	1 957	-	-	-	1 957
2018	-	-	-	-	-	-
2019 and later	-	-	-	6 459	-	6 459
Total	**1 147 609**	**16 455**	**549 968**	**6 459**	**479**	**1 720 970**

Of total granted external credit facilities of NOK 1,746 million, the group has drawn NOK 58 million as of 31 December 2014. The drawn amount was classified as short-term debt, as the amount is considered to be part of Elkem's short-term liquidity management. The facilities mature in 2015 and as such, do not constitute any payment obligation before the facilities mature.

Elkem AS' bank facilities contain a financial covenant that the equity ratio of the Elkem AS group shall at all times be above 30 per cent. As of 31 December 2014, the group's equity ratio was 79 per cent.

22 Guarantees

Guarantees for Elkem AS as of 31 December 2014 beyond the balance sheet commitments:

Guarantee commitments	31.12.2014	31.12.2013
Guarantees given on behalf of subsidiaries	4 618	4 618

23 Provisions and other non-current liabilities

	31.12.2014	31.12.2013
Currency effects bond loan	5 633	8 572
Other non-current liabilities group companies	266	353
Site restoration	21 759	1 692
Provisions	**27 658**	**10 616**

Currency effects bond loan
Elkem AS participated in the Central Bank of Iceland's Investment Programme and purchased a bond loan in ISK, with payment in EUR. The gain from the purchase in EUR is dependent on retaining the ownership of the securities in 5 years. The currency gain is therefore recognised as deferred income and will be amortised over the required ownership period.

Site restoration
Elkem AS has worldwide operations representing potential exposure towards environmental consequences. Elkem has established clear procedures to minimise environmental emissions, well within public emission limits. However, in some cases Elkem faces potential claims regarding environmental issues. The increase in site restoration in 2014 is due to the merger with Elkem Tana AS. Please refer to note 28.

24 Other current liabilities

	31.12.2014	31.12.2013
VAT, vacation pay and employee withholding taxes	52 259	80 127
Current payroll, social security, payables	119 496	98 212
Other short-term liabilities	89 962	128 836
	261 717	**307 175**

25 Financial derivative instruments

Derivatives are initially recognised at fair value at the date on which a derivative contract is entered, and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging.

Foreign exchange forward contracts
Elkem AS' Treasury department enters into to foreign forward contracts to meet Elkem Groups foreign currency exposure. Hedge accounting is not applied for these contracts, they are therefore classified as held for trading and booked at fair value through profit and loss.

Elkem AS' Treasury department also offers internal currency hedging for major purchase/sale-contracts entered into by the subsidiaries.Such contracts can not be designated in a hedging relationship, changes in fair value are therefore recognised through profit and loss.

Effects from foreign exchange forward contracts	2014	2013
Realised effects	(104 120)	(32 941)
Change in fair value, unrealised effects	14 612	(115 961)
Ineffective part of change in fair value hedging (final settlement old fx hedging programme)	2 198	2 961
Total effects through from fx contracts through Profit or Loss	**(87 310)**	**(145 941)**

Details of foreign exchange contracts as of 31 December 2014

Purchase currency	Purchase ccy 1000	Sale currency	Sale ccy 1000	Type of instrument	Currency rate	Due	Fair value in NOK 1000	Notional amount in NOK 1000[1]
NOK	807	AUD	150	Fwd	6.0809	2015	(105)	916
CAD	27 760	EUR	18 780	Fwd	1.4782	2015	7 715	169 963
NOK	2 419 941	EUR	276 520	Fwd	8.7514	2015	(97 205)	2 502 566
NOK	86 110	GBP	8 220	Fwd	10.4757	2015	(9 642)	95 521
NOK	59 763	JPY	990 000	Fwd	0.0604	2015	(2 309)	61 734
NOK	321 690	USD	46 000	Fwd	6.9933	2015	(22 707)	343 008
SEK	2 514	AUD	400	Fwd	6,0904	2015	(8)	2 442
USD	30 000	CAD	33 712	Fxt	1.1237	2015	8 547	224 925
NOK	-17 450	GBP	1 860	Fxt	9.3815	2015	(4 241)	21 691
NOK	883 384	EUR	94 000	Fwd	9.3977	2016	18 615	850 720
NOK	28 742	JPY	468 000	Fwd	0.0614	2016	(1 044)	29 183
NOK	126 335	USD	17 000	Fwd	7.4315	2016	(662)	126 764
NOK	552 219	EUR	58 400	Fwd	9.4558	2017	9 069	528 533
NOK	29 420	JPY	468 000	Fwd	0.0629	2017	(786)	29 183
NOK	79 704	USD	10 800	Fwd	7.3800	2017	(454)	80 532
Total fair value currency forward contracts							**(95 216)**	

Details of foreign exchange contracts as of 31 December 2013

Purchase currency	Purchase ccy 1000	Sale currency	Sale ccy 1000	Type of instrument	Currency rate	Due	Fair value in NOK 1000	Notional amount in NOK 1000[1]
NOK	1 250	AUD	224	Fwd	5.4200	2014	36	1 216
CAD	2 598	EUR	1 780	Fwd	1.4594	2014	(204)	14 895
NOK	1 468 749	EUR	185 275	Fwd	7.9274	2014	(92 016)	1 550 362
NOK	98 156	GBP	10 550	Fwd	9.3039	2014	(8 278)	105 926
NOK	54 602	JPY	892 600	Fwd	0.0612	2014	2 573	51 634
SEK	2 940	JPY	45 000	Fwd	5.7903	2014	173	2 603
CAD	12 572	USD	12 190	Fwd	1.0314	2014	(2 293)	74 002
NOK	254 937	USD	43 270	Fwd	5.8918	2014	(9 063)	262 679
USD	16 500	CAD	15 822	Fwd	1.0429	2014	2 349	101 016
NOK	38 924	GBP	4 149	Fwd	9.3815	2015	(2 939)	42 409
Total fair value currency forward contracts							**(109 661)**	

1) The forward currency contracts are measured at fair value based on the observed forward exchange rate for contracts with a corresponding maturity term, on the balance sheet date.

2) Notional value of underlying asset.

Energy contracts booked at fair value
Elkem AS enters into forward power contracts to meet its need for power at the plants. The contracts are designated in a hedging relationship and the effective portion of changes in fair values is booked temporarily in equity. Realised effects are booked as a part of the energy cost under cost of raw materials and other input factors. Ineffective effects are booked as a part of currency gains / losses related to operating activities. Realised effects from the hedging of power in 2014 is a loss of NOK 97,130 thousand. In addition a gain of NOK 1,669 thousand representing the ineffective part of the hedging relationship is also booked through profit and loss.

Details of energy contracts booked at fair value as of 31 December 2014

	Volume GWh	Due	Fair value in NOK	Notional amount in NOK[1]
Forward contracts NASDAQ OMX Commodity	806	2015	(66 313)	286 766
Forward contracts NASDAQ OMX Commodity	422	2016	(31 043)	146 516
Forward contracts financial institutions	138	2015	(7 081)	11 997
Forward contracts financial institutions	202	2016	439	32 266
Commodity contract Elkem Solar AS	-219	2015	6 844	69 028
Fair value energy contracts at fair value			**(97 154)**	

1) Notional value of underlying asset.

Fair value of the power contracts are based on observable nominal values for similar contracts, adjusted for interest effects. In addition to the power contracts booked at fair value Elkem AS holds several energy contracts booked at the lower of cost and fair value. These are contracts purchased to meet Elkem's need for power at its plants. See note 10 for information of contract with Statkraft (bought from Norske Skog).

26 Related party transactions

100 per cent of the shares in Elkem AS is held by Bluestar Elkem International Co., Ltd. S.A. Details of transactions between the Elkem AS and other related parties are disclosed below.

2014	Trade sales	Trade purchases	Services	Interest expenses	Interest income
Bluestar Elkem International Co., Ltd. S.A.	-	-	134	-	-
Other related parties within China National Bluestar group	319 951	-	925	-	-
Subsidiaries	692 151	1 599 882	91 044	(20 044)	16 906
Joint arrangements and associates	56 848	(147 907)	39 339	-	59 699
Total	**1 068 950**	**1 451 975**	**131 442**	**(20 044)**	**76 605**

2013	Trade sales	Trade purchases	Services	Interest expenses	Interest income
Bluestar Elkem International Co., Ltd. S.A.	-	-	274	(87 486)	0
Other related parties within China National Bluestar group	246 573	-	2 250	(55 908)	0
Subsidiaries	615 204	2 242 869	-	(18 469)	125 806
Joint arrangements and associates	-	-	-	-	-
Total	**861 777**	**2 242 869**	**2 524**	**(161 863)**	**125 806**

Loans from/to related parties	31.12.2014	31.12.2013
Non-current loans from subsidiaries	(77 475)	(37 386)
Current loans from subsidiaries	(631 725)	(616 210)
Non-current deposit subsidiaries	271 223	1 632 117
Other receivables from subsidiaries	-	40 528
Accrued interest income subsidiaries	-	6 575
Non-current loans to joint arrangements and associates	240 000	-
Current loans to joint arrangements and associates	1 417 883	-
Accounts receivables Bluestar Elkem International Co., Ltd. S.á r.l	154	312
Accounts receivables other related parties within China National Bluestar group	55 422	27 338
Accounts receivables subsidiaries	234 810	183 492
Accounts receivables joint arrangements and associates	5 254	-
Accounts payables from other related parties within China National Bluestar group	-	(307)
Accounts payables from subsidiaries	(274 172)	(397 183)
Accounts payables from joint arrangements and associates	(13 159)	-

Information about transactions between related parties
Elkem follows internationally accepted principles for transactions between related parties. In general, Elkem seeks to use transaction based methods (comparable uncontrolled price, cost plus and resale price method) in order to set the price for the transaction.
The majority of the transactions between related parties, relate to products involving:

- Raw materials (quartz) from quarries to plants
- Electrode paste from Carbon plants to Ferrosilicon and Silicon plants
- Surplus raw materials between plants
- Ad-hoc supplies of finished goods to Elkem's internal distributors
- Purchase of short and deep sea transport
- Sale of management and technology services
- Sale of power supply

Elkem's set-up for sales is based on an agent structure, rather than a distribution network. Elkem has also sourced companies that purchase key raw materials and other supplies from selected suppliers world-wide. In both activities above, the transaction between the related parties is a delivered service, either sales-service or sourcing-service. Additionally, Elkem has internal help chains that are established to serve several operating units more efficiently.

Elkem AS also have both long term receivables and long term payables to related parties.
The group loans are normally interest bearing and interest is calculated based on interbank rates (for example NIBOR) and a margin.

Commitments with related parties
Elkem AS have no commitments to related parties.

Transactions with key management personnel
Information on transactions with key management personnel is included in note 3.

27 Government grants

Elkem has received the following grants:	2014	2013
Funding from Norwegian research-fund (NFR)	17 569	13 303
Enova	18 610	-
CO_2 Compensation - Norwegian Environment Agency	22 414	26 070
NHO NO_X	13 786	54 000
Other	616	517
Total grants received	**72 995**	**93 889**

Of total grants received in 2014, NOK 37,675 thousand (in 2013 NOK 30,674 thousand) is included in other operating income, NOK 12,702 thousand (in 2013 NOK 11,143 thousand) as a deduction in other operating expenses and NOK 23,309 thousand (in 2013 NOK 54,000 thousand) as a deduction of the carrying amount of construction in progress.

28 Merger Elkem AS and subsidiaries

In 2014, Elkem AS was merged with two of its subsidiaries; Elkem Power AS and Elkem Tana AS.
Elkem Power AS is an administrative unit for all of Elkem AS' power supply and is located in Oslo (eastern Norway).
Elkem Tana is a mine located in Tana (northern Norway), and main business is part of the Elkem Silicon Material Division.

The merged subsidiaries were 100 per cent fully owned by Elkem AS and the merger was effective from December 2014 with Elkem AS as the surviving entity. The merged entities are included in Elkem AS based on group book value.
For accounting and tax purposes the merged entities were included in Elkem AS retrospectively as of 1 January 2014.

Details on the merged balances are outlined below:

NET ASSETS	NOTE	TOTAL
Property, plant and equipment	10	16 710
Intangible assets	10	1 498
Deferred tax assets	9	199 520
Investments in subsidiaries	11	(314 300)
Inventories	15	4 195
Accounts receivables		12 134
Other current assets (reduced assets)	17	(36 177)
Cash and cash equivalents		7 972
Total Assets		**(108 448)**
Pension liabilities	4	30
Derivatives, non current	25	71 518
Provisions and other non-current liabilities	23	16 984
Accounts payables (reduced payables)		(87 865)
Derivatives, current	25	83 303
Other current liabilities (reduced liabilities)	24	(117 745)
Total liabilities		(33 775)
Net assets / Equity contributed in the merger		**(74 673)**

To the Annual Shareholders' Meeting of Elkem AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Elkem AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2014, income statement, statement of comprehensive income, changes in equity and cash flow 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 financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by 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 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.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Elkem AS as at 31 December 2014, and 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 financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Elkem AS as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report 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 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 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, 20 April 2015
PricewaterhouseCoopers AS

Anders Ellefsen

Anders Ellefsen
State Authorised Public Accountant (Norway)

Elkem Silicon Materials

Elkem Silicon Materials is Elkem's largest business area and one of the world's leading suppliers of metallurgical silicon and microsilica. Elkem Silicon Materials supplies special products to customers in, amongst others, the chemical, solar, electronics, aluminium, construction, refractory, and oilfield industries worldwide.

ELKEM SILICON MATERIALS' PLANTS

Elkem Bremanger, Norway

Established	1928
No. of employees	105
Produces	Silicon for electronics and solar cells. Elkem Microsilica® for concrete and oil wells.
Certifications	ISO 9001 certified since 1990. ISO 14001 certified since 1999. ISO/TS 16949 certified since 2007. Certified in accordance with EN 13263-1:2005 Microsilica® for concrete.

Elkem Thamshavn, Norway

Established	1930
No. of employees	155
Produces	Silicon for chemicals, aluminium and solar cells. Elkem Microsilica® for concrete and refractory products.
Certifications	ISO 9001 certified since 1992. Certified in accordance with EN 13263-1:2005 Microsilica® for concrete.

Elkem Salten, Norway

Established	1967
No. of employees	165
Produces	Silicon for aluminium, chemicals (silicones) and electronics/solar cells. Elkem Microsilica® for concrete, refractory materials and polymers (plastic/rubber).
Certifications	ISO 9001 certified since 1991. ISO 14001 certified since 1999. Certified in accordance with EN 13263-1:2005 Microsilica® for concrete.

Elkem Tana, Norway

Mine established 1973 by Sydvaranger AS, acquired by Elkem 1983

No. of employees	38 of whom 22 are employed by Elkem Tana and 16 by a subcontractor.
Produces	Quartzite for the ferrosilicon and silicon industry, both for Elkem and for external plants.
Certifications	ISO 9001

Elkem Foundry Products

Elkem Foundry Products is a leading supplier of metal treatment solutions to the cast iron industry and also supplies high quality, specialised ferrosilicon products to the steel industry. The products, which are well-supported by our experienced technical service teams, provide innovative solutions for iron foundries and steelworks worldwide. Main customers are the automotive industry, pipe manufacturers and engineering companies.

ELKEM FOUNDRY PRODUCTS' PLANTS

Elkem Bremanger, Norway

Established	1928
No. of employees	87
Produces	Ferrosilicon-based alloys (inoculants)
Certifications	ISO 9001, ISO 14001, ISO TS 16949

Elkem Bjølvefossen, Norway

Established	1905
No. of employees	154
Produces	Ferrosilicon-magnesium and various ferrosilicon grades
Certifications	ISO 9001 and ISO 14001 (ISO 50001 is planned Q4/2015)

Elkem Iceland

Established	1975
No. of employees	146
Produces	Various ferrosilicon grades
Certifications	ISO 9001, ISO 14001

Elkem Chicoutimi, Canada

Established	1967
No. of employees	96
Produces	Ferrosilicon-magnesium, ferrosilicon-based alloys (inoculants), various ferrosilicon grades.
Certifications	ISO 14001-2004, ISO 9001-2008

Elkem Foundry China

Established	2005
No. of employees	63
Produces	Ferrosilicon-magnesium
Certifications	ISO 9001:2008, OHSAS 18001-2007

Elkem Carbon

Elkem Carbon is a world leading supplier of carbon electrode materials, lining materials and specialised carbon products for metallurgical processes such as ferro-alloys, base metals and primary aluminium. Elkem Carbon is located near all major markets.

ELKEM CARBON'S PLANTS

Elkem Carbon, Norway

Established	1904
No. of employees	73 employees, 5 apprentices
Produces	Electrically calcined anthracite, Söderberg electrode paste, carburisers (Elgraph), ramming paste
Certifications	ISO 9001:2000, ISO 14001

Elkem Carbon, China

Established	Elkem started production at the plant in May 2000
No. of employees	107 employees, 3 apprentices
Produces	Electrically calcined anthracite, Söderberg electrode paste, ramming paste
Certifications	ISO9001:2000, OHSAS 18000

Elkem Carboindustrial, Brazil

Established	1976
No. of employees	94 employees, 2 apprentices
Produces	Electrically calcined anthracite, Söderberg electrode paste, electrodes, ramming paste
Certifications	ISO 9001:2000, ISO 14001, ISO 18000

Elkem Carboderivados, Brazil

Established	1976
No. of employees	40 employees, 1 apprentices
Produces	Pitch and other raw materials for the production of electrode paste and ramming paste
Certifications	ISO 9001:2000, ISO 14001, ISO 18000

Elkem Ferroveld, South Africa – joint venture

Established	1974
No. of employees	70
Produces	Electrically calcined anthracite, Söderberg electrode paste
Joint venture	Elkem and Samancor Chrome

Elkem Carbon, Malaysia

Elkem Carbon Malaysia is under construction and is expected to be commissioned during 2015. The plant had 6 employees at the end of the first quarter of 2015.

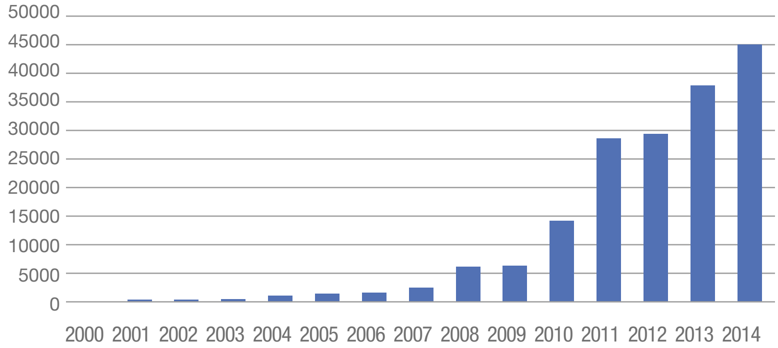
Elkem Solar

Elkem Solar has developed and industrialised proprietary breakthrough production technology for solar grade silicon that consumes 75 per cent less energy than traditional methods. Elkem Solar is a joint venture where 50 per cent is owned by Elkem and 50 per cent by the Guangyu International Investment Company.

Elkem Solar, Norway

Established	2001
Joint venture	Elkem and Guangyu International Investment Company (50/50)
Produces	Silicon for the solar cell industry
No. of employees	187

INSTALLED SOLAR CAPACITY GLOBALLY per year in GW



Source graphic: SolarBuzz, IHS and Elkem

110 years of innovation

Elkem's history starts in 1904 when industry entrepreneur Sam Eide (1866–1940) established the company. The goal was to become a major industrial company with a global outlook based on Norwegian natural resources, hydropower and know-how.

1904: Elkem is founded by Sam Eyde, brothers Magnus and Knut Wallenberg and Knut Tillberg.

1919: 51 different companies belong to the Elkem sphere, including Norsk Hydro (later Yara), Kristiansand Nikkelraffineringsverk (later Xstrata).

1917: Elkem patents the Söderberg electrode, which is still in use in about 75 per cent of the world's smelting plants today.

1920s and 1930s: The Great Depression: almost all of Elkem's companies are sold.

1958: Elkem becomes an aluminium producer.

1963: Elkem joins forces with Alcoa as a partner.

1965: Elkem helps to found Norway's first oil company, NOCO.

1972: Elkem merges with Christiania Spikerverk, becomes Norway's largest industrial company and helps to found Saga.

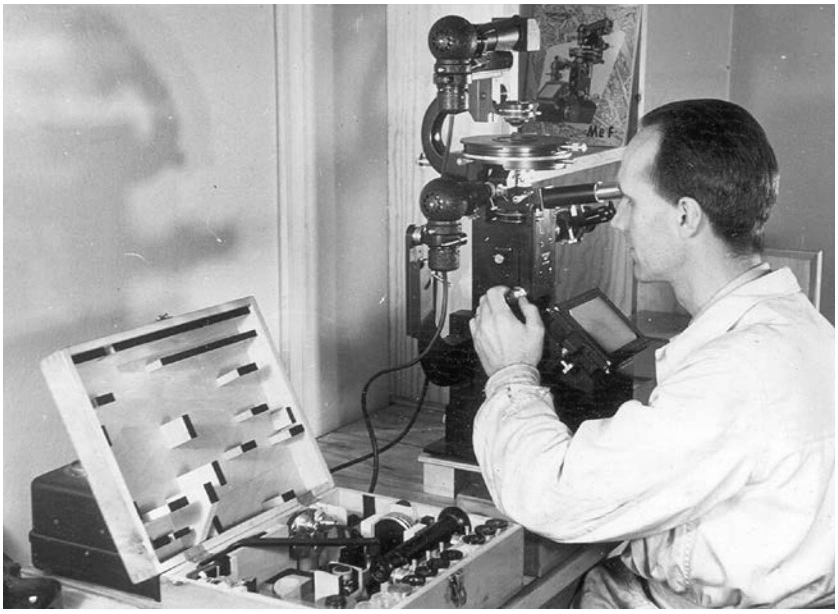
1980: Elkem buys seven ferrosilicon plants in Norway, the US and Canada, and becomes the world's largest producer of ferroalloys.

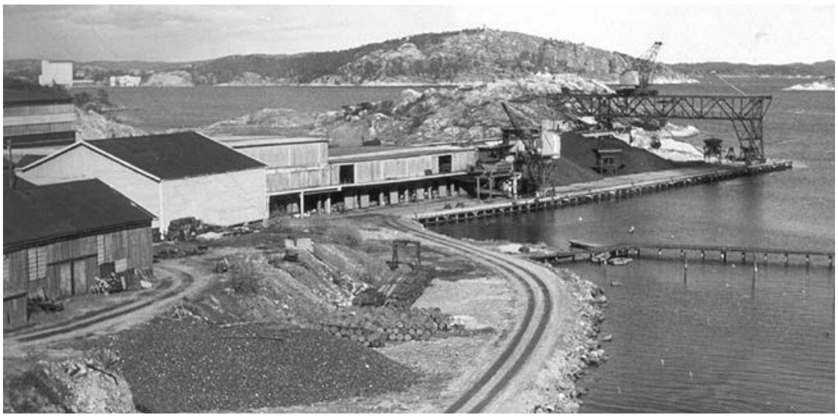
2005: Elkem takes over aluminium profiles company, Sapa, which employs around 14,000 people. Elkem owns 23 per cent of REC.

2005: Orkla acquires Elkem.

2009: Elkem ceases its aluminium production. Alcoa takes over the plants.

2011: China National Bluestar buys Elkem from Orkla.





Contact information

Visiting address
Elkem AS
Drammensveien 169
0277 Oslo, Norway

Postal address
Elkem AS
P.O.Box 334 Skøyen
NO-0213 OSLO

Telephone +47 22 45 01 00
Fax + 47 22 45 01 55

www.elkem.com

Editor: Marit Flinder Johannessen
Text: Stakeholder AS
Design: fdesign.no
Photo: Elkem/Nicolas Tourrenc. Front page picture: Jon Petter Thorsen Aptum
Print: Konsis

Advanced materials
shaping the future

Elkem
A Bluestar Company