

The logo for RECSiLICON, featuring the company name in a white, sans-serif font. The 'i' in 'SiLICON' is stylized with a dot. The background of the entire page is a photograph of an industrial facility at dusk, viewed from an elevated platform with a yellow safety railing. The facility's lights are on, and the sky shows a gradient of orange, pink, and blue.

RECSiLICON

SECOND QUARTER 2017

REPORT

SECOND QUARTER HIGHLIGHTS

(Compared to First Quarter 2017)

- > Revenues of USD 61.4 million and EBITDA of USD 1.3 million
 - Polysilicon Sales Volume of 2,960MT (18.0% Increase)
 - EBITDA Includes \$2.5M Collection of Reserved Accounts Receivable
- > FBR Cash Cost of USD 11.0/kg
 - FBR Facility Continues Operation at ~50% Capacity Utilization
 - FBR Production Volume of 2,380MT (1.5% Decrease)
- > Continued Strong Silicon Gas Sales Volumes
 - Sales Volumes of 808MT (1.5% Decrease)
 - 1.6% Silane Gas Price Increase
- > June 30, 2017 Cash Balance of USD 71.4 million
 - Cash Decrease of (\$9.4M)
 - Cash Outflows from Operations (\$9.4M)
 - No Debt Maturities in 2017
 - Draft Income Tax Ruling Could Impact Liquidity
- > Yulin JV Start-up Scheduled for Q4 2017

FINANCIAL HIGHLIGHTS

Key financials - REC Silicon Group

(USD IN MILLION)	Q2 2017	Q2 2016	JUN 30, 2017	JUN 30, 2016	YEAR 2016	Q1 2017
Revenues	61.4	71.1	118.9	139.9	271.2	57.5
EBITDA	1.3	-14.3	5.9	-27.8	-30.8	4.6
EBITDA margin	2.1%	-20.2%	5.0%	-19.8%	-11.3%	8.0%
EBIT excluding impairment charges	-19.0	-38.1	-34.9	-75.7	-123.0	-15.9
Impairment charges	0.0	0.0	0.0	0.0	-93.1	0.0
EBIT	-19.0	-38.1	-35.0	-75.7	-216.0	-16.0
EBIT margin	-30.9%	-53.7%	-29.4%	-54.1%	-79.7%	-27.8%
Profit/loss before tax	-48.3	-39.1	-82.1	-119.4	-248.1	-33.7
Profit/loss	-64.8	-19.0	-91.9	-83.4	-147.4	-27.1
Earnings per share, basic and diluted (USD)	-0.03	-0.01	-0.04	-0.03	-0.06	-0.01
Polysilicon production in MT (Siemens and granular)	3,057	1,671	6,184	3,608	10,729	3,127
Polysilicon sales in MT (Siemens and granular)	2,960	3,634	5,469	7,491	13,067	2,509
Silicon gas sales in MT	808	610	1,628	1,140	2,734	820

REC SILICON

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. REC Silicon targets polysilicon production of approximately 12,500MT in 2017.

Revenues for the second quarter of 2017 were USD 61.4 million compared to USD 57.5 million for the first quarter of 2017. Higher second quarter revenues are primarily a result of higher polysilicon sales volumes. Revenues from silicon gases remained strong as silicon gas sales volumes were broadly in line with the prior quarter.

Total polysilicon sales volumes were near expectations and increased by 18 percent to 2,960MT compared to 2,509MT in the first quarter of 2017. However, average solar grade polysilicon prices realized by REC Silicon declined by 6.9 percent compared to the prior quarter due to restricted access to markets in China caused by the trade war and excess polysilicon production capacity. Wafer producers continue to operate near full capacity, however, polysilicon orders are being delayed to limit exposure to the risk of excess inventories should end use PV demand deteriorate.

The Company continues to operate the Moses Lake FBR facility at reduced capacity utilization due to the trade war between China and the United States. FBR production will return to full capacity utilization when the trade dispute is resolved or when market conditions dictate.

Total polysilicon production was 3,057MT or 0.6 percent above guidance provided on May 3, 2017. FBR production volumes were 2,380MT for the quarter and exceeded guidance by 1.6 percent. FBR cash cost was USD 11.0/kg and equal to guidance previously provided. Compared to the prior quarter, FBR cash cost increased by USD 0.3/kg due to lower production rates caused by the impact of increasing temperatures on cooling efficiency in silane production. Overall, cash production costs are in line with expectations and continue to demonstrate the low cost capability of the Company's FBR technology

despite lower production capacity utilization rates imposed by restricted access to Chinese polysilicon markets.

Second quarter silicon gas sales volumes were 808MT, 8MT above guidance. Demand for silicon gases remains stable and REC Silicon continues to successfully place silane for use in the PV market segment by adjusting operating practices and shipping terms to limit risks presented by customers within this segment. Prices for silane gas realized by REC Silicon continue to reflect stable demand and increased by 1.6 percent during the second quarter of 2017.

EBITDA for the second quarter of 2017 was USD 1.3 million compared to USD 4.6 million in the first quarter of 2017. EBITDA during the second quarter of 2017 includes USD 2.5 million from the collection of trade accounts receivable previously reserved. EBITDA during the first quarter of 2017 included USD 1.8 million from the collection of reserved trade accounts receivable and USD 1.2 million of other income.

EBITDA excluding other income and the collection of reserved accounts receivable reflects a decrease in earnings due to the decline in solar grade polysilicon prices, the increase in FBR cash costs, and an unplanned partial production interruption caused by an equipment failure in the electrical distribution system at the Butte production facility.

MARKET DEVELOPMENT

Second quarter 2017 end use PV demand is estimated at 20.1 GW, a 2.5 GW increase over first quarter. This increase can primarily be attributed to accelerated PV installation in China with the expectation of feed in tariff (FiT) expirations at midyear. Installations in China during the second quarter are estimated near 9 GW, a 70% increase compared to the first quarter of 2017. Supply chain participants are delaying orders to limit exposure to the risk of excess inventories should end use PV demand deteriorate. Accordingly, inventories of wafer, cells, and modules are relatively low while polysilicon inventories have increased as polysilicon manufacturers maintain capacity utilization. Spot prices outside of China declined by 11 percent to USD 14.3/kg while prices inside China declined by 17 percent. Prices outside of China ended the quarter near USD 12/kg

compared to USD 15/kg inside of China. REC Silicon's sales opportunities continue to be limited by restricted access to the Chinese markets because of the trade war between China and the United States.

Semiconductor grade polysilicon markets continue to exhibit signs of improvement. However, longer term fixed sales contracts continue to limit spot market sales opportunities for REC Silicon. REC Silicon continues to anticipate that product sales will be heavily weighted near the end of 2017. Semiconductor wafer producers continue to operate near full capacity utilization and excess polysilicon inventories are declining which are expected to result in an increase in spot market sales opportunities.

Demand for silicon gases remained strong during the second quarter of 2017. The addition of production capacity for flat panel displays and in semiconductor applications resulted in strong sales of silicon gases during the first half of 2017. REC Silicon continues to identify sales opportunities for sales of silicon gases into the PV sector while limiting exposure to excessive credit risk. However, the credit worthiness of customers and less demanding quality requirements in the PV sector continue to result in excess supply and limit acceptable opportunities for shipments of REC Silicon's gas products to this segment.

RESEARCH AND DEVELOPMENT

REC Silicon incurred R&D expenses of USD 1.1 million during the second quarter of 2017 compared to USD 1.0 million during the first quarter of 2017.

Research and development efforts on FBR processes have focused on fundamental properties of the technology to develop new control parameters to optimize process efficiency. Because the process development is not currently in operation, data to support these developments has been obtained from historical production data, current production processes, and laboratory studies.

In the silane area, studies are combining laboratory results and process data to lower production costs and to extend the time between planned maintenance shutdowns.

Research efforts to further improve analytical techniques in both polysilicon and silicon gases have continued.

FINANCIAL ITEMS

Net currency gains and (losses) relate primarily to internal loans (loans of approximately USD 0.9 billion at June 30, 2017) that are not eliminated on consolidation.

See note 6 for additional information on borrowings.

INCOME TAX

REC Silicon reported an income tax expense from continuing operations of USD 16.4 million for the second quarter of 2017. Tax expense during the quarter is due primarily to the accrual of income taxes of USD 26 million (NOK 214 million) due to the contents of a draft ruling issued by the Norwegian Central Tax Office (CTO) on June 30, 2017. For a more complete discussion, see Income Taxes under Risks and Uncertainties below. The remaining tax benefit of USD 9.6 million is due to an increase in deferred tax assets caused by a loss before tax of USD 48.3 million during the second quarter of 2017. The loss before tax consists of EBITDA of USD 1.3 million and depreciation and amortization of USD 20.3 million primarily associated with operations in the United States.

In addition, the Company recognized USD 0.6 million for its share of the Yulin JV's loss and net financial expenses of USD 7.5 million. The tax effects of net currency losses of USD 17 million are primarily associated with the parent Company and result in no effective tax impact because they are offset by changes in unrecognized deferred tax assets.

See note 18 to the consolidated financial statements for 2016 for additional information on income taxes.

CASH FLOW

Net cash outflows from operating activities were USD 9.4 million during the second quarter of 2017. Cash outflows were primarily a result of interest payments of USD 7.0 million and an increase in working capital of USD 4.1 million. Interest expense includes USD 3.6 million due to the accrual of income tax expense associated with the receipt of a draft notice from the CTO (see Income Taxes above) and USD 0.4 million

Financial items - REC Silicon Group

(USD IN MILLION)	Q2 2017	Q2 2016	JUN 30, 2017	JUN 30, 2016	YEAR 2016	Q1 2017
Financial income	0.1	1.0	0.3	1.2	1.7	0.1
Interest expenses on borrowings	-7.1	-3.3	-10.3	-6.8	-13.3	-3.2
Capitalized borrowing cost	0.0	0.0	0.0	0.9	0.9	0.0
Other financial expenses	-0.4	-0.2	-1.0	-0.5	-1.0	-0.6
Net financial expenses	-7.5	-3.6	-11.3	-6.5	-13.5	-3.8
Net currency gains/losses	-17.0	8.0	-20.7	-34.1	-13.5	-3.7
Fair value adjustment convertible bonds	-4.4	-5.5	-14.3	-2.7	-3.9	-9.9
Net financial items	-28.8	-0.1	-46.0	-42.1	-29.2	-17.3

associated with the deferral of capital contributions to the Yulin JV in China (see footnotes 3, 7, and 10). Working capital increases include a decrease in accounts payable of USD 2.3 million, sales in excess of customer collections of USD 1.7 million, and increased inventories of USD 0.1 million. These were offset by EBITDA of USD 1.3 million and a refund of USD 0.6 million of alternative minimum tax (AMT) paid during prior years in the United States. The remaining USD 0.3 million of cash outflows was due to transactions associated with other assets and liabilities.

Net cash outflows from investing activities include capital expenditures of USD 1.2 million and increases in restricted cash balances of USD 0.3 million during the second quarter of 2017.

The net currency exchange effect on cash balances for the period resulted in a gain of USD 1.4 million due to the impact of a weaker US dollar on cash deposits in NOK.

In total, cash balances decreased by USD 9.5 million to USD 71.4 million at June 30, 2017.

FINANCIAL POSITION

Shareholders' equity decreased to USD 711.4 million (68 percent equity ratio) at June 30, 2017, compared to USD 758.9 million (71 percent) at March 31, 2017. This decrease was primarily a result of the loss from total operations of USD 64.8 million. This was offset by net currency gains of USD 17.2 million included in other comprehensive income.

Net debt increased by USD 15.8 million to USD 112.5 million at June 30, 2017, from USD 96.7 million at March 31, 2017. This increase was a result of the decrease in cash balances of USD 9.4 million discussed above and an increase of USD 6.2 million in carrying values due primarily to an increase of USD 4.4 million in the market value of the USD convertible bond. The remaining USD 1.8 million is due to the effects of a weaker US dollar on the Company's NOK denominated debt.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt increased by USD 11.3 million to USD 116.8 million at June 30, 2017 compared to USD 105.5 million at March 31, 2017.

See note 17 to the consolidated financial statements for 2016 and note 6 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

CHINA/USA TRADE WAR

REC Silicon's access to polysilicon markets in China continues to be restricted by the solar trade war between China and the United States. The Group continues to work to obtain a favorable resolution. REC Silicon remains focused on identifying sales opportunities outside of China to mitigate the impact of the trade war. The timing or outcome of any potential resolution remains uncertain.

INCOME TAXES

REC Silicon previously received notices of reassessment from the Norwegian Central Tax Office (CTO) regarding tax returns for tax years 2009 through 2011. The CTO questioned the deductibility of losses on loans and guarantees provided to subsidiaries and affiliates. (See note 31 to the 2016 annual report)

The Company received a draft decision dated June 30, 2017 from the CTO which disallows losses of NOK 7.7 billion in total (at 28 percent the tax would be approximately NOK 2.2 billion). The Company expects these amounts to be adjusted for group contributions and carry back of tax losses, which would result in the recognition of approximately USD 26 million in tax expense plus interest of approximately USD 4 million. This range of potential outcomes remains broadly unchanged from disclosures previously made by the Company.

The Company will oppose the draft decision by filing supporting assessments and presenting additional documentation. REC Silicon continues to believe that these losses are tax deductible and that the eventual outcome will be in the Company's favor. The CTO is expected to issue a final decision near the end of 2017. When a final decision is issued, any resulting tax is generally due two weeks after the decision.

The Company expects to challenge any adverse final ruling through the appeals process and will attempt to defer any potential payment until a final resolution has been reached.

The timing and amount of any potential outcome is subject to substantial uncertainty.

The resulting short-term liabilities of approximately USD 30 million, income tax expense of approximately USD 26 million, and interest expense of approximately USD 4 million, has been included in the Company's second quarter 2017 financial statements.

GOING CONCERN

It is unlikely that the Company's current liquidity position plus cash generated by operations will be sufficient to meet debt maturities in May and September of 2018. In addition, the indemnification loan may be payable in 2018. The indemnification loan was callable in February 2016. However, it has not been called and is not expected to be called before 2018 (see note 6 to this report and note 17 to the consolidated financial statements for 2016).

In the event that conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative, the liquidity risk for the Company will increase.

Management and the Board of Directors are focused on the Group's liquidity requirements and are evaluating alternatives including refinancing the Company's debt, divestment of non-core assets, and the issuance of additional equity. The Company's ability to meet debt maturity obligations in 2018 is dependent upon the success of these efforts.

OTHER

During 2016, REC Advanced Silicon Materials LLC (ASiMi) received a refund of USD 6.6 million for electricity costs in prior years due to a ruling by the Federal Energy Regulatory Commission (FERC) due to incorrectly implemented rate increases. The utility provider has filed a notice of appeal with the D.C. Court of Appeals. REC Silicon believes that FERC's ruling will be sustained by the appeals court. No provision has been made for any potential liability should the utility provider prevail on appeal.

Please refer to the annual report for 2016, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

MARKET OUTLOOK

According to external sources end use PV demand has remained stable from previous estimates in a range of 78GW to 81GW. Current estimates continue to reflect increasing consensus that demand for 2017 will result in modest growth compared to 2016 despite estimates early in 2017 predicting a possible retraction in annual installations. Second half demand is expected to remain stable near second quarter 2017 installation rates (I.H.S. Market Tracker – Q2 2017). End use PV demand in China is expected to decline in the third and fourth quarters due to the expiration of feed in tariffs (FiTs) despite the extension of certain incentive programs into July of 2017. Increases in demand in India due to changes in incentives and the United States due to an acceleration of module purchases in advance of potential trade restrictions on module imports (Suniva 201 filing). However, continued uncertainty is expected to continue to drive supply participants to delay orders to avoid increases in inventory and result in modest increases to polysilicon spot prices during the third quarter of 2017.

Markets for semiconductor grade polysilicon continue to exhibit signs of improvement and continued high capacity utilization is expected to result in demand growth of 4 to 5 percent for 2017. However, high polysilicon inventory levels continue to limit spot market sales

opportunities. Wafer demand continues to be driven by the adoption advanced process technologies using large diameter wafers. Spot market sales opportunities for REC Silicon are expected to increase as excess semiconductor grade polysilicon inventories are depleted and long term contracts expire. REC Silicon has participated in product qualifications and has received favorable preliminary feedback but has not received final technical analyses from customers. Demand is expected to be volatile as inventories decline and markets improve.

Silicon gas markets are expected to remain strong throughout 2017. Improvements in semiconductor markets are having a similar impact on silicon gas markets. Improvements in semiconductor wafer demand translate to increases in demand for silicon gases. Within the PV Segment, REC Silicon has continued to carefully evaluate sales opportunities to limit exposure to credit risk in this segment. Overall, Silicon gas prices are expected to remain stable within each segment, however, average prices may fluctuate due to changes in the mix of silicon gas sales between the crystalline PV segment and the flat panel display, and semiconductor segments.

GUIDANCE

PRODUCTION TARGETS

REC Silicon targets polysilicon production of 3,070MT during the third quarter of 2017. Polysilicon production rates continue to include the effects of FBR capacity curtailments at the Moses Lake facility due to restricted access to markets in China caused by the solar trade war between China and the United States. Current production levels approximate market demand for REC Silicon's solar grade polysilicon products. FBR production will return to full capacity utilization when the trade war is resolved or when market conditions dictate.

Polysilicon production targets for 2017 are estimated at approximately 12,500MT and include operation of the FBR facility in Moses Lake at approximately fifty percent capacity utilization throughout 2017.

Production targets

POLYSILICON PRODUCTION VOLUME (MT)	ACTUAL RESULTS Q1 2017	ACTUAL RESULTS Q2 2017	TARGETS Q3 2017	TARGETS 2017
Granular	2,416	2,380	2,290	9,450
Semiconductor Grade	271	253	230	1,040
Siemens Solar	440	423	550	2,010
Total	3,127	3,057	3,070	12,500
Silicon Gas Sales Volume (MT)	820	808	840	3,320

Cost targets

	ACTUAL RESULTS Q1 2017	ACTUAL RESULTS Q2 2017	TARGETS Q3 2017	TARGETS 2017
FBR Cash Cost (USD/kg)	10.7	11.0	11.5	11.0

Silicon gas sales volumes are targeted at 840MT for the third quarter of 2017 and approximately 3,320MT for the full year 2017. Silicon gas sales targets reflect a continuation of strong demand through the year.

Cost Targets

REC Silicon targets FBR cash production costs of USD 11.5/kg for the third quarter and USD 11.0/kg for the full year 2017. Third quarter cash costs increase due to lower production rates caused by the impact of high summer temperatures on cooling efficiency in silane production. Cash cost targets continue to reflect successful initiatives to match cost and activity levels at reduced production capacity utilization caused by the trade war between China and the United States.

INVESTMENT AND EXPANSION ACTIVITIES

For 2017, capital expenditures are expected to be approximately USD 5 million. Capital spending estimates include only the capital necessary to maintain operations in a safe and reliable manner. Activities associated with all expansion projects have been halted due to market conditions.

The Company continues to identify opportunities to defer and delay capital spending when possible while maintaining safe operating conditions in order to maintain liquidity.

The Yulin JV is expected to start-up the first silane unit during the fourth quarter of 2017 and the second silane unit during the first quarter of 2018. FBR reactors are expected to be started in a manner that matches silane availability. Construction is nearing completion and the total investment is expected to be within the budget of USD 1.25 billion.

FORWARD LOOKING STATEMENTS

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and

objectives. In particular, the section "Market Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in section 'Risks and Uncertainties' above, in REC Silicon's Annual Report for 2016, including the section Risk Factors in the Board of Directors' Report.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer have today considered and approved the condensed financial statements for the first half year 2017 and the financial information in this report that is relevant for the first half year 2017 (together "the first half year 2017 report").


The first half year 2017 report has been prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements for the first half year report as stated in the Norwegian Securities Trading Act (Verdipapirhandelloven).

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2017 gives a true and fair view of the Group's consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the first half year 2017 report includes a fair review of important events during the period and their effects on the condensed set of financial statements for the first half year 2017, together with a description of the principal risks and uncertainties for the remaining months of the financial year as well as transactions with related parties that have a material effect on financial position or the results for the period.

Fornebu, July 19, 2017
Board of Directors


Espen Klitzing
Member of the Board


Jens Ullveit-Moe
Chairman of the Board


Ragnhild Wiborg
Member of the Board


Terje Osmundsen
Member of the Board


Tore Torvund
President and CEO


Inger Berg Ørstavik
Member of the Board

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2017	JUN 30, 2016	DEC 31, 2016
ASSETS				
Non-current assets				
Intangible assets	2	16.3	20.8	17.3
Land and buildings	2	50.5	61.3	51.7
Machinery and production equipment	2	431.0	563.5	460.7
Other tangible assets	2	12.4	15.1	13.2
Assets under construction	2	61.8	66.7	69.7
Property, plant and equipment	2	555.7	706.5	595.2
Government grant assets		89.7	111.0	89.7
Financial assets and prepayments		3.8	4.1	3.8
Deferred tax assets		147.2	71.1	134.7
Total non-current assets		812.6	913.4	840.7
Current assets				
Inventories	5	108.4	97.6	104.1
Trade and other receivables	9	46.0	54.2	55.3
Current tax assets		0.0	0.0	0.6
Restricted bank accounts		4.4	4.2	4.0
Cash and cash equivalents		71.4	91.3	65.8
Total current assets		230.1	247.4	229.8
Total assets		1,042.8	1,160.7	1,070.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2017	JUN 30, 2016	DEC 31, 2016
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		3,158.0	3,158.0	3,158.0
Other equity and retained earnings		-2,446.6	-2,288.5	-2,376.0
Total shareholders' equity		711.4	869.5	782.0
Non-current liabilities				
Retirement benefit obligations		17.7	17.8	18.1
Deferred tax liabilities		0.9	4.8	4.5
Investments in Associates	3	35.0	31.7	35.7
Non-current financial liabilities, interest bearing	6	106.1	144.4	144.1
Non-current prepayments, interest calculation		5.7	5.8	5.9
Other non-current liabilities, not interest bearing		0.3	0.3	0.2
Total non-current liabilities		165.8	204.8	208.6
Current liabilities				
Trade payables and other liabilities		57.2	59.0	53.8
Current tax liabilities		25.5	0.0	0.0
Derivatives	4	1.5	1.5	1.5
Current financial liabilities, interest bearing	6	77.7	23.8	23.1
Current prepayments, interest calculation		3.8	2.1	1.6
Total current liabilities		165.7	86.4	80.0
Total liabilities		331.4	291.2	288.6
Total equity and liabilities		1,042.8	1,160.7	1,070.6

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2017	Q2 2016	JUN 30, 2017	JUN 30, 2016	YEAR 2016
Revenues		61.4	71.1	118.9	139.9	271.2
Cost of materials	5	-14.2	-11.4	-29.1	-23.5	-60.0
Changes in inventories	5	-0.3	-20.8	6.9	-37.9	-29.0
Employee benefit expenses		-18.6	-19.8	-36.3	-41.6	-74.6
Other operating expenses		-26.9	-39.4	-55.6	-72.9	-140.3
Other income and expenses		0.0	6.1	1.2	8.3	2.0
EBITDA		1.3	-14.3	5.9	-27.8	-30.8
Depreciation	2	-19.9	-23.3	-40.0	-46.9	-90.3
Amortization	2	-0.4	-0.5	-0.9	-1.0	-1.9
Impairment	2	0.0	0.0	0.0	0.0	-93.1
Total depreciation, amortization and impairment		-20.3	-23.8	-40.9	-47.9	-185.3
EBIT		-19.0	-38.1	-35.0	-75.7	-216.0
Share of profit/loss of investments in associates	3	-0.6	-0.9	-1.1	-1.6	-2.9
Financial income		0.1	1.0	0.3	1.2	1.7
Net financial expenses		-7.5	-3.6	-11.3	-6.5	-13.5
Net currency gains/losses		-17.0	8.0	-20.7	-34.1	-13.5
Fair value adjustment convertible bonds	6	-4.4	-5.5	-14.3	-2.7	-3.9
Net financial items		-28.8	-0.1	-46.0	-42.1	-29.2
Profit/loss before tax		-48.3	-39.1	-82.1	-119.4	-248.1
Income tax expense/benefit		-16.4	20.1	-9.8	36.0	100.7
Profit/loss		-64.8	-19.0	-91.9	-83.4	-147.4
Attributable to:						
Owners of REC Silicon ASA		-64.8	-19.0	-91.9	-83.4	-147.4
Earnings per share (In USD)						
-basic		-0.03	-0.01	-0.04	-0.03	-0.06
-diluted		-0.03	-0.01	-0.04	-0.03	-0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REC SILICON GROUP

(USD IN MILLION)	Q2 2017	Q2 2016	JUN 30, 2017	JUN 30, 2016	YEAR 2016
Profit/loss	-64.8	-19.0	-91.9	-83.4	-147.4
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0	-0.9
Currency translation effects	19.3	-10.0	23.7	42.0	17.1
Sum items that will not be reclassified to profit or loss	19.3	-10.0	23.7	42.0	16.2
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	-2.0	0.3	-2.4	-10.1	-7.9
Sum items that may be reclassified subsequently to profit or loss	-2.0	0.3	-2.4	-10.1	-7.9
Total other comprehensive income	17.2	-9.7	21.3	31.9	8.2
Total comprehensive income	-47.6	-28.7	-70.6	-51.5	-139.1
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	-47.6	-28.7	-70.6	-51.5	-139.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

REC SILICON GROUP

(USD IN MILLION)	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME	TOTAL EQUITY
June 30, 2016							
At January 1, 2016	405.3	2,710.9	41.8	3,158.0	174.1	-2,411.1	921.0
Equity share option plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-51.5	-51.5
At June 30, 2016	405.3	2,710.9	41.8	3,158.0	174.1	-2,462.6	869.5
Year 2016							
At January 1, 2016	405.3	2,710.9	41.8	3,158.0	174.1	-2,411.1	921.0
Equity share option plan	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-139.1	-139.1
At December 31, 2016	405.3	2,710.9	41.8	3,158.0	174.3	-2,550.3	782.0
June 30, 2017							
At January 1, 2017	405.3	2,710.9	41.8	3,158.0	174.3	-2,550.3	782.0
Equity share option plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-70.6	-70.6
At June 30, 2017	405.3	2,710.9	41.8	3,158.0	174.3	-2,620.9	711.4

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
June 30, 2016				
Accumulated at January 1, 2016	37.7	20.9	-2,469.6	-2,411.1
Profit/loss	0.0	0.0	-83.4	-83.4
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	42.0	42.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	42.0	42.0
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-11.8	0.0	0.0	-11.8
Tax on currency translation differences taken to equity	1.7	0.0	0.0	1.7
Sum items that may be reclassified to profit or loss	-10.1	0.0	0.0	-10.1
Total other comprehensive income for the period	-10.1	0.0	42.0	31.9
Total comprehensive income for the period	-10.1	0.0	-41.4	-51.5
Accumulated at June 30, 2016	27.6	20.9	-2,511.1	-2,462.6
Year 2016				
Accumulated at January 1, 2016	37.7	20.9	-2,469.6	-2,411.1
Profit/loss	0.0	0.0	-147.4	-147.4
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	-0.9	-0.9
Currency translation effects	0.0	0.0	17.1	17.1
Sum items that will not be reclassified to profit or loss	0.0	0.0	16.2	16.2
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-8.7	0.0	0.0	-8.7
Tax on currency translation differences taken to equity	0.7	0.0	0.0	0.7
Sum items that may be reclassified to profit or loss	-7.9	0.0	0.0	-7.9
Total other comprehensive income for the period	-7.9	0.0	16.2	8.2
Total comprehensive income for the period	-7.9	0.0	-131.2	-139.1
Accumulated at December 31, 2016	29.8	20.9	-2,600.9	-2,550.3
June 30, 2017				
Accumulated at January 1, 2017	29.8	20.9	-2,600.9	-2,550.3
Profit/loss	0.0	0.0	-91.9	-91.9
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	23.7	23.7
Sum items that will not be reclassified to profit or loss	0.0	0.0	23.7	23.7
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-3.3	0.0	0.0	-3.3
Tax on currency translation differences taken to equity	0.9	0.0	0.0	0.9
Sum items that may be reclassified to profit or loss	-2.4	0.0	0.0	-2.4
Total other comprehensive income for the period	-2.4	0.0	23.7	21.3
Total comprehensive income for the period	-2.4	0.0	-68.2	-70.6
Accumulated at June 30, 2017	27.4	20.9	-2,669.1	-2,620.9

CONSOLIDATED STATEMENT OF CASH FLOWS

TOTAL OPERATIONS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2017	Q2 2016	JUN 30, 2017	JUN 30, 2016	YEAR 2016
Cash flows from operating activities						
Profit/loss before tax		-48.3	-39.1	-82.1	-119.4	-248.1
Income taxes paid/received		0.6	0.0	0.6	0.0	0.0
Depreciation, amortization and impairment	2	20.3	23.8	40.9	47.9	185.3
Fair value adjustment convertible bond	6	4.4	5.5	14.3	2.7	3.9
Equity accounted investments, impairment financial assets, gains/losses on sale	3	0.6	0.9	1.1	1.6	2.9
Changes in receivables, prepayments from customers etc.	9	-1.3	12.7	14.2	26.0	15.3
Changes in inventories	5	-0.1	28.0	-2.9	44.0	37.4
Changes in payables, accrued and prepaid expenses		-2.3	-8.2	0.0	-17.4	-12.8
Changes in VAT and other public taxes and duties		0.4	0.1	0.3	0.1	0.0
Changes in derivatives		0.0	0.0	0.0	0.0	0.0
Currency effects not cash flow or not related to operating activities		16.3	-7.2	20.0	33.5	13.2
Other items		-0.1	-0.2	-0.1	-0.3	6.8
Net cash flow from operating activities		-9.4	16.3	6.3	18.8	3.8
Cash flows from investing activities						
Payments finance receivables and restricted cash		-0.3	-0.3	-0.3	-0.3	-0.2
Proceeds from sale of property, plant and equipment and intangible assets		0.0	0.0	0.0	0.0	0.0
Payments for property, plant and equipment and intangible assets	2	-1.1	-3.3	-1.9	-4.9	-14.5
Net cash flow from investing activities		-1.5	-3.6	-2.2	-5.2	-14.4
Cash flows from financing activities						
Increase in equity		0.0	0.0	0.0	0.0	0.0
Payments of borrowings and up-front/waiver loan fees		0.0	-21.2	0.0	-21.2	-21.2
Net cash flow from financing activities		0.0	-21.2	0.0	-21.2	-21.2
Effect on cash and cash equivalents of changes in foreign exchange rates		1.4	-1.7	1.5	3.6	2.2
Net increase/decrease in cash and cash equivalents		-9.5	-10.2	5.6	-4.1	-29.7
Cash and cash equivalents at the beginning of the period		80.9	101.5	65.8	95.4	95.4
Cash and cash equivalents at the end of the period		71.4	91.3	71.4	91.3	65.8

NOTES

1 GENERAL

THE GROUP

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

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

BASIS OF PREPARATION

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

FINANCIAL STATEMENTS

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by the auditor. They do not include all of the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2016. The consolidated financial statements for 2016 are available upon request from the Company's registered office in Fornebu, Norway or at www.recsilicon.com.

The Board of Directors has prepared these interim financial statements under the assumption that the Company is a going concern and is of the opinion that this assumption was realistic at the date of the accounts. Please refer to the section Risks and Uncertainties in this report for additional information.

ACCOUNTING POLICIES

The consolidated financial statements for 2016 were prepared in accordance with IFRS as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted by the Company are consistent with those of the previous financial year. See note 2.24 to the consolidated financial statements for 2016.

ESTIMATES AND JUDGMENTS

Preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements for 2016.

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

An Alternative Performance Measure (APM) is a measure of historical or future financial performance, financial position, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework.

The Company has identified the following APMs used in reporting:

EBIT – Profit/loss from total operations excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.

EBIT Margin – EBIT divided by revenues.

EBITDA – EBIT excluding depreciation, amortization and impairment.

EBITDA Margin – EBITDA divided by revenues.

Net Debt – Carrying value of interest bearing debt instruments less cash and cash equivalents.

Nominal Net Debt – Contractual principal repayment values of interest bearing debt instruments less cash and cash equivalents.

FBR Cash Cost – Variable, direct, and indirect manufacturing costs excluding depreciation and amortization divided by units produced (excluding fines and powder). FBR Cash Cost does not include general and administrative costs.

Equity Ratio – Total shareholders' equity divided by total assets.

2 FIXED ASSETS

See note 6 to the consolidated financial statements for 2016.

Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT	TOTAL INTANGIBLE ASSETS	TOTAL
Carrying value at January 1, 2017	51.7	460.7	13.2	69.7	595.2	17.3	612.5
Exchange differences	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net additions 1)	0.2	7.9	0.3	-7.9	0.4	-0.2	0.2
Depreciation and amortization	-1.3	-37.6	-1.1	0.0	-40.0	-0.9	-40.8
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Carrying value at June 30, 2017	50.5	431.0	12.4	61.8	555.7	16.3	571.9
At June 30, 2017							
Historical cost	145.9	2,067.9	79.4	66.6	2,359.9	79.7	2,439.6
Accumulated depreciation/amortization/impairment	-95.5	-1,636.9	-67.0	-4.8	-1,804.2	-63.5	-1,867.7
Carrying value at June 30, 2017	50.5	431.0	12.4	61.8	555.7	16.3	571.9

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 7 to the consolidated financial statements for 2016.

The Group conducted a review of impairment indicators and determined that the value of the Company's market capitalization and the continued impact of the trade dispute between the United States and China (See Note 8) could give rise to a change in impairment and impairment testing was performed at June 30, 2017.

Management determined that the Group continues to contain only one cash generating unit. Future cash flows are estimated on the basis of forecasts for the next 5 years. Value in use has been estimated using discounted cash flows over a 5 year period with the last year used as a basis for terminal value. A discount rate of 12.4 percent was estimated on an after tax basis and adjusted to estimate the equivalent before tax discount rate of 16.5 percent.

The forecasts used to arrive at estimated future cash flows contain the assumption that the trade dispute will be resolved during 2019. Should the trade dispute remain unresolved, additional impairment would be required.

The resulting value in use at June 30, 2017 is estimated to approximate the carrying value of REC Silicon. Therefore, no additional impairment or reversal of impairment has been recognized.

3 EQUITY ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES)

The Group has entered into a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). The Group has a 49 percent interest and joint control, therefore, it is a joint venture and is accounted for according to the equity method.

The Group's share of net assets does not reflect its 49 percent ownership interest in the Yulin JV due to differences in timing of equity contributions by the JV partners.

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

(USD IN MILLION)	JUN 30, 2017
Carrying value at January 1	-35.7
Equity contributions	0.0
Amortization of basis difference in technology contributed	0.0
Share of joint venture profit/loss	-1.1
Deferred income/expense	0.3
Effects of changes in currency exchange rates	1.5
Carrying value at June 30	-35.0

The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at June 30, 2017:

(USD IN MILLION)	JUN 30, 2017
Non-current assets	877.8
Other Current assets	84.1
Cash and cash equivalents	19.7
Non-current liabilities	-521.1
Current liabilities	-166.3
Net Assets (100%)	294.3
REC Silicon's share of net assets	62.7
Deferred income/expense	0.3
Adjusted for technology transfer	-97.0
Carrying amount of REC's interest	-35.0

See note 7 below and note 8 to the consolidated financial statements for 2016.

4 DERIVATIVES

See notes 3 and 11 to the consolidated financial statements for 2016.

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

At June 30, 2017, the option contract was a liability valued at USD 1.5 million (USD 1.5 million at December 31, 2016).

5 INVENTORIES

See note 13 to the consolidated financial statements for 2016.

Inventories at end of period

(USD IN MILLION)	JUN 30, 2017			DEC 31, 2016		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	9.8	0.0	9.8	14.1	0.0	14.1
Spare parts	43.2	-15.1	28.1	41.5	-13.9	27.6
Work in progress	8.9	-1.1	7.9	10.1	-1.4	8.7
Finished goods	95.6	-33.0	62.6	84.1	-30.3	53.8
Total	157.5	-49.2	108.4	149.8	-45.7	104.1

6 BORROWINGS AND GUARANTEES

See notes 3 and 17 to the consolidated financial statements for 2016.

Carrying amounts of interest bearing liabilities at June 30, 2017 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST	
	CURRENCY	USD	TOTAL	2018
Unamortized upfront fees (NOK)	-0.6	-0.1	0.0	0.0
NOK bonds (NOK)	452.6	54.0	54.3	54.3
USD convertible bond (USD)	106.1	106.1	110.0	110.0
Indemnification loan (NOK)	200.0	23.8	23.8	23.8
Total		183.9	188.2	188.2

The difference between carrying amounts and contractual repayments of the USD convertible bonds is due to fair value adjustments. The difference for the NOK bonds is related to fair value interest rate hedges. The fair value hedges have been revoked and the remaining fair value adjustments are being amortized prospectively as part of the effective interest.

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At June 30, 2017 the indemnification loan is NOK 200 million (USD 23.8 million) and can only be called if certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5%. Although the indemnification loan was callable in February 2016, this loan has not been called and is not expected to be called before 2018 (see note 8 below and note 17 to the consolidated financial statements for 2016.)

Guarantees

See note 29 to the consolidated financial statements for 2016.

At June 30, 2017, the Company had provided USD 5.0 million in bank guarantees against which the Company has pledged USD 3.9 million of restricted cash. This included bank guarantees for the benefit of REC Solar of USD 1.1 million with USD 0.2 million of restricted cash as security.

The Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.7 million at June 30, 2017 and December 31, 2016.

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

Fair values of financial instruments

See note 30 to the consolidated financial statements for 2016.

The option contract contained in the indemnification agreement associated with the REC Wafer Norway AS bankruptcy is subject to level 3 of the fair value hierarchy of IFRS 13. The value of this option at June 30, 2017 and December 31, 2016 was USD 1.5 million.

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

The fair value of the USD convertible bond at June 30, 2017 is estimated at 97 percent of nominal value, compared to 84 percent at December 31, 2016. Fair value of the USD convertible bond is estimated using recent transactions reported for the bond.

(USD IN MILLION)	JUN 30, 2017		
	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC03	54.3	54.0	53.1

USD convertible bond

(USD IN MILLION)	AT ISSUE SEP 2013	JUN 30, 2017	JUN 30, 2016	DEC 31, 2016	CHANGE TO P/L Q2 2017	CHANGE TO P/L Q2 2016	CHANGE TO P/L JUN 30, 2017	CHANGE TO P/L JUN 30, 2016
Nominal value	110.0	110.0	110.0	110.0				
Value of the total loan	110.0	106.1	90.8	91.9	4.4	5.5	14.3	2.7

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

7 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at June 30, 2017

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2017	2018	2019	2020	2021	2022	AFTER 2022
Purchase of goods and services	35.1	27.2	3.7	0.2	1.2	1.5	1.5	0.0
Minimum operating lease payments	48.6	10.2	14.4	8.8	8.8	2.1	2.1	2.1
Total purchase obligations and minimum lease payments	83.8	37.4	18.1	9.0	10.0	3.6	3.6	2.1

REC Silicon is a partner in a joint venture in China (See note 3). REC Silicon has agreed to contribute additional equity to the joint venture of USD 169 million in the third quarter of 2017 which has not been included in the table above. REC Silicon expects to delay or cancel these contributions.

8 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

CHINA/USA TRADE WAR

REC Silicon's access to polysilicon markets in China continues to be restricted by the solar trade war between China and the United States. The Group continues to work to obtain a favorable resolution. REC Silicon remains focused on identifying sales opportunities outside of China to mitigate the impact of the trade war. The timing or outcome of any potential resolution remains uncertain.

INCOME TAXES

REC Silicon previously received notices of reassessment from the Norwegian Central Tax Office (CTO) regarding tax returns for tax years 2009 through 2011. The CTO questioned the deductibility of losses on loans and guarantees provided to subsidiaries and affiliates. (See note 31 to the 2016 annual report)

The Company received a draft decision dated June 30, 2017 from the CTO which disallows losses of NOK 7.7 billion in total (at 28 percent the tax would be approximately NOK 2.2 billion). The Company expects these amounts to be adjusted for group contributions and carry back of tax losses, which would result in the recognition of approximately USD 26 million in tax expense plus interest of approximately USD 4 million. This range of potential outcomes remains broadly unchanged from disclosures previously made by the Company.

The Company will oppose the draft decision by filing supporting assessments and presenting additional documentation. REC Silicon continues to believe that these losses are tax deductible and that the eventual outcome will be in the Company's favor. The CTO is expected to issue a final decision near the end of 2017. When a final decision is issued, any resulting tax is generally due two weeks after the decision.

The Company expects to challenge any adverse final ruling through the appeals process and will attempt to defer any potential payment until a final resolution has been reached.

The timing and amount of any potential outcome is subject to substantial uncertainty.

The resulting short-term liabilities of approximately USD 30 million, income tax expense of approximately USD 26 million, and interest expense of approximately USD 4 million, has been included in the Company's second quarter 2017 financial statements.

GOING CONCERN

It is unlikely that the Company's current liquidity position plus cash generated by operations will be sufficient to meet debt maturities in May and September of 2018. In addition, the indemnification loan may be payable in 2018. The indemnification loan was callable in February 2016. However, it has not been called and is not expected to be called before 2018 (see note 6 to this report and note 17 to the consolidated financial statements for 2016).

In the event that conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative, the liquidity risk for the Company will increase.

Management and the Board of Directors are focused on the Group's liquidity requirements and are evaluating alternatives including refinancing the Company's debt, divestment of non-core assets, and the issuance of additional equity. The Company's ability to meet debt maturity obligations in 2018 is dependent upon the success of these efforts.

OTHER

During 2016, REC Advanced Silicon Materials LLC (ASiMi) received a refund of USD 6.6 million for electricity costs in prior years due to a ruling by the Federal Energy Regulatory Commission (FERC) due to incorrectly implemented rate increases. The utility provider has filed a notice of appeal with the D.C. Court of Appeals. REC Silicon believes that FERC's ruling will be sustained by the appeals court. No provision has been made for any potential liability should the utility provider prevail on appeal.

Please refer to the annual report for 2016, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

9 RECEIVABLES

See note 12 and 30 to the consolidated financial statements for 2016.

Aging of receivables at June 30, 2017

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	44.9	29.3	2.3	0.0	0.1	0.4	12.8
Provision for loss on trade receivables	-12.8	0.0	0.0	0.0	0.0	0.0	-12.8
Other non-current and current receivables	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Total receivable	33.1	30.3	2.3	0.0	0.1	0.4	0.0
Prepaid Costs	12.4						
Total trade and other receivable	45.5						

10 TRANSACTIONS WITH RELATED PARTIES

See note 10 and note 16 to the consolidated financial statements for 2016.

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

In the first half of 2017, REC Silicon invoiced the Yulin JV USD 3.9 million for engineering and project services. In addition, the Company accrued interest of USD 0.7 million associated with the deferral of USD 15 million in equity contributions which was due in the third quarter of 2016. Also, REC Silicon sold polysilicon to the JV for USD 0.5 million and received a prepayment of USD 1.1 million for silane gas which is expected to ship in the third quarter of 2017. Amounts commensurate with REC Silicon's ownership have been eliminated and are reflected as deferred income/expense in REC Silicon's investment in the JV (see note 3).

11 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2016 for further information on segments.

12 EVENTS AFTER THE REPORTING PERIOD

On July 6, 2017 the state of Montana experienced an earthquake that registered 5.8 on the Richter scale. Several reactors at the Company's Butte manufacturing facility experienced a premature termination. Affected reactors were harvested and placed back into operation resulting in only minor impacts to production. Subsequent inspections identified no structural damage.

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About REC Silicon

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

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