



RECSiLICON



FIRST QUARTER
2018

REPORT

FIRST QUARTER HIGHLIGHTS

(Compared to Fourth Quarter 2017)

- > Revenues of USD 69.6 million and EBITDA of USD 14.6 million
 - Polysilicon Sales Volume of 2,904MT (26.3% Decrease)
 - 619MT Polysilicon Inventory Increase
- > FBR Cash Cost of USD 9.4/kg
 - Operation of both Silane Units at Reduced Rates
 - FBR Facility Operated at ~63% Capacity Utilization
 - FBR Production Volume of 3,127MT (34.3% Increase)
- > Continued Strong Silicon Gas Sales Volumes
 - Sales Volumes of 897MT (7.5% Decrease)
 - Silane Gas Price Decrease of 6.9%
- > March 31, 2018 Cash Balance of USD 112.0 million
 - Cash Increase of USD 7.4 million
 - USD 7.4 million Cash Flows from Operations
- > Successful Completion of USD 110 million Bond Issue on March 23, 2018
 - Ensures Sufficient Liquidity to Meet 2018 Debt Maturities
 - Settlement Completed on April 13, 2018
- > Yulin JV Operating at Reduced Capacity Utilization
 - ~800MT of Granular Produced in Q1 2018 (Secondary Quality)
 - Full Capacity Utilization Expected in H2 2018
 - Resolution to Equity Contribution Announced on February 1, 2018

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017	Q4 2017
Revenues	69.6	57.5	272.4	78.0
EBITDA	14.6	4.6	19.8	10.3
EBITDA margin	21.0%	8.0%	7.3%	13.2%
EBIT excluding impairment charges	-5.6	-15.9	-127.2	-10.1
Impairment charges	-0.1	0.0	-0.3	-0.2
EBIT	-5.7	-16.0	-127.5	-10.3
EBIT margin	-8.1%	-27.8%	-46.8%	-13.2%
Profit/loss before tax	60.1	-23.8	-192.8	-4.8
Profit/loss	60.5	-17.2	-350.6	-150.6
Earnings per share, basic and diluted (USD)	0.02	-0.01	-0.14	-0.06
Polysilicon production in MT (Siemens and granular)	3,523	3,127	11,636	2,616
Polysilicon sales in MT (Siemens and granular)	2,904	2,509	13,503	3,943
Multicrystalline brick sales in MT	2	0	1	0
Silicon gas sales in MT	897	820	3,501	969

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 11,590MT in 2018.

Revenues during the first quarter of 2018 decreased by 10.8 percent to USD 69.6 million compared to the fourth quarter of 2017. The decrease in revenues is largely a result of lower sales volumes of polysilicon which declined by 26.3 percent to 2,904MT. This was partially offset by an increase in average polysilicon price realizations of 18.2% partially due to an increase in the mix of higher quality polysilicon products.

Total polysilicon production volume was 3,523MT, 17.8 percent higher than guidance of 2,990MT provided on February 9, 2018. This increase was largely due to higher production volumes driven by the operation of both Moses Lake silane facilities for a longer period than was originally anticipated while transitioning between silane units to perform scheduled maintenance. As a result, polysilicon inventories increased by 619MT during the first quarter of 2018.

EBITDA was USD 14.6 million for the first quarter 2018 compared to USD 10.3 million in the fourth quarter of 2017. Increased EBITDA is a result of increased cost efficiencies due to high production volumes and increases in average prices realized for total polysilicon sales.

Summary of first quarter results by segment

(USD IN MILLION)	Q1 2018	
	REVENUES	EBITDA
Solar Materials	32.7	8.4
Semiconductor Materials	37.7	17.5
Other & Eliminations	-0.8	-11.3
Total	69.6	14.6

MARKET DEVELOPMENT

Industry analysts estimate end use PV demand for the first quarter of 2018 in a range from 22GW (I.H.S. PV Demand Market Tracker) and 23GW (GTMPV Pulse March 2018) which is broadly unchanged from prior forecasts. In addition, estimates of end use demand for the first quarter of 2018 were unchanged compared to PV demand during the fourth quarter of 2017 but increased compared to an estimated 19GW installed during the first quarter of 2017. As anticipated, strong polysilicon demand supported price increases early in the first quarter, however, prices declined later in the quarter due to softer markets because of uncertainty in polysilicon demand and the Chinese holiday season. The price impact of softer demand was mitigated by opportunistic shutdowns for planned maintenance by polysilicon producers. Solar grade polysilicon prices continue to be higher inside of China due to supply constraints caused by the solar trade war between China and the United States. Spot prices inside of China at the end of the first quarter are estimated at approximately USD 16.0/kg, a decrease of approximately USD 3.6/kg compared to spot prices at the end of the fourth quarter 2017. Spot prices outside of China were relatively stable and decreased by approximately USD 0.2/kg to USD 13.4/kg during the same period. Estimates of average spot prices inside of China decreased by approximately 5 percent compared the fourth quarter of 2017 while average spot prices outside of China increased by approximately 3 percent.

Semiconductor grade polysilicon markets continue to be dominated by long term fixed sales contracts and high polysilicon inventory levels. However, these fixed sales contracts are beginning to expire and inventory levels are declining due to growing demand for semiconductor devices and the implementation of improved technology in the semiconductor and flat panel display industries. REC Silicon's increased sales volumes of semiconductor grade polysilicon during the first quarter of 2018 is a result of successful product qualifications which have translated into firm orders.

Overall, demand for silicon gases remained strong despite traditional seasonal low demand during the first quarter. Demand continues to increase as a result of higher silane utilization in PV cell production, capacity expansions for flat panel displays, and the continuing

implementation of technology improvements in semiconductor applications. Efforts by competitors to capture additional market share and increase capacity utilization continues to place downward pressure on prices.

RESEARCH AND DEVELOPMENT

REC Silicon incurred R&D expenses of USD 0.9 million during the first quarter of 2018 compared to USD 0.9 million during the fourth quarter of 2017.

Research and development efforts continue to focus on fundamental aspects of the FBR technology. The immediate objective is to improve process stability and quality while remaining focused on supporting Yulin FBR start up and optimization. Longer term, the objective is to improve understanding of the FBR technology to form a foundation for future technology development.

For silane, improved process specific models have been developed and are being used to optimize operations, increase production rates, and improve efficiencies. Identified improvements are being implemented to extend time between planned maintenance shutdowns.

Research efforts are ongoing to improve analytical techniques in both polysilicon and silicon gases.

SEGMENT INFORMATION

SOLAR MATERIALS

REC Silicon manufactures polysilicon for the solar energy markets from its manufacturing facility in Moses Lake, Washington. This facility uses best-in-class proprietary Fluidized Bed Reactor (FBR) technology to produce low cost high purity polysilicon for the solar industry. The Moses Lake plant is the world's largest producer of granular polysilicon with approximately 18,000MT of polysilicon production capacity.

Revenues for the Solar Materials segment were USD 32.7 million during the first quarter of 2018, a decrease of 11.6 percent from USD 37.1 million during the fourth quarter of 2017. This decrease in revenues was due primarily to lower polysilicon sales volumes.

Sales volumes of granular solar grade polysilicon decreased by 25.2 percent to 2,563MT compared to Q4 2017. Lower sales volumes reflect traditional seasonal lows in demand during the first quarter in addition to opportunistic PV plant closures surrounding the Lunar New Year. However, REC finalized sales early in the quarter and, therefore, realized a prime grade granular polysilicon price increase of 4.8 percent compared to the prior quarter. In addition, the mix of prime solar grade sales volumes increased while prices realized from lower quality grades increased due to limited availability which caused an increase in overall average price realizations for granular solar polysilicon products of 17.5 percent.

Granular polysilicon production volume was 3,127MT and 19.4 percent higher than market guidance of 2,620MT. This increase was largely due to the operation of both Moses Lake silane units longer than was originally anticipated.

FBR cash production costs were USD 9.4/kg or USD 1.7/kg below guidance of USD 11.1/kg. This decrease can be attributed to the high production volumes discussed above, lower ore costs, and stable operations which resulted in lower operating costs than anticipated.

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. Accordingly, the FBR facility in Moses Lake continues to operate at reduced capacity utilization rates. FBR production will return to full capacity when the trade war is resolved or when market conditions dictate.

The Solar Materials segment contributed USD 8.4 million to the Company's EBITDA during the first quarter of 2018. This contribution represents revenues less costs of manufacturing for products sold during the period and excludes selling, general, and administrative expenses.

SEMICONDUCTOR MATERIALS

REC Silicon manufactures polysilicon and silicon gases for the semiconductor markets from its manufacturing facility in Butte Montana. This facility is the world's largest supplier of silicon gases for semiconductor, flat panel display, and solar applications. The facility also uses a silane based siemens polysilicon processing technology to produce the highest quality (FZ) polysilicon for use in the semiconductor industry. The Butte plant has a capacity of approximately 4,500MT of silicon gas loading and 2,000MT polysilicon production.

Semiconductor segment revenues were USD 37.7 million during the first quarter of 2018 a decrease of 10.0 percent from USD 41.9 million during the fourth quarter of 2017. This decrease in revenues was due primarily to lower polysilicon sales volumes.

Polysilicon sales volumes declined by 34.0 percent to 342MT compared to the fourth quarter of 2017. This decrease was the result of lower solar grade polysilicon sales volumes while semiconductor grade polysilicon sales volumes increased by 18.1 percent to 233MT. As a result of the increase in higher quality product sales, average prices realized on total polysilicon sales increased by 28.6 percent while the underlying price realizations for semiconductor grade polysilicon remained broadly unchanged compared to the prior quarter.

Silicon gas sales volumes were 896MT during the first quarter of 2018 or 17MT higher than market guidance provided on February 9, 2018. This represents a 7.5 percent decrease compared to sales volumes for the fourth quarter of 2017. The Company completed a long-term framework distribution agreement which included minimum sales volumes in exchange for increased price discounts in response to price discounts offered by competitors. As a result, sales prices realized by REC Silicon for silane gas declined by approximately 6.9 percent.

Semiconductor polysilicon production was 250MT or 40MT (18.9%) above guidance provided on February 9, 2018.

The Semiconductor Materials segment contributed USD 17.5 million to the Company's EBITDA during the first quarter of 2018. This contribution represents revenues less costs of manufacturing for products sold during the period and excludes selling, general, and administrative expenses.

Key Financials - Solar Materials

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017	Q4 2017
Revenues	32.7	26.7	127.8	37.1
EBITDA contribution	8.4	-1.2	-1.7	3.8
Contribution margin	25.6%	-4.4%	-1.3%	10.4%
Polysilicon production in MT (Siemens and granular)	3,127	2,417	9,380	2,329
Polysilicon sales in MT (Siemens and granular)	2,563	2,217	11,450	3,426
Multicrystalline brick sales in MT	2	0	1	0

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017	Q4 2017
Revenues	37.7	30.8	147.5	41.9
EBITDA contribution	17.5	12.4	55.3	16.7
Contribution margin	46.5%	40.3%	37.5%	39.8%
Polysilicon production in MT (Siemens)	396	710	2,256	287
Polysilicon sales in MT (Siemens)	342	293	2,093	518
Silicon gas sales in MT	896	820	3,582	999

Key Financials - Other and Eliminations

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017	Q4 2017
Revenues	-0.8	0.0	-2.9	-0.9
EBITDA contribution	-11.3	-6.6	-33.9	-10.2
Polysilicon sales in MT (Siemens and granular)	0	0	-39	0
Silicon gas sales in MT	1	0	-80	-30

OTHER AND ELIMINATIONS

The segment Other includes general administrative and sales activities in support of the manufacturing facilities in the United States and the Company's headquarters in Fornebu Norway. It also includes costs associated with the Company's representative offices in Taiwan, Korea, Singapore, China, and the United States.

Operating costs in Other and Eliminations were USD 11.3 million during the first quarter of 2018. Higher operating costs are a result of efforts to monetize non-core assets and to refinance the Company's debt to satisfy debt maturities during 2018.

FINANCIAL ITEMS

Net currency gains and (losses) are primarily related to the impact of exchange rate fluctuations between transaction currencies and the USD which is the primary functional currency for the group. REC Silicon ASA changed functional currency from NOK to USD beginning on January 1, 2018 due to changes in the Company's capital structure with the maturity of REC03 and the issuance of the USD senior secured bond on April 13, 2018.

During periods prior to January 1, 2018, net currency gains and (losses) related primarily to the impact of exchange rate changes to internal loans (loans of approximately USD 0.9 billion at December 31, 2017) that are not eliminated on consolidation.

See note 6 for additional information on borrowings.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017	Q4 2017
Financial income	0.3	0.1	0.6	0.2
Interest expenses on borrowings	-3.3	-3.2	-28.4	-14.8
Capitalized borrowing cost	0.0	0.0	0.0	0.0
Expensing of up-front fees and costs	0.0	0.0	-0.1	0.0
Other financial expenses	-0.4	-0.6	-1.7	-0.3
Net financial expenses	-3.7	-3.8	-30.2	-15.1
Net currency gains/losses	-4.2	-3.7	-34.1	20.7
Fair value adjustment convertible bonds	0.0	0.1	0.2	0.0
Net financial items	-7.6	-7.3	-63.5	5.8

CASH FLOW

Net cash flows from operating activities were USD 7.4 million during the first quarter of 2018. Cash flows were primarily a result of EBITDA of USD 14.3 million and a currency gain of approximately USD 3.6 million on cash deposits in NOK due to a decrease in the value of the USD vs. NOK. These were offset by an increase in working capital of USD 6.1 million, a USD 2.7 million payment associated with the equity resolution agreement on the Yulin JV, and interest payments of USD 1.8 million. The increased investment in working capital was due to increased inventories of USD 6.9 million, a decrease in accounts payable of USD 2.1 million, and customer collections in excess of sales of USD 2.9 million. The remaining USD 0.1 million decrease in cash can be attributed to changes in other assets and liabilities.

Investing activities included capital expenditures of USD 0.3 million and an increase in restricted cash deposits of USD 0.2 million which were offset by proceeds from the sale of fixed assets of USD 0.5 million.

In total, cash balances increased by USD 7.4 million to USD 112.0 million at March 31, 2018.

FINANCIAL POSITION

Shareholders' equity increased to USD 511.4 million (61 percent equity ratio) at March 31, 2018, compared to USD 448.9 million (56 percent equity ratio) at December 31, 2017. This increase was primarily a result of profit from total operations of USD 60.5 million which USD 73.3 million of profit from investment in associates due to a decrease in the percentage of REC Silicon's ownership in the Yulin JV (see note 4 to these financial statements). In addition, net currency gains of USD 3.9 million and an expense of USD 1.9 million associated with the fair value adjustment to the USD convertible bond were included in other comprehensive income.

Net debt decreased by USD 1.0 million to USD 82.3 million at March 31, 2018, from USD 83.3 million at December 31, 2017. This decrease was a result of the increase in cash balances of USD 7.4 million discussed above offset by an increase of USD 6.5 million in debt carrying values due to an increase of USD 1.9 million in the fair value of the USD convertible bond and USD 4.6 million increase in denominated liabilities for REC03 and the indemnity loan.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt decreased by USD 3.0 million to USD 82.3 million at March 31, 2018 compared to USD 85.4 million at December 31, 2017.

See note 17 to the consolidated financial statements for 2017 and note 7 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. The timing and amount of any potential outcome is subject to substantial uncertainty. See note 31 to the 2017 annual report.

GOING CONCERN

On March 23, 2018, the Company announced that it had successfully completed a USD 110 million senior secured bond issue with a maturity date of April 13, 2023. The bond settled on April 13, 2018. This USD 110 million bond ensures the Company's ability to meet debt maturity obligations in 2018. See notes 7 and 13 to this report for additional information. Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern.

Please refer to the annual report for 2017, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

MARKET OUTLOOK

Global PV installations during 2018 are estimated to be 103GW (GTMPV Pulse March 2018). China continues to be the largest market at approximately 48GW for 2018 and is expected to drive demand during the second and fourth quarters in advance of the expiration of 2017 Feed in Tariffs (FiT) on June 30, 2018 and the expiration of 2018 FiTs on December 31, 2018. Accordingly, PV demand for the second quarter of 2018 is expected to increase to 28GW, an increase of approximately 5GW (22 percent) compared to estimates for the first quarter. However, high end use demand has not translated to polysilicon orders due to market uncertainty, efforts to avoid excess inventory, and expected balance between supply and demand as producers increase capacity utilization to meet polysilicon demand. Solar grade polysilicon prices will continue to be higher inside of China due to supply constraints caused by the solar trade war. However, increases in PV demand in China are expected to result in more balanced markets outside of China. Any increase in polysilicon demand is not expected to translate to increased sales volumes for REC Silicon due to supply constraints caused by operation of the Moses Lake FBR facility at reduced production rates due to the trade war. In addition, REC Silicon will continue to offer price discounts to maintain sales levels at reduced productions to avoid inventory build.

Semiconductor grade polysilicon markets are expected to improve during 2018 as long term fixed contracts expire and inventories decline as a result of high semiconductor capacity utilization. Successful qualifications of REC Silicon products are expected to translate to higher sales volumes throughout 2018. Macro demand factors associated with data transmission and storage, mobility, and increasing Silicon content in automobiles and other consumer goods are forecasted to continue to result in demand growth over the long term.

Demand for silicon gases is expected to remain strong throughout 2018. Demand is expected to continue to increase because of higher silane utilization in PV cell production, capacity expansions for flat panel displays, and the continuing implementation of technology improvements in semiconductor applications. As a result of the price decrease realized during the first quarter of 2018, prices are expected to remain relatively stable for the remainder of 2018.

GUIDANCE

PRODUCTION TARGETS

REC Silicon targets polysilicon production of 2,660MT during the second quarter of 2018. 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. As expected, second quarter production will decline by approximately 27 percent due to high production volumes during the first quarter due to the operation of both Moses Lake Silane units at reduced capacity utilization. Production rates are expected to return to volumes reflecting approximately 50 percent capacity utilization. Anticipated production levels continue to 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 2018 are estimated at approximately 11,590MT.

Silicon gas sales volumes are targeted at 910MT for the second quarter of 2018 and 3,700MT for the full year 2018.

Cost Targets

REC Silicon targets FBR cash production costs of USD 13.4/kg for the second quarter of 2018 and USD 11.6/kg for the full year 2018. The increase in cash cost for the second quarter is primarily a result of lower production volumes compared to the prior quarter. In addition, costs will increase due to planned maintenance on the silane facility that was

operated from June of 2016 to March of 2018. Cash cost targets continue to reflect successful efforts to lower costs and increase efficiencies at reduced production capacity utilization caused by the trade war between China and the United States.

INVESTMENT AND EXPANSION ACTIVITIES

Capital expenditures for 2018 are expected to be approximately USD 4 million. Capital spending includes only the capital necessary to maintain safe and reliable operations.

The Company will continue to defer and delay capital spending when possible while maintaining safe operating conditions to maintain liquidity.

The Yulin JV is operated at approximately 25 percent capacity during the first quarter of 2018. The JV is currently operating one silane unit at approximately 50 percent capacity which resulted in production of approximately 800MT. The second silane unit and the remaining FBR reactors will be started during the second quarter of 2018. The facility is expected to reach full capacity utilization in the second half of 2018. Business targets for the JV in 2018 include 8,000MT of Polysilicon Production (Siemens and Granular) and demonstration of the facilities' capability to produce high purity EG grade polysilicon. Total investment costs are projected 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 2017, including the section Risk Factors in the Board of Directors' Report.

Production targets

POLYSILICON PRODUCTION VOLUME (MT)	ACTUAL RESULTS Q1 2018	TARGETS Q2 2018	TARGETS 2018
Granular	3,127	2,280	10,010
Semiconductor Grade	250	270	1,030
Siemens Solar	146	110	550
Total	3,523	2,660	11,590
Silicon Gas Sales Volume (MT)	897	910	3,700

Cost targets

	ACTUAL RESULTS Q1 2018	TARGETS Q2 2018	TARGETS 2018
FBR Cash Cost (USD/kg)	9.4	13.4	11.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2018	MAR 31, 2017	DEC 31, 2017
ASSETS				
Non-current assets				
Intangible assets	3	15.3	16.9	15.7
Land and buildings	3	49.4	51.0	50.5
Machinery and production equipment	3	398.6	442.1	416.7
Other tangible assets	3	11.8	12.7	12.0
Assets under construction	3	60.3	68.4	61.1
Property, plant and equipment	3	520.1	574.2	540.3
Government grant assets		0.0	89.7	0.0
Investments in Associates	4	40.6	0.0	0.0
Other non-current receivables		3.8	3.8	3.8
Financial assets and prepayments		44.4	3.8	3.8
Deferred tax assets		0.0	138.9	0.0
Total non-current assets		579.8	823.4	559.8
Current assets				
Inventories	6	89.7	108.4	82.9
Trade and other receivables	11	52.8	45.5	48.6
Current tax assets		0.0	0.6	0.0
Restricted bank accounts		4.6	4.0	4.4
Cash and cash equivalents		112.0	80.9	104.5
Total current assets		259.1	239.4	240.4
Total assets		838.9	1,062.8	800.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2018	MAR 31, 2017	DEC 31, 2017
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		3,158.0	3,158.0	3,158.0
Other equity and retained earnings		-2,646.6	-2,399.1	-2,709.1
Total shareholders' equity		511.4	758.9	448.9
Non-current liabilities				
Retirement benefit obligations		19.9	17.9	20.1
Deferred tax liabilities		0.0	2.0	0.4
Investments in Associates	4	0.0	35.7	34.7
Non-current financial liabilities, interest bearing	7	0.0	154.4	0.0
Non-current prepayments, interest calculation		5.0	6.3	5.5
Other non-current liabilities, not interest bearing		5.9	0.2	8.8
Total non-current liabilities		30.7	216.5	69.6
Current liabilities				
Trade payables and other liabilities		69.8	61.0	62.9
Provisions	9	0.1	0.0	0.3
Current tax liabilities	10	27.5	0.0	26.0
Derivatives	5	1.6	1.5	1.5
Current financial liabilities, interest bearing	7	194.2	23.2	187.8
Current prepayments, interest calculation		3.5	1.6	3.1
Total current liabilities		296.8	87.4	281.7
Total liabilities		327.5	303.9	351.3
Total equity and liabilities		838.9	1,062.8	800.2

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2018	Q1 2017	2017
Revenues		69.6	57.5	272.4
Cost of materials	6	-16.5	-14.9	-54.3
Changes in inventories	6	7.9	7.3	-18.2
Employee benefit expenses		-18.6	-17.7	-73.9
Other operating expenses		-27.9	-28.7	-106.2
Other income and expenses		0.1	1.2	-0.1
EBITDA		14.6	4.6	19.8
Depreciation	3	-19.9	-20.1	-145.2
Amortization	3	-0.3	-0.4	-1.8
Impairment	3	-0.1	0.0	-0.3
Total depreciation, amortization and impairment		-20.3	-20.6	-147.3
EBIT		-5.7	-16.0	-127.5
Share of profit/loss of investments in associates	4	73.3	-0.5	-1.8
Financial income		0.3	0.1	0.6
Net financial expenses		-3.7	-3.8	-30.2
Net currency gains/losses		-4.2	-3.7	-34.1
Fair value adjustment convertible bonds	7	0.0	0.1	0.2
Net financial items		-7.6	-7.3	-63.5
Profit/loss before tax		60.1	-23.8	-192.8
Income tax expense/benefit		0.4	6.6	-157.8
Profit/loss		60.5	-17.2	-350.6
Attributable to:				
Owners of REC Silicon ASA		60.5	-17.2	-350.6
Earnings per share (In USD)				
-basic		0.02	-0.01	-0.14
-diluted		0.02	-0.01	-0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REC SILICON GROUP

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017
Profit/loss from total operations	60.5	-17.2	-350.6
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Fair value adjustment on own credit risk	-1.9	-10.0	-16.4
Remeasurement of defined benefit plans	0.0	0.0	-3.6
Currency translation effects	1.5	4.4	43.6
Sum items that will not be reclassified to profit or loss	-0.4	-5.5	23.6
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
- taken to equity	2.4	-0.4	-6.1
Sum items that may be reclassified subsequently to profit or loss	2.4	-0.4	-6.1
Total other comprehensive income	2.0	-5.9	17.5
Total comprehensive income	62.5	-23.0	-333.1
Total comprehensive income attributable to:			
Owners of REC Silicon ASA	62.5	-23.0	-333.1

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
March 31, 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
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-23.0	-23.0
At March 31, 2017	405.3	2,710.9	41.8	3,158.0	174.3	-2,573.3	758.9
Year 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
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-333.1	-333.1
At December 31, 2017	405.3	2,710.9	41.8	3,158.0	174.3	-2,883.4	448.9
March 31, 2018							
At January 1, 2018	405.3	2,710.9	41.8	3,158.0	174.3	-2,883.4	448.9
Equity share option plan	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	62.5	62.5
At March 31, 2018	405.3	2,710.9	41.8	3,158.0	174.3	-2,820.9	511.4

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
March 31, 2017				
Accumulated at January 1, 2017	29.8	20.9	-2,600.9	-2,550.3
Profit/loss from total operations	0.0	0.0	-17.2	-17.2
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	-10.0	-10.0
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	4.4	4.4
Sum items that will not be reclassified to profit or loss	0.0	0.0	-5.5	-5.5
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-0.5	0.0	0.0	-0.5
Tax on currency translation differences taken to equity	0.2	0.0	0.0	0.2
Sum items that may be reclassified to profit or loss	-0.4	0.0	0.0	-0.4
Total other comprehensive income for the period	-0.4	0.0	-5.5	-5.9
Total comprehensive income for the period	-0.4	0.0	-22.7	-23.0
Accumulated at March 31, 2017	29.4	20.9	-2,623.6	-2,573.3
Year 2017				
Accumulated at January 1, 2017	29.8	20.9	-2,600.9	-2,550.3
Profit/loss from total operations	0.0	0.0	-350.6	-350.6
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	-16.4	-16.4
Remeasurement of defined benefit plans	0.0	0.0	-3.6	-3.6
Currency translation effects	0.0	0.0	43.6	43.6
Sum items that will not be reclassified to profit or loss	0.0	0.0	23.6	23.6
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-7.7	0.0	0.0	-7.7
Tax on currency translation differences taken to equity	1.5	0.0	0.0	1.5
Sum items that may be reclassified to profit or loss	-6.1	0.0	0.0	-6.1
Total other comprehensive income for the period	-6.1	0.0	23.6	17.5
Total comprehensive income for the period	-6.1	0.0	-327.0	-333.1
Accumulated at December 31, 2017	23.7	20.9	-2,927.9	-2,883.4
March 31, 2018				
Accumulated at January 1, 2018	23.7	20.9	-2,927.9	-2,883.4
Profit/loss from total operations	0.0	0.0	60.5	60.5
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	-1.9	-1.9
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	1.5	1.5
Sum items that will not be reclassified to profit or loss	0.0	0.0	-0.4	-0.4
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	2.4	0.0	0.0	2.4
Tax on currency translation differences taken to equity	0.0	0.0	0.0	0.0
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	-0.4	2.0
Total comprehensive income for the period	2.4	0.0	60.1	62.5
Accumulated at March 31, 2018	26.0	20.9	-2,867.8	-2,820.9

CONSOLIDATED STATEMENT OF CASH FLOWS

TOTAL OPERATIONS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2018	Q1 2017	YEAR 2017
Cash flows from operating activities				
Profit/loss before tax		60.1	-23.8	-192.8
Income taxes paid/received		0.0	0.0	0.6
Depreciation, amortization and impairment	3	20.3	20.6	147.3
Fair value adjustment convertible bond	7	0.0	-0.1	-0.2
Equity accounted investments, impairment financial assets, gains/losses on sale	4	-72.9	0.5	1.8
Changes in receivables, prepayments from customers etc.	11	2.4	15.5	5.9
Changes in inventories	6	-6.9	-2.8	22.6
Changes in payables, accrued and prepaid expenses		-1.2	2.3	18.6
Changes in provisions	9	-0.2	0.0	0.3
Changes in VAT and other public taxes and duties		0.1	0.0	1.0
Changes in derivatives		0.1	0.0	0.0
Currency effects not cash flow or not related to operating activities		5.8	3.7	33.6
Other items		-0.2	-0.1	0.1
Net cash flow from operating activities		7.4	15.7	38.8
Cash flows from investing activities				
Payments finance receivables and restricted cash		-0.2	0.0	-0.2
Proceeds from sale of property, plant and equipment and intangible assets		0.5	0.0	0.0
Payments for property, plant and equipment and intangible assets	3	-0.3	-0.8	-2.6
Net cash flow from investing activities		0.0	-0.8	-2.8
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.2	2.8
Net increase/decrease in cash and cash equivalents		7.4	15.2	38.8
Cash and cash equivalents at the beginning of the period		104.5	65.8	65.8
Cash and cash equivalents at the end of the period		112.0	80.9	104.5

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 2017. The consolidated financial statements for 2017 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 2017 were prepared in accordance with International Financial Reporting Standards (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 2017.

IFRS 15

IFRS 15, Revenue from contracts with Customers, effective beginning January 1, 2018, establishes a five-step model that applies to revenue arising from contracts with customers. Changes relating to the implementation of IFRS 15 for the Group consist only of the disaggregation of revenue into categories by contract type. The Group accounting policies were reviewed and it was determined that current policies and practices adhere to the requirements of IFRS 15 and that there is no further impact related to the implementation of this standard. IFRS 15 was implemented on January 1, 2018. See note 2 below for disaggregation of revenue.

IFRS 9

IFRS 9, Financial instruments, effective beginning January 1, 2018, presents revised guidance on the classification and measurement of financial instruments. The Group completed an analysis to classify financial instruments in accordance with the requirements of IFRS 9. The analysis of assets, including customer accounts receivable, determined that the current provision for loss on trade receivables is consistent with the credit losses estimated using the requirements outlined in IFRS 9.

Additional analysis of liabilities concluded that changes in fair value related to changes in own credit risk, associated with the fixed rate convertible bond should be reported as a component of other comprehensive income (OCI). Other changes in fair value are reported through Profit and Loss. Prior to the implementation of IFRS 9, all changes in fair value were reported through Profit and Loss. IFRS 9 was implemented on January 1, 2018, and figures for 2017 have been restated (see note 7 below).

New Standards and interpretations not yet adopted

IFRS 16 Leases, issued January 2016, replaces existing leases guidance, including IAS 17, IFRIC 4, SIC-15, SIC-27 and establishes a balance sheet lease accounting model that will increase transparency and comparability effective for annual periods beginning in 2019. The group is in the process of assessing the impact of this standard and plans to adopt on the required effective date.

SEGMENT INFORMATION

REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also produces polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington. Incremental changes to the Company's organization structure, management team, operating strategy, and performance measurement reporting have led to the determination that these businesses represent separate distinguishable operating segments. Beginning in 2018, there are two operating segments; Solar Materials and Semiconductor Materials. The operating segments include revenues less cost of manufacturing excluding depreciation for products sold while Other include general, administrative, and selling expenses which support both operating segments in addition to administrative costs for the Company's headquarters in Fornebu, Norway. Eliminations include the reversal of the impact of transactions between group members and affiliates. The results of the operating segments plus Other and Eliminations taken together reconcile to total EBITDA for the Group.

Group Management continues to be headed by the Chief Executive Officer (CEO), and the CEO makes decisions regarding the allocation of resources and performance assessment for all segments. Accordingly, the CEO is regarded as the Chief Operating Decision Maker (CODM).

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Due to changes in the Company's capital structure the selection of functional currency was reevaluated at January 1, 2018 and it was determined that the Company's functional currency should be changed from NOK to USD. Accordingly, REC Silicon ASA's account balances at January 1, 2018 were converted to USD. Amounts reported for REC Silicon ASA for periods beginning on January 1, 2018 and later are stated using USD as the functional currency. Amounts reported for periods beginning prior to January 1, 2018 are stated using NOK as the functional currency. The Group's reporting currency continues to be USD.

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 2017.

Provisions for onerous contracts are an estimate of cost involved in meeting obligations under the contracts and whether they exceed the economic benefits expected to be received or for which no benefits are expected to be received.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2017 and note 1 to these financial statements for further information on segments.

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017
Revenues			
Solar Materials	32.7	26.7	127.8
Semiconductor Materials	37.7	30.8	147.5
Other	0.0	0.0	0.0
Eliminations	-0.8	0.0	-2.9
Total	69.6	57.5	272.4
EBITDA			
Solar Materials	8.4	-1.2	-1.7
Semiconductor Materials	17.5	12.4	55.3
Other	-10.8	-6.6	-32.7
Eliminations	-0.4	0.0	-1.2
Total	14.6	4.6	19.8

The following table disaggregates revenues by contract type and reconciles to total revenues.

(USD IN MILLION)	Q1 2018	Q1 2017	YEAR 2017
Non-Contract Revenue	48.6	39.5	194.7
Structured (Regional/Volume pricing)	17.6	14.2	62.2
Tiered (Volume pricing)	3.4	3.8	15.5
Contract Revenue	21.0	18.0	77.7
Total	69.6	57.5	272.4

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2017.

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, 2018	50.5	416.7	12.0	61.1	540.3	15.7	556.0
Net additions 1)	0.0	0.6	0.3	-0.7	0.2	-0.1	0.2
Disposals	-0.4	0.0	0.0	0.0	-0.4	0.0	-0.4
Depreciation and amortization	-0.7	-18.7	-0.6	0.0	-19.9	-0.3	-20.2
Impairment	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
Carrying value at March 31, 2018	49.4	398.6	11.8	60.3	520.1	15.3	535.4
At March 31, 2018							
Historical cost	147.5	2,129.7	81.0	65.4	2,423.7	80.0	2,503.6
Accumulated depreciation/amortization/impairment	-98.1	-1,731.1	-69.2	-5.1	-1,903.6	-64.7	-1,968.2
Carrying value at March 31, 2018	49.4	398.6	11.8	60.3	520.1	15.3	535.4

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 7 to the consolidated financial statements for 2017.

The Group conducted a review of impairment indicators and determined that there were no indicators which would give rise to a change in impairment compared to December 31, 2017.

4 EQUITY ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES)

In February 2014, REC Silicon entered into a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). On February 1, 2018, REC Silicon Pte, Ltd (REC Silicon) and Shaanxi Non-Ferrous Tian Hong New Energy Co. Ltd. (SNF) entered into a supplemental agreement in relation to outstanding capital contribution.

The Framework Agreement provides that SNF will make REC Silicon's outstanding capital contribution of USD 169 million and the equity ownership of the Yulin JV will be adjusted. REC Silicon agreed to pay the Yulin JV USD 0.6 million for interest and SNF USD 2.1 million. These payments were made in March of 2018. The remaining payments to SNF include USD 3.1 million in March of 2019 and USD 5.2 million in March of 2020. The remaining installment amounts have been reported as liabilities in the consolidated statement of financial position at March 31, 2018.

The framework agreement provides that REC Silicon's ownership is reduced to a 15 percent interest. REC Silicon will also appoint the Yulin JV Chief Technology Officer (CTO) and maintain one seat on the JV's board of directors. This arrangement continues to be recognized as a joint venture and is accounted for according to the equity method. See note 33 to the consolidated financial statements for 2017.

The adjustment to reduce REC Silicon's ownership interest to 15 percent resulted in the recognition of USD 67.2 million associated with the deferral of the gain realized on the transfer of FBR technology to the JV and USD 5.0 million profit from investments in associates associated with the JV operating losses since inception.

The Group's share of net equity does not reflect its 15 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)	MAR 31, 2018	DEC 31, 2017
Carrying value at January 1	-34.7	-35.7
Share of joint venture profit/loss	-0.2	-1.8
Deferred income/expense	0.8	-1.2
Change in Deferred Gain of Tech Transfer due to change in ownership	67.2	0.0
Change in Retained earnings due to change in ownership	5.0	0.0
Effects of changes in currency exchange rates	2.4	4.0
Carrying value	40.6	-34.7

The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at March 31, 2018:

(USD IN MILLION)	MAR 31, 2018	DEC 31, 2017
Non-current assets	1,199.9	1,060.6
Other Current assets	32.1	32.2
Cash and cash equivalents	66.8	1.0
Non-current liabilities	-714.1	-552.5
Current liabilities	-190.9	-236.2
Net Assets (100%)	394.0	305.1
REC Silicon's share of net equity	70.8	63.6
Deferred income/expense	-0.4	-1.2
Adjusted for technology transfer	-29.8	-97.0
Carrying amount of REC's interest	40.6	-34.7

See note 8 to the consolidated financial statements for 2017.

5 DERIVATIVES

See notes 3 and 11 to the consolidated financial statements for 2017.

Derivatives consist of an option contract which is a part of the indemnification agreement associated with the REC Wafer bankruptcy.

At March 31, 2018, the option contract was a liability valued at USD 1.6 million (USD 1.5 million at December 31, 2017).

6 INVENTORIES

See note 13 to the consolidated financial statements for 2017.

Inventories at end of period

(USD IN MILLION)	MAR 31, 2018			DEC 31, 2017		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	9.1	0.0	9.1	9.8	0.0	9.8
Spare parts	42.6	-16.9	25.7	42.8	-16.2	26.6
Work in progress	12.9	-1.0	11.9	12.2	-0.8	11.4
Finished goods	54.8	-11.7	43.1	51.1	-16.1	35.1
Total	119.4	-29.6	89.7	116.0	-33.1	82.9

7 BORROWINGS AND GUARANTEES

See notes 4 and 17 to the consolidated financial statements for 2017.

Carrying amounts of interest bearing liabilities at March 31, 2018 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)	-0.1	0.0	0.0	0.0
NOK bonds (NOK)	455.2	58.5	58.6	58.6
USD convertible bond (USD)	110.0	110.0	110.0	110.0
Indemnification loan (NOK)	200.0	25.7	25.7	25.7
Total		194.2	194.3	194.3

The difference between carrying amounts and contractual repayments of the NOK bond 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 March 31, 2018, the indemnification loan is NOK 200 million (USD 25.7 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 percent. Although the indemnification loan was callable in February 2016, this loan has not been called and is not expected to be called before second half of 2018 (see note 10 below and note 17 to the consolidated financial statements for 2017).

Guarantees

See note 29 to the consolidated financial statements for 2017.

At March 31, 2018, the Company had provided USD 5.3 million in bank guarantees against which the Company has pledged USD 4.2 million of restricted cash. This included bank guarantees for the benefit of REC Solar of USD 1.2 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 March 31, 2018 and December 31, 2017.

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 2017.

The option contract 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 was USD 1.6 million at March 31, 2018 and USD 1.5 million at December 31, 2017.

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 March 31, 2018 is estimated at 100 percent of nominal value, compared to 98 percent at December 31, 2017. Fair value of the USD convertible bond is estimated using recent transactions reported for the bond.

(USD IN MILLION)	MAR 31, 2018		
	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC03	58.6	58.5	58.9

USD convertible bond

(USD IN MILLION)	AT ISSUE SEP 2013	MAR 31, 2017	DEC 31, 2017	MAR 31, 2018
Nominal value	110.0	110.0	110.0	110.0
Value of the total loan	110.0	101.8	108.1	110.0

(USD IN MILLION)	CHANGES UNDER IFRS 9		
	Q1 2017	YEAR 2017	Q1 2018
Profit/Loss	-0.1	-0.2	0.0
Other Comprehensive Income	10.0	16.4	1.9
Total	9.9	16.2	1.9

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

8 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at March 31, 2018

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2018	2019	2020	2021	2022	2023	AFTER 2023
Purchase of goods and services	54.3	48.7	0.8	1.3	1.6	1.6	0.1	0.0
Minimum operating lease payments	45.8	11.4	13.9	13.7	2.5	2.1	2.1	0.0
Total purchase obligations and minimum lease payments	100.1	60.2	14.8	15.0	4.2	3.8	2.3	0.0

9 PROVISIONS

During the third quarter of 2017, the Group recognized expense of USD 0.7 million for an onerous contract associated with manufacturing equipment under a non-cancellable operating lease at the Moses Lake facility. The equipment is no longer required to support operations due to reduced capacity utilization caused by the trade war between China and the United States. During the first quarter of 2018, USD 0.2 million of the provision was utilized to offset payments. At March 31, 2018, the Group recognized a provision of USD 0.1 million equal to the remaining lease obligation which expires in May 2018.

10 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. The timing and amount of any potential outcome is subject to substantial uncertainty. See note 31 to the 2017 annual report.

GOING CONCERN

On March 23, 2018, the Company announced that it had successfully completed a USD 110 million senior secured bond issue with a maturity date of April 13, 2023. The bond settled on April 13, 2018. This USD 110 million bond ensures the Company's ability to meet debt maturity obligations in 2018. See notes 7 and 13 to this report for additional information. Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern.

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 incorrectly implemented rate increases. The utility provider appealed the Federal Energy Regulatory Commission's (FERC) refund decision to the D.C. Court of Appeals which affirmed the FERC's decision. Although further avenues of appeal exist, the likelihood of a reversal is remote. No provision was made for any potential liability associated with this matter.

Please refer to the annual report for 2017, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

11 RECEIVABLES

See notes 12 and 30 to the consolidated financial statements for 2017.

Aging of receivables at March 31, 2018

(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	51.8	31.5	7.8	0.2	0.3	0.0	12.0
Provision for loss on trade receivables	-12.0	0.0	0.0	0.0	0.0	0.0	-12.0
Other non-current and current receivables	0.3	0.3	0.0	0.0	0.0	0.0	0.0
Total receivables	40.1	31.8	7.8	0.2	0.3	0.0	0.0
Prepaid Costs	12.7						
Total trade and other receivables	52.8						

The provision for doubtful accounts includes the impact of adopting IFRS 9 which requires the Company to estimate expected credit losses (ECL) based upon historical experience. The total bad debt expense recorded for the first quarter of 2018 was USD 0.2 million.

12 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2017.

In the first quarter of 2018, REC Silicon invoiced the Yulin JV USD 3.3 million for engineering and project services. In addition, REC Silicon sold product to the JV for USD 0.4 million in the first quarter of 2018(see note 4 above).

REC Silicon ASA office is owned by shareholder UMOE AS and leased to the Company.

REC Silicon contracted with the spouse, a licensed Realtor, of the Company's Chief Financial Officer to market and sell real property owned by the Company. The transaction was completed in Q1 2018.

13 EVENTS AFTER THE REPORTING PERIOD

ISSUE OF USD 110 MILLION SENIOR SECURED BOND

On March 23, 2018, the Company announced that it had successfully completed a USD 110 million senior secured bond issue with a maturity date of April 13, 2023.

As part of this bond issue, the Company offered a buy-back of its outstanding senior unsecured bonds maturing May 3, 2018 (ISIN NO0010607476, "REC03") as well as a buy-back of the convertible bonds maturing September 11, 2018 (ISIN NO0010687304). The Company agreed to repurchase approximately NOK 9 million of REC03 at a price of 100.5 percent of par value (plus accrued interest). Further, the company will buy back and cancel a total of approximately USD 108 million of the USD convertible bonds.

The bond was settled on April 13, 2018.

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.

EBITDA Contribution – Revenues less cost of manufacturing excluding depreciation for products sold.

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.

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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