RECSILICON

SECOND QUARTER
2019

REPORT

SECOND QUARTER HIGHLIGHTS
(Compared to first quarter 2019)

> Revenues of USD 47.0 million and EBITDA of USD 0.5 million
  - Total polysilicon sales volume of 2,090MT (4.3% Increase)
  - 1,110MT Total polysilicon inventory decrease

> June 30, 2019 cash balance of $38.4M
  - Cash increase of $13.0M
  - Net proceeds from private placement of equity $19.1M
  - Cash outflows from operations ($4.0M)
    - Working capital decrease of $3.2M

> Silicon gas sales
  - Sales volume of 834MT (vs. guidance of 960MT)
  - 3.0% Silane gas price increase vs. Q1'19

> Successful completion of private placement of equity
  - Settled on May 14, 2019
  - NOK 170 million in gross proceeds (254,381,870 shares at NOK 0.67)

> Shutdown of Moses Lake FBR facility
  - $20M Additional Impairment of Assets
  - Curtailment of FBR production on May 15, 2019
  - Workforce reduction announced on July 15, 2019
  - Long-term shutdown until access to China polysilicon market is restored or other significant positive developments in solar grade polysilicon markets occur

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018	Q1 2019
Revenues	**47.0**	58.9	92.1	128.6	221.2	45.0
EBITDA	**0.5**	-9.6	-4.2	5.0	-4.9	-4.7
EBITDA margin	**1.0%**	-16.3%	-4.6%	3.9%	-2.2%	-10.4%
EBIT excluding impairment charges	**-12.9**	-29.6	-31.4	-35.2	-66.5	-18.5
Impairment charges	**-20.0**	-340.4	-20.0	-340.5	-340.5	0.0
EBIT	**-32.9**	-370.1	-51.4	-375.7	-407.1	-18.5
EBIT margin	**-69.9%**	-627.9%	-55.8%	-292.2%	-184.0%	-41.1%
Profit/loss before tax	**-37.8**	-374.4	-61.3	-314.3	-348.0	-23.4
Profit/loss	**-37.8**	-374.4	-61.3	-313.9	-341.6	-23.4
Earnings per share, basic and diluted (USD)	**-0.01**	-0.15	-0.02	-0.12	-0.13	-0.01
Polysilicon production in MT (Siemens and granular)	**980**	2,478	2,488	6,001	9,280	1,508
Polysilicon sales in MT (Siemens and granular)	**2,090**	2,077	4,094	4,981	7,784	2,004
Multicrystalline brick sales in MT	**0**	0	0	2	2	0
Silicon gas sales in MT	**834**	918	1,663	1,815	3,600	829

REC SILICON GROUP

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. Impacts of the ongoing solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the curtailment of operation of the FBR polysilicon plant in Moses Lake, Washington on May 15, 2019 (see Risks and Uncertainties below).

Revenues during the second quarter of 2019 were USD 47.0 million, an increase of 4.4 percent compared to USD 45.0 million during the first quarter of 2019. The increase in revenues is a result of higher sales volumes of semiconductor grade polysilicon and an increase in average prices for silane gas in the Semiconductor Materials segment. This was partially offset by lower average sales prices for prime granular polysilicon in the Solar Materials segment.

Second quarter 2019 total polysilicon production volume was equal to guidance of 980MT provided with the Company's first quarter 2019 financial report. Production decreased by 35 percent compared to 1,508MT during the first quarter of 2019 due to the curtailment of production in FBR production facility on May 15, 2019. Polysilicon inventories decreased by 1,110MT during the quarter.

EBITDA for the second quarter was USD 0.5 million compared to an EBITDA loss of USD 4.7 million during the first quarter of 2019. The increase in EBITDA is largely a result of lower electricity costs at the semiconductor manufacturing facility in Butte, Montana. In addition, EBITDA was negatively impacted by lower polysilicon production volumes due to the curtailment of production in the FBR facility resulting in higher unit production costs.

Summary of second quarter results by segment

	Q2 2019	
(USD IN MILLION)	REVENUES	EBITDA
Solar Materials	12.2	-9.4
Semiconductor Materials	34.8	15.2
Other & Eliminations	0.0	-5.3
Total	47.0	0.5

MARKET DEVELOPMENT

End use PV demand for the second quarter of 2019 is estimated at 27.3GW (PV Infolink Supply and Demand Database – July 2019) which is broadly unchanged compared to estimates of 27.6GW during the first quarter of 2019. PV installations in China were estimated at 3.5GW while emerging markets continue to increase and keep global demand relatively stable. Spot prices inside China at the end of the second quarter were estimated at approximately USD 7.4/kg, a decrease of USD 1.1/kg (or another 13 percent) compared to spot prices at the end of the first quarter 2019. During the same period, spot prices outside of China decreased by USD 0.75/kg (another 9 percent) to USD 7.84/kg. Excess polysilicon supply continued to place downward pressure on prices. Polysilicon producers are managing inventory levels through maintenance outages and lower production capacity utilization while certain new production facilities are slowly increasing production rates.

Semiconductor grade polysilicon markets continue to be dominated by long term fixed sales contracts and high polysilicon inventory levels. In addition, lower than expected growth in demand and excess inventories continue to limit sales opportunities for REC Silicon. Concern is growing due to high inventory levels intended to meet anticipated increases in demand which has been slow to develop, especially in memory devices. During the second quarter, demand for smaller diameter wafers continued to be soft while demand for larger diameter wafers remained steady due to supply contracts. REC Silicon's sales volumes of semiconductor grade polysilicon were affected by customer inventory management and delays in the completion of some product qualifications in progress.

Demand for silicon gases was adversely impacted by a general reduction in production utilization across the semiconductor supply chain near the end of the second quarter. Demand for silicon gases for flat panel displays was also lower due to reductions in silane inventories and plant production utilization. In semiconductor applications demand for gases continued to grow due to improvements in technology, however, overall demand was mildly depressed due to lower production capacity utilization that began near the end of 2018. In addition, reduced production capacity utilization by PV cell manufacturers continues to adversely impact demand for silicon gases in the PV segment. Competitors attempts to increase production capacity utilization using price discount incentives continue to place downward pressure on prices. However, average prices for silane gas realized by REC Silicon increased by 3 percent due to fewer sales volumes to customers in the PV supply chain.

RESEARCH AND DEVELOPMENT

REC Silicon incurred R&D expenses of USD 0.6 million during the second quarter of 2019 compared to USD 0.3 million during the first quarter of 2019. The increase is associated with the impairment of project costs that were previously capitalized.

Research efforts are focused on maintaining minimum research lab operations and support for the silicon gas business.

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 12.2 million during the second quarter of 2019 a decrease of USD 0.7 million compared to first quarter 2019 revenues of USD 12.9 million.

Sales volumes of granular solar grade polysilicon were 1,738MT compared to 1,742MT during the first quarter of 2019. Average prices realized by REC Silicon for prime solar grade granular polysilicon declined by 6.9 percent due to continuing excess polysilicon supply. Total average prices realized by REC for all granular grades declined by only 4.8 percent due to higher sales volumes of prime grade polysilicon.

Granular polysilicon production volume was 679MT and 59MT higher than the target of 620MT provided on May 9, 2019.

On May 15, 2019 the Company ceased production in the Moses Lake FBR production facility and does not expect to restart the facility during the remainder of 2019. For additional information, please see the section titled risks and uncertainties below and notes 3, 11, and 15 to this report. Inventories declined by 1,059MT during the quarter resulting in remaining inventories of 1,435MT at June 30, 2019 (excluding fines and powders) which is expected to be sold during the second half of 2019.

Second quarter FBR production costs were USD 18.5/kg which is USD 1.7/kg higher than targets provided with the first quarter earnings release due to delays in shuttering the facility and higher than anticipated costs to prepare the facility for an extended shutdown.

The Solar Materials segment contributed a loss of USD 9.4 million to the Company's EBITDA loss during the second quarter of 2019. This represents an increase of USD 2.0 million compared to the EBITDA loss contributed during the first quarter of 2019. The increased loss is primarily a result of lower production volumes without commensurate decreases in overhead spending levels as the plant was prepared for shut-down.

SEMICONDUCTOR MATERIALS

REC Silicon manufactures polysilicon and silicon gases for 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 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 34.8 million during the second quarter of 2019 compared to USD 32.2 million during the first quarter of 2019, an increase of 8.2 percent.

Polysilicon sales volumes increased by 34 percent to 352MT during the second quarter compared to 262MT during the first quarter of 2019. This increase was the result of higher solar grade polysilicon sales which increased to 151MT during the second quarter compared to 84MT in the first prior quarter of 2019. In addition, semiconductor grade polysilicon sales volumes increased by 13 percent to 201MT during the same period. Average prices realized on total polysilicon sales decreased by 18.3 percent due to higher solar grade polysilicon sales volumes while the underlying price realizations for semiconductor grade polysilicon increased by 4.3% due to higher sales volumes of high value float zone (FZ) grade polysilicon.

Total silicon gas sales volumes (including eliminations) were 834MT during the second quarter of 2019 or 126MT below market guidance provided on May 9, 2019. Silicon gas sales volumes were broadly unchanged from 829MT during the first quarter. Sales prices realized by REC Silicon for silane gas increased by approximately 3.0 percent during the second quarter due to lower sales volumes into lower priced solar applications for silane gas.

Semiconductor grade polysilicon production during the second quarter was 216MT compared to guidance of 220MT provided with the first quarter earnings release.

The Semiconductor Materials segment contributed USD 15.2 million of income to the Company's EBITDA during the second quarter of 2019. This represents an increase of USD 6.0 million compared to USD 9.2 million EBITDA contributed during the first quarter of 2019. This increase was primarily a result of lower electricity costs which declined from an average of approximately USD 69/MW during the first quarter to approximately USD 19/MW during the second quarter of 2019. This change results in lower manufacturing costs of approximately USD 6.9 million in the second quarter compared to the first quarter. The remaining USD 0.9 million negative impact on EBITDA contributed can largely be attributed to higher costs in the second quarter due to planned maintenance activities.

Key Financials - Solar Materials

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018	Q1 2019
Revenues	**12.2**	20.4	25.1	53.1	69.2	12.9
EBITDA contribution	**-9.4**	-15.9	-16.7	-7.5	-26.6	-7.4
Contribution margin	**-76.6%**	-77.8%	-66.7%	-14.1%	-38.4%	-57.3%
Polysilicon production in MT (Siemens and granular)	**679**	2,078	1,770	5,206	7,584	1,091
Polysilicon sales in MT (Siemens and granular)	**1,738**	1,742	3,480	4,304	6,232	1,742
Multicrystalline brick sales in MT	**0**	0	0	2	2	0

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018	Q1 2019
Revenues	**34.8**	38.6	67.0	76.3	152.9	32.2
EBITDA contribution	**15.2**	14.4	24.3	32.0	52.2	9.2
Contribution margin	**43.6%**	37.4%	36.3%	41.9%	34.2%	28.5%
Polysilicon production in MT (Siemens)	**301**	399	719	795	1,696	417
Polysilicon sales in MT (Siemens)	**352**	335	614	677	1,552	262
Silicon gas sales in MT	**834**	918	1,662	1,814	3,599	828

Key Financials - Other and Eliminations

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018	Q1 2019
Revenues	**0.0**	0.0	0.0	-0.9	-0.9	0.0
EBITDA contribution	**-5.3**	-8.2	-11.8	-19.4	-30.5	-6.5
Polysilicon sales in MT (Siemens and granular)	**0**	0	0	0	0	0
Silicon gas sales in MT	**0**	0	1	1	1	1

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 5.3 million during the second quarter of 2019 and continue to reflect the successful efforts by the Company to control costs and maintain liquidity.

INVESTMENT IN ASSOCIATES (YULIN JV)

The Yulin JV produced approximately 1,200MT of polysilicon during the second quarter of 2019. In February, operational issues in one of the silane units resulted in a production outage. This silane unit is presently under maintenance and is expected to resume production in the fourth quarter of 2019.

The plant is currently operating one silane unit and is expected to begin operating both silane units during the fourth quarter of 2019.

Both silane units and the FBR reactors have demonstrated design capacities and utilization rates are expected to increase throughout 2019.

FINANCIAL ITEMS

Net financial expenses are primarily associated with interest expenses and fees on the Senior Secured Bonds which mature in 2023.

During the first quarter of 2019, the Company implemented IFRS 16 Leases. As a result, the Company recognized interest of USD 1.3 million during the quarter. See note 4 for additional information on leases.

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. Currency gains and losses for the second quarter of 2019 consisted of losses of approximately USD 0.5 million associated with liabilities denominated in NOK which was by offset gains of approximately USD 0.5 million on cash deposits in NOK.

See note 8 for additional information on borrowings.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018	Q1 2019
Financial income	**0.2**	0.2	0.3	0.5	0.9	0.2
Interest expenses on borrowings	**-3.2**	-3.7	-6.5	-7.0	-13.6	-3.3
Interest expense on leases	**-1.3**	0.0	-1.9	0.0	0.0	-0.7
Expensing of up-front fees and costs	**-0.1**	-0.1	-0.2	-0.1	-0.2	-0.1
Other financial expenses	**-0.4**	-3.2	-0.8	-3.5	-4.2	-0.4
Net financial expenses	**-5.0**	-6.9	-9.4	-10.6	-18.0	-4.4
Net currency gains/losses	**0.0**	2.5	-0.6	-1.7	3.1	-0.6
Net financial items	**-4.8**	-4.2	-9.6	-11.8	-14.0	-4.8

INCOME TAX

During the second quarter of 2019, the tax effects of the loss before tax of USD 37.8 million resulted in no effective tax impact since they are offset by changes in unrecognized deferred tax assets. Primarily, this represents an increase in the Company's unrecognized deferred tax asset in the United States. The unrecognized deferred tax asset in the United States consists primarily of unused net operating losses that will continue to be available to offset taxable income during future periods.

See note 18 to the consolidated financial statements for 2018 for additional information on income taxes.

CASH FLOW

Net cash outflows from operating activities were USD 4.0 million during the second quarter of 2019. Cash outflows were primarily a result of interest payments of USD 7.6 million (including USD 1.3 million on lease obligations) and payments of USD 3.1 million associated with the agreement to resolve REC Silicon's obligation to make additional equity contributions to the Yulin JV. These were offset by EBITDA of USD 0.5 million, USD 2.7 million refund of taxes in the United States, and a decrease in working capital of USD 3.2 million. The decreased investment in working capital was due to a decrease in inventories of USD 7.0 million offset by an increase in accounts receivable of USD 1.8 million and a decrease in accounts payable of USD 2.0 million. The remaining USD 0.1 million cash outflow was due to changes in other assets and liabilities.

Cash outflows from investing activities were USD 0.2 million and were a result of capital expenditures of USD 1.0 million, USD 1.2 million for the sale of land in Moses Lake, Washington, and an increase in restricted cash of USD 0.3 million.

Cash inflows from financing activities were USD 17.1 million and were primarily the result of the private placement of the Company's stock (254,381,870 shares at NOK 0.67) resulting in net proceeds of USD 19.1 million. This was offset by a reduction in lease liabilities which have been imputed based upon the requirements of IFRS 16 Leases. See note 4 for additional information on leases.

In total, cash balances increased by USD 13.0 million to USD 38.4 million at June 30, 2019.

FINANCIAL POSITION

Shareholders' equity decreased to USD 65.1 million (18 percent equity ratio) at June 30, 2019, compared to USD 85.0 million (23 percent equity ratio) at March 31, 2019. This decrease was a result of a loss from total operations of USD 37.8 million which included USD 20 million of impairment of long-term assets (see note 3 to this report). In addition, other comprehensive income included a net currency loss of USD 1.1 million. These were offset by USD 19.1 million in proceeds from the private placement of equity registered on May 14, 2019 (see note 8 to this report)

Net debt increased by USD 10.9 million to USD 145.0 million at June 30, 2019, from USD 134.1 million at March 31, 2019. This increase is a result of an increase of USD 23.6 million in lease liabilities under IFRS 16 Leases due largely to the extension of a long-term lease offset which resulted in the recognition of additional lease liability of USD 25.3 million offset by the repayment of lease liabilities of USD 1.9 million during the quarter. In addition, cash balances increased by USD 13.0 million as discussed above. The remaining USD 0.3 million increase is due to changes in the value of the NOK denominated indemnification loan caused by a weaker USD relative to NOK and changes in capitalized borrowing costs.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt increased by USD 10.9 million to USD 146.6 million at June 30, 2019 compared to USD 135.8 million at December 31, 2019.

See note 17 to the consolidated financial statements for 2018 and note 8 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

Please refer to the annual report for 2018, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

CHINESE TARIFFS ON US POLYSILICON

REC Silicon's access to polysilicon markets in China continues to be restricted by tariffs imposed by the Chinese government on US polysilicon. The Company continues to work to re-gain access to the Chinese market for its solar grade polysilicon products produced in the United States. REC Silicon remains focused on identifying sales opportunities in markets outside of China.

The timing or outcome of any potential resolution remains uncertain.

The Company has ceased the operation of its FBR production facility in Moses Lake, Washington. The timing and length of the shutdown are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon or other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

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.

PROPERTY TAX
REC Silicon has contested Grant County Washington's valuations of taxable property. The appeal for year 2012 is currently before the Washington Court of Appeals. The Company has also appealed assessments for the years 2013 through 2015. The Company will not be required to pay disputed tax amounts until all appeals are exhausted. The timing and outcome of these appeals is subject to uncertainty.

GOING CONCERN
Impacts of the ongoing solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon continue to contribute to the Company's high liquidity risk.

Current market conditions and the solar trade dispute have forced the curtailment of production at the FBR facility in Moses Lake, Washington. Management and the board of directors have implemented a plan to place the FBR plant in a long-term shutdown to reduce spending and to maintain the Company's liquidity. Accordingly, production was curtailed on May 15, 2019 and a workforce reduction was announced on July 15, 2019.

This shutdown is intended to retain the liquidity necessary to maintain operations at the semiconductor materials facility in Butte, Montana. The timing and length of the shutdown are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon as a result of trade negotiations between China and the United States or other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

As a consequence of these actions, the Company's current liquidity position and the estimated results of operations are considered sufficient to meet the operating cash flow requirements for remaining operations and to meet debt service obligations for the next twelve months assuming no payments on the indemnity loan or unfavorable outcome of the notices of reassessment from the Norwegian Central Tax Office (the tax examinations). Estimates used to arrive at this conclusion include the assumptions that markets for the Company's semiconductor polysilicon and silicon gas products remain stable.

Please refer to the Company's annual report for 2018. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon which creates significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole. In addition, if conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative (See note 31 to the consolidated financial statements for 2018), the Company plans to issue additional equity, issue debt, and/or sell assets to satisfy financial obligations and to meet operating cash flow requirements.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern. However, the events and conditions discussed above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

MARKET OUTLOOK

Current forecasts continue to estimate that semiconductor device production will remain near current levels for the remainder of 2019. However, some analysts predict stronger second half demand for certain large diameter wafer segments and certain high-end applications that are well suited to REC Silicon's product portfolio. During the third quarter of 2019, REC Silicon's shipments of semiconductor grade polysilicon are expected to remain near current levels due to delays in the start-up of new wafer capacity, completion of product qualifications, and REC Silicon lowered production levels during the first quarter in response to historically high electricity costs for the Butte manufacturing facility. For 2019, REC Silicon's shipments of semiconductor grade polysilicon are expected to grow in certain key segments, however, overall semiconductor grade polysilicon volumes will decrease compared to 2018 due to the timing of product qualifications and weakness in demand for smaller diameter wafers. Over the long run, macro demand factors associated with data transmission and storage, mobility, and increasing silicon content in automobiles and other consumer goods are expected to continue to result in demand growth.

Demand for silicon gases in 2019 for semiconductor and flat panel display applications are now expected to remain near 2018 demand levels. However, certain analysts remain optimistic for increased demand during the second half of 2019. Continued volatility in solar cell production may translate to lower demand for silicon gases in the PV segment. In addition, uncertainty caused by trade relations and high inventory levels may adversely impact demand for silicon gases. Continued competitive pressure in some regions due to overcapacity will continue to limit sales opportunities and is expected to place downward pressure on prices for silicon gases. In the longer term, demand for silicon gases is expected to recover due to capacity expansions for flat panel displays, the continuing implementation of technology improvements in semiconductor applications, and increases in demand for consumer goods with silicon content.

Third quarter 2019 end use PV demand is expected to increase by 3GW to approximately 30GW compared to the second quarter of 2019 (PV Infolink Supply and Demand Database – July 2019). Third quarter PV demand in China is expected to reach 10.6GW compared to estimates of 3.5GW during the second quarter. Excess polysilicon supply continues to place downward pressure on spot prices. Polysilicon producers continue to manage inventory levels through maintenance outages and lower production capacity utilization. High cost suppliers are expected to exit the market. However, current conditions could persist into the fourth quarter of 2019.

GUIDANCE

The Company curtailed the operation of the FBR facility in Moses Lake as of May 15, 2019. Further, the Company announced a workforce reduction at the Moses Lake facility and will not restart the FBR facility until access to polysilicon markets in China is restored or other significant positive developments in solar grade polysilicon markets occur.

The targets presented below include the impact of curtailing FBR. These targets include the assumption that production in the FBR facility in Moses Lake will be zero during the third and the fourth quarters of 2019.

The Company will continue to operate its manufacturing facility in Butte, Montana.

PRODUCTION TARGETS

REC Silicon targets polysilicon production of 340MT during the third quarter of 2019 and 3,138MT for the full year 2019.

Silicon gas sales volumes are targeted at 900MT for the third quarter of 2019 and 3,463MT for the full year 2019. This estimate reflects the impacts of current trade restrictions and uncertainty in the PV sector due to market uncertainty. The effects of any additional trade sanctions could impact demand for silicon gases.

INVESTMENT AND EXPANSION ACTIVITIES

Capital expenditures for 2019 are expected to be approximately USD 3.0 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.

Production targets

	ACTUAL RESULTS		TARGETS		
POLYSILICON PRODUCTION VOLUME (MT)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Granular	1,091	679	0	0	1,770
Semiconductor Grade	285	216	220	200	921
Siemens Solar Grade	133	85	120	110	448
Total	1,508	980	340	310	3,138
Silicon Gas Sales Volume (MT)	829	834	900	900	3,463

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 the section "Risks and Uncertainties" above and in REC Silicon's Annual Report for 2018, 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 2019 and the financial information in this report that is relevant for the first half year 2019 (together "the first half year 2019 report").

The first half year 2019 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 2019 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 2019 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 2019, 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 24, 2019
Board of Directors

Jens Ulltveit-Moe
Chairman of the Board

Espen Klitzing
Member of the Board

Ragnhild Wiborg
Member of the Board

Inger Berg Ørstavik
Member of the Board

Tore Torvund
President and CEO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	**JUN 30, 2019**	JUN 30, 2018	DEC 31, 2018
ASSETS				
Non-current assets				
Intangible assets	3	**1.2**	11.8	11.8
Land and buildings	3	**40.6**	42.4	41.1
Machinery and production equipment	3	**82.5**	106.6	90.9
Other tangible assets	3	**4.2**	5.9	4.8
Assets under construction	3	**3.8**	8.8	9.4
Property, plant and equipment	3	**131.0**	163.7	146.2
Right of use assets	4	**34.8**	0.0	0.0
Investments in Associates	5	**34.5**	36.9	34.2
Other non-current receivables		**6.4**	3.8	6.4
Financial assets and prepayments		**40.9**	40.7	40.6
Total non-current assets		**207.9**	216.3	198.6
Current assets				
Inventories	7	**72.3**	80.9	79.1
Trade and other receivables	12	**42.1**	43.3	40.8
Current tax assets	12	**0.0**	0.0	2.7
Restricted bank accounts		**4.6**	7.0	4.4
Cash and cash equivalents		**38.4**	42.4	31.8
Total current assets		**157.4**	173.5	158.7
Total assets		**365.3**	389.8	357.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2019	JUN 30, 2018	DEC 31, 2018
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		**3,177.1**	3,158.0	3,158.0
Other equity and retained earnings		**-3,112.0**	-3,024.5	-3,051.3
Total shareholders' equity		**65.1**	133.5	106.7
Non-current liabilities				
Retirement benefit obligations		**15.2**	19.6	15.5
Non-current provision, interest calculation	10	**3.1**	0.0	3.0
Non-current financial liabilities, interest bearing	8	**108.8**	108.7	108.6
Non-current lease liabilities	4	**45.1**	0.0	0.0
Non-current prepayments, interest calculation		**1.6**	3.5	4.2
Other non-current liabilities, not interest bearing		**0.2**	5.5	5.3
Total non-current liabilities		**174.0**	137.3	136.6
Current liabilities				
Trade payables and other liabilities		**65.7**	61.1	62.1
Current tax liabilities	11	**25.1**	26.2	24.5
Derivatives	6	**1.5**	1.6	1.5
Current financial liabilities, interest bearing	8	**23.2**	25.8	22.7
Current lease liabilities	4	**6.3**	0.0	0.0
Current prepayments, interest calculation		**4.5**	4.5	3.2
Total current liabilities		**126.2**	119.1	114.0
Total liabilities		**300.2**	256.4	250.6
Total equity and liabilities		**365.3**	389.8	357.3

CONSOLIDATED STATEMENT OF INCOME
REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Revenues		**47.0**	58.9	92.1	128.6	221.2
Cost of materials	7	**-6.9**	-16.0	-16.4	-32.4	-57.3
Changes in inventories	7	**-9.3**	-10.3	-11.1	-2.4	1.5
Employee benefit expenses		**-12.3**	-14.7	-25.2	-33.3	-59.7
Other operating expenses		**-18.0**	-27.6	-43.7	-55.5	-110.1
Other income and expense		**0.0**	0.0	0.0	0.1	-0.5
EBITDA		**0.5**	-9.6	-4.2	5.0	-4.9
Depreciation	3	**-10.5**	-19.8	-21.1	-39.8	-61.1
Amortization	3	**-0.3**	-0.2	-0.3	-0.5	-0.5
Depreciation of right of use assets	4	**-2.5**	0.0	-5.7	0.0	0.0
Impairment	3, 4	**-20.0**	-340.4	-20.0	-340.5	-340.5
Total depreciation, amortization and impairment		**-33.3**	-360.5	-47.1	-380.7	-402.2
EBIT		**-32.9**	-370.1	-51.4	-375.7	-407.1
Share of profit/loss of investments in associates	5	**0.1**	-0.1	-0.3	73.2	73.0
Financial income		**0.2**	0.2	0.3	0.5	0.9
Net financial expenses		**-5.0**	-6.9	-9.4	-10.6	-18.0
Net currency gains/losses		**0.0**	2.5	-0.6	-1.7	3.1
Net financial items		**-4.8**	-4.2	-9.6	-11.8	-14.0
Profit/loss before tax		**-37.8**	-374.4	-61.3	-314.3	-348.0
Income tax expense/benefit		**0.0**	0.0	0.0	0.4	6.5
Profit/loss		**-37.8**	-374.4	-61.3	-313.9	-341.6
Attributable to:						
Owners of REC Silicon ASA		**-37.8**	-374.4	-61.3	-313.9	-341.6
Earnings per share (In USD) From continuing operations						
-basic		**-0.01**	-0.15	-0.02	-0.12	-0.13
-diluted		**-0.01**	-0.15	-0.02	-0.12	-0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	**Q2 2019**	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Profit/loss	**-37.8**	-374.4	-61.3	-313.9	-341.6
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Fair value adjustment on own credit risk [1)]	**0.0**	0.0	0.0	-1.9	-1.9
Remeasurement of defined benefit plans	**0.0**	0.0	0.0	0.0	3.5
Currency translation effects	**0.0**	0.0	0.0	1.6	1.5
Sum items that will not be reclassified to profit or loss	**0.0**	0.0	0.0	-0.4	3.1
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	**-1.1**	-3.5	0.6	-1.2	-3.7
Sum items that may be reclassified subsequently to profit or loss	**-1.1**	-3.5	0.6	-1.2	-3.7
Total other comprehensive income	**-1.1**	-3.5	0.6	-1.5	-0.6
Total comprehensive income	**-38.9**	-378.0	-60.7	-315.4	-342.2
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	**-38.9**	-378.0	-60.7	-315.4	-342.2

1) Impact of adopting IFRS 9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
(USD IN MILLION)	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	**TOTAL PAID-IN CAPITAL**	OTHER EQUITY	COMPREHENSIVE INCOME	**TOTAL EQUITY**
June 30, 2018							
At January 1, 2018	405.3	2,710.9	41.8	**3,158.0**	174.3	-2,883.4	**448.9**
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	-315.4	**-315.4**
At June 30, 2018	405.3	2,710.9	41.8	**3,158.0**	174.3	-3,198.9	**133.4**
Year 2018							
At January 1, 2018	405.3	2,710.9	41.8	**3,158.0**	174.3	-2,883.4	**448.9**
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	-342.1	**-342.1**
At December 31, 2018	405.3	2,710.9	41.8	**3,158.0**	174.3	-3,225.6	**106.7**
June 30, 2019							
At January 1, 2019	405.3	2,710.9	41.8	**3,158.0**	174.3	-3,225.6	**106.7**
Share issue	2.9	16.2	0.0	**19.1**	0.0	0.0	**19.1**
Total comprehensive income	0.0	0.0	0.0	**0.0**	0.0	-60.7	**-60.7**
At June 30, 2019	408.2	2,727.1	41.8	**3,177.1**	174.3	-3,286.3	**65.1**

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, 2018				
Accumulated at January 1, 2018	23.7	20.9	-2,927.9	**-2,883.4**
Profit/loss	0.0	0.0	-313.9	**-313.9**
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	1.6	**1.6**
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	-1.2	0.0	0.0	**-1.2**
Sum items that may be reclassified to profit or loss	-1.2	0.0	0.0	**-1.2**
Total other comprehensive income for the period	-1.2	0.0	-0.4	**-1.5**
Total comprehensive income for the period	-1.2	0.0	-314.3	**-315.4**
Accumulated at June 30, 2018	22.5	20.9	-3,242.2	**-3,198.9**
Year 2018				
Accumulated at January 1, 2018	23.7	20.9	-2,927.9	**-2,883.4**
Profit/loss	0.0	0.0	-341.6	**-341.6**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	-1.9	**-1.9**
Remeasurement of defined benefit plans	0.0	0.0	3.5	**3.5**
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	3.1	**3.1**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-3.7	0.0	0.0	**-3.7**
Sum items that may be reclassified to profit or loss	-3.7	0.0	0.0	**-3.7**
Total other comprehensive income for the period	-3.7	0.0	3.1	**-0.6**
Total comprehensive income for the period	-3.7	0.0	-338.5	**-342.2**
Accumulated at December 31, 2018	20.0	20.9	-3,266.4	**-3,225.6**
June 30, 2019				
Accumulated at January 1, 2019	20.0	20.9	-3,266.4	**-3,225.6**
Profit/loss	0.0	0.0	-61.3	**-61.3**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	**0.0**
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
Currency translation effects	0.0	0.0	0.0	**0.0**
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.0	**0.0**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.6	0.0	0.0	**0.6**
Sum items that may be reclassified to profit or loss	0.6	0.0	0.0	**0.6**
Total other comprehensive income for the period	0.6	0.0	0.0	**0.6**
Total comprehensive income for the period	0.6	0.0	-61.3	**-60.7**
Accumulated at June 30, 2019	20.5	20.9	-3,327.6	**-3,286.3**

CONSOLIDATED STATEMENT OF CASH FLOWS TOTAL OPERATIONS REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Cash flows from operating activities						
Profit/loss before tax		**-37.8**	-374.4	-61.3	-314.3	-348.0
Income taxes paid/received		**2.7**	0.0	2.7	0.0	0.7
Depreciation, amortization and impairment	3, 4	**33.3**	360.5	47.1	380.7	402.2
Equity accounted investments, impairment financial assets, gains/losses on sale	5	**0.0**	0.2	0.0	-72.7	-72.5
Changes in receivables, prepayments from customers etc.	12	**-1.8**	6.4	0.5	8.8	9.7
Changes in inventories	7	**7.0**	8.9	6.8	2.0	3.8
Changes in payables, accrued and prepaid expenses		**-8.3**	-6.5	-4.8	-7.7	-5.7
Changes in provisions	10	**0.0**	-0.1	0.0	-0.3	-0.3
Changes in VAT and other public taxes and duties		**0.1**	-0.1	0.1	0.0	0.0
Changes in derivatives		**0.0**	-0.1	0.0	0.0	-0.1
Currency effects not cash flow or not related to operating activities		**0.8**	-4.4	1.4	1.4	-1.7
Other items		**0.0**	2.6	0.0	2.4	1.9
Net cash flow from operating activities		**-4.0**	-7.1	-7.5	0.3	-10.1
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		**-0.3**	-2.3	-0.3	-2.6	0.0
Proceeds from sale of property, plant and equipment and intangible assets		**1.2**	0.0	1.2	0.5	0.6
Payments for property, plant and equipment and intangible assets	3	**-1.0**	-0.6	-1.1	-0.9	-1.7
Net cash flow from investing activities		**-0.2**	-3.0	-0.3	-2.9	-1.2
Cash flows from financing activities						
Increase in equity		**19.1**	0.0	19.1	0.0	0.0
Payments of lease liabilities	4	**-1.9**	0.0	-4.7	0.0	0.0
Payments of borrowings and up-front/waiver loan fees [1)]		**0.0**	-169.5	0.0	-169.5	-171.4
Proceeds from borrowings		**0.0**	110.0	0.0	110.0	110.0
Net cash flow from financing activities		**17.1**	-59.5	14.4	-59.5	-61.4
Effect on cash and cash equivalents of changes in foreign exchange rates		**0.0**	0.0	0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		**13.0**	-69.6	6.5	-62.1	-72.7
Cash and cash equivalents at the beginning of the period		**25.4**	112.0	31.8	104.5	104.5
Cash and cash equivalents at the end of the period		**38.4**	42.4	38.4	42.4	31.8

1) Payment of borrowings include fees and costs for issue and repurchase of interest bearing debt.

NOTES

1 GENERAL

THE GROUP
REC Silicon ASA (the Company) and its subsidiaries (together REC Silicon Group, REC Silicon, or the 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 USD, rounded to the nearest tenth of million, unless otherwise stated. As a result, of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

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 the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2018. The consolidated financial statements for 2018 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 2018 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 fiscal year. See note 2.24 to the consolidated financial statements for 2018.

IFRS 16 was issued in January 2016, and outlines the principles for the recognition, measurement, presentation and disclosure of leases requiring lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under IAS 17 and established a balance sheet lease accounting model that increases transparency and comparability.

The new standard which supersedes existing lease guidance, including IAS 17, IFRIC 4, and SIC-27 applies to periods beginning January 1, 2019. The group adopted IFRS 16 on the required effective date using the modified retrospective approach. As a result, prior year amounts have not been restated (See note 4).

IFRS 16 includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less) which will be recognized as expense in profit or loss when incurred.

At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

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. 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 is 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).

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

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). REC Silicon AS and REC Solar AS have a functional currency of NOK. The Company and its remaining subsidiaries have a functional currency of USD. The Group's reporting currency is USD. See note 2.4 to the consolidated financial statements for 2018.

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 2018.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2018 and note 1 to these financial statements for further information on segments.

The following table summarizes key financial results by segment:

(USD IN MILLION)	**Q2 2019**	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Revenues					
Solar Materials	**12.2**	20.4	25.1	53.1	69.2
Semiconductor Materials	**34.8**	38.6	67.0	76.3	152.9
Other	**0.0**	0.0	0.0	0.0	0.0
Eliminations	**0.0**	0.0	0.0	-0.9	-0.9
Total	**47.0**	58.9	92.1	128.6	221.2
EBITDA					
Solar Materials	**-9.4**	-15.9	-16.7	-7.5	-26.6
Semiconductor Materials	**15.2**	14.4	24.3	32.0	52.2
Other	**-5.3**	-8.1	-11.8	-19.0	-30.0
Eliminations	**0.0**	0.0	0.0	-0.5	-0.5
Total	**0.5**	-9.6	-4.2	5.0	-4.9
EBIT					
Solar Materials	**-34.7**	-432.5	-47.5	-440.1	-466.7
Semiconductor Materials	**7.6**	66.1	8.5	79.8	86.6
Other	**-5.7**	-3.7	-12.4	-14.9	-26.4
Eliminations	**0.0**	0.0	0.0	-0.5	-0.5
Total	**-32.9**	-370.1	-51.4	-375.7	-407.1

The following tables reflect the financial results of each operating segment:

Solar Materials - Segment

(USD IN MILLION)	**Q2 2019**	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Revenues	**12.2**	20.4	25.1	53.1	69.2
Cost of materials	**-2.2**	-9.9	-7.3	-22.8	-34.7
Change in inventories	**-10.0**	-7.9	-14.6	-0.6	1.1
Employee benefit expense	**-4.0**	-5.4	-8.5	-11.7	-20.6
Other operating expenses	**-5.3**	-13.1	-11.4	-25.5	-41.4
Other income and expenses	**0.0**	0.0	0.0	0.0	-0.1
Total current costs	**-21.6**	-36.3	-41.8	-60.6	-94.7
EBITDA contribution	**-9.4**	-15.9	-16.7	-7.5	-26.6
Depreciation of fixed Assets	**-3.6**	-15.9	-7.3	-31.7	-39.2
Amortization	**-0.3**	-0.1	-0.3	-0.2	-0.2
Depreciation of leased Assets	**-1.6**	0.0	-3.3	0.0	0.0
Impairment	**-19.9**	-400.7	-19.9	-400.7	-400.7
Total depreciation, amortization, and impairment	**-25.4**	-416.6	-30.7	-432.6	-440.1
EBIT contribution	**-34.7**	-432.5	-47.5	-440.1	-466.7

Semiconductor Materials - Segment

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Revenues	**34.8**	38.6	67.0	76.3	152.9
Cost of materials	**-4.7**	-6.0	-9.1	-9.9	-22.9
Change in inventories	**0.7**	-2.4	3.5	-1.8	0.5
Employee benefit expense	**-5.3**	-5.3	-10.6	-10.8	-21.4
Other operating expenses	**-10.3**	-10.5	-26.5	-21.7	-56.7
Other income and expenses	**0.0**	0.0	0.0	0.0	-0.1
Total current costs	**-19.6**	-24.1	-42.6	-44.3	-100.2
EBITDA contribution	**15.2**	14.4	24.3	32.0	52.2
Depreciation of fixed Assets	**-6.7**	-3.8	-13.4	-7.7	-21.2
Amortization	**0.0**	0.0	0.0	0.0	0.0
Depreciation of leased Assets	**-0.9**	0.0	-2.5	0.0	0.0
Impairment	**0.0**	55.6	0.0	55.6	55.5
Total depreciation, amortization, and impairment	**-7.6**	51.7	-15.8	47.8	34.4
EBIT contribution	**7.6**	66.1	8.5	79.8	86.6

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

(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Non-Contract Revenue	**32.7**	41.9	63.0	90.5	153.8
Structured (Regional/Volume pricing)	**12.8**	15.2	26.0	32.8	59.6
Tiered (Volume pricing)	**1.5**	1.7	3.0	5.1	7.8
Contract Revenue	**14.3**	17.0	29.0	38.0	67.4
Total	**47.0**	58.9	92.0	128.5	221.2

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2018.

Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND PRODUCTION EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	**TOTAL PROPERTY, PLANT AND EQUIPMENT**	TOTAL INTANGIBLE ASSETS	**TOTAL**
Carrying value at January 1, 2019	41.1	90.9	4.8	9.4	**146.2**	11.8	**158.0**
Net additions 1)	0.9	-1.1	0.1	-0.1	**-0.2**	0.0	**-0.2**
Disposals	-0.9	-0.1	-0.1	0.0	**-1.2**	0.0	**-1.2**
Depreciation and amortization	-1.3	-18.9	-0.8	0.0	**-21.1**	-0.3	**-21.4**
Impairment 2)	0.9	11.7	0.2	-5.5	**7.3**	-10.4	**-3.0**
Carrying value at June 30, 2019	40.6	82.5	4.2	3.8	**131.0**	1.2	**132.2**
At June 30, 2019							
Historical cost	147.4	2,130.5	79.9	65.6	**2,423.4**	80.0	**2,503.4**
Accumulated depreciation/amortization/impairment	-106.9	-2,048.0	-75.7	-61.9	**-2,292.4**	-78.8	**-2,371.2**
Carrying value at June 30, 2019	40.6	82.5	4.2	3.8	**131.0**	1.2	**132.2**

1) Net additions include transfers from assets under construction
2) Includes reallocation of previous impairment (see note 4 for additional impairment)

IMPAIRMENT REVIEWS
See note 7 to the consolidated financial statements for 2018.

Management has determined that the Group continues to consist of two cash generating units (CGUs). The Company's CGUs are derived from the reported segments for Solar Materials and Semiconductor Materials. Financial attributes associated with Other and Eliminations have been allocated to the individual CGUs based upon estimated activity, volume, and revenue factors.

The Group conducted a review of impairment indicators and impairment testing was performed at June 30, 2019. For the Solar CGU, impairment indicators were identified that could give rise to a change in impairment included the curtailment of production in the FBR facility in Moses Lake, Washington forced by uncertain market conditions and the solar trade dispute between the United States and China (see note 11 below).

Value in use for the Solar CGU has been estimated using discounted cash flows over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 14.5 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 17.2 percent.

Impacts on long term polysilicon market conditions caused by the solar trade dispute between the US and China are difficult to determine. Forecasts used to arrive at estimated future cash flows include the assumption that market conditions will support the restart of production in the Moses Lake FBR facility in 2022. The timing and length of the shutdown of the FBR facility are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon as a result of trade negotiations between China and the United States or other significant positive developments in solar grade polysilicon markets. Additional impairment of the Solar Materials CGU would be required if the FBR facility is not restarted.

The net carrying value of the Solar Materials CGU exceeded the resulting value in use at June 30, 2019. Therefore, an additional impairment of USD 20.0 million has been taken against the property, plant and equipment, right of use assets, and intangible assets in the Solar Materials CGU at June 30, 2019. In addition, impairments previously reported by the Company were reallocated due to changes in reporting requirements (IFRS 16 Leases) and to changes in assets capitalized. Accordingly, impairment of USD 3.0 million has been recorded in fixed assets (see table above) and USD 17.0 million has been recorded in Right-of-use assets (see footnote 4).

4 LEASES

Right-of-Use assets

(USD IN MILLION)	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	TOTAL
Balance at January 1, 2019	0.0	28.8	0.1	0.0	**28.9**
Depreciations	-0.2	-5.5	0.0	0.0	**-5.7**
Additions	3.2	0.2	0.0	0.0	**3.4**
Impairments	-2.9	-14.0	0.0	0.0	**-17.0**
Adjustments	0.0	25.3	0.0	0.0	**25.3**
Termination	0.0	0.0	0.0	0.0	**0.0**
Balance at June 30, 2019	0.1	34.7	0.0	0.0	**34.8**

Lease Liabilities

		MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	2019	2020	2021	2022	2023	AFTER 2023
Lease liabilities at June 30 1)	99.0	6.1	12.4	8.6	7.7	7.7	56.5

1) Amounts listed are undiscounted.

Adjustments of USD 25.3 million represent the extension of a long-term lease on the existing plant gas facility in Butte, Montana which has been extended for a period of 15 years.

The weighted average incremental borrowing rate applied to lease liabilities at June 30, 2019 is 11.9 percent.

Leases expensed in the period

(USD IN MILLION)	**Q2 2019**	JUN 30, 2019
Interest on lease liabilities	**1.3**	1.9
Expenses relating to short-term leases	**0.6**	1.1
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**0.0**	0.0

Right-of-use assets associated with contracts which expire in 2019 are expensed in accordance with the short-term exemption available upon implementation of IFRS 16.

In the second quarter, the Group made lease payments totaling USD 3.8 million which included USD 3.1 million (including imputed interest) on lease contracts and USD 0.6 million in current period expense for leases exempted from IFRS 16 as low value and short-term leases.

5 EQUITY ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES)

The Group is a party to 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 contributions. REC Silicon's ownership is 15 percent of the Yulin JV. See note 8 to the consolidated financial statements for 2018.

The Group's share of net equity does not reflect its 15 percent ownership interest in the Yulin JV, due to the 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 in China:

(USD IN MILLION)	JUN 30, 2019	DEC 31, 2018
Carrying value at January 1	34.2	-34.7
Share of joint venture profit/loss	-0.3	-0.5
Deferred income/expense	0.0	0.8
Change in Deferred Gain of Tech Transfer due to change in ownership	0.0	67.2
Change in Retained earnings due to change in ownership	0.0	5.0
Effects of changes in currency exchange rates	0.6	-3.7
Carrying value at end of period	34.5	34.2

The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at June 30, 2019:

(USD IN MILLION)	JUN 30, 2019	DEC 31, 2018
Non-current assets	1,253.5	1,201.6
Other Current assets	58.2	42.5
Cash and cash equivalents	1.7	3.4
Non-current liabilities	-732.5	-599.0
Current liabilities	-137.8	-207.5
Net Assets (100%)	443.1	441.0
REC Silicon's share of net equity	64.7	64.4
Deferred income/expense	-0.4	-0.4
Adjusted for technology transfer	-29.8	-29.8
Carrying amount of REC's interest	34.5	34.2

See note 8 to the consolidated financial statements for 2018.

6 DERIVATIVES

See notes 3 and 11 to the consolidated financial statements for 2018.

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

At June 30, 2019, the option contract was a liability valued at USD 1.5 million (USD 1.5 million at December 31, 2018).

7 INVENTORIES

See note 13 to the consolidated financial statements for 2018.

Inventories at end of period

	JUN 30, 2019			DEC 31, 2018		
(USD IN MILLION)	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	9.3	0.0	9.3	4.9	0.0	4.9
Spare parts	42.4	-20.9	21.5	42.5	-19.0	23.5
Work in progress	11.3	-0.9	10.4	12.5	-1.7	10.8
Finished goods	60.1	-29.0	31.1	90.9	-51.0	39.9
Total	123.1	-50.7	72.3	150.8	-71.7	79.1

8 BORROWINGS AND GUARANTEES

See notes 4 and 17 to the consolidated financial statements for 2018.

Carrying amounts of interest-bearing liabilities at June 30, 2019 and contractual repayments (excluding interest payments) are specified in the table below.

	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST		
(USD IN MILLION)	CURRENCY	USD	TOTAL	2019	2023
Capitalized Borrowing Cost, non-current (USD) [1)]	-1.2	-1.2			
Captialized Borrowing Cost, current (USD) [1)]	-0.3	-0.3			
Senior secured bond (USD)	110.0	110.0	110.0	0.0	110.0
Indemnification loan (NOK)	200.0	23.5	23.5		
Total		131.9	133.5	0.0	110.0

1) Amortized as part of effective interest.

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At June 30, 2019, the indemnification loan is NOK 200 million (USD 23.5 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 (see note 11 below and note 17 to the consolidated financial statements for 2018).

Guarantees

See note 29 to the consolidated financial statements for 2018.

At June 30, 2019, the Company had provided USD 5.0 million in bank guarantees against which the Company has pledged USD 4.0 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 June 30, 2019 and December 31, 2018.

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 2018.

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 1.5 million at June 30, 2019 and December 31, 2018.

The fair value of the USD senior secured bond at June 30, 2019 is estimated at 102 percent of nominal value.

USD Senior Secured Bond

(USD IN MILLION)	JUN 30, 2019	MAR 31, 2019	DEC 31, 2018
Nominal value	**110.0**	110.0	110.0
Capitalized Borrowing Cost, non-current [1)]	**-1.2**	-1.3	-1.4
Net carrying amount, non-current	**108.8**	108.7	108.6
Captialized Borrowing Cost, current [1)]	**-0.3**	-0.3	-0.3
Net carrying amount	**108.4**	108.4	108.3

1) Amortized as part of effective interest.

The following table represents change due to IFRS 9 related to the USD convertible bond.

	CHANGES DUE TO IFRS 9				
(USD IN MILLION)	Q2 2019	Q2 2018	JUN 30, 2019	JUN 30, 2018	YEAR 2018
Profit/Loss	0.0	0.0	0.0	0.0	0.0
Other Comprehensive Income	0.0	1.9	0.0	1.9	1.9
Total	0.0	1.9	0.0	1.9	1.9

9 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at June 30, 2019

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2019	2020	2021	2022	2023	2024	AFTER 2024
Purchase of goods and services	3.3	3.0	0.2	0.0	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	3.5	3.2	0.2	0.0	0.0	0.0	0.0	0.0

10 PROVISIONS

(USD IN MILLION)	2019
Carrying value at January 1	3.0
Net periodic asset retirement obligation costs including net interest	0.1
Carrying value at June 30	3.1

See note 20 to the consolidated financial statements for 2018.

The AROs represent the present value of estimated future costs discounted between 8 to 12.5 percent and between 10 to 40 years.

11 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Please refer to the annual report for 2018, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

CHINESE TARIFFS ON US POLYSILICON
REC Silicon's access to polysilicon markets in China continues to be restricted by tariffs imposed by the Chinese government on US polysilicon. The Company continues to work to re-gain access to the Chinese market for its solar grade polysilicon products produced in the United States. REC Silicon remains focused on identifying sales opportunities in markets outside of China.

The timing or outcome of any potential resolution remains uncertain.

The Company has ceased the operation of its FBR production facility in Moses Lake, Washington. The timing and length of the shutdown are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon or other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

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.

PROPERTY TAX
REC Silicon has contested Grant County Washington's valuations of taxable property. The appeal for year 2012 is currently before the Washington Court of Appeals. The Company has also appealed assessments for the years 2013 through 2015. The Company will not be required to pay disputed tax amounts until all appeals are exhausted. The timing and outcome of these appeals is subject to uncertainty.

GOING CONCERN
Impacts of the ongoing solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon continue to contribute to the Company's high liquidity risk.

Current market conditions and the solar trade dispute have forced the curtailment of production at the FBR facility in Moses Lake, Washington. Management and the board of directors have implemented a plan to place the FBR plant in a long-term shutdown to reduce spending and to maintain the Company's liquidity. Accordingly, production was curtailed on May 15, 2019 and a workforce reduction was announced on July 15, 2019.

This shutdown is intended to retain the liquidity necessary to maintain operations at the semiconductor materials facility in Butte, Montana.

The timing and length of the shutdown are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon as a result of trade negotiations between China and the United States or other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

As a consequence of these actions, the Company's current liquidity position and the estimated results of operations are considered sufficient to meet the operating cash flow requirements for remaining operations and to meet debt service obligations for the next twelve months assuming no payments on the indemnity loan or unfavorable outcome of the notices of reassessment from the Norwegian Central Tax Office (the tax examinations). Estimates used to arrive at this conclusion include the assumptions that markets for the Company's semiconductor polysilicon and silicon gas products remain stable.

Please refer to the Company's annual report for 2018. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon which creates significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole. In addition, if conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative (See note 31 to the consolidated financial statements for 2018), the Company plans to issue additional equity, issue debt, and/or sell assets to satisfy financial obligations and to meet operating cash flow requirements.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern. However, the events and conditions discussed above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

12 RECEIVABLES

See notes 12 and 30 to the consolidated financial statements for 2018.

Aging of receivables at June 30, 2019

			AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE			
(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS
Trade receivables and accrued revenues	42.4	22.9	4.7	0.4	0.0	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	-14.4
Other non-current and current receivables	4.5	4.5	0.0	0.0	0.0	0.0
Total receivables	32.6	27.5	4.7	0.4	0.0	0.0
Prepaid Costs	0.0					
Total trade and other receivables	32.6					

There was no bad debt expense recorded for the second quarter of 2019.

13 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2018.

In the second quarter of 2019, REC Silicon invoiced the Yulin JV USD 1.0 million for engineering and project services (see note 5 above).

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

14 SHAREHOLDER MATTERS

On May 14, 2019 new share capital reflecting the issue of the 25,438,187 new A-shares approved at the Company's annual general meeting (AGM) was registered in the Norwegian Register of Business Enterprises. The Company's new share capital is NOK 2,569,256,972, consisting

of 2,543,818,785 ordinary shares and 25,438,187 class A-shares, all of NOK 1 par value.

15 EVENTS AFTER THE REPORTING PERIOD

SHARE CAPITAL REDUCTION
On July 3, 2019 the share capital reduction and the conversion of the Class A Shares (see shareholder matters above) was completed and registered with the Norwegian Register of Business Enterprises. Consequently, the new share capital of the Company is NOK 279,820,065.50 divided on 2,798,200,655 ordinary shares, each with a par value of NOK 0.10.

REVERSE SHARE SPLIT
On July 9, 2019 the Company's shares were combined in a ratio of 10:1, whereby 10 old shares were combined to give 1 new share. Subsequent to the share consolidation, the Company has 279,820,066 shares in issue, each with a nominal value of NOK 1.

LONG-TERM SHUTDOWN OF FBR PRODUCTION FACILITY AND WORFORCE REDUCTION
On July 15, 2019, REC Silicon announced that its FBR facility in Moses Lake, Washington would be placed in a long-term shutdown due to restricted access to Chinese polysilicon markets. Although recent talks between the Government of the United States (USG) and the Government of China at the G20 summit in Osaka in late June 2019 have resulted in a resumption of trade negotiations between the governments, the governments have not agreed on or imposed a deadline for a resolution and there is no certainty yet as to the date by which REC Silicon's access to the China market will be restored. Accordingly, REC Silicon has executed a reduction in its workforce in Moses Lake, Washington by approximately 100 employees.

The remaining workforce in Moses Lake will allow REC Silicon to restart its FBR facility if further trade negotiations result in a re-opening of polysilicon markets in China. REC Silicon's facility in Butte, Montana is not affected by the workforce reduction executed this week.

The associated restructuring costs will be reported in the third quarter of 2019 and are expected to be approximately USD 3.7 million.

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

An Alternative Performance Measure (APM) is a measure of historic 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 - EBIT is an acronym for Earnings Before Tax and represents profit/loss from total operations excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.
EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 32.9 million for the second quarter of 2019.

EBIT Margin - EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines titled similarly.
EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.

EBITDA - EBITDA is an acronym for Earnings Before Tax, Depreciation, and Amortization. EBITDA is EBIT excluding depreciation, amortization and impairment.
EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. EBITDA has been reported as a gain of USD 0.5 million for the second quarter of 2019.

EBITDA Margin - EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines similarly titled.
EBITDA margin has been calculated and is reported in the financial highlight tables for REC Silicon Group, in the key financials table for each operating segment, and in note 2 segments.

EBITDA Contribution - EBITDA contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBITDA. For the operating segments, EBITDA contributions represents revenues less cost of manufacturing excluding depreciation and amortization. For other, EBITDA contribution represents primarily operating costs.
A table reconciling the EBITDA contribution of each operating segment along with other and eliminations to the Company's total EBITDA can be found in note 2 segments.

EBIT Contribution - EBIT contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBIT. For the operating segments, EBIT contributions represents revenues less cost of manufacturing including depreciation and amortization. For other, EBIT contribution represents primarily operating costs.
A table reconciling the EBIT contribution of each operating segment along with other and eliminations to the Company's total EBIT can be found in note 2 segments.

Equity Ratio - The equity ratio is calculated by dividing total shareholders' equity by total assets. Total shareholders' equity and total assets are reflected on lines similarly titled on the Company's statement of financial position.
At June 30, 2019, the equity ratio is 18 percent and is calculated by dividing USD 65.1 million total shareholders' equity by USD 365.3 million in total assets.

Net Debt - Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents.
The carrying value of debt can be found in note 8 borrowing in the table under the caption carrying amount, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.
At June 30, 2019, net debt was USD 145.0 million or USD 131.9 million total carrying value of the Company's debt (from note 8) plus USD 51.5 million current and non-current lease liabilities (from the balance sheet) less USD 38.4 million in cash and cash equivalents.

Nominal Net Debt – Nominal Net debt is the contractual repayment values of interest-bearing debt instruments (including financing leases) less cash and cash equivalents.
The contractual repayment values of debt can be found in note 8 borrowing in the table under the caption contractual repayments excluding interest, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.
At June 30, 2019, nominal net debt was USD 146.6 million or USD 133.5 million contractual repayment values of the Company's debt (from note 8) plus USD 51.5 million current and non-current lease liabilities (from the balance sheet) less USD 38.4 million in cash and cash equivalents.

FBR Manufacturing Costs - Variable, direct, and indirect manufacturing costs excluding depreciation and amortization divided by production volume (excluding fines and powder). FBR Manufacturing Costs do not include general and administrative costs.
The following table demonstrates the components and calculation of FBR Manufacturing Costs for the second quarter of 2019:

	Q2 2019	
	USD MILLION	USD/KG
Cost of Materials	2.2	
Employee Benefit Costs	4.0	
Other operating expenses	5.3	
Less: Idle facility costs	-0.3	
Change in Semi-finished Inventories	1.3	
Production costs	12.6	18.5
Depreciation of fixed assets	3.6	
Amortization	0.3	
Depreciation of leased assets	1.6	
Less: Idle facility depreciation	-0.1	
Change in Semi-finished Inventories	-0.4	
Depreciation and amortization costs	5.0	7.4
Polysilicon production in MT	679	

Amounts for cost of materials, employee benefit costs, other operating expenses, depreciation of fixed assets, and amortization can be found in the table reflecting the operating results of the solar materials segment in note 2 segments. Polysilicon production can be found in the key financials table for the Solar Materials segment. Idle facility costs are taken from calculations used to assign manufacturing costs to produced inventories and represent silane gas loading facilities in Moses Lake which are not currently utilized. Change in semi-finished inventories represent changes in work in process and include the transfer of worked materials between facilities at cost.

Current and predicted FBR manufacturing costs are reflected in the table titled Costs Targets in the guidance section of this report.

FOR MORE INFORMATION, PLEASE CONTACT

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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