



Norske Skog

SECOND QUARTER 2013

NORWEGIAN PAPER TRADITION

THROUGH 50 YEARS

INTRODUCTION

Norske Skog is a world leading producer of newsprint and magazine paper. The group has 11 fully or partly owned mills in 9 countries and an annual production capacity of approximately 3.5 million tonnes. Through sales offices and agents, newsprint and magazine paper is sold to over 80 countries. The group has 3 600 employees.

The parent company, Norske Skogindustrier ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on the Oslo Stock Exchange.

Norske Skog implemented the amended accounting standard IAS 19 *Employee benefits* from 1 January 2013. Comparable figures for 2012 have been restated as a result of the changes.

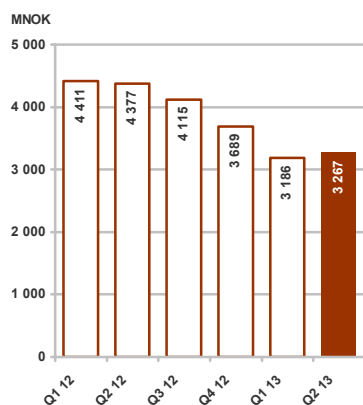
KEY FIGURES (UNAUDITED)

All amounts are presented in NOK million unless otherwise stated.

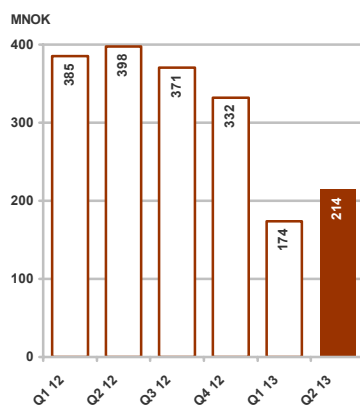
	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
INCOME STATEMENT					
Operating revenue	3 267	3 186	4 377	6 453	8 788
Gross operating earnings	214	174	398	388	783
Operating earnings	-647	-178	123	-824	-459
Profit/loss for the period	-859	-381	-91	-1 240	-434
Earnings per share (NOK)	-4.53	-2.01	-0.48	-6.53	-2.28
CASH FLOW					
Net cash flow from operating activities	-48	-106	6	-154	273
Net cash flow from investing activities	113	-155	235	-42	459
Cash flow per share (NOK)	-0.25	-0.56	0.03	-0.81	1.44
OPERATING MARGIN AND PROFITABILITY (%)					
Gross operating margin	6.6	5.4	9.1	6.0	8.9
Return on capital employed	0.1	-0.2	1.2	-0.1	2.1
Return on equity	-25.0	-9.1	-1.3	-35.7	-6.0
Return on assets	-4.0	-1.0	0.7	-5.1	-2.0
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	771	777	912	1 548	1 838
Deliveries (1 000 tonnes)	759	750	928	1 510	1 839
Production / capacity (%)	87	87	90	87	87

	30 JUN 2013	31 MAR 2013	31 DEC 2012	30 SEP 2012	30 JUN 2012
BALANCE SHEET					
Non-current assets	10 655	11 531	11 393	13 730	14 252
Current assets	4 723	4 566	4 650	4 834	5 467
Total assets	15 378	16 097	16 043	18 564	19 720
Equity	2 801	4 070	4 151	6 317	6 922
Net interest-bearing debt	6 641	6 482	6 021	6 285	6 883

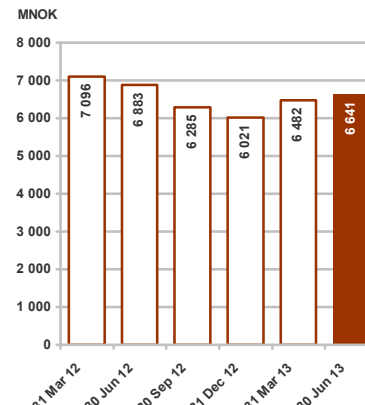
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT



REPORT OF THE BOARD OF DIRECTORS FOR THE SECOND QUARTER OF 2013

- Second quarter of 2013: Gross operating earnings NOK 214 million (NOK 174 million in the first quarter of 2013)
- Cash flow from operating activities NOK 298 million before net financial payments in the quarter (NOK -122 million in the first quarter of 2013)
- Net interest-bearing debt increased by NOK 159 million to NOK 6 641 million reflecting NOK depreciation, net financial items and cash proceeds from divestments
- Divestment of 51% of Norske Skog Pisa announced and completed in the quarter, terms for disposal of remaining 49% agreed upon with the same buyer

INCOME STATEMENT

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	3 267	3 186	4 377	6 453	8 788
Gross operating earnings ¹⁾	214	174	398	388	783
Depreciation	-198	-198	-230	-397	-481
Operating earnings	-647	-178	123	-824	-459
Profit/loss before income taxes	-1 001	-505	-125	-1 506	-595
Profit/loss for the period	-859	-381	-91	-1 240	-434

¹⁾ Operating earnings before depreciation, restructuring expenses, other gains and losses and impairments.

Norske Skog's operating revenue increased compared to the previous quarter, due to seasonally higher sales volumes and NOK depreciation. Revenue was lower compared with the same period in 2012 as a result of reduced capacity. Operating revenue for the second quarter of last year included revenue for the full quarter from the divested mill at Parenco in the Netherlands and revenue for one month from the divested mill at Bio Bio in Chile. Comparability is also distorted by the closure of one machine at Tasman in New Zealand in January this year.

Variable costs were somewhat higher compared to the first quarter, due to NOK depreciation, but were lower compared to the corresponding period last year. Variable costs consist mainly of energy and fibre (wood, recovered paper and pulp). Fixed costs were on level with the previous quarter. Compared to the corresponding period last year, fixed costs were down by close to NOK 200 million, due to reduced capacity and ongoing cost reduction programmes.

Gross operating earnings improved to NOK 214 million in the quarter from NOK 174 million in the first quarter. Gross operating earnings declined from NOK 398 million reported in the same quarter last year, with lower prices and hence a reduced contribution margin.

Gross operating earnings for the first half as a whole were NOK 388 million, compared with NOK 783 million in the first half of last year. Newsprint Europe posted a decline from NOK 213 million in the first half of 2012 to NOK 115 million in the first half of 2013. The reported figure declined from NOK 414 million to NOK 343 million for Newsprint outside Europe, while Magazine Paper saw a contribution of NOK 204 million turning to a loss of NOK 30 million.

Depreciation was unchanged from the first quarter at just below NOK 200 million and lower compared to the same period last year.

Other gains and losses and financial items resulted in a loss before income taxes. Other gains and losses of NOK -662 million were mainly related to reduced value of energy contracts of NOK 487 million and a recognised loss on the divestment of Pisa of NOK 195 million. Financial items of NOK -358 million in the quarter consisted mainly of interest expenses of NOK 150 million and unrealised currency losses of NOK 191 million. Tax income of NOK 142 million gave a loss for the period of NOK 859 million.

Global demand for newsprint fell by 4% in the first five months of the year compared with the corresponding period last year. For magazine paper there was a decline of 3%.

Capacity utilisation for the group was 87% in the second quarter (87% in the first quarter).

SPECIAL ITEMS IN OPERATING EARNINGS

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Restructuring expenses	0	0	0	0	-10
Other gains and losses	-662	-153	-46	-816	-716
Impairments	0	0	0	0	-35

Other gains and losses in the quarter constituted a decline in the value of energy contracts recognised on the balance sheet and a loss recognised in relation to the Pisa divestment. The loss in relation to Pisa was recognised on a 100% basis.

The reduced value of energy contracts came from lower forward prices on energy and currency derivative elements turning negative with NOK depreciation.

FINANCIAL ITEMS

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Net interest expenses incl. realised gain/loss on interest rate derivatives	-153	-147	-140	-300	-288
Unrealised gain/loss on interest rate derivatives	2	3	-2	6	-1
Net interest expenses	-150	-144	-142	-295	-289
Currency gains/losses ¹⁾	-191	-170	-176	-361	37
Other financial items	-17	-18	70	-35	108
Total financial items	-358	-333	-248	-690	-144

¹⁾ Currency gains and losses on accounts receivable and accounts payable are reported as Operating revenue and Cost of materials respectively.

Net interest expenses were NOK 150 million in the quarter, NOK 6 million higher than in the previous quarter. Unrealised foreign exchange losses of NOK 191 million were related to interest-bearing debt that does not qualify for hedge accounting.

CASH FLOW

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Gross operating earnings	214	174	398	388	783
Change in operating working capital ¹⁾	258	-81	173	178	374
Change in other working capital ²⁾	-33	-119	10	-153	-199
Payments made relating to restructuring activities	-15	-89	-123	-104	-151
Adjustment for items with no cash impact	-95	-1	-11	-96	8
Cash flow from net financial items	-346	16	-417	-329	-508
Taxes paid	-32	-5	-24	-37	-34
Net cash flow from operating activities	-48	-106	6	-154	273
Purchases of property, plant and equipment and intangible assets	-125	-117	-95	-242	-185
Sales of property, plant and equipment, shares in companies, financial assets etc.	238	2	329	239	643

¹⁾ Change in operating working capital includes changes in accounts receivable, accounts payable, inventories and prepayments.

²⁾ Change in other working capital includes changes in provisions and other receivables.

The negative net cash flow from operating activities of NOK 48 million reflected a low level of gross operating earnings and high cash interest payments. Working capital of NOK 258 million was released, more than offsetting the increase of NOK 81 million seen in the previous quarter.

Purchases of property, plant and equipment and intangible assets

reflected the machine conversion project at Norske Skog Boyer in Australia, an energy efficiency project at Norske Skog Saugbrugs in Norway and ordinary maintenance capital expenditure.

Sales of property, plant and equipment related to the divestment of 51% of Norske Skog Pisa in Brazil, which was completed in June.

BALANCE SHEET

	30 JUN 2013	31 MAR 2013	31 DEC 2012	30 JUN 2012	1 JAN 2012
Non-current assets	10 655	11 531	11 393	14 252	15 789
Cash and cash equivalents	1 575	971	1 194	1 251	1 200
Other current assets	3 148	3 595	3 456	4 216	4 971
Total assets	15 378	16 097	16 043	19 720	21 960
Equity including non-controlling interests	2 801	4 070	4 151	6 922	7 359
Non-current liabilities	8 659	9 240	9 092	9 449	10 239
Current liabilities	3 918	2 787	2 801	3 349	4 362
Net interest-bearing debt	6 641	6 482	6 021	6 883	7 863

Equity including non-controlling interests was NOK 2 801 million at 30 June 2013, a reduction of NOK 1 269 million from the previous quarter. The decrease arose from a negative net result for the period and inflation of hedge accounted debt due to NOK depreciation, which outweighed increases in asset values. Equity per share was NOK 15. More information is provided in the detailed statement of changes in equity later in this report.

Net interest-bearing debt was NOK 6 641 million at 30 June 2013, an increase of NOK 159 million in the quarter. The increase derived from debt inflation, with NOK depreciation and negative cash flow, partly offset by cash proceeds from the Pisa divestment.

Cash and cash equivalents amounted to NOK 1 575 million at 30 June 2013.

SEGMENT INFORMATION

NEWSPRINT EUROPE

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	1 076	979	1 205	2 055	2 320
Gross operating earnings	66	49	108	115	213
Depreciation	-51	-50	-52	-101	-104
Operating earnings	21	-1	77	20	125
Gross operating margin (%)	6.1	5.0	9.0	5.6	9.2
Production (1 000 tonnes)	299	289	289	588	590
Deliveries (1 000 tonnes)	300	277	308	577	587
Production / capacity (%)	92	89	89	90	85

The region constitutes Norske Skog's European operations in the newsprint market with mills in Norway, France and Austria. Annual production capacity was 1 305 000 tonnes in the second quarter.

Operating revenue increased from the first quarter, with slightly higher sales volumes. Compared with the corresponding period last year, there was a decline due to lower prices.

Variable costs increased somewhat compared to the previous quarter, with a weaker NOK, but were lower when compared to the corresponding period last year. Fixed costs were lower compared with the same period last year, reflecting ongoing cost reduction programmes, but saw a similar currency-related increase when compared to the previous quarter.

Gross operating earnings improved to NOK 66 million in the quarter from NOK 49 million in the previous quarter, but were lower compared to the earnings of NOK 108 million in the same quarter last year.

Demand for newsprint in Europe decreased by 5% in the first five months of the year compared to the corresponding period last year. Exports declined by 17% from a high level last year and with reduced capacity in Europe. Demand for improved and other uncoated grades in Europe showed an improvement of 4%.

Capacity utilisation was 92% in the second quarter. (89% in the first quarter).

NEWSPRINT OUTSIDE EUROPE

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	1 077	1 026	1 399	2 104	2 759
Gross operating earnings	215	129	218	343	414
Depreciation	-109	-109	-120	-218	-258
Operating earnings	-85	21	74	-64	91
Gross operating margin (%)	19.9	12.6	15.6	16.3	15.0
Production (1 000 tonnes)	234	221	280	454	559
Deliveries (1 000 tonnes)	226	221	290	447	566
Production / capacity (%)	92	86	92	89	89

The region consists of Norske Skog's operations in Australasia, South America and Thailand. Annual production capacity in the region was 1 000 000 tonnes in the second quarter. Following the deconsolidation of Norske Skog Pisa from the third quarter, the annual production capacity in the region will be 830 000 tonnes.

Operating revenue increased compared to the previous quarter, with seasonally higher volumes and NOK depreciation. Compared to the corresponding period last year, operating revenue was lower due to the closure at Norske Skog Tasman and the deconsolidation of Norske Skog Bio Bio.

Variable costs were higher than in the previous quarter due to unfavourable energy costs. Fixed costs decreased as a result of ongoing cost reduction programmes and reduced capacity.

Gross operating earnings improved to NOK 215 million in the quarter from NOK 129 million in the first quarter, coming in on level with the NOK 218 million reported for the second quarter last year. Earnings in the quarter were helped by positive one-offs related to energy costs at Pisa and pensions at Tasman.

Demand for newsprint in Australasia declined by 17% in the first five months of the year compared to the corresponding period last year. There was a drop of 8% in South America.

Capacity utilisation was 92% in the second quarter (86% in the first quarter).

MAGAZINE PAPER

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	1 098	1 152	1 602	2 251	3 364
Gross operating earnings	-47	17	95	-30	204
Depreciation	-34	-35	-52	-69	-108
Operating earnings	-81	-18	48	-99	117
Gross operating margin (%)	-4.3	1.5	5.9	-1.3	6.1
Production (1 000 tonnes)	238	267	342	505	689
Deliveries (1 000 tonnes)	234	252	330	486	686
Production / capacity (%)	78	87	90	82	86

The segment constitutes Norske Skog's operations in the magazine paper market with mills in Norway, Germany and Austria. Annual production capacity was 1 225 000 tonnes in the second quarter.

Operating revenue declined compared to the previous quarter, with lower sales volumes in a weak market. Compared to the corresponding period last year, operating revenue was lower following the divestment of Norske Skog Parenco.

Variable costs were higher than in the comparison periods due to a weaker NOK. There was a currency-related increase in fixed costs compared to the previous quarter, but a decline when compared to the same period last year due to ongoing cost reduction programmes.

Gross operating earnings were a negative NOK 47 million in the quarter, a further deterioration from NOK 17 million in the previous quarter and well below the NOK 95 million reported for the second quarter last year. Earnings in the quarter were weakened by negative one-offs related to energy costs.

Demand for magazine paper in Europe declined in the first five months of the year compared to the corresponding period last year. For SC (uncoated) magazine paper, there was a smaller decrease of 3%, while LWC (coated) magazine paper saw a larger decline of 8%.

Capacity utilisation was 78% in the second quarter (87% in the first quarter).

OTHER ACTIVITIES

	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	88	136	618	224	1 379
Gross operating earnings	-16	-20	-32	-36	-62
Depreciation	-4	-4	-5	-8	-10
Operating earnings	-497	-177	-84	-674	-805

Other activities include the purchase and internal resale of energy and wood to the mills, trading activities related to recovered paper and unallocated group costs. Operating revenue was considerably

lower compared to the same quarter last year following the divestment of the global recovered paper business Reparco in 2012 and reduced activities related to wood and energy.

HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 1.64 in the 12 month period from 1 July 2012 to 30 June 2013.

EVENTS IN THE FIRST HALF OF 2013

One of two machines at the Tasman mill in New Zealand was permanently closed in January.

A new EUR based electricity contract, to reduce currency risk, for the Saugbrugs mill in Norway commenced in May.

A temporary curtailment of one of three machines at the Skogn mill in Norway was effective from June.

Norske Skog Pisa in Brazil was sold to Chilean investors. Divestment of 51% of the operations was closed in June for USD 41 million. Terms and timeline of one to two years for the disposal of the remaining 49% were agreed upon with the same buyer.

RISK MANAGEMENT

Norske Skog conducts continuous evaluations of its operational and financial risk factors. The main operational risks are related to prices and sales volumes for newsprint and magazine paper, as well as the prices of key input factors such as wood, recovered paper and energy.

Financial risk management mainly includes currency, interest rate and liquidity risk. A description of risk factors and risk management is given in the annual financial statements for 2012.

RELATED PARTIES

Some of the company's shareholders are forest owners who supply wood to the group's mills in Norway. All transactions with related parties are conducted on normal commercial terms. No directors receive remuneration for their work for the company from any source other than the company itself.

SHARES

The foreign ownership share was 21% at the end of June 2013, two percentage points lower than one year ago. An overview of the main shareholders at the end of June 2013 is included on page 17.

OUTLOOK

Price increases from the third quarter, the weaker Norwegian krone and seasonally higher sales volumes will improve the revenue base in the second half. Variable costs are expected to remain largely unchanged, whilst fixed costs will decline somewhat as a result of ongoing cost reduction programmes. The deconsolidation of Norske Skog Pisa following the divestment of 51% of the mill will cause a decline in reported revenue and costs from the third quarter.

SKØYEN, 17 JULY 2013 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Eivind Reiten
Chair




Eilif Due
Board member



Siri Beate Hatlen
Board member



Finn Johnsson
Board member



Karen Kvalevåg
Board member



Ingelise Arntsen
Board member



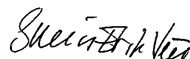
Jon-Aksel Torgersen
Board member



Kjetil Bakkan
Board member



Paul Kristiansen
Board member



Svein Erik Veie
Board member



Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2013

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	6	3 267	3 186	4 377	6 453	8 788
Distribution costs		-342	-326	-428	-668	-846
Cost of materials		-1 994	-1 966	-2 569	-3 960	-5 185
Change in inventories		68	80	-19	148	15
Employee benefit expenses	5	-510	-532	-637	-1 043	-1 339
Other operating expenses		-274	-268	-327	-543	-651
Gross operating earnings		214	174	398	388	783
Depreciation	7	-198	-198	-230	-397	-481
Restructuring expenses		0	0	0	0	-10
Other gains and losses	4, 9	-662	-153	-46	-816	-716
Impairments	3, 7	0	0	0	0	-35
Operating earnings		-647	-178	123	-824	-459
Share of profit in associated companies		4	5	0	8	8
Financial items	5	-358	-333	-248	-690	-144
Profit/loss before income taxes		-1 001	-505	-125	-1 506	-595
Income taxes		142	124	34	266	162
Profit/loss for the period		-859	-381	-91	-1 240	-434
Profit/loss for the period attributable to:						
Owners of the parent		-859	-381	-91	-1 240	-434
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		-4.53	-2.01	-0.48	-6.53	-2.28

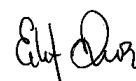
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Profit/loss for the period	-859	-381	-91	-1 240	-434
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	-336	342	105	6	-84
Tax expense on translation differences	-7	22	-1	15	0
Hedge of net investment in foreign operations	-70	-61	0	-131	113
Tax expense on net investment hedge	0	-2	-5	-2	16
Reclassified translation differences upon divestment of foreign operations	262	0	58	262	58
Reclassified hedging gain/loss on net investment upon divestment of foreign operations	-361	0	-81	-361	-81
Tax expense on reclassifications	101	0	23	101	23
Other items	1	0	6	1	0
Tax expense on other items	0	0	0	0	0
Total	-410	301	105	-109	45
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial gains (losses) on defined benefit plans and other post-employment benefits	0	0	-22	0	-44
Tax effect actuarial gains (losses) on defined benefit plans and other post-employment benefits	0	0	-2	0	-4
Total	0	0	-24	0	-48
Other comprehensive income for the period	-410	301	81	-109	-3
Comprehensive income for the period	-1 269	-80	-10	-1 349	-437
Comprehensive income for the period attributable to:					
Owners of the parent	-1 269	-81	-10	-1 350	-437
Non-controlling interests	0	1	0	1	0

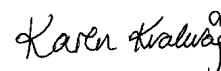
CONDENSED CONSOLIDATED BALANCE SHEET

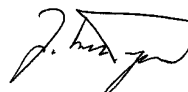
NOK MILLION	NOTE	30 JUN 2013	31 MAR 2013	31 DEC 2012	30 JUN 2012	1 JAN 2012
Deferred tax asset	5	495	471	313	443	355
Intangible assets	7	107	145	232	130	148
Property, plant and equipment	3, 4, 7	9 074	9 746	9 533	11 950	12 622
Investments in associated companies	4	599	354	339	429	422
Other non-current assets	5, 9	380	816	976	1 301	2 242
Total non-current assets		10 655	11 531	11 393	14 252	15 789
Inventories		1 513	1 445	1 370	1 768	1 867
Trade and other receivables		1 462	1 860	1 816	2 200	2 732
Cash and cash equivalents	8	1 575	971	1 194	1 251	1 200
Other current assets	9	172	290	271	249	372
Total current assets		4 723	4 566	4 650	5 467	6 171
Total assets		15 378	16 097	16 043	19 720	21 960
Paid-in equity		12 302	12 302	12 302	12 302	12 303
Retained earnings and other reserves	5	-9 511	-8 243	-8 161	-5 393	-4 957
Non-controlling interests		10	10	9	13	13
Total equity		2 801	4 070	4 151	6 922	7 359
Pension obligations	5	628	637	629	598	598
Deferred tax liability	5	505	493	493	521	498
Interest-bearing non-current liabilities	8	6 917	7 426	7 208	7 621	8 407
Other non-current liabilities	9	608	685	762	708	736
Total non-current liabilities		8 659	9 240	9 092	9 449	10 239
Interest-bearing current liabilities	8	1 496	225	203	749	931
Trade and other payables	5	2 095	2 014	2 114	2 256	2 480
Tax payable		30	47	43	38	31
Other current liabilities	9	297	502	441	306	920
Total current liabilities		3 918	2 787	2 801	3 349	4 362
Total liabilities		12 576	12 027	11 892	12 798	14 601
Total equity and liabilities		15 378	16 097	16 043	19 720	21 960

SKØYEN, 17 JULY 2013 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA


Eivind Reiten
Chair

Eilif Due
Board member

Siri Beate Hatlen
Board member

Finn Johnsson
Board member

Karen Kvalevåg
Board member

Ingelise Arntsen
Board member

Jon-Aksel Torgersen
Board member

Kjetil Bakkan
Board member

Paul Kristiansen
Board member

Svein Erik Veie
Board member

Sven Ombudstvedt
President and CEO

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Cash generated from operations	3 455	3 184	4 358	6 639	9 068
Cash used in operations	-3 126	-3 301	-3 910	-6 426	-8 253
Cash from net financial items	-346	16	-417	-329	-508
Taxes paid	-32	-5	-24	-37	-34
Net cash flow from operating activities ¹⁾	-48	-106	6	-154	273
Purchases of property, plant and equipment and intangible assets	-125	-117	-95	-242	-185
Sales of property, plant and equipment and intangible assets	19	0	10	18	53
Dividend received	0	0	1	0	1
Purchase of shares in companies and other financial payments	0	-39	0	-39	0
Sales of shares in companies and other financial payments	219	2	319	221	590
Net cash flow from investing activities	113	-155	235	-42	459
New loans raised	628	121	530	749	955
Repayments of loans	-119	-107	-684	-227	-1 631
Purchase/sale of treasury shares	0	0	-1	0	-1
Net cash flow from financing activities	508	14	-154	522	-677
Foreign currency effects on cash and cash equivalents	30	25	7	55	-5
Total change in cash and cash equivalents	604	-222	95	381	51
Cash and cash equivalents at start of period	971	1 194	1 157	1 194	1 200
Cash and cash equivalents at end of period	1 575	971	1 251	1 575	1 251
¹⁾ Reconciliation of net cash flow from operating activities					
Gross operating earnings	214	174	398	388	783
Change in operating working capital	258	-81	173	178	374
Change in other working capital	-33	-119	10	-153	-199
Payments made relating to restructuring activities	-15	-89	-123	-104	-151
Adjustment for items with no cash impact	-95	-1	-11	-96	8
Cash flow from net financial items	-346	16	-417	-329	-508
Taxes paid	-32	-5	-24	-37	-34
Net cash flow from operating activities	-48	-106	6	-154	273

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Total before non-controlling interests						Non-controlling interests	Total equity
	Paid-in equity	Retained earnings	Hedge accounting	Other equity reserves	Total before non-controlling interests			
Equity 1 January 2012	12 303	-5 584	240	461	7 420	13	7 433	
Effect of implementation of IAS 19R	0	0	0	-74	-74	0	-74	
Equity 1 January 2012 (restated)	12 303	-5 584	240	387	7 346	13	7 359	
Profit/loss for the period	0	-343	0	0	-343	0	-343	
Other comprehensive income for the period	0	0	134	-218	-84	0	-84	
Equity 31 March 2012	12 303	-5 927	374	170	6 920	13	6 933	
Profit/loss for the period	0	-91	0	0	-91	0	-91	
Other comprehensive income for the period	0	0	-63	144	81	0	81	
Change in holding of treasury shares	-1	0	0	0	-1	0	-1	
Equity 30 June 2012	12 302	-6 018	311	314	6 909	13	6 922	
Profit/loss for the period	0	-2 343	0	0	-2 343	-4	-2 347	
Other comprehensive income for the period	0	0	6	-430	-424	0	-424	
Equity 31 December 2012	12 302	-8 361	317	-116	4 142	9	4 151	
Profit/loss for the period	0	-381	0	0	-381	0	-381	
Other comprehensive income for the period	0	0	-64	364	300	1	301	
Equity 31 March 2013	12 302	-8 742	253	247	4 060	10	4 070	
Profit/loss for the period	0	-859	0	0	-859	0	-859	
Other comprehensive income for the period	0	0	-329	-80	-410	0	-410	
Equity 30 June 2013	12 302	-9 601	-76	167	2 791	10	2 801	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Norske Skogindustrier ASA ("the company") and its subsidiaries ("the group") manufacture, distribute and sell publication paper. This includes newsprint and magazine paper.

All amounts in the interim financial statements are presented in NOK million unless otherwise stated. Due to rounding, there may be differences in the summation of columns.

The interim financial statements were authorised for issue by the board of directors in Norske Skogindustrier ASA on 17 July 2013.

2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for 2012. The interim financial statements are unaudited.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended 31 December 2012, except for the adaptation of amended standards and new interpretations which are mandatory from 1 January 2013. These changes are described in the annual financial statements for 2012.

From the first quarter of 2013, Norske Skog has applied the amended standard IAS 19 *Employee benefits*. In accordance with the amended standard, 2012 figures in the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet and condensed consolidated statement of cash flows have been restated. The implementation effects of the amended standard are further described in Note 5.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet mandatory.

3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Preparation of interim financial statements in accordance with IFRS implies use of estimates, which are based on judgements and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Estimated decline in value of intangible assets and property, plant and equipment

Intangible assets which have an indefinite useful life and goodwill are not subject to amortisation, but are tested annually for impairment. Property, plant and equipment, and intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. Norske Skog applies a weighted average cost of capital (WACC) model for calculating the present value of future cash flows. When calculating value in use at the end of the second quarter of 2013, the discount rate after tax was in the interval from 6.3% to 14.6%. The group's cash-generating units are Europe newsprint, Australasia newsprint, Norske Skog Singburi newsprint, Europe magazine paper (light weight coated (LWC)) and Norske Skog Saugbrugs magazine paper (super calendared (SC)).

Calculation of value in use requires use of estimates. When estimating the value in use at 30 June 2013, there was no indication that further impairments should be made.

The possibility of reversing impairment losses recognised in prior periods on property, plant and equipment and intangible assets (except goodwill) has also been evaluated at 30 June 2013. No reversals of previous impairments have been recognised in the second quarter of 2013.

The estimation of recoverable amount is based on assumptions regarding the future development of several factors. These include

price development for finished goods, sales volumes, currency rates and interest rates. This means that there will be uncertainty when it comes to the outcome of the calculations. Norske Skog has performed sensitivity analyses using the variables mentioned above to predict how fluctuations will impact recoverable amount. In relation to the assumptions made in the calculation of the present value of future cash flows, recoverable amount is most sensitive to changes in prices of finished goods, sales volumes and the discount rate used. A reduction in sales price and sales volume for the whole group in the cash flow period of 5% will cause a reduction in recoverable amount in the order of NOK 4 800 million and NOK 1 700 million respectively. Correspondingly, a 1% increase in the discount rate will cause a reduction in the recoverable amount of NOK 800 million. An appreciation of NOK of 1% against all other functional currencies in the Norske Skog group will cause a reduction in the recoverable amount of NOK 300 million.

Commodity contracts and embedded derivatives in commodity contracts measured at fair value

Commodity contracts that fail to meet the own-use exemption criteria in IAS 39 *Financial instruments – recognition and measurement* are recognised in the balance sheet and valued at fair value. Fair values of commodity contracts and embedded derivatives in commodity contracts which are not traded in an active market, are assessed through valuation techniques. Some of these contracts are long-term energy contracts. The electricity prices for long-term electricity contracts in New Zealand are not directly observable in the market for the whole contract length. Price forecasts from acknowledged external sources are used in the estimation of fair value. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on marked conditions existing at each balance sheet date.

See Note 9 in the annual financial statements for 2012 for more information regarding the calculation of fair value of derivatives.

Provisions

Provisions for environmental restoration, dismantling costs, restructuring activities and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; an outflow of resources is more likely than not to be required to settle the obligation and the amount can be reliably estimated.

Provisions for future environmental and dismantling liabilities are based on a number of assumptions made using management's best judgment. Changes in any of these assumptions could have an impact on the group's provisions and costs.

See Note 2 in the annual financial statements for 2012 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

Contingent liabilities

Norske Skog is an international company that, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties. At the end of the second quarter of 2013, the group is in dialogues with tax authorities in Norway and Australia regarding previously completed transactions. Norske Skog has an ongoing process related to simplification of the group's corporate structure. This, in combination with changes in individual countries' tax laws, could increase the group's tax exposure.

4. DIVESTMENT OF OPERATIONS

On 14 June 2013, Norske Skog signed an agreement for the sale of 51% of its shares in Norske Skog Pisa Ltda. The transaction was completed with effect from 27 June 2013. Following the transaction, Norske Skog is no longer the controlling owner of the mill, and Norske Skog Pisa has therefore been deconsolidated in the interim financial statements from the end of the second quarter of 2013. Norske Skog has also agreed upon the terms of sale for the remaining 49% of its shares in Pisa.

Norske Skog's remaining share of 49% has been accounted for as an associated company in accordance with the equity method of accounting. The investment has been valued at NOK 239 million at the end of the second quarter, which is the fair value of the shares at the time of the transaction, based on the agreed sales price.

A loss of NOK 195 million has been expensed in the second quarter in the income statement line Other gains and losses, consisting of the loss on the 51% share divested and the loss on the remaining share of 49%.

The loss on the divested 51% share is NOK 89 million. This amount includes a net gain of NOK 12 million relating to translation differences and net investment hedge that were recognised directly in equity during the ownership period and have been reclassified to the income statement upon loss of control.

The loss on the remaining share of 49% is NOK 106 million. This amount consists of the difference between the book value of the net assets derecognised and the fair value of the investment in associated company.

5. ADOPTION OF THE AMENDED IAS 19 – RESTATEMENT OF 2012 FIGURES

Norske Skog implemented the amended standard IAS 19 *Employee benefits* from 1 January 2013, with full retrospective application. Comparable figures for 2012 have been restated, except for changes to the carrying value of assets that include employee benefit costs in the carrying value (Property, plant and equipment and Inventories). Since the amendment is applied retrospectively, the balance sheet at 1 January 2012 has been included in the interim financial statements.

The most significant change in the amended IAS 19 is the removal of the corridor approach for actuarial gains and losses. Actuarial gains and losses are now recognised in the balance sheet immediately, with a charge or credit to other comprehensive income (OCI) in the periods in which they occur. These are not reclassified in later periods to profit or loss. Net actuarial losses on defined benefit liability (asset) plans and other post-employment plans in the second quarter of 2012 amounted to NOK 22 million (loss of NOK 22 million in the first quarter of 2012). Adjusted for tax effects, the loss amounted to NOK 24 million in the second quarter of 2012 (loss of NOK 24 million in the first quarter of 2012).

In accordance with the amended standard, the interest expense (income) will be calculated on the net defined benefit liability (asset) by applying the discount rate to the net defined benefit liability (asset). The net interest element is classified within Financial items. The change had an impact of NOK 5 million in reduced employee benefit

expenses in the second quarter of 2012 (reduced employee benefit expenses of NOK 5 million in the first quarter of 2012). The majority of the Norske Skog group's pension obligations are in Germany and Norway. The pension scheme in Germany is unfunded and has no related pension assets. When calculating the net defined benefit liability (asset) in Norway at 31 December 2012, the same interest rate was applied to calculate both the interest expense on the defined benefit obligation and the expected return on plan assets. Based on this, the implementation did not have any impact on net profit/loss for the comparable figures for 2012.

The comparable figures for 2012 in the condensed consolidated balance sheet have been restated. The following line items have been impacted in the condensed consolidated balance sheet: Deferred tax asset, Other non-current assets, Retained earnings and other reserves, Pension obligations, Deferred tax liability and Trade and other payables. The most significant impacts were on pension obligations and retained earnings and other reserves. Pension obligations were increased by NOK 57 million at 1 January 2012 (increased by NOK 98 million at 30 June 2012 and increased by NOK 134 million at 31 December 2012). Retained earnings and other reserves were reduced by NOK 74 million at 1 January 2012 (reduced by NOK 122 million at 30 June 2012 and reduced by NOK 163 million at 31 December 2012).

6. OPERATING SEGMENTS

Norske Skog's segment structure is in line with the group's operating model. The chief operating decision maker is corporate management, who distribute resources and assess performance of the group's mills. The mills have a direct reporting line to corporate management.

In the segment reporting, the mills are grouped based on the product produced, within the segments newsprint and magazine paper. The

operating segment newsprint is further divided into the geographic regions newsprint Europe and newsprint outside Europe.

Activities that are not part of the operating segments are included in other activities.

APR-JUN 2013	NEWSPRINT	MAGAZINE PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 204	1 098	88	-124	3 267
Distribution costs	-230	-111	0	0	-342
Cost of materials	-1 285	-736	-45	73	-1 994
Change in inventories	45	23	0	0	68
Employee benefit expenses	-278	-205	-27	0	-510
Other operating expenses	-178	-115	-32	51	-274
Gross operating earnings	277	-47	-16	0	214
Depreciation	-160	-34	-4	0	-198
Restructuring expenses	0	0	0	0	0
Other gains and losses	-185	0	-478	0	-662
Impairments	0	0	0	0	0
Operating earnings	-69	-81	-497	0	-647

JAN-JUN 2013	NEWSPRINT	MAGAZINE PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	4 271	2 251	224	-293	6 453
Distribution costs	-445	-223	0	0	-668
Cost of materials	-2 501	-1 510	-140	191	-3 960
Change in inventories	67	81	0	0	148
Employee benefit expenses	-581	-406	-56	0	-1 043
Other operating expenses	-358	-223	-65	102	-543
Gross operating earnings	453	-30	-36	0	388
Depreciation	-319	-69	-8	0	-397
Restructuring expenses	0	0	0	0	0
Other gains and losses	-185	0	-631	0	-816
Impairments	0	0	0	0	0
Operating earnings	-51	-99	-674	0	-824

JAN-JUN 2012	NEWSPRINT	MAGAZINE PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	5 295	3 364	1 379	-1 249	8 788
Distribution costs	-513	-290	-45	1	-846
Cost of materials	-3 030	-2 069	-1 189	1 104	-5 185
Change in inventories	-12	26	1	0	15
Employee benefit expenses	-694	-539	-105	0	-1 339
Other operating expenses	-405	-287	-103	144	-651
Gross operating earnings	641	204	-62	0	783
Depreciation	-363	-108	-10	0	-481
Restructuring expenses	-5	-4	-1	0	-10
Other gains and losses	-11	26	-731	0	-716
Impairments	-35	0	0	0	-35
Operating earnings	228	117	-805	0	-459

OPERATING SEGMENT NEWSPRINT

The newsprint segment encompasses production and sale of standard newsprint and other paper qualities used in newspapers, inserts, catalogues etc.

INCOME STATEMENT	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	2 204	2 067	2 727	4 271	5 295
Distribution costs	-230	-214	-265	-445	-513
Cost of materials	-1 285	-1 215	-1 511	-2 501	-3 030
Change in inventories	45	22	-90	67	-12
Employee benefit expenses	-278	-303	-328	-581	-694
Other operating expenses	-178	-180	-199	-358	-405
Gross operating earnings	277	177	335	453	641
Depreciation	-160	-159	-173	-319	-363
Restructuring expenses	0	0	0	0	-5
Other gains and losses	-185	0	-4	-185	-11
Impairments	0	0	2	0	-35
Operating earnings	-69	17	159	-51	228
Share of operating revenue from external parties (%)	100	99	99	100	99
OPERATING REVENUE PER REGION					
Newsprint Europe	1 076	979	1 205	2 055	2 320
Newsprint outside Europe	1 077	1 026	1 399	2 104	2 759
Sales offices and other activities	904	827	1 212	1 731	2 282
Eliminations	-854	-766	-1 089	-1 620	-2 066
Total	2 204	2 067	2 727	4 271	5 295
GROSS OPERATING EARNINGS PER REGION					
Newsprint Europe	66	49	108	115	213
Newsprint outside Europe	215	129	218	343	414
Sales offices and other activities	-4	-1	9	-5	14
Eliminations	0	0	0	0	0
Total	277	177	335	453	641

OPERATING SEGMENT MAGAZINE PAPER

The magazine paper segment encompasses production and sale of the paper qualities super calendered (SC), machine finished coated (MFC) and light weight coated (LWC). Magazine paper is

used in magazines, catalogues and advertising materials.

INCOME STATEMENT	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	1 098	1 152	1 602	2 251	3 364
Distribution costs	-111	-112	-141	-223	-290
Cost of materials	-736	-774	-1 032	-1 510	-2 069
Change in inventories	23	58	70	81	26
Employee benefit expenses	-205	-200	-256	-406	-539
Other operating expenses	-115	-107	-147	-223	-287
Gross operating earnings	-47	17	95	-30	204
Depreciation	-34	-35	-52	-69	-108
Restructuring expenses	0	0	2	0	-4
Other gains and losses	0	0	3	0	26
Impairments	0	0	0	0	0
Operating earnings	-81	-18	48	-99	117
Share of operating revenue from external parties (%)	96	97	94	96	95

OTHER ACTIVITIES

Activities in the group that do not fall into the operating segments newsprint or magazine paper are presented under other activities. This includes purchase and resale of energy to the group's mills, corporate functions, real estate activities and purchase and resale of wood.

Following the divestment of the global recovered paper business Reparco in 2012, the group no longer has operating revenue or gross operating earnings related to recovered paper. Amounts relating to recovered paper in 2012 are now included within miscellaneous items in the specification below.

INCOME STATEMENT	APR-JUN 2013	JAN-MAR 2013	APR-JUN 2012	YTD 2013	YTD 2012
Operating revenue	88	136	618	224	1 379
Distribution costs	0	0	-21	0	-45
Cost of materials	-45	-95	-524	-140	-1 189
Change in inventories	0	0	1	0	1
Employee benefit expenses	-27	-29	-53	-56	-105
Other operating expenses	-32	-33	-53	-65	-103
Gross operating earnings	-16	-20	-32	-36	-62
Depreciation	-4	-4	-5	-8	-10
Restructuring expenses	0	0	-1	0	-1
Other gains and losses	-478	-153	-45	-631	-731
Impairments	0	0	-1	0	0
Operating earnings	-497	-177	-84	-674	-805
Share of operating revenue from external parties (%)	22	9	27	14	27
OPERATING REVENUE					
Energy	26	79	163	106	449
Real estate activities	0	0	0	0	0
Corporate functions	39	38	48	77	95
Miscellaneous	31	27	416	58	853
Eliminations	-8	-8	-9	-16	-18
Total	88	136	618	224	1 379
GROSS OPERATING EARNINGS					
Energy	0	0	0	0	0
Real estate activities	0	-1	-2	-1	-3
Corporate functions	-15	-18	-24	-33	-48
Miscellaneous	0	-2	-6	-2	-10
Eliminations	0	0	0	0	0
Total	-16	-20	-32	-36	-62

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-JUN 2013	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 533	232	9 765
Depreciation	-386	-10	-397
Impairments	0	0	0
Additions ¹⁾	254	54	265
Value changes	-5	-43	-5
Disposals	-381	-122	-503
Currency translation differences	59	-4	55
Carrying value at end of period	9 074	107	9 181

¹⁾ The difference between additions and the line Purchases of property, plant and equipment and intangible assets in the condensed consolidated statement of cash flows is due to finance leases, allocated emission allowances, accruals for payments and other additions with no cash impact.

8. INTEREST-BEARING DEBT

NET INTEREST-BEARING DEBT

Norske Skog has recognised an amount in the balance sheet as a result of the termination of a large part of the fair value hedge portfolio in the first half of 2009. A hedge reserve (deferred income) amounting to NOK 198 million is included in interest-bearing debt at 30 June 2013. The corresponding figure at 31 December 2012 was NOK 196 million.

The hedge reserve does not constitute any payment obligation for the group, but will be amortised in the income statement over the lifetime of the debt that has been hedged.

30 JUN 2013	REPORTED KEY FIGURES	KEY FIGURES ACCORDING TO LOAN AGREEMENT ^{*)}
Interest-bearing non-current liabilities	6 917	6 381
Interest-bearing current liabilities	1 496	1 459
- Hedge reserve	198	188
- Cash and cash equivalents	1 575	1 522
= Net interest-bearing debt	6 641	6 130
Adjusted net interest-bearing debt ^{**)}		6 212

^{*)} Calculated using the average exchange rate per month for the last 12-month period.

^{**)} Adjusted net interest-bearing debt according to definition in loan agreement.

LOAN COVENANTS

The group's revolving credit facility (RCF) was reduced from EUR 140 million to EUR 70 million in the first quarter of 2013. The loan covenants were also reset for the first and second quarters of 2013. The loan covenants are partly linked to the debt ratio (Adjusted net interest-bearing debt / Adjusted EBITDA) and the interest coverage ratio (Adjusted EBITDA / Net interest expense). EUR 70 million was drawn on the facility at 30 June 2013.

In accordance with the agreement, all key figures are calculated at the average exchange rate per month for the last 12-month period.

An agreement has been entered into with the banks to cancel the RCF at the end of September 2013.

The group's bond loans do not include financial covenants.

30 JUN 2013	REPORTED FIGURES	LOAN COVENANTS ^{**)}
EBITDA (last 12 months)	1 080	
Adjusted EBITDA ^{*)} (last 12 months)	942	
Net interest expense (last 12 months)	594	
Adjusted net interest-bearing debt / Adjusted EBITDA	6.60	< 7.50
Adjusted EBITDA / Net interest expense	1.59	> 1.50

^{*)} Adjusted EBITDA consists of gross operating earnings for the group, excluding units that have been sold during the last 12 months.

^{**)} The loan covenants presented in the table are as at 30 June 2013.

DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	30 JUN 2013
2013 – third quarter	744
2013 – fourth quarter	23
2014 – first quarter	9
2014 – second quarter	724
2014 – third and fourth quarters	215
2015	1 018
2016	1 088
2017	3 104
2018	35
2019	35
2020	36
2021	25
2022 to 2033	1 251
Total	8 308

Total debt listed in the repayment schedule may differ from the carrying value in the balance sheet.

This is due to premiums and discounts on issued bonds and hedge reserve.

BONDS

Bond financing constitutes the majority of Norske Skog's total debt financing. All bonds are issued by Norske Skogindustrier ASA and are

unsecured. The table below shows Norske Skog's issued bonds at 30 June 2013.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 30 JUN 2013
October 2015	USD	6.125%	USD 200 mill	USD 158 mill
October 2033	USD	7.125%	USD 200 mill	USD 200 mill
June 2016	EUR	11.75%	EUR 150 mill	EUR 130 mill
June 2017	EUR	7.00%	EUR 500 mill	EUR 388 mill
June 2014	NOK (NSG 17)	15.5%	NOK 530 mill	NOK 508 mill
June 2014	NOK (NSG 18)	N3m + 11.5%	NOK 220 mill	NOK 195 mill
October 2014	NOK (NSG 15)	5.4%	NOK 300 mill	NOK 185 mill

9. ENERGY CONTRACTS, DERIVATIVES AND FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

30 JUN 2013	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts	47	233	-55	-136
Other raw material contracts	0	6	-2	0
Other derivatives and financial instruments carried at fair value	31	0	-39	-41
Total	79	239	-96	-177

In April 2013, Norske Skog Saugbrugs signed a new long-term energy contract for the supply of electricity for the paper mill in Halden. The new energy contract secures an annual supply of 1.0 TWh up to 31 December 2020. The agreement entered into force on 1 May 2013. The contract ensures almost full energy coverage for Norske Skog Saugbrugs over the contract period. During the second quarter, Norske Skogindustrier ASA has also terminated its long-term group energy contract from 1998 that applied for energy supply in Southern Norway.

The new energy contract is nominated in EUR, whilst the old contract was nominated in NOK. Since the new energy contract is nominated in EUR, it contains an embedded derivative that will be recognised at fair value in accordance with IAS 39 *Financial instruments – recognition and measurement*. Value changes of the embedded derivative in the new energy contract until 30 June 2013, impairment of the intangible asset related to the new energy contract and the impact from derecognition of the previous long-term group energy contract are included within the income statement line Other gains and losses.

Norske Skog's portfolio of commodity contracts consists primarily of physical energy contracts. The fair value of commodity contracts is therefore particularly sensitive to future fluctuations in energy prices. The fair value of embedded derivatives in physical contracts depends on currency and price index fluctuations.

Lower energy prices have a negative impact on fair value. Energy prices in New Zealand have decreased in the long end of the price curve and are virtually unchanged in the short end compared with the previous quarter.

NOK has weakened against EUR during the quarter and this has had a negative effect on the fair value of the embedded derivatives.

A decrease in estimates of consumer price indices has a positive impact on fair value. Consumer price indices, which affect the fair value, show only small changes compared with the previous quarter.

Changes in the value of energy-/commodity contracts and embedded derivatives in contracts are presented in the income statement line Other gains and losses. Realised effects from financial energy contracts are also included in this accounting line. The gain in the second quarter of 2013 amounted to NOK 1 million.

10. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 30 JUNE 2013	NUMBER OF SHARES	OWNERSHIP %
Nobelssystem Scandinavia AS	8 500 000	4.47
AT SKOG BA	6 671 000	3.51
Nordnet Bank AB (Nominee)	6 159 229	3.24
Astrup Fearnley AS	5 189 688	2.73
Goldman Sachs & Co (Nominee)	4 956 005	2.61
Uthalden A/S	3 820 000	2.01
Allskog BA	3 458 990	1.82
Clearstream Banking SA (Nominee)	3 308 871	1.74
Fiducia AS	2 986 644	1.57
Nordea Bank PLC Finland (Nominee)	2 718 300	1.43
Greenwich Land Securities AS	2 535 394	1.33
Danske Bank A/S (Nominee)	2 339 187	1.23
AS Havlide	2 296 466	1.21
Awilco Invest AS	2 200 000	1.16
AS Herdebred	2 112 005	1.11
Torstein I. Tvenge	2 000 000	1.05
Mjøsen Skog SA	1 970 560	1.04
Shareholders with < 1% ownership	126 723 287	66.72
Total	189 945 626	100.00

11. THE NORSKE SKOG SHARE

	30 JUN 2013	31 MAR 2013	31 DEC 2012	30 SEP 2012	30 JUN 2012
Share price (NOK)	2.67	3.05	3.96	5.19	4.09
Book value of equity per share (NOK)	14.70	21.39	21.82	33.22	36.43

12. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other events after the balance sheet date with significant impact on the interim financial statements for the second quarter of 2013.

Responsibility Statement from the Board of Directors and President/CEO

We declare that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2013 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole. We also confirm to the best of our knowledge that the report of

the board of directors gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related-party transactions.

SKØYEN, 17 JULY 2013 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Eivind Reiten
Chair



Eilif Due
Board member



Siri Beate Hatlen
Board member



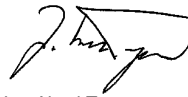
Finn Johnsson
Board member



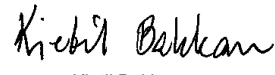
Karen Kvalevåg
Board member



Ingelise Arntsen
Board member



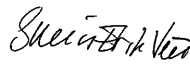
Jon-Aksel Torgersen
Board member



Kjetil Bakkan
Board member



Paul Kristiansen
Board member



Svein Erik Veie
Board member



Sven Ombudstvedt
President and CEO



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