

INTRODUCTION

Norske Skog is a world leading producer of publication paper. Publication paper includes newsprint and magazine paper. The group has eight fully-owned mills in six countries and one partly-owned mill in Malaysia. The annual production capacity for the fully-owned mills is approximately three million tonnes. Newsprint and magazine paper

is sold through sales offices and agents to over 80 countries. The group has approximately 3 000 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, with the ticker NSG.

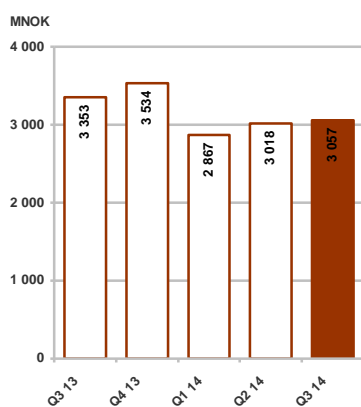
KEY FIGURES (UNAUDITED)

All amounts are presented in NOK million unless otherwise stated.

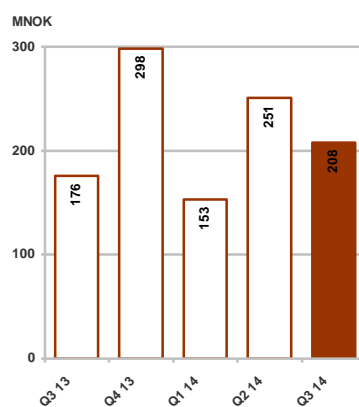
	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
INCOME STATEMENT					
Operating revenue	3 057	3 018	3 353	8 942	9 805
Gross operating earnings	208	251	176	612	564
Operating earnings	97	122	-4	303	-829
Profit/loss for the period	-192	-114	-147	-296	-1 387
Earnings per share (NOK)	-1.01	-0.60	-0.77	-1.56	-7.31
CASH FLOW					
Net cash flow from operating activities	31	-252	-91	-224	-245
Net cash flow from investing activities	-44	231	-85	120	-127
Cash flow per share (NOK)	0.17	-1.33	-0.48	-1.18	-1.29
OPERATING MARGIN AND PROFITABILITY (%)					
Gross operating margin	6.8	8.3	5.2	6.8	5.7
Return on capital employed ¹⁾	6.5	9.2	2.7	5.8	2.7
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	661	656	754	1 967	2 301
Deliveries (1 000 tonnes)	668	651	763	1 940	2 273
Production / capacity (%)	88	88	90	89	88

	30 SEP 2014	30 Jun 2014	31 MAR 2014	31 DEC 2013	30 SEP 2013
BALANCE SHEET					
Non-current assets	9 934	10 500	10 419	10 611	10 999
Current assets	3 239	3 268	3 832	4 005	4 154
Total assets	13 173	13 767	14 251	14 617	15 153
Equity	2 012	2 331	2 273	2 175	2 712
Net interest-bearing debt	6 931	6 952	6 800	6 817	6 918

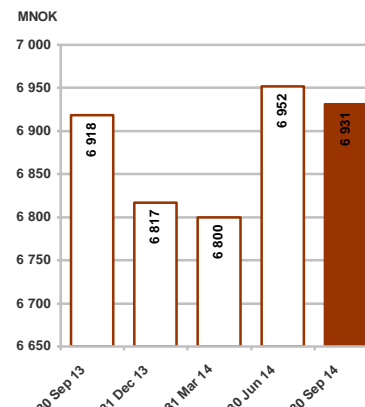
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT



DEFINITIONS

¹⁾ Return on capital employed (annualised) = (Gross operating earnings - Capital expenditure) : Capital employed (average)

REPORT OF THE BOARD OF DIRECTORS FOR THE THIRD QUARTER OF 2014

- Third quarter 2014: Gross operating earnings NOK 208 million (NOK 251 million in the second quarter)
- Cash flow from operating activities NOK 46 million before net financial items in the quarter (NOK 206 million in the second quarter)
- Net interest-bearing debt decreased by NOK 21 million to NOK 6 931 million, due to a positive exchange rate effect on debt amounting to NOK 40 million in the quarter
- The production at the new Boyer magazine paper machine in Australia, albeit increasing, remained sub-optimal. Work is ongoing to improve quality and optimize production costs
- Cost improvement programmes continue at all entities
- Loss for the period NOK 192 million (loss of NOK 114 million in the second quarter) after depreciation, financial items and tax expenses
- Reduced deferred tax asset in Norway and re-assessment of tax positions in the group

INCOME STATEMENT

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	3 057	3 018	3 353	8 942	9 805
Gross operating earnings	208	251	176	612	564
Depreciation	-186	-180	-136	-547	-533
Operating earnings	97	122	-4	303	-829
Profit/loss before income taxes	-40	-165	-240	-190	-1 747
Profit/loss for the period	-192	-114	-147	-296	-1 387

Operating revenue increased from the previous quarter, due to higher sales volumes at Golbey in France and Boyer in Australia.

Cost of materials increased somewhat from the second quarter on a per tonne basis, partly explained by the ramp-up at Boyer. Fixed costs were slightly lower, despite a negative exchange rate effect.

Gross operating earnings declined to NOK 208 million in the quarter, from NOK 251 million in the previous quarter. The prolonged ramp-up at Boyer contributed to the decline, together with the summer stop at Skogn.

Depreciation was NOK 186 million, NOK 6 million higher than in the second quarter.

Income taxes amounted to NOK 152 million in third quarter. The amount is mainly related to reduced deferred tax asset in Norway and

a re-assessment of tax positions in the group. Due to uncertainty related to the timing of utilisation of tax loss carry forward in Norway, some of the deferred tax asset has been expensed.

Loss for the period came in at NOK 192 million after financials and other items.

Global demand for newsprint declined by 7% in the first eight months of the year compared to the corresponding period last year. There was a decrease of 3% for magazine paper in the same period.

Capacity utilisation for the group was 88% in the third quarter (88% in the second quarter).

SPECIAL ITEMS IN OPERATING EARNINGS

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Restructuring expenses	5	0	3	3	4
Other gains and losses	70	51	-47	236	-863

Other gains and losses consisted of a mark-to-market increase in the value of energy contracts recognised on the balance sheet. The value

of energy contracts are derived from exchanges rates, electricity prices and discount rates in accordance with IFRS standards.

FINANCIAL ITEMS

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Net interest expenses incl. realised gain/loss on interest rate derivatives	-138	-150	-162	-441	-462
Unrealised gain/loss on interest rate derivatives	0	1	1	1	7
Net interest expenses	-138	-149	-160	-441	-455
Currency gains/losses ¹⁾	11	-121	-87	-16	-448
Other financial items	-11	-15	2	-42	-32
Total financial items	-138	-284	-245	-498	-935

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 138 million in the quarter and lower than in previous quarters. The reduction reflected the redemption of the high coupon NOK bonds at the end of the second quarter.

CASH FLOW

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Gross operating earnings	208	251	176	612	564
Change in working capital ¹⁾	-136	44	-104	-53	-79
Payments made relating to restructuring activities	-12	-21	-10	-144	-114
Adjustment for other items	-7	-66	-40	-82	-136
Cash flow from net financial items	-15	-458	-108	-532	-437
Taxes paid	-6	-2	-6	-25	-43
Net cash flow from operating activities	31	-252	-91	-224	-245
Purchases of property, plant and equipment and intangible assets	-55	-29	-110	-201	-352
Sales of property, plant and equipment, intangible assets, shares in companies and other investments.	10	265	9	328	249

¹⁾ Change in working capital includes changes in provisions and other receivables.

Net cash flow from operating activities was NOK 31 million. Working capital increased by NOK 136 million in the quarter, due to a seasonal build in receivables.

Purchases of property, plant and equipment of NOK 55 million were maintenance capital expenditure.

Cash flow from net financial items was NOK -15 million with no payable bond interest in the quarter.

BALANCE SHEET

	30 SEP 2014	30 JUN 2014	31 DEC 2013	30 SEP 2013
Non-current assets	9 934	10 500	10 611	10 999
Cash and cash equivalents	500	580	1 015	820
Other current assets	2 739	2 688	2 990	3 334
Total assets	13 173	13 767	14 617	15 153
Equity including non-controlling interests	2 012	2 331	2 175	2 712
Non-current liabilities	8 763	8 987	8 779	8 972
Current liabilities	2 398	2 449	3 662	3 469
Net interest-bearing debt	6 931	6 952	6 817	6 918

Equity was NOK 2 012 million at 30 September 2014. The decrease reflected loss for the period and exchange rate related translation differences. Details are provided in the statement of changes in group equity later in this report. Equity per share was NOK 11.

Net interest-bearing debt decreased by NOK 21 million to NOK 6 931 million at 30 September 2014. A negative cash flow after investments was more than offset by a positive exchange rate effect on debt. USD denominated debt increased in NOK terms with a

stronger dollar, while the effect on EUR denominated debt was opposite and larger.

Cash and cash equivalents amounted to NOK 500 million at 30 September 2014.

SEGMENT INFORMATION

PUBLICATION PAPER EUROPE

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	2 244	2 266	2 455	6 720	6 764
Gross operating earnings	159	173	83	452	167
Depreciation	-99	-98	-90	-295	-260
Operating earnings	67	77	-3	164	-86
Gross operating margin (%)	7.1	7.6	3.4	6.7	2.5
Return on capital employed (%) ^{*)}	8.6	10.1	2.0	7.9	1.2
Production (1 000 tonnes)	493	497	566	1 508	1 659
Deliveries (1 000 tonnes)	508	504	576	1 502	1 639
Production / capacity (%)	86	87	89	88	87

^{*)} Annualised return on capital employed.

The segment constitutes Norske Skog's European operations in the publication paper market, with mills in Norway, France, Austria and Germany. Annual production capacity is 2 290 000 tonnes.

Operating revenue decreased slightly compared to the previous quarter despite a modest increase in sales volumes.

Cost of materials was flat from the second quarter on a per tonne basis. Fixed costs were reduced, despite a negative exchange rate effect.

Gross operating earnings declined to NOK 159 million in the quarter, from NOK 173 million in the previous quarter. The summer stop at one of three machines at Skogn in Norway contributed to the decline.

Demand for newsprint and magazine paper in Europe decreased by 5% and 4% respectively in the first eight months of the year compared to the corresponding period last year.

Capacity utilisation was 86% in the third quarter (87% in the second quarter).

PUBLICATION PAPER AUSTRALASIA

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	816	755	892	2 229	3 014
Gross operating earnings	59	82	113	195	453
Depreciation	-87	-81	-43	-247	-261
Operating earnings	-36	-4	69	-76	2
Gross operating margin (%)	7.2	10.9	12.7	8.7	15.0
Return on capital employed (%) ¹⁾	4.5	8.5	6.9	4.2	7.0
Production (1 000 tonnes)	168	159	188	459	642
Deliveries (1 000 tonnes)	161	147	187	438	634
Production / capacity (%)	94	91	91	92	89

¹⁾ Annualised return on capital employed.

The segment consists of Norske Skog's operations in Australasia. Annual production capacity is 715 000 tonnes.

Operating revenue increased compared to the previous quarter, due to higher production at the new magazine paper machine at Boyer.

Cost of materials went up on a per tonne basis compared to the second quarter. This largely reflected sub-optimal production at the new Boyer machine. Work is ongoing to reach the right quality with optimal raw material usage per tonne. Fixed costs in the segment were slightly higher, largely due to a negative exchange rate effect.

Gross operating earnings decreased to NOK 59 million, from

NOK 82 million in the second quarter. The prolonged ramp-up at Boyer contributed to the decline.

Demand for newsprint in Oceania decreased by 6% in the first eight months of the year, compared to the corresponding period last year. Demand for magazine paper in Australasia declined by 1% in the same period.

Capacity utilisation was 94% in the third quarter (91% in the second quarter).

OTHER ACTIVITIES

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	33	34	47	101	272
Gross operating earnings	-10	-4	-20	-35	-56
Depreciation	-1	-1	-4	-5	-11
Operating earnings	66	49	-70	215	-744

Other activities consist mainly of unallocated group costs and purchase and resale activities to the business units. Operating earnings of NOK

66 million mainly constitute an increase in the value of energy contracts. See "special items in operating earnings" above.

HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 0.9 in the 12 month period from 1 October 2013 to 30 September 2014.

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 2013.

SHARES

The foreign ownership share was 18% at the end of September 2014. An overview of the main shareholders at the end of September 2014 is included in Note 9.

OUTLOOK

Publication paper prices in Europe are expected to remain relatively stable throughout 2014. The market balance for newsprint is acceptable, while the operating rate for magazine paper currently is not satisfactory.

Newsprint prices in Australasia are to a large degree fixed through long-term contracts, while export volumes track international prices. Magazine paper prices are more short-term and among other exposed to the relative strength of AUD.

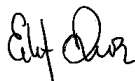
Variable costs for the group are expected to remain relatively stable. Fixed costs initiatives continue.

Norske Skog will redeem the last of the NOK bonds on 24 October 2014. The board has full focus on the upcoming bond maturity in October 2015 and is considering several options.

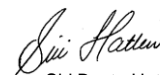
SKØYEN, 22 OCTOBER 2014 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Jarle Roth
Chair



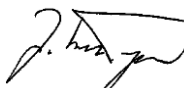
Eilif Due
Board member



Siri Beate Hatlen
Board member



Karin Bing Orgland
Board member



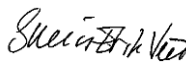
Jon-Aksel Torgersen
Board member



Kjetil Bakkan
Board member



Paul Kristiansen
Board member



Svein Erik Veie
Board member



Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS, THIRD QUARTER OF 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	6	3 057	3 018	3 353	8 942	9 805
Distribution costs		-312	-306	-367	-917	-1 035
Cost of materials		-1 798	-1 773	-2 004	-5 388	-5 964
Change in inventories		-34	22	-46	96	101
Employee benefit expenses		-477	-487	-501	-1 435	-1 544
Other operating expenses		-228	-223	-257	-685	-800
Gross operating earnings		208	251	176	612	564
Depreciation	4	-186	-180	-136	-547	-533
Restructuring expenses		5	0	3	-3	4
Other gains and losses	8	70	51	-47	236	-863
Impairments	3, 4	0	0	0	0	0
Operating earnings		97	122	-4	303	-829
Share of profit in associated companies		0	-3	9	5	17
Financial items		-138	-284	-245	-498	-935
Profit/loss before income taxes		-40	-165	-240	-190	-1 747
Income taxes		-152	51	94	-105	360
Profit/loss for the period		-192	-114	-147	-296	-1 387
Profit/loss for the period attributable to:						
Owners of the parent		-192	-114	-147	-296	-1 387
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		-1.01	-0.60	-0.77	-1.56	-7.31

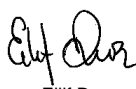

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

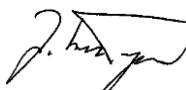
NOK MILLION	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Profit/loss for the period	-192	-114	-147	-296	-1 387
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	-187	222	144	74	148
Tax expense on translation differences	0	0	-22	25	-7
Hedge of net investment in foreign operations	61	-44	-56	41	-187
Tax expense on net investment hedge	0	0	-1	0	-3
Reclassified translation differences upon divestment of foreign operations	0	1	-7	1	255
Reclassified hedging gain/loss on net investment upon divestment of foreign operations	0	0	0	0	-361
Tax expense on reclassifications	0	0	0	0	101
Other items	0	-7	0	-7	1
Tax expense on other items	0	0	0	0	0
Total	-127	172	58	133	-53
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of post employment benefit obligations	0	0	0	0	0
Tax effect on remeasurements of post employment benefit obligations	0	0	0	0	0
Total	0	0	0	0	0
Other comprehensive income for the period	-127	172	58	133	-53
Comprehensive income for the period	-318	58	-89	-164	-1 440
Comprehensive income for the period attributable to:					
Owners of the parent	-318	58	-89	-164	-1 441
Non-controlling interests	0	0	0	0	1

CONDENSED CONSOLIDATED BALANCE SHEET

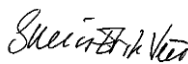
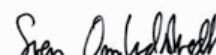
NOK MILLION	NOTE	30 SEP 2014	30 JUN 2014	31 DEC 2013	30 SEP 2013
Deferred tax asset		412	621	541	560
Intangible assets	4, 6	77	85	152	275
Property, plant and equipment	3, 4, 6	8 720	9 057	9 025	9 150
Investments in associated companies	5	401	392	595	598
Other non-current assets	8	323	344	299	416
Total non-current assets		9 934	10 500	10 611	10 999
Inventories		1 382	1 456	1 274	1 493
Trade and other receivables		1 321	1 176	1 574	1 695
Cash and cash equivalents	7	500	580	1 015	820
Other current assets	8	37	55	141	145
Total current assets		3 239	3 268	4 005	4 154
Total assets		13 173	13 767	14 617	15 153
Paid-in equity		12 302	12 302	12 302	12 302
Retained earnings and other reserves		-10 291	-9 972	-10 127	-9 601
Non-controlling interests		0	0	0	10
Total equity		2 012	2 331	2 175	2 712
Pension obligations		696	718	714	641
Deferred tax liability		274	408	392	509
Interest-bearing non-current liabilities	7	7 332	7 391	6 973	7 018
Other non-current liabilities	8	460	470	699	804
Total non-current liabilities		8 763	8 987	8 779	8 972
Interest-bearing current liabilities	7	272	314	1 044	910
Trade and other payables		1 844	1 907	2 040	2 171
Tax payable		11	11	39	32
Other current liabilities	8	272	217	540	356
Total current liabilities		2 398	2 449	3 662	3 469
Total liabilities		11 161	11 437	12 441	12 441
Total equity and liabilities		13 173	13 767	14 617	15 153

SKØYEN, 22 OCTOBER 2014 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA


Jarle Roth
Chair

Eilif Due
Board member

Siri Beate Hatlen
Board member

Karin Bing Orgland
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	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Cash generated from operations	2 933	3 078	3 222	9 191	9 861
Cash used in operations	-2 880	-2 871	-3 200	-8 859	-9 626
Cash from net financial items	-15	-458	-108	-532	-437
Taxes paid	-6	-2	-6	-25	-43
Net cash flow from operating activities ¹⁾	31	-252	-91	-224	-245
Purchases of property, plant and equipment and intangible assets	-55	-29	-110	-201	-352
Sales of property, plant and equipment and intangible assets	1	0	4	2	23
Dividend received	0	0	16	1	16
Purchase of shares in companies and other investments	0	-4	0	-8	-39
Sales of shares in companies and other investments	9	265	5	326	226
Net cash flow from investing activities	-44	231	-85	120	-127
New loans raised	75	229	95	478	844
Repayments of loans	-134	-543	-689	-914	-916
Net cash flow from financing activities	-58	-313	-594	-436	-72
Foreign currency effects on cash and cash equivalents	-9	36	15	25	69
Total change in cash and cash equivalents	-80	-298	-755	-515	-374
Cash and cash equivalents at start of period	580	878	1 575	1 015	1 194
Cash and cash equivalents at end of period	500	580	820	500	820
^{1) Reconciliation of net cash flow from operating activities}					
Gross operating earnings	208	251	176	612	564
Change in working capital	-136	44	-104	-53	79
Payments made relating to restructuring activities	-12	-21	-10	-144	-114
Adjustment for other items	-7	-66	-40	-82	-136
Cash flow from net financial items	-15	-458	-108	-532	-437
Taxes paid	-6	-2	-6	-25	-43
Net cash flow from operating activities	31	-252	-91	-224	-245

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Paid-in equity	Retained earnings	Hedge accounting	Other equity reserves	Total before non-controlling interests	Non-controlling interests	Total equity
Equity 1 January 2013	12 302	-8 361	317	-116	4 142	9	4 151
Profit/loss for the period	0	-1 240	0	0	-1 240	0	-1 240
Other comprehensive income for the period	0	0	-393	283	-110	1	-109
Equity 30 June 2013	12 302	-9 601	-76	167	2 791	10	2 801
Profit/loss for the period	0	-147	0	0	-147	0	-147
Other comprehensive income for the period	0	0	-57	115	58	0	58
Equity 30 September 2013	12 302	-9 748	-133	282	2 702	10	2 712
Profit/loss for the period	0	-457	0	0	-457	0	-457
Other comprehensive income for the period	0	0	-57	-12	-69	0	-69
Non-controlling interest - divested operations	0	0	0	0	0	-10	-10
Equity 31 December 2013	12 302	-10 205	-190	269	2 175	0	2 175
Profit/loss for the period	0	-104	0	0	-104	0	-104
Other comprehensive income for the period	0	0	-20	279	259	0	259
Equity 30 June 2014	12 302	-10 308	-210	548	2 331	0	2 331
Profit/loss for the period	0	-192	0	0	-192	0	-192
Other comprehensive income for the period	0	0	61	-187	-127	0	-127
Equity 30 September 2014	12 302	-10 500	-149	359	2 012	0	2 012

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.

Norske Skog's segment structure has been changed with effect from 1 January 2014. See Note 6 Operating segments for more information.

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 and rows.

The interim financial statements were authorised for issue by the board of directors in Norske Skogindustrier ASA on 22 October 2014.

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 2013. 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 2013, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2014. These changes are described in the annual financial statements for 2013.

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. Calculation of value in use requires use of estimates.

There was no indication that further impairments or reversals of previous impairments should be made at 30 September 2014.

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. Norske Skog has one long-term energy contract in New Zealand. 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 market conditions existing at each balance sheet date.

See Note 9 in the annual financial statements for 2013 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.

See Note 2 in the annual financial statements for 2013 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.

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. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-SEP	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 025	152	9 177
Additions ¹⁾	205	75	280
Depreciation	-541	-6	-547
Impairments	0	0	0
Value changes	-6	0	-6
Disposals	-9	-148	-157
Currency translation differences	46	4	50
Carrying value at end of period	8 720	77	8 797

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.

5. DIVESTMENT OF OPERATIONS

In January 2014, the terms of sale for Norske Skog's remaining 49% stake in Norske Skog Pisa Ltda. in Brazil were renegotiated, with an accelerated timeline and a sales price of USD 37 million. The transaction was completed on 17 January. Following this, Norske Skog has no remaining interests in South America, and the investment in associated company in Pisa (NOK 223 million at the end of 2013) has been derecognised from the balance sheet. The value at the end of

2013 reflected the agreed sales price, so the transaction did not result in any additional income statement impact in 2014. The sales proceeds from the transaction was received during the second quarter of 2014.

Norske Skog's share in the sales offices Norske Skog Czech & Slovak Republic spol.s r.o (Czech Republic) and Norske Skog Polska Sp.z o.o. (Poland) were sold in June 2014.

6. OPERATING SEGMENTS

The composition of Norske Skog's operating segments was changed with effect from 1 January 2014. The activities of the Norske Skog group are now focused on two business systems, namely Europe and Australasia. The segment structure is in line with how the group is managed internally. Norske Skog's chief operating decision maker is corporate management, who distribute resources and assess performance of the group's operating segments. According to the operating model, all mills have a direct reporting line to corporate management. The mills have been aggregated into two operating segments, publication paper Europe and publication paper Australasia, based on geographical location. Norske Skog has an integrated strategy in Europe and Australasia to maximize the profit in each region. The optimisation is carried out through coordinated sales- and operational planning. The regional planning, in combination with

structured sales and operational processes, ensures maximisation of profit.

Publication paper includes newsprint and magazine paper. Newsprint includes standard newsprint and other paper qualities used in newspapers, inserts, catalogues etc. Magazine paper includes the paper qualities super calendered (SC) and light weight coated (LWC). Magazine paper is used in magazines, catalogues and advertising materials.

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

The comparative figures for 2013 have been restated in accordance with the new segment structure.

Q3 2014	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 244	816	33	-36	3 057
Distribution costs	-212	-101	0	0	-312
Cost of materials	-1 315	-482	-1	0	-1 798
Change in inventories	-58	24	0	0	-34
Employee benefit expenses	-328	-126	-23	0	-477
Other operating expenses	-172	-73	-20	36	-228
Gross operating earnings	159	59	-10	0	208
Depreciation	-99	-87	-1	0	-186
Restructuring expenses	5	0	0	0	5
Other gains and losses	1	-8	77	0	70
Impairments	0	0	0	0	0
Operating earnings	67	-36	66	0	97

Q2 2014	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 266	755	34	-37	3 018
Distribution costs	-216	-90	0	0	-306
Cost of materials	-1 337	-439	1	0	-1 773
Change in inventories	-23	46	0	0	22
Employee benefit expenses	-346	-118	-23	0	-487
Other operating expenses	-172	-71	-17	36	-223
Gross operating earnings	173	82	-4	0	251
Depreciation	-98	-81	-1	0	-180
Restructuring expenses	0	0	0	0	0
Other gains and losses	3	-6	54	0	51
Impairments	0	0	0	0	0
Operating earnings	77	-4	49	0	122

Q3 2013	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 455	892	47	-41	3 353
Distribution costs	-262	-105	0	0	-367
Cost of materials	-1 519	-481	-5	1	-2 004
Change in inventories	-49	2	0	0	-46
Employee benefit expenses	-351	-121	-29	0	-501
Other operating expenses	-190	-74	-33	40	-257
Gross operating earnings	83	113	-20	0	176
Depreciation	-90	-43	-4	0	-136
Restructuring expenses	-1	4	0	0	3
Other gains and losses	4	-5	-46	0	-47
Impairments	0	0	0	0	0
Operating earnings	-3	69	-70	0	-4

OPERATING SEGMENT PUBLICATION PAPER EUROPE

The publication paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the five

European mills and the regional sales organization are included in the operating segment publication paper Europe.

INCOME STATEMENT	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	2 244	2 266	2 455	6 720	6 764
Distribution costs	-212	-216	-262	-647	-713
Cost of materials	-1 315	-1 337	-1 519	-4 111	-4 337
Change in inventories	-58	-23	-49	14	73
Employee benefit expenses	-328	-346	-351	-1 004	-1 055
Other operating expenses	-172	-172	-190	-520	-565
Gross operating earnings	159	173	83	452	167
Depreciation	-99	-98	-90	-295	-260
Restructuring expenses	5	0	-1	3	0
Other gains and losses	1	3	4	4	8
Impairments	0	0	0	0	0
Operating earnings	67	77	-3	164	-86
Share of operating revenue from external parties (%)	100	100	95	99	96

OPERATING SEGMENT PUBLICATION PAPER AUSTRALASIA

The publication paper Australasia segment encompasses production and sale of newsprint and magazine paper in Australasia. All the three

mills in Australasia and the regional sales organization are included in the operating segment publication paper Australasia.

INCOME STATEMENT	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	816	755	892	2 229	3 014
Distribution costs	-101	-90	-105	-270	-322
Cost of materials	-482	-439	-481	-1 276	-1 602
Change in inventories	24	46	2	81	28
Employee benefit expenses	-126	-118	-121	-361	-404
Other operating expenses	-73	-71	-74	-208	-262
Gross operating earnings	59	82	113	195	453
Depreciation	-87	-81	-43	-247	-261
Restructuring expenses	0	0	4	0	4
Other gains and losses	-8	-6	-5	-24	-194
Impairments	0	0	0	0	0
Operating earnings	-36	-4	69	-76	2
Share of operating revenue from external parties (%)	100	100	100	100	100

OTHER ACTIVITIES

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, real estate activities, energy (commodity contracts and embedded

derivatives in commodity contracts) and other holding company activities.

INCOME STATEMENT	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	33	34	47	101	272
Distribution costs	0	0	0	0	0
Cost of materials	-1	1	-5	-1	-145
Change in inventories	0	0	0	0	0
Employee benefit expenses	-23	-23	-29	-70	-85
Other operating expenses	-20	-17	-33	-65	-98
Gross operating earnings	-10	-4	-20	-35	-56
Depreciation	-1	-1	-4	-5	-11
Restructuring expenses	0	0	0	0	0
Other gains and losses	77	54	-46	256	-676
Impairments	0	0	0	0	0
Operating earnings	66	49	-70	215	-744
Share of operating revenue from external parties (%)	0	0	18	0	15
OPERATING REVENUE					
Energy	0	0	0	0	106
Real estate activities	0	0	0	0	0
Corporate functions	32	32	36	97	113
Miscellaneous	8	8	19	24	77
Eliminations	-7	-7	-8	-20	-23
Total	33	34	47	101	272
GROSS OPERATING EARNINGS					
Energy	0	0	0	0	0
Real estate activities	0	0	0	0	-1
Corporate functions	-10	-3	-19	-28	-52
Miscellaneous	0	-1	-1	-7	-3
Eliminations	0	0	0	0	0
Total	-10	-4	-20	-35	-56

PROPERTY, PLANT AND EQUIPMENT PER SEGMENT

	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Publication paper Europe	5 031	0	5 031
Publication paper Australasia	3 654	15	3 670
Other activities	35	61	97
Total	8 720	77	8 797

7. 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 173 million is included in interest-bearing debt at 30 September 2014. The corresponding figure at 30 June 2014 was NOK 172 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 SEP 2014	REPORTED KEY FIGURES
Interest-bearing non-current liabilities	7 332
Interest-bearing current liabilities	272
- Hedge reserve	173
- Cash and cash equivalents	500
= Net interest-bearing debt	6 931

DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	30 SEP 2014
2014 – fourth quarter	209
2015	1 107
2016	1 384
2017	3 356
2018	28
2019	28
2020	28
2021	20
2022	14
2023 to 2033	1 320
Total	7 494

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 September 2014.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 30 SEP 2014
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
October 2014	NOK (NSG 15)	5.40%	NOK 300 mill	NOK 185 mill

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

30 SEP 2014	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	17	155	-22	-77
Energy contracts (level2)	0	12	-5	
Other raw material contracts (level 3)	5	0	0	0
Other derivatives and financial instruments carried at fair value (level 2)	0	0	-29	0
Total	22	167	-56	-77

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

Higher energy prices have a positive impact on fair value. Energy prices in New Zealand are virtually unchanged compared with the previous quarter.

The energy contracts in Norway are nominated in EUR. These contracts contain embedded derivatives that are recognised at fair value in accordance with IAS 39 *Financial instruments – recognition and measurement*. NOK has strengthened against EUR during the quarter, which has had a positive 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.

Gains and losses on level 3 financial instruments recognised in the income statement, line item Other gains and losses, amounted to NOK 96 million in the third quarter (NOK -27 million in the second quarter).

9. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 30 SEPTEMBER 2014	NUMBER OF SHARES	OWNERSHIP %
Nobelssystem Scandinavia AS	10 100 000	5.32
Kontrari AS	9 000 000	4.74
Dimensional Fund Advisors	6 708 773	3.53
Skandinaviska Enskilda Banken	6 149 000	3.24
AT Skog BA	6 065 911	3.19
Allskog BA	5 295 662	2.79
Astrup Fearnley AS	5 189 688	2.73
Uthalden A/S	4 350 000	2.29
Nordnet Bank AB (Nominee)	4 246 055	2.24
Nil Spectatio Finans AS	4 204 476	2.21
Danske Bank A/S (Nominee)	3 264 251	1.72
Fiducia AS	2 986 644	1.57
Swedbank Norge Marketmaking ac.	2 925 000	1.54
JPMorgan Asset Management	2 663 977	1.40
AS Havlide	2 296 466	1.21
SES AS	2 200 000	1.16
AS Herdebred	2 112 005	1.11
Barokk Invest AS	2 050 000	1.08
Torstein I. Tvenge	2 000 000	1.05
Alfaplan AS	1 990 000	1.05
Shareholders with < 1% ownership	104 147 718	54.83
Total	189 945 626	100.00

The data is provided by RD:IR and VPS, through the Nominee ID service. The data is obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Norske Skogindustrier ASA share register. Whilst every reasonable effort is

made to verify all data, neither RD:IR nor VPS can guarantee the accuracy of the analysis.

10. THE NORSKE SKOG SHARE

	30 SEP 2014	30 JUN 2014	31 MAR 2014	31 DEC 2013	30 SEP 2013
Share price (NOK)	3.94	4.92	4.90	4.74	3.43
Book value of equity per share (NOK)	10.59	12.27	11.97	11.45	14.50

11. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date with significant impact on the interim financial statements for the third quarter of 2014.

12. HISTORICAL FIGURES

INCOME STATEMENT	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Operating revenue	3 057	3 018	2 867	3 534	3 353
Variable costs	-2 144	-2 057	-2 009	-2 563	-2 418
Fixed costs	-705	-710	-705	-673	-759
Gross operating earnings	208	251	153	298	176
Depreciation	-186	-180	-181	-196	-136
Restructuring expenses	5	0	-2	-149	3
Other gains and losses	70	51	114	-237	-47
Operating earnings	97	122	84	-283	-4
Share of profit in associated companies	0	-3	8	9	9
Financial items	-138	-284	-77	-323	-245
Profit/loss before income taxes	-40	-165	15	-597	-240
Income taxes	-152	51	-4	140	94
Profit/loss for the period	-192	-114	11	-457	-147

SEGMENT INFORMATION	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Publication paper Europe					
Operating revenue	2 244	2 266	2 211	2 668	2 455
Gross operating earnings	159	173	121	159	83
Deliveries (1 000 tonnes)	508	504	490	599	576
Publication paper Australasia					
Operating revenue	816	755	658	857	892
Gross operating earnings	59	82	54	140	113
Deliveries (1 000 tonnes)	161	147	130	178	187
Other activities					
Operating revenue	33	34	34	41	47
Gross operating earnings	-10	-4	-21	0	-20

BALANCE SHEET	30 SEP 2014	30 JUN 2014	31 MAR 2014	31 DEC 2013	30 SEP 2013
Total non-current assets	9 934	10 500	10 419	10 611	10 999
Inventories	1 382	1 456	1 377	1 274	1 493
Trade and other receivables	1 321	1 176	1 458	1 574	1 695
Cash and cash equivalents	500	580	878	1 015	820
Other current assets	37	55	119	141	145
Total current assets	3 239	3 268	3 832	4 005	4 154
Total assets	13 173	13 767	14 251	14 617	15 153
Total equity	2 012	2 331	2 273	2 175	2 712
Total non-current liabilities	8 763	8 987	8 728	8 779	8 972
Trade and other payables	1 844	1 907	1 860	2 040	2 171
Other current liabilities	555	542	1 390	1 623	1 298
Total current liabilities	2 398	2 449	3 251	3 662	3 469
Total liabilities	11 161	11 437	11 978	12 441	12 441
Total equity and liabilities	13 173	13 767	14 251	14 617	15 153

CASH FLOW	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Reconciliation of net cash flow from operating activities					
Gross operating earnings	208	251	153	298	176
Change in operating working capital	-117	62	27	282	-119
Payments made relating to restructuring activities	-12	-21	-111	-8	-10
Cash flow from net financial items	-15	-458	-58	-184	-108
Taxes paid	-6	-2	-17	-14	-6
Other	-25	-84	3	-61	-25
Net cash flow from operating activities	31	-252	-4	313	-91
Purchases of property, plant and equipment and intangible assets	-55	-29	-116	-176	-110
Net divestments	10	261	49	132	9
Dividend received	0	0	0	2	16
Net cash flow from investing activities	-44	231	-67	-42	-85
Net cash flow from financing activities	-58	-313	-65	-80	-594
Foreign currency effects on cash and cash equivalents	-9	36	-1	5	15
Total change in cash and cash equivalents	-80	-298	-137	195	-755