



**Norske Skog**

# **FIRST QUARTER 2013**

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**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 3 900 employees.

The parent company, Norske Skogindustrier ASA, is incorporated in Norway and has its head office at Lysaker outside of 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.

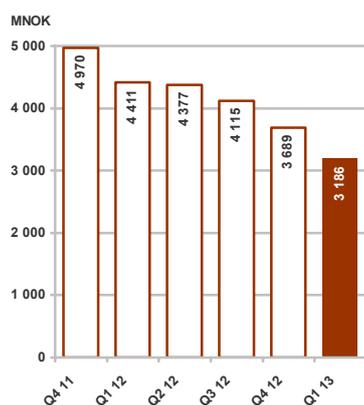
## KEY FIGURES (UNAUDITED)

All amounts are presented in NOK million unless otherwise stated.

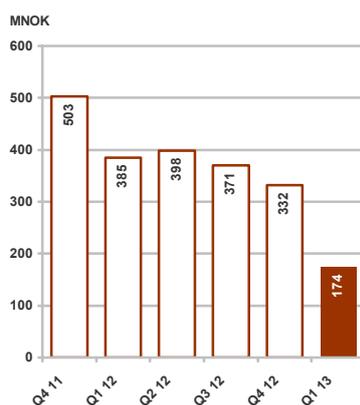
	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
<b>INCOME STATEMENT</b>					
Operating revenue	3 186	3 689	4 411	3 186	4 411
Gross operating earnings	174	332	385	174	385
Operating earnings	-178	-1 753	-582	-178	-582
Profit/loss for the period	-381	-1 914	-343	-381	-343
Earnings per share (NOK)	-2.01	-10.07	-1.80	-2.01	-1.80
<b>CASH FLOW</b>					
Net cash flow from operating activities	-106	247	267	-106	267
Net cash flow from investing activities	-155	-73	224	-155	224
Cash flow per share (NOK)	-0.56	1.30	1.41	-0.56	1.41
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
Gross operating margin	5.4	9.0	8.7	5.4	8.7
Return on capital employed	-0.2	0.9	0.9	-0.2	0.9
Return on equity	-9.1	-35.5	-4.7	-9.1	-4.7
Return on assets	-1.0	-10.0	-2.7	-1.0	-2.7
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	777	814	926	777	926
Deliveries (1 000 tonnes)	750	848	911	750	911
Production / capacity (%)	87	87	84	87	84

	31 MAR 2013	31 DEC 2012	30 SEP 2012	30 JUN 2012	31 MAR 2012
<b>BALANCE SHEET</b>					
Non-current assets	11 531	11 393	13 730	14 252	14 328
Current assets	4 566	4 650	4 834	5 467	5 883
Total assets	16 097	16 043	18 564	19 720	20 210
Equity	4 070	4 151	6 317	6 922	6 933
Net interest-bearing debt	6 482	6 021	6 285	6 883	7 096

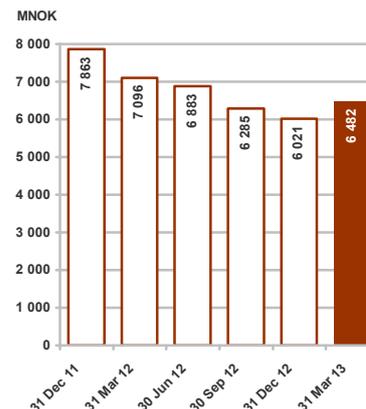
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT



## REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2013

- First quarter of 2013: Gross operating earnings NOK 174 million (NOK 332 million in the fourth quarter of 2012). Decline due to lower prices, seasonality and active capacity management
- Negative cash flow from operating activities of NOK 106 million reflecting restructuring payments and seasonally increased working capital
- Net interest-bearing debt increased by NOK 461 million to NOK 6 482 million in the quarter reflecting adverse currency effects and negative cash flow
- Development projects at Boyer and Saugbrugs on track

## INCOME STATEMENT

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Operating revenue	3 186	3 689	4 411	3 186	4 411
Gross operating earnings <sup>1)</sup>	174	332	385	174	385
Depreciation	-198	-223	-251	-198	-251
Operating earnings	-178	-1 753	-582	-178	-582
Profit/loss before income taxes	-505	-1 801	-470	-505	-470
Profit/loss for the period	-381	-1 914	-343	-381	-343

<sup>1)</sup> Operating earnings before depreciation, restructuring expenses, other gains and losses and impairments.

Group operating revenue was lower, both compared to the previous quarter and to the same period in 2012. The decline reflected lower prices, seasonality and reduced production capacity in the group. Last year, the group closed Follum in Norway and sold Bio Bio in Chile and Parenco in the Netherlands. In January 2013, one machine at Tasman in New Zealand was permanently idled.

The variable cost level was stable compared to the previous quarter and lower compared to the same period in 2012. Variable costs consist mainly of energy and fibre (wood, recovered paper and pulp). Fixed costs showed a clear decrease, with reduced production capacity in the group and cost reduction efforts. The level of fixed costs was NOK 800 million in the first quarter, down from NOK 1 026 million in the first quarter of 2012.

Gross operating earnings decreased from both the previous quarter and when compared with the same period in 2012, as the revenue shortfall more than outweighed the cost benefits.

Depreciation was NOK 198 million in the quarter and lower than in the comparison periods.

Other gains and losses, related to a reduction in the value of energy contracts, amplified the overall negative result for the period.

Year-to-date global demand for newsprint decreased by 2% through February, compared to the same period in 2012. There was a decline of 3% for magazine paper.

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

## SPECIAL ITEMS IN OPERATING EARNINGS

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Restructuring expenses	0	14	-11	0	-11
Other gains and losses	-153	-228	-670	-153	-670
Impairments	0	-1 649	-35	0	-35

Other gains and losses in the first quarter were related to a reduction in the value of energy contracts recognised on the balance sheet.

## FINANCIAL ITEMS

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Net interest expenses incl. realised gain/loss on interest rate derivatives	-147	-138	-148	-147	-148
Unrealised gain/loss on interest rate derivatives	3	-2	1	3	1
<b>Net interest expenses</b>	<b>-144</b>	<b>-141</b>	<b>-147</b>	<b>-144</b>	<b>-147</b>
Currency gains/losses <sup>*)</sup>	-170	97	213	-170	213
Other financial items	-18	-9	37	-18	37
<b>Total financial items</b>	<b>-333</b>	<b>-54</b>	<b>104</b>	<b>-333</b>	<b>104</b>

<sup>\*)</sup> 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 144 million in the quarter. Currency losses of NOK 170 million were related to interest-bearing debt that does not qualify for hedge accounting.

## CASH FLOW

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Gross operating earnings	174	332	385	174	385
Change in operating working capital <sup>*)</sup>	-81	201	201	-81	201
Change in other working capital <sup>**)</sup>	-119	-138	-209	-119	-209
Payments made relating to restructuring activities	-89	-17	-29	-89	-29
Adjustment for items with no cash impact	-1	32	19	-1	19
Cash flow from net financial items	16	-135	-90	16	-90
Taxes paid	-5	-28	-10	-5	-10
<b>Net cash flow from operating activities</b>	<b>-106</b>	<b>247</b>	<b>267</b>	<b>-106</b>	<b>267</b>
Purchases of property, plant and equipment and intangible assets	-117	-201	-90	-117	-90
Sales of property, plant and equipment, shares in companies, financial assets etc.	2	128	314	2	314

<sup>\*)</sup> Change in operating working capital includes changes in accounts receivable, accounts payable, inventories and prepayments.

<sup>\*\*)</sup> Change in other working capital includes changes in provisions and other receivables.

The negative cash flow from operating activities of NOK 106 million in the quarter reflected weak gross operating earnings, restructuring payments and increased working capital.

Purchases of property, plant and equipment related to a machine conversion project, energy efficiency investments and ordinary maintenance capital expenditure.

## BALANCE SHEET

	31 MAR 2013	31 DEC 2012	31 MAR 2012	1 JAN 2012
Non-current assets	11 531	11 393	14 328	15 789
Cash and cash equivalents	971	1 194	1 157	1 200
Other current assets	3 595	3 456	4 726	4 971
Total assets	16 097	16 043	20 210	21 960
Equity including non-controlling interests	4 070	4 151	6 933	7 359
Non-current liabilities	9 240	9 092	9 631	10 239
Current liabilities	2 787	2 801	3 646	4 362
Net interest-bearing debt	6 482	6 021	7 096	7 863

Equity including non-controlling interests was NOK 4 070 million at the end of March 2013, a reduction of NOK 81 million from the previous quarter. The decrease reflected a negative net result for the period and currency translation differences. Equity per share was NOK 21. For more information, see the detailed statement of changes in equity later in this report.

Net interest-bearing debt was NOK 6 482 million at the end of March 2013, an increase of NOK 461 million in the quarter. The increase reflected currency effects and negative cash flow.

Cash and cash equivalents amounted to NOK 971 million at period end.

## SEGMENT INFORMATION

### NEWSPRINT EUROPE

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Operating revenue	979	1 136	1 115	979	1 115
Gross operating earnings	49	65	105	49	105
Depreciation	-50	-55	-52	-50	-52
Operating earnings	-1	17	48	-1	48
Gross operating margin (%)	5.0	5.7	9.4	5.0	9.4
Production (1 000 tonnes)	289	297	301	289	301
Deliveries (1 000 tonnes)	277	310	279	277	279
Production / capacity (%)	89	91	83	89	83

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

Operating revenue decreased from the previous quarter, with reduced prices and seasonally lower sales volumes. The closure of Follum in Norway in the first quarter of 2012 distorted the comparison with the same period last year.

The weak development in gross operating margin was somewhat mitigated by lower costs.

Year-to-date demand for newsprint in Europe declined by 3% through February, compared to the same period in 2012.

Capacity utilisation was 89% (91% in the fourth quarter).

## NEWSPRINT OUTSIDE EUROPE

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Operating revenue	1 026	1 187	1 359	1 026	1 359
Gross operating earnings	129	242	196	129	196
Depreciation	-109	-110	-137	-109	-137
Operating earnings	21	-945	17	21	17
Gross operating margin (%)	12.6	20.4	14.4	12.6	14.4
Production (1 000 tonnes)	221	248	279	221	279
Deliveries (1 000 tonnes)	221	255	276	221	276
Production / capacity (%)	86	84	86	86	86

The region consists of Norske Skog's operations in Australia, New Zealand, Brazil and Thailand. Annual production capacity is 1 015 000 tonnes.

Operating revenue declined compared to the previous quarter and the same period last year. This was mainly due to reduced capacity, following the sale of Bio Bio in Chile last year and the closure of one machine at Tasman in New Zealand this year.

The relatively weak gross operating margin reflected a low utilization rate, with overcapacity in Australia and New Zealand.

In the previous quarter, the gross operating margin was inflated by a non-recurring variable cost element in Brazil.

Demand for newsprint in Oceania was very weak, with a year-to-date decline of 22% through February, compared to the same period in 2012. Latin America saw a flat development.

Capacity utilisation was 86% (84% in the fourth quarter).

## MAGAZINE PAPER

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Operating revenue	1 152	1 311	1 762	1 152	1 762
Gross operating earnings	17	57	109	17	109
Depreciation	-35	-53	-56	-35	-56
Operating earnings	-18	-500	69	-18	69
Gross operating margin (%)	1.5	4.3	6.2	1.5	6.2
Production (1 000 tonnes)	267	269	346	267	346
Deliveries (1 000 tonnes)	252	283	356	252	356
Production / capacity (%)	87	86	83	87	83

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

Operating revenue decreased compared to both the previous quarter and the same period last year with lower prices, seasonality and reduced production capacity.

The gross operating margin declined further, with little support from the cost side, to negligible levels.

Year-to-date demand for magazine paper in Europe declined by 3% through February, compared to the same period in 2012. A somewhat better development for the smaller SC (uncoated) segment (unchanged) compared to the larger LWC (coated) segment (minus 5%) was largely due customers switching out of the more expensive LWC paper.

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

## OTHER ACTIVITIES

	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Operating revenue	136	385	761	136	761
Gross operating earnings	-20	-21	-30	-20	-30
Depreciation	-4	-4	-5	-4	-5
Operating earnings	-177	-313	-720	-177	-720

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.

## HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 2.27 in the 12 month period from 1 April 2012 to 31 March 2013.

## EVENTS IN THE FIRST QUARTER OF 2013

Norske Skog announced a temporary curtailment of production at Skogn in Norway in the quarter. One machine will be temporarily idled from June to avoid unnecessary build up of inventory. A smaller reduction of production at the one machine still in operation at Tasman in New Zealand was also announced. The other machine at the mill was permanently closed on 9 January 2013.

## 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 20% at the end of March 2013, four percentage points lower than one year ago. An overview of the main shareholders at the end of March 2013 is included on page 18.

## OUTLOOK

Norske Skog expects that the operating environment will remain challenging through the first half of 2013, with weak demand in both Europe and Australasia. Relatively stable costs through the year and positive price impacts from industry-wide capacity closures will be supportive in the second half.

### LYSAKER, 24 APRIL 2013 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Eivind Reiten  
Chair



Eilif Due  
Board member



Siri Beate Hatten  
Board member



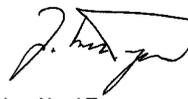
Finn Johnsson  
Board member



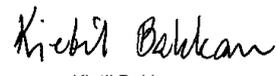
Karen Kvalevåg  
Board member



Ingelise Amtsen  
Board member



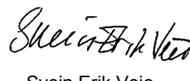
Jon-Aksel Torgersen  
Board member



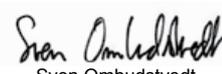
Kjetil Bakkan  
Board member



Paul Kristiansen  
Board member



Svein Erik Veie  
Board member



Sven Ombudstvedt  
President and CEO

## INTERIM FINANCIAL STATEMENTS, FIRST QUARTER OF 2013

## CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
<b>Operating revenue</b>	6	<b>3 186</b>	<b>3 689</b>	<b>4 411</b>	<b>3 186</b>	<b>4 411</b>
Distribution costs		-326	-375	-419	-326	-419
Cost of materials		-1 966	-1 998	-2 616	-1 966	-2 616
Change in inventories		80	-134	34	80	34
Employee benefit expenses	5	-532	-551	-702	-532	-702
Other operating expenses		-268	-299	-324	-268	-324
<b>Gross operating earnings</b>		<b>174</b>	<b>332</b>	<b>385</b>	<b>174</b>	<b>385</b>
Depreciation	4	-198	-223	-251	-198	-251
Restructuring expenses		0	14	-11	0	-11
Other gains and losses	8	-153	-228	-670	-153	-670
Impairments	3, 4	0	-1 649	-35	0	-35
<b>Operating earnings</b>		<b>-178</b>	<b>-1 753</b>	<b>-582</b>	<b>-178</b>	<b>-582</b>
Share of profit in associated companies		5	6	8	5	8
Financial items	5	-333	-54	104	-333	104
<b>Profit/loss before income taxes</b>		<b>-505</b>	<b>-1 801</b>	<b>-470</b>	<b>-505</b>	<b>-470</b>
Income taxes		124	-113	128	124	128
<b>Profit/loss for the period</b>		<b>-381</b>	<b>-1 914</b>	<b>-343</b>	<b>-381</b>	<b>-343</b>
<b>Profit/loss for the period attributable to:</b>						
Owners of the parent		-381	-1 911	-343	-381	-343
Non-controlling interests		0	-3	0	0	0
Basic/diluted earnings per share (NOK)		-2.01	-10.07	-1.80	-2.01	-1.80

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
<b>Profit/loss for the period</b>	<b>-381</b>	<b>-1 914</b>	<b>-343</b>	<b>-381</b>	<b>-343</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	342	-192	-189	342	-189
Tax expense on translation differences	22	-36	1	22	1
Hedge of net investment in foreign operations	-61	26	113	-61	113
Tax expense on net investment hedge	-2	-1	21	-2	21
Reclassified translation differences upon divestment of foreign operations	0	72	0	0	0
Reclassified hedging gain/loss on net investment upon divestment of foreign operations	0	-141	0	0	0
Tax expense on reclassifications	0	39	0	0	0
Other items	0	2	-6	0	-6
Tax expense on other items	0	0	0	0	0
<b>Total</b>	<b>301</b>	<b>-231</b>	<b>-60</b>	<b>301</b>	<b>-60</b>
<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	-19	-22	0	-22
Tax effect actuarial gains (losses) on defined benefit plans and other post-employment benefits	0	-2	-2	0	-2
<b>Total</b>	<b>0</b>	<b>-21</b>	<b>-24</b>	<b>0</b>	<b>-24</b>
<b>Other comprehensive income for the period</b>	<b>301</b>	<b>-252</b>	<b>-84</b>	<b>301</b>	<b>-84</b>
<b>Comprehensive income for the period</b>	<b>-80</b>	<b>-2 166</b>	<b>-427</b>	<b>-80</b>	<b>-427</b>
<b>Comprehensive income for the period attributable to:</b>					
Owners of the parent	-81	-2 163	-427	-81	-427
Non-controlling interests	1	-3	0	1	0

## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31 MAR 2013	31 DEC 2012	31 MAR 2012	1 JAN 2012
Deferred tax asset	5	471	313	355	355
Intangible assets	4	145	232	167	148
Property, plant and equipment	3, 4	9 746	9 533	12 012	12 622
Investments in associated companies		354	339	423	422
Other non-current assets	5, 8	816	976	1 371	2 242
<b>Total non-current assets</b>		<b>11 531</b>	<b>11 393</b>	<b>14 328</b>	<b>15 789</b>
Inventories		1 445	1 370	1 837	1 867
Trade and other receivables		1 860	1 816	2 291	2 732
Cash and cash equivalents	7	971	1 194	1 157	1 200
Other current assets	8	290	271	598	372
<b>Total current assets</b>		<b>4 566</b>	<b>4 650</b>	<b>5 883</b>	<b>6 171</b>
<b>Total assets</b>		<b>16 097</b>	<b>16 043</b>	<b>20 210</b>	<b>21 960</b>
Paid-in equity		12 302	12 302	12 303	12 303
Retained earnings and other reserves	5	-8 243	-8 161	-5 383	-4 957
Non-controlling interests		10	9	13	13
<b>Total equity</b>		<b>4 070</b>	<b>4 151</b>	<b>6 933</b>	<b>7 359</b>
Pension obligations	5	637	629	568	598
Deferred tax liability	5	493	493	483	498
Interest-bearing non-current liabilities	7	7 426	7 208	7 862	8 407
Other non-current liabilities	8	685	762	718	736
<b>Total non-current liabilities</b>		<b>9 240</b>	<b>9 092</b>	<b>9 631</b>	<b>10 239</b>
Interest-bearing current liabilities	7	225	203	638	931
Trade and other payables	5	2 014	2 114	2 148	2 480
Tax payable		47	43	45	31
Other current liabilities	8	502	441	815	920
<b>Total current liabilities</b>		<b>2 787</b>	<b>2 801</b>	<b>3 646</b>	<b>4 362</b>
<b>Total liabilities</b>		<b>12 027</b>	<b>11 892</b>	<b>13 277</b>	<b>14 601</b>
<b>Total equity and liabilities</b>		<b>16 097</b>	<b>16 043</b>	<b>20 210</b>	<b>21 960</b>

LYSAKER, 24 APRIL 2013 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA


Eivind Reiten  
Chair

Eilif Due  
Board member

Siri Beate Hatten  
Board member

Finn Johnsson  
Board member

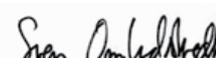
Karen Kvalevåg  
Board member

Ingelise Amtsen  
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	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
Cash generated from operations	3 184	3 668	4 710	3 184	4 710
Cash used in operations	-3 301	-3 258	-4 343	-3 301	-4 343
Cash from net financial items	16	-135	-90	16	-90
Taxes paid	-5	-28	-10	-5	-10
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>-106</b>	<b>247</b>	<b>267</b>	<b>-106</b>	<b>267</b>
Purchases of property, plant and equipment and intangible assets	-117	-201	-90	-117	-90
Sales of property, plant and equipment and intangible assets	0	45	42	0	42
Dividend received	0	0	0	0	0
Purchase of shares in companies and other financial payments	-39	0	0	-39	0
Sales of shares in companies and other financial payments	2	83	272	2	272
<b>Net cash flow from investing activities</b>	<b>-155</b>	<b>-73</b>	<b>224</b>	<b>-155</b>	<b>224</b>
New loans raised	121	115	424	121	424
Repayments of loans	-107	-106	-947	-107	-947
Purchase/sale of treasury shares	0	0	0	0	0
<b>Net cash flow from financing activities</b>	<b>14</b>	<b>10</b>	<b>-523</b>	<b>14</b>	<b>-523</b>
Foreign currency effects on cash and cash equivalents	25	-18	-11	25	-11
<b>Total change in cash and cash equivalents</b>	<b>-222</b>	<b>165</b>	<b>-43</b>	<b>-222</b>	<b>-43</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 194</b>	<b>1 028</b>	<b>1 200</b>	<b>1 194</b>	<b>1 200</b>
<b>Cash and cash equivalents at end of period</b>	<b>971</b>	<b>1 194</b>	<b>1 157</b>	<b>971</b>	<b>1 157</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	174	332	385	174	385
Change in operating working capital	-81	201	201	-81	201
Change in other working capital	-119	-138	-209	-119	-209
Payments made relating to restructuring activities	-89	-17	-29	-89	-29
Adjustment for items with no cash impact	-1	32	19	-1	19
Cash flow from net financial items	16	-135	-90	16	-90
Taxes paid	-5	-28	-10	-5	-10
<b>Net cash flow from operating activities</b>	<b>-106</b>	<b>247</b>	<b>267</b>	<b>-106</b>	<b>267</b>

## 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
<b>Equity 1 January 2012</b>	<b>12 303</b>	<b>-5 584</b>	<b>240</b>	<b>461</b>	<b>7 346</b>	<b>13</b>	<b>7 433</b>
Effect of implementation of IAS 19R	0	0	0	-74	-74	0	-74
<b>Equity 1 January 2012 (restated)</b>	<b>12 303</b>	<b>-5 584</b>	<b>240</b>	<b>387</b>	<b>7 346</b>	<b>13</b>	<b>7 359</b>
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
<b>Equity 31 March 2012</b>	<b>12 303</b>	<b>-5 927</b>	<b>374</b>	<b>170</b>	<b>6 920</b>	<b>13</b>	<b>6 933</b>
Profit/loss for the period	0	-2 434	0	0	-2 435	-3	-2 438
Other comprehensive income for the period	0	0	-57	-285	-342	-1	-343
Change in holding of treasury shares	-1	0	0	0	-1	0	-1
<b>Equity 31 December 2012</b>	<b>12 302</b>	<b>-8 361</b>	<b>317</b>	<b>-116</b>	<b>4 142</b>	<b>9</b>	<b>4 151</b>
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
<b>Equity 31 March 2013</b>	<b>12 302</b>	<b>-8 742</b>	<b>253</b>	<b>247</b>	<b>4 060</b>	<b>10</b>	<b>4 070</b>

# 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 24 April 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 first 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 Pisa 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 31 March 2013, there was no indication that further impairments should be made.

The possibility of reversing impairment losses in prior periods on property, plant and equipment and intangible assets (except goodwill) has also been evaluated at 31 March 2013. No reversals of previous impairments have been recognised in the first 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 4 900 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 Norway and 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 first 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. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-MAR 2013	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 533	232	9 765
Depreciation	-193	-5	-198
Impairments	0	0	0
Additions <sup>1)</sup>	118	1	119
Value change, biological assets	-2	0	-2
Disposals	0	-89	-89
Currency translation differences	290	6	296
<b>Carrying value at end of period</b>	<b>9 746</b>	<b>145</b>	<b>9 891</b>

<sup>1)</sup> 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 and accruals for payments.

## 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 for the first quarter of 2013.

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 first quarter of 2012 amounted to NOK 22 million (loss of NOK 19 million in the fourth quarter of 2012). Adjusted for tax effects, the loss amounted to NOK 24 million in the first quarter of 2012 (loss of NOK 21 million in the fourth 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 first and fourth quarters 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 period.

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 78 million at 31 March 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 97 million at 31 March 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.

JAN-MAR 2013	NEWSPRINT	MAGAZINE PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 067</b>	<b>1 152</b>	<b>136</b>	<b>-169</b>	<b>3 186</b>
Distribution costs	-214	-112	0	0	-326
Cost of materials	-1 215	-774	-95	118	-1 966
Change in inventories	22	58	0	0	80
Employee benefit expenses	-303	-200	-29	0	-532
Other operating expenses	-180	-107	-33	52	-268
<b>Gross operating earnings</b>	<b>177</b>	<b>17</b>	<b>-20</b>	<b>0</b>	<b>174</b>
Depreciation	-159	-35	-4	0	-198
Restructuring expenses	0	0	0	0	0
Other gains and losses	0	0	-153	0	-153
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>17</b>	<b>-18</b>	<b>-177</b>	<b>0</b>	<b>-178</b>

OCT-DEC 2012	NEWSPRINT	MAGAZINE PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 379</b>	<b>1 311</b>	<b>385</b>	<b>-386</b>	<b>3 689</b>
Distribution costs	-249	-126	0	0	-375
Cost of materials	-1 221	-768	-337	327	-1 998
Change in inventories	-81	-53	0	0	-134
Employee benefit expenses	-333	-184	-35	0	-551
Other operating expenses	-199	-124	-34	59	-299
<b>Gross operating earnings</b>	<b>296</b>	<b>57</b>	<b>-21</b>	<b>0</b>	<b>332</b>
Depreciation	-166	-53	-4	0	-223
Restructuring expenses	-4	23	-6	0	14
Other gains and losses	5	50	-283	0	-228
Impairments	-1 071	-578	0	0	-1 649
<b>Operating earnings</b>	<b>-940</b>	<b>-500</b>	<b>-313</b>	<b>0</b>	<b>-1 753</b>

JAN-MAR 2012	NEWSPRINT	MAGAZINE PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 568</b>	<b>1 762</b>	<b>761</b>	<b>-680</b>	<b>4 411</b>
Distribution costs	-247	-149	-23	1	-419
Cost of materials	-1 519	-1 037	-666	606	-2 616
Change in inventories	77	-44	1	0	34
Employee benefit expenses	-367	-283	-53	0	-702
Other operating expenses	-206	-140	-51	73	-324
<b>Gross operating earnings</b>	<b>306</b>	<b>109</b>	<b>-30</b>	<b>0</b>	<b>385</b>
Depreciation	-190	-56	-5	0	-251
Restructuring expenses	-5	-6	0	0	-11
Other gains and losses	-6	23	-686	0	-670
Impairments	-36	0	1	0	-35
<b>Operating earnings</b>	<b>69</b>	<b>69</b>	<b>-720</b>	<b>0</b>	<b>-582</b>

## 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	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
<b>Operating revenue</b>	<b>2 067</b>	<b>2 379</b>	<b>2 568</b>	<b>2 067</b>	<b>2 568</b>
Distribution costs	-214	-249	-247	-214	-247
Cost of materials	-1 215	-1 221	-1 519	-1 215	-1 519
Change in inventories	22	-81	77	22	77
Employee benefit expenses	-303	-333	-367	-303	-367
Other operating expenses	-180	-199	-206	-180	-206
<b>Gross operating earnings</b>	<b>177</b>	<b>296</b>	<b>306</b>	<b>177</b>	<b>306</b>
Depreciation	-159	-166	-190	-159	-190
Restructuring expenses	0	-4	-5	0	-5
Other gains and losses	0	5	-6	0	-6
Impairments	0	-1 071	-36	0	-36
<b>Operating earnings</b>	<b>17</b>	<b>-940</b>	<b>69</b>	<b>17</b>	<b>69</b>
Share of operating revenue from external parties (%)	99	99	99	99	99
<b>OPERATING REVENUE PER REGION</b>					
Newsprint Europe	979	1 136	1 115	979	1 115
Newsprint outside Europe	1 026	1 187	1 359	1 026	1 359
Sales offices and other activities	827	989	1 071	827	1 071
Eliminations	-766	-933	-977	-766	-977
<b>Total</b>	<b>2 067</b>	<b>2 379</b>	<b>2 568</b>	<b>2 067</b>	<b>2 568</b>
<b>GROSS OPERATING EARNINGS PER REGION</b>					
Newsprint Europe	49	65	105	49	105
Newsprint outside Europe	129	242	196	129	196
Sales offices and other activities	-1	-12	5	-1	5
Eliminations	0	0	0	0	0
<b>Total</b>	<b>177</b>	<b>296</b>	<b>306</b>	<b>177</b>	<b>306</b>

## 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	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
<b>Operating revenue</b>	<b>1 152</b>	<b>1 311</b>	<b>1 762</b>	<b>1 152</b>	<b>1 762</b>
Distribution costs	-112	-126	-149	-112	-149
Cost of materials	-774	-768	-1 037	-774	-1 037
Change in inventories	58	-53	-44	58	-44
Employee benefit expenses	-200	-184	-283	-200	-283
Other operating expenses	-107	-124	-140	-107	-140
<b>Gross operating earnings</b>	<b>17</b>	<b>57</b>	<b>109</b>	<b>17</b>	<b>109</b>
Depreciation	-35	-53	-56	-35	-56
Restructuring expenses	0	23	-6	0	-6
Other gains and losses	0	50	23	0	23
Impairments	0	-578	0	0	0
<b>Operating earnings</b>	<b>-18</b>	<b>-500</b>	<b>69</b>	<b>-18</b>	<b>69</b>
Share of operating revenue from external parties (%)	97	98	95	97	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	JAN-MAR 2013	OCT-DEC 2012	JAN-MAR 2012	YTD 2013	YTD 2012
<b>Operating revenue</b>	<b>136</b>	<b>385</b>	<b>761</b>	<b>136</b>	<b>761</b>
Distribution costs	0	0	-23	0	-23
Cost of materials	-95	-337	-666	-95	-666
Change in inventories	0	0	1	0	1
Employee benefit expenses	-29	-35	-53	-29	-53
Other operating expenses	-33	-34	-51	-33	-51
<b>Gross operating earnings</b>	<b>-20</b>	<b>-21</b>	<b>-30</b>	<b>-20</b>	<b>-30</b>
Depreciation	-4	-4	-5	-4	-5
Restructuring expenses	0	-6	0	0	0
Other gains and losses	-153	-283	-686	-153	-686
Impairments	0	0	1	0	1
<b>Operating earnings</b>	<b>-177</b>	<b>-313</b>	<b>-720</b>	<b>-177</b>	<b>-720</b>
Share of operating revenue from external parties (%)	9	11	27	9	27
<b>OPERATING REVENUE</b>					
Energy	79	139	286	79	286
Real estate activities	0	0	0	0	0
Corporate functions	38	42	47	38	47
Miscellaneous	27	214	437	27	437
Eliminations	-8	-9	-9	-8	-9
<b>Total</b>	<b>136</b>	<b>385</b>	<b>761</b>	<b>136</b>	<b>761</b>
<b>GROSS OPERATING EARNINGS</b>					
Energy	0	0	-1	0	-1
Real estate activities	-1	0	-1	-1	-1
Corporate functions	-18	-19	-24	-18	-24
Miscellaneous	-2	-2	-4	-2	-4
Eliminations	0	0	0	0	0
<b>Total</b>	<b>-20</b>	<b>-21</b>	<b>-30</b>	<b>-20</b>	<b>-30</b>

## 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 198 million is included in interest-bearing debt at 31 March 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.

31 MAR 2013	REPORTED KEY FIGURES	KEY FIGURES ACCORDING TO LOAN AGREEMENT <sup>*)</sup>
Interest-bearing non-current liabilities	7 426	7 382
Interest-bearing current liabilities	225	221
- Hedge reserve	198	196
- Cash and cash equivalents	971	969
<b>= Net interest-bearing debt</b>	<b>6 482</b>	<b>6 438</b>
Adjusted net interest-bearing debt <sup>**)</sup>		6 519

<sup>\*)</sup> Calculated using the average exchange rate per month for the last 12-month period.

<sup>\*\*)</sup> 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 quarter. 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). The facility was undrawn at 31 March 2013.

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

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

31 MAR 2013	REPORTED FIGURES	LOAN COVENANTS <sup>**)</sup>
EBITDA (last 12 months)	1 258	
Adjusted EBITDA <sup>*)</sup> (last 12 months)	1 224	
Net interest expense (last 12 months)	581	
Adjusted net interest-bearing debt / Adjusted EBITDA	5.33	< 5.75
Adjusted EBITDA / Net interest expense	2.11	> 1.75

<sup>\*)</sup> Adjusted EBITDA consists of gross operating earnings for the group, excluding units that have been sold during the last 12 months.

<sup>\*\*)</sup> The loan covenants presented in the table are as at 31 March 2013.

LOAN COVENANTS 2013/2014	30 JUN 2013	30 SEP 2013	31 DEC 2013	31 MAR 2014
Adjusted net interest-bearing debt / Adjusted EBITDA	< 4.00	< 3.75	< 3.50	< 3.50
Adjusted EBITDA / Net interest expense	> 2.50	> 2.75	> 2.75	> 2.75

## DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	31 MAR 2013
2013 – second quarter	69
2013 – third quarter	129
2013 – fourth quarter	24
2014	952
2015	991
2016	1 037
2017	2 945
2018	35
2019	36
2020	37
2021	26
2022 to 2033	1 215
<b>Total</b>	<b>7 496</b>

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 31 March 2013.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 31 MAR 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

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

31 MAR 2013	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts	149	670	-35	-83
Other raw material contracts	0	6	-4	-25
Other derivatives and financial instruments carried at fair value	46	0	-40	-16
<b>Total</b>	<b>196</b>	<b>676</b>	<b>-79</b>	<b>-124</b>

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 both the Nordic region and New Zealand have increased in the short end of the price curve compared with the previous quarter. Prices in the Nordic region are lower and prices in New Zealand are almost unchanged in the long end of the price curve.

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 first quarter of 2013 amounted to NOK 1 million.

## 9. THE NORSKE SKOG SHARE

	31 MAR 2013	31 DEC 2012	30 SEP 2012	30 JUN 2012	31 MAR 2012
Share price (NOK)	3.05	3.96	5.19	4.09	5.70
Book value of equity per share (NOK)	21.39	21.82	33.22	36.43	36.44

## 10. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 31 MARCH 2013	NUMBER OF SHARES	OWNERSHIP %
Nobelssystem Scandinavia AS	8 200 000	4.32
AT Skog BA	6 671 000	3.51
Skagen Vekst	5 970 000	3.14
Astrup Fearnley AS	5 189 688	2.73
Nordnet AB (Nominee)	5 155 111	2.71
Uthalden AS	3 820 000	2.01
Allskog BA	3 458 990	1.82
Fiducia AS	2 986 644	1.57
Clearstream Banking SA (Nominee)	2 939 441	1.55
Nordea Bank PLC Finland (Nominee)	2 764 300	1.46
AS Havlide	2 296 466	1.21
Awilco Invest AS	2 200 000	1.16
AS Herdebred	2 112 005	1.11
Danske Bank AS (Nominee)	2 080 162	1.10
Torstein I. Tvenge	2 000 000	1.05
Morgan Stanley & Co.	1 973 005	1.04
Mjøsen Skog SA	1 970 560	1.04
Shareholders with < 1% ownership	128 158 254	67.47
<b>Total</b>	<b>189 945 626</b>	<b>100.00</b>

## 11. 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 first quarter of 2013.



**NORSKE SKOGINDUSTRIER ASA**

Oksenøyveien 80  
Postboks 329, 1326 Lysaker

Telefon: 67 59 90 00

[www.norskeskog.com](http://www.norskeskog.com)

