

## INTRODUCTION

Norske Skog is a world leading producer of publication paper. Publication paper includes newsprint and magazine paper. The group has seven fully-owned mills in five countries and one partly-owned mill in Malaysia. The annual production capacity for the fully-owned mills is 2.8 million tonnes. Newsprint and magazine paper is sold through sales offices and agents to over 80 countries. The group has approximately 2 700 employees.

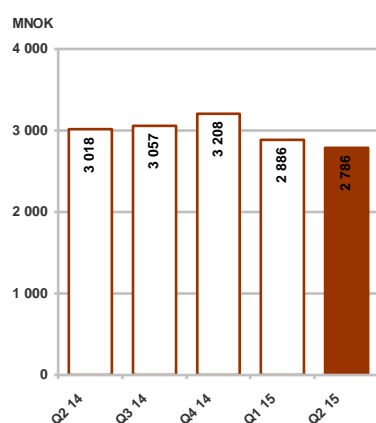
The parent company, Norske Skogindustrier ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on the Oslo Stock Exchange, with the ticker NSG.

Norske Skog has changed its accounting principle for embedded derivatives in energy contracts in Norway with effect from 1 January 2015. Comparable figures for 2014 have been restated as a result of the change in accounting practice.

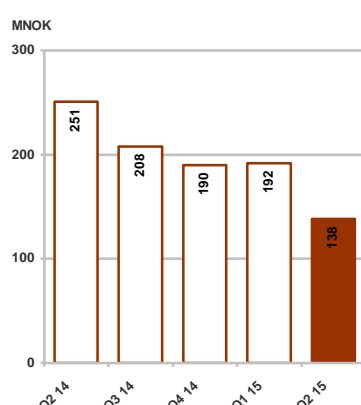
## KEY FIGURES (UNAUDITED)

NOK MILLION (unless otherwise stated)	Q2 2015	Q1 2015	Q2 2014 Restated	YTD 2015	YTD 2014 Restated
<b>INCOME STATEMENT</b>					
Operating revenue	2 786	2 886	3 018	5 672	5 885
Gross operating earnings	138	192	251	330	404
Operating earnings	-343	116	76	-227	84
Profit/loss for the period	-571	663	-148	91	-193
Earnings per share (NOK)	-3.01	3.49	-0.78	0.48	-1.02
<b>CASH FLOW</b>					
Net cash flow from operating activities	-252	-518	-252	-770	-256
Net cash flow from investing activities	-56	-26	231	-83	164
Cash flow per share (NOK)	-1.33	-2.73	-1.33	-4.06	-1.35
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
Gross operating margin	5.0	6.6	8.3	5.8	6.9
Return on capital employed (annualised)	3.9	7.0	9.2	5.6	5.4
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	603	624	656	1 227	1 316
Deliveries (1 000 tonnes)	596	591	651	1 187	1 271
Production / capacity (%)	82	83	88	83	89

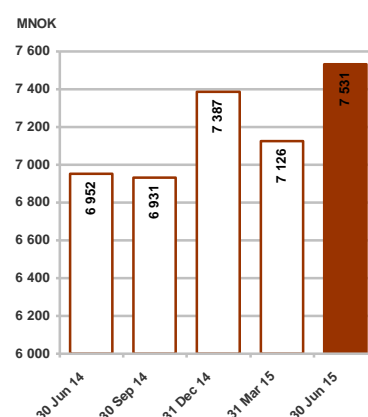
### OPERATING REVENUE



### GROSS OPERATING EARNINGS



### NET INTEREST-BEARING DEBT



NOK MILLION	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated	30 JUN 2014 Restated
<b>BALANCE SHEET</b>					
Non-current assets	9 511	10 293	10 607	9 903	10 464
Current assets	3 331	3 997	3 291	3 227	3 268
Total assets	12 842	14 290	13 899	13 131	13 732
Equity	1 381	2 037	1 497	2 033	2 427
Net Interest-bearing debt	7 531	7 126	7 387	6 931	6 952

## REPORT OF THE BOARD OF DIRECTORS FOR THE SECOND QUARTER OF 2015

- Gross operating earnings Q2 2015 NOK 138 million, a decline from NOK 251 million in Q2 2014 and from NOK 192 million in Q1 2015
  - Weak publication paper demand in 2015 and industry focus on market share
- Loss for the period NOK 571 million, comparing to a loss of NOK 148 million in the same period last year and a profit of NOK 663 million in the previous quarter
  - Q2 2015 loss significantly impacted by negative other gains and losses amounting to NOK 276 million
  - Q1 2015 profit reflected immediate deleveraging realized as part of group refinancing in February
- Net debt NOK 7 531 million, an increase from NOK 6 952 million a year ago and up from NOK 7 126 million last quarter.
  - Increase resulting from negative cash flow and unfavourable exchange rate effect on foreign denominated debt
  - Negative FX effect NOK 811 million year-over-year and NOK 23 million quarter-over-quarter
- Group support to operations at Walsum in Germany stopped
  - Write-off limited to NOK 19 million
  - Provision for costs related to the discontinuation included in Q2 2015 other gains and losses
- Growth opportunities beyond publication paper
  - Nature's Flame, wood pellets in New Zealand and biogas in Europe
  - Entering the tissue market. Converting the Bruck newsprint machine in Austria through JV structure

## INCOME STATEMENT

NOK MILLION	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
Operating revenue	2 786	2 886	3 018	5 672	5 885
Distribution costs	-296	-298	-306	-595	-605
Cost of materials	-1 682	-1 805	-1 773	-3 486	-3 590
Change in inventories	24	141	22	165	130
Fixed cost	-694	-733	-710	-1 426	-1 415
<b>Gross operating earnings</b>	<b>138</b>	<b>192</b>	<b>251</b>	<b>330</b>	<b>404</b>

Operating revenue declined year-over-year with low capacity utilisation in a challenging competitive environment. Compared to the previous quarter, revenue decreased with NOK appreciation and reduced higher price LWC sales following ceased support to operations at Walsum in Germany.

Distribution costs remained at around 10% of operating revenue in the periods. Cost of materials per sold tonne were somewhat lower with NOK appreciation and lower energy costs. Fruition of ongoing cost initiatives and deconsolidation of Walsum brought fixed cost below NOK 700 million per quarter.

Gross operating earnings declined year-over-year and quarter-over-quarter. An industry fight for newsprint market share in Europe was the main driver. The group's commercial policy, favouring cash to market share, hence resulted in a low utilisation rate. In Australasia, the conversion of one newsprint machine to magazine paper at Boyer in Tasmania in addition to seasonally low energy cost, helped to offset the challenging export market for newsprint to Asia. Newsprint prices in Asia are at historical low levels during the quarter.

NOK MILLION	Q2 2015	Q1 2015	Q2 2014 Restated	YTD 2015	YTD 2014 Restated
Depreciation	-191	-193	-180	-384	-361
Restructuring expenses	-15	-3	0	-18	-2
Other gains and losses	-276	121	5	-155	43
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>-343</b>	<b>116</b>	<b>76</b>	<b>-227</b>	<b>84</b>

Depreciation charges were broadly flat at just below NOK 200 million per quarter in the periods. Restructuring expenses of NOK 15 million were related to de-manning. No impairments were charged. Other

gains and losses mainly reflected reduced mark-to-market valuation of energy contracts, but also included a provision for costs related to ceased support of Walsum operations.

NOK MILLION	Q2 2015	Q1 2015	Q2 2014 Restated	YTD 2015	YTD 2014 Restated
Share of profit in associated companies	-9	-7	-3	-16	4
Financial items	-244	600	-284	356	-361
Income taxes	25	-46	63	-22	79
<b>Profit/loss for the period</b>	<b>-571</b>	<b>663</b>	<b>-148</b>	<b>91</b>	<b>-193</b>

Share of profit in associated companies is equity method income accounting of the group's one-third stake in Malaysian Newsprint Industries (MNI). MNI is lossmaking at the current price level for newsprint in Asia.

Q1 2015 financial items included large gains on bond buy backs related to the refinancing of the group.

Financial items include interest expenses, currency gains/losses and gains on bond buy-backs. The annual interest expenses through the income statement are higher than actual cash interest payments, as costs related to bond issuance are amortized over the lifetime of the bond.

Loss for the quarter, after depreciation, negative other gains and losses and financial items, was NOK 571 million. The profit in the previous quarter reflected the above mentioned financial items and positive other gains and losses.

## GROWTH OPPORTUNITIES BEYOND PUBLICATION PAPER

### NATURE'S FLAME

#### Biogas in Europe

Norske Skog is in a position to build biogas facilities at all mills, leveraging biowaste from the paper production to renewable energy. An onsite biogas facility brings twofold economic benefits; a new biogas revenue stream and reduced paper production costs. Biogas is further a renewable alternative to fossil fuels, which forms part of the carbon solution. Moreover, biogas has large potentials in improving urban air quality.

The construction of such a biogas facility, at Saugbrugs in Norway, has been board approved and financed. The total investment amounts to around NOK 150 million. Enova has granted NOK 50 million in support to the project, while Sparebank 1 Gruppen and Halden Municipality's pension fund has provided NOK 100 million in debt financing. The biogas facility will contribute to GOE in 2016 and be at full run-rate contribution in 2017. Run-rate payback time for the net investment is around 4 years. Norske Skog is currently considering replicating the project at its other mills.

#### Wood pellets in New Zealand

Norske Skog has acquired Nature's Flame, the market leader for wood pellets in New Zealand. The company has a domestic market share of around 70%. There are large environmental benefits to be

harvested in replacing fossil fuels for heating with renewable wood pellets.

The initial investment is small, with new production assets acquired at a fraction of construction costs. Initially, Norske Skog will lift the annual production at the company from 20 000 tonnes currently to 80 000 tonnes by year-end 2016. Norske Skog will gain export experience to Asia following the ramp-up of production. This initial phase is not capital intensive. If a proven stand-alone concept is established, Norske Skog will consider expanding the pellets production to the Tasman newsprint site, leveraging waste fibre for renewable pellets revenue. The export potential to Asia is large given the site's favourable New Zealand location.

### ENTERING THE TISSUE MARKET

Norske Skog is to convert the newsprint machine at Bruck in Austria to tissue production through a JV structure. Norske Skog Bruck has formed a JV with established Italian producer and distributor of tissue, Roto-cart. Roto-cart was founded in 1981 and is headquartered in Veneto, North-Italy. The group has annual revenue of around EUR 50 million. The JV structure limits the market risk and capex spend for Norske Skog.

The total investment for the tissue conversion project is around EUR 80 million, with project financing 75% debt and 25% equity. The run-rate payback time for the total project is around 5 years.

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

NOK MILLION (unless otherwise stated)	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
Operating revenue	1 946	2 026	2 266	3 972	4 476
<b>Gross operating earnings</b>	<b>52</b>	<b>95</b>	<b>173</b>	<b>147</b>	<b>293</b>
Gross operating margin (%)	2.7	4.7	7.6	3.7	6.5
Return on capital employed (%) (annualised)	3.1	5.4	10.1	4.4	7.5
Production (1 000 tonnes)	443	467	497	910	1 015
Deliveries (1 000 tonnes)	441	436	504	877	994
Production / capacity (%)	80	82	87	81	89

The segment constitutes Norske Skog's European operations in the publication paper market, with mills in Norway, France and Austria. Annual production capacity is 2.1 million tonnes.

Operating revenue declined with NOK appreciation and less higher price LWC sales following the discontinuation at Walsum. Capacity utilisation was reduced in accordance with the group's commercial policy favouring cash to market share.

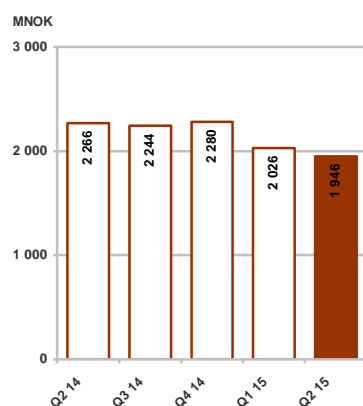
Variable cost per tonne decreased in Q2 2015 reflecting the discontinuation of high cost production at Walsum. Fixed costs in the quarter declined to below NOK 500 million.

The low sales volume, a less favourable sales mix and continued losses at Walsum through to May contributed to reduced gross operating earnings both year-over-year and quarter-over-quarter.

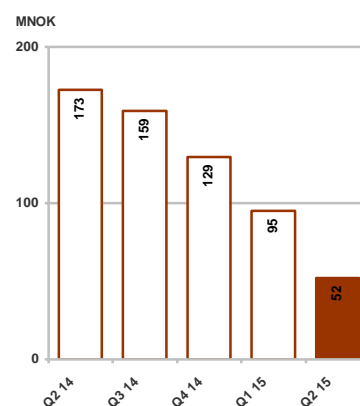
Demand for newsprint and magazine paper in Europe decreased by 10% and 4% respectively through May of 2015, compared to the same period last year.

Capacity utilisation was historically low at 80% in Q2 2015, a shift from 87% in the same period last year and 82% in the previous quarter.

#### OPERATING REVENUE



#### GROSS OPERATING EARNINGS



### PUBLICATION PAPER AUSTRALASIA

NOK MILLION (unless otherwise stated)	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
Operating revenue	839	863	755	1 072	1 413
<b>Gross operating earnings</b>	<b>101</b>	<b>95</b>	<b>82</b>	<b>196</b>	<b>136</b>
Gross operating margin (%)	12.0	11.0	10.9	11.5	9.6
Return on capital employed (%) (annualised)	9.2	8.9	8.5	9.2	4.0
Production (1 000 tonnes)	160	158	159	317	290
Deliveries (1 000 tonnes)	155	155	147	310	277
Production / capacity (%)	89	88	91	89	91

The segment consists of Norske Skog's operations in Australasia, with mills in Australia and New Zealand. Annual production capacity is 0.7 million tonnes.

Operating revenue declined slightly with AUD depreciation and challenging export markets for newsprint to Asia.

Variable costs per tonne decreased in Q2 2015 with seasonally lower energy costs. Fixed costs were flat.

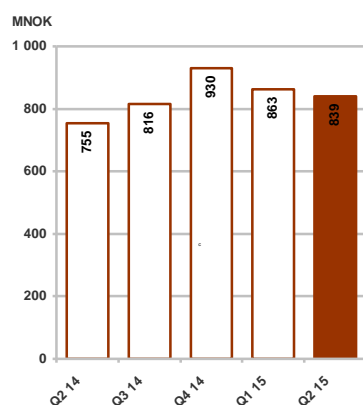
Gross operating earnings improved year-over-year with the completion of the Boyer conversion and increased somewhat quarter-over-quarter with lower costs.

Demand for newsprint in Australia decreased by around 10% in the first five months of the year compared to the same period last year, while demand for magazine paper was relatively stable.

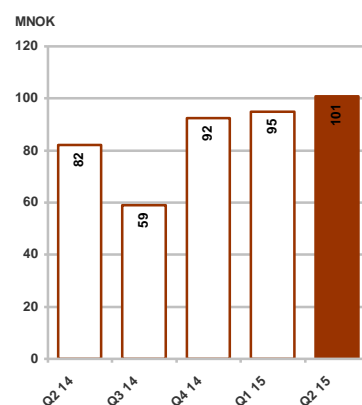
Capacity utilisation was 89% in the second quarter with magazine paper production at Boyer offsetting the challenges posed by the

Asian export markets for newsprint.

### OPERATING REVENUE



### GROSS OPERATING EARNINGS



### OTHER ACTIVITIES

NOK MILLION	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
Operating revenue	32	29	34	61	68
<b>Gross operating earnings</b>	<b>-15</b>	<b>2</b>	<b>-4</b>	<b>-13</b>	<b>-25</b>

Other activities mainly consist of unallocated group costs and purchase and resale activities to the business units. The positive gross operating earnings in Q1 2015 were related to accounting

treatment of intra company transactions with no impact on consolidated figures

### CASH FLOW

NOK MILLION	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
Gross operating earnings	138	192	251	330	404
Change in working capital	-9	-546	44	-555	84
Restructuring activities	-1	-4	-21	-5	-132
Other items	-28	-17	-66	-45	-76
Net financial items	-341	-131	-458	-472	-516
Taxes paid	-12	-11	-2	-23	-19
<b>Net cash flow from operating activities</b>	<b>-252</b>	<b>-518</b>	<b>-252</b>	<b>-770</b>	<b>-256</b>
<b>Cash flow from investing activities</b>	<b>-48</b>	<b>-26</b>	<b>-29</b>	<b>-74</b>	<b>-146</b>

Working capital was practically flat in 2Q 2015. The large increase in the previous quarter reflected seasonality and opportunistic capturing of supplier cash discounts.

Cash flow from investing activities reflected maintenance investments and the acquisition of Nature's Flame in New Zealand.

Net financial items were primarily coupon payments on issued bonds. About half of the groups annual interest payments are due in the second quarter each year.

## BALANCE SHEET

NOK MILLION	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 JUN 2014 Restated
Non-current assets	9 511	10 293	10 607	10 464
<b>Cash and cash equivalents</b>	<b>896</b>	<b>1 306</b>	<b>710</b>	<b>580</b>
Other current assets	2 435	2 691	2 581	2 668
Total assets	12 842	14 290	13 899	13 732
<b>Equity including non-controlling interests</b>	<b>1 381</b>	<b>2 037</b>	<b>1 497</b>	<b>2 427</b>
Non-current liabilities	8 195	9 766	8 713	8 885
Current liabilities	3 267	2 487	3 688	2 420
<b>Net interest-bearing debt</b>	<b>7 531</b>	<b>7 126</b>	<b>7 387</b>	<b>6 952</b>

Equity was NOK 1 381 million at quarter end Q2 2015. The decrease largely reflected the loss for the period. Equity per share was NOK 7. A specification of changes in equity is shown on page 10. Total assets declined with deconsolidation of Walsum, a negative cash flow from operations and depreciation charges.

Net interest-bearing debt was NOK 7 531 million at quarter end Q2 2015, an increase of NOK 579 million from a year ago and NOK

405 million higher than the previous quarter. A negative translation effect on foreign denominated debt reflecting NOK depreciation and a negative cash flow drove the increase.

Cash and cash equivalents amounted to NOK 896 million at quarter end Q2 2015.

## 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

## 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.

The main financial risks are related to the development of key currencies and liquidity from operations. 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 2014.

## OUTLOOK

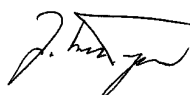
The market balance for newsprint and magazine paper in Europe has improved following capacity closures in the industry. This has led to higher LWC prices into 2H15. SC and newsprint prices are expected to follow into 4Q15 with a seasonal uptick in demand. The loss making activities at Walsum, which was fully deconsolidated in June 2015, will no longer weigh on group results.

The group has a significant competitive advantage in Australia and New Zealand, being the sole domestic producer of newsprint and magazine paper. However, the export markets for newsprint to Asia pose a challenge with historically low prices. A challenge that becomes larger as the domestic market declines.

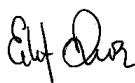
Consumption of input factors are set to decrease with ongoing efficiency projects at all mills. Quarterly fixed costs should reach a year-end run-rate of NOK 650 million.

The growth investments beyond paper will contribute to gross operating earnings from 2016. The full run-rate potential is expected to be realized within a timeframe of 3-4 years.

### SKØYEN, 15 JULY 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Jon-Aksel Torgersen  
Chair



Eilif Due  
Board member



Ole Enger  
Board member



Siri Beate Hatlen  
Board member



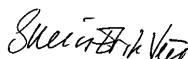
Karin Bing Orgland  
Board member



Cecilie Jonassen  
Board member



Paul Kristiansen  
Board member



Svein Erik Veie  
Board member



Sven Ombudstvedt  
President and CEO

# INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2015

## CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q2 2015	Q1 2015	Q2 2014 Restated	YTD 2015	YTD 2014 Restated
<b>Operating revenue</b>	6	<b>2 786</b>	<b>2 886</b>	<b>3 018</b>	<b>5 672</b>	<b>5 885</b>
Distribution costs		-296	-298	-306	-595	-605
Cost of materials		-1 682	-1 805	-1 773	-3 486	-3 590
Change in inventories		24	141	22	165	130
Employee benefit expenses		-475	-496	-487	-972	-958
Other operating expenses		-219	-236	-223	-455	-457
<b>Gross operating earnings</b>		<b>138</b>	<b>192</b>	<b>251</b>	<b>330</b>	<b>404</b>
Depreciation	4	-191	-193	-180	-384	-361
Restructuring expenses		-15	-3	0	-18	-2
Other gains and losses	8	-276	121	5	-155	43
Impairments	3, 4	0	0	0	0	0
<b>Operating earnings</b>		<b>-343</b>	<b>116</b>	<b>76</b>	<b>-227</b>	<b>84</b>
Share of profit in associated companies		-9	-7	-3	-16	4
Financial items		-244	600	-284	356	-361
<b>Profit/loss before income taxes</b>		<b>-596</b>	<b>709</b>	<b>-211</b>	<b>113</b>	<b>-272</b>
Income taxes		25	-46	63	-22	79
<b>Profit/loss for the period</b>		<b>-571</b>	<b>663</b>	<b>-148</b>	<b>91</b>	<b>-193</b>
<b>Profit/loss for the period attributable to:</b>						
Owners of the parent		-571	663	-148	91	-193
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		3.01	3.49	-0.78	0.48	-1.02

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

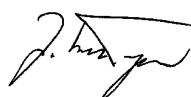
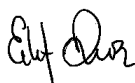
NOK MILLION	Q2 2015	Q1 2015	Q2 2014 Restated	YTD 2015	YTD 2014 Restated
<b>Profit/loss for the period</b>	<b>-571</b>	<b>663</b>	<b>-148</b>	<b>91</b>	<b>-193</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	-187	-369	223	556	261
Tax expense on translation differences	22	189	0	211	25
Hedge of net investment in foreign operations	-16	58	-44	42	-20
Tax expense on net investment hedge	0	0	0	0	0
Reclassified translation differences upon divestment of foreign operations	95	0	0	95	0
Reclassified hedging gain/loss on net investment upon divestment of foreign operations	0	0	0	0	0
Tax expense on reclassifications	0	0	0	0	0
Other items	0	0	-7	0	-7
Tax expense on other items	0	0	0	0	0
<b>Total</b>	<b>-84</b>	<b>-123</b>	<b>172</b>	<b>-207</b>	<b>259</b>
<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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period</b>	<b>-84</b>	<b>-123</b>	<b>172</b>	<b>-207</b>	<b>259</b>
<b>Comprehensive income for the period</b>	<b>-655</b>	<b>540</b>	<b>24</b>	<b>-116</b>	<b>66</b>
<b>Comprehensive income for the period attributable to:</b>					
Owners of the parent	-655	540	24	-116	66
Non-controlling interests	0	0	0	0	0



## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 JUN 2014 Restated	1 JAN 2014 Restated
Deferred tax asset		316	288	520	586	472
Intangible assets	4	84	97	92	85	152
Property, plant and equipment	3, 4	8 395	8 973	9 180	9 057	9 025
Investments in associated companies		405	433	429	392	595
Other non-current assets	8	310	502	387	344	299
<b>Total non-current assets</b>		<b>9 511</b>	<b>10 293</b>	<b>10 607</b>	<b>10 464</b>	<b>10 542</b>
Inventories		1 306	1 455	1 334	1 456	1 274
Trade and other receivables		1 080	1 181	1 209	1 176	1 574
Cash and cash equivalents	7	896	1 306	710	580	1 015
Other current assets	8	49	56	39	55	141
<b>Total current assets</b>		<b>3 331</b>	<b>3 997</b>	<b>3 291</b>	<b>3 268</b>	<b>4 005</b>
<b>Total assets</b>		<b>12 842</b>	<b>14 290</b>	<b>13 899</b>	<b>13 732</b>	<b>14 548</b>
Paid-in equity		12 302	12 302	12 302	12 302	12 302
Retained earnings and other reserves		-10 921	-10 266	-10 805	-9 876	-9 942
Non-controlling interests		0	0	0	0	0
<b>Total equity</b>		<b>1 381</b>	<b>2 037</b>	<b>1 497</b>	<b>2 427</b>	<b>2 360</b>
Pension obligations		275	792	820	718	714
Deferred tax liability		399	396	415	408	392
Interest-bearing non-current liabilities	7	7 164	8 117	7 004	7 391	6 973
Other non-current liabilities	8	357	461	474	368	479
<b>Total non-current liabilities</b>		<b>8 195</b>	<b>9 766</b>	<b>8 713</b>	<b>8 885</b>	<b>8 559</b>
Interest-bearing current liabilities	7	1 338	393	1 267	314	1 044
Trade and other payables		1 718	1 800	2 172	1 907	2 040
Tax payable		36	3	13	11	39
Other current liabilities	8	175	291	236	188	506
<b>Total current liabilities</b>		<b>3 267</b>	<b>2 487</b>	<b>3 688</b>	<b>2 420</b>	<b>3 628</b>
<b>Total liabilities</b>		<b>11 461</b>	<b>12 253</b>	<b>12 401</b>	<b>11 305</b>	<b>12 187</b>
<b>Total equity and liabilities</b>		<b>12 842</b>	<b>14 290</b>	<b>13 899</b>	<b>13 732</b>	<b>14 548</b>

SKØYEN, 15 JULY 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA

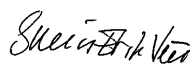
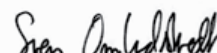

Jon-Aksel Torgersen  
Chair

Eilif Due  
Board member

Ole Enger  
Board member

Siri Beate Hatlen  
Board member

Karin Bing Orgland  
Board member

Cecilie Jonassen  
Board member

Paul Kristiansen  
Board member

Svein Erik Veie  
Board member

Sven Ombudstvedt  
President and CEO

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
Cash generated from operations	2 723	2 849	3 078	5 571	6 258
Cash used in operations	-2 621	-3 225	-2 871	-5 846	-5 979
Cash from net financial items	-341	-131	-458	-472	-516
Taxes paid	-12	-11	-2	-23	-19
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>-252</b>	<b>-518</b>	<b>-252</b>	<b>-770</b>	<b>-256</b>
Purchases of property, plant and equipment and intangible assets	-48	-26	-29	-75	-146
Sales of property, plant and equipment and intangible assets	0	1	0	1	1
Dividend received	0	0	0	0	0
Purchase of shares in companies and other investments	0	-1	-4	-1	-8
Sales of shares in companies and other investments	-8	0	265	-8	317
<b>Net cash flow from investing activities</b>	<b>-56</b>	<b>-26</b>	<b>231</b>	<b>-83</b>	<b>164</b>
New loans raised	86	2 315	229	2 401	402
Repayments of loans	-181	-1 184	-543	-1 365	-780
<b>Net cash flow from financing activities</b>	<b>-95</b>	<b>-1 131</b>	<b>-313</b>	<b>-1 035</b>	<b>-378</b>
Foreign currency effects on cash and cash equivalents	-5	10	36	5	35
<b>Total change in cash and cash equivalents</b>	<b>-410</b>	<b>597</b>	<b>-298</b>	<b>187</b>	<b>-435</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 306</b>	<b>710</b>	<b>878</b>	<b>710</b>	<b>1 015</b>
<b>Cash and cash equivalents at end of period</b>	<b>896</b>	<b>1 306</b>	<b>580</b>	<b>896</b>	<b>580</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	138	192	251	330	404
Change in working capital	-9	-546	44	-555	84
Payments made relating to restructuring activities	-1	-4	-21	-5	-132
Adjustment for other items	-28	-17	-66	-45	-76
Cash flow from net financial items	-341	-131	-458	-472	-516
Taxes paid	-12	-11	-2	-23	-19
<b>Net cash flow from operating activities</b>	<b>-252</b>	<b>-518</b>	<b>-252</b>	<b>-770</b>	<b>-256</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 2014</b>	<b>12 302</b>	<b>-10 205</b>	<b>-190</b>	<b>269</b>	<b>2 175</b>	<b>0</b>	<b>2 175</b>
Effect of changed accounting practice	0	185	0	0	185	0	185
<b>Equity 1 January 2014 (restated)</b>	<b>12 302</b>	<b>-10 020</b>	<b>-190</b>	<b>269</b>	<b>2 360</b>	<b>0</b>	<b>2 360</b>
Profit/loss for the period	0	-45	0	0	-45	0	-45
Other comprehensive income for the period	0	0	24	63	87	0	87
<b>Equity 31 March 2014</b>	<b>12 302</b>	<b>-10 065</b>	<b>-166</b>	<b>332</b>	<b>2 403</b>	<b>0</b>	<b>2 403</b>
Profit/loss for the period	0	-148	0	0	-148	0	-148
Other comprehensive income for the period	0	0	-44	216	172	0	172
<b>Equity 30 June 2014</b>	<b>12 302</b>	<b>-10 213</b>	<b>-210</b>	<b>548</b>	<b>2 427</b>	<b>0</b>	<b>2 427</b>
Profit/loss for the period	0	-1 284	0	0	-1 284	0	-1 284
Other comprehensive income for the period	0	0	-121	476	355	0	355
<b>Equity 31 December 2014</b>	<b>12 302</b>	<b>-11 497</b>	<b>-331</b>	<b>1 023</b>	<b>1 497</b>	<b>0</b>	<b>1 497</b>
Profit/loss for the period	0	663	0	0	663	0	663
Other comprehensive income for the period	0	0	58	-181	-123	0	-123
<b>Equity 31 March 2015</b>	<b>12 302</b>	<b>-10 834</b>	<b>-273</b>	<b>842</b>	<b>2 037</b>	<b>0</b>	<b>2 037</b>
Profit/loss for the period	0	-571	0	0	-571	0	-571
Other comprehensive income for the period	0	0	-16	-68	-84	0	-84
<b>Equity 30 June 2015</b>	<b>12 302</b>	<b>-11 406</b>	<b>-257</b>	<b>744</b>	<b>1 381</b>	<b>0</b>	<b>1 381</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.

The interim financial statements were authorised for issue by the board of directors in Norske Skogindustrier ASA on 15 July 2015.

Norske Skog's accounting treatment of embedded derivatives in energy contracts in Norway has been changed with effect from 1 January 2015.

A minor update of Norske Skog's segment structure, within other activities, has been made in the second quarter of 2015. The change

is related to the acquisition of Nature's Flame on New Zealand in June 2015. 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 table below shows the applied average (un-weighted monthly) quarterly foreign exchange rates (Q2 2015 and Q1 2015) and the closing exchange rate (30 June 2015, 31 March 2015 and 31 December 2014) for the most important currencies for the Norske Skog group.

	Q2 2015	Q1 2015	30 JUN 2015	31 MAR 2015	31 DEC 2014
AUD	6.03	6.10	6.04	6.15	6.09
EUR	8.55	8.73	8.79	8.70	9.04
GBP	11.87	11.75	12.36	11.97	11.57
NZD	5.67	5.83	5.31	6.05	5.83
USD	7.75	7.75	7.86	8.09	7.43

## 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 2014. 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 2014, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2015. These changes are described in the annual financial statements for 2014.

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

From the first quarter of 2015, Norske Skog has changed its accounting practice for embedded derivatives in energy contracts in Norway. The new accounting policy is assessed to result in financial reporting that is more aligned to the rationale for requiring separation of embedded derivatives and will accordingly result in more relevant and less volatile information being presented to the users of the financial statements. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates*, 2014 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 practices are further described in Note 8.

## 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 triggers for further impairments or reversals of previous impairments should be made at 30 June 2015.

### *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 2014 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 2014 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 as well as assessments from public authorities in each country it operates.

Norske Skog has continued the process related to simplification of the group's corporate structure in 2015. The simplification of the group's corporate structure in combination with changes in individual countries' tax laws could increase the group's tax exposure. However, due to completed reorganisations and tax assessments, the overall tax exposure has decreased during the last years.

## 4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-JUN	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 180	92	9 272
Additions <sup>1)</sup>	72	23	95
Depreciation	-381	-3	-384
Impairments	0	0	0
Value changes	-5	0	-5
Disposals	-330	-27	-357
Currency translation differences	-141	-1	-142
<b>Carrying value at end of period</b>	<b>8 395</b>	<b>84</b>	<b>8 479</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, accruals for payments and other additions with no cash impact.

### PROPERTY, PLANT AND EQUIPMENT PER SEGMENT

	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Publication paper Europe	4 632	1	4 633
Publication paper Australasia	3 722	11	3 733
Other activities	41	73	114
<b>Total</b>	<b>8 395</b>	<b>84</b>	<b>8 479</b>

## 5. OPERATIONS AT WALSUM

In June 2015, the board of directors of Norske Skogindustrier ASA decided to cease the support of the operations at Walsum Papier GmbH. Norske Skog is no longer the controlling owner of the mill, and Walsum Papier GmbH was therefore deconsolidated in the interim financial statements in the second quarter of 2015.

Walsum Papier GmbH was deconsolidated from the beginning of June 2015. A net loss of NOK 164 million was recognised in the second quarter of 2015 in the income statement line Other gains and losses. This amount includes a cumulative loss of NOK 95 million related to currency translation differences that were recognised

directly in equity during the ownership period and reclassified to the income statement when the operations were terminated. The mentioned amount of NOK 95 million did consequently not have an adverse impact on the group's comprehensive income for the second quarter of 2015 or on net equity 30 June 2015.

The income statement for the Norske Skog group include figures from Walsum Papier GmbH up until 31 May 2015. Assets and liabilities were derecognised in the Norske Skog group's balance sheet from the beginning of June 2015.

## 6. OPERATING SEGMENTS

The activities of the Norske Skog group are 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. During second quarter of 2015 other activities has been extended with a sub-segment named Green energy. This sub-segment consist of Nature's Flame, a New Zealand based wood pellets producer acquired in June 2015.

The publication paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the four European mills and the regional sales organization are included in the operating segment publication paper Europe.

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.

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, energy (commodity contracts and embedded derivatives in commodity contracts) and other holding company activities. From the second quarter of 2015, it also include the Green energy business.

Q2 2015	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>1 946</b>	<b>839</b>	<b>32</b>	<b>-31</b>	<b>2 786</b>
Distribution costs	-201	-94	-1	0	-296
Cost of materials	-1 224	-456	-2	0	-1 682
Change in inventories	11	13	0	0	24
Employee benefit expenses	-328	-124	-22	0	-475
Other operating expenses	-150	-77	-22	30	-219
<b>Gross operating earnings</b>	<b>52</b>	<b>101</b>	<b>-15</b>	<b>0</b>	<b>138</b>
Depreciation	-103	-85	-3	0	-191
Restructuring expenses	1	-14	-3	0	-15
Other gains and losses	-165	-4	-107	0	-276
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>-214</b>	<b>-1</b>	<b>-127</b>	<b>0</b>	<b>-343</b>
Share of operating revenue from external parties (%)	100	100	13		100

Q1 2015	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 026</b>	<b>863</b>	<b>29</b>	<b>-31</b>	<b>2 886</b>
Distribution costs	-197	-102	0	0	-298
Cost of materials	-1 364	-475	34	0	-1 805
Change in inventories	131	11	0	0	141
Employee benefit expenses	-335	-130	-32	0	-496
Other operating expenses	-166	-72	-30	31	-236
<b>Gross operating earnings</b>	<b>95</b>	<b>95</b>	<b>2</b>	<b>0</b>	<b>192</b>
Depreciation	-105	-86	-2	0	-193
Restructuring expenses	0	-3	0	0	-3
Other gains and losses	1	-1	120	0	121
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>-9</b>	<b>5</b>	<b>120</b>	<b>0</b>	<b>116</b>
Share of operating revenue from external parties (%)	100	100	2		100

Q2 2014 (restated)	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 266</b>	<b>755</b>	<b>34</b>	<b>-37</b>	<b>3 018</b>
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
<b>Gross operating earnings</b>	<b>173</b>	<b>82</b>	<b>-4</b>	<b>0</b>	<b>251</b>
Depreciation	-98	-81	-1	0	-180
Restructuring expenses	0	0	0	0	0
Other gains and losses	3	-6	8	0	5
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>77</b>	<b>-4</b>	<b>3</b>	<b>0</b>	<b>76</b>
Share of operating revenue from external parties (%)	100	100	0		100

YTD 2015	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>3 972</b>	<b>1 702</b>	<b>61</b>	<b>-62</b>	<b>5 672</b>
Distribution costs	-398	-196	-1	0	-595
Cost of materials	-2 588	-931	32	0	-3 486
Change in inventories	141	23	0	0	165
Employee benefit expenses	-663	-254	-54	0	-972
Other operating expenses	-317	-149	-51	62	-455
<b>Gross operating earnings</b>	<b>147</b>	<b>196</b>	<b>-13</b>	<b>0</b>	<b>330</b>
Depreciation	-208	-170	-5	0	-384
Restructuring expenses	1	-17	-3	0	-18
Other gains and losses	-164	-4	13	0	-155
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>-223</b>	<b>4</b>	<b>-8</b>	<b>0</b>	<b>-227</b>
Share of operating revenue from external parties (%)	100	100	8		100

YTD 2014 (restated)	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>4 476</b>	<b>1 413</b>	<b>68</b>	<b>-72</b>	<b>5 885</b>
Distribution costs	-436	-169	0	0	-605
Cost of materials	-2 796	-794	0	0	-3 590
Change in inventories	72	57	0	0	130
Employee benefit expenses	-676	-235	-47	0	-958
Other operating expenses	-348	-136	-45	72	-457
<b>Gross operating earnings</b>	<b>293</b>	<b>136</b>	<b>-25</b>	<b>0</b>	<b>404</b>
Depreciation	-196	-160	-5	0	-361
Restructuring expenses	-2	0	0	0	-2
Other gains and losses	3	-16	56	0	43
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>98</b>	<b>-41</b>	<b>27</b>	<b>0</b>	<b>84</b>
Share of operating revenue from external parties (%)	99	100	0		100

## OTHER ACTIVITIES

INCOME STATEMENT	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
<b>OPERATING REVENUE</b>					
Corporate functions	27	27	32	55	65
Green energy	3	0	0	3	0
Miscellaneous	0	8	8	8	16
Eliminations	0	-6	-7	-5	-13
<b>Total</b>	<b>32</b>	<b>29</b>	<b>34</b>	<b>61</b>	<b>68</b>
<b>GROSS OPERATING EARNINGS</b>					
Corporate functions	-15	1	-3	-13	-18
Green energy	1	0	0	1	0
Miscellaneous	-1	0	-1	0	-7
Eliminations	0	0	0	-1	0
<b>Total</b>	<b>-15</b>	<b>2</b>	<b>-4</b>	<b>13</b>	<b>-25</b>

## 7. FINANCIAL ITEMS AND INTEREST-BEARING DEBT

## FINANCIAL ITEMS

	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014
<b>Net interest expenses</b>	<b>-226</b>	<b>-205</b>	<b>-149</b>	<b>-432</b>	<b>-303</b>
Currency gains/losses <sup>1)</sup>	-3	-71	-121	-74	-26
Other financial items	-15	877	-15	862	-32
<b>Total financial items</b>	<b>-244</b>	<b>600</b>	<b>-284</b>	<b>356</b>	<b>-361</b>

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

On 22 January 2015, Norske Skog launched two separate offers (i) an offering of EUR 290 million (EUR 179 million) Senior Secured Notes (SSN) due December 2019 and (ii) an exchange offer of existing notes.

On 24 February 2015, Norske Skog completed the refinancing of a portion of its bond maturities through the issuance of EUR 290 million senior secured notes (SSN) and the exchange of existing bonds into new bonds with longer maturities. Norske Skog extended the maturities on a significant portion of its indebtedness, with new notes maturing in 2019, 2021 and 2023. The new EUR 290 million SSN mature in December 2019 and is structurally senior to all remaining existing notes and notes issued in the exchange offer. The exchange notes are structurally junior to the SSN, but structurally senior to remaining existing notes and mature in 2021 and 2023. The remaining existing are structurally junior to the SSN and exchange notes.

More than 75% of the existing bond holders consented to the transactions, and approximately 45% of the existing bonds participated in the exchange offer. Norske Skog recognised a net gain in connection with the refinancing of NOK 869 million in first quarter 2015, included in Other financial items in the table above.

In January, prior to the offering of the SSN and the exchange offer, several changes in the Norske Skog corporate structure were made. Norske Skog AS was established as the issuer of the SSN, while Norske Skog Holding AS was established as the offeror of the exchange notes.

## 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 75 million is included in interest-bearing debt at 30 June 2015.

The corresponding figure at 31 March 2015 was NOK 78 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 JUNE 2015	REPORTED KEY FIGURES
Interest-bearing non-current liabilities	7 164
Interest-bearing current liabilities	1 338
- Hedge reserve	75
- Cash and cash equivalents	896
<b>= Net interest-bearing debt</b>	<b>7 531</b>

## DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	30 JUN 2015
2015 – third quarter	11
2015 – fourth quarter	317
2016	1 238
2017	2 107
2018	29
2019	2 578
2020	27
2021	1 412
2022	15
2023	494
2024	15
2025 to 2033	748
<b>Total</b>	<b>8 990</b>

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

This is due to the amortized cost principle (discounts on issued bonds and transaction costs) and hedge reserve.

## BONDS

Bond financing constitutes the majority of Norske Skog's total debt financing. The 2015, 2016, 2017 and 2033 bonds are issued by Norske Skogindustrier ASA and are unsecured. The 2019 bond is issued by Norske Skog AS and is secured. The 2021 and 2023 bonds

are issued by Norske Skog Holding AS and are unsecured. The table below shows Norske Skog's issued bonds at 30 June 2015.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 30 JUN 2015
October 2015	USD	6.125%	USD 200 mill	USD 38 mill
February 2023	USD	8.00%	USD 61 mill	USD 61 mill
October 2033	USD	7.125%	USD 200 mill	USD 95 mill
June 2016	EUR	11.75%	EUR 150 mill	EUR 108 mill
June 2017	EUR	7.00%	EUR 500 mill	EUR 212 mill
December 2019	EUR	11.75%	EUR 290 mill	EUR 290 mill
February 2021	EUR	8.00%	EUR 159 mill	EUR 159 mill

Norske Skog has bought back bonds for approximately NOK 54 million (par value) in aggregate of bonds falling due in 2016 during the second quarter of 2015. Annually saved interest cost on the bought back bonds amounts to approximately NOK 6 million.



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

30 JUN 2015	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	7	154	-41	-26
Energy contracts (level 2)	30	3	0	0
Other raw material contracts (level 3)	0	0	0	0
Other derivatives and financial instruments carried at fair value (level 2)	0	0	0	0
<b>Total</b>	<b>37</b>	<b>157</b>	<b>-41</b>	<b>-26</b>

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 have decreased in the short end of the price curve while the prices in the long end are virtually unchanged 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 -201 million in the second quarter of 2015 (NOK 117 million in the first quarter of 2015).

Norske Skog has changed its accounting principle for embedded derivatives in energy contracts in Norway with effect from 1 January 2015, with full retrospective application. Comparable figures for 2014 have been restated. Since the change in accounting principle is applied retrospectively, the balance sheet at 1 January 2014 has been included in the interim financial statements for the first quarter of 2015.

The change in accounting principle regards which economic characteristics and risks of embedded derivatives that are considered closely related to a power purchase or sale contract between buyers and sellers in Norway. An embedded foreign currency derivative is

closely related, and shall accordingly not be accounted for separately, if it is commonly used in the economic environment in which the transaction takes place. As of 1 January 2015, Norske Skog has changed its interpretation of what is considered an economic environment for the purpose of separation of embedded foreign currency derivatives in non-financial contracts, so that the Norwegian and Nordic power market is considered an economic environment for these purposes. Norske Skog has assessed EUR to be a commonly used currency in the Norwegian and Nordic power market, including in long-term contracts to buy or sell physical power between buyers and sellers in this market. The energy market in Europe is further assessed to be an integrated economic environment where contracts to buy and sell power are commonly denominated in EUR. In addition, Norske Skog has reassessed and concluded that general inflation indexes in long-term physical energy purchase contracts may be considered closely related, and accordingly not required to be accounted for separately, when the purpose and effect of including them is to ensure that the prices in the contracts are adjusted to the general price level where the transaction takes place.

The comparable figures for 2014 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, Retained earnings and other reserves, Other non-current liabilities and Other current liabilities. Retained earnings and other reserves were increased by NOK 185 million at 1 January 2014 (increased by NOK 96 million at 30 June 2014 and increased by NOK 212 million at 31 December 2014).

## 9. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 30 JUNE 2015	NUMBER OF SHARES	OWNERSHIP %
Nobelssystem Scandinavia AS	10 000 000	5.26
Kontrari AS	8 520 684	4.49
Citibank N.A	5 913 423	3.11
Skandinaviska Enskilda Banken	5 439 000	2.86
Astrup Fearnley AS	5 189 688	2.73
Nil Spectatio Finans AS	4 500 000	2.37
Uthalden A/S	4 450 000	2.34
AT Skog BA	3 870 203	2.04
Nordnet Bank AB (Nominee)	3 553 768	1.87
Allskog BA	3 493 238	1.84
Fiducia AS	2 986 644	1.57
SES AS	2 600 000	1.57
Alfaplan AS	2 040 000	1.07
Barokk Invest AS	2 000 000	1.05
Torstein I. Tvenge	2 000 000	1.05
Myra Matsenter AS	1 989 192	1.05
Danske Bank A/S (Nominee)	1 803 286	0.95
Allskog Holding AS	1 802 424	0.95
Clearstream Banking	1 721 551	0.91
Suveren AS	1 700 650	0.90
Shareholders with < 1% ownership	114 371 875	60.21
<b>Total</b>	<b>189 945 626</b>	<b>100.00</b>

The data is provided by VPS. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

## 10. THE NORSKE SKOG SHARE

	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated	30 JUN 2014 Restated
Share price (NOK)	3.58	4.57	3.84	3.94	4.92
Book value of equity per share (NOK)	7.54	10.72	7.88	10.70	12.78

## 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 second quarter of 2015.

## 12. HISTORICAL FIGURES

INCOME STATEMENT	Q2 2015	Q1 2015	Q4 2014 Restated	Q3 2014 Restated	Q2 2014 Restated
<b>Operating revenue</b>	<b>2 786</b>	<b>2 886</b>	<b>3 208</b>	<b>3 057</b>	<b>3 018</b>
Variable costs	-1 954	-1 962	-2 296	-2 144	-2 057
Fixed costs	-694	-733	-722	-705	-710
<b>Gross operating earnings</b>	<b>138</b>	<b>192</b>	<b>190</b>	<b>208</b>	<b>251</b>
Depreciation	-191	-193	-188	-186	-180
Restructuring expenses	-15	-3	-7	5	0
Other gains and losses	-276	121	29	-33	5
<b>Operating earnings</b>	<b>343</b>	<b>116</b>	<b>24</b>	<b>-6</b>	<b>76</b>
Share of profit in associated companies	-9	-7	-4	0	-3
Financial items	-244	600	-858	-138	-284
<b>Profit/loss before income taxes</b>	<b>-596</b>	<b>709</b>	<b>-839</b>	<b>-143</b>	<b>-211</b>
Income taxes	25	-46	-178	-124	63
<b>Profit/loss for the period</b>	<b>-571</b>	<b>663</b>	<b>-1 017</b>	<b>-267</b>	<b>-148</b>

SEGMENT INFORMATION	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<b>Publication paper Europe</b>					
Operating revenue	1 946	2 026	2 280	2 244	2 266
Gross operating earnings	52	95	129	159	173
Deliveries (1 000 tonnes)	441	436	496	508	504
<b>Publication paper Australasia</b>					
Operating revenue	839	863	930	816	755
Gross operating earnings	101	95	92	59	82
Deliveries (1 000 tonnes)	155	155	180	161	147
<b>Other activities</b>					
Operating revenue	32	29	19	33	34
Gross operating earnings	-15	2	-32	-10	-4

BALANCE SHEET	30 JUN 2015	31 MAR 2014	31 DEC 2014 Restated	30 SEP 2014 Restated	30 JUN 2014 Restated
<b>Total non-current assets</b>	<b>9 511</b>	<b>10 293</b>	<b>10 607</b>	<b>9 903</b>	<b>10 464</b>
Inventories	1 306	1 455	1 334	1 382	1 456
Trade and other receivables	1 080	1 181	1 209	1 321	1 176
Cash and cash equivalents	896	1 306	710	500	580
Other current assets	49	56	39	25	55
<b>Total current assets</b>	<b>3 331</b>	<b>3 997</b>	<b>3 291</b>	<b>3 227</b>	<b>3 268</b>
<b>Total assets</b>	<b>12 842</b>	<b>14 290</b>	<b>13 899</b>	<b>13 131</b>	<b>13 732</b>
<b>Total equity</b>	<b>1 381</b>	<b>2 037</b>	<b>1 497</b>	<b>2 033</b>	<b>2 427</b>
<b>Total non-current liabilities</b>	<b>8 195</b>	<b>9 766</b>	<b>8 713</b>	<b>8 715</b>	<b>8 885</b>
Trade and other payables	1 718	1 800	2 172	1 844	1 907
Other current liabilities	1 549	687	1 517	539	513
<b>Total current liabilities</b>	<b>3 267</b>	<b>2 487</b>	<b>3 688</b>	<b>2 383</b>	<b>2 420</b>
<b>Total liabilities</b>	<b>11 461</b>	<b>12 253</b>	<b>12 401</b>	<b>11 098</b>	<b>11 305</b>
<b>Total equity and liabilities</b>	<b>12 842</b>	<b>14 290</b>	<b>13 899</b>	<b>13 131</b>	<b>13 732</b>

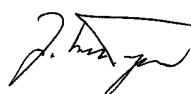
CASH FLOW	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<b>Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	138	192	190	208	251
Change in operating working capital	-1	-489	437	-117	62
Payments made relating to restructuring activities	-1	-4	-9	-12	-21
Cash flow from net financial items	-341	-131	-216	-15	-458
Taxes paid	-12	-11	-17	-6	-2
Other	-35	-75	40	-25	-84
<b>Net cash flow from operating activities</b>	<b>-252</b>	<b>-518</b>	<b>425</b>	<b>31</b>	<b>-252</b>
Purchases of property, plant and equipment and intangible assets	-48	-26	-74	-55	-29
Net divestments	-8	0	1	10	261
Dividend received	0	0	0	0	0
<b>Net cash flow from investing activities</b>	<b>-56</b>	<b>-26</b>	<b>-72</b>	<b>-44</b>	<b>231</b>
<b>Net cash flow from financing activities</b>	<b>-95</b>	<b>-1 131</b>	<b>-204</b>	<b>-58</b>	<b>-313</b>
Foreign currency effects on cash and cash equivalents	-5	10	61	-9	36
<b>Total change in cash and cash equivalents</b>	<b>-410</b>	<b>597</b>	<b>210</b>	<b>-80</b>	<b>-298</b>

## Responsibility Statement from the Board of Directors and President/CEO

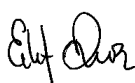
We declare that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2015 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole. We also confirm to the best of our knowledge that the report of

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

### SKØYEN, 15 JULY 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Jon-Aksel Torgersen  
Chair



Eilif Due  
Board member



Ole Enger  
Board member



Siri Beate Hatlen  
Board member




Karin Bing Orgland  
Board member




Cecilie Jonassen  
Board member



Paul Kristiansen  
Board member



Svein Erik Veie  
Board member



Sven Ombudstvedt  
President and CEO