

INTRODUCTION

Norske Skog is a world leading producer of publication paper. Publication paper includes newsprint and magazine paper. The group has eight fully-owned mills in six countries and one partly-owned mill in Malaysia. The annual production capacity for the fully-owned mills is approximately three million tonnes. Newsprint and magazine paper is sold through sales offices and agents to over 80 countries. The group has approximately 3 000 employees.

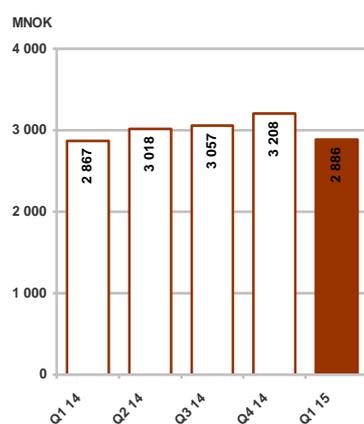
The parent company, Norske Skogindustrier ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on the Oslo Stock Exchange, with the ticker NSG.

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.

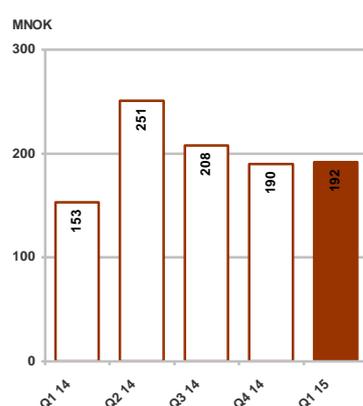
KEY FIGURES (UNAUDITED)

NOK MILLION (unless otherwise stated)	Q1 2015	Q4 2014 Restated	Q1 2014 Restated	YTD 2015	YTD 2014 Restated
INCOME STATEMENT					
Operating revenue	2 886	3 208	2 867	2 886	2 867
Gross operating earnings	192	190	153	192	153
Operating earnings	116	24	8	116	8
Profit/loss for the period	663	-1 017	-45	663	-45
Earnings per share (NOK)	3.49	-5.35	-0.24	3.49	-0.24
CASH FLOW					
Net cash flow from operating activities	-521	425	-4	-521	-4
Net cash flow from investing activities	-24	-72	-67	-24	-67
Cash flow per share (NOK)	-2.73	2.24	-0.02	-2.73	-0.02
OPERATING MARGIN AND PROFITABILITY (%)					
Gross operating margin	6.6	5.9	5.3	6.6	5.3
Return on capital employed (annualised)	7.0	5.0	1.5	7.0	1.5
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	624	645	649	624	649
Deliveries (1 000 tonnes)	591	676	620	591	620
Production / capacity (%)	83	86	91	83	91

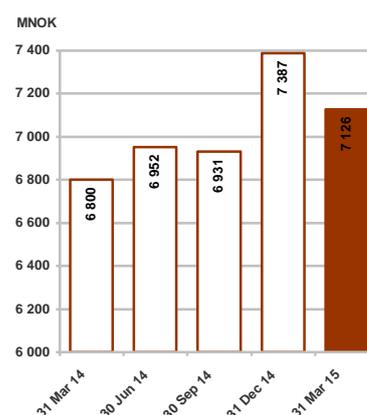
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT



NOK MILLION	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated	30 JUN 2014 Restated	31 MAR 2014 Restated
BALANCE SHEET					
Non-current assets	10 293	10 607	9 903	10 464	10 371
Current assets	3 997	3 291	3 227	3 268	3 829
Total assets	14 290	13 899	13 131	13 732	14 199
Equity	2 037	1 497	2 033	2 427	2 403
Net Interest-bearing debt	7 126	7 387	6 931	6 952	6 800

REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2015

- Gross operating earnings Q1 2015 NOK 192 million, a marked improvement from NOK 153 million in Q1 2014 and on level with NOK 190 million in Q4 2014
 - Year over year improvement with completion of the Boyer conversion offsetting weak markets in Europe
 - Quarter over quarter flat with weak European markets and low Asian newsprint prices offsetting positive foreign exchange rate effects and an improvement at Boyer
- Refinancing of the group successfully completed in Q1 2015
 - Transactions main driver of positive financial items amounting to NOK 600 million in the quarter
- Profit for the period NOK 663 million comparing, to a loss of NOK 45 million in the same period last year and a loss of NOK 1 017 million in the previous quarter
- Net debt NOK 7 126 million, an increase from NOK 6 800 million a year ago due to a weaker NOK, but a decrease from NOK 7 387 million at year-end.
- Walsum under strategic review due to weak magazine paper markets in Europe
- Alternative utilization of the group's assets are being considered

INCOME STATEMENT

NOK MILLION	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Operating revenue	2 886	3 208	2 867	2 886	2 867
Distribution costs	-298	-331	-299	-298	-299
Cost of materials	-1 805	-1 839	-1 817	-1 805	-1 817
Change in inventories	141	-125	107	141	107
Fixed cost	-733	-722	-705	-733	-705
Gross operating earnings	192	190	153	192	153

Operating revenue was flat year-over-year with the completion of the Boyer conversion offsetting weak European publication paper markets and low newsprint prices in Asia. Compared to the previous quarter revenue declined with seasonality and challenging markets.

Distribution costs remained at around 10% of operating revenue in the periods. Cost of materials per sold tonne were relatively stable,

despite the conversion to higher value paper at Boyer and a weaker NOK. Fixed costs increased slightly with a weaker NOK.

Gross operating earnings improved significantly year-over-year with the completion of the Boyer conversion. Quarter-over-quarter gross operating earnings were largely flat with weak European publication paper markets and low Asian export prices for newsprint outweighing positive foreign exchange rate effects and an improvement at Boyer.

NOK MILLION	Q1 2015	Q4 2014 Restated	Q1 2014 Restated	YTD 2015	YTD 2014 Restated
Depreciation	-193	-188	-181	-193	-181
Restructuring expenses	-3	-7	-2	-3	-2
Other gains and losses	121	29	38	121	38
Impairments	0	0	0	0	0
Operating earnings	116	24	8	116	8

Depreciation charges were broadly flat at just below NOK 200 million per quarter in the periods. No meaningful restructuring expenses

were booked and no impairments were charged. Other gains and losses mainly reflected mark-to-market valuation of energy contracts.

NOK MILLION	Q1 2015	Q4 2014 Restated	Q1 2014 Restated	YTD 2015	YTD 2014 Restated
Share of profit in associated companies	-7	-4	8	-7	8
Financial items	600	-858	-77	600	-77
Income taxes	-46	-178	16	-46	16
Profit/loss for the period	663	-1 017	-45	663	-45

Share of profit in associated companies is equity method income accounting of the group's one-third stake in Malaysian Newsprint Industries (MNI). Financial items include interest expenses, currency gains/losses and gains on bond buy-backs. Q1 2015 financial items included large gains on bond buy backs, mainly related to the recent refinancing of the group, but also some additional opportunistic bond buy backs. See further information in note 6. Q4 2014 financial items

included large currency losses with a weaker NOK inflating foreign denominated debt.

Profit for the period was NOK 663 million and a clear improvement from losses in the comparing periods. The large shift in profitability quarter –over-quarter mainly reflected the above mention effects from bond buy backs and foreign exchange movements.

SEGMENT INFORMATION

PUBLICATION PAPER EUROPE

NOK MILLION (unless otherwise stated)	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Operating revenue	2 026	2 280	2 211	2 026	2 211
Gross operating earnings	95	129	121	95	121
Gross operating margin (%)	4.7	5.7	5.5	4.7	5.5
Return on capital employed (%) (annualised)	5.4	6.2	4.8	5.4	4.8
Production (1 000 tonnes)	467	478	518	467	518
Deliveries (1 000 tonnes)	436	496	490	436	490
Production / capacity (%)	82	84	90	82	90

The segment constitutes Norske Skog's European operations in the publication paper market, with mills in Norway, France, Austria and Germany. Annual production capacity is 2.3 million tonnes.

Operating revenue decreased with lower sales volumes reflecting weak publication paper markets in Europe. The mills reduced their capacity utilization to avoid low margin sales and to support the company's commercial policy.

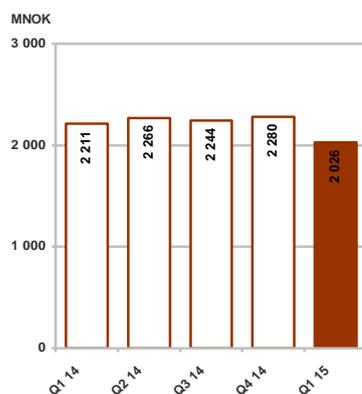
Variable cost per tonne in Q1 2015 was on level with the same period last year and the previous quarter. Fixed costs were lower in Q1 2015 than in the comparing periods.

The lower sales volumes more than outweighed positive foreign exchange rate effects on product prices, resulting in reduced gross operating earnings both year-over-year and quarter-over-quarter.

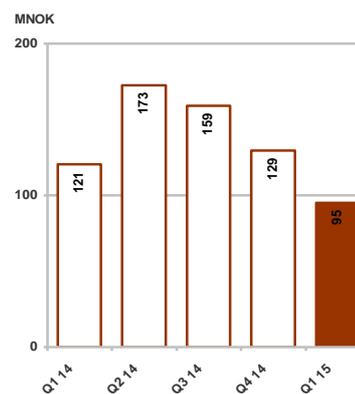
Demand for newsprint and magazine paper in Europe decreased by 11% and 4% respectively in the two first month of 2015 compared to the same period last year.

Capacity utilisation was 82% in Q1 2015, significantly lower than in the same period last year, but little changed from the previous quarter.

OPERATING REVENUE



GROSS OPERATING EARNINGS



PUBLICATION PAPER AUSTRALASIA

NOK MILLION (unless otherwise stated)	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Operating revenue	863	930	658	863	658
Gross operating earnings	95	92	54	95	54
Gross operating margin (%)	11.0	9.9	8.1	11.0	8.1
Return on capital employed (%) (annualised)	8.9	6.6	-0.6	8.9	-0.6
Production (1 000 tonnes)	158	167	131	158	131
Deliveries (1 000 tonnes)	155	180	130	155	130
Production / capacity (%)	88	93	91	88	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 increased from the same period last year with the completion of the Boyer conversion. In Q1 2014, the mill converted one of its then two newsprint machines to production of coated magazine paper. Compared to the previous quarter, operating revenue decreased due to seasonality and low Asian export prices for newsprint. The mills reduced their capacity utilization to avoid low margin newsprint exports.

Variable costs per tonne in Q1 2015 was higher than in the same period last year with a weaker NOK to AUD and the product mix shift to include higher value magazine paper. Compared to the previous quarter variable cost per tonne was flat.

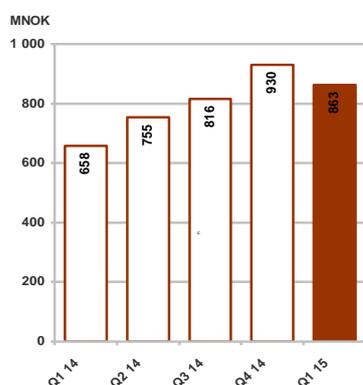
Fixed costs were higher in Q1 2015 than in the comparing periods, reflecting a weaker NOK to AUD and increased operating expenses following the conversion.

Gross operating earnings improved significantly from Q1 2014 with the completion of the Boyer conversion. Quarter-over-quarter gross operating earnings were flat with an improvement at Boyer outweighed by weak Asian export markets for newsprint.

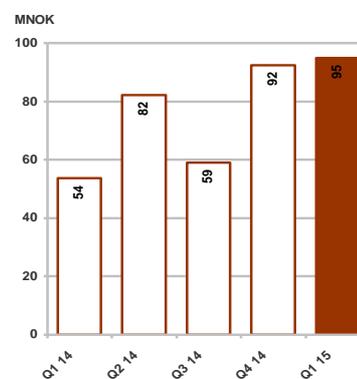
Demand for newsprint in Australia decreased by around 10% in the first two months of the year compared to the same period last year, while demand for magazine paper was relatively stable.

Capacity utilisation was 88% in the first quarter and lower than in the comparing periods. Capacity utilization in Q1 2014 was adjusted for the Boyer conversion.

OPERATING REVENUE



GROSS OPERATING EARNINGS



OTHER ACTIVITIES

NOK MILLION	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Operating revenue	29	19	34	29	34
Gross operating earnings	2	-32	-21	2	-21

Other activities mainly consist of unallocated group costs and purchase and resale activities to the business units. 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	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Gross operating earnings	192	190	153	192	153
Change in working capital	-546	522	40	-546	40
Restructuring activities	-4	-9	-111	-4	-111
Other items	-17	-46	-10	-17	-10
Net financial items	-131	-216	-58	-131	-58
Taxes paid	-11	-17	-17	-11	-17
Net cash flow from operating activities	-518	425	-4	-518	-4
Cash flow from investing activities	-26	-72	-65	-26	-65

Working capital increased significantly in the quarter due to seasonality and opportunistic capturing of supplier cash discounts. Cash discounts are an attractive use of low yielding cash balances. In Q1 2014, a new trade financing agreement offset the seasonal pattern.

Net financial items mainly constitute paid accrued interest on exchange bonds.

The low cash flow from investing activities reflected both a reduced run rate with streamlined assets and variability in maintenance investments throughout the year. Q1 2014 included capex related to the Boyer conversion.

BALANCE SHEET

NOK MILLION	31 MAR 2015	31 DEC 2014 Restated	31 MAR 2014 Restated	1 JAN 2014 Restated
Non-current assets	10 293	10 607	10 371	10 542
Cash and cash equivalents	1 306	710	878	1 015
Other current assets	2 691	2 581	2 951	2 990
Total assets	14 290	13 899	14 199	14 548
Equity including non-controlling interests	2 037	1 497	2 403	2 360
Non-current liabilities	9 766	8 713	8 572	8 559
Current liabilities	2 487	3 688	3 225	3 628
Net interest-bearing debt	7 126	7 387	6 800	6 482

Equity was NOK 2 037 million at quarter end Q1 2015. The increase largely reflected the profit for the period. Equity per share was NOK 11. A specification of changes in equity is shown on page 9.

Net interest-bearing debt was NOK 7 140 million at quarter end Q1 2015, NOK 340 million higher than a year with a weaker NOK inflating

foreign denominated debt, but NOK 247 million lower than the previous quarter with gains from bond buy backs outweighing a negative cash flow from operations.

Cash and cash equivalents amounted to NOK 1 306 million at quarter end Q1 2015.

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 is expected to improve into the second half of 2015, with all announced capacity closures in the industry completed, giving room for price increases.

The group has a significant competitive advantage in Australia and New Zealand being the sole domestic producer. Export markets for newsprint to Asia have been challenging, but should improve with announced capacity closures in Russia.

Variable costs for the group are expected to remain relatively stable, while fixed costs initiatives are set to continue.

SKØYEN, 22 April 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Jon-Aksel Torgersen
Chair



Eilif Due
Board member



Ole Enger
Board member



Siri Beate Hatten
Board member



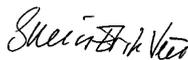
Karin Bing Orgland
Board member



Cecilie Jonassen
Board member



Paul Kristiansen
Board member



Svein Erik Veie
Board member



Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS, FIRST QUARTER OF 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q1 2015	Q4 2014 Restated	Q1 2014 Restated	YTD 2015	YTD 2014 Restated
Operating revenue	5	2 886	3 208	2 867	2 886	2 867
Distribution costs		-298	-331	-299	-298	-299
Cost of materials		-1 805	-1 839	-1 817	-1 805	-1 817
Change in inventories		141	-125	107	141	107
Employee benefit expenses		-496	-473	-471	-496	-471
Other operating expenses		-236	-249	-234	-236	-234
Gross operating earnings		192	190	153	192	153
Depreciation	4	-193	-188	-181	-193	-181
Restructuring expenses		-3	-7	-2	-3	-2
Other gains and losses	7	121	29	38	121	38
Impairments	3, 4	0	0	0	0	0
Operating earnings		116	24	8	116	8
Share of profit in associated companies		-7	-4	8	-7	8
Financial items		600	-858	-77	600	-77
Profit/loss before income taxes		709	-839	-61	709	-61
Income taxes		-46	-178	16	-46	16
Profit/loss for the period		663	-1 017	-45	663	-45
Profit/loss for the period attributable to:						
Owners of the parent		663	-1 017	-45	663	-45
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		3.49	-5.35	-0.24	3.49	-0.24

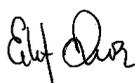
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1 2015	Q4 2014 Restated	Q1 2014 Restated	YTD 2015	YTD 2014 Restated
Profit/loss for the period	663	-1 017	-45	663	-45
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	-369	573	38	-369	38
Tax expense on translation differences	189	157	25	189	25
Hedge of net investment in foreign operations	58	-192	24	58	24
Tax expense on net investment hedge	0	10	0	0	0
Reclassified translation differences upon divestment of foreign operations	0	0	0	0	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	0	0	0
Tax expense on other items	0	0	0	0	0
Total	-123	548	87	-123	87
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of post employment benefit obligations	0	-68	0	0	0
Tax effect on remeasurements of post employment benefit obligations	0	0	0	0	0
Total	0	0	0	0	0
Other comprehensive income for the period	-123	481	87	-123	87
Comprehensive income for the period	540	-535	42	540	42
Comprehensive income for the period attributable to:					
Owners of the parent	540	-535	42	540	42
Non-controlling interests	0	0	0	0	0

CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31 MAR 2015	31 DEC 2014 Restated	31 MAR 2014 Restated	1 JAN 2014 Restated
Deferred tax asset		288	520	519	472
Intangible assets	4	97	92	115	152
Property, plant and equipment	3, 4	8 973	9 180	8 995	9 025
Investments in associated companies		433	429	376	595
Other non-current assets	7	502	387	366	299
Total non-current assets		10 293	10 607	10 371	10 542
Inventories		1 455	1 334	1 377	1 274
Trade and other receivables		1 181	1 209	1 458	1 574
Cash and cash equivalents	6	1 306	710	878	1 015
Other current assets	7	56	39	116	141
Total current assets		3 997	3 291	3 829	4 005
Total assets		14 290	13 899	14 199	14 548
Paid-in equity		12 302	12 302	12 302	12 302
Retained earnings and other reserves		-10 266	-11 805	-9 900	-9 942
Non-controlling interests		0	0	0	0
Total equity		2 037	1 497	2 403	2 360
Pension obligations		792	820	706	714
Deferred tax liability		396	415	378	392
Interest-bearing non-current liabilities	6	8 117	7 004	7 038	6 973
Other non-current liabilities	7	461	474	449	479
Total non-current liabilities		9 766	8 713	8 572	8 559
Interest-bearing current liabilities	6	393	1 267	814	1 044
Trade and other payables		1 800	2 172	1 860	2 040
Tax payable		3	13	22	39
Other current liabilities	7	291	236	528	506
Total current liabilities		2 487	3 688	3 225	3 628
Total liabilities		12 253	12 401	11 797	12 187
Total equity and liabilities		14 290	13 899	14 199	14 548

SKØYEN, 22 APRIL 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA

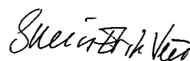

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Karin Bing Orgland
Board member

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	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Cash generated from operations	2 849	3 371	3 180	2 849	3 180
Cash used in operations	-3 225	-2 714	-3 108	-3 225	-3 108
Cash from net financial items	-131	-216	-58	-131	-58
Taxes paid	-11	-17	-17	-11	-17
Net cash flow from operating activities ¹⁾	-518	425	-4	-518	-4
Purchases of property, plant and equipment and intangible assets	-26	-74	-116	-26	-116
Sales of property, plant and equipment and intangible assets	1	2	1	1	1
Dividend received	0	0	0	0	0
Purchase of shares in companies and other investments	-1	0	-3	-1	-3
Sales of shares in companies and other investments	0	0	51	0	51
Net cash flow from investing activities	-26	-72	-67	-26	-67
New loans raised	2 315	91	173	2 315	173
Repayments of loans	-1 184	-295	-238	-1 184	-238
Net cash flow from financing activities	-1 131	-204	-65	-1 131	-65
Foreign currency effects on cash and cash equivalents	10	61	-1	10	-1
Total change in cash and cash equivalents	597	210	-137	597	-137
Cash and cash equivalents at start of period	710	500	1 015	710	1 015
Cash and cash equivalents at end of period	1 306	710	878	1 306	878
¹⁾ Reconciliation of net cash flow from operating activities					
Gross operating earnings	192	190	153	192	153
Change in working capital	-546	522	40	-546	40
Payments made relating to restructuring activities	-4	-9	-111	-4	-111
Adjustment for other items	-17	-46	-10	-17	-10
Cash flow from net financial items	-131	-216	-58	-131	-58
Taxes paid	-11	-17	-17	-11	-17
Net cash flow from operating activities	-518	425	-4	-518	-4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Paid-in equity	Retained earnings	Hedge accounting	Other equity reserves	Total before non-controlling interests	Non-controlling interests	Total equity
Equity 1 January 2014	12 302	-10 205	-190	269	2 175	0	2 175
Effect of changed accounting practice	0	185	0	0	185	0	185
Equity 1 January 2014 (restated)	12 302	-10 020	-190	269	2 360	0	2 360
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
Equity 31 March 2014	12 302	-10 065	-166	332	2 403	0	2 403
Profit/loss for the period	0	-1 432	0	0	-1 432	0	-1 432
Other comprehensive income for the period	0	0	-165	691	526	0	526
Non-controlling interest – divested operations	0	0	0	0	0	0	0
Equity 31 December 2014	12 302	-11 497	-331	1 023	1 497	0	1 497
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
Equity 31 March 2015	12 302	-10 834	-273	842	2 037	0	2 037

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 22 April 2015.

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

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 (Q1 2015 and Q4 2014) and the closing exchange rate (31 March 2015, 31 December 2015 and 1 January 2014) for the most important currencies for the Norske Skog group.

	Q1 2015	Q4 2014	31 MAR 2015	31 DEC 2014	1 JAN 2014
AUD	6.10	5.88	6.15	6.09	5.43
EUR	8.73	8.59	8.70	9.04	8.38
GBP	11.75	10.89	11.97	11.57	10.05
NZD	5.83	5.38	6.05	5.83	5.00
USD	7.75	6.88	8.09	7.43	6.08

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 7.

3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

Intangible assets which have an indefinite useful life and goodwill are not subject to amortisation, but are tested annually for impairment. Property, plant and equipment, and intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. Norske Skog applies a weighted average cost of capital (WACC) model for calculating the present value of future cash flows. Calculation of value in use requires use of estimates.

There was no indication that further impairments or reversals of previous impairments should be made at 31 March 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-MAR	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 180	92	9 272
Additions ¹⁾	26	21	47
Depreciation	-191	-2	-193
Impairments	0	0	0
Value changes	-2	0	-2
Disposals	0	-14	-14
Currency translation differences	-40	0	-40
Carrying value at end of period	8 973	97	9 070

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

PROPERTY, PLANT AND EQUIPMENT PER SEGMENT

	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Publication paper Europe	5 033	14	5 047
Publication paper Australasia	3 919	11	3 930
Other activities	21	72	93
Total	8 973	97	9 070

5. 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.

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

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, real estate activities, energy (commodity contracts and embedded derivatives in commodity contracts) and other holding company activities.

Q1 2015	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 026	863	29	-31	2 886
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
Gross operating earnings	95	95	2	0	192
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
Operating earnings	-9	5	120	0	116
Share of operating revenue from external parties (%)	100	100	2		100

Q4 2014 (restated)	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 280	930	19	-21	3 208
Distribution costs	-217	-115	0	0	-331
Cost of materials	-1 341	-484	-14	0	-1 839
Change in inventories	-71	-54	0	0	-125
Employee benefit expenses	-335	-119	-20	0	-473
Other operating expenses	-188	-65	-17	21	-249
Gross operating earnings	129	92	-32	0	190
Depreciation	-103	-81	-4	0	-188
Restructuring expenses	-5	-2	0	0	-7
Other gains and losses	-9	-9	47	0	29
Impairments	0	0	0	0	0
Operating earnings	13	-1	11	0	24
Share of operating revenue from external parties (%)	100	100	5		100

Q1 2014 (restated)	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 211	658	34	-35	2 867
Distribution costs	-220	-79	0	0	-299
Cost of materials	-1 459	-356	-1	-1	-1 817
Change in inventories	95	12	0	0	107
Employee benefit expenses	-330	-117	-24	0	-471
Other operating expenses	-176	-65	-29	36	-234
Gross operating earnings	121	54	-21	0	153
Depreciation	-98	-79	-4	0	-181
Restructuring expenses	-2	0	0	0	-2
Other gains and losses	0	-11	48	0	38
Impairments	0	0	0	0	0
Operating earnings	21	-36	24	0	8
Share of operating revenue from external parties (%)	98	100	1		100

OTHER ACTIVITIES

INCOME STATEMENT	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
OPERATING REVENUE					
Corporate functions	27	17	32	27	32
Miscellaneous	8	5	8	8	8
Eliminations	-6	-3	-7	-6	-7
Total	29	19	34	29	34
GROSS OPERATING EARNINGS					
Corporate functions	1	-32	-15	1	-15
Miscellaneous	0	0	-6	0	-6
Eliminations	0	0	0	0	0
Total	2	-32	-21	2	-21

6. FINANCIAL ITEMS AND INTEREST-BEARING DEBT

FINANCIAL ITEMS

	Q1 2015	Q4 2014	Q1 2014	YTD 2015	YTD 2014
Net interest expenses	-205	-161	-154	-205	-154
Currency gains/losses ¹⁾	-71	-674	94	-71	94
Other financial items	877	-24	-17	877	-17
Total financial items	600	-858	-77	600	-77

¹⁾ 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 to achieve a broader refinancing and debt extension of the group's capital structure 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 78 million is included in interest-bearing debt at 31 March 2015. The corresponding figure at 31 December 2014 was NOK 174 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. The change in the hedge reserve this quarter is due to realisation of a part of the hedge reserve as a consequence of the exchange offer.

31 MARCH 2015	REPORTED KEY FIGURES
Interest-bearing non-current liabilities	8 117
Interest-bearing current liabilities	393
- Hedge reserve	78
- Cash and cash equivalents	1 306
= Net interest-bearing debt	7 126

DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	31 MAR 2015
2015 – second quarter	22
2015 – third quarter	21
2015 – fourth quarter	335
2016	1 299
2017	2 049
2018	29
2019	2 553
2020	27
2021	1 398
2022	15
2023	508
2024 to 2033	785
Total	9 042

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 31 March 2015.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 31 MAR 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 115 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 135 million (par value) in aggregate of bonds falling due in 2015, 2016 and

2017 during the first quarter of 2015. Annually saved interest cost on the bought back bonds amounts to approximately NOK 12 million.

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

31 MAR 2015	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	38	347	-11	-51
Energy contracts (level 2)	0	0	-23	-34
Other raw material contracts (level 3)	2	0	0	0
Other derivatives and financial instruments carried at fair value (level 2)	0	0	0	0
Total	40	347	-34	-85

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 increased 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 117 million in the first quarter of 2015 (NOK - 187 million in the fourth quarter of 2014).

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 130 million at 31 March 2014 and increased by NOK 212 million at 31 December 2014).

8. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 31 MARCH 2015	NUMBER OF SHARES	OWNERSHIP %
Nobelssystem Scandinavia AS	9 850 000	5.19
Kontrari AS	9 650 000	5.08
Dimensional Fund Advisors	6 721 165	3.54
Allskog BA	5 295 662	2.79
Astrup Fearnley AS	5 189 688	2.73
Nil Spectatio Finans AS	4 498 615	2.37
Uthalden A/S	4 450 000	2.34
Skandinaviska Enskilda Banken	4 024 000	2.12
AT Skog BA	3 870 203	2.04
Nordnet Bank AB (Nominee)	3 437 053	1.81
Regent AS	3 209 544	1.69
Danske Bank A/S (Nominee)	3 139 164	1.65
Fiducia AS	2 986 644	1.57
Barokk Invest AS	2 710 000	1.43
SES AS	2 200 000	1.16
Alfaplan AS	2 040 000	1.07
Torstein I. Tvenge	2 000 000	1.05
UBS Wealth Management (Nominee)	1 891 615	1.00
Shareholders with < 1% ownership	112 782 273	59.38
Total	189 945 626	100.00

9. THE NORSKE SKOG SHARE

	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated	30 JUN 2014 Restated	31 MAR 2014 Restated
Share price (NOK)	4.57	3.84	3.94	4.92	4.90
Book value of equity per share (NOK)	10.72	7.88	10.70	12.78	12.65

10. 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 first quarter of 2015.

11. HISTORICAL FIGURES

INCOME STATEMENT	Q1 2015	Q4 2014 Restated	Q3 2014 Restated	Q2 2014 Restated	Q1 2014 Restated
Operating revenue	2 886	3 208	3 057	3 018	2 867
Variable costs	-1 962	-2 296	-2 144	-2 057	-2 009
Fixed costs	-733	-722	-705	-710	-705
Gross operating earnings	192	190	208	251	153
Depreciation	-193	-188	-186	-180	-181
Restructuring expenses	-3	-7	5	0	-2
Other gains and losses	121	29	-33	5	38
Operating earnings	116	24	-6	76	8
Share of profit in associated companies	-7	-4	0	-3	8
Financial items	600	-858	-138	-284	-77
Profit/loss before income taxes	709	-839	-143	-211	-61
Income taxes	-46	-178	-124	63	16
Profit/loss for the period	663	-1 017	-267	-148	-45

SEGMENT INFORMATION	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Publication paper Europe					
Operating revenue	2 026	2 280	2 244	2 266	2 211
Gross operating earnings	95	129	159	173	121
Deliveries (1 000 tonnes)	436	496	508	504	490
Publication paper Australasia					
Operating revenue	863	930	816	755	658
Gross operating earnings	95	92	59	82	54
Deliveries (1 000 tonnes)	155	180	161	147	130
Other activities					
Operating revenue	29	19	33	34	34
Gross operating earnings	2	-32	-10	-4	-21

BALANCE SHEET	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated	30 JUN 2014 Restated	31 MAR 2014 Restated
Total non-current assets	10 293	10 607	9 903	10 464	10 371
Inventories	1 455	1 334	1 382	1 456	1 377
Trade and other receivables	1 181	1 209	1 321	1 176	1 458
Cash and cash equivalents	1 306	710	500	580	878
Other current assets	56	39	25	55	116
Total current assets	3 997	3 291	3 227	3 268	3 829
Total assets	14 290	13 899	13 131	13 732	14 199
Total equity	2 037	1 497	2 033	2 427	2 403
Total non-current liabilities	9 766	8 713	8 715	8 885	8 572
Trade and other payables	1 800	2 172	1 844	1 907	1 860
Other current liabilities	687	1 517	539	513	1 365
Total current liabilities	2 487	3 688	2 383	2 420	3 225
Total liabilities	12 253	12 401	11 098	11 305	11 797
Total equity and liabilities	14 290	13 899	13 131	13 732	14 199

CASH FLOW	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Reconciliation of net cash flow from operating activities					
Gross operating earnings	192	190	208	251	153
Change in operating working capital	-489	437	-117	62	27
Payments made relating to restructuring activities	-4	-9	-12	-21	-111
Cash flow from net financial items	-131	-216	-15	-458	-58
Taxes paid	-11	-17	-6	-2	-17
Other	-75	40	-25	-84	3
Net cash flow from operating activities	-518	425	31	-252	-4
Purchases of property, plant and equipment and intangible assets	-26	-74	-55	-29	-116
Net divestments	0	1	10	261	49
Dividend received	0	0	0	0	0
Net cash flow from investing activities	-26	-72	-44	231	-67
Net cash flow from financing activities	-1 131	-204	-58	-313	-65
Foreign currency effects on cash and cash equivalents	10	61	-9	36	-1
Total change in cash and cash equivalents	-597	210	-80	-298	-137