

## 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.

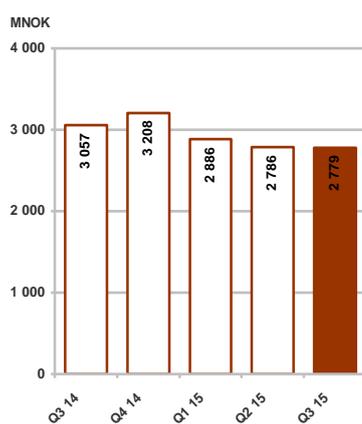
The parent company, Norske Skogindustrier ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on the Oslo Stock Exchange, with the ticker NSG.

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.

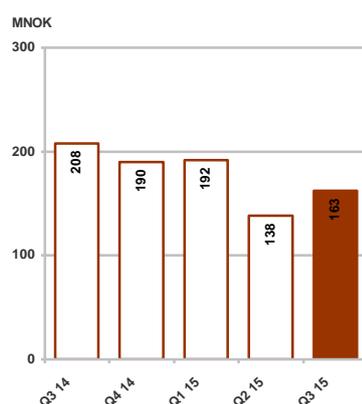
## KEY FIGURES (UNAUDITED)

NOK MILLION (unless otherwise stated)	Q3 2015	Q2 2015	Q3 2014 Restated	YTD 2015	YTD 2014 Restated
<b>INCOME STATEMENT</b>					
Operating revenue	2 779	2 786	3 057	8 451	8 942
Gross operating earnings	163	138	208	493	612
Operating earnings	13	-343	-6	-214	78
Profit/loss for the period	-742	-571	-267	-651	-460
Earnings per share (NOK)	-3.91	-3.01	-1.41	-3.43	-2.42
<b>CASH FLOW</b>					
Net cash flow from operating activities	-96	-252	31	-867	-224
Net cash flow from investing activities	-59	-56	-44	-141	120
Cash flow per share (NOK)	-0.51	-1.33	0.17	-4.56	-1.18
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
Gross operating margin	5.9	5.0	6.8	5.8	6.8
Return on capital employed (annualised)	5.3	3.9	6.5	5.4	5.8
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	593	603	661	1 821	1 967
Deliveries (1 000 tonnes)	595	596	668	1 782	1 940
Production / capacity (%)	85	82	88	83	89

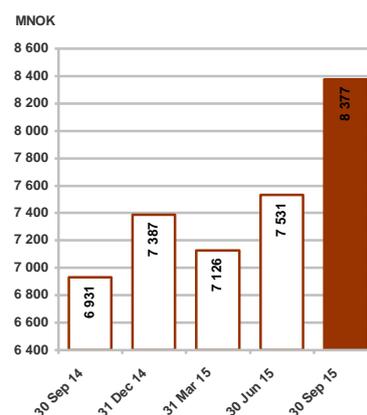
### OPERATING REVENUE



### GROSS OPERATING EARNINGS



### NET INTEREST-BEARING DEBT



NOK MILLION	30 SEP 2015	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated
<b>BALANCE SHEET</b>					
Non-current assets	9 499	9 511	10 293	10 607	9 903
Current assets	3 294	3 331	3 997	3 291	3 227
Total assets	12 793	12 842	14 290	13 899	13 131
Equity	547	1 381	2 037	1 497	2 033
Net interest-bearing debt	8 377	7 531	7 126	7 387	6 931

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

- Gross operating earnings Q3 2015 NOK 163 million, an increase from NOK 138 million in the previous quarter
  - Improvement in Europe and weakness in Australasia
- Loss for the period NOK 742 million, comparing to a loss of NOK 571 million in previous quarter
  - The loss for the period reflected unrealized currency losses through the income statement debt due to a significant depreciation of NOK
- Net interest-bearing debt NOK 8 377 million, an increase from NOK 7 531 million last quarter
  - Increase mainly due to unrealized currency losses of NOK 660 million on foreign denominated debt and interest payments
- The Board of Directors is considering several options for upcoming bond maturities
- Growth opportunities beyond publication paper on track
  - Nature's Flame, wood pellets being ramped up and biogas under construction
  - Tissue Joint Venture with partner Roto-cart formalized

## INCOME STATEMENT

NOK MILLION	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenue	2 779	2 786	3 057	8 451	8 942
Distribution costs	-321	-296	-312	-915	-917
Cost of materials	-1 637	-1 682	-1 798	-5 123	-5 388
Change in inventories	-3	24	-34	162	96
Fixed cost	-656	-694	-705	-2 082	-2 120
<b>Gross operating earnings</b>	<b>163</b>	<b>138</b>	<b>208</b>	<b>493</b>	<b>612</b>

Operating revenue was practically flat from the previous quarter with the deconsolidation of Walsum offsetting a significant depreciation of NOK, which increased foreign currency revenue.

Distribution costs increased with more export out of both Europe and Australasia. Cost of materials decreased due to the end of high cost production at Walsum. Change in inventories were a negative NOK 3 million in the quarter comparing to a positive NOK 24 million in the previous quarter. The adjustment is necessary to match cost of goods

sold with operating revenue. In Q3 2015 the production was lower than deliveries, while the opposite was the case in Q2 2015. Fixed costs were markedly lower following the deconsolidation of Walsum.

Gross operating earnings improved quarter-over-quarter with lower costs and deconsolidation of the loss making operations at Walsum. Year-over-year saw a decline with depressed publication paper prices in Europe.

NOK MILLION	Q3 2015	Q2 2015	Q3 2014 Restated	YTD 2015	YTD 2014 Restated
Depreciation	-190	-191	-186	-573	-547
Restructuring expenses	-2	-15	5	-21	3
Other gains and losses	43	-276	-33	-112	10
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>13</b>	<b>-343</b>	<b>-6</b>	<b>-214</b>	<b>78</b>

Depreciation charges were flat at a quarterly level of NOK 190 million. Other gains and losses reflected an improvement in mark-to-market

valuation of energy contracts in New Zealand due to higher forward prices for electricity.

NOK MILLION	Q3 2015	Q2 2015	Q3 2014 Restated	YTD 2015	YTD 2014 Restated
Share of profit in associated companies	-7	-9	0	-23	5
Financial items	-782	-244	-138	-425	-498
Income taxes	33	25	-124	11	-44
<b>Profit/loss for the period</b>	<b>-742</b>	<b>-571</b>	<b>-267</b>	<b>-651</b>	<b>-460</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.

bonds. Unrealized currency losses through the income statement were NOK 525 million in the quarter, reflecting the effects on the non-hedge accounted debt.

Financial items largely consists of interest expenses and unrealized currency gains/losses. In 3Q 2015 net interest expenses amounted to close to NOK 250 million. Interest expenses through the income statement are higher than the actual cash interest payments, as costs related to bond issuances are amortized over the lifetime of the

Loss for the quarter, after depreciation, other gains and losses and financial items, was NOK 742 million.

## GROWTH OPPORTUNITIES BEYOND PUBLICATION PAPER

### Biogas in Europe

The Saugbrugs mill in Norway has commenced construction of the new biogas facility. The facility is on schedule for completion by year-end 2016. Onsite biogas facilities bring 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. Norske Skog is currently considering biogas projects at several other mills.

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. Pellets bring significant environmental benefits in replacing fossil fuels for heating with renewable wood pellets.

### Wood pellets in New Zealand

Norske Skog is currently ramping up production at the acquired pellets producer Nature's Flame to 80 000 tonnes annually. Norske Skog will consider further expanding the

### ENTERING THE TISSUE MARKET

Norske Skog has formalized the joint venture structure for conversion of the newsprint machine at Bruck in Austria to tissue production with partner Roto-cart. The project is progressing in accordance with plan.

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

NOK MILLION (unless otherwise stated)	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenue	1 956	1 946	2 244	5 928	6 720
<b>Gross operating earnings</b>	<b>120</b>	<b>52</b>	<b>159</b>	<b>268</b>	<b>452</b>
Gross operating margin (%)	6.2	2.7	7.1	4.5	6.7
Return on capital employed (%) (annualised)	6.9	3.1	8.6	5.1	7.9
Production (1 000 tonnes)	428	443	493	1 338	1 508
Deliveries (1 000 tonnes)	431	441	508	1 308	1 502
Production / capacity (%)	82	80	86	81	88

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 increased slightly despite somewhat lower sales volume. The volume was down due to the deconsolidation of Walsum. A significant depreciation of NOK counterbalanced this volume effect. Underlying publication paper prices were relatively flat.

Both variable cost and fixed costs decreased following deconsolidation of the uncompetitive Walsum operations.

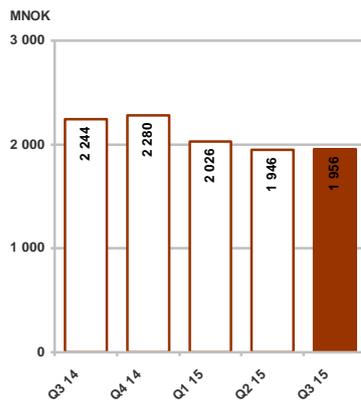
Gross operating earnings improved significantly quarter-over-quarter with both higher revenue and lower costs, while there was a reduction

year-over-year due to depressed European price levels for newsprint and magazine paper.

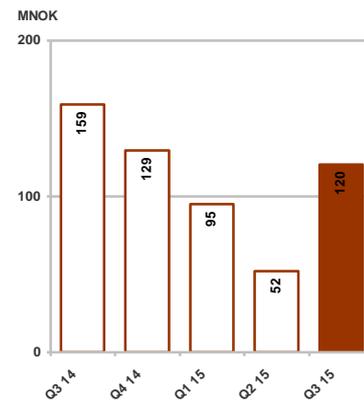
Demand for newsprint and magazine paper in Europe decreased by 7% and 4% respectively through August of 2015, compared to the same period last year.

Capacity utilisation improved to 82% in Q3 2015 from a historically low level in the previous quarter. One machine at Skogn remained out of operation throughout the quarter for commercial reasons.

### OPERATING REVENUE



### GROSS OPERATING EARNINGS



## PUBLICATION PAPER AUSTRALASIA

NOK MILLION (unless otherwise stated)	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenue	811	839	816	2 513	2 229
<b>Gross operating earnings</b>	<b>61</b>	<b>101</b>	<b>59</b>	<b>257</b>	<b>195</b>
Gross operating margin (%)	7.6	12.0	7.2	10.2	8.7
Return on capital employed (%) (annualised)	5.0	9.2	4.5	7.8	4.2
Production (1 000 tonnes)	165	160	168	482	459
Deliveries (1 000 tonnes)	163	155	161	474	438
Production / capacity (%)	92	89	94	90	92

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 with more export sales at low prices, AUD depreciation and discontinuation of break-fee amortisation. The need to export more newsprint out of Australasia into Asia continuously increases with declining domestic demand. The Asian newsprint price remained at historical lows. The current long-term price contracts in Australasia were entered at year-end 2013, while the old contracts would have expired this summer. The break fee compensations received have been amortised over the remaining duration of the old contracts.

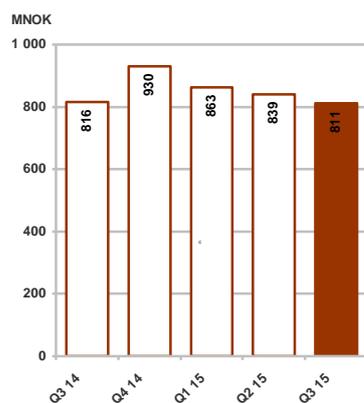
Variable costs increased somewhat with higher production, while fixed costs were slightly lower due to ongoing cost improvement programs.

Gross operating earnings improved slightly year-over-year, but were markedly down quarter-over-quarter. Domestic demand for newsprint and the Asian price level are challenging.

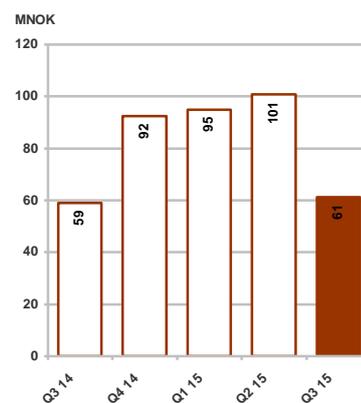
Demand for newsprint in Australasia decreased by around 10% in the first eight months of the year compared to the same period last year, while demand for magazine paper was relatively stable.

Capacity utilisation was 92% in the third quarter with magazine paper production at Boyer partly offsetting the challenges posed by declining newsprint demand.

## OPERATING REVENUE



## GROSS OPERATING EARNINGS



## OTHER ACTIVITIES

NOK MILLION	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenue	40	32	33	101	101
<b>Gross operating earnings</b>	<b>-19</b>	<b>-15</b>	<b>-10</b>	<b>-32</b>	<b>-35</b>

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

## CASH FLOW

NOK MILLION	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Gross operating earnings	163	138	208	493	612
Change in working capital	-134	-9	-136	-689	-53
Restructuring activities	-8	-1	-12	-12	-144
Other items	-14	-28	-7	-59	-82
Net financial items	-98	-341	-15	-570	-532
Taxes paid	-5	-12	-6	-28	-25
<b>Net cash flow from operating activities</b>	<b>-96</b>	<b>-252</b>	<b>31</b>	<b>-867</b>	<b>-224</b>
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>-45</b>	<b>-48</b>	<b>-55</b>	<b>-119</b>	<b>-201</b>

Working capital increased from the previous quarter with higher sales at Saugbrugs following an improved operating rate for magazine paper and NOK depreciation.

Net financial items were primarily coupon payments on issued bonds.

Cash flow from investing activities were related to normal maintenance capital expenditures in Q3 2015. The previous quarter included the acquisition of the pellets producer Nature's Flame.

## BALANCE SHEET

NOK MILLION	30 SEP 2015	30 JUNE 2015	31 DEC 2014 Restated	30 SEP 2014 Restated
Non-current assets	9 499	9 511	10 607	9 903
<b>Cash and cash equivalents</b>	<b>699</b>	<b>896</b>	<b>710</b>	<b>500</b>
Other current assets	2 595	2 435	2 581	2 727
Total assets	12 793	12 842	13 899	13 131
<b>Equity including non-controlling interests</b>	<b>547</b>	<b>1 381</b>	<b>1 497</b>	<b>2 033</b>
Non-current liabilities	8 872	8 195	8 713	8 715
Current liabilities	3 373	3 267	3 688	2 383
<b>Net interest-bearing debt</b>	<b>8 377</b>	<b>7 531</b>	<b>7 387</b>	<b>6 931</b>

Equity was NOK 547 million at quarter end Q3 2015. The decrease largely reflected the impact of NOK depreciation on foreign denominated debt. Equity per share was NOK 3. A specification of changes in equity is shown on page 10. NOK depreciation mitigated the effect of depreciation on total assets.

Net interest-bearing debt was NOK 8 377 million at quarter end Q3 2015, an increase of NOK 846 million from quarter end Q2 2015. The negative translation effect on foreign denominated debt and a negative cash flow explained the increase.

Cash and cash equivalents amounted to NOK 699 million at quarter end Q3 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 risk exposures for the group are linked to price and volume developments for publication paper and the costs of key input factors such as energy and fibre. Currency movements and developments in the broader economic climate remain the largest uncertainties impacting all of the above. Challenging trading conditions currently and high financial leverage in the group amplifies the business risks. A further description of risk factors and risk management is provided 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. The industry consensus for improved pricing is supported by high operating rates across all graphic paper grades. This has already led to improved LWC prices and the SC market has firmed up following the introduction of US import duties on Canadian SC paper and an improved operating rate in Europe. Newsprint prices are expected to improve into 2016 from cash cost levels last seen in 2010. Following the

deconsolidation of Walsum and ongoing tissue conversion at Bruck, Norske Skog only has high quality assets left in the portfolio.

The newsprint export business out of Australasia is an increasing challenge as the domestic market declines and the Asian prices remain at historical lows.

Consumption of input factors is set to decrease with ongoing efficiency projects at all mills. Quarterly fixed costs should trend towards NOK 600 million in coming quarters.

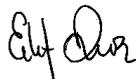
The growth investments beyond paper are on track and will contribute to gross operating earnings from 2016. Full run-rate potential will be achieved within a timeframe of 3-4 years.

The capital structure of the group was improved through enhanced liquidity, immediate de-leveraging and an extended maturity profile following the transactions completed in February 2015. The board of directors however recognizes the challenging market environment for both price and volume, which has reduced gross operation earnings, cash flows and equity. The board of directors monitors the situation closely and recognizes that leverage remains high and requires improved profitability and/or changes in the capital structure. The Board of Directors has full focus on the improving profitability and cash flow and is considering several options to address upcoming bond maturities and the high financial leverage of the group.

### SKØYEN, 21 OCTOBER 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, THIRD QUARTER OF 2015

## CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q3 2015	Q2 2015	Q3 2014 Restated	YTD 2015	YTD 2014 Restated
<b>Operating revenue</b>	6	<b>2 779</b>	<b>2 786</b>	<b>3 057</b>	<b>8 451</b>	<b>8 942</b>
Distribution costs		-321	-296	-312	-915	-917
Cost of materials		-1 637	-1 682	-1 798	-5 123	-5 388
Change in inventories		-3	24	-34	162	96
Employee benefit expenses		-453	-475	-477	-1 425	-1 435
Other operating expenses		-202	-219	-228	-657	-685
<b>Gross operating earnings</b>		<b>163</b>	<b>138</b>	<b>208</b>	<b>493</b>	<b>612</b>
Depreciation	4	-190	-191	-186	-573	-547
Restructuring expenses		-2	-15	5	-21	3
Other gains and losses	8	43	-276	-33	-112	10
Impairments	3, 4	0	0	0	0	0
<b>Operating earnings</b>		<b>13</b>	<b>-343</b>	<b>-6</b>	<b>-214</b>	<b>78</b>
Share of profit in associated companies		-7	-9	0	-23	5
Financial items		-782	-244	-138	-425	-498
<b>Profit/loss before income taxes</b>		<b>-775</b>	<b>-596</b>	<b>-143</b>	<b>-662</b>	<b>-416</b>
Income taxes		33	25	-124	11	-44
<b>Profit/loss for the period</b>		<b>-742</b>	<b>-571</b>	<b>-267</b>	<b>-651</b>	<b>-460</b>
<b>Profit/loss for the period attributable to:</b>						
Owners of the parent		-742	-571	-267	-651	-460
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		-3.91	-3.01	-1.41	-3.43	-2.42

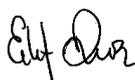
## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q3 2015	Q2 2015	Q3 2014 Restated	YTD 2015	YTD 2014 Restated
<b>Profit/loss for the period</b>	<b>-742</b>	<b>-571</b>	<b>-267</b>	<b>-651</b>	<b>-460</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	8	-187	-187	-548	74
Tax expense on translation differences	42	22	0	253	25
Hedge of net investment in foreign operations	-139	-16	61	-97	41
Tax expense on net investment hedge	0	0	0	0	0
Reclassified translation differences upon divestment of foreign operations	0	95	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	0	0	-7
Tax expense on other items	0	0	0	0	0
<b>Total</b>	<b>-89</b>	<b>-84</b>	<b>-126</b>	<b>-297</b>	<b>133</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>-89</b>	<b>-84</b>	<b>-126</b>	<b>-297</b>	<b>133</b>
<b>Comprehensive income for the period</b>	<b>-831</b>	<b>-655</b>	<b>-393</b>	<b>-948</b>	<b>-328</b>
<b>Comprehensive income for the period attributable to:</b>					
Owners of the parent	-831	-655	-393	-948	-328
Non-controlling interests	0	0	0	0	0

## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 SEP 2015	30 JUN 2015	31 DEC 2014 Restated	30 SEP 2014 Restated	1 JAN 2014 Restated
Deferred tax asset		285	316	520	405	472
Intangible assets	4	83	84	92	77	152
Property, plant and equipment	3, 4	8 391	8 395	9 180	8 720	9 025
Investments in associated companies		370	405	429	401	595
Other non-current assets	8	369	310	387	300	299
<b>Total non-current assets</b>		<b>9 499</b>	<b>9 511</b>	<b>10 607</b>	<b>9 903</b>	<b>10 542</b>
Inventories		1 302	1 306	1 334	1 382	1 274
Trade and other receivables		1 270	1 080	1 209	1 321	1 574
Cash and cash equivalents	7	699	896	710	500	1 015
Other current assets	8	23	49	39	25	141
<b>Total current assets</b>		<b>3 294</b>	<b>3 331</b>	<b>3 291</b>	<b>3 227</b>	<b>4 005</b>
<b>Total assets</b>		<b>12 793</b>	<b>12 842</b>	<b>13 899</b>	<b>13 131</b>	<b>14 548</b>
Paid-in equity		12 302	12 302	12 302	12 302	12 302
Retained earnings and other reserves		-11 755	-10 921	-10 805	-10 270	-9 942
Non-controlling interests		0	0	0	0	0
<b>Total equity</b>		<b>547</b>	<b>1 381</b>	<b>1 497</b>	<b>2 033</b>	<b>2 360</b>
Pension obligations		287	275	820	696	714
Deferred tax liability		403	399	415	274	392
Interest-bearing non-current liabilities	7	7 825	7 164	7 004	7 332	6 973
Other non-current liabilities	8	357	357	474	412	479
<b>Total non-current liabilities</b>		<b>8 872</b>	<b>8 195</b>	<b>8 713</b>	<b>8 715</b>	<b>8 559</b>
Interest-bearing current liabilities	7	1 324	1 338	1 267	272	1 044
Trade and other payables		1 745	1 718	2 172	1 844	2 040
Tax payable		40	36	13	11	39
Other current liabilities	8	264	175	236	257	506
<b>Total current liabilities</b>		<b>3 373</b>	<b>3 267</b>	<b>3 688</b>	<b>2 383</b>	<b>3 628</b>
<b>Total liabilities</b>		<b>12 246</b>	<b>11 461</b>	<b>12 401</b>	<b>11 098</b>	<b>12 187</b>
<b>Total equity and liabilities</b>		<b>12 793</b>	<b>12 842</b>	<b>13 899</b>	<b>13 131</b>	<b>14 548</b>

SKØYEN, 21 OCTOBER 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA

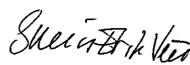
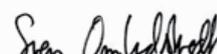

Jon-Aksel Torgersen  
Chair

Eilif Due  
Board member

Ole Enger  
Board member

Siri Beate Hatlen  
Board member

Karin Bing Orkland  
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	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Cash generated from operations	2 633	2 723	2 933	8 204	9 191
Cash used in operations	-2 626	-2 621	-2 879	-8 472	-8 858
Cash from net financial items	-98	-341	-15	-570	-532
Taxes paid	-5	-12	-6	-28	-25
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>-96</b>	<b>-252</b>	<b>31</b>	<b>-867</b>	<b>-224</b>
Purchases of property, plant and equipment and intangible assets	-45	-48	-55	-119	-201
Sales of property, plant and equipment and intangible assets	0	0	1	1	2
Dividend received	0	0	0	0	1
Purchase of shares in companies and other investments	0	0	0	-1	-8
Sales of shares in companies and other investments	-14	-8	9	-23	326
<b>Net cash flow from investing activities</b>	<b>-59</b>	<b>-56</b>	<b>-44</b>	<b>-141</b>	<b>120</b>
New loans raised	111	86	75	2 512	478
Repayments of loans	-193	-181	-134	-1 559	-914
<b>Net cash flow from financing activities</b>	<b>-82</b>	<b>-95</b>	<b>-58</b>	<b>953</b>	<b>-436</b>
Foreign currency effects on cash and cash equivalents	40	-5	-9	45	25
<b>Total change in cash and cash equivalents</b>	<b>-197</b>	<b>-410</b>	<b>-80</b>	<b>-10</b>	<b>-515</b>
<b>Cash and cash equivalents at start of period</b>	<b>896</b>	<b>1 306</b>	<b>580</b>	<b>710</b>	<b>1 015</b>
<b>Cash and cash equivalents at end of period</b>	<b>699</b>	<b>896</b>	<b>500</b>	<b>699</b>	<b>500</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	163	138	208	493	612
Change in working capital	-134	-9	-136	-689	-53
Payments made relating to restructuring activities	-8	-1	-12	-12	-144
Adjustment for other items	-14	-28	-7	-59	-82
Cash flow from net financial items	-98	-341	-15	-570	-532
Taxes paid	-5	-12	-6	-28	-25
<b>Net cash flow from operating activities</b>	<b>-96</b>	<b>-252</b>	<b>31</b>	<b>-867</b>	<b>-224</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	-193	0	0	-193	0	-193
Other comprehensive income for the period	0	0	-20	279	259	0	259
<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	-267	0	0	-267	0	-267
Other comprehensive income for the period	0	0	61	-188	-127	0	-127
<b>Equity 30 September 2014</b>	<b>12 302</b>	<b>-10 480</b>	<b>-149</b>	<b>360</b>	<b>2 033</b>	<b>0</b>	<b>2 033</b>
Profit/loss for the period	0	-1 017	0	0	-1 017	0	-1 017
Other comprehensive income for the period	0	0	-182	664	482	0	482
<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	91	0	0	91	0	91
Other comprehensive income for the period	0	0	42	-249	-207	0	-207
<b>Equity 30 June 2015</b>	<b>12 302</b>	<b>-11 406</b>	<b>-289</b>	<b>774</b>	<b>1 381</b>	<b>0</b>	<b>1 381</b>
Profit/loss for the period	0	-742	0	0	-742	0	-742
Other comprehensive income for the period	0	0	-139	50	-89	0	-89
<b>Equity 30 September 2015</b>	<b>12 302</b>	<b>-12 148</b>	<b>-428</b>	<b>824</b>	<b>547</b>	<b>0</b>	<b>547</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 21 October 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 (Q3 2015 and Q2 2015) and the closing exchange rate (30 September 2015, 30 June 2015 and 31 December 2014) for the most important currencies for the Norske Skog group.

	Q3 2015	Q2 2015	30 SEP 2015	30 JUN 2015	31 DEC 2014
AUD	5.96	6.03	5.98	6.04	6.09
EUR	9.14	8.55	9.52	8.79	9.04
GBP	12.75	11.87	12.90	12.36	11.57
NZD	5.35	5.67	5.42	5.31	5.83
USD	8.22	7.75	8.50	7.86	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.

The challenging and deteriorated trading conditions in 2015 has increased the uncertainty in the estimates to be used for calculating value in use of assets as part of the annual impairment calculation. No impairments or reversal of impairments have been made at 30 September 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-SEP	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 180	92	9 272
Additions <sup>1)</sup>	116	23	139
Depreciation	-569	-4	-573
Impairments	0	0	0
Value changes	-7	0	-7
Disposals	-351	-28	-379
Currency translation differences	22	0	22
<b>Carrying value at end of period</b>	<b>8 391</b>	<b>83</b>	<b>8 474</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	4 725	1	4 725
Publication paper Australasia	3 626	11	3 637
Other activities	40	72	111
<b>Total</b>	<b>8 391</b>	<b>83</b>	<b>8 474</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.

Q3 2015	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>1 956</b>	<b>811</b>	<b>40</b>	<b>-29</b>	<b>2 779</b>
Distribution costs	-218	-101	-2	0	-321
Cost of materials	-1 163	-463	-10	0	-1 637
Change in inventories	-14	9	2	0	-3
Employee benefit expenses	-301	-129	-23	0	-453
Other operating expenses	-140	-67	-25	29	-202
<b>Gross operating earnings</b>	<b>120</b>	<b>61</b>	<b>-19</b>	<b>0</b>	<b>163</b>
Depreciation	-104	-82	-3	0	-190
Restructuring expenses	-1	0	-1	0	-2
Other gains and losses	4	-4	42	0	43
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>19</b>	<b>-25</b>	<b>19</b>	<b>0</b>	<b>13</b>
Share of operating revenue from external parties (%)	100	100	14		100

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

Q3 2014 (restated)	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 244</b>	<b>816</b>	<b>33</b>	<b>-36</b>	<b>3 057</b>
Distribution costs	-212	-101	0	0	-312
Cost of materials	-1 315	-482	-1	0	-1 798
Change in inventories	-58	24	0	0	-34
Employee benefit expenses	-328	-126	-23	0	-477
Other operating expenses	-172	-73	-20	36	-228
<b>Gross operating earnings</b>	<b>159</b>	<b>59</b>	<b>-10</b>	<b>0</b>	<b>208</b>
Depreciation	-99	-87	-1	0	-186
Restructuring expenses	5	0	0	0	5
Other gains and losses	1	-8	-26	0	-33
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>67</b>	<b>-36</b>	<b>-37</b>	<b>0</b>	<b>-6</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>5 928</b>	<b>2 513</b>	<b>101</b>	<b>-91</b>	<b>8 451</b>
Distribution costs	-616	-297	-3	0	-915
Cost of materials	-3 751	-1 394	22	0	-5 123
Change in inventories	128	33	2	0	162
Employee benefit expenses	-964	-383	-78	0	-1 425
Other operating expenses	-457	-215	-76	91	-657
<b>Gross operating earnings</b>	<b>268</b>	<b>257</b>	<b>-32</b>	<b>0</b>	<b>493</b>
Depreciation	-312	-253	-8	0	-573
Restructuring expenses	0	-17	-4	0	-21
Other gains and losses	-159	-8	55	0	-112
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>-204</b>	<b>-21</b>	<b>11</b>	<b>0</b>	<b>-214</b>
Share of operating revenue from external parties (%)	100	100	19		100

YTD 2014 (restated)	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>6 720</b>	<b>2 229</b>	<b>101</b>	<b>-108</b>	<b>8 942</b>
Distribution costs	-647	-270	0	0	-917
Cost of materials	-4 111	-1 276	-1	-1	-5 388
Change in inventories	14	81	0	0	96
Employee benefit expenses	-1 004	-361	-70	0	-1 435
Other operating expenses	-520	-208	-65	108	-685
<b>Gross operating earnings</b>	<b>452</b>	<b>195</b>	<b>-35</b>	<b>0</b>	<b>612</b>
Depreciation	-295	-247	-5	0	-547
Restructuring expenses	3	0	0	0	3
Other gains and losses	4	-24	30	0	10
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>164</b>	<b>-76</b>	<b>-10</b>	<b>0</b>	<b>78</b>
Share of operating revenue from external parties (%)	99	100	0		100

## OTHER ACTIVITIES

INCOME STATEMENT	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
<b>OPERATING REVENUE</b>					
Corporate functions	26	27	32	81	97
Green energy	13	3	0	16	0
Miscellaneous	3	0	8	11	24
Eliminations	-2	0	-7	-6	-20
<b>Total</b>	<b>40</b>	<b>32</b>	<b>33</b>	<b>101</b>	<b>101</b>
<b>GROSS OPERATING EARNINGS</b>					
Corporate functions	-20	-15	-10	-33	-28
Green energy	1	1	0	2	0
Miscellaneous	0	-1	0	0	-7
Eliminations	0	0	0	0	0
<b>Total</b>	<b>-19</b>	<b>-15</b>	<b>-10</b>	<b>-32</b>	<b>-35</b>

## 7. FINANCIAL ITEMS AND INTEREST-BEARING DEBT

## FINANCIAL ITEMS

	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
<b>Net interest expenses</b>	<b>-247</b>	<b>-226</b>	<b>-138</b>	<b>-678</b>	<b>-441</b>
Currency gains/losses <sup>1)</sup>	-525	-3	11	-600	-16
Other financial items	-10	-15	-11	852	-42
<b>Total financial items</b>	<b>-782</b>	<b>-244</b>	<b>-138</b>	<b>-425</b>	<b>-498</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.

The continued depreciation of the NOK in third quarter has impacted on the translation of debt into NOK at 30 September, resulting in unrealized currency loss. However, a weak NOK is favorable for the underlying business and the competitiveness of the Norwegian mills. The NOK has since quarter end appreciated.

## 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 72 million is included in interest-bearing debt at 30 September 2015.

The corresponding figure at 30 June 2015 was NOK 75 million. The hedge reserve does not constitute any payment obligation for the group, but will be amortised in the income statement over the lifetime of the debt that has been hedged

30 SEP 2015	REPORTED KEY FIGURES
Interest-bearing non-current liabilities	7 825
Interest-bearing current liabilities	1 324
- Hedge reserve	72
- Cash and cash equivalents	699
<b>= Net interest-bearing debt</b>	<b>8 377</b>

## DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	30 SEP 2015
2015 – fourth quarter	224
2016 – first quarter	25
2016 – second quarter	1 058
2016 – third quarter	22
2016 – fourth quarter	269
2017	2 283
2018	29
2019	2 791
2020	27
2021	1 528
2022	15
2023	532
2024	14
2025	2
2026 to 2033	810
<b>Total</b>	<b>9 629</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 September 2015.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 30 SEP 2015
October 2015	USD	6.125%	USD 200 mill	USD 24 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 USD 12 million (par value) in aggregate of bonds falling due in 2015 during the third quarter of 2015.

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

30 SEP 2015	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	10	205	-8	-28
Energy contracts (level 2)	0	0	-2	-1
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>10</b>	<b>205</b>	<b>-10</b>	<b>-29</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 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 78 million in the third quarter of 2015 (NOK -201 million in the second 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 in 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 21 million at 30 September 2014 and increased by NOK 212 million at 31 December 2014).

## 9. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 30 SEP 2015	NUMBER OF SHARES	OWNERSHIP %
Nobelssystem Scandinavia AS	9 054 016	4.77
Kontrari AS	5 974 014	3.15
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
Citibank N.A	4 275 795	2.25
Nordnet Bank AB (Nominee)	3 871 612	2.04
AT Skog BA	3 870 203	2.04
Allskog BA	3 493 238	1.84
Fiducia AS	3 486 644	1.84
SES AS	3 000 000	1.58
Clearstream Banking	2 249 908	1.18
Danske Bank A/S (Nominee)	2 106 336	1.11
Barokk Invest AS	2 000 000	1.05
Torstein I. Tvenge	2 000 000	1.05
Myra Matsenter AS	1 989 192	1.05
Alfaplan AS	1 980 000	1.04
UBS AG, London Branch	1 905 425	1.00
Skandinaviska Enskilda Banken	1 864 000	0.98
Nordea Bank Finland	1 849 051	0.97
Shareholders with < 1% ownership	120 836 504	63.62
<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 SEP 2015	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated
Share price (NOK)	2.01	3.58	4.57	3.84	3.94
Book value of equity per share (NOK)	2.88	7.54	10.72	7.88	10.70

## 11. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date with significant impact on the interim financial statements for the third quarter of 2015.

## 12. HISTORICAL FIGURES

INCOME STATEMENT	Q3 2015	Q2 2015	Q1 2015	Q4 2014 Restated	Q3 2014 Restated
<b>Operating revenue</b>	<b>2 779</b>	<b>2 786</b>	<b>2 886</b>	<b>3 208</b>	<b>3 057</b>
Variable costs	-1 960	-1 954	-1 962	-2 296	-2 144
Fixed costs	-656	-694	-733	-722	-705
<b>Gross operating earnings</b>	<b>163</b>	<b>138</b>	<b>192</b>	<b>190</b>	<b>208</b>
Depreciation	-190	-191	-193	-188	-186
Restructuring expenses	-2	-15	-3	-7	5
Other gains and losses	43	-276	121	29	-33
<b>Operating earnings</b>	<b>13</b>	<b>-343</b>	<b>116</b>	<b>24</b>	<b>-6</b>
Share of profit in associated companies	-7	-9	-7	-4	0
Financial items	-782	-244	600	-858	-138
<b>Profit/loss before income taxes</b>	<b>-775</b>	<b>-596</b>	<b>709</b>	<b>-839</b>	<b>-143</b>
Income taxes	33	25	-46	-178	-124
<b>Profit/loss for the period</b>	<b>-742</b>	<b>-571</b>	<b>663</b>	<b>-1 017</b>	<b>-267</b>

SEGMENT INFORMATION	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
<b>Publication paper Europe</b>					
Operating revenue	1 956	1 946	2 026	2 280	2 244
Gross operating earnings	120	52	95	129	159
Deliveries (1 000 tonnes)	431	441	436	496	508
<b>Publication paper Australasia</b>					
Operating revenue	811	839	863	930	816
Gross operating earnings	61	101	95	92	59
Deliveries (1 000 tonnes)	163	155	155	180	161
<b>Other activities</b>					
Operating revenue	40	32	29	19	33
Gross operating earnings	-19	-15	2	-32	-10

BALANCE SHEET	30 SEP 2015	30 JUN 2015	31 MAR 2015	31 DEC 2014 Restated	30 SEP 2014 Restated
<b>Total non-current assets</b>	<b>9 499</b>	<b>9 511</b>	<b>10 293</b>	<b>10 607</b>	<b>9 903</b>
Inventories	1 302	1 306	1 455	1 334	1 382
Trade and other receivables	1 270	1 080	1 181	1 209	1 321
Cash and cash equivalents	699	896	1 306	710	500
Other current assets	23	49	56	39	25
<b>Total current assets</b>	<b>3 294</b>	<b>3 331</b>	<b>3 997</b>	<b>3 291</b>	<b>3 227</b>
<b>Total assets</b>	<b>12 793</b>	<b>12 842</b>	<b>14 290</b>	<b>13 899</b>	<b>13 131</b>
<b>Total equity</b>	<b>547</b>	<b>1 381</b>	<b>2 037</b>	<b>1 497</b>	<b>2 033</b>
<b>Total non-current liabilities</b>	<b>8 872</b>	<b>8 195</b>	<b>9 766</b>	<b>8 713</b>	<b>8 715</b>
Trade and other payables	1 745	1 718	1 800	2 172	1 844
Other current liabilities	1 628	1 549	687	1 517	539
<b>Total current liabilities</b>	<b>3 373</b>	<b>3 267</b>	<b>2 487</b>	<b>3 688</b>	<b>2 383</b>
<b>Total liabilities</b>	<b>12 246</b>	<b>11 461</b>	<b>12 253</b>	<b>12 401</b>	<b>11 098</b>
<b>Total equity and liabilities</b>	<b>12 793</b>	<b>12 842</b>	<b>14 290</b>	<b>13 899</b>	<b>13 131</b>

CASH FLOW	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
<b>Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	163	138	192	190	208
Change in operating working capital	-137	-1	-489	437	-118
Payments made relating to restructuring activities	-8	-1	-4	-9	-12
Cash flow from net financial items	-98	-341	-131	-216	-15
Taxes paid	-5	-12	-11	-17	-6
Other	-11	-35	-75	40	-25
<b>Net cash flow from operating activities</b>	<b>-96</b>	<b>-252</b>	<b>-518</b>	<b>425</b>	<b>31</b>
Purchases of property, plant and equipment and intangible assets	-45	-48	-26	-74	-55
Net divestments	-14	-8	0	1	10
Dividend received	0	0	0	0	0
<b>Net cash flow from investing activities</b>	<b>-59</b>	<b>-56</b>	<b>-26</b>	<b>-72</b>	<b>-44</b>
<b>Net cash flow from financing activities</b>	<b>-82</b>	<b>-95</b>	<b>1 131</b>	<b>-204</b>	<b>-58</b>
Foreign currency effects on cash and cash equivalents	40	-5	10	61	-9
<b>Total change in cash and cash equivalents</b>	<b>-197</b>	<b>-410</b>	<b>597</b>	<b>210</b>	<b>-80</b>