

## 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 2.7 million tonnes. Newsprint and magazine paper is sold through sales offices and agents to over 80 countries. The group has approximately 2 500 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.

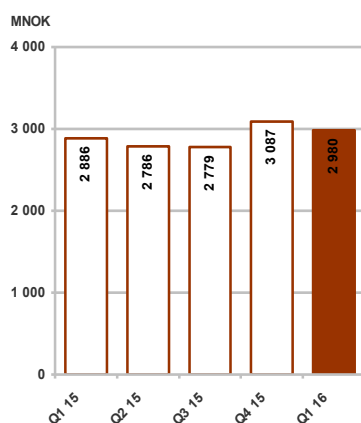
Norske Skog's accounting treatment of embedded derivatives in energy contracts in Norway was changed with effect from 1 January

2015. This accounting treatment was applied for all four interim financial statements for 2015. Due to a preliminary assessment from the Financial Supervisory Authority of Norway from March 2016 the new accounting treatment had to be reversed. The accounting treatment of embedded derivatives in energy contracts applied in the consolidated interim financial statements in 2015 should not have been adopted. The annual financial statements for 2015 were issued in compliance with the preliminary assessment from the Financial Supervisory Authority. In the interim financial statements for 2016 the comparable figures for 2015 will be restated compared to the interim financial statements issued for the interim periods in 2015. See further information in notes to the interim financial statements.

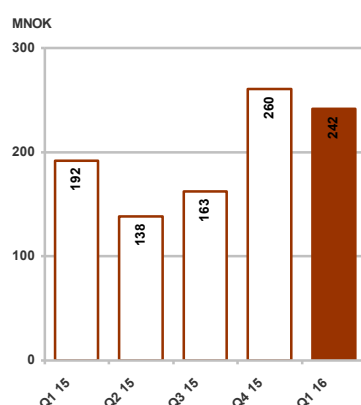
## KEY FIGURES (UNAUDITED)

NOK MILLION (unless otherwise stated)	Q1 2016	Q4 2015 Restated	Q1 2015 Restated	YTD 2016	YTD 2015 Restated
<b>INCOME STATEMENT</b>					
Operating revenue	2 980	3 087	2 886	2 980	2 886
Gross operating earnings	242	260	192	242	192
Operating earnings	40	114	241	40	241
Profit/loss for the period	11	-828	754	11	754
Earnings per share (NOK)	0.06	-4.36	3.97	0.06	3.97
<b>CASH FLOW</b>					
Net cash flow from operating activities	185	90	518	185	518
Net cash flow from investing activities	-48	-65	-26	-48	-26
Cash flow per share (NOK)	0.97	0.47	-2.73	0.97	-2.73
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
Gross operating margin	8.1	8.4	6.6	8.1	6.6
Return on capital employed (annualised)	8.7	8.8	7.0	8.7	7.0
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	638	624	624	638	624
Deliveries (1 000 tonnes)	625	650	591	625	591
Production / capacity (%)	95	89	83	95	83

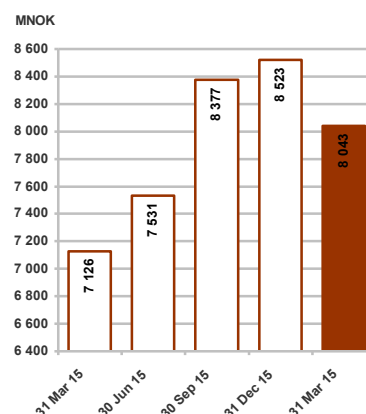
### OPERATING REVENUE



### GROSS OPERATING EARNINGS



### NET INTEREST-BEARING DEBT



NOK MILLION	31 MAR 2016	31 DEC 2015 Restated	30 SEP 2015 Restated	30 JUN 2015 Restated	31 MAR 2015 Restated
<b>BALANCE SHEET</b>					
Non-current assets	9 149	9 473	9 595	9 558	10 337
Current assets	4 069	3 187	3 294	3 331	3 997
Total assets	13 218	12 660	12 889	12 889	14 335
Equity	-154	-229	288	1 253	1 916
Net interest-bearing debt	8 043	8 523	8 377	7 531	7 126

## REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2016

- Gross operating earnings first quarter NOK 242 million, a slight seasonal decrease from NOK 260 million in the previous quarter
  - Clear improvement from NOK 192 in the same quarter last year
- Group liquidity greatly enhanced in the quarter
  - A new larger securitization facility of EUR 100 million was entered with GSO and Cyrus, replacing the previous NOK 250 million facility with Sparebank1
  - New equity amounting to EUR 15 million raised in a private placement to GSO and Cyrus
- Net interest-bearing debt reduced by NOK 480 million to NOK 8 043 million
  - Reduction reflecting proceeds from the equity issue, a positive unrealized currency effect on foreign denominated debt of about NOK 200 million and positive cash flow from operations
- Profit for the period NOK 11 million, comparing to a loss of NOK 828 million in the previous quarter
  - The previous quarter was weighed by an unfavourable unrealized currency effect of about NOK 100 million and a write-off of tax assets in Norway and Australasia amounting to about NOK 500 million
- After quarter end, the exchange offer to 2017 bondholders was successfully completed
  - Improving equity/reducing net debt by more than NOK 1 billion
  - Reducing annual cost interest payments by more than NOK 100 million
- The Board has approved a repair equity offering to existing shareholders on 20 April
  - Utilizing the remaining authorisation to issue equity given at the 2015 AGM

## INCOME STATEMENT

NOK MILLION	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
Operating revenue	2 980	3 087	2 886	2 980	2 886
Distribution costs	-316	-327	-298	-316	-298
Cost of materials	-1 773	-1 753	-1 805	-1 773	-1 805
Change in inventories	33	-103	141	33	141
Fixed cost	-682	-643	-733	-682	-733
<b>Gross operating earnings</b>	<b>242</b>	<b>260</b>	<b>192</b>	<b>242</b>	<b>192</b>

Operating revenue decreased from the fourth quarter with seasonally lower sales volumes. Publication paper prices in Europe increased into 2016, while prices in Australasia remained stable with long term contracts.

Variable costs declined per tonne reflecting lower energy costs and fruition of efficiency measures at several mills. Fixed costs increased from the previous quarter, which benefitted from a reversal of environmental provisions and year-end adjustments. A weaker NOK

in the first quarter, compared to the fourth quarter, inflated reported costs. Significant legal costs in relation to litigation in New York were accrued in the quarter.

Gross operating earnings declined slightly quarter-over-quarter with seasonality.

NOK MILLION	Q1 2016	Q4 2015 Restated	Q1 2015 Restated	YTD 2016	YTD 2015 Restated
Depreciation	-190	-194	-193	-190	-193
Restructuring expenses	0	-32	-3	0	-3
Other gains and losses	-12	79	246	-12	246
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>40</b>	<b>114</b>	<b>241</b>	<b>40</b>	<b>241</b>

Depreciation charges were flat at a quarterly level of NOK 190 million.

Other gains and losses reflected net change in the mark-to-market valuation of energy contracts in Norway and New Zealand. In

Norway, the value of the imbedded EUR derivative increased with NOK appreciation. The value of the long position in New Zealand declined with lower domestic electricity prices.

NOK MILLION	Q1 2016	Q4 2015 Restated	Q1 2015 Restated	YTD 2016	YTD 2015 Restated
Share of profit in associated companies	2	-18	-7	2	-7
Financial items	-34	-376	600	-34	600
Income taxes	4	-549	-80	4	-80
<b>Profit/loss for the period</b>	<b>11</b>	<b>-828</b>	<b>754</b>	<b>11</b>	<b>754</b>

Share of profit in associated companies reflected equity method income accounting of the group's one-third stake in Malaysian Newsprint Industries (MNI).

Financial items largely consists of interest expenses and unrealized currency gains/losses. Net interest expenses in the period was NOK 235 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 bonds. Unrealized currency gains amounting to NOK 200 million offset the interest expenses. The currency gains reflected a decrease in foreign denominated debt due to NOK appreciation.

Profit for the quarter, after depreciation, other gains and losses and financial items, was NOK 11 million.

## GROWTH OPPORTUNITIES BEYOND PUBLICATION PAPER

### Biogas in Europe

The Saugbrugs mill in Norway is constructing a new biogas facility on schedule for completion by year-end 2016. Onsite biogas 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, increased biogas use improves urban air quality. Norske Skog is replicating the project at Golbey.

### Wood pellets in New Zealand

Pellets production has ramped up to 40 000 tonnes annually at Nature's Flame, the pellets producer acquired last year. Norske Skog is considering further expanding the pellets production including to the Tasman newsprint site. The site has a considerable competitive advantage in exports to Asia, given its favourable New Zealand location. Pellets bring significant environmental benefits in replacing fossil fuels for heating with renewable wood pellets.

### Entering the tissue market

Norske Skog entered into a joint venture (JV) with partner Roto-cart for the conversion of the newsprint site at Bruck in Austria to tissue production last summer.

Since then the project has progressed well with all permits in place and ground work completed. However, regrettably the partnership did not developed as intended and has been terminated.

Norske Skog is currently revisiting discussions with alternative partners and expects to conclude within a short timeframe. The Bruck mill is ideally located for tissue production in an area close to key markets and benefits from onsite industrial infrastructure, synergies with large-scale paper production and an experienced local management team.

The partner change has complicated the project and the timeline is extended from spring 2017 to year-end 2017. Upon completion, the 125 000 tonnes newsprint machine at Bruck will be closed, while the onsite 265 000 tonnes LWC machine will continue production alongside the new tissue machine.

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

NOK MILLION (unless otherwise stated)	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
Operating revenue	2 118	2 174	2 026	2 118	2 026
<b>Gross operating earnings</b>	<b>182</b>	<b>146</b>	<b>95</b>	<b>182</b>	<b>95</b>
Gross operating margin (%)	8.6	6.7	4.7	8.6	4.7
Return on capital employed (%) (annualised)	12.1	8.8	5.5	12.1	5.5
Production (1 000 tonnes)	468	452	467	468	467
Deliveries (1 000 tonnes)	460	476	436	460	436
Production / capacity (%)	94	86	82	94	82

The segment constitutes Norske Skog's European operations in the publication paper market, with mills in Norway, France and Austria. Annual production capacity is 2.0 million tonnes.

Operating revenue decreased from the previous quarter with seasonally lower sales volumes. European publication paper prices increased from the fourth quarter, but were mitigated in NOK by GBP depreciation.

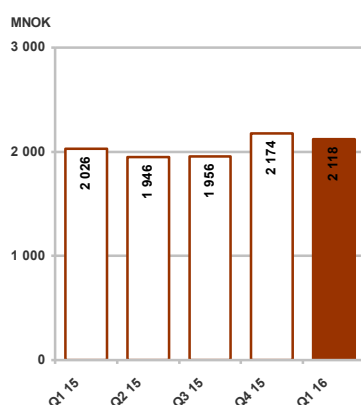
Variable costs declined per tonne with lower energy costs and efficiency measures. Fixed costs decreased slightly despite negative inflation effects from NOK depreciation.

Gross operating earnings increased meaningfully quarter-over-quarter with higher prices and lower costs. The underlying improvement was even stronger, as higher cost inventories from last year was sold in the quarter.

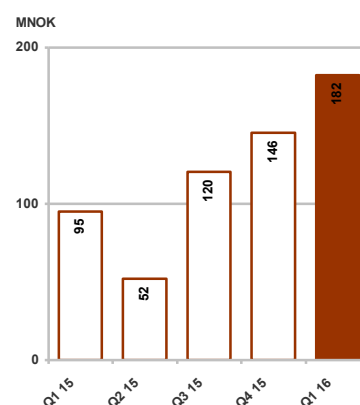
Demand for newsprint and magazine paper in Europe decreased by 4% through February, compared to the same period the year before.

Capacity utilisation was high at 94% (86%) in the period.

#### OPERATING REVENUE



#### GROSS OPERATING EARNINGS



### PUBLICATION PAPER AUSTRALASIA

NOK MILLION (unless otherwise stated)	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
Operating revenue	856	909	863	856	863
<b>Gross operating earnings</b>	<b>75</b>	<b>104</b>	<b>95</b>	<b>75</b>	<b>95</b>
Gross operating margin (%)	8.7	11.4	11.0	8.7	11.0
Return on capital employed (%) (annualised)	6.0	7.8	8.9	6.0	8.9
Production (1 000 tonnes)	170	172	158	170	158
Deliveries (1 000 tonnes)	165	174	155	165	155
Production / capacity (%)	97	96	88	97	88

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 decreased from the previous quarter with seasonally lower sales volumes. Publication paper prices in

Australasia remained stable with long term contracts being an important constituent of the business.

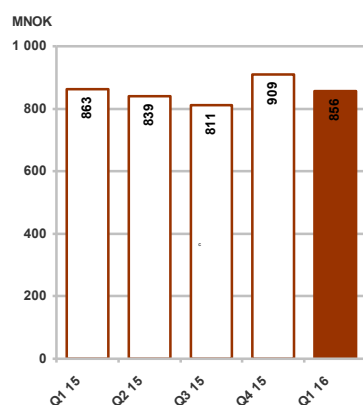
Variable costs declined per tonne with lower energy costs and efficiency measures. Fixed costs increased, as the fourth quarter figures benefitted from a reversal of environmental provisions.

Gross operating earnings declined quarter-over-quarter with the higher costs and relatively more, lower margin, exports of newsprint to Asia.

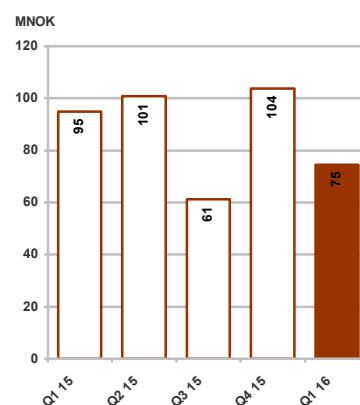
Demand for newsprint in Australasia decreased by 3% through February, compared to the same period the year before. Demand for magazine paper was relatively stable.

Capacity utilisation was high at 97% (96%) in the period.

### OPERATING REVENUE



### GROSS OPERATING EARNINGS



### OTHER ACTIVITIES

NOK MILLION	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
Operating revenue	33	38	29	33	29
<b>Gross operating earnings</b>	<b>-15</b>	<b>11</b>	<b>2</b>	<b>-15</b>	<b>2</b>

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

The positive contribution to gross operating earnings in the previous quarter reflected year-end adjustments.

### CASH FLOW

NOK MILLION	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
Gross operating earnings	242	260	192	242	192
Change in working capital	77	170	-546	77	-546
Restructuring activities	-12	-2	-4	-12	-4
Other items	-8	-43	-17	-8	-17
Net financial items	-100	-273	-131	-100	-131
Taxes paid	-15	-22	-11	-15	-11
<b>Net cash flow from operating activities</b>	<b>185</b>	<b>90</b>	<b>-518</b>	<b>185</b>	<b>-518</b>
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>-48</b>	<b>-61</b>	<b>-26</b>	<b>-48</b>	<b>-26</b>

Tight working capital management resulted in a release of NOK 77 million despite a seasonal build in inventories. Net financial items were primarily coupon payments on issued bonds.

Cash flow from investing activities included both normal maintenance capital expenditures and progress on growth initiatives.

## BALANCE SHEET

NOK MILLION	31 MAR 2016	31 DEC 2015 Restated	31 MAR 2015 Restated
Non-current assets	9 149	9 473	10 337
<b>Cash and cash equivalents</b>	<b>1 472</b>	<b>536</b>	<b>1 306</b>
Other current assets	2 597	2 651	2 691
Total assets	13 218	12 660	14 335
<b>Equity including non-controlling interests</b>	<b>-154</b>	<b>-229</b>	<b>1 916</b>
Non-current liabilities	9 662	8 970	9 530
Current liabilities	3 710	3 920	2 889
<b>Net interest-bearing debt</b>	<b>8 043</b>	<b>8 523</b>	<b>7 126</b>

Equity was a negative NOK 154 million at the end of the first quarter. The improvement from the restated year-end negative equity of NOK 229 million reflected profit for the period and issuance of new equity, partly offset by currency translation differences. A specification of changes in equity is shown on page 10.

After end of quarter, Norske Skog successfully completed an exchange offer to 2017 bondholders, which improved the equity by more than NOK 1 billion.

Net interest-bearing debt was NOK 8 043 million at quarter end, a significant decrease of NOK 480 million since year-end. The reduction was due to the equity issuance, a positive currency effect on foreign denominated debt with NOK appreciation and positive cash flow from operations.

Cash and cash equivalents amounted to NOK 1 472 million at quarter end. The sound liquidity position reflected proceeds from the new larger securitization facility, the equity issuance and positive cash flow from operations.

## 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.

## 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. The high financial leverage of the group amplifies the business risks. A further description of risk factors and risk management will be provided in the annual financial statements for 2015.

«Norske Skog announced an Exchange offer to the 2016 bonds and the 2017 bonds 5 January 2016 (the «January Exchange Offers»). On 2 February 2016, the New York State Supreme Court issued a temporary restraining order preventing the closing of the January Exchange Offers. The temporary restraining order had been requested by Citibank, N.A., London Branch in its capacity as trustee under the indenture for the 2019 Senior Secured Notes (the «Plaintiff»). After Norske Skog removed the case to federal court, the United States District Court for the Southern District Court of New York issued an Order 8 March 2016 (the «Order») denying the motion of the Plaintiff for a preliminary injunction to prevent the closing of the January Exchange Offers, on the basis that the Plaintiff had not demonstrated that it would suffer irreparable harm in the absence of the requested injunction. The Order also lifted the temporary restraining order in respect of the January Exchange Offers that had been imposed by the New York State Supreme Court on 2 February 2016.

Nevertheless, due to the uncertainty with respect to the court case and the compelling need of Norske Skog to undertake transactions to resolve uncertainties regarding upcoming maturities, and equity and liquidity situation as expeditiously as possible and before any trials on the merits, Norske Skog decided to amend the terms of the January Exchange Offers. An amended exchange offer was announced 18 March 2016 for the 2017 bonds and the 2016 bond exchange offer was terminated.

## OUTLOOK

The market balance for newsprint and magazine paper in Europe is continuing to improve with recent announcements of capacity closures and conversions adding to the benefits experienced from closures last year. Reflecting closures and planned conversion projects out of publication paper in the industry, European operating rates for newsprint and LWC are expected to remain above 90% in both 2016 and 2017, after taking into account an expected secular decline in demand. This gives momentum to the positive pricing environment. The European SC market is gaining support from US closures and US import duties on Canadian paper.

The Asian export market for newsprint, of increasing importance to Norske Skog due to a smaller domestic market in Australasia, is encouraging with prices improving. There is strong demand from Indian regional newspapers.

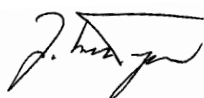
Favourable energy costs for our European mills and efficiency measures at all mills are expected to reduce variable costs by 2-3% per tonne in 2016. Fixed costs initiatives continue at all mills towards a run-rate group level of NOK 600 million per quarter by year-end 2016.

Gross operating earnings for the first half of 2016 is expected to be above NOK 500 million.

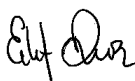
The growth initiatives announced last year are expected to start to contribute to gross operating earnings this year and to reach full run-rate potential within a timeframe of 3-4 years.

The Board will decide on the group's ability to complete the redemption of the 2016 bond in June based on cash balances, various liquidity initiatives and improved cash flow from operations in 1H16. The new securitization facility will not be used to debt repayments. The present amount outstanding on the 2016 bond is EUR 74 million following buy-backs in April.

### SKØYEN, 20 APRIL 2016 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



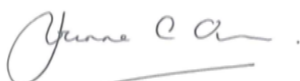
Jon-Aksel Torgersen  
Chair




Eilif Due  
Board member



Nils Ingemund Hoff  
Board member



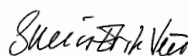
Joanne Owen  
Board member



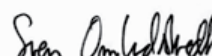
Paul Kristiansen  
Board member



Cecilie Jonassen  
Board member



Svein Erik Veie  
Board member



Sven Ombudstvedt  
President and CEO

## INTERIM FINANCIAL STATEMENTS, FIRST QUARTER OF 2016

## CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q1 2016	Q4 2015 Restated	Q1 2015 Restated	YTD 2016	YTD 2015 Restated
<b>Operating revenue</b>	5	<b>2 980</b>	<b>3 087</b>	<b>2 886</b>	<b>2 980</b>	<b>2 886</b>
Distribution costs		-316	-327	-298	-316	-298
Cost of materials		-1 773	-1 753	-1 805	-1 773	-1 805
Change in inventories		33	-103	141	33	141
Employee benefit expenses		-465	-424	-496	-465	-496
Other operating expenses		-217	-220	-236	-217	-236
<b>Gross operating earnings</b>		<b>242</b>	<b>260</b>	<b>192</b>	<b>242</b>	<b>192</b>
Depreciation	4	-190	-194	-193	-190	-193
Restructuring expenses		0	-32	-3	0	-3
Other gains and losses	7	-12	79	246	-12	246
Impairments	3, 4	0	0	0	0	0
<b>Operating earnings</b>		<b>40</b>	<b>114</b>	<b>241</b>	<b>40</b>	<b>241</b>
Share of profit in associated companies		2	-18	-7	2	-7
Financial items		-34	-376	600	-34	600
<b>Profit/loss before income taxes</b>		<b>7</b>	<b>-279</b>	<b>834</b>	<b>7</b>	<b>834</b>
Income taxes		4	-549	-80	4	-80
<b>Profit/loss for the period</b>		<b>11</b>	<b>-828</b>	<b>754</b>	<b>11</b>	<b>754</b>
<b>Profit/loss for the period attributable to:</b>						
Owners of the parent		11	-828	754	11	754
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		0.06	-4.36	3.97	0.06	3.97

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

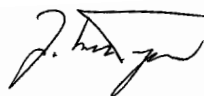
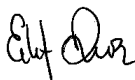
NOK MILLION	Q1 2016	Q4 2015 Restated	Q1 2015 Restated	YTD 2016	YTD 2015 Restated
<b>Profit/loss for the period</b>	<b>11</b>	<b>-828</b>	<b>754</b>	<b>11</b>	<b>754</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	-114	347	8	-114	8
Tax expense on translation differences	-1	-27	-189	-1	-189
Hedge of net investment in foreign operations	37	-11	58	37	58
Tax expense on net investment hedge	0	0	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
<b>Total</b>	<b>-78</b>	<b>308</b>	<b>-123</b>	<b>-78</b>	<b>-123</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of post employment benefit obligations	0	5	0	0	0
Tax effect on remeasurements of post employment benefit obligations	0	-4	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period</b>	<b>-78</b>	<b>310</b>	<b>-123</b>	<b>-78</b>	<b>-123</b>
<b>Comprehensive income for the period</b>	<b>-67</b>	<b>-518</b>	<b>631</b>	<b>-67</b>	<b>631</b>
<b>Comprehensive income for the period attributable to:</b>					
Owners of the parent	-67	-518	631	-67	631
Non-controlling interests	0	0	0	0	0

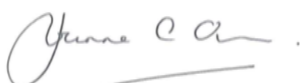


## CONDENSED CONSOLIDATED BALANCE SHEET

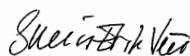
NOK MILLION	NOTE	31 MAR 2016	31 DEC 2015 Restated	31 MAR 2015 Restated	1 JAN 2015 Restated
Deferred tax asset		0	0	332	598
Intangible assets	4	90	87	97	92
Property, plant and equipment	3, 4	8 323	8 585	8 973	9 180
Investments in associated companies		391	374	433	429
Other non-current assets	7	345	426	502	387
<b>Total non-current assets</b>		<b>9 149</b>	<b>9 473</b>	<b>10 337</b>	<b>10 686</b>
Inventories		1 287	1 253	1 455	1 334
Trade and other receivables		1 275	1 357	1 181	1 209
Cash and cash equivalents	6	1 472	536	1 306	710
Other current assets	7	35	40	56	39
<b>Total current assets</b>		<b>4 069</b>	<b>3 187</b>	<b>3 997</b>	<b>3 291</b>
<b>Total assets</b>		<b>13 218</b>	<b>12 660</b>	<b>14 335</b>	<b>13 977</b>
Paid-in equity		12 444	12 302	12 302	12 302
Retained earnings and other reserves		-12 598	-12 532	-10 387	-11 017
Non-controlling interests		0	0	0	0
<b>Total equity</b>		<b>-154</b>	<b>-229</b>	<b>1 916</b>	<b>1 285</b>
Pension obligations		270	276	792	820
Deferred tax liability		586	610	396	415
Interest-bearing non-current liabilities	6	8 236	7 453	8 117	6 592
Other non-current liabilities	7	570	631	585	692
<b>Total non-current liabilities</b>		<b>9 662</b>	<b>8 970</b>	<b>9 530</b>	<b>8 519</b>
Interest-bearing current liabilities	6	1 346	1 676	753	1 679
Trade and other payables		1 947	1 921	1 800	2 172
Tax payable		13	15	3	13
Other current liabilities	7	404	308	332	309
<b>Total current liabilities</b>		<b>3 710</b>	<b>3 920</b>	<b>2 889</b>	<b>4 173</b>
<b>Total liabilities</b>		<b>13 372</b>	<b>12 889</b>	<b>12 419</b>	<b>12 692</b>
<b>Total equity and liabilities</b>		<b>13 218</b>	<b>12 660</b>	<b>14 335</b>	<b>13 977</b>

## SKØYEN, 20 APRIL 2016 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA


Jon-Aksel Torgersen  
Chair

Eilif Due  
Board member

Nils Ingemund Hoff  
Board member

Joanne Owen  
Board member

Paul Kristiansen  
Board member

Cecilie Jonassen  
Board member

Svein Erik Veie  
Board member

Sven Ombudstvedt  
President and CEO

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
Cash generated from operations	3 051	3 020	2 849	3 051	2 849
Cash used in operations	-2 752	-2 636	-3 225	-2 752	-3 225
Cash from net financial items	-100	-273	-131	-100	-131
Taxes paid	-15	-22	-11	-15	-11
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>185</b>	<b>90</b>	<b>-518</b>	<b>185</b>	<b>-518</b>
Purchases of property, plant and equipment and intangible assets	-48	-61	-26	-48	-26
Sales of property, plant and equipment and intangible assets	0	1	1	0	1
Dividend received	0	0	0	0	0
Purchase of shares in companies and other investments	0	0	-1	0	-1
Sales of shares in companies and other investments	0	-6	0	0	0
<b>Net cash flow from investing activities</b>	<b>-48</b>	<b>-65</b>	<b>-26</b>	<b>-48</b>	<b>-26</b>
New loans raised	1 090	101	2 315	1 090	2 315
Repayments of loans	-414	-295	-1 184	-414	-1 184
New paid in equity	142	0	0	142	0
<b>Net cash flow from financing activities</b>	<b>818</b>	<b>-193</b>	<b>-1 131</b>	<b>818</b>	<b>-1 131</b>
Foreign currency effects on cash and cash equivalents	-19	5	10	-19	10
<b>Total change in cash and cash equivalents</b>	<b>936</b>	<b>-163</b>	<b>597</b>	<b>936</b>	<b>597</b>
<b>Cash and cash equivalents at start of period</b>	<b>536</b>	<b>699</b>	<b>710</b>	<b>536</b>	<b>710</b>
<b>Cash and cash equivalents at end of period</b>	<b>1 472</b>	<b>536</b>	<b>1 306</b>	<b>1 472</b>	<b>1 306</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	242	260	192	242	192
Change in working capital	77	170	-546	77	-546
Payments made relating to restructuring activities	-12	-2	-4	-12	-4
Adjustment for other items	-8	-43	-17	-8	-17
Cash flow from net financial items	-100	-273	-131	-100	-131
Taxes paid	-15	-22	-11	-15	-11
<b>Net cash flow from operating activities</b>	<b>185</b>	<b>90</b>	<b>-518</b>	<b>185</b>	<b>-518</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 2015</b>	<b>12 302</b>	<b>-11 708</b>	<b>-331</b>	<b>1 023</b>	<b>1 285</b>	<b>0</b>	<b>1 285</b>
Profit/loss for the period	0	754	0	0	754	0	754
Other comprehensive income for the period	0	0	58	-181	-123	0	-123
<b>Equity 31 March 2015</b>	<b>12 302</b>	<b>-10 954</b>	<b>-273</b>	<b>842</b>	<b>1 916</b>	<b>0</b>	<b>1 916</b>
Profit/loss for the period	0	-2 280	0	0	-2 280	0	-2 280
Other comprehensive income for the period	0	0	-166	301	137	0	137
<b>Equity 31 December 2015</b>	<b>12 302</b>	<b>-13 234</b>	<b>-439</b>	<b>1 143</b>	<b>-229</b>	<b>0</b>	<b>-229</b>
Profit/loss for the period	0	11	0	0	11	0	11
Proceeds from shares issued	142	0	0	0	142	0	142
Other comprehensive income for the period	0	0	37	-115	-78	0	-78
<b>Equity 31 March 2016</b>	<b>12 444</b>	<b>-13 223</b>	<b>-403</b>	<b>1 028</b>	<b>-154</b>	<b>0</b>	<b>-154</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 20 April 2016.

Norske Skog's accounting treatment of embedded derivatives in energy contracts in Norway was changed with effect from 1 January 2015. This accounting treatment was applied for all four interim financial statements for 2015. Due to a preliminary assessment from the Financial Supervisory Authority of Norway from March 2016 the new accounting treatment had to be reversed. The accounting treatment of embedded derivatives in energy contracts applied in the consolidated interim financial statements in 2015 should not have been adopted. The annual financial statements for 2015 were issued in compliance with the preliminary assessment from the Financial

Supervisory Authority. In the interim financial statements for 2016 the comparable figures for 2015 will be restated compared to the interim financial statements issued for the interim periods in 2015. See note 2 Accounting policies and Note 7 Energy contracts, derivatives and financial instruments carried at fair value 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 (Q1 2016 and Q4 2015) and the closing exchange rate (31 March 2016, 31 December 2015 and 1 January 2015) for the most important currencies for the Norske Skog group.

	Q1 2016	Q4 2015	31 MAR 2016	31 DEC 2015	1 JAN 2015
AUD	6.23	6.14	6.36	6.45	6.09
EUR	9.53	9.34	9.41	9.62	9.04
GBP	12.38	12.94	11.89	13.07	11.57
NZD	5.73	5.68	5.74	6.04	5.83
USD	8.65	8.53	8.27	8.81	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 2015. 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 2015, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2016. These changes are described in the annual financial statements for 2015.

Norske Skog has in the past entered into Euro denominated energy contracts in Norway, reducing the group's considerable exposure to the Norwegian krone. Financially, a contract combining energy prices and currency exposures is considered a hybrid instrument, containing a host contract and an embedded derivative. When the embedded derivative is considered closely related to the host contract the

embedded derivative is not separated from its host contract, while it is accounted for as a freestanding derivative when it is not considered closely related. Norske Skog previously accounted for the foreign currency element separately as an embedded derivative. In first quarter 2015 Norske Skog changed the accounting principle to account for the combined contract as one contract without separation of an embedded foreign currency derivative. The change in accounting principle was agreed with the current auditor EY. Based on the Financial Supervisory Authority's preliminary assessment Norske Skog needed to change the accounting principle governing the Norwegian energy contracts. The full accounting effects of returning to the former accounting principles, and the current estimate had a net effect on reported equity of NOK 301 million at 31 December 2015. The change resulted in reporting of negative equity at year-end 2015. The change in accounting principle did not have any cash effect. See Note 7 and Note 11 for further information.

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

## 3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

Intangible assets that 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. The group's cash-generating units are publication paper Europe and publication paper Australasia. The year-end audit of the 2015 impairment testing has not yet been finalised.

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 that 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 2015 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 2015 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 2016. 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	8 585	87	8 672
Additions <sup>1)</sup>	48	5	53
Depreciation	-189	-1	-190
Impairments	0	0	0
Value changes	-4	0	-4
Disposals	-4	-1	-5
Currency translation differences	-113	0	-113
<b>Carrying value at end of period</b>	<b>8 323</b>	<b>90</b>	<b>8 413</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	4 555	11	4 565
Publication paper Australasia	3 731	10	3 741
Other activities	37	70	107
<b>Total</b>	<b>8 323</b>	<b>90</b>	<b>8 413</b>

## 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.

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), Green energy business and other holding company activities.

Q1 2016	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 118</b>	<b>856</b>	<b>33</b>	<b>-27</b>	<b>2 980</b>
Distribution costs	-214	-101	-1	0	-316
Cost of materials	-1 277	-498	2	0	-1 773
Change in inventories	11	22	0	0	33
Employee benefit expenses	-308	-132	-25	0	-465
Other operating expenses	-147	-72	-24	27	-217
<b>Gross operating earnings</b>	<b>182</b>	<b>75</b>	<b>-15</b>	<b>0</b>	<b>242</b>
Depreciation	-102	-85	-3	0	-190
Restructuring expenses	0	0	0	0	0
Other gains and losses	0	-2	-10	0	-12
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>81</b>	<b>-13</b>	<b>-28</b>	<b>0</b>	<b>40</b>
Share of operating revenue from external parties (%)	100	100	20		100

Q4 2015 Restated	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 174</b>	<b>909</b>	<b>38</b>	<b>-34</b>	<b>3 087</b>
Distribution costs	-223	-103	-1	0	-327
Cost of materials	-1 255	-500	2	0	-1 753
Change in inventories	-86	-17	0	0	-103
Employee benefit expenses	-279	-132	-13	0	-424
Other operating expenses	-185	-52	-16	34	-220
<b>Gross operating earnings</b>	<b>146</b>	<b>104</b>	<b>11</b>	<b>0</b>	<b>260</b>
Depreciation	-104	-86	-3	0	-194
Restructuring expenses	-32	0	0	0	-32
Other gains and losses	18	0	62	0	79
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>27</b>	<b>17</b>	<b>70</b>	<b>0</b>	<b>114</b>
Share of operating revenue from external parties (%)	100	100	13		100

Q1 2015 Restated	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>2 026</b>	<b>863</b>	<b>29</b>	<b>-31</b>	<b>2 886</b>
Distribution costs	-197	-102	0	0	-298
Cost of materials	-1 364	-475	34	0	-1 805
Change in inventories	131	11	0	0	141
Employee benefit expenses	-335	-130	-32	0	-496
Other operating expenses	-166	-72	-30	31	-236
<b>Gross operating earnings</b>	<b>95</b>	<b>95</b>	<b>2</b>	<b>0</b>	<b>192</b>
Depreciation	-105	-86	-2	0	-193
Restructuring expenses	0	-3	0	0	-3
Other gains and losses	1	-1	245	0	246
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>-9</b>	<b>5</b>	<b>245</b>	<b>0</b>	<b>241</b>
Share of operating revenue from external parties (%)	100	100	2		100

## OTHER ACTIVITIES

INCOME STATEMENT	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
<b>OPERATING REVENUE</b>					
Corporate functions	23	31	27	23	27
Green energy	5	5	0	5	0
Miscellaneous	5	5	8	5	8
Eliminations	-1	-3	-6	-1	-6
<b>Total</b>	<b>33</b>	<b>38</b>	<b>29</b>	<b>33</b>	<b>29</b>
<b>GROSS OPERATING EARNINGS</b>					
Corporate functions	-14	12	1	-14	1
Green energy	-2	-2	0	-2	0
Miscellaneous	1	1	0	1	0
Eliminations	0	0	0	0	0
<b>Total</b>	<b>-15</b>	<b>11</b>	<b>2</b>	<b>-15</b>	<b>2</b>

## 6. FINANCIAL ITEMS AND INTEREST-BEARING DEBT

### FINANCIAL ITEMS

	Q1 2016	Q4 2015	Q1 2015	YTD 2016	YTD 2015
<b>Net interest expenses</b>	<b>-235</b>	<b>-240</b>	<b>-205</b>	<b>-235</b>	<b>-205</b>
Currency gains/losses <sup>*)</sup>	211	-119	-71	211	-71
Other financial items	-10	-17	877	-10	877
<b>Total financial items</b>	<b>-34</b>	<b>-376</b>	<b>600</b>	<b>-34</b>	<b>600</b>

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

The appreciation of the NOK in first quarter has impacted on the translation of debt into NOK at 31 March, resulting in unrealized currency gain.

However, a stronger NOK is unfavourable for the underlying business and the competitiveness of the Norwegian mills.

### 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 68 million is included in interest-bearing debt at

31 March 2016. The corresponding figure at 31 December 2015 was NOK 70 million. The hedge reserve does not constitute any payment obligation for the group, but will be amortised in the income statement over the lifetime of the debt that has been hedged.

31 MAR 2016	REPORTED KEY FIGURES
Interest-bearing non-current liabilities	8 237
Interest-bearing current liabilities	1 346
- Hedge reserve	68
- Cash and cash equivalents	1 472
<b>= Net interest-bearing debt</b>	<b>8 043</b>

### DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	31 MAR 2016
2016 – second quarter	1 253
2016 – third quarter	23
2016 – fourth quarter	15
2017	2 175
2018	31
2019	2 753
2020	960
2021	1 511
2022	16
2023	519
2024	16
2025	2
2026 to 2033	785
<b>Total</b>	<b>10 059</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.

Financed amounts from securitization arrangements is classified as interest-bearing current liabilities. This amounts to NOK 217 mill in debt repayment in Q2 2016.

The financed amount represents a group of individual loans, which are settled individually at maturity of the accounts receivable. New loans are initiated on a consecutive basis based on new accounts receivable included under the securitisation agreement. The liability is

in its nature current and Norske Skog does not have an unconditional right to defer settlement beyond twelve months. The liabilities are liabilities that are settled through its normal operating cycle. The corresponding accounts receivable is derecognised when the customer pays it.

Norske Skog AS has entered into a new securitisation facility of EUR 100 million with GSO and Cyrus which has refinanced the NOK 250 million facility with SparebBank 1 Gruppen Finans AS. The facility has a 4 year tenor, and is secured by accounts receivables at the Skogn and Saugbrugs mills, and inventory at Skogn, Saugbrugs and Golbey.

## BONDS

Bond financing constitutes the majority of Norske Skog's total debt financing. The 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 2016.

MATURITY	CURRENCY	COUPON	NOMINAL VALUE	OUTSTANDING AMOUNT 31 MAR 2016
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 218 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 sold EUR 5.6 million of its own holding of 2017 notes in Q1 2016.

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

31 MAR 2016	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	6	181	-65	-242
Energy contracts (level 2)	16	0	0	-7
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>22</b>	<b>181</b>	<b>-65</b>	<b>-249</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. In valuation of derivative contracts the fair value includes the impact of credit risk. Credit risk adjustments is applied to derivative liability positions based on Norske Skog's own credit risk.

Higher energy prices have a positive impact on fair value. Energy prices in New Zealand have decreased in the short end of the price curve while the prices in the long end are virtually unchanged compared to year end 2015.

The energy contracts in Norway are nominated in EUR. These contracts contain embedded derivatives that are recognised at fair value in accordance with IAS 39 *Financial instruments – recognition*

*and measurement*. NOK has strengthen against EUR during the quarter, which has had a positive effect on the fair value of the embedded derivatives.

A decrease in estimates of consumer price indices has a positive impact on fair value. Consumer price indices, which affect the fair value, show only small changes compared with the previous quarter.

Changes in the value of energy-/commodity contracts and embedded derivatives in contracts are presented in the income statement line Other gains and losses. Realised effects from financial energy contracts are also included in this accounting line.

Gains and losses on level 3 financial instruments recognised in the income statement, line item Other gains and losses, amounted to NOK -46 million in the first quarter (NOK 94 million in the fourth quarter)



## 8. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 31 MAR 2015	NUMBER OF SHARES	OWNERSHIP %
GSOSpecial Sit.	38 437 440	15.17
Goldman Sachs & Co	19 038 213	7.51
Nobelssystem Scandinavia AS	7 186 812	2.84
Goldman Sachs & Co	6 227 440	2.46
GSO Credit Alpha	5 812 361	2.29
GSO Churchill Partners	5 666 488	2.24
Astrup Fearnley AS	5 189 688	2.05
Uthalden A/S	4 450 000	1.76
Allskog BA	3 493 957	1.38
Fiducia AS	3 486 644	1.38
GSO Credit-A-Partner	3 454 855	1.36
Barokk Invest AS	3 350 000	1.32
SES AS	3 000 000	1.18
Clearstream Banking	2 403 780	0.98
Swedbank Norge Markets	2 400 000	0.95
Danske Bank AS	2 254 329	0.89
GSO Oasis Credit Partners	2 252 709	0.89
Skandinaviska Enskilda Banken	2 215 000	0.87
Torstein I. Tvenge	2 000 000	0.79
Alfaplan AS	1 980 000	0.78
Shareholders with < 1% ownership	129 106 624	50.95
<b>Total</b>	<b>253 406 340</b>	<b>100.00</b>

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

On 31 March 2016, Norske Skog issued 63,460,714 new shares at a subscription price of NOK 2.24 in a private placement directed to GSO and Cyrus. The total proceeds of the private placement amounts to NOK 142,151,999.36. The share capital increase pertaining to the private placement has been duly registered in the Norwegian Register of Business Enterprises. Following the share

capital increase, Norske Skog's registered share capital is NOK 253,406,340 divided into 253,406,340 ordinary shares each having a par value of NOK 1.00. The newly issued shares cannot be traded on the Oslo Stock Exchange before a listing prospectus has been completed and published, and have accordingly been issued with an ISIN separate from the ISIN of Norske Skog's listed shares pending completion of the prospectus.

## 9. THE NORSKE SKOG SHARE

	31 MAR 2016	31 DEC 2015 Restated	30 SEP 2015 Restated	30 JUN 2015 Restated	31 MAR 2015 Restated
Share price (NOK)	1.95	2.66	2.01	3.58	4.57
Book value of equity per share (NOK)	-0.81	-1.21	1.52	6.60	10.09

## 10. EVENTS AFTER THE BALANCE SHEET DATE

The exchange offer to 2017 noteholders to exchange into new notes due in 2026, perpetual notes and the right to subscribe for equity expired on 6 April 2016. Approximately 76% of the aggregate principal amount of the 2017 notes accepted to participate in the exchange offer. This was above the 75% required threshold to bind all of the outstanding 2017 notes to the terms of the exchange offer. The noteholder meeting was held on 11 April 2016. The board of directors made a formal resolution about the execution of the exchange offer transactions on 12 April 2016. The exchange offer realized immediate de-leveraging and improved the book equity by more than NOK 1 billion, reduced the annual cash interest level by more than NOK 100 million and extended debt maturities from 2017 to 2026 and beyond.

In the period from quarter end to reporting first quarter 2016 on 21 April 2016, Norske Skog bought back in the market 2016 notes for

a nominal amount of EUR 34.4 million. The remaining outstanding 2016 notes were thus reduced from EUR 108 million at quarter end to EUR 73.6 million as of the reporting date.

There have been no events after the balance sheet date with significant impact on the interim financial statements for the first quarter of 2016.

## 11. HISTORICAL FIGURES

INCOME STATEMENT	Q1 2016	Q4 2015 Restated	Q3 2015 Restated	Q2 2015 Restated	Q1 2015 Restated
<b>Operating revenue</b>	<b>2 980</b>	<b>3 087</b>	<b>2 779</b>	<b>2 786</b>	<b>2 886</b>
Variable costs	-2 056	-2 183	-1 960	-1 954	-1 962
Fixed costs	-682	-643	-656	-694	-733
<b>Gross operating earnings</b>	<b>242</b>	<b>260</b>	<b>163</b>	<b>138</b>	<b>192</b>
Depreciation	-190	-194	-190	-191	-193
Restructuring expenses	0	-32	-2	-15	-3
Other gains and losses	-12	79	-137	-285	246
<b>Operating earnings</b>	<b>40</b>	<b>114</b>	<b>-167</b>	<b>-352</b>	<b>241</b>
Share of profit in associated companies	2	-18	-7	-9	-7
Financial items	-34	-376	-782	-244	600
<b>Profit/loss before income taxes</b>	<b>7</b>	<b>-376</b>	<b>-955</b>	<b>-605</b>	<b>834</b>
Income taxes	4	-549	81	27	-80
<b>Profit/loss for the period</b>	<b>11</b>	<b>-828</b>	<b>-874</b>	<b>-578</b>	<b>754</b>

SEGMENT INFORMATION	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Publication paper Europe</b>					
Operating revenue	2 118	2 174	1 956	1 946	2 026
Gross operating earnings	182	146	120	52	95
Deliveries (1 000 tonnes)	460	476	431	441	436
<b>Publication paper Australasia</b>					
Operating revenue	856	909	811	839	863
Gross operating earnings	75	104	61	101	95
Deliveries (1 000 tonnes)	165	174	163	155	155
<b>Other activities</b>					
Operating revenue	33	38	40	32	29
Gross operating earnings	-15	11	-19	-15	2

BALANCE SHEET	31 MAR 2016	31 DEC 2015 Restated	30 SEP 2015 Restated	30 JUN 2015 Restated	31 MAR 2015 Restated
<b>Total non-current assets</b>	<b>9 149</b>	<b>9 473</b>	<b>9 595</b>	<b>9 558</b>	<b>10 337</b>
Inventories	1 287	1 253	1 302	1 306	1 455
Trade and other receivables	1 275	1 357	1 270	1 080	1 181
Cash and cash equivalents	1 472	536	699	896	1 306
Other current assets	35	40	23	49	56
<b>Total current assets</b>	<b>4 069</b>	<b>3 187</b>	<b>3 294</b>	<b>3 331</b>	<b>3 997</b>
<b>Total assets</b>	<b>13 218</b>	<b>12 660</b>	<b>12 889</b>	<b>12 889</b>	<b>14 335</b>
<b>Total equity</b>	<b>-154</b>	<b>-229</b>	<b>288</b>	<b>1 253</b>	<b>1 916</b>
<b>Total non-current liabilities</b>	<b>9 662</b>	<b>8 970</b>	<b>8 700</b>	<b>7 954</b>	<b>9 530</b>
Trade and other payables	1 947	1 921	1 745	1 718	1 800
Other current liabilities	1 763	1 999	2 155	1 964	1 089
<b>Total current liabilities</b>	<b>3 710</b>	<b>3 920</b>	<b>3 901</b>	<b>3 682</b>	<b>2 529</b>
<b>Total liabilities</b>	<b>13 372</b>	<b>12 889</b>	<b>12 601</b>	<b>11 636</b>	<b>12 419</b>
<b>Total equity and liabilities</b>	<b>13 218</b>	<b>12 660</b>	<b>12 889</b>	<b>12 889</b>	<b>14 335</b>

CASH FLOW	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	242	260	163	138	192
Change in operating working capital	104	155	-137	-1	-489
Payments made relating to restructuring activities	-12	-2	-8	-1	-4
Cash flow from net financial items	-100	-273	-98	-341	-131
Taxes paid	-15	-22	-5	-12	-11
Other	-34	-28	-11	-35	-75
<b>Net cash flow from operating activities</b>	<b>185</b>	<b>90</b>	<b>-96</b>	<b>-252</b>	<b>-518</b>
Purchases of property, plant and equipment and intangible assets	-48	-61	-45	-48	-26
Net divestments	0	-4	-14	-8	0
Dividend received	0	0	0	0	0
<b>Net cash flow from investing activities</b>	<b>-48</b>	<b>-65</b>	<b>-59</b>	<b>-56</b>	<b>-26</b>
<b>Net cash flow from financing activities</b>	<b>818</b>	<b>-193</b>	<b>-82</b>	<b>-95</b>	<b>1 131</b>
Foreign currency effects on cash and cash equivalents	-19	5	40	-5	10
<b>Total change in cash and cash equivalents</b>	<b>936</b>	<b>-163</b>	<b>-197</b>	<b>-410</b>	<b>597</b>