

SECOND QUARTER
AND FIRST HALF
Q2 2015

Q2 2015

2nd QUARTER IN BRIEF

- EBITA in line with 2nd quarter last year

- All-time high result for Performance Chemicals despite lower raw material supply

- Lower prices and weaker product mix in Specialty Cellulose

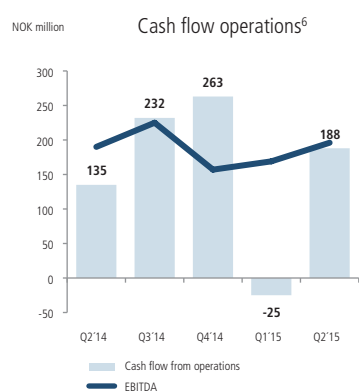
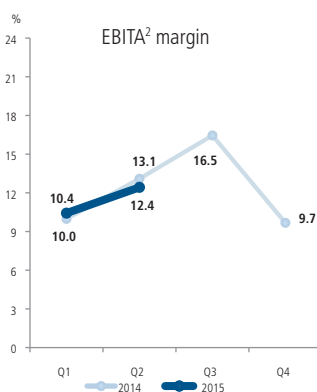
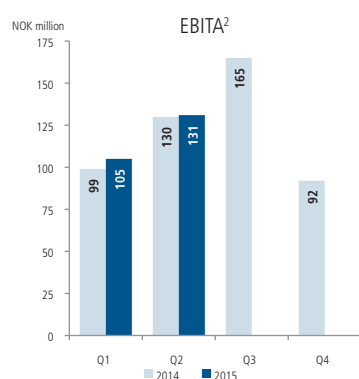
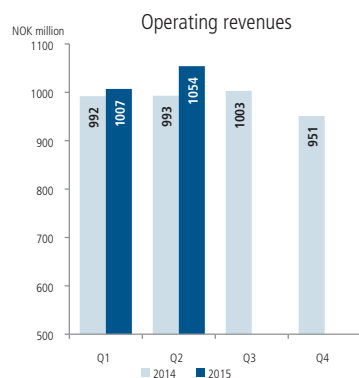
- Higher activity level in the Exilva project

- Positive FX impact in all business areas

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THE GROUP¹



Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2015	2014	2015	2014	2014
Operating revenues	2	1 054	993	2 061	1 985	3 939
EBITDA ¹		196	190	365	348	730
EBITA ²	2	131	130	236	229	486
Profit/loss before taxes		125	126	225	218	430
Earnings per share (NOK)	5	0.92	0.91	1.66	1.56	3.34
Net interest-bearing debt	10	825	793	825	793	608
Equity ratio (%)		53.7	54.8	53.7	54.8	52.0
Leverage ratio ³		1.10	1.12	1.10	1.12	0.83
Return on capital employed ⁴ (%)		16.0	16.1	16.0	16.1	16.5

Second quarter

Borregaard's operating revenues totalled NOK 1,054 million (NOK 993 million⁵) in the 2nd quarter of 2015. EBITA was NOK 131 million (NOK 130 million). Performance Chemicals improved its EBITA, while there was a decline in Specialty Cellulose and Other Businesses. In total, costs were stable in local currencies. Currency developments, including negative hedging effects, contributed positively by approximately NOK 50 million. Hedging effects were NOK -54 million in the 2nd quarter.

EBITA in Performance Chemicals increased to an all-time high as positive currency effects, product mix and higher sales prices more than compensated for lower raw material supply. The reduction in Specialty Cellulose was mainly due to lower sales prices, a weaker product mix and lower contribution from bioethanol. EBITA in Other Businesses declined, primarily due to a higher activity level in the Exilva project.

Net financial items were NOK -6 million compared with NOK -4 million in the 2nd quarter of 2014. The decline was due to less favourable FX differences partly off-set by lower net interest expenses. Group profit before tax was NOK 125 million (NOK 126 million). Tax expense in the 2nd quarter was NOK -33 million (NOK -36 million), giving a tax rate of 26% (29%).

Earnings per share in the 2nd quarter were NOK 0.92 (NOK 0.91).

Cash flow from operations⁶ in the 2nd quarter of 2015 was NOK 188 million (NOK 135 million), primarily due to a lower increase in net working capital compared with the corresponding quarter last year.

On 1 June, Borregaard and Rayonier Advanced Materials announced their intention to invest in a 150,000 tonnes lignin operation in the US. On 7 July, Borregaard and Sappi announced their decision to invest in a 20,000 tonnes capacity expansion at LignoTech South Africa.

1. Operating profit before depreciation, amortisation and other income and expenses.
2. Operating profit before amortisation and other income and expenses.
3. Net interest bearing debt/EBITDA (LTM).
4. EBITA/(Average net working capital+Average tangible assets+Average intangible assets at cost-Average net pension liabilities-Average deferred tax excess value) (LTM).
5. Figures in parentheses are for the corresponding period in the previous year.
6. Cash flow from operating activities according to IFRS adjusted for financial items, taxes paid, share of JV dividend/profit

First half

In the 1st half of 2015, Borregaard's operating revenues totalled NOK 2,061 million (NOK 1,985 million). EBITA was NOK 236 million compared with NOK 229 million in the 1st half of 2014. Improved results in Performance Chemicals and Other Businesses were partly off-set by lower EBITA in Specialty Cellulose. An improved currency situation contributed positively in all business areas. Costs were stable in local currencies. Hedging effects were NOK -124 million in the 1st half of 2015.

Net financial items amounted to NOK -11 million (NOK -11 million) in the 1st half of 2015.

For the six month period ended in June 2015, profit before tax was NOK 225 million (NOK 218 million). The tax charge was NOK 60 million, giving a tax rate of 27% in the 1st half of 2015.

Earnings per share in the 1st half of 2015 were NOK 1.66 (NOK 1.56).

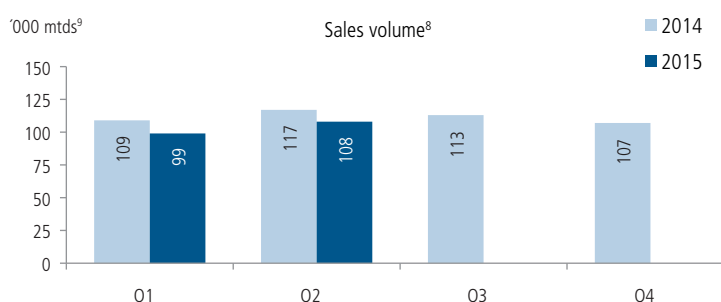
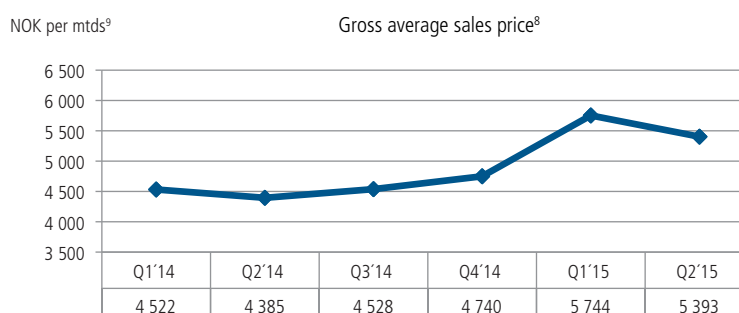
THE BUSINESS AREAS

Performance Chemicals

Amounts in NOK million	1.4 – 30.6		1.1 – 30.6		1.1 – 31.12
	2015	2014 ⁷	2015	2014 ⁷	2014 ⁷
Operating revenues	515	472	1 018	914	1 822
EBITA	127	104	238	188	388
EBITA margin (%)	24.7	22.0	23.4	20.6	21.3

Performance Chemicals reported 2nd quarter operating revenues of NOK 515 million (NOK 472 million). EBITA was NOK 127 million (NOK 104 million). Market conditions were generally positive in most applications, but Russian exports continue to affect certain segments. Reduced demand in the oil sector impacted high-value sales volume. Normal 2nd quarter seasonality affected average price compared with the preceding quarter. Sales volume was 8% lower than in the 2nd quarter of 2014, primarily due to lower raw material supply from external sources. However, the impact of the volume reduction was more than off-set by positive currency effects, higher prices and good product mix.

In the 1st half of 2015, Performance Chemicals had operating revenues of NOK 1,018 million (NOK 914 million). EBITA reached NOK 238 million (NOK 188 million). Market conditions were generally positive for most major applications, but with stronger competition in some segments and market regions. Sales volume was 8% below the corresponding period of 2014, primarily due to lower raw material supply. Favourable currency impact, higher sales prices and good product mix more than compensated for lower sales volume. High-value sales volume was stable compared with the 1st half of last year as reduced sales to the oil sector was compensated by growth in agrochemicals.



7. The 2014 figures are restated to reflect that BALI project costs are part of Performance Chemicals. See Note 13.

8. Average sales price and sales volume reflect 100% of sales and volume from the J/V in South Africa. Average sales price is calculated using actual FX rates, excluding hedging impact.

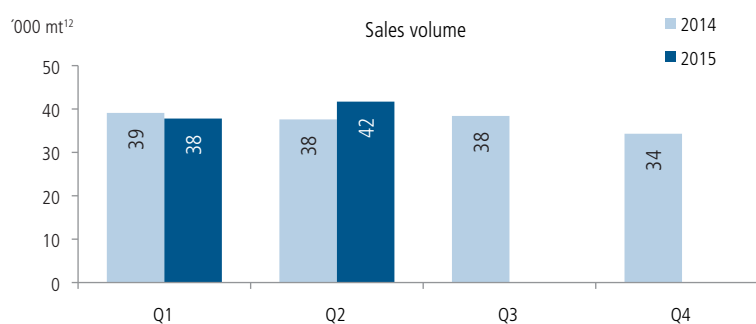
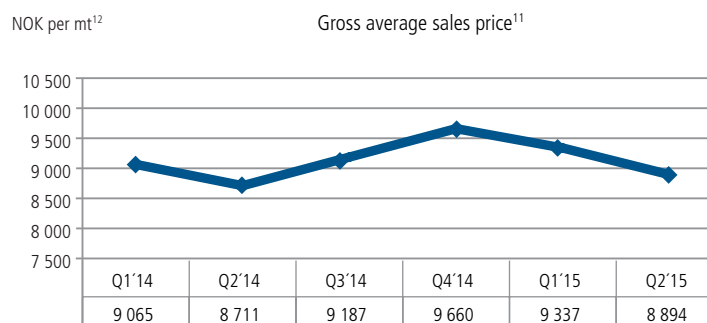
9. Metric tonne dry solid.

Specialty Cellulose

Amounts in NOK million	1.4 – 30.6		1.1 – 30.6		1.1 – 31.12
	2015	2014 ¹⁰	2015	2014 ¹⁰	2014 ¹⁰
Operating revenues	365	358	701	737	1 459
EBITA	18	37	26	71	163
EBITA margin (%)	4.9	10.3	3.7	9.6	11.2

Specialty Cellulose reported 2nd quarter operating revenues of NOK 365 million (NOK 358 million). EBITA was NOK 18 million (NOK 37 million). The result decline compared with the 2nd quarter of 2014 was due to reduced sales prices, a weaker product mix and lower contribution from bioethanol, partly off-set by positive net currency effects. Hedging effects were NOK -29 million in the 2nd quarter. Sales volume was high, primarily due to increased deliveries of textile cellulose. Shipments of acetate grades were lower. In total, raw material, energy and other costs were stable.

Operating revenues in the 1st half of 2015 totalled NOK 701 million (NOK 737 million). EBITA amounted to NOK 26 million (NOK 71 million). Lower cellulose sales prices, weaker product mix and slightly higher costs were partly compensated by a higher sales volume and the net positive impact of a weaker NOK. Hedging effects were NOK -69 million in the 1st half of 2015.



10. The 2014 figures are restated to reflect that Exilva project costs are not included as part of Specialty Cellulose. See Note 13.

11. Average sales price is calculated using actual FX rates, excluding hedging impact.

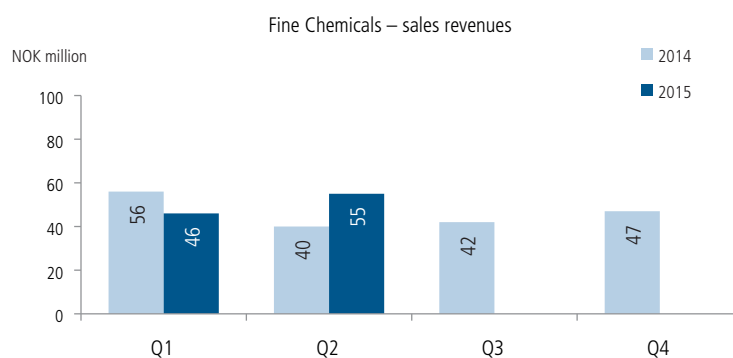
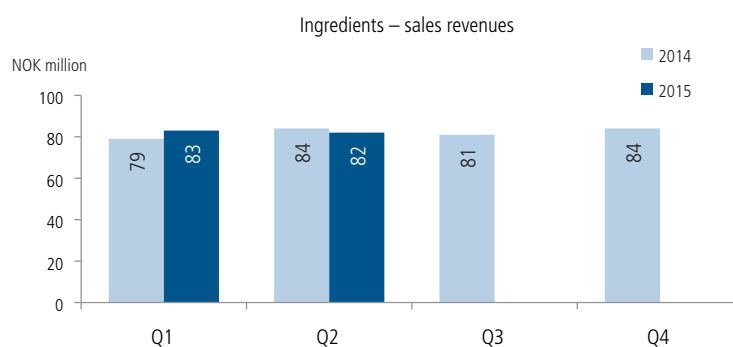
12. Metric tonne.

Other Businesses

Amounts in NOK million	1.4 – 30.6		1.1 – 30.6		1.1 – 31.12
	2015	2014 ¹³	2015	2014 ¹³	2014 ¹³
Operating revenues	183	171	359	346	682
EBITA	-14	-11	-28	-30	-65
EBITA margin (%)	-7.7	-6.4	-7.8	-8.7	-9.5

Other Businesses had total operating revenues of NOK 183 million (NOK 171 million) and an EBITA of NOK -14 million (NOK -11 million) in the 2nd quarter of 2015. A lower sales volume in Ingredients was more than off-set by positive currency effects. Fine Chemicals benefitted from increased sales of x-ray contrast media intermediates and positive currency effects. Exilva project costs increased due to a higher level of business development activities.

Operating revenues in Other Businesses were NOK 359 million (NOK 346 million) in the 1st half of 2015. EBITA was NOK -28 million compared with NOK -30 million in the corresponding period in 2014. A positive currency effect in Ingredients was off-set by higher costs in the Exilva project. In the 1st half of 2015, the EBITA impact of the Exilva project was close to the full year figure for 2014 (NOK 34 million).



13. The 2014 figures are restated to reflect that BALI project costs are not part of Other Businesses and that Exilva project costs are included in Other Businesses. See Note 13. 2014 operating revenues and eliminations are restated due to minor changes in the treatment of internal transactions.

FOREIGN EXCHANGE AND HEDGING

Borregaard has significant currency exposure which is hedged according to the company's hedging strategy. Compared with the 2nd quarter of 2014, the net positive impact of foreign exchange on EBITA, including hedging effects, was approximately NOK 50 million. Hedging effects were NOK -54 million in the 2nd quarter.

Compared with the 1st half of 2014, the net positive impact of foreign exchange on EBITA, including hedging effects, was approximately NOK 95 million. Hedging effects were NOK -124 million in the 1st half.

Assuming FX rates as of 14 July 2015 (USD 8.15 and EUR 8.99) and based on currency exposure forecasts, Borregaard expects the net positive impact of foreign exchange on EBITA to be approximately NOK 140 million for the 2nd half of the year.

CASH FLOW AND FINANCIAL SITUATION

Cash flow from operating activities in the 2nd quarter of 2015 was NOK 146 million (NOK 69 million). The improvement was mainly due to a lower increase in net working capital and lower tax payments compared with the corresponding quarter of 2014.

In the 1st half of 2015, cash flow from operating activities was NOK 64 million (NOK 128 million). The reduction was mainly due to a higher increase in net working capital than in the same period last year, partly off-set by a lower tax payment. Investments amounted to NOK 159 million (NOK 83 million). Expansion investments were mainly related to the Exilva and Ice Bear projects. A dividend of NOK 124 million (NOK 109 million) was paid out in the 2nd quarter. Realised effect of hedging of net investments in subsidiaries was NOK -10 million in the 1st half of 2015 (NOK 7 million). The Group has not sold or repurchased treasury shares in the 1st half of 2015 (NOK -15 million).

On 30 June 2015, the Group had net interest-bearing debt totalling NOK 825 million (NOK 793 million), an increase of NOK 57 million from the 1st quarter and NOK 217 million from year-end 2014. The Group was well capitalised with an equity ratio of 53.7% and a leverage ratio of 1.10.

SHARE INFORMATION

Total number of shares outstanding on 30 June 2015 was 100 million, including 777,883 treasury shares. Total number of shareholders was 7,155. Borregaard ASA's share price was NOK 55.50 at the end of the 2nd quarter, compared with NOK 59.50 at the end of the 1st quarter of 2015 and NOK 55.50 at the end of 2014.

OTHER MATTERS AND SUBSEQUENT EVENTS

Investment in new lignin operation in the US

Borregaard and Rayonier Advanced Materials (RYAM) have entered into a non-binding letter of intent regarding the establishment of a new lignin operation adjacent to RYAM's Fernandina Beach pulp mill in Florida. The new company will be owned 55% by Borregaard and 45% by RYAM.

It is anticipated that the project will be completed in two phases over a five year period. The parties estimate an aggregate USD 110 million investment for a capacity of 150,000 metric tonnes dry substance per year. The first phase is expected to commence commercial operations in 2017.

Completion of the new operation is subject to board approval by both companies and conclusion of definitive agreements, as well as final engineering, refinement of capital estimates, and obtaining required permits and other approvals. See notification to the Oslo Stock Exchange on 1 June 2015.

Lignin capacity expansion in South Africa

Borregaard and Sappi have decided to increase the lignin production capacity by 20,000 metric tonnes dry substance per year at LignoTech South Africa. The company is a joint venture between Borregaard (50%) and Sappi (50%).

The added volume will be marketed to the joint venture company's existing applications and geographical markets. The investment by LignoTech is estimated at ZAR 105 million (approx. NOK 70 million) and the project is expected to be completed in 2017. See notification to the Oslo Stock Exchange on 7 July 2015.

OUTLOOK

Performance Chemicals continues to see good demand in major applications and market regions, but visibility is somewhat lower due to increased uncertainty in the world economy. Sales volume in the 2nd half of 2015 is expected to be in line with the corresponding period of 2014.

In 2015, cellulose prices in sales currency are forecast to be approximately 7% below their 2014 level. Product mix in 2015 is expected to be weaker than in 2014, primarily due to lower demand in the cellulose acetate market. In the 3rd quarter, sales volume is expected to be lower than in the preceding quarter, but with highly specialised volume remaining at the same level.

The challenging market situation for vanillin products is expected to continue throughout 2015 and the Fine Chemicals business will remain relatively stable. Corporate costs will remain at largely the same level as in 2014, while costs related to the Exilva project will continue at a higher level due to increased business development activities.


Currency, including hedging impact, is expected to contribute positively in all business areas in the 2nd half of 2015 compared with the corresponding period last year.

STATEMENT BY THE BOARD OF DIRECTORS


We confirm that, to the best of our knowledge, the unaudited interim condensed financial statements for the period 1 January to 30 June 2015, have been prepared in accordance with IAS 34 Interim Financial Reporting, and that the information in the financial statements gives a true and fair view of the business of and the Group's assets, liabilities, financial position and overall results, and that the half year report provides a fair overview of the information set out in the Norwegian Securities Trading Act section 5-6, fourth paragraph.

Sarpsborg, 14 July 2014

The Board of Directors of Borregaard ASA



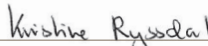
Jan A. Oksum
(chair)



Terje Andersen



Ragnhild Wiborg




Kristine Ryssdal



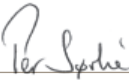
Jan Erik Korssjøen



Ragnhild Anker Eide



Åsmund Dybedahl



Per A. Sørli
(President and CEO)

THE GROUP'S CONDENSED INCOME STATEMENT

Interim condensed income statement

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2015	2014	2015	2014	2014
Operating revenues	2	1 054	993	2 061	1 985	3 939
Operating expenses		-858	-803	-1 696	-1 637	-3 209
Depreciation property, plant and equipment		-65	-60	-129	-119	-244
Amortisation intangible assets		0	0	0	0	0
Other income and expenses	3	0	0	0	0	-30
Operating profit		131	130	236	229	456
Financial items, net		-6	-4	-11	-11	-26
Profit before taxes		125	126	225	218	430
Income tax expense	4	-33	-36	-60	-63	-98
Profit for the period		92	90	165	155	332
Profit attributable to non-controlling interests		0	-1	-1	-1	-2
Profit attributable to owners of the parent		92	91	166	156	334
EBITDA adjusted ¹		196	190	365	348	730
EBITA adjusted ²	2	131	130	236	229	486

EARNINGS PER SHARE

Interim earnings per share

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2015	2014	2015	2014	2014
Earnings per share (100 million shares)	5	0.92	0.91	1.66	1.56	3.34
Diluted earnings per share	5	0.92	0.91	1.67	1.56	3.35

THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

Interim condensed comprehensive income statement

Amounts in NOK million	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2015	2014	2015	2014	2014
Profit for the period		92	90	165	155	332
Items not to be reclassified to P&L						
Actuarial gains and losses (after tax)		0	0	0	0	-8
Total		0	0	0	0	-8
Items to be reclassified to P&L						
Change in hedging reserve after tax (cash flow)	7	85	-27	69	20	-156
Change in hedging reserve after tax (net investments in subsidiaries)	7	7	-10	-8	-1	-58
Translation effects		-14	16	15	10	109
Total		78	-21	76	29	-105
The Group's comprehensive income		170	69	241	184	219
Comprehensive income non-controlling interests		-1	0	-2	-1	-1
Comprehensive income owners of the parent		171	69	243	185	220

1. Operating profit before depreciation, amortisation and other income and expenses.

2. Operating profit before amortisation and other income and expenses.

THE GROUP'S CONDENSED BALANCE SHEET

Interim condensed statement of financial position

Amounts in NOK million	Note	2015 30.6	2014 31.12
Intangible assets	12	75	77
Property, plant and equipment	12	2 037	2 004
Other assets	8	88	76
Investment in joint venture		125	106
Non-current assets		2 325	2 263
Inventories		613	610
Receivables	8	860	707
Cash and cash deposits	10	51	168
Current assets		1 524	1 485
Total assets		3 849	3 748
Group equity	9	2 062	1 941
Non-controlling interests		6	8
Total Equity		2 068	1 949
Provisions and other liabilities		199	196
Interest-bearing liabilities	8, 10	871	784
Non-current liabilities		1 070	980
Interest-bearing liabilities	8, 10	23	8
Other current liabilities	8	688	811
Current liabilities		711	819
Equity and liabilities		3 849	3 748
Equity ratio		53.7%	52.0%

CHANGES IN EQUITY

Interim condensed change in equity

Amounts in NOK million	Note	1.1 – 30.6.2015			1.1 – 31.12.2014		
		Controlling interests	Non-controlling interests	Total equity	Controlling interests	Non-controlling interests	Total equity
Equity 1.1		1 941	8	1 949	1 847	9	1 856
Profit/loss for the period		166	-1	165	334	-2	332
The Group's comprehensive income	7	77	-1	76	-114	1	-113
Total comprehensive income	7	243	-2	241	220	-1	219
Option costs (share based payment)		2	0	2	0	0	0
Dividend	9	-124	0	-124	-109	0	-109
Buy-back of shares	9	0	0	0	-76	0	-76
Exercise of share options	6	0	0	0	51	0	51
Reduced tax payable of exercised share options		0	0	0	8	0	8
Equity at the close of the period	9	2 062	6	2 068	1 941	8	1 949

THE GROUP'S CONDENSED CASH FLOW STATEMENT

Interim condensed cash flow statement

Amounts in NOK million	Note	1.4 – 30.6		1.1 – 30.6		1.1 - 31.12
		2015	2014	2015	2014	2014
Profit before taxes		125	126	225	218	430
Amortisation, depreciation and impairment charges		65	60	129	119	244
Changes in net working capital, etc.		-8	-55	-202	-84	59
Dividend (share of profit) from JV		-19	-11	-18	-13	6
Taxes paid		-17	-51	-70	-112	-139
Cash flow from operating activities		146	69	64	128	600
Investments property, plant and equipment and intangible assets*		-106	-32	-159	-83	-313
Other capital transactions		0	1	3	2	2
Cash flow from investing activities		-106	-31	-156	-81	-311
Dividends		-124	-109	-124	-109	109
Proceeds from exercise of share options	9	0	20	0	40	48
Buy-back of shares	6	0	-39	0	-55	-76
Gain/(loss) on hedges for net investments in subsidiaries		33	-2	-10	7	-72
Net paid to/from shareholders		-91	-130	-134	-117	-209
Proceeds from interest-bearing liabilities	10	102	6	86	0	6
Repayment of interest-bearing liabilities	10	0	0	0	-14	0
Change in interest-bearing receivables/liabilities	10	0	0	-2	-4	-3
Change in net interest-bearing liabilities		102	6	84	-18	3
Cash flow from financing activities		11	-124	-50	-135	-206
Change in cash and cash equivalents		51	-86	-142	-88	83
Cash and cash equivalents at beginning of period		-8	35	168	39	39
Change in cash and cash equivalents		51	-86	-142	-88	83
Currency effects cash and cash equivalents		-7	7	10	5	46
Cash and cash equivalents at the close of the period	10	36	-44	36	-44	168

*Investments by category

Replacement investments		69	25	100	56	228
Expansion investments		37	7	59	27	85

NOTES | NOTE 1

Organisation and basis for preparation

General information

Borregaard ASA is incorporated and domiciled in Norway. The address of its registered office is Hjalmar Wessels vei 6, Sarpsborg.

Borregaard ASA was listed on the Oslo Stock Exchange on 18 October 2012 and was incorporated as a public limited liability company on 22 August 2012.

Basis for preparation

These unaudited Interim Condensed Consolidated Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. Borregaard ASA is the parent company of the Borregaard Group presented in these Interim Condensed Consolidated Financial Statements.

The same accounting principles and methods of calculation have been applied as in the Consolidated Financial Statements for 2014 for the Borregaard Group.

Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2014.

NOTE 2

Segments

Operating revenues

Amounts in NOK million	1.4 – 30.6		1.1 – 30.6		1.1 – 31.12
	2015	2014 ³	2015	2014 ³	2014 ³
Borregaard	1 054	993	2 061	1 985	3 939
Performance Chemicals	515	472	1 018	914	1 822
Specialty Cellulose	365	358	701	737	1 459
Other Businesses ⁴	183	171	359	346	682
Eliminations ⁴	-9	-8	-17	-12	-24

EBITA²

Amounts in NOK million	1.4 – 30.6		1.1 – 30.6		1.1 – 31.12
	2015	2014 ³	2015	2014 ³	2014 ³
Borregaaard	131	130	236	229	486
Performance Chemicals	127	104	238	188	388
Specialty Cellulose	18	37	26	71	163
Other Businesses	-14	-11	-28	-30	-65
Reconciliation against operating profit and profit before taxes					
EBITA ² adjusted	131	130	236	229	486
Amortisation intangible assets	0	0	0	0	0
Other income and expenses	0	0	0	0	-30
Operating profit	131	130	236	229	456
Financial items, net	-6	-4	-11	-11	-26
Profit before taxes	125	126	225	218	430

There are limited intercompany sales between the different segments and eliminations consist essentially of allocations from the corporate headquarter. Segment reporting is changed from 1 January 2015 and the 2014 figures are restated to reflect the changes. See Note 13.

NOTE 3

Other income and expenses

There are no Other income and expenses in the 2nd quarter of 2015.

NOTE 4

Income tax expense

The tax rate of 27% for the first six months of 2015 is a compilation of the tax rates in the various countries in which Borregaard operates and has taxable income. The normal tax rate is expected to be in the range 25 - 28%.

3. Segment reporting is changed from 1 January 2015, the 2014 figures are restated to reflect the changes. See Note 13.

4. 2014 operating revenues and eliminations are restated due to minor changes in the treatment of internal transactions.

NOTE 5

Earnings per share (EPS)

The share capital consists of 100 million shares. The company holds 777,883 treasury shares. As of 30 June 2015, there are 99,599,470 diluted shares (99,577,876 as of 31 December 2014). Earnings per diluted share were NOK 0.92 in the 2nd quarter of 2015.

NOTE 6

Stock options

No share options have been exercised during the 2nd quarter of 2015.

The Group Executive Management and other key employees hold a total of 958,800 stock options in three different share option programmes in Borregaard. The first programme has a total of 208,800 outstanding stock options at a strike price of NOK 16.68. The second programme has a total of 250,000 outstanding stock options at a strike price of NOK 19.15. The strike prices have been adjusted for dividends in 2013, 2014 and 2015, NOK 3.35 in total. The share options for the first two programmes were vested on 18 October 2013 and can be exercised until the end of October 2016.

The third option programme, comprising 500,000 stock options granted in October 2014, has a strike price of NOK 48.00 adjusted for dividend of NOK 1.25 in 2015. The options will expire after five years, the vesting period is three years and the options can be exercised during the last two years.

NOTE 7

Statement of comprehensive income

The statement of comprehensive income shows changes in the value of hedging instruments, both cash flow hedges and hedges of net investments in subsidiaries (hedging reserve). These figures are presented after tax. The tax effect for the six months of 2015 relating to the hedging reserves amounts to NOK -44 million (cash flow hedges) and NOK -8 million (hedges of net investments in subsidiaries), respectively (NOK -5 million and NOK 0 million). Total hedging reserve included in equity as of 30 June 2015 (after tax) amounts to NOK -119 million and NOK -68 million respectively (NOK -13 million and NOK -4 million).

NOTE 8

Fair value hierarchy

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The following measurement levels are used for determining the fair value of financial instruments:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

There were no transfers from one level to another in the measurement hierarchy from 2014 to the 2nd quarter of 2015. Borregaard has no items defined as level 1. The bond is determined as measurement level 3. The fair value of the bond is deemed to equal its book value.

Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 30 June 2015:

Financial assets Amounts in NOK million	Level	Carrying amount	Fair value
Non-current financial receivables	2	67	67
Non-current derivatives	2	11	11
Current derivatives	2	7	7
Total financial assets		85	85
Financial liabilities			
Non-current financial liabilities	2,3	871	871
Non-current derivatives	2	80	80
Current financial liabilities	2	8	8
Current derivatives	2	109	109
Total financial liabilities		1 068	1 068

Financial instruments measured at fair value Amounts in NOK million	2015 30.6	Level 1	Level 2	Level 3
Financial instruments	-983	0	-583	-400

The financial instruments are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

NOTE 9

Compilation of Equity

	2015	2014
Amounts in NOK million	30.6	31.12
Share capital	100	100
Treasury shares	-1	-1
Share premium	1 346	1 346
Other paid-in equity	234	232
Translation effects	38	22
Hedging reserve	-187	-248
Actuarial gains/losses	-4	-4
Retained earnings	536	494
Group equity (controlling interests)	2 062	1 941

As of 30 June 2015, the company held 777,883 treasury shares at an average cost of NOK 44.08.

NOTE 10

Net interest-bearing debt

The various elements of net interest-bearing debt are shown in the following table:

	2015	2014
Amounts in NOK million	30.6	31.12
Non-current interest-bearing liabilities	871	784
Current interest-bearing liabilities including overdraft of cashpool	23	8
Non-current interest-bearing receivables (included in "Other Assets")	-18	-16
Cash and cash deposits	-51	-168
Net interest-bearing debt	825	608

As of 30 June 2015 there is a net overdraft in the Group's cashpool facilities of NOK 15 million. This is classified as current interest-bearing liabilities in the statement of financial position. Cash and cash equivalents as of 30 June 2015 is NOK 36 million.

NOTE 11

Related parties

The members of the Group Executive Management of Borregaard hold a total of 563,800 stock options in the Company as of 30 June 2015.

NOTE 12

Assessments relating to impairment

No impairment indicators have been identified in the Borregaard Group's property, plant and equipment or intangible assets in the 2nd quarter of 2015.

NOTE 13

Changes in Segments from 2015

From 1 January 2015 the Group has made changes to the internal reporting of its segments. BALI project costs are now reported as part of Performance Chemicals (previously reported as part of Other Businesses). The Exilva project is now reported as part of Other Businesses (previously part of Specialty Cellulose). Restated figures for 2014 are shown in the tables below:

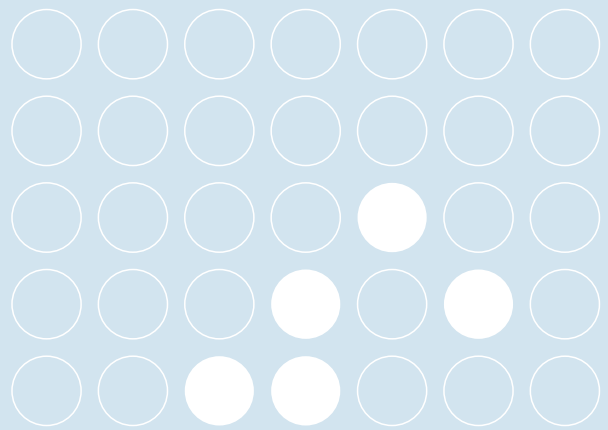
2014

Operating revenues			
Amounts in NOK million	2014	Restating	Restated 2014
Borregaard	3 939		3 939
Performance Chemicals	1 822		1 822
Specialty Cellulose	1 463	-4	1 459
Other Businesses ⁴	678	4	682
Eliminations ⁴	-24		-24
EBITA³			
Amounts in NOK million	2014	Restating	Restated 2014
Borregaaard	486		486
Performance Chemicals	419	-31	388
Specialty Cellulose	129	34	163
Other Businesses	-62	-3	-65

NOTE 14

Other matters and subsequent events

There have been no other events after the balance sheet date that would have had an impact on the financial statements or the assessments carried out.



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