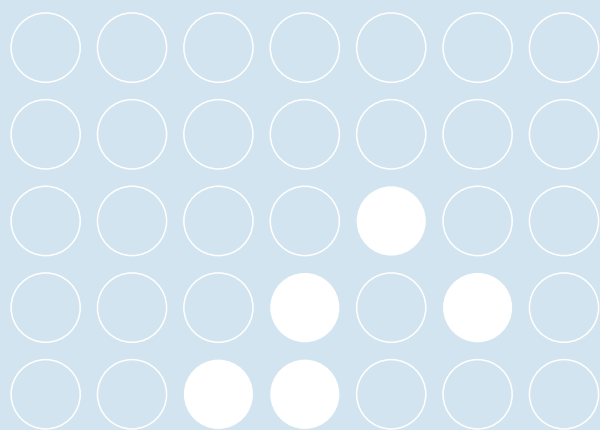




FOURTH QUARTER
AND FULL YEAR

Q4 2014

Q4 2014

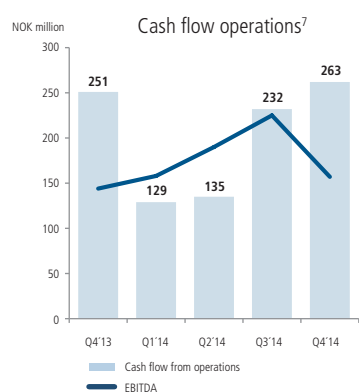
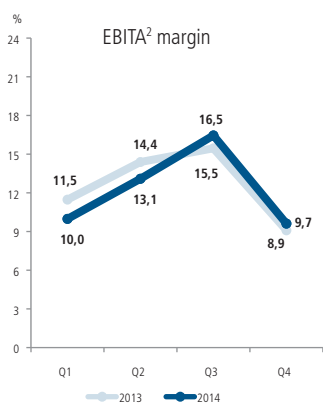
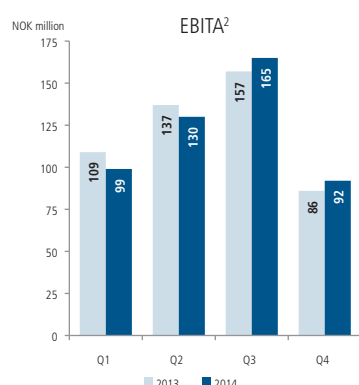
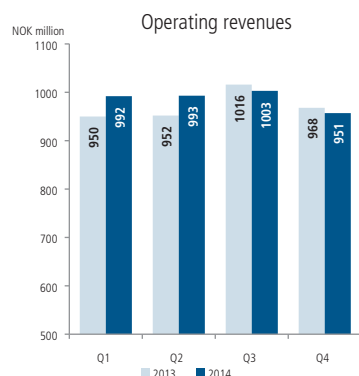
4th QUARTER IN BRIEF

- Improved results for Performance Chemicals and Other Businesses
- Lower production in Sarpsborg had a negative impact in all business areas
- Weaker result for Specialty Cellulose
- Positive currency impact, partly delayed by hedging
- Strong cash flow
- NOK 1.25 dividend proposed for 2014

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THE GROUP¹



Amounts in NOK million	Note	1.10 – 31.12		1.1 – 31.12	
		2014	2013 ¹	2014	2013 ¹
Operating revenues	2	951	968	3 939	3 886
EBITDA ²		157	144	730	710
EBITA ³	2	92	86	486	489
Profit/loss before taxes		59	79	430	460
Earnings per share (NOK)	5	0.68	0.62	3.34	3.35
Net interest-bearing debt	10			608	728
Equity ratio (%)				52.0	54.2
Leverage ratio ⁴				0.83	1.03
Return on capital employed ⁵ (%)				16.5	16.9

Fourth quarter

Borregaard's operating revenues totalled NOK 951 million (NOK 968 million⁶) in the 4th quarter of 2014. EBITA was NOK 92 million (NOK 86 million). Compared with the 4th quarter of 2013, Performance Chemicals and Other Businesses improved their EBITA, while a decline was recorded for Specialty Cellulose. Production output at the Sarpsborg biorefinery was lower than in the 4th quarter of 2013. Currency developments contributed positively in all business areas, but the impact was partly delayed by hedging.

EBITA in Performance Chemicals increased as positive currency effects, higher sales prices and a more favourable product mix more than compensated for a 4% sales volume reduction. The decline in Specialty Cellulose was primarily due to lower sales volume and reduced prices. EBITA in Other Businesses improved, mainly due to lower net corporate costs. The lower production at the Sarpsborg site had a negative effect in all business areas.

Other income and expenses were NOK -30 million in the 4th quarter of 2014 (NOK 0 million), due to a provision of estimated costs for permanent closure of the Opsund landfill in Sarpsborg. Net financial items were NOK -3 million compared with NOK -6 million in the 4th quarter of 2013, the reduction being mainly due to lower net interest expenses. Group profit before tax amounted to NOK 59 million (NOK 79 million). Tax deductions related to exercised share options and a full-year adjustment to a lower effective tax rate in the US had a positive impact. Income tax expense in the 4th quarter was therefore positive by NOK 8 million (NOK -19 million).

Earnings per share in the 4th quarter were NOK 0.68 (NOK 0.62).

Cash flow from operations⁷ in the 4th quarter of 2014 was NOK 263 million (NOK 251 million). The increase is due to a larger reduction in net working capital compared with the 4th quarter of 2013.

1. 2013 figures are restated due to implementation of IFRS 11 Joint Arrangements. See notes 1 and 13.
2. Operating profit before depreciation, amortisation and other income and expenses.
3. Operating profit before amortisation and other income and expenses.
4. Net interest bearing debt/EBITDA (LTM).
5. EBITA/(Average net working capital+Average tangible assets+Average intangible assets at cost-Average net pension liabilities-Average deferred tax excess value) (LTM).
6. Figures in parentheses are for the corresponding period in the previous year.
7. Cash Flow from operating activities according to IFRS adjusted for financial items, taxes paid, share of JV dividend/profit

Full year 2014

For the full year of 2014, Borregaard's operating revenues totalled NOK 3,939 million (NOK 3,886 million). EBITA was NOK 486 million (NOK 489 million). A significant improvement in Performance Chemicals was off-set by lower EBITA in Specialty Cellulose and Other Businesses. Currency had a beneficial impact in all business areas, but the effect was partly delayed by hedging. Lower production at the Sarpsborg site compared with the record level in 2013 had a negative effect on EBITA.

Other income and expenses amounted to NOK -30 million (NOK 14 million), due to a provision of estimated costs for permanent closure of the Opsund landfill in Sarpsborg. Net financial items amounted to NOK -26 million (NOK -41 million) in 2014. The improvement relates to a favourable FX difference and a decrease in interest expenses.

For the full year of 2014, profit before tax was NOK 430 million (NOK 460 million). Income tax expense was NOK 98 million (NOK 129 million), giving a tax rate of 23%. The lower tax rate in 2014 is due to tax deductions related to exercised share options, a lower effective tax rate in the US and the impact from the joint venture after implementing IFRS 11 (see note 13).

Earnings per share were NOK 3.34 (NOK 3.35).

Cash flow from operations⁷ before interest and tax payments was NOK 759 million for 2014. With an EBITDA of NOK 730 million, the conversion ratio was 1.04. At the end of 2014, the Group was well capitalised with an equity ratio of 52.0% and a leverage ratio of 0.83.

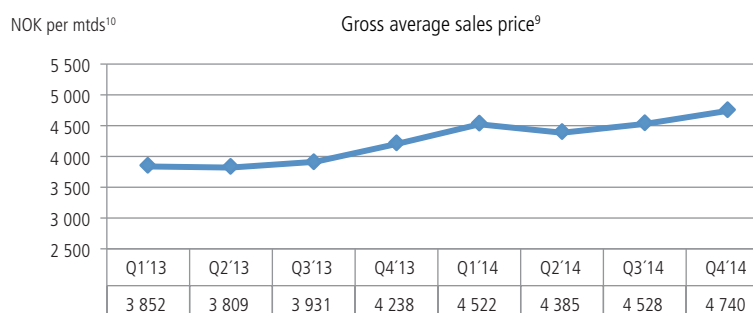
THE BUSINESS AREAS

Performance Chemicals

Amounts in NOK million	1.10 – 31.12		1.1 – 31.12	
	2014	2013 ¹	2014	2013 ¹
Operating revenues	441	420	1 822	1 645
EBITA ³	90	75	419	314
EBITA margin (%)	20.4	17.9	23.0	19.1

Performance Chemicals posted 4th quarter operating revenues of NOK 441 million (NOK 420 million). EBITA was NOK 90 million (NOK 75 million). Market conditions were generally positive with strong demand in all major applications. Sales volume, however, was 4% lower than in the 4th quarter of 2013 due to lower production at the Sarpsborg site. The impact of the volume reduction was more than off-set by a favourable currency situation, higher prices and improved product mix.

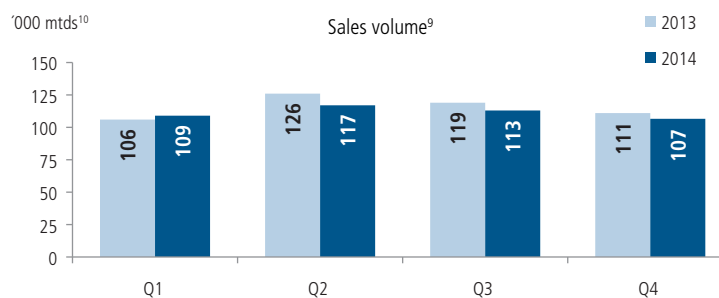
For the full year of 2014, Performance Chemicals had operating revenues of NOK 1,822 million (NOK 1,645 million). EBITA reached NOK 419 million (NOK 314 million), an all-time high level. An improved product mix, favourable currency impact and higher sales prices more than compensated for a 3% reduction in total sales volume. There were positive contributions from the new speciality line in Sarpsborg as well as from several long-term innovation and specialisation initiatives. High-value products' share of total sales volume was 18% in 2014 (17%⁸), while medium-value products accounted for 70% in 2014 (71%⁸ in 2013).



8. Historical %-share of volume has been adjusted in order to reflect reclassification of some minor sub-categories.

9. Gross average prices have been adjusted to correct an inconsistency identified in previously reported figures. 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.

10. Metric tonne dry solid.

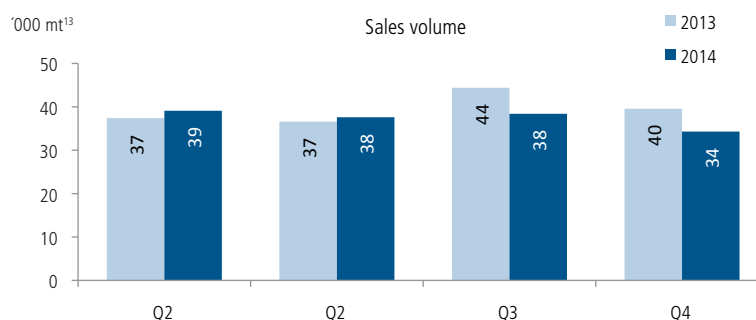
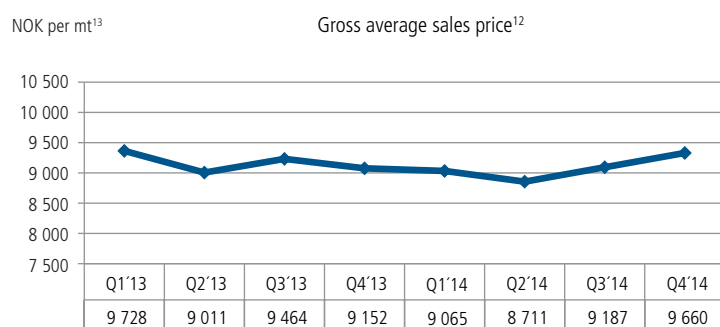


Specialty Cellulose

Amounts in NOK million	1.10 – 31.12		1.1 – 31.12	
	2014	2013	2014	2013
Operating revenues	341	381	1 463	1 597
EBITA ³	19	35	129	224
EBITA margin (%)	5.6	9.2	8.8	14.0

Specialty Cellulose posted 4th quarter operating revenues of NOK 341 million (NOK 381 million). EBITA was NOK 19 million (NOK 35 million). The weaker result compared with the 4th quarter of 2013 is due to lower production and sales volume, reduced sales prices and Exilva¹¹ project activities, partly off-set by an improved currency situation.

Operating revenues for Specialty Cellulose in 2014 totalled NOK 1,463 million (NOK 1,597 million). EBITA amounted to NOK 129 million (NOK 224 million). Reduced sales prices, weaker product mix, lower production and sales volume and increased Exilva project costs were partly compensated by the beneficial impact of a weaker NOK.



11. The Exilva project is an innovation project for production of microfibrillar cellulose.

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

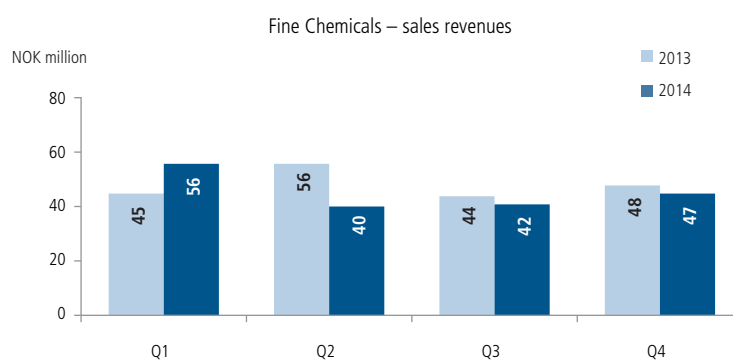
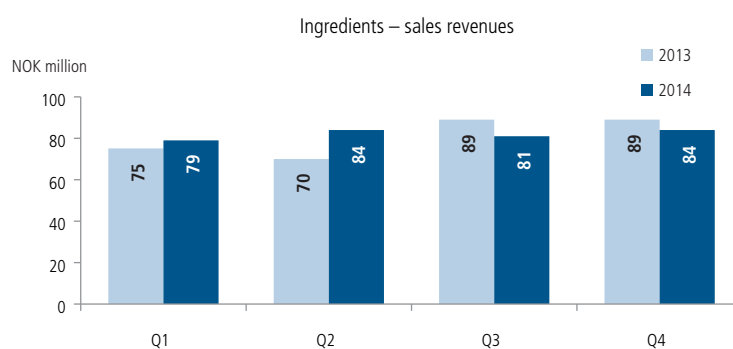
13. Metric tonne.

Other Businesses

Amounts in NOK million	1.10 – 31.12		1.1 – 31.12	
	2014	2013	2014	2013
Operating revenues	186	186	723	703
EBITA ³	-17	-24	-62	-49
EBITA margin (%)	-9.1	-12.9	-8.6	-7.0

Other Businesses had total operating revenues of NOK 186 million (NOK 186 million) and an EBITA of NOK -17 million (NOK -24 million) in the 4th quarter of 2014. The Ingredients business posted a lower sales volume and slightly weaker result. Improved product mix had a positive effect in Fine Chemicals. There was a favourable currency impact for both Ingredients and Fine Chemicals. Lower corporate costs in the 4th quarter were partly off-set by higher BALI¹⁴ project costs.

In the full year of 2014, operating revenues in Other Businesses were NOK 723 million (NOK 703 million). EBITA was NOK -62 million compared with NOK -49 million in 2013. The decline is mainly related to higher costs associated with the BALI project and a weaker result in the Ingredients business.



14. BALI (Borregaard Advanced Lignin) is an innovation project for the development of new sources of lignin raw material

CASH FLOW AND FINANCIAL SITUATION

Cash flow from operating activities in the 4th quarter of 2014 was NOK 245 million (NOK 132 million). The increase was mainly due to timing differences in scheduled tax payments and a higher decrease of net working capital compared with 2013. Investments in the 4th quarter of 2014 amounted to NOK 151 million (NOK 106 million). During the quarter, 340,000 share options were exercised. The Group has sold and repurchased treasury shares with a net payment of NOK 10 million.

Cash flow from operating activities was NOK 600 million (NOK 526 million) in the full year of 2014. The increase is mainly due to a reduction in net working capital compared with last year. Investments in 2014 amounted to NOK 313 million (NOK 288 million). 2,081,200 share options were exercised in 2014. The Group has sold and repurchased treasury shares with a net payment of NOK 28 million.

At year-end, the Group had net interest-bearing debt totalling NOK 608 million (NOK 728 million). In 2014 Borregaard refinanced its long-term debt. A five-year NOK 400 million bond was issued in February and a ten-year EUR 40 million loan was signed in March 2014 with the Nordic Investment Bank. The long-term multicurrency revolving credit facilities with Svenska Handelsbanken, DNB Bank and Skandinaviska Enskilda Banken were refinanced in September, with each bank providing NOK 500 million of the aggregate amount of NOK 1,500 million. The facilities have a tenor of five years, plus two one-year extension options.

At the end of 2014, the Group was well capitalised with an equity ratio of 52.0% and a leverage ratio of 0.83.

DIVIDEND

The Board of Directors of Borregaard ASA will propose a dividend for 2014 of NOK 1.25 (NOK 1.10) per share to the General Meeting on 15 April 2015. This corresponds to 37% of net profit. Dividend payment is estimated at NOK 124 million. The exact amount will depend on the number of treasury shares held at the date of the Annual General Meeting. Borregaard's dividend policy is to pay regular and progressive dividends reflecting the expected long-term earnings and cash flows of the Group. A pay-out ratio in the 30-50% range of the Company's net profit for the preceding year is targeted.

SHARE INFORMATION

During the 4th quarter, 340,000 share options were exercised at a strike price of NOK 17.93. In the same period Borregaard repurchased 299,449 treasury shares at an average price of NOK 45.26 per share. Following these transactions, Borregaard held 777,883 treasury shares at the end of the 4th quarter. In October, 500,000 share options at a strike price of NOK 49.25 were granted under a new long-term incentive programme. The options will expire after five years, the vesting period is three years and the options may be exercised during the last two years. For more details, see notification to the Oslo Stock Exchange on 27 October 2014.

Total number of shares outstanding at 31 December 2014 was 100 million, including treasury shares. Total number of shareholders was 6,369.

Borregaard ASA's share price was NOK 55.50 at the end of 2014 compared with NOK 36.90 at the end of the 3rd quarter of 2014 and NOK 30.20 at the end of 2013.

OTHER MATTERS AND SUBSEQUENT EVENTS

In the 4th quarter, Borregaard's Board of Directors decided to invest in a facility for the production of Exilva microfibrillar cellulose. The plant will be built at the Borregaard site in Sarpsborg. The investment cost is estimated at NOK 225 million. The commercial-scale facility will have an initial design capacity of 1,000 tonnes per year with a potential for expansion. Production is expected to start in the 3rd quarter of 2016. For more details, see notification to the Oslo Stock Exchange on 22 October 2014.

The Opsund landfill, a waste disposal site on Borregaard's premises in Sarpsborg, was taken out of use in 2009. In the 4th quarter of 2014, a plan for permanent closure of the landfill by the end of 2019 was submitted to The Norwegian Environment Agency ("Miljødirektoratet"). Approval of the plan is pending. The cost of the permanent closure is estimated at NOK 25-30 million, and a provision of NOK 30 million has been expensed as part of Other income and expenses. See note 3.

From 2015, BALI project costs will be reported as a part of Performance Chemicals (previously reported as part of Other Businesses) and the Exilva project will be reported as a part of Other Businesses (previously reported as part of Specialty Cellulose). See note 15 for restated segment figures.

OUTLOOK

Performance Chemicals continues to benefit from strong demand in major applications. Sales volume in 2015 is forecast to be in line with 2014. Sales volume and mix in the 1st quarter of 2015 are expected to be affected by normal seasonality.

In 2015, average cellulose prices in sales currency are expected to be approximately 7% below their 2014 level. In addition, product mix in 2015 is forecast to be marginally weaker than in 2014. In the 1st quarter of 2015, sales volume is expected to be in line with the 1st quarter of 2014.

No major changes are expected in market conditions for Ingredients and Fine Chemicals. Exilva project costs are expected to increase, while other corporate costs will remain at largely the same level as in 2014.

If maintained, the recent weakening of the NOK will contribute positively in all business areas in 2015. The full impact of exchange rate fluctuations will, however, be delayed due to the company's currency hedging strategy.

Sarpsborg, 3 February 2015
The Board of Directors of Borregaard ASA

THE GROUP'S CONDENSED INCOME STATEMENT

Interim condensed income statement

Amounts in NOK million	Note	1.10 – 31.12		1.1 – 31.12	
		2014	2013 ¹	2014 ¹	2013 ¹
Operating revenues	2	951	968	3 939	3 886
Operating expenses		-794	-824	-3 209	-3 176
Depreciation property, plant and equipment		-65	-58	-244	-221
Amortisation intangible assets		0	-1	0	-2
Other income and expenses	3	-30	0	-30	14
Operating profit		62	85	456	501
Financial items, net		-3	-6	-26	-41
Profit before taxes		59	79	430	460
Income tax expense	4	8	-19	-98	-129
Profit for the period		67	60	332	331
Profit attributable to non-controlling interests		-1	-2	-2	-4
Profit attributable to owners of the parent		68	62	334	335
EBITDA adjusted ²		157	144	730	710
EBITA adjusted ³	2	92	86	486	489

EARNINGS PER SHARE

Interim earnings per share

Amounts in NOK million	Note	1.10 – 31.10		1.1 – 31.12	
		2014	2013	2014	2013
Earnings per share (100 million shares)	5	0.68	0.62	3.34	3.35
Diluted earnings per share	5	0.68	0.62	3.35	3.36

THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

Interim condensed comprehensive income statement

Amounts in NOK million	Note	1.10 – 31.12		1.1 – 31.12	
		2014	2013 ¹	2014	2013 ¹
Profit for the period		67	60	332	331
Items not to be reclassified to P&L					
Actuarial gains and losses (after tax)		-8	4	-8	4
Total		-8	4	-8	4
Items to be reclassified to P&L					
Change in hedging reserve after tax (cash flow)	7	-193	-13	-156	-82
Change in hedging reserve after tax (net investments in subsidiaries)	7	-49	-2	-58	-2
Translation effects		96	5	109	30
Total		-146	-10	-105	-54
The Group's comprehensive income		-87	54	219	281
Comprehensive income non-controlling interests		1	-1	-1	-2
Comprehensive income owners of the parent		-88	55	220	283

1. The 2013 figures are restated due to implementation of IFRS 11 Joint Arrangements. See Note 1 and 13.

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

3. 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	2014 31.12	2013 ¹ 31.12
Intangible assets	12	77	57
Property, plant and equipment	12	2 004	1 941
Other assets	8	76	51
Investment in joint venture	1, 13	106	101
Non-current assets		2 263	2 150
Inventories		610	545
Receivables		707	693
Cash and cash deposits	10	168	39
Current assets		1 485	1 277
Total assets		3 748	3 427
Group equity	9	1 941	1 847
Non-controlling interests		8	9
Total Equity		1 949	1 856
Provisions and other liabilities		196	141
Interest-bearing liabilities	10	784	774
Non-current liabilities		980	915
Interest-bearing liabilities	10	8	6
Other current liabilities	8	811	650
Current liabilities		819	656
Equity and liabilities		3 748	3 427
Equity ratio		52.0%	54.2%

CHANGES IN EQUITY

Interim condensed change in equity

Amounts in NOK million	Note	1.1 – 31.12.2014			1.1 – 31.12.2013 ¹		
		Controlling interests	Non-controlling interests	Total Equity	Controlling interests	Non-controlling interests	Total Equity
Equity 1.1		1 847	9	1 856	1 691	11	1 702
Profit/loss for the period		334	-2	332	335	-4	331
The Group's comprehensive income	7	-114	1	-113	-52	2	-50
Total comprehensive income	7	220	-1	219	283	-2	281
Option costs (share based payment)					6	0	6
Dividend	9	-109	0	-109	-100	0	-100
Buy-back of treasury shares	9	-76	0	-76	-33	0	-33
Exercise of share options	6	51	0	51	0	0	0
Reduced Tax payable of exercised share options		8	0	8	0	0	0
Equity at the close of the period	9	1 941	8	1 949	1 847	9	1 856

THE GROUP'S CONDENSED CASH FLOW STATEMENT

Interim condensed cash flow statement

Amounts in NOK million	Note	1.10– 31.12		1.1 - 31.12	
		2014	2013 ¹	2014	2013 ¹
Profit before taxes		59	79	430	460
Amortisation, depreciation and impairment charges		65	59	244	231
Changes in net working capital, etc.		136	107	59	-17
Dividend (share of profit) from JV		-2	-3	6	-19
Taxes paid		-13	-110	-139	-129
Cash flow from operating activities		245	132	600	526
Investments property, plant and equipment and intangible assets*		-151	-106	-313	-288
Other capital transactions		0	-5	2	2
Cash flow from investing activities		-151	-111	-311	-286
Dividends		0	0	-109	-100
Proceeds from exercise of share options	9	4	0	48	0
Buy-back of treasury shares	6	-14	-11	-76	-33
Gain/(loss) on hedges for net investments in subsidiaries		-68	0	-72	0
Net paid to/from shareholders		-78	-11	-209	-133
Proceeds from interest-bearing liabilities	10	33	0	6	0
Repayment of interest-bearing liabilities	10	0	-111	0	-218
Change in interest-bearing receivables	10	1	1	-3	-1
Change in net interest-bearing liabilities		34	-110	3	-219
Cash flow from financing activities		-44	-121	-206	-352
Change in cash and cash equivalents		50	-100	83	-112
Cash and cash equivalents at beginning of period		79	136	39	134
Change in cash and cash equivalents		50	-100	83	-112
Currency effects cash and cash equivalents		39	3	46	17
Cash and cash equivalents at the close of the period	10	168	39	168	39

*Investments by category

Replacement investments		124	83	228	226
Expansion investments		27	23	85	62

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 10, 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.

With the exception of implementation of new accounting principles as described below, the same accounting principles and methods of calculation have been applied as in the Consolidated Financial Statements for 2013 for the Borregaard Group.

New accounting principles

Future effects of new accounting standards were described in the Consolidated Financial Statements for 2013. IFRS 11 Joint Arrangement is implemented from 1 January 2014. The impact IFRS 11 had on the 2013 figures after implementation is described in Note 13. Changes in IFRS 10 Consolidated Financial Statements did not have any impact on the consolidated figures.

Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2013.

NOTE 2

Segments

Operating revenues

Amounts in NOK million	1.10 – 31.12		1.1 – 31.12	
	2014	2013 ¹	2014	2013 ¹
Borregaard	951	968	3 939	3 886
Performance Chemicals	441	420	1 822	1 645
Specialty Cellulose	341	381	1 463	1 597
Other Businesses	186	186	723	703
Eliminations	-17	-19	-69	-59

EBITA³

Amounts in NOK million	1.10 – 31.12		1.1 – 31.12	
	2014	2013 ¹	2014	2013 ¹
Borregaaard	92	86	486	489
Performance Chemicals	90	75	419	314
Specialty Cellulose	19	35	129	224
Other Businesses	-17	-24	-62	-49
Reconciliation against operating profit and profit before taxes				
EBITA adjusted ³	92	86	486	489
Amortisation intangible assets	0	-1	0	-2
Other income and expenses	-30	0	-30	14
Operating profit	62	85	456	501
Financial items, net	-3	-6	-26	-41
Profit before taxes	59	79	430	460

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, see Note 15 for the restated segment figures.

NOTE 3

Other income and expenses

Other income and expenses were NOK -30 million in the 4th quarter of 2014 due to a provision of estimated costs for permanent closure of the Opsund landfill in Sarpsborg. The landfill, a waste disposal site on Borregaard's premises in Sarpsborg, was taken out of use in 2009. In the 4th quarter of 2014, a plan for permanent closure of the landfill by the end of 2019 was submitted to The Norwegian Environment Agency ("Miljødirektoratet"). Approval of the plan is pending. The cost of the permanent closure is now estimated at NOK 25-30 million. No provision has previously been made in the financial statements as the estimate has been too uncertain. See note 36 in the Consolidated Financial Statements for 2013 and the IPO Prospectus section 8.11.3.

NOTE 4

Income tax expense

The tax rate of 23% for the twelve months of 2014 is a compilation of the tax rates in the various countries in which Borregaard operates and has taxable income. In the 4th quarter of 2014, tax deductions related to exercised share options have been considered. In addition, the effective tax rate in the US is lower than in previous years due to additional tax deductions. The normal tax rate is expected to be in the range 25 - 28% going forward. This is lower than previously expected due to implementation of IFRS 11 (see note 13) and a lower expected effective tax rate in the US.

NOTE 5

Earnings per share (EPS)

The share capital consists of 100 million shares as of 31 December 2014. The company holds 777,883 treasury shares. As of 31 December 2014, there are 99,577,876 diluted shares (99,591,765). Earnings per diluted share were NOK 3.35 in 2014.

NOTE 6

Stock options

During the 4th quarter of 2014, 340,000 share options were exercised at a strike price of NOK 17.93.

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 17.93. The second programme has a total of 250,000 outstanding stock options at a strike price of NOK 20.40. The strike prices have been adjusted for dividends in 2013 and 2014, NOK 2.10 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 49.25. 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 twelve months of 2014 relating to the hedging reserves amounts to NOK -70 million (cash flow hedges) and NOK -15 million (hedges of net investments in subsidiaries), respectively (NOK -12 million and NOK 0 million). Total hedging reserve included in equity as of 31 December 2014 (after tax) amounts to NOK -188 million and NOK -60 million respectively (NOK -32 million and NOK -2 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 2013 to the 4th quarter of 2014. Borregaard has no items defined as level 1 and level 3, respectively.

Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 31 December 2014:

Financial assets

Amounts in NOK million

Carrying amount

Fair value

Non-current derivatives

Current derivatives

10

10

Financial liabilities

Non-current financial liabilities

95

95

Current derivatives

175

175

Financial assets measured at fair value

Amounts in NOK million

2014
31.12

Level 1

Level 2

Level 3

Foreign currency forward contracts

-260

0

-260

0

The foreign currency forward contracts 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

	2014	2013
Amounts in NOK million	31.12	31.12
Share Capital	100	100
Treasury shares	-1	-1
Share premium	1 346	1 346
Other paid-in equity	232	308
Translation effects	22	-86
Hedging reserve	-248	-34
Actuarial gains/losses	-4	4
Retained earnings	494	210
Group equity (controlling interests)	1 941	1 847

As of 31 December 2014, 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:

	2014	2013 ¹
Amounts in NOK million	31.12	31.12
Non-current interest-bearing liabilities	784	774
Current interest-bearing liabilities including overdraft of cashpool	8	6
Non-current interest-bearing receivables (included in "Other Assets")	-16	-13
Cash and cash deposits	-168	-39
Net interest-bearing debt	608	728

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 31 December 2014.

NOTE 12

Assessments relating to impairment

In line with adopted principles, the Group has carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill prior to the preparation and presentation of financial statements for the 4th quarter. The testing has not resulted in any write-downs.

NOTE 13

Effects of implementing IFRS 11 Joint Arrangements from 1 January 2014

IFRS 11 Joint Arrangements replaces IAS 31 Interests in Joint Ventures. IFRS 11 removes the option to account jointly controlled entities using proportionate consolidation. Instead, joint ventures must be accounted for by using the equity method. The result of the joint venture is accounted for as part of operating profit, as it is part of Performance Chemicals. The impact is as follows for the 2013 figures:

	2013	Effect of IFRS 11	Restated 2013
Operating revenues	3 997	-111	3 886
Operating profit	513	-12	501
Profit for the period	331	0	331
Earnings per share	3.35	0	3.35
Non-current assets	2 101	-52	2 049
Investment in joint venture	-	101	101
Current assets	1 285	-47	1 238
Cash and cash equivalents	58	-19	39
Total assets	3 444	-17	3 427
Equity	1 856	0	1 856
Non-current liabilities	923	-8	915
Current liabilities	665	-9	656
Equity and liabilities	3 444	-17	3 427

The opening balance 1.1.2013 of the Investment in joint venture is measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously as proportionately consolidated. This is regarded as deemed cost for the joint venture at initial recognition.

NOTE 14

Other matters and subsequent events

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

NOTE 15

Changes in Segments from 2015

From 1 January 2015 the Group has made changes to the internal reporting of its segments. BALI project costs will be reported as part of Performance Chemicals (previously reported as part of Other Businesses). The Exilva project will be reported as part of Other Businesses (previously part of Specialty Cellulose). Restated figures for 2014 and 2013 are shown in the tables below:

2014

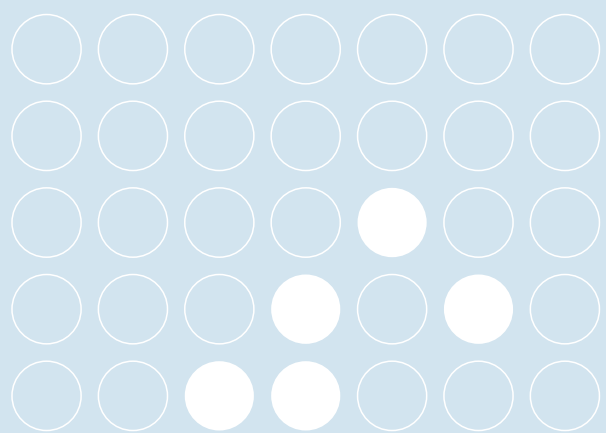
Operating revenues			
Amounts in NOK million	2014	Restating	Restated 2014
Borregaard	3 939		3 939
Performance Chemicals	1 822		1 822
Specialty Cellulose	1 463	-4	1 459
Other Businesses	723	4	727
Eliminations	-69		-69
EBITA³			
Amounts in NOK million	2014	Restating	Restated 2014
Borregaaard	486		486
Performance Chemicals	419	-31	388
Specialty Cellulose	129	34	163
Other Businesses	-62	-3	-65

2013

Operating revenues			
Amounts in NOK million	2013	Restating	Restated 2013
Borregaard	3 886		3 886
Performance Chemicals	1 645		1 645
Specialty Cellulose	1 597	-1	1 596
Other Businesses	703	1	704
Eliminations	-59		-59
EBITA³			
Amounts in NOK million	2013	Restating	Restated 2013
Borregaaard	489		489
Performance Chemicals	314	-18	296
Specialty Cellulose	224	20	244
Other Businesses	-49	-2	-51

NOTES

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