

Q1 2016

QUARTERLY REPORT



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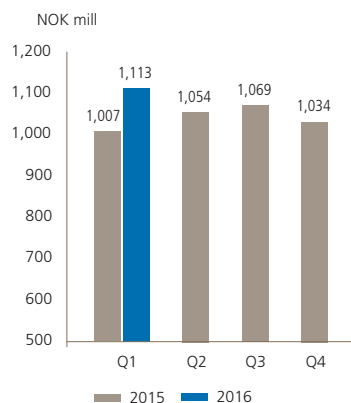
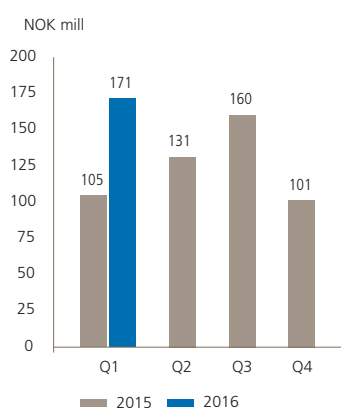
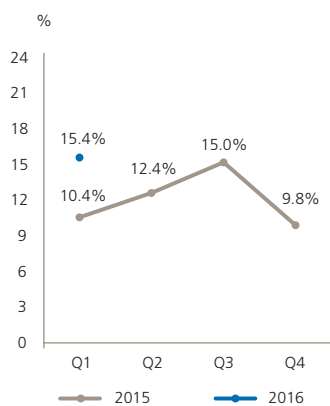
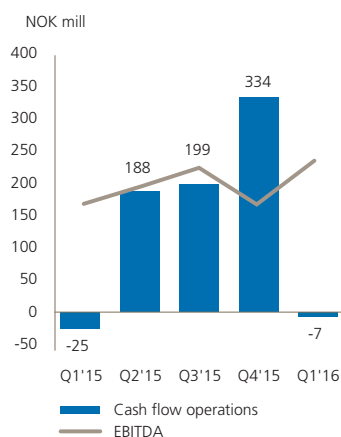
Q1 2016

1ST QUARTER IN BRIEF

- *All-time high EBITA for the Group and for Performance Chemicals*
- *Significant positive currency effects in all business areas*
- *Improved product mix in Specialty Cellulose*
- *High activity level in the Exilva project, EU grant approved*
- *Temporary increase in net working capital*



OPERATING REVENUES

EBITA²EBITA² MARGINCASH FLOW OPERATIONS⁶THE GROUP¹

Amounts in NOK million	NOTE	1.1 - 31.3		1.1 - 31.12
		2016	2015	2015
Operating revenues	2	1,113	1,007	4,164
EBITDA ¹		236	169	758
EBITA ²	2	171	105	497
Profit/loss before taxes		161	100	506
Earnings per share (NOK)		1.21	0,74	3.86
Net interest-bearing debt	10	763	768	624
Equity ratio (%)		55.7	53.5	49.4
Leverage ratio ³		0.92	1.04	0.82
Return on capital employed ⁴ (%)		17.0	16.4	15.6

FIRST QUARTER

Borregaard's operating revenues reached NOK 1,113 million (NOK 1,007 million⁵) in the 1st quarter of 2016. EBITA was NOK 171 million (NOK 105 million), an all-time high quarterly result. Performance Chemicals and Specialty Cellulose both improved their EBITA, while there was a decline in Other Businesses. Currency contributed positively in all business areas. Hedging effects were NOK -43 million (NOK -70 million). Raw material, energy and other costs were stable. The Group achieved its best ever safety record (number of injuries) for a rolling twelve month period in the 1st quarter of 2016. Production and sales from the Sarpsborg site were slightly lower than in the corresponding quarter of last year as a result of the silo fire incident in October 2015. However, the EBITA impact was limited due to insurance coverage.

Performance Chemicals achieved an all-time high quarterly EBITA level due to favourable currency effects. The acquired Flambeau business resulted in an 8% increase in the lignin sales volume. The improvement in Specialty Cellulose was primarily due to beneficial currency effects. EBITA in Other Businesses declined, mainly as a result of higher activity and costs in the Exilva project.

Net financial items were NOK -9 million compared with NOK -5 million in the 1st quarter of 2015. The change from last year was due to FX differences. Group profit before tax increased to NOK 161 million (NOK 100 million). Tax expense in the 1st quarter was NOK -41 million, giving a tax rate of 25% (27%).

Earnings per share in the 1st quarter were NOK 1.21 (NOK 0.74).

Cash flow from operations⁶ in the 1st quarter of 2016 was NOK -7 million (NOK -25 million), and was negatively affected by a temporary increase in net working capital.

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.

THE BUSINESS AREAS

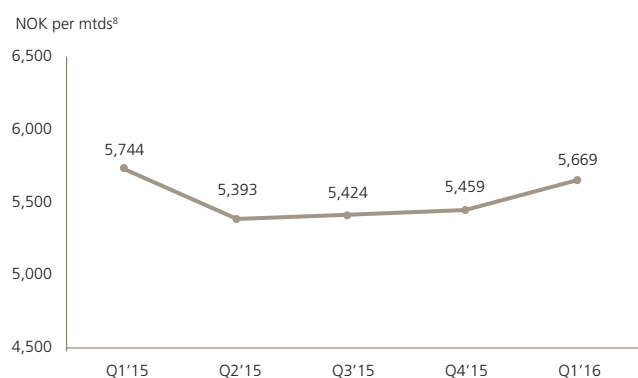
PERFORMANCE CHEMICALS

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12	
	2016	2015	2015	2015
Operating revenues	550	503	2,008	
EBITA	138	111	447	
EBITA margin (%)	25.1	22.1	22.3	

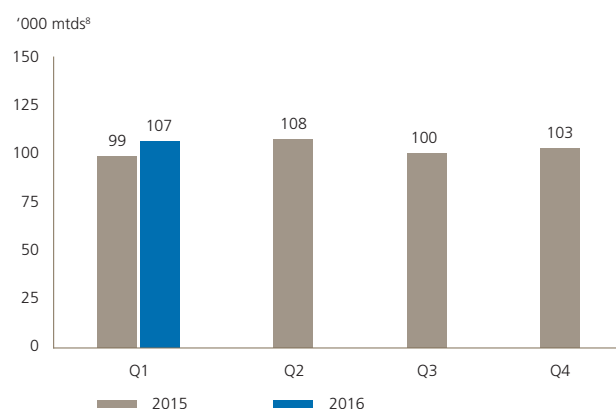
Performance Chemicals' 1st quarter operating revenues increased to NOK 550 million (NOK 503 million). EBITA reached NOK 138 million (NOK 111 million), an all-time high level for a single quarter. Beneficial currency effects more than compensated for a weaker product mix and slightly lower prices in sales currency. In total, costs were in line with last year on a currency-adjusted basis.

Sales volume grew by 8% as a result of the addition of the Flambeau business. The challenging market conditions in the construction and oil sectors continued. Reallocation of volumes to other segments and regions contributed to a stable sales volume (excl. Flambeau) compared with the corresponding quarter of last year. There was a seasonal inventory increase in the 1st quarter.

GROSS AVERAGE SALES PRICE⁷



SALES VOLUME⁷



⁷ 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.

⁸ Metric tonne dry solid.

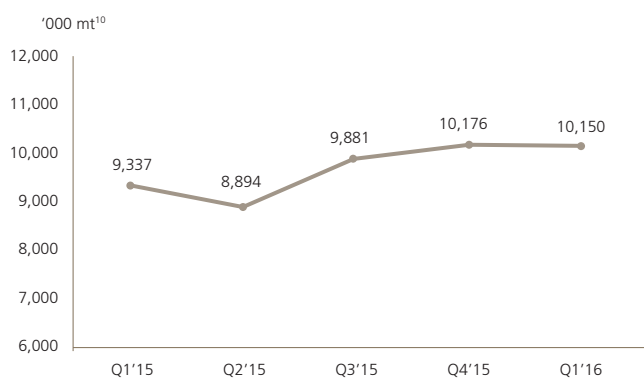
SPECIALTY CELLULOSE

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2016	2015	2015
Operating revenues	383	336	1,436
EBITA	53	8	104
EBITA margin (%)	13.8	2.4	7.2

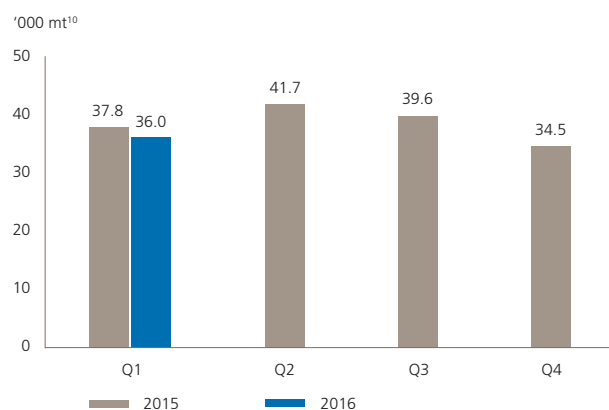
Specialty Cellulose's 1st quarter operating revenues increased to NOK 383 million (NOK 336 million). EBITA improved to NOK 53 million (NOK 8 million). The increased revenues and stronger result were primarily due to positive currency effects. Lower prices in sales currency were largely offset by an improved

product mix. Both production and sales volume were negatively affected by the silo fire incident in October 2015. However, the EBITA impact was limited due to insurance coverage. Bioethanol was in line with the 1st quarter of 2015.

GROSS AVERAGE SALES PRICE⁹



SALES VOLUME



⁹ Average sales price is calculated using actual FX rates, excluding hedging impact.

¹⁰ Metric tonne.

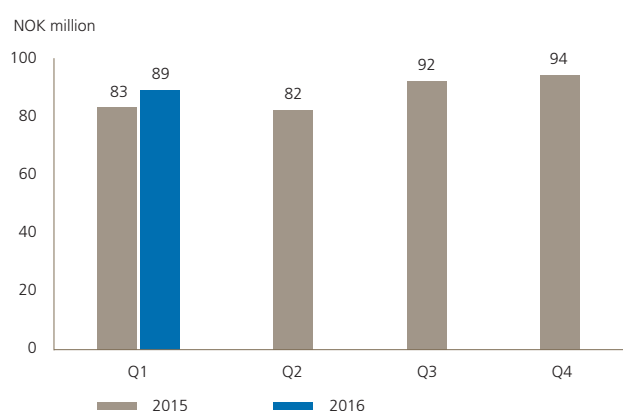
OTHER BUSINESSES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12	
	2016	2015	2015	2015
Operating revenues	190	176		755
EBITA	-20	-14		-54
EBITA margin (%)	-10.5	-8.0		-7.2

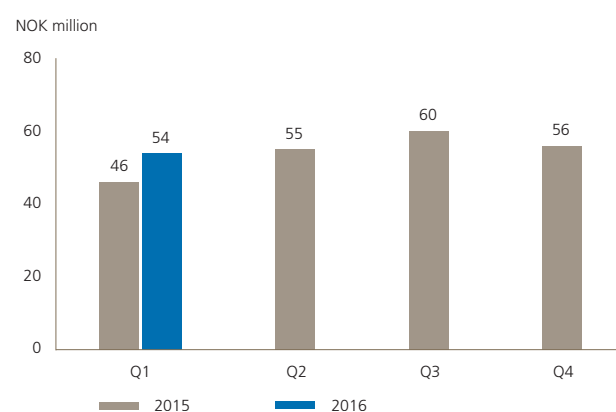
Other Businesses had total operating revenues of NOK 190 million (NOK 176 million) and an EBITA of NOK -20 million (NOK -14 million) in the 1st quarter of 2016. There was a positive demand development for key products within Fine Chemicals. Currency contributed positively in both Ingredients and Fine Chemicals. Exilva

project costs increased due to start-up preparations and a higher level of marketing and business development activities. Corporate costs in the 1st quarter of 2016 were relatively stable compared with the corresponding quarter of 2015.

INGREDIENTS – SALES REVENUES



FINE CHEMICALS – SALES REVENUES



FOREIGN EXCHANGE AND HEDGING

Borregaard has a significant currency exposure which is hedged according to the company's hedging strategy. Compared with the 1st quarter of 2015, the net positive impact of foreign exchange on EBITA, including hedging effects, was approximately NOK 90 million. Hedging effects were NOK -43 million (NOK -70 million).

Assuming FX rates as of 26 April 2016 (USD 8.18 and EUR 9.23) and based on currency exposure forecasts, Borregaard expects the net positive impact of foreign exchange on EBITA to be approximately NOK 75 million in the 2nd quarter and NOK 220 million for the full year of 2016.

CASH FLOW AND FINANCIAL SITUATION

A temporary increase in net working capital between quarters resulted in a negative cash flow from operating activities in the 1st quarter of 2016 of NOK -69 million (NOK -82 million). The improvement compared with the corresponding quarter of last year was mainly due to higher EBITA and lower tax payments, partly offset by a higher increase in net working capital.

Investments in the 1st quarter of 2016 amounted to NOK 71 million (NOK 53 million). Replacement investments were largely unchanged from the 1st quarter

of 2015, but expansion investments (mainly related to the Exilva project) increased.

On 31 March 2016, the Group had net interest-bearing debt totalling NOK 763 million (NOK 768 million), an increase of NOK 139 million from year-end 2015.

At the end of the 1st quarter, the Group was well capitalised with an equity ratio of 55.7% and a leverage ratio of 0.92.

SHARE INFORMATION

During the 1st quarter of 2016, 35,000 share options were exercised at a strike price of NOK 16.68.

Total number of shares outstanding on 31 March 2016 was 100 million, including 458,880 treasury shares.

Total number of shareholders was 7,492.

Borregaard ASA's share price was NOK 55.50 at the end of the 1st quarter of 2016 compared with NOK 49.40 at the end of 2015.

OTHER MATTERS AND SUBSEQUENT EVENTS

GENERAL MEETING

Borregaard ASA held its General Meeting on 13 April 2016. The financial statements of Borregaard ASA and the Group, including a dividend of NOK 1.50 per share, were approved. The General Meeting re-elected the

Chair of the Board of Directors, Jan Oksum. The following shareholder-elected members were also re-elected: Terje Andersen, Kristine Ryssdal and Ragnhild Wiborg. Jon Erik Reinhardsen was elected as a new member of the Board.

SPANISH LIGNIN PARTNER SNIACE RE-LISTED ON THE MADRID STOCK EXCHANGE

Sniace SA, Borregaard's partner and supplier of lignin raw material to LignoTech Ibérica, was re-listed on the Madrid stock exchange on 22 March 2016. The company will pursue re-capitalisation and, if successful, initiate comprehensive maintenance work before resuming operations.

Borregaard has offered to contribute to the re-capitalisation, subject to certain conditions being met, by a combination of buying Sniace's shares in LignoTech Ibérica (40%) and entering into a revised lignin raw material supply agreement between LignoTech Ibérica and Sniace.

For background information please see Borregaard's stock exchange notices from 21 March 2016, 26 June, 25 July and 8 September 2013.

EU SUPPORT FOR COMMERCIALISATION OF EXILVA MICROFIBRILLAR CELLULOSE

A consortium of European companies and research institutions, with Borregaard as lead member, has been granted financial support for the development and commercialisation of Borregaard's Exilva microfibrillar cellulose under the Horizon 2020 Flagship programme, the EU Framework Programme for Research and Innovation. The support will cover up to 60% of Borregaard's project costs and make it possible to further increase business development activities in the Exilva project. The maximum amount which can be granted to Borregaard is EUR 25 million over a period of three years. The grant will be reduced if the project makes a profit during this period.

See Borregaard's stock exchange notices from 16 March and 22 April 2016.

OUTLOOK

Market conditions for Performance Chemicals will be affected by a continued weak business climate and strong price competition in important markets. Efforts to reallocate volume to other applications and regions will continue. Lignin sales volume in 2016 is expected to increase by the full-year impact of the Flambeau volume. Average price and product mix will be negatively affected by the Flambeau volume. In the 2nd quarter, a higher sales volume and lower average sales price are expected due to seasonality in delivery patterns compared with the 1st quarter in 2016.

In 2016, Borregaard's average cellulose price in sales currency is expected to be approximately 3% below the 2015 level. Price uncertainty is mainly related to textile cellulose. Product mix in 2016 is forecast to improve

slightly from 2015. In the 2nd quarter, total sales volume is expected to be lower than in the corresponding quarter of 2015, but with a more favourable product mix.

No major changes are expected in market conditions for Ingredients and Fine Chemicals. Exilva project costs will continue at a higher level than last year, but the net cost will be reduced by the EU grant with effect from 1 May 2016. Corporate costs will remain at largely the same level as in 2015.

Currency, including hedging impact, is expected to contribute positively in all business areas throughout 2016.

THE GROUP'S CONDENSED INCOME STATEMENT

INTERIM CONDENSED INCOME STATEMENT

Amounts in NOK million	NOTE	1.1 – 31.3		1.1 – 31.12
		2016	2015	2015
OPERATING REVENUES	2	1,113	1,007	4,164
Operating expenses		-877	-838	-3,406
Depreciation property, plant and equipment		-65	-64	-261
Amortisation intangible assets		-1	-	-1
Other income and expenses	3	-	-	37
OPERATING PROFIT		170	105	533
Financial items, net		-9	-5	-27
PROFIT BEFORE TAXES		161	100	506
Income tax expense	4	-41	-27	-122
PROFIT FOR THE PERIOD		120	73	384
Profit attributable to non-controlling interests		-1	-1	-2
Profit attributable to owners of the parent		121	74	386
EBITDA adjusted ¹		236	169	758
EBITA ADJUSTED²	2	171	105	497

EARNINGS PER SHARE

INTERIM EARNINGS PER SHARE

Amounts in NOK million	NOTE	1.1 – 31.3		1.1 – 31.12
		2016	2015	2015
Earnings per share (100 mill. shares)	5	1.21	0.74	3.86
Diluted earnings per share	5	1.21	0.74	3.87

THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	NOTE	1.1 – 31.3		1.1 – 31.12
		2016	2015	2015
PROFIT FOR THE PERIOD		120	73	384
ITEMS NOT TO BE RECLASSIFIED TO P&L				
Actuarial gains and losses (after tax)		-	-	-19
TOTAL		-	-	-19
ITEMS TO BE RECLASSIFIED TO P&L				
Change in hedging-reserve after tax (cash flow)	7	212	-16	-156
Change in hedging-reserve after tax (net investment in subsidiaries)	7	25	-15	-52
Translation effects		-39	29	66
TOTAL		198	-2	-142
THE GROUP'S COMPREHENSIVE INCOME		318	71	223
Comprehensive income non-controlling interests		-	-1	-3
Comprehensive income owners of the parent		318	72	226

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	31.3.2016	31.12.2015
Intangible assets	12	131	137
Property, plant and equipment	12	2,121	2,122
Other assets	8	165	121
Investments in joint venture		128	106
NON-CURRENT ASSETS		2,545	2,486
Inventories		684	676
Receivables	8	1,008	838
Cash and cash deposits	10	39	169
CURRENT ASSETS		1,731	1,683
TOTAL ASSETS		4,276	4,169
Group equity	9	2,376	2,056
Non-controlling interests		5	5
EQUITY		2,381	2,061
Provisions and other liabilities		367	408
Interest-bearing liabilities	8, 10	791	802
NON-CURRENT LIABILITIES		1,158	1,210
Interest-bearing liabilities	8, 10	31	9
Other current liabilities	8	706	889
CURRENT LIABILITIES		737	898
EQUITY AND LIABILITIES		4,276	4,169
Equity ratio		55.7%	49.4%

CHANGES IN EQUITY

INTERIM CONDENSED CHANGE IN EQUITY

Amounts in NOK million	Note	1.1 – 31.3			1.1 – 31.12		
		Controlling interests	Non-controlling interests	Total equity	Controlling interests	Non-controlling interests	Total equity
Equity 1 January		2,056	5	2,061	1,941	8	1,949
PROFIT/LOSS FOR THE PERIOD		121	-1	120	386	-2	384
Items in Comprehensive Income	6	197	1	198	-160	-1	-161
THE GROUP'S COMPREHENSIVE INCOME	6	318	-	318	226	-3	223
Paid dividend		-	-	-	-124	-	-124
Buy-back of treasury shares		-	-	-	-5	-	-5
Exercise of share options		1	-	1	3	-	3
Shares to employees		-	-	-	12	-	12
Reduced tax payable of exercised share options		-	-	-	-	-	-
Option costs (share based payment)		1	-	1	3	-	3
EQUITY AT THE CLOSE OF THE PERIOD		2,376	5	2,381	2,056	5	2,061

THE GROUP'S CONDENSED CASH FLOW STATEMENT

INTERIM CONDENSED CASH FLOW STATEMENT

Amounts in NOK million	NOTE	1.1 – 31.3		1.1 – 31.12
		2016	2015	2015
Profit before taxes		161	100	506
Amortisation, depreciation and impairment charges		66	64	269
Changes in net working capital, etc.		-243	-194	-106
Dividend (share of profit) from JV		-22	1	-14
Taxes paid		-31	-53	-92
CASH FLOW FROM OPERATING ACTIVITIES		-69	-82	563
Investments property, plant and equipment and intangible assets*		-71	-53	-430
Other capital transactions		1	3	5
CASH FLOW FROM INVESTING ACTIVITIES		-70	-50	-425
Dividends		-	-	-124
Proceeds from exercise of share options	9	1	-	11
Buy-back of shares	6	-	-	-5
Gain/(loss) on hedges for net investments in subsidiaries		11	-43	-76
NET PAID TO/FROM SHAREHOLDERS		12	-43	-194
Proceeds from interest-bearing liabilities	10	-	-	86
Repayment from interest-bearing liabilities	10	-9	-16	-72
Change in interest-bearing receivables	10	-2	-2	-2
CHANGE IN NET INTEREST-BEARING LIABILITIES		-11	-18	12
CASH FLOW FROM FINANCING ACTIVITIES		1	-61	-182
CHANGE IN CASH AND CASH EQUIVALENTS		-138	-193	-44
Cash and cash equivalents at beginning of period		169	168	168
Change in cash and cash equivalents		-138	-193	-44
Currency effects cash and cash equivalents		-13	17	45
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	10	18	-8	169
* Investment by category				
Replacement investments		34	31	246
Expansion investments		37	22	184

NOTES

NOTE 01 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 2015 for the Borregaard Group.

Use of estimates

The same use of estimates has been applied as in the Consolidated Financial Statements for 2015.

NOTE 02 Segments

OPERATING REVENUES

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2016	2015	2015
BORREGAARD	1,113	1,007	4,164
Performance Chemicals	550	503	2,008
Specialty Cellulose	383	336	1,436
Other Businesses	190	176	755
Eliminations	-10	-8	-35

EBITA

Amounts in NOK million	1.1 - 31.3		1.1 - 31.12
	2016	2015	2015
BORREGAARD	171	105	497
Performance Chemicals	138	111	447
Specialty Cellulose	53	8	104
Other Businesses	-20	-14	-54
RECONCILIATION AGAINST OPERATING PROFIT & PROFIT BEFORE TAX			
EBITA ADJUSTED	171	105	497
Amortisation intangible assets	-1	-	-1
Other income and expenses	-	-	37
OPERATING PROFIT	170	105	533
Financial items, net	-9	-5	-27
PROFIT BEFORE TAXES	161	100	506

There are limited intercompany sales between the different segments and eliminations consist essentially of

allocations from the corporate headquarter.

NOTE 03 Other income and expenses

There are no Other income and expenses in the 1st quarter of 2016.

NOTE 04 Income tax expense

The tax rate of 25.5% for the first three months of 2016 is a compilation of the tax rates in the various countries in which Borregaard operates and has taxable income. The tax rate in Norway is reduced from 27% to 25% from 1 January 2016. The normal tax rate is expected to be in the 23-26% range.

As the profit after tax from the joint venture is accounted for as part of operating profit (due to IFRS 11), this does not impact the Group's tax expense and thus reduces the Group's tax rate.

NOTE 05 Earnings per share (EPS)

The share capital consists of 100 million shares. The company holds 458,880 treasury shares. As of 31 March 2016, there are 99,845,546 diluted shares (99,735,212

as of 31 December 2015). Earnings per diluted share were NOK 1.21 as of 31 March 2016 (NOK 0.74 as of 31 March 2015).

NOTE 06 Stock options

During the 1st quarter of 2016, 35,000 share options were exercised at a strike price of NOK 16.68.

The Group Executive Management and other key employees hold a total of 1,278,800 stock options in four different share option programmes in Borregaard. The first programme has a total of 173,800 outstanding stock options at a strike price of NOK 15.18. The second programme has a total of 125,000 outstanding stock options at a strike price of NOK 17.65. The strike prices have been adjusted for dividends in 2013, 2014, 2015 and 2016, NOK 4.85 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 480,000 stock options granted in October 2014, has a strike price of NOK 46.50 adjusted for dividends in 2015 and 2016, NOK 2.75. The fourth option programme, comprising 500,000 stock options granted in October 2015, has a strike price of NOK 49.99 adjusted for dividend of NOK 1.50 in 2016. Options in programme three and four will expire after five years, the vesting period is three years and the options can be exercised during the last two years.

NOTE 07 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 three months of 2016 relating to the hedging reserves amounts to NOK -44 million for

cash flow hedges (NOK -75 million) and NOK -33 million for hedges of net investments in subsidiaries (NOK -27 million). Total hedging reserve included in equity as of 31 March 2016 (after tax) amounts to NOK -133 million and NOK -87 million respectively (NOK -204 million and NOK -75 million).

NOTE 08 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 2015 to the 1st quarter of 2016. 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 31 March 2016:

FINANCIAL ASSETS

Amounts in NOK million	LEVEL	CARRYING AMOUNT	FAIR VALUE
Non-current financial receivables	2	69	69
Non-current derivatives	2	46	46
Current derivatives	2	39	39
TOTAL FINANCIAL ASSETS		154	154

FINANCIAL LIABILITIES

Non-current financial liabilities	2, 3	809	809
Non-current derivatives	2	142	142
Current financial liabilities	2	9	9
Current derivatives	2	98	98
TOTAL FINANCIAL LIABILITIES		1,058	1,058

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Amounts in NOK million	31.3.2016	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL INSTRUMENTS	-904	-	-504	-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 09 Compilation of Equity

Amounts in NOK million	31.3. 2016	31.12.2015
Share capital	100	100
Treasury shares	-1	-1
Share premium	1,346	1,346
Other paid-in capital	387	385
Translation effects	49	89
Hedging reserve	-219	-456
Actuarial gains/losses	-23	-23
Retained earnings	737	616
GROUP EQUITY (CONTROLLING INTERESTS)	2,376	2,056

As of 31 March 2016, the company held 458,880 treasury shares at an average cost of NOK 45.90.

NOTE 10 Net interest-bearing debt

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

Amounts in NOK million	31.3. 2016	31.12.2015
Non-current interest-bearing liabilities	791	802
Current interest-bearing liabilities including overdraft of cashpool	31	9
Non-current interest-bearing receivables (included in "Other Assets")	-20	-18
Cash and cash deposits	-39	-169
NET INTEREST-BEARING DEBT	763	624

As of 31 March 2016 there is a net overdraft in the Group's cashpool facilities of NOK 21 million. This is classified as current interest-bearing liabilities in the

statement of financial position. Cash and cash equivalents as of 31 March 2016 is NOK 18 million.

NOTE 11 Related parties

The members of the Group Executive Management of Borregaard hold a total of 728,800 stock options in the Company as of 31 March 2016.

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 1st quarter of 2016.

NOTE 13 Other matters and subsequent events

GENERAL MEETING

Borregaard's General Meeting was held on 13 April 2016. The proposed dividend of NOK 1.50 per share was approved. The dividend was paid on 22 April 2016. The shares were traded excluding dividend on 14 April 2016.

SPANISH LIGNIN PARTNER SNIACE RE-LISTED ON THE MADRID STOCK EXCHANGE

Sniace SA, Borregaard's partner and supplier of lignin raw material to LignoTech Ibérica, was re-listed on the Madrid stock exchange on 22 March 2016. The company will pursue re-capitalisation and, if successful, initiate comprehensive maintenance work before resuming operations.

Borregaard has offered to contribute to the re-capitalisation, subject to certain conditions being met, by a combination of buying Sniace's shares in LignoTech Ibérica (40%) and entering into a revised lignin raw material supply agreement between LignoTech Ibérica and Sniace.

For background information please see Borregaard's stock exchange notices from 21 March 2016, 26 June, 25 July and 8 September 2013.

EU SUPPORT FOR COMMERCIALISATION OF EXILVA MICROFIBRILLAR CELLULOSE

A consortium of European companies and research institutions, with Borregaard as lead member, has been granted financial support for the development and commercialisation of Borregaard's Exilva microfibrillar cellulose under the Horizon 2020 Flagship programme, the EU Framework Programme for Research and Innovation. The support will cover up to 60% of Borregaard's project costs and make it possible to further increase business development activities in the Exilva project. The maximum amount which can be granted to Borregaard is EUR 25 million over a period of three years. The grant will be reduced if the project makes a profit during this period.

See Borregaard's stock exchange notices from 16 March and 22 April 2016.

SILO FIRE INCIDENT

Insurance compensation for actual losses related to business interruption in the 1st quarter of 2016 from the silo fire incident in October 2015 has been recognised. An estimate of the total business interruption losses is difficult to make due to uncertainty. Therefore, no future insurance compensation has been recognised, but will be recognised in the periods when business interruption losses occur.

In the 4th quarter of 2015, NOK 46 million was recognised for expected insurance compensation for property damage caused by the silo fire incident. The amount was net of deductibles and write-down of assets. The costs related to the demolition and build-up of the silo will be capitalised and depreciated over the expected life of the silo once it is rebuilt and in use. The recognised amount is an estimate and the final insurance compensation for property damage may differ from the current estimate.

CHLORINE ALKALI PLANT

In the period 1949-1997 Borregaard operated a chlorine alkali plant at the site in Sarpsborg. The process led to pollution of the soil in the area close to the plant. In 1994, a groundwater barrier was built, the water in the area close to the plant was cleaned and a water monitoring programme for mercury was established. In the winter of 2015, a higher level of mercury was discovered by the monitoring. Pending approval from the Norwegian Environment agency, Borregaard will in 2016 and 2017 take measures to strengthen the ground water barriers in order to prevent the mercury from spreading. Cost estimates and potential insurance coverage are uncertain and hence, no provision has been made as of 31 March 2016.

OTHER MATTERS

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.



Borregaard

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