

FIRST QUARTER
2011

NORSKE SKOG
NORWEGIAN PAPER TRADITION



Norske Skog

OUR BUSINESS

Norske Skog is a world leading producer of newsprint and magazine paper. The group has 14 fully or partly owned mills in 11 countries and an annual production capacity of 4.4 million tonnes. Through 44 sales offices and agents, newsprint and magazine paper is sold to over 80 countries. The group has 5 300 employees.

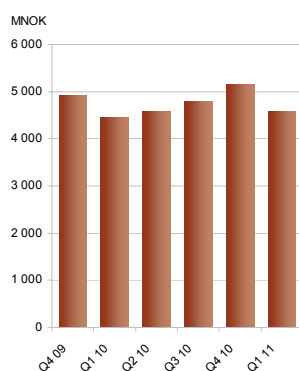
The parent company, Norske Skogindustrier ASA is incorporated in Norway and has its head office at Lysaker outside of Oslo. The company is listed on the Oslo Stock Exchange.

KEY FIGURES (UNAUDITED)

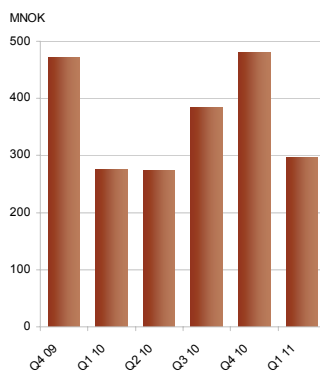
	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
INCOME STATEMENT					
Operating revenue	4 594	5 160	4 455	4 594	4 455
Gross operating earnings	296	479	275	296	275
Operating earnings	225	-46	-1 364	225	-1 364
Net profit/loss for the period	169	-198	-1 153	169	-1 153
Earnings per share (NOK)	0.89	-1.06	-6.04	0.89	-6.04
CASH FLOW					
Net cash flow from operating activities	-239	113	101	-239	101
Net cash flow from investing activities	-9	-38	-72	-9	-72
Cash flow per share (NOK)	-1.26	0.59	0.53	-1.26	0.53
OPERATING MARGIN AND PROFITABILITY (%)					
Gross operating margin	6.4	9.3	6.2	6.4	6.2
Return on capital employed	-0.8	0.2	-1.3	-0.8	-1.3
Return on equity	1.7	-2.0	-10.0	1.7	-10.0
Return on assets	0.9	-0.1	-4.2	0.9	-4.2
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	951	1 050	950	951	950
Deliveries (1 000 tonnes)	919	1 062	951	919	951
Production / capacity (%)	86	94	85	86	85

	31 MAR 2011	31 DEC 2010	30 SEP 2010	30 JUN 2010	31 MAR 2010
BALANCE SHEET					
Non-current assets	19 150	19 271	20 023	20 873	22 235
Current assets	9 327	10 027	9 573	9 674	9 336
Total assets	28 478	29 297	29 596	30 547	31 571
Equity	9 996	10 183	10 136	10 478	11 044
Net interest-bearing debt	8 966	8 889	8 998	10 299	9 465
Gearing (net interest-bearing debt / equity)	0.90	0.87	0.89	0.98	0.86

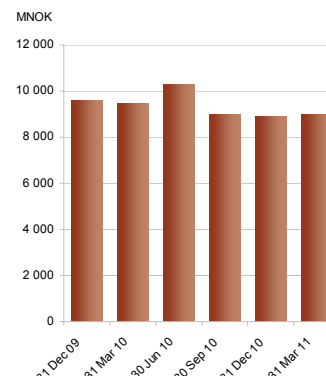
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT



REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2011

- First quarter of 2011: Gross operating earnings NOK 296 million (NOK 479 million in the fourth quarter of 2010). Earnings are almost unchanged, when operating earnings in the energy segment and non-recurring items in the fourth quarter of 2010 are excluded.
- Lower sales volumes due to the fire at Norske Skog Saugbrugs and seasonal variations.
- Net profit after tax NOK 169 million (loss of NOK 198 million in the fourth quarter of 2010), influenced by the increase in value of energy contracts and other gains, and by positive financial items.



INCOME STATEMENT

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	4 594	5 160	4 455	4 594	4 455
Gross operating earnings ¹⁾	NOK mill	296	479	275	296	275
Gross operating earnings after depreciation ²⁾	NOK mill	-136	30	-252	-136	-252
Operating earnings	NOK mill	225	-46	-1 364	225	-1 364
Profit/loss before income taxes	NOK mill	270	-260	-1 606	270	-1 606
Net profit/loss for the period	NOK mill	169	-198	-1 153	169	-1 153

¹⁾ Operating earnings before depreciation, restructuring expenses, other gains and losses and impairments.

²⁾ Operating earnings before restructuring expenses, other gains and losses and impairments.

COMPARABILITY

Towards the end of 2010 there was a new calculation of the production capacity at Norske Skog's mills, and this resulted in a slight downward adjustment of capacity at some of the units. Total production capacity in the first quarter of 2011 was 1 106 000 tonnes, compared with 1 121 000 tonnes in each of the quarters of 2010. Both newsprint and magazine paper are produced at Norske Skog Parenco in 2011, however for practical reasons the mill is wholly classified within the newsprint segment.

In the fourth quarter of 2010, income of NOK 129 million was recognised in connection with provisions for pensions, and NOK 47 million was recognised as income in the first quarter of 2010 in connection with the change of the rules for early retirement pensions in Norway.

There were significant gross operating earnings in the energy segment in 2010, mainly due to excess power in Norway that was sold in the market. This amounted to NOK 56 million in the fourth quarter of 2010, NOK 46 million in the first quarter of 2010 and NOK 150 million for the full year. As previously communicated, gross operating earnings in this segment are not expected to be significant in 2011, because the surplus volume in the long-term energy contract in Norway has been sold.

Fire at Norske Skog Saugbrugs

There was a fire at the mill on 2 January, which caused extensive damage to the raw material plant and electrical systems. There were no personal injuries. Production was subsequently re-started at one paper machine (PM 4), which produces around 10 000 tonnes per month. Production at the two other paper machines is expected to re-commence towards the end of June. Norske Skog Saugbrugs has an annual production capacity of 545 000 tonnes of SC magazine paper, and production in the first quarter of 2011 was 67 000 tonnes lower than in the fourth quarter of 2010.

Norske Skog has insurance coverage that includes both the lost contribution margin (business interruption insurance) and property damage. A provision for the estimated business interruption compensation has been recognised, whereby gross operating earnings are negatively affected by NOK 13 million, which is equivalent to the deductible. When it comes to the property damage, this was mainly related to assets that were largely depreciated to low values. An impairment of NOK 8 million has been recognised in the first quarter of 2011, and NOK 10 million has been recognised relating to insurance compensation for property damage. It is emphasised that these are preliminary estimates.

GROUP COMMENT – GROSS OPERATING EARNINGS

First quarter of 2011 compared with fourth quarter of 2010

Gross operating earnings in the first quarter of 2011 were NOK 296 million, compared with NOK 479 million in the fourth quarter of 2010. When making comparison between the two quarters, it is relevant to exclude the non-recurring items of NOK 129 million recognised in the fourth quarter, and the decline in earnings is then NOK 54 million. This corresponds largely to gross operating earnings in the energy segment in the fourth quarter, while this segment had marginal earnings in the first quarter.

The operations within the newsprint and magazine paper segments have shown a small improvement in earnings in this timeframe, and this comes from improved results in the segment newsprint Europe. Earnings from the operations in newsprint outside Europe have been weaker, and this is also the case for magazine paper. Volumes in the first quarter of 2011 are lower than in the fourth quarter of 2010, primarily due to the fire at Norske Skog Saugbrugs, and there is also some effect from the seasonally low demand at the beginning of the year. Capacity utilisation was 86 per cent in the first quarter of 2011, but would have been around 92 per cent with normal operations at Norske Skog Saugbrugs. Achieved average prices in the first quarter of 2011 are higher than in the previous quarter, primarily due to price increases for newsprint in Europe. The price of various important input factors has increased compared to last year. This is the case for energy at Norske Skog Skogn and in continental Europe, wood in Norway and recovered paper. The Norwegian krone was on average stronger against most currencies in the first quarter of 2011, compared with the fourth quarter of 2010.

First quarter of 2011 compared with the first quarter of 2010

Gross operating earnings in the first quarter of 2011 were NOK 68 million better than the first quarter of 2010 when non-recurring items in 2010 are excluded. For newsprint and magazine paper in isolation, earnings improved by NOK 95 million. This is largely due to price increases in Europe. Volumes are approximately unchanged in the two quarters, if one disregards the effect of the fire at Norske Skog Saugbrugs.

Depreciation in the first quarter of 2011 is NOK 97 million lower than in the first quarter of 2010. This is mainly due to a review of the expected economic lifetime of the mills in Australasia, which had an impact from the fourth quarter of 2010.

SPECIAL ITEMS IN THE OPERATING EARNINGS UNDER IFRS

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Restructuring expenses	NOK mill	0	-25	0	0	0
Other gains and losses	NOK mill	369	-77	-913	369	-913
Impairments	NOK mill	-8	27	-198	-8	-198

Other gains and losses in the first quarter of 2011 amount to NOK 369 million and consist of the change in value of energy

contracts of NOK 280 million and various other items of NOK 89 million. There is a reduction in the value of the Norwegian energy

contracts, but this is offset by the increase in the value of the portfolios in Brazil and New Zealand. The other items of NOK 89

million are the increase in value of biological assets and gains from sales of property.

FINANCIAL ITEMS

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Net interest costs (excluding interest rate derivatives)	NOK mill	-178	-182	-192	-178	-192
Realised and unrealised gains/losses on interest rate derivatives	NOK mill	12	1	11	12	11
Realised/unrealised gains/losses on currency	NOK mill	216	-20	-48	216	-48
Gain buy-back of bonds	NOK mill	0	0	0	0	0
Other financial items	NOK mill	-4	-12	-8	-4	-8
Total financial items	NOK mill	46	-213	-237	46	-237

¹⁾ Currency gains and losses on accounts receivable and accounts payable are reported as operating revenue and cost of materials respectively.

Currency gains in the first quarter of 2011 reflect the fact that the Norwegian krone was stronger against most other currencies. About half of the amount of NOK 216 million is realised and unrealised gains from cash flow hedging. The rest is positive currency translation

differences on foreign currency debt that does not qualify for hedge accounting, after deduction for the net reduction in the value of bank deposits in foreign currencies.

CASH FLOW

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Gross operating earnings	NOK mill	296	479	275	296	275
Change in working capital and adjustments ¹⁾	NOK mill	-548	-130	-238	-548	-238
Cash from net financial items	NOK mill	24	-198	82	24	82
Taxes paid	NOK mill	-11	-38	-19	-11	-19
Net cash flow from operating activities	NOK mill	-239	113	101	-239	101
Purchases of fixed assets	NOK mill	-68	-137	-83	-68	-83

¹⁾ Includes items with no cash effect included in gross operating earnings, and items with cash effect included in restructuring expenses and other gains and losses.

The negative cash flow after interest and tax in the first quarter of 2011 comes primarily from weak earnings and an increase in working capital, while financial receipts and payments are positive because of realised foreign exchange gains. The increased working capital is

partly due to seasonal variations, but also due to the increase in price of both finished goods and raw materials, as well as the payment of various items that had been provided for in prior periods.

BALANCE SHEET

		31 MAR 2011	31 DEC 2010	31 MAR 2010
Non-current assets	NOK mill	19 150	19 271	22 235
Cash and cash equivalents	NOK mill	3 981	4 440	4 169
Other current assets	NOK mill	5 347	5 586	5 167
Total assets	NOK mill	28 478	29 297	31 571
Equity including minority interests	NOK mill	9 996	10 183	11 044
Non-current liabilities	NOK mill	9 822	13 875	16 740
Current liabilities	NOK mill	8 660	5 240	3 787
Net interest-bearing debt	NOK mill	8 966	8 889	9 465

Total assets have decreased by around NOK 800 million from year-end as a result of currency effects and the fact that investments in the first quarter of 2011 were significantly lower than depreciation. These conditions are offset to some extent by the increased value of the energy portfolio. Equity including minority interests was NOK 9 996 million at 31 March 2011, a reduction of NOK 187 million from year-end. Equity per share was NOK 53. A more detailed specification of the changes in equity is provided later in this report.

Net interest-bearing debt was NOK 8 966 million at 31 March 2011. This is an increase of NOK 77 million from year-end. The gearing

ratio (net interest-bearing debt to equity) was 0.90 per 31 March 2011, and 0.87 at year-end. The average time to maturity of the interest-bearing gross debt was 4.8 years as at 31 March 2011.

Interest-bearing current liabilities amounted to NOK 5 641 million at 31 March 2011 and the main items are a USD-denominated bond loan maturing in November 2011 and a bank loan of EUR 400 million maturing in February 2012. Work is underway to refinance these loans.

SEGMENT INFORMATION

NEWSPRINT TOTAL

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	2 883	3 138	2 613	2 883	2 613
Gross operating earnings	NOK mill	274	244	225	274	225
Gross operating earnings after depreciation	NOK mill	-23	-61	-156	-23	-156
Gross operating margin	%	9.5	7.8	8.6	9.5	8.6
Production	1 000 tonnes	698	722	654	698	654
Deliveries	1 000 tonnes	656	731	644	656	644
Production / capacity	%	92	94	85	92	85

The newsprint segment includes the geographical regions newsprint Europe, newsprint outside Europe, sales offices and other activities. When non-recurring items from 2010 are excluded, gross operating earnings in the first quarter of 2011 are somewhat better than both the first and fourth quarters of 2010. The improvement in earnings has primarily been in Europe.

Global demand for standard newsprint fell by around four per cent in the period January - February 2011 compared with the corresponding period in 2010. There was a small drop in demand in Europe, a slight increase in South America, and lower demand in other parts of the world.

NEWSPRINT EUROPE

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	1 499	1 551	1 314	1 499	1 314
Gross operating earnings	NOK mill	56	-3	18	56	18
Gross operating earnings after depreciation	NOK mill	-87	-149	-146	-87	-146
Gross operating margin	%	3.7	-0.2	1.4	3.7	1.4
Production	1 000 tonnes	412	417	367	412	367
Deliveries	1 000 tonnes	379	429	356	379	356
Production / capacity	%	96	95	83	96	83

Gross operating earnings are still very weak, but represent a clear improvement compared to 2010. On a comparable basis, that is if the non-recurring items in last year's financial statements are excluded, the gross operating earnings in the first quarter of 2011 are NOK 94 million better than the fourth quarter of 2010 and NOK 58 million better than the first quarter of 2010. The improved performance is mainly due to higher prices, but this has had limited effect because about one third of the tonnage sold in the first quarter of 2011 has been sold at last year's prices. Costs have risen for wood, recovered paper and energy. Production volume in the first quarter of 2011 is almost unchanged compared to the fourth quarter of 2010, and significantly increased compared to the first quarter of 2010.

Demand for standard newsprint in Europe in the first quarter of 2011 was 1.4 per cent lower than the first quarter of 2010. There was a fall in Western Europe of around three per cent, but this is offset by strong growth in Russia. There has been a good development in demand for newsprint types other than standard quality in the first quarter of 2011, with an increase of over five per cent compared to the first quarter of 2010. Imports of newsprint from Canada to Europe continue to decline.

NEWSPRINT OUTSIDE EUROPE

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	1 327	1 504	1 243	1 327	1 243
Gross operating earnings	NOK mill	214	269	196	214	196
Gross operating earnings after depreciation	NOK mill	61	111	-20	61	-20
Gross operating margin	%	16.1	17.9	15.8	16.1	15.8
Production	1 000 tonnes	287	306	286	287	286
Deliveries	1 000 tonnes	278	302	288	278	288
Production / capacity	%	88	93	87	88	87

This region consists of Norske Skog's operations in Australasia, South America and Asia. Total annual production capacity is 1 305 000 tonnes, of which 865 000 tonnes are in Australasia. Gross operating earnings in the first quarter of 2011 are weaker than in the first and fourth quarters of 2010. The decline comes from the operations in Australasia, and is due to lower volumes in connection with the maintenance shutdown at Norske Skog Boyer, as well as a greater proportion of export sales to Asia which have resulted in a relatively low margin. The earnings for operations in South America have been slightly better than last year.

Demand for standard newsprint in the period January - February 2011 showed a decrease of around ten per cent both in Australasia and in Asia compared with the corresponding period in 2010, however some improvement in volume development is expected later on in the year. Demand in South America increased by around two per cent during the same period.

MAGAZINE PAPER

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	1 482	1 691	1 503	1 482	1 503
Gross operating earnings	NOK mill	60	169	56	60	56
Gross operating earnings after depreciation	NOK mill	-67	40	-81	-67	-81
Gross operating margin	%	4.1	10.0	3.7	4.1	3.7
Production	1 000 tonnes	252	328	296	252	296
Deliveries	1 000 tonnes	262	332	307	262	307
Production / capacity	%	72	94	85	72	85

Volumes, revenue and costs in the first quarter of 2011 are strongly affected by the fire at Norske Skog Saugbrugs. As mentioned earlier in the report, a provision has been made for the estimated insurance compensation for business interruption, such that gross operating earnings in the quarter are negatively affected by NOK 13 million, which is equivalent to the deductible. When this amount, and various non-recurring items from last year are excluded, gross operating earnings in the first quarter of 2011 are not materially different from the first and fourth quarters of 2010. Price levels are higher, but this is

offset by cost increases. As for newsprint in Europe, there has also been a negative impact from a stronger Norwegian krone.

Demand for SC (uncoated) magazine paper in Europe in the first quarter of 2011 was barely five per cent lower than in the first quarter of 2010. Demand was unchanged for LWC (coated) magazine paper. For both grades, there were strong markets outside Europe, so that export volumes were 20-30 per cent higher in the first quarter of 2011 compared with the corresponding quarter in 2010.

ENERGY

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	496	606	589	496	589
Gross operating earnings	NOK mill	1	56	46	1	46
Gross operating earnings after depreciation	NOK mill	1	56	46	1	46
Operating earnings	NOK mill	290	-106	-908	290	-908

The ordinary activities of the segment include the purchase and resale of energy to the Norwegian mills and Norske Skog Pisa in Brazil. For accounting purposes, purchase of energy for these mills is booked as a cost of materials in the segment, with resale at contract prices.

Because of a new contract structure with effect from 1 January 2011, gross operating earnings in the energy segment are, as expected, not significant.

In addition to the results from the ordinary activities of the segment mentioned above, the operating earnings under IFRS include the fair value adjustments on energy contracts and embedded derivatives.

The contracts are recognised in the balance sheet in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, which means that the value consists of the difference between the estimated market price and contract price over the contract period, discounted to present value. The group has recognised amounts in the balance sheet relating to the contracts in Norway, Brazil and New Zealand. The value can fluctuate significantly from quarter to quarter due to changes in expected future energy prices, and is also affected by changes in exchange rates, price indices and the discount rate used. In the first quarter of 2011, there was a fall in value of the contracts in Norway, while there was an increase in value of the contracts in New Zealand and Brazil.

OTHER ACTIVITIES

		JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	NOK mill	607	586	528	607	528
Gross operating earnings	NOK mill	-39	10	-52	-39	-52
Gross operating earnings after depreciation	NOK mill	-46	-5	-62	-46	-62

Other activities include unallocated group costs and trading activities relating to recovered paper. In the fourth quarter of 2010, income of

NOK 24 million was recognised in connection with the transition from a defined benefit to a defined contribution pension plan in Norway.

SALE OF ASSETS

In January 2011, Norske Skog signed an agreement to sell the property Klosterøya, where there was formerly a paper mill that was shut down in 2006. Since the shut-down, Norske Skog has spent considerable resources on the clean-up and development of Klosterøya, and considers it a good solution that others will now take over further development. The sale resulted in a small gain that is included in the income statement line Other gains and losses.

After the end of the first quarter of 2011, Norske Skog entered into an agreement for the sale of around 21 500 hectares of forest in Brazil, of which 10 500 hectares are productive forest. The sales price is USD 63.5 million (approximately NOK 335 million). In accordance with the accounting rules, the gain of around NOK 43 million is recognised in the first quarter of 2011 as a change in the value of biological assets. The amount is recognised in the income statement line Other gains and losses. Norske Skog retains a natural forest area of Atlantic rain forest of approximately 10 000 hectares after the transaction, and will continue the restoration of this area. The restoration work is discussed further in the annual report for 2010.

NEW SALES ORGANISATION IN NORTH AMERICA

In March, Norske Skog and the company CellMark AB signed an agreement regulating a new sales organisation for Norske Skog's products in USA, Canada and Mexico. CellMark will acquire Norske Skog's current organisation in USA, and a new company called NorCell Inc. will be formed. The transaction is expected to be completed by the end of the second quarter of 2011.

GREEN CERTIFICATES

The Norwegian government has put forward proposals for a law on electricity certificates, the purpose of which is that most energy should come from renewable sources. In the consultation process prior to the issuing of the bill, some uncertainty was identified as to whether the wood processing and some other energy-intensive industries would be exempt from the obligation to purchase such certificates. A regulation including such an exemption was included in the final bill which was published in April 2011, which is very important for Norske Skog's operations in Norway.

GOVERNING BODIES

According to the company's articles of association, the general meeting shall elect the shareholder-elected members of the

corporate assembly and election committee. In the following meeting, the new corporate assembly shall elect the shareholder-elected members of the board.

Following the election, the corporate assembly consists of the following shareholder-elected members: Tom Ruud (chair), Tom Rathke (deputy chair), Emil Aubert, Ragnhild Borchgrevink, Maafrid Brath, Ann Kristin Brautaset, Helge Leiro Baastad, Maria Moræus Hanssen, Jens Nicolai Jenssen, Even Mengshoel, Karen Helene Ulltveit-Moe and Olav Veum. The shareholder-elected deputy members of the corporate assembly are Aud Lysenstøen, Knut Aas and Henrik A. Christensen.

The employee-elected members of the corporate assembly are Kjetil Bakkan, Harald Bjerger, Trond Bjørken, Jan Magnar Hansen, Geir Morten Knutsen and Freddy Sollibråten.

Norske Skog's election committee consists of Tom Ruud (chair), Ole H. Bakke, Helge Leiro Baastad and Kirsten Idebøen.

Following the election, the shareholder-elected members of the board are: Eivind Reiten (chair), Gisèle Marchand (deputy chair), Helge Evju, Alexandra Bech Gjørnv, Finn Johnsson and Åse Aulie Michelet. The three employee-elected members of the board are Paul Kristiansen, Inge Myrland and Svein-Erik Veie.

HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 0.97 in the 12 month period from 1 April 2010 to 31 March 2011. There was a tragic fatal accident at Norske Skog Golbey on 23 February, as a result of collision of a cargo truck.

SHARES

The foreign ownership share was 40 per cent at 31 March 2011, which is four percentage points higher than at year-end. A summary of the principal shareholders at 31 March 2011 is given on page 18 of this report, and is based on information provided by RD:IR and VPS, through the Nominee ID service.

OUTLOOK FOR THE REST OF 2011

The price increases for newsprint in Europe will have full impact from the second quarter of 2011, and it is expected that sales volumes will be a little higher in most regions. Costs for most input factors will continue to be high. Operating earnings for the full year 2011 are expected to be better than 2010, but will still be unsatisfactory.

OXENØEN BRUG, 4 MAY 2011 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA


Eivind Reiten
Chair


Gisèle Marchand
Deputy chair

(Sign.)
Finn Johnsson
Board member


Helge Evju
Board member



Alexandra Bech Gjørnv
Board member


Paul Kristiansen
Board member


Inge Myrland
Board member


Svein-Erik Veie
Board member


Åse Aulie Michelet
Board member


Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS, FIRST QUARTER 2011

INCOME STATEMENT

NOK MILLION	Note	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	4	4 594	5 160	4 455	4 594	4 455
Distribution costs		-431	-484	-431	-431	-431
Cost of materials		-2 956	-3 127	-2 720	-2 956	-2 720
Change in inventories		176	-44	0	176	0
Employee benefit expenses		-703	-590	-670	-703	-670
Other operating expenses	3	-383	-436	-358	-383	-358
Gross operating earnings		296	479	275	296	275
Depreciation	7	-431	-450	-528	-431	-528
Gross operating earnings after depreciation		-136	30	-252	-136	-252
Restructuring expenses		0	-25	0	0	0
Other gains and losses		369	-77	-913	369	-913
Impairments	3, 7	-8	27	-198	-8	-198
Operating earnings		225	-46	-1 364	225	-1 364
Share of profit in associated companies		-1	-1	-4	-1	-4
Financial items		46	-213	-237	46	-237
Profit/loss before income taxes		270	-260	-1 606	270	-1 606
Income taxes		-101	62	453	-101	453
Net profit/loss for the period		169	-198	-1 153	169	-1 153
Majority share of net profit/loss for the period		169	-201	-1 145	169	-1 145
Minority share of net profit/loss for the period		0	2	-8	0	-8
Basic/diluted earnings per share		0.89	-1.06	-6.04	0.89	-6.04

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Net profit/loss for the period	169	-198	-1 153	169	-1 153
Other comprehensive income					
Currency translation differences	-518	267	142	-518	142
Tax expense on translation differences	0	-26	0	0	0
Hedge of net investment in foreign operations	131	25	36	131	36
Tax expense on net investment hedge	30	-5	4	30	4
Other items	1	-13	2	1	2
Tax expense on other items	0	0	0	0	0
Other comprehensive income	-356	248	183	-356	183
Comprehensive income	-187	50	-970	-187	-970
Majority share of comprehensive income	-185	47	-964	-185	-964
Minority share of comprehensive income	-2	3	-6	-2	-6

BALANCE SHEET

NOK MILLION	NOTE	31 MAR 2011	31 DEC 2010	31 MAR 2010
Deferred tax asset		104	137	130
Other intangible assets	7	214	160	249
Property, plant and equipment	7	15 194	15 909	17 051
Investment in associated companies		208	209	230
Other non-current assets	6	3 432	2 856	4 575
Total non-current assets		19 150	19 271	22 235
Inventories		2 233	2 013	2 007
Receivables		2 344	2 397	2 427
Cash and cash equivalents	5	3 981	4 440	4 169
Other current assets	6	770	1 177	733
Total current assets		9 327	10 027	9 336
Total assets		28 478	29 297	31 571
Paid-in equity		12 303	12 303	12 302
Retained earnings and other reserves		-2 328	-2 143	-1 279
Minority interests		20	22	22
Total equity		9 996	10 183	11 044
Pension obligations		561	559	629
Deferred tax liability		950	923	1 376
Interest-bearing non-current liabilities	5	7 615	11 717	13 708
Other non-current liabilities	6	696	676	1 026
Total non-current liabilities		9 822	13 875	16 740
Interest-bearing current liabilities	5	5 641	1 954	331
Trade and other payables		2 830	3 074	3 154
Tax payable		26	32	34
Other current liabilities	6	163	180	269
Total current liabilities		8 660	5 240	3 787
Total liabilities		18 482	19 115	20 527
Total equity and liabilities		28 478	29 297	31 571

OXENØEN BRUG, 4 MAY 2011 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA


Eivind Reiten
Chair


Gisèle Marchand
Deputy chair

(Sign.)
Finn Johnsson
Board member


Helge Evju
Board member



Alexandra Bech Gjørv
Board member


Paul Kristiansen
Board member


Inge Myrland
Board member


Svein-Erik Veie
Board member


Åse Aulie Michelet
Board member


Sven Ombudstvedt
President and CEO

CASH FLOW STATEMENT

NOK MILLION	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Cash generated from operations	4 636	5 018	4 566	4 636	4 566
Cash used in operations	-4 887	-4 669	-4 529	-4 887	-4 529
Cash from net financial items	24	-198	82	24	82
Taxes paid	-11	-38	-19	-11	-19
Net cash flow from operating activities ¹⁾	-239	113	101	-239	101
Purchases of fixed assets	-68	-137	-83	-68	-83
Sales of fixed assets	59	108	11	59	11
Acquisition of shares in companies and other financial payments	0	-10	0	0	0
Net cash flow from investing activities	-9	-38	-72	-9	-72
New loans raised	5	5	15	5	15
Repayments of loans	-127	-117	-39	-127	-39
Net cash flow from financing activities	-122	-112	-24	-122	-24
Foreign currency effects on cash and cash equivalents	-89	-19	-76	-89	-76
Total change in cash and cash equivalents	-459	-56	-72	-459	-72
¹⁾ Reconciliation of net cash flow from operating activities					
Gross operating earnings	296	479	275	296	275
Restructuring expenses	0	-25	0	0	0
Change in working capital	-565	-10	-157	-565	-157
Other items in operating earnings with/without cash effects	18	-95	-81	18	-81
Cash flow from net financial items	24	-198	82	24	82
Taxes paid	-11	-38	-19	-11	-19
Net cash flow from operating activities	-239	113	101	-239	101

STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN EQUITY	RETAINED EARNINGS	HEDGE ACCOUNTING	OTHER EQUITY RESERVES	TOTAL BEFORE MINORITY INTERESTS	MINORITY INTERESTS	TOTAL EQUITY
Equity 1 January 2010	12 302	-583	349	-81	11 987	28	12 015
Comprehensive income for the period	0	-1 145	40	142	-963	-6	-970
Equity 31 March 2010	12 302	-1 729	389	61	11 023	22	11 044
Comprehensive income for the period	0	-1 317	100	352	-865	2	-862
Change in holding of treasury shares	2	0	0	0	2	0	2
Change in ownership in subsidiaries	0	-2	0	3	1	-2	-1
Equity 31 December 2010	12 303	-3 048	489	416	10 161	22	10 183
Comprehensive income for the period	0	169	161	-515	-185	-2	-187
Equity 31 March 2011	12 303	-2 879	650	-99	9 976	20	9 996

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Norske Skogindustrier ASA ("the company") and its subsidiaries ("the group") manufacture, distribute and sell publication paper. This includes newsprint and magazine paper.

All amounts in the interim financial statements are presented in NOK million unless otherwise stated. Due to rounding, there may be

differences in the summation of columns.

The interim financial statements were authorised for issue by the board of directors in Norske Skogindustrier ASA on 4 May 2011.

2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial statements do not disclose all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2010. The interim financial statements are unaudited.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended

31 December 2010, except for the adaptation of amended standards and new interpretations which are mandatory from 1 January 2011. These changes are described in the annual financial statements for 2010. However, none of these currently have a material impact on the financial position or performance of the group.

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

3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

Estimated decline in value of intangible assets and tangible fixed assets

Intangible assets which have an indefinite useful life and goodwill are not subject to amortisation, but are tested annually for impairment. Tangible fixed assets and intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Since the carrying amount of the net assets in the group at the end of the first quarter of 2011 is higher than its market capitalisation, an impairment evaluation of the recoverable amount of the group's cash-generating units has been made. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. The group's cash-generating units are Europe newsprint, Europe magazine paper (light weight coated (LWC)), Australasia newsprint, South America newsprint, Saugbrugs (super calendered (SC)), Follum magazine paper and Singburi newsprint. Calculation of value in use requires use of estimates. When estimating the value in use at 31 March 2011, there was no indication that further impairments should be made in the interim financial statements for the first quarter of 2011.

The possibility of reversing impairment losses in prior periods on tangible fixed assets and intangible assets (except goodwill) has also been evaluated at 31 March 2011. There have been no reversals of previously recognised impairments during the first quarter of 2011.

In the first quarter of 2011, impairment losses of NOK 8 million have been recognised related to Norske Skog Saugbrugs in Norway. The impairment was made as a result of damage from the fire at the mill on 2 February 2011.

For a more specific description of assumptions and sensitivities in the estimation of recoverable amount, please refer to Note 4 in the annual financial statements for 2010.

Commodity contracts and embedded derivatives in commodity contracts measured at fair value

Commodity contracts that fail to meet the own-use exemption criteria in IAS 39 *Financial instruments – recognition and measurement* are recognised in the balance sheet and valued at fair value. Fair value of commodity contracts and embedded derivatives in commodity contracts which are not traded in an active market, are assessed through valuation techniques. Some of these contracts are long-term energy contracts. The electricity price for long-term electricity contracts in Norway, Brazil and New Zealand is not directly observable in the market for the whole contract length. Price forecasts from acknowledged external sources are used in the estimation of fair value. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on marked conditions existing at each balance sheet date.

See Note 9 in the annual financial statements for 2010 for more information regarding the calculation of fair value of derivatives.

Provisions

Provisions for environmental restoration, dismantling costs, restructuring activities and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; an outflow of resources is more likely than not to be required to settle the obligation and the amount can be reliably estimated.

Provisions for future environmental- and dismantling liabilities are based on a number of assumptions made using management's best judgment. Changes in any of these assumptions could have an impact on the group's provisions and costs.

See Note 22 in the annual financial statements for 2010 for more information regarding provisions for environmental- and dismantling liabilities.

See Note 2 in the annual financial statements for 2010 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

4. OPERATING SEGMENTS

The group's activities are divided into three operating segments: Newsprint, Magazine paper and Energy. Activities in the group that do not fall into any of the three operating segments are presented under Other activities and encompass corporate functions, investments in non-production related properties, trading and sorting of recovered paper and purchase and sales of wood.

The revenue reported per operating segment includes both sales to

external parties and sales to other segments. Intra-segment sales are eliminated in the consolidated group accounts.

Recognition, measurement and classification applied in the segment reporting are consistent with the group's accounting principles described in Note 2 to the annual financial statements for the year ended 31 December 2010.

OPERATING REVENUE AND EXPENSES PER OPERATING SEGMENT

JAN-MAR 2011	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 883	1 482	496	607	-873	4 594
Distribution costs	-280	-130	0	-21	0	-431
Cost of materials	-1 839	-907	-495	-487	772	-2 956
Change in inventories	190	-18	0	4	0	176
Employee benefit expenses	-414	-228	0	-61	0	-703
Other operating expenses	-265	-138	0	-81	102	-383
Gross operating earnings	274	60	1	-39	0	296
Depreciation	-296	-127	0	-8	0	-431
Gross operating earnings after depreciation	-23	-67	1	-46	0	-136
Restructuring expenses	0	0	0	0	0	0
Other gains and losses	-7	11	289	75	0	369
Impairments	0	-8	0	0	0	-8
Operating earnings	-30	-64	290	29	0	225

OCT-DEC 2010	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 138	1 691	606	586	-861	5 160
Distribution costs	-294	-163	0	-26	0	-484
Cost of materials	-1 844	-1 042	-549	-445	754	-3 127
Change in inventories	-28	-18	0	2	0	-44
Employee benefit expenses	-400	-152	0	-38	0	-590
Other operating expenses	-327	-147	-1	-68	107	-436
Gross operating earnings	244	169	56	10	0	479
Depreciation	-305	-129	0	-16	0	-450
Gross operating earnings after depreciation	-61	40	56	-5	0	30
Restructuring expenses	-16	-4	0	-5	0	-25
Other gains and losses	29	5	-163	51	0	-77
Impairments	27	0	0	0	0	27
Operating earnings	-21	41	-106	40	0	-46

JAN-MAR 2010	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 613	1 503	589	528	-778	4 455
Distribution costs	-252	-151	0	-29	0	-431
Cost of materials	-1 540	-914	-541	-388	664	-2 720
Change in inventories	30	-28	0	-2	0	0
Employee benefit expenses	-388	-213	0	-69	0	-670
Other operating expenses	-239	-140	-2	-92	115	-358
Gross operating earnings	225	56	46	-52	0	275
Depreciation	-380	-137	0	-10	0	-528
Gross operating earnings after depreciation	-156	-81	46	-62	0	-252
Restructuring expenses	0	0	0	0	0	0
Other gains and losses	30	0	-954	10	0	-913
Impairments	-198	0	0	0	0	-198
Operating earnings	-324	-81	-908	-52	0	-1 364

OPERATING SEGMENT NEWSPRINT

The Newsprint segment encompasses production and sale of standard newsprint and other paper qualities used in newspapers, inserts, catalogues etc.

INCOME STATEMENT	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	2 883	3 138	2 613	2 883	2 613
Distribution costs	-280	-294	-252	-280	-252
Cost of materials	-1 839	-1 844	-1 540	-1 839	-1 540
Change in inventories	190	-28	30	190	30
Employee benefit expenses	-414	-400	-388	-414	-388
Other operating expenses	-265	-327	-239	-265	-239
Gross operating earnings	274	244	225	274	225
Depreciation	-296	-305	-380	-296	-380
Gross operating earnings after depreciation	-23	-61	-156	-23	-156
Restructuring expenses	0	-16	0	0	0
Other gains and losses	-7	29	30	-7	30
Impairments	0	27	-198	0	-198
Operating earnings	-30	-21	-324	-30	-324
Share of operating revenue from external parties (%)	99	98	97	99	97
OPERATING REVENUE PER REGION					
Newsprint Europe	1 499	1 551	1 314	1 499	1 314
Newsprint outside Europe	1 327	1 504	1 243	1 327	1 243
Sales offices and other activities	1 048	1 192	1 016	1 048	1 016
Eliminations	-991	-1 109	-960	-991	-960
Total	2 883	3 138	2 613	2 883	2 613
GROSS OPERATING EARNINGS PER REGION					
Newsprint Europe	56	-3	18	56	18
Newsprint outside Europe	214	269	196	214	196
Sales offices and other activities	4	-22	10	4	10
Eliminations	0	0	0	0	0
Total	274	244	225	274	225

OPERATING SEGMENT MAGAZINE PAPER

The Magazine paper segment encompasses production and sale of the paper qualities super calandered (SC), machine finished coated

(MFC) and light weight coated (LWC). Magazine paper is used for magazines, catalogues and advertising materials.

INCOME STATEMENT	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	1 482	1 691	1 503	1 482	1 503
Distribution costs	-130	-163	-151	-130	-151
Cost of materials	-907	-1 042	-914	-907	-914
Change in inventories	-18	-18	-28	-18	-28
Employee benefit expenses	-228	-152	-213	-228	-213
Other operating expenses	-138	-147	-140	-138	-140
Gross operating earnings	60	169	56	60	56
Depreciation	-127	-129	-137	-127	-137
Gross operating earnings after depreciation	-67	40	-81	-67	-81
Restructuring expenses	0	-4	0	0	0
Other gains and losses	11	5	0	11	0
Impairments	-8	0	0	-8	0
Operating earnings	-64	41	-81	-64	-81
Share of operating revenue from external parties (%)	93	95	95	93	95

OPERATING SEGMENT ENERGY

The energy segment includes purchase and sale of energy to mills in the group and trading and sale of excess energy in the spot market.

Value changes on energy contracts and embedded derivatives in energy contracts carried at fair value are reported as Other gains and losses.

INCOME STATEMENT	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	496	606	589	496	589
Distribution costs	0	0	0	0	0
Cost of materials	-495	-549	-541	-495	-541
Change in inventories	0	0	0	0	0
Employee benefit expenses	0	0	0	0	0
Other operating expenses	0	-1	-2	0	-2
Gross operating earnings	1	56	46	1	46
Depreciation	0	0	0	0	0
Gross operating earnings after depreciation	1	56	46	1	46
Restructuring expenses	0	0	0	0	0
Other gains and losses	289	-163	-954	289	-954
Impairments	0	0	0	0	0
Operating earnings	290	-106	-908	290	-908
Share of operating revenue from external parties (%)	39	52	54	39	54

OTHER ACTIVITIES

Activities in the group that do not fall into any of the three operating segments are presented under Other activities. This includes

corporate functions, real estate activities, trading and sorting of recovered paper and purchase and resale of wood.

INCOME STATEMENT	JAN-MAR 2011	OCT-DEC 2010	JAN-MAR 2010	YTD 2011	YTD 2010
Operating revenue	607	586	528	607	528
Distribution costs	-21	-26	-29	-21	-29
Cost of materials	-487	-445	-388	-487	-388
Change in inventories	4	2	-2	4	-2
Employee benefit expenses	-61	-38	-69	-61	-69
Other operating expenses	-81	-68	-92	-81	-92
Gross operating earnings	-39	10	-52	-39	-52
Depreciation	-8	-16	-10	-8	-10
Gross operating earnings after depreciation	-46	-5	-62	-46	-62
Restructuring expenses	0	-5	0	0	0
Other gains and losses	75	51	10	75	10
Impairments	0	0	0	0	0
Operating earnings	29	40	-52	29	-52
Share of operating revenue from external parties (%)	28	26	30	28	30
OPERATING REVENUE					
Recovered paper	242	225	198	242	198
Real estate activities	3	5	5	3	5
Bio-fuel	0	0	0	0	0
Corporate functions	60	60	66	60	66
Miscellaneous	315	308	277	315	277
Eliminations	-14	-13	-18	-14	-18
Total	607	586	528	607	528
GROSS OPERATING EARNINGS					
Recovered paper	8	6	8	8	8
Real estate activities	-11	-9	-2	-11	-2
Bio-fuel	0	-4	-5	0	-5
Corporate functions	-35	13	-62	-35	-62
Miscellaneous	0	5	9	0	9
Eliminations	0	0	0	0	0
Total	-39	10	-52	-39	-52

INVENTORIES PER OPERATING SEGMENT

	31 MAR 2011	31 DEC 2010	31 MAR 2010
Newsprint	1 429	1 230	1 214
Magazine paper	746	744	745
Energy	0	0	0
Other activities	58	40	48
Total	2 233	2 013	2 007

5. INTEREST-BEARING DEBT

NET INTEREST-BEARING DEBT

Norske Skog has recognised an amount in the balance sheet as a result of the termination of a large part of the fair value hedge portfolio in the first half of 2009. A hedge reserve (deferred income) amounting to NOK 309 million is included in interest-bearing debt as at 31 March 2011. The corresponding figure as at 31 December 2010 was NOK 338 million.

The hedge reserve does not constitute any payment obligation for the group, but will be amortised in the income statement over the lifetime of the debt that has been hedged. The carrying amount is not included in net interest-bearing debt when calculating the gearing ratio. The calculation is shown in the table below.

	31 MAR 2011
Interest-bearing non-current liabilities	7 615
Interest-bearing current liabilities	5 641
- Hedge reserve	309
- Fair value hedge	0
- Cash and cash equivalents	3 981
= Net interest-bearing debt	8 966
Equity less minority interests	9 976
Gearing	0.90

DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	31 MAR 2011
2011 – second quarter	76
2011 – third quarter	172
2011 – fourth quarter	1 601
2012	3 847
2013	34
2014	958
2015	978
2016	33
2017	3 896
2018	33
2019	89
2020	35
2021	24
2022 to 2033	1 142
Total	12 916

Total debt listed in the repayment schedule may differ from carrying value in the balance sheet. This is due to premiums and discounts on issued bonds, hedge reserve and fair value hedging.

LOAN COVENANTS

The group's bank loan contracts contain requirements to certain financial ratios. These ratios are:

- Equity minus intangible fixed assets must be a minimum of NOK 9 000 million.
- Net interest-bearing debt divided by equity must be a maximum of 1.4.

The group's outstanding bond loans do not include financial covenants.

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

31 MAR 2011	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts	382	3 029	-17	-121
Other raw material contracts	2	15	-2	-26
Other derivatives and financial instruments carried at fair value	274	2	-70	-19
Total	658	3 046	-89	-166

Norske Skog's portfolio of commodity contracts consists mostly of physical energy contracts. The fair value of the group's commodity contracts is therefore especially sensitive to future changes in energy prices. The fair value of embedded derivatives in physical contracts depends on currency and price index fluctuations.

An increased energy price has a positive effect on fair value. The energy forward price in the Nordic region has fallen in the short-end compared to the previous quarter. In New Zealand, the energy forward price has also fallen in the short-end but increased in the medium-term. In Brazil, the energy forward price is almost unchanged compared to the previous quarter.

When NOK strengthens it has a positive effect on fair value. A weakened USD against BRL also has a positive effect on the fair value. NOK has weakened against EUR and strengthened against USD, NZD and BRL during the first quarter. USD has weakened compared to BRL.

A decrease in consumer price index estimates has a positive effect on fair value. There have only been small changes in the estimates compared to the previous quarter.

7. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

JAN-MAR 2011	PROPERTY, PLANT AND EQUIPMENT	OTHER INTANGIBLE ASSETS	TOTAL
Carrying value at beginning of period	15 909	160	16 069
Depreciation	-425	-6	-431
Impairments	-8	0	-8
Acquisitions	68	65	133
Value change, biological assets	41	0	41
Disposals	-4	-4	-8
Currency translation difference	-387	-1	-388
Carrying value at end of period	15 194	214	15 408

8. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the first quarter of 2011.

9. NORSKE SKOG GROUP – QUARTERLY FIGURES

	JAN-MAR 2011	OCT-DEC 2010	JUL-SEP 2010	APR-JUN 2010	JAN-MAR 2010	OCT-DEC 2009
INCOME STATEMENT						
Operating revenue	4 594	5 160	4 795	4 577	4 455	4 909
Distribution costs	-431	-484	-476	-465	-431	-452
Cost of materials	-2 956	-3 127	-2 910	-2 782	-2 720	-2 678
Change in inventories	176	-44	-39	52	0	-175
Employee benefit expenses	-703	-590	-712	-737	-670	-726
Other operating expenses	-383	-436	-273	-371	-358	-406
Gross operating earnings	296	479	384	275	275	472
Depreciation	-431	-450	-513	-501	-528	-499
Gross operating earnings after depreciation	-136	30	-129	-226	-252	-27
Restructuring expenses	0	-25	-22	-9	0	-90
Other gains and losses	369	-77	-175	-412	-913	1 418
Impairments	-8	27	0	6	-198	-226
Operating earnings	225	-46	-326	-643	-1 364	1 075
Share of profit in associated companies	-1	-1	-1	-10	-4	0
Financial items	46	-213	50	-524	-237	-188
Profit/loss before income taxes	270	-260	-278	-1 176	-1 606	887
Income taxes	-101	62	34	303	453	-220
Net profit/loss for the period	169	-198	-244	-874	-1 153	667
OPERATING REVENUE PER SEGMENT						
Newsprint	2 883	3 138	2 944	2 840	2 613	2 999
Magazine paper	1 482	1 691	1 606	1 488	1 503	1 674
Energy	496	606	527	495	589	435
Other activities	607	586	504	536	528	523
Eliminations	-873	-861	-786	-784	-778	-723
Total	4 594	5 160	4 795	4 577	4 455	4 909
GROSS OPERATING EARNINGS PER SEGMENT						
Newsprint	274	244	352	238	225	383
Magazine paper	60	169	41	40	56	162
Energy	1	56	30	18	46	-32
Other activities	-39	10	-38	-21	-52	-40
Eliminations	0	0	0	0	0	0
Total	296	479	384	275	275	472
SHARE OF OPERATING REVENUE FROM EXTERNAL PARTIES (%)						
Newsprint	99	98	98	98	97	98
Magazine paper	93	95	96	95	95	97
Energy	39	52	46	42	54	39
Other activities	28	26	26	30	30	37

THE NORSKE SKOG SHARE

	31 MAR 2011	31 DEC 2010	30 SEP 2010	30 JUN 2010	31 MAR 2010	31 DEC 2009
Share price (NOK)	17.90	13.85	11.75	7.43	8.99	9.55
Book value of equity per share (NOK)	52.53	53.50	53.25	55.06	58.10	63.30

PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 31 MARCH 2011	NUMBER OF SHARES	OWNERSHIP %
Viken Skog	10 897 825	5.74
SKAGEN Fondene	9 426 610	4.96
Folketrygdfondet	7 924 431	4.17
Acadian Asset Management	7 530 672	3.96
AT Skog	6 671 000	3.51
JPMorgan Asset Management	5 809 589	3.06
Dimensional Fund Advisors	5 493 674	2.89
Allskog	5 261 414	2.77
Home Capital AS	4 537 824	2.39
SEB Enskilda as market maker	3 610 000	1.90
Varma	3 554 561	1.87
Uthalden AS	3 490 000	1.84
Astrup Fearnley AS	3 221 219	1.70
Highline Capital Management	3 211 800	1.69
Brandes Investment Partners	2 913 980	1.53
Avenir Fund Management	2 668 739	1.41
Skandia Life (ND)	2 650 000	1.40
Aviva Investors	2 522 826	1.33
Havlide AS	2 296 466	1.21
AS Herdebred	2 103 005	1.11
Ignis Asset Management	2 082 452	1.10
Bank of America (C)	1 996 260	1.05
Mjøsen Skog	1 970 560	1.04
Shareholders with < 1%	88 100 719	46.37
Total	189 945 626	100.00

The data is provided by RD:IR and VPS, through the Nominee ID service. The data is obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the

Norske Skogindustrier ASA share register. Whilst every reasonable effort is made to verify all data, neither RD:IR nor VPS can guarantee the accuracy of the analysis.

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