

# 09

Q1 REPORT



## KEY FIGURES (UNAUDITED)

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	5 259	7 354	6 269	5 259	6 269
Gross operating earnings *)	NOK mill	504	922	489	504	489
Gross operating margin *)	%	9.6	12.5	7.8	9.6	7.8
Gross operating earnings after depreciation **)	NOK mill	(149)	256	(232)	(149)	(232)
Operating earnings	NOK mill	(1 374)	(1 220)	(990)	(1 374)	(990)
Profit/loss before income taxes	NOK mill	(1 500)	(1 553)	(1 108)	(1 500)	(1 108)
Net profit/loss for the period	NOK mill	(1 111)	(1 282)	(966)	(1 111)	(966)
Earnings per share	NOK	(5.73)	(6.66)	(5.04)	(5.73)	(5.04)
Return on capital employed	%	(0.6)	1.0	(0.8)	(0.6)	(0.8)
Net cash flow from operating activities	NOK mill	723	732	832	723	832
Cash flow per share	NOK	3.82	3.86	4.40	3.82	4.40
Total assets	NOK mill	38 845	45 191	42 108	38 845	42 108
Net interest bearing debt	NOK mill	12 925	14 047	15 742	12 925	15 742
Gearing (net interest bearing debt / equity)		1.08	1.05	1.12	1.08	1.12
Production	1 000 tonnes	985	1 152	1 469	985	1 469
Deliveries	1 000 tonnes	924	1 242	1 442	924	1 442

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

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



# THE BOARD OF DIRECTORS' REPORT FOR THE FIRST QUARTER OF 2009

- // The first quarter of 2009: Gross operating earnings NOK 504 million (NOK 922 million in the fourth quarter of 2008 and comparable NOK 406 million in the first quarter of 2008). The weak first quarter result is mainly due to low production and sales volumes, based on the low demand in most of Norske Skog's markets.
- // \*Net cash flow from operations NOK 723 million (NOK 732 million in the fourth quarter of 2008).
- // The maturity profile for long-term debt has improved significantly during the quarter.
- // Eivind Reiten elected new chair of the board.

## INCOME STATEMENT

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	5 259	7 354	6 269	5 259	6 269
Gross operating earnings *)	NOK million	504	922	489	504	489
Gross operating earnings after depreciation **)	NOK million	(149)	256	(232)	(149)	(232)
Operating earnings	NOK million	(1 374)	(1 220)	(990)	(1 374)	(990)
Profit/loss before income taxes	NOK million	(1 500)	(1 553)	(1 108)	(1 500)	(1 108)
Net profit/loss for the period	NOK million	(1 111)	(1 282)	(966)	(1 111)	(966)
Comparable gross operating earnings ***)	NOK million	504	922	406	504	406
Comparable gross operating earnings after depreciation ***)	NOK million	(149)	256	(185)	(149)	(185)

\*) Operating earnings before depreciation, restructuring costs, other gains and losses and impairments.

\*\*\*) Operating earnings before restructuring costs, other gains and losses and impairments.

\*\*\*\*) Operating profit/loss excluding the activities in South Korea.

## COMPARABILITY

There have been no changes in the group structure from the fourth quarter of 2008 to the first quarter of 2009, and these quarters are therefore comparable. In 2008, Norske Skog sold two mills in South Korea, and the earnings from these units were included up to and including the second quarter of 2008. For purposes of comparison between the first quarter of 2009 and the first quarter of 2008, the table above and the tables for the newsprint segment and the geographical region Asia later in this report also use comparable figures, i.e. with the activities in South Korea excluded.

GROUP COMMENT -  
UNDERLYING  
OPERATIONS

Demand for publication paper was very weak all over the world at the beginning of the year, although the low demand is also partly related to reduced customer stocks in some regions. For this reason, most of Norske Skog's mills have had significant downtime. The total production volume in the first quarter of 2009 was 985 000 tonnes compared with 1 151 000 tonnes in the fourth quarter of 2008 and 1 120 000 tonnes in the first quarter of 2008, on a comparable basis. There was a minor increase in the stocks of finished goods in the first quarter of 2009. For the group overall, the capacity utilisation was 76 per cent in the first quarter of 2009, compared with about 90 per cent both in the fourth and first quarters of 2008. The sales volume in the first quarter of 2009 was 924 000 tonnes, which is 71 per cent of the production capacity. The corresponding figures for the fourth quarter of 2008 were 97 per cent and 88 per cent for the first quarter of 2008.

Gross operating earnings in the first quarter of 2009 were NOK 504 million, compared with NOK 922 million in the fourth quarter of 2008. This constitutes a decrease of NOK

418 million, which is made up of about NOK 450 million in lower volumes, and NOK 100 million in net negative translation differences on accounts receivable and accounts payable, while the remainder is mainly an increase resulting from lower costs on several input factors. The negative translation differences consist of about minus NOK 150 million from newsprint and magazine paper in Europe, and about NOK 50 million from other segments. As regards currency in general, NOK measured against Norske Skog's trade-weighted index has had about the same average value in the first quarter of 2009 as in the fourth quarter of 2008. For the group in total there are no major changes in the prices for finished products.

With the exception of South America, all regions have a substantially weaker result in the first quarter of 2009 than in the fourth quarter of 2008.

Gross operating earnings in the first quarter of 2009 were NOK 15 million better than the reported result in the first quarter of 2008, and NOK 98 million better when excluding the sold activities in South Korea in 2008. Lower volumes have resulted in substantially weaker results, also in this timeframe, but this is offset to some degree by higher prices in some markets, reduction of variable costs and a weaker NOK.

## SPECIAL ITEMS IN THE OPERATING EARNINGS UNDER IFRS

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Restructuring expenses	NOK million	(1)	(12)	(198)	(1)	(198)
Other gains and losses	NOK million	(1 225)	(1 966)	694	(1 225)	694
Impairments	NOK million	0	502	(1 254)	0	(1 254)

Other gains and losses in the first quarter of 2009 consist mainly of changes in the value of the group's energy portfolio of minus NOK 1 352 million and a book gain from the sale of the Norske Skog Steti of NOK 123 million. The changes in the value of the energy portfolio have no cash effect, and result mainly from an expectation of lower future prices in the Nordic energy market.

Norske Skog Steti was sold to Mondi Steti as in January 2009, with only minor result effects arising from the transaction itself. No newsprint will be produced at the mill in the

future. For all practical purposes, the gain consists of accumulated translation differences which have arisen as a result of a stronger CZK in comparison with NOK during Norske Skog's ownership period. Translation differences have previously been recognised directly against equity, but shall in accordance with the all-inclusive income concept be recognised in the income statement when the mill is sold. The amount has no cash impact.

Other gains and losses in the fourth quarter of 2008 include reductions in the value of the energy portfolio of NOK 2 346 million, in

addition to gains from the sale of the main office property outside of Oslo and various other items with a total income of NOK 380 million. "Other gains and losses" in the first quarter of 2008 include increases in the value of the energy portfolio of NOK 987 million, termination costs from the Pisa PM 2 project and other special items. During the same quarter, provisions were also made for restructuring costs and impairments were made in connection with plants for which a shut-down decision had been made.

## SPECIFICATION FINANCIAL ITEMS

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Net interest costs	NOK million	(283)	(322)	(291)	(283)	(291)
Realised/unrealised gains/losses on interest rate derivatives	NOK million	(211)	(97)	41	(211)	41
Realised/unrealised gains/losses on currency	NOK million	383	(217)	174	383	174
Other financial items	NOK million	(32)	274	(41)	(32)	(41)
Total financial items	NOK million	(143)	(360)	(117)	(143)	(117)

During the first quarter of 2009, several of the swap agreements (interest rate and currency swaps) in connection with Norske Skog's long-term loans were terminated. This has given a cash payment of NOK 460 million during the quarter, but resulted in an accounting loss in the income statement. The amount of minus NOK 211 million related to interest rate

instruments also includes a reclassification of changes in value of other remaining interest rate swap agreements previously subject to hedge accounting. After the termination, a larger part of the group's long-term debt is subject to fixed interest than previously.

NOK strengthened compared with other currencies through the quarter, and this has

generated a gain from the cash flow hedging. In the fourth quarter of 2008, there was a loss from the cash flow hedging, and during the same quarter, a total of NOK 359 million was recognised as a gain from the repurchase of bonds which is included under Other financial items.

## CASH FLOW (KEY FIGURES)

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Gross operating earnings	NOK million	504	922	489	504	489
Adjustments*)	NOK million	12	181	(302)	12	(302)
Change in working capital (- = increase)	NOK million	(60)	(161)	605	(60)	605
Cash from net financial items	NOK million	303	80	65	303	65
Taxes paid	NOK million	(36)	(290)	(25)	(36)	(25)
Net cash flow from operating activities	NOK million	723	732	832	723	832
Investments in operational fixed assets	NOK million	(79)	(377)	(390)	(79)	(390)

\*) Consists of items with no cash effect included in gross operating earnings, and items with cash effect included in restructuring costs and other gains and losses.

Net cash flow from operations, after interest paid and taxes paid, was marginally lower in the first quarter of 2009 compared with the fourth quarter of 2008. Gross operating earnings were NOK 418 million lower, but this is offset by substantial payments under financial items, to a large degree from termination

of interest rate and currency swaps, and from low taxes paid in the first quarter. In the fourth quarter of 2008, payment of taxes in connection with the sale of the mills in South Korea was included.

Investments in tangible fixed assets were NOK 79 million in the first quarter of 2009.

NOK 59 million was deducted from the amount paid from a supplier in connection with the terminated Pisa PM 2 project in Brazil. The real investment amount is therefore NOK 138 million in the first quarter of 2009.

## BALANCE SHEET

		31. MAR 2009	31. DEC 2008	31. MAR 2008
Non-current assets	NOK million	24 088	26 980	26 861
Cash and cash equivalents	NOK million	5 307	6 036	1 982
Other current assets	NOK million	9 451	12 175	13 265
Total assets	NOK million	38 845	45 191	42 108
Equity including minority interests	NOK million	12 156	13 632	14 378
Non-current liabilities	NOK million	20 209	23 277	21 222
Current liabilities	NOK million	6 481	8 282	6 508
Net interest bearing debt	NOK million	12 925	14 047	15 742

Total assets were reduced by NOK 6.3 billion from year-end 2008 until 31 March 2009. The main reasons were a stronger NOK, which reduced the value of the assets outside Norway and cash and cash equivalents by about NOK 3 billion. In addition, total assets were negatively affected by depreciation which was significantly higher than investments, reduction of the value of the energy portfolio and termination of currency and interest rate swaps as mentioned above.

Equity (including minority interests) was NOK 12 156 million, which is a decrease of NOK 1 476 from year-end 2008. The reduction is due to a net loss of NOK 1 086 million after minority interests, negative equity effects from currency translation differences and other minor items. Reference is made to

the detailed presentation of the changes in equity in the official accounts later in this report. Equity per share was NOK 64 as of 31 March 2009.

Net interest bearing debt was reduced by NOK 1.1 billion through the first quarter of 2009 and amounted to NOK 12.9 billion as of 31 March 2009. The reduction comes from free cash flow after investments of about NOK 600 million and currency and other items of about NOK 500 million. Gearing (net interest bearing debt/equity) was 1.08 as of 31 March 2009 compared with 1.05 at year-end 2008. The average remaining time to maturity of long-term debt as of 31 March 2009 was 5.8 years, compared with 5.2 years as of 31 December 2008. The increase in the remaining time to maturity is mainly due to

the fact that EUR 400 million of a committed credit facility was drawn in March 2009. The amount, along with part of the cash holdings, was used to pay down a loan of EUR 500 million which falls due in 2010. As of 31 March 2009, Norske Skog had liquid assets of NOK 5.3 billion.

Loans which fall due for payment in the remainder of 2009 amount to NOK 1.9 billion and include a Norwegian bond loan with an outstanding amount of NOK 425 million. The remainder is partly local debt in subsidiaries which can be rolled over. The loans falling due in 2010 are insignificant.

After the end of the quarter, other financial transactions have taken place which are described in further detail later in the report.

## SEGMENT INFORMATION

## Newsprint total - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	3 329	4 754	4 427	3 329	4 427
Gross operating earnings	NOK million	345	643	403	345	403
Gross operating earnings after depreciation	NOK million	(138)	113	(193)	(138)	(193)
Gross operating margin	%	10.4	13.5	9.1	10.4	9.1
Production	1 000 tonnes	736	849	1 132	736	1 132
Deliveries	1 000 tonnes	662	899	1 143	662	1 143
Production/capacity	%	78	91	90	78	90
Comparable gross operating earnings *)	NOK million	345	643	320	345	320
Comparable production *)	1 000 tonnes	736	849	886	736	886
Comparable deliveries *)	1 000 tonnes	662	899	895	662	895

\*) Excluding South Korea for all periods

Gross operating earnings in the first quarter of 2009 were NOK 298 million lower than in the fourth quarter of 2008, but NOK 25 million higher than in the first quarter of 2008

on a comparable basis. As previously stated, demand was weak in the beginning of 2009, and estimated global demand for newsprint is around 15-20 per cent lower compared with

the first quarter of 2008. This is a historically high reduction, and entails a need for assessment of additional capacity curtailments in 2009 in addition to those already decided by Norske Skog.

## Newsprint Europe - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	1 575	2 396	1 823	1 575	1 823
Gross operating earnings	NOK million	204	369	169	204	169
Gross operating earnings after depreciation	NOK million	(7)	140	(35)	(7)	(35)
Gross operating margin	%	13.0	15.4	9.3	13.0	9.3
Production	1 000 tonnes	379	458	480	379	480
Deliveries	1 000 tonnes	347	517	471	347	471
Production/capacity	%	76	93	86	76	86

Gross operating earnings in the first quarter of 2009 are weak, with a major negative impact from lower volumes. Towards the end of 2008, a good market balance in Europe provided a basis for price increases in all European markets. Norske Skog has a proportionally large exposure in Great Britain, where price increases have to some degree been offset by a weak GBP in the first quarter of 2009. The result is also negatively influenced by currency effects on accounts receivable and accounts

payable.

When comparing against the first quarter of 2008, account must be taken of the fact that this quarter also includes figures for Norske Skog Steti and PM 2 at Norske Skog Follum. These two units were closed down towards the end of the second quarter of 2008, and produced and sold about 60 000 tonnes in the first quarter of 2008.

The demand for standard newsprint in Europe in the first quarter of 2009 was 15 per

cent lower than in the corresponding quarter in 2008. It is assumed that fairly large customer stocks at year-end 2008 have had some impact on the low demand, in particular in January and February. For Western Europe seen in isolation, the market balance is negatively influenced by higher import volumes from Russia and Canada. Demand is also lower from those countries that are traditionally the export markets for the Western European industry.

## Newsprint Asia - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	330	382	1 267	330	1 267
Gross operating earnings	NOK million	(42)	8	89	(42)	89
Gross operating earnings after depreciation	NOK million	(103)	(66)	(95)	(103)	(95)
Gross operating margin	%	(12.7)	2.0	7.0	(12.7)	7.0
Production	1 000 tonnes	94	97	372	94	372
Deliveries	1 000 tonnes	88	81	385	88	385
Production/capacity	%	62	65	92	62	92
Comparable gross operating earnings *)	NOK million	(42)	8	6	(42)	6
Comparable production	1 000 tonnes	94	97	126	94	126
Comparable deliveries *)	1 000 tonnes	88	81	136	88	136

\*) Excluding South Korea for all periods

Gross operating earnings have been further impaired compared with the fourth quarter of 2008. The main reason for this is significantly reduced prices, which have to a certain extent

been offset by lower recovered paper prices. As in the fourth quarter of 2008, downtime has been imposed on Norske Skog Hebei.

In the first quarter of 2009, demand in Asia

was about 20 per cent lower compared with the first quarter of 2008, partially based on estimates.

## BOD REPORT - FIRST QUARTER 2009

### Newsprint Australasia - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	713	917	953	713	953
Gross operating earnings	NOK million	104	173	140	104	140
Gross operating earnings after depreciation	NOK million	(63)	(11)	(35)	(63)	(35)
Gross operating margin	%	14.5	18.8	14.7	14.5	14.7
Production	1 000 tonnes	195	217	206	195	206
Deliveries	1 000 tonnes	173	222	219	173	219
Production/capacity	%	88	99	94	88	94

The result in Australasia is lower than in the fourth quarter of 2008, primarily due to lower volumes as a result of shutdown of production related to maintenance and shutdowns to re-

spond to market conditions. A price increase of 6.5 per cent was implemented in New Zealand from 1 January 2009.

Demand in Australasia has fallen by around

15 per cent during the first quarter of 2009 compared with the corresponding period last year due to a weak advertising market.

### Newsprint South America - Key Figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	315	387	270	315	270
Gross operating earnings	NOK million	87	87	2	87	2
Gross operating earnings after depreciation	NOK million	45	45	(29)	45	(29)
Gross operating margin	%	27.6	22.5	0.8	27.6	0.8
Production	1 000 tonnes	68	78	73	68	73
Deliveries	1 000 tonnes	54	79	68	54	68
Production/capacity	%	87	100	94	87	94

South America was the only region with an acceptable result in the first quarter of 2009. This is mainly due to high prices, but these are

expected to fall in subsequent quarters.

The demand in South America, partially based on estimates, was around 20 per cent

lower in the first quarter of 2009 than in the first quarter of 2008.

### Magazine paper - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	1 603	2 232	1 514	1 603	1 514
Gross operating earnings	NOK million	201	331	154	201	154
Gross operating earnings after depreciation	NOK million	43	206	42	43	42
Gross operating margin	%	12.6	14.8	10.2	12.6	10.2
Production	1 000 tonnes	249	302	337	249	337
Deliveries	1 000 tonnes	262	343	298	262	298
Production/capacity	%	71	87	97	71	97

The magazine paper segment had a weak result in the first quarter of 2009. Like the other segments, the main cause of the weak result is the lower volumes, with some impact from negative translation differences on accounts receivable and accounts payable. Some price increases were implemented for SC (uncoated)

magazine paper from the beginning of 2009, but prices in general are under pressure due to the weak market.

The segment has higher depreciation than last year due a reversal of earlier impairments at Norske Skog Saugbrugs as of 31 December 2008.

Demand for magazine paper in Europe in the first quarter of 2009 was 20 per cent lower compared with the first quarter of 2008. The situation is somewhat better for SC (uncoated) magazine paper than for LWC (coated) magazine paper.

## BOD REPORT - FIRST QUARTER 2009

### Energy - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	449	415	418	449	418
Gross operating earnings	NOK million	10	18	(5)	10	(5)
Gross operating earnings after depreciation	NOK million	10	18	(5)	10	(5)
Operating earnings	NOK million	(1 350)	(2 335)	981	(1 350)	981

The ordinary activities of the segment consist primarily of the purchase and sale of energy to the Norwegian mills. For accounting purposes, purchase of energy in Norway is recognised as a cost of materials in the segment, with resale at contract prices to the Norwegian mills. The remaining sales are sales to external parties. The sale of surplus energy following the shut-down of Follum PM 2 is included in

these external sales.

Operating earnings under IFRS in the energy segment include changes in the value of 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 is made up of the difference between the assumed market

price and the contract price over the contract period, discounted to net present value. The value may fluctuate substantially from quarter to quarter due to changes in future energy prices, and is also influenced by currency, price indices and discount rates. The most important elements in the energy contracts shown in the balance sheet relate to Norway and Brazil.

### Other activities - Key figures

		JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	ACC 2009	ACC 2008
Operating revenue	NOK million	567	868	923	567	923
Gross operating earnings	NOK million	(53)	(69)	(63)	(53)	(63)
Gross operating earnings after depreciation	NOK million	(64)	(80)	(76)	(64)	(76)

Other activities mainly include unallocated group costs and trading activities relating to recovered paper. Reduced operating income

in the first quarter of 2009 compared with last year is mainly due to reclassification of four units previously included under the recovered

paper activities. These units are included as integrated parts of the activities at the mills, and have now been included in the newsprint and magazine paper segments.

## THE IMPROVEMENT PROGRAM

Norske Skog completed its comprehensive improvement program which aimed for improvement of NOK 3 billion at the end of 2008. The program was initiated in 2006 and yielded a gain of NOK 2.95 billion. New programs will be implemented for 2009 and 2010. A significant cost reduction potential has been identified, primarily within the consumption of the input factors wood, recovered paper and energy.

## FINANCIAL TRANSACTIONS

Debt reduction and improving the maturity profile remain high-priority objectives. As mentioned in the notes to the balance sheet, EUR 400 million was drawn from a committed credit facility in March 2009. The facility falls due in 2012. The amount, combined with part of the cash holdings, was used to pay down a bank loan which was due in 2010.

On 26 March, the owners of Norske Skog's USD bond loans, which fall due in October 2011, received an offer to repurchase up to USD 150 million. When the acceptance deadline expired on 23 April, an amount of USD 77 255 000 had been subscribed at a rate of 75. The gain from the transaction will be recognised in the second quarter of 2009. The remaining outstanding amount after the repurchase is about USD 382 million, after bonds with a nominal value of USD 141 million were repurchased in the fourth quarter of 2008.

On 24 April, Norske Skog received a loan pledge from Innovation Norway of NOK 250 million with a term of twelve years and at favourable terms. The loan is linked to the financing of development projects at Norske Skog Skogn.

## GOVERNING BODIES

Election of new members of the corporate assembly and election committee took place during the general meeting on 23 April. The shareholder-elected members of the corporate assembly are now: Tom Ruud (chair), Helge Evju (deputy chair), Emil Aubert, Ann Kristin Brautaset, Thorleif Enger, Ove Gusevik, Even Mengshoel, Tom Rauhke, Christian Ramberg, Torbjørn R. Skjerve, Otto Søberg and Karen Helene Ulltveit-Moe.

The shareholder-elected deputy members are now: Svein Haare, Ole H. Bakke, Kjersti Narum and Uta Stoltenberg.

Following the election among the employees in Norway, the employee-elected representatives in the corporate assembly are: Trond Andersen, Harald Bjerger, Trond Bjørken, Erik Josephson, Freddy Sollibråten and Stig A. Stene. The employee-elected observers are: Kjetil Bakkan, Marianne Grønvold and Jan Magnar Hansen. The term of office for the employee-elected officials is two years.

The general meeting re-elected Norske Skog's election committee, which consists of Tom Ruud (chair), Ole H. Bakke, Henrik A. Christensen and Otto Søberg.

In January 2009, chair of the board Kim Wahl announced that he would not seek re-election, and the corporate assembly has elected Eivind Reiten as the new chair. Eivind Reiten was president of Hydro from 2001 until the end of March 2009. He is 56 years old, has a degree in economics from the University of Oslo and has held a number of key offices in politics and business. He has extensive board experience, and has served on the boards of Norges Bank and Telenor amongst others. Reiten has also previously been a board member in Norske Skog from 1995 to 2000.

The other shareholder-elected board members are Øystein Stray Spetalen (deputy chair), Halvor Bjørken, Wenche Holen, Gisèle Marchand, Svein Rennemo and Ingrid Wiik. The employee-elected representatives of the board are: Stein-Roar Eriksen, Paul Kristiansen and Inge Myrland.

## HEALTH, SAFETY AND THE ENVIRONMENT

The H value (injuries with absence per million working hours) was 2.0 in the 12-month period from 1 April 2008 to 31 March 2009. The corresponding figure in the preceding 12-month period was 1.4. The increase is due to an injury at Norske Skog BioBio in Chile.

## SHARES

As of 31 March 2009, foreign ownership was 34 per cent, compared with 40.3 per cent at year-end. More than 100 million Norske Skog shares were traded in the first quarter.

In the annual sale of shares to employees, 569 persons bought a total of 1 212 597 shares. This was slightly higher than in 2008. The shares were taken from Norske Skog's own holdings, where a sufficient number of shares had been acquired in the market in advance. After the share sale to employees, the holding of own shares amounts to 231 493 shares, compared with 294 090 at the end of last year.

Lysaker, 6 May 2009

The board of directors of Norske Skog

**Eivind Reiten**  
Chair

**Øystein Stray Spetalen**  
Deputy chair

**Halvor Bjørken**  
Board member

**Stein-Roar Eriksen**  
Board member

**Wenche Holen**  
Board member

**Paul Kristiansen**  
Board member

**Gisèle Marchand**  
Board member

**Inge Myrlund**  
Board member

**Svein Rennemo**  
Board member

**Ingrid Wiik**  
Board member

**Christian Rynning-Tønnesen**  
CEO

## THE WORLD OF NORSKE SKOG



- ① Norske Skog Skogn, Norway
- ② Norske Skog Saugbrugs, Norway
- ③ Norske Skog Follum, Norway
- ④ Norske Skog Golbey, France
- ⑤ Norske Skog Bruck, Austria
- ⑥ Norske Skog Walsum, Germany
- ⑦ Norske Skog Parenco, The Netherlands
- ⑧ SNP Shanghai, China
- ⑨ Norske Skog Hebei, China
- ⑩ Norske Skog Singburi, Thailand
- ⑪ Norske Skog Tasman, New Zealand
- ⑫ Norske Skog Albury, Australia
- ⑬ Norske Skog Boyer, Australia
- ⑭ Norske Skog Pisa, Brazil
- ⑮ Norske Skog BioBio, Chile



INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

INCOME STATEMENT

NOK MILLION	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
<b>Operating revenue</b>	<b>5 259</b>	<b>7 354</b>	<b>6 269</b>	<b>5 259</b>	<b>6 269</b>
Distribution costs	(419)	(565)	(579)	(419)	(579)
Cost of materials	(3 149)	(4 068)	(3 913)	(3 149)	(3 913)
Change in inventories	134	(396)	120	134	120
Employee benefit expenses	(809)	(840)	(874)	(809)	(874)
Other operating expenses	(513)	(564)	(534)	(513)	(534)
<b>Gross operating earnings</b>	<b>504</b>	<b>922</b>	<b>489</b>	<b>504</b>	<b>489</b>
Depreciation	(652)	(665)	(721)	(652)	(721)
<b>Gross operating earnings after depreciation</b>	<b>(149)</b>	<b>256</b>	<b>(232)</b>	<b>(149)</b>	<b>(232)</b>
Restructuring expenses	(1)	(12)	(198)	(1)	(198)
Other gains and losses	(1 225)	(1 966)	694	(1 225)	694
Impairments	0	502	(1 254)	0	(1 254)
<b>Operating earnings</b>	<b>(1 374)</b>	<b>(1 220)</b>	<b>(990)</b>	<b>(1 374)</b>	<b>(990)</b>
Share of profit in associated companies	17	26	(1)	17	(1)
Financial items	(143)	(360)	(117)	(143)	(117)
<b>Profit/loss before income taxes</b>	<b>(1 500)</b>	<b>(1 553)</b>	<b>(1 108)</b>	<b>(1 500)</b>	<b>(1 108)</b>
Income taxes	389	271	142	389	142
<b>Net profit/loss for the period</b>	<b>(1 111)</b>	<b>(1 282)</b>	<b>(966)</b>	<b>(1 111)</b>	<b>(966)</b>
Attributable to equity holders of the company	(1 086)	(1 263)	(955)	(1 086)	(955)
Attributable to minority interests	(25)	(20)	(11)	(25)	(11)
Earnings per share	(5.73)	(6.66)	(5.04)	(5.73)	(5.04)

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
<b>Net profit/loss for the period</b>	<b>(1 111)</b>	<b>(1 282)</b>	<b>(966)</b>	<b>(1 111)</b>	<b>(966)</b>
<b>Other comprehensive income:</b>					
Currency translation differences	(1 448)	2 674	(760)	(1 448)	(760)
Tax expense on translation differences	(15)	(159)	(3)	(15)	(3)
Hedge of net investment in foreign operations	1 177	(2 080)	186	1 177	186
Tax expense on net investment hedge	(11)	87	2	(11)	2
Cash flow hedge	44	(72)	(16)	44	(16)
Reclassification to profit or loss, divestment of operations	(115)	0	0	(115)	0
Other items	0	(11)	(17)	0	(17)
<b>Other comprehensive income after tax</b>	<b>(367)</b>	<b>439</b>	<b>(608)</b>	<b>(367)</b>	<b>(608)</b>
Other comprehensive income for the year before tax	(341)	511	(607)	(341)	(607)
Tax expense on other comprehensive income	(26)	(72)	(1)	(26)	(1)
<b>Other comprehensive income after tax</b>	<b>(367)</b>	<b>439</b>	<b>(608)</b>	<b>(367)</b>	<b>(608)</b>
<b>Comprehensive income after tax</b>	<b>(1 477)</b>	<b>(843)</b>	<b>(1 574)</b>	<b>(1 477)</b>	<b>(1 574)</b>
Comprehensive income attributable to:					
Equity holders of the company	(1 441)	(864)	(1 565)	(1 441)	(1 565)
Minority interests	(36)	21	(9)	(36)	(9)

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

BALANCE SHEET

NOK MILLION	31 MAR 2009	31 DEC 2008	31 MAR 2008
Deferred tax asset	102	73	12
Other intangible assets	284	287	200
Property, plant and equipment	23 086	25 139	25 676
Investment in associated companies	262	295	223
Other non-current assets	354	1 186	750
<b>Total non-current assets</b>	<b>24 088</b>	<b>26 980</b>	<b>26 861</b>
Inventories	2 653	2 703	2 895
Receivables	3 138	3 885	3 666
Cash and cash equivalents	5 307	6 036	1 982
Other current assets	3 661	5 587	6 704
<b>Total current assets</b>	<b>14 758</b>	<b>18 211</b>	<b>15 247</b>
<b>Total assets</b>	<b>38 845</b>	<b>45 191</b>	<b>42 108</b>
Paid-in equity	12 302	12 310	12 297
Retained earnings and other reserves	(379)	1 052	1 725
Minority interests	233	269	356
<b>Total equity</b>	<b>12 156</b>	<b>13 632</b>	<b>14 378</b>
Pension obligations	608	644	529
Deferred tax liability	1 140	1 588	1 776
Interest bearing non-current liabilities	16 312	18 820	17 153
Other non-current liabilities	2 148	2 226	1 764
<b>Total non-current liabilities</b>	<b>20 209</b>	<b>23 277</b>	<b>21 222</b>
Interest bearing current liabilities	2 010	2 339	1 075
Trade and other payables	4 046	4 999	4 460
Tax payable	71	89	89
Other current liabilities	354	855	884
<b>Total current liabilities</b>	<b>6 481</b>	<b>8 282</b>	<b>6 508</b>
<b>Total liabilities</b>	<b>26 689</b>	<b>31 559</b>	<b>27 730</b>
<b>Total equity and liabilities</b>	<b>38 845</b>	<b>45 191</b>	<b>42 108</b>

CASH FLOW STATEMENT

NOK MILLION	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
Cash generated from operations	5 809	7 668	6 332	5 809	6 332
Cash used in operations	(5 353)	(6 726)	(5 540)	(5 353)	(5 540)
Cash from net financial items	303	80	65	303	65
Taxes paid	(36)	(290)	(25)	(36)	(25)
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>723</b>	<b>732</b>	<b>832</b>	<b>723</b>	<b>832</b>
Investments in operational fixed assets	(79)	(377)	(390)	(79)	(390)
Sales of operational fixed assets	4	424	105	4	105
Dividend received	0	25	0	0	0
Acquisition of shares in companies	(2)	0	0	(2)	0
Sale of shares in companies	21	0	0	21	0
<b>Net cash flow from investing activities</b>	<b>(56)</b>	<b>72</b>	<b>(285)</b>	<b>(56)</b>	<b>(285)</b>
New loans raised	3 790	122	583	3 790	583
Repayments of loan	(4 731)	(1 522)	(844)	(4 731)	(844)
Dividend paid	0	0	0	0	0
Purchase/sale of treasury shares	(1)	0	(15)	(1)	(15)
New equity	0	0	0	0	0
<b>Net cash flow from financing activities</b>	<b>(942)</b>	<b>(1 400)</b>	<b>(276)</b>	<b>(942)</b>	<b>(276)</b>
Foreign currency effects on cash and cash equivalents	(613)	1 031	(16)	(613)	(16)
<b>Total change in liquid assets</b>	<b>(888)</b>	<b>435</b>	<b>255</b>	<b>(888)</b>	<b>255</b>
<b><sup>1) Reconciliation of net cash flow from operating activities</sup></b>					
Gross operating earnings	504	922	489	504	489
Restructuring expenses	(1)	(12)	(198)	(1)	(198)
Change in working capital	(60)	(161)	605	(60)	605
Other items in operating earnings with/(without) cash effects	13	193	(104)	13	(104)
Cash from net financial items	303	80	65	303	65
Taxes paid	(36)	(290)	(25)	(36)	(25)
<b>Net cash flow from operating activities</b>	<b>723</b>	<b>732</b>	<b>832</b>	<b>723</b>	<b>832</b>

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	SHARE CAPITAL AND OTHER PAID-IN EQUITY	RETAINED EARNINGS	HEDGE ACCOUNTING	OTHER EQUITY RESERVES	MINORITY INTERESTS	TOTAL
<b>Equity 1 January 2008</b>	<b>12 310</b>	<b>3 354</b>	<b>1 305</b>	<b>(1 377)</b>	<b>365</b>	<b>15 957</b>
Comprehensive income for the period	0	(972)	172	(765)	(9)	(1 574)
Dividend paid	0	0	0	0	0	0
Change in holding of own shares	(13)	0	0	7	0	(6)
Change in ownership in subsidiaries	0	0	0	0	0	0
<b>Equity 31 March 2008</b>	<b>12 297</b>	<b>2 382</b>	<b>1 478</b>	<b>(2 136)</b>	<b>356</b>	<b>14 378</b>
Comprehensive income for the period	0	(1 761)	(2 813)	3 925	20	(629)
Dividend paid	0	0	0	0	(2)	(2)
Change in holding of own shares	13	0	0	(8)	0	5
Change in ownership in subsidiaries	0	0	0	(15)	(105)	(120)
<b>Equity 31 December 2008</b>	<b>12 310</b>	<b>621</b>	<b>(1 335)</b>	<b>1 766</b>	<b>269</b>	<b>13 632</b>
Comprehensive income for the period	0	(1 086)	1 211	(1 566)	(36)	(1 477)
Dividend paid	0	0	0	0	0	0
Change in holding of own shares	(8)	0	0	9	0	1
Change in ownership in subsidiaries	0	0	0	0	0	0
<b>Equity 31 March 2009</b>	<b>12 302</b>	<b>(465)</b>	<b>(124)</b>	<b>209</b>	<b>233</b>	<b>12 156</b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 Interim Financial Reporting.

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 2008, except for the impact of the changes which are described below.

**IAS 1 (revised) Presentation of Financial Statements**

The revised standard is mandatory for annual periods beginning on or after 1 January 2009. The changes to IAS 1 do not have an impact on the reported results or financial position of the group, but require a number of changes relating to presentation and disclosure in the financial statements. The presentation of items of income and expenses in the statement of changes in group equity (non-owner changes in equity) is now prohibited, and such changes must be presented separately from owner

changes in equity. All non-owner changes in equity are required to be shown in a performance statement (the statement of comprehensive income).

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Norske Skog has elected to present two statements. The interim financial statements have been prepared under the revised disclosure requirements.

**Other amendments to existing standards and interpretations**

There are a number of other amendments to existing standards and interpretations which are mandatory for the first time for annual periods beginning on or after 1 January 2009. However, none of these currently have a material impact on the group's accounting policies or financial statements.

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

2. OPERATING SEGMENTS

IASB issued IFRS 8 Operating Segments in November 2006. The standard replaces IAS 14 Segment Reporting and is mandatory for accounting periods beginning on or after 1 January 2009. Norske Skog implemented IFRS 8 in the first quarter of 2008.

Under IFRS 8 the activities in the group are divided into three operating segments: Newsprint, Magazine paper and Energy. The Newsprint segment is further divided into four geographical regions: Europe, Australasia, Asia and South America. 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, purchase and sale of wood and the group's bio fuel project.

Recognition, measurement and classification applied in the segment reporting are consistent with the group's accounting principles described in Note 2 to the annual accounts for the year ended 31 December 2008.

OPERATING REVENUE AND EXPENSES PER OPERATING SEGMENT

JAN-MAR 2009	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>3 329</b>	<b>1 603</b>	<b>449</b>	<b>567</b>	<b>(688)</b>	<b>5 259</b>
Distribution costs	(255)	(145)	0	(20)	0	(419)
Cost of materials	(2 103)	(784)	(437)	(410)	586	(3 149)
Change in inventories	199	(66)	0	0	0	134
Employee benefit expenses	(463)	(251)	0	(95)	0	(809)
Other operating expenses	(362)	(157)	(1)	(96)	102	(513)
<b>Gross operating earnings</b>	<b>345</b>	<b>201</b>	<b>10</b>	<b>(53)</b>	<b>0</b>	<b>504</b>
Depreciation	(483)	(159)	0	(11)	0	(652)
<b>Gross operating earnings after depreciation</b>	<b>(138)</b>	<b>43</b>	<b>10</b>	<b>(64)</b>	<b>0</b>	<b>(149)</b>
Restructuring expenses	(1)	0	0	0	0	(1)
Other gains and losses	126	0	(1 360)	9	0	(1 225)
Impairments	0	0	0	0	0	0
<b>Operating earnings</b>	<b>(13)</b>	<b>43</b>	<b>(1 350)</b>	<b>(55)</b>	<b>0</b>	<b>(1 374)</b>

OCT-DEC 2008	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>4 754</b>	<b>2 232</b>	<b>415</b>	<b>868</b>	<b>(914)</b>	<b>7 354</b>
Distribution costs	(346)	(192)	0	(27)	0	(565)
Cost of materials	(2 724)	(1 022)	(398)	(682)	759	(4 068)
Change in inventories	(171)	(218)	0	(6)	0	(396)
Employee benefit expenses	(468)	(256)	0	(116)	0	(840)
Other operating expenses	(402)	(213)	1	(105)	155	(564)
<b>Gross operating earnings</b>	<b>643</b>	<b>331</b>	<b>18</b>	<b>(69)</b>	<b>0</b>	<b>922</b>
Depreciation	(530)	(124)	0	(11)	0	(665)
<b>Gross operating earnings after depreciation</b>	<b>113</b>	<b>206</b>	<b>18</b>	<b>(80)</b>	<b>0</b>	<b>256</b>
Restructuring expenses	(9)	(3)	0	0	0	(12)
Other gains and losses	169	(1)	(2 353)	218	0	(1 966)
Impairments	(498)	1 000	0	0	0	502
<b>Operating earnings</b>	<b>(225)</b>	<b>1 203</b>	<b>(2 335)</b>	<b>138</b>	<b>0</b>	<b>(1 220)</b>

JAN-MAR 2008	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>4 427</b>	<b>1 514</b>	<b>418</b>	<b>923</b>	<b>(1 013)</b>	<b>6 269</b>
Distribution costs	(391)	(160)	0	(28)	0	(579)
Cost of materials	(2 646)	(993)	(423)	(749)	898	(3 913)
Change in inventories	(40)	172	0	(12)	0	120
Employee benefit expenses	(545)	(236)	0	(93)	0	(874)
Other operating expenses	(402)	(143)	0	(104)	115	(534)
<b>Gross operating earnings</b>	<b>403</b>	<b>154</b>	<b>(5)</b>	<b>(63)</b>	<b>0</b>	<b>489</b>
Depreciation	(596)	(112)	0	(13)	0	(721)
<b>Gross operating earnings after depreciation</b>	<b>(193)</b>	<b>42</b>	<b>(5)</b>	<b>(76)</b>	<b>0</b>	<b>(232)</b>
Restructuring expenses	(180)	0	0	(18)	0	(198)
Other gains and losses	(286)	(4)	986	0	(2)	694
Impairments	(1 261)	0	0	7	0	(1 254)
<b>Operating earnings</b>	<b>(1 920)</b>	<b>38</b>	<b>981</b>	<b>(87)</b>	<b>(2)</b>	<b>(990)</b>

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

NEWSPRINT

	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>3 329</b>	<b>4 754</b>	<b>4 427</b>	<b>3 329</b>	<b>4 427</b>
Distribution costs	(255)	(346)	(391)	(255)	(391)
Cost of materials	(2 103)	(2 724)	(2 646)	(2 103)	(2 646)
Change in inventories	199	(171)	(40)	199	(40)
Employee benefit expenses	(463)	(468)	(545)	(463)	(545)
Other operating expenses	(362)	(402)	(402)	(362)	(402)
<b>Gross operating earnings</b>	<b>345</b>	<b>643</b>	<b>403</b>	<b>345</b>	<b>403</b>
Depreciation	(483)	(530)	(596)	(483)	(596)
<b>Gross operating earnings after depreciation</b>	<b>(138)</b>	<b>113</b>	<b>(193)</b>	<b>(138)</b>	<b>(193)</b>
Restructuring expenses	(1)	(9)	(180)	(1)	(180)
Other gains and losses	126	169	(286)	126	(286)
Impairments	0	(498)	(1 261)	0	(1 261)
<b>Operating earnings</b>	<b>(13)</b>	<b>(225)</b>	<b>(1 920)</b>	<b>(13)</b>	<b>(1 920)</b>
<b>KEY FIGURES</b>					
Gross operating margin (%)	10.4	13.5	9.1	10.4	9.1
Production / capacity	78	91	90	78	90
<b>OPERATING REVENUE PER REGION</b>					
Europe	1 575	2 396	1 823	1 575	1 823
Asia	330	382	1 267	330	1 267
Australasia	713	917	953	713	953
South America	315	387	270	315	270
Sales offices and other activities	1 113	1 556	1 255	1 113	1 255
Eliminations	(717)	(884)	(1 141)	(717)	(1 141)
<b>Total</b>	<b>3 329</b>	<b>4 754</b>	<b>4 427</b>	<b>3 329</b>	<b>4 427</b>
<b>GROSS OPERATING EARNINGS PER REGION</b>					
Europe	204	369	169	204	169
Asia	(42)	8	89	(42)	89
Australasia	104	173	140	104	140
South America	87	87	2	87	2
Sales offices and other activities	(8)	5	3	(8)	3
Eliminations	0	0	0	0	0
<b>Total</b>	<b>345</b>	<b>643</b>	<b>403</b>	<b>345</b>	<b>403</b>
<b>PRODUCTION PER REGION</b>					
Europe	379	458	480	379	480
Asia	94	97	372	94	372
Australasia	195	217	206	195	206
South America	68	78	73	68	73
<b>Total</b>	<b>736</b>	<b>849</b>	<b>1 132</b>	<b>736</b>	<b>1 132</b>
<b>DELIVERIES PER REGION</b>					
Europe	347	517	471	347	471
Asia	88	81	385	88	385
Australasia	173	222	219	173	219
South America	54	79	68	54	68
<b>Total</b>	<b>662</b>	<b>899</b>	<b>1 143</b>	<b>662</b>	<b>1 143</b>

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

MAGAZINE PAPER

	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>1 603</b>	<b>2 232</b>	<b>1 514</b>	<b>1 603</b>	<b>1 514</b>
Distribution costs	(145)	(192)	(160)	(145)	(160)
Cost of materials	(784)	(1 022)	(993)	(784)	(993)
Change in inventories	(66)	(218)	172	(66)	172
Employee benefit expenses	(251)	(256)	(236)	(251)	(236)
Other operating expenses	(157)	(213)	(143)	(157)	(143)
<b>Gross operating earnings</b>	<b>201</b>	<b>331</b>	<b>154</b>	<b>201</b>	<b>154</b>
Depreciation	(159)	(124)	(112)	(159)	(112)
<b>Gross operating earnings after depreciation</b>	<b>43</b>	<b>206</b>	<b>42</b>	<b>43</b>	<b>42</b>
Restructuring expenses	0	(3)	0	0	0
Other gains and losses	0	(1)	(4)	0	(4)
Impairments	0	1 000	0	0	0
<b>Operating earnings</b>	<b>43</b>	<b>1 203</b>	<b>38</b>	<b>43</b>	<b>38</b>
<b>KEY FIGURES</b>					
Gross operating margin (%)	12.6	14.8	10.2	12.6	10.2
Production / capacity	71	87	97	71	97
<b>PRODUCTION AND DELIVERIES</b>					
Production	249	302	337	249	337
Deliveries	262	343	298	262	298

ENERGY

	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>449</b>	<b>415</b>	<b>418</b>	<b>449</b>	<b>418</b>
Distribution costs	0	0	0	0	0
Cost of materials	(437)	(398)	(423)	(437)	(423)
Change in inventories	0	0	0	0	0
Employee benefit expenses	0	0	0	0	0
Other operating expenses	(1)	1	0	(1)	0
<b>Gross operating earnings</b>	<b>10</b>	<b>18</b>	<b>(5)</b>	<b>10</b>	<b>(5)</b>
Depreciation	0	0	0	0	0
<b>Gross operating earnings after depreciation</b>	<b>10</b>	<b>18</b>	<b>(5)</b>	<b>10</b>	<b>(5)</b>
Restructuring expenses	0	0	0	0	0
Other gains and losses	(1 360)	(2 353)	986	(1 360)	986
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>(1 350)</b>	<b>(2 335)</b>	<b>981</b>	<b>(1 350)</b>	<b>981</b>

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

OTHER ACTIVITIES

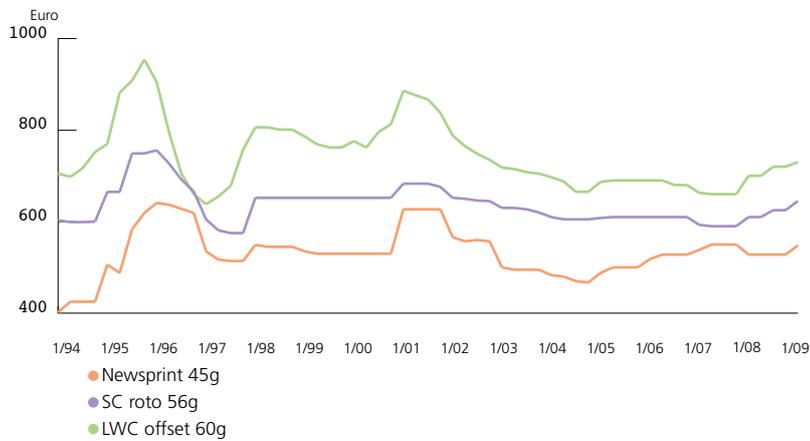
	JAN-MAR 2009	OCT-DEC 2008	JAN-MAR 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>567</b>	<b>868</b>	<b>923</b>	<b>567</b>	<b>923</b>
Distribution costs	(20)	(27)	(28)	(20)	(28)
Cost of materials	(410)	(682)	(749)	(410)	(749)
Change in inventories	0	(6)	(12)	0	(12)
Employee benefit expenses	(95)	(116)	(93)	(95)	(93)
Other operating expenses	(96)	(105)	(104)	(96)	(104)
<b>Gross operating earnings</b>	<b>(53)</b>	<b>(69)</b>	<b>(63)</b>	<b>(53)</b>	<b>(63)</b>
Depreciation	(11)	(11)	(13)	(11)	(13)
<b>Gross operating earnings after depreciation</b>	<b>(64)</b>	<b>(80)</b>	<b>(76)</b>	<b>(64)</b>	<b>(76)</b>
Restructuring expenses	0	0	(18)	0	(18)
Other gains and losses	9	218	0	9	0
Impairments	0	0	7	0	7
<b>Operating earnings</b>	<b>(55)</b>	<b>138</b>	<b>(87)</b>	<b>(55)</b>	<b>(87)</b>
<b>OPERATING REVENUE</b>					
Recovered paper	127	342	414	127	414
Real estate activities	3	6	6	3	6
Bio fuel	0	0	0	0	0
Corporate functions	66	116	94	66	94
Miscellaneous	382	413	425	382	425
Eliminations	(11)	(9)	(16)	(11)	(16)
<b>Total</b>	<b>567</b>	<b>868</b>	<b>923</b>	<b>567</b>	<b>923</b>
<b>GROSS OPERATING EARNINGS</b>					
Recovered paper	4	(5)	5	4	5
Real estate activities	(2)	3	(1)	(2)	(1)
Bio fuel	(5)	(3)	0	(5)	0
Corporate functions	(52)	(65)	(73)	(52)	(73)
Miscellaneous	1	1	6	1	6
Eliminations	0	0	0	0	0
<b>Total</b>	<b>(53)</b>	<b>(69)</b>	<b>(63)</b>	<b>(53)</b>	<b>(63)</b>

INTERIM FINANCIAL STATEMENTS - FIRST QUARTER 2009

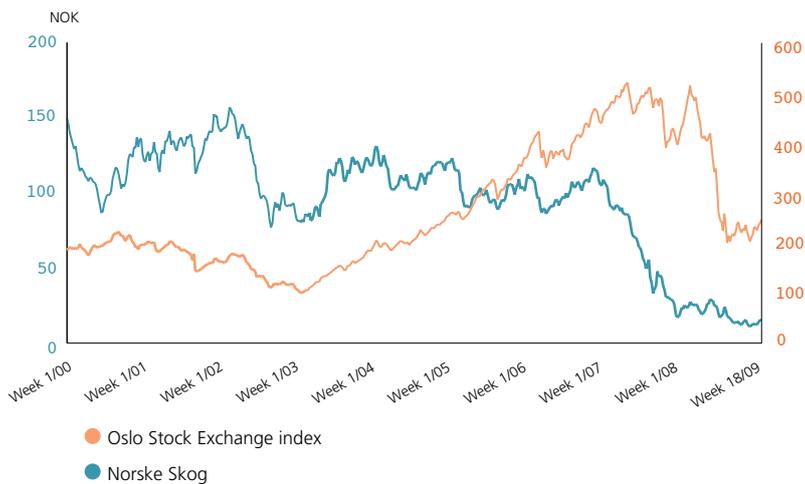
3. NORSKE SKOG GROUP – QUARTERLY FIGURES

	JAN-MAR 2009	OCT-DEC 2008	JUL-SEP 2008	APR-JUN 2008	JAN-MAR 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>5 259</b>	<b>7 354</b>	<b>6 317</b>	<b>6 528</b>	<b>6 269</b>
Distribution costs	(419)	(565)	(597)	(600)	(579)
Cost of materials	(3 149)	(4 068)	(3 829)	(3 961)	(3 913)
Changes in inventories	134	(396)	56	44	120
Employee benefit expenses	(809)	(840)	(783)	(884)	(874)
Other operating expenses	(513)	(564)	(452)	(528)	(534)
<b>Gross operating earnings</b>	<b>504</b>	<b>922</b>	<b>712</b>	<b>601</b>	<b>489</b>
Depreciation	(652)	(665)	(601)	(636)	(721)
<b>Gross operating earnings after depreciation</b>	<b>(149)</b>	<b>256</b>	<b>111</b>	<b>(35)</b>	<b>(232)</b>
Restructuring expenses	(1)	(12)	(11)	0	(198)
Other gains and losses	(1 225)	(1 966)	(567)	1 336	694
Impairments	0	502	0	(32)	(1 254)
<b>Operating earnings</b>	<b>(1 374)</b>	<b>(1 220)</b>	<b>(466)</b>	<b>1 269</b>	<b>(990)</b>
Share of profit in associated companies	17	26	3	3	(1)
Financial items	(143)	(360)	(649)	(275)	(117)
<b>Profit/loss before income taxes</b>	<b>(1 500)</b>	<b>(1 553)</b>	<b>(1 113)</b>	<b>996</b>	<b>(1 108)</b>
Income taxes	389	271	(98)	(301)	142
<b>Net profit/loss for the period</b>	<b>(1 111)</b>	<b>(1 282)</b>	<b>(1 212)</b>	<b>695</b>	<b>(966)</b>
<b>OPERATING REVENUE PER SEGMENT</b>					
Newsprint	3 329	4 754	4 093	4 659	4 427
Magazine paper	1 603	2 232	1 856	1 642	1 514
Energy	449	415	426	289	418
Other activities	567	868	931	941	923
Eliminations	(688)	(914)	(989)	(1 004)	(1 013)
<b>Total</b>	<b>5 259</b>	<b>7 354</b>	<b>6 317</b>	<b>6 528</b>	<b>6 269</b>
<b>SHARE OF OPERATING REVENUE FROM EXTERNAL PARTIES</b>					
Newsprint	100%	100%	100%	100%	100%
Magazine paper	100%	100%	100%	100%	100%
Energy	38%	50%	44%	14%	27%
Other activities	32%	30%	23%	23%	26%

## PRICE DEVELOPMENT NEWSPRINT, SC, LWC - GERMANY



## SHARE PRICE DEVELOPMENT 2000-2009

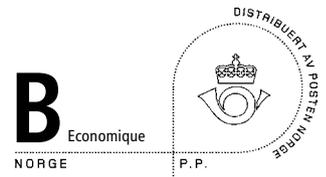


## THE NORSKE SKOG SHARE

### KEY FIGURES

	JANUARY-MARCH 2009				AT 06.05.2009			
	02.01.2009	31.03.2009	High	Low	Earnings per share	Booked equity per share	Share price	Market value NOK mill.
<b>Norske Skog</b>	<b>14.45</b>	<b>12.34</b>	<b>16.70</b>	<b>10.41</b>	<b>-5.73</b>	<b>62.85</b>	<b>17.10</b>	<b>3 244</b>





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