

# 09

## Q3 REPORT



## KEY FIGURES (UNAUDITED)

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	5 033	5 160	6 317	15 453	19 114
Gross operating earnings *)	NOK mill	642	568	712	1 713	1 802
Gross operating margin	%	12.8	11.0	11.3	11.1	9.4
Gross operating earnings after depreciation **)	NOK mill	(7)	(98)	111	(253)	(156)
Operating earnings	NOK mill	(872)	(153)	(466)	(2 400)	(187)
Profit/loss before income taxes	NOK mill	(330)	(77)	(1 113)	(1 906)	(1 225)
Net profit/loss for the period	NOK mill	(418)	(538)	(1 212)	(2 066)	(1 483)
Earnings per share	NOK	(2.31)	(1.85)	(6.35)	(9.89)	(7.67)
Return on capital employed	%	0.0	(0.4)	0.5	(1.1)	(0.6)
Net cash flow from operating activities	NOK mill	730	(293)	119	1 160	1 245
Cash flow per share	NOK	3.85	(1.55)	0.62	6.12	6.57
Total assets	NOK mill	35 401	37 847	42 633	35 401	42 633
Net interest-bearing debt	NOK mill	10 017	12 236	12 654	10 017	12 654
Gearing (net interest-bearing debt / equity)		0.89	1.02	0.89	0.89	0.89
Production	1 000 tonnes	975	969	1 239	2 929	4 225
Deliveries	1 000 tonnes	1 016	948	1 226	2 888	4 170

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

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



# REPORT OF THE BOARD OF DIRECTORS - THIRD QUARTER 2009

- // Third quarter 2009: Gross operating earnings were NOK 642 million (NOK 568 million in the second quarter of 2009, and NOK 712 million on a comparable basis in the third quarter of 2008). The improved results compared with the second quarter are primarily due to higher volumes of magazine paper and reduced costs.
- // Net cash flow from operating activities was NOK 730 million in the third quarter.
- // Net interest-bearing debt was NOK 10 billion as at 30 September 2009, and gearing (net interest-bearing debt in relation to equity) was 0.89.
- // Stronger NOK throughout the third quarter has had a negative impact on operating earnings, but has resulted in large currency gains and is a contributing factor to the reduced level of debt.
- // Agreement entered into regarding the sale of Norske Skog Hebei in China.

## INCOME STATEMENT

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	5 033	5 160	6 317	15 453	19 114
Gross operating earnings *)	NOK mill	642	568	712	1 713	1 802
Gross operating earnings after depreciation **)	NOK mill	(7)	(98)	111	(253)	(156)
Operating earnings	NOK mill	(872)	(153)	(466)	(2 400)	(187)
Profit/loss before income taxes	NOK mill	(330)	(77)	(1 113)	(1 906)	(1 225)
Net profit/loss for the period	NOK mill	(418)	(538)	(1 212)	(2 066)	(1 483)
Comparable gross operating earnings ***)	NOK mill	642	568	712	1 713	1 614
Comparable gross operating earnings after depreciation ***)	NOK mill	(7)	(98)	111	(253)	(148)

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

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

\*\*\*) Norske Skog sold two mills in South Korea during Summer 2008. The operations from these mills were included in the figures for the first half of 2008.

## COMPARABILITY

In June 2009, it was decided to indefinitely idle PM 2 at Norske Skog Parenco in the Netherlands with a production capacity of 225 000 tonnes. In July 2009, an agreement was entered into regarding the sale of Norske Skog's 56 per cent stake in Shanghai Norske Skog Potential Paper (SNP) in China, with a production capacity of 145 000 tonnes. SNP is de-consolidated with effect from 1 July, and there has been no adjustment of figures reported in prior periods. PM 2 at Norske Skog Parenco was temporarily idled for much of the first half of 2009.

Norske Skog sold two mills in South Korea in 2008, and the earnings from these units were included up to and including the second quarter of 2008. For purposes of comparison between the periods January to September 2009 and 2008, the table above and the tables for the newsprint segment and geographical region Asia later in this report also use comparable figures, i.e. excluding the activities in South Korea.

GROUP COMMENT -  
UNDERLYING OPERATIONSThird quarter of 2009 compared with  
the second quarter of 2009

Gross operating earnings in the third quarter of 2009 were NOK 642 million, an increase of NOK 74 million compared with the previous quarter. The average price level has been lower in the third quarter, but this has been offset by higher sales and production volumes and lower variable and fixed costs. There has been a positive impact from the previously communicated cost reduction activities, particularly in relation to maintenance costs. Exchange rate fluctuations, with a

stronger NOK measured against most other currencies, have had a negative impact on operating revenue for the Norwegian mills. In addition, there have been negative currency translation differences on trade receivables and payables of approximately NOK 30 million in the third quarter of 2009, compared with positive translation differences of approximately NOK 30 million in the second quarter. For the geographical regions within the newsprint segment, the results are weaker in Europe and South America, whilst the results in Asia and Australasia have improved. The result in the magazine paper segment has improved considerably.

## Third quarter 2009 compared with third quarter 2008

Gross operating earnings in the third quarter of 2009 are NOK 70 million lower than in the same quarter 2008. Produced and sold volumes are approximately 20 per cent lower in the third quarter of 2009, but this is offset to a large extent by lower costs in 2009 and a slightly weaker NOK.

January to September 2009 compared with January to  
September 2008

Gross operating earnings so far in 2009 are NOK 99 million higher than last year, when the sold mills in South Korea are excluded. In the same timeframe, volumes are approximately 20 per cent lower than last year. However, as for the quarterly comparison above, this is also offset by lower costs and a weaker NOK.

## SPECIAL ITEMS IN THE OPERATING EARNINGS UNDER IFRS

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Restructuring expenses	NOK mill	(28)	(277)	(11)	(306)	(209)
Other gains and losses	NOK mill	168	872	(567)	(185)	1 464
Impairments	NOK mill	(1 006)	(651)	0	(1 656)	(1 286)

Restructuring expenses in all periods relate to provisions for severance pay etc. in connection with the closure of paper mills and other work-force reductions.

"Other gains and losses" in the third quarter of 2009 consist of the increase in value of the energy portfolio of about NOK 100 million, NOK 58 million accumulated positive currency translation differences relating to the sale of Shanghai Norske Skog Potential Paper (SNP), as well as various other smaller items. There has been a fall in value of the Norwegian energy contracts during the quarter, whilst there has been an increase in value of the contracts in Brazil and New Zealand. "Other gains and losses" in the other accounting periods in 2009 are also mainly related to changes in the value of the energy portfolio. The figures for 2008 include a negative accumulated currency translation

difference from the sold mills in South Korea, in addition to changes in value of the energy portfolio. Furthermore, provisions were made in the first two quarters of 2008 in relation to the termination of a project at Norske Skog Pisa in Brazil.

Total impairments of NOK 1 006 million have been made in the third quarter of 2009. This amount consists of the calculated loss upon sale of Norske Skog Hebei of NOK 660 million, as well as impairment of the assets at Norske Skog Walsum in Germany and Norske Skog Singburi in Thailand of NOK 198 million and NOK 148 million respectively. The impairment of these two mills is made as a result of an updated assessment of the assumptions which are used when calculating value in use. More details on impairments in previous accounting periods can be obtained from the relevant quarterly reports.

## SPECIFICATION FINANCIAL ITEMS

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Net interest costs (excluding interest-rate derivatives)	NOK mill	(228)	(209)	(214)	(720)	(775)
Realised and unrealised gains/losses on interest-rate derivatives	NOK mill	38	129	(192)	(44)	(92)
Realised/unrealised gains/losses on currency	NOK mill	763	(38)	(196)	1 109	(42)
Gain buy-back of bonds	NOK mill	24	247	0	278	0
Other financial items	NOK mill	(55)	(60)	(47)	(154)	(133)
Total financial items	NOK mill	542	69	(649)	469	(1 042)

Interest costs in the third quarter of 2009 are marginally higher than in the previous quarter due to a slightly higher average interest rate level. The value of the portfolio of interest rate instruments increased also in the second quarter.

Because of the strong NOK, the company has derived benefits from the cash flow hedging programme, which gave realised and unrealised gains of NOK 270 million in the third quarter. The equivalent figure for the previous quarter was NOK -56 million. The company has also derived substantial benefits in that parts of the currency translation differences on debt do not qualify for hedge accounting. The gain here was approximately NOK 490 million in the third quarter, compared with NOK 21 million in the previous quarter.

Other financial items are negative due to general finance costs and costs relating to new loans and guarantees. These costs were partly off-

set by gains from the buy-back of a USD nominated bond loan with maturity in 2011. Total gains from buy-back of bonds amount to NOK 278 million so far this year.

**Tax expenses**

The tax expense amounted to NOK 88 million in the third quarter of 2009, a reduction from NOK 461 million in the previous quarter. There is a negative result before tax of NOK 330 million in the third quarter. However for tax calculation purposes, this must be adjusted upwards for the impairments at Norske Skog Singburi and Norske Skog Walsum as well as the sale of Norske Skog Hebei. These impairments do not form part of the basis for calculating deferred tax assets under IFRS regulations.

## CASH FLOW (KEY FIGURES)

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Gross operating earnings	NOK mill	642	568	712	1 713	1 802
Change in working capital and adjustments *)	NOK mill	151	(76)	(118)	336	603
Cash from net financial items	NOK mill	(36)	(737)	(450)	(470)	(807)
Taxes paid	NOK mill	(27)	(48)	(16)	(111)	(71)
Net cash flow from operating activities	NOK mill	730	(293)	119	1 160	1 245
Investments in operational fixed assets	NOK mill	(124)	(196)	(244)	(399)	(906)

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

Net cash flow from operating activities, after financial items and taxes paid, was NOK 730 million in the third quarter of 2009, compared with a negative cash flow of NOK 293 million in the previous quarter. Total interest payments amounted to NOK 44 million in the third quarter of 2009, compared to over NOK 500 million in the second

quarter, due to the fact that the due dates for interest on Norske Skog's debt are unevenly distributed over the year. There has been a reduction in working capital in the third quarter which, together with realised gains on cash flow hedging has contributed to a satisfactory cash flow.

## BALANCE SHEET

		30 SEP 2009	30 JUN 2009	31 DEC 2008	30 SEP 2008
Non-current assets	NOK mill	20 067	23 127	26 980	23 020
Cash and cash equivalents	NOK mill	4 560	4 821	6 036	5 668
Other current assets	NOK mill	10 775	9 898	12 175	13 944
Total assets	NOK mill	35 401	37 847	45 191	42 633
Equity including minority interests	NOK mill	11 263	12 074	13 632	14 467
Non-current liabilities	NOK mill	18 246	20 390	23 277	21 483
Current liabilities	NOK mill	5 893	5 382	8 282	6 682
Net interest-bearing debt	NOK mill	10 017	12 236	14 047	12 654

Total assets have fallen by approximately NOK 2.5 billion since the end of the previous quarter. The main reason for this is impairments of the assets at three mills, as well as a significant strengthening of NOK towards the end of the third quarter which has resulted in a reduced value of the group's assets outside of Norway. Similarly, this currency translation effect gives a reduction in debt translated to NOK, and the effect on the group's equity is therefore limited. Assets and debt in Norske Skog Hebei are reclassified to Other current assets and Other current liabilities respectively, in accordance with IFRS.

Equity including minority interests has fallen by approximately NOK 800 million during the third quarter of 2009, and equity per share was NOK 59 as at 30 September 2009. A more detailed specification of the changes in equity is provided later in this report.

Net interest-bearing debt was reduced by NOK 2.2 billion to NOK 10 billion as at 30 September 2009. In addition to the currency translation effects and relatively good cash flow in the quarter, the reduction in net debt is also due to the reclassification of debt in Hebei as mentioned above. The gearing (net interest-bearing debt in relation to equity) fell from 1.02 at the end of June to 0.89 at the end of September. A hedge reserve (deferred income) amounting to NOK 438 million

is not included in the calculation of the gearing figures. This reserve is recognised in the balance sheet as an interest-bearing non-current liability, but is actually a reserve which arose upon the termination of hedge contracts earlier in 2009, and which is amortised (i.e. recognised as income) in the income statement over the remaining terms of the loans. The hedge reserve does not constitute any payment obligation for the group.

The average remaining time to maturity of interest-bearing debt increased marginally to 5.8 years as at 30 September 2009. Loans which fall due for repayment in the remainder of 2009, after reclassification and roll-over of short-term local debt, amount to approximately NOK 760 million, of which NOK 405 million is a Norwegian bond loan. There are no significant loan amounts which fall due for repayment in 2010. Norske Skog had liquid assets of around NOK 4.6 billion as at 30 September 2009.

The rating company Moody's changed its "Outlook" on Norske Skog's rating from stable to negative. Norske Skog currently has a B2 "Negative Outlook" rating from Moody's and B+ "Negative Outlook" rating from Standard and Poor's.

## SEGMENT INFORMATION

## Newsprint total - Key figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	3 227	3 518	4 093	10 073	13 179
Gross operating earnings	NOK mill	444	512	531	1 301	1 459
Gross operating earnings after depreciation	NOK mill	(25)	15	57	(148)	(127)
Gross operating margin	%	13.8	14.5	13.0	12.9	11.1
Production	1 000 tonnes	678	719	900	2 133	3 214
Deliveries	1 000 tonnes	722	722	887	2 105	3 207
Production / capacity	%	80	76	96	78	93
Comparable gross operating earnings *)	NOK mill	444	512	531	1 301	1 271
Comparable production *)	1 000 tonnes	678	719	900	2 133	2 719
Comparable deliveries *)	1 000 tonnes	722	722	887	2 105	2 721

\*) Norske Skog sold two mills in South Korea in Summer 2008. The operations from these mills were included in the figures for the first half of 2008.

Gross operating earnings for the total newsprint segment in the third quarter of 2009 are NOK 68 million lower than in the second quarter. The weaker results are to a large extent related to Europe, where volumes have dropped and prices measured in NOK are somewhat lower.

There is still low demand for newsprint in most regions in the world, but the recent decline has now levelled out. Global demand in the period from January to August 2009 was approximately 16 per cent lower than in the same period in 2008.

## Newsprint Europe - Key figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	1 460	1 615	1 915	4 650	5 680
Gross operating earnings	NOK mill	164	260	217	628	562
Gross operating earnings after depreciation	NOK mill	(41)	41	2	(7)	(52)
Gross operating margin	%	11.3	16.1	11.3	13.5	9.9
Production	1 000 tonnes	329	351	473	1 058	1 465
Deliveries	1 000 tonnes	331	356	472	1 034	1 447
Production / capacity	%	75	71	96	74	92

When comparing the third quarter in 2009 with previous periods, account must be taken of the fact that a paper machine with an annual production capacity of 225 000 tonnes at Norske Skog in Parenco has been indefinitely idled. The machine has been taken out of the capacity figures from and including the third quarter. Due to this, capacity utilization has increased, even though the production volume is slightly lower in the third quarter. Two other paper machines were closed in June 2008 with a total annual capacity of 260 000 tonnes.

The European newsprint region had a weak result in the third quarter. Average prices measured in NOK were lower than in the second

quarter, and there is also a negative effect arising from currency translation differences on trade receivables. Maintenance and other fixed costs have fallen during the quarter. Workforce reductions in connection with the indefinite idling of a paper machine at Norske Skog Parenco will not be completed until towards the end of 2009.

The demand for standard newsprint in Europe was marginally higher in the third quarter than in the second quarter. Demand so far this year is approximately 13 per cent lower compared with the same period in 2008.

## Newsprint Asia - Key figures

		APR-JUN 2009	JAN-MAR 2009	APR-JUN 2008	JAN-JUN 2009	JAN-JUN 2008
Operating revenue	NOK mill	262	387	467	979	3 008
Gross operating earnings	NOK mill	33	0	42	(9)	264
Gross operating earnings after depreciation	NOK mill	(5)	(59)	(13)	(167)	(94)
Gross operating margin	%	12.5	0.0	8.9	(0.9)	8.8
Production	1 000 tonnes	81	107	133	282	893
Deliveries	1 000 tonnes	88	117	120	293	883
Production / capacity	%	70	71	88	68	93
Comparable gross operating earnings *)	NOK mill	33	0	42	(9)	76
Comparable production *)	1 000 tonnes	81	107	133	282	398
Comparable deliveries *)	1 000 tonnes	88	117	120	293	397

\*) Excluding South Korea for all periods.

The figures for the Asian region for the third quarter of 2009 include figures for the mills at Singburi in Thailand and Hebei in China, whilst SNP in China is de-consolidated with effect from 1 July. Hebei will be de-consolidated within end of fourth quarter. No adjustment has been made to the figures reported in prior periods for the effect of the SNP de-consolidation, but operating revenue, gross operating earnings and volumes for these two mills are shown in the table below.

The improved result from the previous quarter is primarily related to

the reversal of impairments on inventories of finished goods which had been recognised previously, and which therefore had the opposite effect in the previous quarter. Both sales prices and costs measured in NOK are lower in the third quarter compared with the second quarter.

Demand for standard newsprint in Asia during the period January to August 2009 was approximately 10 per cent lower compared with the corresponding period in 2008.

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### Key figures for Hebei and SNP \*)

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	190	303	335	724	1 014
Gross operating earnings	NOK mill	26	(17)	18	(54)	36
Production	1 000 tonnes	58	81	100	206	302
Deliveries	1 000 tonnes	62	92	86	218	296

\*) The third quarter 2009 figures include Hebei only. The other quarters show the total for Hebei and SNP.

### Newsprint Australasia - Key figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	1 030	836	911	2 579	2 840
Gross operating earnings	NOK mill	178	168	148	450	455
Gross operating earnings after depreciation	NOK mill	(10)	(11)	(23)	(83)	(62)
Gross operating margin	%	17.3	20.1	16.3	17.4	16.0
Production	1 000 tonnes	193	206	218	593	636
Deliveries	1 000 tonnes	227	189	218	589	659
Production / capacity	%	87	93	100	90	97

Gross operating earnings in the Australasian region were slightly higher than in the previous quarter, mainly as a result of the price increase carried out in Australia with effect from 1 July 2009. Sales volumes increased by 20 per cent as a result of export sales to Asia. Production volumes were lower than in the second quarter due to downtime

at Norske Skog Boyer in Australia and Norske Skog Tasman in New Zealand.

Demand for standard newsprint in Australasia in the period January to August 2009 was approximately 14 per cent lower compared with the corresponding period in 2008.

### Newsprint South America - Key Figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	327	329	364	971	928
Gross operating earnings	NOK mill	63	75	87	225	124
Gross operating earnings after depreciation	NOK mill	25	36	54	106	30
Gross operating margin	%	19.2	22.9	23.8	23.2	13.3
Production	1 000 tonnes	76	56	77	200	219
Deliveries	1 000 tonnes	77	59	77	190	215
Production / capacity	%	97	72	97	85	94

Gross operating earnings in the third quarter of 2009 were slightly lower than in the previous quarter. Volumes are significantly higher due to a month's downtime at Norske Skog Pisa in the second quarter, and cost development has been favourable. These factors are countered by lower sales prices and negative currency translation differences on

trade receivables.

Estimated demand for standard newsprint in South America was more than 20 per cent lower in the period January to August 2009 compared with the corresponding period in 2008.

### Magazine paper - Key figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	1 607	1 387	1 856	4 598	5 013
Gross operating earnings	NOK mill	201	125	201	528	485
Gross operating earnings after depreciation	NOK mill	34	(31)	86	45	150
Gross operating margin	%	12.5	9.0	10.8	11.5	9.7
Production	1 000 tonnes	297	250	339	796	1 010
Deliveries	1 000 tonnes	294	226	339	782	964
Production / capacity	%	85	71	97	76	97

Gross operating earnings in the third quarter of 2009 are significantly stronger than the second quarter. The main reason is increased volumes and a favourable development of both variable and fixed costs. Average prices measured in NOK are approximately 10 per cent lower in the third quarter compared with the previous quarter, both as a result of lower prices in local currency and a stronger NOK, particularly against USD. There were also negative currency translation differences

on trade receivables in the segment in the third quarter, whilst these were positive in the second quarter.

Demand for magazine paper in Western Europe was approximately 10 per cent higher in the third quarter of 2009 compared with the second quarter. In 2009 to date, demand has fallen by 9 per cent for uncoated (SC) magazine paper and over 20 per cent for coated (LWC) magazine paper.

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Energy - Key figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	408	445	426	1 302	1 134
Gross operating earnings	NOK mill	12	(8)	40	14	19
Gross operating earnings after depreciation	NOK mill	12	(8)	40	14	19
Operating earnings	NOK mill	108	878	51	(364)	2 348

The ordinary activities of the segment consist primarily of the purchase and sale of energy for 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 shutdown of PM 2 at Follum is included in these external sales. The improved results in the third quarter are largely due to the fact that a minor loss on a gas contract at Norske Skog Parenco was booked in the second quarter, in connection with the indefinite idling of PM 2.

As well as the results from the ordinary activities of the segment mentioned above, the operating earnings under IFRS also include

changes in the value of energy contracts and embedded derivative. The contracts are included in the balance sheet in accordance with *IAS 39 Financial instruments – Recognition and measurement*, which means that the value comprises the difference between the assumed market price and the contract price over the contract period, discounted to present value. The value may fluctuate substantially from quarter to quarter due to changes in future energy prices. It is also affected by currency, price indices and the discount rate used. There was an increase in value of approximately NOK 100 million in the third quarter of 2009. This consists of an increase in value of the energy contracts in Brazil and New Zealand, partly offset by the reduction in value of the Norwegian energy contracts.

Other activities - Key figures

		JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Operating revenue	NOK mill	487	487	931	1 540	2 795
Gross operating earnings	NOK mill	(15)	(61)	(60)	(129)	(162)
Gross operating earnings after depreciation	NOK mill	(27)	(74)	(71)	(165)	(198)

Other activities include unallocated group costs and trading activities relating to recovered paper. In the third quarter of 2009 there have been lower project costs, lower head office costs and an improved

result from trading activities relating to recovered paper and other raw materials.

## HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 2.0 in the twelve month period from 1 October 2008 to 30 September 2009. This is unchanged from the previous quarterly reporting. Four of the production facilities had zero lost-time injuries in the last period.

Norske Skog Boyer in Australia has not had any lost-time injuries for six years. The mill recently received an award from the Tasmanian state in relation to its achievements in work-related training and development.

## GREENHOUSE GAS EMISSIONS

Norske Skog works actively to reduce the group's emissions of greenhouse gases. The group's long-term target aims to achieve a 25 per cent reduction of greenhouse gas emissions by 2020 compared with 2006 as a base year. Norske Skog have recently been ranked first place in a large Nordic study on how companies report emissions of greenhouse gases.

## DEBT REDUCTION AND SALES OF OPERATIONS

In September, Norske Skog entered into an agreement with the Chinese company Shandong Huatai Paper to sell the newsprint mill Norske Skog Hebei. The mill has 250 employees and a production capacity of 330 000 tonnes of newsprint. The transaction is under completion.

The accounting loss resulting from the sale is currently estimated at NOK 660 million. This amount is recognised within impairments in the income statement for the third quarter of 2009. There will be some minor subsequent adjustments, including accumulative currency translation differences, which will be recognised in the accounts for the fourth quarter of 2009. Norske Skog's net interest-bearing debt has been reduced by NOK 800 million as a result of this transaction. Assets and liabilities from Norske Skog Hebei have been re-classified in the group balance sheet as at 30 September 2009, as mentioned in the commentary to the balance sheet.

Earlier this year, an agreement was entered into regarding sale of the shares in the other mill that Norske Skog owned in China, Shanghai Norske Skog Potential Paper. Norske Skog's operations in China have not been profitable in recent years, due to overcapacity and low prices. The sale of these two mills has resulted in a total reduction in debt of approximately NOK 950 million. In 2008, two mills in South Korea were sold, as well as several properties. The sales of operations in 2008 and 2009 have resulted in a total debt reduction of about NOK 5.4 billion, which has contributed significantly to increased financial flexibility.

## SHARES

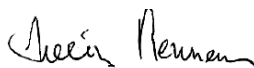
The foreign ownership share has been relatively stable at around 30 per cent through the third quarter of 2009. A total of 405 million Norske Skog shares were traded during the first half of 2009.

Lysaker, 4 November 2009

The Board of Directors of Norske Skogindustrier ASA



Eivind Reiten  
Chair



Svein Rennemo  
Deputy chair



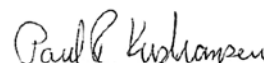
Halvor Bjørken  
Board member



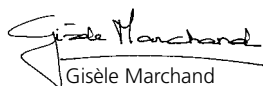
Stein-Roar Eriksen  
Board member



Wenche Holen  
Board member



Paul Kristiansen  
Board member



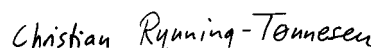
Gisèle Marchand  
Board member



Inge Myrlund  
Board member



Ingrid Wiik  
Board member



Christian Rynning-Tønnesen  
President and CEO

INTERIM FINANCIAL STATEMENTS - THIRD QUARTER 2009

INCOME STATEMENT

NOK MILLION	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
<b>Operating revenue</b>	<b>5 033</b>	<b>5 160</b>	<b>6 317</b>	<b>15 453</b>	<b>19 114</b>
Distribution costs	(453)	(424)	(597)	(1 297)	(1 775)
Cost of materials	(2 680)	(2 938)	(3 829)	(8 767)	(11 703)
Change in inventories	(112)	22	56	44	220
Employee benefit expenses	(777)	(789)	(783)	(2 374)	(2 541)
Other operating expenses	(369)	(462)	(452)	(1 345)	(1 513)
<b>Gross operating earnings</b>	<b>642</b>	<b>568</b>	<b>712</b>	<b>1 713</b>	<b>1 802</b>
Depreciation	(649)	(666)	(601)	(1 966)	(1 958)
<b>Gross operating earnings after depreciation</b>	<b>(7)</b>	<b>(98)</b>	<b>111</b>	<b>(253)</b>	<b>(156)</b>
Restructuring expenses	(28)	(277)	(11)	(306)	(209)
Other gains and losses	168	872	(567)	(185)	1 464
Impairments	(1 006)	(651)	0	(1 656)	(1 286)
<b>Operating earnings</b>	<b>(872)</b>	<b>(153)</b>	<b>(466)</b>	<b>(2 400)</b>	<b>(187)</b>
Share of profit in associated companies	1	7	3	25	4
Financial items	542	69	(649)	469	(1 042)
<b>Profit/loss before income taxes</b>	<b>(330)</b>	<b>(77)</b>	<b>(1 113)</b>	<b>(1 906)</b>	<b>(1 225)</b>
Income taxes	(88)	(461)	(98)	(160)	(258)
<b>Net profit/loss for the period</b>	<b>(418)</b>	<b>(538)</b>	<b>(1 212)</b>	<b>(2 066)</b>	<b>(1 483)</b>
Attributable to equity holders of the company	(438)	(352)	(1 203)	(1 876)	(1 453)
Attributable to minority interests	20	(186)	(9)	(191)	(30)
Earnings per share	(2.31)	(1.85)	(6.35)	(9.89)	(7.67)

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
<b>Net profit/loss for the period</b>	<b>(418)</b>	<b>(538)</b>	<b>(1 212)</b>	<b>(2 066)</b>	<b>(1 483)</b>
<b>Other comprehensive income:</b>					
Currency translation differences	(901)	623	773	(1 726)	(92)
Tax expense on translation differences	4	0	1	(11)	15
Hedge of net investment in foreign operations	585	(118)	(671)	1 645	(500)
Tax expense on net investment hedge	(24)	(30)	(11)	(64)	(26)
Cash flow hedge	0	0	(28)	44	(6)
Reclassifications to income statement, divestment of operations	(58)	0	722	(173)	722
Tax expense on reclassifications	0	0	17	0	17
Other items	1	(1)	0	0	(15)
Tax expense on other items	0	(18)	0	(18)	0
<b>Other comprehensive income after taxes</b>	<b>(393)</b>	<b>456</b>	<b>803</b>	<b>(303)</b>	<b>115</b>
Other comprehensive income for the year before taxes	(374)	504	796	(210)	109
Tax expense on other comprehensive income	(20)	(48)	7	(93)	6
<b>Other comprehensive income after taxes</b>	<b>(393)</b>	<b>456</b>	<b>803</b>	<b>(303)</b>	<b>115</b>
<b>Comprehensive income after taxes</b>	<b>(811)</b>	<b>(82)</b>	<b>(409)</b>	<b>(2 370)</b>	<b>(1 368)</b>
Comprehensive income attributable to:					
Equity holders of the company	(801)	112	(426)	(2 130)	(1 358)
Minority interests	(10)	(194)	17	(240)	(10)

INTERIM FINANCIAL STATEMENTS - THIRD QUARTER 2009

BALANCE SHEET

NOK MILLION	NOTE	30 SEP 2009	30 JUN 2009	31 DEC 2008	30 SEP 2008
Deferred tax asset		119	115	73	8
Other intangible assets		215	281	287	181
Property, plant and equipment		19 244	22 191	25 139	22 042
Investment in associated companies		223	265	295	249
Other non-current assets		265	276	1 186	541
<b>Total non-current assets</b>		<b>20 067</b>	<b>23 127</b>	<b>26 980</b>	<b>23 020</b>
Inventories		2 240	2 585	2 703	2 784
Receivables		2 577	2 958	3 885	3 585
Cash and cash equivalents	3	4 560	4 821	6 036	5 668
Other current assets		5 958	4 355	5 587	7 575
<b>Total current assets</b>		<b>15 335</b>	<b>14 719</b>	<b>18 211</b>	<b>19 613</b>
<b>Total assets</b>		<b>35 401</b>	<b>37 847</b>	<b>45 191</b>	<b>42 633</b>
Paid-in equity		12 302	12 302	12 310	12 310
Retained earnings and other reserves		(1 068)	(267)	1 052	1 909
Minority interests		29	39	269	248
<b>Total equity</b>		<b>11 263</b>	<b>12 074</b>	<b>13 632</b>	<b>14 467</b>
Pension obligations		604	630	644	514
Deferred tax liability		1 596	1 565	1 588	1 785
Interest-bearing non-current liabilities	3	13 984	15 995	18 820	17 557
Other non-current liabilities		2 062	2 199	2 226	1 628
<b>Total non-current liabilities</b>		<b>18 246</b>	<b>20 390</b>	<b>23 277</b>	<b>21 483</b>
Interest-bearing current liabilities	3	1 032	1 596	2 339	1 077
Trade and other payables		3 430	3 417	4 999	4 689
Tax payable		48	58	89	327
Other current liabilities		1 383	311	855	589
<b>Total current liabilities</b>		<b>5 893</b>	<b>5 382</b>	<b>8 282</b>	<b>6 682</b>
<b>Total liabilities</b>		<b>24 138</b>	<b>25 772</b>	<b>31 559</b>	<b>28 165</b>
<b>Total equity and liabilities</b>		<b>35 401</b>	<b>37 847</b>	<b>45 191</b>	<b>42 633</b>

CASH FLOW STATEMENT

NOK MILLION	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
Cash generated from operations	5 011	5 269	6 030	16 089	18 971
Cash used in operations	(4 218)	(4 777)	(5 445)	(14 348)	(16 848)
Cash from net financial items	(36)	(737)	(450)	(470)	(807)
Taxes paid	(27)	(48)	(16)	(111)	(71)
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>730</b>	<b>(293)</b>	<b>119</b>	<b>1 160</b>	<b>1 245</b>
Investments in operational fixed assets	(124)	(196)	(244)	(399)	(906)
Sales of operational fixed assets	14	7	53	25	194
Dividend received	0	68	5	68	5
Acquisition of shares in companies	0	0	0	(2)	(127)
Sales of shares in companies	54	1	3 051	76	3 051
<b>Net cash flow from investing activities</b>	<b>(56)</b>	<b>(120)</b>	<b>2 865</b>	<b>(232)</b>	<b>2 217</b>
New loans raised	0	957	366	4 747	1 389
Repayments of loans	(351)	(1 003)	258	(6 085)	(1 011)
Dividend paid	0	0	0	0	0
Purchase/sale of treasury shares	0	0	0	(1)	(3)
New equity	0	0	9	0	9
<b>Net cash flow from financing activities</b>	<b>(351)</b>	<b>(46)</b>	<b>633</b>	<b>(1 339)</b>	<b>384</b>
Foreign currency effects on cash and cash equivalents	(228)	(27)	50	(868)	28
<b>Total change in cash and cash equivalents</b>	<b>95</b>	<b>(486)</b>	<b>3 667</b>	<b>(1 279)</b>	<b>3 874</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Gross operating earnings	642	568	712	1 713	1 802
Restructuring expenses	(28)	(277)	(11)	(306)	(209)
Change in working capital	190	206	(118)	336	603
Other items in operating earnings with/(without) cash effects	(11)	(5)	2	(3)	(73)
Cash from net financial items	(36)	(737)	(450)	(470)	(807)
Taxes paid	(27)	(48)	(16)	(111)	(71)
<b>Net cash flow from operating activities</b>	<b>730</b>	<b>(293)</b>	<b>119</b>	<b>1 160</b>	<b>1 245</b>

INTERIM FINANCIAL STATEMENTS - THIRD 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	(265)	179	(846)	(27)	(959)
Dividend paid	0	0	0	0	(2)	(2)
Change in holding of own shares	0	0	0	(1)	0	(1)
Change in ownership in subsidiaries	0	0	0	(15)	(113)	(128)
<b>Equity 30 June 2008</b>	<b>12 310</b>	<b>3 089</b>	<b>1 484</b>	<b>(2 239)</b>	<b>223</b>	<b>14 867</b>
Comprehensive income for the period	0	(1 203)	(754)	1 531	17	(409)
Dividend paid	0	0	0	0	0	0
Change in holding of own shares	0	0	0	0	0	0
Change in ownership in subsidiaries	0	0	0	0	8	8
<b>Equity 30 September 2008</b>	<b>12 310</b>	<b>1 886</b>	<b>730</b>	<b>(708)</b>	<b>248</b>	<b>14 467</b>
Comprehensive income for the period	0	(1 265)	(2 065)	2 474	21	(835)
Dividend paid	0	0	0	0	0	0
Change in holding of own shares	0	0	0	0	0	0
Change in ownership in subsidiaries	0	0	0	0	0	0
<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	(1 456)	1 064	(937)	(230)	(1 559)
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 30 June 2009</b>	<b>12 302</b>	<b>(835)</b>	<b>(272)</b>	<b>839</b>	<b>39</b>	<b>12 074</b>
Comprehensive income for the period	0	(438)	560	(923)	(10)	(811)
Dividend paid	0	0	0	0	0	0
Change in holding of own shares	0	0	0	0	0	0
Change in ownership in subsidiaries	0	0	0	0	0	0
<b>Equity 30 September 2009</b>	<b>12 302</b>	<b>(1 273)</b>	<b>288</b>	<b>(84)</b>	<b>29</b>	<b>11 263</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 in 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 changes in 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 - THIRD 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 group's activities 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 sales 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

JUL-SEP 2009	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>3 227</b>	<b>1 607</b>	<b>408</b>	<b>487</b>	<b>(696)</b>	<b>5 033</b>
Distribution costs	(283)	(146)	0	(24)	0	(453)
Cost of materials	(1 625)	(897)	(396)	(321)	560	(2 680)
Change in inventories	(132)	24	0	(5)	0	(112)
Employee benefit expenses	(457)	(256)	0	(63)	0	(777)
Other operating expenses	(285)	(131)	0	(90)	136	(369)
<b>Gross operating earnings</b>	<b>444</b>	<b>201</b>	<b>12</b>	<b>(15)</b>	<b>0</b>	<b>642</b>
Depreciation	(469)	(167)	0	(12)	0	(649)
<b>Gross operating earnings after depreciation</b>	<b>(25)</b>	<b>34</b>	<b>12</b>	<b>(27)</b>	<b>0</b>	<b>(7)</b>
Restructuring expenses	(28)	0	0	0	0	(28)
Other gains and losses	60	0	96	12	0	168
Impairments	(808)	(198)	0	0	0	(1 006)
<b>Operating earnings</b>	<b>(801)</b>	<b>(164)</b>	<b>108</b>	<b>(15)</b>	<b>0</b>	<b>(872)</b>

JAN-SEP 2009	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>10 073</b>	<b>4 598</b>	<b>1 302</b>	<b>1 540</b>	<b>(2 060)</b>	<b>15 453</b>
Distribution costs	(805)	(424)	0	(68)	0	(1 297)
Cost of materials	(5 646)	(2 458)	(1 286)	(1 071)	1 694	(8 767)
Change in inventories	17	29	0	(3)	0	44
Employee benefit expenses	(1 373)	(774)	0	(227)	0	(2 374)
Other operating expenses	(965)	(444)	(2)	(300)	366	(1 345)
<b>Gross operating earnings</b>	<b>1 301</b>	<b>528</b>	<b>14</b>	<b>(129)</b>	<b>0</b>	<b>1 713</b>
Depreciation	(1 449)	(482)	0	(35)	0	(1 966)
<b>Gross operating earnings after depreciation</b>	<b>(148)</b>	<b>45</b>	<b>14</b>	<b>(165)</b>	<b>0</b>	<b>(253)</b>
Restructuring expenses	(290)	(16)	0	0	0	(306)
Other gains and losses	169	0	(378)	24	0	(185)
Impairments	(1 807)	150	0	0	0	(1 656)
<b>Operating earnings</b>	<b>(2 075)</b>	<b>180</b>	<b>(364)</b>	<b>(141)</b>	<b>0</b>	<b>(2 400)</b>

JAN-SEP 2008	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
<b>Operating revenue</b>	<b>13 179</b>	<b>5 013</b>	<b>1 134</b>	<b>2 795</b>	<b>(3 006)</b>	<b>19 114</b>
Distribution costs	(1 167)	(518)	0	(91)	0	(1 775)
Cost of materials	(7 933)	(3 029)	(1 113)	(2 294)	2 667	(11 703)
Change in inventories	31	202	0	(13)	0	220
Employee benefit expenses	(1 528)	(735)	0	(277)	0	(2 541)
Other operating expenses	(1 123)	(447)	(2)	(281)	339	(1 513)
<b>Gross operating earnings</b>	<b>1 459</b>	<b>485</b>	<b>19</b>	<b>(162)</b>	<b>0</b>	<b>1 802</b>
Depreciation	(1 586)	(335)	0	(36)	0	(1 958)
<b>Gross operating earnings after depreciation</b>	<b>(127)</b>	<b>150</b>	<b>19</b>	<b>(198)</b>	<b>0</b>	<b>(156)</b>
Restructuring expenses	(191)	0	0	(18)	0	(209)
Other gains and losses	(900)	(1)	2 329	36	0	1 464
Impairments	(1 293)	0	0	7	0	(1 286)
<b>Operating earnings</b>	<b>(2 512)</b>	<b>149</b>	<b>2 348</b>	<b>(172)</b>	<b>0</b>	<b>(187)</b>

INTERIM FINANCIAL STATEMENTS - THIRD QUARTER 2009

NEWSPRINT

	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>3 227</b>	<b>3 518</b>	<b>4 093</b>	<b>10 073</b>	<b>13 179</b>
Distribution costs	(283)	(267)	(365)	(805)	(1 167)
Cost of materials	(1 625)	(1 918)	(2 495)	(5 646)	(7 933)
Change in inventories	(132)	(50)	71	17	31
Employee benefit expenses	(457)	(453)	(446)	(1 373)	(1 528)
Other operating expenses	(285)	(318)	(326)	(965)	(1 123)
<b>Gross operating earnings</b>	<b>444</b>	<b>512</b>	<b>531</b>	<b>1 301</b>	<b>1 459</b>
Depreciation	(469)	(497)	(474)	(1 449)	(1 586)
<b>Gross operating earnings after depreciation</b>	<b>(25)</b>	<b>15</b>	<b>57</b>	<b>(148)</b>	<b>(127)</b>
Restructuring expenses	(28)	(261)	(11)	(290)	(191)
Other gains and losses	60	(17)	(613)	169	(900)
Impairments	(808)	(999)	0	(1 807)	(1 293)
<b>Operating earnings</b>	<b>(801)</b>	<b>(1 261)</b>	<b>(567)</b>	<b>(2 075)</b>	<b>(2 512)</b>
<b>KEY FIGURES</b>					
Gross operating margin (%)	13.8	14.5	13.0	12.9	11.1
Production / capacity (%)	80	76	96	78	93
<b>OPERATING REVENUE PER REGION</b>					
Europe	1 460	1 615	1 915	4 650	5 680
Asia	262	387	467	979	3 008
Australasia	1 030	836	911	2 579	2 840
South America	327	329	364	971	928
Sales offices and other activities	1 176	1 197	1 652	3 486	4 378
Eliminations	(1 028)	(848)	(1 216)	(2 592)	(3 656)
<b>Total</b>	<b>3 227</b>	<b>3 518</b>	<b>4 093</b>	<b>10 073</b>	<b>13 179</b>
<b>GROSS OPERATING EARNINGS PER REGION</b>					
Europe	164	260	217	628	562
Asia	33	0	42	(9)	264
Australasia	178	168	148	450	455
South America	63	75	87	225	124
Sales offices and other activities	6	9	38	7	55
Eliminations	0	0	0	0	0
<b>Total</b>	<b>444</b>	<b>512</b>	<b>531</b>	<b>1 301</b>	<b>1 459</b>
<b>PRODUCTION PER REGION (1 000 TONNES)</b>					
Europe	329	351	473	1 058	1 465
Asia	81	107	133	282	893
Australasia	193	206	218	593	636
South America	76	56	77	200	219
<b>Total</b>	<b>678</b>	<b>719</b>	<b>900</b>	<b>2 133</b>	<b>3 214</b>
<b>DELIVERIES PER REGION (1 000 TONNES)</b>					
Europe	331	356	472	1 034	1 447
Asia	88	117	120	293	883
Australasia	227	189	218	589	659
South America	77	59	77	190	215
<b>Total</b>	<b>722</b>	<b>722</b>	<b>887</b>	<b>2 105</b>	<b>3 207</b>

INTERIM FINANCIAL STATEMENTS - THIRD QUARTER 2009

MAGAZINE PAPER

	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>1 607</b>	<b>1 387</b>	<b>1 856</b>	<b>4 598</b>	<b>5 013</b>
Distribution costs	(146)	(133)	(195)	(424)	(518)
Cost of materials	(897)	(776)	(1 048)	(2 458)	(3 029)
Change in inventories	24	71	(16)	29	202
Employee benefit expenses	(256)	(266)	(244)	(774)	(735)
Other operating expenses	(131)	(157)	(152)	(444)	(447)
<b>Gross operating earnings</b>	<b>201</b>	<b>125</b>	<b>201</b>	<b>528</b>	<b>485</b>
Depreciation	(167)	(156)	(115)	(482)	(335)
<b>Gross operating earnings after depreciation</b>	<b>34</b>	<b>(31)</b>	<b>86</b>	<b>45</b>	<b>150</b>
Restructuring expenses	0	(16)	0	(16)	0
Other gains and losses	0	0	0	0	(1)
Impairments	(198)	348	0	150	0
<b>Operating earnings</b>	<b>(164)</b>	<b>301</b>	<b>86</b>	<b>180</b>	<b>149</b>
<b>KEY FIGURES</b>					
Gross operating margin (%)	12.5	9.0	10.8	11.5	9.7
Production / capacity (%)	85	71	97	76	97
<b>PRODUCTION AND DELIVERIES (1 000 TONNES)</b>					
Production	297	250	339	796	1 010
Deliveries	294	226	339	782	964

ENERGY

	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>408</b>	<b>445</b>	<b>426</b>	<b>1 302</b>	<b>1 134</b>
Distribution costs	0	0	0	0	0
Cost of materials	(396)	(453)	(385)	(1 286)	(1 113)
Change in inventories	0	0	0	0	0
Employee benefit expenses	0	0	0	0	0
Other operating expenses	0	(1)	(2)	(2)	(2)
<b>Gross operating earnings</b>	<b>12</b>	<b>(8)</b>	<b>40</b>	<b>14</b>	<b>19</b>
Depreciation	0	0	0	0	0
<b>Gross operating earnings after depreciation</b>	<b>12</b>	<b>(8)</b>	<b>40</b>	<b>14</b>	<b>19</b>
Restructuring expenses	0	0	0	0	0
Other gains and losses	96	886	11	(378)	2 329
Impairments	0	0	0	0	0
<b>Operating earnings</b>	<b>108</b>	<b>878</b>	<b>51</b>	<b>(364)</b>	<b>2 348</b>

INTERIM FINANCIAL STATEMENTS - THIRD QUARTER 2009

OTHER ACTIVITIES

	JUL-SEP 2009	APR-JUN 2009	JUL-SEP 2008	YTD 2009	YTD 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>487</b>	<b>487</b>	<b>931</b>	<b>1 540</b>	<b>2 795</b>
Distribution costs	(24)	(25)	(36)	(68)	(91)
Cost of materials	(321)	(339)	(777)	(1 071)	(2 294)
Change in inventories	(5)	1	1	(3)	(13)
Employee benefit expenses	(63)	(69)	(93)	(227)	(277)
Other operating expenses	(90)	(115)	(84)	(300)	(281)
<b>Gross operating earnings</b>	<b>(15)</b>	<b>(61)</b>	<b>(60)</b>	<b>(129)</b>	<b>(162)</b>
Depreciation	(12)	(13)	(12)	(35)	(36)
<b>Gross operating earnings after depreciation</b>	<b>(27)</b>	<b>(74)</b>	<b>(71)</b>	<b>(165)</b>	<b>(198)</b>
Restructuring expenses	0	0	0	0	(18)
Other gains and losses	12	2	36	24	36
Impairments	0	0	0	0	7
<b>Operating earnings</b>	<b>(15)</b>	<b>(71)</b>	<b>(36)</b>	<b>(141)</b>	<b>(172)</b>
<b>OPERATING REVENUE</b>					
Recovered paper	144	139	473	411	1 285
Real estate activities	5	4	7	12	21
Bio fuel	0	0	0	0	0
Corporate functions	66	66	88	198	270
Miscellaneous	284	291	374	957	1 257
Eliminations	(13)	(13)	(11)	(38)	(37)
<b>Total</b>	<b>487</b>	<b>487</b>	<b>931</b>	<b>1 540</b>	<b>2 795</b>
<b>GROSS OPERATING EARNINGS</b>					
Recovered paper	1	2	11	7	23
Real estate activities	1	(1)	3	(1)	5
Bio fuel	(3)	(6)	(2)	(14)	(2)
Corporate functions	(33)	(65)	(49)	(150)	(165)
Miscellaneous	19	9	(22)	29	(22)
Eliminations	0	0	0	0	0
<b>Total</b>	<b>(15)</b>	<b>(61)</b>	<b>(60)</b>	<b>(129)</b>	<b>(162)</b>

3. INTEREST-BEARING DEBT

Norske Skog has recognised an item 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 438 million is included in interest-bearing debt as at 30 September 2009. The corresponding figure as at 30 June 2009 was NOK 531 million and NOK 49 million as at 31 December 2008.

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 as shown in the table below:

	30 SEP 2009
Interest-bearing non-current liabilities	13 984
Interest-bearing current liabilities	1 032
- Hedge reserve	438
- Fair value hedge	1
- Cash and cash equivalents	4 560
<b>= Net interest-bearing debt</b>	<b>10 017</b>
Equity less minority interests	11 234
<b>Gearing</b>	<b>0.89</b>

INTERIM FINANCIAL STATEMENTS - THIRD QUARTER 2009

4. NORSKE SKOG GROUP – QUARTERLY FIGURES

	JUL-SEP 2009	APR-JUN 2009	JAN-MAR 2009	OCT-DEC 2008	JUL-SEP 2008
<b>INCOME STATEMENT</b>					
<b>Operating revenue</b>	<b>5 033</b>	<b>5 160</b>	<b>5 259</b>	<b>7 354</b>	<b>6 317</b>
Distribution costs	(453)	(424)	(419)	(565)	(597)
Cost of materials	(2 680)	(2 938)	(3 149)	(4 068)	(3 829)
Change in inventories	(112)	22	134	(396)	56
Employee benefit expenses	(777)	(789)	(809)	(840)	(783)
Other operating expenses	(369)	(462)	(513)	(564)	(452)
<b>Gross operating earnings</b>	<b>642</b>	<b>568</b>	<b>504</b>	<b>922</b>	<b>712</b>
Depreciation	(649)	(666)	(652)	(665)	(601)
<b>Gross operating earnings after depreciation</b>	<b>(7)</b>	<b>(98)</b>	<b>(149)</b>	<b>256</b>	<b>111</b>
Restructuring expenses	(28)	(277)	(1)	(12)	(11)
Other gains and losses	168	872	(1 225)	(1 966)	(567)
Impairments	(1 006)	(651)	0	502	0
<b>Operating earnings</b>	<b>(872)</b>	<b>(153)</b>	<b>(1 374)</b>	<b>(1 220)</b>	<b>(466)</b>
Share of profit in associated companies	1	7	17	26	3
Financial items	542	69	(143)	(360)	(649)
<b>Profit/loss before income taxes</b>	<b>(330)</b>	<b>(77)</b>	<b>(1 500)</b>	<b>(1 553)</b>	<b>(1 113)</b>
Income taxes	(88)	(461)	389	271	(98)
<b>Net profit/loss for the period</b>	<b>(418)</b>	<b>(538)</b>	<b>(1 111)</b>	<b>(1 282)</b>	<b>(1 212)</b>
<b>OPERATING REVENUE PER SEGMENT</b>					
Newsprint	3 227	3 518	3 329	4 754	4 093
Magazine paper	1 607	1 387	1 603	2 232	1 856
Energy	408	445	449	415	426
Other activities	487	487	567	868	931
Eliminations	(696)	(676)	(688)	(914)	(989)
<b>Total</b>	<b>5 033</b>	<b>5 160</b>	<b>5 259</b>	<b>7 354</b>	<b>6 317</b>
<b>GROSS OPERATING EARNINGS PER SEGMENT</b>					
Newsprint	444	512	345	643	531
Magazine paper	201	125	201	331	201
Energy	12	(8)	10	18	40
Other activities	(15)	(61)	(53)	(69)	(60)
Eliminations	0	0	0	0	0
<b>Total</b>	<b>642</b>	<b>568</b>	<b>504</b>	<b>922</b>	<b>712</b>
<b>SHARE OF OPERATING REVENUE FROM EXTERNAL PARTIES</b>					
Newsprint	100%	100%	100%	100%	100%
Magazine paper	99%	100%	100%	100%	100%
Energy	36%	39%	38%	50%	44%
Other activities	34%	32%	32%	30%	23%

5. NON-CURRENT ASSETS HELD FOR SALE

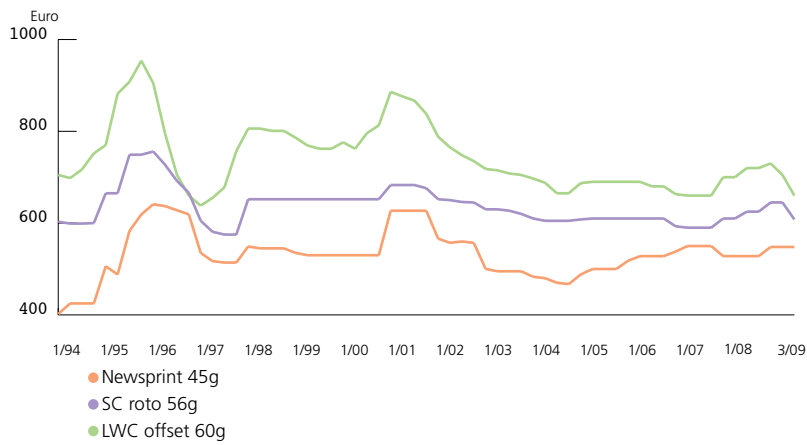
The group has entered into an agreement to sell the newsprint mill Norske Skog Hebei in China. The mill has an annual production capacity of 330 000 tonnes of newsprint. Hebei was included in the operating segment Newsprint, within the geographical region Asia.

Completion of the transaction is contingent upon approval from the Chinese authorities, and this is expected to be in place by the end of 2009. At the end of the third quarter 2009, the activities in Hebei are classified in accordance with *IFRS 5 Non-current assets held for sale and discontinued operations* as a disposal group. Assets and liabilities which are included in the sales transaction are measured at fair value

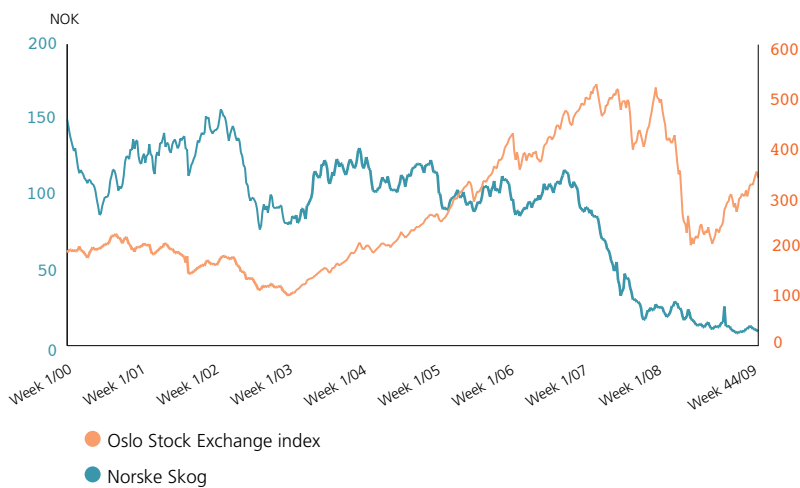
less costs to sell, in accordance with the aforementioned standard. This has resulted in an impairment of NOK 661 million in the third quarter.

Currency translation differences caused by the translation of the income statement and the balance sheet from Chinese Yuan (CNY) to Norwegian Kroner have been booked directly against the group's equity during Norske Skog's period of ownership, in accordance with IAS 21 The effects of changes in foreign exchange rates. The accumulated translation difference will be recognised in the income statement when the sales transaction is finalised.

PRICE DEVELOPMENT NEWSPRINT, SC, LWC - GERMANY



SHARE PRICE DEVELOPMENT 2000-2009

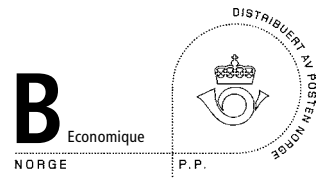


THE NORSKE SKOG SHARE

KEY FIGURES

JANUARY - SEPTEMBER 2009

Norske Skog	JANUARY - SEPTEMBER 2009				Earnings per share	Booked equity per share	AT 04.11.2009	
	02.01.09	30.09.09	High	Low			Share price	Market value NOK mill.
	14,45	11,39	17,60	7,93	-9,89	59,22	9,15	1 736



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