

07

**NORSKE SKOG
Q2 REPORT**

Future on Paper



Norske Skog

Norske Skog

Q207



Key Group figures - IFRS

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Operating revenues	NOK mill.	6 794	6 726	6 772	13 520	13 916
Gross operating earnings	NOK mill.	923	792	832	1 715	1 871
Gross operating margin	%	13,6	11,8	12,3	12,7	13,4
Net operating earnings (loss)	NOK mill.	236	57	(14)	293	158
Net operating margin	%	3,5	0,8	(0,2)	2,2	1,1
Pre-tax earnings (loss)	NOK mill.	173	(135)	(213)	38	-19
Net earnings (loss)	NOK mill.	135	(94)	(180)	41	33
Earnings per share	NOK	0,71	(0,50)	(0,95)	0,22	0,17
Cash flow	NOK mill.	266	607	574	873	825
Cash flow per share	NOK	1,40	3,21	3,01	4,61	4,36
Return on capital employed	%	4,5	4,6	(0,1)	4,5	0,8
Deliveries	1000 tonnes	1 478	1 427	1 520	2 905	3 001
Production	1000 tonnes	1 540	1 504	1 513	3 044	3 016

Operating profit before IFRS-related changes in value, provisions, write-downs and other special items:

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Gross operating earnings (EBITDA)	NOK mill.	1 129	1 175	1 081	2 304	2 115
Net operating earnings (EBIT)	NOK mill.	416	440	278	856	445



Report for the second quarter of 2007

- Gross operating earnings before special items: NOK 1 129 million (NOK 1 175 in the first quarter); net operating earnings before special items NOK 416 million (NOK 440 million in the first quarter)
- Continued cost increase on our in-put factors, in particular for recovered paper
- The improvement program has had a positive effect on the result of approx. NOK 350 million in the second quarter of 2007 measured against the base year 2005
- A new bond loan, denominated in euro, of NOK 4.1 billion has been successfully raised

Comments to the income statement

The second quarter 2007 result is somewhat weaker than the first quarter and remains unsatisfactory. This is due to demanding market conditions and increased cost for our in-put factors.

Special items included in the unadjusted operating result under IFRS in the second quarter of 2007 are a cost NOK 206 million, in its entirety consisting of changes in value in embedded derivatives in Norske Skog's long-term electricity contracts. There is a gain from embedded derivatives in the electricity agreements in Norway, while there is a negative accounting effect of NOK 290 million in the form of time value from options related to the long-term electricity contract Norske Skog has entered into in Brazil. The value changes have not been included in the result for the individual segments and have no cash effect. The calculation of the time value under the energy contract in Brazil is correct under

the accounting standard, but can result in unreasonable effects that are not linked to the underlying operations. For that reason Norske Skog will evaluate whether there are alternative ways under IFRS of recording this energy contract in the accounts.

There has moreover been a reversal of NOK 26 million relating to an earlier write down of the value of PM 7 at Norske Skog Union, in connection with this paper machine being moved to Brazil.

COMPARISON BETWEEN Q2 07 AND Q1 07

The main reasons for the weaker result are higher prices on recovered paper, contributing approximately NOK 100 million, as well as some cost increase for wood and a stronger Norwegian krone throughout the quarter. These effects are countered out by the fact that the improvement program contributed positively to the result by an

additional NOK 150 million more in the second quarter compared to the first quarter.

COMPARISON BETWEEN Q2 07 AND Q2 06

The comparable gross operating result is NOK 48 million higher than in the second quarter of 2006. Currency changes have only had a marginal effect on the change in the result in this period. There has been price increases on wood and recovered paper, while other costs are significantly lower. This as a result of the restructuring of the mill portfolio, the rebuild in Australasia last year and the comprehensive improvement program.

As of the fourth quarter of 2006, Norske Skog changed its estimates for the remaining economic life of the production facilities. This has resulted in depreciation being NOK 90 million lower in the second quarter of 2007 than in the second quarter of 2006.

Financial items

The currency gain of NOK 189 million during the quarter is related to the strengthened Norwegian krone against most other currencies. This amount includes realised and unrealised gains from cash flow hedging of NOK 132 million, while the rest includes, among other things, currency gains on debt in other currencies than what has been subject to hedge accounting.

NET PROFIT

The net profit after tax and minority interests was NOK 135 million in the second quarter of 2007 against a loss of NOK 94 million in the first quarter of 2007. The improvement is to a large extent due to the currency gains in the second quarter, as well as lower negative change in value in embedded derivatives in electricity contracts.

Financial items (NOK mill.)

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Net interest paid	NOK mill.	(261)	(258)	(244)	(519)	(498)
Interest hedging	NOK mill.	19	2	11	21	41
Gain/loss currency	NOK mill.	189	83	43	271	129
Other financial items	NOK mill.	(27)	(31)	(19)	(58)	(42)
Total financial items	NOK mill.	(80)	(205)	(209)	(285)	(370)

Cash flow

The cash flow from operations (after financial costs paid and taxes paid) was NOK 266 million in the second quarter of 2007. The working capital has increased also in the second quarter.

The year to date cash flow in 2007 is NOK 873 million, an increase of NOK 48 million compared with the same period in 2006.

Balance sheet

Total assets were NOK 47 billion as of 30 June 2007, an increase of NOK 1.8 billion from 1 January and NOK 2.5 billion from 31 March 2007. The increase is due to raising EUR 500 million (approx. NOK 4.1 billion) from a new bond loan at the end of June and most of the amount is shown as bank deposits and short-term placements at the end of the quarter. Increased assets as a result of this are offset by the depreciation being higher than capitalised investments, as well as by the fact that the Norwegian currency continued to gain strength through the quarter, hence reducing the book value of facilities outside of Norway.

As of 30 June 2007, net interest-bearing debt was NOK 17.5 billion, an increase of NOK 140 million from 1 January. Seen in isolation, the net interest-bearing debt

increased by NOK 850 million in the second quarter, and the gearing (net interest-bearing debt/equity) had increased to 1.04 as of 30 June 2007. The increases are mainly due to the payment of dividend.

The new bond loan of EUR 500 million has a maturity of 10 years and a coupon rate of 7%. There was considerable interest from investors, and the loan was significantly oversubscribed. The loan will be quoted on the Irish Stock Exchange and will be used for refinancing debt. As a result of the raised loan, the average maturity of long-term debt has increased to 5.9 years as of 30 June 2007 compared to 5.3 years as of 31 March 2007. Available liquidity including unused lines of credit was NOK 9.5 billion as of 30 June 2007.

Capitalised investments were NOK 500 million in the second quarter of 2007, and NOK 700 million year to date. The Board of Directors of Norske Skog has decided to move one paper machine from Norske Skog Union in Norway to Norske Skog Pisa in Brazil. Completing this move depended on obtaining the necessary approvals from the Brazilian authorities, and such approval was granted in June. The Union paper machine will be dismantled this coming autumn and then shipped to Brazil. Construction work will also start this autumn, and the paper production is scheduled to start in the second quarter of 2009.

The demerger of non-operational properties not related to core operations took place on 23 June. The properties have now

been organised as separate limited companies and incorporated into a real estate group wholly owned by Norske Skogindustrier ASA. The Group's balance sheet and Norske Skog's shareholders will not be affected by the transaction.

Health and safety

The H 1 value (injuries with absence per million work hours) was 1.8 in the 12-month period 1 July 2006 – 30 June 2007. 3 of the mills had zero injuries with absence in the period. Norske Skog Boyer had gone three years without such injuries in June.

Shares

The foreign ownership was 67.6% as of 30 June 2007, approx. the same level as of 1 January 2007. A total of 157.5 million shares were traded in the first half of 2007, which gives a turnover rate of 1.65 on an annual basis.

Norske Skog's holding of 443,651 own shares were sold for legal reasons in connection with the demerger of the non-operational properties. When the transaction was completed, 600,000 own shares were bought back in late June.

In May, Norske Skog received confirmation that the shares in the company still qualify for the FTSE4Good-index, an index consisting of companies which conduct their operations according to global sustainability standards.

Plan to improve earnings

The plan aims for Norske Skog to achieve an increase the in gross operating result of NOK 3 billion by the end of 2008, measured against the base year 2005 and the market and cost conditions at the time. Even if the program is still at an early stage, the Board is of the opinion that the target amount is achievable. However, a negative cost development counter-acts the effects of the improvement program and this will likely lead to the net result improvement being significantly less than NOK 3 billion. Further structural measures will therefore be considered.

The program achieved a realised result improvement of NOK 400 million in 2006 the calculated effect in the first quarter of 2007 was NOK 200 million. During the second quarter NOK. 350 million has been achieved compared to the base year 2005. The effects in the second quarter equal NOK 1.4 billion on an annualised basis. The target improvement rate is NOK 750 million per quarter by the end of 2008 (NOK 3 billion on an annual basis). The effects resulting from the program mainly come from the restructuring of the mill and machine portfolio, demanning and productivity improvements. A major effort is also being made in the field of energy optimisation.

Operations and market

Norske Skog's total production and sales volumes in the second quarter of 2007 did not differ materially from the first quarter. As for the second quarter of 2007, seen in isolation, and also the first half of 2007, the deliveries are somewhat lower than in the corresponding periods last year, but the fact that five paper machines were shut down during last year must be taken into account. During this period, the market balance for newsprint in Europe has been affected by increased deliveries from Canada and less export out of the region.

EUROPE – NEWSPRINT

The second quarter result for the segment is slightly better than in the preceding quarter. Achieved average prices in the segment were marginally lower than in the preceding quarter, mainly due a stronger Norwegian krone. Cost increases on recovered paper have to a large extent offset the effects of the improvement program.

The demand for newsprint in Europe in the first half of 2007 was in line with the first half of 2006, and the price level is stable. However, total deliveries from the industry in western Europe are down 3.8% in the first half of 2007 compared to the same period in 2006. This is due to increased imports from Canada.

Key figures:

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Operating income	NOK mill.	2 257	2 190	2 195	4 447	4 467
Gross operating earnings	NOK mill.	456	446	390	902	811
Net operating earnings	NOK mill.	280	266	153	546	301
Gross operating margin	%	20,2	20,4	17,8	20,3	18,2
Deliveries	1000 tonnes	517	497	551	1 014	1 101
Production	1000 tonnes	537	536	520	1 073	1 076
Production/capacity	%	97	97	96	97	96

EUROPE – MAGAZINE PAPER

The result in the segment shows a marginal improvement compared to the preceding quarter, but remains very weak.

The development in magazine paper demand in Europe is good, with an increase of 2.9% in the first half of 2007 compared to the first half of 2006. The prices have mostly been stable in the second quarter, but at a very low level due to overcapacity. Somewhat improved market balance can be expected during the second half of 2007 due to announced shut-downs in both Europe and North America. However, there is still much uncertainty related to the possibility of price increases.

Key figures:

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Operating income	NOK mill.	1 556	1 624	1 471	3 180	3 145
Gross operating earnings	NOK mill.	148	149	176	297	430
Net operating earnings	NOK mill.	2	(10)	10	(8)	96
Gross operating margin	%	9,5	9,2	12,0	9,3	13,7
Deliveries	1000 tonnes	296	304	281	600	591
Production	1000 tonnes	322	308	307	630	631
Production/capacity	%	93	89	90	91	92

ASIA

Profits in the Asian segment in the second quarter of 2007 is negatively affected by somewhat lower average prices than in the preceding quarter, in addition to a cost increase for recovered paper in China. Compared to last year, the production volumes have mostly been maintained, in spite of shutting down two paper machines at Norske Skog Jeonju at the end of September 2006.

There is a positive demand development in most Asian markets except for Japan. Demand in China is 6% higher in the period January-May compared with last year, and the increase in Korea is 2%. The price level

AUSTRALASIA

The segment profit in the second quarter of 2007 remains at a satisfactory level. When comparing to last year's figures, the rebuild shut at Albury and the high energy costs in New Zealand must be taken into account. Total costs per tonnes are 10 per cent lower in the first half of 2007 than in the same period in 2006, mainly because PM 1 at Norske Skog Tasman was shut down in August last year. As of July 2007 the prices in Australia were reduced by 7%, with a basis in the price formula incorporated in the long-term contracts.

Production limitations at Norske Skog Albury due to the water situation can still not be excluded, even if there was some precipitation in June and July. Efforts are underway

SOUTH AMERICA

The segment result in South America improved somewhat from the first quarter due to higher volumes and because a minor provision related to wood deliveries in the first quarter.

The demand for newsprint in South America is marginally up so far in 2007 compared to the same period last year, when customers were building up significant stock levels. The customers' stock levels are now expected to be back to normal.

Lysaker, 2 August 2007

The Board of Directors of
Norske Skogindustrier ASA

Key figures:

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Operating income	NOK mill.	1 433	1 381	1 409	2 814	2 947
Gross operating earnings	NOK mill.	241	301	268	542	510
Net operating earnings	NOK mill.	82	137	83	219	133
Gross operating margin	%	16,8	21,8	19,0	19,3	17,3
Deliveries	1000 tonnes	392	364	395	756	759
Production	1000 tonnes	391	389	402	780	772
Production/capacity	%	97	97	90	97	86

measured in local currency is stable in China and Korea in the second quarter compared with the first quarter, while most other Asian markets have lower prices.

Key figures:

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Operating income	NOK mill.	985	969	973	1 954	1 860
Gross operating earnings	NOK mill.	278	277	167	555	233
Net operating earnings	NOK mill.	104	102	12	206	(93)
Gross operating margin	%	28,2	28,6	17,2	28,4	12,5
Deliveries	1000 tonnes	196	194	220	390	407
Production	1000 tonnes	213	198	210	411	391
Production/capacity	%	97	90	93	94	87

to reduce total water consumption at the mill. If a production stop should occur, the customers will be supplied from other Norske Skog mills around the world.

The newsprint demand was up 3% in first half year 2007 compared to first half year 2006.

Key figures:

		Q2/07	Q1/07	Q2/06	YTD 2007	YTD 2006
Operating income	NOK mill.	345	312	321	657	660
Gross operating earnings	NOK mill.	85	70	92	155	181
Net operating earnings	NOK mill.	46	26	48	72	90
Gross operating margin	%	24,6	22,4	28,7	23,6	27,4
Deliveries	1000 tonnes	77	68	73	147	143
Production	1000 tonnes	77	73	74	150	146
Production/capacity	%	99	94	95	96	94



FINANCIAL FIGURES Q2-2007

PROFIT AND LOSS ACCOUNT

NOK MILLION	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Operating revenue	6 794	6 772	13 520	13 916	28 812
Distribution costs	(585)	(603)	(1 177)	(1 251)	(2 521)
Cost of materials	(3 856)	(3 696)	(7 728)	(7 696)	(15 498)
Change in inventory	280	23	586	118	(102)
Employee benefit expenses	(841)	(922)	(1 760)	(1 934)	(3 800)
Other operating expenses	(663)	(493)	(1 137)	(1 038)	(2 187)
Restructuring expenses	-	(63)	-	(63)	(484)
Other gains and losses	(206)	(186)	(589)	(181)	(288)
Gross operating earnings	923	832	1 715	1 871	3 932
Depreciation and amortisation	(713)	(803)	(1 448)	(1 670)	(3 226)
Impairments	26	(43)	26	(43)	(3 233)
Operating earnings	236	(14)	293	158	(2 527)
Share of profit in associated companies	17	10	30	193	202
Financial items	(80)	(209)	(285)	(370)	(1 155)
Profit before tax	173	(213)	38	(19)	(3 480)
Income tax expense	(52)	22	(16)	34	463
Net profit	121	(191)	22	15	(3 017)
Attributable to minority interests	(14)	(11)	(19)	(18)	(208)
Attributable to equity holders of the company	135	(180)	41	33	(2 809)
Earnings per share	0.71	(0.95)	0.22	0.17	(14.84)

CASH FLOW STATEMENT

NOK MILLION	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Cash flow from operating activities					
Cash generated from operations	6 740	6 835	13 467	13 931	28 905
Cash used in operations	(6 095)	(5 936)	(11 991)	(12 511)	(24 608)
Cash from net financial items	(327)	(316)	(574)	(547)	(1 365)
Taxes paid	(52)	(9)	(29)	(48)	(169)
Net cash flow from operating activities	266	574	873	825	2 763
Cash flow from investing activities					
Investments in operational fixed assets	(499)	(468)	(698)	(801)	(1 722)
Sales of operational fixed assets	1	7	2	7	11
Net cash from sold shares in other companies	-	-	-	1 213	1 213
Net cash flow from investing activities	(498)	(461)	(696)	419	(498)
Cash flow from financing activities					
Net change in long-term liabilities	3 737	519	3 719	(485)	(3 977)
Net change in current liabilities	469	92	187	160	2 343
Dividend paid ¹	(1 049)	(956)	(1 049)	(956)	(1 046)
Net cash flow from financing activities	3 157	(345)	2 857	(1 281)	(2 680)
Translation difference	(17)	(11)	(19)	(7)	(1)
Total change in liquid assets	2 908	(243)	3 015	(44)	(416)

¹ The amounts include dividend paid to minority shareholders in PanAsia.

BALANCE SHEET

NOK MILLION	30-06-07	30-06-06	31-12-06
ASSETS			
Deferred tax asset	89	263	216
Other intangible assets	2 964	4 858	3 056
Property, plant and equipment	32 273	33 318	33 547
Investments in associated companies	340	295	333
Other non-current assets	35	622	425
Total non-current assets	35 701	39 356	37 577
Inventory	3 259	2 819	2 688
Receivables	3 994	4 087	3 999
Cash and cash equivalents	2 222	705	397
Other current assets	1 895	492	569
Total current assets	11 370	8 103	7 653
Total assets	47 071	47 459	45 230
Shareholders' equity and liabilities			
Paid-in equity	12 322	12 309	12 309
Retained earnings	4 397	7 763	5 791
Minority interests	426	630	450
Total equity	17 145	20 702	18 550
Pension obligations	511	449	530
Deferred tax	1 505	2 511	1 804
Interest-bearing non-current liabilities	17 961	17 681	14 712
Other non-current liabilities	1 882	786	1 756
Total non-current liabilities	21 859	21 427	18 802
Interest-bearing current liabilities	3 002	939	3 114
Trade and other receivables	3 642	3 666	3 833
Tax payable	167	103	123
Other current liabilities	1 256	622	808
Total current liabilities	8 067	5 330	7 878
Total liabilities	29 926	26 757	26 680
Total equity and liabilities	47 071	47 459	45 230

FINANCIAL KEY FIGURES

	DEFINITIONS:	JAN - JUN 07	JAN - JUN 06	2006
Net operating margin	1	2.2	1.1	(8.8)
Gross operating margin	2	12.7	13.4	13.6
Return on capital employed		4.5	0.8	3.7
Equity ratio %	3	36.4	43.6	41.0
Equity ratio excl. minority interests %	4	35.5	42.3	40.0
Net interest bearing debt	5,8	17 462	17 751	17 320
Net interest-bearing debt/equity	5,8	1.02	0.86	0.93
Net interest-bearing debt/equity excl. minority interests	5,8	1.04	0.88	0.96
Earnings per share after taxes	6	0.22	0.17	(14.84)
Cash flow per share after taxes	7	4.61	4.36	14.60

Definitions:

- 1 : Net operating margin = operating earnings / operating revenue
- 2 : Gross operating margin = gross operating earnings / operating revenue
- 3 : Equity ratio = shareholders' equity / total assets
- 4 : Equity ratio excl. minority interests = (shareholders' equity - minority interests) / total assets
- 5 : Net interest bearing debt = Interest bearing debt - cash and cash equivalents - current investments - interest rate swaps fair value hedge
- 6 : Earnings per share after taxes = net earnings / average number of shares
- 7 : Cash flow per share after taxes = net cash flow from operating activities / average number of shares
- 8 : Fair value hedge = a hedge of the exposure to changes in fair value of a recognised asset or liability that is attributable to a particular risk and could affect profit or loss.

REVENUE AND PROFIT BY SEGMENT

Operating revenue

NOK MILLION	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Europe					
Newsprint	2 257	2 195	4 447	4 467	9 072
Magazine paper	1 556	1 471	3 180	3 145	6 748
Total Europe	3 813	3 666	7 627	7 612	15 820
Asia					
Newsprint	1 433	1 409	2 814	2 947	6 096
Australasia					
Newsprint	985	973	1 954	1 860	3 897
South America					
Newsprint	345	321	657	660	1 399
Other items					
Other industry in Norway	-	1	2	108	110
Other revenues	432	534	826	966	1 943
Staff/eliminations	(214)	(132)	(360)	(237)	(453)
Total other items	218	403	468	837	1 600
Total group	6 794	6 772	13 520	13 916	28 812

Gross operating earnings

NOK MILLION	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Europe					
Newsprint	456	390	902	811	1 742
Magazine paper	148	176	297	430	933
Total Europe	604	566	1 199	1 241	2 675
Asia					
Newsprint	241	268	542	510	997
Australasia					
Newsprint	278	167	555	233	719
South America					
Newsprint	85	92	155	181	469
Other items					
Other industry in Norway	-	-	-	11	11
Staff/eliminations	(79)	(12)	(147)	(61)	(167)
Other gains and losses	(206)	(186)	(589)	(181)	(288)
Restructuring expenses	-	(63)	-	(63)	(484)
Total other items	(285)	(261)	(736)	(294)	(928)
Total group	923	832	1 715	1 871	3 932

Operating earnings

NOK MILLION	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Europe					
Newsprint	280	153	546	301	768
Magazine paper	2	10	(8)	96	282
Total Europe	282	163	538	397	1 050
Asia					
Newsprint	82	83	219	133	252
Australasia					
Newsprint	104	12	206	(93)	68
South America					
Newsprint	46	48	72	90	289
Other items					
Other industry in Norway	-	-	-	6	6
Staff/eliminations	(98)	(28)	(179)	(88)	(187)
Other gains and losses	(206)	(186)	(589)	(181)	(288)
Restructuring expenses	-	(63)	-	(63)	(484)
Impairments	26	(43)	26	(43)	(3 233)
Total other items	(278)	(320)	(742)	(369)	(4 186)
Total group	236	(14)	293	158	(2 527)

PRODUCTION AND DELIVERIES BY SEGMENT

Production

(1,000 TONS)	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Europe					
Newsprint	537	520	1 073	1 076	2 151
Magazine paper	322	307	630	631	1 279
Total Europe	859	827	1 703	1 707	3 430
Asia					
Newsprint	391	402	780	772	1 553
Australasia					
Newsprint	213	210	411	391	798
South America					
Newsprint	77	74	150	146	297
Total newsprint	1 218	1 206	2 414	2 385	4 799
Total magazine paper	322	307	630	631	1 279
Total publication paper	1 540	1 513	3 044	3 016	6 078

Deliveries

(1,000 TONS)	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Europe					
Newsprint	517	551	1 014	1 101	2 176
Magazine paper	296	281	600	591	1 247
Total Europe	813	832	1 614	1 692	3 423
Asia					
Newsprint	392	395	756	759	1 562
Australasia					
Newsprint	196	220	390	407	827
South America					
Newsprint	77	73	145	143	294
Total newsprint	1 182	1 239	2 305	2 410	4 859
Total magazine paper	296	281	600	591	1 247
Total publication paper	1 478	1 520	2 905	3 001	6 106

QUARTERLY COMPARISONS GROUP

NOK million	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05
Operating revenue	6 794	6 726	7 704	7 192	6 772	7 144	7 107	6 425	6 433
Restructuring expenses	-	-	(45)	(376)	(63)	-	(270)	-	-
Gross operating earnings	923	792	1 296	765	832	1 039	813	1 059	1 062
Depreciation and amortisation	(713)	(735)	(729)	(827)	(803)	(867)	(828)	(740)	(748)
Impairments	26	-	-	(3 190)	(43)	-	(179)	-	(58)
Operating earnings	236	57	567	(3 252)	(14)	172	(194)	319	256
Profit before tax	173	(135)	318	(3 779)	(213)	194	(1 127)	177	31
Attributable to equity holders of the company	135	(94)	245	(3 087)	(180)	213	(997)	193	(8)

QUARTERLY COMPARISON SEGMENTS

NOK million	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05
Operating revenue									
Europe	3 813	3 814	4 301	3 907	3 666	3 946	3 962	3 990	3 924
Asia	1 433	1 381	1 577	1 572	1 409	1 538	1 107	658	636
Australasia	985	969	1 048	989	973	887	1 019	1 028	1 056
South America	345	312	375	364	321	339	339	320	300
Other activities	432	396	504	475	535	539	780	505	597
Staff/eliminations	(214)	(146)	(101)	(115)	(132)	(105)	(100)	(76)	(80)
Total operating revenue	6 794	6 726	7 704	7 192	6 772	7 144	7 107	6 425	6 433
Gross operating earnings									
Europe	604	595	692	742	566	675	529	663	579
Asia	241	301	290	197	268	242	170	119	132
Australasia	278	277	246	240	167	66	164	215	196
South America	85	70	180	108	92	89	43	77	74
Other activities	-	-	-	-	-	11	25	12	12
Staff/eliminations	(79)	(68)	(81)	(40)	(12)	(49)	(56)	(15)	(23)
Other gains and losses	(206)	(383)	14	(106)	(186)	5	208	(12)	92
Restructuring expenses	-	-	(45)	(376)	(63)	-	(270)	-	-
Total gross operating earnings	923	792	1 296	765	832	1 039	813	1 059	1 062
Operating earnings									
Europe	282	256	324	329	163	234	130	241	148
Asia	82	137	110	9	83	50	23	43	56
Australasia	104	102	88	73	12	(105)	(39)	39	22
South America	46	26	131	68	48	42	(5)	29	26
Other activities	-	-	-	-	-	6	17	4	4
Staff/eliminations	(98)	(81)	(55)	(59)	(28)	(60)	(79)	(25)	(34)
Other gains and losses	(206)	(383)	14	(106)	(186)	5	208	(12)	92
Restructuring expenses	-	-	(45)	(376)	(63)	-	(270)	-	-
Impairments	26	-	-	(3 190)	(43)	-	(179)	-	(58)
Total operating earnings	236	57	567	(3 252)	(14)	172	(194)	319	256

CHANGE IN EQUITY

	SHARE CAPITAL	OTHER PAID-IN EQUITY	RETAINED EARNINGS	TOTAL
Total equity excluding minority interests 1 January 2007	12 309	785	5 006	18 100
Currency translation adjustments and other	13	-	(390)	(377)
Share issues	-	-	-	-
Dividend paid	-	-	(1 045)	(1 045)
Net profit for the period	-	-	41	41
Total equity excluding minority interests 30 June 2007	12 322	785	3 612	16 719

Accounting principles

The interim financial statements for the second quarter of 2007 are presented in accordance with IAS 34. The interim financial statements, including comparative figures, are based on today's IFRS standards and interpretations.

The accounting principles applied in these interim financial statements are the same as those applied in the financial statements at 31 December 2006 and for the year ending at that date.

Accounting estimates, judgements and assumptions

The group prepares estimates and makes judgements and assumptions about the

future. Accounting estimates derived from these will by definition seldom accord fully with the final outcome.

Estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognised in the period in which the estimates are revised. If the change in estimates also has an effect on future periods, these effects are recognised in the period in which the estimates are revised and in the future periods in which the changes in estimates have an effect.

The same judgements and assumptions have been made when applying accounting policies and preparing estimates in preparing these interim financial statements as when preparing the financial statements at 31 December 2006 and for the year ending at that date.

GROSS AND NET OPERATING EARNINGS

These tables show gross and net operating earnings under IFRS, adjusted for impairments, changes in the value of power contracts, and restructuring costs (- equals gain, + equals loss).

NOK MILLION	APR - JUN 07	APR - JUN 06	JAN - JUN 07	JAN - JUN 06	2006
Gross operating earnings, IFRS	923	792	832	1 715	1 871
Reversals:					
Other gains and losses	+206	+383	+186	+589	+181
Restructuring expenses	-	-	+63	-	+63
Gross op earnings, adjusted	1 129	1 175	1 081	2 304	2 115
Gross op margin, adjusted %	16.6	17.5	16.0	17.0	15.2
Net operating earnings, IFRS	236	57	-14	293	158
Reversals:					
Other gains and losses	+206	+383	+186	+589	+181
Restructuring expenses	-	-	+63	-	+63
Impairments	-26	-	+43	-26	+43
Net op earnings, adjusted	416	440	278	856	445
Net op margins, adjusted %	6.1	6.5	4.1	6.3	3.2

SPECIAL ITEMS

The table below shows special items which have influenced net earnings over the past five quarters.

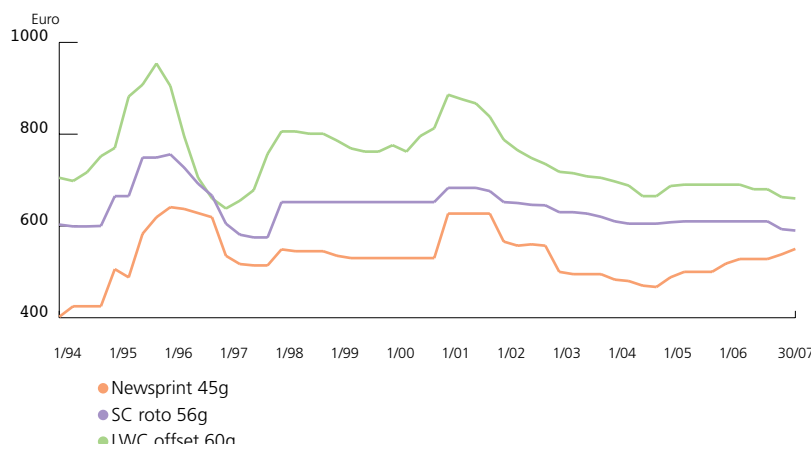
NOK MILLION	2/07	1/07	4/06	3/06	2/06
Restructuring provision (op earnings)	-	-	(45)	(376)	(63)
Accrual for bad debt (op earnings)	-	-	-	(75)	-
Impairments (op earnings)	26	-	-	(3 190)	(43)
Translation effects on accounts receivable and payable (op earnings)	(7)	(12)	(36)	30	(33)
Change in market value of interest rate derivatives (financial items)	19	2	14	(17)	11
Currency hedging gain/(loss) (financial items)	132	81	30	(232)	47

THE NORSKE SKOG SHARE

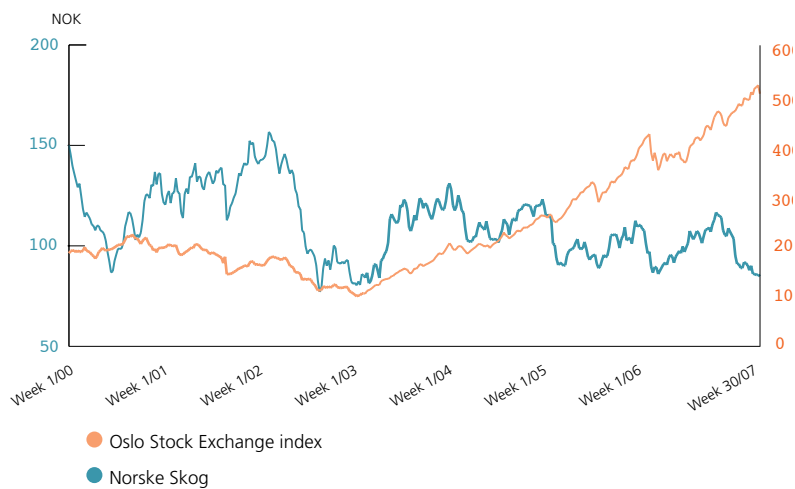
KEY FIGURES

Norske Skog A	JANUARY - JUNE 2007				Earnings per share	Booked equity per share	AT 01.08.2007	
	02-01-07	30-06-07	High	Low			Share price	Market value NOK mill.
	109,25	85,20	118,50	85,20	0,22	88,31	81,30	15 443

PRICE DEVELOPMENT NEWSPRINT, SC, LWC - GERMANY



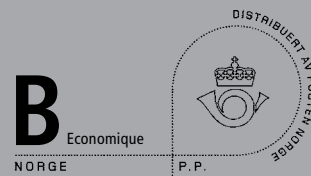
SHARE PRICE DEVELOPMENT 2000-2007



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