

07

**NORSKE SKOG
Q3 REPORT**

Future on Paper



Norske Skog

Norske Skog

Q307



Key figures (IFRS) - unaudited

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Operating revenue	Mill. NOK	6 641	6 794	7 192	20 161	21 108
Gross operating profit	Mill. NOK	919	923	840	2 635	2 636
Gross operating margin	%	13.8	13.6	11.7	13.1	12.5
Net operating profit/loss	Mill. NOK	208	236	(3 252)	501	(3 094)
Net operating margin	%	3.1	3.5	(45.2)	2.5	(14.7)
Pre(tax profit/loss	Mill. NOK	280	173	(3 779)	318	(3 798)
Net profit/loss	Mill. NOK	221	135	(3 087)	262	(3 054)
Profit/loss per share	NOK	1.20	0.71	(15.98)	1.38	(15.81)
Cash flow	Mill. NOK	772	266	1 265	1 645	2 090
Cash flow per share	NOK	4.07	1.40	6.68	8.68	11.04
Return on capital employed	%	2.3	2.5	(34.2)	1.8	(10.1)
Deliveries	1000 tonnes	1 523	1 478	1 516	4 427	4 517
Production	1000 tonnes	1 529	1 540	1 542	4 573	4 558

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

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Gross operating profit (EBITDA)	Mill. NOK	850	1 129	1 322	3 155	3 437
Net operating profit (EBIT)	Mill. NOK	139	416	495	995	940



Report for the third quarter of 2007

- Gross operating profit before special items NOK 850 million (NOK 1 129 million in Q2); net operating profit before special items NOK 139 million (NOK 416 million in Q2). The weakened profit is a result of a considerably stronger Norwegian currency, lower prices in several markets and continued price increases for recovered paper.
- The improvement program has had an effect on the result of about NOK 400 million in Q3 2007, which is NOK 1.6 billion annualised.
- Gains from currency hedging amount to NOK 370 million in Q3.
- The cash flow from operations is NOK 772 million in Q3, compared to NOK 266 in Q2.
- Production curtailments of 200,000 tonnes have been decided for 2008, and a process has been initiated for considering permanent capacity measures.

Comments to the income statement

The Q3 operating result is weak, as a result of paper prices in some markets, the price on recovered paper and currency exchange rates all having developed negatively, as far as Norske Skog is concerned, through the quarter. As for the currency exchange rate effects, the short-term negative effect on the operating result is offset by large gains from currency hedging.

Special items included in the unadjusted operating result under IFRS in Q3 2007 are an income of NOK 69 million, which is almost exclusively related to Norske Skog's long-term energy contracts. The amount has not been included in the result for the individual segments, and does not have any cash effect.

COMPARISON OF Q3 2007 AGAINST Q2 2007

The Gross operating result is about NOK 280 million lower. This is due to lower prices measured in local currencies of about NOK 100 million, cost increases net of the effects of the improvement program of about NOK 80 million and currency effects of about NOK 100 million. Total deliveries are 3 per cent higher compared to the preceding quarter, whereas production is somewhat lower, mainly due to production curtailments in the Europe newsprint segment.

COMPARISON OF Q3 2007 AGAINST Q3 2006

In this time perspective, the gross operating profit has been reduced by about NOK 470 million, of which the currency effects alone are about NOK 200 million. Lower prices measured in local currency are about NOK 70 million and cost increases, net of the improvement program effects, are about NOK 200 million. There are no material differences in volumes.

The depreciation in Q3 2007 is NOK 115 million lower than in the corresponding quarter in 2006, mainly due to the fact that the useful life evaluation was changed as from Q4 2006. There is also a certain positive conversion difference in the depreciations.

Financial items

Net interest paid was approximately unchanged compared with Q2, but total financial items are positive in Q3 2007 due to large currency gains.

Norske Skog's strategy for hedging currency risk is to hedge between 50 and 100 per cent of the cash flow in foreign currencies on a rolling 12-month basis. Assets in foreign currency are hedged through the currency distribution of debts being adapt-

ed to the distribution of assets, but the share of the debt in USD is higher in order to have a certain degree of hedging against the indirect currency exposure. In Q3, the hedging of the cash flow has resulted in a gain of NOK 180 million, of which about NOK 60 million is realised cash effect, while other currency items, including conversion of currency debts have resulted in a gain of NOK 190 million beyond what is included in the hedge accounting.

Financial items (NOK mill.)

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Net interest paid	Mill. NOK	(262)	(261)	(261)	(781)	(760)
Interest hedging	Mill. NOK	(15)	19	(17)	6	24
Currency gains/losses	Mill. NOK	370	189	(243)	641	(114)
Other financial items	Mill. NOK	(27)	(27)	(15)	(85)	(56)
Total financial items	Mill. NOK	66	(80)	(536)	(219)	(906)

Cash flow

Cash flow from operations, after financial costs paid and taxes paid, was NOK 772 million in Q3 2007. This is an increase of about NOK 500 million compared with Q2, and it reflects that the reduction in working capital and positive cash effects from currency hedging has offset the weaker operating profit.

Cash flow year-to-date 2007 is NOK 1 645 million against NOK 2 090 million in the same period in 2006. The main reasons are a weaker operating profit and a higher increase in working capital in 2007. Some production curtailments were taken in Q3, and this will continue in Q4.

Balance sheet

Total assets as of 30 September 2007 were NOK 44.2 billion, which is a reduction of NOK 1 billion from the turn of the year and NOK 2.9 billion from 30 June 2007. The reductions are mainly related to the stronger Norwegian krone, which reduced the value of assets outside of Norway, and the fact that capitalised investments are lower than ordinary depreciation.

Net interest-bearing debt was reduced by NOK 1.3 billion through Q3 and was NOK 16.2 billion as of 30 September 2007. The reduction was to some degree related to a stronger Norwegian krone. Gearing (net interest-bearing debt/equity) was 0.98 at the end of the quarter, against 1.04 as of 30 June 2007.

During Q3, short-term placements have been reduced by about NOK 1.5 billion as parts of the loans raised in June 2007 have been used to pay debts. Loans due in Q4 2007 are about NOK 500 million and consist almost exclusively of loans which can be rolled into 2008. There are no major debt repayments before 2010 and 2011. Available liquidity, including available unused lines of credit, was NOK 7.7 billion at the end of Q3.

Capitalised investments were NOK 449 million in Q3 2007 and NOK 1 147 million year-to-date.

Health and safety

The H value (injuries with absence per million working hours) was 1.6 in the 12-month period 1 October 2006 – 30 September 2007. Five mills had zero injuries in this period.

Shares

Foreign ownership as of 30 September 2007 was 68 per cent, almost unchanged from 30 June 2007 and 31 December 2006. In the period January – September, 241.4 million shares were traded, which gives a turnover rate of 1.69 annualised.

Result improvement strategy

The improvement program initiated in the second half of last year contributed NOK 400 million to the Q3 2007 result compared with the basis year 2005. This equals NOK 1.6 billion annualised. The original objective of an improvement of NOK 3 billion by the end of 2008 remains set. However, the effect on the result is to a large degree offset by strong increase in the price of raw materials, unfavourable currency development and the fact that overcapacity gives a too low price level compared with the cost level.

The board is increasingly worried by the development in the newsprint and magazine paper market. It is hard to achieve satisfactory return on capital employed in the longer perspective without the industry adapting to a situation where demand is falling in North America and parts of Europe, combined with a continued high cost level. This will require a higher degree of consolidation in the paper industry.

It is most important to ensure that the production is adapted to the demand, and Norske Skog will therefore reduce newsprint production in Europe by 70,000 tonnes in the second half of 2007 and by a further 200,000 tonnes in 2008. In addition, the board has decided to initiate a high priority analysis of all mills and paper machines in the group in order to consider efficiency gains, conversions or permanent closures. A decision concerning such measures will be taken in the first half of 2008.

Operations and market

Norske Skog's total production volume in Q3 2007 was marginally lower than in Q2. Deliveries increased by 45,000 tonnes, mainly due to a positive volume development for magazine paper. So far in 2007, the deliveries are 90,000 tonnes lower than in the corresponding period last year, while production is almost unchanged in spite of the closure of five paper machines during 2006. Norske Skog's lower sales volumes, as well as a positive productivity development, mean that significant newsprint stocks have been built in Europe. Production curtailments are therefore necessary towards the end of the year.

Global demand for newsprint is estimated to be about 1 per cent lower in the period January – August 2007. The sharp decline in North America is to a large extent off-set by a continued strong increase in China and other Asian countries.

EUROPE – NEWSPRINT

The Q3 result for the segment is significantly lower than in the preceding quarter. The prices, measured in NOK, are lower due to currency exchange rates and a slightly larger export share out of the region.

The recovered paper prices, measured in local currencies, have continued to rise, but are virtually unchanged measured in NOK. A production curtailment of about 30,000 tonnes has been implemented in Q3 (measured against full capacity), and the production curtailments in Q4 will be somewhat higher than this to reach normal stock levels.

The demand for newsprint in Europe in the period January – September 2007 was 1 per cent lower than in the corresponding period last year, and the price level was stable. Imports from Canada are still higher than last year, and as a result, the total deliveries from the industry in Western Europe were 3 per cent lower in the period January – September 2007 compared with the same period in 2006.

EUROPE – MAGAZINE PAPER

The segment result remains very weak. The sales volumes and operating revenue increased in Q3 when measured in NOK, but the average price in local currency is lower due to a larger share of export tonnage.

The demand development for magazine paper in Europe is good, with an increase of 3.9 per cent in the period January - September 2007 compared with the corresponding period in 2006. The prices in Q3 were mostly stable, measured in local currency. Closures in Europe and North America will affect the market balance positively in the coming quarters, especially for coated magazine paper.

Key figures:

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Operating revenue	Mill. NOK	2 156	2 257	2 159	6 603	6 626
Gross operating profit	Mill. NOK	364	456	465	1 266	1 276
Net operating profit	Mill. NOK	194	280	223	740	524
Gross operating margin	%	16,9	20,2	21,5	19,2	19,3
Deliveries	1000 tonnes	510	517	508	1 524	1 609
Production	1000 tonnes	525	537	538	1 598	1 614
Production/capacity	%	95	97	99	97	97

Key figures:

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Operating revenue	Mill. NOK	1 767	1 556	1 748	4 947	4 893
Gross operating profit	Mill. NOK	138	148	277	435	707
Net operating profit/loss	Mill. NOK	(10)	2	106	(18)	202
Gross operating margin	%	7,8	9,5	15,8	8,8	14,4
Deliveries	1000 tonnes	352	296	318	952	909
Production	1000 tonnes	330	322	320	960	951
Production/capacity	%	95	93	93	92	93

ASIA

The Q3 2007 result in the Asian segment is significantly weaker than in the preceding quarter. The main reasons are lower prices in several markets except China and South Korea, and a marked increase in recovered paper prices.

The demand development in most major Asian markets except Japan is good, and demand in China grew by about 8 per cent in the period January-August 2007, compared with 2006. The price level measured in local currency is stable in South Korea, and a minor price increase has been implemented in China, while most other Asian markets have lower prices.

AUSTRALASIA

The weaker result in Q3 2007 compared with the preceding quarter is mainly due to the price reduction of 7 per cent under the long-term price agreements in Australia. The result so far this year is significantly better than in the same period last year. This is mostly due to the implemented restructuring of the machine portfolio in the region, and to some degree the high energy costs in New Zealand last year. Production limitations can still not be ruled out at Norske Skog Albury due to the water situation.

The demand for newsprint in the region was 4 per cent higher in the period January-August 2007 compared with the same period in 2006.

SOUTH AMERICA

The weaker result in the South American segment is mainly due to about 5 per cent lower prices, measured in local currency.

The demand for newsprint in South America is marginally up from last year, when customers built up considerable stock.

Demand in Brazil is almost unchanged so far in 2007 compared with 2006, but due to customers reducing stock, underlying consumption is estimated to have increased more than 10 per cent.

Lysaker, 1 November 2007

The Board of Directors of
Norske Skogindustrier ASA

Key figures:

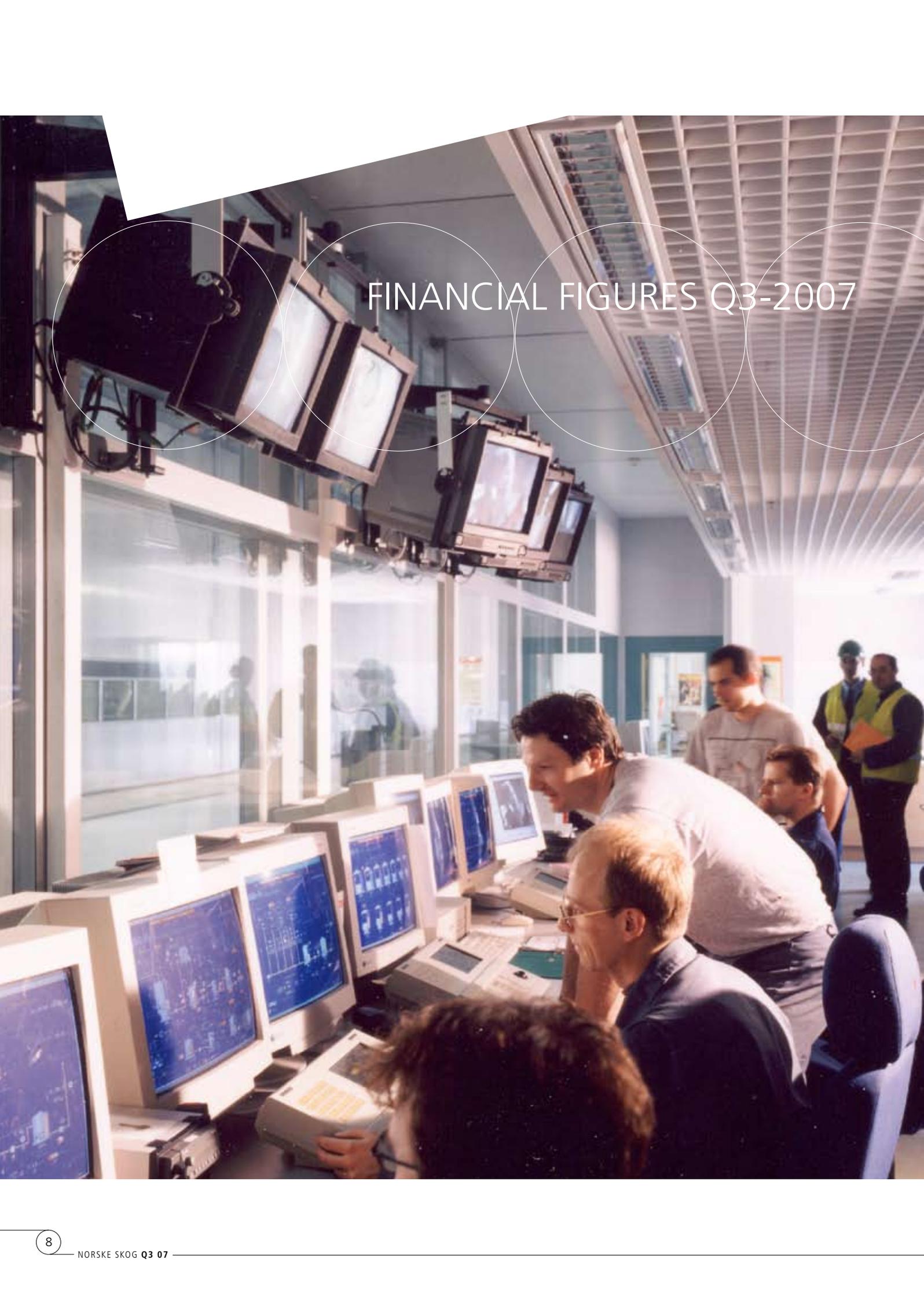
		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Operating revenue	Mill. NOK	1 329	1 433	1 572	4 143	4 519
Gross operating profit	Mill. NOK	143	241	272	685	782
Net operating profit/loss	Mill. NOK	(26)	82	84	192	217
Gross operating margin	%	10,8	16,8	17,3	16,5	17,3
Deliveries	1000 tonnes	381	392	406	1 137	1 165
Production	1000 tonnes	385	391	405	1 165	1 177
Production/capacity	%	96	97	91	96	88

Key figures:

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Operating revenue	Mill. NOK	940	985	989	2 893	2 849
Gross operating profit	Mill. NOK	211	278	240	766	473
Net operating profit/loss	Mill. NOK	29	104	73	235	(20)
Gross operating margin	%	22,4	28,2	24,3	26,5	16,6
Deliveries	1000 tonnes	200	196	209	590	616
Production	1000 tonnes	211	213	204	622	595
Production/capacity	%	96	97	91	97	88

Key figures:

		Q3/07	Q2/07	Q3/06	Ytd 2007	Ytd 2006
Operating revenue	Mill. NOK	316	345	364	973	1 024
Gross operating profit	Mill. NOK	47	85	108	202	289
Net operating profit	Mill. NOK	18	46	68	90	158
Gross operating margin	%	14,9	24,6	29,7	20,8	28,2
Deliveries	1000 tonnes	80	77	75	227	218
Production	1000 tonnes	78	77	75	228	221
Production/capacity	%	100	99	97	97	95



FINANCIAL FIGURES Q3-2007

PROFIT AND LOSS ACCOUNT

NOK MILLION	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Operating revenue	6 641	7 192	20 161	21 108	28 812
Distribution costs	(631)	(640)	(1 808)	(1 891)	(2 521)
Cost of materials	(3 778)	(3 871)	(11 505)	(11 567)	(15 498)
Change in inventory	31	57	617	175	(102)
Employee benefit expenses	(875)	(756)	(2 634)	(2 922)	(3 800)
Other operating expenses	(537)	(483)	(1 675)	(1 541)	(2 187)
Restructuring expenses	0	(376)	0	(439)	(484)
Other gains and losses	69	(283)	(521)	(287)	(288)
Gross operating earnings	919	840	2 635	2 636	3 932
Depreciation and amortisation	(712)	(827)	(2 160)	(2 497)	(3 226)
Impairments	0	(3 265)	26	(3 233)	(3 233)
Operating earnings	208	(3 252)	501	(3 094)	(2 527)
Share of profit in associated companies	6	9	36	202	202
Financial items	66	(536)	(219)	(906)	(1 155)
Profit before tax	280	(3 779)	318	(3 798)	(3 480)
Income tax expense	(75)	538	(91)	572	463
Net profit	205	(3 241)	227	(3 226)	(3 017)
Attributable to minority interests	(16)	(154)	(35)	(172)	(208)
Attributable to equity holders of the company	221	(3 087)	262	(3 054)	(2 809)
Earnings per share	1,20	(15,98)	1,38	(16,14)	(14,84)

CASH FLOW STATEMENT

NOK MILLION	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Cash flow from operating activities					
Cash generated from operations	6 834	7 322	20 301	21 253	28 905
Cash used in operations	(5 798)	(5 767)	(17 789)	(18 278)	(24 608)
Cash from net financial items	(120)	(225)	(694)	(772)	(1 365)
Taxes paid	(144)	(65)	(173)	(113)	(169)
Net cash flow from operating activities	772	1 265	1 645	2 090	2 763
Cash flow from investing activities					
Investments in operational fixed assets	(449)	(332)	(1 147)	(1 133)	(1 722)
Sales of operational fixed assets	4	2	6	9	11
Net cash from sold shares in other companies	-	-	87	1 213	1 213
Net cash flow from investing activities	(445)	(330)	(1 054)	89	(498)
Cash flow from financing activities					
Net change in long-term liabilities	(417)	(727)	3 302	(1 212)	(3 977)
Net change in current liabilities	(1 449)	(267)	(1 262)	(107)	2 343
Dividend paid ¹	-	(90)	(1 049)	(1 046)	(1 046)
Net cash flow from financing activities	(1 866)	(1 084)	991	(2 365)	(2 680)
Translation difference	(15)	12	(34)	5	(1)
Total change in liquid assets	(1 554)	(137)	1 548	(181)	(416)

¹ The amounts include dividend paid to minority shareholders in the group.

BALANCE SHEET

NOK MILLION	30-09-07	30-09-06	31-12-06
ASSETS			
Deferred tax asset	99	453	216
Other intangible assets	2 945	3 025	3 056
Property, plant and equipment	30 621	32 938	33 547
Investments in associated companies	219	326	333
Other non-current assets	416	575	425
Total non-current assets	34 300	37 317	37 577
Inventory	3 130	2 937	2 688
Receivables	3 765	3 995	3 999
Cash and cash equivalents	1 966	669	397
Other current assets	1 053	350	569
Total current assets	9 914	7 951	7 653
Total assets	44 214	45 268	45 230
Shareholders' equity and liabilities			
Paid-in equity	12 310	12 309	12 309
Retained earnings	4 168	5 198	5 791
Minority interests	386	506	450
Total equity	16 864	18 013	18 550
Pension obligations	503	476	530
Deferred tax	1 492	2 099	1 804
Interest-bearing non-current liabilities	17 111	17 658	14 712
Other non-current liabilities	1 931	884	1 756
Total non-current liabilities	21 037	21 117	18 802
Interest-bearing current liabilities	1 201	879	3 114
Trade and other receivables	3 573	4 167	3 833
Tax payable	186	100	123
Other current liabilities	1 353	992	808
Total current liabilities	6 313	6 138	7 878
Total liabilities	27 350	27 255	26 680
Total equity and liabilities	44 214	45 268	45 230

FINANCIAL KEY FIGURES

	DEFINITIONS:	JAN - SEP 07	JAN - SEP 06	2006
Net operating margin	1	2,5	(14,7)	(8,8)
Gross operating margin	2	13,1	12,5	13,6
Return on capital employed		1,8	(10,1)	(6,2)
Equity ratio %	3	38,1	39,8	41,0
Equity ratio excl. minority interests %	4	37,3	38,7	40,0
Net interest bearing debt	5,8	16 231	17 784	17 320
Net interest-bearing debt/equity	5,8	0,96	0,99	0,93
Net interest-bearing debt/equity excl. minority interests	5,8	0,98	1,02	0,96
Earnings per share after taxes	6	1,20	(16,14)	(14,84)
Cash flow per share after taxes	7	8,68	11,04	14,6

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	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Europe					
Newsprint	2 156	2 159	6 603	6 626	9 072
Magazine paper	1 767	1 748	4 947	4 893	6 748
Total Europe	3 923	3 907	11 550	11 519	15 820
Asia					
Newsprint	1 329	1 572	4 143	4 519	6 096
Australasia					
Newsprint	940	989	2 893	2 849	3 897
South America					
Newsprint	316	364	973	1 024	1 399
Other items					
Other industry in Norway	4	0	4	108	110
Other revenues	365	475	1 191	1 441	1 943
Staff/eliminations	(236)	(115)	(593)	(352)	(453)
Total other items	133	360	602	1 197	1 600
Total group	6 641	7 192	20 161	21 108	28 812

Gross operating earnings

NOK MILLION	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Europe					
Newsprint	364	465	1 266	1 276	1 742
Magazine paper	138	277	435	707	933
Total Europe	502	742	1 701	1 983	2 675
Asia					
Newsprint	143	272	685	782	997
Australasia					
Newsprint	211	240	766	473	719
South America					
Newsprint	47	108	202	289	469
Other items					
Other industry in Norway	4	0	4	11	11
Staff/eliminations	(57)	(40)	(202)	(101)	(167)
Other gains and losses	69	(106)	(521)	(362)	(288)
Restructuring expenses	0	(376)	0	(439)	(484)
Total other items	16	(522)	(719)	(891)	(928)
Total group	919	840	2 635	2 636	3 932

Operating earnings

NOK MILLION	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Europe					
Newsprint	194	223	740	524	768
Magazine paper	(10)	106	(18)	202	282
Total Europe	184	329	722	726	1 050
Asia					
Newsprint	(26)	84	192	217	252
Australasia					
Newsprint	29	73	235	(20)	68
South America					
Newsprint	18	68	90	158	289
Other items					
Other industry in Norway	4	0	4	6	6
Staff/eliminations	(70)	(59)	(247)	(147)	(187)
Other gains and losses	69	(106)	(521)	(287)	(288)
Restructuring expenses	0	(376)	0	(439)	(484)
Impairments	0	(3 265)	26	(3 308)	(3 233)
Total other items	3	(3 806)	(738)	(4 175)	(4 186)
Total group	208	(3 252)	501	(3 094)	(2 527)

PRODUCTION AND DELIVERIES BY SEGMENT

Production

(1,000 TONS)	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Europe					
Newsprint	525	538	1 598	1 614	2 151
Magazine paper	330	320	960	951	1 279
Total Europe	855	858	2 558	2 565	3 430
Asia					
Newsprint	385	405	1 165	1 177	1 553
Australasia					
Newsprint	211	204	621	595	798
South America					
Newsprint	78	75	228	221	297
Total newsprint	1 199	1 222	3 612	3 607	4 799
Total magazine paper	330	320	960	951	1 279
Total publication paper	1 529	1 542	4 572	4 558	6 078

Deliveries

(1,000 TONS)	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Europe					
Newsprint	510	508	1 524	1 609	2 176
Magazine paper	352	318	952	909	1 247
Total Europe	862	826	2 476	2 518	3 423
Asia					
Newsprint	381	406	1 137	1 165	1 562
Australasia					
Newsprint	200	209	590	616	827
South America					
Newsprint	80	75	224	218	294
Total newsprint	1 171	1 198	3 475	3 608	4 859
Total magazine paper	352	318	952	909	1 247
Total publication paper	1 523	1 516	4 427	4 517	6 106

QUARTERLY COMPARISONS GROUP

NOK million	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05
Operating revenue	6 641	6 794	6 726	7 704	7 192	6 772	7 144	7 107	6 425
Restructuring expenses	0	-	-	(45)	(376)	(63)	0	(270)	-
Gross operating earnings	919	923	792	1 296	840	832	1 039	813	1 059
Depreciation and amortisation	(712)	(713)	(735)	(729)	(827)	(803)	(867)	(828)	(740)
Impairments	0	26	-	-	(3 265)	(43)	-	(179)	-
Operating earnings	208	236	57	567	(3 252)	(14)	172	(194)	319
Profit before tax	280	173	(135)	318	(3 779)	(213)	194	(1 127)	177
Attributable to equity holders of the company	221	135	(94)	245	(3 087)	(180)	213	(997)	193

QUARTERLY COMPARISON SEGMENTS

NOK million	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05
Operating revenue									
Europe	3 923	3 813	3 814	4 301	3 907	3 666	3 946	3 962	3 990
Asia	1 329	1 433	1 381	1 577	1 572	1 409	1 538	1 107	658
Australasia	940	985	969	1 048	989	973	887	1 019	1 028
South America	316	345	312	375	364	321	339	339	320
Other activities	369	432	396	504	475	535	539	780	505
Staff/eliminations	(236)	(214)	(146)	(101)	(115)	(132)	(105)	(100)	(76)
Total operating revenue	6 641	6 794	6 726	7 704	7 192	6 772	7 144	7 107	6 425
Gross operating earnings									
Europe	502	604	595	692	742	566	675	529	663
Asia	143	241	301	290	272	268	242	170	119
Australasia	211	278	277	246	240	167	66	164	215
South America	47	85	70	180	108	92	89	43	77
Other activities	4	-	-	-	-	-	11	25	12
Staff/eliminations	(57)	(79)	(68)	(81)	(40)	(12)	(49)	(56)	(15)
Other gains and losses	69	(206)	(383)	14	(106)	(186)	5	208	(12)
Restructuring expenses	0	-	-	(45)	(376)	(63)	-	(270)	-
Total gross operating earnings	919	923	792	1 296	840	832	1 039	813	1 059
Operating earnings									
Europe	184	282	256	324	329	163	234	130	241
Asia	(26)	82	137	110	84	83	50	23	43
Australasia	29	104	102	88	73	12	(105)	(39)	39
South America	18	46	26	131	68	48	42	(5)	29
Other activities	4	-	-	-	-	-	6	17	4
Staff/eliminations	(70)	(98)	(81)	(55)	(59)	(28)	(60)	(79)	(25)
Other gains and losses	69	(206)	(383)	14	(106)	(186)	5	208	(12)
Restructuring expenses	0	-	-	(45)	(376)	(63)	0	(270)	-
Impairments	0	26	-	-	(3 265)	(43)	-	(179)	-
Total operating earnings	208	236	57	567	(3 252)	(14)	172	(194)	319

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	1	(840)	0	(839)
Share issues	-	-	-	-
Dividend paid	-	-	(1 045)	(1 045)
Net profit for the period	-	-	262	262
Total equity excluding minority interests 30 June 2007	12 310	(55)	4 223	16 478

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	JUL - SEP 07	JUL - SEP 06	JAN - SEP 07	JAN - SEP 06	2006
Gross operating earnings, IFRS	919	923	840	2 635	2 636
Reversals:					
Other gains and losses	-68	+206	+106	+589	+287
Restructuring expenses	0	0	+376	0	+439
Gross op earnings, adjusted	851	1 129	1 322	2 304	3 362
Gross op margin, adjusted %	12,8	16,6	18,4	11,4	15,9
Net operating earnings, IFRS	208	236	-3 252	501	-2 527
Reversals:					
Other gains and losses	-68	+206	+106	+589	+213
Restructuring expenses	0	0	+376	0	+439
Impairments	0	-26	+3265	-26	+3308
Net op earnings, adjusted	140	416	495	856	1 433
Net op margins, adjusted %	2,1	6,1	6,9	4,2	6,8

SPECIAL ITEMS

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

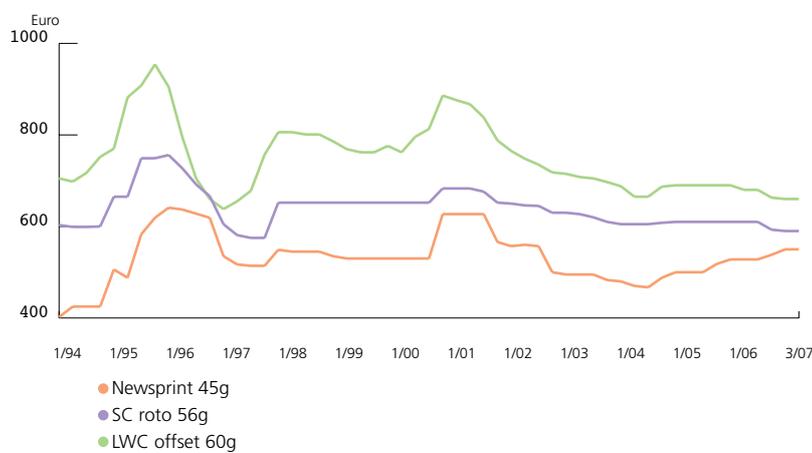
NOK MILLION	3Q07	2Q07	1Q07	4Q06	3Q06
Restructuring provision (op earnings)	0	-	-	(45)	(376)
Accrual for bad debt (op earnings)	0	-	-	-	(75)
Impairments (op earnings)	0	26	-	-	(3 190)
Translation effects on accounts receivable and payable (op earnings)	(57)	(7)	(12)	(36)	30
Change in market value of interest rate derivatives (financial items)	(15)	19	2	14	(17)
Currency hedging gain/(loss) (financial items)	180	132	81	30	(232)

THE NORSKE SKOG SHARE

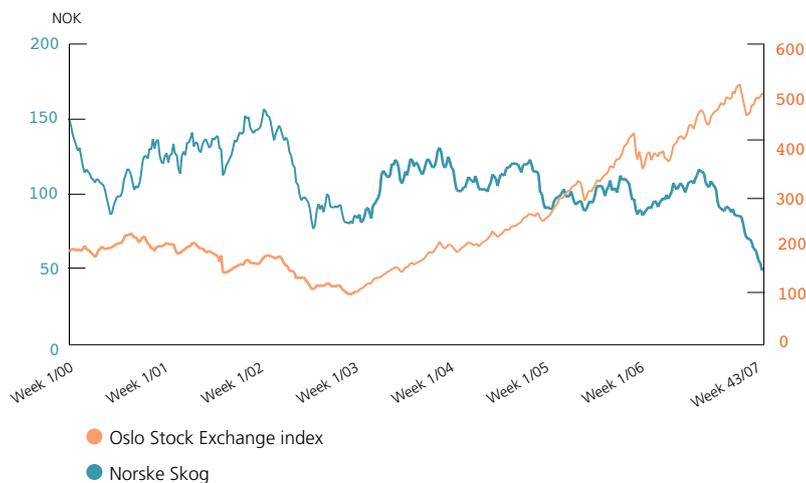
KEY FIGURES

Norske Skog A	JANUARY - SEPTEMBER 2007				Earnings per share	Booked equity per share	AT 29.10.2007	
	02-01-07	30-09-07	High	Low			Share price	Market value NOK mill.
	109,25	57,70	118,50	57,70	1,38	86,75	57,40	10 903

PRICE DEVELOPMENT NEWSPRINT, SC, LWC - GERMANY



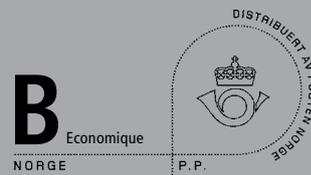
SHARE PRICE DEVELOPMENT 2000-2007



Return:

Norske Skogindustrier ASA

Oksenøyveien 80
P O Box 329, NO-1326 Lysaker, Norway
Phone: +47 67 59 90 00
Fax: +47 67 59 91 81



www.norskeskog.com

Layout & print:
Vestfjorden Grafisk AS

