

07

**NORSKE SKOG
Q4 REPORT**

Future on Paper



Norske Skog

Norske Skog

Q407



Key figures (IFRS) - unaudited

		Q4/07	Q3/07	Q4/06	2007	2006
Operating revenue	Mill. NOK	6 956	6 641	7 704	27 118	28 812
Gross operating earnings *	Mill. NOK	775	851	1 328	3 938	4 702
Operating earnings *	Mill. NOK	56	139	599	1 060	1 476
Gross operating margin *	%	11.1 %	12.8 %	17.2 %	14.5 %	16.3 %
Net operating margin *	%	0.8 %	2.1 %	7.8 %	3.9 %	5.1 %
Return on capital employed	%	0.7 %	1.5 %	6.2 %	3.0 %	3.6 %
Profit before tax	Mill. NOK	(82)	280	318	235	(3 480)
Net profit	Mill. NOK	(910)	205	209	(683)	(3 017)
Earnings per share	NOK	(4.65)	1.20	1.30	(3.26)	(14.84)
Cash flow from operating activities	Mill. NOK	521	772	673	2 166	2 763
Cash flow per share	NOK	2.75	4.07	3.56	11.43	14.60
Net interest bearing debt	Mill. NOK	16 408	16 231	17 320	16 408	17 320
Net interest bearing debt / Equity	Ratio	1.05	0.96	0.93	1.05	0.93
Production volume	1 000 tonnes	1 476	1 529	1 520	6 049	6 078
Deliveries	1 000 tonnes	1 599	1 523	1 589	6 027	6 106

* The numbers are exclusive of items that are deemed not to be related to the underlying operation. The numbers are reconciled to the IFRS accounts in the tables below.

		Q4/07	Q3/07	Q4/06	2007	2006
Gross operating earnings before special items	Mill. NOK	775	851	1 328	3 938	4 702
Value changes energy contracts	Mill. NOK	4 489	236	55	4 729	135
Value changes derivatives	Mill. NOK	439	(158)	(72)	(370)	(541)
Value changes other assets	Mill. NOK	27	0	0	27	0
Realised profit/loss commodity contracts	Mill. NOK	31	(11)	36	71	144
Special, non-recurring items	Mill. NOK	0	2	(6)	0	(24)
Restructuring expenses	Mill. NOK	0	0	(45)	0	(484)
Gross operating earnings IFRS	Mill. NOK	5 761	920	1 296	8 395	3 932
Operating earnings before special items	Mill. NOK	56	139	599	1 060	1 476
Value changes energy contracts	Mill. NOK	4 489	236	55	4 729	135
Value changes derivatives	Mill. NOK	439	(158)	(72)	(370)	(541)
Value changes other assets	Mill. NOK	27	0	0	27	0
Realised profit/loss commodity contracts	Mill. NOK	31	(11)	36	71	144
Special, non-recurring items	Mill. NOK	0	2	(6)	0	(24)
Restructuring expenses	Mill. NOK	0	0	(45)	0	(484)
Impairments	Mill. NOK	(4 866)	0	0	(4 840)	(3 233)
Operating earnings IFRS	Mill. NOK	176	208	567	677	(2 527)



Report for the fourth quarter of 2007

- The fourth quarter of 2007: Gross operating profit before special items NOK 775 million (NOK 851 million in the third quarter); operating profit after depreciation NOK 56 million (NOK 139 million in the third quarter). The lower profit is mainly due to production curtailments in Europe and a stronger Norwegian krone.
- Full year 2007: Gross operating profit before special items NOK 3,938 million (NOK 4,702 million in 2006); operating profit after depreciation NOK 1,060 million (NOK 1,476 million in 2006). The lower profit is due to cost increases on input factors, lower prices in most main markets and adverse currency developments.
- The administration has proposed to shut down three paper machines in Europe and Asia with a total newsprint capacity of 450,000 tonnes. Expected reduction in fixed cost is approximately NOK 250 million.
- A comprehensive reorganisation and de-manning will be carried out at the head office functions, and expected annual saving is at least NOK 150 million.
- The board proposes that no dividend be disbursed for the year 2007

Details on special items in the operating result

Based on the expected long-term development in the newsprint demand, the fact that the politically determined energy contracts in Norway expire in 2010 and the assumptions for the long-term development of the US dollar exchange rate, a comprehensive assessment of asset values and other matters was carried out in November/December 2007. The final accounting effects are that tangible fixed assets were written down by about NOK 2 billion and goodwill by about NOK 2.8 billion in the fourth quarter of 2007. The value of energy contracts in Norway has been included in the balance sheet with a value of slightly less than NOK 4.5 billion after deducting economic rent taxation. This amount has been included in the gross and net operating result under IFRS, but not in the underlying result. This manner of recognising energy contracts follows from the accounting rules as long as parts of the volume is not for own use. A corresponding

valuation will take place in each quarter in the coming years, and this may have significant accounting effects. Amortization of the amount will take place during the period 2008 – 2020 and will be included in the group's gross operating result under IFRS, but this will not influence the underlying result neither for segments nor for the group.

In the fourth quarter of 2007 NOK 439 million was recognised as income as a result of change in value of embedded derivatives etc., mainly in connection with energy contracts in Norway and Brazil. Most of the amount concerns energy contracts in Brazil and is connected with changes in expected long-term exchange rate developments between BRL and USD. In addition, NOK 31 million has been recognised as income from realised gains from raw material contracts. In the tables above, parts of amounts which were previously referred to as change in value of embedded derivatives

have been reclassified as change in value of energy contracts or realised gains on raw material contracts.

In addition, NOK 27 million has been recognised as income from change in value of forest properties in Brazil in the fourth quarter of 2007. The amount is not included in the reported result for the South America segment.

As of 2008, the operating result before special items will be replaced by the terms "underlying gross operating result" and "underlying net operating result". The main difference from the term used so far is that realised currency gains/losses from cash flow hedging are included in the underlying gross and net operating result. The amounts will remain under financial items in the IFRS income statement. Another change is that part of the depreciations which is included in the changes in inventory, is kept separate when reporting the underlying gross operating result.

Comments to the accounts - Group

THE RESULT IN THE FOURTH QUARTER OF 2007 COMPARED WITH THE THIRD QUARTER OF 2006

The fourth quarter gross and net operating result before special items is somewhat weaker than in the previous quarter, as expected. The main reasons for this are production curtailments to reduce inventories and a significantly stronger Norwegian krone than in the previous quarter.

As mentioned above, the net result in the fourth quarter is strongly influenced by several one-off items and other matters not related to the operations. None of these accounting items have any cash effect.

THE 2007 RESULT COMPARED WITH 2006

Gross operating profit before special items is NOK 764 million lower. With the exception of Australasia, where rebuilding work took place in 2006, all segments show results that are weaker than in the preceding year, in some cases significantly weaker. The main reasons for this are cost increases, currency effects and lower prices in most markets except newsprint in Europe.

When comparing the 2007 net result

with the corresponding figure for 2006, the one-off items mentioned above must be taken into account, as well as the fact that provisions of NOK 484 million were made for redundancies and fixed assets and goodwill were written down by NOK 3.3 billion in 2006.

Financial items

The interest costs in the fourth quarter of 2007 were almost unchanged compared with the previous quarter. There was a small currency gain in the fourth quarter, while there was a large gain in the third quarter. For 2007 as a whole, the currency gains were NOK 668 million, and a large proportion of these were unrealised. In a normal year, the financial items will be significantly higher than in 2007.

Tax costs

The tax costs were NOK 828 million in the fourth quarter of 2007 and NOK 918 million for 2007 as a whole. The tax cost is influenced by about NOK 700 million in total from the recognition of energy contracts in Norway as income and write-down of fixed assets. In addition, an amount of NOK 240 million is included, which is the final settlement of a matter stemming from a subsidiary of what was then Fletcher Challenge and which was acquired in 2000. In this matter, an agreement was reached between Norske Skog and Canadian tax authorities in November 2007. Norske Skog has previously stated that the matter could result in a claim of up to NOK 4.5 billion, as referred to in Note 10 of the 2006 group accounts.

Financial items (NOK mill.)

		Q4/07	Q3/07	Q4/06	2007	2006
Net interest costs	NOK mill.	(289)	(291)	(254)	(1 098)	(982)
Interest hedging	NOK mill.	38	13	14	72	7
Gain/loss currency	NOK mill.	28	370	98	668	(17)
Other financial items	NOK mill.	(36)	(26)	(107)	(121)	(163)
Total financial items	NOK mill.	(259)	66	(249)	(479)	(1 155)

Cash flow

The cash flow from operations, exclusive of financial costs paid and taxes paid, was NOK 521 million in the fourth quarter of 2007 and NOK 2,166 million for the entire year. The low cash flow in the fourth quarter is mainly a result of the payment in connection with the mentioned Canadian tax matter, and the fact that the financial items paid are somewhat higher than the financial items in the income statement. Before financial items and tax, the cash flow in the fourth quarter was approximately NOK 150 million higher than in the third quarter, reflecting a positive development in the working capital during the quarter.

Balance sheet

Total assets were NOK 43.3 billion as of 31 December 2007, a reduction of NOK 2.0 billion from the previous year-end. Tangible fixed assets and goodwill were reduced by NOK 8.4 billion in total as a result of currency effects, write-downs and the fact that capitalised investments were lower than the depreciations. Other assets have increased by NOK 6.3 billion due to relatively large short-term investments and as a result of the value of Norwegian energy contracts being included in the balance sheet with slightly more than NOK 4.5 billion.

Net interest-bearing debt was NOK 16.4 billion as of 31 December 2007, a reduction of NOK 0.9 billion through the year. The reduction is due to currency effects. At the end of the year, Norske Skog had a liquidity reserve including undrawn credit facilities of NOK 7.8 billion. The average term of interest-bearing debt was 5.9 years. Loans which fall due in 2008 amount to NOK 1.1 billion. In November 2007, Norske Skog's debt was downgraded by the rating agency Moody's, to Ba2 from previously Ba1, and in January 2008, the rating agency Standard & Poor's downgraded Norske Skog's debt to BB from BB+.

Gearing (net interest-bearing debt/equity) was 1.05 as of 31 December 2007 compared with 0.93 at the previous year-end.

Capitalised investments in 2007 amounted to NOK 1.7 billion, unchanged from 2006. The largest individual item is the Pisa PM2 project, which amounts to NOK 380

million. Other major projects are the final part of a quality improvement project at Norske Skog Saugbrugs, and the moving of the TMP plant from the shut-down mill Norske Skog Union to Norske Skog Follum.

Dividend

Due to Norske Skog's weak result for 2007 and the company's financial position, the board's recommendation to the general meeting is that no dividend should be disbursed for the accounting year 2007.

Profit improvement and debt reduction strategy

Increased costs and overcapacity have reduced Norske Skog's profitability to an unsatisfactory level. In addition, the group's debt is high in relation to cash flow. In the opinion of the board, Norske Skog must focus on cost reduction, debt reduction and improved utilisation of the company's overall production capacity. Work is also underway on long-term structural solutions for parts of the activities.

PROFIT IMPROVEMENT PROGRAM

The comprehensive program initiated in the autumn of 2006 has generated a profit improvement of about NOK 500 million in the fourth quarter, compared with the base year 2005. Annualised, this equals NOK 2 billion, and the goal of achieving improvements of NOK 3 billion by the end of 2008 remains firm. The net effect on the result of this have so far been offset by price increases on input factors, the currency situation and an unsatisfactory price level due to overcapacity. Norske Skog has therefore implemented additional measures, primarily a decision to introduce a production curtailment of 200,000 tonnes of newsprint in Europe in 2008.

IMPROVED CAPACITY UTILISATION

At the beginning of December, the board decided to accelerate the process of assessing the individual mills and paper machines. The purpose is to identify which paper machines that can be permanently shut down or possibly converted to produce other

paper grades. The assessments are mainly based on long-term market development and on cost conditions, including marginal analyses.

Norske Skog's administration has arrived at the following proposal which will be discussed in the board meeting on 4 March and finally be decided upon in the corporate assembly on 12 March:

- PM2 at Norske Skog Follum is to be shut down indefinitely. The machine has a capacity of 130,000 tonnes.
- Norske Skog Steti in the Czech Republic, with a capacity of 130,000 tonnes, is shut down permanently. As this concerns a paper machine in a large industrial complex, the sale of the machine with conversion to other grades will be considered.
- Norske Skog Cheongwon in Korea, with a capacity of 190,000 tonnes, will be shut down indefinitely.

The proposal calls for the shut-down of facilities with a total newsprint production capacity of 450,000 tonnes. All shut-downs are expected to be carried out during 2008. The administration will continue the process and involve affected parties in accordance with local laws and regulations.

The estimated annual savings in fixed costs are about NOK 250 million, which will take full effect in 2009.

Reorganisation and staff reduction at the head office

A significant potential for cost savings at the head office has been identified, amounting to at least NOK 150 million and taking full effect in 2009. The group management team will be reduced to seven members, from presently nine, and a significant staff reduction is being planned.

ACCOUNTING EFFECTS OF SHUT-DOWNS AND HEAD OFFICE STAFF REDUCTIONS

The proposal to shut down three paper machines involves write-downs of fixed assets totalling about NOK 1.1 billion. Due to shut-downs and staff reductions, a total of 420 employees will become redundant. Based on preliminary calculations, provisions for severance pay, etc. will be about

NOK 220 million. The write-downs and provisions will be recognised in the accounts in the first half of 2008, contingent upon the corporate assembly's approval.

The total cost reduction will be about NOK 400 million, taking full effect from 2009.

SALE OF ASSETS

An agreement has been entered into for the sale of a port property in New Zealand which the company no longer needs. The sale will be recognised in the accounts in the first quarter of 2008 and generate a gain of about NOK 60 million, and a cash payment of about NOK 100 million.

The process of selling the company's properties which are not production-related, including the company's main office at Oxenøen, outside of Oslo, is underway.

Long-term sale and purchasing agreements

In November 2007, Norske Skog entered into a multi-year delivery agreement for newsprint to British media group News International Ltd. Most of the volume will be delivered from Norske Skog Skogn, and amounts to a significant part of the mill's production capacity.

In December 2007, five-year framework agreements were entered into with the Norwegian forest owner co-ops for the delivery of pulpwood. The agreements are subject to approvals by the governing bodies in the affected parties.

New biofuel activities

In cooperation with the Norwegian forest owner federations, a decision has been made to establish a joint venture for development and production of biofuel based on wood. The company will be established with a share capital of NOK 30 million and 60 per cent of the company will be owned by Norske Skog. A prototype facility for biodiesel will be built in conjunction with Norske Skog Follum. The company's objective is to establish 1 – 2 full-scale biodiesel production facilities.

US class action lawsuit dropped

In June 2004, Norske Skog and a subsidiary in the US were named in a class action lawsuit filed by several plaintiffs before a US federal court. The case concerned behaviour allegedly hindering competition in connection with publication paper. In December 2007, the lawsuit was dropped voluntarily, without Norske Skog making any commitment or pledge.

Health and safety

The H value (injuries with absence per million working hours) was 1.7 in the 12-month period from 1 January 2007 to 31 December 2007. Seven of the mills had zero injuries in 2007.

Shares

A significant net sale of shares from abroad to Norway took place in the fourth quarter of 2007, reducing the foreign share ownership from 67 per cent as of 30 September 2007 to 49 per cent at year-end. The traded volumes increased successively through 2007, and a total of 645 million Norske Skog shares were traded in 2007. This gives a turnover rate of 3.4.

In December 2007, the company Unionen AS flagged an ownership interest of 5.9 per cent, and demanded an extraordinary general meeting in Norske Skog to elect new members to the corporate assembly and the election committee. The general meeting was held on 10 January 2008 and it decided that no replacements would take place until the ordinary general meeting.

In December, the US asset management firm Third Avenue reported that they owned more than 5 per cent of the shares in Norske Skog, but in January 2008 the company had reduced their ownership to less than 5 per cent again.



Operations and market

As in previous years, 2007 saw a seasonal upturn in demand in the autumn. Norske Skog's overall deliveries in the fourth quarter was 5 per cent higher than in the third quarter of 2007, and marginally higher than in the fourth quarter of 2006. For 2007 as a whole, the deliveries were somewhat lower than in 2006.

The world's demand for newsprint during the period January – November 2007 is estimated to be 0.5 per cent lower than in the corresponding period in 2006. The reduction in North America of around 10 % is mostly offset by continued strong growth in Asia. In spite of mostly unchanged newsprint demand globally, the market balance for newsprint has deteriorated through 2007 due to new capacity in China. As regards magazine paper, there was a substantial increase in demand in 2007.

Norske Skog's production in the fourth quarter of 2007 was 3.5 per cent lower than in the third quarter, primarily due to production curtailments in the Europe Newsprint segment to reduce stocks. For 2007 as a whole, there was only a marginal reduction in production volume in spite of shut-down of capacity during 2006.

EUROPE – NEWSPRINT

The result in the fourth quarter of 2007 was lower than in the third quarter, as expected. This was mainly due to substantially lower production. Compared with full capacity, the reduction was about 50,000 tonnes. The weaker result for the entire year is partly due to lower volumes, but also due to a stronger Norwegian currency and cost increases.

The demand for newsprint (including improved qualities) in Europe was marginally lower in 2007 than in 2006. Growth in Italy, Spain and in most Eastern European countries was good, while demand fell some-what in the UK and Germany. The price level, measured in local currencies, was stable.

For the year as a whole, imports from Canada grew substantially compared with 2006, so that the total volume was at about the same level as in 2005. Due to an increased Canadian market share, the total deliveries from the European newsprint industry were reduced by 2 per cent compared with 2006.

EUROPE – MAGAZINE PAPER

The segment's result was very weak, both for the fourth quarter of 2007 and for the year as a whole. During the quarter, there were substantially higher energy costs at one of the mills and for market pulp, as well as high maintenance costs at Norske Skog Saugbrugs.

Measured in volume, there was a good increase in demand for magazine paper in 2007, with an increase in Europe of between 4 and 5 per cent for both SC (un-coated) and CMR (coated) paper. Demand in North America also increased. The price level remained very low due to structural excess capacity. Towards the end of 2007, significant price hikes were implemented in North America, and the market balance has been significantly improved when entering 2008, due to shut-downs.

Key figures:

		Q4/07	Q3/07	Q4/06	2007	2006
Operating income	NOK mill.	2 351	2 156	2 446	8 954	9 058
Gross operating profit	NOK mill.	334	364	466	1 600	1 742
Operating profit	NOK mill.	146	194	244	886	768
Gross operating margin	%	14.2	16.9	19.1	17.9	19.2
Deliveries	1000 tonnes	562	510	567	2 086	2 176
Production	1000 tonnes	494	525	537	2 092	2 151
Production/capacity	%	88	95	99	94	97

Key figures:

		Q4/07	Q3/07	Q4/06	2007	2006
Operating income	NOK mill.	1 715	1 767	1 855	6 662	6 762
Gross operating profit	NOK mill.	83	138	226	518	933
Operating profit/loss	NOK mill.	(54)	(10)	80	(72)	282
Gross operating margin	%	4.8	7.8	12.2	7.8	13.8
Deliveries	1000 tonnes	339	352	338	1 291	1 247
Production	1000 tonnes	324	330	328	1 284	1 279
Production/capacity	%	93	95	96	93	93

ASIA

The segment had an unsatisfactory result in the fourth quarter of 2007, although there was a minor increase compared with the previous quarter. It is mainly higher recovered paper costs and a low price level for newsprint in several Asian markets which form the underlying causes of the weak result.

The good volume development continued in the fourth quarter, and newsprint demand in Asia as a whole increased by 3 per cent during the period January – November 2007, compared with the corresponding period in 2006. In China, there is an estimated increase of 8-9 per cent, in India 6 per cent and in the mature South Korean market 3 per cent. The price level has mostly remained stable in the fourth quarter, but a price increase is expected in several Asian markets in 2008.

AUSTRALASIA

The Australasia result in the fourth quarter of 2007 was marginally up compared with the previous quarter. Taking into consideration lower prices from 1 July 2007, the result and margin are satisfactory and reflect significantly lower costs after the restructuring of the mill portfolio in the region in 2006.

The newsprint demand in the region was about 2 per cent higher in 2007 than in 2006.

SOUTH AMERICA

The result shows a small improvement from the previous quarter due to a favourable cost development.

For the period January – November 2007 the demand in South America increased by about 8 per cent compared with the corresponding period in 2006. The increase mainly took place towards the end of the period and is a result of reduced customer stocks. Thus, the increase in demand comes more into line with the reported increase in underlying consumption, which was above 10 per cent in Brazil.

Lysaker, 6 February 2008

The Board of Norske Skogindustrier ASA

Key figures:

		Q4/07	Q3/07	Q4/06	2007	2006
Operating income	NOK mill.	1 367	1 329	1 577	5 511	6 096
Gross operating profit	NOK mill.	155	143	290	841	997
Operating profit/loss	NOK mill.	(14)	(26)	110	178	252
Gross operating margin	%	11.3	10.8	18.4	15.3	17.6
Deliveries	1000 tonnes	407	381	397	1 544	1 562
Production	1000 tonnes	374	385	376	1 540	1 553
Production/capacity	%	93	96	84	96	87

Key figures:

		Q4/07	Q3/07	Q4/06	2007	2006
Operating income	NOK mill.	971	940	1 048	3 865	3 897
Gross operating profit	NOK mill.	228	211	246	994	719
Operating profit	NOK mill.	34	29	88	268	68
Gross operating margin	%	23.5	22.4	23.5	25.7	18.5
Deliveries	1000 tonnes	215	200	211	806	827
Production	1000 tonnes	209	211	203	830	798
Production/capacity	%	96	96	90	95	89

Key figures:

		Q4/07	Q3/07	Q4/06	2007	2006
Operating income	NOK mill.	309	316	375	1 281	1 399
Gross operating profit	NOK mill.	65	47	180	267	469
Operating profit	NOK mill.	28	18	131	115	289
Gross operating margin	%	21.0	14.9	48.0	20.8	33.5
Deliveries	1000 tonnes	76	80	76	300	294
Production	1000 tonnes	75	78	76	303	297
Production/capacity	%	94	100	98	97	96

PROFIT AND LOSS ACCOUNT

NOK MILLION	Q4/07	Q3/07	Q4/06	2007	2006
Operating revenue	6 956	6 641	7 704	27 118	28 812
Distribution costs	(592)	(631)	(630)	(2 400)	(2 521)
Cost of materials	(3 709)	(3 778)	(3 931)	(15 214)	(15 498)
Change in inventory	(473)	31	(277)	144	(102)
Employee benefit expenses	(860)	(875)	(878)	(3 495)	(3 800)
Other operating expenses	(544)	(537)	(646)	(2 221)	(2 187)
Restructuring expenses	0	0	(45)	0	(484)
Other gains and losses	4 983	69	(1)	4 463	(288)
Gross operating earnings	5 761	920	1 296	8 395	3 932
Depreciation and amortisation	(719)	(712)	(729)	(2 878)	(3 226)
Impairments	(4 866)	0	0	(4 840)	(3 233)
Operating earnings	176	208	567	677	(2 527)
Share of profit in associated companies	1	6	0	37	202
Financial items	(259)	66	(249)	(479)	(1 155)
Profit before tax	(82)	280	318	235	(3 480)
Income tax expense	(828)	(75)	(109)	(918)	463
Net profit	(910)	205	209	(683)	(3 017)
Attributable to minority interests	(30)	(16)	(36)	(65)	(208)
Attributable to equity holders of the company	(880)	221	245	(618)	(2 809)
Earnings per share	(4.65)	1.20	1.30	(3.26)	(14.84)

CASH FLOW STATEMENT

NOK MILLION	Q4/07	Q3/07	Q4/06	2007	2006
Cash flow from operating activities					
Cash generated from operations	6 937	6 834	7 652	27 238	28 905
Cash used in operations	(5 758)	(5 798)	(6 330)	(23 547)	(24 608)
Cash from net financial items	(317)	(120)	(593)	(1 011)	(1 365)
Taxes paid	(341)	(144)	(56)	(514)	(169)
Net cash flow from operating activities	521	772	673	2 166	2 763
Cash flow from investing activities					
Investments in operational fixed assets	(599)	(449)	(589)	(1 746)	(1 722)
Sales of operational fixed assets	9	4	2	15	11
Net cash from sold shares in other companies	0	0	0	87	1 213
Net cash flow from investing activities	(590)	(445)	(587)	(1 644)	(498)
Cash flow from financing activities					
Net change in non-current liabilities	5	(417)	(2 765)	3 307	(3 977)
Net change in current liabilities	(93)	(1 449)	2 450	(1 355)	2 343
Purchase / sale treasury shares	0	0	0	5	0
Dividend received	0	0	0	0	0
Dividend paid ¹⁾	0	0	0	(1 049)	(1 046)
Net cash flow from financing activities	(88)	(1 866)	(315)	908	(2 680)
Translation difference	5	(15)	(6)	(29)	(1)
Total change in liquid assets	(152)	(1 554)	(235)	1 401	(416)

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

BALANCE SHEET

NOK MILLION	31-12-07	30-09-07	31-12-06
ASSETS			
Deferred tax asset	11	99	216
Other intangible assets	132	2 945	3 056
Property, plant and equipment	28 401	30 621	33 547
Investments in associated companies	234	219	333
Other non-current assets	529	416	425
Total non-current assets	29 307	34 300	37 577
Inventory	2 731	3 130	2 688
Receivables	3 811	3 765	3 999
Cash and cash equivalents	1 792	1 966	397
Other current assets	5 619	1 053	569
Total current assets	13 953	9 914	7 653
Total assets	43 260	44 214	45 230
Shareholders' equity and liabilities			
Paid-in equity	12 310	12 310	12 309
Retained earnings	3 282	4 168	5 791
Minority interests	365	386	450
Total equity	15 957	16 864	18 550
Pension obligations	519	503	530
Deferred tax	2 033	1 492	1 804
Interest-bearing non-current liabilities	17 294	17 111	14 712
Other non-current liabilities	1 687	1 931	1 756
Total non-current liabilities	21 533	21 037	18 802
Interest-bearing current liabilities	1 141	1 201	3 114
Trade and other receivables	3 702	3 573	3 833
Tax payable	73	186	123
Other current liabilities	854	1 353	808
Total current liabilities	5 770	6 313	7 878
Total liabilities	27 303	27 350	26 680
Total equity and liabilities	43 260	44 214	45 230

REVENUE AND PROFIT BY SEGMENT

Operating revenue

NOK MILLION	Q4/07	Q3/07	Q4/06	2007	2006
Europe					
Newsprint	2 351	2 156	2 446	8 954	9 058
Magazine paper	1 715	1 767	1 855	6 662	6 762
Total Europe	4 066	3 923	4 301	15 616	15 820
Asia					
Newsprint	1 367	1 329	1 577	5 511	6 096
Australasia					
Newsprint	971	940	1 048	3 865	3 897
South America					
Newsprint	309	316	375	1 281	1 399
Other items					
Other industry in Norway	7	4	2	11	109
Other revenues	493	365	487	1 684	2 223
Staff/eliminations	(257)	(236)	(86)	(823)	(732)
Total other items	243	133	403	872	1 600
Total group	6 956	6 641	7 704	27 145	28 812

Gross operating earnings

NOK MILLION	Q4/07	Q3/07	Q4/06	2007	2006
Europe					
Newsprint	334	364	466	1 600	1 742
Magazine paper	83	138	226	518	933
Total Europe	417	502	692	2 118	2 675
Asia					
Newsprint	155	143	290	841	997
Australasia					
Newsprint	228	211	246	994	719
South America					
Newsprint	65	47	180	267	469
Other items					
Other industry in Norway	(4)	4	0	0	11
Staff/eliminations	(83)	(57)	(81)	(288)	(167)
Other gains and losses	4 983	69	14	4 463	(288)
Restructuring expenses	0	0	(45)	0	(484)
Total other items	4 896	16	(112)	4 175	(928)
Total group	5 761	919	1 296	8 395	3 932

Operating earnings

NOK MILLION	Q4/07	Q3/07	Q4/06	2007	2006
Europe					
Newsprint	146	194	244	886	768
Magazine paper	(54)	(10)	80	(72)	282
Total Europe	92	184	324	814	1 050
Asia					
Newsprint	(14)	(26)	110	178	252
Australasia					
Newsprint	34	29	88	268	68
South America					
Newsprint	28	18	131	115	289
Other items					
Other industry in Norway	(8)	4	0	(8)	6
Staff/eliminations	(73)	(70)	(55)	(313)	(202)
Other gains and losses	4 983	69	14	4 463	(273)
Restructuring expenses	0	0	(45)	0	(484)
Impairments	(4 866)	0	0	(4 840)	(3 233)
Total other items	36	3	(86)	(698)	(4 186)
Total group	176	208	567	677	(2 527)

PRODUCTION AND DELIVERIES BY SEGMENT

Production

(1,000 TONS)	Q4/07	Q3/07	Q4/06	2007	2006
Europe					
Newsprint	494	525	537	2 092	2 151
Magazine paper	324	330	328	1 284	1 279
Total Europe	818	855	865	3 376	3 430
Asia					
Newsprint	374	385	376	1 540	1 553
Australasia					
Newsprint	209	211	203	830	798
South America					
Newsprint	75	78	76	303	297
Total newsprint	1 152	1 199	1 192	4 765	4 799
Total magazine paper	324	330	328	1 284	1 279
Total publication paper	1 476	1 529	1 520	6 049	6 078

Deliveries

(1,000 TONS)	Q4/07	Q3/07	Q4/06	2007	2006
Europe					
Newsprint	562	510	567	2 086	2 176
Magazine paper	339	352	338	1 291	1 247
Total Europe	901	862	905	3 377	3 423
Asia					
Newsprint	407	381	397	1 544	1 562
Australasia					
Newsprint	215	200	211	806	827
South America					
Newsprint	76	80	76	300	294
Total newsprint	1 260	1 171	1 251	4 736	4 859
Total magazine paper	339	352	338	1 291	1 247
Total publication paper	1 599	1 523	1 589	6 027	6 106

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	(846)	0	(845)
Share issues	0	0	0	0
Dividend paid	0	0	(1 045)	(1 045)
Net profit for the period	0	0	(618)	(618)
Total equity excluding minority interests 31 December 2007	12 310	(61)	3 343	15 592

Accounting principles

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting

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 preparing these interim financial statements as when preparing the financial statements at 31 December 2006 and for the year ending at that date.

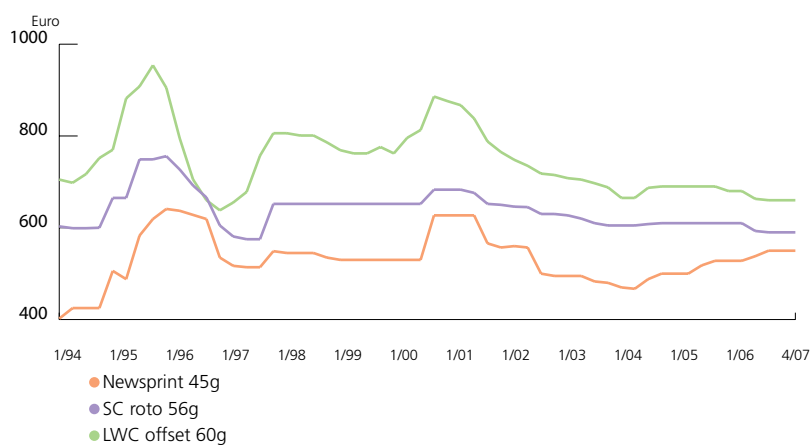
QUARTERLY COMPARISONS GROUP

NOK million	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06	Q2/06	Q1/06
Operating revenue	6 956	6 641	6 794	6 726	7 704	7 192	6 772	7 144
Restructuring expenses	0	0	0	0	(45)	(376)	(63)	0
Gross operating earnings	5 761	920	923	792	1 296	840	832	1 039
Depreciation and amortisation	(719)	(712)	(713)	(735)	(729)	(827)	(803)	(867)
Impairments	(4 866)	0	26	0	0	(3 265)	(43)	0
Operating earnings	176	208	236	57	567	(3 252)	(14)	172
Profit before tax	(82)	280	173	(135)	318	(3 779)	(213)	194
Attributable to equity holders of the company	(880)	221	135	(94)	245	(3 087)	(180)	213

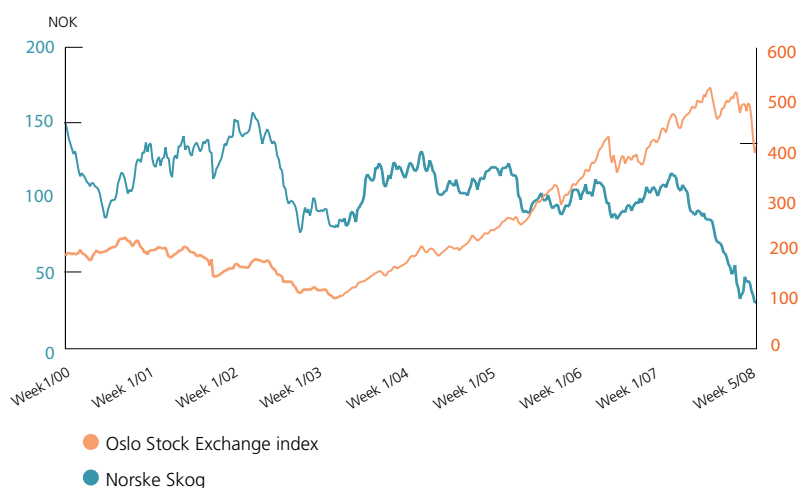
QUARTERLY COMPARISON SEGMENTS

NOK million	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06	Q2/06	Q1/06
Operating revenue								
Europe	4 066	3 923	3 813	3 814	4 301	3 907	3 666	3 946
Asia	1 367	1 329	1 433	1 381	1 577	1 572	1 409	1 538
Australasia	971	940	985	969	1 048	989	973	887
South America	309	316	345	312	375	364	321	339
Other activities	500	369	432	396	489	475	535	539
Staff/eliminations	(257)	(236)	(214)	(146)	(86)	(115)	(132)	(105)
Total operating revenue	6 956	6 641	6 794	6 726	7 704	7 192	6 772	7 144
Gross operating earnings								
Europe	417	502	604	595	692	742	566	675
Asia	155	143	241	301	290	197	268	242
Australasia	228	211	278	277	246	240	167	66
South America	65	47	85	70	180	108	92	89
Other activities	(4)	4	0	0	0	0	0	11
Staff/eliminations	(83)	(57)	(79)	(68)	(81)	(40)	(12)	(49)
Other gains and losses	4 983	69	(206)	(383)	14	(106)	(186)	5
Restructuring expenses	0	0	0	0	(45)	(376)	(63)	0
Total gross operating earnings	5 761	919	923	792	1 296	765	832	1 039
Operating earnings								
Europe	92	184	282	256	324	329	163	234
Asia	(14)	(26)	82	137	110	9	83	50
Australasia	34	29	104	102	88	73	12	(105)
South America	28	18	46	26	131	68	48	42
Other activities	(8)	4	0	0	0	0	0	6
Staff/eliminations	(73)	(70)	(98)	(81)	(55)	(59)	(28)	(60)
Other gains and losses	4 983	69	(206)	(383)	14	(106)	(186)	5
Restructuring expenses	0	0	0	0	(45)	(376)	(63)	0
Impairments	(4 866)	0	26	0	0	(3 190)	(43)	0
Total operating earnings	176	208	236	57	567	(3 252)	(14)	172

PRICE DEVELOPMENT NEWSPRINT, SC, LWC - GERMANY



SHARE PRICE DEVELOPMENT 2000-2007



THE NORSKE SKOG SHARE

KEY FIGURES

	JANUARY - DECEMBER 2007				Earnings per share	Booked equity per share	AT 05.02.2008	
	02-01-07	30-12-07	High	Low			Share price	Market value NOK mill.
Norske Skog A	109,25	45,20	118,50	30,75	-3,26	81,76	29,90	5 661

PUBLICATION OF QUARTERLY REPORTS AT WWW.NORSKESKOG.COM

Norske Skog will increase the availability of its quarterly reports. Beginning with the first quarter of 2008, the quarterly reports will be published at www.norskeskog.com/reports.aspx in Norwegian and English shortly after the board has adopted the report.

Shareholders and others who would still like to receive a paper copy of the quarterly report can submit the reply coupon to Norske Skog or register at www.norskeskog.com/reports/registration.aspx

For any questions related to the publication of quarterly reports, contact manager shareholder services Oddrunn Ringstad, +47 74087281, or corporate communications manager Pål Stensaas, +47 67599347.



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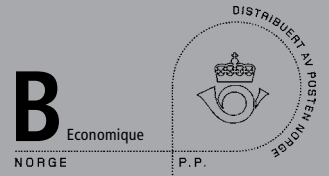
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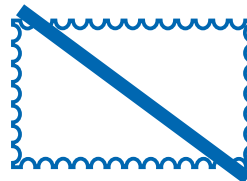
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