

REPORT AS OF 1ST QUARTER 2007

Financial results

Ekornes had gross operating revenues of NOK 669.6 million in the first quarter 2007, an increase of NOK 18.3 million, or 2.8 per cent, compared with 2006.

At the end of the first quarter 2007 the group had made an operating profit of NOK 123.3 million (18.4 per cent) compared with NOK 122.0 million (18.7 per cent) in 2006. This corresponds to an increase of 1.1 per cent.

Profit before tax totalled NOK 124.0 million (18.5 per cent) compared with NOK 123.1 million (18.9 per cent) in 2006. This corresponds to an increase of 0.8 per cent.

Net profit after tax totalled NOK 84.8 million compared with NOK 81.8 million in 2006. This gives earnings per share of NOK 2.30, compared with NOK 2.22 in 2006.

Employee bonuses

The profit margin achieved in the first quarter indicates that employees will qualify for bonus payments corresponding to 80 per cent of their monthly salary, in accordance with the previously established share bonus scheme. As a result, provisions for ordinary bonus payments to employees for the first quarter amount to NOK 9.5 million, compared with NOK 10.0 million in the same quarter of 2006.

Provisions related to the long-term incentive scheme for management and employees which comes into effect when the company's average share price exceeds NOK 170 for a period of 20 successive trading days at the stock exchange, amount to NOK 4.5 million compared to NOK 5.0 million in 2006. Total provisions for 2005, 2006 and 2007 in relation to this scheme amount to NOK 41.7 million as of the end of the first quarter 2007. The conditions for payment of the bonus have not been met. If the conditions for payment remain unfulfilled at the end of 2008, the entire provisions related to this scheme will be taken to income as of the end of 2008.

Details of the scheme are available at www.ekornes.no, in the company's annual report for 2006, and in a notice to the Oslo Stock exchange.

Provisions totalling NOK 14.0 million have been made in the first quarter with respect to the two bonus schemes, compared with NOK 15.0 million in the first quarter 2006. The amount includes employers' national insurance contributions.

Order receipts

In the first quarter 2007 the company received orders worth NOK 680 million compared with NOK 671 million in 2006. As at 31 March 2007, the company had an order reserve of NOK 247 million against NOK 281 million (-12.1 per cent) at the same time in 2006. The company has a satisfactory order reserve at the end of the first quarter 2007.

Accounting principles

The consolidated financial statements for the first quarter 2007 cover Ekornes ASA and its subsidiaries.

The 2006 annual report, which contains the financial statements for the group as a whole and the parent company Ekornes ASA, may be obtained on request from the company's head office, or from its website: www.ekornes.no.

The consolidated financial statements for the first quarter have been prepared in accordance with the statutory regulations covering the Stock Exchange, the Oslo Stock Exchange's own rules and IAS 34 "Interim Reporting". The interim financial statements do not include all the information that is required of a complete set of year-end financial statements, and should therefore be read in conjunction with the consolidated annual financial statements for 2006.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2006 and are described therein. The consolidated financial statements for 2006 were prepared in accordance with the provisions of the Norwegian Accounting Act and international standards for financial reporting as laid down by the EU. Please also see the company's interim reports for 2006.

Organisation

As part of the pending change in generations in the company's top management, business economist Øyvind Tørlen has been hired as deputy managing director. Mr. Tørlen was part of the management of Marine Harvest AS, and will be joining Ekornes in early June 2007.

Markets

Furniture markets in general.

Developments in the furniture markets in Europe vary somewhat. In the beginning of the year, several markets in Central Europe developed negatively compared with the previous months, whereas developments are positive in the remaining European markets. Since the middle of the 4th quarter 2006, the American market has had a negative development. This is mainly due to the consequences of a falling housing market in addition to furniture imports from China binding capital and reducing furniture retailers' profits.

Developments in the Norwegian furniture market were good in the first quarter, although the amount of imported furniture continues to rise, and fierce competition between the furniture chains affects the market. Demand in the remaining markets in the Nordic Region has varied somewhat. In Denmark, last year's strong growth in demand has continued.

Demand for furniture in Japan continues to be good.

Ekornes

Viewed against the background of the general market situation, trends for Ekornes during the first quarter 2007 have been satisfactory, with strong growth in turnover and order receipts. The company has seen good results in the Nordic Region, Southern Europe, the UK and Asia/the Pacifics, a levelling off in Central Europe and a reduction in the USA.

1 quarter operating revenues in the most important markets (NOK million):

	Norway	Rest of Nordic region	Central Europe	Southern Europe	United Kingdom	USA/Canada	Asia and other markets
2007	125.9	64.3	157.6	108.3	64.4	119.8	29.3
2006	116.3	57.7	158.2	90.4	61.0	141.4	26.3
Change	+8.3 per cent	+11.2 per cent	-0.4 per cent	+19.8 per cent	+5.6 per cent	-15.3 per cent	+11.5 per cent

Norway

Developments in Norway's traditional furniture market in the first quarter have been good, but with a steadily increasing rise in the volume of imported furniture (up by 14.6 per cent). Ekornes is also affected by this development and achieved an increase of 8.3 per cent in the Norwegian market. Given the reorganisation of our distribution network in 2006, this is very satisfactory. Sales of mattresses have been strong and the Svane[®] mattress product area has now reached the same level of operating revenues as in the first quarter 2006, i.e. prior to the reorganisation of distribution. The Stressless[®] product area has increased by as much as 23.1 per cent. The traditional sofa product area has also had a modest improvement (+3.3 per cent).

The absence of Skeidar in 2006 is already fully compensated by a corresponding growth with the remaining groups of retailers in the first quarter 2007.

The Nordic region

Ekornes had zero growth in **Sweden** in 2006 but operating revenues in the first quarter have increased by 20.1 per cent compared with the same period in 2006. All product areas have increased operating revenues. Some of the growth can be ascribed to sales to new distributors in connection with the reorganisation of our distribution network. The reorganisation of the distribution network will be completed by the end of the first half of 2007. Demand for furniture in Sweden appears to be increasing.

Sales revenues in **Finland** ended 7.5 per cent below the same period in 2006. Stressless[®] and sofa have had a reduction, while mattresses have developed well. The reduction relating to sofas has been quite modest.

In **Denmark** the positive trend from 2006 has continued with a growth of 12.3 per cent in the first quarter compared with the corresponding period in 2006. The product areas Stressless[®] and sofas developed very well, while operating revenues for mattresses fell. The Danish furniture market appears to be developing well. Ekornes' and its partners' marketing efforts in the first quarter were very successful.

Europe (excluding the Nordic Region)

In **Central Europe** (Germany, the Netherlands, Luxembourg, Austria and Switzerland) the excellent development that Ekornes enjoyed in 2006 has levelled off in 2007. The furniture market in Germany and the Netherlands has generally had a negative development in 2007. There are reports of fewer visits to the shops. Ekornes intends to continue its active marketing efforts, but operating revenues have fallen in some regions. The overall picture is in general positive, but the increase in Value Added Tax on 1 January 2007 may have had a greater effect on consumers' purchasing patterns than previously assumed. The receipt of orders in this market area in the first quarter is marginally higher than in 2006.

Sales in **Southern Europe** (France, Belgium, Spain, Portugal and Italy) show an increase of 19.8 per cent. Developments in this area have been good with the exception of Spain, where there has been a slight decrease. Order receipts in the first quarter were down by 7 per cent, which is most likely due to the fact that Ekornes presented and started selling its 2007 collection already in December 2006, rather than as previously in January.

Ekornes's sales revenues in **UK/Ireland** in the first quarter 2007 show a positive trend compared with the corresponding period in 2006 (+5.6 per cent). The market appears in general to have improved somewhat. It is still possible to increase the number of distributors in the United Kingdom. Order receipts in the first quarter increased by 14 per cent compared with the same period last year.

USA/Canada

Ekornes had a reduction in sales in **USA/Canada** during the first quarter of 2007 of 15.3 per cent compared with the same period last year. The reduction is mainly due to a weaker consolidation rate. The fall in sales is about 4.5 per cent. During the first quarter the company has also had weaker USD exchange rates (see also the section on foreign currency), but this has already been offset by higher prices. Developments are equal for traditional sofas (Ekornes® Collection) and for the Stressless® product area. The general US furniture market has weakened during the last couple of years and appears set for further reduction in 2007. However, there are large variations among the various US regions. The market is influenced by falling property values and increased imports of low cost products from China.

Ekornes is not expecting a net increase in the number of US distributors during the first half of 2007. The reason is that several of the existing distributors are winding up their operations. These will be gradually replaced. The risk in receivables has not altered significantly.

The Canadian market has developed positively. During the first quarter 2007, Ekornes has had a 23 per cent volume growth in this market.

As part of its efforts to adapt to exchange rate fluctuations in this market, Ekornes increased its prices in 2004, 2005 and most recently with effect from 1 April 2006. No further price increases are planned for 2007. Order receipts in 2007 have developed in keeping with sales and are consequently 16 per cent lower than in 2006.

Other markets

Sales in Japan rose by 6.0 per cent compared with the same period last year. Both sales revenues and earnings are as expected. However, the currency ratio JPY/NOK has a negative effect on the performance in this market.

The positive development in sales in Asia/the Pacific (with the exception of Japan) has continued (+15 per cent).

Developments in the remaining markets are also positive but the numbers continue to be modest.

Product areas

Stressless®

Sales of Stressless® products rose in the first quarter of 2007 by 3.1 per cent compared with the corresponding period last year. Stressless® constitutes 77.8 per cent of Ekornes's sales revenues. As much as 92.5 per cent of the Stressless® products are exported. Order receipts in the first four months of the year are lower (-6 per cent) than in the corresponding period 2006. The reduction is mainly due to performance in the US and Central Europe.

The Stressless® factories (including Hareid) produced an average of 1,549 seat units per day compared with 1,478 seat units during the same period in 2006 and an average of 1,508 seat units per day for 2006 as a whole. At the start of the second quarter, production capacity was just over 1,550 seat units per day. The company is in the process of increasing the capacity to 1,600 seat units per day, particularly in the Stressless® sofa product area. Margins are slightly higher than in the first quarter of 2006.

Mattresses

In the first quarter, Ekornes's sales were slightly higher (+1.5 per cent) than in the same period last year. Sales developments in Finland and Germany/the Netherlands are positive. There are no changes in Norway and Sweden, while there is a reduction in Denmark.

In Norway this product performed very well during the period. The absence of Skeidar was compensated for in the first quarter. In the first quarter 2006 deliveries to Skeidar continued as normal.

During the autumn of 2005 Ekornes launched a complete new collection of Svane® IntelliGel®. The new products are selling well.

Sofas

Sales of traditional sofas (Ekornes® Collection) continue to fall (down 5.8 per cent compared with first quarter 2006) after the range was reduced to provide space for the production of Stressless® sofas. Compared with the fourth quarter 2006, sales have now stabilised.

1 quarter operating revenues in the most important product areas (NOK million):

Sales by product areas	Total sales	Stressless®	Svane® Mattresses	Ekornes® sofa- collection	Other
2007	669.6	521.2	68.7	55.2	24.4
2006	651.3	505.6	67.7	58.7	19.3

Investments and liquidity

The group has a good liquidity situation. Investments in the first quarter of 2007 totalled NOK 28.7 million (NOK 25.1 million in the first quarter 2006). As at 31 March 2006 the company's total liquidity reserves amounted to NOK 446.5 million, including unused drawing rights of NOK 113.1 million.

Capacity, efficiency improvements and environmental initiatives require a doubling of the investment level over the next two-three years. Total investments in 2007 are therefore expected to reach NOK 175 - 200 million.

Following the acquisition of JP Tynes AS (the laminate facility) Ekornes has been leasing the premises from the previous owners with an option to buy the plant. Ekornes exercised this option in April 2007 and simultaneously took over a large plot of land that is connected to the production facility. The purchase price was NOK 32 million. The takeover was grounded in the need to build further expansions.

Foreign exchange

Ekornes sells its goods in the respective countries' local currencies, and has hedged the bulk of its net expected cash flow in foreign currencies from 12 to 36 months hence. For USD the hedging period currently extends until the end of the first quarter 2008. The hedging period for EUR, GBP, SEK and DKK expires at the end of the first quarter 2010, while JPY is open. The company had the following net foreign exchange volume in the first quarter of 2007 (currency amounts in millions):

Currency	Volume 1 quarter 2007 (in millions)	Average exchange rates (in NOK)
USD	10.0	6.2642
GBP	3.6	11.8206
EUR	18.75	8.4139
DKK	17.8	1.1291
SEK	8.6	0.9293
JPY	100.0	7.0348

The foreign currency differential (the difference between the actual exchange rate and the budgeted rate) in the first quarter 2006 is NOK 2.6 million lower than in the same period in 2006. Ekornes's foreign currency situation for the 2007 financial year is good. Ekornes's objectives and principles for managing financial risk are in accordance with those described in its 2006 annual report.

Lower exchange rates, particularly for USD have been offset by higher prices in this market.

IFRS requires that consolidation of earnings and expenses for foreign activities be converted to NOK per quarter by applying average exchange rates in the respective quarters. In the first quarter 2007 this has affected the reported figures for US sales in particular. The currency market's average exchange rate for USD in the first quarter 2007 was NOK 6.07 against 6.67 in the first quarter 2006.

Balance sheet

The group's total balance sheet as at 31 March 2007 was NOK 1,819.0 million compared with NOK 1,725.0 million as at 31 December 2006.

The group has an equity ratio of 70.6 per cent after tax and before payment of dividend for 2006.

Accounts receivable rose by NOK 60.8 million in the first quarter 2007, while inventories remained virtually stable (+ NOK 1.0 million). Fixed assets fell by NOK 2.9 million after depreciations so far this year of NOK 23.9 million.

Short-term liabilities fell by NOK 32.2 million. The company's short-term liabilities are not interest-bearing.

Number of employees as at 31.03.2007 (31.03. 2006):

Employees in Norway	1,438 persons	(1,407)
Employees outside Norway	178 persons	(176)
Total	<u>1,616 persons</u>	<u>(1,583)</u>

This corresponds to approx. 1,551 full time positions as at 31 March 2007 (1,503 as at 31 March 2006).

Outlook

The company's has orders on hand worth NOK 247 million at the beginning of the second quarter compared with NOK 281 million at the same time last year. Orders amounting to NOK 195 million were received in April, against NOK 230 million last year. The reduction in both order backlog and receipt of orders can be ascribed to the lower sales in Central Europe and the USA, while the company's capacity is slightly higher than last year.

Uncertainties in the US are related to both the general market conditions and the reduced profitability experienced by the furniture retailers, which is strongly influenced by imports of cheap furniture from China. A further development in American currency will also affect the company's sales and profits.

Order receipts from the Central European markets are lower than last year. Uncertainties here are mainly related to developments in the markets in Germany and the Netherlands, although the underlying economic conditions in Germany are sound.

Developments in Scandinavia, the United Kingdom, Southern Europe and Japan are good concerning both general market conditions and Ekornes in particular. A good growth is expected from these markets for the remainder of 2007.

The company's new markets in Asia and the Pacifics are growing. Some of these markets have a considerable potential for the company's products in the longer term. In cooperation with a Chinese importer, the first outlet selling Stressless® products exclusively has been opened in Shanghai.

Developments for Svane® in Norway are particularly encouraging, and it is expected that sales as a minimum will stabilise at the same level as before the rearrangement of distribution. An increase in sales of Svane® is expected in Denmark in the time ahead, and sales of Svane® in Germany and the Netherlands could bring more significant revenues in the longer term.

After the first quarter last year, order receipts and order reserves were very good. Although order receipts after the initial four months of the year are lower than last year, prospects for the second quarter and the rest of 2007 are nonetheless satisfactory.

Investor and stock exchange relations

A total of 3,077,000 shares in Ekornes ASA were traded on the Oslo Stock Exchange during the first quarter 2007.

The company has a total of 36,826,753 shares.

Shareholders	Number as of	Number as of	Percentage of share capital	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Norwegian	2,738	2,795	40.3 per cent	39.7 per cent
Foreign	195	191	59.7 per cent	60.3 per cent

The company's 20 largest shareholders as at 4 May 2007:

	Shares	Percentage
1. Folketrygdfondet, NOR	3,571,135	9.70
2. State Street Bank & Client, USA	2,782,607	7.56
3. JP Morgan Chase Bank, GBR	2,339,044	6.35
4. Skandinaviska Enkilda, SWE	2,007,125	5.45
5. OKO Osuuspankkien KE, FIN	1,547,350	4.20
6. Bank of New York, IRL	1,483,000	4.03
7. Oslo Pensjonsforsikring, NOR	1,061,900	2.88
8. GMO Foreign Fund, USA	1,040,898	2.83
9. Berit Ekornes Unhjem, NOR	1,034,800	2.81
10. Pareto Aksje Norge, NOR	1,014,750	2.76
11. JP Morgan Chase Bank, GBR	970,000	2.63
12. Skandinaviska Enskilda Banken, NOR	535,214	1.45
13. Christiania Markets Egenhandelskonto, NOR	500,000	1.36
14. Handelsbanken Helsinki, FIN	482,400	1.31
15. Pareto Aktiv, NOR	463,600	1.26
16. Morgan Stanley and Co., GBR	446,974	1.21
17. The Northern Trust, GBR	435,750	1.18
18. Jostein Ekornes, NOR	427,905	1.16
19. United Nations Joint Fund, USA	411,800	1.12
20. Kjetil Ekornes, NOR	394,959	1.07
TOTAL 20 largest shareholders	22,951,211	62.32

RESULTAT OG BALANSE/ RESULT AND BALANCE SHEET

Resultat/Income Statement (Mill. NOK/ Million NOK)	1. kvartal 1 st quarter		Hele året Whole year
	2007	2006	2006
Driftsinntekter/ Operating revenues	669,6	651,3	2 507,3
Vareforbruk/ Materials	158,1	152,7	575,0
Lønn og sosiale kostnader/ Salaries and national insurance	186,8	178,6	698,9
Ordinære avskrivninger/ Depreciation	23,9	23,3	91,2
Andre driftskostnader/ Other operating expenses	177,5	174,7	628,8
Sum driftskostnader/ Total operating expenses	546,3	529,3	1 993,9
Driftsresultat/ Operating result	123,3	122,0	513,4
Finansposter/ Net financial income and expenses	0,8	0,1	1,2
Agio/Disagio/ Profit and loss on currency exchange	(0,1)	1,0	(12,1)
Ordinært resultat før skattekostnad/ Result before taxes	124,0	123,1	502,5
Beregnet skattekostnad/ Calculated tax	(39,2)	(41,3)	(158,8)
Resultat etter skatt/ Result after taxes	84,8	81,8	343,7
Fortjeneste pr. aksje/ Basic earnings per share	2,31	2,23	9,34
Fortjeneste pr. aksje utvannet/ Diluted earnings per share	2,30	2,22	9,33
Balanse/ Balance Sheet (Mill. NOK/ Million NOK)	1. kvartal 1st quarter		Hele året Whole year
	2007	2006	2006
EIENDELER/ ASSETS			
Varige driftsmidler/ Tangible fixed assets	773,6	776,0	775,6
Immaterielle eiendeler/ Intangible fixed assets	19,1	13,7	19,8
Finansielle anleggsmidler/ Financial assets	19,3	20,2	19,5
Sum anleggsmidler/ Total long term assets	812,0	809,9	814,9
Varelager/ Inventories	223,2	235,3	222,2
Kundefordringer/ Trade Debtors	392,6	382,2	331,8
Andre kortsiktige fordringer/ Other current assets	29,3	36,6	31,5
Verdi terminkontrakter/ Value of forward contracts	28,4	92,9	-
Likvider/ Cash and bank deposits	333,5	255,7	324,6
Sum omløpsmidler/ Total current assets	1 007,0	1 002,7	910,1
Sum eiendeler/ Total assets	1 819,0	1 812,6	1 725,0
EGENKAPITAL OG GJELD/ EQUITY AND LIABILITIES			
Sum innskutt egenkapital/ Paid-in capital	424,3	423,1	424,3
Sum opptjent egenkapital/ Retained earnings	860,7	842,8	735,2
Sum egenkapital/ Total equity	1 285,0	1 265,9	1 159,5
Avsetninger og forpliktelser/ Provisions and Commitments	26,4	42,9	25,7
Langsiktig gjeld/ Long term liabilities	46,9	52,2	46,9
Sum langsiktig gjeld og forpliktelser/ Total commitments and long term liabilities	73,3	95,1	72,6
Leverandørgjeld/ Trade creditors	101,8	136,1	94,3
Skatter og avgifter/ Company taxes, VAT, etc.	153,2	148,1	193,7
Verdi terminkontrakter/ Value of forward contracts	-	-	3,8
Annen kortsiktig gjeld/ Other current liabilities	205,7	167,4	201,1
Sum kortsiktig gjeld/ Total current liabilities	460,7	451,6	492,9
Sum egenkapital og gjeld/ Total equity and liabilities	1 819,0	1 812,6	1 725,0
Pantstillelser/ Mortgages	46,9	52,2	46,9

EGENKAPITAL BEVEGELSE / MOVEMENT IN EQUITY

(Mill. NOK/ Million NOK)	1. kvartal		Hele året
	1 st quarter		Whole year
	2007	2006	2006
Egenkapital ved periodens start/ Equity at start of period	1 159,5	1 168,2	1 164,8
Periodens resultat/ Profit for the year	84,8	81,8	343,7
Utbetalt utbytte/ Dividend paid out	-	-	(276,2)
Utbytte egne aksjer/ Dividend own shares	-	-	-
Kjøp av egne aksjer/ Purchase of own shares	(7,9)	(4,5)	(18,9)
Salg av egne aksjer/ Sale of own shares	22,8	17,2	17,2
Verdiendringer av terminkontrakter/ Changes in value of forward contracts	23,1	(0,5)	(75,6)
Omregningsdifferanser valuta/ Translation differences and others	2,7	3,7	4,5
Egenkapital ved periodens slutt/ Equity at end of period	1 285,0	1 265,9	1 159,5

Salg av egne aksjer gjelder overlevering av aksjer til ansatte i forbindelse med innfrielse/betaling av opptjent aksjebonus for regnskapsåret 2006.

Sale of own shares applies to transfers of shares to employees in connection with redemption/payment of accrued share bonus for the 2006 accounting year.

KONTANTSTRØMOPPSTILLING/ CASH-FLOW STATEMENT

(Mill. NOK/ Million NOK)	1. kvartal		Hele året
	1 st quarter		Whole year
	2007	2006	2006
Netto kontantstrøm fra/ Cash flow from:			
Operasjonelle aktiviteter/ Operating activities	22,7	53,1	477,1
Investeringsaktiviteter/ Investing activities	(28,7)	(23,5)	(88,0)
Finansieringsaktiviteter/ Financing activities	14,9	12,7	(277,9)
Netto endring kontanter og kontantekvivalenter/ Net change cash and cash equivalents	8,9	42,3	111,2
Kontanter og kontantekvivalenter ved periodens start/ Cash and cash equivalents at the beginning of period	324,6	213,4	213,4
Kontanter og kontantekvivalenter ved periodens slutt/ Cash and cash equivalents at the end of period	333,5	255,7	324,6

N-6222 Ikorntnes, 10. mai 2007 / 10 May 2007
Styret i Ekornes ASA / The Board of Ekornes ASA

Olav Kjell Holtan
 Styreleder / Chairman

Carl Graff-Wang

Torger Reve

Jens Petter Ekornes

Berit Svendsen

Tone Helen Hanken

Arnstein Johannessen

Ragna Skarshaug

Nils-Fredrik Drabløs
 Adm. direktør / Man. Director (CEO)