

# NORSKE SKOGINDUSTRIER ASA

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## Profit and loss account

<i>NOK million</i>	Oct-Dec 02	Oct-Dec 01	2002	2001
<b>Operating revenue</b>	<b>6 082</b>	6 618	<b>23 471</b>	30 354
Operating expenses	<b>-4 888</b>	-4 887	<b>-18 273</b>	-21 935
<b>Operating Earnings before Depreciation</b>	<b>1 194</b>	1 731	<b>5 198</b>	8 419
Depreciation and amortisation	<b>-762</b>	-839	<b>-3 292</b>	-3 323
<b>Operating Earnings before provision for restructuring costs</b>	<b>432</b>	892	<b>1 906</b>	5 096
Provision for restructuring costs	<b>-600</b>	0	<b>-600</b>	0
<b>Operating earnings</b>	<b>-168</b>	892	<b>1 306</b>	5 096
Earnings from affiliated companies 1)	<b>-65</b>	-21	<b>-290</b>	16
Financial items	<b>-14</b>	-328	<b>-405</b>	-1 376
Other items	<b>195</b>	205	<b>195</b>	158
<b>Earnings before taxation</b>	<b>-52</b>	748	<b>806</b>	3 894
Taxation	<b>426</b>	-220	<b>362</b>	-1 234
<b>Net earnings</b>	<b>374</b>	528	<b>1 168</b>	2 660
The minority's share of net earnings	<b>0</b>	-4	<b>6</b>	166
<b>The majority's share of net earnings</b>	<b>374</b>	532	<b>1 162</b>	2 494

1) Earnings from affiliated companies are included after taxation

## Balance sheet

<i>NOK million</i>	31.12.2002	31.12.2001	31.12.2000
Intangible fixed assets	<b>4 682</b>	4 549	3 430
Operational fixed assets	<b>31 127</b>	36 889	38 049
Long-term receivables and affiliated companies	<b>2 388</b>	3 979	2 238
<b>Fixed assets</b>	<b>38 197</b>	45 417	43 717
Inventory	<b>2 080</b>	2 172	2 967
Receivables	<b>3 821</b>	4 525	5 915
Short term investments	<b>381</b>	1 769	7 417
Liquid assets	<b>487</b>	2 389	1 211
<b>Current assets</b>	<b>6 769</b>	10 855	17 510
<b>Total assets</b>	<b>44 966</b>	56 272	61 227
Paid in equity	<b>8 409</b>	8 404	5 077
Retained earnings	<b>9 355</b>	10 917	9 413
Minority interests	<b>157</b>	205	7 861
Shareholders' equity	<b>17 921</b>	19 526	22 351
Deferred taxes	<b>2 021</b>	3 174	2 012
Interest-free long-term liabilities and other obligations	<b>889</b>	1 003	1 085
Interest bearing long-term liabilities	<b>17 925</b>	25 811	28 809
Interest free current liabilities	<b>5 063</b>	5 591	6 615
Interest bearing current liabilities	<b>1 147</b>	1 167	355
<b>Total liabilities and shareholders' equity</b>	<b>44 966</b>	56 272	61 227

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## Revenue and profit per area

### Operating Revenue

<i>NOK million</i>	Jan-Dec 02	Jan-Dec 01	2002	2001
<b>Europe</b>				
Newsprint	1 923	2 216	7 556	8 850
Magazine paper	1 731	1 495	6 531	5 369
<b>Total Europe</b>	<b>3 654</b>	<b>3 711</b>	<b>14 087</b>	<b>14 219</b>
<b>North America 1)</b>				
Newsprint	-	-	-	3 323
Pulp	-	-	-	2 434
Eliminations	-	-	-	-302
<b>Total North America</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 455</b>
<b>South America</b>				
Newsprint	291	518	1 107	1 784
Forests 2)	-	42	-	171
Eliminations	-	-3	-	-16
<b>Total South America</b>	<b>291</b>	<b>557</b>	<b>1 107</b>	<b>1 939</b>
<b>Australasia</b>				
Newsprint	942	1 075	3 807	4 110
Pulp 3)	-	-	-	458
Eliminations	-	-1	-	-95
<b>Total Australasia</b>	<b>942</b>	<b>1 074</b>	<b>3 807</b>	<b>4 473</b>
<b>Asia</b>				
Newsprint	681	759	2 688	2 434
<b>Other activities</b>				
Other Industry Norway	198	182	682	930
Other revenues	341	382	1 249	1 389
<b>Total Other activities</b>	<b>539</b>	<b>564</b>	<b>1 931</b>	<b>2 319</b>
Staff/Eliminations	-25	-47	-149	-485
<b>Total Group</b>	<b>6 082</b>	<b>6 618</b>	<b>23 471</b>	<b>30 354</b>

1) Norske Skog's share of Norske Skog Canada Ltd., in total comprising North America, is reduced to 36 % as a result of Norske Skog Canada Ltd. acquiring Pacifica Papers 28 August 2001, and from 28 May 2002 to 30.6 % due to a new share issue in Norske Skog Canada Ltd. Norske Skog Canada Ltd. is treated as an affiliated company from 28 August 2001, and is no longer included in the operating revenue and operating earnings

2) A significant part of the forests in Brazil was sold in December 2001.

3) Tasman Pulp was sold 30 April 2001.

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## Revenue and profit per area

### Operating Earnings before Depreciation

<i>NOK million</i>	<b>Jan-Dec 02</b>	Jan-Dec 01	<b>2002</b>	2001
<b>Europe</b>				
Newsprint	<b>387</b>	614	<b>1 604</b>	3 022
Magazine paper	<b>305</b>	286	<b>1 363</b>	1 433
<b>Total Europe</b>	<b>692</b>	900	<b>2 967</b>	4 455
<b>North America</b>				
Newsprint	-	-	-	649
Pulp	-	-	-	133
Eliminations	-	-	-	5
<b>Total North America</b>	-	-	-	787
<b>South America</b>				
Newsprint	<b>81</b>	214	<b>281</b>	744
Forests	-	16	-	81
Eliminations	-	-	-	-
<b>Total South America</b>	<b>81</b>	230	<b>281</b>	825
<b>Australasia</b>				
Newsprint	<b>241</b>	313	<b>1 197</b>	1 250
Pulp	-	-4	-	204
Eliminations	-	-	-	-
<b>Total Australasia</b>	<b>241</b>	309	<b>1 197</b>	1 454
<b>Asia</b>				
Newsprint	<b>180</b>	248	<b>865</b>	869
<b>Other activities</b>				
Pulp	<b>40</b>	34	<b>105</b>	166
Other/Eliminations	-	-	-	-
<b>Total other activities</b>	<b>40</b>	34	<b>105</b>	166
Staff/Eliminations	<b>-40</b>	10	<b>-217</b>	-137
<b>Total Group</b>	<b>1 194</b>	1 731	<b>5 198</b>	8 419

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## Revenue and profit per area

### Operating earnings

<i>NOK million</i>	<b>Jan-Dec 02</b>	Jan-Dec 01	<b>2002</b>	2001
<b>Europe</b>				
Newsprint	<b>174</b>	417	<b>643</b>	2 271
Magazine paper	<b>94</b>	145	<b>546</b>	976
<b>Total Europe</b>	<b>268</b>	562	<b>1 189</b>	3 247
<b>North America</b>				
Newsprint	-	-	-	367
Pulp	-	-	-	-43
Eliminations	-	-	-	5
<b>Total North America</b>	-	-	-	329
<b>South America</b>				
Newsprint	<b>16</b>	128	<b>-9</b>	432
Forests	-	8	-	41
Eliminations	-	-	-	-
<b>Total South America</b>	<b>16</b>	136	<b>-9</b>	473
<b>Australasia</b>				
Newsprint	<b>86</b>	137	<b>546</b>	563
Pulp	-	-5	-	162
Eliminations	-	-	-	-
<b>Total Australasia</b>	<b>86</b>	132	<b>546</b>	725
<b>Asia</b>				
Newsprint	<b>115</b>	154	<b>562</b>	616
<b>Other activities</b>				
Pulp	<b>26</b>	19	<b>47</b>	98
Other/Eliminations	-	-	-	-
<b>Total other activities</b>	<b>26</b>	19	<b>47</b>	98
Staff/Eliminations	<b>-79</b>	-111	<b>-429</b>	-392
<b>Total Group</b>	<b>-600</b>	0	<b>-600</b>	0
	<b>-168</b>	892	<b>1 306</b>	5 096

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## Production by Product/Area

(1,000 tonnes)	Jan-Dec 02	Jan-Dec 01	2002	2001
<b>Europe</b>				
Newsprint	509	399	1 925	1 770
Magazine paper	340	210	1 267	847
<b>Nord America</b>				
Newsprint	-	-	-	559
Pulp	-	-	-	526
<b>South America</b>				
Newsprint	87	69	332	314
<b>Australasia</b>				
Newsprint	206	199	832	817
Pulp	-	-	-	90
<b>Asia</b>				
Newsprint	170	141	635	468
<b>Other activities</b>				
Newsprint	-	-	-	11
Pulp	-	-	-	-
<b>Norske Skog Total:</b>				
<b>Total Newsprint</b>	<b>972</b>	<b>808</b>	<b>3 724</b>	<b>3 939</b>
<b>Total Magazine paper</b>	<b>340</b>	<b>210</b>	<b>1 267</b>	<b>847</b>
<b>Total printing paper</b>	<b>1 312</b>	<b>1 018</b>	<b>4 991</b>	<b>4 786</b>
<b>Total Pulp</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>616</b>

**Quarterly comparison**

<i>NOK million</i>	4Q02	3Q02	2Q02	1Q02	4Q01	3Q01	2Q01	1Q01	4Q00
Operating revenue	<b>6 082</b>	5 815	5 898	5 676	6 618	6 940	8 163	8 633	9 947
Operating earnings before depreciation	<b>1 194</b>	1 134	1 468	1 401	1 731	2 021	2 130	2 537	2 364
Depreciation and amortisation	<b>762</b>	822	842	865	839	773	854	857	884
Operating earnings before provision for restructuring costs	<b>432</b>	312	626	536	892	1 248	1 276	1 680	1 480
Restructuring costs	<b>-600</b>	-	-	-	-	-	-	-	-
Operating earnings	<b>-168</b>	312	626	536	892	1 248	1 276	1 680	1 480
Earnings before taxation	<b>-52</b>	-62	677	243	748	923	869	1 354	836
The majority's share of net earnings	<b>374</b>	182	465	141	532	628	536	798	554

**Quarterly comparison**

<i>NOK million</i>	4Q02	3Q02	2Q02	1Q02	4Q01	3Q01	2Q01	1Q01	4Q00
<b>Operating Revenue</b>									
Europe	<b>3 654</b>	3 563	3 522	3 348	3 711	3 428	3 643	3 437	3 651
North America	<b>0</b>	0	0	0	0	1 154	1 930	2 371	2 558
South America	<b>291</b>	247	264	305	557	421	487	474	574
Australasia	<b>942</b>	911	1 000	954	1 074	1 062	1 096	1 241	1 588
Asia	<b>681</b>	698	691	618	759	561	519	595	719
Non-core	<b>539</b>	450	411	531	564	487	585	683	893
Staff/Eliminations	<b>-25</b>	-54	10	-80	-47	-173	-97	-168	-36
<b>Total Operating Revenue</b>	<b>6 082</b>	5 815	5 898	5 676	6 618	6 940	8 163	8 633	9 947

**Operating earnings before Depreciation**

Europe	<b>692</b>	651	854	769	900	1 186	1 228	1 141	997
North America	<b>0</b>	0	0	0	0	133	148	506	537
South America	<b>81</b>	56	45	98	230	175	209	211	238
Australasia	<b>241</b>	246	345	365	309	351	340	454	474
Asia	<b>180</b>	222	252	211	248	190	202	229	206
Other activities	<b>40</b>	16	18	31	34	30	56	46	23
Staff/Eliminations	<b>-40</b>	-57	-46	-73	10	-44	-53	-50	-111
<b>Total Operating earnings before Depr.</b>	<b>1 194</b>	1 134	1 468	1 401	1 731	2 021	2 130	2 537	2 364

**Operating earnings**

Europe	<b>268</b>	203	405	313	562	902	932	851	693
North America	<b>0</b>	0	0	0	0	26	-31	334	338
South America	<b>16</b>	-10	-27	12	136	90	122	125	151
Australasia	<b>86</b>	93	174	193	132	180	158	255	265
Asia	<b>115</b>	139	177	132	154	126	153	183	155
Other activities	<b>26</b>	1	3	17	19	15	38	26	8
Restructuring costs	<b>-600</b>								
Staff/Eliminations	<b>-79</b>	-114	-106	-131	-111	-91	-96	-94	-130
<b>Total Operating earnings</b>	<b>-168</b>	312	626	536	892	1 248	1 276	1 680	1 480

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## Financial key figures

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	Definitions	2002	2001	2000
Net operating margin before restructuring costs %	1	<b>8,1</b>	16,8	15,8
Net operating margin after restructuring costs %	1	<b>5,6</b>	16,8	15,8
Gross operating margin before restructuring costs %	2	<b>22,1</b>	27,7	24,8
Gross operating margin after restructuring costs %	2	<b>19,6</b>	27,7	24,8
Equity ratio %	3	<b>39,9</b>	34,7	36,5
Equity ratio excl. minority interests %	4	<b>39,5</b>	34,3	23,7
Net interest bearing debt		<b>18 204</b>	22 820	20 535
Net debt/Equity		<b>1,02</b>	1,17	0,92
Net debt/Equity excl. minority interests	5	<b>1,02</b>	1,18	1,42
Earnings per share after taxes		<b>8,79</b>	20,68	19,17
Earning per share - fully diluted *)	6	<b>8,79</b>	20,68	19,17
Cash flow per share after taxes		<b>27,89</b>	58,47	48,18
Cash flow per share - fully diluted *)		<b>27,89</b>	58,47	48,18

Definitions:

- 1 : Net operating margin = Operating earnings : Operating revenue
  - 2 : Gross operating margin = (Operating earnings + Ordinary depreciation + Restructuring costs) : Operating revenue
  - 3 : Equity ratio = (Shareholders' equity + Minority interests) : Total assets
  - 4 : Equity ratio excl. minority interests = Shareholders' equity : Total assets
  - 5 : Earnings per share = Net earnings : Average number of shares
  - 6 : Cash flow per share = Net cash flow from operating activities : Average number of shares
- \*) Net earnings and cash flow are rectified by interest expenses on subordinated convertible bonds

## Statement of cash flow

<i>NOK millon</i>	2002	2001	2000
<b>Cash flow from operating activities</b>			
Cash generated from operations	<b>23 575</b>	31 165	26 386
Cash used in operations	<b>-18 290</b>	-22 141	-19 620
Cash from net financial items	<b>-625</b>	-1 435	-1 428
Taxes paid	<b>-973</b>	-537	-416
<b>Net cash flow from operating activities</b>	<b>3 687</b>	7 052	4 922
<b>Cash flow from investment activities</b>			
Investments in operational fixed assets	<b>-1 146</b>	-1 225	-1 351
Sales of operational fixed assets	<b>44</b>	26	69
Other investments	<b>170</b>	286	-299
Dividend received	<b>0</b>	4 372	-
Net cash from sold shares in subsidiaries	<b>498</b>	3 075	1 534
Net cash used for acquisition of companies	<b>-6</b>	-11 113	-18 644
<b>Net cash flow from investment activities</b>	<b>-440</b>	-4 579	-18 691
<b>Cash flow from financial activities</b>			
Net change in long-term liabilities	<b>-6 411</b>	-3 420	20 739
Net change in short-term liabilities	<b>884</b>	749	-165
Dividend paid	<b>-792</b>	-671	-554
New equity	<b>0</b>	3 327	1 463
<b>Net cash flow from financial activities</b>	<b>-6 319</b>	-15	21 483
Translation difference	<b>-218</b>	44	111
<b>Total change in liquid assets</b>	<b>-3 290</b>	2 502	7 825