

NORSKE SKOGINDUSTRIER ASA

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Profit and loss account

<i>NOK million</i>	Apr - Jun 03	Apr - Jun 02	Jan-Jun 03	Jan-Jun 02	2002
Operating revenue	5 826	5 898	11 382	11 574	23 471
Distribution costs	-502	-469	-972	-899	-1 865
Other operating expenses	-4 201	-3 961	-8 104	-7 806	-16 408
Operating Earnings before Depreciation	1 123	1 468	2 306	2 869	5 198
Depreciation and amortisation	-818	-842	-1 621	-1 707	-3 292
Operating Earnings before provision for restructuring costs	305	626	685	1 162	1 906
Provision for restructuring costs	0	0	0	0	-600
Operating earnings	305	626	685	1 162	1 306
Earnings from affiliated companies 1)	-56	-72	-110	-171	-290
Financial items	-409	123	-932	-71	-405
Other items	0	0	907	0	195
Earnings before taxation	-160	677	550	920	806
Taxation	-29	-211	-449	-311	362
Net earnings	-189	466	101	609	1 168
The minority's share of net earnings	1	1	1	3	6
The majority's share of net earnings	-190	465	100	606	1 162
Earnings per share	-1.43	3.51	0.76	4.58	8.79
Earnings per share fully diluted	-1.43	3.51	0.76	4.58	8.79

1) Earnings from affiliated companies are included after taxation

Balance sheet

<i>NOK million</i>	30.06.2003	30.06.2002	31.12.2002
Intangible fixed assets	4 711	4 542	4 682
Operational fixed assets	32 936	33 224	31 127
Long-term receivables and affiliated companies	2 809	3 055	2 388
Fixed assets	40 456	40 821	38 197
Inventory	2 485	2 365	2 080
Receivables	3 733	3 941	3 821
Short term investments	419	615	381
Liquid assets	420	1 039	487
Current assets	7 057	7 960	6 769
Total assets	47 513	48 781	44 966
Paid in equity	8 416	8 456	8 438
Retained earnings	11 066	10 222	9 326
Minority interests	164	167	157
Shareholders' equity	19 646	18 845	17 921
Deferred taxes	2 761	2 677	2 021
Interest-free long-term liabilities and other obligations	937	905	889
Interest bearing long-term liabilities	18 913	21 310	17 925
Interest free current liabilities	4 152	4 333	5 063
Interest bearing current liabilities	1 104	711	1 147
Total liabilities and shareholders' equity	47 513	48 781	44 966

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Revenue and profit per area

Operating Revenue

<i>NOK million</i>	Apr - Jun 03	Apr - Jun 02	Jan - Jun 03	Jan - Jun 02	2002
Europe					
Newsprint	1 761	1 864	3 548	3 721	7 556
Magazine paper	1 777	1 658	3 338	3 149	6 531
Total Europe	3 538	3 522	6 886	6 870	14 087
South America					
Newsprint	297	264	551	569	1 107
Australasia					
Newsprint	963	1 000	1 874	1 954	3 807
Asia					
Newsprint	569	691	1 141	1 309	2 688
Other activities					
Other Industry Norway	129	163	256	342	682
Other revenues	408	248	850	600	1 249
Total Other activities	537	411	1 106	942	1 931
Staff/Eliminations	-78	10	-176	-70	-149
Total Group	5 826	5 898	11 382	11 574	23 471

Operating Earnings before Depreciation

<i>NOK million</i>	Apr - Jun 03	Apr - Jun 02	Jan - Jun 03	Jan - Jun 02	2002
Europe					
Newsprint	291	460	657	891	1 604
Magazine paper	356	394	739	732	1 363
Total Europe	647	854	1 396	1 623	2 967
South America					
Newsprint	115	45	189	143	281
Australasia					
Newsprint	276	345	536	710	1 197
Asia					
Newsprint	129	252	280	463	865
Other activities					
Other industry in Norway	6	18	11	49	105
Other revenues	-	-	0	0	-
Total other activities	6	18	11	49	105
Staff/Eliminations	-50	-46	-106	-119	-217
Total Group	1 123	1 468	2 306	2 869	5 198

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Revenue and profit per area

Operating earnings

<i>NOK million</i>	Apr - Jun 03	Apr - Jun 02	Jan - Jun 03	Jan - Jun 02	2002
Europe					
Newsprint	44	215	168	392	643
Magazine paper	151	190	335	326	546
Total Europe	<u>195</u>	<u>405</u>	<u>503</u>	<u>718</u>	<u>1 189</u>
South America					
Newsprint	63	-27	76	-15	-9
Australasia					
Newsprint	103	174	200	367	546
Asia					
Newsprint	53	177	134	309	562
Other activities					
Other industry in Norway	-3	3	-9	20	47
Other revenues	-	-	0	-	-
Total other activities	<u>-3</u>	<u>3</u>	<u>-9</u>	<u>20</u>	<u>47</u>
Staff/Eliminations	-106	-106	-219	-237	-429
Restructuring costs	0	0	0	0	-600
Total Group	<u>305</u>	<u>626</u>	<u>685</u>	<u>1 162</u>	<u>1 306</u>

Production by Product/Area

<i>(1,000 tonnes)</i>	Apr - Jun 03	Apr - Jun 02	Jan - Jun 03	Jan - Jun 02	2002
Europe					
Newsprint	482	505	967	950	1 925
Magazine paper	350	319	699	614	1 267
South America					
Newsprint	73	72	161	157	332
Australasia					
Newsprint	210	206	423	414	832
Asia					
Newsprint	163	157	313	294	635
Norske Skog Total:					
Total Newsprint	928	940	1 864	1 815	3 724
Total Magazine paper	<u>350</u>	<u>319</u>	<u>699</u>	<u>614</u>	<u>1 267</u>
Total printing paper	<u>1 278</u>	<u>1 259</u>	<u>2 563</u>	<u>2 429</u>	<u>4 991</u>

Quarterly comparison

<i>NOK million</i>	2Q03	1Q03	4Q02	3Q02	2Q02	1Q02	4Q01	3Q01	2Q01
Operating revenue	5 826	5 555	6 082	5 815	5 898	5 676	6 618	6 940	8 163
Operating earnings before depreciation	1 123	1 183	1 194	1 134	1 468	1 401	1 731	2 021	2 130
Depreciation and amortisation	818	803	762	822	842	865	839	773	854
Operating earnings before provision for restructuring costs	305	380	432	312	626	536	892	1 248	1 276
Restructuring costs	-	-	-600	-	-	-	-	-	-
Operating earnings	305	380	-168	312	626	536	892	1 248	1 276
Earnings before taxation	-160	710	-52	-62	677	243	748	923	869
The majority's share of net earnings	-190	290	374	182	465	141	532	628	536

Quarterly comparison

<i>NOK million</i>	2Q03	1Q03	4Q02	3Q02	2Q02	1Q02	4Q01	3Q01	2Q01
Operating Revenue									
Europe	3 538	3 347	3 654	3 563	3 522	3 348	3 711	3 428	3 643
North America	-	-	-	-	-	-	-	1 154	1 930
South America	297	254	291	247	264	305	557	421	487
Australasia	963	890	942	911	1 000	954	1 074	1 062	1 096
Asia	569	572	681	698	691	618	759	561	519
Non-core	537	570	539	450	411	531	564	487	585
Staff/Eliminations	-78	-78	-25	-54	10	-80	-47	-173	-97
Total Operating Revenue	5 826	5 555	6 082	5 815	5 898	5 676	6 618	6 940	8 163
Operating earnings before Depreciation									
Europe	647	749	692	651	854	769	900	1 186	1 228
North America	-	-	-	-	-	-	-	133	148
South America	115	75	81	56	45	98	230	175	209
Australasia	276	261	241	246	345	365	309	351	340
Asia	129	150	180	222	252	211	248	190	202
Other activities	6	4	40	16	18	31	34	30	56
Staff/Eliminations	-50	-56	-40	-57	-46	-73	10	-44	-53
Total Operating earnings before Depr.	1 123	1 183	1 194	1 134	1 468	1 401	1 731	2 021	2 130
Operating earnings									
Europe	195	308	268	203	405	313	562	902	932
North America	-	-	-	-	-	-	-	26	-31
South America	63	13	16	-10	-27	12	136	90	122
Australasia	103	97	86	93	174	193	132	180	158
Asia	53	81	115	139	177	132	154	126	153
Other activities	-3	-6	26	1	3	17	19	15	38
Restructuring costs	0	0	-600	0	0	0	0	0	0
Staff/Eliminations	-106	-113	-79	-114	-106	-131	-111	-91	-96
Total Operating earnings	305	380	-168	312	626	536	892	1 248	1 276

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Financial key figures

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	Definitions	Jan-Jun 03	Jan-Jun 02	2002
Net operating margin before restructuring costs %	1	6,0	10,0	8.1
Net operating margin after restructuring costs %	1	6,0	10,0	5.6
Gross operating margin before restructuring costs %	2	20.3	24.8	22.1
Gross operating margin after restructuring costs %	2	20.3	24.8	19.6
Equity ratio %	3	41.3	38.6	39.9
Equity ratio excl. minority interests %	4	41.3	38.3	39.5
Net interest bearing debt		19 178	20 367	18 204
Net debt/Equity		0.98	1.08	1.02
Net debt/Equity excl. minority interests	5	0.98	1.09	1.02
Earnings per share after taxes		0.76	4.58	8.79
Earning per share - fully diluted	6	0.76	4.58	8.79
Cash flow per share after taxes		8.22	14.07	27.89
Cash flow per share - fully diluted		8.22	14.07	27.89

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

Statement of cash flow

<i>NOK million</i>	Jan-Jun 03	Jan-Jun 02	2002
Cash flow from operating activities			
Cash generated from operations	11 437	12 129	23 575
Cash used in operations	-9 794	-9 238	-18 290
Cash from net financial items	-408	-440	-625
Taxes paid	-147	-592	-973
Net cash flow from operating activities	<u>1 088</u>	<u>1 859</u>	<u>3 687</u>
Cash flow from investment activities			
Investments in operational fixed assets	-438	-543	-1 146
Sales of operational fixed assets	15	14	44
Other investments	-196	116	170
Dividend received	0	0	-
Net cash from sold shares in subsidiaries 1)	1 268	257	498
Net cash used for acquisition of companies	0	-2	-6
Net cash flow from investment activities	<u>649</u>	<u>-158</u>	<u>-440</u>
Cash flow from financial activities			
Net change in long-term liabilities	-1 254	-3 675	-6 411
Net change in short-term liabilities	251	425	884
Dividend paid	-795	-748	-792
New equity	-	-	-
Net cash flow from financial activities	<u>-1 798</u>	<u>-3 998</u>	<u>-6 319</u>
Translation difference	33	-207	-218
Total change in liquid assets	<u>-28</u>	<u>-2 504</u>	<u>-3 290</u>

1) In first half of 2003 the amount consists of cash from sale of power plants in Norway. In 2002 the amount consists of sale of forests in Southern Norway, forests in Sweden and settlement of Norske Skog Flooring AS.