



Living Skills

*Living Industry*

*Annual report*

**1995**

**MOELVEN**

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*Calendar for presentation  
of the group's accounting data  
in 1996:*

*FEBRUARY 8  
Interim annual result 1995*

*APRIL 24  
Annual general meeting*

*JUNE 7  
1st four-month interim report*

*OCTOBER 4  
2nd four-month interim report*

*FEBRUARY 1997  
3rd four-month interim report  
Interim annual result 1996*

These dates may be liable to change.

# Moelven's Business Philosophy

## MOELVEN'S ENVIRONMENTAL PROFILE

Most of our companies work with timber products as their raw material. Moelven has processed timber since 1899 – in other words for nearly 100 years. Timber is a renewable resource, and as a basic material it fulfils all the requirements of our common responsibility to the global environment. Here in Moelven we see it as a challenge, convincing people at home and abroad that timber is a material on which we can build the future. We have transcended previous limits for the utilization of timber. We will continue to do so. Solutions of the future are built upon skills, innovation and respect for traditions.

## BUSINESS CONCEPT

It is the aim of the Moelven Group to be one of Scandinavia's leading companies within the timber and construction materials industry and an international quality supplier to manufacturing, trading and construction development customers.

## STRUCTURE

Moelven's underlying philosophy is that responsibility must be located at the point where the results are created. For this reason the group is decentralized with the operative functions placed with the individual companies. The Moelven name guarantees quality in all our

companies. In addition we have chosen to continue our established brand names Nordia and Eurowand in the Interior Layout division.

## LIVING SKILLS - LIVING INDUSTRY

Our customers place demanding requirements on us. We accept this as a challenge. Our products and companies are developed in close cooperation with the customers. Moelven has initiated several national research and development programmes in recent years. Projects like Euro-Tre (timber projects), impregnated fire-retardant treating of timber, surface treating of panels and new ceiling systems are examples of this. A separate programme of management development ensures recruitment, continuity and a uniform philosophy throughout the group. This also includes our requirement for good business practice.

Moelven is more than a traditional industry. In Moelven, both large and small orders are catered for. Standard products and contracted orders are produced side by side. It is our ability to keep the skills alive which continually vitalizes our industry. The future is built on experience. But without the ability for innovative thinking we would soon become history. These conditions apply equally to our customers.



Photo: Knut Bry.

# Presentation of Moelven



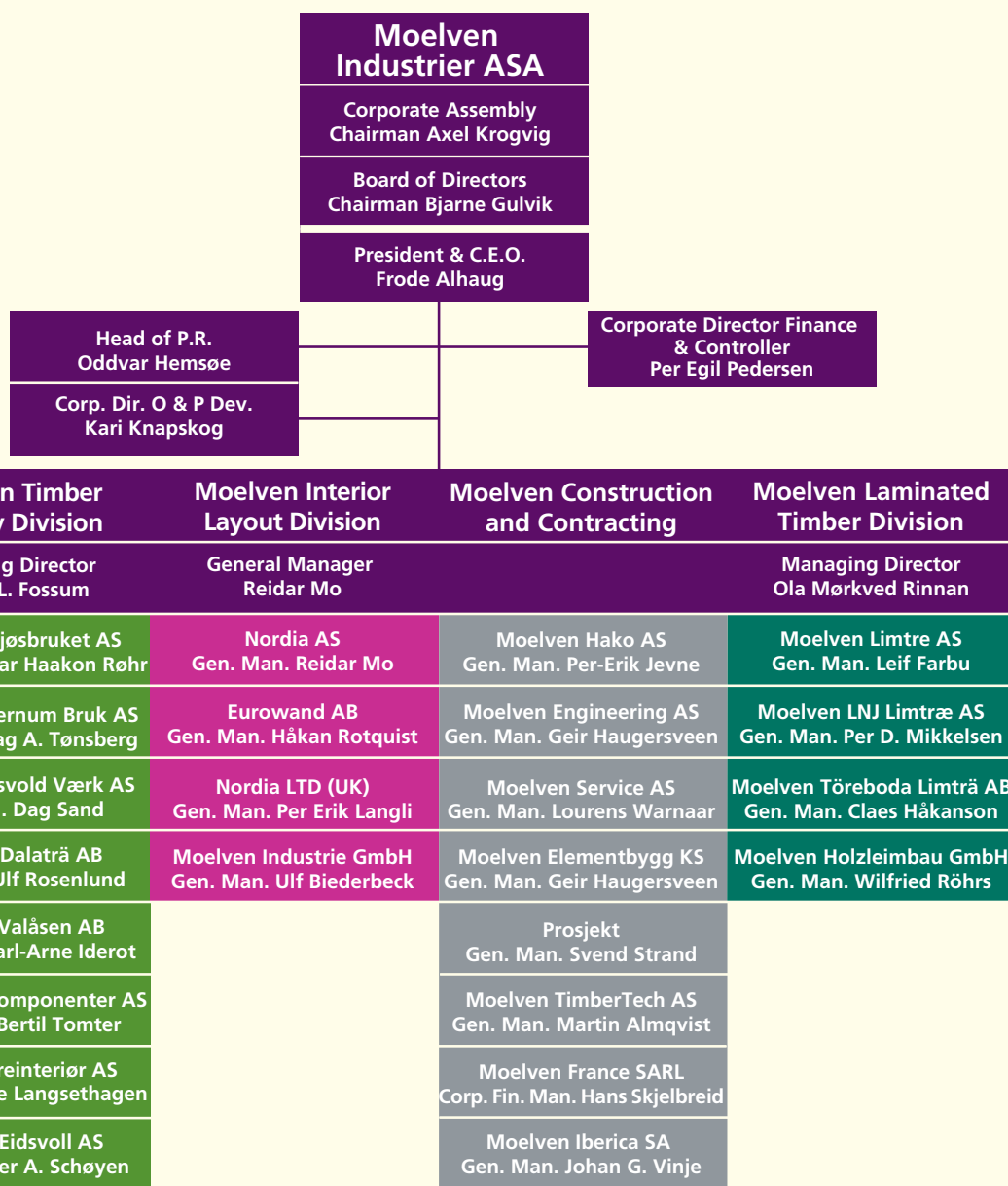
## THE GROUP AND THE BUSINESS AREAS

Moelven Industrier ASA is a Norwegian owned listed industrial company, with its head office in Moelv. Of the group's 1,686 employees, 694 are employed in foreign subsidiaries. Moelven is active within four business areas: the timber industry, laminated timber, system interior layouts and construction and contracting. These enterprises are organized into 26 independent subsidiaries in seven different countries.

Moelven Limtregruppen AS (Laminated Timber) is Europe's leading manufacturer of laminated timber for the standard and contract market. Internationally, Moelven has attracted considerable attention in connection with the construction of the 1994 Winter Olympic arenas and the customer check-in area at the new Oslo Gardermoen Airport. Moelven Treindustrigruppen AS (Timber Industry), with its sawmills and processing operations, has a solid position in the European market. Moelven Innredningsgruppen AS (Interior Layout) is Scandinavia's leading manufacturer and supplier of constructional system interior layouts for commercial premises. Within the business area Bygg og Prosjekt (Construction and Contracting), Moelven Hako AS is Scandinavia's largest manufacturer and supplier of pre-fabricated housing modules.



# Presentation of Moelven

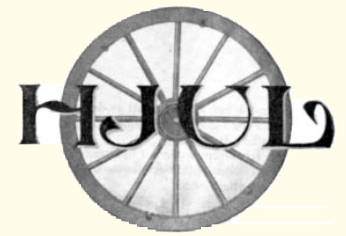


## Key figures for the group and the business areas

Amount in NOKm	Group		Timber Industry		Interior Layout		Laminated Timber		Construction and Contracting	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Operating revenues	2 220.5	1 906.8	1 160.0	944.0	410.8	340.1	419.9	348.2	292.0	214.7
Operating profit	92.3	109.7	69.5	103.5	26.0	17.2	10.4	18.9	20.7	9.7
Financial items	- 46.3	- 55.0	- 10.7	- 20.6	10.3	4.0	0.2	- 0.8	- 0.3	- 0.5
Profit before extraord. items	46.0	54.7	58.8	82.6	36.3	21.2	10.6	18.1	20.4	9.2
Total capital	1 148.4	969.4	656.4	523.5	204.1	118.1	211.8	168.8	112.5	75.6
Equity ratio %	24.4	17.6	47.7	33.0	57.1	58.3	49.2	47.5	40.9	41.4
Gross operating margin %	6.8	9.3	9.2	13.9	7.1	5.8	5.0	8.3	8.0	5.6
Depreciation	59.6	68.4	36.7	28.0	3.2	2.6	10.7	9.9	2.5	2.3
Cash flow	105.6	123.2	95.5	111.4	39.5	23.8	21.3	28.0	22.9	11.5
Investments	108.0	45.0	73.5	25.3	6.1	1.8	22.3	14.8	4.0	2.1
Number of Employees	1 686	1 602	653	552	394	389	346	320	280	224



# Moelven –



## A PIECE OF INDUSTRIAL HISTORY

### IT BEGAN IN 1899

On July 24, 1899, "Aktieselskabet Moelven Brug" was registered at Hedemarken's Fogderi with a share capital of NOK 20,000. The purpose of the company was to "undertake manufacture and sale of manufactured items and farming activities in Anderkvaern in Ringsaker County", to cite the company's first articles of association. For 50 years oil-impregnated wheels were the main speciality at Moelven Brug.



Gradually the undertaking expanded its production with agricultural equipment such as tractor trailers, transportable workmen's huts, log cabins and furniture. The transportable "Moelven workmen's huts" became a great success and formed the basis for the production of pre-fabricated housing modules. This began at the end of the 1950s and formed the foundation for today's module production.



Besides undertaking mechanical production and pre-fabricated housing production, as early as 1958 Moelven established a laminated timber factory in Moelv. In 1979 Moelven Mjøsbuket AS was built in Biri. This, together with the purchase of the Swedish sawmills Dalaträ in 1985 and Valåsen in 1988, marked the beginning of Moelven's operational commitment to the timber industry.



In the course of the 1980s the group continued to grow through a number of purchases. Among other things Moelven took over the Swedish laminated timber manufacturer Töreboda in 1982 and the Danish laminated timber factory LNJ in 1986, the bathroom manufacturer E-Modul in Sweden in 1986, and the housing and commercial premises division in Norema AS in 1989.

At the new year 1989/90, the scaling down of the house building division started as a consequence of the decline in the Norwegian and Swedish housing market. In december 1993 Norema was sold. The following year Moelven sold the E-Modul company in Sweden and wound up its property portfolio through the sale of Moelven Eiendom AS.

On January 1, 1987, A/S Moelven Brug was converted into a group and the businesses were organized into separate divisional companies. At the same time the parent company changed its name to Moelven Industrier AS. Moelven has been quoted on the stock exchange since April 21, 1981.

### HIGHLIGHTS OF 1995

In 1995 the largest of the group's operational areas; Moelven Timber Industry division was subject to a drastic fall in margins between raw material and sawn timber prices. However, in the course of 1995, Moelven has also taken a significant step towards improving the balance between the group's four operational areas; Laminated Timber (Limtre), Interior Layout (Innredning), Timber Industry (Treindustri) and Construction and Contracting (Bygg og Prosjekt). The results in our Interior Layout companies, Nordia AS and Eurowand AB, are good examples of this. The same also applies to the module manufacturer Moelven Hako AS, a company which following the merger between the former Moelven Systembygg AS and Hako Modul AS has experienced a strong development.

The contracts to manufacture and erect the roofing constructions for the customer check-in building, Pir A and the railway station at the new Oslo Gardermoen Airport, represented a new, extensive technological challenge for Moelven Limtregruppen AS.

In 1995 the group carried out a placing of shares which marked the end of a five-year re-structuring process, and which also resulted in a full takeover of the former Mathiesen Eidsvold Værk AS.

With Moelven Hako AS, Moelven Engineering AS and the Smedvig-owned company Hekla AS as equal partners, Moelven Elementbygg KS was set up.



# The comments of the President & C.E.O.

The year 1995 was largely speaking a good one for the Moelven Group, even though developments in the results towards the close of the year were not as we had wished. After a strong close to 1994 we looked ahead to a year that would give us a somewhat similar development as regards results, though with some clouds on the horizon with regard to the international market of sawn timber products.

For the Timber Industry division a good price development for finished goods towards the end of 1994 was followed by a steep increase in timber prices throughout the winter of 1994/1995, a concurrent good harvest and large supply of timber. The Scandinavian timber industry had a record high production for which there was no natural market in the traditional recipient countries. After the spring and early summer the expected recession set in for the prices of finished goods, even though there was demand in the market for the normal volume. New negotiations concerning lower prices for raw materials led to a modest but inadequate reduction. The industry had increased production capacity with new investments and the introduction of shiftwork, and this led to continued high demand for raw materials.

The timber industry throughout the whole of Europe has itself added momentum to a downturn which is unlike anything which has been seen earlier. The result is that the prices of some ranges fell by 30–40%.

In the same period, timber prices up until the new year 1995/96 have only experienced a fall of approx. 15%. This is primarily a problem related to the industry's structure. Moelven has initiated measures within its regions for the purchase of raw materials, and will to an increasing degree work towards influencing these factors. The Timber Industry division's processing companies have, throughout the year, been successful in utilizing the falling sawn timber prices in order to increase their margins, and now contribute considerably to the result of the division.

Another bright spot is the development in the Interior Layout division which has presented a result which is the best ever for this business area. An operating margin of approx. seven percent is well over the level which the building and construction industry usually achieves. The Interior Layout division has achieved these results as a consequence of ambitious goal-setting and thorough-going internal rationalization and improvements in all working routines. The products are well adapted to tomorrow's building and construction market.

Yet another bright spot is the result for Construction and Contracting following a successful merger between Moelven Systembygg AS and Hako Modul AS.

Moelven Systembygg AS was in the process of incurring fixed and indirect costs which were too large in relation to the market potential one might expect in the short and the medium term. To its credit Hako Modul AS had, through the large supply contract to Oslo Hovedflyplass AS, a contrasting situation with production premises which were too small and very constricted administrative capacity in relation to the level of activity. The merger of these two companies has given the expected pay-

off and the development in results in 1995 and at the start of 1996 lives up to the group's requirements.

In addition considerable progress has been made within the group's R & D activity. This also applies to the group's operational commitment to laminated timber. The lead over our competitors both at home and abroad has been further increased through technological advances which are being used in the supply contract to Oslo Hovedflyplass AS.

At the same time the division has not lived up to the requirements as regards results which have been set for our companies. Over and above operational disturbances due to investments in new and improved production technology at Moelven LNJ Limtræ AS in Denmark, the division has incurred losses in the winding up of a joint ownership in the French company, LC-System SARL. The company did not develop as expected and is being wound up. The division will continue its sales to the French market. The Laminated Timber division has initiated several measures within the areas of productivity and utilization of raw materials, and is preparing structural measures in order to meet a market situation which demands a better balance between production and market.

Investment activity in Moelven's subsidiaries has been completely in keeping with the requirements which must be set in order to maintain a heightened readiness and high technological standards for the future. Investments and general increases in activity have been financed through the issue of shares and the earnings of the various undertakings. Besides this, Moelven has purchased two companies with a total turnover of approx. NOK 250 million. The group's interest-bearing debt has been further reduced. Capital and reserves have been strengthened by NOK 100 million, to a level of 25%, and will be further strengthened through the group's own earnings.

Moelven's shareholding structure has not reached a final form. Options to purchase shares from Den norske Bank AS, among others, expire on March 29, and the company will work to find new solutions.



Moelv, February 26, 1996

  
Frode Alhaug

# Key Figures

Amount in NOKm	1995	1994	1993	1992	1991	
<b>TURNOVER</b>						
Operating revenues	2 221	1 907	1 924	1 985	2 287	
Exports from Norw. companies	250	198	199	215	331	
Total turnover outside Norway	60%	66%	57%	68%	68%	Export from Norwegian companies + turnover from foreign subsidiaries, as percent of total operating revenues
<b>RESULT</b>						
Net financial items	-49	-55	-88	-63	-98	
Result before extraord. items	46	55	-26	-111	-67	
<b>BALANCE</b>						
Investments in fixed assets	108	45	36	27	70	Capitalized investments minus investments due to purchase of companies
Total capital	1 148	970	1 113	1 254	1 345	
<b>EARNINGS/PROFITABILITY</b>						
Net operating margin	4.2%	5.8%	3.2%	-0.9%	1.3%	$\frac{\text{Operating profit}}{\text{Operating revenues}}$
Gross operating margin	6.8%	9.3%	6.6%	3.5%	5.1%	$\frac{\text{Operating profit} + \text{ordinary depreciation}}{\text{Operating revenues}}$
Return on equity 1)	14.6%	30.3%	-18.2%	-85.4%	-34.7%	$\frac{\text{Profit before extraord. items-tax}}{\text{Average share capital and reserves 1)}}$
Return on total capital	10.1%	11.9%	7.0%	0.8%	3.8%	$\frac{\text{Profit before extraord. items} + \text{financial costs}}{\text{Average total capital}}$
Interest cover	1.7	1.8	0.8	0.1	0.5	$\frac{\text{Profit before extraord. items} + \text{financial costs}}{\text{Financial costs}}$
<b>CAPITAL</b>						
Equity ratio 1)	24.4%	17.6%	10.5%	9.6%	5.8%	$\frac{\text{Share capital and reserves 1)}}{\text{Total capital}}$
Capital turnover rate	2.0	1.8	1.5	1.4	1.4	$\frac{\text{Operating revenues}}{\text{Average total capital}}$
<b>LIQUIDITY</b>						
Current ratio I	1.36	1.32	1.02	0.85	0.83	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Quick asset ratio II	0.66	0.63	0.63	0.39	0.39	$\frac{\text{Liquid funds} + \text{financial investments} + \text{receivables}}{\text{Current liabilities}}$
Cash flow from ordinary operations (NOKm)	97.9	112.0	39.1	-26.2	17.1	Profit before extraord. items-taxes + depreciation
<b>SHARES</b> (ref. page 47)						
Earnings per share (NOK)	0.54	0.73	-0.71	-11.94	-18.27	$\frac{\text{Profit before extraord. items-taxes}}{\text{Numbers of shares}}$
Cash flow per share (NOK)	1.39	1.87	1.04	-2.78	4.49	$\frac{\text{Cash flow}}{\text{Number of shares}}$
Mathematical value	79.5%	57.0%	27.2%	16.1%	11.9%	$\frac{\text{Share capital and reserves}}{\text{Share capital}}$
Price/earnings ratio (P/E)	12.22	12.88	-	-	-	$\frac{\text{Market price}}{\text{Profit before extraord. items, taxes, per share}}$
Total return per share	-29.8%	3.3%	160.0%	-69.6%	-88.3%	$\frac{\text{Dividend per share} + \text{change in value}}{\text{Market price}}$

1) Capital and reserves includes subordinated loans. For 1991, 100% of the tax-related provisions are included.



# Timber Industry Division

## ENVIRONMENT IN PRACTICE

### THE ENTERPRISE

Moelven Treindustrigruppen AS consists of eight companies, five sawmills and three processing enterprises located in Norway and Sweden. The division is characterized by its good earnings in a cyclical industry. Quality of raw materials is of central importance for the division's strategic expansion. The geographical location of the companies is, therefore, selected bearing this in mind. The division possesses technological solutions which bring out the potential for value-added which is inherent in a high-value raw material.



The division's managers, from the left: Dag A. Tønsberg, Karl-Arne Iderot, Pål Tajet, Bertil Tomter, Anders L.Fossum, Åge Langsethagen, Ulf Rosenlund and Per Schøyen. Dag Sand and Einar Haakon Røhr were not present when the picture was taken.

### BUSINESS CONCEPT

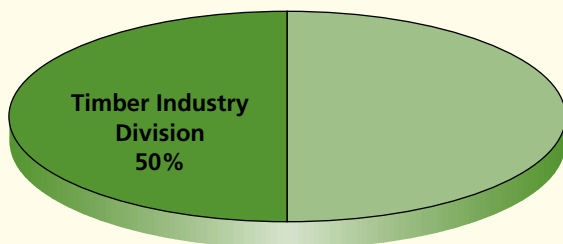
It is the aim of the Timber Industry division to be an industrial supplier of sawn timber and processed construction materials/components in timber for professional customers. The division places an exacting demand on quality and adaptation to customers' needs in an international market.

### PRODUCT RANGE

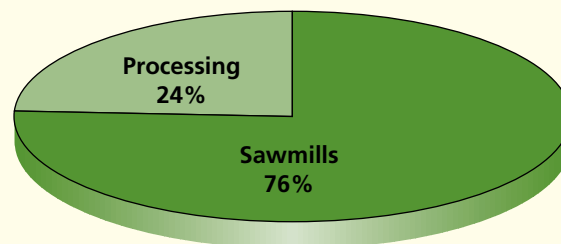
- Sawmills:**
- Timber products in spruce and pine in all standard dimensions, sorted and dried according to special quality requirements.
- Processing:**
- Interior products: moulding, whole-wood floors, roof and wall panelling – surface treated and non-surface treated.
  - Components for furniture, door and window manufacture.
  - Components for house construction, building and construction.

### MARKET/CUSTOMERS

The division has a good position in the European market which is showing stable growth in volume. Through the division's activities in this market, Moelven is well established as a brand name. The Timber Industry division also has a considerable share of the market with regard to a few "niche" products. Examples of this are moulding in Norway, quality products in fir for Switzerland and Germany and for furniture manufacture in France and Denmark. Japan represents a growing market for the division. Timber's environmental profile is considered to be an important competitive advantage in relation to rival materials.



Share of the group's operating revenues.



Operating revenues per operational area.



Photo: Knut Bry.

# Timber Industry Division

## ENVIRONMENT IN PRACTICE



### SAWMILLS

The sawmills aim to be industrial suppliers of sawn timber products and must meet high requirements with regard to quality and adaptation to customers' needs in an international market. The strategy is to reduce the significance of the bulk market's strong fluctuations and steer towards a greater degree of manufacture-to-order based on long-term customer relations. The products are sawn timber in spruce and pine for the Swedish companies and spruce for the Norwegian. The customers are industrial users within laminated timber, furniture, door, window, building components and prefabricated housing manufacture. We are striving towards an expanded level of customer understanding where knowledge of about the customer's value-added process is of central importance in our product development.

In order to achieve success in our undertaking we will further develop the division's sawn timber range with a view to sorting according to quality, drying, length adjustment, splitting of special dimensions and sorting according to strength. We consider this to be necessary in order to ensure an optimal fit of the products to the customer's needs in the different market segments. In order to improve the margins, this form of adaptation to the customer's needs will be combined with rationalized volume production. In order to ensure stable and more predictable access to raw materials, the division is establishing long-term import channels.

The Timber Industry division is a driving force in R & D projects in the industry, both in Sweden and Norway.

SAWMILLS	Number of employees	Established acquired	Products	Production capacity
Moelven Valåsen AB Gen. Man. Karl-Arne Iderot	255 *	1988	Sawn timber in spruce and pine	240,000 m <sup>3</sup>
Moelven Dalaträ AB Gen. Man. Ulf Rosenlund	96	1985	Sawn timber in spruce and pine	130,000 m <sup>3</sup>
Moelven Mjøsbruket AS Gen. Man. Einar Haakon Røhr	49	1978/79	Sawn timber in spruce	60,000 m <sup>3</sup>
Moelven Kværnum Bruk AS Gen. Man. Dag A. Tønberg	16	1984	Sawn timber in spruce	20,000 m <sup>3</sup>
Moelven Eidsvold Værk AS Gen. Man. Dag Sand	106 *	1994/95	Sawn timber in spruce	85,000 m <sup>3</sup>

\*Applies to both sawmills and processing.



# Timber Industry Division

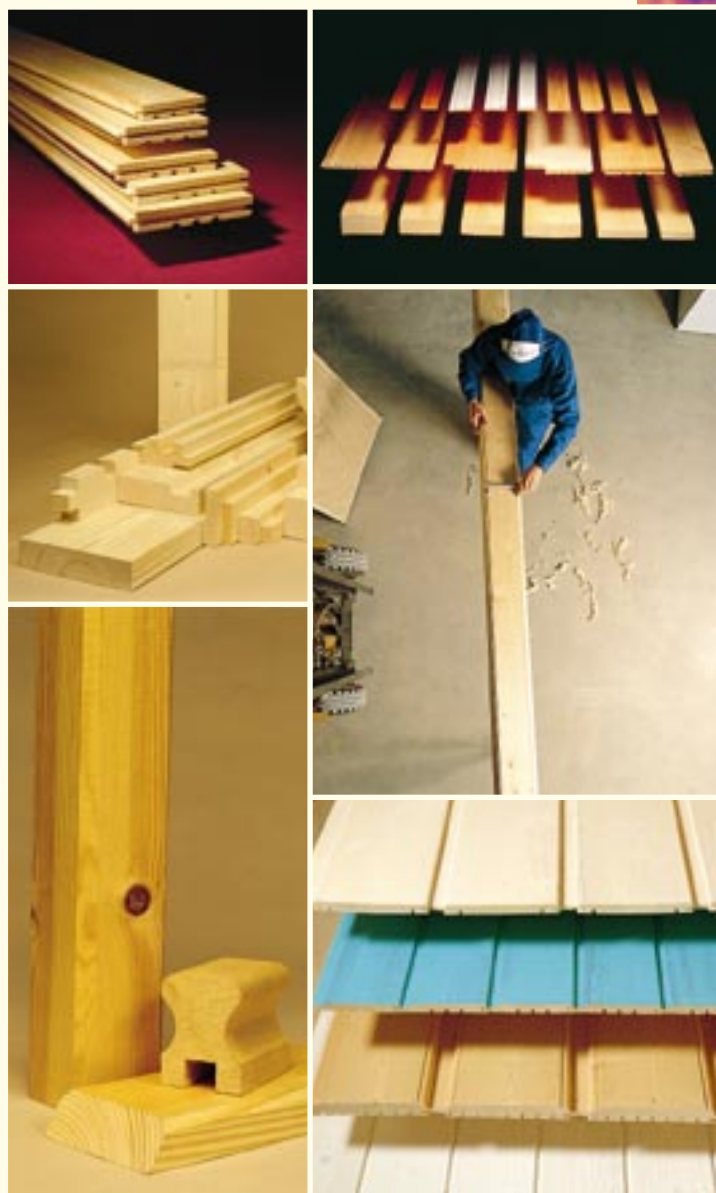
## ENVIRONMENT IN PRACTICE

### PROCESSING

The processing enterprises are industrial suppliers of building materials and components in timber to industrial customers and building materials traders. The companies meet exacting requirements as to quality and adaptation to customers' needs in an international market. Product development is given priority in areas where timber has natural advantages over alternative materials. The Timber Industry division works to improve the synergistic effects with regard to the companies' customer portfolio by viewing the total product range as one entity. Measures will be initiated to give a high profile to individual products intended for the consumer market. The processing companies at Moelven Valåsen AB and Moelven Eidsvold Værk AS will devote a great deal of attention to the utilization of raw materials in future. Moelven Trekomponenter's good customer relations with Japan will be further developed and work will be done on specific joint projects in the German and French markets.

At Moelven Treinteriør AS, further investment will be made in the production of spruce and pine floors. The product range will be supplemented with several types of surface treatment such as varnish, wax and oil.

Moelven Eidsvoll AS is a market leader in Norway and has increased its production volume of moulding considerably in the period. This is not least due to the company's rational distribution system and market concept in Norway and Sweden.

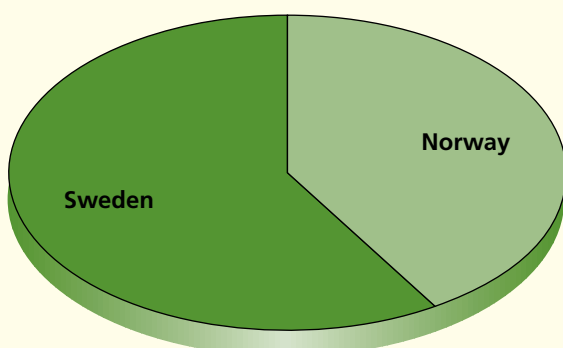


PROCESSING	Number of employees	Established acquired	Products	Production capacity
Moelven Trekomponenter AS Gen. Man. Bertil Tomter	39	1950	Components for the construction, furniture and other wood-processing industries	27,000 m <sup>3</sup>
Moelven Treinteriør AS Gen. Man. Åge Langsethagen	31	1986	Floor boards, panels – surface treated and non-surface treated	19,000 m <sup>3</sup>
Moelven Eidsvoll AS Gen. Man. Per Schøyen	54	1989	Mouldings – surface treated and non-surface treated	10,000 m <sup>3</sup>
Moelven Valåsen AB Gen. Man. Karl-Arne Iderot	– *	1988	Components for the construction and other wood-processing industries	38,000 m <sup>3</sup>
Moelven Eidsvold Værk AS Gen. Man. Dag Sand	– *	1994/95	Planned timber	50,000 m <sup>3</sup>

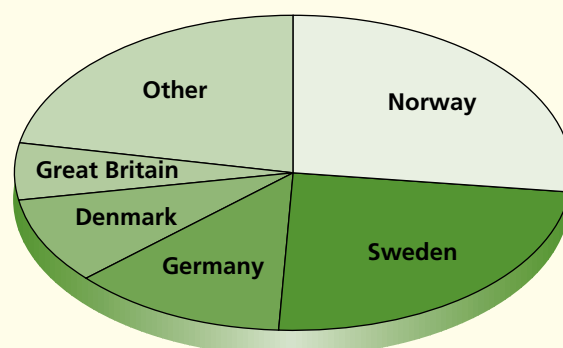
# Key Figures - Timber Industry Division

## ENVIRONMENT IN PRACTICE

The division Amount in NOKm	1995	1994	1993	1992	1991
Operating revenues	1 160.0	944.0	773.7	808.9	790.7
Operating profit	69.5	103.5	41.5	-4.9	8.9
Financial items	-10.7	-20.6	-12.6	-12.4	-17.4
Profit before extraord. items	58.8	82.6	29.1	-17.3	-8.5
Total capital	656.4	523.5	418.9	455.8	512.0
Equity ratio %	47.7	33.0	27.9	49.4	53.2
Gross operating margin %	9.2	13.9	8.7	3.0	4.6
Depreciation	36.7	28.0	25.5	29.0	27.8
Cash flow	95.5	110.6	54.6	11.7	19.3
Investments	73.5	25.3	22.7	13.3	28.9
Number of employees	653	552	503	526	562



Operating revenues per country of production.



Operating revenues per market.

The companies Amount in NOKm	Operating revenues								Operating profit	
	Sawmills		Processing		Of which internal		Total		Total	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Moelven Mjøsbruket AS	120.9	103.5	-	-	-	-	120.9	103.5	1.8	6.9
Moelven Kvernum Bruk AS	30.6	29.4	-	-	-	-	30.6	29.4	-0.2	2.2
Moelven Eidsvold Værk AS *	141.6	140.0	73.9	67.4	54.1	53.3	161.4	154.1	2.7	3.0
Moelven Valåsen AB	437.9	424.9	55.9	62.8	23.5	26.9	470.3	460.8	27.4	56.3
Moelven Dalaträ AB	234.8	211.7	-	-	-	-	234.8	211.7	21.1	31.6
Moelven Trekomponenter AS	-	-	52.9	52.0	-	-	52.9	52.0	4.3	0.2
Moelven Treinteriør AS	-	-	46.9	49.2	-	-	46.9	49.2	4.9	0.8
Moelven Eidsvoll AS	-	-	70.6	60.4	-	-	70.6	60.4	6.3	4.9
Moelven Treindustrigruppen AS	12.5	9.5	-	-	-	-	12.5	9.5	0.2	0.6
<b>Moelven Timber Ind. Division</b>	<b>978.3</b>	<b>919.0</b>	<b>300.2</b>	<b>291.8</b>	<b>118.6</b>	<b>266.8</b>	<b>1160.0</b>	<b>944.0</b>	<b>69.5</b>	<b>103.5</b>

\*100% owned subsidiary as from 1995.



# Interior Layout Division

## EFFICIENT OFFICES

### THE ENTERPRISE

Moelven Interior Layout division is Scandinavia's leading manufacturer and supplier of constructional system interiors for commercial premises. The business is run through three operational companies in Sweden, Norway and England. In addition a small unit has been established in Germany.

### PRODUCTS

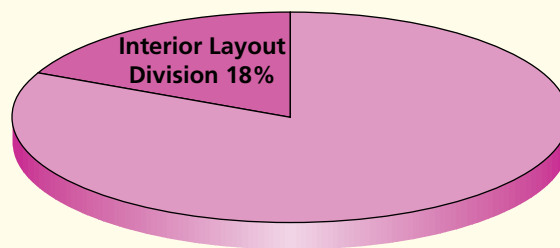
The companies in the Interior Layout division are service companies which have the responsibility for complete interior layout solutions from product development and advice via contracting, production and assembly to ready-made and ready to collect interiors. The main products are system walls, glass walls, wall furniture, acoustic screens, several varieties of ceiling and computer floor layouts.

### MARKET/CUSTOMERS

The Interior Layout companies work in two different segments of the commercial premises market, the tendering market (new construction and renovation) and the direct market (maintenance and modernization).

**In the tendering market**, the customer group consists of contractors, construction management companies and specialized building consortiums. **In the direct market** the customers are private and public developers, companies with their own property and property companies/management organizations.

From the left:  
Reidar Mo, Håkan  
Rotquist and Odd Harald  
Ryen.



Share of the group's operating revenues.



Photo: Knut Bry.

# Interior Layout Division

## EFFICIENT OFFICES

### MAIN OPERATIONAL AREAS

Moelven Innredningsgruppen AS has a business and service concept the goal of which is to industrialize constructional interior layout in commercial premises. As was mentioned the enterprise is run with regard to two different market segments:

- the tendering market
- the direct market



**The tendering market** is characterized by a number of companies competing with regard to a uniform contract item (tender). High demands are placed on efficient production, distribution and effective control on the building site. Cost management is an important parameter for success in the tendering market. The goal of the Interior Layout division is to be absolutely competitive with regard to price and quality in this market.

**NORDIA AS** Established 1989  
Number of employees: 262  
Operation: Constructional layouts for commercial premises  
Head of staff: Gen. Man. Reidar Mo

**EUROWAND AB** Established 1989  
Number of employees: 115  
Operation: Constructional layouts for commercial premises  
Head of staff: Gen. Man. Håkan Rotquist

**NORDIA LTD. (UK)** Established 1989  
Number of employees: 16  
Operation: Constructional layouts for commercial premises  
Head of staff: Gen. Man. Per Erik Langli

**The direct market** is characterized by direct contact between the supplier and the customer without a tendering situation being present. Important key words in this market segment are advisory and architectural services, futuristic solutions, total finance and administration, operation and maintenance (AOM facilities), in other words the whole, or a partial range, of our service chain.





# Interior Layout Division

## EFFICIENT OFFICES



of time. The Interior Layout division works with environmentally tested materials. The products have complete documentation as regards acoustic and fire-resistant properties. The companies have established a system for the documentation of administration, operation and maintenance.



Quality control systems based on ISO 9000 have been introduced. The companies have a contractor's license and internal control in the areas of health, environment and safety have been introduced.

### FUTURE AND DEVELOPMENT

In Norway, Nordia is participating as a pilot enterprise in the Productivity Programme for Technological Enterprises (TOPP) with the main emphasis on "Total quality management". A broad process with the emphasis on continual improvement of the company's value-adding ability and productivity is currently being executed. The company has in 1995 carried out the first phase of an IT strategy which will provide increased skills and optimization in the job of creating quality for the customer and positive developmental possibilities for the employees. Active IT development provides a basis for further expansion of the service chain of the business.

### OUTLOOK

The outlook is good for the companies in the division. The market is becoming more aware all the time of the advantages which the division's products can provide with regard to, among other things, the total economy of a building's lifetime. The companies have carried out measures to adapt to a market without growth in new construction, and where no single competitor has a significant shares of the market. From an environmental point of view the division's products stand out both with regard to the demands of the users and the re-utilizability aspect.

### THE CUSTOMERS

The Interior Layout division strives to achieve long-term customer relations with the most important operators in this market segment. Broadly speaking, this entails us organizing our business in relation to the different markets in which we operate. We work actively towards specializing and adapting products, services and our own business processes in relation to the needs of the customer. The companies stand out in the market with the following competitive advantages:

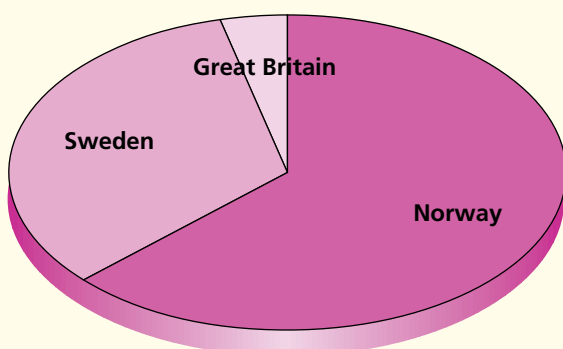
The companies in the Interior Layout division take responsibility for complete interior layout solutions, from planning/layout to completed installation. Decentralized organization with close proximity to the customers ensures planning, effective logistics with short delivery times and complete deliveries. Reconstruction can take place while the premises are in use. Systems products generate lower annual costs than traditional building methods. The initial investment is economically competitive. Easy movability with recycling of materials, less waste and reduced dust/gas emission problems provide economic and environmental advantages in the course



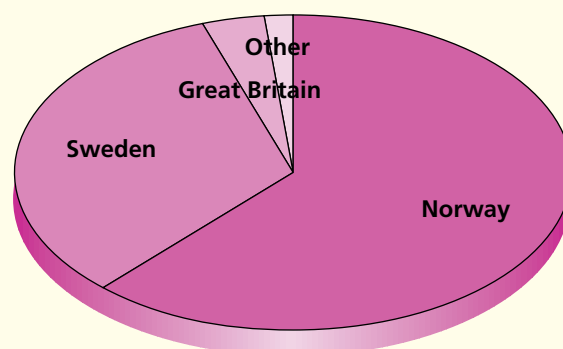
# Key Figures - Interior Layout Division

## EFFICIENT OFFICES

The division Amount in NOKm	1995	1994	1993	1992	1991
Operating revenues	410.8	340.1	296.1	332.6	413.0
Operating profit	26.0	17.2	5.2	1.3	8.7
Financial items	10.3	4.0	4.6	4.6	2.7
Profit before extraord. items	36.3	21.2	9.8	5.9	11.4
Total capital	204.1	118.1	158.1	111.0	131.0
Equity ratio %	57.1	58.3	23.2	7.2	18.0
Gross operating margin %	7.1	5.8	2.8	1.6	3.8
Depreciation	3.2	2.6	3.1	4.1	7.2
Cash flow	39.5	23.8	12.9	10.0	18.6
Investments	6.1	1.7	0.5	0.4	0.5
Number of employees	394	389	332	389	440



Operating revenues per country of production.



Operating revenues per market.

The companies Amount in NOKm	Operating revenues		Operating result	
	1995	1994	1995	1994
Nordia AS	259.6	224.1	17.0	11.6
Eurowand AB	137.1	95.7	12.3	5.5
Nordia Ltd. (UK)	15.4	22.1	-2.8	0.2
Moelven Innredningsgruppen AS	-	-	-0.5	-0.1
Internal operating revenues in the division	-1.3	-1.8	-	-
<b>Moelven Interior Layout Division</b>	<b>410.8</b>	<b>340.1</b>	<b>26.0</b>	<b>17.2</b>



# Laminated Timber Division

## ARCHITECTURE AND SPAN CAPABILITY

### THE ENTERPRISE

Moelven Laminated Timber division is Europe's leading supplier of laminated timber for building and construction. The division has approx. 350 employees in Norway, Sweden, Denmark, Germany and England. The companies use high-quality Scandinavian spruce and pine in their production.

### BUSINESS CONCEPT

It is our goal that the Laminated Timber division will be Europe's leading industrial enterprise in the manufacture of laminated timber for construction and interior purposes.

### PRODUCTS

Laminated timber can compete with steel and concrete, but the advantages of laminated timber endow it with still further uses. Properties like its appearance, formability, flexibility, fire-resistance and weight/bearing capacity give laminated timber good advantages. In addition timber, as a raw material, is a renewable resource which requires little energy in the conversion of raw material to finished product.

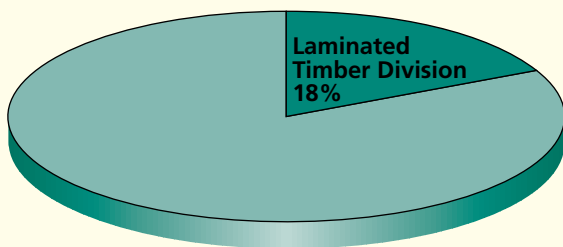
Laminated timber from Moelven covers a range from small, straight beams and pillars in houses, to monumental roof constructions with a free span of up to 140 metres. The products are therefore divided into two market segments; "standard" and "contract". The first is for standardized stock, while contracts are manufactured to order with individual processing.



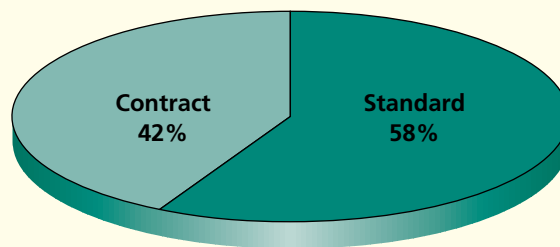
Front, from the left: Ola Mørkved Rinnan, Haumann Sund and Claes Håkanson. Back, from the left: Per D.Mikkelsen, Hans Rindal, Leif Farbu and Wilfried Röhrs.

### MARKET

The standard products are sold via building wholesalers/retailers, building firms and contractors. The contract sale takes place directly to the developers, contractors and housing and building industry. Germany is the largest single market for the Laminated Timber division while Norway, Sweden and Denmark are particularly important on account of the division's market-leader position. Sales in Japan are developing in a positive direction. Even though the English market as a whole is small, the division enjoys a good position.



Share of the group's operating income.



Operating income per operational area.



Photo: Knut Bry.

# Laminated Timber Division

## ARCHITECTURE AND SPAN CAPABILITY

### THE CHALLENGES

In order to ensure the division's position in the international market, strengthen the market position further in Scandinavia and develop a leading role in Germany, the Laminated Timber division faces several challenges. The same also applies to the goal of strong development in Japan, Italy, France and England.

The laminated timber industry is traditionally a craftsman and technology based industry. The Laminated Timber division has made a strong commitment to combining the product's quality with engineering skills, design and customer service. In the concept "understanding the customer", lies our ability to develop in response to the market's requirements. The goal is that "Moelven" as a brand name will be interpreted as being synonymous with quality and skills.

### STANDARD AND CONTRACT

The Laminated Timber division's three manufacturing plants provide the possibility of specialization. This provides a higher level of productivity and professionalism. A strong internal focus on the special characteristics of the standard and contract market segments will ensure a good concept with regard to customers, manufacture and distribution. The ability to utilize skills and developments from both segments will contribute to providing the division with competitive advantages which

the individual undertakings would have difficulty in achieving on their own. For most practical purposes the segmentation has the following form:

**The standard segment** consists of straight beams with the dimensions 90mm x 200mm, up to 140mm x 700mm and lengths of up to 27 metres, and pillars with the dimensions from 90mm x 90mm, up to 140mm x 140mm. Beams and pillars are supplied either in an "interior quality", or in "construction quality", where the important emphasis is placed on technical specifications from the buyer. Approximately 90 percent of the volume is spruce, five percent pine, and five percent impregnated pine.

**The contract segment** consists of deliveries which are manufactured according to order, and where design, dimensioning, steel fittings and perhaps even assembly are often incorporated.

### MARKET

Scandinavia, Germany, Austria and the USA are traditionally large participants both as manufacturers and users of laminated timber. Scandinavia and Germany possess well developed architectural and engineering skills within the laminated timber field. In the European market, highest priority is given to Scandinavia, Germany and England.

Distribution between standard and contract sales is approximately 50/50 in the Scandinavian markets. Germany and Japan are basically standard markets, but have an increasing share of contract supplies. In Germany the division has developed a sales and distribution concept which ought to be able to provide a potential for further growth. Generally the market has been growing steadily, but the German market is stagnating and is experiencing an unfavourable currency movement in relation to Sweden and to an extent Norway.





# Laminated Timber Division

## ARCHITECTURE AND SPAN CAPABILITY

### FUTURE ACTIVITIES AND COMPETITIVE ADVANTAGES

The Laminated Timber division has as a goal, keeping its leading position in Europe. For the standard market segment this involves investing further in cost-effective production, conscious product specification and a customized degree of service. The concept forming the basis of production and distribution will be continued.

The contract market segment demands, for the large contracts, special skills and the ability to interact with architects, consultant engineers, contractors and developers. The contracts supplied for the Winter Olympics '94 in Lillehammer and the new Oslo Gardermoen Airport have given Moelven a unique position within this segment. Manufacture to order generally involves steadily increasing expectations with regard to service, flexibility and price. This means that the laminated timber division must develop still better solutions for production and distribution, and strengthen its administrative capabilities with regard to contracts.

All this involves further focus on productivity, logistics and utilization of economies. Concurrently the division must continue work in both assessing establishment of industrial ventures in Germany with the emphasis on contract supplies, and establishing Scandinavian alliances in order to improve the balance between production and the market.

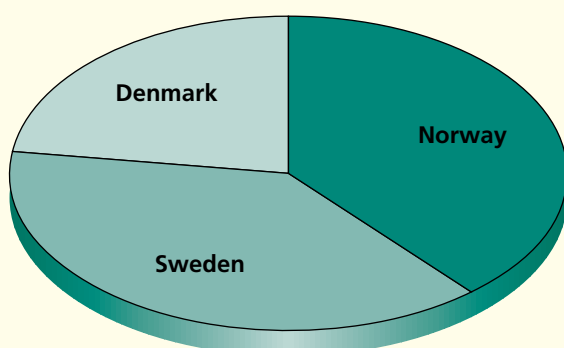


Laminated Timber Division	Number of employees	Established acquired	Products	Production capacity	Distribution standard/contract
<b>Manufacturing companies</b>					
Moelven Limtre AS Gen. Man. Leif Farbu	132	1958/59	Specialized in contracted orders	Approx. 25,000 m <sup>3</sup>	Approx. 50/50
Moelven LNJ Limtræ AS Gen. Man. Michael Bjørnskov (to 31.12.95) Gen. Man. Per D. Mikkelsen (from 01.02.96)	77	1950/85	Standard products and contract supplies	Approx. 30,000 m <sup>3</sup>	Approx. 40/60
Moelven Töreboda Limträ AB Gen. Man. Claes Håkanson	116	1918/82	Specialized in standard market segment	Approx. 50,000 m <sup>3</sup>	Approx. 75/25
<b>Sales companies</b>					
Moelven Holzleimbau GmbH Gen. Man. Wilfried Röhrs	15	1989	Sales company for the German market	–	–
Moelven Laminated Timber Str. LTD Gen. Man. Ian Beedle	5	1989 Particip. interest 25%	Sales company for the British market	–	–

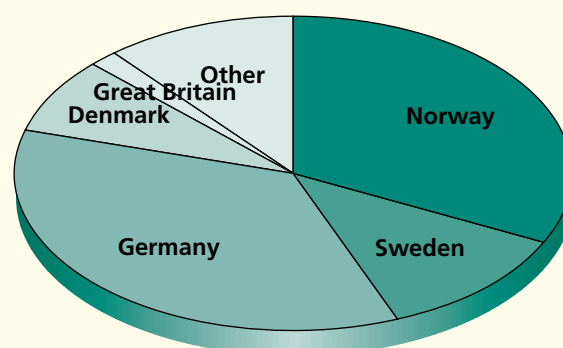
# Key Figures - Laminated Timber Division

## ARCHITECTURE AND SPAN CAPABILITY

The division Amount in NOKm	1995	1994	1993	1992	1991
Operating revenues	419.9	348.2	306.6	298.2	329.0
Operating profit	10.4	18.9	20.1	8.9	14.8
Financial items	0.2	-0.8	1.9	0.1	-2.4
Profit before extraord. items	10.6	18.1	22.0	9.0	12.4
Total capital	211.8	168.8	152.4	163.1	169.3
Equity ratio %	49.2	47.5	51.4	56.1	60.6
Gross operating margin %	5.0	8.3	9.7	5.0	7.7
Depreciation	10.7	9.9	9.7	9.9	9.5
Cash flow	21.3	28.0	31.7	18.9	21.9
Investments	22.3	14.8	16.8	5.9	8.9
Number of employees	346	320	282	299	340



Operating revenues per producing country.



Operating revenues per market.

The companies Amount in NOKm	Operating revenues		Operating profit	
	1995	1994	1995	1994
Moelven Limtre AS	144.8	102.3	4.2	4.5
Moelven Töreboda Limträ AB	163.7	142.6	10.1	9.6
Moelven LNJ Limträ AS	96.6	94.2	-0.7	4.9
Moelven Holzleimbau GmbH	123.1	111.2	0.5	-0.4
Moelven Limtregruppen AS	51.1	0.0	-3.7	0.3
Internal operating revenues in the division	-159.4	-102.1	-	-
<b>Moelven Laminated Timber Division</b>	<b>419.9</b>	<b>348.2</b>	<b>10.4</b>	<b>18.9</b>



# Construction and contracting

## COMPREHENSIVE SOLUTIONS

### THE ENTERPRISE

The Construction and Contracting division supplies industrial products and services within the timber and construction industry to customers in private and public business sectors. The business is run through five operational companies, all located in Moelv, Norway.

- Moelven Hako AS is Scandinavia's leading company in the field of pre-fabricated module production.
- Moelven Elementbygg KS is a newly started company which has resumed Moelven's long traditions in the field of industrial production of element-based construction.
- Moelven Engineering AS is specialized in construction and production technology and in the field of electro-technology and mechanical engineering.
- Moelven Service AS possesses the group's and the division's key skills in services involving information technology (IT), transport and advertising.
- Moelven TimberTech AS represents the commercial extension of the R & D project's fire-resistant timber products.

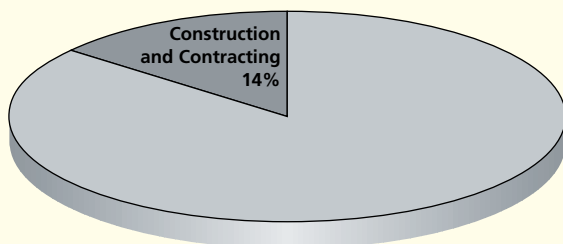
Each individual company in this area of business concentrates on its primary business enterprise. Coordination of the enterprises takes place through a set-out cooperation on a contract to contract basis or in regular customer/supplier configurations.



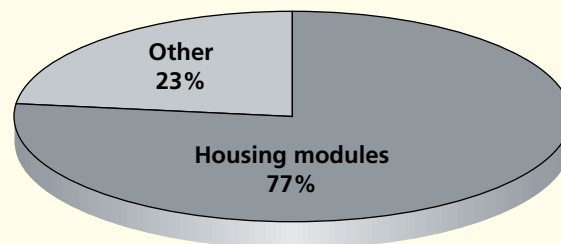
Front, from the left: Per-Erik Jevne and Geir Haugersveen. Back, from the left: Martin Almqvist, Svend Strand and Lourens Warnaar.

### MARKET/CUSTOMERS

The Construction and Contracting division works with two different market segments within the private and the public business sectors – **the tendering market** (new construction and large renovation contracts) and **the direct market** (maintenance and modernization).



Share of the group's operating revenues.



Operating income per operational area.



Photo: Knut Bry.

# Construction and contracting

## COMPREHENSIVE SOLUTIONS



### HOUSING MODULES

In 1995 the former Moelven Systembygg AS merged with Hako Modul AS. The new company, Moelven Hako AS, is today Scandinavia's largest supplier of housing modules. 80 percent of sales occur on the Norwegian market. Germany, Sweden and the former Eastern Europe are the largest export markets.

Moelven has, since the mid-50's and up to the present day, produced more than 80,000 housing modules, originally as simple workmen's huts. Today Moelven Hako AS supplies more than 2,000 units annually to construction sites, offices, kindergartens, schools, hotels, hospital pavilions and student residences. The modules

are supplied as permanent and movable/temporary accommodation units and fulfil requirements from the Norwegian Licensing Board for building elements. The company has a turnover of approximately NOK 250 million, and comprises roughly 75% of the enterprise in the Moelven Construction and Contracting division.

Moelven Hako AS has developed a building system with a high degree of completion before leaving the factory, which means a very short construction time. The result is flexible, cost-efficient and rational construction solutions. Contract supplies to the Rica chain of hotels and living quarters at the new Oslo Gardermoen Airport are good examples of this.

### MARKET

The company operates for the most part in the tendering market, aiming at professional developers and contractors within the private and public business sectors. In this market, the ability to adapt to the customer's specification requirements is absolutely decisive. In order to succeed in this market, one also needs the ability to constantly find new and more effective methods and processes which enable one to adapt to tight delivery schedules.

The goal of Moelven Hako AS is to strengthen its position as a leading player within its market segment through conscious productivity management and cost control. The outlook for the markets is good. The new standards for building and construction sites contribute especially towards this. In addition extensive structural changes are expected within the health and educational sector. It is also presumed that several large contracts will be carried out in the traffic/communication and off-shore sectors.



# Construction and contracting

## COMPREHENSIVE SOLUTIONS

### OTHER ENTERPRISES

#### MOELVEN ENGINEERING AS

Moelven Engineering AS has technological and contractual skills in the field of electricity, construction and mechanical engineering. The company supplies technological production plants, operational and maintenance services, electro-technical products and services to commercial premises. In addition the company also has skills within contract management and building administration. Moelven Engineering AS aims primarily at the private and public business sectors located in Eastern Norway. The company's total solutions in the construction, electrical and mechanical engineering sectors give customers an excellent possibility of getting a comprehensive solution.

#### MOELVEN ELEMENTBYGG KS

Moelven Elementbygg KS was established in October 1995. The company is owned by Moelven Hako AS, Moelven Engineering AS and Hekla AS. The establishment of Moelven Elementbygg KS constitutes a supplement to Moelven's future operational commitment to being a manufacturer of timber building elements for contractors, large developers, municipalities and public enterprises.

#### MOELVEN SERVICE AS

Moelven Service AS is a supplier of IT, advertising and transport services both to the group's subsidiaries and to external customers. The company has a long experience with these kinds of services with regard to industrial enterprises.

#### MOELVEN TIMBERTECH AS

This company was established in 1995 and has just completed the project "Fire-resistant timber products" (Brannsikker trelast), a basic research project for fire-retardant impregnation of timber products. K1 approval has now been given for the external and internal use of these timber products from Norway's Fire Technology Laboratory, SINTEF.

#### MARKET

These companies operate both in the direct market and in the tendering market. For Moelven Engineering AS and Moelven Elementbygg KS the tendering market will continue to be the largest, but both companies also carry out considerable maintenance and modernization contracts in the direct market. Market needs are increasing as customers in this market are choosing to buy complete solutions rather than use their own resources. The companies in the Construction and Contracting division are working towards establishing close and long-term relations to their customers as a natural element of their own product development.



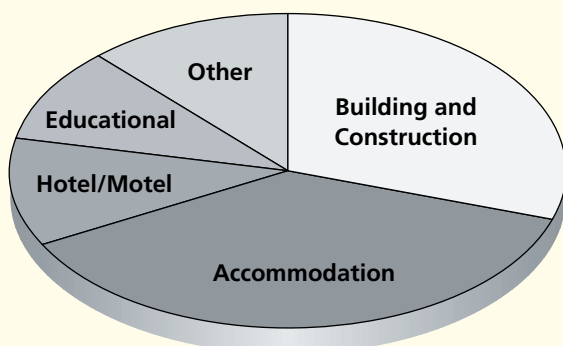
Companies	Number of employees	Established acquired	Products
Moelven Hako AS Gen. Man. Per-Erik Jevne	175	1950	Transportable and semi-permanent modules
Moelven Engineering AS Gen. Man. Geir Haugersveen	79	1905/1990	Specialized in construction, development, manufacture and maintenance of manufacturing equipment, electrical installations, and maintenance of buildings
Moelven Service AS Gen. Man. Lourens Warnaar	23	1992	Supplier of services in the IT, advertising and transport sectors
Moelven TimberTech AS Gen. Man. Martin Almqvist	3	1994	R & D projects in the timber processing industry
Moelven Elementbygg KS Gen. Man. Geir Haugersveen		1995	Timber construction element



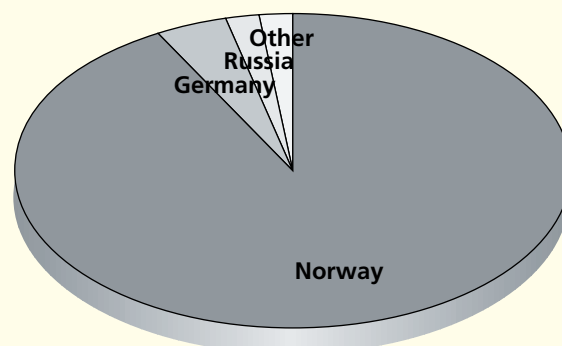
# Key Figures - Construction and Contracting

## COMPREHENSIVE SOLUTIONS

The division	1995	1994	1993	1992	1991
Amount in NOKm					
Operating revenues	292.0	214.7	248.3	245.8	205.3
Operating profit	20.7	9.7	12.3	-8.6	-1.3
Financial items	-0.3	-0.5	-3.6	-31.4	-3.3
Profit before extraord. items	20.4	9.2	8.7	-40.0	-4.6
Total capital	112.5	75.6	67.2	128.0	98.0
Equity ratio %	40.9	41.4	33.8	0.0	0.0
Gross operating margin %	8.0	5.6	6.3	-15.2	1.1
Depreciation	2.5	2.3	3.3	2.7	6.8
Cash flow	22.9	11.5	12.0	-37.3	2.2
Investments	4.0	2.1	3.7	4.0	0.0
Number of employees	280	224	239	238	251



Number of housing modules per market segment.



Operating revenues per market.

The companies	Operating revenues		Operating profit	
	1995	1994	1995	1994
Amount in NOKm				
Moelven Hako AS*	244.3	182.2	21.9	8.8
Moelven Engineering AS	52.5	44.2	1.7	0.6
Moelven Service AS	15.3	21.0	0.4	0.7
Moelven TimberTech AS	2.4	0.0	-4.0	-0.8
Moelven Elementbygg KS	0.0	0.0	0.0	0.6
Internal operating revenues in the division	-22.5	-32.7	0.7	0.4
<b>Moelven Construction and Contracting</b>	<b>292.0</b>	<b>214.7</b>	<b>20.7</b>	<b>9.7</b>

\* The figures for 1994 apply to Moelven Systembygg AS which was merged with Hako Modul AS on 1.1.1995.

# R & D Projects

During the past four-five years, Moelven has initiated and participated in several important development projects relevant to the industry. Moelven's commitment to research and development, also for the next three-year period, is a clear expression of the fact that R & D work is considered to be an important factor in the group's future business development.

The Interior Layout division is, through its subsidiary company Nordia AS, developing project management on a computer network. The company is also participating in the Productivity Programme for Technological Enterprises (TOPP), and is in addition to this carrying out a considerable amount of developmental work within the IT field.

Several other R & D projects are well in progress. The project, "Fire-resistant timber products" (Brannsikker trelast), has just completed a basic research programme for fire-retardant impregnation of timber products. K1 approval has now been given for the external and internal impregnation of these timber products from Norway's Fire Technology Laboratory, SINTEF. Through the creation of the Moelven TimberTech company, Moelven is now opting to enter into the commercial phase of this project. Other examples of projects of which we have great expectations in the future are "Mjøsskog 2000" (forestry better yield), "Timber System 2000", "Pacific Rim Market", "Timber units production for windows" and "Lab Moelv". A number of these projects are supported by the Norwegian Research Council and SND.

The project "Pacific Rim Market" represents a natural continuation of the group's establishment in the Japanese market, both through the Laminated Timber division's Swedish subsidiary Moelven Töreboda Limträ AB and the Timber Industry division's subsidiary Moelven Trekomponenter AS. As an industrial supplier of processed building materials and components, it is important for Moelven to secure an additional market in order to spread risk. Our primary market is Europe where changes in the political and economic climate and strong protectionism affect us to a very great extent. "The Pacific Rim" constitutes new markets undergoing growth which place new demands with regard to quality and products which are adapted to the customer's needs.

A natural part of our R & D work also entails a stronger coordination and development of our laboratory services. For a number of years Moelven has run systematic technological development within all areas of our business. One example of this is the so-called "nodal point" in laminated timber. We have several interesting projects being developed. The idea of establishing our own laboratory is first and foremost in order to coordinate the testing of new products. The thought behind a "lab" of this kind is that it will both be a resource centre in collaboration with the technical high school environment, and also function as a kind of "show-room" for visitors and an affirmation of the quality of our products.


Among several interesting projects, both "Mjøsskog 2000" and Timber system 2000" represent a continuation of the Euro-Tre (timber project), which is the largest ever development project in the Scandinavian timber industry – where Moelven has been both the driving force and a central player. In a forward-looking timber industry, the question of whether one is able to create systems which in as rational a manner as possible can define the raw materials on the basis of the customer's needs will be of decisive importance. This is an issue which "Mjøsskog 2000" is to provide an answer to. Through a continuation of "MPS Trelast -94" (MPC Timber Production and Controlling system), the Timber Industry division has also taken the initiative in developing a complete IT system for the whole timber industry.

Among the industry's most interesting projects is the Timber Industry division's development and basic research programme, which has been taking place at our Swedish sawmills since the 80's. By combining mechanical equipment, which is familiar in the industry, with modern scanners and advanced software, full-scale tests can now be carried out by substituting manual quality assessment with electronic scanning of the timber quality. This kind of sorting system will entail a far better quality control, and set new and international standards for industrial production of timber.

The project "Log-scanner" represents another technological breakthrough. This project, which is financed through the EU's research fund, will further develop timber measurement technology by utilizing a specially constructed "tomograph". With this kind of scanner it will be possible to take pictures of the timber's internal structure and quality. This is also a project to which there are high expectations.

The project  
Fire-resistant timber products

**Prosjekt  
Brannsikker trelast**  
*Fase 3*



**MOELVEN**  
Moelven TimberTech AS





# Report of the Board of Directors

industry expected a price drop of 10-15 percent throughout the year. For a certain product ranges and a certain markets, the price drop is more than double this.

The high level of activity at the start of the year has maintained a strong demand for timber, which in turn has delayed a price adjustment in raw materials to the price drop in the finished goods market.

Towards the close of the year there are clear signs of reduced activity in the large producing countries of sawn timber, but there continues to be an expectant attitude in the market. At the beginning of 1996 there are no clear signs of an improvement in prices. The Timber Industry division's sawmills have, in view of this situation, had a satisfactory result in 1995, and enter 1996 with conservatively valued inventories and merchantable stocks.

The division's processing companies have shown a clearly improved result in 1995, and represent approx. NOK 15 million of the operating profit. This result is the equivalent to an operating margin of approx. seven percent, which is the goal the group has set itself.

## INTERIOR LAYOUT

The division's four companies had a good year in 1995 with total operating revenues of NOK 410 million, against NOK 340 million in 1994, a rise of 20 percent. The development in profit in the division's main companies, Nordia AS and Eurowand AB, continued on a positive trend throughout the third four-month period and the year's operating profit was NOK 26 million, against NOK 17.2 million in 1994.

In addition the companies had positive earnings from financial items of approx. NOK 10 million, and the profit for the year before extraordinary items was NOK 36 million. This is the division's best result ever. The companies in the Interior Layout division have positioned themselves well in relation to a market where it is possible to provide new construction and renovation on a staged basis. The division's products are adapted to the demands for flexibility which industrial and property companies exact with regard to office premises. Through good system solutions the Interior Layout division satisfies the needs of future customers for interior layout in business premises. At the start of 1995 the companies have a good supply of orders and are carrying out further operational improvements through the use of new IT systems for contract control. Through this improvement process, which has been going on over the last two to three years, the companies have made themselves less susceptible to macroeconomic fluctuations than the traditional construction industry.

## LAMINATED TIMBER

Operating revenues for the year of 1995 were NOK 420 million, against NOK 348 million for the previous year; a rise of approx. NOK 72 million. The growth is a consequence of greater activity in two of the production com-

panies, and in addition to parts of the deliveries have been invoiced to the new Oslo Gardermoen Airport. Production for this contract has taken place in Moelven Limtre AS throughout the last eight months and assembly started in October. The division has a total profit of NOK 10.4 million, which is clearly poorer than the previous year's NOK 18.9 million. The decline in profit is chiefly due to the winding up of the French joint venture company LC-System. Developments at the French company did not live up to the demands set by the group with regard to earnings and progress, and therefore the decision was taken to wind up the involvement. This contributed a loss to the division, which together with operational disruption in connection with the alteration of important parts of the manufacturing equipment at Moelven LNJ Limtræ AS burdened the division with a sum of approx. NOK seven million. The division has also invested considerably in development costs in order to established sophisticated production methods for large contracts of the kind which were used in the deliveries to Oslo Hovedflyplass AS. Deliveries to this contract will carry on throughout a large part of 1996, and at the close of 1995, significant contributions from the contract have not been included in the earnings.



The Laminated Timber division has also throughout the year experienced increased competition in the German market, which is Europe's largest laminated timber market. A new capacity has been built up both in Austria and Germany which, through aggressive pricing, is taking over shares of the market for standard products. The Laminated Timber division has, through its German subsidiary, maintained the companies' share of the market in Germany, but the price levels have been under pressure due to both the large capacity in the newly expanded companies and due to fact that timber prices have fallen considerable drop.

The development on the Norwegian home market for Moelven Limtre AS has been positive. The companies in the division had a normal level of activity at the start of 1996. Towards the close of 1995 the division initiated measures in all three manufacturing companies for increasing productivity and reducing the cost of raw materials.

## CONSTRUCTION AND CONTRACTING

The business area of Construction and Contracting had collective operating revenues in 1995 of NOK 292 million, against NOK 215 million in 1994. The increase of approx. NOK 70 million arises as a consequence of increased activity following the merger between Hako Modul AS and Moelven Systembygg AS. Operating profit for the division was NOK 20.7 million, against



# Report of the Board of Directors

ces. The market is expected to be apprehensive in the first half of 1996, and operations will yield weak margins. A somewhat better performance is expected towards the close of the year.

For the group's other business areas the outlook for the first half is unchanged in relation to the close of 1995. Construction and Contracting and the Interior Layout division have good reserves of orders, and will have a good level of activity throughout the year. For the Laminated Timber division the picture is somewhat more complicated. Activity on the Norwegian home market is good with a continuation of major contracts to Oslo Hovedflyplass AS.

Production in the Danish company, Moelven LNJ Limtræ AS, is progressing as normal following reconstruction in 1995. The Swedish company Moelven Töreboda Limträ AB has a normal level of activity for the time of year, but is under pressure price-wise in Germany.

The group is entering a year with unmistakably poorer total margins for the business as a whole compared to the previous year. New measures have been initiated to

stimulate productivity and the group's collective costs must be reduced further. The group's R & D activities will decline somewhat in 1996 due to lower earnings in the Timber Industry division.

## APPROPRIATION OF ANNUAL PROFIT/LOSS

The report of the Board of Directors deals with the annual accounts for the group and for Moelven Industrier ASA together. The group accounts shows an annual profit after tax of NOK 38.3 million. The deficit in the parent company Moelven Industrier ASA was NOK 29,015,903 which the board proposes to be covered in the following manner:

Group contribution received  
NOK 81,293,000

Loss carried forward  
NOK 52,277,097



Moelv, 28. February 1996



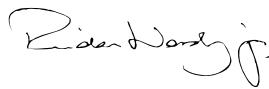
Bjarne Gulvik  
Chairman



Andreas Gjems



Arthur J. Aasland



Reidar Nordby jr.



Carl Graff-Wang



Arne Øversveen



Hans E. Johnsen



# Moelven's governing bodies

## Board of Directors



Front, from the left:  
Andreas Gjems, Bjarne Gulvik (chairman) and Arthur J. Aasland.  
Back, from the left:  
Iver Melby (deputy) Arne Øversveen\*), Hans E. Johnsen\*), Carl Graff-Wang, and Reidar Nordby jr.

## Board of Directors

	Number of shares
Bjarne Gulvik (chairman)	10 000
Andreas Gjems	0
Arthur J. Aasland	0
Carl Graff-Wang	0
Reidar Nordby jr.	1 374
Hans E. Johnsen *)	250
Arne Øversveen *)	51
Iver Melby (deputy *)	240

## Corporate Assembly

### Members

Axel Krogvig (chairman)	974
Johan W. Amundsen	0
Jan G. Hartvig	0
Harry Konterud	8 000
Bjørn H. Rasmussen	438
Per Stamnes	0
Arne Hyttnes	0
Odd Tangnæs	0
Jan Slattum *)	0
Arne Onsum *)	0
Kåre Korsveien *)	22
Harald Løkkesveen *)	56

### Deputies

Ola Vik	0
Frederik Wahl	0
Odd Torland	0
Ole Anker Rasch	0

## Group executive board



Front from left:  
Per Egil Pedersen, Frode Alhaug and Haumann Sund.  
Back from left:  
Reidar Mo, Ola Mørkved Rinnan and Anders L. Fossum.

## Group executive board

Frode Alhaug (President & C.E.O.)	11 373
Per Egil Pedersen	10 000
Ola Mørkved Rinnan	3 078
Haumann Sund	11 332
Anders L. Fossum	1 000
Reidar Mo	8 500

On August 1, 1995, Ola Mørkved Rinnan took over as head of Moelven Limtregruppen AS from Haumann Sund.

## Auditor

Svein-A. Martinsen	0
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\*) Employees' representatives

# Profit and Loss Account

(Amount in NOKm)	Moelven		Group		Note
	Industrier ASA	1994	1995	1994	
External turnover	0.0	0.0	2 186.1	1 889.9	1
Other operating revenues	17.6	14.4	34.4	16.9	2
<b>Operating revenues</b>	<b>17.6</b>	<b>14.4</b>	<b>2 220.5</b>	<b>1 906.8</b>	
Cost of goods sold	0.0	0.0	1 349.8	1 126.3	3/9
Changes in stock, goods in progress					
finished products and projects	0.0	0.0	5.3	-27.6	9
Salaries and employer's contribution	4.6	2.8	458.1	408.5	
Other purchase/sales/admin. costs	18.4	21.1	238.0	220.4	2
Ordinary depreciation	3.7	4.1	59.6	68.4	17
Losses on accounts due, incl. loan loss provisions	2.0	0.7	17.6	1.0	4
<b>Operating costs</b>	<b>28.6</b>	<b>28.7</b>	<b>2 128.2</b>	<b>1 797.1</b>	
<b>OPERATING PROFIT/LOSS</b>	<b>-11.0</b>	<b>-14.3</b>	<b>92.3</b>	<b>109.7</b>	
<b>Profit share – assoc. companies</b>	<b>2.4</b>	<b>0.9</b>	<b>2.5</b>	<b>0.4</b>	23
Share dividends from subsidiaries	0.0	28.5	-	-	
Interest from group companies	14.1	5.6	-	-	
Other financial income	3.9	1.0	16.2	14.1	
Interest to group companies	-6.7	-1.3	-	-	
Other financial costs	-31.6	-25.6	-65.0	-69.4	
<b>Financial income/costs</b>	<b>-20.4</b>	<b>8.2</b>	<b>-48.8</b>	<b>-55.3</b>	
<b>PROFIT/LOSS BEFORE EXTRAORD. ITEMS</b>	<b>-29.0</b>	<b>-5.3</b>	<b>46.0</b>	<b>54.7</b>	
<b>Ekstraordinary items</b>	<b>0.0</b>	<b>-52.1</b>	<b>0.0</b>	<b>0.0</b>	5
<b>PRE-TAX PROFIT/LOSS</b>	<b>-29.0</b>	<b>-57.4</b>	<b>46.0</b>	<b>54.7</b>	
Taxes	0.0	0.0	7.7	11.2	6/13
<b>NET PROFIT/LOSS</b>	<b>-29.0</b>	<b>-57.4</b>	<b>38.3</b>	<b>43.5</b>	
<b>Board's proposal for appropriation of net profit/loss and capital transfers</b>					
Group contribution received	81.3	22.2	-	-	
Loss carried forward	-52.3	35.2	-	-	
<b>Total</b>	<b>29.0</b>	<b>57.4</b>	<b>-38.3</b>	<b>-43.5</b>	24

Notes to the accounts, see pages 37 to 45.

# Balance Sheet

Note	(Amount in NOKm)	Moelven		Group	
		1995	1994	1995	1994
	<b>ASSETS</b>				
7	Cash, bank, postal giro	2.0	0.5	100.9	45.2
21	Shares in other companies	0.2	0.7	0.4	0.8
	Bills of exchange	0.0	0.0	2.2	0.2
4	Receivables from sales	0.5	16.6	177.3	193.9
8	Other receivables	0.0	0.1	38.2	43.9
	Receivables from the group	44.0	25.4	-	-
9	Stocks	0.0	0.0	338.4	298.9
	Advances to suppliers	0.0	0.0	5.4	14.4
	<b>Current assets</b>	<b>46.7</b>	<b>43.3</b>	<b>662.9</b>	<b>597.4</b>
20	Shares in subsidiaries	374.2	342.3	-	-
22	Shares in other companies	2.3	0.6	5.4	3.8
23	Shares and interests in assoc. companies	7.4	5.0	14.6	19.4
19	Net pension funds	43.4	41.2	46.6	45.8
	Bonds and other securities	0.5	0.6	5.1	4.8
	Other receivables	3.7	4.7	10.6	6.8
	Long-term receivables from group	123.3	43.4	-	-
	<b>Long-term financial investments</b>	<b>554.8</b>	<b>437.8</b>	<b>82.3</b>	<b>80.7</b>
16/17	Machines, vehicles and fixtures	0.9	1.6	210.1	125.9
16/17	Buildings	23.0	21.3	159.7	149.9
16/17	Land	5.5	5.5	16.0	15.5
	<b>Fixed assets</b>	<b>29.5</b>	<b>28.5</b>	<b>385.8</b>	<b>291.2</b>
14	Goodwill	-	-	17.5	0.2
	<b>TOTAL ASSETS</b>	<b>630.9</b>	<b>509.6</b>	<b>1 148.4</b>	<b>969.4</b>

Notes to the accounts, see pages 37 to 45.



# Balance Sheet

(Amount in NOKm)	Moelven		Group		Note
	Industrier ASA		1995	1994	
	<b>1995</b>	<b>1994</b>	<b>1995</b>	<b>1994</b>	
<b>LIABILITIES, CAPITAL AND RESERVES</b>					
Short-term loans	0.0	20.4	9.5	20.4	
Bank overdraft	169.1	143.0	84.1	97.3	
Income tax due, national insurance, holiday money etc.	1.8	1.2	80.3	67.9	
Taxes due	0.0	0.0	6.6	9.7	
Debt to suppliers	1.0	2.7	192.4	181.6	
Other short-term liabilities	4.9	10.0	90.8	59.1	10
Debt to the group	19.2	2.6	-	-	
Long-term debts falling due within 1 year	3.2	2.0	16.9	9.2	
Warranty and service commitments	0.0	0.0	6.2	6.7	11
<b>Current liabilities</b>	<b>199.1</b>	<b>181.8</b>	<b>486.9</b>	<b>452.0</b>	<b>12</b>
Mortgage debt	0.8	1.6	129.1	54.3	
Promissory note loans	56.6	166.7	247.9	289.0	
Warranty and service commitments	0.0	0.0	2.0	3.2	11
Other long-term debt	0.0	0.0	2.2	0.0	
Long-term debt to the group	75.9	0.0	-	-	
<b>Long-term liabilities</b>	<b>133.3</b>	<b>168.3</b>	<b>381.2</b>	<b>346.5</b>	<b>12</b>
Share capital: 70.544.318 shares, of NOK 5	352.7	300.1	352.7	300.1	24
Losses carried forward	-54.3	-140.6	-72.4	-129.1	
<b>Share capital and reserves</b>	<b>298.4</b>	<b>159.5</b>	<b>280.3</b>	<b>171.0</b>	<b>24</b>
<b>TOTAL LIABILITIES, SHARE CAPITAL AND RESERVES</b>	<b>630.9</b>	<b>509.6</b>	<b>1 148.4</b>	<b>969.4</b>	
Mortgages – Secured debt	229.8	333.4	487.6	469.8	15
Guarantees and endorsements	283.0	251.2	69.9	65.4	18

Notes to the account, see pages 37 to 45.

Moelv, 28. February 1996

  
Frode Alhaug  
President & C.E.O.

  
Per Egil Pedersen  
Corporate Finance & Controller



# Accounting principles

## CONSOLIDATION PRINCIPLES

### Consolidated companies

The statement of accounts for the group has been prepared as if the group was one unit. The statement of accounts encompasses the parent company Moelven Industrier ASA and the subsidiaries where Moelven Industrier ASA, directly or indirectly, owns more than 50 percent of the shares or by agreement has the controlling influence in the company. Investments in companies where the group owns between 20 percent and 50 percent of the shares and where the group also has a considerable influence, are dealt with according to the equity method.

The accounts for subsidiaries which have joined the group in the course of the year are entered in their entirety on the balance sheet at 31.12, and the results from the date of purchase until 31.12. are entered in the profit and loss account. For subsidiaries sold in the course of the year, transactions from 1.1. until the point of sale are included in the profit and loss account.

### Elimination of shares in subsidiaries/goodwill

Shares in the subsidiaries are eliminated against the subsidiaries' capital and reserves at the time of purchase. Included in share capital and reserves is the equity portion of temporary differences between accounting and taxable values in the subsidiary at the time of purchase. Any excess value at the time of purchase is ascribed to the relevant assets and depreciated subsequently in line with these. Deferred tax is calculated based on gross excess value and entered as a liability. Excess value cannot be ascribed to assets, is entered in the group balance sheet as goodwill and depreciated over a 10-year period.

### Translation of foreign subsidiaries

The annual statement of accounts for foreign subsidiaries is, with regard to all items on the balance sheet, translated to NOK at year-end exchange rates, with the exception of share capital and reserves which is translated at a historical rate. All items in the profit and loss accounts are translated to NOK at average rates of exchange for the accounting year. The translation difference which arises in connection with consolidation is entered in the group balance sheet under unrestricted capital and reserves.

### Elimination of internal transactions

Unrealized profits in the companies' inventories, which relate to intra-group deliveries, are eliminated from the group's inventories and operating profit. Profits in connection with sale of machinery and equipment within the group are eliminated from the ordinary depreciable base and operating profits. Deferred tax is eliminated from the group's statement of accounts so that the charge tax in connection with internal profits is not payable until the stock is sold from the group. In the group statement of accounts, eliminations have also been made for internal dividends, group contributions, income and expenditure transfers, and accounts due and debts between the companies of the group.

### Sub-groups

The Norwegian Banking, Insurance and Securities Commission (Kredittilsynet) has given Moelven dispensation from the requirement of producing a consolidated financial statement for the sub-groups. The Moelven Group is divided into four business areas. The organization of the business areas does not follow the formal ownership structure.

## VALUATION AND CLASSIFICATION PRINCIPLES

### Classification of assets and liabilities

Assets and liabilities arising in connection with the circulation of goods within the undertaking are classified as current assets and current liabilities respectively. Other receivables and short-term liabilities are classified as short-term items if they fall due within a one-year period after the date of accounts. Other assets and liabilities are classified as fixed assets and long-term liabilities respectively.

### Accounts receivable

Accounts receivable and other receivables appear in the balance sheet after provisions for reckonable losses.

### Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies are translated according to lowest/highest exchange rate at the time of acquisition and the exchange rate at 31.12. For short-term items the unrealized exchange rate losses at 31.12 are calculated and entered as costs in the same manner as other costs, as long as they are not offset by equivalent gains in the same currency. Other unrealized gains are not entered as income apart from the reversal of earlier unrealized losses entered as costs. Long-term items are evaluated individually in accordance with the above. Accounts receivable and payables secured by forward exchange rate contracts are translated at the forward rate at 31.12.

### Inventories

Inventories of raw materials and goods purchased for resale (commodities) are valued at the lower value of acquisition cost and net actual value. Actual value is the presumed sales price at the future date of sale after deductions for sales costs. Inventories of manufactured goods (work in progress and finished manufactured goods) and contracts are estimated at the full manufacturing cost at the place of manufacture, or the expected sales value if this is lower than the full cost of manufacture. In the full cost of manufacture, in addition to the cost of the acquisition of the raw materials and purchased goods, other direct and indirect production costs plus a proportion of the fixed costs associated with the production process are included.

### Balance sheet entries of projects

Contracted projects are entered as a net amount in the balance sheet. This involves reducing projects item by advance payment in connection with the contracts. This also applies for projects with a long-term completion schedule or individual contracts which at any time tie up more than 20 percent of the individual undertaking's capacity.





# Notes to the accounts

## PROFIT AND LOSS ACCOUNT

### NOTE 1: External turnover

External turnover is invoiced sales from the companies' main operation less VAT and discounts.  
Internal deliveries totalling NOKm 288.9 between the companies in the group have been eliminated.

### NOTE 2: Other operating revenues and costs

#### 2.1 Other operating revenues

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Net gain from sale of fixed assets and property	0.0	0.0	2.7	0.0
Net gain from sale of securities	0.0	0.0	0.7	0.0
Own work capitalized	0.0	0.0	3.1	1.1
Subsidiaries' share of overheads	10.1	7.8	-	-
Rental income	5.8	5.7	5.6	5.6
Consultancy fees	0.0	0.0	0.6	1.8
State investment subsidies	0.0	0.0	2.2	0.0
Insurance settlements	0.0	0.0	7.9	0.8
Other	1.7	0.8	11.6	7.6
<b>Total</b>	<b>17.6</b>	<b>14.4</b>	<b>34.4</b>	<b>16.9</b>

#### 2.2 Other purchase/sale/admin. costs

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Net losses from sale of fixed assets and property	0.0	0.0	0.0	0.4
Net losses from sale of securities	0.0	1.3	0.0	1.2
Own share of insurance claims	2.2	0.0	0.0	0.0
Other ordinary operating costs	16.1	19.8	238.0	218.7
<b>Total</b>	<b>18.4</b>	<b>21.1</b>	<b>238.0</b>	<b>220.4</b>

### NOTE 3: Cost of goods sold

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Purchase of raw materials, semi-finished goods, goods for resale and services incl. increased provision for warranty and service commit.	0.0	0.0	1 389.5	1 173.8
Change in stock of raw materials and purchased goods	0.0	0.0	-39.8	-47.5
<b>Cost of goods sold</b>	<b>0.0</b>	<b>0.0</b>	<b>1 349.8</b>	<b>1 126.3</b>

### NOTE 4: Accounts receivable

#### 4.1 Losses on receivables

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Provision against losses 01.01.	0.5	0.1	6.6	28.4
Recorded losses on customer accounts receivable for this year	2.1	0.3	1.8	14.2
Recorded losses on other accounts receivable this year	0.0	0.0	12.7	0.0
Change in provision for loss	-0.1	0.4	3.8	-6.3
Receipts from previous write-offs	0.0	0.0	-0.8	-6.9
<b>Losses on accounts receivable</b>	<b>2.0</b>	<b>0.7</b>	<b>17.6</b>	<b>1.0</b>
<b>Provision against losses 31.12.</b>	<b>0.4</b>	<b>0.5</b>	<b>10.4</b>	<b>22.1</b>

Change in provision between 31.12. 1994 and 01.01. 1995 is due to disposal through sale of Moelven Eiendom AS.

#### 4.2 Customers accounts receivable

Accounts receivable – gross	0.9	17.1	187.6	216.1
Provision against loss on accounts receivable	-0.4	-0.5	-10.4	-22.1
<b>Account receivable – net</b>	<b>0.5</b>	<b>16.6</b>	<b>177.3</b>	<b>193.9</b>

# Notes to the accounts

## NOTE 5: Extraordinary items

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Write-downs of loans to, and shares in subsidiaries	0.0	-47.9	-	-
Losses from sale of shares in subsidiaries	0.0	-4.2	-	-
<b>Total net extraordinary items</b>	<b>0.0</b>	<b>-52.1</b>	<b>0.0</b>	<b>0,0</b>

## NOTE 6: Taxes

### 6.1 Cost of taxation – taxable income

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Pre-tax profits	-29.0	-57.4	46.0	54.7
Group contribution	81.3	22.2	-	-
Permanent differences	-2.8	0.2	3.9	3.9
Change in negative/positive temporary differences	-3.1	22.0	-23.0	-61.2
Utilization of tax carry-forwards	-46.4	0.0	-111.6	-46.5
<b>Taxable income for the year</b>	<b>0.0</b>	<b>-13.0</b>	<b>-84.7</b>	<b>-49.1</b>
Taxes payable:				
Norway	0.0	0.0	-0.1	0.1
Abroad	-	-	7.8	11.1
<b>Total taxes payable</b>	<b>0.0</b>	<b>0.0</b>	<b>7.7</b>	<b>11.2</b>
<b>Change in deferred tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total cost of taxes</b>	<b>0.0</b>	<b>0.0</b>	<b>7.7</b>	<b>11.2</b>

### 6.2 Riskadjustment

RISK at 01.01.1995 for Moelven Industrier ASA has been calculated to NOK -0.16 per share. The calculation is based on the share's par value of NOK 5.0 with the number of shares at 01.01 1995 of 60,014,906..

Negative RISK adjustment in the parent company Moelven Industrier ASA is based on the average RISK among the subsidiaries in the group. The RISK adjustment for 1995 (01.01. 1996) is estimated to NOK 0.0.

## BALANCE SHEET

### NOTE 7: Bank deposits – restricted deposits

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Employee tax deductions	0.0	0.0	3.6	5.2
Other restricted bank accounts	0.0	0.0	0.2	4.3
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>3.7</b>	<b>9.5</b>

### NOTE 8: Other receivables

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Receivables from employees	0.0	0.1	3.9	4.2
Other receivables	0.0	-0.0	34.4	39.7
<b>Total</b>	<b>0.0</b>	<b>0.1</b>	<b>38.2</b>	<b>43.9</b>

### NOTE 9: Stock of goods

#### 9.1 Stocks of goods and projects in progress

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Raw materials and purchased goods	0.0	0.0	123.4	112.7
Goods in progress	0.0	0.0	27.9	29.3
Completed goods	0.0	0.0	134.0	120.5
Orders	0.0	0.0	53.1	36.4
<b>Total stock of goods and projects in progress</b>	<b>0.0</b>	<b>0.0</b>	<b>338.5</b>	<b>298.9</b>
<b>Specification of projects:</b>				
Own projects 31.12.	0.0	0.0	23.1	24.2
Contracted projects 31.12.	0.0	0.0	143.2	89.6
Advance payments	0.0	0.0	-113.2	-77.4
<b>Total projects – net</b>	<b>0.0</b>	<b>0.0</b>	<b>53.1</b>	<b>36.4</b>

Included in the projects are projects with a long-term completion schedule with a net value of NOK 8.7 million.



# Notes to the accounts

## NOTE 10: Other current liabilities

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Advance payments from customers	0.0	0.0	0.2	1.9
Commitments toward minority owners in the subsidiaries	0.0	0.0	11.0	0.0
Other accrued expences not yet due	4.9	10.0	79.7	57.2
<b>Total</b>	<b>4.9</b>	<b>10.0</b>	<b>90.8</b>	<b>59.1</b>

## NOTE 11: Warranty and service commitments

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Short-term debt, provided for warranty and service commitments with payment expected to fall due within 1 year	0.0	0.0	6.2	6.7
Long-term debt provided for warranty and service commitments with payment expected to fall due after 1 year	0.0	0.0	2.0	3.2
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>8.2</b>	<b>9.9</b>

## NOTE 12: Interest-bearing debt

### 12.1 Short-term interest-bearing debt

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Bank overdraft:				
Norway	169.1	143.0	79.9	88.4
Abroad	-	-	4.2	8.9
Long-term debt falling due within 1 year	3.2	2.0	16.9	9.2
Other short-term interest-bearing debt	0.0	20.4	9.5	20.4
Interest-bearing short-term debt to the companies in the group	10.0	0.0	-	-
<b>Total</b>	<b>182.3</b>	<b>165.4</b>	<b>110.6</b>	<b>126.9</b>

### 12.2 Long-term interest-bearing debt

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Long-term interest-bearing debt in:				
NOK	57.4	168.3	142.1	178.1
SEK	0.0	0.0	193.5	155.9
DKK	0.0	0.0	15.2	8.0
DEM	0.0	0.0	26.2	1.2
Interest-bearing long-term debt to companies in the group	10.0	0.0	-	-
<b>Total</b>	<b>67.4</b>	<b>168.3</b>	<b>377.0</b>	<b>343.3</b>

### 12.3 Repayment plan on long-term loans

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Long-term debt which will fall due within:				
1 year	3.2	2.0	16.9	9.2
2 years	3.2	4.0	41.4	10.5
3 years	2.4	4.0	19.7	9.8
4 years	2.4	4.0	37.6	9.0
5 years	2.4	4.0	167.1	5.6
<b>Total</b>	<b>13.8</b>	<b>18.0</b>	<b>282.8</b>	<b>44.2</b>

In accordance with the intention of establishing long-term mortgages, Moelven has borrowed NOK 57 million in the course of 1995 out of a total maximum loan option of NOK 104 million in SND (NOK 54.5 million) and Norgeskreditt (NOK 49.5 million) respectively.

In 1995 Moelven entered into a loan agreement with Nordbanken, with a total maximum loan facility of SEK 221 million, of which approx. SEK 150 million is unused at 31.12.1995.

# Notes to the accounts

## NOTE 13: Deferred tax

### 13.1 Temporary differences between accounting balances and tax-base balances

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Temporary differences:				
Provision for receivables	-54.9	-55.0	-57.7	-57.3
Provision for stock wastage	0.0	0.0	7.8	11.3
Cost provision for accounting purposes	-0.3	-4.3	-4.5	7.6
Other short-term interim differences	0.0	0.0	64.6	48.4
<b>Sub-total short-term differences</b>	<b>-55.2</b>	<b>-59.2</b>	<b>10.2</b>	<b>9.9</b>
Temporary differences:				
Accumulated excess tax depreciation	-26.0	-17.8	-14.4	-22.0
Gain and loss account	0.2	-5.9	12.3	5.7
Pension funding	43.4	41.2	46.6	45.8
Other long-term items	-144.8	-143.9	-208.1	-214.0
<b>Sub-total long-term items</b>	<b>-127.3</b>	<b>-126.4</b>	<b>-163.7</b>	<b>-184.5</b>
Accommodated tax carry-forward	0.0	0.0	0.0	0.0
<b>Temporary differences = deferred tax base</b>	<b>-182.5</b>	<b>-185.6</b>	<b>-153.4</b>	<b>-174.6</b>
<b>Deferred tax liability</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 13.2 Deferred tax benefit

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Non-accommodated negative differences	182.5	185.6	153.4	174.6
Non-accommodated carry-forwards	170.3	216.7	260.2	325.2
Deferred tax benefit base	352.8	402.3	413.6	499.8
<b>Deferred tax benefit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 13.3 Tax carry-forwards

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Tax carry-forwards:				
Norway	170.3	216.7	260.2	315.4
Abroad	-	-	0.0	9.7
<b>Total</b>	<b>170.3</b>	<b>216.7</b>	<b>260.2</b>	<b>325.2</b>

Tax carry-forwards are chiefly associated with Moelven Industrier ASA. The losses are from the period 1991 – 1993.

## NOTE 14: Goodwill relating to shares in subsidiaries

Amount in NOKm	Group	
	1995	1994
Companies in the Moelven Timber Industry Division	5.8	0.0
Companies in the Moelven Laminated Timber Division	0.0	0.2
Companies in the Moelven Construction and Contracting Division	13.6	0.0
<b>Total</b>	<b>19.4</b>	<b>0.2</b>
<b>Accumulated amortization</b>	<b>-1.9</b>	<b>0.0</b>
<b>Total</b>	<b>17.5</b>	<b>0.2</b>

Goodwill is associated with the purchase of Moelven Eidsvold Værk AS and the merger of Hako Modul AS. To be depreciated over 10 years.

## NOTE 15: Mortgages – secured loans

### 15.1 Loans secured on assets

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Bank overdraft	169.1	143.0	84.1	97.3
Short-term loans	0.0	20.1	9.5	20.1
Long-term loans with repayment falling due within 1 year	3.2	2.0	16.9	9.2
Long-term loans	57.4	168.3	377.0	343.3
<b>Total</b>	<b>229.8</b>	<b>333.4</b>	<b>487.6</b>	<b>469.8</b>

# Notes to the accounts

## 15.2 Book value of pledged assets

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Shares in the subsidiaries	360.5	331.4	-	-
Other receivables and advances	55.0	60.0	189.2	236.5
Stocks	0.0	0.0	288.0	267.1
Bonds and other securities	1.0	0.0	4.3	17.1
Machines, vehicles and equipment	0.9	1.6	163.1	87.8
Buildings	23.0	21.3	141.9	128.5
Land	5.5	5.5	13.7	13.3
<b>Total</b>	<b>445.9</b>	<b>419.9</b>	<b>800.1</b>	<b>750.3</b>

## NOTE 16: Investments in, and sale of plant, properties and equipment

Group	1995		1994		1993		1992		1991	
	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale
Machines, vehicles and equipment	127.0	6.3	36.3	3.0	30.4	22.8	74.9	9.3	59.1	7.0
Buildings	32.1	5.7	8.9	168.0	169.4	80.6	36.8	2.4	9.8	16.1
Land	1.1	0.6	0.0	3.9	2.3	13.7	1.9	0.1	0.8	0.1
<b>Total</b>	<b>160.2</b>	<b>12.6</b>	<b>45.1</b>	<b>174.9</b>	<b>202.1</b>	<b>117.1</b>	<b>113.6</b>	<b>11.8</b>	<b>69.8</b>	<b>23.1</b>

Moelven Industrier ASA	1995		1994		1993		1992		1991	
	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale
Machines, vehicles and equipment	0.1	0.2	0.1	0.2	2.2	2.0	0.8	0.5	2.8	0.0
Buildings	4.8	0.0	0.0	0.6	34.8	10.2	1.0	4.1	7.9	1.0
Land	0.0	0.0	0.2	0.0	5.9	0.8	0.0	1.5	0.8	0.1
<b>Total</b>	<b>4.9</b>	<b>0.2</b>	<b>0.4</b>	<b>0.8</b>	<b>42.9</b>	<b>13.0</b>	<b>1.8</b>	<b>6.2</b>	<b>11.5</b>	<b>1.0</b>

Included in the group's investments for 1995 are fixed assets acquired through the purchase of Moelven Eidsvold Værk AS and the merger of Hako Modul AS, totalling approx. NOK 52 million.

Included as sale of fixed assets in 1994 are disposals in connection with the sale of the subsidiary Moelven Eiendom AS, totalling approx. NOK 150 million. Included in 1993 are fixed assets acquired through the consolidation of Bryggeriet AS totalling approx. NOK 166 million.

Included as sale in the same year are fixed assets disposed of in the sale of Norema AS with approx. NOK 95 million.

## NOTE 17: Plant, properties and equipment

### 17.1 Plant, properties and equipment, book value

Amount in NOKm	Moelven Industrier ASA				Group			
	Vehicles, machines equipment	Buildings	Land	Total	Vehicles, machines equipment	Buildings	Land	Total
Acquisition value at 01.01.1995 1)	4.0	39.4	6.3	49.7	395.2	280.1	16.4	691.6
Additions 1995	0.1	4.8	0.0	4.9	127.0	32.1	1.1	160.2
Value at disposal	0.7	0.0	0.0	0.7	36.8	15.1	0.6	52.5
<b>Acquisition value at 31.12.1995</b>	<b>3.4</b>	<b>44.2</b>	<b>6.3</b>	<b>53.9</b>	<b>485.4</b>	<b>297.1</b>	<b>16.9</b>	<b>799.4</b>
Accumulated ordinary depreciation 01.01.1995	2.3	18.1	0.8	21.2	263.1	133.1	0.8	397.1
Disposals accumulated depreciation 1995	0.4	0.0	0.0	0.4	32.7	9.7	0.0	42.5
This year's depreciation 2)	0.6	3.1	0.0	3.7	45.0	14.1	0.0	59.0
<b>Acc. ord. depreciation 31.12.1995</b>	<b>2.5</b>	<b>21.2</b>	<b>0.8</b>	<b>24.4</b>	<b>275.4</b>	<b>137.4</b>	<b>0.8</b>	<b>413.6</b>
Book value at 01.01.1995	1.6	21.3	5.5	28.5	132.0	147.0	15.5	294.6
<b>Book value at 31.12.1995</b>	<b>0.9</b>	<b>23.0</b>	<b>5.5</b>	<b>29.5</b>	<b>210.1</b>	<b>159.7</b>	<b>16.0</b>	<b>385.8</b>
Ord. depreciation rates in % (approx)	15%	6%	-	-	15%	6%	-	-
Temporary differences:								
Accumulated excess tax depreciation	-7.8	-17.7	-0.5	-26.0	18.7	-32.5	-0.5	-14.4
Gain and loss account	0.0	0.2	0.0	0.2	0.7	11.6	0.0	12.3

1) Acquisition value 01.01.1995 is adjusted for exchange agio/disagio on translation of subsidiaries to NOK, and comprises NOK 3.3 million in agio for the group in 1995.

2) The year's depreciation in accordance with the profit and loss account contains depreciation on fixed assets of NOK 57.6 million, and depreciation of goodwill of NOK 1.9 million. The currency exchange rate difference in the conversion of depreciation in foreign subsidiaries yields a disagio effect of NOK -1.4 million.



# Notes to the accounts

## 17.2 Annual leasing costs

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Vehicles	0.2	0.0	2.1	1.4
Machines	0.0	0.0	1.4	1.5
Buildings	1.2	1.3	2.4	2.4
<b>Total</b>	<b>1.4</b>	<b>1.3</b>	<b>5.9</b>	<b>5.3</b>

## NOTE 18: Guarantees

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Loan guarantees/financial guarantees	182.5	139.0	4.9	0.0
Advance guarantees	19.3	32.0	31.5	9.6
Completion guarantees	72.6	68.0	32.0	47.2
Surety/counter guarantees	0.5	6.0	0.5	7.8
Joint guarantees – other companies	0.0	0.0	0.7	0.8
Guarantees – Employee withheld taxes	8.1	6.1	0.0	0.0
Employee guarantees	0.0	0.0	0.2	0.1
<b>Total</b>	<b>283.0</b>	<b>251.2</b>	<b>69.9</b>	<b>65.4</b>

In connection with the sale of Moelven Eiendom AS (Hekla AS) in 1994, a rent guarantee for premises was given by Moelven Industrier ASA to the company. Moelven Industrier ASA guaranteed that income from the renting out of Bryggeriet in Lillehammer would, on an annual basis, amount to NOK 12.5 million for the years 1995 to 1999. Moelven Industrier ASA has posted NOK 2.0 million as guarantee cost in the accounts for 1995.

## NOTE 19: Pension costs and commitments

### 19.1 Pension costs

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Earnings for the year	0.7	0.5	1.9	1.5
Interest cost on pension commitments	1.7	1.5	2.7	2.1
<b>Pension cost (gross)</b>	<b>2.4</b>	<b>2.0</b>	<b>4.5</b>	<b>3.5</b>
Expected return on pension assets	-4.9	-4.9	-6.1	-7.2
Posted estimated changes and variance	0.4	-	0.5	-
<b>Pension cost (net)</b>	<b>-2.1</b>	<b>-2.9</b>	<b>-1.1</b>	<b>-3.7</b>

### 19.2 Pension commitments

Amount in NOKm	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Balance at 01.01.				
Accumulated earnings	24.1	22.3	29.9	28.0
Pension based on future salary increases	1.7	1.6	5.1	3.8
<b>Pension commitments (gross)</b>	<b>24.1</b>	<b>23.9</b>	<b>34.9</b>	<b>31.8</b>
Pension assets	-65.3	-62.2	-79.3	-73.9
<b>Pension commitments (net)</b>	<b>-41.2</b>	<b>-38.4</b>	<b>-44.4</b>	<b>-42.1</b>
Balance at 31.12.				
Pension commitments (gross)	27.7	24.1	42.8	33.3
Pension assets (expected)	-65.8	-65.3	-82.6	-79.1
<b>Estimated change and variance, not posted</b>	<b>-5.2</b>	<b>0.0</b>	<b>-6.8</b>	<b>0.0</b>
<b>Pension commitments (net)</b>	<b>-43.4</b>	<b>-41.2</b>	<b>-46.6</b>	<b>-45.8</b>

For the group as a whole, pension funds are larger than pension commitments. Overfinancing is chiefly associated with the scheme for Moelven Industrier ASA. Overfinancing is assessed to be viable on the basis of the group's composition and the possibility of alternative use of the funds. The annual costs with regard to estimate variance is based on a temporal distribution according to expected remaining service time of members of 15 years. The estimate variance does not exceed 10% of the higher of the pension commitments and pension funds for the start of the year.

# Notes to the accounts

## 19.3 Economic assumptions

	Moelven Industrier ASA		Group	
	1995	1994	1995	1994
Return on pension assets	8.0%	8.0%	8.0%	8.0%
Discount factor	7.0%	7.0%	7.0%	7.0%
Growth in annual salaries and state pensions	3.3%	3.3%	3.3%	3.3%
Annual adjustment of pensions being drawn	2.5%	2.5%	2.5%	2.5%

Pension commitments which apply to the group's Norwegian companies encompass 449 people in all, of which 351 are active and 98 pensioners. The pension schemes in the group's foreign companies are organized according to contribution schemes operating in the relevant company. No other uninsured pension commitments which are not allowed for in the calculations above exist.

## NOTE 20: Shares in subsidiaries

Amount in 1000 NOK	Share of ownership	Company's share capital	Number of shares	Face value	Book value at 31.12.1995
Moelven Treindustrigruppen AS	100 %	100 000	10 000	100 000	131 000
Moelven Innredningsgruppen AS	100 %	40 000	4 000	40 000	55 000
Moelven Limtregruppen AS	100 %	20 000	2 000	20 000	50 000
Moelven Hako AS	79 %	25 000	2 500	25 000	41 000
Moelven Engineering AS	100 %	1 600	1 600	1 600	2 900
Moelven Service AS	100 %	500	500	500	500
Moelven Industrier AB	100 %	SEK 10 000	10 000	SEK 10 000	83 450
Moelven TimberTech AS	100 %	1 500	1 500	1 500	1 194
Moelven Industrie GmbH	100 %	DEM 100	10	DEM 100	446
Moelven Finans AS	100 %	5 516	157 598	5 516	6 404
Moelven Portefølje AS	100 %	50	50	50	50
Moelven France SARL	100 %	FRF 17 000	17 000	FRF 17 000	810
Moelven Iberica SA	100 %	ESB 17 000	17 000	ESB 17 000	960
Ringsaker Hus AS	100 %	500	500	500	500
<b>Total Moelven Industrier ASA</b>					<b>374 214</b>
Moelven Mjøsbruket AS	100 %	12 000	12 000	12 000	15 990
Moelven Kværnum Bruk AS	100 %	2 000	4 000	2 000	2 360
Moelven Trekomponenter AS	100 %	5 500	5 500	5 500	10 000
Moelven Treinteriør AS	100 %	3 000	3 000	3 000	6 982
Moelven Eidsvoll AS	100 %	6 000	600	6 000	8 000
Moelven Eidsvold Værk AS	100 %	32 500	32 500	32 500	35 578
<b>Total Moelven Treindustrigruppen AS</b>					<b>78 910</b>
Nordia AS	100 %	22 000	2 200	22 000	52 610
Nordia Ltd.	100 %	GBP 440	440 000	GBP 440	1 000
<b>Total Moelven Innredningsgruppen AS</b>					<b>53 610</b>
Moelven Limtre AS	100 %	11 000	11 000	11 000	24 862
LNJ Limtræ AS	100 %	DKK 6 000	6 000	DKK 6 000	6 046
Moelven Holzleimbau GmbH	100 %	DEM 200	-	DEM 200	437
<b>Total Moelven Limtregruppen AS</b>					<b>31 345</b>
<b>Moelven Industrier AB owns:</b>					
Moelven Valåsen AB	100 %	SEK 50 000	500 000	SEK 50 000	122 550
Moelven Dalaträ AB	100 %	SEK 20 000	200 000	SEK 20 000	56 050
Moelven Töreboda Limträ AB	100 %	SEK 12 000	120 000	SEK 12 000	71 250
Eurowand AB	100 %	SEK 4 000	40 000	SEK 4 000	43 700
					<b>293 550</b>
<b>LNJ Limtræ AS owns:</b>					
Moelven LNJ Limtræ AS	100 %	DKK 1 500	100	DKK 1 500	1 976
<b>Moelven Hako AS owns:</b>					
Moelven Systembygg AB	100 %	SEK 50	500	SEK 50	0
Moelven Elementbygg AS	33 %	600	200	200	200
<b>Moelven Engineering AS owns:</b>					
Moelven Elementbygg AS	33 %	600	200	200	200

# Notes to the accounts

## NOTE 21: Shares and participating interests on other companies, short-term

Amount in 1000 NOK	Total share capital	Number of shares	Face value	Book value, historical	Book value at 31.12.95
Veidekke ASA	56 228	3 409	34	112	112
UNI Storebrand ASA	1 882 100	5 406	27	546	163
Others				81	84
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>739</b>	<b>359</b>

## NOTE 22: Shares and participating interests in other companies, long-term

Amount in 1000 NOK	Company's share capital	Number of shares	Face value	Bokk value at 31.12.1995
Byggeland AS	1 000	4 500	450	450
Nor East Expo AS	1 420	300	300	270
Mjøssentret AS	2 000	1 000	1 000	1 000
Mjøskompetanse AS	130	1	10	10
Ringsaker Halmteknikk AS	500	75	75	0
Triangelinvest AS	20 000	11 116	1 116	558
Diverse				40
<b>Total Moelven Industrier ASA</b>				<b>2 328</b>
Nye Land Sag AS	5 000	1 500	1 500	1 500
Rena Karton AS	65 700	5 000	25	74
Fire Guard Scandinavia AS	3 865	196 500	71	196
Karlskoga Invest AB	SEK 12 150	2 500	SEK 100	238
Ven Cap AB	SEK 100 000	6 051		172
Diverse				32
<b>Total Moelven Timber Industry Division</b>				<b>2 212</b>
Impregnor AS	7 100	400	50	90
Polarsirkelsenteret AS	5 200	200	1 000	150
Sørlandshallen AS	15 300	600	1 000	600
Moelven Laminated Timber Structures Ltd.	GBP 50	12 500	GBP 12	1
<b>Total Moelven Laminated Timber Division</b>				<b>841</b>
Others				50
<b>Total other companies</b>				<b>50</b>
<b>Total for the group</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 431</b>

## NOTE 23: Shares (20–50%) and participating interests in associated companies

Amount in 1000 NOK	Participating interest	Value at 01.01.95	Balance: Additions/Disp.	Value at 31.12.1995	Share profit
Byggeland KS 1)	40.5 %	4 992	2 384	7 376	2 384
Moelven Elementbygg KS	60.0 %	0	1 189	1 189	-11
ANS Land Sag Eiendom	30.0 %	1 618	167	1 785	167
Moelven Eidsvold Værk AS 2)	40.0 %	12 429	-12 429	0	0
Sovereign Timber (UK) Ltd. 3)	50.0 %	0	0	0	0
BSH Holding SA 4)	40.0 %	396	-396	0	0
Vikingskipet Motell ANS	50.0 %	0	4 233	4 233	0
<b>Total</b>		<b>19 435</b>	<b>-4 852</b>	<b>14 583</b>	<b>2 540</b>

1) Owned by Moelven Industrier ASA. 2) Moelven Treindustrigruppen AS purchased 100% of the shares in 1995 (see note 20).

3) Interest sold in 1995. 4) Involvement discontinued in 1995.



# Notes to the accounts

## NOTE 24: Share capital and reserves

### 24.1 Changes in share capital and reserves in 1995 – group

Amount in NOKm	Share capital	Legal reserve	Temp. res. capital	Sub-total res. capital	Retained earnings	Accum. deficit	Net profit	Sub-total capital	Tot. share cap. and res.
<b>Balance at 31.12.1994</b>	<b>300.1</b>	<b>20.6</b>	<b>21.7</b>	<b>342.4</b>	<b>120.8</b>	<b>-292.2</b>		<b>-171.4</b>	<b>171.0</b>
Transfers on incoming balance			-7.3	-7.3	7.4			7.4	0.1
<b>Balance at 01.01.1995</b>	<b>300.1</b>	<b>20.6</b>	<b>14.4</b>	<b>335.1</b>	<b>128.2</b>	<b>-292.2</b>		<b>-164.0</b>	<b>171.1</b>
Net profit							38.3	38.3	38.3
Appropriation of net profit		0.7		0.7	-9.8	47.5	-38.3	-0.7	
Changes in temporarily unrestr. capital			-11.7	-11.7	11.7			11.7	
Net additions from share issue	52.6			52.6		21.0		21.0	73.7
Currency exchange difference					8.1			8.1	8.1
Commitments to minority owners in subsi.						-11.0		-11.0	-11.0
<b>Balance at 31.12.1995</b>	<b>352.7</b>	<b>21.2</b>	<b>2.7</b>	<b>376.7</b>	<b>138.3</b>	<b>-242.1</b>		<b>-96.4</b>	<b>280.3</b>

### 24.2 Changes in share capital and reserves in 1995 – Moelven Industrier ASA

Amount in NOKm	Share capital	Accumulated deficit	Net profit	Total share capital and res.
<b>Balance at 01.01.1995</b>	<b>300.1</b>	<b>-140.6</b>		<b>159.5</b>
Net profit			-29.0	-29.0
Appropriation of net profit		-29.0	29.0	
Net additions from share issue	52.6	34.0		86.7
Group contribution received		81.3		81.3
<b>Balance at 31.12.1995</b>	<b>352.7</b>	<b>-54.3</b>		<b>298.4</b>

### 24.3 Developments in the company's share capital since 1987

Year / type of change	Change in share capital NOKm	Total share capital NOKm	Face value of shares NOK	Number of shares
<b>1987</b>				
Dividend shares	1.4	55.0	25.0	2 198 100
Bonus issue 10:1	5.4	60.3	25.0	2 412 419
<b>1988</b>				
Merger with Svein Ruud Eiendom AS	4.0	64.3	25.0	2 571 200
Merger with Siggv Eiendom AS	3.1	67.4	25.0	2 695 000
Dividend shares	1.5	68.9	25.0	2 754 710
<b>1989</b>				
Share capital increase 3:1	23.0	91.8	25.0	3 672 900
Placing to employees	1.2	93.0	25.0	3 720 000
Dividend shares	2.3	95.3	25.0	3 813 499
<b>1992</b>				
Write down of face value	-76.3	19.1	5.0	3 813 499
Share capital increase 11:4	52.4	71.5	5.0	14 300 621
Placing to Industrifondet	0.7	75.1	5.0	15 014 906
<b>1993</b>				
Share capital increase	125.0	200.1	5.0	40 014 906
Conversion of convertible loan	52.2	252.3	5.0	50 455 877
<b>1994</b>				
Conversion of convertible loan	47.8	300.1	5.0	60 014 906
<b>1995</b>				
Placing to institutional investors	45.0	345.1	5.0	69 014 906
Placing to SND	7.6	352.7	5.0	70 544 318

# Audit report

## AUDIT REPORT FOR 1995

We have audited the annual report and accounts of Moelven Industrier ASA for 1995, showing a loss for the year of NOK 29,015,903 for the parent company, and a consolidated profit for the year of NOK 38,330,000. The annual report and accounts, which comprise the annual report, profit and loss account, balance sheet, funds flow statement, and notes to the accounts and consolidated accounts, are presented by the company's Board of Directors and its managing director.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.


We have conducted our audit in accordance with relevant laws, regulations and generally accepted auditing standards. We have performed those audit procedures which we have considered necessary to confirm that the annual report and accounts are free of material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the content and presentation of the annual report and accounts. To the extent required by generally accepted auditing standards we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the settlement of the loss for the year is in accordance with the requirements of the Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Companies Act and present fairly the financial position of the company and of the group as of December 31, 1995 and the result of its operations for the financial year, in accordance with generally accepted accounting principles.

Oslo, February 28, 1996

Price Waterhouse a.s.



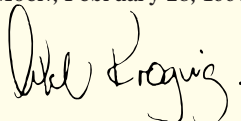
Svein-A. Martinsen  
State Authorized Public Accountant (Norway)

## THE CORPORATE ASSEMBLY'S STATEMENT

At a meeting of February 28, 1996 the Corporate Assembly has considered the report of the Board of Directors and proposals for the financial statements of Moelven Industrier ASA and the group, and the proposal for covering the loss for the year made by Moelven Industrier ASA.

The Corporate Assembly recommends that the annual general meeting approves the Board's proposal for the financial statement of Moelven Industrier ASA and the group, and the proposal for covering the loss made by Moelven Industrier ASA.

Moelv, February 28, 1996



Axel Krogvig  
Corporate Assembly's chairman

# Shareholder matters

## SHAREHOLDER POLICY

It is the goal of Moelven ASA to provide shareholders with the best possible yield over time, through capital gains and dividends. The company will seek to ensure that the market value of the shares reflects the company's earning capacity to the best possible degree.

Moelven Industrier ASA will consider utilizing both rights issues and placing of shares in future. Any placings will only be carried out to the extent that they satisfy the long-term interests of the existing shareholders.

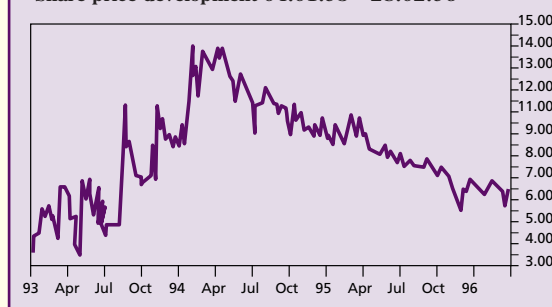
### The company's 15 largest shareholders at 28.02.1996

Share capital: Number of shares:	352 721 590 70 544 318	Number of shares	Participating interest %
Den norske Bank ASA		34 414 435	48.8
K-Holding ASA		5 579 733	7.9
Statens nærings-og distriktsutviklingsfond		4 843 697	6.9
Aksjefondet Odin NOR		1 676 547	2.4
Drammensdistriktets Skogeierforening		1 449 884	2.1
Norsk Hydros Pensjonskasse		956 214	1.4
NHO's Arbeidsmiljøfond		750 000	1.1
Meieribrukets Pensjonskasse		600 080	0.9
Gjensidige Livsforsikring		550 160	0.8
Oslo kommunale Pensjonskasse		509 000	0.7
Vesta Forsikring		498 547	0.7
Høegh & CO. ASA		448 000	0.6
G-Invest aksjefondet Gjensidige		399 000	0.6
Sparebanken Hedmark		398 872	0.6
Industriforsikring AS		363 333	0.5
<b>Of a total of 3,517 shareholders:</b> <b>15/3,517 = 0.43%</b>		<b>53 437 502</b>	<b>75.8</b>

### Distribution of shares at 28.02.1996

Number of shares	Number of shareholders	in %	Number of shares	in %
1- 200	1 410	40.0	85 001	0.1
201- 500	404	11.5	139 102	0.2
501- 1000	401	11.4	348 522	0.5
1001- 5000	742	21.1	1 985 161	2.8
5001- 10000	251	7.1	2 028 966	2.9
10001- >	309	8.9	65 957 566	93.5
	<b>3 517</b>	<b>100</b>	<b>70 544 318</b>	<b>100</b>

### Share price development 04.01.93 - 28.02.96



The company places emphasis on maintaining a good contact with its shareholders and the stock market generally, primarily through the annual report and reports for each four-month period. The annual report is normally published in March and the four-monthly reports approx. four weeks after the close of the period. In addition to this, other information which might be of importance will be communicated to the shareholders and stock market through special releases to the Oslo Stock Exchange and the press/media.

# Moelven - an interesting shareholding?

## RETROSPECT AND STATUS

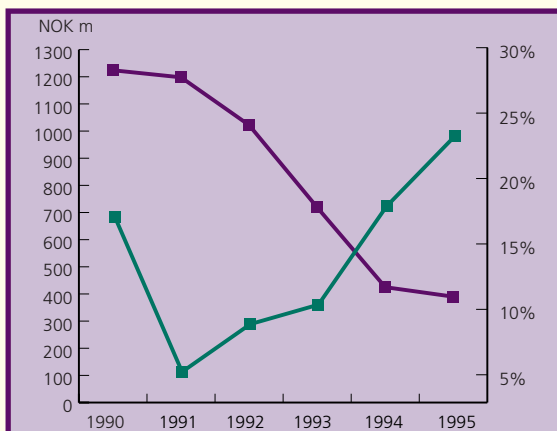
July 2, 1993, was an important date in the Moelven Group's recent history. On this day the annual general meeting passed a resolution to increase the company's capital by NOK 125 million in share capital and NOK 100 million in convertible subordinated loans. This injection of new risk capital marked the close of an important restructuring period, which entailed both the winding up of the group's housing enterprise with a substantial loss, and the further development of the remaining profitable industrial enterprise.

The restructuring process continued into the second half of 1993, when the sales of Norema AS and various properties were executed. Subsequently the group's net interest-bearing debt was approx. NOK 575 million and the group's share capital and reserves approx. 10 percent.

In 1994, Moelven Eiendom AS and its housing operations was sold, and this reduced the group's debt further by approx. NOK 150 million. Together with the group's earnings this reduced interest-bearing debt to approx. NOK 425 million at the close of 1994.

In 1995 the group bought the remaining 40 percent of the shares in Moelven Eidsvold Værk AS, and merged Hako Modul AS with Moelven Systembygg AS, to form the new company Moelven Hako AS. This was financed through an issue of shares in the spring of 1995 of approx. NOK 70 million. The group's earnings in 1995 have further reduced net interest-bearing debt by NOK 35 million, to approx. NOK 390 million at the close of 1995. This is the equivalent to 17.7 percent of annual operating revenues, so that annual net financial costs will not exceed two percent of the annual operating revenues.

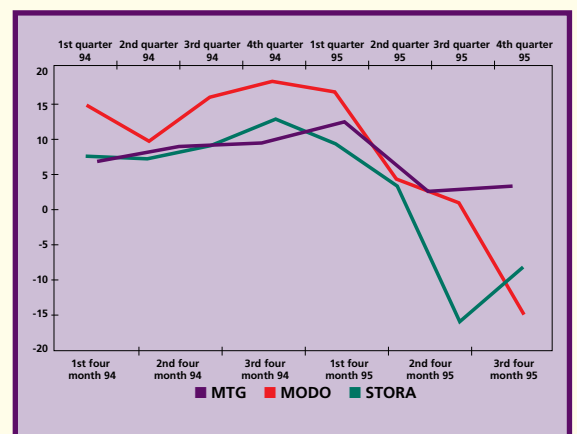
The group's liquidity reserves are approx. NOK 200 million at the close of 1995 (see page 34), and this, together with the above mentioned factors demonstrates adequate financial freedom.



■ Development in interest-bearing debt in NOK.  
■ Development in equity ratio in percentage points for the same period.

## SENSITIVITY TO ECONOMIC FLUCTUATIONS

The sawmill companies in the group's largest business area, the Timber Industry division, is traditionally cyclical. Low margins in this enterprise have affected the group's result in the second half of 1995, and this development will continue in the first half of 1996. Companies in this industry must learn to live with these variations in results, since prices of both timber and sawn timber can only be influenced to a limited degree by the individual participant. The Moelven Timber Industry division is fairing well against international competition.



Operating margin, percent. Compares the operating margin of Moelven Timber Industry Division (MTG), Stora Timber and Modo/Iggesund Timber.

The comparison shows that the Timber Industry division has experienced smaller variations than other important players in the business area. There are grounds for presuming that this is a result of the division's customer and product strategy. In 1994 the operating margins were higher for our Swedish competitors, which only have their operations in Sweden, mainly due to lower prices for timber and strong competitiveness due to a weak Swedish krona.

## PROFITABILITY CAPACITY

Profitability capacity is given priority over growth. The goal of the group for 1996-98 is a seven percent operating margin for the subsidiaries and five percent for the group as a whole.

	Goal	1995	1994	1993
Timber Industry	7.0	6.0	11.0	5.4
Interior Layout	7.0	6.3	5.0	1.8
Laminated Timber	7.0	2.5	5.4	6.6
Constr. and Contracting	7.0	7.1	4.5	5.0
<b>Group</b>	<b>5.0</b>	<b>4.2</b>	<b>5.8</b>	<b>3.2</b>

This shows that the group is nearing its goal of five percent. In addition, the balance between the Timber Industry division which is sensitive to economic fluctuations, and the other business areas is improved. Good



# Moelven - an interesting shareholding?

results in particular have been achieved within the business areas of Interior Layout and Construction and Contracting, which achieved their goals for 1995. The Timber Industry's poorer development is connected to a sharpened competitive situation in the market for standard laminated timber, and losses in 1995 associated with the operations in Denmark and France.

In the same period profitability measured in relation to investment capital – the overall return on capital – increased from seven percent to a level of 10-12 percent. This is three to five percentage point above the yield on long-term Norwegian gilt-edged securities. The return on equity in 1995 was 14.6% and 30.3 percent in 1994. This shows that the annual result in 1995 gave share holders a return which was double that of the yield on long-term gilt-edged stock. The goal is to stabilize the return on equity before tax at 20%.

## SENSITIVITY ANALYSIS

The Timber Industry division's share of the group's operating revenues is 50%. The operating margin will vary from 0 to 12 percent in this division. The goal for the operating margins in the group's other companies is five percent. Unforeseen variances and group costs might on this basis indicate an average operating margin of three percent. This gives the following analysis of results which is shown below. The analysis shows that in a year with a zero-result after tax, the group has approx NOK 70 million at its disposal in cash flow for growth, investments and dividend, if any, to the shareholders, without increasing the group's debt. The group's minimum level for investment is presumed to be NOK 40-50 million p.a. towards investments in maintenance and new purchases, in order to maintain the technological level. Investments over and above this level are conditional upon good earnings and must be weighed up in relation to further repayments of the group's debt and a return to the shareholders in the form of cash dividends.

## Analysis of results

Operating margin %	Timber Industry	0	2	4	6	8	10	12
	Other	3	3	3	3	3	3	3
Operating profit in NOKm								
	Timber Industry (NOKm 1,100)	0	22	44	66	88	110	132
	Other (NOKm 1,100)	33	33	33	33	33	33	33
	<b>Total (NOKm 2,200)</b>	<b>33</b>	<b>55</b>	<b>77</b>	<b>99</b>	<b>121</b>	<b>143</b>	<b>165</b>
Financial items		-42	-40	-38	-36	-34	-32	-30
Pre-tax profit		-9	15	39	63	87	111	135
Tax		0	0	-3	-7	-10	-18	-30
<b>Net profit</b>		<b>-9</b>	<b>15</b>	<b>36</b>	<b>56</b>	<b>77</b>	<b>93</b>	<b>105</b>
Depreciation		70	70	70	70	70	70	70
<b>Cash flow before investm. and instalments</b>		<b>61</b>	<b>85</b>	<b>106</b>	<b>126</b>	<b>147</b>	<b>163</b>	<b>175</b>
Profit in NOK per share (70 544 318)		-0.13	0.21	0.51	0.79	1.09	1.32	1.49
P/E (price NOK 7.00)		-	33.3	13.7	8.9	6.4	5.3	4.7

## THE CHALLENGES

The extent to which Moelven shares will be an interesting investment, depends on three factors: national (Norway and Sweden) political and economic climate for the industries one is operating in, a better balance between earnings in the cyclical sawmills on which is sensitive to economic fluctuation on the one hand, and the remainder of the industrial enterprises with a higher degree of processing on the other hand, and management skills on all levels.

Moelven's enterprises are active in well-established industries with high competition, both in relation to customers and levels of commitment. Timber, as a resource, is a central element in our enterprise, and the material's environmental profile and renewability ought to provide interesting possibilities in the future.

The ability to create profitability within the existing political and economic climate is closely connected to the ability to envisage new solutions in conservative industries. The Moelven Group has therefore taken the initiative of introducing a management development programme under the working title of "Management in new situations". The management programme is organized by one of our own companies, Mjøskompetanse AS, and up to now roughly 25 managers from the Moelven Group have participated in the programme. Our goal is that approx. 100 managers from all levels will complete this programme which will run over four-five years.

Creative management is a key factor in all business. There is an extensive demand for this in an industrial enterprise because long-term investments in the business have to yield a return under increasingly changing political and economic climates and market conditions. Moelven has displayed its ability to restructure, and the challenge will now be the transition from consolidation to expansion in order to ensure an improved return on the shareholders' capital.

# Articles of Association

## § 1

The company, which was established on July 24, 1899, has the name of Moelven Industrier ASA.

## § 2

The company's business office is in Ringsaker.

## § 3

The purpose of the company is manufacture and activities connected with this, trade and other economic activities, and participation in other companies through the purchase of shares or in other ways.

## § 4

The company's share capital is NOK 352,721,590 distributed among 70,544,318 shares. The companies' shares must be registered in the Norwegian Registry of Securities.

A transfer of shares must, in order to be valid, be approved by the company's Board of Directors.

## § 5

The Board of Directors is chosen by the Corporate Assembly and consists of 7 directors with deputy members. A person can be deputy member for one or more directors. A member of the Board of Directors can have more than one deputy member, as long as this number does not exceed 7. After the Board of Directors has been elected, the Corporate Assembly elects the chairman of the Board.

## § 6

The power of mandate is held by the chairman of the Board of Directors or three other members of the Board in concert.

## § 7

The company has a Corporate Assembly of 12 members. The Annual General Meeting elects 8 members and 4 deputy members for these members.

## § 8

A person is not eligible for election as member (deputy) of the Board or the Corporate Assembly if he/she will reach the age of 70 while in office.

## § 9

The accounting year is from January 1 to December 31. The minimum notice of an Annual General Meeting is 14 days, and for Extraordinary General Meetings 8 days. In connection with the calling of a meeting it can be made a requirement that shareholders who wish to participate in the general meeting give written notice of this to the company's head office, at the latest 3 days before the general meeting. If such written notice is not received within the stipulated period, this will result in the person or persons concerned being denied entry to the meeting. Any proxies must be received by the company's head office within the same stipulated period.

## § 10

At the Annual General Meeting the following matters are dealt with:

1. Adoption of the statement of accounts and balance sheet.
2. Appropriation of annual profit or coverage of loss in respect of the agreed balance sheet, and the payout of dividends.
3. Adoption of the consolidated statement of accounts.
4. Election of officers.
5. Other matters which in accordance with legislation or the articles of association fall within the jurisdiction of the Annual General Meeting.
6. Other matters on the agenda.

## § 11

The Companies Act is otherwise applicable to the extent that other provisions have not been made in the articles of association.

# Company addresses

## **NORWAY:**

**Moelven Industrier ASA**  
P.O.Box 134  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax +47 62 36 92 80

**Moelven Limtregruppen AS**  
P.O.Box 143  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 34 72 10

**Moelven Bygg og Prosjekt**  
P.O.Box 116  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax +47 62 36 90 88

**Moelven Treindustrigruppen AS**  
P.O.Box 164  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 36 90 88

**Moelven Innredningsgruppen AS**  
P.O.Box 63  
N-2051 Jessheim  
Tel. +47 63 97 09 20  
Fax. +47 63 97 04 86

**Moelven Limtre AS**  
P.O.Box 143  
N-2391 Moelv  
Tel. +47 62 36 75 66  
Fax. +47 62 34 72 10

**Moelven Hako AS**  
P.O.Box 163  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 36 95 78

**Moelven Service AS**  
P.O.Box 204  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 34 71 88  
Fax transp.dept.: +47 62 36 71 07

**Moelven Engineering AS**  
P.O.Box 177  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 36 87 15

**Moelven TimberTech AS**  
P.O.Box 164  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 36 90 88

**Moelven Elementbygg KS**  
P.O.Box 177  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 34 72 60

**Moelven Trekomponenter AS**  
P.O.Box 164  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 34 71 31

**Moelven Treinteriør AS**  
N-2372 Brøttum  
Tel. +47 62 36 04 00  
Fax. +47 62 36 03 25

**Moelven Mjøsbruket AS**  
N-2820 Biri  
Tel. +47 61 18 52 12  
Fax. +47 61 18 54 10

**Moelven Kværnum Bruk AS**  
Rute 011,  
N-2857 Skreia  
Tel. +47 61 16 34 32  
Fax. +47 61 16 43 08

**Moelven Eidsvoll AS**  
N-2080 Eidsvoll  
Tel. +47 63 96 03 80  
Fax. +47 63 96 04 82

**Moelven Eidsvold Værk AS**  
N-2074 Eidsvoll Verk  
Tel. +47 63 95 71 10  
Fax. +47 63 95 71 30

**Nordia AS**  
P.O.Box 63  
N-2051 Jessheim  
Tel. +47 63 97 09 20  
Fax. +47 63 97 04 86

## **SWEDEN:**

**Moelven Industrier AB**  
P.O.Box 405  
S-691 27 Karlskoga,  
Tel. +46 586 65 500  
Fax. +46 586 28 014

**Moelven Dalaträ AB**  
S-780 40 Mockfjärd  
Tel. +46 241 21 800  
Fax. +46 241 21 159

**Moelven Valåsen AB**  
P.O.Box 404  
S-691 27 Karlskoga,  
Tel. +46 586 65 500  
Fax. +46 586 28 014

**Moelven Töreboda Limträ AB**  
P.O.Box 49  
S-545 21 Töreboda,  
Tel. +46 506 48 100  
Fax. +46 506 16 263

**Eurowand AB**  
Aspholmvägen 12 A  
P.O.Box 1322, S-701 13 Örebro,  
Tel. +46 192 18 600  
Fax. +46 192 72 275

## **DENMARK:**

**Moelven LNJ Limtræ AS**  
Brede Bygade 5  
DK-6261 Bredebro  
Tel. +45 74 71 15 33  
Fax. +45 74 71 15 34

## **ENGLAND:**

**Moelven Laminated Timber Structures Ltd.**  
Unit 10 Vicarage Farm  
Winch R. Fair OAK Estleigh  
Hampshire SO 57 HD  
Tel. +44 703 69 55 66  
Fax. +44 703 69 55 77

**Nordia Ltd.**  
Seacroft, Industrial Estate,  
Coal Road, LS 14 2 AW Leeds,  
Tel. +44 0532 73 47 21  
Fax. +44 0532 65 13 87  
Telex. 0051 55379

## **GERMANY:**

**Moelven Holzleimbau GmbH**  
Wiesentstrasse 16  
D-3030 Walsrode,  
Tel. +49 51 61 80 15  
Fax. +49 51 61 73 786

**Moelven Industrie GmbH**  
Symeonstrasse 6  
D-12279 Berlin,  
Tel. +49 30 72 13 032  
Fax. +49 30 72 26 062

## **FRANCE:**

**Moelven France SARL**  
1 Rue de Venetie  
F-74 940 Annecy-le-Vieux  
Tel. +33 50 09 98 32  
Fax. +33 50 09 97 61

## **SPAIN:**

**Moelven Iberica SA**  
C. Estebaneq Calderón No.3, pl.6  
E-28020 Madrid  
Tel. +34 15 79 62 36  
Fax. +34 15 79 58 96

## **RUSSIA:**

**Nor East Expo AS**  
P.O.Box 164  
N-2391 Moelv  
Tel. +47 62 34 70 00  
Fax. +47 62 36 90 88



**MOELVEN**

Moelven Industrier ASA

P.O.Box 134

N-2391 Moelv

Tel: + 47 62 34 70 00

Fax: + 47 62 36 92 80



# Moelven

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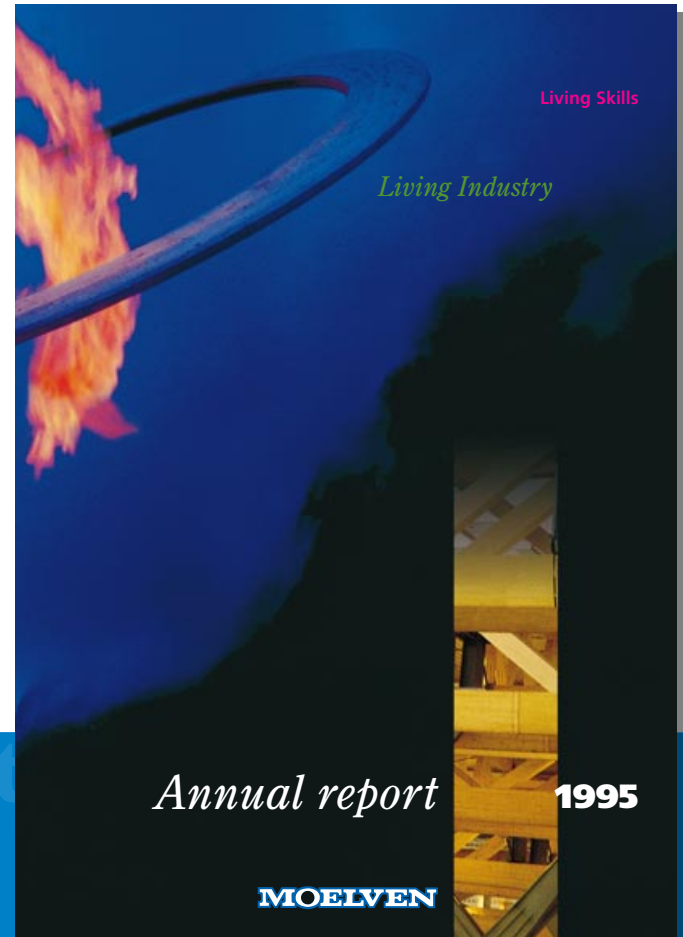
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Annual report

HUGIN

<http://hugin.sol.no>

industry

bank

insurance

industry

shipping

SMB

OTC