

ANNUAL REPORT  
2009



Quality rooms

**MOELVEN**<sup>®</sup>

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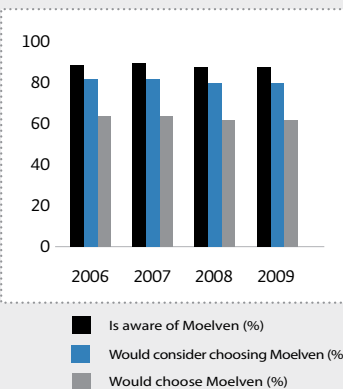
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How do we assess our brand name?

Moelven conducts annual brand surveys in Scandinavia in collaboration with Synovate. The aim of the survey is to obtain an overview of the Scandinavian markets' familiarity and experiences with, and attitudes towards, the Moelven brand compared to other suppliers offering the same type of products. The survey covers all of Moelven's product groups, and interviews are carried out among all the main target groups in the markets in which the Group operates. A population of 1450 have been interviewed. The table shows the total population's familiarity with the Moelven brand name, the share of the population who would consider Moelven when making purchases and who would choose Moelven if they were to buy the type of products that the Group offers.



Main figures for Five Years

Amounts in NOK mill.	2009	2008	2007	2006	2005
<b>THE GROUP</b>					
Operating revenues	6 247.8	7 657.7	7 944.0	6 692.4	6 004.9
Operating profit	91.1	144.7	989.6	373.2	158.6
No. of employees	2 992	3 285	3 425	3 210	3 159
<b>TIMBER</b>					
Operating revenues	2 166.8	2 472.4	3 136.4	2 642.0	2 355.4
Operating profit	12.7	-143.3	544.4	166.7	55.2
<b>WOOD</b>					
Operating revenues	2 227.4	2 634.0	2 914.6	2 453.4	2 268.7
Operating profit	43.2	80.3	324.4	113.0	62.2
<b>BUILDING SYSTEMS</b>					
Operating revenues	1 933.0	2 748.0	2 382.8	1 937.5	1 770.1
Operating profit	61.4	235.1	159.3	121.8	75.9

# The year of adaptation

The year saw necessary adaptations to the biggest decline in economic activity in Europe since the Second World War. The construction industry, the key customer sector for the group, is one of the worst affected areas.



The adaptations have gone well for the Moelven group, and we achieved a positive result for the year despite all the challenges. The primary reason for the group's positive result is that the organisation still remembers the lessons learned from previous crises. We know that the only possible way forward is to work together to ensure that our costs are lower than the revenue we generate.

There are several reasons why the group consists of many operating units with true responsibility and corresponding real authority. The most important reason being that within smaller units it is easier to see the link between your own actions and your own results. This makes it clearer to people that they must change what they themselves can influence and make the best out of a particular situation, even if this involves making unpleasant decisions. Many people have implemented such changes within Moelven, and this is the primary reason for the positive result in 2009.

Being part of the Moelven group must be the best foundation for succeeding within our competitive market. The alternative is to be part of another group or to act as an independent business. If better alternatives exist, then Moelven will have a negative value as a group. In particular, there are three preconditions that are keys to being a successful group.

The first is that there must be operational relationships between the units. These relationships provide the units with opportunities for cost savings, as well as providing market positions that are strong enough to give the units real weight. The basis for operational relation-

ships within the Moelven group partly stems from the fact that the units' activities are connected to the building industry. The processes are industrial and the organisations are geographically relatively close to each other. Everyone works within a cultural environment with common Scandinavian characteristics, and our products often contain a significant component of timber or other lightweight construction materials. A question that we must continually ask ourselves therefore is whether, with the aid of industrial deliveries, the organisation is helping to "provide people with quality rooms with a Scandinavian style". People who take the time to compare our results with other groups within our industry will see that we are quite successful.

Secondly, we are working towards diversification on the market side, i.e. not putting all our eggs in one basket. However, this is only to the extent that such an approach is consistent with the relationship requirement above. For us, diversification means that we supply to both new-builds and restorations/modernisations/extensions (RME) for both housing and commercial buildings. In addition, sales are distributed across a number of countries. This minimises the risk of all market areas suffering decline at the same time. The table showing the operating margins per division over several years on page 7 shows how economic cycle fluctuations have affected Moelven's three divisions. The sawmills within the Timber division are the first to feel both positive and negative effects. The Building Systems division was not affected by fluctuations in economic cycles until later because this division works on projects which to some extent have long implementation times. The construction material division Wood has been affected least because of the high proportion of supplies to the relatively stable RME market. Additionally, in terms of time of fluctuation, the division lies somewhere between the sawmill division Timber and the Building Systems division. The sum of this is that the composition for the group as a whole is adequate.

Thirdly, there is a high level of awareness that we are an industrial company that survives because of a continuous search for improvements within the operation. To us, it is very clear that financing is only a means of helping the industry

and not a goal in itself. We therefore have a conservative attitude towards financial risk, an approach which proved useful during the financial crisis. The combination of a high equity ratio, long-term liquidity reserves and the use of hedging instruments to reduce the effects of interest and exchange rate fluctuations on our operations has meant that we have been virtually unaffected by the direct effects of the financial crisis. If all businesses and institutions in society had been financed based on the same basic principles, then quite simply there would neither have been a local nor a global financial crisis.

If the financial crisis was about financial institutions having to be rescued by the government, and reduced access to financial services at reasonable prices, then we have nearly ended the present financial crisis, although poor budgetary discipline within certain Euro countries means that there are still some clouds on the horizon. But, we are still a long way from having survived the actual real economic after-effects of the financial crisis. The crisis was triggered by high consumer demand financed by loans, which were abruptly stopped. The consequences have been reduced by increasing the level of public sector consumption financed by loans.

Now both the private and public loans must be repaid, something which can only be achieved by reduced consumption. Major suppliers to the construction sector such as ourselves, will continue to be hit by this. We expect 2010 to be a poor normal year for us in terms of results, poor because our results will continue to be affected by low levels of activity within many markets and our incomes will therefore be less than we would like. Nevertheless, it will be a normal year in terms of our operations compared to 2009 with its many adaptations. The biggest of these changes are now behind us and we are prepared for moving towards new heights.

Hans Rindal  
 President and CEO



January 2009

**Stoltenberg visits Moelven**

The message CEO Hans Rindal gave to Prime Minister Jens Stoltenberg when they met recently was that Moelven has been pleased with the measures presented in the government's finance crisis package and believes that the package presented will help the construction industry.

**In the same company for 50 years!**

Kjell Andersson (64) retired recently after having worked for 50 years in the same company – the sawmill Moelven Valåsen AB in Karlskoga. He began working at the plant when he was only 14 years old.

**140 fewer employees in Moelven**

A total of 140 fewer employees were working in Moelven in January 2009 compared to January 2008.

February 2009

**Major interest for new wall partition system**

For the third year in a row, Moelven Eurowand AB participated at the Stockholm Furniture Fair in Älvsjö. Great interest was shown in the company's new wall partition system.

March 2009

**Solid order inflow from builders merchants**

At the end of March, Moelven Wood AB reached a new sales record and "all time high" order volume for moulding and sawn wood.

**Glulam at full speed again**

A full-time workforce will be back at work at Moelven Limtre AS after Easter. A sales increase of standard glulam beams to builders merchants is the main reason that the 100 employees who have been working only three days a week since the end of January can look forward to being back 100 percent at work soon.

**Moelven fixes electricity in Kabul**

Norwegian authorities have invested NOK 35 million in Hotel Serena in Kabul. In collaboration with the contracting firm Reinertsen AS, Moelven Elektro AS was responsible for connecting the hotel to the city's electricity power grid.



Norwegian Prime Minister Jens Stoltenberg (right) and Director Åge Holmestad during the Prime Minister's visit to Moelven Limtre AS.

April 2009

**Major order for Moelven Nordia AS**

Moelven Nordia has started delivering two major orders to Kongsberg Næringspark, having a total value of NOK 27 million.

**Moelven renews health insurance offer**

For the last two years Moelven have offered all employees health insurance that guarantees treatment within 30 days and saves people months in health queues. The management at Moelven decided to renew the insurance agreement for an additional year.

May 2009

**Module orders totalling NOK 115 million**

Moelven ByggModul AS has had wind under its wings this Spring 2009 and announced several new orders totalling NOK 115 million. The company's substantial order log will ensure full operating capacity at all three production lines through to August.

June 2009

**Breaking ground for new project factory at Töreboda**

The building start is now history for what will become the new project factory at Moelven Töreboda AB.

July 2009

**Video surveillance at Tom Heurlin**

In connection with a complaint regarding video surveillance at Moelven Tom Heurlin AB, the Swedish data inspection authorities concluded that they would not pursue the matter any further.

September 2009

**TV personality uses wood supplies from Moelven**

"Arga snickaren" is one of a number of popular DIY and interior decorating programmes on TV these days. The popular programme was shown on Kanal 5 in Sweden, attracting a large number of viewers.

October 2009

**160 years of timber**

"Van Severen", according to the local newspaper Namdalsavisa, these two words have been synonymous with timber operations in Namdalen for generations. In 2009, Moelven Van Severen AS turned the ripe old age of 160 years.

**Production start-up of revolutionary beam system**

Moelven's production of the new award-winning insulated beam system Iso3<sup>®</sup> started up at Mjøspplast AS in Moelv.

November 2009

**Moelven Danmarks A/S takes over operations at Odense Savværk**

Moelven Danmark has signed an agreement regarding the rental of buildings and machines at Odense Savværk.

December 2009

**Tore Kullerud was a dear colleague**

41-year-old Tore Kullerud from Våler was killed in a work accident at Moelven Våler AS on Tuesday afternoon December 1st. He leaves behind a son, two step-children and his common law wife.



Moelven Töreboda AB went against the tide and started construction of a new project factory in the middle of an international economic slump in June 2009.



About Moelven

"Space" is a futuristic vision of a mobile manufacturer's plant based in space. In situ construction is not that attractive in space, and the prefabricated solution features flexible wall partitions supplied by Moelven.

People need quality rooms in which to live, work and enjoy their leisure time. Quality rooms mean a pleasant environment, which is practical, contributes to good health and life, is easy on the eye and inspiring. Moelven supplies quality Scandinavian-style rooms for a wide range of uses and needs.

SCANDINAVIAN VALUES

Scandinavia is Moelven's primary market. Our company is built on Scandinavian values and on our knowledge of living conditions, needs and aspirations in Scandinavia. We aim to be the natural choice for people wanting to build and live Scandinavian style, and consequently the market leader in building based on Scandinavian building traditions. We also want to be at the forefront of developments in all our primary market areas: building products, interior systems, building modules and associated services within these areas.

ENVIRONMENT FRIENDLY RAW MATERIALS AND PRODUCTS

Moelven's business activities are largely based on wood, a completely renewable natural resource. Trees in the forest bind the greenhouse gas, carbon dioxide, and the use of wood for building purposes together with new tree growth in the forests helps reduce climate change. More use of wood is good for the environment, but other building materials are also needed and wood can easily be combined with other materials such as steel and concrete.

Most of our products have a high wood content. We provide renewable and environment friendly alternatives to other building materials and solutions for houses and modular buildings, bridges and interior products. We use raw materials that are taken from economically sound forests near our sawmills; we utilise all the material contained in each and every log, and we transport raw materials and finished products as effectively as possible.

WE LISTEN TO USERS

The people who use the rooms and environments we create are our clients. We have a flat and open organisational structure, which fosters wide ranging but close contact with the market so that we understand how people make their choices. Knowledge of the current market needs of the users – and how these needs change – can be disseminated freely across the group and is essentially what influences processes and product development. The customer's choice of end product guides the actual choice of raw materials and subsequent handling throughout the entire production chain. The result is a continuous flow into the market of products and services that are in demand and which we are able to market effectively.

OUR CUSTOMER GROUP

Moelven is a full range supplier of wood-based building products and related services. The Scandinavian market represents 80% of our sales revenue. Our products and services are sold to customers operating in three segments: processing industry, trade and building industry.

85% of the group's products and services are used in new buildings, and in renovation schemes for residential and commercial property. A growing activity is the sale of raw materials for biofuel and for the production of pulp, paper and chipboard. The group also supplies wood products to the furniture, interior fittings and packaging industries.

Effective distribution is an important competitive tool for Moelven. An increasing number of customers want to avoid having to keep large product stocks. Consequently, we adjust and develop our distribution system in accordance with our customers' needs.

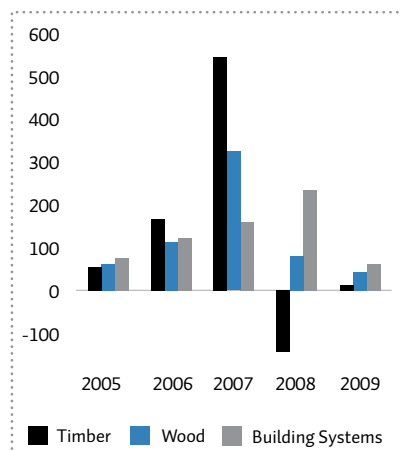
INDUSTRIAL CUSTOMERS

Moelven's industrial customers purchase materials and supplies from us for use in their own production processes. Dealing with a reliable supplier who delivers the right product at the right time is critical for our

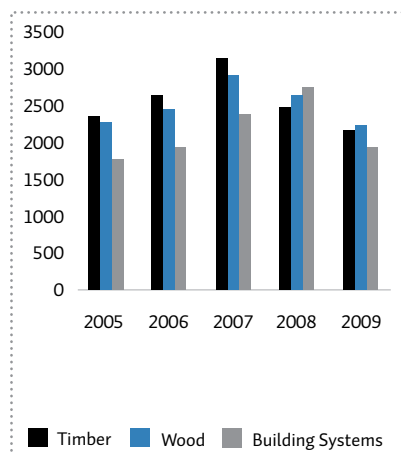


Moelven's reliable distribution system in Norway and Sweden provides a broad assortment and frequent deliveries on fixed days – making life easier for builders' merchants.

#### Operating profit NOK millions



#### Operating revenues NOK millions



customers' business operations. Moelven's focus on local raw materials with stable quality is crucial for succeeding in this. A single contact person is all that is needed to co-ordinate the distribution of products from different production facilities within the group through the same channel.

#### TRADE CUSTOMERS

Moelven's trade customers purchase finished building products for sale via builders' merchants. A wide high quality product range that can be supplied at short notice to the right place is a crucial factor. Through our customer centres and distribution centres in Sweden, Norway and Denmark we coordinate sales, keep stock from our production facilities around the group and distribute the products to our trade customers.

#### BUILDING INDUSTRY CUSTOMERS

Moelven's customers involved in building and construction purchase building modules and flexible building interior systems with associated services, glulam for building projects and electrical systems. Building modules and flexible building interior systems are alternatives and/or supplements to traditional on-site construction. The crucial factor is that our building systems require less time on the building site, are more stable in terms of quality since they are manufactured under controlled conditions, can be supplemented with associated services and can be recycled.

#### PRODUCTS WITH HIGH SERVICE CONTENT

Moelven supplies products with a high degree of service content. Our aim is that products and services shall be extremely useful, and shall make things simpler for customers and users. Our production is characterised by a high degree of industrialisation. In order to ensure production suited to the required purpose, the skills of our workforce, the effective use of raw materials and streamlined production resources are crucial, high-priority areas. The group is constantly in search of new industrial processes and concepts that can challenge or complement existing ones.

#### NEW PRODUCTS FOR NEW AREAS

Moelven's competitive strength is dependent on superior, on-going product and production development. We develop new products and improve and develop existing products further and we work with users, customers, architects and research scientists in order to push technical boundaries and find new application areas.

#### MOELVEN UTVIKLING AS

Moelven's innovation company, Moelven Utvikling AS, helps people with business and product ideas to access a market. They support the group's development projects and work with a number of product and process innovations within the value chain from forest to market. An example of the company's innovative efforts is Iso3, which was launched

in 2009. Iso3 is an insulating beam system that combines wood and polyurethane, and meets stricter, new energy requirements. The product is manufactured by Moelven Iso3 AS. In the future, new applications of this material will come to play an increasingly more important role. Moelven owns 70 percent of the company and Selskapet for industrivekst (SIVA) owns 30 percent.

#### MOTIVATED EMPLOYEES IN A DECENTRALISED ORGANISATION

Competent, enterprising and motivated employees are a prerequisite for being able to build and maintain an innovative business culture within the group, combined with an effective and profitable industrial production. Consequently, we invest in motivating and developing our employees in various areas and on several levels within the Group. Our vision is expressed through our personnel concept: *Moelven provides opportunities for people with the drive to succeed.*

Moelven has a flat, network-orientated, decentralised organisation and management structure. The company is organised into

three divisions: Timber, Wood and Building Systems. The group consists of 45 operational units in Norway, Sweden and Denmark. As of the beginning of 2010 there are 2.992 employees, of which 1.686 are based in Norway, 1.259 in Sweden, 36 in Denmark and 11 in other countries.

All the business units are responsible for their own results and are independent parts of a coordinated network. The decentralised organisation gives the group stability; it also creates openness, increases effectiveness and participation and reduces the need for centralised administrative resources.

#### LONG-TERM OWNERS

Moelven Industrier ASA is owned by Glommen Skog BA (25.08 %), Eidsiva MI2 AS (23.78%), Agri MI AS (15.85%), Viken Skog BA (11.87 %), Mjøsen Skog BA (11.75 %), AT Skog BA (7.29 %) and Havass Skog BA (4.02 %). The remaining 0.36 % of shares is owned mainly by private individuals. Our owners have their own industrial companies that have a close connection with Moelven and a long-term owner interest in the group.



#### As much local raw material as possible

Moelven Group production is based almost entirely on wood as the raw material. During 2009, the Group produced and processed 3.31 million solid cubic metres of sawn timber from spruce and pine with a value of approximately NOK 1.66 billion, including transport costs. Moelven does not have its own forests, so all raw materials are purchased from external suppliers and forest owners.

For Moelven's Norwegian sawmills, raw material is harvested mainly from forests in south-eastern and mid-Norway and in the borderland areas in central Sweden. The Swedish sawmills obtain most of their raw material from forests in the western part of central Sweden, ranging from Dalarna and southwards.

The raw materials that Moelven processes originate largely from forests located near the Group's sawmills. Local sourcing of raw materials reduces transport costs and negative environmental impact. Moelven always strives to increase the amount of locally-sourced raw materials, and Moelven's sawmills have adapted their production and requirements to the raw materials found locally. This means that the raw materials can be used as effectively as possible. Moelven's ability to always obtain the maximum processing value from raw materials is crucial to profitability.

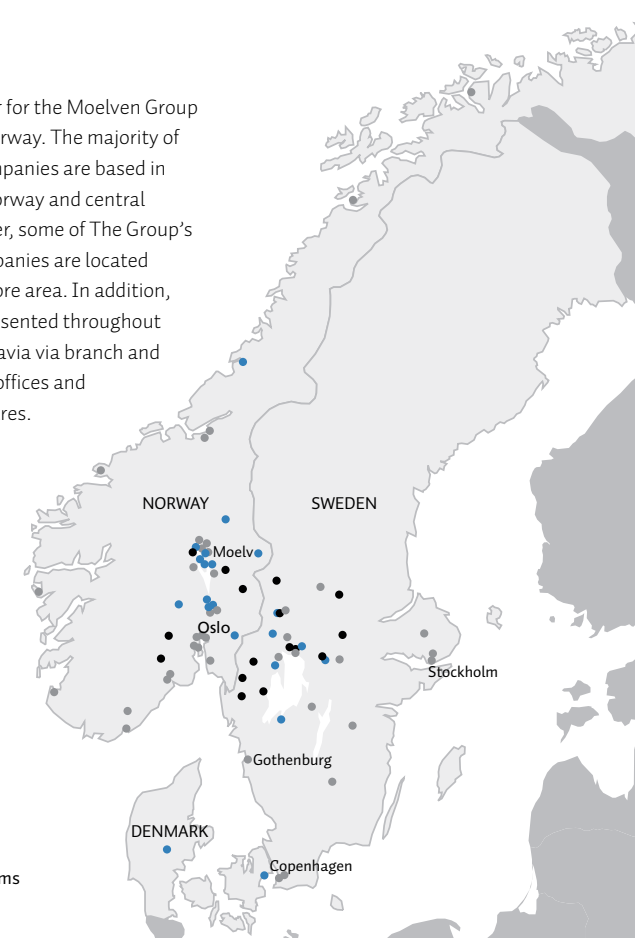
Sawmill by-products – chippings, shavings and bark – represent a high and increasing value for Moelven. Its customers are the pulp industry, chipboard industry and energy companies, and we adapt the by-products to the requirements of each individual customer.

The demand for raw materials and timber prices fluctuated considerably in 2009. The result was a low rate of harvesting. Despite this instability, however, most Moelven companies were able to acquire the raw materials needed to meet planned production schedules.

The Group is expecting a significant increase in demand for raw materials in 2010. Better prices for most product groups mean that the motivation for harvesting timber will be increasing, resulting in an improved rate of capacity utilisation for the industry.

#### Location

The headquarter for the Moelven Group is in Moelv in Norway. The majority of The Group's companies are based in southeastern Norway and central Sweden, however, some of The Group's production companies are located outside of this core area. In addition, Moelven is represented throughout most of Scandinavia via branch and sales/customer offices and distribution centres.



Find out more at  
[www.moelven.com/about-moelven/](http://www.moelven.com/about-moelven/)



## Moelven divisions



### Timber

Moelven's Timber Division produces sawn timber from locally cut pine and spruce. In 2009, around 2.4 million cubic metres of timber were processed into 1.2 cubic metres of sawn timber.

Clients are primarily industrial businesses that use timber products as components in their own production. Sawn timber is used for construction and interior products in housing and other structures, in addition to furniture, flooring, mouldings, panels and windows and for packaging timber and glulam. Also, Timber produces large quantities of biomass energy products such as cellulose chips, dry chips, shavings and bark.

Moelven Timber comprises 12 sawmills, a planing mill, a component factory and a company which trades sawmill machinery and equipment. The production units are located in Southeast Norway and Central Sweden. At the start of 2010, Timber had a total of 661 employees: 204 in Norway, 453 in Sweden and four in other countries. Total annual turnover was NOK 2.167 million.



### Wood

The Moelven Wood division produces a wide range of processed wood-based building and interior products sold mainly through builders' merchants in Scandinavia. Production volume in 2009 was 900.000 cubic metres.

An important competitive advantage is the division's streamlined distribution concept, which offers customers quick and accurate delivery of a wide range of products.

The Norwegian part of the Wood division, Moelven Wood AS, is Norway's leading supplier of construction wood and wood-based interior and exterior products.

The Swedish part of the Wood division, Moelven Wood AB, is one of three leading suppliers of wood-based building, interior and board materials to Swedish industry and to the building trade.

Moelven in Denmark, Moelven Danmark A/S, supplies other wood products in addition to Moelven Wood products. Among the products the company offers are sawn timber, board materials and construction materials to the building trade and industry segments.

The Wood division has ten production units in Norway and five in Sweden, including a 65 percent ownership interest in Moelven Iso3 AS. These units generated a turnover of NOK 2.227 million in 2009. As of the beginning of 2010 there were a total of 856 employees in this division: 563 in Norway, 257 in Sweden and 36 in Denmark.



### Building Systems

The Moelven Building Systems division consists of the following business areas: Laminated Timber, Building Modules, Interior Systems and Electrical Services.

The companies in the Building Systems division supply flexible system solutions for interior walls, modular buildings, electrical installations and laminated timber load bearing constructions for project customers and contractors primarily in Norway and Sweden, but also in Denmark for some parts of the range. Many of the division's products and system solutions are environment-friendly alternatives to traditional materials and solutions.

The companies in the Building Systems division emphasize long-term relations with customers. Service contracts, framework agreements and the rehabilitation sector are large, focused and growing parts of the business, as is the support and advisory services sector. This division is increasingly striving to collaborate with customers and experts in the fields of architecture, design and construction to further develop concepts and systems. When the companies in the Building Systems division are contacted early in a project, the process can be made more efficient.

Laminated Timber, Building Modules and System Interiors are market leaders in Sweden and Norway and are stable business partners with considerable assets. Turnover totalled MNOK 1.933 in 2009. As of the beginning of 2010, the Building Systems division has 1.379 employees, of which 870 are in Norway, 502 in Sweden and 7 in Great Britain.

Find out more at [www.moelven.com/about-moelven/divisions/](http://www.moelven.com/about-moelven/divisions/)

#### Moelven Industrier ASA

Timber acquisition, Fibres and Bio Energy · Finance and insurance  
Communication/Human Relations - ICT and Real Estate - Research and Innovation

Timber		Wood		Building Systems	
Moelven Component AB	Moelven Nössemark Trä AB	Moelven Wood AS Moelven Wood AB Moelven Danmark A/S	Moelven Notnäs Wood AB	Moelven Limtre AS	Moelven ByggModul AS
Moelven Dalaträ AB	Moelven Ransbysågen AB	Moelven Iso3 AS	Moelven Soknabruket AS	Moelven Tøreboda AB	Moelven ByggModul AB
Moelven Løten AS	Moelven Telemarksbruket AS (51.0 %)	Moelven Are AS	Moelven Treinteriør AS	Moelven UK Ltd.	Moelven Nordia AS
Moelven Mjøsbruket AS	Moelven Tom Heurlin AB	Moelven Edanesågen AB	Moelven Trysil AS	Moelven Eurowand AB	Moelven Nordia Prosjekt AS
Moelven Norsälven AB	Moelven Väler AS	Moelven Eidsvold Værk AS	Moelven Valåsen Wood AB	Moelven Elektro AS	
Moelven Notnäs AB	Moelven Årjäng Säg AB	Moelven Eidsvoll AS	Moelven Van Severen AS	Moelven Elektro AB	
Moelven Numedal AS	Moelven Valåsen AB	Moelven Langmoen AS	Moelven Värmlands Trä AB		
	UJ-Trading AB	Moelven List AB	Moelven Østerdalsbruket AS		

## Main Figures for Five Years

Amounts in NOK mill.	2009	2008	2007	2006	2005
<b>THE GROUP</b>					
Operating revenues	6 247.8	7 657.7	7 944.0	6 692.4	6 004.9
Depreciation & write-downs	202.5	199.2	177.0	177.6	178.0
Operating profit	91.1	144.7	989.6	373.2	158.6
Financial items	-32.9	-37.3	-17.4	-36.8	-45.6
Operating result before tax	58.2	107.4	972.2	336.4	113.0
Total capital	3 239.9	3 589.8	3 604.2	3 071.6	2 964.1
Equity ratio	50.9	47.3	43.6	40.2	36.3
Net operating margin in %	1.5	1.9	12.5	5.6	2.6
Cash flow from operating profit	293.6	343.9	1 166.6	550.8	336.6
Investments	222	346	292	245	112
No. of employees	2 992	3 285	3 425	3 210	3 159
<b>TIMBER</b>					
Operating revenues	2 166.8	2 472.4	3 136.4	2 642.0	2 355.4
Depreciation & write-downs	87.1	84.6	72.2	67.4	66.2
Operating profit	12.7	-143.3	544.4	166.7	55.2
Financial items	-11.1	-13.1	0.3	-9.9	-11.2
Operating result before tax	1.6	-156.4	544.7	156.8	44.0
Total capital	1 306.4	1 572.8	1 788.5	1 407.0	1 288.6
Net operating margin in %	0.6	-5.8	17.4	6.3	2.3
Cash flow from operating profit	99.8	-58.7	616.6	234.1	121.4
Investments	86	175	130	121	53
No. of employees	661	803	869	857	846
<b>WOOD</b>					
Operating revenues	2 227.4	2 634.0	2 914.6	2 453.4	2 268.7
Depreciation & write-downs	72.9	67.4	61.1	58.4	57.9
Operating profit	43.2	80.3	324.4	113.0	62.2
Financial items	-20.4	-17.1	-7.6	-14.0	-14.7
Operating result before tax	22.8	63.2	316.8	99.0	47.5
Total capital	1 497.8	1 563.5	1 653.7	1 378.1	1 253.6
Net operating margin in %	1.9	3.0	11.1	4.6	2.7
Cash flow from operating profit	116.1	147.7	385.5	171.4	120.1
Investments	80	109	106	78	33
No. of employees	856	880	922	840	855

<b>BUILDING SYSTEMS</b>					
Operating revenues	1 933.0	2 748.0	2 382.8	1 937.5	1 770.1
Depreciation & write-downs	33.7	35.2	31.5	31.2	30.2
Operating profit	61.4	235.1	159.3	121.8	75.9
Financial items	3.3	14.7	10.7	1.1	-4.3
Operating result before tax	64.7	249.8	170.0	122.9	71.6
Total capital	953.9	1 108.6	1 041.7	1 035.9	897.7
Net operating margin in %	3.2	8.6	6.7	6.3	4.3
Cash flow from operating profit	95.1	270.3	190.8	153	106.1
Investments	31	46	54	44	22
No. of employees	1 379	1 512	1 543	1 435	1 381
<b>Laminated Timber</b>					
Operating revenues	397.1	524.1	483.2	424.9	402.0
Depreciation & write-downs	15.6	16.0	14.7	13.1	11.6
Operating profit	4.0	38.5	24.4	25.4	20.0
Net operating margin in %	1.0	7.3	5.0	6.0	5.0
Investments	25	20	22	23	13
No. of employees	280	258	279	263	259

Amounts in NOK mill.	2009	2008	2007	2006	2005
<b>Electrical Engineering</b>					
Operating revenues	397.5	435.5	358.4	219.4	197.3
Depreciation & write-downs	3.1	3.0	1.9	0.7	1.3
Operating profit	9.0	8.5	5.9	3.7	-7.8
Net operating margin in %	2.3	2.0	1.6	1.7	-4.0
Investments	1	0	0	0	0
No. of employees	238	243	207	231	167
<b>Modular Buildings</b>					
Operating revenues	513.0	1 030.7	944.4	736.1	689.0
Depreciation & write-downs	10.6	12.8	11.2	12.6	12.0
Operating profit	1.5	94.2	66.0	37.8	31.6
Net operating margin in %	0.3	9.1	7.0	5.1	4.6
Investments	2	16	29	19	8
No. of employees	410	522	606	502	502
<b>System Interiors</b>					
Operating revenues	644.8	784.3	633.8	593.6	496.7
Depreciation & write-downs	4.4	3.4	3.7	4.8	5.3
Operating profit	46.9	93.9	63.0	54.8	32.1
Net operating margin in %	7.3	12.0	9.9	9.2	6.5
Investments	3	10	3	2	1
No. of employees	451	489	451	439	453
<b>OTHER BUSINESSES</b>					
Operating revenues	965.1	388.5	368.9	171.7	167.1
Depreciation & write-downs	8.7	11.6	11.6	19.7	17.6
Operating profit	-26.2	-27.4	-38.6	-28.3	-34.7
Financial items	-4.7	-21.8	-20.6	-14.0	-15.4
Operating result before tax	-30.9	-49.2	-59.1	-42.3	-50.1
Cash flow from operating profit	-17.5	-15.8	-27.0	-8.6	-17.1
Investments	25	16	2	2	0
No. of employees	96	90	91	78	77

## Sensitivity analysis

### Estimated change in Operating Profit and Profit per Share

#### for one per cent change in price

Factor	Operating Profit NOK mill	Division	NOK per share
Price of log raw material	17	Timber	0.13
Price of sawn timber, spruce	8	Timber	0.06
Price of sawn timber, pine	8	Timber	0.06
Price for chips, pulp/paper	5	Timber/Wood	0.04
Price of log raw material	7	Wood	0.05
Price of planed wood in Scandinavia	10	Wood	0.08
Price of std. dimension laminated timber	2	Building Systems	0.02
Building Modules	8	Building Systems	0.06
System Interiors	5	Building Systems	0.04
Permanent change of EUR - NOK/SEK	6	Group	0.05
Electrical power	2	Group	0.02



## Products and services



The façade of the school at Islands Brygge in Copenhagen features exterior cedar panelling made of Canadian cedar shavings, which is a North American building tradition that is becoming increasingly popular in Scandinavia. The supplier is Moelven Danmark.

Moelven is a leading supplier of building products and associated services. The Group offers Scandinavia's widest range of building products and an increasing number of associated services. All products are based on timber harvested from sustainable forestry resources. We supply quality rooms to people and businesses.

### Industry

Moelven offers products for use as intermediate goods to different types of industrial production. These include, for example, sawn timber for further processing, chips for board production, glulam for the production of rafters, and construction wood used by suppliers of prefabricated houses.

#### Sawn timber

Moelven sawn timber is produced from pine and spruce harvested in southeast Norway and central Sweden. The timber is felled close to one of our sawmills and all our sawmills are PEFC-certified. Our customers' end products are different types of timber-based products such as furniture, flooring, mouldings, panels, glulam, windows and packaging. Production is tailored to our customers' requirements with regard to drying, quality grading and special dimensions.

#### Chips

Sawmill bi-products, such as cellulose chips, dry chips, shavings and bark are of major – and increasing – value to Moelven and the Group's industrial customers. Chips are used as intermediate goods in other industries, with customers in the pulp, particle board and energy industries. The bi-products are tailored to the needs of the individual customer.

#### Glulam, Kerto and girder systems

Moelven's glulam, Kerto and I-beam construction and structural systems are strong and resistant to deformation. They increase the flexibility and scope of the use of wood for construction purposes. These technologically advanced, eco-friendly construction materials are used in industrial house building, modules, rafters and furniture. The products are available customised, as standard beams or as building systems.

#### Board and Construction Products

Customer centres in Denmark, Norway and Sweden provide a wide range of wooden interior, exterior and construction materials. This includes industrial intermediate goods such as mouldings, panels, cladding, flooring, impregnated timber and planed construction wood. Moelven also offers manufacturers of packaging, furniture and interior fittings a versatile selection of boards as intermediate goods for their production.

### Trade

Moelven develops and produces wood-based products for building, construction and interiors. Our product range is among the most extensive in the market, and we provide effective logistics solutions for distribution to the building merchants. Our products are sold in most good DIY stores in Norway, Sweden and Denmark.

#### Flooring, panels and mouldings

Moelven is a leading manufacturer of interior products for the building merchants in Scandinavia. We produce solid wood flooring and panels of pine, spruce, oak and birch, and mouldings of pine, oak, birch and beech. The range also includes surface treated products, as well as door and window sets with installation instructions. The raw materials are sourced from sustainable, managed forests close to our sawmills.

#### Facade and outdoor environment

Scandinavian homes are recognised by its choice of products for facades and the outdoor environment. Moelven offers one of most varied and extensive ranges in the market of exterior cladding and decking in different types of wood and with different surface treatments. The range includes impregnated materials, exterior cladding from spruce and pine, Thermo Wood, cedar, impregnated fire-retardant wood and hardwood.

#### Construction wood and boards

Construction wood is produced from planed wood materials with spruce or pine as the raw material, and delivered with rounded, straight or beveled edges. The products are used primarily for load-bearing and secondary structures in houses and large buildings. Boards such as plywood, OSB, MDF, particleboard, hobby board, hard and porous boards are also sold customised for the DIY trade.

#### Glulam, Kerto, beam systems, boards and building materials

Moelven's glulam, Kerto and beam products are strong and stable. Their flexibility allows for a greater range of architectural possibilities when building with wood. These load-bearing construction materials are used in major and minor building projects in the DIY market as well as in the professional trade. The products are available customised, as standard girders or as combination systems.

### Project

Moelven develops and manufactures tailored building modules, effective construction and interior systems, advanced glulam structures for bridges, for load-bearing structures and beams for buildings. The Group also provides electrical and engineering services, wood-based building materials and boards for major and minor building projects.

#### Modular buildings

Moelven's modular building system is the most effective on the market and offers advantages to the customer: Time is saved in a quicker building process and production takes place indoors and on an industrial scale by a specially trained and experienced staff. After the modules are installed on site, only connecting electricity and plumbing remains. Moelven supplies buildings to be used for housing, schools, accommodation facilities, offices and barracks.

#### Interior systems

Moelven's system interior companies in Norway and Sweden develop, manufacture and install inner wall partitions and ceilings that are flexible, cost-efficient and provide attractive interiors. We offer delivery of the entire value chain from consultancy and product development to ready-installed interior fittings, as well as maintenance services throughout the building's life span.

#### Electrical systems

Moelven carries out advanced electrical planning, installation and services for private and public sector customers' commercial and industrial buildings. Moelven's electrical company has 250 employees with the main office in Oslo. It serves the project and service markets primarily in Norway, but also in Sweden via the branch offices in Lillehammer, Moelv, Hamar, Raufoss, Gardermoen, Drammen, Tønsberg, Skien and Stockholm.

#### Glulam, Kerto, beam systems, boards and building materials

Moelven's glulam, Kerto and beam products are strong and resilient. Their flexibility allows for a greater range of architectural possibilities when building with wood. These load-bearing construction materials are used in major and minor building projects and are technically advanced and environmentally sound. The products can be delivered to customer specifications, either as standard beams or as a combination system. By order, Moelven also offers wood-based building materials and boards customised for major and minor building projects.

Find out more at [www.moelven.com/products-and-services/](http://www.moelven.com/products-and-services/)



## Responsibility



The holiday house at Portør on the coast of Telemark in Norway was built amidst the pine trees and features pine wood panelling both indoors and outdoors.

### LOCAL COMMUNITIES

#### Openness and local commitment

Moelven's business operations generate considerable benefits to society. By taking responsibility for what we are able to influence, we are also able to help support local communities. We defend a company culture characterised by openness, we operate a large number of production units in both built-up and in sparsely populated areas, and we manufacture industrial products based on renewable materials.

#### Transparency

The core features of Moelven's business culture are openness, predictability and reliability. These concepts are used as guidelines for interacting with our employees and society.

The openness we constantly strive for means that the group openly can be screened both from within and from without, thus helping us live up to the company values in our day-to-day activities.

#### Ethical working practices

Good ethics go hand in hand with openness and reliability. Openness outwardly as well as within the company supports good ethical conduct in our daily business activities. Moelven always aims in its business activities to adopt a healthy, ethical and moral stance towards its employees, customers, suppliers and other business associates. This requires employees to behave with integrity and in an exemplary manner as representatives of Moelven.

#### Innovative company culture

Moelven expends significant resources on continuously developing and improving our products and processes. This continuous effort strengthens us as a company and the end result is less resource consumption, improved work environments, more reliable end products and a better environment where our products are used.

### HUMAN RESOURCES

#### We give people opportunities

Moelven provides opportunities for people with the drive to succeed. The human resource policy reflects the group's fundamental attitude toward employees and the relationship between the employees and the Group. The policy covers the entire process ranging from recruitment and employment through to the day the employee leaves the company. The individual employee's development inside the Group depends in equal measure on the employee's personal abilities, motivation and commitment to the company.

#### Moelven's company culture

Moelven's company culture is based on the principle of sustainable financial and environmental operations. Secondly, the Group is committed to being a reliable partner in relations with local communities, customers, suppliers and employees. Thirdly, a clear goal is to strive for positive solutions, improvements and development in all areas.

The three fundamental values *sustainability*, *reliability* and *seeking opportunities* are guidelines for each and every employee and

present a clear idea of what can be expected from Moelven, internally as well as externally.

#### Strategic recruitment

Moelven works in a strategic manner both in-house and outside to recruit new employees. In order to maintain a competitive edge, the group must have competent employees, which is why it is vital for Moelven to be viewed as an attractive employer. We prioritize individual meetings with students attending universities and high schools.

Moelven's webpage features a section on recruitment efforts in which vacant positions are presented. Potential applicants who might be interested in applying for a job in a Moelven company can register their CV at this site and receive e-mails regarding vacant positions.

#### Career opportunities

The company aims to secure long-term employment relationships with its employees and works hard to provide opportunities for the employees to develop their skills and competencies. We encourage and support motivated and capable employees to continuously develop their skills.

### ENVIRONMENT

#### Accountability

Being an industrial group, it is important for Moelven to be a leading player in its field when it comes to consideration for the environment and sustainable community development.

Moelven's environment commitment includes taking on responsibility towards the environment by practising sustainable and long-term utilisation of renewable resources. Moelven supports sustainable community development and works to improve our impact on both the interior and exterior environments.

Environmental concerns play an important role in the Group's day-to-day business operations. In all business processes Moelven focuses on optimising energy consumption, reducing transport as far as possible and reducing the use of chemicals and emissions into the air and water.

Moelven's environmental commitment applies throughout the company's value chain, and environmentally our production is essentially a closed process.

#### Nature's own material

Moelven's production is based almost entirely on wood, a renewable resource. The use of wood combined with replanting of forests counteracts global warming. Wood is also the only renewable building material that is readily available, and it plays an important role in the work reducing the use of limited resources.

#### Sustainable forestry practices

The raw materials Moelven uses comes from sustainable forestry operations that take economic, social and ecological aspects into account. The processing plants purchase raw materials from the Group's sawmills or from external suppliers who only use raw materials that do not come from controversial sources.

#### Environmental impact from the use of products

Approximately 50 cubic metres of wood are used to build a standard-size wooden house,

which binds approximately 15 tons of carbon dioxide that would otherwise have been released through decomposition or burning. A wooden house has the same lifespan as a tree in the forest, i.e. almost 100 years. When wood products are used for energy production after the end of their primary use their final energy potential is released.

### FINANCIAL ACCOUNTABILITY

#### A results-oriented company culture

The Moelven operation has always had a results-oriented company culture, where it is the employees in particular who maintain the culture and the values on which that culture is based. A results-oriented company culture provides the key guidelines for the way in which the work within the Group should be carried out and provides an excellent and cost-effective supplement to the company's more formalised management systems.

#### Management systems

The corporate assembly is the Group's highest supervisory body. Through this body, the shareholders exert their authority by electing the board of directors and monitoring the work of the board. The corporate assembly consists of twelve members, of whom four are elected by and from the employees. While the seven largest shareholders collectively control 99.64 percent, there are 969 shareholders in all.

The board of directors is responsible for maintaining the overall interests of the Group. The board of directors comprises seven members, of whom two are elected by and from the employees. None of the board members have personal commercial ties to the business.

The President/CEO has the overall responsibility for day-to-day operations within Moelven. The various business units



Moelven Nordia AS in Jessheim, Norway manufactures interior systems. May Lill Brenni works both as a machine operator and in accounting.

are led by managers, whose activities are coordinated through the division management. The Division Managers are part of the Group Executive Board, and report directly to the President/CEO.

#### Financial strategy

The company's aim is to generate added value for the shareholders by increasing share value and by maintaining a stable dividend rate. The board will normally decide to distribute 50 percent of the after-tax profit to shareholders.

The Group has the following financial goals:

- The operating margin shall be higher than 5 percent
- The return on capital employed shall be higher than 13 percent
- The equity-assets ratio shall be higher than 40 percent
- The capital turnover rate shall be greater than 2

Lars Kristen Holst is project manager with responsibility for distribution and logistics at Moelven Wood AB.



More information at Moelven's website, [www.moelven.com/responsibility](http://www.moelven.com/responsibility)





Glulam beams and Finnforest Kerto supplied by Moelven set their mark on the sports and cultural centre, Prismen, at Amager in Copenhagen. The transparent roof provides excellent lighting conditions during the day, and at night the building resembles a sparkling crystal.

KEY DEVELOPMENTS

As expected, 2009 saw major changes and cost reductions aimed at adapting the Group to a demanding market situation. At the start of the year, it was a reality that the global economy was experiencing the deepest financial crisis since the 1930s. At the same time, in order to counterattack this crisis, national authorities around the world were implementing the biggest public sector rescue packages in history. There was therefore considerable uncertainty surrounding the duration and severity of the financial crisis and the real peripheral economic effects. During the latter part of 2008, Moelven saw demand fall off sharply, and plans for measures to adjust the level of activity and reduce costs were already in place and to some extent implemented by the start of 2009. These measures were comprehensive, but the severity of the crisis made further initiatives necessary during the first half-year. Although many employees were affected by reduced working hours, leaves and redundancies, there has been wide support and understanding surrounding the implementation of the measures. The Board would therefore like to thank everyone who has been affected, as well as the elected representatives, for their constructive cooperation, particularly in connection with the downsizing processes.

The organisation of the Moelven Group is based on a philosophy that decentralisation leads to strong local commitment and positive support around the operating units. The Group's function is to provide wherever possible the best possible framework, such as major procurement agreements, financing, etc. for the individual companies in such a way that these companies

are able to focus on running their own unit as cost-effectively as possible. In addition, an emphasis is put on ensuring that the Group consists of enterprises with different economic cycles, whilst at the same time facilitating economies of scale. The adaptations have been broadly anchored within each individual unit, and many persons and groups have become involved and taken responsibility for implementing the cost-reducing measures. This has been an important reason why the changes implemented by the Group have been successful. In addition, the Group's three divisions have been hit by the economic downturn at slightly different times. While the Timber division had a historically poor result in 2008, the Building Systems division, which then had still not been hard hit by the crisis, delivered a historically strong result. In 2009, the situation has to some extent been overturned. Timber has passed the bottom and once again delivered a positive result. The Wood division also reported a poorer result again in 2009 and lags slightly behind Timber in the economic cycle. The Building Systems division, which is last in the economic cycle, has during 2009 been increasingly hard-hit by the fall in market activity, yet still managed to deliver a good operating result.

The Group's financial position strengthened during 2009. Alongside the adaptation of costs to the changed market conditions, there has also been a focus on securing cash flow and safeguarding the values within the company. This has meant a focus on capital binding, a reduction in investment activity, with the exception of essential maintenance, and the initiation of refinancing of long-term debt. At the ordinary general meeting in April, in accordance with the board's proposal, it was also decided not

to distribute a dividend for 2008. At the end of 2009, the Group therefore had a satisfactory capital binding, a solid liquidity reserve and an equity ratio of 50.9%.

No acquisitions of other enterprises were made during 2009. As part of the necessary reduction in capacity, Moelven Våler AS's facility in Elverum was closed in February, and the property sold during the fourth quarter.

One employee at Moelven Våler died in a tragic accident on December 1st in connection with work being carried out in a timber drier. The police and the labour inspection authority have investigated the accident, but the investigation has not yet been concluded. Independently of this, an audit of risk analyses and a full review of the plant with a focus on HSE is currently being conducted.

The economy and market trends

The normal seasonal downturn in demand for the Group's products and services during the first quarter was increased by the financial crisis. The construction industry was amongst the sectors hardest hit and the fall was particularly marked within the new-build area. For the Moelven Group, the level of activity within the markets for restoration, modernisation and extension (RME) is also important. The RME segment remained more stable during 2009 and helped to limit the need for capacity reductions.

It was not possible to implement rationalisation measures and capacity adjustments which resulted in cost-reducing effects in step with the market decline. Operations were also adversely affected by the implementation of the measures. The first quarter therefore saw a sharp drop-off in market activity, combined with

a cost level which could not be reduced correspondingly fast. In addition, falling price levels for both raw materials and finished products resulted in the need to depreciate inventories. Overall, this led to a historically weak result for the first quarter of NOK -90 million (+110).

The second quarter saw a seasonal improvement in market conditions and sawn timber prices developed positively because of a substantial reduction in production and stock levels collectively within the sector. For the timber-consuming units in Timber and Wood, falling prices for timber also contributed to an improvement in margins. At the same time, the prices of pulpwood to the paper industry dropped and resulted in reduced profitability for forest owners' felling operations. As a result, the supply of timber fell. Nevertheless, the poor result for the first quarter necessitated further measures in order to reduce cost levels and maintain acceptable cash flow. It was therefore decided to reduce investment activity to only cover essential maintenance, upgrading and strategically important investments. The sum of steadily increasing effect of rationalisation measures, improved market conditions and margin developments within Timber and Wood resulted in an overall net income for the second quarter of NOK 24 million (81).

The seasonal upturn for Timber and Wood continued during the third quarter. For Timber, prices for sawn timber developed positively as a result of supply falling by more than demand. For Wood, the level of activity within the RME market contributed to strong demand and a positive price development. In Sweden in particular, the RME market remained healthy because of the introduction by the authorities of the so-called 'RME allowance'. The RME allowance gives private individuals a tax allowance for costs associated with restorations, modernisations and extensions. For the Building Systems division, the downturn in activity within commercial buildings, combined with the completion of projects, led to an increase in available market capacity and consequent pressure on prices. However, cost reductions and a positive trend in margins for Timber and Wood contributed to an overall operating result for the Group in the third quarter of NOK 96 million (6.1).

During the fourth quarter, the trends from the previous quarters within Timber and Wood continued. Colder weather and higher prices for sawn timber improved the supply of timber towards the end of the year. At the year-end, timber stocks were nevertheless 300.000 m³ lower than at the start of the year.

Realised cost reductions and improved

market conditions contributed to a marked improvement in the result, although the Building Systems division, which was the last to be affected by the recession, recorded a downturn in result. However, the division has been very successful in adapting costs to the fall in activity levels. For the Group as a whole, the quarter produced an operating result of NOK 62 million (minus 53).

Reputation

During a period of challenging market conditions and rapidly fluctuating economic trends, it is more important than ever to monitor developments in the reputation of the Moelven brand. The Group's reputation has therefore been assessed for the fourth year in a row.

The aim of the survey is to map and monitor developments in the Scandinavian markets' awareness, experiences, views and attitudes towards the Moelven brand. The results of this year's survey show satisfactory reputation indicators for the Group, but with underlying variations and improvement potentials. Amongst the respondents in Norway, 100% (99) were aware of the Moelven brand. Of these, 92% (93) would consider Moelven as a supplier. The corresponding figures from Sweden showed that 92% (88) were aware of Moelven and 81% (78) would consider the Group as a supplier. In Denmark, 81% (73) of respondents were aware of Moelven and 71% (65) of these would consider Moelven as a supplier.

THIS IS THE MOELVEN GROUP

The Moelven Group is owned by Glommen Skog BA (25.1 percent), Eidsiva MI2 AS (23.8 percent) Agri MI AS (15.8 percent), Viken Skog BA (11.9 percent), Mjøsen Skog BA (11.7 percent), AT Skog BA (7.3 percent) and Havass Skog BA (4.0 percent). The remaining approximately 0.4 percent is distributed between approximately 960 shareholders. The Group has its head office in Moelv in Norway. The Group's goods and services offered are produced and provided from a total of 46 units which are primarily located in south eastern Norway and central Sweden. Production in the two countries is approximately of equal magnitude, but the Swedish units sell a higher proportion of their output in Norway. Out of a total of 2.992 employees, 1.686 work in Norway, 1.259 in Sweden, 36 in Denmark and 11 in other countries. The Group has divided its operations into three divisions: Timber, Wood and Building Systems.

The Timber Division consists of 14 production units which manufacture sawn timber,

components and chipped products from local spruce and pine. Nine of the units are located in Sweden, while five are in Norway. Annual production is approximately 1.4 million cubic metres of sawn timber. In addition are dry chips, chippings and bark with a value of approximately NOK 270 million. Around 60 percent of the operating income originates from Scandinavian customers. There are 661 employees, of whom 68 are female. In total, 204 employees work in Norway, 453 in Sweden, one in Germany, two in England and one in the Netherlands.

The Wood Division consists of 15 production units. Six of these are combined units with a sawmill and planing mill, of which four produce only white construction timber from spruce and two also impregnated pine. The other companies are pure planing mill units, which produce mouldings, flooring, internal panels, components, and sawn and impregnated timber. In order to be able to offer a complete range of products, the Wood division also trades products produced by other manufacturers. The aim is to offer to the construction market wood with the highest possible degree of finishing. Almost 80 percent is sold via the retail building products sector. Industrial chippings are also produced with an annual value of around NOK 150 million. Approximately 96 percent of operating income originates from Scandinavian customers. There are 856 employees, of whom 110 are female. A total of 563 employees work in Norway, 257 in Sweden and 36 in Denmark.

The Building Systems Division comprises 10 production units subdivided into the following business areas: Glulam, Building Modules, System Interiors and Electrical Services. The various business areas supply customised, flexible and cost-effective construction and furnishing systems for project customers in Scandinavia. In addition to bridges and load-bearing structures, the Glulam business area also sells substantial quantities of standard laminated timber beams via the retail building products sector, as well as components to the prefabricated building industry. Around 99 percent of operating income originates from Scandinavian customers. The Building Systems Division has a total of 1.379 employees, of whom 80 are female. A total of 870 employees work in Norway, 502 in Sweden and seven in England.

OPERATING INCOME AND NET INCOME

The Board had anticipated a reduction in operating income of approximately NOK 1 billion in 2009 and a lower net profit compared to 2008. Overall for the year, operating revenues





The small animal clinic, Animalen, in Södertälje, Sweden, was recently erected using building modules from Moelven.

totalled NOK 6 247.8 million (7 657.7), while operating profit amounted to NOK 91.1 million (144.7). Ordinary pre-tax profit totalled NOK 58.2 million (107.4), while the result after taxes and minority interests amounted to NOK 43.3 mill (82.0).

The fall in market activity was particularly strong during the first and parts of the second quarter. As a result of major capacity reductions within the industry in general, however, demand for Moelven products and services improved in the second half of the year. This was particularly true for the Timber division, which was the division to be affected earliest by the financial crisis. The Wood division experienced a relatively normal seasonal fluctuation in demand during the year, but the level was lower than normal as a result of reduced new-build activity. Due to existing order reserves when the finance crisis started, Building Systems was the latest division to be affected. During 2009, the completion of projects and the slower new-order rate led to more available capacity and more competition in their sectors. The Building Systems division therefore had a significant drop in both operating income and net income compared to 2008, the latter being an extremely good year for the division.

Overall, the Board believes that the Group has adapted well to the change in economic conditions, both with respect to the market and own cost level. The Board is pleased with the positive profit figure for the year and the continued solid financial position after a challenging year.

#### Timber

Operating revenues amounted to NOK 2 167 million (2 472) in 2009, while operating profit totalled NOK 12.7 million (-143.3).

The operating profit figure includes a one off gain from the sale of industrial properties after the liquidation of Moelven Våler AS (Elverum branch) totalling NOK 7.0 mill and the write down of the measuring plant at Moelven Valåsen AB of NOK 8.5 million.

The total number of employees at the end of the year was 661 (803).

The reduction of 142 employees was partially in response to falling business activity and partially as a result of the need for strategic investments in modern production equipment. The largest staff reductions took place at Moelven Valåsen AB, Moelven Våler AS and Moelven Tom Heurlin AB.

In addition to adapting capacity to extraordinary market conditions, the work of continuously improving production processes has continued. Raw material costs represent a significant share of the operating expenses, thus it is critical to optimise production processes in order to make maximum value out of the raw materials. As a step in these efforts, the production system Moelven Timber Production system (MTPS) is being developed. The production system is based on the Lean Production concept, which aims at minimising costs in the chain of production and focussing on continual improvements. At the end of the year, the system has been implemented in two pilot companies, Moelven Numedal AS and Moelven Notnäs AB.

The availability of timber was satisfactory during the first part of the year, but falling harvesting activity resulted in an increasingly difficult raw material situation later in the year. For the plants in Sweden, root stocks (unharvested wood) meant that production could take place as planned. The Group does not have root stocks in Norway, and this has led to problems for some Norwegian plants in obtaining sufficient timber during the year. The harvesting pace increased toward the end of the year as a result of price increases on timber combined with colder weather conditions that make it easier to work in the forest. Sawmill companies outside of the Moelven Group, such as in Finland and Russia, have also been affected by the difficult raw material situation. Combined with the capacity reductions the industry has experienced in general, this has contributed to reducing the overall production of sawn wood by more than demand. The result was an increase in prices internationally starting in the second quarter. At the end of the year, raw material availability was satisfactory and market prices for sawn timber were at an acceptable level. Capacity reductions and efficiency measures have to a large extent been implemented and have reduced production costs to a level that is well adapted to the current market situation.

#### Wood

Operating revenues in 2009 amounted to NOK 2 227 million (2 634), while operating profit totalled NOK 43.2 million (80.3).

The number of employees at the end of the year was 856 (880).

The rate of new-builds remained at a very low level in 2009, lower than what is necessary to cover the long-term need for new housing. The RME market has over time proved to be significantly more stable than the market for new housing. This was true also in 2009. In Sweden in particular, the RME market remained healthy because of the introduction by the authorities of the so-called 'RME allowance' which was introduced to counteract the reduced building activity caused by the finance crisis. Low interest rates, and a relatively low unemployment rate in Norway, have also influenced the results in a positive direction.

The market activity slowed down toward the end of the fourth quarter. The normal seasonal fluctuation for the Wood division is a low season lasting from the end of the fourth quarter through to the spring when building activities traditionally pick up speed.

Market prices for the division's products have developed in a positive direction since the second quarter. The reasons for this are higher prices for industrial wood and the undersupply of goods due to the general industry-wide reduction in manufacturing output.

Because of the fall in margins at the start of the year, the Wood division also implemented efficiency measures. Most of the measures were aimed at increasing raw material utilisation, for example, by using 3-dimensional measuring frames, improving logistics and increasing the service level provided to customers. At the end of the year, it is clear that the measures have given the intended effect and costs have been significantly reduced compared to previous years.

For the timber consuming units in the Wood division, raw material availability developed in the same way as for the sawmills in the Timber division.

At the end of the year, the Wood division implemented measures that have adapted the division's activities to current market conditions and seasonal fluctuations. Even though the availability of raw materials is satisfactory, market prices are still under pressure.

#### Building Systems

Operating revenues in 2009 amounted to NOK 1 933 million (2 748), while operating profit was NOK 61.4 mill (235.1).

The number of employees at the end of the year was 1 379 (1 512).

The companies in the Building Systems division are generally more human resource intensive compared to the Timber and Wood divisions, and the workforce reductions have

therefore also been extensive in this division. The possibilities Norwegian companies have of putting employees on leave temporarily during slow periods means that the Norwegian part of the business can more easily adapt to market fluctuations than the Swedish part. Swedish companies are not permitted to put employees on leave temporarily, and so their only alternative is lay offs, which takes longer to implement.

The module business in Sweden experienced a dramatic fall in new orders already at the end of 2008, and was forced early on to downsize its operations. The module business in Norway had a rate of new-orders early in the year which justified operation at full production capacity. Major reductions in new order inflow started in the second quarter, however, resulting in workforce reductions. At the end of the year, the Interior Layout companies were in the process of adapting to reduced business activity. At Moelven Töreboda, reductions in the workforce will also be implemented during the first half of 2010. The workforce situation has remained stable in the Glulam and Electrical systems companies in Norway.

The business units in the Building Systems division have emphasised dividing deliveries between the RME market and the new-build market. For the module companies, however, the RME market is limited. These companies have therefore been the hardest affected by the significant fall in commercial building projects. The remaining companies have experienced a more gradual decline in activities over time and have adapted capacity as ongoing projects were completed.

For the companies in this division, excess capacity in the construction industry has resulted in more competition for a steadily decreasing number of new projects. Even though the companies have retained, and in some cases improved their market position, the fall in prices has had the distinct effect of undermining profitability.

Order reserves at the end of the year were higher compared to last year, primarily due to an improved situation for the module businesses in Sweden. The division is keeping a strong focus on project profitability, and capacity adaptations are being implemented instead of participating in projects that do not provide sufficient earnings. Despite this approach, the negative price development has weakened the profitability of the existing order reserves.

For the module companies, the Swedish market showed some signs of improvement at the end of the year. The activity level is still very low, however. In the Norwegian market, business activity was falling in the second half of the year, and few new projects are being

brought to the market. The Interior Layout companies experienced increasing competition and price pressures during the year. Market activity is expected to remain at a low level during the coming year.

The Glulam companies have also registered a fall in new contracts and intense competition. Within the contract sector, glulam bridges are an important part of the business, and four bridges over the E6 highway in Norway will be delivered this winter. Demand for standard glulam beams has been stable due to solid activity in the RME market. The results for glulam in 2009 include a cost allocation made in connection with the need to make capacity adjustments. The adjustments are scheduled for Moelven Töreboda in the first six months of 2010.

The Electrical systems companies have a large share of long-term maintenance contracts in their portfolio. The company is still experiencing a difficult market and has carried out capacity adjustments and reoriented their business strategy in order to maintain profitability.

Within the markets where the Building Systems companies operate, the level of construction activity is seen as being at a level that is lower than that which is necessary to cover the long-term need. This is not only true of the apartment segment, but also for commercial buildings. During a period when capacity adjustments are necessary in order to keep the company solid financially, the focus has been on retaining core expertise, which will be important to have when the growth returns. Important investment decisions will also have to be part of an adjusted business strategy, among which the building of a new glulam factory at Töreboda is the largest project.

#### Other operations

In addition to the parent company Moelven Industrier ASA, this business area covers shared corporate services such as timber procurement, bio energy, R&D, economy, finance, insurance, ICT, communication and HR. The area also covers a number of smaller operational activities and assets which do not belong to the Group's core operations. At the end of the fourth quarter, there were a total of 96 (90) employees within this area, of whom 26 (24) were female. 47 (39) employees work in Sweden and 49 (51) in Norway. Operating income amounted to NOK 965.1 million (388.5) in 2009, while net income totalled NOK -26.2 million (-27.4). The background for the increase in operating revenues compared to the previous year is the consolidation of internal sales of timber and chip products.

## INVESTMENTS, BALANCE SHEET AND FINANCING

Balance sheet amounts at the start of 2009 were, in relation to the total revenue, somewhat higher than normal as a result of the fall in sales and the strong Swedish krone. Weak profitability and cash flow from the fourth quarter 2008 continued into the first quarter of 2009, despite early measures designed to counteract this development. The measures involved reducing investment activity, having more focus on capital binding and a decision by the Board not to distribute dividends.

Total investments in tangible assets in 2009 amounted to NOK 222.2 million (345.9). This figure includes a normal level for maintenance investments and for certain strategically important projects.

No acquisitions of other businesses were made in 2009.

Cash flow from operational activities in 2009 amounted to NOK 444.2 million (215.3), which is equivalent to NOK 3.43 per share (1.67). The improved cash flow situation is due to a reduction in restricted capital. Both the Timber and Wood divisions reduced their stocks of finished products. Another contributing factor is that raw material stocks were reduced as a result of availability shortages in some regions during autumn 2009. Within the Building Systems division, the completion of projects has also contributed to freeing up capital.

Changes in liquidity in 2009 totalled NOK 40.7 million (minus 47.9). Last year's figures also include the distribution of dividends amounting to NOK 337 million and payment of NOK 225 million in taxes for the 2007 accounting year.

Total assets at the end of 2009 amounted to NOK 3 239.9 million (3 589.8). In addition to the reduction in restricted capital, the lower figure is partially due to a weaker Swedish krone. Approximately half of the Group's assets are booked in SEK. The exchange rate development from 0.90 NOK/SEK at the end of 2008 to 0.81 NOK/SEK in 2009 has resulted in a decrease in the balance sheet total of NOK 187 million.

The accounts have been prepared subject to the going concern assumption, and at the end of 2009 equity was booked at NOK 1 648.7 million (1 696.7), equivalent to an equity ratio of 50.9 percent (47.3). Portions of the Group's equity are linked to ownership interests in Swedish subsidiaries, and are thus subject to fluctuations in the rate between Norwegian and Swedish kroner. The scope and possible consequences of anticipated rate fluctuations has been deemed to be within acceptable levels of risk, and thus some of the rate risk has not





Western Red Cedar is a beautiful and extremely robust wood used for exterior panelling.

been hedged. In 2009, this had a negative impact on equity totalling NOK 67.5 million, while the rate development in 2008 had a positive effect amounting to NOK 45.8 million.

Due to seasonal variations in raw material supplies and the level of demand for finished products, the Group's total debt varies by approximately NOK 350 million from the lowest point, which normally occurs during the fourth quarter, to the highest point, which normally occurs during the second quarter. The Group's long term financing has therefore been arranged in the form of long-term credit facilities. This enables adjustment possibilities to account for these fluctuations. The remaining term of the Group's long-term financing at year-end was 1.5 years.

## RISK

The year 2009 brought with it major changes in raw material and finished product prices, energy prices, interest rates and exchange rates. Within some of these areas, there are functioning financial markets where the risk of fluctuations can be reduced, but in other areas such as raw materials, finished products and projects, other methods must be used for hedging purposes. Wherever possible, fixed-price contracts and index-linked contracts are used. The Group's organisation also helps to reduce risk, as different units are aimed at different markets. These units are not affected at the same time in an economic cycle, and economies of scale can also be exploited on the cost side. Moelven's organisational philosophy, with a flat, network-oriented organisation and management structure, has enabled the Group to react

quickly to changes so that corrective actions could be implemented at an early stage. At the end of 2009, the Board is satisfied that the risk management model has worked as intended so that the organisation actively has adapted to challenging situations and in total can present a positive result in a challenging year.

The Moelven Group's result and balance sheet are affected by a number of external factors over which Moelven has little or no control. The most important external factors which affect the Group's result and balance sheet totals are raw material and finished product prices, energy prices, interest and exchange rates. A sensitivity analysis expressing the effect on the Group's operating result and net income per share in the event of a one percent change in different factors is presented on page 7.

The Group's sawmills annually process around 4 million cubic metres of timber. This operation is associated with both a price risk and a volume risk. The cost of timber is by far the biggest single cost for the Group. Changes in the price of timber therefore affect strongly the margins very quickly. Focus is therefore being placed on establishing price agreements where the price of timber correlates to documented changes in the prices of finished prices. However, substantial fluctuations in timber prices mean poor stability for the forest owners. Obtaining timber supplies for the Group's units became increasingly challenging during the year, partly because the low price of timber resulted in reduced felling. In Sweden, this is offset by the purchase of root stock. This contingency scheme, however, is not practised in Norway.

The price of chips and biomass from sawing and planing production within Timber and Wood is of great importance for the Group's revenue. Although efforts are continually being made to improve raw material utilisation, only around half the log is used for industrial timber after being processed in a sawmill. The remainder consists of bark, shavings, chips and biomass. Some of this is used in in-house energy production, while the rest is sold to the particle board, bio energy and paper industries. Changes in market prices for these products therefore have a direct impact on the Group's results.

The price of electricity is another important factor that impacts on the Group's profitability. Approximately 190 GWh of electrical power is purchased annually from the Group's electricity suppliers via the Nordpool power exchange.

The Group's attitude towards financial risk is that the underlying operation rather than financial transactions shall form the basis for profitability. The main aim of the hedging policy

for the use of financial instruments is therefore to reduce the risk of price fluctuations and ensure greater predictability.

The Group's net interest-bearing debt provides a basis for an interest risk. The majority of this debt is in Swedish kroner, and interest rates in Sweden are therefore the most important factor as regards developments in the Group's interest costs. Around 20% of the Group's operating income originates from markets outside Scandinavia and involves a currency exchange risk. Raw materials and finished products are also imported from Sweden into Norway.

The most important exchange rate pairs are EURSEK, SEKNOK and EURNOK. Currency forwards and fixed-interest agreements are used to counter major fluctuations in results due to variations in exchange rates and interest rates. In the event of major fluctuations, this results in substantial uncapped gains or losses. The Moelven Group does not recognise this in the income statement, but the values at the year-end is described in the section on International accounting policies. Because of the hedging strategies that have been adopted, the changes must be lasting in order for them to have full effect on the Group's profitability. During the hedging period, operational adaptations can be implemented to compensate for the external changes.

Of the Group's balance sheet total, around half is linked to operations in Sweden. The balance sheet figures will therefore be affected by the exchange rate between Swedish and Norwegian kroner. Equity is largely hedged against this through the share investments in most of the Group's Swedish subsidiaries being financed in Swedish kroner. The total equity exposed to currency risk at the end of 2009 amounted to SEK 669 million (669).

It is the Group's policy that credit sales above a certain value should be hedged in the form of guarantees or credit insurance. In practice, credit insurance is used more frequently, but during 2009, it became more difficult to obtain the necessary insurance coverage than in previous years. The use of other hedging methods in connection with credit sales has therefore increased, and stricter internal guidelines and follow-up routines have been drawn up for unsecured sales. As a result of these measures, losses on receivables did not increase importantly during the year.

The Group's debt capital financing consists of a long-term credit facility with a limit of NOK 1.050 million, which expires in July 2011. This facility is linked to normal breach of contract clauses with regard to equity ratio, net equity value and debt ratio. As of 31 December

2009, the Group's key figures were considerably better than the levels at which the breach clauses are triggered. In addition, in its banking systems, the Group has a total unused credit framework of approximately NOK 340 million, which is renewed annually.

The Group has a centralised function for monitoring industrial insurance policies. An insurance policy has been prepared which all companies must follow. This policy sets out guidelines for insurance coverage, preventive measures, risk analysis and the preparation of continuity plans. These continuity plans represent a central set of plans in the event of fire/loss. The plans describe the immediate actions to be taken, disaster management and ensuring continued deliveries to customers. Through its industrial insurance policies, the Group is insured against financial losses in excess of NOK 3 million per claim. No serious incidents concerning property and casualty occurred during 2009.

Moelven has a high image, which is measured annually through the Scandinavian brand survey carried out by Synovate. Many factors can threaten a company's reputation – accidents at the workplace, financial irregularities, environmental crime, etc. – but the reputation risk is first and foremost linked to the ability to deal with situations as and when they occur. Crisis management plans in all Moelven companies, the training of managers to deal with the media and a general practice of openness concerning both positive and negative circumstances builds preparedness with regard to the loss of reputation. An obvious financial risk is linked to lowered reputation for Moelven, but it is considered to be small and has not been quantified.

The Moelven Group's enterprises comply with applicable laws and regulations with regard to discharges and waste management. Some of the Group's industrial premises used in the operation have, however, been used for industrial purposes for many years, and the possibility of environmental improvements being required in connection with changes of use cannot be ruled out. In connection with the acquisition or disposal of enterprises, this type of environmental responsibility will be regulated in the contracts. With the long-term operating timescale that the Group has for its operations, there are no known essential environmental risks.

The Group has made provisions in the accounts for all known environmental liabilities. In order to minimise the risk of further liabilities arising in this area, an environmental policy has been prepared for the Group as a supplement to the applicable official regulations.

## INNOVATION

Throughout Moelven's 100-year plus history, continual efforts have been made to innovate. The common denominator from "the wheel boiled in oil" via the "Moelven house on wheels" to today's products and services has been local raw materials.

Innovation is about renewal and improvement. Today, the Moelven Group operates within sectors in which major technical innovations are rare. In such mature sectors, where the profit margins are also slim, innovation in the form of a continuous process with a focus on detail is essential in order to remain competitive. Changing market trends, building regulations, construction methods, etc. mean that it is essential to continually improve and develop the operation, products and services in order to achieve the vision of being the natural choice for people building and living Scandinavian style.

The Group's innovation policy states that innovation will be focused on the actual use of our products and on the production processes. The responsibility for innovation rests with the individual business areas, with support from the Group, where a central function exists. The innovation work itself primarily takes place within the production units, which possess the greatest expertise concerning the products and processes.

The Group owns 70% of the company Moelven Utvikling AS. The Industrial Development Corporation of Norway (SIVA) owns the other 30%. The company is an innovation company that assists both the Group's subsidiary companies and external entrepreneurs in building the bridge from concepts to the associated markets. The services offered include strategy development, business planning, financing assistance, market surveys, product development and finance and project management, either through in-house resources or through contacts with other professional environments.

Since its foundation, Moelven Utvikling AS has been involved with almost 90 concept and development projects. Of these projects, 50 have been rejected, 18 have been concluded or completed with a positive conclusion and around 20 are currently being explored or developed.

New technical regulations in Norway containing tougher insulation requirements for homes have been a driving force in the development of the product Iso3. This development has taken place through a partnership between the entrepreneur-owned company MjøsCon AS and Moelven Utvikling AS.

By using Iso3, the insulation requirements in the new regulations can be met using thinner wall thicknesses, which in turn means lower costs compared with the use of traditional materials. Iso3 was launched on the market in Q3 2009, and the official opening of the factory in Moelv took place on 9 October. The Moelven Group has a stake of 65% in the company Moelven Iso3 AS, which produces and markets the Iso3 stands. The authorities have also clearly indicated that the requirements will be tightened further in the future. In addition, it is believed that market preference is moving towards low-energy houses/passive houses.

A number of Moelven's companies are involved in a so-called "Timber house cluster project" which has the aim of enhancing the competitiveness of wood as a construction material. Better opportunities for rational co-operation through a common platform for drawings, component identification and computer-controlled production are important improvement areas.

For Modular Buildings, the development of cost-effective and market-oriented concepts for modular buildings of several storeys has been important. In order to be competitive, requirements in terms of production time, aesthetics, noise insulation and fire-proofing, etc. must be satisfied. The Zitty housing project in Drammen is a modern apartment project composed of modules supplied by Moelven ByggModul. The building creates a modern impression, and the method of construction has provided benefits in terms of rapid construction time and lightweight structures.

The competitiveness of the Interior Systems companies depends on a continuous development of new solutions adapted to constantly shifting market trends. In connection with the construction of the new Norwegian Government building complex (R6), a competition was held for a development contract for office modules, where the offices were to be of a homogenous design. The client, Statsbygg, wanted to contribute to the development of new solutions for the integration of office partition walls, furniture and office equipment. The use of Nordic wood was also to be emphasised. Moelven Nordia AS won the competition, but due to the absence of additional funding from the Ministry, it is not known whether the solution will be used in the R6 project. Nevertheless, the solution is extremely innovative and is considered to represent an extremely good alternative also for other projects.

For a number of years, the Glulam companies have been leading in the development of new products and technical solutions. An example of



this is the further development of glulam bridges, with new architecturally exciting lattice solutions and improved connection solutions.

In recent years, there has also been a focus on the development of systems for the industrial production and supply of standard beams cut to client specifications.

In-house design programs have been developed in order to make it easier to determine the correct dimensions of glulam structures both for use within the construction materials industry and for designers. These programs are available on the Group's web pages free of charge for users.

In 2009, Trä8 was also launched on the market by Moelven Tøreboda. This system is a standardised component system that is suitable for buildings of up to four storeys. A new column and beam design lattice allows up to eight-metre free span, providing architectural freedom for many possible variations. The use of the system also shortens project time, by providing protection against weather and wind through rapid on-site construction.

For the timber-consuming units within the Timber and Wood Divisions, optimisation of the production processes is a key objective in order to safeguard the value of the raw materials as much as possible through effective and market-adapted production and raw material procurement.

Within Timber, the Moelven Timber Production System (MTPS) production system is being developed through its implementation at two pilot units: Moelven Numedal AS and Moelven Notnäs AB. MTPS builds on the principles of the Lean Production concept and the Toyota Production System, and describes Timber's production philosophy and stages in order to grow towards effective and top-of-the-world production. Through the work carried out at the pilot businesses, the Lean philosophy will be adapted to the value chain and the challenges of the sawmills. "Lean" is a set of tools and principles that have been logically assembled in order to eliminate wasted work and materials within the value chain and to focus on continuous improvement. This will be achieved through the systematic organisation of people and working environments, the stabilisation of processes and the generation of a continuous flow throughout the value chain from raw materials to satisfied clients. In December 2009, the first milestone was achieved when the sorting plant at Moelven Numedal became the first production department within Moelven Timber to achieve 5S level certification.

For the processing units within Wood Division, the logistics systems are vital in

ensuring that customers have a broad range of products available with short delivery times, and in reducing internal transport requirements as much as possible. In addition, product development within areas such as surface treatment and prefabrication is of considerable significance.

## HEALTH, SAFETY AND THE ENVIRONMENT

### Human resources

2009 has unfortunately been a year in which major restructuring efforts and work force reductions have been necessary to adapt the Group to new market conditions. At the end of the year, the Group had 2 992 employees, which is 293 employees less than the year before.

Rapid adaptations and adjustments, both positive and negative, are only possible when a base has been built where many can take on responsibility when needed and are motivated to do so when necessary. The Group's human resource policy is "Provide opportunities for people with the drive to succeed". This policy serves as a guideline when it comes to what expertise is needed, who are recruited, the salary and work terms offered, how new employees are introduced to the company, what development and career opportunities Moelven offers and how work force reductions shall be carried out.

During 2009, all companies within the Group will have started a formalised skills survey and mapping programme. The results of this will provide an overview of the skills that the Group's employees have, and consequently what training and recruitment needs that exist within the Group.

Moelven employees are offered a number of skill-building courses. There are opportunities to participate in both training programmes run internally by the Group and education at external educational institutions. In combination with pension schemes, health insurance and a good work environment, the Group aims in this way to be an attractive employer both for existing and potential employees.

The courses run by the Group focus mainly on human resource management, HSE and IT. The courses in these areas are tailored to the needs of the Group. Management development is a strategic area for Moelven. As a result of the Group's decentralised structure, with responsibility distributed to the individual companies, it is vital that the management resources satisfy certain requirements both professionally and personally. It is also important that there is a common perception of

goals and strategies amongst the Group's managers.

Training in HSE is also a priority area for the Group. The type of industrial activities in Moelven has traditionally had a relatively high injury rate compared to other industries. HSE training is an important part of the Group's efforts aimed at reducing both the injury rate and amount of sick leave.

Process technology education is carried out in cooperation with Norges Byggscole (the Norwegian Industry Construction College) in Norway and Hammarö Utbildningscenter (Hammarö Training Centre) in Sweden. At both locations, a training programme has been instigated for the Group's companies at the initiative of Moelven. One of the requirements for admission to these courses is that you have a certificate of apprenticeship or work experience within the industry or from the construction field, which many operators within the Group possess.

Project management is a pivotal area of expertise for the companies within the Building Systems division. Training takes place through the use of both internal and external expertise, and is largely carried out under the direction of the individual companies.

Along with certain other larger companies in the Hamar area, the Group is part of a trainee scheme where, over a two-year period, trainees work at the different parent companies. After completing the programme, many of the participants have been recruited by Moelven. Apprentices are also being recruited to many of our companies.

### Sick leave and injuries

Sick leave in 2009 was 5.97 percent (5.64) or 41.629 (41.760) full working days. This is still above the long-term goal of a maximum of 5 percent, as can be expected during a period of major challenges in the form of weakening results and downsizing. A high level of sick leave is not only incompatible with the Moelven Group's core values, but it also represents a major cost. With approximately 3000 employees, a one percent rate of sick leave is estimated to cost the Group around NOK 25 million on an annual basis. Further reductions in sick leave levels will therefore be a prioritised task objective.

Lately there has been considerable focus on the differences in sick leave rates between Norway and Sweden. The Moelven Group's experience is that the rate of sick leave is somewhat higher in Norway than in Sweden. Efforts aimed at reducing sick leave, however, are the same, irrespective of country. In recent years increasing emphasis has been put on



All of the electrical installations for the major stadium expansion project at Ullevål Stadion in Oslo were installed by Moelven Elektro AS. The photo is from the lobby of the Thon Hotel Ullevaal Stadion.

implementing preventive measures, such as annual work environment surveys, "healthy life" projects and incentive awards to units with low sickness levels and individually adapted workplaces. Well-being and work environment efforts are also important. Nevertheless it is inevitable that employees will be sick. Major emphasis is being put on maintaining contact with the employee during sick leave in order to assist in the recovery process.

In order to ensure that employees receive medical treatment as quickly as possible, the Moelven Group has, in cooperation with Vertikal Helseassistanse AS in Norway and Nordisk Hälsoassistans AB in Sweden, introduced a health insurance scheme for all employees in the two countries. The employees in Denmark have a corresponding agreement in place outside of the above-mentioned schemes. The insurance scheme has been well received among the employees and many have taken advantage of the benefits. Since the start of the scheme two years ago, the scheme has saved the employees almost 180 years in time queuing for treatment.

There were 81 (102) lost-time injuries, which corresponds to an H1 value (number of lost-time injuries per million hours worked) of 16.4 (18.3). The total number of injuries was 167 (209). The rate of injuries has therefore developed in a positive direction in 2009. Even though the number of injuries is on level with other similar industries, it is still unacceptably high. A strong focus will continue to be on preventive measures such as training, risk analyses and concrete measures at the individual workplace. Starting in 2010, a so-called improvement reporting system will be implemented in all Group companies. The reporting tool fPortal will be available for all employees in the Group, either on own PC, PC in common areas or on paper form. The reporting covers injuries, near-injuries and hazardous conditions. The reporting system will be open to everybody, thus allowing all employees to easily stay

updated on what is happening elsewhere in the Group. Added awareness about these issues and quicker and better identification of the causes of accidents should be important contributions to the injury-prevention measures that are already in place.

The "Whole Home" campaign is one of the measures implemented in 2010 to raise safety awareness and focus among Moelven employees on being able to return home as healthy and whole as when they went to work in the morning. The campaign includes posters, T-shirts for all employees and regular information. The "Whole Home" campaign will be a supplement to existing injury-prevention measures.

### Equality

In the parent companies Moelven Industrier ASA and Moelven Industrier AB, there are a total of 51 employees, 19 women and 32 men. The majority of the positions in the parent companies are white-collar jobs. Amongst the operators in the Group's industrial companies, the proportion of females is significantly lower. The Moelven Group wishes to increase the proportion of females, but many of the tasks that are performed by the operators have traditionally been male dominated. The large majority of men choose a professional education for positions the Group needs in its industrial production, and there are often no female applicants for advertised positions. Of the Group's total of 2.992 employees (3.285), 9.49 percent are female (9.92). There are 764 white-collar workers (800) and 2.228 blue-collar (2.485). The proportion of women amongst the white-collar workers is 23.8 percent (25.3) whilst in production 4.5 percent (5.0) are women. There are female managers at most levels within the organisation. In addition, there are two female members serving in the corporate assembly and two female members on the Board.

Within the Moelven Group, there shall be no form of discriminatory behaviour due to gender, ethnic affiliation, national origin, heritage, skin colour, language, religion or faith. Only position content, area of responsibility, expertise and work effort should serve as the basis for decisions regarding salaries, promotions and recruitment.

For known needs, the company will work to adapt working conditions so that they do not discriminate against persons with impaired functioning. Beyond the low share of females in Moelven described earlier, no special needs have been registered in the areas of discrimination and equality.

### External environment

Sustainability is one of the Moelven Group's core values. This means having respect for both people and the environment. The mission "To supply quality rooms" means that environmental considerations must form a natural part of Moelven's daily work. Moelven is therefore taking responsibility for the environment through the sustainable and long-term use of renewable resources. The way in which the operation affects the environment is an ongoing theme on the Group's agenda, and work is being carried out to secure sustainable social development and to ensure continuous improvements concerning the effects of our operations on the internal and external environment.

Very little waste is produced by Moelven's businesses, but work is still being done to further reduce the amount of waste from all units. The target is for all wood fractions to be treated as potential raw material for other products and thus contribute to the total added value.

For oil and chemical waste, there are return systems using approved recycling centres or handling facilities. Plastic, metal and packaging materials are waste sorted and sent for recycling.

Within Building Systems, most production takes place in industrial factories, and this makes it significantly easier to control the effects of operations on the environment than is the case with traditional on-site construction. Additionally, within Timber and Wood, it is vital to keep the facilities clean and tidy, both in terms of the environmental benefits and because of the preventive effects with regard to fire risk and employee safety.

The use of chemicals and oils is kept to a minimum and there are return systems using approved recycling centres or handling facilities. Plastic, metal and packaging are waste sorted.

Ash from the heating facilities is used as a productive factor in other products, e.g. fertiliser, or sent to an approved disposal facility.



Irrigation and its drainage from timber log storage represent a point-load for the environment, as the concentrations of substances contained in wastewater are higher than those normally found naturally. Moelven's timber-consuming units follow the applicable rules and recommendations for the handling of wastewater. The sprinkler facilities will also be climate-controlled. The disposal of bark and other waste only takes place using approved disposal facilities. In connection with reorganisation, reconstruction and winding-up, potentially contaminated land areas are identified and evaluated and required remediation carried out where necessary.

Noise and dust from industrial areas can be a problem for the neighbouring built-up areas. A strong emphasis is placed on adhering to regulations within these areas. For example, drainage from timber log storages, bark dumps and impregnation facilities are also areas that can lead to negative consequences for the environment if waste is not collected in an appropriate manner.

Every year, the Group uses large quantities of packaging materials such as plastic and cardboard. The packaging that is used must be recyclable or reusable. Much of the plastic packaging that is used consists of recycled plastic. The Group does not use equipment that contains PCBs.

#### Raw materials from sustainable forestry

Moelven's industrial production is largely based on the use of timber. Timber as a material has many positive environmental benefits, partly because it acts as a carbon store, and the wood content of our end products is extremely high for most of the businesses.

To ensure that the raw materials come from certified suppliers that practise appropriate forms of forestry, a tracking system has been established that allows the tracking of raw materials backwards through the value chain. Therefore, all of Moelven's sawmills are PEFC Chain of custody-certified (Programme for the Endorsement of Forest Certification schemes). This means that timber logs are being purchased from suppliers that are practising sustainable forms of forestry.

Timber raw materials that are used in our production processes end up as products or as fuel. From an environmental perspective, Moelven's production is thus almost a closed process.

Glulam is an environmentally friendly construction material that contains around 470 kg of timber and between 6 and 10 kg of glue per cubic metre. The glue contains no environmental toxins that require special

measures. Moelven's module and interior businesses products are effective in terms of the environment and resources, and a cycle-based philosophy is a key element.

Chips, wood chips, shavings and bark from sawmills are becoming increasingly important in economic and environmental terms. District heating systems use woodchips, shavings and bark as fuel; the Group's own heating facilities use chips and bark. The bark is also sold for use in gardens or as a soil improvement agent.

#### Transport

The acquisition of raw materials, intermediate transport and the delivery of finished products generates a significant transport volume. Every year, the Timber and Wood divisions transport around 8.000.000 solid cubic metres of timber, wood chips and finished products by lorry. In addition, there are transport assignments for the Glulam, Building module and Interior Systems companies, as well as rail and sea transport. Transport is therefore a major challenge for the Group, both in terms of the environment and financially. Work is being carried out continuously aimed at reducing the need for and optimise the use of transport. The geographic location of the production units close to the areas where the raw material originates helps to reduce transport requirements because the volume of finished products transported out is considerably less than the volume of raw materials transported in. This is partly because many of the by-products are used locally in bio energy production and drying which leads to a significant reduction in weight compared with raw timber. The establishment of distribution warehouses and the optimisation of transport routes are also important factors in reducing transport needs. Improvements to roads and the consequent increase in maximum permitted axle loads, combined with the use of environmentally friendly modes of transport by hauliers, have been important factors in reducing the negative effects of transportation on the environment. Within the Group's company car scheme, all new company cars must be powered by ethanol or biodiesel blends.

#### Energy

Moelven's annual energy consumption is around 0.8 Twh, split between 0.2 Twh of electrical power and 0.6 Twh of thermal energy, the latter of which the Group primarily produces at its own facilities. The energy potential of the Group's by-products, including chips, is approximately 4.8 Twh, this therefore represents considerable potential in relation to both increased production and a larger market for bio energy generally.

Through the company Moelven Bioenergi AS, the Moelven Group is aiming to ensure that the Group participates in the developments that are taking place within the bio energy sector.

Moelven Bioenergi has also been at the forefront of a project for the Group's Norwegian companies aimed at ensuring the centralised control and prioritisation of energy efficiency measures. This includes activities to reduce energy consumption, allow the use of renewable energy and the utilisation the waste heat. These measures will form part of a three-year investment programme, which commenced in 2008. It has been estimated that there are potential savings to be made of around 70 GWh, equivalent to around 10% of the Group's total energy consumption. The Group now has a framework agreement in place for a common energy monitoring system (EOS), which is required in order to measure results against this target. The biggest potential savings concern the use of bio fuels for drying timber and heating premises. Further efficiency gains concerning the use of power for lighting, ventilation and production through simple measures can also provide savings. This work has already been carried out within many of Moelven's Swedish units. For many years, Sweden's energy policy has encouraged the industry to make environmental investments that have also led to higher profitability in the production of energy raw materials.

#### CORPORATE GOVERNANCE

Corporate governance within the Moelven Group is based on the Norwegian recommendations for corporate governance dating from October 2009. The board of directors presents a more detailed description of this in the report on page 51. For more information about the board of directors and managerial employees, see Note 22.

#### INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As an unlisted company, Moelven Industrier ASA is not required to publish accounts which have been prepared in accordance with IFRS (International Financial Reporting Standards). The accounts are prepared in accordance with Norwegian accounting standards, but unaudited supplementary information is provided, showing the effects that reporting in accordance with IFRS would have had. The Group plans to change the accounting principles from NGAAP to IFRS as of 1. January 2011.

The biggest differences arise as a result of the handling of pension obligations, uncapitalised gains and losses related to the use of financial instruments and the handling of dividends. The effects of financial instruments will vary according to the market value assessment at the time of reporting.

Fixed interest rate agreements are used to secure stable interest rates at acceptable levels, while foreign currency futures are used to ensure that sales in foreign currencies can be exchanged at known rates.

The financial crisis caused interest rate levels to fall and substantially weakened the Norwegian and Swedish kroner against the Euro. The market assessment of the Group's interest rate and currency hedging concluded with an uncapitalised loss of NOK 113 million at the end of 2008. During 2009, the financial markets have to a certain extent normalised, and a large share of the uncapitalised currency hedging have been capitalised during the year. Interest rate levels are still high, but exchange rates have returned to a more historically familiar level. In total, the, at the end of 2009, the Group had an uncapitalised loss on hedging of NOK 30 million. For the year overall, the amount included as income then amounts to NOK 85 million in accordance with IFRS.

#### ALLOCATION OF NET INCOME FOR YEAR

The board of director's dividend policy shall ensure that Moelven's shareholders receive a predictable and satisfactory return on their share investments. The Group's dividend policy sets out guidelines for how much of the profit, or in years with a deficit, unrestricted equity, should be distributed as a dividend. Dividends have

previously also been distributed in years with weak results. Due to the instability in the financial markets and the prospects of reduced earnings in 2009, the shareholders' meeting decided to withhold the entire profit within the company in 2008. The Group has been able to adapt well to the new market conditions stemming from the financial crisis, however, and the company's prospects are now better than at the same time last year. The Board proposes therefore to issue a dividend in accordance with the dividend policy applied in earlier years. For the accounting year 2009, this means a distribution of NOK 0.16 per share, which in total amounts to NOK 20.7 million. The parent company, Moelven Industrier ASA, which will distribute the dividend on behalf of the Group, posted an annual net income of NOK 27.8 million in 2009. The remaining NOK 7.1 million is proposed transferred to other equity.

#### EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred since the balance sheet date, which affect the accounts.

#### OUTLOOK

The board anticipates that 2010 will be a year with fewer needs for major restructuring compared with 2009, which was a year of adaptation to major changes in market conditions as a result of the financial crisis. Construction activity and demand for timber-based construction materials are still at low levels. However, the RME market is still expected to remain stable, with some increase in new-build activity. At the same time, it is also expected that the supply of timber-based

construction materials will increase due to higher margins and improved access to raw materials. Based on agreements signed at the turn of the year, timber prices will increase slightly, and timber supply is expected to be satisfactory.

A continued low level of activity is anticipated for the Building Systems Division during 2010. It is anticipated that the RME market will maintain its current level of activity, while the commencement of new projects is expected to increase somewhat. The companies in the Interior Systems unit experienced a gradual fall in activity levels throughout 2009, and this trend is expected to continue during 2010. Capacity adaptation measures are therefore being implemented. The level of market activity for the Modular Building companies in Sweden is improving to some extent, while the Norwegian part of the module operation is still suffering from low order levels. For the Glulam companies, bridge projects and the production of glulam in standard dimensions is providing a good foundation for the company. The Electrical systems businesses have a healthy order book, with both new installations and service assignments, and will continue to experience good levels of activity throughout the year. The first quarter, which is the low season for all divisions, is once again expected to be challenging during 2010; yet, it is still expected to produce an improvement in results compared with last year. For the year as a whole, the board anticipates a modest improvement in results.

Moelv, 17 February 2010  
Board of Moelven Industrier ASA

Svein E. Skorstad  
Chairman

Pål Tajet

Elisabeth Krokeide

Torstein A. Opdahl

Martin Fauchald

Gunde Haglund

Elisabeth Bjøre

Hans Rindal  
President and CEO



Amounts in NOK millions	Explanation	The Group				
		2009	2008	2007	2006	2005
<b>PROFIT AND LOSS</b>						
Operating revenues		6 248	7 658	7 944	6 692	6 005
Depreciation and write-downs		203	199	177	178	178
Operating profit		91	145	990	373	159
Net interest and financial items		-33	-38	-18	-37	-46
Operating result before tax		58	107	972	336	113
<b>BALANCE</b>						
Investments in fixed assets	A	222	346	292	245	112
Total capital		3 240	3 590	3 604	3 072	2 964
Total equity		1 649	1 697	1 570	1 234	1 076
Net interest-bearing debt		368	600	154	467	751
Capital employed	B	2 088	2 327	1 801	1 752	1 857
<b>EARNINGS/PROFITABILITY</b>						
Net operating margin	C	1.5 %	1.9 %	12.5 %	5.6 %	2.6 %
Gross operating margin	D	4.7 %	4.5 %	14.7 %	8.2 %	5.6 %
Return on equity	E	2.4 %	5.0 %	49.6 %	20.7 %	6.3 %
Return on capital employed	F	3.9 %	6.6 %	52.7 %	19.6 %	7.6 %
Interest cover	G	2.4	2.6	30.4	8.0	2.4
<b>CAPITAL</b>						
Equity ratio	H	50.9 %	47.3 %	43.6 %	40.2 %	36.3 %
Capital turnover rate	I	1.8	2.1	2.4	2.2	2.1
<b>LIQUIDITY</b>						
Current ratio	J	1.99	2.04	1.43	1.59	1.79
Quick ratio	K	1.02	0.92	0.63	0.86	0.84
Cash flow from operations	L	444	216	1 010	512	286
<b>SHARES</b>						
Earnings per share in NOK	M	0.31	0.63	5.37	1.85	0.52
Average number of shares (millions)		129.5	129.5	129.5	129.5	129.5
Cash flow from operations per share in NOK	N	3.43	1.67	7.80	3.95	2.21
Tax value in NOK at 31 December		15.31	12.36	8.79	7.78	6.25
RISK-amount in NOK at 1 January	O	-	-	-	-0.25	-0.16
Dividend in NOK per share	P	0.16	0.00	2.60	0.75	0.25
<b>PERSONNEL</b>						
Number of employees at 31 December		2 992	3 285	3 425	3 210	3 159
Number of man-years		2 741	3 120	3 253	3 049	3 001
Sickness absence rate	Q	5.97 %	5.64 %	6.32 %	5.89 %	6.20 %
Frequency rate - injuries with absence	R	16.4	18.3	17.5	17.3	18.7

A:	Capitalised investments less investments due to acquisitions
B:	Equity + interest-bearing debt
C:	Operating profit Operating revenues
D:	Operating profit + depreciation and write-downs Operating revenues
E:	Operating result Average equity
F:	Operating profit + interest income Average capital employed
G:	Operating result + financial costs Financial cost
H:	Total equity Total capital
I:	Operating revenues Average total capital
J:	Current assets Current liabilities
K:	Liquid funds + financial costs + receivables Current liabilities
L:	Operating result before tax – taxes payable + depreciations – minority interests and corrections regarding other non liquid items from result and working capital
M:	Operating results Average number of shares
N:	Cashflow from operations Average number of shares
O:	RISK system will discontinue as of 2006
P:	Dividend proposal – 2009
Q:	Sickness absence hours Available hours - Overtime
R:	No of injuries with absence per million working hours

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2009	2008	2007	2009	2008	2007
Revenue		6 209.8	7 611.9	7 880.7			
Other operating income		38.0	45.9	63.3	63.0	71.4	67.6
<b>Operating revenues</b>	2, 3, 21	<b>6 247.8</b>	<b>7 657.7</b>	<b>7 944.0</b>	<b>63.0</b>	<b>71.4</b>	<b>67.6</b>
Raw materials and consumables used	4	3 800.1	4 922.7	4 873.6			
Change in stock of work in progress, finished goods and projects		99.0	75.6	-252.4			
Payroll expenses	17	1 359.8	1 532.6	1 433.5	36.5	37.8	36.6
Depreciation on fixed assets and intangible assets	14, 16	202.5	199.2	177.0	8.2	9.7	9.9
Other operating expenses		695.3	782.9	722.7	44.1	60.1	68.7
<b>Operating expenses</b>		<b>6 156.7</b>	<b>7 513.0</b>	<b>6 954.4</b>	<b>88.8</b>	<b>107.6</b>	<b>115.2</b>
<b>Operating profit</b>		<b>91.1</b>	<b>144.7</b>	<b>989.6</b>	<b>-25.8</b>	<b>-36.2</b>	<b>-47.6</b>
Income from subsidiaries <sup>1</sup>					33.6	77.6	322.2
Income from associates	20	-1.7	-2.2	0.1	0.0	0.0	0.0
Interest income group companies					62.0	79.5	54.5
Other interest income		1.7	0.2	1.9	1.6	2.8	3.8
Other financial income		8.2	10.6	6.9	5.8	7.3	3.6
Interest expenses group companies					-14.2	-51.1	-40.5
Other interest expenses		-30.1	-38.0	-21.8	-27.0	-33.3	-18.4
Other financial expenses		-11.0	-7.9	-4.5	-8.8	-6.5	-3.1
<b>Financial income/financial expenses</b>		<b>-32.9</b>	<b>-37.3</b>	<b>-17.4</b>	<b>53.0</b>	<b>76.3</b>	<b>322.1</b>
<b>Operating result before tax</b>		<b>58.2</b>	<b>107.4</b>	<b>972.2</b>	<b>27.2</b>	<b>40.1</b>	<b>274.5</b>
Tax on ordinary result	6, 7	18.0	26.2	276.8	-0.6	11.4	63.8
<b>Net profit for the year</b>		<b>40.2</b>	<b>81.2</b>	<b>695.4</b>	<b>27.8</b>	<b>28.7</b>	<b>210.7</b>
Minority share	21	-3.1	-0.8	4.1			
Majority share		43.3	82.0	691.3			
Profit per share		0.31	0.63	5.37			
Provision for dividends, NOK 0.16 per share (0.00 in 2008 / 2.60 in 2007)					-20.7	0.0	-336.8
Other equity					-7.1	-28.7	126.1
<b>Total</b>	22				<b>-27.8</b>	<b>-28.7</b>	<b>-210.7</b>

1. Including group contributions.

#### New international accounting standards (IFRS)

Since Moelven Industrier ASA is not publicly listed, the company is not obliged to publish accounts in accordance with International Financial Reporting Standards. However, the company does make unaudited information available showing the effect such reporting would have. The table provides comparative

figures. For the Moelven Group, the main effect of IFRS would be the reporting of pension obligations and financial instruments. The figures would also be influenced by allocated dividends in that IFRS requires that such dividends be reported as assets until the proposed distribution is formally adopted.

Cont. next page

**Main effects of reporting according to IFRS**

IFRS figures are not part of the audited accounts.

Amounts in NOK mill.	2009		2008		2007		Amounts in NOK mill.	2009		2008		2007	
	NGAAP	Effects IFRS	IFRS	IFRS	IFRS	IFRS		NGAAP	Effects IFRS	IFRS	IFRS	IFRS	IFRS
<b>Profit and loss account</b>													
Operating revenues	6 247.8	0.0	6 247.8	7 657.7	7 944.0	Defered tax benefit	7.3	0.0	7.3	0.0	20.8		
Raw materials	3 899.1	0.0	3 899.1	4 998.3	4 873.6	Goodwill	0.0	20.7	20.7	20.7	20.7		
Payroll expenses	1 359.8	-3.0	1 356.8	1 524.5	1 433.5	Net pension funds	33.4	0.0	33.4	9.8	11.9		
Depreciation	202.5	-1.9	200.6	196.0	173.8	Other receivables	143.2	6.2	149.4	164.5	142.8		
<b>Operating profit</b>	<b>91.1</b>	<b>4.9</b>	<b>96.0</b>	<b>156.0</b>	<b>992.8</b>	<b>Total assets</b>	<b>3 239.9</b>	<b>26.9</b>	<b>3 266.8</b>	<b>3 580.4</b>	<b>3 607.5</b>		
Net financial items	-32.9	82.9	50.0	-150.2	-21.3	Equity	1 648.7	-16.1	1 632.6	1 601.3	1 878.0		
<b>Pre-tax profit/loss</b>	<b>58.2</b>	<b>87.8</b>	<b>146.0</b>	<b>5.8</b>	<b>971.5</b>	Pension liabilities	109.3	50.0	159.3	125.8	128.2		
Taxes	18.0	24.1	42.1	-3.1	275.7	Defered tax	97.5	-22.4	75.1	31.0	94.5		
<b>Ordinary profit/loss</b>	<b>40.2</b>	<b>63.7</b>	<b>103.9</b>	<b>8.9</b>	<b>695.8</b>	Dividends payable	20.7	-20.7	0.0	0.0	0.0		
						Other short-term liabilities	402.6	36.1	438.7	616.4	592.4		
						<b>Total equity and liabilities</b>	<b>3 239.9</b>	<b>26.9</b>	<b>3 266.8</b>	<b>3 580.4</b>	<b>3 607.5</b>		
						Equity ratio	50.9 %		50.0 %	44.7 %	52.1 %		

**Balance sheet at 31 December**

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2009	2008	2007	2009	2008	2007
<b>ASSETS</b>							
Deferred tax benefit	7	7.3	0.0	0.0	5.4	4.8	0.0
Goodwill		0.0	1.9	5.1			
Other intangible assets		6.0	5.7	2.0	6.0	5.7	2.0
<b>Total intangible fixed assets</b>	14	<b>13.3</b>	<b>7.6</b>	<b>7.1</b>	<b>11.4</b>	<b>10.5</b>	<b>2.0</b>
Land		67.7	68.9	67.9	3.7	3.7	3.5
Buildings and other real property		312.7	305.4	314.8	2.6	2.7	3.9
Machinery and plant		912.9	987.6	799.6	0.5	0.9	1.2
Fixtures and fittings, tools, office machinery etc.		43.4	30.2	32.6	30.0	15.5	14.1
<b>Total tangible assets</b>	15, 16	<b>1 336.7</b>	<b>1 392.1</b>	<b>1 214.9</b>	<b>36.8</b>	<b>22.8</b>	<b>22.7</b>
Investments in subsidiaries	18				900.3	914.2	1 007.6
Investments in associated companies	20	10.6	10.3	12.7	7.7	0.0	0.0
Loan to group companies	11				920.6	1 162.3	987.5
Investments in other shares	19	1.0	1.1	0.7	0.1	0.1	0.1
Bonds and other receivables	8	0.2	0.2	5.4	0.0	0.0	4.0
Net pension funds	17	33.4	38.0	40.1	20.6	24.8	27.6
<b>Total financial fixed assets</b>		<b>45.2</b>	<b>49.6</b>	<b>58.9</b>	<b>1 849.3</b>	<b>2 101.4</b>	<b>2 026.8</b>
<b>Total fixed assets</b>		<b>1 395.2</b>	<b>1 449.3</b>	<b>1 280.9</b>	<b>1 897.5</b>	<b>2 134.7</b>	<b>2 051.5</b>
Stocks	5	898.6	1 174.4	1 301.9			
Accounts receivable	8	732.5	771.9	796.0	0.3	0.4	0.7
Receivables from group companies					1.3	3.3	2.2
Loans to group companies					9.7	98.6	363.2
Other debtors	8	143.1	164.4	147.7	4.5	11.4	5.0
<b>Total debtors</b>		<b>875.6</b>	<b>936.3</b>	<b>943.7</b>	<b>15.8</b>	<b>113.7</b>	<b>371.1</b>
Bank, deposits, cash in hand, etc.	10, 11	70.5	29.8	77.7	0.0	0.0	0.2
<b>Total current assets</b>		<b>1 844.7</b>	<b>2 140.5</b>	<b>2 323.3</b>	<b>15.8</b>	<b>113.7</b>	<b>371.3</b>
<b>Total assets</b>	21	<b>3 239.9</b>	<b>3 589.8</b>	<b>3 604.2</b>	<b>1 913.3</b>	<b>2 248.4</b>	<b>2 422.8</b>

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2009	2008	2007	2009	2008	2007
<b>EQUITY AND LIABILITIES</b>							
Share capital		647.7	647.7	647.7	647.7	647.7	647.7
Own shares		0.0	0.0	0.0	0.0	0.0	0.0
Share premium reserve		180.7	180.7	180.7	180.7	180.7	180.7
<b>Total paid-in capital</b>		<b>828.4</b>	<b>828.4</b>	<b>828.4</b>	<b>828.4</b>	<b>828.4</b>	<b>828.4</b>
Other equity		805.7	850.3	723.9	151.0	143.9	115.2
Minority interests	21	14.6	18.0	17.4			
<b>Total equity</b>	22	<b>1 648.7</b>	<b>1 696.7</b>	<b>1 569.7</b>	<b>979.4</b>	<b>972.3</b>	<b>943.6</b>
Pension liabilities	17	109.4	101.0	95.4	30.1	27.7	24.7
Defered tax	7	97.5	82.6	94.5	0.0	0.0	0.1
Other provisions	9	18.0	23.2	21.2	0.0	0.0	0.0
<b>Total provisions</b>		<b>224.9</b>	<b>206.8</b>	<b>211.1</b>	<b>30.1</b>	<b>27.7</b>	<b>24.8</b>
Liabilities to financial institutions	10	428.5	627.7	185.2	389.7	590.0	131.8
Other long-term liabilities	9	11.3	11.1	11.8	0.0	0.0	0.0
<b>Total long-term liabilities</b>		<b>439.8</b>	<b>638.8</b>	<b>197.0</b>	<b>389.7</b>	<b>590.0</b>	<b>131.8</b>
Liabilities to financial institutions	10	10.4	2.0	46.6	462.0	573.0	841.0
Trade creditors		350.6	393.9	476.5	8.1	11.3	6.4
Accounts payable to group companies					2.7	1.6	5.5
Short-term, interest-free debt to group companies					0.0	27.0	41.5
Public duties payable		142.1	148.0	173.1	2.2	2.4	2.5
Dividends		20.7	0.0	336.8	20.7	0.0	336.8
Tax payable	6	0.2	44.0	224.5	0.0	16.4	67.0
Other short-term liabilities	9	402.5	459.6	368.9	18.4	26.7	21.9
<b>Total short-term liabilities</b>		<b>926.5</b>	<b>1 047.5</b>	<b>1 626.4</b>	<b>514.1</b>	<b>658.4</b>	<b>1 322.6</b>
<b>Total liabilities</b>		<b>1 591.2</b>	<b>1 893.1</b>	<b>2 034.5</b>	<b>933.9</b>	<b>1 276.1</b>	<b>1 479.2</b>
<b>Total equity and liabilities</b>	21	<b>3 239.9</b>	<b>3 589.8</b>	<b>3 604.2</b>	<b>1 913.3</b>	<b>2 248.4</b>	<b>2 422.8</b>
Guarantees	12	38.9	22.9	39.5	324.5	321.9	354.6
Mortgages	13	38.5	35.0	39.1	5.0	5.0	5.0
Number of shares (face value per share NOK 5.-)	22	-	-	-	129 542 384	129 542 384	129 542 384

Moelv, 17 February 2010  
Moelven Industrier ASA

Svein E. Skorstad  
Chairman

Pål Tajet

Elisabeth Krokeide

Torstein A. Opdahl

Martin Fauchald

Gunde Haglund

Elisabeth Bjøre

Hans Rindal  
President and CEO



Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2009	2008	2007	2009	2008	2007
<b>CASH FLOW FROM OPERATIONS</b>							
Operating result before tax		58.2	107.4	972.2	27.2	40.1	274.5
Payable tax in financial period	6	-44.0	-224.5	-67.2	-16.4	-67.0	-25.3
Write-down of long-term receivables		0.0	4.0	0.1	0.0	4.0	0.1
Ordinary depreciation	14, 16	202.5	199.2	177.0	8.2	9.7	9.9
Write-down of shares in subsidiaries		0.0	1.0	5.0	0.0	0.0	17.4
Gain/loss from the sale of fixed assets		-11.2	-2.4	-7.8	0.0	-4.5	0.0
Correction - group items		0.0	0.0	11.7	0.0	0.0	0.0
Pension costs, provided for but not paid / pension funds, taken to income but not paid in	17	13.0	7.7	7.6	6.7	5.7	5.7
Income from associates	20	1.7	2.2	-0.1	0.0	0.0	0.0
Changes in current assets excl. liquid funds and deposits		336.4	134.9	-396.4	9.0	-7.2	3.9
Changes in current liabilities excl. loans		-115.5	-15.0	311.6	-10.6	5.9	0.7
<b>Net cash flow from operations</b>		<b>441.1</b>	<b>214.5</b>	<b>1 013.7</b>	<b>24.1</b>	<b>-13.3</b>	<b>286.9</b>
<b>CASH FLOW FROM INVESTMENTS</b>							
Investments in fixed assets excl. acquisitions	15	-222.2	-345.9	-292.4	-22.6	-14.0	-3.0
Net cash expenditure for purchase of subsidiaries		0.0	0.0	-51.7	-7.6	0.0	-35.3
Sale of fixed assets	15	14.4	12.2	25.2	0.0	5.0	0.0
Long-term investments, financial		-4.0	1.2	14.9	255.5	-81.4	197.2
Short-term lending		0.0	0.0	0.0	88.9	264.6	264.6
<b>Cash flow from investments</b>		<b>-211.8</b>	<b>-332.5</b>	<b>-304.0</b>	<b>314.2</b>	<b>174.2</b>	<b>-104.8</b>
<b>CASH FLOW FROM FINANCING</b>							
Changes in short-term liabilities and overdrafts		8.4	-44.5	-244.8	-138.0	-282.5	248.6
Liquid share of income from associates		2.0	0.0	0.1	0.0	0.0	0.0
Paid equity (minority)		0.0	2.0	0.0	0.0	0.0	0.0
Changes in long-term debt		-199.0	449.4	-341.7	-200.3	458.2	-333.7
Payment of dividends		0.0	-336.8	-97.2	0.0	-336.8	-97.2
<b>Net cash flow from financing</b>		<b>-188.6</b>	<b>70.1</b>	<b>-683.6</b>	<b>-338.3</b>	<b>-161.1</b>	<b>-182.3</b>
<b>LIQUID FUNDS</b>							
Net change in liquid funds during the year		40.7	-47.9	26.1	0.0	-0.2	0.0
Liquid funds at 1 January		29.8	77.7	51.6	0.0	0.2	0.2
<b>Liquid funds at 31 December</b>	10	<b>70.5</b>	<b>29.8</b>	<b>77.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
<b>AVAILABLE LIQUID FUNDS</b>							
Liquid funds at 31 December		70.5	29.8	77.7			
Unutilised credit facilities at 31 December		918.0	754.9	1 160.6			
Restricted deposits		0.0	2.7	3.5			
<b>Available liquid funds at 31 December</b>		<b>988.5</b>	<b>782.0</b>	<b>1 234.8</b>			
<b>Additional information in connection with acquisition/sale of subsidiaries</b>							
Fixed assets		0.0	0.0	31.1			
Current assets		0.0	0.0	47.0			
Liquid funds		0.0	0.0	27.6			
<b>Total assets</b>		<b>0.0</b>	<b>0.0</b>	<b>105.7</b>			
Total equity		0.0	0.0	0.0			
Interest-bearing debt		0.0	0.0	64.8			
Non interest-bearing debt		0.0	0.0	40.9			
<b>Total equity and liabilities</b>		<b>0.0</b>	<b>0.0</b>	<b>105.7</b>			

2009: No acquisition or sale.

2008: No acquisition or sale.

2007: Acquisition of Trysil Skog AS, SB Sågbränslé AB, Vänerbränslé AB, Finnforest Plyfa Holding AB and Finnforest Sverige AB.

## 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 per cent of the shares or by agreement has the controlling influence in the company. Investments in companies where the Group owns between 20 and 50 per cent 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 as at 31 December, and the results from the date of purchase until 31 December are entered in the profit and loss account. For subsidiaries sold in the course of the year, transactions from 1 January until the date 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 or less 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. Deferred tax asset is calculated based on gross less value and entered as an asset. Excess value which cannot be ascribed to assets is entered in the Group balance sheet as goodwill and depreciated over a 5 to 10-year period. In connection with acquisitions, revised estimates of company assets at the time of the acquisition and dispositions to cover restructuring costs may influence consolidated financial goodwill. Based on the new information about the assets in the acquired companies, the acquisition costs and goodwill may be revised in the first full accounting year after the acquisition takes place.

**Conversion of foreign subsidiaries**

The annual statement of accounts for foreign subsidiaries is, with regard to the items on the balance sheet, converted to NOK at year-end exchange rates. All items in the profit and loss accounts are converted to NOK at average rates of exchange for the accounting year. The difference which arises in connection with consolidation is entered in the Group balance sheet under unrestricted equity.

**Shares and participating interest in associated companies**

Associated public companies, in which the Group does not have a controlling interest, but still has considerable influence and a significant ownership share (20-50 per cent), are valued in the Group accounts in accordance with the equity method of accounting. The Group's share of the company's results after taxes (and depreciation on paid excess value), is listed as "Income from associates". In the Group's balance, shares in associated companies are listed at cost price, including any accumulated share of the results. Any share of the results must be subtracted from any dividends received. On the balance sheet of the holding company, the shareholdings are listed according to the cost method of accounting. When depreciating in accordance with the requirements of the

Norwegian Companies Act, the value of the share is listed as the shareholder's share of the associated company's value. The ownership interest in general partnerships in which the Group has significant influence is listed in accordance with the equity method of accounting. The net result is shown on a separate line in the profit and loss statement. The net amount of the share of the companies' assets and liabilities is shown in the balance.

**Jointly controlled companies**

For companies that are jointly controlled and owned, the straight line method of accounting is applied, with the inclusion of the Group's proportional share of the company's profit/loss and balance lines.

**Minority interests**

Minority interests are listed in the Group's balance sheet as the foreign ownership interests' share of book value equity in the relevant subsidiary. In the results for the Group, a reduction or addition is made corresponding to the minority interest's share of the result after taxes for the company.

**Elimination of internal transactions**

Unrealised profits in the companies' inventories relating to intra-group deliveries are eliminated from the Group's inventories and operating profit. Profits in connection with sales of fixed assets 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 tax charge 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 Group's companies.

**Sub-groups**

Moelven does not produce consolidated financial statements for the sub-groups. The Moelven Group is divided into divisions which do not follow the legal 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 closing of the accounts. Other assets and long-term liabilities are classified as fixed assets and long-term liabilities respectively. The first year's payment on long-term financing is treated as a long-term loan.

**Accounts receivable**

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

**Assets and liabilities in foreign currencies**

Monetary items nominated in foreign currencies are translated at the exchange rate quoted on the balance sheet date. Exchange rate gains/losses in connection with the circulation of goods are entered as cost of goods sold or operating revenues. Other exchange rate gains/losses are entered as financial items. An exception is made from the balance sheet date rate principle in connection with currency hedging. Other posts in foreign currencies are calculated according to the lowest/highest rate at the time of acquisition and rate at 31 December. Accounts receivables and payables secured by forward exchange rate contracts are converted at the forward rate at 31 December.

**Off-balance sheet financial instruments**

The underlying intentions of the financial agreements entered into governs how they are treated for accounting purposes.

### Hedging – foreign currency

As a rule, the Group usually finances the acquisition of assets with debt in the same currency. Payments in and out in connection with the purchase and sale in foreign currencies is usually hedged through futures contracts. Foreign currency gains or losses in connection with this type of hedging is reported together with the objects the agreement intends to protect, such as sales income or purchase costs.

Costs relating to hedging against foreign currency fluctuations in relation to loan transactions are reported as financial items.

### Hedging – interest

Any gains or losses as a result of premature termination of long-term, fixed-rate loans are reported as financial items. The main part of the Group's debt is valued with a margin against a basic, defined interest rate. Parts of this are hedged with swap agreements. Currency exchange swaps are also used in order to reduce the interest rate spread among the group account systems. Payments in and out in connection with this type of hedging are reported together with the items the agreement intends to protect, i.e. financial costs.

### Inventories

Inventories of raw materials and goods for resale (commodities) are valued at the lower value of the acquisition cost and net actual value. The 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 at the expected sales value if this is lower than the full cost of manufacture. In addition to the cost of the acquisition of the raw materials and purchased goods, other direct or indirect production costs, plus a proportion of the fixed costs associated with the production process, are included in the full cost of manufacture.

### Projects

Contracted projects are entered as a net amount in the balance sheet. This involves reducing gross project balances by advance payment in connection with contracts. Major construction contracts are entered into the accounts in line with the issuance of periodic partial invoices, so that the income is entered into the accounts in step with the completion of the project. Projects with a long-term completion schedule are estimated at the full production cost plus a share of profit based on the degree of completion. The degree of completion is based on the accrued expenses in relation to the calculated total costs. Expected loss on contracts is fully charged in the accounts.

### Shares in other companies

Shares in other companies at 31 December are assessed individually. Gains/losses in connection with sales or write-downs of shareholdings are dealt with as operating revenues/operating costs.

### Pension funds, pension commitments and pension costs Norwegian companies in the Group

All Norwegian companies have contribution-based pension schemes, which have a savings part and a risk part featuring earnings benefits. The pension premium is expensed continuously. Future commitments linked to the risk part are accounted for in the post for Pension commitments.

As of 01.01.2005, a collective contribution-based pension was established, with optional participation for members of the Group's existing collective benefit pension schemes. Benefit schemes continue to run as closed shemes, not accepting new members. All new employees must participate in the Group's collective contribution-based pension scheme.

The closed schemes involve pension plans in which the employees earn rights to defined future pension benefits. The benefits are based on the number

of earning years and wage level at the time of re-tirement. Pension schemes are treated in the accounts in accordance with NRS 6 (Norwegian Accounting Standard) for pension expenses. Commitments based on benefit schemes are periodically assigned. Overall commitments are reduced by the value of the total pension funds plus the discounted value of uninsured pension commitments. Commitments for defined pension agreements become part of the equation. For some pension contracts, pension funds are larger than pension commitments. Premium financing is posted as «Net pension funds» under financial investments in the balance sheet. Premium financing is applied based on the Group's composition and alternative uses of pension funds.

Included in the year's pension expenses is the current value of the year's pension earnings, incurred interest costs of pension commitments minus the anticipated return on pension funds. Pension expenses are treated as operating expenses in the accounting post "Wages".

### Foreign companies in the Group

Many of the Group's foreign companies provide pension plans for their employees based on defined individual contribution-based pension schemes.

In Sweden, most employees participate in a collective service pension agreement. The scheme is defined as a multi-employer plan. Employees born before 1979 participate in a "ITP"-agreement (Individual Service Pension) defined as a benefit scheme. Due to the difficulty in reliably measuring the benefit level and thus not having sufficient information such plans are not included in the accounts as benefit schemes. The schemes are entered into the accounts as contribution-based schemes (in accordance with sound accounting practices). Employees born after 1979 participate in a "ITP"-agreement defined as contribution-based and thus included so in the accounts.

### Research and development expenses

All expenses in connection with market surveys, market developments and development of new products are entered in the accounts as costs as they arise.

### Investments in environment

Expenses in connection with efforts to improve the interior or exterior environment are entered in the accounts as costs as they arise, unless the efforts lead to an increase in capacity, productivity or economic lifespan.

### State operating/investment subsidies

Inclusion of operating subsidies in revenue follows the basic revenue/cost posting principles. Received operating subsidies are posted against the cost and revenue items to which the subsidy relates and are treated as a cost reduction in cases where the subsidy is ear-marked for certain operating costs.

Investment subsidies are treated according to the gross principle and entered as operating revenues. Posting occurs in line with depreciation on the object of investment.

### Fixed assets/depreciation

Fixed assets are entered in the balance sheet at the original purchase price with deductions for accumulated ordinary depreciation. Ordinary depreciation is undertaken in accordance with a fixed depreciation schedule, and is reckoned linearly over the lifetime of the assets. Gains/losses in connection with sales of fixed assets are treated as ordinary operating revenues/costs.

### Maintenance costs

Costs in connection with normal maintenance and repairs of production equipment and other fixed assets are entered as costs as they arise. Upgrading and replacements of fixed assets are considered to be investments and capitalised.

### Leasing

A difference is made between financial and operational leasing, based on a concrete assessment of the individual leasing agreement. In operational leasing, the leasing fees are entered directly as costs. Leased fixed assets, on the other hand, are capitalised and depreciated as ordinary fixed assets over the lifetime of the asset. Future payment commitments are classified as interest-bearing debt, with a contractual split between the leasing fee as part financial cost and part instalment on debt.

### Deferred tax

Provisions for deferred tax is carried out according to the liability method without discounting. Calculated deferred tax based on temporary differences between tax return accounts and the general statement of accounts is offset against future tax benefits generated by deferrable losses on the tax return. This means that any posted deferred tax gain/liability is a net amount. There are, however, certain limitations on offsetting these amounts. For example, one may not do so for temporary differences that cannot be offset within the same time period.

### EXCHANGE RATES

Consolidation currencies quoted against the Norwegian krone (NOK):

	2009	2008	2007
<b>Swedish kroner (SEK)</b>			
Average rate	0.8222	0.8547	0.8668
End of year rate	0.8099	0.9042	0.8455
<b>Danish krone (DKK)</b>			
Average rate	1.1723	1.1029	1.0762
End of year rate	1.1173	1.3238	1.0675
<b>Euro (EUR)</b>			
Average rate	8.7295	8.2226	8.0184
End of year rate	8.3150	9.8650	7.9610
<b>Pound sterling (GBP)</b>			
Average rate	9.806	10.327	11.723
End of year rate	9.317	10.121	10.810

Average rate used for translation of profit and loss account.

End of year rate used for translation of balance sheet.



## 1 ACQUISITION AND SALE OF BUSINESSES

### THE GROUP

#### Events in 2009

- No acquisitions or sales of businesses took place in 2009.
- Comprehensive measures were implemented in Moelven companies in 2009 in order to adapt operations to the market situation ensuing from the international financial crisis. Downsizing efforts resulted in terminations and temporary lay-offs at the start of the year. Some departments were even closed and their operations taken over by other divisions. As a result of these necessary measures, Moelven now has 293 fewer employees at the end of 2009 than at the start of the year. Provisions were made in the 2008 accounts for costs involved in winding-down business activities, and the downsizing efforts have been carried out according to plans both in terms of costs and reduction in production output.
- Moelven Elektro AB was established with head office in Stockholm. The company has seven employees and will offer installation and maintenance of electrical systems, to begin with through contracts from Moelven Elektro AS in Norway.

#### Events in 2008

- Moelven Wood AS and MjøseCon AS (entrepreneur-owned) established Moelven Iso3 AS. Moelven's share of the company is 65 percent (NOK 2.6 million). Iso3 is an insulated wooden beam that fulfils new building code requirements for insulation, but allows for reduced wall size and thereby lower cost compared to comparable products. The project is in a technical and marketing test phase which will be critical for the decision of whether to start manufacturing the product in the summer 2009.

#### Internal transactions:

- Moelven Elektro AS was merged with the subsidiary Mesna Installasjon AS.

#### Events in 2007

- Moelven Industrier ASA acquired as of 1 November 2007 all the shares in Trysil Skog AS based in Innbygda, Trysil. The company is a combi-facility featuring both sawmill and planing mill capacities. In 2006 turnover was NOK 130 millions with 59 employees. The company had a name change to Moelven Trysil AS and will be a part of Moelven Wood division. The competition authorities have approved the transaction.
- Moelven Industrier AB acquired as of 1 October 2007 all the shares in FF Plyfa Holding AB which is 100% owner of company Finnforest Sverige AB. The company's purpose is to be the owner of a warehouse in Malmö housing board products for Wood division. The company, having no employees, had their names changed to Moelven Malmö Holding AB and Moelven Malmö AB.
- Moelven Industrier AB exercised their option to purchase shares in SB Sågbränsle AB and the Group now owns 77.8% of the company. SB Sågbränsle AB owns 100% of the shares in Vänerbränsle AB, a company providing by-products in the form of raw materials for other industries. In 2006 turnover was SEK 160 millions with 4 employees. Approx. 80% of the company's turnover is based on by-products from Moelven mills. The company is based in Kristinehamn. SB Sågbränsle AB/Vänerbränsle AB has been taken into the group accounts starting 1 Januar 2007.

## 2 OPERATING REVENUES

### THE GROUP

In "Group operating revenues", deliveries and services between group companies totalling NOK 3 253 millions (NOK 4 027 millions in 2008) have been eliminated.

#### MOELVEN INDUSTRIER ASA

Amounts in NOK millions	2009	2008	2007
Net gain from sale of fixed assets	0.0	4.5	4.5
Net gain from sale of shares	0.0	0.0	0.3
Subsidiaries' share of joint expenses	18.4	20.0	21.5
IT-services	29.6	29.0	28.1
Income from rentals – external	0.6	1.2	1.3
Income from rentals – internal	3.3	5.3	5.2
Other	11.1	11.4	11.2
<b>Total other operating revenues</b>	<b>63.0</b>	<b>71.4</b>	<b>67.6</b>

## 3 DIVISIONS

### 3.1 – Main figures for Group and divisions

#### Criteria for divisions

The divisions are based on Moelven's three core areas: Timber, Wood and Building Systems. The divisions are built around independent subsidiaries with clearly defined activities within their chosen fields. All transactions between the divisions take place on normal business terms. The divisions does not follow the formal legal ownership structure.

Key figures	Group			Timber			Wood			Building Systems		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Operating revenues	6 247.8	7 657.7	7 944.0	2 166.8	2 472.4	3 136.4	2 227.4	2 634.0	2 914.6	1 933.0	2 748.0	2 382.8
Depreciation and write-downs	202.5	199.2	177.0	87.1	84.6	72.2	72.9	67.4	61.1	33.7	35.2	31.5
Operating profit	91.1	144.7	989.6	12.7	-143.3	544.4	43.2	80.3	324.4	61.4	235.1	159.3
Financial items	-32.9	-37.3	-17.4	-11.1	-13.1	0.3	-20.4	-17.1	-7.6	3.3	14.7	10.7
Operating result before tax	58.2	107.4	972.2	1.6	-156.4	544.7	7.7	63.2	316.8	64.7	249.8	170.0
Gross operating margin	1.5	1.9	12.5	0.6	-5.8	17.4	1.6	3.0	11.1	3.2	8.6	6.7
Cash flow from operations	293.6	343.9	1 166.6	99.8	-58.7	616.6	116.1	147.7	385.5	95.1	270.3	190.8
Total capital	3 239.9	3 589.8	3 604.2	1 306.4	1 572.8	1 788.5	1 497.8	1 563.5	1 685.3	953.9	1 108.6	1 041.7
Interest bearing debt	438.8	629.7	231.7	284.7	463.8	212.6	384.5	410.7	351.0	34.9	18.2	37.8
Interest free debt	1 152.4	1 263.4	1 802.8	309.9	389.6	763.7	456.4	480.4	673.8	440.7	580.4	579.8
Equity ratio (%)	50.9	47.3	43.6	52.5	45.7	44.4	43.9	43.0	39.2	50.1	55.0	40.7
Investments	222	346	292	86	175	130	80	109	106	31	46	54
Number of manyears	2 741	3 120	3 253	633	763	827	761	836	874	1 263	1 437	1 466

### 3.2 – Distribution of operating revenues by geographical markets

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Scandinavia	5 180	6 487	6 626	1 210	1 433	1 984	2 129	2 539	2 808	1 921	2 711	2 324
Euro-countries	558	605	678	497	545	609	56	56	64	5	4	5
Rest of Europe	230	309	393	190	244	296	32	32	43	7	33	54
Japan	44	49	117	42	48	117	2	1	0	0	0	0
Rest of the world	236	208	130	228	202	130	8	6	0	0	0	0
<b>Total</b>	<b>6 248</b>	<b>7 658</b>	<b>7 944</b>	<b>2 167</b>	<b>2 472</b>	<b>3 136</b>	<b>2 227</b>	<b>2 634</b>	<b>2 915</b>	<b>1 933</b>	<b>2 748</b>	<b>2 383</b>

### 3.3 – Distribution of operating revenues by producing country

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Norway	3 013	3 906	3 977	512	678	923	1 368	1 670	1 827	1 307	1 704	1 430
Sweden	3 235	3 752	3 968	1 655	1 794	2 213	859	964	1 088	626	1 044	953
<b>Total</b>	<b>6 248</b>	<b>7 658</b>	<b>7 944</b>	<b>2 167</b>	<b>2 472</b>	<b>3 136</b>	<b>2 227</b>	<b>2 634</b>	<b>2 915</b>	<b>1 933</b>	<b>2 748</b>	<b>2 383</b>

### 3.4 – No. of employees per division

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Norway	1 686	1 756	1 802	204	252	279	563	582	623	870	871	846
Sweden	1 259	1 492	1 590	453	544	587	257	271	274	502	638	692
Denmark	36	27	25				36	27	25			
Other countries	11	10	8	4	7	3				7	3	5
<b>Total</b>	<b>2 992</b>	<b>3 285</b>	<b>3 425</b>	<b>661</b>	<b>803</b>	<b>869</b>	<b>856</b>	<b>880</b>	<b>922</b>	<b>1 379</b>	<b>1 512</b>	<b>1 543</b>

There were 96 employees in Other businesses at the end of 2009 (49 in Norway and 47 in Sweden). This business area consists of the parent company Moelven Industrier ASA, timber suppliers and bioenergy and joint Group services, such as R&D, finances, insurance, IT, PR and human resources.

### 3.5 – Distribution of accounts receivables and stock by divisions

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Stocks	898.6	1 174.4	1 301.9	275.0	414.4	490.3	491.5	599.2	669.4	108.6	131.2	129.3
Accounts receivables	732.5	771.9	796.0	230.2	255.1	286.7	257.2	256.4	206.8	272.6	304.3	322.4
<b>Gross operating capital</b>	<b>1 631.1</b>	<b>1 946.3</b>	<b>2 097.9</b>	<b>505.2</b>	<b>669.5</b>	<b>777.0</b>	<b>748.7</b>	<b>855.6</b>	<b>876.2</b>	<b>381.2</b>	<b>435.5</b>	<b>451.7</b>
<b>As per cent of operating revenues</b>	<b>26 %</b>	<b>25 %</b>	<b>26 %</b>	<b>23 %</b>	<b>27 %</b>	<b>25 %</b>	<b>34 %</b>	<b>32 %</b>	<b>30 %</b>	<b>20 %</b>	<b>16 %</b>	<b>19 %</b>
Trade creditors	350.6	393.9	476.5	130.3	152.4	187.1	153.9	158.1	179.5	90.8	95.5	140.1
<b>Net operating capital</b>	<b>1 280.5</b>	<b>1 552.3</b>	<b>1 621.4</b>	<b>374.9</b>	<b>517.1</b>	<b>589.9</b>	<b>594.8</b>	<b>697.5</b>	<b>696.7</b>	<b>290.4</b>	<b>340.0</b>	<b>311.6</b>
<b>As per cent of operating revenues</b>	<b>20 %</b>	<b>20 %</b>	<b>20 %</b>	<b>17 %</b>	<b>21 %</b>	<b>19 %</b>	<b>27 %</b>	<b>26 %</b>	<b>24 %</b>	<b>15 %</b>	<b>12 %</b>	<b>13 %</b>

### 4 COST OF GOODS SOLD

Amounts in NOK millions	The Group		
	2009	2008	2007
Purchase of raw materials, semi-finished goods for resale and services, handelsvaror och tjänster	3 324.2	4 333.1	4 621.0
Transport costs of goods sold	365.8	388.3	382.8
Changes in stocks of raw materials and purchases	110.1	201.3	-130.2
<b>Cost of goods sold</b>	<b>3 800.1</b>	<b>4 922.7</b>	<b>4 873.6</b>

### 5 STOCK AND PROJECTS

Amounts in NOK millions	The Group		
	2009	2008	2007
Raw materials and purchased semi-finished goods	309.8	426.5	510.6
Work in progress	128.4	148.2	168.1
Finished goods	458.0	599.1	621.9
Projects <sup>1</sup>	0.0	0.0	0.0
Prepayments to suppliers	2.4	0.6	1.3
<b>Total stocks</b>	<b>898.6</b>	<b>1 174.4</b>	<b>1 301.9</b>
Holdings assessed at acquisition cost	636.9	867.6	1 301.9
Holdings assessed at actual value	261.7	306.8	0.0
<b>Total goods and project holdings</b>	<b>898.6</b>	<b>1 174.4</b>	<b>1 301.9</b>
<b>Specification of projects</b>			
Own projects 31 December	0.0	0.0	0.0
Contracts at 31 December	157.2	1 078.8	953.1
Payments on account/part invoiced	-199.7	-1 097.3	-989.5
<b>Total projects – net</b>	<b>-42.5</b>	<b>-18.5</b>	<b>-36.4</b>

1. The project holding of minus NOK 42.5 million represents the net value of incurred but not posted costs and earned but not invoiced income from projects. The figure is included in the balance sheet's "Other short-term debt".

### 6 TAXATION

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
<b>Operating result before tax</b>	<b>58.2</b>	<b>107.4</b>	<b>972.2</b>	<b>27.2</b>	<b>40.1</b>	<b>274.5</b>
Nominal tax in Norway 28 per cent	16.2	30.1	272.2	7.6	11.2	76.9
Net tax effect of tax exempt items	0.0	0.0	0.0	-8.4	0.0	-16.2
Tax effect of differences not affecting tax payable	1.8	4.3	4.8	0.2	0.2	3.1
Other corrections	0.0	-8.2	-0.2	0.0	0.0	0.0
<b>Tax</b>	<b>18.0</b>	<b>26.2</b>	<b>276.8</b>	<b>-0.6</b>	<b>11.4</b>	<b>63.8</b>
<b>Ordinary result</b>	<b>40.2</b>	<b>81.2</b>	<b>695.4</b>	<b>27.8</b>	<b>28.7</b>	<b>210.7</b>
Tax %	30.9 %	24.4 %	28.5 %	-2.1 %	28.5 %	23.2 %
<b>Taxes consist of payable taxes in</b>						
Norway	0.0	42.0	117.7	0.0	16.4	67.0
Sweden	0.1	1.2	104.9			
Denmark and other countries	0.1	0.8	1.9			
<b>Total taxes payable</b>	<b>0.2</b>	<b>44.0</b>	<b>224.5</b>	<b>0.0</b>	<b>16.4</b>	<b>67.0</b>
<b>Changes in deferred tax</b>	<b>17.8</b>	<b>-17.8</b>	<b>52.3</b>	<b>-0.6</b>	<b>-5.0</b>	<b>-3.2</b>
<b>Total taxes</b>	<b>18.0</b>	<b>26.2</b>	<b>276.8</b>	<b>-0.6</b>	<b>11.4</b>	<b>63.8</b>

### 7 TAX EFFECT OF TEMPORARY DIFFERENCES BETWEEN ACCOUNTING AND TAX-RELATED BALANCES

#### 7.1 – Deferred tax

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
<b>Temporary differences</b>						
Provision for receivables	-1.8	-3.2	-2.0	-0.1	-2.1	-1.0
Provision for stocks	7.6	5.2	7.7			
Cost provisions according to generally accepted accounting principles	-7.3	-10.7	-8.6	-2.2	-3.5	-3.5
Other short-term items	36.8	29.7	26.5			
<b>Subtotal short-term items</b>	<b>35.3</b>	<b>21.0</b>	<b>23.6</b>	<b>-2.3</b>	<b>-5.6</b>	<b>-4.5</b>
Accumulated excess tax depreciation	52.9	40.8	44.3	-2.2	-1.1	1.7
Gain/loss account	2.9	3.9	3.9	1.7	2.8	2.1
Pension funds	8.9	10.6	9.4	5.8	6.9	7.7
Pension liabilities	-28.5	-26.6	-23.8	-8.4	-7.8	-6.9
Other long-term items	30.8	36.3	37.1	0.0	0.0	0.0
<b>Subtotal long-term items</b>	<b>67.0</b>	<b>65.0</b>	<b>70.9</b>	<b>-3.1</b>	<b>0.8</b>	<b>4.6</b>
Accommodated tax carry-forwards	-4.8	-3.4	0.0			
<b>Tax reducing differences (-), tax increasing differences (+)</b>	<b>97.5</b>	<b>82.6</b>	<b>94.5</b>	<b>-5.4</b>	<b>-4.8</b>	<b>0.1</b>
<b>Deferred tax liability</b>	<b>97.5</b>	<b>82.6</b>	<b>94.5</b>	<b>-5.4</b>	<b>-4.8</b>	<b>0.1</b>

The tax effect is calculated based on a 28 percent nominal tax rate in Norway and 26.3 percent in Sweden.



## 7.2 – Deferred tax benefit from deficits carried forward

Amounts in NOK millions	The Group		
	2009	2008	2007
Norway	6.0	0.0	0.0
Sweden	0.0	0.0	0.0
Denmark and others	1.3	0.0	0.0
<b>Deferred tax benefit from deficits carried forward</b>	<b>7.3</b>	<b>0.0</b>	<b>0.0</b>

## 8 RECEIVABLES

### 8.1 – Short-term items

#### THE GROUP

Amounts in NOK millions	2009	2008	2007
<b>Accounts receivables</b>			
Accounts receivables, gross	736.9	776.7	798.7
Provision against losses	-4.4	-4.8	-2.7
<b>Accounts receivables, net</b>	<b>732.5</b>	<b>771.9</b>	<b>796.0</b>
This year's recorded losses	2.8	2.5	1.3
Changes in provision for loss	0.4	-2.1	1.0
<b>Losses on accounts receivables</b>	<b>2.4</b>	<b>4.6</b>	<b>0.3</b>
<b>Other debtors</b>			
VAT receivables	61.6	66.0	76.7
Other receivables	81.5	98.4	71.0
<b>Total other debtors</b>	<b>143.1</b>	<b>164.4</b>	<b>147.7</b>

Other receivables consists of other accruals, pre-payments and items relating to operations. A large share of the Group's receivables from customers are insured via a credit insurance policy.

### 8.2 – Long term items

#### MOELVEN INDUSTRIER ASA

Long-term receivables amounting to NOK 4.0 million at 31.12.2007 refers to an unsecured loan granted to SIVA Moelv Næringspark AS in which Moelven Industrier ASA had a 40 percent ownership interest. The loan was written down to NOK 1 in 2008. In 2009, the ownership share was sold to SIVA Eiendom Holding AS with a transfer of the loan for the amount of NOK 1.

## 9 OTHER LIABILITIES

### 9.1 – Short-term liabilities

#### THE GROUP

Other short-term debt totalling NOK 402.5 million (459.6 in 2008) consists primarily of accruals and provisions relating to operations in the Group's companies; included in this figure are incurred holiday allowance of NOK 111.4 million (130.2 in 2008) and bonus provisions of NOK 63.4 million (65.1 in 2008).

In addition, NOK 42.5 million (18.5 in 2008) is included as net value of incurred, but not posted expenses, and earned, but not yet invoiced, income from projects.

#### MOELVEN INDUSTRIER ASA

This post consists in large part of accrued expenses.

### 9.2 – Long-term liabilities

#### THE GROUP

The figure for other long-term liabilities is NOK 11.3 million (11.1 in 2008) and includes NOK 6.0 million (6.0 in 2008) for a loan from minority shareholders of Moelven Telemarksbruket AS, NOK 4.0 millions (4.4 in 2008) in public subsidies and NOK 1.3 millions (0.7 in 2008) in other items.

Other provisions for commitments totals NOK 18.0 million (23.2 in 2008) and includes guarantee and service commitments totalling NOK 8.7 million (8.7 in 2008), environmental provisions amounting to NOK 5.5 million (5.7 in 2008) and NOK 3.8 millions (8.8 in 2008) in other provisions.

## 10 LIQUID HOLDINGS AND DEBT

### 10.1 – Interest-bearing receivables and debt

Amounts in NOK millions	Average interest rate 2009	The Group			Moelven Industrier ASA		
		2009	2008	2007	2009	2008	2007
Restricted bank deposits		0.0	2.7	3.5	0.0	0.0	0.0
Other bank deposits		70.5	27.1	74.2	0.0	0.0	0.2
<b>Total bank deposits/receivables</b>		<b>70.5</b>	<b>29.8</b>	<b>77.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
Bank overdraft and other short term interest bearing debt		10.4	2.0	46.6	462.0	573.0	841.0
<b>Long-term interest-bearing debt</b>							
NOK	5.54 %	41.0	38.9	51.5	5.19 %	5.0	5.0
SEK	4.34 %	387.5	568.9	133.7	4.35 %	384.7	565.1
DKK	3.96 %	0.0	19.9	0.0	3.96 %	0.0	19.9
EUR			0.0	0.0			
<b>Total long-term interest-bearing debt</b>		<b>428.5</b>	<b>627.7</b>	<b>185.2</b>	<b>389.7</b>	<b>590.0</b>	<b>131.8</b>
<b>Net interest-bearing debt</b>		<b>368.4</b>	<b>599.9</b>	<b>154.0</b>	<b>851.7</b>	<b>1 163.0</b>	<b>972.6</b>

### 10.2 – Repayment plans on long-term loans

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
<b>Long-term debt falling due within</b>						
1 year	2.5	2.6	13.8	0.0	0.0	0.0
2 years	421.4	2.1	3.1	389.7	0.0	0.0
3 years	1.6	621.7	2.5	0.0	590.0	0.0
4 years	0.4	1.3	163.8	0.0	0.0	131.8
5 years	0.4	0.0	1.8	0.0	0.0	0.0
6 years and more	2.2	0.0	0.2	0.0	0.0	0.0
<b>Total</b>	<b>428.5</b>	<b>627.7</b>	<b>185.2</b>	<b>389.7</b>	<b>590.0</b>	<b>131.8</b>

### 10.3 – Interest adjustment

Amounts in NOK millions – according to currency	The Group	
	NOK	SEK
<b>Interest adjustment for the following years</b>		
2010	0.0	0.0
2011	35.0	100.0
2012	0.0	250.0
2013	0.0	0.0
2014	0.0	25.0
2015 and later	0.0	300.0

### 10.4 – Type and credit in syndicated loan market

Amounts in NOK millions	The Group and Moelven Industrier ASA		
	2009	2008	2007
Type	1 050.0	1 050.0	1 050.0
Credit	384.7	585.0	126.8
Remaining term in months	18	30	42

The loans have been issued with a negative mortgage agreement, and with a standard paragraph relating to share capital, equity ratio and cash flow.

Amounts in NOK millions – according to currency	Moelven Industrier ASA	
	NOK	SEK
<b>Interest adjustment for the following years</b>		
2010	0.0	0.0
2011	5.0	100.0
2012	0.0	250.0
2013	0.0	0.0
2014	0.0	25.0
2015 and later	0.0	300.0

## 10.5 – Future liquid holdings

Belopp i MNOK	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
<b>Amounts in NOK millions</b>						
at 31 December	1 088.5	1 085.0	1 092.8	1 055.0	1 055.0	1 055.0
in 1 year	1 088.5	1 085.0	1 085.0	1 055.0	1 055.0	1 055.0
in 2 years	3.5	1 085.0	1 085.0	0.0	1 055.0	1 055.0
in 3 years	3.1	0.0	1 085.0	0.0	0.0	1 055.0
in 4 years	2.6	0.0	0.0	0.0	0.0	0.0
in 5 years	2.2	0.0	0.0	0.0	0.0	0.0
in 6 years or more	1.8	0.0	0.0	0.0	0.0	0.0

### Short-term financing

In addition to the available long-term drawing facilities, the Group has borrowing rights that are renewed on an annual basis. As of 31.12.2009, these rights were NOK 100 million, SEK 108.5 million, EURO 4 million, DKK 35 million and GBP 0.5 million, which amount to NOK 264.9 million in all.

As a result of normal seasonal variations, the Group's net interestbearing debt was at its highest at NOK 855.7 million in the spring. The long-term loan agreement as of 31.12.2009 is expected to cover liquidity needs the coming one and a half year.

## 11 FINANCIAL MARKET RISK

### THE GROUP

Financial assets exposed to credit or currency risks consist primarily of trade debtors and claims to financial institutions. The main part of the accounts receivables is covered by debtor insurance. An assessment has also been made of the solidity of the receivables, and provisions have been set up to account for potential losses. Historically, provisions set off for this purpose have been sufficient to cover such losses. Receivables from financial institutions primarily involve five Northern European banks. There are also currency risks involved with the trade receivables. The primary share of the Group's receivables in other currencies involves the currencies SEK, EUR, GBP, DKK, CHF, USD and JPY. The exposure to currency fluctuations is partially offset through futures contracts with duration up to eighteen months. With respect to SEK, the trade credit is larger than the receivables.

### MOELVEN INDUSTRIER ASA

Loans in foreign currency – primarily SEK – to subsidiaries represent a financial risk. Having comparable debt to financial institutions in the same currency reduces the exposure to fluctuations in currency rates. To assist the subsidiaries in connection with the assessment of risk regarding the purchase and sale of foreign exchange, and within the framework defined by the Board, specific foreign currency positions may be used for internal exchanges. The risk associated with having an offsetting liability and receivable in foreign currency is reduced by having FRA-contracts (interest swaps linked to liability and current interest rate on receivable).

## 12 GUARANTEES

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
Loan guarantees/financial guarantees	38.9	22.9	39.5	134.7	138.6	157.8
Surety and prepayment guarantees	0.0	0.0	0.0	153.5	146.6	161.1
Guarantees for employee tax deductions	0.0	0.0	0.0	36.3	36.7	35.7
<b>Total</b>	<b>38.9</b>	<b>22.9</b>	<b>39.5</b>	<b>324.5</b>	<b>321.9</b>	<b>354.6</b>

### MOELVEN INDUSTRIER ASA

The company has no restricted bank deposits.

The company's overdraft accounts are part of the Group's group account system.

The company can thus be held jointly liable for more than the company's withdrawal. The employees' tax withholdings are insured by guarantees issued by external credit institutions.

## 13 MORTGAGES – SECURED LOANS

### 13.1 – Loans with security in assets

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
Bank overdraft	0.0	0.0	0.0	0.0	0.0	0.0
Long-term loans	38.5	35.0	39.1	5.0	5.0	5.0
<b>Total</b>	<b>38.5</b>	<b>35.0</b>	<b>39.1</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

### 13.2 – Book value of pledged assets

Amounts in NOK millions	The Group		
	2009	2008	2007
Machinery and plants	48.6	41.0	30.4
Buildings	22.8	14.3	19.3
Land	3.1	3.1	5.0
Stocks	0.3	0.0	28.7
Accounts receivable	1.1	0.0	5.9
<b>Total</b>	<b>75.9</b>	<b>58.4</b>	<b>89.3</b>

## 14 INTANGIBLE ASSETS

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	Goodwill	Other immaterial assets	Total	Goodwill	Other immaterial assets	Total
Acquisition value at 1 January	21.6	6.0	27.6	0.0	6.0	6.0
Additions	0.0	1.5	1.5	0.0	1.5	1.5
Value at disposal	0.0	0.0	0.0	0.0	0.0	0.0
<b>Acquisition value at 31 December</b>	<b>21.6</b>	<b>7.5</b>	<b>29.1</b>	<b>0.0</b>	<b>7.5</b>	<b>7.5</b>
Acc. ord. depreciation at 1 January	19.7	0.3	20.0	0.0	0.3	0.3
Disposals acc. depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation current year	1.9	1.2	3.1	0.0	1.2	1.2
<b>Acc. ordinary depreciation at 31 December</b>	<b>21.6</b>	<b>1.5</b>	<b>23.1</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>
Net book value at 1 January						
<b>Net book value at 31 December</b>	<b>0.0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>	<b>6.0</b>	<b>6.0</b>
Ordinary depreciation rates in per cent	10/20%	20%		10/20%	20%	

### Goodwill

All acquisitions represent businesses within the Group's primary business areas and a 10-year depreciation period has been applied for most of the acquisitions.

In cases where goodwill is linked to the business concept and human resources, then a depreciation period of 5 years has been applied.

### Other intangible assets

In 2009, NOK 1.5 million (4.0 million in 2008 and 2.0 million in 2007) in immaterial assets has been capitalized relating to Moelven's project for a new [www.moelven.com](http://www.moelven.com).



## 15 INVESTMENTS IN AND SALE OF FIXED ASSETS

Amounts in NOK millions	The Group					
	2009		2008		2007	
	Invest.	Sale	Invest.	Sale	Invest.	Sale
Fixtures and fittings	26.7	0.4	12.9	0.3	2.1	0.0
Machinery and plants	150.6	2.5	291.8	8.2	256.0	4.6
Buildings	41.5	3.5	35.6	3.5	56.1	13.1
Land	1.9	8.0	1.6	0.2	9.3	0.0
<b>Total</b>	<b>220.7</b>	<b>14.4</b>	<b>341.9</b>	<b>12.2</b>	<b>323.5</b>	<b>17.7</b>

2009: No acquisition or sale.

2008: No acquisition or sale.

2007: Investments include additions from the acquisition of Trysil Skog AS, SB Sågbränse AB, Vänerbränse AB, Finnforest Plyfa Holding AB and Finnforest Sverige AB amounting to NOK 31.1 millions.

## 16 TANGIBLE ASSETS

### 16.1 – Book value

#### THE GROUP

Amounts in NOK millions	Land	Buildings and other property	Machines and plants	Fixtures and fittings, tools etc	Total
Acquisition value at 1 January	75.1	684.1	2 225.4	149.5	3 134.1
Transfers	0.8	15.7	-20.5	4.0	0.0
Additions	1.9	41.5	150.6	26.7	220.7
Value at disposal	2.0	1.7	9.8	0	13.5
Conversion effect of foreign currency	-1.9	-17.0	-52.8	-1.9	-73.6
<b>Acquisition value at 31 December</b>	<b>73.9</b>	<b>722.6</b>	<b>2 292.9</b>	<b>178.3</b>	<b>3 267.7</b>
Acc. ord. depreciation at 1 January	6.2	378.8	1 237.8	119.2	1 742.0
Disposals acc. depreciation	0.0	1.5	8.9	0.0	10.4
Depreciation current year	0.0	32.6	151.1	15.7	199.4
<b>Acc. ordinary depreciation at 31 December</b>	<b>6.2</b>	<b>409.9</b>	<b>1 380.0</b>	<b>134.9</b>	<b>1 931.0</b>
Net book value at 31 December 2008	68.9	305.3	987.6	30.3	1 392.1
<b>Net book value at 31 December 2009</b>	<b>67.7</b>	<b>312.7</b>	<b>912.9</b>	<b>43.4</b>	<b>1 336.7</b>
Ordinary depreciation rates in per cent	0	5-7	7-15	15-20	

Cont. note 16.1

## MOELVEN INDUSTRIER ASA

Amounts in NOK millions	Land	Buildings and other property	Machines and plants	Fixtures and fittings, tools etc.	Total
Acquisition value at 31 December 2008	3.7	35.8	3.5	75.9	118.9
Additions	0.0	0.0	0.0	21.1	21.1
Value at disposal		13.3	0.7	60.7	74.7
<b>Acquisition value at 31 December 2009</b>	<b>3.7</b>	<b>22.5</b>	<b>2.8</b>	<b>36.3</b>	<b>65.3</b>
Acc. ord. depreciation at 31 December 2008	0.0	33.1	2.6	60.4	96.1
Disposals acc. depreciation		13.3	0.7	60.7	74.7
Depreciation current year		0.1	0.4	6.6	7.1
<b>Acc. ordinary depreciation at 31 December 2009</b>	<b>0.0</b>	<b>19.9</b>	<b>2.3</b>	<b>6.3</b>	<b>28.5</b>
Net book value at 31 December 2008	3.7	2.7	0.9	15.5	22.8
<b>Net book value at 31 December 2009</b>	<b>3.7</b>	<b>2.6</b>	<b>0.5</b>	<b>30.0</b>	<b>36.8</b>
Ordinary depreciation rates in per cent	0	2.5-10	10	20	

### 16.2 – Annual operating leasing costs

#### THE GROUP

Amounts in NOK millions	Land	Buildings and other property	Machines and plants	Fixtures and fittings, tools etc.	Total
Operating leasing costs	0.0	0.0	14.1	1.6	15.7

## 17 WAGES AND PENSION COSTS/PENSION LIABILITIES

### 17.1 – Payroll expenses

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
Wages and salaries	1 029.5	1 130.3	1 058.7	25.8	26.5	24.9
Employer's national insurance contribution and social expenses	272.7	339.7	320.4	3.9	4.0	3.7
Pension costs	57.6	62.6	54.4	7.6	8.3	8.2
Other contributions/other personnell costs, incl. amount charged to subsidiaries	-	-	-	-0.8	-1.0	-0.2
<b>Total</b>	<b>1 359.8</b>	<b>1 532.6</b>	<b>1 433.5</b>	<b>36.5</b>	<b>37.8</b>	<b>36.6</b>

#### Pension schemes

The companies' benefit schemes were closed as of 01.01.2005. Benefit schemes cover approx. 60 per cent of the last salary of the person retiring at 67 years of age with a total time of earnings of 30 years. All new employees must participate in the contribution-based scheme. The contribution-based scheme has risk coverage in case of disability of approx. 60% (with policy earnings) and is a scheme that is better than the legally mandated minimum pension schemes. More than half of the Group's employees now participate in the contribution-based scheme. Pension funds and commitments in the balance sheet apply primarily to the Group's Norwegian companies.

#### Insured schemes

Pension funds are larger than pension liabilities for the company's insured schemes. The surplus is in its entirety related to stipulations in the Norwegian Tax act. Surplus is assessed to be viable as a result of the law regarding company pensions.

#### Uninsured schemes

Uninsured schemes are primarily related to contractual pensions and calculated in accordance with Norwegian Accounting Standards regarding pension costs. All uninsured pension liabilities have been included in the abovementioned calculation.

### 17.2 – Financial and actuarial assumptions

As discount rate for calculating future pension commitments, Moelven has applied the 10-year interest rate on Norwegian government bonds plus an add-on for risk. The interest rate used for the annual balance of accounts for 2009 is 5.0 per cent. The interest rate consists of an actual interest of 4.15 per cent as of 31.12.2009, plus an add-on for risk of 0.85 percentage points. The guidelines for calculating pension commitments recommend an add-on for risk of up to 1.0 percentage points.

	The Group		
	2009	2008	2007
Return on pension funds	6.00 %	6.00 %	6.00 %
Discount rate	5.00 %	5.00 %	5.00 %
Growth in annual salaries	4.00 %	4.50 %	4.50 %
Growth in the National Insurance Scheme's basic amount (G)	3.75 %	4.25 %	4.25 %
Annual adjustments of pensions being drawn	2.50 %	2.50 %	2.50 %
Expected share planning to use contractual pensions (AFP)	50 %	50 %	50 %

#### Foreign companies in Group

Many of the Group's foreign companies provide pension plans for their employees based on defined individual contribution-based pension schemes. In Sweden, most employees participate in a collective service pension agreement. The scheme is defined as a multi-employer plan. Employees born before 1979 participate in a "ITP"-agreement (Individual Service Pension) defined as a benefit scheme. Due to the difficulty in reliably measuring the benefit level and thus not having sufficient information such plans are not included in the accounts as benefit schemes. The schemes are entered into the accounts as contribution-based schemes (in accordance with sound accounting practices). Employees born after 1979 participate in a "ITP"-agreement defined as contribution-based and thus included so in the accounts.

### 17.3 – Pension costs

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
Earnings for the year	23.1	21.5	25.4	3.1	2.2	4.4
Interest cost on pension liabilities	19.5	20.5	19.1	3.2	3.2	3.3
<b>Pension costs (gross)</b>	<b>42.6</b>	<b>42.0</b>	<b>44.5</b>	<b>6.3</b>	<b>5.4</b>	<b>7.7</b>
Expected return on pension assets	-16.8	-15.7	-15.3	-2.5	-2.6	-3.0
Amortisation of transfer amounts, contribution-based pension	0.0	-3.5	-3.5	0.0	-0.6	-0.6
Changes in estimates	7.5	9.8	7.7	2.3	4.3	3.2
Administration costs	3.9	3.7	1.5	0.4	0.4	0.1
Total accrued employers' national insurance contributions in 2008 (unsecured 2007)	4.0	4.0	2.3	0.6	0.5	0.4
<b>Pension costs, defined benefit plans</b>	<b>41.2</b>	<b>40.3</b>	<b>37.2</b>	<b>7.1</b>	<b>7.4</b>	<b>7.8</b>
Pension costs, defined contribution-based plans and others	16.4	22.3	17.2	0.5	0.9	0.4
<b>Total pension costs</b>	<b>57.6</b>	<b>62.6</b>	<b>54.4</b>	<b>7.6</b>	<b>8.3</b>	<b>8.2</b>
of which pension costs for contractual pensions (AFP)	11.4	9.5	10.7	0.5	0.4	0.4

### 17.4 – Pension liabilities

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
<b>Balance at 1 January</b>						
<b>Pension liabilities (gross)</b>	<b>398.9</b>	<b>427.8</b>	<b>380.2</b>	<b>63.1</b>	<b>77.0</b>	<b>72.0</b>
Pension funds	-277.8	-268.0	-256.1	-45.4	-58.6	-57.7
Non-entered changes in schemes	0.0	0.0	6.7			
Estimated change and variance, not charged	-74.8	-112.2	-105.1	-17.5	-24.3	-25.8
All employers' national insurance contributions in 2008 (unsecured 2007)	16.7	10.6	9.0	2.8	3.0	2.7
<b>Pension liabilities (net), surplus</b>	<b>63.0</b>	<b>58.2</b>	<b>34.7</b>	<b>3.0</b>	<b>-2.9</b>	<b>-8.8</b>
<b>Balance at 31 December</b>						
Pension liabilities (gross)	410.2	398.9	427.8	63.3	63.1	77.0
Pension funds (anticipated)	-294.0	-277.8	-268.0	-42.6	-45.4	-58.6
Non-entered changes in schemes						
Estimated change and variance, not charged	-47.7	-74.8	-112.2	-12.6	-17.5	-24.3
All employers' national insurance contributions in 2008 (unsecured 2007)	9.0	16.7	10.6	1.4	2.8	3.0
<b>Pension liabilities (net), surplus</b>	<b>77.5</b>	<b>63.0</b>	<b>58.2</b>	<b>9.5</b>	<b>3.0</b>	<b>-2.9</b>
<b>Total net pension funds, permissible insured schemes</b>	<b>-33.4</b>	<b>-38.0</b>	<b>-40.1</b>	<b>-20.6</b>	<b>-24.8</b>	<b>-27.6</b>
Insured schemes not allowed to be offset by over-financed schemes	39.8	36.3	34.5	28.3	26.2	23.4
Pension liabilities, contractual pensions (AFP)	69.5	64.7	60.9	1.8	1.5	1.3
<b>Total pension liabilities</b>	<b>109.4</b>	<b>101.0</b>	<b>95.4</b>	<b>30.1</b>	<b>27.7</b>	<b>24.7</b>
The estimated variance is based on the following anticipated remaining service time of the membership mass	10 years	10 years	11 years	8 years	8 years	9 years

### 17.5 – Key figures

	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
The Group's overall pension commitments (TBO) <sup>1</sup>						
for insured schemes (NOK mill.)	369.7	433.2	418.0	52.2	54.0	58.6
No. of active persons insured schemes	773	850	847	32	36	40
No. of pensioners insured schemes	471	459	503	68	74	80
No. of persons in connection with contractual pension plans (AFP)	1 937	1 827	1 795	52	52	54

1. TBO is the current value of the likely pension commitment following from the pension schemes if the membership mass continues with the scheme through to retirement age.



**18** INVESTMENTS IN SUBSIDIARIES

Amounts in NOK 1 000	Moelven Industrier ASA					Book value at 31 Dec
	Share of ownership	Company's share capital	No. of shares	Face value		
<b>Moelven Industrier ASA owns</b>						
Moelven Timber AS	100.0 %	20 000	2 000	20 000		18 005
Moelven Van Severen AS	100.0 %	35 000	3 500	35 000		35 005
Moelven Østerdalsbruket AS	100.0 %	20 000	2 000	20 000		20 005
Moelven Väler AS	100.0 %	48 000	4 800	48 000		48 005
Moelven Soknabruket AS	100.0 %	30 000	3 000	30 000		32 511
Moelven Numedal AS	100.0 %	10 000	1 000	10 000		10 005
Moelven Løten AS	100.0 %	12 000	1 200	12 000		12 005
Moelven Telemarksbruket AS	51.0 %	10 000	510	5 100		5 490
Moelven Wood AS	100.0 %	5 500	5 500	5 500		10 000
Moelven Langmoen AS	100.0 %	18 000	1 800	18 000		35 505
Hen Næringspark AS	100.0 %	10 000	1 000	10 000		6 655
Moelven Eidsvoll AS	100.0 %	8 500	850	8 500		18 500
Moelven Treinteriør AS	100.0 %	3 500	3 500	3 500		8 482
Moelven Byggfinansiering AS	100.0 %	1 000	100	1 000		4 000
Moelven Nordia AS	100.0 %	40 000	4 000	40 000		95 000
Moelven ByggModul AS	100.0 %	31 688	158 440	31 688		85 299
Moelven Bioenergi AS	100.0 %	9 273	9 272 736	9 273		1 800
Moelven Elektro AS	100.0 %	8 000	40 000	8 000		12 000
Moelven Limtre AS	100.0 %	11 000	11 000	11 000		43 028
Moelven Industrier AB	100.0 %	SEK 197 046	19 704 581	SEK 197 046		241 406
Moelven Danmark A/S	100.0 %	DKK 5 000	50 000	DKK 5 000		12 417
Moelven U.K. Ltd	100.0 %	GBP 50	49 999	GBP 50		1
Moelven Deutschland GmbH	100.0 %	EUR 110	11	EUR 110		217
Moelven Nederland B.V.	100.0 %	EUR 36	360	EUR 36		317
Moelven Are AS	100.0 %	300	100	300		50 116
Moelven Mjøsbruket AS	100.0 %	12 000	12 000	12 000		15 990
Moelven Eidsvold Værk AS	100.0 %	32 500	32 500	32 500		35 578
Moelven Trysil AS	100.0 %	15 600	15 600	15 600		35 634
Fireguard Scandinavia AS	100.0 %	1 549	15 478 812	1 549		1 651
Moelven Wood Skandinavia AS	100.0 %	500	50	500		462
Moelven Utvikling AS	70.0 %	1 000	700	700		700
Moelven Virke AS	100.0 %	5 000	50 000	5 000		4 546
<b>Total Moelven Industrier ASA</b>						<b>900 335</b>

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Amounts in NOK 1 000	Share of ownership	Company's		No. of shares	Face value	Book value at 31 Dec
		share capital				
<b>Moelven Industrier AB owns</b>						
Moelven Notnäs AB	100.0 %	SEK 3 250		650 000	SEK 3 250	40 495
Moelven List AB	100.0 %	SEK 5 500		55 000	SEK 5 500	17 845
Moelven ByggModul AB	100.0 %	SEK 5 000		50 000	SEK 5 000	63 899
Moelven Norsälven AB	100.0 %	SEK 3 500		35 000	SEK 3 500	28 347
Moelven Ransbysågen AB	100.0 %	SEK 1 000		10 000	SEK 1 000	13 768
Moelven Värmlands Trä AB	100.0 %	SEK 3 000		3 000	SEK 3 000	26 646
Moelven Component AB	100.0 %	SEK 2 580		25 800	SEK 2 580	6 314
UJ-Trading AB	100.0 %	SEK 1 500		15 000	SEK 1 500	7 289
Skåre Kontorshotell AB	100.0 %	SEK 100		1 000	SEK 100	587
Moelven Wood AB	100.0 %	SEK 9 000		90 000	SEK 9 000	12 178
Moelven Notnäs Wood AB	100.0 %	SEK 3 800		38 000	SEK 3 800	12 472
Moelven Valåsen Wood AB	100.0 %	SEK 20 100		201 000	SEK 20 100	22 991
Moelven Valåsen AB	100.0 %	SEK 50 000		500 000	SEK 50 000	121 485
Moelven Dalaträ AB	100.0 %	SEK 20 000		200 000	SEK 20 000	44 545
Moelven Eurowand AB	100.0 %	SEK 40 000		40 000	SEK 40 000	36 931
Moelven Edanesågen AB	100.0 %	SEK 400		4 000	SEK 400	63 112
Moelven Nössemark Trä AB	100.0 %	SEK 300		3 000	SEK 300	45 533
Moelven Årjäng Såg AB	100.0 %	SEK 300		3 000	SEK 300	40 495
Moelven Tom Heurlin AB	100.0 %	SEK 1 500		15 000	SEK 1 500	16 198
Moelven Skog AB	80.0 %	SEK 5 000		400	SEK 4 000	3 240
Moelven Byggfinansiering AB	100.0 %	SEK 275		2 750	SEK 275	6 515
Moelven Töreboda AB	100.0 %	SEK 12 000		120 000	SEK 12 000	38 875
Moelven Malmö Holding AB	100.0 %	SEK 2 580		2 580	SEK 2 580	12 555
Vänerbränsle AB	77.8 %	SEK 336		2 613	SEK 261	1 958
Moelven Elektro AB	100.0 %	SEK 100		1 000	SEK 100	1 701
<b>Total Moelven Industrier AB</b>						<b>685 974</b>
<b>Moelven Nordia AS owns</b>						
Moelven Nordia Prosjekt AS	100.0 %			232	232	4 250
<b>Moelven Malmö Holding AB owns</b>						
Moelven Malmö AB	100.0 %	SEK 1 200		1 200	SEK 1 200	3 645
<b>Moelven Wood AS owns</b>						
Moelven Iso3 AS	65.0 %	NOK 3 000		1 950	NOK 1 950	2 600

## 19 INVESTMENTS IN OTHER SHARES

Amounts in NOK 1 000	Share of ownership	Company's share capital	No. of shares	Face value	Book value at 31 Dec
<b>Owned by Moelven Industrier ASA:</b>					
Tretorget AS	9.0 %	222	200	20	100
Others					8
<b>Total Moelven Industrier ASA</b>					<b>108</b>
<b>Owned by other Group companies:</b>					
Transportfelleskapet Østlandet AS	25.0 %	500	250	100	126
Transportselskapet Nord AS	12.5 %	500	125	63	64
MNAB Holding AB (Naturbränstle)	10.7 %	SEK 1 405	1 500	SEK 150	130
Stommontage AB	39.0 %	SEK 205	800	SEK 100	158
Svenskt Limträ AB	33.0 %	SEK 100	333	SEK 33	27
Combino AS <sup>1</sup>	100.0 %	100	10 000	100	165
Others					263
<b>Total others</b>					<b>933</b>
<b>Total for the Group</b>					<b>1 041</b>

1. Combino AS has not been included in the consolidation figures because the company was established by Moelven Utvikling AS for purposes of temporary majority ownership.

## 20 INVESTMENTS IN ASSOCIATED COMPANIES

### MOELVEN INDUSTRIER ASA

Amounts in NOK 1 000	Share of ownership	Company's share capital	No. of shares	Face value	Book value at 31 Dec
<b>Owned by Moelven Industrier ASA:</b>					
Weda Skog AB	50.0 %	SEK 12 000	60 000	SEK 6 000	7 638
<b>Owned by other Group companies:</b>					
Land Sag AS	30.0 %	7 707	812	812	2 995
Moelven MassivTre AS	47.2 %	21 200	10 000	10 000	0
<b>Total others</b>					<b>2 995</b>
<b>Total for the Group</b>					<b>10 633</b>

### THE GROUP

Amounts in NOK 1 000	Share of ownership	Value at 1 Dec.	Balance: Additions/Disp	Share profit	Write downs	Value at 31 Dec.
Land Sag AS	30.0 %	2 995	0			2 995
Weda Skog AB	50.0 %	7 300	0	0		7 300
Moelven MassivTre AS	47.2 %	10	4 000	-3 672		338
<b>Total for the Group</b>		<b>10 305</b>	<b>4 000</b>	<b>-3 672</b>	<b>0</b>	<b>10 633</b>

Dividends from Land Sag AS 1 950

**Income from investment in affiliated company -1 722**

## 21 MINORITY INTEREST

The Group accounts include the following companies with minority interests:

Amounts in NOK 1 000	The Group		
	2009	2008	2007
Moelven Telemarksbruket AS	49.0 %	49.0 %	49.0 %
Moelven Skog AB	20.0 %	20.0 %	20.0 %
Moelven Utvikling AS	30.0 %	30.0 %	30.0 %
Vänerbränstle AB	22.2 %	22.2 %	22.2 %
Moelven Iso3 AS	35.0 %	-	-

The companies' relative share in NOK millions of key parts of the Group's result and balance sheet:

Amounts in NOK 1 000	The Group		
	2009	2008	2007
<b>Profit and loss items</b>			
Operating revenues	135.5	157.2	166.0
Net profit for the year	-3.1	-0.8	4.1
<b>Balance sheet items</b>			
Equity	14.6	18.0	17.4
Total capital	54.4	58.4	54.0

## 22 EQUITY

### 22.1 – Changes in equity

#### THE GROUP

Amounts in NOK millions	Share capital	Share premium reserve	Own shares	Other equity	Minority interest	Total equity
<b>Balance at 1 January</b>	<b>647.7</b>	<b>180.7</b>	<b>0.0</b>	<b>850.3</b>	<b>18.0</b>	<b>1 696.7</b>
Net profit				43.3	-3.1	40.2
Exchange rate differences, etc.				-67.2	-0.3	-67.5
Allocation of net profit				-20.7		-20.7
<b>Balance at 31 December</b>	<b>647.7</b>	<b>180.7</b>	<b>0.0</b>	<b>805.7</b>	<b>14.6</b>	<b>1 648.7</b>

#### MOELVEN INDUSTRIER ASA

Amounts in NOK millions	Share capital	Share premium reserve	Own shares	Other equity	Minority interest	Total equity
<b>Balance at 1 January</b>	<b>647.7</b>	<b>180.7</b>	<b>0.0</b>	<b>143.9</b>		<b>972.3</b>
Net profit				27.8		27.8
Allocation of net profit				-20.7		-20.7
<b>Balance at 31 December</b>	<b>647.7</b>	<b>180.7</b>	<b>0.0</b>	<b>151.0</b>	<b>0.0</b>	<b>979.4</b>



## 22.2 – Share capital development since 1 January 1998

Year	Type of change	Change in share capital NOK millions	Total share capital NOK millions	Change in no. of shares	Total shares
1998	Placement for acquisition of Moelven Hako AS	5.3	362.0	1 050 783	72 395 352
	Placement for acquisition of Notnäs AB	42.5	404.5	8 500 000	80 895 352
	Placement for acquisition of Westwood AB	58.7	463.2	11 747 032	92 642 384
2000	Placement to Norske Skogindustrier ASA for acquisition of Forestia AS	132.0	595.2	26 400 000	119 042 384
2004	Placement for acquisition of Are-Gruppen	52.5	647.7	10 500 000	129 542 384

As of 31.12.09, Moelven Industrier ASA (including subsidiaries) owned a total of 1 100 shares in the company.

## 22.3 – The largest shareholders at 31 December 2009

No. of shares	129 542 384	Face value	NOK 5.-
No. of own shares	1 100	Share capital	647 711 920
No. of voting shares	129 541 284	Average no. of shares	129 541 284

Shareholder	No. of shares	Percentage of voting shares
Glommen Skog BA	Norway 32 486 396	25.08 %
Eidsiva MI2 AS	Norway 30 803 177	23.78 %
Agri MI AS	Norway 20 535 452	15.85 %
Viken Skog BA	Norway 15 378 530	11.87 %
Mjøsen Skog BA	Norway 15 221 334	11.75 %
AT Skog BA	Norway 9 442 026	7.29 %
Havass Skog BA	Norway 5 202 676	4.02 %
<b>7 largest shareholders</b>	<b>129 069 591</b>	<b>99.64 %</b>
Other 962 shareholders	471 693	0.36 %
<b>Total 969 shareholders</b>	<b>129 541 284</b>	<b>100.00 %</b>

## 22.4 – Shareholders' agreement and business dealings with owners

### Shareholders' agreement

The share capital in Moelven Industrier ASA consists of 129 542 384 shares with a face value of NOK 5, and there is only one class of shares. In all, the shares are distributed among 969 shareholders, of which the seven largest shareholders are Eidsiva Vekst AS (via the company Eidsiva MI2 AS), Felleskjøpet Agri BA (via the company Agri MI AS) and the forestry cooperatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA. The seven largest shareholders control 99.6 per cent of the shares in Moelven. A shareholder's agreement has been signed between these shareholders. Among the terms in the shareholders' agreement are terms specifying that the Group shall be run as an independent business with a long-term perspective and a continued focus on Scandinavia as the main market. The agreement also includes terms regarding composition of board, dividend policy, strategic focus areas and share transfers.

### Business dealings with owners

In some business areas the Group has commercial dealings with the owners. An example of this is in the sale of timber, in which the Norwegian forestry associations are suppliers. Deliveries of biofuel from the Moelven Group to a bioenergy facility owned by Eidsiva Energi AS is another example. The common principle for all such transactions is "an arm length's distance", meaning that in cases where other parties can offer better prices and/or terms than such suppliers shall be chosen.

Moelven has a long tradition of operating the company business in accordance with all laws and ethical guidelines common in the business community. The company's management is also of the opinion that competition is positive for all parties in the business community. In order to contribute to maintaining this culture, ethical guidelines and guidelines for compliance with Norwegian competition legislation have been developed.

## 22.5 – Shares in Moelven Industrier ASA – owned by members of the Corporate assembly, Board of Directors and Group Executive Board

Corporate assembly		Alternates	
Name	No. of shares	Name	No. of shares
Even Mengshoel (chairman)	1 266	Marit Olive Lindstad	0
Mikael Løken	0	Jens F. Naas Bibow	0
Christian Ramberg	0	Knut Aas	0
Rolf Th. Holm	0	Thorvald Grini	0
Erik Mollatt	0	Helge Evju	0
Maren Kyllingstad	0	Anne Sagstuen Nysæther	0
Thor Svegården	0	Ola Syverinsen	0
Steinar Dvergsdal	0	Terje Johansen	0
Rolf A. Ellevold*	0	Kåre Kastbakken*	0
Leif Bjarne Undem*	0	Jan Arve Sinnerud*	0
Ann-Christine Löfborg*	5	Ove Gunnarsson*	0
Lennart Perez*	0	Jörgen Weman*	0

Board of Directors		Alternates	
Name	No. of shares	Name	No. of shares
Svein E. Skorstad (chairman)	1 000	Heidi Ekrem	0
Pål Tajet	0	Per Simon Slettebø	0
Elisabeth Krokeide	0	Bjørn Egil Jørgensrud*	0
Torstein A. Opdahl	0		
Elisabeth Bjøre	0	<b>Group Executive Board</b>	
Martin Fauchald*	0	Hans Rindal (CEO)	400
Gunde Haglund*	0	Johan Padel	0
		Bjarne Hønningstad	250
		Lars Atterfors	0

\*Employee representatives

## 22.6 – Proposal regarding executive staff salary and other benefits executive staff salary and other benefits

### Background

Pursuant to Public Limited Company Act (allmennaksjeloven) §6-16a, the Board of Moelven Industrier ASA shall prepare a proposal regarding salary and other benefits to be paid to executive staff. A declaration made by the General Meeting on 21 April 2009 was used as a policy guideline for the 2009 accounting year. Similarly, a declaration that will be presented to the General Meeting on 26 April 2010 will also serve to guide policies for the 2010 accounting year.

### Employees covered by the declaration

The statement will cover Group executive staff in Moelven Industrier ASA. The term "Group executive staff" refers to the president/CEO and division managers.

### In general

Moelven shall have a salary policy and other benefits suited to recruit and retain managerial staff with solid expertise and a capacity to achieve agreed-to goals.

### Salary

Moelven's salary policy regarding executive staff is that they should have a fixed salary, which is to be adjusted on an annual basis.

### Other benefits

Executives shall enjoy other benefits such as free car, free newspapers and free telephone in such cases where such benefits will facilitate their work situation and is deemed reasonable in relation to general business practices.

### Bonuses and other variable forms of compensation

In addition to the main principle regarding a fixed salary, the Board is also interested in being able to offer other variable forms of compensation in appropriate cases. Bonuses may be used to a limited degree and in accordance with individual agreements, and shall be directly linked to the company's operating results.

### Remuneration linked to shares, etc.

Moelven does not currently practice any type of compensation linked to shares or share price developments for the company, hereunder shares, subscription rights or options. If such an arrangement is established, then it must include a large number of employees and such remuneration shall represent a minor share of the employee's fixed salary.

Cont. note 22.6

**Pension schemes**

Moelven shall have pension terms that are at the same level as the market in general in the home country. New employees must participate in the Group's contribution-based pension scheme, while current employees who are already participating in a benefit pension scheme may continue in this scheme if they so choose.

**Pay after termination of employment**

If the Board should demand immediate resignation of an executive, such employee shall be entitled to wages for a period of 18 months, minus any salary earned at a new employer during such period.

**Previous accounting year**

The policy concerning salaries to executive staff in the previous accounting year is consistent with the contents of this declaration.

The Board retains the right to deviate from these guidelines in exceptional cases as it deems necessary. If the Board deviates from these guidelines, then the reason for this deviation shall be noted in the minutes of the Board meeting addressing such a case.

**22.7 – Management benefits**

Amounts in 1000 NOK, paid in accounting year	Salaries/wages	Pension costs	Other benefits
<b>Remuneration to:</b>			
Hans Rindal, President and CEO	2 080.0	216.7	87.7
Johan Padel, Division Manager, Timber	1 706.1	161.2	148.1
Bjarne Hønningstad, Division Manager, Wood	1 264.3	102.7	115.0
Lars Atterfors, Division Manager, Building Systems	1 281.7	391.0	44.5
<b>Total</b>	<b>6 332.1</b>	<b>871.6</b>	<b>395.3</b>

The President/CEO and managing directors of Timber and Wood are entitled to 18 months of pay (minus any remuneration from new employer) after termination of their employment relationship with Moelven.

Pension costs consist of paid pension premiums both for those who have a defined-contribution pension scheme and for those who have pension rights based on earned income pursuant to an agreed-to benefit plan.

See note 22.6 – declaration of remuneration to corporate management.

**22.8 – Remuneration to board and corporate assembly**

Amounts in NOK millions, paid in accounting year	The Group		
	2009	2008	2007
Remuneration to board members	705.0	962.5	787.5
Remuneration to corporate assembly	178.3	226.7	265.0

Board chairman receives NOK 250 thousand and other board members NOK 100 thousand per year in remuneration. Deputy board members receive NOK 5 thousand per meeting.

Chairman of Corporate Assembly receives NOK 50 thousand per year in remuneration. Corporate Assembly members and deputy members receive NOK 5 thousand per meeting.

**22.9 – Remuneration to accountant**

Amounts in NOK millions, paid in accounting year	The Group			Moelven Industrier ASA		
	2009	2008	2007	2009	2008	2007
Legally mandated account audit	3.5	3.1	3.5	0.4	0.3	0.3
Other services related to certification	0.1	0.1	0.2	0.0	0.0	0.0
Tax advisory services	0.1	0.1	0.2	0.0	0.0	0.1
For services other than the account audit	0.2	0.2	0.0	0.0	0.1	0.0
<b>Total</b>	<b>3.9</b>	<b>3.5</b>	<b>3.9</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>



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To the Annual Shareholders' Meeting of Moelven Industrier ASA

**AUDITOR'S REPORT FOR 2009****Respective Responsibilities of Directors and Auditors**

We have audited the annual financial statements of the Moelven Industrier ASA as of 31 December 2009, showing a profit of MNOK 27,8 for the parent company and a profit of MNOK 40,2 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to prepare the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

**Basis of Opinion**

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2009, the results of its operations and its cash flows for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and comply with the law and regulations.

Hamar, 17 February 2010

KPMG AS

Thore Kleppen

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

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Oslo, Bodø, Ålesund, Arendal, Bergen, Elverum, Fimnes, Hamar, Grimstad, Høyanger, Kristiansund, Larvik, Molde, Rana, Mo i Rana, Mosjøen, Narvik, Røros, Sandnessjøen, Sandnessjøen, Steinkjer, Stord, Tromsø, Trondheim, Tvedestrand, Ålesund

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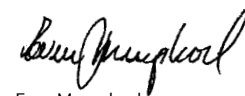
The following items were discussed at the meeting of the corporate assembly held on 10 March 2010:

- Annual report and proposed Annual Financial Statement by board and President/CEO for the 2009 accounting year for Moelven Industrier ASA and group.
- Board's proposed allocation of profit for year in Moelven Industrier ASA.
- Board's determination of remuneration to Group Executive Board.

The corporate assembly recommends that the general meeting approve the board and CEO's annual report and accounts for Moelven Industrier ASA and group in 2009, including allocation of profit for year in Moelven Industrier ASA.

The corporate assembly also recommends that the general meeting approve the board's proposal for remuneration to corporate management.

10 March 2010



Even Mengshoel

Chairman of the Corporate Assembly

Corporate governance within the Moelven Group is based on the Norwegian recommendations for corporate governance dating from October 2009.

#### Accountability

In accordance with the Norwegian Limited Liabilities Public Companies Act, the board of directors is responsible for ensuring the appropriate organisation of the business and management of the company. The Moelven Group has a decentralized organizational structure with a number of independent legal entities with their own boards, which in turn have a corresponding responsibility for the individual unit concerned.

The Group's business is based on Scandinavian values. The basic values of sustainability, reliability and seeking opportunities have become a natural part of Moelven culture. These values also serve as the basis for the ethical guidelines that are described on the company's website and in the responsibility section of the annual report.

#### Business activities

The company's articles of association state that the object of the company is production and all activity associated therewith, trade and other commercial activity, in addition to participation in other companies through share ownership or otherwise.

In the Group's strategic plan, the board states that the principal focus in future must be on improving the existing operation. The Group has passed the critical size that is necessary to be competitive, and quality must be prioritised ahead of growth.

The board of directors places emphasis on long-term, sustainable development, and no major changes have been made to the strategy in recent years. Although the economic downturn after the financial crisis will impact the Group's profitability also in 2010, the long-term strategic plan will not be altered significantly.

The company's solidity and financing are both satisfactory and provide the freedom to make decisions as the Board deems appropriate. The company's goal and main strategies are described in the company's annual report.

#### Capital and dividends

At the end of 2009, the equity in the parent company Moelven Industrier ASA NOK totalled NOK 979.4 million (972.3). For the Group overall, equity amounted to

NOK 1 648.7 million (1 696.7). This exceeds the Board's goal of 40 percent. In the Board's opinion, however, the level is appropriate when considering the uncertainty of the current financial market.

The Board has adopted a dividend policy in line with terms specified in the shareholder's agreement between the company's seven largest owners, who represent 99.6 per cent of the shares. The main principle in the company's dividend policy is to distribute an amount equivalent to 50 percent of profits after taxes, provided that the relationship to other capital sources is ensured.

As of 31.12.2009, the Board does not have the authority to increase capital or purchase company shares.

#### Equal treatment of shareholders and transactions with close associates

The share capital in Moelven Industrier ASA consists of 129 542 384 shares with a face value of NOK 5 and there is only one class of shares. The company is not publicly listed. In all the there are 960 shareholders in the company. The seven largest, Glommen Skog BA (25.1 percent), Eidsiva MI2 AS (23.8 percent), Agri MI AS (15.8 percent), Viken Skog BA (11.9 percent), Mjøsen Skog BA (11.7 percent), AT Skog BA (7.3 percent) and Havass Skog BA (4.0 percent) control 99.6 percent of the shares. The remaining 0.4 percent is owned primarily by individuals. The seven largest shareholders have signed a shareholders' agreement. This agreement states that the Group shall be managed as an independent entity with a long-term perspective and with a continued focus on Scandinavia as its principal market. The agreement also contains provisions concerning board composition, dividend policy, strategic focus areas and share transfers.

In certain areas within the Group's ordinary operation, transactions are carried out with the shareholders. Among other things, this concerns the purchase of timber, where the Norwegian forest owner cooperatives act as supplier. Deliveries of biofuel from the Moelven Group also take place to a bioenergy plant owned by Eidsiva Energi AS. Common to all these transactions is that the 'arm's length principle' must be applied. Where other suppliers are able to offer better prices and/or conditions, these suppliers will be preferred.

Moelven has a long tradition of managing its operations in accordance with all laws and

ethical guidelines within the industry, and believes that competition is positive for all parties within industry. To help maintain this culture, ethical guidelines and guidelines concerning compliance with competition legislation have been prepared for the Moelven Group.

#### Unrestricted trade

No terms in the company's by-laws restrict the sale or transference of shares to other parties. The Moelven shares are freely transferable to the extent that the individual shareholders have not accepted obligations in relation to other shareholders. However, as the company is not listed on the stock exchange and the seven largest shareholders collectively own 99.6 percent of the shares, there is little trading of the shares.

#### Annual General meeting

The notice of the general meeting, and its content and information about access to meeting documents comply with the requirements specified in the Norwegian Companies Act and General Meeting regulations. Participants in the general meeting may vote for each individual candidate to be elected by the shareholders to the corporate assembly. The employees in the Group organise elections for employee representatives to the corporate assembly separately.

The chairman of the board, the chairman of the corporate assembly and the auditor are in attendance at the general meeting. The chairman of the corporate assembly is traditionally chosen by the general meeting to chair the meetings. The procedure for participation and voting by proxy is described in the notice to the meeting. As 99.6 percent of the shares are controlled by the seven largest shareholders, it has not been necessary to appoint a person to vote on the part of the shareholders as proxy.

#### Election and remuneration committee

Every year, the corporate assembly elects an election committee consisting of two representatives from the shareholders, in addition to a remuneration committee comprising two representatives from the shareholders and one representative from the employees. The tasks of these committees are to submit recommendations to the corporate assembly and general meeting respectively concerning the election of board members

and corporate assembly members. The recommendations must contain information concerning qualifications and experience, capacity and independence. Recommendations must also be submitted concerning the remuneration that the members of the board of directors and corporate assembly should receive for the impending year.

As 99.6 percent of the shares and the employees are represented in the corporate assembly, there has been no need to ensure the election committee's independence from the board, leading employees and corporate assembly.

#### Corporate assembly and board, composition and independence

The corporate assembly consists of twelve members, of whom four are elected by and from the employees. The company's seven largest shareholders, who control 99.6 percent of the shares, are all represented on the corporate assembly. The Board of Moelven Industrier ASA consists of seven members, who are elected by the corporate assembly for one year periods. The chairman of the board is independent of the company's main shareholders and is elected by the corporate assembly. Two of the Board members are employee representatives. In addition, the employees select a deputy representative who meets on a regular basis. No managerial employees are members of the Board. Of the five shareholder-chosen board members, two are female. As the share of female employees in the Group is 9.49 percent (9.92), the rules concerning gender representation do not apply for the employees' representatives. The Board composition satisfies the requirements concerning gender representation on the Board. With the exception of the employee representative on the Board, only one other board member receives remuneration other than the directors' fee. The compensation involved is for an insignificant amount and is linked to the termination of earlier Moelven business activities in France.

The age, occupation and time served by the board members are specified in the annual report. Due to the ownership structure and the main shareholders' familiarity with the board members, making any further information public has been deemed not relevant. Based on experience, it is very infrequent that Board members do not attend Board meetings.

#### The work of the board of directors

Rules of procedure have been prepared for the board of Moelven Industrier ASA which set out more detailed guidelines for the work of the board.

At each meeting, the monthly reports concerning operations, financial data and HES statistics for the Group are reviewed. The following work schedule also applies to each calendar year:

- **January:** Report for the fourth quarter of the previous year.
- **February:** Annual accounts with notes and annual report for the previous year.
- **April:** Report for the first quarter and preparation for the annual general meeting.
- **June:** Strategic plan, introductory meeting.
- **July:** Report for the first half-year.
- **August:** Strategic plan.
- **October:** Report for the third quarter, adoption of strategic plan.
- **December:** Business plan and budget for the impending year.

Routines have been established for the self-evaluation of the board's work. This self-evaluation is carried out in January/February every year.

The board uses board committees or other committees as necessary.

Because of the company's simple ownership structure and an assessment of risk factors, the Board itself functions as the audit committee. The Board decides remuneration for the CEO, while the CEO determines remuneration for the rest of the executive management staff. Executives are not offered any option packages, nor does anybody receive share-based salaries. The Board's responsibilities in terms of compensation are therefore limited, and the Board has not appointed a separate remuneration committee.

In the ordinary board meetings, the CEO, the CFO and the board secretary normally attend from the administration, in addition to the elected board members. Other representatives from the administration, division or accountant meet as needed. The Group Executive Board consists of a CEO and the managing director of each division. The Board has laid out instructions for the CEO's work. At Group executive management meetings, the directors of the Group's shared corporate services also attend. For more

information about management and management organs, see Note 22.

#### Risk management and internal control

The Moelven Group is organised with a flat, decentralized and network-oriented organisational and management structure. All business units in the Group are independently responsible for their results and operate as independent units in a coordinated network of companies, characterised by openness, accountability and a limited need for central administrative resources. Risk management and internal control in the Group have been adapted to this type of organisational model. The individual company management and their boards follow up risk management and internal control pursuant to applicable laws and regulations. The controller function exist at the division and Group level. Reporting to the Board of the Group is thereby subject to control at the subsidiary, division and Group level. Due to the large scope, reporting is limited to the Board with a focus on the Group and division data, in addition to selected figures and budget discrepancy reporting for each business unit.

In connection with the annual strategy and budget work, the Board reviews the Group's most important areas of risk. As needed, and based on the annual risk assessment, the Group's reporting is adjusted so that identified risk areas are covered sufficiently.

An important principle following from the management and organisation model are the monthly reports of data sent back to the reporting units. The same monthly report that is sent to the Board is also distributed to the company management of each individual company. This approach involves many different persons in the control function and follow-up work of the financial data. The reporting form supports the feeling of responsibility for not just one's own results but for the entire division and Group as a whole.

All the group's companies close their own accounts each month and report to the parent company on the third working day of the following month. This reporting takes place using standardised systems and in accordance with common guidelines in order to ensure consistency and the greatest possible comparability across the units.

The Board is of the opinion that this

reporting and control system provides satisfactory control of the business.

The Board has reviewed and approved the following guidelines and policies:

- Board's work method and guidelines
- Brand strategy
- Dividend policy
- Financial guidelines
- Insurance and risk strategy – liability insurance
- Environment – guidelines
- Competition legislation and ethical guidelines
- Internal pricing

An HES policy featuring measures aimed at reducing sick leave and injury rate is under development and will be discussed in the first half of 2010. The board has also been informed about the Group's policy for ensuring an open company culture and has approved this policy. The purpose of this policy is to make it clear to all employees that internal concerns and criticisms can be raised and that such concerns and criticisms will be taken

seriously. Information has also been given concerning anonymity and confidentiality and what communication channels that can be used.

#### Remuneration to Board and Group Executive Board

The remuneration paid to the board is approved by the corporate assembly and is not dependent on results. Option- and share-based remuneration is not used. For further information concerning remuneration paid to the board, see Note 22.8.

Remuneration to the Group Executive Board is described in Note 22.6 and Note 22.7.

#### Information and communication

Annually, the Board decides the Group's financial calendar, which is published in the annual report and on the company's webpage. The Group's quarterly reports and annual reports are published on the company's webpage and are sent by mail to all shareholders. The Board has established a practice of holding annual owner meetings in

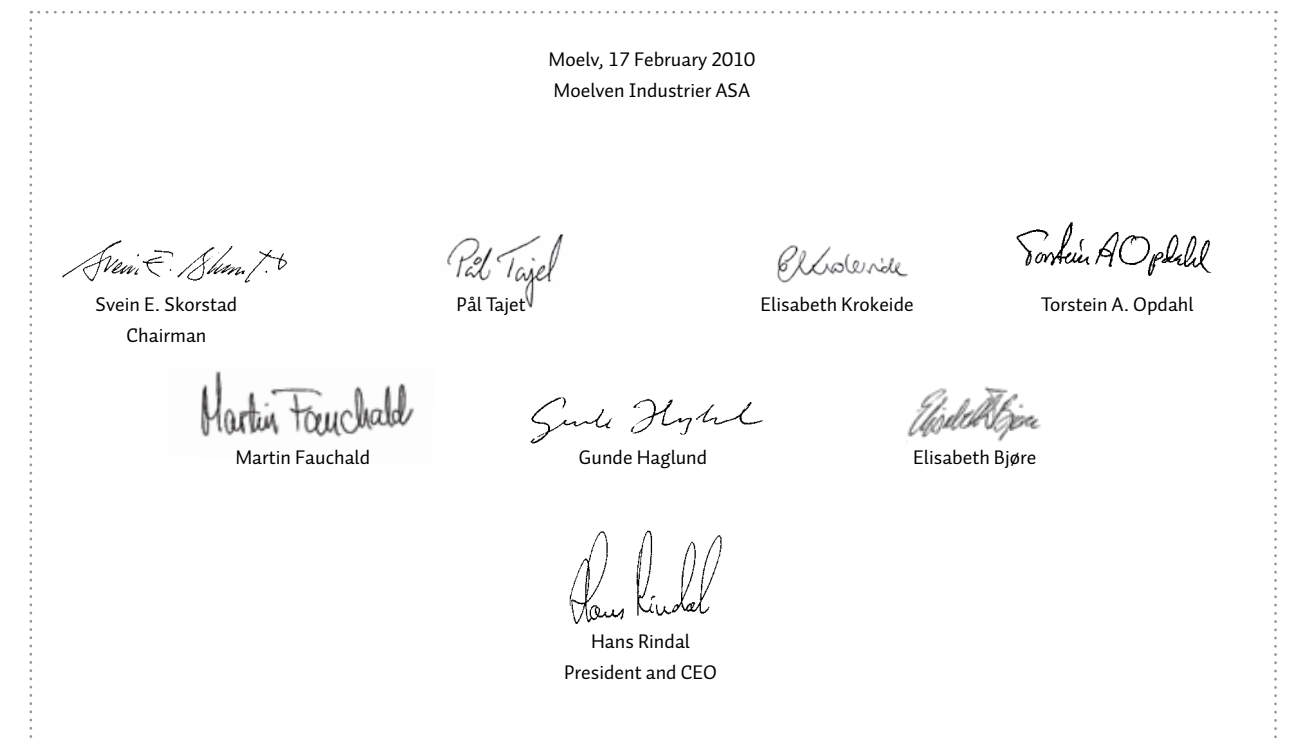
order to establish an arena for information exchanges and discussion between the owners. It has been decided that guidelines for this practice are not required.

#### Company acquisition

The Group is not publicly listed and a shareholder's agreement among other things regulates share transfer for the seven largest shareholders, who together own 99.6 percent of the shares. No guidelines have been developed for the Board in connection with acquisition bids.

#### Auditor

The auditor has meetings with the board without the senior management being present. In addition, the auditor attends the meeting at which the annual accounts are considered. The auditor also presents the audit plan and a summary following the interim audit of the subsidiaries, together with key risk areas and the Group's handling of these risk areas.





Elisabeth Bjøre, Pål Tajet, Gunde Haglund, Svein E. Skorstad, Martin Fauchald, Torstein A. Opdahl, Elisabeth Krokeide, Bjørn Egil Jørgensrud



Bjarne Hønningstad, Hans Rindal, Lars Atterfors, Johan Padel



**Svein E. Skorstad**

*“2009 was a demanding year, with a market and prices in decline, lay-offs and terminations, and drastic cost-cutting. Responding with aggressive investment, reinforced solidarity and good, market-oriented work, Moelven had a better year than we had feared. The crisis is not over, but we are well prepared for it to continue.”*

**Date of birth:** 1948  
**Moelven Board:** Chairman of the Board  
**Current position:** General Manager, S.E.S Consulting AS  
**Elected to the board:** 2007

**Elisabeth Bjøre**

*“The turbulence last year showed that a flexible, wide product range is important for ensuring stability and consistent demand for Moelven’s products.”*

**Date of birth:** 1966  
**Moelven Board:** Board Member  
**Current position:** Lawyer, Advokat Bjøre AS  
**Elected to the board:** 2009

**Pål Tajet**

*“I became more and more satisfied with the development of results as the year went on. Moelven weathered this part of the credit crunch very well indeed.”*

**Date of birth:** 1956  
**Moelven Board:** Board Member  
**Current position:** General Manager, Felleskjøpet Agri BA  
**Elected to the board:** 2008

**Gunde Haglund**

*“2009 was a difficult year for the economy, but despite this, Moelven performed relatively well. The entire Group did a good job compared to our competitors.”*

**Date of birth:** 1951  
**Moelven Board:** Board Member  
**Current position:** Senior sorter, Moelven Notnäs AB  
**Elected to the board:** 2007

**Martin Fauchald**

*“Determination is what counts! Determination either kills you or cures you.”*

**Date of birth:** 1961  
**Moelven Board:** Board Member  
**Current position:** Operator, Moelven Limtre AS  
**Elected to the board:** 2007

**Elisabeth Krokeide**

*“The entire organisation has demonstrated an impressive ability to take tough measures when necessary. This bodes well for future profitability.”*

**Date of birth:** 1962  
**Moelven Board:** Board Member  
**Current position:** Project Director, Eidsiva Vekst AS  
**Elected to the board:** 2008

**Torstein A. Opdahl**

*“Even dominant trees require competition in order to grow taller!”*

**Date of birth:** 1948  
**Moelven Board:** Board Member  
**Current position:** Farmer  
**Elected to the board:** 2002

**Bjørn Egil Jørgensrud**

*“After a year marked by reorganisation and a tragic accident, nevertheless being an employee of Moelven feels secure.”*

**Date of birth:** 1966  
**Moelven Board:** Regularly attending deputy member  
**Current position:** Operator, Moelven Våler AS  
**Elected to the board:** 2007

**Hans Rindal**

*“We made a profit in a difficult year because many people took responsibility and concentrated on the things they were able to influence.”*

**Date of birth:** 1962  
**Current position:** President and CEO of Moelven  
**Education:** M.Sc. Economics and Business Administration, Norwegian school of Economics and Business Administration, Bergen  
**Employed since:** 1995

**Bjarne Hønningstad**

*“Throughout 2009, we invested, improved our effectiveness and continued to develop our industry for the future.”*

**Date of birth:** 1972  
**Current position:** Division Manager, Wood Division  
**Education:** Degree in Engineering, M.Sc., Norwegian University of Science and Technology  
**Employed since:** 2008

**Lars Atterfors**

*“It’s at times like this that an organisation is really put to the test. With pride and gratitude, I note that we managed to adapt to changes in the world around us.”*

**Date of birth:** 1966  
**Current position:** Division Manager, Building Systems Division  
**Education:** M.Sc. Economics and Business Administration and Construction Engineering  
**Employed since:** 2003

**Johan Padel**

*“2009 saw a great deal of restructuring in Timber and we end the year in a stronger position.”*

**Date of birth:** 1966  
**Current position:** Division Manager, Timber Division  
**Education:** Marketing of wood products, Business Administration, University of Stockholm, Economics and Trade, Örebro College.  
**Employed since:** 2005

Morten Kristiansen

Kristin Vitsø Bjørnstad

Åge Holmestad

Svend Strand

Morten Sveiverud



SHARED SERVICES IN THE MOELVEN GROUP

This division is organised into five areas:

- Timber acquisitions/Fibre/Bioenergy
- Finance/Insurance
- Communication/Human Resources
- ICT/Real Estate
- Innovation

This division supports Moelven's operative units and management on technical issues and operative questions relating to the functions.

Morten Kristiansen

*"Based on local timber, Moelven has to develop industrial concepts that are competitive in good as well as in bad times."*

**Date of birth:** 1958  
**Responsibility:** Raw materials supply, Fibres and Bioenergy  
**Education:** Gjøvik School of Engineering, Business Administration, Norwegian School of Management (BI)  
**Employed since:** 2000

Kristin Vitsø Bjørnstad

*"The crisis has shown us that the only way to succeed is for every single one of us to have – and take – responsibility."*

**Date of birth:** 1961  
**Responsibility:** Communication/Human Relations  
**Education:** Landscape Architect, NLH  
**Employed since:** 2006

Åge Holmestad

*"The decline in the market for our products has given rise to a great deal of creativity at all levels throughout the Group."*

**Date of birth:** 1947  
**Responsibility:** Innovation  
**Education:** Degree in Engineering, M.Sc., Norwegian University of Science and Technology  
**Employed since:** 1979

Svend Strand

*"Moelven's IT and other technological systems provide optimal solutions, and offer availability to all users with relevant needs."*

**Date of birth:** 1943  
**Responsibility:** ICT/Real Estate  
**Education:** Degree in Engineering, M.Sc., Heriot Watt University Edinburgh  
**Employed since:** 1994

Morten Sveiverud

*"The local will to act must be cultivated. 2009 is confirmation of that."*

**Date of birth:** 1958  
**Responsibility:** Finance and insurance  
**Education:** Business Administration, Regional College  
**Employed since:** 1988

FINANCIAL CALENDAR

- 26 April 2010  
General meeting - Annual Accounts 2009
- 27 April 2010  
First Quarter Report 2010
- 12 July 2010  
Second Quarter Report 2010
- 22 October 2010  
Third Quarter Report 2010
- 25 January 2011  
Fourth Quarter Report/  
Preliminary annual result 2010
- April 2011  
General meeting - Annual Accounts 2010

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## Moelven's brand platform

**Mission:**

To supply quality rooms

**Vision:**

The natural choice for people who  
want to build and live Scandinavian

**Values:**

- Sustainable
- Reliable
- Seek opportunities