



Quality rooms

Quarterly report 1/2013

Architect: AG Arkitekter. Photo: Carl Swensson.

MOELVEN®

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Operating revenues	1 848.7	2 165.4	8 121.5	8 059.9
Operating profit	-63.9	18.7	16.9	12.9
EBITDA	1.5	79.0	267.8	238.8
Net operating margin/EBIT	-3.5 %	0.9 %	0.2 %	0.2 %
Gross operating margin/EBITDA	0.1 %	3.6 %	3.3 %	3.0 %
Value change of financial instruments to fair value	8.7	10.3	-7.9	-60.1
Profit before tax	-69.8	11.6	-64.3	-112.4
Profit per share in NOK	-0.40	0.07	-0.36	-0.66
Cash flow from operational activities, in NOK per share	-1.83	-1.48	1.49	2.04
Total equity *	1 517.1	1 541.3	1 543.6	1 540.0
Equity ratio *	32.9 %	33.0 %	35.6 %	35.5 %
Total assets *	4 617.5	4 669.2	4 342.1	4 333.9
Investments	63.4	86.0	339.4	386.6
Return on capital employed *	-8.8 %	2.7 %	0.5 %	0.5 %
Capital employed *	3 047.4	2 945.5	2 780.7	2 652.4
Net interest-bearing liabilities *	1 512.5	1 361.4	1 211.3	1 086.9
Net working capital *	1 963.9	2 071.0	1 719.9	1 730.9
Number of employees *	3 348	3 465	3 375	3 482
Sick leave percentage *	6.3 %	5.6 %	5.4 %	5.2 %
Frequency of accidents with absence, H1 value *	20.7	18.3	15.0	16.4
Number of shareholders	956	956	956	956
Average number of shares (mill)	129.5	129.5	129.5	129.5

* The first column shows the change in value during the quarter

- **Revenues in the first quarter were NOK 1,848.7 million (NOK 2,165.4 million), and the operating result was minus NOK 63.9 million (minus NOK 18.7 million)**
- **Challenging market conditions, but an increasing level of activity in several market segments within Building Systems**
- **Continued unsatisfactory results in the wood-working part of the Group**
- **Normal level of working capital for the season**

Highlights

A weak economy and challenging market conditions for the export markets in Europe marked the first quarter, resulted in lower operating revenues and results, compared with the same period last year. Both production and delivery volumes have declined for the Group as a whole. In Scandinavia, the level of activity in Sweden and Denmark has been as expected, but the Norwegian market has been marked by increased competition and a somewhat lower level of activity than before. In the export markets outside of Europe, such as the Middle East, North Africa, China and North America, there has been some improvement in demand. The volume delivered to these markets from Europe is increasing. The supply of raw materials to the log-consuming units has been good. Timber prices have declined, which has resulted in a gradually increasing positive effect on the accounts over the course of the quarter. However, there is still a significant imbalance between the finished product and raw material prices. In combination with falling prices for chip and fibre products, this has resulted in major challenges for the Group's log-consuming units.

The Building Systems Division has seen somewhat hesitant markets throughout the first quarter, particularly in Sweden. In Norway, both the Modular Buildings and the Laminated Timber business has seen increasing demand towards the end of the quarter. The restructuring of the Electrical Installations business is progressing according to plan. For the division overall, the order backlog is lower than at the same time last year. However, the level is satisfactory for this time of year.

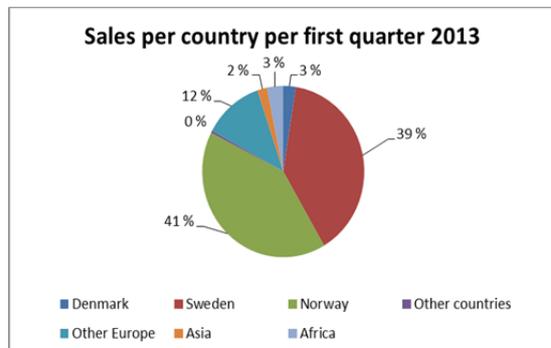
The Division Director for Building Systems, Lars Atterfors, resigned from his position in February after having worked for the Moelven Group since 2003. A new division director is being recruited, and this process is expected to be concluded in May.

Moelven's magazine concept "Quality Rooms" won first price in the Best Multi-channel Solution class and third place in the Best B2B Customer Magazine class in an awards ceremony for the best paper-based and online magazines. The Association of Norwegian Publishing Agencies (PIN) arranged the awards ceremony.

Moelven Töreboda AB has launched the «Glulam App». The mobile app is currently only in Swedish, and it is available from the App Store and Google Play. The app calculates the dimensions of load-bearing structures and provides the address to the closest building material supplier that has glulam and Kerto in stock.

Revenues and results

The operating revenues in the first quarter declined compared with the same period last year. This is attributed primarily to a reduction in the level of activity in certain segments, reduced export income due to appreciation of the Swedish krona, and several major electrical projects that are under completion. In addition, there have been fewer operating days, due to the fact that Easter was in the first quarter this year. In order to adapt production to the demand and prevent a build-up of inventory, the level of activity at certain units was reduced somewhat during the quarter. Some units also reduced production due to some minor operational problems. Beyond this, the operating conditions were normal during the period, and a reduction of the distribution costs was achieved due to the ongoing continuous improvement work. An increase in working capital and negative cash flow due to investments made in 2012 is the reason for the higher interest expenses, compared with the first quarter last year. Gains from fair value changes in unrealised, market-based financial instruments are due to increases in the value of the Group's interest rate and electrical power hedges.



Investments, balance sheet and funding

During the first quarter, total investments were NOK 63.4 million (NOK 86.0 million). Investments scheduled for 2013 relate to upgrading and maintaining the Group's current business operations.

Due to the weak cash flow in the first quarter and uncertain market performance for the rest of the year, management has decided to defer certain individual projects that lend themselves to deferral without material disadvantage.

At the end of the first quarter, the book value of the Group's total assets was NOK 4,617.5 million (NOK 4,669.2 million).

Cash flow from operating activities in the first quarter was minus NOK 237.4 million (minus NOK 191.4 million), corresponding to minus NOK 1.83 (minus NOK 1.48) per share. In addition to weak earnings, the negative cash flow is due to increased working capital resulting from normal seasonal build-up of inventory levels in advance of the peak season.

Net interest-bearing liabilities at the end of the first quarter increased compared with the first quarter last year to NOK 1,512.5 million (1,361.4 million). Financial leasing is included in net interest-bearing liabilities in the amount of NOK 39.9 million (NOK 48.8 million).

At the end of the first quarter, the liquidity reserve was NOK 446.8 million (NOK 514.7 million). This reduction is attributed to increased working capital and a stronger Swedish krona relative to the Norwegian krone. The Group's credit facility limits have not changed significantly, compared with the same time last year.

As in 2012, a short-term loan agreement was entered into in the first quarter that increases the available liquidity by SEK 250 million in the second and third quarters. The agreement safeguards the Group's financial flexibility in a period with seasonally high levels of working capital. The conditions reflect market conditions at the time the contract was signed, and the contract has the same provisions for breach of contract as the Group's other loan agreements.

Equity at the end of the first quarter amounted to NOK 1,517.1 million (NOK 1,541.3 million), which is equivalent to NOK 11.71 (NOK 11.90) per share. The equity ratio was 32.9 per cent (33.0 per cent). Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The extent and consequences of likely variations in exchange rates are within acceptable risk limits.

In the first quarter, exchange rate fluctuations resulted in an unrealised increase in equity of NOK 25.7 million (reduction of NOK 8.3 million).

Divisions

Timber

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Sales to external customers	517.7	586.5	2 047.5	1 956.3
Sales to internal customers	87.2	111.7	380.7	437.8
Operating revenues	605.0	698.2	2 428.2	2 394.1
Depreciation and impairment	27.0	24.3	99.9	90.3
Operating profit	-31.9	-2.2	-74.6	-52.4
Operating margin in per cent	-5.3 %	-0.3 %	-3.1 %	-2.2 %
Net operating capital (% of operating revenues)	19.4 %	16.9 %	18.6 %	18.4 %
Total assets *	1 637.4	1 617.9	1 579.1	1 592.2
Equity *	693.5	735.8	710.2	749.8
Capital employed *	1 230.3	1 173.0	1 244.5	1 186.6
Return on capital employed *	-10.2 %	-0.6 %	-6.0 %	-4.3 %
Investments *	30.3	42.6	151.6	144.2
Number of employees *	688	709	696	692

* The first column shows the change in value during the quarter

The volume of deliveries in the first quarter was lower than the same period last year. Price levels, particularly in the export markets in Europe, have been somewhat lower than they were during the same period last year due to continued low activity in these markets. However, there has been a somewhat positive development in demand in certain other export markets during the quarter. The export markets are served primarily by the Group's Swedish units, which are still affected negatively by a strong Swedish krona.

Even if the saw log prices have declined somewhat, and the finished product prices have increased somewhat in certain markets, there is still an imbalance between the finished product prices and the raw material costs.

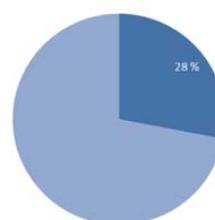
During the quarter, the collocation of two production units in Moelven Profil AS was completed. The restructuring project, which has been planned for a long time, has a negative impact on the operating result for the period, but it will provide more efficient operations in the future.

The operating conditions for the division have been normal otherwise throughout the winter season. Some of the companies have had minor operational problems. This has resulted in lower than planned production and thus an increase in the processing costs per unit. Combined with reduced income from chip products, this is the main reason for the negative result this quarter.

An agreement was entered into to upgrade and rebuild the saw line at Moelven Notnäs AB. Installation and assembly, which is expected to increase the recovery factor by 1.5 per cent, will take place throughout the summer.



Timbers share of the Groups external sales per first quarter 2013



Wood

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Sales to external customers	559.6	676.9	2 763.7	2 852.0
Sales to internal customers	18.8	25.3	73.2	80.4
Operating revenues	578.5	702.2	2 836.9	2 932.4
Depreciation and impairment	25.8	24.4	99.1	89.5
Operating profit	-23.1	1.2	29.6	57.6
Operating margin in per cent	-4.0 %	0.2 %	1.0 %	2.0 %
Net operating capital (% of operating revenues)	40.3 %	35.2 %	28.7 %	29.9 %
Total assets *	1 967.0	2 072.7	1 905.8	1 975.7
Equity *	777.4	761.1	791.4	768.0
Capital employed *	1 462.6	1 444.1	1 362.9	1 362.6
Return on capital employed *	-6.4 %	0.5 %	2.4 %	4.6 %
Investments *	15.3	36.2	132.7	169.5
Number of employees *	1 052	1 096	1 063	1 114

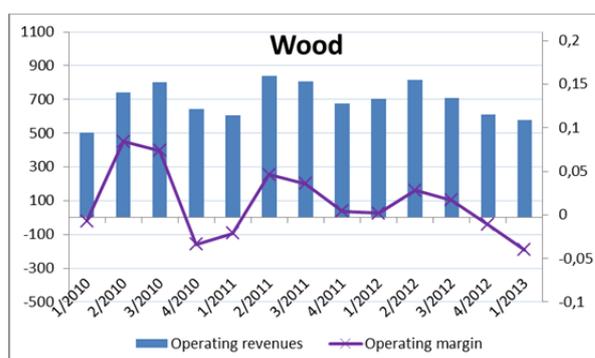
* The first column shows the change in value during the quarter

The winter season developed as expected in Sweden and Denmark, while the level of activity in the Norwegian market has been significantly lower. In addition to the general macroeconomic picture, the level of activity in the Norwegian market is marked by a prolonged cold winter and increasing competition from foreign actors. The decline in deliveries compared with last year is also affected by the fact that Easter was in the second quarter in 2012.

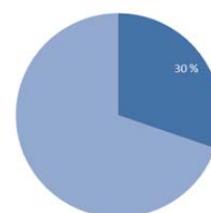
Like the Timber Division, there are also some log-consuming units in the Wood Division that are facing strong challenges related to an imbalance between the market prices for finished goods and raw material costs, as well as falling prices for chip products. The saw log prices have gradually declined throughout the quarter for these units, but the situation is still challenging. The operating conditions have otherwise been good, and the operations have functioned satisfactorily.

In Denmark, Moelven Danmark AS has reached an agreement with Metsä Woods (formerly Finnforest), and Metsä Wood itself will take over the sale of load-bearing structure effective 1 April 2013. Moelven Danmark will continue to distribute ThermoWood and sawn timber from Metsä Wood. Moelven's glulam deliveries are not affected by the reorganisation.

An extensive modernisation programme has been initiated at Moelven Eidsvold Værk AS to reinforce the company's role as a manufacturer of processed spruce for the industrial and retail markets. A new green sorting line will be installed this summer. The existing measuring frame, saw line, trimming saw and planing mill will also be upgraded.



Woods share of the Groups external sales per first quarter 2013



Building Systems

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Sales to external customers	611.9	742.2	2 796.1	2 651.7
Sales to internal customers	0.5	0.6	3.2	14.1
Operating revenues	612.4	742.8	2 799.3	2 665.8
Depreciation and impairment	9.7	8.5	38.1	36.0
Operating profit	-1.1	28.8	97.0	50.8
Operating margin in per cent	-0.2 %	3.9 %	3.5 %	1.9 %
Net operating capital (% of operating revenues)	14.9 %	12.7 %	12.5 %	10.4 %
Total assets *	1 233.6	1 189.6	1 243.3	1 217.9
Equity *	504.2	490.5	494.0	463.1
Capital employed *	625.1	573.4	603.1	526.7
Return on capital employed *	0.0 %	22.0 %	18.3 %	10.0 %
Investments *	13.4	4.6	46.3	38.3
Number of employees *	1 479	1 530	1 486	1 542

* The first column shows the change in value during the quarter

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Operating revenues	73.7	99.8	420.4	470.7
Depreciation and impairment	4.2	4.4	16.7	18.2
Operating profit	-5.5	0.3	8.0	4.3
Operating margin in per cent	-7.5 %	0.3 %	1.9 %	0.9 %
Investments *	7.8	3.0	20.8	10.2
Number of employees *	223	261	239	266

* The first column shows the change in value during the quarter

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Operating revenues	92.3	139.8	523.5	497.4
Depreciation and impairment	0.4	0.4	1.7	1.8
Operating profit	1.5	5.3	-36.5	-46.6
Operating margin in per cent	1.7 %	3.8 %	-7.0 %	-9.4 %
Investments *	0.0	0.0	0.1	1.5
Number of employees *	248	278	254	302

* The first column shows the change in value during the quarter

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Operating revenues	288.9	324.2	1 135.1	1 138.8
Depreciation and impairment	3.5	2.3	13.8	10.9
Operating profit	1.3	14.9	60.2	59.0
Operating margin in per cent	0.4 %	4.6 %	5.3 %	5.2 %
Investments *	3.0	1.5	23.6	23.0
Number of employees *	561	534	549	524

* The first column shows the change in value during the quarter

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Operating revenues	166.2	194.0	764.1	605.6
Depreciation and impairment	1.6	1.4	5.9	5.0
Operating profit	4.7	8.3	65.3	34.0
Operating margin in per cent	2.8 %	4.6 %	8.5 %	5.6 %
Investments *	2.5	0.1	1.7	3.5
Number of employees *	447	457	444	450

* The first column shows the change in value during the quarter

The division has primarily Norway and Sweden as its market. There was a normal seasonal decline in market activity during the quarter in the Building Systems Division. In addition, a hesitant attitude in the market resulted in somewhat fewer new project contracts than expected. The order backlog is nevertheless satisfactory overall. The companies in the division have maintained their market positions in challenging markets with stiff competition. Capacity adjustments and measures to raise efficiency are being implemented throughout the entire division in order to adapt the operations to the prevailing market conditions.

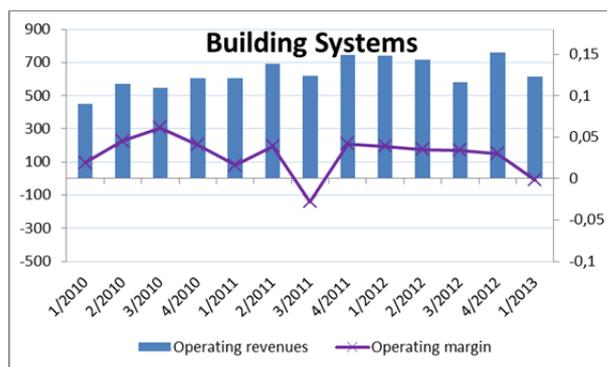
There has been some decline in demand for the Modular Buildings business in the Swedish market, while the Norwegian market showed a positive development. The lower results compared with last year are attributed primarily to lower prices and lower building site activity, as well as lower productivity at certain units.

The Modular System Interiors business has a satisfactory order situation, but is facing stiff competition in key areas in both Norway and Sweden. The measures implemented to enhance efficiency have contributed to limiting the decline in the operating result.

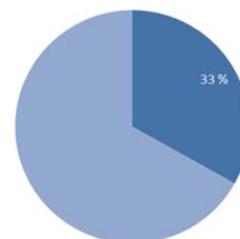
There has been a decline in demand for the Laminated Timber business for both standard beams of glulam and project deliveries. The project market, however, has been affected less by the weather conditions, and the demand has not fallen as much as standard glulam. A falling level of activity overall in the domestic market, foreign exchange conditions and a weak economy in Europe contribute to challenging market conditions.

In the Electrical Installations business, several large projects that lie outside of the company's future focus area are under completion. Otherwise, the restructuring of the company is progressing according to the plans that were established in the second half of 2012, and a new general manager is currently being recruited.

Moelven Byggmodul AS has entered into a contract for the delivery of 78 modules for four three-storey buildings with a total of 39 apartments at Gjerpenkollen in Drammen. With a construction period of half a year, the project is yet another good example of modular buildings providing many opportunities for rational and efficient construction processes. Assembly of the modules at the building site will start in May, and the apartments will be ready for occupation in September/October.



Building Systems share of the Groups external sales per first quarter 2013



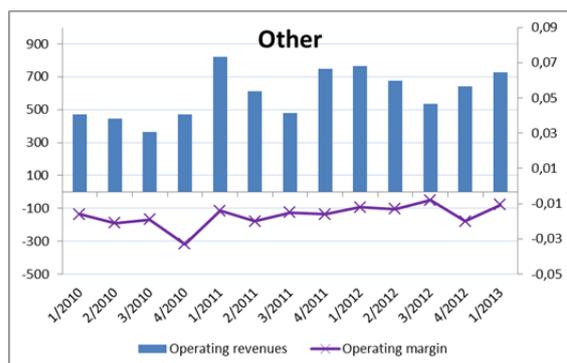
Other businesses

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Sales to external customers	159.4	159.8	514.2	599.9
Sales to internal customers	569.1	604.0	2 102.5	2 077.3
Operating revenues	728.5	763.8	2 616.7	2 677.2
Depreciation and impairment	3.0	3.0	13.8	10.0
Operating profit	-7.8	-9.1	-35.1	-43.0
Operating margin in per cent	-1.1 %	-1.2 %	-1.3 %	-1.6 %
Net operating capital (% of operating revenues)	6.8 %	7.6 %	4.0 %	5.1 %
Total assets *	2 559.7	3 000.1	2 330.2	2 343.3
Equity *	1 066.3	1 042.6	1 032.5	1 034.1
Capital employed *	2 083.3	2 464.9	1 827.7	1 813.7
Return on capital employed *	0.0 %	0.9 %	-0.4 %	0.5 %
Investments *	4.5	2.5	8.9	34.6
Number of employees *	129	130	130	134

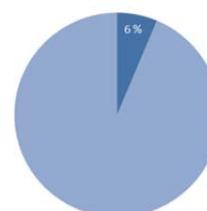
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Other businesses include the parent company Moelven Industrier ASA and the common services HR and Communications and ICT, as well as economics, finance and insurance. Timber supply and sales of chips and energy products are included through the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Moelven Bioenergi AS is also included.

The variability of revenues in this area is largely due to changes in revenues from sales of saw logs in Moelven Skog AB and Moelven Virke AS to the Group's log-consuming units in the Timber and Wood divisions. These internal sales do not have a material effect on the income statement for this business area. The improvement in the operating result compared with the previous year is due to conditions linked to the operation of joint functions.



Others share of the Groups external sales per first quarter 2013



Employees

In the first quarter, total absence due to illness was 6.3 per cent (5.6), where 2.6 per cent (2.2) represents long-term absence. The increase in short-term absence compared with last year is attributed to several factors that are independent of each other. The Group works continuously with measures to reduce absences due to illness to the maximum target level of 5 per cent. There were 29 (28) personal injuries during the quarter which resulted in absence. The H-1 rate (number of personal injuries resulting in absence per million hours worked) increased, and is at an unacceptably high level. The Group's target figure for H-1 is below 10.

Employees	Per first quarter 2013				Per first quarter 2012			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	606	82	13.5 %	688	618	91	14.7 %	709
Wood	881	171	19.4 %	1 052	917	179	19.5 %	1 096
Building Systems	1 383	96	6.9 %	1 479	1 424	106	7.4 %	1 530
Others	97	32	33.0 %	129	99	31	31.3 %	130
The Group	2 967	381	11.4 %	3 348	3 058	407	11.7 %	3 465

Sickness absence rate in %	Per first quarter	
	2013	2012
Timber	5.54 %	5.22 %
Wood	6.16 %	5.47 %
Building Systems	7.02 %	6.01 %
Others	2.43 %	4.41 %
The Group	6.26 %	5.62 %

H1 Value	Per first quarter	
	2013	2012
Timber	33.6	19.5
Wood	22.6	16.4
Building Systems	14.9	20.6
Others	0.0	0.0
The Group	20.7	18.3

Outlook

The decline in market activity has made it necessary to implement cost saving measures and capacity adaptations.

The implemented measures will gradually have a greater effect as the year progresses. In addition to the seasonal increase in activity in the second quarter, no immediate improvement in the underlying market conditions is expected. Internal improvement work will therefore still have high priority. A continuing weak euro relative to the Scandinavian currencies weakens the competitiveness of the Group's units, compared with actors with a cost base in euros. Raw material prices have declined somewhat, but the effect is lessened by falling chip and fibre product prices. Positive signals from other areas, such as the Middle East, North Africa China and the North America to some extent, combined with capacity adjustments as a result of generally unsatisfactory profitability in the sawmill industry, indicate an ongoing improvement in the international market balance for industrial timber.

For parts of the Group's Norwegian operations, the announced closure of Södra Cell Tofte could create challenges in both the chip and fibre market and the log market. The Group has a total of six companies that will be affected, either as a supplier of cellulose chips and/or as log-consuming units in the relevant geography. We are working on measures to ensure other sales opportunities for cellulose chips, and to ensure a supply of sawn timber if cutting in the region is reduced as a result of reduced delivery opportunities for pulpwood. For the latter, however, the transport costs are a major challenge. The units that will be affected by this include Moelven Telemarksbruket AS, Moelven Numedal AS and Moelven Soknabruket AS. Reduced, but satisfactory growth is expected in the Norwegian building market. Sweden is expected to be weaker than in Norway, while the level of activity in Denmark is expected to remain at a very weak level.

The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary market adaptations. Investment activity will continue to be adapted to the cash flow and market conditions.

Overall, the Board expects that the Group's operating result for the second quarter will be weaker than the previous year, but the year as a whole is expected to be somewhat better. However, there is uncertainty associated with the consequences of the aforementioned closure of Södra Cell Tofte and what restructuring requirements this may entail for the Moelven Group.

Summary quarterly accounts for the Moelven Group for the first quarter of 2013

Profit and loss account and total comprehensive income

Amounts in NOK million	First quarter		12 months	
	2013	2012	2012	2011
Operating revenues	1 848.7	2 165.4	8 121.5	8 059.9
Depreciation	65.4	60.3	250.9	225.9
Cost of goods sold	1 200.4	1 406.8	5 264.3	5 341.1
Payroll expenses	442.9	449.5	1 727.1	1 605.9
Other operating expenses	204.0	230.1	862.4	874.0
Operating profit	-63.9	18.7	16.9	12.9
Income from associates	0.0	-0.3	-3.7	-0.7
Value change of financial instruments to fair value	8.7	10.3	-7.9	-60.1
Other financial income	10.5	3.4	15.8	15.6
Other financial expenses	-25.1	-20.6	-85.5	-80.2
Profit before tax	-69.8	11.6	-64.3	-112.4
Estimate income tax	-18.3	3.1	-17.3	-26.6
Net profit	-51.6	8.4	-47.1	-85.8
Non-controlling interest share	-1.0	-0.4	-1.8	-2.6
Owner of parent company share	-50.5	8.8	-45.3	-83.2
Earnings per share (in NOK)	-0.4	0.1	-0.4	-0.7
Statement of comprehensive income				
Net profit	-51.6	8.4	-47.1	-85.8
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	64.8	-49.0
Income tax on items that are not reclassified to profit or loss	0.0	0.0	-18.1	13.7
	0.0	0.0	46.6	-35.3
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	25.7	-8.3	-12.6	-0.5
Proportion of other income and costs in associated companies	0.0	0.0	0.0	0.0
Other changes	-1.7	0.0	16.6	-5.3
Income tax on items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
	24.0	-8.3	4.0	-5.8
Other comprehensive income, net of tax	24.0	-8.3	50.7	-41.1
Total comprehensive income for the period	-27.6	0.1	3.6	-126.9
Comprehensive income assigned to:				
Owners of parent company	-26.5	0.5	5.4	-124.3
Non-controlling interests	-1.0	-0.4	-1.8	-2.6

Consolidated balance sheet

Amounts in NOK million	Per 31.03		Per 31.12.
	2013	2012	2012
Intangible assets	51.5	57.4	53.3
Tangible fixed assets	1 744.1	1 671.9	1 702.5
Financial fixed assets	7.9	18.2	7.2
Total fixed assets	1 803.5	1 747.4	1 763.0
Inventory	1 384.6	1 385.6	1 289.9
Receivables	1 411.6	1 477.7	1 263.4
Liquid assets	17.8	58.5	25.8
Total current assets	2 814.0	2 921.8	2 579.1
Total assets	4 617.5	4 669.2	4 342.1
Share capital*	647.7	647.7	647.7
Other equity	869.4	893.6	895.9
Total equity	1 517.1	1 541.3	1 543.6
Provisions	168.3	278.1	184.3
Long term interest-bearing liabilities	1 298.0	1 219.9	1 131.0
Long term interest-free liabilities	2.6	2.9	2.7
Total long term liabilities	1 469.0	1 501.0	1 318.1
Short term interest-bearing liabilities	232.2	200.0	106.0
Short term liabilities	1 399.2	1 426.9	1 374.4
Total short term liabilities	1 631.4	1 626.9	1 480.4
Total liabilities	3 100.4	3 128.0	2 798.5
Total equity and liabilities	4 617.5	4 669.2	4 342.1

Consolidated statement of changes in equity

Amounts in NOK million	Equity assigned to owners of parent company				Total	Non-controlling interests	Total equity
	Share capital	Share premium funds	Own shares	Other equity			
Total per 1.1.2012	647.7	180.7	0.0	698.3	1 526.7	13.3	1 540.0
Comprehensive income for the period							
Net profit	0.0	0.0	0.0	8.8	8.8	-0.4	8.4
Other comprehensive income							
Translation differences	0.0	0.0	0.0	-8.3	-8.3	0.0	-8.3
Other changes	0.0	0.0	0.0	1.2	1.2	0.0	1.2
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other comprehensive income (net of tax)	0.0	0.0	0.0	-7.1	-7.1	0.0	-7.1
Transactions with owners, entered directly against equity							
Purchase of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effect of acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend to owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share based payment transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total transactions with owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total as at 31.03.2012	647.7	180.7	0.0	700.0	1 528.4	12.9	1 541.3
Total per 1.1.2013	647.7	180.7	0.0	706.1	1 534.5	9.1	1 543.6
Comprehensive income for the period							
Net profit	0.0	0.0	0.0	-50.5	-50.5	-1.0	-51.6
Other comprehensive income							
Translation differences	0.0	0.0	0.0	25.7	25.7	0.0	25.7
Other changes	0.0	0.0	0.0	1.7	1.7	0.0	1.7
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other comprehensive income (net of tax)	0.0	0.0	0.0	27.4	27.4	0.0	27.4
Transactions with owners, entered directly against equity							
Purchase of non-controlling interests	0.0	0.0	0.0	0.0	0.0	-2.4	-2.4
Effect of acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend to owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share based payment transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total transactions with owners	0.0	0.0	0.0	0.0	0.0	-2.4	-2.4
Total as at 31.03.2013	647.7	180.7	0.0	683.0	1 511.4	5.7	1 517.1

Consolidated statement of cash flow

Amounts in NOK million	Per 31.03	
	2013	2012
CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit	-51.6	8.4
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	65.4	60.3
Impairment	0.0	0.0
Income from associated companies	0.0	0.3
Tax paid	0.0	-1.5
Unpaid pension costs entered as costs and unreceived pension funds entered as income	6.8	17.9
Loss (profit) on sale of fixed assets	0.0	0.0
Net value change of financial instruments to fair value	-8.7	-10.3
Income tax	-18.3	3.1
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-94.7	-41.6
Changes in accounts receivable and other receivables	-157.4	-257.8
Changes in trade accounts payable	21.2	3.3
Changes in provisions and benefits to employees	0.0	-0.5
Changes in short-term liabilities excluding borrowing	-0.2	27.0
Cash flow from operational activities	-237.4	-191.4
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investment in plant and equipment exc. acquisition	-63.4	-86.0
Net cash outlay on acquisition	0.0	0.0
Receipts from sale of fixed assets	0.0	0.0
Sale of other long-term investments	0.0	0.0
Acquisition of subsidiary, net of cash	0.0	0.0
Cash flow from investment activities	-63.4	-86.0
CASH FLOW FROM FINANCING ACTIVITIES:		
Raising short term debt	223.0	200.0
Repayment of short term debt	0.0	0.0
Change in bank overdrafts	-96.8	0.0
Purchase of non-controlling interests	0.0	0.0
Change in long term debt (borrowing facility)	169.3	110.5
Changes in other long-term liabilities	-2.4	0.0
Payment of dividend	0.0	0.0
Cash flow from financial activities	293.1	310.5
Net increase (reduction) in liquid assets during year	-7.7	33.1
Liquid assets start of period	25.5	25.5
Effect of exchange rate changes on liquid assets	0.0	0.0
Liquid assets end of period	17.8	58.6
Cash and cash equivalents		
Liquid assets	17.8	58.6
Unused drawing rights	429.0	456.1
Restricted bank deposits	0.0	0.0
Cash and cash equivalents	446.8	514.7

Notes to the summary consolidated quarterly financial statements

Note 1 – General information

Moelven Industrier ASA is a public limited liability company, registered in Norway. The company's head office is at Industriveien 2, 2390 Moelv, Norway.

The summary consolidated financial statements for the first quarter of 2013 ended 31 March 2013 include Moelven Industrier ASA and its subsidiaries (collectively referred to as the “Group”) and the Group's interests in associated companies.

The annual accounts for 2012 are available at www.moelven.com.

Note 2 – Statement of conformity

The consolidated financial statements for the first quarter of 2013 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” which have been approved by the EU. The interim financial statements do not include all the information required in a complete annual report and ought to be read in conjunction with the consolidated financial statements for 2012.

The summary consolidated quarterly financial statements were approved by the Board on 23 April 2013.

Note 3 – Accounting policies

The accounting policies adopted in the quarterly financial statements are the same as those in the consolidated financial statements for 2012.

Note 4 – Critical judgements and estimates

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect both which accounting policies are applied and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from the estimated amounts.

In preparing these summary quarterly financial statements management has applied the same critical judgements in applying the accounting policies as it made when preparing the consolidated financial statements for 2012 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2012.

Note 5 – Pensions and taxes

The calculations of pension costs and pension liabilities are undertaken annually by actuaries. In the quarterly accounts pension costs and pension liabilities are based on forecasts from actuaries. The income tax expense is determined in each quarter on the basis of the expected annual income tax expense.

Note 6 – Seasonal fluctuations

Demand for the Group's products and services is normally subject to variability throughout the year.

This involves a low season during the first quarter, increasing activity and a peak season over the second and third quarters, and diminishing activity in the final part of the fourth quarter.

Due to the annual seasonal variation in raw material access and market activity, the Group's working capital varies by NOK 300 million to NOK 400 million from its highest level in May/June to its lowest in November/December.

As normal, the first quarter has been affected by the low season and increased working capital in advance of the high season.

Note 7 - Tangible fixed assets

Amounts in NOK million	Per 31.03	
	2013	2012
Book value per 1.1	1 744.5	1 715.3
Acquisitions	63.4	86.0
Business combinations	0.0	0.0
Disposals	0.0	0.0
Depreciations	-65.4	-60.3
Transfers	-12.7	-13.9
Translation differences	54.4	-10.3
Book value per 31.03	1 784.2	1 716.8

Note 8 - Financial instruments

Amounts in NOK million	Per 31.03.2013			Per 31.12.2012		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	6.0	-5.2	0.8	3.2	-2.0	1.2
Interest rate derivatives	0.0	-55.8	-55.8	0.0	-62.0	-62.0
Power derivatives	0.0	-6.0	-6.0	0.0	-8.9	-8.9
Total	6.0	-67.0	-61.0	3.2	-72.9	-69.7

Amounts in NOK million	Per 31.03.2012			Per 31.12.2011		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	4.9	-0.4	4.5	4.8	-0.8	4.0
Interest rate derivatives	0.0	-43.6	-43.6	0.0	-55.1	-55.1
Power derivatives	0.0	-12.2	-12.2	0.0	-10.7	-10.7
Total	4.9	-56.2	-51.3	4.8	-66.6	-61.8

Note 9 – Operating segments

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (building products) and Building Systems (projects). There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure. See the consolidated financial statements for 2012 for further information about segments.

Below is a reconciliation of the profit before taxes in the reporting segments with the company's profit before taxes.

Amounts in NOK million	First quarter	
	2013	2012
Timber	-37.6	-7.9
Wood	-27.0	-5.4
Building Systems	-1.0	29.5
Other	-4.3	-4.7
Profit before tax in segments	-69.8	11.6
Eliminations	0.0	0.0
Profit before tax in Group Accounts	-69.8	11.6

Note 10 – Related parties

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of timber, where the Norwegian forest owner cooperatives are suppliers. There will also be deliveries of biofuel from the Moelven Group to a bioenergy plant owned by Eidsiva Energi AS, with possible buy-back of bioenergy for Moelven's industries in connection with the energy plant. Eidsiva Energi Marked AS trade electric power to Moelven's Norwegian industrial operations. All these transactions have in common that the arm's length principle shall be applied. Where other suppliers can offer better prices or terms, these will be used. About 40 per cent of Moelven's total purchasing requirement for timber of 4 million cubic metres comes via the Norwegian forest owner cooperatives.

Moelven's supply of energy raw materials to Eidsiva's bioenergy plant represents between 40 and 50 GWh on an annual basis, while buying back energy represents between 20 and 30 GWh. Net delivery of energy raw materials is 20 GWh. The extent of the sale of electrical power corresponds to about 40 per cent of Moelven's total consumption of 185 GWh.

Moelven has a long tradition of running its operations in accordance with all the laws and ethical guidelines of the industry and is of the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

Note 11 - Events after the balance sheet date

There have not been any events after the balance sheet date which would have an impact on the income, expenses, assets and liabilities disclosed in the quarterly financial statements.

Moelven is organised into four divisions: Timber, Wood, Building Systems and Other. The sawmills in Timber supply sawed wood products and components to industrial customers in Scandinavia and the rest of Europe. These use the products as intermediate goods in their own production. Shavings, chip and bark products are also supplied and are used in the pulp, chipboard and biofuel industry. The processing companies in Wood supply the building products trade in Scandinavia with a broad range of building and interior products. A critical competitive advantage is the division's efficient distribution system which offers customers rapid and precise deliveries of a broad range of products. The companies within Building Systems deliver flexible system solutions for interior walls, modular buildings, electrical installations and load-bearing structures in glulam to projects and contractor clients, principally in Norway and Sweden. Other comprises holding companies, supply businesses and bioenergy companies. The division is heavily focused on developing concepts and systems in collaboration with the customers and experts within architecture, design and construction. In total, the Group is composed of 52 operating units in Norway and Sweden and has 3,348 employees. Moelven also has its own sales offices in Denmark, England, Germany and the Netherlands. The Moelven Group is owned by Glommen Skog SA (25.1 per cent), Eidsiva Vekst AS (23.8 per cent), Agri MI AS (15.8 per cent), Viken Skog SA (11.9 per cent), Mjøsen Skog SA (11.7 per cent), AT Skog SA (7.3 per cent) and Havass Skog SA (4.0 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

Quality rooms

More information:

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