



ANNUAL REPORT
2008

TUESDAY
11.15

Quite a few challenges are resolved over a cup of coffee in the common area.

THURSDAY
10.42

The week's highlight at Drammensbadet

FRIDAY
17.37

End of the work week. It's weekend!

Quality rooms

MOELVEN[®]

The Moelven Group

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Web most important

Internet is our most important communications channel. We have reasons to believe that our readers prefer to surf the web for relevant information rather than read traditional publications. That is why this written report contains shorter, more concise texts than previously. For readers who are interested in learning more about a topic, the report provides references to additional material on our website: www.moelven.com

Main figures for Five Years

Amounts in NOK mill.	2008	2007	2006	2005	2004
THE GROUP					
Operating revenues	7 657.7	7 944.0	6 692.4	6 004.9	5 773.2
Operating profit	144.7	989.6	373.2	158.6	70.3
No. of employees	3 285	3 425	3 210	3 159	3 191
TIMBER					
Operating revenues	2 472.4	3 136.4	2 642.0	2 355.4	2 619.3
Operating profit	-143.3	544.4	166.7	55.2	33.0
WOOD					
Operating revenues	2 634.0	2 914.6	2 453.4	2 268.7	2 064.1
Operating profit	80.3	324.4	113.0	62.2	29.6
BUILDING SYSTEMS					
Operating revenues	2 748.0	2 382.8	1 937.5	1 770.1	1 630.0
Operating profit	235.1	159.3	121.8	75.9	44.9

We have put a year of transition behind us

The beginning of the year was characterised by a continued high level of construction activity and by prices which recently had been reaching old records for some of our products. The end of the year saw rapidly falling activity levels within the construction industry, a trend which required us to make adjustments – adjustments which will continue during 2009.

The operating result of NOK 145 million consists of the best ever result for the Building Systems Division, a fairly normal result for the Planing Division Wood and an extremely unsatisfactory result for the Sawmill Division Timber. The drop in result compared with 2007 can largely be explained by price reductions for sawn timber. The result was also affected by the closure of two sawmills and the extensive restructuring of a third.

For the Planing Division Wood, the price variations have not been as great. Prices never reached the same heights nor has the downturn been as severe. The division has not closed any production units, but certain units have reduced output substantially.

The Building Systems Division was able to deliver a record result and at the same time instigate capacity-reducing initiatives in line with a falling order backlog. It is within this division that most employees will be affected by reductions because this is the one with the most personnel intensive production processes. It demands respect to deliver such good results at a time when uncertainty surrounding one's own job is increasing.

During the late 1980s and early 1990s, many of our companies went through some challenging years. These events occurred not so very long ago, so most of those involved then remember what is important during such difficult times. Marketwise, we are now more oriented towards

refurbishment, rebuilding and building extensions, and less towards new-build, which has meant that we have experienced slightly less brutal reductions in activity levels. Where we are exposed to the new-build market, we are not ourselves builders, but have concentrated on our industrial product and service deliveries to others.

We also know that when there are no customer demands, the only sensible thing to do is reducing capacity. This is not an easy task, as it affects individuals who lose their jobs, but it is a necessary evil in order to secure the jobs that remain. It also ensures keeping an organisation which can re-employ people when the situation returns to normal. I would like to take this opportunity to thank the many managers who are taking on this difficult task, working with their colleagues to implement the necessary and agreed changes, in order to reach the best possible solution for the totality and for everyone concerned.

We emphasize the importance of having sound financing arrangements in place to support our industrial operation. This means that we shall have a high level of self-financing, that we have long-term agreements in place with our banks and that we use interest rate and currency hedging to ensure that we have predictable financing costs and sales income.

At the end of 2008, this industrial attitude to financing has in the short term resulted in us missing out on exchange rate and interest rate gains. These are speculative gains which we can

cope with missing out on. The other effect is that we have long-term financing at a sensible price through to the summer of 2011, which gives us the ability and strength to continue our ongoing development work, and to make the necessary changes that market conditions dictate in an orderly manner.

2009 will be a challenging year. We believe that our operating income will be reduced by over NOK 1 billion. However, prices of key raw materials are also falling, and production costs will be reduced in line with the general downturn in activity. During 2008, the number of employees was reduced by 140, the main part of which happened during the last two months of the year.

At the start of 2009, we implement plans which will affect another 300 employees during the first half of the year. In addition, around 400 are affected by temporarily reduced working hours. There is a regrettable relation between reductions in activity and reductions in the number of employees. Much is due to external factors, but what we can influence ourselves, we will influence to our advantage. This will also result in a stronger, leaner Moelven – a Moelven that all our business partners can continue to count on in the future.


 Hans Rindal
 President and CEO

The international financial crisis set its mark on 2008 and proved to have a far more serious impact on economies than anyone could have predicted. As many other companies experienced, Moelven also suffered the consequences of the international crisis in 2008. The dominant news over the past year has been that many Moelven companies both in Norway and Sweden had to adjust production volumes to existing market conditions. A particularly unfortunate result of this is that many employees have been affected by such adjustments, either through terminations, layoffs or voluntary agreements to reduce work hours. Aside from these less enjoyable news resulting from the financial crisis, other events also coloured 2008:

April 2008

Award-winning architecture using glulam supplied by Moelven

Five Norwegian buildings have been awarded the Houen Fond architecture diploma for prominent architecture. Two of them, the terminal building for Oslo Airport Gardermoen and Mortensrud Church have load-bearing glulam constructions supplied by Moelven Limtre AS.

June 2008

Gardermoen to be extended using glulam

Oslo Airport Gardermoen, which was built to handle 14 million passengers per year now has around 19 million passengers and the terminal is far too small. In June, Moelven Limtre AS began work on construction of the roof for the 2,500 square metre terminal extension.

Wood award for glulam bridge-builders

Moelven Limtre AS and the Norwegian Public Roads Administration received the Innlandets trepris (Norwegian Interior Wood Prize) 2008 for their innovative work in developing glulam bridges that combine aesthetics and design with large spans and load-carrying capacity. Glulam bridges have become an important focus area within recent years for the Moelven Group's glulam businesses in both Sweden and Norway.

Bjarne Hønningstad new manager for Moelven Wood

Bjarne Hønningstad has been appointed Head of Division for Moelven Wood following the retirement of Dag Sand. Dag Sand has worked for Moelven since 1994 and during his time with the company Wood became a leader within several markets.



The load-bearing structures at Mortensrud Church are made of glulam.

August 2008

Office buildings nominated for building award

Viken Skog BA's original head office building outside Hønefoss was nominated in the office buildings class for the competition to become the World Building of the Year 2008 at the World Architecture Festival in Barcelona in October. The building incorporates solid wood elements and glulam supplied by Moelven.

Award for newly developed insulated stanchions

MjøesCon AS from Moelven was awarded DnB NOR's Innovation Prize 2008 in the "Innovation" category for a new type of insulated stanchion. The product is a combination of wood and polyurethane which gives both strength and insulation, and could increase the use of wood in structures. Moelven Utvikling AS and Moelven Wood AS are working to develop the stanchion into a commercial product.

September 2008

Moelven's new website launched

Moelven's new website was published in Norwegian, Swedish, Danish and English. The new version has a new technical platform and new content, and will be developed in several stages.



The insulated beam Iso3 is an alternative to steel.

November 2008

Award for excellent modern wooden building

Together with Järntorget Bostads AB, Moelven ByggModul AB received an award for their participation in the construction of five five-storey apartment complexes in the Ståthällaren quarter in Stockholm. The diploma reads, "This new wooden building system represents a completely new approach to building."

December 2008

trä8 – a new construction system in wood

The demand for timber-based structures as an alternative to traditional rafters/beams is increasing. In order to meet the demand, Moelven Töreboda AB is launching trä8 in 2009, which is a revolutionary open solid wood building system with an 8-metre joist span. This system reduces the total project time, partly because it is possible to construct the system quickly and protected against weather.

Lars Atterfors new manager for Moelven Building Systems

Lars Atterfors was appointed new Head of Division for Moelven Building Systems with effect from 1 January 2009 following the retirement of Reidar Mo. Reidar Mo has worked for Moelven since 1989 and during his time with the company Building Systems became a leader within several markets.

Moelven Van Severen safest

For the second year in a row, Moelven Van Severen AS was the safest plant within the Moelven Group in the routine risk analyses carried out by the Group.



Our web-pages are our most important external channels of information.

www.moelven.com/history



The Moelven Group

The new Drammensbadet opened in 2008 and is Norway's largest swimming pool facility.

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. All of us use rooms and our perception of what constitutes a quality room varies and alters over time as our needs change. Moelven's task is to create quality rooms no matter what they are used for today or what they will be used for tomorrow.

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 wood-based building products and related services. We also want to be at the forefront of developments in construction based on Scandinavian building traditions.

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. Most of our products have a high wood content. We have renewable and environment friendly alternatives to other building products 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 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 construction 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. The excellent, stable and predictable quality of

the raw materials we use is crucial for this customer group. We co-ordinate the distribution of products from different production facilities within the group so that our industrial customers can obtain all their wood products for their production line through the same channel.

TRADE CUSTOMERS

Moelven's trade customers purchase finished building products for sale via builders'

Highest possible degree of processing of local raw materials



Moelven Group production is based almost entirely on wood as the raw material. During 2008 the Group produced and processed 3.85 million solid cubic metres of sawn timber from spruce and pine with a value of approximately NOK 2.4 billion, including transport costs. Moelven does not own any forests, but obtains all its raw materials from external suppliers and forest owners.

The raw material for Moelven's Norwegian sawmills is purchased primarily from south-east Norway, Trøndelag and from the borderland area in central Sweden. The Swedish sawmills obtain most of their raw material from the western part of central Sweden.

The raw materials that Moelven uses originate largely from forests located near the Group's sawmills. Local sourcing of raw materials reduces transport costs and environmental impact, and therefore Moelven is always striving to increase the amount of locally-sourced raw materials. Each sawmill has adapted its production to the local raw materials and have their specific requirements to these materials. This means that the raw materials can be used as efficiently 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 high and an increasing value for Moelven. Its customers are the pulp and paper industry, chipboard producers and energy companies, and by-products are adapted to the requirements of each individual customer. Moelven had a turnover of approximately 600 MNOK during the year from the sale of by-products.

A shortage of wood as late as 2007 has turned abruptly into a surplus in 2009. The sawmills industry and the pulp and paper industry are planning and making further reductions in production in order to cope with the deteriorating economic climate. The financial crisis and the state of the market will affect flows of wood and prices for a long time to come.

merchants. A good 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 of products from our production facilities around the group and distribute them to trade customers.

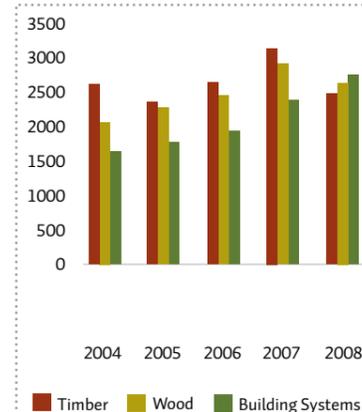
BUILDING INDUSTRY CUSTOMERS

Moelven's customers involved in building and construction purchase building modules and flexible building interior systems instead of choosing 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 and can be recycled. Delivery times are shorter than with on-site construction.

PRODUCTS WITH A 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 easier 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.

Operating revenues NOK millions



ON-GOING PRODUCT DEVELOPMENT

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. The aim is always to create new products and services that make things easier for our customers.

Some examples of significant innovations in recent years are fireproof wood, which has provided entirely new possibilities for the use of wood-based solutions, heavy metal-free impregnation to protect against rotting without damaging the environment, the development of flyovers made of wood and a new weather-proof building system for a wooden house with up to four floors, which was launched 2009.

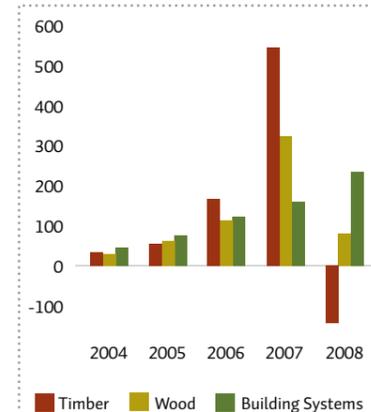
Our innovation company, Moelven Utvikling AS, helps people with business and product ideas to access a market. They support the group's development projects and work with a number of product and process innovations which preferably are in the value chain from the forest to the market. The aim is for Moelven Utvikling to contribute to ten robust businesses or commercial products by 2012.

Moelven owns 70% of the company and Selskapet for industrivekst (SIVA) owns 30%.

EMPLOYEES ARE PART OF AN INNOVATIVE CULTURE

Moelven provides opportunities for people with the drive to succeed. Our vision for our employees and their relationship to the

Operating profit NOK millions



The viewing station at Aurland fjord, Stegastein, was built using glulam from Moelven and has attracted international attention.

company is expressed through our personnel concept. We endeavour to sustain and pursue an innovative culture within the group together with effective and profitable industrial production. The prerequisite for all this is that we have competent, enterprising and motivated employees, who are eager to be involved in the development of the products and services of the future. Consequently, we invest in motivating and developing our employees. We run training and development programmes on an on-going basis in all areas and for employees at all levels within the group.

Moelven is also proactive in reducing the

number of accidents at work and reducing absence due to illness. We have a reward scheme in place, which, linked to business margins, rewards low rates of absence due to illness in each division.

Sustainable, reliable and seeking opportunities are the three central principles at Moelven. Our employees are a crucial part of the business culture we are anxious to protect.

A FLAT AND DECENTRALISED STRUCTURE

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 2009 there are 3,285 employees, of which 1,756 are based in Norway, 1,492 in Sweden, 27 in Denmark and 10 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 creates openness, increases effectiveness and participation and reduces the need for centralised administrative resources.

This network organisation with its short decision lines gives us flexible production resources, which can be tuned to the varying requirements of local markets, also the operational units can support each other in the day-to-day competition. Since Moelven has units in all processing steps, from timber felling to finished wood-based building products, knowledge and competence can flow freely within the group along an integrated knowledge chain.

LONG-TERM OWNERS

Moelven Industrier ASA is owned by Eidsiva MI AS (39.6%), Glommen Skog BA (25.1%), Viken Skog BA (11.9%), Mjøsen Skog BA (11.7%), AT Skog BA (7.3%) and Havass Skog BA (4.0%). The remaining 0.4% 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.

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/

Moelven' divisions



Timber

Moelven's Timber Division produces sawn timber from locally cut pine and spruce. In 2008, around 2.8 million cubic metres of timber were processed into 1.4 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, as well as for housing and other structures, in addition to furniture, flooring, mouldings, panels and windows and for packaging timber and glulam. In addition, 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 2009, Timber had a total of 803 employees: 252 in Norway, 544 in Sweden and seven in other countries. The total annual turnover was MNOK 2,472.

Find out more at www.moelven.com/timber



Wood

The Moelven Wood division produces a wide range of processed wood-based building and interior products sold mainly through builders' merchants in Scandinavia. The production volume in 2008 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, in addition to Moelven Wood products, sawn timber, board materials and construction wood to the building trade and industry segments. The Wood division has nine production units in Norway and five in Sweden. These units generated a turnover of NOK 2,634 million in 2008. As of the beginning of 2009 there were 880 employees in this division, of which 582 in Norway, 271 in Sweden and 26 in Denmark.

Find out more at www.moelven.com/wood



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. The division invests heavily in developing concepts and systems together with customers and architectural, design and building experts. Most of the division's products and system solutions are environment-friendly alternatives to traditional materials and solutions. Laminated Timber, Building Modules and Interior Systems are market leaders in Sweden and Norway. Turnover totalled MNOK 2,748 in 2008. As of the beginning of 2009 the Building Systems division has 1,512 employees, of which 871 are in Norway, 638 in Sweden and 3 in England.

Find out more at www.moelven.com/building-systems

Moelven Industrier ASA

Raw material supply, Fibres and Bio Energy - Finance and insurance
- 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 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 Mjøsbu AS	Moelven Tom Heurlin AB	Moelven Edanesågen AB	Moelven Trysil AS	Moelven Eurowand AB	Moelven Nordia Prosjekt AS
Moelven Norsälven AB	Moelven Våler AS	Moelven Eidsvold Værk AS	Moelven Valåsen Wood AB	Moelven Elektro AS	
Moelven Notnäs AB	Moelven Årjäng Såg AB	Moelven Eidsvoll AS	Moelven Van Severen AS		
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.	2008	2007	2006	2005	2004
THE GROUP					
Operating revenues	7 657.7	7 944.0	6 692.4	6 004.9	5 773.2
Depreciation & write-downs	199.2	177.0	177.6	178.0	177.5
Operating profit	144.7	989.6	373.2	158.6	70.3
Financial items	-37.3	-17.4	-36.8	-45.6	-53.7
Operating result before tax	107.4	972.2	336.4	113.0	16.6
Total capital	3 589.8	3 604.2	3 071.6	2 964.1	2 884.2
Equity ratio	47.3	43.6	40.2	36.3	36.5
Net operating margin in %	1.9	12.5	5.6	2.6	1.2
Cash flow from operating profit	343.9	1 166.6	550.8	336.6	247.8
Investments	346	292	245	112	199
No. of employees	3 285	3 425	3 210	3 159	3 191
TIMBER					
Operating revenues	2 472.4	3 136.4	2 642.0	2 355.4	2 619.3
Depreciation & write-downs	84.6	72.2	67.4	66.2	78.0
Operating profit	-143.3	544.4	166.7	55.2	33.0
Financial items	-13.1	0.3	-9.9	-11.2	-17.7
Operating result before tax	-156.4	544.7	156.8	44.0	15.3
Total capital	1 572.8	1 788.5	1 407.0	1 288.6	1 448.5
Net operating margin in %	-5.8	17.4	6.3	2.3	1.3
Cash flow from operating profit	-58.7	616.6	234.1	121.4	111
Investments	175	130	121	53	107
No. of employees	803	869	857	846	1 019
WOOD					
Operating revenues	2 634.0	2 914.6	2 453.4	2 268.7	2 064.1
Depreciation & write-downs	67.4	61.1	58.4	57.9	54.2
Operating profit	80.3	324.4	113.0	62.2	29.6
Financial items	-17.1	-7.6	-14.0	-14.7	-18.0
Operating result before tax	63.2	316.8	99.0	47.5	11.6
Total capital	1 563.5	1 653.7	1 378.1	1 253.6	1 059.2
Net operating margin in %	3.0	11.1	4.6	2.7	1.4
Cash flow from operating profit	147.7	385.5	171.4	120.1	83.8
Investments	109	106	78	33	70
No. of employees	880	922	840	855	784

Amounts in NOK mill.	2008	2007	2006	2005	2004
BUILDING SYSTEMS					
Operating revenues	2 748.0	2 382.8	1 937.5	1 770.1	1 630.0
Depreciation & write-downs	35.2	31.5	31.2	30.2	32.6
Operating profit	235.1	159.3	121.8	75.9	44.9
Financial items	14.7	10.7	1.1	-4.3	-2.2
Operating result before tax	249.8	170.0	122.9	71.6	42.7
Total capital	1 108.6	1 041.7	1 035.9	897.7	801.2
Net operating margin in %	8.6	6.7	6.3	4.3	2.8
Cash flow from operating profit	270.3	190.8	153	106.1	77.5
Investments	46	54	44	22	22
No. of employees	1 512	1 543	1 435	1 381	1 334
Laminated Timber					
Operating revenues	524.1	483.2	424.9	402.0	387.2
Depreciation & write-downs	16.0	14.7	13.1	11.6	13.3
Operating profit	38.5	24.4	25.4	20.0	15.6
Net operating margin in %	7.3	5.0	6.0	5.0	4.0
Investments	20	22	23	13	7
No. of employees	258	279	263	259	244

Amounts in NOK mill.	2008	2007	2006	2005	2004
Electrical Engineering					
Operating revenues	435.5	358.4	219.4	197.3	150.9
Depreciation & write-downs	3.0	1.9	0.7	1.3	1.5
Operating profit	8.5	5.9	3.7	-7.8	4.9
Net operating margin in %	2.0	1.6	1.7	-4.0	1.0
Investments	0	0	0	0	0
No. of employees	243	207	231	167	129
Modular Buildings					
Operating revenues	1 030.7	944.4	736.1	689.0	586.5
Depreciation & write-downs	12.8	11.2	12.6	12.0	10.8
Operating profit	94.2	66.0	37.8	31.6	2.2
Net operating margin in %	9.1	7.0	5.1	4.6	1.0
Investments	16	29	19	8	14
No. of employees	522	606	502	502	504
System Interiors					
Operating revenues	784.3	633.8	593.6	496.7	520.4
Depreciation & write-downs	3.4	3.7	4.8	5.3	7.0
Operating profit	93.9	63.0	54.8	32.1	22.2
Net operating margin in %	12.0	9.9	9.2	6.5	4.3
Investments	10	3	2	1	1
No. of employees	489	451	439	453	457
OTHER BUSINESSES					
Operating revenues	388.5	368.9	171.7	167.1	69.8
Depreciation & write-downs	11.6	11.6	19.7	17.6	12.6
Operating profit	-27.4	-38.6	-28.3	-34.7	-37.2
Financial items	-21.8	-20.6	-14.0	-15.4	-15.8
Operating result before tax	-49.2	-59.1	-42.3	-50.1	-53.0
Cash flow from operating profit	-15.8	-27.0	-8.6	-17.1	-24.6
Investments	16	2	2	0	0
No. of employees	90	91	78	77	54

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

The Moelven brand



Photo from Moelven Eurowand AB's launch of several new style concepts featuring the product Screen Wall, which represents a smarter way of organising your office space. Read more about the new concepts and Screen Wall at www.moelven.com/se.

Moelven's brand platform

Mission: To supply quality rooms

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

Values:

Sustainable
Moelven respects people and the environment. We base our business on renewable resources. Sustainability and a long-term perspective have become our competitive advantages. Environmental responsibility is a priority area.

Reliable
Moelven is a reliable business partner. We deliver the right quality at the agreed time. There is a strong focus on openness and honesty – admitting weaknesses and faults creates a basis for success and credibility.

Seek opportunities
Moelven seeks solutions. The Group has the skills and resources to be a leading player within product development and innovation. We have always been a company that is at the cutting edge of technological developments and exploits the opportunities that changing times present.



The strategy remains the same

Moelven has faced a challenging year. Our sales have been substantially lower than expected and many employees have unfortunately lost their jobs. Nevertheless, the strategy remains the same – through ups and downs: We will be the natural choice for people who want to build and live Scandinavian. We will give people quality rooms, both now and in the future.

One precondition for being able to deliver in accordance with our promises is that we adapt to the existing conditions surrounding us and work actively in relation to customers, partners and authorities. We have experienced good as well as bad times during our 110 years in business, and experience, sound business partners, product development and production capacity have brought us to our present position.

We believe, however, that this in itself is not enough. Many other companies can make good products and have a suitable range.

A supplier can be acknowledged over time because of its being a little bit different from the others, being trustworthy and carries out its business to the best for the communities and its environment. Such a supplier has an excellent basis on which to build a strong brand. We shall endeavour to retain, further develop and take good care of this brand.



Kristin Vitsø Bjørnstad, Director of Communication and Human resources, on Moelven's brand:

How do we take care of our brand?

A good reputation and a strong brand are essential for Moelven's long-term survival. Our brand must set us apart from others and be a major contributor in helping us to secure stable income in the long-term.

An important precondition for being able to preserve and strengthen our brand is to have credibility. What no one believes in represents no value. Therefore, one of our key guiding communication principles is that we will be open and honest towards the outside world and present the true reality. We are anxious to create the best possible relation to the community around us through active and professional relationships with local, regional and national media.

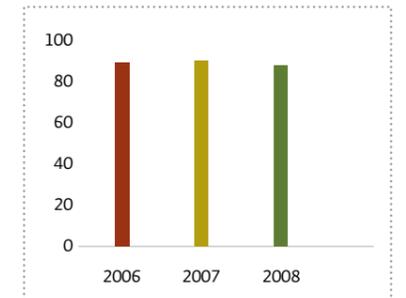
Moelven shall provide an added value as a supplier. We therefore want Moelven to be recognised not just by its product quality, but also as a brand. We have instigated a major programme aimed at activating the Moelven brand, through a renewed graphic design programme and, in particular, through the renewal and activation of the Internet as a communication channel.

The Internet is a medium which suits us well and which by its very nature is rational in that we can make available varied and complete information to our customers and business partners – who often have very different information needs. The Internet is now, and will remain, Moelven's most important external communication channel. Our aim is for our web solutions to be a source of inspiration both for ourselves internally and also for our customers and business partners.

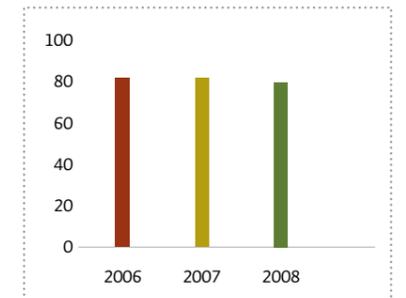
Moelven's employees are the primary carriers and mediators of the Moelven brand. In recent years, Moelven has therefore placed great emphasis on communicating the content and meaning of our brand platform to our employees through various campaigns.

It is important for us that we are aware at all times how our brand is perceived. The fact that we *know*, rather than *believe*, means that we can step up our efforts where it is needed.

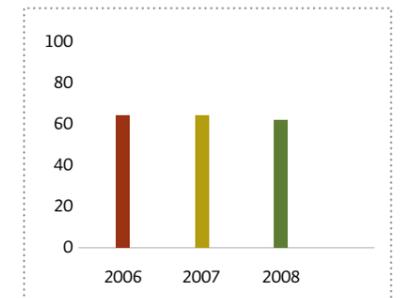
Is aware of Moelven (%)



Would consider choosing Moelven (%)



Would choose Moelven (%)



In 2006, 2007 and now again in 2008, Moelven Industrier has carried out a brand survey in Scandinavia in cooperation with Synovate with the aim of determining the Scandinavian markets' awareness, views and attitudes towards the Moelven brand benchmarked against a selection of other suppliers who offer the same type of products. The survey covers all of Moelven's product groups and involves interviews within all key target groups in the market that the Group is targeting. A total of 1450 interviews were conducted. The table shows the total population's awareness of Moelven. Those who were aware of Moelven were also asked to what extent they would consider and choose Moelven if they were to buy the type of products that the Group currently offers. The survey shows that around nine out of 10 people are aware of Moelven, around eight out of 10 people who would consider Moelven within at least one of the product areas, and that two out of three people would choose Moelven within at least one of the product areas.

TUESDAY
11.15



”See you at the coffee machine!”

Just one of many short meetings, as relaxed as it can be and as simple as it needs to be in a world where heavy-going, formal, traditional meeting formats are avoided. Four friends and colleagues working in the same department. Objectives that requires a free flow of ideas and inspiration between individuals in a group. There is no room for those who are obstructive and keep thoughts and opinions to themselves.

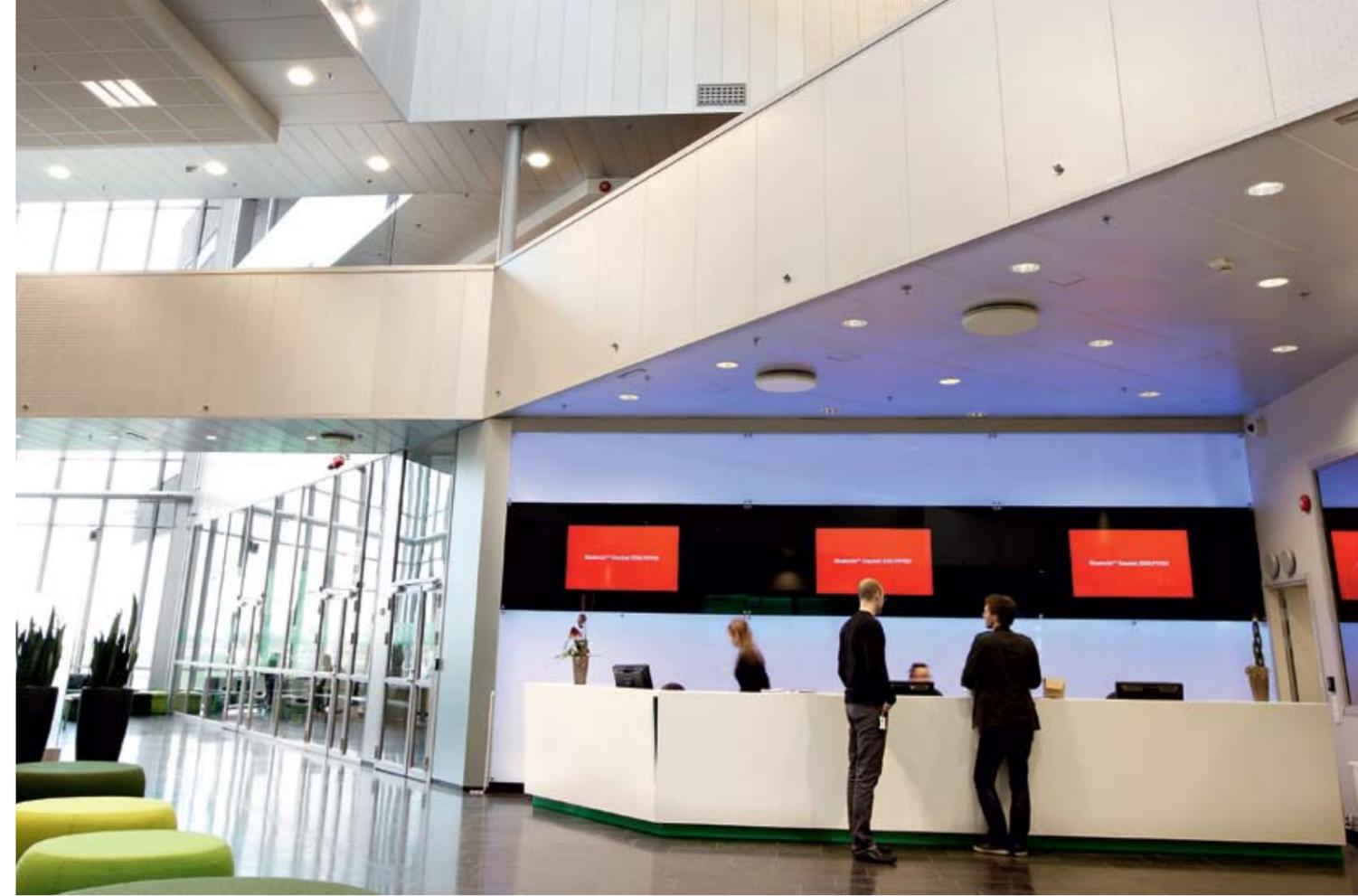


Martin Wezowski, Jacob Fyge, Alexander Szubinski and Olle Häff often meet at the coffee machine in one of the many corners of the huge atrium that is the social and creative heart of Sony Ericsson’s new administrative development centre in Lund. An atrium five floors high, with a clear view of the sky, and a natural daily meeting place for over a thousand people and employees recruited from all over the world. A place where contacts are made and developed, but also where contacts can be maintained between those working in various areas within the building and do not meet up so often.

Here you get a bird’s eye view of the city, a centre of learning, a view through glass walls to other research companies located close

by and over ancient Scanian agricultural land. Öresund can be seen barely on the horizon where the big wide world begins.

The building has been nicknamed “Glasgow”. Openness and light inspire and characterise the people here and make them feel good. It is calm and quiet in this office environment, and calm also reigns over the building’s atrium, surrounded entirely by glass, in spite of all the hustle and bustle. It is a productive environment and a place reliant on the people using it.



People from around the world meet and work at this site.

heavy and slightly more fragile to handle than other materials and put strict requirements on transportation both to building sites and within buildings, and also in terms of fitting on the building site.

Good dialogue at the workplace

Since this was a huge workplace with heavy pressure on deliveries, Moelven Eurowand chose to deliver materials from its warehouse at times when there was less pressure on transport to the building, and in doing so was able to make things easier for its own fitters and other contractors. The logistics system worked well and there was an effective dialogue with the other parties involved on the building site.



The building’s large atrium featuring glass walls on all sides and above is a natural midpoint. It not only serves as an attractive foyer, but it is also a popular site for meetings and coffee breaks.



Much of the interior at Sony Ericsson’s development centre in Lund consists of glass walls that let in daylight throughout the building and provide a feeling of openness. Some glass walls feature semi-transparent décor in various colours and patterns.

Find out more about Sony Ericsson and Moelven Eurowand at www.moelven.com/sony-ericsson

A creative power centre

Sony Ericsson’s newest office building in Lund is located in Brunnsög, a new part of the city where knowledge-intensive IT companies of the future and companies in other industries have set up. Lund is a rapidly growing city in the Öresund region, and Brunnsög, together with Lund’s large university, technical college and the Ideon Science Park form a highly creative environment.

Openness and lots of light

The building, which is actually two buildings joined by a large atrium, stands out thanks to both its internal and external appearance. The proprietor wanted a building that made optimum use of energy and at the same time was very open. It was also important that plenty of light entered the building from morning to evening and at all times of the year. Wingårdh Arkitektkontor chose to use walls that were made of glass in most of the building, which allows light to flood into the office environment and into the office cells through the atrium and the facades that are also made largely of glass.

Complete solution from Moelven Eurowand AB

Moelven Eurowand supplied a complete solution for the interior wall system of the new office building: in-house developed, premanufactured mobile interior walls for different functions produced in its own factories, supplied from its own stores and assembled by Moelven’s own specialist fitters.

In-house fitters for fragile materials

The assembly work took approximately six months. Glass walls are

Facts

Office building: Nya Vattentornet 4, Lund, Sweden, Sony Ericsson research centre. Two buildings over five floors plus basement, gross surface area of just under 27 000 m².

Start of building project: January 2007.

Completion: April 2008, occupancy July 2008.

Total cost: Approximately SEK 500 million.

Client: Vasakronan AB Region Syd.

Building contractor: Thage Anderssons Byggnads AB, Tollarp.

Architect: Wingårdh Arkitektkontor AB, Göteborg.

Tenant: Sony Ericsson Mobile Communications, 1 250 employees. The company also has a number of other office buildings in the neighbouring area.

Moelven Eurowand AB supplied the interior wall system for the building:

- Series 300 for draught-proof walls, 2 250 m².
- Glass Front for glass walls, 2 500 m².
- Serie 400 for doors and door frames, 495 m².



THURSDAY
10.42

There is a sudden meeting of two worlds, separated only by two 6mm thick sheets of glass with a 16mm space in between filled with argon gas. Outside it is biting cold, with a light mist and the harsh colourless morning light of mid-winter. People hasten the shortest and quickest route from A to B.

Inside there is a tropical heat and a soft world in complete contrast to the climatic conditions that generations of Scandinavians have come to accept and occasionally appreciate.

Silje, Othilie, Stine and Ida are having swimming lessons together with the other children in the class from Konnerud School. It was lovely in the water in the old swimming pool too, but there is more space here and many more fun things to do. "Great fun," is what the children say about the days on which they catch the bus from the school to the swimming pool in order to learn how to be safe in water.

The new Drammensbadet Water Park opens out towards the frozen town with a full glass frontage on three of the cardinal headings, providing a bright greenhouse for fun, relaxation, exercise and competition. The girls and boys from Konnerud School all turn nine this year and scarcely think about other worlds and conditions. However, what they do know for certain is that it would not be this easy to learn to swim in the fjord or the sea in the cool Nordic summers.



A snow thrower on the pathway outside throws the sparkling snow up against the glass that protects the aquatic world inside. The wave pool with a water temperature of 30° has started to move. Some of the children think they already know how to swim, but the teachers and instructors do not entirely agree with them.

The Drammensbadet Water Park is gradually becoming part of everyday life for the town and the surrounding areas. And life has become a little bit warmer.



Tropical temperatures and enjoyable bathing water on cold winter days.

contractor therefore made special brackets for the installation of lighting and public address systems on the columns along the facade.

Ten-metre ceiling height

In the large swimming pool hall, the ceiling where all the cables are installed is at a height of about ten metres. All the work on the ceiling was carried out either using a lift or a personnel basket on a traverser fitted to the ceiling. This made the work more demanding than usual. The traverser has now been permanently fitted to the ceiling and can be used to access all installations anywhere in the ceiling for servicing and maintenance.

Excellent dialogue between the parties

Throughout the construction period, the parties involved in the construction project had an excellent open dialogue with everyone being prepared to identify the best possible solutions. The end results were good, and Moelven Elektro received considerable praise from both the client and the turnkey contractor for the way in which the company successfully carried out the work.



Adequate lighting of the 50-meter pool with eight lanes was an important consideration, since the facility will also be used for major, televised swimming competitions.

Facts

Building: The Drammensbadet in Drammen, Norway. The largest water park facility in Norway with a total of 5.3 million litres of water distributed between eight indoor and outdoor pools. Total floor area: 12,000 sq. m.

Start of construction: January 2007.

Building completed, testing of the facility started: April 2008.

Open to the public: 1 September 2008.

Client: Drammen Eiendom KF, a municipally owned company.

Architect: BFS Arkitekter, Oslo.

Total cost: NOK 326 million.

Project management: Rambøll Norge AS.

Turnkey contractor: Strøm Gundersen AS, Mjøndalen.

Moelven Elektro AS carried out all electrical installations:

- High voltage power systems
- Fire alarm systems
- Emergency lighting systems
- Access control
- Voice alarm systems
- Camera surveillance, including drowning alarm system
- Data distribution network
- Ticketing systems
- Diesel generator for back-up power supply
- Project planning



Drammensbadet has an electronic ticketing system and a system for access control that registers bar code tickets and smartcards. The electrical installations were carried out by Moelven Elektro.

Find out more about Drammensbadet and Moelven Elektro at www.moelven.com/drammensbadet

A high-quality system

The major new water park at Marienlyst in Drammen is an attractive building with an arched roof which sits on a structure which largely has facades of glass and copper. Throughout the construction process, high-quality materials, construction work and control work has been given high priority.

Demanding requirements for materials and methods

A water park is a very demanding construction project. An indoor environment with water, humidity and chemicals, which can be corrosive and aggressive towards the building materials, imposes demanding requirements as regards the selection of appropriate materials and appropriate construction and installation methods. The use of electrical equipment and materials, fixing materials and cable bridges normally used in industrial buildings was not acceptable. The facility contains almost 400 earthed connections.

Many challenges for Moelven Elektro AS

For Moelven Elektro, Drammensbadet was a special project, with many and to some extent surprising technical challenges during the process. These challenges were overcome along the way in cooperation with the client and turnkey contractor.

Special structures for light and sound

Extensive use was made of special structures to attach the equipment. The swimming pool hall must be particularly well lit, as TV cameras will be used during competitions. The risk of corrosion meant that it was not possible to drill into the building structures, and the lighting

FRIDAY
17.37



It's the weekend. Rita Gulliksen is decorating and fixing her new flat in Drammen. The flat is centrally located right at the heart of city life.

Rita left her house in the suburbs, which was too big and required a lot of work, and altogether too much off the beaten track for a lively and sociable person, who was happy with her single status, but looking for a more upbeat lifestyle. Rita has been involved in the local theatre for 25 years, playing a sexy kitten in this year's Drammen spring revue. She is a big blues fan, doing the rounds of the blues festivals in the summer and often hops on the train to Oslo with a friend on a Friday or Saturday.

"Oh Rita, it's always a hundred miles an hour with you", say her friends.

It was exactly this particular flat that she hoped for as she stood there, number two on the waiting list on that September evening when the flats were being sold. A three-roomed flat on the next to top floor of the building, the very one with a balcony, sunshine from the west and a view towards the city centre.

Long before she was able to move in she gave a lot of thought to how she should arrange the flat. Now it's her city pad that she has made into her new home with space for all those knick-knacks she



loves and with a cosy corner in the living room where she can do everything, work on the computer, eat and watch TV. And although she lives in the city centre, virtually next door to the railway station, it is quiet and peaceful at night.

Sometimes life takes a completely new direction, with or without our approval. Rita Gulliksen chose a living style that suited her lifestyle.



Zitty is an important part of the renovation work carried out at Strømsø in Drammen.

Facts

Building: Zitty in Drammen, Norway. Five floors; garage at street level, technology, storage and shop premises, flats in modules made of wood on floors 2-5.

Flats: Five building systems with a total of 75 flats with balconies. Each flat has been built using two or three modules. Total living space is 4,400 m² divided into 8 one-room flats of 33 m², 25 two-room flats of 51 m², 33 three-room flats of 65 m² and 9 four-room flats of 76 m².

Modules: Moelven Building Modules supplied 159 modules for the flats, in addition to building elements for external storage. The modules were supplied with a fitted kitchen and bathroom, other fixtures and fittings and were painted internally as well as externally.

Construction period: November 2007 - September 2008.

Building contractors: Peab Boligutvikling. Zitty is the first modular building project that Peab has been involved in.

Architect: Finn Kleiva, M.Arch., Oslo

Project manager for the flats: Moelven ByggModul AS.

Additional Moelven deliveries:

Moelven MassivTre AS supplied flooring for the galleries and balconies. Moelven Limtre AS supplied columns and beams for the external galleries and balconies. Moelven Elektro AS carried out all the electrical installations.

Zitty, part of the new Strømsø

The Zitty housing development covers almost an entire block with flats in a central location on the Strømsø side of Drammen, close to the railway station and within walking distance from the city centre. Strømsø is a large area of the city with a multi-faceted character, marked by industry, the railway, thoroughfares and mixed housing developments. Where Zitty is now placed, there used to be a bus depot and a petrol station. Zitty is the first key part of the comprehensive redevelopment of Strømsø and the local authority in Drammen put up as a prerequisite that Zitty should have good form and good architecture.

Modern housing at low cost

The premise with Zitty was to create modern and attractive housing at reasonable living costs. The aim was for the building process to be cost-effective, the overall building costs low and for the entire construction project to be carried out at extremely low cost compared with traditional construction methods.

Modules tailored to land conditions

Much of the ground conditions in central Drammen is problematic, it has no bedrock, there are ground water problems and a risk of flooding of the Drammen river. Consequently, the land is costly to build on. A lightweight construction was needed for the Zitty project and therefore Peab chose wooden modules from Moelven Building Modules for the five floors of flats instead of heavy concrete components. It was also important for Peab to work together with a reliable supplier.

Urban environment tight on space required prefab constructions

The idea was for Zitty to be built in an area right in the middle of a city with busy roads and traffic surrounding the entire block. Short construction time of the inner city building site by using comprehen-

sive prefabricated constructions in the form of ready-made modules was a pre-requisite for the building process to be carried out without any major disruptions.

Logistics - a challenge during construction

Zitty is the largest single flat building project that Moelven Building Modules has supplied to date. Assembly work on site in Drammen involved big logistics challenges for Moelven Building Modules. The comprehensive and on-going delivery of modules and materials had to be made just on time so that the fitters had enough time, at the same time without being left waiting around. Also, scaffolding and cranes for a five floor building should be mounted and space found in a tight and challenging inner city environment.

Excellent and flexible cooperation

The cooperation between Peab, the architect, Finn Kleiva and Moelven Building Modules worked extremely well. Building with modules require the module manufacturer to be involved at an early stage of the planning. In the Zitty project it was possible to combine the architect's intentions with the modular buildings' requirements and Moelven Building Modules produced detailed projections.

Find out more about Zitty Drammen and Moelven ByggModul at www.moelven.com/zitty-drammen



Rita Gulliksen found her dream apartment in a complex located in the part of the town where she wanted to live. A house with personality to fit a colourful person.

Products and services



Glulam from Moelven features prominently in the architecture of the award-winning terminal building at Oslo International Airport Gardermoen.

Moelven is one of Scandinavia's leading suppliers of building products and associated services, offering the most wide-ranging product assortment. Many of our products are based on timber resources obtained from suppliers practicing sustainable forestry management. We provide quality rooms for people and businesses.

Industrial products

Moelven develops and manufactures customer tailored intermediate goods for a range of industrial applications, with the end result being a wide variety of wood-based products provided to the market from Moelven's customers.

Timber

Timber from Moelven is made from pine and spruce trees harvested in South-east Norway and Mid-Sweden. The timber is always harvested close to one of the company's sawmills, and all of the sawmills are PEFC certified (Programme for the Endorsement of Forest Certification). The company's customers manufacture a wide variety of wood-based products such as furniture, flooring, moulding, panels, glulam, windows and packaging material. Moelven's production is adapted to comply with customer specifications for dryness, quality and dimensions.

Construction wood

Moelven supplies planed sawn wood to manufacturers of roof trusses, housing and modular buildings. The source of the raw materials is the same as for timber.

Glulam

Glulam from Moelven is made of spruce, which is obtained from suppliers practicing sustainable forestry management in South-east Norway and Mid-Sweden. While glulam is both solid and maintains its shape, it is also a flexible material that can be used to build innovative architectural designs. Glulam is a technically advanced and at the same time environmentally sound building material.

Kerto

Kerto is a glued veneer beam with good strength and stiffness, it can be used to build advanced load-bearing wooden structures, which opens up new opportunities for building projects. Kerto is an environmentally certified product that can be recycled and is manufactured using recyclable raw materials.

Wood sheets

Moelven Wood in Sweden and Moelven Danmark offer one of the market's widest range of wood sheet products for industrial applications.

Building materials

Moelven develops and produces products for buildings, construction and interior applications. We have a wide assortment of products and efficient logistical distribution systems. The company's products are sold by most well stocked builder's merchants.

Flooring, panelling and moulding

Moelven is one of the leading producers of interior products sold to, and through, builder's merchants. We manufacture solid wood flooring and panelling in pine and spruce, and moulding in pine and oak. Our assortment also includes surface-treated products. All raw materials are harvested close to the company's sawmills and are obtained from sustainable managed forests.

Façade and garden

Moelven offers one of the market's widest assortments of exterior cladding and decking materials in various wood types and surface treatments.

Glulam

Glulam from Moelven is made mainly from spruce, which is obtained from sustainable managed forests in South-east Norway and Mid-Sweden. While glulam is both solid and maintains its shape, it is also a flexible material that can be used to build innovative architectural designs. Glulam is a technically advanced and environmentally sound building material.

Kerto

Kerto is a glued veneer beam with good strength and stiffness. The material can be used to build advanced load-bearing wooden structures, which opens up new opportunities for building projects. Kerto is an environmentally certified product that can be recycled and is manufactured using recyclable raw materials.

Construction wood

Moelven is one of the leading producers of construction wood in Scandinavia, offering an assortment of products for building construction, roofing, walls and beams. The products are made of pine and spruce harvested from forests close to the company's sawmills.

Wood sheets

Moelven Wood in Sweden and Moelven Danmark are leading suppliers of wood-based sheets. The companies offer one of the market's widest range of wood sheeting for industrial applications and for building construction, interiors and the DIY market.

Building systems and constructions

Moelven develops and manufactures customer tailored building modules, practical and effective interior layout systems, advanced glulam structures and beams for applications such as bridges and major construction projects. The company also offers electrical installation services in Norway.

Interior systems

Moelven develops, manufactures and installs flexible interior walls and ceilings that are cost efficient and aesthetically attractive. The company also offers long-term follow-up services after installation.

Glulam and Kerto

Glulam and Kerto are environmentally sound building materials that are ideal for use in innovative wooden structures. Glulam is an excellent material for use in building industrial and storage halls and for major public buildings, such as event arenas. The building of bridges using glulam is a growing market for Moelven. The beam system Trä8 is a new building system with a wooden core. Trä8 has been developed for simple installation and rapid weather protection of buildings up to four storeys tall.

Modular buildings

Modules are increasingly being used to build homes and apartments, schools, service buildings, offices and temporary housing. Moelven's modular building system is the most cost-efficient on the market and offers benefits such as high quality, flexibility and short delivery times at a manageable cost.

Electrical installations

Moelven Elektro AS in Norway provides planning, installation and other electrical services for commercial buildings, industrial plants and government buildings. They operate only in the Norwegian market.

Find out more at
www.moelven.com/products-and-services/

Responsibility



The sports and culture centre Prismen at Amager in Copenhagen features glulam and Finnforest Kerto from Moelven.

LOCAL COMMUNITIES

Openness and local commitment

Moelven's business operations generate considerable benefits to the society. By taking responsibility for what we are able to influence, we contribute positively to improved local communities. We defend a company culture characterised by openness, we operate a large number of production units in both sparsely and densely populated communities, 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. It is important for the company that the media views Moelven as a credible and natural source of information about questions relating to the company's business activities and the local communities in which we operate. We want the open company culture to be seen as a resource for both the employees and the local communities, and thereby also for the Moelven group as a whole.

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

Ethics in our daily activities

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.

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

Opportunities to people with drive

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 company's human resource policy reflects the Group's wishes and goals in a wide range of areas. This includes what human types we want to recruit, what skills and expertise the company needs, which work terms and wages we offer, how we introduce new employees to the company, which types of training and career opportunities the company offers and finally, how we manage employees retiring or leaving the company. The individual



Stina Holt works as a planer at Moelven Edanesågen AB and enjoys a varied and challenging job.

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 three fundamental values:

- Sustainability
- Reliability
- Seeking opportunities

The three values are helpful in guiding the work of each individual employee throughout the organisation, and at the same time present a clear idea of what customers, suppliers and owners can expect from Moelven.

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 important for Moelven to be viewed as an attractive employer. 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 competence.

Within all areas and at all levels of the group, we work continuously to transfer in-house expertise and experience that we wish to retain and build on to new employees.

ENVIRONMENTAL COMMITMENT

Wood based production

Being an industrial group, it is important for Moelven to be a leader within its field when it comes to environmental awareness and sustainable social development.

Moelven's production is nearly all based on wood, which is a renewable resource. The use of wood together with the replanting of forest helps reduce the amount of carbon dioxide in the atmosphere and counteracts the effects of global warming. Trees absorb carbon dioxide and through photosynthesis store the carbon in the wood until it is burned or degrades biologically. The carbon dioxide then returns to the atmosphere where it again can be absorbed by new tree growth.

Timber is recycled to nature

Products and buildings made of wood store carbon dioxide for long periods of time and thus function as carbon storage. When the material is no longer needed or the building is to be demolished, it can be recycled into other products that continue to bind carbon dioxide. The material can also be processed for fuel in bio-energy plants, which can replace fossil fuels such as oil or natural gas. All wood products in the end return to nature in the form of composted waste, at which time the carbon dioxide is released, which can again be absorbed by new tree growth.

Wood can often be used to replace other materials in products, buildings and other structures, and thus reduce the overall impact of man's activities on the environment.

Environmental commitment

Moelven's environmental commitment is evident in the company's use of sustainable and long-term renewable resources, and by the company's constant efforts to lessen the impact of its business activities on the internal and external environments. The company strives to minimise energy consumption in all processes, and works systematically to minimise the need for transport of materials and to limit the use of chemicals and waste emissions to air and water.

Everything should be recyclable

An important characteristic of any environmentally sustainable society is that as many products as possible should be able to be reused. When rebuilding or moving, our building modules, system interiors and interior products may be adapted easily to serve other applications and needs, which means recycling instead of tearing down and dumping. The aim of the company is that 100 per cent of the raw materials the company uses shall be recyclable.

FINANCIAL ACCOUNTABILITY

A results-oriented business culture

Moelven has a results-oriented business culture, where the employees are the primary standard-bearers of this culture and the values on which the culture is based. The culture of focussing on results complements the company's more formalised management systems.

Management systems

Established ethical and moral standards shall always be followed when dealing with employees, customers, suppliers and other business contacts. The company's employees, who are Moelven's ambassadors, shall behave with integrity and in an exemplary fashion at all times.

The Corporate Assembly is the Group's highest supervisory body. It is through this body that the shareholders exert their authority by electing the board and monitoring the board's work. The Corporate Assembly consists of twelve members, four of which are chosen by and among the employees.

While the six largest shareholders control



Production Manager Göran Storm of Moelven Valåsen AB works hard to reduce sawmills costs while at the same time boosting the quality of the products.

99.7 per cent of the shares, there are 967 shareholders in all. The board is responsible for ensuring that the company's overall interests are secured. It consists of seven members two of which are selected by and among the employees. None of the board members are personally tied to the company by commercial links.

The President/CEO has the overall responsibility for the daily operations at Moelven. Day-to-day managerial responsibility is delegated to the respective division managers, coordinated through the division management. The division managers are part of the corporate management staff and report direct to the President/CEO. The Corporate Assembly decides the annual fee to the members of the board, and the board determines wage terms for 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 per cent of the after-tax profit to shareholders. The Group has the following financial goals:

- Operating margin shall be higher than 5 per cent
- Return on employed capital shall be higher than 12 per cent
- Solidity shall be higher than 40 per cent
- Capital turnaround shall be higher than 2

More information at Moelven's website, www.moelven.com/responsibility



Kerto beams supplied by Moelven are clearly visible at the cultural and recreational centre at Jemtelandsgade in Copenhagen.

KEY POINTS

2008 was a year which saw major changes in market conditions as a result of the financial crisis. For the Moelven Group, the focus has been on adjusting to market conditions, the ongoing identification and implementation of efficiency improvements within the operation and the further development of existing business in line with the strategic plan. No acquisitions were made during the year. In total for the year, operating income amounted to NOK 7.658 million, down from 7.944 in 2007. Net income was NOK 81 million, down from NOK 695 million the previous year. The downturn from 2007 was very marked but expected, as 2007 was a year with unusually good market conditions and strong demand in all the Group's markets. Historically, the overall result represents an average result for the Group, and on a par with the period from 2001 - 2005. However, 2008 differs from these years in that the result is composed of a historically weak result for the sawmills, an average result for the processing companies and a record profit for the Building Systems companies. At the start of 2009, it is clear that we have put behind us a year with a historical dramatic change in the global economy and that the future outlook is poor. The Moelven Group has already instigated measures that will adapt the Group to the changed conditions, but the board expects profitability to be weakened further during 2009. Nevertheless, the Group is financially well equipped to cope with a period of reorganisation and a demanding market situation.

Market conditions

2008 began with further falls in demand for industrial timber in Europe. The construction markets in Scandinavia experienced a normalisation of activity following a period with very high activity. During the third quarter, it became clear that the scope and consequences of the financial crisis were greater than most people had anticipated. The property markets have been a pivotal part in the development of the crisis, and as a supplier of products and services for this sector, the Moelven Group was one of the players to be affected at an early stage. Amongst the Group's companies, the sawmills, which supply products that are in demand at an early stage of the construction process, were the first to be hit. At the end of the fourth quarter, however, the economic consequences of the financial crisis were clear in most of the Moelven Group's markets. During the latter half of the year, the sawmill division reduced its output more than had been planned at the start of the year. The biggest challenges have been coping with the fact that the price of industrial timber has fallen substantially further and faster than the price of the raw material timber, and adapting production plans for both volume and quality to the substantial reductions in demand. For the wood processing companies, the decline in construction activity has reduced demand for the division's products. Prices have also been falling, but the price fall came later than for the sawmills. Within the Building Systems Division, which largely work with projects, the completion of initiated projects and the capitalisation of order backlogs resulted in the

division again delivering an excellent result in the fourth quarter. However, the companies within the division are seeing a tail-off in the planning of new projects, and are also experiencing customers cancelling orders as a result of a lack of financing and uncertain market outlook.

Capacity reductions

The level of activity at the start of 2008 was very high. A combination of ongoing investments in more cost-effective production equipment, combined with falling demand resulted in it becoming clear at an early stage that downsizing would be necessary. The severity of the economic downturn through the autumn has however necessitated reductions over and above those that were anticipated. At the end of 2008, initiatives were either planned or implemented which affected a total of around 775 employees through redundancy, temporary lay-offs, reduced working hours or natural retiring. As many of the initiatives that have been carried out up to now have concerned reduced working hours and temporary lay-offs, the number of employees has not been reduced correspondingly. In Sweden, temporary lay-offs are not allowed. In the current situation, where reductions in the level of activity must be implemented at short notice, redundancies therefore represent the only alternative, even though some of the downturn in the level of activity must be considered as being temporary. The number of redundancies is therefore greatest in Sweden. At the end of 2008, there were a total of 3.285 employees, a reduction of 140 from the previous year, but 75 more than at the end of 2006.

Reputation

During the year, a survey of the Moelven Group's reputation was carried out for the third consecutive year. The aim of this survey was to map and monitor developments in the awareness, experiences, assessments and attitudes amongst the Scandinavian markets concerning the Moelven brand. The results of this year's survey show satisfactory reputation parameters for the Group, but also underlying variations and the potential for improvement. Amongst the respondents in Norway, 99 percent (100) were aware of the Moelven brand. Out of these, 93 percent (94) would consider Moelven as a supplier. The corresponding figures from Sweden showed that 88 percent (88) were aware of Moelven and 78 percent (79) would consider the Group as a supplier. In Denmark, 73 percent (80) knew of Moelven, out of which 65 percent would consider Moelven as a supplier.

THIS IS THE MOELVEN GROUP

The Moelven Group is owned by the Norwegian forest owner co-operatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA with 60 percent. 39.6 percent is owned by Eidsiva Vekst AS and Felleskjøpet Agri BA through their 60 and 40 percent holdings respectively in the company Eidsiva MI AS. The remaining approximately 0.4 percent is distributed between approximately 970 shareholders. The Group has its head office in Moelv in Norway. Production is carried out at a total of 40 production units which are primarily located in southeastern Norway and central Sweden. Production in these two countries is approximately of equal magnitude, but the Swedish units sell a high proportion of their output in Norway. Out of a total of 3.285 employees, 1.756 work in Norway, 1.492 in Sweden, 27 in Denmark and 10 in other countries.

The Group has divided its operations into three divisions: Timber, Wood and Building Systems.

The Timber Division consists of 15 production units which manufacture industrial timber, components and chipped products from local spruce and pine. Nine of the units are located in Sweden, while six are in Norway. Annual production is approximately 1.4 million cubic metres of industrial timber. In addition are cellulose chips, dry chips, chippings and bark with a value of approximately NOK 360 million. Around 60 percent

of the operating income originates from Scandinavian customers. There are 803 employees, of whom 87 are women. In total, 252 employees work in Norway, 544 in Sweden, one in Germany, four 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 impregnate pine. The other companies are pure planing mill units, which produce mouldings, floors, internal panels, components, sawn and impregnated timber. The aim is to offer 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 160 million. Approximately 96 percent of the operating incomes originate from Scandinavian customers. There are 880 employees, of whom 115 are women. A total of 582 employees work in Norway, 271 in Sweden and 27 in Denmark.

The Building Systems Division comprises 10 production units subdivided into the following business areas: Glulam, Building Modules, System Interiors and Electrical Services. They 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 the operating incomes originate from Scandinavian customers. The Building Systems Division has a total of 1.512 employees, of whom 100 are women. A total of 871 employees work in Norway, 638 in Sweden and three in Great Britain.

OPERATING INCOME AND NET INCOME

In last year's annual report, the board referred to its expectations of a reduction in operating income and a significantly lower net income than in 2007 as a result of the declining level of activity. It was also expected that interest-bearing debt, and therefore financial costs, would increase as a result of investments and dividend and tax payments. The economic downturn, which in connection with the financial crisis has developed into a global

recession, turned out to be stronger than had been anticipated. Operating income amounted to NOK 7.658 million (7.944) and the operating result amounted to NOK 145 million (990). The major part of the reduction in the result from last year was due to the negative development in the Timber division's margins. The Wood division's result was also weaker than last year, while the Building Systems Division delivered a result which was markedly better than the previous year.

Timber

Operating income in 2008 amounted to NOK 2.472mill (3.136), while operating income amounted to NOK -143 million (+544). Market prices for the Division's products flattened out and began to fall as early as during the fourth quarter of 2007. The reduced revenue compared with 2007 was largely due to the prices, but during the second half of the year there was also a downturn in volume. At the start of 2009, prices are showing signs of stabilising at a low level. The products are being sold in a market where price changes are taking place very rapidly, which was also the case during the upturn from the end of 2006 and during the downturn which followed. Prices of the key production element, timber, did not change as rapidly, creating substantial margin fluctuations. As a result, the sawmill division has had negative margins during the latter half of the year. Combined with stock depreciation as a result of the dramatic price fall, this is the reason for the negative net income. As a result of the fall in demand, it has been necessary to reduce capacity, which has also negatively affected the net income. Moelven Tom Heurlin AB's sawmill line was closed during 2008. It was also decided in December that Moelven Väler AS's Elverum facility would be closed, with closure planned for the first half of 2009. In addition, major restructuring of other units is also being implemented. The most far-reaching restructuring process being carried out is taking place at Moelven Väler AS, where investments have also been made in a new dry sorting facility.

Wood

Operating income in 2008 amounted to NOK 2.634million (2.915), while the operating result was NOK 80 million (324). Construction activity, concerning both residential and commercial/industrial buildings, declined sharply towards the end of 2008. This is the principal reason for the downturn in demand for Wood's products.

Recently, the level of activity within renovation, refurbishment and building extensions has also declined. The effects of the downturn on the Moelven Group have been greatest in Norway and Denmark. As expected, the market situation has also resulted in falling price levels for Wood. The falls in prices have however come later than for the Timber Division. This is because demand in Scandinavia has fallen later than the downturn in the USA and the rest of Europe.

2009 will undoubtedly see lower demand and weakened profitability compared with recent years. Capacity reductions to adapt operations to the market situation have also been implemented within Wood. At the same time, there is the need to adapt each individual unit further to the Group's strategy with regard to the degree of finishing and operating concept. The underlying need for new buildings in Scandinavia is in all probability greater than what will be built next year, and demand for the Division's products is therefore expected to gradually rise again. The investment projects that are currently being implemented are aimed at securing a level of capacity combined with a high degree of competitiveness adapted to a normal level of demand. Examples of this include investments in impregnation machinery for the optimisation of distribution, 3-dimensional measuring frames for improved raw material utilisation and a planing line for the supplementation of product ranges and production efficiency gains.

Building Systems

Operating income in 2008 amounted to NOK 2.748 million (2.383), while the operating result was NOK 235 million (159).



Egenes Park in Stavanger consists of 56 apartments, a daycare centre for children and several other buildings and is one of the Nordic countries' largest construction projects in solid wood. Moelven MassivTre AS and Moelven Limtre AS supplied the load-bearing structures, as well as building elements for the floor, walls and roof.

Despite the financial crisis, Building Systems recorded one of its best quarterly results towards the end of the year, and 2008 as a whole was a record year for the division. However, towards the end of the year, Building Modules and Glulam in particular experienced a marked downturn in the demand for new projects, in addition to cancellations and postponements of existing orders. In general, all the companies in the division are now experiencing tougher competition for the projects that are being tendered. The downturn in market activity is partly due to the cancellation of projects by certain developers as a result of changes in circumstances, and also due to lack of financing. In recent years, a number of companies have focussed strongly on the repair, rebuilding and building extension market, where the level of activity has traditionally been more stable than for new-builds. This was also the case in the latter part of 2008, but overall the companies within Building Systems, with the exception of Electrical Services, nevertheless experienced a marked downturn in their order backlog towards the end of the year.

The operation within Building Modules is the most human resources-intensive within the Moelven Group, and Building Modules is also the unit which has experienced the greatest reduction in activity so far. The capacity reductions linked to the economic downturn will therefore have the greatest human resources-related consequences within this Division.

In December, it was decided to start investment in a new factory for larger glulam structures at Moelven Töreboda AB. The work will start in 2009 and the factory is planned for completion in autumn 2010.

Other operations

In addition to the parent company Moelven Industrier ASA, the field covers shared corporate services such as timber procurement, bioenergy, economy, finance, insurance, ICT, communication and human resources. 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 90 (91) employees within this area, of whom 24 (27) were women. 39 (37) employees work in Sweden and 51 (54) in Norway. The book value of non-operational assets was approximately NOK 10 million (20). Operating income for the other businesses amounted to NOK 389 million (369), while the operating result was NOK -27million (-39).

INVESTMENTS, BALANCE SHEET TOTAL AND FINANCING

2008 was the final year in a three-year investment programme with increased investment activity with a focus on value and flexibility rather than volume. Strategic investments are still not completed, but the level of investment activity will be lower during the coming years. This is due to the current strategic plans and the decrease in cashflow as a result of the economic downturn. Total investments excluding acquisitions in 2008 amounted to NOK 346 million compared with NOK 292 million in 2007.

The cashflow from operational activities amounted to NOK 216 million (1.010), equivalent to NOK 1.67 per share (7.80). Weakened cashflow as a result of the downturn in results, high investment and the payment of dividends totalling NOK 337 million, have resulted in an increase in net interest-bearing debt from NOK 154 million to NOK 600 million as of 31.12.2008. Cash reserves were reduced from NOK 1 235 million in 2007 to NOK 782 million as of 31.12.2008.

Total assets at the end of 2008 amounted to NOK 3.590 million, compared with 3.604 million in 2007. The decrease is the result of reduced activity level, and a strong focus on reducing tied-up capital as one heads into the economic slump.

Around half of the Group's assets are booked in SEK. The price development from 0.85 at the end of 2007 to 0.90 in 2008 has resulted in an increase in the balance sheet total of approximately NOK 125 million.

The accounts have been prepared subject to the going concern assumption, and at the

end of 2008 equity was booked at NOK 1.697 million, equivalent to an equity ratio of 47.3 percent. At the end of the previous year, equity amounted to NOK 1.570 million, which gives an equity ratio of 43.6 percent. If the Group's Swedish subsidiaries' equity were to be converted at the same exchange rate as in 2007, the equity ratio would change to 47.6 percent.

Due to seasonal variations in raw material supplies and the level of demand for finished products, the Group's total debt varies by NOK 300 to 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. The remaining term of the long-term financing at the year-end was 2.5 years.

RISK

The Moelven Group's net income and balance sheet total are influenced by a number of external factors over which Moelven has little or no control. The key factors are raw material and finished product prices, energy prices, interest rates and exchange rates. An overview of sensitivity expressed as a change in the Group's operating result and net income per share in the event of a one percent change in these factors is shown on page 7.

In the areas where it is practicable, it is the Group's policy to use hedging instruments in order to reduce the risk associated with fluctuations in these factors.

There is limited opportunity to hedge against variations in market prices for the Group's products and services, but hedgings through fixed-price contracts and index-linked adjustments are used to some extent.

The Group's sawmills annually refine around 4 million cubic metres of sawn timber. This represents by far the largest single cost for the Group. Changes in the price of timber can therefore have a major impact on margins. In order to counter these fluctuations in margins, during 2008 a focus was placed on introducing shorter contract periods and clauses which facilitate the renegotiation of timber prices in the event of major verified changes in the prices of finished products.

The prices of cellulose chips and biomass from saw and planing mill production within Timber and Wood are of considerable importance for the Group's income. Although the Group is constantly striving to improve

raw material utilisation, only around half of the timber logs for industrial timber remain after passing through a sawmill. The remainder consists of bark, chippings, cellulose chippings and biomass. Some of this is used for in-house energy production, while the rest is sold to the chipboard, bioenergy and paper industries. A change in market prices for these products will therefore have a direct impact on the Group's net income.

The prices of electrical power represent another important factor which affects the Group's profitability. Via the Group's electricity suppliers, approximately 210 GWh of electrical power are purchased annually via the Nordpool power exchange.

The Group's net interest-bearing debt forms the basis for an interest risk. The majority of this debt is in Swedish kronor, and it is therefore the level of interest rates in Sweden that is the key factor for developments in the Group's interest costs.

Around 20 percent of the Group's operating income originates from markets outside Scandinavia and constitutes an exchange rate risk. Raw materials and finished products are also imported from Sweden to Norway. The key currency pairs are EURSEK, SEKNOK and EURNOK. Foreign currency futures and fixed-interest agreements are used to counter major result fluctuations as a result of variations in exchange rates and interest rates. Major changes will result in substantial uncapitalised gains or losses. The Moelven Group does not recognise this via its income statements, but the scope at the year-end is described in the section on International accounting policies.

As a result of the hedging strategies that have been chosen, the changes must be permanent in order for them to have a full effect on the Group's profitability and during the hedging period operational adjustments can be made which compensate for the external changes.

Of the Group's overall balance sheet total, around half is linked to the operation in Sweden. The balance sheet figures will therefore be affected by the exchange rate between the Swedish kronor and the Norwegian kroner. Equity is largely hedged against this through financing the share investments in most of the Group's Swedish subsidiaries in Swedish kronor. The total equity exposed to currency risk at the end of 2008 amounted to SEK 669 million (684).

It is the Group's policy that credit sales above a certain size must be secured either in the form of guarantees or through credit

insurance. In practice, credit insurance is most widely used. The risk of losses on receivables is therefore low.

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. Ordinary breach of contract clauses with regard to equity ratio, net equity value and debt ratio are linked to the facility. As of 31.12.08, the Group's key figures were considerably better than the levels at which the breach of contract clauses are triggered. In addition, in its banking systems, the Group also has unused credit frameworks of up to a total of approximately NOK 300 million, which are renewed annually.

The Group has a centralised function for the follow-up of 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 mapping and the preparation of continuity plans.

These continuity plans will represent a pivotal planning framework in the event of a fire/accident. The plans set out the immediate response, the handling of the disaster and continued deliveries to customers. Through its industrial insurance, the Group is insured against financial losses in excess of NOK 3 million per claim. No serious accidents occurred during 2008.

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

INNOVATION

For the Moelven Group, innovation is about continually perfecting details rather than striving for major new innovations which necessitate extensive research and development projects. Considerable emphasis is placed on ensuring that the development projects carried out have a short pay-back period. Changing market trends, construction regulations, construction methods, etc. make it necessary to continually improve and develop the business, products and services further in order to realise the vision of being the natural choice for people who want to build and live Scandinavian.

Work relating to innovation within the Group is organised with a central coordinating

function, while the work itself is primarily carried out by the operating units, where the greatest competence concerning the products and processes is found. The Group also owns 70 percent of the company Moelven Utvikling AS. Selskapet for Industrivekst (SIVA SF) owns the remaining 30 percent. This company offers services such as strategy development, business planning, financing assistance, market surveys, product development, finance and project management, either through its own resources or through its extensive network involving various specialist skills. During 2008, Moelven Utvikling AS was involved in a series of development projects, both internally within the Group and in cooperation with external entrepreneurs.

For example, new technical regulations in Norway involving stricter insulation requirements for homes have been a driving force in the development of the product Iso3. This development took place through cooperation between Moelven Utvikling AS and the founder-owned company MjøsCon AS. In 2008, MjøsCon AS was awarded DnB NORs Innovation Prize in the 'Innovation' category for the product. Iso3 is a column which has both load-bearing and insulating properties due to its construction, which consists of polyurethane insulating foam with wood on both sides. Using Iso3 enables the new regulations to be met with a thinner wall thickness, thereby reducing costs compared with the use of traditional stands.

The innovation work is aimed at various areas related to the specific division.

For Building Modules, the development of cost-effective and market-driven concepts for module-based construction has been important. In order to be competitive, requirements concerning production time, aesthetics, sound insulation, fire safety, cost, etc. must also be satisfied.

The competitiveness of the System Interiors companies is dependent on the continuous development of new solutions which are in step with changing market trends.

In connection with the construction of the new government offices blocks in the Government quarter R6, which involved construction works covering a total of approximately 23,000 sq. m., a prequalification process and a competition for the development project for the office modules were carried out. All offices shall have identical design. The client, Statsbygg, wishes to contribute to the development of new solutions for office dividing walls integrated with furniture and equipment. The use of

Nordic wood is also to be given emphasis. Moelven Nordia AS took part in the prequalification process and won the subsequent competition for the development project. The function description for the new office modules is extremely creative, and a successful project could enable a new type of innovative office solutions to be commercialised.

The glulam industry has for many years been at the forefront of the development of new products and technical solutions. In recent years, there has also been a focus on the development of systems for industrial production and the supply of standard beams cut and processed according to the customer's specifications. In October, Moelven Tøreboda AB launched a new dimensioning program, Finnwood, in order to simplify the use of glulam and Kerto. Using the program, users can easily calculate load-bearing structures themselves. In 2009, Moelven Tøreboda also launched Trå8 onto the market. This system is a standardised component system which is suitable for buildings of up to four floors. A new stabilisation and joisting structure enables an unsupported span of no less than 8 metres, thereby giving more scope for variation. Another advantage of the system is that it shortens the project time, partly because protection against the weather is rapidly put into place.

For the timber-consuming units in Timber and Wood, the optimisation of production processes in particular is pivotal. The aim is to utilise the values in the raw material to the maximum possible extent through effective, market-adapted production and raw material procurement.

For the processing units in Wood, logistics systems are of major importance in ensuring that clients have access to a broad product range with short delivery times, and for reducing internal transport needs wherever possible. In addition, product developments such as surface treatment and prefabrication are key in keeping up with changing market trends.

HEALTH, SAFETY AND THE ENVIRONMENT

Human resources

The Group's human resources concept is to provide opportunities for people with the drive to succeed – both regarding further education and the development of duties and responsibilities. The Group has schemes in place for participation on both training programmes

under the direction of the Group and training at external educational institutions. Combined with pension schemes, health insurance policies and a good working environment, the Group shall be an attractive employer both for current employees and in connection with new recruitment.

2008 has been a challenging year for much of the organisation, with major restructuring processes in many areas. At the end of 2008, the Moelven Group had 140 fewer employees than at the start of the year. This downsizing is due both to completed investments which have eliminated manual operations, and to reductions in activity levels due to the economic downturn. In addition, initiatives were instigated which will reduce the number of man-years by around 300 during 2009. These are known initiatives at the year-end. The actual number involved may be somewhat greater, depending on how the economy develops. The initiatives are measured in man-years, because not only redundancies are involved, but also a high proportion of temporary lay-offs, natural retirement and voluntary agreements with the employees concerning reduced working hours. In total, 775 employees will be directly affected in some way by the actions that are being implemented. In the process of planning and instigation of the reduced activity levels, emphasis has been placed on maintaining an open and clear dialogue with those affected. The understanding of the initiatives being necessary to ensure future competitiveness for the remaining operation has been excellent, and the board would like to thank those affected and the unions for their constructive cooperation and strong desire to find solutions in the best interests of both the employees and the company.

The reductions in activity levels that are being made are necessary to adapt the Group's output and cost levels to the market situation. At the same time, it is also vital to retain and further develop the expertise that exists within the Group.

During 2009, all companies within the Group will have started a formalised skills survey programme. The results of these surveys will provide an overview of the skills that the Group's employees have, what is required, and thereby also the training and recruitment needs that exist within the Group.

The existing education strategy is focused on three areas: process technology, project management and human resources management. Process technology education is carried out in cooperation with Norges Byggscole (the Norwegian Industry



The office building "Svarta Borgen" ("Black Fortress") in Örebro has a light and open interior which contrasts to the dark floor. Moelven Eurowand has supplied the system wall Flush Front.

Construction College) in Norway or 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, what many operators within the mechanical timber part of the Group possess.

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

Management development is a strategic initiative area for Moelven, and during the year a number of different types of courses and training programmes were run. 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.

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 employed by Moelven. Trainees are also being recruited to the companies within the fields of wood-mechanical and technical construction.

Sickleave and injuries

Sickleave in 2008 was 5.64 percent (6.32) or 41.760 (45.224) full working days. This is still above the long-term goal of a maximum of 5 percent, but it remains a positive development

which has come during a period of major challenges in the form of weakening results and downsizing. A high level of sickleave is not only incompatible with the Moelven Group's core values; but it also represents a major cost. One percent sickleave is estimated to cost the Group around NOK 30 million on an annual basis. Further reductions in sickleave levels will therefore be a priority objective. Both preventive measures and measures to get employees who have been ill back at work faster have been implemented. Examples of preventive measures include 'healthy life' projects and the rewarding of units with low sickness levels. The first healthy life project was carried out at Moelven Østerdalsbruket AS in 2007 in cooperation with the company health service in Hedmark. The employees underwent a walking test and a lifestyle survey, where their physical activity, calorie consumption, quality of sleep and balance between quality activity and everyday activity was measured by a device on their arm for one week. The results have been analysed and every employee who participated in the project has been given feedback through consultation with a health worker and a written report on how the person concerned can improve their lifestyle. Many employees signed up for the project, and exercise and training packages are now being set up on the basis of the results of the project. During 2008, experiences from the project at Moelven Østerdalsbruket have been used as a basis for the start-up of similar projects at a number of other companies within the Group. In order to give employees treatment as quickly as possible and therefore back at work faster, 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 the above-mentioned scheme.

There were 102 (94) lost-time injuries, which corresponds to an H1 value (number of lost-time injuries per million hours worked) of 18.3 (17.5). The total number of injuries was 209 (166). Despite injury-prevention work being a focus area in recent years, the injury frequency increased during 2008. Partly is this increase due to a stronger focus and new reporting routines in the area. Irrespective of this, the injury frequency is unacceptably high, and efforts within this area are being intensified. In connection with new investments, efforts to prevent potentially hazardous work

operations have been given a high priority over a number of years, but with the technology that is currently in use it is not possible to entirely eliminate the risk of injuries. The initiatives to reduce injuries must therefore also be targeted at other areas. In 2009, a new reporting tool was implemented, which will provide more information about causes and risk areas. This information will be used in the planning and implementation of physical and attitude-creating initiatives. In 2008, the Swedish Work Environment Authority carried out inspections of the physical working environment at all the Group's sawmills and refining companies in Sweden. The feedback from these inspections has been used to form part of the basis for an action programme to improve the overall working environment. The Group has for example held a number of three-day courses entitled 'Better working environment'. In 2008, approximately 70 managers and principal safety representatives attended these three-day courses.

Equality

In the parent companies Moelven Industrier ASA and Moelven Industrier AB, there are a total of 50 employees, with 19 women and 31 men. The majority of the positions in the parent companies are white-collar posts. Amongst the operators in the Group's industrial companies, the proportion of women is significantly lower. The Moelven Group wishes to increase the proportion of women, but many of the tasks that are performed by the operators have traditionally been male dominated. The large majority of men choose to pursue an education within the professional groups that the Group needs in its industrial production, and there are often no female applicants for advertised positions. Of the Group's total of 3.285 employees (3.425), 9.92 percent are women (9.52). There are 800 white-collar workers (779) and 2.485 operators (2.646). The proportion of women amongst the white-collar workers is 25.3 percent (23.6) whilst in production 5.0 percent (5.4) are women. There are female managers at most levels within the organisation. In the corporate assembly, there is one female member, while the board has two female members.

External environment

For the Moelven Group, it is important to be a leading player as regards the environment and sustainable social development. Great emphasis is therefore placed on taking responsibility for the environment through the



This villa at Smestad outside of Oslo features solid wood elements in the walls and roof supplied by Moelven MassivTre AS. The architect is Knut Hjeltnes AS Sivilarkitekter MNAS.

sustainable and long-term utilisation of renewable resources and the continued improvement of the Group's impact on the environment. In addition to complying with relevant laws, regulations and rules, the Group's environmental policy means that environmental considerations must be given emphasis in the day-to-day work that is carried out in all areas of the operation. At every stage, energy consumption is optimised, and transport, use of chemicals and atmospheric emissions minimised.

Raw materials from sustainable forestry

Wood as a material has many positive environmental aspects, e.g. by acting as a carbon store. The wood content of the end products is extremely high for most of the companies within the Group. To ensure that the raw material comes from certified suppliers which carry on responsible forestry, audit trail systems have been established which enable the raw materials that can be traced backwards in the production chain. All of Moelven's sawmills are therefore PEFC-Chain of custody certified (Programme for the Endorsement of Forest Certification Schemes).

Transport

The procurement of raw materials, intermediate transport and the delivery of finished products all generate significant transport needs. Around 8 million solid cubic metres of timber, industrial chippings and finished products are transported by lorry every year. In addition 490.000 and 400.000 solid cubic metres of rail and maritime transport respectively are transported for the Glulam, Building Module and System Interior companies. Transport therefore represents a major challenge for the Group, both environmentally and financially. Efforts are continually being made to reduce the need for transport and to optimise the utilisation of the means of transportation. The geographic location of the producing units close to the

raw material areas helps to reduce the need for transport by making the volume of finished products transported out much less than the volume of raw materials transported in. This is partly because a large proportion of the by-products are utilised locally for bioenergy production, and partly because the drying process involves a substantial weight reduction compared with raw timber.

The establishment of distribution warehouses and the optimisation of transport routes are also helping to reduce the total transport need. Upgraded roads, and thereby higher maximum axle load limits, and the use of environmentally friendly means of transport by hauliers represent important initiatives for reducing the impact of the Group's transport on the environment. Under the Group's company car scheme, employees can only purchase vehicles which can run on pure or mixed biofuel.

Energy

Moelven's annual energy consumption is approximately 0.8 Twh, split between 0.2 Twh of electrical power and 0.6 Twh of thermal energy, which the Group largely generates at its own plants. The energy potential in the Group's by-products, including cellulose chips, is estimated to be around 4.8 Twh. This represents a considerable potential, both in relation to increased in-house production and an expanded market for bioenergy generally. Through the company Moelven Bioenergi AS, the Moelven Group ensures that the Group participates in the developments that are taking place within the field of bioenergy.

Through 2008, a project has been under way for the Group's Norwegian companies to secure centralised control and prioritisation of initiatives aimed at energy efficiency gains. This project covers initiatives to reduce energy consumption, conversion to renewable energy and the utilisation of waste heat. These initiatives will form part of an investment programme over three years. The potential savings are estimated to be around 70 Gwh, or approximately 10 percent of the Group's total energy consumption. The biggest potential for savings lies in the use of biofuel for the drying and heating of premises, but the more efficient use of power for lighting, ventilation and production could also give substantial savings through simple initiatives.

Limited impact on the external environment

Within Building Systems, most production takes place inside factories, and it is

considerably easier to control the Group's impact on the environment in this situation than it is in the case of on-site construction. It is also vital to keep the factories clean and tidy within Timber and Wood, both because of the environmental benefits and because it reduces the risk of fire and increases the safety of the employees. The use of chemicals and oils is minimised. Waste plastic, metal and packaging are source sorted, and hazardous waste such as ash from the heating plants, waste oil and chemicals are delivered to the appropriate facilities via established schemes.

The watering and following drainage of timber stores represents a point load on the environment, because the concentrations of substances that the wastewater takes with it from the timber are higher than those that are normally found in nature. Moelven's timber-consuming units follow applicable regulations and recommendations for the handling of such wastewater. The sprinkler systems have climate controls. Waste bark and other waste may only be disposed of at approved disposal sites. In connection with restructuring, rebuilding and closures, potentially polluted areas at plants are identified and investigated. Improvements are instigated as necessary.

Dust and noise from an industrial area can be a problem for the area's neighbourhood. Great emphasis is placed on complying with the rules that apply within these areas. Drainage from timber stores, bark piles and impregnation plants also represents an area which can have negative environmental consequences if it is not recovered appropriately.

Every year, the Group uses large quantities of packaging materials such as plastic and cardboard. The packaging that is used must be reused or recycled. For Furugulvet®, Moelven has been involved in the development of cardboard packaging which can also be used as underlay cardboard. Much of the plastic packaging that is used consists of recycled plastic.

The Group does not use equipment which contains PCBs.

CORPORATE GOVERNANCE

Corporate governance within the Moelven Group is based on the Norwegian recommendations for corporate governance dating from December 2007. The board of directors presents a more detailed description of this in the report on page 63.

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, which shows the effects that reporting in accordance with IFRS would have had. The biggest differences arise as a result of the handling of pension obligations, 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. During December, interest rate levels fell sharply in both Norway and Sweden. At the same time, the value of Norwegian kroner and Swedish kronor fell against the Euro. Both these movements resulted in the market values of previously established hedgings falling considerably and resulted in an uncapitalised loss of NOK 113 million at year-end.

APPROPRIATION OF THE NET INCOME FOR THE YEAR

The board of directors wishes to ensure that Moelven's shareholders receive a predictable

and satisfactory return on their share investments even though the shares are not listed on the stock exchange and are therefore has limited liquidity. The 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.

The net income and cashflow in 2008 for the Group as a whole was considerably weaker than for the previous year. In spite of this, viewed in isolation, the financial situation in the parent company Moelven Industrier ASA would permit the distribution of a small dividend. However, due to the current considerable uncertainty in the financial markets and the prospects for further reductions in income in 2009, the board believes that it would be appropriate to withhold the entire profit within the company. The board therefore proposes that no dividend be distributed for 2008. It is proposed that the parent company's annual net income of NOK 28.7 million be transferred to other equity.

EVENTS SINCE THE BALANCE SHEET DATE

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

OUTLOOK

As the majority of Moelven's deliveries are used for construction purposes and this is one of the sectors to be hardest hit by the financial downturn, the prospects for 2009 are weaker than they were at the start of 2008. The prices of industrial spruce and pine timber in Europe are considered to be bottoming out, and the challenge for the

sawmill division is to complete the cost adaptations so that even the new price levels can produce a positive result. For the planing mill division, the high proportion of deliveries for refurbishment, rebuilding and building extension projects results in a more stable level of activity, but reductions in demand will also require substantial capacity and cost adaptations in this division. For the Building Systems Division, the considerable capacity reductions which were commenced in 2008 will take effect during the first half of the year. Within this division, it is the level of activity aimed at commercial buildings which will see the biggest reduction.

None of the Moelven Group's units receives any direct assistance from the measures which the authorities in Norway and Sweden have put forward to counter the negative real economic effects of the financial crisis. Many of these measures are however well suited to increase the level of activity in many of the Group's markets, and could therefore indirectly stimulate demand for the Group's products and services. Through its loan agreements, the Moelven Group has secured financing through to the summer of 2011. The lack of access to credit is therefore a problem which will primarily affect the Group through falling customer demand because planned building projects can not be financed. This applies in both the Scandinavian and the export markets.

For the Group as a whole, the board expects operating income to be approximately NOK 1 billion lower than the previous year. This will also lead to a weakened result, but the Group is financially well equipped to tackle a period of restructuring and a demanding market situation.

Moelv, 16 February 2009
Board of Moelven Industrier ASA

Svein E. Skorstad
Chairman

Pål Tajet

Elisabeth Krokeide

Torstein A. Opdahl

Martin Fauchald

Gunde Haglund

Guro Vale Kvavik

Turid Fluge Svenneby
Deputy Member

Hans Rindal
President and CEO

Amounts in NOK millions	Explanation	The Group				
		2008	2007	2006	2005	2004
PROFIT AND LOSS						
Operating revenues		7 658	7 944	6 692	6 005	5 773
Depreciation and write-downs		199	177	178	178	178
Operating profit		145	990	373	159	70
Net interest and financial items		-38	-18	-37	-46	-54
Operating result before tax		107	972	336	113	17
BALANCE						
Investments in fixed assets	A	346	292	245	112	199
Total capital		3 590	3 604	3 072	2 964	2 884
Total equity		1 697	1 570	1 234	1 076	1 053
Net interest-bearing debt		600	154	467	751	872
Capital employed	B	2 327	1 801	1 752	1 857	1 943
EARNINGS/PROFITABILITY						
Net operating margin	C	1.9 %	12.5 %	5.6 %	2.6 %	1.2 %
Gross operating margin	D	4.5 %	14.7 %	8.2 %	5.6 %	4.3 %
Return on equity	E	5.0 %	49.6 %	20.7 %	6.3 %	-0.3 %
Return on capital employed	F	6.6 %	52.7 %	19.6 %	7.6 %	3.7 %
Interest cover	G	2.6	30.4	8.0	2.4	1.2
CAPITAL						
Equity ratio	H	47.3 %	43.6 %	40.2 %	36.3 %	36.5 %
Capital turnover rate	I	2.1	2.4	2.2	2.1	2.2
LIQUIDITY						
Current ratio	J	2.04	1.43	1.59	1.79	1.98
Quick ratio	K	0.92	0.63	0.86	0.84	0.87
Cash flow from operations	L	216	1 010	512	286	66
SHARES						
Earnings per share in NOK	M	0.63	5.37	1.85	0.52	-0.02
Average number of shares (millions)		129.5	129.5	129.5	129.5	126.8
Cash flow from operations per share in NOK	N	1.67	7.80	3.95	2.21	0.52
Tax value in NOK at 31 December		12.36	8.79	7.78	6.25	5.20
RISK-amount in NOK at 1 January	O	-	-	-0.25	-0.16	-0.11
Dividend in NOK per share	P	0.00	2.60	0.75	0.25	0.15
PERSONNEL						
Number of employees at 31 December		3 285	3 425	3 210	3 159	3 191
Number of man-years		3 120	3 253	3 049	3 001	3 031
Sickness absence rate	Q	5.64 %	6.32 %	5.89 %	6.20 %	6.32 %
Frequency rate - injuries with absence	R	18.3	17.5	17.3	18.7	16.0

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 – 2007
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		
		2008	2007	2006	2008	2007	2006
Revenue		7 611.9	7 880.7	6 655.4			
Other operating income		45.9	63.3	37.0	71.4	67.6	76.6
Operating revenues	2, 3, 21	7 657.7	7 944.0	6 692.4	71.4	67.6	76.6
Raw materials and consumables used	4	4 922.7	4 873.6	4 150.9			
Change in stock of work in progress, finished goods and projects		75.6	-252.4	68.0			
Payroll expenses	17	1 532.6	1 433.5	1 271.1	37.8	36.6	33.8
Depreciation on fixed assets and intangible assets	14, 16	199.2	177.0	177.6	9.7	9.9	15.9
Other operating expenses	18, 19	782.9	722.7	651.6	60.1	68.7	62.7
Operating expenses		7 513.0	6 954.4	6 319.2	107.6	115.2	112.4
Operating profit		144.7	989.6	373.2	-36.2	-47.6	-35.8
Income from subsidiaries ¹					77.6	322.2	78.3
Income from associates	20	-2.2	0.1	-3.9	0.0	0.0	0.1
Interest income group companies					79.5	54.5	53.3
Other interest income		0.2	1.9	1.7	2.8	3.8	1.8
Other financial income		10.6	6.9	5.4	7.3	3.6	4.4
Interest expenses group companies					-51.1	-40.5	-16.5
Other interest expenses		-38.0	-21.8	-34.7	-33.3	-18.4	-30.4
Other financial expenses		-7.9	-4.5	-5.3	-6.5	-3.1	-4.3
Financial income/financial expenses		-37.3	-17.4	-36.8	76.3	322.1	86.7
Operating result before tax		107.4	972.2	336.4	40.1	274.5	50.9
Tax on ordinary result	5, 6	26.2	276.8	96.9	11.4	63.8	17.5
Net profit for the year		81.2	695.4	239.5	28.7	210.7	33.4
Minority share	21	-0.8	4.1	-0.2			
Majority share		82.0	691.3	239.7			
Profit per share		0.63	5.37	1.85			
Provision for dividends, NOK 0.00 per share (2.60 in 2007 / 0.75 in 2006)					0.0	-336.8	-97.2
Other equity					-28.7	126.1	63.8
Total	22				-28.7	-210.7	-33.4

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.	2008					Effects IFRS	2008		2007 IFRS	2006 IFRS
	IFRS	Effects IFRS	2008 IFRS	2008 NGAAP	2007 IFRS					
Balance sheet										
Deferred tax benefit	0.0	0.0	0.0	0.0	20.8	0.0				
Goodwill	20.7	18.8	1.9	20.7	20.7					
Net pension funds	9.8	-28.2	38.0	11.9	19.8					
Other receivables	164.5	0.0	164.5	142.8	132.7					
Total assets	3 580.4	-9.4	3 589.8	3 607.5	3 060.7					
Equity										
Equity	1 601.3	-95.4	1 696.7	1 878.0	1 301.9					
Pension liabilities	125.8	24.8	101.0	128.2	113.4					
Deferred tax	31.0	-51.6	82.6	94.5	36.3					
Dividends payable	0.0	0.0	0.0	0.0	0.0					
Other short-term liabilities	616.4	112.8	503.6	592.4	453.4					
Total equity	1 601.3	-95.4	1 696.7	1 878.0	1 301.9					
and liabilities										
Total equity and liabilities	3 580.4	-9.4	3 589.8	3 607.5	3 060.7					
Equity ratio	44.7 %		47.3 %	52.1 %	42.5 %					

Balance sheet at 31 December

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2008	2007	2006	2008	2007	2006
ASSETS							
Deferred tax benefit	6				4.8	0.0	0.0
Goodwill		1.9	5.1	8.3	0.0	0.0	0.0
Other intangible assets		5.7	2.0	0.1	5.7	2.0	0.0
Total intangible fixed assets	14	7.6	7.1	8.4	10.5	2.0	0.0
Land		68.9	67.9	68.6	3.7	3.5	3.5
Buildings and other real property		305.4	314.8	314.1	2.7	3.9	5.2
Machinery and plant		987.6	799.6	717.0	0.9	1.2	1.6
Fixtures and fittings, tools, office machinery etc.		30.2	32.6	35.9	15.5	14.1	21.4
Total tangible assets	15, 16	1 392.1	1 214.9	1 135.6	22.8	22.7	31.7
Investments in subsidiaries	18				914.2	1 007.6	1 051.3
Investments in associated companies	20	10.3	12.7	14.1	0.0	0.0	0.0
Loan to group companies	11				1 162.3	987.5	1 118.1
Investments in other shares	19	1.1	0.7	7.4	0.1	0.1	5.1
Bonds and other receivables	7	0.2	5.4	4.3	0.0	4.0	4.0
Net pension funds	17	38.0	40.1	48.0	24.8	27.6	31.1
Total financial fixed assets		49.6	58.9	73.8	2 101.4	2 026.8	2 209.6
Total fixed assets		1 449.3	1 280.9	1 217.8	2 134.7	2 051.5	2 241.3
Stocks	8	1 174.4	1 301.9	846.5			
Accounts receivable	7	771.9	796.0	827.9	0.4	0.7	1.8
Receivables from group companies					3.3	2.2	6.2
Loans to group companies					98.6	363.2	99.5
Other debtors	7	164.4	147.7	127.8	11.4	5.0	3.8
Total debtors		936.3	943.7	955.7	113.7	371.1	111.3
Bank, deposits, cash in hand, etc.	10, 11	29.8	77.7	51.6	0.0	0.2	0.2
Total current assets		2 140.5	2 323.3	1 853.8	113.7	371.3	111.5
Total assets	21	3 589.8	3 604.2	3 071.6	2 248.4	2 422.8	2 352.8

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2008	2007	2006	2008	2007	2006
EQUITY AND LIABILITIES							
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
Total paid-in capital		828.4	828.4	828.4	828.4	828.4	828.4
Other equity		850.3	723.9	394.1	143.9	115.2	241.3
Minority interests	21	18.0	17.4	11.2			
Total equity	22	1 696.7	1 569.7	1 233.7	972.3	943.6	1 069.7
Pension liabilities	17	101.0	95.4	83.4	27.7	24.7	22.3
Deferred tax	6	82.6	94.5	53.3	0.0	0.1	3.3
Other provisions	9	23.2	21.2	21.2	0.0	0.0	0.0
Total provisions		206.8	211.1	157.9	27.7	24.8	25.6
Liabilities to financial institutions	10	627.7	185.2	506.8	590.0	131.8	455.6
Long-term, interest-bearing debt to group companies					0.0	0.0	9.4
Other long-term liabilities	9	11.1	11.8	6.2	0.0	0.0	0.5
Total long-term liabilities		638.8	197.0	513.0	590.0	131.8	465.5
Liabilities to financial institutions	10	2.0	46.6	11.5	573.0	841.0	552.5
Trade creditors		393.9	476.5	418.8	11.3	6.4	4.1
Accounts payable to group companies					1.6	5.5	1.7
Short-term, interest-free debt to group companies					27.0	41.5	81.4
Public duties payable		148.0	173.1	191.2	2.4	2.5	2.1
Dividends		0.0	336.8	97.2	0.0	336.8	97.2
Tax payable	5	44.0	224.5	67.2	16.4	67.0	25.3
Other short-term liabilities	9	459.6	368.9	381.1	26.7	21.9	27.7
Total short-term liabilities		1 047.5	1 626.4	1 167.0	658.4	1 322.6	792.0
Total liabilities		1 893.1	2 034.5	1 837.9	1 276.1	1 479.2	1 283.1
Total equity and liabilities	21	3 589.8	3 604.2	3 071.6	2 248.4	2 422.8	2 352.8
Mortgages	12	22.9	39.5	36.5	321.9	354.6	346.8
Guarantees	13	35.0	39.1	35.0	5.0	5.0	0.0
Number of shares (face value per share NOK 5.-)	22	-	-	-	129 542 384	129 542 384	129 542 384

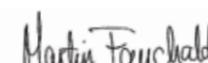
16 February 2009
Moelven Industrier ASA


Svein E. Skorstad
Chairman

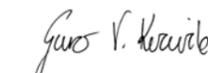

Pål Tajet


Elisabeth Krokeide


Torstein A. Opdahl


Martin Fauchald


Gunde Haglund


Guro Vale Kvavik


Turid Fluge Svenneby
Deputy member


Hans Rindal
CEO

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2008	2007	2006	2008	2007	2006
CASH FLOW FROM OPERATIONS							
Operating result before tax		107.4	972.2	336.4	40.1	274.5	50.9
Payable tax in financial period	5	-224.5	-67.2	-48.0	-67.0	-25.3	-31.0
Write-down of long-term receivables		4.0	0.1		4.0	0.1	3.6
Ordinary depreciation	14, 16	199.2	177.0	177.6	9.7	9.9	15.9
Write-down of shares in subsidiaries		1.0	5.0		0.0	17.4	13.2
Gain/loss from the sale of fixed assets		-2.4	-7.8	-7.0	-4.5	0.0	-5.8
Correction - group items		0.0	11.7	9.0	0.0	0.0	0.0
Pension costs, provided for but not paid / pension funds, taken to income but not paid in	17	7.7	7.6	8.7	5.7	5.7	4.7
Income from associates	20	2.2	-0.1	3.9	0.0	0.0	0.0
Changes in current assets excl. liquid funds and deposits		134.9	-396.4	-8.5	-7.2	3.9	-4.6
Changes in current liabilities excl. loans		-15.0	311.6	40.2	5.9	0.7	-8.5
Net cash flow from operations		214.5	1 013.7	512.3	-13.3	286.9	38.4
CASH FLOW FROM INVESTMENTS							
Investments in fixed assets excl. acquisitions	15	-345.9	-292.4	-244.6	-14.0	-3.0	-1.8
Net cash expenditure for purchase of subsidiaries		0.0	-51.7	0.0	0.0	-35.3	0.0
Sale of fixed assets	15	12.2	25.2	27.6	5.0	0.0	7.2
Long-term investments, financial		1.2	14.9	20.6	-81.4	197.2	-111.7
Short-term lending		0.0	0.0	0.0	264.6	-263.7	23.6
Cash flow from investments		-332.5	-304.0	-196.4	174.2	-104.8	-82.7
CASH FLOW FROM FINANCING							
Changes in short-term liabilities and overdrafts		-44.5	-244.8	-19.3	-282.5	248.6	309.3
Liquid share of income from associates		0.0	0.1	0.3	0.0	0.0	0.0
Paid equity (minority)		2.0	0.0	0.0	0.0	0.0	0.0
Changes in long-term debt		449.4	-341.7	-242.5	458.2	-333.7	-232.7
Payment of dividends		-336.8	-97.2	-32.4	-336.8	-97.2	-32.4
Net cash flow from financing		70.1	-683.6	-293.9	-161.1	-182.3	44.2
LIQUID FUNDS							
Net change in liquid funds during the year		-47.9	26.1	22.0	-0.2	0.0	-0.1
Liquid funds at 1 January		77.7	51.6	29.6	0.2	0.2	0.3
Liquid funds at 31 December	10	29.8	77.7	51.6	0.0	0.2	0.2
AVAILABLE LIQUID FUNDS							
Liquid funds at 31 December		29.8	77.7	51.6			
Unutilised credit facilities at 31 December		754.9	1 160.6	907.6			
Restricted deposits		2.7	3.5	0.0			
Available liquid funds at 31 December		782.0	1 234.8	959.2			
Additional information in connection with acquisition/sale of subsidiaries							
Fixed assets		0.0	31.1	0.0			
Current assets		0.0	47.0	0.0			
Liquid funds		0.0	27.6	0.0			
Total assets		0.0	105.7	0.0			
Total equity		0.0	0.0	0.0			
Interest-bearing debt		0.0	64.8	0.0			
Non interest-bearing debt		0.0	40.9	0.0			
Total equity and liabilities		0.0	105.7	0.0			

2008: No acquisition or sale.

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

2006: No acquisition or sale.

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 schemes, not accepting new members. All new employees starting as of 01.01.2005 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).

	2008	2007	2006
Swedish kroner (SEK)			
Average rate	0.8547	0.8668	0.8696
End of year rate	0.9042	0.8455	0.9112
Danish krone (DKK)			
Average rate	1.1029	1.0762	1.0788
End of year rate	1.3238	1.0675	1.1049
Euro (EUR)			
Average rate	8.2226	8.0184	8.0468
End of year rate	9.8650	7.9610	8.2380
Pound sterling (GBP)			
Average rate	10.327	11.723	11.802
End of year rate	10.121	10.810	12.268

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 2008

- Moelven Wood AS and MjøsoCon 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 Sägbränsle AB and the Group now owns 77.8% of the company. SB Sägbränsle 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 Sägbränsle AB/ Vänerbränsle AB has been taken into the group accounts starting 1 Januar 2007.

Events in 2006

- Together with SIVA, Moelven Industrier ASA has established the research and development company Moelven Utvikling AS. Moelven Industrier ASA owns 70%, while SIVA owns 30%. The company's aim is to contribute to the commercialisation of ideas relating to wood products and associated services. The company started with a total of two employees.
- Moelven Industrier ASA has established the company Moelven Bioenergi AS in order to increase the Group's commitment in the field of bioenergy and thermal distance heating (by expanding the plant in Brumunddal). Eidsiva Energi AS and Mjøsen Skog BA were invited to participate in the project and contracts have already been signed. When the project in Brumunddal starts up, the ownership constellation in the company will be 40% for Moelven Industrier ASA and 30% for each of the other companies.

2 OPERATING REVENUES

THE GROUP

In "Group operating revenues", deliveries and services between group companies totalling NOK 4 027 millions (NOK 4 615 millions in 2007) have been eliminated.

MOELVEN INDUSTRIER ASA

Amounts in NOK millions	2008	2007	2006
Net gain from sale of fixed assets	4.5	0.0	5.8
Net gain from sale of shares	0.0	0.3	3.1
Subsidiaries' share of joint expenses	20.0	21.5	21.0
IT-services	29.0	28.1	31.8
Income from rentals – external	1.2	1.3	1.1
Income from rentals – internal	5.3	5.2	3.7
Other	11.4	11.2	10.1
Total other operating revenues	71.4	67.6	76.6

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		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Operating revenues	7 657.7	7 944.0	6 692.4	2 472.4	3 136.4	2 583.6	2 634.0	2 914.6	2 530.0	2 748.0	2 382.8	1 937.5
Depreciation and write-downs	199.2	177.0	177.6	84.6	72.2	67.4	67.4	61.1	58.4	35.2	31.5	31.2
Operating profit	144.7	989.6	373.2	-143.3	544.4	161.4	80.3	324.4	118.3	235.1	159.3	121.8
Financial items	-37.3	-17.4	-36.8	-13.1	0.3	-9.9	-17.1	-7.6	-14.0	14.7	10.7	1.1
Operating result before tax	107.4	972.2	336.4	-156.4	544.7	151.5	63.2	316.8	104.3	249.8	170.0	122.9
Gross operating margin	1.9	12.5	5.6	-5.8	17.4	6.2	3.0	11.1	4.7	8.6	6.7	6.3
Cash flow from operations	343.9	1 166.6	550.8	-58.7	616.6	228.8	147.7	385.5	176.7	270.3	190.8	153.0
Total capital	3 589.8	3 604.2	3 071.6	1 572.8	1 788.5	1 407.0	1 563.5	1 685.3	1 378.1	1 108.6	1 041.7	1 035.9
Interest bearing debt	629.7	231.7	518.3	463.8	212.6	270.1	410.7	351.0	353.1	18.2	37.8	35.4
Interest free debt	1 263.4	1 802.8	1 319.6	389.6	763.7	440.7	480.4	673.8	476.3	580.4	579.8	432.7
Equity ratio (%)	47.3	43.6	40.2	45.7	44.4	47.6	43.0	39.2	39.8	55.0	40.7	50.3
Investments	346	292	245	175	130	121	109	106	78	46	54	44
Number of manyears	3 120	3 253	3 049	763	827	784	836	874	828	1 437	1 466	1 363

3.2 – Distribution of operating revenues by geographical markets

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Scandinavia	6 487	6 626	5 502	1 433	1 984	1 623	2 539	2 808	2 351	2 711	2 324	1 887
Euro-countries	605	678	571	545	609	474	56	64	92	4	5	5
Rest of Europe	309	393	356	244	296	228	32	43	85	33	54	43
Japan	49	117	69	48	117	65	1	0	2	0	0	2
Rest of the world	208	130	194	202	130	194	6	0	0	0	0	0
Total	7 658	7 944	6 692	2 472	3 136	2 584	2 634	2 915	2 269	2 748	2 383	1 938

3.3 – Distribution of operating revenues by producing country

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Norway	3 906	3 977	3 210	678	923	723	1 670	1 827	1 520	1 704	1 430	1 154
Sweden	3 752	3 968	3 482	1 794	2 213	1 861	964	1 088	1 010	1 044	953	784
Total	7 658	7 944	6 692	2 472	3 136	2 584	2 634	2 915	2 530	2 748	2 383	1 938

3.4 – No. of employees per division

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Norway	1 756	1 802	1 686	252	279	274	582	623	561	871	846	834
Sweden	1 492	1 590	1 501	544	587	551	271	274	291	638	692	598
Denmark	27	25	20				27	25	20			
Other countries	10	8	3	7	3					3	5	3
Total	3 285	3 425	3 210	803	869	825	880	922	872	1 512	1 543	1 435

There were 90 employees in Other businesses at the end of 2008 (51 in Norway and 39 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		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Stocks	1 174.4	1 301.9	827.9	414.4	490.3	292.0	680.2	669.4	266.8	131.2	129.3	301.5
Accounts receivables	771.9	796.0	846.5	255.1	286.7	306.3	256.4	206.8	419.8	304.3	322.4	106.8
Gross operating capital	1 946.3	2 097.9	1 674.4	669.5	777.0	598.3	936.6	876.2	686.6	435.5	451.7	408.3
As per cent of operating revenues	25 %	26 %	25 %	27 %	25 %	23 %	36 %	30 %	27 %	16 %	19 %	21 %
Trade creditors	393.9	476.5	418.8	152.4	187.1	188.0	158.1	179.5	174.5	95.5	140.1	118.2
Net operating capital	1 552.3	1 621.4	1 255.6	517.1	589.9	410.3	778.5	696.7	512.1	340.0	311.6	290.1
As per cent of operating revenues	20 %	20 %	19 %	21 %	19 %	16 %	30 %	24 %	20 %	12 %	13 %	15 %

4 COST OF GOODS SOLD

Amounts in NOK millions	The Group		
	2008	2007	2006
Purchase of raw materials, semi-finished goods for resale and services, incl. increased provision for warranty and service commitments	4 302.0	4 621.0	3 651.9
Transport costs of goods sold	419.4	382.8	364.1
Changes in stocks of raw materials and purchases	201.3	-130.2	134.9
Cost of goods sold	4 922.7	4 873.6	4 150.9

5 TAXATION

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Operating result before tax	107.4	972.2	336.4	40.1	274.5	50.9
Nominal tax in Norway 28 per cent	30.1	272.2	94.2	11.2	76.9	14.2
Net tax effect of tax exempt items	0.0	0.0	0.0	0.0	-16.2	0.0
Tax effect of differences not affecting tax payable	4.3	4.8	2.7	0.2	3.1	3.3
Correction of previous years ¹	-8.2	-0.2	0.0	0.0	0.0	0.0
Tax	26.2	276.8	96.9	11.4	63.8	17.5
Ordinary result	81.2	695.4	239.5	28.7	210.7	33.4
Tax %	24.4 %	28.5 %	28.8 %	28.5 %	23.2 %	34.4 %
Taxes consist of payable taxes in						
Norway	42.0	117.7	55.8	16.4	67.0	25.2
Sweden	1.2	104.9	10.6			
Denmark and other countries	0.8	1.9	0.8			
Total taxes payable	44.0	224.5	67.2	16.4	67.0	25.2
Changes in deferred tax	-17.8	52.3	29.7	-5.0	-3.2	-7.7
Total taxes	26.2	276.8	96.9	11.4	63.8	17.5

1. As a consequence of changes in corporate tax rates in Sweden in 2009 (from 28% to 26.3%), reductions in deferred taxes relating to temporary differences in the group's Swedish subsidiaries have been credited to income.

6 TAX EFFECT OF TEMPORARY DIFFERENCES BETWEEN ACCOUNTING AND TAX-RELATED BALANCES

6.1 – Deferred tax

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Temporary differences						
Provision for receivables	-3.2	-2.0	-1.9	-2.1	-1.0	-1.0
Provision for stocks	5.2	7.7	22.2			
Cost provisions according to generally accepted accounting principles	-10.7	-8.6	-7.6	-3.5	-3.5	-5.4
Other short-term items	29.7	26.5	0.2			
Subtotal short-term items	21.0	23.6	12.9	-5.6	-4.5	-6.4
Accumulated excess tax depreciation	40.8	44.3	41.3	-1.1	1.7	4.6
Gain/loss account	3.9	3.9	2.3	2.8	2.1	2.7
Pension funds	10.6	9.4	13.5	6.9	7.7	8.7
Pension liabilities	-26.6	-23.8	-23.4	-7.8	-6.9	-6.3
Other long-term items	36.3	37.1	7.4	0.0	0.0	0.0
Subtotal long-term items	65.0	70.9	41.1	0.8	4.6	9.7
Accommodated tax carry-forwards	-3.4	0.0	-0.7			
Tax reducing differences (-), tax increasing differences (+)	82.6	94.5	53.3	-4.8	0.1	3.3
Deferred tax liability	82.6	94.5	53.3	-4.8	0.1	3.3

The tax effect is calculated based on a 28 percent nominal tax rate in Norway and a new rate of 26.3 percent in Sweden as of 1 January 2009.

6.2 – Deferred tax benefit from deficits carried forward

Amounts in NOK millions	The Group		
	2008	2007	2006
Norway	0.0	0.0	0.0
Sweden	0.0	0.0	0.7
Denmark and others	0.0	0.0	0.0
Deferred tax benefit from deficits carried forward	0.0	0.0	0.7

7 RECEIVABLES

7.1 – Short-term items

THE GROUP

Amounts in NOK millions	2008	2007	2006
Accounts receivables			
Accounts receivables, gross	776.7	798.7	831.6
Provision against losses	-4.8	-2.7	-3.7
Accounts receivables, net	771.9	796.0	827.9
This year's recorded losses	2.5	1.3	0.3
Changes in provision for loss	-2.1	1.0	0.0
Losses on accounts receivables	4.6	0.3	0.3
Other debtors			
VAT receivables	66.0	76.7	52.4
Other receivables	98.4	71.0	75.4
Total other debtors	164.4	147.7	127.8

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.

7.2 – Long term items

MOELVEN INDUSTRIER ASA

Bonds and other receivables totalling NOK 4.0 million at 31.12.2007 are reported as assets belonging to SIVA Moelv Næringspark AS and were written down to 0 in 2008.

8 STOCK AND PROJECTS

Amounts in NOK millions	The Group		
	2008	2007	2006
Raw materials and purchased semi-finished goods	426.5	510.6	313.6
Work in progress	148.2	168.1	154.5
Finished goods	599.1	621.9	366.3
Projects ¹	0.0	0.0	0.0
Prepayments to suppliers	0.6	1.3	12.1
Total stocks	1 174.4	1 301.9	846.5
Holdings assessed at acquisition cost	867.6	1301.9	846.5
Holdings assessed at actual value	306.8	0.0	0.0
Total goods and project holdings	1 174.4	1 301.9	846.5
Specification of projects			
Own projects 31 December	0.0	0.0	0.0
Contracts at 31 December	1 078.8	953.1	550.5
Payments on account/part invoiced	-1 097.3	-989.5	-597.5
Total projects – net	-18.5	-36.4	-47.0

1. The project holding of minus NOK 18.5 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".

9 OTHER LIABILITIES

9.1 – Short-term liabilities

THE GROUP

Other short-term debt totalling NOK 459.6 million (368.9 in 2007) consists primarily of accruals and provisions relating to operations in the Group's companies; included in this figure are incurred holiday allowance of NOK 130.2 million (130.6 in 2007) and bonus provisions of NOK 65.1 million (68.9 in 2007).

In addition, NOK 18.5 million (36.4 in 2007) 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 11.1 million (11.8 in 2007) and includes NOK 6.0 million (6.0 in 2007) for a loan from minority shareholders of Moelven Telemarksbruket AS, NOK 4.4 millions (4.9 in 2007) in public subsidies and NOK 0.7 millions (0.9 in 2007) in other items.

Other provisions for commitments totals NOK 23.2 million (21.2 in 2007) and includes guarantee and service commitments totalling NOK 8.7 million (8.1 in 2007), environmental provisions amounting to NOK 5.7 million (6.7 in 2007) and NOK 8.8 millions (7.7 in 2007) in other provisions.

10 LIQUID HOLDINGS AND DEBT

10.1 – Interest-bearing receivables and debt

Amounts in NOK millions	Average interest rate 2008	The Group			Moelven Industrier ASA		
		2008	2007	2006	2008	2007	2006
Restricted bank deposits		2.7	3.5	0.0	0.0	0.0	0.0
Other bank deposits		27.1	74.2	51.6	0.0	0.2	0.2
Total bank deposits/receivables		29.8	77.7	51.6	0.0	0.2	0.2
Bank overdraft and other short term interest bearing debt		2.0	46.6	11.5	573.0	841.0	552.5
Long-term interest-bearing debt							
NOK	7.58 %	38.9	51.5	38.3	5.0	5.0	0.0
SEK	5.32 %	568.9	133.7	468.5	565.1	126.8	455.6
DKK	5.73 %	19.9	0.0	0.0	19.9	0.0	0.0
EUR			0.0	0.0		0.0	0.0
Total long-term interest-bearing debt		627.7	185.2	506.8	590.0	131.8	455.6
Net interest-bearing debt		599.9	154.0	466.7	1 163.0	972.6	1 007.9

10.2 – Repayment plans on long-term loans

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Long-term debt falling due within						
1 year	2.6	13.8	14.4	0.0	0.0	0.0
2 years	2.1	3.1	8.4	0.0	0.0	0.0
3 years	621.7	2.5	1.6	590.0	0.0	0.0
4 years	1.3	163.8	1.4	0.0	131.8	0.0
5 years	0.0	1.8	480.0	0.0	0.0	455.6
6 years and more	0.0	0.2	1.0	0.0	0.0	0.0
Total	627.7	185.2	506.8	590.0	131.8	455.6

10.3 – Interest adjustment

Amounts in NOK millions – according to currency	The Group	
	NOK	SEK
Interest adjustment for the following years		
2009	0.0	200.0
2010	0.0	0.0
2011	35.0	100.0
2012	0.0	200.0
2013	0.0	150.0
2014 and later	0.0	125.0

Amounts in NOK millions – according to currency	Moelven Industrier ASA	
	NOK	SEK
Interest adjustment for the following years		
2009	0.0	200.0
2010	0.0	0.0
2011	5.0	100.0
2012	0.0	200.0
2013	0.0	150.0
2014 and later	0.0	125.0

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

10.4 – Type and credit in syndicated loan market

Amounts in NOK millions	The Group and Moelven Industrier ASA		
	2008	2007	2006
Type	1 050.0	1 050.0	1 050.0
Credit	585.0	126.8	455.6
Remaining term in months	30	42	54

10.5 – Future liquid holdings

Belopp i MNOK	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Amounts in NOK millions						
at 31 December	1 085.0	1 092.8	1 085.0	1 055.0	1 055.0	1 050.0
in 1 year	1 085.0	1 085.0	1 085.0	1 055.0	1 055.0	1 050.0
in 2 years	1 085.0	1 085.0	1 085.0	1 055.0	1 055.0	1 050.0
in 3 years	0.0	1 085.0	1 085.0	0.0	1 055.0	1 050.0
in 4 years	0.0	0.0	1 085.0	0.0	0.0	1 050.0
in 5 years	0.0	0.0	0.0	0.0	0.0	0.0
in 6 years or more	0.0	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 31.12.2007, these rights were NOK 100 million, SEK 106.6 million, EURO 4 million, DKK 35 million and GBP 0.5 million, which amount to NOK 287.2 million in all.

As a result of normal seasonal variations, the Group's net interestbearing debt was at its highest at NOK 869.4 million in the spring 2008. The long-term loan agreement as of 31.12.2008 is expected to cover liquidity needs the coming two and a half years.

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		
	2008	2007	2006	2008	2007	2006
Loan guarantees/financial guarantees	22.9	39.5	36.5	138.6	157.8	117.9
Surety and prepayment guarantees	0.0	0.0	0.0	146.6	161.1	192.4
Guarantees for employee tax deductions	0.0	0.0	0.0	36.7	35.7	36.5
Total	22.9	39.5	36.5	321.9	354.6	346.8

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		
	2008	2007	2006	2008	2007	2006
Bank overdraft	0.0	0.0	0.0	0.0	0.0	0.0
Long-term loans	35.0	39.1	35.0	5.0	5.0	0.0
Total	35.0	39.1	35.0	5.0	5.0	0.0

13.2 – Book value of pledged assets

Amounts in NOK millions	The Group		
	2008	2007	2006
Machinery and plants	41.0	30.4	31.5
Buildings	14.3	19.3	12.0
Land	3.1	5.0	4.1
Stocks	0.0	28.7	0.0
Accounts receivable	0.0	5.9	0.0
Total	58.4	89.3	47.6

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	2.0	23.6	0.0	2.0	2.0
Additions	0.0	4.0	4.0	0.0	4.0	4.0
Value at disposal	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition value at 31 December	21.6	6.0	27.6	0.0	6.0	6.0
Acc. ord. depreciation at 1 January	16.5	0.0	16.5	0.0	0.0	0.0
Disposals acc. depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation current year	3.2	0.3	3.5	0.0	0.3	0.3
Acc. ordinary depreciation at 31 December	19.7	0.3	20.0	0.0	0.3	0.3
Net book value at 1 January						
Net book value at 31 December	1.9	5.7	7.6	0.0	5.7	5.7
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 2008, NOK 4.0 mill (2.0 million in 2007) in immaterial assets has been capitalized relating to Moelven's project for a new www.moelven.com. Phase 1 was completed approx. 30.09.2008, and NOK 0.3 million has been written down the last three months of 2008. The project is part of the group's brand-building strategy "Quality Rooms", and phase 2 activities will continue from autumn 2008 and into 2009.

15 INVESTMENTS IN AND SALE OF FIXED ASSETS

Amounts in NOK millions	2008		The Group 2007		2006	
	Invest.	Sale	Invest.	Sale	Invest.	Sale
Fixtures and fittings	12.9	0.3	2.1	0.0	7.5	1.6
Machinery and plants	291.8	8.2	256.0	4.6	229.5	5.4
Buildings	35.6	3.5	56.1	13.1	7.0	16.4
Land	1.6	0.2	9.3	0.0	0.6	4.2
Total	341.9	12.2	323.5	17.7	244.6	27.6

2008: No acquisition or sale.

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

2006: No acquisition or sale.

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	73.7	668.8	1 923.2	136.7	2 802.4
Additions	1.6	35.2	308.7	12.9	358.4
Value at disposal	0.2	19.9	6.5	0.1	26.7
Acquisition value at 31 December	75.1	684.1	2 225.4	149.5	3 134.1
Acc. ord. depreciation at 1 January	4.6	343.5	1 098.6	103.4	1 550.1
Disposals acc. depreciation	0.0	1.3	2.5	0.0	3.8
Depreciation current year	1.6	36.6	141.7	15.8	195.7
Acc. ordinary depreciation at 31 December	6.2	378.8	1 237.8	119.2	1 742.0
Net book value at 1 Januar	67.9	314.8	799.6	32.6	1 214.9
Net book value at 31 December	68.9	305.3	987.6	30.3	1 392.1
Ordinary depreciation rates in per cent	0	5-7	7-15	15-20	

Restructuring for a total of NOK 16.5 million has been carried out in 2008. The amount has been registered as disposals in the category Buildings and other real property and as additions in the category Machines and equipment.

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 1 January	3.5	41.8	3.5	66.2	115.0
Additions	0.2			9.8	10.0
Value at disposal		6.0		0.1	6.1
Acquisition value at 31 December	3.7	35.8	3.5	75.9	118.9
Acc. ord. depreciation at 1 January	0.0	37.9	2.3	52.1	92.3
Disposals acc. depreciation		5.5		0.1	5.6
Depreciation current year		0.7	0.3	8.4	9.4
Acc. ordinary depreciation at 31 December	0.0	33.1	2.6	60.4	96.1
Net book value at 1 January	3.5	3.9	1.2	14.1	22.7
Net book value at 31 December	3.7	2.7	0.9	15.5	22.8
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	18.4	2.1	20.5

17 WAGES AND PENSION COSTS/PENSION LIABILITIES

17.1 – Payroll expenses

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Wages and salaries	1 130.3	1 058.7	942.9	26.5	24.9	22.7
Employer's national insurance contribution and social expenses	339.7	320.4	283.9	4.0	3.7	3.6
Pension costs	62.6	54.4	44.3	8.3	8.2	7.9
Other contributions/other personnell costs, incl. amount charged to subsidiaries				-1.0	-0.2	-0.4
Total	1 532.6	1 433.5	1 271.1	37.8	36.6	33.8

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 2008 is 5.0 per cent. The interest rate consists of an actual interest of 3.81 per cent as of 31.12.2007, plus an add-on for risk of 1.19 percentage points. In January 2009, the interest rate was as low as 3.49%. The guidelines for calculating pension commitments recommend an add-on for risk of up to 1.5-2.0 percentage points.

	The Group		
	2008	2007	2006
Return on pension funds	6.00 %	6.00 %	5.50 %
Discount rate	5.00 %	5.00 %	4.50 %
Growth in annual salaries	4.50 %	4.50 %	3.00 %
Growth in the National Insurance Scheme's basic amount (G)	4.25 %	4.25 %	3.00 %
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		
	2008	2007	2006	2008	2007	2006
Earnings for the year	21.5	25.4	16.9	2.2	4.4	2.6
Interest cost on pension liabilities	20.5	19.1	16.1	3.2	3.3	3.0
Pension costs (gross)	42.0	44.5	33.0	5.4	7.7	5.6
Expected return on pension assets	-15.7	-15.3	-13.6	-2.6	-3.0	-3.1
Amortisation of transfer amounts, contribution-based pension	-3.5	-3.5	-4.2	-0.6	-0.6	-0.6
Changes in estimates	9.8	7.7	8.4	4.3	3.2	4.0
Administration costs	3.7	1.5	1.2	0.4	0.1	0.1
Total accrued employers' national insurance contributions in 2008 (unsecured 2006 and 2007)	4.0	2.3	1.4	0.5	0.4	0.5
Pension costs, defined benefit plans	40.3	37.2	26.2	7.4	7.8	6.5
Pension costs, defined contribution-based plans and others	22.3	17.2	18.1	0.9	0.4	1.4
Total pension costs	62.6	54.4	44.3	8.3	8.2	7.9
of which pension costs for contractual pensions (AFP)	9.5	10.7	7.6	0.4	0.4	0.3

17.4 – Pension liabilities

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Balance at 1 January						
Accumulated earnings	364.7	309.0	316.5	72.6	63.5	61.7
Pension based on future salary increases	63.1	71.2	56.6	4.4	8.5	3.0
Pension liabilities (gross)	427.8	380.2	373.1	77.0	72.0	64.7
Pension funds	-268.0	-256.1	-253.6	-58.6	-57.7	-55.0
Non-entered changes in schemes	0.0	6.7				
Estimated change and variance, not charged	-112.2	-105.1	-101.9	-24.3	-25.8	-25.7
All employers' national insurance contributions in 2008 (unsecured 2006 and 2007)	10.6	9.0	8.5	3.0	2.7	2.3
Pension liabilities (net), surplus	58.2	34.7	26.1	-2.9	-8.8	-13.7
Balance at 31 December						
Pension liabilities (gross)	398.9	427.8	380.2	63.1	77.0	72.0
Pension funds (anticipated)	-277.8	-268.0	-256.1	-45.4	-58.6	-57.7
Non-entered changes in schemes			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 2006 and 2007)	16.7	10.6	9.0	2.8	3.0	2.7
Pension liabilities (net), surplus	63.0	58.2	34.7	3.0	-2.9	-8.8
Total net pension funds, permissible insured schemes	-38.0	-40.1	-48.0	-24.8	-27.6	-31.1
Insured schemes not allowed to be offset by over-financed schemes	36.3	34.5	32.9	26.2	23.4	22.3
Pension liabilities, contractual pensions (AFP)	64.7	60.9	50.5	1.5	1.3	1.1
Total pension liabilities	101.0	95.4	83.4	27.7	24.7	22.3
The estimated variance is based on the following anticipated remaining service time of the membership mass	10 years	11 years	11 years	8 years	9 years	10 years

17.5 – Key figures

	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
The Group's overall pension commitments (TBO) ¹ for insured schemes (NOK mill.)	433.2	418.0	383.0	54.0	58.6	64.6
No. of active persons insured schemes	850	847	972	36	40	50
No. of pensioners insured schemes	459	503	422	74	80	78
No. of persons in connection with contractual pension plans (AFP)	1 827	1 795	1 680	52	54	49

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

Moelven Industrier ASA

Amounts in NOK 1 000	Share of ownership	Company's			Face value	Book value at 31 Dec
		share capital	No. of shares			
Moelven Industrier ASA owns						
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		4 005
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 Byggsystemer 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 Portefølje AS	100.0 %	100	100	100		16 532
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
Total Moelven Industrier ASA¹						914 217

1. "Other operating expenses" in Moelven Industrier ASA includes NOK 0.0 millions (12.4 in 2007 and 10.0 in 2006) in write-downs of shares in subsidiaries.

Cont. next page

Amounts in NOK 1 000	Share of ownership	Company's		No. of shares	Face value	Book value at 31 Dec
		share capital				
Moelven Industrier AB owns						
Moelven Notnäs AB	100.0 %	SEK 3 250	650 000	SEK 3 250		45 210
Moelven List AB	100.0 %	SEK 5 500	55 000	SEK 5 500		19 923
Moelven ByggModul AB	100.0 %	SEK 5 000	50 000	SEK 5 000		71 339
Moelven Norsälven AB	100.0 %	SEK 3 500	35 000	SEK 3 500		31 647
Moelven Ransbysågen AB	100.0 %	SEK 1 000	10 000	SEK 1 000		15 371
Moelven Värmlands Trä AB	100.0 %	SEK 3 000	3 000	SEK 3 000		29 748
Moelven Component AB	100.0 %	SEK 2 580	25 800	SEK 2 580		7 049
UJ-Trading AB	100.0 %	SEK 1 500	15 000	SEK 1 500		8 138
Skåre Kontorshotell AB	100.0 %	SEK 100	1 000	SEK 100		656
Moelven Wood AB	100.0 %	SEK 9 000	90 000	SEK 9 000		13 596
Moelven Notnäs Wood AB	100.0 %	SEK 3 800	38 000	SEK 3 800		13 925
Moelven Valåsen Wood AB	100.0 %	SEK 20 100	201 000	SEK 20 100		25 668
Moelven Valåsen AB	100.0 %	SEK 50 000	500 000	SEK 50 000		135 630
Moelven Dalaträ AB	100.0 %	SEK 20 000	200 000	SEK 20 000		49 731
Moelven Eurowand AB	100.0 %	SEK 40 000	40 000	SEK 40 000		41 232
Moelven Edanesågen AB	100.0 %	SEK 400	4 000	SEK 400		70 461
Moelven Nössemark Trä AB	100.0 %	SEK 300	3 000	SEK 300		50 835
Moelven Årjäng Såg AB	100.0 %	SEK 300	3 000	SEK 300		45 210
Moelven Tom Heurlin AB	100.0 %	SEK 1 500	15 000	SEK 1 500		18 084
Moelven Skog AB	80.0 %	SEK 5 000	400	SEK 4 000		3 617
Moelven Byggfinansiering AB	100.0 %	SEK 275	2 750	SEK 275		7 273
Moelven Töreboda AB	100.0 %	SEK 12 000	120 000	SEK 12 000		43 402
Moelven Malmö Holding AB	100.0 %	SEK 2 580	2 580	SEK 2 580		14 017
Vänerbränsle AB	77.8 %	SEK 336	2 613	SEK 261		2 185
Total Moelven Industrier AB						763 946
Moelven Byggsystemer AS owns						
Moelven Nordia AS	100.0 %	22 000	2 200	22 000		52 710
Moelven Nordia Prosjekt AS	100.0 %	232	232	232		4 150
Total Moelven Byggsystemer AS						56 860
Moelven Malmö Holding AB owns						
Moelven Malmö AB	100.0 %	SEK 1 200	1 200	SEK 1 200		4 069
Moelven Wood AS owns						
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
Tretorget AS	9.0 %	222	200	20	100
SIVA Moelv Næringspark AS	30.0 %	20 000	8 000	8 000	0
Others					8
Total Moelven Industrier ASA¹					108
Transportfelleskapet Østlandet AS	25.0 %	500	250	100	126
Transportselskapet Nord AS	12.5 %	500	125	63	64
MNAB Holding AB (Naturbränse)	10.7 %	SEK 1 405	1 500	SEK 150	136
Stommontage AB	39.0 %	SEK 205	800	SEK 100	177
Svenskt Limträ AB	33.0 %	SEK 100	333	SEK 33	30
Combino AS ²	100.0 %	100	10 000	100	165
Others					257
Total others					955
Total for the Group					1 063

1. "Other operating expenses" in Moelven Industrier ASA includes NOK 0.0 millions (5.0 in 2007 and 3.0 in 2006) in write-down of shares in SIVA Moelv Næringspark AS.

2. 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.

Shares treated as associated companies by equity method in the Group account:

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 %	7 707	812	812		2 995
Weda Skog AB	50.0 %	SEK 12 000	60 000	SEK 6 000		7 300
Moelven MassivTre AS	47.2 %	21 200	10 000	10 000		10
Total		12 676	800	-2 164	-1 007	10 305

20 INVESTMENTS IN ASSOCIATED COMPANIES

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 %	2945	50			2 995
Weda Skog AB	50.0 %	7300	0	0		7 300
Moelven MassivTre AS	47.2 %	2431	750	-2164	-1007	10
Total		12 676	800	-2 164	-1 007	10 305

21 MINORITY INTEREST

The Group accounts include the following companies with minority interests;

Amounts in NOK 1 000	The Group		
	2008	2007	2006
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 %
Vänerbränse AB	22.2 %	22.2 %	0.0 %
SB Sägbränse AB ¹	0.0 %	22.2 %	0.0 %

1. SB Sägbränse AB merged with Vänerbränse AB in 2008.

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		
	2008	2007	2006
Profit and loss items			
Operating revenues	157.2	166.0	99.2
Net profit for the year	-0.8	4.1	-0.2
Balance sheet items			
Equity	18.0	17.4	11.2
Total capital	58.4	54.0	48.0

22 EQUITY

22.1 – Changes in equity

THE GROUP

Amounts in NOK millions	Share capital	Share premium reserve	Own shares	Other equity	Minority interest	Profit/loss	Total equity
Balance at 1 January	647.7	180.7	0.0	723.9	17.4	0.0	1 569.7
Net profit						81.2	81.2
Allocation of net profit				82.0		-82.0	0.0
Exchange rate differences, etc.				44.4	1.4		45.8
Provision for dividend							0.0
Minority interests					-0.8	0.8	0.0
Balance at 31 December	647.7	180.7	0.0	850.3	18.0	0.0	1 696.7

MOELVEN INDUSTRIER ASA

Amounts in NOK millions	Share capital	Share premium reserve	Own shares	Other equity	Minority interest	Profit/loss	Total equity
Balance at 1 January	647.7	180.7	0.0	115.2		0.0	943.6
Net profit						28.7	28.7
Allocation of net profit				28.7		-28.7	0.0
Provision for dividend							0.0
Balance at 31 December	647.7	180.7	0.0	143.9	0.0	0.0	972.3

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

22.3 – Own shares/authority to issue new shares

Authorisation granted board of directors by the general meeting on 17 April 2008:

The Board of Directors are granted authority to buy back up to 5 per cent of the shareholders' capital for a total of 6 477 119 shares, with a face value of NOK 5.00, corresponding to a total face value of NOK 32 385 320.

The rate must not be lower than NOK 12.00 and not higher than NOK 20.00. The board shall set the buy-back rate to be used based on a concrete assessment of share value at the time such authorisation is exercised.

The acquisition of shares takes place by giving shareholders an offer to buy back an amount of shares relative to the number of shares they owned before the buy-back. Shareholders who own 110 000 shares or less will be given an opportunity to sell all of their shares.

The authorisation applies for 18 months from the time the proposal is adopted. The board may use the company's own shares in connection with a programme to award shares to company employees or for writing down equity. Any disposal of company shares must be approved at the general meeting.

Moelven Industrier ASA incl. subsidiaries owned at 31 December 2008 a total of 1 100 own shares.

22.4 – The largest shareholders at 31 December 2008

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
Eidsiva MI AS	Norway	51 338 629	39.63 %
Glommen Skog BA	Norway	32 486 396	25.08 %
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 %
Allskog Holding AS	Norway	109 090	0.08 %
7 largest shareholders		129 178 681	99.64 %
Other 962 shareholders		362 603	0.36 %
Total 969 shareholders		129 541 284	100.00 %

22.5 – 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 sixth largest shareholders are Eidsiva Vekst AS/Felleskjøpet Agri BA (via the company Eidsiva 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 shareholders' agreement was signed between these major shareholders in connection with the purchase of shares in December 2006. Felleskjøpet Agri BA became shareholder in December 2007 and is a party to the existing shareholders' agreement. 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.

22.6 – 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	Kjersti Narum	0
Mikael Løken	0	Børre Rogstadkjærnet	0
Christian Ramberg	0	Knut Aas	0
Lars-Ole Gimming	0	Thorvald Grini	0
Elisabeth Bjøre	0	Helge Evju	0
Tormod Hermansen	0	Maren Kyllingstad	0
Thor Svegården	0	Ola Syverinsen	0
Steinar Dvergsdal	0	Terje Johansen	0
Lars-Håkan Karlsson*	0	Karl Erik Höög*	0
Rolf Ellevold*	0	Odd Henning Kallager*	0
Ann-Christine Löfborg*	5	Lennart Perez*	0
Lise Øverjordet*	0	Knut Ivar Tofsrud*	0

Board of Directors		Alternates	
Name	No. of shares	Name	No. of shares
Svein E. Skorstad (chairman)	1 000	Steinar Vasaasen	0
Pål Tajet	0	Turid Fluge Svenneby	0
Elisabeth Krokeide	0	Bjørn Egil Jørgensrud*	0
Torstein A. Opdahl	0		
Guro Vale Kvavik	0	Group Executive Board	
Martin Fauchald*	0	Hans Rindal (CEO)	400
Gunde Haglund*	0	Johan Padel	0
		Bjarne Hønningstad	250
		Lars Atterfors	0

*Employee representatives

22.7 – 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 17 April 2008 was used as a policy guideline for the 2008 accounting year. Similarly, a declaration that will be presented to the General Meeting on 21 April 2009 will also serve to guide policies for the 2009 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.

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.

Cont. next page

Cont. note 22.7

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.

22.8 – Management benefits

Amounts in 1000 NOK	Salaries/wages	Bonus	Pension costs	Other benefits
Remuneration to:				
Hans Rindal, CEO	2 016.1	0.0	212.5	85.4
Johan Padel, man. dir. Timber	1 640.3	0.0	158.5	158.9
Bjarne Hønningstad, man. dir. Wood (to 01.07.08)	493.7	0.0	36.5	74.9
Dag Sand, man. dir. Wood (to 30.06.08)	594.0	100.0	140.0	80.0
Reidar Mo, man. dir. Building Systems	1 553.1	436.0	370.0	38.2
Total	6 297.2	536.0	917.5	437.4

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 22.7 – declaration of remuneration to corporate management.

22.9 – Remuneration to board and corporate assembly

Amounts in NOK millions, paid in accounting year	The Group		
	2008	2007	2006
Remuneration to board members	962.5	787.5	805.0
Remuneration to corporate assembly	226.7	265.0	190.0

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 40 thousand per year in remuneration. Corporate Assembly members and deputy members receive NOK 5 thousand per meeting.

22.10 – Remuneration to accountant

Amounts in NOK millions, paid in accounting year	The Group			Moelven Industrier ASA		
	2008	2007	2006	2008	2007	2006
Legally mandated account audit	3.1	3.5	4.1	0.3	0.3	0.3
Other services related to certification	0.1	0.2	0.3	0.0	0.0	0.0
Tax advisory services	0.1	0.2	0.3	0.0	0.1	0.0
For services other than the account audit	0.2	0.0	0.0	0.1	0.0	0.0
Total	3.5	3.9	4.7	0.4	0.4	0.3



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To the Annual Shareholders' Meeting of Moelven Industrier ASA

AUDITOR'S REPORT FOR 2008

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of Moelven Industrier ASA as of 31 December 2008, showing a profit of MNOK 28,7 for the parent company and a profit of MNOK 81,2 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 Moelven Industrier ASA and of the Group as of 31 December 2008, 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, 16 February 2009
KPMG AS

Arne Frogner
State Authorised Public Accountant

Thore Kleppen
State Authorised Public Accountant

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

Offices in:

Oslø	Haugesund	Sandnessjøen
Bodo	Kristiansund	Stavanger
Ålesund	Larvik	Stord
Arendal	Lillehammer	Tromsø
Bergen	Mo i Rana	Trondheim
Elverum	Molde	Tanberg
Finnøy	Narvik	Ålesund
Hamar	Rana	

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The following items were discussed at the meeting of the corporate assembly held on 5 March 2009:

- Annual report by board and President/CEO for the 2008 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 corporate management.

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 2008, 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.

5 March 2009



Even Mengshoel

Chairman of the Corporate Assembly

Corporate governance within the Moelven Group is based on the Norwegian recommendations for corporate governance dating from December 2007.

Liability, implementation and follow-up

In accordance with the Norwegian 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 consists of a number of independent legal entities with their own boards, which in turn have a corresponding responsibility for the individual unit concerned.

The business

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 the 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 will impact the Group's profitability in 2009, the long-term strategic plan will not be altered significantly. Both the solvency ratio and financing are satisfactory and provide the freedom of action that is necessary. In order to avoid an unsatisfactory cashflow situation, it has however been decided that certain investment projects will be deferred.

Company capital and dividends

At the end of 2008, the equity in the parent company Moelven Industrier ASA amounted to NOK 972 million (944). For the Group as a whole, equity amounted to NOK 1.697 million (1.570). Equity is in excess of the board of directors' target of 40%, but in the opinion of the board the level is appropriate given the uncertainty in the financial markets at the present time.

At the annual general meeting in April 2008, the board was given the authority to buy back up to 5 percent of the share capital, amounting to 6.477.119 shares in total, with a face value of NOK 5, corresponding to a total face value of NOK 32.385.320. The price should be neither lower than NOK 12.00, nor higher than NOK 20.00. Within this range, the board can determine the buy-back price that is to be used based on an assessment of the value of the share

at the time the authority is to be exercised.

The authority applies for 18 months from the date on which it was approved. The board can use the company's own shares in connection with an employee stock ownership program or to write-down the equity. The board did not exercise this authority during 2008. Apart from this approved authority, disposal of the company's own shares requires the approval of the annual general meeting. The shareholders' agreement between the six largest shareholders contains clauses concerning the dividend policy. As these owners represent 99.6 percent of the shares, this agreement has acted as a guideline in the board's handling of the dividend policy, which was adopted in autumn 2008. The principal rule in the dividend policy implies a cash dividend equivalent to 50 percent of the net income after tax, provided that considerations concerning other capital sources are adequately provided for.

No authority has been granted to the board to increase the capital.

Equality of shareholders and transactions with close associates

The share capital in Moelven Industrier ASA comprises 129.542.384 shares with a face value of NOK 5, and all shares carry equal rights. The company is not listed on the stock exchange. In total, the shares are distributed between approximately 970 shareholders. The six largest, Eidsiva Vekst AS and Felleskjøpet Agri BA (through the company Eidsiva MI AS), and the forest owner co-operatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA, collectively control 99.6 percent. A shareholders' agreement has been established between these shareholders. This agreement states that the Group must 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.

Freely transferable

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 six largest shareholders collectively own 99.6 percent of the shares, there is little trading of the shares.

Annual General meeting

The company follows applicable laws and recommendations in connection with general meetings. The chairman of the corporate assembly has traditionally been elected by the general meeting as the chairman of the general meeting.

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.

Corporate assembly and board of directors, composition and independence

The corporate assembly consists of 12 members, of whom four are elected by the employees. The board of Moelven Industrier ASA has seven members who are elected by the corporate assembly for a duration of one year. Two of the board's members are employee representatives. In addition, the employees elect a permanent deputy representative. Of the five board members elected by the shareholders, two are women. As the proportion of female employees overall within the Group is 9.92 percent (9.52), the rules concerning gender representation do not apply to the employee representatives. The board composition therefore satisfies the requirements concerning gender representation on the board. Apart from the employee representatives on the

board, no board members receive any remuneration other than board fees from the company.

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 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.

In addition to the board members themselves, ordinary board meetings are normally attended by the representatives of the senior management – the CEO, CFO and the board's secretary. Other representatives of the senior management, the divisions or auditors attend as necessary.

The corporate management consists of the CEO and managing director of each division. The board has established rules of procedure for the work of the CEO. In addition to the corporate management body itself, corporate management meetings are attended by the directors of the Group's shared services.

For more information on governing bodies and the corporate management, see Note 22.

Risk management and internal control

In connection with the annual strategy and budget work, the board reviews the Group's key risk areas.

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 reports are followed up by the unit management, controllers and division management. Due to the amount of information involved, it has been decided to limit the reporting to the board to focus on Group and division data, in addition to selected key figures and deviation reports per unit. The board considers that this reporting and control environment provides a satisfactory level of control of the business.

In line with the weakening of the result and the deterioration in the market outlook that occurred during 2008, the board has gradually strengthened its focus on reporting.

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

- The board's working method and rules of procedures
- Brand strategy
- Dividend policy
- Financial guidelines
- Insurance and risk strategy – Non-life insurance
- Environment guidelines
- Competition legislation and ethical guidelines
- Internal pricing

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 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 the board and the corporate management

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 22.9. Remuneration to the corporate management is described in Notes 22.7 and 22.8.

Information and communication

Every year, the board determines the Group's financial calendar, which is published in the annual report and on the website. The Group's quarterly reports and annual reports are published on the website and also sent by post to all shareholders.

Company take-over

The Group is not listed on the stock exchange and there is a shareholders' agreement between the six largest shareholders, who collectively own 99.6 percent of the shares, which governs share transfers, among other things. No guidelines have been prepared for the board concerning possible take-over bids.

Every year, the board arranges shareholders' meetings as an arena for information exchange and discussion between the shareholders.

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.

The Board

Martin Fauchald

Elisabeth Krokeide

Svein E. Skorstad

Pål Tajet

Gunde Haglund

Torstein A. Opdahl

Bjørn Egil Jørgensrud

Guro Vale Kvavik



Svein E. Skorstad

"We are putting on the brakes, cutting costs, but also adjusting up and down as needed, so that we are in perfect shape when the market turns."

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

Pål Tajet

"Moelven is better prepared than most other companies in their field when it comes to manage the current challenges."

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

Guro Vale Kvavik

"The lessons we are now learning will be invaluable for the company in the future."

Date of birth: 1970
Moelven Board: Board Member
Current position: Lawyer, Advokatene Skjelbred, Schelver, Husaas, Klausen & Vale Kvavik
Elected to the board: 2007

Torstein A. Opdahl

"Competent employees, modern facilities and a clear strategy gives Moelven the competitive edge through the current market slump."

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

Elisabeth Krokeide

"Moelven shall always be well equipped to deal with market fluctuations."

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

Martin Fauchald

"The best way to predict the future is that we ourselves create it."

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

Gunde Haglund

"The current market situation proves how important it is that Moelven is active in different market areas."

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

Bjørn Egil Jørgensrud

"By working as a team we will emerge from this difficult period even stronger."

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

Svein E. Skorstad

Svein E. Skorstad
Chairman

Pål Tajet

Pål Tajet

Elisabeth Krokeide

Elisabeth Krokeide

Torstein A. Opdahl

Torstein A. Opdahl

Martin Fauchald

Martin Fauchald

Gunde Haglund

Gunde Haglund

Hans Rindal

Hans Rindal
President and CEO

Guro V. Kvavik

Guro Vale Kvavik

Turid Fluge Svenneby

Turid Fluge Svenneby
Deputy Member



Hans Rindal

“We’ve been here for years, and we’ll continue to be here for years to come – count on us!”

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

Johan Padel

“In difficult times the challenge is to bring out that little extra from the organisation – we are good at that!”

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

Reidar Mo

“The role of managing means being responsible for the team achieving its goals.”

Date of birth: 1943
Current position: General Manager, Moelven Byggsystemer AS
Education: Engineering Degree and Business Administration, Norwegian School of Management (BI)
Employed since: 1989

Bjarne Hønningstad

“There is always a risk, but doing nothing is the greatest risk of all.”

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

Lars Atterfors

“We shall make the best out of the current market situation, this being the best we presently have to work within.”

Date of birth: 1966
Current position: General Manager, Moelven Byggsystemer AS
Education: M.Sc. Economics and Business Administration and Construction Engineering
Employed since: 2003

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 most important thing is not what we say, but what we do. The brand name Moelven is formed by the sum of all our actions.”

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

Åge Holmestad

“In close collaboration with our customers we develop products, services and building concepts for the future.”

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

Morten Sveiverud

“We protect Moelven assets by helping subsidiaries with financing, risk management and management by objectives.”

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

Svend Strand

“Moelven’s IT systems shall provide support all our business processes, and secure accessibility and availability for our 1500 users.”

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

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.

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FINANCIAL CALENDAR

21 April 2009
General meeting – Annual Accounts 2008

22 April 2009
First Quarter Report 2009

10 July 2009
Second Quarter Report 2009

16 October 2009
Third Quarter Report 2009

In the end of January 2010
Fourth Quarter Report/
Preliminary annual result 2009

April 2010
General meeting – Annual Accounts 2009

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