



ANNUAL REPORT 2007
LIVE SCANDINAVIAN

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Comments by the CEO

2007 was an excellent year for Moelven – better than we had hoped for.

The good financial figures are primarily the result of the very high demand for many Moelven products throughout the entire year. Much of the credit, however, still belongs to Moelven employees, because we have positioned the company well in relation to the favourable market conditions, and because we have been able to supply major deliveries at a reasonable cost level.

After a year with almost NOK 1.2 billion in cash flow from operations, what are we going to do with the money? Half of the amount will be divided relatively evenly between dividends to the owners and tax to the common society. Of the remaining amount, we will be investing more than NOK 400 million in new equipment at existing plants in order to improve Moelven's competitiveness. Most of the investments are targeted at the parts of our operations closest to our customers, which is as it should be in a customer-oriented Group. The investments will also help secure jobs in a large number of local communities in both Norway and Sweden.

Equally important as the investments in machinery are the resources Moelven will be using to increase awareness in our local environments about how they can benefit from Moelven. Moelven's business activity spans a large geographical area and a wide range of applications in the value chain from log to consumer. It will take time and efforts to cultivate this awareness about what Moelven stands for. In addition to the Group's financial figures, the subject of this annual report is the core of what we stand for – Moelven's brand platform. When building the organisation's brand, it is the consistency in the many small actions that count. In a large organisation such as Moelven, the key will be to ensure consistency among the various departments, divisions and within the Group as a whole over many years.

Between the machines on the production line and the awareness of what Moelven stands for in the minds of everyone around us, are 3 400 individuals being Moelven employees. We know that our existence as employees depends on us being able to deliver quality rooms. We also know that we have our limitations. Our focus has been on supplying quality Scandinavian rooms. In this we shall be the very best. As you read further on in this report, you should get an idea of what we mean by Quality Scandinavian rooms. I also believe that you will be convinced that Moelven is the right supplier in very many contexts.

The markets will not help us as much in the years ahead as they did in 2007. Still, we are aiming at achieving financial results that are among the best in the industry. Solid financial figures are the best basis on which to build a continued good cooperation with our business relations.



Hans Rindal
President and CEO

Mission – Vision – Values

MOELVEN'S BRAND PLATFORM

Mission: Supplying quality rooms

Vision: The natural choice for people building and living Scandinavian style

Values:

Sustainable
Moelven respects people and the environment. The company's business is based on renewable resources. Sustainability and longterm planning have become the company's competitive advantages. Environmental responsibilities are a priority area.

Reliable
Moelven is a reliable business partner. We deliver quality goods at the agreed upon time. A strong focus is put on openness and honesty - being able to admit mistakes and shortcomings is a solid basis for positive change and credibility.

Seek opportunities
Moelven seeks solutions. The Group has the skills and the resources to be the industrial leader when it comes to product development and innovation. Moelven has always been a company that has stayed at the cutting edge of technological development and takes advantage of the opportunities offered by changing times and trends.

Main Figures for Five Years

Amounts in NOK mill.	2007	2006	2005	2004	2003
THE GROUP					
Operating revenues	7 944.0	6 692.4	6 004.9	5 773.2	4 864.1
Operating profit	989.6	373.2	158.6	70.3	100.6
No. of employees	3 425	3 210	3 159	3 191	2 853
TIMBER					
Operating revenues	3 075.5	2 583.6	2 355.4	2 619.3	2 398.1
Operating profit	538.3	161.4	55.2	33.0	92.3
WOOD					
Operating revenues	2 994.5	2 530.0	2 268.7	2 064.1	1 363.0
Operating profit	330.6	118.3	62.2	29.6	-0.6
BUILDING SYSTEMS					
Operating revenues	2 382.8	1 937.5	1 770.1	1 630.0	1 726.2
Operating profit	159.3	121.8	75.9	44.9	38.5

Events 2007



New Chairman of the Board
Svein E. Skorstad.



Moelven surveys maps company expertise.



Special health insurance for all employees.



Johs Mageli.

February 2007

New board of directors at Moelven

The company's Corporate Assembly elected the new board on 1 February 2007. The former CEO of Coop Norden, Svein E. Skorstad (59), was elected new board chairman of the board for the Moelven Group.

February 2007

Moelven surveys maps company expertise

After a successful trial project at a couple of Moelven companies in Sweden in 2006, the group executive board of Moelven Industrier ASA voted to gain an overview of all available expertise in the company.

March 2007

Continued collaboration with Finnforest in Scandinavia

On 23 March 2007, Metsäliitto Andelslag and Moelven Industrier ASA signed an agreement in which Finnforest products and services would continue to be sold via Moelven sales offices in Denmark, Sweden and Norway.

March 2007

Special health insurance for all employees

After having tested out a health insurance scheme for employees in two companies in Sweden and Norway for a period of one year, the group executive board of Moelven decided in March 2007 to provide additional insurance for all of the company's employees. As of 1 April, all employees can look forward to faster treatment and a shorter wait for health services if they should become ill.

July 2007

Bioenergy facility in Brumunddal not to be expanded

The Board of Moelven Bioenergi AS decided in July that the planned expansion of the new energy plant in Brumunddal should not be carried out at the current time. The background for the decision was that the potential customer base had weakened – Statoil abandoned their plans to build a pellets factory and the future energy needs for Kähr's parquet production was uncertain. With the reduced need for power, the project was deemed non-profitable.

November 2007

Moelven committed to Trysil

A solid commitment to Trysil was Moelven's President/CEO Hans Rindal main message after all formalities were in place in the beginning of November 2007 regarding the acquisition of Trysil Skog AS. Although Moelven could not guarantee the future of the plant indefinitely, the President/CEO could guarantee that the aim of the acquisition of Trysil Skog was to own and operate the plant and not to sell. The name of the new company became Moelven Trysil AS.

November 2007

Mr. Johs Mageli passes away

Moelven's CEO and major industrial builder over a period of more than 30 years, Mr. Johs Mageli, passed away in November. Mr. Mageli was 89 years of age. – Johs Mageli was the founder of modern-day Moelven and has left a lasting mark on the company, said President/CEO Hans Rindal in a condolence statement.

December 2007

New agreement for Moelven shares

Eidsiva Vekst AS (Eidsiva) and Felleskjøpet Agri BA (FKA) made on 18 December 2007 an agreement in which FKA acquired 40% of the shares that Eidsiva Vekst AS owned in Moelven Industrier ASA. This took place when Felleskjøpet Agri purchased 40% of the shares in the recently established and jointly owned company Eidsiva MI AS.

THE MOELVEN GROUP

Moelven's priority is making quality rooms for people. Quality rooms are a necessary prerequisite for good environments in a wider context. The company bases its business activities on Scandinavian values and people's lifestyles, needs and wishes.

The Moelven Group's goal is to be the natural choice for people building and living Scandinavian style. This means that Moelven shall be the market leader in Norway, Sweden and Denmark in wood-based construction materials and associated services. Moelven shall also be a leader in the building industry development based on Scandinavian building traditions.

The road to building quality rooms starts with the ability to listen to the people who are in those environments, and understanding how and why people make their choices. To be able to supply the right products and services, the entire organisation needs to adopt an attitude recognising that it is the people using the quality rooms who are the customers. Moelven must also be able to positively communicate this understanding and approach out to the market. All this comprises Moelven's core expertise, which in turn serves as the basis for how production processes are designed.

Timber is the raw material in Moelven's production. The Group purchases timber that is manufactured into a number of different products. The choice of raw materials and how they

are treated through the entire chain of production is decided by what the end product is and how it shall be used. The critical factors in Moelven's chain of production are the following: high quality raw materials, effective manufacturing methods and advanced equipment, in addition to highly developed logistics and distribution systems and high expertise in the areas of process development and management.

In its various roles, Moelven has a major responsibility to the communities in which it operates. The Group shall supply products giving customers satisfaction and improved human environments. All stages of the production process should have, provided present technologies, a minimum impact on the environment – directly or indirectly – in the best interests of society and nature. The business shall be characterised as being open toward employees and society, including the mass media. The employees should be able to influence their own work situation and be given opportunities to develop their skills and abilities within the Group.

Opened in 2007, Tietgenkollegiet in Copenhagen features cedar and other important wood elements supplied by Moelven Danmark A/S. The building complex, which has attracted both attention and acclaim, houses 388 students and won the architectural firm Lundgaard & Tranberg the Danish Wood Prize in 2006. Wood is used in an exciting way both indoors and outdoors.





The Kista Science Tower, northwest in Stockholm, consists of six buildings with business offices, conference and exhibition facilities. The tallest building has 32 floors. Moelven Eurowand AB has delivered system walls for the complex. Total office space at the Kista Science Tower is approx. 43 000 square metres.

OWNERSHIP

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

MOELVEN IN BRIEF

The business is organised into three divisions: Timber, Wood and Building Systems. All three divisions sell to industrial and retail customers, as well as to builders and contractors in Scandinavia and the rest of Europe. The Group consists of 46 operational units in Norway, Sweden and Denmark. At the start of 2008, the number of employees totalled 3 425, of which 1 802 worked in Norway, 1 590 in Sweden, 25 in Denmark and eight in other countries.

Sawmills in the Timber division supply mainly sawn wood to customers in Scandinavia and the rest of Europe. The main customers use the sawn wood products as component elements in their production processes. In addition, other customers use chippings and bark products in the pulp & paper, particle board and bio-fuel industries. The most important end products are wood for building, interiors and packaging. In 2007, production totalled 1.5 million cubic metres of sawn wood and 1.3 million cubic metres of chippings and sawdust. The raw materials represent a major share of the overall production costs, and the division's business units try at all times to maximise the financial output of each individual log.

The processing companies in the Wood division supply the retail sector in Scandinavia with a wide range of construction and interior goods – a total volume of 800 000 cubic metres in 2007. An important competitive advantage is the Wood division's effective and efficient distribution system that can offer customers quick and reliable deliveries from a wide product range. User friendliness and a high degree of processing are also important competitive factors for the

Wood division, and product development is a continuous process in the division.

The companies in the Building Systems division supply flexible system solutions: interior walls, modular buildings, electrical installations and load-bearing glulam structures for projects and contract customers primarily in Norway and Sweden. The division is investing continuously in developing concepts and systems in close collaboration with customers and experts in the fields of architecture, design and construction. The goal is to further increase the use of wood as a material for the construction and property trade by applying industrial systems where these offer benefits compared to more traditional structures and solutions.

NETWORK ORGANISATION

Moelven has a flat, network oriented and decentralised organisational and management structure. The 46 business units organised in the three Moelven divisions are all independently responsible for the company's financial results and represent independent business units in a coordinated network. The organisational structure provides stability and competitiveness based on a complete range of products.

The decentralised organisational structure also helps boost effectiveness and accountability, and reduces the need for centralised administrative resources. Proximity to the market and production facilities contributes to ensuring accountability for financial results, respect for colleagues on all levels and openness throughout the entire organisation.

The network organisation with short lines of decision-making provides a flexible production system that can easily adapt to local markets' shifting needs, but at the same time the operational units can support each other in the day-to-day market competition. Because Moelven has businesses within all the processing stages – from harvesting logs to finished wood-based building products; knowledge and expertise flow freely within the Group along an integrated chain of knowledge and skills.

CUSTOMERS AND MARKET

Moelven's main market is Scandinavia, which generates 80% of the revenues. Products are targeted toward customers within three megasegments – the processing industry, building trade and the construction industry. In the Scandinavian market, Moelven is a full-range supplier of wood-based products and associated services.

As much as 85% of the Group's products and services are used for new-builds and renovation of housing and commercial properties. A steadily increasing market is the sale of raw materials for bio-fuel applications and the production of pulp, paper and particle boards. The Group also supplies wood component elements to the furniture, packaging and interior industries.

The three divisions vary in composition, but all serve primarily customers in the construction and property markets – direct to contractors and chains of builders' merchants or indirect through the industry with deliveries to the construction industry. The Group's concentration on one sector ensures highly specialised expertise and tremendous knowledge about the market and industry. The flat organisational structure allows for a wide contact network towards customers, as well as sensitivity and flexibility in terms of market needs, trends and shifts.

DISTRIBUTION

A well-functioning and effective distribution system is an important competitive advantage for all the business units in the Moelven Group. Customers increasingly wish to avoid keeping stocks of goods, and Moelven adapts and develops its distribution system to the needs of our customers.

The Wood division's customers are in the retail sector, and distribution is therefore built up around several customer centres and distribution hubs in Sweden, Norway and Denmark. These hubs coordinate the sale and stream of goods from all of Moelven's production units. The Moelven Group aims at becoming a full range supplier that takes on responsibility for providing the right wood products at the right time to customers.

Distribution is also important for the business units in the Timber division. By centrally coordinating products from several business units, an efficient distribution system is in place that benefits both the Timber division and its customers, who can obtain all the wood products they need for their own further processing via one and the same channel.

Most of the Building System's sales involve delivery and installation of products to construction sites. The most important exception is laminated timber in standard dimensions which is sold through builders' merchants in Norway and

Sweden. In Norway, glulam is delivered to builders' merchants via an extensive vehicle transport system run by the company. In Sweden, Moelven Töreboda AB carries out deliveries correspondingly in a coordinated distribution system together with Moelven Wood AB.

PRODUCTS WITH A HIGH SERVICE CONTENT

Moelven delivers products with high service content. The goal is that products and services shall give the customer maximum usability and simplicity – from delivery to application.

Production is characterised by a high degree of industrialisation, and the best possible production output is ensured by prioritising the areas: colleagues' skills and expertise, an efficient use of raw materials and an efficient production system.

The Group's businesses are always looking for new industrial processes and concepts that can challenge or complement traditional methods.

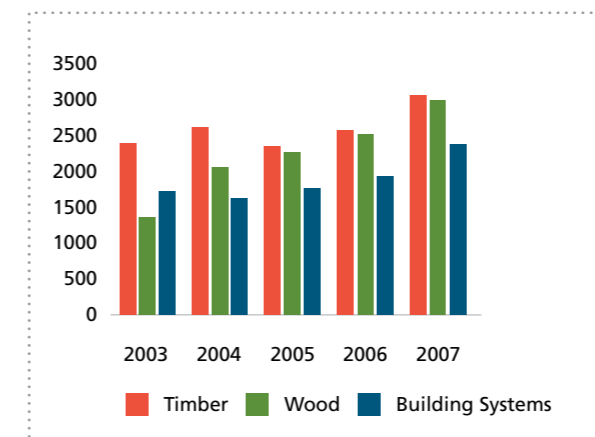
PRODUCT DEVELOPMENT

The production of wooden wheels and horse-drawn carts was the basis for the Moelven Group a century ago. At the time, these were the products in high demand, and they became a success. Ever since, the Group has been working continuously to develop new products designed to satisfy current and future needs. An example is one of the early products the Group produced, "The Moelven House on Wheels", which has been further developed into the modern module-based construction system the company sells today.

Other examples of innovations in recent years are fire-resistant wood that has opened up completely new areas of use for wood-based materials, impregnation without the use of heavy metals (protection against rot without harming the environ-

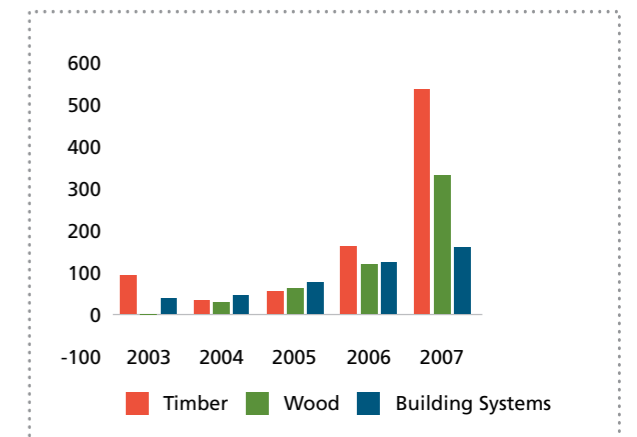
Operating revenues

NOK millions



Operating profit

NOK millions



ment) and the development of major road bridges made of wood.

Constant product and production development is critical for maintaining Moelven's competitive edge in the future. The idea is to develop new products as well as enhancing existing products. By working closely with customers, users, architects and research institutions, Moelven is stretching technological limits and discovering new areas of application.

The aim of the R&D company Moelven Utvikling AS is to serve as a bridge between persons with new ideas and the market. The company also supports the Group's development projects and works with a number of product and process innovations along the chain of value from forest to market. The goal of Moelven Utvikling is to have contributed in generating ten viable companies or products by the year 2012.

Moelven owns 70% of the company, and the Industrial Development Corporation of Norway (SIVA) owns the remaining 30%.

ENVIRONMENT

Moelven's business is based on the use of wood as a raw material, which is a thoroughly renewable natural resource. Trees are efficient environmentally. They store carbon dioxide, and the use of wood together with new growth in forests, contributes to reduce pressures on climate change.

Most of Moelven's products have a high degree of wood content. The Group offers a renewable and environmental alternative to other building products and solutions in areas such as bridge building, interior products, homes and housing modules.

The most important arguments for increased use of wood are that raw materials can be reused and that wood and wood products function as carbon reserves. Wood products can also be used for energy recycling and as a replacement for fossil fuels that release carbon dioxide. The increased use of wood products stimulates added forestry planting, which results in new growth that binds additional carbon.

By utilising the entire log and, throughout the entire chain of production, equating the importance of sawn wood with products such as chippings, the Moelven Group will contribute to responsible resource use.

Transport contributes to global warming; that is why the transport of both raw materials and products must take place as effectively and environmentally friendly as possible. Moelven is striving to be able to use local raw materials and to be able to deliver to local markets.

THE STAFF

Moelven shall provide opportunities for people with the drive to succeed. This human resource policy reflects the Group's fundamental view on humans and the relationship between the employees and the Group. Industrial production requires qualified personnel, and Moelven strives to recruit competent staff on all levels and in all Group businesses, from production to management and marketing/sales.

Through the entire employment period – from recruitment and introduction to the Group and up until retirement, Moelven will work to motivate and further develop employees. Able employees who are interested in advancing and developing future products and services are a prerequisite for Moelven to maintain effective and profitable industrial production processes in the future.

Moelven's development programmes for employees at various and different levels are an important step in the work building and maintaining effective production systems and innovative culture.

Moelven also works actively to reduce absenteeism, and has a reward system, linked to operating margins, that rewards low rates of absenteeism in the various business units.

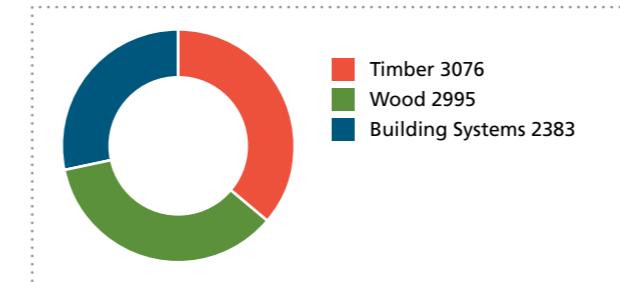
Sustainable, reliable and seek opportunities are the three central concepts in Moelven's company culture, and Moelven colleagues have traditionally been good representatives for all three of these core values.

Estimated change in Operating Profit and Profit per Share for one per cent change in price

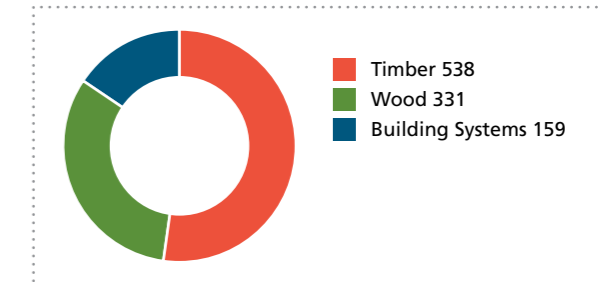
Factor	Operating Profit NOK mill	Division	NOK per share
Price of log raw material	17	Timber	0.13
Price of sawn timber, spruce	8	Timber	0.06
Price of sawn timber, fir	8	Timber	0.06
Price for chips, pulp/paper	5	Timber/Wood	0.04
Price of log raw material	7	Wood	0.05
Price of planed wood in Scandinavia	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

Divisions	Products and services	Operating revenues NOK mill	Employees at 31.12.07
Timber	Sawn timber and wood chips	3 076	837
Wood	Wood based building materials	2 995	954
Building Systems	Building Systems	2 383	1 543
- Laminated Timber	Load bearing support structures	483	279
- Electrical Engineering	Electrical installations	358	207
- Modular Buildings	Flexible module-based buildings	944	606
- System Interiors	System Interiors for commercial buildings	634	451

Operating revenues per division NOK millions 2007



Operating profit per division NOK millions 2007

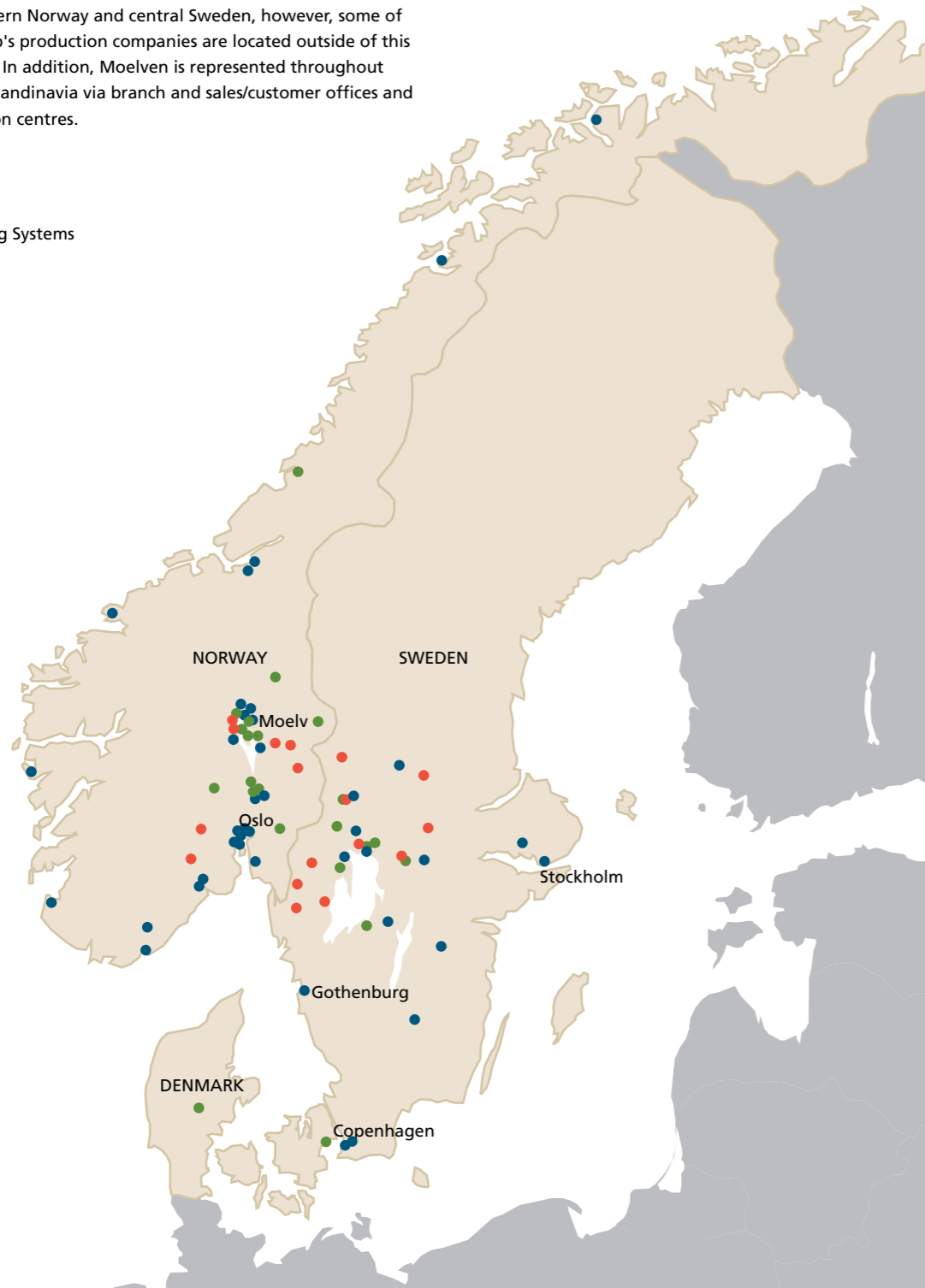


Moelven Industrier ASA					
Raw material supply, Fibres and Bio energy • Finance and insurance • Human Relations • ICT and Real Estate • Research and Innovation					
Timber		Wood		Building Systems	
Moelven Component AB	Moelven Nössemark Trä AB	Moelven Wood AS Moelven Wood AB Moelven Danmark A/S	Moelven Notnäs Wood AB	Moelven Limtre AS	Moelven ByggModul AS
Moelven Dalaträ AB	Moelven Ransbysågen AB		Moelven Soknabruket AS	Moelven Töreboda AB	Moelven ByggModul AB
Moelven Loten AS	Moelven Telemarksbruket AS (51.0%)	Moelven Are AS	Moelven Treinterior AS	Moelven UK Ltd.	Moelven Nordia AS
Moelven Mjosbruket 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	Mesna Installasjon AS	
Moelven Numedal AS	Moelven Valåsen AB	Moelven Langmoen AS	Moelven Värmlands Trä AB		
	UJ-Trading AB	Moelven List AB	Moelven Österdalsbruket AS		

Location

The headquarters 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.

- Timber
- Wood
- Building Systems



Main Figures for Five Years

Amounts in NOK mill.	2007	2006	2005	2004	2003
THE GROUP					
Operating revenues	7 944.0	6 692.4	6 004.9	5 773.2	4 864.1
Depr. & write-downs	177.0	177.6	178.0	177.5	146.1
Operating profit	989.6	373.2	158.6	70.3	100.6
Financial items	-17.4	-36.8	-45.6	-53.7	-36.1
Op. result before tax	972.2	336.4	113.0	16.6	64.5
Total capital	3 604.2	3 071.6	2 964.1	2 884.2	2 363.5
Equity ratio	43.6	40.2	36.3	36.5	39.1
Net op. margin in %	12.5	5.6	2.6	1.2	2.1
Cash flow from					
operating profit	1 166.6	550.8	336.6	247.8	246.7
Investments	292.4	245	112	199	189
No. of employees	3 425	3 210	3 159	3 191	2 853

Proforma Moelven Group incl. Are-gruppen in 2003

Operating revenues	7 944	6 692	6 005	5 773	5 564
Depr. & write-downs	177	178	178	178	177
Operating profit	972	373	159	70	128
Net op. margin in %	12.5	5.6	2.6	1.2	2.3
No. of employees	3 425	3 210	3 159	3 191	3 150

TIMBER

Operating revenues	3 075.5	2 583.6	2 355.4	2 619.3	2 398.1
Depr. & write-downs	71.1	67.4	66.2	78	74.3
Operating profit	538.3	161.4	55.2	33	92.3
Financial items	0.3	-9.9	-11.2	-17.7	-17.7
Op. result before tax	538.6	151.5	44	15.3	74.6
Total capital	1 757.5	1 407.0	1 288.6	1 448.5	1 258.3
Net op. margin in %	17.5	6.2	2.3	1.3	3.8
Cash flow from					
operating profit	609.4	228.8	121.4	111	166.6
Investments	130	121	53	107	123
No. of employees	837	825	846	1 019	979

WOOD

Operating revenues	2 994.5	2 530.0	2 268.7	2 064.1	1 363.0
Depr. & write-downs	62.2	58.4	57.9	54.2	25.8
Operating profit	330.6	118.3	62.2	29.6	-0.6
Financial items	-7.8	-14	-14.7	-18	-11.2
Op. result before tax	322.8	104.3	47.5	11.6	-11.8
Total capital	1 685.3	1 378.1	1 253.6	1 059.2	631.8
Net op. margin in %	11.0	4.7	2.7	1.4	0.0
Cash flow from					
operating profit	392.8	176.7	120.1	83.8	207.4
Investments	106	78	33	70	41
No. of employees	954	872	855	784	577

BUILDING SYSTEMS

Operating revenues	2 382.8	1 937.5	1 770.1	1 630.0	1 726.2
Depr. & write-downs	31.5	31.2	30.2	32.6	37.2
Operating profit	159.3	121.8	75.9	44.9	38.5
Financial items	10.7	1.1	-4.3	-2.2	-1.2

Amounts in NOK mill.	2007	2006	2005	2004	2003
Cont. Building Systems					
Op. result before tax	170.0	122.9	71.6	42.7	37.3
Total capital	1 041.7	1 035.9	897.7	801.2	790.4
Net op. margin in %	6.7	6.3	4.3	2.8	2.2
Cash flow from					
operating profit	190.8	153	106.1	77.5	60.2
Investments	54	44	22	22	17
No. of employees	1 543	1 435	1 381	1 334	1 239

Laminated Timber

Operating revenues	483.2	424.9	402.0	387.2	386.1
Depr. & write-downs	14.7	13.1	11.6	13.3	14.1
Operating profit	24.4	25.4	20.0	15.6	1.5
Net op. margin in %	5.0	6.0	5.0	4.0	0.4
Investments	22	23	13	7	10
No. of employees	279	263	259	244	251

Electrical Engineering

Operating revenues	358.4	219.4	197.3	150.9	117.7
Depr. & write-downs	1.9	0.7	1.3	1.5	1.9
Operating profit	5.9	3.7	-7.8	4.9	3.9
Net op. margin in %	1.6	1.7	-4.0	1.0	2.1
Investments	0	0	0	0	0
No. of employees	207	231	167	129	111

Modular Buildings

Operating revenues	944.4	736.1	689.0	586.5	645.2
Depr. & write-downs	11.2	12.6	12.0	10.8	12.0
Operating profit	66.0	37.8	31.6	2.2	11.8
Net op. margin in %	7.0	5.1	4.6	1.0	2.1
Investments	29	19	8	14	4
No. of employees	606	502	502	504	358

System Interiors

Operating revenues	633.8	593.6	496.7	520.4	579.8
Depr. & write-downs	3.7	4.8	5.3	7.0	9.2
Operating profit	63.0	54.8	32.1	22.2	21.3
Net op. margin in %	9.9	9.2	6.5	4.3	3.7
Investments	3	2	1	1	3
No. of employees	451	439	453	457	519

OTHER BUSINESSES

Operating revenues	368.9	171.7	167.1	69.8	46.7
Depr. & write-downs	11.6	19.7	17.6	12.6	8.8
Operating profit	-38.6	-28.3	-34.7	-37.2	-29.6
Financial items	-20.6	-14.0	-15.4	-15.8	-6
Net op. margin in %	-59.1	-42.3	-50.1	-53.0	-35.6
Cash flow from					
operating profit	-27	-8.6	-17.1	-24.6	-20.8
No. of employees	91	78	77	54	58

Group Executive Board



Hans Rindal

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
No. of Moelven shares: 400



Reidar Mo

Date of birth: 1943
Current position: Managing director of Moelven Byggsystemer AS
Education: Engineering Degree and Business Administration, Norwegian School of Management (BI)
Employed since: 1989
No. of Moelven shares: 200



Johan Padel

Date of birth: 1966
Current position: Managing director of Moelven Timber AS
Education: Marketing of wood products, Business Administration, University of Stockholm, Economics and Trade, Örebro College
Employed since: 2005
No. of Moelven shares: 0



Dag E. Sand

Date of birth: 1945
Current position: Managing director of Moelven Wood Scandinavia
Education: Degree in forestry, wood and marketing
Employed since: 1994
No. of Moelven shares: 200

THE CORPORATE ASSEMBLY

Even Mengshoel
 Mikael Løken
 Christian Ramberg
 Lars-Ole Gimming
 Helge Evju
 Tormod Hermansen
 Thor Svegård
 Hilde Grøneng
 Lars-Håkan Karlsson*
 Rolf Ellevold*
 Johan Rangedahl*
 Lise Øverjordet*

ALTERNATES

Kjersti Solberg
 Børre Rogstadkjærnet
 Knut Aas
 Kristian M. Noer
 Elisabeth Bjøre Glesne
 Maren Kyllingstad
 Ola Syverinsen
 Randi Helene Røed
 Karl Erik Höög*
 Odd Henning Kallager*
 Ann-Christine Löfborg*
 Knut Ivar Tofsrud*
 Lennart Perez*
 Jan Arve Sinnerud *

*Employee representatives

Group Shared Services



Morten Kristiansen

Date of birth: 1958
Responsibility: Raw materials supply, Fibres and Bio energy
Education: Gjøvik School of Engineering, Business Administration, Norwegian School of Management (BI)
Employed since: 2000
No. of Moelven shares: 0



Morten Sveiverud

Date of birth: 1958
Responsibility: Finance and insurance
Education: Business Administration, Regional College
Employed since: 1988
No. of Moelven shares: 200



Kristin Vitsø Bjørnstad

Date of birth: 1961
Responsibility: Human Relations
Education: Landscape Architect, NLH
Employed since: 2006
No. of Moelven shares: 0



Svend Strand

Date of birth: 1943
Responsibility: ICT and Real Estate
Education: Degree in Engineering, M.Sc., Heriot Watt University Edinburgh
Employed since: 1994
No. of Moelven shares: 0



Åge Holmestad

Date of birth: 1947
Responsibility: Innovation
Education: Degree in Engineering, M.Sc., Norwegian University of Science and Technology
Employed since: 1979
No. of Moelven shares: 0

SHARED SERVICES IN THE MOELVEN GROUP

This division is organised into five areas:

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

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

Annual Report

HIGHLIGHTS

2007 was one of the best years ever for the wood-working industry. In addition to record profits, the Moelven Group was able to increase investments, acquire new businesses, establish new sales companies in Europe and put in place a new ownership structure.

Record results

Operating revenues increased to NOK 7 944 million (6 692), while operating profit increased to NOK 989.6 million (373.2). Even though substantial investments in cost-cutting measures in recent years have contributed in achieving more efficient operations, it is primarily the overall excellent market conditions that have generated the improved financial figures. The improvement has been most significant for the Timber and Wood divisions, but the Building Systems division also posted good results this year.

Market conditions

Extremely high demand for the Group's products and services has been typical throughout the year. As a result of a high level of construction activity both in Scandinavia and internationally, demand for sawn wood has been high, while limited access to raw material in some areas outside of Moelven's regions has reduced the supply of specific qualities of wood. These developments had an impact on market prices in a positive direction for the Group's sawmills. In the second half of the year, however, timber prices also increased significantly, thus reducing the division's margins. The high construction activity in Scandinavia has led to higher demand for processed wood products such as construction wood, exterior panelling and interior products. As the Wood division (planing mill) depends on sufficient supplies of raw timber and sawn wood for its production processes, as a consequence this division then experienced rapidly increasing costs during the year. The Building Systems division also experienced a year with an extremely high activity level and has experienced some limitations in of the supply of components and in production capacity. The result has been that processing costs have risen sharper for this division – in pace with market prices – than for the other divisions. The high demand has resulted in the volume of order reserves increasing throughout the year.

Acquisition of Trysil Skog AS

An agreement was signed with Trysil local authority in September to acquire all the shares in Trysil Skog AS (a combined saw- and planing mill). The company merged into the Group as of 1 November, and on the same date became part of the Wood division under the name Moelven Trysil AS. The company has 59 employees and annual operating revenues totalling approximately NOK 130 million.

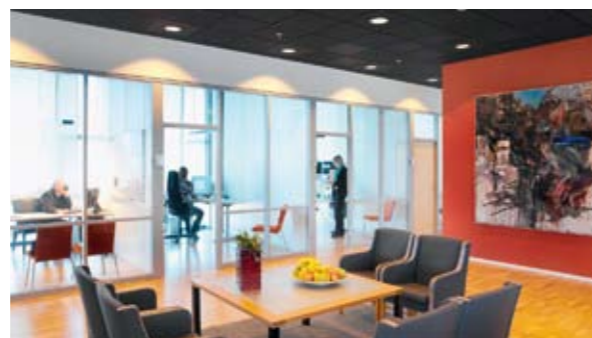
Owners and strategy

On 18 December 2007, Eidsiva Vekst AS and Felleskjøpet Agri BA entered into an agreement in which Felleskjøpet Agri BA indirectly purchased 40% of Eidsiva's shares in Moelven Industrier ASA. The agreement came about when Felleskjøpet Agri BA purchased 40% of the shares in the newly established company Eidsiva MI AS, in which Eidsiva Vekst AS owns the remaining 60% of the shares. Eidsiva MI AS is the formal owner of 39.6% of the shares in Moelven Industrier ASA.

Following this transaction, the Group now has seven large institutional owners, who all have a combination of strategic and financial interests in owning shares in Moelven. There are also approx. 960 smaller shareholders. This autumn the Board adopted a strategic plan for the period 2007-2010, which is anchored in the new ownership constellation. The Group will continue to focus on the home market in Scandinavia, with production units located within a defined geographical area. The mission to create quality rooms, both for private and public sector customers, and for both indoor and outdoor applications, will contribute to achieve the vision of being the natural choice for people building and living Scandinavian style. In order to achieve this goal, the Group depends on all 3 425 employees working toward the same goal. The human resource policy of providing opportunities for employees with the drive to succeed is also included as a core part of the Group's strategic plan. Many of the Group's 41 production units are cornerstone enterprises in their local communities, and employees are often closely identified with the company. By creating quality rooms for the employees both physically and socially, the aim is to support a community-based culture where local enthusiasm works in the best interests of both the individual plant and the Group as a whole.

Reputation

In order to be able to measure the results of the efforts that over time have been made to promote the Moelven brand, an



Moelven Eurowand AB has supplied movable interior walls for the Lindholmen Science Park in downtown Gothenburg. The Science Park is a research and development centre housing many world-leading businesses, institutes and academic organisations. The centre is also home to the Nordic countries' largest design centre. The Science Park houses 180 companies (8 000 employees) and a total of 3 000 university students, researchers and teachers.

annual survey was started in 2006 to find out more about attitudes held by Moelven customers. The survey was distributed to almost 1 500 customers in key customer groups in all three Scandinavian countries.

The survey was designed to find out to what extent Moelven is known in the market, to what degree Moelven has a positive reputation among the people who are familiar with Moelven's business operations and whether Moelven is a preferred supplier among the customers surveyed. The results showed satisfactory figures in the target groups, but with degrees of variability and room for improvement in some areas.

THE MOELVEN GROUP

The Norwegian forestry cooperatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog own 60% of the Moelven Group. 39.6% is owned by Eidsiva Vekst AS and Felleskjøpet Agri BA via their shares in the company Eidsiva MI AS, 60% and 40% respectively. The remaining approx. 0.4% is held by approximately 961 owners. The Group's main office is in Moelven, Norway. Production takes place at a total of 41 plants and facilities, which are located primarily in south-east Norway and mid-Sweden. Production in the two countries is almost equal in volume, but a large share of the output at the Swedish plants is sold in Norway. Of the 3 425 employees in the Group, 1 802 work in Norway, 1 590 in Sweden, 25 in Denmark and eight in other countries.

The Group has organised the business into three divisions: Timber, Wood and Building Systems.

The Timber division consists of 15 production units producing sawn wood and chippings of pine and spruce. Nine of the plants are located in Sweden and six in Norway. Annual production is approx. 1.4 million cubic metres of sawn wood. Industrial grade chippings worth a total of NOK 330 million are also produced at the production facilities. Approx. 65% of the operating revenues are earned from sales to Scandinavian customers. The total number of employees is 837 persons, of which 86 are female. In all, 279 employees work in Norway, 555 in Sweden, two in Germany, one in England and one in the Netherlands.

Of the Wood division's 15 production units, six are combined facilities featuring both saw- and planing mills. While four of these plants produce only natural, untreated timber for building purposes in spruce, two of the plants also produce impregnated wood in pine. The other companies are specialised planing mills that produce moulding, flooring, indoor panelling, component elements, construction wood and specially impregnated building materials. The overall aim is to offer wood products with as high a processing degree as possible to the construction market. Almost 80% is sold through chains of builders' merchants. Industrial chippings worth a total of NOK 190 million are also produced annually. Approximately 95% of the division's operating revenues are generated from Scandinavian customers. The total number of employees is 954 persons, of which 118 are female. Of the overall number of employees, 623 work in Norway, 306 in Sweden and 25 in Denmark.

The Building Systems division consists of 11 production units,

organised into the business areas Laminated Timber, Building Modules, System Interiors and Electrical Engineering. The business units in this division supply flexible, custom tailored, cost-efficient construction and interior systems to project customers in Scandinavia. In addition to bridges and load-bearing structures, the Laminated Timber business area also sells considerable amounts of standard glulam beams via chains of builders' merchants and as components to the prefabricated house industry. Approximately 97% of the division's sales are to Scandinavian customers. The division has 1 543 employees, of which 95 are female. Of the overall number of employees, 846 work in Norway, 692 in Sweden and five in England.

OPERATING REVENUES AND PROFIT

At the start of the year, the Board expected an increase in operating revenues for 2007 compared to 2006. As a result of exceptionally high market demand and price growth during the year, operating revenues reached NOK 7 944 million (6 692). Operating profit increased significantly to NOK 989.6 million (373.2). Projections at the start of the year, estimating profit for the year to be similar to that in 2006, proved to be far too conservative. The deviation from budgeted operating revenues and profit figures was primarily due to significantly higher market prices both for sawn wood and processed timber through most of the year. Net finance costs totalled NOK 17.4 million (32.9). The reduction is due to the fact that the Group's debt was reduced, as a result of the improved cash flow. The Group has taken measures to reduce the effects of fluctuations in the interest level; the final result is therefore hardly affected by changes in interest rates during the year. Close to 100% of the Group's debt is in Swedish kroner, the STIBOR rates thus determine borrowing costs. Three-month STIBOR rates increased during the year from 3.25% to 4.65%. Since the debt is primarily in SEK, the weakening of SEK in relation to NOK in 2007 helped reduce interest costs measured in NOK.

Ordinary pre-tax profit increased to NOK 972.2 million (336.4). Taxes on ordinary profit in 2007 totalled NOK 276.8 million (96.9), of which payable taxes totalled approximately NOK 224.5 million (67.2). At the end of 2007, the Group did not have any deficit to carry forward from earlier years. Cash flow from ordinary profit increased to NOK 1 165.6 million (480.6).

Timber

For the Timber division, operating revenues increased to NOK 3 075.5 million (2 583.6), and operating profit increased to NOK 538.3 million (161.4). The high level of building activity in Europe contributed to the strong demand for wood for industrial purposes. The transfer of harvesting capacity to areas impacted by storm felling resulted in a scarcity of raw materials in some regions. Access to raw materials has been good for lower quality spruce, while higher quality wood, particularly of pine, has been more difficult to obtain. This situation has also had an impact on the Moelven Group's sawmills in that they produced more spruce products and less pine products in relation to original production plans; wood from storm felling has only been used in modest amounts.

Overall, production volume ended at a level as planned at the start of the year. Market conditions caused a sharp increase in prices during the first six months of the year, and although prices started to flatten out during the summer, prices for pine did not flatten out until the end of the third quarter. At the end of the year, prices for the full range of products showed a clear falling tendency.

Timber prices for the first six months of the year were largely decided at the start of the year through negotiations, and thus did not increase as fast as prices on finished goods. During the last six months of the year, however, timber prices were adjusted. Timber costs at the end of 2007 for the Group's timber-consuming units in the Timber and Wood divisions had an annual rate that was about NOK 450 million higher compared to the start of the year.

The Timber division is focussing increasingly on boosting the value of each timber log category by constantly improving the efficient utilisation of raw materials. Production planning must therefore take into account the types and qualities of raw materials available, as well as what dimensions, qualities and prices of finished products the market demands. The largest investment projects during the year have been directed at improving utilisation of raw materials and the ability to sell all parts of the processed wood assortment in the markets that generate best profitability. Examples of this are the new sorting and measuring plants at Moelven Valåsen and Moelven Våler.

Mr. Johan Padel, who was appointed temporarily as managing director for Moelven Timber AS in December 2006, assumed the post permanently in 2007. Due to the fact that the company Moelven Component AB works exclusively with orders from industrial customers, this company will be transferred from the Wood division to the Timber division as of 1 January 2008. Moelven Component AB has 32 employees and an annual turnover of approx. SEK 90 million.

Wood

Operating revenues for the Wood division increased to NOK 2 994.5 million (2 530.0), and operating profit increased to NOK 330.6 million (118.3). The division sells most of its production output to the Scandinavian construction market, where the activity level for new-builds, renovation, rehabilitation and additions in 2007 has been extremely high. As for the Timber division, the most important raw material

used in the production process is timber, of which the Wood division has an annual need of approx. 900 000 m³. A significant percentage of production depends on the acquisition of sawn wood. Price increases on sawn wood have been higher than price increases for timber, and even though prices for the Wood division's finished products have also increased significantly, the increase in margins has not been as high as for the Timber division. Just over 50% of the Wood division's annual purchases of sawn wood are acquired from its sister division Timber, which represents about 20% of the Timber division's annual production output. The remaining 200 000 m³ of sawn wood is purchased from external suppliers.

In addition to high operating efficiency and utilising raw materials well, the distribution of goods is an important factor in the Wood division's profitability. The greatest challenge, and at the same time one of the division's greatest competitive strengths, is that the entire product assortment is available to customers at short delivery times. Even so, production of similar products takes place at several different geographical locations. When making investments, particular emphasis is now put on ensuring that the geographical location will also facilitate efficient distribution routes. One example of such an investment is the upgrade of Moelven Soknabruket AS from being a sawmill to a combined facility with both saw- and planing mills. Another example is Trysil Skog AS, which was purchased autumn 2007 and was consolidated into the accounts as of 1 November. As for the other companies in the Group, Moelven Trysil AS is organised with its own management group and manager. Both geographically and in terms of production, Moelven Trysil AS fits well into the Wood division's market and organisational concept. The division plans to develop Moelven Trysil AS into a combined facility, in which the sawmill will supply most of its production directly to the planing mill. In 2008, significant investments will therefore be made to adapt the company to this part of the Wood division's concept. The changes will result in an increase in production volume, but a reduction in the number of product varieties. The current managing director of Moelven Wood Scandinavia AS, Dag Sand, will retire on 1 July 2008. Bjarne Hønningstad (35) has been hired as the new managing director for the division and will assume the post on 1 August.

Building Systems

Operating revenues for the Building Systems division increased to NOK 2 382.8 million (1 937.5), and operating profit

increased to NOK 159.3 million (121.8).

The companies in this division serve the project market in Scandinavia and are organised into the business areas Building Modules, System Interiors, Laminated Timber and Electrical Engineering. Market activity has been high in all these business areas, and for some of the business areas it has been difficult to obtain the right type of raw materials at the right time and to the right price. This situation has caused disruptions in operations at times and has had a significant impact on the financial figures. It has not been possible to increase prices on finished goods to fully compensate for the supply shortfall. The high demand for products and services supplied by Building Modules and Electrical Engineering has caused both business areas to increase capacity substantially. A key profit factor for all the business areas has been project expertise, and for System Interiors this has been a limiting factor in 2007. Production has been efficient, but, since the business is primarily project oriented, goods are not stocked, except for standard beams from the glulam units. The high rate of demand in 2007 has resulted in most of the companies in the Building Systems division entering 2008 with higher-than-normal order reserves.

Other businesses

In addition to the parent company, Moelven Industrier ASA, Other businesses includes group shared functions such as timber acquisitions, bio-energy, innovation, finance, insurance, IT, communications and human resources. A few other smaller business units and assets not related to the Group's core business activities are included in this division as well.

The Moelven Group owns 77.8 per cent of the bio-energy company SB Sägbränsle AB, which in June 2007 increased its shareholdings in the company Vänerbränsle AB from 50% to 100%. Vänerbränsle AB sells forestry resources and industrial chippings and bark (excluding chippings for the pulp and paper industry) for use in energy production purposes. In 2007, the company had sales totalling NOK 160 million, which in energy terms corresponds to 1.2 TWh biomass. NOK 80 million of the company's operating revenues are based on the sale of chipping products from Moelven plants.

At the end of 2007, the division had a total of 91 employees, of which 27 are female. Of the overall number of employees, 37 work in Sweden and 54 in Norway. Book value of assets not related to operations totalled NOK 20 mill (26). Operating revenues were NOK 368.9 million (171.7), and

operating loss amounted to NOK -38.6 million (-28.3). The increased loss is primarily due to the fact that non-industrial assets were sold for a one-off gain of NOK 8.5 million in 2006.

INVESTMENTS, BALANCE SHEET AND FINANCING

2007 was the second year of the three-year investment programme that was adopted in 2005. The aim of the programme has been to adapt the Group's business units optimally to Moelven's long-term strategic plan that serves as the basis for overall operations. In addition to implementing needed upgrades to satisfy modern efficiency requirements, investments are also targeted at increasing the flexibility with respect to volume and product assortment. In addition to ordinary investments, fixed assets have also increased as a result of the purchase of Trysil Skog AS. In all, the Group's balance sheet increased by NOK 72 million as a result of the consolidation of Trysil Skog AS into the accounts. No amount for goodwill was paid in connection with the acquisition. Total investments in 2007, exclusive acquisitions, totalled NOK 292.4 million, compared to NOK 244.6 million in 2006. Market conditions and long delivery times for mechanical equipment have resulted in postponements in delivery for certain investment projects.

Total assets at the end of 2007 were NOK 3 604.2, compared to 3 071.6 in 2006. In addition to the investments, the increase is primarily due to the high level of business activity, combined with a certain degree of stock accrual toward the end of the year.

Approximately half of the Group's assets are registered in SEK. The exchange rate decrease from 0.91 at the end of 2006 to 0.85 in 2007 caused a reduction in the balance sheet totalling NOK 110 million. The annual accounts have been prepared under the assumption of continued business operations. Equity at the end of 2007 totalled NOK 1 569.7 million, corresponding to an equity ratio of 43.6%. At the end of the previous year, equity totalled NOK 1 233.7 million, with an equity ratio at 40.2%. For comparison purposes, the equity ratio would have been 42.4% if one converted the equity in the Group's Swedish subsidiaries at the same exchange rate as in 2006.

The Group's long-term financing is in the form of long-term drawing rights. Due to seasonal fluctuations during the year with respect to construction activity and the availability of raw



Svein E. Skorstad

Date of birth: 1948
Moelven Board:
 Chairman of the Board
Current position: General Manager, S.E.S Consulting AS
Education: Petroleum economics and Engineer
Elected to the Board: 2007
No. of Moelven shares: 1 000



Ola Mørkved Rinnan

Date of birth: 1949
Moelven Board:
 Board Member
Current position: CEO of Eidsiva Energi AS
Education:
 M.Sc. Civil Engineering, The Norwegian University of Science and Technology, 1972, Degree in Business Administration, NHHK, 1985
Elected to the Board: 2007
No. of Moelven shares: 0



Torstein Opdahl

Date of birth: 1947
Moelven Board:
 Board Member
Current position: Farmer
Education: Agronomist
Elected to the Board: 2002
No. of Moelven shares: 0



Ingrid Dahl Hovland

Date of birth: 1959
Moelven Board:
 Board Member
Current position: Managing Director of Spenncon AS
Education: M.Sc. Mining, The Norwegian University of Science and Technology, 1985
Elected to the Board: 2007
No. of Moelven shares: 0

materials, the Group's working capital varies from NOK 300-350 million at the lowest, usually during the fourth quarter, to the highest point, usually in the second quarter. Drawing rights provide the Group with the flexibility to adjust the debt amount through these fluctuations and is therefore well suited for the Group's business operations. For some time now there has been a focus on the need to reduce the need for foreign capital, and this focus – combined with a good cash flow – has resulted in a reduction in net interest-bearing debt from NOK 466.7 million at the end of 2006 to NOK 154.0 million. Liquidity reserves totalled NOK 1 234.8 million as of 31.12.2007, compared to NOK 959.2 million the year before.

FINANCIAL RISK

During the past year the Board has reviewed the most important financial risk areas and the internal control routines linked to the risk factors. The Moelven Group's profit and loss sheet is influenced by some external factors over which Moelven has very little control. The most important of these are prices for raw materials and finished products, energy prices, interest rates and exchange rates. Wherever practically possible, the Group's policy is to use hedging instruments in order to protect against the risk of fluctuations in these.

In the markets in which the Group sells its products and services, there are relatively few possibilities to protect against fluctuations in market prices, but strategies such as entering into fixed price and indexed contracts are used whenever possible.

Moelven sawmills process approximately 4 million cubic metres of solid sawn timber per year, and this is by far the largest single operating expense for the Group. Changes in the price of timber therefore have a major impact on profit margins. Negotiating timber prices usually take place once or twice a year. Contracts with clauses that automatically adjust timber prices in step with documented changes in the price of finished goods have been used to some extent in 2007.

The cost of electrical power is another important factor having impact on the Group's profitability. Approximately 230 GWh electrical power is purchased annually from the Group's power suppliers via the energy exchange Nordpool.

The price of cellulose chips and biomass generated from sawmill and planing production in the Timber and Wood divisions is important for the Group's result. Even though continuous efforts are made to improve utilisation of raw

materials, only about one half of the original log becomes sawn wood after having passed through a sawmill. The remaining half becomes bark, chippings, cellulose chips and biomass. Some of this is used for own energy production, while the rest is sold to the particle board, bio-energy and paper industries. A change in market prices for these products will therefore have a direct impact on the Group's end result. The Group's net interest-bearing debt is the basis for the Group's risk exposure to interest rates. Since the main part of the debt is in Swedish kroner, the interest rate in Sweden is the most important variable impacting on the Group's overall interest expenses.

Approximately 20% of the Group's operating revenues are earned in markets outside of Scandinavia, and these sales serve as a source of currency exposure. Raw materials and finished goods are also imported from Sweden to Norway. The most important exchange rates for the Group are thus EUR-SEK, SEK-NOK and EUR-NOK.

For a more detailed description of exposures linked to external variables, see page 7.

Due to the hedging strategies chosen, changes to interest rates must be long-lasting for them to have any serious impact on the result, and many operational adjustments during the hedging contract period are available to compensate for the external fluctuations.

Of the Group's total balance sheet figures, approximately half are linked to business activities in Sweden. The balance sheet figures are therefore very sensitive to the exchange rate between Swedish and Norwegian kroner. Equity capital is to a large extent protected against this in that share investments in most of the Group's Swedish subsidiaries are financed in Swedish kroner. The total amount of equity exposed to currency fluctuations at the end of 2007 was SEK 680 million (244).

The Group has a policy to ensure that credit sales above a certain level must be secured either in the form of guarantees or credit insurance. In practice, credit insurance is most commonly used. The risk of loss on receivables is therefore small.

The Group's foreign capital financing consists of long-term drawing facilities with a limit of NOK 1 050 million which runs until July 2011. General non-compliance terms regarding equity ratio, net equity value and debt amount are linked to the drawing rights. As of 31.12.07, the Group's key figures were significantly better than the levels at which the non-

compliance terms take effect. In addition, the Group has included in its bank systems unused credit rights totalling approximately NOK 300 million, which are renewed on an annual basis.

The Group has a centralised function for following up industrial insurance policies, and all the companies in the Group are obligated to follow the Group's policy regarding insurance coverage. The policy provides guidelines for insurance coverage, preventive measures, risk surveying and development of contingency plans.

Contingency plans are a critical planning tool in the case of fire/accident. The contingency plans describe steps to be taken immediately in case of an emergency, and also cover areas such as crisis management and continued delivery to customers. The Group has an industrial insurance policy that insures the Group against financial loss exceeding three million NOK per incident. There have not been any serious accidents in 2007.

The Group has allocated funds in the accounts for all known obligations in connection with environmental issues. In order to minimise the risk of incurring additional obligations in this area other than those following from existing governmental regulations, the company has developed an overall environmental policy for the Group.

INNOVATION

In order to reach our goal of long-term profitability, the Group must arrange for permanent innovation to be secured so that the Group's range of products and services are continuously developed. Together with sustainable, one of the core values of the Group's brand platform is seeking opportunities. Emphasis is put on making sure that projects that are implemented generate profit in relatively short term. The background for this is that the main share of the Group's business is in a mature field, in which the potential is more in perfecting details than major innovations demanding longer and more extensive research and development. Innovation efforts are therefore organised as a centralised, coordinating function, while the work first and foremost takes place out at the operating units, which is where the best expertise about products and processes is located. The company's current products in fire-retardant wood were developed based on this approach. Another example is certain types of glulam beams, where the technology for combining glulam beams into large load-bearing structures was developed in the Group in order

to be able to supply glulam structures that could be used to build wooden bridges and large sports halls.

For the Building Modules division, the development of concepts for building module-based apartment buildings has been important.

The Interior Systems division's competitiveness depends on a continuous development of new solutions adapted to constantly changing market trends.

For the Timber division, the focus has been primarily on process development, including the development of systems to supply better and more market-adapted products for customers. The same is true for the Wood division, which must also focus on developing distribution systems and products within areas such as surface treatment and prefabrication. The Group owns 70% of the R&D company Moelven Utvikling AS, while the Industrial Development Corporation of Norway (SIVA) owns the remaining 30%. Moelven Utvikling focuses primarily, but not only, on innovations linked to products, services and processes within the wood-working industry and associated fields. The company offers services such as strategy development, business planning, financing assistance, market surveys, product development, financial and project development and financial and project management – either with their own expertise or through an extensive network of contacts in related fields.

HEALTH, ENVIRONMENT AND SAFETY

Employees

Moelven usually hires about 200-300 new employees annually. For industrial jobs in particular, need for specialist expertise has increased steadily in recent years. In response to this demand, the Group has initiated a mapping of existing expertise covering all current employees, in order to take even better advantage of existing skills. The Group's human resource concept is to provide opportunities for people with the drive to succeed, both in terms of further training and in the development of work tasks and responsibilities. The Group has arranged for participation both in training programmes run by the Group and by external educational institutions. Combined with the company's pension schemes, health insurance and a good work environment, the Group aims to be seen as an attractive employer both for existing employees and when recruiting. The focus of the training efforts is on three areas: process techniques, project management and



Guro Vale Kvavik

Date of birth: 1970
Moelven Board:
 Board Member
Current position: Lawyer
Education:
 Law Degree
Elected to the Board: 2007
No. of Moelven shares: 0



Gunde Haglund

Född: 1951
Moelven Board:
 Board Member,
 employee representative
Current position: Senior sorter,
 Moelven Notnäs AB
Education:
 Extensive work experience
Elected to the Board: 2005
No. of Moelven shares: 0



Martin Fauchald

Date of birth: 1961
Moelven Board:
 Board Member,
 employee representative
Current position: Operator,
 Moelven Limtre AS
Education:
 Extensive work experience
Elected to the Board: 2007
No. of Moelven shares: 0



Bjørn Egil Jørgensrud

Date of birth: 1966
Moelven Board: Regularly
 attending deputy member
Current position: Operator,
 Moelven Våler AS
Education: Craft certificate and
 extensive work experience
Elected to the Board: 2007
No. of Moelven shares: 0



Large glulam beams for walls and roof were used to build the Tautra Maria convent located alongside the Trondheim fjord in Nord-Trøndelag in Norway. The laminated timber was supplied by Moelven Limtre AS. In 2006, the convent received the Building of the Year award in Norway.

human resource management. Process technique training takes place primarily in collaboration with Norges Byggscole in Norway and Hammarö Utbildningscenter in Sweden. Moelven has stood behind the establishment of special training programmes for the Group's businesses at both sites. One of the requirements for admission to the training programme has been earlier relevant technical training, which is increasingly more common among operators in the wood-working part of the Group.

Project management is primarily important for the companies in the Building Systems division. Both internal and external expertise is used in the training programme in this area.

Within human resource management, several types of training and courses are available for employees, some tailored specifically for the Moelven Group, while others are held in collaboration with other companies. With the Group's decentralised management structure that delegates considerable responsibilities out to the individual business units, it is critical that the management satisfies certain requirements both when it comes to personal qualities and when it comes to having a common understanding of goals and strategies.

Together with certain other larger companies in the Hamar area, the Group is collaborating on a trainee scheme in which trainees are able to work for a two-year period at various different companies in the region. After completing the programme, several of the participants have been employed at Moelven. Apprentices are also accepted for employment in wood-working and construction professions.

Absenteeism and injuries

The Group's goal of creating quality rooms, not just for customers and their surroundings, but also for the employees to work in, is not consistent with conditions that lead to a high rate of absenteeism or unusual risk of injuries at work. The Group's goal-oriented efforts aimed at reducing both absenteeism and injuries continue therefore with increased intensity. Absenteeism due to sickness in 2007 was 6.32% (5.89), or 45 224 (43 402) full workdays. The number of injuries leading to sick-leave was 94 (91), which correspond to 17.5 (17.3) injuries with subsequent leave per million hours worked, i.e. the H1 value. Total number of injuries was 166 (162).

As a step in reducing absenteeism, the Group in 2007 introduced a special health insurance scheme for all employees. The aim of the health insurance scheme is to enable employees to obtain health services as quickly as possible, and thus earlier return to work. An evaluation of the scheme carried out at the end of October 2007 revealed that 92 employees in Sweden and 85 in Norway have taken advantage of the scheme and overall saved themselves and the Group approx. 70 man-years of waiting for health services.

At Moelven Østerdalsbruket AS, a HealthyLife project has been carried out in collaboration with a service company providing health services to companies' employees. The employees have gone through a walk test and a lifestyle assessment in which they carry around a device on their arm for a week that measures their physical activity, calorie consumption, sleep quality and balance between quality activities and daily activities. The results have been analysed and each individual employee who has participated in the project has been through a consultation with a healthcare professional and has received a written report about how to improve their lifestyle. The project has been well received among the employees and an exercise and training programme is now being developed based on the results from the project. Other business units in the Group will be able to benefit from the lessons learned during the project at Østerdalsbruket.

In order to reduce the number of injuries at the workplace, considerable time is used reporting and finding out the reasons for injuries, and the results of this work will be used to implement preventive measures. The most common preventive measures are clarifying safety rules and routines, investing in safer equipment and improving safety attitudes. Even though the company has been working on this for some time, the number of injuries is still at an unacceptably high level, and the Group aims to reduce the number considerably.

Equal Opportunities

The Moelven Group promotes an equal opportunity policy and aims to ensure that both men and women find the Group to be an attractive employer. In the parent company, Moelven Industrier ASA, there are a total of 48 employees (19 female and 29 male). The work tasks that are most common in the Group's businesses, however, have traditionally been male dominated occupations. There is therefore large majority of men, over women, who choose to educate themselves for the types of occupations the Group needs in their industrial production activities, and there are often no female applicants for vacant positions.

Of the Group's 3 425 employees (3 210), 9.52% are female (9.75). There are 779 clerical staff (737) and 2 646 operators (2 473). The share of female employees among the clerical staff is 23.6% (25.2), while in production the percentage of female employees is only 5.4% (5.1). There are female managers at all levels in the organisation. In the corporate assembly, there is one female member, while there are two female members on the Board of Directors.

Environment

Sustainability is one of the Moelven Group's core values, not just in an economic sense but also in an environmental context.

The overall business is based largely on renewable resources, and sustainability and a long-term approach are viewed as competitive advantages. Wood as a material has a range of positive environmental advantages, among others to function as a carbon store, and the wood content in the company's end products is very high for most of the businesses in the Group. The company's strategic plan specifies that consideration shall be shown for the environment not just in terms of end products, but throughout the entire cycle from log to finished product and right out to its ultimate disposal. Tracing systems have therefore been established to ensure that the raw material can be traced back through the chain of production. The tracing systems mean that Moelven can at all times ensure that the timber used originates from certified suppliers who practice responsible forestry. All Moelven sawmills are therefore PEFC certified (Programme for the Endorsement of Forest Certification Schemes). In Sweden, some plants are also FSC certified (Forest Stewardship Council); however, this scheme is less common.

In addition to timber supplies, there are several other sides to the business that must be followed up continuously to ensure that they satisfy the demands for environmental soundness. The most important factors are:

- Transport
- Energy
- Waste and emissions
- Waste oil and chemicals
- Noise, dust and drainage
- Ash
- Packaging

Transport is a significant challenge for the Group both in terms of environment and finances. A total of 7.5 million solid cubic metres of timber, industrial grade chippings and finished goods are transported by vehicle transport annually. An additional 260 thousand cubic metres are transported by train and 320 thousand cubic metres by ship. Efforts are continually made to reduce the amount of transport and to optimise the use of existing transport resources. The strategy of having processing plants geographically close to raw material sources contributes to reducing transport needs in that the volume of finished goods to be transported out are significantly less than the amount of raw materials that need to be transported in. The reason for this is that a large share of the by-products is used locally for bio-energy production and that dry wood is significantly lighter than raw timber.

The establishment of distributed storage facilities and optimised driving routes also helps to reduce overall transport

needs. Among other measures Moelven is focusing on is to put pressure on the government to improve road standards, which will allow higher load capacities. We also encourage transporters to make use of more ecologically sound vehicles. Only cars running on bio-fuels are permitted in the Group's company car scheme.

Moelven's annual energy consumption is approximately 0.8 TWh, of which 0.2 TWh is electrical power and 0.6 TWh thermal energy (generated at Group plants). The energy potential in the Group's by-products – including cellulose chippings – is estimated to be about 4.8 TWh, providing a significant potential both in terms of increased own generated power production and an increased market for bio-energy in general. Through the company Moelven Bioenergi AS, the Moelven Group aims at ensuring that the Group participates in developments taking place in the bio-energy sector.

A project aimed at the Group's Norwegian companies was initiated in the fourth quarter to ensure centralised control of all the planned energy efficiency projects. Included in these are efforts to reduce energy consumption, upgrading in order to make better use of renewable energy resources and higher utilisation of excess energy spilt from the production process. Final mapping, analysis and decision has not yet been made as to which of the projects will be implemented, but preliminary analyses show that there is a significant potential in these areas both environmentally and financially.

In the Building Systems division, most production takes place in factories, where it is easier to control the production process' impact on the environment than it is on traditional on-site construction projects. In the Timber and Wood divisions, keeping the plants clean and tidy is also important, both in terms of the environmental benefits and in terms of improving safety conditions for employees and reducing the risk of fires. All plastic, metals and packaging are source sorted at site and all hazardous wastes such as ash from furnaces, waste oil and chemicals are returned to appropriate receiving stations.

Noise and dust from industry can often be a concern for surrounding residential areas. Moelven emphasises on complying with strict environmental practices in these fields. Run-off from timber storage, bark depots and impregnation facilities are other examples of potential environmental problem areas if not dealt with in a responsible manner.

Each year the Group consumes large amounts of packaging consisting of plastic and cardboard. We require that the packaging Moelven uses must be able to be either reused or recycled. For Furugulvet®, Moelven has helped develop a packaging that can also be reused as underlay when installing flooring. A large share of the plastic packaging used consists of recycled plastic.

The Group has carried out a survey to find out if any equipment containing PCB is being used in any of the companies; no such equipment was found to be in use in 2007.

INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS (IFRS)

Since Moelven Industrier ASA is not publicly listed, the company is only obligated to publish accounting figures based on Norwegian accounting standards. In order to increase the

information value of the figures and to simplify making comparisons, the company provides unaudited additional information showing the main effects reporting in accordance with IFRS would have had.

The major differences from IFRS are in the reporting of pension commitments, the use of financial instruments and the treatment of dividend payments. If IFRS had been used starting in 2005, pension commitments would have caused a one-off reduction in equity of some NOK 55 million. The effects of financial instruments will vary in relation to market value assessments at the time of reporting. Allocated dividends would also have an effect on equity in that, in accordance with IFRS, such allocations must be reported as part of equity until a formal decision regarding the payment is made by the Board of Directors. The profit figure for 2007 using IFRS principles would have been NOK 695.8 million, while equity for the year would have been NOK 1 878.0 million, which corresponds to an equity ratio of 52.1%. The effects of reporting in accordance with IFRS are described in more detail in the profit and loss account statement on pages 71 and 72.

SHAREHOLDER INFLUENCE AND COMPANY MANAGEMENT

Shareholder influence and company management in the Moelven Group is based on Norwegian recommendations issued in December 2007.

Share capital in Moelven Industrier ASA consists of 129 542 384 shares with a face value of NOK 5.-, and there is only one class of shares. The shares are distributed among 967 shareholders, of which the seven largest are Eidsiva Vekst AS and Felleskjøpet Agri BA, via the company Eidsiva MI AS, and the forestry cooperatives Glommen Skog BA, Mjøsken Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA who among them control 99.6% of the shares. All of the major shareholders have signed a shareholders' agreement in connection with the acquisition of the shares in December 2006. Felleskjøpet Agri BA became an owner in December 2007, and is a party to the same shareholders' agreement. Among the terms in the shareholders' agreement is a section specifying that the Group shall continue to be run as an independent business unit with a long-term perspective and with a focus on Scandinavia as the main market. The agreement also contains sections regulating board composition, dividend policy, strategic focus areas and transfers of shares.

At the company's ordinary annual general meeting on 20 April 2007, a decision was made to change accountants from PricewaterhouseCoopers AS (long-time accountant to the Group) to KPMG AS.

At the same general meeting in 2007, the Board was given authorisation to purchase up to five per cent of the share capital, for a total of 6 477 119 shares at a face value of NOK 5.00, which corresponds to a total face value of NOK 32 385 320. The rate was not to be lower than NOK 10.00, nor higher than NOK 17.00. Within the specified interval, the Board of Directors could set the buy-back rate to be used based on a concrete assessment of the shares' value at the time the authorisation was executed. The authorisation was valid for a period of 18 months from the time it was granted. The Board may use the company's own shares in connection

with a benefit programme for company employees or for writing down equity. The annual general meeting must approve any sale of the company's own shares. The Board did not use this authorisation in 2007, but will ask that the authorisation be granted for a new period at the ordinary annual general meeting in 2008.

The corporate assembly has 12 members, of which four are elected by the employees. In 2008, the corporate assembly will elect a committee to develop proposals for new board members and set remuneration rates for board members.

The Board of Moelven Industrier ASA has seven members, of which two are chosen by the employees. In addition, the employees have selected a regularly meeting deputy representative. Of the five board members elected by the shareholders, two are female, and the board composition thus satisfies gender requirements for board composition. Since the share of female employees overall in the Group is 9.52%, the rules concerning gender representation do not apply to board members chosen by the employees. According to the Public Limited Liability Companies Act, the company's Board of Directors are responsible for ensuring that the company is organised and managed in a responsible manner. For Moelven Industrier ASA, special instructions provide more detailed guidelines for the board's responsibilities. In 2007, there were 9 board meetings. In addition to cases regarding ongoing financial reporting, strategic planning and budgets, the Board has also addressed the following issues:

- Change of accountant, including presentation of new accountant.
- Dividend policy.
- Acquisition of Trysil Skog AS.
- Review of risk areas and internal control.
- Review of detailed target figures per division.
- Financial resources.
- Insurance strategy.

Starting in 2007, routines were also established for internal evaluation of the Board's work, the first of which was carried out in January 2008. In 2007, the Board has not needed assistance from any committees. In addition to the board members, the President/CEO, Director of Finance and the Board secretary also normally attend ordinary board meetings. Other representatives from the Group, the divisions or the accountant attend as required.

The Group's executive management consists of the President/CEO and the managing directors of each division. The Board has specified instructions for the President/CEO. During the year, the Board has had a well structured and constructive cooperation with the President/CEO and his closest staff. The Board is pleased with the goal-oriented work carried out in the organisation to develop the Group into an even better company for customers, employees, suppliers as well as owners. In 2007, a sound balance was struck between ensuring long-term development and short-term profitability. In addition to the executive management of the company, the directors of the Group's shared services are also members of the executive management meetings.

The Group carries out business dealings with the owners in some areas of the ordinary operations. An example of such dealings is the purchase of timber in which Norwegian forestry cooperatives are suppliers. Another example is future

deliveries of bio-fuel from Moelven to bio-energy facilities owned by Eidsiva Energi AS. In all such dealings, the principle of "an arm length's distance" shall apply, meaning that other suppliers will be preferred in cases where they can offer better prices and/or terms.

Moelven has a long tradition of operating its business in compliance with all legislation and ethical guidelines relevant to the business community and industry, and believes that competition benefits all parties in the economical life. In order to maintain this sound business culture, ethical guidelines and rules have been developed in order to ensure compliance with Norwegian competition legislation.

ALLOCATION OF PROFIT FOR YEAR

The Board wants to provide a basis whereby Moelven shareholders receive a foreseeable and satisfactory return on their investment in shares, even though the share is not publicly listed and thus not as liquid. The Group's dividend policy provides guidelines for how any profit – or in the case of years with a deficit, free equity – should be distributed to shareholders.

Profit and cash flow figures in 2007 were excellent, and even though both payable taxes and a high investment rate will result in significant cash flow out of the Group in 2008, the Board deems it responsible to increase the dividend payment significantly compared to earlier years. The Board proposes to pay dividends totalling NOK 2.60 per share (0.75). In all, the proposed dividend amounts to NOK 336.8 million (97.2). The dividend is consistent with the distribution ratio that is stipulated in the standard dividend policy. The parent company, Moelven Industrier ASA, which will be paying the dividend on behalf of the Group, had an annual profit in 2007 of NOK 210.7 million. The remaining amount of NOK 126.1 million is proposed transferred from other equity.

OUTLOOK

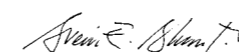
The Board anticipates that the activity level in the international market for sawn wood will fall in 2008, and that the Timber division (sawmills) will experience falling prices for their products. The Wood division (planing mills) is more vulnerable to the rate of activities in the Scandinavian construction market, and here the Board expects that demand and prices will be more stable. The reason for this is that construction activity in Scandinavia should remain high, even though reduced from the level in 2007. For the businesses in the Building Systems division, the high level of market activity has led to certain capacity problems, and order reserves at the start of 2008 are very good.

Access to raw materials for the timber consuming units is good. At the start of the year not all of the contracts for timber deliveries had been negotiated, but the already signed contracts will ensure lower raw material costs.

In total, planned investments and payments of dividend and taxes will amount to about NOK 1 billion in 2008. As a result, interest-bearing debt and financial costs should increase, but still remain within a responsible level.


Overall, the Board anticipates a reduction in operating revenues and a significantly lower result in the coming year compared to 2007.


Moelv, 14 February 2008
Board of Moelven Industrier ASA

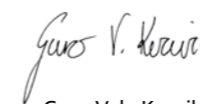

Svein E. Skorstad

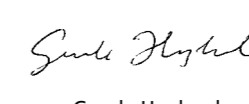
Chairman

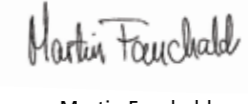

Ola Mørkved Rinnan


Ingrid Dahl Hovland


Torstein A. Opdahl


Guro Vale Kvavik


Gunde Haglund


Martin Fauchald


Hans Rindal

President and CEO

Timber Supplies

Moelven's industrial production is almost exclusively based on wood. Annually, the Group purchases 4.2 million solid cubic metres timber of spruce and pine for a total value of NOK 2.3 billion, including transport cost. Moelven purchases all raw materials from external suppliers, primarily from sites close to the company's sawmills. Moelven's ability to ensure a stable supply of quality raw materials is critical for securing profitable operations.



The closer raw materials can be harvested to the sawmill the better it is for the environment and transport costs. Moelven focuses on local raw materials, which in turn require and are highly dependent on advanced logistics systems.

CONCEPT ADAPTED TO LOCAL RAW MATERIALS

Moelven's sawmills annually process 4.2 million solid cubic metres of timber, and local pine and spruce are the basis for the Group's operations. Approx. 60% of the timber is spruce and about 40% pine.

Each sawmill has adapted its production process to available local forestry resources, and has unique and special requirements for timber in accordance with their production concept. Plants are thus able to utilise their raw material resources as efficiently as possible.

Moelven strives to purchase as much raw materials as possible harvested from forests in close proximity to the sawmills, this focus on local timber will increase. Even though this strategy is demanding logistically, there are clear benefits to the environment and a significant reduction in transport costs.

OPTIMAL RAW MATERIALS ARE CRITICAL

Moelven's ability to continuously secure raw materials that generate optimal processing value is critical for the sawmills' profitability. The purchasing function is constantly being refined, and there is now considerable expertise in this area within the Group.

In order to obtain the appropriate raw materials from local suppliers, the harvesting process must be planned carefully.

Expertise is needed to know what sawmill the raw material shall be delivered to, how the raw material should be processed through the entire chain, what should be harvested, how much should be harvested, and how it should be transported. This holistic approach gives Moelven a future competitive advantage and generates improved service and economy to the forestry owners.

Raw materials represent a large share of Moelven's overall production costs. The Group depends on long-term supplier relationships to ensure reliable operations and profitability. The forestry owner is paid more for the timber than for pulpwood. This means that the forestry owner depends on a competitive wood-working industry that processes raw materials in a successful manner.

SOURCES OF RAW MATERIALS

The Moelven Group purchases all their raw materials from external suppliers, forestry owner cooperatives, individual forestry owners, forestry companies, and through other sales channels.

Raw materials for the Norwegian sawmills come primarily from south-eastern Norway and Trøndelag (mid-Norway), and from the border regions in mid-Sweden. Purchases in Norway represent approx. 22% of the total Norwegian volume harvested for use within sawmill and wood pulp industries.

The Swedish units receive most of their raw materials from the

western parts of mid-Sweden, from Dalarna and southwards. In Sweden, our purchases represent 3.5% of the total amount of wood harvested in the country for industrial purposes.

In addition to the border trade between Norway and Sweden, approx. 50 000 solid cubic metres are imported from other countries. When Moelven purchases raw materials from a company that owns shares in the Group, then such purchases take place based on the principle of "an arm length's distance", in which other suppliers must be preferred if they offer better prices and/or terms.

BI-PRODUCTS INCREASINGLY MORE IMPORTANT

Bi-products such as cellulose chippings, shavings and bark are used in pulp, paper and particle board industries and for energy purposes.

In 2007, Moelven sold bi-products in the form of industrial and energy raw materials for a total value of NOK 525 million. In order to secure sales of bi-products, it is important for Moelven to have several customer groups, and the Group prioritises industrial customers based close to the sawmills.

The production of chippings for industrial and energy applications is an increasingly important part of the Group's total finances. In addition, an industrial market for chippings is a prerequisite for forest owners harvesting timber, which in turn the Group depends totally upon.

Bi-products are a valuable resource that enables industrial-scale efforts in the energy production area. Bioenergy is already an established market sector in Sweden, and the Norwegian government has announced a commitment to bioenergy. Eidsiva Vekst AS, which is one of the main owners of Moelven, is investing heavily in bioenergy, and Moelven will be participating in developments in this field by supplying raw materials to energy production plants.

NEW PURCHASING ORGANISATION IN SWEDEN

None of Moelven's business in Sweden or Norway purchase timber independently.

For the Norwegian businesses in the Timber and Wood divisions, Moelven has a centralised purchasing organisation, Moelven Virke AS, with four full-time employees. Most of the purchases are from forestry owners' associations in Norway. In 2007, Moelven strengthened resources in the field of optimising raw material deliveries to the Norwegian sawmills.

The Group purchases timber for the Swedish businesses through Moelven Skog AB (20 employees) and Weda Skog AB (84 employees). About 30% of the timber is purchased directly from forestry owners and the rest comes from forestry owners' associations, forestry companies and through other sales channels.

Moelven and Hedin-Bergkvist AB each own 50% of Weda

Skog AB. Moelven owns 80% of Skog AB, while Norske Skogsindustrier ASA owns the remaining 20%.

In 2008, Moelven's purchasing activities for the Swedish business units will be merged into one company. The objective behind the change is to make the organisation more efficient, increase local purchases even more and further boost the branding of Moelven and Weda Skog. Weda Skog AB has specialised in purchasing timber for sawmills and was chosen "Partner of the Year" by the Swedish forestry contractor companies' trade organisation SMF in 2007.

DISPENSATION FOR HEAVY TRANSPORT

Moelven does not own transport vehicles for timber transport. Rather, in Norway, Moelven is joint owner in two regional transport companies that administer and buy services from external transporters. In Sweden, timber transport is carried out exclusively by external transport companies.

Timber transport costs Moelven NOK 250-260 million annually. The cost of such transport is approx. 11% of the total acquisition price for the timber. Annually, Moelven transports altogether 8.1 million cubic metres of timber, bi-products and finished goods by lorry on the public road system in Scandinavia.

In Sweden, a lorry can be up to 25 metres long and weigh up to 60 tons. In Norway, the maximum length is 18 metres (22 metres with dispensation), and the largest permitted total weight is 50 tons. On certain stretches of road in Norway the largest permitted load was increased to 56 tons during parts of the year, resulting in reduced costs and a reduction in carbon dioxide emissions.

LONG-TERM RAW MATERIAL SUPPLIES

The amount of wood the forestry owners agree to harvest is basically determined by their net profit on deliveries – how much they get paid. While timber prices are one important factor, other factors are taxes, fees and costs for replanting and harvesting.

In Scandinavia, the rate of forest growth is faster than harvesting activities, which is a trend that will ensure long-term sustainability for the forestry industry.



By-products in the form of raw materials for industry and bio-fuel are becoming an increasingly important source of revenues for the Group.

A photograph of a winter forest scene. The ground and trees are covered in a thick layer of snow. The trees are mostly bare, with some evergreens visible. The sky is bright and overcast. In the top left corner, there is a solid green rectangular bar containing the text "LIVE SCANDINAVIAN" in white, uppercase letters.

LIVE SCANDINAVIAN

Scandinavia is the home of the Moelven Group. This is where we run our business, and this is where our most important markets are. It is home to both our employees and our customers. The Scandinavian model has shaped us, and it is the living conditions, the love of natural materials and the human drive to develop in this part of the world that we depend upon.

WHAT IS TYPICALLY
SCANDINAVIAN?

CLOSE TO NATURE

Scandinavia is our home. The special combination of sunlight, darkness and seasons that are unique to our latitude has put a stamp on our existence.

Year-round, nature plays a decisive role in how we spend our days, and how we plan for the future. The presence or absence of light influences us in our decision-making and influences us as a people. Spring and autumn's variations from one way of life to another is a reality we all share, nature is constantly turning our existence upside down. We let ourselves be amazed, or perhaps we don't even think about it at all. We turn as a matter of course our unprotected faces toward the sun's rays, summer as winter.

The rural areas are where we find our roots, even though most of us live in urban cities. Here we seek out trees and grass, snow and ice. We are still not as urban as our southern neighbours, who have thousands of years of urban culture in their genes. We still move around a bit clumsily in major metropolises, we interact more easily with the nature around us.

From the balcony, the veranda or winter garden we yearn patiently every year for the light and the heat from a soothing, yet unpredictable summer. We long for the cabin in the mountain, the country house by the sea or the campsite by the lake. It is in this easily accessible Scandinavian nature that we come closest to realising our innermost dreams of idyll as well as wilderness.

Living conditions in Scandinavia are closely intertwined with nature and the extreme change between long periods of darkness during the winter and long periods of daylight during the summer.



WHAT IS TYPICALLY
SCANDINAVIAN?

SIMPLICITY

Once upon a time people depended directly on nature for their daily survival. In some ways life was easier than it is today, but in most respects it was more difficult.

Scandinavia's history resonates with the challenging living conditions that we think we have forever put behind us. But people living long ago were also thankful for what they had, the few, the small and the simple things. Poverty and limited resources are now a dark shadow in our past, but still a valuable heritage.

In the course of just a few decades of the past century, the Scandinavian countries have made a dizzying journey from poverty to prosperity. We have built advanced and sophisticated societies, but a sense for the simple and functional that once was a necessity never quite abandoned us.

We cherish it as an idea, as a resource and a value in itself. The feel for and beauty of natural materials, the relief over technical devices that make our daily lives easier, the serenity and good feeling we get from caring for other people and the environment.

Simplicity is also moderation and afterthought. As Scandinavians we are innermost convinced that development is still only possible on nature's terms.



Scandinavian classics featuring innovative design, functionality and a feel for natural materials, and a half century between them: Left, Danish architect and designer Arne Jacobsen's chair Myran from 1952, and right, Magazine table, designed by Torbjørn Anderssen, Norway Says.

SECURE

We travel around the world, but we carry our Scandinavian values with us like a peacefully built-in oasis. We are confident in our conviction that what is necessary for a good life will also be around tomorrow.

Feeling secure is vibrant village communities in a frozen landscape with all the unwritten agreements that link the individuals living here together. That the communities are well-functioning, are human and open to continued improvement. Being able to influence without threatening this lifestyle.

People leaving the continent, travelling to Scandinavia comes to a different world. It is a world where people of three nationalities understand each other's spoken language and body language with ease. An area where the occasional somewhat more leisurely Scandinavian tempo is a recognisable and appreciated trait.

The Scandinavian countries are like siblings who have developed differently and matured into individuals with unique personal appearances. Despite friendly bickering from time to time, the family members have always resembled each other and respected each other.

The common cornerstones are confidence in government institutions, the feeling of putting high value on common cause, the desire to live in safe and secure conditions and the resistance to accept large differences between different groups' living conditions.

The Scandinavian way of building a habitable and good society is to continuously balance various competing interests. We have learned to be steadfast on this chosen course.



The opening of the Öresund bridge linking Copenhagen and Malmö in 2000 was also the start of increased trade between Sjælland and Skåne, between Denmark and Sweden. Norwegians, Swedes and Danes live and work increasingly in one of their neighbouring Scandinavian countries.

WHAT IS TYPICALLY
SCANDINAVIAN?

FUTURE

We live off the beaten path. Not much of what happens in Scandinavia is picked up on the radar screens of media in the major markets around the world. Our melodious languages are small on a global scale. We have few multicultural urban landscape, few historically significant universities or major research institutions.

In contrast to the languages of predominant cultures, we have had to turn our gaze outward in our curiosity and quest for knowledge. We have given and taken without loss of reputation. Immigration and emigration have contributed to changes in our nations, and pushed new development; given us new impulses and ways of thinking. Thus, because we are open for new things, global companies use us as test markets for new products and services.

Our egalitarian society, our individualism and our location on the periphery have proven to be fertile ground for creativity and innovation. Scandinavian culture characterised by teamwork and respect for the individual is a recipe for progress.

We have a long history in research and inventions that have changed the world for the better, and we continue to contribute in many areas, in recent years particularly in the fields of energy and environmental technology.

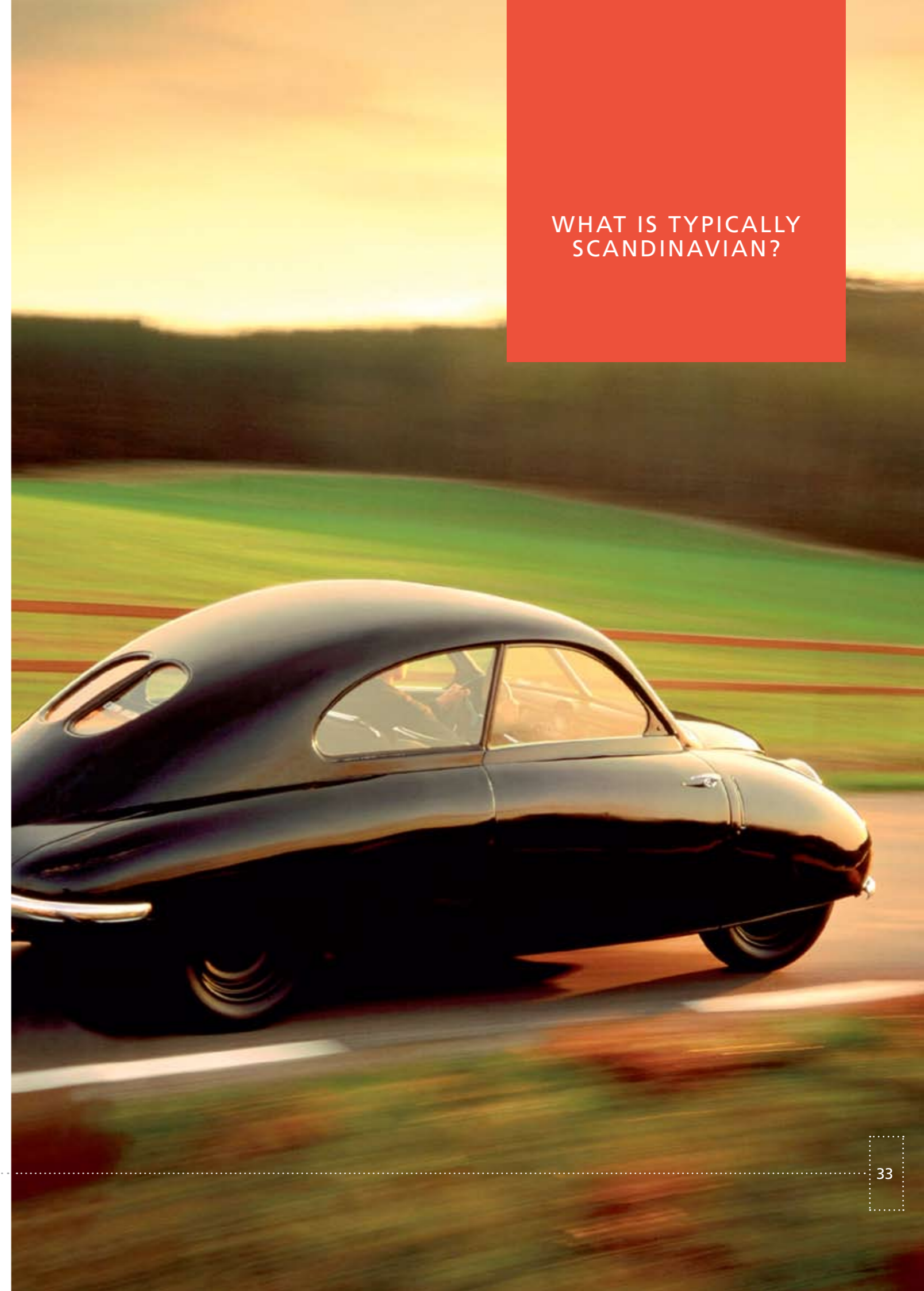
Interest is growing in the world around us for the existing knowledge on social policies and development found in Scandinavia. This includes social solutions that have been chiselled out down through the years, with peaceful compromises and the ability to avoid chaos. This knowledge is both a prerequisite for – as well as a result of – the communities we have created.

The things we are good at now are the things that will become even more in demand in the future. We are located outside the main road, but yet right in the centre.



The very first Saab automobile, the iconic "UrSaaben" (photo, right), was developed in 1946 by the aeroplane manufacturer Svenska Aeroplan Aktiebolaget. The "UrSaaben" was a prototype of Saab's first passenger car Saab 92 (photo, left) that began mass production in 1949. As early as six decades ago, Saab automobiles featured front-wheel drive, torsion axle suspension, hydraulic steering, unitary construction and streamlined bodywork. Advanced, high-quality Scandinavian technique and design are in demand in markets around the world.

WHAT IS TYPICALLY
SCANDINAVIAN?



ÅSE KLEVELAND'S SCANDINAVIA

Åse Kleveland has always had confidence in the ability of Scandinavians to work closely together. Not because we are so similar, but because we complement each other in such a brilliant manner. – Even though there is a core of values that all Scandinavians share, explains Åse Kleveland, the countries each have unique strengths and character traits.

– What is exciting is that in almost any field of work, you are in contact with colleagues from other Scandinavian countries, and nothing promotes collaboration better than people knowing each other, she adds.

Åse Kleveland has been Minister of Culture in Norway and general manager for the Swedish Film Institute. She is a Norwegian citizen and now lives in Oslo after having lived a long period in Sweden; where she also owns a farm in Värmland, right next to the Norwegian border. With a mother from Stockholm and a father – also deeply committed to Nordic issues – from Setesdal in the heart of Norway, Åse Kleveland is from childhood a true Scandinavian, and has a perspective few others can match.

How does she define the concept Scandinavian?

– My concept of Scandinavian is democracies built on widespread popular movements, welfare societies founded on equal rights for all, closeness to nature and faith in common sense.

– Sweden and Norway are the most closely related countries, and the porous borders allow for significant cross-border contact. Even though we like to highlight our differences, the similarities are intoxicatingly close in many ways. At the heart there is a kind of tacit consensus that everyone has a right to a reasonably good life. I think that both our self-esteem and identity are still closely linked to the Scandinavian welfare model, explains Åse Kleveland.

– Welfare has also included my area of expertise, the cultural arena, where culture has been a natural part of the public goods that everyone should have access to, because it is something that gives quality to life, creates fellowship and helps develop us as human beings. Indeed, nothing is a stronger social force than our cultural heritage.

– When our expectations of the welfare model based on the government's many areas of responsibility collide with social-economic reality, this threatens our Scandinavian identity, explains Åse Kleveland. The way tomorrow's Scandinavian welfare system will look is a particular challenge

for us as Scandinavians. How can we ensure a safe and fair society while taking care of the individual's ability and motivation to actively contribute to a shared social commitment?

– Another thing that is quite fascinating with us Scandinavians is our relationship to nature, natural materials and wood! It is no coincidence that what characterises Scandinavian design is how we process wood. We respect the material. There is no need to decorate it with a bunch of bells and whistles, because the bottom line is that there is nothing more beautiful than the material in itself.

– And we have also been able to develop the technology to be able to process materials even further in harmony with the finest in Scandinavian design, from Danish chairs to modern, gigantic glulam constructions.

– Contemporary Scandinavian design and architecture is characterised first and foremost by purity, quality and practicality, while the folk culture of the old days outdid themselves in colours, she points out.

– Remove old wallpaper when you are renovating a house in the country, and you will find violet and blue aniline colours all over the place; as well as pink, flowery decorations – it's gaily decorated, don't you agree?! Scandinavian functionalism, characterised by the practical and the rational, is what we built our welfare societies on, however. With functionalism we created a chasm between what we regarded as beautiful, the proper and the Scandinavian, and what many people actually surrounded themselves with and which pleased them. I am convinced that in our countries, having few colours outdoors for long periods of the year, people need colours and extravagancy – something to make our hearts beat a bit faster.

– But times change, and diversity is now the rule. One can go mad with colours, much of which is characterised by extreme playfulness. Unpretentious impulsivity for me is just as typical Scandinavian as the bleak, processed minimalism. This is where we can find the energy and inspiration to develop what is typically Scandinavian.



GENERAL MANAGER FOR CONCERTS NORWAY: Åse Kleveland

Since 2006, Åse Kleveland has been general manager for the Concerts Norway, which in the course of last year produced close to 11 000 concerts in Norway. Before this post, she was director of the Swedish Film Institute for more than six years, and during this period she was knighted by the French honorary legion for her efforts promoting European collaboration. She was awarded the Ingmar Bergman prize in 2005, and donated the prize money to three young film makers in the form of "The Dream Catcher Prize". When she was Minister of Culture in Norway (1990-1996), she carried out major reforms in the fields of culture and media; she was responsible for the Winter Olympics in Lillehammer in 1994; and she implemented a national policy for architecture and design. Åse Kleveland had an early debut as a folk tune singer and has recorded several albums, participated in a wide range of artistic performances and has travelled on tour for many years.

THE LINKÖPING LIBRARY

Linköping's major national library is a building that with its size, appearance and function has found its place both in the city and in the hearts of the city's residents. It is the Royal Park's most vibrant and open building, with lots of human presence and activities in an otherwise relatively quiet and dark part of the park.

The new library has demanding neighbours. On the one side you have a row of 1970-style district government buildings that close off parts of the western part of the park, and a bit further away you find Linköping's magnificent and more than 800-year old cathedral. Right next to the church is Linköping's castle, the oldest, non-ecclesiastical building in Sweden and just as old as the cathedral.

The library stands in contrast to the strict and formal neighbouring buildings. It is in large part transparent in that three of the building's four sides consist completely of glass (the longest is 106 metres long), constructed on Moelven glulam columns.

In addition to the library being a popular and important tourist attraction in itself, it also functions as an inviting gateway from the city's western parts to the park and the city's central streets beyond.

Inside the building, a feeling of space, light and openness pervades the structure. It is quiet and relaxing in the large book hall with wooden floors and the warm ceiling of glulam beams high above. The roof rests on v-shaped glulam columns, which in turn rest on round concrete pillars.

Spread out in the book hall there are four nicely coloured towers – two rectangular shaped and two round ones – like islands in a sea of books and with areas for reading on the top. The basement, also filled with books, is linked to the higher level through two open squares without ceilings.

In the evening, heavily lighted bookshelves create streets of light in the book hall, which becomes a separate city within the larger city, with the promise of excitement and surprises. Arne Jacobsen's deep Egget chairs stand all along the entire length of the longest glass wall, where visitors can lean back but still have full view of the areas.

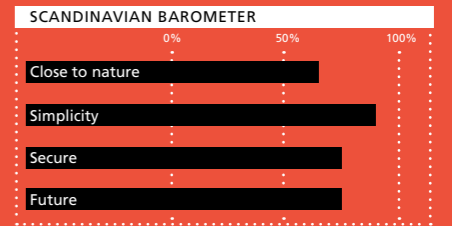


**JOHAN NYRÉN,
NYRÉN'S ARCHITECT OFFICE, STOCKHOLM:**
"We are very satisfied
with the result."

"We reversed the side of the new library both symbolically and concretely by turning the entry toward Östgötagatan, where we created a triangular entryway. This design attracts and includes the visitors; takes care of their bicycles, can be used for outdoor events and also serves as an entrance to the Royal Park."

"The library is built using only durable, natural materials. The park façade made of wood and glass has a look that coexists well with – without being subordinate to – the neighbouring castle, district government buildings and cathedral. The book hall takes in daylight from all directions."

"The design functions well, and it is fun to see that a library has received much positive attention. The number of visitors has increased significantly. When the building was completed in 2000 we were very pleased; and we are just as pleased today."



THE LINKÖPING LIBRARY

Laminated Timber beams supplied by Moelven Töreboda AB.

SCANDINAVIAN BAROMETER



CUBO SUMMER HOLIDAY HOMES

Moelven has supplied all the wood used in the building: Moelven Wood Interior Flooring for floors, walls, ceiling and shelves; Moelven ColourWood (factory painted panelling) for façade panelling; and untreated ThermoWood for the balcony.

CUBO SUMMER HOLIDAY HOMES

The black wooden house with large glass walls is located high up on a slope, facing due south. Pine woodland is growing behind and above, and below there is a magnificent undulating landscape with gentle ridges where the sun and sky change colours and shapes throughout the day. Straight ahead you can see an old Danish farmhouse, which is now in use as a studio for a local craft artist. On the slope next to the house wild meadow flowers thrive during the summer months.

38

If you follow the road a short distance, you arrive at the beach at Århus Bugt, the sea passage leading in to the city of Århus with its lively harbour and reassuring backdrop of light when the dark descends. Even though the city is less than six miles as the crow flies from Mols Hoved to the city on the other beach, the drive is 30 miles by road.

The Nielsen family's characteristic Danish summerhouse, which is in use year-round, is built on one level, size of 120 square metres, and with a big veranda that links the large right-angled building to a smaller building. The larger building contains a large living room with an open kitchen design, a bedroom, a studio and a guestroom. The smaller building contains a guestroom and a storage/workshop. Most of the wall facing the veranda features glass sections from floor to ceiling. Indoors, the house has sliding doors and most of the interior fittings are mounted on the walls. The house has a green sedum roof.

Other than the indoor exposed concrete right-angle wall surrounding the lobby and the bathroom, the house consists of pure wood. Floors, walls, ceiling and shelves are made of Norwegian pine in uniform robust dimensions, but with different surface treatments. The wooden floor and walls have been treated with lye and waxed, while the ceiling has been treated with white lacquer. The veranda floor consists of narrow boards in heat-treated pine. The façade is clad with black-painted spruce panelling.

With its modern and timeless design, this house contrasts well against the landscape – at a distance melting together with the surroundings. A house to live comfortably in, but still in the midst of nature.



**ARCHITECT AND OWNER
IB VALDEMAR NIELSEN,
CUBO ARCHITECTS, ÅRHUS, DENMARK:**

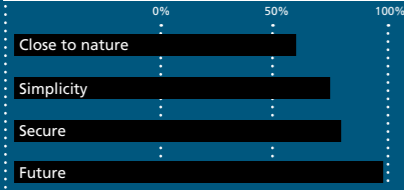
"It took several years before my wife and I finally decided on how we wanted the house to be. We wake up with the sun in the east, and frequently we simply sit in the living room enjoying the landscape and the view of the cove and the boats."

"We live outdoors all summer. Even if we are far out in the countryside, public buses pass right past here. When I work, I take the bus to Århus and spend the travel time reading."

"I was well aware that the facade had to be protected against the sun, but only recently did I arrive at the perfect solution. This is exterior aluminium Venetian blinds that withstand heavy winds."



SCANDINAVIAN BAROMETER



BERGEN FRAMO

System interior elements supplied by Moelven Nordia AS feature Nordia 410 glass wall and Nordia 410 solid system wall.

FRAMO ENGINEERING HEADQUARTERS

The new and award-winning Framo Engineering AS headquarters are located on the outskirts of Bergen in western Norway. The beautiful black glass structure with a uniquely expressive design allowing the inflow of light is adapted to and harmonised with the local nature and surrounding landscape, while at the same time functioning as an efficient workplace for employees in an aggressively expanding company.

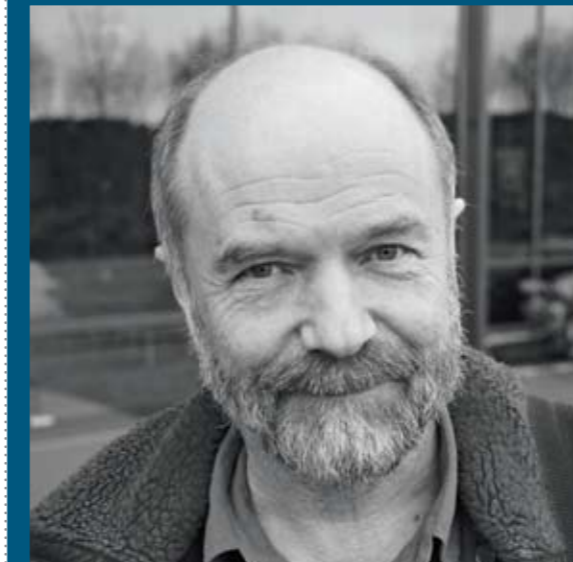
Four separate structures are bound together by three large glass squares. The outer walls are made of glass stretching from the ground up to the large, black roof posts. Above the glass-covered squares, three pyramids of glass rise majestically toward the sky. High up in the middle pyramid there is a spectacular boardroom – a room of glass inside a pyramid of glass. On the rear side of the building there are several outdoor squares designed to attract as much sunlight as possible.

From the outside of the building and from large parts of the building's interior, one can see many offices at the same time. People visiting the building have various degrees of view of the common areas, such as the glass squares, the lobby and the park-like valley below, featuring a golf course.

Framo is a world leader in developing and manufacturing pumps and other advanced equipment for the oil and gas

industries. About 260 persons, mostly engineers, are working at the new headquarters. The building has a capacity of 300, and features walls and interior systems that can be easily moved and adapted if needed. For the well-being of the employees, each workplace is larger than what is normal for a standard Norwegian office. Energy efficiency is high, with motion sensors controlling both light and ventilation in the rooms.

The building has been partially blasted into a cliff and is thus protected against winds blowing from the west, with the front facing east, bending slightly around grassy green lawns free of cars. Vehicles that usually dominate the space in front of such buildings are hidden out of view in an underground garage facility with a discrete entrance. The entire complex is enveloped in green – grass, trees and bushes are growing all around the headquarters and even on the roof.



JON FAALAND,
FAALAND ARKITEKTER AS, BERGEN:

"An extremely flexible complex."

"When you draw a building for one single customer, then it should not be too specialised. It should be prepared to be divided into several parts, to be used by more than one company. So flexibility was a key requirement, and this building is extremely flexible and can be easily used at a later time for other purposes."

"The main idea behind the design was to link the outdoors and the indoors and to take advantage of the nature around this unique location. Even though it is just five minutes to the airport and fifteen minutes to downtown Bergen, there will be no more industrial development in the area. The new Bergen Light Rail will be built right nearby."

"Energy management in the building is critical. The east-facing location was a prerequisite for being able to use so much glass; otherwise the sun would be too intense. The challenge is not to heat up the building, but to ensure adequate cooling."

TIMBER



THE RAW MATERIALS

Logs for the Timber division are first and foremost harvested in local forests close to sawmills, belonging to private forestry owners and forestry organisations. In Norway, the Timber division purchases timber from Moelven Virke AS. In Sweden, timber is purchased from Weda Skog AB and Moelven Skog AB, the latter will merge with Weda Skog AB in 2008.



THE EXPERTISE

The Timber division is in the middle of a multi-year strategic investment programme that shall boost competitiveness, cost efficiency and utilisation of raw materials. In order to achieve the division's goals in this area, increasingly higher demands for relevant expertise will be needed. In the future there will be fewer employees with more specialised skills and expertise.



THE PRODUCTS

The main customers are industrial businesses who utilise the Timber Division's products as components for manufacturing furniture, flooring, moulding, panelling and glulam, and as structural wood for housing and components sold through builders' merchants. The Timber division also produces chippings that are supplied to the pulp and paper industry, as well as chippings and shavings for the particle board industry and suppliers of bioenergy.

The sawmills in the Timber division produce sawn timber made from local pine and spruce for further processing at other wood-working factories. Large amounts of energy products are also generated, such as chippings, shavings and bark. The Timber division has nine production units in Sweden and six in Norway. In 2007, they had an annual production volume of 1.5 million cubic metres of sawn wood. At the beginning of 2007, the Timber division had 837 employees, of which 279 were in Norway, 555 in Sweden, two in Germany and one in the Netherlands. Annual turnover totalled NOK 3.1 billion.

PRODUCTS

The companies in the Timber division process approx. 3 million cubic metres of timber into 1.5 million cubic metres of sawn wood annually.

The customers are primarily industrial businesses who utilise the Timber division's products as component in their own production processes. The end products manufactured include various types of wood-based goods, such as furniture, flooring, moulding, panelling, windows and doors. Glulam, which is used for load bearing structures in housing or as component elements sold through builders' merchants, is also a major end product.

Increasingly, more of the Timber division's production is tailored to customers' specifications in terms of dryness, quality and special dimensions. The Timber division's strategy is to establish close collaboration with customers in order to be able to satisfy the individual customer's specific demand. This approach to customer service is given continuously increased focus.

The Timber division is also investing in new technology, such

as camera strength sorting. This is a factor that will allow the Timber division to improve its customer service.

Starting in 2008, Moelven Component AB will become part of the Timber division – an organisational change that will reinforce the focus on customer service. Moelven Component produces primarily frames for indoor doors.

Annually, Timber produces approx. 0.8 million solid cubic metres of chippings that are supplied to pulp and paper producers in the regions around the sawmills. In addition, approx. 0.5 million solid cubic metres of chippings and shavings are sold to the particle board industry and suppliers of bioenergy. The bark that is generated during production covers first and foremost the sawmills' own energy needs, but some of the sawmills in the Timber division also deliver energy in the form of distance heating to local industry and housing.

MARKET

Sawn Wood

The Timber division focuses first and foremost on many small customers, but also has major global customers. The division is

steadily increasing emphasis on specialisation and concept development in order to meet the demands from various customer groups.

Approximately 70% of the production volume is supplied within Scandinavia, which is the Timber division's main market. The division's business units also supply large volumes to England, the Netherlands, Germany, France, Italy, Spain and Japan.

The majority of industrial customers are glulam factories, planing mills, window producers and flooring factories. Approximately 25% of the sawn wood that the Timber division produces is sold for further processing to other companies in the Group.

The high rise in prices for sawn wood continued during the first half of 2007. This was due to increased demand both in the European and the American markets. While supplies from Russia slowed, supplies from Germany increased later in the year (a consequence of the storm in January). Supplies from Finland also increased in the second half of the year, while US demand diminished considerably. The overall effect was a flattening out of prices. Toward the end of the year, continuing into 2008, prices have been adjusted downward.

Chippings and shavings

The Timber division's chippings, shavings and bark products generate a total revenue of approx. NOK 325 million per year. Contributing to the increasing demand for, and thus importance of, the Timber division's by-products is the present focus on environment. The primary customers for these products are regional pulp and paper producers, particle board manufacturers and distance heating suppliers.

RAW MATERIALS

The sawmills in the Timber division consume approx. 3 million solid cubic metres of timber annually. The timber is primarily harvested in close proximity to the sawmills.

In Norway, the Timber division purchases timber from Moelven Virke AS. The timber primarily comes from private

forestry owners who sell their timber through forestry cooperatives.

In Sweden, timber is purchased from Weda Skog AB and Moelven Skog AB. The timber comes primarily from private forestry owners through various purchase schemes, as well as from forestry companies.

In 2008, Moelven Skog AB will merge with Weda Skog AB, which is a purchasing company, owned by Hedin-Bergkvist AB and Moelven on a 50/50 basis. The aim of the merger is among other things to make the organisation more efficient, and to work through a purchasing company in mid- and southern Sweden. In the future, the strategy will be to increase purchases locally. Weda Skog AB has specialised in purchasing timber for sawmills.

Raw materials represents the majority of production costs for the Timber division. At the same time, timber for sawmills represents the largest value when the forest is harvested. A consequence of this is that there is a strong mutual dependency between the forestry owners and the sawmill industry. The forestry owners depend on a competitive industry in order to achieve acceptable prices for their timber, whereas the sawmills depend on stable deliveries in order to ensure production and profitability.

For the Timber division, the ratio between spruce and pine sold in 2007 was about 55/45. The main reason for the shift to spruce in 2007 was the after-effects of the storm in January.

THE FUTURE

The year 2007 has been a record year for the Timber division. Building activity in Scandinavia in 2008 is expected to continue at a high level, but with a slower rate of growth. The demand in the rest of Europe is expected at the same level as last year. Supply of sawn wood for industrial businesses will likely diminish somewhat in the course of 2008, and prices are expected to stabilise after the slight decrease towards the end of 2007 and beginning of 2008.

Most production units have been running at maximum production capacity in 2007. Access to raw material has been

generally satisfactory, with some minor, time-limited exceptions for certain sawmills in the division.

Production volume has remained relatively constant in the division; the goal is to create optimum value based on the available raw materials. The main strategy is still to continue improving operational efficiency and concept development.

The Timber division has previously set the goal and direction for each individual plant. Based on this, the division is implementing a strategic investment programme for maintaining and upgrading technical equipment in specific sawmills. The goal is to increase competitiveness and thereby have more satisfied customers, more cost reductions and more efficient use of raw materials.

In the long term, the Timber division will concentrate production at somewhat fewer production plants than today.

The investment programme is now into its third year. Approx. NOK 130 million was invested annually in 2006 and 2007. In 2008, investments will culminate with an annual total of approx. NOK 200 million.

One example of a strategic investment is the introduction of automatic sorting of boards. With the goal of improving production efficiency and achieving a better end product, Moelven Valåsen AB inaugurated their new, automatic sorting facility in May 2007. Sweden's then Prime Minister, Göran Persson, officially opened the facility.

In the first quarter of 2008, Moelven Våler AS will start using a new automatic sorting facility, which represents an investment of some NOK 65 million.

In 2008, an upgrade programme at Moelven Nössemark Trä AB will be initiated that will span several years. In total, the investment will be nearly SEK 150 million. The goal is to strengthen competitiveness and upgrade the technical equipment. The investment program will also lead to a significant increase in production volume. The first stage of the upgrade will start in 2008.

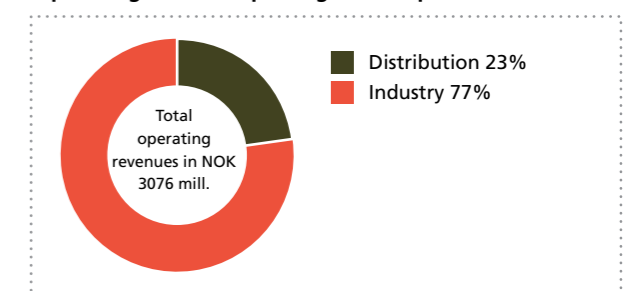
The overall investment program will increase the technical competitiveness of many of the Timber division's sawmills. But the division's foremost competitive advantage is still its decentralised organisational form. Each individual sawmill is an independent limited company and is responsible for its own profitability. While the organisational form is a motivating factor in itself, it also secures local commitment and close contact with customers.

Local product expertise is important, as it facilitates the tailoring of products and optimises the utilisation of each individual log. In addition to serving the local market, the Timber division will also in the future be better able to serve larger customers via centralised coordination.

The bioenergy market is still growing, and the Timber division is participating in developing this market segment. As more heating centrals are built at the sawmills, a decision will be made whether to offer distance heating to local housing and industries.

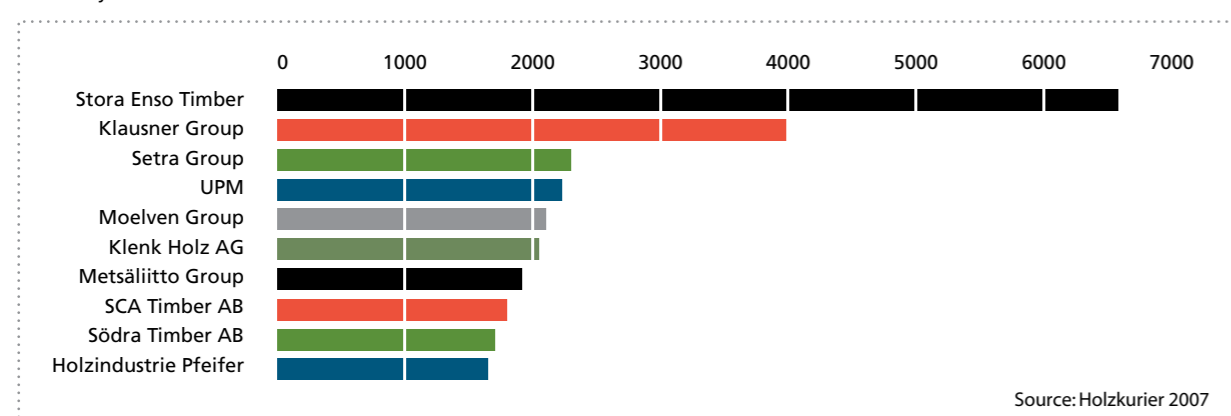
In the course of 2008, Moelven Mjøsbruket AS will build a new distance heating facility. Heating from the plant will be supplied to the ski manufacturer Madshus, which is located close by and is the world's second largest producer of cross-country skis.

Operating revenues per segment in per cent



The largest European producers of industrial wood products

1000 m³/year



Timber	Volume 1000 m ³	Revenue MNOK	Products	No. of employees
Moelven Dalaträ AB	131	290	Industrial pine	73
Moelven Norsälven AB	79	179	Industrial pine	47
Moelven Notnäs AB	182	352	Industrial spruce	89
Moelven Ransbysågen AB	69	124	Industrial spruce and pine	32
Moelven Valåsen AB	324	620	Industrial spruce and pine	150
Moelven Nössemark Trä AB	79	157	Industrial spruce and pine	38
Moelven Årjäng Säg AB	121	254	Industrial spruce and pine	43
Moelven Løten AS	43	102	Industrial pine	35
Moelven Mjøsbruket AS	76	161	Industrial spruce	40
Moelven Numedal AS	61	130	Industrial spruce	37
Moelven Telemarksbruket AS	36	81	Industrial pine	28
Moelven Våler AS, avd Våler	171	343	Industrial spruce and pine	108
Moelven Våler AS, avd Elverum	32	76	Industrial spruce and pine	18
Moelven Tom Heurlin AB	66	167	Industrial spruce	70
UJ Trading AB	-	58	Wood mech. Equipm. trade to proc. incl.	13
Moelven Timber AS	-	24	Parent company functions	13
Other / Eliminations	-	(42)		3
Timber total	1 470	3 076		837



PRODUCTS

The products in the Wood division can be divided into three main categories: construction wood; interior products such as indoor panelling, moulding and flooring; and various board materials and special wood types. Chippings is a by-product from the production processes in the Wood division and are sold as raw material to the pulp and paper industry. Chippings and shavings are also sold for use in the particle board industry and to generate bioenergy.



MARKET

Approximately 93% of the Wood division's revenues are generated in the Scandinavian market. Business customers (builders' merchants) account for 79% of sales and industrial customers for 15%. About 6% of deliveries are supplied to project customers. Renovation, rehab and housing additions are the most important market segments for the Wood division.



DISTRIBUTION

The Wood division's focus is on gaining new market shares in Scandinavia. An important step in this strategy is to collaborate more closely with the largest customers, the chains of builders' merchants. Good distribution systems make it possible to tailor delivery to the chains' needs, delivering the right product at the right time.

WOOD

Moelven Wood Scandinavia offers products to the market with the highest possible degree of processing. 79% of the production is sold via builders' merchants.

The division consists of 15 production units, six of which combine a sawmill with a planing mill. Five of the plants also have special facilities for impregnating wood. The remaining units are processing plants that produce moulding, flooring, indoor panelling, component elements, structural wood and impregnated timber. In 2007, the plants had a total revenue of 3.0 billion NOK. The number of employees at the end of the year totalled 954 persons, of which 623 are in Norway, 306 in Sweden and 25 in Denmark.

PRODUCTS

The products in the Wood division are divided into three main categories:

- Construction wood
- Interior products such as indoor panelling, moulding and flooring
- Wood-based board materials for the construction industry and special wood

Total production volume in 2007 amounted to 800 000 cubic metres. Of this, there were 525 000 cubic metres untreated building wood, 135 000 cubic metres of impregnated building wood (treated to resist fire and rot), 21 000 cubic metres of moulding, 75 000 cubic metres of panelling and 14 000 cubic metres of flooring. The overall production of component elements for doors and windows totalled 30 000 cubic metres. The distribution of board materials in Scandinavia increased to approx. 90 000 cubic metres in 2007.

The Wood division's products are increasingly tailored to consumers' increasing demands for products that require a

minimum – or none – further processing after mounting. An example of this is the division's outdoor panelling that is now sold with an optional base coat and/or finished painted. In the interior products area, glazed panelling, surface treated floors/moulding and ready-cut moulding for doors and windows are now offered. New colours for flooring have also been introduced during the course of the year.

Chippings, shavings and bark are important by-products for the Wood division. Chippings and shavings are sold to the pulp and paper industry, the particle board industry and to suppliers of bioenergy resources. Bark is not only used to heat the sawmills' own drying facilities, but it is also sold for gardening applications such as soil enhancement and decoration.

MARKET

Approximately 93% of the Wood division's revenues are earned in the Scandinavian market. Builders' merchants (chains) account for 79% and industrial customers for 16%. About 5% of the total are delivered to project customers.

Renovation, rebuilding and housing additions represent the most important applications for the Wood division's products.

- Norway: The market share is 35% for structural wood and 34% for interior products. This makes the Wood division the market leader in Norway.
- Sweden: Moelven Wood is one of the three largest producers in this market. Market share is at 10% for structural wood and interior products put together. The market share for board materials is 20%.
- Denmark: Here the Wood division is the market leader in wood-based products, including board materials. The division's market share is 8%.

An important competitive factor – in addition to competitive prices, a broad range of products and high product quality – is that the Wood division has an efficient distribution system that allows customers to keep their own stock volume at a minimum.

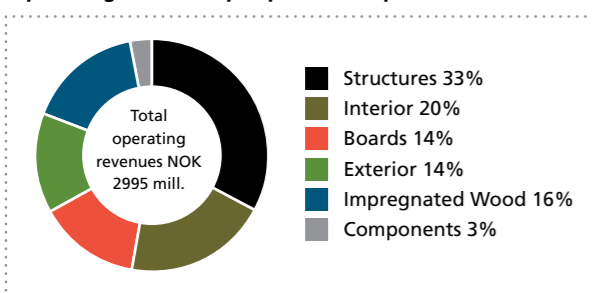
DISTRIBUTION

The Wood division's focus is on gaining new market shares in Scandinavia. An important step in this strategy is to collaborate



Consumers are increasingly demanding products with finished treated surfaces. Moelven Wood is continuing to adapt to consumers' wishes and is gradually increasing the range of base-coated and/or ready-painted facade cladding, glazed panelling and surface-treated flooring.

Operating revenues per product in per cent



more closely with the largest customers, the chains of builders' merchants. Good distribution systems make it possible to tailor delivery to the chains' needs, delivering the right product at the right time

The Wood division's distribution system is built up around distribution hubs in Sweden and Norway. In Sweden, these are located to Karlskoga and Lovene, south of Lidköping; in Norway they are in Brumunddal, Spydeberg and Namsos.

Lorry transport on scheduled routes is the most important means of distributing the division's products. The Wood division is working continuously to increase efficient use of vehicles, which will not only reduce environmental pressures but also ease the need for additional drivers, which has been a challenge both in Norway and Sweden.

THE FUTURE

By enhancing the division's range of products even further, increasing transport efficiency and delivering the right product at the right time, the Wood division shall strengthen its leading position in Scandinavia in 2008. In the longer term, closer collaboration with selected retail chains, continued product development and tailoring for do-it-yourself-consumers will be decisive for Wood's competitiveness.

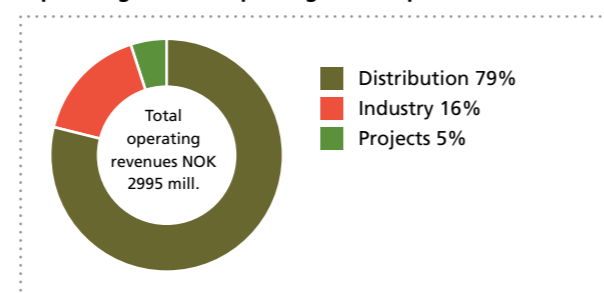
The goal of the Wood division is to operate more cost efficiently in order to increase profitability. While operating profit in 2005 totalled NOK 62 million, the figure increased to NOK 118 million in 2006 and NOK 331 million in 2007. A high market demand combined with internal efficiency measures have contributed to this development.

The division is maintaining focus on reducing processing costs. Simpler processes and new technology have contributed to making Moelven Wood one of the most cost-efficient businesses in the entire industry.

In 2007, Moelven acquired Trysil Skog AS. On 1 November this became a unit within the division Moelven Wood AS, renamed Moelven Trysil AS. In 2007, new planing facilities were installed both at Moelven Valåsen Wood AB in Sweden and at Moelven Soknabruket AS in Norway. Due to market considerations, Moelven Component AB in Sweden will move from the Wood division to the Timber division in 2008.

The Wood division's goal of an even higher degree of

Operating revenues per segment in per cent



processing in order to increase profitability coincides with consumer demands for an even larger assortment of ready-to-use products, such as ready-painted panelling, base coated and painted cladding and consumer-friendly kits featuring ready-cut door and window moulding. The Wood division will also increase the selection of colours and lengths in the ready-to-use range in the years to come. These efforts will strengthen Wood's position as a full range supplier.

The Scandinavian builders' merchants chains now have a stronger focus on prices and are organising themselves in a similar way to the food merchant chains. The Wood division aims at developing its business operations so that the division

can offer products that can compete with the best in the industry. The strategy is to locate building wood products that naturally belong together to the same production unit.

The growth that we have seen in the Scandinavian market in recent years will likely flatten out in 2008. For Norway and Denmark we expect a certain reduction in volume, while the Swedish market as a whole seems to increase. A certain price reduction is expected in 2008, which is caused by a likely reduction in demand combined with an increased supply offering. The Wood division's market share grew in 2007, this we expect to continue in 2008, but at a somewhat slower rate.



This Danish drawn, energy-efficient and environmentally certified (Svane) villa is located in Glimåkra, Skåne, in southern Sweden. The outside of the house is clad with Canadian cedar panelling supplied by Moelven Wood AB. The natural oils in the wood preserve the material so that the facade will not need maintenance for another 75 years.

Wood	Revenue NOK mill.	No of employees
Moelven Component AB	87	32
Moelven List AB	93	58
Moelven Notnäs Wood AB	113	22
Moelven Valåsen Wood AB	238	29
Moelven Värmlands Trä AB	143	33
Moelven Eidsvoll AS	128	64
Moelven Langmoen AS	322	95
Moelven Treinteriør AS	53	19
Moelven Edanesågen AB	360	99
Moelven Soknabruket AS	257	93
Moelven Eidsvold Værk AS	250	89
Moelven Van Severen AS	244	85
Moelven Østerdalsbruket AS	140	56
Moelven Trysil AS	138	57
Moelven Are AS	304	31
Moelven Wood AS	1 533	34
Moelven Wood AB	680	33
Moelven Danmark A/S	272	25
Other / Eliminations	(2 360)	-
Wood total	2 995	954



Quality rooms are a major part of a good environment in general. Moelven's quality rooms are made in a production process that accounts for issues relating to the environment, local communities and people.



LAMINATED TIMBER

Moelven is the leading producer of laminated timber in Norway and Sweden and supplies both standard and custom-order glulam beams. Laminated Timber has strengthened its market position over the past years through a strategic effort to be more flexible in satisfying individual customer needs. The business area's products are sold to project market customers and builders' merchants primarily in Scandinavia and England.



BUILDING MODULES

Moelven is Scandinavia's leading producer of modular buildings. Module-based buildings for use as offices, temporary construction site buildings and housing are delivered ready-assembled to the site. The main customers are public and private builders, contractors, housing developers and companies leasing out temporary facilities.



SYSTEM INTERIORS

System Interiors consists of Moelven Nordia AS in Norway and Moelven Eurowand AB in Sweden. The main customers are contractors, industrial companies and property management companies. The interior layout solutions, prefabricated walls and ceiling systems are used primarily for new-builds, re-builds or renovated offices. The interiors are tailored to individual customers' needs and can be easily moved and reused.



ELECTRICAL SERVICES

Moelven Elektro AS offers planning, installation and maintenance of high and low voltage systems in Norway. In addition to working on installations and module-based building and interior systems produced by Moelven, Moelven Elektro works on external contracts for commercial and government buildings, as well as supplying general electrical and after sale services.

BUILDING SYSTEMS

The Building Systems division consists of the following business areas: Laminated Timber, Building Modules, System Interiors and Electrical Services. The companies in the division supply tailored, flexible and cost-efficient building and interior systems and electrical installation services for project customers in Scandinavia. All the businesses in the division supply services to the project market. The glulam business is also significant for the sale of standard glulam beams sold via builders' merchants.

Turnover in the Building Systems division totalled NOK 2.4 billion in 2007. There are 1 543 employees, of which 846 are in Norway, 692 in Sweden and five in England.

LAMINATED TIMBER

Moelven is the leading producer of glulam in Norway and Sweden, with two plants in Norway and one in Sweden. The companies had sales totalling NOK 483 million in 2007, with 120 employees in Norway, 154 in Sweden and five in England.

Market

Straight glulam beams in standard sizes account for 60% of sales, but an increasing share of the glulam deliveries involve additional processing by Moelven to serve specific customer needs. The Laminated Timber division has strengthened its market position in recent years as a result of increased focus on customer tailoring. The business area serves primarily project market customers and builders' merchants in Scandinavia and England.

Products

The laminated timber division supplies standard beams and tailored beams for various uses. Glulam and massive wood are alternatives to concrete and steel in load-bearing structures in most types of buildings. One important benefit of using glulam in load-bearing structures is that a large range of standard dimensions are available. In terms of weight and size, glulam beams are strong, relative to weight and volume, and maintain their shape.

Glulam from Moelven has been used in a number of wooden bridges in Norway and Sweden over the past years. The longest wooden bridge in the world (over the Glomma river in Flisa) was built with glulam from Moelven and opened in 2003. Glulam in load-bearing structures for sports halls and agricultural buildings are other important market segments.

Glulam and massive wood are environmentally sound materials that can be fully recycled.

Future

Moelven Limtre AS in Norway and Moelven Töreboda AB in Sweden already work closely together, and the two companies will be introducing a common IT systems in 2008, which will contribute to give better control of activities in the project business, a higher rate of efficiency in carrying out routines (previously done manually) and a better overview of market data.

The production shall emphasise a higher rate of customising products to customers' specific needs. More expertise will be needed in the future, so that the company can live up to our goal of "From volume to value". Tailoring glulam orders according to customer specifications will increase the span of processing and profitability.

Complete load-bearing structures for housing with two to four storeys are being developed, and the goal is that the Laminated Timber business area will gain market shares in relation to steel and concrete manufacturers.

Production units in Norway have been upgraded in recent years to gain added production capacity and higher rates of processing and automation. A similar investment programme is planned for Moelven Töreboda in the coming years.

BUILDING MODULES

Moelven is Scandinavia's leading producer of modular buildings. Production takes place indoors in four factories in Sweden and in one in Norway.

The modular business has 222 employees in Norway and 384 in Sweden. Turnover in 2007 totalled NOK 944 million.

Market

Moelven ByggModul AS has for some time been market leader in this market segment in Norway, after a strategic acquisition this is now also the position in Sweden for Moelven Bygg-Modul AB. The business area's main customers are public and private builders, contractors, housing developers and companies leasing out temporary buildings in Scandinavia.

Products

Module-based buildings for offices, construction sites and housing (apartments) are delivered ready-assembled to the building site.

Modules are used for both temporary and permanent buildings. If needed, the modules can simply and inexpensively

be dismantled and moved. Building with modules reduces the need for human resources and the time spent at the construction site.

Future

Modules for the construction industry have traditionally been the most important market segment for the Norwegian businesses. After a pause in deliveries to major gas and oil projects in Norway, Moelven ByggModul AS focused its business on apartment modules, which has become a new main market segment. Apartment modules are more technically advanced than modules for the construction industry.

A similar development has taken place in Sweden. Moelven ByggModul AB is today the market leader with significant deliveries of prefabricated apartments to this market in Sweden and Denmark.

The company's home market is Scandinavia. The market has developed positively, and the prognosis for 2008 is good. At the same time, Moelven's building module business has the potential to take additional market shares in the coming years.

Moelven now has a modular programme with systems and solutions that satisfy increasing market demands. The company's successful effort selling modular-based apartments is one example of this new expertise. Sales of modular units are expected to continue to increase significantly in the coming years.

The building module plant in Norway is planning to open a fourth production line in 2008. In Sweden, the four modular plants will continue the work aimed at increasing capacity. Further specialisation will increase both production efficiency and profitability.

INTERIOR SYSTEMS

This business area consists of two companies – Moelven Nordia AS in Norway and Moelven Eurowand AB in Sweden. The company has 295 employees in Norway and 154 in Sweden. Turnover in 2007 totalled NOK 634 million.

Market

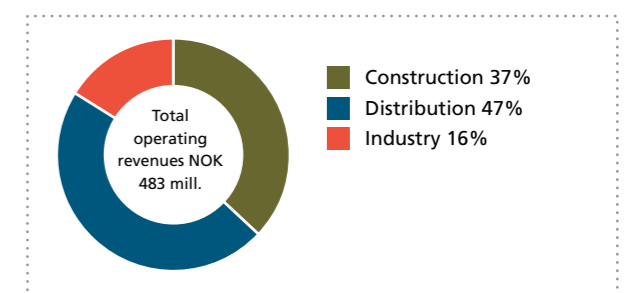
Approximately half of the turnover for the interior systems comes from modernisation and rehabilitation of office buildings, and half from new office buildings. The main customers are contractors, industry and property development companies.

Moelven Nordia and Moelven Eurowand aim to gain market shares from competing solutions who build traditional plaster partition walls on site in office blocks as a part of the construction process.

Both companies are market leaders in their fields. Since it is important to be where the customers are, Moelven Nordia has 14 sales offices stretching from Tromsø to Kristiansand, in addition to the head office in Jessheim. Moelven Eurowand in Sweden has its head office in Örebro; in addition to regional offices in five of the largest cities.

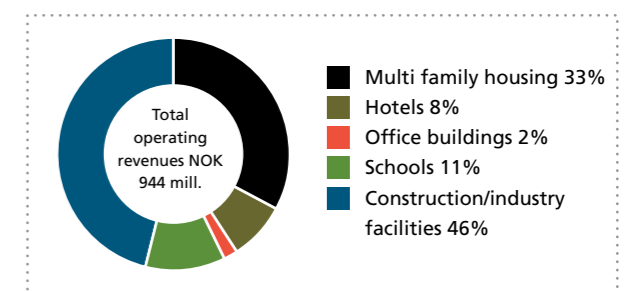
Laminated Timber

Operating revenues in per cent per megasegment



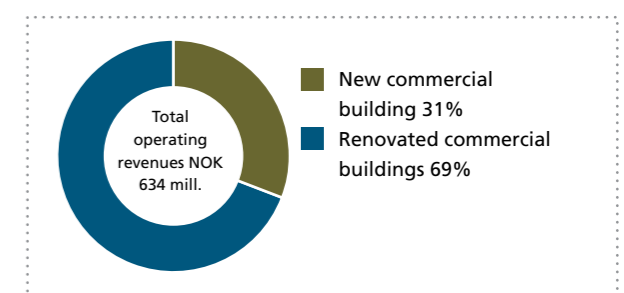
Modular Buildings

Operating revenues per module category in per cent



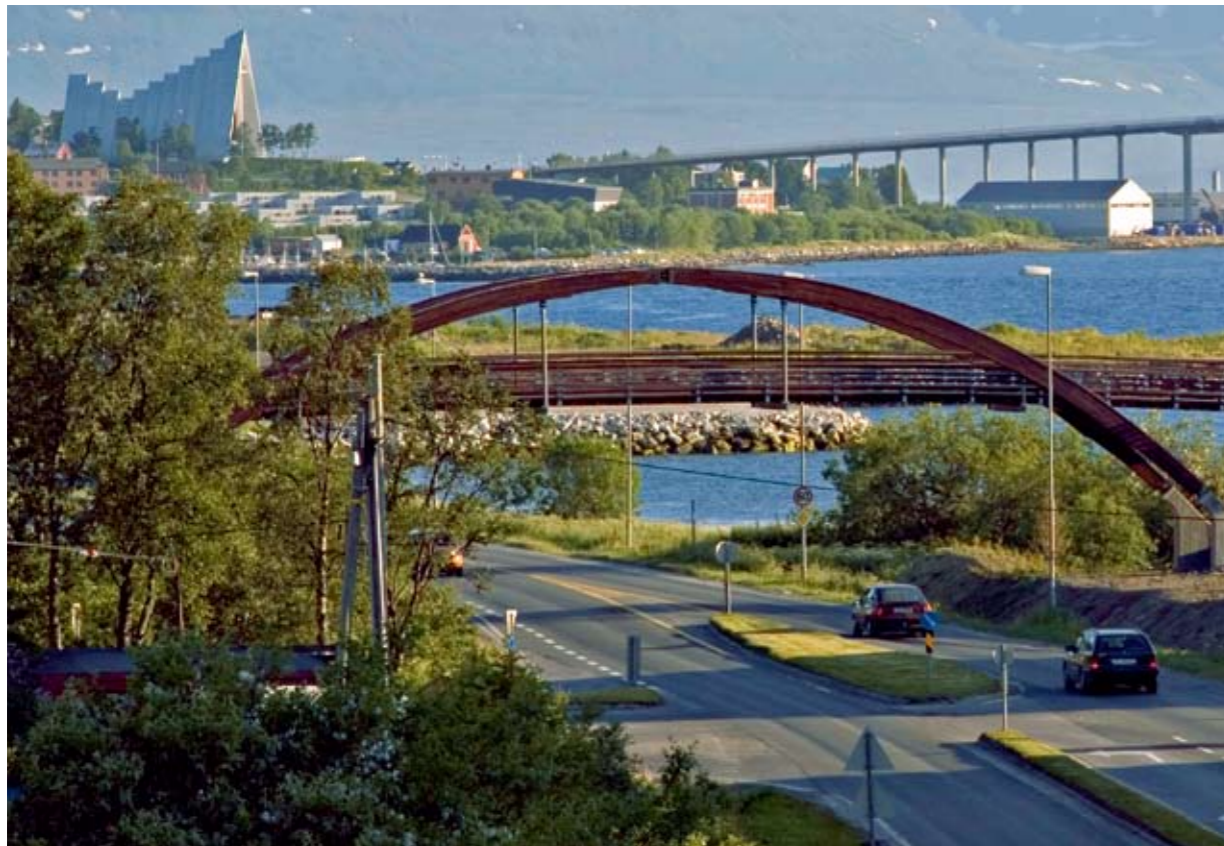
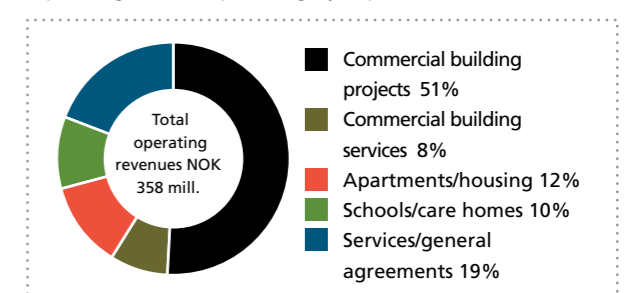
System Interiors

Operating revenues per market segment in per cent



Electrical Services

Operating revenues per category in per cent



The Tomasjordnes bridge in Tromsø, Troms in Norway, is a pedestrian and bicycle bridge built using glulam supplied by Moelven Limtre AS. The 110-metre long wooden span is supported by an arch crossing over the road. Glulam bridges are aesthetically pleasing and highly resistant to aggressive environments.

Products

Interior system solutions with prefabricated walls and ceiling systems are first and foremost intended for installation in new-builds and re-builds or renovated offices. The walls and ceilings are tailored and can be easily moved and re-used. The products are in large part manufactured in own company facilities and delivered ready for installation. This approach reduces waste and time spent at the building site.

Industrialised production ensures a very high-quality product, and the customer benefits by only having to deal with one single contact person, right from the requirements analysis up to and including the final installation.

Future

Business operations in the two companies are largely harmonised, and they work closely on product development. The System Interiors business area works systematically with customer satisfaction surveys and scores high in these surveys (as do the other Moelven business areas). The goal is for the employees to increase their expertise further to satisfy the even higher market expectations. Moelven's communications and human resources department will be an important partner in order to meet the competence goal set for an even higher level of expertise among employees in 2008.

Moelven's Interior Systems business has many employees

located at sales offices and building sites throughout Norway and Sweden, where they come in close contact with customers. Good organisational skills and overview are critical traits for them. Having such a distributed network is important internally for the company and critical for ensuring satisfied customers.

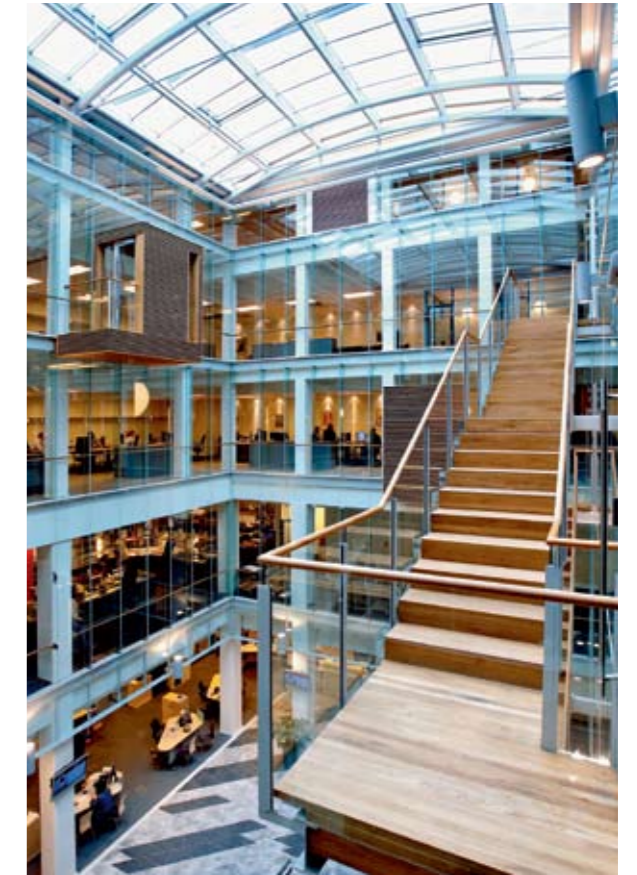
ELECTRICAL SERVICES

Moelven Elektro AS carries out planning, installation and maintenance of high and low voltage systems in Norway. The business area has 207 employees, and turnover in 2007 totalled NOK 358 million. As of 1 January 2008, the electrical installation company Mesna Installasjon AS (27 employees) became a part of Moelven Elektro AS.

After a period of reorganisation, Moelven Elektro AS is now developing positively. In addition to carrying out installation assignments in module-based buildings and interior systems manufactured by the Building Systems division in Norway, Moelven Elektro also works on external contracts in the project market (mainly covering the geographical area between Tonsberg and Lillehammer). The electrical services business is targeted primarily at commercial and governmental buildings, and service and after sales market segments.



Moelven ByggModul AS has delivered 119 hotel room modules for Gardermoen Gjestegård. The overnight accommodation facility is located right next to the Oslo International Airport Gardermoen in Norway and opened in 2007. The hotel rooms are supplied complete with tiled bathrooms, installed bathroom fittings and heating and ventilation systems.



One of DnB's central office complexes with approx. 450 employees is located on Kongens gate in Oslo. The interior walls, mostly consisting of glass, and ceiling were supplied and installed by Moelven Nordia AS. DnB Nor is Norway's largest financial group.

Building Systems	No of modules	Revenue NOK mill.	Products	No of employees
Moelven Töreboda AB		265	Standard- and customised laminated timber	154
Moelven Limtre AS		212	Standard- and customised laminated timber	120
Moelven U.K. Ltd		23	Standard- and customised laminated timber	5
Moelven Elektro AS		322	Electrical installations, high and low voltage	180
Mesna Installasjon AS		37	Electrical installations, high and low voltage	27
Moelven ByggModul AB	3 017	530	Flexible module-based commercial	384
Moelven ByggModul AS	2 209	410	Flexible module-based commercial	222
Moelven Eurowand AB		162	Flexible system interiors for offices	154
Moelven Nordia AS		450	Flexible system interiors for offices	290
Moelven Nordia Prosjekt AS		29	Flexible system interiors for offices	5
Other / Eliminations		-57		2
Building Systems total	5 226	2 383		1 543



LOCAL COMMUNITIES

Moelven creates high value to local communities and society. The contribution is basically threefold: production of industrial goods based on environmentally friendly wood as raw material; production facilities located in rural areas, which helps sustain local communities; and a company culture characterised by openness (inside and outside the company), in addition to a genuine respect and concern for our employees.



HUMAN RESOURCES

Moelven shall allow willing people to succeed. The human resources policy encompasses the Group's aims and goals in a number of areas, and spans the entire process from recruitment and employment to the day the employee leaves the Group. Sustainable, reliable and seeks opportunities are the core values in Moelven's company culture and are guiding principles for all employees at all levels in the Group.



ENVIRONMENT

Moelven works with wood, which is a renewable resource that will play an increasingly important role as we try to reduce consumption of the earth's limited resources. The use of wood together with new forest growth reduces the amount of carbon dioxide in the atmosphere helping to reduce global warming. Moelven will maintain focus on environment issues and aims to be an industry leader in this field.



FINANCES

Moelven's business is characterised by a results-oriented company culture where the employees are critical in maintaining the culture and values on which it is based. The Group shall at all times ensure correct ethical and moral practices toward colleagues, customers, suppliers and other business contacts. This policy also requires that the employees act with integrity and represent Moelven in an exemplary fashion.

RESPONSIBILITY

Local communities
Human resources
Environment
Finances

Moelven's mission, *Supplying quality rooms*, is both a literal and figurative commitment. Not only must the quality rooms be manufactured and made accessible for people, but a healthy and inspiring space to live demands a good setting in a larger context as well. We at Moelven take social responsibility for all aspects of our business operations.



A business characterised by openness, predictability and reliability is always based on each individual employee's ethics, integrity and feeling of responsibility. Harald Liven is an employee at Moelven Limtre AS.

The Group's business activities shall be sustainable. This means that the business must be based on renewable resources and that we maintain an intense and comprehensive environmental effort. We are very conscious of the threats to the environment and the commitment that is required to counter the various threats. We can therefore say that we take responsibility for the company's external environment.

We shall be reliable, and by this we mean that one can trust us both as a company and as dedicated members of local communities.

We seek opportunities. This means that we seek solutions and strive to have creative workplaces that are able to innovate and have sufficient resources for product development.

Nothing of the above will function or can be accomplished without Moelven's fundamental positive basic view of human life and care and respect for individuals. Our company culture shall be open and permissive – both inside and outside the company, while at the same time we demand integrity and compliance with ethical rules on the part of each and every employee. In this way we also take responsibility for the internal environment.

Local communities

Moelven's business activities contribute to economic growth for local communities. The contribution is basically threefold: Production of industrial goods based on renewable raw materials, production facilities located both in densely populated, expanding centres and in sparsely populated, rural, forest-based communities where the employment market is more difficult and a company culture characterised by openness, predictability and reliability.

For Moelven as an industrial Group, it is important to be among the leading companies when it comes to environmental issues and sustainable community development. Moelven's commitment to take on environmental responsibility is reflected in the company's policy of sustainable and long-term utilisation of renewable resources. The use of wood as a building material counteracts the forces hastening climate change and reduces the use of non-renewable resources.

Environmental considerations is an important part of the daily work at our plants. At all levels, we are working to be more energy efficient, to reduce the need for transport and chemicals and to minimise emissions to air and water.

EMPLOYMENT IN RURAL AREAS

Moelven businesses are often located in sparsely populated communities that depend on local forestry resources. In western parts of mid-Sweden and south-eastern parts of Norway, the forest has traditionally been the most important source of income for the local population. Moelven creates jobs in these areas where the job market is often very difficult, and thus contributes through its operations and investments to stimulate local communities and regions.

In addition to jobs created within the sawmill industry, statistics in Norway show that about 22 man-years are generated for each thousand cubic metres of sawn wood produced. On an annual basis, Moelven's total production of sawn wood thus generates more than 44 000 jobs throughout the value chain, from forest harvested to a turnkey house. In addition, economic growth and jobs are also generated outside of the Group as a result of Moelven's extensive processing and production of glulam, modular buildings and interior systems. The Moelven Group has a large range of products and services in market segments other than sawn wood.

OPENNESS IS A RESOURCE

Central elements of Moelven's company culture are openness, predictability and reliability. The company culture thus represents a way of relating to all aspects of society, both internally with respect to employees and externally with respect to the media.

The company's identity, commitment and good relations throughout the entire organisation can only be achieved if all the employees are treated with respect, letting everyone

develop and use the individual characteristics. The Group regards the trade unions as important parties and discussion partners, and Moelven has a stable and open dialogue with the employee trade union representatives. These sound relationships help facilitate a good spirit of collaboration based on relevant laws and agreements, as well as the company's core values: Sustainability, Reliability and Seeking opportunities.

Moelven factories and businesses are located in many local communities in Norway and Sweden, and this is where our employees are living with their families. It is therefore important that the media view Moelven as a credible and natural source to contact whenever there are questions or issues relating to these local societies.

An open company culture is a valuable resource for the communities in which we operate as well as for our own employees, and consequently for Moelven as a group. Openness means that the Group is open for being X-rayed from in- as well as from outside. This policy will contribute to increasing efficiency, as new ideas can be registered faster and followed up in an appropriate manner.

INNOVATIVE COMPANY CULTURE

Moelven practices an exemplary social conscience by using company resources to continuously improve products and processes. The development effort means that Moelven is strengthened as a company, which in varying degrees results in less resource consumption, higher environmental awareness, a better work environment, safer end products and more aesthetically appealing surroundings.

An example of Moelven innovation is fire-retardant wood that opens up new architectural applications. Another example is building wooden bridges, a combination of advanced technology and design. The use of specially treated wood without the use of heavy metals is an environmentally positive development. Another Moelven development area is the use of massive wood and laminated timber beams for buildings to be built taller than five storeys.

DIALOGUE WITH THE AUTHORITIES

Moelven plays an active role in local communities. Both on its own and through trade organisations, the Group maintains a continuous dialogue with the authorities in Norway and Sweden concerning issues that impact on the Group's business

activities. Moelven is particularly concerned about maintaining for the forestry industry and the wood-working industry as a whole, as well as associated industries such as the bioenergy industry.

One particular concern for Moelven is ensuring the financial frameworks that ensure a fair competitiveness for the forestry industry, the wood-working industry and other associated industries, such as bioenergy. The Group will intensify these efforts starting in 2008.

In one particular example, road transport, the existing regulations are quite different in Norway than in Sweden and a serious disadvantage for Moelven. In Sweden, for example, maximum permitted weight for vehicles is 60 tons (fully loaded), while the maximum load in Norway with a special dispensation is 56 tons (but only on some stretches of road). If the rules in Norway were adapted to be consistent with the Swedish regulations, then Moelven would be able to reduce costs just for this transport by up to NOK 15 million per year. The same Norwegian rules also have a negative impact on the Group's deliveries of finished products.

Other relevant issues are costs and tax levels on raw materials, production costs in terms of depreciation rules for investments, as well as personell costs related to health, environment and safety regulations, in addition to access to a qualified workforce.

SPONSORSHIP AND FINANCIAL SUPPORT FOR YOUTH

Supporting local efforts and causes that are consistent with Moelven values and principles is important for the Group. One element in this strategy is sponsoring and supporting charitable causes. The Group preferably contributes to sports and culture locally and regionally in the districts in which our businesses operate. The largest sponsorship agreements are for three sports clubs in Scandinavia. Moelven is one of the main sponsors for the Norwegian football club HamKam, which in 2008 plays in the Premier League in Norway. Moelven sponsors

the ice hockey club Färjestad BK in Karlstad, which is playing in the top division in Sweden. And in Denmark, the football club Lyngby Boldklub in the north of Copenhagen enjoys our sponsor support this year.

In the future, Moelven intends to increase its sponsorships and support to local youth in the communities where the Group has business operations. In 2008, Moelven will be establishing the Moelven Fund, which will grant funds on an annual basis to support youth activities, individually or through teams or associations which are based in areas where the Group operates. Criteria for receiving grants will be decided in the first half of 2008, and applications will be accepted beginning in the second half of the year.

Through the project GLIGR (Good Sound In Good Rooms), Moelven supports outstanding local musicians who wish to record albums in styles ranging from classical, jazz and folk songs to rock, pop, etc. Among the criteria for receiving support is that the musician/musicians must have a local connection to one of Moelven's production sites. In 2007, the G2 Bluegrass Band from Värmland received financial support.

Music that is supported by GLIGR, can be downloaded for free via Moelven's website, www.moelven.com/gligr/. Moelven does not contribute to political or religious organisations.

ETHICS

High ethical standard is closely linked to openness and reliability. Openness from within and from without is an important prerequisite for a solid ethical commitment and attitude in day-to-day activities. In all business dealings, Moelven shall practice sound ethical and moral standards in relation to employees, customers, suppliers and other business contacts. A prerequisite for this is that Moelven employees must behave exemplary at all times. Moelven does not accept that employees receive gifts that can impair their integrity; nor shall Moelven employees offer such incentives to other business contacts.



Moelven Trysil AS is the latest acquisition made by the Moelven Group. The sawmill is the largest industrial company in Trysil local authority. They also deliver bio-fuel to a distance heating facility that supplies large areas of the local community with heat. Located in the east of Norway and close to the border with Sweden, Trysil is the centre of a sparsely populated community which is rich in forestry resources.

Human Resources

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 employee's development inside the Group depends in equal measure on the employee's personal abilities, motivation and commitment to the company. In total, the sum of our employees represent the Group's overall knowledge base.

THREE BASIC CONCEPTS

The following three fundamental values are at the core of Moelven's company culture:

- Sustainable
- Reliable
- Seek possibilities

These concepts define Moelven's heart and soul, and thus the areas we need to focus on and that shall contribute to further develop Moelven culture in the desired direction. The concepts are guidelines for the individual employee, regardless of where in the organisation he or she is working.

The company culture's basic values also provide a clear picture of what Moelven represents for our customers, suppliers, employees and owners.

RECRUITING INTERNALLY

Moelven recruits both externally and internally. The Group employs many new employees every year, and invests large resources in this process. Most of the Group's businesses are located in areas with traditionally stable work markets. The tremendous activity in the building trade for many years now, however, has made the recruiting process more challenging.

The Group emphasises long-term employments. Through internal transfer and development of professional skills, it wishes to offer employees possibilities to try out new jobs and work assignments within the Group. Motivated and skilled colleagues at all levels are encouraged to develop their skills and abilities.

Over the coming years, an increasing number of employees who were born in the 1940s will be retiring. In all departments and on all levels there are people with unique expertise and experience that we are eager to retain and build on by

transferring their knowledge to newer and younger colleagues following in their footsteps. Therefore, it is particularly important that the transfer of expertise is a conscious and continuous process within the Group.

Focus on internal recruiting policy is a good investment for both the Group and the employees.

EQUAL OPPORTUNITIES AND DIVERSITY

The sawmill industry has traditionally been a male-dominated industry, Moelven being no exception. Among the Group's 3 425 employees, there are 330 women, i.e. a share of less than ten per cent. But the ratio of female employees varies widely among the various units. The Executive Management consists only of men, but several women have leading positions in individual companies within the Group.

The Group aims to increase the share of female employees both in leading positions and in other areas, but without actively imposing gender quotas when hiring.

In addition to a more balanced gender distribution, Moelven also views it as desirable with a larger variation among the employees with respect to age, education and cultural and ethnic backgrounds. The reason for this is that a more heterogeneous work force will provide the Group with broader skills and a larger recruiting base.

OPEN COMPANY CULTURE

Moelven wishes to make it clear to all employees that we are striving for a company culture that is based on openness. Problems can be addressed, and any criticism can be expressed regarding work conditions. The Group has developed a policy and routines to ensure that any issues raised are handled in a constructive and confidential manner. The policy also is in accordance with requirements in the Norwegian Work Environment Act regarding such routines.

SKILLS DEVELOPMENT IS POSITIVE FOR EVERYONE

An important principle in the Group's human resources policy is that training, experience and personal qualities together with motivation generates good results. This approach opens up for new possibilities, experiences and increased motivation. It results in an upward spiral of good work output and skill development that benefits the Group and the employees as a whole.

Within Moelven there are many opportunities for personal

development and career. An employee who is motivated and wishes new challenges can, for example, choose to specialise in one area or to rotate among several jobs. They are also offered different types of training and skill-enhancing programmes to choose from.

In 2008 the Group will be carrying out a skill mapping and survey that will be completed by the end of 2009. This covers all the employees in all the companies, and through this process Moelven will gain an overview of the educational and recruitment needs for the individual businesses and the entire Group. The individual employee will also gain a good overview of his or her own skills and expertise. The survey will serve as a basis for deciding what development and training programmes will be focussed on in the future, and will also be an aid in connection with recruiting activities.

The skill survey shall contribute to increasing the Group's competitiveness and possibilities for continued solid profitability, which in turn will mean that jobs can be secured and developed.

One element in the efforts aimed at enhancing skills is the Skill Enhancement Forum (SEF), which was established in 2007. SEF is a discussion forum for skill enhancement that brings together representatives for all involved groups. Participating in the forum are representatives for the companies in all three divisions, trade union representatives and the Human Resources department in the Group administration.

EMPHASIS ON LEADERSHIP DEVELOPMENT

Developing leadership skills for managers at all levels in the Group is a strategic area of for Moelven, and several developmental programmes are currently under way.

In the Swedish business units, an extensive leadership skills development programme for managers has been run, and the same programme will be run for the Norwegian business units in 2008. A leadership development programme for mid-level, higher level and newly appointed managers called "Leadership and courage" will continue in 2008. In this programme, participants receive high quality training that has been specially adapted to suit Moelven's organisation.

A development programme for project managers has also been developed and will start early in 2008.

TRAINEE PROGRAM FOR YOUNG PEOPLE

Moelven encourages people who are interested in developing their skills and expertise. A good example of the company's approach to human resource development is participation in Vikinglauget and the joint regional trainee programme that Moelven has participated in since 1990. The objective is that young people with higher education shall be recruited to future employment in companies in the region, and in this way contribute to local growth and development. The two-year trainee programme has become very popular, and several of the participants have been hired to work in the Moelven



The Group emphasises long-term employment contracts and strives to give employees possibilities to take on new work tasks and new jobs within the Group. Tony Egnuson is working on the production line in one of the Moelven units.

Group after completing the programme. Potential trainees from Norway, Sweden and Denmark can apply for admission to Vikinglauget's trainee programme.

WOOD-WORKING INDUSTRY'S BUSINESS SCHOOL

On initiative from Moelven and in collaboration with Norges Byggscole and Hammarö Utbildningscenter in Sweden, skill-enhancing projects for employees in the Group's Norwegian and Swedish companies have been implemented. The Wood-working Industry's Business School (also called the Moelven Academy) is responsible for courses in Norway and Hammarö Utbildningscenter in Sweden, and is open for all employees working in the wood-working industry. This programme gives the individual student personal development as well as career opportunities.

The Wood-working Industry's Business School has been certified as a technical trade school in Norway, which means that the school offers educational credits on the same level as other trade schools and higher education institutions.

SPECIAL HEALTH INSURANCE REDUCES HEALTH QUEUES

In addition to legally mandated pension and insurance agreements, Moelven has special agreements for additional pensions and personal insurance. The aim of the agreements is to offer all the employees basic security when it comes to their health. For Moelven, it is important that employees and their family members have a safe financial situation even if they are no longer part of the workforce. The agreement will vary depending on country, number of years employed, age, salary level and other factors.

In collaboration with Vertikal Helseassistanse AS and Nordisk Hälsoassistan AB, Moelven has during the past year instituted

a health insurance plan that covers all employees in the Group, with the exception of employees in Denmark, who have a separate agreement. The special health insurance plan means that an employee who becomes sick is treated quicker than in the public health system, which means that he or she can get back to work faster. The employee stays healthier and the rate of sick leave is reduced. Each percentage point absenteeism costs Moelven approx. NOK 30 million per year.

From the time the agreement took effect in April 2007 and up until the beginning of December 2007, approximately 200 employees had taken advantage of the special health insurance plan. Based on the experienced queue time in the public health queues in Norway and Sweden, the special health insurance plan has saved the 200 employees a total of 85 years queuing. The average wait period per patient with the special health insurance plan has been 20 days, while the same time in the public system queues on average would have been at least 175 days.

LEAVE DUE TO ILLNESS AND OCCUPATIONAL INJURIES

Leave due to sickness increased during 2007 compared to 2006, despite the fact that Moelven introduced a general health insurance plan in April. For the year overall, leave due to sickness was 6.32% of the total number of man-years in the Group, compared to 5.89% in 2006. Moelven's goal is that the rate of sick leave shall not exceed five per cent.

There were a total of 166 accidents at the workplace in 2007, of which 94 resulted in sick leave. Although the number of accidents in the Group is at the same level as the rest of the sawmill industry, the rate is higher than for other industries. The accident frequency is not acceptable, and Moelven's goal is to significantly reduce the number of accidents at the workplace. Preventive measures have been implemented with the goal of achieving an improved safety culture. It is all about the implementation of a systematic campaign aimed at safety attitudes

and preventive measures that takes account of both the physical and psychological conditions at the workplace, and about eliminating physical work situations that are particularly heavy.

One step in the safety efforts is to have all of the companies in the Group carry out risk analyses. Moelven puts particular stress on reporting risk areas and unwanted incidents that could have consequences for people, material and the external environment, so that preventive measures can be implemented to prevent accidents.

Since 2004, we have had a scheme designed to stimulate efforts to reduce the rate of sick leave. A combination of low rate of sick leave and good operating margins are rewarded with a maximum prize of NOK 2000 per employee. The scheme has given good results, and in 2007 four companies were awarded the maximum prize. The prize money must be spent on programmes which contains positive measures for the employees, and represents a benefit beyond the existing salary and work terms. In addition to having more healthy employees, the systematic efforts aimed at reducing sick leave generate major cost savings for the Group.

HEALTH, ENVIRONMENT AND SAFETY (HES)

Individuals in leading positions and several employee representatives have since 2003 attended the course "HES management at Moelven" and a course in systematic HES work. The 20-hour course provides training in managing preventive health, environment and safety work. Participants are also oriented about their responsibilities as managers and applicable routines in connection with follow up of sick employees. The Group has developed an HES Handbook as an aid in this work.

A number of companies in the Group carry out annual surveys among their employees within the areas teamwork, management and communications, customer relations and company identity. The results are used as a starting point for internal discussions about improving the work environment.



The Scandinavian Management Model

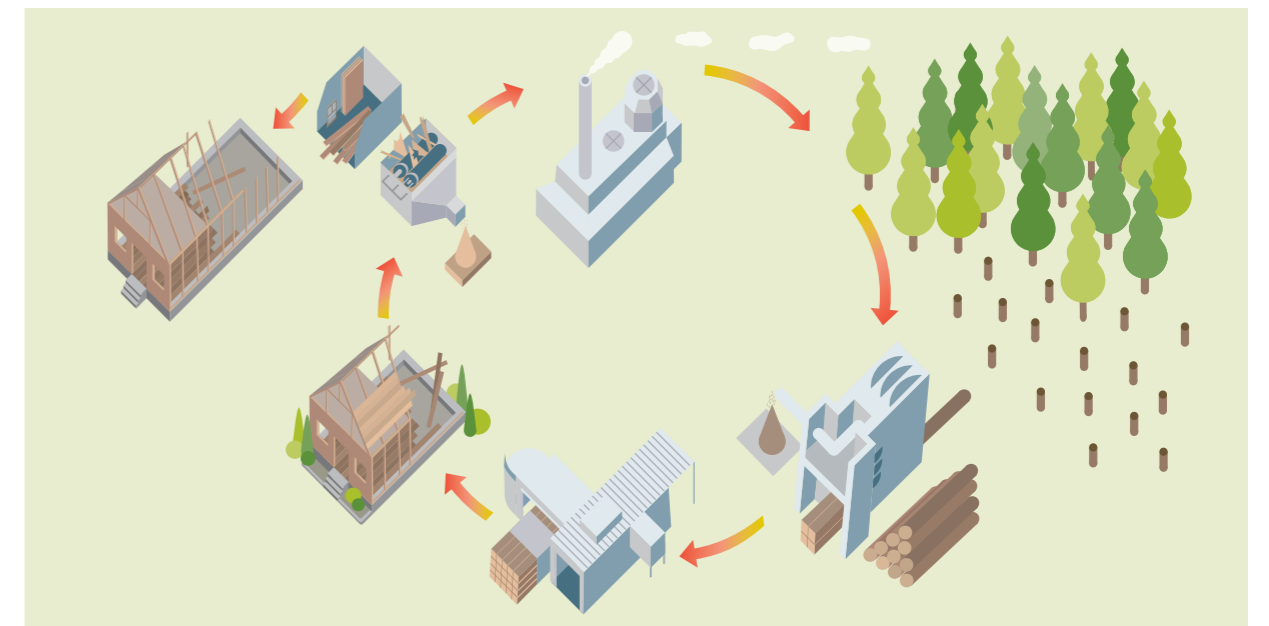
The Scandinavian management model is increasingly attracting interest around the world. The model builds on a flat organisational structure, trustful relations to all employees, openness and dialogue. This model for business leadership is in particular considered well-suited for emerging, knowledge-based economies, and also to increase companies' ability to compete and adapt to new demands.

The Moelven Group's management model and view of employees and society traditionally is in general very similar to the Scandinavian Management Model. Moelven's decentralised and flat organisational structure with short lines of communication between managers and employees is the foremost expression of trust in and respect for the individual.

Openness is a central part of the company and managerial culture in Moelven. In a transparent organisation, people who want shall have access to relevant information. Most information at Moelven is open and easily accessible. Active and interested employees can influence both the company and their own role therein.

Environment

The earth's climate is changing and temperatures are rising. Higher concentrations of carbon dioxide (CO₂) in the atmosphere are contributing to the change. The use of wood for building purposes and new tree growth in forests reduce CO₂ concentrations in the atmosphere, and thus counteract pressures on climate conditions. Trees in the forest bind CO₂ from the air and, via photosynthesis, store carbon until the wood from the tree degrades biologically or is burned up. Then the carbon dioxide is returned to the atmosphere, wherefrom it again is bound and absorbed by new forest growth.



Carbon lifecycle: The trees in the forest absorb carbon dioxide from the air. Through photosynthesis, this carbon becomes stored in the tree until it is burnt or degrades, at which time the carbon dioxide returns to the atmosphere to be once again absorbed by new growth.

Products and buildings made of wood store CO₂ for a long period of time, and function in this way as effective storage depots for greenhouse gases. When the product is no longer needed, for example a house being pulled down, the wood material can easily be recycled into other products that anew bind CO₂. The material can also be processed into raw materials for bioenergy production, and thereby replace fossil fuels such as oil and natural gas. In the end all wood products revert back to nature; but even if carbon dioxide is released back into the atmosphere, new growth can once again absorb and serve as storage depots for the greenhouse gases.

MOELVEN'S ENVIRONMENTAL POLICY

Moelven fulfils its environmental responsibility and commitment by practicing sustainable and long-term utilisation of renewable resources. Moelven follows all applicable laws and regulations that are relevant to the company's environmental business operations. Moelven supports sustainable community

development and works to improve the business' impact on the inner as well as the outer environments.

In the Group's daily business operations, environmental concerns play an important role. At all stages of business operations, the company is focussed on reducing energy consumption, transport, use of chemicals and emissions to air and water.

For Moelven as an industrial Group, it is important to be a leading player in its field when it comes to practicing environmentally sound production processes and contributing to sustainable community development.

ENVIRONMENT ALWAYS ON THE AGENDA

The President/CEO has the main responsibility for environmental issues at Moelven, and the general manager of each business unit is directly accountable for his or her facility. Moelven complies with all applicable laws and regulations in Norway and Sweden. How the business impacts on inner and outer

environments and what improvements can be made are questions the Group discusses and addresses on a continuous basis.

ENVIRONMENTALLY CERTIFIED SAWMILLS

Wood is the only renewable building material that is generally available, and this plays an important role in efforts to reduce consumption of limited resources. All wood resources must be harvested based on healthy and sustainable forestry practices that take financial, social and ecological concerns into account.

All Moelven sawmills are PEFC – Chain of custody – certified. PEFC (Programme for the Endorsement of Forest Certification schemes) is a voluntary initiative that certifies responsible forestry around the world and tracks wood from certified forestry operations through the processing and retail stages. The ability to trace raw materials back through the chain of production from log to finished product means that the



Wood supplied by Moelven Danmark AS has been used in visionary Danish house architecture. Kip House was drawn by the architectural firm 3XN and built by the construction firm M2. The wood used for the house was Finnforest ThermoWood, and had been heat-treated, base coated, finished and supplied ready for installation.

sawmills are an important link in the chain of environmental accountability.

RENEWABLE RAW MATERIALS

Moelven's industrial production is based on the utilisation of wood. The Wood division's processing companies and the Group's glulam factories purchase raw materials from the Group sawmills or from external suppliers who only use raw materials that come from reputable sources. Wood is also a significant component in the products produced by the Building Module business area.

The timber raw materials used in Moelven's production processes become either wood products or bio energy raw materials. Thus, from an environmental point of view, Moelven's production is similar to a lifecycle process.

Glulam is an environmentally friendly building material, which contains approx. 470 kg of wood and six to ten kilos of glue per cubic meter. In 2007, the Group's business units used a total of almost 500 tons of glue. The glue contains no environmental poisons that require the use of any special precautionary measures. Moelven's modular and interior companies produce environmentally sound and resource efficient system interiors, where the lifecycle concept is central.

Chippings, shavings and bark from sawmills are becoming increasingly more important from a financial and environmental perspective. This is partially due to the building of distance heating facilities that rely on chippings, shavings and bark as fuel, and partially due to the fact that the Group's own heat-generating facilities also rely on chippings and bark as fuel. The bark can also be used for gardening purposes such as decoration and soil improvement.

PRODUCTS CAN BE RECYCLED

An important element in terms of environmentally sustainable community development is that as many products as possible can be recycled repeatedly. When renovating or moving Moelven's building modules, system interiors and interior products, these can easily be adapted to new needs and requirements, which enables the products to be more often recycled than torn down and discarded.

Moelven's goal is that 100% of the raw materials can be reused after primary use. Source sorting is practiced in all business units, and the Group has an agreement with suppliers and operators of relevant return systems. All business units follow a recycling plan, to the benefits both of the environment and the businesses.

OPTIMAL TRANSPORT

Lorries are the most important means of transport for Moelven raw materials, bi-products and finished goods. In order to reduce the impact of transport on the environment, the Group



Trees absorb and store carbon dioxide and contribute to bind up half of the carbon dioxide in the atmosphere. Products and buildings made of wood also bind up carbon dioxide throughout their lifespan. All wood products return to nature in time through natural decomposition, and when the carbon dioxide is finally released it can once again be absorbed by new tree growth.

is working to optimise the use of each individual vehicle. By coordinating the flow of goods and working closely with other transport customers, the impact on the environment from transport can be reduced even further.

Lorry transport of timber, chippings and finished goods totals 8.1 million solid cubic meters per year. Group businesses are distributed across the western part of mid-Sweden and south-eastern Norway, and Moelven is responsible for a significant share of lorry traffic in these areas. This is the reason why Moelven is trying to influence government authorities to maintain good road standards. Low road standards, particularly in Norway, but also in Sweden, is a problem to Moelven, and the environment.

Higher standard roads improve traffic safety, transport efficiency and the environment. Compared to transport costs in Sweden, the low standards in the Norwegian road network result in extra costs for Moelven totalling approx. NOK 15 millions per year.

All transport shall be carried out using vehicles in Euro Class 3, or preferably Euro Class 4. Another important environment factor for Moelven is that Group transporters – which primarily are hired transport companies – convert to environmental friendly fuels based on renewable resources as soon as possible.

Moelven transports annually almost 210 000 solid cubic meters of timber and finished products by train, and more than 320 000 solid cubic metres by boat.

COMPANY CARS RUNNING ON ALTERNATIVE FUELS

Moelven has approx. 200 company cars operating currently in Norway and Sweden. As of 2007, all company cars phased out

will be replaced by vehicles running on ethanol or a mixture including bio diesel. The Group normally has three-year leasing contracts, and the goal is that all company cars, starting from the year 2009, shall run on alternative fuel. These types of vehicles emit up to 75% less CO₂ than traditional cars.

Moelven is aware and updated on the public debate regarding criticisms of the ecological soundness of current production processes for bio fuels. Moelven expects that – with increased pressures from the market and public opinion – the production of bio fuels will develop in a positive direction in terms of where the raw materials come from and how they are processed. The Group anticipates that the coming generation of environmentally sound vehicles – combined with new types of fuels – will improve the situation with regard to the environment. A prerequisite for progress in the area is that there is an existing market for ethanol and bio diesel vehicles.

ENERGY CONSUMPTION AND ENERGY ECONOMISATION

Moelven products are primarily based on pine and spruce harvested from the extensive forests in Sweden and Norway. When manufacturing sawn wood, the drying stage is the step that is the most energy intensive. At an average sawmill, the Group uses more than 75% of the company-generated and purchased heat energy for heating offices, facilities and drying sawn wood. Most of the heat energy needed for drying and heating is generated locally at Group plants by burning bark and chippings.

Production of wood-based building materials are less energy intensive than production of building materials made of other materials.



Distance heating from Moelven Årjäng Såg AB heats a large number of municipal apartments in the town of Årjäng. For Årjäng local authority, the heat from the sawmill is the equivalent to approx. 1 800 cubic metres of heating oil per year. All heat is generated using bio-fuels from Moelven Årjäng's business operations.

The plants fulfil applicable concession terms and requirements with respect to emissions. For energy production, Moelven's unit uses 250 000 solid cubic meters of biomass and 800 000 litres of oil per year.

In addition to the Group's heating production that totals approx. 450 GWh, Moelven purchases approx. 230 GWh in the form of electrical power to run plants and facilities.

Moelven is involved in technological and market developments in the bioenergy sector both in Norway and Sweden, and potential investments in the bioenergy area are under continuous consideration. Moelven's current involvement in the bio fuel area is mainly to supply raw materials to industrial customers who process bioenergy products.

The plans to build a new energy facility in Brumunddal have been put on hold during the last year. The reason being that the customer base for heat deliveries from such a facility presently does not justify the investment.

Vänerbränsle AB in Sweden, who sells bio fuels to energy customers and the particle board industry, was consolidated into the Group in 2007. Moelven's ownership share is now 77.8%, and the remaining shares are owned by AB Hilmer Anderson (16.7%) and Ulvsby Trä AB (5.5%). Vänerbränsle will provide the Moelven Group with valuable environmental expertise.

In 2007, Moelven started a multi-year and highly prioritised project aimed at achieving more efficient use of energy resources and reducing the amount of energy consumption. The project covers all activity in all of the Norwegian business units, but also within businesses in Sweden. In Moelven's Norwegian business units, approx. NOK 70 million will be invested in the newest available technology for energy economisation. An example of this is that when the consumption of bio fuels can be reduced within the Group, more can be sold to customers.

The project means that the Moelven Group's negative impact on the environment can be reduced further, at the same time as the Group's competitiveness is strengthened.

SMALL AMOUNTS OF WASTE

Very little waste is generated by Moelven's business activities, but still the Group is working to reduce the amount of waste from all the units even further. Ash from the incinerators is used as additives in products such as fertilisers, or it is delivered to approved disposal sites. For waste oil and chemicals, return systems are available at approved recycling sites or receiving stations. Plastic, metal and packaging is sorted at source and delivered for recycling in accordance with prescribed routines.

Moelven's module and interior companies are based on a system of order-driven industrial manufacturing with source sorting that generates very little waste material. The interior companies use factory treated surfaces and ready-to-install materials, which generate little gas emissions and minimal need for putty, cutting, finishing and painting at the construction site.

NOISE, DUST AND DRAINAGE

Environmental considerations are always taken into account in connection with new investments in facilities. Every year a range of major and minor measures are carried out with the objective of reducing noise levels and emission amounts, as well as improving resource utilisation.

The most important sources of noise in Moelven businesses are handling of timber, operating ventilation systems and transport. At facilities that are located close to residential areas, a number of additional measures have been carried out last year to reduce the noise level to even lower stipulated limits.

Handling chippings is a source of dust, and several plants have implemented special measures to reduce the spread of

sawdust. Discharge of spill water from timber stocks can lead to algae growth in nearby waters. By recycling the spill water and carefully managing the sprinklers, discharge has been significantly reduced.

ENVIRONMENTAL IMPACT FROM USE OF PRODUCTS

The building of a normal sized wooden house requires approx. 50 cubic metres of wood, which binds approx. 15 tons of carbon that otherwise would have been released through rot or burning. A wooden house has a lifespan similar to that of a tree in the forest – up to 100 years. Wood that is used for building or for other uses counteracts thus the global warming.

Energy potential

When wood products are used for energy production at the end of their lifespan in the primary use area, the final energy potential is released from the wood. Approx. 1650 kilowatt hours are released from each cubic meter of wood, which corresponds to the energy needed for heating an average home for a month.

Specialty products

Processing wood products with CCA (the heavy metals copper, chrome and arsenic) has been discontinued in Norway and also in principle in Sweden. Instead, Moelven has developed alternative products that do not have a negative impact on the environment. Through the Wood division, we offer an environmental friendly alternative wood treatment that does not use any heavy metals. TMF (heavy metal free impregnation) is government approved and complies with NTR class AB.

Moelven also produces copper impregnated wood, which is approved in accordance with the Norwegian Ministry of the Environment's regulations. The alternative products are not deemed hazardous when being discarded.

Packaging

Moelven uses approx. 600 tons of plastic packaging a year. Moelven's product packaging can be either reused or recycled. A large share of the Group's plastic packaging consists of recycled plastic collected and processed in Sweden. Most of the other packaging is paper based. When it comes to Furugulvet® flooring, Moelven has contributed to the development of a packaging cardboard that can be reused as underlay when installing the flooring.



All packaging that the Moelven Group uses for its products can either be re-used or recycled.

Finances

Moelven has always been known to have a results-oriented company culture, in which it is first and foremost the employees who maintain the culture and values on which the business is based. A results-oriented company culture provides important guidelines for how the work in the Group should be carried out, and complements the more formalised management systems in an effective and cost-efficient manner.

In all business activities, Moelven is committed to acting ethically and morally correct toward employees, customers, suppliers and other business contacts. This policy requires that all employees must behave exemplary and with integrity as representatives for Moelven in all contexts, and that they must carry out their work assignments to the best of their ability. The employees must act in the best interests of Moelven at all times. The Group does not accept that employees receive gifts or bribes; nor should Moelven employees offer such incentives to business contacts outside the Group.

MANAGEMENT SYSTEM

The Corporate Assembly is the Group's highest supervisory body. Through this body, the shareholders exercise their right of participation by electing board members and monitoring the Board's work. The Corporate Assembly consists of twelve members, of which four are chosen by the employees. The six largest shareholders control a total of 99.7% of the shares, but in all there are 967 shareholders.

On 18 December 2007, Eidsiva Vekst AS and Felleskjøpet Agri BA signed an agreement in which Felleskjøpet Agri BA acquired 40 per cent of Eidsiva's shares in Moelven Industrier ASA. The transaction took formally place by that Felleskjøpet Agri BA acquired ownership of 40 per cent of the shares in a newly founded company, Eidsiva MI AS; Eidsiva Vekst AS owns the remaining 60 per cent of the shares in this company.



Quality work output is generated when education, experience and positive personal attributes are combined with the right motivation. Niklas Fageräng works at Moelven ByggModul AB in Kil.

Eidsiva MI AS is the formal owner of 39.6 per cent of the shares in Moelven Industrier ASA. 961 shareholders own a total of 0.4 per cent of the shares.

The forestry owners' holdings in Moelven have not changed after this agreement. Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA own a total of 60 per cent of the shares in Moelven: 25.1 per cent, 11.7 per cent, 4.0 per cent, 7.3 per cent and 11.9 per cent, respectively.

THE BOARD

The Board is responsible for ensuring the company's total interests. They have the overall responsibility for ensuring that Moelven acts responsibly on all levels and in all Group companies. The Board, which consists of seven members (two of which are chosen by the employees), must also ensure that operations are run in accordance with stipulations in the Norwegian Limited Liabilities Companies Act.

PRESIDENT/CEO

The President/CEO has the overall responsibility for daily operations at Moelven, and must follow the Board's guidelines and report to the Board about company operations. The President/CEO shall also have overall responsibility for monitoring the accounts and administration, and ensuring that the business is run in accordance with applicable laws, rules, agreements and the Group's own guidelines.

GROUP EXECUTIVE BOARD, DIVISIONS AND BUSINESS UNITS

Daily operations are headed up by the various business unit managers, and coordinated through the division management team. The divisional managing directors are part of the Group Executive Board and report directly to the President/CEO.

RELATIONSHIP TO OWNERS

In some areas of the Group's ordinary business operations, commercial transactions between the Group and its owners take place. One example of this is the purchase of timber in which the Norwegian forestry owners are suppliers. Such transactions shall take place at an "arm length's distance". If other parties can offer better prices and/or terms, then the better offer should be chosen.



Moelven aims at creating added value for shareholders by maintaining a business strategy that increases share price value and ensures a stable return on shareholdings. The company's dividend policy must at all times be in harmony with the company's operational and investment needs.

INDEPENDENCE OF THE BOARD

None of the Board members have any commercial ties on a personal basis to the business. With the exception of the employee representatives, none of the other board members have personal assignments for the Group other than sitting on the Board and acting in the Group's best interests.

ACCOUNTING AUDIT

The accountant's role is specified in the Public Limited Companies Act. The accountant's main responsibility is to ensure that Moelven's accounts and associated documents are reported in accordance with applicable laws and regulations pursuant to accounting laws and accepted accounting practices. The accountant must also determine whether asset management and control systems in Moelven are organised in a credible and reliable manner.

SALARIES AND REMUNERATION FOR LEADING DECISION-MAKERS

The corporate assembly stipulates the remuneration given to Board members. The President/CEO and other managers are paid in accordance with relevant rules and agreements, with the main share of their salary paid as a fixed, agreed amount. The Group also has an incentive scheme for employees, in which business units that have a low rate of sick leave and a good operating margin are rewarded. These benefits are paid from the parent company to the business unit, and must be used for measures that collectively improve the work environment for the employees.

COMMUNICATION WITH SHAREHOLDERS AND LENDERS

Moelven depends on the confidence and good will of shareholders and lenders. One way this confidence is earned is by satisfying the expectations which are in accordance with the Group's strategy. In all reporting activity, the Group must comply with relevant Norwegian accounting principles and routines, as well as regulations for listed companies. The only exception is that the Group does not make public complete accounts in accordance with International Financial Reporting Standards (IFRS). The Group does, however, provide notes in the accounts showing the effect such reporting would have.

SECURING ASSETS

Moelven secures valuable assets by always having a conscious attitude to insurance protection and risk distribution. The Group is insured against financial catastrophes and injuries that could result in significant financial losses. The deductible is up to three million Norwegian kroner.

The Group's insurance and risk handling strategy is approved by the Group Executive Board and the Board of Directors and reviewed on an annual basis. A risk analysis is made of all the business units every second year. The survey is carried out locally, but coordinated centrally.

Moelven has developed a three-part continuity plan for the business, which must be followed if a serious accident such as for example a fire should occur. The first part, the emergency phase, describes how human life first and foremost, and then production equipment, shall be secured in case of an emergency. The second part, the catastrophe phase, describes, for example, how family members shall be informed and the media oriented. The third part is a restitution plan describing how the company can maintain customers' interests by exploiting own or other units' production capacity in order to be able to fulfil contracted deliveries.

FINANCIAL STRATEGY

Moelven's goal is to create added value for shareholders by increasing share value and maintaining a stable dividend policy. The Board normally stipulates a dividend rate of 50 per cent of the after-tax profit. The company's dividend policy must take account of the company's operational and investment needs. 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
- Equity ratio shall be higher than 40 per cent
- Asset turnaround shall be higher than 2

External financing is based on long-term loans with standard terms linked to assets, asset ratio and cash flow.

Historical Events

1899 Moelven Brug (limited company) is founded on 24 July. "The wheel boiled on oil" is the original basis for the company's industrial activities.

1948 Johs. Mageli is appointed Director of AS Moelven Brug.

1950 The "Moelven House on Wheels," is developed.

1959/60 The laminated timber factory at Moelv starts production in collaboration with Ringsaker Almenning.

1960 Agricultural products, loaders, dumpers and mobile cranes are developed.

1964 Moelven House Units is expanded.

1965 A/S Ringsakerhus is founded in collaboration with OBOS. This signals the start of housing field development.

1972/76 New factories are built for the production of components for the housing industry. "Norway's oil adventure" requires major deliveries from Moelven, for example, to Kårsto and Rafnes.

1980 Mjøsbruket is established. This is Moelven's first sawmill.

1981 Moelven is listed on the Oslo Stock Exchange. Total share capital: NOK 17.5 million.

1982 Moelven takes over the majority of shares in Töreboda Limträ AB in Sweden.

1985 Acquisition of Dalaträ AB in Sweden and LNJ Limträ AS in Denmark.

1988 Moelven sells the majority of its mechanical industry.

1989 Moelven takes over Norema's residential and business building divisions.

1990/92 The recession in the Norwegian housing market results in the stopping of house production. The Group undergoes a major reorganisation and refinancing process.

1993/94 Deliveries to the 1994 Winter Olympic Games.

1995 Glulam load-bearing constructions delivered for the international airport terminal building at Gardermoen.

1998 Acquisition of Notnäs AB and the Westwood Group in Sweden.

1999 1999 – Moelven celebrates its 100th anniversary.

2000 Moelven takes over Forestia's timber-manufacturing business, an increase of NOK 1.3 billion in revenue.

2001 New owners. The Finnish company, Finnforest.

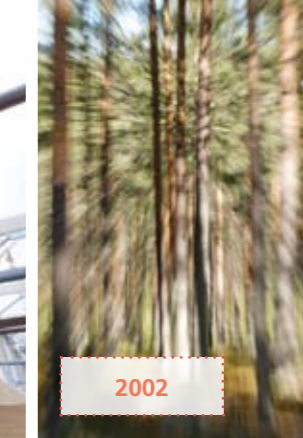
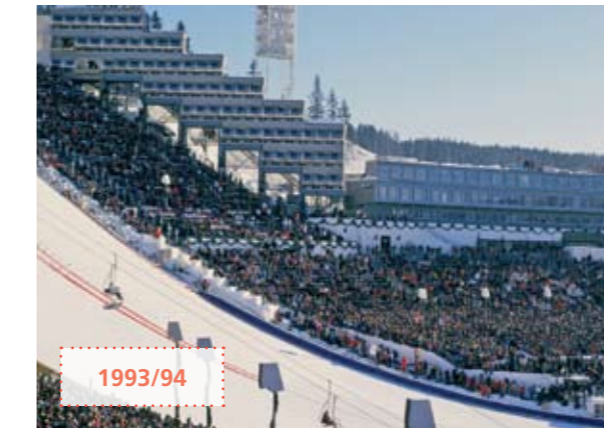
2002 Moelven Industrier ASA is delisted from the Oslo Stock Exchange.

2003 New company: Moelven Danmark A/S.

2004 The Are Group is acquired. Norwegian and Swedish competition authorities approved Moelven Industrier ASA's acquisition of Are.

2005 Modules for Boklok apartments at Fagerstrand, Norway.

2006 In the autumn 2006, the majority owner at the time, the Finnish Group Metsäliitto Andelslag, made public their intention to sell their 65% holding of Moelven shares. On 14 December 2006, Eidsiva Vekst AS and the forestry cooperatives Glommen Skog BA, Mjösen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA signed an agreement with Metsäliitto.



Key financial figures

Amounts in NOK millions	Explanation	The Group				
		2007	2006	2005	2004	2003
PROFIT AND LOSS						
Operating revenues		7 944	6 692	6 005	5 773	4 864
Depreciation and write-downs		177	178	178	178	146
Operating profit		990	373	159	70	101
Net interest and financial items		-18	-37	-46	-54	-36
Operating result before tax		972	336	113	17	64
BALANCE						
Investments in fixed assets	A	292	245	112	199	189
Total capital		3 604	3 072	2 964	2 884	2 364
Total equity		1 570	1 234	1 076	1 053	923
Net interest-bearing debt		154	467	751	872	624
Capital employed	B	1 801	1 752	1 857	1 943	1 593
EARNINGS/PROFITABILITY						
Net operating margin	C	12.5%	5.6%	2.6%	1.2%	2.1%
Gross operating margin	D	14.7%	8.2%	5.6%	4.3%	5.1%
Return on equity	E	49.6%	20.7%	6.3%	-0.3%	3.5%
Return on capital employed	F	52.7%	19.6%	7.6%	3.7%	6.8%
Interest cover	G	30.4	8.0	2.4	1.2	2.4
CAPITAL						
Equity ratio	H	43.6%	40.2%	36.3%	36.5%	39.1%
Capital turnover rate	I	2.4	2.2	2.1	2.2	2.2
LIQUIDITY						
Current ratio	J	1.43	1.59	1.79	1.98	1.92
Quick ratio	K	0.63	0.86	0.84	0.87	0.91
Cash flow from operating result	L	1 166	481	296	178	228
SHARES						
Earnings per share in NOK	M	5.37	1.85	0.52	-0.02	0.28
Average number of shares (millions)		129.5	129.5	129.5	126.8	116.0
Cash flow per share in NOK	N	9.00	3.71	2.28	1.41	1.96
Tax value in NOK at 31 December		8.79	7.78	6.25	5.20	6.16
RISK-amount in NOK at 1 January	O	-	-0.25	-0.16	-0.11	-0.16
Dividend in NOK per share	P	2.60	0.75	0.25	0.15	0.15
PERSONNEL						
Number of employees at 31 December		3 425	3 210	3 159	3 191	2 853
Number of man-years		3 253	3 049	3 001	3 031	2 737
Sickness absence rate	Q	6.32%	5.89%	6.20%	6.32%	7.06%
Frequency rate - injuries with absence	R	17.5	17.3	18.7	16.0	16.7

A: Capitalised investments less investments due to acquisitions
B: Equity + interest-bearing debt
C: Operating profit
Operating revenues
D: Operating profit + depreciation and write-downs
Operating revenues
E: Operating result
Average equity
F: Operating profit + interest income
Average capital employed
G: Operating result + financial costs
Financial cost
H: Total equity
Total capital
I: Operating revenues
Average total capital
J: Current assets
Current liabilities
K: Liquid funds + financial costs + receivables
Current liabilities
L: Operating result before tax – taxes payable + depreciations and corrections regarding other non liquid items
M: Operating results
Average number of shares
N: Cashflow from operating result
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

Profit and loss account

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2007	2006	2005	2007	2006	2005
Revenue		7 880.7	6 655.4	5 969.6			
Other operating income		63.3	37.0	35.3	67.6	76.6	67.7
Operating revenues	2, 3, 21	7 944.0	6 692.4	6 004.9	67.6	76.6	67.7
Raw materials and consumables used	4	4 873.6	4 150.9	3 785.9			
Change in stock of work in progress, finished goods and projects		-252.4	68.0	23.5			
Payroll expenses	17	1 433.5	1 271.1	1 214.0	36.6	33.8	32.8
Depreciation on fixed assets and intangible assets	14, 16	177.0	177.6	178.0	9.9	15.9	15.7
Other operating expenses	18, 19	722.7	651.6	644.9	68.7	62.7	44.1
Operating expenses		6 954.4	6 319.2	5 846.3	115.2	112.4	92.6
Operating profit		989.6	373.2	158.6	-47.6	-35.8	-24.9
Income from subsidiaries ¹					322.2	78.3	96.0
Income from associates	20	0.1	-3.9	-3.4	0.0	0.1	0.0
Interest income group companies					54.5	53.3	56.0
Other interest income		1.9	1.7	2.0	3.8	1.8	0.7
Other financial income		6.9	5.4	2.5	3.6	4.4	3.3
Interest expenses group companies					-40.5	-16.5	-10.6
Other interest expenses		-21.8	-34.7	-43.4	-18.4	-30.4	-35.2
Other financial expenses		-4.5	-5.3	-3.3	-3.1	-4.3	-4.2
Financial income/financial expenses		-17.4	-36.8	-45.6	322.1	86.7	106.0
Operating result before tax		972.2	336.4	113.0	274.5	50.9	81.1
Tax on ordinary result	5, 6	276.8	96.9	45.7	63.8	17.5	35.3
Net profit for the year		695.4	239.5	67.3	210.7	33.4	45.8
Minority share	21	4.1	-0.2	-0.6			
Majority share		691.3	239.7	67.9			
Profit per share		5.37	1.85	0.52			
Provision for dividends, NOK 2.60 per share (0.75 in 2006 / 0.25 in 2005)					-336.8	-97.2	-32.4
Other equity					126.1	63.8	-13.5
Total	22				-210.7	-33.4	-45.9

1. Including group contributions.

New international accounting standards (IFRS)

As of 1 January 2005, all publicly traded companies in Norway are obliged to publicise accounts prepared in accordance with IFRS (International Financial Reporting Standards).

Since the shares in Moelven Industrier ASA are not publicly traded, the company is not obliged to prepare accounts pursuant to IFRS. Specific accounting details will, however, be reported for the company, in order to show what main effects such reporting would

have. As a result, unaudited comparative figures have been prepared in accordance with IFRS as of 1 January 2005. For the Moelven Group, the largest differences will be in calculating pension commitments and reporting financial instruments. Allocated dividends will also have an effect, in that according to IFRS this should be reported as equity up until the time a formal decision regarding the dividend is made.

Main effects of reporting according to IFRS

Amounts in NOK mill.	Effects					Amounts in NOK mill.	Effects				
	2007 IFRS	IFRS	2007 IFRS	2006 IFRS	2005 IFRS		2007 IFRS	IFRS	2007 IFRS	2006 IFRS	2005 IFRS
Profit and loss account						Cont. Profit and loss account					
Operating revenues	7 944.0		7 944.0	6 692.4	6 004.9	Operating profit	992.8	3.2	989.6	387.7	159.1
Raw materials	4 873.6		4 873.6	4 150.9	3 790.9	Net financial items	-21.3	-3.9	-17.4	-26.2	-47.5
Payroll expenses	1 433.5		1 433.5	1 261.1	1 212.1	Pre-tax profit/loss	971.5	-0.7	972.2	361.5	111.6
Depreciations	173.8	-3.2	177.0	173.1	174.4	Taxes	275.7	-1.1	276.8	102.7	44.3
						Ordinary profit/loss	695.8	0.4	695.4	258.8	67.3

Cont. main effects of reporting according to IFRS

Cont. profit and loss account

Cont. main effects of reporting according to IFRS

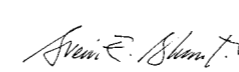
Amounts in NOK mill.	2007		2007	2006	2005		2007		2006	2005	
	IFRS	Effects					IFRS	NGAAP			IFRS
Balance sheet											
Deferred tax receivables	20.8	20.8	0.0	0.0	0.0	Equity	1 878.0	308.3	1 569.7	1 301.9	1 060.8
Goodwill	20.7	15.6	5.1	20.7	17.7	Pension liabilities	128.2	32.8	95.4	113.4	120.5
Net pension funds	11.9	-28.2	40.1	19.8	26.9	Deferred tax	94.5	0.0	94.5	36.3	1.1
Other receivables	142.8	-4.9	147.7	132.7	151.2	Dividends payable	0.0	-336.8	336.8	0.0	0.0
Total assets	3 607.5	3.3	3 604.2	3 060.7	2 946.0	Other short-term liabilities	592.4	-1.0	593.4	453.4	418.0
						Total equity and liabilities	3 607.5	3.3	3 604.2	3 060.7	2 946.0

IFRS figures have not been audited.

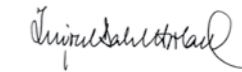
Balance sheet at 31 december

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2007	2006	2005	2007	2006	2005
ASSETS							
Goodwill		5.1	8.3	9.8			
Other intangible assets		2.0	0.1	0.8	2.0	0.0	0.0
Total intangible fixed assets	14	7.1	8.4	10.6	2.0	0.0	0.0
Land		67.9	68.6	68.0	3.5	3.5	3.5
Buildings and other real property		314.8	314.1	340.4	3.9	5.2	8.7
Machinery and plant		799.6	717.0	578.7	1.2	1.6	1.3
Fixtures and fittings, tools, office machinery etc.		32.6	35.9	48.7	14.1	21.4	33.7
Total tangible assets	15, 16	1 214.9	1 135.6	1 035.8	22.7	31.7	47.2
Investments in subsidiaries	18				1 007.6	1 051.3	1 017.3
Investments in associated companies	20	12.7	14.1	21.1	0.0	0.0	0.3
Loan to group companies	11				987.5	1 118.1	1 038.5
Investments in other shares	19	0.7	7.4	12.5	0.1	5.1	9.4
Bonds and other receivables	7	5.4	4.3	5.7	4.0	4.0	4.1
Net pension funds	17	40.1	48.0	55.1	27.6	31.1	32.1
Total financial fixed assets		58.9	73.8	94.4	2 026.8	2 209.6	2 101.7
Total fixed assets		1 280.9	1 217.8	1 140.8	2 051.5	2 241.3	2 148.9
Stocks	8	1 301.9	846.5	967.1			
Accounts receivable	7	796.0	827.9	677.3	0.7	1.8	0.8
Receivables from group companies					2.2	6.2	3.8
Loans to group companies					363.2	99.5	123.1
Other debtors	7	147.7	127.8	149.3	5.0	3.8	2.6
Total debtors		943.7	955.7	826.6	371.1	111.3	130.3
Bank, deposits, cash in hand, etc.	10, 11	77.7	51.6	29.6	0.2	0.2	0.2
Total current assets		2 323.3	1 853.8	1 823.3	371.3	111.5	130.5
Total assets	21	3 604.2	3 071.6	2 964.1	2 422.8	2 352.8	2 279.4

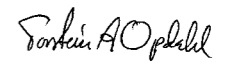
Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2007	2006	2005	2007	2006	2005
EQUITY AND LIABILITIES							
Share capital		647.7	647.7	647.7	647.7	647.7	647.7
Own shares		0.0	0.0	0.0	0.0	0.0	0.0
Share premium reserve		180.7	180.7	180.7	180.7	180.7	180.7
Total paid-in capital		828.4	828.4	828.4	828.4	828.4	828.4
Other equity		723.9	394.1	236.8	115.2	241.3	305.1
Minority interests	21	17.4	11.2	11.2			
Total equity	22	1 569.7	1 233.7	1 076.4	943.6	1 069.7	1 133.5
Pension liabilities	17	95.4	83.4	80.5	24.7	22.3	18.4
Deferred tax	6	94.5	53.3	23.8	0.1	3.3	11.0
Other provisions	9	21.2	21.2	16.9			
Total provisions		211.1	157.9	121.2	24.8	25.6	29.4
Liabilities to financial institutions	10	185.2	506.8	749.3	131.8	455.6	675.2
Long-term, interest-bearing debt to group companies					0.0	9.4	22.4
Other long-term liabilities	9	11.8	6.2	6.2	0.0	0.5	0.6
Total long-term liabilities		197.0	513.0	755.5	131.8	465.5	698.2
Liabilities to financial institutions	10	46.6	11.5	30.8	841.0	552.5	305.2
Trade creditors		476.5	418.8	394.1	6.4	4.1	4.6
Accounts payable to group companies					5.5	1.7	0.4
Short-term, interest-free debt to group companies					41.5	81.4	19.4
Public duties payable		173.1	191.2	148.4	2.5	2.1	1.7
Dividends		336.8	97.2	32.4	336.8	97.2	32.4
Tax payable	5	224.5	67.2	36.1	67.0	25.3	31.2
Other short-term liabilities	9	368.9	381.1	369.2	21.9	27.7	23.4
Total short-term liabilities		1 626.4	1 167.0	1 011.0	1 322.6	792.0	418.3
Total liabilities		2 034.5	1 837.9	1 887.7	1 479.2	1 283.1	1 145.9
Total equity and liabilities	21	3 604.2	3 071.6	2 964.1	2 422.8	2 352.8	2 279.4
Mortgages	12	39.5	36.5	81.4	354.6	346.8	323.2
Guarantees	13	39.1	35.0	37.3	5.0	0.0	0.0
Number of shares (face value per share NOK 5.-)	22	-	-	-	129 542 384	129 542 384	129 542 384

14 February 2008
Moelven Industrier ASA

Svein E. Skorstad
Chairman

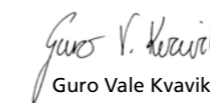

Ola Mørkved Rinnan




Ingrid Dahl Hovland



Torstein A. Opdahl



Guro Vale Kvikvik



Gunde Haglund



Martin Fauchald


Hans Rindal
CEO

Cash flow statement

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2007	2006	2005	2007	2006	2005
CASH FLOW FROM OPERATIONS							
Operating result before tax		972.2	336.4	113.0	274.5	50.9	81.1
Payable tax in financial period	5	-67.2	-48.0	-16.1	-25.3	-31.0	-13.6
Write-down of long-term receivables		0.1	0.0	0.0	0.1	3.6	0.0
Ordinary depreciations	16	177.0	177.6	178.0	9.9	15.9	15.7
Write-down of shares in subsidiaries		5.0	0.0	0.0	17.4	13.2	0.9
Gain/loss from the sale of fixed assets		-7.8	-7.0	-6.9	0.0	-5.8	-5.2
Correction - group items		11.7	9.0	12.0			
Pension costs, provided for but not paid / pension funds, taken to income but not paid in	17	7.6	8.7	12.5	5.7	4.7	6.6
Income from associates	20	-0.1	3.9	3.4			
Changes in current assets excl. liquid funds and deposits		-396.4	-8.5	-182.5	3.9	-4.6	3.3
Changes in current liabilities excl. loans		311.6	40.2	172.7	0.7	-8.5	-0.5
Net cash flow from operations		1 013.7	512.3	286.1	286.9	38.4	88.3
CASH FLOW FROM INVESTMENTS							
Investments in fixed assets excl. acquisitions	15	-292.4	-244.6	-107.2	3.0	-1.8	-2.3
Net cash expenditure for purchase of subsidiaries		-51.7	0.0	-10.2	-35.3	0.0	-54.8
Sale of fixed assets	15	25.2	27.6	9.9	0.0	7.2	6.6
Long-term investments, financial		14.9	20.6	22.2	191.2	-111.7	47.9
Short-term lending		0.0	0.0	0.0	-263.7	23.6	-30.9
Cash flow from investments		-304.0	-196.4	-85.3	-104.8	-82.7	-33.5
CASH FLOW FROM FINANCING							
Changes in short-term liabilities and overdrafts		-244.8	-19.3	6.1	248.6	309.3	82.2
Liquid share of income from associates		0.1	0.3	0.2			
Changes in long-term debt		-341.7	-242.5	-175.6	-333.7	-232.7	-117.7
Payment of dividends		-97.2	-32.4	-19.4	-97.2	-32.4	-19.4
Net cash flow from financing		-683.6	-293.9	-188.7	-182.3	44.2	-54.9
LIQUID FUNDS							
Net change in liquid funds during the year		26.1	22.0	12.1	-0.2	-0.1	-0.1
Liquid funds at 1 January		51.6	29.6	17.5	0.2	0.3	0.3
Liquid funds at 31 December	10	77.7	51.6	29.6	0.0	0.2	0.2
AVAILABLE LIQUID FUNDS							
Liquid funds at 31 December		77.7	51.6	29.6			
Unutilised credit facilities at 31 December		1 160.6	907.6	705.0			
Restricted deposits		3.5	0.0	0.0			
Available liquid funds at 31 December		1 234.8	959.2	734.6			

Amounts in NOK millions	Note	The Group		
		2007	2006	2005
Additional information in connection with acquisition/sale of subsidiaries				
Fixed assets		31.1	0.0	4.4
Current assets		47.0	0.0	8.6
Liquid funds		27.6	0.0	5.3
Total assets		105.7	0.0	18.3
Total equity		0.0	0.0	0.0
Interest-bearing debt		64.8	0.0	4.7
Non interest-bearing debt		40.9	0.0	13.6
Total equity and liabilities		105.7	0.0	18.3

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

2006: No acquisition or sale.

2005: Acquisition of Mesna Installasjon AS and Fireguard Scandinavia AS.

Accounting principles

CONSOLIDATION PRINCIPLES

Consolidated companies

The statement of accounts for the Group has been prepared as if the Group was one unit. The statement of accounts encompasses the parent company Moelven Industrier ASA and the subsidiaries where Moelven Industrier ASA, directly or indirectly, owns more than 50 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 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 retirement. 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 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).

	2007	2006	2005
Swedish krona (SEK)			
Average rate	0.8668	0.8696	0.8635
End of year rate	0.8455	0.9112	0.8505
Danish krone (DKK)			
Average rate	1.0762	1.0788	1.0753
End of year rate	1.0675	1.1049	1.0703
Euro (EUR)			
Average rate	8.0184	8.0468	8.0132
End of year rate	7.9610	8.2380	7.9850
Pound sterling (GBP)			
Average rate	11.723	11.802	11.716
End of year rate	10.810	12.268	11.652

Average rate used for translation of profit and loss account.

End of year rate used for translation of balance sheet.

Notes

1 ACQUISITION AND SALE OF BUSINESSES

THE GROUP

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 Brumundal starts up, the ownership constellation in the company will be 40% for Moelven Industrier ASA and 30% for each of the other companies.

Events in 2005

- In accordance with an agreement from 2000, Moelven Industrier ASA has acquired the remaining minority post (4.4%) in Mocon Holding AS and now owns 100% of the parent company of the Group's laminated timber business.
- In 2005, Moelven Industrier ASA acquired all the shares in Fireguard Scandinavia AS. The company owns the rights to the impregnation material that Moelven Wood uses in its production of fire-resistant wood. The company has one employee with an office/laboratory in Trondheim.
- Moelven Elektro AS acquires Mesna Installasjon AS as of 1 January 2005. The company provides electrical services and follows up already installed electrical installations. In 2004, the company, which is based in Lillehammer, had NOK 30 million in turnover and 25 employees.

2 OPERATING REVENUES

THE GROUP

In "Group operating revenues", deliveries and services between group companies totalling NOK 5 341 millions (NOK 4 266 millions in 2006) have been eliminated.

MOELVEN INDUSTRIER ASA

Amounts in NOK millions	2007	2006	2005
Net gain from sale of fixed assets	0.0	5.8	5.2
Net gain from sale of shares	0.3	3.1	0.0
Subsidiaries' share of joint expenses	21.5	21.0	26.4
IT-services	28.1	31.8	23.4
Income from rentals – external	1.3	1.1	1.9
Income from rentals – internal	5.2	3.7	3.9
Other	11.2	10.1	6.9
Total other operating revenues	67.6	76.6	67.7

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		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Amounts in NOK millions												
Operating revenues	7 944.0	6 692.4	6 004.9	3 075.5	2 583.6	2 355.4	2 994.5	2 530.0	2 268.7	2 382.8	1 937.5	1 770.1
Depreciations and write-downs	177.0	177.6	178.0	71.1	67.4	66.2	62.2	58.4	57.9	31.5	31.2	30.2
Operating profit	989.6	373.2	158.6	538.3	161.4	55.2	330.6	118.3	62.2	159.3	121.8	75.9
Financial items	-17.4	-36.8	-45.6	0.3	-9.9	-11.2	-7.8	-14.0	-14.7	10.7	1.1	-4.3
Operating result before tax	972.2	336.4	113.0	538.6	151.5	44.0	322.8	104.3	47.5	170.0	122.9	71.6
Gross operating margin	12.5	5.6	2.6	17.5	6.2	2.3	11.0	4.7	2.7	6.7	6.3	4.3
Cash flow from operations	1 166.6	550.8	336.6	609.4	228.8	121.4	392.8	176.7	120.1	190.8	153.0	106.1
Total capital	3 604.2	3 071.6	2 964.1	1 757.5	1 407.0	1 288.6	1 685.3	1 378.1	1 253.6	1 041.7	1 035.9	897.7
Interest bearing debt	231.7	518.3	780.1	212.6	270.1	265.4	351.0	353.1	368.0	37.8	35.4	108.9
Interest free debt	1 802.8	1 319.6	1 107.6	763.7	440.7	381.6	673.8	476.3	367.6	579.8	432.7	405.6
Equity ratio (%)	43.6	40.2	36.3	44.4	47.6	46.3	39.2	39.8	37.5	40.7	50.3	42.7
Investments	292	245	112	130	121	53	106	78	33	54	44	22
Number of manyears	3 253	3 049	3 001	795	784	804	906	828	812	1 466	1 363	1 312

3.2 – Distribution of operating revenues by geographical markets

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Scandinavia	6 626	5 502	4 847	1 984	1 623	1 417	2 828	2 351	2 114	2 324	1 887	1 704
Euro-countries	678	571	590	609	474	521	64	92	60	5	5	9
Rest of Europe	393	356	317	236	228	199	103	85	89	54	43	28
Japan	117	69	110	117	65	77	0	2	5	0	2	28
Rest of the world	130	194	142	130	194	141	0	0	0	0	0	1
Total	7 944	6 692	6 005	3 076	2 584	2 355	2 995	2 530	2 269	2 383	1 938	1 770

3.3 – Distribution of operating revenues by producing country

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Norway	3 977	3 210	3 069	923	723	794	1 827	1 520	1 411	1 430	1 154	1 077
Sweden	3 968	3 482	2 936	2 153	1 861	1 561	1 168	1 010	889	953	784	693
Total	7 944	6 692	6 005	3 076	2 584	2 355	2 995	2 530	2 269	2 383	1 938	1 770

3.4 – No. of employees per division

Amounts in NOK millions	Group			Timber			Wood			Building Systems		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Norway	1 802	1 686	1 672	279	274	285	623	561	549	846	834	793
Sweden	1 590	1 501	1 465	555	551	561	306	291	287	692	598	585
Denmark	25	20	19				25	20	19			
Other countries	8	3	3	3						5	3	3
Total	3 425	3 210	3 159	837	825	846	954	872	855	1 543	1 435	1 381

There were 91 employees in Other businesses at the end of 2007 (54 in Norway and 37 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		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Stocks	1 301.9	827.9	967.1	479.5	292.0	236.3	680.2	266.8	203.2	129.3	301.5	111.5
Accounts receivables	796.0	846.5	677.3	282.3	306.3	352.2	212.1	419.8	489.3	322.4	106.8	314.0
Gross operating capital	2 097.9	1 674.4	1 644.4	761.8	598.3	588.5	892.3	686.6	692.5	451.7	408.3	425.5
As per cent of operating revenues	26%	25%	27%	25%	23%	25%	30%	27%	31%	19%	21%	24%
Trade creditors	476.5	418.8	394.1	183.9	188.0	208.6	183.5	174.5	171.8	140.1	118.2	94.6
Net operating capital	1 621.4	1 255.6	1 250.3	577.9	410.3	379.9	708.8	512.1	520.7	311.6	290.1	330.9
As per cent of operating revenues	20%	19%	21%	19%	16%	16%	24%	20%	23%	13%	15%	19%

4 COST OF GOODS SOLD

Amounts in NOK millions	The Group		
	2007	2006	2005
Purchase of raw materials, semi-finished goods for resale and services, incl. increased provision for warranty and service commitments	4 621.0	3 651.9	3 543.7
Transport costs of goods sold	382.8	364.1	347.6
Changes in stocks of raw materials and purchases	-130.2	134.9	-105.4
Cost of goods sold	4 873.6	4 150.9	3 785.9

5 TAXATION

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Operating result before tax	972.2	336.4	113.0	274.5	50.9	81.1
Nominal tax in Norway 28 per cent	272.2	94.2	31.6	76.9	14.2	22.7
Net tax effect of tax exempt items	0.0	0.0	0.0	-16.2	0.0	0.0
Tax effect of differences not affecting tax payable	4.8	2.7	2.1	3.1	3.3	0.6
Correction of previous years	-0.2	0.0	12.0	0.0	0.0	12.0
Tax	276.8	96.9	45.7	63.8	17.5	35.3
Ordinary result	695.4	239.5	67.3	210.7	33.4	45.8
Tax %	28.5%	28.8%	40.5%	23.2%	34.4%	43.5%
Taxes consist of payable taxes in						
Norway	117.7	55.8	46.8	67.0	25.2	43.3
Sweden	104.9	10.6	0.1			
Denmark and other countries	1.9	0.8	1.1			
Total taxes payable	224.5	67.2	48.0	67.0	25.2	43.3
Changes in deferred tax	52.3	29.7	-2.3	-3.2	-7.7	-8.0
Total taxes	276.8	96.9	45.7	63.8	17.5	35.3

6 TAX EFFECT OF TEMPORARY DIFFERENCES BETWEEN ACCOUNTING AND TAX-RELATED BALANCES (BASED ON A 28 PER CENT NOM. TAX RATE)**6.1 – Deferred tax**

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Temporary differences						
Provision for receivables	-2.0	-1.9	-1.0	-1.0	-1.0	0.0
Provision for stocks	7.7	22.2	14.0			
Cost provisions according to generally accepted accounting principles	-8.6	-7.6	-6.0	-3.5	-5.4	-4.7
Other short-term items	26.5	0.2	0.6			
Subtotal short-term items	23.6	12.9	7.6	-4.5	-6.4	-4.7
Accumulated excess tax depreciation	44.3	41.3	36.3	1.7	4.6	8.6
Gain/loss account	3.9	2.3	4.9	2.1	2.7	3.3
Pension funds	9.4	13.5	14.8	7.7	8.7	9.0
Pension liabilities	-23.8	-23.4	-22.1	-6.9	-6.3	-5.2
Other long-term items	37.1	7.4	-0.1	0.0	0.0	0.0
Subtotal long-term items	70.9	41.1	33.8	4.6	9.7	15.7
Accommodated tax carry-forwards	0.0	-0.7	-17.6			
Tax reducing differences (-), tax increasing differences (+)	94.5	53.3	23.8	0.1	3.3	11.0
Deferred tax liability	94.5	53.3	23.8	0.1	3.3	11.0

6.2 – Deferred tax benefit from deficits carried forward

Amounts in NOK millions	The Group		
	2007	2006	2005
Norway	0.0	0.0	0.0
Sweden	0.0	0.7	17.6
Denmark and others	0.0	0.0	0.0
Deferred tax benefit from deficits carried forward	0.0	0.7	17.6

7 RECEIVABLES**7.1 – Short-term items****THE GROUP**

Amounts in NOK millions	The Group		
	2007	2006	2005
Accounts receivables			
Accounts receivables, gross	798.7	831.6	681.0
Provision against losses	-2.7	-3.7	-3.7
Accounts receivables, net	796.0	827.9	677.3
This year's recorded losses	1.3	0.3	2.1
Changes in provision for loss	1.0	0.0	-0.7
Losses on accounts receivables	0.3	0.3	1.4
Other debtors			
VAT receivables	76.7	52.4	68.4
Other receivables	71.0	75.4	80.9
Total other debtors	147.7	127.8	149.3

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**THE GROUP**

Of the overall obligations and other receivables totalling NOK 5.4 million, NOK 4.0 million is a receivable from SIVA Moelv Næringspark AS and NOK 1.4 million involves obligations and other securities.

MOELVEN INDUSTRIER ASA

Other receivables include NOK 4.0 millions in loan to SIVA Moelv Næringspark AS.

8 STOCK AND PROJECTS

Amounts in NOK millions	The Group		
	2007	2006	2005
Raw materials and purchased semi-finished goods			
semi-finished goods	510.6	313.6	361.9
Work in progress	168.1	154.5	127.5
Finished goods	621.9	366.3	457.7
Projects ¹	0.0	0.0	10.1
Prepayments to suppliers	1.3	12.1	9.9
Total stocks	1 301.9	846.5	967.1
Specification of projects			
Own projects 31 December	0.0	0.0	0.0
Contracts at 31 December	953.1	550.5	584.2
Payments on account/part invoiced	-989.5	-597.5	-574.1
Total projects – net	-36.4	-47.0	10.1

1. The project holding of minus NOK 36.4 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 368.9 million (381.1 in 2006) consists primarily of accruals and provisions relating to operations in the Group's companies; included in this figure are incurred holiday allowance of NOK 130.6 million (113.5 in 2006) and bonus provisions of NOK 68.9 million (55.6 in 2006).

In addition, NOK 36.4 million (47.0 in 2006) 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 11.8 million (6.2 in 2006) and includes NOK 6.0 million (3.0 in 2006) for a loan from minority shareholders of Moelven Telemarksbruket AS, NOK 4.9 millions (1.4 in 2006) in public subsidies and NOK 0.9 millions (1.8 in 2006) in other items.

Other provisions for commitments totals NOK 21.2 million (21.2 in 2006) and includes guarantee and service commitments totalling NOK 8.1 million (6.5 in 2006), environmental provisions amounting to NOK 6.7 million (7.0 in 2006) and NOK 6.4 millions (7.7 in 2006) in other provisions.

10 LIQUID HOLDINGS AND DEBT

10.1 – Interest-bearing receivables and debt

Amounts in NOK millions	The Group				Moelven Industrier ASA			
	Average interest rate 2007	2007	2006	2005	Average interest rate 2007	2007	2006	2005
Restricted bank deposits		3.5	0.0	0.0		0.0	0.0	0.0
Other bank deposits		74.2	51.6	29.6		0.2	0.2	0.2
Total bank deposits/receivables		77.7	51.6	29.6		0.2	0.2	0.2
Bank overdraft and other short term interest bearing debt		46.6	11.5	30.8		841.0	552.5	305.2
Long-term interest-bearing debt								
NOK	7.45%	51.5	38.3	38.9	7.77%	5.0	0.0	0.0
SEK	4.62%	133.7	468.5	694.3	4.60%	126.8	455.6	659.1
DKK		0.0	0.0	16.1		0.0	0.0	16.1
EUR		0.0	0.0	0.0		0.0	0.0	0.0
Total long-term interest-bearing debt		185.2	506.8	749.3		131.8	455.6	675.2
Net interest-bearing debt		154.0	466.7	750.5		972.6	1 007.9	980.2

10.2 – Repayment plans on long-term loans

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Long-term debt falling due within						
1 year	13.8	14.4	36.1	0.0	0.0	16.1
2 years	3.1	8.4	93.8	0.0	0.0	85.0
3 years	2.5	1.6	325.8	0.0	0.0	318.9
4 years	163.8	1.4	256.3	131.8	0.0	255.2
5 years	1.8	480.0	0.9	0.0	455.6	0.0
6 years and more	0.2	1.0	36.4	0.0	0.0	0.0
Total	185.2	506.8	749.3	131.8	455.6	675.2

10.3 – Interest adjustment

Amounts in NOK millions – according to currency	The Group and Moelven Industrier ASA	
	NOK	SEK
Interest adjustment for the following years		
2008	0.0	100.0
2009	0.0	100.0
2010	0.0	0.0
2011	35.0	0.0
2012	0.0	0.0
2013 and later	0.0	0.0
Total	35.0	200.0

10.4 – Type and credit in syndicated loan market

Amounts in NOK millions	The Group and Moelven Industrier ASA		
	2007	2006	2005
Type	1 050.0	1 050.0	1 117.7
Credit	126.8	455.6	675.2
Remaining term in months	42	54	-

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

10.5 – Future liquid holdings

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Long-term financing						
at 31 December	1 092.8	1 085.0	1 154.9	1 055.0	1 050.0	1 119.9
in 1 years	1 085.0	1 085.0	1 132.7	1 055.0	1 050.0	1 097.7
in 2 years	1 085.0	1 085.0	1 027.6	1 055.0	1 050.0	992.6
in 3 years	1 085.0	1 085.0	612.6	1 055.0	1 050.0	577.6
in 4 years	0.0	1 085.0	35.0	0.0	1 050.0	0.0
in 5 years	0.0	0.0	35.0	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 100 million, EURO 4 million, DKK 35 million and GBP 0.5 million, which amount to NOK 259.2 million in all. As a result of normal seasonal variations, the Group's net interestbearing debt was at its highest at NOK 512.5 million in the spring 2007.

Long-term borrowing rights at 31.12.2007 are expected to cover liquidity needs for the coming three years, as new long-term financing was arranged in the summer 2006; a certain level of cash flow from operations has also been accounted for.

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		
	2007	2006	2005	2007	2006	2005
Loan guarantees/financial guarantees	39.5	36.5	81.1	157.8	117.9	201.3
Surety and prepayment guarantees	0.0	0.0	0.3	161.1	192.4	91.3
Guarantees for employee tax deductions	0.0	0.0	0.0	35.7	36.5	30.6
Total	39.5	36.5	81.4	354.6	346.8	323.2

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		
	2007	2006	2005	2007	2006	2005
Bank overdraft	0.0	0.0	0.0	0.0	0.0	0.0
Long-term loans	39.1	35.0	37.3	5.0	0.0	0.0
Total	39.1	35.0	37.3	5.0	0.0	0.0

13.2 – Book value of pledged assets

Amounts in NOK millions	The Group		
	2007	2006	2005
Machinery and plants	30.4	31.5	19.2
Buildings	19.3	12.0	6.6
Land	5.0	4.1	3.3
Stocks	28.7	0.0	0.0
Accounts receivable	5.9	0.0	0.0
Total	89.3	47.6	29.1

14 INTANGIBLE ASSETS

14.1 – Goodwill

Amounts in NOK millions	The Group		
	2007	2006	2005
Historical cost of capitalised goodwill at 01.01.	21.6	39.8	43.3
Acquisition/sale – Timber	0.0	0.0	0.0
Acquisition/sale – Wood	0.0	0.0	1.3
Acquisition/sale – Building Systems	0.0	3.0	4.0
– Cost price of depreciated goodwill	0.0	-21.2	-8.9
Historical cost of capitalised goodwill at 31.12.	21.6	21.6	39.7
Depreciation for year	-3.3	-4.6	-3.5
– Depreciated goodwill	0.0	21.2	8.9
Accumulated depreciation	-16.5	-13.3	-29.9
Book value of capitalised goodwill at 31.12.	5.1	8.3	9.8

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.

14.2 – Other intangible assets

In 2007 NOK 2.0 millions has been taken into group accounts as intangible asset related to ongoing project creating new website www.moelven.com. The project is a part of Moelven's brand platform "Quality rooms" and implementation is scheduled during 2008.

15 INVESTMENTS IN AND SALE OF FIXED ASSETS

Amounts in NOK millions	The Group					
	2007		2006		2005	
	Invest.	Sale	Invest.	Sale	Invest.	Sale
Fixtures and fittings	2.1	0.0	7.5	1.6	6.7	1.2
Machinery and plants	256.0	4.6	229.5	5.4	80.6	2.4
Buildings	56.1	13.1	7.0	16.4	25.3	6.3
Land	9.3	0.0	0.6	4.2	3.4	0
Total	323.5	17.7	244.6	27.6	116.0	9.9

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.

2005: Investments include additions from the acquisition of Mesna Installasjon AS and Fireguard Scandinavia AS amounting to NOK 4.4 millions.

16 TANGIBLE ASSETS

16.1 – Book value

THE GROUP

Amounts in NOK millions	Land	Buildings and other property	Machines and plants	Fixtures and fittings, tools etc.	Total
Acquisition value at 1 January	70.4	610.9	1 647.3	126.7	2 455.3
Additions	2.1	56.1	256.0	9.3	323.5
Value at disposal		8.7	5.1		13.8
Acquisition value at 31 December	72.5	658.3	1 898.2	136.0	2 765.0
Acc. ord. depreciation at 1 January	4.6	309.5	977.3	88.9	1380.3
Disposals acc. depreciation		1.4	2.5		3.9
Depreciation current year ¹		35.4	123.8	14.5	173.7
Acc. ordinary depreciation at 31 December	4.6	343.5	1 098.6	103.4	1 550.1
Net book value at 1 January	68.6	314.1	717.0	35.9	1 135.6
Net book value at 31 December	67.9	314.8	799.6	32.6	1 214.9
Ordinary depreciation rates in per cent	0	2.5-10	7-15	15-20	

1. Depreciations for the year in accordance with the profit and loss account includes depreciation on tangible assets of NOK 173.7 millions, and depreciation on intangible assets of NOK 3.3 millions.

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	65.2	114.0
Additions				1.0	1.0
Value at disposal					
Acquisition value at 31 December	3.5	41.8	3.5	66.2	115.0
Acc. ord. depreciation at 1 January	0.0	36.6	1.9	43.9	82.4
Disposals acc. depreciation					
Depreciation current year		1.3	0.4	8.2	9.9
Acc. ordinary depreciation at 31 December	0.0	37.9	2.3	52.1	92.3
Net book value at 1 January	3.5	5.2	1.6	21.4	31.7
Net book value at 31 December	3.5	3.9	1.2	14.1	22.7
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	15.0	2.0	17.0

17 WAGES AND PENSION COSTS/PENSION LIABILITIES

17.1 – Payroll expenses

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Wages and salaries	1 058.7	942.9	902.1	24.9	22.7	19.9
Employer's national insurance contribution and social expenses	320.4	283.9	267.5	3.7	3.6	3.2
Pension costs	54.4	44.3	44.4	8.2	7.9	9.3
Other contributions/other personnell costs, incl. amount charged to subsidiaries				-0.2	-0.4	0.4
Total	1 433.5	1 271.1	1 214.0	36.6	33.8	32.8

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.

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.

17.2 – 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 2007 is 5.0 per cent. The interest rate consists of an actual interest of 4.68 per cent as of 31.12.2007, plus an add-on for risk of 0.32 percentage points. The guidelines for calculating pension commitments recommend an add-on for risk of up to 0.5 percentage points.

	The Group		
	2007	2006	2005
Return on pension funds	6.00%	5.50%	6.00%
Discount rate	5.00%	4.50%	5.00%
Growth in annual salaries	4.50%	3.00%	3.00%
Growth in the National Insurance Scheme's basic amount (G)	4.25%	3.00%	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%

17.3 – Pension costs

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Earnings for the year	25.4	16.9	21.1	4.4	2.6	2.7
Interest cost on pension liabilities	19.1	16.1	17.1	3.3	3.0	3.0
Pension costs (gross)	44.5	33.0	38.2	7.7	5.6	5.7
Expected return on pension assets	-15.3	-13.6	-14.2	-3.0	-3.1	-3.1
Amortisation of transfer amounts, contribution-based pension	-3.5	-4.2		-0.6	-0.6	
Changes in estimates	7.7	8.4	6.8	3.2	4.0	5.2
Administration costs	1.5	1.2		0.1	0.1	
Deferred employers' national insurance contributions	2.3	1.4	1.3	0.4	0.5	0.7
Pension costs, defined benefit plans	37.2	26.2	32.1	7.8	6.5	8.5
Pension costs, defined contribution-based plans and others	17.2	18.1	12.3	0.4	1.4	0.8
Total pension costs	54.4	44.3	44.4	8.2	7.9	9.3
of which pension costs for contractual pensions (AFP)	10.7	7.6	7.4	0.4	0.3	0.3

17.4 – Pension liabilities

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Balance at 1 January						
Accumulated earnings	309.0	316.5	268.5	63.5	61.7	55.2
Pension based on future salary increases	71.2	56.6	48.2	8.5	3.0	2.9
Pension liabilities (gross)	380.2	373.1	316.7	72.0	64.7	58.1
Pension funds	-256.1	-253.6	-248.6	-57.7	-55.0	-59.1
Non-entered changes in schemes	6.7					
Estimated change and variance, not charged	-105.1	-101.9	-61.0	-25.8	-25.7	-20.9
Uninsured employers' national insurance contributions	9.0	8.5	8.2	2.7	2.3	1.7
Pension liabilities (net), surplus	34.7	26.1	15.3	-8.8	-13.7	-20.2
Balance at 31 December						
Pension liabilities (gross)	427.8	380.2	373.1	77.0	72.0	64.7
Pension funds (anticipated)	-268.0	-256.1	-253.6	-58.6	-57.7	-55.0
Non-entered changes in schemes		6.7				
Estimated change and variance, not charged	-112.2	-105.1	-101.9	-24.3	-25.8	-25.7
Uninsured employers' national insurance contributions	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
Total net pension funds, permissible insured schemes	-40.1	-48.0	-55.1	-27.6	-31.1	-32.1
Insured schemes not allowed to be offset by over-financed schemes	34.5	32.9	29.5	23.4	22.3	18.4
Pension liabilities, contractual pensions (AFP)	60.9	50.5	51.0	1.3	1.1	0.9
Total pension liabilities	95.4	83.4	80.5	24.7	22.3	18.4
The estimated variance is based on the following anticipated remaining service time of the membership mass	11 years	11 years	12 years	9 years	10 years	13 years

17.5 – Key figures

	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
The Group's overall pension commitments (TBO) ¹ for insured schemes (NOK mill.)	418.0	383.0	422.0	58.6	64.6	59.5
No. of active persons insured schemes	847	972	1657	40	50	76
No. of pensioners insured schemes	503	422	353	80	78	77
No. of persons in connection with contractual pension plans (AFP)	1 795	1 680	1 728	54	49	51

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

18 INVESTMENTS IN SUBSIDIARIES

Amounts in NOK 1 000	Share of ownership	Company's share capital	Moelven Industrier ASA		
			No. of shares	Face value	Book value at 31 Dec.
Moelven Industrier ASA owns					
Moelven Timber AS	100.0%	93 220	9 322	93 220	111 730
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 Våler 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	16 531
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
Mjøskompetanse AS	100.0%	130	13	130	92
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					1 007 571

1. "Other operating expenses" in Moelven Industrier ASA includes NOK 12.4 millions (10.0 in 2006 and 0.0 in 2005) in write-downs of shares in subsidiaries.

Cont. note 18

Amounts in NOK 1 000	Share of ownership	Company's share capital	No. of shares	Face value	Book value at	
						31 Dec.
Moelven Industrier AB owns						
Moelven Notnäs AB	100.0%	SEK 3 250	650 000	SEK 3 250		42 275
Moelven List AB	100.0%	SEK 5 500	55 000	SEK 5 500		18 630
Moelven Byggmodul AB	100.0%	SEK 5 000	50 000	SEK 5 000		41 765
Moelven Norsälven AB	100.0%	SEK 3 500	35 000	SEK 3 500		29 593
Moelven Ransbysågen AB	100.0%	SEK 1 000	10 000	SEK 1 000		14 374
Moelven Värmlands Trä AB	100.0%	SEK 3 000	3 000	SEK 3 000		27 817
Moelven Component AB	100.0%	SEK 2 580	25 800	SEK 2 580		6 592
UJ-Trading AB	100.0%	SEK 1 500	15 000	SEK 1 500		7 610
Skåre Kontorshotell AB	100.0%	SEK 100	1 000	SEK 100		613
Moelven Wood AB	100.0%	SEK 9 000	90 000	SEK 9 000		12 714
Moelven Notnäs Wood AB	100.0%	SEK 3 800	38 000	SEK 3 800		13 021
Moelven Valåsen Wood AB	100.0%	SEK 20 100	201 000	SEK 20 100		24 001
Moelven Valåsen AB	100.0%	SEK 50 000	500 000	SEK 50 000		126 825
Moelven Dalaträ AB	100.0%	SEK 20 000	200 000	SEK 20 000		46 503
Moelven Eurowand AB	100.0%	SEK 40 000	40 000	SEK 40 000		38 555
Moelven Edanesågen AB	100.0%	SEK 400	4 000	SEK 400		65 886
Moelven Nössemark Trä AB	100.0%	SEK 300	3 000	SEK 300		47 535
Moelven Ärjäng Säg AB	100.0%	SEK 300	3 000	SEK 300		42 275
Moelven Tom Heurlin AB	100.0%	SEK 1 500	15 000	SEK 1 500		42 275
Moelven Skog AB	80.0%	SEK 5 000	400	SEK 4 000		3 382
Moelven Byggfinansiering AB	100.0%	SEK 275	2 750	SEK 275		6 801
Moelven Töreboda AB	100.0%	SEK 12 000	120 000	SEK 12 000		40 584
Moelven Malmö Holding AB	100.0%	SEK 2 580	2 580	SEK 2 580		13 107
SB Sägbränsle AB	77.8%	SEK 112	871	SEK 87		71
Total Moelven Industrier AB						712 801
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 Elektro AS owns						
Mesna Installasjon AS	100.0%		100	100	100	9 000
Moelven Malmö Holding AB owns						
Moelven Malmö AB	100.0%	SEK 1 200	1 200	SEK 1 200		3 805
SB Sägbränsle AB owns						
Vänerbränsle AB	100.0%	SEK 100	1 000	SEK 100		3 033

19 INVESTMENTS IN OTHER SHARES

Amounts in NOK 1 000	Moelven Industrier ASA				Book value at	
	Share of ownership	Company's share capital	No. of shares	Face value		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
Skogcertifisering Mellansverige AB	30.1%	SEK 400	1 205	SEK 120		139
Naturbränsle Mellansverige AB	10.7%	SEK 1 405	1 500	SEK 150		126
Svenskt Limträ AB	33.0%	SEK 100	333	SEK 33		30
Others						135
Total others						620
Total for the Group						728

1. "Other operating expenses" in Moelven Industrier ASA includes NOK 5.0 millions (3.0 in 2006 and 0.0 in 2005) in write-down of shares in SIVA Moelv Næringspark AS.

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

Land Sag AS	30.0%	7 707	812	812	2 945
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	2 431
Total					12 676

20 INVESTMENTS IN ASSOCIATED COMPANIES

Amounts in NOK 1 000	Share of ownership	Value at 1 Dec.	Balance: Additions/Disp.	Value at 31 Dec.	Share profit
Vamo KS (closed down)	40.5%	13	-13	0	-12
Total Moelven Industrier ASA		13	-13	0	-12
Vamo AS (closed down)	45.0%	45	-45	0	
Land Sag Eiendom AS (merged with Land Sag AS)	30.0%	1 571	-1 571	0	
Land Sag AS	30.0%	2 463	482	2 945	1 950
Weda Skog AB	50.0%	7 300	0	7 300	0
Moelven MassivTre AS	47.2%	2 760	-329	2 431	-1 829
Total others		14 139	-1 463	12 676	121
Total for the Group		14 152	-1 476	12 676	109

21 MINORITY INTEREST

The Group accounts include the following companies with minority interests;

	The Group		
	2007	2006	2005
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%	0.0%
SB Sågbränsle AB	22.2%	0.0%	0.0%
Vänerbränsle AB	22.2%	0.0%	0.0%

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

	The Group		
	2007	2006	2005
Profit and loss items			
Operating revenues	166.0	99.2	94.5
Net profit for the year	4.1	-0.2	-0.6
Balance sheet items			
Equity	17.4	11.2	11.2
Total capital	54.0	48.0	46.0

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	394.1	11.2	0.0	1 233.7
Net profit						695.4	695.4
Allocation of net profit				691.3		-691.3	0.0
Exchange rate differences, etc.				-22.6			-22.6
Provision for dividend				-336.8			-336.8
Minority interests				-2.1	6.2	-4.1	0.0
Balance at 31 December	647.7	180.7	0.0	723.9	17.4	0.0	1 569.7

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	241.3		0.0	1 069.7
Net profit						210.7	210.7
Allocation of net profit				-126.1		126.1	0.0
Provision for dividend						-336.8	-336.8
Balance at 31 December	647.7	180.7	0.0	115.2		0.0	943.6

22.2 – Own shares/authority to issue new shares

Authorisation granted board of directors by the general meeting on 20 April 2007:

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 starting point for setting the final rate shall be the rate used for Metsäliitto's sale of 65.2 per cent of the shares pursuant to agreement dated 14 December 2006. The rate must not be lower than NOK 10.00 and not higher than NOK 17.00. 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 2007 a total of 1 100 own shares.

22.3 – The largest shareholders at 9 January 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	51 338 629	39.63%
Glommen Skog BA	32 486 396	25.08%
Viken Skog BA	15 378 530	11.87%
Mjøsen Skog BA	15 221 334	11.75%
AT Skog BA	9 442 026	7.29%
Havass Skog BA	5 202 676	4.02%
Largest shareholders	129 068 591	99.64%
Other 961 shareholders	472 693	0.36%
Total	129 541 284	100.00%

Cont. note 22.3

Exemption Model

As of 2006, a so-called "exemption model" for private shareholders inside EEA/EU has been introduced, in which risk-free benefits are exempt from taxes.

In this model, the cost price including RISK is the basis for calculating exemption status, and thereby tax-free yield. Riskfree yield is assigned a standard interest determined by the Norwegian Ministry of Finance, based on the average interest of government bonds with a 0-3 month timeframe.

RISK adjustment

Upon the sale of shares, Norwegian shareholders are able until 01.01.2006 to adjust the cost-price with the annual RISK (Regulation of shareholders' taxable start value with the change in taxable capital). Due to changes in tax legislation, the RISK system will be discontinued starting in 2006. The last RISK assessment was for the income year 2005, with a determination as of 01.01.2006.

Even though the RISK system will be discontinued for private Norwegian shareholders, they will retain the RISK they earned during the period of share ownership. This means that Norwegian shareholders who are liable for taxes on later sales of shares should keep track of information regarding earned RISK amount for the later sale of shares. Earned RISK shall also be specified in the annual shareholders form. The RISK rules were passed into law in 1992, with the first determination being as of 01.01.1993. Alternative entry value for Moelven's shares without documented cost price for 1992 was NOK 13.82.

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

The share capital in Moelven Industrier ASA consists of 129 542 384 shares with a face value of NOK 5, and there is only one class of shares. In all, the shares are distributed among 967 shareholders, of which the seven largest shareholders are Eidsiva Vekst AS/ Felleskjøpet Agri BA (via the company Eidsiva MI AS) and the forestry cooperatives Glommen Skog BA, Mjøsken 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.

RISK-amount per share

Date	Amount
Per 1 January 1993	0.00
Per 1 January 1994	0.00
Per 1 January 1995	-0.16
Per 1 January 1996	-0.12
Per 1 January 1997	-0.10
Per 1 January 1998	-0.35
Per 1 January 1999	-0.25
Per 1 January 2000	-0.11
Per 1 January 2001	-0.21
Per 1 January 2002	-0.12
Per 1 January 2003	-0.16
Per 1 January 2004	-0.11
Per 1 January 2005	-0.16
Per 1 January 2006	-0.25

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 then such suppliers shall be chosen.

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

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

Corporate assembly		Alternates		Board of Directors		Alternates	
Name	No. of shares	Name	No. of shares	Name	No. of shares	Name	No. of shares
Even Mengshoel (chairman)	771	Kjersti Solberg	0	Svein E. Skorstad (chairman)	1 000	Elisabeth Krokeide	0
Mikael Løken	0	Børre Rogstadkjærnet	0	Ola Mørkved Rinnan	0	Svein Haare	0
Christian Ramberg	0	Knut Aas	0	Ingrid Dahl Hovland	0	Bjørn Egil Jorgensrud*	0
Lars-Ole Gimming	0	Kristian M. Noer	0	Torstein A. Opdahl	0	Group Executive Board	
Helge Evju	0	Elisabeth Bjøre Glesne	0	Guro Vale Kvavik	0	Hans Rindal (CEO)	400
Tormod Hermansen	0	Maren Kyllingstad	0	Martin Fauchald*	0	Johan Padel	0
Thor Svegård	0	Ola Syverinsen	0	Gunde Haglund*	0	Dag E. Sand	200
Hilde Grøneng	0	Randi Helene Roed	0	*Employee representatives			
Lars-Håkan Karlsson*	0	Karl Erik Höög*	0			Reidar Mo	200
Rolf Ellevold*	0	Odd Henning Kallager*	0				
Johan Rangedahl*	0	Ann-Christine Löfborg*	5				
Lise Øverjordet*	0	Knut Ivar Tofsrud*	0				
		Lennart Perez*	0				
		Jan Arve Sinnerud*	0				

22.6 – Proposal regarding 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. The proposal will be discussed at the General Meeting on 17 April 2008, and any decision will apply for the coming 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.

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.

Cont. note 22

22.7 – Management benefits

Amounts in 1000 NOK, paid in accounting year	The Group		
	2007	2006	2005
Remuneration to board members	787.5	805.0	822.0
Remuneration to corporate assembly	265.0	190.0	235.0
Salary to President/CEO, Hans Rindal	1 902.3	1 776.0	307.5
Contribution-based pension, Hans Rindal	200.0	116.7	
Other benefits to President/CEO, Hans Rindal	84.2	25.8	
Non-recurring payment due to discontinuance of collective annuity, Reidar Mo og Dag Sand	1 448.2		
Salary to President/CEO, Ole Salvén		127.0	1 058.0
Other benefits to President/CEO, Ole Salvén			168.0
Salary to President/CEO, Bo Borgström			435.3
Other benefits to President/CEO, Bo Borgström			11.0
Total	4 687.2	3 040.5	3 036.8

Board chairman receives NOK 150 thousand and other board members NOK 90 thousand per year in remuneration. Deputy board members receive NOK 5 thousand per meeting. Board chairman receives an additional NOK 150 thousand in remuneration this year.

Chairman of Corporate Assembly receives NOK 40 thousand per year in remuneration. Corporate Assembly members and deputy members receive NOK 5 thousand per meeting. President/CEO is entitled to a salary for a period of 18 months subsequent to leaving the position (minus any salary paid by new employer). This policy is consistent with Moelven's standard employment contract for executive management.

For persons earning pension rights according to a benefit pension scheme (and not a contribution-based pension scheme), pension costs are not entered in the accounts as payment of service for that accounting year.

22.8 – Remuneration to accountant

Amounts in NOK millions, paid in accounting year	The Group			Moelven Industrier ASA		
	2007	2006	2005	2007	2006	2005
Legally mandated account audit	3.5	4.1	4.1	0.3	0.3	0.4
Other services related to certification	0.2	0.3	0.5	0.0	0.0	0.0
Tax advisory services	0.2	0.3	0.2	0.1	0.0	0.1
For services other than the account audit	0.0	0.0	0.0	0.0	0.0	0.0
Total	3.9	4.7	4.8	0.4	0.4	0.4

22.9 – Share capital development since 1 January 1998

Year	Type of change	Change in		Total	
		share capital NOK millions	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 Notnås 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	Plavement 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

Auditor's report for 2007

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To the Annual Shareholders' Meeting of Moelven Industrier ASA

AUDITOR'S REPORT FOR 2007**Respective Responsibilities of Directors and Auditors**

We have audited the annual financial statements of Moelven Industrier ASA as of 31 December 2007, showing a profit of MNOK 210,7 for the parent company and a profit of MNOK 695,4 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 2007, 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, 14 February 2008

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

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Ålesund	Larvik	Stavanger
Bergen	Lilhammer	Stord
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Finnøy	Molde	Tromsø
Hamar	Narvik	Tromsø
	Rana	Ålesund

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Stattdokumenterte revisorer - medlemmer av Den norske Revisorforening

Statement by the Corporate Assembly

At a meeting on 3 March 2008, the Corporate Assembly considered the report of the Board of Directors and Managing Director and proposals for the annual accounts 2007 of Moelven Industrier ASA and the Group, and the proposal for dividend and proposal for allocation of profit for the year made by Moelven Industrier ASA.

The Corporate Assembly recommends that the Annual General Meeting approves the Board's and the Managing Directors report and proposals for the annual accounts 2007 of Moelven Industrier ASA and the Group, and proposal for dividend and the proposal for allocation of profit for the year made by Moelven Industrier ASA.

3 March 2008



Even Mengshoel
Chairman of the Corporate Assembly

FINANCIAL CALENDAR

17 April 2008
General meeting – Annual Accounts 2007

18 April 2008
First Quarter Report 2008

11 July 2008
Second Quarter Report 2008

17 October 2008
Third Quarter Report 2008

In the end of January 2009
Fourth Quarter Report/
Preliminary annual result 2008

April 2009
General meeting – Annual Accounts 2008

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