



ANNUAL REPORT
2010

Quality rooms

MOELVEN[®]

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Moelven's brand platform

Mission:

To supply quality rooms

Vision:

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

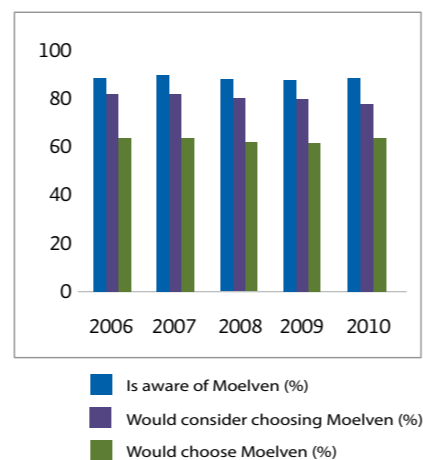
Values:

- Sustainable
- Reliable
- Seek opportunities

How do we assess our brand name?

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

Reputation measurement (%)



OPERATING PROFIT THE GROUP

242,4
NOK mill.

OPERATING PROFIT TIMBER

94,7
NOK mill.

OPERATING PROFIT WOOD

95,6
NOK mill.

OPERATING PROFIT BUILDING SYSTEMS

92,2
NOK mill.

MAIN FIGURES FOR FIVE YEARS

Amounts in NOK mill.	2010	2009	2008	2007	2006
THE GROUP					
Operating revenues	7 184.5	6 247.8	7 657.7	7 944.0	6 692.4
Operating profit	242.4	91.1	144.7	989.6	373.2
No. of employees	3 270	2 992	3 285	3 425	3 210
TIMBER					
Operating revenues	2 436.4	2 166.8	2 472.4	3 136.4	2 642.0
Operating profit	94.7	12.7	-143.3	544.4	166.7
WOOD					
Operating revenues	2 683.9	2 227.4	2 634.0	2 914.6	2 453.4
Operating profit	95.6	43.2	80.3	324.4	113.0
BUILDING SYSTEMS					
Operating revenues	2 171.5	1 933.0	2 748.0	2 382.8	1 937.5
Operating profit	92.2	61.4	235.1	159.3	121.8



Hans Rindal

“We have a corporate structure in which the group is built from the bottom up with many independent units which think in terms of business.”

“A normal year”

Because Moelven has to cope with a constantly changing world and cyclic market conditions, I need to be careful when I call a year “normal”. But of course, everything is relative, and 2007, 2008 and 2009 were all abnormal compared to 2010.

In many ways, it was a good year and better than we hoped when it started. During the course of the year, we have taken on more employees, and one of the best things was that we could once again give meaningful work to many of those we had to let go during the finance crisis. We also acquired three other companies, which means Moelven now consists of 48 production units in total. In addition, we have 34 offices running sales, installation and service.

This impressive number of units gives us a wide range of products and geographic spread, with representation on several markets. Some of these have expanded, whilst others continue to give problems. Overall, we have normal levels of demand for Moelven as a group, and the results for 2010 were therefore what we were able to achieve when conditions were neither for nor against us.

What have we learned from the roller-coaster ride of the last few years?

Firstly, that we cannot see further into the future than 6 months. This means that we have to allow for rapid changes and be able to adapt to what we have control over ourselves. We know that it is a waste of energy to focus on negative aspects beyond our control.

Secondly, that it is easier to make such quick adaptations in a large organisation if it is broken down into smaller, independent units with the authority to make the necessary changes. It is easier to find the motivation and localise solutions to local conditions, which is often the most sensible and best.

Thirdly, difficult times can be tackled better if we have a stronger springboard than our competitors when they occur. Such an advantage has to be built up when times are good, and many of Moelven’s units are well positioned – but not all, and we know what we have to work with.

Fourthly, that a good reputation depends on how we tackle a given situation, regardless of whether it is positive or negative. The important thing here is openness – whether the news is good or bad. If a change starts with acknowledgement, improvements will also be faster with openness than without.

The most important thing – that it’s people who make the difference – is something we already know, and if that’s true, can we make that difference?

This is a fact we try to apply every single day. We know we are never going to be better at predicting the future, but we continue to improve our ability to cope with change. We have a corporate structure in which the group is built from the bottom up with many independent units which think in terms of business. Focus on continuous improvement is necessary for our competitiveness. Major achievements at one time are rare, but a host of small changes will eventually make a difference. The result can be a victory, and almost always puts us in a position good enough to take us forward to the next round.

The start of 2011 brings us wage negotiation problems. A lot is due to the normal fluctuations in the market to which we have

to adapt, whilst other aspects are internal and things we are responsible for doing something about. On behalf of over 3000 employees at Moelven, I can promise that we look forward to tackling such problems. Much of what lies ahead we have overcome before. Anything new is something we are willing to tackle. Having the will to do so is a good start.

Hans Rindal
President and CEO



Award-winning architecture and design

Sweden and Norway won gold for creativity and silver for best architecture respectively during Expo 2010. Both pavilions were based to a large degree on Glulam structures from Moelven.

February 2010

Göran Storm named manager for Moelven Valåsen AB

In February it became clear who would be the new manager in Moelven Valåsen AB. The choice fell to Göran Storm who since May 2009 has been the interim manager of the sawmill.

March 2010

Module contract of NOK 120 million in Canada

Moelven ByggModul AS has received orders from rental company Malthus AS to deliver 750 fully furnished modules with a value of NOK 120 million to construction quarters in connection with the construction of a new nickel plant in south eastern Newfoundland in Canada.

Moelven in Sweden exhibits at "Nordbygg 2010"

At "Nordbygg 2010" Moelven worked together with the biggest interior building entities in the Swedish marketplace, Kinnarps and Fagerhult.

April 2010

Glulam turbines for tidal energy plant

In April it was announced that Moelven Limtre AS will supply eight turbine blades of laminated timber for a hydropower facility at Gimsøystrømmen in Nordland that turns ocean and tidal currents into electricity.

Moelven Töreboda AB delivers Sweden's largest wooden bridge to Solna

Moelven Töreboda AB received a large order in April, to deliver Sweden's largest wooden bridge to Solna. The bridge is 181.5 metres long, and will be used in connection with a comprehensive re-routing of traffic by Tomtebodas Haga Sodra in Solna.

May 2010

Two special projects in Stockholm

Moelven ByggModul AB received two interesting building projects in Stockholm. They are two very different projects: a roof-building project in the form of townhouses for "people on the go" and a retirement home specially adapted for the deaf.

Moelven acquires Sør-Tre Bruk AS and Eco Timber AS

Moelven Industrier ASA has reached agreement with the owners of Sør-Tre Bruk AS, consisting of Sør-Tre Bruk AS in Sannidal and Granvin Bruk AS in Hardanger, plus the owners of Eco Timber AS on acquisition of their shares in the companies. The acquisition will bolster Moelven's distribution, extend the product range and extend competencies within special and trading products in wood.

September 2010

Collaboration for supply of raw materials ends

After 10 years the owners of the manufacturing company Weda Skog AB decided to end the collaboration. The aim is to take a new regional approach to the supply of raw materials for saw mills in Sweden by moving Moelven's activities under Moelven Skog AB.

October 2010

Gold and silver to Moelven in Expo

The Swedish pavilion was awarded a gold medal for its creativity at the World Expo in Shanghai. The Norwegian one won silver in the class for architecture and design.

November 2010

Moelven Van Severen AS is safest in Moelven

Once more, Moelven Van Severen AS has been declared as the safest of all the Moelven companies in the regular round of risk assessment the group performs.

December 2010

Trysil cuts its way to a record

Moelven Trysil AS cut a record amount of timber in 2010 – reaching a total of more than 120,000 cubic metres.

Moelven's vision

Moelven is the natural choice for people who want to build and live in their home and will be the leader for development of buildings based on Scandinavian building traditions.

Moelven's market position

- Division Timber has a strong position in a fragmented market with a lot of competition.
- Division Wood is one of the leading suppliers to the Scandinavian market.
- Division Building Systems is one of the leading Scandinavian companies within industrial building.

Moelven's employees

Of our **3 270** employees at the end of 2010, the breakdown is:

1 824 in Norway
1 390 in Sweden
44 in Denmark
12 in other countries

Moelven's products

A wide range of building products and systems with associated services.

Moelven's customers

Three main segments: industrial, trade and project. The Scandinavian building market accounts for **80%** of sale revenues.

Moelven's raw materials

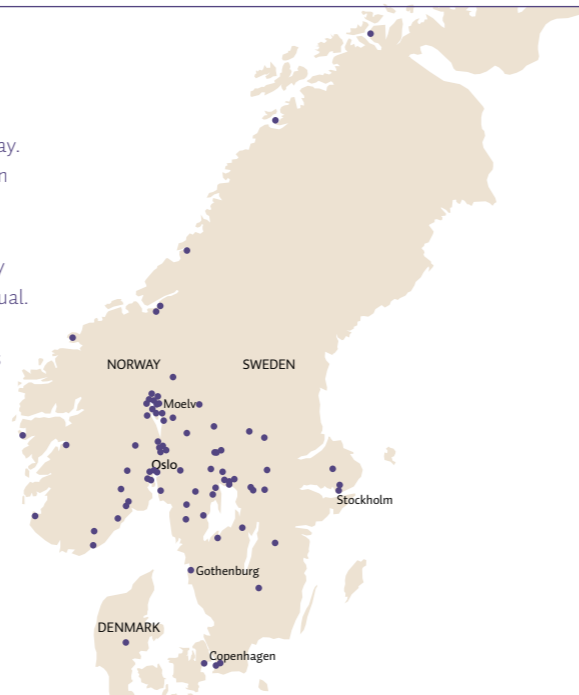
Wood and other nature materials are vital parts of Moelven's production, and dominate large elements of the range. Our raw materials are generally locally produced.

Moelven and the environment

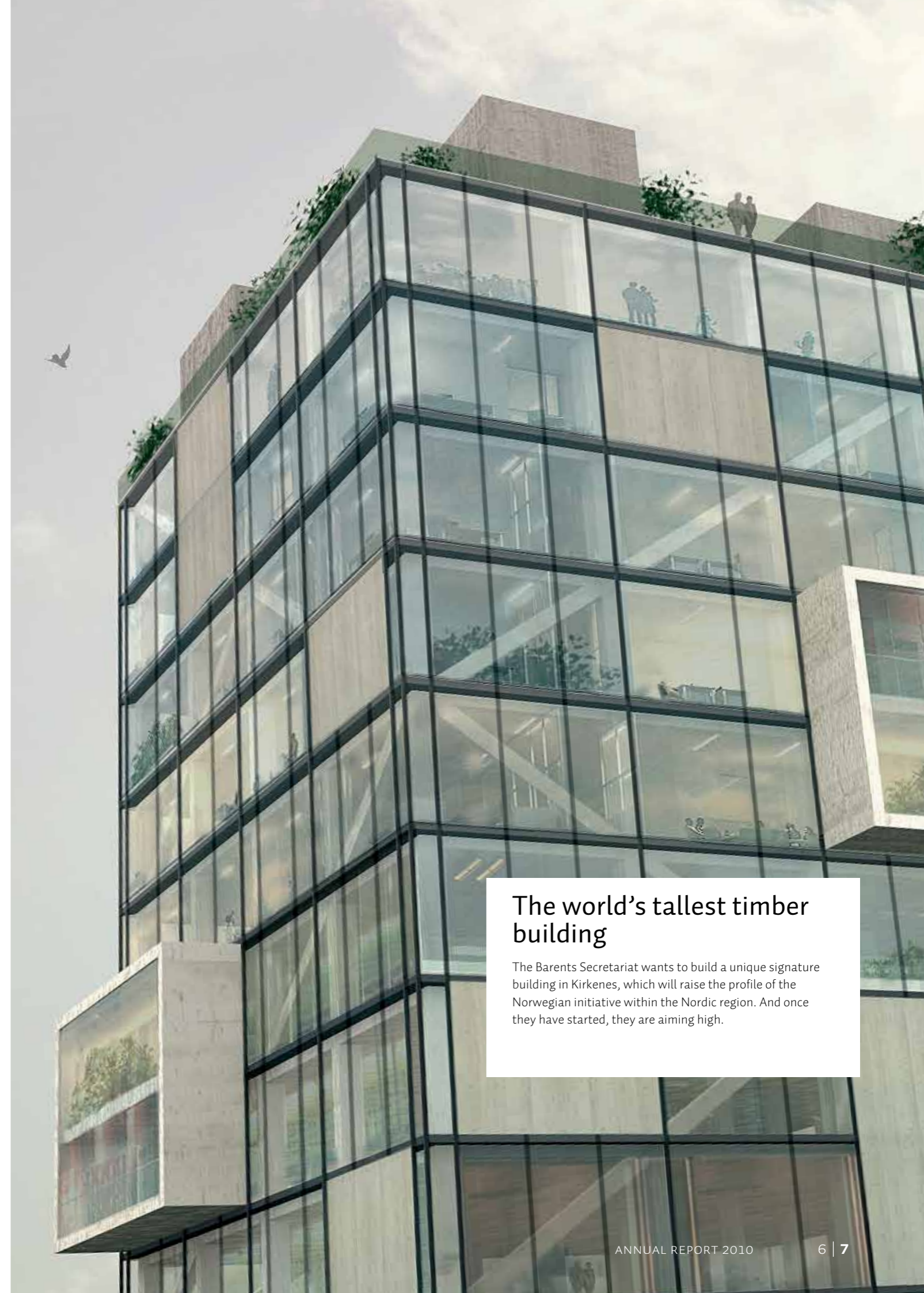
Moelven takes responsibility for the environment through sustainable and long-term use of renewable resources. The group continually strives to reduce its impact on internal and external environments.

Moelven: facts

- Head office in Moelv, Norway.
- 48 production units, most in southeastern Norway and western/central Sweden. Production levels in Norway and Sweden are roughly equal.
- 34 offices for sales, service and assembly on large sites in Norway, Sweden and Denmark.



More details in the Annual Report and at www.moelven.no/se/com



The world's tallest timber building
 The Barents Secretariat wants to build a unique signature building in Kirkenes, which will raise the profile of the Norwegian initiative within the Nordic region. And once they have started, they are aiming high.

MOELVENS DIVISIONS



Timber

Supplies industrial timber, components and chip products. Customers are industrial companies who buy build-in parts for their own production of construction elements, panels, floors, mouldings, furniture, windows and packaging.



Wood

Supplies white and impregnated building wood, mouldings, floors, interior panels, components and chip products. Customers are mainly builder's merchants. We also distribute the products of other manufacturers.



Building Systems

Four different corporate activities: Glulam, Building Modules, Building Fittings and Electric Services. Supplies customised building modules, flexible building fittings systems with associated services, advanced Glulam structures and electrical installations. Customers are primarily project customers.

Find out more at www.moelven.com/about-moelven/divisions/

Moelven Industrier ASA					
Timber acquisition, Fibres and Bio Energy - Finance and insurance Communication/Human Relations - ICT and Real Estate - Research and Innovation					
Timber		Wood		Building Systems	
Moelven Component AB	Moelven Nössemark Trä AB	Moelven Wood AS Moelven Wood AB Moelven Danmark A/S	Moelven Notnäs Wood AB	Moelven Limtre AS	Moelven ByggModul AS
Moelven Dalaträ AB	Moelven Ransbysågen AB	Moelven Iso3 AS (78.5%)	Moelven Soknabruket AS	Moelven Töreboda AB	Moelven ByggModul AB
Moelven Løten AS	Moelven Telemarksbruket AS (51,0%)	Moelven Are AS	Moelven Treinteriør AS	Moelven UK Ltd.	Moelven Nordia AS
Moelven Mjåsbruket AS	Moelven Tom Heurlin AB	Moelven Edanesågen AB	Moelven Trøysil AS	Moelven Eurowand AB	Moelven Nordia Prosjekt AS
Moelven Norsälven AB	Moelven Väler AS	Moelven Eidsvold Værk AS	Moelven Valåsen Wood AB	Moelven Elektro AS	
Moelven Notnäs AB	Moelven Årjang Såg AB	Moelven Eidsvoll AS	Moelven Van Severen AS	Moelven Elektro AB	
Moelven Numedal AS	Moelven Valåsen AB	Moelven Langmoen AS	Moelven Värmlands Trä AB		
	UJ-Trading AB	Moelven List AB	Moelven Østerdalsbruket AS		
		Moelven Wood Prosjekt AS	Moelven Sør-Tre AS		
			Moelven Granvin Bruk AS (87.95%)		

MAIN FIGURES FOR FIVE YEARS

Amounts in NOK mill.	2010	2009	2008	2007	2006
THE GROUP					
Operating revenues	7 184.5	6 247.8	7 657.7	7 944.0	6 692.4
Depreciation & write-downs	212.8	202.5	199.2	177.0	177.6
Operating profit	242.4	91.1	144.7	989.6	373.2
Financial items	-13.3	50.1	-148.7	-17.4	-36.8
Operating result before tax	229.1	141.2	-4.0	972.2	336.4
Total capital	4 036.8	3 250.2	3 598.6	3 604.2	3 071.6
Equity ratio	43.4	50.1	44.8	43.6	40.2
Net operating margin in %	3.4	1.5	1.9	12.5	5.6
Cash flow from operating profit ¹	455.2	293.6	343.9	1 166.6	550.8
Investments	258	222	346	292	245
No. of employees	3 270	2 992	3 285	3 425	3 210
TIMBER					
Operating revenues	2 436.4	2 166.8	2 472.4	3 136.4	2 642.0
Depreciation & write-downs	85.9	87.1	84.6	72.2	67.4
Operating profit	94.7	12.7	-143.3	544.4	166.7
Financial items	-13.8	-11.1	-13.1	0.3	-9.9
Operating result before tax	80.9	1.6	-156.4	544.7	156.8
Total capital	1 502.6	1 306.4	1 572.8	1 788.5	1 407.0
Net operating margin in %	3.9	0.6	-5.8	17.4	6.3
Cash flow from operating profit ¹	180.6	99.8	-58.7	616.6	234.1
Investments	112	86	175	130	121
No. of employees	643	661	803	869	857
WOOD					
Operating revenues	2 683.9	2 227.4	2 634.0	2 914.6	2 453.4
Depreciation & write-downs	84.2	72.9	67.4	61.1	58.4
Operating profit	95.6	43.2	80.3	324.4	113.0
Financial items	-22.4	-20.4	-17.1	-7.6	-14.0
Operating result before tax	73.2	22.8	63.2	316.8	99.0
Total capital	1 776.8	1 497.8	1 563.5	1 653.7	1 378.1
Net operating margin in %	3.6	1.9	3.0	11.1	4.6
Cash flow from operating profit ¹	179.8	116.1	147.7	385.5	171.4
Investments	67	80	109	106	78
No. of employees	952	856	880	922	840
BUILDING SYSTEMS					
Operating revenues	2 171.5	1 933.0	2 748.0	2 382.8	1 937.5
Depreciation & write-downs	34.9	33.7	35.2	31.5	31.2
Operating profit	92.2	61.4	235.1	159.3	121.8
Financial items	1.1	3.3	14.7	10.7	1.1
Operating result before tax	93.3	64.7	249.8	170.0	122.9
Total capital	1 123.6	953.9	1 108.6	1 041.7	1 035.9
Net operating margin in %	4.2	3.2	8.6	6.7	6.3
Cash flow from operating profit ¹	127.1	95.1	270.3	190.8	153
Investments	61	31	46	54	44
No. of employees	1 542	1 379	1 512	1 543	1 435

1. Operating result + depreciation

Amounts in NOK mill.	2010	2009	2008	2007	2006
LAMINATED TIMBER					
Operating revenues	467.9	397.1	524.1	483.2	424.9
Depreciation & write-downs	18.4	15.6	16.0	14.7	13.1
Operating profit	12.9	4.0	38.5	24.4	25.4
Net operating margin in %	2.8	1.0	7.3	5.0	6.0
Investments	42	25	20	22	23
No. of employees	300	280	258	279	263
ELECTRICAL ENGINEERING					
Operating revenues	412.1	397.5	435.5	358.4	219.4
Depreciation & write-downs	1.2	3.1	3.0	1.9	0.7
Operating profit	3.1	9.0	8.5	5.9	3.7
Net operating margin in %	0.8	2.3	2.0	1.6	1.7
Investments	4	1	0	0	0
No. of employees	278	238	243	207	231
MODULAR BUILDINGS					
Operating revenues	740.4	513.0	1 030.7	944.4	736.1
Depreciation & write-downs	10.6	10.6	12.8	11.2	12.6
Operating profit	33.7	1.5	94.2	66.0	37.8
Net operating margin in %	4.6	0.3	9.1	7.0	5.1
Investments	8	2	16	29	19
No. of employees	516	410	522	606	502
SYSTEM INTERIORS					
Operating revenues	581.7	644.8	784.3	633.8	593.6
Depreciation & write-downs	4.7	4.4	3.4	3.7	4.8
Operating profit	42.5	46.9	93.9	63.0	54.8
Net operating margin in %	7.3	7.3	12.0	9.9	9.2
Investments	7	3	10	3	2
No. of employees	448	451	489	451	439
OTHER BUSINESSES					
Operating revenues	1 755.8	965.1	388.5	368.9	171.7
Depreciation & write-downs	7.8	8.7	11.6	11.6	19.7
Operating profit	-40.1	-26.2	-27.4	-38.6	-28.3
Financial items	21.8	78.3	-133.2	-20.6	-14.0
Operating result before tax	-18.3	52.1	-160.6	-59.1	-42.3
Cash flow from operating profit ¹	-32.3	-17.5	-15.8	-27.0	-8.6
Investments	18	25	16	2	2
No. of employees	133	96	90	91	78



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

Industry

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

Sawn timber

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

Chips

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

Glulam, Kerto and girder systems

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

Board and Construction Products

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

Trade

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

Flooring, panels and mouldings

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

Facade and outdoor environment

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

Construction wood and boards

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

Glulam, Kerto, beam systems, boards and building materials

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

Project

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

Modular buildings

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

Interior systems

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

Electrical systems

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

Glulam, Kerto, beam systems, boards and building materials

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



- Operating revenues rose to NOK 7,184.5 million (6,247.8), while operating profit increased to NOK 242.4 million (91.1).
- Higher prices for timber and falling finished goods prices pushed margins down at the end of the year.
- The Building Systems division enjoyed good market conditions in Sweden.
- Acquisition of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS.

KEY DEVELOPMENTS

For the Moelven Group, the year 2010 saw operating revenues and profit at acceptable levels. However, the year was marked by fluctuating levels of activity and profitability, both over time and across the Group's different operations. The financial crisis has passed and activity in most of the Group's markets has increased, but there are still clear after-effects in many areas and continued volatility in both demand and price levels. This poses a great challenge to the

“ The Group has concentrated on increasing flexibility and is now better equipped to deal with rapid changes in the economy than it was just a few years ago.”

Group's ability to adapt quickly to changing market conditions. The Group has concentrated on increasing flexibility and is now better equipped to deal with rapid changes in the economy than it was just a few years ago. The capacity adjustments and cost reductions implemented in 2009 have also yielded the intended results.

The year was marked by a cold winter which combined with locally heavy snowfall to put even more of a brake on activity in the building and construction sector in Scandinavia than is usual for the season. In the second quarter, however, activity in the market increased, and prices for both finished goods and sawn timber, which is raw material for the sawmills, rose. For industrial timber, which is the main product of the Timber division, the price rise was driven by total production in this market falling below demand. The supply of industrial timber then gradually recovered without demand increasing at the same rate, creating a growing imbalance in the market. Prices peaked in the third quarter, and in the fourth quarter the prices of sawn industrial timber fell sharply, with demand in many European markets remaining low. Because the prices of sawn timber change more slowly than those of industrial timber, margins in the timber-consuming units fell.

Demand for wood-based building materials produced by the Wood division was steady, with satisfactory prices. However, rising raw material prices also brought reduced margins during the year. Sales of board products are continuing to rise and are growing particularly fast in the Swedish market. The proportion of purchased building materials that supplement our own range and are distributed to retailers through our own distribution network is also increasing.

The Building Systems division mainly supplies the commercial building market in Norway and Sweden. The market situation for the division's Swedish units improved in the fourth quarter, but without prices rising to any significant extent. The position for some of the Norwegian units was unsatisfactory in 2010, and although the order book for

the whole division did grow during the year, many Norwegian units made temporary lay-offs running past the end of the year and into 2011. Despite demanding market conditions, the units displayed a pleasing ability to adjust their capacity and cost structure.

Major events in 2010

In February, three warehouses at Moelven Østerdalsbruket AS in Koppang burned down. Nobody was injured in the fire. A prompt alarm and effective work to extinguish the blaze prevented the fire from reaching any production facilities or other buildings.

As part of the long-term strategic plan for the development of the Group, Moelven acquired Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS in June. The acquisitions will reinforce the Group's distribution capability, broaden the produce range and increase competence in the field of wood-based special and trading products. All three companies belong to the Wood division.

Moelven has terminated the agreement with AB Karl Hedin and Bergkvist-Insjön AB on cooperation in timber purchasing in Sweden through Weda Skog AB. Moelven will handle most of its future raw material procurement in Sweden through its wholly-owned subsidiary Moelven Skog AB.

Prompted by a handover to a new generation and a financially stretched situation at Lamelspær ApS, Moelven Danmark AS opted to pick up the production of Lamelspær products from 1 November onwards. The products round off Moelven's range of beams and provide a wider overall range.

Moelven Massivtre AS wound up its production of solid wood panelling in the fourth quarter. The reason was that the operation could not be made profitable, nor was it possible to find other prospects or partners willing to take on continued production. Moelven continues to believe in solid wood as a building material, and intends to go on offering this product in the future, but based on bought-in construction elements.

THIS IS MOELVEN

Ownership structure

The Moelven Group is owned by Glommen Skog BA (25.1%), Eidsiva Vekst AS (23.8%), Agri MI AS (15.8%), Viken Skog BA (11.9%), Mjøsen Skog BA (11.7%), AT Skog BA (7.3%) and Havass Skog BA (4.0%). The remaining 0.4% of shares is mainly owned by private individuals.

Vision

Moelven is a Scandinavian company with all its operating units located in Scandinavia and raw materials obtained from forests close to the production facilities. Scandinavia is also Moelven's principal market. The company is built on the living conditions, knowledge and values of people in Scandinavia, and on their needs and aspirations. Moelven aims to be the natural choice for people who want to build and live in the region and aims to be at the forefront of the trend for building based on Scandinavian traditions.

Activities based on natural materials

Moelven's business activities are based on a desire and ability to help create quality rooms – good environments for living and working and for social functions. Environments that are well-designed, functional and safe, but also inspiring.

Good Scandinavian environments are often close to nature in form and content. A high proportion of natural materials such as wood, felled close to the factory and to the end-users, creates quality rooms. Wood and other natural materials are major components of Moelven's output, and dominate large parts of our range. Natural materials are environmentally friendly alternatives to other building products and solutions when it comes to houses and modular buildings, bridges and interior products.

Location

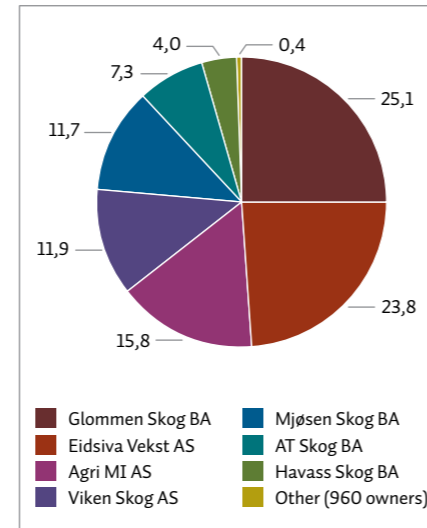
The Group has its head office at Moelv in Norway, and comprises 48 production units

and 34 sales, service and assembly offices. Most of the production units are companies and premises with strong local roots in rural areas and small communities in south-east Norway and west central Sweden. Offices handling sales, service and assembly are located in larger towns all over Norway, Sweden and Denmark. Production volumes in Norway and Sweden are roughly the same, but the Swedish units export a greater proportion of their output than those in Norway. Of the total of 3,270 employees at the end of 2010, 1,824 work in Norway, 1,390 in Sweden, 44 in Denmark and 12 in other countries.

Divisions

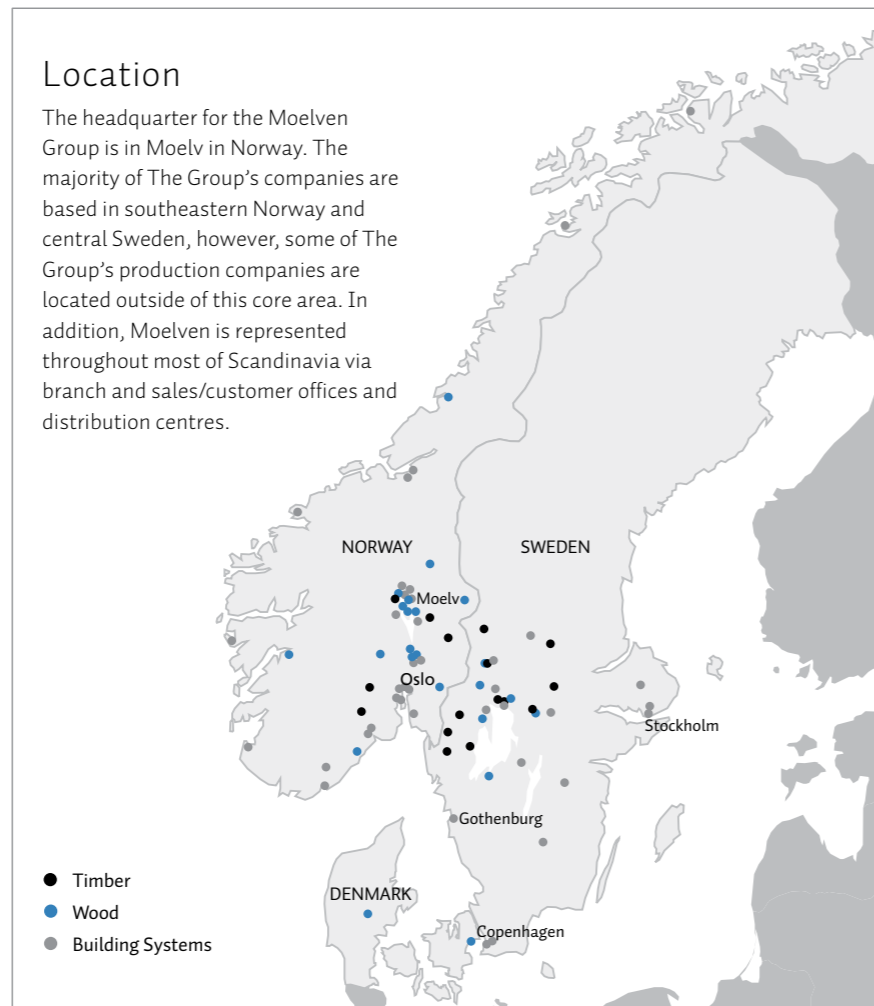
Moelven offers a wide range of building products and systems with associated services. The Scandinavian market accounts for 80 per cent of sales revenues, and 85 per cent of the Group's products and services are used in the construction and renovation of dwellings and industrial premises. A large part of the remaining activity is made up of sales of

The Moelven Group owners in per cent



Location

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



biomass for bio-fuel and for the production of pulp, paper and chipboard. The Group also supplies wood products to the furniture, interior fittings and packaging industries.

Customers are divided into three main segments according to their activities, purchasing behaviour and service and distribution needs: industry, trade and projects. The company is split into three divisions, Timber, Wood and Building Systems, each focussing on one of the main segments.

Timber

The Timber division comprises 14 production units and 4 sales offices which supply industrial timber, components and chip products from local spruce and pine. Its customers are manufacturing companies that buy intermediate goods for their own construction elements, panels, floors, mouldings, furniture, windows and packaging. Around 60 per cent of operating revenue comes from Scandinavian customers.

At the end of 2010, the number of employees was 643 (661): 200 in Norway (204), 439 in Sweden (453) and 4 in other countries (4).

Wood

The Wood division comprises 15 production units and 3 customer centres. Its output is made up of white sawn timber and impregnated timber, mouldings, flooring, indoor panels, components and bi-products. The Wood division also markets products manufactured by other companies. Almost 80 per cent of its output is sold through the building retail trade. The division is one of the leading suppliers to the Scandinavian market, and some 96 per cent of operating income comes from Scandinavian customers. At the end of 2010, the number of employees was 952 (856): 676 in Norway (563), 232 in Sweden (257) and 44 (36) in Denmark.

Building Systems

The Building Systems division comprises 10 production units and 30 sales, service and assembly offices. Building Systems is subdivided into four business areas: Glulam, Building Modules and System Interiors – all of them market leaders in Norway and

Sweden – and Electrical Services. The division's customers in the building and construction sector purchase customised building modules, flexible interior systems with associated services, advanced glulam structures and electrical installation services. In addition to bridges and load-bearing structures, the Glulam business area also sells substantial quantities of standard laminated timber beams via the retail building products sector, as well as components for the prefabricated building industry. Some 99 per cent of operating revenues come from Scandinavian customers.

At the end of 2010, the number of employees was 1,542 (1,379): 898 in Norway (870), 636 in Sweden (502) and 8 in the UK (7).

Other operations

Other operations include the parent company, Moelven Industrier ASA, covering shared services such as timber procurement, bio-energy, innovation, economy, finance, insurance, ICT, communication and HR. The area also covers a number of smaller operational activities and assets which do not belong to the Group's core operations.

At the end of 2010, the number of employees was 133 (96).

OPERATING INCOME AND NET PROFIT

Moelven Group

Amounts in NOK mill.	2010	2009
Operating revenues	7 187.5	6 248.8
Operating profit	242.4	91.1
Operating result before tax	229.1	141.2
Operating result after tax	168.1	103.1

The Board anticipated some improvement in market conditions in 2010 and a modest increase in net profit during the year. Prices for industrial timber rose slightly more than expected in the first half of the year, and they are the main reason why the improvement in income is rather better than previously indicated. In other respects, developments were broadly as expected.

The operating profit figure includes a revenue item of NOK 22 million arising from the new law in Norway winding up existing agreements on early retirement pensions (AFP). The amount is based on actuarial calculations of the outstanding commitment, adjusted to provide for estimated outstanding premiums payable up to 2015.

Timber

Amounts in NOK mill.	2010	2009
Operating revenues	2 436.4	2 166.8
Operating profit	94.7	12.7

The operating profit figure includes a NOK 5 million revenue item for reduced AFP commitments.

The results for 2010 are significantly better than in 2009, and satisfactory given the market conditions. The first part of the year was characterised by good prices for industrial timber, resulting from total production in the market lagging behind demand. Lower raw material prices than at the end of the previous year, combined with an improved cost structure, laid the foundations for good profits in the first half of the year. However, total production of industrial timber increased during the year and brought about a surplus in the market. This caused a sharp drop in prices for industrial timber from both spruce and pine in the second half of 2010. This, together with increased raw material costs that cannot be absorbed at the same rate, is the main reason for the disappointing profits in the fourth quarter. The strengthening of the Swedish krona during the year against other major currencies like the euro and the pound also affected the profit trend. Towards the end of the year, some production units also reduced their production as planned.

Valuations of assets in periods of rapidly changing prices have a major impact on profits, so there has been a greater focus on managing our assets, and stocks of finished goods are lower than they have been before in similar market situations.

At the end of 2010, Moelven Nössemark Trä AB was approaching the end of the second of three phases in the investment programme launched in 2008 and due to complete in 2011. In all, NOK 150-180 million is being invested in the plant.

Wood

Amounts in NOK mill.	2010	2009
Operating revenues	2 683.9	2 227.4
Operating profit	95.6	43.2

The operating profit figure includes a NOK 9 million revenue item for reduced AFP commitment.

The total for the year is satisfactory and is significantly better than in 2009. After a

“Moelven's business activities are based on a desire and ability to help create quality rooms – good environments for living and working and for social functions.”

“The Board anticipated some improvement in market conditions in 2010 and a modest increase in net profit during the year.”

“Total investments in fixed assets in 2010 amounted to NOK 258.4 million (222.2).”

sluggish start to the year, partly because of a severe winter in large parts of Scandinavia, the market developed broadly as expected. From the second quarter through to the peak season, demand increased and prices rose. The Swedish market in particular experienced positive growth. The end of the year was marked by the normal seasonal reduction in demand and falling prices for finished goods, combined with a delay in adjustments to raw material costs and write-downs of stocks. Moreover, NOK 5 million was set aside to cover the demolition of disused buildings.

Following the fire at Moelven Østerdalsbruket in February, the NOK 3 million excess on our insurance was posted to expenditure. The fire did not affect production apart from the temporary shut-down while the blaze was put out, and existing business continuity plans helped to ensure that market activity and the company's delivery capacity were not affected to any great extent.

In June, the Group bought all the shares in Eco Timber AS and in Sør-Tre Bruk AS and its subsidiary Granvin Bruk AS. As a result of this acquisition, the companies changed their names to Moelven Wood Prosjekt AS, Moelven Sør-Tre AS and Moelven Granvin Bruk AS. The integration of these companies has produced satisfactory results and brings an increase in the Group's annual revenues of around NOK 300 million, with the headcount growing by 68. Apart from the production of processed wood products, including pressure-impregnated materials and wood preservatives, Moelven Sør-Tre AS and Moelven Granvin Bruk AS help to reinforce the Group's distribution network and create major distribution centres to serve customers in the south and west of Norway. Moelven Wood Prosjekt AS serves the Norwegian market via the retail building trade with products like Siberian larch, heat-treated wood and various types of flooring. The company also helps to enhance the range of skills and products aimed at the building industry.

In 2011, Moelven Wood AB is investing SEK 40 million in production facilities in Säffle, Valåsen and Lidköping. This is intended to support the development and production of new finished consumer products.

Building Systems

Amounts in NOK mill.	2010	2009
Operating revenues	2 171.5	1 933.0
Operating profit	92.2	61.4

The operating profit figure includes a

NOK 7 million revenue item for reduced AFP commitments.

During the year, the market situation gradually returned to normal for the division as a whole, and the level of activity increased. This is also the reason behind the increased headcount.

Sweden in particular experienced positive economic growth in 2010, resulting in increased activity for the Swedish modular building units. Through a lengthy period of sluggish activity in the commercial building sector in Norway, demand for interior systems on the Norwegian market remained weak. The Glulam, Building Modules in Norway and Electrical Services business areas experienced stable or slowly increasing demand towards the end of 2010. All units took steps during the year to adapt their cost structure to market conditions. For the market as a whole, however, there was a slight over-capacity, leading to fierce price competition in connection with tendering procedures.

During the year, Moelven Töreboda AB completed a new production facility, an investment of around SEK 59 million. This investment gives Moelven Töreboda increased processing capacity and greater flexibility to meet the requirements of the market.

Other activities

Amounts in NOK mill.	2010	2009
Operating revenues	-1 755.8	-965.4
Operating profit	-40.1	-26.2

The increase in operating revenues compared to 2009 has two causes: the consolidation of internal sales of timber and chip products, and the fact that Moelven's share of timber procurement within Weda Skog AB transferred to Moelven Skog AB from October 2010.

INVESTMENTS, BALANCE SHEET AND FINANCING

Total investments in fixed assets in 2010 amounted to NOK 258.4 million (222.2). In addition to ordinary investments, the acquisition of other businesses in the second quarter of 2010 brought an increase in the Group's fixed assets of NOK 52 million, with capitalised goodwill of NOK 32 million.

After a period of planned reductions in investments, activity in the first quarter of 2011 is back in line with the Group's long-term goals to improve its competitive edge.

Cash flow from operational activities in

2010 was NOK -85.9 million (441.1), which is equivalent to NOK -0.66 per share (3.41). The reduction in cash flow is attributable to the increase in capital tied up in stock, receivables and projects, which is a natural consequence of the increase in levels of activity. Cash flow from profit and loss items totalled NOK 416.3 million (220.2). Interest-bearing liabilities totalled NOK 818.1 million (368.4) at year-end, and the liquidity reserve saw a decline to NOK 581.4 million compared with NOK 988.5 million for the same period last year.

Total assets at the end of 2010 amounted to NOK 4,036.8 million (3,250.2). The increase is due to acquisitions worth NOK 220 million and generally higher stock levels, which stood at an excessively low level at the end of 2009 for some units and product ranges.

Approximately half of the Group's assets are booked in SEK. The exchange rate development from 0.81 NOK/SEK at the end of 2009 to 0.88 NOK/SEK in 2010 has resulted in an increase in the balance sheet total of around NOK 160 million (minus 187).

The accounts have been prepared subject to the going concern assumption, and at the end of 2010 equity was booked at NOK 1,753.8 million (1,627.0), equivalent to an equity ratio of 43.4 per cent (50.1).

Portions of the Group's equity are linked to ownership interests in Swedish subsidiaries, and are thus subject to fluctuations in the rate between Norwegian and Swedish kroner. The scope and possible consequences of exchange rate fluctuations have been deemed to be within acceptable levels of risk, and some of this rate risk has not been hedged.

Another reason not to hedge is that the Group's long-term ownership means that exchange rate variations do not produce short-term cash flow effects.

Due to seasonal variations in raw material supplies and the level of demand for finished products, the Group's total debt varies by approximately NOK 350 million from the lowest point, which normally occurs during the fourth quarter, to the highest point, which normally occurs during the second quarter. The Group's long term financing has therefore been arranged in the form of long-term credit facilities. This allows the debt to be adjusted to account for these fluctuations in operating capital.

With effect from 18 May 2010, the Group's long-term debt was re-financed for 5 years. The loans have been renewed at the same level as before, NOK 1,050 million, and borrowing costs adjusted in line with the prevailing market conditions. This will mean an increase in the Group's total financial costs of around NOK 10 million per annum, assuming the same utilisation rate as before. Apart from the borrowing costs, the re-financing has been effected on terms similar to earlier loan agreements.

RISKS

The Group's profits and balance sheet are affected by a number of external factors over which Moelven has little or no control.

Within some of the risk areas that affect the Group there are effective financial markets where the risk of fluctuations can be hedged; this applies for example to interest

and exchange rates and electricity. The Group's attitude towards financial risk is that it is the industrial activities rather than financial transactions that form the basis for profitability. The main aim of the hedging policy for the use of financial instruments is therefore to reduce the risk from price fluctuations and ensure greater predictability.

In other areas, such as raw materials, finished products and projects, different methods of hedging are required. Wherever possible, for example, fixed-price contracts and index-linked contracts are used. The Group's organisation also helps to reduce risk, as different units are aimed at different markets. These units are not affected at the same point in an economic cycle, and economies of scale can also be exploited on the cost side. Moelven's organisational philosophy, with a flat, network-oriented organisation and management structure, has enabled the Group to react quickly to changes so that corrective actions could be implemented at an early stage.

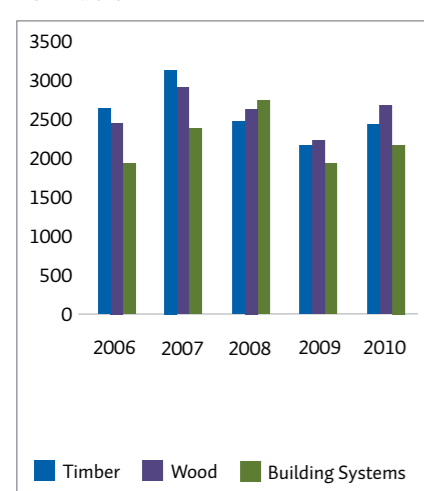
Finished goods prices

The units within the Moelven Group operate in markets with free competition and large numbers of players. Pricing is therefore freely determined by the market and, with volumes remaining unchanged, will affect the Group as shown in the sensitivity table.

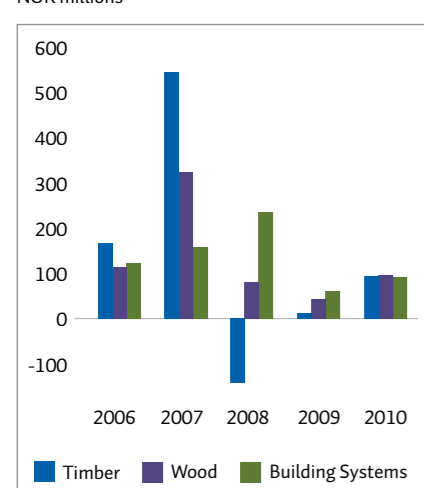
Sawn timber prices

In 2010, the Group produced and processed 3.6 million solid cubic metres of sawn spruce and pine worth around NOK 2,000 million, including transport costs. Spruce accounted for 56 per cent and pine 44 per cent of the

Operating revenues



Operating profit



“The cost of timber is by far the biggest single cost for the Group, and changes in the price of timber have an immediate and substantial impact on margins.”

raw timber. Moelven does not own any forests but purchases all raw materials from external suppliers.

The cost of timber is by far the biggest single cost for the Group, and changes in the price of timber have an immediate and substantial impact on margins. There is a price risk and a volume risk associated with this. The Group therefore focuses on concluding price agreements where the price of timber correlates as far as possible with documented changes in the prices of finished goods.

Chip and biomass prices

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

Electricity prices

The price of electricity is another important factor that impacts on the Group's profitabi-

lity. Approximately 200 GWh of electrical power is purchased annually from the Group's electricity suppliers via the Nordpool power exchange.

Interest rate risk

The Group's net interest-bearing liabilities provide the basis for an interest rate risk. The majority of this debt is in Swedish kronor, and interest rates in Sweden are therefore the most important factor as regards developments in the Group's interest costs.

Exchange rate risk

Around 20 per cent of the Group's operating revenue originates from markets outside Scandinavia and involves a currency exchange risk. Raw materials and finished products are also imported from Sweden into Norway.

The most important exchange rate pairs are EUR/SEK, SEK/NOK and EUR/NOK. Moelven uses currency forwards and fixed-interest agreements (interest rate swaps – IRS) to counter major fluctuations in results due to variations in exchange rates and interest rates. In the event of major fluctuations, this results in substantial unrealised gains or losses.

Moelven does not recognise these in the income statement, but the values at the year-end are described in the section on international accounting policies. Because of

the hedging strategies that have been adopted, the changes must be lasting in order for them to have full effect on the Group's profitability. During the hedging period, operational adjustments can be implemented to compensate for the external changes. Of the Group's balance sheet total, around half is linked to operations in Sweden. The balance sheet figures will therefore be affected by the exchange rate between the Swedish and Norwegian kroner. Equity is largely hedged against this through the share investments in most of the Group's Swedish subsidiaries being financed in Swedish kronor. The total equity exposed to currency risk at the end of 2010 amounted to SEK 767 million (669).

The financial items for the year are affected by an amendment to the principles for financial instruments. Both the annual accounts and comparison figures presented are compiled in accordance with the regulations in the "Provisional Norwegian Accounting Standard: Financial Assets and Commitments".

The amendment in principle brings the Norwegian rules into line with IFRS, meaning that changes in the market value of financial instruments are reported to a much greater extent than before. According to former accounting practice, these value changes were not reported on the accounts until the underlying hedged object was recognised. The new standard has been introduced on a quarterly basis with the comparison figures for 2008 and 2009 converted according to the same standard.

Credit risk

It is the Group's policy that credit sales above a certain value should be hedged in the form of guarantees or credit insurance. In practice, credit insurance is used most frequently. There are internal guidelines and follow-up routines for unsecured sales, which only arise when no other security is available.

Liquidity risk

The Group's debt capital financing consists of a long-term credit facility with a limit of NOK 1,050 million, which expires in May 2015. This facility is linked to normal breach of contract clauses with regard to the equity ratio, net equity value and debt ratio. As of 31 December 2010, the Group's key figures were considerably better than the levels at which the breach clauses are triggered. In its banking systems, the Group also has a total unused credit facility of approximately NOK 340 million, which is renewed annually.

Risk of injuries and lost production

The Group has a centralised function for monitoring industrial insurance. An insurance policy has been drawn up which all companies must follow. This policy sets out guidelines for insurance cover, preventive measures, risk analysis and the preparation of continuity plans. These continuity plans represent a central set of plans in the event of fire or other damage. The plans describe the immediate actions to be taken, disaster management and continued deliveries to customers. Through its industrial insurance policies, the Group is insured against financial losses in excess of NOK 3 million per claim.

Risk of damage to reputation

Moelven retains a good image, which is measured annually through the Scandinavian brand survey carried out by Synovate MMI. There is a financial risk linked to any loss of reputation for Moelven, but it has not been quantified. The Group's behaviour towards society and the media, and internally in its dealings with employees, is marked by openness. This is true whether the circumstances are positive or negative for Moelven, in keeping with its brand platform.

Risk of environmental costs

The Moelven Group's enterprises comply with applicable laws and regulations with regard to discharges and waste management. The Group has made provisions in the accounts for all known environmental liabilities. In order to minimise the risk of further liabilities arising in this area, an environmental policy has been prepared for the Group as a supplement to the applicable official regulations.

CORPORATE RESPONSIBILITY

Moelven's brand platform

Sustainable

Moelven shows respect for people and the environment. We base our operations on renewable resources and have turned sustainability and long-term planning to our competitive advantage. We are resolved to take responsibility for our environment.

Reliable

You can count on Moelven. We deliver on time and we supply the right quality. We focus on openness and honesty – the ability to acknowledge weaknesses and errors is the basis for success and trustworthiness.



Minihuset ONE+, 15 m², is built as prefabricated modules from organically-impregnated Swedish pine. Architect: Lars Frank Nielsen, manufacturer: Add-A-Room, Tyresö, Sweden.



Moelven supplies chip products to customers within the processing industry for several sectors.

“In order to improve the situation and reduce the rate of injuries, the Group further stepped up its preventive efforts in the field of health and safety in 2010.”



Kani Hassan is CAD Projector, and works with system walls at Moelven Eurowand AB in Örebro, Sweden.

Seeing the possibilities
Moelven looks for solutions. The Group has the skills and resources to take the lead in product development and innovation. We have always been a leading company and exploit the advantages built up over time.

Employees

In 2010 the number of people employed by Moelven increased once more. At the end of the year, the Group had 3,270 employees, 278 more than in 2009. The increase comes from greater activity in all three divisions in 2010, and the acquisition of three units with 68 staff.

The Group’s human resources policy is to “Provide opportunities for people with the drive to succeed”. This policy sets out the Group’s goals when it comes to who should be recruited, what expertise is needed, the salary and terms of employment to be offered, how new employees are introduced to the company, what development and career opportunities should be offered and how work force reductions should be carried out.

Recruitment and development

Moelven takes a strategic approach to both internal and external recruitment. Competent employees are crucial to the Group’s competitiveness, and it is important for Moelven to show that the Group is an attractive employer.

Moelven aims to secure long-term employment relationships with its employees and works hard to provide opportunities for its own staff to develop their careers. We urge and encourage motivated and capable employees to grow further.

Equality

The Moelven Group aims to increase the number of women in the workforce. However, most of the people with professional qualifications in the areas the Group needs are men, and there are often no female applicants for advertised positions.

There are female managers at most levels within the organisation, and there are two

female members serving in the corporate assembly and two female members of the Board.

Within the Moelven Group, there must be no form of discriminatory behaviour on the basis of gender, ethnic affiliation, national origin, heritage, skin colour, language, religion or faith. Only the specific tasks, areas of responsibility, expertise and work effort should serve as the basis for decisions regarding salaries, promotions and recruitment.

Where a need is identified, the company will take steps to avoid any discriminatory conditions. Apart from the small percentage of women, it was not found necessary in 2010 to take any special measures in the areas of discrimination and equality.

HEALTH, SAFETY AND THE ENVIRONMENT

Sick leave	Total 2010	Total 2009
Timber	4.25 %	4.83 %
Wood	5.31 %	6.66 %
Building Systems	6.38 %	6.34 %
Other	2.70 %	2.31 %
Total	5.50 %	5.97 %

Sick leave

Sick leave fell in 2010 compared to 2009, and is close to the long-term goal of a maximum of 5 per cent across the whole Group. Although the trend is in the right direction, following a long period of concentrated effort, a further reduction and stabilisation at a low level remains a high priority. A high level of sick leave is not only incompatible with the Moelven Group’s core values, but it also represents a major cost. With approximately 3,200 employees, a one per cent rate of sick leave is estimated to cost the Group around NOK 25 million per year.

Moelven’s health insurance is part of the effort to get employees who need treatment back to work more quickly. Taking account of average waiting times in the Norwegian and Swedish public healthcare systems for appointments with consultants or operations, this health insurance has saved our staff at least 375 years of waiting in line since it was launched in 2007.

Injuries

The number accidents resulting in injuries and sick leave increased during the year from an already unacceptably high level. In 2009,



Rune Johansen is the foreman at Moelven Limtre AS, Moelv.

H1 value	Total 2010	Total 2009
Timber	17.8	18.3
Wood	23.7	16.7
Building Systems	18.3	16.3
Other	0	0
Total	19.3	16.4

a wide-ranging and easy-to-use reporting and recording system was introduced for hazards, accidents and dangerous conditions in all units within the Group. The actual increase in the number of reported injuries may be wholly or partly attributable to the fact that the new reporting system is raising awareness of the importance of precautionary measures, and that injuries that were not previously reported are increasingly picked up by the reporting system.

In order to improve the situation and reduce the rate of injuries, the Group further stepped up its preventive efforts in the field of health and safety in 2010. One aspect of

this is the investment in increased personal safety at the Group’s Swedish sawmills in 2008-2010, which will be followed up with similar action at the Norwegian sawmills.

The injury rate within the Group is on a par with many companies in similar industries. Statistics from other industries and measurements based on best practice do show that improvements can be made in this area, and that is why Moelven has a long-term objective to bring the H1 value down below 10.

External environment

Sustainability is one of the Moelven Group’s core values. Environmental considerations must form a natural part of Moelven’s day-to-day work, and Moelven is taking responsibility for the environment through the sustainable and long-term use of renewable resources. The Group is engaged in constant efforts to reduce the impact on the external environment.

Moelven’s industrial production is largely based on the use of timber. Timber as a

Equality	2010		%	Total 2010		2009		%	Total 2009
	Men	Women		Men	Women				
Timber	574	69	12.0 %	643	594	67	11.3 %	661	
Wood	829	123	14.8 %	952	746	110	14.7 %	856	
Building Systems	1 445	97	6.7 %	1 542	1 299	80	6.2 %	1 379	
Other	101	32	31.7 %	133	67	26	38.8 %	93	
Total	2 949	321	9.82 %	3 270	2 706	283	9.47 %	2 989	

“From an environmental perspective, Moelven’s production is almost a closed process.”

material has many positive environmental benefits, partly because it acts as a carbon store, and the wood content of our end products is extremely high for most of the businesses.

Timber raw materials that are used in our production processes end up as products or as fuel, and the Group now produces very little waste. From an environmental perspective, Moelven’s production is almost a closed process. The objective is for all wood fractions to be treated as potential raw material for other products and thus contribute to the total added value.

Sustainable forestry

To ensure that the raw materials come from certified suppliers that practise appropriate forms of forestry, Moelven has established a tracking system that allows raw materials to be tracked back through the value chain. All of the Group’s sawmills are therefore chain of custody-certified by the PEFC (Programme for the Endorsement of Forest Certification schemes). This means that Moelven purchases timber logs from suppliers that practise sustainable forms of forestry.

Chips, wood chips, shavings and bark from sawmills are becoming increasingly important in economic and environmental terms. District heating systems use woodchips, shavings and bark as fuel, and the Group’s own heating facilities use chips and bark.

Transport

The acquisition of raw materials, intermediate transport and the delivery of finished products all generate a significant transport volume. In 2010, the Timber and Wood divisions transported around 8,100,000 solid cubic metres of timber, biomass and finished goods by truck. There are also shipments for the Glulam, Building Module and Interior Systems companies, as well as rail and sea transport. Transport is therefore a major challenge for the Group, both environmentally and financially.

Moelven is constantly striving to reduce the need for transport and to optimise the use of vehicles.

The geographic location of the production units close to the areas where the raw

material originates helps to reduce transport requirements because the volume of finished products transported out is considerably less than the volume of raw materials transported in. Improvements to roads and the consequent increase in maximum permitted axle loads, combined with the use of environmentally friendly modes of transport by hauliers, have been important factors in reducing the negative effects of transportation on the environment.

Energy

Moelven’s consumption of electricity and heat in 2010 was around 730 GWh, split between 200 GWh of electric power and 530 GWh of thermal energy. Some 90 per cent of the thermal energy is produced at the Group’s own facilities. The energy potential of the Group’s by-products, including chips, is approximately 4.8 TWh, which represents considerable potential in relation to both increased production and a larger market for bio-energy generally.

Moelven Bioenergi AS is heading a project for the Group’s Norwegian companies aimed at ensuring the centralised control and prioritisation of energy efficiency measures. This includes activities to reduce energy consumption and allow the use of renewable energy and the utilisation of waste heat. These measures form part of a package of investment projects running through to 2012.

It has been estimated that there are potential savings to be made of around 70 GWh, equivalent to around 20 per cent of the Group’s total energy consumption. A major part of this work has already been carried out within Moelven’s Swedish units. Sweden’s energy policy has encouraged the industry to make environmental investments that have also led to higher profitability in the production of energy raw materials.

In January 2011, the ground was broken to begin the construction of Moelven’s bio-energy plant at Langmoen in Brumunddal, Norway. The plant, which will employ the latest technology, will use solid bio-fuel and supply “green” energy to manufacturing companies in the area from the autumn of 2011. The largest customer will be Tine SA in Brumunddal. The total cost of the investment is around NOK 53 million.

CO₂ reporting in the Group

In response to the increasing focus on greenhouse gas emissions, Moelven drew up a CO₂ balance sheet for the Group in 2010. This applies the ISO 14064 standard to calculate emissions from Moelven units.

The calculations show that the energy needs of Moelven’s production and service units generated some 564,000 tonnes of CO₂ in 2010. Roughly 56 per cent of this is accounted for by CO₂ in the natural carbon cycle.

Emission type	Fuel	CO ₂ -emissions	
		Thousand tonnes	Percentage
Direct	Fossil	15.3	2.7 %
	Bio	269.7	47.9 %
Indirect	Fossil	234.6	41.6 %
	Bio	44.1	7.8 %
Total		563.7	100.0 %

INNOVATION

Today, the Moelven Group operates within sectors in which major technical innovations are rare. In such mature sectors, where the profit margins are often also slim, innovation in the form of a continuous process with a focus on detail is essential in order to remain competitive.

The Group’s innovation policy states that innovation will be focused on the actual use of a product or a production process. The actual innovation work takes place mainly in the production units.

Product innovation

For the Building Module companies, the development of cost-effective and market-oriented concepts for multi-storey modular buildings has been important. At Barkarby Hage just outside Stockholm, four-storey blocks are being constructed with 54 prefabricated 2-5 room apartments supplied by Moelven ByggModul AB. The occupants are due to move in during 2011. The project is a good example of a design-oriented industrial building system developed in collaboration with architects and customers with demanding expectations when it comes to design and build quality.

For a number of years, the Glulam companies have been out in front in the development of new products and technical solutions. A key element of this is the development of glulam bridges. In the autumn of 2010, Moelven Töreboda AB supplied Sweden’s largest wooden bridge to the city of Solna. The bridge, which is 182 metres long, will be completed in February 2011, and is part of the new road system associated with the expansion of the Norra Station district of Stockholm. This project

shows that the development work in this area has brought results and that the market sees wood as a viable alternative for large bridges.

In recent years, the Glulam units have also focussed on the development of systems for the industrial production and supply of standard beams cut to client specifications. Moelven Limtre AS was selected in June 2010 as the regional winner of the NHO innovation prize in recognition of the company’s creative strength. The latest major innovation project is a world first: Moelven Limtre AS has supplied glulam turbine blades to a floating power station based on ocean and tidal currents at Gimsøystraumen in Nordland, Norway.

Within Moelven Wood, product development is a major factor in ensuring that the product range can keep up with changing trends in the market. A product development project is being run within this division in which ready-to-use consumer products with novel designs are launched on a continual basis, sometimes to new target groups. Acceptance in the marketplace has so far been very good. The Rough interior panel is one of the products to emerge from the project, a ready-painted panel for walls and ceilings launched onto the Swedish market in 2010 and already a big seller.

In 2010 Moelven’s System wall reached its half-century, an event celebrated by Moelven Nordia and Moelven Eurowand. The system wall is based on the same principle as the famous Lego bricks, which can be re-used time and again, just like the system walls. Instead of giving Christmas presents to its

customers in December, the company opted to donate Lego sets to institutions for sick children in Norway and Sweden.

Process innovation

For the timber-consuming units in the Timber and Wood divisions, the optimisation of production processes is paramount. The aim is to utilise as much as possible of the value within the raw materials by way of efficient market-focussed production and raw material procurement.

The aim of the “Property-driven use of raw materials” project is to gain access to raw materials with a higher proportion of logs that are not just of the required length and overall dimensions but also have a higher proportion of other desired properties. A test project is being conducted at Moelven Dalaträ AB with the aim of increasing the proportion of logs with live knots to improve the provision of higher-quality panels.

Within the Timber division, the Moelven Timber Production System (MTPS) has been implemented at two pilot companies, Moelven Numedal AS and Moelven Notnäs AB. MTPS is based on the principles set out in the Lean Production concept and the Toyota Production System, and describes how the Timber division’s production policy can grow step by step into a world-class manufacturing process.

For the processing units within the Wood division, the logistics systems are vital in ensuring that the cost and environmental impact of transport is minimised and that customers have a broad range of products available with short delivery times.

CORPORATE GOVERNANCE

Corporate governance within the Moelven Group is based on the Norwegian recommendations for corporate governance dating from October 2009. The board of directors presents a more detailed description of this in the report on page 57. For more information about the board of directors and managerial employees, see Note 22.6 and 22.7.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As an unlisted company, Moelven Industrier ASA is not required to publish accounts prepared in accordance with IFRS (International Financial Reporting Standards). The accounts are prepared in accordance with Norwegian accounting standards.

As from fiscal year 2011, the company will switch from NGAAP to IFRS accounting principles.

The IFRS figures presented are unaudited comparison figures which indicate the principal impact of reporting according to IFRS. The main differences emerge when processing pension commitments, dividends, energy contracts and financial instruments. Subsequent to the implementation of the “Provisional Norwegian accounting standard: Financial instruments”, the differences in this area have been significantly reduced, as this has resulted in an increase in the reporting of market value changes for financial instruments, even according to Norwegian accounting standards (NGAAP).



Four-storey Modular dwellings with 2-5 room units are being erected at Barkarby Hage outside Stockholm, supplied by Moelven ByggModul AB.

An amendment to the Group's purchasing agreements for electric power means that these are now recognised according to IFRS. In the accounts prepared according to NGAAP, it is possible to apply hedge accounting with deferred recognition. The result from the hedging operation is recognised when the effect on the result of the underlying hedging object is reported. As the energy market has experienced a steady increase in prices in 2010, the market value of the group's energy contracts has seen a significant increase and their recognition according to IFRS represents the one major cause for the difference in result between the two accounting standards.

ALLOCATION OF NET INCOME FOR THE YEAR

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

The board proposes to issue a dividend in accordance with the dividend policy applied in earlier years. For the 2010 accounting year, this means a distribution of NOK 0.65 per share, or NOK 84.2 million in total. The parent company, Moelven Industrier ASA, which will distribute the dividend on behalf of the Group, posted annual net income of NOK 29.8 million in 2010. It is proposed to

transfer the remaining NOK 54.4 million from other equity.

EVENTS AFTER THE BALANCE SHEET DATE

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

OUTLOOK

The board anticipates continued positive development in the Building Systems division, but consolidated net profits for the beginning of 2011 will be disappointing as a result of tight margins in the Timber and Wood divisions. Reduced raw material costs will not affect the results until late in the first quarter, but will contribute to improved margins in both divisions.

It is expected to be some time before better market conditions for industrial timber in Europe bring about improved results in the industrial products division, Timber. The imbalance in the market is caused by higher overall output while demand in many European markets remains weak. Demand in many Asian markets is good, however, and activity is picking up in North America. Taking all this into account, we expect a better market balance in 2011.

For the building materials division, Wood, we expect the usual seasonal increase in building activity in the market to contribute to improved results from the second quarter onwards. At the beginning of the year, the

underlying demand in the RME market in Sweden and Norway has been normal for the time of year, while activity in the Danish market is still significantly lower than normal. The direct impact on the division of the fall in the price of industrial timber is limited because the units both sell and purchase this type of product. The timber consuming units (combined sawing and planing mills) sell industrial timber to the packaging industry, while the pure planing mills purchase materials of a quality suited to the production of building timber and interior products. Sales of board products are continuing to rise and are growing particularly fast in the Swedish market. The proportion of purchased building materials that supplement our own range and are distributed to retailers through our own distribution network is also increasing.

The different business areas within the Building Systems division are affected at different points in an economic cycle. In Sweden, both the commercial and residential building segments are experiencing positive growth. In Norway too, the commercial building market is growing slightly, but the situation in Denmark is more difficult. Prefabricated modules for the building and construction sectors are required at an early stage in project processes, while interior systems for offices are among the division's product groups that come towards the end of processes.

Moelv, 15 February 2011
Moelven Industrier ASA

THE BOARD



1. Elisabeth Krokeide

"It is still a pleasure to follow Moelven's ability to adapt to altered market conditions, and combined with a stronger focus on continuous improvement processes, it bodes well for the future."

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

2. Pål Tajet

"Well done."

Date of birth: 1956
Moelven Board: Board Member
Current position: Chairman of the Board, Agri MI AS
Elected to the board: 2008

3. Gunde Haglund

"Despite the weak finish, 2010 was quite a good year."

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

4. Svein E. Skorstad

"2010 turned out to be a good year, but the fluctuations in profitability are too great for any part of the value chain to benefit from it. The sector should work to bring about greater stability."

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

5. Martin Fauchald

"Clear goals and a steady course!"

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

6. Elisabeth Bjøre

"Lost ground can always be regained, but lost time is gone for good."

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

7. Torstein A. Opdahl

"This year's challenges will make us improve even more!"

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

8. Bjørn Egil Jørgensrud

"At Moelven, you have the chance to develop yourself in the job. It is up to you to decide what you want to achieve."

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

Svein E. Skorstad
Chairman

Pål Tajet

Elisabeth Krokeide

Torstein A. Opdahl

Elisabeth Bjøre

Martin Fauchald

Gunde Haglund

Hans Rindal
President and CEO

KEY FINANCIAL FIGURES

Amounts in NOK millions	Explanation	The Group				
		2010	2009	2008	2007	2006
PROFIT AND LOSS						
Operating revenue		7 185	6 248	7 658	7 944	6 692
Depreciation and write-downs		213	203	199	177	178
Operating profit		242	91	145	990	373
Net interest and financial items		-13	50	-149	-18	-37
Operating result before tax		229	141	-4	972	336
Net income		167	100	1	695	240
BALANCE						
Investments in fixed assets	A	258	222	346	292	245
Total capital		4 037	3 250	3 599	3 604	3 072
Total equity		1 754	1 627	1 614	1 570	1 234
Net interest-bearing debt		818	368	600	154	467
Capital employed	B	2 598	2 066	2 244	1 801	1 752
EARNINGS/PROFITABILITY						
Net operating margin	C	3.4 %	1.5 %	1.9 %	12.5 %	5.6 %
Gross operating margin	D	6.3 %	4.7 %	4.5 %	14.7 %	8.2 %
Return on equity	E	9.8 %	6.2 %	0.1 %	49.6 %	20.7 %
Return on capital employed	F	9.4 %	3.9 %	6.6 %	52.7 %	19.6 %
Interest cover	G	4.2	4.4	1.0	30.4	8.0
CAPITAL						
Equity ratio	H	43.4 %	50.1 %	44.8 %	43.6 %	40.2 %
Capital turnover rate	I	2.0	1.8	2.1	2.4	2.2
LIQUIDITY						
Current ratio	J	2.05	1.92	1.83	1.43	1.59
Quick ratio	K	0.79	0.85	0.69	0.63	0.86
Cash flow from operations (MNOK)	L	-85.9	441.1	216	1 010	512
SHARES						
Earnings per share in NOK	M	1.29	0.77	0.01	5.37	1.85
Average number of shares (millions)		129.5	129.5	129.5	129.5	129.5
Cash flow from operations per share in NOK	N	-0.66	3.41	1.67	7.80	3.95
Tax value in NOK at 31 December		14.82	15.31	12.36	8.79	7.78
RISK-amount in NOK at 1 January	O	-	-	-	-	-0.25
Dividend in NOK per share	P	0.65	0.16	0.00	2.60	0.75
PERSONNEL						
Number of employees at 31 December		3 270	2 992	3 285	3 425	3 210
Number of man-years		3 083	2 741	3 120	3 253	3 049
Sickness absence rate	Q	5.5 %	6.0 %	5.6 %	6.3 %	5.9 %
Frequency rate - injuries with absence	R	19.3	16.4	18.3	17.5	17.3

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

PROFIT AND LOSS ACCOUNT

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2010	2009	2008	2010	2009	2008
Revenue		7 155.8	6 209.8	7 611.9	0.0	0.0	0.0
Other operating income		28.7	38.0	45.9	62.3	63.0	71.4
Operating revenues	2, 3, 21	7 184.5	6 247.8	7 657.7	62.3	63.0	71.4
Raw materials and consumables used	4	4 596.4	3 800.1	4 922.7	0.0	0.0	0.0
Change in stock of work in progress, finished goods and projects		-81.7	99.0	75.6	0.0	0.0	0.0
Payroll expenses	17	1 389.8	1 359.8	1 532.6	34.0	36.5	37.8
Depreciation on fixed assets and intangible assets	14, 16	212.8	202.5	199.2	7.2	8.2	9.7
Other operating expenses		824.8	695.3	782.9	62.7	44.1	60.1
Operating expenses		6 942.1	6 156.7	7 513.0	103.9	88.8	107.6
Operating profit		242.4	91.1	144.7	-41.6	-25.8	-36.2
Income from subsidiaries ¹					49.2	33.6	77.6
Income from associates	20	-2.3	-1.7	-2.2	0.0	0.0	0.0
Interest income group companies					55.0	62.0	79.5
Other interest income	11	0.5	1.7	0.2	0.4	1.6	2.8
Other financial income	11	40.7	91.6	10.6	31.8	5.8	7.3
Interest expenses group companies					-9.6	-14.2	-51.1
Other interest expenses	11	-45.5	-30.5	-71.6	-34.5	-27.0	-33.3
Other financial expenses	11	-6.6	-11.0	-85.7	-9.0	-9.2	-40.1
Financial income/financial expenses		-13.3	50.1	-148.7	83.3	52.6	42.7
Operating result before tax		229.1	141.2	-4.0	41.7	26.8	6.5
Tax on ordinary result	5.6	62.4	41.2	-5.0	11.9	-0.7	2.0
Net profit for the year		166.7	100.0	1.0	29.8	27.5	4.5
Minority share	21	-1.4	-3.1	-0.8			
Majority share		168.1	103.1	1.8			
Profit per share		1.29	0.77	0.01			
Provision for dividends, NOK 0.65 per share (0.16 in 2009 / 0.00 in 2008)					-84.2	-20.7	0.0
Other equity					54.4	-6.8	-4.5
Total	22				-29.8	-27.5	-4.5

1. Including group contributions

New international accounting standards (IFRS)

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

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

Main effects of reporting according to IFRS

IFRS figures are not part of the audited accounts.

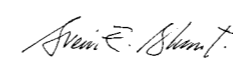
Amounts in NOK mill.	2010 NGAAP	Effects IFRS	2010 IFRS	2009 IFRS	2008 IFRS
PROFIT AND LOSS ACCOUNT					
Operating revenues	7 184.5	0.0	7 184.5	6 247.8	7 657.7
Raw materials	4 514.7	0.0	4 514.7	3 899.1	4 998.3
Payroll expenses	1 389.8	0.0	1 389.8	1 356.8	1 524.5
Depreciation	212.8	-3.3	209.5	200.6	196.0
Operating profit	242.4	3.3	245.7	96.0	156.0
Net financial items	-13.3	60.2	46.9	50.0	-150.2
Pre-tax profit/loss	229.1	63.5	292.6	146.0	5.8
Taxes	62.4	16.8	79.2	42.1	-3.1
Ordinary profit/loss	166.7	46.7	213.4	103.9	8.9

Amounts in NOK mill.	2010 NGAAP	Effects IFRS	2010 IFRS	2009 IFRS	2008 IFRS
BALANCE SHEET					
Deferred tax benefit	9.6	0.0	9.6	7.3	0.0
Goodwill	29.5	3.3	32.8	20.7	20.7
Net pension funds	29.6	0.0	29.6	33.4	9.8
Other receivables	168.0	1.6	169.6	149.4	164.5
Total assets	4 036.8	36.5	4 073.3	3 266.8	3 580.4
Equity	1 753.8	78.9	1 832.7	1 632.6	1 601.3
Pension liabilities	85.6	29.9	115.5	159.3	125.8
Deferred tax	121.4	-3.3	118.1	75.1	31.0
Dividends payable	84.2	-84.2	0.0	0.0	0.0
Other short-term liabilities	457.6	0.0	457.6	438.7	616.4
Total equity and liabilities	4 036.8	36.5	4 073.3	3 266.8	3 580.4
Equity ratio	43.4 %		45.0 %	50.0 %	44.7 %

BALANCE SHEET AT 31 DECEMBER


Amounts in NOK millions	Not	The Group 2010	2009	2008	Moelven Industrier ASA 2010	2009	2008
ASSETS							
Deferred tax benefit	6	9.6	7.3	0.0	9.6	15.8	14.3
Goodwill		29.5	0.0	1.9	0.0	0.0	0.0
Other intangible assets		8.3	6.0	5.7	6.8	6.0	5.7
Total intangible fixed assets	14	47.4	13.3	7.6	16.4	21.8	20.0
Land		72.4	67.7	68.9	3.7	3.7	3.7
Buildings and other real property		367.1	312.7	305.4	7.4	2.6	2.7
Machinery and plant		999.0	912.9	987.6	9.3	0.5	0.9
Fixtures and fittings, tools, office machinery etc.		42.0	43.4	30.2	20.2	30.0	15.5
Total tangible assets	15, 16	1 480.5	1 336.7	1 392.1	40.6	36.8	22.8
Investments in subsidiaries	18				981.6	900.3	914.2
Investments in associated companies	20	13.2	10.6	10.3	10.3	7.7	0.0
Loan to group companies	11	0.0			991.0	920.6	1 162.3
Investments in other shares	19	1.0	1.0	1.1	0.1	0.1	0.1
Bonds and other receivables	7	0.1	0.2	0.2	0.0	0.0	0.0
Net pension funds	17	29.6	33.4	38.0	17.5	20.6	24.8
Total financial fixed assets		43.9	45.2	49.6	2 000.5	1 849.3	2 101.4
Total fixed assets		1 571.8	1 395.2	1 449.3	2 057.5	1 907.9	2 144.2
Stocks	8	1 342.9	898.6	1 174.4		0.0	0.0
Accounts receivable	7	917.3	732.5	771.9	0.2	0.3	0.4
Receivables from group companies		0.0			4.0	1.3	3.3
Loans to group companies		0.0			49.2	9.7	98.6
Other debtors	7	168.0	143.1	164.4	13.5	4.5	11.4
Total debtors		1 085.3	875.6	936.3	66.9	15.8	113.7
Financial derivatives	11	10.6	10.3	8.8	13.1	14.4	98.6
Bank, deposits, cash in hand, etc.	10, 11	26.2	70.5	29.8	0.0	0.0	0.0
Total current assets		2 465.0	1 855.0	2 149.3	80.0	30.2	212.3
Total assets	21	4 036.8	3 250.2	3 598.6	2 137.5	1 938.1	2 356.5

Amounts in NOK millions	Not	The Group 2010	2009	2008	Moelven Industrier ASA 2010	2009	2008
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		908.5	784.0	767.2	70.2	124.6	119.5
Minority interests	21	16.9	14.6	18.0	0.0	0.0	0.0
Total equity	22	1 753.8	1 627.0	1 613.6	898.6	953.0	947.9
Pension liabilities	17	85.6	109.4	101.0	28.9	30.1	27.7
Deferred tax	6	121.4	89.0	50.2	0.0	0.0	0.0
Other provisions	9	13.8	18.0	23.2	0.0	0.0	0.0
Total provisions		220.8	216.4	174.4	28.9	30.1	27.7
Liabilities to financial institutions	10	765.3	428.5	627.7	701.0	389.7	590.0
Long-term group debt, interest-bearing					0.0	0.0	0.0
Other long-term liabilities	9	11.2	11.3	11.1	0.0	0.0	0.0
Total long-term liabilities		776.5	439.8	638.8	701.0	389.7	590.0
Liabilities to financial institutions	10	79.0	10.4	2.0	359.2	462.0	573.0
Financial derivatives	11	10.8	40.5	124.3	25.9	51.4	132.5
Trade creditors		482.1	350.6	393.9	7.5	8.1	11.3
Accounts payable to group companies					2.4	2.7	1.6
Short-term, interest-free debt to group companies					0.0	0.0	27.0
Public duties payable		149.5	142.1	148.0	2.6	2.2	2.4
Dividends		84.2	20.7	0.0	84.2	20.7	0.0
Tax payable	5	22.5	0.2	44.0	5.8	0.0	16.4
Other short-term liabilities	9	457.6	402.5	459.6	21.4	18.2	26.7
Total short-term liabilities		1 285.7	967.0	1 171.8	509.0	565.3	790.9
Total liabilities		2 283.0	1 623.2	1 985.0	1 238.9	985.1	1 408.6
Total equity and liabilities	21	4 036.8	3 250.2	3 598.6	2 137.5	1 938.1	2 356.5
Guarantees	12	47.0	38.9	22.9	377.7	324.5	321.9
Mortgages	13	75.1	38.5	35.0	0.0	5.0	5.0
Number of shares (face value per share NOK 5.-)	22	-	-	-	129 542 384	129 542 384	129 542 384

Moelv, 15 February 2011
Moelven Industrier ASA

Svein E. Skorstad
Chairman


Pål Tajet


Elisabeth Krokeide


Torstein A. Opdahl


Elisabeth Bjørne


Martin Fauchald


Gunde Haglund


Hans Rindal
President and CEO

CASH FLOW STATEMENT

Amounts in NOK millions	Note	The Group			Moelven Industrier ASA		
		2010	2009	2008	2010	2009	2008
CASH FLOW FROM OPERATIONS							
Operating result before tax		229.1	141.2	-4.0	41.7	26.8	6.5
Payable tax in financial period	5	-0.2	-44.0	-224.5	0.0	-16.4	-67.0
Write-down of long-term receivables		0.0	0.0	4.0	0.0	0.0	4.0
Ordinary depreciation	14, 16	212.8	202.5	199.2	7.2	8.2	9.7
Write-down of shares in subsidiaries		0.1	0.0	1.0	0.0	0.0	0.0
Gain/loss from the sale of fixed assets		-2.3	-11.2	-2.4	0.0	0.0	-4.5
Correction - financial derivatives		-30.5	-83.0	111.4	-29.5	0.4	33.9
Pension costs, provided for but not paid / pension funds, taken to income but not paid in	17	5.0	13.0	7.7	1.5	6.7	5.7
RIncome from associates	20	2.3	1.7	2.2	0.0	0.0	0.0
Changes in current assets excl. liquid funds and deposits		-623.8	336.4	134.9	-11.6	9.0	-7.2
Changes in current liabilities excl. loans		121.6	-115.5	-15.0	2.5	-10.6	5.6
Net cash flow from operations		-85.9	441.1	214.5	15.6	24.1	-13.3
CASH FLOW FROM INVESTMENTS							
Investments in fixed assets excl. acquisitions	14, 15, 16	-258.7	-222.2	-345.9	-11.8	-22.6	-14.0
Net cash expenditure for purchase of subsidiaries		-84.0	0.0	0.0	-81.8	-7.6	0.0
Sale of fixed assets	15	3.0	14.4	12.2	0.0	0.0	5.0
Long-term investments, financial		0.0	-4.0	1.2	-70.3	255.5	-81.4
Short-term lending		0.0	0.0	0.0	-39.5	88.9	264.6
Cash flow from investments		-339.7	-211.8	-332.5	-203.4	314.2	174.2
CASH FLOW FROM FINANCING							
Changes in short-term liabilities and overdrafts		69.0	8.4	-44.5	-102.8	-138.0	-282.5
Liquid share of income from associates		0.0	2.0	0.0	0.0	0.0	0.0
Paid equity (minority)		0.0	0.0	2.0	0.0	0.0	0.0
Changes in long-term debt		333.0	-199.0	449.4	311.3	-200.3	458.2
Payment of dividends		-20.7	0.0	-336.8	-20.7	0.0	-336.8
Net cash flow from financing		381.3	-188.6	70.1	187.8	-338.3	-161.1
LIQUID FUNDS							
Net change in liquid funds during the year		-44.3	40.7	-47.9	0.0	0.0	-0.2
Liquid funds at 1 January		70.5	29.8	77.7	0.0	0.0	0.2
Liquid funds at 31 December	10	26.2	70.5	29.8	0.0	0.0	0.0
AVAILABLE LIQUID FUNDS							
Liquid funds at 31 December		26.2	70.5	29.8			
Unutilised credit facilities at 31 December		555.2	918.0	754.9			
Restricted deposits		0.0	0.0	2.7			
Available liquid funds at 31 December		581.4	988.5	782.0			
Additional information in connection with acquisition/sale of subsidiaries							
Fixed assets		72.5	0.0	0.0			
Current assets		166.1	0.0	0.0			
Liquid funds		2.9	0.0	0.0			
Total assets		241.5	0.0	0.0			
Total equity		0.0	0.0	0.0			
Interest-bearing debt		156.5	0.0	0.0			
Non interest-bearing debt		85.0	0.0	0.0			
Total equity and liabilities		241.5	0.0	0.0			

2010: Acquisitions Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS.

2009: No acquisition or sale.

2008: No acquisition or sale.

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

hedg-ing. 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.

Financial instruments - securities

The Group implemented the requirements in the Preliminary Norwegian Accounting Standard for Financial assets and obligations for the first time in 2010. In accordance with the requirements in the standard, the comparative figures have also been reworked. Financial instruments cover financial asset and liability items in addition to financial derivatives. Such items cover shares, unit trusts, primary capital certificates, certificates and bonds. Financial derivatives are agreements that are established with a financial institution or customer concerning the determination of interest conditions and exchange rates for very specific future periods.

Hedging

The Group uses various financial instruments which are not recognised in the balance sheet in order to manage the Group's interest and currency risks. These types of instrument include interest swap agreements (interest swaps), foreign currency futures contracts, future interest agreements (FIA), currency swaps and interest rate options. Upon establishment of an agreement, such instruments are classified as either hedging or trading transactions.

Hedging transactions are intended to neutralise an existing or anticipated interest or currency risk. A requirement is therefore imposed for a high degree of inverse co-variation in value change between a hedging instrument and the hedged item. Recognition in the accounts will depend on whether the hedge is an actual value hedge or a cash flow hedge.

Cash flow hedges

The Group uses cash flow hedging through the use of interest swaps for hedging loans with a variable interest rate. Changes in the value of hedging instruments are not recognised until the underlying hedged item affects the income statement. This means that changes in value of the interest swap agreement that is used as a hedging instrument are not recognised, whilst the hedged loan with variable interest rate is valued at amortised cost (or cost).

Measurement at fair value

The fair value of financial instruments that are sold on active markets is determined at the end of the reporting period with reference to listed market prices or prices from brokers of financial instruments (purchase price for long-term items and sale price for short-term items), without any deduction for transaction costs. The market is active if it is possible to obtain external observable prices, exchange rates or interest rates and these prices represent actual and frequent market transactions.

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

Construction contracts are recognised net in the balance sheet for each individual reporting company. 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. In the consolidated balance sheet, all net positive reported project stocks are presented under projects in the balance sheet, whilst all net negative reported project stocks are presented under "Other short-term debt". Projects with a long-term completion schedule are estimated at the full production cost plus a share of profit based on the degree of completion. The degree of completion is based on the accrued expenses in relation to the calculated total costs. Expected loss on contracts is fully charged in the accounts.

Shares in other companies

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

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

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

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

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

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

Foreign companies in the Group

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

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

Research and development expenses

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

Investments in environment

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

State operating/investment subsidies

Inclusion of operating subsidies in revenue follows the basic revenue/cost posting principles. Received operating subsidies are posted against the cost and revenue items to which the subsidy relates and are treated as a cost reduction in cases where the subsidy is earmarked 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):

	2010	2009	2008
SWEDISH KRONER (SEK)			
Average rate	0.8394	0.8222	0.8547
End of year rate	0.8707	0.8099	0.9042
DANISH KRONE (DKK)			
Average rate	1.0751	1.1723	1.1029
End of year rate	1.0480	1.1173	1.3238
EURO (EUR)			
Average rate	8.0065	8.7295	8.2226
End of year rate	7.8125	8.3150	9.8650
POUND STERLING (GBP)			
Average rate	9.3353	9.806	10.327
End of year rate	9.0680	9.317	10.121

Average rate used for translation of profit and loss account.
End of year rate used for translation of balance sheet.

1 ACQUISITION AND SALE OF BUSINESSES

THE GROUP

Events in 2010

- On 1 June 2010, Moelven Industrier ASA acquired 2010 Sør-Tre Bruk AS, a leading player within pressure-impregnated materials and timber protection in Norway. Sør-Tre Bruk AS has its head office and production plant in Kragerø municipality and has approximately 30 employees. The company, which has changed its name to Moelven Sør-Tre AS, will become part of Moelven's Wood division. The transaction was notified to the competition authorities and no objections to Moelven's take-over were received. Included in the acquisition was Sør-Tre Bruk AS' 67.11% stake of the shares in Granvin Bruk AS, which is located in Hardanger. The company has been renamed Moelven Granvin Bruk AS and has around 40 employees. Moelven Granvin Bruk AS is a combined sawmill and planing mill and is part of Moelven's Wood division. Following the take-over of Moelven Sør-Tre AS, Moelven Industrier ASA has increased its stake in Moelven Granvin Bruk AS to 87.95%. The companies had a combined turnover of approximately NOK 250 million in 2010.
- On 1 June 2010, Moelven Industrier ASA acquired Eco Timber AS, which has its office and warehouse in Stange and has four employees. Eco Timber AS serves the Norwegian market via the dealer network with products such as Siberian larch, heat-treated timber and a range of flooring. The turnover is approximately NOK 30 million in 2010. A large proportion of this turnover is project-related, where solutions are identified in close collaboration with architects. The company has changed its name to Moelven Wood Prosjekt AS and is part of Moelven's Wood division.
- Moelven has terminated the agreement with AB Karl Hedin and Bergkvist-Insjön AB concerning cooperation relating to timber procurement in Sweden through the company Weda Skog AB. Moelven's stake in Weda Skog AB is 50%. The cooperation is being discontinued due to changes in the timber market and altered requirements for timber procurement from the parties involved. The negotiations concerning Weda Skog AB were concluded on 22 September and operations within the company will be wound up and to some extent continued in accordance with the owners' plans. Moelven will assign the majority of its future timber supply in Sweden to the wholly owned subsidiary Moelven Skog AB. The cooperation with Bergkvist-Insjön AB will be continued through Weda Skog AB in the Dalarna-Härjedalen- Hälsingland region, in which Moelven's stake will be 30%. The remaining 70% is owned by Bergkvist-Insjön AB.
- After six years of operation, the board of directors of Moelven Massivtre AS decided in September 2010 to search for other interested parties to carry on all or part of the company's operations. If this search is unsuccessful, a controlled winding up of the company will be carried out. The process will be carried out in its entirety by Moelven, which has taken over all the shares in the company, which as of the year-end is considered a wholly owned subsidiary.
- With effect from 1 November 2010, Moelven Danmark A/S decided to acquire Lamelspær ApS's operation. The reason for the acquisition was that the Lamelspær range supplements Moelven's existing Beam system (Kerto, I-beams and Gluelam) to create an even stronger package and will represent an improvement in market position within timber load-bearing constructions. In the future, the Lamelspær products will be manufactured at Moelven Danmark's processing facility in Odense.

Events in 2009

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

Events in 2008

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

Internal transactions:

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

2 OPERATING REVENUES

THE GROUP

In "Group operating revenues", deliveries and services between group companies totalling NOK 4 121 millions (NOK 3 253 millions in 2009) have been eliminated.

MOELVEN INDUSTRIER ASA

Amounts in NOK millions	2010	2009	2008
Net gain from sale of fixed assets	0.0	0.0	4.5
Net gain from sale of shares	0.0	0.0	0.0
Subsidiaries' share of joint expenses	22.3	23.8	20.0
IT-services	29.8	29.6	29.0
Income from rentals – external	0.5	0.6	1.2
Income from rentals – internal	3.4	3.3	5.3
Other	6.3	5.7	11.4
Total other operating revenues	62.3	63.0	71.4

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	The Group			Timber			Wood			Building Systems		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Operating revenues	7 184.5	6 247.8	7 657.7	2 436.4	2 166.8	2 472.4	2 683.9	2 227.4	2 634.0	2 171.5	1 933.0	2 748.0
Depreciation and write-downs	212.8	202.5	199.2	85.9	87.1	84.6	84.2	72.9	67.4	34.9	33.7	35.2
Operating profit	242.4	91.1	144.7	94.7	12.7	-143.3	95.6	43.2	80.3	92.2	61.4	235.1
Financial items	-13.3	50.1	-148.7	-13.8	-11.1	-13.1	-22.4	-20.4	-17.1	1.1	3.3	14.7
Operating result before tax	229.1	141.2	-4.0	80.9	1.6	-156.4	73.2	7.7	63.2	93.3	64.7	249.8
Gross operating margin (%)	3.4	1.5	1.9	3.9	0.6	-5.8	3.6	1.9	3.0	4.2	3.2	8.6
Cash flow from operations	455.2	293.6	343.9	180.6	99.8	-58.7	179.8	116.1	147.7	127.1	95.1	270.3
Total capital	4 036.8	3 250.2	3 598.6	1 502.6	1 306.4	1 572.8	1 776.8	1 497.8	1 563.5	1 123.6	953.9	1 108.6
Interest bearing debt	844.3	438.8	629.7	330.1	284.7	463.8	479.5	384.5	410.7	73.4	34.9	18.2
Interest free debt	1 354.5	1 152.4	1 263.4	405.4	309.9	389.6	522.4	456.4	480.4	500.5	440.7	580.4
Equity ratio (%)	43.4	50.9	47.3	51.1	52.5	45.7	43.6	43.9	43.0	48.9	50.1	55.0
Investments	258	222	346	112	86	175	67	80	109	61	31	46
Number of manyears	3 083	2 741	3 120	615	633	763	846	761	836	1 313	1 263	1 437

3.2 – Distribution of operating revenues by geographical markets

Amounts in NOK millions	The Group			Timber			Wood			Building Systems		
	2010	2009	2009	2010	2009	2009	2010	2009	2008	2010	2009	2008
Scandinavia	5 841	5 180	6 487	1 459	1 210	1 433	2 572	2 129	2 539	2 138	1 921	2 711
Euro-countries	647	558	605	482	497	545	61	56	56	2	5	4
Rest of Europe	366	230	309	242	190	244	45	32	32	32	7	33
Japan	99	44	49	97	42	48	2	2	1	0	0	0
Rest of the world	232	236	208	156	228	202	4	8	6	0	0	0
Total	7 185	6 248	7 658	2 436	2 167	2 472	2 684	2 227	2 634	2 172	1 933	2 748

3.3 – Distribution of operating revenues by producing country

Amounts in NOK millions	The Group			Timber			Wood			Building Systems		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Norway	3 531	3 013	3 906	694	512	678	1 609	1 368	1 670	1 228	1 307	1 704
Sweden	3 654	3 235	3 752	1 742	1 655	1 794	1 075	859	964	944	626	1 044
Total	7 185	6 248	7 658	2 436	2 167	2 472	2 684	2 227	2 634	2 172	1 933	2 748

3.4 – No. of employees per division

Amounts in NOK millions	The Group			Timber			Wood			Building Systems		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Norway	1 824	1 686	1 756	200	204	252	676	563	582	898	870	871
Sweden	1 390	1 259	1 492	439	453	544	232	257	271	636	502	638
Denmark	44	36	27				44	36	27			
Other countries	12	11	10	4	4	7				8	7	3
Total	3 270	2 992	3 285	643	661	803	952	856	880	1 542	1 379	1 512

There were 133 employees in Other businesses at the end of 2010 (50 in Norway and 83 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. The increase in the number of employees is due to the integration of timber supply in Sweden within Moelven Skog AB.

3.5 – Distribution of accounts receivables and stock by divisions

Amounts in NOK millions	The Group			Timber			Wood			Building Systems		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Stocks	1 342.9	898.6	1 174.4	433.8	275.0	414.4	701.3	491.5	599.2	148.2	108.6	131.2
Accounts receivables	917.3	732.5	771.9	283.7	230.2	255.1	294.7	257.2	256.4	360.9	272.6	304.3
Gross operating capital	2 260.2	1 631.1	1 946.3	717.5	505.2	669.5	996.0	748.7	855.6	509.1	381.2	435.5
As per cent of operating revenues	31 %	26 %	25 %	29 %	23 %	27 %	37 %	34 %	32 %	23 %	20 %	16 %
Trade creditors	482.1	350.6	393.9	161.7	130.3	152.4	193.6	153.9	158.1	153.4	90.8	95.5
Net operating capital	1 778.1	1 280.5	1 552.3	555.8	374.9	517.1	802.4	594.8	697.5	355.7	290.4	340.0
As per cent of operating revenues	25 %	20 %	20 %	23 %	17 %	21 %	30 %	27 %	26 %	16 %	15 %	12 %

4 COST OF GOODS SOLD

Amounts in NOK millions	The Group		
	2010	2009	2008
Purchase of raw materials, semi-finished goods for resale and services, handelsvaror och tjänster	4 332.2	3 324.2	4 333.1
Transport costs of goods sold	384.7	365.8	388.3
Changes in stocks of raw materials and purchases	-120.5	110.1	201.3
Cost of goods sold	4 596.4	3 800.1	4 922.7

5 TAXATION

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Operating result before tax	229.1	141.2	-4.0	41.7	26.8	6.5
Nominal tax in Norway 28 per cent	62.1	39.4	-1.1	11.7	7.5	1.8
Net tax effect of tax exempt items	0.0	0.0	0.0	0.0	-8.4	0.0
Tax effect of differences not affecting tax payable	0.3	1.8	4.3	0.2	0.2	0.2
Other corrections	0.0	0.0	-8.2	0.0	0.0	0.0
Tax	62.4	41.2	-5.0	11.9	-0.7	2.0
Ordinary result	166.7	100.0	1.0	29.8	27.5	4.5
Tax %	27.2 %	29.2 %	125.0 %	28.5 %	-2.6 %	31.1 %

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Taxes consist of payable taxes in						
Norway	24.8	0.0	42.0	5.8	0.0	16.4
Sweden	15.3	0.1	1.2			
Denmark and other countries	0.1	0.1	0.8			
Total taxes payable	40.2	0.2	44.0	5.8	0.0	16.4
Changes in deferred tax	22.2	41.0	-49.0	6.1	-0.7	-14.4
Total taxes	62.4	41.2	-5.0	11.9	-0.7	2.0

6 TAX EFFECT OF TEMPORARY DIFFERENCES BETWEEN ACCOUNTING AND TAX-RELATED BALANCES**6.1 – Deferred tax**

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Temporary differences						
Provision for receivables	-1.7	-1.8	-3.2	-0.1	-0.1	-2.1
Provision for stocks	5.1	7.6	5.2			
Cost provisions according to generally accepted accounting principles	-9.7	-7.3	-10.7	-2.8	-2.2	-3.5
Other short-term items	8.1	28.3	-2.7	-3.0	-10.4	-9.5
Subtotal short-term items	1.9	26.8	-11.4	-5.9	-12.7	-15.1
Accumulated excess tax depreciation	67.5	52.9	40.8	-1.8	-2.2	-1.1
Gain/loss account	2.0	2.9	3.9	1.3	1.7	2.8
Pension funds	8.3	8.9	10.6	4.9	5.8	6.9
Pension liabilities	-22.8	-28.5	-26.6	-8.1	-8.4	-7.8
Other long-term items	63.5	30.8	36.3	0.0	0.0	0.0
Subtotal long-term items	118.5	67.0	65.0	-3.7	-3.1	0.8
Accommodated tax carry-forwards	-8.6	-4.8	-3.4			
Tax reducing differences (-), tax increasing differences (+)	111.9	89.0	50.2	-9.6	-5.4	-4.8
Deferred tax liability/tax asset in the accounts	111.9	89.0	50.2	-9.6	-5.4	-4.8

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

6.2 – Deferred tax benefit from deficits carried forward

Amounts in NOK millions	The Group		
	2010	2009	2008
Norway	0.0	6.0	0.0
Sweden	0.0	0.0	0.0
Denmark and others	0.0	1.3	0.0
Deferred tax benefit from deficits carried forward	0.0	7.3	0.0

7 RECEIVABLES

7.1 – Short-term items

THE GROUP

Amounts in NOK millions	2010	2009	2008
Accounts receivables			
Accounts receivables, gross	921.8	736.9	776.7
Provision against losses	-4.5	-4.4	-4.8
Accounts receivables, net	917.3	732.5	771.9
This year's recorded losses	1.1	2.8	2.5
Changes in provision for loss	-0.1	0.4	-2.1
Losses on accounts receivables	1.2	2.4	4.6
Other debtors			
VAT receivables	88.0	61.6	66.0
Other receivables	80.0	81.5	98.4
Total other debtors	168.0	143.1	164.4

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.

9 OTHER LIABILITIES

9.1 – Short-term liabilities

THE GROUP

Other short-term debt totalling NOK 457.6 million (402.5 in 2009) consists primarily of accruals and provisions relating to operations in the Group's companies; included in this figure are incurred holiday allowance of NOK 135.2 million (111.4 in 2009) and bonus provisions of NOK 80.0 million (63.4 in 2009).

In addition, NOK 16.7 million (42.5 in 2009) is included as net value of incurred, but not posted expenses, and earned, but not yet invoiced, income from projects.

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This post consists in large part of accrued expenses.

8 STOCK AND PROJECTS

Amounts in NOK millions	The Group		
	2010	2009	2008
Raw materials and purchased semi-finished goods	563.3	309.8	426.5
Work in progress	134.1	128.4	148.2
Finished goods	611.7	458.0	599.1
Projects ¹	33.3	0.0	0.0
Prepayments to suppliers	0.4	2.4	0.6
Total stocks	1 342.9	898.6	1 174.4
Holdings assessed at acquisition cost	898.8	636.9	867.6
Holdings assessed at actual value	444.1	261.7	306.8
Total goods and project holdings	1 342.9	898.6	1 174.4
Specification of projects			
Own projects 31 December	0.0	0.0	0.0
Contracts at 31 December	84.8	0.0	0.0
Payments on account/part invoiced	-51.5	0.0	0.0
Total projects – positive stock	33.3	0.0	0.0
Own projects 31 December	0.0	0.0	0.0
Contracts at 31 December	26.9	157.2	1 078.8
Payments on account/part invoiced	-76.9	-199.7	-1 097.3
Total projects – negative stock	-50.0	-42.5	-18.5
Total projects – net	-16.7	-42.5	-18.5

1. Projects are based on the value of earned contract income, costs incurred and advance- and part-invoicing of non-concluded projects. The project stock within the group is split between positive and negative balances for the various companies within the Group. The positive projects amount to NOK 33.3 million and are presented under "Projects", whilst the negative project stocks amount to minus NOK 50.0 million. The negative stock is presented under "Other short-term debt".

9.2 – Long-term liabilities

THE GROUP

The figure for other long-term liabilities is NOK 11.2 million (11.3 in 2009) and includes NOK 4.8 million (6.0 in 2009) for a loan from minority shareholders of Moelven Telemarksbruket AS, NOK 6.4 millions (5.3 in 2009) in other items.

Other provisions for commitments totals NOK 13.8 million (18.0 in 2009) and includes guarantee and service commitments totalling NOK 8.1 million (8.7 in 2009), environmental provisions amounting to NOK 3.5 million (5.5 in 2009) and NOK 2.2 millions (3.8 in 2009) in other provisions.

10 LIQUID HOLDINGS AND DEBT

10.1 – Interest-bearing receivables and debt

Amounts in NOK millions	Average interest rate 2010	The Group			Moelven Industrier ASA		
		2010	2009	2008	2010	2009	2008
Restricted bank deposits		0.7	0.0	2.7	0.0	0.0	0.0
Other bank deposits		25.5	70.5	27.1	3.0	0.0	0.0
Total bank deposits/receivables		26.2	70.5	29.8	3.0	0.0	0.0
Bank overdraft and other short term interest bearing debt		79.0	10.4	2.0	359.2	462.0	573.0
Long-term interest-bearing debt							
NOK	5.24 %	199.3	41.0	38.9	5.10 %	135.0	5.0
SEK	5.30 %	566.0	387.5	568.9	5.30 %	566.0	384.7
DKK		0.0	0.0	19.9	0.0	0.0	19.9
EUR							
Total long-term interest-bearing debt		765.3	428.5	627.7	701.0	389.7	590.0
Net interest-bearing debt		818.1	368.4	599.9	1 057.2	851.7	1 163.0

10.2 – Repayment plans on long-term loans

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Long-term debt falling due within						
1 year	35.6	2.5	2.6	0.0	0.0	0.0
2 years	6.6	421.4	2.1	0.0	389.7	0.0
3 years	5.0	1.6	621.7	0.0	0.0	590.0
4 years	4.9	0.4	1.3	0.0	0.0	0.0
5 years	705.8	0.4	0.0	701.0	0.0	0.0
6 years and more	7.4	2.2	0.0	0.0	0.0	0.0
Total	765.3	428.5	627.7	701.0	389.7	590.0

10.3 – Interest adjustment

Amounts in NOK millions – according to currency	The Group	
	NOK	SEK
Interest adjustment for the following years		
2011	35.0	100.0
2012	0.0	50.0
2013	0.0	0.0
2014	0.0	25.0
2015	0.0	75.0
2016 and later	0.0	225.0

Amounts in NOK millions – according to currency	Moelven Industrier ASA	
	NOK	SEK
Interest adjustment for the following years		
2011	0.0	100.0
2012	0.0	50.0
2013	0.0	0.0
2014	0.0	25.0
2015	0.0	75.0
2016 and later	0.0	225.0

10.4 – Type and credit in syndicated loan market

Amounts in NOK millions	The Group and Moelven Industrier ASA		
	2010	2009	2008
Type	1 050.0	1 050.0	1 050.0
Credit	701.0	384.7	585.0
Remaining term in months	53	18	30

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		
	2010	2009	2008	2010	2009	2008
Amounts in NOK millions						
at 31 December	1 114.3	1 088.5	1 085.0	1 050.0	1 055.0	1 055.0
in 1 year	1 078.7	1 088.5	1 085.0	1 050.0	1 055.0	1 055.0
in 2 years	1 072.0	3.5	1 085.0	1 050.0	0.0	1 055.0
in 3 years	1 067.0	3.1	0.0	1 050.0	0.0	0.0
in 4 years	1 062.2	2.6	0.0	1 050.0	0.0	0.0
in 5 years	7.3	2.2	0.0	0.0	0.0	0.0
in 6 years or more	2.4	1.8	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 31.12.2010, these rights were NOK 125 million, SEK 108.5 million, EURO 4 million, DKK 35 million and GBP 0.5 million, which amount to NOK 291.9 million in all.

As a result of normal seasonal variations, the Group's net interestbearing debt was at its highest at NOK 947.0 million in the spring. The long-term loan agreement as of 31.12.2010 is expected to cover liquidity needs the coming four years and five months.

11 FINANCIAL MARKET RISK

11.1 – 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.

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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).

11.2 – Financial instruments

The following types of hedging are used.

- Interest swaps
- Foreign currency futures contracts
- Structured foreign currency futures transactions
- Futures contracts for electrical power

	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
FINANCIAL ASSETS RECOGNISED AT FAIR VALUE						
Interest rate derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency derivatives	10.6	10.3	8.8	13.1	14.4	98.6
Total assets presented under the line financial derivatives	10.6	10.3	8.8	13.1	14.4	98.6
FINANCIAL OBLIGATIONS RECOGNISED AT FAIR VALUE						
Interest rate derivatives	10.6	36.7	36.3	10.6	36.7	36.3
Foreign currency derivatives	0.2	3.8	88.0	15.4	14.7	96.2
Power derivatives ¹	0.0	0.0	0.0	0.0	0.0	0.0
Total obligations presented under the line financial derivatives	10.8	40.5	124.3	13.1	14.4	98.6
CHANGE IN VALUE OF FINANCIAL INSTRUMENTS RECOGNISED IN THE INCOME STATEMENT						
Other interest income	0.0	0.0	0.0	0.0	0.0	0.0
Other financial income	30.5	83.0	0.0	26.1	0.0	1.1
Other interest costs	0.0	0.0	0.0	0.0	0.0	0.0
Other financial costs	0.3	0.4	109.1	1.9	-2.4	33.6
Net result of financial instruments	30.3	82.6	-109.1	24.2	2.4	-32.5
CHANGE IN VALUE OF FINANCIAL INSTRUMENTS RECOGNISED AGAINST EQUITY						
Interest rate derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0
ACCUMULATED PROFIT AND LOSS DURING THE PERIOD NOT RECOGNISED DUE TO THE ADOPTED POSTING OPTION IN THE HEDGING RULES						
Interest rate derivatives	14.8	-0.6	4.3	0.0	0.0	0.0
Foreign currency derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total	14.8	-0.6	4.3	0.0	0.0	0.0

1. Power derivatives are recognised according to the lowest value principle in the parent company and with hedge accounting and deferred recognition in the consolidated income statement

The fair value of hedging instruments and hedged items is determined as follows:

The Group does not have hedging instruments that are not sold in functioning markets.

The fair value is therefore calculated on the basis of observable market prices for equivalent instruments.

Overview of the maturity of the enterprise's hedgings

- Interest swaps: 4 to 93 mths
- Foreign currency futures: 0 to 18 mths
- Power contracts: 0 to 48 mths

12 GUARANTEES

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Loan guarantees/financial guarantees	47.0	38.9	22.9	156.1	134.7	138.6
Surety and prepayment guarantees	0.0	0.0	0.0	183.5	153.5	146.6
Guarantees for employee tax deductions	0.0	0.0	0.0	38.1	36.3	36.7
Total	47.0	38.9	22.9	377.7	324.5	321.9

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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		
	2010	2009	2008	2010	2009	2008
Bank overdraft	11.2	0.0	0.0	0.0	0.0	0.0
Long-term loans	63.9	38.5	35.0	0.0	5.0	5.0
Total	75.1	38.5	35.0	0.0	5.0	5.0

13.2 – Book value of pledged assets

Amounts in NOK millions	The Group		
	2010	2009	2008
Machinery and plants	68.8	48.6	41.0
Buildings	34.8	22.8	14.3
Land	5.6	3.1	3.1
Stocks	29.3	0.3	0.0
Accounts receivable	6.8	1.1	0.0
Total	145.3	75.9	58.4

14 INTANGIBLE ASSETS

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	Goodwill	Other immaterial assets	Total	Goodwill	Other immaterial assets	Total
Acquisition value at 31 December 2009	21.6	7.5	29.1	0.0	7.5	7.5
Additions	32.8	3.6	36.4	0.0	1.9	1.9
Value at disposal	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition value at 31 December 2010	54.3	11.2	65.5	0.0	9.4	9.4
Acc. ord. depreciation at 31 December 2009	21.6	1.5	23.1	0.0	1.5	1.5
Disposals acc. depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation current year	3.3	1.3	4.6	0.0	1.1	1.1
Acc. ordinary depreciation at 31 December 2010	24.9	2.8	27.7	0.0	2.6	2.6
Net book value at 31 December 2009	0.0	6.0	6.0	0.0	6.0	6.0
Net book value at 31 December 2010	29.5	8.3	37.8	0.0	6.8	6.8
Ordinary depreciation rates in per cent	10/20%	20 %		10/20%	20 %	

Goodwill

All acquisitions represent businesses within the Group's primary business areas and a 10-year depreciation period has been applied for most of the acquisitions. In cases where goodwill is linked to the business concept and human resources, then a depreciation period of 5 years has been applied.

Other intangible assets

In 2010, NOK 1.9 million (1.5 million in 2009 and 4.0 million in 2008) in immaterial assets has been capitalized relating to Moelven's project for a new www.moelven.com.

15 INVESTMENTS IN AND SALE OF FIXED ASSETS

Amounts in NOK millions	2010		The Group 2009		2008	
	Invest.	Sale	Invest.	Sale	Invest.	Sale
Fixtures and fittings	9.0	0.0	26.7	0.4	12.9	0.3
Machinery and plants	197.8	2.9	150.6	2.5	291.8	8.2
Buildings	46.9	0.0	41.5	3.5	35.6	3.5
Land	1.1	0.0	1.9	8.0	1.6	0.2
Total	254.7	2.9	220.7	14.4	341.9	12.2

2010: The Group's investments include assets in connection with the acquisition of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS in the amount of NOK 52.0 million.

2009: No acquisition or sale.

2008: No acquisition or sale.

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 2009	73.9	722.6	2 292.9	178.3	3 267.7
Transfers	3.6	45.1	48.9	4.0	101.6
Additions	1.1	46.9	197.8	9.0	254.7
Value at disposal	0.0	0.0	0.7	0.0	0.7
Conversion effect of foreign currency	0.0	-0.5	-2.9	-0.1	-3.6
Acquisition value at 31 December 2010	78.6	814.0	2 536.0	191.1	3 619.7
Acc. ord. depreciation at 1 January 2009	6.2	409.9	1 380.0	134.9	1 931.0
Disposals acc. depreciation	0.0	0.0	0.0	0.0	0.0
Depreciation current year	0.0	37.0	157.1	14.2	208.3
Acc. ordinary depreciation at 31 December 2010	6.2	446.9	1 537.1	149.1	2 139.3
Net book value at 31 December 2009	67.7	312.7	912.9	43.4	1 336.7
Net book value at 31 December 2010	72.4	367.1	998.9	42.1	1 480.5
Ordinary depreciation rates in per cent	0	5-7 %	7-15 %	15-20 %	

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Amounts in NOK millions	Land	Buildings and other property	Machines and plants	Fixtures and fittings, tools etc	Total
Acquisition value at 31 December 2009	3.7	22.5	2.8	36.3	65.3
Additions	0.0	5.0	9.0	-4.1	9.9
Value at disposal	0.0	0.0	0.0	0.0	0.0
Acquisition value at 31 December 2010	3.7	27.5	11.8	32.2	75.2
Acc. ord. depreciation at 31 December 2009	0.0	19.9	2.3	6.3	28.5
Disposals acc. depreciation	0.0	0.0	0.0	0.0	0.0
Depreciation current year	0.0	0.2	0.2	5.7	6.1
Acc. ordinary depreciation at 31 December 2010	0.0	20.1	2.5	12.0	34.6
Net book value at 31 December 2009	3.7	2.6	0.5	30.0	36.8
Net book value at 31 December 2010	3.7	7.4	9.3	20.2	40.6
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	1.4	22.6	1.0	25.0

17.1 – Payroll expenses

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Wages and salaries	1 060.2	1 029.5	1 130.3	26.7	25.8	26.5
Employer's national insurance contribution and social expenses	300.1	272.7	339.7	4.1	3.9	4.0
Pension costs	29.5	57.6	62.6	3.8	7.6	8.3
Other contributions/other personnell costs, incl. amount charged to subsidiaries	-	-	-	-0.6	-0.8	-1.0
Total	1 389.8	1 359.8	1 532.6	34.0	36.5	37.8

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 costs¹. 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.

1. It was decided in 2010 that the old AFP contractual pension scheme would be discontinued. As a result of the legislative change, the AFP obligation has been reduced by approximately 25 million in 2010.

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 2010 is 4.0 per cent. The interest rate consists of an actual interest of 3.68 per cent as of 30.12.2010, 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 0.6 percentage points.

	The Group		
	2010	2009	2008
Return on pension funds	5.00 %	6.00 %	6.00 %
Discount rate	4.00 %	5.00 %	5.00 %
Growth in annual salaries	4.00 %	4.00 %	4.50 %
Growth in the National Insurance Scheme's basic amount (G)	3.75 %	3.75 %	4.25 %
Annual adjustments of pensions being drawn	2.50 %	2.50 %	2.50 %
Expected share planning to use contractual pensions (AFP)	¹	50 %	50 %

1. Calculated on the basis of the list of people who are in an active AFP period or who had agreed to start on the old AFP scheme by 1 December 2010.

17.3 – Pension costs

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Earnings for the year	15.6	23.1	21.5	2.3	3.1	2.2
Interest cost on pension liabilities	19.5	19.5	20.5	3.1	3.2	3.2
Pension costs (gross)	35.1	42.6	42.0	5.4	6.3	5.4
Expected return on pension assets	-18.2	-16.8	-15.7	-2.4	-2.5	-2.6
Amortisation of transfer amounts, contribution-based pension	0.0	0.0	-3.5	0.0	0.0	-0.6
Net obligation recognised in the income statement.						
In connection with transition to new AFP scheme.	-28.6	0.0	0.0	-1.4	0.0	0.0
Changes in estimates	8.6	7.5	9.8	1.1	2.3	4.3
Administration costs	3.5	3.9	3.7	0.3	0.4	0.4
Total accrued employers' national insurance contributions	2.8	4.0	4.0	0.5	0.6	0.5
Pension costs, defined benefit plans	3.2	41.2	40.3	3.5	7.1	7.4
Pension costs, defined contribution-based plans and others	26.3	16.4	22.3	0.3	0.5	0.9
Total pension costs	29.5	57.6	62.6	3.8	7.6	8.3
of which pension costs for contractual pensions (AFP)	-21.3	11.4	9.5	-0.4	0.5	0.4

17.4 – Pension liabilities

Amounts in NOK millions	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
BALANCE AT 1 JANUARY						
Accrual of future pensions	410.2	398.9	427.8	63.3	63.1	77.0
Pension liabilities (gross)	410.2	398.9	427.8	63.3	63.1	77.0
Pension funds	-294.0	-277.8	-268.0	-42.6	-45.4	-58.6
Net pension obligation brought forward Companies acquired during 2010	2.1	0.0	0.0	-	-	-
Estimated change and variance, not charged	-47.7	-74.8	-112.2	-12.6	-17.5	-24.3
All employers' national insurance contributions	9.0	16.7	10.6	1.4	2.8	3.0
Pension liabilities (net), surplus	79.6	63.0	58.2	9.5	3.0	-2.9
BALANCE AT 31 DECEMBER						
Pension liabilities (gross)	457.6	410.2	398.9	68.0	63.3	63.1
Pension funds (anticipated)	-306.7	-294.0	-277.8	-41.6	-42.6	-45.4
Non-entered changes in schemes	0.0	0.0	0.0	0.0	0.0	0.0
Estimated change and variance, not charged	-101.7	-47.7	-74.8	-16.6	-12.6	-17.5
All employers' national insurance contributions	6.7	9.0	16.7	1.6	1.4	2.8
Pension liabilities (net), surplus	55.9	77.5	63.0	11.4	9.5	3.0
Total net pension funds, permissible insured schemes	-29.6	-33.4	-38.0	17.5	-20.6	-24.8
Insured schemes not allowed to be offset by over-financed schemes	41.2	39.8	36.3	27.8	28.3	26.2
Pension liabilities, contractual pensions (AFP)	44.4	69.5	64.7	1.1	1.8	1.5
Total pension liabilities	85.6	109.4	101.0	28.9	30.1	27.7
The estimated variance is based on the following anticipated remaining service time of the membership mass	9 år	10 år	10 år	7 år	8 år	8 år

17.5 – Key figures

	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
The Group's overall pension commitments (TBO) ¹ for insured schemes (NOK mill.)	493.1	369.7	433.2	61.3	52.2	54.0
No. of active persons insured schemes	717	773	850	30	32	36
No. of pensioners insured schemes	518	471	459	66	68	74
No. of persons in connection with contractual pension plans (AFP)	1 902	1 937	1 827	47	52	52

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	Moelven Industrier ASA		Book value at	
		Company's share capital	No. of shares	Face value	31 Dec
MOELVEN INDUSTRIER ASA OWNS					
Moelven Timber AS	100.0 %	20 000	2 000	20 000	18 005
Moelven Van Severen AS	100.0 %	35 000	3 500	35 000	35 005
Moelven Østerdalsbruket AS	100.0 %	20 000	2 000	20 000	20 005
Moelven 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	37 156
Hen Næringspark AS	100.0 %	10 000	1 000	10 000	6 655
Moelven Eidsvoll AS	100.0 %	8 500	850	8 500	18 500
Moelven Treinteriør AS	100.0 %	3 500	3 500	3 500	8 482
Moelven Byggfinansiering AS	100.0 %	1 000	100	1 000	4 000
Moelven Nordia AS	100.0 %	40 000	4 000	40 000	95 000
Moelven ByggModul AS	100.0 %	31 688	158 440	31 688	85 299
Moelven Bioenergi AS	100.0 %	6 000	6 000 000	6 000	6 800
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
Moelven Wood Skandinavia AS	100.0 %	500	50	500	462
Moelven Utvikling AS	70.0 %	1 000	700	700	700
Moelven Virke AS	100.0 %	5 000	50 000	5 000	4 546
Moelven Sør-Tre AS	100.0 %	8 487	8 487	8 487	50 473
Moelven Granvin Bruk AS	87.95 %	1 490	2 621	1 311	14 764
Moelven Wood Prosjekt AS	100.0 %	300	3 000	300	11 074
Total Moelven Industrier ASA					981 646

Cont. next page

Amounts in NOK 1 000	Company's		No. of shares	Book value at	
	Share of ownership	aktishare capital		Face value	31 Dec
MOELVEN INDUSTRIER AB OWNS					
Moelven Notnäs AB	100.0 %	SEK 3 250	650 000	SEK 3 250	43 535
Moelven List AB	100.0 %	SEK 5 500	55 000	SEK 5 500	19 185
Moelven Byggmodul AB	100.0 %	SEK 5 000	50 000	SEK 5 000	68 696
Moelven Norsälven AB	100.0 %	SEK 3 500	35 000	SEK 3 500	30 475
Moelven Ransbysågen AB	100.0 %	SEK 1 000	10 000	SEK 1 000	14 802
Moelven Värmlands Trä AB	100.0 %	SEK 3 000	3 000	SEK 3 000	28 646
Moelven Component AB	100.0 %	SEK 2 580	25 800	SEK 2 580	6 788
UJ-Trading AB	100.0 %	SEK 1 500	15 000	SEK 1 500	7 836
Skåre Kontorshotell AB	100.0 %	SEK 100	1 000	SEK 100	631
Moelven Wood AB	100.0 %	SEK 9 000	90 000	SEK 9 000	13 093
Moelven Notnäs Wood AB	100.0 %	SEK 3 800	38 000	SEK 3 800	13 409
Moelven Valåsen Wood AB	100.0 %	SEK 20 100	201 000	SEK 20 100	24 717
Moelven Valåsen AB	100.0 %	SEK 50 000	500 000	SEK 50 000	130 605
Moelven Dalaträ AB	100.0 %	SEK 20 000	200 000	SEK 20 000	47 889
Moelven Eurowand AB	100.0 %	SEK 40 000	40 000	SEK 40 000	39 704
Moelven Edanesågen AB	100.0 %	SEK 400	4 000	SEK 400	67 850
Moelven Nössemark Trä AB	100.0 %	SEK 300	3 000	SEK 300	48 952
Moelven Årjärg Säg AB	100.0 %	SEK 300	3 000	SEK 300	43 535
Moelven Tom Heurlin AB	100.0 %	SEK 1 500	15 000	SEK 1 500	17 414
Moelven Skog AB	80.0 %	SEK 5 000	400	SEK 4 000	3 483
Moelven Byggfinansiering AB	100.0 %	SEK 275	2 750	SEK 275	7 004
Moelven Töreboda AB	100.0 %	SEK 12 000	120 000	SEK 12 000	41 794
Moelven Malmö Holding AB	100.0 %	SEK 2 580	2 580	SEK 2 580	13 498
Vänerbränsle AB	77.8 %	SEK 336	2 613	SEK 261	2 104
Moelven Elektro AB	100.0 %	SEK 100	1 000	SEK 100	1 828
Summa Moelven Industrier AB					737 471
MOELVEN NORDIA AS OWNS					
Moelven Nordia Prosjekt AS	100.0 %		232	232	4 250
MOELVEN MALMÖ HOLDING AB OWNS					
Moelven Malmö AB	100.0 %	SEK 1 200	1 200	SEK 1 200	3 918
MOELVEN WOOD AS OWNS					
Moelven Iso3 AS	78.5 %	NOK 4 875	3 825	NOK 3 825	5 100
MOELVEN LIMTRE AS OWNS					
Moelven Massivtre AS	100.0 %	NOK 21 200	21 200	NOK 21 200	10

19 INVESTMENTS IN OTHER SHARES

Amounts in NOK 1 000	Company's		No. of shares	Book value at	
	Share of ownership	share capital		Face value	31 Dec
OWNED BY MOELVEN INDUSTRIER ASA:					
Tretorget AS	9.0 %	222	200	20	100
Others					20
Total Moelven Industrier ASA					120
OWNED BY OTHER GROUP COMPANIES:					
Transportfelleskapet Østlandet AS	25.0 %	500	250	100	126
Transportselskapet Nord AS	12.5 %	500	125	63	64
MNAB Holding AB (Naturbränsle)	10.7 %	SEK 1 405	1 500	SEK 150	139
Svenskt Limträ AB	33.0 %	SEK 100	333	SEK 33	27
Combino AS ¹	100.0 %	100	10 000	100	165
Others					346
Total others					867
Total for the Group					975

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

20 INVESTMENTS IN ASSOCIATED COMPANIES

MOELVEN INDUSTRIER ASA

Amounts in NOK 1 000	Company's		No. of shares	Book value at	
	Share of ownership	share capital		Face value	31 Dec
OWNED BY MOELVEN INDUSTRIER ASA:					
Weda Skog AB	30.0 %	SEK 10 000	30 000	SEK 3 000	2 632
Gamla Weda Skog i Karlstad AB	50.0 %	SEK 12 000	60 000	SEK 6 000	7 638
Total Moelven Industrier ASA					10 270
OWNED BY OTHER GROUP COMPANIES:					
Land Sag AS	30.0 %	7 784	2 312	2 335	3 195
Eco Timber Sverige AB	51.0 %	100	510	510	46
Total others					3 241
Total for the Group					13 511

THE GROUP

Amounts in NOK 1 000	Share of ownership	Balance:		Share profit	Write downs	Value at 31 Dec.
		Value at 1 Jan.	Additions/Disp			
Land Sag AS	30.0 %	2 995	300	0	-100	3 195
Weda Skog AB ¹	30.0 %	0	2 632	0		2 632
Gamla Weda Skog i Karlstad AB ¹	50.0 %	7 300	0	0		7 300
Eco Timber Sverige AB	51.0 %	0	46	0		46
Moelven Massiv Tre AS ²		338	2 000	-2 338		0
Total for the Group		10 633	4 978	-2 338	-100	13 173

1. Moelven has terminated the agreement with AB Karl Hedin and Bergkvist-Insjön AB concerning cooperation relating to timber procurement in Sweden through the company Weda Skog AB. Moelven's stake in Weda Skog AB is 50%. The company has changed its name to Gamla Weda Skog i Karlstad AB. Moelven will assign the majority of its future timber supply in Sweden to the wholly owned subsidiary Moelven Skog AB. The cooperation with Bergkvist-Insjön AB will be continued through Weda Skog AB in the Dalarna-Härjedalen- Hälsingland region, in which Moelven's stake will be 30%. The remaining 70% is owned by Bergkvist-Insjön AB.

2. After six years of operation, the board of directors of Moelven Massivtre AS decided in September 2010 to search for other interested parties to carry on all or part of the company's operations. If this search is unsuccessful, a controlled winding up of the company will be carried out. The process will be carried out in its entirety by Moelven, which has taken over all the shares in the company, which as of the year-end is considered a wholly owned subsidiary.

21 MINORITY INTEREST

The Group accounts include the following companies with minority interests:

Amounts in NOK 1 000	The Group		
	2010	2009	2008
Moelven Telemarksbruket AS	49.0 %	49.0 %	49.0 %
Moelven Skog AB	20.0 %	20.0 %	20.0 %
Moelven Utvikling AS	30.0 %	30.0 %	30.0 %
Vänerbränsle AB	22.2 %	22.2 %	22.2 %
Moelven Iso3 AS	35.0 %	35.0 %	-
Moelven Granvin Bruk AS	12.1 %		

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

Amounts in NOK 1 000	The Group		
	2010	2009	2008
PROFIT AND LOSS ITEMS			
Operating revenues	201.4	135.5	157.2
Net profit for the year	-1.4	-3.1	-0.8
BALANCE SHEET ITEMS			
Equity	16.9	14.6	18.0
Total capital	72.0	54.4	58.4

22 EQUITY

22.1 – Changes in equity

THE GROUP

Amounts in NOK millions	Share capital	Share premium reserve	Own shares	Other equity	Minority interest	Total equity
Balance at 1 January	647.7	180.7	0.0	805.7	14.6	1 648.7
Net profit				168.1	-1.4	166.7
Effect linked to acquisitions				0.0	2.7	2.7
Effect of financial instruments				-20.3	0.0	-20.3
Exchange rate differences, etc.				39.3	1.0	40.3
Allocation of net profit				-84.2	0.0	-84.2
Balance at 31 December	647.7	180.7	0.0	908.6	16.9	1 753.8

MOELVEN INDUSTRIER ASA

Amounts in NOK millions	Share capital	Share premium reserve	Own shares	Other equity	Minority interest	Total equity
Balans 01-01	647.7	180.7	0.0	124.6		953.0
Net profit				29.8		29.8
Allocation of net profit				-84.2		-84.2
Balance at 31 December	647.7	180.7	0.0	70.2	0.0	898.6

22.2 – Share capital development since 1 January 1998

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

As of 31 December 2010, Moelven Industrier ASA (including subsidiaries) owned a total of 1 100 shares in the company.

22.3 – The largest shareholders at 15 February 2011

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

Shareholder	No. of shares	Percentage of voting shares
Glommen Skog BA	32 486 396	25.08 %
Eidsiva Vekst AS	30 803 177	23.78 %
Agri MI AS	20 535 452	15.85 %
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 %
7 largest shareholders	129 069 591	99.64 %
Other 954 shareholders	471 693	0.36 %
Total 961 shareholders	129 541 284	100.00 %

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 961 shareholders, of which the six largest shareholders are Eidsiva Vekst AS (via the company Eidsiva MI2 AS), Felleskjøpet Agri BA (via the company Agri MI AS) and the forestry cooperatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA. The seven largest shareholders control 99.6 per cent of the shares in Moelven. A shareholder's agreement has been signed between these shareholders. Among the terms in the shareholders' agreement are terms specifying that the Group shall be run as an independent business with a long-term perspective and a continued focus on Scandinavia as the main market. The agreement also includes terms regarding composition of board, dividend policy, strategic focus areas and share transfers.

Business dealings with owners

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

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

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

Corporate assembly		Alternates	
Name	No. of shares	Name	No. of shares
Even Mengshoel (chairman)	1 266	Marit Olive Lindstad	0
Mikael Løken	0	Egil Magnar Stubsjøen	0
Olav A. Veum	0	Knut Aas	0
Rolf Th. Holm	0	Thorvald Grini	0
Erik Mollatt	0	Helge Evju	0
Maren Kyllingstad	0	Anne Sagstuen Nysæther	0
Thor Svegård	0	Ola Syverinsen	0
Steinar Dvergsdal	0	Terje Johansen	0
Rolf A. Ellevold*	0	Kåre Kastbakken*	0
Leif Bjarne Udem*	0	Jan Arve Sinnerud*	0
Ann-Christine Löfborg*	5	Ove Gunnarsson*	0
Lennart Perez*	0	Jörgen Weman*	0
Board of Directors		Alternates	
Name	No. of shares	Name	No. of shares
Svein E. Skorstad (chairman)	1 000	Heidi Ekrem	0
Pål Tajet	0	Per Simon Slettebø	0
Elisabeth Krokeide	0	Bjørn Egil Jørgensrud*	0
Torstein A. Opdahl	0	Harald Løkkesveen*	100
Elisabeth Bjøre	0	Group Executive Board	
Martin Fauchald*	0	Hans Rindal (CEO)	650
Gunde Haglund*	0	Johan Padel	750
		Bjarne Hønningstad	750
		Lars Atterfors	750

*Employee representatives

22.6 – Proposal regarding executive staff salary and other benefits executive staff salary and other benefits**Background**

Pursuant to Public Limited Company Act (allmennaksjeloven) §6-16a, the Board of Moelven Industrier ASA shall prepare a proposal regarding salary and other benefits to be paid to executive staff.

A declaration made by the General Meeting on 21 April 2009 was used as a policy guideline for the 2009 accounting year. Similarly, a declaration that will be presented to the General Meeting on 26 April 2010 will also serve to guide policies for the 2010 accounting year.

Employees covered by the declaration

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

In general

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

Salary

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

Other benefits

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

Bonuses and other variable forms of compensation

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

Remuneration linked to shares, etc.

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

Pension schemes

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

Pay after termination of employment

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

Previous accounting year

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

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

22.7 – Management benefits

Amounts in 1000 NOK, paid in accounting year

	Salaries/wages	Bonus	Pension costs	Other benefits
REMUNERATION TO:				
Hans Rindal, President and CEO	2 198.6	0.0	233.7	80.4
Johan Padel, Division Manager, Timber	1 767.7	0.0	168.0	189.3
Bjarne Hønningstad, Division Manager, Wood	1 368.5	0.0	108.8	137.7
Lars Atterfors, Division Manager, Building Systems	1 352.8	0.0	340.7	47.3
Total	6 687.6	0.0	851.2	454.7

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

See note 22.6 – declaration of remuneration to corporate management.

22.8 – Remuneration to board and corporate assembly

Amounts in NOK millions, paid in accounting year	The Group		
	2010	2009	2008
Remuneration to board members	915.0	705.0	962.5
Remuneration to corporate assembly	290.0	178.3	226.7

Board chairman receives NOK 270 thousand and other board members NOK 100 thousand per year in remuneration. Deputy board members receive NOK 5 thousand per meeting. Chairman of Corporate Assembly receives NOK 50 thousand per year in remuneration. Corporate Assembly members and deputy members receive NOK 5 thousand per meeting.

22.9 – Remuneration to accountant

Amounts in NOK millions, paid in accounting year	The Group			Moelven Industrier ASA		
	2010	2009	2008	2010	2009	2008
Legally mandated account audit	3.8	3.5	3.1	0.4	0.4	0.3
Other services related to certification	0.1	0.1	0.1	0.0	0.0	0.0
Tax advisory services	0.1	0.1	0.1	0.0	0.0	0.0
For services other than the account audit	0.8	0.2	0.2	0.5	0.0	0.1
Total	4.6	3.9	3.5	0.9	0.4	0.4



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To the Annual Shareholders' Meeting of Moelven Industrier ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Moelven Industrier ASA, which comprise the financial statements of the parent company Moelven Industrier ASA, showing a profit of NOK 29 800 000, and the consolidated financial statements of Moelven Industrier ASA and its subsidiaries, showing a profit of NOK 166 700 000. The parent company's and the consolidated financial statements comprise the balance sheet as at December 31, 2010, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Moelven Industrier ASA and of Moelven Industrier ASA and its subsidiaries as at December 31, 2010, and of their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Offices in

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Arendal	Kristiansund	Stavanger
Bergen	Larvik	Stord
Bodo	Mo i Rana	Tromsø
Esvaam	Molde	Trondheim
Fleknes	Narvik	Tvedestrand
Gronnald	Rana	Ålesund

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Statustilsvorte revisorer - medlemmer av Den norske Revisjonsforening



Independent auditor's report
Moelven Industrier ASA

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented 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 complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Hamar, 15 February, 2011
KPMG AS

Thore Kleppen
State Authorised Public Accountant

[Translation has been made for information purposes only]

The following items were discussed at the meeting of the corporate assembly held on 10 March 2011:

- Annual report and proposed Annual Financial Statement by board and President/CEO for the 2010 accounting year for Moelven Industrier ASA and group.
- Board's proposed allocation of profit for year in Moelven Industrier ASA.
- Board's determination of remuneration to Group Executive Board.

The corporate assembly recommends that the general meeting approve the board and CEO's annual report and accounts for Moelven Industrier ASA and group in 2010, including allocation of profit for year in Moelven Industrier ASA.

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

10 March 2011



Even Mengshoel
Chairman of the Corporate Assembly

Corporate governance within the Moelven Group is based on the Norwegian recommendations for corporate governance dating from October 2010.

Accountability

In accordance with the Norwegian Public Limited Companies Act, the board of directors is responsible for ensuring the appropriate organisation of the business and management of the company. The Moelven Group has a decentralized organization structure with a number of independent legal entities with their own boards, which each have a similar responsibility for their own units.

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

Business activities

The company's articles of association state that the object of the company is production and all associated operations, trade and other commercial activities, as well as participation in other companies through share ownership or otherwise. In the Group's strategic plan, the board states that the principal focus in future must be on improving the existing operation. The Group has passed the critical size that is necessary to be competitive, and quality must be prioritised ahead of growth. The board of directors places great emphasis on long-term, sustainable development, and no major changes have been made to the strategy in recent years. Although the economic downturn after the financial crisis will continue to impact the Group's profitability in 2010, the long-term strategic plan will not be altered significantly. The company's solidity and financing are both satisfactory and provide the necessary freedom of action. The company's goals and main strategies are described in the annual report.

Capital and dividends

At the end of 2010, the equity in the parent company Moelven Industrier ASA NOK totalled NOK 898.6 million (953.0). For the Group overall, equity amounted to NOK 1 753.8 million (1 627.0). The equity ratio was 43.4 percent (50.1). This is in line with the board's target of a minimum of 40 percent, a level that the board considers appropriate given the economic fluctuations we have seen in recent years.

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

As of 31.12.2010, the board does not have the authority to increase capital or purchase company shares.

Equal treatment of shareholders and transactions with close associates

The share capital in Moelven Industrier ASA consists of 129 542 384 shares with a face value of NOK 5, and there is only one class of shares. The company is not publicly listed. In all there are 960 shareholders in the company. The seven largest, Glommen Skog BA (25.1 percent), Eidsiva Vekst AS (23.8 percent), Agri MI AS (15.8 percent), Viken Skog BA (11.9 percent), Mjøsen Skog BA (11.7 percent), AT Skog BA (7.3 percent) and Havass Skog BA (4.0 percent) control 99.6 percent of the shares. The remaining 0.4 percent is owned primarily by individuals. The seven largest shareholders have signed a shareholders' agreement. This states that the Group shall be managed as an independent entity with a long-term perspective and with a continued focus on Scandinavia as its principal market. The agreement also contains provisions concerning the composition of the board, the dividend policy, strategic focus areas and share transfers. In certain areas within the Group's day-to-day operations, transactions are carried out with the shareholders. Among other things, this concerns the purchase of timber, where the Norwegian forest owner cooperatives act as supplier. There are also deliveries of biofuel from the Moelven Group to a bioenergy plant owned by Eidsiva Energi AS. Common to all these transactions is that the "arm's length principle" must be applied. Where other suppliers are able to offer better prices and/or conditions, these suppliers will be preferred. Moelven has a long tradition of managing its operations in accordance with all laws and ethical guidelines within the industry, and believes that competition is a positive thing for all parties. To help maintain this culture, ethical guidelines and guidelines concerning compliance with competition legislation have been prepared.

Unrestricted trade

No terms in the company's by-laws restrict the sale or transfer of shares. The company's

shares are freely transferable to the extent that the individual shareholders have not accepted obligations in relation to other shareholders. However, as the company is not listed on the stock exchange and the seven largest shareholders collectively own 99.6 percent of the shares, there is little trading of the shares.

Annual general meeting

The notice of the general meeting, and its content and information about access to meeting documents comply with the requirements specified in the Norwegian Public Limited Companies Act and General Meeting regulations.

Participants in the general meeting may vote for each individual candidate to be elected by the shareholders to the corporate assembly. The employees in the Group organise elections for employee representatives to the corporate assembly separately.

The chairman of the board, the chairman of the corporate assembly and the auditor are in attendance at the general meeting. The chairman of the corporate assembly is traditionally chosen by the general meeting to chair the proceedings.

The procedure for participation and voting by proxy is described in the notice to the meeting. As 99.6 percent of the shares are controlled by the seven largest shareholders, it has not been necessary to appoint a person to vote on the part of the shareholders as proxy.

Election and remuneration committee

Every year, the corporate assembly elects an election committee consisting of two representatives from the shareholders, and a remuneration committee comprising two representatives from the shareholders and one representative from the employees. The tasks of these committees are to submit recommendations to the corporate assembly and general meeting concerning the election of board members and corporate assembly members respectively. The recommendations must contain information concerning qualifications and experience, capacity and independence. Recommendations must also be submitted concerning the remuneration that the members of the board of directors and corporate assembly should receive in the coming year. As 99.6 percent of the shares and the employees are represented in the corporate assembly, there has been no need to ensure the election committee's independence from the board, executive staff and corporate assembly.

Corporate assembly and board, composition and independence

The corporate assembly consists of twelve members, of whom four are elected by the employees. The company's seven largest shareholders, who control 99.6 percent of the shares, are all represented on the corporate assembly. The board of Moelven Industrier ASA consists of seven members, who are elected by the corporate assembly for one year periods. The chairman of the board is independent of the company's main shareholders and is elected by the corporate assembly. Two of the board members are employee representatives. The employees also select a deputy representative who attends on a regular basis. No executive staff are members of the board. Of the five board members chosen by shareholders, two are female. As the share of female employees in the Group is 9.82 percent (9.49), the rules concerning gender representation do not apply for the employees' representatives. The composition of the board satisfies the requirements concerning gender representation. With the exception of the employee representative on the board, only one other board member receives remuneration other than the directors' fee. The compensation involved is for an insignificant amount and is linked to the termination of an earlier assignment in France.

The age, occupation and time served by the board members are specified in the annual report. Because of the ownership structure and the main shareholders' familiarity with the board members, it has not been considered relevant to publish any further information. Experience shows that board members very rarely fail to attend board meetings.

The work of the board of directors

The board's management of the company complies with the principles laid down in the Norwegian Public Limited Companies Act.

Rules of procedure have been prepared for the board of Moelven Industrier ASA which set out more detailed guidelines for the work of the board. At each meeting, the monthly reports concerning operations, financial data and HES statistics for the Group are reviewed. The following work schedule also applies to each calendar year:

- **January:** Report for the fourth quarter of the previous year.
- **February:** Annual accounts with notes and annual report for the previous year.
- **April:** Report for the first quarter and

preparation for the annual general meeting.

- **June:** Strategic plan, introductory meeting.
- **July:** Report for the first half-year.
- **August:** Strategic plan.
- **October:** Report for the third quarter, adoption of strategic plan.
- **December:** Business plan and budget for the coming year, including risk management and internal control.

Routines have been established for the self-assessment of the board's work. This self-assessment is carried out at the beginning of each year.

The board uses board committees or other committees as necessary. Based on an evaluation of the risks and control requirements, it has been decided that the board as a whole should act as the audit committee.

The board decides remuneration for the CEO, while the CEO determines remuneration for the rest of the executive management in line with guidelines adopted by the board. Executives are not offered any option packages, and nobody receives a share-based salary. The board's responsibilities in terms of compensation are therefore limited, and the board has not appointed a separate remuneration committee.

In the ordinary board meetings, the CEO, the CFO and the board secretary normally attend from the administration, in addition to the elected board members. Other representatives from the administration, division or auditors attend as and when required. The Group executive board consists of a CEO and the managing director of each division. The board has drawn up instructions for the CEO's work. At Group executive management meetings, the directors of the Group's shared corporate services also attend. For more information about management and management bodies, see Note 22.

Risk management and internal control

The Moelven Group is organised with a flat, decentralized and network-oriented organisation and management structure. All business units in the Group are independently responsible for their results and operate as independent units in a coordinated network of companies, characterised by openness, accountability and a limited need for central administrative resources.

Risk management and internal control in the Group have been adapted to this type of organisational model. The individual company managers and their boards follow up risk management and internal control

pursuant to applicable laws and regulations. Controller functions exist at the division and Group level. Reporting to the board of the Group is thereby subject to control at the subsidiary, division and Group level. Due to the large scope, it has been decided to limit reporting to the board and to focus on the Group and division data, in addition to selected indicators and variance reporting for each business unit.

In connection with the annual strategy and budget work, the board reviews the Group's most important areas of risk. Where necessary, and based on the annual risk assessment, the Group's reporting is adjusted so that identified risk areas are adequately covered.

An important element of the management and organisational model is the monthly reporting of data back to the reporting units. The same monthly report that is sent to the board is also distributed to the senior management of each individual company. This approach involves many different persons in checking and monitoring financial data. The reporting form supports the feeling of responsibility for not just one's own results but for the entire division and Group as a whole.

All units close their own accounts each month and report to the parent company on the third working day of the following month. This reporting uses standardised systems in accordance with common guidelines, to ensure consistency and the greatest possible comparability across the units.

The board believes that this reporting and control environment provides satisfactory control of the business.

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

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

The board has also been informed of the Group's policy to ensure an open company culture and has approved this policy. The purpose of this policy is to make it clear to all employees that internal concerns and criticisms can be raised and that such concerns and criticisms will be taken seriously.

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

The Group has also drawn up guidelines on HES and corporate social responsibility. The guidelines on corporate social responsibility are described on pages 19-20.

Remuneration to the board and Group executive management

The remuneration paid to the board is approved by the corporate assembly and is not dependent on results. Option- and share-based remuneration is not used. For further information concerning remuneration paid to the board, see Note 22.8. Remuneration to the Group executive board is described in Notes 22.6 and 22.7.

Principles and rules have been drawn up for results-based remuneration in the Group as a whole. Among other things, it is stipulated that agreements on results-based

remuneration should be for no more than one year at a time and that there should be an upper limit to the remuneration.

Information and communication

Each year, the board decides the Group's financial calendar, which is published in the annual report and on the company's website. The Group's quarterly reports and annual reports are published on the company's website and are sent by mail to all shareholders. The board has established a practice of holding annual owners' meetings in order to establish an arena for information exchanges and discussion between the owners. It has not been found necessary to issue guidelines on this.

Company acquisition

The Group is not publicly listed and a shareholder's agreement covers share transfers for the seven largest shareholders,

who together own 99.6 percent of the shares. No guidelines have been developed for the board in connection with acquisition bids

Auditor

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

Moelv, 15 February 2011
Moelven Industrier ASA

Svein E. Skorstad
Chairman

Pål Tajet

Elisabeth Krokeide

Torstein A. Opdahl

Elisabeth Bjøre

Martin Fauchald

Gunde Høyland

Hans Rindal
President and CEO

GROUP EXECUTIVE BOARD



1. Lars Atterfors

“Wave troughs are no fun, but they do exist and it’s better to learn how to surf your way out of them as fast as you can.”

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

2. Hans Rindal

“During 2010, we perhaps showed what can be achieved when the market is neither good nor bad.”

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

3. Johan Padel

“2010 demonstrated that we need a flexible organisation – the world is changing faster and faster.”

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

4. Bjarne Hønningstad

“With three new companies and 100 new employees onboard during 2010, we have gained valuable expertise, and can offer our customers some exciting, new products and an even better level of service.”

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

GROUP SHARED SERVICES



SHARED SERVICES IN THE MOELVEN GROUP

This division is organised into five areas:

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

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

1. Morten Sveiverud

“We will just have to invest the group’s financial assets in whatever benefits our industry, so that we can work with a forward-looking approach and face the challenges that must come.”

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

2. Kristin Vitsø Bjørnstad

“What did we achieve? Well, we got many employees back to work for a start, not to mention a good result. That is something I’m very pleased about.”

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

3. Svend Strand

“We are striving to ensure that our systems will give access to precise, early and relevant information for all our customers and employees who need it.”

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

4. Morten Kristiansen

“2010 involved major organisational changes relating to our timber supply operation in Sweden. We are developing the organisation to create added value for the industry and the suppliers.”

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

5. Åge Holmestad

“Greater use of timber is important for the future of Moelven.”

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

FINANCIAL CALENDAR

26 January 2011
Fourth Quarter Report 2010/
Preliminary annual result 2010

9 May 2011
General meeting - Annual Accounts 2010

Publishing Quarterly

14 April 2011
First Quarter Report 2011

12 July 2011
Second Quarter Report 2011

21 October 2011
Third Quarter Report 2011

26 January 2012
Fourth Quarter Report 2011/
Preliminary annual result 2011

Publishing; monthly report,
main figures from the Groups accounting
per month in 2011

January: 14 February

February: 14 March

March: 14 April

April: 12 May

May: 13 June

June: 12 July

July: 12 August

August: 12 September

September: 21 October

October: 14 November

November: 12 December

December: 26 January 2012

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