ANNUAL REPORT 2013

Quality rooms

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Moelven Industrier ASA

Finance and insurance · Communication/HR · ICT · Innovation· Raw Material Supply/Fibres/Bio Energy:
Moelven Skog AB, Moelven Virke AS, Moelven Bioenergi AS, Vänerbränsle AB (82,3%)

Timber	
Moelven Dalaträ AB	Moelven Løten AS
Moelven Norsälven AB	Moelven Telemarksbruket AS (51,0 %)
Moelven Mjøsbruket AS	Moelven Numedal AS
Moelven Årjäng Såg AB	Moelven Notnäs AB
Moelven Valåsen AB	Moelven Nössemark Trä AB
Moelven Ransbysågen AB	Moelven Våler AS
Moelven Component AB	Moelven Tom Heurlin AB
Moelven Profil AS	UJ-Trading AB

Wood	
Moelven Wood AS Moelven Wood AB Moelven Danmark A/S	Moelven Wood Prosjekt AS
Moelven Valåsen Wood AB	Moelven Multi3 AS
Moelven Are AS	Moelven Sør-Tre AS
Moelven Langmoen AS	Moelven Granvin Bruk AS (99,3%)
Moelven Edanesågen AB	Moelven Soknabruket AS
Moelven Eidsvold Værk AS	Moelven Trysil AS
Moelven Østerdalsbruket AS	Moelven Van Severen AS
Moelven List AB	Moelven Treinteriør AS
Moelven Notnäs Wood AB	Moelven Eidsvoll AS
Moelven Värmlands Trä AB	Moelven Lovene AB
Moelven Vänerply AB	

Building systems	
Moelven ByggModul AB	Moelven ByggModul AS
Interior systems: Moelven Eurowand AB Moelven Nordia AS Moelven Nordia Prosjekt AS	Moelven Limtre AS
	Moelven Elektro AS
Moelven UK Ltd.	Moelven Töreboda AB

5 years

Amounts in NOK million	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	NGAAP 2009
THE GROUP					
Operating revenues	8 009,4	8 121,5	8 059,9	7 184,5	6 247,8
Depreciation and impairment	271,6	250,9	225,9	212,1	202,5
Operating profit	-44,7	16,9	12,9	254,0	91,1
Financial items	-72,4	-81,2	-125,4	-8,2	50,1
Profit before tax	-117,1	-64,3	-112,4	245,8	141,2
Total assets	4 539,8	4 342,1	4 333,9	4 167,7	3 250,2
Equity in per cent	33,4	35,5	35,6	42,1	50,1
Operating margin in per cent	-0,6	0,2	0,2	3,4	1,5
Cash flow from operating profit	226,9	267,8	238,8	466,1	293,6
Investments	351,2	339,4	387	258	222
Number of employees	3 276	3 375	3 482	3 270	2 992
TIMBER					
Operating revenues	2 543,9	2 428,2	2 394,1	2 436,4	2 166,8
Depreciation and impairment	116,0	99,9	90,3	83,4	87,1
Operating profit	-11,6	-74,6	-52,4	94,7	12,7
Financial items	-29,3	-23,4	-25,7	-13,8	-11,1
Profit before tax	-40,9	-98,0	-78,1	80,9	1,6
Total assets	1 684,3	1 580,6	1 592,2	1 545,5	1 306,4
Operating margin in per cent	-0,5	-3,1	-2,2	3,9	0,6
Cash flow from operating profit	104,4	25,3	37,9	178,1	99,8
Investments	119,5	151,6	144,2	112	86
Number of employees	677	696	692	643	661
WOOD					
Operating revenues	2 820,4	2 836,9	2 932,4	2 683,9	2 227,4
Depreciation and impairment	104,9	99,1	89,5	86	72,9
Operating profit	23,5	29,6	57,6	96,27	43,2
Financial items	-30,8	-28,9	-27,959	-22,4	-20,4
Profit before tax	-7,4	0,8	29,6	73,87	22,8
Total assets	1 957,7	1 905,8	1 975,7	1 797,2	1 497,8
Operating margin in per cent	0,8	1,0	2,0	3,6	1,9
Cash flow from operating profit	128,4	128,7	147,1	182,27	116,1
Investments	174,7	132,7	169,5	66,3	80
Number of employees	1 011	1 063	1 114	952	856
BUILDING SYSTEMS					
Operating revenues	2514,1	2 799,3	2 665,8	2 171,5	1 933,0
Depreciation and impairment	38,0	38,1	36,0	34,9	33,7
Operating profit	-19,1	97,0	50,8	92,2	61,4
Financial items	0,1	2,0	4,47	1,1	3,3
Profit before taxes	-19,0	98,9	55,3	93,3	64,7
Total assets	1 189,9	1 243,3	1217,9	1208,4	953,9
Operating margin in per cent	-0,8	3,5	1,9	4,2	3,2
Cash flow from operating profit	18,9	135,1	86,798	127,1	95,1
Investments	43,4	46,3	38	61	31
Number of employees	1 460	1 486	1542	1542	1379

Amounts in NOK million	IFRS 2013	2012	2011	2010	NGAAP 2009
Laminated timber					
Operating revenues	403,8	420,4	470,7	467,9	397,1
Depreciation and impairment	15,2	16,7	18,2	18,4	15,6
Operating profit	-6,5	8,0	4,3	12,9	4,0
Operating margin in per cent	-1,6	1,9	0,9	2,8	1,0
Investments	21,3	20,8	10,22	42	25
Number of employees	239	239	266	300	280
Electrical					
Operating income	257,4	523,5	497,4	412,1	397,5
Depreciation and impairment	1,4	1,7	1,8	1,2	3,1
Operating profit	-48,0	-36,5	-46,6	3,1	9,0
Operating margin in per cent	-18,7	-7,0	-9,4	0,8	2,3
Investments	0,0	0,1	2	4	1
Number of employees	176	254	302	278	238
Building Modules					
Operating income	1 156,6	1 135,1	1138,8	740,4	513,0
Depreciation and impairment	14,2	13,8	10,9	10,6	10,6
Operating profit	-13,6	60,2	59,0	33,7	1,5
Operating margin in per cent	-1,2	5,3	5,2	4,6	0,3
Investments	17,6	23,6	23	8	2
Number of employees	584	549	524	516	410
Interior solutions					
Operating revenues	733,3	764,1	605,6	581,7	644,8
Depreciation and impairment	5,2	5,9	5,0	4,7	4,4
Operating profit	49,0	65,3	34,0	42,5	46,9
Operating margin in per cent	6,7	8,5	5,6	7,3	7,3
Investments	4,5	1,7	3,5	7	3
Number of employees	461	444	450	448	451
OTHER OPERATIONS					
Operating revenues	2 623,7	2 616,7	2677,2	1756	965,1
Depreciation and impairment	12,8	13,8	10,0	7,8	8,7
Operating profit	-37,5	-35,1	-43,0	-29,2	-26,2
Financial items	-12,4	-30,9	-76,2	26,9	78,3
Profit before tax	-49,9	-66,1	-119,2	-2,3	52,1
Cash flow from operating profit	-24,741	-21,3	-33,0	-21,4	-17,5
Investments	13,6	8,9	35	19	25
Number of employees	128	130	134	133	96

In brief
A challenging year, but a view to better market conditions

For the Group as a whole 2013 has been a year characterized by challenging market conditions, delays in the implementation of investments and losses on projects in Electrical and Building Modules. This has led to greater demands on the restructuring and rationalizing of operations to secure short-term results and long-term competitiveness. The activity level was on the decline at the start of the year. However, around mid way through the year developments turned, particularly for the mechanical wood division. Following a negative operating result for the first six months, the implemented restructuring and improvement measures, along with improved market conditions, contributed to a positive operating result in the second half of the year. However, the year as a whole gave an operating loss of NOK 44.7 million.

For the mechanical wood division of the group the start of the year was characterized by a depression and challenging market conditions in the European export markets. In the export markets outside of Europe, such as the Middle East, North Africa, China and North America, activity was on the increase throughout the year. On the domestic markets in Scandinavia, activity levels were stable and as expected in Sweden and Denmark, while the Norwegian market was poorer than anticipated.

For the Group's units both delivery and production volumes were lower than the previous year for the first few months.

Economic developments entailed that several players adjusted production, while at the same time there was more focus on markets beyond Europe. On the whole, producer stocks of sawn timber dropped, and the market balance on the international market improved. Throughout the second part of the year prices for sawn timber saw a rising trend. For the Moelven Group's units this effect was reinforced by the Scandinavian currencies weakening against the Euro. In the home markets the weaker NOK against the SEK contributed to strengthen the Group's position on the Norwegian market in competition with Swedish players.

For the timber consuming units in Timber and Wood, access to saw timber was satisfactory up to and including the third quarter, but took a turn for the worse in certain regions in the fourth quarter, despite the rise in timber prices in the second half of the year. A suspension of operations due to lack of raw material has not been necessary in the same way as it was in 2012, but several units saw reduced productivity due to more frequent readjustments of the production plants than would have been necessary with higher timber inventories.

The prices for chip and fibre products dropped slowly throughout the year, but with a levelling off in the fourth quarter. In Norway the closure of Södra Cell Tofte AS in the third quarter led to a significant reduction in demand for chip and fibre products from the nearby geography. However, adjustments to the new market situation had started early on on the part of Moelven, and the measures that were implemented, including facilitation for increased rail transport, have been satisfactory.

Increasing prices of sawn timber put pressure on the margins of the Wood division as the second half of the year progressed. Toward the end of the fourth quarter, however, the prices of finished goods also increased.

The Building System division started the year with a satisfactory order backlog, taking into consideration the planned reduction of activities within Electrical.

There has been some improvement in market conditions throughout the year, and at the end of 2013 the division had an order backlog that was approx. NOK 100 million higher than at the year start.

Events in 2013

Corporate governance

At the ordinary general meeting of Moelven Industrier ASA on 23 April Even Mengshoel resigned as Chairman of the Corporate Assembly after 6 years. Former member of the Board Egil Magnar Stubsjøen was elected new Chairman. The Corporate Assembly elected a new Board on the same day. The new Board comprises Asbjørn Reinkind (Chairman), Trond Stangeby (Deputy Chairman), Sverre A. Larssen, Elisabeth Krokeide, Heidi Hemstad, Martin Fauchald (employee rep.) and Lars-Håkan Karlsson (employee rep.). Comprehensive information on the Group's governing bodies is available at www.moelven.no.

In August Marcus Johansson (44) from Karlstad took up position as new head of division of Moelven Building Systems. Johansson comes from Skanska Sverige AB, where he has held a number of executive positions.

Group structure

In June the companies Moelven Timber AS and Moelven Wood Skandinavia AS merged with Moelven Industrier ASA with effect from 1 January. Following this, division management are departments of the parent company: Timber Division, Wood Division and Building Systems Division. The organisation of the common services accounting/finance/insurance, communications/HR, ICT, and saw log purchasing and fibre sales remains unchanged.

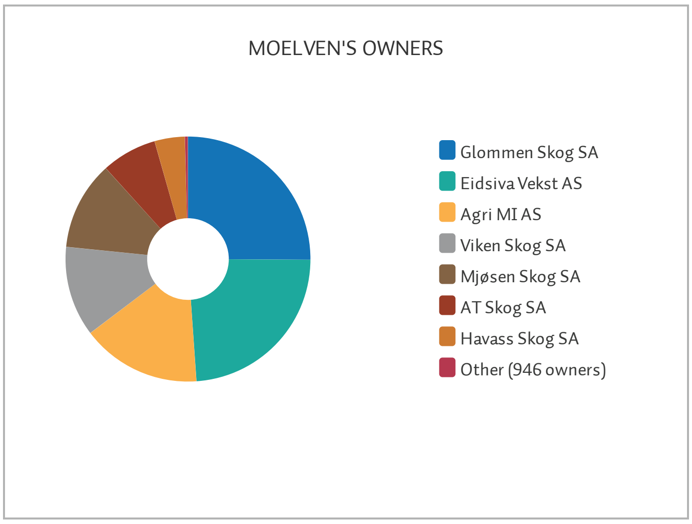
In September a decision was made to coordinate the administration of the two Interior systems companies - Moelven Eurowand AB and Moelven Nordia AS. The two units have been collaborating over several years to extract synergy benefits in the staffing and support functions. The coordination will realize further benefits related to product development, marketing, logistics, etc. across borders.

This is the Moelven group

Building competitive ability based on Scandinavian assumptions

Ownership structure

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



Vision

Moelven is a Scandinavian Group. All production units are located in Scandinavia, which is also the primary market. The business is based on the prerequisites dictated by Scandinavian society and builds on these. Moelven's vision is *to be the natural choice for people who wish to build and live Scandinavian*, and the Group shall take the lead in developing buildings that are based on Scandinavian building traditions. Within this framework, activities are based on a desire and an ability to contribute to creating good spaces – good environments to live and work in, and for all social functions. Environments that are well designed and functional, that are safe and at the same time inspiring. Good Scandinavian environments are often close to nature in their form and content. Wood and other natural materials are essential parts of what Moelven makes and are dominant in the greater part of the product range. Natural materials are environmentally friendly building materials and solutions when it comes to houses and modules, bridges and interior products.

Location

The Group has its headquarters in Moelv in Norway and consists of 51 production units and 34 offices for sales, service and fitting. Most of the production units are companies and workplaces with a strong local presence in rural communities in South East Norway and the western part of Central Sweden. The offices for sales, service and fitting are located in larger population centres around Norway, Sweden, Denmark, the United Kingdom, Germany and the Netherlands. Production in Norway and Sweden is of approximately the same volume, but the Swedish units export a greater proportion of their production than the Norwegian. Out of a total of 3,276 (3,375) employees at the end of 2013, 1,660 (1,769) work in Norway, 1,582 (1,578) in Sweden, 21 (21) in Denmark and 13 (11) in other countries.

The Divisions

Moelven offers a wide range of building products and building systems and 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 for new building or renovation of homes and commercial property. A large part of the remaining operation consists of sales of biomass for biofuel and for pulp, paper and particle board production. The Group also supplies wood products to the furniture, interior and packaging sectors. Customers are divided into three main segments: industry, trade and projects. These segments are based on the nature of their business, purchasing routines and service and distribution needs. The Group is divided into three divisions: Timber, Wood and Building Systems, each of which focuses on one of the main segments. There is also an Other Businesses reporting area, which consists of the holding companies, supply businesses and bioenergy companies.

Timber

The Timber division consists of 15 production units and 4 sales offices, supplying industrial timber, components and chip products made from local spruce and pine. The customers are mainly industrial companies that buy intermediate products for their own production of construction timber, panels, flooring, mouldings, windows, packaging, board and paper products and for bioenergy. About 60 per cent of operating revenues come from Scandinavian customers. At the end of 2013, there were 677 (696) employees, 204 (248) of them in Norway, 464 (440) in Sweden and 9 (8) in other countries.

Wood

The Wood division consists of 19 production units and 3 customer centres. The main products are white and impregnated building wood, mouldings, floorings, interior and exterior panels, boards, components and chip products. Wood also sells products produced by other companies. Almost 80 per cent of production is sold through the building goods trade. Wood is one of the leading suppliers to the Scandinavian market and about 96 per cent of its operating revenues come from Scandinavian customers. At the end of 2013, there were 1,114 (1,063) employees, 555 (611) of them in Norway, 435 (431) in Sweden and 21 (21) in Denmark.

Building systems

The Building Systems division consists of 8 production units and 34 sales, service and fitting offices. Building Systems is divided into the business areas Glulam, Building Modules and System Interiors, all three of which are market leaders in Norway and Sweden, as well as Electrical Services in Norway. The division's building and contracting customers buy customised building modules, flexible interior solutions systems and associated services, advanced glulam structures and electrical installation services. In addition to bridges and load-bearing structures, the glulam unit also has considerable sales of standard laminated timber beams through the building products trade, as well as components for the prefabricated house industry. Operating revenues come from Scandinavian customers. At the end of 2013, there were 1,460 (1,486) employees, 821 (862) of them in Norway, 634 (624) in Sweden and 5 (4) in the United Kingdom. In order to ensure adequate flexibility in production capacity to meet seasonal and economic fluctuations in the market, the divisions use hired workers. Hired workers are not included in the employee figures. However work is carried out on the principle that work contracts, rights and obligations, as well as time limits, should be the same as for permanent employees.

Other businesses

Other businesses include the parent company Moelven Industrier ASA and the common services HR and Communications and ICT, as well as economics, finance and insurance. Timber supply and sales of chips and energy products are centralized and are included through the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Moelven Bioenergi AS is also included. At the end of 2013, there were 128 (130) employees, 45 (47) of them in Norway and 83 (83) in Sweden.

Social responsibility
An integrated part of the day to day operations

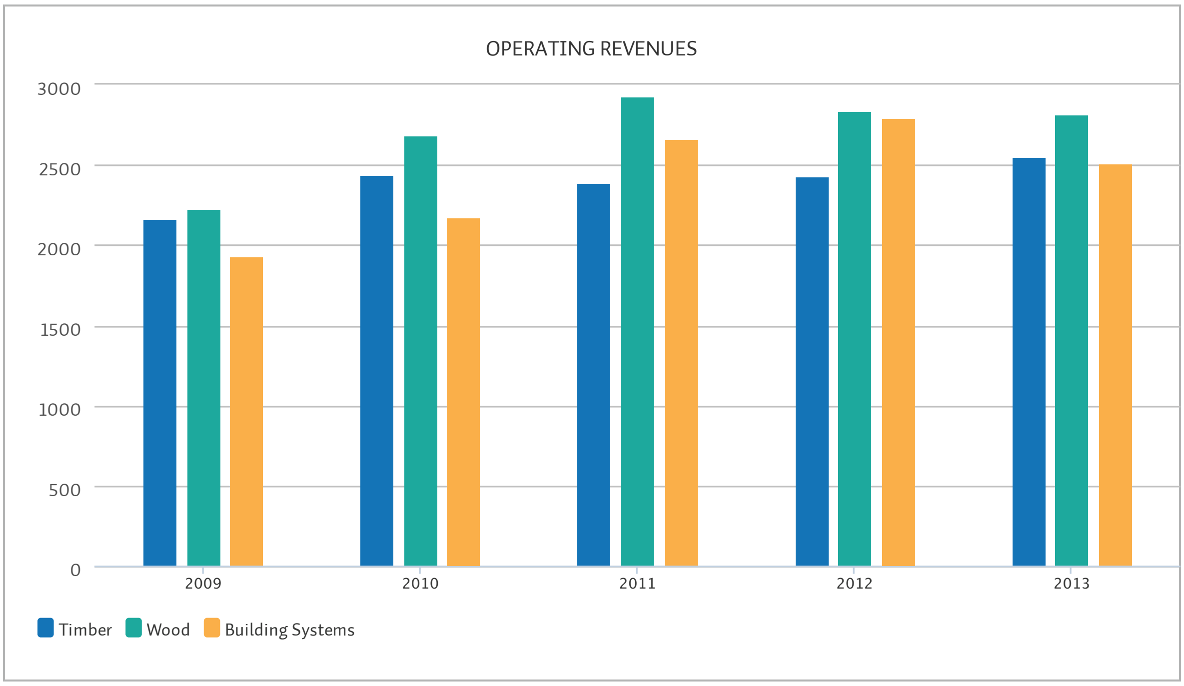
The Board has processed and approved the Groups general strategy and guidelines relating to HSE, social responsibility, the environment and competition law. The discussion of these areas are included in the Board's explanation of principles and practice concerning social responsibility pursuant to the Accounting Act Section 3-3c.

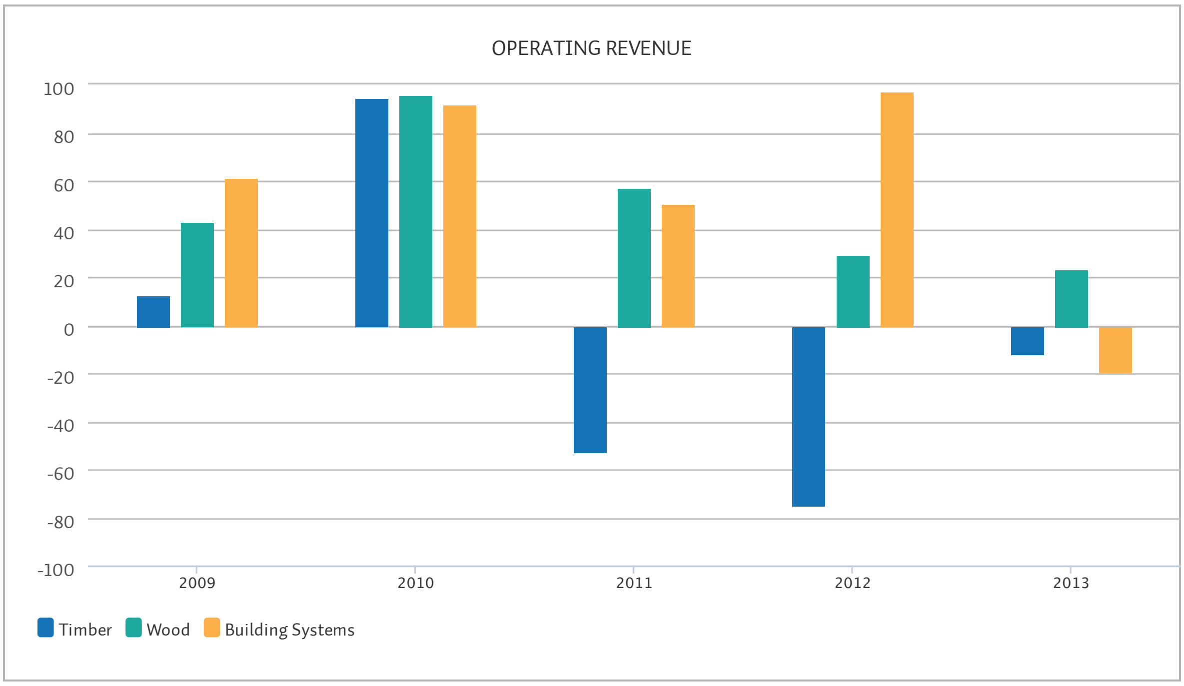
Operating revenues and results
Poorer result than expected

For 2013 the Board expected a result that for the year as a whole would be somewhat better than for 2012. Challenging market conditions for the mechanical wood division of the Group in the first half of the year, delays in carrying out certain major investment projects and significant losses in the Building Systems division related to project assessments in the Electrical operations and serious damage to a module project in Sweden, are the main causes that the result was weaker than expected.
Operating revenues for the year as a whole were somewhat lower than for 2012. The main cause is the planned halving of Moelven Elektro's operations. The Group's remaining units generally had a level of activity that was somewhat lower than expected in the first six months, while the remaining six months were somewhat better.

For the main bulk of operations one has succeeded well in implementing restructuring measures to adapt capacity, efficiency and cost levels to the current market conditions. However, at certain units improvement work, including investment projects, have taken somewhat longer than anticipated and caused excessive processing costs. At the start of 2014 the investment level is significantly lower, and there is strong focus on work with turning around some units with particular challenges.

Accumulated for the year, hedging has provided a significant positive result as a consequence of the market rates for NOK and SEK increasing. Currency and electricity hedging are negative following a significant weakening of NOK and in part SEK against the EUR, as well as lower electricity prices than a year previously. The Group's average margin on debt financing was almost unchanged from 2012, but interest rate expenses increased due to a higher level of debt through the year.





Timber

Amounts in NOK million	2013	2012
Operating revenues	2 543,9	2 428,2
Depreciation and impairment	116,0	99,9
Operating profit	-11,6	-74,6
Profit before tax	-40,9	98,0

The Timber division had a difficult start in 2013, with lower prices and delivery volumes than for the same time the previous year. Competitiveness in the export markets was also negatively affected by the strengthening of the Scandinavian currencies in 2012. The export markets are primarily served by the Group's Swedish units, which has SEK as the base currency. However, over the course of the first six months demand strengthened in the export markets in the Middle East and North Africa, while reductions in producer stocks of sawn timber contributed to further improve the market balance. The Scandinavian currencies also weakened, and thereby contributed to improved competitiveness. As the second half of the year progressed, positive developments picked up in the international market for sawn timber, and the Timber companies concluded the year with better market conditions than at the start of the year. For the year as a whole, delivery volumes were on a par with 2012.

The prices for chips and other fibre products had a slightly negative trend through the year, with a levelling off towards the end of the year.

Due to the disappearance of demand following the closure of Södra Cell Tofte AS, rail solutions were established for the transport of chip and fibre products from the affected units. In order to secure the harvesting activities and the supply of saw timber for Moelven's units in the vicinity, trading activities based on rail transport of pulp wood were also established. Both measures had good effect and contributed to secure both the supply of raw materials and market opportunities for chip and fibre products. The supply of sawn timber was lower than desired in certain geographic areas toward the end of the year. This had a an adverse effect on the affected units due to the need for more frequent readjustment of the production lines, but halts in operations due to a lack of raw materials were not required.

Sawn timber prices dropped through the first six months, which contributed to improve the balance between the market prices of finished goods and raw material prices. Developments in timber prices turned around mid-year when the price increase on sawn timber became pronounced, and has risen throughout the second half of the year. At year-end saw timber prices were somewhat higher than at the beginning of the year, but better utilization of raw material meant that the raw material cost per produced unit remained at the 2012 level.

In addition to improved utilization of raw material, the implemented rationalization measures have also contributed to reduce production costs at several units. However, some units have had unsatisfactory productivity due to investment and restructuring projects that have taken longer than planned. The largest investment and restructuring projects that have been carried out are the co-localization of Moelven Profil AS' two production units, a new production facility at Moelven Tom Heurlin AB, upgrading and modification of the saw line at Moelven Notnäs AB and upgrading of the timber reception at Moelven Våler AB.

Wood

Amounts in NOK million	2013	2012
Operating revenues	2 820,4	2 836,9
Depreciation and impairment	104,9	99,1
Operating profit	23,5	29,6
Profit before tax	-7,4	0,8

For the Wood division the winter season developed, as expected, somewhat poorer than the previous year in Sweden and Denmark. Activity in the Norwegian market was significantly lower than both expectations and the previous year. Beyond developments in the the general macroeconomic picture, the level of activity in the Norwegian market was marked by a prolonged cold winter and increasing competition from foreign actors. For the Norwegian part of the business, this made it necessary to implement capacity adjustments in addition to the ongoing improvement work.

As part of this work, a decision was made in the second quarter to move all the moulding production in Norway to Eidsvoll. This means that the operations at Moelven Eidsvoll AS's plant in Brumunddal will cease, and the workforce will be reduced by a total of 16 employees. From the spring and throughout the high season, however, market activity developed as normal, and further closures were avoided.

The division's products are to a large degree used in the RME market, which is less volatile than the market for new building.
In the same manner as the sawmills in the Timber division, the Wood division's timber-consuming units faced strong challenges in the first month of the year related to a weak gross margin, as well as falling prices from chip products. Wood has also succeeded in improving raw material utilization. At the close of the year the situation for the timber-consuming units was improved due to both the implemented rationalization measures and price developments in the finished goods and raw material markets.

For the exclusively processing businesses, price developments for finished goods were not satisfactory for large parts of the year. To a large degree, these units use sawn timber as raw material. Rising prices for both sawn timber and saw timber at mid-year resulted in an increase in raw material costs, which, due to the price formation mechanisms in the building material market, were not reflected in the finished goods prices until the end of the year. At the end of the year, however, margins have improved compared to one year previously.

The modernizations of Moelven Eidsvold Værk AS and Moelven Vänerply AB are among the major investment projects that have taken place in 2013 . An extensive programme has been carried out at Moelven Eidsvold Værk AS to strengthen the company's role as a manufacturer of processed spruce for the industrial and retail markets. The investment includes new rough sorting, as well as an upgrade of the existing heating system, land improvement and upgrade of the planing facility. Overall the investment and adjustments that have been completed have led to a staffing reduction of 20 man years.

At Moelven Vänerply AB a modernization of the entire factory from timber intake to completed standard product has been carried out. The investment was a part of the preconditions when the Moelven Group acquired the operation in 2011. Overall, the upgrade of the factory will entail a reduction in staff of around 50 man years. The reduction will be completed in the first quarter of 2014.

Building Systems

Amounts in NOK million	2013	2012
Operating revenues	2 514,1	2 799,3
Depreciation and impairment	38,0	38,1
Operating profit	-19,1	97,0
Profit before tax	-19,0	98,9

The division primarily has Norway and Sweden as its market, and is not directly affected by the international economic situation to the same degree as Timber and to some extent Wood. Lately, however, in increase in competition has been noted from foreign actors in the areas of Glulam and Building Modules. This particularly applies to Norway, and for certain products that are easy to transport in central and/or coastal areas where logistics costs are not too high. Competition is primarily from areas with lower costs than in Scandinavia and Norway in particular.
The year started with a somewhat more cautious attitude in the market than the ordinary seasonal decline one usually experiences during the winter. Even though the companies succeed well in challenging markets with strong competition, and have retained their market positions, developments entailed a need for capacity adjustments and efficiency measures.

In the first half of the year the Building Module operations saw a certain decline in demand in the Swedish market, in particular for rental modules. However, increased focus on flat concepts and increased flexibility in the organization contributed to alleviate the consequences. In the third quarter extensive damage to a project under construction was revealed. The damage was repaired, but delivery to the customer was delayed by about a month. The costs associated with repairs and lost productivity in the business in general have been charged to the accounts for the year and amounted to NOK 23 million. Processing of the matter by the Group's insurance supplier is expected to be concluded in the first quarter of 2014. For the Norwegian Building Module business there were positive developments in demand, particularly in the second half of the year. For the business area as a whole, the lower results compared with last year, with the exception of the aforementioned damage, are attributed primarily to lower prices and lower building site activity, as well as lower productivity at certain units.

Interior operations in both Norway and Sweden had a satisfactory order situation throughout the year, with a gradual improvement in the second half of the year. At the start of 2014 the order backlog was better than at the same time the previous year. Competition was tough throughout the year, particularly in the central urban areas in both Norway and Sweden. The measures implemented to enhance efficiency did however contribute to limit the decline in the operating result. For further strengthening of market position, efficiency and capacity for innovation, it was decided that an administrative merger should take place between Moelven Eurowand AB and Moelven Nordia AS. The merger was implemented in the course of the fourth quarter, with full operational effect from 1 January 2014.

The Glulam business experienced challenging market conditions in the first half of the year as a result of reduced construction activity on the domestic market, a poor economic situation in Europe and increased domestic competition. There has been a decline in demand for both standard beams of glulam and project deliveries. The situation was most challenging in Sweden, where capacity adjustments were required. However, market activity improved in both the Norwegian and Swedish operations from the end of the third quarter, including buoyant demand for bridge projects. In the year's final months, glulam operations in Norway had a very good order intake, and at the turn of the year the factory had order for large parts of the first six months. The decline in profits compared to 2012 is mainly due to negative developments in Sweden as a result of the decline in market activity.

For the Electrical operations 2013 has been characterized by the restructuring that was decided in 2012. Both the composition of the board and management was changed in the second quarter. The business was scaled down from a level with annual revenues of approx NOK 500 million to a level of around NOK 200-250 million. Major new construction projects are beyond the focus area, and this part of the business will be wound up when all ongoing projects have been completed. In the second quarter, following a comprehensive review of the company, a loss of NOK 32.5 million was recorded. The amount is related to a number of conditions associated with the restructuring, including probable risks in ongoing projects. Overall for the year Electrical operations saw a poorer operating profit than in 2012.

Other businesses

Amounts in NOK million	**2013**	**2012**
Operating revenues	**2 623,7**	**2 616,7**
Depreciation and impairment	12,8	13,8
Operating profit	-37,5	-35,1
Profit before tax	-49,9	-66,1

Fluctuations in revenues within the area of Other businesses are largely due to the developments in activity within the common functions for the mechanical wood industry. The main activity is internal sales which do not materially affect the results within the business area. In order to safeguard access to timber and market opportunities for chip and energy products in the region that was affected by the closure of local fibre-consuming industry, a rail solution was established to transport pulp wood and chips to Sweden. The arrangement entails increased external sales due to increased purchases of pulp wood that is sold externally. The business is based on fixed agreements on both the customer and supplier sides.

Investments, balance sheet and financing
Investing in improved efficiency and productivity

The investment activity in 2013 is linked solely to the rationalization, upgrading and maintenance of the existing operations.

Investments made during the year totalled NOK 351.2 million (NOK 339.4 million). Annual depreciation was NOK 271.6 million (250.9 million). Cash flow for the year from operating activities was NOK 86.2 million (NOK 183.5 million), corresponding to NOK 0.67 per share (NOK 1.49). The decrease was primarily due to the decline in earnings during the year. The change in general is due to natural variation in working capital items.

At year end, the Group's total assets were reported as NOK 4,539.8 million (NOK 4,342.1 million). About half of the Group's total assets come from Group companies with SEK as the accounting currency. Translated at the same exchange rate as in 2012 the total assets would have been approx. NOK 200 million lower. The trend has also led to an increase in debt of around NOK 100 million compared to 31 December 2012. The debt in SEK is a part of the financing of fixed assets recorded in SEK, and the increase in debt is therefore offset by a corresponding increase in the value of fixed assets translated to NOK.

Net interest-bearing debt was NOK 1,476.1 million (NOK 1,211.3 million) at the end of 2013, and the liquidity reserve was NOK 250.8 million (NOK 512.9 million). In addition to the rate developments, the main causes of the increase in net interest bearing debt are natural variations in working capital and the cash flow decline from operations. Financial leases are included in net interest-bearing liabilities, amounting to NOK 33.8 million (NOK 42.8 million). The Group's financing is based on syndicated loan agreements with a negative security declaration and covenants relating to key figures from the balance sheet. At the end of the year the key figures were within the requirements of the loan agreements. To ensure the Group's financial flexibility in the period with seasonally high tied-up capital, in February a short-term loan agreement was concluded that increased available liquidity by SEK 250 million in the March to September period. The loan was repaid at the end of the period as intended.

At the end of the year, the equity was NOK 1,518.2 million (NOK 1,543.6 million). This corresponds to NOK 11.72 (NOK 11.91) per share and an equity ratio of 33.4 per cent (35.6). Part of the Group's equity is connected with ownership of foreign subsidiaries, mainly in Sweden, and is therefore exposed to fluctuations in the exchange rate. The extent and consequences of likely exchange rate fluctuations are within acceptable risk limits. In 2013, exchange rate fluctuations resulted in an unrealised increase in equity of NOK 58.4 million (reduction of NOK 12.6 million).

The Board did not request renewed authorization to acquire own shares at the Annual General Meeting in April 2013. The authorization granted by the Annual General Meeting on 24 April 2012 therefore expired in October 2013 without being exercised. The authorization to increase the share capital is valid until 24 April 2014, but will not be extended. The authorization has been included in its entirety in the report on corporate governance.

Risk
Presence in more markets reduces risk

The Group's profits and balance sheet are affected by several external factors that can be influenced by Moelven to a greater or lesser extent.

For some of the risk areas that affect the Group, there are functioning financial markets where the risk of fluctuations can be reduced. This applies, for example, to interest rates, exchange rates and electricity. The Group's position on financial risk is that it is the industrial activities rather than financial transactions that shall create the conditions necessary for profitability. The main aim of the guidelines for the use of financial instruments is to reduce fluctuations and create more predictability. In other areas, such as raw materials, finished goods and projects, other methods of hedging risk must be used. As far as possible, fixed price contracts or index linking of contracts is used, for example. The Group's organisation also has a risk-reducing effect, in that different units are aimed at different markets. These are seldom affected at the same time by economic fluctuations, while at the same time the cost side can still benefit from economies of scale. In a complex business such as Moelven, the organization philosophy with a flat organizational and management structure with significant delegation of responsibility, allows the Group to quickly respond to change, and that necessary measures are implemented at an early stage.

Prices of finished goods

The units of the Moelven group operate in markets with free competition and many players. The creation of prices therefore occurs freely in the marketplace, and assuming unchanged volumes a change in process will affect the group as shown on the sensitivity table.

Sawn timber prices

In 2013, the Group produced and processed 4.2 million cubic metres of sawn spruce and pine at a value of about NOK 2,250 million, including transport costs. Spruce and pine account for approximately equal portions of the saw timber. Moelven does not own any forest, but buys all its timber from external suppliers. These suppliers are in turn dependent on functioning markets within an acceptable transport distance, as well as satisfactory price levels for both sawn timber and pulpwood. The cost of timber is by far the biggest single cost for the Group, and changes in timber prices have an immediate and substantial impact on margins. This involves both a price risk and a volume risk. The Group therefore focuses on entering into price agreements that as far as possible correlate timber prices with documented changes in the price of finished goods.

Prices of chips and biomass

The price of cellulose chips and biomass, which come from saw and planing production in Timber and Wood, is of great significance for the Group's revenues. Even though work is constantly going on to improve the utilisation of raw material, only about half of each log becomes industrial timber after passing through a sawmill. The remaining half is made up of bark, shavings, cellulose chips and biomass. Part of this is used for our own energy production, while the rest is sold to the particle board, bioenergy and paper industries. Since a change in the profit margin for these products has a direct influence on the Group's results, the distance to the customers and access to efficient logistics solutions for road and rail transport are of great importance.

Electricity prices

The price of electric power is another important factor that affects the Group's profitability. Through the Group's electricity suppliers an annual 185 GWh of electricity is purchased on Nasdaq OMX Commodities. According to the Group's finance policy, the need for electric power shall be secured against price fluctuations so as to ensure stability and predictability. The anticipated power requirement is hedged within stated maximum and minimum levels by trading futures on Nasdaq OMX with a 5 year maximum horizon.

Interest rate risk

The Group's net interest-bearing debt is subject to interest rate risk. The bulk of the debt is in SEK, which is why interest rates in Sweden are most important for the development of the Group's interest expense. The Group companies will be financed with loans from the parent company. All external borrowing is done by the parent company, which also makes hedging in accordance with financial policy. The hedging instruments that can be used are ordinary interest rate swaps, FRAs and composite swaps of types that are normally used for such purposes. The extent of hedging is measured in terms of the combined duration of outstanding debt and hedging arrangements. The combined duration shall be between 12 and 36 months. No interest rate hedging agreements shall be entered into over more than 10 years.

Exchange rate risk

About 20 per cent of the Group's operating revenues come from markets outside Scandinavia and carry exchange rate risks.

Both raw materials and finished goods are also imported into Norway from Sweden. The most important currency crosses are EUR/SEK, SEK/NOK and EUR/NOK. Moelven uses forward contracts to counteract large cash flow fluctuations as a result of variations in exchange rates. Because of the hedging strategy that has been chosen, changes must be long-term so as to have the full effect on the Group's profitability, and during the hedging period operational adaptations may be made to compensate for the external changes. About half of the Group's total balance sheet is connected to activities in Sweden. About half of the Group's total balance sheet is connected to activities in Sweden. The balance sheet figures will therefore be affected by the prevailing exchange rate between the Swedish and Norwegian kroner. The equity is partially hedged against this by financing the share investments in most of the Group's Swedish subsidiaries in Swedish krona. At the end of 2013, the total equity that is exposed to exchange rate risk amounted to SEK 538.4 million (SEK 603.2 million).

Credit risk

It is the Group's policy that credit sales over a certain size shall be secured in the form of either guarantees or credit insurance. In practice, credit insurance is used most. There are internal guidelines and follow-up routines for unsecured sales, which only occur when no other security is possible.

Liquidity risk

The Group's foreign capital financing consists of two long-term credit facilities with ceilings of

NOK 1,050 million, which expires in May 2015, and NOK 300 million, which expires in May 2016. The loan agreements include normal default clauses with regard to equity, net equity value and debt ratio. As at 31 December 2013, the Group's key figures were better than the levels at which the default clauses are triggered. In addition to the long-term credit facilities, the Group also has available credit in its banking systems, amounting altogether to about NOK 310 million, which is renewed annually.

Risk of damage and interruption to production

The Group has a centralised function for managing industrial insurance. A policy has been developed for insurance that all companies shall follow. This policy gives guidelines for insurance cover, preventive measures, risk review and preparation of continuity plans. The continuity plans become key plans if a fire/damage should occur. The plans cover immediate efforts, disaster management and the ability to continue deliveries to customers. Through its industrial insurance, the Group is covered for financial loss exceeding NOK 3 million per individual claim.
At the start of the fourth quarter there was an outbreak of fire in the dry sorting line at Moelven Valåsen AB in Karlskoga. The fire was quickly brought under control, and was extinguished without any personal injuries. All fire procedures were followed, and the sprinkler system installed in the sawmill worked as it should. The interruption of operations in the affected parts of the facility was limited to one and a half days. The incident demonstrates that the systematic work that has been undertaken in recent years to improve safety at the facility has yielded results.

Risk of loss of reputation

Moelven places great emphasis on maintaining a good reputation. This is measured regularly using a brand survey that is conducted by external partners. There is financial risk linked to any loss of Moelven's reputation. The reputation risk is not quantified. Openness is what characterises the way the Group relates outwardly to society and the media and inwardly to employees of the Group. This applies whether it concerns positive or negative circumstances for Moelven, in line with Moelven's brand platform.

Risk of loss of environmental costs

The activities of the Moelven Group follow the prevailing legislation and regulations with regard to emissions and waste management. The Group has made provisions in the accounts for all known obligations in connection with environmental protection. The purpose of the Group's environmental policies is to minimize the risk of negative impact on the natural environment and thus the potential environmental cost as well.

Sensitivity analysis

Estimated change in operating Profit and profit per share for one per cent change in price

Factor	Operating profit NOK million 1% change +/-	Division	Nok per share:
Price of raw material	24	Timber/Wood (30%)	0,19
Price of sawn timber, spruce	11	Timber/Wood (10%)	0,08
Price of sawn timber, pine	10	Timber/Wood (10%)	0,08
Price for chips, pulp/paper	5	Timber/Wood (25%)	0,04
Price of planed wood in Scandinavia	15	Wood	0,12
Price of std. Dimensions laminated timber	2	Building systems	0,02

Human resources
Provides opportunities to those who want them

The Group's human resources ideal is to "Provide opportunities for people with the drive to succeed". This ideal establishes guidelines for the Group's objectives in terms of which persons are recruited, what expertise is demanded, what pay and working conditions are offered, how new employees are introduced, what development and career opportunities are offered and how downsizing is handled.

Employees

The number of employees declined from 3,375 to 3,276 in 2013. This reduction is attributed to capacity adaptations and rationalisation through investments in new production equipment. For a more detailed view of the HSE area, please refer to the Board's explanation of principles and practice concerning social responsibility pursuant to the Accounting Act Section 3-3c.

Recruitment and personal development

Moelven acts strategically in both internal and external recruitment. Competent employees are vital to the Group's competitive ability and it is important that Moelven is an attractive employer.

Moelven focuses on long-term employment relationships and strives to offer its employees the opportunity to develop in their jobs. Motivated and competent employees are encouraged to take their personal development further, including through internal management programmes.

Effect on the external environment

Responsibility for the environment through sustainable exploitation of renewable resources.

Sustainability is one of Moelven's basic values. Environmental considerations are a natural part of day-to-day work and an ongoing effort is being made to reduce the impact on the external environment. Moelven takes responsibility for the environment through sustainable and long-term exploitation of renewable resources. Industrial production is largely based on the use of wood and the wood content of the finished products is very high in most operations. Wood as a material has many positive environmental aspects, including that it binds carbon dioxide. The vast majority of the forest raw materials that are used in Moelven's production end up as products or biofuel. The Group therefore produces little waste. The aim is that all fractions of wood shall be treated as potential input factors in the products and contribute to overall value creation. Cellulose chips, dry chips, shavings and bark from the sawmills have ever increasing financial and environmental significance. District heating systems use dry chips, shavings and bark as fuel and the Group's own heating systems use chips and bark. For those companies in the group that make less use of forest raw materials in their production, the industrialised building process helps to limit the environmental effects in comparison with traditional building methods.

For a more detailed description, please refer to the Board's explanation of principles and practice concerning social responsibility pursuant to the Accounting Act Section 3-3c.

Innovation
Development and innovation in close interaction with operations

Moelven's innovation policy is to engage in development and innovation linked to a specific application of a product or in a production process. The responsibility for innovation lies within each business area, where the greatest competence exists. The Group's task is to facilitate innovation and provide resources, support and coordination across the business areas as necessary. Research and development at Moelven takes place primarily at the project level, linked to commercial operations.

Product innovation

For the building module companies, the development of cost-effective concepts adapted to the market for modular buildings of several storeys has been a prerequisite for the operations as they are today. The functional and aesthetic aspects change continuously in accordance with the technological developments and market trends. In order to maintain the market position in current markets and develop further in other segments, focus on innovation and developing new solutions in essential.

The building interiors companies are aimed at a market where trends move rapidly. Product development and innovation must therefore be a high priority and a continuous process.

Glulam operations have for several years been at the forefront in the development of new products and technical solutions, and have completed several major innovation projects in recent years. This has formed the basis for today's laminated wood bridges, halls and multi-storey buildings or buildings with large spans.

At Moelven Wood product development is of great importance in order for the choice of products to both follow the shifting market trends and satisfy requirements toward quality and functionality. In this division, there is a product development project in which consumer products with an untraditional design that are ready for use are being launched on an ongoing basis, including to new target groups. Focus on choice of communication channels is also of great importance.

Process innovation

For the Module and Interior operations, the development and refinement of technical solutions for production, connection of technical installations and assembly at the building site have been important to operate profitable industrial production of module-based building solutions, as well as to exploit the competitive advantage inherent in short construction times.

For the timber-consuming units in Timber and Wood, it is primarily the optimisation of the production processes that is of key importance. The aim is to safeguard the value that is intrinsic to the raw materials, through efficient production and the purchase of raw materials that are adapted to the market, to the greatest possible extent.

For the part of Glulam that is directed at the building products trade and for the processing units at Wood, the logistics systems are of great significance for reducing the cost and environmental effects of transport and for ensuring the customers' access to a wide range of products with short delivery times. Work on optimising the logistics systems is therefore continuous.

Corporate governance
Complies with Norwegian recommendations for corporate governance

Corporate governance at Moelven is based on the Norwegian recommendations for corporate governance of October 2012. The Board's report on the Group's policies and practice for corporate governance in accordance with section 3-3b of the Norwegian Accounting Act has been incorporated into the report on corporate governance. For further information about the Board and senior executives, refer to note 28.

Allocation of the net income of the year
Focus on reinforcing financial strength

The Board of Directors' dividend policy is based on Moelven's shareholders receiving a predictable and satisfactory cash return on their share investment. The policy provides guidelines for how much of the profit, or of distributable equity in years with a loss, shall be distributed as a dividend. The Group's net loss for 2013 was NOK 92.6 million and the equity ratio of 33.4 per cent is below the targeted 40 per cent. The outlook for 2014 is better than a year ago. Even though the Group has sufficient distributable reserves to pay dividends, the board is of the opinion that the need to strengthen solvency must be prioritized, and therefore proposes no dividend. The parent company Moelven Industrier ASA, which distributes a dividend for the Group, had a net loss of NOK 13.9 million for the year after the receipt of group contributions and share dividends from subsidiaries. It is proposed that the negative net income is covered by a transfer from retained earnings in its entirety.

Events after the balance sheet date

No events have occurred after the balance sheet date that affects the accounts that have been presented.

Going concern assumption

In accordance with the requirements in the Norwegian accounting legislation, the Board of Directors confirms that the prerequisites have been met for preparation of the accounts under the assumption that the Company will continue as a going concern and that the annual accounts have been prepared under this assumption.

Outlook

Expects significantly improved result in 2014 compared to 2013

We expect to see a continued improvement in international market prices for industrial wood in the first six months. Demand is slowly rising, and manufacturers' inventories of finished goods remain at low levels. At the same time NOK and SEK, measured against the most important export currencies EUR, GBP and USD, are at levels that offer a better starting point in the competition for export markets than we have seen in many years.

There has been a decline in housing construction in both Norway and Sweden during 2013. This trend is expected to continue in the first quarter. However the main portion of the Group's deliveries is made to the renovation, reconstruction and extension market, which are more stable than the new build market. Except for the decline in housing construction, the activity level is expected to follow normal seasonal variations with a quiet first quarter.

For the Building Systems division demand in the building and construction sector in Scandinavia is expected to remain at the current level, with normal seasonal variations throughout the year. For the first quarter this entails a reduction in the level of activity. At the start of 2014 the division has a good and broadly composed order backlog, and a better starting point than there was at the start of 2013. The companies have adjusted their capacities and cost structures to the prevailing market conditions, and also have somewhat less competition from foreign companies due to exchange rate developments.

The supply of timber improved somewhat in the beginning of the year, but there continues to be uncertainty regarding the long-term consequences in the raw material market and the market for chip products as a result of major changes in the paper and cellulose industry in Norway.

The Board is not satisfied with the Group's profit before tax of minus NOK 117.1 million for 2013. A number of measures and projects have been identified, implemented and closely followed up in order to improve the results of ongoing operations, ensure better competitiveness in the long term and reduce the risk of losses related to certain projects. A project has also been commenced to release working capital and no investments will be undertaken beyond necessary maintenance and certain smaller improvements in connection with this. The Board expects that the measures in aggregate will give the Group a positive cash flow, also in a situation with demanding framework conditions. The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary adaptations. The Group's long-term debt initially matures in 2015 and the refinancing process has already begun.

The Board expects the Group's result in 2014 to be significantly better than in 2013.

Jessheim, 4th of March 2014
The board of directors in Moelven Industrier ASA

Asbjørn Reinkind

Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Hans Rindal

Konsernsjef

Corporate governance

Corporate governance at Moelven is based on the Norwegian recommendations for corporate governance of October 2012.
The recommendations are available on www.nues.no.The list below gives references to where the points required by section 3-3b of the Norwegian Accounting Act may be found.

Requirements in accordance with section 3-3b of the Norwegian Accounting Act	Reference to Report on corporate governance at Moelven
1: A statement of the recommendation and regulations on corporate governance that the company is comprised of or otherwise chooses to follow.	Introduction to the report Point 1: Report on corporate governance
2: Information about where the recommendations and regulations mentioned in No. 1 are publicly available.	Point 1: Report on corporate governance
3: Reasons for any deviations from the recommendations and regulations mentioned in No. 1	There are two deviations from the recommendations. These are described in points 7 and 9.
4: A description of the main elements in the company's, and for accountants who prepare consolidated accounts also the group's, systems for internal control and risk management connected to the accounts reporting process.	Point 10: Risk management and internal control
5: Clauses in the articles of association that wholly or partly extend or deviate from the provisions of chapter 5 of the Public Limited Company Act.	No such clauses exist. The articles of association are included as an appendix.
6: Composition of the board, corporate assembly, supervisory council and audit committee, any working groups for these bodies, as well as a description of the main elements of prevailing instructions and guidelines for the work of these bodies and any working groups.	Point 8: Corporate assembly and board, composition and impartiality. Point 9: The work of the board
7: Clauses that regulate the appointment and replacement of board members.	Point 8: Corporate assembly and board, composition and impartiality.
8: Clauses and authorities that enable the board to decide that the company shall buy back or issue own shares or capital certificates.	Point 3: Share capital and dividends

1. Report on corporate governance

In accordance with the Public Limited Company Act it is the board of the company that is responsible for ensuring the proper organisation of the business and administration of the company. The Moelven group has a decentralised organisational structure with a number of independent juridical units with their own boards that have corresponding responsibility for the unit in question. The groups activities are based on Scandinavian values. The basic values sustainability, reliability and using the opportunities that arise have become over time a natural part of the company culture. They also form the basis of the company's guidelines regarding corporate responsibility, ethics, anti-corruption, HES, staff regulations etc. A complete listing of the guidelines approved by the Board of Directors is presented under point 10.

2. Business activities

In accordance with the company's articles of association, the company's purpose is fabrication and activities that are associated with this, trade and other financial activities, as well as participation in other companies by means of share subscription and other means. The board emphasises long-term, sustainable development and lays down in the group's strategic plan that the main focus in future shall be the improvement of existing activities. The group has passed the critical size that is necessary to assert itself in competition. Quality shall be prioritised ahead of size and is necessary room for manoeuvre. The company's objectives and main strategies are described in the board's annual report.

3. Capital and dividends

At the end of 2013, equity in the parent company Moelven Industrier ASA was NOK 940.5 million (NOK 936.5 million). For the group as a whole, equity was NOK 1,518.2 million (NOK 1,543.6 million). The equity ratio was 33.4 percent (35.5 percent). The board's objective is a minimum of 40 per cent, a level that in the opinion of the board is appropriate in light of the economic fluctuations that have been seen in recent years. The board has adopted a dividend policy that is in line with the provisions of the shareholders' agreement between the company's seven largest owners, who together represent 99.6 per cent of all shares. The main rule of the dividend policy indicates a cash dividend corresponding to 50 per cent of profit after tax, assuming that considerations of the company's financial position and other capital sources are satisfactorily safeguarded.

At the annual general meeting on 24 April 2012, the Board was given the following authority:

- Pursuant to the Public Limited Liability Company Act Section 10-14, the Board of Directors is authorized to increase the company's share capital by up to NOK 178,570,000, corresponding to 35,714,000 shares with a nominal value of NOK 5 per share. The authorization may only be used for capital increases carried out in connection with a public offering of the company's shares. The shareholders' rights to the new shares under the Public Limited Liability Companies Act Section 10-4 may be waived. Authorization does not include capital increases against contribution in kind pursuant to the Public Limited Liability Companies Act Section 10-2 or decision of merger pursuant to Section 13-5 It is for the Board to determine the issue price. The authorization is valid until 24 April 2014.
- In accordance with the Public Limited Liability Companies Act Section 9-4, the Board is authorized on behalf of the Company to acquire up to 12,954,128 own shares with a total nominal value of up to NOK. 64,770,640 representing 10% of the current share capital, adjusted for 1,100 own shares held per the annual general meeting date of 24 April 2012. The maximum amount that may be paid per share is NOK 30 and the minimum amount is NOK 5. Acquisition and transfer of own shares may take place as the Board considers appropriate, but not by subscription of shares. The authorization is valid for a period beginning on the first day of listing of the shares with expiry 18 months after the date of the annual general meeting.

The authorization to acquire own shares expired in October 2013. The authorization to increase the company's share capital expires 24 April 2014. There are no current plans to renew the authorizations at the annual general meeting in 2014.

4. Equal treatment of shareholders and transactions with related parties

The share capital of Moelven Industrier ASA consists of 129,542,384 shares with a face value of NOK 5 and there is only one share class. The company is not listed on the stock exchange. In total, the shares are distributed among approximately 960 shareholders. The seven largest shareholders Glommen Skog SA (25.1 per cent), Eidsiva Vekst AS (23.8 per cent), Agri MI AS (15.8 per cent), Viken Skog SA (11.9 per cent), Mjøsen Skog SA (11.7 per cent), AT Skog SA (7.3 per cent) and Havass Skog SA (4.0 per cent) together control 99.6 per cent. Most of the remaining 0.4 per cent is owned by private individuals. A shareholders' agreement has been entered into between the seven largest shareholders. Among other things, this determines that the company shall be run as an independent unit with a long-term perspective and with continued focus on Scandinavia as the main market. The agreement also contains clauses regarding the composition of the board, dividend policy, strategic focus areas and share transfer. Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this applies to purchase of timber, where the Norwegian forest owner associations are suppliers. Of the total annual purchase of four mill m^2 sub, approximately 40 per cent comes from the forest owner associations that also are shareholders. There are also AS trade electric power to Moelven's Norwegian industrial operations. External market prices are observable, and all these transactions are performed on the arm's length principle. Where other suppliers can offer better prices or terms, these prices will be used.

Moelven' supply of energy raw materials to Eidsiva's bioenergy plant represents between 40 and 50 GWh on an annual basis, while buying back energy represents between 20 and 30 GWh. Net delivery of energy raw materials is 20 GWh.

The extent of the sale of electrical power corresponds to about 40 per cent of Moelven's total consumption of 185 GWh. Moelven has a long tradition of running its operations in accordance with the laws and ethical guidelines of the industry with the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

5. Free marketability

The articles of association do not place any form of limitation on trading in the company's shares. The shares may be freely traded to the extent that individual shareholders have not made undertakings to other shareholders. The shareholders' agreement contains clauses that regulates the transfer of shares. Since the company is not listed and the seven largest shareholders together own 99.6 per cent of the shares, there is little trading in shares.

6. Annual general meeting

The notice of the general meeting, the content of the notification and accessibility of documentation follow the requirements set by the Public Limited Company Act and the regulations on general meetings. Facilitation is made for the general meeting to be able to vote for every single candidate to be elected by the shareholders to the corporate assembly. The employees of the group hold their own election of employee representatives on the corporate assembly. The chairman of the board, the chairman of the corporate assembly and the auditor attend the general meeting. Traditionally, the chairman of the corporate assembly has been elected to chair the general meeting. The procedures for attending and voting by proxy are described in the notification. Since 99.6 per cent of the shares are controlled by the seven largest shareholders, there has not be a need to appoint a person who can vote for the shareholders as a proxy.

7. Nominating committee and compensation committee

The annual general meeting annually elects a nominating committee consisting of four representatives of the shareholders and adopts guidelines for the nominating committee's work. Since 99.6 per cent of the shares and the employees are represented in the Corporate Assembly, there has not been a need to establish routines for ensuring the nominating committee's independence from the board, leading employees and the Corporate Assembly.

The nominating committee submits its proposals:

- to the annual general meeting regarding the election of shareholder-elected members and deputy members to the Corporate Assembly and remuneration to the members and deputy members of the Corporate Assembly.
- to the Corporate Assembly regarding the election of the chairman and deputy of the Corporate Assembly.
- to the Corporate Assembly regarding the election of the chairman and deputy of the Board of Directors.
- to shareholder-elected members of the Corporate Assembly regarding election of shareholder-elected members and deputy members to the Board of Directors.

The proposals must include information about the candidates' expertise, capacity and impartiality. The guidelines for the nominating committee specify that the governing bodies must be composed based on an overall assessment of the company's need for expertise, capacity and balanced decisions that safeguard the interests of shareholders.

The remuneration committee consists of the nominating committee, complemented by a representative designated by the employee-elected members of the Corporate Assembly. The remuneration committee submits a proposal to the Corporate Assembly regarding stipulation of remuneration for the Board of Directors. Remuneration to the Board and Corporate Assembly shall not be performance-based.

8. Corporate assembly and board, composition and impartiality.

The corporate assembly has 12 members, four of whom are elected by the employees. The company's seven largest shareholders, who together control 99.6 per cent of the shares, are all represented in the corporate assembly. The board members of Moelven Industrier ASA are elected by the corporate assembly, normally for 1 year at a time. The board has seven members, five are representing the shareholders and two are employee representatives. In addition, the employees also elect one deputy representative, who attends board meetings. The Chairman of the Board of Directors is independent of the company's main shareholders. The four other shareholder-elected board members are connected with the company's main shareholders. The representatives of the employees are independent of the company's day-to-day management. The four other shareholder-elected board members are connected with the company's main shareholders. The representatives of the employees are independent of the company's day-to-day management. No senior executives are members of the board. Two of the five shareholder-elected board members are women. The proportion of female employees in the group is 11.4 per cent (11.5). The rules on gender representation do not therefore apply to the employees' representatives. The composition of the board thereby satisfies the requirements regarding gender representation on the board. Apart from the employees' representatives on the board, only one board member receives remuneration other than directors' fees from the company. This is an insignificant amount and relates to winding up of an appointment in France. As a result of the guidelines for the work of the nominating committee, as described under point 7, the main shareholders are ensured a good knowledge of the board members' background and competence. Because of the ownership structure, publication of further information is not deemed to be relevant. From experience, non-attendance at board meetings is exceptional.

9. The work of the board of directors

The board's administration of the company follows the provisions of the Public Limited Company Act. Instructions have been determined for the board of Moelven Industrier ASA that give guidelines for the board's work. Every meeting reviews the monthly reporting of operational developments, financial data and HSE statistics for the group. There is also the following schedule of work for every calendar year:

- January: Report for fourth quarter of preceding year.
- February: Annual accounts with notes and annual report for preceding year.
- April: Report for first quarter and preparation for ordinary general meeting.
- June: Summarizing strategic discussions based on the discussions during the year.
- July: Report for first six months.
- August: Strategic plan finalized.
- October: Report for third quarter, preliminary investment budget.
- December: Business plan and budget for coming year, including risk management and internal control.

The Chairman of the Board of Directors is independent of the company's main shareholders. The Board has not addressed issues of material nature in which the Chairman is or has been engaged. According to the rules of procedure, the board members must not participate in the consideration or decision of issues that are of particular importance to themselves or to any related parties that must be considered to have major personal or financial interest in the matter. The same applies to the CEO. By related parties it is also understood companies in which the board member represents ownership interests.

Self-evaluation of the work of the board is performed at the beginning of every year. The board uses committees as needed. Based on an assessment of risk conditions and the need for control, as well as ownership structure, it has been decided to let the complete board function as an audit committee. The board only determines remuneration for the President and CEO. Remuneration for the remainder of management is determined by the President and CEO in line with guidelines adopted by the board. There are no option programmes or share-based payments for senior executives. The task of the board in respect of compensation is therefore limited and no separate compensation committee has been set up in the board. In addition to board members, the CEO, CFO and board secretary normally also attend normal board meetings. Other representatives of the administration, the divisions or auditor attend as needed.

The board has determined instructions for the work of the CEO. Group management consists of the CEO and the managing director of each division. In addition to group management, the directors of the group's shared services also attend group management meetings. For more information about governing bodies and group management, refer to the notes to the annual accounts.

10. Risk management and internal control

The Moelven group is built on a flat and decentralised organisational and management structure. All units within the group have individual profit responsibility and operate as independent parts of a coordinated network that is characterised by openness and cooperation. This helps to limit the need for central administrative resources and increases the group's ability to react quickly to what is happening around it. Risk management and internal control are suited to this organisational model. The local company management and the boards of the individual companies follow up on risk management and internal control in accordance with prevailing laws and regulations. There are also control functions at divisional and group level, as well as in individual companies where the nature of the business leads to increased risk of faults, non-compliance or irregularities.

Because of its extent, it has been decided to limit reporting to the board to a focus on group and divisional data, as well as selected key figures and non-compliance reporting by unit. In connection with annual strategy and budget activities, the board reviews the group's most important risk areas. If needed, and based on the annual risk assessment, the group's reporting and control routines are adapted so that identified risks can be satisfactorily covered. In addition to established internal rules and routines, the internal control is largely based on the internal control environment. This environment includes people at all levels of the company. It covers integrity, ethical values, competence, management philosophy, form of operation, organisational structure, distribution of responsibility and authority and personnel policy. The board and management place great emphasis on communicating the established basic position to risk management out in the organisation.

All units close their accounts monthly and report to the parent company on the third working day of the following month. Reporting occurs in accordance with standardised systems and common guidelines so as to ensure consistency and the greatest possible comparability right across all units. An important control measure that follows naturally from the management and organisational model is the monthly benchmark and consolidated data report from the group to the reporting units. The same monthly report that is sent to the board is also sent back to company management in each individual company. In this way, many are involved in control and follow-up of management and governing data. The reporting cycle supports the feeling of responsibility, not just for the results of one's own unit, but also for the divisions and group as a whole. The board considers that this reporting and control environment gives satisfactory control of the business.

The board has reviewed and approved the following general guidelines:

· Instructions for the board and general manager of Moelven Industrier ASA
· Financial policy
· Dividend policy
· Policy for compliance with the competition legislation
· Insurance and risk strategy - general insurance
· Environmental policy
· Policy for social responsibility

The board has been informed of the document "Guidelines for employees in the Moelven group", containing the following guidelines:

1. Brand platform
2. HSE manual
3. Environmental policy
4. Insurance and risk strategy - general insurance
5. Staff regulations
6. Policy for an open company culture
7. Policy on alcohol and drugs
8. Data discipline instructions
9. Policy for social media
10. Brand and communication strategy
11. Legislation on competition in a Moelven context
12. Guidelines for internal pricing between companies
13. Policy for social responsibility
14. Dealing with internal irregularities

11. Remuneration to the board

Remuneration to the board is decided annually by the corporate assembly. The remuneration to board members is a fixed amount that is determined in advance and is independent of profits. No option or share based remuneration is used and neither are there any incentive schemes. For further information about directors' fees and any remuneration other than fees to board members, refer to the notes to the accounts.

12. Remuneration to group executives

The board determines the CEO's salary. There are no option or share based payments. Principles and ceilings have been determined for profits-related payment within the group. Among other things, it has been determined that agreements of profits-related remuneration shall have a duration of a maximum of one year at a time and that such remuneration shall have an upper ceiling. For further information about remuneration to group management, refer to the notes to the annual accounts.

13. Information and communication

The board determines the group's financial calendar annually; this is published in the annual report and on the company's website. The group's quarterly and annual reports are primarily published on the internet, but are also sent by post on request. In addition to annual and quarterly reporting, selected key figures are published monthly on the company's website. The board has established a practice of organising annual owners' meetings so as to create an arena for the exchange of information and discussion between the owners. It has not been found necessary to establish guidelines for these.

14. Company takeover

The company is not listed and there is a shareholders' agreement between the seven largest shareholders, who together own 99.6 per cent of the shares, that regulates the transfer of shares, among other things. No guidelines have been prepared for the board in connection with any takeover bid.

15. Auditor

The auditor has meetings with the board without administration being present. The auditor also participates in board meetings when the annual accounts are discussed. The auditor also presents the audit plan, summaries following interim audits of the subsidiaries and central risk areas and the group's handling of these.

Jessheim, 4th of March 2014
The board of directors in Moelven Industrier ASA

Asbjørn Reinkind

Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Hans Rindal

Konsernsjef

Social responibility

Social responsibility concerns the responsibility the business takes on for people, society and the environment that are affected by the business, and how this is integrated in day-to-day operations.

This includes what is done beyond compliance with existing statutes and regulations in the country in which the business operates. The Moelven Group operates a wide range of undertakings in several countries and in many different local communities. The Group companies are often cornerstone companies, which in addition to creating value for our owners, often create significant value for the local community – as employer, taxpayer and buyer of local goods and services. The Group therefore plays a responsible role in helping to create vigorous businesses, rural communities, towns and regions. The activities also have environmental consequences, both for the employees who are directly involved, but also for the external environment. Moelven's values, which is the foremost management tool to coordinate activities, also provides guidelines for how the Group shall contribute towards positive social development:

Sustainability

Moelven has respect for both people and the environment. We base our activities on renewable resources and have turned sustainability and the long-term view into our competitive advantage. We have a strong desire to take responsibility for our environment.

Reliable

You can trust Moelven. We deliver on time and with the right quality. There is a strong focus on openness and honesty – being able to admit to weaknesses and mistakes is the basis for progress and trust.

Seeking opportunities

Moelven seeks solutions. The Group has the ability and resources to be a leader in product development and creativity. We wish to always be a leading company and to make use of the opportunities we are given over time.

The following guidelines have been formulated based on these basic values:

- HSE Handbook
- Environmental policy
- Insurance and risk strategy - general insurance
- Work regulations
- Policy for an open company culture
- Dealing with internal irregularities
- Policy on alcohol and drugs
- Data discipline instructions
- Policy for social media
- Brand and communication strategy
- Legislation on competition in a Moelven context
- Guidelines for transfer pricing between companies
- Policy for social responsibility

The guidelines have been communicated to the Group's employees. Several of the guidelines are aimed at issues that

should not occur, for example irregularities or breaches of competition law. In these cases the guidelines are also a description of procedures that must be followed when such incidents nevertheless arise. Senior executives have the guidelines as a part of their employment contract. Apart from this, no specific control procedures have been implemented for such guidelines beyond communicating them in the organization. For guidelines that are linked to areas where there are statutory requirements and regulations from public authorities, control of compliance is primarily by way of mandatory reporting to the authorities. One examples of such reporting is environmental reporting in connection with impregnation activities, waste handling, emissions, dust and noise. A final main category of guidelines is where the Group has separate targets and where reporting and control procedures have been established to monitor achievement of targets. One example of this is the HSE area.
In the following chapters the main areas concerning social responsibility and the Moelven Group's approach to these are described. Compliance with existing statutes and regulations must be a matter of course for everyone at Moelven, and in the description of measures for implementing social responsibility in day-to-day operations focus is therefore on measures related to social responsibility beyond what is statutory. Where relevant, excerpts from applicable Group policy on the area are included.

Employee rights and social conditions

"Openness is an important characteristic of Moelven's corporate culture. We must be open, predictable and reliable – as an employer, as a party in the numerous local communities and as a corporation. We believe that openness creates a culture that ensures well though-out choices and good solutions for the business, our employees and the communities where we operate. Openness is therefore a part of Moelven's identity."

Moelven views trade unions as important parties, and there is therefore a stable and open dialogue between the company and the employee representatives. This contributes to good cooperation based on applicable statutes and agreements, and on Moelven's basic values – that the Group must be sustainable, reliable and recognize opportunities. Moelven focuses on long-term employment relationships and strives to offer its employees the opportunity to develop in their jobs. Moelven gives opportunities to the people who want them. This is a philosophy that includes the Group's targets for which people we wish to recruit, which knowledge we need, which wage and working terms we offer, how new employees are introduced and which development and career opportunities we offer.

Employee representation and committees

Moelven has employee representatives on both the Group board, the parent company's corporate assembly and subsidiary company boards in compliance with national legislation and regulations related to employee participation and representation in governing bodies. Additionally the master agreement / collective agreement between the employee and employer organizations in both Norway and Sweden regulate matters concerning information, cooperation and employee participation. The agreements support the parties' desire and requirement that employee participation through cooperation should give employees the opportunity to contribute with their experience and insights to establish financial conditions for the company's continued development, through secure and good employment relationships to the benefit of both the company and the employees. Beyond the master agreements, cooperation is regulated through accords and collective agreements for the individual disciplines within the Group.

In accordance with the master agreement between LO and NHO, Moelven has established a group committee for employee representatives. Together with a corresponding committee for Swedish subsidiaries, "Samarbetskommittén," this group constitutes a good partner in discussion with group and division management.

Pursuant to the Master Agreement between LO – NHO and the Swedish act relating to European Enterprise Committees, a European Working Committee has been established between the parties in Moelven. This agreement

has been entered into to cover relevant dialogue, regular information and consultation at the European level.
At the individual units in Moelven working environment committees have been established with a basis in legislation and master agreements/collective agreements.

Cooperation with the employees and employee committees works well, and no special measures have been implemented to strengthen this in 2013.

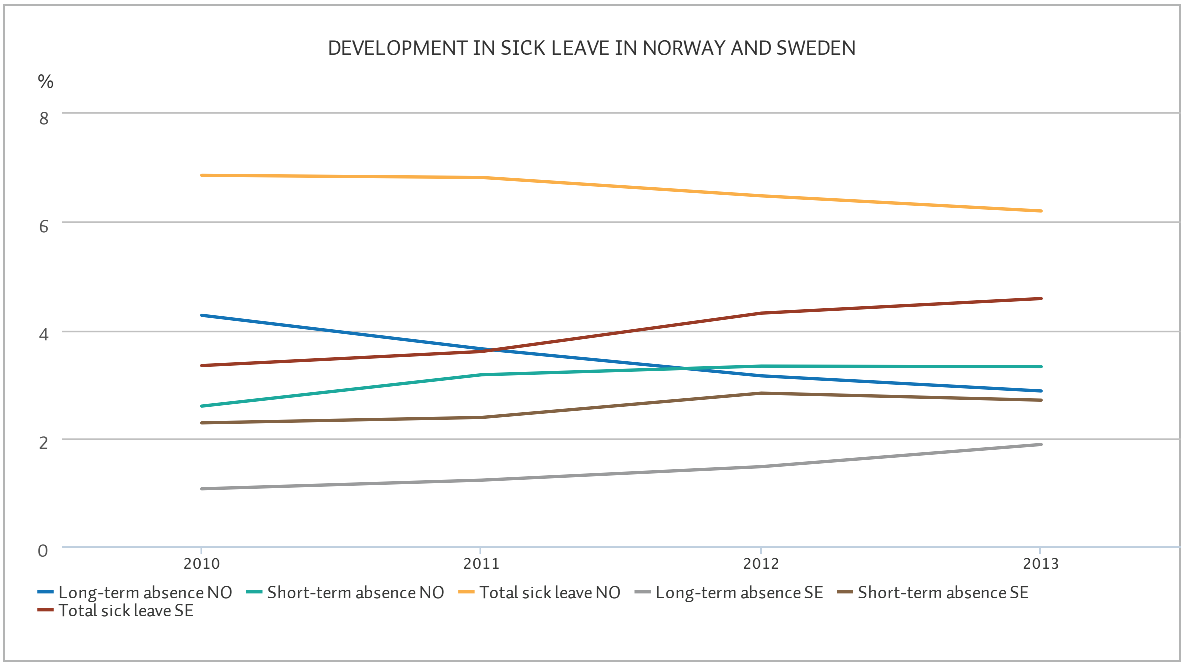
Working environment training

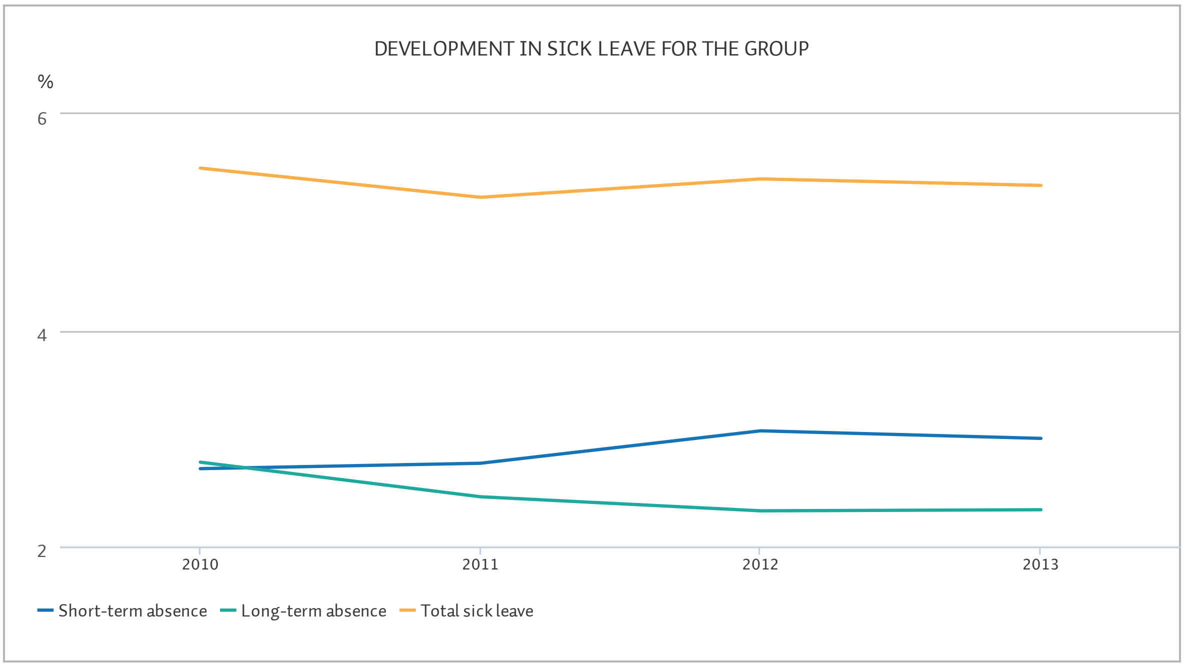
Moelven annually organizes its own courses in Better Working Environment (BAM). The courses provide basic training in handling health, safety and environment issues, and cover the requirements toward HSE training for both executives, safety representatives and members of working environment committees. Besides employees with mandatory requirements for such training, the course is open to anyone who works with and/or wants to know more about working environment and HSE work.

Absence due to illness

"Combined absence due to illness must not exceed 5 per cent."

The Group's long-term goal is absence due to illness of maximum 5 per cent for the entire Group. In 2013 combines absence due to illness was reduced from 5.4 per cent to 5.3 per cent. A high absence due to illness rate is not compatible with Moelven's values, and a further reduction and stabilization at a low level remains a priority.
In the past four years absence due to illness at the Group's Norwegian companies has dropped from 7.9 per cent in 2009 to 6 per cent in 2013. The reduction is primarily related to long-term absence, which has been reduced from 4.6 per cent to 2.84 per cent in the same period. Developments at Swedish units have unfortunately taken the opposite direction and increased from 3.8 per cent to 4.4 per cent. The major proportion of the increase is due to long-term absences, which has increased from 1.4 per cent to 1.9 per cent.





Control and monitoring measures related to absence due to illness are monthly reporting of key figures with comments. As an aid in monitoring absence due to illness, the Group uses an electronic monitoring system to provide the best possible overview of what needs to be done, at what time, how and who is responsible for doing it. The system also contributes in standardizing monitoring across units and departments.

Work to reduce absence due to illness is mainly related to three primary areas: close follow-up of the employee who is ill, well-being and health-promoting measures of a preventive nature, as well as emphasis on the HSE aspect in the case of investment in new production equipment. In addition, Moelven's health insurance also functions well as an HSE measure to get those employees who need health services and treatment back to work faster. The health insurance scheme was established in 2007, and it has been a successful measure from the start. The scheme has proven to be particularly favourable for employees with muscular-skeletal disorders.

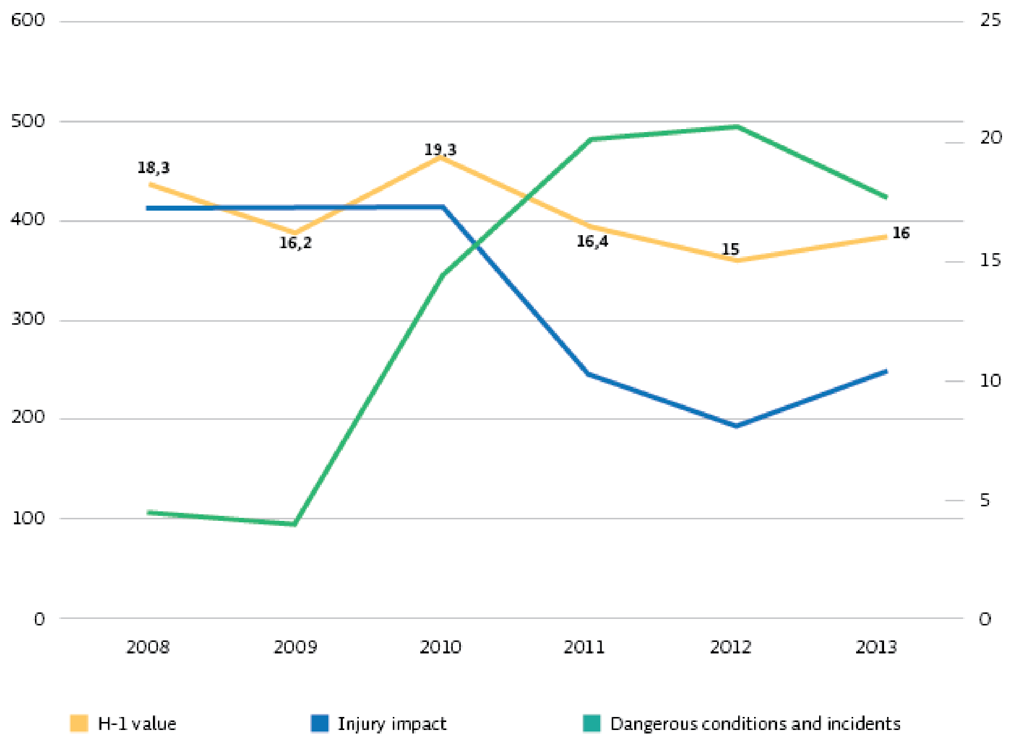
Safety for employees

“The goal is that the number of injuries per million worked hours should be 0.”

A safe working environment for employees, hired staff, customers and suppliers is essential for sustainable added value. Operations should therefore be organized such that it may take place without risk to life and health. In the goal of 0 injuries there is an attitude that any injury may be prevented and that any other goal than “0 injuries” would be ethically indefensible. Work to prevent injuries must therefore have a high priority in the entire organization.
In 2013 there were 88 injuries with subsequent absence, which is an increase from 84 in 2012. A total of 306 accidents, 242 incidents and 182 dangerous conditions were recorded. The injury rate is unacceptably high, and efforts to achieve the goal of 0 injuries will be further intensified.
The three most common injuries are:

- Falls. This is the most common cause of injury, and occurs both at building sites, outdoors on snow and ice, or in the production premises.
- Crushing injuries from production equipment, trucks, cranes, hanging loads, etc.
- Cut injuries from tools, machinery or materials.

Moelven's system for recording accidents, incidents and dangerous conditions, fPortal, has been used by the Group since 2010. Along with the increased focus on reporting that accompanied this, a safety campaign was also launched with a view to raise awareness of safety rules and procedures, as well as attitudes related to compliance with these. Both the number of injuries per million worked hours (Injury rate - LTI) and number of absence days due to injury per million worked hours (Severity rate - F) were lower at the end of 2013 than in 2010, but developments from the previous year were negative and the level has remained unacceptably high. This is shown in the below figure.



The figure above shows the relation between reported hazards and reported incidents, and the level of injury frequency and severity. The number of injuries with absence and the severity of the injuries, are reduced when the number of reported dangerous conditions and incidents rise. Injury figures and severity improved in the 2010-2012 period, but from 2012 to 2013 developments have been negative. In the same period fewer hazards and incidents have been reported. We will therefore place even greater emphasis on the importance of this in the upcoming year.

Moelven has focused on safety issues for many years. Regular risk assessments are carried out at all facilities, investments and measures have aligned factories with applicable safety regulations, safety procedures and equipment is in place, and information campaigns and awareness campaigns have been conducted. Despite this one has not succeeded in reducing the number of injuries and incidents to the targeted level. From February 2014 there will therefore be a new safety campaign. The campaign will be carried out through a project organization where reporting on progress and goal achievement goes from HSE teams, via the general management at the subsidiary level and up to the corporate management. The campaign will ensure increased management focus on the subject, as well as the involvement of all employees. Among other things, this will take place through an activity-oriented change process in each individual company. The campaign incorporates three mandatory activities that are common to all group companies, as well as voluntary activities tailored for local challenges. The campaign will continue for the whole of 2014 and signals the start of permanent increased focus on safety work.
The Campaign also implies a clarification and standardization of personnel-related consequences of breaches of safety provisions. The goal is that attitudes toward safety will change, which not only requires determined action, but also predictability in the event of irregularities.

In order to ensure compliance with applicable statutes and regulations, as well as with the Group's own guidelines, a central control function has been established for the following areas:

- IC/SWEW book (Internal Control/ Systematic Working Environment Work) must be available at all units and revised at least every two years.
- A risk assessment for the undertaking must have been carried out. Audits must take place at least every two years.
- Workplace descriptions must be drawn up and communicated. Audits of these must take place at least every two years.
- HSE manual must be prepared and distributed to all employees.

Human rights

"Moelven does not accept conditions in suppliers' or customers' operations that constitute breaches of the UN declaration of human rights or other unethical conditions such as for example child labour."

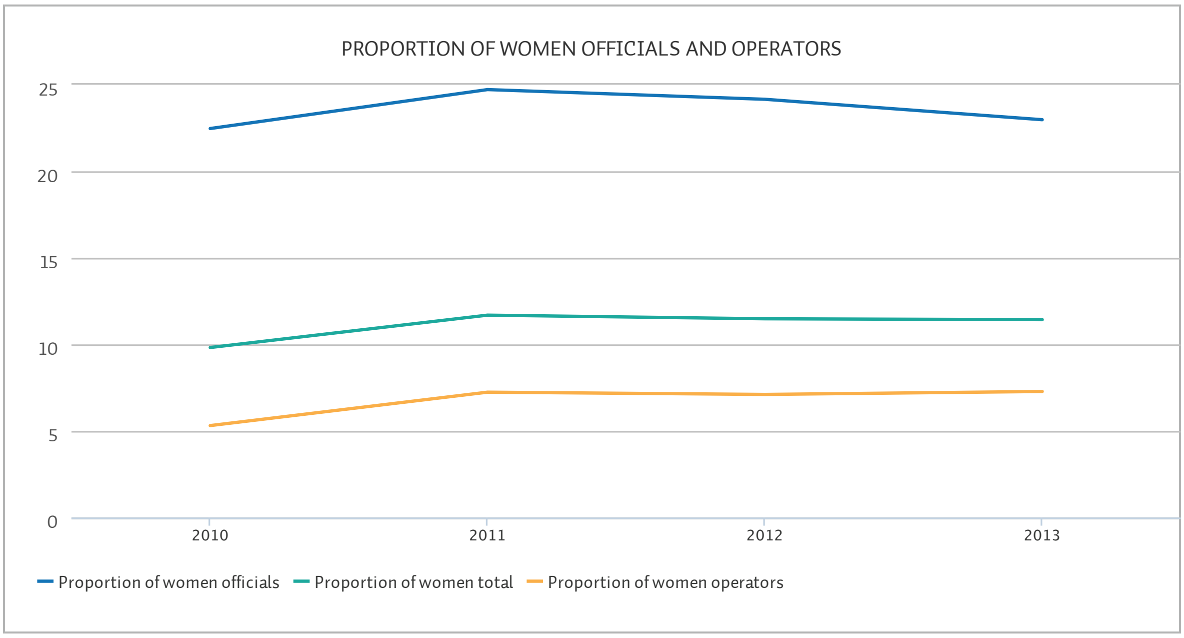
Discrimination

"Within the activities of the Moelven Group, there shall not be any differential treatment on account of gender, ethnic origin, national origin, descent, skin colour, language, religion, philosophy or sexual orientation. Job descriptions, areas of responsibility, expertise and work effort form the basis for determining pay, promotion and recruitment. In registering needs, Moelven shall facilitate conditions so as to avoid possible discrimination."

A need to implement measures to eliminate discrimination has not been registered in 2013.

Equality of opportunity

The combined share of women in the Moelven Group has in recent years grown to just over 11 per cent, after being relatively stable at around 9-10 per cent for a long time. It is a goal for the Group to further increase the share of women among staff further. However, most of those who complete education in the trades and professions the Group needs in its industrial activities are men. Often, when jobs are advertised, no women apply. For officers and managers the situation is different, and the share of women in areas such as economy, administration and management is significantly higher than for operators in the industrial activities.



Child labour

The Moelven Group's units operate their activities in geographical areas where child labour very rarely occurs. In relation to our own production activities no control procedures have therefore been established on the area.

Certain units purchase raw materials for their production from continents where child labour may be a relevant issue. In such cases factory visits where the surveying of possible child labour is included as one of the control items. A need to implement further measures has not been registered in 2013.

Working conditions

All hired workers regardless of nationality, are salaried in accordance with a centrally agreed agreement/tariff agreement. The Group also follows the provisions of the EU's staffing directive. The level of minimum wages in the agreements that are used are such that they in themselves are a guarantee against social dumping. In those cases where Moelven has subcontractors/contractors in deliveries, it is contractually stipulated that these are obliged to pay salaries at least equivalent to the applicable tariff agreement for the relevant industry.

A need to implement further measures in the area has not been registered in 2013.

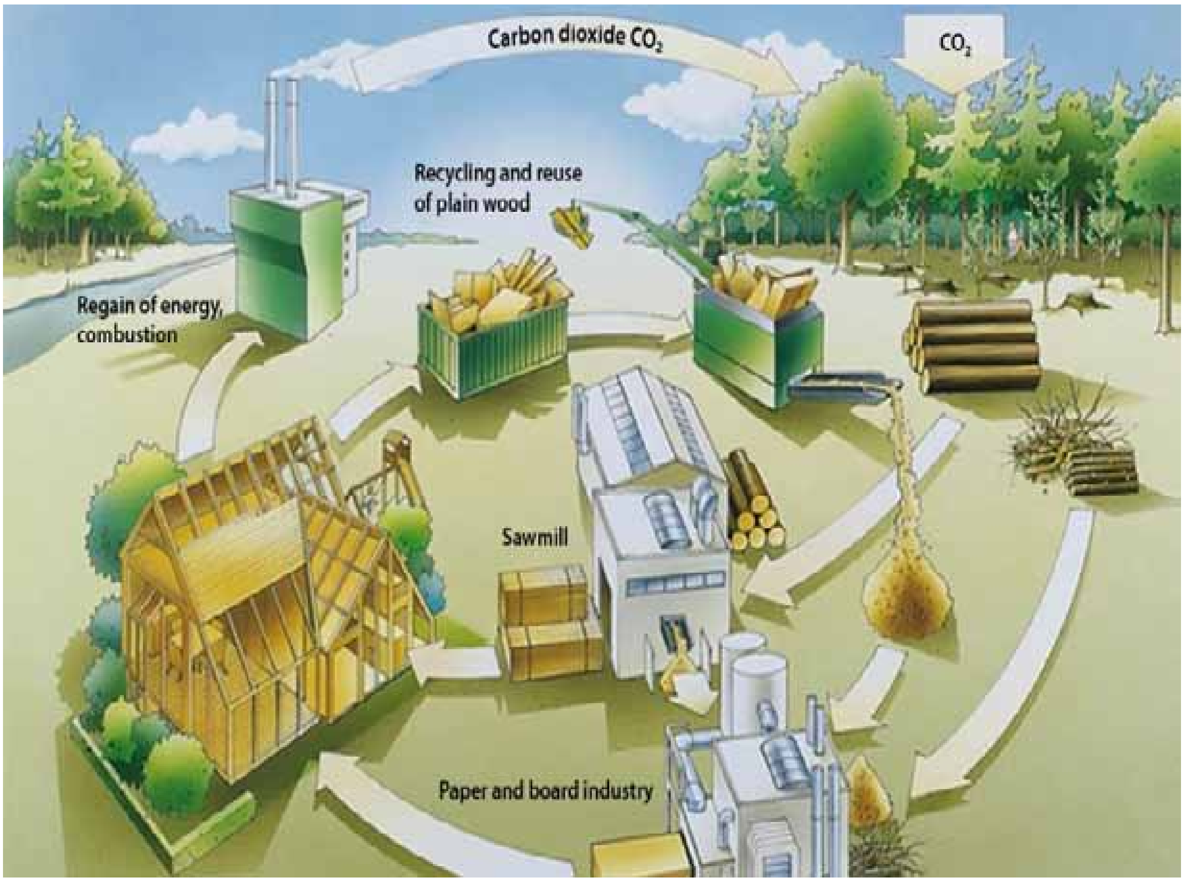
External environment

"Moelven must take responsibility for the environment through sustainable and long-term exploitation of renewable resources. Moelven must comply with relevant statutes, regulations and rules that concern its activities, and where this is possible, exceed requirements."

Sustainability is one of Moelven's basic values. Environmental considerations are a natural part of day-to-day work and an ongoing effort is being made to reduce the impact on the external environment. Moelven takes responsibility for the environment through sustainable and long-term exploitation of renewable resources. Responsibility for the environment also includes past influence from activities on the ground, water, air and/or surroundings from watering, heating, transport, the depositing of bark, handling of oils, adhesives and chemicals, as well as activities producing noise and dust. Industrial production is largely based on the use of wood and the wood content of the finished

products is very high in most operations. Wood as a material has many positive environmental aspects, including that it binds carbon dioxide. The vast majority of the forest raw materials that are used in Moelven's production end up as products or biofuel. The Group therefore produces little waste. The aim is that all fractions of wood shall be treated as potential input factors in the products and contribute to overall value creation.
Cellulose chips, dry chips, shavings and bark from the sawmills have ever increasing financial and environmental significance. District heating systems use dry chips, shavings and bark as fuel and the Group's own heating systems use chips and bark.
For those companies in the Group that make less use of forest raw materials in their production, the industrialised building process helps to limit the environmental impact in comparison with traditional building methods.

The carbon cycle



The trees in the forest capture carbon dioxide from the air, the through the process of photosynthesis, carbon is stored in the tree until it is burned or decomposes biologically. Carbon dioxide then returns to the atmosphere and may once more be captured by the growing forest. Source: Treteknisk.

Raw materials from sustainable forestry

"Moelven must maintain and develop its systems for certified purchases, and maximise purchases and utilization of environmentally certified raw materials from certified forestry (PEFC - Programme for the Endorsement of Forest Certification / FSC - Forest Stewardship Council).

The exploitation of raw materials must be maximized through optimizing production and utilizing the residual products.

Raw material purchases must not occur from:

- Illegal harvests
- Forests with a high preservation value
- Forests where time-honoured or social rights are violated
- Forests with genetically manipulated trees
- Natural forests that have been harvested with the intention of using the area for plantations or non-forestry applications.

All of the companies in the Group's mechanical wood operations work towards, and are organized, to comply with the applicable PEFC and FSC Traceability and Controlled Wood standard. This means that Moelven buys round timber from suppliers who engage in responsible forestry. Through this certification, Moelven has established control routines and a tracing system that can trace the raw materials up the supply chain.

Environmental standards and certifications related to operations

The Moelven Group operates within sectors and product areas where a number of different environmental standards exist, and where new ones are constantly introduced. It is both Moelven's desire based on its own values and an increasing demand from the market that these standards are followed. Examples of relevant standards and certifications are:

- FDV documentation.
- Life cycle assessments (LCA)
- Environmental declarations (EDP)
- BREEAM (Environmental classification of buildings)
- ISO certifications
- CE certifications

Moelven continually works at all times to provide the correct and relevant documentation for all products and in being at the forefront of developments in terms of environmental requirements toward the products.

A more detailed description of certificates may be downloaded from http://www.moelven.com/About-Moelven/Certificates/

Transport

"The negative effect on the environment from heavy transport to and from our plants must be minimized by using environmentally classified trucks, minimum EURO-4 and preferably EURO-5, and also by to the greatest possible degree using transporters who strive for an environmentally friendly driving pattern. Minimizing must also take place through coordination, optimization and coordination of the flow of products to and from our plants."

Obtaining raw materials, intermediate transport and delivery of finished products all generate a considerable need for transport. In 2013, Timber and Wood transported more than nine million cubic metres of timber, biomass and finished products by truck. In addition to this, there is transport for the laminated timber, building module and interiors companies, as well as rail and sea transport. Transport is therefore a considerable challenge for the Group, in terms of both the environment and finance. In connection with the structural changes in the pulp industry, Moelven has in the course of 2013 reduced the extent of road transport to the advantage of rail transport. Moelven is continuously working to reduce transport needs and optimise the utilisation of means of transport. The geographical location, with the production units near the raw material areas, helps to reduce transport needs in that the volume of finished goods transported out is considerably less than that of the raw materials transported in. Influencing transporters to use eco-friendly means of transport is another important way of reducing the effects of transport on the environment. In the collaboration agreements with providers of transport services in both Norway and Sweden, requirements that the vehicles are at least classified in accordance with the EURO-4 standard have been included. Improved road standards, and thus increased axle load limits, are measures on the part of the authorities that will help to reduce the environmental effects of road transport.

Energy

"Energy use at our plants must be reduced in accordance with registrations and action plans for the energy system. At least 95 per cent of the energy requirements for heating premises and drying, must be retrieved from self-produced bioenergy. Moelven must actively participate in the technological and market-related development of the bioenergy sector."

Moelven's energy and heating consumption in 2013 was approx. 853 GWh, across approx. 185 GWh electric power, approx. 624 GWh thermal energy, approx. 1.2 million litres of fules oil and approx. 3.1 million litres of diesel for rolling stock. About 90 per cent of the thermal energy was produced in the Group's own plants. The energy potential of the Group's chip and bark products, including cellulose chips, is a little under 5 TWh, which means that it has a considerable potential, both for increasing our own energy production and also for increasing the market for bioenergy in general. It is Moelven's aim to be able to use our own bioenergy to cover at least 95 per cent of the need for heating our own premises and drying timber products. Moelven takes an active part in the technological and market-related development of the bioenergy sector. In parallel with this, we are developing a growing external market for biofuels. Moelven's own energy efficiency activities mean that we increasingly have eco-friendly energy surpluses that can be sold to others and help strengthen our competitive position.

Emissions to air

"Moelven must reduce emissions of substances such as NOx, SOx and CO2 to air from boilers at the plants in accordance with the results from registration and plans of action for the relevant plant. CO_2 accounts must be kept for the operation."

Moelven has prepared CO_2 accounts since 2010. This is based on the ISO 14064 standard for calculating emissions from Moelven's units. Moelven's production and service units generated about 420,000 tonnes of CO_2 in 2013. About 86 per cent of this represents CO_2 in the natural circulation of carbon. Emissions increased by approx. 2.9 per cent from 2012, primarily due to increase production.

		2013		2012	
Type	**Fossils/bio**	**Emissions CO2 [tons]**	**Portion**	**Emissions CO2 [tons]**	**Portion**
Direct	Fossils	12 183	2,9 %	14 351	3,5 %
	Bio	347 333	82,7 %	332 609	81,5 %
Indirect	Fossils	45 369	10,8 %	46 494	11,4 %
	Bio	14 939	3,6 %	14 557	3,6 %
SUM		**419 824**	**100,0 %**	**408 011**	**100,0 %**

Chemicals, oils, adhesives

"Moelven must minimize the effect on ground and water by using environmentally friendly product to the greatest possible extent. The handling of chemicals, oils and adhesives must only take place at designated places with approved enclosure or similar installations to reduce the impact of eventual spills."

For waste oil and chemicals there are recycling systems with approved recycling centres or reception facilities. All units that use chemicals in their operations must have an summary of these. The summary must include an accurate description of the chemicals in question, which amounts that are used, which persons that are exposed, etc.

Watering and runoff

“Moelven must recycle wastewater from timber storage as far as this is technically and practically possible. Watering systems at the timber warehouses must be climate-controlled. There must only be withdrawals of water from lakes and river, as well as runoff to surface following permisssion from the authorities.»

No conditions have been revealed in 2013 that require remedial measures in the area.

Pollution to ground

“In connection with restructuring, modification or liquidation, potentially polluted areas at the plants must be identified, investigated and remedied as required. All objects classified by the authorities as potentially polluted must be identified. Based on risk classification and existing information, an action plan must be drawn up for any investigation and remedial measures.»

No conditions have been revealed in 2013 that require remedial measures in the area.

Landfills

“It must be ensured that any depositing of bark and other waste takes place at only approved landfills.
It must be possible to document that any landfills comply with applicable statutes and regulations concerning covering, control programmes, handling of runoff, plans for termination and modification.”

No conditions have been revealed in 2013 that require remedial measures in the area.

Waste handling

«Moelven must sort and recycle waste as far as technically possible and annually follow up waste volumes per ton of final product. The share of waste in approved landfills must be minimized in accordance with results from registration and the action plan for the waste system.”

Sorting at the source is practised at all units, and contracts on required return schemes have been drawn up with suppliers.

Dust and noise

“Moelven must implement measures to adapt noise levels and dust formation at plants in accordance with the targets at the respective plants.”

The main noise sources related to Moelven's activities are the handling of timber, the operation of fan systems and transport. When needs are identified, measures are implemented to reduce noise to stipulated threshold values.

Corruption

“In business we conduct ourselves professionally, with explicit rules for personal conduct and respect for the law and regulations.
At Moelven we will neither receive nor offer gifts or bribes that damage our integrity. We dissociate ourselves from all forms of corruption and improper actions that impede free competition and market balance.
In our business activities we must always maintain a healthy ethical and moral profile towards associates, customers, suppliers and other business associates.”

Moelven's code of conduct and Moelven's relation to competition law has been presented and discussed at meetings for both general managers in the Group and for finance managers. Ethical rules have been distributed to all employees No separate control procedures have been established beyond this.

Jessheim, 4th of March 2014
The board of directors in Moelven Industrier ASA

Asbjørn Reinkind

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Trond Stangeby

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Konsernsjef

Financial key figures

Amounts in NOK million	Explanation	IFRS 2013	2012	2011	2010	NGAAP 2009
Results						
Operating revenues		8 009,4	8 121,5	8 059,9	7 185,0	6 248
Depreciation and impairment		271,6	250,9	225,9	212,1	203
Operating profit		-44,7	16,9	12,9	254,0	91
Gross operating profit (EBITDA)		226,9	267,8	238,8	466,1	294
Net interest and financial items		-72,4	-81,2	-125,4	-8,2	50
Profit before tax		-117,1	-64,3	-112,4	245,8	141
Net profit		-92,6	-36,2	-85,8	179,7	100
Balance sheet						
Investments in production equipment	A	351,2	339,4	386,6	258,4	222
Total assets		4 539,8	4 342,1	4 333,9	4 167,7	3 250
Equity		1 518,2	1 543,6	1 540,0	1 755,4	1 627
Net interest-bearing liabilities		1 476,1	1 211,3	1 083,9	888,6	368
Capital employed	B	3 020,1	2 780,7	2 637,1	2 671,0	2 066
Earnings/return						
Net operating margin	C	-0,6 %	0,2 %	0,2 %	3,5 %	1,5 %
Gross operating margin	D	2,8 %	3,3 %	3,0 %	6,5 %	4,7 %
Return on equity	E	-6,1 %	-2,3 %	-5,2 %	10,6 %	6,2 %
Return on capital employed	F	-1,5 %	0,5 %	0,5 %	10,2 %	3,9 %
Return on total assets	G	-0,6 %	0,2 %	0,3 %	6,6 %	2,7 %
Interest cover	H	-0,1	0,2	0,2	5,7	4,4
Capital structure						
Equity ratio	I	33,4 %	35,5 %	35,6 %	42,1 %	50,1 %
Asset turnover	J	1,8	1,9	1,9	1,9	1,8
Debt-equity ratio	K	0,97	0,78	0,70	0,51	0,23
Net interest bearing debt / EBITDA		6,50	4,52	4,54	1,91	1,25
Liquidity						
Liquid ratio I	L	1,68	1,74	1,85	1,97	1,92
Liquid ratio II	M	0,70	0,70	0,75	0,83	0,85
Cash flow from operational activities	N	86,2	183,5	264,6	-89,3	441,1
Shares						
Profit per share in NOK	O	-0,70	-0,28	-0,64	1,40	0,77
Average number of shares (mill)		129,5	129,5	129,5	129,5	129,5
Cash flow from operational activities,						
in NOK per share	P	0,67	1,49	2,04	-0,69	3,41
Equity per share	Q	11,72	11,92	11,88	13,55	12,56
Assessment value in NOK as at 01.01		13,22	12,72	13,98	14,82	15,31
Dividend per share in NOK	R	0,0	0,0	0,0	0,65	0,16
Personnel						
Number of employees as at 31.12		3 276	3 375	3 482	3 270	2 992
Sick leave percentage	S	5,3 %	5,4 %	5,2 %	5,5 %	6,0 %
Frequency of accidents with absence, H1 value	T	16,0	15,0	16,4	19,3	16,4

A Capitalised investments - goodwill

B Equity + Interest bearing debt

C $\frac{\text{Operating profit}}{\text{Operating revenues}}$

D $\frac{\text{Operating profit + depreciation and impairments}}{\text{Operating revenues}}$

E $\frac{\text{Net profit}}{\text{Average equity}}$

F $\frac{\text{Operating profit + interest income}}{\text{Average capital employed}}$

G $\frac{\text{Operating profit + interest income}}{\text{Average total capital}}$

H $\frac{\text{Profit before tax + finance cost}}{\text{Finance cost}}$

I $\frac{\text{Equity}}{\text{Total capital}}$

J $\frac{\text{Operating revenues}}{\text{Average total capital}}$

K $\frac{\text{Net interest bearing debt}}{\text{Equity}}$

L $\frac{\text{Current assets}}{\text{Short term debt}}$

M $\frac{\text{Liquid funds + financial assets + receivables}}{\text{Short term debt}}$

N Result after tax payable + depreciation - non controlling interests and correction regarding non liquid items from result and working capital

O $\frac{\text{Earnings assigned to Moelvens shareholders}}{\text{Average number of shares}}$

P $\frac{\text{Cashflow from operations}}{\text{Average number of shares}}$

Q $\frac{\text{Total equity}}{\text{Average number of shares}}$

R Dividend proposal

S $\frac{\text{Sickness absence hours}}{\text{Available hours - overtime}}$

T No of injuries absence per million working hours

Consolidated accounts

Income statement for the group

Amounts in NOK million	**Note**	**2013**	**2012**
Sales revenue	6, 7	7 963,6	8 073,3
Other operating revenues		45,8	48,2
Operating revenues		**8 009,4**	**8 121,5**
Product expenses		5 085,4	5 221,4
Changes in inventory raw materials, goods under manufacture and finished goods		99,3	42,9
Payroll expenses	11	1 750,1	1 727,1
Depreciation on tangible and intangible fixed assets	8, 10	271,6	250,9
Other operating expenses	11	847,7	862,4
Operating expenses		**8 054,1**	**8 104,7**
Operating profit		**-44,7**	**16,9**
Income from associates	16	0,0	-3,7
Value increase of financial instruments to fair value		16,1	0,0
Other financial income	12	20,2	14,8
Value reduction of financial instruments to fair value		-10,6	-7,9
Other financial costs	12	-98,1	-84,4
Net financial items		**-72,4**	**-81,2**
Profit before tax		**-117,1**	**-64,3**
Income tax	13	-24,5	-28,1
Net profit		**-92,6**	**-36,2**
Profit assigned to:			
Non-controlling interests		-1,6	-1,8
Owners of parent company		-91,0	-34,4
Annual profit transferred to/from other equity		-92,6	-36,2
Total allocation		**-92,6**	**-36,2**
Earnings per share (in NOK)			
Earnings per share assigned to Moelven's shareholders	21	-0,70	-0,27

Statement of comprehensive income

Amounts in NOK million	**Note**	**2013**	**2012**
Net profit		**-92,6**	**-36,2**
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Actuarial gains (losses) on defined-benefit pension schemes	23	18,8	64,8
Income tax on items that are not reclassified to profit or loss	13	-5,1	-18,1
		13,7	**46,6**
Items that may be reclassified subsequently to profit or loss			
Translation differences		58,4	-11,9
Proportion of other income and costs in associated companies	16	0,0	0,0
Other changes		-5,0	5,1
Income tax on items that may be reclassified to profit or loss	13	0,0	0,0
		53,4	**-6,8**
Other comprehensive income, net of tax		**67,1**	**39,8**
Total comprehensive income for the period		**-25,5**	**3,6**
Comprehensive income assigned to:			
Owners of parent company		-23,9	5,4
Non-controlling interests		-1,6	-1,8

Consolidated statement of financial position

Consolidated statement of financial position 31.12

Amounts in NOK million	**Note**	**2013**	**2012**
ASSETS			
Deferred tax assets	14	11,2	11,4
Goodwill	10	16,9	16,9
Other intangible assets	10	20,3	25,0
Total intangible assets		**48,4**	**53,3**
Land		95,7	88,9
Buildings and other property		444,1	406,3
Machinery and plant		1 302,2	1 170,3
Fixtures and fittings, tools, office machinery etc.		34,6	37,0
Total tangible fixed assets	**8**	**1 876,6**	**1 702,5**
Investments in associated companies	16	2,6	2,6
Investments in other shares	15	1,3	1,3
Bonds and other receivables		0,3	0,1
Net pension funds	23	3,9	3,2
Total financial fixed assets		**8,0**	**7,2**
Total fixed assets		**1 933,1**	**1 763,0**
Inventory	17	1 265,9	1 289,9
Accounts receivable	18, 19	1 057,7	1 007,2
Other receivables	18	255,0	253,0
Total receivables		**1 312,7**	**1 260,2**
Financial derivatives	26	2,3	3,2
Bank deposits, cash etc.	20	25,9	25,8
Total current assets		**2 606,7**	**2 579,1**
Total assets		**4 539,8**	**4 342,1**

Amounts in NOK million	**Note**	**2013**	**2012**
LIABILITIES AND EQUITY			
Share capital	27	647,7	647,7
Own shares		-0,0	-0,0
Share premium reserve		180,7	180,7
Retained earnings		682,1	706,1
Total equity assigned to owners of parent company		**1 510,5**	**1 534,5**
Non-controlling interests		**7,6**	**9,1**
Total equity		**1 518,2**	**1 543,6**
Pension liabilities	23	98,5	132,2
Deferred tax	14	32,0	42,8
Other provisions		12,6	9,3
Total provisions		**143,1**	**184,3**
Liabilities to credit institutions	5	1 283,1	1 084,4
Other long term liabilities	5	40,6	49,3
Total long term liabilities		**1 323,7**	**1 133,8**
Liabilities to credit institutions	5	180,6	106,0
Financial derivatives	26	66,7	72,9
Accounts payable		429,1	468,9
Public duties payable		146,3	135,3
Tax payable		0,0	0,0
Other short term liabilities	19, 25	732,3	697,3
Total short term liabilities		**1 554,9**	**1 480,4**
Total liabilities		**3 021,7**	**2 798,5**
Total equity and liabilities		**4 539,8**	**4 342,1**
Guarantees	24	18,0	21,6
Mortgages	5	17,5	22,1
Number of shares (Face value per share NOK 5.-)	27	129 541 284	129 541 284

Jessheim, 4. March 2014
The board of directors in Moelven Industrier ASA

Asbjørn Reinkind

Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Hans Rindal

Konsernsjef

Consolidated statement of changes in equity

Amounts in NOK million	Equity assigned to owners of parent company Share capital	Share premium funds	Own shares	Other equity	Total	Non-controlling interests	Total equity
Total as at 31.12.2011	**647,7**	**180,7**	**0,0**	**698,3**	**1 526,7**	**13,3**	**1 540,0**
Comprehensive income for the period							
Net profit	**0,0**	**0,0**	**0,0**	**-34,4**	**-34,4**	**-1,8**	**-36,2**
Other comprehensive income							
Translation differences	0,0	0,0	0,0	-11,9	-11,9	0,0	-11,9
Other changes	0,0	0,0	0,0	5,1	5,1	0,0	5,1
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	64,8	64,8	0,0	64,8
Income tax on other comprehensive income	0,0	0,0	0,0	-18,1	-18,1	0,0	-18,1
Other comprehensive income (net of tax)	**0,0**	**0,0**	**0,0**	**39,8**	**39,8**	**0,0**	**39,8**
Transactions with owners, entered directly against equity							
Purchase of non-controlling interests	0,0	0,0	0,0	2,4	2,4	-2,4	0,0
Effect of acquisition	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share based payment transactions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total transactions with owners	**0,0**	**0,0**	**0,0**	**2,4**	**2,4**	**-2,4**	**0,0**
Total as at 31.12.2012	**647,7**	**180,7**	**0,0**	**706,1**	**1 534,5**	**9,1**	**1 543,6**
Total as at 01.12.2013	**647,7**	**180,7**	**0,0**	**706,1**	**1 534,5**	**9,1**	**1 543,6**
Comprehensive income for the period							
Net profit	**0,0**	**0,0**	**0,0**	**-91,0**	**-91,0**	**-1,6**	**-92,6**
Other comprehensive income							
Translation differences	0,0	0,0	0,0	58,4	58,4	0,0	58,4
Other changes	0,0	0,0	0,0	-5,0	-5,0	0,0	-5,0
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	18,8	18,8	0,0	18,8
Income tax on other comprehensive income	0,0	0,0	0,0	-5,1	-5,1	0,0	-5,1
Other comprehensive income (net of tax)	**0,0**	**0,0**	**0,0**	**67,1**	**67,1**	**0,0**	**67,1**
Transactions with owners, entered directly against equity							
Purchase of non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Effect of acquisition	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share based payment transactions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total transactions with owners	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
Total as at 31.12.2013	**647,7**	**180,7**	**0,0**	**682,2**	**1 510,6**	**7,6**	**1 518,2**

Consolidated cash flow statement

Amounts in NOK million	Note	2013	2012
Cash flow from operational activities:			
Net profit		-92,6	-36,2
Adjustments to reconcile net profit with net cash flow from operations:			
Depreciation	9	271,6	250,9
Impairment		0,0	0,0
Income from associated companies	16	0,0	3,7
Tax paid		-4,4	-8,5
Unpaid pension costs entered as costs and unreceived pension funds entered as income		-9,2	-12,5
Loss (profit) on sale of fixed assets		-0,6	-2,0
Net value change of financial instruments to fair value		-5,3	7,9
Non cash financial items		69,9	58,4
Interest payments received		0,3	1,2
Interest paid		-70,2	-59,7
Income tax	13	-24,5	-28,1
Changes in operating assets and liabilities:			
Changes in inventory		24,0	54,0
Changes in accounts receivable and other receivables		-52,1	-44,5
Changes in trade accounts payable		-39,8	-67,9
Changes in provisions and benefits to employees		3,3	-3,2
Changes in short-term liabilities excluding borrowing		15,8	69,8
Cash flow from operational activities		**86,2**	**183,5**
Cash flow from investment activities:			
Investment in plant and equipment exc. acquisition	8, 10	-351,2	-339,4
Net cash outlay on acquisition		0,0	-1,0
Receipts from sale of fixed assets		0,7	3,9
Sale of other long-term investments		0,0	6,1
Purchase of subsidiaries, reduced by cash in company		0,0	0,0
Cash flow from investment activities	**8**	**-350,5**	**-330,4**
Cash flow from financing activities:			
Short term borrowing		223,0	209,8
Payment of short term debt		-223,1	-208,6
Changes in short-term loans and overdraft		74,7	104,8
Purchase of non-controlling interests		0,0	-2,3
Change in long term debt facility		198,6	31,1
Payment of other long term debt		-8,8	-0,9
Payment of dividend		0,0	0,0
Cash flow from financial activities		**264,4**	**134,0**
Net increase (reduction) in liquid assets during year		**0,1**	**-13,0**
Liquid assets 01.01		25,8	25,5
Effect of exchange rate changes on liquid assets		0,0	13,3
Liquid assets 31.12		**25,9**	**25,8**
Cash and cash equivalents 31.12			
Liquid assets 31.12		25,9	25,8
Unused drawing rights 31.12		224,9	487,1
Restricted bank deposits		0,0	0,0
Cash and cash equivalents 31.12	**20**	**250,8**	**512,9**

Notes

Note 1 General information

Moelven Industrier ASA is a public limited company registered in Norway. The company's headquarters are located at Industriveien 2, 2390 Moelv, Norway.

The group's activities are described in the report of the board.

Note 2 Basis for preparing the annual accounts

The consolidated accounts of the Moelven have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS interpretations committee (IFRIC), as determined by the EU.

The consolidated accounts were presented by the board on 4 March 2014 and the ordinary general meeting to discuss the annual accounts has been fixed for 24 April 2013.

The consolidated accounts are based on the principles of historic cost accounting with the exception of the following items:

- Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.
- Financial instruments at fair value through profit or loss. These include derivatives for hedging interest rates, foreign exchange and electric power.

The consolidated accounts have been prepared with uniform accounting principles for similar transactions and events under otherwise similar conditions.

Note 3 Significant accounting principles

Presented below are the most important accounting principles that have been used in preparing the consolidated accounts. These principles have been used in the same way for the comparison figures in the consolidated accounts.

3.1 Consolidation principles

The consolidated accounts include Moelven Industrier ASA and companies over which Moelven Industrier ASA has a controlling influence. Determining influence is normally achieved when the group owns more than 50% of the shares in the company and the group is enabled to exercise actual control over the company. Important factors when assessing de-facto control are whether or not the group can choose the board of directors and wheteher the group´s voting rights give the group the power to govern the financial and operating policies. Minority interests are included in group equity.

The acquisition method is used for recognising company mergers on the income statement. Companies which are bought or sold during the course of the year are included in the group accounts from the date on which control is achieved until the date on which it ceases.

Changes in holdings in the subsidiaries that do not lead to loss of control are entered as an equity transaction. The remuneration is entered at fair value and the difference between remuneration and the value of the holding entered on the balance sheet is entered against the majority owner's equity.

With changes in holdings that lead to loss of control. remuneration is measured at fair value. The balance sheet value of holdings and obligations in the subsidiary and the minority interests are deducted on the date of loss of control. The difference between the remuneration and the balance sheet value of the holding is included on the income statement as a gain or loss. Any remaining holding is measured at fair value and any gain or loss included on the income statement as part of the gain/loss on the sale of the subsidiary. Amounts included in other income and costs are entered on the income statement.

Associated companies are enterprises in which the group has significant influence, but not control, over the financial and operational management. We have holdings between 20% and 50% in our associated companies. The Group accounts include the Group's share of profits from associated companies entered by equity method from the time significant control was achieved and until such control ceases.

When the group's losses exceed the investment in an associated company, the group's balance sheet value is reduced to zero and further loss is not entered unless the group has an obligation to cover this loss.

All other investments are entered in accordance with IAS 39. *Financial instruments: Recognition and measurement* more detailed information on which is given in note 26.

Internal group transactions and intra group balances, including internal earnings and unrealised gains and losses are eliminated. Unrealised earnings in respect of transactions with associated companies and jointly controlled enterprises are eliminated with the group's share of the company/enterprise. Unrealised losses are eliminated in the same way, but only to the extent that there are indications of depreciation of value of assets that are sold internally.

3.2 New standards and interpretations

Below is a summary of new and revised standards that have been decided. but which have not come into force as at 4 March 2014.

Based on a preliminary analysis. the effect of the changes otherwise is not believed to have great significance for the annual accounts.

	Date of entry into force	Planned implementation date
New standards and interpretations		
IFRS 10 Consolidated Financial Statements	1. January 2013	Implemented 2013
IFRS 11 Joint Arrangements	1. January 2013	Implemented 2013
IFRS 12 Disclosure of Interests in Other Entities	1. January 2013	Implemented 2013
IFRS 13 Fair Value Measurement	1. January 2013	Implemented 2013
IFRS 9 Financial Instruments and related amendments to IFRS 7 regarding transition	1. January 2015	Financial year 2015
Revised standards and interpretations		
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	1. July 2012	Implemented 2013
IAS 19 Employee Benefits (amended 2011)	1. January 2013	Implemented 2013
IAS 27 Separate Financial Statements (2011)	1. January 2013	Implemented 2013
IAS 28 Investments in Associates and Joint Ventures (2011)	1. January 2013	Implemented 2013
Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1. January 2013	Implemented 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1. January 2014	Financial year 2014

3.3 Functional currency and presentation currency

The group's presentation currency is NOK. This is also the functional currency of the parent company. Subsidiaries with other functional currencies are converted to the day rate for balance items and to the transaction rate for income statement items. Average monthly exchange rate is used as an approximation of transaction rate. Translation differences are entered against other income and costs ("OCI"). In any future sale of investments in foreign subsidiaries, accumulated translation differences that are referred to the majority owners will be entered on the income statement.

3.4 Use of estimates in preparing the annual accounts

Management has used estimates and assumptions which have affected assets, liabilities, income, costs and information regarding potential obligations. This applies in particular to depreciation of fixed assets, assessment of added value and goodwill in connection with acquisitions, inventory, project assessments and pension commitments. Future events may cause the estimates to change. Estimates and the underlying assumptions are continually assessed. Changes in accounting estimates are entered into the accounts during the period in which the changes occur. Where changes also affect future periods, the effect is distributed across the current and future periods. See also note 4.

3.5 Foreign currency

Foreign exchange transactions
Foreign exchange transactions are calculated at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of the balance. Foreign currency fluctuations are recognised on the income statement continuously over the accounting period.

Activities abroad
Assets and liabilities in foreign companies including goodwill and fair value adjustments which arise on consolidation are converted to Norwegian kroner by using the exchange rate on the balance date. Income and expenses in foreign enterprises are converted to Norwegian kroner by using the average exchange rate.
Exchange rate differences are entered in other income and costs ("OCI").

3.6 Income

Income is recognised on the income statement when it is probable that transactions will generate future financial benefit which will accrue to the company and the size of the amount can be reliably estimated. Sales income is presented after deduction of value added tax and discounts. Internal sales within the group are eliminated.

Income from sale of goods is entered on the income statement once delivery has taken place and most of the risk and profit have been transferred.

Income from sale of services and long-term manufacturing projects is entered on the income statement as the project progresses, when the outcome of the transaction can be reliably estimated. In some of the companies, progress is measured as accrued costs in relation to total estimated costs, while in other companies. progress is measured on invoicing in relation to the contract total. When the result of the transaction cannot be reliably estimated, only income corresponding to accrued project costs will be recognised as income. In the period in which a project is identified as giving a negative result, the estimated loss on the contract will be recognised on the income statement in its entirety.

The group produces and sells energy to end customers. The sales is entered as income when the energy has been delivered and is read off at the customer's premises. Sales are entered based on the prices achieved, which are contract prices, but which can also be subject to price guarantee for the delivery period. Not including the financing element in sales is being considered. Otherwise, payment terms correspond to those that are normal in the market.

Interest earnings are recognised on the income statement as they are earned.

Dividends are entered when the shareholders' rights to receive dividends have been adopted by the general meeting.

3.7 Segments

For management purposes the group is organised into four different divisions according to products and range of services. The divisions represent the basis for the primary report segments. Financial information regarding segments and geographical distribution is presented in note 6.

In segment reporting. internal earnings on sales between the segments are eliminated.

3.8 Loan costs

Loan costs are entered on the income statement when the cost arises. Loan costs are entered on the balance sheet to the extent that they are directly related to the purchase manufacture of an asset and where the manufacturing period is long. A long manufacturing period means close to 12 months. Interest rate costs accrue during the build period until the asset is entered on the balance sheet. Balance entry of the loan costs is done until the point when the asset is ready for use. If the cost price exceeds the asset's fair value. it is written down.

3.9 Income tax

Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax benefits are calculated on all differences between book and taxable values of assets and liabilities. with the exception of:

- goodwill on group level
- temporary differences relating to investment in subsidiaries. associated companies or jointly controlled enterprises that the group controls. when the temporary differences will be reversed and this is not expected to occur in the foreseeable future

Deferred tax advantage is recognised on the income statement when it is probable that the company will have sufficient tax surplus in later periods to utilise the tax advantage. The companies enter deferred tax benefits that have not been previously entered to the extent that it has become probable that the company may make use of the deferred tax benefit. Likewise the company will reduce deferred tax advantages to the extent that the company no longer regards it as probable that it can utilise the deferred tax advantage.

Deferred tax and deferred tax advantages are measured based on anticipated future tax rates for the companies in the group where temporary differences have previously arisen.

Deferred tax and deferred tax advantages are recognised at nominal value and are classified as financial capital expenditure (long-term liability) on the balance sheet.

Payable tax and deferred tax are entered directly against equity to the extent that the tax entries relate to equity transactions.

3.10 Research and development

Expenses associated with research activities are recognised on the income statement when they arise. Costs relating to development activities are entered on the balance sheet to the extent to which the product or process is technically and commercially realisable and the group has sufficient resources to complete the development. The costs that are entered include material costs. direct payroll costs and a proportion of directly attributable joint expenses. Development costs entered on the balance sheet are entered as acquisition costs minus accumulated depreciation and write-down.

Development costs entered on the balance sheet are depreciated on a straight line basis over the estimated lifetime of the asset.

3.11 Tangible fixed assets

Tangible fixed assets are measured at acquisition cost. less accumulated depreciations and write downs. When assets are sold or disposed of, the value on the balance sheet is deducted and any profit or loss is entered on the income statement.

Acquisition price for fixed assets is the purchase price including duties/taxes and costs directly associated with preparing the fixed assets for use. Costs after the fixed asset has been taken into use, such as continuous maintenance, are entered on the income statement, while other costs that are expected to provide future financial benefit are entered on the balance sheet.

Depreciation is calculated on a straight-line basis over subsequent decomposition and useful life:

Type of asset	**Significant components**	**Depreciation period**
Office building	Building	15 - 20 years
Office building	Sprinkling	10 years
Office building	Fire detection	10 years
Office building	Technical installations	7 – 10 years
Type of asset	**Significant components**	**Depreciation period**
Stores	Building alone	15 – 20 years
Type of asset	**Significant components**	**Depreciation period**
The driers are a construction that should be viewed together. Depreciation should be the same for all elements of the drier:		
Drier	Building	10 - 15 years
Drier	Machine	10 - 15 years
Drier	Control	10 - 15 years
Drier	Culvert	10 - 15 years
Type of asset	**Significant components**	**Depreciation period**
Machines	Machine	10 - 12 years
Machines	Control systems	10 - 12 years
Machines	Foundation	10 - 12 years
Type of asset	**Significant components**	**Depreciation period**
Production premises	Building	10 - 15 years
Production premises	Technical installation	c. 10 years
Production premises	Water and sewage	c. 10 years
Production premises	Sprinkler system	c. 10 years
Type of asset	**Significant components**	**Depreciation period**
Boiler house	Building	15 – 20 years
Boiler house	Culvert	10 - 15 years
Boiler house	Heating unit	10 - 15 years
Type of asset	**Significant components**	**Depreciation period**
Fixtures and fittings. tools. office machinery etc.	No decomposition	4 - 7 years
Type of asset	**Significant components**	**Depreciation period**
Means of transport	No decomposition	4 – 7 years
Type of asset	**Significant components**	**Depreciation period**
Tomter	Plots of land	No depreciation

Depreciation period and method are reviewed annually. Scrap value is estimated at each year end and changes in estimated scrap value are entered as estimate changes.

Plant under manufacture is classified as a fixed asset and is entered as cost until manufacture or development is completed. Plant under manufacture is not depreciated until the asset is taken into use.

3.12 Leasing

Financial lease agreements
Lease agreements for which the group assumes the main risk and profit involved in ownership of the asset are financial lease agreements. At the beginning of the lease period. financial lease agreements are recognised at an amount corresponding to the lower of either fair value or the present value of the minimum lease. For calculation of the lease agreement's present value the implicit interest cost in the lease agreement is used if it is possible to calculate this. If not. the company's marginal borrowing interest is used. Direct expenses relating to establishing the lease contract are included in the asset's cost price.

The same depreciation period is used as for the company's other depreciable assets. Where reasonable certainty that the company will assume ownership at the end of the lease period does not exist. the asset is depreciated over the shorter of the duration of the lease agreement and the asset's economic life cycle.

Operational lease agreements
Lease agreements where the main risk and profit associated with ownership of the asset are not transferred are classified as operational lease agreements. Lease payments are classified as operating expenses and are recognised on a straight-line basis over the contract period.

3.13 Intangible assets

Intangible assets acquired separately are entered on the balance sheet at cost. The cost of intangible assets obtained through acquisitions are entered on the group´s balance sheet at fair value at the time of the acquisition. Intangible assets entered on the balance sheet are entered in the accounts at cost less any depreciation or write down.

Internally generated intangible assets, with the exception of recognised development costs, are not entered on the balance sheet but are entered as costs on an ongoing basis.

Useful lifetime is either predetermined or non-predetermined. Intangible assets with a predetermined useful life are depreciated over this period and tested for write down if so indicated. Depreciation method and period are assessed at least annually. Changes in depreciation method and/or period are treated as estimate changes.

Intangible assets with a non-predetermined useful life are tested for depreciation at least annually, either individually or by cash flow generating unit. Intangible assets with a non-predetermined useful life are not depreciated. The useful life is assessed annually to determine whether the assumption of non-predetermined useful life is reasonable. If not, a change is made to predetermined useful life.

Software
Costs relating to the purchase of new software are entered on the balance sheet as an intangible asset if these costs are not part of the acquisition cost of hardware. Software is normally depreciated on a straight line basis over 3 years. Costs arising as a result of maintaining the future usefulness of software are entered as costs if the changes to the software do not increase the future financial benefit of the software.

3.14 Business combinations and goodwill

Business combinations are entered in accordance with the acquisition method. Refer to note 3.24 with regard to the measurement of minority interests. Transaction costs are entered on the income statement as they occur.

Remuneration for the purchase of a company is measured at fair value on the date of acquisition.

When a company is purchased, all assets and obligations taken over are assessed for classification and assignment in accordance with contract conditions, economic circumstances and relevant conditions on the date of acquisition. Assets and debts taken over are entered on the balance sheet at fair value on the consolidated opening balance unless IFRS 3 indicates that other measurement rules shall be used.

Allocation of added value in company amalgamations is amended if new information arises regarding fair value on the date of taking control. Allocation can be changed up to 12 months after the date of acquisition if this is specified at the time of acquisition. The minority interests are calculated as the minorities' percentage of identifiable assets and debts.

In the case of step by step acquisition. earlier assets are measured at fair value on the date of acquisition. Changes in the value of earlier assets are entered on the income statement.

Goodwill is calculated as the sum of the remuneration and book value of the minority interests and fair value of previously owned assets. less the net value of identifiable assets and obligations calculated on the date of acquisition. Goodwill is not depreciated but tested at least annually for loss in value.

The part of the fair value of the equity that exceeds the remuneration (negative goodwill) is immediately entered on the income statement on the date of acquisition.

3.15 Public grants

Public grants are entered in the accounts when there is reasonable certainty that the company will fulfil the conditions associated with the grant. Recognition of operational grants is calculated systematically over the grant period. Grants are recognised as deductions from the cost that the grant is intended to cover. Investment subsidy is entered on the balance sheet in a systematic way over the life cycle of the asset. Investment subsidy is entered either as deferred income or as a deduction when determining the value of the asset on the balance sheet.

3.16 Financial instruments

According to IAS 39 *Financial Instruments – recognition and measurement*. financial instruments within the scope of IAS 39 are classified in the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables, available for sale and other obligations.

Financial instruments that are primarily held for the purpose of selling or buying back in the short term, financial instruments in a portfolio of identified instruments that are controlled together and where there are clear signs of short term realisation of gains and derivatives that have not been designated as hedging instruments are classified as held for trading purposes. These instruments are included in the category financial assets at fair value through profit or loss, together with financial instruments that qualify as, and have been designated as. instruments at fair value through profit or loss. Financial guarantee contracts are measured at the higher of what follows from IAS 37 *Provisions. Contingent Liabilities and Contingent Assets* and IAS 18 *Revenue*. unless the contracts qualify as. and have been designated as, instruments at fair value through profit or loss.

Financial assets with fixed or determinable cash flows and fixed redemption dates, where the group has the intention of and the ability to hold the investment to maturity, are classified as investments held to maturity, with the exception of those instruments that the company designates as instruments at fair value through profit or loss or available for sale. or which meet the criteria for inclusion in the category loans and receivables.

Financial assets with fixed or determinable cash flows that are not listed in an active market are classified as loans and receivables. with the exception of instruments that the group has designated as instruments at fair value through profit or loss or available for sale.

All other financial assets are classified as available for sale.

Financial obligations that due not fall into the category held for trading purposes and that have not been designated as instruments at fair value through profit or loss are classified as other obligations.

Financial instruments held to maturity are included in financial fixed assets, unless the redemption date is within 12 months of the balance date. Financial instruments in the group that are held for trading purposes are classified as current assets. Financial instruments available for sale are presented as current assets if management has decided to dispose of the instrument within 12 months of the balance date.

Investments held to maturity. loans and receivables and other obligations are recognised at amortised cost. Financial instruments classed as available for sale and held for trading purposes are recognised at fair value, as observed in the market on the balance date. without deduction for costs connected with sale.

Gains or losses resulting from changes in the fair value of financial investments classified as available for sale are recognised as other income and costs until the investment is realised. On realisation. accumulated gains or losses on the financial instrument that have previously been recognised against equity are reversed and the gain or loss is entered on the income statement.

Gains or losses resulting from changes in the fair value of financial investments classified as held for trading purposes or that have been designated as instruments at fair value through profit or loss are entered on the income statement and presented as financial income or cost.

The fair value of financial instruments that are traded in active markets is determined at the end of the reporting period by referring to the listed market price from traders of financial instruments (buying rate for long positions and selling rate for short positions), without deduction for transaction costs.

For financial instruments that are not traded in an active market. the fair value is determined with the aid of a suitable valuation method. Such valuation methods involve the use of recent market transactions at arm's length between well-informed and voluntary parties, if such are available, referral to the current fair value of another instrument that is practically the same, discounted cash flow calculation or other valuation model.

An analysis of fair value of financial instruments and other details regarding the measurement of these is given in the note 26.

3.17 Hedging

The group performs financial hedging transactions. However on the basis of an assessment of cost and benefit of hedge accounting in accordance with IAS 39, it has been decided that the group does not perform hedge accounting.

3.18 Derivatives that are not hedging instruments

Financial derivatives that are not recognised as hedging instruments are assessed at fair value. Changes in fair value are entered on the income statement on an ongoing basis.

An inbuilt derivative is separated from the host contract and recognised as a derivative if and only if all the following conditions are fulfilled:

- The financial characteristics and the financial risk of an inbuilt derivative are not closely related to the financial characteristics and the financial risk of the host contract.
- A separate instrument with the same conditions as the inbuilt derivative would have satisfied the definition of a derivative.
- The combined instrument (main contract and inbuilt derivative) is not measured at fair value through profit or loss.

3.19 Impairment of financial assets

Financial assets valued at amortised cost are written down when it is probable based on objective evidence that the instrument’s cash flow has been affected negatively by one or more events occurring after the initial recognition of the instrument. The write-down amount is entered on the income statement. If the cause of the write down later ceases and the cessation can be objectively associated with an event taking place after the inclusion of the write-down, the previous write-down is reversed. This reversal must not result in the balance value of the financial asset exceeding the amount of what the amortised cost would have been, if the loss in value had not been included at the time when the write-down was reversed. Reversal of earlier write down is presented as income.

Financial assets classified as available for sale are written down when there are objective indications that the value of the asset has fallen. The accumulated loss that has been entered directly to equity (the difference between acquisition cost and current fair value less write-down that has previously been included on the income statement and any amortisation amount) is removed from equity and entered on the income statement. If the fair value of a debt instrument classified as available for sale increases at a later date, and the increase can be objectively linked to an event that occurred after the write-down was entered on the income statement. the write-down shall be reversed on the income statement. Write down of an investment in an equity instrument is not reversed on the income statement.

3.20 Inventory

Inventory is recognised on the income statement at the lower of acquisition cost or net sales price. Net sales price is an estimated sales price for ordinary operations minus estimated costs for completion. marketing and distribution. Acquisition cost is allocated by use of the FIFO method and includes expenses accrued when acquiring the goods and the costs of bringing the goods to their current condition and location. Proprietary goods include variable and fixed costs that can be allocated based on normal capacity utilisation.

3.21 Projects

The Building Systems division primarily performs contract assignments (projects). Revenue from projects are recognised by the degree of completion. based primarily on a comparison of accrued project costs and estimated total costs of the project.

Additional claims and disputed amounts are not normally entered until agreement has been reached or there is a court judgement. However part of the claim is entered if there is an overwhelming probability of the anticipated outcome. Provision is made for claims activities based on historical experience and identified risks. Guarantee periods are normally from three to five years.

For projects that are expected to result in a loss. the entire loss is entered on the income statement as soon as it is identified. Costs of tendering and other preparatory work are entered as they arise.

For projects that are directed by outside companies. invoicing is performed monthly with 30 day payment terms. Invoicing is normally done in line with the completion of the work, but there are also payment schedules that do not correspond to progress.

For projects. both income and costs are scheduled. Income that has been earned but not yet invoiced is entered under the item "Completed. not invoiced". Invoiced income that has not yet been earned (forward payment plans) is entered under the item "Prepayments from customers" under other short term liabilities; see note 19.

Scheduling of costs (accrued. not entered) is recognised as trade accounts payable, while provisions for claims activities on concluded projects are entered as claims provisions etc.

Part of the outstanding receivables is secured in the form of bank guarantees or other forms of security. There is not considered to be any credit risk associated with public sector customers. Refer to note 5 on financial risk.

Refer to note 19 Projects in progress, note 18 Accounts receivable. note 25 Other short term liabilities and note 24 Claims provisions etc.

When the result of the transaction cannot be reliably estimated. only income corresponding to accrued project costs will be recognised as income.

3.22 Cash and cash equivalents

Cash includes cash holdings and bank deposits. Cash equivalents are short term liquid investments that can be immediately converted into a known amount of cash and that have a maximum of 3 months to maturity.

In the cash flow statement, the bank overdraft has been subtracted from the balance of cash and cash equivalents.

3.23 Equity

Own shares
On repurchase of own shares. the purchase price including immediate costs is entered as a change in equity. Nominal value of own shares are presented in a separate accounting line while paid amounts beyond nominal value as a reduction of equity. Losses or gains on own share transactions are not entered on the income statement, but is recognised in equity.

Costs of equity transactions
Transaction costs directly associated with equity transactions are entered directly to equity after deduction for tax.

Other equity

Translation differences
Translation differences arise in conjunction with currency differences on consolidation of foreign units.

Currency differences on monetary items (liability or receivable) that are in reality part of a company's net investment in a foreign unit are also entered as translation differences.

For disposal of foreign units the accumulated translation difference associated with the unit is reversed and entered on the income statement for the same period as the profit or loss on the disposal is entered on the income statement.

3.24 Non-controlling interests (minority interests)

Minority interests in the consolidated accounts represent the minority's holding of the balance sheet value of equity. With acquisitions, minority interests are measured according to their proportionate share of identified assets.

The subsidiary company's results. as well as the individual components of other income and costs, are attributable to owners of the parent company and the minority interests. The total result is attributed to the parent company's owners and to the minority interests, even if this leads to a negative minority interest.

3.25 Employee contributions

The group's Norwegian companies

All the Norwegian companies have collective, contribution-based pension schemes. These are schemes with a savings portion and a risk portion with earnings right. Pension premiums are entered as costs as they occur.

The collective contributory pension was established in 2005, and those who were members of the group's collective defined benefit pension plans had the option of changing. The defined benefit plans continue as closed schemes and no new members are included in these schemes. All new employees enter the group's collective contributory pension. The closed schemes are defined benefit plans that give the employees entitlement to agreed future pension benefits. The benefits are based on the number of years of earning and pay level on retirement.

The group's foreign companies

Many of the group's foreign companies offer their employees pensions based on agreed individual contribution-based pension schemes. In Sweden, most employees are covered by a collective occupational pension agreement. The scheme is defined as a multi-employer plan. Salaried staff born before 1979 are included in an individual occupational pension scheme that is also defined as a defined benefit plan. Because of the difficulty of reliably measuring the benefit level of these plans, there is insufficient information on an individual basis to enter the plans in the accounts as defined benefit schemes. The plans are entered as if they were contribution-based schemes. Salaried staff born after 1979 are included in an occupational pension scheme that is premium based and is therefore treated in the accounts as contribution-based.

Defined-benefit pension schemes

Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. Estimate changes and changes in financial and actuarial assumptions (actuarial gains and losses) are entered in other income and costs (OCI). The period's net pension costs are classified as payroll and personnel costs.

Gains and losses on the curtailment or settlement of a defined-benefit pension scheme are recognised on the income statement on the date the curtailment or settlement occurs.

Curtailment occurs when the group decides on a significant reduction in the number of employees covered by a scheme or changes the conditions for a defined-benefit pension scheme so that a considerable part of the present employees' future earning no longer qualifies for benefits or only qualifies for reduced benefits.

Contributory pension scheme

In addition to the defined benefit scheme described above, the group's other companies have made contributions to local pension plans. Contributions are given to the pension plan for full-time employees and represent from 3% to 5% of pay. Pension premiums are entered as costs as they occur.

3.26 Provisions

A provision is recognised when the group has an obligation (legal or self-imposed) as a result of an earlier event. it is probable (more probable than not) that a financial settlement will take place as a result of this obligation and the amount can be reliably measured. If the effect is considerable. the provision is limited by discounting anticipated future cash flow by using a discount rate before tax that reflects the market price of the monetary value and, if relevant, the risk associated with the specific provision.

A provision for guarantees is included when the underlying products or services are sold. The provision is based on historical information about guarantees and a weighting of possible outcomes according to the probability of their occurrence.

Restructuring provisions are included when the group has approved a detailed and formal restructuring plan and the restructuring has already started or has been made public.

3.27 Conditional liabilities and assets

Conditional liabilities are not recognised in the annual accounts. Significant conditional liabilities are reported, with the exception of conditional liabilities where the probability of the liability is low.

A conditional asset is not recognised in the annual accounts, but is reported where it is probable that a benefit will accrue to the group.

3.28 Subsequent events

New information about the company's financial position on the balance date that arises after the balance date is taken in to consideration in the annual accounts. Events after the balance date that do not affect the company's financial position on the balance date, but which will influence the company's financial position in the future. are reported if they are significant.

Currency exchange rates

The following exchange rates against the Norwegian kroner (NOK) have been used in consolidating the accounts.

	2013	2012
Swedish krone (SEK)		
Income statement rate	0,9020	0,8589
Balance sheet rate	0,9472	0,8549
Danish krone (DKK)		
Income statement rate	1,0466	1,0043
Balance sheet rate	1,1237	0,9840
Euro (EUR)		
Income statement rate	7,8052	7,4754
Balance sheet rate	8,3825	7,3410
British pound (GBP)		
Income statement rate	9,1929	9,2186
Balance sheet rate	10,0527	8,9958

Note 4 Critical accounting estimates and judgements

In preparing the annual accounts in accordance with IFRS, the company's management have used estimates based on good faith and assumptions which are believed to be realistic. Situations or changes may arise which may mean that such estimates require adjustment and thereby affect the company's assets, debt, equity or profit and loss.

The company's most important accounting estimates relate to the following:

· Depreciation on tangible fixed assets.

· Valuation of inventory

· Fair value of assets and obligations in acquisitions.

· Net pension commitments

· Project valuations

Anticipated useful life of the company's production equipment is affected by the technological development and profitability of the plant. Choice of depreciation period is an estimate.

If there are indications of a fall in value, the inventory in the subsidiaries must be tested for impairment. Book value is then compared with estimated net sales value.

The company's recognised goodwill and intangible assets are assessed for write down annually. The company is greatly affected by economic cycles that lead to considerable fluctuations in fair value in the company. The group is particularly affected by developments in the export markets in Europe and Africa, as well as fluctuations in the building industry in Scandinavia. Exchange rates and market interest rates also affect valuation. Valuations of the various established segments will naturally vary within a range of +/- 20%.

acquired companies over acquired assets and acquired debt based on estimated fair value. The valuation estimates require management to make considerable assessments in the choice of method, estimates and assumptions. Significant acquired intangible assets that Moelven has included comprise customer base and goodwill. The assumptions made for the assessment of intangible assets include, but are not limited to, estimated average lifetime of customer relationships based on natural loss of customers. The assumptions made for the assessment of assets include, but are not limited to, the reacquisition costs of fixed assets. Management's assessments of fair value are based on assumptions that are deemed to be reasonable, but that have a built in uncertainty, and as a result of this the actual results may differ from the calculations.

Pension commitments are calculated by actuaries. The actuary calculates the commitments based on assumptions provided by Moelven's management. These assumptions are the best estimate of the market situation as at 31.12. Moelven largely follows the recommendations of the Norwegian Accounting Standards Board, but management reviews the assumptions to ensure that they are in accord with the situation in the group. Changes in the assumptions could have a significant effect of pension commitments and equity. Sensitivity calculations are shown in note 23.

Project assessment is dependent on estimates of degree of completion, anticipated final status, any loss projects, guarantee obligations and claims. The managements of the subsidiaries within Building Systems use figures based on experience, among others, in preparing the estimates.

Note 5 Financial risk management

Risk management principles and processes

The Moelven group is exposed to several types of financial risk in its activities. The main objective of the group's financial policy is to ensure a predictable and cost-effective financial framework for industrial operations and to minimise the potential negative effects that unforeseen events in the financial markets might have on the group's cash flow. The group's position on financial risk is that it is the industrial activities rather than financial transactions that shall create the conditions for profitability.

In accordance with the financial policy, which is adopted by the board, financial risk management of the group's central finance department is done in collaboration with the various operational units.

The most important financial risks and the way they are managed are described below:

5.1 Market risk

Market risk is the risk that a financial instruments fair value or future cash flow will fluctuate as a result of changes in market prices. Market risk includes three types of risk: exchange rate risk, interest rate risk and other price risk.

5.1.1 Foreign currency - transaction risk

In this context, transaction risk means the exchange rate risk that is caused by the possibility of exchange rate changes in the period between the time a transaction in foreign currency is agreed and the time of settlement.

About 20 per cent of the group's operating revenues come from markets outside Scandinavia and carry exchange rate risks.

Both raw materials and finished goods are also imported into Norway from Sweden. The most important foreign currencies are EUR, SEK and GBP.
Moelven uses forward buying of currency to counteract large profit fluctuations as a result of variations in exchange rates.
The group companies shall perform all currency hedging with the group's central finance department, which hedges

the group's total net exposure externally.
Norwegian subsidiaries hedge against NOK, Swedish ones against SEK. Results from Swedish subsidiaries are included as part of net investment in foreign subsidiaries and hedged for exchange rate fluctuations together with other equity.

In accordance with the financial policy, net exposure in foreign currency shall be hedged against rate fluctuations according to the following main principles:

- At least 80 per cent of obligations in foreign currency shall be hedged when entering into the contract. This relates mainly to investment projects where machinery and equipment is bought from abroad.
- Anticipated net exposure for the next 3 months shall be hedged.
- Anticipated net exposure from 4 to 18 months ahead can be hedged within defined limits.

Because of the hedging strategy that has been chosen, changes must be long-term so as to have the full effect on the group's profitability, and during the hedging period operational adaptations may be made to compensate for the external changes.

Sensitivities - foreign currency

The table shows the transaction volume for the main currencies in 2013 and 2012.

Transactions and hedging in the main currency 2013

NOK million	EUR	GBP	DKK	Other	Total
Operating revenues	877	295	205	70	12
Operating expenses	448	20	119	25	5
Net exposure	**430**	**276**	**86**	**45**	**7**
Estimated annual net exposure	430	276	84	45	7
Hedging volume pas at 31.12.2013 maturing <12 md	186	77	40	16	-
Hedging ratio as at 31.12.2013 for the next 12 Months	**43 %**	**28 %**	**46 %**	**35 %**	**0 %**

Transactions and hedging in the main currency 2012

NOK million	EUR	GBP	DKK	Other	Total
Operating revenues	696	237	343	24	16
Operating expenses	351	5	138	19	9
Net exposure	**344**	**232**	**206**	**5**	**8**
Estimated annual net exposure	344	232	206	5	8
Hedging volume pas at 31.12.2012 maturing <12 md	53	37	23	-	-
Hedging ratio as at 31.12.2012 for the next 12 Months	**16 %**	**16 %**	**11 %**	**0 %**	**0 %**

Added to the exposure in the table above, the Group has ha net exposure in SEKNOK of approx. NOK 280 million. Estimated annual net exposure probably consists primarily of Norwegian unit's import of timber from Sweden, and Swedish units' exports of finished goods to Norway. Since a large proportion of the Group's total production takes place in Sweden, the Group has significant costs in Sweden. However, only Norwegian entities' operating costs in SEK currency hedged. Net income from the Swedish subsidiaries are included in retained earnings, and the currency risk arising in connection with these units' operating income and expenses are taken into account the risk related with the risk of conversion to equity.

The table below shows sensitivity in the results before tax to exchange rate changes when all other conditions remain unchanged.

The calculations are on the basis of rate changes being constant for the whole year. The effects of currency hedging, changes in the market value of financial hedging instruments and revaluing of balance sheet items have not been taken into account.

			NOK decline by 1 %		NOK decline by 10 %		NOK strenghtening by 1 %		NOK strengthening by 10 %	
	Average rate 2013	Annual net exposure i NOK	Rate after change	Income effect +/-	Rate after change	Income effect +/-	Rate after change	Income effect +/-	Rate after change	Income effect +/-
Change in EURNOK	7,81	430	7,88	4,30	8,59	42,97	7,73	-4,30	7,02	-42,97
Change in GBPNOK	9,19	276	9,28	2,76	10,11	27,58	9,1	-2,76	8,27	-2758
Change in DKKNOK	1,05	86	1,06	0,86	1,15	8,58	1,04	-0,86	0,94	-8,58
Change in SEKNOK	0,90	280	0,91	2,80	0,99	28,00	0,89	-2,80	0,81	-28,00

The market value of financial instruments depends on the balance sheet exchange rate in relation to safety courses that have been achieved. Changes in market value will result in an unrealized gain or loss is recognized as finance costs. The table below shows how the profit before tax would have been affected by a change in the balance sheet date.

The calculation is made on the basis of actual hedging volumes in the specified currencies per 31.12.2013.

			NOK decline by 1 %		NOK decline by 10 %		NOK strenghtening by 1 %		NOK strengthening by 10 %	
	Rate per 31.12	Hedging volume 31.12	Rate after change	Income effect +/-	Rate after change	Income effect +/-	Rate after change	Income effect +/-	Rate after change	Income effect +/-
Change in EURNOK	8,38	186	8,466	-0,08	9,22	-0,84	8,30	0,08	7,54	0,84
Change in GBPNOK	10,05	77	10,153	-0,1	11,06	-1,01	9,95	0,1	9,05	1,01
Change in DKKNOK	1,12	40	1,135	-0,01	1,24	-0,11	1,11	0,01	1,01	0,11
Change in SEKNOK	0,95	28	0,957	-0,01	1,04	-0,09	0,94	0,01	0,85	0,09

5.1.2 Foreign currency - translation risk

In this context, translation risk means exchange rate risk due to the balance sheet including items that are denominated in a foreign currency. For the group companies, this translation risk is eliminated in that financing shall occur in the same currency as the asset is entered in the accounts.

About half of the group's total balance sheet is connected to activities in Sweden. The balance sheet figures will therefore be affected by the prevailing exchange rate between the Swedish and Norwegian kroner. A large part of equity is secured against this in that share investment in most of the group's Swedish subsidiaries is financed in Swedish kroner.

The table below shows the effect on consolidated equity by a change in the exchange rate of +/- 10 percent:

Amount in NOK million	**2013**	**2012**
10 % change i SEK/NOK	53,8	64,4
10 % change i EUR/NOK	0,0	0,2
10 % change i DKK/NOK	1,4	2
10 % change i GBP/NOK	0,0	0,3
Total effect	**55,3**	**66,9**

5.1.3 Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. Net interest bearing debt provide the basis for interest rate risk. The bulk of the debt in SEK, which is why interest rates in Sweden are most important for the development of the Group's interest expense.

The Group companies will be financed with loans from the parent company. All external borrowing is done by the parent company, which also makes hedging in accordance with financial policy. Hedging instruments that can be used is the ordinary interest rate swaps, FRAs and complex swap basis, of a kind normally used for such purposes. As a measure of the extent that interest rate lock duration is used computed the total of outstanding debt and hedging transactions. The total duration should be minimum of 12 md and maximum 36 months shall not be entered into hedging agreements with a maturity of more than 10 years.

The Group's average net debt in 2013 was NOK 1 476.4 million. If the debt had been without hedging would a one percentage point change in interest rates led to a change in the Group's financing costs of NOK 14.7 million. According to financial policy, however, was 50.4 per cent of Group net debt secured by the use of financial hedging instruments, primarily interest rate swaps, where floating rate swapped to fixed rate. Market value changes of interest rate instruments are recognized in the profit and loss account and will have an opposite effect, but do not affect cash flow. The unrealized item from interest rate instruments will normally be greater than they realized the records, because market value is related to the maturity of the instrument.

Estimated effect on profit before tax by a change in interest rates and yield curves in the future are shown in the table below.

Amount in NOK million	Average NIBD 2013	Average secured part	Interest rate change - 50 bp	Interest rate change + 50 bp
The estimated interest cost, 100% floating rate	1 476,40		14,9	-14,9
Secured portion not affected by market fluctuations		50,4 %	-7,5	7,5
Net effect on annual interest expenses before unrealized items			**7,4**	**-7,4**
Unrealized gains / losses on hedging instruments that are recognized			-21,6	22,6
The total effect including unrealized valuechange			**-14,2**	**15,2**

5.1.4 Other price risk

Other price risk is the risk that a financial instrument's fair value or future cash flow will fluctuate because of changes in market prices (apart from changes that are due to interest rate risk or exchange rate risk), regardless of whether these changes are caused by factors that are specific for the individual financial instrument or the instrument's issuer, or by factors that affect all corresponding financial instruments that are traded in the market.

The price of electric power is another important factor that affects the group's profitability. About 185 GWh of electric power a year is bought via the group's electricity suppliers on the Nasdaq OMX exchange.

According to the group's finance policy, the need for electric power shall be secured against price fluctuations so as to ensure stability and predictability. The anticipated power requirement is hedged within stated maximum and minimum levels by forward buying on Nasdaq OMX with a 5 year maximum horizon.

The price of electric power is denominated in EUR. The group's power costs are therefore affected by both price changes and exchange rate changes. The group's annual electricity consumption has been relatively stable, apart from increases caused by business combinations.

The table below illustrates the effects on results before tax of a change in the electricity price of +/- 1 EUR per MWh at different exchange rate levels for EURNOK. The indirect exchange rate exposure is not considered to be a built in derivative, since the electricity price is denominate in EUR.

	Consumption in GWh	P/L effect in EUR 1.000		EURNOK	
Amount in NOK million			**8,00**	**8,25**	**8,50**
Increase in the price of 1 EUR/MWh	185	-185,00	-1,47	-1,53	-1,57
Proportion secured acc. policy is the average 60.0 %		111,00	1,07	1,11	1,14
Sensitivity taking into account hedging		**-74,00**	**-0,41**	**-0,42**	**-0,43**

The effect on profit before tax of exchange rate changes on the total consumption per year is shown in the table below:

	Consumption in GWh	Price EUR/MWh		EURNOK	
Amount in NOK million			**8,00**	**8,25**	**8,50**
Yearly cosumption	185	35	51,80	53,42	55,04
Changes in the cost of currency change EURNOK				**1,62**	**3,24**

The indirect exchange rate exposure is not considered an embedded derivative since electricity prices are denominated in EUR. The exposure is taken into account when calculating the net foreign currency exposure for the group.

The table below shows the sensitivity to changes in the price level for el.terminer at Nasdaq OMX. The starting point in secured volume per 31.12.2013 and provided that the price curve for futures contracts changed with 1 EUR / MWh.

	Secured volume in MWh	Sensitivity in EUR 1.000		EURNOK	
Amount in NOK million			**8,00**	**8,25**	**8,50**
Hedging according to IAS 39 relating to own use (consumption in Norway)	129 474	129,47	1,04	1,07	1,10
Hedging where market value are recognized according to IAS 39	218 090	218,09	1,74	1,80	1,85
Total	**347 564**	**347,56**	**2,78**	**2,87**	**2,95**

5.1.5 Liquidity risk

Liquidity risk is risk that the company will run into difficulties in fulfilling obligations connected with financial commitments that are settled with cash or another financial asset.

The group's foreign capital financing consists of two long-term drawing facilities with ceilings of NOK 1,050 million, which expires in May 2015, and NOK 300 million, which expires in May 2016. The loan agreements include normal default clauses with regard to equity, net equity value and debt ratio. As at 31 December 2013, the group's key figures were better than the agreed levels. In addition to the long-term drawing facilities, the also group has unused available credit in its bank systems, amounting altogether to about NOK 311 million. Credit facilities that are renewed annually.

Long-term cash flow forecasts are prepared in connection with the strategy and budget process. The finance department monitors the use of drawing facilities against the long-term liquidity needs so as to ensure that the group has sufficient long-term financing.

Short-term cash flow forecasts are prepared in the different group companies and reported weekly to the group's finance department, which aggregates the forecasts and monitors the group's total forecast liquidity needs. Based on these forecast, the finance department ensures that the group has sufficient cash equivalents to meet operational obligations. Surplus liquidity is used to pay off long-term liabilities. Short-term investments are only made exceptionally.

As a result of seasonal variations in raw materials supplies and market activity, the group's working capital varies by NOK 300-400 million between the highest point in May/June and the lowest in November/December.

Installment plan

Amounts in NOK million	2014	2015	2016	2017	2018	2019+	Total
Syndicated loan withdrawals	0,0	1 020,9	244,7	0,0	0,0	0,0	1 265,6
Bilateral loans	4,9	4,9	4,9	0,4	1,5	0,9	17,5
Financial leasing	7,8	5,2	4,2	3,2	2,1	11,3	33,8
Other long term loans	2,0	2,0	0,0	0,0	0,0	0,0	4,0
Long term interst bearing debt	**14,7**	**1 033,0**	**253,8**	**3,6**	**3,6**	**12,2**	**1 320,9**

Short term interest bearing debt	**1,4**						**1,4**
Bank overdraft	153,7						153,7
Sum agreements with yearly renewal	**155,1**						**155,1**
Short term interest bearing debt (to be paid in next 12 months)							**169,8**
Long term interst bearing debt (to be paid in 12 months time or later)							**1 306,2**

Long term liabilities by currency

Amounts in NOK million	**2013**	**2012**
NOK	225,4	346,3
SEK	1 095,5	784,7
Total	**1 320,9**	**1 131,0**
Mortgages - Secured loans:		
Amounts in NOK million	**2013**	**2012**
Bank overdraft	0,0	0,0
Long-term loans	17,5	22,1
Total	**17,5**	**22,1**
Book value of pledged assets:		
Amounts in NOK million	**2013**	**2012**
Machinary and plants	16,4	22,2
Buildings	7,9	8,9
Land	2,3	2,3
Inventory	20,5	26,4
Accounts receivable	1,7	1,3
Total	**48,8**	**61,1**

5.1.6 Refinancing risk

Refinancing risk is the risk of difficulties arising in refinancing the group's long-term liabilities.

In accordance with the group's financial policy, the remaining time to maturity of financing shall be a minimum of 1 year.

The group bases its long-term financing on syndicated loans from a few selected financial institutions with which the group has cooperated closely for an extended period. The background to this is the significance of these financial institutions' focus on the mechanised wood industry, combined with industry competence and knowledge of risk profiles and seasonal and other fluctuations.

The present financing has been taken up with negative pledge declaration and default clauses linked with key figures on the balance sheet. The loan agreements do not contain any profit-related default clauses.

5.1.7 Credit risk

Credit risk arises in transactions with derivatives, bank deposits and financial institutions, as well as transactions with customers, including outstanding receivables and fixed agreements.

As a general rule, the group only enters into financial transactions with financial institutions that participate in the long-term financing of the group. None of these has a credit rating poorer than A with the major credit rating agencies. The group has corresponding principles in relation to bank deposits and investments.

In accordance with the group's financial policy, credit sales shall only occur against satisfactory security in the form of credit insurance or guarantees. The group's framework agreement for credit insurance has been drawn up with a third party that is acknowledged in the market and has a credit rating of A.

In some cases it is not possible to obtain satisfactory security for credit sales. A function has therefore been established for determining internal credit limits and follow-up of credit sales.

5.2 Risk in connection with asset management

The group's objectives for asset management are:

- Ensuring continued good operations for the group so as to give a satisfactory and predictable return for the owners
- Ensuring sufficient financial room for manoeuvre to achieve the established targets for growth
- Giving sufficient confidence in the foreign capital markets to keep capital costs low

The board's dividend policy is based on facilitating a predictable and satisfactory cash yield on investments made by Moelven's shareholders. The main rule of the group's dividend policy indicates a cash dividend corresponding to 50 per cent of profit after tax, assuming that considerations of the company's financial position and other capital sources are satisfactorily safeguarded.

The board's objective for equity ratio is a minimum of 40 per cent, a level that is appropriate in light of the economic fluctuations that have been seen in recent years. In addition, Moelven's operations have a seasonal requirement for working capital that cause great variations in the equity ratio.

The board has an objective of a debt ratio of 0.50 for a normal seasonal balance.

The debt ratio is arrived at by dividing net interest-bearing debt by equity.

Amounts in NOK million	**2013**	**2012**
Interest-bearing debt	1 501,9	1 237,0
Interest-bearing assets	25,9	25,8
Net interest-bearing debt	**1 476,1**	**1 211,3**
Total equity	**1 518,5**	**1 543,6**
Liabilities / equity	**0,97**	**0,78**

Note 6 Operating segments

6.1 – Main figures for the group and operating segments

Criteria for division

The divisions are divided in accordance with Moelven's three core activities: Timber, Wood and Building Systems. There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure.

Group management represents the group's decision maker. The operating segments are based on the reporting; group management controls and assigns resources and assesses profitability.

The segments are divided in accordance with who the customers are. Timber has mainly industrial customers, Wood has mainly end users and building product chains as customers and Building Systems has customers in the contracting sector. The others are the remaining companies, mainly the parent company, timber supply and bioenergy.

In Timber and Wood especially, there is a great deal of collaboration between segments, but there are internal transactions between all four segments. Transactions between the segments are agreed on the arm's length principle. Income from customers outside the segment is reported to group management according to the same principles as the consolidated income statement.

Group management is mostly focused on the following key figures: Sales income, operating profit, net operating capital, employed capital and returns on employed capital, interest-bearing debt and investments.

The accounting principles that form the basis for segment reporting are the same as those used for consolidated accounting and are described in note 3.

Principal figures	**Group**		**Timber**		**Wood**		**Building Systems**		**Other**	
Amounts in NOK million	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Sales to external customers	8 009,4	8 121,5	2 184,1	2 047,5	2 748,0	2 763,7	2 505,3	2 796,1	645,3	514,2
Sales to internal customers	0,0	0,0	359,8	380,7	72,5	73,2	8,8	3,2	1 978,4	2 102,5
Operating revenues	8 009,4	8 121,5	2 543,9	2 428,2	2 820,4	2 836,9	2 514,1	2 799,3	2 623,7	2 616,7
Depreciation and impairment	271,6	250,9	116,0	99,9	104,9	99,1	38,0	38,1	12,8	13,8
Operating profit	-44,7	16,9	-11,6	-74,6	23,5	29,6	-19,1	97,0	-37,5	-35,1
Income from associates	0,0	-3,7	0,0	-2,5	0,0	0,0	0,0	0,0	0,0	-1,2
Financial income	20,2	14,8	0,0	0,7	2,3	2,8	6,5	6,5	69,4	35,4
Value change financial instruments	5,5	-7,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial costs	-98,1	-84,5	-29,4	-24,0	-33,1	-31,6	-6,3	-4,5	-81,7	-66,3
Profit before tax	-117,1	-64,3	-40,9	-98,0	-7,4	0,8	-19,0	98,9	-49,9	-66,1
Operating margin in per cent	-0,6 %	0,2 %	-0,5 %	-3,1 %	0,8 %	1,0 %	-0,8 %	3,5 %	-1,4 %	-1,3 %
Cash flow from operating profit	226,9	267,8	104,4	25,3	128,4	128,7	18,9	135,1	-24,7	-21,3
Fixed assets	1 876,6	1 702,5	822,6	774,6	729,0	632,6	243,1	219,6	81,8	75,8
Inventory	1 265,9	1 289,9	362,9	375,9	648,4	675,0	149,5	138,6	105,1	100,4
Accounts receivable	989,1	889,1	276,3	229,0	323,6	299,0	365,9	345,0	257,5	224,6
Accounts payable	429,1	468,9	190,0	153,2	171,8	158,9	121,5	144,1	180,1	220,4
Projects net	-32,2	9,8	0,0	0,0	0,0	0,0	-32,2	9,8	0,0	0,0
Net operating capital (% of operating revenues)	22,4 %	21,2 %	17,7 %	18,6 %	28,4 %	28,7 %	14,4 %	12,5 %	7,0 %	4,0 %
Total assets	4 539,8	4 342,1	1 684,3	1 580,6	1 957,7	1 905,8	1 189,9	1 243,3	2 695,7	2 328,7
Interest bearing liabilities	1 501,9	1 237,0	529,1	534,2	626,4	571,5	93,4	109,1	1 142,4	795,1
Interest free liabilities	1 453,0	1 561,4	406,9	336,1	543,2	542,9	552,3	640,2	578,0	501,0
Capital employed	3 020,1	2 780,7	1 277,5	1 244,5	1 414,6	1 362,9	637,6	603,1	2 162,0	1 827,7
Return on capital employed	-1,5 %	0,5 %	-0,9 %	-6,0 %	1,8 %	2,4 %	-2,1 %	18,3 %	-0,2 %	-0,4 %
Equity	1 518,2	1 543,6	748,4	710,2	788,2	791,4	544,1	494,0	1 015,4	1 032,5
Equity ratio	33,4 %	35,5 %	44,4 %	44,9 %	40,3 %	41,5 %	45,7 %	39,7 %	37,7 %	44,3 %
Investments	351,2	339,4	119,5	151,6	174,7	132,7	43,4	46,3	13,6	8,9
Number of full-time equivalents	3 276	3 375	677	696	1 011	1 063	1 460	1 486	128	130
Sick leave in %	5,3 %	5,4 %	4,9 %	4,5 %	5,1 %	5,3 %	6,0 %	6,0 %	2,4 %	3,5 %
H1 value	16,0	15,0	26,6	16,5	15,2	18,5	13,0	13,0	0,0	0,0

Reconciliation between reported segments operating revenues, profit before tax, assets and liabilities and other significant conditions

Operating revenues	2013	2012
Operating revenues for reported segments	10 502,1	10 681,1
Elimination of internal transactions	-2 492,7	-2 559,6
Consolidated operating revenues	**8 009,4**	**8 121,5**
Profit before tax	**2013**	**2012**
Annual profit from reported segments	-117,1	-64,3
Elimination of internal transactions	0,0	0,0
Consolidated profit before tax	**-117,1**	**-64,3**
Assets	**2013**	**2012**
Total assets from reported segments	7 527,6	7 058,4
Elimination of internal transactions	-2 987,8	-2 716,3
Consolidated total assets	**4 539,8**	**4 342,1**
Liabilities	**2013**	**2012**
Total liabilities from reported segments	4 471,7	4 030,1
Elimination of internal transactions	-1 516,7	-1 231,7
Consolidated total liabilities	**2 954,9**	**2 798,4**

6.2 – Geographical segments

The presentation of geographical segments shows operating revenues based on the geographical location of the customers.

	Operating revenues	
Amounts in NOK million	**2013**	**2012**
Norway	3 447,5	3 770,8
Sweden	2 860,0	2 817,7
Denmark	283,9	321,9
United Kingdom	322,0	260,1
Germany	208,9	142,3
Other Europe	445,8	430,3
Asia	174,3	131,6
Africa	230,2	201,2
Other countries	36,7	45,6
Total	**8 009,2**	**8 121,5**

No customers represents more than 10 % of income.

Presentation of number of employees, fixed assets, employed capital and investments is shown based on geographical location of the assets.

	Number of employees		Fixed assets		Capital employed		Investments	
Amounts in NOK million	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Norway	1 660	1 769	829,9	813,6	1 208,9	1 412,7	149,9	134,0
Sweden	1 582	1 578	1 045,2	888,0	1 780,5	1 339,0	201,1	205,2
Denmark	21	21	0,5	0,7	24,8	24,4	0,2	0,3
England	9	3	0,3	0,3	3,0	3,0	0,0	0,0
Germany	3	3	0,0	0,0	2,7	1,5	0,0	0,0
Netherlands	1	1	0,0	0,0	0,2	0,2	0,0	0,0
Total	**3 276**	**3 375**	**1 875,9**	**1 702,5**	**3 020,1**	**2 780,7**	**351,2**	**339,4**

Note 7 Sales income

Amounts in NOK million	2013	2012
Sale of goods	6 450,2	5 817,6
Sale of services - service contracts	1,7	260,8
Income from construction contracts	1 511,7	1 994,9
Sales income	**7 963,6**	**8 073,3**

In sales income for the group, internal deliveries and services between the group companies amounting to NOK 5.031 million have been eliminated (NOK 5.002 million)

Note 8 Tangible fixed assets

Amounts in NOK million	Plots	Buildings and other property	Machinery and plant	Fixtures and fittings, tools etc.	Total
Acquisition value as at 31.12.2011	**88,4**	**864,2**	**2 860,0**	**208,1**	**4 020,6**
Acquisitions	**0,2**	**64,7**	**260,0**	**9,0**	**334,0**
Disposals	0,0	-0,1	-1,1	-0,6	-1,9
Transfers	0,8	4,2	-48,0	-0,2	-43,2
Translation differences	-0,5	-3,5	-10,7	-0,4	-15,1
Acquisition value as at 31.12.2012	**88,9**	**929,4**	**3 060,2**	**215,9**	**4 294,4**
Accumulated ordinary depreciations 31.12.2011	0,0	483,8	1 704,4	162,6	2 350,9
Disposals accumulated depreciations	0,0	0,0	0,0	0,0	0,0
Depreciation and write downs for the year	0,0	39,3	185,4	16,3	241,1
Accumulated ordinary depreciations 31.12.2012	**0,0**	**523,1**	**1 889,8**	**179,0**	**2 591,9**
Book value 31.12.2011	88,4	380,4	1 155,5	45,5	1 669,7
Book value 31.12.2012	**88,9**	**406,3**	**1 170,3**	**37,0**	**1 702,5**
Ordinary depreciation rates are given in note 3.11					
Acquisition value as at 31.12.2012	**88,9**	**929,4**	**3 060,2**	**215,9**	**4 294,4**
Acquisitions	3,6	48,6	285,7	7,8	345,7
Disposals	-0,3	0,2	-0,6	0,0	-0,7
Transfers	0,0	8,9	-18,2	0,0	-9,3
Translation differences	3,5	22,8	70,7	2,2	99,2
Acquisition value as at 31.12.2013	**95,7**	**1 010,0**	**3 397,8**	**225,9**	**4 729,4**
Accumulated ordinary depreciations 31.12.2012	0,0	523,1	1 889,8	179,0	2 591,9
Disposals accumulated depreciations	0,0	0,0	0,0	0,0	0,0
Depreciation and write downs for the year	0,0	42,8	205,8	12,3	260,9
Accumulated ordinary depreciations 31.12.2013	**0,0**	**565,9**	**2 095,6**	**191,3**	**2 852,8**
Book value 31.12.2012	88,9	406,3	1 170,3	37,0	1 702,5
Book value 31.12.2013	**95,7**	**444,1**	**1 302,2**	**34,6**	**1 876,6**

Ordinary depreciation rates are given in note 3.11

Note 9 Leasing

Operating lease

The group recognised expenses of NOK 23,0 million in relation to operating leases in 2013. The equivalent expense in 2012 was NOK 25,5 million.

Minimum lease payments relating to operating leases

	2013	2012
0-1 year	15,9	23,9
1-2 years	12,3	14,7
3-4 years	10,0	11,5
> 4 years	13,5	3,4
Sum	**51,7**	**53,5**

Finance leases

Leases where cotrol and substantially all the risks have been transferred to the group are classified as finance leases. Further information are given in note 3.

Minimum lease payments relating to finance leases

	2013	2012
0-1 year	15,4	16,6
1-2 years	9,9	15,4
3-4 years	9,6	15,6
> 4 years	4,2	8,1
Sum	**39,1**	**55,7**
Capitalised value of leased assets	31,3	40,3

Note 10 Intangible assets

Note 10 a - Intangible assets

Amounts in NOK million	**Goodwill**	**Other intangible assets**	**Total**
Acquisition value as at 31.12.2011	**16,9**	**42,0**	**58,9**
Acquisitions through purchase	0,0	5,4	5,4
Business combinations	0,0	1,0	1,0
Disposals	0,0	0,0	0,0
Transfers	0,0	-0,2	-0,2
Translation differences	0,0	0,0	0,0
Acquisition value as at 31.12.2012	**16,9**	**48,2**	**65,1**
Accumulated ordinary depreciations 31.12.2011	0,0	13,3	13,3
Disposals accumulated depreciations	0,0	0,0	0,0
Depreciation for the year	0,0	9,8	9,8
Accumulated ordinary depreciations 31.12.2012	**0,0**	**23,2**	**23,2**
Book value 31.12.2011	16,9	28,7	45,6
Book value 31.12.2012	**16,9**	**25,0**	**41,9**
Ordinary depreciation rates in per cent	0 %	20 %	

Acquisition value as at 31.12.2012	**16,9**	**48,2**	**65,1**
Acquisitions through purchase	0,0	5,5	5,5
Business combinations (note 8)	0,0	0,0	0,0
Disposals	0,0	0,0	0,0
Transfers	0,0	0,0	0,0
Translation differences	0,0	0,5	0,5
Acquisition value as at 31.12.2013	**16,9**	**54,2**	**71,1**
Accumulated ordinary depreciations 31.12.2012	0,0	23,2	23,2
Disposals accumulated depreciations	0,0	0,0	0,0
Depreciation for the year	0,0	10,7	10,7
Accumulated ordinary depreciations 31.12.2013	**0,0**	**33,9**	**33,9**
Book value 31.12.2012	16,9	25,0	41,9
Book value 31.12.2013	**16,9**	**20,3**	**37,2**
Ordinary depreciation rates in per cent	0 %	20 %	

Note 10 b - Impairment test of goodwill

As at 31.12.2013 goodwill in the group entered on the balance sheet amounted to NOK 16.9 million. This is mainly linked to the acquisitions of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS that were completed in 2010. These three acquired companies are all in the Wood division and it is the division's operation that is deemed to be the cash flow generating group that goodwill shall be tested against.

Amounts in NOK million

Book value of goodwill:	**2013**	**2012**
Sør-Tre/Granvin/Eco	13,3	13,3
Other units	3,6	3,6
Total	**16,9**	**16,9**

Goodwill is tested at the level monitored by group management, which means that there are groups of cash flow generating units (CGUs). The recoverable amount of CGU is arrived at by taking

the historical figures for the CGUs as a basis, but with an allowance for an expected moderate growth in the total market, Moelven's market share and the prices of the products. In management's opinion it is reasonable to assume that considerable development of new products and technologies will occur in these areas.

The rate used for discounting cash flows is 9 %. This is based on a risk-free rate of 2.9% with an added risk premium of 5.6%. The risk premium is based on observations of comparable companies.

The write down test is according to the going concern assumption for the CGU and with the following estimates:

- Sales price estimates are based on internal and external analyses

- Inflation is estimated as 2% a year

- The present cost bases is assumed to reflect the future

- For goodwill testing, management has used a 4 year period without growth estimate on the term

There was no write down of goodwill in either 2012 or 2011.

Maximum exposure to possible write down of goodwill is NOK 16.9 million. This is not a significant amount for the group. We have calculated sensitivity for the write down assessments and a 1% change in discount rate, sales or costs would not lead to any write downs in the consolidated accounts.

Segments – Groups of cash flow generating units (CGUs):

Amounts in NOK million	2013		2012	
	Goodwill at year end	Impairment	Goodwill at year end	Impairment
Timber	0,0	0,0	0,0	0,0
Wood	13,3	0,0	13,3	0,0
Building Systems	3,6	0,0	3,6	0,0
Total goodwill	**16,9**	**0,0**	**16,9**	**0,0**

Note 11 Payroll expenses

11 a Payroll expenses

Amounts in NOK million	2013	2012
Payroll cost	1 404,2	1 347,5
Social security cost	275,9	311,0
Pension costs - contribution-based pension schemes	45,2	41,4
Pension costs - defined-benefit pension schemes	24,9	27,2
Total	**1 750,1**	**1 727,1**

11 b Average number of employees

Average number of employees in 2013 was 3.326 and in 2012 it was 3.428. Moelven had 3.276 employees at the end of 2013 compared to 3.375 employees at the end of 2012.

11 c Remuneration to auditor

Amounts in NOK million, paid during the financial year	2013	2012
Legally required audit	4,5	4,6
Other attestation services	0,3	0,1
Tax consultancy	0,1	0,1
Other, non auditing services	0,4	0,5
Total	**5,3**	**5,3**

Note 12 Financial income and costs

Amounts in NOK million	2013	2012
Financial income	**20,2**	**14,8**
Financial costs	**-98,1**	**-84,4**
Financial income		
Interest income, bank	0,3	1,2
Foreign currency gains	16,9	13,2
Other financial income	3,0	0,4
Total financial income	**20,2**	**14,8**
Financial costs		
Interest and commission costs, bank	-2,4	-2,3
Interest on long term loan financing	-70,2	-59,7
Foreign currency losses	-23,4	-17,9
Other financial costs	-2,1	-4,5
Total financial costs	**-98,1**	**-84,4**

Note 13 Tax costs

Amounts in NOK million	2013	2012
Tax payable	0,0	0,0
Deferred tax changes	-24,5	-28,1
Tax costs	**-24,5**	**-28,1**
	2013	**2012**
Tax payable for the year	0,0	0,0
Total tax payable	**0,0**	**0,0**

Reconciliation of tax calculated with the group's weighted average tax rate and tax costs as they appear on the income statement:

Amounts in NOK million	2013	2012
Profit before tax	**-117,1**	**-64,3**
Tax calculated with the group's tax rate 28 %	-32,8	-18,0
Tax effects of:		
Difference due to different tax rates	0,8	1,1
Change of tax rate in Sweden	1,8	-17,8
Contribution from associated companies	0,0	1,0
Permanent differences	2,6	2,6
Other	3,1	3,0
Tax cost on the income statement	**-24,5**	**-28,1**
	2013	**2012**
Weighted average tax rate	21,0 %	43,7 %

Amounts in NOK million	2013			2012		
Tax on items entered against other income and expenses	**Before tax**	**Tax costs**	**After tax**	**Before tax**	**Tax costs**	**After tax**
Elements not later reclassified to earnings						
Actuarial gains (losses) on defined-benefit pension schemes	18,8	-5,1	13,7	64,8	-18,1	46,6
Elements that can be later reclassified to earnings						
Translation differences	58,4	0,0	58,4	-11,9	0,0	-11,9
Other changes	-5,0	0,0	-5,0	5,1	0,0	5,1
Other income and expenses during the period (after tax)	72,2	-5,1	67,1	58,0	-18,1	39,8

Note 14 Deferred tax

Deferred tax benefits and deferred tax are netted when there is a legal right to give and receive group contribution between the entities.

The table below shows the basis that has resulted in recognised deferred tax benefits and deferred tax.

14.1 Assets and obligations with deferred tax consist of::

Amounts in NOK million	2013	2012
Temporary differences		
Asset reserves	-2,5	0,1
Inventory	44,6	34,3
Cost provisions	8,3	4,5
Other short-term temporary differences	-64,4	-69,7
Sub-total short-term differences	**-14,0**	**-30,8**
Fixed assets	40,9	156,6
Profit and loss account	5,1	6,3
Pension funds	0,0	0,0
Pension commitments	-77,7	-108,5
Other long-term items	314,6	269,8
Sub-total long-term items	**282,9**	**324,2**
Tax-assessed loss carry-forward.	-143,5	-108,3
Net temporary differences	**125,4**	**185,0**
Deferred tax asset	11,2	11,4
Deferred tax	32,0	42,8
Net deferred tax	**20,8**	**31,5**

14.2 Assets with deferred tax from loss carry-forward

Amounts in NOK million	**2013**	**2012**
Norway	34,9	16,6
Sweden	1,3	9,2
Denmark	0,0	1,7
Total deferred tax benefit from loss carry-forward	**36,2**	**27,6**

The group has a total of NOK 143.5 million in loss carry-forward as at 31.12.2013. NOK 96,4 million of this is from Norwegian companies with an ownership holding of more than 90%. The group will make use of this loss carry-forward in future group contributions. NOK 32.8 million of the total loss carry-forward refers to a Norwegian company where the ownership holding is below the limit for group contributions. The management of this company is in the process of reviewing possible production measures to improve profitability. NOK 5.8 million refers to Swedish comapies who ownes 100 %. The group has not recognised other loss carry-forward than the ones mentioned above.

14.3 Analysis of deferred tax through the year

	2013	**2012**
Net deferred tax obligation 1 January		
Included on income statement	31,5	44,0
Other income and costs pensions	-24,5	-39,2
Included in equity	5,1	18,1
Translation differences and other	8,7	8,5
Net deferred tax obligation 31 December	**20,8**	**31,5**

Note 15 Other shares

Amounts in NOK 1,000	**Holding %**	**The company's share capital**		**Number of shares in Moelven's ownership**	**Total face value**	**Book value 31.12**
Owned by Moelven Industrier ASA:						
Tretorget AS	26.5 %	222		827	59	800
Others						31
Total Moelven Industrier ASA						**831**
Owned by other group companies						
Transportfellesskapet Østlandet AS	25,0 %	500	250		100	126
Transportselskapet Nord AS	12,5 %	500	125		63	64
Svenskt Limträ AB	33,0 %	100	333	SEK	33	47
Others						271
Total others						**508**
Total group						**1339**

Note 16 Investments in associated companies

Amounts in NOK million	2013	2012
Book value as ate 01.01	**2,6**	**12,4**
Proportion of annual profit	0,0	-3,7
Disposals	0,0	-6,0
Translation differences	0,0	-0,1
Proportion of other income and expenses	0,0	0,0
Book value as at 31.12	2,6	2,6

Amounts in NOK million

2012

Name	Home country	Assets	Liabilities	Income	Profit	Book value	Holding
Land Sag AS 2)	Norway	9,1	6,1	12,1	-2,5	0,0	30,0 %
Weda Skog AB 1)	Sweden	42,0	39,4	255,0	0,0	2,6	30,0 %
Gamla Weda Skog i Karlstad AB	Sweden	0,0	0,0	0,0	-1,2	0,0	0,0 %
		51,1	45,5	267,1	-3,7	2,6	

2013

Name	Home country	Assets	Liabilities	Income	Profit	Book value	Holding
Weda Skog AB 1)	Sweden	32,7	30,1	236,7	0,0	2,6	30,0 %
		32,7	30,1	236,7	0,0	2,6	

1) This company has a different financial year; date of balance is 31 August The 4-month result would be insignificant for the Moelven group. No interim balance has therefore been made.

2) The company was bankrupt in March 2013. The investment was impaired in the 2012 accounts.

Note 17 Inventory

Amounts in NOK million	2013	2012
Raw materials and purchased semi finished goods	463,2	490,3
Goods in processing	177,7	153,3
Finished own products	622,7	644,3
Prepayments to supplier	2,3	2,1
Total inventory	**1 265,9**	**1 289,9**
Amounts in NOK million		
Inventory valued at acquisition cost	908,2	881,5
Inventory valued at fair value.	357,6	408,4
Total inventory	**1 265,9**	**1 289,9**

Write down of inventory to fair value in 2013 is included in profit and loss with NOK 46.6 million.
The equivalent value in 2012 was NOK 9.3 million.
The book value of inventories pledged as security in 2013 was NOK 17.5 million and NOK 26.4 million in 2012.

Note 18 Accounts receivable and other receivables

Amounts in NOK million	Note	2013	2012
Accounts receivable			
Accounts receivable gross		992,7	892,9
Provision for loss on accounts receivable		-4,1	-3,8
Earned not invoiced	19	69,0	118,1
Accounts receivable entered on the balance sheet		**1 057,7**	**1 007,2**
The year's confirmed losses on receivables		1,8	1,9
Changes in provision for loss		0,3	-0,9
Losses on receivables on income statement		**2,1**	**2,8**
Other receivables			
VAT in credit		90,8	68,7
Other receivables		164,2	184,3
Total other receivables		**255,0**	**253,0**

Part of the outstanding receivables is secured in the form of bank guarantees or other forms of security. There is not considered to be any credit risk associated with public sector customers. Refer to note 5 on financial risk.

Other receivables consist of other deferred income, prepayments and operations-related items. The groups accounts receivable are mainly secured through credit insurance.

Currency breakdown of accounts receivable before provision for loss

Amounts in NOK million	2013	2012
NOK	469,6	443,8
SEK	376,7	330,9
EUR	66,4	64,5
DKK	18,6	20,5
GBP	45,6	28,1
Other currencies	15,9	5,1
Total	**992,7**	**892,9**

Age distribution of outstanding accounts receivable

Amounts in NOK million	2013	2012
Accounts receivable within credit terms	743,2	640,1
Under 30 days beyond due date	187,4	209,8
31 to 60 days beyond due date	21,1	18,0
61 to 90 days beyond due date	13,9	11,8
91 to 180 days beyond due date	3,3	2,5
Over 180 days beyond due date	23,8	10,7
Total	**992,7**	**892,9**

Note 19 Projects in progress

Amounts in NOK million	Note	2013	2012
Distribution of sales			
Project sales		1 416,8	1 994,9
Service contracts		96,6	260,8
Sale of goods		211,8	602,2
Total		**1 725,2**	**2 857,8**
Projects in progress entered on the income statement *)			
Accumulated income		856,4	1 282,8
Accumulated accrued expenses		698,9	1 121,6
Accumulated contributions		157,5	161,2
Loss projects in progress **)		**0,0**	**19,7**
Earned not invoiced income	18	69,0	118,1
Prepayments from customers	25	34,7	73,7
Deferment of costs (+ liability/ - receivable)		3,3	40,2

*) Projects in production, not handed over to customer

**) Anticipated losses on these projects have been entered on the income statement

For projects that are directed by outside companies, invoicing is performed monthly with 30 day payment terms. Invoicing is normally done in line with the completion of the work, but there are also payment schedules that do not correspond to progress.

For projects, both income and costs are scheduled. Income that has been earned but not yet invoiced is entered under the item "Completed, not invoiced". Invoiced income that has not yet been earned (forward payment plans) is entered under the item "Prepayments from customers" under other short term liabilities; see note 25.
Only one of these items is used per project. Thus each project shows either a net receivable for the customer or a net liability to the customer.

Scheduling of costs (accrued, not entered) is recognised as trade accounts payable, while provisions for claims activities on concluded projects are entered as claims provisions etc.

Note 20 Cash and cash equivalents

Amounts in NOK million	2013	2012
Bank deposits 31.12.	25,9	25,8
Unused drawing rights 31.12	224,9	487,1
Restricted bank deposits	0,0	0,0
Cash and cash equivalents 31.12	**250,8**	**512,9**

In the cash flow analysis, only changes in bank deposits have been taken into account in calculating liquidity changes during the period.

Note 21 Earnings per share and equity per share

Earnings per share

Earnings per share is calculated by dividing the share of the annual profits allocated to the company's shareholders by a weighted average of the number of ordinary shares issued over the year, less own shares.

	2013	2012
Annual profit assigned to Moelven's shareholders	-91,0	-34,4
Average number of shares	129,5	129,5
Earnings per share	**-0,70**	**-0,27**

Equity per share

Equity per share is calculated by dividing the share of equity assigned to the company's shareholders by a weighted average of the number of ordinary shares issued over the year, less own shares.

	2013	2012
Total equity assigned to owners of parent company	1 510,5	1 534,5
Average number of shares	129,5	129,5
Equity per share	**11,66**	**11,85**

Note 22 Group companies

The following companies are included in the Group. The list is group accordring to division structure. Book value shows the bookvalue in the separate financial statement of the owner of the company.

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Book value 31.12.		Organization number
Timber							
Moelven Våler AS	100,0 %	48 000		4 800	48 005	*	982 793 076
Moelven Numedal AS	100,0 %	10 000		1 000	10 005	*	982 792 991
Moelven Løten AS	100,0 %	12 000		1 200	12 005	*	982 792 932
Moelven Mjøsbruket AS	100,0 %	12 000		12 000	15 990	*	935 944 562
Moelven Telemarksbruket AS	51,0 %	10 000		510	5 490	*	983 188 397
Moelven Valåsen AB	100,0 %	50 000	SEK	500 000	142 080	**	556310-4206
Moelven Dalaträ AB	100,0 %	20 000	SEK	200 000	52 096	**	556118-4614
Moelven Nössemark Trä AB	100,0 %	300	SEK	3 000	53 253	**	556199-3782
Moelven Årjäng Såg AB	100,0 %	300	SEK	3 000	47 360	**	556215-9177
Moelven Notnäs AB	100,0 %	3 250	SEK	650 000	47 360	**	556217-1636
Moelven Norsälven AB	100,0 %	3 500	SEK	35 000	33 152	**	556040-2181
Moelven Ransbysågen AB	100,0 %	1 000	SEK	10 000	16 102	**	556192-8143
Moelven Component AB	100,0 %	2 580	SEK	25 800	7 384	**	556217-2543
Moelven Profil AS	100,0 %	15 000		15 000	15 030	*	997 404 165
UJ-Trading AB	100,0 %	1 500	SEK	15 000	8 525	**	556227-4547
Moelven Tom Heurlin AB	100,0 %	1 500	SEK	15 000	18 944	**	556013-7399
Moelven Deutschland GmbH	100,0 %	110	EUR	11	217	*	2920400496
Moelven Nederland B.V.	100,0 %	36	EUR	360	317	*	32 123 165

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Book value 31.12.		Organization number
Wood							
Moelven Wood AS	100,0 %	5 500		5 500	10 000	*	941 809 030
Moelven Wood AB	100,0 %	9 000	SEK	90 000	14 243	**	556201-9785
Moelven Van Severen AS	100,0 %	35 000		3 500	35 005	*	982 793 068
Moelven Østerdalsbruket AS	100,0 %	20 000		2 000	20 005	*	982 793 041
Moelven Soknabruket AS	100,0 %	30 000		3 000	32 511	*	982 793 017
Moelven Langmoen AS	100,0 %	18 000		1 800	37 156	*	882 792 862
Moelven Eidsvoll AS	100,0 %	8 500		850	18 500	*	951 278 017
Moelven Treinteriør AS	100,0 %	3 500		3 500	8 482	*	910 888 471
Moelven Danmark A/S	100,0 %	5 000	DKK	50 000	12 417	*	11 932 371
Moelven Are AS	100,0 %	300		100	50 116	*	839 265 832
Moelven Eidsvold Værk AS	100,0 %	32 500		32 500	35 578	*	937 577 087
Moelven Trysil AS	100,0 %	15 600		15 600	35 634	*	984 029 497
Moelven Sør Tre AS	100,0 %	8 487		8 487	50 000	*	835 259 072
Moelven Granvin Bruk AS	99,3 %	1 490		2 959	16 672	*	881 146 312
Moelven List AB	100,0 %	5 500	SEK	55 000	20 871	**	556297-9129
Moelven Värmlands Trä AB	100,0 %	3 000	SEK	3 000	31 163	**	556061-2110
Moelven Notnäs Wood AB	100,0 %	3 800	SEK	38 000	14 587	**	556148-6803
Moelven Valåsen Wood AB	100,0 %	20 100	SEK	201 000	26 888	**	556343-2839
Moelven Edanesågen AB	100,0 %	4 000	SEK	4 000	73 812	**	556061-4462
Moelven Lovene AB	100,0 %	5 000	SEK	50 000	6 630	**	556851-8517
Moelven Vänerply AB	100,0 %	20 000	SEK	5 000	18 944	**	556851-5026
Moelven Wood Prosjekt AS	100,0 %	300		3 000	11 000	*	982 680 913
Moelven Malmö AB	100,0 %	1 200	SEK	1 200	3 915	****	556451-0302
Moelven Multi3 AS	100,0 %	3 425	NOK	6 850	9 342	*	993 797 758

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Book value 31.12.		Organization number
Building systems							
Moelven Limtre AS	100,0 %	11 000		11 000	43 028	*	913 711 300
Moelven Töreboda AB	100,0 %	12 000	SEK	120 000	45 466	**	556023-8023
Moelven ByggModul AS	100,0 %	31 688		158 440	85 299	*	941 809 219
Moelven Byggmodul AB	100,0 %	5 000	SEK	50 000	85 248	**	556310-7134
Moelven Byggfinansiering AS	100,0 %	1 000		100	4 000	*	841 809 122
Moelven Byggfinansiering AB	100,0 %	275	SEK	2 750	7 619	**	556255-0888
Moelven Nordia AS	100,0 %	22 000		2 200	95 000	*	951 269 778
Moelven Eurowand AB	100,0 %	4 000	SEK	40 000	43 192	**	556175-3178
Moelven Nordia Prosjekt AS	100,0 %	232	NOK	232	4 250	***	979 568 452
Moelven Elektro AS	100,0 %	10 000		40 000	40 000	*	980 342 182
Moelven Elektro AB	100,0 %	100	SEK	1 000	1 989	**	556783-8239
Moelven U.K. Ltd	100,0 %	50	GBP	49 999	1	*	1775490

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Book value 31.12.		Organization number
Other							
Moelven Industrier AB	100,0 %	197 046	SEK	19 704 581	241 406	*	556064-4170
Moelven Skog AB	100,0 %	5 000	SEK	400	23 680	**	556624-0957
Moelven Virke AS	100,0 %	5 000		50 000	4 546	*	975 924 955
Moelven Bioenergi AS	100,0 %	6 000		6 000	6 800	*	990 041 881
Vänerbränsle AB	82,3 %	336	SEK	2 613	2 658	**	556432-9851
Skåre Kontorshotell AB	100,0 %	100	SEK	1 000	687	**	556550-1664
Moelven Malmö Holding AB	100,0 %	2 580	SEK	2 580	14 683	**	556451-0278
Hen Næringspark AS	100,0 %	1 000		1 000	6 652	*	982 792 835

*) Company owned by Moelven Industrier ASA

**) Company owned by Moelven Industrier AB

***) Company owned by Moelven Nordia AS

****) Company owned by Moelven Malmö Holding AB

Note 23 Pension costs and pension commitments

Pension schemes

The pension funds and commitments on the balance sheet mainly relate to the group's Norwegian companies.

Secured schemes

The group's defined benefit scheme was closed in 2005 and relates entirely to Norwegian employees. The defined benefit scheme has a pension coverage of about 60% of final pay at age 67 and a full earning period of 30 years. All new employees in Norway join a contribution based pension scheme.

The contribution scheme has a risk coverage with disability of about 60 per cent (with paid-up pension) and is a solution that is better than the statutory minimum pension solution. Over half of the group's employees are now part of the contribution based scheme.

The group is required to have an occupational pension scheme by legislation on compulsory occupational pensions. The pension schemes fulfil the requirements of this legislation.

For some of the group's secured pension schemes, the pension funds are greater than the pension commitments. The over-financing in these schemes is judged to be applicable in accordance with legislation on company pensions.

Unsecured schemes
Unsecured schemes mainly relate to contractual pension (AFP) and are calculated in accordance with the Norwegian accounting standard on pension costs. It was decided to wind up the old AFP scheme in 2010. As a result of the change in legislation, AFP commitments were reduced by about NOK 25 million in 2010. There are no unsecured pension commitments that have not been included in the calculation mentioned above.

The new AFP scheme was established by an agreement between the Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) on 2 April 2008, as part of the wage settlement. The agreement was on the assumption that the state should contribute so that the pension level (total of National Insurance and the new AFP) would at least correspond to the level of the old AFP. The scheme was established by the regulations for the joint scheme for contractual pensions (AFP). The new AFP is calculated as a lifelong supplement to the retirement pension from National Insurance, with the opportunity to combine pension and work income without reduction of pension. The new AFP scheme in the private sector has been established as a joint scheme by combining the three schemes (LO, Spekter financial services industry). The new AFP scheme is defined as a defined-benefit multi-employer plan in an accounting context. The company has given its employees a promise of a lifelong pension at a fixed level.

There is not yet sufficient information for a calculation to be completed.

The new AFP will be financed through an annual premium determined as a percentage of pay between 1 and 7.1 G (the annually fixed basic amount). The premium for 2011 is fixed at 1.4% and for 2012 at 1.75%. The premium is equal to the pension costs.

The group's foreign companies

Many of the group's foreign companies offer their employees pensions based on agreed individual contribution-based pension schemes.

In Sweden, most employees are covered by a collective occupational pension agreement. The scheme is defined as a multi-employer plan. Salaried staff born before 1979 are included in an individual occupational pension scheme that is also defined as a defined benefit plan. Because of the difficulty of reliably measuring the benefit level of these plans, there is insufficient information on an individual basis to enter the plans in the accounts as defined benefit schemes. The plans are accounted for as if they were contribution-based, in accordance with good accounting practice. Salaried staff born after 1979 are included in an occupational pension scheme that is premium based and is therefore treated in the accounts as contribution-based.

23.1 – Economic and actuarial assumptions

The following economic assumptions have been made:	**2013**	**2012**
Return on pension funds	4,10 %	4,00 %
Discount rate	3,30 %	3,80 %
Annual pay increase	3,75 %	3,50 %
Annual G adjustment (National Insurance Scheme's amount)	3,50 %	3,25 %
Annual adjustment of pensions being paid	1,75 %	1,75 %
Average employer's contribution factor	14,10 %	14,10 %

23.2 - Pension commitments entered in the accounts

Amounts in NOK million	**2013**	**2012**
Present value of the secured pension commitments	425,2	414,7
Present value of the unsecured pension commitments	22,8	34,6
Total present value of pension commitments	448,0	449,3
Fair value of pension funds	-353,9	-335,5
Employer contribution of net pension commitments	0,0	15,5
Net pension liability outside Norway	0,5	-0,4
Pension commitments entered	**94,6**	**129,0**

23.3 – Pension costs

Amounts in NOK million	2013	2012
Pension entitlements accrued in the year	15,9	20,3
Administration costs	2,2	2,8
Net financial costs/income	2,6	-0,5
Pension costs secured and unsecured defined benefit schemes	**20,6**	**22,6**
Contribution pension costs and other pension costs	49,4	45,0
Pension cost (net) entered on the income statement	**70,0**	**64,6**
Of which, the pension cost for contractual pensions (AFP)	1,0	1,6

The note has been changed to reflect the early implementation of IAS 19R.

23.4 Pension commitments and pension funds

Amounts in NOK million	2013			2012		
	Secured	Un-secured	Total	Secured	Un-secured	Total
Changes in gross pension commitments						
Pension commitments 1.1.	414,7	34,6	449,3	459,5	47,4	507,0
Employer's contribution in gross pension commitments	10,8	4,8	15,6	0,0	0,0	0,0
Present value of the year's pension contribution	15,8	0,1	15,9	17,8	0,0	17,9
Interest costs on the pension commitments	14,5	1,3	15,8	14,9	1,4	16,3
Receipts	0,0	0,0	0,0	0,0	0,0	0,0
Employer's contribution receipts	-3,1	0,0	-3,1	0,0	0,0	0,0
Pension payments	-13,3	-10,6	-23,9	-12,6	-10,6	-23,2
Commitments taken over in company mergers	0,0	0,0	0,0	-0,4	0,0	-0,4
Gross pension commitments 31.12	**425,2**	**22,8**	**448,0**	**414,7**	**34,6**	**449,3**
Changes in gross pension funds						
Fair value pension funds 1.1	335,5		335,5	324,8		324,8
Projected return on pension funds	11,0		11,0	15,7		15,7
Actuarial gains and losses	-2,7		-2,7	-11,0		-11,0
Administration costs	0,0		0,0	-2,5		-2,5
Premium payments	26,5		26,5	21,2		21,2
Employer's contribution receipts	-3,1		-3,1	0,0		0,0
Payment of pensions/paid-up policies	-13,3		-13,3	-12,6		-12,6
Company mergers	0,0		0,0	-0,2		-0,2
Fair value pension funds 31.12	**353,9**		**353,9**	**335,5**		**335,5**

	2013	2012
The actual return on pension funds was	**4,4 %**	**5,6 %**

23.5 - Investment profile pension funds at year end (weighted average)

Main category	2013	2012
Shares	4,2 %	6,3 %
Bank market	24,7 %	26,2 %
Bonds	55,7 %	52,2 %
Property	13,9 %	14,8 %
Other	1,5 %	0,5 %
Total	100,0 %	100,0 %

23.6 - Sensitivity analysis:

The table below shows estimates of the potential effect of a change in certain assumptions for defined-benefit pension plans in Norway.

The estimates are based on facts and circumstances as at 31 December 2011. Actual results may deviate substantially from these estimates.

Amounts in NOK million	Discount rate		Pay adjustment		G adjustment		Pension adjustment		Inflation	
Change in pension:	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**
Pension commitment (PBO) IB 2012	-51,7	62,8	43,0	-24,4	-18,4	21,0	44,3	-37,6	17,6	22,4
Net pension cost for the period	-1,4	1,7	1,2	-0,7	-0,5	0,6	1,2	-1,0	0,5	0,6

	Discount rate		Pay adjustment		G adjustment		Pension adjustment		Inflation	
Change in pension:	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**
Pension commitment (PBO) IB 2012	-12 %	15 %	10 %	-6 %	-4 %	5 %	10 %	-9 %	4 %	5 %
Net pension cost for the period	-8 %	10 %	7 %	-4 %	-3 %	3 %	7 %	-6 %	3 %	3 %

Note 24 Guarantee provisions

Guarantee liability on projects

Guarantee provisions	**2013**	**2012**
Guarantee provisions as at 1.1	12,7	11,0
Used during the year	-0,6	-1,7
Reversed during the year	-0,1	-1,4
New provisions during the year	3,7	4,8
Guarantee provisions 31.12	**15,7**	**12,7**

Other guarantee liability	**2013**	**2012**
Loan guarantees/financial guarantees	18,0	21,6

Note 25 Other short-term liabilities

Amounts in NOK million

Other short term liabilities	**Note**	**2013**	**2012**
Prepayments from customers	19	34,7	73,7
Accrued holiday pay		152,8	146,4
Bonus provisions		104,3	133,2
Accrued costs and other short term liabilities		440,4	344,0
Total other short term liabilities		**732,3**	**697,3**

Prepayments from customers relates to invoiced income on projects that has not been earned (invoiced, not performed).
Refer to note 19 Projects.

Note 26 Financial instruments

26.1 Book value of financial assets and obligations by category: 31.12.2013

Amounts in NOK million	Receivables	Fair value through profit or loss	Book value	Fair value
Financial receivables				
Accounts receivable	988,7	0,0	988,7	988,7
Other receivables	255,0	0,0	255,0	255,0
Financial instruments	0,0	2,3	2,3	2,3
Bank deposits etc.	25,9	0,0	25,9	25,9
Total	**1 269,6**	**2,3**	**1 271,9**	**1 271,9**

Amounts in NOK million	Financial liabilities entered as amortised cost	Fair value through profit or loss	Book value	Fair value
Financial liabilities				
Liabilities to credit institutions	1 284,1	0,0	1 284,1	1 284,1
Financial leasing liabilities	33,9	0,0	33,9	33,9
Other long term liabilities	6,8	0,0	6,8	6,8
Financial instruments	0,0	66,7	66,7	66,7
Liabilities to suppliers	429,1	0,0	429,1	429,1
Overdrafts	180,6	0,0	180,6	180,6
Total	**1 934,4**	**66,7**	**2 001,1**	**2 001,1**

Book value of financial assets and obligations by category: 31.12.2012

Amounts in NOK million	Receivables	Fair value through profit or loss	Book value	Fair value
Financial receivables				
Accounts receivable	889,1	0,0	889,1	889,1
Other receivables	253,0	0,0	253,0	253,0
Financial instruments	0,0	3,2	3,2	3,2
Bank deposits etc.	25,8	0,0	25,8	25,8
Total	**1 167,9**	**3,2**	**1 171,1**	**1 171,1**

Amounts in NOK million	Financial liabilities entered as amortised cost	Fair value through profit or loss	Book value	Fair value
Financial liabilities				
Liabilities to credit institutions	1 085,6	0,0	1 085,6	1 085,6
Financial leasing liabilities	42,1	0,0	42,1	42,1
Other long term liabilities	7,2	0,0	7,2	7,2
Financial instruments	0,0	72,9	72,9	72,9
Liabilities to suppliers	468,9	0,0	468,9	468,9
Overdrafts	104,8	0,0	104,8	104,8
Total	**1 708,7**	**72,9**	**1 781,6**	**1 781,6**

26.2 Nominal value of financial instruments

	As at 31 December	
Amounts in NOK million	**2013**	**2012**
Interest rate derivatives		
Maturing under 1 year	123,7	0,0
Maturing 2 - 5 years	502,6	563,3
Maturing 6 - 10 years	168,4	178,2
Total	**794,7**	**741,5**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	316,9	157,2
Maturing 7-12 months	58,8	563,3
Maturing >12 months	1,8	178,2
Total	**377,5**	**203,5**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	24,2	26,3
Maturing 7-12 months	31,8	33,7
Maturing >12 months	2,3	8,6
Total	58,4	68,6
Power derivatives		
Maturing under 1 year	24,2	26,3
Maturing 1-2 years	31,8	33,7
Maturing 3-4 years	2,3	8,6
Total	**58,4**	**68,6**
Power derivatives accounted accordring to IAS 39 as purchace for own use		
Maturing under 1 year	26,4	19,7
Maturing 1-2 years	17,6	21,5
Maturing 3-4 years	0,0	0,0
Total	**44,0**	**41,2**

The table shows the nominal gross value in NOK. Sales of foreign currency is sales against NOK and SEK. Calculation of nominal value in NOK is done by using the nominal value of SEK converted to NOK by using the balance sheet date rate. Kjøp av foreign currency are mainly sales of SEk against NOK and SEK against EUR. Power contracts are bought forward contracts for electicity.

26.3 Fair value levels

Level 1: Listed price in an active market for an identical asset or obligation

Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct or indirect (derived from prices) for the asset or obligation.

Level 3: Valuation based on factors that are not obtained from observable markets.
(non-observable assumptions)

26.4 Fair value measurements entered in the statement of financial position

The table below shows financial instruments at fair value according to the valuation method.

31.12.2013

Amounts in NOK million	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financiel instruments - currency derivative	0,0	2,3	0,0	2,3
Total assets	**0,0**	**2,3**	**0,0**	**2,3**
Liabilities				
Financiel instruments - currency derivative	0,0	7,4	0,0	7,4
Financial instruments - interest derivative	0,0	44,8	0,0	44,8
Financial instruments - power derivative	14,6	0,0	0,0	14,6
Total liabilities	**14,6**	**44,8**	**0,0**	**59,4**
Liabilities after exception in IAS 39 *				
Financial instruments - power derivative	8,8	0,0	0,0	8,8
Total liabilities outside balance sheet	**8,8**	**0,0**	**0,0**	**8,8**

31.12.2012

Amounts in NOK million	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financiel instruments - currency derivative	0,0	3,2	0,0	3,2
Total assets	**0,0**	**3,2**	**0,0**	**3,2**
Liabilities				
Financiel instruments - currency derivative	0,0	2,0	0,0	2,0
Financial instruments - interest derivative	0,0	62,0	0,0	62,0
Financial instruments - power derivative	8,9	0,0	0,0	8,9
Total liabilities	**8,9**	**64,0**	**0,0**	**72,9**
Assets after exception in IAS 39 *				
Financial instruments - power derivative	5,5	0,0	0,0	5,5
Total assets outside balance sheet	**5,5**	**0,0**	**0,0**	**5,5**

Note 27 Share capital and share premium reserve

The last capital increase was in 2004 when Moelven aquired the Are Group. The share capital was increased by NOK 52,5 million

As at 31.12.2012, Moelven Industrier ASA and subsidiaries have a holding of own shares totalling 1,100 shares.

Summary of shareholders as at 31.12.2012	
Number of shares	129 542 384
Number of own shares	1 100
Number of voting shares	129 541 284
Face value	NOK 5
Share capital	647 711 920
Number of shares on average	129 541 284

Summary of shareholders as at 31.12.2013	
Number of shares	129 542 384
Number of own shares	1 100
Number of voting shares	129 541 284
Face value	NOK 5
Share capital	647 711 920
Number of shares on average	129 541 284

Shareholders		**Number of shares**	**Ownership of voting shares in per cent**
Glommen Skog BA	Norway	32 486 396	25,08 %
Eidsiva Vekst AS	Norway	30 803 177	23,78 %
Agri MI AS	Norway	20 535 452	15,85 %
Viken Skog BA	Norway	15 378 530	11,87 %
Mjøsen Skog BA	Norway	15 221 334	11,75 %
AT Skog BA	Norway	9 442 026	7,29 %
Havass Skog BA	Norway	5 205 176	4,02 %
7 largest owners		**129 069 591**	**99,64 %**
Other 946 shareholders		**469 193**	**0,36 %**
Total 953 shareholders		**129 541 284**	**100,00 %**

Two mandates relating Moelven is registered in the Company Register:

Stock exchange listing:

The Board is authorized to list its shares. The authorization is valid until 24th og April 2014.

Authorization capital:

The Board is authorized to increase the share capital by up to NOK 178 570 000, corresponding to 35,714,000 shares with a nominal value of NOK 5 per share. The authorization may only be used for capital increases carried out in connection with a public offering of its shares. The mandate is valid until 24th of April 2014.

Note 28 Remuneration to group management, board and Corporate Assembly

28.1 – Shares in Moelven Industrier ASA owned by members of the group management, board and corporate assembly

The Corporate assembly		Deputy members		The board of Directors		Group Executive Board	
Egil Magnar Stubsjøen		Marit Astrup		Asbjørn Reinkind		Hans Rindal	1106
Marit Olive Lindstad		Erik Dahl		Trond Stangeby		Ole Helge Aalstad	1000
Olav A. Veum		Knut Aas		Elisabeth Krokeide		Bjarne Hønningstad	2300
Rolf Th. Holm		Thorvald Grini		Sverre Larssen		Marcus Johansson	
Gudbrand Gulsvik		Helge Evju		Heidi Hemstad			
Maren Kyllingstad		Anne Nysæther Sagstuen		Martin Fauchald *)			
Thor Svegården		Leif Henning Asla		Lars Håkan Karlsson *)		Group shared services	
John Arne Ulvan		Jan Kollsgård				Morten Kristiansen	500
Rolf Ellevold *)		Trond Sønes *)				Kristin Vitsø Bjørnstad	750
Ann Christine Löfborg *)		Ove Gunnarsson *)		Deputy members		Morten Sveiverud	1623
Lennart Perez *)		Jörgen Weman *)		Terje Johansen		Olof Sidèn	133
John-Inge Lorentsen *)		Leif Bjarne Undem *)		Iver Melby *)	74		
				Helene Bakka			
				Harald Løkkesveen *)	100		
*) Employee's representatives		*) Employee's representatives		*) Employee's representatives			

28.2 Declaration of determination of remuneration for the Group Executive Board

Background

In accordance with section 6-16a of the Public Limited Company Act, the board of Moelven Industrier ASA has prepared a declaration on the fixing of pay and other remuneration for senior executives within the group. The declaration, which was adopted by the general meeting of 24 April 2012, has been the guideline for the 2013 financial year. An identical declaration, which will be presented to the general meeting of 24 April 2014, will be the guideline for the 2014 financial year.

The following persons are involved

The declaration covers the group management of Moelven Industrier ASA. Group management means the CEO and the heads of the divisions.

General

Moelven shall have a level of pay and other terms of employment that is necessary in order to be able to keep and recruit managers with good competence and the capacity to achieve the objectives that are set.

Salary

Moelven's main principle is that senior executives shall have fixed salary. Salary is adjusted annually, normally with effect from 1 July.

Other benefits in kind

Moelven shall have other benefits, in the form of free car, free newspapers and free telephony for example, where this makes work easier and is deemed to be reasonable in relation to general practice in the market.

Bonuses and other variable elements of the remuneration

Over and above the main principle of fixed pay, the board wishes it to be possible to offer other variable forms of remuneration in cases where this is found to be appropriate. Bonuses may be used to a limited extent and by special agreement and shall be directly dependent on operating profit.

Remuneration linked to shares etc.
Moelven has no form of remuneration for companies within the group that is linked to shares or the development of the share price, including shares, subscription rights and options. In the event of the establishment of such a scheme, it shall cover a large number of employees and such remuneration shall represent a smaller proportion than the fixed pay.

Pension schemes
Moelven shall have pension conditions that are on a level with the general market in the home country. New employees shall join contributory pension schemes.
Moelven shall facilitate freedom of choice for employees who have previously had defined-benefit pension schemes.

Pay after termination of employment
In the event of immediate termination of employment by the company, management shall as a standard be entitled to pay for 18 months, less pay earned by any new employer during this period.

Previous financial years
Management pay policy in previous financial years has been in line with the content of this declaration.
The board reserves the right to deviate from these guidelines if there are serious grounds for doing so in individual cases. If the board should deviate from these guidelines, their reasons for doing so must appear in the minutes of the meeting.

28.3 – Remuneration to senior executives etc.

Amounts in NOK 1,000 paid during the financial year			
Remuneration to:	**Salaries**	**Pension costs**	**Other benefits**
President and CEO Hans Rindal	2 598,9	374,4	13,9
Ole Helge Aalstad, Managing Director Timber *	1 518,0	168,6	159,6
Bjarne Hønningstad, Managing Director Wood	1 637,7	173,5	185,1
Marcus Johansson, Managin Director Building Systems from 01.08.13	595,2	218,3	21,5
Lars Atterfors, former Managing Director Building Systems until 31.07.13	1 063,1	256,4	29,9
Total	**7 412,9**	**1 191,2**	**410,0**

On termination of employment, the President and CEO and the Managing Directors of Timber and Wood have 18 month's pay after termination, less pay from new position/employer. The Managing Director of Building Systems has a similar agreement for 6 months.

28.4 - Remuneration to the board and corporate assembly

Amounts in NOK 1,000 paid during the financial year	**2013**	**2012**
Remuneration to the board of Directors	1 098,5	953,7
Remuneration to the corporate assembly	369,0	259,0

The chairman of the board of directors receives NOK 400.000 and the board members NOK 110.000 in annual remuneration. Deputy members of the board receive NOK 5.500 per meeting.

The chairman of the corporate assembly receives NOK 50.000 in annual remuneration. The members and deputy members of the corporate assembly receive NOK 5.500 per meeting.

Note 29 Shareholders' agreement and related parties

29.1 Shareholders' agreement

The share capital of Moelven Industrier ASA consists of 129,542,384 shares with a face value of NOK 5 and there is only one share class. In total the shares are distributed among

953 shareholders, of which the seven largest, Eidsiva Vekst AS, Felleskjøpet Agri SA through the company Agri MI AS and the forest owner cooperatives Glommen Skog SA, Mjøsen Skog SA, Havass Skog SA, AT Skog SA and Viken Skog SA, control a total of 99.6 per cent. There is a shareholders' agreement between these shareholders. Among other things, this shareholders' agreement has clauses that determine that the company shall be run as an independent unit with a long-term perspective and with continued focus on Scandinavia as the main market. The agreement also contains clauses regarding the composition of the board, dividend policy, strategic focus areas and share transfer.

29.2 Related parties

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

Moelven' supply of energy raw materials to Eidsiva's bioenergy plant represents between 40 and 50 GWh on an annual basis, while buying back energy represents between 20 and 30 GWh. Net delivery of energy raw materials is 20 GWh.

The extent of the sale of electrical power corresponds to about 40 per cent of Moelven's total consumption of 185 GWh.

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

Note 30 Events after the date of balance

No subsequent events have taken place that should have any effect on the 2013 annual report.

Statement by the Corporate Assembly

The following items were discussed at the meeting of the Corporate Assembly held on 25 March 2014:

• Annual report and proposed Annual Financial Statement by the Board of Directors and President/CEO for the 2013 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 Statement by the Corporate Assembly to the general meeing.

The Corporate Assembly recommends that the general meeting approve the Board of Directors and CEO's annual report and accounts for Moelven Industrier ASA and group in 2013, including allocation of the result for the year in Moelven Industrier ASA.

The Corporate Assembly also recommends that the general meeting approve the Board of Directors proposal for remuneration to corporate management.

25 March 2014

Egil Magnar Stubsjøen

Chairman of the Corporate Assembly

Profit and loss

Amounts in NOK million	**Note**	**2013**	**2012**
Other operating revenue		89,4	69,7
Operating revenue	**2**	**89,4**	**69,7**
Payroll expenses	12	51,9	37,2
Depreciation on tangible and intangible fixed assets	10, 11	8,8	11,2
Other operating expenses	16	72,4	62,4
Operating expenses		**133,1**	**110,8**
Operating profit		**-43,7**	**-41,1**
Income from investment in subsidiaries 1)		22,4	127,3
Income on assosiated company		0,0	-1,6
Dividends		0,2	0,0
Value change financial instruments, gain	9	9,7	0,0
Interest income from group companies		84,5	78,5
Other interest income		0,3	0,3
Other financial income		15,9	14,1
Value change financial instruments, loss	9	-8,9	-4,9
Interest costs to companies in same group		-5,7	-9,4
Other interest costs		-65,9	-60,0
Other financial costs		-26,3	-23,4
Net financial items		**26,2**	**120,9**
Result before tax		**-17,5**	**79,8**
Tax on ordinary result	3, 4	-3,6	-1,8
Annual profit		**-13,9**	**81,6**
Allocated to dividend, NOK 0.00 per share (0.65 in 2010)		0,0	0,0
To/from other equity	16	13,9	-81,6
Total		**13,9**	**-81,6**

1) Including group contribution

Balance sheet

Amounts in NOK million	Note	Moelven Industrier ASA 2013	2012
Assets			
Deferred tax assets	4	31,6	27,9
Other intangible assets	10	9,3	8,0
Total intangible assets		**40,9**	**35,9**
Land		3,7	3,7
Buildings and other property		7,1	7,7
Machinery and plant		8,0	8,2
Fixtures and fittings, tools, office machinery etc.		6,5	9,2
Total tangible fixed assets	**11**	**25,3**	**28,8**
Investments in subsidiaries	13	1 016,2	1 006,7
Investments in associated companies	15	2,6	2,6
Loans to group companies	17	1 423,0	1 268,4
Investments in other shares	14	0,8	0,8
Net pension funds		0,4	1,1
Total financial fixed assets		**2 443,0**	**2 279,6**
Total fixed assets		**2 509,2**	**2 344,3**
Accounts receivable		0,1	0,8
Accounts receivable group companies	17	2,2	8,3
Receivables group contributions/dividend	17	22,4	38,8
Other receivables		16,7	8,7
Total receivables		**41,4**	**56,6**
Financial derivatives	9	11,9	4,2
Bank deposits, cash etc.	6	1,3	6,8
Total current assets		**54,6**	**67,6**
Total assets		**2 563,8**	**2 411,9**

Amounts in NOK million	Note	2013	2012
Liabilities and equity			
Share capital		647,7	647,7
Own shares		0,0	0,0
Share premium reserve		180,7	180,7
Total contributed equity		**828,4**	**828,4**
Retained earnings		112,1	108,1
Total equity	**16**	**940,5**	**936,5**
Pension liabilities	12	26,5	28,0
Total provision for commitments		**26,5**	**28,0**
Liabilities to credit institutions	6	1 265,6	1 062,3
Total long term liabilities		**1 265,6**	**1 062,3**
Liabilities to credit institutions	6	225,2	286,1
Financial derivatives	9	76,1	69,2
Liabilities to suppliers		3,4	6,5
Trade accounts payable to group companies	17	1,9	1,4
Payable public duties		3,8	2,9
Dividends		0,0	0,0
Tax payable	3	0,0	0,0
Other short term debt	5	20,8	19,0
Total short term liabilities		**331,2**	**385,1**
Total liabilities		**1 623,3**	**1 475,4**
Total equity and liabilities		**2 563,8**	**2 411,9**
Guarantee liability	8	477,8	408,7
Number of shares (Face value per share NOK 5.-)	16	129 542 384	129 542 384

Jessheim, 4th of March 2014
The board of directors in Moelven Industrier ASA

Asbjørn Reinkind
Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Hans Rindal
Konsernsjef

Cash flow

Amounts in NOK million	Note	2013	2012
Cash flow from operational activities:			
Profit before tax		-17,5	79,8
Tax paid this year	3	0,0	0,0
Ordinary depreciation	10, 11	8,8	11,2
Loss on assosiated company		0,0	1,6
Correction items - financial derivatives		-0,8	6,5
Unpaid pension costs entered as costs and unreceived pension funds entered as income	12	-1,3	1,0
Changes in current assets excluding liquids and loans		-1,2	-2,1
Changes in short-term liabilities excluding borrowing		0,1	-1,1
Cash flow from operational activities		**-11,9**	**96,9**
Cash flow from investment activities:			
Investment in plant and equipment exc. acquisition	10, 11	-6,6	-3,8
Net cash outlay on acquisition		-28,0	-5,2
Added funds from business combiantions		40,4	0,0
Long-term investments, financial		-158,2	-73,9
Short term loans		16,4	10,0
Cash flow from investment activities		**-136,0**	**-72,9**
Cash flow from financing activities:			
Changes in short-term loans and overdraft		-60,9	-53,6
Changes in long-term liabilities		203,3	36,0
Payment of dividend		0,0	0,0
Cash flow from financial activities		**142,4**	**-17,6**
Cash holdings			
Net change in liquidity through year		-5,5	6,4
Cash holdings 01.01.		6,8	0,4
Cash holdings 31.12.	6	**1,3**	**6,8**

Notes

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and with generally accepted accounting principles.

Information regarding business combinations in 2013, method applied and comparative figures.

With effect from 01.01.2013 Moelven Timber AS (941 808 980) and Moelven Wood Scandinavia AS (971 178 787) was merged with the parent company Moelven Industrier ASA. The combination was conducted by the continuity method as the companies was controlled by the parent company and the same accounting principles was used in the companies before the combinations. The increase of man-years in 2013 from 44 to 53 relates to the combinations.

We have chosen not to change the comparative figures in the 2012 numbers in the 2013 annual accounts, nor the associated notes. The business combinations is the significant cause to changes in the annual accounts for 2013.

1.1 Use of estimates

Management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, as well as uncertain assets and obligations on the date of balance in the preparation of the annual accounts in accordance with good accounting practice.

1.2 Foreign currency

Foreign exchange transactions are calculated at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of measurement. Exchange rate changes are entered on the income statement as they occur during the accounting period under other financial items.

1.3 Operating revenues

The operating revenues consist mainly of division of joint costs among the subsidiaries. Sales are invoiced as the services occur.

1.4 Tax

Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax benefits are calculated on all differences between book and taxable values of assets and liabilities. Deferred tax is calculated at 28% of the temporary differences between the book and taxable values, as well as tax losses carried forward at the end of the reporting year. Net deferred tax benefits are entered on the balance sheet to the extent that it is probable they can be utilised.

Payable tax and deferred tax are entered directly against equity to the extent that the tax entries relate to equity items.

1.5 Classification and valuation of balance sheet items

Current assets and short-term debt include items which become due for payment within a year after the date of acquisition and items associated with the goods cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recognised on the balance sheet at the nominal amount at the time it is taken out.

Fixed assets are measured at acquisition cost, less depreciations and write downs. Long-term debt is recognised in the balance sheet at the nominal amount at the time of establishment.

1.6 Research & Development

Research and development expenses are entered on the balance sheet to the extent to which a future financial benefit can be identified that is linked to the development of an identifiable intangible asset and the expenses can be reliably measured. Otherwise, such expenses are recognised as costs on an ongoing basis. Development that is entered on the balance sheet is depreciated on a straight line basis over the financial lifetime. Research expenses are recognised as costs on an ongoing basis.

1.7 Tangible fixed assets

Tangible fixed assets are entered on the balance sheet and depreciated on a straight line basis over the asset's expected lifetime. Major assets that consist of significant components having different lifetimes are depreciated with different depreciation times for the different components. Direct maintenance of equipment is recognised continuously as an expense under operating expenses, while increased costs or improvements are added to the equipment's price and amortised concurrently. If the recoverable value of the asset is lower than book value, it is written down to recoverable value. Recoverable value is the higher of net sales value and value in use. Value in use is the present value of the future cash flow that the asset is expected to generate.

1.8 Subsidiaries/associated companies

Subsidiary and associated companies are assessed by the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless write down has been necessary. Write down to fair value is been done when the decrease in value is due to causes that cannot be considered to be transitory and where this must be considered necessary according to good accounting practice. Write downs are reversed when the reason for write down no longer exists.

Dividends, group contributions and other payments from subsidiaries are entered as revenue during the same year as provision is made for them in the subsidiary's accounts. If the dividend/group contribution exceeds the proportion of earned profit after the date of acquisition, the surplus represents part repayment of invested capital and is deducted from the value of the investment on the parent company's balance sheet.

1.9 Receivables

Trade accounts receivable and other receivables are recognised in the balance sheet at their nominal value after deductions for provision for expected loss. Provision for losses is made on the basis of individual assessment of each debt. In addition, an unspecified provision is made for the remaining trade accounts receivable to cover assumed loss.

1.10 Short-term investments

Short-term investments (shares assessed as current assets) are valued at the lower of acquisition cost and fair value on the date of balance. Dividends received and other payments from the companies are entered as other financial income.

1.11 Pensions

The company has collective, contribution-based pension schemes. These are schemes with a savings portion and a risk portion with earnings right. Pension premiums are entered as costs as they occur.

The collective contributory pension was established in 2005, and those who were members of the company's collective defined benefit pension plans had the option of changing. The defined benefit plans continue as closed schemes and no new members are included in these schemes. All new employees enter the company's collective contributory pension. The closed schemes are defined benefit plans that give the employees entitlement to agreed future pension benefits. The benefits are based on the number of years of earning and pay level on retirement.

Defined-benefit pension schemes
Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. Estimate changes and changes in financial and actuarial assumptions (actuarial gains and losses) are entered against equity (OCI). The period's net pension costs are classified as payroll and personnel costs.

The company entered all accumulated net actuarial losses and gains (estimated deviations) against equity as per 1 January 2010. This was done since the company began to use IAS 19 for accounting for pension commitments.

Gains and losses on the curtailment or settlement of a defined-benefit pension scheme are recognised on the income statement on the date the curtailment or settlement occurs. "

Contributory pension scheme
In addition to the defined benefit scheme described above, the company has made contributions to local pension plans. Contributions are given to the pension plan for full-time employees and represent from 3% to 5% of pay. Pension premiums are entered as costs as they occur.

1.12 Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term liquid investments.

Note 2 Operating revenues

Amounts in NOK million	2013	2012
Subsidiaries' proportion of joint costs	46,6	27,0
Subsidiaries' proportion of IT services	31,6	32,8
Rent income - outside the group	0,8	0,8
Rent income - inside the group	2,7	3,1
Other	7,7	6,0
Total other operating income	**89,4**	**69,7**

Note 3 Tax expense

Amounts in NOK million	2013	2012
Ordinary result before tax	**-17,5**	**79,8**
Nominal tax 28 %	-4,9	22,3
Effect of change in tax rate from 28 % to 27 %	1,2	0,0
Tax effect of amounts accounted to OCI	-1,0	0,0
Tax effect of permanent differences	1,1	-24,1
Total tax costs	**-3,6**	**-1,8**
Ordinary result after tax	-13,9	81,6
Tax percentage	20,6 %	-2,3 %
Tax costs consist of payable tax in		
Total tax payable	**0,0**	**0,0**
Changes in deferred tax from income statement	-3,6	-1,8
Total tax costs	**-3,6**	**-1,8**
Changes in deferred tax from OCI item pension	1,0	2,3
Changes in deferred tax from income statement	-3,6	-1,8
Change in deferred tax from business combinations	-1,1	0,0
Total changes in deferred tax	**-3,7**	**0,5**

Note 4 Deferred tax

Deferred tax/deferred tax assets.

The table below shows the tax effects of the various temporary differences between accounting and tax values.

Amounts in NOK million	2013	2012
Temporary differences		
Asset reserves	0,0	0,0
Cost provisions according to good accounting practice	-1,6	-1,6
Other short-term temporary differences	-22,8	-18,2
Sub-total short-term differences	**-24,4**	**-19,8**
Plant and equipment reserves	-0,7	-1,4
Profit and loss account	0,6	0,8
Pension funds	0,1	0,3
Pension commitments	-7,2	-7,8
Sub-total long-term items	**-7,2**	**-8,1**
Tax-reducing differences (-), tax-increasing (+)	**-31,6**	**-27,9**
Deferred tax benefit in accounts	**-31,6**	**-27,9**

Note 5 Other short-term liabilities

Other short-term liabilities consist mainly of accrued costs not yet due for payment.

Note 6 Liquid holdings and debt

6.1 Interest-bearing holdings and debt

Amounts in NOK million	Average rate 2013	2012	2012
Restricted bank deposits		0,0	0,0
Other bank deposits		1,3	6,8
Total bank deposits		**1,3**	**6,8**
Overdraft and interest-bearing debt		225,2	286,1
Long-term interest-bearing liabilities in			
NOK	4,22 %	200,0	310,0
SEK	4,56 %	1 065,6	752,3
DKK		0,0	0,0
EUR		0,0	0,0
Total long-term interest-bearing debt		**1 265,6**	**1 062,3**
Net interest-bearing debt		**1 489,5**	**1 341,6**

6.2 Repayment schedule long-term liabilities

Amounts in NOK million		2013	2012
Long-term liabilities that fall due for payment in			
1 year		0,0	0,0
2 years		1 020,9	0,0
3 years		244,7	776,8
4 years		0,0	285,5
5 years		0,0	0,0
6 years and over		0,0	0,0

6.3 Ceilings and withdrawals in syndicated loan market

Amounts in NOK million		2013	2012
Ceiling		1 350,0	1 350,0
Withdrawal		1 265,6	1 062,3
Remaining term in months		17/29	29/41

The loans have been taken with negative security declaration and have normal clauses relating to equity, equity ratio and debt ratio.

6.4 Future access to liquidity

Long financing

Amounts in NOK million	2013	2012
as at 31.12	1 350,0	1 350,0
in 1 year	1 350,0	1 350,0
in 2 years	300,0	1 350,0
in 3 years	0,0	300,0
in 4 years	0,0	0,0
in 5 years	0,0	0,0
in 6 years or later	0,0	0,0

Short financing

In addition to the long-term access to liquidity, the group has loan facilities that are renewed each year. As at 31.12.2013 these were NOK 307 million., SEK 8.5 million and GBP 0.5 million, which altogether represent a total amount of NOK 320.1 million. As a result of normal seasonal variations, the group's net interest-bearing debt was at its highest in June 2013 NOK 1 567.1 million. The long term loan facilities as at 31.12.2013 are expected to be sufficient to cover liquidity needs for the coming two to three years.

Note 7 Financial market risk

Assets with associated financial market risk consist of loans in foreign currency to subsidiaries, mainly in SEK. Exchange rate exposure is eliminated in that the loans are financed with debts in the same currency. Interest rate risk connected with the same receivables and liabilities is reduced by using rate swaps.

In order to assist subsidiaries in covering risks associated with buying and selling currency, and within limits defined by the board, currency positions are taken for use with internal exchange.

Note 8 Guarantee liability

Amounts in NOK million	2013	2012
Loan guarantees/financial guarantees	**186,5**	**122,5**
Unconditional guarantees	243,5	238,9
Tax deduction guarantees	47,8	47,3
Total	**477,8**	**408,7**

The company has no restricted bank deposits.

The company's cash credit accounts are included in the group's account systems.The company can thus be collectively responsible for more than the company's withdrawals.
The employees' tax deduction funds are secured with guarantees furnished by an external credit institution.

Note 9 Financial instruments

The following types of hedging are used:

- Rate swaps
- Currency future contracts
- Structured forward buying of currency
- Future contracts for electric power

	2013	2012
Financial assets entered at fair value		
Interest rate derivatives	0,0	0,0
Exchange rate derivatives	11,9	4,2
Total assets presented on the financial derivatives line	**11,9**	**4,2**

	2013	2012
Financial obligations entered at fair value		
Interest rate derivatives	43,3	48,5
Exchange rate derivatives	9,4	6,2
Power derivatives *)	23,4	14,4
Total obligations presented on the financial derivatives line	**76,1**	**69,2**

*) Power derivatives are entered on the lowest value principle.

	2013	2012
Value changes of financial instruments recognised in the profit and loss account		
Value change financial instruments, gain	9,7	0,0
Value change financial instruments, loss	-8,9	-4,9
Net result of financial instruments	**0,8**	**-4,9**

Fair value of hedging instruments and hedged items are set as follows:

The Group has no hedging instruments not traded in functional markets. Fair value is calculated based on observable market prices for similar instruments.

Nominal value of financial instruments

Amounts in NOK million	**2013**	**2012**
Interest rate derivatives		
Maturing under 1 year		0,0
Maturing 2 - 5 years	502,6	356,4
Maturing 6 - 10 years	168,4	178,2
Total	**671,0**	**534,6**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	123,7	281,7
Maturing 7-12 months	-	63,6
Maturing >12 months	-	4,1
Total	**123,7**	**349,4**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	345,3	227,3
Maturing 7-12 months	58,8	34,4
Maturing >12 months	1,8	3,7
Total	**445,3**	**265,4**
Power derivatives		
Maturing under 1 year	50,6	45,9
Maturing 1-2 years	49,4	55,2
Maturing 3-4 years	2,3	8,6
Total	**102,4**	**109,8**

Note 10 Intangible assets

Amounts in NOK million	**Other intangible assets**	**Total**
Acquisition value as at 31.12.2010	**14,0**	**14,0**
Acquisitions	2,7	2,7
Disposal acquisition value	0,0	0,0
Acquisition value as at 31.12.2011	**16,7**	**16,7**
Accumulated ordinary depreciations 31.12.2010	4,8	4,8
Disposals accumulated depreciations	0,0	0,0
Depreciation and write downs for the year	3,9	3,9
Accumulated ordinary depreciations 31.12.2011	**8,7**	**8,7**
Book value 31.12.2010	9,2	9,2
Book value 31.12.2011	8,0	8,0
Ordinary depreciation rates in per cent	20/33%	

Amounts in NOK million	Other intangible assets	Total
Acquisition value as at 31.12.2011	16,7	16,7
Acquisitions	5,4	5,4
Disposal acquisition value	0,0	0,0
Acquisition value as at 31.12.2012	**22,1**	**22,1**
Accumulated ordinary depreciations 31.12.2011	8,7	8,7
Disposals accumulated depreciations	0,0	0,0
Depreciation and write downs for the year	4,1	4,1
Accumulated ordinary depreciations 31.12.2012	**12,8**	**12,8**
Book value 31.12.2011	8,0	8,0
Book value 31.12.2012	**9,3**	**9,3**
Ordinary depreciation rates in per cent	20/33%	

Other intangible assets

In 2013 NOK 2.0 mill (2.7 mill) was recognized as intangible assets regarding the project on the new http://www.moelven.com.
Moelven has during 2013 developed a new intranet and recognized NOK 3.4 mill (0 in 2012) as intangible assets.

Note 11 Tangible fixed assets

Amounts in NOK million	Land	Buildings and other property	Machinery and plant	Fixtures and fittings, tools, office machinery etc.	Total
Acquisition value as at 31.12.2011	3,7	27,5	11,9	33,9	77,0
Acquisitions	0,0	0,2	0,2	0,7	1,1
Disposal acquisition value	0,0	2,0	-1,1	-6,2	-5,3
Acquisition value as at 31.12.2012	**3,7**	**29,7**	**11,0**	**28,4**	**72,8**
Accumulated ordinary depreciations 01.01.2011	0,0	20,5	3,2	18,1	41,8
Disposals accumulated depreciations	0,0	1,0	-1,1	-5,0	-5,1
Depreciation and write downs for the year	0,0	0,5	0,7	6,1	7,3
Accumulated ordinary depreciations 31.12.2012	**0,0**	**22,0**	**2,8**	**19,2**	**44,0**
Book value 01.01.2011	3,7	7,0	8,7	15,8	35,2
Book value 31.12.2012	**3,7**	**7,7**	**8,2**	**9,2**	**28,8**
Ordinary depreciation rates in per cent		2,5-10 %	10 %	20 %	

Amounts in NOK million	Land	Buildings and other property	Machinery and plant	Fixtures and fittings, tools, office machinery etc.	Total
Acquisition value as at 31.12.2012	3,7	29,7	11,0	28,4	72,8
Acquisitions	0,0	0,0	0,5	0,7	1,2
Disposal acquisition value	0,0	-0,1	0,0	0,1	0,0
Acquisition value as at 31.12.2013	**3,7**	**29,6**	**11,5**	**29,2**	**74,0**
Accumulated ordinary depreciations 31.12.2012	0,0	22,0	2,8	19,2	44,0
Disposals accumulated depreciations	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
Depreciation and write downs for the year	0,0	0,5	0,7	3,5	4,7
Accumulated ordinary depreciations 31.12.2013	0,0	22,5	3,5	22,7	48,7
Book value 31.12.2012	3,7	7,7	8,2	9,2	28,8
Book value 31.12.2013	**3,7**	**7,1**	**8,0**	**6,5**	**25,3**
Ordinary depreciation rates in per cent		2,5-10 %	5-10 %	10-20 %	

Note 12 Payroll costs and pension costs/pension liabilities

12.1 - Payroll costs

Amounts in NOK million	**2013**	**2012**
Salaries	41,6	30,5
Employer contribution and social costs	6,7	3,7
Pension costs ref. defined benefit and contribution based pension schemes	3,2	3,2
Other benefits/other personnel costs inc. proportion charged to subsidiaries	0,4	-0,2
Total	**51,9**	**37,2**
Number of man years	**53,0**	**44,0**

Pension schemes

The group's defined benefit scheme was closed in 2005. The defined benefit scheme has a pension coverage of about 60% of final pay at age 67 and a full earning period of 30 years. All new employees join a contribution based pension scheme. The contribution scheme has a risk coverage with disability of about 60 per cent (with paid-up pension) and is a solution that is better than the statutory minimum pension solution. Over half of the company's employees are now covered by the contribution based scheme.

Unsecured schemes

Unsecured schemes are related to the contractual pension scheme (AFP) and other guaranteed pension commitments. These are calculated in accordance with IFRS on pension costs. It was decided to wind up the old AFP scheme in 2010. As a result of the change in legislation, contractual pension (AFP) commitments were greatly reduced in 2010 and somewhat reduced in 2011. There are no unsecured pension commitments that have not been included in the calculation mentioned above.

12.2 - Economic and actuarial assumptions

	2013	**2012**
Return on pension funds	**4,10 %**	**4,00 %**
Discount rate	4,10 %	3,80 %
Annual pay increase	3,75 %	3,50 %
Annual G adjustment (National Insurance Scheme's basic amount)	3,50 %	3,25 %
Annual adjustment of pensions being paid	1,75 %	1,75 %

12.3 - Pension costs

Amounts in NOK million	**2013**	**2012**
Pension entitlements accrued in the year	1,6	1,9
Interest costs on the pension commitments	2,4	2,3
Pension cost (gross)	**4,0**	**4,2**
Expected return on pension funds	-1,6	-1,8
Plan changes and reductions entered on the income statement	0,0	0,0
Administration costs	0,1	0,2
Accrued employers' national insurance contribution	0,3	0,4
Pension costs secured and unsecured defined benefit schemes	**2,8**	**3,0**
Contribution pension costs and other pension costs	0,4	0,2
Pension cost (net) entered on the income statement	**3,2**	**3,2**
Of which, the pension cost for contractual pensions (AFP)	0,0	0,0

12.4 - Pension liabilities

Amounts in NOK million	2013	2012
Balance as at 01.01.		
Accrual of future pensions	61,9	70,5
Pension commitments (gross)	**61,9**	**70,5**
Pension funds	-37,4	-39,1
Employer contributions	3,5	4,4
Pension commitments (net)	**28,0**	**35,8**
Balance as at 31.12		
Pension commitments (gross)	75,9	61,9
Pension funds (anticipated)	-52,7	-37,4
Employer contributions	3,3	3,5
Pension commitments (net)	**26,5**	**28,0**
Net pension funds, secured schemes that can be netted	**0,0**	**0,0**
Pension commitments, secured (and unsecured) schemes that cannot be netted	26,4	27,6
Pension commitments, contractual pension (AFP)	0,1	0,4
Total pension commitments	**26,5**	**28,0**

12.5 - Key figures	2013	2012
Number of active members secured schemes	22	25
Number of pensioners secured schemes	84	63

Note 13 Shares in subsidiaries

Amounts in NOK 1000	Holding %	The company's share capital		The company's total equity	The company's net profit 2012	Number of shares in Moelven ownership	Total face value	Book value 31.12.
Moelven Industrier ASA owns								
Moelven Van Severen AS	100,0 %	35 000		50 210	-3 012	3 500	35 000	35 005
Moelven Østerdalsbruket AS	100,0 %	20 000		44 024	321	2 000	20 000	20 005
Moelven Våler AS	100,0 %	48 000		102 940	9 163	4 800	48 000	48 005
Moelven Soknabruket AS	100,0 %	30 000		72 556	9 241	3 000	30 000	32 511
Moelven Numedal AS	100,0 %	10 000		31 756	1 689	1 000	10 000	10 005
Moelven Løten AS	100,0 %	12 000		23 831	1 662	1 200	12 000	12 005
Moelven Telemarksbruket AS	51,0 %	10 000		7 271	-3 506	510	5 100	5 490
Moelven Wood AS	100,0 %	5 500		12 325	-1 785	5 500	5 500	10 000
Moelven Langmoen AS	100,0 %	18 000		63 719	1 604	1 800	18 000	37 156
Hen Næringspark AS	100,0 %	1 000		8 210	98	1 000	1 000	6 655
Moelven Eidsvoll AS	100,0 %	8 500		21 271	-7 759	850	8 500	18 500
Moelven Treinteriør AS	100,0 %	3 500		12 446	4 279	3 500	3 500	8 482
Moelven Byggfinansiering AS	100,0 %	1 000		3 304	231	100	1 000	4 000
Moelven Nordia AS	100,0 %	22 000		87 987	20 271	2 200	22 000	95 000
Moelven ByggModul AS	100,0 %	31 688		93 073	-3 526	158 440	31 688	85 299
Moelven Bioenergi AS	100,0 %	6 000		13 351	1 475	6 000 000	6 000	6 800
Moelven Elektro AS	100,0 %	10 000		50 391	-33 814	40 000	10 000	40 000
Moelven Limtre AS	100,0 %	11 000		73 262	3 019	11 000	11 000	43 028
Moelven Industrier AB	100,0 %	197 046	SEK	321 219	-22 405	19 704 581	197 046	241 406
Moelven Danmark A/S	100,0 %	5 000	DKK	14 223	5 460	50 000	5 000	12 417
Moelven U.K. Ltd	100,0 %	50	GBP	-280	-60	49 999	50	1
Moelven Deutschland GmbH	100,0 %	110	EUR	338	158	11	110	217
Moelven Nederland B.V.	100,0 %	36	EUR	85	35	360	36	317
Moelven Are AS	100,0 %	300		51 769	1 432	100	300	50 116
Moelven Mjøsbruket AS	100,0 %	12 000		47 836	7 341	12 000	12 000	15 990
Moelven Eidsvold Værk AS	100,0 %	32 500		53 457	-12 832	32 500	32 500	35 578
Moelven Trysil AS	100,0 %	15 600		47 083	6 221	15 600	15 600	35 634
Moelven Multi3 AS	100,0 %	3 425		7 106	-5 808	6 850	3 425	9 342
Moelven Virke AS	100,0 %	5 000		10 040	-262	50 000	5 000	4 546
Moelven Sør Tre AS	100,0 %	8 487		17 977	-3 526	8 487	8 487	50 000
Moelven Granvin Bruk AS	99,2 %	1 490		18 948	844	2 959	1 480	16 672
Moelven Wood Prosjekt AS	100,0 %	300		4 316	1 472	3 000	300	11 000
Moelven Profil AS	100,0 %	15 000		15 437	-6 816	15 000	15 000	15 030
Total Moelven Industrier ASA								**1 016 212**

Note 14 Investments in other shares

Amounts in NOK 1,000	Holding %	The company's share capital	Number of shares in Moelven's ownership	Total face value	Book value 31.12.
Owned by Moelven Industrier ASA:					
Tretorget AS	26,5 %	312	827	83	800
Others					31
Total Moelven Industrier ASA					**831**

Note 15 Investments in associated companies

Amounts in NOK 1,000	Holding %	The company's share capital		The company's total equity	The company's net profit in 2011	Number of shares in Moelven's ownership	Total face value	Book value 31.12.
Owned by Moelven Industrier ASA:								
Weda Skog AB	30,0 %	10 000	SEK	10 064	0,0	3 000 000	3 000	2 632
Total								**2 632**

Note 16 Equity

16.1 - Change in equity

Amounts in NOK million	Share capital	Share premium funds	Own shares	Other equity	Total equity
Equity 31.12.2012	647,7	180,7	0,0	108,1	936,5
Annual profit				-13,9	-13,9
Actuarial gains and losses pensions and other direct to equity				17,9	17,9
Allocated to dividend				0,0	0,0
Equity 31.12.2013	**647,7**	**180,7**	**0,0**	**112,1**	**940,5**

For information regarding developments in share capital, summary of shareholders, shareholder agreements and closely related parties, shares owned by members of the board of Directors, corporate assembly and group management, declaration on fixing of salary and other remuneration to group management and also remuneration to the board of directors and corporate assembly, see notes 27, 28 and 29 to the consolidated accounts.

16.2 - Remuneration to President and CEO

Amounts in NOK 1,000 paid during the financial year	Salary	Pension costs	Other benefits
Remuneration to:			
President and CEO Hans Rindal	2 598,9	374,4	13,9

On termination of employment, the President and CEO 18 month's pay after termination, less pay from new position/employer.

See note 28 to the consolidated accounts for fixing of salary and other benefits for group management.

16.3 - Remuneration to auditor

Amounts in NOK million paid during the financial year	2013	2012
Legally mandated account audit	0,4	0,4
Other services related to certification	0,0	0,0
Tax advisory services	0,0	0,0
For services other than audit	0,1	0,1
Sum	**0,5**	**0,5**

Note 17 Transactions with related parties

Amounts in NOK million	Holding %	Other operating revenue	Loans to group companies	Receivables group contributions	Accounts receivable group companies	Trade accounts payable to group companies
Moelven Industrier ASA						
Moelven Van Severen AS	100,0 %	1,2	54,0			
Moelven Østerdalsbruket AS	100,0 %	0,9	22,0	0,6		
Moelven Våler AS	100,0 %	3,6	30,0	6,2	0,4	
Moelven Soknabruket AS	100,0 %	1,7	60,0	10,4		
Moelven Numedal AS	100,0 %	1,6	15,0			
Moelven Løten AS	100,0 %	1,1	5,0			
Moelven Telemarksbruket AS	51,0 %	0,9	14,0			
Moelven Wood AS	100,0 %	6,3			0,2	0,2
Moelven Langmoen AS	100,0 %	0,7	10,0			
Moelven Eidsvoll AS	100,0 %	0,6	8,6			
Moelven Treinteriør AS	100,0 %	0,4	2,6	1,8		
Moelven Byggfinansiering AS	100,0 %			0,3		
Moelven Nordia AS	100,0 %	2,3				
Moelven Nordia Prosjekt AS	100,0 %	0,2				
Moelven ByggModul AS	100,0 %	4,3			0,1	
Moelven Bioenergi AS	100,0 %	0,2	24,0			
Moelven Elektro AS	100,0 %	2,6				
Moelven Limtre AS	100,0 %	4,1			0,2	
Moelven Industrier AB	100,0 %		473,6			1,5
Moelven Are AS	100,0 %	0,5				
Moelven Mjøsbruket AS	100,0 %	2,0	16,6			0,1
Moelven Eidsvold Værk AS	100,0 %	1,2	64,6			
Moelven Trysil AS	100,0 %	0,8				
Moelven Multi3 AS	100,0 %	1,4	4,6		0,1	0,1
Moelven Virke AS	100,0 %	1,0		3,0	0,1	
Moelven Sør Tre AS	100,0 %	0,4	20,0			
Moelven Granvin Bruk AS	99,2 %	0,6	12,3			
Moelven Wood Prosjekt AS	100,0 %	0,2				
Moelven Profil AS	100,0 %	1,3	30,0			
Moelven Danmark AS	100,0 %	0,7				
Moelven UK Ltd.	100,0 %		4,8			

Swedish companies owned by Moelven Industrier AB						
Moelven Notnäs AB	100,0 %	4,2	47,4			
Moelven List AB	100,0 %	0,7	9,6			
Moelven ByggModul AB	100,0 %	3,4				
Moelven Norsälven AB	100,0 %	2,0	12,2			
Moelven Ransbysågen AB	100,0 %	1,8	14,2			
Moelven Värmlands Trä AB	100,0 %	0,5	13,3		0,2	
Moelven Component AB	100,0 %	1,0	9,3			
Skåre Kontorshotell AB	100,0 %		1,9			
Moelven Wood AB	100,0 %	4,8				
Moelven Notnäs Wood AB	100,0 %	0,5				
Moelve Valåsen Wood AB	100,0 %	1,0	41,2		0,2	
Moelven Valåsen AB	100,0 %	6,8	56,8			
Moelven Dalaträ AB	100,0 %	3,3	23,7			
Moelven Eurowand AB	100,0 %	1,7			0,1	
Moelven Edanesågen AB	100,0 %	1,6	62,9			
Moelven Nössemark Trä AB	100,0 %	2,4	54,9			
Moelven Årjäng Såg AB	100,0 %	2,8				
Moelven Tom Heurlin AB	100,0 %	1,5	33,1		0,3	
Moelven Skog AB	100,0 %	1,6	29,9			
Moelven Töreboda AB	100,0 %	1,6	27,0		0,2	
Vänerbränsle AB	82,3 %	0,1				
Moelven Lovene AB	100,0 %	0,0	14,2			
Moelven Vänerply AB	100,0 %	1,7	99,5			
UJ Trading AB	100,0 %	0,2	0,0			
Other companies						
Various companies not specified 1)		0,3	0,2	0,1	0,1	
Total		**88,3**	**1 423,0**	**22,4**	**2,2**	**1,9**

1) Included to show the total amounts

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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 and the consolidated financial statements of Moelven Industrier ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2013, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2013, the income statement, and the statement of comprehensive income, statement of changes in equity 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 parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Moelven Industrier ASA as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Moelven Industrier ASA and its subsidiaries as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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 and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the coverage of the loss 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 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, 4 March 2014
KPMG AS

Thore Kleppen
State authorized public accountant

[Translation has been made for information purposes only]

Financial calendar 2014

24 January 2014
Fourth Quarter Report 2013/Preliminary annual result 2013

24 April 2014
General meeting – Annual Accounts 2013

Publishing Quarterly

25 April 2014
First Quarter Report 2014

11 July 2014
Second Quarter Report 2014

23 October 2014
Third Quarter Report 2014

27 January 2015
Fourth Quarter Report 2014/ Preliminary annual result 2014

Publishing; monthly report

January:	14 February	
February:	14 March	
March:	25 April	First Quarter Report
April:	14 May	
May:	14 June	
June:	11 July	Second Quarter Report
July:	19 August	
August:	15 September	
September:	23 October	Third Quarter Report
October:	14 November	
November:	15 December	
December:	27 January 2015	Fourth Quarter Report

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