

Quarterly report

1/2007



Moelven Limtre AS supplied glulam structures to the new Svalbard research park in Longyearbyen.

MOELVEN®

Profit and Loss Account	NOK mill.	1 st Quarter			Total	
		2007	2006	2005	2006	2005
		Operating revenues	1,988.5	1,557.0	1,411.2	6,692.4
Depreciation	44.0	42.9	46.3	177.6	178.0	
Cost of goods sold	1,184.7	975.4	893.1	4,218.9	3,809.4	
Operating expenses	534.2	488.0	469.1	1,922.7	1,858.9	
Operating profit	225.6	50.7	2.7	373.2	158.6	
Income from associates	-1.3	-0.2	-1.2	-3.9	-3.4	
Interest and other financial income	2.3	3.2	1.2	7.1	4.5	
Interest and other financial expenses	-8.4	-11.7	-13.5	-40.0	-46.7	
Operating result before tax	218.2	42.0	-10.8	336.4	113.0	
Estimated tax cost	61.6	12.3	-2.5	96.9	45.7	
Minority interests	-0.9	0.5	0.6	0.2	0.6	
Net profit	155.7	30.2	-7.8	239.7	67.9	

Balance Sheet	NOK mill.	Per 31.03.			Per 31.12.	
		2007	2006	2005	2006	2005
		Intangible assets	7.6	9.4	12.4	8.4
Tangible assets	1,099.0	999.8	1,113.7	1,135.6	1,035.8	
Financial assets	73.3	95.3	110.9	73.8	94.4	
Total fixed assets	1,179.9	1,104.5	1,237.0	1,217.8	1,140.8	
Stocks	1,003.0	1,062.0	1,017.2	846.5	967.1	
Receivables	1,138.5	894.0	755.8	955.7	826.6	
Deposits	110.6	19.3	5.3	51.6	29.6	
Total current assets	2,252.1	1,975.3	1,778.3	1,853.8	1,823.3	
Total assets	3,432.0	3,079.8	3,015.3	3,071.6	2,964.1	
Share capital*	647.7	647.7	647.7	647.7	647.7	
Other equity and capital	730.5	457.6	396.3	586.0	428.7	
Total equity	1,378.2	1,105.3	1,044.0	1,233.7	1,076.4	
Long-term liabilities	735.0	978.9	1,117.5	670.9	876.7	
Current liabilities	1,318.8	995.6	853.8	1,167.0	1,011.0	
Total liabilities	2,053.8	1,974.5	1,971.3	1,837.9	1,887.7	
Total equity and liabilities	3,432.0	3,079.8	3,015.3	3,071.6	2,964.1	

*129,542,384 shares at NOK 5.-, adjusted to account for 1,100 own shares.

Key figures	NOK mill.	1 st Quarter			Total	
		2007	2006	2005	2006	2005
		Net operating margin /EBIT (in %)	11.3	3.3	0.2	5.6
Gross operating margin/EBITDA (in %)	13.6	6.0	3.5	8.2	5.6	
Earnings per share (in NOK)	1.21	0.23	-0.06	1.85	0.52	
Cash flow per share (in NOK)	2.09	0.66	0.31	3.71	2.28	
Investments	47.1	35.5	28.5	244.6	111.6	
Return on capital employed (in %)	46.0	10.0	0.1	19.6	7.6	
Capital employed	1,924.7	2,019.1	2,075.8	1,752.0	1,856.5	
Net interest bearing debt	424.9	894.5	1,049.8	466.7	750.5	
Net working capital	1,487.5	1,443.4	1,319.5	1,208.6	1,250.4	
Number of employees	3,262	3,159	3,174	3,210	3,159	
Sickness absence rate (in %)	6.57	6.20	6.49	5.89	6.20	
Number of injuries with absence	26	27	21	91	98	
Number of shareholders	972	984	989	972	984	
Average number of shares	129 541 284	129 541 284	129 541 284	129 541 284	129 541 284	

The quarterly report has been prepared using the same accounting principles as those used in the annual accounts and according to NGAAP.

Directors' report

- Record 1st quarter profits due to excellent market and operating conditions
- Operating revenues increased to NOK 1 988.5 million (1 557.0)
- Operating profit increased to NOK 225.6 million (50.7)

Highlights

The high level of business activity in Europe in the construction industry continued throughout the first quarter, resulting in an exceptionally high seasonal demand for the Group's products and services. The significant imbalance between the ratio of supply and demand forced prices up further, particularly for the sawmills. This in turn caused prices for planed goods to experience a corresponding increase, but at a somewhat delayed time interval. During the trade fair Byggegalla 2007, two building projects that Moelven participated in received prestigious awards. The monastery Tautra Mariakloster was voted "Building of the Year 2006" and Utsiktspunkt Stegastein was voted "Installation of the Year 2006". Moelven Limtre AS has supplied glulam to both of these award-winning construction projects.

A number of collaborative projects were started with Finnish Metsäliitto while they were the Group's largest owner. During the first quarter several agreements were signed with the previous owner to continue the collaborative effort with Metsäliitto regarding certain distribution channels and trading with certain products. The Moelven Group has also decided to establish three new sales companies: Moelven Deutschland GmbH, Moelven Nederland B.V. and Moelven UK Ltd.

Operating revenues and profit

Operating revenues and profit for the Group in the first quarter increased in all three divisions and ended at NOK 1 988.5 mill (1 557.0) and NOK 225.6 mill (50.7) respectively. Exceptional market conditions is the main reason for the NOK 174.9 million boost in profit compared to last year, but efficiency measures in place have also contributed to the record-high profit figure. Even though the efficiency measures that have been carried out the past year

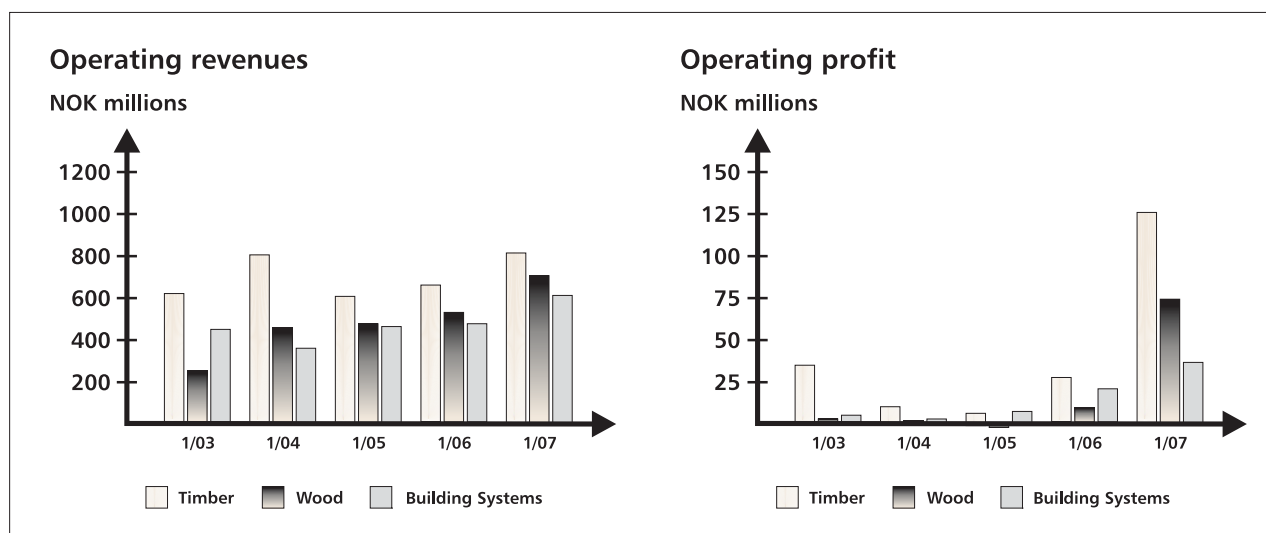
have contributed a smaller share of the higher profits than what the market conditions have generated, the measures will be important in securing satisfactory profitability when the market conditions stabilise on a more normal level in the future. From 2002 to 2006, operating revenues increased by approximately NOK 2 billion, while the number of employees increased by only 90. This translates into an increase in turnover per employee from NOK 1,48 million in 2002 to NOK 2,09 million in 2006. Ordinary pre-tax profit totalled NOK 218.2 million (42.0), while profit after taxes was NOK 155.7 mill (30.2).

Investment, balance and financing

During the course of the first quarter, investments were made totalling NOK 47.1 million (35.5). Due to the high market demand for timber there has been a similarly strong demand for sawmill and planing equipment. This demand is resulting in capacity and delivery limitations on the part of suppliers and will cause postponement in certain investment projects.

At the end of the first quarter, total assets on book for the Group were NOK 3,432.0 million (3,079.8). The increase is primarily due to new investments and a higher business activity level. Stocks were lower compared to the same period last year, but receivables and creditors have increased. Cash flow from operations the first quarter were NOK 270.2 million (85.3), corresponding to NOK 2.09 per share (0.66). As a result of the improved cash flow, net interest-bearing debt totalled NOK 424.9 million (894.5) at the end of the first quarter. Liquidity reserves were NOK 895.4 million (561.1).

Approximately half of the Group's assets are posted in Swedish kroner, and the rise in the exchange rate - from 0.8448 at 31.03.06 to 0.8687 in 31.03.07 - has caused an increase in the balance corresponding to approximately



NOK 50 mill. Equity at the end of the first quarter totalled NOK 1 378.2 mill (1,105.3) corresponding to NOK 10.64 per share. Equity ratio totalled 40.2% (35.9). By converting the figures for the Group's Swedish subsidiaries to the same exchange rate as that used at the end of the first quarter 2006, the equity would total approximately NOK 1,368 million, which corresponds to an equity ratio of approximately 40%.

DIVISIONS

Timber

Operating revenues the first quarter totalled NOK 813.5 million (662.8), while operating profit was NOK 125.1 million (26.5). Prices for sawn timber in the domestic and export markets continued to increase in the first quarter. The reason for the upward price spiral is the exceptionally high level of construction activity that puts added strain on demand, while diminished supply compounds the problem. In the Timber division, the focus has been on contributing to a stable domestic market by prioritising deliveries to this market as much as possible.

The implementation of internal efficiency measures is proceeding as scheduled, with the exception of the start-up of the new measuring plant at Moelven Valåsen in Karlskoga, which has taken a bit more time than originally planned.

Efficiency measures are primarily aimed at optimising the use of raw materials and reducing processing costs. Access to timber has been at a satisfactory level in general, but with some variability depending on region.

Wood

Operating revenues the first quarter totalled NOK 709.9 million (528.9), while operating profit was NOK 73.9 million (10.3). Demand for the Wood division's products has

been extremely high the first quarter, which is normally a period of lower activity compared to the second and third quarters.

Due to the scarcity of goods and expectations of rising prices, customers have had a tendency to allow their in-house stocks to grow abnormally high. This is true both in the merchant builders' sector and out at the building sites. The Wood division has notified a price increase taking effect as of April 1st, which may have contributed to boosting turnover in March.

The rising price level for sawn wood has a negative impact on the Wood division's raw material costs, but this is compensated for via price increases on Wood's finished products. In addition to the price increases, the efficiency measures and stable operations (despite some problems in obtaining sufficient raw materials of satisfactory quality) to the higher financial figures. A committed effort is needed with a view to improving operating margins above what is now due to the exceptionally favourable market conditions in order to be able to maintain satisfactory profitability also in the future.

Building Systems

Operating revenues the first quarter were NOK 602.0 million (467.7), while operating profit totalled NOK 37.1 million (20.4). Market conditions were stable and good for all of the companies in the Building Systems division in the first quarter and solid order reserves will ensure production through the second quarter.

The glulam business in Sweden has not had sufficient access to raw materials, which has caused a slow-down in the level of production and earnings. Even so, profit for the first quarter almost doubled compared to the previous year for Laminated Timber.

For the module and system interior companies the level of business activity has been extremely high during the period, and these have also had significant improved

Divisions	NOK mill.	1 th Quarter			Total	
		2007	2006	2005	2006	2005
Operating revenues						
Timber		813.5	662.8	601.2	2,583.6	2,355.4
Wood		709.9	528.9	470.2	2,530.0	2,268.7
Building Systems		602.0	467.7	434.8	1,937.5	1,770.1
Laminated Timber		107.2	87.9	80.3	424.9	402.0
Modular Buildings		342.5	248.1	231.7	940.5	886.3
Modular System Interiors		158.8	136.6	124.9	593.6	496.7
Others/Eliminations		-136.9	-102.4	-95.0	-358.7	-389.3
The Group		1,988.5	1,557.0	1,411.2	6,692.4	6,004.9
Operating profit/loss						
Timber		125.1	26.5	5.9	161.4	61.4
Wood		73.9	10.3	-0.7	118.3	56.2
Building Systems		37.1	20.4	6.6	121.8	75.9
Laminated Timber		5.3	2.7	1.3	25.4	20.0
Modular Buildings		19.7	9.8	0.4	41.6	23.8
Modular System Interiors		12.0	7.9	4.9	54.8	32.1
Others		-10.5	-6.5	-9.1	-28.3	-34.9
The Group		225.6	50.7	2.7	373.2	158.6

profits compared with the same period last year. Within certain segments, the lack of qualified personnel and certain types of materials will be limiting factors in the time ahead, and may put a damper on the overall level of business activity.

Other businesses

In addition to the parent company, Moelven Industrier ASA, this business division includes common services such as R&D, finances, insurance, IT, communications and human resources. A few other smaller business units and assets not related to the Group's core business activities are included in this division as well. At the end of the first quarter, there were a total of 82 employees in this division, of which 26 are female. Thirty employees work in Sweden and 52 in Norway. The book value of assets relating to operations included in Other businesses was approximately NOK 20.0 mill (31.0). Operating revenues for the division was NOK 49.6 million (43.0), with an operating loss of NOK 10.5 million (-6.5).

Employees

Absenteeism due to sickness in the first quarter of 2007 was 6.57% (6.20%) or 12,761 (12,262) full workdays. In all, there were 184 000 workdays during the first quarter (186 500). The rate of absenteeism due to long-term sick leave totalled 2.85% (2.80).

After having been declining gradually over some time now, the rate of sick-leave increased the first quarter of this year. Additional measures will therefore need to be implemented to find out the reasons for the increase and to attempt to reduce the rate down toward the long-term goal of 5%. One of the measures that will be implemented in the second quarter - regardless of any further increases in the rate of absenteeism - will be special health insurance for all employees in Norway and Sweden (employees in Denmark already enjoy a similar programme). This special insurance will allow employees who are sick to get treatment by specialists faster if the public health system is not able to expedite treatment. A pilot project carried out in two of the Group's subsidiaries has shown excellent results.

The number of personal injuries in the first quarter

resulting in subsequent sick leave was 26 (27). This figure corresponds to 24.8 (25.3) injuries resulting in subsequent sick leave per million work hours, which is higher than the Group's goal in this area. Additional focus in this area will have to be exerted in order to reduce the overall number of injuries.

At the end of the first quarter, the Group had a total of 3,262 (3,159) employees. Of the total number of employees, 1,697 (1,672) are employed in Norwegian companies, 1,539 (1,465) in Swedish companies, 23 (19) in Danish companies and three (3) in England. Overall there are 315 female and 2 947 male employees in the Group.

International Accounting Standards (IFRS)

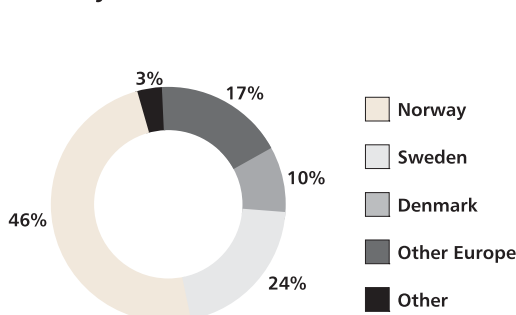
Since Moelven Industrier ASA is not publicly listed, the company is not obligated to prepare public accounts in accordance with International Financial Reporting Standards (IFRS). The accounts have been prepared based on Norwegian accounting standards, while the table below shows the potential effect of reporting using IFRS.

The major differences in using IFRS are in the reporting of pension commitments, the use of financial instruments and the treatment of dividends. If IFRS had been used starting in 2005, pension commitments would have caused a one-off reduction in equity of some NOK 55 million. The effects of financial instruments will vary in relation to market value assessments at the time of reporting. Allocated dividends would also have an effect on equity in that in accordance with IFRS must be reported as part of equity until a formal decision regarding the distribution is made by the Board of Directors.

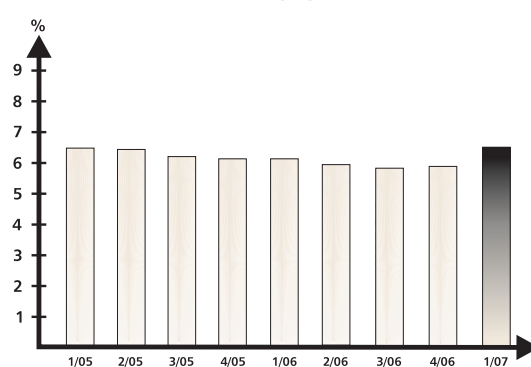
Outlook

Overall the Board expects the positive market conditions in Scandinavia to continue in the second quarter, but with a slowing in the second half of the year. The activity level in Sweden is expected to remain high somewhat longer than in Denmark and Norway. The total demand for the Group's products and services this year is expected to be higher than the previous year. The rate of new housing construction, which is very important for Wood, is expected

Sales By Market Area 1st Quarter



Sickness absence rate (%)



ted to slow somewhat in Norway from the extremely high current level, while in Sweden a slight increase is anticipated. A sustained high activity level is expected for renovation and maintenance contracts.

Solid demand is expected to continue in the domestic and export markets for the sawmills, even though the latter may be influenced somewhat by a slowdown in the American economy. Access to raw materials is expected to remain satisfactory, but with higher average prices than in earlier years.

Business units in the Building Systems division had better-than-normal order reserves at the start of the year, and some production plants are almost already fully boo-

ked for all of 2007. The general level of construction activity is expected to remain at the current high level for some time.

The three-year investment programme that started in 2006 will continue in 2007, and total investments for the year will be approximately NOK 300 million. Overall, the Board is anticipating an increase in operating revenues for the next year and a profit level significantly higher than that of the previous year.

Board of Moelven Industrier ASA

Moelv, 20 April 2007

This is Moelven

The Norwegian forestry cooperatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA own 60% of the shares in the Moelven Group. A further 39.6% of the shares are owned by Eidsiva Vekst AS, while the remainder are in the hands of private shareholders.

The headquarters for the Group are in Moelv in Norway. In all there are 39 production units in the Group, which are distributed primarily in south-east Norway and mid-Sweden. Even though the total amount of production output is evenly distributed among the two countries, the Swedish plants sell a larger share of their production output in Norway. Of the 3,262 persons employed in the Group, 1 697 work in Norway, 1,539 work in Sweden, 23 in Denmark and three in England. The Group is divided into three divisions: Timber, Wood and Building Systems.

The Timber division consists of 14 production plants that produce sawn pine and spruce timber. Eight of the plants are located in Sweden and six in Norway. Annual production is approximately 1.4 million cubic metres of sawn timber, in addition to chippings, shavings and bark for a total value of approximately NOK 280 million. About 65 per cent of sales are to customers in Scandinavia. The total number of employees is 820 persons, of which 83 are female. A total of 273 employees work in Norwegian companies, and 547 are employed in Swedish companies.

The Wood division consists of 14 production units. Five of the plants are combi-facilities featuring both sawmill and

planing mill capacities. While four of the plants produce only natural, untreated building timber, one of the plants is also able to produce impregnated timber. The other companies are specialised production plants that produce moulding, flooring, indoor panelling, various components, sawn wood and specially treated building materials. The overall aim is to offer wood products with as high a processing degree as possible to the construction market. Almost 80 per cent is sold through chains of builders' merchants. Industrial chippings worth a total of about NOK 120 million are also generated annually. Approximately 93 per cent of the division's sales are in Scandinavia. The total number of employees is 898 persons, of which 119 are female. Of the overall number of employees, 566 are employed in Norwegian companies, 309 in Swedish companies and 23 in Danish companies.

The Building Systems division consists of eleven production plants, divided into the business areas Laminated Timber, Building Modules and System Interiors. All of the businesses in this division supply flexible, tailored and cost-efficient construction and interior systems for project customers in Scandinavia. In addition to delivering bridges and load-bearing structures, the Laminated Timber business also sells considerable amounts of standard glulam beams via chains of builders' merchants. Approximately 96 per cent of sales take place in Scandinavia. The division as a whole has 1 462 employees, of which 87 are female. A total of 806 are employed in Norwegian companies, 653 in Swedish companies and three in English companies.

IFRS	NOK mill.	1 st Quarter			Total	
		2007	2006	2005	2006	2005
Profit and Loss Account						
EBITDA		269,6	93,5	43,0	560,8	333,5
EBIT		226,4	51,7	-2,5	387,7	159,1
Result before tax		210,5	47,1	-25,5	361,5	111,6
Balance Sheet						
	NOK mill.	Per 31.03			Per 31.12	
Equity		2007	2006	2005	2006	2005
Total assets		1.441,2	1.093,7	1.000,0	1.301,9	1.060,8
Equity ratio		3.434,2	3.082,6	3.010,5	3.060,7	2.946,0
		42,0	35,5	33,2	42,5	36,0

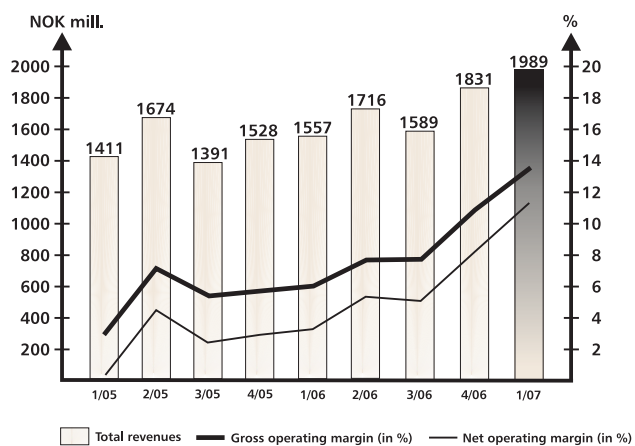
Changes in total equity for the Group

	NOK mill.	Per 31.03.			Per 31.12.	
		2007	2006	2005	2006	2005
Opening balance		1,233.7	1,076.4	1,053.4	1,076.4	1,053.4
Profit/loss		156.6	29.7	-8.4	239.5	67.3
Foreign currency translation		-11.2	-1.3	-1.6	11.0	-8.9
Provisions for dividend		0.0	0.0	0.0	-97.2	-32.4
Change in reclassified assets		0.0	0.0	0.0	3.8	-3.6
Minority interests		-0.9	0.5	0.6	0.2	0.6
Changes for year/period		144.5	28.9	-9.4	157.3	23.0
Total equity NGAAP		1,378.2	1,105.3	1,044.0	1,233.7	1,076.4
IFRS effects		63.0	-11.6	-44.0	68.2	-15.6
Total equity IFRS		1,441.2	1,093.7	1,000.0	1,301.9	1,060.8

Cash Flow Statement

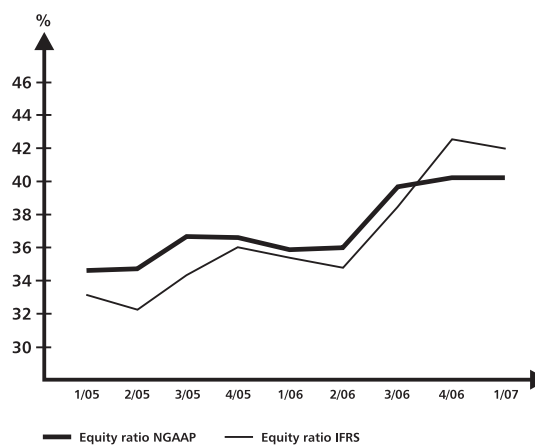
	NOK mill.	1 st Quarter			Total	
		2007	2006	2005	2006	2005
Net cash flow from operations		-24.5	-104.7	-132.9	512.3	286.1
Cash from operating result		270.2	85.3	40.3	480.6	295.9
Cash flow from working capital		-294.7	-190.0	-173.2	31.7	-9.8
Cash flow from/to investments		-39.1	-14.4	-29.5	-196.4	-85.3
Cash flow from/to financing		122.6	108.8	150.2	-293.9	-188.7
Net cash flow for the period		59.0	-10.3	-12.2	22.0	12.1
Liquid funds		110.6	19.3	5.3	51.6	29.6
Unutilised credit facilities		784.8	541.8	664.1	907.6	705.0
Available liquid funds		895.4	561.1	669.4	959.2	734.6

Revenues and margins



Quarterly in 2005 – 2007

Equity ratio



Quarterly in 2005 – 2007

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Supplying quality rooms



Rooms for play: Mouldings and panelling at Buggeland Nursery School in Sandnes was produced and supplied by Moelven Wood AS. Moelven Wood is one of Scandinavia's leading suppliers of wood for building purposes, as well as for interior and exterior wood products.

More information:
www.moelven.com