



Quality rooms

Quarterly report 1/2012

*Moelven Töreboda AB has supplied the Kerto constructions for the building.
Architect: Fredrik Pettersson, White Arkitekter in Copenhagen. Main contractor: NCC Photo: Ivan Brodey.*

MOELVEN[®]

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Operating revenues	2 165.4	1 953.2	8 059.9	7 184.5
Operating profit	18.7	-26.1	12.9	254.0
EBITDA	79.0	29.7	238.8	466.1
Net operating margin/EBIT	0.9 %	-1.3 %	0.2 %	3.5 %
Gross operating margin/EBITDA	3.6 %	1.5 %	3.0 %	6.5 %
Value change of financial instruments to fair value	10.3	-0.8	-60.1	34.2
Profit before tax	11.6	-36.1	-112.4	245.8
Profit per share in NOK	0.07	-0.22	-0.66	1.39
Cash flow from operational activities, in NOK per share	-1.48	-1.95	2.06	-0.69
Total equity	1 541.3	1 756.3	1 540.0	1 755.4
Equity ratio	33.0 %	38.5 %	35.9 %	42.1 %
Investments	86.0	42.6	386.6	258.4
Return on capital employed	2.7 %	-3.7 %	0.5 %	10.2 %
Capital employed	2 945.5	3 014.3	2 652.4	2 671.1
Net interest-bearing liabilities	1 361.4	1 184.6	1 086.9	888.6
Net working capital	2 071.0	2 160.0	1 730.9	1 771.5
Number of employees	3 465	3 245	3 482	3 270
Sick leave percentage	5.6 %	5.9 %	5.2 %	5.5 %
Frequency of accidents with absence, H1 value	18.3	22.4	16.4	19.3
Number of shareholders	956	961	956	961
Average number of shares (mill)	129.5	129.5	129.5	129.5

- **Revenues in the first quarter of NOK 2,165.4 million (NOK 1,953.2 million) and operating profit of NOK 18.7 million (minus NOK 26.1 million)**
- **Favorable activity levels and order backlog in Building systems**
- **Good activity in Norway and Sweden for the Wood division**
- **Improved earnings in the Timber division**
- **Normal level of working capital for the season**
- **Non-cash items connected to fair value adjustments on unrealised financial instruments were NOK 10.3 million (minus NOK 0.8 million)**

Highlights

As normal, the first quarter has been affected by the low season and increased working capital in advance of the high season. For the Group as a whole, both production and delivery levels have been higher than they were in the same period last year. General economic conditions in Europe remain weak, and are affecting activity in the export markets for industrial wood. However other export markets have shown some improvement and have contributed to a better market balance. In the domestic markets in Scandinavia, activity in Norway and Sweden has been strong, but the Danish market continues to be weak.

Raw material supplies for the timber-consuming units have been good. Timber-log prices have declined which has resulted in a positive and increasing effect on the accounts over the course of the quarter. The imbalance between timber-log prices and finished goods prices, which was one of the key reasons for the weak performance in the Timber division last year, has thereby been reduced. Activity in the Building systems division has remained high during the first quarter, particularly in Sweden. The backlog of orders is satisfactory and is greater than it was at the same time last year. Operationally, the first quarter has been characterised by good operating conditions in all three divisions.

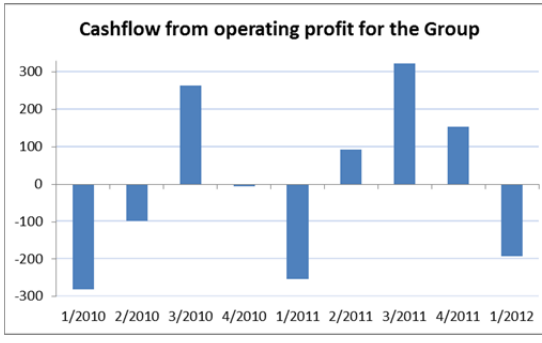
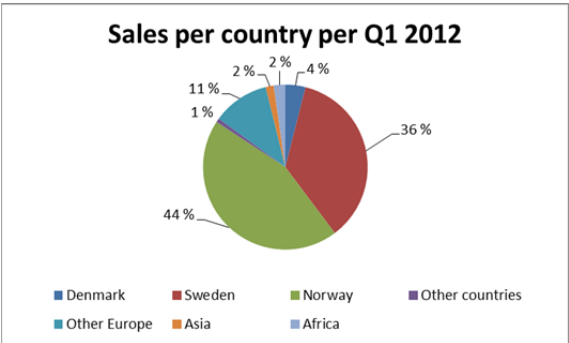
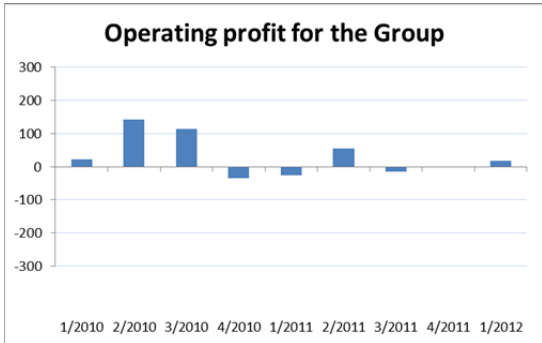
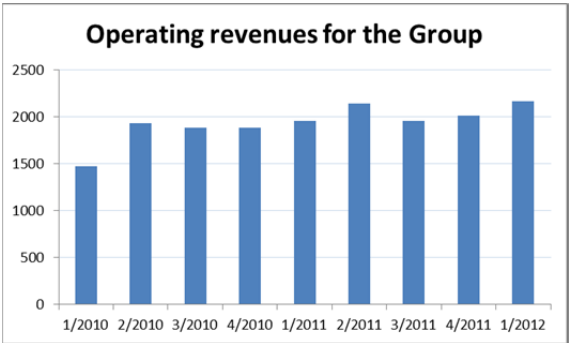
Former general manager at Moelven Østerdalsbruket AS, Ingmar Karlsen (63), took over as Managing Director at Moelven Timber in March following the resignation of Johan Padel. Ingmar Karlsen entered early retirement in 2010, after having led Østerdalsbruket since 1994. From 2010 Karlsen has worked as a consultant at Moelven on a number of occasions. The process of recruiting a new Managing Director is expected to be completed during the summer.

In March Moelven Group launched its new websites. The introduction of mobile platforms such as smartphones and tablet computers has changed how people are using the internet, and the information architecture of Moelven's websites has been tailored to the new patterns of use. In addition, new tools have been developed that help to improve the usefulness of the websites for customers. This includes a product selector who - based on a set of criteria such as objective, colour, type of wood etc. - helps the customers find the right product and accompanying information.

Operating revenues and results

Revenues in the first quarter have increased compared to the same period last year, largely due to higher levels of market activity. There were few operational interruptions during the period, and in conjunction with the ongoing continuous improvement work, this has contributed to a positive development in processing costs. Reduced raw material costs also helped to improve earnings compared with last year.

An increase in working capital, as a result of acquisitions undertaken in 2011, is the main reason for the rise in interest rate expenses compared with the first quarter last year. Gains from fair value changes in unrealised, market-based financial instruments are largely due to increases in the value of the Group's interest rate hedges.



Investments, balance sheet and financing

During the first quarter total investments were NOK 86.0 million (NOK 42.6 million).

Investments scheduled for 2012 relate to upgrading and maintaining the Group's current business operations. Due to the uncertainty about market developments over the rest of the year, management has decided to defer certain individual projects which lend themselves to deferral without material disadvantage. At the end of the first quarter, the book value of the Group's total assets was NOK 4,669.2 million (NOK 4,558.0 million).

Cash flow from operating activities in the first quarter was minus NOK 191.4 million (minus NOK 252.4 million), corresponding to minus NOK 1.48 per share (minus NOK 1.95). The negative cash flow is due to changes in working capital resulting from normal seasonal build-up of inventory levels in advance of the peak season.

Net interest-bearing liabilities at the end of the first quarter increased compared with the first quarter last year to NOK 1,361.4 million (1,184.6 million). The increase due to acquisitions totalled NOK 110 million. Financial leases are included in net interest-bearing liabilities, amounting to NOK 48.8 million (NOK 55.4 million).

Due to the higher level of business activity this year compared to last year, receivables have also increased.

At the end of the first quarter the liquidity reserve was NOK 514.7 million (NOK 325.0 million). The increase is due to a new short-term loan agreement which raises the liquidity available by NOK 200 million in the second and third quarters. The agreement ensures the Group's financial flexibility in a period with seasonally high levels of working capital. The conditions reflect market conditions at the time the contract was signed and the contract has the same provisions for breach of contract as the Group's other loan agreements.

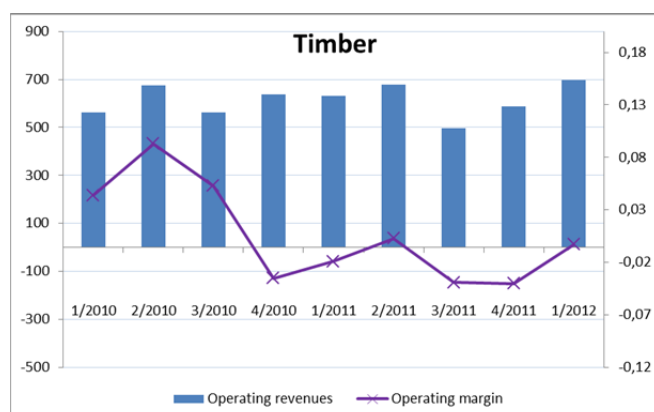
Equity at the end of the first quarter amounted to NOK 1,541.3 million (NOK 1,749.1 million), equivalent to NOK 11.9 (NOK 13.6) per share. The equity ratio was 33.0 per cent (38.3). Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The extent and consequences of likely variations in exchange rates are within acceptable risk limits. In the first quarter exchange rate variability resulted in an unrealised reduction in equity of NOK 8.3 million (increase of NOK 4.8 million).

The divisions (Operating segments)

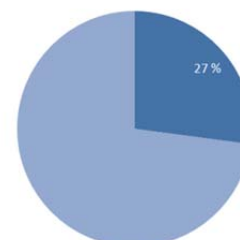
Timber

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Sales to external customers	586.5	515.1	1 956.3	2 020.0
Sales to internal customers	111.7	117.5	437.8	416.4
Operating revenues	698.2	632.6	2 394.1	2 436.4
Depreciation and impairment	24.3	22.6	90.3	85.9
Operating profit	-2.2	-12.1	-52.4	94.7
Operating margin in per cent	-0.3 %	-1.9 %	-2.2 %	3.9 %
Net operating capital (% of operating revenues)	16.9 %	21.5 %	18.4 %	22.8 %
Total assets	1 617.9	1 559.5	1 592.2	1 545.5
Equity	735.8	754.8	749.8	767.1
Capital employed	1 173.0	1 113.4	1 186.6	1 144.8
Return on capital employed	-0.6 %	-4.2 %	-4.3 %	9.1 %
Investments	42.6	20.9	144.2	112.0
Number of employees	709	646	692	643

The volume of deliveries in the first quarter was higher than it was for the same period last year. Price levels, particularly in the export markets in Europe, have been lower than they were last year due to continued low demand in these markets. The debt crisis in Europe continues to be one of the main reasons for the lack of improvement in market activity, but due to manufacturers' capacity adjustments there have nonetheless been signs of improvement in the market balance towards the end of the quarter. The export markets are principally served by the Group's Swedish units, which have also been negatively affected by a stronger Swedish krona and fierce competition in the raw material market in Sweden. While the exchange rate has remained relatively stable during the period, the lower timber-log prices have had an increasingly greater effect on the accounts in both Norway and Sweden. The imbalance between the prices of finished goods and the costs of raw materials has therefore been reduced somewhat. The operating conditions during the winter season have been better than they were last year. There have not been any major operational problems, and processing costs have fallen compared with the first quarter last year.



Timber's share of the Group's sale to external customers

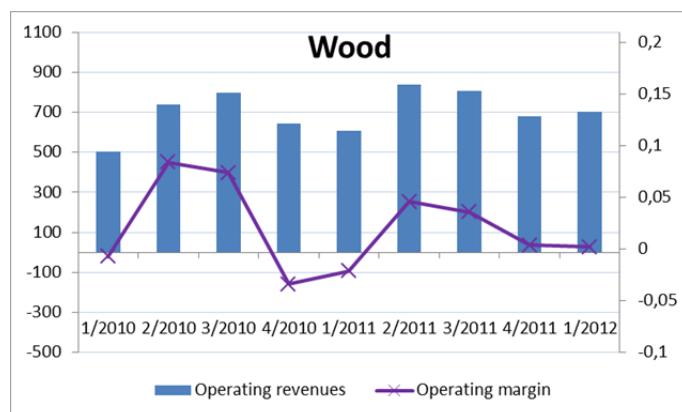


Wood

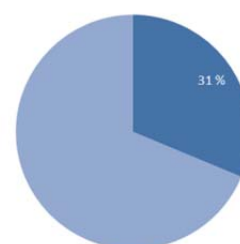
Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Sales to external customers	676.9	587.4	2 852.0	2 628.4
Sales to internal customers	25.3	20.1	80.4	55.5
Operating revenues	702.2	607.5	2 932.4	2 683.9
Depreciation and impairment	24.4	21.4	89.5	83.5
Operating profit	1.2	-12.5	57.6	95.6
Operating margin in per cent	0.2 %	-2.1 %	2.0 %	3.6 %
Net operating capital (% of operating revenues)	35.2 %	40.6 %	29.9 %	30.2 %
Total assets	2 072.7	1 884.4	1 975.7	1 797.2
Equity	761.1	763.6	768.0	775.6
Capital employed	1 444.1	1 350.2	1 362.6	1 271.9
Return on capital employed	0.5 %	-3.7 %	4.6 %	8.5 %
Investments	36.2	16.7	169.5	66.3
Number of employees	1 096	955	1 114	952

It has been a normal winter season, with an increase in market activity towards the end of the quarter. Delivery volumes have been a little higher than they were last year, at acceptable prices.

There are also timber-consuming units within Wood which are facing the same challenges in relation to timber-log prices as the units within the Timber division. Through the Group's common procurement function for timber, also these units raw material cost have been gradually affected by the reduction in timber-log prices during the quarter. The operating conditions have been good, and operations have continued satisfactorily without any significant problems. While the level of activity in Norway and Sweden has been satisfactory for the time of year, activity in the Danish construction material market has remained weak for a number of years. The outlook for improvement is poor, and as a result it was decided in January to restructure the operations of Moelven Danmark AS and outsource certain functions. In total, 19 employees will be affected by the restructuring. The company will continue to sell and distribute the Group's products in Denmark. Neither does the restructuring affect the new focus area of Studio Panels, where the company is following its planned strategy.



Wood's share of the Group's sale to external customers



Building Systems

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Sales to external customers	742.2	605.9	2 651.7	2 159.8
Sales to internal customers	0.6	1.0	14.1	11.7
Operating revenues	742.8	606.9	2 665.8	2 171.5
Depreciation and impairment	8.5	9.4	36.0	34.9
Operating profit	28.8	9.6	50.8	92.2
Operating margin in per cent	3.9 %	1.6 %	1.9 %	4.2 %
Net operating capital (% of operating revenues)	12.7 %	16.1 %	10.4 %	15.1 %
Total assets	1 189.6	1 139.3	1 217.9	1 208.4
Equity	490.5	564.4	463.1	549.7
Capital employed	573.4	644.4	526.7	629.1
Return on capital employed	22.0 %	7.1 %	10.0 %	17.5 %
Investments	4.6	4.4	38.255	61.0
Number of employees	1 530	1 509	1 542	1 542

Laminated Timber

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Operating revenues	99.8	98.7	470.7	467.9
Depreciation and impairment	4.4	4.8	18.2	18.4
Operating profit	0.3	-1.7	4.3	12.9
Operating margin in per cent	0.3 %	-1.7 %	0.9 %	2.8 %
Investments	3.0	1.9	10.2	42.0
Number of employees	261	263	266	300

Electrical installations

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Operating revenues	139.8	105.6	497.4	412.1
Depreciation and impairment	0.4	0.4	1.8	1.2
Operating profit	5.3	2.2	-46.6	3.1
Operating margin in per cent	3.8 %	2.0 %	-9.4 %	0.8 %
Investments	0.0	0.5	1.5	4.0
Number of employees	278	287	302	278

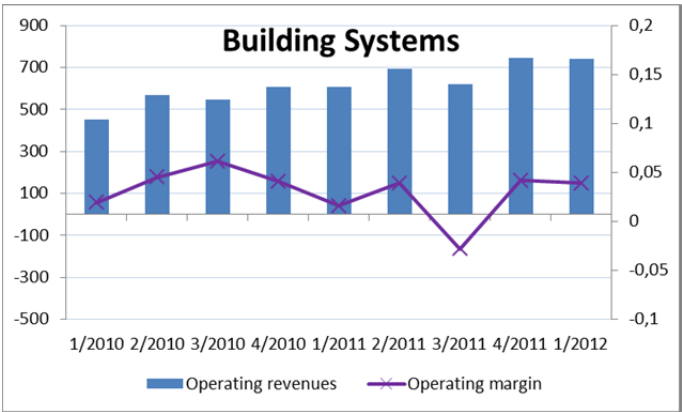
Building Modules

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Operating revenues	324.2	264.0	1 138.8	740.4
Depreciation and impairment	2.3	2.7	10.9	10.6
Operating profit	14.9	5.4	59.0	33.7
Operating margin in per cent	4.6 %	2.1 %	5.2 %	4.6 %
Investments	1.5	1.0	23.0	8.0
Number of employees	534	513	524	516

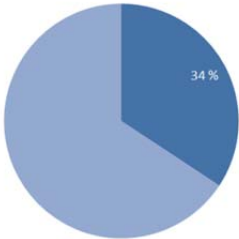
Building Interior solutions

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Operating revenues	194.0	145.3	605.6	581.7
Depreciation and impairment	1.4	1.4	5.0	4.7
Operating profit	8.3	3.7	34.0	42.5
Operating margin in per cent	4.6 %	2.1 %	5.6 %	7.3 %
Investments	0.1	1.1	3.5	7.0
Number of employees	457	446	450	448

Macroeconomic conditions are stable for the Building system division, which chiefly serves markets in Norway and Sweden. The market has performed as expected in the first quarter, with normal levels of seasonal demand and healthy construction activity as a result of favourable weather conditions. The building module business continues to operate in a market with strong demand and delivers good productivity figures in Sweden. The Norwegian market is not strong, but the situation has improved compared with the same period last year. The interior systems business has a good order backlog but is facing stiff competition in key areas. They are reaping the benefits from measures to raise efficiency which have boosted profitability despite strong price competition. In the glulam business, deliveries of standard beams of glulam have maintained a stable, high level during the quarter. In the project markets, the intensity of competition and price pressure has increased in the Norwegian and Swedish parts of the business.



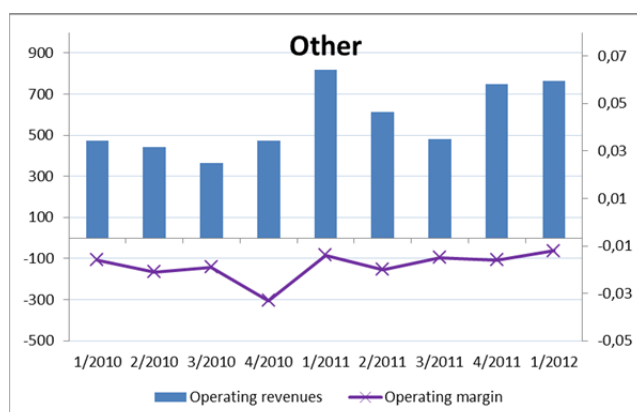
Building System's share of the Groups sale to external customers



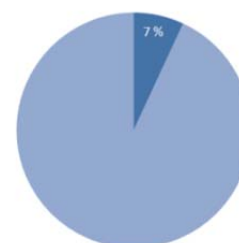
Other

Amounts in NOK million	First quarter		Total	
	2012	2011	2011	2010
Sales to external customers	159.8	244.7	599.9	376.3
Sales to internal customers	604.0	574.7	2 077.3	1 379.7
Operating revenues	763.8	819.4	2 677.2	1 756.0
Depreciation and impairment	3.0	2.4	10.0	7.9
Operating profit	-9.1	-11.2	-43.0	-39.4
Operating margin in per cent	-1.2 %	-1.4 %	-1.6 %	-2.2 %
Net operating capital (% of operating revenues)	7.6 %	7.3 %	5.1 %	4.4 %
Total assets	3 000.1	2 867.4	2 343.3	2 077.1
Equity	1 042.6	1 084.2	1 034.1	1 102.7
Capital employed	2 464.9	2 273.0	1 813.7	1 680.2
Return on capital employed	0.9 %	1.1 %	0.5 %	1.1 %
Investments	2.5	0.7	34.6	19.1
Number of employees	130	135	134	133

Other businesses encompasses Moelven Industrier ASA, with common services in innovation, economics, finance, insurance, ICT, communications and HR. Lumber supplies and sales of wood chips and energy products are included in services provided by Moelven's industrial operations through the Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB companies. It also includes Moelven Bioenergi AS, which is a key company in the Group's efforts in the field of bioenergy. Variability in revenues in this area is largely due to changes in revenues from sales of timber-logs in Moelven Skog AB and Moelven Virke AS to the Group's timber-consuming units in the Timber and Wood divisions. These internal sales do not have a material effect on the income statement for this business area. The improvement in operating result compared with the previous year is due to conditions linked to the operation of joint service functions.



Others share of the Groups sale to external customers



Employees

In the first quarter, total absence due to illness was 5.6 per cent (5.7), where 2.2 per cent (2.7) represents long-term absence. The rise in short-term absence compared with the previous year is within the forecast range of variability and due to several independent factors. The Group works continuously with measures to reduce absences due to illness to the maximum target level of 5 per cent. There were 28 (32) personal injuries during the quarter which resulted in absence. The H1 figure (number of personal injuries resulting in absence per million hours worked) was reduced, but is still at an unacceptably high level. The Group's target figure for H1 is below 10. Efforts are being directed towards a number of areas which include raising employee awareness, investments in safer machinery and equipment, management training programmes in HSE and improved safety regulations and routines.

Employees	Per first quarter 2012				Per first quarter 2011			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	618	91	14,7 %	709	582	64	11,0 %	646
Wood	917	179	19,5 %	1 096	826	129	15,6 %	955
Building Systems	1 424	106	7,4 %	1 530	1 411	98	6,9 %	1 509
Others	99	31	31,3 %	130	103	32	31,1 %	135
The Group	3 058	407	11,75 %	3 465	2 922	323	9,95 %	3 245

Sickness absence rate in %	Per first quarter	
	2012	2011
Timber	5,22 %	3,88 %
Wood	5,47 %	5,72 %
Building Systems	6,01 %	7,31 %
Others	4,41 %	2,40 %
The Group	5,62 %	5,94 %

H1 Value	Per first quarter	
	2012	2011
Timber	19,5	24,2
Wood	16,4	26,5
Building Systems	20,6	21
Others	0	0
The Group	18,3	22,4

Outlook

The performance in 2012 to date has been consistent with our principal scenario that was prepared at the start of the year. There have been some positive developments in several key indicators, even though Europe remains deeply affected by the debt crisis and poor economic development. The contingency plans for restructuring and capacity adjustments are being continued in order to quickly implement measures if they are deemed necessary.

We do not expect an increase in demand for industrial wood in Europe in the near term. However positive signals are appearing from other areas such as the Middle East, North Africa and the US, indicating that we can expect an improvement in the international market balance for industrial wood.

For the Wood companies, activities in Norway and Sweden are expected to remain at acceptable levels, particularly within the RME segment. In the Danish part of operations, measures have been implemented to adjust capacity to the level of activity in the market. The order backlog for Building systems ensures a normal and good level of activity in the second quarter. The division is mainly exposed to the building and construction markets in Norway and Sweden. The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any further operational adaptations. Investment activity during the year will be adjusted to match ongoing developments in cash flow and market conditions. All in all, the Board expects the Group's performance in 2012 to be better than it was in 2011.

The Board in Moelven Industrier ASA

Moelv, 24 April 2012

Condensed quarterly financial statements for Moelven Group Q1 2012

Profit and loss and total comprehensive income

Amounts in NOK million	First quarter		Total
	2012	2011	2011
Operating revenues	2 165.4	1 953.2	8 059.9
Depreciation	60.3	55.8	225.9
Cost of goods sold	1 406.8	1 302.8	5 341.1
Payroll expenses	449.5	401.4	1 605.9
Other operating expenses	230.1	219.4	874.0
Operating profit	18.7	-26.1	12.9
Income from associates	-0.3	-0.2	-0.7
Value change of financial instruments to fair value	10.3	-0.8	-60.1
Other financial income	3.4	5.3	15.6
Other financial expenses	-20.6	-14.2	-80.2
Profit before tax	11.6	-36.1	-112.4
Estimate income tax	3.1	-8.3	-26.6
Net profit	8.4	-27.9	-85.8
Non-controlling interest share	-0.4	-0.5	-2.6
Owner of parent company share	8.8	-27.4	-83.2
Earnings per share (in NOK)	0.1	-0.2	-0.7
Statement of comprehensive income			
Net profit	8.4	-27.9	-85.8
Other comprehensive income			
<i>Items that are not reclassified subsequently to profit or loss</i>			
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	-49.0
Income tax on items that are not reclassified to profit or loss	0.0	0.0	13.7
	0.0	0.0	-35.3
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences	-8.3	4.8	-0.5
Proportion of other income and costs in associated companies	0.0	0.0	0.0
Other changes	1.5	16.9	-5.3
Income tax on items that may be reclassified to profit or loss	-0.4	0.0	0.0
	-7.2	21.7	-5.8
Other comprehensive income, net of tax	-7.2	21.7	-41.1
Total comprehensive income for the period	1.2	-6.2	-126.9
Comprehensive income assigned to:			
Owners of parent company	1.6	-5.7	-124.3
Non-controlling interests	-0.4	-0.5	-2.6

Condensed statement of financial position

Amounts in NOK million	Per 31.03		Per 31.12.
	2012	2011	2011
Intangible assets	57.4	53.5	58.1
Tangible fixed assets	1 671.9	1 530.1	1 669.7
Financial fixed assets	18.2	14.8	17.7
Total fixed assets	1 747.4	1 598.4	1 745.5
Inventory	1 385.6	1 484.0	1 343.9
Receivables	1 477.7	1 402.2	1 219.0
Liquid assets	58.5	73.4	25.5
Total current assets	2 921.8	2 959.6	2 588.4
Total assets	4 669.2	4 558.0	4 333.9
Share capital*	647.7	647.7	647.7
Other equity	893.6	1 108.6	892.3
Total equity	1 541.3	1 756.3	1 540.0
Provisions	278.1	246.5	278.6
Long term interest-bearing liabilities	1 219.9	1 226.9	1 109.4
Long term interest-free liabilities	2.9	0.0	3.1
Total long term liabilities	1 501.0	1 473.3	1 391.0
Short term interest-bearing liabilities	200.0	31.1	0.0
Short term liabilities	1 426.9	1 297.2	1 402.9
Total short term liabilities	1 626.9	1 328.3	1 402.9
Total liabilities	3 128.0	2 801.7	2 793.9
Total equity and liabilities	4 669.2	4 558.0	4 333.9

Statement of changes in equity for the Group

Amounts in NOK million	Equity assigned to owners of parent company					Non-controlling interests	Total equity
	Share capital	Share premium funds	Own shares	Other equity	Total		
Total per 1.1.2011	647.7	180.7	0.0	910.1	1 738.5	16.9	1 755.4
Comprehensive income for the period							
Net profit	0.0	0.0	0.0	-27.4	-27.4	-0.5	-27.9
Other comprehensive income							
Translation differences	0.0	0.0	0.0	4.8	4.8	0.0	4.8
Other changes	0.0	0.0	0.0	24.6	24.6	-0.5	24.1
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other comprehensive income (net of tax)	0.0	0.0	0.0	29.4	29.4	-0.5	28.9
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 31.03.2011	647.7	180.7	0.0	912.0	1 740.4	15.9	1 756.3
Total per 1.1.2012	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	8.8	8.8	-0.4	8.4
Other comprehensive income							
Translation differences	0.0	0.0	0.0	-8.3	-8.3	0.0	-8.3
Other changes	0.0	0.0	0.0	1.6	1.6	0.0	1.6
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.4
Other comprehensive income (net of tax)	0.0	0.0	0.0	-7.1	-7.1	0.0	-7.1
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 31.03.2012	647.7	180.7	0.0	700.0	1 528.4	12.9	1 541.3

Cashflow statement for the Group

Amounts in NOK million	First quarter	
	2012	2011
CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit	8.4	-27.9
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	60.3	55.8
Impairment	0.0	0.0
Income from associated companies	0.3	0.0
Tax paid	-1.5	-5.0
Unpaid pension costs entered as costs and unreceived pension funds entered as income	17.9	14.9
Loss (profit) on sale of fixed assets	0.0	0.0
Net value change of financial instruments to fair value	-10.3	0.8
Income tax	3.1	-8.3
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-41.6	-174.4
Changes in accounts receivable and other receivables	-257.8	-164.9
Changes in trade accounts payable	3.3	-24.5
Changes in provisions and benefits to employees	-0.5	-32.6
Changes in short-term liabilities excluding borrowing	27.0	95.8
Cash flow from operational activities	-191.4	-252.4
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investment in plant and equipment exc. acquisition	-86.0	-42.6
Net cash outlay on acquisition	0.0	0.0
Receipts from sale of fixed assets	0.0	0.0
Sale of other long-term investments	0.0	0.0
Purchase of subsidiaries, reduced by cash in company	0.0	0.0
Cash flow from investment activities	-86.0	-42.6
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in short-term loans and overdraft	200.0	-47.9
Purchase of non-controlling interests	0.0	-1.0
Changes in long-term liabilities	110.5	391.1
Payment of dividend	0.0	0.0
Cash flow from financial activities	310.5	342.2
Net increase (reduction) in liquid assets during year	33.0	47.2
Liquid assets start of period	25.5	26.2
Effect of exchange rate changes on liquid assets	0.0	0.0
Liquid assets end of period	58.6	73.4
Cash and cash equivalents		
Liquid assets	58.6	73.4
Unused drawing rights	456.1	251.6
Restricted bank deposits	0.0	0.0
Cash and cash equivalents	514.7	325.0

Notes to the condensed consolidated quarterly financial statements

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 condensed consolidated financial statements for the first quarter of 2012, ended 31 March 2012, includes Moelven and its subsidiaries (together referred to as the "Group") and the groups share of ownership in associates.

The annual report for 2011 is available at www.moelven.com.

Note 2 – Statement of compliance

The condensed consolidated financial statement for the first quarter of 2012 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The quarterly financial statement does not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for 2011.

The condensed, consolidated quarterly financial statements were approved by the Board at 24 April 2012.

Note 3 – Accounting principles

The accounting policies used in the quarterly financial statements are the same as in the consolidated financial statements for 2011.

Note 4 – Estimates

Preparation of quarterly financial statements includes judgments, estimates and assumptions that affect the accounting principles used and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from estimated amounts.

In preparing this consolidated quarterly financial statements, management has applied the same critical assessment related to the application of accounting principles that formed the basis for the annual report for 2011, and the key sources of estimation uncertainty are the same for the preparation of these consolidated quarterly financial statements as for the annual report for 2011 .

Note 5 – Pension and tax

Calculation of pension costs and pension obligations are calculated annually by an actuary. In the quarterly report, the pension costs and pension liabilities are based on actuarial projections. Income taxes are calculated in the quarterly financial statements based on an estimated annual tax.

Note 6 – Seasonal variations

Demand for the Group's products and services normally have a variation throughout the year. This means low season through the first quarter, increasing activity and high season throughout the second and third quarter, and decreasing activity in the latter part of the fourth quarter.

As a result of the annual seasonal variations in the access to raw materials and the market activity, the Groups working capital varies with probably NOK 300-400 million from the highest point in May / June to the lowest in November / December.

The first quarter has as normally been characterized by low season and increasing capital employed ahead of the high season.

Note 7 – Tangible fixed assets, intangible assets and goodwill

Amounts in NOK million	Per first quarter	
	2012	2011
Book value per 1.1	1 715.3	1 585.1
Acquisitions	86.0	42.6
Business combinations	0.0	0.0
Disposals	0.0	0.0
Depreciations	-60.3	-55.8
Transfers	-13.9	-3.1
Translation differences	-10.3	5.2
Book value per 31.03	1 716.8	1 574.0

Note 8 – Financial instruments

Amounts in NOK million	Per first quarter 2012			Per 31.12.2011		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	4.9	-0.4	4.5	4.8	-0.8	4.0
Interest rate derivatives	0.0	-43.6	-43.6	0.0	-55.1	-55.1
Power derivatives	0.0	-12.2	-12.2	0.0	-10.7	-10.7
Total	4.9	-56.2	-51.3	4.8	-66.6	-61.8

Amounts in NOK million	Per first quarter 2011			Per 31.12.2010		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	7.3	-1.9	5.4	10.6	0.0	10.6
Interest rate derivatives	0.0	-15.4	-15.4	0.0	-24.6	-24.6
Power derivatives	7.0	0.0	7.0	12.5	0.0	12.5
Total	14.3	-17.3	-3.0	23.1	-24.6	-1.5

Note 9 – Operating segments

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.

See the annual report 2011 for more information regarding the operating segments.

Reconciliation the profit before tax:

Amounts in NOK million	First quarter	
	2012	2011
Timber	-7.9	-16.7
Wood	-5.4	-18.7
Building Systems	29.5	10.5
Other	-4.7	-11.2
Profit before tax in segments	11.6	-36.2
Eliminations	0.0	0.0
Profit before tax in Group Accounts	11.6	-36.2

Note 10 – 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 11 – Subsequent events

There have been no events after the reporting period that have importance for the quarterly accounts recognized income, expenses, assets or liabilities.

Moelven is organised into three divisions: Timber, Wood and Building Systems. There is also a division named "Others" in which the remaining companies are placed. The sawmills of Timber supply sawn timber products to industrial customers in Scandinavia, the rest of Europe, Middle East, Asia and Africa.. These use the products as intermediate products in their own manufacturing. Shaving, chip and bark products are also supplied to the pulp, particle board and biofuel industries. The processing companies of Wood supply the building goods trade in Scandinavia with a wide range of building and interior products. An important competitive advantage for this division is its streamlined apparatus, which can offer customers rapid and exact deliveries of a wide product range. The companies of Building Systems provide flexible system solutions for interior walls, modular buildings, electrical installations and loadbearing structures in laminated wood to projects and contractors, mainly in Norway and Sweden. The division is putting in a strong effort to further develop concepts and systems along with customers and experts on architecture, design and construction. Altogether, the group consists of 52 operational units in Norway, Sweden and Denmark and has 3,465 employees. The Moelven group is owned by Glommen Skog BA (25.1 per cent), Eidsiva Vekst AS (23.8 per cent), Agri MI AS (15.8 per cent), Viken Skog BA (11.9 per cent), Mjøsen Skog BA (11.7 per cent), AT Skog BA (7.3 per cent) and Havass Skog BA (4.0 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

Quality rooms

More information:

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