



Quality rooms

Quarterly Report 3/2009

*Moelven ByggModul AS has built six apartment complexes for OBOS, each containing six apartments.
Architect: Arcasa AS in collaboration with architect Jon Kåre Schultz.*

MOELVEN®

Profit and Loss Account

NOK mill.	3rd Quarter			Nine months			Total	
	2009	2008	2007	2009	2008	2007	2008	2007
Operating revenues	1,521.4	1,780.0	1,852.9	4,749.3	5,933.6	5,960.8	7,657.7	7,944.0
Depreciation	50.0	48.6	43.3	145.1	143.6	132.9	199.2	177.0
Cost of goods sold	935.1	1,221.9	1,086.9	3,056.7	3,919.9	3,481.3	4,998.3	4,621.2
Operating expenses	440.8	503.4	463.7	1,518.1	1,672.5	1,532.8	2,315.5	2,156.2
Operating profit	95.5	6.1	259.0	29.4	197.6	813.8	144.7	989.6
Income from associates	- 0.5	- 0.5	0.3	- 0.1	- 0.9	- 1.4	- 2.2	0.1
Interest and other financial income	8.2	0.8	3.9	29.6	10.0	8.8	10.8	8.8
Interest and other financial expenses	- 14.3	- 10.0	- 6.4	- 54.7	- 33.2	- 24.8	- 45.9	- 26.3
Operating result before tax	88.9	- 3.6	256.8	4.2	173.5	796.4	107.4	972.2
Estimated tax cost	24.9	- 1.0	77.6	1.2	48.6	229.7	26.2	276.8
Net profit	64.0	- 2.6	179.2	3.0	124.9	566.7	81.2	695.4
Minority shares	- 0.9	- 1.3	0.8	- 3.0	0.3	4.3	- 0.8	4.1
Majority shares	64.9	- 1.3	178.4	6.0	124.6	562.4	82.0	691.3

Balance Sheet

NOK mill.	Change in 3rd Quarter			Per 30.09.			Per 31.12.	
	2009	2008	2007	2009	2008	2007	2008	2007
Intangible assets	- 0.5	1.6	- 0.9	6.0	11.3	5.9	7.6	7.1
Tangible assets	- 2.6	47.2	2.6	1,367.1	1,291.2	1,117.2	1,392.1	1,214.9
Financial assets	0.4	0.2	- 3.4	50.6	59.7	72.5	49.6	58.9
Total fixed assets	- 2.7	49.0	- 1.7	1,423.7	1,362.2	1,195.6	1,449.3	1,280.9
Stocks	- 133.4	- 213.6	- 113.2	805.6	1,164.5	993.0	1,174.4	1,301.9
Receivables	- 146.2	- 37.6	- 13.0	1,083.3	1,259.2	1,308.7	936.3	943.7
Deposits	- 16.6	- 21.9	16.7	53.3	17.9	86.9	29.8	77.7
Total current assets	- 296.2	- 273.1	- 109.5	1,942.2	2,441.6	2,388.6	2,140.5	2,323.3
Total assets	- 298.9	- 224.1	- 111.2	3,365.9	3,803.8	3,584.2	3,589.8	3,604.2
Share capital*	0.0	0.0	0.0	647.7	647.7	647.7	647.7	647.7
Other equity and capitall	57.9	2.4	161.6	995.8	1,051.4	1,111.5	1,049.0	922.0
Total equity	57.9	2.4	161.6	1,643.5	1,699.1	1,759.2	1,696.7	1,569.7
Long-term liabilities	- 295.4	- 218.2	- 339.7	717.7	838.4	481.7	845.6	408.1
Current liabilities	- 61.4	- 8.3	66.9	1,004.7	1,266.3	1,343.3	1,047.5	1,626.4
Total liabilities	- 356.8	- 226.5	- 272.8	1,722.4	2,104.7	1,825.0	1,893.1	2,034.5
Total equity and liabilities	- 298.9	- 224.1	- 111.2	3,365.9	3,803.8	3,584.2	3,589.8	3,604.2

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

Key figures

NOK mill.	3rd Quarter			Nine months			Total	
	2009	2008	2007	2009	2008	2007	2008	2007
Net operating margin /EBIT (in %)	6.3	0.3	14.0	0.6	3.3	13.7	1.9	12.5
Gross operating margin/EBITDA (in %)	9.6	3.1	16.3	3.7	5.8	15.9	4.5	14.7
Earnings per share (in NOK)	0.49	- 0.02	1.38	0.02	0.96	4.37	0.63	5.37
Cash flow for operations per share (in NOK)	2.61	3.64	3.78	2.38	0.75	4.72	1.67	7.8
* Equity ratio (in %)	5.6	2.5	5.8	48.8	44.7	49.1	47.3	43.6
Investments	37.8	90.9	52.8	172.3	217.8	169.8	345.9	292.4
Return on capital employed (in %)	16.9	0.7	47.4	2.4	12.3	54.0	6.6	52.7
* Capital employed	- 130.7	- 105.9	- 41.4	2,343.9	2,167.4	1,994.8	2,326.8	1,801.4
* Net interest bearing debt	- 304.5	- 196.5	- 261.8	460.8	616.0	203.3	599.9	154.0
* Net working capital	- 291.2	- 280.7	- 112.2	1,378.7	1,802.6	1,680.9	1,552.4	1,621.4
* Number of employees	- 3	- 49	14	3,064	3,454	3,335	3,285	3,425
Sickness absence rate (in %)	6.30	5.80	6.64	6.03	5.79	6.33	5.64	6.32
Lost time injury rate per million hours worked	14.2	13.0	23.2	16.9	17.8	18.8	18.3	17.5
Number of shareholders	970	968	972	970	968	972	969	967
Average number of shares	129 541 284	129 541 284	129 541 284	129 541 284	129 541 284	129 541 284	129 541 284	129 541 284

* The table shows changes since last quarter.

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

Director's report

- Third quarter operating revenues totalled NOK 1,521 million (1,780), while overall result was NOK 95.5 million (6.1).
- Accumulated operating result after three quarters totals NOK 4 749.3 million (5 933.6), with operating result at NOK 29.4 million (197.6).
- Cost reductions contribute to a return to positive accumulated result.
- Seasonal upturn boosts result for sawmill and planing divisions.
- Slow commercial building market has negative impact on Building Systems Division.

Highlights

Demand for wood products has been high in the third quarter. After a long downward trend, prices for sawn wood began to rise at the end of the second quarter. The background for the increase in prices is reduced production volumes internationally. The decrease in production has exceeded corresponding fall in demand, which has led to prices rising due to supply-driven pressures. In addition to higher margins as a result of the higher price levels, capacity reductions and efficiency measures have reduced the cost level for the Group. The combination of increased prices and reduced costs is the main reason for the improved results compared to the third quarter in 2008. Several of the cost-reducing measures were implemented in 2008, but did not take effect before this year.

The heavy price drop for wood products from a peak in the summer of 2007 has led to a decline in prices for timber. The paper industry has reduced their production volumes, and the price of pulpwood, their main raw material has fallen. Overall this has resulted in weaker profitability for forestry owners from felling activity. A wet autumn has also led to difficult felling conditions, and some of the Group's timber consuming units have experienced difficulties in obtaining raw materials.

The commercial building market represents a large share of the Building Systems division's deliveries, and has had a challenging market situation in the third quarter. Many of the companies in the division have been affected later than

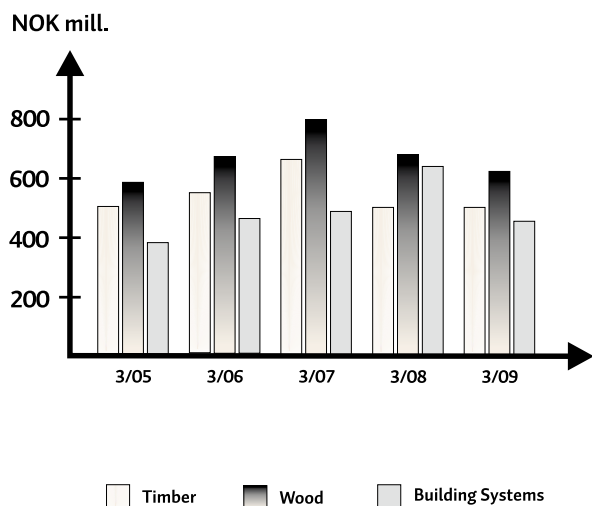
the other divisions by the downturn in building activity, due to their high order reserves causing activity in order to finish existing projects. The companies in the Module division have been particularly affected, and staff reductions have been carried out at the Swedish plants mainly during the first six months of the year. Moelven Byggmodul AS has been running at full production capacity through the third quarter, but a serious drop in new orders has made it necessary to notify all employees about the consequential financial situation and to grant leave to 120 employees as of 8 October.

In the third quarter 2008, the company MjøsCon AS was awarded DnB NOR's Innovation Prize in the category "Innovation" for a new, insulated building framework made of polyurethane and wood. The unique product, Iso3, eliminates thermal bridges in walls and satisfies the new, strict energy requirements with only 20 cm insulation thickness, which is less than competing alternatives. Moelven has been working with MjøsCon AS to further develop the product at Moelven Iso3 AS, and the product was launched on August 1st. The official opening of the factory in Moelv took place on October 9th.

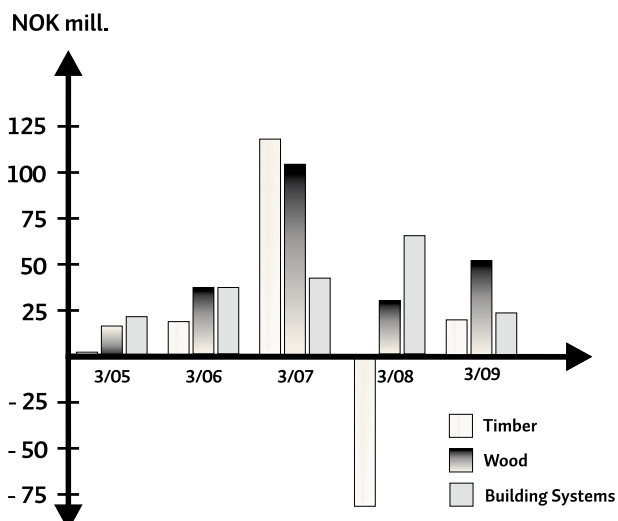
Operating revenues and profit

Operating revenues for the Group in the third quarter totalled NOK 1 521.4 million (1 780.0). The operating result was NOK 95.5 million (6.1). Accumulated operating

Operating revenues



Operating profit



revenues and result for the first three quarters was NOK 4 749.3 million (5 933.6) and NOK 29.4 million (197.6), respectively.

Rising market prices on finished products and cost reductions in the organisation helped boost the result for the Timber and Wood divisions. The Timber division posted the best improvement, coming from a significant negative result in 2008. Fewer new orders and lower prices, due to reduced market activity have led to a lower result for the Building Systems division, despite their focus on cost-cutting. The operating result for the Group overall includes a one-time posting of NOK 6 million stemming from the release of an insurance fund provision. Ordinary pre-tax result for the first three quarters of the year totalled NOK 4.2 million (173.5). The result after accounting for taxes and minority interests totalled NOK 3.0 million (124.9).

Investments, balance and financing

Investments made in the third quarter totalled NOK 37.8 million (90.9). A slow cash flow in the first quarter and weaker prospects for the rest of the year led to a decision in the second quarter to reduce investment activity. Due to the Group's solid financial position, the reductions primarily involved investment projects that could be easily postponed without incurring any significant negative effects. Necessary maintenance investments and strategic investments were implemented as planned. Some new projects had already been initiated when the decision was made, being the reason why it has taken some time before the decision has taken effect. In the course of the third quarter, however, the effect has been more noticeable. Investment activity will continue at a lower level than normal for some time even though cash flow now has improved significantly compared to the first quarter.

Accumulated investments for the first three quarters of the year total NOK 172.3 million (217.8).

Total assets on book for the Group at the end of the quarter were NOK 3 365.9 million (3 803.9). The lower figure compared to last year is primarily due to lower project holdings and stock levels. A weaker Swedish krone compared to last year has contributed to reducing the balance sheet by approximately NOK 50 million.

Cash flow from operations in the third quarter totalled NOK 338.7 million (471.6), corresponding to NOK 2,61 per share (3,64). Accumulated cash flow from operational activities for 2009 was NOK 307.7 million (96.8), corresponding to NOK 2,38 per share (0,75). Last year's cash flow was affected by the distribution of dividends totalling NOK 337 million, and the payment of NOK 225 million in taxes for the 2007 accounting year.

Net interest bearing debt at the end of the third quarter totalled NOK 460.8 million (616,0). Liquidity reserves thereby increased to NOK 894.3 million, compared to NOK 754.5 for the same time last year.

Equity has been assessed under the assumption of continued operations and totalled NOK 1 643.5 million (1 699.1) at the end of the third quarter. This corresponds to NOK 12.69 (13.12) per share. The equity ratio amounted to 48.8 percent (44.7).

Divisions

Timber

Operating revenues in the third quarter totalled NOK 495.0 million (499.0), while the operating result was NOK 19.9 million (minus 80.8). Overall operating revenues totalled NOK 1 606.2 (1 912.7) for the first three quarters, while the operating result was minus NOK 34.6 (minus 62.2).

Divisions	NOK mill.	3rd Quarter			Nine months			Total	
		2009	2008	2007	2009	2008	2007	2008	2007
Operating revenues									
Timber		495.0	499.0	668.9	1,606.2	1,912.7	2,397.0	2,472.4	3,136.4
Wood		616.9	674.1	778.5	1,725.1	2,084.8	2,254.9	2,634.0	2,914.6
Building Systems		445.1	633.2	522.2	1,465.0	2,112.6	1,709.0	2,748.0	2,382.8
Laminated Timber		107.2	139.8	112.6	287.6	407.9	348.4	524.1	483.1
Electrical installations		92.6	107.4	80.3	287.5	327.1	257.6	435.5	358.4
Modular Buildings		107.3	217.3	198.6	421.7	821.3	676.8	1,030.7	944.4
Modular System Interiors		144.4	175.0	138.9	482.4	577.6	453.8	784.3	633.8
Others/Eliminations		- 35.6	- 26.3	- 116.7	- 47.0	- 176.5	- 400.1	- 196.7	- 489.8
The Group		1,521.4	1,780.0	1,852.9	4,749.3	5,933.6	5,960.8	7,657.7	7,944.0
Operating profit/loss									
Timber		19.9	- 80.8	121.4	- 34.6	- 62.2	436.5	- 143.3	544.4
Wood		50.9	27.9	103.2	23.9	93.5	286.6	80.3	324.4
Building Systems		23.8	65.4	40.3	54.6	184.5	116.2	235.1	159.4
Laminated Timber		6.4	16.2	9.5	6.5	32.6	21.1	38.5	24.4
Electrical installations		2.1	1.7	0.8	6.9	6.1	5.7	8.5	5.9
Modular Buildings		2.5	24.6	14.6	7.5	82.1	46.6	94.2	66.0
Modular System Interiors		12.8	22.9	15.4	33.7	63.7	42.9	93.9	63.0
Others		0.9	- 6.4	- 5.9	- 14.5	- 18.2	- 25.5	- 27.4	- 38.6
The Group		95.5	6.1	259.0	29.4	197.6	813.8	144.7	989.6

Scarce timber supplies in Europe as a result of a higher drop in production than the comparable reduced demand has led to higher prices for the Timber division's products. The main reasons for the drop in production are capacity adjustments in response to the financial crisis combined with a scarcity of raw materials. The lack of raw materials has been a general development, but has affected businesses in Finland and Russia harder than businesses in the Moelven Group's region. A very wet autumn, however, has contributed to making the raw material situation more challenging for Moelven timber-consuming units as well. In order to improve the situation, a price increase for timber is scheduled to take effect in the beginning of the fourth quarter. Even though an increase in timber prices will result in smaller margins, better access to timber will lead to improved operating conditions and higher yield of the raw material.

Wood

Operating revenues in the third quarter totalled NOK 616.9 million (674.1), while the operating result was NOK 50.9 million (27.9). For the first three quarters of the year, overall operating revenues totalled NOK 1 725.1 million (2 084.8), while the operating result was NOK 23.9 million (93.5).

The amount of new-build homes has fallen and the current level is lower than the amount considered necessary to sustain the long-term need. The refurbishment, rebuilding and building extension market (RRB) has remained strong and has contributed to sustaining stable demand. The price increase in the international timber market has also led to higher prices for planned products in the domestic markets. The division consists of both timber-consuming plants and plants that use sawn wood as raw material, and higher prices for industrial wood will result in higher raw material costs. In order to adjust to a more challenging market situation in the wake of the financial crisis, the Wood division has focused on increasing efficiency in operations.

The market situation and earlier implemented capacity adjustments have led to there not being a need for additional staff reduction this quarter. Other cost-cutting measures have contributed to reducing the cost level as well. Lower costs, less production disturbances and good operating conditions have led to good productivity rates. Overall the division's margins have improved in the third quarter. Demand has been very good and led to larger stock reductions than anticipated.

Building Systems

Operating revenues in the third quarter totalled NOK 445.1 million (633.2), while the operating result was NOK 23.8 million (65.4). For the first three quarters of the year, operating revenues totalled NOK 1 465.0 (2 112.6), while the operating result was NOK 54.6 million (184.5).

In contrast to the market situation faced by the Timber and Wood divisions, the market for the companies in the Building Systems division is characterised by excess production capacity. In spite of Moelven's plants having sustained, and in some areas improved, their market position, the financial crisis has led to a reduction in the overall market, and order reserves have fallen throughout the quarter. The largest drop came in the market for new-builds. Activity in the RRB market is more stable, and the companies serving this segment have been less affected.

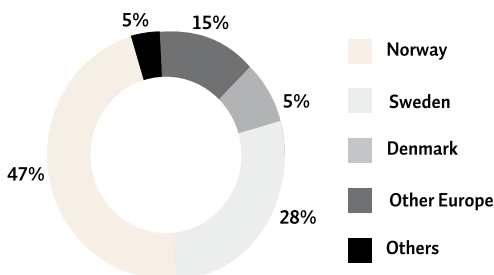
The division focuses on project profitability and continuously carries out capacity adjustments instead of dropping prices to unsustainable levels that are not consistent with the Group's strategy of being a solid, stable and long-term player in the market. The Building Module companies in Sweden reduced their capacity already during the first six months of the year due to reduced market activity. For Building Modules in Norway, production was running at full capacity in the first six months of the year, but the rate of new orders declined in the third quarter making it necessary to reduce the number of staff.

Current building activity is at a level that is lower than what is necessary to cover the long-term need, both for commercial buildings and residential housing. This should change as the economy rebounds. Strategic adjustments such as building a new glulam factory in Töreboda are important in order to be prepared for when the market picks up. This investment was started in June and work is progressing according to plans.

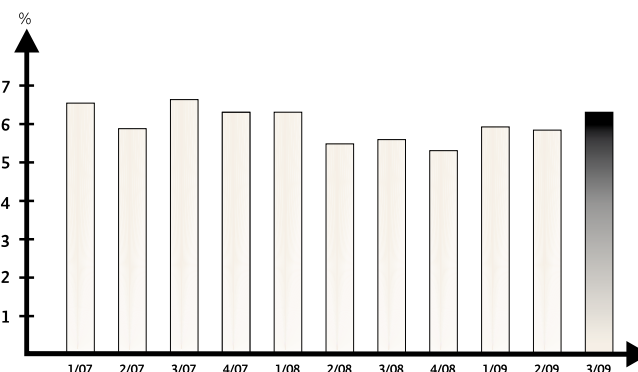
Other businesses

In addition to the parent company, Moelven Industrier ASA, this business division includes common services such as timber acquisitions, bio energy, R&D, finance, insurance, IT, real estate, communications and HR. 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 third quarter, there were a total of 96 (89) employees in this division, of which 26 (24) are female.

Sales By Market Area 3 Quarters



Sickness absence rate (%)



A total of 47 (39) work in Sweden and 49 (50) work in Norway. The increase over last year is due to the strengthening of the timber acquisition organisation in Sweden

The book value of assets independent of operations is approximately NOK 10 million (15).

Operating revenues for the division in the third quarter totalled NOK 195.9 million (80.4), while the operating result was NOK 0.8 million (minus 6.4). For the first three quarters of the year, the operating revenues totalled NOK 700.1 million (269.8), and the operating result was minus NOK 14.5 million (minus 18.2). The increase in operating revenues was due to consolidation issues stemming primarily from internal sales of wood and chipping products. The operating result in the third quarter includes an additional, one-time posting of NOK 6 million stemming from an earlier insurance fund provision.

Employees

The overall rate of sick leave in the third quarter was 6.3 percent (5.7) or 9 443 (9 442) full workdays. In total for the first three quarters, the rate of sick leave totalled 6.03 percent (5.79) or 31 235 (33 225) full workdays. In total there were 140 640 (157 856) workdays in the third quarter, and 487 878 workdays (545 731) in the first three quarters overall. Absenteeism due to long-term sick leave totalled 3.59 percent (3.10) in the third quarter and 3.24 (2.96) for the first three quarters. Absenteeism due to short-term sick leave was 2.70 percent (2,56) in the third quarter and 2.79 percent (2,81) for the first three quarters.

The goal of sick leave less than five percent is still standing firm. Examples of measures that have been implemented to reduce absenteeism are special health insurance for all employees, work environment surveys, prizes for employees at plants with low rates of absenteeism and a bicycle program.

At the end of the third quarter, the Group had 3 064 (3 454) employees overall. A total of 1 711 (1 822) of these employees worked in Norwegian companies, 1 305 (1 599) in Swedish companies, 37 (23) in Danish companies and 11 (10) in other countries. In all there are 289 (343) female and 2 775 (3 111) male employees.

The number of personal injuries leading to sick leave in the quarter was 15 (15) and the total number for the first three quarters was 62 (73). For the quarter this corresponds to 14.2 (13.0) injury-days per million working hours. The figure for the first three quarters combined is 16.9 (17.8).

Even though the Moelven Group's rate of injuries is at the same level as other comparable industries, it is still unacceptably high. The goal is to cut the H1 (injury-days per million working hours) value by half from the current level within two years. The most common injuries are cuts, falls, squeezing injuries, eye injuries and accidents with nail pistols. In order to increase awareness about the causes of accidents and near-accidents, a new reporting system has been started in the last six months of the year. In addition, the security campaign "Home in one piece" will be run all of 2010. These measures have been implemented in addition to the already existing work for increased safety.

International Accounting Standards (IFRS)

The IFRS figures show the main effect if the accounts had been reported according to IFRS standards. The main differences in using IFRS are in the reporting of pension commitments, the use of financial instruments and the treatment of dividends. The effect of financial instruments will vary in relation to the market value assessment at the time of reporting. The volatility of the financial markets has been abnormally high this winter, which has caused major fluctuations in the market value of hedge agreements. At the end of the year, the calculated value of previously contracted hedge agreements was a loss of NOK 113 million. At the end of the third quarter, this loss had been reduced to NOK 27 million, which gives an income in the IFRS accounts totalling NOK 86 million for the period and NOK 30 million for the third quarter. The Moelven Group's hedging policy is based on the idea that the underlying business operations must serve as the basis for profitability. The main reason for hedging interest rates and exchange rate risk is to reduce rate fluctuations and ensure predictability.

Outlook

Despite the latest period's positive signals from the financial world, a full recovery after the financial crisis is expected to take long. One expects that it will take some time before the economic situation improves enough to have a positive effect on activity levels. There is also a question of what represents real new growth and what are temporary effects caused by the government's extraordinary stimulus measures. There is a real risk of a new, though smaller, slow-down when the government's stimulus packages are discontinued or cut back.

IFRS	NOK mill.	3rd Quarter			Nine months			Total	
		2009	2008	2007	2009	2008	2007	2008	2007
Profit and Loss Account									
EBITDA		145.5	54.7	302.1	174.6	341.3	946.6	352.0	1,166.6
EBIT		96.0	7.3	259.7	30.9	201.5	816.2	156.0	992.8
Result before tax		119.3	-24.7	255.4	91.4	162.5	793.3	5.8	971.5
Balance Sheet									
NOK mill.									
Change in 3 rd Quarter									
Total									
		2009	2007	2007	2009	2008	2007	2008	2007
Equity		79.8	-12.4	160.8	1,606.0	1,663.6	1,728.8	1,601.3	1,878.0
Total assets		-289.1	-222.6	-109.9	3,367.2	3,820.0	3,587.2	3,580.4	3,607.5
Equity ratio		6.0	2.1	5.8	47.7	43.5	48.2	44.7	52.1

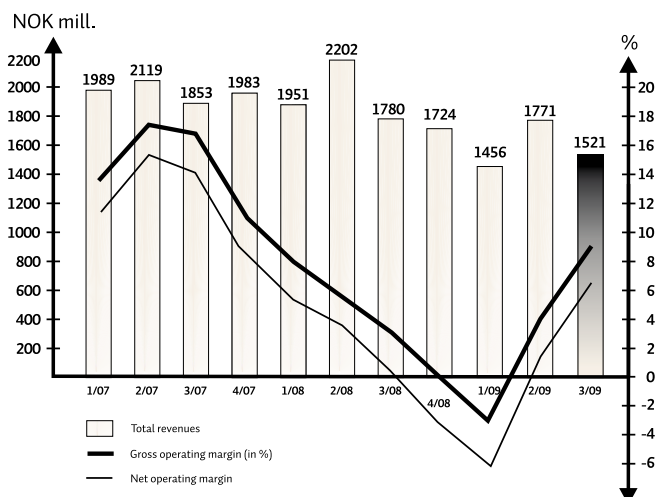
Changes in total equity for the Group

NOK mill.	Change in 3rd Quarter			Per 30.09.			Per 31.12.	
	2009	2008	2007	200	2008	2007	2008	2007
Opening balance	1,585.6	1,696.7	1,597.6	1,696.7	1,569.7	1,233.7	1,569.7	1,233.7
Profit/loss	64.0	- 2.6	179.2	3.0	124.9	566.7	81.2	695.4
Foreign currency translation	- 6.1	5.0	- 17.6	- 56.2	4.5	- 41.2	45.8	- 22.6
Provisions for dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 336.8
Changes for year/period	57.9	2.4	161.6	- 53.2	129.4	525.5	127.0	336.0
Total equity NGAAP	1,643.5	1,699.1	1,759.2	1,643.5	1,699.1	1,759.2	1,696.7	1,569.7
IFRS effects				- 37.5	- 35.5	- 30.4	- 95.4	308.3
Total equity IFRS				1,606.0	1,663.6	1,728.8	1,601.3	1,878.0

Cash Flow Statement

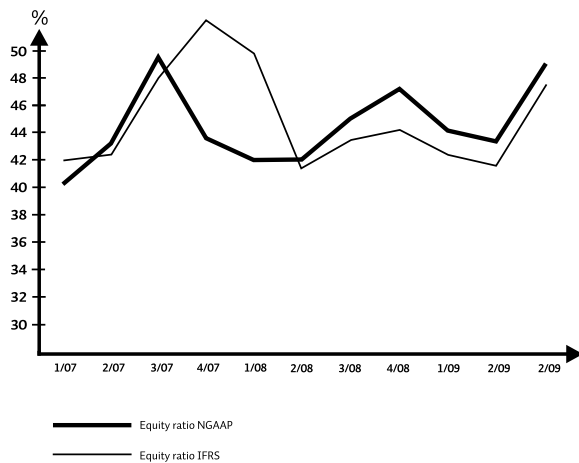
NOK mill.	Change in 3rd Quarter			Nine months			Total	
	2009	2008	2007	2009	2008	2007	2008	2007
Net cash flow from operations	338.7	471.6	482.8	307.7	96.8	611.0	214.5	1,013.7
Cash from operating result	128.9	52.4	295.9	130.2	325.5	938.8	334.4	1,165.6
Cash flow from working capital	209.8	419.2	186.9	177.5	- 228.7	- 327.8	- 119.9	- 151.9
Cash flow from/to investments	- 37.2	- 92.3	- 52.8	- 171.6	- 219.6	- 160.8	- 332.5	- 304.0
Cash flow from/to financing	- 318.1	- 401.2	- 413.3	- 112.6	63.0	- 414.9	70.1	- 683.6
Net cash flow for the period	- 16.6	- 21.9	16.7	23.5	- 59.8	35.3	- 47.9	26.1
Liquid funds	- 16.6	- 21.9	16.7	53.3	17.9	86.9	29.8	77.7
Unutilised credit facilities	312.0	201.8	216.5	841.0	736.6	1,097.0	752.2	1,160.6
Available liquid funds	295.4	179.9	233.2	894.3	754.5	1,183.9	782.0	1,238.3

Revenues and margins



Quarterly in 2007 - 2009

Equity ratio



Quarterly in 2007 - 2009

SENDER:
Moelven Industrier ASA
P.O. Box 134, NO-2391 Moelv
Tel. +47 62 34 70 00
Fax. +47 62 34 71 88
www.moelven.com
post@moelven.com

The Moelven Group is therefore putting great emphasis on having sufficient flexibility in the organization to be able to quickly adapt to changing market conditions.

New-build activity in the commercial building sector is still low, and there is little willingness to initiate new construction projects. This impacts first and foremost the modular companies, who must reduce capacity even further at the start of the fourth quarter. The RRB market is slowing down somewhat, but is expected to stay significantly better than new-build activity. This should also contribute to maintain the activity level in the Interior Systems companies.

Timber prices will increase starting in the fourth quarter. It is expected that the price increase will help improve availability to raw materials for the sawmills, but these higher prices will increase cost. For the Timber division we expect higher prices for sawn wood in the international market, because of anticipated demand exceeding the overall supply of timber. But, the demand is also falling, giving a great deal of insecurity about how long the period of rising prices will last.

New-build activities in the private housing sector are at a low rate and are expected to remain low for some time

ahead. The Wood division still expects continued good demand for their products in the fourth quarter because of the stable activity level in the RRB sector.

The improved supply of raw materials enables the sawmills to build necessary stocks of timber in the fourth quarter in order to ensure reliable delivery next season.

For the Group overall, the fourth quarter 2009 and the first quarter 2010 will be challenging because of normal seasonal reductions in activity combined with the slow economic conditions. As a result of the cost-cutting and efficiency measures implemented the past few years, however, the Group is better prepared now to meet the challenges than was the case at the same time last year.

The Group's solidity is satisfactory and the Group's external financing will not fall due until the beginning of the second half of 2011. The Group is thus financially well prepared to meet the challenges ahead.

The Board anticipates a positive result in the fourth quarter and a positive overall end result for the year.

Board of Moelven Industrier ASA
Moelv, 15 October 2009

This is Moelven

Moelven is organised into three divisions: Timber, Wood and Building Systems.

The sawmills in the Timber division supply sawn timber products to businesses in Scandinavia and the rest of Europe. Customers use the products as elements in their own production processes. In addition, chippings and bark products are delivered to and used in the pulp & paper, particle board and bio-energy industries. The processing companies in the Wood division supply the retail chains in Scandinavia with a wide range of construction and interior products. An important competitive advantage is the Wood division's efficient and rational distribution system that can offer customers quick and accurate deliveries from a wideranging product assortment. The businesses in the Building Systems division

supply flexible system interiors for interior walls, modular buildings, electrical installations and load-bearing glulam constructions for project customers, primarily in Norway and Sweden. The division is heavily committed to developing concepts and systems together with customers and experts within the fields of architecture, design and construction

The Group consists of a total of 45 separate business units in Norway, Sweden and Denmark with a total of 3 064 employees.

The Moelven Group is owned by Eidsiva MI AS (39.6 per cent), Glommen Skog (25.1 per cent), Viken Skog (11.9 per cent), Mjøsen Skog (11.7 per cent), AT Skog (7.3 per cent) and Havass Skog (4.0 per cent). Private individuals own most of the remaining 0.4 per cent.

Moelven - Supplying quality rooms

More information:

www.moelven.com