ANNUAL REPORT 2014

Content

Main figures

Amounts in NOK million	2014	2013	2012	2011	2010
THE GROUP					
Operating revenues	8 828,2	8 009,4	8 121,5	8 059,9	7 184,5
Depreciation and impairment	286,5	271,6	250,9	225,9	212,1
Operating profit	203,6	-44,7	16,9	12,9	254,0
Financial items	-88,2	-72,4	-81,2	-125,4	-8,2
Profit before tax	115,3	-117,1	-64,3	-112,4	245,8
Total assets	4 653,2	4 539,8	4 342,1	4 333,9	4 167,7
Equity in per cent	34,2	33,4	35,5	35,6	42,1
Operating margin in per cent	2,3	-0,6	0,2	0,2	3,4
Cash flow from operating profit	490,0	226,9	267,8	238,8	466,1
Investments	195,1	351,2	339,4	386,6	258,4
Number of employees	3 326	3 276	3 375	3 482	3 270
TIMBER					
Operating revenues	2 872,3	2 543,9	2 428,2	2 394,1	2 436,4
Depreciation and impairment	116,5	116,0	99,9	90,3	83,4
Operating profit	83,0	-11,6	-74,6	-52,4	94,7
Financial items	-25,8	-29,3	-23,4	-25,7	-13,8
Profit before tax	56,7	-40,9	-98,0	-78,1	80,9
Total assets	1 754,5	1 684,3	1 580,6	1 592,2	1 545,5
Operating margin in per cent	2,9	-0,5	-3,1	-2,2	3,9
Cash flow from operating profit	199,5	104,4	25,3	37,9	178,1
Investments	67,6	119,5	151,6	144,2	112,0
Number of employees	703	677	696	692	643
WOOD					
Operating revenues	3 066,2	2 820,4	2 836,9	2 932,4	2 683,9
Depreciation and impairment	114,4	104,9	99,1	89,5	86,0
Operating profit	110,9	23,5	29,6	57,6	96,3
Financial items	-23,6	-30,8	-28,9	-28,0	-22,4
Profit before tax	87,3	-7,4	0,8	29,6	73,9
Total assets	2 033,9	1 957,7	1 905,8	1 975,7	1 797,2
Operating margin in per cent	3,6	0,8	1,0	2,0	3,6
Cash flow from operating profit	225,3	128,4	128,7	147,1	182,3
Investments	82,4	174,7	132,7	169,5	66,3
Number of employees	993	1 011	1 063	1 114	952
BUILDING SYSTEMS					
Operating revenues	2 836,7	2 514,1	2 799,3	2 665,8	2 171,5
Depreciation and impairment	41,6	38,0	38,1	36,0	34,9
Operating profit	57,2	-19,1	97,0	50,8	92,2
Financial items	6,4	0,1	2,0	4,47	1,1
Profit before taxes	63,5	-19,0	98,9	55,3	93,3
Total assets	1 256,4	1 189,9	1 243,3	1217,9	1208,4
Operating margin in per cent	2,0	-0,8	3,5	1,9	4,2
Cash flow from operating profit	98,8	18,9	135,1	86,798	127,1
Investments	37,9	43,4	46,3	38,3	61,0
Number of employees	1 498	1 460	1 486	1542	1542
OTHER OPERATIONS					
Operating revenues	3 204,4	2 623,7	2616,7	2677,2	1756
Depreciation and impairment	13,9	12,8	13,8	10	7,8
Operating profit	-47,5	-37,5	-35,1	-43	-29,2
Financial items	-44,7	-12,4	-30,9	-76,2	26,9
Profit before tax	-92,2	-49,9	-66,1	-119,2	-2,3
Cash flow from operating profit	-33,6	-24,7	-21,3	-33	-21,4
Investments	7,5	13,6	9	35	19
Number of employees	132	128	130	134	133

2014 in brief

The Group's revenue increased by NOK 818.9 million to NOK 8,828.2 million, which is the highest ever recorded. The operating profit improved by a quarter billion to NOK 203.6 million. The group's rate of return on employed capital improved from -1.5% to 6.8%.

For the Timber division it is the international market for industrial wood the determines price developments. In the beginning of 2014 activity was high in this market, and prices for industrial wood were on the rise. Throughout the first six months both production and stock levels in the production stage rose, and the market took on a more cautious approach in the second half of the year. Nevertheless, at the end of the year price levels were higher than at the beginning of the year.

The Wood division sells most of its products on the building materials market in Scandinavia. However, the combined sawmills and planing mills, whose mainstay is construction timber, also sell a share of their production as industrial wood through the same channels used by the Timber division. Demand from the building materials trade in Scandinavia has been satisfactory throughout the year. Price increases toward the end of 2013 and at the start of the high season in 2014, has resulted in price levels being higher than in 2013 for the year as a whole. In the second half of the year the market was to an increasing degree characterized by the weak trend in new construction in Norway and a wait-and-see attitude toward market prices as a result of developments in the market for industrial wood.

For the Group's timber-consuming units raw material costs have increased throughout the year, and have on a whole been higher than in 2013. Access to raw material, which was challenging in certain areas at the end of 2013, has however been stable and good from the late winter of 2014 and for the rest of the year. Prices for wood chips and fibre products have ranged from stable to weak compared to the previous year.

The Building Systems division has its primary markets in Norway and Sweden. In 2014 market activity in new construction has been good in Sweden, particularly in the Stockholm region. The Norwegian new construction market was to an increasing degree characterized by the downturn in activity in the oil industry. Activity in the renovation and remodelling markets has been satisfactory in both Norway and Sweden. Despite challenging market conditions in certain segments, at the end of 2014 the division had a healthy and well-composed order backlog that had increased by 37 per cent compared to one year previously.

In 2013 the competition authorities in Sweden launched an investigation into whether the illegal exchange of information had occurred between several undertakings in the Swedish forestry industry. The Moelven Group was one of the undertakings. The investigation concluded that some exchange of information had taken place, but that the information was of a historic and aggregated nature. In February 2015 the competition authorities therefore decided not to pursue the matter further.

Corporate governance

There have been no changes to the Board of Directors or Corporate Assembly.
Comprehensive information on the Group's governing bodies is available at www.moelven.no and on page 15.
Upon agreement with the Board, Hans Rindal resigned from his position as the CEO in September. At the same time the Board appointed Morten Kristiansen (56) as acting CEO. Kristiansen holds a degree in structural engineering and is a graduate economist from the Norwegian Business School. He was employed by Moelven from 1981 to 1994 and subsequently from the year 2000. He was formerly a director at Moelven Industrier with responsibility for the timber supply and fibre products.

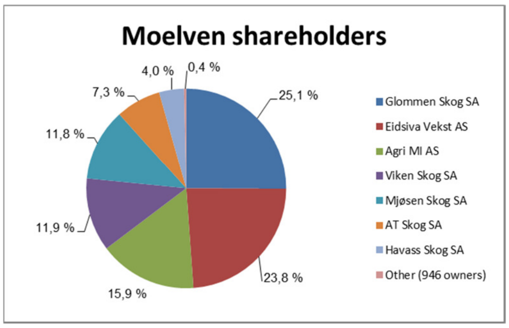
Group structure

The building interiors companies in the Group have operated as an organisational unit under the name of Moelven Modus from 1 January 2014. As of 1 September, the legal entities have changed their names to Moelven Modus AB and Moelven Modus AS, respectively.
In Q3 a decision was made to discontinue the glulam business's office and storage facility in Eastleigh outside of Southampton. Moelven Timber's activity in the UK will continue as before, and it will be responsible now for the distribution of standard glulam on the British market. A provision of NOK 4 million for non-recurring expenses was charged to the accounts in connection with this.

This is the Moelven Group

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. 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 44 production companies in 49 production locations, and 32 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 3,326 (3,276) employees at the end of 2014, 1,697 (1,660) work in Norway, 1,597 (1,582) in Sweden, 19 (21) in Denmark and 13 (13) 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. 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 companies 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 2014, there were 703 (677) employees, 245 (204) of them in Norway, 450 (464) in Sweden and 8 (9) in other countries.

Wood
The Wood division consists of 19 production companies, 3 customer centres and one project sales company. The main products are both white and impregnated building wood, external cladding, boards, components and chip products and interior products such as mouldings, flooring and interior panels. 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 2014, there were 993 (1,011) employees, 522 (555) of them in Norway, 452 (435) in Sweden and 19 (21) in Denmark.

Building systems
The Building Systems division consists of 8 production companies at 13 production locations and 24 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 2014, there were 1,498 (1,460) employees, 837 (821) of them in Norway, 656 (634) in Sweden and 5 (5) 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 in the employment relationship, should be the same as for permanent employees.

Other businesses

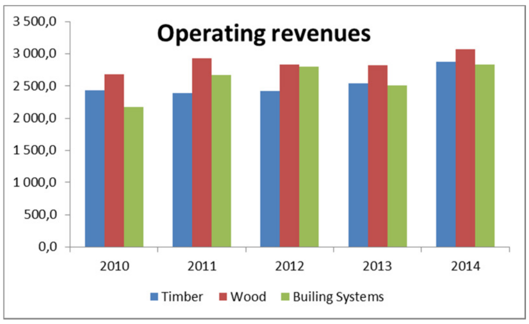
Other businesses include Moelven Industrier ASA, with common services in economics, finance, insurance, communications, HR, ICT and procurement. Timber supply and sales of wood chips and energy products are organised as a common function for the Group's timber processing industry and are included through the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Moelven Bioenergi AS is also included.
At the end of 2014, there were 132 (128) employees, 45 (45) of them in Norway and 87 (83) in Sweden.

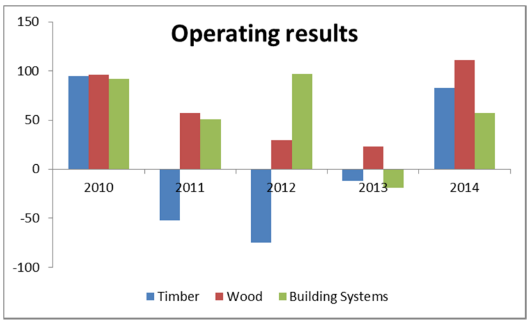
SOCIAL RESPONSIBILITY

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 on page 20.

OPERATING REVENUES AND RESULTS

Both volumes and prices were higher than in 2013 for all divisions. The prices for saw timber also increased overall, but the balance between finished product and raw material prices nevertheless improved compared to the previous year.
Throughout 2014 much priority has been given to follow-up and implementation of those measures and projects that were identified and initiated at the end of 2013 to improve the Group's competitiveness in the long term and reduce the risk of losses related to individual projects. This work has provided good results in many companies, but further improvement is required at more units to elevate the results to the targeted levels.
Reimbursements from group health insurance plans in Sweden has a non-recurring effect of NOK 6.7 million on the Group's 2014 operating profit.
The Electrical system business has conducted write downs on projects totalling NOK 9 million.
The 2013 result was negatively affected by significant losses in the Building Systems division related to project assessments in the Electrical system business and extensive damage to a module project in Sweden. This totalled NOK 67,5 million.
Net financial expenses were somewhat higher than for 2013. This is due to unrealised losses on financial hedging instruments, which are used to hedge exchange rates, interest rates and power prices. Non-cash items associated with this totalled minus NOK 30.4 million (plus NOK 5.5 million) The negative result from the hedging instruments is attributed primarily to lower interest rates in both Sweden and Norway, as well as the decline in electricity prices. Developments for the Group's unrealised currency hedges were positive.
The Group's average margin on debt financing was unchanged from 2013, but interest rate expenses were lower due to a lower level of debt through the year.
Profits before tax were NOK 115.3 million, an improvement of NOK 232.4 from 2013 and in line with the board's expectation of a significant improvement in 2014 compared to the previous year.





Timber

Amounts in NOK million	2014	2013
Operating revenue	2 872,3	2 543,9
EBITDA	199,5	104,4
Depreciation and impairment	116,5	116,0
Operating profit	83,0	-11,6
Profit before tax	56,7	-40,9

The positive trend from the last half of 2013 in the international market for industrial wood continued into 2014. The balance between supply and demand improved compared to the previous year, and market prices rose in the fist six months. Demand in the export markets in the Middle East, North Africa and China was good, while activity in the Euro zone was somewhat more hesitant. Increasing production and producer stocks led to a gradually more cautious attitude in the market from the end of the second quarter and into the autumn. In addition to the normal seasonal reduction towards the end of the year, the international industrial wood market was marked by uncertainty and a continued cautious attitude among customers toward the end of the year. Both the volume and prices were higher for the full year than in 2013. For the export-oriented units the price increase in the export markets was amplified by the NOK and SEK falling against the most important export currencies.
Access to raw material was challenging in certain areas at the start of the year, but gradually improved in the second half of the year. The prices of saw timber rose, particularly in Norway, and were at the end of 2014 somewhat higher than a year previously. The prices for wood chip and fibre products varied from stable to somewhat weaker compared to the same time in 2013.
Sawmills in Sweden saw better improvement in the balance between finished product and raw material prices than in Norway, and achieved good earnings improvements due to this. For Norwegian operations, realised operational improvements led to a comparable result with the previous year as the increase in raw material prices overall exceeded the increase in finished product prices.
The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 3.4 million on the operating profit.
At the start of 2014, ambitious improvement measures were planned within the division. In addition to a number of specific measures and goals, a great deal of emphasis is placed on developing a culture for continuous improvement of all the processes throughout the entire organisation. At the end of the year, there have been many successes, but certain units have nevertheless not performed satisfactorily. Significant work thus remains to bring all units to a level with satisfactory profitability and good competitive ability.

Wood

Amounts in NOK million	2014	2013
Operating revenue	3 066,2	2 820,4
EBITDA	225,3	128,4
Depreciation and impairment	114,4	104,9
Operating profit	110,9	23,5
Profit before tax	87,3	-7,4

For the Wood division the positive developments in the market from the latter half of 2013 carried over into 2014. A mild winter provided good operational conditions and an early start to the spring season. Throughout the first six months both delivery volumes and prices were higher than for the same period the previous year. However, as mid-year approached the Wood division's primary markets were also characterized by a more cautious approach. Following a seasonally normal reduction in the summer, market activity picked up somewhat slower as autumn progressed. In the fourth quarter, however, demand declined slightly in Norway and supply volumes dropped in comparison to the previous year. Activity levels in the Swedish market were satisfactory.
For the year as a whole, supply volumes were at the same level as 2013, while prices were higher.
The price performance for finished products throughout the year were ensued by higher raw material prices, both for the planing mills where the production is based on purchased industrial wood and for the timber-consuming units. Following a start to the year with a challenging situation with regard to the supply of raw material for the timber-consuming units, the situation took a positive turn. The supply of saw timber in the second half of the year was good, but particularly in Norway the prices were higher than in the same period in 2013. The price levels for wood chips and fibre products varied from stable to slightly weaker.
The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 1.3 million on the operating profit.
There was an extensive plan of action at the start of the year to improve profitability further for Wood as well. Many units have achieved the expected results and developed well throughout the year, but there are also certain units that are still performing significantly below the plan and target. In addition to technical improvements, extra resources were allocated to these units in order to safeguard the implementation of the improvement measures in the fourth quarter.

Building Systems

Amounts in NOK million	2014	2013
Operating revenue	2 836,7	2 514,1
EBITDA	98,8	18,9
Depreciation and impairment	41,6	38,0
Operating profit	57,2	-19,1
Profit before tax	63,5	-19,0

The Building Systems Division has primarily Norway and Sweden as its market. In general, market activities within the sectors in which the division's companies operate have been good in Sweden and more challenging Norway. Price developments have been positive. With the exception of the Electrical systems business, all business areas in the division increased their revenues in 2014. All business areas improved on their operating profit compared to the previous year. Order intake has been good, and at the end of 2014 the division had a healthy and well-composed order backlog that was NOK 360 million higher than at the start of the year.

The Norwegian part of glulam operations had a good level of activity in 2014. Despite a certain decline in market activity, price levels throughout the year were higher than the previous year. Developments in Sweden were less positive, and the Swedish part of glulam operations has in the latter half of the year intensified market efforts and implemented a number of measures to increase volumes and improve production efficiency. In addition to poor developments throughout the year, the result at the end of the year was hit by cost overruns and productivity interruptions related to the introduction of a new ERP system.
Raw material costs for glulam operations increased compared to previous years as a result of the price increases for industrial wood. The glulam business has had a separate organization in the UK with offices and warehouse in Eastleigh outside Southampton. Results have not been satisfactory in recent years, and a decision to discontinue operations was made in September. The accounts for 2014 have been charged with NOK 4 million for costs related to this. Standard glulam products for the British market will be sold through the Timber division's organisation in the UK.

At the end of 2014 the Electrical Installations business has essentially been restructured in accordance with the new strategy for the company. The restructuring entails increased focus on smaller projects and service jobs, and the company has several long-term contracts for maintenance with durations of several years. Activities in large and complex projects are being discontinued. In connection with the finalization of the restructuring and the final major individual project, NOK 9 million was written down in 2014. Comparative figures for 2013 include a corresponding charge totalling NOK 42.5 million.

For the Modular Building business in Sweden, the market activity was good throughout the year, and the company showed a very good inflow of new orders and good results. The level of activity was lower in Norway, particularly in the housing segment, where there has also been problems achieving satisfactory profitability. A new market concept in the housing segment is being developed. Compared to 2013 productivity at the factory in Moelv has improved, but efficiency at the building site still lags behind targets. Measures are being implemented for further productivity improvements and increased efficiency at the building site.
Comparative figures for 2013 include a write down of NOK 25 million related to a large individual project with Modular Building in Sweden.

For the Modular System Interiors companies, the level of activity for new construction saw positive development in the Swedish part of the business, especially in the Stockholm area. In Norway the level of activity in new construction has been poor throughout 2014. The renovation and remodelling markets have had a stable, good level of activity in both Norway and Sweden.

The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 2.0 million on the division's operating profit.

Other businesses

Amounts in NOK million	2014	2013
Operating revenue	3 204,4	2 623,7
EBITDA	-33,6	-24,7
Depreciation and impairment	13,9	12,8
Operating profit	-47,5	-37,5
Profit before tax	-92,2	-49,9

Fluctuations in operating revenues within the area of Other businesses are largely due to fluctuations in the level of activity within timber supply and sales of chips and energy products. The main activity is internal sales, which do not materially affect the results within the business area. In order to safeguard the supply of timber and market opportunities for wood chip and energy products in the regions that were affected by the closure of Södra Cell Tofte in August 2013, a train solution was established to transport pulp wood and chips. The arrangement entails increased external sales due to pulp wood now being purchased and subsequently sold externally. The business is based on fixed agreements on both the customer and supplier sides, and the risk is limited. The cost increase for the full year compared with the same period last year is attributed to a higher level of activity in the parent company linked to improvement projects. A provision for 18 months' salary for the former CEO was charged to the operating profit for 2014 in accordance with the guidelines described in note 28 in the consolidated financial statements and note 16 for the parent company.

INVESTMENTS, BALANCE SHEET AND FINANCING

Total investments in 2014 were NOK 195.1 million (351.2). The overall investment activity for 2014 was thus NOK 156.1 million lower than in 2013. The investments were aimed primarily at necessary maintenance and upgrades.

At the end of the year, the book value of the Group's total assets was NOK 4,653.2 million (NOK 4,539.8 million).

Cash flow from operating activities in the 2014 was NOK 351.2 million (NOK 86.2 million), corresponding to NOK 2.71 per share (NOK 0.67). A project to free up working capital has yielded good results, but some of this improvement was reversed in the fourth quarter due to the build-up of inventory. Cash flow from working capital items was NOK -72.2 mill (-48,8).

Net interest-bearing liabilities were NOK 1,353.1 million (NOK 1,476.0 million) at the end of 2014. Financial leases are included in net interest-bearing liabilities, amounting to NOK 25.1 million (NOK 33.8 million). The liquidity reserve was NOK 238.7 million (NOK 250.8 million).
At the end of the first half year, an agreement to refinance the Group's long-term debt which had maturity in May 2015 was entered into, as well as seasonal financing with maturity at the end of the third quarter of 2015. The new loan agreement entered into force on 10 July and expires on 30 June 2017. The agreement provides satisfactory financial flexibility for the Group during this period. The terms reflect the market conditions when the agreement was entered into. The equity requirements and maximum gearing will gradually increase somewhat in the new agreement.

Equity at year end amounted to NOK 1,592.3 million (NOK 1,518.2 million), which is equivalent to NOK 12.29 (NOK 11.72) per share. The equity ratio was 34.2 per cent (33.4 per cent).
The change in the interest rate assumptions for calculation of the future obligations related to the Group's closed, defined-benefit pension plans in Norway entailed an increase in the obligations after tax of NOK 30.2 million. The amount was charged to equity. 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. For 2014 there has been an unrealised change of NOK 12.3 million (NOK 58.4 million). Since about half of the Group's assets are recognised in SEK, total assets also change with the exchange rate. If the exchange rates at the previous turn of the year were assumed, the equity ratio would change from 34.2 to 34.3.

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 composition of units directed at different primary markets also has the effect of reducing risk. The primary markets are seldom affected by economic fluctuations at the same time, while the cost side can still benefit from economies of scale.

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 2014, 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 round 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 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. Additionally, there is significant internal and external trade within the group with both raw materials and finished products between Sweden and Norway. 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. 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. 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 2014, the total equity that is exposed to exchange rate risk amounted to SEK 632.3 million (SEK 538.4 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 1 350 million, which expires in June 2017, and NOK 300 million which will be reduced to NOK 150 million in September 2015 and which is due in full in September 2016. The loan agreements include normal default clauses with regard to equity, net equity value and debt ratio. As at 31 December 2014, 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 312 million, which is renewed annually.

Risk of damage and interruption to production

The Group has a policy for industrial insurance that is centrally managed and which is followed by all companies. 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.

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:
Saw log price - spruce and pine	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

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 increased from 3,276 to 3,326 during the course of 2014. 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 on page 20.

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 for Moelven to emerge as 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

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 on page 20.

INNOVATION

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 are therefore 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.

Construction of the world's tallest wood building, "Treet" in Bergen, started in the fourth quarter of 2014. The building will, when completed in the autumn of 2015, consist of 14 storeys and be 51 metres tall. The load bearing glulam structures will be supplied and installed by Moelven Limtre AS.

In the Wood division 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.
The goal is to offer customers the market's best, most diverse and most modern product range. Innovation work is divided into two main directions. One aims to develop modern products that contribute towards inspiration and new trends at the end-user. The other main direction aims to simplify work with the products at the building site. Examples of such solutions are internal panels with concealed nails, sheet products with reduced widths to ease handling, ready cut lengths, etc.

Process innovation

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.
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.

CORPORATE GOVERNANCE

Corporate governance at the Moelven Group is based on the Norwegian recommendations for corporate governance of October 2014. 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 PROFIT FOR THE YEAR

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 profit for 2014 was NOK 88.4 million and the equity ratio of 34.2 per cent is below the targeted 40 per cent. The Group has sufficient equity and liquidity to distribute a dividend. The board proposes a dividend of NOK 0.40 per share, totalling NOK 51.8 million. The parent company Moelven Industrier ASA, which distributes a dividend for the Group, had a net loss of NOK 14.8 million for the year after the receipt of group contributions and share dividends from subsidiaries. It is proposed that the negative net income and provision for dividend is covered by a transfer from retained earnings in its entirety. The company has sufficient distributable equity and liquidity for the distribution of the dividend.

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

There is still good demand for industrial wood in many markets, while the supply has also increased after a period of high production levels, especially for spruce products. The exchange rates for the Norwegian krone and Swedish krona are at levels that give a good point of departure for competition on the export markets. Continued weak growth for housing construction is expected in Norway. In Sweden, housing construction is increasing, but from a low level. However, the main portion of the Group's deliveries is made to the renovation and remodelling markets, which are more stable than the new build market. The level of activity is expected to follow the normal seasonal variations with a weak level of activity in the first quarter prior to the start of the high season after Easter.

The level of activity in the building and construction sector in Scandinavia is expected to be on a par with 2014, with normal seasonal variations throughout the year.

The Building Systems Division has a better and more diversified order book than at the start of 2014. The divisions' companies have adapted their capacity and cost structure to the prevailing market conditions.

A high level of activity is expected in the timber market in the first half of the year.

A plan of action has been implemented with a number of measures and projects that will be 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. This work will continue with a high intensity. The Board expects that, combined, the measures will significantly increase the Group's cash flow throughout an economic cycle significantly and contribute to achieving the Group's target of a return on capital employed of 13.0 per cent, which is almost double the 6.8 per cent that was achieved in 2014.

The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary restructuring. The board is satisfied with the improvement in operating profit of a quarter billion in 2014 and expects that the Group's underlying operations and result improve further in 2015.

Moelv 03 March 2015

The Board of Directors of Moelven Industrier ASA

Asbjørn Reinkind

Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre A. Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Morten Kristiansen

Konstituert konsernsjef

Corporate governance

Corporate governance at Moelven is based on the Norwegian recommendations for corporate governance of October 2014. 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 are available at www.moelven.com and are also included as part of the notice of AGM.
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 an essential basis for both profitability and further growth. Both solidity and financing are satisfactory and give the 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 2014, equity in the parent company Moelven Industrier ASA was NOK 867.2 million (NOK 940.5 million). For the group as a whole, equity was NOK 1,592.3 million (NOK 1,518.2 million). The equity ratio was 34.2 percent (33.4 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, with a minimum of NOK 0.40 per share, assuming that considerations of the company's financial position and other capital sources are satisfactorily safeguarded.

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 950 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. Shareholders' agreements have been entered into between the seven largest shareholders. Among other things, the agreements 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. 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 deliveries of biofuel from the Moelven group to a bioenergy plant owned by Eidsiva Energi AS. Eidsiva Energi Marked 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. The members of the nominating committee shall be independent from the board and leading employees, but the NUES recommendation that the nominating committee should have at least one member that is not a member of the Corporate Assembly is not applied.
The nominating committee is continuously updating the Corporate Assembly of its work, and this is considered to be sufficient measure to make it possible for the shareholders to propose candidates for election.

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 elected by 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. One of the four other shareholder-elected board members are connected with the company's main shareholders. The shareholders agreements contains clauses regarding the election of the Chairman of the Board and the boardmembers except the employee representatives. 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 11.0 per cent (11.4). 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. The annual amount is NOK 50,000.- 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,review and evaluation of group guidelines and policies, including risk management av internal control.
• March: Annual accounts with notes and annual report for preceding year.
• April: Report for first quarter and preparation for the Annual 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.

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 normally performed at the beginning of every year. On behalf of the nomination committee, an external independent consultant has in 2014 conducted an assessment of the competence needs of the Board of Directors. Hence, the Board of Directors have decided to postpone the self-evaluation until after the Annual General Meeting. 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:

- Brand platform
- HSE manual
- Environmental policy
- Insurance and risk strategy - general insurance
- Staff regulations
- Policy for an open company culture
- 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 internal pricing between companies
- Policy for social responsibility
- 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.

Moelv 03 March 2015
The Board of Directors of Moelven Industrier ASA

Asbjørn Reinkind
Styreleder

Trond Stangeby

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Konstituert konsernsjef

SOCIAL RESPONSIBILITY

Moelven defines social responsibility as the company's integration of social and environmental considerations in its day-to-day operations on a voluntary basis, beyond compliance with existing statutes and regulations in the country in which one operates. The Moelven Group operates a wide range of undertakings in several countries and in many 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.

Core values

Moelven's core values, which are the foremost management tool to coordinate activities, also provide 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.

Guidelines for employees of the Moelven Group

Moelven has drawn up several central guidelines that apply to all employees of the Group, to hired workers and to those who act on behalf of the Group, for example board members. Individuals are themselves responsible for familiarizing themselves with the guidelines and statutes that apply to their areas of work. The line manager is responsible for communicating the guidelines and ensuring compliance with them. As a supplement to Moelven's guidelines, special guidelines may be stipulated or special statutes may apply to certain parts of the operations. In addition there may be rules for professional conduct for some professions that relevant employees may have to abide by.
The Group's most important central guidelines and policy documents related to social responsibility are:

- 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
- Legislation on competition in a Moelven context
- Guidelines for transfer pricing between companies
- Policy for social responsibility

The documents are also available on Moelven's intranet.
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

Openness characterizes Moelven's corporate culture and is a part of the Group's identity. Openness creates a culture that ensures well though-out choices and good solutions for the business, our employees and the communities in which we operate.

Long-term employment relationships

Moelven focuses on long-term employment relationships and strives to offer its employees the opportunity to develop in their jobs. Moelven's human resources ideal is to "Provide opportunities for people with the drive to succeed". 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 views trade unions as important partners, and there is therefore a stable and open dialogue between the company and the employee representatives.

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 2014.

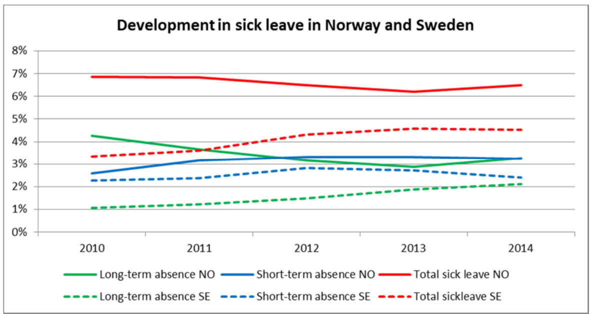
Working environment training

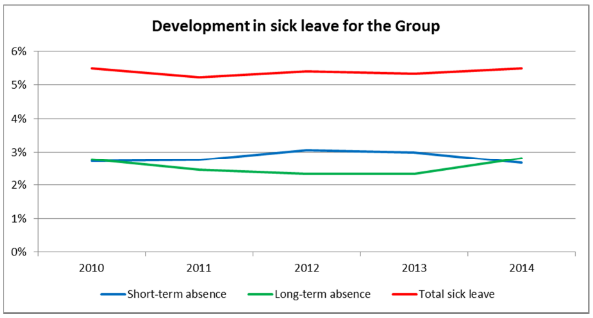
Moelven annually organizes its own courses in Better Working Environment (BAM). The courses provide basic training in handling health, safety and environment issues, and cover the requirements toward HSE training for both executives, safety representatives and members of working environment committees. 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

The Group's long-term goal is absence due to illness of maximum 5 per cent for the entire Group. In 2014 combined absence due to illness increased from 5.3 per cent to 5.5 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 year the trend for absence due to illness has been the same among the Group's companies in both Norway and Sweden. Short-term absence has been reduced somewhat, while long term absence has increased.





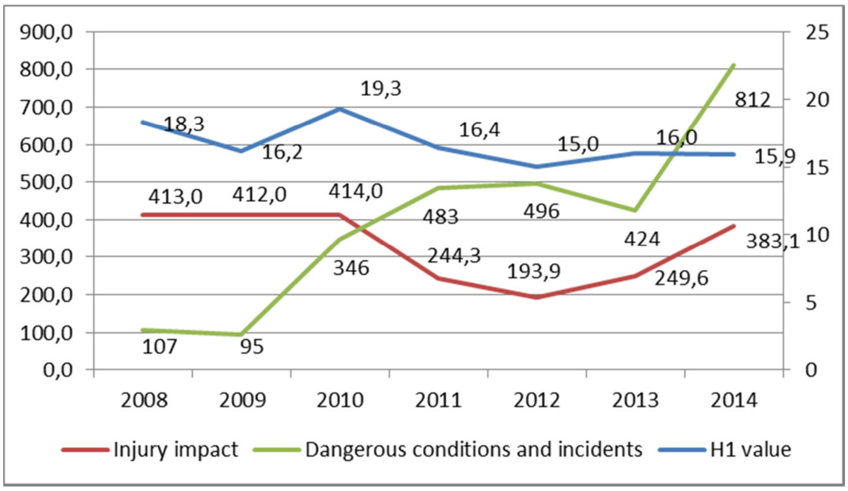
The Group's companies report monthly key figures for absence due to illness to the Group, and the information is included in the Group's reports.

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. Follow-up of employees takes place in accordance with applicable rules in those countries in which the Group operates. There is much emphasis on maintaining dialogue with employees on sick leave with a view to making the absence period as short as possible. 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 has been a successful measure from the start in 2007. The scheme has proven to be particularly favourable for employees with muscular-skeletal disorders.

Safety for employees
The Group's goal is that no one is injured at work. 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 2014 and 2015 the “Hel Hjem” (Home in One Piece) campaign - phase II will be implemented, where employee involvement/commitment are central instruments. To reduce the number of injuries, it is important to improve the knowledge of both near accidents and hazardous conditions or risks. In 2014 there were 86 injuries with subsequent absence, which is a reduction from 88 in 2013. A total of 314 accidents, 247 incidents and 341 dangerous conditions related to persons were recorded. The injury rate is unacceptably high, and further measures are being implemented to reach the goal of 0 injuries.
The three most common injuries are:

- Blows/knocks and impacts from objects
- Falls (both outdoors and indoors)
- Cut injuries from tools, machinery or materials.
- Crushing injuries from production equipment, trucks, cranes, hanging loads, etc.

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. The number of injuries per million worked hours (Injury rate LTI) was marginally reduced in 2014, while the number of days of absence due to injury per million worked hours (Severity rate - F) has increased significantly in the past year. The level is unacceptable both in terms of number of injuries and severity rate. This is shown in the below figure.



The figure above shows that relation between reported hazards and reported incidents, and the level of injury frequency and severity.

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 increased focus on safety and not least on attitudes toward safety at the workplace, one has not succeeded in reducing the number of injuries and incidents to the desired level. However, developments in reported near accidents and hazards indicate that the ongoing HSE work has succeeded in raising awareness on safety at the workplace. This, combined with increased knowledge as a result of reporting near accidents and hazards, provides a good basis for planning future work. In 2015 the safety campaign Hel Hjem II will be evaluated and new measures to reach targets will be implemented.

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

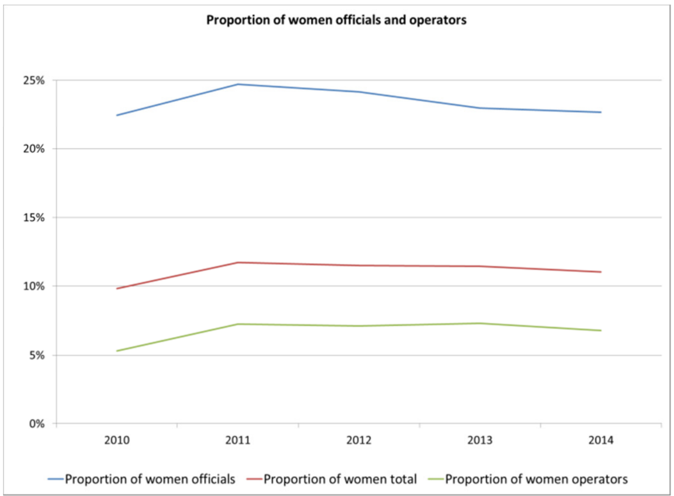
Moelven does not accept conditions in suppliers' or customers' operations that constitute breaches of the UN declaration of human rights or other unethical conditions such as for example child labour.

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.
A need to implement measures to eliminate discrimination has not been registered in 2014.

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 2014.

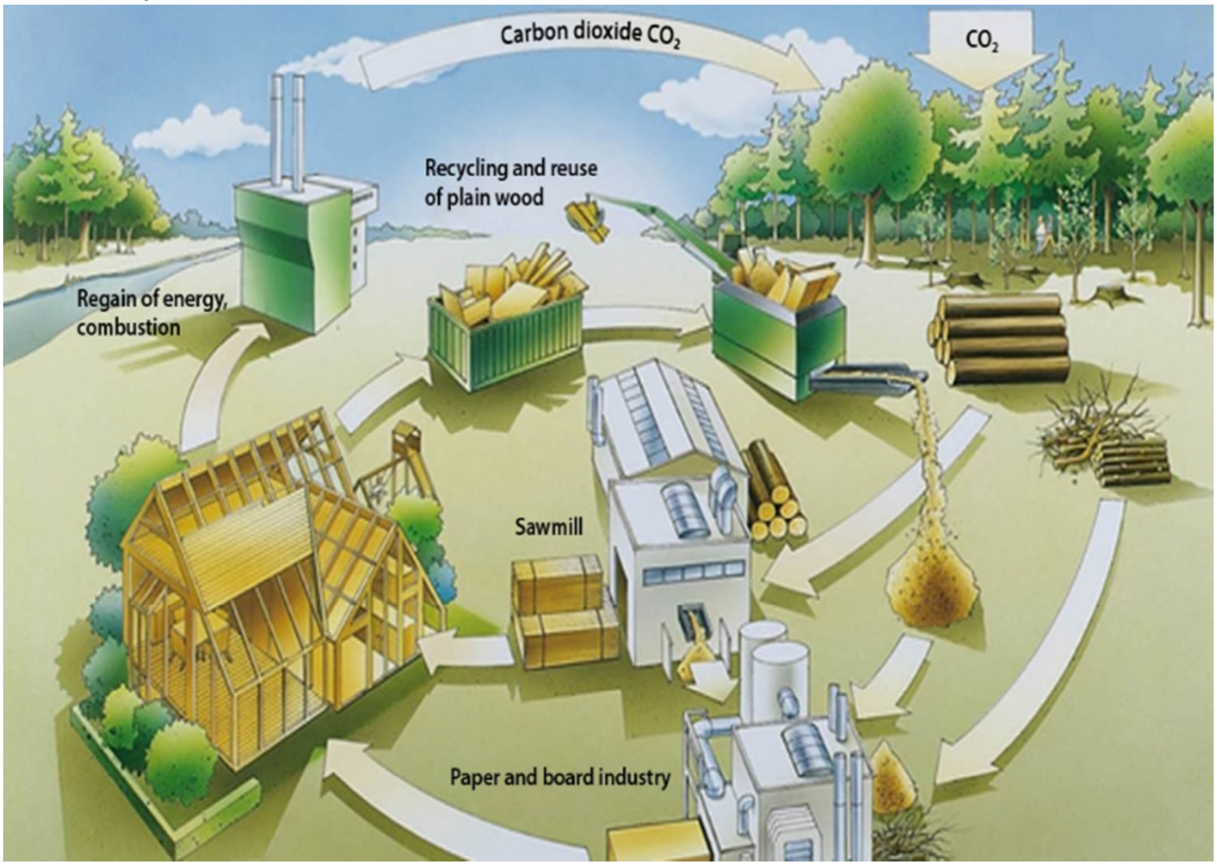
Working conditions

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 2014.

External environment

Sustainability is one of Moelven's basic values. Environmental considerations are a natural part of day-to-day work and work is constantly going on to reduce effects on the 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 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

All of the companies in the Group's timber processing operations are organized for and work to meet applicable requirements for PEFC (Programme for the Endorsement of Forest Certification). All sawmills also comply with the FSC (Forest Stewardship Council) 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.

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.

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 www.moelven.com/no/Om-Moelven/Sertifikater/

Transport

Moelven strives to ensure that the negative impact on the environment from heavy transport to and from our plants is 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 2014, 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. 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

Moelven's energy and heating consumption in 2014 was approx. 810 GWh, across approx. 211 GWh electric power, approx. 599 GWh thermal energy, 848,000 litres of fuel oil and 3.5 million litre 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 has prepared CO_2 accounts since 2010. This is based on the ISO 14064 standard for calculating emissions from Moelven's units. In 2014 Moelven's production and service units generated about 417.6 tons of CO_2. About 86 per cent of this represents CO_2 in the natural circulation of carbon. Emissions were practically unchanged from 2013, while production volume increased by 3.2 per cent over the same period.

Emission type	Fossil/bio	2014 CO2 emission (tonn)	2014 Percentage	2013 CO2 emission (tonn)	2013 Percentage
Direct	Fossil	11 465	2,7 %	12 183	2,9 %
	Bio	347 744	83,3 %	347 333	83,1 %
Indirect	Fossil	43 850	10,5 %	45 369	10,9 %
	Bio	14 559	3,5 %	12 926	3,1 %
Total		**417 618**	**100,0 %**	**417 811**	**100,0 %**

Chemicals, oils, adhesives

Moelven aims to minimize the effect on ground and water by using environmentally friendly products 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.
No conditions have been revealed in 2014 that require remedial measures in the area.

Watering and runoff

Moelven aims to 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 permission from the authorities.
No conditions have been revealed in 2014 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 2014 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 2014 that require remedial measures in the area.

Waste handling

Moelven sorts and recycles waste as far as technically possible and annually follows 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.
No conditions have been revealed in 2014 that require remedial measures in the area.

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

Employees of Moelven must neither accept nor provide gifts or bribes that tarnish integrity. The Group dissociates itself from all forms of corruption and improper actions that impede free competition and market balance.
In the Group's 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.

Moelv 03 March 2015
The Board of Directors of Moelven Industrier ASA

Asbjørn Reinkind
Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre A. Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Morten Kristiansen
Konstituert konsernsjef

FINANCIAL KEY FIGURES

Amounts in NOK million	**Explanation**	**2014**	**2013**	**2012**	**2011**	**2010**
RESULTS						
Operating revenues		8 828,2	8 009,4	8 121,5	8 059,9	7 185,0
Gross operating profit (EBITDA)		490,0	226,9	267,8	238,8	466,1
Depreciation and impairment		286,5	271,6	250,9	225,9	212,1
Operating profit		203,6	-44,7	16,9	12,9	254,0
Net interest and financial items		-88,2	-72,4	-81,2	-125,4	-8,2
Profit before tax		115,3	-117,1	-64,3	-112,4	245,8
Net profit		88,4	-92,6	-36,2	-85,8	179,7
BALANCE SHEET						
Investments in production equipment	A	195,1	351,2	339,4	386,6	258,4
Total assets		4 653,2	4 539,8	4 342,1	4 333,9	4 167,7
Equity		1 592,3	1 518,2	1 543,6	1 540,0	1 755,4
Net interest-bearing liabilities		1 353,1	1 476,1	1 211,3	1 083,9	888,6
Capital employed	B	2 959,9	3 020,1	2 780,7	2 637,1	2 671,0
EARNINGS/RETURN						
Net operating margin	C	2,3 %	-0,6 %	0,2 %	0,2 %	3,5 %
Gross operating margin	D	5,6 %	2,8 %	3,3 %	3,0 %	6,5 %
Return on equity	E	5,5 %	-6,1 %	-2,3 %	-5,2 %	10,6 %
Return on capital employed	F	6,8 %	-1,5 %	0,5 %	0,5 %	10,2 %
Return on total assets	G	2,4 %	-0,6 %	0,2 %	0,3 %	6,6 %
Interest cover	H	1,9	-0,1	0,2	0,2	5,7
CAPITAL STRUCTURE						
Equity ratio	I	34,2 %	33,4 %	35,5 %	35,6 %	42,1 %
Asset turnover	J	1,9	1,8	1,9	1,9	1,9
Debt-equity ratio	K	0,85	0,97	0,78	0,70	0,51
Net interest bearing debt / EBITDA		2,76	6,50	4,52	4,54	1,91
LIQUIDITY						
Liquid ratio I	L	1,56	1,68	1,74	1,85	1,97
Liquid ratio II	M	0,60	0,70	0,70	0,75	0,83
Cash flow from operational activities	N	351,5	86,2	183,5	264,6	-89,3
SHARES						
Profit per share in NOK	O	0,68	-0,70	-0,28	-0,64	1,40
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	2,71	0,67	1,49	2,04	-0,69
Equity per share	Q	12,29	11,72	11,92	11,88	13,55
Assessment value in NOK as at 01.01		12,28	13,22	12,72	13,98	14,82
Dividend per share in NOK	R	0,40	0,0	0,0	0,0	0,65
PERSONNEL						
Number of employees as at 31.12		3 326	3 276	3 375	3 482	3 270
Sick leave percentage	S	5,5 %	5,3 %	5,4 %	5,2 %	5,5 %
Frequency of accidents with absence, H1 value	T	15,9	16,0	15,0	16,4	19,3

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: $\frac{\text{Operating profit + interest income}}{\text{Avarage total capital}}$

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

I: $\frac{\text{Eguity}}{\text{Total capital}}$

J: $\frac{\text{Operating revenues}}{\text{Avarage total capital}}$

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	2014	2013
Sales revenue	6,7	8 758,8	7 963,6
Other operating revenues		69,4	45,8
Operating revenues		**8 828,2**	**8 009,4**
Product expenses		5 838,5	5 085,4
Changes in inventory raw materials, goods under manufacture and finished goods		-237,4	99,3
Payroll expenses	11	1 807,6	1 750,1
Depreciation on tangible and intangible fixed assets	8, 10	286,5	271,6
Other operating expenses	11	929,5	847,7
Operating expenses		**8 624,6**	**8 054,1**
Operating profit		**203,6**	**-44,7**
Income from associates	16	0,0	0,0
Value increase of financial instruments to fair value		16,4	16,1
Other financial income	12	28,2	20,2
Value reduction of financial instruments to fair value		-46,8	-10,6
Other financial costs	12	-86,0	-98,1
Net financial items		**-88,2**	**-72,4**
Profit before tax		**115,3**	**-117,1**
Income tax	13	27,0	-24,5
Net profit		**88,4**	**-92,6**
Profit assigned to:			
Non-controlling interests		0,0	-1,6
Owners of parent company		88,4	-91,0
Annual profit transferred to/from other equity		88,4	-92,6
Total allocation		88,4	-92,6
Earnings per share (in NOK)			
Earnings per share assigned to Moelven's shareholders	21	0,68	-0,70

Statement of comprehensive income

Amounts in NOK million	Note	2014	2013
Net profit		**88,4**	**-92,6**
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Actuarial gains (losses) on defined-benefit pension schemes	23	-40,0	18,8
Income tax on items that are not reclassified to profit or loss	13	10,8	-5,1
		-29,2	13,7
Items that may be reclassified subsequently to profit or loss			
Translation differences		12,3	58,4
Proportion of other income and costs in associated companies	16	0,0	0,0
Other changes		-1,2	-5,0
Income tax on items that may be reclassified to profit or loss	13	0,0	0,0
		11,1	53,4
Other comprehensive income, net of tax		-18,1	67,1
Total comprehensive income for the period		70,3	-25,5
Comprehensive income assigned to:			
Owners of parent company		70,3	-23,9
Non-controlling interests		0,0	-1,6

Consolidated statement of financial position 31.12

Amounts in NOK million	Note	2014	2013
ASSETS			
Deferred tax assets	14	11,4	11,2
Goodwill	10	16,9	16,9
Other intangible assets	10	12,9	20,3
Total intangible assets		**41,2**	**48,4**
Land		96,0	95,7
Buildings and other property		443,9	444,1
Machinery and plant		1 231,4	1 302,2
Fixtures and fittings, tools, office machinery etc.		37,2	34,6
Total tangible fixed assets	8	**1 808,5**	**1 876,6**
Investments in associated companies	16	2,6	2,6
Investments in other shares	15	1,3	1,3
Bonds and other receivables		0,3	0,3
Net pension funds	23	3,3	3,9
Total financial fixed assets		**7,6**	**8,0**
Total fixed assets		**1 857,3**	**1 933,1**
Inventory	17	**1 523,9**	**1 265,9**
Accounts receivable	18, 19	1 051,0	1 057,7
Other receivables	18	200,1	255,0
Total receivables		**1 251,1**	**1 312,7**
Financial derivatives	26	6,6	2,3
Bank deposits, cash etc.	20	14,4	25,9
Total current assets		**2 796,0**	**2 606,7**
Total assets		**4 653,2**	**4 539,8**

Amounts in NOK million	Note	2014	2013
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		752,5	682,1
Total equity assigned to owners of parent company		**1 580,9**	**1 510,5**
Non-controlling interests		11,4	7,6
Total equity		**1 592,3**	**1 518,2**
Pension liabilities	23	125,2	98,5
Deferred tax	14	49,8	32,0
Other provisions		14,8	12,6
Total provisions		**189,8**	**143,1**
Liabilities to credit institutions	5	1 045,7	1 283,1
Other long term liabilities	5	29,6	40,6
Total long term liabilities		**1 075,2**	**1 323,7**
Liabilities to credit institutions	5	144,3	180,6
Financial derivatives	26	101,4	66,7
Accounts payable		516,8	429,1
Public duties payable		157,2	146,3
Tax payable		0,4	0,0
Other short term liabilities	19, 25	875,7	732,3
Total short term liabilities		**1 795,8**	**1 554,9**
Total liabilities		**3 060,9**	**3 021,7**
Total equity and liabilities		**4 653,2**	**4 539,8**
Guarantees	24	12,5	18,0
Mortgages	5	10,0	17,5
Number of shares (Face value per share NOK 5.-)	27	129 541 284	129 541 284

Moelv, 3. mars 2015
Moelven Industrier ASA

Asbjørn Reinkind
Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre A. Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Morten Kristiansen
Konstituert 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 31.12.2013	**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**
Total as at 1.1.2014	**647,7**	**180,7**	**0,0**	**682,2**	**1 510,6**	**7,6**	**1 518,2**
Comprehensive income for the period							
Net profit	**0,0**	**0,0**	**0,0**	**88,4**	**88,4**	**0,0**	**88,4**
Other comprehensive income							
Translation differences	0,0	0,0	0,0	12,3	12,3	0,0	12,3
Other changes	0,0	0,0	0,0	-1,2	-1,2	3,8	2,6
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	-40,0	-40,0	0,0	-40,0
Income tax on other comprehensive income	0,0	0,0	0,0	10,8	10,8	0,0	10,8
Other comprehensive income (net of tax)	0,0	0,0	0,0	-18,1	-18,1	3,8	-14,2
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 31.12.2014	**647,7**	**180,7**	**0,0**	**752,6**	**1 581,0**	**11,4**	**1 592,3**

Consolidated cash flow statement

Amounts in NOK million	Note	2014	2013
CASH FLOW FROM OPERATIONAL ACTIVITIES:			
Net profit		88,4	-92,6
Adjustments to reconcile net profit with net cash flow from operations:			
Depreciation	9	286,5	271,6
Impairment		0,0	0,0
Income from associated companies	16	0,0	0,0
Tax paid		0,0	-4,4
Unpaid pension costs entered as costs and unreceived pension funds entered as income		-8,4	-9,2
Loss (profit) on sale of fixed assets		0,0	-0,6
Net value change of financial instruments to fair value		30,4	-5,3
Non cash financial items		58,9	69,9
Interest payments received		0,2	0,3
Interest paid		-59,1	-70,2
Income tax	13	27,0	-24,5
Changes in operating assets and liabilities:			
Changes in inventory		-258,0	24,0
Changes in accounts receivable and other receivables		60,0	-52,1
Changes in trade accounts payable		87,7	-39,8
Changes in provisions and benefits to employees		47,8	3,3
Changes in short-term liabilities excluding borrowing		-9,7	15,8
Cash flow from operational activities		**351,5**	**86,2**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Investment in plant and equipment exc. acquisition	8, 10	-195,1	-351,2
Net cash outlay on acquisition		0,0	0,0
Receipts from sale of fixed assets		0,5	0,7
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	8	**-194,6**	**-350,5**
CASH FLOW FROM FINANCING ACTIVITIES:			
Short term borrowing		229,0	223,0
Payment of short term debt		-229,0	-223,1
Changes in short-term loans and overdraft		36,2	74,7
Purchase of non-controlling interests		0,0	0,0
Change in long term debt facility		-193,5	198,6
Payment of other long term debt		-11,1	-8,8
Payment of dividend		0,0	0,0
Cash flow from financial activities		**-168,4**	**264,4**
Net increase (reduction) in liquid assets during year		-11,5	0,1
Liquid assets 01.01		25,9	25,8
Effect of exchange rate changes on liquid assets		0,0	0,0
Liquid assets 31.12		**14,4**	**25,9**
Cash and cash equivalents 31.12			
Liquid assets 31.12		14,4	25,9
Unused drawing rights 31.12		224,3	224,9
Restricted bank deposits		0,0	0,0
Cash and cash equivalents 31.12	**20**	**238,7**	**250,8**

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 3 March 2015 and the ordinary general meeting to discuss the annual accounts has been fixed for 23 April 2015.

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 3 March 2015.

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 9 *Financial Instruments*	Not determined by the EU	
IFRS 15 *Revenue from contracts with custumers*	Not determined by the EU	
Revised standards and interpretations		
Defined Benefin Plans: Employee Contributions – Amendments to IAS 19	1. February 2015	Accounting year 2015
Accounting for Acquisitions of Interests in Jount Operations – Amendment to IFRS 11	1. January 2016	Not determined by the EU
Clarifications of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1. January 2016	Not determined by the EU
Equity Method in Separate Financial Statements – Amendments to IAS 27 *(2011)*	1. January 2016	Accounting year 2016

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

	2014	2013
Swedish krone (SEK)		
Income statement rate	0.9186	0.9020
Balance sheet rate	0.9597	0.9472
Danish krone (DKK)		
Income statement rate	1.1207	1.0466
Balance sheet rate	1.2136	1.1237
Euro (EUR)		
Income statement rate	8.3548	7.8052
Balance sheet rate	9.0365	8.3825
British pound (GBP)		
Income statement rate	10.3664	9.1929
Balance sheet rate	11.5710	10.0527

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 value loss. Book value is then compared with estimated net sales value. Management must take many things into account when making this estimate.

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%. For businesses in less mature markets, the range may be even greater. Moelven must distribute the cost price of 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 Finansiell risikohåndtering

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 2014 and 2013.

Transactions and hedging in the main currency 2014.

NOK million	EUR	GBP	DKK	Other	Total
Operating revenues	937	359	190	130	18
Operating expenses	476	27	129	18	19
Net exposure	**461**	**332**	**61**	**111**	**-2**
Estimated annual net exposure	461	332	61	111	-2
Hedging volume pas at 31.12.2014 maturing <12 md	196	90	10	16	-
Hedging ratio as at 31.12.2014 for the next 12 Months	**43 %**	**27 %**	**17 %**	**14 %**	**0 %**

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	86	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 %**

Added to the exposure in the table above, the Group has ha net exposure in SEKNOK of approx. NOK 330 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 2014	**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	8,35	461	8,44	4,61	9,19	46,09	8,27	-4,61	7,52	-46,09
Change in GBPNOK	10,37	332	10,47	3,32	11,40	33,16	10,26	-3,32	9,33	-33,16
Change in DKKNOK	1,12	61	1,13	0,61	1,23	6,08	1,11	-0,61	1,01	-6,08
Change in SEKNOK	0,92	330	0,93	3,30	1,01	33,00	0,91	-3,30	0,83	-33,00

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 31.12.2014.

			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	9,04	196	9,13	-0,09	9,94	-0,90	8,95	0,09	8,13	0,90
Change in GBPNOK	11,57	90	11,69	-0,12	12,73	-1,16	11,46	0,12	10,41	1,16
Change in DKKNOK	1,21	10	1,23	-0,01	1,33	-0,12	1,20	0,01	1,09	0,12
Change in SEKNOK	0,96	81	0,97	0,01	1,06	0,10	0,95	-0,01	0,86	-0,10

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	**2014**	**2013**
10 % change i SEK/NOK	63,2	53,84
10 % change i EUR/NOK	-0,0	0,04
10 % change i DKK/NOK	1,6	1,414
10 % change i GBP/NOK	0,1	0,03
Total effect	64,8	55,324

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 2014 was NOK 1 404.8 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 14.2 million. According to financial policy, however, was 49.2 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	1 404,80		14,2	-14,2
Secured portion not affected by market fluctuations		49,2 %	-7,0	7,0
Net effect on annual interest expenses before unrealized items			**7,2**	**-7,2**
Unrealized gains / losses on hedging instruments that are recognized			-28,8	27,2
The total effect including unrealized valuechange			**-21,6**	**20,0**

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	190	-190,00	-1,57	-1,62	-1,66
Proportion secured acc. Policy	0,78	147,25	1,21	1,25	1,29
Sensitivity taking into account hedging		**-42,75**	**-0,35**	**-0,36**	**-0,37**

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	190	30	47,03	48,45	49,88
Changes in the cost of currency change EURNOK from 8.25				**1,43**	**2,85**

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 31.12.2014 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)	143 023	4 290,69	35,40	36,47	37,54
Hedging where market value are recognized according to IAS 39	127 014	3 810,42	31,44	32,39	33,34
Total	**270 037**	**8 101,11**	**66,83**	**68,86**	**70,88**

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. One facility of NOK 300 mill which the facility is reduced by NOK 150 million at 30. September 2015 and the other NOK 150 million has maturity in May 2016. The other facility har maturity in June 2017.The loan agreements include normal default clauses with regard to equity, net equity value and debt ratio. As at 31 December 2014, 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 312 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	150,0	146,0	889,7				1 185,7
Bilateral loans	4,4	4,4	1,1				10,0
Financial leasing	11,8	7,4	4,8	2,4	0,1	0,6	27,1
Other long term loans	0,5						0,5
Long term interst bearing debt	**166,7**	**157,8**	**895,6**	**2,4**	**0,1**	**0,6**	**1 223,2**
Short term interest bearing debt	1,0						1,0
Bank overdraft	128,9						128,9
Sum agreements with yearly renewal	129,9						129,9
Short term interest bearing debt (to be paid in next 12 months)							**296,6**
Long term interst bearing debt (to be paid in 12 months time or later)							**1 056,5**

Long term liabilities by currency	**as at 31 December**	
Amounts in NOK million	**2014**	**2013**
NOK	267,7	255,4
SEK	955,5	1 095,5
Total	**1 223,2**	**1 320,9**

Mortgages - Secured loans:

Amounts in NOK million	2014	2013
Bank overdraft	0,0	0,0
Long-term loans	10,0	17,5
Total	**10,0**	**17,5**

Book value of pledged assets:

Amounts in NOK million	2014	2013
Machinary and plants	15,2	16,4
Buildings	6,9	7,9
Land	2,3	2,3
Inventory	26,6	20,5
Accounts receivable	2,1	1,7
Total	**53,1**	**48,8**

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	2014	2013
Interest-bearing debt	1 367,5	1 501,9
Interest-bearing assets	14,4	25,9
Net interest-bearing debt	1 353,1	**1 476,1**
Total equity	**1 592,3**	**1 518,2**
Liabilities / equity	0,85	0,97

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, profit margins, 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	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Sales to external customers	8 828,2	8 009,4	2 391,9	2 184,1	2 954,3	2 748,0	2 832,2	2 505,3	721,6	645,3
Sales to internal customers	0,0	0,0	480,4	359,8	111,9	72,5	4,4	8,8	2 482,8	1 978,4
Operating revenues	8 828,2	8 009,4	2 872,3	2 543,9	3 066,2	2 820,4	2 836,7	2 514,1	3 204,4	2 623,7
Depreciation and impairment	286,5	271,6	116,5	116,0	114,4	104,9	41,6	38,0	13,9	12,8
Operating profit	203,6	-44,7	83,0	-11,6	110,9	23,5	57,2	-19,1	-47,5	-37,5
Income from associates	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial income	28,2	20,2	0,0	0,0	6,4	2,3	10,6	6,5	68,2	69,4
Value change financial instruments	-30,4	5,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial costs	-86,0	-98,1	-26,3	-29,4	-30,1	-33,1	-4,2	-6,3	-112,8	-81,7
Profit before tax	115,3	-117,1	56,7	-40,9	87,3	-7,4	63,5	-19,0	-92,2	-49,9
Operating margin in per cent	2,3 %	-0,6 %	2,9 %	-0,5 %	3,6 %	0,8 %	2,0 %	-0,8 %	-1,5 %	-1,4 %
Cash flow from operating profit	490,0	226,9	199,5	104,4	225,3	128,4	98,8	18,9	-33,6	-24,7
Fixed assets	1 808,5	1 876,6	777,8	822,6	706,2	729,0	246,1	243,1	78,4	81,8
Inventory	1 523,9	1 265,9	496,9	362,9	780,6	648,4	154,9	149,5	91,4	105,1
Accounts receivable	993,5	989,1	284,5	276,3	295,5	323,6	385,0	365,9	318,1	257,5
Accounts payable	516,8	429,1	211,9	190,0	197,3	171,8	160,3	121,5	241,9	180,1
Projects net	-67,3	-32,2	0,0	0,0	0,0	0,0	-67,3	-32,2	0,0	0,0
Net operating capital (% of operating revenues)	21,8 %	22,4 %	19,8 %	17,7 %	28,7 %	28,4 %	11,0 %	14,4 %	5,2 %	7,0 %
Total assets	4 653,2	4 539,8	1 754,5	1 684,3	2 033,9	1 957,7	1 256,4	1 189,9	2 702,7	2 695,7
Interest bearing liabilities	1 367,5	1 501,9	468,7	529,1	627,9	626,4	76,2	93,4	1 100,1	1 142,4
Interest free liabilities	1 693,4	1 453,0	472,3	406,9	590,9	543,2	656,3	552,3	597,9	578,0
Capital employed	2 959,9	3 020,1	1 282,2	1 277,5	1 442,9	1 414,6	600,1	637,6	2 104,8	2 162,0
Return on capital employed	6,8 %	-1,5 %	6,5 %	-0,9 %	7,9 %	1,8 %	10,6 %	-2,1 %	-0,8 %	-0,2 %
Equity	1 592,3	1 518,2	813,5	748,4	815,1	788,2	523,9	544,1	1 004,7	1 015,4
Equity ratio	34,2 %	33,4 %	46,4 %	44,4 %	40,1 %	40,3 %	41,7 %	45,7 %	37,2 %	37,7 %
Investments	195,1	351,2	67,6	119,5	82,1	174,7	37,9	43,4	7,5	13,6
Number of full-time equivalents	3 326	3 276	703	677	993	1 011	1 498	1 460	132	128
Sick leave in %	5,5 %	5,3 %	4,3 %	4,9 %	5,7 %	5,1 %	6,1 %	6,0 %	2,4 %	2,4 %
H1 value	15,9	16,0	14,7	26,6	18,2	15,2	15,8	13,0	4,7	0,0

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

Operating revenues	**2014**	**2013**
Operating revenues for reported segments	11 979,6	10 502,1
Elimination of internal transactions	-3 151,4	-2 492,7
Consolidated operating revenues	8 828,2	8 009,4

Profit before tax	**2014**	**2013**
Annual profit from reported segments	115,3	-117,1
Elimination of internal transactions	0,0	0,0
Consolidated profit before tax	115,3	-117,1

Assets	**2014**	**2013**
Total assets from reported segments	7 747,5	7 527,6
Elimination of internal transactions	-3 094,3	-2 987,8
Consolidated total assets	4 653,2	4 539,8

Liabilities	**2014**	**2013**
Total liabilities from reported segments	4 590,3	4 471,7
Elimination of internal transactions	-1 529,4	-1 516,7
Consolidated total liabilities	3 060,9	2 954,9

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	**2014**	**2013**
Norway	3 807,7	3 447,5
Sweden	3 264,6	2 860,0
Denmark	307,0	283,9
United Kingdom	341,3	322,0
Germany	156,1	208,9
Other Europe	476,9	445,8
Asia	162,8	174,3
Africa	271,7	230,2
Other countries	40,1	36,7
Total	**8 828,2**	**8 009,4**

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	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Norway	1 697	1 660	797,7	829,9	1 046,8	1 208,9	101,4	149,9
Sweden	1 597	1 582	1 010,3	1 045,2	1 890,1	1 780,5	93,7	201,1
Denmark	19	21	0,3	0,5	22,1	24,8	0,0	0,2
England	9	9	0,2	0,8	-3,4	3,0	0,0	0,0
Germany	3	3	0,1	0,1	3,2	2,7	0,0	0,0
Netherlands	1	1	0,0	0,0	1,1	0,2	0,0	0,0
Total	**3 326**	**3 276**	**1 808,5**	**1 876,6**	**2 959,9**	**3 020,1**	**195,1**	**351,2**

Note 7 - Sales income

Amounts in NOK million	**2014**	**2013**
Sale of goods	6 218,0	6 450,2
Sale of services - service contracts	118,2	1,7
Income from construction contracts	2 422,6	1 511,7
Sales income	**8 758,8**	**7 963,6**

In sales income for the group, internal deliveries and services between the group companies amounting to NOK 5.934 million have been eliminated (NOK 5.031 million).

Note 8 - Fixed assets

Amounts in NOK million	Plots	Buildings and other property	Machinery and plant	Fixtures and fittings, tools etc.	Total
Acquisition value as at 31.12.2012	**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

Amounts in NOK million	Plots	Buildings and other property	Machinery and plant	Fixtures and fittings, tools etc.	Total
Acquisition value as at 31.12.2013	**95,7**	**1 010,0**	**3 397,8**	**225,9**	**4 729,4**
Acquisitions	0,2	39,3	139,2	13,1	**191,8**
Disposals	0,0	0,0	-0,5	0,0	**-0,5**
Transfers	0,0	0,7	-3,0	0,1	**-2,2**
Translation differences	0,1	2,9	15,5	0,1	**18,6**
Acquisition value as at 31.12.2014	**96,0**	**1 052,9**	**3 549,0**	**239,2**	**4 937,0**
Accumulated ordinary depreciations 31.12.2013	0,0	565,9	2 095,6	191,3	2 852,8
Disposals accumulated depreciations	0,0	0,0	0,0	0,0	0,0
Depreciation and write downs for the year	0,0	43,2	222,0	10,6	275,8
Accumulated ordinary depreciations 31.12.2014	**0,0**	**609,1**	**2 317,6**	**201,9**	**3 128,6**
Book value 31.12.2013	95,7	444,1	1 302,2	34,6	1 876,6
Book value 31.12.2014	**96,0**	**443,9**	**1 231,4**	**37,2**	**1 808,5**

Ordinary depreciation rates are given in note 3.11

Note 9 - Leasing

Operating lease

The group recognised expenses of NOK 20,4 million in relation to operating leases in 2014. The equivalent expense in 2013 was NOK 23,0 million.

Minimum lease payments relating to operating leases

	2014	2013
0-1 year	20,1	15,9
1-2 years	15,9	12,3
3-4 years	11,8	10,0
> 4 years	10,6	13,5
Sum	**58,4**	**51,7**

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

	2014	**2013**
0-1 year	12,4	15,4
1-2 years	8,3	9,9
3-4 years	6,6	9,6
> 4 years	1,0	4,2
Sum	**28,3**	**39,1**
Capitalised value of leased assets	**24,5**	31,3

Note 10 a - Intangible assets

Amounts in NOK million	Goodwill	Other intangible assets	Total
Acquisition value as at 31.12.2012	16,9	48,2	65,1
Acquisitions through purchase	0,0	5,5	5,5
Business combinations	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 %	

Amounts in NOK million	Goodwill	Other intangible assets	Total
Acquisition value as at 31.12.2013	16,9	54,2	71,1
Acquisitions through purchase	0,0	3,3	3,3
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	0,0	0,0
Acquisition value as at 31.12.2014	16,9	57,4	74,3
Accumulated ordinary depreciations 31.12.2013	0,0	33,9	33,9
Disposals accumulated depreciations	0,0	0,0	0,0
Depreciation for the year	0,0	10,7	10,7
Accumulated ordinary depreciations 31.12.2014	0,0	44,6	44,6
Book value 31.12.2013	16,9	20,3	37,2
Book value 31.12.2014	16,9	12,9	29,8
Ordinary depreciation rates in per cent	0 %	20 %	

Note 10 b - Impairment test of goodwill

As at 31.12.2014 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:	**2014**	**2013**
Sør-Tre/Granvin/Eco Timber	**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 2.1% with an added risk premium of 5.3 %. 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 2014 or 2013.

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 lead to write down of the goodwill in the Wood division in the consolidated accounts. The goodwill regarding other units are considered as immaterial and a sensitivity analysis is not performed.

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

Amounts in NOK million	**2014**		**2013**	
	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 a - Payroll expenses

Amounts in NOK million	**2014**	**2013**
Payroll cost	1 445,2	1 404,2
Social security cost	295,2	275,9
Pension costs - contribution-based pension schemes	42,5	45,2
Pension costs - defined-benefit pension schemes	24,7	24,9
Total	**1 807,6**	**1 750,1**

11 b Average number of employees

Average number of employees in 2014 was 3 298 and in 2013 it was 3 326. Moelven had 3 326 employees at the end of 2014 compared to 3 276 employees at the end of 2013.

11 c Remuneration to auditor

Amounts in NOK million, paid during the financial year	**2014**	**2013**
Legally required audit	3,9	4,3
Other attestation services	0,2	0,3
Tax consultancy	0,2	0,1
Other, non auditing services	1,2	0,6
Total	**5,6**	**5,3**

Note 12 - Financial income and costs

Amounts in NOK million

	2014	**2013**
Financial income	28,2	20,2
Financial costs	-86,0	-98,1
Financial income		
Interest income, bank	0,2	0,3
Foreign currency gains	25,2	16,9
Other financial income	2,8	3,0
Total financial income	**28,2**	**20,2**
Financial costs		
Interest and commission costs, bank	-1,8	-2,4
Interest on long term loan financing	-62,8	-70,2
Foreign currency losses	-19,6	-23,4
Other financial costs	-1,9	-2,1
Total financial costs	**-86,0**	**-98,1**

Note 13 - Tax costs

Amounts in NOK million

	2014	**2013**
Tax payable	0,4	0,0
Deferred tax changes	26,6	-24,5
Tax costs	27,0	-24,5

	2014	**2013**
Tax payable for the year	0,4	0,0
Total tax payable	0,4	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	**2014**	**2013**
Profit before tax	115,3	-117,1
Tax calculated with the group's tax rate 28 %	31,1	-32,8
Tax effects of:		
Difference due to different tax rates	-5,9	0,8
Change of tax rate in Sweden	0,0	1,8
Contribution from associated companies	0,0	0,0
Permanent differences	2,1	2,6
Other	-0,3	3,1
Tax cost on the income statement	27,0	-24,5

	2014	**2013**
Weighted average tax rate	23,4 %	21,0 %

Amounts in NOK million		**2014**			**2013**	
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	-40,0	10,8	-29,2	18,8	-5,1	13,7
Elements that can be later reclassified to earnings						
Translation differences	12,3	0,0	12,3	58,4	0,0	58,4
Other changes	-1,2	0,0	-1,2	-5,0	0,0	-5,0
Other income and expenses during the period (after tax)	-28,9	10,8	-18,1	72,2	-5,1	67,1

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	**2014**	**2013**
Temporary differences		
Asset reserves	-3,8	-2,5
Inventory	46,8	44,6
Cost provisions	13,9	8,3
Other short-term temporary differences	-96,1	-64,4
Sub-total short-term differences	**-39,2**	**-14,0**
Fixed assets	42,6	40,9
Profit and loss account	4,0	5,1
Pension funds	0,0	0,0
Pension commitments	-93,3	-77,7
Other long-term items	421,1	314,6
Sub-total long-term items	**374,5**	**282,9**
Tax-assessed loss carry-forward.	-118,1	-143,5
Net temporary differences	**217,2**	**125,4**
Deferred tax asset	11,4	11,2
Deferred tax	49,8	32,0
Net deferred tax	**38,4**	**20,8**

14.2 Assets with deferred tax from loss carry-forward

Amounts in NOK million	**2014**	**2013**
Norway	29,1	34,9
Sweden	0,0	1,3
Denmark	0,0	0,0
Total deferred tax benefit from loss carry-forward	**29,1**	**36,2**

The group has a total of NOK 118,5 million in loss carry-forward as at 31.12.2014. NOK 75,5 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 32,1 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 0,2 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

	2014	**2013**
Net deferred tax obligation 1 January		
Included on income statement	20,8	31,5
Other income and costs pensions	26,6	-24,5
Included in equity	-10,8	5,1
Translation differences and other	1,8	8,7
Net deferred tax obligation 31 December	**38,4**	20,8

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 %	312	827	83	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 % SEK	100	333 SEK	33	48
Others					273
Total others					**511**
Total group					**1 342**

Note 16 - Investments in associated companies

Amounts in NOK million	2014	2013
Book value as ate 01.01	2,6	2,6
Proportion of annual profit	0,0	0,0
Disposals	0,0	0,0
Translation differences	0,0	0,0
Proportion of other income and expenses	0,0	0,0
Book value as at 31.12	2,6	2,6

Amounts in NOK million

2013

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

2014

Name	Home country	Assets	Liabilities	Income	Profit	Book value	Holding
Weda Skog AB	Sweden	32,3	29,6	248,8	0,0	2,6	30,0 %
		32,3	**29,6**	**248,8**	**0,0**	**2,6**	

Note 17 - Inventory

Amounts in NOK million	2014	2013
Raw materials and purchased semi finished goods	591,9	463,2
Goods in processing	191,1	177,7
Finished own products	738,4	622,7
Prepayments to supplier	2,4	2,3
Total inventory	**1 523,9**	**1 265,9**

Amounts in NOK million		
Inventory valued at acquisition cost	1 113,1	908,2
Inventory valued at fair value.	410,8	357,6
Total inventory	**1 523,9**	**1 265,9**

Write down of inventory to fair value in 2014 is included in profit and loss with NOK 22,2 million.
The equivalent value in 2013 was NOK 46,6 million.
The book value of inventories pledged as security in 2014 was NOK 10,0 million and NOK 17,5 million in 2013.

Note 18 - Accounts receivable and other receivables

Amounts in NOK million	Note	**2014**	**2013**
Accounts receivable			
Accounts receivable gross		993,5	992,7
Provision for loss on accounts receivable		-5,0	-4,1
Earned not invoiced	19	62,5	69,0
Accounts receivable entered on the balance sheet		**1 051,0**	**1 057,7**
The year's confirmed losses on receivables		0,3	1,8
Changes in provision for loss		0,9	0,3
Losses on receivables on income statement		**1,2**	**2,1**
Other receivables			
VAT in credit		79,5	90,8
Other receivables		120,7	164,2
Total other receivables		**200,1**	**255,0**

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	**2014**	**2013**
NOK	429,5	469,6
SEK	421,2	376,7
EUR	79,4	66,4
DKK	14,1	18,6
GBP	36,6	45,6
Other currencies	12,6	15,9
Total	**993,5**	**992,7**

Age distribution of outstanding accounts receivable

Amounts in NOK million	**2014**	**2013**
Accounts receivable within credit terms	757,7	743,2
Under 30 days beyond due date	178,7	187,4
31 to 60 days beyond due date	12,3	21,1
61 to 90 days beyond due date	20,1	13,9
91 to 180 days beyond due date	4,7	3,3
Over 180 days beyond due date	19,9	23,8
Total	**993,5**	**992,7**

Note 19 - Projects in progress

Amounts in NOK million

	Note	2014	2013
Distribution of sales			
Project sales		2 422,6	1 416,8
Service contracts		118,2	96,6
Sale of goods		380,5	211,8
Total		**2 921,3**	1 725,2
Projects in progress entered on the income statement *)			
Accumulated income		**1 142,7**	856,4
Accumulated accrued expenses		**967,1**	698,9
Accumulated contributions		**175,6**	157,5
Loss projects in progress **)		**15,0**	0,0
Earned not invoiced income	18	**62,5**	69,0
Prepayments from customers	25	**75,8**	34,7
Deferment of costs (+ liability/ - receivable)		**14,5**	3,3

*) 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	**2014**	**2013**
Bank deposits 31.12.	14,4	25,9
Unused drawing rights 31.12	224,3	224,9
Restricted bank deposits	0,0	0,0
Cash and cash equivalents 31.12	**238,7**	**250,8**

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.

	2014	**2013**
Annual profit assigned to Moelven's shareholders	88,4	-91,0
Average number of shares	129,5	129,5
Earnings per share	0,68	-0,70

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.

	2014	**2013**
Total equity assigned to owners of parent company	1 580,9	1 510,5
Average number of shares	129,5	129,5
Equity per share	12,20	11,66

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 %	13 920		710	9 490	*	983 188 397
Moelven Valåsen AB	100,0 %	50 000	SEK	500 000	143 955	**	556310-4206
Moelven Dalaträ AB	100,0 %	20 000	SEK	200 000	52 784	**	556118-4614
Moelven Nössemark Trä AB	100,0 %	300	SEK	3 000	53 956	**	556199-3782
Moelven Årjäng Såg AB	100,0 %	300	SEK	3 000	47 985	**	556215-9177
Moelven Notnäs AB	100,0 %	3 250	SEK	650 000	47 985	**	556217-1636
Moelven Norsälven AB	100,0 %	3 500	SEK	35 000	33 590	**	556040-2181
Moelven Ransbysågen AB	100,0 %	1 000	SEK	10 000	16 315	**	556192-8143
Moelven Component AB	100,0 %	2 580	SEK	25 800	7 482	**	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	8 637	**	556227-4547
Moelven Tom Heurlin AB	100,0 %	1 500	SEK	15 000	19 194	**	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
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	14 431	**	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	21 146	**	556297-9129
Moelven Värmlands Trä AB	100,0 %	3 000	SEK	3 000	31 574	**	556061-2110
Moelven Notnäs Wood AB	100,0 %	3 800	SEK	38 000	14 779	**	556148-6803
Moelven Valåsen Wood AB	100,0 %	20 100	SEK	201 000	27 243	**	556343-2839
Moelven Edanesågen AB	100,0 %	4 000	SEK	4 000	74 786	**	556061-4462
Moelven Lovene AB	100,0 %	5 000	SEK	50 000	6 718	**	556851-8517
Moelven Vänerply AB	100,0 %	20 000	SEK	5 000	19 194	**	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	46 066	**	556023-8023
Moelven ByggModul AS	100,0 %	31 688		158 440	89 299	*	941 809 219
Moelven Byggmodul AB	100,0 %	5 000	SEK	50 000	86 373	**	556310-7134
Moelven Byggfinansiering AB	100,0 %	275	SEK	2 750	7 720	**	556255-0888
Moelven Modus AS	100,0 %	22 000		2 200	95 000	*	951 269 778
Moelven Modus AB	100,0 %	4 000	SEK	40 000	43 762	**	556175-3178
Moelven Modus Prosjekt AS	100,0 %	232	NOK	232	4 250	***	979 568 452
Moelven Elektro AS	100,0 %	10 000		40 000	12 000	*	980 342 182
Moelven Elektro AB	100,0 %	100	SEK	1 000	2 015	**	556783-8239
Moelven U.K. Ltd	100,0 %	50	GBP	49 999	1	*	1775490
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	23 993	**	556624-0957
Moelven Virke AS	100,0 %	5 000		50 000	4 546	*	975 924 955
Moelven Bioenergi AS	100,0 %	6 000		6 000 000	6 800	*	990 041 881
Vänerbränsle AB	82,3 %	336	SEK	2 613	2 694	**	556432-9851
Skåre Kontorshotell AB	100,0 %	100	SEK	1 000	696	**	556550-1664
Moelven Malmö Holding AB	100,0 %	2 580	SEK	2 580	14 877	**	556451-0278
Moelven Portefølje AS	100,0 %	1 000		1 000	1 152	*	982 792 835

*) Company owned by Moelven Industrier ASA
**) Company owned by Moelven Industrier AB
***) Company owned by Moelven Modus 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.

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.

Secured schemes
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:

	2014	2013
Return on pension funds	3,00 %	4,10 %
Discount rate	3,00 %	4,10 %
Annual pay increase	3,00 %	3,75 %
Annual G adjustment (National Insurance Scheme's amount)	3,00 %	3,50 %
Annual adjustment of pensions being paid	1,50 %	1,75 %
Average employer's contribution factor	14,10 %	14,10 %

23.2 - Pension commitments entered in the accounts
Amounts in NOK million

	2014	2013
Present value of the secured pension commitments	471,4	425,2
Present value of the unsecured pension commitments	17,6	22,8
Total present value of pension commitments	489,0	448,0
Fair value of pension funds	-368,0	-353,9
Net pension liability outside Norway	0,9	0,5
Pension commitments entered	121,8	94,6

In the balance sheet the pension commitments are entered gross with the following amounts:

Net pension funds	3,3	3,9
Pension liabilities	125,2	98,5

23.3 – Pension costs

Amounts in NOK million	2014	2013
Pension entitlements accrued in the year	15,0	15,9
Administration costs	2,3	2,2
Net financial costs/income	3,2	2,6
Pension costs secured and unsecured defined benefit schemes	20,6	20,6
Contribution pension costs and other pension costs	46,7	49,4
Pension cost (net) entered on the income statement	67,3	70,0
Of which, the pension cost for contractual pensions (AFP)	0,8	1,0

23.4 – Pension commitments and pension funds

Amounts in NOK million	2014			2013		
	Secured	Un-secured	Total	Secured	Un-secured	Total
Changes in gross pension commitments						
Pension commitments 1.1.	412,8	20,6	433,4	414,7	34,6	449,3
Employer's contribution in gross pension commitments	12,4	2,2	14,6	10,8	4,8	15,6
Present value of the year's pension contribution	15,0	0,1	15,0	15,8	0,1	15,9
Interest costs on the pension commitments	17,3	0,8	18,1	14,5	1,3	15,8
Receipts	0,0	0,0	0,0	0,0	0,0	0,0
Employer's contribution receipts	-3,1	0,0	-3,1	-3,1	0,0	-3,1
Actuarial gains and losses	32,5	1,2	33,8	-14,2	-7,3	-21,5
Pension payments	-15,5	-7,2	-22,7	-13,3	-10,6	-23,9
Commitments taken over in company mergers	0,0	0,0	0,0	0,0	0,0	0,0
Gross pension commitments 31.12	**471,4**	**17,6**	**489,0**	425,2	22,8	448,0
Changes in gross pension funds						
Fair value pension funds 1.1	353,9		353,9	335,5		335,5
Projected return on pension funds	12,6		12,6	11,0		11,0
Actuarial gains and losses	-6,3		-6,3	-2,7		-2,7
Premium payments	26,5		26,5	26,5		26,5
Employer's contribution receipts	-3,1		-3,1	-3,1		-3,1
Payment of pensions/paid-up policies	-15,5		-15,5	-13,3		-13,3
Company mergers	0,0		0,0	0,0		0,0
Fair value pension funds 31.12	**368,0**		**368,0**	353,9		353,9

	2014	2013
The actual return on pension funds was	4,4 %	4,4 %

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

Main category	2014	2013
Shares	7,1 %	4,2 %
Bank market	22,4 %	24,7 %
Bonds	53,4 %	55,7 %
Property	15,0 %	13,9 %
Other	2,1 %	1,5 %
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 2014. 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)	-60,4	75,5	53,9	-40,3	-23,3	27,7	36,6	-45,3	18,8	23,5
Net pension cost for the period	-1,3	1,6	1,2	-0,8	-0,5	0,6	0,8	0,9	0,6	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)	-13 %	16 %	11 %	-9 %	-5 %	6 %	8 %	-10 %	4 %	5 %
Net pension cost for the period	-6 %	8 %	6 %	-4 %	-2 %	3 %	4 %	-5 %	3 %	3 %

Note 24 - Provisions

Guarantee liability on projects

Guarantee provisions	2014	2013
Guarantee provisions as at 1.1	15,7	12,7
Used during the year	-1,7	-0,6
Reversed during the year	-1,5	-0,1
New provisions during the year	1,2	3,7
Guarantee provisions 31.12	**13,7**	**15,7**

Other guarantee liability

	2014	2013
Loan guarantees/financial guarantees	12,5	18,0

Moelven Industrier is operating business that can effect the external environment. Moelven performs periodical mapping of the environmeltal effect of our production. Based on these mappings, Moelven has assessed that the recognition criteria of a reliable estimate is not fulfilled. There is therefore not recognized any provisions regarding environmental effects.

Note 25 - Other short-term liabilities

Other short term liabilities	Note	2014	2013
Prepayments from customers	19	75,8	34,7
Accrued holiday pay		163,4	152,8
Bonus provisions		105,6	104,3
Accrued costs and other short term liabilities		680,9	440,4
Total other short term liabilities		**875,7**	**732,3**

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: 31.12.2014

Amounts in NOK million	Receivables	Fair value through profit or loss	Book value	Fair value
Financial receivables				
Accounts receivable	1051,0	0,0	1051,0	1051,0
Other receivables	200,1	0,0	200,1	200,1
Financial instruments	6,6	6,6	6,6	6,6
Bank deposits etc.	14,4	0,0	14,4	14,4
Total	**1 272,1**	**6,6**	**1 272,1**	**1 272,1**

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	1 196,6	0,0	1 196,6	1 196,6
Financial leasing liabilities	27,2	0,0	27,2	27,2
Other long term liabilities	2,4	0,0	2,4	2,4
Financial instruments	0,0	101,4	101,4	101,4
Liabilities to suppliers	516,8	0,0	516,8	516,8
Overdrafts	143,3	0,0	143,3	143,3
Total	**1 886,3**	**101,4**	**1 987,7**	**1 987,7**

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**

26.2 Nominal value of financial instruments

Amounts in NOK million	As at 31 December 2014	2013
Interest rate derivatives		
Maturing under 1 year	0,0	123,7
Maturing 2 - 5 years	289,9	502,6
Maturing 6 - 10 years	315,9	168,4
Total	**605,9**	**794,7**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	248,5	316,9
Maturing 7-12 months	60,0	58,8
Maturing >12 months	5,3	1,8
Total	**313,8**	**377,5**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	87,1	29,8
Maturing 7-12 months	14,0	0,0
Maturing >12 months	0,0	0,0
Total	**101,1**	**29,8**
Power derivatives		
Maturing under 1 year	23,8	24,2
Maturing 1-2 years	18,9	31,8
Maturing 3-4 years	11,5	2,3
Total	**54,2**	**58,4**
Power derivatives accounted accordring to IAS 39 as purchace for own use		
Maturing under 1 year	22,4	26,4
Maturing 1-2 years	11,5	17,6
Maturing 3-4 years	6,5	0,0
Total	**40,5**	**44,0**

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.

31.12.2014

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets				
Financiel instruments - currency derivative	0,0	6,6	0,0	6,6
Total assets	**0,0**	**6,6**	**0,0**	**6,6**
Liabilities				
Financiel instruments - currency derivative	0,0	10,2	0,0	10,2
Financial instruments - interest derivative	0,0	80,1	0,0	80,1
Financial instruments - power derivative	11,1	0,0	0,0	11,1
Total liabilities	**11,1**	**90,3**	**0,0**	**101,4**
Liabilities after exception in IAS 39 *				
Financial instruments - power derivative	5,8	0,0	0,0	5,8
Total liabilities outside balance sheet	**5,8**	**0,0**	**0,0**	**5,8**

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**
Assets after exception in IAS 39				
Financial instruments - power derivative	8,8	0,0	0,0	8,8
Total assets outside balance sheet	**8,8**	**0,0**	**0,0**	**8,8**

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

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

Summary of shareholders as at 31.12.2014	
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 SA	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 SA	Norway	15 378 530	11,87 %
Mjøsen Skog SA	Norway	15 221 334	11,75 %
AT Skog SA	Norway	9 442 026	7,29 %
Havass Skog SA	Norway	5 205 176	4,02 %
7 largest owners		**129 072 091**	**99,64 %**
Other 941 shareholders		469 193	0,36 %
Total 948 shareholders		**129 541 284**	**100,00 %**

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	0	Helge Urstrømmen	0	Asbjørn Reinkind	0	Morten Kristiansen	500
Marit Olive Lindstad	0	Erik Dahl	0	Trond Stangeby	0	Ole Helge Aalstad	1000
Olav A. Veum	0	Knut Aas	0	Elisabeth Krokeide	0	Bjarne Hønningstad	2300
Rolf Th. Holm	0	Thorvald Grini	0	Sverre Larssen	0	Marcus Johansson	1012
Gudbrand Gulsvik	0	Olav Breivik	0	Heidi Hemstad	0		
Maren Kyllingstad	0	Anne Nysæther Sagstuen	0	Martin Fauchald *)	0	**Group shared services**	
Thor Svegården	0	Leif Henning Asla	0	Lars Håkan Karlsson *)	0		
John Arne Ulvan	0	Jan Kollsgård	0			Kristin Vitsø Bjørnstad	750
Rolf Ellevold *)	0	Trond Sønes *)	0	**Deputy members**		Morten Sveiverud	2241
Ann Christine Löfborg *)	0	Ove Gunnarsson *)	0			Olof Sidèn	133
Lennart Perez *)	0	Jörgen Weman *)	0	Terje Johansen	0	Fredrik Rajala	0
John-Inge Lorentsen *)	0	Leif Bjarne Undem *)	0	Iver Melby *)	74		
				Helene Bakka	0		
				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.

Note 28 - Remuneration to group management, board and corporate assembly contd.

28.3 – Remuneration to senior executives etc.

Amounts in NOK 1,000 paid during the financial year

		2014			**2014**	
	Salaries	Pension costs	Other benefits	Salaries	Pension costs	Other benefits
Remuneration to:						
Acting CEO Morten Kristiansen 16.09-31.12.14	951,0	162,4	48,6	-	-	-
Former CEO Hans Rindal 01.01-15.09.14 *)	1 874,1	270,6	16,8	2 598,9	374,4	13,9
Ole Helge Aalstad, Managing Director Timber	1 712,9	186,6	168,6	1 518,0	168,6	159,6
Bjarne Hønningstad, Managing Director Wood	1 712,9	181,1	154,1	1 637,7	173,5	185,1
Marcus Johansson, Managin Director Building Systems from 01.08.13	1 589,4	416,6	53,1	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	**7 840,3**	**1 217,3**	**441,2**	**7 412,9**	**1 191,2**	**410,0**

*) The comparative figures show last year`s earnings in the position in 2013.

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.

As the former CEO ended his commitment in Moelven in September 2014, renumeration amouting to NOK 5,1 Million was recognized.

28.4 - Remuneration to the board and corporate assembly

Amounts in NOK 1,000 paid during the financial year	**2014**	**2013**
Remuneration to the board of Directors	1 181,0	1 098,5
Remuneration to the corporate assembly	418,5	369,0

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 948 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 several shareholders' agreements 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 2014 annual report.

Annual accounts for Moelven Industrier ASA

INCOME STATEMENT

Amounts in NOK million	Note	Moelven Industrier ASA 2014	2013
Other operating revenue	17	88,5	89,4
Operating revenue	2	**88,5**	**89,4**
Payroll expenses	12,16	59,6	51,9
Depreciation on tangible and intangible fixed assets	10,11	7,5	8,8
Other operating expenses	16	78,9	72,4
Operating expenses		**146,0**	**133,1**
Operating profit		**-57,5**	**-43,7**
Income from investment in subsidiaries 1)		92,7	22,4
Income from associates		0,0	0,0
Dividends		0,0	0,2
Value change financial instruments, gain	9	6,6	9,7
Interest income from group companies		77,2	84,5
Other interest income		0,0	0,3
Other financial income		21,5	15,9
Value change financial instruments, loss	9	-38,9	-8,9
Impairment of financial assets		-33,5	0,0
Interest costs to companies in same group		-8,0	-5,7
Other interest costs		-56,5	-65,9
Other financial costs		-23,5	-26,3
Net financial items		**37,6**	**26,2**
Result before tax		**-19,9**	**-17,5**
Tax on ordinary result	3,4	-5,1	-3,6
Annual profit		**-14,8**	**-13,9**
Allocated to dividend, NOK 0.40 per share		-51,8	0,0
To/from other equity	16	66,6	13,9
Total		**14,8**	**13,9**

BALANCE AT 31.12

Amounts in NOK million	Note	Moelven Industrier ASA 2014	2013
ASSETS			
Deferred tax assets	4	39,2	31,6
Other intangible assets	10	8,5	9,3
Total intangible assets		**47,7**	**40,9**
Land		3,7	3,7
Buildings and other property		6,6	7,1
Machinery and plant		8,4	8,0
Fixtures and fittings, tools, office machinery etc.		6,7	6,5
Total tangible fixed assets	11	**25,4**	**25,3**
Investments in subsidiaries	13	986,7	1 016,2
Investments in associated companies	15	2,6	2,6
Loans to group companies		1 434,1	1 423,0
Investments in other shares	14	0,8	0,8
Net pension funds		0,0	0,4
Total financial fixed assets		**2 424,2**	**2 443,0**
Total fixed assets		**2 497,3**	**2 509,2**
Accounts receivable		0,3	0,1
Accounts receivable group companies		2,2	2,2
Receivables group contributions/dividend		59,2	22,4
Other receivables		17,4	16,7
Total receivables		**79,1**	**41,4**
Financial derivatives	9	18,9	11,9
Bank deposits, cash etc.	6	12,1	1,3
Total current assets		**110,1**	**54,6**
Total assets		**2 607,4**	**2 563,8**

Amounts in NOK million	Note	Moelven Industrier ASA 2014	2013
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		38,8	112,1
Total equity	16	**867,2**	**940,5**
Pension liabilities	12	33,2	26,5
Total provision for commitments		**33,2**	**26,5**
Liabilities to credit institutions	6	1 035,7	1 265,6
Total long term liabilities		**1 035,7**	**1 265,6**
Liabilities to credit institutions	6	469,2	225,2
Financial derivatives	9	114,5	76,1
Liabilities to suppliers		8,8	3,4
Trade accounts payable to group companies		2,2	1,9
Payable public duties		4,0	3,8
Dividends		51,8	0,0
Tax payable	3	0,0	0,0
Other short term debt	5	20,8	20,8
Total short term liabilities		**671,3**	**331,2**
Total liabilities		**1 740,2**	**1 623,3**
Total equity and liabilities		**2 607,4**	**2 563,8**
Guarantee liability	8	576,1	477,8
Number of shares (Face value per share NOK 5.-)	16	129 542 384	129 542 384

Moelv 03 March 2015

The Board of Directors of Moelven Industrier ASA

Asbjørn Reinkind
Styreleder

Trond Stangeby

Elisabeth Krokeide

Sverre A. Larssen

Heidi Hemstad

Martin Fauchald

Lars Håkan Karlsson

Morten Kristiansen
Konstituert konsernsjef

CASH FLOW STATEMENT

Amounts in NOK million	Note	Moelven Industrier ASA 2014	2013
CASH FLOW FROM OPERATIONAL ACTIVITIES:			
Profit before tax		-19,9	-17,5
Tax paid this year	3	0,0	0,0
Ordinary depreciation	10,11	7,5	8,8
Loss on associates		0,0	0,0
Correction items - financial derivatives		31,4	-0,8
Unpaid pension costs entered as costs and unreceived pension funds entered as income	12	-0,6	-1,3
Changes in current assets excluding liquids and loans		-0,9	-1,2
Changes in short-term liabilities excluding borrowing		5,9	0,1
Cash flow from operational activities		**23,4**	**-11,9**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Investment in plant and equipment exc. acquisition	10,11	-6,8	-6,6
Net cash flow from investments in shares		28,0	-28,0
Net cash outlay on acquisition		0,0	40,4
Long-term investments, financial		-11,1	-158,2
Short term loans		-36,8	16,4
Cash flow from investment activities		**-26,7**	**-136,0**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in short-term loans and overdraft		244,0	-60,9
Changes in long-term liabilities		-229,9	203,3
Payment of dividend		0,0	0,0
Cash flow from financial activities		**14,1**	**142,4**
CASH HOLDINGS			
Net change in liquidity through year		10,8	-5,5
Cash holdings 01.01.		1,3	6,8
Cash holdings 31.12.	6	**12,1**	**1,3**

Note 1 - Accounting principles

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

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	2014	2013
Subsidiaries' proportion of joint costs	47,7	46,6
Subsidiaries' proportion of IT services	30,0	31,6
Rent income - outside the group	0,6	0,8
Rent income - inside the group	2,7	2,7
Other	7,5	7,7
Total other operating income	**88,5**	**89,4**

Note 3 - Tax expense

Amounts in NOK million	2014	2013
Ordinary result before tax	**-19,9**	**-17,5**
Nominal tax 27 % 2014, 28 % 2013	-5,4	-4,9
Tax effect from change in tax percent	0,0	1,2
Tax effect of permanent differences	0,3	0,1
Total tax costs	**-5,1**	**-3,6**
Ordinary result after tax	**-14,8**	**-13,9**
Tax percentage	25,6 %	20,6 %
Tax costs consist of payable tax in		
Total tax payable	**0,0**	**0,0**
Changes in deferred tax from income statement	-5,1	-3,6
Total tax costs	**-5,1**	**-3,6**
Changes in deferred tax from OCI item pension	-2,5	1,0
Changes in deferred tax from income statement	-5,1	-3,6
Changes in deferred tax regaring business combinations	0,0	-1,1
Total changes in deferred tax	**-7,6**	**-3,7**

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

Amounts in NOK million	2014	2013
Temporary differences		
Asset reserves	0,0	0,0
Cost provisions according to good accounting practice	-0,3	-1,6
Other short-term temporary differences	-29,7	-22,8
Sub-total short-term differences	**-30,0**	**-24,4**
Plant and equipment reserves	-0,7	-0,7
Profit and loss account	0,5	0,6
Pension funds	0,0	0,1
Pension commitments	-9,0	-7,2
Sub-total long-term items	**-9,2**	**-7,2**
Tax-reducing differences (-), tax-increasing (+)	**-39,2**	**-31,6**
Deferred tax assets	**-39,2**	**-31,6**

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 2014	**2014**	**2013**
Restricted bank deposits		0,0	0,0
Other bank deposits		12,1	1,3
Total bank deposits		**12,1**	**1,3**
Overdraft and interest-bearing debt		469,2	225,2
Long-term interest-bearing liabilities in			
NOK	4,76 %	100,0	200,0
SEK	4,26 %	935,7	1 065,6
DKK		0,0	0,0
EUR		0,0	0,0
Total long-term interest-bearing debt		**1 035,7**	**1 265,6**
Net interest-bearing debt		**1 492,8**	**1 489,5**

6.2 Repayment schedule long-term liabilities

Amounts in NOK million	**2014**	**2013**
Long-term liabilities that fall due for payment in		
1 year	0,0	0,0
2 years	146,0	1 020,9
3 years	889,7	244,7
4 years	0,0	0,0
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	**2014**	**2013**
Ceiling	1 650,0	1 350,0
Withdrawal	1 185,7	1 265,6
Remaining term in months	17/30	17/29

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	**2014**	**2013**
as at 31.12	1 650,0	1 350,0
in 1 year	1 500,0	1 350,0
in 2 years	1 350,0	300,0
in 3 years	0,0	0,0
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 31.12.2014 these were NOK 312 million. As a result of normal seasonal variations, the group's net interest-bearing debt was at its highest in spring 2014, NOK 1 538.8 million. The long term loan facilities as at 31.12.2014 are expected to be sufficient to cover liquidity needs for the coming three years and five months.

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	**2014**	**2013**
Loan guarantees/financial guarantees	156,2	186,5
Unconditional guarantees	370,3	243,5
Tax deduction guarantees	49,7	47,8
Total	**576,1**	**477,8**

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

	2014	2013
Financial assets entered at fair value		
Interest rate derivatives	0,0	0,0
Exchange rate derivatives	18,9	11,9
Total assets presented on the financial derivatives line	**18,9**	**11,9**

	2014	2013
Financial obligations entered at fair value		
Interest rate derivatives	80,1	43,3
Exchange rate derivatives	17,6	9,4
Power derivatives *)	16,8	23,4
Total obligations presented on the financial derivatives line	**114,5**	**76,1**

*) Power derivatives are entered on the lowest value principle in the parent company and with hedge accounting and deferred entry on the income statement in the group.

	2014	2013
Value changes of financial instruments recognised in the profit and loss account		
Value change financial instruments, gain	6,6	9,7
Value change financial instruments, loss	-38,9	-8,9
Net result of financial instruments	**-32,3**	**0,8**

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	As at 31 December 2014	2013
Interest rate derivatives		
Maturing under 1 year	0,0	0,0
Maturing 2 - 5 years	289,9	502,6
Maturing 6 - 10 years	315,9	168,4
Total	**605,8**	**671,0**
Interest rate derivatives that is hedge accounted in local GAAP		
Maturing under 1 year	0,0	123,7
Maturing 2 - 5 years	0,0	0,0
Maturing 6 - 10 years	0,0	0,0
Total	**0,0**	**123,7**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	356,1	345,3
Maturing 7-12 months	74,0	58,8
Maturing >12 months	5,3	1,8
Total	**435,3**	**405,9**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	367,5	359,5
Maturing 7-12 months	82,0	79,3
Maturing >12 months	7,2	6,5
Total	**456,7**	**445,3**
Power derivatives		
Maturing under 1 year	46,2	50,6
Maturing 1-2 years	30,4	49,4
Maturing 3-4 years	18,0	2,3
Total	**94,7**	**102,4**

Note 10 Intangible assets

Amounts in NOK million	Other intangible assets	Total
Acquisition value as at 31.12.2012	16,7	16,7
Acquisitions	5,4	5,4
Disposal acquisition value	0,0	0,0
Acquisition value as at 31.12.2013	22,1	22,1
Accumulated ordinary depreciations 01.01.2002	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 31.12.2013	12,8	12,8
Book value 01.01.2012	8,0	8,0
Book value 31.12.2013	9,3	9,3
Ordinary depreciation rates in per cent	20/33%	

Amounts in NOK million	Other intangible assets	Total
Acquisition value as at 31.12.2013	22,1	22,1
Acquisitions	3,3	3,3
Disposal acquisition value	0,0	0,0
Acquisition value as at 31.12.2014	25,4	25,4
Accumulated ordinary depreciations 01.01.2013	12,8	12,8
Disposals accumulated depreciations	0,0	0,0
Depreciation and write downs for the year	4,1	4,1
Accumulated ordinary depreciations 31.12.2014	16,9	16,9
Book value 01.01.2013	9,3	9,3
Book value 31.12.2014	8,5	8,5
Ordinary depreciation rates in per cent	20/33%	

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 31.12.2012	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 01.01.2012	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 01.01.2012	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	0	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 31.12.2013	3,7	29,6	11,5	29,2	74,0
Acquisitions	0,0	0,0	1,1	2,4	3,5
Disposal acquisition value	0,0	0,0	0,0	0,0	0,0
Acquisition value as at 31.12.2014	**3,7**	**29,6**	**12,6**	**31,6**	**77,5**
Accumulated ordinary depreciations 01.01.2013	0,0	22,5	3,5	22,7	48,7
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	2,2	3,4
Accumulated ordinary depreciations 31.12.2014	**0,0**	**23,0**	**4,2**	**24,9**	**52,1**
Book value 01.01.2013	3,7	7,1	8,0	6,5	25,3
Book value 31.12.2014	**3,7**	**6,6**	**8,4**	**6,7**	**25,4**
Ordinary depreciation rates in per cent	0	2.5-10 %	10 %	20 %	

Note 12 - Payroll costs and pension costs/pension liabilities

12.1 – Payroll costs

Amounts in NOK million	**2014**	**2013**
Salaries	48,7	41,6
Employer contribution and social costs	7,0	6,7
Pension costs ref. defined benefit and contribution based pension schemes	3,4	3,2
Other benefits/other personnel costs inc. proportion charged to subsidiaries	0,5	0,4
Total	**59,6**	**51,9**
Number of man years	**53,0**	**53,0**

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

	2014	**2013**
Return on pension funds	3,00 %	4,10 %
Discount rate	3,00 %	4,10 %
Annual pay increase	3,00 %	3,75 %
Annual G adjustment (National Insurance Scheme's basic amount)	3,00 %	3,50 %
Annual adjustment of pensions being paid	1,50 %	1,75 %

12.3 – Pension costs

Amounts in NOK million	2014	2013
Pension entitlements accrued in the year	1,7	1,6
Interest costs on the pension commitments	2,7	2,4
Pension cost (gross)	**4,4**	**4,0**
Expected return on pension funds	-1,8	-1,6
Plan changes and reductions entered on the income statement	0,0	0,0
Administration costs	0,1	0,1
Accrued employers' national insurance contribution	0,4	0,3
Pension costs secured and unsecured defined benefit schemes	**3,1**	**2,8**
Contribution pension costs and other pension costs	0,3	0,4
Pension cost (net) entered on the income statement	**3,4**	**3,2**
Of which, the pension cost for contractual pensions (AFP)	0,0	0,0

12.4 - Pension liabilities

Amounts in NOK million	2014	2013
Balance as at 01.01.		
Accrual of future pensions	75,9	61,9
Pension commitments (gross)	**75,9**	**61,9**
Pension funds	-52,7	-37,4
Employer contributions	3,3	3,5
Pension commitments (net)	**26,5**	**28,0**
Balance as at 31.12		
Pension commitments (gross)	83,8	75,9
Pension funds (anticipated)	-54,7	-52,7
Employer contributions	4,1	3,3
Pension commitments (net)	**33,2**	**26,5**
Net pension funds, secured schemes that can be netted	**0,0**	**0,0**
Pension commitments, secured (and unsecured) schemes that cannot be netted	33,2	26,4
Pension commitments, contractual pension (AFP)	0,0	0,1
Total pension commitments	33,2	**26,5**

12.5 – Key figures

	2014	2013
Number of active members secured schemes	21	22
Number of pensioners secured schemes	82	84

Note 13 - Shares in subsidiaries

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.
Moelven Industrier ASA owns							
Moelven Van Severen AS	100,0 %	35 000	51 063	3 845	3 500	35 000	35 005
Moelven Østerdalsbruket AS	100,0 %	20 000	43 010	3 010	2 000	20 000	20 005
Moelven Våler AS	100,0 %	48 000	99 768	8 468	4 800	48 000	48 005
Moelven Soknabruket AS	100,0 %	30 000	74 696	21 449	3 000	30 000	32 511
Moelven Numedal AS	100,0 %	10 000	30 735	1 191	1 000	10 000	10 005
Moelven Løten AS	100,0 %	12 000	22 756	-1 277	1 200	12 000	12 005
Moelven Telemarksbruket AS	51,0 %	10 000	14 902	-218	710	13 920	9 490
Moelven Wood AS	100,0 %	5 500	13 133	-2 741	5 500	5 500	10 000
Moelven Langmoen AS	100,0 %	18 000	65 736	9 581	1 800	18 000	37 156
Moelven Portefølje AS	100,0 %	1 000	2 983	-12	1 000	1 000	1 155
Moelven Eidsvoll AS	100,0 %	8 500	18 885	-4 442	850	8 500	18 500
Moelven Treinteriør AS	100,0 %	3 500	13 196	2 904	3 500	3 500	8 482
Moelven Modus AS	100,0 %	22 000	78 532	7 719	2 200	22 000	95 000
Moelven ByggModul AS	100,0 %	31 688	96 372	1 593	158 440	31 688	89 299
Moelven Bioenergi AS	100,0 %	6 000	15 151	1 509	6 000 000	6 000	6 800
Moelven Elektro AS	100,0 %	10 000	28 292	-9 951	40 000	10 000	12 000
Moelven Limtre AS	100,0 %	11 000	71 938	8 754	11 000	11 000	43 028
Moelven Industrier AB	100,0 %	197 046 SEK	321 117	-20 597	19 704 581	197 046	241 406
Moelven Danmark A/S	100,0 %	5 000 DKK	15 523	1 380	50 000	5 000	12 417
Moelven U.K. Ltd	100,0 %	50 GBP	-855	-575	49 999	50	1
Moelven Deutschland GmbH	100,0 %	110 EUR	351	14	11	110	217
Moelven Nederland B.V.	100,0 %	36 EUR	124	40	360	36	317
Moelven Are AS	100,0 %	300	52 725	5 553	100	300	50 116
Moelven Mjøsbruket AS	100,0 %	12 000	47 104	8 328	12 000	12 000	15 990
Moelven Eidsvold Værk AS	100,0 %	32 500	54 777	-15 000	32 500	32 500	35 578
Moelven Trysil AS	100,0 %	15 600	46 233	6 975	15 600	15 600	35 634
Moelven Multi3 AS	100,0 %	3 425	6 708	-3 517	6 850	3 425	9 342
Moelven Virke AS	100,0 %	5 000	12 560	5 430	50 000	5 000	4 546
Moelven Sør Tre AS	100,0 %	8 487	19 446	1 468	8 487	8 487	50 000
Moelven Granvin Bruk AS	99,3 %	1 490	20 909	3 347	2 959	1 480	16 672
Moelven Wood Prosjekt AS	100,0 %	300	3 707	1 770	3 000	300	11 000
Moelven Profil AS	100,0 %	15 000	16 290	-2 535	15 000	15 000	15 030
Total Moelven Industrier ASA							**986 712**

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 2014	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	10 069	5,0	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 31.12.2013	**647,7**	**180,7**	**0,0**	**112,1**	**940,5**
Annual profit				-14,8	-14,8
Actuarial gains and losses pensions 2011 and other direct to equity				-6,7	-6,7
Allocated to dividend				-51,8	-51,8
Equity 31.12.2011	**647,7**	**180,7**	**0,0**	**38,8**	**867,2**

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:			
Acting CEO Morten Kristiansen	951,0	162,4	48,6
Former CEO Hans Rindal	1 874,1	270,6	16,8

On termination of employment, the CEO is entitled to 18 month's pay after termination, less pay from new employer.
Regarding the change of CEO in 2014, a cost of NOK 5.1 million was accounted.

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	**2014**	**2013**
Amount ex VAT		
Legally mandated account audit	0,5	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	**0,6**	**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	2,7		
Moelven Østerdalsbruket AS	100,0 %	0,9	22,0	2,6		
Moelven Våler AS	100,0 %	3,7	25,0	8,9		
Moelven Soknabruket AS	100,0 %	1,5	60,0			
Moelven Numedal AS	100,0 %	1,6	15,0	2,5		
Moelven Løten AS	100,0 %	1,1	5,0			
Moelven Telemarksbruket AS	51,0 %	0,9	10,0			
Moelven Wood AS	100,0 %	6,0			0,6	0,3
Moelven Langmoen AS	100,0 %	0,8	10,0	4,3		
Moelven Eidsvoll AS	100,0 %	0,5	8,6			
Moelven Treinteriør AS	100,0 %	0,3	2,6			
Moelven Modus AS	100,0 %	2,7				0,2
Moelven Modus Prosjekt AS	100,0 %	0,3				
Moelven ByggModul AS	100,0 %	4,7			0,8	
Moelven Bioenergi AS	100,0 %	0,3	16,8			
Moelven Elektro AS	100,0 %	2,4				
Moelven Limtre AS	100,0 %	4,5		7,8	0,2	
Moelven Industrier AB	100,0 %		479,9			1,5
Moelven Are AS	100,0 %	0,5		1,9		
Moelven Mjøsbruket AS	100,0 %	1,9	16,6	12,1		
Moelven Eidsvold Værk AS	100,0 %	1,2	63,3			
Moelven Trysil AS	100,0 %	0,9		10,6		
Moelven Multi3 AS	100,0 %	1,0	7,2			0,1
Moelven Virke AS	100,0 %	0,7		3,9		0,1
Moelven Sør Tre AS	100,0 %	0,4	17,9			
Moelven Granvin Bruk AS	99,3 %	0,6	12,2	1,9	0,1	
Moelven Wood Prosjekt AS	100,0 %	0,2				
Moelven Profil AS	100,0 %	1,6	30,0			
Moelven Danmark AS	100,0 %	0,9				
Moelven UK Ltd.	100,0 %		5,6			
Swedish companies owned by Moelven Industrier AB						
Moelven Notnäs AB	100,0 %	4,1	38,4			
Moelven List AB	100,0 %	0,7	9,8			
Moelven ByggModul AB	100,0 %	3,7				
Moelven Norsälven AB	100,0 %	2,0	10,6			
Moelven Ransbysågen AB	100,0 %	1,6	14,4			
Moelven Värmlands Trä AB	100,0 %	0,5	11,8			
Moelven Component AB	100,0 %	1,0	12,9			
Skåre Kontorshotell AB	100,0 %		1,7			
Moelven Wood AB	100,0 %	4,3			0,1	
Moelven Notnäs Wood AB	100,0 %	0,5				
Moelve Valåsen Wood AB	100,0 %	1,0	41,7			
Moelven Valåsen AB	100,0 %	6,6	57,6			
Moelven Dalaträ AB	100,0 %	3,2	24,0			
Moelven Modus AB	100,0 %	1,7				
Moelven Edanesågen AB	100,0 %	1,5	63,8			
Moelven Nössemark Trä AB	100,0 %	2,2	74,9			
Moelven Årjäng Såg AB	100,0 %	2,8				
Moelven Tom Heurlin AB	100,0 %	1,5	40,8			
Moelven Skog AB	100,0 %	1,1	30,3			
Moelven Töreboda AB	100,0 %	2,3	24,7		0,2	
Vänerbränsle AB	82,3 %	0,1				
Moelven Lovene AB	100,0 %	0,1	14,4			
Moelven Vänerply AB	100,0 %	1,6	100,8			
UJ Trading AB	100,0 %	0,2	0,0			
Other companies						
Various companies not specified 1)		0,0	-0,2		0,2	
Total		**87,6**	**1 434,1**	**59,2**	**2,2**	**2,2**

1) Included to show the total amounts

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 2014, 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 2014, and the income statement and the statement of other 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 2014, 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 2014, 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 2015
KPMG AS

Halvor Hektoen
State authorized public accountant

[Translation has been made for information purposes only]

Statement by the Corporate Assembly

The following items were discussed at the meeting of the Corporate Assembly held on 24 March 2015:

• Annual report and proposed Annual Financial Statement by the Board of Directors and President/CEO for the 2014 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 2014, 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.

24 March 2015

Egil Magnar Stubsjøen

Chairman of the Corporate Assembly

Financial calendar 2015

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

23 April 2015
General meeting – Annual Accounts 2014

Publishing Quarterly
24 April 2015
First Quarter Report 2015

10 July 2015
Second Quarter Report 2015

23 October 2015
Third Quarter Report 2015

27 January 2016
Fourth Quarter Report 2015/ Preliminary annual result 2015

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