Quality Rooms

Quarterly Report 1/2009

MOELVEN®

Profit and Loss Account

NOK mill.	1st Quarter 2009	1st Quarter 2008	1st Quarter 2007	Total 2008	Total 2007
Operating revenues	**1,456.2**	1,951.3	1,988.5	**7,657.7**	7,944.0
Depreciation	**46.9**	46.7	44.0	**199.2**	177.0
Cost of goods sold	**959.1**	1,222.7	1,184.7	**4,998.3**	4,621.2
Operating expenses	**540.3**	571.6	534.2	**2,315.5**	2,156.2
Operating profit	**-90.1**	110.2	225.6	**144.7**	989.6
Income from associates	**0.9**	-0.3	-1.3	**-2.2**	0.1
Interest and other financial income	**12.7**	6.0	2.3	**10.8**	8.8
Interest and other financial expenses	**-23.1**	-10.4	-8.4	**-45.9**	-26.3
Operating result before tax	**-99.6**	105.5	218.2	**107.4**	972.2
Estimated tax cost	**-27.9**	29.6	61.6	**26.2**	276,8
Net profit	**-71.7**	76.0	156.6	**81.2**	695.4
Minority share	**-1.2**	1.4	0.9	**-0.8**	4.1
Majority share	**-70.5**	74.6	155.7	**82.0**	691.3

Balance Sheet

NOK mill.	Per 31.03 2009	Per 31.03 2008	Per 31.03 2007	Per 31.12 2008	Per 31.12 2007
Intangible assets	**7.1**	9.2	7.6	**7.6**	7.1
Tangible assets	**1,326.4**	1,222.1	1,099.0	**1,392.1**	1,214.9
Financial assets	**49.4**	60.2	73.3	**49.6**	58.9
Total fixed assets	**1,382.9**	1,290.4	1,179.9	**1,449.3**	1,280.9
Stocks	**1,151.4**	1,468.2	1,003.0	**1,174.4**	1,301.9
Receivables	**974.9**	1,120.5	1,138.5	**936.3**	943.7
Deposits	**28.0**	57.3	110.6	**29.8**	77.7
Total current assets	**2,154.3**	2,646.0	2,252.1	**2,140.5**	2,323.3
Total assets	**3,537.2**	3,936.4	3,432.0	**3,589.8**	3,604.2
Share capital*	**647.7**	647.7	647.7	**647.7**	647.7
Other equity and capital	**913.6**	1,005.1	730.5	**1,049.0**	922.0
Total equity	**1,561.3**	1,652.8	1,378.2	**1,696.7**	1,569.7
Long-term liabilities	**986.5**	704.2	735.0	**845.6**	408.1
Current liabilities	**989.4**	1,579.4	1,318.8	**1,047.5**	1,626.4
Total liabilities	**1,975.9**	2,283.6	2,053.8	**1,893.1**	2,034.5
Total equity and liabilities	**3,537.2**	3,936.4	3,432.0	**3,589.8**	3,604.2

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

Key figures

NOK mill.	1st Quarter 2009	1st Quarter 2008	1st Quarter 2007	Total 2008	Total 2007
Net operating margin /EBIT (in %)	**-6.2**	5.6	11.3	**1.9**	12.5
Gross operating margin/EBITDA (in %)	**-3.0**	8.0	13.6	**4.5**	14.7
Earnings per share (in NOK)	**-0.55**	0.59	1.21	**0.63**	5.37
Cash flow from operations per share (in NOK)	**-1.19**	-2.93	-0.19	**1.67**	7.80
Equity ratio (in %)	**44.1**	42.0	40.2	**47.3**	43.6
Investments	**63.3**	55.7	47.1	**345.9**	292.4
Return on capital employed (in %)	**-13.5**	21.8	46.0	**6.6**	52.7
Capital employed	**2,466.7**	2,073.9	1,924.7	**2,326.8**	1,801.4
Net interest bearing debt	**817.2**	443.3	424.9	**599.9**	154.0
Net working capital	**1,598.8**	1,981.1	1,487.5	**1,552.4**	1,621.4
Number of employees	**3,154**	3,427	3,262	**3,285**	3,425
Sickness absence rate (in %)	**5.98**	6.12	6.57	**5.64**	6.32
Frequency rate - injuries with absence	**16.8**	19.4	18.8	**18.3**	17.5
Number of shareholders	**969**	967	972	**969**	967
Average number of shares	**129 541 284**	129 541 284	129 541 284	**129 541 284**	129 541 284

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

Directors' report

- **Substantial fall in demand**
- **Significant price drop for many products**
- **Historically weak quarterly result due to weak economy and low season**
- **Operating revenues totalled NOK 1 456 (1 952)**
- **Operating result totalled minus MNOK 90 (plus 110)**

Highlights

Demand for the Group's products and services overall is normally lower in the first quarter compared to the rest of the year. This year the low season coincided with the most serious economic downturn since World War II, with the construction sector being hit the hardest. In addition, the rate of new-builds has fallen from a previous high that could not be maintained over time. In many of the Group's business areas, the activity level in the first quarter was below the expected long-term need. In the refurbishment, rebuilding and building extensions sector, overall activity has fallen less. The decline in demand for the Group's products is attributable to the prevailing economic conditions and is not a result of changing trends. There have not been any changes in building methods or material preferences that would indicate any lasting reduction in demand for the Group's products.

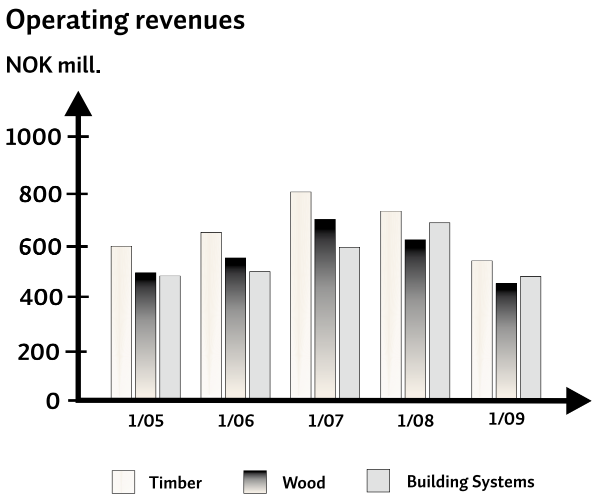
Operations in the first quarter have been slightly affected by the ongoing capacity reductions in both the Timber and Wood divisions, and it has not been possible to reduce costs in step with the fall in prices of finished goods. This is particularly true in the Timber and Wood divisions, where the write-down of stock values as a result of falling market prices has worsened the negative result. The Building Systems division is more project-oriented, which allows it to reduce costs quicker, with the result that the Building Systems division posted a positive result despite the challenging market conditions.

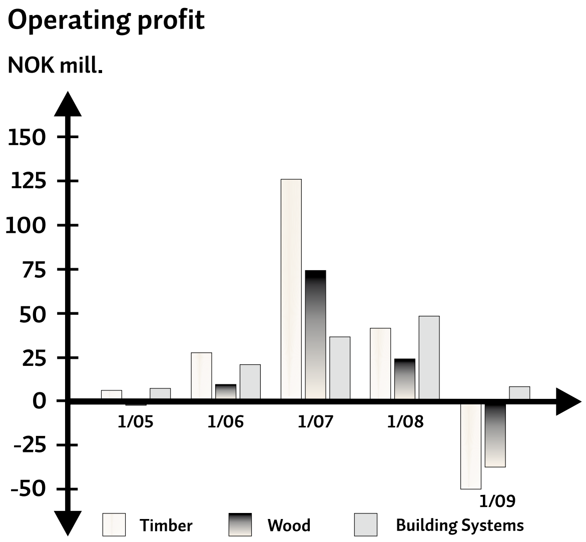
Cost-reducing measures have been implemented or planned during the first quarter involving 775 employees through either terminations, lay-offs, reduced work hours or retirements. Some business units in the Building Systems division experienced an increase in orders during the first quarter and could thereby re-hire laid off employees. In the Timber and Wood divisions, further cost reductions have been implemented in order to adjust operations to the prevailing market conditions. The most comprehensive measures have been implemented at Moelven Valåsen, Moelven Våler and Moelven Eidsvold Værk. The total number of employees in the Group has been reduced from 3 285 to 3 154 during the first quarter of 2009. Measures currently being implemented will result in even further reductions in the second quarter.

Financially, the situation is satisfactory for the Group both in terms of liquidity and solidity. The financial markets are still not operating smoothly, however, and this is causing increased pressure for longer credit periods and higher rates of self-financed projects. The consequences are reduced liquidity reserves, increased risk exposure and less free capital.

Due to fluctuations in the Group's markets, the strategy for several years has been to systematically increase the equity ratio, which at the end of the first quarter was 44.1 percent. The Group's present external financing is still current for another two years; this, combined with the current cost reducing measures, makes the Group well prepared to face a period of difficult market conditions.

Moelven Limtre AS is celebrating its 50th anniversary in 2009. Founded in 1959, the original name of the company was Laminator AS. The company is still significantly younger than its Swedish sister company Moelven Töreboda AB, which was founded in 1924. Moelven Limtre AS has been given the task to produce the load-bearing structures for the Norwegian pavilion at the World Exhibition in 2010. The





wooden pavilion covers a total of 2000 square metres and production of the glulam is already underway. Moelven will only have an advisory role in the assembly of the structure.

Operations at Moelven Elverum were closed down in February, and production was transferred to Moelven Våler.

Moelven Wood AS added new products to the company's product range in the first quarter. The new products are birch and oak flooring, painted panelling, MDF-panels and standard length mouldings.

Operating revenues and profit

Operating revenues for the Group in the first quarter totalled NOK 1 456.2 million (1 951.3). The operating result was minus NOK 90.1 million (plus 110.2).

The main reasons for the decline in operating revenues and operating result compared to 2008 is the substantial fall in demand and prices due the downturn in the economy. The Timber division is the division that was first impacted by the economic slowdown, and it is also the division with the largest drop in result compared to last year. The reduction has also been significant for the Wood division. Even though the Building Systems division also experienced a decline in financial figures, the division was still able to post a positive result.

Ordinary pre-tax result amounted to minus NOK 99.6 million (plus 105.5). The result after taxes and minority interests totalled minus NOK 70.5 million (plus 74.6).

Investment, balance and financing

Investments made in the first quarter totalled NOK 63.3 million (55.7).

Due to the company's financial situation, a review of the investment plans for 2009 has been made. Running investment projects will be completed as planned, while any new investment plans that can be postponed without causing any serious negative consequences will be delayed. Priority will be given to necessary maintenance investments and strategic adjustments, e.g. such as rely on agreed customer commitments. These changes to the investment plans will improve the cash flow situation for the Group in the second quarter.

At the end of the first quarter, the Group's total assets were valued at NOK 3 537.2 million (3 936.4). The reduction is due to the significantly lower activity level, as well as a weaker Swedish krone. Approximately half of the Group's assets are registered in Swedish kroner, and the exchange rate shift from 0.86 at 31.03.08 to 0.81 at 31.03.09 caused a reduction in the balance sheet totalling approx. NOK 104 million.

Cash flow from operations in the first quarter was minus NOK 153.7 million (minus 379.0), corresponding to minus NOK 1.19 per share (minus 2.93). Net interest bearing debt at the end of the first quarter increased compared to the previous year to NOK 817.2 million (443.3). The increase was due to the payment of dividends and taxes for 2007, as well as the high investment level in 2008 and a weaker cash flow in 2009. Due to weak cash flow and market uncertainty, the Board and the Corporate Assembly are proposing that no dividend be paid in 2009. The liquidity reserve at the end of the first quarter totalled NOK 540.4 million (927.3).

Equity at the end of the first quarter totalled NOK 1 561.3 million (1 652.8), which corresponds to NOK 12.05 (12.76) per share. The equity ratio amounted to 44.1 percent (42.0). The equity ratio figure arrived at by converting the Group's Swedish subsidiaries to the same exchange rate as at the end of the first quarter 2008 is approximately 43.7 percent.

Divisions

NOK mill.	1th Quarter			Total	
	2009	2008	2007	**2008**	2007
Operating revenues					
Timber	**535.5**	723.5	830.9	**2,472.4**	3,136.4
Wood	**451.1**	627.6	688.8	**2,634.0**	2,914.6
Building Systems	**473.6**	681.7	602.0	**2,748.0**	2,382.8
Laminated Timber	**76.3**	108.4	107.2	**524.1**	483.1
Electrical installations	**88.6**	99.0	84.8	**435.5**	358.4
Modular Buildings	**149.8**	287.2	262.3	**1,030.7**	944.4
Modular System Interiors	**162.6**	192.2	158.8	**784.3**	633.8
Others/Eliminations	**-4.0**	-81.5	-133.2	**-196.7**	-489.8
The Group	**1,456.2**	1,951.3	1,988.5	**7,657.7**	7,944.0
Operating profit/loss					
Timber	**-50.6**	42.8	127.4	**-143.3**	544.4
Wood	**-37.8**	23.1	71.7	**80.3**	324.4
Building Systems	**6.7**	48.9	37.1	**235.1**	159.4
Laminated Timber	**-3.0**	4.8	5.3	**38.5**	24.4
Electrical installations	**2.6**	1.8	2.7	**8.5**	5.9
Modular Buildings	**-2.6**	24.2	17.0	**94.2**	66.0
Modular System Interiors	**9.6**	18.1	12.0	**93.9**	63.0
Others	**-8.4**	-4.6	-10.6	**-27.4**	-38.6
The Group	**-90.1**	110.2	225.6	**144.7**	989.6

Divisions

Timber

Operating revenues in the first quarter totalled NOK 535.5 million (723.5), while the operating result was minus NOK 50.6 million (plus 42.8). The number of employees at the end of the quarter was 725 (854).

Prices for sawn wood in both domestic and international markets continued to fall in the first quarter. Reduced price levels are the main reason for the decline in operating revenues. A total of 341,000m³ of sawn timber was delivered in the first quarter, which is a decrease of only 25,000 m³ compared to the first quarter of 2008.

The decline in prices in the first quarter has been less than the total decline during the second half of 2008, so there are signs that prices are close to a bottom level. The background for this assessment is the general reduction in production capacity and stock already realised by the manufacturers. But there is still considerable uncertainty about what direction the market will take in the short term.

Access to raw materials has been satisfactory in the first quarter. In order to avoid tying up additional capital and risking exposure to price fluctuations, focus is being put on not increasing raw material stocks unless absolutely needed. Prices for raw materials declined in the first quarter, and the purchase agreements made for the second quarter will result in a further reduction. Due to the size of existing stocks, however, it will take some time before the price reductions will have any impact on results.

Investments that allow the company to make better use of raw materials and provide lower processing costs are part of an ongoing process. Overall the division has had negative margins since the second half of 2008, and it has therefore been necessary to implement more comprehensive measures to adjust the cost level to market prices for finished products. The measures involve a reduction of both production amount and staff and will have an impact on 200 employees through lay offs, terminations and retirement. Due to the implementation time for the measures, however, the cost-reducing effect of the measures will have an increasing impact on results later in 2009.

Wood

Operating revenues the first quarter totalled NOK 451.1 million (627.6), while the operating result was minus NOK 37.8 million (plus 23.1). The number of employees at the end of the quarter was 854 (910).

As a result of the substantial decline in housing construction in Scandinavia, the demand for the Wood division's products has fallen in the first quarter compared to the same period last year. The general downturn in the economy is compounding the effect of normal seasonal variations, which applies particularly to the Norwegian market. In Sweden, the activity has kept up better, due to increased market shares as well as to positive effects from Government-initiated stimulus packages. In particular, this is the case for the refurbishment, rebuilding and building extensions sector. This is a market segment, however, that traditionally has been significantly more stable than the new-build market.

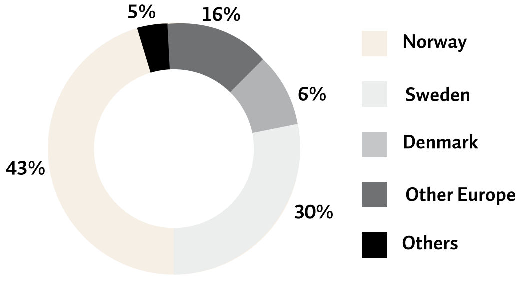
Market prices are also falling for the Wood division, the division follows behind the Timber division in the business cycle. Falling prices on sawn wood, combined with high stocks of finished goods in Sweden and Norway, is causing negative pressure on prices for the Wood division's finished goods. The division's business units are – as are the sawmills in the Timber division – dependent on timber prices, which are also declining. Overall, prices on finished goods fell more than the cost of raw materials. The Wood division has also been forced to implement measures beyond the normal process of improving use of raw materials and reducing processing costs. Due to the implementation time for the measures, the cost reducing effects of the implemented measures will have an increasing impact on results later in 2009.

Building Systems

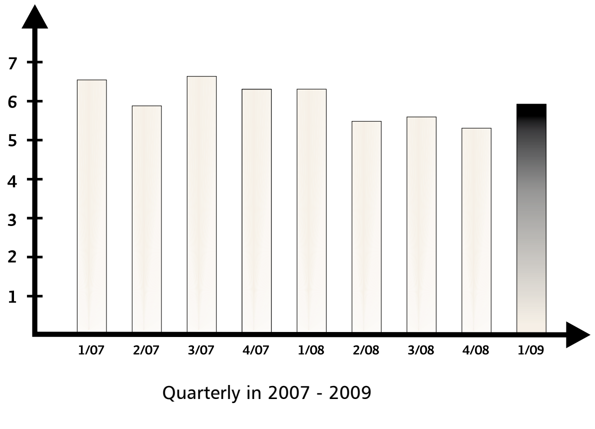
Operating revenues the first quarter totalled NOK 473.6 million (681.7), while the operating result totalled NOK 6.7 million (48.9). The total number of employees at the end of the quarter was 1 483 (1 577).

Although the Building Systems division had one of the best quarterly results ever in the fourth quarter 2008, the economic slowdown was already becoming evident then. At the

Sales By Market Area 1st Quarter



Sickness absence rate (%)



start of the year, 136 employees at the division's Norwegian businesses were either laid off or worked a shorter workweek. More employees were laid off in January, but by the start of the second quarter 2009 as many as 300 of the employees that had been either fully or partially laid off in Norway were back at work. Even though the first quarter has been slow, both due to the general economic downturn and seasonal variations, the situation for the Norwegian Building Module company has improved. At the end of the quarter, all the employees were back working full time. Unfortunately, the situation is more difficult for the Swedish sister company, where additional termination notices have been sent out because of a lack of orders.

The companies in the Building Systems division have emphasised reaching a balance of deliveries between the markets for refurbishment, rebuilding and building extensions (the RRB market) and new-builds, with a significant share of deliveries going to the RRB market. The more stable RRB market has helped reduce the consequences of the general decline in overall business activity for the division.

There is still plenty of available capacity in the market, and intense competition is exerting a strong pressure on prices. Profitability is therefore significantly weaker than earlier, particularly for the business areas Building Modules in Sweden and Laminated Timber. In addition to price pressures, the lack of customer financing is often a challenge and in many cases resulting in projects being postponed. Even so, the backlog of orders has increased during the quarter compared to the situation at the start of the year.

Other businesses

In addition to the parent company, Moelven Industrier ASA, this business division includes common services such as timber acquisitions, R&D, finance, insurance, IT, real estate, communications and HR. A few other smaller business units and assets not related to the Group's core business activities are included in this division as well. The book value of assets not dependent on operations was approximately NOK 10 million (20.0).

Operating revenues for the division totalled NOK 299.9 million (104.6), while the operating result was minus NOK 8.4 million (minus 4.6). The number of employees at the end of the quarter was 92 (86).

Employees

The overall rate of sick leave in the first quarter 2009 was 6.0 percent (6.1) or 15 475 (12 408) full workdays. In all there were 174 941 (192 040) workdays in the first quarter. Absenteeism due to long-term sick leave totalled 2.87 percent (2.71).

In a difficult period with considerable disturbances in the form of restructuring and staff reductions, the rate of sick leave has fallen marginally compared with the same period in 2008. The rate is still above the goal of five percent, however, and efforts to reduce the rate will continue. The Group's health insurance scheme has been positive for the employees and will be continued in 2009.

The number of personal injuries resulting in sick leave totalled 22 (28), which corresponds to 16.8 (19.4) injuries per million work hours. Despite the reduction in injuries compared to 2008, the level is still too high. The company is working on an ongoing basis to reduce the number of injuries, and efforts are targeted towards areas such as safety awareness, investments in safer machinery and equipment, HES training of managers and better safety regulations. In 2009, a new reporting tool will be used that should both increase awareness about safety and provide added expertise about causes of injuries and risk areas.

At the end of the first quarter, the Group had a total of 3 154 (3 427) employees. Overall, 1 734 (1 796) of these employees are in Norwegian companies, while 1 383 (1 597) are in Swedish companies, 27 (25) in Danish companies and 10 (9) in other countries. In all there are 300 (339) female and 2 854 (3 088) male employees.

International Accounting Standards (IFRS)

The IFRS figures show the main effect if the accounts had been reported according to IFRS standards. The main differences in using IFRS are in the reporting of pension commitments, the use of financial instruments and the treatment of dividends. The effect of financial instruments will vary in relation to the market value assessment at the time of reporting. The volatility of the financial markets has been abnormally high this winter, which has caused major fluctuations in the market value of hedge agreements. At the end of 2008, the value of previously contracted hedge agreements was a loss of NOK 113 million,

IFRS

	1st Quarter			Total	
NOK mill.	**2009**	2008	2007	**2008**	2007
Profit and Loss Account					
EBITDA	**-43.2**	156.9	269.6	**352.0**	1,166.6
EBIT	**-89.7**	111.4	226.4	**156.0**	992.8
Result before tax	**-57.5**	113.1	210.5	**5.8**	971.5

	Per 31.03			Per 31.12	
NOK mill.	**2009**	2008	2007	**2008**	2007
Balance Sheet					
Equity	**1,491.1**	1,966.7	1,441.2	**1,601.3**	1,878.0
Total assets	**3,528.3**	3,949.1	3,434.2	**3,580.4**	3,607.5
Equity ratio	**42.3**	49.8	42.0	**44.7**	52.1

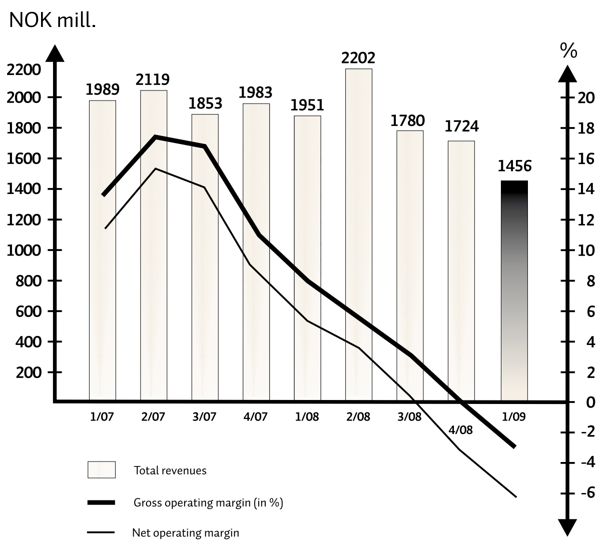
Changes in total equity for the Group

NOK mill.	Per 31.03.			Per 31.12.	
	2009	2008	2007	**2008**	2007
Opening balance	**1,696.7**	1,569.7	1,233.7	**1,569.7**	1,233.7
Profit/loss	**-71.7**	76.0	156.6	**81.2**	695.4
Foreign currency translation	**-63.7**	7.1	-12.1	**45.8**	-22.6
Provisions for dividend	**0.0**	0.0	0.0	**0.0**	-336.8
Changes for year/period	**-135.4**	83.1	144.5	**127.0**	336.0
Total equity NGAAP	**1,561.3**	1,652.8	1,378.2	**1,696.7**	1,569.7
IFRS effects	**-70.2**	313.9	63.0	**-95.4**	308.3
Total equity IFRS	**1,491.1**	1,996.7	1,441.2	**1,601.3**	1,878.0

Cash Flow Statement

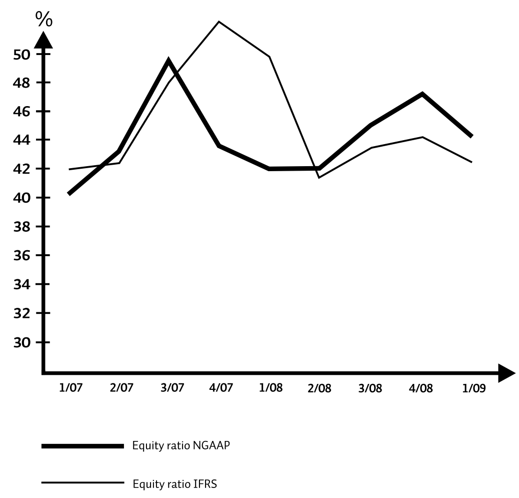
NOK mill.	1st Quarter			Total	
	2009	2008	2007	**2008**	2007
Net cash flow from operations	**-153.7**	-379.0	-24.5	**214.5**	1,013.7
Cash from operating result	**-52.8**	149.3	270.2	**334.4**	1,165.6
Cash flow from working capital	**-100.9**	-528.3	-294.7	**-119.9**	-151.9
Cash flow from/to investments	**-63.4**	-51.2	-39.1	**-332.5**	-304.0
Cash flow from/to financing	**215.3**	409.8	122.6	**70.1**	-683.6
Net cash flow for the period	**-1.8**	-20.4	59.0	**-47.9**	26.1
Liquid funds	**28.0**	57.3	110.6	**29.8**	77.7
Unutilised credit facilities	**512.4**	870.0	784.8	**752.2**	1,160.6
Available liquid funds	**540.4**	927.3	895.4	**782.0**	1,238.3

Revenues and margins



Quarterly in 2007 – 2009

Equity ratio



Quarterly in 2007 – 2009

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

compared to if all hedge agreements had been made at market rates as of 31.12.08. At the end of the first quarter, this loss had been reduced to NOK 71 million, which gives an income in the IFRS accounts totalling NOK 42 million for the period. The Moelven Group's hedging policy is based on the idea that the underlying business operations must serve as the basis for profitability. The main reason for hedging interest rates and exchange rate risk is to reduce rate fluctuations and ensure predictability.

Outlook

Even Even though the Group is experiencing a seasonal increase in demand for the Group's products and services at the end of the first quarter, the situation is difficult and there is still a great deal of uncertainty.

There are signs that international prices for sawn wood – both spruce and pine -- are stabilising. Combined with the cost-reducing measures that will have an affect on the accounts in the second and third quarters, this should contribute to improving the situation for the Timber division.

The Wood division is experiencing a seasonal increase in demand and activities in the RRB market, particularly in Sweden.

For the Building Systems division, the backlog of orders is now close to a normal level, with the exception of the business area Building Modules in Sweden. An increase in business activity is anticipated during the second half of the year as a result of the government's financial stimulus package.

The level of investments in 2009 will be reduced in order to avoid putting a strain on the cash flow situation during a period with negative results.

The Group's solidity is satisfactory and renewing external financing is not due until the start of the second half of 2011. The Group is thus well prepared financially to tackle a challenging market situation as well as a period of restructuring.

On the basis of the expected seasonal improvement in demand, the stabilisation of prices and the effect of cost-reducing measures, the Group anticipates higher financial figures overall in the second quarter.

Board of Moelven Industrier ASA
Moelv, 21 April 2009

About Moelven

Moelven is organised into three divisions: Timber, Wood and Building Systems.
The sawmills in the Timber division supply sawn timber products to businesses in Scandinavia and the rest of Europe. Customers use the products as elements in their own production processes. In addition, chippings and bark products are delivered to and used in the pulp & paper, particle board and bio-energy industries. The processing companies in the Wood division supply the retail chains in Scandinavia with a wide range of construction and interior products. An important competitive advantage is the Wood division's efficient and rational distribution system that can offer customers quick and accurate deliveries from a wideranging product assortment. The businesses in the Building Systems division supply flexible system interiors for interior walls, modular buildings, electrical installations and load-bearing glulam constructions for project customers, primarily in Norway and Sweden. The division is heavily committed to developing concepts and systems together with customers and experts within the fields of architecture, design and construction

The Group consists of a total of 45 separate business units in Norway, Sweden and Denmark with a total of 3 154 employees.

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

Supplying quality rooms

www.moelven.com