

Quarterly report

4/2007



Moelven Wood AS supplies flooring, panelling and moulding for quality rooms.

MOELVEN®

Profit and Loss Account	NOK mill.	4 th Quarter			Total		
		2007	2006	2005	2007	2006	2005
Operating revenues		1,983.2	1,830.8	1,528.1	7,944.0	6,692.4	6,004.9
Depreciation		44.1	48.2	43.3	177.0	177.6	178.0
Cost of goods sold		1,139.9	1,087.9	942.3	4,621.2	4,218.9	3,809.4
Operating expenses		623.4	544.2	497.0	2,156.2	1,922.7	1,858.9
Operating profit		175.8	150.5	45.5	989.6	373.2	158.6
Income from associates		1.5	-2.0	-0.7	0.1	-3.9	-3.4
Interest and other financial income		0.0	-2.4	-2.2	8.8	7.1	4.5
Interest and other financial expenses		-1.5	-3.0	-5.2	-26.3	-40.0	-46.7
Operating result before tax		175.8	143.1	37.4	972.2	336.4	113.0
Estimated tax cost		58.9	41.2	15.5	288.6	96.9	45.7
Minority interests		0.2	-0.7	-0.3	-4.1	0.2	0.6
Net profit		117.1	101.2	21.6	679.5	239.7	67.9

Balance Sheet	NOK mill.	Change in 4 th Quarter			Per 31.12		
		2007	2006	2005	2007	2006	2005
Intangible assets		1.2	-1.3	0.2	7.1	8.4	10.6
Tangible assets		97.7	61.4	-13.4	1,214.9	1,135.6	1,035.8
Financial assets		-13.6	-16.5	-16.5	58.9	73.8	94.4
Total fixed assets		85.3	43.6	-29.7	1,280.9	1,217.8	1,140.8
Stocks		308.9	72.0	127.5	1,301.9	846.5	967.1
Receivables		-365.0	-95.3	-68.9	943.7	955.7	826.6
Deposits		-9.2	-35.7	-41.0	77.7	51.1	29.6
Total current assets		-65.3	-59.0	17.6	2,323.3	1,853.8	1,823.3
Total assets		20.0	-15.4	-12.1	3,604.2	3,071.6	2,964.1
Share capital*		0.0	0.0	0.0	647.7	647.7	647.7
Other equity and capital		127.7	12.6	-13.3	1,239.2	586.0	428.7
Total equity		127.7	12.6	-13.3	1,886.9	1,233.7	1,076.4
Long-term liabilities		-57.1	-209.4	-101.1	424.6	670.9	876.7
Current liabilities		-50.6	181.4	-102.3	1,292.7	1,167.0	1,011.0
Total liabilities		-107.7	-28.0	1.2	1,717.3	1,837.9	1,887.7
Total equity and liabilities		20.0	-15.4	-12.1	3,604.2	3,071.6	2,964.1

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

Key figures	NOK mill.	4 th Quarter			Total		
		2007	2006	2005	2007	2006	2005
Net operating margin /EBIT (in %)		8.9	8.2	3.0	12.5	5.6	2.6
Gross operating margin/EBITDA (in %)		11.1	10.9	5.8	14.7	8.2	5.6
Earnings per share (in NOK)		0.91	0.79	0.17	5.28	1.85	0.52
Cash flow per share (in NOK)		1.75	1.54	0.61	9.00	3.71	2.28
Equity ratio (in %)		3.3	0.6	-0.3	52.4	40.2	36.6
Investments		122.6	74.9	33.6	292.4	244.6	111.6
Return on capital employed (in %)		32.9	32.4	7.6	48.6	19.6	7.6
Capital employed		37.7	-210.3	-76.2	2,032.5	1,752.0	1,856.5
Net interest bearing debt		-49.3	-187.2	-21.9	154.0	466.7	750.5
Net working capital		-59.7	-135.0	2.1	1,621.2	1,208.6	1,250.4
Number of employees		3,380	3,202	3,176	3,425	3,210	3,159
Sickness absence rate (in %)		6.31	5.93	6.01	6.32	5.89	6.20
Number of injuries with absence		14.2	17.3	19.4	17.5	17.3	18.7
Number of shareholders		967	972	984	967	972	984
Average number of shares		129 541 284	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.

Board of Directors' report

- Stable market conditions for Building Systems
- Reduced demand for Timber and Wood compared to first six months of 2007
- Operating revenues for quarter increased to NOK 1 983.2 million (1 830.8)
- Operating profit for quarter increased to NOK 175.8 million (150.5)

Highlights

Favourable market and operating conditions for all of the Group's divisions contributed to another solid quarterly result for Moelven. The decrease compared to the third quarter was primarily due to the fall in international markets for sawn wood combined with higher prices for timber. The higher timber prices resulted in easy access to raw materials for the Moelven Group's timber-consuming units in the fourth quarter. Compared to the same quarter last year, timber costs, on an annual basis, were approximately NOK 450 million higher, and this had a negative impact on the margins for the timber-consuming units.

Demand for products from Moelven's planing division (Wood) in the fourth quarter was influenced by adjustments made by builders' merchants due to overstocking earlier in the year, in addition to the anticipation that falling prices on sawn wood would lead to price reductions.

For Building Systems, high market activity continued through the fourth quarter, and the business units in this division had a larger than normal backlog of orders.

On 17 December 2007, Eidsiva Vekst AS and Fellskjøpet Agri BA signed an agreement in which Fellskjøpet Agri BA purchased indirectly 40% of Eidsiva's shares in Moelven Industrier ASA. Formally, this was done by Fellskjøpet Agri BA entering in as 40% owner of shares in the new company Eidsiva MI AS, in which Eidsiva Vekst AS owns the remaining 60%. Eidsiva MI AS is the formal owner of 39.6% of the shares in Moelven Industrier ASA.

In October the Board adopted a strategy plan for the period 2007-2010. The Group will continue to keep the primary focus on the domestic market in Scandinavia, with production units within a defined geographical area.

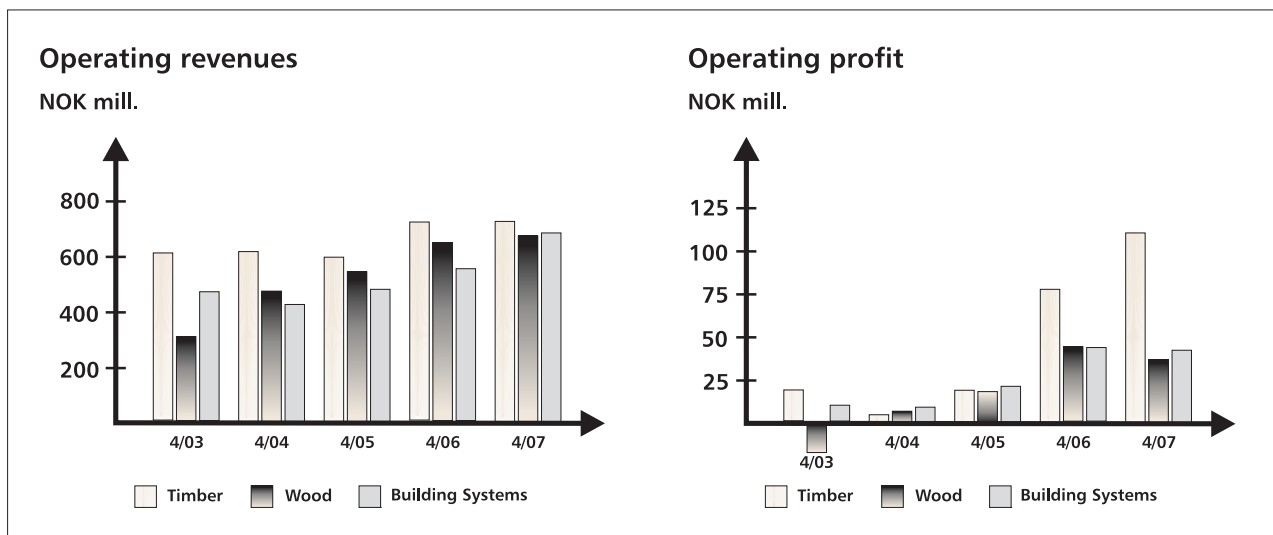
The acquisition of Moelven Trysil AS took place as planned and the company accounts have been consolidated as of 1 November.

Managing Director Dag Sand of Wood will retire from his position as of 1 July 2008. Bjarne Hønningstad (35) (M.Sc Mech. Eng) will take over the position as new managing director of the division on 1 August.

Operating revenues and profit

Operating revenues and profit in the fourth quarter rose to NOK 1 983.2 million (1 830.8) and NOK 175.8 million (150.5), respectively. Accumulated operating revenues amounted to NOK 7 944.0 million (6 692.4), with operating profit at NOK 989.6 million (373.2). Ordinary profit before taxes were NOK 972.2 million (336.4). Profit after taxes and minority interests totalled NOK 679.5 million (239.7)

The main reason for the higher operating profit in 2007 was the excellent market conditions, even though falling prices and rising material costs have reduced margins for some products. Operating conditions and access to raw materials have generally been good.



Investments, balance sheet and financing

By the end of 2007, the Group had accomplished the first two years of the three-year investment plan that was adopted in 2005. The objective of the plan has been to better adapt the Group's business units to the company's long-term strategy, which is the basis for overall business operations. This includes necessary upgrades to satisfy modern efficiency standards, as well as investments targeted toward increasing flexibility with regard to volume and assortment, in addition to improving market focus. In addition to ordinary investments, new fixed assets have been added as a result of the acquisition of Trysil Skog AS. In total, the Group's balance increased by NOK 72 million as a result of the consolidation of Trysil Skog AS.

In the course of the fourth quarter, investments totaling NOK 122.6 million (47.1) were made. Total investments excluding purchases in 2007 totalled NOK 292.4 million, compared to NOK 244.6 million in 2006.

The pace of investment has been somewhat slower than originally scheduled. The main reason for this is that high demand for the Group's products have made it desirable to delay upgrades that would result in temporarily reduced production volumes, and that the generally high investment activity in the industry has resulted in longer delivery times on equipment from many suppliers.

Cash flow from operations in the fourth quarter totalled NOK 226.8 million (198.9), which corresponds to NOK 1.75 per share (1.54).

Assets at the end of 2007 totalled NOK 3 604.2 million, compared to NOK 3 071.6 million in 2006. In addition to investments, the increase in overall assets is mainly due to the higher activity level. There was also a tendency to

build up stocks toward the end of the year.

Approximately half of the Group's assets are registered in SEK. The rate development from 0.9112 at the end of 2006 to 0.8455 in 2007 has led to a reduction in balance sheet totalling approximately NOK 110 million.

The annual accounts are issued under the assumption of continued operations, and at the end of 2007 equity on book totalled NOK 1 886.9 million, which corresponds to an equity ratio of 52.4 per cent. The proposal of dividend for 2007 will be decided in the board meeting 14 February 2008. At the end of the last period, overall equity was at NOK 1 233.7 million, with an equity ratio of 40.2 per cent. By converting the equity in the Group's Swedish subsidiaries to the same rate as in 2006, the resulting equity ratio is 51.8%.

The Group's long-term financing consists of long-term drawing facilities. Due to fluctuations in the annual cycle of access to raw materials and build-up of stocks, the Group's total debt over the year varies from a low of NOK 300-350 million, normally occurring during the fourth quarter, to a high that is usually reached during the second quarter. The drawing facilities provide the Group with the flexibility to increase or decrease debt in step with these fluctuations, and is a financing form that suits the Group well.

For some time now there has been a focus on reducing the need for foreign capital, and this focus -- together with a good cash flow due to high earnings -- has resulted in a reduction of net interest-bearing debt from NOK 466.7 million at the end of 2006 to NOK 154.0 million. Liquidity reserves totalled NOK 1 238.3 million as of 31.12.2007, compared to NOK 959.2 million the year before.

Divisions	NOK mill.	4 th Quarter			Total		
		2007	2006	2005	2007	2006	2005
Operating revenues							
Timber		728.4	727.0	599.2	3,075.5	2,583.6	2,355.4
Wood		675.4	654.8	541.6	2,994.5	2,530.0	2,268.7
Building Systems		683.1	562.0	494.7	2,382.8	1,937.5	1,770.1
Laminated Timber		134.7	119.9	106.3	483.1	424.9	402.0
Electrical installations		100.8	63.9	50.9	358.4	219.4	197.3
Modular Buildings		267.6	206.3	209.9	944.4	736.1	706.6
Modular System Interiors		180.0	171.9	127.6	633.8	593.6	496.7
Others/Eliminations		-103.7	-113.0	-107.4	-508.8	-358.7	-389.3
The Group		1,983.2	1,830.8	1,528.1	7,944.0	6,692.4	6,004.9
Operating profit/loss							
Timber		107.8	77.2	24.0	538.3	161.4	61.4
Wood		38.0	42.1	11.6	330.6	118.3	56.2
Building Systems		43.0	41.5	20.6	159.4	121.8	75.9
Laminated Timber		3.3	7.1	3.8	24.4	25.4	20.0
Electrical installations		0.2	2.1	11.1	5.9	3.7	-7.8
Modular Buildings		19.4	10.8	15.2	66.0	37.8	31.6
Modular System Interiors		20.1	21.5	12.7	63.0	54.8	32.1
Others		-13.0	-10.3	-11.1	-38.7	-28.3	-34.9
The Group		175.8	150.5	45.5	989.6	373.2	158.6

Divisions

Timber

Operating revenues in the fourth quarter totalled NOK 728.4 million (727.0), with an operating profit at NOK 107.8 million (77.2). Accumulated operating revenues amounted to NOK 3 075.5 million (2 583.6), with an operating profit at NOK 538.3 million (161.4).

Prices for sawn pine and spruce timber flattened out during the fourth quarter, and at the end of the year showed a negative trend. This has been expected for some time due to signs of falling demand as well as a build-up of stocks in the industry. As an adjustment to these developments, certain plants have reduced their production volumes.

Rapid price increases on finished goods resulted in corresponding price increases on timber in the last half of the year. Even though this development flattened out in the fourth quarter, timber prices at the end of the year were at a level that on an annual basis would amount to an increase of NOK 450 million for the Group's timber-consuming units.

The investment plan was followed up based on a revised plan. The measures are primarily targeted toward improving use of raw materials and reducing processing costs.

The start-up of newly invested facilities has in certain cases taken somewhat longer than expected and has contributed to a somewhat higher processing cost than originally anticipated.

Wood

Operating revenues in the fourth quarter were NOK 675.4 million (654.8), with an operating profit at NOK 38.0 million (42.1). Accumulated operating revenues were NOK 2 994.5 million (2 530.0), with an operating profit totalling NOK 330.6 million (118.3).

Demand for the Wood division's products has also been high in the fourth quarter; however, adjustments to stock levels among Scandinavian builders' merchants have had a negative impact on volume. Except for a slight reduction in the rate of new-build projects in Norway and Denmark, very few underlying signals in Scandinavia seem to indicate an upcoming significant slowdown in market activity level.

The division is a major purchaser of sawn wood, with annual purchases amounting to more than 200,000m³ from suppliers outside of the Moelven Group. The rising price level for sawn wood has had an impact on Wood's raw material costs in a negative direction, but even though prices on Wood's finished goods have also risen significantly, the increase in margins is not as high as for the Timber division. In addition to price increases, internal efficiency measures, such as focussing on logistics and the efficient use of raw materials, have contributed to generating higher profits.

Building Systems

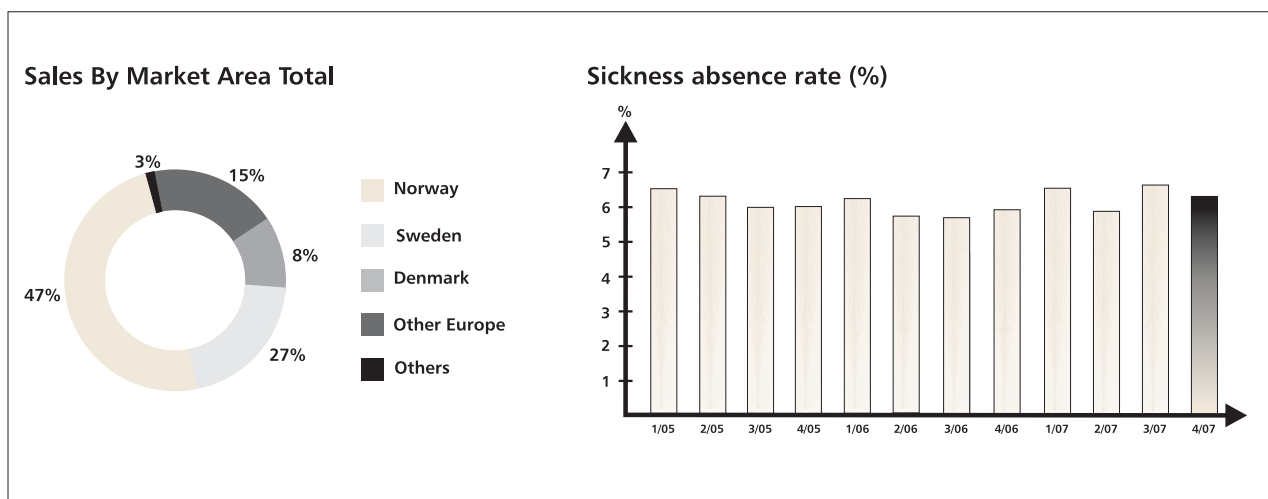
Operating revenues in the fourth quarter totalled NOK 683.1 million (562.0), with an operating profit at NOK 43.0 million (41.6). Accumulated operating revenues were NOK 2 382.8 million (1 937.5), and operating profit was NOK 159.4 million (121.8).

The high level of activity in the Scandinavian construction market has remained steady throughout the fourth quarter, and the markets in Norway and Sweden are still running at full capacity in many sectors.

The glulam business posted fourth quarter results that are somewhat lower than the year before. The two main reasons for this are the expenses associated with the renovation at Moelven Töreboda AB and an increase in raw material costs. The cost of raw materials has been higher than normal - particularly in Sweden -- due to delivery shortages from several traditional suppliers.

For the Building Modules companies, the activity level has been high during the period, with a significant increase in profit compared to the same period last year. The rate of new orders has been very stable. A higher production rate as a result of improved capacity and better price calculations are the main reasons for the improvement. Problems associated with projects in which price increases in materials for already contracted projects resulted in low profitability were generally resolved during the third quarter.

The Interior Layout companies also experienced extremely high market activity this quarter, and posted a fourth quarter result that was on the same level as last year.



Other businesses

In addition to the parent company, Moelven Industrier ASA, this business division includes common services such as timber acquisitions, bio-energy, R&D, finances, insurance, IT, communications and human resources. A few other smaller business units and assets not related to the Group's core business activities are included in this division as well. At the end of the fourth quarter, there were a total of 91 employees, of which 27 are female. 37 employees work in Sweden and 54 in Norway. The book value of assets not relating to operations totalled NOK 20 million (26.0).

Operating revenues in the fourth quarter were NOK 113.9 million (56.0). The increase is due to the higher ownership share in the bioenergy company Vänerbränsle AB. A loss for the quarter was posted at NOK 13.0 million (-10.5). Accumulated operating revenues totalled NOK 368.8 million (178.3), while operating loss totalled NOK 38.7 million (-28.3).

Employees

Absenteeism due to illness in the fourth quarter 2007 was 6.31% (5.93) or 16 682 (11 888) full workdays. In all, there were 197 697 (192 021) workdays during the fourth quarter. The rate of absenteeism due to long-term sick leave totalled 3.15% (2.68).

The number of personal injuries resulting in subsequent sick leave was 21 (25). This figure corresponds to 14.2 (17.3) injuries resulting in subsequent sick leave per million work hours. Efforts aimed at reducing the number of injuries will be intensified.

At the end of the fourth quarter, the Group had a total of 3 425 (3 210) employees. Of the total number of employees, 1 802 (1 686) work in Norwegian companies, 1 590 (1 501) in Swedish companies, 25 (20) in Danish companies and 8 (3) in other countries. Overall, there are 326 female and 3 099 male employees in the Group.

International Accounting Standards (IFRS)

Since Moelven Industrier ASA is not publicly listed, the company is not obliged to publicise accounts in accordance with International Financial Reporting Standards (IFRS).

The accounts have been prepared based on Norwegian accounting standards, while the table below shows the potential effect of reporting using IFRS.

The major differences in using IFRS are in the reporting of pension commitments, the use of financial instruments and the treatment of dividends. If IFRS had been used starting in 2005, pension commitments would have caused a one-off reduction in equity of some NOK 55 million. The effects of financial instruments will vary in relation to market value assessments at the time of reporting.

Outlook

The Board anticipates that the activity level in international markets will fall in 2008 and that the sawmill division (Timber) will experience falling prices for its products. The planing division (Wood) is more strongly influenced by activities in the Scandinavian construction market, and here the Board expects that demand and prices will remain more stable. This is because construction activity in Scandinavia is expected to remain at a high level, even with a decline from the high level in 2007. For the business units in Building Systems, the high market activity in certain areas has caused some capacity problems, but order reserves at the start of 2008 are excellent.

For the timber consuming units, access to raw materials is satisfactory. At the beginning of the year, not all contracts for timber deliveries for the first six months of the year had been negotiated, but the contracts already made will result in reduced raw materials cost.

Investments and payment of taxes will amount to approximately NOK 650 million in 2008. As a result, net interest-bearing debt and finance cost will increase.

Overall the Board expects a reduction in operating revenues and a significantly lower result in 2008 compared to the year before.

Board of Moelven Industrier ASA

Biri, 22 January 2008

IFRS	NOK mill.	4 th Quarter			Total		
		2007	2006	2005	2007	2006	2005
Profit and Loss Account							
EBITDA		220.0	208.8	91.8	1,166.6	560.8	333.5
EBIT		176.6	161.7	49.6	992.8	387.7	159.1
Result before tax		178.3	148.0	60.6	971.6	361.5	111.6
Balance Sheet							
Equity		130.0	113.7	41.1	1,858.8	1,301.9	1,060.8
Total assets		20.4	-36.4	-29.9	3,607.6	3,060.7	2,946.0
Equity ratio		3.3	4.2	1.7	51.5	42.5	36.0

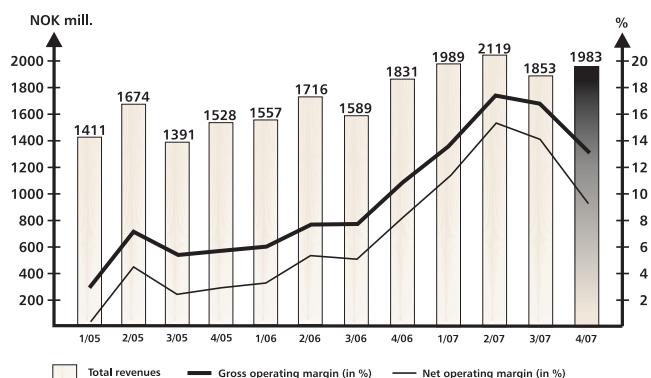
Changes in total equity for the Group

	Change in 4 th Quarter			Total		
	2007	2006	2005	2007	2006	2005
Opening balance	1,759.2	1,221.1	1,089.7	1,233.7	1,076.4	1,053.4
Profit/loss	116.9	101.9	21.9	683.6	239.5	67.3
Foreign currency translation	10.6	3.2	1.1	-26.3	11.0	-8.9
Provisions for dividend	0.0	-97.2	-32.4	0.0	-97.2	-32.4
Change in reclassified assets	0.0	0.0	0.0	0.0	3.8	-3.6
Minority interests	0.2	-0.7	-0.3	-4.1	0.2	0.6
Changes for year/period	127.7	12.6	-13.3	653.2	157.3	23.0
Total equity NGAAP	1,886.9	1,233.7	1,076.4	1,886.9	1,233.7	1,076.4
IFRS effects		-	-	-28.4	68.2	-15.6
Total equity IFRS				1,858.5	1,301.9	1,060.8

Cash Flow Statement

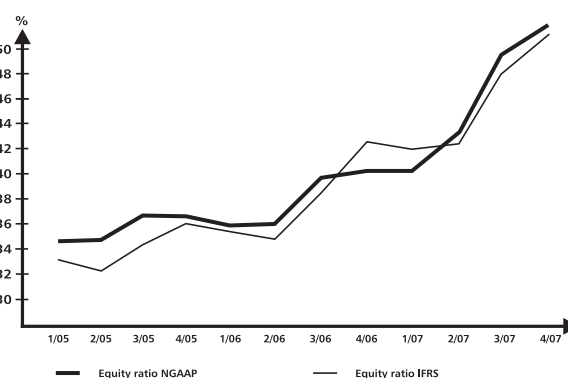
	Change in 4 th Quarter			Total		
	2007	2006	2005	2007	2006	2005
Net cash flow from operations	402.7	234.5	122.8	1,013.7	512.3	286.1
Cash from operating result	226.8	198.4	78.9	1,165.6	480.6	295.9
Cash flow from working capital	175.9	35.6	43.9	-151.9	31.7	-9.8
Cash flow from/to investments	-137.5	-60.1	-6.5	-298.3	-196.4	-85.3
Cash flow from/to financing	-274.4	-162.1	157.3	-689.3	-293.9	-188.7
Net cash flow for the period	-9.2	-35.7	-41.0	26.1	22.0	12.1
Liquid funds	-9.2	-35.7	-41.0	77.7	51.6	29.6
Unutilised credit facilities	63.6	215.1	-41.5	1,160.6	907.6	705.0
Available liquid funds	54.4	179.4	-82.5	1,238.3	959.2	734.6

Revenues and margins



Quarterly In 2005 – 2007

Equity ratio



Quarterly in 2005 – 2007

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