



Moelven ByggModul AB received the "Excellent Modern Wooden Building" award for the construction of the Ståthällaren quarter in Stockholm.

Profit and Loss Account	NOK mill.	4 th Quarter			Total		
		2008	2007	2006	2008	2007	2006
		Operating revenues	1,724.1	1,983.2	1,830.8	7,657.7	7,944.0
Depreciation	54.8	44.1	48.2	198.4	177.0	177.6	
Cost of goods sold	1,078.4	1,139.9	1,087.9	4,998.3	4,621.2	4,218.9	
Operating expenses	643.5	623.4	544.2	2,316.0	2,156.2	1,922.7	
Operating profit	-52.6	175.8	150.5	145.0	989.6	373.2	
Income from associates	-1.3	1.5	-2.0	-2.2	0.1	-3.9	
Interest and other financial income	0.9	0.0	-2.4	10.9	8.8	7.1	
Interest and other financial expenses	-13.1	-1.5	-3.0	-46.3	-26.3	-40.0	
Operating result before tax	-66.1	175.8	143.1	107.4	972.2	336.4	
Estimated tax cost	-18.5	47.1	41.2	30.1	276.8	96.9	
Minority interests	1.1	0.2	-0.7	0.8	-4.1	0.2	
Net profit	-46.5	128.9	101.2	78.1	691.3	239.7	

Balance Sheet	NOK mill.	Change in 4 th Quarter			Per 31.12		
		2008	2007	2006	2008	2007	2006
		Intangible assets	-3.7	1.2	-1.3	7.6	7.1
Tangible assets	101.4	97.7	61.4	1,392.6	1,214.9	1,135.6	
Financial assets	-10.3	-13.6	-16.5	49.4	58.9	73.8	
Total fixed assets	87.4	85.3	43.6	1,449.6	1,280.9	1,217.8	
Stocks	9.9	308.9	72.0	1,174.4	1,301.9	846.5	
Receivables	-322.9	-365.0	-95.3	936.3	943.7	955.7	
Deposits	11.9	-9.2	-35.7	29.8	77.7	51.1	
Total current assets	-301.1	-65.3	-59.0	2,140.5	2,323.3	1,853.8	
Total assets	-213.7	20.0	-15.4	3,590.1	3,604.2	3,071.6	
Share capital*	0.0	0.0	0.0	647.7	647.7	647.7	
Other equity and capital	-5.7	-189.5	12.6	1,045.7	922.0	586.0	
Total equity	-5.7	-189.5	12.6	1,693.4	1,569.7	1,233.7	
Long-term liabilities	23.5	-73.6	-209.4	863.9	408.1	670.9	
Current liabilities	-233.5	283.1	181.4	1,032.8	1,626.4	1,167.0	
Total liabilities	-208.0	209.5	-28.0	1,896.7	2,034.5	1,837.9	
Total equity and liabilities	-213.7	20.0	-15.4	3,590.1	3,604.2	3,071.6	

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

Key figures	NOK mill.	4 th Quarter			Total		
		2008	2007	2006	2008	2007	2006
		Net operating margin /EBIT (in %)	-3.1	8.9	8.2	1.9	12.5
Gross operating margin/EBITDA (in %)	0.1	11.1	10.9	4.5	14.7	8.2	
Earnings per share (in NOK)	-0.37	0.91	0.79	0.60	5.28	1.85	
Cash flow per share (in NOK)	0.01	1.75	1.54	2.52	9.00	3.71	
Equity ratio (in %)	2.5	-5.5	0.6	47.2	43.6	40.2	
Investments	128.1	122.6	74.9	345.9	292.4	244.6	
Return on capital employed (in %)	-9.5	35.7	32.4	6.6	52.7	19.6	
Capital employed	-4.5	-193.4	-210.3	2,162.9	1,801.4	1,752.0	
Net interest bearing debt	-15.5	-49.3	-187.2	600.5	154.0	466.7	
Net working capital	-250.2	-59.5	-135.0	1,552.4	1,621.2	1,255.6	
Number of employees	3,370	3,380	3,202	3,285	3,425	3,210	
Sickness absence rate (in %)	5.32	6.31	5.93	5.64	6.32	5.89	
Number of injuries with absence	19.9	14.2	17.3	18.3	17.5	17.3	
Number of shareholders	969	967	972	969	967	972	
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

- Dramatic slowdown in most markets due to financial crisis
- Excellent quarterly result for the Building Systems division
- Sawmill division is hardest hit by the economic downturn
- Operating revenues for quarter dropped to MNOK 1 724 (+1 983)
- Operating loss for quarter totals MNOK 52.6(+175.8)

Highlights

The financial crisis has had a decisive impact on the Moelven Group's markets in the fourth quarter. A dramatic fall in activity in the construction industry compounded the negative effect of falling price levels that had reached a peak in 2007.

The sawmill plants were hit particularly hard, and, in the second half of the year, the sawmill division was forced to reduce their production output by more than what had been planned at the beginning of the year. The largest challenge, however, has been prices for sawn wood, which have fallen faster and significantly more than prices for logs.

For the processing plants, the slowdown in the construction industry has caused a reduction in demand for the division's products. The price level for products from the planing division have also been declining, but not as pronounced and from not as high a level as for the sawmill plants.

In the Building Systems division, which is primarily project-driven, the completion of existing projects and orders on book helped the division post a very good result in the fourth quarter. The companies in the division are experiencing a slowdown in demand for new projects, however, and many customers are cancelling contracts due to the lack of financing or uncertain market prospects.

An unfortunate consequence of the economic slowdown is that it will be necessary to reduce the scope of operations. 2007 was a year with very high business activity and an increase in the number of employees. In addition to ongoing investments made to obtain more cost-efficient production equipment, the prospects of a reduced activity level in 2008 indicate a need to reduce the number of employees, and the

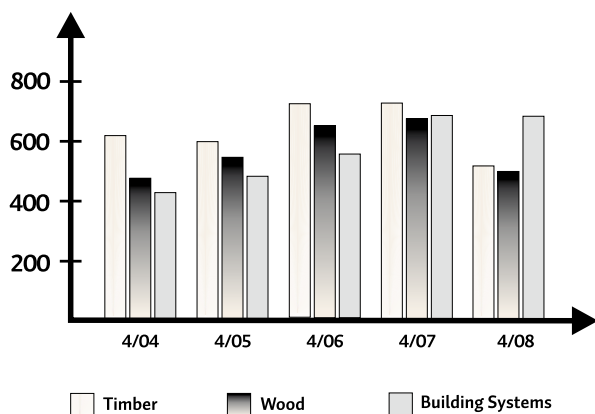
intensity of the economic downturn this autumn has made it necessary to carry out reductions beyond what was earlier anticipated. At the start of the year, it was clear that these cost-cutting measures would impact approximately 775 employees through temporary and permanent lay-offs, reduced work hours and natural retirement. Since many of the measures that have been carried out up until now involved reducing work hours and temporarily laying-off employees, the actual number of permanent employees has not been reduced as much. Since Swedish labour laws do not permit companies laying-off employees temporarily, the number of permanent lay-offs has been highest in Sweden, even though the company expects the reduction in business activity to be a temporary phenomenon. At the end of 2008, the total number of employees was 3 285, which is a reduction of 140 compared to the year before, but 75 more than at the end of 2007.

Even though the economic downturn will impact the Group's profitability in 2009, the long-term strategy for investments and development of the Group will not be changed to any significant extent. Both solidity and financing are satisfactory and provide needed flexibility, but in order to strengthen a cash flow a decision has been made to postpone some investment projects. In December, a decision was made to start investing in a new project factory for glulam at Moelven Töreboda AB during 2009.

Moelven Wood AS and the entrepreneur-owned company MjøsCon AS have jointly founded Moelven Iso3 AS. Moelven's ownership share is 65 percent. The company's product, Iso3,

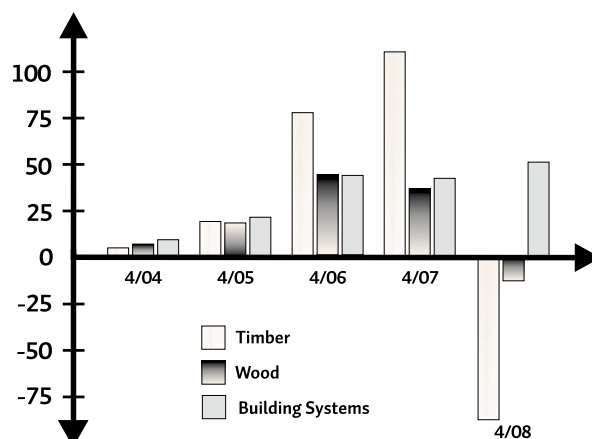
Operating revenues

NOK mill.



Operating profit

NOK mill.



is an insulated support beam made of wood that satisfies insulation requirements in new construction regulations while allowing for smaller wall widths, which will lower the cost compared to other products.

Moelven ByggModul AB and Järntorget Bostads AB have received an award for the construction of five five-storey apartment buildings in the Ståthållaren quarter at Bagarmossen in Stockholm. The reason the jury gave for awarding the "Outstanding Modern Wooden Building" prize to Moelven and Järntorget was that their construction of 74 apartments in an already developed area was done in a very short period of time with minimal inconvenience to neighbours and with an architecture that harmonizes well with the local 1950s-style housing.

Operating revenues and results

In the fourth quarter operating revenues and results for the Group dropped and ended at NOK 1 724.1 million (1 983.2) and minus NOK 52.6 million (175.8), respectively. Overall operating revenues for the year totalled NOK 7 657.7 million (7 944.0), with an operating profit of NOK 145.0 million (989.6). Ordinary pre-tax profit was NOK 107.4 million (972.2), while profit after taxes and minority interests amounted to NOK 78.1 million (691.3).

The main reason for the lower profit figure compared to the previous year was the negative trend in margins for the sawmill division. While the planing division had a weaker result than the previous year, the Building Systems division posted a result that was better than the previous year.

Investments, balance sheet and financing

2008 was the final year of a three-year investment program that focussed on adding value and flexibility instead of increasing volume. Even though some strategic investments remain to be made, investment activity will be somewhat lower in the coming years in line with the company's current strategy and as a result of the reduction in cash flow caused by the economic downturn. Investments totalling NOK 128.1 million (122.6) were made in the fourth quarter. Total investments excluding acquisitions in 2008 were NOK 345.9 million, compared to NOK 292.4 million in 2007.

Cash flow from operations in the fourth quarter totalled NOK 1.2 million (226.8), which is the equivalent of NOK 0.01 per share (1.75). In all for the year, cash flow from operations totalled NOK 326.7 million (1 165.6), corresponding to NOK 2.52 per share (9.00).

The reduction in cash flow has resulted in an increase of net interest-bearing debt from NOK 154.0 million to NOK 600.5 million at 31.12.2008. Aside from the general reduction in revenues, the increase in net interestbearing debt was due to a distribution of dividends totalling NOK 336.8. Liquidity reserves were reduced from NOK 1 238.3 million in 2007 to NOK 782.0 million at 31.12.2008.

Overall assets at the end of 2008 totalled NOK 3 577.4 million, compared to NOK 3 604.2 million in 2007. The reduction in assets is a result of a slower market and more attention being paid to avoiding tying up capital during the economic slowdown.

Approximately half of the Group's assets are reported in SEK. The exchange rate increase from 0.85 at the end

Divisions	4 th Quarter			Total		
	2008	2007	2006	2008	2007	2006
Operating revenues	NOK mill.					
Timber	559.7	739.4	725.6	2,472.4	3,136.4	2,642.0
Wood	549.2	659.7	638.0	2,634.0	2,914.6	2,453.4
Building Systems	635.4	673.8	550.1	2,748.0	2,382.8	1,937.5
Laminated Timber	116.2	134.7	119.9	524.1	483.1	424.9
Electrical installations	108.4	100.8	63.9	435.5	358.4	219.4
Modular Buildings	209.4	267.6	206.3	1,030.7	944.4	736.1
Modular System Interiors	206.7	180.0	171.9	784.3	633.8	593.6
Others/Eliminations	-20.2	-89.7	-82.9	-196.7	-489.8	-340.5
The Group	1,724.1	1,983.2	1,830.8	7,657.7	7,944.0	6,692.4
Operating profit/loss						
Timber	-81.1	107.9	79.8	-143.3	544.4	166.7
Wood	-13.2	37.8	39.5	80.3	324.4	113.0
Building Systems	50.6	43.2	41.5	235.1	159.4	121.8
Laminated Timber	5.9	3.3	7.1	38.5	24.4	25.4
Electrical installations	2.4	0.2	2.1	8.5	5.9	3.7
Modular Buildings	12.1	19.4	10.8	94.2	66.0	37.8
Modular System Interiors	30.2	20.1	21.5	93.9	63.0	54.8
Others	-8.9	-13.0	-10.3	-27.1	-38.6	-28.3
The Group	-52.6	175.8	150.5	145.0	989.6	373.2

of 2007 to 0.90 in 2008 has resulted in an increase in the balance sheet of approximately NOK 125 million.

The annual accounts have been assessed under the assumption of continued operations, and at the end of 2008 equity on book totalled NOK 1 693.4, corresponding to an equity ratio of 47.2 percent. At the end of the previous year, equity totalled NOK 1 569.7 million, with an equity ratio of 43.6 per cent. The comparable equity ratio figure obtained by converting the equity in the Group's Swedish subsidiaries to the same exchange rate as in 2007 would be 47.6 per cent.

Due to seasonal variations in access to raw materials and demand for finished products, the Group's total debt fluctuates between NOK 300-350 million - from a low normally in the fourth quarter to a high normally in the second quarter. The Group's long-term financing is therefore in the form of long-term drawing rights. The remaining term on long-term financing at the end of the year was 2.5 years.

Divisions

Timber

Operating revenues in the fourth quarter totalled NOK 559.7 million (739.4), with an operating loss of NOK 81.1 million (+107.9). Overall operating revenues for the year totalled NOK 2 472.4 million (3 136.4), with a total operating loss of NOK 143.3 million (+544.4).

The market price of the division's products first flattened out and then started to fall already in the fourth quarter 2007. The decrease in turnover compared to 2007 was primarily due to falling prices, but there was also a reduction in volume in the second half of the year. At the start of 2009, prices showed signs of stabilising at a lower level. Products are sold in a market with rapid price fluctuations, which was the case both during the economic upturn at the end of 2006 and during the downturn that has followed. Prices on the most important input factor, logs, do not usually change as fast, and this is often the cause of major margin fluctuations. As a result, the sawmill division has had negative margins in the second half of the year. Low margins combined with the write-down of stock as a result of a dramatic fall in prices is the reason for the division's loss figure.

Due to falling demand, it has been necessary to carry out

capacity reductions, which has also had a negative impact on the result. The sawmill line at Moelven Tom Heurlin AS was closed in 2008 and a decision was made in December to close Moelven Elverum, which will be carried out in the first half of 2009. Major restructuring efforts are also being carried out. The largest single measure will take place at Moelven Våler AS, where investments have been made to install a new sorting plant.

Wood

Operating revenues in the fourth quarter totalled NOK 549.2 million (659.7), with an operating loss of NOK 13.2 million (+37.8). Overall operating revenues for the year totalled NOK 2 634.0 million (2 914.6), with an operating profit of NOK 80.3 million (324.4).

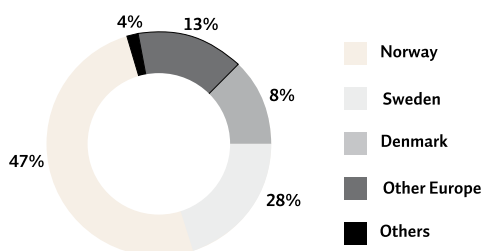
Construction activity in the markets for housing and commercial offices fell dramatically in the fourth quarter, and this is the main reason for the decline in demand for the Wood division's products. Market activity in the rehabilitation, renovation and additions sectors has also fallen recently. The largest effect of the market decline for the Moelven Group has been experienced in Norway and Denmark. As anticipated, the market situation has resulted in falling price levels also for the Wood division. The fall in prices, however, arrived later than for the Timber division. The reason for this is that demand in Scandinavia has fallen in the wake of the decline in the US and Europe.

Lower demand and more sluggish profitability will undoubtedly characterise the coming year compared to recent years. Capacity reductions needed to adapt to the market situation have also been implemented in the Wood division. There is also a need to adapt certain plants even more to the Group's strategy in terms of business concept and degree of processing.

The underlying need for new construction in Scandinavia will in all likelihood be higher than what is anticipated in the coming year, and so demand for the division's products is therefore expected to increase again in time.

The investment projects that are underway aim to ensure adequate capacity at a competitive price that is adapted to a normal level of demand. Among the projects underway are the impregnation facility at Moelven Soknabruket and Moelven Edanesågen, and the new planing line for sawn wood at Moelven Trysil.

Sales By Market Area Total



Sickness absence rate (%)



Building Systems

Operating revenues in the fourth quarter totalled NOK 635.4 million (673.8), with an operating profit of NOK 50.6 million (43.2). Overall operating revenues for the year were NOK 2 748.0 million (2 382.8), with an operating profit of NOK 235.1 million (159.4).

The Building Systems division reported one of their best quarterly results ever in the fourth quarter. Even so, the fourth quarter for Building Modules and Laminated Timber in particular showed a distinct decline in demand for new projects, as well as there being several cancellations and delays of existing orders. All of the companies in the division are experiencing intense competition for project contracts, and the general decrease in market activity is partially due to the market downturn forcing builders to abandon projects because they are no longer profitable or they lack financing. The end result is that the companies in the Building Systems division, with the exception of Electrical Engineering, have experienced a clear decline in order reserves during the fourth quarter.

The Building Systems division is among the most labour intensive in the Moelven Group, and the reduction in market activity is having the most serious consequences for this division. Capacity reductions caused by the economic downturn are thus having a major impact on employees in this division.

In December, a decision was made to invest in a new factory at Moelven Töreboda AB designed to produce large glulam construction elements. Work started in 2009 and the new factory should stand completed in the autumn 2010.

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 90 (91) employees in this division, of which 24 (27) are female. 39 (37) work in Sweden and 51 (54) work in Norway. The book value of assets not involved in operations was approximately NOK 10 million (20).

Operating revenues in the fourth quarter were NOK 118.7 million (113.9). Operating loss totalled NOK 8.9 million (-13.0). Operating revenues for the year totalled NOK 388.5

million (368.9), which resulted in an operating loss of NOK 27.1 million (-38.6).

Employees

The overall rate of medical leave in the fourth quarter was 5.32% (6.31), for a total of 15 412(16 682) full workdays. In all there were 194 550 (197 697) workdays in the fourth quarter. Absenteeism due to long-term medical leave totalled 2.59% (3.15).

The number of personal injuries resulting in medical leave totalled 29 (21), which corresponds to 19.9 (14.2) injuries per million hours of work. The injury rate developed in a negative direction in 2008 and is unacceptably high. Even more attention will be put on reducing the number of injuries in the time ahead.

At the end of the fourth quarter, the Group had a total of 3 285 (3 425) employees. In all, 1 756 (1 802) of these employees work in Norwegian companies, 1 492 (1 590) in Swedish companies, 27 (25) in Danish companies and 10 (8) in other countries. Of the total number of employees, 326 are female and 2 959 are male.

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. The effect of financial instruments will vary in relation to the market value assessment at the time of reporting.

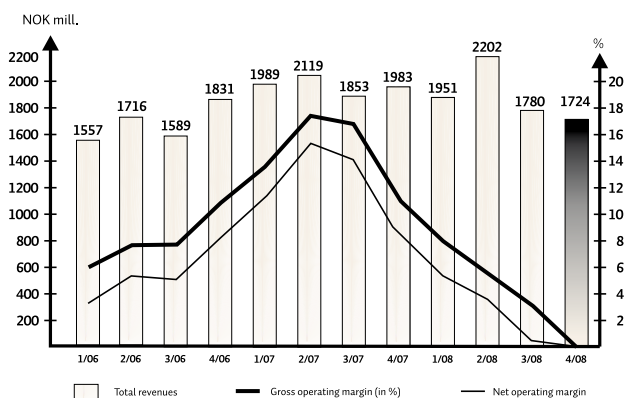
Financial instruments are used to ensure predictability in terms of currency and interest rates. Fixed rate agreements are used to ensure stable interest rates at acceptable levels, while forward exchange contracts are used to ensure that sales in foreign currency can be exchanged at known rates. In the month of December, interest rates fell dramatically both in Norway and Sweden. At the same time, the value of Norwegian and Swedish kroner measured against Euro also fell. Both of these fluctuations caused the market value of already entered into hedges to fall dramatically and caused an unrealised loss of MNOK 114.6 at the end of the year.

IFRS	NOK mill.	4 th Quarter			Total		
		2008	2007	2006	2008	2007	2006
Profit and Loss Account							
EBITDA		10.2	220.0	208.8	351.5	1,166.6	560.8
EBIT		-45.2	176.6	161.7	156.3	992.8	387.7
Result before tax		-156.7	178.2	148.0	5.8	971.6	361.5
		Change in 4 th Quarter			Total		
	NOK mill.	2008	2007	2006	2008	2007	2006
Balance Sheet							
Equity		-65.7	149.2	113.7	1,597.9	1,858.0	1,301.9
Total assets		-187.7	20.3	-36.4	3,632.3	3,607.5	3,060.7
Equity ratio		0.4	3.9	4.1	44.0	52.1	42.5

Changes in total equity for the Group	NOK mill.	Change in 4 th Quarter			Total		
		2008	2007	2006	2008	2007	2006
Opening balance		1,699.1	1,759.2	1,221.1	1,569.7	1,233.7	1,076.4
Profit/loss		-47.6	128.7	101.9	77.3	683.6	239.5
Foreign currency translation		40.8	14.3	3.2	45.6	-22.6	11.0
Provisions for dividend		0.0	-336.8	-97.2	0.0	-336.8	-97.2
Change in reclassified assets		0.0	0.0	0.0	0.0	0.0	3.8
Minority interests		1.1	4.3	-0.7	0.8	0.6	0.2
Changes for year/period		-5.7	-189.5	12.6	123.7	336.0	157.3
Total equity NGAAP		1,693.4	1,569.7	1,233.7	1,693.4	1,569.7	1,233.7
IFRS effects					-95.5	308.3	68.2
Total equity IFRS					1,597.9	1,878.0	1,301.9

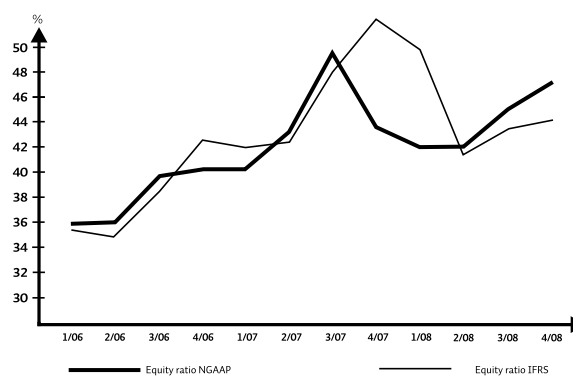
Cash Flow Statement	NOK mill.	Change in 4 th Quarter			Total		
		2008	2007	2006	2008	2007	2006
Net cash flow from operations		127.1	402.7	234.5	223.9	1,013.7	512.3
Cash from operating result		1.2	226.8	198.4	326.7	1,165.6	480.6
Cash flow from working capital		125.9	175.9	35.6	-102.8	-151.9	31.7
Cash flow from/to investments		-113.6	-143.2	-60.1	-333.2	-304.0	-196.4
Cash flow from/to financing		-1.6	-268.7	-162.1	61.4	-683.6	-293.9
Net cash flow for the period		11.9	-9.2	-35.7	-47.9	26.1	22.0
Liquid funds		11.9	-9.2	-35.7	29.8	77.7	51.6
Unutilised credit facilities		15.6	63.6	215.1	752.2	1,160.6	907.6
Available liquid funds		27.5	54.4	179.4	782.0	1,238.3	959.2

Revenues and margins



Quarterly In 2005 – 2007

Equity ratio



Quarterly in 2005 – 2007

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Outlook

Moelven Since most of Moelven's deliveries are for construction purposes, and this is one of the sectors that has been hit the hardest by the economic downturn, the prospects for 2009 are weaker than they were at the start of 2008. Prices for sawn spruce and pine in Europe are expected to remain low, and the challenge for the sawmill division will be to adapt quickly to the new price level so that the division can still generate a profit. For the planing division, a high demand for rehabilitation, renovation and additions will ensure a more stable activity level, but reduced demand will require significant reductions in capacity and expenses in this division as well. For the Building Systems division, the considerable

capacity reductions that were started in 2008 will become effective in the first half of the year. For this division as well, it is the market activity relating to new commercial buildings that will decline the most. For the Group as a whole, the Board anticipates that operating revenues will be approximately NOK 1 billion lower compared to the previous year. This will also lead to a lower result, but the Group has sufficient financial flexibility despite the demanding market situation.

Board of Moelven Industrier ASA
Moelv, 22 January 2009

Moelven - Supplying good rooms

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 3 503 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), Mjøsken Skog (11.7 per cent), AT Skog (7.3 per cent) and Havass Skog (4.0 per cent). Private individuals own most of the remaining 0.4 per cent.

*Moelven's existence is based on providing quality rooms for people.
It is a promise we give our customers.*

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