



ANNUAL REPORT

2000

MOELVEN

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4 APRIL Annual General Meeting – annual results 2000
3 MAY Accounts for first quarter 2001
16 AUGUST Accounts for second quarter 2001
30 OCTOBER Accounts for third quarter 2001
FEBRUARY 2002 Accounts for fourth quarter/ preliminary annual results for 2001
APRIL 2002 Annual General Meeting – annual results 2001

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VISION

Moelven aims to be one of Scandinavia's leading suppliers of building products and accompanying services. In Moelven's opinion being a leader does not only mean being one of the largest but also the preferred partner for our business connections.

Moelven's positions shall be developed through

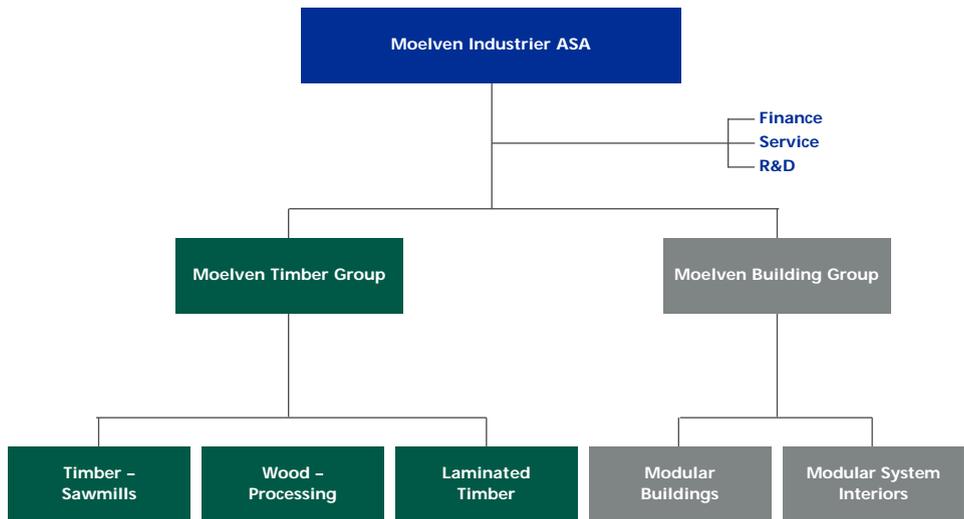
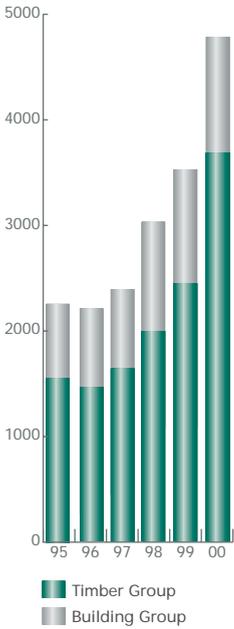
- *being both flexible and having a long-term handling ability*
- *being ahead of the customers and competitors through the development of business concepts and branded goods*
- *being the most profitable player in our industries.*

Moelven shall be synonymous with quality, high expectations and positive experiences.



ORGANISATIONAL CHART

Operating revenues NOK million

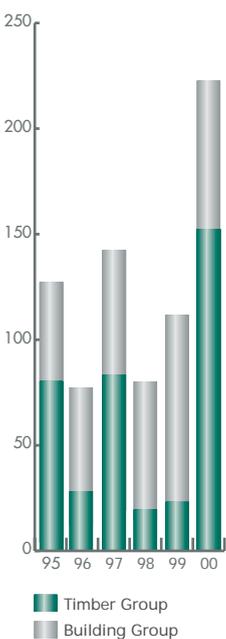


The Moelven Group is organised into two business areas: the Moelven Timber Group and the Moelven Building Group.

The Moelven Timber Group has about 2000 employees and operating revenues of about NOK 3.7 billion.

The Moelven Building Group has just under 1000 employees and operating revenues of about NOK 1.1 billion.

Operating profit NOK million



Business areas	Products	Operating revenues (NOK million)	Employees at 31.12.00
Moelven Timber Group			
Timber - Sawmills	Sawn timber and wood chips for the wood and paper industry	2 723	1 126
Wood - Processing	Wood-based building goods	1 222	570
Laminated timber	Load-bearing building elements	536	326
Moelven Building Group			
Modular Buildings	Business buildings and electrical installations	543	414
Modular System Interiors	Interiors for business buildings	551	564

THE GROUP

Moelven Industrier is a Scandinavian industrial group, delivering products with accompanying services for the European building market. The main part of the production is carried out in Norway and Sweden, while almost 40 per cent of sales are outside the Scandinavian market.

The Group has 3000 employees and an annual turnover of NOK 4.7 billion. The Group has nearly 40 units, organised into two business areas - Moelven Timber Group and Moelven Building Group.

Moelven Timber Group produces timber-based building materials, and delivers raw materials for other producers of wooden building materials and for the furniture, packaging and paper industries. The main products are timber and laminated timber for load-bearing constructions, interior products such as floors, skirting boards and mouldings, fire and rot-proof timber, and components. These products are sold to the building trade and other industries.



As an alternative to the traditional building processes Moelven Building Group supply industrialised building concepts based on modules. The main products are business buildings such as schools, offices, hotels, accommodation for building contractors and, equipment and electrical installations for business premises. The major group of customers are Norwegian and Swedish builders.

Moelven has grown significantly during the last few years, through both the development of the existing company and acquisitions. The Group's expansion has increased the need to give all profit units a great deal of independence, along with appropriate authority and accountability within the central framework. This results in a flexible company that can adapt quickly to changing market conditions and reduces internal and administrative processes at the same time.



IMPORTANT EVENTS

1899 The limited company of Moelven Brug was founded on 24th July.

Wheels boiled in oil are the main basis of the industrial production.

1948 Johs. Mageli appointed as Director of AS Moelven Brug. He becomes founder of the modern Moelven.

1950 A new type of transportable forest cabin and rest barracks, "Moelven House on Wheels", is developed.

1959/60 The laminated timber factory on Moelv starts production in co-operation with Ringsaker Almenning.

1960/61 Development of agricultural products, loaders, dumpers and mobile cranes.

Deck cranes were developed later.

1964 Moelven Seksjonshus undergo further development. Sales offices are established in both Sweden and Norway.

1965 A/S Ringsakerhus is founded in co-operation with OBOS. This was the beginning of the field development.

1972/1976 New factories for production of components for the housing industry are built. "The oil adventure" gives Moelven large deliveries for, amongst others, Kårstø and Rafnes.

1980 The sawmill "Mjøsbruket" is established, and becomes the first sawmill in today's Moelven.

1981 Moelven is listed on the Stock Exchange in Oslo, Norway. Share capital NOK 17.5 mill.

1982 Moelven takes over the majority of shares in Töreboda Limträ AB, and becomes one of the largest in Europe in the glulam area.

1985 Dalaträ AB and LNJ Limträ AS taken over.

1988 Moelven sells the majority of its mechanical industry.

1989 Moelven takes over Aker's housing and business buildings division.

1990 - 1992 The decline in the Norwegian housing market results in the deterioration of house production, which is the Group's largest area of business. The Group was subject to a major reorganisation and is refinanced.

1994 Deliveries to the Olympic sites the "Viking Ship", "Håkons Hall" and the "Northern Lights Hall" for the Olympic Games.

1995 Load-bearing constructions for the terminal building at Gardermoen delivered in laminated timber.

1998 The take-over of Notnäs AB and Westwood group almost doubles the industrial timber company.

1999 Moelven celebrates its centennial year.

2000

- Forestia's timber industry taken over. The Group employs 820 new employees, 12 new production sites and an increase in the turnover of NOK 1.3 billion. Moelven Wood gets more heavily involved in the German market by buying 49 per cent of the processing and distribution company Aicher GmbH.
- The Building Group takes over Fredlunds Akustik AB and Hulåns Snickeri AB and expands in Sweden.
- The shares in Limträ Danmark AS are sold and the Laminated Timber division concentrates on Norway and Sweden.
- Weda Skog AB is established with Bergkvist and Hedin as the joint purchasers of timber in Sweden.
- Moelven Engineering is the main contractor for the Norwegian pavilion at Expo 2000.

COMMENTS FROM THE PRESIDENT AND CEO



Year 2000 was the beginning of a new century for Moelven, and from the viewpoint of a Scandinavian building group with more than 100 years' history one can make certain reflections.

Last year was the year of "the new economy". For a company a hundred years old it is impossible to deny that it belongs to "the old economy", but we have found no reason to defend this because Moelven has many basic qualities which provide a solid basis for growth and development for the next 100 years.

Year 2000 will always be remembered as the year where Moelven grew more than ever. The Group appointed almost 820 new employees, 12 new production companies and had an increase in turnover of 1.3 billion. An improved result contributed to a stronger financial position, and together with our basic qualities form a solid basis for our further development.

Moelven contributes to building under cleaner conditions. Environmental protection is an integrated part of the daily operation. With very few exceptions, we can state our employees' expertise and our means of productions are linked to activities that are sustainable in both the environmental and economic sense. All economic activities will have certain negative consequences. The long-term competitiveness lies in running an operation with less environmental consequences than the alternatives and minor enough to make the operations sustainable over time. Moelven is already doing this. Wood is a renewable raw material and our consumption of energy is very limited, apart from what is covered by our own biological fuel. Furthermore, timber building materials have a long life and can be adapted, recycled or disposed of without noticeable negative environmental consequences. Module based buildings are produced at the factory, resulting in cleaner building sites, and Modular System Interiors is itself a recyclable concept.

Wood is also a good starting point for the creation of a cleaner environment. The end user invariably makes decisions from an aesthetic point of view and an increased willingness to pay. This is a natural consequence of developments in material welfare having come so far that for increasingly larger purchaser groups, success can only be achieved through higher quality. Moelven's laminated timber construction has aesthetic quality and this is one of the biggest competitive advantages. The sawmills which deliver raw materials to the most demanding producers of quality interior products, are the most profitable over time. The Building Group

meets the customer's demands every day, whether it concerns modular buildings or modular system interiors. This has contributed the development of the individual "house on wheels" to the complete module based business building. We can offer benefits beyond that which traditional on-site building methods offer, and the Group's system interiors are today architecturally designed and far more than just a plaster wall.

There is a growing demand for everything to be faster. Short delivery times and fast alterations are certainly added value for our customers. For us as suppliers it can mean increased use of resources, but also the possibility to improve our competitiveness. Advantages with module based business buildings over traditional buildings include shorter construction time and the possibility of recycling. Module based buildings are definitely the best way of supplying both owner and user with a building which can be adapted to newer demand both quickly and cost effectively. Both module based buildings and interiors are excellent examples of how "the old economy" meets the demand of "the new economy", and how we can profit from this.

Where does Moelven take a further step? The main directions are clear. Moelven shall be the leading building group in Scandinavia. Our activities will have connections to a number of selected markets, where we are amongst the best, and where we at least have as good a profit as our competitors. Furthermore, we aim to be among the largest players in our core business areas, so that necessary restructuring of the industry seldom will take place without our active participation. Moelven has played, and will continue to play, an active role in the restructuring of the timber industry in our regions in Norway and Sweden.

We hold excellent positions in the fields of module based business buildings and system interiors in Norway and Sweden. Through growth and acquisitions we intend to develop these areas further. The Group has and still makes large investments for IT based control systems and network solutions and is currently working on an e-commerce system for selected customers.



On a day-to-day basis scarce resources must be managed carefully. These include expertise within the organisation, as well as venture capital. Our ability to obtain both determines how fast we can develop the company. Competence within our business areas is not easily available in the market and must primarily be developed internally. This is a prioritised area. The capital is to be used for a combination of further development of the industry and to serve the owners through the buying of shares and for the payment of dividends. "The mixture" will be determined according to the best return on capital for our shareholders.

The extent and structure of our industrial activities depends to a certain extent on market conditions, but even more important in determining the future are the abilities of our employees. The cover on this annual report demonstrates that there are few limits to the application of our building materials and Moelven are not afraid to aim high. Even though this outline draft for a opera building in Oslo was one of the many which did not get selected, there is a high possibility that our



products will be in the new building when it is finished. The same applies for several other large or small buildings due to be built or refurbished in the coming years. We can deliver nice solutions, fast and environmentally friendly.

In short our strategy is one of continued growth, based on solid daily operations that provide financial flexibility, as well as participation in structural changes in order to create larger values for our shareholders. In addition, Moelven must be an attractive employer, as our employees are our most important resource.

Frode Alhaug
President and CEO

MAIN FEATURES

In 2000, Moelven achieved a record result of NOK 223 million from operations. This result strengthened the Group's solidity, provided a solid return on equity and increased the earnings per share from NOK 0.37 in 1999 to NOK 1.16. During the past few years Moelven has grown considerably in several areas, doubling its turnover since 1997. In the year 2000 the Board concentrated particularly on the operational integration of the many new units. The Board is satisfied that this process has been so successful in integrating the new units, which for just a short time ago had seven completely different owners. It was assumed that synergies totalling NOK 150 million would be realised during a period of three years after the purchase of Forestia. The integration work is proceeding according to plan, and the annual profits related to this were approximately NOK 50 million. Low investments will not negatively affect future earning possibilities, as this is



*Chairman of the Board
Peder Chr. Lovenskiold.*

more than compensated by co-ordinating the use of the many plants that are currently part of the Group's business segments.

Approx. three-fourths of the Group's operating revenues originate from the sale of goods and services in the building market, and after the recent purchases Moelven has strengthened its position, becoming an important Scandinavian group in the building market. The Group's companies can be divided into two business segments, Moelven Timber Group and the Moelven Building Group, and the organisation has been changed accordingly. The Moelven Timber Group consists of companies producing building materials of wood or sawn timber for this type of production, or other kinds of industries for wood processing. The Moelven Building Group includes all companies delivering industrialised building concepts as a substitute for traditional building methods and craftsmanship. The major products are modular based business buildings and building arrangements, with electrical and engineering services playing a supporting role.

OPERATING REVENUES AND RESULTS

The operating revenues for year 2000 amounted to NOK 4,745.9 (compared to NOK 3,525.7 in 1999). If we also include the operating revenues from acquired companies for the period before the take-over, then the total operating revenues are increased by NOK 111 million compared to the previous year. The increase in operating revenues is due to improved market conditions for the Moelven Timber Group. The operating profit was NOK 223.0 million (89.6) including one-off gains in connection with pensions and the sale of companies amounting to NOK 45.3 million (3.3). In connection with the take-over of Forestia AS a reserve of NOK 30.0 million was set aside for restructuring measures. During year 2000 there have been costs totalling NOK 22.0 million which have been charged to

this reserve. A further NOK 10 million will be set aside for restructuring efforts in the timber supplies field – a project that will affect Moelven companies in both Norway and Sweden. The net financial costs amounted to NOK 63.4 million (43.1), and the gross amount before taxation was NOK 159.6 million (46.5). Calculated taxation on the gross amount is NOK 24.3 million, of which NOK 3 million payable tax. The taxation has been reduced by NOK 20.0 million because of losses carried forward from individual Swedish subsidiaries. The annual result was NOK 135.3 million (33.9). This amounts to NOK 1.16 (0.37) per share.

DIRECTORS' REPORT

BUSINESS AREAS

Moelven Timber Group

The Moelven Timber Group consists of three business segments, Timber, Wood and Laminated Timber. The price for sawn timber on the international market was low at the start of the year. This has improved during the first six months and by the end of the year the margin for products of pine and spruce was normal. The Group's Swedish companies have a larger export share, and the dependence on the Euro led to a weaker competitive position during parts of the year. Because of unusual rainfall during the autumn the supply of raw materials was less than normal during part of the last quarter, and individual production units were hampered due to periodical flooding.

The processing companies in Moelven Wood have had good results during the year. In addition to normal seasonal changes in demand, this is due also to sound market conditions in Norway and Sweden, as well as internal cost reduction measures.

Moelven's activities in the laminated timber area have changed character during the year 2000. First, Moelven sold its 40 per cent share in Limtræ Danmark AS, and later an additional 10.3 per cent of Mocon Holding AS was purchased. The Group now owns a total of 91 per cent of Mocon Holding AS, which operates in Norway and Sweden. The laminated timber companies face continuous challenges from market demand both at home and overseas. Moelven Töreboda Limträ has maintained a satisfactory profitability, while the Norwegian companies are undergoing a period of considerable adjustment.

The total operating revenue for Moelven Timber Group was NOK 3685.7 million (2444.2). The main part of the growth is a result of the purchase of Forestia but the operating revenue also increased by NOK 132 million compared to the pre-

vious year as all the units were included for the period before the take-over. The operating profit was NOK 151.9 million (24.4).

Moelven Building Group

The Building Group consists of two business segments, Modular Buildings and Modular System Interiors. All the businesses covered by this area sell goods and services to the Norwegian and Swedish markets for business buildings. The Modular Building Group delivers to the new building market, while the largest part of Modular System Interiors' deliveries is in connection with rebuilding and maintenance. The demand for new business buildings in Norway has had less development during the year compared to the two previous years, while the development in the Swedish



*From left:
Bjørn Solberg Antonsen (employee repr.),
Peder Chr. Løvenskiold (chairman),
Jan A. Oksum and Hans Roset
(alternate employee repr.)*

market has been good. The activities regarding rebuilding and maintenance have been relatively stable in both markets. The operating revenues were NOK 1094.3 million (1087.6) and the operating profit was NOK 71.0 (88.1).

Other Companies

As a result of cultivating the Group's business, the extent of other activities has been reduced drastically. The operating revenues of NOK 68.5 million are mainly linked to internal and some external sales of services in the area of IT, transport, advertising etc. Properties that are independent from the operation have been recorded as NOK 22 million. The operating profit of NOK 0.1 million (-22.9) has been drastically improved compared to previous years.

EMPLOYEES AND THE ENVIRONMENT

In 2000 2,949 man-years were completed (2,382) and the Group had 3,046 employees (2,404) by the end of the year. The increase of employees is due to the acquisition of new companies. Adjusted for purchase and sales of businesses, the number of man-years was reduced by 180.

Absence due to illness was 7.42 percent (5.37), corresponding to 50,138 full working days (30,063). The number of reported work-related injuries with personal injury was 96 (78), of which there were 86 injuries with absence (53). This results in a H-value of 17.74 (12.45). The co-operation with the employees' organisations works well, and the working environment in the Group is good.

The business group has hardly any points that affect the environment. This applies for the purchase of raw materials, the production processes and the use of finished products, and the management is actively involved in further developing

the competitive advantages of this. Some of the impregnated timber products, which are part of the Group's product range, contain copper, chromium and arsen (CCA). In previous years, production of this type of rot-resistant product has increasingly been carried out by other biodegrading agents, and production based on CCA will cease by the end of 2001.

INVESTMENTS AND CASH FLOW

The annual investments excluding acquisitions was NOK 77.1 million (72). This amounts to 48 percent (65) of the total depreciation. Investments in building and heavier production equipment can still be held at a low level because several production plants are now viewed in total. It is assumed, however, that this will have to increase compared to this year. The annual investments include NOK 10 million, which is linked to information and communication technology. The division Modular System Interiors has started using new administrative systems and

DIRECTORS' REPORT



From left: Arne Rødø (observer, employee repr.), Carl Graff-Wang, Iver Melby (employee repr.), Svein Steen Thomassen and Per Stamnes.

Moelven Timber Group is going to do the same for much of the business during year 2001. Increased focus on sales support and distribution systems will contribute in making the market process more effective for more of the Group's divisions.

The cash flow from profit entries was NOK 250.7 million. This is equivalent to NOK 2.15 per share. The difference between the cash flow and the annual result is (apart from low investments) that only NOK 3 million from the tax of NOK 24.3 million is payable, and that part of the payments of NOK 22 million is covered by the restructuring reserve that was put aside in connection with the last purchase. In addition, only NOK 9.5 million has been paid out from the one-off gain of NOK 34.4 million linked to pension schemes.

BALANCE AND FINANCING

By the end of the year the total capital was NOK 2,345.2 million (1,927.5). The total capital has been increased by NOK 467.5 million following the buying and selling of businesses, and reduced by NOK 49.8 million as a result of the operation. The working capital was NOK 1,598 million (1,309) and the return on working capital was 15.3 percent (6.8).

Net interest bearing debt was NOK 719 million (680). The Group's liquid reserves were NOK 666.2 million (405.7). There are significant seasonal variations in the stock of both raw materials and finished products within the Moelven Timber Group, for which reason the Group's demand for cash normally increases by approx. NOK 300 million during the first six months. In order to gain a

predictable cash position, the management emphasise that the main part of the drawing rights will always have a longer contract period than 2 years.

The repurchase of own shares for year 2000 gave a total of 4,432,000 shares. The shares' average purchase price is NOK 8.03 per share. The purchases were completed to obtain a better return on equity. Part of the stock will be used in connection with an annual share programme with the purpose of increasing the employees' co-ownership in the business. The total equity was NOK 878.8 million (629.1) after allocation of the annual result. This was equivalent to an equity ratio of 37.5 percent (32.6). The total equity was NOK 7.67 (6.79) per share, with a return on equity amounting to 15.7 per cent (5.4). The accounts have been prepared under the assumption of continued operations.

ALLOCATION OF NET PROFIT

The parent company, Moelven Industrier ASA, shows a net profit of NOK 32.5 million after having received a group contribution from the business areas of NOK 36.1 million. The Board wants a significant part of the Group's net profit made available to shareholders, and suggest that a dividend NOK 0.35 (0.25) per share be paid out. This is equivalent to NOK 41.7 million, which represents a payout ratio for the Group of 31 per cent. The remainder of the annual result will be covered by other equity.

OUTLOOK

For the Moelven Timber Group, the market price for industrial timber is somewhat weaker at the beginning of the year 2001 compared to the previous year, and the international cyclical prospects may result in a lower demand for part of the year. However, the market prospects for building materials of timber in Scandinavia are good, and it is assumed that internal result improvement and integration of the businesses acquired will compensate for the possible weaker cyclical lows in the international market. The Norwegian construction market is not expected to improve in the short term, but the demand in Sweden is expected to remain solid. Work in progress for the Moelven Building Group's businesses is good at the beginning of the year, and overall the management estimates that year 2001 will be similar to the previous year.

Moelv, February 27, 2001
Moelven Industrier ASA

Peder Chr. Løvenskiold
Chairman of the Board

Jan A. Oksum

Carl Graff-Wang

Per Stamnes

Svein Steen Thomassen

Iver Melby

Bjørn Solberg Antonsen

Frode Alhaug
President & CEO

CORPORATE ASSEMBLY, BOARD OF DIRECTORS AND GROUP EXECUTIVE MANAGEMENT

Corporate Assembly

Axel Krogvig, Chairman
 Bjørn H. Rasmussen
 Odd Torland
 Harry Konterud
 Jaroslav Havlicek
 Jan Reinås
 Fredrik Wahl
 Lars W. Grøholt
 Harald Løkkesveen *)
 Jan Slattum *)
 Per Cocozza *
 Steinar Hagen*)

Deputy members:

Jan Teksum
 Dyre Østby
 Ola Vik
 Kai Nyland



Above: Axel Krogvig, Chairman of the Corporate Assembly. Over, right (f.l.): Haumann Sund, Anders L. Fossum, Dag Sand and Reidar Mo. Left: (f.l.) Hans Rindal, Morgan Östenson, Frode Alhaug and Morten Sveiverud.

Board of Directors

Peder Chr. Løvenskiold, Chairman
 Carl Graff-Wang
 Per Stamnes
 Jan A. Oksum
 Bjørn Solberg Antonsen *)
 Iver Melby*)

Alternate employee repr., attending all meetings:

Hans Roset *)

Observer attending all meetings:

Arne Rødø *)

Group Executive Management

Frode Alhaug, President & CEO
 Anders L. Fossum, Managing Director
 Dag Sand, Managing Director
 Reidar Mo, Managing Director
 Hans Rindal, Finance Director
 Haumann Sund, R&D Director
 Morten Sveiverud, Corporate Controller
 Morgan Östenson, Group Managing Director

*) Employee representatives

SHAREHOLDER MATTERS

Financial objectives and dividend policy

The company's objective is to generate added value for the shareholders; solid and well-run operations are the basis for achieving such an objective. The Group has the following financial goals:

- Net operating margin shall be more than 5 per cent.
- Return on employed capital shall be more than 13 per cent.
- Equity ratio shall be more than 35 per cent.
- Return on equity shall be more than 15 per cent.
- Capital turnover rate must be higher than 2.

The individual shareholder shall reap the benefits of the company's value-generating activities through a positive price development for their shares, payment of dividends and increased ownership interest in the company as a result of the buy-back of own shares. One goal is that an amount corresponding to 40 per cent of the net profit – seen over the business cycle – shall be distributed in the form of dividend. The Board has recommended for the 2000 accounting year that a dividend of NOK 0.35 per share be paid, which represents an increase of NOK 0.10 in relation to previous years.

Sale of shares – Moelven Industrier ASA

The company's shares are listed on the Oslo Stock Exchange. During the year, 21.7 million shares have been traded – this corresponds to 18 per cent of the shares at the end of the year. The sale of shares totalled NOK 168.6 million.

Share issues and issue authorisations

During the year, a private placement of 26.4 million shares was made to Norske Skogindustrier ASA in connection with the acquisition of Forestia AS. On 10.04.1997, the Board of Directors was given authorisation to expand the share capital by up to NOK 10 million, corresponding to 2,000,000 shares. The authorisation applies for placements to employees and is valid until 31.12.2001. As of 27.02.2001, the authorisation still covers the sale of 1,199,749 additional shares. The authorisation has not been used during the year 2000 as the company's holding of own shares has covered the need for shares for employee purchases.

Own shares

The Board was given on 05.04.2000 the authority to acquire and sell up to 11,904,238 of its own shares, corresponding to 10 per cent of the total share capital. The shares must not be traded at rates lower than NOK 2.50 nor higher than NOK 20.00 and be on par with the market price at any given time. The Group owned 4,434,071 of its own shares as of 27.02.2001. The shares have been purchased at an average price of NOK 8.03.

Shares to employees

Offering shares to employees is one of several ways to increase the team spirit and focus on the Group's overall financial performance. There will therefore be annual sales of shares to employees. The shares will be offered at a discount compared to the price quoted on the stock exchange. In order to be able to take advantage of the discount, the employees are obligated to keep the shares for a minimum of 6 months. In the year 2000, the shares have been offered at a discount of 20 per cent in relation to the stock price, and the maximum number of shares the individual employee could purchase was 10,000. In all, 329 employe-

es took advantage of this offer and together purchased 1,363,000 shares. As of 27.02.2001, 368 of the Group's employees owned in all 1,607,012 shares in Moelven Industrier ASA.

Information about the Group's financial situation

Emphasis has been put on providing the general public with good information about the Group's financial situation. In addition to the normal reporting and presentation of quarterly reports, great effort is put on continuously updating the public about important events. This information is made public via the company's website: www.moelven.com.

"Risk" adjustment

This adjustment does not apply to shareholders that are not Norwegian citizens and are taxed according to the legislation of their own country. When selling shares, Norwegian shareholders must adjust the cost price for tax purposes in accordance with the RISK amount (a Norwegian scheme requiring the purchase price of shares to be adjusted for tax purposes to reflect the change in taxable capital). When calculating the RISK amount for the year 2000, no account has been taken for the possible impact of the company having purchased its own shares.

Stock price development and volume from 02.01.98 to 27.02.01.



Overview of shareholders at 27.02.01, proforma*

No. of shares:	119 042 384
Share capital:	595 211 920
No. of own shares:	4 434 071
No. of voting shares:	114 608 313

Shareholder	Number of shares	Percentage of voting shares	Risk-amount per share	
			Date	Amount
Den norske Bank AS	34 413 671	30.0	As at 01.01.93	0.00
Viken Skogeierforening	15 362 050	13.4	As at 01.01.94	0.00
Glommen Fond AS	12 455 716	10.8		
Anthon B. Nilsen AS	8 663 000	7.6	As at 01.01.95	- 0.16
Agder-Telemark Skogeierforening	6 227 859	5.4		
SND Invest AS	4 843 697	4.2	As at 01.01.96	- 0.12
Mjøsen Skogeierforening	4 151 905	3.6		
Skogeierforeninga Nord	3 114 929	2.7	As at 01.01.97	- 0.10
Tine Pensjonskasse	1 565 828	1.4		
Våstra Skogsägarna	1 200 000	1.0	As at 01.01.98	- 0.35
Bjørgvin AS	1 078 000	0.9	As at 01.01.99	- 0.25
Skandinaviska Enskilda, nom	1 061 717	0.9		
Peder Smedvig Capital AS	675 080	0.6	As at 01.01.00	- 0.11
largest owners	94 813 452	82.7		
Total	114 608 313	100,0	As at 01.01.01 (estimated)	- 0.22

*Publicly known agreements are accounted for, even though they may not yet be registered in the Norwegian Registry of Securities.

KEY FINANCIAL FIGURES – MOELVEN INDUSTRIER - THE GROUP

(Amounts in NOK million)	2000	1999	1998	1997	1996	
PROFIT AND LOSS						
Operating revenues	4 746	3 526	3 027	2 378	2 196	
Depreciation and write-downs	160	110	93	72	71	
Operating profit	223	90	53	125	62	
Net interest and financial items	- 63	- 43	- 34	- 32	- 36	
Operating result before tax	160	47	23	138	29	
BALANCE						
Investments in fixed assets	77	72	104	104	69	Capitalised investments less investments due the acquisition of other companies
Total capital	2 345	1 928	1 893	1 236	1 132	
Total equity	879	629	626	439	404	
Net interest-bearing debt	719	680	678	380	394	
Working capital	1 598	1 309	1 304	819	693	Equity + net interest-bearing debt
EARNINGS/PROFITABILITY						
Net operating margin	4.7 %	2.5 %	1.7%	5.3%	2.8%	<u>Operating profit</u> Operating revenues
Gross operating margin	8.1 %	5.7 %	4.8%	8.3%	6.1%	<u>Operating profit + depreciation and write-downs</u> Operating revenues
Return on equity	15.9 %	5.4 %	3.0%	25.0%	9.9%	<u>Operating result</u> Average equity
Return on working capital	15.3 %	6.8 %	5.0%	16.3%	7.3%	<u>Operating profit</u> Average working capital
Interest cover	3.0	1.7	1.4	3.7	1.5	<u>Operating result + financial costs</u> Financial cost
CAPITAL						
Equity ratio	37.5 %	32.6 %	33.1%	35.5%	26.4%	<u>Total equity</u> Total capital
Capital turnover rate	2.2	1.8	1.9	2.0	1.9	<u>Operating revenues</u> Average total capital
LIQUIDITY						
Current ratio	1.9	1.74	1.83	1.68	1.75	<u>Current assets</u> Current liabilities
Quick ratio	0.84	0.79	0.84	0.72	0.95	<u>Liquid funds + financial investments + receivables</u> Current liabilities
Cash flow from operating result (NOK million)	250.7	109.5	110.7	202.9	100.1	Operating result before tax - taxes payable + depreciation and corrections regarding other non liquid items
SHARES						
Earnings per share in NOK	1.16	0.37	0.19	1.40	0.41	<u>Operating result</u> Average number of shares
Average number of shares (mill.)	116.8	92.6	85.6	70.7	70.5	
Cash flow per share in NOK	2.15	1.68	1.32	2.87	1.42	<u>Cash flow from operating result</u> Average number of shares
Market price in NOK at 31.12.	7.70	7.65	4.80	6.90	7.60	
RISK- amount in NOK at 01.01.	- 0.11	- 0.25	- 0.35	- 0.10	- 0.12	Overall RISK for Group Estimated RISK at 01.01.2001 is NOK - 0.22
Dividend in NOK per share	0.35	0.25	0.25	0.25	0.00	
Price/earnings ratio (P/E)	6.78	20.9	28.20	3.75	18.54	<u>Market price at 31.12.</u> Operating result - per share
Total return per share	5.2 %	64.6 %	- 26.8 %	- 5.9%	15.2%	<u>Dividend per share + change in value</u> Market price at 01.01.
PERSONNEL						
Number of employees at 31.12.	3 046	2 404	2 298	1 759	1 640	
Average no. of employees	3 136	2 351	2 181	1 700	1 663	

The key figures for 1996 have not been revised with respect to the new accounting act.

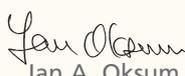
(Amounts in NOK million)	Note	2000	1999	1998
Revenue		4 700.5	3 488.4	2 991.7
Other operating income		45.4	37.3	35.7
Operating revenues	2, 3	4 745.9	3 525.7	3 027.4
Raw materials and consumables used	4	2 936.2	2 239.7	1 945.4
Change in stock of work in progress, finished goods and projects		1.7	- 9.0	- 36.3
Payroll expenses	17	977.1	747.6	662.1
Depreciation on fixed assets and intangible assets	14, 16	159.8	110.1	93.0
Other operating expenses		448.1	347.7	310.5
Operating expenses		4 522.9	3 436.1	2 974.7
OPERATING PROFIT		223.0	89.6	52.7
Income from associates	19	0.9	0.0	3.7
Other interest income		2.4	3.5	5.3
Other financial income		13.2	12.5	21.0
Other interest expenses		- 66.0	- 44.7	- 32.4
Other financial expenses		- 13.9	- 14.4	- 27.5
Financial income/financial expenses		- 63.4	- 43.1	- 29.9
OPERATING RESULT BEFORE TAX		159.6	46.5	22.8
Tax on ordinary result	5, 6	24.3	12.5	6.4
OPERATING RESULT		135.3	34.0	16.4
Minority interests	21	0.0	- 0.1	0.2
NET PROFIT FOR THE YEAR	20	135.3	33.9	16.6
Profit per share		1.16	0.37	0.19
Average number of shares		116 843 965	92 642 384	85 630 678

BALANCE SHEET AT 31.12. – MOELVEN INDUSTRIER - THE GROUP

(Amounts in NOK million)	Note	2000	1999	1998
ASSETS				
Deferred tax asset	6	49.7	33.5	45.0
Goodwill	14	23.0	23.3	10.0
Total intangible fixed assets		72.7	56.8	55.0
Land		45.5	30.8	36.4
Buildings and other real property		288.6	279.0	269.5
Machinery and plant		458.8	422.4	438.6
Fixtures and fittings, tools, office machinery etc.		31.9	15.3	18.3
Total tangible assets	15, 16	824.8	747.5	762.8
Investments in associated companies	19	14.0	11.0	5.0
Investments in shares	18	32.3	26.4	24.1
Bonds and other receivables	7	28.2	24.2	16.1
Net pension funds	17	102.8	71.1	65.1
Total financial fixed assets		177.3	132.7	110.3
Total fixed assets		1 074.8	937.0	928.1
Stocks	8	702.9	540.8	520.0
Accounts receivables	7	413.9	335.2	298.1
Other debtors	7	88.9	82.4	110.7
Total debtors		502.8	417.6	408.8
Bank deposits, cash in hand, etc.	10, 11	64.7	32.1	36.2
Total current assets		1 270.4	990.5	964.7
Total assets	20	2 345.2	1 927.5	1 892.9
EQUITY AND LIABILITIES				
Share capital		595.2	463.2	463.2
Own shares		- 22.1	0.0	0.0
Share premium reserve		67.1	71.1	71.1
Total paid-in capital		640.2	534.3	534.3
Other equity		233.8	90.0	90.0
Minority interests	21	4.8	4.8	1.5
Total equity	22	878.8	629.1	625.8
Pension liabilities	17	50.4	9.4	9.2
Other provisions		6.7	5.6	4.2
Total provisions		57.1	15.0	13.4
Liabilities to financial institutions	10	734.3	692.8	723.0
Other long-term liabilities	9	3.9	24.1	3.0
Total long-term liabilities		738.2	716.9	726.0
Liabilities to financial institutions	10	49.8	19.7	26.1
Trade creditors		301.3	263.1	252.1
Tax payable		3.1	1.1	2.6
Public duties payable		134.5	123.6	123.8
Dividends		41.7	29.7	23.2
Other short-term liabilities	9	140.7	129.3	99.9
Total short-term liabilities		671.1	566.5	527.7
Total liabilities		1 466.4	1 298.5	1 267.1
Total equity and liabilities	20	2 345.2	1 927.5	1 892.9
Mortgages	13	160.8	216.3	274.1
Guarantees	12	49.8	65.4	62.3

Moelv, February 27, 2001
Moelven Industrier ASA


Peder Chr. Løvenskiold
Chairman of the Board


Jan A. Oksum


Carl Graff-Wang


Per Stamnes


Svein Steen Thomassen


Iver Melby


Bjørn Solberg Antonsen


Frode Alhaug
President and CEO

(Amounts in NOK million)	Note	2000	1999	1998
CASH FLOW FROM OPERATIONS				
Operating result before tax		159,6	46,5	22,8
Tax paid	5	- 1,0	- 2,7	- 6,6
Ordinary depreciation	16	159,8	110,1	93,0
Gain/loss from the sale of fixed assets		- 12,4	- 3,3	- 14,4
Restructuring costs		- 25,5	0,0	0,0
Pension costs, provided for but not paid/ pension funds taken to income but not paid in	17	- 28,9	3,4	1,3
Income from associates	19	- 0,9	0,0	- 3,7
Changes in current assets, excl. liquid funds and deposits		19,5	- 54,0	48,4
Changes in current liabilities excl. loans		- 134,5	29,3	- 56,0
Net cash flow from operations		135,7	129,3	84,8
CASH FLOW FROM INVESTMENTS				
Payments to purchase fixed assets excl. acquisitions	15	- 77,1	- 72,0	- 95,7
Net cashflow from acquisition/sale of subsidiaries		- 46,3	- 1,9	- 8,0
Sale of fixed assets	15	18,2	12,6	5,0
Long-term investments, financial		26,5	- 19,3	- 6,4
Net cash flow from investments		- 78,7	- 80,6	- 105,1
CASH FLOW FROM FINANCING				
Changes in short-term liabilities and overdrafts		56,1	- 41,0	25,7
Liquid share of income from associates		2,0	2,6	1,3
Changes in long-term debt		- 13,7	8,8	34,7
Issue of equity		- 3,5	0,0	0,0
Payment of dividends		- 65,3	- 23,2	- 17,8
Net cash flow from financing		- 24,4	- 52,8	43,9
LIQUID FUNDS				
Net change in liquid funds during the year		32,6	- 4,1	23,6
Liquid funds at 01.01.		32,1	36,2	12,6
Liquid funds at 31.12.	10	64,7	32,1	36,2
AVAILABLE LIQUID FUNDS				
Liquid funds at 31.12.		64,7	32,1	36,2
Unutilised credit facilities at 31.12.		603,5	376,0	345,0
Restricted deposits		2,0	2,4	6,5
Available liquid funds at 31.12.		666,2	405,7	374,7
Additional information in connection with acquisition/sale of subsidiaries:				
Additions:				
Fixed assets		189,1	15,8	386,0
Current assets		277,7	9,4	335,1
Liquid funds		0,7	3,3	2,8
Total equity		201,2	6,9	225,0
Interest-bearing debt		77,0	14,6	338,1
Non interest-bearing debt		189,3	7,0	160,8
Total balance from acquisitions		467,5	28,5	723,9

2000: Acquisition of Forestia AS (the timber industry activities), the assets and activities of Fredlunds Akustik AB and Hulåns Snickereri AB.

Sale of the 40 per cent share in Limtræ Danmark AS.

1999: Acquisition of Splitkon AS and Agder Limtre AS. Acquisition of Grøndalen Elektro AS and Østby Elektriske AS. Sale of Moelven Byggsystem AS.

1998: Acquisition of Westwood AB (group), Notnås AB and Rosèn & Co. AB.

ACCOUNTING PRINCIPLES

CONSOLIDATION PRINCIPLES

Consolidated companies

The statement of accounts for the Group has been prepared as if the Group was one unit. The statement of accounts encompasses the parent company Moelven Industrier ASA and the subsidiaries where Moelven Industrier ASA, directly or indirectly, owns more than 50 per cent of the shares or by agreement has the controlling influence in the company. Investments in companies where the Group owns between 20 and 50 per cent of the shares and where the Group also has a considerable influence are dealt with according to the equity method. The accounts for subsidiaries which have joined the Group in the course of the year are entered in their entirety on the balance sheet as at 31.12, and the results from the date of purchase until 31.12 are entered in the profit and loss account. For subsidiaries sold in the course of the year, transactions from 01.01 until the date of sale are included in the profit and loss account.

Elimination of shares in subsidiaries/goodwill

Shares in the subsidiaries are eliminated against the subsidiaries' capital and reserves at the time of purchase. Included in share capital and reserves is the equity portion of temporary differences between accounting and taxable values in the subsidiary at the time of purchase. Any excess or less value at the time of purchase is ascribed to the relevant assets and depreciated subsequently in line with these. Deferred tax is calculated based on gross excess value and entered as a liability. Deferred tax asset is calculated based on gross less value and entered as an asset. Excess value which cannot be ascribed to assets is entered in the Group balance sheet as goodwill and depreciated over a 5 to 10-year period. In connection with acquisitions, revised estimates of company assets at the time of the acquisition and dispositions to cover restructuring costs may influence consolidated financial goodwill. Based on the new information about the assets in the acquired companies, the acquisition costs and goodwill may be revised in the first full accounting year after the acquisition takes place.

Conversion of foreign subsidiaries

The annual statement of accounts for foreign subsidiaries is, with regard to the items on the balance sheet, converted to NOK at year-end exchange rates, with the exception of share capital and reserves which are converted at a historical rate. All items in the profit and loss accounts are converted to NOK at average rates of exchange for the accounting year. The difference which arises in connection with consolidation is entered in the Group balance sheet under other equity.

Shares and participating interest in associated companies

Associated public companies, in which the Group does not have a controlling interest, but still has considerable influence and a significant ownership share (20-50 per cent), are valued in the Group accounts in accordance with the equity method of accounting. The Group's share of the company's results after taxes (and depreciation on paid excess value), is listed as "Income from associates". In the Group's balance, shares in associated companies are listed at cost price, including any accumulated share of the results. Any share of the results must be subtracted from any dividends received.

On the balance sheet of the holding company, the shareholdings are listed according to the cost method of accounting. When depreciating in accordance with the requirements of the Norwegian Companies Act, the value of the share is listed as the shareholder's share of the associated company's value. The ownership interest in general partnerships in which the Group has significant influence is listed in accordance with the equity method of accounting. The net result is shown on a separate line in the profit and loss statement. The net amount of the share of the companies' assets and liabilities is shown in the balance.

Jointly controlled companies

For companies that are jointly controlled and owned, the straight line method of accounting is applied, with the inclusion of the Group's proportional share of the company's profit/loss and balance lines.

Minority interests

Minority interests are listed in the Group's balance sheet as the foreign ownership interests' share of book value equity in the relevant subsidiary. In the results for the Group, a reduction or addition is made corresponding to the minority interest's share of the result after taxes for the company.

Elimination of internal transactions

Unrealised profits in the companies' inventories relating to intra-group deliveries are eliminated from the Group's inventories and operating profit. Profits in connection with sales of fixed assets within the Group are eliminated from the ordinary depreciable base and operating profits. Deferred tax is eliminated from the Group's statement of accounts so that the tax charge in connection with internal profits is not payable until the stock is sold from the Group. In the Group statement of accounts, eliminations have also been made for internal dividends, group contributions, income and expenditure transfers, and accounts due and debts between the Group's companies.

Sub-groups

Moelven does not produce consolidated financial statements for the sub-groups. The Moelven Group is divided into four business areas. The organisation of the business areas does not follow the formal ownership structure.

VALUATION AND CLASSIFICATION PRINCIPLES

Classification of assets and liabilities

Assets and liabilities arising in connection with the circulation of goods within the undertaking are classified as current assets and current liabilities respectively. Other receivables and short-term liabilities are classified as short-term items if they fall due within a one-year period after the closing of the accounts. Other assets and long-term liabilities are classified as fixed assets and long-term liabilities respectively.

The first year's payment on long-term financing is treated as a long-term loan.

Accounts receivable

Accounts receivable and other receivables appear in the balance sheet after provisions for possible losses.

Assets and liabilities in foreign currencies

Monetary items nominated in foreign currencies are translated at the exchange rate quoted on the balance sheet date. Unrealised exchange rate gains/losses at 31.12 are calculated and entered as other financial gains/costs. An exception is made from the balance sheet date rate principle in connection with currency hedging. Other posts in foreign currencies are calculated according to the lowest/highest rate at the time of acquisition and rate at 31.12. Accounts receivables and payables secured by forward exchange rate contracts are converted at the forward rate at 31.12.

Off-balance sheet financial instruments

The underlying intentions of the financial agreements entered into governs how they are treated for accounting purposes.

Hedging – foreign currency

As a rule, the Group usually finances the acquisition of assets with debt in the same currency. Payments in and out in connection with the purchase and sale in foreign currencies is usually hedged through futures contracts. Foreign currency gains or losses in connection with this type of hedging is reported together with the objects the agreement intends to protect, such as sales income or purchase costs. Costs relating to hedging against foreign currency fluctuations in relation to loan transactions are reported as financial items.

Hedging – interest

At the turn of the year, the Group had NOK 442 million in long-term, fixed-rate loans. Any gains or losses as a result of premature termination of the loans are reported as financial items. The main part of the Group's debt is valued with a margin against a basic, defined interest rate. Parts of this are hedged with swap agreements. Currency exchange swaps are also used in order to reduce the interest rate spread among the group account systems. Payments in and out in connection with this type of hedging are reported together with the items the agreement intends to protect, i.e. financial costs.

Inventories

Inventories of raw materials and goods for resale (commodities) are valued at the lower value of the acquisition cost and net actual value. The actual value is the presumed sales price at the future date of sale, after deductions for sales costs.

Inventories of manufactured goods (work in progress and finished manufactured goods) and contracts are estimated at the full manufacturing cost at the place of manufacture or at the expected sales value if this is lower than the full cost of manufacture. In addition to the cost of the acquisition of the raw materials and purchased goods, other direct or indirect production costs, plus a proportion of the fixed costs associated with the production process, are included in the full cost of manufacture.

Projects

Contracted projects are entered as a net amount in the balance sheet. This involves reducing gross project balances by advance payment in connection with contracts. This also applies to projects with a long-term completion schedule or individual contracts that at any time tie up more than 20 per cent of the individual undertaking's capacity. Projects with a long-term completion schedule are estimated at the full production cost plus a share of profit based on the degree of completion. The degree of completion is based on the accrued expenses in relation to the calculated total costs. Expected loss on contracts is fully charged in the accounts.

Shares in other companies

Shares in other companies at 31.12 are assessed individually. Gains/losses in connection with sales or write-downs of shareholdings are dealt with as operating revenues/operating costs.

Pension funds, pension liabilities and pension costs

Most of the Group's Norwegian companies have collective pension plans through insurance companies. These are plans, which entitle employees to an agreed future pension. The benefits are based on the number of years of earnings and the salary level reached at retirement. For the Group's foreign companies, the pension plans are based on the employer's contributions in accordance with agreed schemes. The pension schemes are dealt with in the accounts according to NRS (Norwegian Accounting Standards) for pension costs. Liabilities which are based on schemes are calculated actuarially. The liabilities are reduced by the value of the total pension funds and aggregated with the net present value of uninsured liabilities. The liabilities for contract pensions are included in the calculations. For the Group's main scheme, the pension funds are larger than the pension liabilities. The overfunding is shown as "net pension funds" under financial investments on the balance sheet. The over funding is now utilisable as a result of a new law regarding company pensions. Pension costs, which encompass the current value of the year's pension savings with accrued interest costs of pension liabilities reduced by the expected returns on pension funds, are dealt with as operating costs under "salaries and employer's contributions".

Research and development expenses

All expenses in connection with market surveys, market developments and development of new products are entered in the accounts as costs as they arise.

Investments in environment

Expenses in connection with efforts to improve the interior or exterior environment are entered in the accounts as costs as they arise, unless the efforts lead to an increase in capacity, productivity or economic lifespan.

State operating/investment subsidies

Inclusion of operating subsidies in revenue follows the basic revenue/cost posting principles. Received operating subsidies are posted against the cost and revenue items to which the subsidy relates and are treated as a cost reduction in cases where the subsidy is ear-marked for certain operating costs. Investment subsidies are treated according to the gross principle and entered as operating revenues. Posting occurs in line with depreciation on the object of investment.

Fixed assets/depreciation

Fixed assets are entered in the balance sheet at the original purchase price with deductions for accumulated ordinary depreciation. Ordinary depreciation is undertaken in accordance with a fixed depreciation schedule, and is reckoned linearly over the lifetime of the assets. Gains/losses in connection with sales of fixed assets are treated as ordinary operating revenues/costs.

Maintenance costs

Costs in connection with normal maintenance and repairs of production equipment and other fixed assets are entered as costs as they arise. Upgrading and replacements of fixed assets are considered to be investments and capitalised.

Leasing

A difference is made between financial and operational leasing, based on a concrete assessment of the individual leasing agreement. In operational leasing, the leasing fees are entered directly as costs. Leased fixed assets, on the other hand, are capitalised and depreciated as ordinary fixed assets over the lifetime of the asset. Future payment commitments are classified as interest-bearing debt, with a contractual split between the leasing fee as part financial cost and part instalment on debt.

Deferred tax

Provisions for deferred tax is carried out according to the liability method without discounting. Calculated deferred tax based on temporary differences between tax return accounts and the general statement of accounts is offset against future tax benefits generated by deferrable losses on the tax return. This means that any posted deferred tax gain/liability is a net amount. There are, however, certain limitations on offsetting these amounts. For example, one may not do so for temporary differences that cannot be offset within the same time period.

NOTE 1. Purchase and sale of businesses**After balance date – events in 2001:**

- Moelven Innredningsgruppen AS has purchased all of the shares in Kristiania Entreprenør AS, which is a company involved in interior layout and carpentry contracting for commercial premises in the Oslo area. The company has an annual turnover of NOK 40 million. The company was acquired in order to strengthen the Group's capacity and position in the new-build segment for interior layout contractors. The company has 10 employees.
- Moelven Westwood AB has purchased all of the shares in Norra Ny Skogs AB, which is a timber purchasing company located in Värmland in Sweden. The company has eight employees and an annual turnover of SEK 60 million. Norra Ny Skogs AB has down through the years been an important raw material supplier for Moelven's Swedish and Norwegian sawmills, and the purchase must be seen as a strategic move to secure raw material supplies for the Group.
- Moelven Industrier ASA has sold its 40 per cent share in Byggtech Hurdal AS (previously Moelven Byggsystem AS).

Events in 2000:

- Moelven Limtregruppen AS took over a minority share in accordance with earlier agreements, and acquired 10.3 per cent of Mocon Holding AS at the agreed-upon option price of NOK 15 million. After this transaction, Moelven owns in all 91.2 per cent of Mocon Holding AS. The company's two minority shareholders now own 4.4 per cent each of the shares in the company. Mocon Holding AS with the subsidiaries Moelven Töreboda Limtre AB and Moelven Limtre AS are consolidated based on 100% ownership – taking account of the minority interest.
- Through its subsidiary Moelven Svebølle AS, Moelven Industrier ASA sold – as of 01. October 2000 – its 40 per cent share in Limtræ Danmark AS to the listed Danish company ITH AS. Limtræ Danmark AS was included in Moelven's Group accounts as a jointly controlled business. The sale gave a profit of NOK 6 million. The Group's net interest bearing debt and total capital was reduced by NOK 62 million and NOK 78 million, respectively. Moelven's share of Limtræ Danmark's annual turnover corresponds to NOK 120 million. As of the end of the third quarter 2000, Limtræ Danmark AS accounted for NOK 100 million in turnover and NOK 3.4 million in operating profit.

- In September, Moelven Westwood AB's subsidiary, Fragaria Invest AB acquired all the assets and activities in the company Hulåns Snickereri AB in Dala Järna. Hulåns Snickereri AB, which down through the years has been the main supplier of glazed partition walls to Moelven's subsidiary Eurowand AB, has 45 employees and an annual turnover of SEK 30 million.
- In February, Eurowand AB acquired all the assets and activities in the interior layout company Fredlunds Akustik AB, in Uppsala. In 1999, the company had 20 employees and the turnover was SEK 20 million.
- In a meeting on October 6 1999, the Board of Moelven Industrier ASA presented a proposal to acquire all of the shares in Forestia AS, a timber industry company owned fully by Norske Skogindustrier ASA. The proposal to issue a direct placement of shares with Norske Skogindustrier ASA was adopted in the extraordinary general meeting held for Moelven on 17 January 2000. As payment for the transaction, Moelven issued 26.4 million shares to Norske Skogindustrier ASA at a rate of NOK 7.50, and also made a cash payment of NOK 61 million. In all the compensation amounted to NOK 259 million. After the transaction, Moelven has a share capital of NOK 595,211,920, distributed among 119,042,384 shares. Norske Skog became the second largest shareholder with an ownership share of 22.2 per cent. The payment gave less value on concrete fixed assets in the range of NOK 180 million, which will give a reduction in future depreciation of NOK 18 million over a 10 year period. NOK 30 million was allocated for the anticipated restructuring of the business. After an assessment of actions to be put into effect regarding the raw material supply, a further NOK 10 million has been allocated for restructuring purposes. Of the total provision for restructuring purposes, NOK 22 million has been used in 2000. Deferred tax on less value and provisions equal NOK 59 million. Forestia has been consolidated into the group accounts from 17 January 2000. The timber industry activities in Forestia had sales amounting to NOK 1 300 million in 1999, and had 820 employees.

If Forestia had been a part of the Moelven Group for all of 2000, 1999 and 1998, the key financial figures (pro forma) would have been as follows in NOK million. (Pro forma figures not audited):

Pro forma results:	2000	1999	1998
Operating revenues	4 828	4 717	4 587
Depreciation	160	161	157
Operating profit	223	77	45
Net operating margin	4.6%	1.6 %	1.0 %
Number of employees	3 028	3 196	3 143

- Moelven Industrier ASA acquired 49 per cent of the shares in the German timber industry company Aicher GmbH. The transaction took effect as of 01.01.2000. The past year the company – 115 employees – had sales of NOK 160 mill. The company is presented in the accounts as "Investments in associated companies".
- Moelven Timber AS entered into a collaboration agreement with two Swedish sawmill groups, AB Karl Hedin and Bergqvist-Insjön AB, to establish a purchasing company for timber in Värmland and Dalarna – Weda Skog AB. Moelven owns 50 per cent of the shares, while the other two parties own 25 per cent each. The company is operational as of 01.01.2000.
- Together with other timber industry companies and raw material suppliers, Moelven Timber AS founded a company to improve the efficiency of timber transport – «Transportfellesskapet Østlandet AS». At the time of the formation, Moelven owned 20 per cent of the shares in this company. After the acquisition of Forestia AS, Moelven took over another 20 per cent share in the company, thereby coming up to a total of 40 per cent. The company was operational as of 01.01.2000. The 20 per cent share acquired through the Forestia transaction will be sold during 2001, and the company is therefore dealt with according to the cost method.

1999:

- With effect at 01.01.99, Moelv's laminated timber companies in Norway and Sweden – through Moelven Limtre AS and Moelven Tøreboda Limträ AB – joined together with Agder Limtre AS and Splitkon AS to establish a new laminated timber group, in which the Norwegian companies merged and formed the company Mocon AS. Mocon Holding AS is the legal owner, and Moelven's ownership stake is 80.9 per cent in converted preference capital. Moelven has demanded that the minority owner exercise his option to sell the 14.6 per cent share for NOK 20 million. Moelven will then consolidate the Mocon companies as 100 per cent owned, with minority interests at 4.4 per cent. The discounted sales amount translates into capitalised goodwill equalling NOK 13.2 million, which will be depreciated over a 10-year period.
- With effect 01.01.99, 60 per cent of the shares in Moelven Byggsystem AS in Hurdal were sold. In the purchase contract, the parties agreed that Moelven would sell off the rest of the Group's ownership share in the course of a 3-year period.
- Moelven Elektro AS was in operation as of 01.01.99. The electric services activities in Moelven Engineering AS were transferred to Moelven Elektro AS as of the same date.
- In May, Moelven Elektro AS acquired 100 per cent of the shares in Grøndalen Elektro AS, Raufoss, with a subsequent merger. The purchase gave capitalised goodwill equalling NOK 1.7 million, which will be depreciated over a 5-year period. In 1998, the company – 18 employees – had sales of NOK 15 million.
- As of 01.07.99, the remaining 31.8 per cent shares in Moelven FireGuard AS were acquired at no extra cost.
- In October, Moelven Elektro AS acquired 100 per cent of the shares in Østby Elektriske AS, in Sem. The purchase gave capitalised goodwill equalling NOK 1.4 million, which will be depreciated over a 5-year period.

1998:

- In March 1998, Moelven Industrier ASA acquired the remaining 21 per cent of the shares in Moelven Hako AS. As payment, 1,050,783 shares of Moelven Industrier ASA were issued with a total value of NOK 9.3 million. The acquisition resulted in a reduction of earlier capitalised goodwill of NOK 5.6 million. The remaining goodwill from the acquisition of Moelven Hako AS gives an annual depreciation of NOK 0.8 million over the next 4 years.
- In April, Moelven's glulam companies in Denmark were fused into a new glulam company Limträ Denmark AS which becomes a jointly controlled company together with the publicly listed Danish company ITH AS. Moelven owns 40 per cent in the new company. ITH AS has an option to purchase Moelven's shares after 01.01.2001. If this option is not exercised, then Moelven has the option to purchase the shares in the company owned by ITH AS.
- In May, Moelven Industrier ASA acquired 100 per cent of the shares in Notnäs AB and 51 per cent of the shares in Westwood AB. An offer to take over the remaining shares was tendered. At the deadline for acceptance in June, the acceptance rate was 99.8 per cent. As payment, a total of 20,247,032 shares in Moelven Industrier ASA were issued for a total value of NOK 170 million. After distribution of the cost price on identifiable assets and commitments – with NOK 40 million set aside for restructuring – NOK 10 million has been allocated as goodwill in the balance with a depreciation period of 10 years. The allocation has been used in its entirety in 1998. The purchase is listed in the accounts according to the purchase method and the companies are consolidated as of 01.05.98. The companies, which are located in western Sweden, produce and process wood products.
- In June, Moelven Industrier ASA acquired 100 per cent of the shares in Rosén & Co Trä AB for NOK 9.9 million. The cost price was in its entirety distributed among identifiable assets. The company is located in Lidköping in Sweden and produces moulding. The company is consolidated as of 01.07.98.
- In June, Moelven Industrier ASA through Moelven Westwood AB sold the builders' merchants companies Westwood Bygghandel in Karlstad AB and Skalet in Karlstad AB.

NOTE 2: Operating revenues

In the post for Group operating revenues, deliveries between group companies for NOK 898 million (NOK 395 million in 1999 and NOK 500 million in 1998).

NOTE 3. Business areas**3.1 Main figures for Group and business areas****Criteria for division into business areas/divisions**

The divisions are based on Moelven's two core business areas: the Timber Group and the Modular Building Group. The business areas are built around independent subsidiaries with clearly defined activities within their chosen fields. All transactions between the business areas take place on normal business terms. The division into business areas does not follow the formal legal ownership structure.

Items that are not attributable to the business areas

The item "others incl. eliminations" includes elimination of internal transactions and services between divisions. It also includes the accounting figures for the parent company Moelven Industrier ASA, the Group's IT and R&D service functions.

Key figures	Group			Timber Group			Building Group			Other incl. eliminations		
	2000	1999	1998	2000	1999	1998	2000	1999	1998	2000	1999	1998
Operating revenues	4 745.9	3 525.7	3 027.4	3 685.7	2 444.2	1 998.7	1 094.3	1 087.6	1 034.1	- 34.1	-6.1	- 5.4
Depreciation and write-downs	159.8	110.1	93.0	138.8	90.0	71.8	15.1	12.1	9.2	5.9	8.0	12.0
Operating profit	223.0	89.6	52.7	151.9	24.4	19.1	71.0	88.2	61.3	0.1	- 23.0	- 27.7
Financial items	- 63.4	- 43.1	-29.9	- 47.4	- 35.9	- 30.6	7.5	8.8	8.5	- 23.5	- 16.0	- 7.8
Operating result before tax	159.6	46.5	22.8	104.6	- 11.5	- 11.5	78.5	97.0	69.8	- 23.5	- 39.0	- 35.5
Gross operating margin	4.7 %	2.5 %	1.7 %	4.1 %	1.0 %	1.0 %	6.5 %	8.1 %	5.9 %	-	-	-
Cash flow from operations	382.8	199.7	145.7	290.7	114.4	90.9	86.1	100.3	70.5	5.9	- 15.0	- 15.7
Total capital	2 345.2	1 927.5	1 892.9	2 182.6	1 460.9	1 427.0	524.9	520.9	499.3	- 362.3	- 54.3	- 33.4
Interest-bearing debt	784.1	712.5	751.8	739.2	563.1	562.2	67.2	42.7	57.6	- 22.3	106.7	132.0
Interest free debt	682.3	586.0	515.3	544.2	393.6	337.1	203.7	227.7	224.2	- 65.6	- 35.3	- 46.0
Equity ratio	37.5 %	32.6 %	33.1 %	41.1 %	34.6 %	36.9 %	48.4 %	48.1 %	43.6 %	-	-	-
Investments	77.1	72.4	103.7	62.6	46.5	73.4	11.7	18.3	24.5	2.8	7.6	5.8
No. of employees	3 046	2 404	2 298	2 022	1 436	1 316	978	900	923	46	68	59
Proforma:												
Operating revenues	4 828	4 717	4 587	3 768	3 635	3 528	1 094	1 088	1 034	- 34	- 6	25

Pro forma operating revenues show Forestia AS, Westwood AB (group) and Notnäs AB consolidated for 2000, 1999 and 1998 as a whole. Westwood AB (group) and Notnäs AB were consolidated in the actual accounts as of 01.05.98. Forestia AS (the timber industry activities) was included in the accounts as of 17.01.2000 (Pro forma figures have not been audited).

3.2 Operating revenues by geographical markets

Operating revenues	Group			Timber Group			Building Group			Other incl. eliminations		
	2000	1999	1998	2000	1999	1998	2000	1999	1998	2000	1999	1998
Scandinavia	3 385	2 292	2 085	2 332	1 275	1 104	1 087	1 026	988	- 34	- 9	- 7
Euro-countries	705	670	526	703	661	517	2	6	9		3	
Rest of Europe	303	293	271	303	266	241		27	29			1
Japan	201	143	62	201	143	62						
Rest of the world	152	128	83	147	99	74	5	29	8			1
Total	4 746	3 526	3 027	3 686	2 444	1 998	1 094	1 088	1 034	- 34	- 6	- 5

3.3 Distribution of operating revenues by producing country

Operating revenues	Group			Timber Group			Building Group			Other incl. eliminations		
	2000	1999	1998	2000	1999	1998	2000	1999	1998	2000	1999	1998
Norway	2 579	1 441	1 357	1 845	683	535	754	755	819	- 20	3	3
Sweden	2 067	1 980	1 489	1 741	1 656	1 278	340	333	216	- 14	- 9	- 5
Denmark	100	105	181	100	105	185						- 4
Total	4 746	3 526	3 027	3 686	2 444	1 998	1 094	1 088	1 035	- 34	- 6	- 6

3.4. No. of employees per business area

No. of employees	Group			Timber Group			Building Group			Other incl. eliminations		
	2000	1999	1998	2000	1999	1998	2000	1999	1998	2000	1999	1998
Norway	1 909	1 171	1 153	1 191	440	385	681	675	719	37	56	49
Sweden	1 122	1 116	1 046	818	886	840	297	225	204	7	5	2
Denmark		98	78		98	78						
Others	15	19	21	13	12	13				2	7	8
Total	3 046	2 404	2 298	2 022	1 436	1 316	978	900	923	46	68	59

3.5. Distribution of accounts receivables and stocks by business area

Operating capital	Group			Timber Group			Building Group			Other incl. eliminations		
	2000	1999	1998	2000	1999	1998	2000	1999	1998	2000	1999	1998
Accounts receivables	413.9	335.2	298.1	307.9	220.5	198.8	119.6	107.2	95.8	- 13.6	7.5	3.5
Raw materials and purchased goods	702.9	540.8	519.2	624.1	435.4	419.6	73.0	86.6	87.9	5.8	18.8	11.7
Gross operating capital	1 116.8	876.0	817.3	932.0	655.9	618.4	192.6	193.8	183.7	- 7.8	26.3	15.2
As per cent of operating revenues	23 %	25 %	24 %	24 %	27 %	27 %	18 %	18 %	18 %	-	-	-
Trade creditors	301.3	263.1	252.0	245.8	189.2	179.0	72.4	66.5	65.8	- 16.9	7.4	7.2
Net operating capital	815.5	612.9	565.3	686.2	466.7	439.4	120.2	127.3	117.9	9.1	18.9	8.0
As per cent of operating revenues	17 %	17 %	17 %	18 %	19 %	19 %	11 %	12 %	11 %	-	-	-

NOTE 4. Cost of goods sold

Amounts in NOK million	2000	1999	1998
Purchase of raw materials, semi-finished goods for resale and services, incl. increased provision for warranty and service commitments	2 791.1	2 083.9	1 786.0
Transport costs of goods sold	247.7	172.0	145.8
Changes in stocks of raw materials and purchases	- 102.6	- 16.2	13.6
Cost of goods sold	2 936.2	2 239.7	1 945.4

NOTE 5. Taxation

Amounts in NOK million	2000	1999	1998
Pre-tax profits	159.6	46.5	22.8
Nominal tax in Norway 28 %	44.7	13.0	6.4
Re-consideration of deferred tax asset	- 20.0	0.0	0.0
Net tax effect of tax exempt items and effect of other tax rates abroad	- 0.4	- 0.5	0.0
Taxes	24.3	12.5	6.4
Taxes consist of payable taxes in:			
Norway	0.1	0.0	0.1
Sweden	1.2	1.0	0.1
Denmark	1.7	0.0	2.5
Total taxes payable	3.0	1.0	2.7
Changes in deferred tax	21.3	11.5	3.7
Total taxes	24.3	12.5	6.4

NOTE 6. Tax effect of temporary differences between accounting and tax-related balances (based on a 28 % nom. tax rate)

6.1. Deferred tax

Amounts in NOK million	2000	1999	1998
Temporary differences:			
Provision for receivables	- 3.2	- 1.1	- 1.1
Provision for stocks	11.3	13.8	5.3
Cost provisions according to generally accepted accounting principles	- 2.3	- 1.9	- 0.7
Other short-term temporary differences	1.0	- 0.9	- 1.4
Subtotal short-term differences	6.8	9.9	2.1
Temporary differences:			
Accumulated excess tax depreciation	5.8	0.6	25.1
Gain/loss account in associated company	0.0	6.7	9.0
Gain/loss account	9.5	2.4	2.1
Pension funds	28.8	19.9	18.2
Pension liabilities	- 14.1	- 2.6	- 2.6
Other long-term items	- 47.6	- 39.6	- 48.3
Subtotal long-term items	- 17.6	- 12.6	3.5
Accommodated tax carry-forwards	0.0	0.0	- 5.6
Tax reducing differences (-), tax increasing differences (+)	- 10.8	- 2.7	0.0
Deferred tax liability	0.0	0.0	0.0

6.2 Deferred tax benefit

Amounts in NOK million	2000	1999	1998
Non-accommodated negative differences	10.8	2.7	18.9
Non-accommodated carry-forwards	52.1	64.1	59.6
Deferred tax asset	62.9	66.8	78.5
Deferred tax asset capitalised in the accounts	49.7	33.5	45.0

Based on an assessment of the likely earnings and possible application of the tax-reducing differences, only a portion of the total deferred tax gain has been capitalised in the accounts. As a result of re-consideration of the possibilities for taking advantage of the deferrable loss related to Swedish units bought in 1998, the deferred tax asset has been increased by NOK 20 million during the year. (See note 5).

A deferred tax asset of NOK 37,5 million, which come about through the acquisition of Forestia AS, has been included in the accounts during the year. Hence, the difference of NOK 13,2 million between the deferred tax asset still is due to the uncertainty regarding the possibilities for taking advantage of the deferrable loss related to Swedish units bought in 1998.

6.3 Deferred tax benefit from deficits carried forward

Amounts in NOK million	2000	1999	1998
Norway	22.4	25.2	33.4
Sweden	29.0	35.9	29.0
Denmark and others	0.7	3.0	2.8
Deferred tax benefit from deficits carried forward	52.1	64.1	65.2

For the Group's Norwegian companies, the deficits have been carried forward in their entirety for the time period 1993-2000, and the timeframe in which the carry-forward opportunity expires is from 2003 to 2010. Of the tax-related deficit carried forward in the Group's Swedish companies, NOK 55 million has come about through the purchase of the Westwood Group. These deficits may over a five-year period – beginning the year after the acquisition – only be offset against profit from companies that were part of the Westwood Group at the time of the acquisition. From 1999, a deficit incurred in 1998 for the purchased companies may be used for all the Group's Swedish companies. A tax deficit in Sweden may be carried forward for an unlimited period of time. In Denmark, the cut off period is after 5 years.

NOTE 7. Other receivables**7.1. Short-term items**

Amounts in NOK million	2000	1999	1998
Accounts receivables:			
Accounts receivables, gross	419.7	338.7	303.3
Provision against losses	- 5.8	- 3.5	- 5.2
Accounts receivables, net	413.9	335.2	298.1
This year's recorded losses	3.5	5.8	5.7
Changes in provision for loss	2.3	- 1.7	- 1.7
Losses on accounts receivables	5.8	4.1	4.0
Other debtors:			
Receivables from employees	4.4	4.4	4.7
VAT credit	36.4	0.3	28.0
Other receivables	48.1	77.7	77.5
Total other debtors	88.9	82.4	110.2

Included in the post "Other receivables" for 2000 is NOK 8.4 million in recorded, not received indemnity. Except for this, the post consists of a number of smaller amounts that in themselves are not of any noteworthy size. Approx. 55 per cent of the Group's operating revenues are covered by debtor insurance.

7.2 Long-term items

Of the total amount of bonds and other receivables totalling NOK 28.2 million in 2000 (24.2 in 99), NOK 4.0 million (4.0 in 99) is from SIVA Moelv Næringspark AS, NOK 3.4 million is from loans to employees (1.5 in 1999), NOK 0.8 million is from a secured loan in connection with Expo 2000 (1.0 in 1999). Subordinated loan to Aicher GmbH amounts to NOK 5.3 million (0 in 99). Also included here are a number of smaller amounts that in themselves are not of any noteworthy size.

NOTE 8. Stocks and orders

Amounts in NOK million	2000	1999	1998
Raw materials and purchased semi-finished goods	207.2	172.7	159.0
Work in progress	111.7	82.3	72.7
Finished goods	350.1	215.7	223.7
Orders	27.2	44.8	45.9
Prepayments to suppliers	6.7	25.3	18.6
Total stocks and orders	702.9	540.8	519.9
Specification of projects:			
Own projects at 31.12.	0.0	11.1	10.5
Contracts at 31.12.	86.4	84.1	112.7
Payments on account	- 59.2	-50.4	-77.3
Total projects – net	27.2	44.8	45.9

NOTE 9. Other liabilities**9.1 Current liabilities**

Amounts in NOK million	2000	1999	1998
Payments on account from customers	2.0	9.8	4.1
Future commitments to minority owners in subsidiaries	1.3	1.7	4.2
Provision for warranty and service commitments	18.0	2.5	0.0
Other accrued expenses not yet due	119.4	115.3	91.6
Total	140.7	129.3	99.9

The item Other accrued expenses not yet due includes only accruals and provisions related to operations.

9.2 Long-term items

Warranty and service commitments expected to fall due in more than one year are presented under "Other long-term liabilities" with NOK 4.2 million (NOK 3.8 million in 1999). The post Other long-term liabilities in 1999 includes a provision for future payment to owners of minority interests in subsidiaries amounting to NOK 16.6 million.

NOTE 10. Liquid holdings and debt

10.1 Interest-bearing receivables and debt

Amounts in NOK million	2000 *	2000	1999	1998
Restricted bank deposits		2.0	2.4	6.5
Other bank deposits		62.7	29.7	29.7
Interest-bearing receivables/loans		0.0	0.0	37.5
Total bank deposits/receivables		64.7	32.1	73.7
Bank overdraft and other short term interest bearing debt		49.8	19.7	26.1
Long-term interest-bearing debt:				
NOK	7.4 %	177.8	92.6	120.2
SEK	4.6 %	548.9	576.1	590.2
Euro	5.6 %	7.6	8.4	
Others		0.0	15.7	15.4
Total long-term interest-bearing debt		734.3	692.8	725.8
Net interest-bearing debt		719.4	680.4	678.2

* Average interest.

10.2 Repayment plans on long-term loans

Amounts in NOK million	2000	1999	1998
Long-term debt falling due within:			
1 year	70.9	47.2	55.9
2 years	34.7	45.2	52.0
3 years	274.5	45.1	71.8
4 years	38.2	295.3	44.9
5 years	252.9	44.1	242.8
6 years and more	48.2	215.9	258.4
Total	719.4	692.8	725.8

10.3 Interest adjustment

Amounts in NOK million – according to currency	NOK	SEK
Interest adjustment for the following years:		
2000	59.3	60.0
2001	2.0	95.8
2002	0.0	105.6
2003	12.2	2.5
2004	52.8	49.1
2005	0.0	2.5
2006	0.0	0.0
Total	126.3	315.5

The loans have been issued with a negative mortgage agreement, and with a standard paragraph relating to share capital, equity ratio and cash flow.

NOTE 11. Financial market risk

Financial assets exposed to credit or currency risks consist primarily of trade debtors and claims to financial institutions. The main part of the accounts receivables is covered by debtor insurance. An assessment has also been made of the solidity of the receivables, and provisions have been set up to account for potential losses. Historically, provisions set off for this purpose have been sufficient to cover such losses. Receivables from financial institutions primarily involve five Northern European banks. There are also currency risks involved with the trade receivables. The primary share of the Group's receivables in other currencies involves the currencies SEK, EUR and GBP. The exposure to currency fluctuations is partially offset through futures contracts with duration up to twelve months. With respect to SEK, much of the risk is offset by trade creditors are in the same currency, in addition to that a large part of the Group's interest-bearing debt is in the same currency.

NOTE 12. Guarantees

Amounts in NOK million	2000	1999	1998
Loan guarantees/financial guarantees	27.7	8.3	8.3
Surety and prepayment guarantees	18.7	56.7	53.3
Joint guarantees other companies	3.4	0.4	0.5
Employee guarantees	0.0	0.0	0.2
Total	49.8	65.4	62.3

NOTE 13. Mortgages – secured loans

13.1 Loans with security in assets

Amounts in NOK million	2000	1999	1998
Bank overdraft	0.0	7.7	2.5
Long-term loans	160.8	208.6	271.6
Total	160.8	216.3	274.1

13.2 Book value of pledged assets

Amounts in NOK million	2000	1999	1998
Other receivables and prepayments	207.2	105.9	44.0
Stocks	247.5	139.8	100.3
Machinery, installations, incl. miscellaneous	104.4	149.7	84.3
Buildings	53.1	146.8	46.2
Land	9.9	17.8	6.3
Total	622.1	560.0	281.1

NOTE 14. Financial goodwill in connection with acquisition of subsidiaries

Amounts in NOK million	2000	1999	1998
Companies in the Timber Group	25.3	12.1	5.8
Additions from acquisition of Westwood AB, Notnäs AB and Rosén & Co. AB.	0.0	0.0	6.3
Additions from establishment of Mocon AS, and assuming that minority interests exercise their put option	0.0	13.2	0.0
Depreciation for year	- 2.3	- 2.2	-3.5
Accumulated depreciation	- 9.7	- 7.4	-5.2
Subtotal Timber Group	15.6	17.9	6.9
Companies in the Building Group	11.1	8.0	16.5
Reduction from gradual acquisition of Moelven Hako AS, 21% remaining	0.0	0.0	- 5.6
Reassessment of goodwill on excess value of buildings, Moelven Byggsystem AB	0.0	0.0	- 2.9
Additions from acquisition of Grøndalen Elektro AS and Østby Elektriske AS	0.0	3.1	0.0
Additions from acquisition of Fredlunds Akustik AB	3.9	0.0	0.0
Depreciation for year	- 1.9	- 0.8	- 0.7
Accumulated depreciation	- 7.6	- 5.7	- 4.9
Subtotal Building Group	7.4	5.4	3.1
Total capitalised goodwill	40.3	36.4	20.1
Depreciation for year	- 4.2	- 3.0	-4.2
Accumulated depreciation	- 17.3	- 13.1	- 10.1
Total for the Group	23.0	23.3	10.0

All acquisitions relating to capitalised goodwill are within the Group's primary business areas. The period of depreciation is set at 10 years. For additions in the Modular Building Group, the goodwill is primarily connected to operating concept and human resources, and the period of depreciation is therefore set at 5 years.

NOTE 15. Investments in and sale of fixed assets

Amounts in NOK million	2000		1999		1998		1997		1996	
	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale
Fixtures and fittings etc. *)	26.1	2.3	7.3	0.3	-	-	-	-	-	-
Machines and plant	181.4	27.1	56.7	4.4	279.3	7.8	86.7	3.7	60.7	3.4
Buildings and other property	58.0	30.9	22.6	5.5	141.4	34.3	29.0	0.2	31.1	9.6
Land	15.8	0.5	1.0	2.4	25.0	10.4	1.0	0.0	0.0	0.4
Total	281.3	60.8	87.6	12.6	445.7	52.5	116.7	3.9	91.8	13.4

* For the years 1996-1998, this item was included in Machines and plant (previously "Machines, vehicles and equipment").

2000: Included in the Group's investments are additions amounting to NOK 194,6 million from the acquisition of the timber industry activities of Forestia AS. Additions from the acquisition of Hulåns Snickereri AB amounts to NOK 9,6 million. Included in the disposal of fixed assets is the sale of the Group's 40 per cent share of Limtræ Danmark AS, which amount to NOK 42,5 million.

1999: Included in the Group's investments are additions amounting to NOK 15 million resulting from the acquisition of Splitkon AS, Agder Limtre AS, Grøndalen Elektro and Østby Elektriske AS. Investments amounting to NOK 5 million were made at the 40% owned Limtræ Danmark AS. Of the overall investments made this year, an amount equal to NOK 15 million is a result of investment decisions made in 1998.

1998: Investments of NOK 342 million arising from the purchase of Westwood AB with subsidiaries and Notnäs AB and Rosén & Co. AB are included. Included in the invested amounts from the acquisition is NOK 88 million in capitalised excess value. Another NOK 15 million is included from fixed asset financed through leasing agreements. Leasing financing is included in the Group's interest-bearing debt with a corresponding amount. Included in the disposal of fixed assets is the NOK 30 million sale of fixed assets/land in the Westwood group.

1997: Investments in fixed assets acquired through the purchase of Byggsystem AS/Byggsystem AB are included, totalling NOK 12 million.

1996: Included in the Group's investments are fixed assets acquired through the purchase of Øresø Limtræ AS, totalling NOK 23 million.

NOTE 16. Plant and properties

16.1 Plant and properties, book value

Amounts in NOK million	Buildings and other property	Land	Machines and plant	Fixtures and fittings, tools etc.	TOTAL
Acquisition value at 01.01.	455.9	34.3	833.8	40.9	1 364.9
Additions 2000	58.0	15.8	181.4	26.1	281.3
Value at disposal	43.2	1.2	65.8	10.3	120.5
Acquisition value at 31.12	470.7	48.9	949.4	56.7	1 525.7
Acc. ord. depreciation at 01.01.	176.9	3.5	411.4	25.6	617.4
Disposals acc. depreciation	23.0	0.8	40.3	8.1	72.2
Depreciation current year ¹⁾	28.2	0.7	119.5	7.3	155.7
Acc. ordinary depreciation at 31.12.	182.1	3.4	490.6	24.8	700.9
Net book value at 01.01	279.0	30.8	422.4	15.3	747.5
Net book value at 31.12	288.6	45.5	458.8	31.9	824.8
Ordinary depreciation rates in %	5-7 %	0 %	7-15 %	15-20 %	

²⁾ Depreciation for the year in accordance with the profit and loss account includes depreciation on fixed assets of NOK 155.7 million, and amortisation on goodwill of NOK 4.2 million (3.0).

16.2 Annual operating leasing costs

Amounts in NOK million	2000	1999	1998
Vehicles	6.4	4.6	4.5
Machines and equipment	2.1	4.7	4.5
Buildings and property	0.4	3.5	3.8
Total	8.9	12.8	12.8

NOTE 17. Wages and pension costs/pension liabilities

17.1 Payroll expenses

Amounts in NOK million	2000	1999	1998
Wages and salaries	782.8	570.8	516.4
Employer's national insurance contribution and social expenses	184.3	137.9	116.0
Pension costs re. benefit and pension plans	14.0	14.1	9.0
Income regarding pay back of pension fees from the Swedish pension co-operative SPP	- 34.3	0.0	0.0
Other social costs and other benefits	30.3	24.8	20.7
Total	977.1	747.6	662.1

Other social costs and other benefits includes NOK 2.0 million regarding sale of shares to employees at a discount price.

17.2 Pension costs

Amounts in NOK million	2000	1999	1998
Earnings for the year	14.8	5.9	5.6
Interest cost on pension liabilities	9.5	3.2	4.1
Pension costs (gross)	24.3	9.1	9.7
Expected return on pension assets	- 14.9	- 6.8	- 8.5
Changes in estimates	- 0.7	1.1	0.1
Pension costs (net), Insured and uninsured plans	8.7	3.4	1.3
Pension costs for contractual pensions	5.7	1.2	1.5

17.3 Pension liabilities

Amounts in NOK million	2000	1999	1998
Balance at 01.01			
Accumulated earnings	58.9	61.0	48.0
Pensions based on future salary increases	6.5	6.9	3.5
Pension liabilities (gross)	65.4	67.9	51.5
Pension funds	- 127.1	- 123.8	- 107.3
Pension liabilities (net), surplus	- 61.7	- 55.9	- 55.8
Balance at 31.12			
Pension liabilities (gross)	174.6	65.4	67.9
Pension funds (anticipated)	- 228.5	- 115.9	- 117.5
Estimated change and variance. not charged	1.5	- 11.2	- 6.3
Pension liabilities (net), surplus	- 52.4	- 61.7	- 55.9
Total net pension funds, permissible insured schemes	- 102.8	- 71.1	- 65.1
Insured schemes not allowed to be offset by over-financed schemes	18.9	0.0	0.8
Pension liabilities, contractual pensions	31.5	9.4	8.4
Total pension liabilities	50.4	9.4	9.2

NOK 24.8 million of the amount listed for net surplus financing are pension funds originating from the Group's Swedish pension scheme in the insurance company SPP. The amount corresponds to the amount corresponds to the unpaid share of the revenue-related NOK 34.3 million write-back of pension funds for year 2000. The remainder will be paid out in annual instalments over a period of five years.

In connection with the purchase of Forestia AS at 17.01.2000, the net pension commitments were increased to a market value of NOK 27.3 million. The pension scheme had 743 active members and 93 pensioners, with an estimated total pension commitment (TBO) of NOK 140 million. The pension commitments that were taken over have a coverage of about 65 per cent of the members' final wages before retiring for the period from 67 to 77 years, after which time the rate is reduced to 60 per cent. The pension scheme was closed as of the year 2000.

The Group's total pension commitments (TBO) for ensured schemes is estimated to be NOK 280 million at the end of year 2000 (NOK 130 million for 1999, NOK 92 million in 1998). TBO refers to the current value of likely future pension commitments, assuming the members remain in the scheme until retirement.

Insured schemes:

Pension funds are larger than pension liabilities for the Group's insured schemes. The surplus is in its entirety related to stipulations in the Norwegian Tax Law. Surplus is assessed to be viable as a result of a new law regarding company pensions. The Group's open pension plans cover approx. 60% of the last salary of the person retiring at 67 years of age.

Uninsured schemes:

Uninsured schemes are primarily related to contractual pensions and calculated in accordance with Norwegian Accounting Standards regarding pension costs. The commitment is included in employers' national insurance contributions. The estimate for the expected withdrawal of contractual pensions starting at the age of 62 is 50%. All uninsured pension liabilities have been included in the above-mentioned calculation. Pension schemes in the Group's foreign subsidiaries are organised in separate schemes.

17.4 Financial assumptions

Amounts in NOK million	2000	1999	1998
Return on pension funds	8.0 %	8.0 %	8.0%
Discount rate	7.0 %	7.0 %	7.0%
Growth in annual salaries and state pensions	3.3 %	3.3 %	3.3%
Annual adjustments of pensions being drawn	2.5 %	2.5 %	2.5%

The pension liabilities that apply to the Group's Norwegian companies cover a total of 1877 people (970 in 1999/529 in 1998) for the insured schemes, of whom 1669 are active and 208 are pensioners. The pension liabilities in connection with contractual pensions encompass a total of 1734 persons. The annual cost regarding the estimated variance is based on the total anticipated remaining years of employment of the members over the next 15 years. The estimated variance does not exceed 10 per cent of the higher of the pension liabilities and pension funds for the start of the year.

NOTE 18. Shares and participating interest in other companies, long-term

Amounts in 1000 NOK	Share of ownership	Company's share capital	Number of shares	Face value	Book value 31.12.2000
Forestia Plater AS	9,9	100	99	10	10 045
Vamo AS ¹⁾	45,0	100	4 500	45	45
Moelven Elementbygg AS	66,7	600	4 000	400	46
Mjøskompetanse AS	7,7	130	1	10	10
Aicher GmbH ¹⁾	49,0	DEM 1000		DEM 490	1 867
SIVA Moelv Næringspark AS	40,0	20 000	8 000	8 000	8 000
Norge på Expo 2000 AS	8,3	3 000	1	250	250
Miscellaneous					19
Total Moelven Industrier ASA					20 282
Bäckebrons Sågverk AB	11,0	SEK 4 100	4 500	SEK 450	513
Arbo Wood AB	4,1	SEK 120	50 000	SEK 5	932
Miscellaneous					4
Total Moelven Westwood AB					1 449
WEDA Skog AB ¹⁾	50	SEK 12 000	60 000	SEK 6 000	7 300
Nye Land Sag AS ¹⁾	30	5 000	1 500	1 500	1 500
Firma Kiehn Holz GmbH	10	DEM 300		DEM 30	1 351
Fire Guard Scandinavia AS	2	11 149	196 500	196	196
Norgros ASA	0,6	59 791	7 543	377	600
Transportselskapet Østlandet AS	40	500	400	200	201
000 Moelven Energo	31,6	USD 4 750	1	USD 1 500	7 135
Støren Trelast AS	18,8	6 600	12 400	1 240	1 100
Impregnor AS	3,8	7 110	5 440	272	382
Thermia AB	0,6	SEK 43 200	2 500	SEK 250	233
Naturbränsle Mellansverige AB	4,5	SEK 2 800	1 265	SEK 127	118
Jures Medis AB	15	LT 6 033	180 982	LT 905	963
Svenskt Limträ AB	33	SEK 100	333	SEK 33	31
Almeningens pensjonskasse					54
Miscellaneous					69
Total Moelven Timber Group					21 233
Total					42 964
¹⁾ For shares treated as shares in associated companies in the Group accounts: see note 19					
Vamo AS					45
Weda Skog AB					7 300
Nye Land Sag AS					1 500
Aicher GmbH					1 867
Total for the Group					32 252

NOTE 19. Shares (20% -) and interest in associated companies – by equity method

Amounts in 1000 NOK	Share of ownership	Value at 01.01.2000	Balance: Additions/Disp.	Value at 31.12.2000	Share profit
Vamo KS	40.5	4 102	-4 020	82	-11
Vamo AS	45.0	450	-405	45	0
Moelven Elementbygg KS	60.0	230	0	230	0
Residencial Los Bermejales SA	75.0	400	103	503	137
Aicher GmbH	49.0	-	2 294	2 294	427
ANS Land Sag Eiendom	30.0	1 261	163	1 424	163
Nye Land Sag AS	30.0	2 005	154	2 159	154
Weda Skog AB	50.0	-	7 300	7 300	0
Vikingskipet Motell ANS	0.0	2 567	- 2 567	-	0
Total for the Group		11 015	3 022	14 037	870

NOTE 20. Shares and interest in jointly controlled businesses – straight line method

Amounts in 1000 NOK	Share of ownership	Value at 01.01.2000	Balance: Addition/disp.	Value at 31.12.2000	Share profit
Limtræ Danmark AS	0.0 %	25 805	- 25 805	0.0	1 087

Additionally gain on disposal of the Group's 40 per cent share of Limtræ Danmark AS of NOK 6,5 million has been recorded as Other operating income.

The company's relative share in NOK million of key parts of the Group's results and balance sheet for 2000 are presented below.

Profit or loss item	2000	1999	Balance sheet item	2000	1999
Operating revenues	99.8	105.4	Current assets	0.0	37.2
Operating profit	3.4	4.3	Fixed assets	0.0	19.2
Operating result before tax	1.5	3.4	Total assets	0.0	56.4
Taxation	0.4	1.1	Non interest-bearing debt	0.0	25.8
			Interest-bearing debt	0.0	13.6
			Equity	0.0	17.0
Result for the year	1.1	2.3	Total equity and liabilities	0.0	56.4

NOTE 21. Companies treated as subsidiaries, with minority ownership shares

The Group accounts for 2000 include the following companies with minority interests:

Moelven Hako Nord AS	30 % (30 % in 99)
Moelven Laminated Timber Ltd	15 % (15 % in 99)
Mocon Holding AS (Group)	4.4 % (4.4 % in 99)

The companies' relative share in NOK million of key parts of the Group's results and balance sheet for 2000.

Profit or loss item	2000	1999	Balance sheet item	2000	1999
Operating revenues	11.3	30.3	Equity	4.8	4.8
Net profit for the year	0.0	- 0.1	Total capital	9.0	16.1

NOTE 22. Equity

22.1 Changes in equity

Amounts in 1000 NOK	Share-capital	Share premium reserve	Own shares	Other equity	Minority interest	Profit/loss	TOTAL equity
Balance at 31.12.1999	463.2	71.1		90.0	4.8		629.1
Increase of capital	132.0	66.0		- 3.5			194.5
Net profit						135.3	135.3
Allocation of net profit				93.6		- 93.6	0.0
Foreign currency translation				- 2.8			- 2.8
Provisions for dividend						- 41.7	- 41.7
Own shares/sale of shares to employees			- 22.1	- 13.5			- 35.6
Minority interests							
Capital transfers		- 70.0		70.0			
Balance at 31.12.2000	595.2	67.1	- 22.1	233.8	4.8	0.0	878.8

22.2 Own shares

As specified in the general meeting decision of 5 April 2000, the Board has the authority to purchase up to 11 904 238 of its own shares with a face value of NOK 5.- per share, corresponding to a total of NOK 59.5 million. The purchase price must be no less than 2.50, no more than 20.00, and on a par with the market price at any given time. The delegated authority is valid for a period of 18 months from the date of the delegation.

Moelven Industrier ASA incl. subsidiaries owned at 31 December 2000 a total of 4 434 071 own shares at an average rate of NOK 8.03 per share, corresponding to a total of NOK 35.6 million.

The Board is authorised to issue 1,199,749 shares to employees in the company. This authorisation is valid until 31 December 2001. In accordance with this delegated authority, the Board is responsible for determining the criteria for allocation and share rate.

22.3 The largest shareholders at 27 February 2001:

No. of shares:	119 042 384
Face value:	NOK 5,-
Share capital:	595 211 920
No. of own shares:	4 434 071
No. of voting shares:	114 608 313
Average no. of shares:	116 843 965

Shareholder	No. of shares	Percentage of voting shares
Den norske Bank AS	34 413 671	30,0
Norske Skogindustrier AS	26 400 001	23,0
Løvenskiold Gran AS	8 663 000	7,6
Viken Skogeierforening	8 327 709	7,3
SND Invest AS	4 843 697	4,2
Glommen Fond AS	4 533 325	4,0
Tine Pensjonskasse	1 565 828	1,4
Västra Skogsägarna	1 200 000	1,0
Agder-Telemark Skog	1 190 424	1,0
Bjørgvin AS	1 078 000	0,9
Skandinaviska Enskilda, nom	1 061 717	0,9
Skogeierforeninga Nord	861 000	0,8
Peder Smedvig Capital AS	675 080	0,6
Largest shareholders	94 813 452	82,7
Total	114 608 313	100,0

22.4 Shares in Moelvens Industrier ASA – owned by members of the Corporate Assembly, Board of Directors and the Executive Management

	No. of shares		No. of shares
Corporate assembly		Board of Directors	
Axel Krogvig (chairman)	974	Peder Chr. Lovenskiold (chairman)	8 663 000
Bjørn H. Rasmussen	438	Carl Graff-Wang	25 000
Odd Torland	0	Per Stamnes	0
Harry Konterud	50 000	Jan A. Oksum	0
Jaroslav Havlicek	0	Svein Steen Thomassen	0
Jan Reinås	0	Bjørn Solberg Antonsen *)	11 724
Fredrik Wahl	0	Iver Melby*)	0
Lars W. Grøholt	4 166		
		Alternate, attending all meetings:	
Harald Løkkesveen *)	56	Hans Roset *)	2 000
Jan Slattum *)	2 000		
Per Cocozza *)	0	Observer:	
Steinar Hagen *)	0	Arne Rødø *)	2 000
		Executive Management	
Alternates:		Frode Alhaug	72 000
Jan Teksum	5 337	Anders L. Fossum	26 000
Dyre Østby	10 000	Dag Sand	23 286
Ola Vik	0	Reidar Mo	30 000
Kai Nyland	0	Hans Rindal	51 000
		Haumann Sund	26 832
		Morten Sveiverud	10 825
		Morgan Østenson	164 135

*) Employee representative

22.5 Share capital development since 1 January 1998

Changes in Yar/Type of change	Change in share capital NOK mill.	Total share capital NOK mill.	Change in no. of shares	Total shares
1998: Placement for acquisition of Moelven Hako AS	5.3	362.0	1 050 783	72 395 352
Placement for acquisition of Notnås AB	42.5	404.5	8 500 000	80 895 352
Placement for acquisition of Westwood AB	58.7	463.2	11 747 032	92 642 384
2000: Placement to Norske Skogindustrier ASA for acquisition Forestia AS	132.0	595.2	26 400 000	119 042 384

Face value per share: NOK 5,-

PROFIT AND LOSS ACCOUNT/CASH FLOW STATEMENT – MOELVEN INDUSTRIER ASA

(Amounts in NOK million)	Note	2000	1999	1998
Operating revenues	1	47.7	27.4	29.7
Payroll expenses	8	4.9	6.7	3.6
Depreciation	7	3.5	3.3	3.3
Other operating expenses		30.1	21.8	23.4
Operating expenses		38.5	31.8	30.3
OPERATING PROFIT		9.2	- 4.4	- 0.6
Income from subsidiaries ¹⁾		36.1	71.4	61.8
Income from associates	11	0.0	- 0.1	- 0.6
Interest received from group companies		0.0	0.0	0.4
Other interest received and financial income		1.9	4.3	5.2
Interest paid to group companies		- 15.9	- 12.8	- 4.6
Other interest and financial expenses		- 2.9	- 0.9	- 0.5
Financial income / financial expenses		19.2	61.9	61.7
OPERATING RESULT BEFORE TAX		28.4	57.5	61.1
Tax on ordinary result	2, 3	- 4.1	14.6	26.5
OPERATING RESULT		32.5	42.9	34.6
NET PROFIT FOR THE YEAR		32.5	42.9	34.6
The Board's proposal for allocation of net profit and capital transfers:				
Provision for dividends, NOK 0.35 per share		- 41.7	- 29.7	- 23.2
Other equity		9.2	- 13.2	- 11.4
Total	12	- 32.5	- 42.9	- 34.6

¹⁾ The profit and loss account has been revised so that the group contributions are included in "income from subsidiaries".

(Amounts in NOK million)	Note	2000	1999	1998
CASH FLOW FROM OPERATIONS				
Operating result before tax		28.4	57.5	61.1
Write-down of long-term receivables		4.0	0.0	0.0
Ordinary depreciation	7	3.5	3.3	3.3
Gain/loss from sale of fixed assets		- 10.7	- 0.7	- 6.2
Pension costs, provided for but not paid	8	- 3.1	- 0.8	- 2.2
Income from associates	11	0.0	- 0.1	0.6
Dividends		0.0	0.0	3.0
Change in current assets, excl. liquid funds and deposits		- 7.9	16.5	10.9
Change in current liabilities, excl. loans		3.5	- 6.7	- 24.8
Net cash flow from operations		17.7	69.0	45.7
CASH FLOW FROM INVESTMENTS				
Payments to purchase fixed assets excl. acquisitions		- 2.0	- 5.0	- 7.3
Net cash expenditure for purchase/sale of subsidiaries		- 74.0	1.9	- 10.8
Sale of fixed assets		11.7	2.1	0.0
Long-term investments, financial		- 37.1	- 32.4	- 14.5
Short-term lending		0.4	0.0	11.1
Cash flow from investments		- 101.0	- 33.4	- 21.5
CASH FLOW FROM FINANCING				
Changes in short-term borrowings and overdrafts		48.1	0.0	3.4
Liquid share of income from associates		0.0	2.5	0.0
Changes in long-term debt		84.7	- 4.0	0.0
Issue of equity		- 3.5	0.0	0.0
Payment of dividends		- 67.2	- 23.2	- 17.8
Net cash flow from financing		62.1	- 24.7	- 14.4
LIQUID FUNDS				
Net change in liquid funds during the year		- 21.2	10.9	9.8
Liquid funds at 01.01.		21.6	10.7	0.9
Liquid funds at 31.12.		0.4	21.6	10.7
AVAILABLE LIQUID FUNDS				
Liquid funds at 31.12.		0.4	21.6	10.7
Unutilised credit facilities at 31.12.		20.0	20.0	20.0
Available liquid funds at 31.12.		20.4	41.6	30.7

(Amounts in NOK million)	Note	2000	1999	1998
ASSETS				
Deferred tax asset	3	48.4	44.3	58.9
Land	7	3.7	4.1	5.5
Buildings and other real property	7	24.8	27.1	25.3
Machines, installations, fixtures, etc.	7	1.1	0.8	0.9
Total tangible fixed assets		29.6	32.0	31.7
Investments in subsidiaries	9	956.1	641.9	620.4
Loans to group companies		56.1	72.2	59.6
Investments in associates	11	0.3	4.3	4.4
Investments in shares	10	20.3	10.8	18.3
Bonds and other receivables	4	15.5	12.1	9.0
Net pension funds	8	49.9	45.8	42.8
Total financial fixed assets		1 098.2	787.1	754.5
Total fixed assets		1 176.2	863.4	845.1
Accounts receivables	4	14.1	0.4	0.1
Receivables from group companies		2.1	2.1	11.8
Loans to group companies		7.5	7.9	7.9
Other receivables	4	0.7	6.5	13.7
Total receivables		24.4	16.9	33.5
Bank deposits, cash in hand etc.		0.4	21.6	10.7
Total current assets		24.8	38.5	44.2
TOTAL ASSETS		1 201.0	901.9	889.3
EQUITY AND LIABILITIES				
Share capital		595.2	463.2	463.2
Own shares		- 22.1	0.0	0.0
Share premium reserve		67.1	71.1	71.1
Total paid-in capital		640.2	534.3	534.3
Other equity		191.3	149.4	136.2
Total equity	12	831.5	683.7	670.5
Pension liabilities	8	1.4	1.3	0.0
Long-term, interest-bearing debt to group companies		236.8	167.5	168.6
Other long-term liabilities		31.0	5.7	8.6
Total other long-term liabilities		267.8	173.2	177.2
Bank overdraft within the group account system		48.1	0.0	0.0
Trade creditors		0.7	2.8	2.1
Accounts payable to group companies		5.6	4.2	9.0
Public duties payable		1.9	1.6	1.5
Dividends		41.7	29.7	23.2
Other short-term liabilities	5	2.3	5.4	5.8
Total current liabilities		100.3	43.7	41.6
Total liabilities		369.5	218.2	218.8
TOTAL EQUITY AND LIABILITIES		1 201.0	901.9	889.3
Mortgages		0.0	0.0	0.0
Guarantees	6	554.6	538.4	532.1
Face value per share: NOK 5.-				
Number of shares	12	119 042 384	92 642 384	92 642 384

NOTE 1. Other operating revenues

Amounts in NOK million	2000	1999	1998
Net gain from sale of fixed assets	10.7	0.7	6.2
Net gain from sale of securities	0.5	0.4	1.0
Subsidiaries' share of joint expenses	26.9	17.3	13.8
Income from rentals - external	3.7	3.3	3.2
Income from rentals - internal	4.6	4.7	4.8
Other	1.3	1.0	0.7
Total other operating revenues	47.7	27.4	29.7

NOTE 2. Taxes

Amounts in NOK million	2000	1999	1998
Operating result before tax	28.4	57.5	61.1
Permanent differences	8.0	16.1	17.1
Change in tax-reducing and tax-increasing differences	- 1.5	0.0	- 0.7
Correction of previous years	- 10.6	- 1.5	10.1
Total taxes	- 4.1	14.6	26.5
Taxes consist of:			
Tax payable	0.0	0.0	0.0
Change in deferred taxes	- 4.1	14.6	26.5
Total taxes	- 4.1	14.6	26.5

Correction of previous years in 2000 regards gain/loss account in associated company in the account of NOK 6.7 million. The remaining amount is connected to differences between taxes paid on dividends and the refund of these taxes.

NOTE 3. Tax effect of temporary differences between accounting balances and tax-related balances (based on 28 % nom. tax)**3.1 Deferred tax liability**

Amount in NOK million	2000	1999	1998
Short-term temporary differences:			
Provision for receivables	- 15.0	- 13.9	- 14.0
Cost provisions according to generally accepted accounting principles	- 0.1	- 0.1	- 0.1
Subtotal short-term temporary differences	- 15.1	- 14.0	- 14.1
Long-term temporary differences:			
Accumulated excess tax depreciation	- 4.7	- 6.4	- 6.7
Gain/loss account in associated company	0.0	6.7	8.3
Gain/loss account	0.9	0.2	0.0
Pension funds	14.0	12.9	12.5
Pension liabilities	- 0.4	0.0	0.0
Other long-term items	- 42.6	- 43.3	- 45.7
Subtotal long-term items	- 32.8	- 30.3	- 31.6
Tax reducing differences (-) tax increasing differences (+)	- 47.9	- 44.3	- 45.7
Deferred tax liability	0.0	0.0	0.0

3.2 Deferred tax benefit

Amount in NOK million	2000	1999	1998
Non-accommodated tax reducing differences	47.9	44.3	45.7
Non-accommodated carry-forwards	0.5	0.0	13.2
Deferred tax	48.4	44.3	58.9

NOTE 4. Receivables**4.1 Other receivables – short-term**

Other receivables, totalling NOK 14.1 million for 2000, includes NOK 13.8 million which have been paid in as of 15 January 2001 regarding disposal of property and shares. The temporary financing of SIVA Moelv Næringspark AS – with an interest-bearing receivable of NOK 11.7 million – was included in Other receivables for 1998.

4.2 Bonds and other securities – long-term

Of the 15.5 million included in Bonds and other receivables, NOK 4.0 million are receivables from SIVA Moelv Næringspark AS (same as in 1999), NOK 1.5 million (same as in 1999) are loans to employees, NOK 0.8 million (compared to 1.0 in 1999) is a restricted loan relating to Expo 2000, NOK 5.3 million (compared to 0 in 1999) is a subordinated loan to Aicher GmbH and NOK 3.9 million (compared to 4.5 in 1999) represent a self-insurance fund.

NOTE 5. Other short-term liabilities

This post consists in large part of accrued, not due expenses.

NOTE 6. Guarantees

Amounts in NOK million	2000	1999	1998
Loan guarantees/financial guarantees	505.0	470.0	461.0
Surety and prepayment guarantees	18.7	56.7	62.2
Guarantees for employee tax deductions	30.9	11.7	8.9
Total	554.6	538.4	532.1

The company has no restricted bank deposits.

NOTE 7. Plant and properties

Amount in NOK million	Land	Buildings and other property	Machines and installations	Fixtures and fittings, tools etc.	TOTAL
Acquisition value at 01.01.	4.9	59.8	2.7	0.3	67.7
Additions	0.0	1.5	0.0	0.5	2.0
Value at disposal	1.2	11.6	0.0	0.0	12.8
Acquisition value at 31.12.	3.7	49.7	2.7	0.8	56.9
Acc. ordinary depreciation at 01.01.	0.8	32.6	1.9	0.3	35.6
Disposals acc. depreciation	0.8	11.0	0.0	0.0	11.8
Depreciations current year	0.0	3.3	0.1	0.1	3.5
Acc. ord. depreciations 31.12.	0.0	24.9	2.0	0.4	27.3
Net book value 01.01.	4.1	27.2	0.8	0.0	32.1
Net book value 31.12.	3.7	24.8	0.7	0.4	29.6
Ordinary depreciation rates in %	-	2.5-10%	10%	20%	

NOTE 8. Wages, salaries and pension costs/pension liabilities**8.1 Payroll expenses**

Amounts in NOK million	2000	1999	1998
Wages	6.4	6.2	6.6
Employers' national insurance contribution	1.2	1.2	1.3
Pension costs	- 3.1	- 0.8	- 2.2
Other contributions/other personnel costs, incl. amount charged to subsidiaries	0.4	0.1	- 2.1
Total	4.9	6.7	3.6

8.2 Pension costs

Amounts in NOK million	2000	1999	1998
Earnings for the year	0.6	1.5	1.6
Interest cost on pension liabilities	1.5	1.4	2.2
Pension costs (gross)	2.1	2.9	3.8
Expected return on pension funds	- 5.1	- 3.0	- 5.8
Changes in estimates and deviation	- 0.1	- 0.7	- 0.2
Pensions costs (net), insured and uninsured plans	- 3.1	- 0.8	- 2.2

8.3 Pension liabilities

Amounts in NOK million	2000	1999	1998
Balance at 01.01.			
Accumulated earnings	20.3	34.1	26.2
Pensions based on future salary increases	1.2	1.0	4.6
Pension liabilities (gross)	21.5	35.1	30.8
Pension funds	- 66.0	- 77.9	- 77.7
Pension liabilities (net), surplus	- 44.5	- 42.8	- 46.9
Balance at 31.12.			
Pension liabilities (gross)	23.3	21.5	35.1
Pension funds (anticipated)	- 69.5	- 61.0	- 72.0
Estimated change and variance, not charged	- 2.4	- 5.0	- 5.9
Pension liabilities (net), surplus	- 48.6	- 44.5	- 42.8
Total net pension funds, permissible insured schemes	- 49.9	- 45.8	- 42.8
Insured schemes not allowed to be offset by over-financed schemes	1.4	1.3	0.0

The company's total pension liabilities (TBO) for insured schemes are estimated at NOK 29.0 million at the end of 2000. TBO is the current value of likely future pension commitments, assuming that the members remain in the scheme through to retirement age.

Insured schemes:

Pension funds are larger than pension liabilities for the company's insured schemes. The surplus is in its entirety related to stipulations in the Norwegian Tax act. Surplus is assessed to be viable as a result of a new law regarding company pensions.

8.4 Financial assumptions

Amounts in NOK million	2000	1999	1998
Return on pension assets	8.0 %	8.0 %	8.0 %
Discount rate	7.0 %	7.0 %	7.0 %
Growth in annual salaries and state pensions	3.3 %	3.3 %	3.3 %
Annual adjustment of pensions being drawn	2.5 %	2.5 %	2.5 %

The pension liabilities that apply to the Group's Norwegian companies cover a total of 101 people for the insured schemes, of whom 27 are active and 74 are pensioners. The annual cost regarding the estimated variance is based on the total anticipated remaining years of employment of the members over the next 15 years. The estimated variance does not exceed 10 per cent of the higher of the pension liabilities and pension funds for the start of the year.

NOTE 9. Shares in subsidiaries

Amounts in 1000 NOK	Share of ownership	Company's share capital	No. of shares	Face value	Book value at 31.12.2000
Moelven Industrier ASA owns:					
Moelven Timber AS	100	100 000	10 000	100 000	110 897
Moelven Innredningsgruppen AS	100	40 000	4 000	40 000	55 000
Moelven Limtregruppen AS	100	20 000	2 000	20 000	30 000
Moelven Hako AS	100	31 688	158 440	31 688	50 299
Moelven Engineering AS	100	3 000	3 000	3 000	7 200
Moelven Service AS	100	500	500	500	500
Moelven Finans AS	100	115 500	3 300 000	115 500	116 388
Moelven Portefølje AS	100	100	100	100	3 050
Moelven Nor East AS	100	3 270	3 270	3 270	8 779
Moelven Fireguard AS	100	19 000	19 000	19 000	17 500
Moelven Elektro AS	100	4 500	22 500	4 500	6 500
Moelven Wood AS	100	5 500	5 500	5 500	10 000
Moelven Treindustri AS	100	300 000	20 000 000	300 000	260 186
Moelven Van Severen AS	100	100	10	100	106
Moelven Østerdalsbruket AS	100	100	10	100	106
Moelven Våler AS	100	100	10	100	106
Moelven Soknabruket AS	100	100	10	100	106
Moelven Numedal AS	100	100	10	100	105
Moelven Romedal AS	100	100	10	100	105
Moelven Løten AS	100	100	10	100	105
Moelven Hen AS	100	100	10	100	105
Moelven Gol AS	100	100	10	100	105
Moelven Langmoen AS	100	100	10	100	105
Moelven Industrier AB	100	SEK 10 000	10 000	SEK 10 000	83 450
Moelven Byggsystem AB	100	SEK 5 000	50 000	SEK 5 000	9 778
Moelven Westwood AB	100	SEK 107 046	40 000 000	SEK 107 046	99 580
Moelven Notnäs AB	100	SEK 3 250	650 000	SEK 3 250	71 532
Rosèn & Co. Trä AB	100	SEK 225	225 000	SEK 225	9 858
Moelven France SARL	100	FRF 4.000	4 000	FRF 4.000	3 561
Moelven Iberica SA	100	ESP 9 000	9 000	ESP 9.000	960
Total Moelven Industrier ASA					956 072
Moelven Timber AS owns:					
Moelven Mjosbruket AS	100	12 000	12 000	12 000	15 990
Moelven Kværnum Bruk AS	100	2 000	4 000	2 000	2 360
Moelven Treinterior AS	100	3 000	3 000	3 000	6 982
Moelven Eidsvoll AS	100	8 500	850	8 500	18 500
Moelven Eidsvold Værk AS	100	32 500	32 500	32 500	35 578
Total Moelven Timber AS					79 410
Moelven Westwood AB owns:					
Moelven Knappåsågen AB	100	SEK 2 000	20 000	SEK 2 000	54 073
Moelven Norsälven AB	100	SEK 3 500	35 000	SEK 3 500	52 209
Moelven Ransbysågen AB	100	SEK 1 000	10 000	SEK 1 000	15 849
Moelven Värmlands Trä AB	100	SEK 3 000	3 000	SEK 3 000	19 486
Moelven Component AB	100	SEK 2 580	25 800	SEK 2 580	4 844
UJ-Trading AB	100	SEK 1 000	10 000	SEK 1 000	6 060
Moelven Hulåns Snickeri AB	100	SEK 800	8 000	SEK 800	932
Trådan i Karlstad AB	100	SEK 100	1 000	SEK 100	103
Lerans Säg AB	100	SEK 1 000	10 000	SEK 1 000	1 305
Skåre Kontorshotell AB	100	SEK 100	1 000	SEK 100	676
Moelven Wood AB	100	SEK 100	1 000	SEK 100	105
Total Moelven Westwood AB					155 643

NOTE 9. Shares in subsidiaries cont.

Amounts in 1000 NOK	Share of ownership	Company's share capital	No. of shares	Face value	Book value at 31.12.2000
Moelven Innredningsgruppen AS owns:					
Nordia AS	100	22 000	2 200	22 000	52 610
Miljøveggen Distribusjon AS	100	100	10	100	100
Total Moelven Innredningsgruppen AS					52 710
Moelven Limtregruppen AS owns:					
Mocon Holding AS	47,1	68 000	32 000	32 000	38 795
Moelven Limtræ Gruppen Danmark AS	100	DKK 10 500	10 500	DKK 10 500	29 067
Moelven Laminated Timber Str. Ltd.	85	GBP 42	10 500	GBP 36	1
Total Moelven Limtregruppen AS					67 863
Moelven Industrier AB owns:					
Moelven Valåsen AB	100	SEK 50 000	500 000	SEK 50 000	165 949
Moelven Dalaträ AB	100	SEK 20 000	200 000	SEK 20 000	74 584
Mocon Holding AS	44,1	68 000	30 000	30 000	29 441
Eurowand AB	100	SEK 4 000	40 000	SEK 4 000	42 886
Total Moelven Industrier AB					312 860
Moelven Limtræ Gruppen Danmark AS owns:					
LNJ Limtræ AS	100	DKK 6 000	1	DKK 6 000	7 468
Moelven LNJ Limtræ AS	100	DKK 1 500	100	DKK 1 500	0
Moelven Sveballe AS	100	DKK 7 500	5 500	DKK 7 500	0
Moelven Systembyg AS	100	DKK 7 500	750	DKK 7 500	8 338
Total Moelven Limtræ Gruppen Danmark AS					15 806
Mocon Holding AS owns:					
Moelven Limtre AS	100	11 000	11 000	11 000	43 028
Moelven Töreboda Limträ AB	100	SEK 12 000	120 000	SEK 12 000	42 000
Moelven Holzleimbau GmbH	100	DEM 200	20	DEM 200	1 756
Total Mocon Holding AS					86 784
Moelven Töreboda Limträ AB owns:					
Moelven Töreboda Poland Sp.zo.o	100	PLN 4	40	PLN 4	9
Rosèn & Co. Trä AB owns:					
Moelven List AB	100	SEK 750	7 500	SEK 750	1 421
Moelven Notnäs AB owns:					
Westwood Skog AB	100	SEK 3 800	38 000	SEK 3 800	5 034
Moelven Hako AS owns:					
Moelven Hako Nord AS	70	5 700	57 000	5 700	4 000
Moelven Treindustri AS owns:					
Moelven Telemarksbruket KS	100	10 136		10 136	0
Moelven Nor East AS owns:					
Nor East Timber AS	100	600	600	600	632
Moruscon AS	100	50	50	50	50
Moelven Nor East OOO	100	RUR 675	67	RUR 675	853
Total Moelven Nor East AS					1 535

NOTE 10. Shares and interest in associated companies, long-term

Amounts in 1000 NOK	Ownership in %	Company's share capital	No. of shares owned by Moelven	Face value	Book value at 31.12.2000
Forestia Plater AS	9,9	100	99	10	10 045
Aicher GmbH	49,0	DEM 1 000		DEM 490	1 867
Vamo AS	45,0	100	4 500	45	45
Moelven Elementbygg AS	66,7	600	4 000	400	46
Mjøskompetanse AS	7,7	130	1	10	10
SIVA Moelv Næringspark AS	40,0	20 000	8 000	8 000	8 000
Norge på Expo 2000 AS	8,3	3 000	1	250	250
Miscellaneous					19
Total					20 282

NOTE 11. Shares (20% -) and interest in associated companies, by equity method

Amounts in 1000 NOK	Ownership in %	Value at 01.01 2000	Balance: Additions/disp.	Value at 31.12.2000	Share profit
Vamo KS	40.5 %	4 102	- 4 020	82	- 11
Moelven Elementbygg KS	60.0 %	230	-	230	-
Total		4 332	- 4 020	312	- 11

Vamo KS has granted a loan to Moelven Industrier ASA amounting to NOK 1.2 mill. at 31.12.01 (5.7 in 1999).

NOTE 12. Equity

Amounts in NOK million	Share capital	Share premium reserve	Own shares	Other equity	Net profit	TOTAL
Balance at 01.01.2000	463.2	71.1		149.4		683.7
Net profit					32.5	32.5
Allocation of net profit				- 9.2	9.2	0.0
Increase of capital	132.0	66.0		- 3.5		194.5
Own share/sale of shares to employees			- 22.1	- 15.4		- 37.5
Capital transfers		- 70.0		70.0		
Provisions for dividend		0.0			- 41.7	- 41.7
Balance at 31.12.2000	595.2	67.1	- 22.1	191.3	0.0	831.5

NOTE 13. Number of employees

Average number of employees in 2000 was 8 (8 in 99)

NOTE 14. Benefits, loans, mortgages to management, shareholders, etc.

Amounts in 1000 NOK	2000	1999	1998
Auditor's fee	260.0	245.0	290.0
Consultancy fees to auditor	680.0	68.0	300.0
Remuneration of board members	666.0	696.5	693.5
Remuneration of corporate assembly members	147.5	197.0	185.5
Salary to President and CEO	1 505.0	1 486.0	1 450.0
Other benefits enjoyed by President and CEO	113.4	73.9	51.2

The President/CEO has a salary guarantee extending 24 months beyond termination of employment. The duration may be shortened by 12 months in case of other income. The President/CEO was also granted a loan from Moelven Industrier ASA for NOK 1.5 million. The balance due as of 31 December 2000 was NOK 1.47 million. The loan contract has a duration of 5-years, with an interest of 5 per cent per annum. As from 1 January 2001 the interest rate is 6 per centannum. The loan is secured with a mortgage in real property.

In 2000, the Auditor's fee for the Group as a whole amounted to NOK 3.7 million (2.6 in 99).

AUDITOR'S REPORT FOR 2000

We have audited the annual financial statements of Moelven Industrier ASA as of 31 December 2000, showing a profit of NOK 32,435,591 for the parent company and a profit of NOK 135,340,000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, February 27, 2001
PricewaterhouseCoopers DA



Svein-A. Martinsen

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

STATEMENT BY THE CORPORATE ASSEMBLY

At a meeting on 27 February 2001, the Corporate Assembly considered the report of the Board of Directors and Managing Director and proposals for the annual accounts of Moelven Industrier ASA and the Group, and the proposal for the appropriation of the profit for the year made by Moelven Industrier ASA.

The Corporate Assembly recommends that the Annual General Meeting approves the Board's and the Managing Directors report and proposal for the annual accounts of Moelven Industrier ASA and the Group, and the proposal for the appropriation of the profit for the year made by Moelven Industrier ASA.

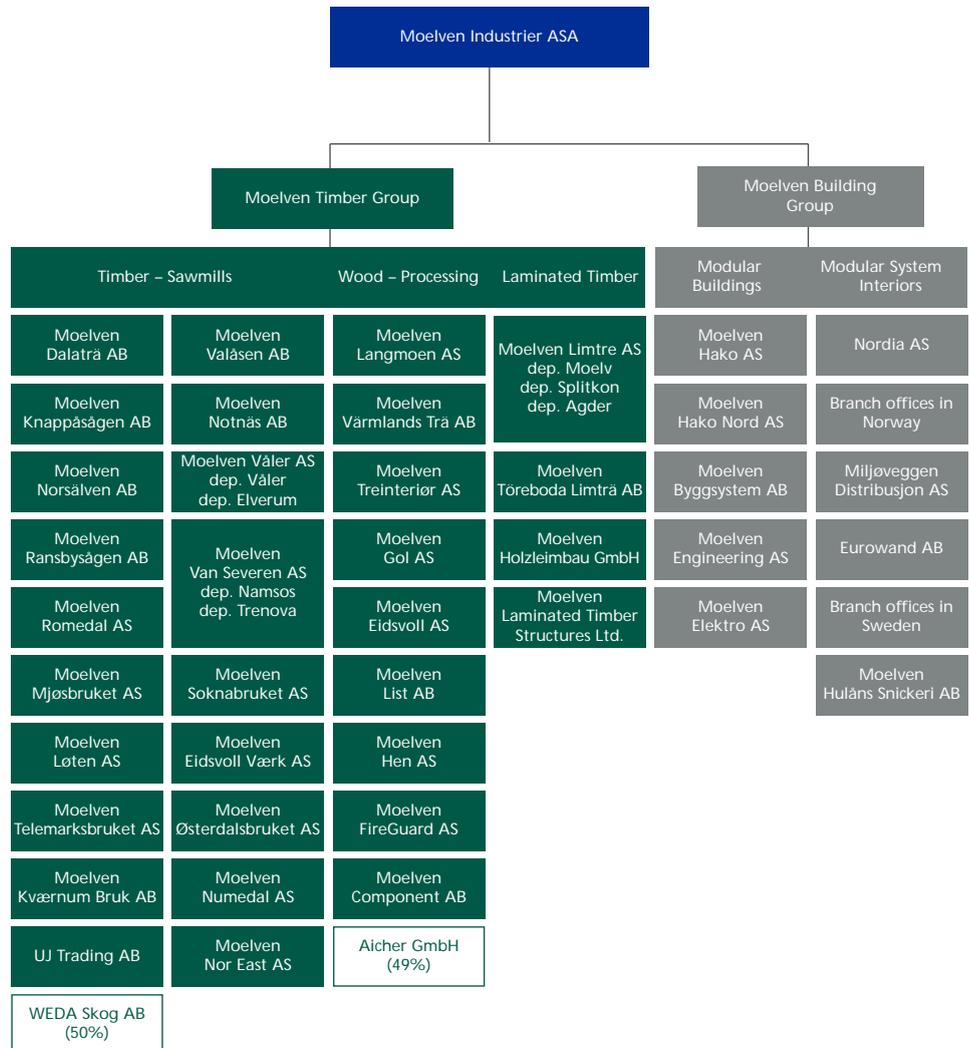
Moelv, February 27, 2001



Axel Krogvig

Chairman of the Corporate Assembly

THE GROUP'S ORGANISATION



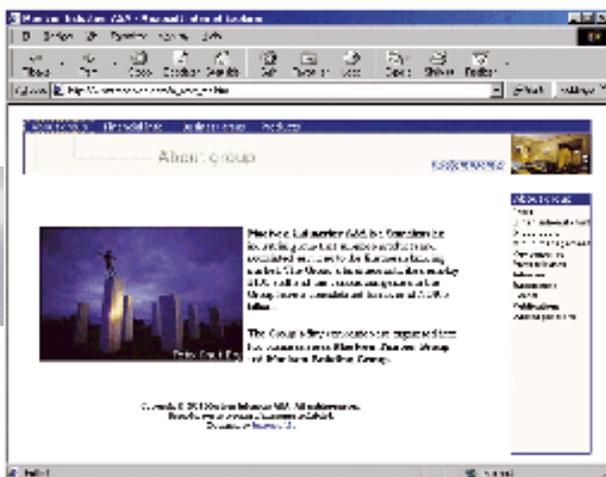
The most important organisational unit in the Moelven Group is the individual operational company. The Group has a total of 40 such units. In addition there are sales companies, the holding companies and partly owned companies.

The operational units are organised into two business areas, Moelven Timber Group and Moelven Building Group. These business areas are each divided into smaller divisions. Moelven Timber Group includes Timber, Wood and Laminated Timber, while Moelven Building Group consists of Modular Buildings and Modular System Interiors.

All the operational units are independent companies with full responsibility for their own business. They therefore have a large independent authority within set limits. All the units provide an industrial level of production of goods

and services to the building market. The resources shall be concentrated service to the customers and the operation of the company. The co-ordination between the unit is carried out by the management for each business area, while tasks of strategic or financial character are handled by the Group's joint administration.

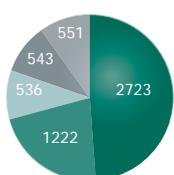
Organising the business in this manner has many advantages, it has established largely independent operational companies, where the other units of the Group act as a supporting network in the daily competition. The decision-making process becomes shorter and the ability to maximise the changing markets opportunities increases. Furthermore, this results in few administrative levels, which in turn reduces the costs of administration.



Information and communication technology

The development of information and communication technology, with a strong growth of web-based systems complements Moelven's organisational structure. Even though Moelven opened two outlets on the Internet last year, only a small number of the Group's products are today suitable for sale directly to the end user through the Internet. However, the Internet technology has been utilised in many other areas. During the past three years the Group has had a technically functioning intranet and the advantages from this are increasing in line with the developing changes of the organisation and the employees. The exchange of information is carried out at an increasing rate by making the information available to be obtained by the recipient when required. This has made the exchange of internal information considerably more effective.

Operating revenues per business division (NOK million)



Customer in focus

All of Moelven's businesses must continuously work to provide the end-user of the Group's products and services with more value.

The words "cleaner, nicer and faster" are three key concepts in this strategy.

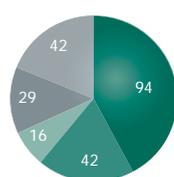
- The word "cleaner" refers to environmental soundness.
- The word "nicer" refers to aesthetic design.
- The word "faster" refers to problem-free and rapid deliveries.

IMPORTANT FACTORS AFFECTING THE GROUP'S PROFIT

Of the Group's total activity, timber represented nearly half of the Group's operating revenues, and a similar share of the operating profit. Historically, this is the area that has had the largest variations in earnings. Wood and Laminated Timber represented nearly a third of the operating revenues, while the share of the result was somewhat less. Each division of Moelven Building Group represented ten per cent of the turnover with a somewhat higher share of the operating profit. In the past these units have had the most stable result.

The most important external factors affecting the result of the individual areas are shown in the list below. The effect on price changes has been estimated keeping all other factors constant.

Operating profit per business division (NOK million)



Estimated changes of the operating profits and profit per share for 1 per cent change in price

	NOK million	Area	NOK/share
Price of timber in selected regions	18	Timber	0.15
Price of building materials of wood in Scandinavia	12	Wood	0.11
Price of sawn timber from spruce in Europe	10	Timber	0.09
Permanent weakening of EUR against NOK/SEK	9	Timber	0.07
Price of new business buildings in Norway and Sweden	7	Modular buildings	0.06
Price of sawn timber from pine in Europe	5	Timber	0.04
Permanent weakening of Pound Sterling against NOK/SEK	4	Timber	0.03

Websites with information about Moelven's business sectors and markets:

- <http://www.bnl.no/>
- <http://bygg.org>
- <http://www.trelast.no/>
- <http://www.skogssverige.se>
- <http://www.nordictimber.org/>
- <http://www.worldwidewood.com>
- <http://www.holz.de>

Main figures					
(Amounts in NOK million)	2000	1999	1998	1997	1996
THE GROUP					
Operating revenues	4745.9	3525.7	3027.4	2377.5	2196.2
Depreciation & write-downs	159.8	110.1	93.0	71.7	71.4
Operating profit	223.0	89.6	52.7	125.4	61.9
Financial items	- 63.4	- 43.1	- 29.9	12.4	- 32.8
Operating result before tax	159.6	46.5	22.8	137.8	29.1
Total capital	2345.2	1927.5	1892.9	1236.2	1186.7
Equity ratio	37.5	32.6	33.1	35.5	26.4
Net operating margin in per cent	4.7	2.5	1.7	5.3	2.8
Cashflow from operations	382.8	199.7	145.7	197.1	133.3
Investments	77	72	104	104	69
No. of employees	3046	2404	2298	1759	1640
Proforma, Moelven Group, incl. Forestia AS, Westwood AB (Group) and Notnäs AB in period 2000-1996					
Operating revenues	4828	4717	4587	4679	4352
Depreciation & write-downs	160	161	157	160	155
Operating profit	223	77	45	171	46
Net operating margin in per cent	4.6	1.6	1.0	3.7	1.1
No. of employees	3046	3196	3143	3169	3062
TIMBER GROUP					
Operating revenues	3685.7	2444.2	1998.7	1645.9	1477.4
Depreciation & write-downs	138.8	90.0	71.8	53.6	55.4
Operating profit	151.9	24.4	19.1	83.1	27.3
Financial items	- 47.4	- 35.9	- 30.6	- 13.8	- 14.6
Operating result before tax	104.6	- 11.5	- 11.5	69.3	12.7
Total capital	2182.6	1460.9	1427.0	975.6	900.0
Net operating margin in per cent	4.1	1.0	1.0	5.0	1.8
Cashflow from operations	290.7	114.4	90.9	136.7	82.7
Investments	62.6	46.5	73.4	76.6	74.9
No. of employees	2022	1436	1316	957	1004
Timber – sawmills					
Operating revenues	2723.3	1568.0	1309.0	1043.3	879.1
Depreciation & write-downs	94.1	72.4	52.4	41.3	42.9
Operating profit	94.1	3.8	4.5	66.4	1.4
Net operating margin in per cent	3.5	0.3	0.3	6.4	0.2
Investments	43.7	39.7	64.6	72.0	69.8
No. of employees	1126	1100	1048	791	830
Wood – processing					
Operating revenues	1222.1	620.5	547.4	347.1	360.7
Depreciation & write-downs	25.7	17.6	19.4	12.3	12.5
Operating profit	41.7	13.4	15.0	11.4	10.3
Net operating margin in per cent	3.4	2.2	2.7	3.3	2.9
Investments	9.9	6.8	8.8	4.6	5.1
No. of employees	570	336	268	166	174
Laminated Timber					
Operating revenues	536.0	530.8	434.6	421.9	430.6
Depreciation & write-downs	18.8	18.9	15.7	14.9	13.7
Operating profit	16.1	7.2	- 0.4	5.3	15.6
Net operating margin in per cent	3.0	1.4	- 0.1	1.3	3.6
Investments	9.0	11.2	8.8	46.1	40.9
No. of employees	326	414	326	353	384
Proforma, Moelven Timber Group, incl. Forestia AS, Westwood AB (Group) and Notnäs AB in period 2000-1996					
Operating revenues	3768	3635	3528	3647	3533
Depreciation & write-downs	139	141	125	142	139
Operating profit/loss	152	12	22	129	11
Net operating margin in per cent	4.0	0.3	0.6	3.5	0.3
No. of employees	2022	2228	2161	2367	2426
BUILDING GROUP					
Operating revenues	1094.3	1087.6	1034.1	761.2	740.6
Depreciation & write-downs	15.1	12.1	9.2	9.7	6.9
Operating profit	71	88.2	61.3	60.1	51.2
Financial items	7.5	8.8	8.5	6.7	9.6
Operating result before tax	78.6	97.0	69.8	66.6	60.8
Total capital	520	520.9	499.3	424.0	367.6
Net operating margin in per cent	6.5	8.1	5.9	7.9	6.9
Cashflow from operations	86.1	100.3	70.5	69.8	58.1
Investments	11.7	18.3	24.5	34.6	10.7
No. of employees	978	900	923	762	600
Modular Buildings					
Operating revenues	542.9	561.6	557.2	343.5	342.7
Depreciation & write-downs	7.6	6.8	5.7	6.2	3.2
Operating profit	29	42.7	19.2	22.9	26.2
Net operating margin in per cent	5.3	7.6	3.4	6.7	7.6
Investments	5.4	6.5	6.6	22.4	8.9
No. of employees	414	412	459	376	240
Modular System Interiors					
Operating revenues	551.4	526.0	476.9	417.7	397.9
Depreciation & write-downs	7.5	5.3	3.5	3.5	3.7
Operating profit	42.0	45.5	42.1	37.2	25.0
Net operating margin in per cent	7.6	8.7	8.8	8.9	6.3
Investments	6.3	11.8	17.9	12.2	1.8
No. of employees	564	488	464	386	360
OTHER BUSINESSES					
Operating revenues	69	78	79	40	42
Depreciation & write-downs	6	8	12	8	9
Operating profit	0	- 23	- 28	- 18	- 17
Financial items	- 24	- 16	- 8	20	- 28
Operating result before tax	- 24	- 39	- 36	2	- 44
Cashflow from operations	6	- 15	- 16	- 10	- 8
No. of employees	46	68	59	40	36



sawmills



processing



laminated timber

TIMBER

TIMBER GROUP

Moelven Timber Group consists of Timber – Sawmills, Wood – Processing and Laminated Timber. Timber processes logs from the forest which is used for industrial timber products and industrial chips. Industrial timber is vital for the producers of wooden building materials and a few other industries, while industrial chips are used for the production of paper, biological energy and chipboard. Wood and Laminated Timber process sawn timber into building materials such as construction material, laminated timber, mouldings, floor and skirting boards.

Spruce and pine represent nearly 100 per cent of the raw materials used by Moelven Timber Group. 70 per cent of the raw materials used are spruce and 30 per cent are pine. Wood also purchase some sawn timber from oak, beech and larch for the production of finished products, in those cases where spruce and pine do not have the appropriate qualities.



GROUP

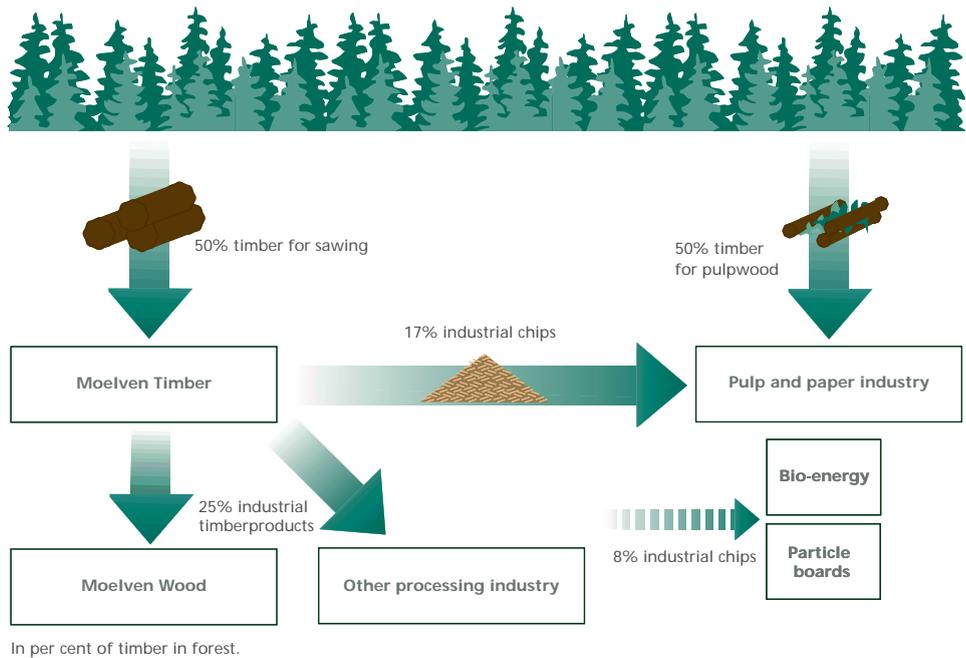


*Project work in the Moelven Timber Group.
From left: Controller Martin Narum,
Executive Secretary Mona T. Grønvold and
Technical Director Erik Hartz.*

Acquiring raw material for the Timber, Wood and Laminated Timber divisions represent the largest part of the production costs and in many cases this is as high as two-thirds. The supply and demand situation in the raw material markets has therefore a significant impact on profitability.

The supply of timber logs is determined by several conditions but the deciding factor is the total price paid to the forest owner by both the saw- and the pulp and paper industry. Because logging in the forest means different qualities of timber and deliveries to both industries, there is a certain dependence between the two industries. Of the geographical areas actively covered by Moelven, the timber for the saw industry forms the larger part, normally between 50 and 60 per cent of the felled timber.

Of the timber logs that is suitable for Timbers production, 50 per cent of the volume becomes sawn timber products, to be processed in Wood, Laminated Timber or sold to external customers. Since the timber logs are round lengthways and industrial timber products is rectangular, part of the timber is processed into industrial chips. The most important group of customers for industrial chips is the pulp and paper industry, which receives approx. one-third of its raw materials from the saw industry. The remaining two-thirds are bought as timber directly from the forest owners, and this part is processed into industrial chips by the pulp and paper companies themselves.



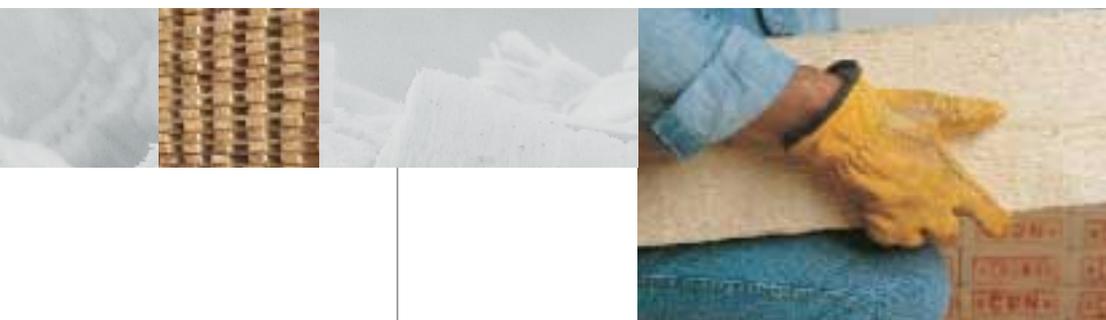


The annual felling in Norwegian and Swedish forests consists of approx. 75 million m³ of timber logs. This is equivalent to approx. two-thirds of the annual growth of the forests, which means there is a net increase in the reserves of raw materials. Moelven Timber's annual processing of timber is 3.5 million m³, this is equivalent to less than 10 per cent of the suitable timber being felled in Norway and Sweden. Since the Moelven Timber Group has its activities concentrated in south-eastern Norway and western Sweden the Group has an important position in the markets for timber and raw materials for the paper industry in these areas.

The Group's annual production of sawn timber products is approx. 1.6 million m³. Out of this, approx. 0.5 million m³ is processed for building materials by Wood or Laminated Timber. The European wood processing industry is the main customer for the remaining production. The market for sawn timber in Europe annually constitutes nearly 90 million m³.

The price of timber in Scandinavia, and sawn timber products in the European market, are the most important factors for the profitability of the Timber division. The prices in these markets have in the past varied considerably. During the past years Moelven has strengthened its position in selected markets of raw materials, and increased the specialisation within the production of sawn timber products. This contributes to reduced variations.

Wood and Laminated Timber supply the main part of their products to the Scandinavian building market. Rehabilitation, conversion and extension in the building sector are the largest single units. The demand from this market is more stable than from the international market for sawn timber, and this reduces the variations in earnings for the Timber Group overall.



TIMBER – SAWMILLS

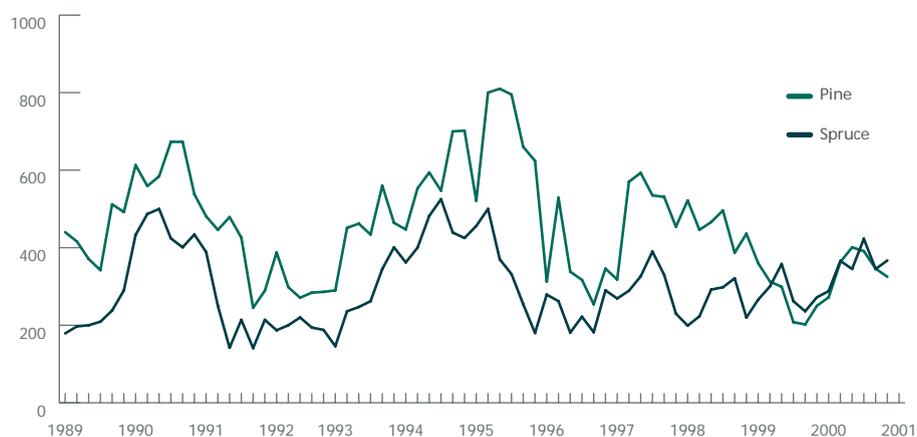
The Moelven Timber division is the fourth largest producer of sawn timber products in Europe. The production takes place in 18 sites, which are located with a geographical emphasis in the western part of Sweden and the southern and eastern parts of Norway.

Sawn timber products is the most important raw material for the producers of wooden building materials and some types of furniture and packaging, the most typical customers being other industrial trades. The section's main product is sawn timber, which represents almost 85 per cent of the income.

Moelven Timber has carefully researched customer demand so that they may specialise their production and at the same time utilise the raw material in the most economical and practical way.

Producers of wooden building materials form the largest customer group, and over half of the sawn timber produced ends up as load-bearing constructions for a variety of buildings. For smaller buildings the timber products is used in its natural dimensions, while the larger constructions are used for building parts such as roof trusses or laminated timber. The primary quality requirement for both these customer groups is the strength of the product. With regards to other types of products such as flooring, skirting boards, wood strips and furniture, appearance is important. All customers require correct dimensions, correct humidity, reliable delivery and packaging.

Development in gross margin – NOK per m³



The Timber division is the Group's most internationally oriented division. The deliveries are distributed to more than 1,500 customers. Half of the operating revenues originate from markets other than those in Norway and Sweden. Total sales to the European market are 40 per cent while sales to Japan and other parts of Asia and the Middle East represent approx. 10 per cent.

The market for industrial chips is more regional. Chips with relatively large dimensions, created while the wood contains its natural moisture, are sold to several producers of pulp and paper. Moelven sells approx. 1 million m³ a year of this type of product, which makes the Group one of the biggest suppliers in the existing regions.

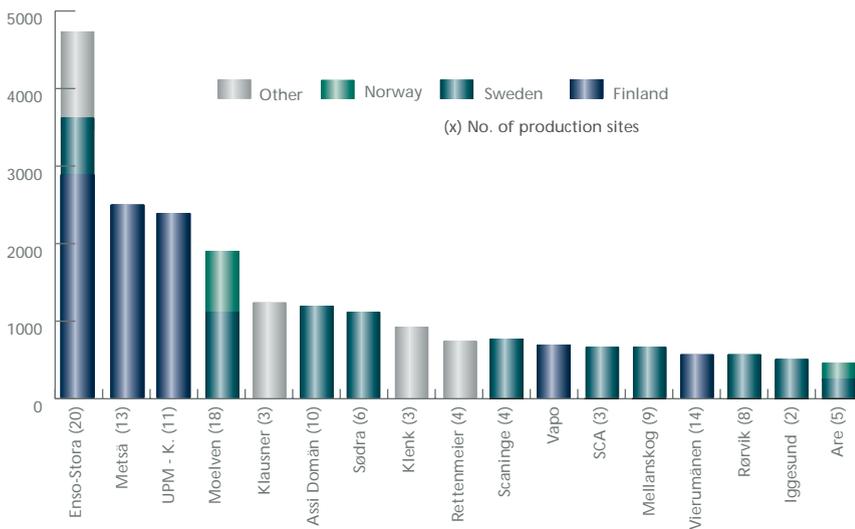
Moelven's sawmills also produces chips with smaller dimensions, or of dry wood. Out of the total annual production of approx. 0.5 million m³, 80 per cent is supplied to the chipboard industry and 20 per cent to producers of energy.

Revenues in per cent per segment



- Furniture
- Doors, windows, flooring, stairs
- Load-bearing roof constructions
- Complete timber constructions
- Interior products
- Exterior products
- Miscellaneous

Largest European producers



WOOD - PROCESSING

The Wood division has a strong position in the Norwegian and Swedish domestic markets, and approx. 85 per cent of the production, and a total of 550,000 m³ is supplied to these markets. The production takes place in 18 sites, of which five are in Sweden.

The products can be divided into groups, consisting of whole wood for load-bearing constructions, interior products, exterior products and industrial components.

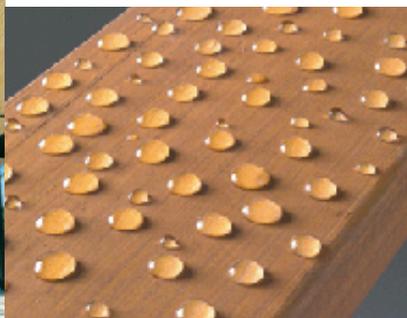
Whole wood for construction purposes is the largest product group and covers all the products necessary for load-bearing constructions in all buildings.

Interior products are the second largest product group and form 32 per cent of the operating revenue. This group includes flooring, wall and roof covering and mouldings. The products can be delivered with various finishes, treatments and colours according to the customer's choice. Many of the products are custom-made for those building their own house.

Moelven Wood delivers exterior products for walls, roofs and gardens. The products are delivered untreated or with a combination of impregnation and/or surface treatment. These products are especially weatherproofed, reducing necessary after-work for the customer.

Moelven Wood also supplies fireproof products achieved by a special process. The material is used in places where the architectural requirements for the use of wood normally do not comply with the fire regulations. For instance the cladding of a building that requires firewalls, ceilings in large public buildings, and the production of wooden furniture for passenger ships.

They also provide components that are less visible for the end user, these are ready to be included in another product without further treatment, for example by producers of doors and windows which concentrate on the fitting of their own products and leave the wood preparation to others.

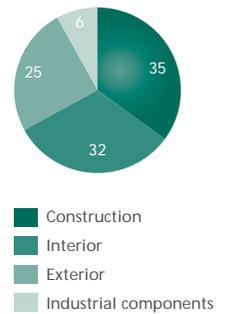


The biggest segment in the home markets comprises rehabilitation, conversion and extension, especially of houses and holiday homes. Nearly 60 per cent of the operating revenues originate from this sector, sales taking place through the building trade. In the same way as for other types of commodity trade Wood meets the increasing level of chain formation or related forms of partnership between customers. The largest concentration of business is in Norway but it is also growing rapidly in Sweden, which increases co-operation across the borders.

Wood is set to establish customer centres in order to improve the service to the building trade. These centres will co-ordinate all sales and increase the degree of service for the trade.

Wood is the market leader for most of the product groups. The large density of distribution makes it possible to deliver consignments adapted to the end user's needs either from the builders merchants or directly from to building site. This is carried out without too much delay in delivery, and without large distribution costs. In summary, this is the most effective logistics for this type of products.

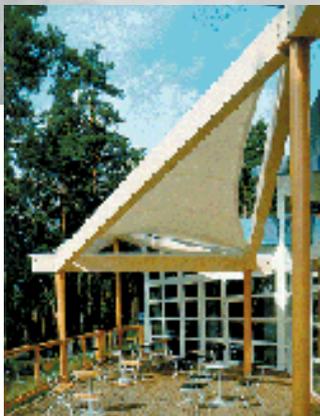
Operating revenues in per cent per product group



Compared to the situation in the 1980's, the production of new houses in both Norway and Sweden has been reduced. This applies especially to private homes, which traditionally contain a large amount of wooden products. Delivery for new houses and holiday homes forms nearly 10 per cent of the total operating revenue for Wood.

Moelven owns 49 per cent of the German wood industry company Aicher GmbH. The company is situated in south-east Germany and sells wooden building materials, adapted to the German market. The company produces flooring, skirting boards and some garden products plus posts and components for the production of parquet flooring. The company also sells and distributes similar products outside Germany.

Wood has been established through a series of business mergers, the biggest of these being the take-over of Forestia's timber industry activities in year 2000. Looking back 3 years, the current 18 production units were owned by 5 different groups. Apart from the co-ordination of the sales and marketing, the joint ownership gives great possibilities for the co-ordination of the production. This provides a bigger efficiency while making it possible to maintain a satisfactory variety for the customers.



LAMINATED TIMBER

The Laminated Timber division consists of four production units. Three of these are Norwegian, but the largest unit, Moelven Töreboda Limträ, is situated in Sweden. The Groups' share of Limträ Danmark AS, were sold in the year 2000. At the same time the ownership shares of the Norwegian and Swedish companies were increased so that Moelven now owns 91 per cent of these. Apart from the four productions units, there are sales offices for laminated timber in Germany, England and Poland, and a smaller ownership share in a laminated timber factory in Lithuania. The total annual capacity amounts to nearly 80,000 m³. Limträ Danmark AS had an annual capacity of nearly 50,000 m³ and the sale of the ownership share will reduce the Moelven's deliveries to the Danish and German markets.

The changes that have taken place represent an adaptation to new structures, which appears in the European industry for laminated timber. The industry for laminated timber has traditionally delivered projects that are adapted to the individual factory's local market demand. During recent years a series of large producers of laminated timber have emerged with standard dimensions, and the international market for this type of product has also grown considerably. This type of product is often used as a substitute for constructions in whole wood, but is also involved in extending the use of wood for load-bearing constructions in buildings. In this case it takes place at the expense of other materials. The advantage of using laminated timber is that there is a larger selection of dimensions for products of whole wood, a better stability in form and good strong qualities compared to weight and volume. Laminated timber is also easy to fit on building sites and has architectural qualities that other products do not have.

Out of Laminated Timber's total deliveries, nearly half of the standard laminated timber is produced to trade customers and producers of finished houses, winter gardens or similar. The main part of this type of laminated timber is produced at the plants in Töreboda and Moelv. Standard laminated timber also forms the main part of the export, with Japan, Germany, Italy and England being the major export markets. Increased export from Scandinavia of laminated timber made from Nordic spruce has led to this type of wood has strengthened its position in several markets for load-bearing constructions. Parts of the domestic laminated timber industry in countries such as Japan and Germany are also basing their production to an increasing extent on this type of wood, a

development which has led to increased market opportunities for sawn timber products made from Nordic spruce.

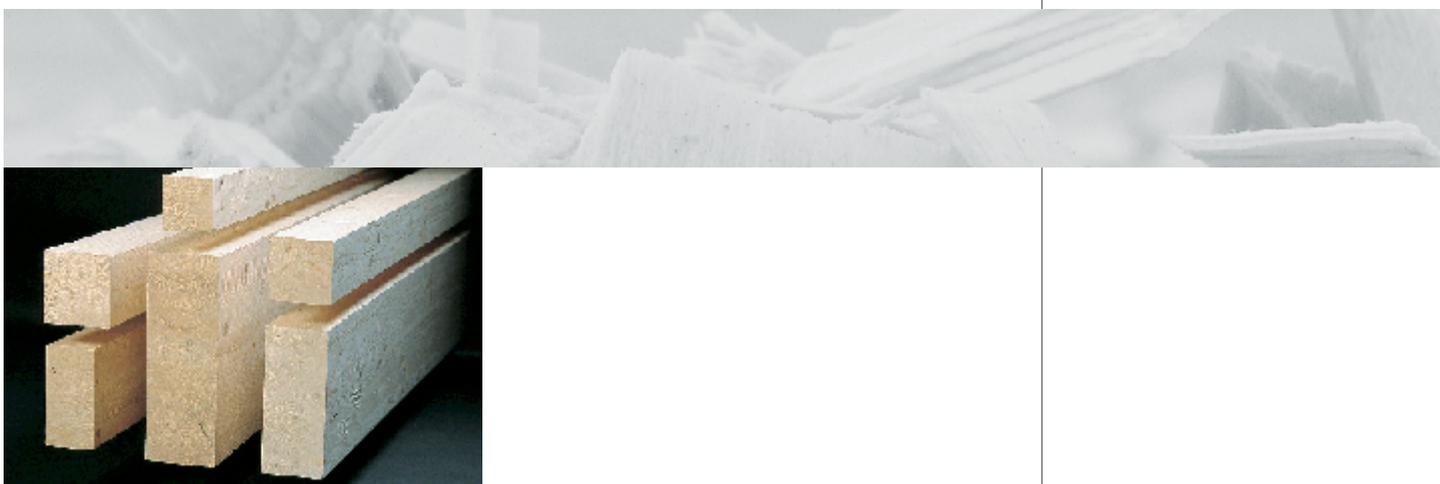
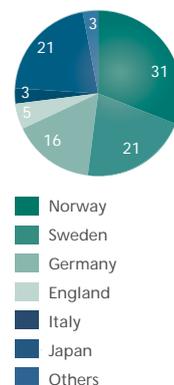
Via the restructuring that has taken place, Moelven has strengthened its position in the Norwegian and Swedish markets. The major part of these markets has had a larger element of the deliveries adapted to the need of the end user. This is achieved by minor adjustments to standard beams or by project deliveries for various types of business buildings, sports centres, churches and bridges. In the year 2000 for the Norwegian market, a new roof truss concept based on laminated timber – "FlexiTakstol" – was introduced. Ready-to-install rafters are supplied complete with installation accessories in a flat-packed package. Installation is quick and simple, and the flexibility when it comes to choice of sizes provides plenty of room for insulation. This product makes a contribution to making a building environmentally sound by reducing energy consumption needs.

There are very few limits for what can be produced in laminated timber and Moelven has delivered some of the world's largest load-bearing constructions in this material. Examples include deliveries to the terminal building at Gardermoen International Airport at Oslo, The Viking Ship, Håkons Hall and the Northern Lights Hall – the last three being Olympic sports halls used during the 1994 Olympic Winter Games in Lillehammer. In 2000, Moelven built a combined football and exhibition hall at Hellerudsletta, just north of the capital Oslo. The hall is for the time being the last in a series of six large halls containing indoor football fields that are up to international standards. Moelven has also supplied several bridges with superstructures made of laminated timber. The last of these bridges was "Tynset Bru" in Hedmark county (Norway) – a wooden road bridge spanning 125 metres.

The architectural, environmentally friendly and fire-resistant qualities are often the deciding factors when choosing laminated timber as load-bearing constructions in larger buildings.

The trade sells laminated timber in smaller quantities, often used for alterations or extensions in houses, and there is a well-developed distribution network for this type of deliveries in Norway and Sweden. There are many similar features with laminated timber and wood for these markets with regards to customer structure, sales and distribution, and this is also the reason why Laminated Timber is organised as one sector within the business segment of Moelven Timber Group.

Operating revenues per country, exclusive figures for Limtræ Danmark AS:





modular buildings

electrical / engineering

modular system interiors



BUILDING GROUP

The Moelven Building Group has developed a business plan with the intention of making traditional building methods more efficient. This is achieved by developing industrialised concepts, delivered with accompanying services. The Building Group is consist of the following divisions: Modular Buildings and Modular System Interiors.

The main supplies are for professional customers in Norway and Sweden. These are customers who build or administrate offices, hospitals, nurseries, schools, hotels or other types of business buildings.

Each delivery is administered as one project, but the Building Group has nevertheless maintained the approach of the industrial company, and made a point of establishing good and long-term relationships with customers, this in turn is the basis for repeated deliveries apart from the individual project.

BUILDING GROUP

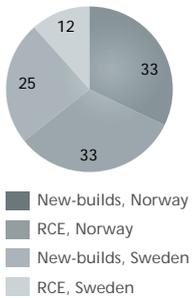


*Teamwork at Moelven Hako AS.
From left: Production staff member
Britt Amundsen, Supervisor Vidar
Kirkeby and production staff member
Torbjørn Harby.*

The total annual investment in business buildings is almost NOK 120 billion, with Norway and Sweden considered as one market. This includes new buildings, rehabilitation, conversion and extensions.

The activity connected to rehabilitation, conversion and extensions during recent years has been little affected by the trend of the trade, and this segment currently makes up more than half of the total market. Investments in new buildings vary more, but variations in the Swedish and Norwegian markets have to a great extent levelled each other out.

Operating revenues in per cent per market segment

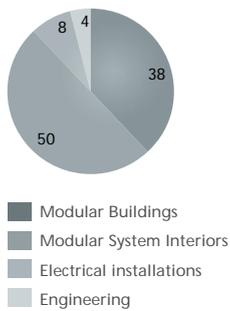


The Moelven Building Group has two-thirds of the turnover in the Norwegian market. The turnover is distributed almost equally amongst new buildings and rehabilitation, conversion and extensions. Deliveries in the Swedish market are mostly for new buildings. Variation in the demand for new business buildings has the biggest effect on the profitability for the Building Group.

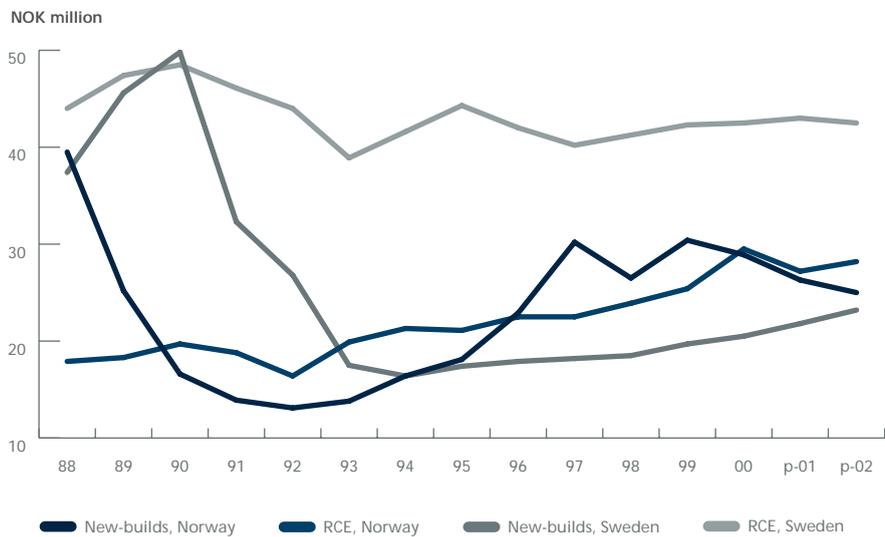
The companies of the Building Group are clearly separate from other suppliers of building materials, since the products are delivered fitted and ready for use. There is also a difference compared to traditional contractors as a large part of the production takes place in the factory and not at the building site.

Moelven hold a strong market position in Norway and Sweden, both for Modular Buildings and Modular System Interiors. The market for Modular Buildings gleans approx. NOK 1.5 billion a year and Moelven's market share is 30 per cent, while the market for Modular System Interiors exceeds NOK 1 billion a year. Moelven has a share of nearly 50 per cent in this market.

Operating revenues in per cent per product group



Development in annual investments in business buildings

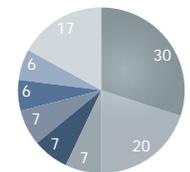


Included in the division Modular Buildings are a number of units with specialist expertise in the fields of electrical services and engineering. These units are brought in on building projects in all phases from planning through construction, and also afterward during the maintenance phase. The units work particularly with electrical installations and fire-prevention safety measures, but also take on other contracts for the business building market. Since the delivery of modular-based buildings and interiors usually involves the need for electrical and other services, the Building Group – with the help of these units – is able to offer turn-key solutions to customers based on services from businesses within the Moelven Group.



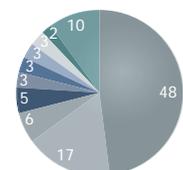
Most of the new business buildings are built in a traditional way on the building site, and the craftsmen on site carry out refurbishment tasks. Moelven's deliveries concentrate on two niches with a total turnover of nearly three per cent of the total business building market. Both module based buildings and module based are concepts that have been well adapted to the demand for fast deliveries and high flexibility in usage. Both concepts require less use of manpower than the traditional building methods and are therefore cost effective in production. This provides Moelven's industrialised building concepts with a good competitive power compared to the traditional building trade, and the market potential is large.

Modular buildings, market share in per cent for Norway and Sweden



- Modular Buildings
- Flaxator AB
- Sandsjöfors Modulbyggen
- Lindbäcks Bygg AB
- Kils Volumbyggen AB
- Heimdal Byggsystem AS (steel)
- Beverhus AS
- Others

Modular System Interiors, market share in per cent for Norway and Sweden combined



- Modular System Interiors
- Sanacoustic-Byggmontering
- Modulvegger AS
- Flex systemväggar AB
- EG Väggsystem AB
- Stavanger Bygg AS
- Norakustikk AS
- Modulväggar Svenska AB
- Bosvik AS
- Others

MODULAR BUILDINGS

When the Norwegian and Swedish markets are seen as one, then Moelven is Scandinavia's largest producer of module based buildings with a market share of 30 per cent. The production is carried out on three sites with a total annual production capacity per shift of 4,500 units. This is almost equivalent to 115,000 m² of business buildings.

Module-based buildings provide a lot of flexibility. Temporary accommodation and office buildings are delivered to contractors and others in the building and construction sectors, and these make up a large group of customers. Adaptability for extensions and alterations, and the removal of the building for various needs, are the main reasons why this group of customers choose module based solutions. Frequent moving and demanding usage means that the requirements for technical quality are large for these types of products.

In addition to great flexibility modular buildings have many other qualities, and 60 per cent of the deliveries are currently for other sectors such as schools, offices, student accommodations, hotels and buildings for the health sector. Short building time and a good level of predictability are two of the main reasons why these customers choose a module based building. The products have also been developed to provide the customers with the same qualities as a building erected in the traditional way. Stronger tier of beams and improved fire-resistant solutions result in the delivery of module based buildings of up to four floors. The emphasis on architectural quality gives several choices regarding details and finishing touches and the general user is in many cases unable to see the difference between a module based building and a traditional building.

Production at the factory also includes electrical installations, heating, ventilation and sanitary installations, and all other wall-mounted fittings. The work on the foundations can be carried out at the building site at the same time as the production of the building itself, which is done at the factory. 90 per cent of the building process is carried out under supervision at the factory, so delays and other influences on the building process due to unfavourable weather conditions do not occur. A cleaning team has also been appointed, contributing to a good interior climate in the finished building.



Deliveries of complete buildings include the basic work. These can be carried out by Moelven but are normally done in co-operation with others. Not depending on the sharing of responsibilities between the parties involved, the business buildings are delivered by Moelven according to the customer's specifications. Because of the various shapes and dimensions Moelven can deliver everything from free-standing modules to permanent hotels, all based on the same building system.



Electrical services

Moelven Elektro can offer planning, installation and maintenance of both heavy and low current plants. The company has four offices in eastern Norway and the main part of the company's deliveries is for business buildings. Some of the deliveries are carried out in connection with module based buildings from other divisions of the Group, but the main part of the profits originates from independent tasks.

Engineering

Moelven Engineering consists of a building department and a mechanical department. The building department has a high degree of competence in contracting with the main part of its trade in the refurbishing of buildings and passive fire protection. Some of the tasks are carried out in co-operation with other companies in the Group, but the main part of the profit originates from independent tasks. Moelven was the main engineering contractor in connection with the Norwegian pavilion at the World exhibition Expo 2000 in Hannover.

The mechanical department completes the planning and building of various types of production equipment for other industries. Some of the tasks originate from other businesses in the Group, while the major share of the tasks is carried out for external customers.



Moelven Engineering AS was the main contractor for the Norwegian pavilion at Expo 2000 in Hannover.



MODULAR SYSTEM INTERIORS

The Modular System Interiors division is the leading producer and supplier in Scandinavia of flexible system interiors for business buildings, and appear in the market under the brand name Nordia in Norway and Eurowand in Sweden. The major customer group are both large and small builders, and 70 per cent of the revenues originate from the adaptation of existing installations in conjunction with altered usage of a building. The company also delivers installations for new buildings and contractors are the most important customer group in this context.

Moelven is the market leader for this kind of work in Norway and Sweden. The division is most active in Norway, because this type of installation has had the longest tradition there. Compared to the population, the system interiors are four times as common in Norway as they are in Sweden.

The biggest competition arises from traditional building methods, but as the flexible system interiors in most cases give the owner more profitability regarding the durability of the building, the market share is increasing. Even though the initial investments are competitive in price and involve a shorter building time, the main reason for the success is that the alterations are simple. Adaptation to altered usage can be carried out while the building is being used.

The system includes all types of interior walls, window frames, doors and ceilings. All the parts are delivered in modules in order that they can be used in conjunction with each other. The products are available in several finishes and colours, which enables the customer to adapt it to his/her working environment. Demands for sound insulation and acoustics comply as they do with traditional methods. The customer also benefits by being able to relate to one partner from the requirement analysis to the finished assembly. The same applies for any later adaptation due to altered requirements.

The use of modular system interiors is also beneficial from an environmental perspective. Since the deliveries are supplied ready-for-installation, all waste, dust, gases and noise at the construction site are reduced to a minimum. Cleaner construction sites contribute to a better indoor climate when the building is finally completed, and is a very important factor during renovations that take place while the building is still in use. Another benefit in the case of renovations is that much of the material may be recycled or stored for use at a later time; this helps reduce the amount of waste generated during renovations to a minimum.



To enable the company to take care of the requirement close to the customer, the company is organised with 19 regional offices, located in urban centres in Norway and Sweden. The regional offices are supported by logistic centres, one in each country. This is where all the deliveries are being combined. The necessary materials are received at the building site and are ready adapted having had surface treatment and being ready for assembly. Of the products included in the delivery, walls and window frames are for the most part our own products, while the other materials are purchased. The use of own products increased in 2000 through the acquisition of the assets and operations of Hulåns Snickereri AB, which down through the years has been the main supplier of glazed partition walls in connection with deliveries to the Swedish market. The activities in Sweden were also increased through the acquisition of assets and operations of Fredlunds Akustik AB, a company with a range of products that partly complements the Group's existing product range.

At the beginning of 2001, the operations of Kristiania Entreprenør AS was acquired. The company has a strong position in system interior and carpentry contracting in the Oslo-area, and will strengthen the Norwegian part of Modular System Interiors position in this area.

The system arrangement can also be supplemented with shelves, cupboards, moulding and other interior products, delivered by Moelven. Sales of these products take place via the web outlets of Nordia and Eurowand, and the distribution takes place from one of the two logistics centres. The assembly is simple and is best done by the customer.



RECRUITMENT AND PERSONNEL DEVELOPMENT

By the end of the year Moelven employed 3,046 people. After the acquisition of Forestia's timber industry, the number of Norwegian employees increased by 820 people, and today Moelven has a workforce of 1,900 in Norway. The number of employees in Sweden has been just over 1,120 through the whole year, while the sale of the share in Limtræ Danmark AS has reduced the number of employees in other countries to 20. These are mainly connected to sales offices.

Traditionally, male employees have dominated the timber and building industries. Approx. 10 per cent of Moelven's employees are female, the number of female employees varying between the production sites.



My motivation for selecting Vikinglauget's trainee program was to get an overview of the career opportunities in the region around the lake Mjøsa. Program modules lasting 6 months and allowing trainees to work in up to four different companies provide many trainees with an excellent opportunity to experience very different company cultures and face unique occupational challenges. For me, Moelven is a very attractive employer -- offering a wide range of challenging and educational lines of work.

Trainee Odd Midtmoen

Moelven companies maintain good working conditions and the employees normally stay for many years. With 3,000 employees it is nevertheless necessary to recruit a couple of hundred people every year. The main part of the Group's operation is situated in areas with a stable labour market and a satisfactory supply of qualified staff. However, the need for competence changes rapidly within some areas, and Moelven is recruiting aggressively in order to further develop the total competence of the Group.

Trainee programmes

Moelven is participating in a joint trainee programme under the auspices of "Vikinglauget", a meeting place for 12 companies which were involved with the The Viking ship Olympic Hall at Hamar. The purpose of the programme is to encourage younger people with a higher education to choose our area as a future place to live and work and by doing so contribute to growth and development. Eight people currently participate in the programme, which will last 2 years.

Moelven also has three trainee positions within their own framework, connected to the market organisations within the Timber Group. The duration of the programme is between six and twelve months, and it is the intention that this will lead to permanent employment in a market-orientated position in the Group.

Management development program

In 1993 Moelven took the initiative and established a development programme for managers. The programme is under direction of Mjøskompetanse AS, which is a company owned by Moelven and 12 other companies in eastern Norway. The programme is based on the experience and current work situation of each individual person, and aims to increase the ability of achieving results in co-operation with other people. Each manager participates in 4 to 6 sessions lasting for 3 to 5 days. Since the start of the program a total of 160 Scandinavian managers from the Group have attended, together with managers from other companies.



*Participants in the management development program.
From left: Director Erik Weisser-Svensden, Accounting
Manager Inger Brit Sæthern, Transport Manager
Erik Roterud and Chief Treasurer Guro Nina Vestvik.
Corporate Director O&PD Kari Knapskog
is closely monitoring the "lego building".*

Pension and insurance arrangements

Moelven has agreed to additional pensions and personal insurance, apart from the statutory pension and insurance arrangements in Norway and Sweden. It is important for Moelven that the employees and their nearest family feel they have a safe economic situation and this also applies to those who are no longer able to work. How much this covers is dependant on employment period, age, salary level and certain other conditions. As a principal rule the agreement includes disablement, retirement and death. In Norway a contracts have has been entered into with an insurance company on an independent basis, while in Sweden agreements have been entered into with FORA Försäkringscentral AB and Försäkringsbolaget SPP according to agreements between the respective employers and employee organisations.

Share program for employees

On two occasions the employees have been offered to buy shares in Moelven Industrier ASA, and a similar offer will be issued every year. This offer applies to all the employees. The purpose of the share programme is to increase the individual person's identification with the group, increase the awareness regarding the joint economic objectives of the business and to give the employee a possibility to benefit from the achieved results. To encourage enrolment, the offer has been issued with a rebate compared to the market value at the current time. Over ten per cent of Moelven's employees own shares in the company. The total percentage of shares owned by employees amounts to approx. 1.4 per cent of the total.



ENVIRONMENTAL INFORMATION - MODULAR BUILDINGS

Focus on the environment

Moelven's modular building industry is the largest producer of modular buildings in Scandinavia. Together these industries produce approx. 4,000 modules a year, equivalent to a floor area of 120,000 m².

Factor inputs

All the production is based on wooden material in primary and secondary constructions; this is a clear and deliberate environmentally orientated strategy. During the production process wooden materials have a minimal requirement for energy. Compared to alternative building goods, such as steel, aluminium and concrete, wood is also a natural renewable resource and can be recycled 100 per cent.

The purchase of raw materials and components for the production is carried out through long-term agreements with leading and approved producers. Close co-operation with the suppliers and utilisation of the correct factor inputs results in finished products with a high standard of environmental technology. Relevant documentation is available for all factor inputs used in our production, and major suppliers hold attestation according to international standards as NS-EN ISO 14001 (exterior environment) and NS-EN ISO 9000 (process).

Glue, grouting and paint products used in the production do not contain harmful solvents.

Our aim is that 100 per cent can be recycled. Source sorting is being practised and the necessary arrangements have been made with suppliers for returns.

The production process

Health, environment and safety (HES) precautions result in a safer working environment for all the employees. Production takes place in factories, where the premises comply with the necessary environmental requirements. A combination of a optimised tool park and material handling provides good and effective working conditions for our employees. A clean working environment also gives a good interior climate immediately after delivery.

The materials are delivered to us finished, treated and ready for assembly. A minimum treatment preparation gives a low noise level, and the working environment is free of harmful emissions. The production does not involve any harmful emissions to the exterior environment.

Finished product

Moelven's modular buildings are arranged in such a way that the activity on the building site is minimal compared to the traditional construction of buildings. In cases of altered demands, our modular buildings can be easily disassembled and moved. In this way expedient recycling is assured instead of tearing down and dumping.

The means of transport depends on our working areas, 60 per cent is transported by road while the other 40 per cent is transported by a combination of rail and ferry.

ENVIRONMENTAL INFORMATION - TIMBER AS RAW MATERIAL

Timber as factor input

Moelven's industrial production are mostly based on raw wooden materials. Timber from conifer trees and raw materials for the sawmills are purchased from Norway, Sweden and Russia.

The Norwegian "Standards for living forests", and the Swedish PEFC (Pan-European Forest Certification) are the forestry systems used to administer forests in an environmentally sustainable fashion. Our terms with the contractors make sure that the raw material originates from an area that is administered in a proper manner.

Our processing companies and laminated timber factories purchase their raw materials from the sawmills. The timber products also form an important part of the finished product within the Building Group.

Transport as factor input

Within the logistic area Moelven intends to concentrate on the following:

- Vehicle transport is still going to be the Group's main form of transport during the coming years. Moelven will aim to utilise every vehicle by reducing driving without goods.
- Co-ordination of the entire Group's moving of goods along with strategic co-operation with other transport buyers.
- Rail and ferry is used whenever possible on the basis of business and customer structure.
- Moelven aims to increase the competence and efforts within this area.

IMPACT OF THE GROUP'S ACTIVITIES ON THE ENVIRONMENT

The organisation is responsible for taking preventative action. This is done through activities such as risk analysis, establishing fire and industrial protection, necessary descriptions of processes, preventative maintenance and optimal organisation of the production units.

Energy consumption

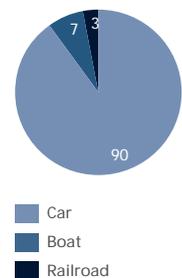
Thermal energy, energy for the drying of timber materials and the heating of the premises is assured by burning of bark and wood chips in biological fuel plants. The plants complies with concession conditions and the current requirements for emissions.

To encourage the conservation of the environment and to improve the economy, Moelven is also engaged in the technological development of biological energy and energy conservation measures.

Waste

Bark is virtually used 100 per cent as biological fuel, ground covering and as a remedy for improving soil. Ash and soot are disposed at approved deposits. There are return arrangements for waste oil and chemicals. Plastic, metal and packaging are sorted for recycling.

Transport by means
of transportation,
in per cent



Noise, dust and drainage

The handling of timber, operation of ventilators and transport with rolling materials are three major causes of noise. For some of the plants situated near other buildings, separate noise reducing measures have been implemented.

Handling of wood chip-products can result in dust. Some plants have made special arrangements to reduce the spreading of dust.

Drainage of water from timber log storages can cause the growth of algae in watercourses nearby. Re-circulation of the water and climate controls of the sprinkling plants are the most effective efforts to prevent this.

Health, environment and safety (HES)

Of the total of 2,949 man-years for the year 2000 the Group has a total of 50,138 days' sick leave; equivalent to 7.42 per cent. The number of employees with work-related injuries is 96, of which 86 were absent for at least one day after the accident. This gives a H-value of 17.74 (No. of injuries with absence for every million hours worked).

A higher average age and increase in muscular and bone diseases are two major reasons for absence and this is why the preventative work will be a central focus. Work processes and job rotation are going to be prioritised tasks.

A friendly working environment and good colleagues result in a lower rate of absence. A continuous focus on well-being will be an important factor in the future.

Our aim is zero injuries to personnel. When injuries occur, the reason must be investigated and preventive measures should be implemented. The training of employees in security and security routines will continue. Registration of injury signs will contribute to the prevention of hazardous conditions and behaviour.

ENVIRONMENTAL EFFECTS FROM PRODUCT USE

Binding of carbon

Calculations show that a "normal" wooden house requires approx. 50 m³ of timber materials. This amount of timber materials ties up approx. 15 tonnes of carbon that otherwise would be released by rotting in the forest or by incineration.

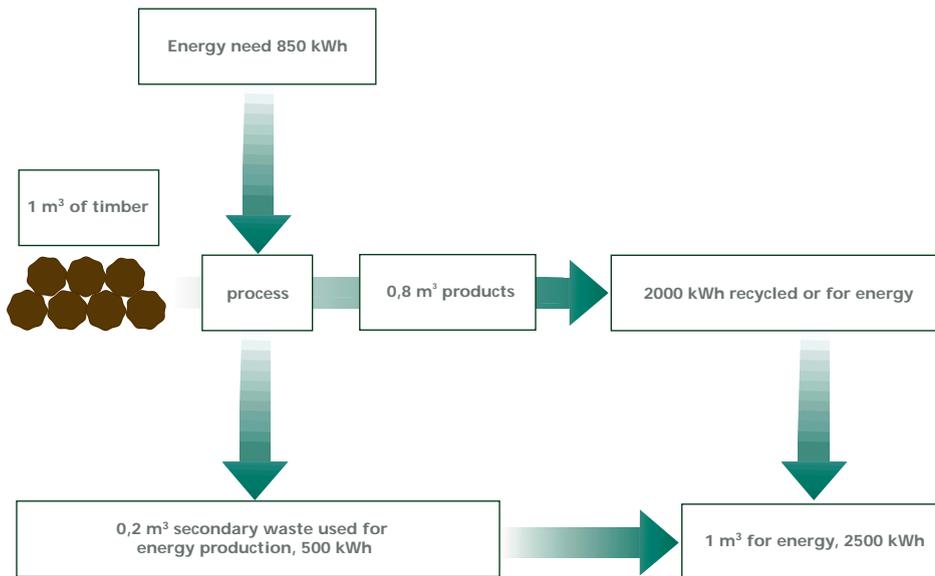
In principle a wooden house has the same durability as a tree in the forest - almost 100 years. This proves that if timber materials are used in a "sensible way" this may contribute to the prevention of potential global warming.

Life span

Timber materials are naturally renewable resources with positive effects on the environment, via recycling when the timber materials are used for new purposes, recycling when discarded timber materials are used for the production of energy or recycling through decomposition in the ground.

Energy potential

The figures show that the potential energy existing in one m³ of timber is equivalent to 1,650 kWh.



If the timber products are used to create energy after they have served their purpose, their energy potential will be released. The total amount of released energy is 1,650 kWh (2500 - 850 kWh), which is equivalent to the monthly consumption of a household with an annual consumption of 20,000 kWh.

Special products

The production of products impregnated with CCA (heavy metals) will cease by the end of 2001. Moelven has developed alternative products without the same negative effects. These will not be considered as special waste, and can be used in several areas. Extended use of timber materials, especially larch containing a great deal of heartwood (which is nature's own impregnation) and staining products will also be alternatives with no harmful emissions.

Packaging

Moelven consume approx. 7 million m², corresponding to 600 tonnes of packaging. The Timber Group consumes 6.5 million m² and the Modular Building Group consume 0.5 million m². Possibilities for recycling or reuse are two of the properties of our product packaging. Over 90 per cent of the packaging is recycled foil, collected and produced in Norway.

The remaining packaging is based on paper. For "The Pine Floor" Moelven has participated in the development of a packaging carton that can be used as underlay paper. "The World Packing Organisation" gave Moelven the "World Star" award for this packaging in the category of "household products".

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