ANNUAL REPORT 2011

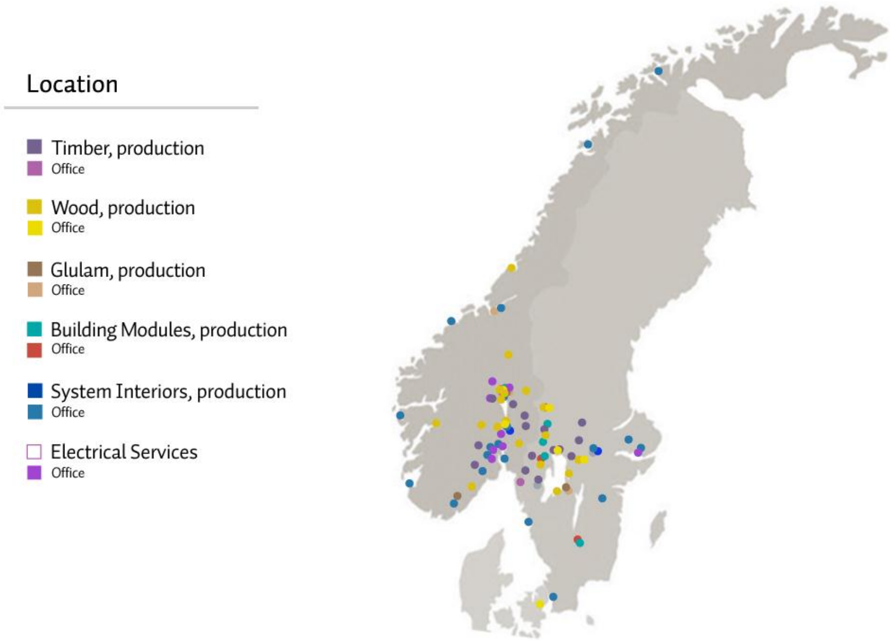
Quality rooms

MOELVEN

Moelven Annual Report 2011 - according to the Norwegian authorities' requirements

A more detailed annual report is available as an web annual report on www.moelven.com under financial information.

Content



Moelven Industrier ASA

• Finance and insuranse • Communikation/HR • ICT • Innovation
• Raw material supply, Fibres and Bio Energy: Moelven Skog AB, Moelven Virke AS, Moelven Bioenergi AS, Vänerbränsle AB (77,8%)

Timber		Wood		Building Systems	
Moelven Dalatrã AB	Moelven Løten AS	Moelven Wood AS Moelven Wood AB Moelven Danmark A/S	Moelven Wood Prosjekt AS	Moelven ByggModul AB	Moelven ByggModul AS
Moelven Norsälven AB	Moelven Telemarksbruket AS (51,0 %)	Moelven Valåsen Wood AB	Moelven Iso3 AS (84,5%)	Moelven Eurowand AB	Moelven Nordia AS
Moelven Mjøsbruket AS	Moelven Numedal AS	Moelven Are AS	Moelven Sør-Tre AS	Moelven UK Ltd.	Moelven Nordia Prosjekt AS
Moelven Årjäng Såg AB	Moelven Notnäs AB	Moelven Langmoen AS	Moelven Granvin Bruk AS (87,95%)	Moelven Töreboda AB	Moelven Limtre AS
Moelven Valåsen AB	Moelven Nössemark Trä AB	Moelven Edanesågen AB	Moelven Soknabruket AS	Moelven Elektro AB	Moelven Elektro AS
Moelven Ransbysågen AB	Moelven Våler AS	Moelven Eidsvold Værk AS	Moelven Trysil AS		
Moelven Component AB	Moelven Tom Heurlin AB	Moelven Østerdalsbruket AS	Moelven Van Severen AS		
Moelven Profil AS	UJ-Trading AB	Moelven List AB	Moelven Treinteriør AS		
		Moelven Notnäs Wood AB	Moelven Eidsvoll AS		
		Moelven Värmlands Trä AB	Moelven Lovene AB		
		Moelven Vänerply AB			

Highlights

In terms of activity, 2011 has been a good year for the Moelven group, but the results for the year were still unsatisfactory. There are three main reasons for this. A considerable reduction in the results of the Timber division as a result of the sawmills having had weak and at times unusually low gross margins because of the imbalance between the finished goods market and the raw materials market. Building Systems recorded a loss of NOK 42 million in the third quarter relating to four large electrical projects. The transition to reporting in accordance with International Financial Reporting Standards (IFRS) has led to unrealised changes in the value of financial instruments having to be recognised on the income statement to a greater extent than previously. The changes in value have no cash effects, but reduce the financial results for 2011 by NOK 60 million.

Demand for the Group's products and services showed largely normal trends through the year. This means a low season through the first quarter, increasing activity and a high season through the second and third quarters and less activity in the last part of the fourth quarter. The international market for industrial timber however did not show the increase in activity through the year that many producers expected. Combined production in the first part of the year was therefore high in relation to demand and prices fell. Uncertainty in the market increased through the second half of the year as a result of the debt crisis in Europe, but many companies also reduced production during this period, so that the balance in the market showed signs of improvement by year end. Access to round timber has been satisfactory, but since prices in the raw materials market change more slowly than in the finished goods market, gross margins for the timber consuming units have been under extreme pressure. The activities of the Wood companies depend primarily on the Scandinavian market, although there are also timber consuming units in Wood that meet the same international challenges as the Timber companies. Activities in the new building and renovation and remodelling markets have been good in Norway and Sweden, while the Danish market has been much more affected by the difficult economic situation in the Euro zone. Market activity for the Building Systems division has been good through the year and orders have seen positive development. Apart from the electrical project losses, the division has had a positive development, primarily for the building module activities in Sweden. The situation for the division's Norwegian units, on the other hand, has been generally marked by smaller projects, low utilisation of capacity in the market and strong competition.

Sick leave and injury frequency were both less than the previous year. Following up on absence due to illness continues as before. In 2011, the number of injuries resulting in absence was reduced by 15 per cent, although there are still too many people becoming injured at work. The work of reducing the frequency of injuries is therefore continuing unabated into 2012.

Events in 2011

During the fourth quarter of 2010 and the first quarter of 2011, the Group's timber supply in Sweden was gradually transferred from Weda Skog AB, of which the Moelven group owned 50 per cent, to Moelven Skog AB. In this connection, the group increased its holding in Moelven Skog AB from 80 to 100 per cent in January 2011.

Moelven Lovene AB was formed in March. This company is part of the Wood division and in the fourth quarter it began production of interior in its new factory.

On 31 March, Moelven Elektro AS acquired all the shares of K-Elektro AS,an electrical company in the industrial automation sector.

On 9 May, the Corporate Assembly of Moelven Industrier ASA voted Sverre Leiro (64) as the new chairman of the Board, after Svein E. Skorstad, who did not wish to seek re-election.

On 24 May, an agreement was entered into for the purchase of the operations of the Swedish plywood manufacturer Vänerply AB. The transaction was completed in the second half of June and the operation was incorporated into the company Moelven Vänerply AB in the Wood division. With its own production of plywood, Moelven will be an even more complete supplier of wood-based building products and a better partner for its customers. The acquisition also brings the opportunity to realise considerable synergies through the joint utilisation of raw material supplies, the market organization and logistical systems.

At the start of the fourth quarter an agreement was entered into for the acquisition of the business of H-Profil AS. This company, which went bankrupt in September, mainly produces timber components for the window industry. With effect from 17 October, the acquired business was incorporated into the newly formed company Moelven Profil AS in the Timber division.

In June, Åge Holmestad of Moelven Limtre AS and Svein Dag Henriksen of Hydra Tidal AS were awarded the
"Schweighofer Prize" for innovation for 2011. They received the award for their work on laminated wood turbine blades for a floating power plant making use of sea and tidal currents. The pilot project is located in Gimsøystraumen in Nordland.

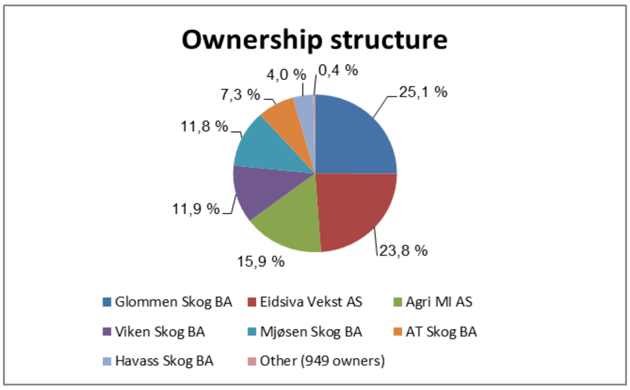
Moelven Iso3 AS, which started operation in 2009,

is responsible for the supply of framework to Miljøhuset GK at Ryen in Oslo. The delivery consists of Iso3 corresponding to the quantity used by about 20 houses. Together with the deliveries to Bellonahuset, which is Norway's most energy-saving office building, this represents an important reference project that demonstrates that there is a market for the product. Moelven was awarded the Building Industry Innovation Prize 2011 for the development of the Iso3 beam.
Moelven Limtre AS supplied load bearing structures to Vennesla Kulturhus, a prestige building that was voted Norway's best building to be completed in 2011. The building has also been nominated for the "Best Building in the Nordic Countries" award at the AWARDS architectural fair in Stockholm. The load bearing structures, which consist of 27 laminated timber beams, all of different design, are also an integral part of the visible interior.
After a construction period of just under a year, the bioenergy plant "Langmoen Energisentral" in Brumunddal opened in
December. The new plant has been tailor made to be able to supply the food industry with pure process steam, but it will also supply Moelven Langmoen AS and other nearby industry with thermal energy. The plant has an output of 10 megawatts, with a gas-fired back-up/peak load system of 14 megawatts.
Moelven Töreboda AB will supply a laminated timber bridge for heavy traffic over the Nissan at Gislaved. This will be the largest wooden arched bridge in Sweden, with a free span of 47 m, a width of 10.5 m. It is designed for an average traffic load of 6,900 vehicles a day and has divided driving lanes.

THIS IS THE MOELVEN GROUP

Ownership structure

The Moelven group is owned by Glommen Skog BA (25.1%), Eidsiva Vekst AS (23.8%), Agri MI AS (15.8%), Viken Skog BA (11.9%), Mjøsen Skog BA (11.7%), AT Skog BA (7.3%) and Havass Skog BA (4.0%). Most of the remaining 0.4 per cent is owned by private individuals.



Vision

Moelven is a Scandinavian company, with all its production units located in Scandinavia. Scandinavia is Moelven's main market. The business is based on the life circumstances, knowledge and values of Scandinavians, and on their needs and wishes. Moelven's vision is *to be the natural choice for people who wish to build and live Scandinavian* and the group shall take the lead in developing buildings that are based on Scandinavian building traditions. Within this framework, activities are based on a desire and an ability to contribute to creating good spaces - good environments to live and work in and for all social functions. Environments that are well designed and functional, that are safe and at the same time inspiring. Good Scandinavian environments are often close to nature in their form and content. Wood and other nature materials are essential parts of what Moelven makes and are dominant in the greater part of the product range. Natural materials are environmentally friendly alternatives to other building materials and solutions when it comes to houses and modules, bridges and interior products.

Location

The group has its headquarters in Moelv in Norway and consists of 52 production units and 33 offices for sales, service and fitting. Most of the production units are companies and workplaces with a strong local presence in
rural communities in South East Norway and the western part of Central Sweden.
The offices for sales, service and fitting are located in larger population centres around Norway, Sweden, Denmark, the United Kingdom, Germany and the Netherlands. Production in Norway and Sweden is of approximately the same volume, but the Swedish units export a greater proportion of their production than the Norwegian.
Out of a total of 3,482 employees at the end of 2011, 1,793 work in Norway, 1,635 in Sweden, 42 in Denmark and 12 in other countries.

Divisions

Moelven offers a wide range of building products and building systems and associated services. The Scandinavian market accounts for 80 per cent of sales revenues, and 85 per cent of the Group's products and services are used for new building or renovation of homes and commercial property. A large part of the remaining operation consists of sales of biomass for biofuel and for pulp, paper and particle board production. The group also supplies wood products to the furniture, interior and packaging sectors. Customers are divided into three main segments based on the nature of their business, purchasing routines and service and distribution needs: industry, trade and projects. Operations are divided into three divisions: Timber, Wood and Building Systems, each of which focuses on one of the main segments.

Timber

The Timber division consists of 15 production units and 4 sales offices, supplying industrial timber, components and chip products made from local spruce and pine. The customers are mainly industrial companies that buy intermediate products for their own production of construction timber, panels, flooring, mouldings, windows, packaging, board and paper products and for bioenergy. About 60 per cent of operating revenues come from Scandinavian customers. At the end of 2011, there were 692 (643) employees, 243 (200) of them in Norway, 441 (439) in Sweden and 8 (4) in other countries.

Wood

The Wood division consists of 20 production units and 3 customer centres. Production represents white and impregnated building wood, mouldings, floorings, interior panels, boards, components and chip products. Wood also sells products produced by other companies. Almost 80 per cent of production is sold through the building goods trade. Wood is one of the leading suppliers to the Scandinavian market and about 96 per cent of its operating revenues come from Scandinavian customers. At the end of 2011, there were 1,114 (952) employees, 633 (676) of them in Norway, 439 (232) in Sweden and 42 (44) in Denmark.

Building Systems

The Building Systems division consists of 8 production units and 33 sales, service and fitting offices. Building Systems is divided into the business areas Glulam, Building Modules and System Interiors, all three of which are market leaders in Norway and Sweden, as well as Electrical Services in Norway. The division's building and contracting customers buy customised building modules, flexible interior solutions systems and associated services, advanced glulam structures and electrical installation services. In addition to bridges and load-bearing structures, the glulam unit also has considerable sales of standard laminated timber beams through the building products trade, as well as components for the prefabricated house industry. About 99 per cent of operating revenues come from Scandinavian customers. At the end of 2011, there were 1,542 (1,542) employees, 866 (898) of them in Norway, 672 (636) in Sweden and 4 (7) in the United Kingdom.

Other business

This includes the parent company Moelven Industrier ASA, with the joint services innovation, finance and accounting, insurance, ICT, communications and HR. Timber supply and sales of chips and energy products are part of the industrial service activities through the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Also included is Moelven Bioenergi AS, whose operations include the new bioenergy plant in Brumunddal. At the end of 2011, there were 134 (133) employees, 51 (50) of them in Norway and 83 (83) in Sweden.

SOCIAL RESPONSIBILITY

Social responsibility is about how business takes account of their impact on various stakeholder groups including customers, employees, suppliers, communities, governments and the environment. Moelven operates many different types of activity in many different local communities, where the Group’s companies are often cornerstone companies. In addition to creating value for our owners, the Group’s activities create value for the local community - as employer, taxpayer and buyer of local goods and services. The units therefore have a significant and responsible role in helping to create vigorous businesses, rural communities, towns and regions. The activities also have environmental consequences, both for the employees who are directly involved, but also for the environment as a whole. Relations with employees and the effect on the environment are described in a separate section.
At Moelven, working with social responsibility means integrating social and environmental considerations in strategy and day-to-day operations. An example of this is Moelven's goal to obtain at least 95 per cent of its energy needs for heating its premises and drying its products from self-produced bioenergy. Moelven actively participates in the technological and market development of the bioenergy sector and constantly works to increase energy efficiency. In parallel with this, we are developing a growing external market for biofuels. Moelven's own energy efficiency activities mean that we increasingly have eco-friendly energy surpluses that can be sold to others and help strengthen our competitive position. The brand platform is determined by the board and is the highest governance tool for coordinating operations and for the administration of social responsibility. This shall form the basis for the Group’s actions and communication , both internally and externally. The board has also decided guidelines for employees of the Moelven group that cover rules for personal conduct, good business practice and for notification and handling of any breach of the guidelines.

The brand platform states that the following values form the basis for the Group's activities:

Sustainable
Moelven has respect for both people and the environment. We base our activities on renewable resources and have turned sustainability and the long-term view into our competitive advantage. We have a strong desire to take responsibility for our environment.

Reliable
You can trust Moelven. We delivery on time and at the right quality. There is a strong focus on openness and honesty - being able to admit to weaknesses and mistakes is the basis for progress and trust.

Seeking opportunities
Moelven seeks solutions. The group has the ability and resources to be a leader in product development and creativity. We wish to always be a leading company and to make use of the opportunities we are given over time.

OPERATING REVENUES AND RESULTS

With effect from the 2011 financial year, the group reports in accordance with IFRS. The comparison figures for 2010 have also been prepared on the same principle.

NOK mill	2011	2010
Operating revenue	8,059.9	7,184.5
Depreciation and impairment	225.9	212.1
Operating profit	12.9	254
Financial items	-125.4	-8.2
Profit before tax	-112.4	245.8
Annual profit	-85.8	179.7

The board anticipated a somewhat weaker result for 2011 than the previous year. A weaker than anticipated market development for Timber and losses on electrical projects are the main reasons for the operating result being significantly weaker. The transition to reporting in accordance with IFRS has led to more financial instruments being recognised on the income statement that would not have been recognised until the maturity date under NGAAP. This is entirely in respect of the calculation of market value of instruments connected with hedging interest rates, foreign currency and power prices. The changes in market value have no cash effects, but can cause considerable fluctuations in the financial results. Unrealised losses of NOK 60.1 million were recognised in 2011, while in 2010, NOK 32.7 million was recognised as income. The accounting effects of the change are described in note 32 to the annual accounts. Otherwise, financial items mainly consist of interest on long-term financing. Since net interest-bearing debt has been higher in 2011 than the previous year, interest costs have increased.
The operating profit for 2010 includes an income item of NOK 22 million in total in connection with the winding up of the previous contractual pension scheme (AFP) in Norway. This amount is based on actuarial calculations of the remaining obligations, corrected for a provision for estimated remaining premiums to be paid until 2015.

Timber

NOK mill	2011	2010
Operating revenue	2,394.1	2,436.4
Depreciation and impairment	90.3	85.9
Operating profit	-52.4	94.7
Financial items	-25.7	-13.8
Profit before tax	-78.1	80.9

The operating profit for 2010 includes entry of reduced pension commitments of NOK 5 million as income.
The situation for the Timber sawmills saw a positive development in the first quarter, in spite of the low season, a steadily strengthening Swedish krone and unrest in North Africa. The main reasons for the improvement were good operating conditions and reduced prices for round timber, after their highest-ever level in the latter part of 2010. The price reduction had a gradually greater effect on the accounts during the course of the year. On the Scandinavian home market, demand has been satisfactory all year. On the export markets, political unrest in North Africa, the tsunami disaster in Japan and the developing debt crisis in Europe all contributed to a negative development in demand and prices for the export products. The exchange rate of the Swedish krona against the Euro is also significant for Moelven, since most of the exports are from the Swedish sawmills. Reduced margins in the export markets also led to increased pressure on prices in the home markets. Prices of raw materials did not fall as quickly as market prices, which meant that margins weakened over the year. On the raw materials market in Sweden, strong regional competition for raw materials tended to delay the price reduction, and several Swedish units had negative gross margins at times as a result. During the last six months of 2011, both Moelven and other manufacturers reduced production somewhat. For Moelven, this led to some loss of efficiency in production, but the balance in the market showed signs of improvement towards the

end of the year. Improvement activities continue in several areas, through investment in optimising equipment, the introduction of Lean Production, internal benchmarking and the exchange of information and experience. These activities can only compensate to a limited extent for weak gross margins in the most challenging periods, but are still important for maintaining a position in which the need for capacity changes is lessened.
Reorganisation processes are going on or have been completed in several units. A process has been completed at Moelven Notnäs AB in Torsby in which a combination of investment and downsizing shall give the necessary improvements in results. Staffing has been reduced by 18 persons without any significant effect on production. Timber is also continuing its investment programme to improve efficiency in the plants. During the fourth quarter, Moelven bought the business of window component manufacturer H Profil AS, which went bankrupt in August. The purchase agreement was signed at the beginning of October and the takeover occurred on 17 October. The H-Profil operation, which is being included in the company Moelven Profil AS, fits naturally into Timber's concept of supplying products with a high level of processing to industrial customers. The operation is located in Kirkenær and Grinder,a region where Moelven has several sawmills that supply good raw materials for this type of product. H-Profil AS had sales of more than NOK 80 million in 2010. At the time of takeover the company had 38 employees. The integration of the business of Moelven Profil AS is proceeding as planned.
The largest single investments in 2011 are a new biomass heating system for Moelven Nössemark Trä AB and a new log in feed system and upgraded saw line for Moelven Mjøsbruket AS. Together these total about NOK 50 million.
It has also been decided to continue the focus on Dalsland in Sweden by means of considerable investment in a new planing mill for Moelven Tom Heurlin AB. The investment will total about SEK 50 million and according to plans it will go into operation during summer 2012. The investment will increase production capacity by about 30,000 m^3. This planing mill is also being built with a view to being able to adapt the customer’s specific needs.

Wood

NOK mill	2011	2010
Operating revenue	2,932.4	2,683.9
Depreciation and impairment	89.5	83.4
Operating profit	57.6	96.3
Financial items	-28	-22.4
Profit before tax	29.6	73.9

The operating profit for 2010 includes entry of reduced pension commitments of NOK 9 million as income. Overall market activity for the Wood division has been normal, but with some variation with geography and product category.
Geographically, the Danish market is exposed to the crisis in the Euro zone to a far greater extent than the Swedish or Norwegian market, and activity in this market was lower than the previous year. On the product side, demand for impregnated material was weaker than anticipated, while demand for surface treated products has increased. Overall, delivery volumes have been somewhat higher than the previous year, but at somewhat weaker prices. For the timber-consuming units, margins have been under pressure for products sold on export markets. However most of the production of these units passes along a value chain that is directed towards new building and renovation on the housing markets of Norway and Sweden. The Wood division is therefore less affected by developments in the export markets for industrial timber than is the Timber division.
In order to further improve efficiency and productivity, the focus in Wood is also on lean production. The introduction of these principles has commenced in several units during the year. Realisation of efficiency improvements and improvements in health, safety and environmental measures through new investments is also of great significance.
Several major investments have been made in 2011. The business of Vänerply AB, which had a turnover in 2010 of SEK 300 million, was purchased in June and incorporated into the company Moelven Vänerply AB. Production capacity is about 90,000 m3 of plywood a year. The takeover led to an increase of 166 in the number of employees.
A major investment has been made at Moelven Lovene AB in a board processing system to meet increased demand for interior products. Operation started during the fourth quarter. In addition to the purchase during the year of Vänerply AB and the previous year's purchase of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS, the Wood division has strengthened both its market portfolio and its distribution and market position in Scandinavia.

Other investments have mainly been in increasing the degree of processing, maintenance and efficiency of existing plants. Among these, the largest individual projects have been the upgrade of the saw line at Moelven Edanesågen AB, a cutting system for panels at Moelven Notnäs Wood AB, log infeed at Moelven Soknabruket AS and Moelven Østerdalsbruket AS, surface treatment systems for panels and cladding at Moelven Värmlands Trä AB and Moelven Langmoen AS and a new saw line at Moelven Granvin Bruk AS.

Building Systems

NOK mill	2011	2010
Operating revenue	2,665.8	2,171.5
Depreciation and impairment	36.0	34.9
Operating profit	50.8	92.2
Financial items	4.5	1.1
Profit before tax	55.3	93.3

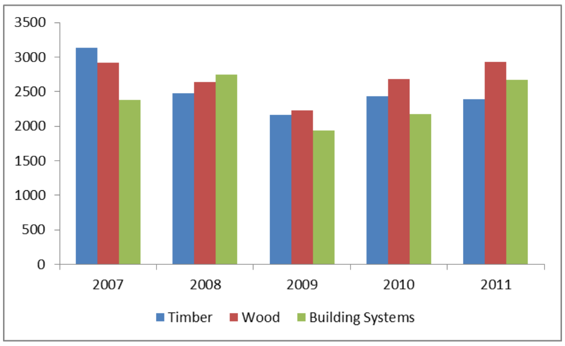
The operating profit for 2011 includes a loss entry from the third quarter of NOK 42 million in connection with four large electrical projects. The operating result for 2010 includes entry of reduced pension commitments of NOK 7 million as income.
In general, market activity during the year has been good in Sweden and improving from a weak level in Norway. Combined orders in hand have improved from NOK 862 million the previous year to NOK 971 million as at 31.12.2011 and are at a normal level for the season.
The losses recorded at Elektro are due to a combination of incorrect calculations before entering into contracts and a lack of efficiency in implementing the projects. At year end, three of the four projects had been concluded and provision has been made for anticipated future losses from the remaining project. In order to reduce the risk of similar errors in future, organisational and system changes have been implemented. This applies to the total scope of the operation, the complexity and size of projects and internal control systems.
Moelven Elektro AS bought K-elektro AS at the end of the first quarter. The company has an annual turnover of about NOK 8 million and its activities are entirely in the field of industrial automation, which is one of the focus areas of Moelven Elektro AS.
In the glulam area, standard laminated timber for the Norwegian market has seen the highest level of activity. In Sweden, demand for standard laminated timber has been weaker and capacity has been adjusted at the factory in Töreboda. Project activity has been less than expected in both countries, but even so major bridge projects in laminated timber and projects based on the Trä8 system have been sold and delivered. Moelven Limtre AS will also produce laminated timber structures for and handle assembly of a timber bridge over Gudbrandsdalslågen at Tretten. Tretten Bridge will be a trussed construction of laminated timber with a total length of about 150 metres, with a bridge deck of laminated timber and steel railings. The bridge is part of the project to renovate the E6 between Øyer and Tretten. Production in the factory started at the end of October and work should be finally completed by 15 June 2012.
The building module business improved its results compared with the previous year, mainly because of good activity in the Swedish market for both construction modules and public buildings in the health and care sector. The level of activity for the Norwegian business has been lower, which, combined with somewhat weaker productivity, has meant that results are not as good as in Sweden.
The building interiors companies have focused strongly on efficiency measures in both Norway and Sweden, even though market activity in the Swedish part of the business has been good, while in Norway it has been less so. Moelven Eurowand AB has been working on introducing Lean Production, and Moelven Nordia AS has implemented a number of efficiency measures. Altogether, the measures carried out have given better results than foreseen at the start of the projects.
Moelven Eurowand AB has decided to extend its activities and set up a new branch office in Jönköping in the autumn. The new department is operational from 2012.
The biggest investment in Building Systems in 2011 was NOK 20 million for production equipment and premises for module business in Sweden.

Other business

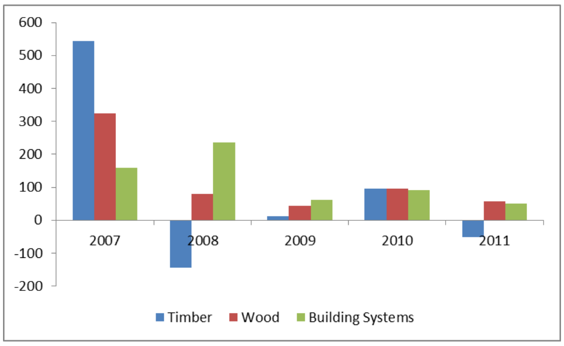
NOK mill	2011	2010
Operating revenue	2,677.2	1,756.0
Depreciation and impairment	10.0	7.8
Operating profit	-43.0	-29.2
Financial items	-76.2	26.9
Profit before tax	-119.2	-2.3

The improvement in operating revenues over last year is due to the reorganisation of timber supply acquisition in Sweden. With effect from October 2010, this has now been organised through the wholly owned subsidiary Moelven Skog AB. Prior to this, timber supply was organised through the 50 per cent owned company Weda Skog AB.

Operating revenues, NOK million



Operating profit, NOK million



INVESTMENTS, BALANCE SHEET AND FINANCING

Investments made during the year total NOK 386.6 million (NOK 258.4 million).

The business of the plywood manufacturer Vänerply AB and window component manufacturer H Profil AS were bought in the second and fourth quarter respectively. The remaining investment activity in 2011 is linked to upgrading and maintenance of existing operations.

The acquisition of the Vänerply AB business led to an increase in fixed assets of NOK 39 million. The acquisition of H Profil AS business in the fourth quarter led to a corresponding increase of NOK 33 million. The acquisition of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS in 2010 involved a capitalisation of goodwill of NOK 13.3 million, an increase in other intangible assets of NOK 26.3 million and an increase in fixed assets of NOK 52 million.

At year end, the Group's total assets were reported as NOK 4,333.9 million (NOK 4,167.7 million). The increase generated by completed acquisitions amounts to NOK 175.6 million (168.8 million). Otherwise the main reason for the increase is the transfer of the business of the partly-owned Weda Skog AB to Moelven Skog AB.

Cash flow from operating activities was NOK 266.4 million (NOK minus 89.3 million), corresponding to NOK 2.1 per share (NOK 0.6). Cash flow from result items has gone down in 2011, while cash flow from working capital items contributed to an improvement compared with last year. It is also due to positive effects as a result of integration of the operations of Moelven Sør-Tre AS and Moelven Granvin Bruk AS, and a reduction of operating capital tied up in receivables, inventories and projects in hand for the Group's other companies.

Net interest-bearing debt was NOK 1,083.9 million (888.6 million) at year end and the liquidity reserve was NOK 603.7 million (988.5 million).

Financial leasing is included in net interest-bearing debt at NOK 54.1 million.

An agreement was entered into in May for long term financing of NOK 300 million for five years in the form of a credit facility similar to the existing NOK 1,050 million from 2010. The background to the additional financing is mainly that the need for working capital increases with increased activity, as well as the acquisition of the business of Vänerply AB. The additional financing has been made with corresponding documentation and the same covenant structure as the existing financing, but at a price that reflects the market prices at the start of the second quarter, which gives lower borrowing costs.

Equity at year end was NOK 1,540.0 million (NOK 1,755.4 million), assessed on a going concern assumption. This corresponds to NOK 11.8 (13.4) per share and an equity ratio of 35.6 per cent (42.1). Part of the Group's equity is connected with ownership of foreign subsidiaries, mainly in Sweden, and is therefore exposed to fluctuations n the exchange rate. Most of equity is hedged against exchange rate fluctuations by having the financing in Swedish krona. Because of the long-term nature of the ownership, as well as the extent and consequences of probable exchange rate fluctuations being within acceptable limits, it is acceptable that part of equity is not hedged for exchange rate fluctuations. Rate changes in 2011 have led to an unrealised equity reduction of NOK 0.5 million (increase of NOK 44.1 million).
All cumulative actuarial gains and losses were recognised against equity on the transition to IFRS. This led to a reduction of NOK 54.2 million in equity, but had no cash effect. Actuarial gains and losses occurring after the transition date (1.1.2010) will also be recognised directly against equity. In 2011, this has led to a further equity reduction of NOK 28.0 million.

RISK

The Group's profits and balance sheet are affected by several external factors that can be influenced by Moelven to a greater or lesser extent.
For some of the risk areas that affect the group, there are functioning financial markets where the risk of fluctuations can be reduced. This applies, for example, to interest rates, exchange rates and electricity. The Group's position on financial risk is that it is the industrial activities rather than financial transactions that shall create the conditions necessary for profitability. The main aim of the hedging policy for the use of financial instruments is to reduce fluctuations and create more predictability. In other areas, such as raw materials, finished goods and projects, other methods of hedging risk must be used. As far as possible, for example, fixed price contracts and index linking of contracts are used. The Group's organisation also has a risk-reducing effect, in that different units are aimed at different markets. These are seldom affected at the same time by economic fluctuations, while at the same time the cost side can still benefit from economies of scale. The organisational philosophy, with a flat organisational and management structure and a great deal of delegation of responsibility, has enabled the group to react quickly when changes have occurred and necessary measures have been introduced at an early date.

Prices of finished goods
The units of the Moelven group operate in markets with free competition and many players. The creation of prices therefore occurs freely in the marketplace, and assuming unchanged volumes a change in process will affect the group as shown on the sensitivity table.

Sawn timber prices
In 2011, the group produced and processed 3.9 million cubic metres of sawn spruce and pine to a value of about NOK 2,200 million, including transport costs. Spruce made up 46 per cent of the round timber and pine 54 per cent. Moelven does not own any forest, but buys all its timber from external suppliers.
The cost of timber is by far the biggest single cost for the Group, and changes in timber prices have an immediate and substantial impact on margins. This involves both a price risk and a volume risk. The group therefore focuses on entering into price agreements that as far as possible correlate timber prices with documented changes in the price of finished goods.

Prices of chips and biomass
The price of cellulose chips and biomass, which come from saw and planing production in Timber and Wood, is of great significance for the Group's revenues. Even though work is constantly going on to improve the utilisation of raw material, only about half of each log becomes industrial timber after passing through a sawmill. The remaining half is made up of bark, shavings, cellulose chips and biomass. Part of this is used for our own energy production, while the rest is sold to the particle board, bioenergy and paper industries. Changes in the market price of these products will therefore have a direct effect on the Group's profits.

Electricity prices
The price of electric power is another important factor that affects the Group's profitability. About 185 GWh of electric power a year is bought via the Group's electricity suppliers on the Nasdaq OMX exchange.
According to the Group's finance policy, the need for electric power shall be secured against price fluctuations so as to ensure stability and predictability. The anticipated power requirement is hedged within stated maximum and minimum levels by forward buying on Nasdaq OMX with a 5 year maximum horizon.

Interest rate risk
The Group's net interest-bearing debt is subject to interest rate risk. Most of the debt is in Swedish krona, so it is interest levels in Sweden that are

most important for the development of the Group's interest costs. The group companies shall be financed by means of loans from the parent company. All external borrowing is done by the parent company, which also carries out interest rate hedging in accordance with the finance policy. The hedging instruments that can be used are ordinary interest rate swaps, FRAs and composite swaps of types that are normally used for such purposes. The extent of hedging is measured in terms of the combined duration of outstanding debt and hedging arrangements. The combined duration shall be between 12 and 36 months. No interest rate hedging agreements shall be entered into over more than 10 years.

Exchange rate risk
About 20 per cent of the Group's operating revenues come from markets outside Scandinavia and carry exchange rate risks.
Both raw materials and finished goods are also imported into Norway from Sweden. The most important currency crosses are EUR/SEK, SEK/NOK and EUR/NOK. Moelven uses forward contracts to counteract large cash flow fluctuations as a result of variations in exchange rates. Because of the hedging strategy that has been chosen, changes must be long-term so as to have the full effect on the Group's profitability, and during the hedging period operational adaptations may be made to compensate for the external changes.
About half of the Group's total balance sheet is connected to activities in Sweden. The balance sheet figures will therefore be affected by the prevailing exchange rate between the Swedish and Norwegian kroner. A large part of equity is secured against this in that share investment in most of the Group's Swedish subsidiaries is financed in Swedish krona. At the end of 2011, the total equity that is exposed to exchange rate risk amounted to SEK 741 million (SEK 767 million).

Credit risk
It is the Group's policy that credit sales over a certain size shall be secured in the form of either guarantees or credit insurance. In practice, credit insurance is used most. There are internal guidelines and follow-up routines for unsecured sales, which only occur when no other security is possible.

Liquidity risk
The Group's debt financing consists of two multicurrency long-term credit facilities with limits of NOK 1,050 million, which expires in May 2015, and NOK 300 million, which expires in May 2016. The loan agreements include normal default clauses with regard to equity, net equity value and debt ratio. As at 31 December 2011, the Group's key figures were better than the levels at which the default clauses begin to apply. In addition to the long-term drawing facilities, the group has also unutilised short term credit facilities in its bank systems, amounting altogether to about NOK 240 million, which is renewed annually.

Risk of damage and interruption to production
The group has a centralised function for managing industrial insurance. A policy has been developed for insurance that all companies shall follow. This policy gives guidelines for insurance cover, preventive measures, risk review and preparation of continuity plans. The continuity plans become key plans if a fire/damage should occur. The plans cover immediate efforts, disaster management and the ability to continue deliveries to customers. Through its industrial insurance, the group is covered for financial loss exceeding NOK 3 million per individual claim.

Risk of loss of reputation
Moelven places great emphasis on maintaining a good reputation. This is measured annually using a Scandinavian brand survey that is carried out by Synovate MMI. There is financial risk linked to any loss of Moelven's reputation. The reputation risk is not quantified. Openness is what characterises the way the group relates outwardly to society and the media and inwardly to employees of the group. This applies whether it concerns positive or negative circumstances for Moelven, in line with Moelven's brand platform.

Sensitivity analysis

Estimated change in operating Profit and profit per Share for one per cent change in price

Factor	Operating profit NOK million 1% change +/-	Division	Nok per share:
Price of log raw material	17	Timber	0.13
Price of sawn timber, spruce	8	Timber	0.06
Price of sawn timber, pine	8	Timber	0.06
Price for chips, pulp/paper	5	Timber/Wood	0.04
Price of log raw material	7	Wood	0.05
Price of planed wood in Scandinavia	10	Wood	0.08
Price of std. dimension laminated timbe	2	Building systems	0.02
Permanent change ofi EURO - NOK/SE	6	Group	0.05
Electrical power	2	Group	0.02

Risk of loss of environmental costs

The activities of the Moelven group follow the prevailing legislation and regulations with regard to emissions and waste management. The group has made provisions in the accounts for all known obligations in connection with environmental protection. The purpose of the Group's environmental policies is to minimize the risk of negative impact of the natural environment and thus the potential environmental cost.

HUMAN RESOURCES

The Group's human resources ideal is to give "Provide opportunities for people with the drive to succed". This ideal embraces the Group's objectives in terms of which persons are recruited, what expertise is demanded, what pay and working conditions are offered, how new employees are introduced, what development and career opportunities are offered and how downsizing is handled.

Employees

The number of employees increased from 3,270 to 3,482 during the course of 2011. The increase was mainly due to the acquisition of Moelven Vänerply AB (166) and Moelven Profil AS (38).

Recruitment and personal development

Moelven acts strategically in both internal and external recruitment. Competent employees are vital to the Group's competitive ability and it is important for Moelven to be able to demonstrate that the company is an attractive employer.
Moelven focuses on long-term employment relationships and strives to offer its employees the opportunity to develop in their jobs. Motivated and competent employees are encouraged to take their personal development further.

Equality of opportunity

Moelven wishes to increase the proportion of women in the group. However, most of those who complete education in the trades and professions the group needs in its industrial activities are men. Often, when jobs are advertised, no women apply. There are however female managers at most levels within the organisation.
Within the activities of the Moelven group, there shall not be any differential treatment on account of gender, ethnic origin, national origin, descent, skin colour, language, religion or philosophy. Job descriptions, areas of responsibility, expertise and work effort form the basis for determining pay, promotion and recruitment.
In registering needs, Moelven shall facilitate conditions so as to avoid possible discrimination. Other than the the low proportion of women, no need for introducing measures in the area of discrimination and equal opportunity was identified in 2011.

Employees	Per 31.12.11				Per 31.12.10			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	600	92	15.3 %	**692**	574	69	12.0 %	**643**
Wood	936	178	19.0 %	**1114**	829	123	14.8 %	**952**
Building Systems	1435	107	7.5 %	**1542**	1445	97	6.7 %	**1542**
Others	104	30	28.8 %	**134**	101	32	31.7 %	**133**
The Grouop	3075	407	11.69 %	**3482**	2949	321	9.82 %	**3270**

Absence due to illness

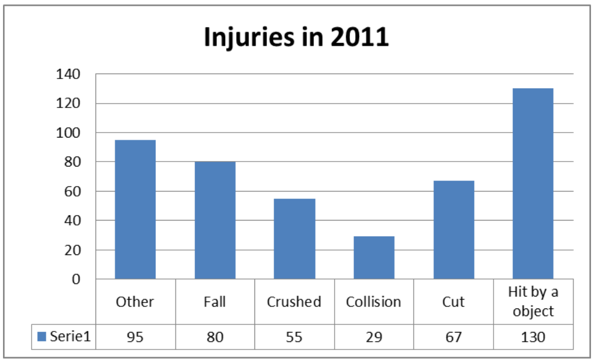
After several years' determined activity to reduce absence due to illness, the absence percentage was reduced even further in 2011. The level is still a little above the long-term objective of a maximum 5 per cent for the whole group. Further reduction and stabilisation at a low level therefore remain priority objectives. A high rate of absence due to illness is not only inconsistent with Moelven's values; it also represents a considerable cost. With more than 3,400 employees, one per cent absence due to illness is calculated to cost the group about NOK 25 million a year. Moelven's health insurance is a HSE measure that works well to get those employees who need health services and treatment back to work faster. The employees' use of the service has shown a certain levelling off in the last year in relation to earlier years. This may be a sign that Moelven's employees have been able to get rid of many problems, especially in terms of muscular or skeletal pains. Since it was launched in 2007, about 1,300 employees have made use of the scheme. The warranty time before treatment with the insurance company is about 25 days overall, while waiting times in the public health service in both Norway and Sweden are considerably longer.

Sickness absence rate in %	Per 31.12	Per 31.12
Timber	4.09 %	4.25 %
Wood	5.20 %	5.31 %
Building Systems	5.95 %	6.38 %
Others	3.09 %	2.70 %
The Grouop	5.24 %	5.50 %

Safety for the employees

Moelven has been working on safety issues involved in production for many years. Regular risk analyses are performed at all plants and a number of measures are taken and investments made to improve safety and increase efficiency. In 2011, a reduction in injuries leading to absence of 15 per cent was achieved, compared with the previous year. Even so, the number of people being injured

at work at Moelven is still too high and there is a strong focus on continuing to work on reducing the frequency of injury. The health and safety campaign "Hel hjem", which started in 2009, is continuing with new and targeted measures. The introduction of a new access and safety card for all employees began in 2011. The aim is for every employee to think about his or her own safety by defining the three greatest risk factors in his or her work, and then taking action to reduce the risk of injury. The card will have been introduced for all the group companies by the end of 2012. As part of raising awareness and competence in health and safety, a meeting for all main safety delegates was held in 2012.
Moelven's system for recording accidents, incidents and dangerous conditions, fPortal, has been actively used by the companies for recording and following up on incidents in 2011. A further analysis of recorded incidents will be carried out so as to best assess what measures should be introduced to prevent similar incidents in the future.



H1 Value	Per 31.12	Per 31.12
Timber	20.8	17.8
Wood	13.9	23.7
Building Systems	17.8	18.3
Others	0	0
The Grouop	16.4	19.3

The environment

Sustainability is one of Moelven's basic values. Environmental considerations are a natural part of day-to-day work and work is constantly going on to reduce effects on the environment. Moelven takes responsibility for the environment through sustainable and long-term exploitation of renewable resources. Industrial production is largely based on the use of wood and the wood content of the finished products is very high in most operations.

Wood as a material has many positive environmental aspects, including that it binds carbon dioxide. The vast majority of the forest raw materials that enter Moelven's production plants end up as products or biofuel. The group therefore produces little waste. The aim is that all fractions of wood shall be treated as potential input factors in the products and contribute to overall value creation. For those companies in the group that make less use of forest raw materials in their production, the industrialised building process helps to limit the environmental effects in comparison with traditional building methods. In connection with Moelven Byggmodul AB's delivery of a modular old peoples' home in Sävje in Uppsala, it has been calculated that the building method and materials used lead to a reduction in CO_2 consumption of 200 tonnes compared with similar buildings of steel and concrete. The building, which will have a total area of about 2 700 m^2, is on two levels and will have 40 apartments and communal areas.

Sustainable forestry

In order to ensure that our raw materials come from certified suppliers who operate responsible forestry, Moelven has established a tracking system that makes it possible to track materials backwards along the supply chain. All sawmills in the group are therefore PEFC (Programme for the Endorsement of Forest Certification schemes) Chain of Custody certified. This means that Moelven buys round timber from suppliers who operate responsible forestry. Cellulose chips, dry chips, shavings and bark from the sawmills have ever increasing financial and environmental significance. District heating systems use dry chips, shavings and bark as fuel and the Group’s own heating systems use chips and bark.

Transport

Obtaining raw materials, intermediate transportation and deliveries of finished products all generate a considerable transport requirement. In 2011, Timber and Wood transported more than eight million cubic metres of timber, biomass and finished products by truck. In addition to this, there is transport for the laminated timber, building module and interiors companies, as well as rail and sea transport. Transport is therefore a considerable challenge for the group, in terms of both the environment and finance. Moelven is continuously working to reduce transport needs and optimise the utilisation of means of transport. The geographical location, with the production units near the raw material areas, helps to reduce transport needs in that the volume of finished goods transported out is considerably less than that of the raw materials transported in. Influencing transporters to use eco-friendly means of transport is another important way of reducing the effects of transport on the environment. Improved road standards, and thus increased axle load limits, are measures on the part of the authorities that will help to reduce the environmental effects of road transport.

Energy

Moelven's energy and heat consumption in 2011 was about 695 GWh, made up of about 185 GWh of electric power and about 510 GWh of thermal energy. About 90 per cent of the thermal energy was produced in the Group's own plants. The energy potential of the Group's chip and bar products, including cellulose chips, is a little under 5 TWh, which means that it has a considerable potential, both for increasing our own energy production and also to an increased market for bioenergy in general. It is Moelven's aim to be able to use our own bioenergy to cover at least 95 per cent of the need for heating our own premises and drying timber products. Moelven takes an active part in the technological and market-related development of the bioenergy sector. Moelven Bioenergi AS is leading a project among the Group's Norwegian units that shall ensure coordination of measures for energy efficiency. This covers reduced energy consumption, going over to using renewable energy and utilising waste heat. In Moelven's Swedish operations, a great deal of this has already been done. Sweden's energy policies have stimulated industry into environmental investments that also increase profitability in the production of energy raw materials.

CO_2-reporting in the group

With effect from 2010, Moelven is preparing CO_2 accounting for the group. This is based on the ISO 14064 standard for calculating emissions from Moelven's units. Calculations show that energy needs in 2011 in Moelven's production and service units generated about 380,000 tonnes of CO_2. About 76 per cent of this represents CO_2 in the natural circulation of carbon. Emissions have increased by about 4.4 per cent over the previous year. During the same period, operating revenues increased by 12.2 per cent, including the Group's acquisition of Moelven Vänerply AB and Moelven Profil AS.

		2011		2010	
Emission type	Fossil/bio	CO2 emission (tonn)	Percentage	CO2 emission (tonn)	Percentage
Direct	Fossil	14 435	3.8 %	15 340	4.2 %
	Bio	291 576	76.6 %	271 933	74.6 %
Indirect	Fossil	41 947	11.0 %	42 127	11.6 %
	Bio	32 851	8.6 %	35 246	9.7 %
Total		**380 809**	**100.0 %**	**364 646**	**100.0 %**

INNOVATION

Moelven has a broad-based approach to innovation processes. The responsibility for innovation lies within each business area, with support from the group. Innovation activities at Moelven are therefore performed at all levels in the group and are considered to be a part of day-to-day operations. Activity is greatest in the operational units, where there is the closest contact with the market, and usually occurs in direct connection with the actual development or use of a product or in a production process. Continuous focus on innovation and improvement of products, services and processes is a necessity for maintaining competitiveness. During the course of 2011, the group has received many awards for its innovation activities.

Åge Holmestad of Moelven Limtre AS and Svein Dag Henriksen of Hydra Tidal AS received the Schweighofer Prize 2011 for their work on laminated timber turbine blades for a floating tidal power plant in Gimsøystraumen in Nordland.

The purpose of this award is to strengthen the competitiveness of the forest-based sector in Europe and is awarded for innovation in ideas, technology, products and services throughout the value chain.

The Building Industry Innovation Prize 2011 was awarded to Moelven for the development of the Iso3 beam, in competition with 40 other candidates. The innovation prize is awarded to a company, organisation, agency or person that has made a particular effort in the field of innovation relating to products, processes or services, to the benefit of society and the building industry.

The incubator company Moelven Utvikling AS, which has been 70%-owned by the Moelven group, merged with Tretorget AS with effect from January 2012. Moelven Utvikling has done a great deal of work on innovation processes, among other things participating in the early stages of the development of Iso3. The merger reduces Moelven's ownership of the overtaking company Tretorget AS to 26.5 per cent. The new company will have 8 employees and will provide a wide range of services including innovation and incubator activities.

Product innovation

For the building module companies, the development of cost-effective and market-customised concepts for modular buildings of several storeys has been a prerequisite for the operations as they are today. In addition to the constant functional and aesthetic changes, fire regulations, stability requirements and noise requirements for example have all been areas where innovative solutions have been vital to enable concepts to be developed to competitiveness. The development of technical solutions for production,

connecting technical installations and assembly on the building site has also been important in enabling profitable industrial production.
The building interiors companies are aimed at a market where trends move rapidly. Product development must therefore be a high priority and continuous process. For office buildings, the trend has been away from enclosed office solutions and towards the increased use of glass walls and open-plan offices. Another focus area is fitting out shopping centres, where the constant changes in shop design and fitting mean a great requirement for following market trends at all times.
The laminated timber area has been at the forefront of developing new products and technical solutions for many years. Many large innovation projects have been implemented in recent years. One example is Moelven Töreboda AB's Trä8. This is a standardised component system that is suitable for buildings of up to four storeys. A newly-developed stabilising and beam structure allows unsupported spans of up to as much as eight metres, allowing for many possibilities. This system also reduces project time, partly because the necessary protection against wind and weather is quickly in place.
At Moelven Wood, product development is of great significance in allowing the product range to follow changing market trends. In this division, there is a product development project in which consumer products with an untraditional design that are ready for use are being launched on an ongoing basis, including to new target groups.

Process innovation

For the timber-consuming units in Timber and Wood, the key area is mainly the optimising of production processes. The aim is to safeguard the values that are intrinsic to the raw materials, as far as possible through effective production and purchase of raw materials that are tailored to the market. In Timber, the Moelven Timber Production System (MTPS) has been implemented in several companies and the aim is to introduce it throughout the division. MTPS is based on the principles of the Lean Production concept and Toyota Production System and describes how Timber's production shall be continuously improved towards ever more effective production. Similar principles are also being introduced in the other divisions. For the processing units at Wood, the logistics systems are of great significance for reducing the cost and environmental effects of transport and for ensuring the customers' access to a wide range of products with short delivery times. Work on optimising the logistics systems is therefore continuous.

CORPORATE GOVERNANCE

Corporate governance at Moelven is based on the Norwegian recommendations for corporate governance of October 2011. The board gives a more detailed description of this on page 77 of the report. For further information about the board and senior executives, refer to note 28.

ALLOCATION OF THE NET INCOME OF THE YEAR

The Board of Directors policy on dividends is based on facilitating a predictable and satisfactory cash yield on investment for Moelven's shareholders. The policy gives guidelines for how much of the surplus, or of distributable equity in years with a loss, shall be distributed as dividend. The Group’s annual result for 2011 was NOK minus 85.8 million, while equity was charged with the non-recurring effects of the transition to IFRS. This meant that equity dropped below the targeted 40 per cent. At the same time, prospects for 2012 are mixed. The board therefore proposes that no dividend should be distributed. The parent company, Moelven Industrier ASA, had an annual result of NOK minus 29,1 million, which is covered by a transfer from other equity. The distributable equity of the parent company was NOK 20.6 million after allocations.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the date of balance that affects the accounts that have been presented.

OUTLOOK

In spite of the unsatisfactory results for 2011, normal activity is planned for 2012. Prospects are mixed however, and there are therefore contingency plans for reorganisation and adapting capacity for all three divisions.
The most internationally-oriented parts of the group, in particular the sawmills in the Timber division, have already had to adapt to lower demand and reduced prices during the second half of 2011. Streamlining and reorganisation measures have therefore already been introduced in some units. The further development of the debt crisis in Europe could have a major effect on demand. For the Wood companies, activity in the Norwegian and Swedish markets is expected to remain at an acceptable level, especially in the RME segment, which accounts for a great deal of turnover. The Danish part of the operation is greatly affected by the weak activity in Europe. Orders in hand for Buildings Systems will ensure good, normal activity in the first quarter. This division is mainly exposed to the building and construction markets in Norway and Sweden.

The board considers that the group has satisfactory solidity and sufficient long term liquid reserves to be able to perform the necessary operational reorganisation. Experiences from previous business cycles have shown the importance of maintaining the organization's ability to quickly adapt. This is equally important in order to take profit from increased demands, as it is to narrow the income shortfall in times of weaker markets. Overall, the Board expects the Group's profit for 2012 will be better than in 2011.

Moelv, 28 February 2012
The Board of Directors of Moelven Industrier ASA

Sverre Leiro Chairman	Elisabeth Bjøre	Elisabeth Krokeide	Terje Johansen

Egil Magnar Stubsjøen	Martin Fauchald	Gunde Haglund

Hans Rindal
President and CEO

FINANCIAL KEY FIGURES

Amounts in NOK million	Explanation	IFRS 2011	IFRS 2010	NGAAP 2009	NGAAP 2008	NGAAP 2007
RESULTS						
Operating revenues		8 059.9	7 185.0	6 248	7 658	7 944
Depreciation and impairment		225.9	212.1	203	199	177
Operating profit		12.9	254.0	91	145	990
Net interest and financial items		-125.4	-8.2	50	-149	-18
Profit before tax		-112.4	245.8	141	-4	972
Net profit		-85.8	179.7	100	1	695
BALANCE SHEET						
Investments in production equipment	A	386.7	258.0	222	346	292
Total assets		4 333.9	4 167.7	3 250	3 599	3 604
Equity		1 540.0	1 755.4	1 627	1 614	1 570
Net interest-bearing liabilities		1 083.9	884.0	368	600	154
Capital employed	B	2 637.1	2 671.0	2 066	2 244	1 801
EARNINGS/RETURN						
Net operating margin	C	0.2 %	3.5 %	1.5 %	1.9 %	12.5 %
Gross operating margin	D	3.0 %	6.5 %	4.7 %	4.5 %	14.7 %
Return on equity	E	-5.2 %	10.6 %	6.2 %	0.1 %	88.6 %
Return on capital employed	F	0.5 %	10.2 %	3.9 %	6.6 %	52.7 %
Return on total assets	G	0.3 %	6.6 %	2.7 %	4.0 %	29.7 %
Interest cover	H	0.2	5.7	4.4	1.0	30.4
CAPITAL STRUCTURE						
Equity ratio	I	35.6 %	42.1 %	50.1 %	44.8 %	43.6 %
Asset turnover	J	1.9	1.9	1.8	2.1	2.4
Debt-equity ratio	K	0.70	0.51	0.23	0.37	0.10
LIQUIDITY						
Liquid ratio I	L	1.85	1.97	1.92	1.83	1.43
Liquid ratio II	M	0.75	0.83	0.85	0.69	0.63
Cash flow from operational activities	N	266.4	-89.3	441.1	216	1010
SHARES						
Profit per share in NOK	O	-0.64	1.40	0.77	0.01	5.37
Average number of shares (mill)		129.5	129.5	129.5	129.5	129.5
Cash flow from operational activities, in NOK per share	P	2.06	-0.69	3.41	1.67	7.80
Equity per share	Q	11.88	13.55	12.56	12.46	12.12
Assessment value in NOK as at 01.01		13.98	14.82	15.31	12.36	8.79
Dividend per share in NOK	R	0.0	0.65	0.16	0.0	2.6
PERSONNEL						
Number of employees as at 31.12		3 482	3 270	2 992	3 285	3 425
Sick leave percentage	S	5.2 %	5.5 %	6.0 %	5.6 %	6.3 %
Frequency of accidents with absence, H1 value	T	16.4	19.3	16.4	18.3	17.5

A: Capitalised investments - goodwill

B: Equity + interest bearing debt

C: $\frac{\text{Operating profit}}{\text{Operating revenues}}$

D: $\frac{\text{Operating profit + depreciation and impairments}}{\text{Operating revenues}}$

E: $\frac{\text{Net profit}}{\text{Average equity}}$

F: $\frac{\text{Operating profit + interest income}}{\text{Average capital employed}}$

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

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

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

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

K: $\frac{\text{Net interest bearing debt}}{\text{Equity}}$

L: $\frac{\text{Current assets}}{\text{Short term debt}}$

M: $\frac{\text{Liquid funds + financial assets + receivables}}{\text{Short term debt}}$

N: Result after tax payable + depreciation
- non controlling interests and
correction regarding non liquid items
from result and working capital

O: $\frac{\text{Earnings assigned to Moelvens shareholders}}{\text{Average number of shares}}$

P: $\frac{\text{Cashflow from operations}}{\text{Average number of shares}}$

Q: $\frac{\text{Total equity}}{\text{Average number of shares}}$

R: Dividend proposal

S: $\frac{\text{Sickness absence hours}}{\text{Available hours - overtime}}$

T: No of injuries absence per million working hours

Profit and loss for the Group

Amounts in NOK million	Note	2011	2010
Sales revenue	6.7	8 033.5	7 155.8
Other operating revenues		26.3	28.7
Operating revenues		**8 059.9**	**7 184.5**
Product expenses		5 214.9	4 596.4
Changes in inventory raw materials, goods under manufacture and finished good:		126.2	-81.7
Payroll expenses	11	1 605.9	1 378.4
Depreciation on tangible and intangible fixed assets	9, 10	225.9	212.1
Other operating expenses		874.0	825.3
Operating expenses		**8 046.9**	**6 930.5**
Operating profit		**12.9**	**254.0**
Income from associates	16	-0.7	-2.3
Value increase of financial instruments to fair value		0.0	34.5
Other financial income	12	13.6	12.3
Value reduction of financial instruments to fair value		-60.1	-0.3
Other financial costs	12	-78.2	-52.4
Net financial items		**-125.4**	**-8.2**
Profit before tax		**-112.4**	**245.8**
Income tax	13	-26.6	66.1
Net profit		**-85.8**	**179.7**
Profit assigned to:			
Non-controlling interests		-2.6	-1.4
Owners of parent company		-83.2	181.1
Annual profit transferred to/from other equity		-85.8	179.7
Total allocation		-85.8	179.7
Earnings per share (in NOK)			
Earnings per share assigned to Moelven's shareholders	21	-0.64	1.40

Statement of comprehensive income

Amounts in NOK million	Note	2011	2010
Net profit		**-85.8**	**179.7**
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Actuarial gains (losses) on defined-benefit pension schemes	23	-49.0	-49.8
Income tax on items that are not reclassified to profit or loss	13	13.7	13.9
		-35.3	-35.9
Items that may be reclassified subsequently to profit or loss			
Translation differences		-0.5	40.6
Proportion of other income and costs in associated companies	16	0.0	0.0
Other changes		-5.3	0.0
Income tax on items that may be reclassified to profit or loss	13	0.0	0.0
		-5.8	40.6
Other comprehensive income, net of tax		-41.1	4.7
Total comprehensive income for the period		-126.9	184.5
Comprehensive income assigned to:			
Owners of parent company		-124.3	185.9
Non-controlling interests		-2.6	-1.4

Consolidated statement of financial position 31.12.

Amounts in NOK million	Note	2011	2010	01.01.2010
ASSETS				
Deferred tax assets	14	12.5	9.6	7.3
Goodwill	10	16.9	13.3	0.0
Other intangible assets	10	28.7	31.9	6.0
Total intangible assets		**58.1**	**54.8**	**13.3**
Land		88.4	72.4	67.7
Buildings and other property		380.4	367.1	312.7
Machinery and plant		1 155.5	1 058.3	970.1
Fixtures and fittings, tools, office machinery etc.		45.5	42.0	43.4
Total tangible fixed assets	9	**1 669.7**	**1 539.8**	**1 393.9**
Investments in associated companies	16	12.4	13.2	10.6
Investments in other shares	15	1.0	1.0	1.0
Bonds and other receivables		0.0	0.1	0.2
Net pension funds	23	4.3	0.0	0.0
Total financial fixed assets		**17.7**	**14.3**	**11.8**
Total fixed assets		**1 745.4**	**1 608.9**	**1 419.0**
Inventory	17	1 343.9	1 309.6	898.6
Accounts receivable	18, 19	1 023.5	1 031.9	773.1
Other receivables	18	191.5	168.0	143.1
Total receivables		**1 215.0**	**1 199.9**	**1 814.8**
Financial derivatives	26	4.0	23.1	6.5
Bank deposits, cash etc.	20	25.5	26.2	70.5
Total current assets		**2 588.5**	**2 558.8**	**1 891.8**
Total assets		**4 333.9**	**4 167.7**	**3 310.8**

Amounts in NOK million	Note	2011	2010	01.01.2010
LIABILITIES AND EQUITY				
Share capital	27	647.7	647.7	647.7
Own shares		-0.0	-0.0	-0.0
Share premium reserve		180.7	180.7	180.7
Retained earnings		698.3	910.1	745.9
Total equity assigned to owners of parent company		**1 526.7**	**1 738.5**	**1 574.3**
Non-controlling interests		13.3	16.9	14.6
Total equity		**1 540.0**	**1 755.4**	**1 588.9**
Pension liabilities	23	209.6	169.7	151.3
Deferred tax	14	56.5	95.3	66.1
Other provisions		12.5	13.8	18.0
Total provisions		**278.6**	**278.8**	**235.4**
Liabilities to credit institutions	22	1 053.3	765.3	428.5
Other long term liabilities	22	59.1	70.5	68.5
Total long term liabilities		**1 112.4**	**835.8**	**497.0**
Liabilities to credit institutions	22	0.0	79.0	10.4
Financial derivatives	26	65.8	25.7	43.1
Accounts payable		536.8	482.1	350.6
Public duties payable		166.6	149.5	142.1
Tax payable		0.0	22.5	0.2
Other short term liabilities	19, 25	633.6	538.9	443.1
Total short term liabilities		**1 402.8**	**1 297.7**	**989.5**
Total liabilities		**2 793.9**	**2 412.3**	**1 721.9**
Total equity and liabilities		**4 333.9**	**4 167.7**	**3 310.8**
Guarantees	24	59.5	47.0	38.9
Mortgages	22	23.3	75.1	38.5
Number of shares (Face value per share NOK 5.-)	27	129 541 284	129 541 284	129 541 284

Moelv, 28 February 2012
The Board of Directors of Moelven Industrier ASA

Sverre Leiro
Chairman

Elisabeth Bjøre

Elisabeth Krokeide

Terje Johansen

Egil Magnar Stubsjøen

Martin Fauchald

Gunde Haglund

Hans Rindal
President and CEO

Consolidated statement of changes in equity

	Equity assigned to owners of parent company						
Amounts in NOK million	**Share capital**	**Share premium funds**	**Own shares**	**Other equity**	**Total**	**Non-controlling interests**	**Total equity**
31.12.2009	**647.7**	**180.7**	**0.0**	**784.0**	**1 612.4**	**14.6**	**1 627.0**
Effect of transition to IFRS	0.0	0.0	0.0	-38.1	-38.1	0.0	-38.1
Revised figures 1.1.2010	**647.7**	**180.7**	**0.0**	**745.9**	**1 574.3**	**14.6**	**1 588.9**
Comprehensive income for the period							
Net profit	**0.0**	**0.0**	**0.0**	**181.1**	**181.1**	**-1.4**	**179.7**
Other comprehensive income							
Translation differences	**0.0**	**0.0**	**0.0**	39.6	**39.6**	**1.0**	**40.6**
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	-49.8	-49.8	0.0	-49.8
Income tax on other comprehensive income	0.0	0.0	0.0	13.9	13.9	0.0	13.9
Other comprehensive income (net of tax)	0.0	0.0	0.0	3.7	3.7	1.0	4.7
Transactions with owners, entered directly against equity							
Purchase of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effect of acquisition	0.0	0.0	0.0	0.0	0.0	2.7	2.7
Dividend to owners	0.0	0.0	0.0	-20.7	-20.7	0.0	-20.7
Share based payment transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total transactions with owners	0.0	0.0	0.0	-20.7	-20.7	2.7	-18.0
Total as at 31.12.2010	**647.7**	**180.7**	**0.0**	**910.1**	**1 738.5**	**16.9**	**1 755.4**
Total as at 1.1.2011	**647.7**	**180.7**	**0.0**	**910.1**	**1 738.5**	**16.9**	**1 755.4**
Comprehensive income for the period							
Net profit	**0.0**	**0.0**	**0.0**	**-83.2**	**-83.2**	**-2.6**	**-85.8**
Other comprehensive income							
Translation differences	**0.0**	**0.0**	**0.0**	-0.5	-0.5	**0.0**	**-0.5**
Other changes	**0.0**	**0.0**	**0.0**	-8.6	-8.6	**0.0**	-8.6
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	-49.0	-49.0	0.0	-49.0
Income tax on other comprehensive income	0.0	0.0	0.0	13.7	13.7	0.0	13.7
Other comprehensive income (net of tax)	0.0	0.0	0.0	-44.3	-44.3	0.0	-44.3
Transactions with owners, entered directly against equity							
Purchase of non-controlling interests	0.0	0.0	0.0	0.0	0.0	-1.0	-1.0
Effect of acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend to owners	0.0	0.0	0.0	-84.2	-84.2	0.0	-84.2
Share based payment transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total transactions with owners	0.0	0.0	0.0	-84.2	-84.2	-1.0	-85.2
Total as at 31.12.2011	**647.7**	**180.7**	**0.0**	**698.3**	**1 526.7**	**13.3**	**1 540.0**

Consolidated cashflow statement

Amounts in NOK million	Note	2011	2010
CASH FLOW FROM OPERATIONAL ACTIVITIES:			
Net profit		-85.8	179.7
Adjustments to reconcile net profit with net cash flow from operations:			
Depreciation	9	225.9	212.1
Impairment		0.0	0.1
Income from associated companies	16	0.7	2.3
Tax paid		-22.5	-0.2
Unpaid pension costs entered as costs and unreceived pension funds entered as income		-14.3	5.0
Loss (profit) on sale of fixed assets		-1.7	-2.3
Net value change of financial instruments to fair value		60.1	-34.2
Income tax	13	-26.6	66.1
Changes in operating assets and liabilities:			
Changes in inventory		-34.3	-411.0
Changes in accounts receivable and other receivables		-15.1	-283.7
Changes in trade accounts payable		54.7	131.5
Changes in provisions and benefits to employees		1.3	-4.2
Changes in short-term liabilities excluding borrowing		124.0	49.5
Cash flow from operational activities		**266.4**	**-89.3**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Investment in plant and equipment exc. acquisition	9, 10	-386.6	-258.7
Net cash outlay on acquisition		0.0	-84.0
Receipts from sale of fixed assets		11.7	3.0
Sale of other long-term investments		0.1	0.0
Purchase of subsidiaries, reduced by cash in company		-4.7	0.0
Cash flow from investment activities		**-379.6**	**-339.7**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in short-term loans and overdraft		-79.0	68.6
Purchase of non-controlling interests		-1.0	0.0
Changes in long-term liabilities		276.7	336.8
Payment of dividend		-84.2	-20.7
Cash flow from financial activities		**112.5**	**384.7**
Net increase (reduction) in liquid assets during year		-0.7	-44.3
Liquid assets 01.01		26.2	70.5
Effect of exchange rate changes on liquid assets		0.0	0.0
Liquid assets 31.12		**25.5**	**26.2**
Cash and cash equivalents 31.12			
Liquid assets 31.12		25.5	26.2
Unused drawing rights 31.12		590.3	555.2
Restricted bank deposits		0.0	0.0
Cash and cash equivalents 31.12	**20**	**615.8**	**581.4**

Events in 2011

Norway:
On 17 October 2011, the newly formed company Moelven Profil AS took over the business of the H-Profil AS and H-Profil Grinder AS estate in bankruptcy. The business acquired mainly produces wooden components for the window industry in Norway. It has operations at Kirkenær and Grinder and had sales of more than NOK 80 million in 2010. The company had 38 employees at the time of takeover.
The operation is included in the Timber division.

Sweden:
The company Moelven Lovene AB was formed in March 2011. The company, which is located in Lovene, has spent the year building up a board processing line for the production of MDF board products for interior use. This production was previously handled by an external supplier. Production started up during the fourth quarter of 2011 and consists of compression moulding, profiling and surface treatment of MDF board. The company had 6 employees at the end of 2011. Full production, with some increase in personnel, is expected from January 2012.
The operation is included in the Wood division.

Sweden:
On 20 June 2011, the newly formed company Moelven Vänerply AB bought the business of plywood manufacturer Vänerply AB. Vänerply is located in Otterbäcken and produces spruce and pine plywood products. The factory has a production capacity of approximately 90,000 m3 or about 6 million m2 of plywood a year. The company Vänerply AB had sales of SEK 300 million in 2010 and had 166 employees as at June 2011.
The most important market for the company is northern Europe and primarily Scandinavia.
The operation is included in the Wood division.

Norway:
On 31 March 2011, Moelven Elektro AS bought all the shares of K-elektro AS, an electrical company with seven employees located in Raufoss. Historically, the company has annual sales of around eight million kroner. This company operates 100% in the industrial automation segment and all its sales are in service and framework agreements. K-elektro AS will be merged into Moelven Elektro AS in 2012. The operation is included in the Building Systems division.

Events in 2010

Norway:
On 1 June 2010, Moelven Industrier ASA acquired Sør-Tre Bruk AS, which is a leading player in pressure-impregnated materials and wood protection in Norway. Sør-Tre Bruk AS has its head office and production plant in Kragerø and has 30 employees. The company, which has changed its name to Moelven Wood Prosjekt AS, will be included included in Moelven's Wood division. The transaction was reported to the Norwegian Competition Authority and no objections were raised to Moelven's takeover. Included in the acquisition was Sør-Tre Bruk AS' 67.11% holding of the shares of Granvin Bruk AS, which is in Hardanger. The company has changed its name to Moelven Granvin Bruk AS and has 40 employees. Moelven Granvin Bruk AS is a combined sawmill and planing mill and is included in Moelven's Wood division. Since the takeover of Moelven Sør-Tre AS, Moelven Industrier ASA has increased its holding in Moelven Granvin Bruk AS to 87.95%. Together, the companies had sales of about NOK 250 million in 2010.

Norway:
On 1 July 2010, Moelven Industrier ASA acquired Eco Timber AS, which has its office and stores in Stange and has 4 employees. Eco Timber AS serves the Norwegian market through a dealer network with products such as Siberian larch, heat treated timber and various floorings. Sales in 2010 were about NOK 30 million. A great deal of the sales are project-related, where solutions are found while working closely with the architects. The company has changed its name to Moelven Wood Prosjekt AS and is included in Moelven's Wood division.

Sweden:
Moelven has terminated the agreement with AB Karl Hedin and Bergkvist-Insjön AB on collaboration in timber purchasing in Sweden through the company Weda Skog AB. Moelven owned 50 per cent of Weda Skog AB. The background for winding up the agreement is changes in the timber market and changing requirements for timber purchase for the three parties involved. The negotiations regarding Weda Skog AB were concluded on 22 September and the activities of the company will be wound down and partly continued in accordance with the owners' plans. Moelven will obtain the major part of its future timber supplies from Sweden from the wholly owned subsidiary Moelven Skog AB. Collaboration with Bergkvist-Insjön AB will continue

through Weda Skog AB in the Dalarna-Härjedalen-Hälsingland region, where Moelven's holding will be 30 per cent. The other 70 per cent is owned by Bergkvist-Insjön AB.

Norway:
After 6 years' operation, the board of Moelven Massivtre AS decided in September 2010 to look for other interested parties to continue all or part of the company's activities. If this is unsuccessful, there will be a controlled winding up of the company. The process is being entirely run by Moelven, which has taken over all shares in the company, which at year end is treated as a wholly owned subsidiary.

Denmark:
Moelven Danmark A/S decided to buy the business of Lamelspær ApS, with effect from 1 November 2010. The background to the acquisition is that the Lamelspær programme complements Moelven's existing beam system (Kerto, I beams and laminated timber), making for an even stronger package that will represent an improvement in market position in wooden supporting structures. Manufacture of the Lamelspær products will in future be in Moelven Denmark's processing facility in Odense.

Main figures for 5 years

Amounts in NOK million	IFRS 2011	IFRS 2010	NGAAP 2009	NGAAP 2008	NGAAP 2007
THE GROUP					
Operating revenues	8 059.9	7 184.5	6 247.8	7 657.7	7 944.0
Depreciation and impairment	225.9	212.1	202.5	199.2	177.0
Operating profit	12.9	254.0	91.1	144.7	989.6
Financial items	-125.4	-8.2	50.1	-148.7	-17.4
Profit before tax	-112.4	245.8	141.2	-4.0	972.2
Total assets	4 333.9	4 167.7	3 250.2	3 598.6	3 604.2
Equity in per cent	35.6	42.1	50.1	44.8	43.6
Operating margin in per cent	0.2	3.4	1.5	1.9	12.5
Cash flow from operating profit	238.8	466.1	293.6	343.9	1167
Investments	386.7	258	222	346	292
Number of employees	3 482	3 270	2 992	3 285	3 425
TIMBER					
Operating revenues	2 394.1	2 436.4	2 166.8	2 472.4	3 136.4
Depreciation and impairment	90.3	83.4	87.1	84.6	72.2
Operating profit	-52.4	94.7	12.7	-143.3	544.4
Financial items	-25.7	-13.8	-11.1	-13.1	0.3
Profit before tax	-78.1	80.9	1.6	-156.4	544.7
Total assets	1 592.2	1 545.5	1 306.4	1 572.8	1 788.5
Operating margin in per cent	-2.2	3.9	0.6	-5.8	17.4
Cash flow from operating profit	37.9	178.1	99.8	-58.7	616.6
Investments	144.2	112	86	175	130
Number of employees	692	643	661	803	869
WOOD					
Operating revenues	2 932.4	2 683.9	2 227.4	2 634.0	2 914.6
Depreciation and impairment	89.5	86.0	72.9	67.4	61.1
Operating profit	57.6	96.3	43.2	80.3	324.4
Financial items	-28.0	-22.4	-20.4	-17.1	-7.6
Profit before tax	29.6	73.9	22.8	63.2	316.8
Total assets	1 975.7	1 797.2	1 497.8	1 563.5	1 653.7
Operating margin in per cent	2.0	3.6	1.9	3.0	11.1
Cash flow from operating profit	147.1	182.3	116.1	147.7	385.5
Investments	169.5	67	80	109	106
Number of employees	1 114	952	856	880	922
BUILDING SYSTEMS					
Operating revenues	2 665.8	2 171.5	1 933.0	2 748.0	2 382.8
Depreciation and impairment	36.0	34.9	33.7	35.2	31.5
Operating profit	50.8	92.2	61.4	235.1	159.3
Financial items	4.5	1.1	3.3	14.7	10.7
Profit before taxes	55.3	93.3	64.7	249.8	170.0
Total assets	1 217.9	1208	953.9	1109	1042
Operating margin in per cent	1.9	4.2	3.2	8.6	6.7
Cash flow from operating profit	86.8	127.1	95.1	270.3	190.8
Investments	38.3	61	31	46	54
Number of employees	1 542	1542	1379	1512	1543

Amounts in NOK million	IFRS 2011	IFRS 2010	NGAAP 2009	NGAAP 2008	NGAAP 2007
Laminated timber					
Operating revenues	470.7	467.9	397.1	524.1	483.2
Depreciation and impairment	18.2	18.4	15.6	16.0	14.7
Operating profit	4.3	12.9	4.0	38.5	24.4
Operating margin in per cent	0.9	2.8	1.0	7.3	5.0
Investments	10.2	42	25	20	22
Number of employees	266	300	280	258	279
Electrical					
Operating income	497.4	412.1	397.5	435.5	358.4
Depreciation and impairment	1.8	1.2	3.1	3.0	1.9
Operating profit	-46.6	3.1	9.0	8.5	5.9
Operating margin in per cent	-9.4	0.8	2.3	2.0	1.6
Investments	1.5	4	1	0	0
Number of employees	302	278	238	243	207
Building Modules					
Operating income	1 138.8	740.4	513.0	1030.7	944.4
Depreciation and impairment	10.9	10.6	10.6	12.8	11.2
Operating profit	59.0	33.7	1.5	94.2	66.0
Operating margin in per cent	5.2	4.6	0.3	9.1	7.0
Investments	23.0	8	2	16	29
Number of employees	524	516	410	522	606
Interior solutions					
Operating revenues	605.6	581.7	644.8	784.3	633.8
Depreciation and impairment	5.0	4.7	4.4	3.4	3.7
Operating profit	34.0	42.5	46.9	93.9	63.0
Operating margin in per cent	5.6	7.3	7.3	12.0	9.9
Investments	3.5	7	3	10	3
Number of employees	450	448	451	489	451
OTHER OPERATIONS					
Operating revenues	2 677.2	1756.0	965.1	388.5	368.9
Depreciation and impairment	10.0	7.8	8.7	11.6	11.6
Operating profit	-43.0	-29.2	-26.2	-27.4	-38.6
Financial items	-76.2	26.9	78.3	-133.2	-20.6
Profit before tax	-119.2	-2.3	52.1	-160.6	-59.1
Cash flow from operating profit	-33	-21.4	-17.5	-15.8	-27
Investments	34.7	18	25	16	2
Number of employees	134	133	96	90	91

Note 1 - General information

Moelven Industrier ASA is a public limited company registered in Norway. The company's headquarters are located at Industriveien 2, 2390 Moelv, Norway.

The group's activities are described in the report of the board.

Note 2 - Basis for preparing the annual accounts

The consolidated accounts of the Moelven have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS interpretations committee (IFRIC), as determined by the EU. These are Moelven's first consolidated accounts to be prepared in accordance with IFRS and IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been used. In accordance with IFRS 1, an opening balance as at 01.01.2010 has also been prepared. The effects of the transition from NGGAP to IFRS are described in note 32.

The consolidated accounts were presented by the board on 28 February 2012 and the ordinary general meeting to discuss the annual accounts has been fixed for 24 April 2012.

The consolidated accounts are based on the principles of historic cost accounting with the exception of the following items:

- Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.
- Financial instruments at fair value through profit or loss. These include derivatives for hedging interest rates, foreign exchange and electric power.

The consolidated accounts have been prepared with uniform accounting principles for similar transactions and events under otherwise similar conditions.

Note 3 - Significant accounting principles

Presented below are the most important accounting principles that have been used in preparing the consolidated accounts. These principles have been used in the same way for the comparison figures in the consolidated accounts.

3.1 Consolidation principles

The consolidated accounts include Moelven Industrier ASA and companies over which Moelven Industrier ASA has a controlling influence. Determining influence is normally achieved when the group owns more than 50% of the shares in the company and the group is enabled to exercise actual control over the company. Non-controlling interest are included in group equity.

The acquisition method is used for recognising company mergers on the income statement; see note 8. Companies which are bought or sold during the course of the year are included in the group accounts from the date on which control is achieved until the date on which it ceases.

Changes in holdings in the subsidiaries that do not lead to loss of control are entered as an equity transaction. The remuneration is entered at fair value and the difference between remuneration and the value of the holding entered on the balance sheet is entered against the majority owner's equity.

With changes in holdings that lead to loss of control, remuneration is measured at fair value. The balance sheet value of holdings and obligations in the subsidiary and the non-controlling interest are deducted on the date of loss of control. The difference between the remuneration and the balance sheet value of the holding is included on the income statement as a gain or loss. Any remaining holding is measured at fair value and any gain or loss included on the income statement as part of the gain/loss on the sale of the subsidiary. Amounts included in other income and costs are entered on the income statement.

Associated companies are enterprises in which the group has significant influence, but not control, over the financial and operational management. We have holdings between 20% and 50% in our associated companies. The Group accounts include the Group's share of profits from associated companies entered by equity method from the time significant control was achieved and until such control ceases.

When the group's losses exceed the investment in an associated company, the group's balance sheet value is reduced to zero and further loss is not entered unless the group has an obligation to cover this loss.

All other investments are entered in accordance with IAS 39, *Financial instruments: Recognition and measurement* more detailed information on which is given in note 26.

Internal group transactions and intra group balances, including internal earnings and unrealised gains and losses are eliminated. Unrealised earnings in respect of transactions with associated companies and jointly controlled enterprises are eliminated with the group's share of the company/enterprise. Unrealised losses are eliminated in the same way, but only to the extent that there are indications of depreciation of value of assets that are sold internally.

3.2 New standards and interpretations

Below is a summary of new and revised standards that have been decided, but which have not come into force as at 28 February 2012. The Moelven has used the opportunity for the early application of the changes in IAS 1 and IAS 19.

Based on a preliminary analysis, the effect of the changes otherwise is not believed to have great significance for the annual accounts.

	Date of entry into force	***Planned implementation date***
New standards and interpretations		
IFRS 10 *Consolidated Financial Statements*	1. January 2013	Financial year 2013
IFRS 11 *Joint Arrangements*	1. January 2013	Financial year 2013
IFRS 12 *Disclosure of Interests in Other Entities*	1. January 2013	Financial year 2013
IFRS 13 *Fair Value Measurement*	1. January 2013	Financial year 2013
IFRS 9 *Financial Instruments* and related amendments to IFRS 7 regarding transition	1. January 2015	Financial year 2015
Revised standards and interpretations		
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)	1. July 2012	Financial year 2012
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)	1. January 2012	Financial year 2012
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	1. July 2012	Financial year 2013
IAS 19 *Employee Benefits (amended 2011)*	1. January 2013	Financial year 2013
IAS 27 *Separate Financial Statements (2011)*	1. January 2013	Financial year 2013
IAS 28 *Investments in Associates and Joint Ventures (2011)*	1. January 2013	Financial year 2013
Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1. January 2013	Financial year 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1. January 2014	Financial year 2014

3.3 Functional currency and presentation currency

The group's presentation currency is NOK. This is also the functional currency of the parent company. Subsidiaries with other functional currencies are converted to the day rate for balance items and to the transaction rate for income statement items. Average monthly exchange rate is used as an approximation of transaction rate. Translation differences are entered against other income and costs ("OCI"). In any future sale of investments in foreign subsidiaries, accumulated translation differences connected with the subsidiary that are referred to the majority owners will be entered on the income statement.

3.4 Use of estimates in preparing the annual accounts

Management has used estimates and assumptions which have affected assets, liabilities, income, costs and information regarding potential obligations. This applies in particular to depreciation of fixed assets, assessment of added value and goodwill in connection with acquisitions, inventory, project assessments and pension commitments. Future events may cause the estimates to change. Estimates and the underlying assumptions are continually assessed. Changes in accounting estimates are entered into the accounts during the period in which the changes occur. Where changes also affect future periods, the effect is distributed across the current and future periods. See also note 4.

3.5 Foreign currency

Foreign exchange transactions

Foreign exchange transactions are calculated at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of the balance. Foreign currency fluctuations are recognised on the income statement continuously over the accounting period.

Activities abroad

Assets and liabilities in foreign companies including goodwill and fair value adjustments which arise on consolidation are converted to Norwegian kroner by using the exchange rate on the balance date. Income and expenses in foreign enterprises are converted to Norwegian kroner by using the average exchange rate. Exchange rate differences are entered in other income and costs ("OCI").

3.6 Income

Income is recognised on the income statement when it is probable that transactions will generate future financial benefit which will accrue to the company and the size of the amount can be reliably estimated. Sales income is presented after deduction of value added tax and discounts. Internal sales within the group are eliminated.

Income from sale of goods is entered on the income statement once delivery has taken place and most of the risk and profit have been transferred.

Income from sale of services and long-term manufacturing projects is entered on the income statement as the project progresses, when the outcome of the transaction can be reliably estimated. In some of the companies, progress is measured as accrued costs in relation to total estimated costs, while in other companies, progress is measured on invoicing in relation to the contract total. When the result of the transaction cannot be reliably estimated, only income corresponding to accrued project costs will be recognised as income. In the period in which a project is identified as giving a negative result, the estimated loss on the contract will be recognised on the income statement in its entirety.

The group produces and sells energy to end customers. The sales is entered as income when the energy has been delivered and is read off at the customer's premises. Sales are entered based on the prices achieved, which are contract prices, but which can also be subject to price guarantee for the delivery period. Not including the financing element in sales is being considered. Otherwise, payment terms correspond to those that are normal in the market.

Interest earnings are recognised on the income statement based on the effective rate as they are earned.

Dividends are entered when the shareholders' rights to receive dividends have been adopted by the general meeting.

3.7 Segments

For management purposes the group is organised into four different divisions according to products and range of services. The divisions represent the basis for the primary report segments. Financial information regarding segments and geographical distribution is presented in note 6.

In segment reporting, internal earnings on sales between the segments are eliminated.

3.8 Loan costs

Loan costs are entered on the income statement when the cost arises. Loan costs are entered on the balance sheet to the extent that they are directly related to the purchase manufacture of an asset and where the manufacturing period is long. A long manufacturing period means close to 12 months. Interest rate costs accrue during the build period until the asset is entered on the balance sheet. Balance entry of the loan costs is done until the point when the asset is ready for use. If the cost price exceeds the asset's fair value, it is written down.

3.9 Income tax

Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax benefits are calculated on all differences between book and taxable values of assets and liabilities, with the exception of:

- temporary differences relating to goodwill that are not tax deductible
- temporary differences relating to investment in subsidiaries, associated companies or jointly controlled enterprises that the group controls, when the temporary differences will be reversed and this is not expected to occur in the foreseeable future

Deferred tax advantage is recognised on the income statement when it is probable that the company will have sufficient tax surplus in later periods to utilise the tax advantage. The companies enter deferred tax benefits that have not been previously entered to the extent that it has become probable that the company may make use of the deferred tax benefit. Likewise the company will reduce deferred tax advantages to the extent that the company no longer regards it as probable that it can utilise the deferred tax advantage.

Deferred tax and deferred tax advantages are measured based on anticipated future tax rates for the companies in the group where temporary differences have previously arisen.

Deferred tax and deferred tax advantages are recognised at nominal value and are classified as financial capital expenditure (long-term liability) on the balance sheet.

Payable tax and deferred tax are entered directly against equity to the extent that the tax entries relate to equity transactions.

3.10 Research and development

Expenses associated with research activities are recognised on the income statement when they arise. Costs relating to development activities are entered on the balance sheet to the extent to which the product or process is technically and commercially realisable and the group has sufficient resources to complete the development. The costs that are entered include material costs, direct payroll costs and a proportion of directly attributable joint expenses. Development costs entered on the balance sheet are entered as acquisition costs minus accumulated depreciation and write-down.

Development costs entered on the balance sheet are depreciated on a straight line basis over the estimated lifetime of the asset.

3.11 Tangible fixed assets

Tangible fixed assets are measured at acquisition cost, less accumulated depreciations and write downs. When assets are sold or disposed of, the value on the balance sheet is deducted and any profit or loss is entered on the income statement.

Acquisition price for fixed assets is the purchase price including duties/taxes and costs directly associated with preparing the fixed assets for use. Costs after the fixed asset has been taken into use, such as continuous maintenance, are entered on the income statement, while other costs that are expected to provide future financial benefit are entered on the balance sheet.

Depreciation is calculated on a straight-line basis over subsequent decomposition and useful life:

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

Depreciation period and method are reviewed annually. Scrap value is estimated at each year end and changes in estimated scrap value are entered as estimate changes.

Plant under manufacture is classified as a fixed asset and is entered as cost until manufacture or development is completed. Plant under manufacture is not depreciated until the asset is taken into use.

3.12 Leasing

Financial lease agreements

Lease agreements for which the group assumes the main risk and profit involved in ownership of the asset are financial lease agreements. At the beginning of the lease period, financial lease agreements are recognised at an amount corresponding to the lower of either fair value or the present value of the minimum lease minus the accumulated depreciation and write-down. For calculation of the lease agreement's present value the implicit interest cost in the lease agreement is used if it is possible to calculate this. If not, the company's marginal borrowing interest is used. Direct expenses relating to establishing the lease contract are included in the asset's cost price.

The same depreciation time is used as for the company's other depreciable assets. Where reasonable certainty that the company will assume ownership at the end of the lease period does not exist, the asset is depreciated over the shorter of the duration of the lease agreement and the asset's economic life cycle.

Operational lease agreements

Lease agreements where the main risk and profit associated with ownership of the asset are not transferred are classified as operational lease agreements. Lease payments are classified as operating expenses and are recognised on a straight-line basis over the contract period.

3.13 Intangible assets

Intangible assets acquired separately are entered on the balance sheet at cost. The cost of intangible assets obtained through acquisitions are entered on the balance sheet at fair value in the consolidated opening balance. Intangible assets entered on the balance sheet are entered in the accounts at cost less any depreciation or write down.

Internally generated intangible assets, with the exception of recognised development costs, are not entered on the balance sheet but are entered as costs on an ongoing basis.

Useful lifetime is either predetermined or non-predetermined. Intangible assets with a predetermined useful life are depreciated over this period and tested for write down if so indicated. Depreciation method and period are assessed at least annually. Changes in depreciation method and/or period are treated as estimate changes.

Intangible assets with a non-predetermined useful life are tested for depreciation at least annually, either individually or by cash flow generating unit. Intangible assets with a non-predetermined useful life are not depreciated. The useful life is assessed annually to determine whether the assumption of non-predetermined useful life is reasonable. If not, a change is made to predetermined useful life.

Software
Costs relating to the purchase of new software are entered on the balance sheet as an intangible asset if these costs are not part of the acquisition cost of hardware. Software is normally depreciated on a straight line basis over 3 years. Costs arising as a result of maintaining the future usefulness of software are entered as costs if the changes to the software do not increase the future financial benefit of the software.

3.14 Business combinations and goodwill

Business combinations are entered in accordance with the acquisition method. Refer to note 3.24 with regard to the measurement of non-controlling interest. Transaction costs are entered on the income statement as they occur.

Remuneration for the purchase of a company is measured at fair value on the date of acquisition and consists of cash.
When a company is purchased, all assets and obligations taken over are assessed for classification and assignment in accordance with contract conditions, economic circumstances and relevant conditions on the date of acquisition. Assets and debts taken over are recogniced on the balance sheet at fair value on the consolidated opening balance unless IFRS 3 indicates that other measurement rules shall be used.

Allocation of added value in business combinations is amended if new information arises regarding fair value on the date of taking control. Allocation can be changed up to 12 months after the date of acquisition if this is specified at the time of acquisition. The non-controlling interest are calculated as the minorities' percentage of identifiable assets and debts.

In the case of step by step acquisition, earlier assets are measured at fair value on the date of acquisition. Changes in the value of earlier assets are entered on the income statement.

Goodwill is calculated as the sum of the remuneration and book value of the non-controlling interest and fair value of previously owned assets, less the net value of identifiable assets and obligations calculated on the date of acquisition. Goodwill is not depreciated but tested at least annually for loss in value. With regard to a write-down assessment, goodwill is allocated to cash flow generating units or groups of cash flow generating units that are expected to have synergy effects from the company amalgamation.

The part of the fair value of the equity that exceeds the remuneration (negative goodwill) is immediately entered on the income statement on the date of acquisition.

3.15 Public grants

Public grants are entered in the accounts when there is reasonable certainty that the company will fulfil the conditions associated with the grant and that the grant will be received. Recognition of operational grants is calculated systematically over the grant period. Grants are recognised as deductions from the cost that the grant is intended to cover. Investment subsidy is entered on the balance sheet in a systematic way over the life cycle of the asset. Investment subsidy is entered either as deferred income or as a deduction when determining the value of the asset on the balance sheet.

3.16 Financial instruments

According to IAS 39 *Financial Instruments – recognition and measurement,* financial instruments within the scope of IAS 39 are classified in the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables, available for sale and other obligations.

Financial instruments that are primarily held for the purpose of selling or buying back in the short term, financial instruments in a portfolio of identified instruments that are controlled together and where there are clear signs of short term realisation of gains and derivatives that have not been designated as hedging instruments are classified as held for trading purposes. These instruments are included in the category financial assets at fair value through profit or loss, together with financial instruments that qualify as, and have been designated as, instruments at fair value through profit or loss. Financial guarantee contracts are measured at the higher of what follows from IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IAS 18 *Revenue*, unless the contracts qualify as, and have been designated as, instruments at fair value through profit or loss.

Financial assets with fixed or determinable cash flows and fixed redemption dates, where the group has the intention of and the ability to hold the investment to maturity, are classified as investments held to maturity, with the exception of those instruments that the company designates as instruments at fair value through profit or loss or available for sale, or which meet the criteria for inclusion in the category loans and receivables.

Financial assets with fixed or determinable cash flows that are not listed in an active market are classified as loans and receivables, with the exception of instruments that the group has designated as instruments at fair value through profit or loss or available for sale.

All other financial assets are classified as available for sale.

Financial obligations that due not fall into the category held for trading purposes and that have not been designated as instruments at fair value through profit or loss are classified as other obligations.

Financial instruments held to maturity are included in financial fixed assets, unless the redemption date is within 12 months of the balance date. Financial instruments in the group that are held for trading purposes are classified as current assets. Financial instruments available for sale are presented as current assets if management has decided to dispose of the instrument within 12 months of the balance date.

Investments held to maturity, loans and receivables and other obligations are recognised at amortised cost. Financial instruments classed as available for sale and held for trading purposes are recognised at fair value, as observed in the market on the balance date, without deduction for costs connected with sale.

Gains or losses resulting from changes in the fair value of financial investments classified as available for sale are recognised as other income and costs until the investment is realised. On realisation, accumulated gains or losses on the financial instrument that have previously been recognised against equity are reversed and the gain or loss is entered on the income statement.

Gains or losses resulting from changes in the fair value of financial investments classified as held for trading purposes or that have been designated as instruments at fair value through profit or loss are entered on the income statement and presented as financial income or cost.

The fair value of financial instruments that are traded in active markets is determined at the end of the reporting period by referring to the listed market price from traders of financial instruments (buying rate for long positions and selling rate for short positions), without deduction for transaction costs.

For financial instruments that are not traded in an active market, the fair value is determined with the aid of a suitable valuation method. Such valuation methods involve the use of recent market transactions at arm's length between well-informed and voluntary parties, if such are available, referral to the current fair value of another instrument that is practically the same, discounted cash flow calculation or other valuation model.

An analysis of fair value of financial instruments and other details regarding the measurement of these is given in the note 26.

3.17 Hedging

The group performs financial hedging transactions. However on the basis of an assessment of cost and benefit of hedge accounting in accordance with IAS 39, it has been decided that the group does not perform hedge accounting.

3.18 Derivatives that are not hedging instruments

Financial derivatives that are not recognised as hedging instruments are assessed at fair value. Changes in fair value are entered on the income statement on an ongoing basis.

An inbuilt derivative is separated from the host contract and recognised as a derivative if and only if all the following conditions are fulfilled:

- The financial characteristics and the financial risk of an inbuilt derivative are not closely related to the financial characteristics and the financial risk of the host contract.
- A separate instrument with the same conditions as the inbuilt derivative would have satisfied the definition of a derivative.
- The combined instrument (main contract and inbuilt derivative) is not measured at fair value through profit or loss.

3.19 Impairment of financial assets

Financial assets valued at amortised cost are written down when it is probable based on objective evidence that the instrument's cash flow has been affected negatively by one or more events occurring after the initial recognition of the instrument. The write-down amount is entered on the income statement. If the cause of the write down later ceases and the cessation can be objectively associated with an event taking place after the inclusion of the write-down, the previous write-down is reversed. This reversal must not result in the balance value of the financial asset exceeding the amount of what the amortised cost would have been, if the loss in value had not been included at the time when the write-down was reversed. Reversal of earlier write down is presented as income.

Financial assets classified as available for sale are written down when there are objective indications that the value of the asset has fallen. The accumulated loss that has been entered directly to equity (the difference between acquisition cost and current fair value less write-down that has previously been included on the income statement and any amortisation amount) is removed from equity and entered on the income statement. If the fair value of a debt instrument classified as available for sale increases at a later date, and the increase can be objectively linked to an event that occurred after the write-down was entered on the income statement, the write-down shall be reversed on the income statement. Write down of an investment in an equity instrument is not reversed on the income statement.

3.20 Inventory

Inventory is recognised on the income statement at the lower of acquisition cost or net sales price. Net sales price is an estimated sales price for ordinary operations minus estimated costs for completion, marketing and distribution. Acquisition cost is allocated by use of the FIFO method and includes expenses accrued when acquiring the goods and the costs of bringing the goods to their current condition and location. Proprietary goods include variable and fixed costs that can be allocated based on normal capacity utilisation.

3.21 Projects

The Building Systems division primarily performs contract assignments (projects) that last from a few months to one or two years. For projects, Moelven mainly uses current income entry based on the anticipated end result. This means that income is entered in line with the execution of the work, based on the degree of completion.

In following up on projects, the focuses is on checking that the anticipated end result (final prognosis) and result to date are equal to the anticipated end result multiplied by the degree of completion.

Additional claims and disputed amounts are not normally entered until agreement has been reached or there is a court judgement. However part of the claim is entered if there is an overwhelming probability of the anticipated outcome. Provision is made for claims activities based on historical experience and identified risks. Guarantee periods are normally from three to five years.

For projects that are expected to result in a loss, the entire loss is entered on the income statement as soon as it is identified. Costs of tendering and other preparatory work are entered as they arise.

For the Laminated Timber, Electrics and Building Module units, the degree of completion is determined on the basis of completed production and is normally calculated as the relationship between accrued costs to date and the estimated total costs of the project. Accrued costs to date are equal to book costs plus deferral for the lag in invoicing (accrued, not entered). Income to date is equal to the total anticipated costs plus anticipated project contribution, multiplied by the degree of completion.

For the Building Interiors unit, the degree of completion is determined based on the invoicing schedule. Here, invoicing is done according to progress. Accrued costs to date are equal to book costs plus deferral for the lag in invoicing (accrued, not entered).

For projects that are directed by outside companies, invoicing is performed monthly with 30 day payment terms. Invoicing is normally done in line with the completion of the work, but there are also payment schedules that do not correspond to progress.

For projects, both income and costs are scheduled. Income that has been earned but not yet invoiced is entered under the item "Completed, not invoiced". Invoiced income that has not yet been earned (forward payment plans) is entered under the item "Prepayments from customers" under other short term liabilities; see note 19.

Only one of these items is used per project. Thus each project shows either a net receivable for the customer or a net liability to the customer.

Scheduling of costs (accrued, not entered) is recognised as trade accounts payable, while provisions for claims activities on concluded projects are entered as claims provisions etc.

Part of the outstanding receivables is secured in the form of bank guarantees or other forms of security. There is not considered to be any credit risk associated with public sector customers. Refer to note 5 on financial risk.

Refer to note 19 Projects in progress, note 18 Accounts receivable, note 25 Other short term liabilities and note 24 Claims provisions etc.

When the result of the transaction cannot be reliably estimated, only income corresponding to accrued project costs will be recognised as income. In the period in which a project is identified as giving a negative result, the estimated loss on the contract will be recognised on the income statement in its entirety.

3.22 Cash and cash equivalents

Cash includes cash holdings and bank deposits. Cash equivalents are short term liquid investments that can be immediately converted into a known amount of cash and that have a maximum of 3 months to maturity.

In the cash flow statement, the bank overdraft has been subtracted from the balance of cash and cash equivalents.

3.23 Equity

Own shares

On repurchase of own shares, the purchase price including immediate costs is entered as a change in equity. Own shares are presented as a reduction of equity. Losses or gains on own share transactions are not entered on the income statement.

Costs of equity transactions

Transaction costs directly associated with equity transactions are entered directly to equity after deduction for tax.

Other equity

Translation differences

Translation differences arise in conjunction with currency differences on consolidation of foreign units.

Currency differences on monetary items (liability or receivable) that are in reality part of a company's net investment in a foreign unit are also entered as translation differences.

For disposal of foreign units the accumulated translation difference associated with the unit is reversed and entered on the income statement for the same period as the profit or loss on the disposal is entered on the income statement.

3.24 Non-controlling interests (minority interests)

Non-controlling interest in the consolidated accounts represent the minority's holding of the balance sheet value of equity. In a business combination, non-controlling interest are measured according to their proportionate share of identified assets.

The subsidiary company's results, as well as the individual components of other income and costs, are attributable to owners of the parent company and the non-controlling interest. The total result is attributed to the parent company's owners and to the non-controlling interest, even if this leads to a negative minority interest.

3.25 Employee contributions

The group's Norwegian companies

All the Norwegian companies have collective, contribution-based pension schemes. These are schemes with a savings portion and a risk portion with earnings right. Pension premiums are entered as costs as they occur.

The collective contributory pension was established in 2005, and those who were members of the group's collective defined benefit pension plans had the option of changing. The defined benefit plans continue as closed schemes and no new members are included in these schemes. All new employees enter the group's collective contributory pension. The closed schemes are defined benefit plans that give the employees entitlement to agreed future pension benefits. The benefits are based on the number of years of earning and pay level on retirement.

The group's foreign companies

Many of the group's foreign companies offer their employees pensions based on agreed individual contribution-based pension schemes. In Sweden, most employees are covered by a collective occupational pension agreement. The scheme is defined as a multi-employer plan. Salaried staff born before 1979 are included in an individual occupational pension scheme that is also defined as a defined benefit plan. Because of the difficulty of reliably measuring the benefit level of these plans, there is insufficient information on an individual basis to enter the plans in the accounts as defined benefit schemes. The plans are entered as if they were contribution-based schemes. Salaried staff born after 1979 are included in an occupational pension scheme that is premium based and is therefore treated in the accounts as contribution-based.

Defined-benefit pension schemes

Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. Estimate changes and changes in financial and actuarial assumptions (actuarial gains and losses) are entered in other income and costs (OCI). The period’s net pension costs are classified as payroll and personnel costs.

The group entered all accumulated net actuarial losses and gains (estimated deviations) against equity on the date of transition to IFRS, 1 January 2010.

Gains and losses on the curtailment or settlement of a defined-benefit pension scheme are recognised on the income statement on the date the curtailment or settlement occurs.

Curtailment occurs when the group decides on a significant reduction in the number of employees covered by a scheme or changes the conditions for a defined-benefit pension scheme so that a considerable part of the present employees' future earning no longer qualifies for benefits or only qualifies for reduced benefits.

Contributory pension scheme

In addition to the defined benefit scheme described above, the group's other companies have made contributions to local pension plans. Contributions are given to the pension plan for full-time employees and represent from 3% to 5% of pay. Pension premiums are entered as costs as they occur.

3.26 Provisions

A provision is recognised when the group has an obligation (legal or self-imposed) as a result of an earlier event, it is probable (more probable than not) that a financial settlement will take place as a result of this obligation and the amount can be reliably measured. If the effect is considerable, the provision is limited by discounting anticipated future cash flow by using a discount rate before tax that reflects the market price of the monetary value and, if relevant, the risk associated with the specific provision.

A provision for guarantees is included when the underlying products or services are sold. The provision is based on historical information about guarantees and a weighting of possible outcomes according to the probability of their occurrence.

Restructuring provisions are included when the group has approved a detailed and formal restructuring plan and the restructuring has already started or has been made public.

Provision for loss making contracts is entered when the group’s anticipated income from a contract is lower than the unavoidable costs involved in discharging obligations under the contract.

3.27 Conditional liabilities and assets

Conditional liabilities are not recognised in the annual accounts. Significant conditional liabilities are reported, with the exception of conditional liabilities where the probability of the liability is low.

A conditional asset is not recognised in the annual accounts, but is reported where it is probable that a benefit will accrue to the group.

3.28 Subsequent events

New information about the company's financial position on the balance date that arises after the balance date is taken in to consideration in the annual accounts. Events after the balance date that do not affect the company's financial position on the balance date, but which will influence the company's financial position in the future, are reported if they are significant.

Currency exchange rates

The following exchange rates against the Norwegian kroner (NOK) have been used in consolidating the accounts.

	2011	2010
Swedish krone (SEK)		
Income statement rate	0.8634	0.8394
Balance sheet rate	0.8701	0.8707
Danish krone (DKK)		
Income statement rate	1.0460	1.0751
Balance sheet rate	1.0430	1.0480
Euro (EUR)		
Income statement rate	7.7931	8.0065
Balance sheet rate	7.7540	7.8125
British pound (GBP)		
Income statement rate	8.9833	9.3353
Balance sheet rate	9.2829	9.0680

Note 4 – Critical accounting estimates and judgements

In preparing the annual accounts in accordance with IFRS, the company's management have used estimates based on good faith and assumptions which are believed to be realistic. Situations or changes may arise which may mean that such estimates require adjustment and thereby affect the company's assets, debt, equity or profit and loss.

The company's most important accounting estimates relate to the following:

- Depreciation on tangible fixed assets.
- Valuation of inventory
- Fair value of assets and obligations in acquisitions.
- Net pension commitments
- Project valuations

Anticipated useful life of the company's production equipment is affected by the technological development and profitability of the plant. Choice of depreciation period is an estimate.

If there are indications of a fall in value, the inventory in the subsidiaries must be tested for impairment. Book value is then compared with estimated net sales value. Management must take many assumptions into account when making this estimate.

The company's recognised goodwill and intangible assets are assessed for write down annually. The company is greatly affected by economic cycles that lead to considerable fluctuations in fair value in the company. The group is particularly affected by developments in the export markets in Europe and Africa, as well as fluctuations in the building industry in Scandinavia. Exchange rates and market interest rates also affect valuation. Valuations of the various established segments will naturally vary within a range of +/- 20%.

For businesses in less mature markets, the range may be even greater. Moelven must distribute the cost price of acquired companies over acquired assets and acquired debt based on estimated fair value. The valuation estimates require management to make considerable assessments in the choice of method, estimates and assumptions. Significant acquired intangible assets that Moelven has included comprise customer base and goodwill. The assumptions made for the assessment of intangible assets include, but are not limited to, estimated average lifetime of customer relationships based on natural loss of customers. The assumptions made for the assessment of assets include, but are not limited to, the reacquisition costs of fixed assets. Management's assessments of fair value are based on assumptions that are deemed to be reasonable, but that have a built in uncertainty, and as a result of this the actual results may differ from the calculations.

Pension commitments are calculated by actuaries. The actuary calculates the commitments based on assumptions provided by Moelven's management. These assumptions are the best estimate of the market situation as at 31.12. Moelven largely follows the recommendations of the Norwegian Accounting Standards Board, but management reviews the assumptions to ensure that they are in accord with the situation in the group. Changes in the assumptions could have a significant effect of pension commitments and equity. Sensitivity calculations are shown in note 23.

Project assessment is dependent on estimates of degree of completion, anticipated final status, any loss projects, guarantee obligations and claims. The managements of the subsidiaries within Building Systems use figures based on experience, among others, in preparing the estimates.

Note 5 Financial risk management

Risk management principles and processes
The Moelven group is exposed to several types of financial risk in its activities. The main objective of the group's financial policy is to ensure a predictable and cost-effective financial framework for industrial operations and to minimise the potential negative effects that unforeseen events in the financial markets might have on the group's cash flow. The group's position on financial risk is that it is the industrial activities rather than financial transactions that shall create the conditions for profitability.
In accordance with the financial policy, which is adopted by the board, financial risk management of the group's central finance department is done in collaboration with the various operational units.

The most important financial risks and the way they are managed are described below:

5.1 Market risk
Market risk is the risk that a financial instruments fair value or future cash flow will fluctuate as a result of changes in market prices. Market risk includes three types of risk: exchange rate risk, interest rate risk and other price risk.

5.1.1 Foreign currency - transaction risk
In this context, transaction risk means the exchange rate risk that is caused by the possibility of exchange rate changes in the period between the time a transaction in foreign currency is agreed and the time of settlement.
About 20 per cent of the group's operating revenues come from markets outside Scandinavia and carry exchange rate risks.
Both raw materials and finished goods are also imported into Norway from Sweden. The most important foreign currencies are EUR, SEK and GBP.
Moelven uses forward buying of currency to counteract large profit fluctuations as a result of variations in exchange rates.
The group companies shall perform all currency hedging with the group's central finance department, which hedges the group's total net exposure externally.
Norwegian subsidiaries hedge against NOK, Swedish ones against SEK. Results from Swedish subsidiaries are included as part of net investment in foreign subsidiaries and hedged for exchange rate fluctuations together with other equity.

In accordance with the financial policy, net exposure in foreign currency shall be hedged against rate fluctuations according to the following main principles:

- At least 80 per cent of obligations in foreign currency shall be hedged when entering into the contract. This relates mainly to investment projects where machinery and equipment is bought from abroad.
- Anticipated net exposure for the next 3 months shall be hedged.
- Anticipated net exposure from 4 to 18 months ahead can be hedged within defined limits.

Because of the hedging strategy that has been chosen, changes must be long-term so as to have the full effect on the group's profitability, and during the hedging period operational adaptations may be made to compensate for the external changes.

Sensitivities - foreign currency
The table shows the transaction volume for the main currencies in 2011.

NOK million	NOK	SEK	EUR	GBP	DKK	Andre	Total
Operating revenues	3 619	3 014	588	266	500	72	8 060
Operating expenses			-234	-10	-465	-30	
Net exposure	**3 619**	**3 014**	**355**	**256**	**35**	**42**	**8 060**
Estimated annual net exposure	-293		360	230	35	40	
Hedging volume pas at 31.12.2011 maturing <12 md	55		-91	-48	-8	-6	-99
Hedging ratio as at 31.12.2011 for the next 12 Months	**19 %**		**25 %**	**21 %**	**24 %**	**15 %**	

Estimated annual net exposure probably consists primarily of Norwegian unit's import of timber from Sweden, and Swedish units' exports of finished goods to Norway. Since a large proportion of the Group's total production takes place in Sweden, the Group has significant costs in Sweden. However, only Norwegian entities' operating costs in SEK currency hedged. Net income from the Swedish subsidiaries are included in retained earnings, and the currency risk arising in connection with these units' operating income and expenses are taken into account the risk related with the risk of conversion to equity.

The table below shows sensitivity in the results before tax to exchange rate changes when all other conditions remain unchanged.
The calculations are on the basis of rate changes being constant for the whole year. The effects of currency hedging, changes in the market value of financial hedging instruments and revaluing of balance sheet items have not been taken into account.

	Average rate 2011	Annual net exposure	NOK decline by 0.1	NOK decline by 0.5	NOK strengthening by 0.1	NOK strengthening by 0.5
Change in EURNOK	7.79	360	4.62	23.10	-4.62	-23.10
Change in GBPNOK	8.98	230	2.56	12.81	-2.56	-12.81

	Average rate 2011	Annual net exposure	NOK decline by 0.1	NOK decline by 0.5	NOK strengthening by 0.1	NOK strengthening by 0.5
10% change in SEKNOK	0.86	-293	-3.41	-17.03	3.41	17.03

Based on historical price performance, it is used changes of respectively 1 and 5 cents for SEKNOK. The market value of financial instruments depends on the balance sheet exchange rate in relation to safety courses that have been achieved. Changes in market value will result in an unrealized gain or loss is recognized as finance costs. The table below shows how the profit before tax would have been affected by a change in the balance sheet date.

The calculation is made on the basis of actual hedging volumes in the specified currencies per 31.12.2011.

	Rate per 31.12	NOK decline by 0.1	NOK decline by 0.5	NOK strengthening by 0.1	NOK strengthening by 0.5
EUR	7.75	-1.15	-5.76	1.15	5.76
GBP	9.28	-0.52	-2.62	0.52	2.62

5.1.2 Foreign currency - translation risk

In this context, translation risk means exchange rate risk due to the balance sheet including items that are denominated in a foreign currency. For the group companies, this translation risk is eliminated in that financing shall occur in the same currency as the asset is entered in the accounts.
About half of the group's total balance sheet is connected to activities in Sweden. The balance sheet figures will therefore be affected by the prevailing exchange rate between the Swedish and Norwegian kroner. A large part of equity is secured against this in that share investment in most of the group's Swedish subsidiaries is financed in Swedish kroner.

The table below shows the effect on consolidated equity by a change in the exchange rate of +/- 10 percent:

Amount in NOK million	**2011**	**2010**
10 % change i SEK/NOK	66.7	58.2
10 % change i EUR/NOK	0.1	0.1
10 % change i DKK/NOK	2.4	2.4
10 % change i GBP/NOK	0.3	0.2
Total effect	**69.5**	**60.9**

5.1.3 Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. Net interest bearing debt provide the basis for interest rate risk. The bulk of the debt in SEK, which is why interest rates in Sweden are most important for the development of the Group's interest expense.
The Group companies will be financed with loans from the parent company. All external borrowing is done by the parent company, which also makes hedging in accordance with financial policy. Hedging instruments that can be used is the ordinary interest rate swaps, FRAs and complex swap basis, of a kind normally used for such purposes. As a measure of the extent that interest rate lock duration is used computed the total of outstanding debt and hedging transactions. The total duration should be minimum of 12 md and maximum 36 months shall not

be entered into hedging agreements with a maturity of more than 10 years.

The Group's average net debt in 2011 was NOK 1 077 million. If the debt had been without hedging would a one percentage point change in interest rates led to a change in the Group's financing costs of NOK 10.7 million. According to financial policy, however, was 67.5 per cent of Group net debt secured by the use of financial hedging instruments, primarily interest rate swaps, where floating rate swapped to fixed rate. Market value changes of interest rate instruments are recognized in the profit and loss account and will have an opposite effect, but do not affect cash flow. The unrealized item from interest rate instruments will normally be greater than they realized the records, because market value is related to the maturity of the instrument.

Estimated effect on profit before tax by a change in interest rates and yield curves in the future are shown in the table below.

Amount in NOK million	Average NIBD 2011	Average secured part	Interest rate change - 50 bp	Interest rate change + 50 bp
The estimated interest cost, 100% floating rate	1 077.2		5.4	-5.4
Secured portion not affected by market fluctuations		67.5 %	-3.6	3.6
Net effect on annual interest expenses before unrealized items			**1.8**	**-1.8**
Unrealized gains / losses on hedging instruments that are recognized			-17.9	16.4
The total effect including unrealized valuechange			**-16.2**	**14.6**

5.1.4 Other price risk

Other price risk is the risk that a financial instrument's fair value or future cash flow will fluctuate because of changes in market prices (apart from changes that are due to interest rate risk or exchange rate risk), regardless of whether these changes are caused by factors that are specific for the individual financial instrument or the instrument's issuer, or by factors that affect all corresponding financial instruments that are traded in the market.

The price of electric power is another important factor that affects the group's profitability. About 185 GWh of electric power a year is bought via the group's electricity suppliers on the Nasdaq OMX exchange.
According to the group's finance policy, the need for electric power shall be secured against price fluctuations so as to ensure stability and predictability. The anticipated power requirement is hedged within stated maximum and minimum levels by forward buying on Nasdaq OMX with a 5 year maximum horizon.

The price of electric power is denominated in EUR. The group's power costs are therefore affected by both price changes and exchange rate changes. The group's annual electricity consumption has been relatively stable, apart from increases caused by business combinations.
The table below illustrates the effects on results before tax of a change in the electricity price of +/- 1 EUR per MWh at different exchange rate levels for EURNOK. The indirect exchange rate exposure is not considered to be a built in derivative, since the electricity price is denominate in EUR. This exposure has been taken into account when calculating net exchange rate exposure for the group.

	Consumption	P/L effect		**EURNOK**	
Amount in NOK million	in GWh	in EUR 1.000	**7.50**	**7.75**	**8.00**
Increase in the price of 1 EUR / MWh	185	-185.00	-1.39	-1.43	-1.48
Proportion secured acc. policy is the average 72.5%		134.13	1.01	1.04	1.07
Sensitivity taking into account hedging		**-50.88**	**-0.38**	**-0.39**	**-0.41**

The effect on profit before tax of exchange rate changes on the total consumption per year is shown in the table below:

	Consumption	Price		**EURNOK**	
Amount in NOK million	in GWh	EUR/MWh	**7.50**	**7.75**	**8.00**
Yearly cosumption	185	35	48.56	50.18	51.80
Changes in the cost of currency change EURNOK from 7.50				**1.62**	**3.24**

The indirect exchange rate exposure is not considered an embedded derivative since electricity prices are denominated in EUR. The exposure is taken into account when calculating the net foreign currency exposure for the group.

The table below shows the sensitivity to changes in the price level for el.terminer at Nasdaq OMX. The starting point in secured volume per 31.12.2011 and provided that the price curve for futures contracts changed with 1 EUR / MWh.

Amount in NOK million	Secured volume in MWh	Sensitivity in EUR 1.000	EURNOK 7.50	EURNOK 7.75	EURNOK 8.00
Hedging according to IAS 39 relating to own use (consumption in Norway)	175 879	175.88	1.32	1.36	1.41
Hedging where market value are recognized according to IAS 39	230 733	230.73	1.73	1.79	1.85
Total	**406 612**	**406.61**	**3.05**	**3.15**	**3.25**

5.1.5 Liquidity risk
Liquidity risk is risk that the company will run into difficulties in fulfilling obligations connected with financial commitments that are settled with cash or another financial asset.

The group's foreign capital financing consists of two long-term drawing facilities with ceilings of NOK 1,050 million, which expires in May 2015, and NOK 300 million, which expires in May 2016. The loan agreements include normal default clauses with regard to equity, net equity value and debt ratio. As at 31 December 2011, the group's key figures were better than the agreed levels. In addition to the long-term drawing facilities, the also group has unused available credit in its bank systems, amounting altogether to about NOK 240 million. Credit facilities that are renewed annually.
Long-term cash flow forecasts are prepared in connection with the strategy and budget process. The finance department monitors the use of drawing facilities against the long-term liquidity needs so as to ensure that the group has sufficient long-term financing.

Short-term cash flow forecasts are prepared in the different group companies and reported weekly to the group's finance department, which aggregates the forecasts and monitors the group's total forecast liquidity needs. Based on these forecast, the finance department ensures that the group has sufficient cash equivalents to meet operational obligations. Surplus liquidity is used to pay off long-term liabilities. Short-term investments are only made exceptionally.

As a result of seasonal variations in raw materials supplies and market activity, the group's working capital varies by NOK 300-400 million between the highest point in May/June and the lowest in November/December.

Repayment plans, interest-bearing debt

NOK million	2012	2013	2014	2015	2016	2017 +	Total
Debt to credit institutions	7.9	6.9	4.9	744.2	291.9	2.4	1 058.3
Financial leasing	19.4	9.7	7.2	3.9	3.6	10.3	54.1
Long term interest-bearing debt	**27.3**	**16.6**	**12.1**	**748.1**	**295.5**	**12.7**	**1 112.4**
Short term interest-bearing debt							**27.3**
Long term interest-bearing debt							**1 085.1**

5.1.6 Refinancing risk
Refinancing risk is the risk of difficulties arising in refinancing the group's long-term liabilities.
In accordance with the group's financial policy, the remaining time to maturity of financing shall be a minimum of 1 year.
The group bases its long-term financing on syndicated loans from a few selected financial institutions with which the group has cooperated closely for an extended period. The background to this is the significance of these financial institutions' focus on the mechanised wood industry, combined with industry competence and knowledge of risk profiles and seasonal and other fluctuations.
The present financing has been taken up with negative pledge declaration and default clauses linked with key figures on the balance sheet. The loan agreements do not contain any profit-related default clauses.

5.1.7 Credit risk
Credit risk arises in transactions with derivatives, bank deposits and financial institutions, as well as transactions with customers, including outstanding receivables and fixed agreements.
As a general rule, the group only enters into financial transactions with financial institutions that participate in the long-term financing of the group. None of these has a credit rating poorer than A with the major credit rating agencies. The group has corresponding principles in relation to bank deposits and investments.
In accordance with the group's financial policy, credit sales shall only occur against satisfactory security in the form of credit insurance or guarantees. The group's framework agreement for credit insurance has been drawn up with a third party that is acknowledged in the market and has a credit rating of A.
In some cases it is not possible to obtain satisfactory security for credit sales. A function has therefore been established for determining internal credit limits and follow-up of credit sales.

5.2 Risk in connection with asset management
The group's objectives for asset management are:

- Ensuring continued good operations for the group so as to give a satisfactory and predictable return for the owners
- Ensuring sufficient financial room for manoeuvre to achieve the established targets for growth
- Giving sufficient confidence in the foreign capital markets to keep capital costs low

The board's dividend policy is based on facilitating a predictable and satisfactory cash yield on investments made by Moelven's shareholders. The main rule of the group's dividend policy indicates a cash dividend corresponding to 50 per cent of profit after tax, assuming that considerations of the company's financial position and other capital sources are satisfactorily safeguarded.

The board's objective for equity ratio is a minimum of 40 per cent, a level that is appropriate in light of the economic fluctuations that have been seen in recent years. In addition, Moelven's operations have a seasonal requirement for working capital that cause great variations in the equity ratio.

The board has an objective of a debt ratio of 0.50 for a normal seasonal balance.

The debt ratio is arrived at by dividing net interest-bearing debt by equity.

Amounts in NOK million	**2011**	**2010**
Interest-bearing debt	1 109.4	914.8
Interest-bearing assets	25.5	26.2
Net interest-bearing debt	1 083.9	888.6
Total equity	**1 540.0**	**1 755.4**
Liabilities / equity	0.70	0.51

Note 6 - Operating segments

6.1 – Main figures for the group and operating segments

Criteria for division
The divisions are divided in accordance with Moelven's three core activities: Timber, Wood and Building Systems. There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure.

Group management represents the group's decision maker. The operating segments are based on the reporting; group management controls and assigns resources and assesses profitability.

The segments are divided in accordance with who the customers are. Timber has mainly industrial customers, Wood has mainly end users and building product chains as customers and Building Systems has customers in the contracting sector. The others are the remaining companies, mainly the parent company, timber supply and bioenergy.
In Timber and Wood especially, there is a great deal of collaboration between segments, but there are internal transactions between all four segments. Transactions between the segments are agreed on the arm's length principle. Income from customers outside the segment is reported to group management according to the same principles as the consolidated income statement.

Group management is mostly focused on the following key figures: Sales income, operating profit, net operating capital, employed capital and returns on employed capital, interest-bearing debt and investments.

The accounting principles that form the basis for segment reporting are the same as those used for consolidated accounting and are described in note 3.

Principal figures	Group		Timber		Wood		Building Systems		Other	
Amounts in NOK million	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Sales to external customers	8 059.9	7 184.5	1 956.3	2 020.0	2 852.0	2 628.4	2 651.7	2 159.8	599.9	376.3
Sales to internal customers	0.0	0.0	437.8	416.4	80.4	55.5	14.1	11.7	2 000.4	1 379.7
Operating revenues	8 059.9	7 184.5	2 394.1	2 436.4	2 932.4	2 683.9	2 665.8	2 171.5	2 600.3	1 756.0
Depreciation and impairment	225.9	212.1	90.3	85.9	89.5	83.5	36.0	34.9	10.0	7.9
Operating profit	12.9	253.9	-52.4	94.7	57.6	96.2	50.8	92.2	-43.0	-29.2
Income from associates	-0.7	-2.3	-0.7	0.0	0.0	0.0	0.0	-2.3	0.0	0.0
Financial income	12.4	12.3	2.5	1.7	2.9	3.1	7.5	9.9	114.1	119.6
Value change financial instruments	-60.1	34.2	0.0	0.0	0.0	0.0	0.0	0.0	-60.1	32.7
Financial costs	-76.9	-52.4	-27.5	-15.5	-30.9	-24.8	-3.0	-6.5	-130.2	-131.1
Profit before tax	-112.4	245.7	-78.1	80.9	29.6	74.5	55.3	93.3	-119.2	-8.0
Operating margin in per cent	0.2 %	3.5 %	-2.2 %	3.9 %	2.0 %	3.6 %	1.9 %	4.2 %	-1.7 %	-1.7 %
Cash flow from operating profit	238.8	466.0	37.9	180.6	147.1	179.7	86.8	127.1	-33.0	-21.3
Fixed assets	1 745.4	1 608.9	755.4	708.8	695.5	624.2	233.6	233.8	60.9	18.9
Inventory	1 343.9	1 309.6	404.7	433.8	701.1	701.3	123.2	114.9	114.9	59.6
Accounts receivable	946.5	917.3	226.0	283.9	344.4	302.2	367.3	361.2	252.6	203.9
Accounts payable	536.8	482.1	191.0	161.6	167.7	193.6	186.9	153.5	231.4	185.9
Projects net	-26.0	5.4	0.0	0.0	0.0	0.0	-26.0	5.4	0.0	0.0
Net operating capital (% of operating revenues)	21.4 %	24.4 %	18.4 %	22.8 %	29.9 %	30.2 %	10.4 %	15.1 %	5.2 %	4.4 %
Total assets	4 333.9	4 167.7	1 592.2	1 545.5	1 975.7	1 797.2	1 217.9	1 208.4	2 343.3	2 077.1
Interest bearing liabilities	1 097.1	914.8	436.9	377.7	594.6	496.4	63.6	79.4	779.6	577.0
Interest free liabilities	1 696.8	1 496.6	405.6	400.7	613.1	525.2	691.1	579.3	529.8	397.0
Capital employed	2 637.0	2 671.1	1 186.6	1 144.8	1 362.6	1 271.9	526.7	629.1	1 813.7	1 680.2
Return on capital employed	0.5 %	10.2 %	-4.3 %	9.1 %	4.6 %	8.5 %	10.0 %	17.5 %	0.5 %	1.1 %
Equity	1 540.0	1 755.4	749.8	767.1	768.0	775.6	463.1	549.7	1 034.1	1 102.7
Equity ratio	35.6 %	42.1 %	47.1 %	49.6 %	38.9 %	43.2 %	38.0 %	45.5 %	44.1 %	53.1 %
Investments	386.6	255.2	144.2	112.0	169.5	66.3	38.1	58.9	34.8	18.0
Number of full-time equivalents	3 482	3 270	692	643	1 114	952	1 542	1 542	134	133
Sick leave in %	5.2 %	5.2 %	4.1 %	4.2 %	5.2 %	5.0 %	6.0 %	6.0 %	3.1 %	2.7 %
H1 value	16.4	19.3	20.8	17.8	13.9	23.7	17.8	18.3	0.0	0.0

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

Operating revenues	**2011**	**2010**
Operating revenues for reported segments	10 592.6	9 047.8
Elimination of internal transactions	2 532.7	1 863.3
Consolidated operating revenues	8 059.9	7 184.5

Profit before tax	**2011**	**2010**
Annual profit from reported segments	-112.4	243.0
Elimination of internal transactions	0.0	0.0
Consolidated profit before tax	-112.4	243.0

Assets	**2011**	**2010**
Total assets from reported segments	7 129.1	6 628.2
Elimination of internal transactions	-2 795.2	-2 460.5
Consolidated total assets	4 333.9	4 167.7

Liabilities	**2011**	**2010**
Total liabilities from reported segments	4 114.3	3 432.7
Elimination of internal transactions	-1 320.4	-1 021.3
Consolidated total liabilities	2 793.9	2 411.4

6.2 – Geographical segments

The presentation of geographical segments shows operating revenues based on the geographical location of the customers.

Amounts in NOK million	Operating revenues 2011	2010
Norway	3 229.9	3 139.6
Sweden	3 398.1	2 342.1
Denmark	313.6	359.2
United Kingdom	267.1	294.6
Germany	157.9	179.6
Other Europe	432.1	481.4
Other Asia	67.7	172.4
Other Africa	120.2	201.2
Other countries	73.3	14.4
Total	**8 059.9**	**7 184.5**

No customers represents more than 10 % of income.

Presentation of number of employees, fixed assets, employed capital and investments is shown based on geographical location of the assets.

	Number of employees		Fixed assets		Capital employed		Investments	
Amounts in NOK million	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Norway	1 793.0	1 824.0	895.1	846.6	1 341.2	1 413.9	211.0	148.6
Sweden	1 635.0	1 390.0	847.5	735.9	1 269.8	1 228.0	175.2	106.0
Denmark	42.0	44.0	2.5	3.0	23.1	25.2	0.4	0.6
England	8.0	8.0	0.3	0.2	2.8	2.8	0.0	0.0
Germany	3.0	3.0	0.0	0.0	1.4	1.0	0.0	0.0
Netherlands	1.0	1.0	0.0	0.0	0.2	0.2	0.0	0.0
Total	**3 482.0**	**3 270.0**	**1 745.4**	**1 585.7**	**2 638.5**	**2 671.1**	**386.6**	**255.2**

Note 7 - Sales income

Amounts in NOK million	2011	2010
Sale of goods	6 020.2	5 502.8
Sale of services - service contracts	189.0	183.1
Income from construction contracts	1 824.3	1 469.9
Sales income	**8 033.5**	**7 155.8**

In sales income for the group, internal deliveries and services between the group companies amounting to NOK 5,070 million have been eliminated (NOK 4,121 million).

Note 8 – Business combinations

Moelven completed three business combinations in 2011 and two in 2010. Total payment and acquired assets and liabilities is shown in the table below:

Amounts in NOK million	**Note**	**2011**	**2010**
Payment:			
Cash		89.2	61.0
Total payment for the companies		**89.2**	**61.0**
Amount of identifiable assets and obligations as a result of the acquisitions entered on the balance sheet.			
Cash		0.0	2.9
Fixed assets		66.8	51.6
Customer relations (including intangible assets)	10a	0.0	26.3
Financial assets		0.0	1.3
Inventories		39.0	86.9
Accounts receivable and other receivables		4.3	42.3
Trade accounts payable and other short term debt		-24.5	-50.0
Interest-bearing long term debt		0.0	-67.0
Interest-bearing short term debt		0.0	-29.6
Pension commitments		0.0	-1.5
Tax items on the balance sheet		0.0	-9.3
Total identifiable assets		**85.5**	**53.8**
Non-controlling interests		0.0	-6.1
Goodwill	10a	3.7	13.3
Total		**89.2**	**61.0**

On 17 October 2011, the newly formed company Moelven Profil AS took over the business of the H-Profil AS and H-Profil Grinder AS estate in bankruptcy. The business acquired mainly produces wooden components for the window industry in Norway. It has operations at Kirkenær and Grinderand had sales of more than NOK 80 million in 2010. The company had 38 employees at the time of takeover. The purchase price was NOK 37 million. No goodwill was included. The operation is included in the Timber division.

On 20 June 2011, the newly formed company Moelven Vänerply AB bought the business of plywood producer Vänerply AB. Vänerply is located in Otterbäcken and produces spruce and pine plywood products. The factory has a production capacity of approximately 90,000 m3 or about 6 million m2 of plywood a year. The company Vänerply AB had sales of SEK 300 million in 2010 and had 166 employees as at June 2011. The most important market for the company is northern Europe and primarily Scandinavia. The purchase price was SEK 55.5 million. No goodwill was included. The operation is included in the Wood division. The figures for this acquisition in the table above have been converted to NOK at the rate on 20 June 2011.

On 31 March 2011, Moelven Elektro AS bought all the shares of K-elektro AS, an electrical company with seven employees located in Raufoss. Historically, the company has annual sales of around eight million kroner. This company operates 100% in the industrial automation segment and all its sales are in service and framework agreements. The purchase price was NOK 4.2 million. NOK 3.6 million in goodwill was included. The operation is included in the Building Systems division.

On 1 June 2010, Moelven Industrier ASA bought all the shares of Sør-Tre Bruk AS, which is a leading player in pressure-impregnated materials and wood protection in Norway. Sør-Tre Bruk AS has its head office and production plant in Kragerø and has 30 employees. The company has changed its name to Moelven Sør-Tre AS. Included in the acquisition were Sør-Tre Bruk AS' 67.11% holding of the shares of Granvin Bruk AS, which is in

Hardanger and has 40 employees. This company, which has changed its name to Moelven Granvin Bruk AS, is a combined sawmill and planing mill and is included in Moelven's Wood division. The purchase price was NOK 50 million and goodwill amounting to NOK 11.9 million is included.

Since the takeover of Moelven Sør-Tre AS, Moelven Industrier ASA has increased its holding in Moelven Granvin Bruk AS to 87.95%.

On 1 June 2010, Moelven Industrier ASA bought all the shares of Eco Timber AS, which has its office and stores in Stange and has 4 employees. Eco Timber AS serves the Norwegian market through a dealer network with products such as Siberian larch, heat treated timber and various floorings. Sales in 2010 were about NOK 30 million. A great deal of the sales are project-related,
where solutions are found while working closely with the architects. The company has changed its name to Moelven Wood Prosjekt AS and is included in Moelven's Wood division. The purchase price was NOK 11 million and goodwill amounting to NOK 1.4 million is included.

Consolidated revenues and profits from acquired companies:

Moelven Profile AS has from 17 October 2011 contributed NOK 6.6 million in operating revenue and minus NOK 1.8 million in net profit.

Moelven Vänerply AB did contributed with SEK 146.0 million in operating revenue and minus SEK 3.4 million in net profit from the takeover 20 June 2011 and the rest of the year. Had the company been consolidated throughout 2011, the company had contributed SEK 261.0 million in revenue and minus SEK 10.1 million in net profit.

Moelven Sør-Tre AS was consolidated 1 June2010 and contributed NOK 79.9 million in operating income and minus NOK 1.0 million in net profit in 2010. Had the company been consolidated from 1.1.2010, the company had contributed 135.7 million in operating revenue and NOK 0.0 million in net profit in 2010.

Moelven Granvin Bruk AS was consolidated 1 June 2010 and contributed NOK 67.7 million in operating revenue and minus NOIK 2.0 million in net income in 2010. Had the company been consolidated from 1.1.2010, the company had contributed NOK 107.6 million in operating revenue and NOK 0.9 million in net profit in 2010.

Moelven Wood Project AS was consolidated 1 June 2010 and contributed NOK 13.2 million in operating revenue and minus NOK 0.2 million in net profit in 2010. Had the company been consolidated from 1.1.2010, the company had contributed NOK 25.6 million in operating revenue and NOK 0.3 million in net profit in 2010.

Note 9 – Tangible assets

Amounts in NOK million	Plots	Buildings and other property	Machinery and plant	Fixtures and fittings, tools etc.	Total
Acquisition value as at 01.01.2010	**67.7**	**722.6**	**2 355.3**	**178.3**	**3 323.9**
Acquisitions	1.1	46.9	197.8	9.0	254.8
Disposals	0.0	0.0	0.0	-0.7	-0.7
Business combinations (note 8)	2.3	26.6	22.1	0.6	51.6
Transfers	1.3	18.4	23.1	3.8	46.6
Translation differences	0.0	-0.5	-2.9	-0.1	-3.5
Acquisition value as at 31.12.2010	**72.4**	**814.0**	**2 595.4**	**190.9**	**3 672.7**
Accumulated ordinary depreciations 01.01.2010	0.0	409.9	1 380.0	134.9	1 924.8
Disposals accumulated depreciations	0.0	0.0	0.0	0.0	0.0
Depreciation and write downs for the year	0.0	37.0	157.1	14.0	208.1
Accumulated ordinary depreciations 31.12.2010	**0.0**	**446.9**	**1 537.1**	**148.9**	**2 132.9**
Book value 01.01.2010	67.7	312.7	975.3	43.4	1 399.1
Book value 31.12.2010	**72.4**	**367.1**	**1 058.3**	**42.0**	**1 539.8**

Ordinary depreciation rates are given in note 3.10

Amounts in NOK million	Plots	Buildings and other property	Machinery and plant	Fixtures and fittings, tools etc.	Total
Acquisition value as at 31.12.2010	**72.4**	**814.0**	**2 595.4**	**190.9**	**3 672.7**
Acquisitions	11.4	59.8	296.9	13.8	382.0
Disposals	-2.2	-6.2	-1.3	-0.3	-10.0
Business combinations (note 8)	0.0	0.0	0.0	0.0	0.0
Transfers	6.7	-3.5	-31.3	3.6	-24.5
Translation differences	0.1	0.0	0.3	0.0	0.4
Acquisition value as at 31.12.2011	**88.4**	**864.2**	**2 860.0**	**208.1**	**4 020.6**
Accumulated ordinary depreciations 31.12.2010	0.0	446.9	1 537.1	148.9	2 132.9
Disposals accumulated depreciations	0.0	0.0	0.0	0.0	0.0
Depreciation and write downs for the year	0.0	36.9	167.3	13.7	218.0
Accumulated ordinary depreciations 31.12.2011	**0.0**	**483.8**	**1 704.4**	**162.6**	**2 350.9**
Book value 31.12.2010	72.4	367.1	1 058.3	42.0	1 539.8
Book value 31.12.2011	**88.4**	**380.4**	**1 155.5**	**45.5**	**1 669.7**

Ordinary depreciation rates are given in note 3.10

Note 10 a – Intangible assets

Amounts in NOK million	Goodwill	Other intangible assets	Total
Acquisition value as at 01.01.2010	0.0	7.5	7.5
Acquisitions through purchase	0.0	3.6	3.6
Business combinations (note 8)	13.3	26.3	39.5
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Acquisition value as at 31.12.2010	13.3	37.4	50.6
Accumulated ordinary depreciations 01.01.2010	0.0	1.5	1.5
Disposals accumulated depreciations	0.0	0.0	0.0
Depreciation for the year	0.0	4.0	4.0
Accumulated ordinary depreciations 31.12.2010	0.0	5.5	5.5
Book value 01.01.2010	0.0	6.0	6.0
Book value 31.12.2010	13.3	31.9	45.2
Ordinary depreciation rates in per cent	0 %	20 %	

Amounts in NOK million	Goodwill	Other intangible assets	Total
Acquisition value as at 31.12.2010	13.3	37.4	50.6
Acquisitions through purchase	0.0	4.6	4.6
Business combinations (note 8)	3.6	0.0	3.6
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Acquisition value as at 31.12.2011	16.9	42.0	58.9
Accumulated ordinary depreciations 31.12.2010	0.0	5.5	5.5
Disposals accumulated depreciations	0.0	0.0	0.0
Depreciation for the year	0.0	7.9	7.9
Accumulated ordinary depreciations 31.12.2011	0.0	13.3	13.3
Book value 31.12.2010	13.3	31.9	45.2
Book value 31.12.2011	16.9	28.7	45.6
Ordinary depreciation rates in per cent	0 %	20 %	

Note 10 b – Impairment test of goodwill

As at 31.12.2011 goodwill in the group entered on the balance sheet amounted to NOK 16.9 million. This is mainly linked to the acquisitions of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS that were completed in 2010 (see note 8). These three acquired companies are all in the Wood division and it is the division's operation that is deemed to be the cash flow generating group that goodwill shall be tested against.

Amounts in NOK million	2011	2010
Book value of goodwill:		
Sør-Tre/Granvin/Eco	**13.3**	13.3
Other units	**3.6**	0.0
Total	**16.9**	13.3

Goodwill is tested at the level monitored by group management, which means that there are groups of cash flow generating units (CGUs). The recoverable amount of CGU is arrived at by taking the historical figures for the CGUs as a basis, but with an allowance for an expected moderate growth in the total market, Moelven's market share and the prices of the products. In management's opinion it is reasonable to assume that considerable development of new products and technologies will occur in these areas.

The rate used for discounting cash flows is 13%. This is based on a risk-free rate of 4.5% with an added risk premium of 8.5%. The risk premium is based on observations of comparable companies and 13% is also the required return that management has set for investments.

The impairment test is according to the going concern assumption for the CGU and with the following estimates:

- Sales price estimates are based on internal and external analyses
- Inflation is estimated as 2% a year
- The present cost bases is assumed to reflect the future
- For goodwill testing, management has used a 4 year period without growth estimate on the term

There was no write down of goodwill in either 2011 or 2010.

Maximum exposure to possible write down of goodwill is NOK 16.9 million. This is not a significant amount for the group. We have calculated sensitivity for the write down assessments and a 1% change in discount rate, sales or costs would not lead to any write downs in the consolidated accounts.

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

Amounts in NOK million	2011		2010	
	Goodwill at year end	Impairment	Goodwill at year end	Impairment
Timber	**0.0**	**0.0**	0.0	0.0
Wood	**13.3**	**0.0**	13.3	0.0
Building Systems	**3.6**	**0.0**	0.0	0.0
Total goodwill	**16.9**	**0.0**	13.3	0.0

Note 11 a - Payroll expenses

Amounts in NOK million	2011	2010
Pay and social costs	1 541.3	1 360.3
Pension costs - contribution-based pension schemes	40.0	24.5
Pension costs - defined-benefit pension schemes	24.6	-6.4
Total	**1 605.9**	**1 378.4**

11 b Average number of employees

Average number of employees in 2011 was 3,376 and in 2010 it was 3,131. Moelven had 3,482 employees at the end of 2011 compared to 3,270 employees at the end of 2010.

11 c Remuneration to auditor

Amounts in NOK million, paid during the financial year	2011	2010
Legally required audit	4.5	3.8
Other attestation services	0.1	0.1
Tax consultancy	0.1	0.1
Other, non auditing services	0.3	0.8
Total	**5.0**	**4.8**

Note 12 - Financial income and costs

Amounts in NOK million

	2011	2010
Financial income	13.6	12.3
Financial costs	-78.2	-52.4
Financial income		
Interest income, bank	0.9	0.8
Foreign currency gains	11.5	8.1
Other financial income	1.2	3.4
Total financial income	**13.6**	**12.3**
Financial costs		
Interest and commission costs, bank	-2.0	-1.8
Interest on long term loan financing	-58.3	-38.1
Foreign currency losses	-12.6	-7.4
Other financial costs	-5.3	-5.1
Total financial costs	**-78.2**	**-52.4**

Note 13 – Tax expence

Amounts in NOK million

	2011	**2010**
Tax payable	20.6	40.2
Deferred tax changes	-47.2	25.9
Tax costs	-26.6	66.1

	2011	**2010**
Tax payable for the year	20.6	40.2
Adjustment from previous years	0.0	0.0
Total tax payable	20.6	40.2

Reconciliation of tax calculated with the group's weighted average tax rate and tax costs as they appear on the income statement:

Amounts in NOK million	**2011**	**2010**
Profit before tax	-112.4	245.8
Tax calculated with the group's weighted average tax rate	-30.7	65.8
Tax effects of:		
Contribution from associated companies	-0.2	0.0
Permanent differences	4.3	0.3
Other		
Tax cost on the income statement	-26.6	66.1

	2011	**2010**
Weighted average tax rate	23.7 %	26.9 %

Amounts in NOK million	**2011**			**2010**		
Tax on items entered against other income and expenses	Before tax	Tax costs	After tax	Before tax	Tax costs	After tax
Elements not later reclassified to earnings						
Actuarial gains (losses) on defined-benefit pension schemes	-49.0	13.7	-35.3	-49.8	13.9	-35.9
Elements that can be later reclassified to earnings						
Translation differences	-5.8	0.0	-5.8	40.6	0.0	40.6
Proportion of other income and costs in associated companies	0.0	0.0	0.0	0.0	0.0	0.0
Other income and expenses during the period (after tax)	-54.8	13.7	-41.1	-9.2	13.9	4.7

Note 14 – Deferred tax

Deferred tax benefits and deferred tax are netted when there is a legal right to set off such assets and obligations.

The table below shows the basis that has resulted in recognised deferred tax benefits and deferred tax.

14.1 Assets and obligations with deferred tax consist of:

Amounts in NOK million	**2011**	**2010**
Temporary differences		
Asset reserves	-6.8	-6.2
Inventory	28.0	18.3
Cost provisions	-18.3	-34.5
Other short-term temporary differences	-5.0	29.0
Sub-total short-term differences	**-2.0**	**6.6**
Fixed assets	252.5	257.6
Profit and loss account	6.0	7.0
Pension funds	4.5	0.0
Pension commitments	-209.3	-169.7
Other long-term items	188.0	199.8
Sub-total long-term items	**241.7**	**294.7**
Tax-assessed loss carry-forward.	-63.3	-31.0
Net temporary differences	**176.5**	**270.3**
Deferred tax asset	12.5	9.6
Deferred tax	56.5	95.3
Net deferred tax	**44.0**	**85.7**

14.2 Assets with deferred tax from loss carry-forward

Amounts in NOK million	**2011**	**2010**
Norway	15.7	8.6
Sweden	0.0	0.0
Denmark	1.8	0.0
Total deferred tax benefit from loss carry-forward	**17.5**	**8.6**

The group has a total of NOK 63.3 million in loss carry-forward as at 31.12.2011. NOK 30 million of this is from Norwegian companies with an ownership holding of more than 90%. The group will make use of this loss carry-forward in future group contributions. NOK 16.5 million of the total loss carry-forward refers to a Norwegian company where the ownership holding is below the limit for group contributions. The management of this company is in the process of reviewing possible production measures to improve profitability. The company has not concluded for the consolidated accounts at this point. The deferred tax benefit remains on the balance sheet, awaiting conclusion in this company. The final part of the loss carry-forward, NOK 7.3 million, refers to Denmark. Here, management has initiated measures to improve profitability and it is believed that the company will be able to generate future taxable surpluses equivalent to the deferred tax benefit over a 3-5 year period; see also note 31.

14.3 Analysis of deferred tax through the year

	2011	**2010**
Net deferred tax 1 January	85.7	58.8
Included on income statement	-45.3	25.9
Other comprehensive income pensions	13.7	13.9
Included in equity	0.0	0.0
Translation differences and other	-10.1	-12.9
Net deferred tax 31 December	**44.0**	85.7

Note 15 - Other shares

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Total face value	Book value 31.12
Owned by Moelven Industrier ASA:						
Tretorget AS	9.0 %	222		200	20	100
Others						31
Total Moelven Industrier ASA						**131**
Owned by other group companies						
Transportfellesskapet Østlandet AS	25.0 %	500		250	100	126
Transportselskapet Nord AS	12.5 %	500		125	63	64
MNAB Holding AB (Nature fuel)	10.7 %	1405	SEK	1500	150	139
Svenskt Limträ AB	33.0 %	100	SEK	333	33	44
Combino AS 1)	66.4 %	151		10000	100	165
Others						307
Total others						**845**
Total group						**976**

1) Combino AS is excluded from the consolidated accounts because the company was founded by Moelven Utvikling AS with a view to temporary ownership of the majority.

Note 16 - Investments in associated companies

Amounts in NOK million	2011	2010
Book value as ate 31.12.2010	13.2	10.6
Proportion of annual profit	-0.7	-2.3
Acquisitions	0.0	5.0
Translation differences	-0.1	-0.1
Proportion of other income and expenses	0.0	0.0
Book value as at 31.12.2011	12.4	13.2

Amounts in NOK million

2010

Name	Home country	Assets	Liabilities	Income	Profit	Book value	Holding
Land Sag AS	Norway	9.0	5.8	12.0	-0.4	3.2	30.0 %
Weda Skog AB 1)	Sweden	2.6	0.0	0.0	0.0	2.6	30.0 %
Gamla Weda Skog i Karlstad AB	Sweden	258.5	251.2	1 119.2	-1.9	7.3	50.0 %
Eco Timber Sverige AB	Sweden					0.0	51.0 %
		270.1	**257.0**	**1 131.2**	**-2.3**	**13.2**	

2011

Name	Home country	Assets	Liabilities	Income	Profit	Book value	Holding
Land Sag AS 2)	Norway	9.0	6.5	12.0	-0.7	2.5	30.0 %
Weda Skog AB 1)	Sweden	34.0	31.4	165.4	0.0	2.6	30.0 %
Gamla Weda Skog i Karlstad AB	Sweden	21.8	14.5	181.2	0.0	7.3	50.0 %
		64.8	**52.4**	**358.6**	**-0.7**	**12.4**	

1) This company has a different financial year; date of balance is 31.08. The 4-month result would be insignificant for the Moelven group. No interim balance has therefore been made. The company was formed at the end of 2010 and there are no figures from 2010 for comparison.
2) The company has not issued their annual report for 2011. Assets and income is equal to 2010 and profit is equal to monthly reporting from the company.

Note 17 – Inventory

Amounts in NOK million	2011	2010
Raw materials and purchased semi finished goods	533.0	563.3
Goods in processing	131.2	134.1
Finished own products	676.7	611.7
Prepayments to supplier	3.0	0.4
Total inventory	**1 343.9**	**1 309.6**

Inventory valued at acquisition cost	993.5	865.5
Inventory valued at fair value.	350.5	444.1
Total inventory	**1 343.9**	**1 309.6**

The book value of inventories pledged as security in 2011 was NOK 18.3 million and NOK 29.3 million in 2010.

Note 18 - Accounts receivable and other receivables

Amounts in NOK million	Note	2011	2010
Accounts receivable			
Accounts receivable gross		951.2	921.8
Provision for loss on accounts receivable		-4.7	-4.5
Earned not invoiced	19	76.9	114.6
Accounts receivable entered on the balance sheet		**1 023.5**	**1 031.9**
The year's confirmed losses on receivables		1.7	1.1
Changes in provision for loss		-0.2	-0.1
Losses on receivables on income statement		**1.9**	**1.2**
Other receivables			
VAT in credit		80.9	88.0
Other receivables		110.5	80.0
Total other receivables		**191.4**	**168.0**

Part of the outstanding receivables is secured in the form of bank guarantees or other forms of security. There is not considered to be any credit risk associated with public sector customers. Refer to note 5 on financial risk.

Other receivables consist of other deferred income, prepayments and operations-related items. The groups accounts receivable are mainly secured through credit insurance.

Currency breakdown of accounts receivable before provision for loss

Amounts in NOK million	**2011**	2010 *
NOK	**497.7**	482.3
SEK	**377.7**	366.0
EUR	**35.8**	34.7
DKK	**16.5**	16.0
GBP	**21.5**	20.9
Other currencies	**1.9**	1.9
Total	**951.2**	921.8

Age distribution of outstanding accounts receivable

Amounts in NOK million	**2011**	2010 *
Under 30 days beyond due date	**411.8**	399.1
31 to 60 days beyond due date	**19.2**	18.7
61 to 90 days beyond due date	**20.7**	20.0
91 to 180 days beyond due date	**15.0**	14.6
Over 180 days beyond due date	**3.8**	3.7
Total accounts receivable beyond due date	**470.6**	456.1
Accounts receivable within credit terms	**480.6**	465.7
Total	**951.2**	**921.8**

*) 2010 distribution is done on the basis of proportional distribution in 2011. This has been done because there was not a cost benefit analysis and the fact that there is no longer any risk associated with 2010.

Note 19 – Projects in progress

Amounts in NOK million

	Note	2011	2010
Distribution of sales			
Project sales		1 824.3	1 469.9
Service contracts		189.0	183.1
Sale of goods		726.0	598.7
Total		**2 739.3**	2 251.7
Projects in progress entered on the income statement *)			
Accumulated income		**1 170.5**	1 118.6
Accumulated accrued expenses		**1 003.5**	932.7
Accumulated contributions		**167.1**	185.9
Loss projects in progress **)		**38.0**	0.0
		2011	2010
Earned not invoiced income	18	**76.9**	114.6
Prepayments from customers	25	**73.1**	92.1
Deferment of costs (+ liability/ - receivable)		**20.5**	18.8

*) Projects in production, not handed over to customer
**) Anticipated losses on these projects have been entered on the income statement

For projects that are directed by outside companies, invoicing is performed monthly with 30 day payment terms. Invoicing is normally done in line with the completion of the work, but there are also payment schedules that do not correspond to progress.

For projects, both income and costs are scheduled. Income that has been earned but not yet invoiced is entered under the item "Completed, not invoiced". Invoiced income that has not yet been earned (forward payment plans) is entered under the item "Prepayments from customers" under other short term liabilities; see note 25.
Only one of these items is used per project. Thus each project shows either a net receivable for the customer or a net liability to the customer.

Scheduling of costs (accrued, not entered) is recognised as trade accounts payable, while provisions for claims activities on concluded projects are entered as claims provisions etc.

Note 20 - Cash and cash equivalents

Amounts in NOK million	2011	2010
Bank deposits 31.12.	25.5	26.2
Unused drawing rights 31.12	590.3	555.2
Restricted bank deposits	0.0	0.0
Cash and cash equivalents 31.12	**615.8**	**581.4**

In the cash flow analysis, only changes in bank deposits have been taken into account in calculating liquidity changes during the period.

Note 21 - Earnings per share and equity per share

Earnings per share

Earnings per share is calculated by dividing the share of the annual profits allocated to the company's shareholders by a weighted average of the number of ordinary shares issued over the year, less own shares.

	2011	2010
Annual profit assigned to Moelven's shareholders	-83.2	181.1
Average number of shares	129.5	129.5
Earnings per share	-0.64	1.40

Equity per share

Equity per share is calculated by dividing the share of equity assigned to the company's shareholders by a weighted average of the number of ordinary shares issued over the year, less own shares.

	2011	2010
Total equity assigned to owners of parent company	1 526.7	1 738.5
Average number of shares	129.5	129.5
Equity per share	11.8	13.4

Note 22 – Long term liabilities

Amounts in NOK million	as at 31 December Redeemed within 1 year 2011	2010	as at 31 December Redeemed after 1 year 2011	2010
Syndicated loan withdrawals	-	-	1 026.3	701.0
Bilateral loans	4.9	39.0	21.9	24.9
Financial leasing	19.4	5.6	34.7	54.1
Other long term loans	3.0	2.4	2.2	4.0
Total interest-bearing debt	**27.3**	**47.0**	**1 085.1**	**784.0**

Long term liabilities by currency

Amounts in NOK million	as at 31 December 2011	2010
NOK	310.6	224.8
SEK	801.8	606.2
Total	**1 112.4**	**831.0**

22.1 – Mortgages - Secured loans

Amounts in NOK million	2011	2010
Bank overdraft	0.0	11.2
Long-term loans	23.3	63.9
Total	**23.3**	**75.1**

22.2 – Book value of pledged assets

Amounts in NOK million	2011	2010
Machinary and plants	19.0	68.8
Buildings	10.0	34.8
Land	2.3	5.6
Inventory	18.3	29.3
Accounts receivable	6.3	6.8
Total	**55.8**	**145.3**

Note 23 - Pension costs and pension commitments

Pension schemes
The pension funds and commitments on the balance sheet mainly relate to the group's Norwegian companies.

The group's defined benefit scheme was closed in 2005 and relates entirely to Norwegian employees. The defined benefit scheme has a pension coverage of about 60% of final pay at age 67 and a full earning period of 30 years. All new employees in Norway join a contribution based pension scheme. The contribution scheme has a risk coverage with disability of about 60 per cent (with paid-up pension) and is a solution that is better than the statutory minimum pension solution. Over half of the group's employees are now part of the contribution based scheme.

The group is required to have an occupational pension scheme by legislation on compulsory occupational pensions. The pension schemes fulfil the requirements of this legislation.

Secured schemes
For some of the group's secured pension schemes, the pension funds are greater than the pension commitments. The over-financing in these schemes is judged to be applicable in accordance with legislation on company pensions.

Unsecured schemes
Unsecured schemes mainly relate to contractual pension (AFP) and are calculated in accordance with the Norwegian accounting standard on pension costs. It was decided to wind up the old AFP scheme in 2010. As a result of the change in legislation, AFP commitments were reduced by about NOK 25 million in 2010. There are no unsecured pension commitments that have not been included in the calculation mentioned above.

The new AFP scheme was established by an agreement between the Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) on 2 April 2008, as part of the wage settlement. The agreement was on the assumption that the state should contribute so that the pension level (total of National Insurance and the new AFP) would at least correspond to the level of the old AFP. The scheme was established by the regulations for the joint scheme for contractual pensions (AFP). The new AFP is calculated as a lifelong supplement to the retirement pension from National Insurance, with the opportunity to combine pension and work income without reduction of pension. The new AFP scheme in the private sector has been established as a joint scheme by combining the three schemes (LO, Spekter financial services industry). The new AFP scheme is defined as a defined-benefit multi-employer plan in an accounting context. The company has given its employees a promise of a lifelong pension at a fixed level.

There is not yet sufficient information for a calculation to be completed.

The new AFP will be financed through an annual premium determined as a percentage of pay between 1 and 7.1 G (the annually fixed basic amount). The premium for 2011 is fixed at 1.4% and for 2012 at 1.75%. The premium is equal to the pension costs.

The group's foreign companies
Many of the group's foreign companies offer their employees pensions based on agreed individual contribution-based pension schemes.

In Sweden, most employees are covered by a collective occupational pension agreement. The scheme is defined as a multi-employer plan. Salaried staff born before 1979 are included in an individual occupational pension scheme that is also defined as a defined benefit plan. Because of the difficulty of reliably measuring the benefit level of these plans, there is insufficient information on an individual basis to enter the plans in the accounts as defined benefit schemes. The plans are accounted for as if they were contribution-based, in accordance with good accounting practice. Salaried staff born after 1979 are included in an occupational pension scheme that is premium based and is therefore treated in the accounts as contribution-based.

23.1 – Economic and actuarial assumptions

The following economic assumptions have been made:

	2011	2010
Return on pension funds	4.80 %	5.00 %
Discount rate	3.30 %	4.00 %
Annual pay increase	4.00 %	4.00 %
Annual G adjustment (National Insurance Scheme's amount)	3.75 %	3.75 %
Annual adjustment of pensions being paid	2.50 %	2.50 %
AFP withdrawal trend (AFP=Contractual pension)	50.00 %	50.00 %
Average employer's contribution factor	14.10 %	14.10 %

23.2 - Pension commitments entered in the accounts

Amounts in NOK million	**2011**	**2010**
Present value of the secured pension commitments	459.3	402.8
Present value of the unsecured pension commitments	47.4	56.5
Total present value of pension commitments	506.7	459.4
Fair value of pension funds	325.8	310.1
Employer contribution of net pension commitments	-24.4	-20.4
Pension commitments entered	-205.3	-169.7

23.3 – Pension costs

Amounts in NOK million	**2011**	**2010**
Pension entitlements accrued in the year	16.2	15.7
Interest costs on the pension commitments	17.8	18.2
Anticipated return on pension funds	-15.5	-18.1
Net commitment entered on the income statement On transition to new AFP scheme	0.0	-26.9
Plan changes and reductions entered on the income statement	-0.5	-1.4
Administration costs	3.6	3.5
Employer contributions	3.0	2.6
Pension costs secured and unsecured defined benefit schemes	24.6	-6.4
Contribution pension costs and other pension costs	40.0	24.5
Pension cost (net) entered on the income statement	64.6	18.1
Of which, the pension cost for contractual pensions (AFP)	1.6	-21.3

23.4 – Pension commitments and pension funds

Amounts in NOK million			**2011**			**2010**
	Secured	Un-secured	Total	Secured	Un-secured	Total
Changes in gross pension commitments						
Pension commitments 1.1.	402.8	56.5	459.4	355.5	80.7	436.2
Present value of the year's pension contribution	16.2	0.0	16.2	14.5	1.2	15.7
Interest costs on the pension commitments	15.9	1.9	17.8	15.8	2.4	18.2
Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Actuarial gains and losses	35.8	5.8	41.6	26.8	1.9	28.7
Pension payments	-11.4	-16.4	-27.8	-10.4	-5.9	-16.3
Commitments taken over in company mergers	0.0	-0.4	-0.4	0.7	-23.8	-23.1
Reductions	0.0	0.0	0.0	0.0	0.0	0.0
Gross pension commitments 31.12	**459.3**	**47.4**	506.7	**402.8**	**56.5**	459.4
Changes in gross pension funds						
Fair value pension funds 1.1	308.5		308.5	300.7		300.7
Projected return on pension funds	15.5		15.5	18.1		18.1
Actuarial gains and losses	**-6.2**		-6.2	-18.1		-18.1
Premium payments	18.2		18.2	18.0		18.0
Payment of pensions/paid-up policies	-11.4		-11.4	-10.2		-10.2
Company mergers	0.0		0.0	0.1		0.1
Fair value pension funds 31.12	**324.6**	**0.0**	324.6	308.5	0.0	308.5

	2011 1)	**2010**
The actual return on pension funds was	3.0 %	5.7 %

1) Calculation of anticipated return is based on fourth quarter 2011.
Actual return as at 31.12.2011 shows a value adjusted and entered return in the collective portfolio of 2.4 and 3.5 per cent respectively. This means that in making the calculations the actuary has taken into account that the return cannot be expected to be more than the guaranteed basic rate, i.e. 3%

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

Main category	**2011** 1)	**2010**
Shares	10.4 %	18.7 %
Bonds	48.6 %	48.6 %
Property	18.0 %	17.6 %
Other	23.0 %	15.1 %
Total	100.0 %	100.0 %

1) The distribution in 2011is as at 30.09.2011 since the final distribution as at 31.12.2011 had not been received from the actuary at the time of accounting

23.6 - Sensitivity analysis:

The table below shows estimates of the potential effect of a change in certain assumptions for defined-benefit pension plans in Norway.
The estimates are based on facts and circumstances as at 31 December 2011. Actual results may deviate substantially from these estimates.

Amounts in NOK million	Discount rate		Pay adjustment		G adjustment		Pension adjustment	
Change in pension:	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Net pension commitment	66.0	-63.7	-54.1	52.3	21.3	-42.9	-44.5	39.6
Net pension cost for the period	0.8	-0.9	-5.1	6.5	3.1	-3.4	-5.8	7.7

Note 24 - Guarantee provisions

Guarantee liability on projects

Guarantee provisions	2011	2010
Guarantee provisions as at 1.1	11.1	10.8
Used during the year	-1.6	-0.9
Reversed during the year	-0.6	-0.5
New provisions during the year	2.1	1.7
Guarantee provisions 31.12	**11.0**	**11.1**

Other guarantee liability

	2011	2010
Loan guarantees/financial guarantees	59.5	47.0

Note 25 - Other short-term liabilities

Other short term liabilities	Note	2011	2010
Prepayments from customers	19	73.1	92.1
Accrued holiday pay		150.7	135.2
Bonus provisions		97.9	80.0
Accrued costs and other short term liabilities		315.0	231.6
Total other short term liabilities		**636.6**	538.9

Prepayments from customers relates to invoiced income on projects that has not been earned (invoiced, not performed). Refer to note 19 Projects.

Note 26 – Financial instruments

26.1 Book value of financial assets and obligations by category as at 31.12.2011:

Amounts in NOK million	Receivables	Fair value through profit or loss	Book value	Fair value
Financial receivables				
Accounts receivable	946.5	0.0	946.5	946.5
Other receivables	191.5	0.0	191.5	191.5
Financial instruments	0.0	4.0	4.0	4.0
Bank deposits etc.	25.5	0.0	25.5	25.5
Total	**1 163.5**	**4.0**	**1 167.5**	**1 167.5**

Amounts in NOK million	Financial liabilities entered as amortised cost	Fair value through profit or loss	Book value	Fair value
Financial liabilities				
Liabilities to credit institutions	1 053.3	0.0	1 053.3	1 053.3
Financial leasing liabilities	54.1	0.0	54.1	54.1
Other long term liabilities	5.0	0.0	5.0	5.0
Financial instruments	0.0	65.8	65.8	65.8
Liabilities to suppliers	536.8	0.0	536.8	536.8
Overdrafts	0.0	0.0	0.0	0.0
Total	**1 649.2**	**65.8**	**1 715.0**	**1 715.0**

Book value of financial assets and obligations by category as at 31.12.2010:

Amounts in NOK million	Receivables	Fair value through profit or loss	Book value	Fair value
Financial receivables				
Accounts receivable	917.3	0.0	917.3	917.3
Other receivables	168.0	0.0	168.0	168.0
Financial instruments	0.0	23.1	23.1	23.1
Bank deposits etc.	26.2	0.0	26.2	26.2
Total	**1 111.5**	**23.1**	**1 134.6**	**1 134.6**

Amounts in NOK million	Financial liabilities entered as amortised cost	Fair value through profit or loss	Book value	Fair value
Financial liabilities				
Liabilities to credit institutions	765.3	0.0	765.3	765.3
Financial leasing liabilities	59.7	0.0	59.7	59.7
Other long term liabilities	11.2	0.0	11.2	11.2
Financial instruments	0.0	25.7	25.7	25.7
Liabilities to suppliers	482.1	0.0	482.1	482.1
Overdrafts	79.0	0.0	79.0	79.0
Total	**1 397.3**	**25.7**	**1 423.0**	**1 423.0**

26.2 Nominal value of financial instruments

Amounts in NOK million	As at 31 December 2011	2010
Interest rate derivatives		
Maturing under 1 year	0.0	87.1
Maturing 2 - 5 years	345.8	130.6
Maturing 6 - 10 years	354.5	195.9
Total	**700.3**	**413.6**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	149.1	171
Maturing 7-12 months	26.4	53
Maturing >12 months	0.0	8
Total	**175.5**	**232**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	77.1	74.4
Maturing 7-12 months	1.8	7.9
Maturing >12 months	0.0	0.0
Total	**78.9**	**82.3**
Power derivatives		
Maturing under 1 year	31.1	29.0
Maturing 1-2 years	44.8	30.7
Maturing 3-4 years	3.1	0.0
Total	**78.9**	**59.7**
Power derivatives accounted accordring to IAS 39 as purchace for own use		
Maturing under 1 year	22.8	26.4
Maturing 1-2 years	29.3	37.2
Maturing 3-4 years	9.2	9.7
Total	**61.3**	**73.4**

The table shows the nominal gross value in NOK. Sales of foreign currency is sales against NOK and SEK. Calculation of nominal value in NOK is done by using the nominal value of SEK converted to NOKby using the balance sheet date rate. Kjøp av foreign currency are mainly sales of SEk against NOK and SEK against EUR. Power contracts are bought forward contracts for electicity.

26.3 Fair value levels

Level 1: Listed price in an active market for an identical asset or obligation
Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct
or indirect (derived from prices) for the asset or obligation.
Level 3: Valuation based on factors that are not obtained from observable markets.
(non-observable assumptions)

26.4 Fair value measurements entered in the statement of financial position

The table below shows financial instruments at fair value according to the valuation method.

As at 31.12.2011

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets				
Financiel instruments - currency derivative	0.0	4.0	0.0	4.0
Total assets	**0.0**	**4.0**	**0.0**	**4.0**
Liabilities				
Financial instruments - interest derivative	0.0	55.1	0.0	55.1
Financial instruments - power derivative	10.7	0.0	0.0	10.7
Total liabilities	**10.7**	**55.1**	**0.0**	**65.8**
Liabilities after exception in IAS 39 *				
Financial instruments - power derivative	5.8	0.0	0.0	5.8
Total liabilities outside balance sheet	**5.8**	**0.0**	**0.0**	**5.8**

As at 31.12.2010

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets				
Financial instruments - currency derivative	0.0	10.6	0.0	10.6
Financiel instruments - currency derivative	14.5	0.0	0.0	14.5
Total assets	**14.5**	**10.6**	**0.0**	**25.1**
Liabilities				
Financial instruments - interest derivative	0.0	25.4	0.0	25.4
Total liabilities	**0.0**	**25.4**	**0.0**	**25.4**
Assets after exception in IAS 39 *				
Financial instruments - power derivative	19.2	0.0	0.0	19.2
Total assets outside balance sheet	**19.2**	**0.0**	**0.0**	**19.2**

*) Instruments are held outside balance sheet in accordance with IAS 39 exception for own use.

Note 27 - Share capital and share premium reserve

Last change of parent company's share capital was in 2004

Type of change		**Change in share capital in NOK million**	**Total share capital in NOK million**	**Change in number of shares**	**Total number of shares**
2004	Private placement for acquisition of Are-Gruppen	52.5	647.7	10 500 000	129 542 384

As at 31.12.2011, Moelven Industrier ASA and subsidiaries have a holding of own shares totalling 1,100 shares.

Summary of shareholders as at 31.12.2010	
Number of shares	129 542 384
Number of own shares	1 100
Number of voting shares	129 541 284
Face value	NOK 5
Share capital	647 711 920
Number of shares on average	129 541 284

Summary of shareholders as at 31.12.2011	
Number of shares	129 542 384
Number of own shares	1 100
Number of voting shares	129 541 284
Face value	NOK 5
Share capital	647 711 920
Number of shares on average	129 541 284

Shareholders		**Number of shares**	**Ownership of voting shares in per cent**
Glommen Skog BA	Norway	32 486 396	25.08 %
Eidsiva Vekst AS	Norway	30 803 177	23.78 %
Agri MI AS	Norway	20 535 452	15.85 %
Viken Skog BA	Norway	15 378 530	11.87 %
Mjøsen Skog BA	Norway	15 221 334	11.75 %
AT Skog BA	Norway	9 442 026	7.29 %
Havass Skog BA	Norway	5 202 676	4.02 %
7 largest owners		**129 069 591**	**99.64 %**
Other 949 shareholders		471 693	0.36 %
Total 956 shareholders		**129 541 284**	**100.00 %**

Note 28 - Remuneration to Group Management, the Board and Corporate Assembly

28.1 – Shares in Moelven Industrier ASA owned by members of the Group Management, the Board and Corporate Assembly

The Corporate Assembly		Deputy members		The Board of Directors		Group Executive Board	
Even Mengshoel (Chairman)	1266	Marit Olive Lindstad	0	Sverre Leiro (Chairman)	0	Hans Rindal	1106
Mikael Løken	0	Børre Rogstadkjærnet	0	Egil Magnar Stubsjøen	0	Johan Padel	750
Olav A. Veum	0	Knut Aas	0	Elisabeth Krokeide	0	Bjarne Hønningstad	750
Rolf Th. Holm	0	Thorvald Grini	0	Terje Johansen	0	Lars Atterfors	750
Gudbrand Gulsvik	0	Helge Evju	0	Elisabeth Bjøre	0		
Maren Kyllingstad	0	Anne Nysæther Sagstuen	0	Martin Fauchald *)	0	**Group shared services**	
Thor Svegården	0	Ola Syverinsen	0	Gunde Haglund *)	0		
John Arne Ulvan	0	Jan Kollsgård	0			Morten Kristiansen	500
Rolf Ellevold *)	0	Trond Sønes *)	0	**Deputy members**		Kristin Vitsø Bjørnstad	500
Ann Christine Löfborg *)	0	Ove Gunnarsson *)	0			Morten Sveiverud	405
Lennart Perez *)	0	Jörgen Weman *)	0	Per Simon Slettebø	0	Olof Sidèn	133
Bjarne Undem *)	0	John-Inge Lorentsen *)	0	Heidi Ekrem	0		
				Lars Håkan Karlsson *)	0		
				Iver Melby *)	0		
*) Employee's representatives		*) Employee's representatives		*) Employee's representatives			

28.2 Declaration of determination of remuneration for the Group Executive Board

Background
In accordance with section 6-16a of the Public Limited Company Act, the board of Moelven Industrier ASA has prepared a declaration on the fixing of pay and other remuneration for senior executives within the group. The declaration, which was adopted by the general meeting of 9 May 2011, has been the guideline for the 2011 financial year. An identical declaration, which will be presented to the general meeting of 24 April 2012, will be the guideline for the 2012 financial year.

The following persons are involved
The declaration covers the group management of Moelven Industrier ASA. Group management means the CEO and the heads of the divisions.

General
Moelven shall have a level of pay and other terms of employment that is necessary in order to be able to keep and recruit managers with good competence and the capacity to achieve the objectives that are set.

Salary
Moelven's main principle is that senior executives shall have fixed salary. Salary is adjusted annually, normally with effect from 1 July.

Other benefits in kind
Moelven shall have other benefits, in the form of free car, free newspapers and free telephony for example, where this makes work easier and is deemed to be reasonable in relation to general practice in the market.

Bonuses and other variable elements of the remuneration
Over and above the main principle of fixed pay, the board wishes it to be possible to offer other variable forms of remuneration in cases where this is found to be appropriate. Bonuses may be used to a limited extent and by special agreement and shall be directly dependent on operating profit.

Remuneration linked to shares etc.
Moelven has no form of remuneration for companies within the group that is linked to shares or the development of the share price, including shares, subscription rights and options. In the event of the establishment of such a scheme, it shall cover a large number of employees and such remuneration shall represent a smaller proportion than the fixed pay.

Pension schemes
Moelven shall have pension conditions that are on a level with the general market in the home country. New employees shall join contributory pension schemes.
Moelven shall facilitate freedom of choice for employees who have previously had defined-benefit pension schemes.

Pay after termination of employment
In the event of immediate termination of employment by the company, management shall as a standard be entitled to pay for 18 months, less pay earned by any new employer during this period.

Previous financial years
Management pay policy in previous financial years has been in line with the content of this declaration.

The board reserves the right to deviate from these guidelines if there are serious grounds for doing so in individual cases. If the board should deviate from these guidelines, their reasons for doing so must appear in the minutes of the meeting.

28.3 – Remuneration to senior executives etc.

Amounts in NOK 1,000 paid during the financial year

	Salaries	Pension costs	Other benefits
Remuneration to:			
President and CEO Hans Rindal	2 386.8	276.3	77.4
Johan Padel, Managing Director Timber	1 865.9	196.7	192.5
Bjarne Hønningstad, Managing Director Wood	1 469.3	135.7	152.7
Lars Atterfors, Managing Director Building Systems	1 438.5	364.0	52.0
Total	**7 160.5**	**972.7**	**474.6**

On termination of employment, the President and CEO and the Managing Directors of Timber and Wood have 18 month's pay after termination, less pay from new position/employer. The Managing Director of Building Systems has a similar agreement for 12 months.

28.4 - Remuneration to the Board and Corporate Assembly

Amounts in NOK 1,000 paid during the financial year	**2011**	**2010**
Remuneration to the Board of Directors	908.8	915.0
Remuneration to the Corporate Assembly	287.8	290.0

The chairman of the board of directors receives NOK 290.000 and the board members NOK 110.000 in annual remuneration. Deputy members of the board receive NOK 5.500 per meeting.

The chairman of the corporate assembly receives NOK 50.000 in annual remuneration. The members and deputy members of the corporate assembly receive NOK 5.500 per meeting.

Note 29 - Shareholders' agreement and related parties

29.1 Shareholders' agreement

The share capital of Moelven Industrier ASA consists of 129,542,384 shares with a face value of NOK 5 and there is only one share class. In total the shares are distributed among 956 shareholders, of which the seven largest, Eidsiva Vekst AS, Felleskjøpet Agri BA through the company Agri MI AS and the forest owner cooperatives Glommen Skog BA, Mjøsen Skog BA, Havass Skog BA, AT Skog BA and Viken Skog BA, control a total of 99.6 per cent. There is a shareholders' agreement between these shareholders. Among other things, this shareholders' agreement has clauses that determine that the company shall be run as an independent unit with a long-term perspective and with continued focus on Scandinavia as the main market. The agreement also contains clauses regarding the composition of the board, dividend policy, strategic focus areas and share transfer.

29.2 Related parties

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of timber, where the Norwegian forest owner cooperatives are suppliers. There will also be deliveries of biofuel from the Moelven group to a bioenergy plant owned by Eidsiva Energi AS, with possible buy-back of bioenergy for Moelven's industries in connection with the energy plant. Also, Eidsiva Energi Marked AS sells electric power to Moelven's Norwegian industrial operations. All these transactions have in common that the arm's length principle shall be applied. Where other suppliers can offer better prices or terms, these will be used. About 40 per cent of Moelven's total purchasing requirement for timber of 4 million cubic metres comes via the Norwegian forest owner cooperatives.
Moelven' supply of energy raw materials to Eidsiva's bioenergy plant represents between 40 and 50 GWh on an annual basis, while buying back energy represents between 20 and 30 GWh. Net delivery of energy raw materials is 20 GWh.

The extent of the sale of electrical power corresponds to about 40 per cent of Moelven's total consumption of 185 GWh.

Moelven has a long tradition of running its operations in accordance with all the laws and ethical guidelines of the industry and is of the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

Note 30 – Group companies

The following companies are included in the group. The list is group accordring to division structure. Book value shows the bookvalue in the separate financial statement of the owner of the company.

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Book value 31.12.	
Timber						
Moelven Timber AS	100.0 %	20 000		2 000	18 005	*
Moelven Våler AS	100.0 %	48 000		4 800	48 005	*
Moelven Numedal AS	100.0 %	10 000		1 000	10 005	*
Moelven Løten AS	100.0 %	12 000		1 200	12 005	*
Moelven Mjøsbruket AS	100.0 %	12 000		12 000	15 990	*
Moelven Telemarksbruket AS	51.0 %	10 000		510	5 490	*
Moelven Valåsen AB	100.0 %	50 000	SEK	500 000	130 515	**
Moelven Dalaträ AB	100.0 %	20 000	SEK	200 000	47 856	**
Moelven Nössemark Trä AB	100.0 %	300	SEK	3 000	48 918	**
Moelven Årjäng Såg AB	100.0 %	300	SEK	3 000	43 505	**
Moelven Notnäs AB	100.0 %	3 250	SEK	650 000	43 505	**
Moelven Norsälven AB	100.0 %	3 500	SEK	35 000	30 454	**
Moelven Ransbysågen AB	100.0 %	1 000	SEK	10 000	14 792	**
Moelven Component AB	100.0 %	2 580	SEK	25 800	6 783	**
Moelven Profil AS	100.0 %	15 000		15 000	15 030	*
UJ-Trading AB	100.0 %	1 500	SEK	15 000	7 831	**
Moelven Tom Heurlin AB	100.0 %	1 500	SEK	15 000	17 402	**
Moelven Deutschland GmbH	100.0 %	110	EUR	11	217	*
Moelven Nederland B.V.	100.0 %	36	EUR	360	317	*
Wood						
Moelven Wood AS	100.0 %	5 500		5 500	10 000	*
Moelven Wood AB	100.0 %	9 000	SEK	90 000	13 084	**
Moelven Van Severen AS	100.0 %	35 000		3 500	35 005	*
Moelven Østerdalsbruket AS	100.0 %	20 000		2 000	20 005	*
Moelven Soknabruket AS	100.0 %	30 000		3 000	32 511	*
Moelven Langmoen AS	100.0 %	18 000		1 800	37 156	*
Moelven Eidsvoll AS	100.0 %	8 500		850	18 500	*
Moelven Treinteriør AS	100.0 %	3 500		3 500	8 482	*
Moelven Danmark A/S	100.0 %	5 000	DKK	50 000	12 417	*
Moelven Are AS	100.0 %	300		100	50 116	*
Moelven Eidsvold Værk AS	100.0 %	32 500		32 500	35 578	*
Moelven Trysil AS	100.0 %	15 600		15 600	35 634	*
Moelven Sør Tre AS	100.0 %	8 487		8 487	50 000	*
Moelven Granvin Bruk AS	87.95 %	1 490		2 621	14 764	*
Moelven List AB	100.0 %	5 500	SEK	55 000	19 172	**
Moelven Värmlands Trä AB	100.0 %	3 000	SEK	3 000	28 626	**
Moelven Notnäs Wood AB	100.0 %	3 800	SEK	38 000	13 400	**
Moelven Valåsen Wood AB	100.0 %	20 100	SEK	201 000	24 700	**
Moelven Edanesågen AB	100.0 %	400	SEK	4 000	67 803	**
Moelven Lovene AB	100.0 %	5 000	SEK	50 000	4 351	**
Moelven Vänerply AB	100.0 %	20 000	SEK	5 000	17 402	**
Moelven Wood Prosjekt AS	100.0 %	300		3 000	11 000	*
Moelven Malmö AB	100.0 %	1 200	SEK	1 200	3 915	******
Moelven Iso3 AS	84.5 %	6 750	NOK	5 700	7 600	*****
Moelven Wood Skandinavia AS	100.0 %	500		50	462	*

Amounts in NOK 1,000	Holding %	The company's share capital		Number of shares in Moelven's ownership	Book value 31.12.	
Byggsystemer						
Moelven Limtre AS	100.0 %	11 000		11 000	43 028	*
Moelven Töreboda AB	100.0 %	12 000	SEK	120 000	41 765	**
Moelven ByggModul AS	100.0 %	31 688		158 440	85 299	*
Moelven Byggmodul AB	100.0 %	5 000	SEK	50 000	68 648	**
Moelven Byggfinansiering AS	100.0 %	1 000		100	4 000	*
Moelven Byggfinansiering AB	100.0 %	275	SEK	2 750	6 999	**
Moelven Nordia AS	100.0 %	22 000		2 200	95 000	*
Moelven Eurowand AB	100.0 %	40 000	SEK	40 000	39 677	**
Moelven Nordia Prosjekt AS	100.0 %	232	NOK	232	4 250	****
Moelven Elektro AS	100.0 %	8 000		40 000	12 000	*
Moelven Elektro AB	100.0 %	100	SEK	1 000	1 827	**
Moelven U.K. Ltd	100.0 %	50	GBP	49 999	1	*
Moelven Massivtre AS	100.0 %	21 200	NOK	21 200	10	***
Other						
Moelven Industrier AB	100.0 %	197 046	SEK	19 704 581	241 406	*
Moelven Skog AB	100.0 %	5 000	SEK	400	21 753	**
Moelven Virke AS	100.0 %	5 000		50 000	4 546	*
Moelven Bioenergi AS	100.0 %	6 000		6 000	6 800	*
Vänerbränsle AB	77.8 %	336	SEK	2 613	2 103	**
Moelven Utvikling AS	70.0 %	1 000		700	700	*
Skåre Kontorshotell AB	100.0 %	100	SEK	1 000	631	**
Moelven Malmö Holding AB	100.0 %	2 580	SEK	2 580	13 488	**
Hen Næringspark AS	100.0 %	10 000		1 000	6 655	*

*) Companies owned by Moelven Industrier ASA
**) Companies owned by Moelven Industrier AB
***) Company owned by Moelven Limtre AS
****) Company owned by Moelven Nordia AS
*****) Company owned by Moelven Wood AS
******) Company owned by Moelven Malmö Holding AB

Note 31 – Subsequent events

Denmark:
In a board meeting on 16 January 2012, Moelven Denmark decided on a significant downsizing. This will involve winding up the operation in Odense and a reduction of 5 in the number of salaried staff. In all, 19 people are affected. The reason for this a is a low level of activity in the Danish building industry and a consequent low demand for Moelven's products. The activities of Moelven Denmark are now being maintained by 22 employees. The company will continue to sell and distribute Moelven's products. These reductions do not affect the new focus area Studio timber cladding, where the company is continuing as planned.

All the employees affected are working out their notice periods.

Note 32 - Explanation of the transition to IFRS

This is the company's first consolidated accounts presented in accordance with international accounting standards (IFRS).

The accounting principles described in note 3 have been applied in the preparation of the company's consolidated accounts for 2011, for comparable figures for 2010 and to prepare the IFRS opening balance as at 1 January 2010, which is the group's conversion date from Norwegian accounting principles (NGAAP) to IFRS.

In connection with the preparation of the IFRS opening balance, the group has made some adjustments of accounting figures compared with what had earlier been reported in accordance with NGAAP. The effect of the transition from NGAAP to IFRS on the group's financial position, consolidated results and consolidated cash flow is explained in more detail in this note.

Reconciliation of transition effects

Amounts in NOK million	Note	01.01.2010		
		NGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Deferred tax assets		7.3		7.3
Goodwill		0.0		0.0
Other intangible assets		6.0		6.0
Total intangible assets		**13.3**		**13.3**
Land		67.7		67.7
Buildings and other property		312.7		312.7
Machinery and plant	D	912.9	57.2	970.1
Fixtures and fittings, tools, office machinery etc.		43.4		43.4
Total tangible fixed assets		**1336.7**	**57.2**	**1393.9**
Investments in associated companies		10.6		10.6
Investments in other shares		1.0		1.0
Bonds and other receivables		0.2		0.2
Net pension funds	C	33.4	-33.4	0.0
Total financial fixed assets		**45.2**	**-33.4**	**11.8**
Total fixed assets		**1395.2**	**23.8**	**1419.0**
Inventory		898.6		898.6
Accounts receivable	B	732.5	40.6	773.1
Other receivables		143.1		143.1
Total receivables		**875.6**	**40.6**	**1814.8**
Financial derivatives		10.3	-3.8	6.5
Bank deposits, cash etc.		70.5		70.5
Total current assets		**1855.0**	**36.8**	**1891.8**
Total assets		**3250.2**	**60.6**	**3310.8**
LIABILITIES AND EQUITY				
Share capital		647.7		647.7
Own shares		0.0		0.0
Share premium reserve		180.7		180.7
Retained earnings	A, C, E	784.0	-38.1	745.9
Total equity assigned to owners of parent company		**1612.4**	**-38.1**	**1574.3**
Non-controlling interests		14.6		14.6
Total equity		**1627.0**	**-38.1**	**1588.9**
Pension liabilities	C	109.4	41.9	151.3
Deferred tax	A, C, E	89.0	-22.9	66.1
Other provisions		18.0		18.0
Total provisions		**216.4**	**19.0**	**235.4**
Liabilities to credit institutions		428.5		428.5
Other long term liabilities	D	11.3	57.2	68.5
Total long term liabilities		**439.8**	**57.2**	**497.0**
Liabilities to credit institutions		10.4		10.4
Financial derivatives	A	40.5	2.6	43.1
Accounts payable		350.6		350.6
Tax payable		0.2		0.2
Public duties payable		142.1		142.1
Dividends	E	20.7	-20.7	0.0
Other short term debt	B	402.5	40.6	443.1
Total short term liabilities		**967.0**	**22.5**	**989.5**
Total liabilities		**1623.2**	**98.7**	**1721.9**
Total equity and liabilities		**3250.2**	**60.6**	**3310.8**

Amounts in NOK million	Note	31.12.2010		
		NGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Deferred tax assets		9.6		9.6
Goodwill	D	29.5	-16.2	13.3
Other intangible assets	D	8.3	23.6	31.9
Total intangible assets		**47.4**	**7.4**	**54.8**
Land		72.4		72.4
Buildings and other property		367.1		367.1
Machinery and plant	D	999.0	59.3	1058.3
Fixtures and fittings, tools, office machinery etc.		42.0		42.0
Total tangible fixed assets		**1480.5**	**59.274**	**1539.8**
Investments in associated companies		13.2		13.2
Investments in other shares		1.0		1
Bonds and other receivables		0.1		0.1
Net pension funds	C	29.6	-29.6	-
Total financial fixed assets		**43.9**	**-29.6**	**14.3**
Total fixed assets		**1571.8**	**37.1**	**1608.9**
Inventory	B	1342.9	-33.3	1309.6
Accounts receivable	B	917.3	114.6	1031.9
Other receivables		168.0		168.0
Total receivables		**1085.3**	**114.6**	**1199.9**
Financial derivatives	A	10.6	12.5	23.1
Bank deposits, cash etc.		26.2		26.2
Total current assets		**2465.0**	**93.8**	**2558.8**
Total assets		**4036.8**	**130.9**	**4167.7**
LIABILITIES AND EQUITY				
Share capital		647.7		647.7
Own shares		0.0		0
Share premium reserve		180.7		180.7
Retained earnings	A, C, E, F	908.5	1.6	910.1
Total equity assigned to owners of parent company		**1736.9**	**1.6**	**1738.5**
Non-controlling interests		16.9		16.9
Total equity		**1753.8**	**1.6**	**1755.4**
Pension liabilities	C	85.6	84.1	169.7
Deferred tax	A, C, F	121.4	-26.1	95.3
Other provisions		13.8		13.8
Total provisions		**220.8**	**58.0**	**278.8**
Liabilities to credit institutions		765.3		765.3
Other long term liabilities	D	11.2	59.3	70.5
Total long term liabilities		**776.5**	**59.3**	**835.8**
Liabilities to credit institutions		79.0		79
Financial derivatives	A	10.8	14.9	25.7
Accounts payable		482.1		482.1
Tax payable		22.5		22.5
Public duties payable		149.5		149.5
Dividends	E	84.2	-84.2	0.0
Other short term debt	B	457.6	81.3	538.9
Total short term liabilities		**1285.7**	**12.0**	**1297.7**
Total liabilities		**2283.0**	**129.308**	**2412.308**
Total equity and liabilities		**4036.8**	**130.9**	**4167.7**

Profit and Loss Account

Amounts in NOK million	Note	2010 NGAAP	Effect of transition to IFRS	2010 IFRS
Sales revenue		7155.8		7 155.8
Other operating revenue		28.7		28.7
Operating revenue		**7184.5**		**7 184.5**
Product expenses		4596.4		4 596.4
Changes in inventory goods under manufacture and finished goods		-81.7		-81.7
Payroll expenses	C	1389.8	-11.4	1 378.4
Depreciation on tangible and intangible fixed assets	D	212.8	-0.7	212.1
Other operating expenses	D	824.8	0.5	825.3
Operating costs		**6942.1**	**-11.6**	**6 930.5**
Operating profit		**242.4**		**254.0**
Financial income	A	38.8	19.4	58.2
Financial costs	A	-52.1	-14.3	-66.4
Net financial items		**-13.28**	**5.1**	**-8.2**
Profit before tax		**229.12**		**245.8**
Income tax		62.4	3.7	66.1
Net profit		**166.7**	**13.0**	**179.7**

	2010 NGAAP	Effect of transition to IFRS	2010 IFRS
Comprehensive income			
Annual profit	**166.7**	**13.0**	**179.7**
Other comprehensive income			
Translation differences	40.3	0.0	40.3
Actuarial gains (losses) on defined-benefit pension schemes	0.0	-49.8	-49.8
Tax on other income and expenses	0.0	13.9	13.9
Other comprehensive income (net of tax)	**40.3**	**-35.9**	**4.4**
Total comprehensive income for the period	**207.0**	**-22.9**	**184.1**

Amounts in NOK million	Note	01.01.2010	31.12.2010
The group's report on changes in equity			
Equity as previously reported under NGAAP		1 627.0	1 753.8
Inclusion of power derivatives	A	-6.9	12.5
Inclusion of interest rate derivatives	A	0.6	-13.7
Changes linked to pensions	C	-75.3	-113.7
Reversal of dividend on balance sheet date	E	20.7	84.2
Amended acquisition analysis and depreciation of acquisition	D	0.0	1.0
Total adjustments		**-60.9**	**-29.7**
Tax effect on adjustments	G	22.8	31.3
Total adjustment of equity		**-38.1**	**1.6**
Equity according to IFRS		**1 588.9**	**1 755.4**

Equity ratio	01.01.2010	31.12.2010
Equity ratio as previously reported under NGAAP	50.1 %	43.4 %
Equity ratio according to IFRS	48.0 %	42.1 %

Explanation of reconciliation of equity:

A) Financial instruments
According to IAS 39 "Financial Instruments – Recognition and measurement", all financial instruments shall be accounted for. A reassessment of previously entered financial instruments has been performed. The group uses three different types of financial instruments in the form of derivatives: exchange rate hedging derivatives, interest rate hedging derivatives and power hedging derivatives. Previously, only the exchange rate hedging derivatives and some of the interest rate hedging derivatives were entered in the consolidated accounts, in accordance with NGAAP. The group has also chosen not to use hedge accounting after the introduction of IFRS, while the group previously used hedge accounting under the NGAAP rules. With the transition to IFRS, the remaining interest rate hedging derivatives and the power hedging derivatives have been included in the accounts.

According to IAS 39, all derivatives shall be classified in the category for fair value on the balance sheet with value changes from the profit and loss account.

Exchange rate derivatives:
In 2010, all exchange rate derivatives were entered in accordance with NGAAP at fair value on the balance sheet and with value changes from the profit and loss account and there are no transition effects.

Interest rate derivatives:
Moelven has hedged its external bank debt so as to achieve more predictable interest rate costs. In a period of falling interest rates, this has led to a loss on interest rate derivatives for the group. All interest rate derivatives falling due within the period of the loan were entered as hedges in accordance with NGAAP, while under IFRS the group does not use the hedge accounting rules. By including all interest rate derivatives and not using hedge accounting, there was a positive effect on equity of NOK 0.4 million, an increase in deferred tax of NOK 0.2 million and a reduction in commitments of NOK 0.6 million, as at 01/01/2010. The financial costs increased by NOK 14.3 million in 2010 and gave an increased commitment of NOK 14.3 million as at 31/12/2010.

Power derivatives:
Moelven has entered into power hedging in both Sweden and Norway. According to NGAAP, these derivatives were defined as being outside the balance sheet requirements for 2010. With the transition to IAS 39 "Financial Instruments – Recognition and measurement", part of the power agreements shall be entered on the balance sheet at fair value, while part of the power contracts shall be outside the balance sheet. Commitments increased by NOK 6.9 million as at 01/01/2010, which reduced equity by NOK 5.0 million. In 2010, Moelven had financial income of NOK 19.4 million on the value change, which also led to a reversal of commitment of NOK 6.9 million and an asset increase of NOK 12.5 million as at 31/12/2010.

B) Projects
Moelven has decided that completed but non-invoiced projects shall be presented not together with inventory but together with accounts receivable. This gives a better presentation of reality. As at 01/01/2010, the group had no completed but non-invoiced projects. As at 31/12/2010, the completed but non-invoiced projects amounted to NOK 33.3 million, which has been moved from inventory to accounts receivable.

According to IAS 11 "Construction contracts", projects shall be presented as gross on the balance sheet, while each individual project shall be presented net. On the transition to IFRS on 01/01/2010, this led to an increase in accounts receivable and short term liabilities of NOK 40.6 million, and as at 31/12/2010, an increase in accounts receivable and other short term liabilities of NOK 81.3 million.

C) Pensions
According to IFRS 1 "First-time Adoption of IFRS ", all estimated deviations shall be zeroed on the transition to IFRS. This led to an increase of NOK 75.4 million in pension commitments, a reduction of NOK 54.2 million in equity and a reduction of NOK 21.1 million in deferred tax.

Moelven has chosen to enter all estimated deviations that arise after the transition to IFRS against other income and costs, as they arise. Also, IAS 19 "Employee Benefits" does not permit the use of interest rates other than government bond rates for discounting down in Norway. These two effects led to a reduction of NOK 11.7 million in payroll costs in 2010 and as at 21/12/2010 a further increase in pension commitments of NOK 38.9 million, a reduction in equity of NOK 28 million and a reduction in deferred tax of NOK 10.9 million."

D) Leasing
Moelven's subsidiary companies have leased fork lift trucks, timber lifters and some production equipment. This was previously presented as

operational leasing, but in the transition to IFRS it is presented as financial leasing. This means that business assets and obligations to the leasing company are included on the balance sheet. As at 01/01/2010, we have included business assets and leasing liabilities of NOK 57.2 million and as at 31/12/201, we have included business assets and leasing liabilities of NOK 59.3 million.

E) Dividend
Under IFRS, a dividend is not an obligation until it has been adopted, that is to say on the date of the general meeting. Deferred dividend under NGAAP was NOK 20.7 million as at 01/01/2010 and NOK 84.2 million as at 31/12/2010. This dividend cannot be seen as a liability under IFRS on the balance sheet dates and has therefore been reversed by adding a corresponding amount to equity.

F) Acquisitions
Moelven acquired three companies in 2010, ref. note 8. The added value from these acquisitions was included as goodwill under NGAAP and depreciated over 10 years. Depreciation of goodwill is not permitted under IFRS.
After the transition to IFRS, the analyses of the acquisitions were performed once again and the following changes were made.

Depreciation of goodwill under NGAAP was NOK 3.3 million, while depreciation of the added value under IFRS is NOK 2.6 million. Transaction costs for the acquisition amounting to NOK 0.5 million were also entered. As at 31/12/2010, goodwill has been reduced from NOK 29.5 million to NOK 13.3 million, other intangible assets has been increased by NOK 23.6 million, deferred tax has been increased by NOK 6.4 million and equity has been increased by NOK 1.0 million.

G) Tax effects
All the IFRS effects have arisen in Norway. The amounts that have been charged to equity have therefore been adjusted for 28% tax. All amounts have had a tax effect with the exception of reversal of deferred dividend.

H) Effects on the cash flow analysis
IFRS1 requires an explanation of the effects the transition has had on the cash flow analysis. The identified IFRS effects have an insignificant effect on the classification in the cash flow analysis. No reconciliation has therefore been made.

I) Exceptions utilised
The basis of IFRS is that all standards shall be used with full retrospective effect. IFRS 1 ""First-time Adoption of IFRS "" has some exceptions to the main rule. Moelven has utilised the following exceptions:

Business combinations
IFRS 1 explains that enterprise transfers that were completed before the transition date (01/01/2010) do not need to be revised in accordance with IFRS 3 "Business Combinations". This exception means that we do not need to produce or recreate relevant data for earlier enterprise transfers so that these can be incorporated in accordance with IFRS 3.

Pensions
Moelven has made use of the opportunity given by IFRS 1 to zero all unamortised deviations from estimate in the opening balance on the transition date to IFRS (01/01/2010.

Currency translation differences
According to IFRS 1, when changing over to IFRS one can choose to either zero all accumulated translation differences or to continue accumulated translation differences. Moelven chose to zero the translation differences on the transition date (01/01/2010). This means that all translation differences that occur after this date are not covered by the zeroing. The zeroing means that the part of equity that is accumulated translation differences is transferred to retained earnings.

Estimates
Where estimates are used in determining the valuation of balance sheet items, these estimates shall not be revised, with the exception of those cases where it is obvious that the estimate was wrong. No estimates were changed as at either 01/01/2010 or 31/12/2010 as a result of the transition to IFRS.

Corporate governance

Corporate governance at Moelven is based on the Norwegian recommendations for corporate governance of October 2011. The recommendations are available on www.nues.no

The list below gives references to where the points required by section 3-3b of the Norwegian Accounting Act may be found.

Requirements in accordance with section 3-3b of the Norwegian Accounting Act	**Reference to Report on corporate governance at Moelven**
1: A statement of the recommendation and regulations on corporate governance that the company is comprised of or otherwise chooses to follow.	Introduction to the report Point 1 Report on corporate governance
2: Information about where the recommendations and regulations mentioned in No. 1 are publicly available.	Point 1 Report on corporate governance
3: Reasons for any deviations from the recommendations and regulations mentioned in No. 1	There are two deviations from the recommendations. These are described in points 7 and 9.
4: A description of the main elements in the company's, and for accountants who prepare consolidated accounts also the group's, systems for internal control and risk management connected to the accounts reporting process.	Point 10 Risk management and internal control
5: Clauses in the articles of association that wholly or partly extend or deviate from the provisions of chapter 5 of the Public Limited Company Act.	No such clauses exist. The articles of association are included as an appendix.
6: Composition of the board, Corporate Assembly, supervisory council and audit committee, any working groups for these bodies, as well as a description of the main elements of prevailing instructions and guidelines for the work of these bodies and any working groups.	Point 8 Corporate Assembly and board, composition and impartiality. Point 9 The work of the board
7: Clauses that regulate the appointment and replacement of board members.	Point 8 Corporate Assembly and board, composition and impartiality.
8: Clauses and authorities that enable the board to decide that the company shall buy back or issue own shares or capital certificates.	Point 3 Share capital and dividends

1. Report on corporate governance

In accordance with the Public Limited Company Act it is the board of the company that is responsible for ensuring the proper organisation of the business and administration of the company. The Moelven group has a decentralised organisational structure with a number of independent juridical units with their own boards that have corresponding responsibility for the unit in question. The groups activities are based on Scandinavian values. The basic values sustainability, reliability and using the opportunities that arise have become over time a natural part of the company culture. They also form the basis of the company's ethical guidelines.

2. Business activities

In accordance with the company's articles of association, the company's purpose is fabrication and activities that are associated with this, trade and other financial activities, as well as participation in other companies by means of share subscription and other means. The board emphasises long-term, sustainable development and lays down in the group's strategic plan that the main focus in future shall be the improvement of existing activities. The group has passed the critical size that is necessary to assert itself in competition. Quality shall be prioritised ahead of size and is an essential basis for both profitability and further growth. Both solidity and financing are satisfactory and give the necessary room for manoeuvre. The company's objectives and main strategies are described in the board's annual report.

3. Capital and dividends

At the end of 2011, equity in the parent company Moelven Industrier ASA was NOK 849.0 million (NOK 898.6 million). For the group as a whole, equity was NOK 1,540.0 million (NOK 1,755.4 million). The equity ratio was 35.6 percent (42.1 percent). The board's objective is a minimum of 40 per cent, a level that in the opinion of the board is appropriate in light of the economic fluctuations that have been seen in recent years. The board has adopted a dividend policy that is in line with the provisions of the shareholders' agreement between the company's seven largest owners, who together represent 99.6 per cent of all shares. The main rule of the dividend policy indicates a cash dividend corresponding to 50 per cent of profit after tax, assuming that considerations of the company's financial position and other capital sources are satisfactorily safeguarded.
As at 31.12.2011, the board had not been given the authority to increase capital or buy own shares.

4. Equal treatment of shareholders and transactions with related parties

The share capital of Moelven Industrier ASA consists of 129,542,384 shares with a face value of NOK 5 and there is only one share class. The company is not listed on the stock exchange. In total, the shares are distributed among approximately 960 shareholders.

The seven largest shareholders Glommen Skog BA (25.1 per cent), Eidsiva Vekst AS (23.8 per cent), Agri MI AS (15.8 per cent), Viken Skog BA (11.9 per cent), Mjøsen Skog BA (11.7 per cent), AT Skog BA (7.3 per cent) and Havass Skog BA (4.0 per cent) together control 99.6 per cent. Most of the remaining 0.4 per cent is owned by private individuals. A shareholders' agreement has been entered into between the seven largest shareholders. Among other things, this determines that the company shall be run as an independent unit with a long-term perspective and with continued focus on Scandinavia as the main market. The agreement also contains clauses regarding the composition of the board, dividend policy, strategic focus areas and share transfer. Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this applies to purchase of timber, where the Norwegian forest owner cooperatives are suppliers, and deliveries of biofuel from the Moelven group to a bioenergy plant owned by Eidsiva Energi AS. Eidsiva Energi Marked AS trade electric power to Moelven's Norwegian industrial operations. All these transactions are performed on the arm's length principle. Where other suppliers can offer better prices or terms, these prices will be used.
Moelven' supply of energy raw materials to Eidsiva's bioenergy plant represents between 40 and 50 GWh on an annual basis, while buying back energy represents between 20 and 30 GWh. Net delivery of energy raw materials is 20 GWh.
The extent of the sale of electrical power corresponds to about 40 per cent of Moelven's total consumption of 185 GWh. Moelven has a long tradition of running its operations in accordance with the laws and ethical guidelines of the industry with the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

5. Free marketability

The articles of association do not place any form of limitation on trading in the company's shares. The shares may be freely traded to the extent that individual shareholders have not made undertakings to other shareholders. Since the company is not listed and the seven largest shareholders together own 99.6 per cent of the shares, there is little trading in shares.

6. Annual General Meeting

The notice of the general meeting, the content of the notification and accessibility of documentation follow the requirements set by the Public Limited Company Act and the regulations on general meetings. Facilitation is made for the general meeting to be able to vote for every single candidate to be elected by the shareholders to the Corporate Assembly. The employees of the group hold their own election of employee representatives on the Corporate Assembly.

The chairman of the board, the chairman of the Corporate Assembly and the auditor attend the general meeting. Traditionally, the chairman of the Corporate Assembly has been elected to chair the general meeting. The procedures for attending and voting by proxy are described in the notification. Since 99.6 per cent of the shares are controlled by the seven largest shareholders, there has not be a need to appoint a person who can vote for the shareholders as a proxy.

7. Nominating committee and compensation committee

Each year the Corporate Assembly elects a nominating committee consisting of two representatives of the shareholders, as well as a compensation committee consisting of two representatives of the shareholders and one representative of the employees. The committees propose to the Corporate Assembly and general meeting respectively for the election and compensation of board members and Corporate Assembly members. The proposals shall include information about the candidates' expertise, capacity and impartiality. Since 99.6 per cent of the shares and the employees are represented in the Corporate Assembly, there has not been a need to establish routines for ensuring the nominating committee's independence from the board, leading employees and the Corporate Assembly.

8. Corporate Assembly and board, composition and impartiality.

The Corporate Assembly has 12 members, four of whom are elected by the employees. The company's seven largest shareholders, who together control 99.6 per cent of the shares, are all represented in the Corporate Assembly. The board of Moelven Industrier ASA has seven members, who are elected by the Corporate Assembly, normally for 1 year at a time. The chair of the board is independent of the company's main shareholders and is appointed by the Corporate Assembly. The four other shareholder-elected board members are connected with the company's main shareholders. Two of the board members are representatives of the employees, but independent of the company's day-to-day management. The employees also elect one deputy representative, who attends board meetings. No senior executives are members of the board. Two of the five shareholder-elected board members are women. The proportion of female employees in the group is 9.82 per cent (9.47). The rules on gender representation do not therefore apply to the employees' representatives. The composition of the board thereby satisfies the requirements regarding gender representation on the board. Apart from the employees' representatives on the board, only one board member receives remuneration other than directors' fees from the company. This is an insignificant amount and relates to winding up of an appointment in France.

The ages, professions and length of service of board members appear in the annual report. Because of the ownership structure and the main shareholders' knowledge of the board members, publication of further information is not deemed to be relevant. From experience, non-attendance at board meetings is exceptional.

9. The work of the Board of Directors

The board's administration of the company follows the provisions of the Public Limited Company Act. Instructions have been determined for the board of Moelven Industrier ASA that give guidelines for the board's work. Every meeting reviews the monthly reporting of operational developments, financial data and HSE statistics for the group. There is also the following schedule of work for every calendar year:

- January: Report for fourth quarter of preceding year.
- February: Annual accounts with notes and annual report for preceding year.
- April: Report for first quarter and preparation for ordinary general meeting.
- June: Strategic plan; initial meeting.
- July: Report for first six months
- August: Strategic plan:
- October: Report for third quarter, adoption of strategic plan.
- December: Business plan and budget for coming year, including risk management and internal control.

Self-evaluation of the work of the board is performed at the beginning of every year. The board uses committees as needed. Based on an assessment of risk conditions and the need for control, as well as ownership structure, it has been decided to let the complete board function as an audit committee. The board only determines remuneration for the President and CEO. Remuneration for the remainder of management is determined by the President and CEO in line with guidelines adopted by the board. There are no option programmes or share-based payments for senior executives. The task of the board in respect of compensation is therefore limited and no separate compensation committee has been set up in the board. In addition to board members, the CEO, CFO and board secretary normally also attend normal board meetings. Other representatives of the administration, the divisions or auditor attend as needed.
The board has determined instructions for the work of the CEO. Group management consists of the CEO and the managing director of each division. In addition to group management, the directors of the group's shared services also attend group management meetings. For more information about governing bodies and group management, refer to the notes to the annual accounts.

10. Risk management and internal control
The Moelven group is built on a flat and decentralised organisational and management structure. All units within the group have individual profit responsibility and operate as independent parts of a coordinated network that is characterised by openness and cooperation. This helps to limit the need for central administrative resources and increases the group's ability to react quickly to what is happening around it. Risk management and internal control are suited to this organisational model. The local company management and the boards of the individual companies follow up on risk management and internal control in accordance with prevailing laws and regulations. There are also control functions at divisional and group level, as well as in individual companies where the nature of the business leads to increased risk of faults, non-compliance or irregularities.

Because of its extent, it has been decided to limit reporting to the board to a focus on group and divisional data, as well as selected key figures and non-compliance reporting by unit. In connection with annual strategy and budget activities, the board reviews the group's most important risk areas. If needed, and based on the annual risk assessment, the group's reporting and control routines are adapted so that identified risks can be satisfactorily covered. In addition to established internal rules and routines, the internal control is largely based on the internal control environment. This environment includes people at all levels of the company. It covers integrity, ethical values, competence, management philosophy, form of operation, organisational structure, distribution of responsibility and authority and personnel policy. The board and management place great emphasis on communicating the established basic position to risk management out in the organisation.

All units close their accounts monthly and report to the parent company on the third working day of the following month. Reporting occurs in accordance with standardised systems and common guidelines so as to ensure consistency and the greatest possible comparability right across all units. An important control measure that follows naturally from the management and organisational model is the monthly benchmark and consolidated data report from the group to the reporting units. The same monthly report that is sent to the board is also sent back to company management in each individual company. In this way, many are involved in control and follow-up of management and governing data. The reporting cycle supports the feeling of responsibility, not just for the results of one's own unit, but also for the divisions and group as a whole. The board considers that this reporting and control environment gives satisfactory control of the business.

The board has reviewed and approved the following general guidelines:

- Instructions for the board and general manager of Moelven Industrier ASA
- Financial policy
- Dividend policy
- Guidelines for employees of the Moelven group, including the following guidelines
  1. Brand platform
  2. HSE manual
  3. Environmental policy
  4. Insurance and risk strategy - general insurance
  5. Staff regulations
  6. Policy for an open company culture
  7. Policy on alcohol and drugs
  8. Data discipline instructions
  9. Policy for social media
  10. Brand and communication strategy
  11. Legislation on competition in a Moelven context
  12. Guidelines for internal pricing between companies

11. Remuneration to the board
Remuneration to the board is decided annually by the Corporate Assembly. The remuneration to board members is a fixed amount that is determined in advance and is independent of profits. No option or share based remuneration is used and neither are there any incentive schemes.
For further information about directors' fees and any remuneration other than fees to board members, refer to the notes to the accounts.

12. Remuneration to group executives
The board determines the CEO's salary. There are no option or share based payments. Principles and ceilings have been determined for profits-related payment within the group. Among other things, it has been determined that agreements of profits-related remuneration shall have a duration of a maximum of one year at a time and that such remuneration shall have an upper ceiling. For further information about remuneration to group management, refer to the notes to the annual accounts.

13. Information and communication
The board determines the group's financial calendar annually; this is published in the annual report and on the company's website. The group's quarterly and annual reports are primarily published on the internet, but are also sent by post on request. In addition to annual and quarterly reporting, selected key figures are published monthly on the company's website. The board has established a practice of organising annual owners' meetings so as to create an arena for the exchange of information and discussion between the owners. It has not been found necessary to establish guidelines for these.

14. Company takeover
The company is not listed and there is a shareholders' agreement between the seven largest shareholders, who together own 99.6 per cent of the shares, that regulates the transfer of shares, among other things. No guidelines have been prepared for the board in connection with any takeover bid.

15. Auditor
The auditor has meetings with the board without administration being present. The auditor also participates in board meetings when the annual accounts are discussed. The auditor also presents the audit plan, summaries following interim audits of the subsidiaries and central risk areas and the group's handling of these.

Moelv, 28 February 2012
The Board of Directors of Moelven Industrier ASA

Sverre Leiro
Chairman

Elisabeth Bjøre

Elisabeth Krokeide

Terje Johansen

Egil Magnar Stubsjøen

Martin Fauchald

Gunde Haglund

Hans Rindal
President and CEO

Profit and loss account

Amounts in NOK million	Note	Moelven Industrier ASA 2011	2010
Other operating revenue		65.9	62.3
Operating revenue	2	**65.9**	**62.3**
Payroll expenses	12	34.6	32.7
Depreciation on tangible and intangible fixed assets	10.11	9.5	7.2
Other operating expenses	16	63.6	62.7
Operating expenses		**107.7**	**102.6**
Operating profit		**-41.8**	**-40.3**
Income from investment in subsidiaries 1)		48.8	49.2
Value change financial instruments, gain	9	0.0	26.1
Interest income from group companies		73.5	55.0
Other interest income		0.9	0.4
Other financial income		12.4	5.7
Value change financial instruments, loss	9	-47.3	0.0
Interest costs to companies in same group		-11.8	-9.6
Other interest costs		-57.3	-34.5
Other financial costs		-17.5	-9.0
Net financial items		**1.7**	**83.3**
Result before tax		**-40.1**	**43.0**
Tax on ordinary result	3.4	-11.0	**12.2**
Annual profit		**-29.1**	**30.8**
Allocated to dividend, NOK 0.00 per share (0.65 in 2010)		0.0	-84.2
To/from other equity	16	29.1	**53.4**
Total		**29.1**	**-30.8**

1) Including group contribution

Balance sheet at 31.12.

Amounts in NOK million	Note	Moelven Industrier ASA 2011	2010
ASSETS			
Deferred tax assets	4	28.4	14.4
Other intangible assets	10	9.2	6.8
Total intangible assets		**37.6**	**21.2**
Land		3.7	3.7
Buildings and other property		7.0	7.4
Machinery and plant		8.7	9.3
Fixtures and fittings, tools, office machinery etc.		15.8	20.2
Total tangible fixed assets	11	**35.2**	**40.6**
Investments in subsidiaries	13	996.1	981.6
Investments in associated companies	15	10.3	10.3
Loans to group companies		1 194.5	991.0
Investments in other shares	14	0.1	0.1
Net pension funds		1.5	**1.9**
Total financial fixed assets		**2 202.5**	**1 984.9**
Total fixed assets		**2 275.3**	**2 046.7**
Accounts receivable		0.1	0.2
Accounts receivable group companies		2.9	4.0
Receivables group contributions/dividend		48.8	49.2
Other receivables		12.7	13.5
Total receivables		**64.5**	**66.9**
Financial derivatives	9	5.9	13.1
Bank deposits, cash etc.	6	0.4	0.0
Total current assets		**70.8**	**80.0**
Total assets		**2 346.1**	**2 126.7**

Amounts in NOK million	Note	Moelven Industrier ASA 2011	2010
LIABILITIES AND EQUITY			
Share capital		647.7	647.7
Own shares		0.0	0.0
Share premium reserve		180.7	180.7
Total contributed equity		**828.4**	**828.4**
Retained earnings		20.6	**58.0**
Total equity	16	**849.0**	**886.4**
Pension liabilities	12	35.8	30.3
Total provision for commitments		**35.8**	**30.3**
Liabilities to credit institutions	6	1 026.3	701.0
Total long term liabilities		**1 026.3**	**701.0**
Liabilities to credit institutions	6	339.7	359.2
Financial derivatives	9	64.4	25.9
Liabilities to suppliers		6.4	7.5
Trade accounts payable to group companies		2.1	2.4
Payable public duties		5.2	2.6
Dividends		0.0	84.2
Tax payable	3	0.0	5.8
Other short term debt	5	17.2	21.4
Total short term liabilities		**435.0**	**509.0**
Total liabilities		**1 497.1**	**1 240.3**
Total equity and liabilities		**2 346.1**	**2 126.7**
Guarantee liability	8	422.6	377.7
Number of shares (Face value per share NOK 5.-)	16	129 542 384	129 542 384

Moelv, 28 February 2012
The Board of Directors of Moelven Industrier ASA

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Hans Rindal
President and CEO

Cashflow statement

Amounts in NOK million	Note	Moelven Industrier ASA 2011	2010
CASH FLOW FROM OPERATIONAL ACTIVITIES:			
Profit before tax		-40.1	43.0
Tax paid this year	3	-5.8	0.0
Ordinary depreciation	10.11	9.5	7.2
Correction items - financial derivatives		45.7	-29.5
Unpaid pension costs entered as costs and unreceived pension funds entered as income	13	-4.2	0.2
Changes in current assets excluding liquids and loans		2.0	-11.6
Changes in short-term liabilities excluding borrowing		-3.0	6.3
Cash flow from operational activities		**4.1**	**15.6**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Investment in plant and equipment exc. acquisition	11.12	-6.4	-11.8
Net cash outlay on acquisition		-15.0	-81.8
Long-term investments, financial		-203.5	-70.3
Short term loans		-0.4	-39.5
Cash flow from investment activities		**-225.3**	**-203.4**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in short-term loans and overdraft		-19.5	-102.8
Changes in long-term liabilities		325.3	311.3
Payment of dividend		-84.2	-20.7
Cash flow from financial activities		**221.6**	**187.8**
CASH HOLDINGS			
Net change in liquidity through year		0.4	0.0
Cash holdings 01.01.		0.0	0.0
Cash holdings 31.12.	6	**0.4**	**0.0**

Note 1 Accounting principles

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

1.1 Use of estimates

Management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, as well as uncertain assets and obligations on the date of balance in the preparation of the annual accounts in accordance with good accounting practice.

1.2 Foreign currency

Foreign exchange transactions are calculated at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of measurement. Exchange rate changes are entered on the income statement as they occur during the accounting period under other financial items.

1.3 Operating revenues

The operating revenues consist mainly of division of joint costs among the subsidiaries. Sales are invoiced as the services occur.

1.4 Tax

Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax benefits are calculated on all differences between book and taxable values of assets and liabilities. Deferred tax is calculated at 28% of the temporary differences between the book and taxable values, as well as tax losses carried forward at the end of the reporting year. Net deferred tax benefits are entered on the balance sheet to the extent that it is probable they can be utilised.

Payable tax and deferred tax are entered directly against equity to the extent that the tax entries relate to equity items.

1.5 Classification and valuation of balance sheet items

Current assets and short-term debt include items which become due for payment within a year after the date of acquisition and items associated with the goods cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recognised on the balance sheet at the nominal amount at the time it is taken out.

Fixed assets are measured at acquisition cost, less depreciations and write downs. Long-term debt is recognised in the balance sheet at the nominal amount at the time of establishment.

1.6 Research & Development

Research and development expenses are entered on the balance sheet to the extent to which a future financial benefit can be identified that is linked to the development of an identifiable intangible asset and the expenses can be reliably measured. Otherwise, such expenses are recognised as costs on an ongoing basis. Development that is entered on the balance sheet is depreciated on a straight line basis over the financial lifetime. Research expenses are recognised as costs on an ongoing basis.

1.7 Tangible fixed assets

Tangible fixed assets are entered on the balance sheet and depreciated on a straight line basis over the asset's expected lifetime. Major assets that consist of significant components having different lifetimes are depreciated with different depreciation times for the different components. Direct maintenance of equipment is recognised continuously as an expense under operating expenses, while increased costs or improvements are added to the equipment's price and amortised concurrently. If the recoverable value of the asset is lower than book value, it is written down to recoverable value. Recoverable value is the higher of net sales value and value in use. Value in use is the present value of the future cash flow that the asset is expected to generate.

1.8 Subsidiaries/associated companies

Subsidiary and associated companies are assessed by the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless write down has been necessary.

Write down to fair value is been done when the decrease in value is due to causes that cannot be considered to be transitory and where this must be considered necessary according to good accounting practice. Write downs are reversed when the reason for write down no longer exists.

Dividends, group contributions and other payments from subsidiaries are entered as revenue during the same year as provision is made for them in the subsidiary's accounts. If the dividend/group contribution exceeds the proportion of earned profit after the date of acquisition, the surplus represents part repayment of invested capital and is deducted from the value of the investment on the parent company's balance sheet.

1.9 Receivables

Trade accounts receivable and other receivables are recognised in the balance sheet at their nominal value after deductions for provision for expected loss. Provision for losses is made on the basis of individual assessment of each debt. In addition, an unspecified provision is made for the remaining trade accounts receivable to cover assumed loss.

1.10 Short-term investments

Short-term investments (shares assessed as current assets) are valued at the lower of acquisition cost and fair value on the date of balance. Dividends received and other payments from the companies are entered as other financial income.

1.11 Pensions

The company has collective, contribution-based pension schemes. These are schemes with a savings portion and a risk portion with earnings right. Pension premiums are entered as costs as they occur.

The collective contributory pension was established in 2005, and those who were members of the company's collective defined benefit pension plans had the option of changing. The defined benefit plans continue as closed schemes and no new members are included in these schemes. All new employees enter the company's collective contributory pension. The closed schemes are defined benefit plans that give the employees entitlement to agreed future pension benefits. The benefits are based on the number of years of earning and pay level on retirement.

Defined-benefit pension schemes

Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. Estimate changes and changes in financial and actuarial assumptions (actuarial gains and losses) are entered against equity (OCI). The period’s net pension costs are classified as payroll and personnel costs.

The company entered all accumulated net actuarial losses and gains (estimated deviations) against equity as per 1 January 2010. This was done since the company began to use IAS 19 for accounting for pension commitments.

Gains and losses on the curtailment or settlement of a defined-benefit pension scheme are recognised on the income statement on the date the curtailment or settlement occurs.

Contributory pension scheme

In addition to the defined benefit scheme described above, the company has made contributions to local pension plans. Contributions are given to the pension plan for all employees and represent from 3% to 5% of pay. Pension premiums are entered as costs as they occur.

1.12 Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term liquid investments.

Note 2 – Operating revenue

Amounts in NOK million	2011	2010
Subsidiaries' proportion of joint costs	25.3	22.3
Subsidiaries' proportion of IT services	30.7	29.8
Rent income - outside the group	0.5	0.5
Rent income - inside the group	3.2	3.4
Other	6.2	6.3
Total other operating income	**65.9**	**62.3**

Note 3 –Tax expense

Amounts in NOK million	2011	2010
Ordinary result before tax	**-40.1**	**43.0**
Nominal tax 28 %	-11.2	12.0
Tax effect of permanent differences	0.2	0.2
Total tax costs	**-11.0**	**12.2**
Ordinary result after tax	**-29.1**	**30.8**
Tax percentage	27.5 %	28.5 %
Tax costs consist of payable tax in		
Total tax payable	**0.0**	**5.8**
Changes in deferred tax from income statement	-11.0	6.4
Total tax costs	-11.0	12.2
Changes in deferred tax from OCI item pension	-3.0	-5.0
Changes in deferred tax from income statement	-11.0	6.4
Total changes in deferred tax	**-14.0**	**1.4**

Note 4 – Deferred tax

Deferred tax /deferred tax assets

The table below shows the tax effects of the various temporary differences between accounting and tax values.

Amounts in NOK million	2011	2010
Temporary differences		
Asset reserves	0.0	-0.1
Cost provisions according to good accounting practice	-1.8	-2.8
Other short-term temporary differences	-16.4	-3.0
Sub-total short-term differences	**-18.2**	**-5.9**
Plant and equipment reserves	-1.6	-1.8
Profit and loss account	1.0	1.3
Pension funds	0.4	0.5
Pension commitments	-10.0	-8.5
Sub-total long-term items	**-10.2**	**-8.5**
Tax-reducing differences (-), tax-increasing (+)	**-28.4**	**-14.4**
Deferred tax assets	**-28.4**	**-14.4**

Note 5 – Other short-time liabilities

Other short-term liabilities consist mainly of accrued costs not yet due for payment.

Note 6 – Liquid holdings and debt

6.1 Interest-bearing holdings and debt

Amounts in NOK million	Average rate 2011	2011	2010
Restricted bank deposits		0.0	0.0
Other bank deposits		0.4	0.0
Total bank deposits		**0.4**	**0.0**
Overdraft and interest-bearing debt		339.7	359.2
Long-term interest-bearing liabilities in			
NOK	4.58 %	265.0	135.0
SEK	5.44 %	761.3	566.0
DKK		0.0	0.0
EUR			
Total long-term interest-bearing debt		**1 026.3**	**701.0**
Net interest-bearing debt		**1 365.6**	**1 060.2**

6.2 Repayment schedule long-term liabilities

Amounts in NOK million	2011	2010
Long-term liabilities that fall due for payment in		
1 year	0.0	0.0
2 years	0.0	0.0
3 years	0.0	0.0
4 years	739.3	0.0
5 years	287.0	701.0
6 years and over	0.0	0.0

6.4 Ceilings and withdrawals in syndicated loan market

Amounts in NOK million	2011	2010
Ceiling	1 350.0	1 050.0
Withdrawal	1 026.3	701.0
Remaining term in months	41/53	53

The loans have been taken with negative security declaration and have normal clauses relating to equity, equity ratio and debt ratio.

6.5 Future access to liquidity

Long financing

Amounts in NOK million	2011	2010
as at 31.12	1 350.0	1 050.0
in 1 year	1 350.0	1 050.0
in 2 years	1 350.0	1 050.0
in 3 years	1 350.0	1 050.0
in 4 years	300.0	1 050.0
in 5 years	0.0	0.0
in 6 years or later	0.0	0.0

Short financing

In addition to the long-term access to liquidity, the group has loan facilities that are renewed each year. As at 31.12.2011 these were NOK 100 million, SEK 108.5 million, EURO 4 million, DKK 35 million and GBP 0.5 million, which altogether represent a total amount of NOK 266.6 million. As a result of normal seasonal variations, the group's net interest-bearing debt was at its highest in spring 2011, NOK 947.0 million. The long term loan facilities as at 31.12.2011 are expected to be sufficient to cover liquidity needs for the coming three years and five months.

Note 7 – Financial market risk

Assets with associated financial market risk consist of loans in foreign currency to subsidiaries, mainly in SEK. Exchange rate exposure is eliminated in that the loans are financed with debts in the same currency. Interest rate risk connected with the same receivables and liabilities is reduced by using rate swaps.

In order to assist subsidiaries in covering risks associated with buying and selling currency, and within limits defined by the board, currency positions are taken for use with internal exchange.

Note 8 – Guarantee liabilities

Amounts in NOK million	2011	2010
Loan guarantees/financial guarantees	124.3	156.1
Unconditional guarantees	256.5	183.5
Tax deduction guarantees	41.8	38.1
Total	**422.6**	**377.7**

The company has no restricted bank deposits.
The company's cash credit accounts are included in the group's account systems.
The company can thus be collectively responsible for more than the company's withdrawals. The employees' tax deduction funds are secured with guarantees furnished by an external credit institution.

Note 9 – Financial instruments

The following types of hedging are used:

Rate swaps
Currency future contracts
Structured forward buying of currency
Future contracts for electric power

	2011	2010
Financial assets entered at fair value		
Interest rate derivatives	0.0	0.0
Exchange rate derivatives	5.9	13.1
Total assets presented on the financial derivatives line	**5.9**	**13.1**

	2011	2010
Financial obligations entered at fair value		
Interest rate derivatives	41.7	10.6
Exchange rate derivatives	6.3	15.4
Power derivatives *)	16.4	0.0
Total obligations presented on the financial derivatives line	**64.4**	**25.9**

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

	2011	2010
Value changes of financial instruments recognised in the profit and loss account		
Value change financial instruments, gain	0.0	26.1
Value change financial instruments, loss	-47.3	0.0
Net result of financial instruments	**-47.3**	**26.1**

Fair value of hedging instruments and hedged items are set as follows:

The Group has no hedging instruments not traded in functional markets. Fair value is calculated based on observable market prices for similar instruments.

Nominal value of financial instruments

Amounts in NOK million	As at 31 December 2011	2010
Interest rate derivatives		
Maturing under 1 year	0.0	87.1
Maturing 2 - 5 years	345.8	130.6
Maturing 6 - 10 years	354.5	195.9
Total	**700.3**	**413.6**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	149.1	171.2
Maturing 7-12 months	26.4	52.6
Maturing >12 months	0.0	8.3
Total	**175.5**	**232.1**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	77.1	74.4
Maturing 7-12 months	1.8	7.9
Maturing >12 months	0.0	0.0
Total	**78.9**	**82.3**
Power derivatives		
Maturing under 1 year	53.9	55.4
Maturing 1-2 years	74.1	68.0
Maturing 3-4 years	12.3	9.7
Total	**140.2**	**133.1**

Note 10 – Intangible assets

Amounts in NOK million	Other intangible assets	Total
Acquisition value as at 31.12.2009	7.5	7.5
Acquisitions	1.9	1.9
Disposal acquisition value	0.0	0.0
Acquisition value as at 31.12.2010	9.4	9.4
Accumulated ordinary depreciations 01.01.2009	1.5	1.5
Disposals accumulated depreciations	0.0	0.0
Depreciation and write downs for the year	1.1	1.1
Accumulated ordinary depreciations 31.12.2010	2.6	2.6
Book value 01.01.2009	6.0	6.0
Book value 31.12.2010	6.8	6.8
Ordinary depreciation rates in per cent	20/33%	

Amounts in NOK million	Other intangible assets	Total
Acquisition value as at 31.12.2010	9.4	9.4
Acquisitions	4.6	4.6
Disposal acquisition value	0.0	0.0
Acquisition value as at 31.12.2011	14.0	14.0
Accumulated ordinary depreciations 01.01.2010	2.6	2.6
Disposals accumulated depreciations	0.0	0.0
Depreciation and write downs for the year	2.2	2.2
Accumulated ordinary depreciations 31.12.2011	4.8	4.8
Book value 01.01.2010	6.8	6.8
Book value 31.12.2011	9.2	9.2
Ordinary depreciation rates in per cent	20/33%	

Other intangible assets

In 2011 NOK 4,6 mill (1,9 mill. i 2010) of intangible assets connected with Moelven's project on the new www.moelven.com were capitalised.

Note 11 – Tangible fixed assets

Amounts in NOK million	**Land**	**Buildings and other property**	**Machinery and plant**	**Fixtures and fittings, tools, office machinery etc.**	**Total**
Acquisition value as at 31.12.2009	3.7	22.5	2.8	36.3	65.3
Acquisitions	0.0	5.0	9.0	-4.1	9.9
Disposal acquisition value	0.0	0.0	0.0	0.0	0.0
Acquisition value as at 31.12.2010	**3.7**	**27.5**	**11.8**	**32.2**	**75.2**
Accumulated ordinary depreciations 01.01.2009	0.0	19.9	2.3	6.3	28.5
Disposals accumulated depreciations	0.0	0.0	0.0	0.0	0.0
Depreciation and write downs for the year	0.0	0.2	0.2	5.7	6.1
Accumulated ordinary depreciations 31.12.2010	**0.0**	**20.1**	**2.5**	**12.0**	**34.6**
Book value 01.01.2009	3.7	2.6	0.5	30.0	36.8
Book value 31.12.2010	**3.7**	**7.4**	**9.3**	**20.2**	**40.6**
Ordinary depreciation rates in per cent	0	2.5-10 %	10 %	20 %	

Amounts in NOK million	**Land**	**Buildings and other property**	**Machinery and plant**	**Fixtures and fittings, tools, office machinery etc.**	**Total**
Acquisition value as at 31.12.2010	3.7	27.5	11.8	32.2	75.2
Acquisitions	0.0	0.0	0.1	1.7	1.8
Disposal acquisition value	0.0	0.0	0.0	0.0	0.0
Acquisition value as at 31.12.2011	**3.7**	**27.5**	**11.9**	**33.9**	**77.0**
Accumulated ordinary depreciations 01.01.2010	0.0	20.1	2.5	12.0	34.6
Disposals accumulated depreciations		0.0	0.0	0.0	0.0
Depreciation and write downs for the year		0.4	0.7	6.1	7.2
Accumulated ordinary depreciations 31.12.2011	**0.0**	**20.5**	**3.2**	**18.1**	**41.8**
Book value 01.01.2010	3.7	7.4	9.3	20.2	40.6
Book value 31.12.2011	**3.7**	**7.0**	**8.7**	**15.8**	**35.2**
Ordinary depreciation rates in per cent	0	2.5-10 %	10 %	20 %	

Note 12 - Payroll costs and pension costs/pension liabilities

12.1 – Payroll costs

Amounts in NOK million	**2011**	**2010**
Salaries	27.6	26.7
Employer contribution and social costs	5.1	4.1
Pension costs ref. defined benefit and contribution based pension schemes	2.5	**2.5**
Other benefits/other personnel costs inc. proportion charged to subsidiaries	-0.6	-0.6
Total	**34.6**	**32.7**
Number of man years	**44.0**	**43.0**

Pension schemes

The group's defined benefit scheme was closed in 2005. The defined benefit scheme has a pension coverage of about 60% of final pay at age 67 and a full earning period of 30 years. All new employees join a contribution based pension scheme. The contribution scheme has a risk coverage with disability of about 60 per cent (with paid-up pension) and is a solution that is better than the statutory minimum pension solution. Over half of the company's employees are now covered by the contribution based scheme.

Unsecured schemes

Unsecured schemes are related to the contractual pension scheme (AFP) and other guaranteed pension commitments. These are calculated in accordance with IFRS on pension costs. It was decided to wind up the old AFP scheme in 2010. As a result of the change in legislation, contractual pension (AFP) commitments were greatly reduced in 2010 and somewhat reduced in 2011. There are no unsecured pension commitments that have not been included in the calculation mentioned above.

12.2 – Economic and actuarial assumptions

	2011	2010
Return on pension funds	4.80 %	5.00 %
Discount rate	3.30 %	4.00 %
Annual pay increase	4.00 %	4.00 %
Annual G adjustment (National Insurance Scheme's basic amount)	3.75 %	3.75 %
Annual adjustment of pensions being paid	2.50 %	2.50 %

12.3 – Pension costs

Amounts in NOK million	**2011**	**2010**
Pension entitlements accrued in the year	1.7	2.4
Interest costs on the pension commitments	2.5	2.8
Pension cost (gross)	**4.2**	**5.2**
Expected return on pension funds	-1.9	-2.4
Plan changes and reductions entered on the income statement	-0.5	-1.4
Administration costs	0.3	0.3
Accrued employers' national insurance contribution	0.3	0.5
Pension costs secured and unsecured defined benefit schemes	**2.4**	**2.2**
Contribution pension costs and other pension costs	0.1	0.3
Pension cost (net) entered on the income statement	**2.5**	**2.5**
Of which, the pension cost for contractual pensions (AFP)	0.0	-0.4

12.4 - Pension liabilities

Amounts in NOK million	2011	2010
Balance as at 01.01.		
Accrual of future pensions	66.3	68.7
Pension commitments (gross)	**66.3**	**68.7**
Pension funds	-39.7	-40.5
Employer contributions	3.7	4.0
Pension commitments (net)	**30.3**	**32.2**
Balance as at 31.12		
Pension commitments (gross)	70.5	66.3
Pension funds (anticipated)	-39.1	-39.7
Employer contributions	4.4	3.7
Pension commitments (net)	**35.8**	**30.3**
Net pension funds, secured schemes that can be netted	**0.0**	**0.0**
Pension commitments, secured (and unsecured) schemes that cannot be netted	34.9	29.2
Pension commitments, contractual pension (AFP)	0.9	1.1
Total pension commitments	**35.8**	**30.3**

12.5 – Key figures

	2011	2010
Number of active members secured schemes	26	30
Number of pensioners secured schemes	66	66

Note 13 – Shares in subsidiaries

Amounts in NOK 1,000	Holding %	The company's share capital	The company's total equity	The company's net profit in 2011	Number of shares in Moelven's ownership	Total face value	Book value 31.12.
Moelven Industrier ASA owns							
Moelven Timber AS	100,0 %	20 000	33 711	1 253	2 000	20 000	18 005
Moelven Van Severen AS	100,0 %	35 000	48 701	2 377	3 500	35 000	35 005
Moelven Østerdalsbruket AS	100,0 %	20 000	42 552	1 533	2 000	20 000	20 005
Moelven Våler AS	100,0 %	48 000	99 551	7 563	4 800	48 000	48 005
Moelven Soknabruket AS	100,0 %	30 000	66 318	4 804	3 000	30 000	32 511
Moelven Numedal AS	100,0 %	10 000	32 177	3 409	1 000	10 000	10 005
Moelven Løten AS	100,0 %	12 000	24 138	1 193	1 200	12 000	12 005
Moelven Telemarksbruket AS	51,0 %	10 000	14 445	-5 578	510	5 100	5 490
Moelven Wood AS	100,0 %	5 500	15 108	196	5 500	5 500	10 000
Moelven Langmoen AS	100,0 %	18 000	55 091	3 925	1 800	18 000	37 156
Hen Næringspark AS	100,0 %	10 000	8 644	-667	1 000	10 000	6 655
Moelven Eidsvoll AS	100,0 %	8 500	23 675	1 866	850	8 500	18 500
Moelven Treinteriør AS	100,0 %	3 500	12 473	3 475	3 500	3 500	8 482
Moelven Byggfinansiering AS	100,0 %	1 000	3 389	411	100	1 000	4 000
Moelven Nordia AS	100,0 %	22 000	63 516	15 519	2 200	22 000	95 000
Moelven ByggModul AS	100,0 %	31 688	97 845	-1 159	158 440	31 688	85 299
Moelven Bioenergi AS	100,0 %	6 000	12 994	-4 463	6 000 000	6 000	6 800
Moelven Elektro AS	100,0 %	8 000	18 671	-27 606	40 000	8 000	12 000
Moelven Limtre AS	100,0 %	11 000	41 364	5 561	11 000	11 000	43 028
Moelven Industrier AB	100,0 %	197 046 SEK	493 654	-16 595	19 704 581	197 046	241 406
Moelven Danmark A/S	100,0 %	5 000 DKK	19 548	-3 642	50 000	5 000	12 417
Moelven U.K. Ltd	100,0 %	50 GBP	294	1	49 999	50	1
Moelven Deutschland GmbH	100,0 %	110 EUR	186	53	11	110	217
Moelven Nederland B.V.	100,0 %	36 EUR	24	-2	360	36	317
Moelven Are AS	100,0 %	300	49 713	4 070	100	300	50 116
Moelven Mjøsbruket AS	100,0 %	12 000	45 686	5 998	12 000	12 000	15 990
Moelven Eidsvold Værk AS	100,0 %	32 500	56 806	-2 906	32 500	32 500	35 578
Moelven Trysil AS	100,0 %	15 600	47 755	3 074	15 600	15 600	35 634
Moelven Wood Skandinavia AS	100,0 %	500	557	62	50	500	462
Moelven Utvikling AS	70,0 %	1 000	1 002	-11	700	700	700
Moelven Virke AS	100,0 %	5 000	11 080	1 082	50 000	5 000	4 546
Moelven Sør Tre AS	100,0 %	8 487	22 698	-3 131	8 487	8 487	50 000
Moelven Granvin Bruk AS	87,95 %	1 490	16 820	-603	2 621	1 311	14 764
Moelven Wood Prosjekt AS	100,0 %	300	4 620	-1 205	3 000	300	11 000
Moelven Profil AS	100,0 %	15 000	17 497	-1 785	15 000	15 000	15 030
Total Moelven Industrier ASA							**996 129**

Note 14 – Investments in other shares

Amounts in NOK 1,000	Holding %	The company's share capital	Number of shares in Moelven's ownership	Total face value	Book value 31.12.
Owned by Moelven Industrier ASA:					
Tretorget AS	9.0 %	222	200	20	100
Others					31
Total Moelven Industrier ASA					**131**

Note 15 – Investments in associated companies

Amounts in NOK 1,000	Holding %	The company's share capital		The company's total equity	The company's net profit in 2011	Number of shares in Moelven's ownership	Total face value	Book value 31.12.
Owned by Moelven Industrier ASA:								
Weda Skog AB	30.0 %	10 000	SEK	10 025	0.0	30 000	3 000	2 632
Gamla Weda Skog i Karlstad AB	50.0 %	12 000	SEK	15 094	0.0	60 000	6 000	7 638
Total								10 270

Note 16 – Equity

16.1 – Change in equity

Amounts in NOK million	Share capital	Share premium funds	Own shares	Other equity	Total equity
Equity 31.12.2010 (previously reported)	**647.7**	**180.7**	**0.0**	**70.2**	**898.6**
Changes in accounting principles regarding pensions				**-12.2**	**-12.2**
Equity 31.12.2010 (restated)	**647.7**	**180.7**	**0.0**	**58.0**	**886.4**
Annual profit				-29.1	-29.1
Actuarial gains and losses pensions 2011 and other direct to equity				-8.3	-8.3
Allocated to dividend				0.0	0.0
Equity 31.12.2011	**647.7**	**180.7**	**0.0**	**20.6**	**849.0**

For information regarding developments in share capital, summary of shareholders, shareholder agreements and closely related parties, shares owned by members of the board of Directors, corporate assembly and group management, declaration on fixing of salary and other remuneration to group management and also remuneration to the board of directors and corporate assembly, see notes 27, 28 and 29 to the consolidated accounts.

16.2 – Remuneration to President and CEO

Amounts in NOK 1,000 paid during the financial year

	Salary	Pension costs	Other benefits
Remuneration to:			
President and CEO Hans Rindal	2 386.8	276.3	77.4

On termination of employment, the President and CEO 18 month's pay after termination, less pay from new employer.

See note 28 to the consolidated accounts for fixing of salary and other benefits for group management.

Note 17 – Transactions with related parties

Amounts in NOK million	Holding %	Other operating revenue	Loans to group companies	Receivables group contributions	Accounts receivable group companies	Trade accounts payable to group companies
Moelven Industrier ASA						
Moelven Timber AS	100.0 %	3.0				
Moelven Van Severen AS	100.0 %	1.5	54.0			
Moelven Østerdalsbruket AS	100.0 %	0.9	22.0	0.8		
Moelven Våler AS	100.0 %	1.8	48.0	3.7		
Moelven Soknabruket AS	100.0 %	1.7	60.0	2.1		
Moelven Numedal AS	100.0 %	0.1	20.0	3.6		
Moelven Løten AS	100.0 %	0.6	5.0	1.5		
Moelven Telemarksbruket AS	51.0 %		14.0			
Moelven Wood AS	100.0 %	4.0			0.2	0.3
Moelven Langmoen AS	100.0 %	2.2	20.0		0.1	
Moelven Eidsvoll AS	100.0 %	0.7	11.3	4.6		
Moelven Treinteriør AS	100.0 %	0.4	2.6	4.6		
Moelven Byggfinansiering AS	100.0 %			0.6		
Moelven Nordia AS	100.0 %	2.4		23.5		
Moelven ByggModul AS	100.0 %	3.6			0.9	
Moelven Bioenergi AS	100.0 %	0.3	34.0			
Moelven Elektro AS	100.0 %	3.4			0.6	0.1
Moelven Limtre AS	100.0 %	4.5		0.3		0.5
Moelven Industrier AB	100.0 %		348.0			0.6
Moelven Are AS	100.0 %	0.8	10.5	0.6		
Moelven Mjøsbruket AS	100.0 %	0.9	16.6	2.9		0.1
Moelven Eidsvold Værk AS	100.0 %	1.2	23.1		0.5	
Moelven Trysil AS	100.0 %	0.9	8.6			
Moelven Wood Skandinavia AS	100.0 %			0.1		
Moelven Utvikling AS	70.0 %					0.3
Moelven Virke AS	100.0 %	0.4				
Moelven Sør Tre AS	100.0 %	0.1	24.3			
Moelven Granvin Bruk AS	87.95 %	0.7	15.4			
Moelven Profil AS	100.0 %		25.0			
Swedish companies owned by Moelven Industrier AB						
Moelven Notnäs AB	100.0 %	2.0	21.8			
Moelven List AB	100.0 %	0.6	15.8			
Moelven ByggModul AB	100.0 %	2.5			0.1	
Moelven Norsälven AB	100.0 %	1.0	13.3			
Moelven Ransbysågen AB	100.0 %	0.8	8.7			
Moelven Värmlands Trä AB	100.0 %	0.7	15.4			
Moelven Component AB	100.0 %	0.4	8.5			
Skåre Kontorshotell AB	100.0 %		2.0			
Moelven Wood AB	100.0 %	2.8	3.5			
Moelven Notnäs Wood AB	100.0 %	0.6				
Moelve Valåsen Wood AB	100.0 %	1.4	37.8			
Moelven Valåsen AB	100.0 %	2.8	52.2			
Moelven Dalaträ AB	100.0 %	1.6	8.7			
Moelven Eurowand AB	100.0 %	1.5				
Moelven Edanesågen AB	100.0 %	1.8	79.6			
Moelven Nössemark Trä AB	100.0 %	1.0	33.1			
Moelven Årjäng Såg AB	100.0 %	1.3				
Moelven Tom Heurlin AB	100.0 %	0.5	8.7			
Moelven Skog AB	100.0 %	0.4	27.5			
Moelven Töreboda AB	100.0 %	1.7	32.7			
Vänerbränsle AB	77.8 %		5.2			
Moelven Lovene AB	100.0 %		13.0			
Moelven Vänerply AB	100.0 %		43.5			
Other companies						
Various companies not specified 1)		3.5	1.1	-0.1	0.5	0.2
Total		**65.0**	**1 194.5**	**48.8**	**2.9**	**2.1**

1) Included to show the total amounts

KPMG AS
P.O. Box 214
Torggata 22
N-2302 Hamar

Telephone +47 04063
Fax +47 62 59 87 60
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders' Meeting of Moelven Industrier ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Moelven Industrier ASA, which comprise the financial statements of the parent company Moelven Industrier ASA and the consolidated financial statements of Moelven Industrier ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2011, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2011, and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Moelven Industrier ASA as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Moelven Industrier ASA and its subsidiaries as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and Report on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and Report on corporate governance concerning the financial statements, the going concern assumption, and coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Hamar, 28 February 2012
KPMG AS

Thore Kleppen
State authorized public accountant

[Translation has been made for information purposes only]

Statement by the Corporate Assembly

The following items were discussed at the meeting of the Corporate Assembly held on 20 March 2012:

• Annual report and proposed Annual Financial Statement by the Board of Directors and President/CEO for the 2011 accounting year for Moelven Industrier ASA and group.

• Board's proposed allocation of profit for year in Moelven Industrier ASA.

• Board's determination of remuneration to Group Executive Board.

The Corporate Assembly recommends that the general meeting approve the Board of Directors and CEO's annual report and accounts for Moelven Industrier ASA and group in 2011, including allocation of the result for the year in Moelven Industrier ASA.

The Corporate Assembly also recommends that the general meeting approve the Board of Directors proposal for remuneration to corporate management.

20 March 2012

Even Mengshoel

Chairman of the Corporate Assembly

Financial calendar

24 April 2012

Annual General Meeting

Quarterly reports

25 April 2012

First Quarter report 2012

13 July 2012

Second Quarter report 2012

25 October 2012

Third Quarter report 2012

25 January 2013

Fourth Quarter report 2012 /
Preliminary annual result 2012

Monthly reports

Main figures from the Group accounts per month in 2012

January	14 February
February	13 March
March	25 April = Q1 2012
April	14 May
May	13 June
June	13 July = Q2 2012
July	17 August
August	14 September
September	25 October = Q3 2012
October	13 November
November	14 December
December	25 January 2012 = Q4 2012

Head office

Moelven Industrier ASA

Org.nr. NO 914 348 803 MVA

P.O. Box 134, NO-2391 Moelv

Tel. +47 62 34 70 00

Fax. +47 62 34 71 88

www.moelven.com

post@moelven.com

Hugin Online: www.huginonline.no/MOE/

Photos: Ketil Jacobsen, Richardofoto, Egil Bjerke

Coverphoto: Trond Joelson

www.moelven.com