



# Quarterly report 1/2014

*«Skagerhuset» in Årsta, Sweden. 33 apartments , modular construction building based on prefabricated building modules from Moelven Byggmodul AB.*

*Architect is OWC Architects AB. The developer is Åke Sundvall Projekt AB. Photographer: Jan Lillehamre.*

**MOELVEN**<sup>®</sup>

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Operating revenues	2 259,6	1 848,7	8 009,4	8 121,5
EBITDA	123,1	1,5	226,9	267,8
Depreciation	69,4	65,4	271,6	250,9
Operating profit	53,7	-63,9	-44,7	16,9
Gross operating margin/EBITDA	5,4 %	0,1 %	2,8 %	3,3 %
Net operating margin/EBIT	2,4 %	-3,5 %	-0,6 %	0,2 %
Value change of financial instruments to fair value	-5,5	8,7	5,5	-7,9
Profit before tax	32,9	-69,8	-117,1	-64,3
Profit per share in NOK	0,19	-0,40	-0,71	-0,36
Cash flow from operational activities, in NOK per share	-0,20	-1,83	0,67	1,49
Total equity	1 530,1	1 517,1	1 518,2	1 543,6
Equity ratio	32,0 %	32,9 %	33,4 %	35,6 %
Total assets	4 783,2	4 617,5	4 539,8	4 342,1
Investments	36,8	63,4	351,2	339,4
Return on capital employed	7,1 %	-8,8 %	-1,5 %	0,5 %
Capital employed	3 077,6	3 047,4	3 020,1	2 780,7
Net interest-bearing liabilities	1 538,8	1 512,5	1 476,0	1 211,3
Net working capital	2 028,7	1 963,9	1 793,3	1 719,9
Number of employees	3 295	3 348	3 276	3 375
Sick leave percentage	5,5 %	6,3 %	5,3 %	5,4 %
Frequency of accidents with absence, H1 value	21,8	20,7	16,0	15,0
Number of shareholders	952	956	953	956
Average number of shares (mill)	129,5	129,5	129,5	129,5

- Revenues in the first quarter were NOK 2,259.6 million (NOK 1,848.7 million) and operating profit was NOK 53.7 million (minus NOK 63.9 million).
- Internal improvement measures have had an effect.
- Good, broadly diversified order backlog for the Building Systems Division.
- Good market conditions for the mechanised wood part of the Group.
- Lower working capital than normal for the season.

## In brief

The demand for products from the mechanised wood part of the Group was somewhat higher than normal for the season, while the Building Systems Division experienced a seasonally normal demand for its products and services. The order backlog at the beginning of the first quarter was better and more diversified than at the same time in 2013. The prices on the international market for industrial wood continued the rising trend from the second half of 2013. Total production in the Nordic countries has increased, but the manufacturers' inventories are still relatively low and the demand is increasing in a growing number of markets. In addition, weakened Scandinavian currencies have contributed to strengthening the competitive power of the Group's units. The supply of raw materials to the log-consuming units was challenging in some geographic areas. The total volume brought in was nevertheless on par with the target for the quarter, and no major production stoppage has been necessary. The prices for saw logs were higher than the same period last year, while the prices for chip and fibre products were marginally lower. For the planing mills in the Wood Division, higher industrial wood prices entailed an increase in their raw material costs. Significant improvements have been realised as a result of the efficiency improvement measures, and the gross margins have increased for both divisions.

## Revenues and results

The operating revenues in the first quarter increased compared with the same period last year. This is attributed primarily to a higher level of activity in all of the business areas with the exception of Electrical Installations, where the scope of the operations has been reduced in accordance with the plans that were adopted in 2013. In addition, there have been a greater number of operating days, due to the fact that Easter is in the second quarter this year.

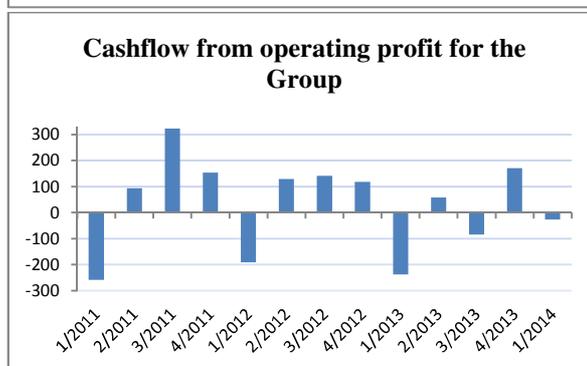
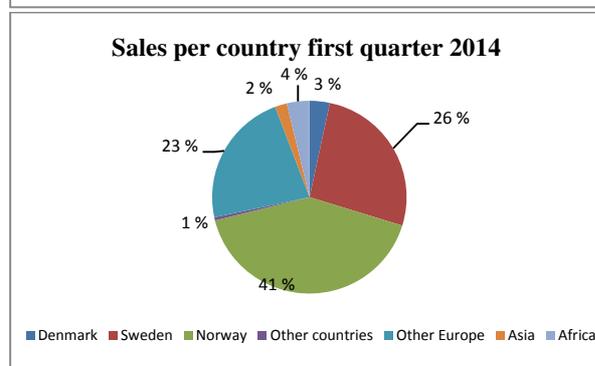
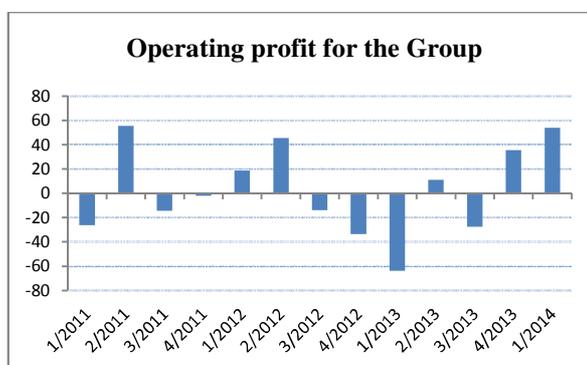
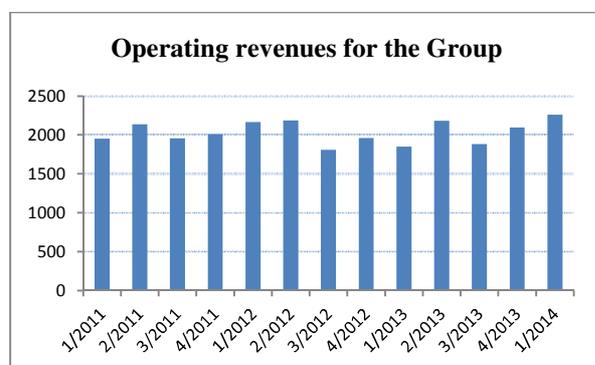
The operating conditions have been good during the period, and additional reductions in the processing costs have been realised as a result of the improvement work that is taking place. The finished product prices also increased, but the increase in the gross margin was dampened by the higher raw material prices.

Net financial expenses for the quarter were higher than for the same period in 2013. Both the level of debt and the Group's average margin for loan financing were at the same level as the corresponding period last year. The higher financial expenses are attributed to unrealised losses on financial hedging instruments, which are used to hedge exchange rates, interest rates and power prices. Non-cash items associated with this totalled minus NOK 5.5 million (plus NOK 8.7 million) This negative development is attributed to the lower interest rate level and power prices.

MNOK	First quarter		12 months	
	2014	2013	2013	2012
<b>Operating revenues</b>				
Timber	783,6	605,0	2 554,9	2 428,2
Wood	761,9	578,5	2 820,4	2 836,9
Building Systems	686,9	612,4	2 514,1	2 799,3
Other businesses	835,5	728,5	2 623,7	2 616,7
<i>Internal</i>	<i>-808,4</i>	<i>-675,6</i>	<i>-2 503,7</i>	<i>-2 559,6</i>
<b>The Group</b>	<b>2 259,6</b>	<b>1 848,7</b>	<b>8 009,4</b>	<b>8 121,5</b>

<b>Operating profit</b>				
Timber	36,0	-31,9	-11,6	-74,6
Wood	15,0	-23,1	23,5	29,6
Building Systems	14,1	-1,1	-19,1	97,0
Other businesses	-11,3	-7,8	-37,5	-35,1
<b>The Group</b>	<b>53,7</b>	<b>-63,9</b>	<b>-44,7</b>	<b>16,9</b>

<b>EBITDA</b>				
Timber	64,8	-4,9	104,4	25,3
Wood	43,0	2,7	128,4	128,7
Building Systems	23,9	8,6	18,9	135,1
Other businesses	-8,5	-4,8	-24,7	-21,3
<b>The Group</b>	<b>123,1</b>	<b>1,5</b>	<b>226,9</b>	<b>267,8</b>



## Investments, balance sheet and funding

During the first quarter, total investments were NOK 36.8 million (NOK 63.4 million).

To improve the Group's overall cash flow, a reduction of approximately NOK 150 million in the investment activities in 2014, compared with 2013, is planned. Such a reduction is possible since the Group has made extensive investments of a strategic nature in recent years, in addition to significant investments in upgrades, maintenance and reorganisation. Investments in 2014 will be largely directed towards necessary maintenance and upgrades that are natural to implement in conjunction with maintenance.

At the end of the first quarter, the book value of the Group's total assets was NOK 4,783.2 million (NOK 4,617.5 million).

Cash flow from operating activities in the first quarter was minus NOK 26.2 million (minus NOK 237.4 million), corresponding to minus NOK 0.20 (minus NOK 1.83) per share. The negative cash flow from operating activities is attributed to an increase in trade receivables due to the high level of activity, as well as the normal seasonal build-up of inventory levels in advance of the peak season.

Net interest-bearing liabilities were NOK 1,538.8 million (NOK 1,512.5 million) at the end of the first quarter. Financial leases are included in net interest-bearing liabilities, amounting to NOK 28.9 million (NOK 39.9 million).

At the end of the first quarter, the liquidity reserve was NOK 397.6 million (NOK 446.8 million).

In addition to the increase in the net interest-bearing liabilities, the reduction here is attributed to the redemption of certain small credit facilities that have been outside of the Group's main banking systems. The Group's credit facility limits have not changed significantly, compared with the same time last year.

As in 2013, a short-term loan agreement was entered into in the first quarter that increases the available liquidity by SEK 250 million in the second and third quarters. The agreement safeguards the Group's financial flexibility in a period with seasonally high levels of working capital. The conditions reflect market conditions at the time the contract was signed, and the contract has the same provisions for breach of contract as the Group's other loan agreements.

Equity at the end of the first quarter amounted to NOK 1,530.0 million (NOK 1,517.1 million), which is equivalent to NOK 11.81 (NOK 11.71) per share. The equity ratio was 32.0 per cent (32.9 per cent). Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The extent and consequences of likely variations in exchange rates are within acceptable risk limits.

In the first quarter exchange rate variability resulted in an unrealised reduction in equity of NOK 13.6 million (increase of NOK 25.7 million).

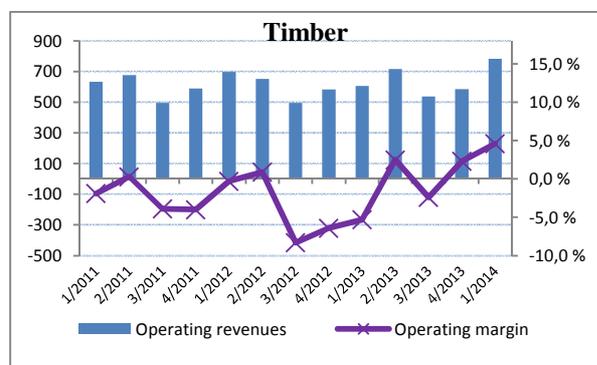
## Divisions

### Timber

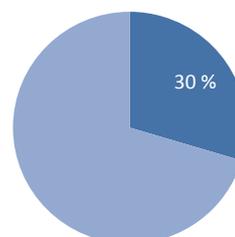
Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Sales to external customers	664,3	517,7	2 195,1	2 047,5
Sales to internal customers	119,3	87,2	359,8	380,7
Operating revenues	783,6	605,0	2 554,9	2 428,2
Depreciation and impairment	28,8	27,0	116,0	99,9
Operating profit	36,0	-31,9	-11,6	-74,6
Operating margin in per cent	4,6 %	-5,3 %	-0,5 %	-3,1 %
Net operating capital (% of operating revenues)	15,5 %	19,4 %	17,7 %	18,6 %
Total assets	1 642,2	1 637,4	1 684,3	1 579,1
Equity	764,2	693,5	748,4	710,2
Capital employed	1 211,1	1 230,3	1 277,5	1 244,5
Return on capital employed	11,6 %	-10,2 %	-0,9 %	-6,0 %
Investments	11,6	30,3	119,5	151,6
Number of employees	699	688	677	696

The positive development in the international market for industrial wood continued in the first quarter. The market balance improved even more, and both the price levels and delivery volumes were higher than in the corresponding period in 2013. The mild winter resulted in good operating conditions during the quarter, and the investment projects and internal improvement measures that were completed had an effect. Overall, the sawing yield was higher and processing costs were lower than in 2013. The industrial component companies also improved their productivity, and had a significant increase in sales.

The supply of sawn timber was somewhat lower than desired in certain geographic areas at times during the period, but any major production as a result of this was not necessary. The prices for sawn timber were higher than the same time last year, but the prices for chip and fibre products were marginally lower.



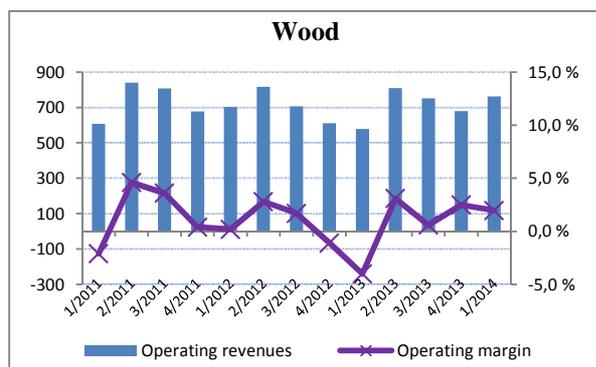
Timber's share of the Groups sale to external customers



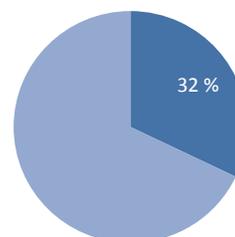
## Wood

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Sales to external customers	737,2	559,6	2 748,0	2 763,7
Sales to internal customers	24,7	18,8	72,5	73,2
Operating revenues	761,9	578,5	2 820,4	2 836,9
Depreciation and impairment	28,0	25,8	104,9	99,1
Operating profit	15,0	-23,1	23,5	29,6
Operating margin in per cent	2,0 %	-4,0 %	0,8 %	1,0 %
Net operating capital (% of operating revenues)	30,7 %	40,3 %	28,4 %	28,7 %
Total assets	2 063,3	1 967,0	1 957,7	1 905,8
Equity	786,8	777,4	788,2	791,4
Capital employed	1 450,8	1 462,6	1 414,6	1 362,9
Return on capital employed	4,3 %	-6,4 %	1,8 %	2,4 %
Investments	17,4	15,3	174,7	132,7
Number of employees	993	1 052	1 011	1 063

The winter season showed a more positive development than expected for the entire division, particularly in Norway. A mild winter that brought good operating conditions and an early start to the spring season, as well as the positive development of the markets outside of Scandinavia, are the main reasons for the improvement. The overall increase is also attributed somewhat to the fact that Easter was in the first quarter in 2013. Overall, the companies in the division produced and delivered a significant higher volume than the same period last year. The finished product prices and raw material costs increased throughout the quarter. The companies in the division use both sawn timber and industrial wood as raw materials in their production. The implementation and execution of internal improvement measures has had the expected effects, and the processing costs have been reduced compared with last year.



Wood's share of the Groups sale to external customers



## Building Systems

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Sales to external customers	685,0	611,9	2 505,3	2 796,1
Sales to internal customers	1,9	0,5	8,8	3,2
Operating revenues	686,9	612,4	2 514,1	2 799,3
Depreciation and impairment	9,8	9,7	38,0	38,1
Operating profit	14,1	-1,1	-19,1	97,0
Operating margin in per cent	2,1 %	-0,2 %	-0,8 %	3,5 %
Net operating capital (% of operating revenues)	12,4 %	14,9 %	14,4 %	12,5 %
Total assets	1 241,9	1 233,6	1 189,9	1 243,3
Equity	553,9	504,2	544,1	494,0
Capital employed	639,3	625,1	637,6	603,1
Return on capital employed	9,4 %	0,0 %	-2,1 %	18,3 %
Investments	5,3	13,4	43,4	46,3
Number of employees	1 475	1 479	1 460	1 486

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Operating revenues	106,5	73,7	403,8	420,4
Depreciation and impairment	4,2	4,2	15,2	16,7
Operating profit	-1,7	-5,5	-6,5	8,0
Operating margin in per cent	-1,6 %	-7,5 %	-1,6 %	1,9 %
Investments	2,7	7,8	21,3	20,8
Number of employees	238	223	239	239

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Operating revenues	56,4	92,3	257,4	523,5
Depreciation and impairment	0,0	0,4	1,4	1,7
Operating profit	0,1	1,5	-48,0	-36,5
Operating margin in per cent	0,1 %	1,7 %	-18,7 %	-7,0 %
Investments	0,0	0,0	0,0	0,1
Number of employees	176	248	176	254

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Operating revenues	348,6	288,9	1 156,6	1 135,1
Depreciation and impairment	3,9	3,5	14,2	13,8
Operating profit	9,0	1,3	-13,6	60,2
Operating margin in per cent	2,6 %	0,4 %	-1,2 %	5,3 %
Investments	1,0	3,0	17,6	23,6
Number of employees	596	561	584	549

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Operating revenues	186,9	166,2	733,3	764,1
Depreciation and impairment	1,4	1,6	5,2	5,9
Operating profit	6,8	4,7	49,0	65,3
Operating margin in per cent	3,6 %	2,8 %	6,7 %	8,5 %
Investments	1,6	2,5	4,5	1,7
Number of employees	465	447	461	444

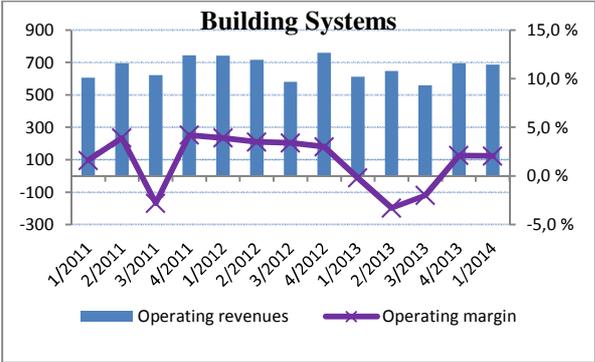
The division increased its overall revenues and improved its operating profit significantly compared with the first quarter of 2013. Only the electrical business, which is undergoing a planned process to reduce its level of activity, did not show an improvement compared with the previous year. The overall order backlog for the division is higher and distributed better among the individual companies, compared with the same time last year.

The Laminated Timber companies are still experiencing challenging market conditions in Sweden. The level of activity was on par with last year, and the capacity at the factory is adapted now to this volume. For the Norwegian operations, market activity was higher than at the same time last year, with prices at a better level. The raw material costs have, however, also increased as a result of the rising prices for industrial wood.

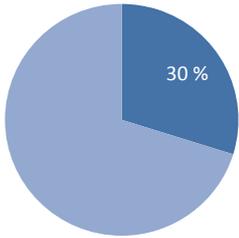
The Modular Buildings companies had a higher influx of new orders than in 2013, but the market has nevertheless been somewhat hesitant to initiate new construction projects. The improved results are attributed primarily to improved market conditions and productivity improvements in the Norwegian operations.

For Modular System Interiors, the level of activity in the new build market in Norway was noticeably lower than during the same period last year, while the level of activity in the Swedish market has been increasing. The renovation and remodeling markets have remained at a satisfactory level in both countries. Both the Norwegian and Swedish operations have adapted to the prevailing market conditions well, and internal efficiency improvements are the main reason for the improved results compared with the same period in 2013.

Electrical Systems is aiming its activities at smaller projects in defined areas and towards service contracts.



Building Systems' share of the Groups sale to external customers

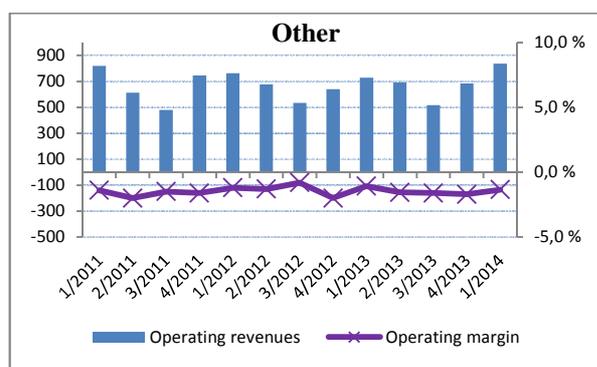


## Øvrige virksomheter

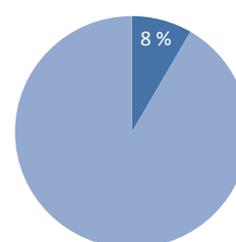
Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Sales to external customers	192,6	159,4	645,3	514,2
Sales to internal customers	643,0	569,1	1 978,4	2 102,5
Operating revenues	835,5	728,5	2 623,7	2 616,7
Depreciation and impairment	2,8	3,0	12,8	13,8
Operating profit	-11,3	-7,8	-37,5	-35,1
Operating margin in per cent	-1,4 %	-1,1 %	-1,4 %	-1,3 %
Net operating capital (% of operating revenues)	7,9 %	6,8 %	7,0 %	4,0 %
Total assets	2 765,0	2 559,7	2 695,7	2 330,2
Equity	981,7	1 066,3	1 015,4	1 032,5
Capital employed	2 236,4	2 083,3	2 162,0	1 827,7
Return on capital employed	-0,5 %	0,0 %	-0,2 %	-0,4 %
Investments	2,5	4,5	13,6	8,9
Number of employees	128	129	128	130

Other businesses include Moelven Industrier ASA, which includes the group support functions for economics, finance, insurance, communication, HR and ICT. As a common function for the Group's mechanical wood business, timber supply and sales of chips and energy products are centralized in the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Moelven Bioenergi AS is also included.

Fluctuations in revenues within the area of Other businesses are largely due to the developments in activity within the common functions for the mechanical wood industry. The main activity is internal sales which do not materially affect the results within the business area. The cost increase compared with the same period last year is attributed to a higher level of project activity in the parent company. In order to safeguard access to timber and market opportunities for chip and energy products in the region that was affected by the closure of Södra Cell Tofte, a train solution was established to transport pulp wood and chips to Sweden. The arrangement entails increased external sales due to pulp wood now being purchased and subsequently sold externally. The business is based on fixed agreements on both the customer and supplier sides, and the risk is low. Lower costs for the Group's other common functions is the reason for the improvement in operating profit for the quarter.



Other's share of the Groups sale to external customers



## Employees

Employees	Per first quarter 2014				Per first quarter 2013			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	623	76	12,2 %	699	606	82	13,5 %	688
Wood	825	169	20,5 %	993	881	171	19,4 %	1 052
Building Systems	1 378	97	7,0 %	1 475	1 383	96	6,9 %	1 479
Others	98	30	30,6 %	128	97	32	33,0 %	129
The Group	2 924	372	11,3 %	3 295	2 967	381	11,4 %	3 348

Sickness absence rate in %	First quarter		H1 Value	First quarter	
	2014	2013		2014	2013
Timber	4,82 %	5,54 %	Timber	13,1	33,6
Wood	5,66 %	6,16 %	Wood	35,4	22,6
Building Systems	6,03 %	7,02 %	Building Systems	18,8	14,9
Others	3,07 %	2,43 %	Others	0,0	0,0
The Group	5,55 %	6,26 %	The Group	21,8	20,7

In the first quarter, total absence due to illness was 5.5 per cent (6.3), where 2.4 per cent (2.6) represents long-term absence. Both long-term absence and short-term absence are thus lower than the same period last year. The Group continues to work with measures to reduce absence due to illness to the maximum target level of 5 per cent.

There were 31 (29) personal injuries during the quarter that resulted in absence. The H1 value (number of personal injuries resulting in absence per million hours worked) increased from an unacceptably high level. The Group's target figure for H1 is 0. Efforts to achieve this target have been further intensified, beyond previous levels. Following a prolonged period with extensive investments in safer machinery and equipment, the most important measures being implemented are raising employee awareness, management training programmes in HSE as well as improved safety procedures and clearer workplace descriptions.

As part of the efforts to create safer workplaces, the safety campaign Hel Hjem [Home in One Piece] – phase II was launched throughout the group during the first quarter. The campaign will be carried out through a project organization where reporting on progress and goal achievement goes from HSE teams, via the general management at the subsidiary level and up to the corporate management. The campaign will ensure increased management focus on the subject, as well as the involvement of all employees. Among other things, this will take place through an activity-oriented change process in each individual company. Hel Hjem phase II also implies a clarification and standardization of personnel-related consequences of breaches of safety provisions. The goal is that attitudes toward safety will change, which not only requires determined action, but also predictability in the event of irregularities.

## Outlook

We expect to see a continued improvement in international market prices for industrial wood in the second quarter. Demand is increasing and manufacturers' inventories of finished goods remain at relatively low levels. The exchange rates for NOK and SEK are at levels that give a better point of departure for competition on the export markets than at the same time last year.

A continued weak performance for housing construction is expected in Norway in the second quarter. In Sweden, housing construction is increasing, but from a low level. However, the main portion of the Group's deliveries is made to the restoration, modernization and addition market, which is more stable than the new build market. The level of activity is expected to follow the normal seasonal variations with a seasonal upswing in the second quarter.

For the Building Systems division, demand in the building and construction sector in Scandinavia is expected to be on par with the previous year with normal seasonal variations throughout the year. For the second quarter, this entails an increase in the level of activity. The division has a better and more diversified order book than at the same time in 2013. The companies have adjusted their capacities and cost structures to the prevailing market conditions and also have somewhat less competition from foreign companies due to exchange rate developments. A good level of activity is expected in the timber market in the second quarter. There continues to be uncertainty regarding the long-term consequences in the raw material market and the market for chip products as a result of major changes in the paper and cellulose industry in Norway.

Throughout 2013, a number of measures and projects were identified, implemented and closely followed up in order to improve the results of ongoing operations, ensure better competitiveness in the long term and reduce the risk of losses related to certain projects. A project has also been commenced to release working capital and no investments will be undertaken beyond necessary maintenance and certain smaller improvements in connection with this. This work will continue in 2014. The Board expects that, combined, the measures will increase the Group's cash flow throughout an economic cycle.

The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary adaptations. The Group's long-term debt initially matures in 2015 and the refinancing process has already begun.

The Board expects the Group's result in 2014 to be significantly better than in 2013.

## Condensed quarterly financial statement for Moelven Group first quarter 2014

### *Profit and loss and total comprehensive income*

Amounts in NOK million	First quarter		12 months	
	2014	2013	2013	2012
Operating revenues	2 259,6	1 848,7	8 009,4	8 121,5
Depreciation	69,4	65,4	271,6	250,9
Cost of goods sold	1 436,4	1 200,4	5 184,7	5 264,3
Payroll expenses	469,7	442,9	1 750,1	1 727,1
Other operating expenses	230,4	204,0	847,7	862,4
<b>Operating profit</b>	<b>53,7</b>	<b>-63,9</b>	<b>-44,7</b>	<b>16,9</b>
Income from associates	0,0	0,0	0,0	-3,7
Value change of financial instruments to fair value	-5,5	8,7	5,5	-7,9
Other financial income	6,0	10,5	20,2	15,8
Other financial expenses	-21,3	-25,1	-98,1	-85,5
<b>Profit before tax</b>	<b>32,9</b>	<b>-69,8</b>	<b>-117,1</b>	<b>-64,3</b>
Estimate income tax	8,0	-18,3	-24,5	-17,3
<b>Net profit</b>	<b>24,9</b>	<b>-51,6</b>	<b>-92,6</b>	<b>-47,1</b>
Non-controlling interest share	-0,2	-1,0	-1,6	-1,8
Owner of parent company share	25,1	-50,5	-91,0	-45,3
Earnings per share (in NOK)	0,2	-0,4	-0,7	-0,4
Statement of comprehensive income				
Net profit	24,9	-51,6	-92,6	-47,1
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	18,8	64,8
Income tax on items that are not reclassified to profit or loss	0,0	0,0	-5,1	-18,1
	0,0	0,0	13,7	46,6
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	-13,6	25,7	58,4	-12,6
Proportion of other income and costs in associated companies	0,0	0,0	0,0	0,0
Other changes	0,5	-1,7	-5,0	16,6
Income tax on items that may be reclassified to profit or loss	0,0	0,0	0,0	0,0
	-13,1	24,0	53,4	4,0
Other comprehensive income, net of tax	-13,1	24,0	67,1	50,7
<b>Total comprehensive income for the period</b>	<b>11,8</b>	<b>-27,6</b>	<b>-25,5</b>	<b>3,6</b>
<b>Comprehensive income assigned to:</b>				
Owners of parent company	12,0	-26,5	-23,9	5,4
Non-controlling interests	-0,2	-1,0	-1,6	-1,8

## Condensed statement of financial position

Amounts in NOK million	Per 31.03		Per 31.12.
	2014	2013	2013
Intangible assets	47,8	51,5	48,4
Tangible fixed assets	1 815,9	1 744,1	1 876,6
Financial fixed assets	12,3	7,9	8,1
<b>Total fixed assets</b>	<b>1 876,0</b>	<b>1 803,5</b>	<b>1 933,1</b>
Inventory	1 329,3	1 384,6	1 263,6
Receivables	1 568,2	1 411,6	1 317,2
Liquid assets	9,7	17,8	25,9
<b>Total current assets</b>	<b>2 907,2</b>	<b>2 814,0</b>	<b>2 606,7</b>
<b>Total assets</b>	<b>4 783,2</b>	<b>4 617,5</b>	<b>4 539,8</b>
Share capital*	647,7	647,7	647,7
Other equity	882,3	869,4	870,4
<b>Total equity</b>	<b>1 530,0</b>	<b>1 517,1</b>	<b>1 518,2</b>
Provisions	146,0	168,3	143,1
Long term interest-bearing liabilities	1 197,3	1 298,0	1 321,3
Long term interest-free liabilities	2,2	2,6	2,3
<b>Total long term liabilities</b>	<b>1 345,5</b>	<b>1 469,0</b>	<b>1 466,7</b>
Short term interest-bearing liabilities	350,3	232,2	180,6
Short term liabilities	1 557,3	1 399,2	1 374,3
<b>Total short term liabilities</b>	<b>1 907,6</b>	<b>1 631,4</b>	<b>1 554,9</b>
<b>Total liabilities</b>	<b>3 253,1</b>	<b>3 100,4</b>	<b>3 021,7</b>
<b>Total equity and liabilities</b>	<b>4 783,2</b>	<b>4 617,5</b>	<b>4 539,8</b>

## Statement of change in equity for the Group

Amounts in NOK million	Equity assigned to owners of parent company					Non-controlling interests	Total equity
	Share capital	Share premium funds	Own shares	Other equity	Total		
Total per 1.1.2013	647,7	180,7	0,0	706,1	1 534,5	9,1	1 543,6
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	-50,5	-50,5	-1,0	-51,6
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	25,7	25,7	0,0	25,7
Other changes	0,0	0,0	0,0	1,7	1,7	0,0	1,7
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Income tax on other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	27,4	27,4	0,0	27,4
<b>Transactions with owners, entered directly against equity</b>							
Purchase of non-controlling interests	0,0	0,0	0,0	0,0	0,0	-2,4	-2,4
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	0,0	0,0	0,0	0,0
Share based payment transactions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total transactions with owners</b>	0,0	0,0	0,0	0,0	0,0	-2,4	-2,4
<b>Total as at 31.12.2013</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>683,0</b>	<b>1 511,4</b>	<b>5,7</b>	<b>1 517,1</b>
Total per 1.1.2014	647,7	180,7	0,0	682,2	1 510,6	7,6	1 518,2
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	25,1	25,1	-0,2	24,9
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	-13,6	-13,6	0,0	-13,6
Other changes	0,0	0,0	0,0	0,5	0,5	0,0	0,5
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Income tax on other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	-13,1	-13,1	0,0	-13,1
<b>Transactions with owners, entered directly against equity</b>							
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	0,0	0,0
Dividend to owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share based payment transactions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total transactions with owners</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total as at 31.12.2014</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>694,2</b>	<b>1 522,6</b>	<b>7,4</b>	<b>1 530,0</b>

## Cashflow statement for the Group

Amounts in NOK million	Per 31.03	
	2014	2013
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES:</b>		
Net profit	24,9	-51,6
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	69,4	65,4
Impairment	0,0	0,0
Income from associated companies	0,0	0,0
Tax paid	0,0	0,0
Unpaid pension costs entered as costs and unreceived pension funds entered as income	1,2	6,8
Loss (profit) on sale of fixed assets	0,1	0,0
Net value change of financial instruments to fair value	5,5	-8,7
Income tax	8,0	-18,3
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-63,4	-94,7
Changes in accounts receivable and other receivables	-256,9	-157,4
Changes in trade accounts payable	88,9	21,2
Changes in provisions and benefits to employees	3,0	0,0
Changes in short-term liabilities excluding borrowing	93,2	0,2
<b>Cash flow from operational activities</b>	<b>-26,2</b>	<b>-237,4</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investment in plant and equipment exc. acquisition	-36,8	-63,4
Net cash outlay on acquisition	0,0	0,0
Receipts from sale of fixed assets	0,3	0,0
Sale of other long-term investments	0,0	0,0
Acquisition of subsidiary, net of cash	0,0	0,0
<b>Cash flow from investment activities</b>	<b>-36,5</b>	<b>-63,4</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Raising short term debt	230,6	223,0
Repayment of short term debt	-0,5	0,0
Change in bank overdrafts	-60,4	-96,8
Purchase of non-controlling interests	0,0	0,0
Change in long term debt (borrowing facility)	-119,6	169,3
Changes in other long-term liabilities	-4,6	-2,4
Payment of dividend	0,0	0,0
<b>Cash flow from financial activities</b>	<b>45,5</b>	<b>293,2</b>
<b>Net increase (reduction) in liquid assets during year</b>	<b>-17,2</b>	<b>-7,7</b>
Liquid assets start of period	25,9	25,5
Effect of exchange rate changes on liquid assets	0,0	0,0
<b>Liquid assets end of period</b>	<b>8,7</b>	<b>17,8</b>
<b>Cash and cash equivalents</b>		
Liquid assets	8,7	17,8
Unused drawing rights	388,9	429,0
Restricted bank deposits	0,0	0,0
<b>Cash and cash equivalents</b>	<b>397,6</b>	<b>446,8</b>

## **Notes to the summary consolidated quarterly financial statements**

### ***Note 1 – General information***

Moelven Industrier ASA is a public limited liability company, registered in Norway. The company's head office is at Industriveien 2, 2390 Moelv, Norway. The summary consolidated financial statements for the first quarter of 2014 ended the 31<sup>th</sup> of March 2014 include Moelven Industrier ASA and its subsidiaries (collectively referred to as the “Group”) and the Group's interests in associated companies. The annual accounts for 2013 are available at [2013.moelven.com](http://2013.moelven.com).

### ***Note 2 – Statement of conformity***

The consolidated financial statements for the first quarter of 2014 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” which have been approved by the EU. The interim financial statements do not include all the information required in a complete annual report and ought to be read in conjunction with the consolidated financial statements for 2013.

The summary consolidated quarterly financial statements were approved by the Board on 24 April 2014.

### ***Note 3 – Accounting policies***

The accounting policies adopted in the quarterly financial statements are the same as those in the consolidated financial statements for 2013.

### ***Note 4 – Critical judgements and estimates***

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect both which accounting policies are applied and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from the estimated amounts.

In preparing these summary quarterly financial statements management has applied the same critical judgements in applying the accounting policies as it made when preparing the consolidated financial statements for 2013 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2013.

### ***Note 5 – Pensions and taxes***

The calculations of pension costs and pension liabilities are undertaken annually by actuaries. In the quarterly accounts pension costs and pension liabilities are based on forecasts from actuaries. The income tax expense is determined in each quarter on the basis of the expected annual income tax expense.

## Note 6 – Seasonal fluctuations

Demand for the Group's products and services are normally subject to variability throughout the year. This involves a low season during the first quarter, increasing activity and a peak season over the second and third quarters, and diminishing activity in the final part of the fourth quarter.

Due to the annual seasonal variation in raw material access and market activity, the Group's working capital varies by NOK 300 million to NOK 400 million from its highest level in May/June to its lowest in November/December.

## Note 7 - Tangible fixed assets

Amounts in NOK million	Per 31.03	
	2014	2013
Book value per 1.1	1 913,8	1 744,5
Acquisitions	36,8	63,4
Business combinations	0,0	0,0
Disposals	-0,2	0,0
Depreciations	-69,4	-65,4
Transfers	-1,7	-12,7
Translation differences	-26,9	54,4
Book value per 31.03	1 852,5	1 784,2

## Note 8 - Financial instruments

Amounts in NOK million	Per 31.03.2014			Per 31.12.2013		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	1,1	-4,2	-3,0	2,3	-7,4	-5,0
Interest rate derivatives	0,0	-49,4	-49,4	0,0	-44,8	-44,8
Power derivatives	0,0	-17,5	-17,5	0,0	-14,6	-14,6
Total	1,1	-71,0	-69,9	2,3	-66,7	-64,4

Amounts in NOK million	Per 31.03.2013			Per 31.12.2012		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	6,0	-5,2	0,8	3,2	-2,0	1,2
Interest rate derivatives	0,0	-55,8	-55,8	0,0	-62,0	-62,0
Power derivatives	0,0	-6,0	-6,0	0,0	-8,9	-8,9
Total	6,0	-67,0	-61,0	3,2	-72,9	-69,7

### ***Note 9 – Operating segments***

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (building products) and Building Systems (projects). 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. See the consolidated financial statements for 2012 for further information about segments.

Below is a reconciliation of the profit before taxes in the reporting segments with the company's profit before taxes.

Amounts in NOK million	First quarter	
	2014	2013
Timber	32,1	-37,6
Wood	5,8	-27,0
Building Systems	14,1	-1,0
Other	-19,1	-4,3
Profit before tax in segments	32,9	-69,8
Eliminations	0,0	0,0
Profit before tax in Group Accounts	32,9	-69,8

### ***Note 10 – Related parties***

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of saw logs, 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. Eidsiva Energi Marked AS trade 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 saw log 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 11 - Events after the balance sheet date***

There have not been any events after the balance sheet date which would have an impact on the income, expenses, assets and liabilities disclosed in the quarterly financial statements.

Moelven is organised into four divisions: Timber, Wood, Building Systems and Other. The sawmills in Timber supply sawed wood products and components to industrial customers in Scandinavia and the rest of Europe. These use the products as intermediate goods in their own production. Shavings, chip and bark products are also supplied and are used in the pulp, chipboard and biofuel industry. The processing companies in Wood supply the building products trade in Scandinavia with a broad range of building and interior products. A critical competitive advantage is the division's efficient distribution system which offers customers rapid and precise deliveries of a broad range of products. The companies within Building Systems deliver flexible system solutions for interior walls, modular buildings, electrical installations and load-bearing structures in glulam to projects and contractor clients, principally in Norway and Sweden. Other comprises holding companies, supply businesses and bioenergy companies. The division is heavily focused on developing concepts and systems in collaboration with the customers and experts within architecture, design and construction. In total, the Group is composed of 52 operating units in Norway and Sweden and has 3,276 employees. Moelven also has its own sales offices in Denmark, England, Germany and the Netherlands. The Moelven Group is owned by Glommen Skog SA (25.1 per cent), Eidsiva Vekst AS (23.8 per cent), Agri MI AS (15.8 per cent), Viken Skog SA (11.9 per cent), Mjøsen Skog SA (11.7 per cent), AT Skog SA (7.3 per cent) and Havass Skog SA (4.0 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

## Quality rooms

More information:

[www.moelven.com](http://www.moelven.com)

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