

Environment *in practice*

*Annual report*

**1996**

**MOELVEN**





# Moelven's business philosophy

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## MOELVEN'S ENVIRONMENTAL PROFILE

Most of our companies work with timber products as their raw material. Moelven has been processing timber since 1899 – in other words, for nearly 100 years. Timber is a renewable resource, and as a raw material it fulfills all the requirements of our common responsibility to the global environment. Here in Moelven, we see it as a challenge to convince people at home and abroad that timber is a material on which we can build the future. We have transcended previous limits for the utilization of timber. We will continue to do so. The solutions of the future are built upon skills, innovation and respect for tradition.

## BUSINESS CONCEPT

It is the aim of the Moelven group to be one of Scandinavia's leading companies within the timber and construction materials industry and a top-class supplier to industrial, commercial and construction customers internationally.

## STRUCTURE

Moelven's underlying philosophy is that responsibility must lie where the results are created. For this reason, the group is decentralized with the operative functions placed with the individual companies. The Moelven

name guarantees quality in all our companies. In addition, we have chosen to continue our established brand names Nordia and Eurowand in the Interior Layout division.

## LIVING SKILLS – LIVING INDUSTRY

Our customers make great demands on us. We accept this as a challenge. Our products and companies are developed in close cooperation with the customers. Moelven has initiated several national research and development programmes in recent years. Projects like Euro-Tre (timber projects), fire-retardant treatment of timber, surface treatment of boarding and new ceiling systems are examples of this. A separate programme of management development ensures recruitment, continuity and a uniform philosophy throughout the group. This also includes our requirement for good business practice.

Moelven is more than a traditional industry. In Moelven, both large and small orders are catered for. Standard products and contract orders are managed side by side. It is our ability to keep the skills alive which continually revitalizes our industry. The future is built on experience. But without the ability for innovative thinking, we would soon become history. It is the same for our customers.



Husmo Photo.

# Moelven's business areas

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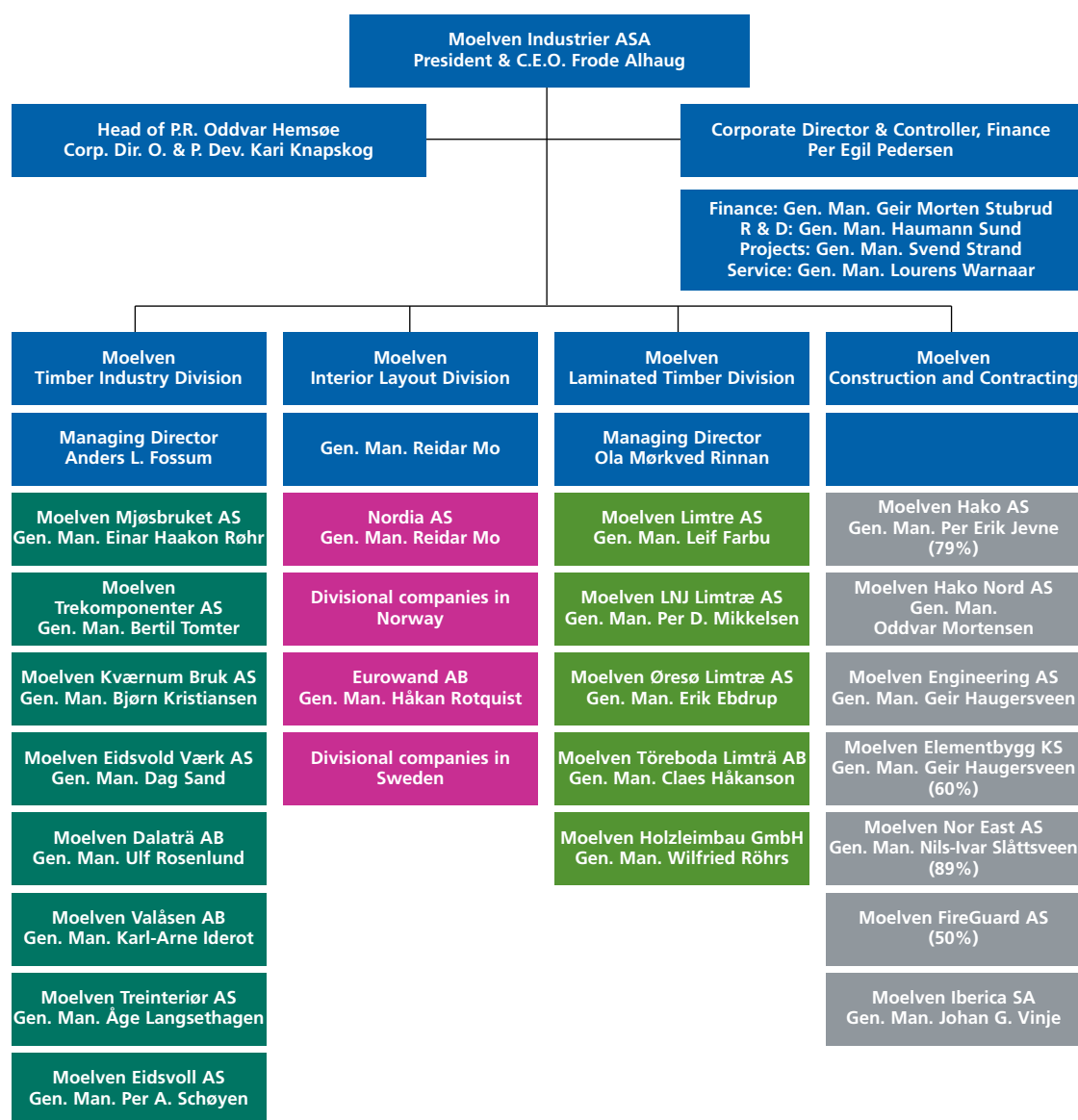
## THE GROUP AND BUSINESS AREAS

**M**OELVEN INDUSTRIER ASA is a Norwegian publicly-quoted industrial company with its head office at Moelv. Of the group's 1,640 employees, 700 are employed at foreign subsidiaries. Moelven is involved in four business areas: Timber Industry, Interior Layout, Laminated Timber and Construction and Contracting. The businesses are organised into 29 independent subsidiaries in seven different countries. With its sawmills and processing enterprises, Moelven Treindustrigruppen AS (Timber industry) has a good position in the European market. Moelven Innredningsgruppen AS (Interior Layout) is Scandinavia's leading manufacturer and supplier of constructional system interiors for commercial premises. Moelven Limtregruppen AS (Laminated Timber) is Europe's leading supplier of laminated timber for building and construction. Internationally, Moelven has attracted considerable attention in connection with the construction of the 1994 Winter Olympic arenas and the terminal building at Oslo Airport Gardermoen. Within the Construction and Contracting division, Moelven Hako AS is Scandinavia's leading producer of pre-fabricated housing modules.



# Presentation of Moelven

PER 25.02.1997



Key figures for the group and business areas												
Amounts in NOK mill.	Group		Timber Industry		Interior Layout		Laminated Timber		Construction and Contracting		Others incl. eliminations	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
Operating revenues	2 196.2	2 220.5	1 076.8	1 160.0	397.9	410.8	430.6	419.9	342.7	292.0	-51.8	-62.2
Operating profit	62.0	92.3	11.7	69.5	25.0	26.0	15.6	10.4	26.2	20.7	-16.5	-34.3
Net financial items	-32.8	-46.3	-11.0	-10.7	9.7	10.3	-3.6	0.2	-0.1	-0.3	-27.8	-45.8
Profit before extraord. items	29.2	46.0	0.7	58.8	34.7	36.3	12.0	10.6	26.1	20.4	-44.3	-80.1
Total capital	1 131.7	1 148.4	668.1	656.4	202.2	204.1	233.9	211.8	165.3	112.5	-137.8	-36.0
Equity ratio %	26.4	24.4	46.2	47.7	59.3	57.1	36.0	49.2	35.3	40.9	-	-
Gross operating margin %	6.1	6.8	5.0	9.2	7.2	7.1	6.8	5.0	8.6	8.0	-	-
Depreciation	71.4	59.6	41.7	36.7	3.7	3.2	13.7	10.7	3.2	2.5	9.1	6.5
Cash flow	100.6	105.6	42.4	95.5	38.4	39.5	25.7	21.3	29.3	22.9	-35.2	-73.6
Investments	91.8	108.0	34.0	73.5	1.8	6.1	40.9	22.3	8.9	4.0	6.2	2.1
No. of employees	1 640	1 686	620	653	360	394	384	346	240	280	36	13



# Moelven – a piece of industrial history

## IT BEGAN IN 1899

On July 24, 1899, «Aktieselskabet Moelven Brug» was registered at Hedemarken's Fogderi with a share capital of NOK 20,000 kroner. The purpose of the company was to undertake the manufacture and sale of manufactured goods and farming activities in Anderkværn in Ringsaker County, to cite the company's first articles of association. For 50 years, oil-impregnated wheels were the main speciality at Moelven Brug. Gradually, the undertaking expanded its production with agricultural equipment such as tractor trailers, transportable workmen's huts, log cabins and furniture. «Moelven workmen's huts» became a great success and formed the basis for the production of prefabricated housing modules. This began at the end of the 1950s and formed the foundation for today's module production.

Besides undertaking mechanical production and prefabricated housing production, as early as 1958 Moelven established a laminated timber factory in Moelv. In 1979, Moelven Mjøsbuket AS was built at Biri. This, together with the purchase of Swedish sawmills Dalaträ in 1985 and Valåsen in 1988, marked the beginnings of Moelven's operational commitment to the timber industry. In the course of the 1980s, the group continued to grow through a number of acquisitions. Amongst other things, Moelven took over Swedish laminated timber manufacturer Töreboda in 1982 and the Danish laminated timber factory LNJ in 1986, the bathroom manufacturer E-Modul of Sweden in 1986 and the housing and commercial premises division of Norema AS in 1989.

On January 1, 1987 A/S Moelven Brug was converted into a group and the businesses were organised into separate divisional companies. At the same time, the parent company changed its name to Moelven Industrier AS. Moelven has been quoted on the stock exchange since April 21, 1981. At the new year 1989/90, the scaling down of the housebuilding division started as a consequence of the decline in the Norwegian and Swedish housing markets. In December 1993, Norema was sold. The following year, Moelven wound up its property portfolio through the sale of Moelven Eiendom AS. In 1995, module manufacturers Moelven

Systembygg AS and Hako Modul merged to form Moelven Hako AS. In the same year, the group carried out a placing of shares which marked the end of a five-year restructuring process, and which also resulted in a full takeover of the former Mathiesen

Eidsvold Værk AS. The company is now called Moelven Eidsvold Værk AS. As of January 1st, 1996, as part of bringing the Companies Act into line with the EEC treaty, Moelven Industrier AS changed its name to Moelven Industrier ASA (public limited company).

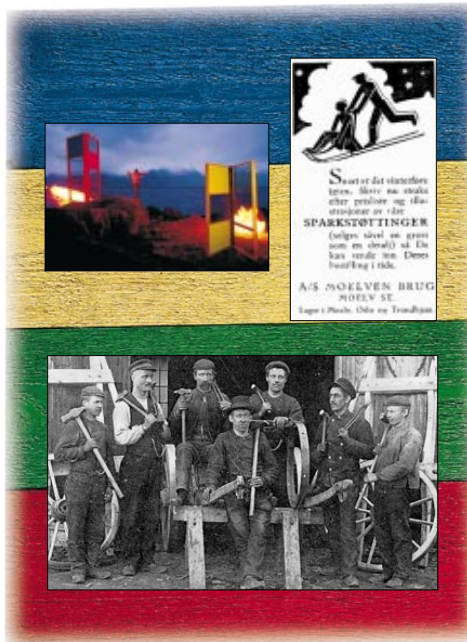
## HIGHLIGHTS OF 1996

1996 was a challenging year, particularly for the Timber Industry division's sawmills and for the Laminated Timber division. High raw material costs and an occasional log shortage contributed to operating margins falling short of group targets. In spite of this, Moelven was still a winner in the timber industry. For Moelven Interior Layout division, and particularly for its subsidiary Nordia AS, 1996 was one of the best years in the division's history. The Construction and Contracting division also had a good year, particularly the Moelven Engineering AS and Moelven Hako AS companies.

Moelven's Laminated Timber division was able to reinforce its position in Denmark in 1996 by buying up the laminated timber factory Øresø Industri. Moelven Øresø Limtræ AS is now the fifth subsidiary of the Laminated Timber division. Last year, the Laminated Timber division decided to invest approx. 40 million kroner in new production line.

Moelven Hako AS, the group's construction module manufacturers, also expanded in 1996. By setting up the subsidiary Moelven Hako Nord AS at Kirkenes, the company is aiming mainly at the Barents region of Russia, but the new company will also serve the construction market in the north of Norway.

1996 was also marked by increased activity in Russia through the company Moelven Nor East AS, both in harvesting and importing logs, not to mention building officers' quarters at Luga in a joint venture with the State construction authority (Statsbygg).



# Comments of the President and C.E.O.

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*President  
& C.E.O.  
Frode  
Alhaug.*

1996 was a good year for Moelven, with many of our companies progressing well. We achieved many of our ambitious objectives. We have consolidated where it was still right to do so and started on new growth in other areas. But the economy was not on our side, and overall earnings were unsatisfactory. In a year in which the impression was that Norwegian economy and business were on an «all time high», half of Moelven's markets were at an «all time low».

This is something Moelven has to deal with, and our benchmark must be the best in the industry. We must use our technology and knowhow to find new marketing opportunities which will boost earnings, irrespective of how the national economies are doing. One example of this is Moelven Töreboda Limträ AB's success in Japan. Töreboda succeeded in exploiting a new growth market, when Germany, our main market, weakened dramatically. Moelven Töreboda Limträ AB had its best results to date.

The Interior Layout division, with Nordia AS and Eurowand AB, did well once again thanks to deliberately focusing on the market and maintaining ambitious goals.

Information technology will be a major factor in the further development of the group to ensure optimum solutions for our customers and continuing commercial success.

Construction and Contracting, with Moelven Hako AS and Moelven Engineering AS at its head, is meeting requirements and expectations thanks to good projects and successful after-sales of building modules.

Moelven Nor East AS's operations in Russia did outstandingly well in 1996. Through practical experience in harvesting, importing significant volumes of logs and housing development at Luga, the company has proved its worth.

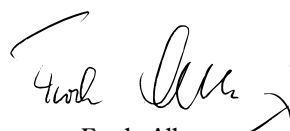
Without imports of Russian logs, 1996 would have been a very poor year for many of the companies in our Timber Industry division. This is the major challenge we face in the next three years. The timber industry in the Nordic countries has done very badly. This is not due to the market for our products in general, but to a lack of strategy and focus amongst the major players in the industry and some players with profitability requirements not on a par with other forward-looking industries. We are also finding that the forestry industry is governed by the market conditions in the pulp and paper industry, and is taking its short-sighted profits from an increasingly weak timber industry.

Moelven has ambitions to grow further in this area. On the other hand, we must consider carefully whether it is possible to achieve a reasonable future industrial structure in our home markets or whether our growth will have to come from outside the Nordic countries. Moelven faces a number of important strategic decisions in 1997. There are three keywords in our strategies and plans of action:

- To influence the industry's structure
- IT as a means, not as an end
- To pay dividends

It is not enough to be amongst the best in an industry where no-one is earning money. We will be expecting our businesses to do more than just take part.

Moelv, 24 February 1997

  
Frode Alhaug  
President & C.E.O.

# Board of Directors and group management

## The Board of Directors



Front, from the left: Reidar Nordby jr., Bjarne Gulvik (Chairman) and Andreas Gjems. Back, from the left: Arthur J. Aasland, Carl Graff-Wang, Iver Melby\*) and Hans E. Johnsen\*).

## Group Executive Board



Front, from the left: Per Egil Pedersen, Frode Alhaug and Haumann Sund. Back, from the left: Reidar Mo, Ola Mørkved Rinnan and Anders L. Fossum.

## BOARD OF DIRECTORS

	Number of shares
Bjarne Gulvik (Chairman)	10 000
Andreas Gjems	0
Arthur J. Aasland	0
Carl Graff-Wang	0
Reidar Nordby jr.	1 374
Hans E. Johnsen *)	250
Iver Melby *)	240
Bjørn Solberg Antonsen (alternate*)	474

## CORPORATE ASSEMBLY

### Members

Axel Krogvig (Chairman)	974
Per Stannes	0
Jan G. Hartvig	0
Harry Konterud	10 000
Bjørn H. Rasmussen	438
Ola Vik	0
Arne Hyttnes	0
Odd Tangnæs	0
Jan Slattum *)	0
Arne Onsum *)	0
Per Cocozza *)	0
Harald Løkkesveen *)	56

### Alternates

Jan Teksum	337
Fredrik Wahl	0
Odd Torland	0
Ole Anker Rasch	0

## GROUP EXECUTIVE BOARD

Frode Alhaug (President & C.E.O.)	11 373
Per Egil Pedersen	10 000
Ola Mørkved Rinnan	3 078
Haumann Sund	11 332
Anders L. Fossum	1 000
Reidar Mo	8 500

## AUDITOR

Svein-A. Martinsen	0
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\*) Employee representatives



# Report of the Board of Directors

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## GROUP

### Operating revenues and profits

The group's operating revenues for the third four-month period were NOK 875 million, as against NOK 850 million for the same period in 1995. The operating profit for the period was approx. NOK 41 million as against NOK 28 million last year. Profits after financial items in the third four-month period were NOK 28 million, as against NOK 14 million in 1995. The profits are satisfactory considering the pressure on raw materials and markets in the Timber Industry division and the industry as a whole. The other business areas of the group, the Interior Layout, Construction and Contracting and Laminated Timber divisions ended the year well. Consolidated operating revenues for the 1996 financial year were NOK 2.196 million. The operating revenues for 1995 were NOK 2,220 million.

The operating profit after depreciation in 1996 was NOK 62 million, as against NOK 92 million in 1995. Ordinary depreciation was approx. NOK 71 million, an increase on the 1995 figure of NOK 59 million. After net financial items of minus NOK 36 million, the profit before tax was NOK 29 million, as against NOK 46 million in the previous year.

The group had a positive result once again in all business areas in 1996, and net financial costs continued to drop, with a real fall of NOK 8 million from the previous year. Overall, results over the year were better than expected, given a difficult international market for timber and laminated timber products. Market prices for timber products fell by over 30 per cent at the end of 1995 and the first half of 1996. Margins came under pressure accordingly (and adversely) for most sawmills in Scandinavia. Improving demand at the end of the year led to price increases of 15-20 per cent at the start of 1997, but also to a major increase in the costs of raw materials. Demand for logs exceeded supply.

The Timber Industry division has covered some of the shortage of logs by importing from the group's operations in Russia via Moelven Nor East AS. The division's operating profit of NOK 12 million in 1996 reflects a fall in operating revenues of nearly NOK 100 million as a direct result of the fall in prices on the market. The operating profit in 1995 was NOK 70 million.

The Interior Layout division did well throughout the year, and the total operating profit was NOK 25 million after the costs of disposing of the division's operations in England and Germany. Profits were at the same level as in 1995, on rather lower operating revenues.

The Laminated Timber division improved its operating profit by approx. NOK 5 million on the previous year to NOK 16 million. Economic developments affected the international timber products market more than before, and Germany in particular was weak in 1996. The division has done well in the Japanese market.

Construction and Contracting continued to do well with an operating profit of NOK 26 million on the year as against NOK 21 million in 1995.

The group's fixed and indirect costs, which are independent of activity in the business areas, fell in 1996. The net cost after revenues from partly-owned companies was approx. NOK 17 million as against NOK 34 million in 1995.

### Financial situation

At 31.12.96, the total assets of the group amounted to NOK 1,132 million, down by approx. NOK 15 million on the previous year. The group's cash flow position is good. Total assets comprise approx. 50 per cent of the group's operating revenues. Net interest-bearing debt at the close of the year was approx. NOK 410 million, on a par with the position at the close of the previous year. Net interest-bearing debt in relation to turnover is approx. 18 per cent. Total investment in operating and capital equipment, including the takeover of Øresø Limtræ AS of Denmark, was approx. NOK 90 million. The group's share capital and reserves after tax and appropriations was NOK 300 million, comprising 26.4 per cent of the total capital. This is an improvement of approx. two percentage points.

## BUSINESS AREAS

### Timber Industry

Operating revenues in the Timber Industry division were NOK 1,077 million in 1996, down approx. NOK 90 million on the previous year. The division's sales by volume rose by 3 per cent in 1996, and average net price reductions compared with 1995 amounted to approx. NOK 100 million, i.e. more than the fall in operating revenues.

# Report of the Board of Directors

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The operating profit of NOK 12 million is poor compared with the profits this business area usually achieves, but good compared with the average for the industry and in view of the raw material prices and market conditions which prevailed during the year. The depression of 1995-96 was atypical in that the total consumption remained relatively stable throughout the period. Market prices were significantly affected by high levels of supply of logs and over-production in 1995. At the end of 1996, on the other hand, the supply of logs was very limited, and industry margins came under pressure from both low finished goods prices and low production volume. This again put pressure on log prices, although the forestry industry did not increase harvesting significantly.

Under these conditions, Moelven's sawmills did well to keep prices and volume steady. With the exception of Moelven Valåsen AB, the companies did well. The rationalisation at Moelven Eidsvold Værk AS was a success, and profits increased over the year.

The division's processing companies had a rather uneven year, depending on export proportions and what markets they were servicing. The processing companies made a positive contribution to group profits.

## Interior Layout

The division's companies had another good year in 1996, with total operating revenues of NOK 398 million and an operating profit of NOK 25 million. The profit after financial items was NOK 35 million. This represents a net profit of nearly 9 per cent after the costs of disposing of the division's companies in England and Germany. The profits were at the same level as in 1995.

It was decided to dispose of the division's operations in England and Germany as the first half-year did not encourage favourable profits forecasts for the second and third four-month period. On the whole, these markets have a very conservative attitude to the benefits of «heavy» interior layout solutions built on the spot. Weighed against the necessary use of resources to achieve volume and revenues in these markets, the division decided to concentrate on individual export contracts with a much lower cost risk.

The companies' market shares in Norway and Sweden are satisfactory, and the order book in Norway is better than in the previous year. The profits at Eurowand AB of Sweden were achieved despite the Swedish market being weak. The company is in a good position to obtain margins from increased activity.



# Report of the Board of Directors

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## **Laminated Timber**

Operating revenues at the Laminated Timber division increased by NOK 11 million following the consolidation of Moelven Øresø Limtræ AS in the second half of 1996. Total sales were NOK 431 million, as against NOK 420 million in the previous year. Operating profit was NOK 16 million, compared with NOK 10 million in 1995.

Profits varied considerably from one company to another, and are unsatisfactory given the market shares and position which the division has on the respective domestic markets. Margins came under pressure throughout 1996, as a result of the weak German market and the knock-on effect in most European countries. Profits at the division's German and Danish subsidiaries were affected by this situation, and the necessary adjustments were made at the new company in Øresø.

Moelven Töreboda Limträ AB has done well in switching business from Germany to Japan. This has led to full utilization of capacity and record profits for the company.

Productivity at our laminated timber company in Norway was unsatisfactory in 1996, and it was decided to revamp the business completely by investing in new capital equipment and switching to production for particular projects. Some of the business was moved and specialized to make it more cost-effective. We will continue our efforts in Japan.

## **Construction and Contracting**

This business area consists primarily of Moelven Hako AS, which makes building modules, Moelven Engineering AS, with departments for electrical, mechanical and building services and Moelven Elementbygg KS making building modules. Total operating revenues in 1996 were NOK 343 million, as against NOK 292 million in 1995. Operating profit was NOK 26 million as against NOK 21 million in the previous year.

Operations at the companies varied over the year. Moelven Hako AS had a poor first four-month period, cutting its productive capacity and jobs. After that, the company's profits on operations were satisfactory, and a good contribution came from reselling used service quarters for previous customers. The order position at the end of the year was good.

Moelven Engineering AS did outstandingly well, and major projects for the electrical department boosted both sales and revenues. Operations also look set to continue well for the other departments, mechanical and construction.

The production of modules at our jointly-owned company, Moelven Elementbygg KS, continued to be project-oriented. In the last four-month period, units were produced for Luga in Russia by Moelven Hako AS under contract to Moelven Nor East AS. The project is the result of cooperation between the Russian federation and the Norwegian government. Progress at Luga is good.

Moelven Nor East AS handles most of Moelven's interests in Russia. Up to now, its main role has been in building up long-term contacts and contracts for harvesting and importing logs. Total imports in 1996 were approx. 120,000 cubic metres.

We also reorganised the group's combined R&D operations and major projects covering a number of companies and divisions as part of this division.

Moelven TimberTech AS is in the process of merging with parts of the former Fireguard company at Trondheim, and is due to start production of fire-resistant timber products at Moelv some time in 1997.

## **Investments**

In 1996, the group capitalized NOK 90 million in fixed assets, of which NOK 23 million came from the purchase of Øresø Limtræ AS.

The largest single investment apart from that mentioned above is new drying kilns at Moelven Dalatræ AB and a new boilerhouse at Moelven Limtre AS. Other investments have mainly been aimed at replacements and modernisation.

We also invested in a new production line for straight laminated timber beams at Moelven Limtre AS, for a total investment of the order of NOK 40 million.

Investments in restructuring, product and market development etc. are, in line with earlier practice, charged to current account.

# Report of the Board of Directors

## Outlook

The profit on the year corresponds to an operating margin of less than 3 per cent, which is not a satisfactory result for the Moelven group. The group's general requirement is 5 per cent, and this means that subsidiaries must on average achieve 7 per cent.

The Timber Industry division accounts for approx. 50 per cent of the group's operations, and has met the group's target in seven out of nine past years. Background conditions for the industry were unfavourable in 1996, and the Board of Directors takes the view that the Timber Industry companies did relatively well. The established strategy and implemented plans of action are giving good results in line with the group's targets for the Construction and Contracting and Interior Layout divisions.

The Laminated Timber division's results overall were poor, even though developments in the third four-month period were up to normal level.

On this basis, the outlook for 1997 is better than in 1996. The situation continues to be rather unclear for the timber industry and laminated timber industry in view of the prevailing background conditions. The timber industry enters 1997 with prices 15-20 per cent up on the same time in 1996, but with a difficult timber market and high raw material prices. Margins in the timber industry are expected to improve this year.

## Employees, environment and remuneration

At the end of 1996, there were 1,640 employ-

ees in the group, of whom 693 are employed in companies outside Norway. The working environment at the group's businesses is considered to be good, and the Board feels there are good grounds for praising workers' representatives and employees for their loyalty and good efforts. It is the opinion of the Board that the group's businesses fulfil the requirements which have been set by the authorities with regard to the external environment.

## Salaries and other remuneration in 1996 were as follows:

Auditor:		
Audit fees	NOK	210,000
Consulting fees	«	107,300
Corporate Assembly:	«	151,000
Board of Directors:	«	545,657
Chief Executive Officer:		
Salary	«	1,005,000
Other remuneration	«	82,239
Guaranteed salary in the event of termination*):		24 months

\*) Stopped after 12 months where there is other income.

## Appropriation of annual profit/loss

The report of the Board of Directors covers the annual accounts for the group and for Moelven Industrier ASA together. The group accounts show an annual profit after tax of NOK 28,619,000. The deficit in the parent company Moelven Industrier ASA was NOK 8,018,582, which the Board proposes to cover as follows:

Group contribution received	NOK 29,397,000
Loss carried forward	NOK 21,378,418

Moelv, 25 February 1997

Bjarne Gulvik  
Chairman

Andreas Gjems

Arthur J. Aasland

Reidar Nordby jr.

Carl Graff-Wang

Iver Melby

Hans E. Johnsen

# Shareholder matters

## SHAREHOLDER POLICY

It is the goal of Moelven Industrier ASA to provide shareholders with the best possible yield over time, through capital gains and dividends. The company will seek to ensure that the market value of the shares reflects the company's earning capacity to the best possible degree. Moelven Industrier ASA will consider utilizing both rights issues and placing of shares in future. Any placings will only be carried out to the extent that they satisfy the long-term interests of the shareholders.

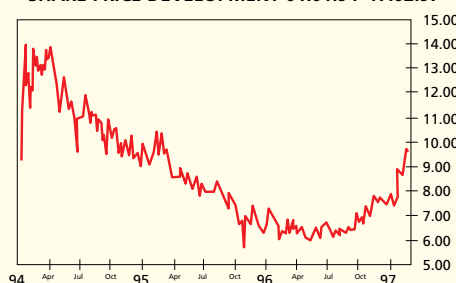
As a result of major losses and writedowns as part of the group's process of restructuring, Moelven Industrier ASA's lack of free equity capital in recent years has not allowed for any dividends. Moelven Industrier ASA will strive to be in a position to pay dividends during the course of 1997-98.

THE 15 LARGEST SHAREHOLDERS IN THE COMPANY AT 17.02.1997		
Share capital: Number of shares:	Number of shares	Participating interest %
352 721 590 70 544 318		
Den norske Bank ASA .....	34 414 238	48.8
Statens nærings- og distriktsutviklingsfond SND .....	4 843 697	6.9
Drammensdistriktets Skogeierforening .....	1 449 884	2.1
Meieribrukets Pensjonskasse .....	1 218 080	1.7
Aksjefondet Odin NOR .....	1 064 547	1.5
Norsk Hydros Pensjonskasse .....	956 214	1.4
Hafslund Invest AS .....	782 000	1.1
NHO's Arbeidsmiljøfond .....	750 000	1.0
G-Invest Aksjefondet (Gjensidige Fondsforvaltning) .....	750 000	1.0
Summa AS .....	675 080	1.0
G-Kapital Aksjefondet (Gjensidige Fondsforvaltning) .....	675 000	1.0
Gjensidige Livsforsikring .....	550 160	0.8
G-Aksjespar Aksjefondet (Gjensidige Fondsforvaltning) .....	550 000	0.8
Vesta Forsikring .....	456 547	0.7
Oslo kommunale Pensjonskasse .....	450 000	0.6
<b>Of a total of 3 737 shareholders: 15/3 737 = 0.40 %.....</b>	<b>49 585 447</b>	<b>70.3</b>

DISTRIBUTION OF SHARES AT 17.02.1997				
Number of shares	Number of shareholders	In %	Number of shares	In %
1- 200 .....	1 404	37.6	85 194	0.1
201- 500 .....	404	10.8	139 558	0.2
501- 1000 .....	430	11.5	376 307	0.5
1001- 5000 .....	862	23.1	2 446 991	3.5
5001- 10000 .....	278	7.4	2 278 133	3.2
10001- > .....	359	9.6	65 218 135	92.5
<b>Total .....</b>	<b>3 737</b>	<b>100</b>	<b>70 544 318</b>	<b>100</b>

The company places emphasis on maintaining a good contact with its shareholders and the stock market generally, primarily through the annual report and reports for each four-month period approx. four weeks after the close of the period. In addition to this, other information which might be of importance will be communicated to the shareholders and stock market through special releases to the Oslo Stock Exchange and the press/media.

SHARE PRICE DEVELOPMENT 01.01.94-17.02.97







# Profit and Loss Account

(Amounts in NOKm)	Moelven Industrier ASA		Group		Note
	1996	1995	1996	1995	
External turnover	0.0	0.0	2 152.1	2 186.1	1
Other operating revenues	18.6	17.6	44.1	34.4	2
<b>Operating revenues</b>	<b>18.6</b>	<b>17.6</b>	<b>2 196.2</b>	<b>2 220.5</b>	3
Cost of goods sold	0.0	0.0	1 303.0	1 349.8	4/9
Changes in stock, work in progress.					
finished products and projects	0.0	0.0	39.8	5.3	9
Salaries and employer's contributions	3.2	4.6	480.2	458.1	
Other purchase/sales/admin. costs	21.2	18.4	239.3	238.0	2
Ordinary depreciation	3.7	3.7	71.4	59.6	17
Bad debts including provisions	-1.7	2.0	0.6	17.6	5
<b>Operating costs</b>	<b>26.3</b>	<b>28.6</b>	<b>2 134.2</b>	<b>2 128.2</b>	
<b>OPERATING PROFIT/LOSS *)</b>	<b>-7.7</b>	<b>-11.0</b>	<b>62.0</b>	<b>92.3</b>	
<b>Profit share, assoc. companies</b>	<b>3.2</b>	<b>2.4</b>	<b>2.8</b>	<b>2.5</b>	23
Share dividends from subsidiaries	3.0	0.0	-	-	
Interest from group companies	16.2	14.1	-	-	
Other financial income	1.0	3.9	18.4	16.2	
Interest to group companies	-7.8	-6.7	-	-	
Other financial costs	-15.9	-31.6	-54.0	-65.0	
<b>Financial income/costs</b>	<b>-3.5</b>	<b>-20.4</b>	<b>-35.6</b>	<b>-48.8</b>	
<b>PROFIT BEFORE TAX</b>	<b>-8.0</b>	<b>-29.0</b>	<b>29.2</b>	<b>46.0</b>	
Tax	0.0	0.0	0.5	7.7	6/14
<b>NET PROFIT/LOSS</b>	<b>-8.0</b>	<b>-29.0</b>	<b>28.6</b>	<b>38.3</b>	
<b>Profit per share (70 544 318 shares)</b>	<b>-</b>	<b>-</b>	<b>0.41</b>	<b>0.54</b>	24
<b>Board's proposal for appropriation of net profit/loss and capital transfers</b>					
Group contribution received *)	29.4	81.3	-	-	
Loss carried forward	-21.4	-52.3	-	-	
<b>Total</b>	<b>8.0</b>	<b>29.0</b>	<b>-28.6</b>	<b>-38.3</b>	24

\*) The operating loss of the parent company is covered by group contribution received.

Notes to the accounts, see pages 21 to 30.

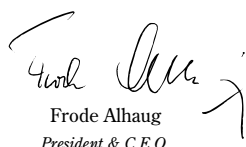


# Balance Sheet

(Amounts in NOKm)	Moelven Industrier ASA		Group		Note
	1996	1995	1996	1995	
<b>LIABILITIES, CAPITAL AND RESERVES</b>					
Short-term loans	0.0	0.0	0.0	9.5	
Bank overdraft	144.5	169.1	3.3	84.1	
Income tax and VAT, national insurance, holiday pay etc.	1.2	1.8	77.4	80.3	
Taxes due	0.0	0.0	-0.1	6.6	
Debt to suppliers	2.7	1.0	193.4	192.4	
Other short-term liabilities	3.1	4.9	79.8	90.8	10
Debt to the group	15.1	19.2	-	-	
Long-term debts falling due within 1 year	8.9	3.2	50.5	16.9	
Warranty and service commitments	0.0	0.0	5.0	6.2	11
<b>Current liabilities</b>	<b>175.3</b>	<b>199.1</b>	<b>409.3</b>	<b>486.9</b>	12
Mortgage debt	0.0	0.8	203.4	129.1	
Promissory note loans	42.0	56.6	215.8	247.9	
Warranty and service commitments	0.0	0.0	2.4	2.0	11
Other long-term debt	0.0	0.0	1.7	2.2	
Long-term debt to the group	74.0	75.9	-	-	
<b>Long-term liabilities</b>	<b>116.0</b>	<b>133.3</b>	<b>423.2</b>	<b>381.2</b>	12
Share capital: 70,544,318 shares at NOK 5	352.7	352.7	352.7	352.7	24
Losses carried forward	-32.9	-54.3	-53.5	-72.4	
<b>Share capital and reserves</b>	<b>319.8</b>	<b>298.4</b>	<b>299.2</b>	<b>280.3</b>	24
<b>TOTAL LIABILITIES, SHARE CAPITAL AND RESERVES</b>					
	<b>611.1</b>	<b>630.9</b>	<b>1 131.7</b>	<b>1 148.4</b>	15
Mortgages – secured dept	195.3	229.8	473.0	487.6	18
Guarantees and endorsements	290.6	283.0	71.5	69.9	

Notes to the accounts, see pages 21 to 30.

Moelv, 25 February 1997

  
Frode Alhaug  
President & C.E.O.

  
Per Egil Pedersen  
Corporate Director & Controller, Finance

# Cash Flow Statement

Note	(Amounts in NOKm)	Moelven Industrier ASA		Group	
		1996	1995	1996	1995
	<b>CASH FLOW FROM OPERATIONS</b>				
	Pre-tax profits	-8.0	-29.0	29.2	46.0
6	Taxes paid	0.0	0.0	-7.7	-11.2
17	Ordinary depreciation	3.7	3.7	71.4	59.6
2	Gain/loss from sales of fixed assets	0.0	0.0	-2.8	-2.7
	Write-down on long-term shareholdings and loans	0.4	0.0	1.0	0.0
19	Pension costs, booked but not paid	-1.4	-2.1	-0.6	-1.1
23	Profit shares from associated companies, booked but not received	-1.3	-2.4	-1.3	-2.4
	Dividends	3.0	0.0	-	-
	Changes in current assets excl. liquid funds and deposits	26.6	-1.5	13.3	-9.8
	Changes in current liabilities excl. loans	-4.8	1.3	-28.3	38.4
	<b>Net cash flow from operations</b>	<b>18.2</b>	<b>-30.0</b>	<b>74.2</b>	<b>116.9</b>
	<b>CASH FLOW FROM INVESTMENTS</b>				
16	Investments in fixed assets	-6.1	-4.9	-68.8	-108.2
	Cash disbursed when buying subsidiaries	0.0	0.0	-14.0	-18.8
16	Sale of fixed assets	0.1	0.2	13.3	12.6
17	Conversion difference, fixed assets	-	-	1.0	-3.3
	Long-term financial investments	-53.8	-58.4	-9.7	-18.9
	Short-term loans	-3.6	1.7	0.0	0.0
	<b>Net cash flow from investments</b>	<b>-63.4</b>	<b>-61.4</b>	<b>-78.2</b>	<b>-136.6</b>
	<b>CASH FLOW FROM FINANCING</b>				
	Changes in short-term loans and overdrafts	-19.0	14.8	-56.8	-24.0
12	New long-term loans	0.0	96.0	95.0	114.3
12	Repayment of long-term loans	-17.3	-129.8	-53.0	-71.9
12	Changes due to share issues	0.0	86.7	0.0	73.7
24	Group contribution	81.3	22.2	-	-
	<b>Net cash flow from financing</b>	<b>45.0</b>	<b>89.9</b>	<b>-18.3</b>	<b>88.6</b>
	<b>LIQUID FUNDS</b>				
	Net change in liquid funds this year	-0.2	-1.5	-22.3	55.8
	Liquid funds 01.01.	0.5	2.0	100.9	45.2
	<b>Liquid funds 31.12.</b>	<b>0.3</b>	<b>0.5</b>	<b>78.7</b>	<b>100.9</b>
	<b>AVAILABLE LIQUID FUNDS</b>				
	Liquid funds 31.12.	0.3	0.5	78.7	100.9
	Unutilized drawing rights at 31.12.	75.0	75.0	180.0	150.0
	<b>Available liquid funds at 31.12.</b>	<b>75.3</b>	<b>75.5</b>	<b>258.7</b>	<b>250.9</b>

Notes to the accounts, see pages 21 to 30.



# Accounting principles

## CONSOLIDATION PRINCIPLES

### Consolidated companies

The statement of accounts for the group has been prepared as if the group were one unit. The statement of accounts encompasses the parent company Moelven Industrier ASA and the subsidiaries where Moelven Industrier ASA, directly or indirectly, owns more than 50 per cent of the shares or by agreement has the controlling influence in the company. Investments in companies where the group owns between 20 and 50 per cent of the shares and where the group also has a considerable influence are dealt with according to the equity method. The accounts for subsidiaries which have joined the group in the course of the year are entered in their entirety on the balance sheet as at 31.12., and the results from the date of purchase until 31.12. are entered in the profit and loss account. For subsidiaries sold in the course of the year, transactions from 1.1. until the date of sale are included in the profit and loss account.

### Elimination of shares in subsidiaries/goodwill

Shares in the subsidiaries are eliminated against the subsidiaries' capital and reserves at the time of purchase. Included in share capital and reserves is the equity portion of temporary differences between accounting and taxable values in the subsidiary at the time of purchase. Any excess value at the time of purchase is ascribed to the relevant assets and depreciated subsequently in line with these. Deferred tax is calculated based on gross excess value and entered as a liability. Excess value which cannot be ascribed to assets is entered in the group balance sheet as goodwill and depreciated over a 10-year period.

### Conversion of foreign subsidiaries

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

### Elimination of internal transactions

Unrealized profits in the companies' inventories, which relate to intra-group deliveries, are eliminated from the group's inventories and operating profit. Profits in connection with sales of machinery and equipment within the group are eliminated from the ordinary depreciable base and operating profits. Deferred tax is eliminated from the group's statement of accounts so that the charge tax in connection with internal profits is not payable until the stock is sold from the group.

In the group statement of accounts, eliminations have also been made for internal dividends, group contributions, income and expenditure transfers, and accounts due and debts between the companies of the group.

### Sub-groups

The Norwegian Banking, Insurance and Securities Commission (Kredittilsynet) has given Moelven dis-

persation from the requirement of producing a consolidated financial statement for the sub-groups. The Moelven group is divided into four business areas. The organization of the business areas does not follow the formal ownership structure.

## VALUATION AND CLASSIFICATION PRINCIPLES

### Classification of assets and liabilities

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

### Accounts receivable

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

### Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies are converted according to lowest/highest exchange rates at the time of acquisition and the exchange rate at 31.12. For short-term items, the unrealized exchange rate losses at 31.12. are calculated and entered as costs in the same manner as other costs, as long as they are not offset by equivalent gains in the same currency. Other unrealized gains are not entered as income apart from the reversal of earlier unrealized losses entered as costs. Long-term items are evaluated individually in accordance with the above. Accounts receivable and payables secured by forward exchange rate contracts are converted at the forward rate at 31.12.

### Off-balance sheet financial instruments

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

With hedging transactions, the profit elements are periodised and classified using the same criteria as the relevant balance sheet items.

Commercial transactions are dealt with by the portfolio method and valued at cost or actual value, whichever is the lower. Unrealized profits and losses are dealt with as financial items.

Where transactions are closed, the profit elements are to be regarded as realized even if settlement remains outstanding, and are presented as financial items.

### Inventories

Inventories of raw materials and goods purchased for resale (commodities) are valued at the lower value of acquisition cost and net actual value.

Actual value is the presumed sales price at the future date of sale after deductions for sales costs. Inventories of manufactured goods (work in progress and finished manufactured goods) and contracts are estimated at the full manufacturing cost at the place of manufacture, or the expected sales value if this is lower than the full cost of manufacture. The full cost of manufacture, in addition to the cost of the acquisition of the raw materials and purchased goods, other



# Notes to the accounts

## NOTE 1: External turnover

External turnover is invoiced sales from the companies' main operations less VAT and discounts.  
Internal deliveries totalling NOK 267.9 million between the companies in the group have been eliminated.

## NOTE 2: Other operating revenues and costs

### 2.1 Other operating revenues

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Net gain from sales of fixed assets and property	0.1	0.0	3.6	2.7
Net gain from sale of securities	0.0	0.0	0.0	0.7
Own investment work capitalized	0.0	0.0	5.2	3.1
Subsidiaries' share of overheads	10.2	10.1	-	-
Rental income	7.2	5.8	6.8	5.6
Energy revenues	0.0	0.0	2.9	2.5
Sales of trade goods	0.0	0.0	8.3	0.0
Consultancy fees	0.0	0.0	5.0	0.6
State investment subsidies	0.0	0.0	3.7	2.2
Insurance settlements	0.0	0.0	3.7	7.9
Other	1.1	1.7	4.9	9.1
<b>Total</b>	<b>18.6</b>	<b>17.6</b>	<b>44.1</b>	<b>34.4</b>

### 2.2 Other purchase/sale/admin. costs

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Net losses from sale of fixed assets and property	0.9	0.0	1.7	0.0
Own share of insurance claims	0.0	2.2	0.0	0.0
Other ordinary operating costs	20.3	16.1	237.5	238.0
<b>Total</b>	<b>21.2</b>	<b>18.4</b>	<b>239.3</b>	<b>238.0</b>

## NOTE 3: Business areas

### 3.1 Key figures for the group and business areas

Amounts in NOKm	Group		Timber Industry		Interior Layout		Laminated Timber		Construction and Contr.		Others incl. eliminations	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
	Operating revenues	2 196.2	2 220.5	1 076.8	1 160.0	397.9	410.8	430.6	419.9	342.7	292.0	-51.8
Operating profit	62.0	92.3	11.7	69.5	25.0	26.0	15.6	10.4	26.2	20.7	-16.5	-34.3
Financial items	-32.8	-46.3	-11.0	-10.7	9.7	10.3	-3.6	0.2	-0.1	-0.3	-27.8	-45.8
Profit before extraord. items	29.2	46.0	0.7	58.8	34.7	36.3	12.0	10.6	26.1	20.4	-44.3	-80.1
Total capital	1 131.7	1 148.4	668.1	656.4	202.2	204.1	233.9	211.8	165.3	112.5	-137.8	-36.0
Equity ratio %	26.4	24.4	46.2	47.7	59.3	57.1	36.0	49.2	35.3	40.9	-	-
Gross operating margin %	6.1	6.8	5.0	9.2	7.2	7.1	6.8	5.0	8.6	8.0	-	-
Depreciation	71.4	59.6	41.7	36.7	3.7	3.2	13.7	10.7	3.2	2.5	9.1	6.5
Cash flow	100.6	105.6	42.4	95.5	38.4	39.5	25.7	21.3	29.3	22.9	-35.2	-73.6
Investments	91.8	108.0	34.0	73.5	1.8	6.1	40.9	22.3	8.9	4.0	6.2	2.1
Number of employees	1 640	1 686	620	653	360	394	384	346	240	280	36	13

#### Criteria for division into business areas

The divisions are based on Moelven's four main business areas: Timber Industry, Interior Layout, Laminated Timber and Construction and Contracting. The business areas are built around independent subsidiaries with clearly defined activities within their chosen fields. The division into business areas does not reflect the formal legal ownership structure.

#### Items not attributable to particular business areas

The item «Other, incl. eliminations» includes elimination of internal turnover and services between divisions. It also includes accounting figures for the parent company Moelven Industrier ASA, Moelven Industrier AB (the parent company for the group's Swedish subsidiaries), Moelven Finans AS and Moelven Service AS.

# Notes to the accounts

## 3.2 Operating revenues by geographical markets

Total operating revenues outside Norway amounted to NOK 1,295 million or approx. 59 per cent (1995: 60%) of total group operating revenues. Exports from Norwegian companies in 1996 amounted to approx. NOK 260 million (1995: NOK 250 m.).

Amounts in NOKm	Group		Timber Industry		Interior Layout		Laminated Timber		Construction and Contr.		Other incl. eliminations	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
Scandinavia	1 464.4	1 492.5	624.3	680.7	386.9	388.9	195.8	214.8	309.2	270.3	-51.8	-62.2
Germany	276.3	307.5	139.8	144.8	2.9	1.2	133.6	149.5	0.0	12.0	0.0	0.0
Rest of Europe	310.7	313.2	237.1	259.8	8.1	20.7	32.0	23.0	33.5	9.7	0.0	0.0
Japan	108.7	53.1	39.5	20.5	0.0	0.0	69.2	32.6	0.0	0.0	0.0	0.0
Rest of world	36.1	54.2	36.1	54.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2 196.2</b>	<b>2 220.5</b>	<b>1 076.8</b>	<b>1 160.0</b>	<b>397.9</b>	<b>410.8</b>	<b>430.6</b>	<b>419.9</b>	<b>342.7</b>	<b>292.0</b>	<b>-51.8</b>	<b>-62.2</b>

## NOTE 4: Cost of goods sold

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Purchases of raw materials, semi-finished goods, goods for resale and services. incl. increased provision for warranty and service commitments	0.0	0.0	1 325.2	1 389.5
Changes in stocks of raw materials and purchases	0.0	0.0	-22.2	-39.8
<b>Cost of goods sold</b>	<b>0.0</b>	<b>0.0</b>	<b>1 303.0</b>	<b>1 349.8</b>

## NOTE 5: Accounts receivable

### 5.1 Losses on receivables

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Provision against losses 01.01.	0.4	0.5	10.9	6.6
Booked losses on customer accounts receivable	0.0	2.1	4.9	1.8
Booked losses on other accounts receivable	0.0	0.0	0.0	12.7
Change in provision for loss	0.0	-0.1	-3.2	3.8
Receipts from previous write-offs	-1.7	0.0	-1.1	-0.8
<b>Losses on accounts receivable</b>	<b>-1.7</b>	<b>2.0</b>	<b>0.6</b>	<b>17.6</b>
<b>Provision against losses 31.12</b>	<b>0.4</b>	<b>0.4</b>	<b>7.7</b>	<b>10.4</b>

### 5.2 Customers accounts receivable

Accounts receivable gross	0.7	0.9	218.4	187.6
Provision against loss on accounts receivable	-0.4	-0.4	-7.7	-10.4
<b>Accounts receivable net</b>	<b>0.3</b>	<b>0.5</b>	<b>210.8</b>	<b>177.3</b>

## NOTE 6: Taxes

### 6.1 Cost of taxation – taxable income

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Pre-tax profits	-8.0	-29.0	29.2	46.0
Group contribution	29.4	81.3	-	-
Permanent differences	0.5	-2.8	4.3	3.9
Changes in negative/positive temporary differences	-0.5	-3.1	-6.6	-23.0
Utilization of tax carry forwards	-21.4	-46.4	-25.3	-111.6
<b>Taxable income for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>	<b>-84.7</b>
Taxes payable:				
Norway	0.0	0.0	0.4	-0.1
Abroad	-	-	0.1	7.8
<b>Total taxes payable</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>7.7</b>
<b>Change in deferred tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total taxes</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>7.7</b>

# Notes to the accounts

## 6.2 Risk adjustment

RISK at 01.01.1996 for Moelven Industrier ASA has been calculated at NOK -0,12 per share. The calculation is based on the share's par value of NOK 5.0 with the number of shares at 01.01.1996 of 70 544 318.

Negative RISK adjustment in the parent company Moelven Industrier ASA is based on the average RISK among the subsidiaries in the group. The RISK adjustment for 1996 (01.01.1997) is estimated at NOK -0.04.

## NOTE 7: Bank deposits – restricted deposits

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Employee tax deductions	0.0	0.0	4.2	3.6
Other restricted bank accounts	0.0	0.0	0.9	0.2
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>5.1</b>	<b>3.7</b>

## NOTE 8: Other receivables

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Receivables from employees	0.0	0.0	4.2	3.9
Other receivables	2.2	0.0	44.8	34.4
<b>Total</b>	<b>2.2</b>	<b>0.0</b>	<b>49.0</b>	<b>38.2</b>

## NOTE 9: Stocks and orders

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Raw materials and purchased goods	0.0	0.0	101.2	123.4
Goods under processing	0.0	0.0	25.6	27.9
Completed goods	0.0	0.0	109.9	134.0
Orders	0.0	0.0	35.0	53.1
<b>Total stocks and orders</b>	<b>0.0</b>	<b>0.0</b>	<b>271.7</b>	<b>338.4</b>
<b>Breakdown of projects:</b>				
Own projects 31.12.	0.0	0.0	14.9	23.1
Contracts 31.12.	0.0	0.0	78.9	143.2
Advance payments	0.0	0.0	-58.8	-113.2
<b>Total projects – net</b>	<b>0.0</b>	<b>0.0</b>	<b>35.0</b>	<b>53.1</b>

## NOTE 10: Other current liabilities

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Advance payments from customers	0.0	0.0	8.0	0.2
Commitments to minority owners in subsidiaries	0.0	0.0	16.5	11.0
Other accrued expenses not yet due	3.1	4.9	55.3	79.7
<b>Total</b>	<b>3.1</b>	<b>4.9</b>	<b>79.8</b>	<b>90.8</b>

## NOTE 11: Warranty and service commitments

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Short-term debt provided for warranty and service commitments with payment expected to fall due within 1 year	0.0	0.0	5.0	6.2
Long-term debt provided for warranty and service commitments with payment expected to fall due after 1 year	0.0	0.0	2.4	2.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>7.4</b>	<b>8.2</b>





# Notes to the accounts

## NOTE 14: Deferred tax

### 14.1 Temporary differences between accounting balances and tax-base balances

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Temporary differences:				
Provision for receivables	-54.9	-54.9	-57.5	-57.7
Provision for stock wastage	0.0	0.0	10.3	7.8
Cost provision for accounting purposes	-0.3	-0.3	0.3	-4.5
Other short-term interim differences	0.0	0.0	59.2	64.6
<b>Subtotal short-term differences</b>	<b>-55.2</b>	<b>-55.2</b>	<b>12.3</b>	<b>10.2</b>
Temporary differences:				
Accumulated excess tax depreciation	-27.4	-26.0	-100.4	-119.3
Gain and loss	0.2	0.2	2.1	12.3
Pension funding	44.9	43.4	52.2	46.6
Other long-term items	-145.4	-144.8	-126.4	-103.3
<b>Subtotal long-term items</b>	<b>-127.8</b>	<b>-127.3</b>	<b>-172.5</b>	<b>-163.7</b>
<b>Accommodated tax carry-forward</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Temporary differences = deferred tax base</b>	<b>-183.0</b>	<b>-182.5</b>	<b>-160.0</b>	<b>-153.4</b>
<b>Deferred tax liability</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 14.2 Deferred tax benefit

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Non-accommodated negative differences	183.0	182.5	160.0	153.4
Non-accommodated carry-forwards	174.1	170.3	266.1	260.2
<b>Deferred tax benefit base</b>	<b>357.1</b>	<b>352.8</b>	<b>426.1</b>	<b>413.6</b>
<b>Deferred tax benefit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 14.3 Tax carry-forwards

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Tax carry-forwards:				
Norway	174.1	170.3	262.5	260.2
Abroad	-	-	3.6	0.0
<b>Total</b>	<b>174.1</b>	<b>170.3</b>	<b>266.1</b>	<b>260.2</b>

The carry-forwards are chiefly associated with Moelven Industrier ASA. The losses are from the period 1991-1993.

## NOTE 15: Mortgages – secured loans

### 15.1 Loans secured on assets

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Bank overdraft	144.5	169.1	3.3	84.1
Short-term loans	0.0	0.0	0.0	9.5
Long-term loans with repayment falling due within 1 year	8.9	3.2	50.5	16.9
Long-term loans	42.0	57.4	419.2	377.0
<b>Total</b>	<b>195.3</b>	<b>229.8</b>	<b>473.0</b>	<b>487.6</b>

### 15.2 Book value of pledged assets

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Shares in subsidiaries	324.3	360.5	-	-
Other receivables and advances	51.2	55.0	251.6	189.2
Stocks	0.0	0.0	243.0	288.0
Bonds and other securities	0.4	1.0	4.9	4.3
Machinery, vehicles and equipment	0.4	0.9	160.4	163.1
Buildings	25.9	23.0	151.2	141.9
Land	5.5	5.5	13.3	13.7
<b>Total</b>	<b>407.8</b>	<b>445.9</b>	<b>824.5</b>	<b>800.1</b>

# Notes to the accounts

## NOTE 16: Investments in and sales of plant and property

Group Amounts in NOKm	1996		1995		1994		1993		1992	
	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale
Machinery, vehicles and equipment	60.7	3.4	127.0	6.3	36.3	3.0	30.4	22.8	74.9	9.3
Buildings	31.1	9.6	32.1	5.7	8.9	168.0	169.4	80.6	36.8	2.4
Land	0.0	0.4	1.1	0.6	0.0	3.9	2.3	13.7	1.9	0.1
<b>Total</b>	<b>91.8</b>	<b>13.3</b>	<b>160.2</b>	<b>12.6</b>	<b>45.1</b>	<b>174.9</b>	<b>202.1</b>	<b>117.1</b>	<b>113.6</b>	<b>11.8</b>

Moelven Industrier ASA Amounts in NOKm	1996		1995		1994		1993		1992	
	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale
Machinery, vehicles and equipment	0.0	0.0	0.1	0.2	0.1	0.2	2.2	2.0	0.8	0.5
Buildings	6.1	0.1	4.8	0.0	0.0	0.6	34.8	10.2	1.0	4.1
Land	0.0	0.0	0.0	0.0	0.2	0.0	5.9	0.8	0.0	1.5
<b>Total</b>	<b>6.1</b>	<b>0.1</b>	<b>4.9</b>	<b>0.2</b>	<b>0.4</b>	<b>0.8</b>	<b>42.9</b>	<b>13.0</b>	<b>1.8</b>	<b>6.2</b>

Included in the group's investments for 1996 are environmental investments at NOK 4.8 million on a new boilerhouse at Moelven Limtre AS. This also includes fixed assets acquired through the purchase of Øresø Limtræ AS totalling NOK 23 million. Included in the group's investments for 1995 are fixed assets acquired through the purchase of Moelven Eidsvold Værk AS and Hako Modul AS totalling approx. NOK 52 million.

Included as sales of fixed assets in 1994 are disposals in connection with the sale of the subsidiary Moelven Eiendom AS totalling approx. NOK 150 million.

Included in 1993 are fixed assets acquired through the consolidation of Bryggeriet AS totalling approx. NOK 166 million.

Included as sales in the same year are fixed assets disposed of in the sale of Norema AS at approx. NOK 95 million.

## NOTE 17: Plant and properties

### 17.1 Plant and properties, book value

Amounts in NOKm	Moelven Industrier ASA				Group			
	Vehicles-machinery equipment	Buildings	Land	TOTAL	Vehicles machinery equipment	Buildings	Land	TOTAL
Acquisition value 01.01.1996 <sup>1)</sup>	3.4	44.2	6.3	53.9	484.0	296.1	16.8	796.9
Additions 1996	0.0	6.1	0.0	6.1	60.7	31.1	0.0	91.8
Value at disposal	0.8	0.0	0.0	0.8	17.8	10.5	0.4	28.7
<b>Acquisition value at 31.12.1996</b>	<b>2.6</b>	<b>50.3</b>	<b>6.3</b>	<b>59.2</b>	<b>526.9</b>	<b>316.7</b>	<b>16.4</b>	<b>860.0</b>
Acc. ordinary depreciation 01.01.1996	2.5	21.2	0.8	24.4	274.4	137.0	0.8	412.1
Disposals acc. depreciation 1996	0.8	0.0	0.0	0.8	14.9	4.1	0.0	19.0
Depreciation this year <sup>2)</sup>	0.5	3.1	0.0	3.7	51.6	17.5	0.0	69.1
<b>Acc. ord. depreciation 31.12.1996</b>	<b>2.2</b>	<b>24.3</b>	<b>0.8</b>	<b>27.4</b>	<b>311.0</b>	<b>150.3</b>	<b>0.8</b>	<b>462.2</b>
Book value 01.01.1996	0.9	23.0	5.5	29.5	209.6	159.1	16.0	384.7
<b>Book value 31.12.1996</b>	<b>0.4</b>	<b>25.9</b>	<b>5.5</b>	<b>31.9</b>	<b>215.9</b>	<b>166.3</b>	<b>15.6</b>	<b>397.8</b>
Ord. depreciation rates in % (approx.)	15%	6%	-	-	15%	6%	-	-
Temporary differences:								
Accumulated excess tax depreciation	-8.2	-19.2	0.0	-27.4	-52.7	-47.7	0.0	-100.4
Gain and loss account	0.0	0.1	0.0	0.1	0.1	2.1	0.0	2.1

<sup>1)</sup> Acquisition value 01.01.1996 is adjusted for exchange agio/disagio on conversion of subsidies to NOK, and comprises NOK -1,0 million of disagio in 1996.

<sup>2)</sup> Depreciation for the year in accordance with the profit and loss account includes depreciation on fixed assets at NOK 69,1 million and depreciation on goodwill of NOK 2,0 million. Foreign exchange rate differences in converting depreciation for foreign subsidiaries yields an agio effect of NOK - 0.3 million.

### 17.2 Annual leasing costs

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Vehicles	0.3	0.2	3.2	2.1
Machinery	0.1	0.0	1.8	1.4
Buildings	1.3	1.2	2.5	2.4
<b>Total</b>	<b>1.7</b>	<b>1.4</b>	<b>7.5</b>	<b>5.9</b>

# Notes to the accounts

## NOTE 18: Guarantees

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Loan guarantees/financial guarantees	176.5	182.5	4.9	4.9
Advance guarantees	21.2	19.3	28.9	31.5
Completion guarantees	79.4	72.6	32.4	32.0
Surety/counter guarantees	4.5	0.5	4.5	0.5
Joint guarantees – other companies	0.0	0.0	0.7	0.7
Guarantees – employee tax deductions	9.0	8.1	0.0	0.0
Employee guarantees	0.0	0.0	0.2	0.2
<b>Total</b>	<b>290.6</b>	<b>283.0</b>	<b>71.5</b>	<b>69.9</b>

In connection with the sale of Moelven Eiendom AS ( Hekla AS) in 1994, a rent guarantee for premises was given by Moelven Industrier ASA to the company.

Moelven Industrier ASA guaranteed that income from the renting out of Bryggeriet in Lillehammer would, on an annual basis, amount to NOK 12.5 million for the years 1995 to 1999. Moelven Industrier ASA has posted NOK 2.6 million as guarantee costs to the accounts for 1996. No provision has been made in this respect.

## NOTE 19: Pension costs and commitments

### 19.1 Pension costs

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Earnings for the year	1.0	0.7	2.5	1.9
Interest cost on pension commitments	1.8	1.7	3.0	2.7
<b>Pension cost (gross)</b>	<b>2.9</b>	<b>2.4</b>	<b>5.4</b>	<b>4.5</b>
Expected return on pension assets	-5.2	-4.9	-6.9	-6.1
Posted estimated changes and variance	0.9	0.4	0.9	0.5
<b>Pension cost (net)</b>	<b>-1.4</b>	<b>-2.1</b>	<b>-0.6</b>	<b>-1.1</b>

### NOTE 19.2: Pension commitments

Amounts in NOKm	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Balance at 01.01.				
Accumulated earnings	25.7	22.4	35.6	29.9
Pensions based on future salary increases	2.0	1.7	5.5	5.1
<b>Pension commitments (gross)</b>	<b>27.7</b>	<b>24.1</b>	<b>42.8</b>	<b>34.9</b>
Pension funds	-71.0	-65.3	-89.4	-79.3
<b>Pension commitments (net)</b>	<b>-43.4</b>	<b>-41.2</b>	<b>-46.6</b>	<b>-44.4</b>
Balance at 31.12.				
Pension commitments (gross)	29.6	27.7	47.8	42.8
Pension funds (anticipated)	-69.5	-65.8	-94.9	-82.6
<b>Estimated change and variance, not booked</b>	<b>-5.0</b>	<b>-5.2</b>	<b>-5.1</b>	<b>-6.8</b>
<b>Pension commitments (net)</b>	<b>-44.9</b>	<b>-43.4</b>	<b>-52.2</b>	<b>-46.6</b>

For the group as a whole, pension funds are larger than pension commitments. Overfinancing is chiefly associated with the scheme for Moelven Industrier ASA. Overfinancing is assessed to be viable on the basis of the group's composition and the possibility of alternative use of the funds.

The annual costs with regard to estimate variance are based on a temporal distribution according to expected remaining service time of members of 15 years. The estimate variance does not exceed 10 per cent of the higher of the pension commitments and pension funds for the start of the year.

# Notes to the accounts

## 19.3 Economic assumptions

	Moelven Industrier ASA		Group	
	1996	1995	1996	1995
Return on pension assets	8.0%	8.0%	8.0%	8.0%
Discount rate	7.0%	7.0%	7.0%	7.0%
Growth in annual salaries and state pensions	3.3%	3.3%	3.3%	3.3%
Annual adjustment of pensions being drawn	2.5%	2.5%	2.5%	2.5%

Pension commitments which apply to the group's Norwegian companies encompass 494 people in all, of whom 394 are active and 100 pensioners. The pension schemes in the group's foreign companies are organized according to contribution schemes operating in the relevant company. There are no other uninsured pension commitments which are not allowed for in the calculations above.

## NOTE 20: Shares in subsidiaries

Amounts in 1000 NOK	Share of ownership	Company's share capital	Number of shares	Face value	Book value at 31.12.1996
Moelven Treindustrigruppen AS	100 %	100 000	10 000	100 000	110 897
Moelven Innredningsgruppen AS	100 %	40 000	4 000	40 000	55 000
Moelven Limtregruppen AS	100 %	20 000	2 000	20 000	50 000
Moelven Hako AS	79 %	31 688	158 440	25 034	41 000
Moelven Engineering AS	100 %	2 000	2 000	2 000	4 200
Moelven Service AS	100 %	500	500	500	500
Moelven Industrier AB	100 %	SEK 10 000	10 000	SEK 10 000	83 450
Moelven TimberTech AS	100 %	1 500	1 500	1 500	1 194
Moelven Finans AS	100 %	5 516	157 598	5 516	6 404
Moelven Portefølje AS	100 %	50	50	50	50
Moelven France SARL	100 %	FRF 4 000	4 000	FRF 4 000	8 561
Moelven Iberica SA	100 %	ESB 17 000	17 000	ESB 17 000	960
Ringsaker Hus AS	100 %	500	500	500	500
Moelven Nor East AS	89 %	1 420	1 270	1 270	1 169
<b>Total Moelven Industrier ASA</b>					<b>363 885</b>
Moelven Mjøsbruket AS	100 %	12 000	12 000	12 000	15 990
Moelven Kværnum Bruk AS	100 %	2 000	4 000	2 000	2 360
Moelven Trekomponenter AS	100 %	5 500	5 500	5 500	10 000
Moelven Treinteriør AS	100 %	3 000	3 000	3 000	6 982
Moelven Eidsvoll AS	100 %	6 000	600	6 000	8 000
Moelven Eidsvold Værk AS	100 %	32 500	32 500	32 500	35 578
<b>Total Moelven Treindustrigruppen AS</b>					<b>78 910</b>
Nordia AS	100 %	22 000	2 200	22 000	52 610
<b>Total Moelven Innredningsgruppen AS</b>					<b>52 610</b>
Moelven Limtre AS	100 %	11 000	11 000	11 000	24 862
Moelven Limtræ Gruppen Danmark AS	100 %	DKK 10 000	10 000	DKK 10 000	10 922
<b>Total Moelven Limtregruppen AS</b>					<b>35,784</b>
<b>Moelven Industrier AB owns:</b>					
Moelven Valäsen AB	100 %	SEK 50 000	500 000	SEK 50 000	122 550
Moelven Dalaträ AB	100 %	SEK 20 000	200 000	SEK 20 000	56 050
Moelven Töreboda Limträ AB	100 %	SEK 12 000	120 000	SEK 12 000	71 250
Eurowand AB	100 %	SEK 4 000	40 000	SEK 4 000	43 700
					<b>293 550</b>
<b>Moelven Limtræ Gruppen Danmark AS owns:</b>					
LNJ Limtræ AS	100 %	DKK 6 000	6 000	DKK 6 000	22 890
Moelven LNJ Limtræ AS	100 %	DKK 1 500	100	DKK 1 500	1 976
Moelven Øresø Limtræ AS	100 %	DKK 5 500	5 500	DKK 5 500	2 950
Moelven Systembygg AS	100 %	DKK 7 000	7 000	DKK 7 000	6 900
Moelven Holzleimbau GmbH	100 %	DEM 200	-	DEM 200	2 725
Moelven Industrie GmbH	100 %	DEM 100	10	DEM 100	0
					<b>37 441</b>
<b>Moelven Hako AS owns:</b>					
Moelven Systembygg AB	100 %	SEK 50	500	SEK 50	0

# Notes to the accounts

## NOTE 21: Shares and participating interests in other companies, short-term

Amounts in 1000 NOK	Share capital	Number of shares	Face value	Book value historical	Book value at 31.12.1996
Veidekke ASA	56 228	3 409	34	112	113
Storebrand ASA	1 882 100	5 406	27	546	170
Others				81	6
<b>Total</b>	-	-	-	<b>739</b>	<b>289</b>

## NOTE 22: Shares and participating interests in other companies, long-term

Amounts in 1000 NOK	Company's share capital	Number of shares	Face value	Book value at 31.12.1996
Byggeland AS	1 000	4 500	450	450
Moelven Elementbygg AS	600	4 000	400	46
Mjøssenteret AS	2 000	1 000	1 000	1 000
Mjøskompetanse AS	130	1	10	10
Ringsaker Halmteknikk AS	500	75	75	0
Triangelinvest AS	20 000	11 116	1 116	125
Others				60
<b>Total Moelven Industrier ASA</b>				<b>1 691</b>
Nye Land Sag AS	5 000	1 500	1 500	1 500
Firma Kiehn Holz GmbH	DEM 3 000	-	DEM 3 000	1 310
FireGuard Scandinavia AS	11 149	196 500	196	196
Karlskoga Invest AB	SEK 12 150	2 500	SEK 100	238
Ven Cap AB	SEK 100 000	6 051	-	172
Others				23
<b>Total Moelven Timber Industry Division</b>				<b>3 439</b>
Impregnor AS	7 100	400	50	90
Sørlandshallen AS	15 300	600	1 000	0
Moelven Laminated Timber Structures Ltd.	GBP 50	12 500	GBP 12	0
<b>Total Moelven Laminated Timber Division</b>				<b>90</b>
Nor East Timber AS	600	150	150	150
Moelven Nor East OOO	-	-	-	636
Others				55
<b>Total others companies</b>				<b>841</b>
<b>Total for Group</b>				<b>6 061</b>

## NOTE 23: Shares (20–50%) and participating interests in associated companies

Amounts in 1000 NOK	Participating interest	Value at 01.01.96	Balance Additions/Disp.	Value at 31.12.96	Share profit
Byggeland KS <sup>1)</sup>	40.5 %	7 376	1 269	8 645	3 294
Moelven Elementbygg KS <sup>1)</sup>	60.0 %	1 189	-1 560	-371	-1 044
ANS Land Sag Eiendom	30.0 %	1 785	-388	1 397	211
Residencial Los Bermejales	75.0 %	0	100	100	100
Vikingskipet Motell ANS	50.0 %	4 233	-500	3 733	200
<b>Total</b>		<b>14 583</b>	<b>-1 079</b>	<b>13 504</b>	<b>2 761</b>

<sup>1)</sup> Owned by Moelven Industrier ASA.



# Notes to the accounts

## NOTE 24: Share capital and reserves

### 24.1 Changes in share capital and reserves in 1996 – Group

Amounts in 1000 NOK	Share capital	Legal reserve	Temp. res. capital	Subtotal res. capital	Retained earnings	Accum. deficit	Net profit	Subtotal capital	Share cap. and res.
<b>Balance as at 31.12.1995</b>	<b>352.7</b>	<b>21.3</b>	<b>2.7</b>	<b>376.7</b>	<b>138.3</b>	<b>-234.7</b>		<b>-96.4</b>	<b>280.3</b>
Transfers on incoming balance			-2.3	-2.3		2.3		2.3	
<b>Balance as at 01.01.1996</b>	<b>352.7</b>	<b>21.3</b>	<b>0.4</b>	<b>374.3</b>	<b>138.3</b>	<b>-232.4</b>		<b>-94.1</b>	<b>280.3</b>
Net profit							28.6	28.6	28.6
Appropriation of net profit		11.0		11.0	22.3	-4.7	-28.6	-11.0	
Temporarily unrestr. capital			-0.4	-0.4	0.4			0.4	
Currency exchange difference						3.3		3.3	3.3
Commitments to minority						-13.0		-13.0	-13.0
<b>Balance as at 31.12.1996</b>	<b>352.7</b>	<b>32.3</b>	<b>0.0</b>	<b>385.0</b>	<b>160.9</b>	<b>-246.8</b>		<b>-85.8</b>	<b>299.2</b>

### 24.2 Changes in share capital and reserves 1996 – Moelven Industrier ASA

Amounts in NOKm	Share capital	Accumulated deficit	Net profit	Total share capital and res.
<b>Balance as at 01.01.1996</b>	<b>352.7</b>	<b>-54.3</b>		<b>298.4</b>
Net profit			-8.0	-8.0
Appropriation of net profit		-8.0	8.0	
Group contribution received		29.4		29.4
<b>Balance as at 31.12.1996</b>	<b>352.7</b>	<b>-32.9</b>		<b>319.8</b>

### 24.3 Developments in the company's share capital since 1987

Year/Type of change	Change in share capital NOKm	Total share capital NOKm	Face value of shares NOK	Number of shares
<b>1987</b>				
Dividend shares	1.4	55.0	25.0	2 198 100
Bonus issue 10:1	5.4	60.3	25.0	2 412 419
<b>1988</b>				
Merger with Svein Ruud Eiendom AS	4.0	64.3	25.0	2 571 200
Merger with Siggus Eiendom AS	3.1	67.4	25.0	2 695 000
Dividend shares	1.5	68.9	25.0	2 754 710
<b>1989</b>				
Share capital increase 3:1	23.0	91.8	25.0	3 672 900
Placing to employees	1.2	93.0	25.0	3 720 000
Dividend shares	2.3	95.3	25.0	3 813 499
<b>1992</b>				
Writedown of face value	-76.3	19.1	5.0	3 813 499
Share capital increase 11:4	52.4	71.5	5.0	14 300 621
Placing to Industrifondet	0.7	75.1	5.0	15 014 906
<b>1993</b>				
Share capital increase	125.0	200.1	5.0	40 014 906
Conversion of convertible loan	52.2	252.3	5.0	50 455 877
<b>1994</b>				
Conversion of convertible loan	47.8	300.1	5.0	60 014 906
<b>1995</b>				
Placing to institutional investors	45.0	345.1	5.0	69 014 906
Placing to SND	7.6	352.7	5.0	70 544 318

# Auditors' report

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## AUDITORS' REPORT FOR 1996

We have audited the annual report and accounts of Moelven Industrier ASA for 1996, showing a loss for the year of NOK 8.018.582 for the parent company, and a consolidated profit for the year of NOK 28.619.000. The annual report and accounts, which comprise the annual report, profit and loss account, balance sheet, funds flow statements, notes to the accounts and consolidated accounts, are presented by the company's Board of Directors and its managing director.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

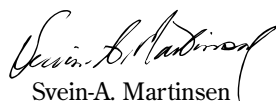
We have conducted our audit in accordance with relevant laws, regulations and generally accepted auditing standards. We have performed those audit procedures which we have considered necessary to confirm that the annual report and accounts are free of material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the content and presentation of the annual report and accounts. To the extent required by generally accepted auditing standards, we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the settlement of the loss for the year is in accordance with the requirements of the Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Companies Act and present fairly the financial position of the company and of the group as of December 31, 1996 and the result of its operations for the financial year, in accordance with generally accepted accounting principles.

Oslo, 25 February 1997

Price Waterhouse a.s.



Svein-A. Martinsen

State Authorized Public Accountant (Norway)

## STATEMENT BY THE CORPORATE ASSEMBLY

At a meeting on 25 February 1997, the Corporate Assembly considered the report of the Board of Directors and proposals for the annual accounts of Moelven Industrier ASA and the group and the proposal for covering the loss for the year made by Moelven Industrier ASA.

The Corporate Assembly recommends that the annual general meeting approves the Board's proposal for the annual accounts of Moelven Industrier ASA and the group and the proposal for covering the loss made by Moelven Industrier ASA.

Moelv, 25 February 1997



Axel Krogvig  
Corporate Assembly chairman

# Timber Industry Division

## ENVIRONMENT IN PRACTICE



Managing Director  
Anders L. Fossum.

### THE ENTERPRISE

Moelven Timber Industry division is an industrial supplier of sawn timber, processed construction materials and timber-based components to professional customers. The division meets exacting demands for quality and for adaptation to customers' needs in an international market.

The Timber Industry division consists of eight companies, five sawmills and three processing companies in Norway and Sweden. Our companies produce about 530,000 cubic metres of sawn timber plus some 150,000 cubic metres of processed timber. The division's operating revenues were NOK 1,077 million, and it has 620 employees. Processing is one way of reducing the risk involved in economic cycles, and also helps strengthen our skills in timber processing, logistics and marketing.

### MARKETS

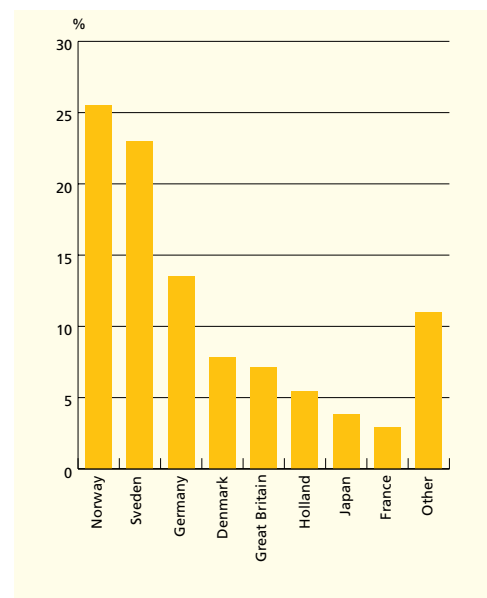
The Norwegian market is developing positively developments and is also attracting considerable attention. Foreign exchange conditions are also playing a part here. In Norway,



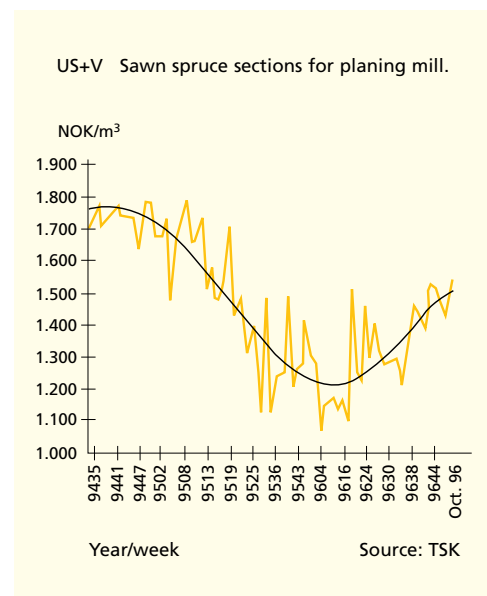
From left to right: Ulf Rosenlund, Einar Haakon Røhr, Karl-Arne Iderot, Bjørn Kristiansen, Anders L. Fossum, Åge Langsethagen, Per A. Schøyen and Dag Sand.

the builder's merchant chains are taking an increasingly large share of building material sales. The Timber Industry division already sells a considerable volume via the builder's merchant chains.

### The division's main markets



### Price trends in Germany



# Timber Industry Division

## ENVIRONMENT IN PRACTICE

The Swedish economy gradually picked up during the course of 1996, and the budget deficit was cut. Things are looking better for the construction industry, and demand for sawn timber is expected to grow next year.

Growth in Western Europe in 1996 was relatively low, with a total growth overall of just 1-1.5 per cent. The EU intends to introduce a common monetary union from 1.1. 1999. The criteria Member States have to meet to join the Single European Currency are forcing them to impose strict economic controls.

Increasing focus on the environment and environmentally friendly products is another reason for optimism about demand for the Timber Industry division's products. This should help us to maintain a normal growth in the consumption of our product groups. Increasing focus on the

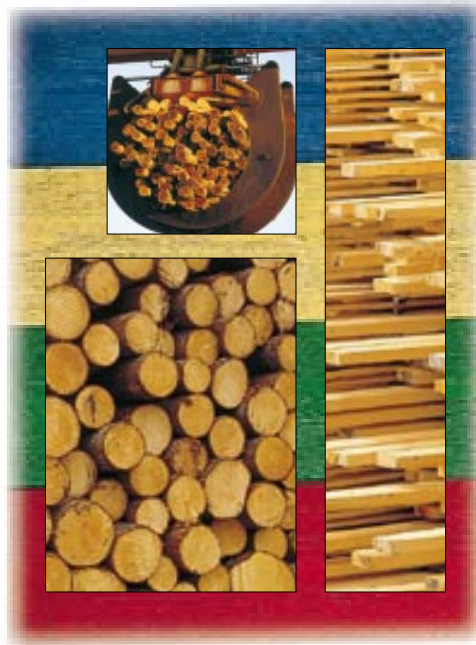
environment and environmentally friendly products will give our timber products competitive advantages to make up for the general economic retrenchment.

The construction industry was particularly active in the USA in 1996, and there was strong demand for forest products, resulting in fewer exports from Canada and the USA. There has also been considerable construction activity in Japan, and European exports of sawn timber exceeded the one million cubic metre mark for the first time in 1996. Of this, 80 per cent was sawn timber from the Nordic countries.

In recent years, the Timber Industry division has built up good relations in the Japanese market.

1996 was a poor year for the European timber industry as a whole. By the spring of

1995, timber warehouses in Europe were over-



Timber Industry Division	Number of employees	Established acquired	Products	Production-capacity
<b>Sawmills</b>				
Moelven Valåsen AB Gen. Man. Karl-Arne Iderot	221 *	1988	Sawn spruce and pine	240 000 m <sup>3</sup>
Moelven Dalaträ AB Gen. Man. Ulf Rosenlund	95	1985	Sawn spruce and pine	140 000 m <sup>3</sup>
Moelven Mjøsbruket AS Gen. Man. Einar Haakon Røhr	49	1978/79	Sawn spruce	60 000 m <sup>3</sup>
Moelven Kværnum Bruk AS Gen. Man. Bjørn Kristiansen	15	1984	Sawn spruce	20 000 m <sup>3</sup>
Moelven Eidsvold Værk AS Gen. Man. Dag Sand	108 *	1994/95	Sawn spruce	90 000 m <sup>3</sup>
<b>Processing</b>				
Moelven Trekomponenter AS Gen. Man. Bertil Tomter	43	1950	Components for the building, furniture and other woodworking industries	30 000 m <sup>3</sup>
Moelven Treinteriør AS Gen. Man. Åge Langsethagen	31	1986	Floorboards and panelling with or without surface treatment	20 000 m <sup>3</sup>
Moelven Eidsvoll AS Gen. Man. Per Schøyen	53	1989	Mouldings with or without surface treatment	10 000 m <sup>3</sup>
Moelven Valåsen AB Gen. Man. Karl-Arne Iderot	- *	1988	Components for the building, and other woodworking industries	40 000 m <sup>3</sup>
Moelven Eidsvold Værk AS Gen. Man. Dag Sand	- *	1994/95	Planed timber	50 000 m <sup>3</sup>

\* Applies to both sawmills and processing.

# Timber Industry Division

## ENVIRONMENT IN PRACTICE

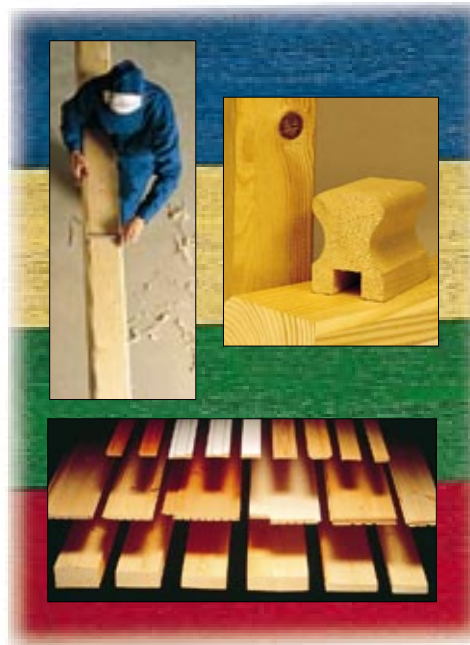
flowing, and demand for sawn timber fell dramatically, with a resulting reduction in prices.

From the late autumn of 1995, prices of sawn timber fell by a full 35 per cent, bottoming out in the summer of 1996. By that time, stocks at both producers and importers were at a very low level. Demand and prices continued to rise during the rest of the year. These price rises were not due to increasing growth in demand, but to an improvement in stock balances.

### STRUCTURE

Today, the Timber Industry division's businesses are located in the most heavily forested areas. Increasing competition for raw materials and increasing demands from customers mean the trend is towards larger, more effective units, however. Compared with our

competitors, Norway still has a very fragmented timber industry, which is restricting the industry's access to resources and hence its ability to influence and develop in most areas.

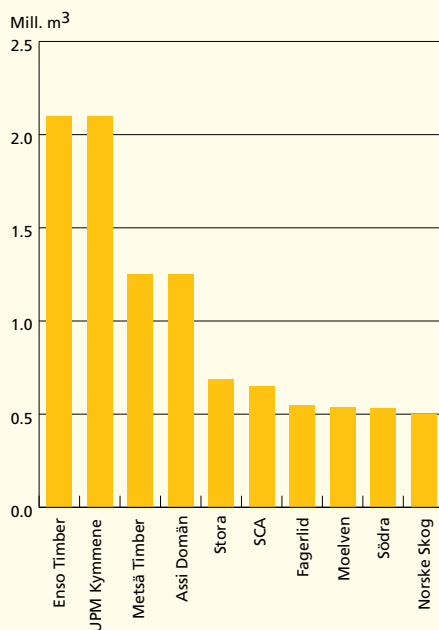


### RAW MATERIALS

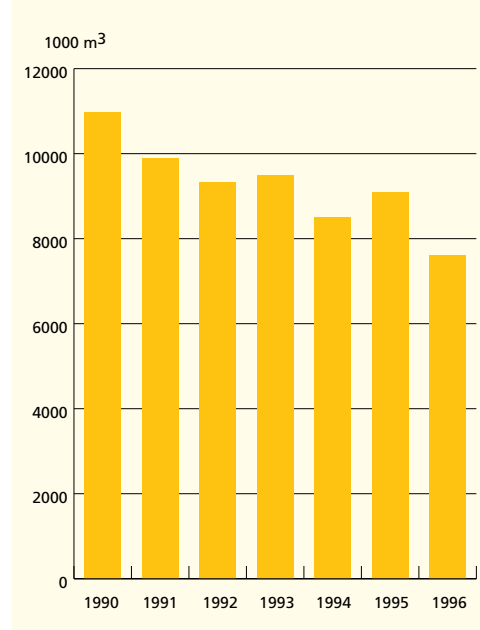
The gross growth rate in Norwegian forests is estimated at around 20 million cubic metres a year, and of this it is possible to fell around 11-12 million cubic metres. Average harvesting over the last 40 years has been around eight million cubic metres; of this, approx. 50 per cent is suitable for sawmilling. This means the total biomass of Norwegian forests is growing every year.

The Timber Industry division consumes around 1.2 million cubic metres of logs a year. This logs is bought mainly in Norway and

**Production by ownership group and production unit within the group for the 10 largest timber groups in the Nordic countries**



**Harvesting in Norwegian forests 1990-96**



# Timber Industry Division

## ENVIRONMENT IN PRACTICE

Sweden. Production capacity and log supplies are out of balance, especially in Norway.

Moelven's strategic position in Russia plays a vital role in evening out annual fluctuations in the local supply channels. Most of the major product groups in pulp and paper experienced a dramatic fall in prices early in 1996, as the result of over-production, high levels of stocks of finished products and falling demand. Pres-

sure on prices also led to record low prices for pulp material. For the timber industry, this led to a shortage of sawn timber and very low prices for chips and sawdust. Last year, the timber felled in Norway ended at approx. 7.5 million cubic metres, which is over a million cubic metres less than in 1995 and the lowest for over 10 years. By way of comparison, Swedish forests felled 66 million cubic metres as against 76 million cubic metres in 1995.

### Key figures

The division Amounts in NOKm	1996	1995	1994	1993	1992
Operating revenues	1 076.8	1 160.0	944.0	773.7	808.9
Operating profit	11.7	69.5	103.5	41.5	-4.9
Financial items	-11.0	-10.7	-20.6	-12.6	-12.4
Profit before extraord. items	0.7	58.8	82.6	29.1	-17.3
Total capital	668.1	656.4	523.5	418.9	455.8
Equity ratio %	46.2	47.7	33.0	27.9	49.4
Gross operating margin %	5.0	9.2	13.9	8.7	3.0
Depreciation	41.7	36.7	28.0	25.5	29.0
Cash flow	42.4	95.5	110.6	54.6	11.7
Investments	34.0	73.5	25.3	22.7	13.3
Number of employees	620	653	552	503	526

The companies Amounts in NOKm	Operating revenues								Operating profit	
	Sawmills		Processing		Of which internal		Total		Total	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
Moelven Mjøsbruket AS	97.4	120.9	-	-	-	-	97.4	120.9	1.6	1.8
Moelven Kværnum Bruk AS	30.6	30.6	-	-	-	-	30.6	30.6	0.8	-0.2
Moelven Eidsvold Værk AS	132.5	141.6	83.5	73.9	-50.0	-54.1	166.0	161.4	5.9	2.7
Moelven Valåsen AB	371.2	437.9	52.8	55.9	-25.4	-23.5	398.6	470.3	-11.5	27.4
Moelven Dalaträ AB	234.3	234.8	-	-	-	-	234.3	234.8	4.5	21.1
Moelven Trekomponenter AS	-	-	57.3	52.9	-	-	57.3	52.9	-2.1	4.3
Moelven Treinteriør AS	-	-	47.7	46.9	-	-	47.7	46.9	4.2	4.9
Moelven Eidsvoll AS	-	-	69.4	70.6	-	-	69.4	70.6	5.2	6.3
Moelven Treindustrigruppen AS	13.1	12.5	-	-	-	-	13.1	12.5	1.9	0.2
Int. operating revenues in the div.	-	-	-	-	-37.6	-41.0	-37.6	-41.0	-	-
<b>Moelven Timber Industry Div.</b>	<b>879.1</b>	<b>978.3</b>	<b>310.7</b>	<b>300.2</b>	<b>-113.0</b>	<b>-118.6</b>	<b>1076.8</b>	<b>1160.0</b>	<b>11.7</b>	<b>69.5</b>



# Interior Layout Division

## RATIONAL OFFICES



General Manager  
Reidar Mo.

### THE ENTERPRISE

Moelven's Interior Layout division, with its operational companies Eurowand AB and Nordia AS, is Scandinavia's leading manufacturer and supplier of structural system interiors for commercial premises.

The companies in the division are service companies, and the business concept is to industrialize structural interior layouts in commercial premises.

### PRODUCTS

Complete solutions from product development and production via advice, contracting and erection to turnkey interiors are all part of the product.

As well as different types of system walls, including glass walls, there are acoustic screens, several varieties of ceiling and computer floors in the range.

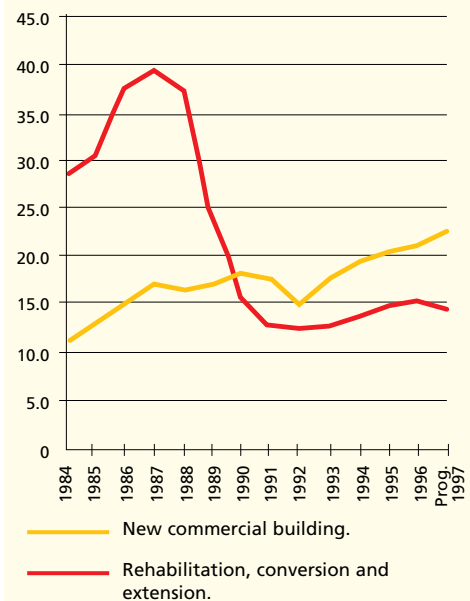
System products mean lower annual costs than conventional building techniques. They are easy to move and materials can be reused, which means less waste, dust and air pollution problems. Offices can continue working nor-



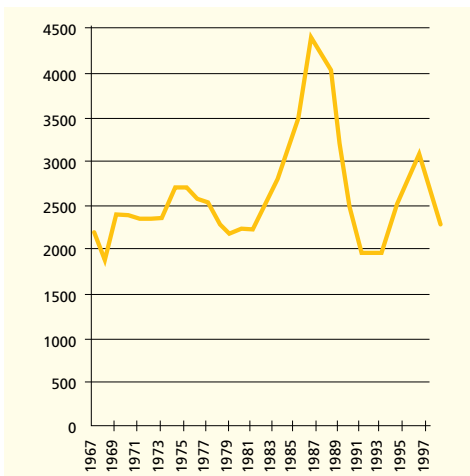
From left: Håkan Rotquist, Reidar Mo and Odd Harald Ryen.

mally while rebuilding is in progress. Our products meet strict functional requirements in terms of strength, the environment, acoustics and fire safety. References from independent organizations are available if required.

### The Norwegian commercial construction market. Investment in commercial buildings in NOK billion.



### Historical development, new commercial buildings started in 1000 m<sup>2</sup>



# Interior Layout Division

## RATIONAL OFFICES

### MARKETS

The companies operate in the national commercial building market. This is divided into two segments, the tendering and direct markets.

- The tendering market is characterized by a number of companies competing on the basis of a fixed and fully developed tender document. The market makes tough demands for efficient production, delivery and site supervision. The market is highly competitive on price, to some extent at the expense of quality.
- The direct market is characterized by direct contact between supplier and final customer

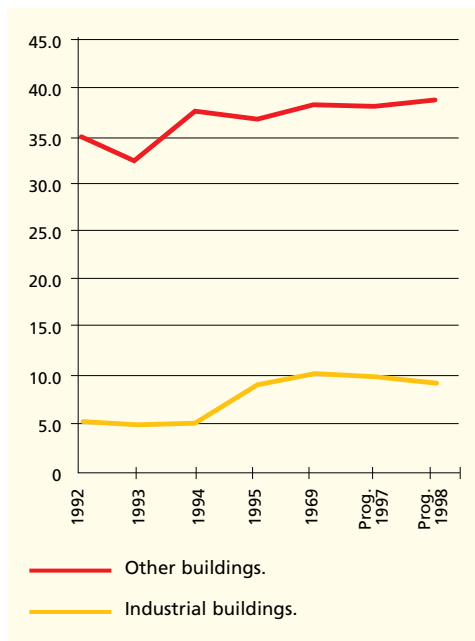


(owner/manager) right from the contract planning phase. Devising solutions, giving advice, assessing total costs and benefits and customer service are important components of the product in this market segment.

### CUSTOMERS

The Interior Layout division strives to achieve long-term customer relations with the most important operators in the commercial building segment. Our customers are public- and private sector organizations involved in the design, construction, maintenance and operation of commercial buildings. The trend is towards larger, more professional and hence more demanding customers.

### The Swedish commercial building market. Investment in commercial buildings in SEK billion.



### NORDIA AS

Acquired: 1989  
 Number of employees: 257  
 Business: Structural interior layouts in commercial buildings  
 General Manager: Reidar Mo

### EUROWAND AB

Acquired: 1989  
 Number of employees: 103  
 Business: Structural interior layouts in commercial buildings  
 General Manager: Håkan Rotquist



# Laminated Timber Division

## ARCHITECTURE AND SPAN



Managing Director  
Ola Mørkved  
Rinnan.

### THE ENTERPRISE

With its four production companies and a total of six sales and service organizations, Moelven Laminated Timber division is a leading international supplier of laminated timber, for buildings and constructions. The division's operating revenues in 1996 were NOK 431 million, the number of employees approx. 350 and annual production volume around 85,000 cubic metres. We use mainly Nordic spruce for our laminated timber.

The division's main markets are Scandinavia, Germany and Japan. The Scandinavian market provides 40 per cent of our sales, a market share around 45 per cent.

Our laminated timber beams are used in housing, sports and cultural events halls, shopping centres, industrial buildings, churches, road and pedestrian bridges, electricity poles and many other purposes in the construction market where design, strength, fire resistance and natural appearance are sought after.



Back row, from left to right: Haumann Sund\*, Per D. Mikkelsen and Leif Farbu. Front row, from left to right: Claes Håkanson, Erik Ebdrup, Wilfried Röhrs and Ola Mørkved Rinnan. Hans Rindal was not present when picture was taken.

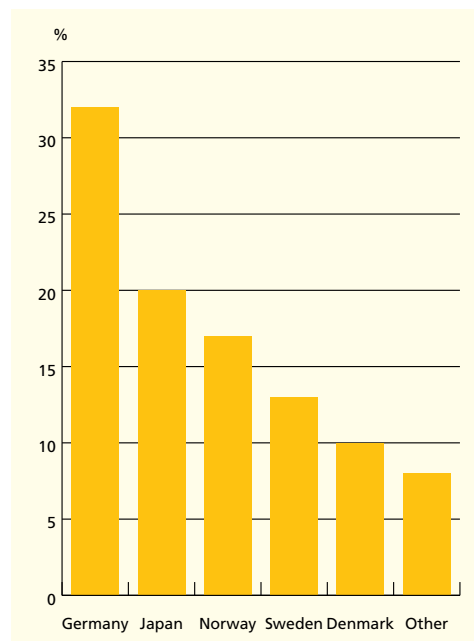
\* Haumann Sund has since assumed responsibility for Moelven's R&D projects.

Our market can be divided into the following segments:

- Trade; major wholesalers and builders' merchants who sell on a regional basis from their own stores or distributed directly from our factories.
- Industry; particularly housebuilders looking for specially tailored dimensions and solutions.
- Contracting; structures, projects and supplies which are specially designed and constructed, often including erection.

Moelven Laminated Timber division has invested and will continue to invest considerable resources in developing its products, and pursuing the focus on architectural and engineering solutions in «projects». Well-known results are the Olympic halls for the Winter Olympics' 94 at Lillehammer and Hamar, the terminal building at Oslo Airport Gardermoen, exhibition halls for «Elmia» at Jönköping and the 180 metres long Evenstad Bridge over the river Glomma. Last year, the Laminated Timber division has focused on productivity and logistics, including the priority we are giving to Moelven Limtre AS where it is investing NOK 40 million in a new high-efficiency straight beam line and renewing the project assembly shop. This invest-

### Volume supplied by geographical area







# Laminated Timber Division

## ARCHITECTURE AND SPAN

With its considerable volume of domestic housebuilding at 1.5 million units a year, Japan is a very interesting and growing market for laminated timber. Laminated timber of spruce is pushing out traditional sawn timber because of its dimensional stability.

In Japan, too, competition is fierce, and quality standards demanding. Over the last three years, Moelven has built up a good sales and distribution network and is doing well selling laminated timber for housing. We believe that prices in Japan will remain stable and volume increase.

Other European markets as a whole are stable. Laminated timber for halls and other large buildings is in the spotlight in major countries such as Italy, France and Spain. The market for laminated timber in England is small but, thanks to its part-owned sales and engineering company, Moelven is in a good position with approx. 10 per cent of the market.

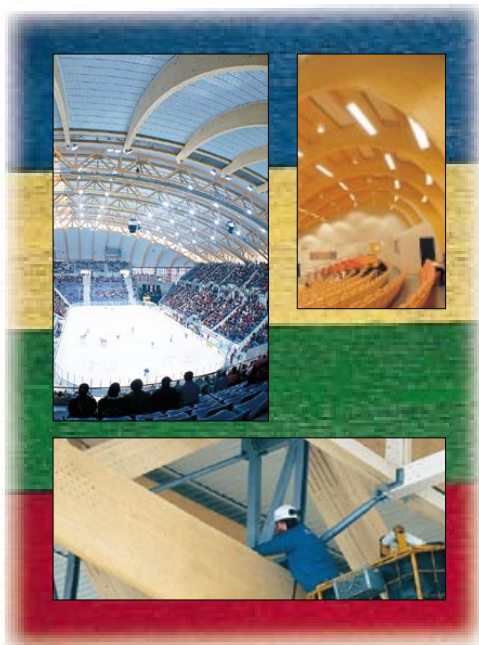
All in all, Europe consumes around 1,100,000 cubic metres a year, and this figure is not expected to grow in 1997. Japan may grow in 1997, and this would give the Laminated Timber division's geographical markets a total consumption figure of over 1.5 million cubic metres in 1997.

If business in Japan goes well, this will put the overall market and current production capacity more into balance. This would give the laminated timber industry another opportunity to increase profits.

### ORGANISATION AND STRUCTURE

The laminated timber industry in Europe is in the process of increasing capacity. The major industrial players have invested and committed themselves, while the smaller crafts-based businesses are rather static.

German, Austrian and Scandinavian producers dominate this increase in capacity.



Laminated Timber Division	No. of employ.	Established/ acquired	Products	Production capacity
<b>Manufacturing companies</b>				
Moelven Limtre AS Gen. Man. Leif Farbu	110	1958	Standard products, special products and contracts	Approx. 30 000 m <sup>3</sup>
Moelven LNJ Limtræ AS Gen. Man. Per D. Mikkelsen from 01.02.96	76	1950/85	Standard products, special products and contracts	Approx. 25 000 m <sup>3</sup>
Moelven Øresø Limtræ AS Gen. Man. Erik Ebdrup until 01.04.97	47	1939/96	Standard products and special products	Approx. 12 000 m <sup>3</sup>
Moelven Töreboda Limträ AB Gen. Man. Claes Håkanson	133	1918/82	Standard products, special products and contracts	Approx. 40 000 m <sup>3</sup>
<b>Sales companies</b>				
Moelven Holzleimbau GmbH Gen. Man. Wilfried Röhrs	15	1989	Sales company for the German market	-
Moelven Laminated Timber Str. LTD Gen. Man. Ian Beedle	5	1989 Owned 25%	Sales company for the British market	-





# Construction and Contracting

## COMPREHENSIVE SOLUTIONS

### THE ENTERPRISE

The Construction and Contracting division concentrates on two main areas: Prefabricated buildings and selected industrial products and services. The business is run through operational companies, located mainly at Moelven, Norway.

#### Prefabricated buildings

- Moelven Hako AS is Scandinavia's leading company in prefabricated modular buildings.

#### Industrial products and services

- Moelven Engineering AS specializes in construction and production technology and electrical and mechanical engineering.
- Moelven TimberTech AS represents the commercial extension of the R & D project's fire-resistant timber products.
- Moelven Nor East AS manages and coordinates the Moelven group's operations in Russia, and has a subsidiary of its own in St. Petersburg.

The companies within the division work on a contract to contract basis via independent contract organisation.

### MARKET/CUSTOMERS

The division's main market is Norway, plus export contracts for selected customers. It sees interesting potential markets and customers in the former Eastern Europe. Developments in North-West Russia appear to be particularly interesting, with steadily increasing oil operations and an increasing focus on infrastructure and environmental matters.



*Gen. Man. Per-Erik Jevne (left), Moelven Hako AS and Gen. Man. Geir Haugersveen (right), Moelven Engineering AS. Nils-Ivar Slåttsveen is the Gen. Man. of Moelven Nor East AS.*

### PREFABRICATED BUILDINGS

#### Moelven Hako AS

The company is engaged in the industrial prefabrication of modular buildings. In 1996, the company confirmed its position as the leader in its field in Scandinavia; 80 per cent of its sales are to the Norwegian market. The former Eastern Europe and Russia are the main export markets. The company also won interesting contracts in 1996 with H. M. Prison Service, Britain.

Moelven Hako AS has developed a building system which is largely preassembled at the factory, thus cutting construction times considerably. The result is flexible, profitable and rational building solutions. In 1996, the company also strengthened its position as a supplier of advanced modular buildings by extending the Soria Moria Hotel in Oslo.

Since the middle of the 1950s, Moelven has made some 85,000 building modules, starting with simple site huts. Today, the company supplies about 2,000 units a year for site huts, offices, schools, hotels, hospitals and student residences. The modules are supplied as permanent or mobile/temporary accommodation units. The company has a turnover of approx. NOK 240 million, or about 75 per cent of the business of the Construction and Contracting division.

#### Moelven Elementbygg KS

Moelven Elementbygg KS was established in October 1995 and is now owned by Moelven Industrier ASA and the Smedvig-owned company Hekla AS. Establishing Moelven Elementbygg complements Moelven's product range by making buildings units elements of wood for contracts.

### MARKETS

The companies are involved mainly in the tendering market, directed at professional clients and contractors in the private and public sector. Moelven Hako AS's aim is to strengthen its position as a leading player in its market segment by developing its products and choosing its markets carefully. The prospects for the market are seen as good, particularly thanks to new standards for building site huts.



# Construction and Contracting

## COMPREHENSIVE SOLUTIONS

group's operations in Russia in harvesting and importing logs, setting up factories and construction projects. The company is based at Moelv, but has its own offices and a subsidiary of its own in St. Petersburg. Moelven Nor East AS has signed contracts for felling rights in Russia. The company coordinates all imports of raw materials from Russia to the group's saw-mills. Working with our Russian partners, Energo-mashtroi and ERBD, we are setting up a timber component factory in 1997. During the winter of 1996/97, we were involved in a housing project at Luga for Russian soldiers and their families. The project is a joint venture between the Russian and Norwegian authorities, with Statsbygg being the company's customer.



### MARKETS

The prospects for the companies are regarded as good. We are working on developing core skills within the companies, to ensure that they are well equipped to compete on both the tendering market and contracts to be developed in close contact with customers. Demand is increasing as customers in this market are choosing to buy complete solutions rather than use their own resources. The companies in the Construction and Contracting division are working on establishing close, long-term relations with their customers as a natural part of their product development and to achieve a better balance between the tendering and direct markets.

### Key figures

The division Amounts in NOKm	1996	1995	1994	1993	1992
Operating revenues	342.7	292.0	214.7	248.3	245.8
Operating profit	26.2	20.7	9.7	12.3	-8.6
Financial items	-0.1	-0.3	-0.5	-3.6	-31.4
Profit before extraord. items	26.1	20.4	9.2	8.7	-40.0
Total capital	165.3	112.5	75.6	67.2	128.0
Equity ratio %	35.3	40.9	41.4	33.8	0.0
Gross operating margin %	8.6	8.0	5.6	6.3	-15.2
Depreciation	3.2	2.5	2.3	3.3	2.7
Cash flow	29.3	22.9	11.5	12.0	-37.3
Investment	8.9	4.0	2.1	3.7	4.0
No. of employees	240	280	224	239	238

The companies Amounts in NOKm	Operating revenues		Operating Profit	
	1996	1995	1996	1995
Moelven Hako AS	237.0	244.3	22.7	21.9
Moelven Engineering AS	86.7	52.5	5.4	1.7
Moelven TimberTech AS	0.9	2.4	-2.5	-4.0
Moelven Nor East AS	46.9	-	-0.2	-
Internal operating revenues in the division	-28.8	-22.5	0.8	0.7
<b>Moelven Construction and Contracting</b>	<b>342.7</b>	<b>292.0</b>	<b>26.2</b>	<b>20.7</b>

# Other business

## MOELVEN FINANS AS

The company started trading in Autumn 1996. Its main task is to act as the internal bank to the Moelven group.

This involves coordinating cash flow management, handling the group's payment systems, accounting for foreign currency matters and handling internal and external loan funding.

The company also provides accounting services for some of the group's smaller subsidiaries who do not need such services on a full-time basis.

We are working on developing the company's skills through training and taking on new staff.

## MOELVEN SERVICE AS

Moelven Service AS supplies IT, advertising and transport services both to group subsidiaries and external customers. The company has a long record of experience with such services to industrial companies.

On the IT side, the company has implemented the IBM-supported finance system Concorde for Moelven's subsidiaries and developed its skills in administrative systems for the timber industry.

The company's advertising and transport department is highly skilled in its fields, which are used by Moelven group companies and marketed to external customers.

## PROJECTS

As a leading company in the timber building materials industry, Moelven has come to the fore as a major contractor for projects involving several of the group's companies and products.

To exploit the opportunities this creates, contract work is organised by a single co-ordinating unit in the group which has responsibility for exploiting openings in this market.

The group's contract for the new Oslo Airport Gardermoen are a case in point.

## R & D PROJECTS

During the course of 1996, the group brought together all its R&D work in a single coordinating unit at group

level. The aim is to strengthen R&D work further and coordinate R&D projects, both internally and with outside partners.

Not least through the Norwegian Research Council and Norwegian Industrial and Regional Development Fund (SND), the authorities have established a resource system which is supporting and stimulating business R&D activities. Moelven has stepped into the breach in many industry-related projects as well as projects by individual subsidiaries. Coordinating our R&D activities will link them to the group's major projects and business development.





# R&D projects

Moelven relies on constant research and development as part of making the company more competitive at international level. For many years, Moelven has invested considerable resources in R&D in connection with projects at both national and international level.

On the product side, we are concentrating on products which are suited to the individual country's climate, architecture, culture and economy. This means the environment and the use of renewable resources and designs are among the main parameters in this work. Developing new products and modifying old ones to meet certification requirements under EU and Japanese (JAS) standards is another important aspect of our R&D work.

A completely new production line using new technology to make standard laminated timber beams will be ready in May 1997. A whole new works for making large, complex laminated timber structures is also in the startup phase. Advanced use of computerized design/production systems in making large laminated timber structures is one of our objectives.

The Timber Industry division has a large number of major R&D projects in the timber industry completed or under way. **Mjøsskog 2000** (improved forestry yields) and **Timbersystem 2000** are continuations of the **EURO-TRE, timber project**. Amongst other things, the aim is to develop systems which can define raw materials rationally on the basis of the demands customers make of the finished product.

The «**Log-scanner**» project represents another technological breakthrough. This project, which is financed through the EU's research fund, will take timber testing technology further by using a specially designed 'tomograph'. With this kind of scanner, it will be possible to take pictures of timber's internal structure and quality. This is one project where expectations are high.

After many years of intensive R&D work in 'Fire-resistant timber', we have achieved a fire-

resistant treatment for timber products which meets requirements for both interior and exterior use. We have now won In1 and K1 approval from Norwegian Fire Research Laboratory. After long development, we are

now looking forward to a commercial phase, with impregnation of the wooden ceiling at the terminal building at Oslo Airport Gardermoen, the first major contract.

The Laminated Timber division has a number of R&D projects which it is running on its own or with others. Most of these projects have been granted public subsidies from the Norwegian Research Council, the government business and regional development fund or the Nordic Industrial Fund. The most interesting of these projects are as follows:

- **Further development of framed structures** is a project looking to develop

technology from Olympic indoor arenas.

- **Designing electricity poles.** There are two R&D projects under way here, one using laminated timber pipe supports for the 300 kV system and the other covering mast design with the emphasis on power lines and the landscape.

- **Timber bridges.** There are two projects here, one at Scandinavian level and the other working with Hedmark County Roads Office. Evenstad Bridge was a pilot project in this work.

- **Reinforcing laminated timber** with fibres is a European project under Moelven Laminated Timber division. This could lead to smaller dimensions, and will reduce the risk of brittle failure in laminated timber structures.

- **Future commercial building fittings.**

The Interior Layout division has launched an R&D project with the intention of developing product solutions for future commercial building fittings. The keywords in this project are the environment, flexibility, quality and economy.

The intention is that the project will be operated together with a public-sector body.







# Industry on the environment's terms

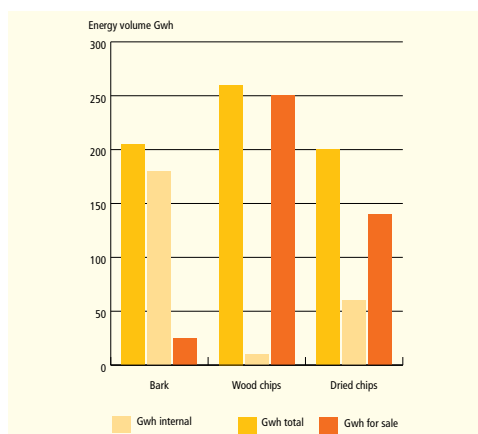
any implications for other long-term contracts for supplying wood chips to the pulp and paper industry. It is also worth noting that the interest in bioenergy has increased considerably since this contract became widely known. There are three main reasons for this: higher electricity prices, increasing environmental awareness and the focus on renewable energy sources.

## BIOENERGY CONTRACT WITH VATTENFALL AB

We have also signed a similar bioenergy contract with Moelven Dalaträ AB at Mockfjärd in Sweden. Last autumn, the Swedish power company Vattenfall AB installed new heat recovery equipment at Dalaträ. The contract with Vattenfall ensures that the company will be heating its buildings and plant in an environmentally friendly way and that chips and bark are 'upgraded' from waste product to bio-fuel. The contract will mean significant savings for the sawmill at Mockfjärd.

Working with Vattenfall AB means the power company supplies us with heat which we use in our drier kilns and for heating the buildings and plant at Moelven Dalaträ AB. For this, we pay a balancing charge for the fuel plus a fixed rate per KWh. For its part, Vattenfall AB has invested seven million kroner in new heat recovery equipment in the boilerhouse at Dalaträ, and is free to sell the excess energy produced to its customers in the area. In the long term, such a technical breakthrough will reduce CO<sub>2</sub> emissions to a minimum and at the same time reduce the quantity of chips and bark needed as fuel. This means that, in the long term, we can sell the excess to other biofuel users.

## Bioenergy in timber production



## ENVIRONMENTALLY FRIENDLY BOILERHOUSE

During the course of autumn 1996, we installed a new boilerhouse at Moelven Limtre AS, an investment of 4.7 million kroner. We also built a new chip storehouse which will increase our storage capacity significantly compared with the present facilities. This new boiler unit will also increase liability, reduce the risk of fire and help improve the environment by reducing smoke emissions. This investment also means that Moelven Limtre AS will always have enough chips to run its boilers, instead of having to use oil as a supplementary fuel.

## A DANISH SYMBIOSIS PROJECT

Another very interesting environmental project we are involved in is the district heating system for the Svebølle – Viskinge district heating company at Sjælland in Denmark – a kind of local symbiosis project. Using wood chips from Moelven Øresø Limtræ AS, electricity, heat and gas are generated from a tip for such waste. In this way, Moelven Øresø Limtræ AS makes use for its surplus chips.

The energy project at Svebølle shows how waste products from the timber processing industry can be used instead of oil to generate electricity and heat. The heat from the gas engine is enough to heat 250 detached houses. It is equivalent to 40 per cent of the energy generated at the local heat and power station at Svebølle in Sjælland.

## FIRE-RESISTANT TIMBER

To increase the use of wood as a building material, Moelven has been developing fire-resistant timber for many years. Wood is the ultimate environmentally-friendly product, but there are restrictions imposed, especially when it comes to fire resistance. Tests have shown that treating timber with fire-resistant salts can make it considerably more fire-resistant. In this way, timber materials can be used in places where this would have been impossible before – precisely because of the fire risk.

Even if wood is treated with these fire-retardant chemicals, that does not stop it being an environmentally friendly product. These fire-retardant chemicals are inorganic salts containing nitrogen and phosphorus, in other words the same as those used in agriculture fertilisers.



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PER 25.02.1997

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Industry

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