Orkla – Annual Report ►1999

Contents

Financial calendar 2000

- 4 May - Annual General Meeting
- 5 May - Shares quoted excluding dividend
- 25 May - Payment of dividend
- 30 May - Publication of report on first four months of 2000
- 28 September - Publication of report on first eight months of 2000

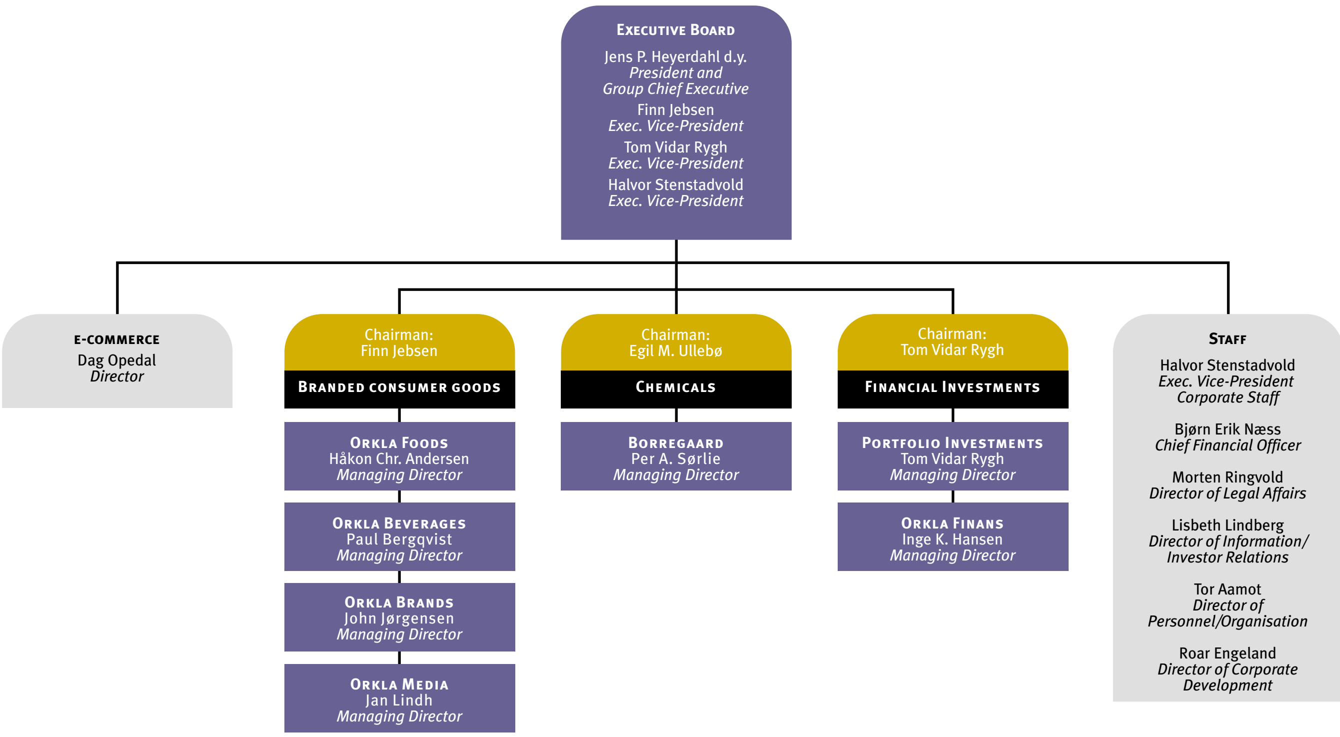
All dates subject to change.

1999 - In brief

- *Substantial increase in value of investment portfolio*
- *Profit growth for Nordic food and beverages business*
- *Continued strong volume growth for Baltic Beverages Holding (BBH)*
- *Unsatisfactory year for Chemicals*

	1999	1998	1997	1996	1995
Operating revenues (NOK million)	**31,492**	30,819	30,970	25,998	21,977
Operating profit (NOK million)	**2,177**	1,797	2,613	1,916	1,784
Operating margin (%)	**6.9**	5.8	8.4	7.4	8.1
Profit before tax (NOK million)	**2,319**	2,057	3,537	2,431	1,890
Earnings per share, fully diluted [1] (NOK)	**7.9**	6.5	12.0	8.3	6.7
Earnings per share, fully diluted (adjusted) [2] (NOK)	**9.7**	10.3	11.8	9.5	7.1
Return on capital employed [3] (%)	**11.1**	10.4	16.7	14.9	18.1
Equity ratio (%)	**34.2**	34.3	33.0	36.6	31.3

1) Adjusted for the rights issue in connection with the amalgamation of A and B shares
2) Excluding non-recurring items and goodwill amortisation
3) The Industry area



The digital challenge

At the turn of the millennium, there is a great deal of interest and activity all over the world relating to the Internet, e-commerce and network technology. There is talk of "a new economy" in which these factors will radically change the ordinary ground rules for markets and businesses and create new growth and a new dynamism in the global economy.

The phase we are now experiencing is most probably the early stage of a long period of comprehensive restructuring. It is characterised by sudden changes, major short-term fluctuations in evaluations of value and willingness to invest, sweeping structural changes in the technology-driven sectors, and a combination of local innovative force and globalisation of commerce, markets and companies. We realise that we have entered a period of fundamental changes, but so far we cannot see clearly the directions these changes will take.

Orkla's established businesses will be strongly affected by the digital revolution. At the same time, new opportunities will arise. We shall be focusing on this area in order to understand at as early a stage as possible how these changes will affect us, and we shall be utilising and creating new business opportunities from the new technologies and mobilising all parts of the organisation in an appropriate manner to this end. We must continue to utilise our established know-how and expertise, but at the same time we shall be working in new, untraditional ways in all parts of the Group.

If we are to renew our activities in fields such as e-commerce, the Internet, IT/telecommunications and associated technologies, it will often be inappropriate to base our decisions on traditional demands for calculations and returns. We must dare to plant seed corn and support the best employees and groups we have in their efforts to seek out and test new possibilities. In this way, we shall be able to learn where and how we can become involved, also in larger, more industrial projects.

Our work on the digital challenge is currently proceeding along three paths that will be developed in close coordination with each other:

- The industrial business areas are responsible for focusing on projects that utilise new technology in their own fields of expertise, and work is under way in all areas. So far, Orkla Media has made the most progress. A new division, Internet/Electronic publishing, has been established with its own management. This division is involved in a large number of projects on behalf of Orkla Media.

- The Financial Investments area has long been broadly involved in this field and currently has investments with a market value of some NOK 7 billion in this area. Our Financial Investments staff are evaluating numerous projects on a continuous basis, and investments in new Internet and e-commerce companies have recently accelerated.

- At Group level, a special management function has recently been established to coordinate the work being done by the various business areas in the field of e-commerce, realise synergies, encourage cooperation and lay the foundations for new efforts.

In the months and years ahead, the new network systems will increasingly be affecting consumers' everyday lives, our customers' operations and our own commercial development. Buying and selling are taking place in new ways and moving in new directions. We must adjust in order to maintain our position and further develop our expertise. Orkla is now exploring a wide variety of fields in order to strengthen our established businesses and create new business opportunities based on digital solutions. This will strongly affect our commercial development in the future.

Jens P. Heyerdahl d.y.
President and Group Chief Executive

This is Orkla

The Orkla Group

Orkla is one of the largest listed companies in Norway. Its core businesses are Branded Consumer Goods, Chemicals and Financial Investments. The Orkla Group has achieved significant growth since the beginning of the 1980s. Operating revenues have increased from NOK 1.2 billion in 1982 to NOK 31.5 billion in 1999, while earnings per share in the same period rose from NOK 0.2 to NOK 7.9*. In 1999, 57 % of the Group's operating revenues were derived outside Norway. At the end of 1999, Orkla had 25,037 employees, of whom 56 % were outside Norway.

Development strategy

On the basis of the Group's expertise in the field of branded consumer goods, chemicals and finance, Orkla will continue to expand in product and market areas where Orkla's products have good potential for becoming the preferred choice of customers and consumers.

Orkla's strategy for growth requires the continuous improvement and development of the Group's core expertise. In the years to come, Orkla will therefore be making further efforts to systematically develop human resources by organising joint training programmes and facilitating the transfer of knowledge and experience. Orkla also gives high priority to developing a good corporate culture based on proximity to its markets and the will to achieve quality, efficiency and continuous improvement. As it enters the new millennium, Orkla will also focus on actively exploiting the opportunities offered by the Internet and e-commerce.

The Branded Consumer Goods business area will consolidate its position as the leading supplier of branded products to Nordic households. Future growth will primarily be achieved by increasing focus on the most successful product groups and gradual expansion outside the Nordic region, primarily in selected markets in Eastern Europe.

The Chemicals business will be further developed in global niches of organic chemistry. Its market positions and profitability will be strengthened by means of increased specialisation and further focus on highly processed products that are tailored to meet the needs of our customers.

The international chemical industry is undergoing comprehensive structural changes. As a consequence of this, alliances and partnerships may in some cases be a natural way of strengthening and further developing this business area.

Building on its strong base of analytical expertise, Orkla will continue to be a major equity investor with a long-term perspective, primarily in the Nordic region.

History

Orkla has been one of Norway's fastest growing enterprises in the 1980s and 1990s. From its start as a relatively small company with its basis in traditional Norwegian heavy industry, the Group has grown through mergers and acquisitions to become a leading Nordic player in the grocery sector (branded consumer goods), a world-wide niche manufacturer of selected organic chemical products and one of the largest portfolio investors in the Nordic region.

Orkla's roots can be traced back to the pyrite mines at Løkken Verk, where mining operations first began in 1654. Mining continued to be the Group's main business until the beginning of the 1980s, although by then the company was also involved in financial investments and had initiated its first media operations.

In 1986, Orkla Industrier merged with Borregaard. In addition to its wood processing and chemicals operations, Borregaard owned several strong branded goods companies. The merger thus laid the foundation for the present structure and strategy of focusing on the core business areas of Branded Consumer Goods, Chemicals and Financial Investments.

Since the merger in 1986, Orkla has continuously restructured its branded consumer goods business while Borregaard has carried out a comprehensive process of specialisation and globalisation in selected segments in the field of specialty and fine chemicals throughout the 1990s.

Orkla Borregaard and Nora Industrier merged in 1991, thereby significantly strengthening Orkla's position on the Norwegian branded consumer goods market and laying the foundations for further expansion on the Nordic market. As a result of the merger, the food and snacks businesses were strengthened and the Norwegian beverages, chocolate and confectionery businesses were incorporated into the Group. This merger, too, was followed by comprehensive restructuring, acquisitions and divestments.

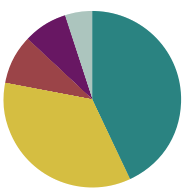
In 1995, Orkla acquired the Swedish food companies Procordia Food and Abba Seafood from Volvo. At the same time, Swedish Pripps and Norwegian Ringnes merged to become the Volvo/Orkla-owned beverages company Pripps Ringnes. In 1997 Orkla acquired the remaining part of Pripps Ringnes. This acquisition consolidated Orkla's position in the Nordic region and strengthened the Group's position in Eastern Europe.

During the 1990s, Orkla's branded consumer goods business in Eastern Europe has grown significantly. The Group's activities are primarily concentrated around Baltic Beverages Holding's (BBH) brewery operations in the Baltic States, Russia and Ukraine and Orkla Media's operations in Poland, as well as food businesses in the Czech Republic and Poland.

* Adjusted for the rights issue in connection with the amalgamation of A and B shares.

Operating revenues by geographical area

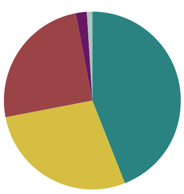
- Norway 43 %
- Other Nordic countries 35 %
- Eastern Europe 9 %
- Other European countries 8 %
- Other 5 %



Net sales NOK 30,833 million

Employees by geographical area

- Norway 44 %
- Other Nordic countries 28 %
- Eastern Europe 25 %
- Other European countries 2 %
- Other 1 %



Number of employees 25,037

Branded Consumer Goods

	1999	1998	1997	1996	1995
Operating revenues (NOK million)	**24,842**	24,238	24,296	20,057	16,202
Operating profit (NOK million)	**1,839**	1,751	2,116	1,514	1,134
Operating margin	**7.4 %**	7.2 %	8.7 %	7.5 %	7.0 %
Return on capital employed	**12.2 %**	12.6 %	15.9 %	16.1 %	15.8 %

Excluding non-recurring items

The Branded Consumer Goods area, which accounts for about 80 per cent of the Group's total operating revenues, comprises Orkla Foods, Orkla Beverages, Orkla Brands and Orkla Media. Orkla is the leading supplier of branded consumer goods to the Nordic grocery trade.

The Branded Consumer Goods business has expanded significantly in the 1990s through the development of the Group's own brands and a number of acquisition, synergy and restructuring projects, thereby establishing a sound business system for Orkla's Nordic operations. There is further potential for growth within selected markets and product categories in the Nordic region. However, future growth is expected to be strongest, relatively speaking, in selected markets in Eastern Europe.

Orkla Foods is the Nordic region's leading supplier of manufactured food products for the grocery trade and the catering sector. Orkla is market leader in the product groups frozen pizza, ketchup, juices, jams and conserved vegetables. The Group also holds strong positions in the product groups frozen ready meals, bread and yeast in Norway and processed potato products and seafood in Sweden.

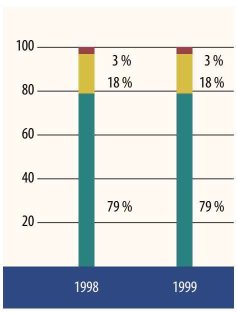
Through Pripps Ringnes, Orkla Beverages is market leader for beer and water products and the second largest supplier of soft drinks in Sweden and Norway. Baltic Beverages Holding (50 % interest) is the leading brewery company in Russia and the Baltic States, and has a strong market position in Ukraine.

Orkla Brands is market leader in most of its product groups, and the largest supplier of biscuits in the Nordic region. The Group holds number one positions for detergents, confectionery and cod liver oil, and a strong number two position in the snacks market in Norway. In Denmark, Orkla is market leader in snacks through its company KiMs.

Orkla Media comprises newspapers, magazines, Internet/Electronic publishing and direct marketing, and is the second largest media company on the Norwegian market. Its newspaper operations in Norway consist of local newspapers that hold number one positions. Furthermore, Orkla Media has a strong position on the Norwegian magazine market. Orkla Media is also the second largest player on the Polish newspaper market.

Operating revenues by business area

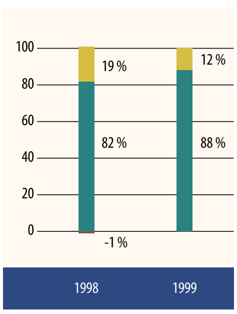
- Branded Consumer Goods
- Chemicals
- Other



Total operating revenues
1998 NOK 30,819 million
1999 NOK 31,492 million

Operating profit by business area

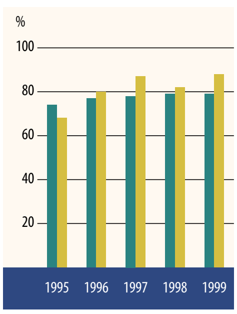
- Branded Consumer Goods
- Chemicals
- Other



Operating profit (excl. other revenues and expenses)
1998 NOK 2,132 million
1999 NOK 2,086 million

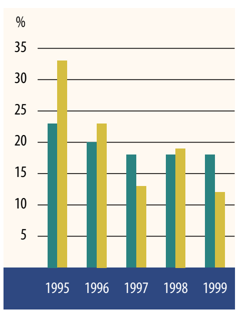
Branded Consumer Goods share of the Group's operating revenues and operating profit 1995-1999

- Operating revenues
- Operating profit (excl. other revenues and expenses)



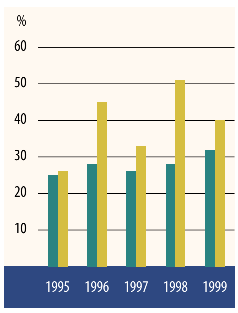
Chemicals share of the Group's operating revenues and operating profit 1995-1999

- Operating revenues
- Operating profit (excl. other revenues and expenses)



Financial Investments' share of the Group's balance sheet and profit before tax 1995-1999

- Balance Sheet
- Profit before tax



Chemicals

	1999	1998	1997	1996	1995
Operating revenues (NOK million)	**5,677**	5,777	5,733	5,161	5,033
Operating profit (NOK million)	**260**	402	324	441	543
Operating margin	**4.6 %**	7.0 %	5.7 %	8.5 %	10.8 %
Return on capital employed	**6.4 %**	10.4 %	9.1 %	14.0 %	18.7 %

Excluding non-recurring items

The Chemicals business, which comprises Borregaard's production of specialty chemicals, fine chemicals and ingredients, is Orkla's most international area of activity. The company has production facilities on every continent except Australia and holds strong global positions in its chosen niches. These operations account for approximately 20 per cent of Group operating revenues. In recent years, activities have primarily been concentrated on fine and specialty chemicals, and in product niches which are profitable and offer potential for global development. The main focus has been on specialisation and adaptation of highly processed products to meet specific customer needs.

In the field of specialty cellulose, customers are moving in the direction of fewer units and increased globalisation. Borregaard therefore sees a long-term need for structural changes, and has initiated a process aimed at establishing a partnership for this part of its operations.

Financial Investments

	1999	1998	1997	1996	1995
Profit before tax (NOK million)	**928**	1,042	1,156	1,099	498
Securities portfolio:					
Market value (NOK million)	**20,875**	12,624	14,410	11,043	8,761
Unrealised gains before tax (NOK million)	**9,535**	4,129	6,222	4,612	3,019
Net asset value (NOK million)	**16,604**	10,410	11,542	8,909	6,125
Return on investments	**48.2 %**	-7.0 %	24.5 %	32.5 %	12.7 %

Orkla owns one of Norway's largest equity portfolios, with a market value as of 31 December 1999 of NOK 20.9 billion. Of this, more than 35 % is invested in the IT/Telecommunications/Internet sectors, making this area the main focus of the portfolio. About 32 % is invested in companies outside Norway, and 13 % in unlisted companies. The Group has a long-term investment perspective and investments are based on input from Orkla's own analysts. Although the Nordic region is the main market, a growing number of investments are being made outside Norway.

Through its investment activities, Orkla has established a broad network of contacts in Norwegian and international financial markets. The insight that has thereby been gained is also useful in developing the Group's industrial activities, and the proximity to an industrial environment provides the investments business with access to know-how and analyses which are not always available to a portfolio manager. This duality is of significant value to the entire Group.

The business also includes Orkla Finans, which will be merged with Enskilda Securities in the course of 2000, subject to official approval. The company provides stockbroking and other financial services.

The Real Estate section manages properties which have been released from Orkla's industrial operations, and is developing an investment portfolio of real estate which is currently focused mainly on the Skøyen area of Oslo.

As from 2000, the results from Orkla's forest properties will be reported under the Financial Investments area.

Report of the Board of Directors

In 1999 the Orkla Group achieved a positive development in profits after unsatisfactory performance in 1998. Earnings per share rose 22 % compared with the previous year*. Adjusted for non-recurring items and goodwill amortisation, earnings per share were 6 % lower than in 1998*. However, this figure does not reflect the significant unrealised gain on the Financial Investments division's share portfolio during the year, which was equivalent to NOK 21.70 per share (after tax).

The price of the Orkla share rose 38 % during the year. This was less than the rise in the Oslo Stock Exchange All Share Index, which was 45.5 %.

External factors were favourable for the Group in 1999. Rising oil prices, increased confidence in the Norwegian economy, continued growth in the US and an upswing and greater optimism in Asia and Europe were important contributory factors to the strong rise on most of the world's stock exchanges in 1999, including the Oslo Stock Exchange. After a great deal of economic turbulence in Russia in the second half of 1998, the situation improved considerably in 1999. Both industrial production and GDP rose in Russia in 1999. The inflation rate was 37 %, but as the rouble dropped 31 % against the US dollar, real prices were more or less stable.

Internal factors also made a positive contribution in 1999, particularly the improvement programmes initiated in 1998, which are largely proceeding according to plan. Some of the cost savings that have been achieved are continuously invested in market-related activities.

The favourable effects of the cost reduction measures and the generally good market situation contributed to significant growth for the Nordic Branded Consumer Goods business in 1999. Baltic Beverages Holding (BBH) also achieved strong volume growth and continued to post a satisfactory profit. Due to the low exchange rate for the rouble, however, profit declined somewhat translated into NOK. The profit performance of the Group's Chemicals business was unsatisfactory. All the core areas except Fine Chemicals reported lower profit. The Financial Investments area had its best year ever in 1999, achieving a value-adjusted return of NOK 6.2 billion. Only 13 % of this was realised and taken to income in the 1999 accounts.

Despite the progress of both the Industry and the Financial Investments areas, the Group is facing a number of major challenges. Orkla's long-term competitiveness is dependent upon its ability to adapt continuously and restructure the organisation as and when necessary. In the Nordic branded consumer goods sector, competition has become even tougher due to growing concentration in the retail trade. The increased internationalisaton of the retail trade and the growth of electronic commerce are two examples of new challenges as well as new opportunities for the Group. The Chemicals area is also facing considerable challenges, with respect to both cost effectiveness and market adjustments on both the product and the supplier side.

For Orkla, 1999 was characterised by consolidation in the Nordic region and significant expansion in Eastern Europe, particularly for the Beverages business. Expansion investments in Orkla's industrial operations totalled NOK 1.2 billion. Most of these investments concerned capacity expansion and acquisitions at BBH. Other major acquisitions included the Polish newspaper *Gazeta Lubuska,* the Swedish textile supplier Freds AB and the bakery ingredients supplier KåKå. The total operating revenues generated by these businesses amounted to just under NOK 1 billion in 1999. Regal Mølle (flour milling) was sold in 1999, and an agreement was entered into concerning the sale of Viking footwear, effective from 1 January 2000.

Further rationalisation programmes were adopted and partially initiated in 1999. All production of beer and mineral water in the Oslo region will be amalgamated at the Gjelleråsen plant and the Ringnes brewery will be closed down. Moreover, a major part of production at the Nordland brewery in Bodø will be moved to Trondheim. In January 2000, it was decided that the Sætre biscuit factory at Kolbotn near Oslo will be closed in order to amalgamate biscuit production at the Kungälv factory outside Gothenburg, which is a larger and more modern factory. The closure of the Norwegian factory, which will take place in summer 2000, is regarded as essential in order to meet increasingly fierce international competition. NOK 30 million has been allocated in the first four months of 2000 to cover the costs of the move.

In January 2000 an agreement was signed to merge the Orkla Finans Group's stockbroking operations with Enskilda Securities. The agreement is dependent upon regulatory approval. Orkla will have a 22.5 % interest in the new company, which will be the leading brokerage house in the Nordic region. The fund management and insurance broking businesses are not included in the agreement.

In February 2000, Borregaard announced that it sees a need for structural adjustment on the production side of the specialty cellulose business and is therefore considering merging its specialty cellulose operations with a larger, international company.

In February 2000 it was announced that, effective from 1 January 2000, Orkla Foods is taking over 50 % of the shares in the Swedish yeast producing company Jästbolaget AB. So far in 2000, Orkla Foods has also entered into an agreement concerning the acquisition of 70 % of the shares in UAB Suslavicius ir Partneriai, which is the leader on the Lithuanian ketchup market. Substantial growth is anticipated on the Polish newspaper market in the years ahead. In order to position itself to benefit from this growth, in March 2000 Orkla Media Poland entered into an agreement to cooperate on advertising in the form of a joint venture (Media TAK) with the German-owned newspaper group Polskapresse (Verlagsgruppe Passau).

* Adjusted for the rights issue in connection with the amalgamation of A and B shares.

Activities in connection with the transition to the Year 2000

The transition to the Year 2000 did not lead to any computer or other problems for the Orkla Group and entailed no significant costs apart from the NOK 50 million that had been allocated in the 1998 accounts. The Board of Directors takes the view that the Group's thorough preparations were instrumental in ensuring that so few problems arose. In addition to this, the Group's Year 2000 projects led to a useful review, decommissioning and upgrading of old electronic systems. Furthermore, Orkla's companies have carried out a systematic risk analysis of all aspects of their operations and updated their emergency plans.

e-commerce

Orkla will be focusing strongly on and giving high priority to the new digital challenge in the months and years ahead. As consumers change their purchasing patterns, this will affect Orkla's customers and thereby Orkla's established business areas. These developments offer new opportunities, but also entail even more stringent demands for renewal and adjustment. New forms of cooperation and new communication tools will be developed.

In 1999, Orkla initiated a series of measures to define new business opportunities arising from the growth of electronic commerce and to be in a position to exploit them. At Group level, a new management post has been established to coordinate the activities of the various business areas and to encourage close cooperation and new efforts. In the Industry sector, all the business areas have initiated projects relating to Internet/e-commerce. At the same time, the Financial Investments area is increasing its investments in IT/Telecommunications/Internet, both in Norway and abroad.

Comments on the annual accounts

A new Accounting Act came into force on 1 January 1999. The new Act has few consequences for Orkla's accounts, so the comparable figures for profit and equity are unchanged in relation to the accounts that have already been presented. The presentation of annual accounts is based on the assumption of continued operations.

Profit and loss account

Profit before tax increased by NOK 262 million (+13 %) to NOK 2.3 billion in 1999. A rise in profit for the Nordic branded consumer goods business was offset by lower realised portfolio gains, a decline in profit for BBH due to the weaker Russian currency and a fall in profit for Chemicals and Orkla Media. Non-recurring items had a positive effect in 1999 (NOK + 91 million), compared with NOK –488 million in 1998. Excluding these items, profit declined by 12 %, mainly due to lower realisation of portfolio gains.

After the amalgamation of A and B shares and the associated rights issue for A shareholders in autumn 1999, Orkla had an average of 211,859,518 outstanding shares in 1999. Earnings per share increased from NOK 6.5* in 1998 to NOK 7.9 in 1999 (+22 %). Excluding non-recurring items and goodwill amortisation, earnings per share dropped from NOK 10.30* to NOK 9.70. Including unrealised portfolio gains, earnings per share (adjusted for non-recurring items and goodwill amortisation) was NOK 31.40 in 1999. On the basis of the results presented, the Board of Directors proposes a dividend for 1999 of NOK 2.50 per share, which is approximately 23 % higher than the dividend for 1998*.

Orkla's operating revenues increased by NOK 0.7 billion to NOK 31.5 billion. For continuing business, they declined by approximately 1 %. Beverages and Chemicals reported lower operating revenues than the previous year, while operating revenues from the other areas increased.

Group operating profit, excluding goodwill amortisation and other revenues and expenses, totalled NOK 2.5 billion, on a par with 1998. The operating margin, excluding other revenues and expenses, was 6.6 %, which is 0.3 percentage points lower than in 1998. The operating margin for the Branded Consumer Goods area was 0.2 percentage points higher than in 1998. The higher operating margin for Orkla Foods and Orkla Beverages was partially offset by the poorer performance of Orkla Media.

Other revenues and expenses amounted to NOK 91 million. This item included the NOK 110 million gain on the sale of Regal and provisions for restructuring in the Chemicals area (NOK 19 million).

Profit from associates declined NOK 51 million to NOK 114 million. This was primarily ascribable to lower profit for Hartwall (20.4%).

Net financial items were NOK 107 million lower at NOK 892 million. However the 1998 figure included a deduction of NOK 138 million in connection with the devaluation of the Russian rouble. The net interest cost was NOK 21 million higher than in 1998 due to a rise of NOK 1 billion in net interest-bearing debt. A somewhat lower interest rate (-0.2 percentage points) made a positive contribution, but was insufficient to fully compensate for the effect of increased debt.

Realised portfolio gains totalled NOK 595 million. This figure was NOK 174 million lower than in 1998. Dividends received amounted to NOK 325 million, on a par with the previous year.

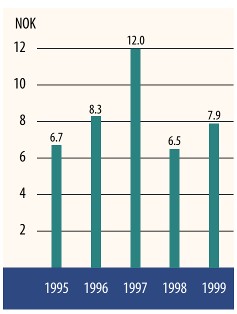
In 1999 Orkla's tax rate was 23 %, compared with 27 % in 1998. The low rate in 1999 was primarily due to temporarily lower taxes for BBH.

Balance sheet and liquidity

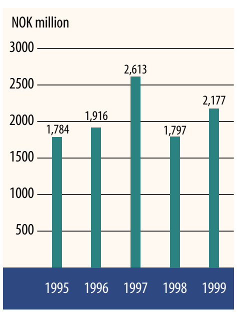
In 1999 the Group's net cash flow was NOK –1.3 billion, NOK 0.5 billion less than in 1998. The main reason for the decline was that the Financial Investments area was a net purchaser of shares in 1999 (NOK 1.7 billion), while it was a net seller in 1998 (NOK 0.6 billion). The Group's net interest-bearing debt increased by NOK 1.2 billion to NOK 15.7 billion.

Free cash flow from the Industry area increased by NOK 0.4 billion to NOK 1.7 billion, mainly because investments in replacements and maintenance were lower than in 1998. The largest replacement and maintenance invest-

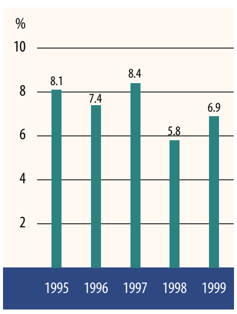
Earnings per share (fully diluted)*



Group operating profit



Operating margin



ments in 1999 were related to Ringnes' new bottling plant at Gjelleråsen outside Oslo and new printing presses for Newspapers in Poland and for Magazines/Hjemmet Mortensen in Norway. Net expansion investments for the Industry area totalled NOK 0.9 billion, NOK 0.4 billion less than in 1998. The most comprehensive projects were related to capacity expansion and acquisitions by BBH, the acquisition of the Polish regional newspaper *Gazeta Lubuska* and the Swedish household textile supplier Freds, and the takeover of KåKå and the sale of Regal.

The objectives of Orkla's interest rate management are to follow the general trend in money market rates, while minimising the effects of short-term market fluctuations. The fixed interest period profile of the loan portfolio is determined partly by the choice of interest rate structure for the Group's loans and partly by the use of interest-rate derivatives, such as interest-rate swap agreements, cross-currency interest-rate swap agreements and forward rate agreements. At the end of 1999, approximately 65 % of the Group's interest-bearing debt was exposed to floating interest rates, i.e. about 5 percentage points higher than at the end of 1999. Of the Group's total interest-bearing debt as of 31 December 1999, 29 % was in NOK, 27 % in SEK, 19 % in EUR and 16 % in USD. The Group's average borrowing rate was approximately 5.5 % in 1999, which is 0.2 percentage points lower than in 1998.

Orkla's total assets increased by NOK 3.0 billion in 1999, to NOK 41.6 billion as of 31 December. The rise was primarily due to net purchase of shares by the Financial Investments area, which increased the book value of the share portfolio.

The Group's book equity ratio was 34.2 % as of 31 December 1999. This figure does not reflect the substantial unrealised gain of NOK 9.5 billion on the share portfolio. If this is included, the equity ratio was 46.4 %, which is 5.8 percentage points higher than on 31 December 1998. The group's interest cover was 3.7, compared with 3.5 in 1998. Excluding other revenues and expenses, the interest cover was 3.7, compared with 4.1 in 1998.

Orkla's liquidity reserves mainly consist of unutilised long-term drawing facilities. As of 31 December 1999, these amounted to NOK 4,029 million. In addition to these there are unutilised overdraft facilities. Efforts are made to minimise liquid reserves.

The Orkla Group is exposed to currency risk in connection with future cash flow, monetary items in the individual companies' balance sheets and in connection with the translation of shares in foreign companies. The Group's foreign exchange exposure is hedged by foreign currency loans and financial instruments such as options, forward contracts and cross-currency interest rate swap agreements.

The Group's loan agreements are based on a negative pledge clause and the Group can therefore only provide mortgages as collateral for debt to a limited extent. Without the consent of the lenders of the Group's long-term, syndicated bank loans, the company may not sell shares in Borregaard Industries Ltd., Lilleborg as, Orkla Foods A.S or Orkla AB.

The Orkla Group has a central treasury department which is responsible for the financing of the Group, managing liquidity and hedging of interest rate and currency risk. This department has a clear separation of functions between trading and settlement; it also has a risk management function which monitors the department's and the Group's exposure to risk and ensures that this is kept within the limits set by the management.

Market situation and operating parameters

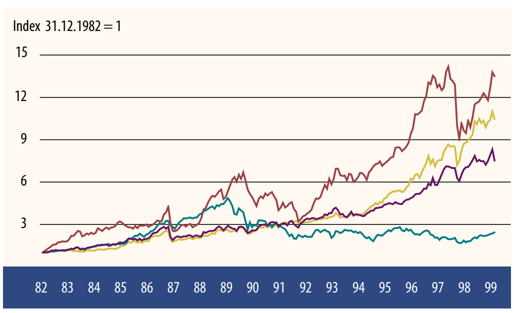
Twenty-three million people live in the Nordic region and grocery sales total some NOK 400 billion (including VAT). International brand names are broadly represented in most product categories on the Nordic grocery markets. Volume growth for grocery products in Norway was 1 % in 1999. The trend was also positive in Sweden, with the preliminary figures indicating a growth rate of 2.5 %.

The grocery trade in the Nordic region is one of the most concentrated in Europe and it has therefore been possible to professionalise areas such as flow of goods, logistics and the use of retail computer systems. Concentration in the rest of Europe is currently mainly nationally or regionally based, illustrated by the fact that the five largest chains in Europe account for only approximately 20 % of sales. Whereas cooperation in the Nordic retail trade was previously based on fairly flexible statements of intent, ownership is now increasingly being integrated. ICA in Sweden and Hakon in Norway have merged. The merger between Hemköp and D&D in Sweden will give them about a 19 % share of the Swedish market. The merged company will also control Spar Finland, which has a market share of about 10 % in Finland. The consumer cooperatives in Norway, Sweden and Denmark have entered into cooperation that is intended to result in Nordic solutions for procurement, private labels and IT. With the Dutch company Ahold's acquisition of 50 % of ICA, we have witnessed the first step towards internationalisation of the Nordic chains.

It was in anticipation of this type of structural change

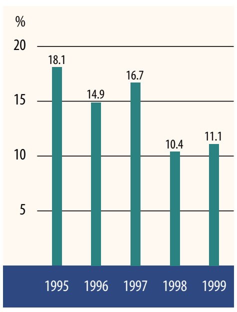
Stock market performance Oslo and internationally

New York Tokyo Oslo London



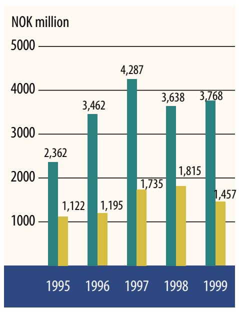
Source: Oslo Stock Exchange All Share Index, Dow Jones Industrial Average, FT-SE 100, Nikkei Index

Return on capital employed Industry area



Cash flow Industry area

Cash flow from operations
Net replacement expenditure



that Orkla established its Nordic branded goods strategy in 1991. With its strong market positions, a Nordic business system and a desire to develop Nordic products and concepts, Orkla is in a favourable position to handle the market changes that are now taking place. Leading market positions, sound marketing and product development expertise and a continued moderate price policy are Orkla's most important competitive advantages in the face of international competition and private labels. Effective investments in advertising will strengthen the position of priority branded products. For the Branded Consumer Goods business, advertising investments were equivalent to 6,9 % of sales in 1999, which is on a par with the previous year.

In 1999 the total beverages market (beer, soft drinks and water, measured in terms of volume) grew 7 % in Sweden and 4 % in Norway. In Norway, Ringnes increased its total volume (excluding Coca Cola) by 13 %. Market shares for beer and water were maintained, while the PepsiCo products strengthened their market position. In Sweden, Pripps achieved 3 % volume growth. Market shares for soft drinks and water were maintained while the market share for beer dropped 2 percentage points. Strong focus on prices and improved profitability had a negative impact on volume growth in the low price segment. In terms of value, however, the market share for beer was maintained. Private labels did not increase their market share. In Norway, the market share for canned beer stabilised at 35 %. Following the agreement with Bibendum, a Swedish company that imports alcoholic beverages, Pripps will be the second largest seller and distributor of wine in Sweden from February 2000.

BBH currently comprises twelve breweries in Russia, Ukraine and the three Baltic States. BBH has achieved extremely strong volume growth since it was established in 1991, particularly in Russia. Capacity has been expanded considerably to meet market demand. With a total volume of 1.3 billion litres (100 %) in 1999, BBH is the leading brewery group in this region. The largest brewery, Baltika, achieved a significant rise in volume, partly due to the launch of beer in plastic bottles.

In 1999 BBH reported volume growth of 40 %, thereby confirming its position on all the East European markets. In Russia, BBH strengthened its leading position and now has a market share of 23 % (+2 percentage points). The Russian beer market grew strongly throughout 1999 and BBH's growth rate was consistently well above that of the market. A warm summer contributed to this growth. BBH is clearly bigger than its strongest rival, Sun Interbrew, which has a market share of 16 %. New breweries must be expected to lead to tougher competition, although market growth is expected to continue. Imports of beer to Russia dropped from 7 % in 1998 to below 3 % in 1999. In the three Baltic States, market growth in 1999 was more than 20 %. BBH has strengthened its position on the Ukrainian market.

Orkla Foods and Orkla Brands largely maintained their shares of the Nordic markets in 1999, with the exception of Snacks in Norway. In the case of Orkla Media, the Magazines division increased its market shares.

Comments on individual business areas

The Industry area posted profit before tax of NOK 1,391 million in 1999, which is 37 % higher than in 1998. Adjusted for non-recurring items, profit declined by 14 % compared with the previous year. The Branded Consumer Goods business achieved strong profit growth for food products and Nordic beverages, and Orkla Brands also performed well. The marked upturn at the end of the year may indicate a certain amount of hoarding and stockpiling of grocery products prior to the turn of the millennium and will probably result in a certain shift of sales from 2000 to 1999. The Chemicals business reported profit growth for Fine Chemicals, while profit for the other core areas was lower in 1999 than in 1998.

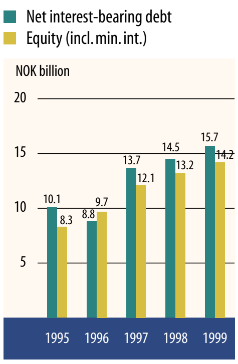
Orkla Foods' operating profit rose by NOK 130 million to NOK 709 million. All divisions achieved profit growth as a result of a strong emphasis on improvement measures, including cost reductions, in all parts of the value chain. The rise in profit can largely be attributed to increased sales of more highly processed products and a better cost structure in several of the large units. All divisions focused strongly on brand-building and innovation.

Stabburet reported strong profit and fine growth in 1999, bolstered by an increased focus on product innovation and new launches. Procordia Food achieved higher profit due to increased sales volume and the positive impact of the improvement programmes that have been implemented. Nevertheless, there is still considerable scope for improvement. Abba Seafood also continued to perform well, partly as a result of increased focus on a smaller number of more profitable product groups. In the past three years, profit has improved significantly. Both Felix Abba and Beauvais reported growth in profit as well as market share, boosted by the positive contributions of new products. Despite improved results compared with 1998, Orkla Foods International still posted negative profit. Substantial cost reductions are being carried out, including workforce cuts in Poland. Orkla Foods Ingredients continues to pursue its strategic targets and is now the leading supplier of bakery ingredients to Nordic bakeries and food manufacturing companies. The integration of KåKå is proceeding more quickly than planned.

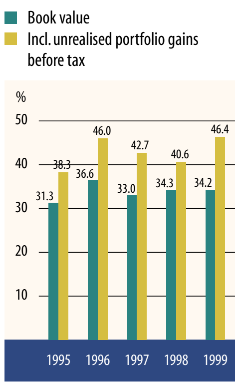
In the Beverages business, sales fell by 5 % to NOK 6.4 billion. Continued strong volume growth in BBH largely compensated for both the loss of tollfilling for The Coca-Cola Company in Norway and the weaker Russian and Ukrainian currencies. Overall volume increased by 6 %. Adjusted for the loss of Coca-Cola, volume increased by 20 %. Operating profit totalled NOK 482 million, down NOK 26 million from 1998.

Operating profit for the Nordic region, excluding goodwill amortisation, rose by NOK 122 million to NOK 253 million. Pripps posted substantial profit growth, thanks to a warm summer, cost reductions and the favourable effects

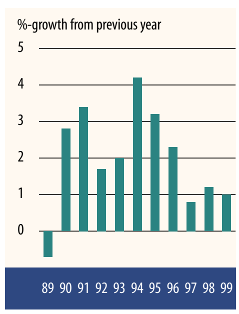
Debt and equity



Equity ratio



Volume in grocery retailing, Norway



Source: HSH

of a good product mix. Profit from Ringnes was slightly lower than in 1998 due to the loss of tollfilling for Coca-Cola, but lower costs and a rise in volume for beer and PepsiCo products contributed positively. At BBH (100 %), total volume increased by 40 % to 1.3 billion litres. However, operating profit excluding goodwill amortisation (50 %) fell from NOK 567 million to NOK 414 million due to the significant decline in the value of the rouble during the year. BBH has signed an exclusive agreement with PepsiCo, effective from 1 January 2000, regarding tollfilling and distribution in the three Baltic States.

Orkla Brands' operating revenues totalled NOK 4.5 billion. This is a rise of 6 % compared with 1998, and can primarily be attributed to the acquisition of Freds. Operating profit increased by NOK 21 million to NOK 477 million. All divisions, with the exception of Snacks, achieved profit growth. Confectionery improved its profit for the fourth year in succession and ended the year on a strong note.

Operating revenues for Orkla Media amounted to NOK 3.3 billion, which is an increase of 2 % for continuing business. Operating profit declined by NOK 37 million to NOK 171 billion (-23 % for continuing business). Circulation figures for Newspapers Norway/Sweden are stable and workforce reductions are proceeding faster than planned. However, a fall in advertising revenues (4 % decline in volume) and costs related to coordination projects had a negative impact on profit, which was marginally lower than in 1998. Magazines reported marked profit growth, ascribable to cost savings, productivity improvements and a 3 % rise in advertising volume. Profit from Newspapers Eastern Europe declined, largely due to the start-up of new printing plants, investments in editorial product development and lower advertising revenues for some newspapers. The Direct Marketing business posted a substantial fall in profit as a result of high costs related to the restructuring of parts of the business, and the conversion and development of a new IT platform for StroedeRalton in Sweden. These IT costs will remain high in the first part of 2000. Orkla Media made further investments in its Internet/Electronic publishing operations, which have now been established as a separate business area. Substantial values have been built up in several of the companies in which Orkla Media is involved.

The Chemicals area posted operating revenues of NOK 5.7 billion, down 2 % from 1998. Operating profit fell by NOK 142 million to NOK 260 million. Except for Fine Chemicals, all areas reported significantly lower profit. The difficult market situation in Asia and Europe led to reduced sales of highly processed lignin products, resulting in lower profitability. Reduced contributions from sales of fish oils and lower margins for soya bean crushing led to a considerable decline in profit for Ingredients (Denofa). Fine Chemicals achieved marked profit growth owing to favourable trends in the vanillin business and large deliveries of advanced intermediates to the pharmaceutical industry. Profit from Specialty Cellulose was slightly lower than in 1998. So far, the signs of an upswing in the general cellulose market have had no impact on the specialty cellulose sector. Efforts continue to be focused strongly on improving productivity and increasing production.

The Financial Investments area experienced its best year ever in 1999. The net asset value of the equity portfolio increased by NOK 6.2 billion, or around 60 %. Only 13 % of this rise is reflected in book profit, while the rest is reflected in unrealised capital gains which totalled NOK 9.5 billion as of 31 December 1999. This represents an unrealised capital gain (after deduction of 15 % tax) of NOK 38 per share, equivalent to a rise of NOK 22 in 1999. The total market value of the investment portfolio as of 31 December 1999 was NOK 20.9 billion. A gain of about NOK 0.7 billion on the sale of Dyno and Elkjøp shares will be taken to income in 2000. Orkla's equity portfolio yielded a return of 48.2 % in 1999, which is 2.7 % higher than the rise on the Oslo Stock Exchange All Share Index. Both the Norwegian and the foreign items in the portfolio achieved a higher return than the reference indices. The share of the portfolio consisting of investments in non-listed companies increased in 1999, but few investments have been realised. Investments were made in several Internet and technology companies during the year, and the IT/Telecommunications/Internet sector now accounts for about 35 % of the portfolio.

The value creation generated by Orkla's investment activities has been high for a long time, both in absolute terms and in relation to the OSE All Share Index. Since 1982, the average annual return has been 21.5 %, which is 4.9 % higher than the OSE All Share Index. Over the past seven years, the value-adjusted return has increased by a total of NOK 14.7 billion, of which only one third has been taken to income.

The Orkla Finans Group had a good year in 1999. In January 2000 an agreement was signed to merge the stockbroking business with Enskilda Securities. Orkla will own 22.5 % of the new company.

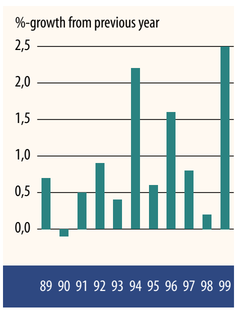
Efficiency improvement - status report

A number of improvement programmes were launched in 1998 in order to maintain and sharpen the Group's competitiveness. On the whole, these measures are proceeding as planned.

In the Beverages area, work on the cost reduction programme is generally progressing as planned and the full effect of the programme will be seen in 2001, as anticipated. The programme also includes activities aimed at rationalising the Nordic production and distribution structure. Fourteen warehouses were closed down in 1999 and the major part of production in Bodø will be moved to Trondheim in the course of 2000. At the start of 2000, about half the potential had been realised.

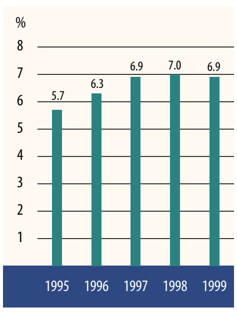
In Orkla Foods, the Life Force 2000 cost reduction programme implemented by Procordia Food attained its targets in 1999 in terms of both cost savings and workforce reductions. Procordia is now focusing on the projects that offer the greatest potential and aims to complete the programme in 2000, one year ahead of schedule. In the Polish

Volume in grocery retailing, Sweden

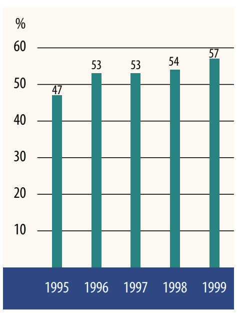


Source: Fri Köpenskap

Branded Consumer Goods' advertising expenses as % of revenues



Sales outside Norway



company Kotlin, workforce reductions are being carried out as planned. Close to half the potential had been realised at the start of 2000.

In Orkla Brands, Biscuits continues to focus on establishing a competitive production structure. The production of biscuits in Norway will be wound up in summer 2000 and moved to Sweden. This will reduce annual costs and investments by about NOK 20 million from 2001.

In Orkla Media, reduction of the workforce in Newspapers Norway/Sweden is proceeding faster than planned, while the cuts in the workforce at the new printing plant at Hjemmet Mortesen are largely taking place as scheduled. In January 2000, a decision was made to merge Orkla Media AS, Orkla DM AS and Orkla Dagspresse AS under the company name of Orkla Media AS. It has been decided that a joint service centre for Newspapers Norway will be established to take over responsibility for administrative functions such as accounting, wages and IT. This restructuring will lead to a further reduction in the workforce in this business area.

In the Chemicals area, the cost reduction programme initiated at the Sarpsborg plant is largely progressing as planned. However, work on improving capacity utilisation and quality at the factory is slightly behind schedule. A similar cost improvement programme was recently implemented at the Denofa plant in Fredrikstad.

As a result of substantial investments and strong focus on research and development, Borregaard ChemCell is now the leading producer of specialty cellulose in Europe. In the international market, specialty cellulose customers are moving in the direction of fewer units and increased globalisation. At the same time, there are still a relatively large number of fairly small suppliers. Borregaard sees a need for structural changes on the production side, and is therefore considering merging its specialty cellulose business with a larger, international company.

Personnel and organisation

At the end of 1999 the Group had 25,037 employees, of whom 11,033 were in Norway, 6,985 in other Nordic countries and 7,019 in countries outside the Nordic region.

The goal of further developing a common value base and a common identity that interacts with valuable, distinctive local characteristics remains firm. Work on revising Orkla's Goals and Values plays a key role in this connection and will be completed in the course of 2000.

Orkla attaches great importance to systematically developing the skills and management resources required to achieve its long-term objectives. The emphasis on internal measures in selected areas will continue. The Orkla Brand School, the Orkla School for Business Relations, the Orkla Production School, the Orkla School for Sales Managers, the Group's trainee programme and various management training programmes are important instruments that will be further developed to ensure continuous human resource development.

The Group also seeks to provide organisational training by encouraging internal mobility, and there has been greater emphasis on this aspect. Efforts to recruit personnel from outside Orkla have also been intensified through active measures to raise awareness of the Group at educational institutions, particularly in Sweden.

Cooperation with employees' organisations through the established cooperative and representational systems is good, and makes a valuable contribution towards addressing the challenges faced by the Group and by individual companies in a constructive manner.

The Board of Directors wishes to express its gratitude to all employees for their dedicated efforts and its appreciation of the results that have been achieved.

Details concerning remuneration for the Corporate Assembly, the Board of Directors, the Group Chief Executive and the Auditor are provided in Note 4 to the Orkla ASA Accounts (page 33).

Health, safety and environment (HSE)

Orkla makes systematic efforts to improve the working environment in the various business areas, and the trend towards increasing sickness absence in the past few years seems to have levelled off in 1999. Sickness absence was on a par with the previous year.

There has been a marked improvement in the injury rate (H values) within the Group. Unfortunately, one death occurred as a result of an industrial accident at one of the Borregaard factories in Sarpsborg in 1999. There was no serious damage to plants or equipment.

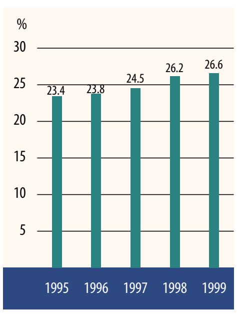
Orkla's activities and products have a local, regional and global impact on the environment. Orkla is seeking to optimise its management of natural resources and prevent unnecessary pollution. It is also important to reduce the adverse effects on the environment that can arise throughout the value chain, from the purchase of raw materials to the final treatment of waste and residuals. Orkla, which is a major user of biological raw materials, demands high standards of environmental awareness from its raw material suppliers.

Operations at most of Orkla's plants are subject to official environmental permits. In 1999, there were no incidents that resulted in serious damage to the external environment. Drills are held regularly to train staff to deal with emergencies.

Orkla's industrial production is relatively energy-intensive. Orkla has several different systems enabling it to choose between types of energy on the basis of price, which means that emissions of greenhouse gases will vary from year to year. In the Chemicals area, Borregaard is a global leader in the manufacture of lignin products, ethanol and vanillin. These products are based on raw materials from cellulose production which were originally deposited as waste. The use of lignin products also has a beneficial effect on the environment.

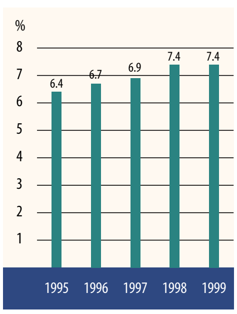
Lilleborg continuously seeks to reduce the adverse environmental effects of detergents. At present, 98 % of the chemicals in laundry detergents are "easily biologically degradable".

Fixed costs* as % of revenues

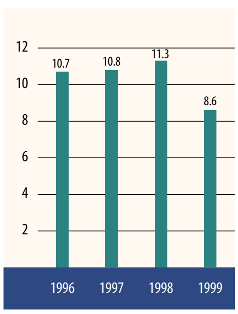


* All fixed costs excl. advertising, R&D and depreciation

Trends in sickness absence in Norway



Trends in H values at Orkla in Norway. The same trend applies to the entire Group.



The distribution of beverages and food products has environmental ramifications, particularly in relation to transport and packaging. Orkla focuses on rationalising transport systems, reducing the weight of packaging and using materials that are easy to recycle. The companies in the Orkla Group participate actively in the waste recovery enterprises established by business and industry in the Nordic region to collect and recycle packaging.

Orkla has adopted a cautious policy as regards the use of modern gene technology in the production of raw materials and ingredients.

More information on the Group's environmental efforts may be found in Orkla's Environmental Report.

Allocation of profit for the year

In 1999, Orkla ASA's profit for the year totalled NOK 1,830 million including Group transfers. The Board of Directors proposes the following allocations (NOK million):

Allocated to dividend	(527)
Allocated to free reserves	(1,303)
Total	(1,830)

Outlook for 2000

So far in 2000, the sustained growth of the US economy continues to influence the global economy and international capital markets. In spite of interest rate hikes, the underlying climate for growth in the USA, coupled with optimism in both Asia and Europe, provide the basis for continued economic growth in 2000. The stock market will continue to focus strongly on mergers and restructuring activities in general, as well as on new technologies.

No significant changes are expected in the market-related operating parameters of Orkla's Nordic branded consumer goods businesses. Challenges arising from growing integration as regards both operations and ownership in the Nordic grocery trade will be addressed within the framework of our Nordic business system. We expect to see continued clear stimuli for growth in the Swedish and Finnish economies, while the situation in Norway is more uncertain. The improvement programmes currently being implemented in the Group's various business areas are expected to have the beneficial effects that were planned.

The beverages business in Eastern Europe (BBH) continued to achieve strong growth in 1999. Orkla expects volume growth to continue in 2000, though possibly at a lower rate than in recent years. Competition is expected to increase somewhat.

In the Chemicals area, there is reason to believe that overall profit performance will be slightly more positive in the coming year, although profit improvement may be distributed unevenly between the four-month periods.

Oslo, 8 March 2000

The Board of Directors of Orkla ASA

Svein Ribe Anderssen *Chairman*	Harald Nordvik	Eva Bergquist *Observer*
Jonny Bengtsson	Björn Savén	Kjell Kjønigsen *Observer*
Odd Gleditsch Jr.	Arvid Strand	Jens P. Heyerdahl D.Y. *Group Chief Executive*
Truls Holthe	Stein Stugu	

Income Statement

The income statement shows total revenues for the Group and the expenses involved in maintaining sales at this level. So as to distinguish more clearly between the financial period's ordinary, underlying operations and items arising from acquisitions/items substantially relating to other periods, the income statement distinguishes between operating profit before goodwill amortisation and other revenues and expenses, on the one hand, and operating profit after amortisation of acquired goodwill and revenues and expenses relating to other periods, on the other. Profit before tax also includes financing of operations and investment income, while profit for the year is stated net tax for the period. Investment income includes portfolio gains, dividends received and profits from investments in associates in which the Group has a significant influence, eg. Jotun (42,5 % ownership), and therefore includes its part of the result for accounting purposes. Minority interests represent that part of the profit/loss for the year that must be assigned to external interests in the Group's subsidiaries.

Amounts in NOK million	*Note*	**1999**	1998	1997
Revenues	*1*	**30,833**	30,270	30,340
Other operating revenues		**659**	549	630
Operating revenues	*14*	**31,492**	30,819	30,970
Cost of materials		**(12,376)**	(12,128)	(12,618)
Payroll expenses	*3*	**(7,128)**	(7,024)	(6,734)
Other operating expenses	*4*	**(7,894)**	(7,658)	(7,425)
Depreciation and write-downs on fixed assets	*20*	**(1,565)**	(1,456)	(1,342)
Operating profit before goodwill and other revenues and expenses	*14*	**2,529**	2,553	2,851
Goodwill amortisation and write-downs	*20*	**(443)**	(421)	(419)
Other revenues and expenses	*23*	**91**	(335)	181
Operating profit		**2,177**	1,797	2,613
Profits from investments in associates	*18*	**114**	165	442
Dividends		**325**	325	298
Portfolio gains		**595**	769	876
Financial items, net	*5*	**(892)**	(999)	(692)
Profit before taxes		**2,319**	2,057	3,537
Taxes	*22*	**(527)**	(555)	(863)
Profit for the year		**1,792**	1,502	2,674
Of this minority interests	*16*	**125**	124	112
Fully diluted earnings per share (NOK) [1]	*Page 36-38*	**7.9**	6.5	12.0
Fully diluted earnings per share, adjusted (NOK) [2]	*Page 36-38*	**9.7**	10.3	11.8

1) The comparative figures have been adjusted for the rights issue in connection with the amalgamation of A and B shares. Due to the very small differences between earnings per share and fully diluted earnings per share, we have chosen to include only the latter in the accounts.
2) Excluding goodwill amortisation and non-recurring items.

Balance Sheet

The balance sheet shows the Group's total assets, divided between long-term and short-term assets and how these are financed. Long-term assets are assets intended for permanent ownership or use. Other assets are short-term assets. Long-term assets may be tangible fixed assets such as machinery and plants, property and buildings, but also include intangible assets, investments in associates and other financial long-term assets. Intangible assets largely correspond to the excess value paid by the Group for other enterprises (goodwill). Goodwill is different from other long-term assets in that, unlike tangible assets, its depreciation does not indicate a corresponding need for reinvestment. Short-term assets include inventories and trade receivables, items that have a one-year cycle, the share portfolio (book value), cash and cash equivalents. Other short-term and long-term liabilities are interest-free borrowings, and mainly consist of trade creditors, tax, tax withholdings, and accrued unpaid public taxes/charges. Interest-bearing liabilities consist of the Group's total borrowings and represent loans from several different credit institutions and with different maturity. Short-term liabilities fall due within a year. The Group's equity consists of shareholders' funds, divided between paid-in and earned capital, and of minority interests representing that part of equity which must be assigned to external interests, in the Group's subsidiaries.

Amounts in NOK million	*Note*	**1999**	1998	1997
Intangible assets	*20*	**5,654**	5,638	5,656
Tangible fixed assets	*20*	**12,180**	11,983	10,601
Investments in associates	*18*	**2,021**	2,086	1,911
Other financial long-term assets	*2*	**1,368**	1,372	1,357
Long-term assets		**21,223**	21,079	19,525
Inventories	*7*	**3,487**	3,210	3,076
Receivables	*4*	**4,270**	4,367	4,744
Portfolio investments etc.	*9*	**11,375**	8,851	8,188
Cash and cash equivalents	*6, 14*	**1,269**	1,125	1,222
Short-term assets		**20,401**	17,553	17,230
Total assets	*14*	**41,624**	38,632	36,755
Paid-in equity	*13*	**2,039**	1,916	1,915
Earned equity	*13*	**11,528**	10,772	9,726
Minority Interests	*16*	**659**	552	478
Equity		**14,226**	13,240	12,119
Provisions	*12*	**1,910**	2,196	1,986
Long-term interest-bearing liabilities	*10, 11*	**16,161**	14,770	14,216
Long-term liabilities and provisions		**18,071**	16,966	16,202
Short-term interest-bearing liabilities	*10, 11*	**1,668**	1,683	1,463
Other short-term liabilities	*24*	**7,659**	6,743	6,971
Short-term liabilities		**9,327**	8,426	8,434
Equity and liabilities		**41,624**	38,632	36,755

Oslo, 8 March 2000

The Board of Directors of Orkla ASA

Svein Ribe Anderssen
Chairman

Jonny Bengtsson

Odd Gleditsch jr.

Truls Holthe

Harald Norvik

Björn Savén

Arvid Strand

Stein Stugu

Eva Bergquist
Observer

Kjell Kjønigsen
Observer

Jens P. Heyerdahl d.y.
Group Chief Executive

Cash Flow Statement [1)]

Orkla's cash flow statement is meant to explain how the Group's net interest-bearing liabilities (interest-bearing liabilities net cash and other interest-bearing assets) have changed from one accounting period to the next. The first part shows the cash flow from the Industry area. Cash flow from operating activities shows how the operating profit for the period manifests itself in cash flow terms after allowing for depreciation (no cash effect) and making corrections for changes in tied-up receivables, inventories and working capital facilities and any gains/losses included in the operating profit. Free cash flow from operating activities shows the cash flow remaining after necessary replacement and maintenance investments have been carried out and outmoded assets have been sold at scrap value. Free cash flow from the Industry area shows total cash flow from the area after net deductions for borrowings relating to other periods. Free cash flow from Financial Investments shows equivalent figures, before net purchase/sale of portfolio investments. The Group's self-financing capacity shows the Group's self-generated cash flow or capacity for expansion after dividends and taxes have been paid, and the sales value of companies sold and other capital transactions (purchase/sale of long-term shares, receivables etc.) accounted for. Expansion investments are capacity-increasing investments directly in Group activities. Acquired enterprises represent expansion into new activities, while the net purchase/sale of portfolio shares and properties represents net tied-up capital in financial investments over and above any realised gains. In addition the Group made net repurchases of its own shares. The sum total of all this constitutes the Group's net borrowing requirements or the potential for repaying liabilities after adjustments for book exchange-rate effects on foreign borrowings.

Amounts in NOK million	*Note*	**1999**	1998	1997
Industry area:				
Operating profit		**2,076**	1,733	2,510
Depreciation and write-downs		**2,062**	1,913	1,862
Changes in net working capital		**(370)**	(8)	(85)
Cash flow from operating activities	*Page 39-41*	**3,768**	3,638	4,287
Sale of tangible fixed assets		**184**	125	205
Replacement expenditure and environmental investments	*20, page 39-41*	**(1,457)**	(1,815)	(1,735)
Free cash flow from operating activities		**2,495**	1,948	2,757
Financial items, net		**(753)**	(631)	(565)
Free cash flow from Industry area		**1,742**	1,317	2,192
Free cash flow from Financial Investments		**584**	321	168
Companies sold		**333**	0	117
Taxes and dividends paid		**(1,035)**	(1,494)	(1,145)
Miscellaneous capital transactions		**63**	7	96
Group's self-financing capacity		**1,687**	151	1,428
Expansion investments (Industry area)	*20, page 39-41*	**(546)**	(847)	(441)
Acquired companies	*20, page 39-41*	**(665)**	(514)	(4,977)
Net purchase/sale of portfolio shares		**(1,653)**	421	(994)
Net repurchase of own shares plus share issues		**(117)**	0	0
Net cash flow		**(1,294)**	(789)	(4,984)
Exchange rate impact on interest-bearing items		**129**	(88)	95
Change in gross interest-bearing liabilities		**1,376**	774	5,609
Change in liquid assets/interest-bearing receivables		**(211)**	103	(720)
Change in net interest-bearing liabilities		**1,165**	877	4,889
Net interest-bearing liabilities	*10*	**15,709**	14,544	13,667

1) Orkla has decided to present the cash flow statement in its own format. However, the cash flow statement as required by the Norwegian Accounting Standards Board (NASB) is presented in note 8.

Group Accounts

Historical development

The Orkla Group in its present form was established through mergers between Orkla Industrier A.S and Borregaard A.S in 1986 and between Orkla Borregaard A.S and Nora Industrier A.S in 1991. The Group has concentrated its activities in three main areas: Branded Consumer Goods, Chemicals and Financial Investments. Since 1991 the Group has developed as follows:

1991. Purchase of Daishowa Chemicals (USA) makes Borregaard LignoTech the world's largest producer of lignin-based products. The Vanillin area is strengthened through cooperation with the Italian company EniChem in EuroVanillin (50-50). Orkla Media acquires the newspapers *Sunnmørsposten, Haugesunds Avis* and *Romsdals Budstikke.*

1992. 49 % of the shares in Göteborgs Kex are acquired. Option on the remaining 51 %. Orkla Media and Norske Egmont establish a joint company, Hjemmet Mortensen, for magazines.

1993. Orkla Foods purchases BOB Industrier, a leading Swedish supplier of jams, squashes, etc. The Chemicals area acquires Metsä-Serlas' lignin business in Finland. The acquisition expands the product range and provides increased access to the markets in Eastern Europe. New plant for the production of lignin completed in October. Orkla Media acquires a minority interest in *Bergens Tidende* and simultaneously establishes strategic minority holdings in a total of 6 Polish newspapers. Orkla Media's shares in TVNorge are sold.

1994. Orkla Brands acquires the remaining 51 % of Göteborgs Kex and acquires Kantolan in Finland. Orkla Media purchases 91.5 % of the shares in *Drammens Tidende & Buskerud Blad*, acquires 87.5 % of the shares in Varden and strengthens its position in Poland. The Chemicals area purchases the diphenols business in Italy, the remainder of EuroVanillin, together with 55 % of Taicang (China). At the same time the Chemicals area continues its growth through further investments in a new fine chemicals plant in Norway. The polymer business is sold. The Group sells its holding in the Emo Group.

1995. Orkla buys the food products companies Procordia Food and Abba Seafood from Volvo and establishes a joint venture with Volvo for their combined beverages businesses through Pripps Ringnes including 50 % of Baltic Beverages Holding (BBH). Orkla is instructed to sell Hansa Bryggerier (accounting effect in 1997). Pripps Ringnes buys a 20.5 % interest in the Finnish beverages company Oy Hartwall Ab. Orkla Media's investments in Poland are increased. Orkla sells Norgro, Høvellast, Dacapo, Smaks Salater and 50 % of Helly-Hansen.

1996. Orkla Media's involvement in Poland is further increased through the purchase of 51 % of *Rzeczpospolita,* one of Poland's leading newspapers, plus the paper's printing company Warszawa-Print (50.8 %). Orkla Foods sells Österberg and Löfquist in Sweden, Beauvais Catering in Denmark and Abba Germany and the production operations in Denmark. The Kalas brand is sold in December. BBH increases activities in Russia and Ukraine. The Chemicals area and the Chinese Kaishantun establish a joint venture for production of lignin-based products.

1997. In February Orkla acquires Volvo's 55 % financial interest in Pripps Ringnes and achieves 100 % control (see page 16). BBH expands further in Lithuania and Russia. Orkla Foods buys 65 % of the Polish food manufacturer Kotlin. Orkla Foods also takes over the Czech pizza company Guseppe, effective from 1 January 1998. Ringstads Ferskvare (formerly Stabburet Ferskvare) is sold. Orkla Media acquires *Østlendingen AS* (51 %). It acquires a controlling interest in *Østlandets Blad* and has agreed to buy 49 % of the Swedish newspaper *Norrländska Socialdemokraten.* Orkla Media also buys several small newspapers in the eastern part of Norway. *Forbrukerkontakt* is sold. Chemicals buys the fine chemicals business PolyOrganix. Chemicals also establishes a joint venture company with Sappi Saiccor for the production of lignin-based products in South Africa.

1998. Orkla Media acquires the newspapers *Kauno diena* in Lithuania and *Vysokoy Zamok* in Ukraine. In addition Orkla Media has strengthened its position in direct marketing via the take-over of Mitcom in Sweden. Baltic Beverages Holding buys the malthouse, Slavuta, and the Kolos brewery in Ukraine. Meanwhile BBH continues its growth via further investments in capacity. Bakers takes over Norgeskaker. Orkla Foods buys Jacky, a Finnish dessert label, together with the Finnish herring brand Ahti.

1999. *Gazeta Lubuska,* one of Poland's largest regional newspapers, Freds AB, a market leader in household textiles in Sweden and Chelyabinskpivo are acquired in January 1999. In February 1999 Orkla Foods signs an agreement to buy KåKå, the supplier of marzipan and baking ingredients, and to sell the Norwegian business Regal Mølle. In the course of the year BBH buys 75 % of the Russian brewery Chelybinskpivo in the Urals (consolidated as from 1 May 1999) and 50 % of the Russian brewery Pikra in Krasnoijarsk (to be consolidated as from 1 April 2000). BBH also increases its owner interest to 99 % in both Kolos in Ukraine (consolidated as from 1 September 1999) and Utenos Alus in Lithuania (consolidated as from 1 January 1999).

2000 (at 8 March). The footwear company Viking Fottøy is sold in January. In February Orkla Securities and Enskilda Securities sign an agreement to amalgamate the two companies. Orkla will own 22.5 % of the amalgamated company. The agreement is conditional on approval by the authorities.

Orkla Foods acquires 50 % of the shares in the Swedish yeast manufacturer Jästbolaget AB as from 1 January 2000. In March 2000 Orkla Media will sign an agreement to form a joint venture company, Media TAK, with the German-owned newspaper group Polskapresse to co-operate on advertising in the Polish market.

Accounting principles

The sections in *italics,* above the income statement, balance sheet, cash flow statement and notes, have been inserted to provide a more detailed explanation of the various presentations.

1999 in particular

The new Accounting Act was adopted and took effect as from 1 January 1999. With the exception of changes in the presentation of the balance sheet and of minority interests in the income statement, the new Accounting Act has only minor consequences for Orkla's accounts, so that the annual profit/loss and shareholders' equity remain comparable with previously submitted financial statements.

The cash flow statement was changed in 1999 and corresponding adjustments have been made in the comparable figures. The change consists in acquired companies now being presented as one item (acquisition cost + acquired net interest-bearing liabilities), while acquisitions used to be presented in the same way as start-up of own activities.

General

The Group accounts show the consolidated profit and financial position when the parent company Orkla ASA and its controlling interests in other companies are presented as one economic entity. **Companies** in which the Group has a controlling interest have been consolidated. The minority interests' share of profit after tax is presented as a separate item. **Interests in joint ventures** are presented using the proportionate consolidation method. **Interests in associates** in which the Group has a strategic interest and significant influence (20-50 % owner interest) are valued according to the equity method. Owner interests defined as "Financial investments" are valued using the cost method irrespective of the equity holding.

Accounting and consolidation principles

Each of the company accounts consolidated in the Group has been prepared using consistent accounting and valuation principles, and items in the income statement and balance sheet have been classified on the basis of uniform definitions.

Shares in subsidiaries have been eliminated and the cost price of the shares replaced by the company's assets and liabilities, valued at the cost price to the Group. The difference between the purchase price for the shares and the company's aggregate equity capital at the date of acquisition has been analysed and primarily allocated to those of the company's assets (or liabilities) which have values different from the book value. Any residual value is treated as goodwill in the Group accounts. The remainder of the acquired company's equity and the minorities' share of excess values are presented as minority interests.

The Group's investments in **joint ventures** have been eliminated using the same principles as for subsidiaries. Orkla's share of each item is included in the Group accounts (proportionate consolidation method, see note 14).

Investments in associates have been valued in accordance with the equity method and the Group's share of the results after amortisation of goodwill has been added to the cost of the investment. The treatment of goodwill in associates is based on the same principles as for subsidiaries and joint ventures, see note 18.

Investments in foreign subsidiaries which are not an integrated part of the parent company have been translated using the exchange rate at 31 December for the balance sheet and monthly average exchange rates for the income statement. Translation differences have been charged directly against equity.

In countries defined as hyperinflationary, the accounts have been inflation-adjusted. Depreciation and the book value of operating assets and inventories have been translated at the exchange rate in effect on the date of acquisition. The income statement has been translated using monthly average exchange rates. Other balance sheet items have been translated at the year-end exchange rate. Translation differences have been recorded under "Other financial items". In markets without a normal market for hedging due to political control of exchange rates and de/revaluations, Orkla uses exchange rates adjusted for the estimated effect of such conditions.

Accrual principles, Classification and Valuation

In accordance with Norwegian GAAP the financial statements are based on the transaction, earned income, matching and prudence principles and on the all-inclusive income concept. Account is taken of hedging. When uncertain, the best estimate is used. The financial statements are prepared according to uniform and consistent principles. The statements are based on the going concern assumption principle.

Classification of accounting items. All assets relating to the commodity cycle, receivables due within one year and "assets not intended to be permanently retained or used in the business" are short-term assets. Other assets are fixed assets. The dividing line between short-term and long-term liabilities is one year prior to the maturity date.

Operating revenues are revenues after deduction of discounts, VAT, and all other public charges.

Valuation of short-term assets is effected at the lower of original cost and market value. Fixed assets are valued at original cost less accumulated ordinary depreciation. If the market value of a fixed asset has suffered a permanent diminution, it is written down. Investments in associates are valued in accordance with the equity method (see above).

Trade receivables are valued at estimated realisable value at 31 December. The Group's aggregate provision for bad debts on trade receivables is stated in Note 4.

Inventories of materials are valued at the lower of cost or market value based on the FIFO principle. Finished goods and work in progress are valued at cost of production. A provision is made for obsolescence.

Shares and other investments which represent financial investments, separate from the Group's strategic industrial investments, are classified as short-term assets and valued using the portfolio principle. The portfolio is managed as a whole and an adjustment in value is only made if the aggregate holdings have a lower value than original cost. The book value and market value of the largest holdings of listed securities are specified in note 9. The market value of unlisted investments has been fixed at cost price unless there is information that justifies a different value.

Individual investments in the portfolio which have incurred a long-term fall in value are written down. In view of Orkal ASA's investment strategy, the securities portfolio does not satisfy the criteria for use of the market value principle pursuant to section 5-8 of the Accounting Act. The investments are undertaken for financial reasons, without necessarily exploiting short-term fluctuations in the market. Long-term shareholdings and other interests which are not treated as investments in associates are recorded using the cost method. The cost method means that shares/investments are recorded in the balance sheet at cost and cash payments received are treated as dividends.

Tangible fixed assets are capitalised and depreciated if they have a useful economic life in excess of 3 years and a cost price in excess of NOK 15,000. Maintenance of fixed assets is recorded as an operating cost, whereas expenditure on additions or improvements is capitalised and depreciated in line with the corresponding asset. Asset replacements are capitalised. Except for new systems and upgrading of existing systems, all computer and IT-equipment costs in connection with the transition to the Year 2000 are expensed. Excess values arising from acquisitions are allocated in the Group accounts to the relevant fixed assets and depreciated accordingly. Fixed assets are depreciated on a straight line basis using the following rates: buildings 2-4 %, machinery, fixtures and fittings 5-15 %, transport equipment and reusable bottles and crates 15-25 % and computer equipment 16-33 %.

Research and development (R&D). R&D costs are expensed as incurred. R&D costs are costs incurred by the Group for research and development/ further development/ surveying existing/ new products, production processes etc. in order to secure future earnings. The term includes salaries. See note 19.

Goodwill. Goodwill is the difference between the consideration paid for an acquired enterprise and its book value after having assigned the excess/ deficient value to material factors. The term goodwill, therefore, covers elements of intangible assets such as trademarks etc. as well as elements of e.g. synergy and future earning potential. Goodwill in the balance sheet relates to acquisitions only; self-generated goodwill will always be expensed directly. Goodwill is amortised over its expected useful life, in accordance with calculations made at the time of purchase and depending on its constituent elements, but never over more than 20 years. Goodwill relating to new acquisitions is explained in note 20.

Other intangible assets. Expenses relating to self-developed intangible assets in the form of new trademarks etc. are expensed directly, since the future financial benefits to the company cannot be identified with any degree of certainty at the time of launching. The cost of intangible assets taken over by the company through acquisitions are entered indirectly in the balance sheet in the form of goodwill. In an overall perspective it would be both inaccurate and inexpedient to distinguish between cash flow from intangible assets and other cash flows. This solution is consistent with the direct expensing of self-developed intangible assets. Balance-sheet items relating to self-developed or specially adapted computer programs are presented as intangible assets.

Pensions. Accounting for pension costs is in accordance with the preliminary Norwegian accounting standard on pension costs. Pension costs and liabilities are calculated using assumptions about discount rates, future salary adjustments, state pension benefits, future returns and actuarial calculations on deaths and early retirement etc. The pension funds are valued in the balance sheet at market value less net pension liabilities. Any overfunding is recorded in the balance sheet to the extent it is likely that it may be utilised. Changes in pension liabilities due to alterations in the terms of pension plans are allocated to the income statement over the estimated average remaining pensionable service of the employees. Changes in pension assets and liabilities due to changes in and deviations from the calculation assumptions (estimate changes) are allocated to the income statement over the estimated average remaining pensionable service of the employees if the differences exceed 10 % of the gross pension liability (or pension assets if larger). Unamortised differences are disclosed in note 3.

Foreign currency translation. The treatment of currency in the Group differs between hedged and unhedged items. "Hedged" means that the economic effect of fluctuations in the relevant currency has been minimised. Balance sheet items which hedge each other are presented at the exchange rate on the balance sheet date while balance sheet items which are hedged by off-balance sheet financial instruments are presented using the hedge rate. Hedging transactions undertaken to hedge contractual cash flows are valued together with those cash flows while any loss on hedging transactions which do not cover contractual cash flows is expensed under the caption "Financial items". Other foreign currency items are presented at the current rate of exchange and the profit or loss is calculated.

Taxes. The tax charge is based on the financial result and consists of the aggregate of taxes payable and changes in deferred tax. Deferred tax is calculated at the nominal tax rate for timing differences arising between accounting and tax values. Deferred tax on acquisition is computed at present value.

No tax has been computed on the profit/loss of associates (see note 12).

Uncertain commitments (provisions). Provisions are made whenever it is resolved to implement measures leading to substantial changes in the scope of our business operations or the way in which they are run. Such provisions are made on the basis of the best estimate of the expenses that are expected to accrue. The provisions will not be linked to corresponding items of income in the year of implementation. Uncertain provisions will be included in the accounts if there is more than a 50 % probability that they will be utilised for settlement. Best estimates are used for calculating the settlement value. Other material circumstances are commented on in note 15.

Notes

The notes are partly intended to give a more detailed description of the items in the income statement, balance sheet and cash flow statement and partly to describe circumstances not directly related to the accounts but which may nevertheless be very important to those using the accounts. The latter may for instance apply to information about commitments not included in the accounts (note 15), mortgages and guarantees (note 17), conditions relating to foreign-exchange strategy and Group borrowings (notes 10 and 11) and information about major co-operative agreements with other parties (note 21). Together with the accounting figures, such information is essential in order to understand the Group's past and future development. The Directors' Report together with the Financial Statements (Income Statement, Balance Sheet, Cash Flow Statement and notes) shall provide comprehensive information about the company's operations and financial position.

1 Revenues
Segment information - geographical markets

Most major enterprises supply products and services or conduct operations in geographical areas where profitability, future development potential and risk vary. Segment information is provided for both business areas (see pages 39-41) and geographical markets and is intended to provide users of the financial statements with a better understanding of an enterprise's activities and a more reliable basis for evaluating its earnings. A geographical breakdown of the Group's sales revenues and the capital employed in the most important markets in which the Group operates is set out below. The capital employed is a measure of the enterprise's working capital and comprises interest-free liabilities relating to operations net of trade receivables and inventories, as well as fixed tangible assets and the book value of goodwill in the various markets.

Amounts in	**Revenues**			**Capital employed** [1]		
NOK million	**1999**	1998	1997	**1999**	1998	1997
Norway	**13,301**	13,525	13,848	**9,531**	10,152	10,001
Sweden	**8,259**	7,402	8,076	**6,445**	6,465	6,508
Denmark	**1,622**	1,587	1,499	**944**	1,059	890
Finland and Iceland	**773**	685	553	**576**	615	486
Nordic region	**23,955**	23,199	23,976	**17,496**	18,291	17,885
In the rest of Western Europe	**2,618**	2,757	2,489	**408**	430	496
In Eastern Europe	**2,721**	2,888	2,383	**2,873**	2,512	1,616
In Asia	**622**	651	776	**52**	48	76
In the rest of the world	**917**	775	716	**508**	414	360
Outside the Nordic region	**6,878**	7,071	6,364	**3,841**	3,404	2,548
Total	**30,833**	30,270	30,340	**21,337**	21,695	20,433

1) The Group has also spent NOK 11 billion on financial investments in different geografical areas. See note 9 for a split between Norwegian/foreign investments.

For further segment information please see pages 39-41, "Summary account for the business areas".

2 Other long-term financial assets

Other long-term financial assets comprise financial investments intended for permanent ownership or use. This is a presentation of shares which are strategic, but where ownership or influence does not qualify for reporting as an associate company. These shares are presented at cost price and only dividend received (if any) is taken to income in the group accounts. Also included are net pension premium reserves in companies having greater pension premium reserves than commitments (over-financed schemes) and other receivables falling due in more than one year's time.

	Book value			Share
Amounts in NOK million	**1999**	1998	1997	owned
Owned by Orkla ASA				
AB Chips OY A [1]	**55**	50	60	5.6 %
AB Chips OY B [1]	**11**	10		
Owned by Group companies				
Harvik Rubber Ind. [2]	**6**	6	6	30.0 %
Solo [2]	**2**	1	1	78.0 %
Norsk Avfallshåndtering	**3**	4	4	1.3 %
Utenos Gerimai (Lithuania) [3]	**0**	6	0	
Utenos Alus (Lithuania) [3]	**0**	20	0	
Miscellaneous	**16**	18	25	
Total shares	**93**	115	96	
Interests in partnerships	**9**	8	7	
Total shares and interests	**102**	123	103	
Loans to employees	**62**	70	74	
Pension funds	**209**	214	212	
Other long-term receivables	**995**	965	968	
Other long-term financial assets	**1,368**	1,372	1,357	

1) In addition to the items above, the Financial Investments area owns shares in AB Chips OY, recorded as short-term assets. In total the Group owns 14.05 % of the voting share capital and 19.84 % of the total share capital of AB Chips OY.
2) Evaluation of the Group's influence and strategic intention led to the conclusion that it would not be correct to present these interests as «associates» or «subsidiaries».
3) Subsidiaries from 1999.

3 Payroll expenses

Payroll expenses are the total disbursements relating to remuneration to personnel employed by the Group and to group officers. These expenses comprise direct salaries and holiday pay, fees to group officers, bonus payments if any, the effect of employees' share and option schemes, pension expenses and public taxes/charges relating to the employment of personnel. The expenses can be broken down as follows:

Amounts in NOK million	**1999**	1998	1997
Wages and holiday pay	**(5,635)**	(5,578)	(5,368)
National insurance contributions	**(1,112)**	(1,130)	(1,079)
Pension costs	**(282)**	(258)	(228)
Other payments etc.	**(99)**	(58)	(59)
Payroll expenses	**(7,128)**	(7,024)	(6,734)

Pensions

Most employees in the Group are members of the Group occupational pension schemes. As at 31 December 1999, a total of 14,592 current employees were members of the Group pension schemes. In addition the Group pension schemes include 4,875 former employees. The Group pension schemes are defined as «net schemes» which do not bind the Group to liabilities arising from any changes in benefits from the State's National Insurance Fund. The Norwegian pension plans are treated as defined benefit plans. Pension plans in Sweden are treated as both defined benefit plans and defined contributions plans, and in Denmark as defined contribution plans.

In addition, the Group has pension liabilities which are not covered by an outside insurance company. These relate to early retirement pensions, discretionary pensions to employees who have retired early, pensions with a pension base higher than the Taxes Act's maximum limit, pensions to former board members and pensions to people who for various reasons have not been included in the service pension schemes which are to be paid by the Group. 6,707 people are covered by these schemes.

In 1999 the Swedish insurance company SPP stated that the companies would be credited with the accumulated profits of company pension schemes. For Orkla's companies in Sweden this constitutes a total of SEK 143 million, of which SEK 10 million relates to newly acquired companies where the amount is adjusted against goodwill. In other respects the financial and tax consequences in Sweden have not been clarified, and the residual sum has therefore not been included in the Group's financial statements.

Several of the Group's insured pension schemes are overfunded. The overfunding has been evaluated, and it is assumed in the accounts that all overfunding can be utilised by some uninsured schemes that can be covered from these funds, known future liabilities and the constant development which is taking place in the Group's business and organisation.

Pension costs for the year are calculated by an independent actuary based on information as at 1 January 1999. The calculation is adjusted for any subsequent material changes. Pension costs and liabilities in foreign countries are calculated by actuaries and accounted for using local accounting principles, and assumptions as at 1 January 1999. Adjustments are made for material divergence from generally accepted Norwegian accounting principles. Norway represents 81 % and Sweden represents 16 % of the gross pension liability in the Group.

Orkla's legal obligations are not influenced by the accounting treatment.

Assumptions:

	Norway	Sweden
Discount rate	6 %	7.5 %
Future salary adjustment	3 %	4.5 %
Average remaining pensionable service	15 years	15 years
Adjustment of benefits/NI multiplier	2 %	3.5 %
Return on pension funds	7 %	-
Estimated return 1999	15 %	-

Breakdown of net pension costs [1)]

Amounts in NOK million	**1999**	1998	1997
Present value of this year's pension benefits (including national insurance contributions)	**(155)**	(153)	(123)
Interest expenses on pension liability	**(217)**	(211)	(202)
Expected return on pension funds	**193**	200	182
Amortisation of deferred liability due to differences between plan/assumptions	**(6)**	(4)	(7)
Net pension cost of benefit plans	**(185)**	(168)	(150)
Contribution plans	**(97)**	(90)	(78)
Net pension costs	**(282)**	(258)	(228)

1) The figures for 1998 and 1997 have been regrouped to make them comparable with the figures for 1999.

Breakdown of net pension liability at 31 December

Amounts in NOK million	**1999**	1998	1997
Gross pension liability	**(3,907)**	(3,837)	(3,454)
Pension funds (market value)	**3,136**	2,885	2,815
Actual net pension liability	**(771)**	(952)	(639)
Unamortised differences from plan/assump.	**(56)**	220	(33)
Capitalised net pension liability	**(827)**	(732)	(672)
Capitalised pension liability	**(1,036)**	(946)	(884)
Capitalised pension funds	**209**	214	212

Breakdown of pension funds (market value) at 31 December

	1999	1998	1997
Liquid assets	**1 %**	2 %	1 %
Money market investments	**5 %**	9 %	2 %
Bonds	**45 %**	52 %	48 %
Loans	**3 %**	1 %	11 %
Shares	**34 %**	24 %	27 %
Property	**12 %**	12 %	11 %
Total pension funds	**100 %**	100 %	100 %

Approximately 17 % of pension funds are managed by the companies themselves and 83 % by life assurance companies.

	1999	1998	1997
Average number of employees	**24,961**	24,580	23,511

4 Other operating expenses

Other operating expenses comprise all expenses other than payroll expenses and depreciation. Major expense items are specified below.

Amounts in NOK million	1999	1998	1997
Freight costs	**(961)**	(983)	(946)
Energy costs	**(732)**	(696)	(684)
Repair and maintenance costs	**(700)**	(707)	(725)
Advertising	**(1,742)**	(1,720)	(1,705)
Group auditor's fee	**(14)**	(13)	(12)
Other auditors' fees	**(7)**	(6)	(8)
Other [1]	**(3,738)**	(3,533)	(3,345)
Total	**(7,894)**	(7,658)	(7,425)

The reserve for bad debts is included in «Other» above. The reserve has developed as follows:

Amounts in NOK million	1999	1998	1997
Bad debt reserve at 1.1.	**86**	78	59
Realised losses	**(68)**	(36)	(25)
Bad debts expensed in the year	**56**	44	44
Bad debt reserve at 31.12.	**74**	86	78

1) Including expenses for Research and Development (see note 19).

5 Financial items, net

Net financial items comprise all the Group's interest revenues and expenses relating to the Group's total borrowings and charges relating to the taking up of new loans. These items also include the net exchange-rate effect of the Group's receivables and liabilities in foreign currencies, reported as exchange gains/losses. Gains/losses on securities not reported under Financial Investments may also be included.

Amounts in NOK million	1999	1998	1997
Interest income	**389**	217	177
Interest expenses	**(1,236)**	(1,043)	(875)
Net interest	**(847)**	(826)	(698)
Net foreign exchange gains/losses	**3**	(153)[1]	(36)[2]
Other financial items, net	**(48)**	(20)	42
Financial items, net	**(892)**	(999)	(692)

1) Effect of devaluation in Russia and Ukraine (NOK -138 million).
2) Including gain from sale of Hansa Brewery of NOK 61 million.

6 Cash and cash equivalents

The Group's cash and cash equivalents comprise the Group's total cash, bank deposits and cash positions. Cash and cash equivalents must not be confused with the Group's liquidity reserve. The high level of cash and cash equivalents is due to the Group being unable to direct all the Group's reported assets through its Group accounts system. This is particularly true of joint ventures (BBH, Hjemmet Mortensen and Rzeczpospolita, see note 14), in which the Group cannot co-ordinate assets in the same way as for wholly owned enterprises. The Group's liquidity reserves are described in note 11.

Amounts in NOK million	1999	1998	1997
Unrestricted deposits	**515**	530	697
Restricted deposits [1]	**588**	74	87
Group bank account system	**36**	0	253
Short-term receivables	**130**	521	185
Total cash and cash equivalents [2]	**1.269**	1.125	1.222

1) Includes clients' funds in Orkla Finans in connection with the issue and secondary trading of securities (NOK 545 million).
2) Including cash and cash equivalents in joint venture limited companies, see note 14.

7 Inventories

The Group's inventories are specified in terms of both type of goods and business. Inventories comprise the Group's inventoried stocks of raw materials, finished goods, merchandise and work in progress, at cost or manufacturing cost. Any redundant stock that does not justify valuation at cost is valued at its expected future sales price.

Amounts in NOK million	1999	1998	1997
Raw material	**1,435**	1,338	1,244
Work in progress	**167**	198	241
Finished goods and merchandise	**1,885**	1,674	1,591
Total	**3,487**	3,210	3,076
Orkla Foods	**1,267**	1,301	1,360
Orkla Beverages	**480**	383	371
Orkla Brands	**456**	433	380
Orkla Media	**44**	39	38
Chemicals	**1,189**	1,014	861
Head Office/Unallocated	**51**	40	66
Total	**3,487**	3,210	3,076

8 Cash flow in accordance with the NASB preliminary accounting standard

Orkla has chosen to use its own layout for the presentation of main cash flows (see page 15). The most important reason for this is that the provisional Norwegian Accounting Standard is not compatible with an informative presentation of segment information, since it is based on profit before tax, a profit measure that is not interesting at enterprise level. Segment information is shown on pages 39-41.

Cash flow in NASB-format:

Amounts in NOK million	1999	1998	1997
Profit before tax	**2,319**	2,057	3,537
Taxes paid	**(547)**	(1,004)	(799)
Changes in working capital and other adjustments	**76**	234	158
Depreciation and write-downs	**2,086**	1,930	1,877
Gains and associates	**(868)**	(942)	(1,449)
Cash flow from operating activities	**3,066**	2,275	3,324
Investments in fixed assets	**(2,012)**	(2,866)	(2,315)
Other long-term investments	**(560)**	(424)	(4,394)
Sales of assets	**184**	125	220
Other sales	**155**	0	117
Net purchases/sales of portfolio shares	**(1,653)**	611	(874)
Repurchase of own shares	**(249)**	0	0
Cash flow from investing activities	**(4,135)**	(2,554)	(7,246)
Dividends paid	**(479)**	(463)	(324)
Increase in long-term liabilities	**3,197**	2,481	4,914
Payment of long-term liabilities	**(1,604)**	(2,054)	(1,486)
Changes in short-term financing	**(15)**	240	1,562
Long-term receivables	**14**	0	(600)
New equity	**132**	1	18
Cash flow from financing activities	**1,245**	205	4,084
Other changes	**(32)**	(23)	(3)
Change in cash and cash equivalents	**144**	(97)	159
Cash and cash equivalents 1.1. [1]	**1,125**	1,222	1,063
Cash and cash equivalents 31.12. [1]	**1,269**	1,125	1,222

1) For specification, see note 6.

9 Portfolio Investments, etc.

Financial Investments is one of the Group's three strategic business areas. The investments are managed as a portfolio. The portfolio represents financial investments as a whole and is separate from the Group's strategic industrial investments. The portfolio is characterised by a focus on large individual holdings and has historically had a long-term nature. However, there are no directions regulating the Financial Investments' timing of a sale of shares in any given company.

Amounts in NOK million	Shares/ investments	Book value	Market value	Share owned %
Owned by Orkla ASA				
Norwegian listed securities				
Unit trusts				
Omega AMS	125,833	39	53	na
Omega Etisk	384,507	35	48	na
Property				
Avantor	1,629,878	100	90	7.36
Eiendomsspar	223,444	33	47	2.28
Steen & Strøm	2,956,961	158	325	10.60
Finance				
Bolig- og Næringsbanken	358,900	55	66	3.68
DnB Holding	5,850,000	170	192	
Sparebank NOR Grunnfondsbevis	991,360	171	183	2.11
Storebrand	27,648,956	470	1,700	9.98
Industry				
Alcatel STK	255,762	33	61	3.04
Dyno [1]	4,623,262	518	925	18.06
Elkem	12,474,867	486	2,320	25.31
Hafslund A	4,405,556	148	211 }	8.58
Hafslund B	5,497,237	193	170 }	
Håg	1,896,550	54	125	19.83
Kverneland	913,733	139	153	9.41
Norsk Hydro	650,000	208	221	
Raufoss	775,172	69	43	10.34
Scana	1,876,164	85	36	8.82
SensoNor	5,024,450	165	55	13.50
Miscellaneous		17	21	
IT and Communication				
EniTel	1,065,700	137	261	5.93
Merkantildata	10,550,000	916	1,055	8.37
Nera	10,201,294	229	383	10.62
NetCom	4,812,772	24	1,949	10.10
Software Innovation	183,412	32	66	7.98
Miscellaneous		50	47	
Media and Publishing				
Adresseavisen	325,931	72	108	17.14
Dagbladet A	209,818	87	105 }	24.25
Dagbladet Preferanse	82,137	28	41 }	
Gyldendal	127,295	5	48	5.41
Schibsted	2,874,631	239	433	4.15
Miscellaneous		5	9	
Offshore and Shipping				
Bergesen A	1,158,142	153	169 }	3.36
Bergesen B	1,385,623	197	194 }	
Frontline	1,000,000	33	43	1.72
Leif Høegh	272,800	25	26	
Offshore Heavy Transport	4,294,474	43	28	9.98
ProSafe	749,955	85	62	2.91
Ugland Nordic Shipping	418,064	18	29	3.83
Miscellaneous		8	10	
Other sectors				
Rica Hotell	2,394,600	69	125	9.98
Elkjøp [1]	3,340,372	229	529	9.33
Narvesen	188,000	36	46	1.88
Miscellaneous		85	26	
Total Norwegian listed securities		6,151	12,837	
Foreign listed securities				
Nordic				
Bure	5,335,000	91	292	4,89
Chips A [2]	178,600	12	30 }	14,24
Chips B [2]	1,731,934	72	291 }	
Diligentia	700,000	43	46	1,12
Effnet	100,000	16	29	
Enter Obligasjonsfond	50,062	47	47	na
Enter Penningmarkedsfond	49,975	47	47	na
Enter Pool Global	42,136	40	42	na

1) See note 15. 2) See note 2.

Amounts in NOK million	Shares/ investments	Book value	Market value	Share owned %
Owned by Orkla ASA continued				
Enter Sverige	100,688	103	108	na
Enter Sverige Fokus	100,974	103	108	na
Hartwall A	546,000	21	64	
KCI Konecranes	550,000	36	170	3.67
Kesko B	300,000	29	31	
Lindex	1,533,600	71	338	11.15
LM Ericsson B	210,000	60	108	
Nocom	150,000	20	29	4.62
Nokia A	1,075,000	180	1,563	
SPCS Gruppen	1,304,000	23	26	2.33
Tietoenator B	50,000	16	25	
TV4 A	200,000	23	35	1.00
Utfors	570,000	19	102	1.82
Miscellaneous		66	59	
Other countries				
Cisco System	100,000	8	86	
Getronics	131,478	43	84	
Glaxo Wellcome	300,000	59	68	
Intel	84,000	5	56	
Mannesmann	40,000	54	78	
Nycomed Amersham A	8,731,615	343	437	1.38
Omega Europa	500,000	50	58	
Oracle	56,250	8	51	
Pfizer	135,000	28	35	
Rurik Investment - SDR	3,000,000	20	26	11.99
Sappi	350,000	19	28	
Transocean Sedco Forex	304,840	76	83	
UPC	35,000	24	36	
Miscellaneous		252	345	
Total foreign listed securities		2,127	5,061	
Unlisted investments				
ADS Anker Holding lån		70		na
Aker RGI Holding	15,049,635	381		20.58
Berlingske Officin A	116,100	48	}	10.81
Berlingske Officin B	118,100	49	}	
Carl Aller	6,500	50		3.61
EAC Fund II	6,111,350	52		7.40
Head	3,732,552	26		na
Helly Hansen Holding	3,267,000	0		30.00
Holberg Industries Ordinary	925,896	85		33.89
Holberg Industries lån		200		na
IK 94	15,548,845	126		8.80
IK 97	60,000,161	494		8.00
Nordkemi	443,322	61		11.08
Nordkemi lån		143		na
Sentereiendom	585,000	31		12.82
Smart Club	11,778,000	59		10.09
StepStone C	343,000	226		10.75
Telia Overseas A	2,158,421	206		13.13
Venture Partners Multim. ASA	150,000	15		29.33
Venture Partners Multim. II	250,000	25		35.21
Venture Partners Multim. III	262,500	26		30.00
Venture Partners Multim. LTS	206,159	21		51.54
Miscellaneous		275		
Total unlisted investments		2,669	2,639	
Loss on hedging, recorded in balance sheet		55		
Shares owned by subsidiaries				
Nordstjernen Holding	300,000	300		40.00
Enter Kapitalförvältning AB	2,500	38		50.00
Total shares owned by Group companies		338	338	
Total portfolio investments		11,340	20,875	

In addition there are minor shareholdings in other companies of NOK 35 million.

10 Currency and interest rate management

The Group's attitude and objective with respect to financial risk have significance for the evaluation of earnings and value. The Group has enterprises in many countries and it is important to have a clear understanding of the Group's financial exposure.

This note gives a picture of the interest-rate and currency risks to which Orkla is exposed and how these are managed. The first part of the note addresses the Group's liabilities, giving an indication of how the balance-sheet exposure is managed. It explains how liabilities are divided between the different currencies as shown in the table. The table also shows the fixed-interest period for liabilities. The interest level is also shown per currency for liabilities at year-end (this includes both floating and fixed-interest liabilities). Unrealised gains/losses on fixed-interest positions show the discount/premium that would result from the conversion of a fixed-interest position to an floating-interest position at year-end.

The table shows net figures and, in addition to loans (as shown in note 11), it includes financial instruments (forward contracts, options, forward-rate agreements (FRAs), interest and currency-swap agreements and interest-swap agreements) to attain the desired position.

The second part of the note describes exposure and hedging of exposure relating to operations (future cash flows not included in the balance sheet). The currency exposure relating to these cash flows was determined when signing forward contracts/options, and a summary is presented in the table below.

a) Exposure relating to the balance sheet

Breakdown of the loan portfolio by currency and fixed-interest period
(incl. hedging transactions)

Amounts in NOK million	31.12.1999	Next interest rate adjustment 2000	2001	2002	2003	2004	After 2004	Average [1] (years)	Interest [1] level borrowing rate	Unreal. gain/ [1] (losses) on fixed-interest positions
NOK	**5,158**	1,641	750	-	2.250	-	517	2.9 year	6.8 %	59
SEK	**4,786**	3,348	943	-	495	-	-	1.0 year	4.5 %	3
EUR	**3,417**	2,928	-	-	489	-	-	0.9 year	3.8 %	2
USD	**2,825**	2,624	-	-	-	201	-	0.7 year	6.0 %	8
DKK	**634**	363	-	-	-	271	-	2.3 year	4.1 %	15
GBP	**512**	512	-	-	-	-	-	0.3 year	6.2 %	-
Others	**497**	497	-	-	-	-	-	0.5 year	11.1 %	(2)
Total interest-bearing liabilities	**17,829**	11,913	1,693	-	3,234	472	517	1.5 year	5.5 %	85

Liquid assets	**(1,269)**
Other interest-bearing receivables	**(851)**
Net interest-bearing liabilities	**15,709**

1) At 31 December 1998 the average fixed-interest period for Orkla's gross interest-bearing liabilities (including hedging transactions) was 1.8 years, average borrowing rate 5.8 %, and unrealised loss on fixed-interest positions NOK -72 million.

Interest-rate risk management

The Orkla Group intends to keep up with the general trends in money-market rates. At the same time we also take measures to cushion the effect of short-term fluctuations in money-market rates. The fixed-interest profile of the loan portfolio is shaped partly by the choice of interest-rate structure for the Group's borrowings and partly by the use of interest-rate derivatives such as interest-swap, interest and currency-swap agreements and FRAs.

Unrealised gains/losses on fixed-interest positions are not included in the accounts. One percentage-point change in the interest rate for all currencies and maturity periods would have resulted in a change of NOK 164 million in unrealised gains/losses on the fixed-interest positions. At 31 December 1999 unrealised gains on FRAs, not entered in the books, amounted to less than NOK 1 million.

Currency risk management relating to the balance sheet

The Orkla Group's currency exposure is linked to balance-sheet monetary items in the different enterprises, but also to the translation of owner interests in enterprises outside Norway.

We seek to achieve full hedging of all balance-sheet monetary items. We seek to limit exposure relating to shares in operations abroad by aligning the total loan portfolio's currency composition with the relative importance of the respective currencies and countries to the Group's industrial activities. However, currencies are underrepresented if they cannot be used for or are regarded as inexpedient for financing purposes, on the basis of a cost/risk analysis. This applies to BBH's enterprises in Russia and Ukraine in particular. See also the section called "Investments in foreign subsidiaries" on page 17 for a description of the accounting principles used for these countries.

The relative position of the different currencies in the loan portfolio is also influenced by the Financial Investments area's currency investments in the foreign shares portfolio.

b) Exposure relating to operations

Currency risk management
The Orkla Group's currency exposure relating to operations takes many different forms and the origins and exposure periods are different for the different business areas. The enterprises in Orkla Brands sell mostly in their respective domestic markets in their own currency, while the expense side includes imported goods. In this case the currency exposure period will depend on when price changes can be effected to take account of exchange-rate movements. In the Chemicals area, production is divided between several countries and sales take place all over the world. Currency risks may relate directly to the goods bought and sold, but may also relate to other currencies than those used for invoicing.

Currency risk, therefore, is handled in accordance with the strategy of each of the business areas, within a general framework defined by the Group. According to this framework, cash flows in currencies relating to contractual relations linked to operations should normally be hedged in full. Expected cash flows are to be partially hedged, but only for a limited period and insofar as it is probable that they will be realised, and not under any circumstances for more than 1 year.

Outstanding forward contracts [1] and currency options [2] for hedging exposure relating to operations
(10 biggest currency pairs)

Amounts in million Purchase currency	Amount	Sale currency	Amount
NOK	993	USD	127
NOK	172	EUR	21
NOK	42	GBP	3
SEK	16	USD	2
DKK	12	NOK	14
DKK	11	GBP	1
USD	2	DKK	10
EUR	17	USD	18
EUR	6	SEK	53
CHF	2	EUR	1

1) A forward contract is a contract whereby a currency is bought or sold at an agreed exchange rate on a specific future date.
2) A currency option is a contract whereby the option buyer has a right, but not a duty, to buy or sell a certain amount of currency at a fixed price on a specific future date.

The total volume of outstanding hedges relating to operating exposure corresponded to NOK 1,476 million at 31 December 1999, compared with NOK 1,293 million at 31 December 1998.

For cash flow hedges relating to contracts and the like, hedging gains/losses are not set off against the cash flows they are hedging until maturity. Unrealised losses on these hedges totalled NOK 33 million at 31 December 1999. For other cash flow hedges a provision of NOK 1 million was made for unrealised losses under financial items. This type of provision will be reversed against the cash flow it hedges at maturity.

11 Financing

This note shows the composition of the Group's interest-bearing borrowings. The table gives a break-down of borrowings according to source and year of maturity. The table also shows the unused long-term drawing facilities available to the Group on demand, and when these facilities expire.

The Group's interest-bearing borrowings by type and maturity

Amounts in NOK million	31.12.1999	Maturity 2000	2001	2002	2003	2004	After 2004
Certificates [1]	**800**	800	-	-	-	-	-
Bond issues [1]	**6,120**	500	269	1,150	2,649	297	1,255
Bank loans [2]	**10,753**	931	678	1,454	55	855	6,780
Mortgage institutions insurance companies	**89**	8	7	53	2	2	17
Miscellaneous	**67**	3	55	2	2	-	5
Gross interest-bearing liabilities	**17,829**	2,242	1,009	2,659	2,708	1,154	8,057
Unutilised long-term drawing facilities [2]	**4,029**	-	849	-	49	430	2,701

1) Certificates and bond issues are described separately in this note.
2) The Group's bank loans are mainly multi-currency agreements with an EUR framework.

At 31 December 1999 the average time to maturity on the Group's interestbearing borrowings was 4.3 years, compared with 5 years at 31.12.1998. Corresponding figures for the Group's unutilised drawing facilities were 5.3 years and 6 years, respectively.

Orkla ASA has a group bank account system in Norway, Sweden and Denmark. Orkla ASA's (and in Denmark, Orkla (DK) A/S's) accounts are the only accounts settled directly with the banks, whilst all subsidiaries' accounts are treated as intercompany transactions.
At 31 December 1999 NOK 201 million had been drawn on the Group's overdraft facilities. The total credit ceiling is NOK 1,024 million (the non-utilised part is included in unutilised long-term drawing facilities in the table above).

Orkla may not sell shares in the following companies without the consent of the lenders in the long-term syndicated bank loans: Borregaard Industries Ltd, Lilleborg as, Orkla Foods A.S and Orkla AB.

Amounts in million ISIN	Coupon [1]	Term	Currency	Outstanding
Bond issues listed (Orkla ASA) at 31 December 1999				
NO 185861	9.40 %	1993/2000	NOK	500
NO 185862	7.75 %	1993/2003	NOK	500
NO 185863	6.10 %	1994/2002	NOK	500
NO 185866	8.00 %	1995/2002	NOK	650
NO 185867	7.40 %	1995/2005	NOK	1,000
NO 185868	7.05 %	1996/2003	NOK	1,000
SE 312050	9.00 %	1996/2004	SEK	400
SE 418915	6.00 %	1997/2001	SEK	200
NO 185871	5.70 %	1997/2003	NOK	300
XS 89864523	5.15 %	1998/2003	SEK	200
NO 185873	6.15 %	1998/2005	NOK	250
Certificates (Orkla ASA) at 31 December 1999				
NO 120050	6.40 %	26.7.99-26.1.00	NOK	200
NO 131370	6.15 %	25.11.99-29.2.00	NOK	100
NO 131651	6.10 %	29.11.99-29.5.00	NOK	100
NO 134630	6.43 %	22.12.99-13.1.00	NOK	100
NO 133079 [2]	0 %	13.12.99-13.1.00	NOK	125
NO 135322	6.32 %	27.12.99-18.1.00	NOK	175

1) The nominal interest rate is not an expression of the Group's actual interest expense, since various interest-swap agreements have been signed. For the same reason, the market value of bond loans has not been stated separately. For actual interest expenses and market value of fixed-interest positions, see note 10 a).
2) The certificates have been issued below par.

12 Provisions

There are 3 main types of provision: Provision for pension liabilities (see note 2), Provision for deferred tax (see note 22 and below in note 12) and Other provisions.

An enterprise has a liability when it is obliged to transfer economic resources to another party at a future date of settlement. The commitment may be self-imposed if the enterprise through its actions has created expectations of its assuming a financial liability in the future, e.g. in the form of a restructuring of operations. Severance pay to employees may be part of such liability. Other provisions for liabilities are largely made up of items relating to various projects in which the Group, through a restructuring of operations, aims to increase future efficiency and earnings. The provisions relate mainly to Orkla Foods and Orkla Beverages, where projects have been initiated with a considerable savings potential. This is true of a separate restructuring project in Procordia, a down-sizing project in Kotlin in Poland and two projects in Pripps and Ringnes, one of which is a consequence of major changes relating to the winding up of its Coca-Cola involvement and the other a project to increase competitiveness. The provisions are made on the basis of best estimates of expected costs and so far the projects are progressing as scheduled.

Amounts in NOK million	**1999**	1998	1997
Pension liabilities [1]	**1,036**	946	884
Deferred tax	**608**	681	721
Other provisions	**266**	569	381
Total	**1,910**	2,196	1,986

1) Pension liabilities are classified as interest-free because interest expenses are presented together with other pension costs under payroll expenses.

Other provisions

Amounts in NOK million	31.12. 1998	This year's provisions [1]	Used this year	31.12. 1999
Restructuring Orkla Foods	95	31	(41)	85
Restructuring Beverages Nordic Region	283	-	(200)	83
Restructuring Chemicals	-	19	(14)	5
Other minor provisions	166	25	(98)	93
Provisions for Y2K	25	-	(25)	-
Total	569	75	(378)	266

1) Of this NOK 46 million in provisions concerning acquisitions (see note 20).

Deferred tax

Deferred tax represents the Group's tax liabilities that are payable in the future. The table below lists the temporary differences between the figures in tax and financial accounting terms. Deferred tax corresponds to the temporary difference multiplied by the nominal tax rate.

The table shows the composition of the Group's deferred tax base, and indicates when deferred taxes are payable. However, continued operations imply that temporary differences can be upheld. Net tax-increasing temporary differences mean that taxes relating to tax-increasing and tax-reducing temporary differences that are payable within the same accounting period are presented together.

Amounts in NOK million	**1999**	1998	1997
Positive/(negative) timing differences:			
Fixed assets	**2,432**	2,684	2,824
Net pension funds	**(38)**	(22)	(132)
Profit and loss account etc.	**431**	479	509
Other long-term items	**93**	(54)	(175)
Total long-term items	**2,918**	3,087	3,026
Short-term receivables	**(54)**	(50)	(60)
Inventories	**55**	69	65
Provisions	**(153)**	(122)	(52)
Shares	**(193)**	(249)	(175)
Other short-term items	**(186)**	(224)	(156)
Total short-term items	**(531)**	(576)	(378)
Losses carried forward	**(81)**	(8)	(38)
Basis for computation of deferred tax	**2,306**	2,503	2,610
Deferred tax	**608**	681	721
Change in deferred tax	**73**	40	(91)
Purchase/sale of companies, translation diff. etc.	**(85)**	9	192
Change in deferred tax income statement	**(12)**	49	101

Accrued income from Group companies

The accrued RISK of the subsidiaries exceeds the equity earned by the Group excluding the parent company, and therefore covers the accrued earnings of the subsidiaries, joint ventures and associates.

13 Development in equity over the last 5 years

In theory shareholders' equity from one accounting period to the next will grow by the same amount as the Group's profits. There will be exceptions from this in the case of specific share issues or other direct equity dispositions, e.g. as a result of policy changes. Differences between the opening-balance and closing-balance exchange rates as well as between income-statement (average rates) and balance-sheet (closing rates) exchange rates, will likewise have an impact on the Group's total equity. The effect of exchange-rate movements is shown as a separate item.
Own shares are presented as a reduction in equity.

Amounts in NOK million	Share capital	Own shares Orkla ASA	Own shares Group	Premium fund	Total paid-in equity	Other capital	**Orkla ASA**	Group reserve	**Total**
Equity at 31.12.1994	1,219	-	-	721	1,940	2,735	**4,675**	2,554	**7,229**
Own shares owned by Group companies at 31.12.1994	-	-	(39)	-	(39)	-	**-**	39	**-**
Profit for the year Orkla ASA	-	-	-	-	-	2,217	**2,217**	(2,217)	**-**
Group contribution	-	-	-	-	-	814	**814**	(814)	**-**
Allocation to dividend	-	-	-	-	-	(283)	**(283)**	-	**(283)**
Group profit for the year (after minorities)	-	-	-	-	-	-	**-**	1,432	**1,432**
Translation difference on foreign subsidiaries etc.	-	-	-	-	-	-	**-**	(182)	**(182)**
Equity at 31.12.1995	1,219	-	-	721	1,940	5,483	**7,423**	773	**8,196**
Own shares owned by Group companies at 31.12.1995	-	-	(39)	-	(39)	-	**-**	39	**-**
Profit for the year Orkla ASA	-	-	-	-	-	535	**535**	(535)	**-**
Group contribution	-	-	-	-	-	741	**741**	(741)	**-**
Allocation to dividend	-	-	-	-	-	(330)	**(330)**	-	**(330)**
Group profit for the year (after minorities)	-	-	-	-	-	-	**-**	1,752	**(1,752)**
Adjustment pension liability	-	-	-	-	-	-	**-**	(26)	**(26)**
Translation difference on foreign subsidiaries etc.	-	-	-	-	-	-	**-**	(102)	**(102)**
Equity at 31.12.1996	1,219	-	-	721	1,940	6,429	**8,369**	1,121	**9,490**
Own shares owned by Group companies at 31.12.1996	-	-	(39)	-	(39)	-	**-**	39	**-**
Profit for the year Orkla ASA	-	-	-	-	-	676	**676**	(676)	**-**
Group contribution	-	-	-	-	-	615	**615**	(615)	**-**
Allocation to dividend	-	-	-	-	-	(410)	**(410)**	-	**(410)**
Share issue related to employees' 1993 bonus programme	14	-	-	-	-	-	**14**	4	**18**
Group profit for the year (after minorities)	-	-	-	-	-	-	**-**	2,562	**2,562**
Translation difference on foreign subsidiaries etc.	-	-	-	-	-	-	**-**	(19)	**(19)**
Equity at 31.12.1997	1,233	-	-	721	1,954	7,310	**9,264**	2,377	**11,641**
Own shares owned by Group companies at 31.12.1997	-	-	(39)	-	(39)	-	**-**	39	**-**
Profit for the year Orkla ASA	-	-	-	-	-	581	**581**	(581)	**-**
Group contribution	-	-	-	-	-	516	**516**	(516)	**-**
Allocation to dividend	-	-	-	-	-	(426)	**(426)**	-	**(426)**
Share issue related to employees' 1993 bonus programme	1	-	-	-	-	-	**1**	-	**1**
Group profit for the year (after minorities)	-	-	-	-	-	-	**-**	1,378	**1,378**
Translation difference on foreign subsidiaries etc.	-	-	-	-	-	-	**-**	94	**94**
Equity at 31.12.1998 [1)]	1,234	-	-	721	1,955	7,981	**9,936**	2,752	**12,688**
Own shares owned by Group companies at 31.12.1998	-	-	(39)	-	(39)	-	**-**	39	**-**
Deferred tax benefit at 1.1.1999 (Orkla ASA)	-	-	-	-	-	87	**87**	(87)	**-**
Profit for the year Orkla ASA	-	-	-	-	-	595	**595**	(595)	**-**
Group contribution, net	-	-	-	-	-	1,235	**1,235**	(1,235)	**-**
Allocation to dividend	-	-	-	-	-	(527)	**(527)**	(6)	**(533)**
Repurchase of own shares/debentures	-	(13)	-	-	(13)	(249)	**(262)**	(92)	**(354)**
Pre-emptive rights issue	136	-	-	-	136	(4)	**132**	-	**132**
Group profit for the year (after minorities)	-	-	-	-	-	-	**-**	1,667	**1,667**
Translation difference on foreign subsidiaries etc.	-	-	-	-	-	-	**-**	(33)	**(33)**
Equity at 31.12.1999	1,370	(13)	-	721	2,078	9,118	**11,196**	2,371	**13,567**
Own shares owned by Group companies at 31.12.1999	-	-	(39)	-	(39)	-	**-**	39	**-**

1) See note 8 for Orkla ASA.

Share capital development

Amounts in NOK Date/year	Number of shares	Nominal value	Type of issue	Amount (NOK million)	Ratio	Correction factor [1]	Issue price	Share capital (NOK million)
31.12.1987	7,216,997	100				23.62		721.7
1988	14,433,994	50	split		2:1	23.62		721.7
1988	15,558,110	50	bonus issue	56.2	1:10	23.62		777.9
1988	12,365,274	50	amortisation	159.6		23.62		618.3
31.12.1988	12,365,349	50	conversion			23.62		618.3
1989	13,275,874	50	internat. offering	45,5		23.62	365,00	663.8
31.12.1989	13,339,097	50	conversion	3.2		10.74		667.0
1990	26,678,194	25	split		2:1	10.74		667.0
1990	29,346,582	25	bonus issue	66.7	1:10	10.74		733.7
1990	31,646,582	25	internat. offering	57.5		10.74	230,00	791.2
1990	31,886,582	25	merger	6.0		10.74		797.2
31.12.1990	31,894,938	25	conversion	0.1		10.74		797.4
1991	44,314,828	25	merger	310.5		10.74		1,107.9
31.12.1991	44,314,895	25	conversion			10.74		1,107.9
1992	48,746.384	25	bonus issue	110.8	1:10	4.88		1.218.7
31.12.1992	48,746,384	25				4.88		1,218.7
31.12.1993	48,747,241	25	conversion			4.88		1,218.7
31.12.1994	48,747,241	25				4.88		1,218.7
31.12.1995	48,747,241	25				4.88		1,218.7
31.12.1996	48,747,241	25				4.88		1,218.7
31.12.1997	49,333,393	25	share issue, empl.	14.8		4.88		1,233.3
1998	49,366,359	25	share issue, empl.	0.9		4.88		1,234.2
1998	197,465,436	6.25	split		4:1	4.88		1,234.2
31.12.1998	197,465,436	6.25				4.88		1,234.2
1999	197,527,910	6.25	internat. offering	0.4		4.42		1,234.5
1999	219,246,336	6.25	pre-emptive rights issue	135.7		1.11		1,370.3
31.12.1999	219,246,336	6.25						1,370.3

1) The correction factor is multiplied by the number of old shares to make these figures comparable to the number of shares in 1998.

Summary of RISK-calculation for Orkla's shareholders
(concerns only shareholders who are subject to tax in Norway)

The tax value is made up of the cost price of the share (cost price of shares acquired before 1 January 1989 adjusted upwards) plus accumulated RISK, adjusted for dividends in the years of purchase and sale. Account has been taken of the share split on 15 May 1998. All amounts in NOK.

Year of purchase	The year's RISK at 1.1.	Accumulated RISK for year of purchase	Dividend paid out	Dividend date
t.o.m. 1992	-	28.05	0.85	14.5.1992
1993	(0.60)	28.65	0.94	15.5.1993
1994	3.90	24.75	1.03	10.5.1994
1995	3.23	21.52	1.25	10.5.1995
1996	3.84	17.68	1.50	8.5.1996
1997	6.21	11.47	1.75	7.5.1997
1998	5.17	6.30	2.13	7.5.1998
1999	2.40	3.90	2.25	6.5.1999
2000	3.90	-	2.50*	4.5.2000

* Proposed dividend

The table shows accumulated RISK at different points in time for the Orkla share. When calculating taxable gain on a sale in 2000, accumulated RISK for the year of purchase is adjusted for the following factors:
- If the sale takes place before the year's dividend is paid the dividend can be added.
- If the share was bought in 1992 or 1993 after the dividend for the year was paid out it can be added.
- If the share was bought before the dividend was paid out in a year and from 1994 onwards, the unpaid dividend in the year of purchase shall be deducted.
- RISK as at 1 January 2000 is Orkla's estimate. If the estimate varies from the finally determined RISK, the figure must be adjusted for the variance.

For Orkla shares bought before 1 January 1989 the cost price as at 1 January 1992 is adjusted upwards to:
Free A share NOK 39.08
A share NOK 38.20
B share NOK 35.98

Own shares

Amounts in NOK 1,000	Nominal value	Total shares
Shares owned by:		
Orkla ASA	13,377	2,140,380
A/S Drammen Kjexfabrik	3,246	519,320
Rederi-A/S Orkla	4,183	669,276
Chr. Salvesen & Chr. Thams's Comm. A/S	-	56
Oktav Invest A.S[1]	31,410	5,025,696
Total own shares	52,216	8,354,728

1) Oktav Invest owns 5,025,696 shares in Orkla ASA and Orkla ASA owns 80 % of Oktav Invest.

Orkla's holdings of its own shares increased by 2,140,380 shares in 1999. During the year Orkla bought 2,669,300 of its own shares. For these shares Orkla paid NOK 315,000,600. Under the share scheme for Orkla employees a total of 528,920 shares, worth a total of NOK 41,472,144, were transferred to employees. After these transactions Orkla is left with a total shareholding of 8,354,728 shares in Orkla ASA (including 100 % of Oktav Invest).

These share purchases were made because Orkla regarded the investments as being to the shareholders' advantage. Some of the shares that were purchased were vitended for use in the employee share scheme.

Authorisation

As from 6 May 1999 until the Annual General Meeting in 2001 the Board of Directors is authorised to increase the share capital by issuing new shares for a total of NOK 90,000,000 divided into 14,400,000 shares, with a nominal value of NOK 6.25 each, without pre-emptive rights for existing shareholders.

The Annual General Meeting resolved on 6 May 1999 to give the Board authorisation to acquire shares in Orkla ASA. At the Annual General Meeting on 4 May 2000 the Board will propose that this authorisation be renewed, limited to 13.5 million shares.

For further information about shareholders' equity, see Shares and shareholders, page 36-38.

14 Joint ventures

Joint ventures are investments undertaken by the Group in co-operation with equal external partners. Through Baltic Beverages Holding (BBH), the Group and Hartwall OY jointly operate breweries in Eastern Europe. The Group's involvement is accounted for by including half of the income, expenses, assets and liabilities in BBH in the Group's financial statements. The owner interests in Hjemmet Mortensen and Rzeczpospolita are presented in the same way. Naturally the Group has more limited access to e.g. the liquidity of these companies than that of its subsidiaries, and joint ventures will not be represented in the group accounts system vis-à-vis the banks. Since there is more limited access to joint ventures, we have shown how much of the main accounting items consist of this type of involvement in the table below.

The Group's main joint ventures comprise Baltic Beverages Holding (50 %), Hjemmet Mortensen (50 %) and Rzeczpospolita (51 %) and are included line by line in the financial statements. The related amounts for operating revenues, operating profit, cash and cash equivalents and total assets are as follows (excluding goodwill):

Amounts in NOK million	1999	1998	1997
Operating revenues			
Hjemmet Mortensen	**520**	507	488
Rzeczpospolita-Group	**219**	217	199
Baltic Beverages Holding [1)]	**1,576**	1,715	1,263
Operating profit			
Hjemmet Mortensen	**76**	70	71
Rzeczpospolita-Group	**33**	48	57
Baltic Beverages Holding [1)]	**414**	567	451
Cash and cash equivalents			
Hjemmet Mortensen	**140**	118	96
Rzeczpospolita-Group	**24**	59	78
Baltic Beverages Holding [1)]	**68**	48	103
Total assets			
Hjemmet Mortensen	**611**	579	436
Rzeczpospolita-Group	**189**	180	128
Baltic Beverages Holding [1)]	**2,160**	1,871	1,196

1) Baltic Beverages Holding is owned 50-50 by Pripps Ringnes and Hartwall. In addition Pripps Ringnes owns 20.4 % of Hartwall. This 20.4 % interest is presented as an associate.

15 Other matters

Describes circumstances that may be of significance in assessing the Group's financial position that are not otherwise evident from the figures.

Orkla Foods has an obligation to purchase additional shares in Dragsbæk Margarinefabrik A.S (50 %) and Margarinefabriken Blume IS (50 %). The two companies are consolidated in the Group accounts. Orkla's existing holdings were acquired in 1989 for approximately NOK 45 million. The price for additional shares will be based on an indexation of this amount, adjusted for the development in earnings during the three years prior to the obligation/right being exercised. The acquisition must be finalised before 2006.

The shareholdings in Dyno and Elkjøp were agreed sold after year-end at a profit of approx. NOK 700 million (see note 9), freeing capital in the amount of approx. NOK 1.5 billion.

It has been decided to relocate biscuit production from Kolbotn to Sweden. A provision of approx. NOK 30 million has been made for 2000 to cover all expenses relating to the move.

Viking Fottøy was sold in January 2000, at a profit of approx. NOK 60 million.

16 Minorities

Minorities consist of external owner interests in subsidiaries and subsidiaries of subsidiaries. Minority interests in Orkla are only significant in Orkla Beverages and then only limited to the Group's investments in Eastern Europe through Baltic Beverages Holding.

Amounts in NOK million	1999	1998	1997
Minorities' share of:			
Depreciation	**63**	48	38
Operating profit	**143**	178	167
Profit before taxes and minority interests	**148**	174	172
Taxes	**23**	50	60
Development in minority interests:			
Minority interests at 1 January	**552**	478	183
Minorities' share of profit	**125**	124	112
Increase due to the year's acquisition of new companies	**58**	13	220
Decrease due to further acquisition of shares in group companies	**(34)**	(14)	(7)
Balance of dividends to minorities and translation differences	**(42)**	(49)	(30)
Minority interests at 31 December	**659**	552	478
Minority interests relating to:			
Orkla Foods	**37**	42	37
Orkla Beverages	**448**	365	309
Orkla Brands	**28**	8	5
Orkla Media	**91**	69	67
Chemicals	**10**	17	16
Others	**45**	51	44
Total	**659**	552	478

17 Mortgages and guarantees

Mortgages and guarantees show how large a part of the Group's assets is pledged to the benefit of external creditors such as lenders. Liabilities secured by mortgages show the corresponding book value of liabilities secured by mortgages. The table shows that the book value of secured assets is far greater than the corresponding liabilities. The Group's most important loan agreements are based on a negative mortgage declaration and hence the Group can only to a very limited extent mortgage its property to secure its liabilities.

Guarantee commitments are made as part of the Group's day-to-day operations and in connection with participation in general and limited partnerships. Guarantee liabilities cover different types of guarantees such as tax withholding guarantees, rent guarantees and guarantees for other payments.

Amounts in NOK million	1999	1998	1997
Liabilities secured by mortgages	**106**	136	128
Mortgaged assets:			
Machinery, vehicles, etc.	**646**	1,208	1,235
Buildings and plant	**250**	677	646
Other real property	**72**	59	67
Assets under construction	**6**	136	168
Inventories, etc.	**101**	80	87
Total book value	**1,075**	2,160	2,203
Guarantees etc.:			
Joint and several liabilities	**8**	6	7
Subscribed, uncalled limited partnership capital	**795**	664	525
Other guarantee liabilities [1)]	**1,104**	1,001	557
Total guarantee liabilities	**1,907**	1,671	1,089

1) Includes guarantee limits for Orkla Finans of NOK 634 million (NOK 776 million in 1998 and NOK 250 million in 1997).

18 Investments in associates

Investments in associates are investments of a strategic nature in enterprises in which the Group must be regarded as having a significant influence by way of its owner interests. Such investments are accounted for in the income statement by the Group reporting its share of the enterprise's result after tax and deductions for excess depreciation if any (goodwill etc). Interests in associates are presented at cost in the balance sheet with additions for the accumulated results, but with deductions for accumulated depreciation of goodwill etc. and any dividends received. Dividends consist in the distribution of accrued assets and cannot be taken to income since the Group's share of the profits has already been entered in the accounts.

Amounts in NOK million	Share owned % [1]	Original cost price at 1.1.	Book value at 1.1.	Additions/ disposals during the year	**Share of profit**	Dividends received/ price ad-justment	**Book value 31.12.1999**	Amortisation excess values/ goodwill	Book value at 31.12. excess values/ goodwill
Jotun A.S	42.5	170	972	2	**57**	(102) [2]	**929**	(4)	24
Oy Hartwall Ab	20.4	598	722	-	**48**	(54)	**716**	(30)	329
Bergens Tidende A.S	28.5	67	103	-	**1**	(2)	**102**	(1)	9
Asker og Bærums Budstikke A.S	30.6	76	84	-	**9**	(5)	**88**	(2)	21
Norgesbuss Invest A.S	25.1	39	43	-	**(12)**	-	**31**	-	-
Orkla Exolon K/S	42.3	4	32	-	**2**	-	**34**	-	-
Oskar Sylte A.S	44.0	15	24	-	**6**	(5)	**25**	(1)	1
Mediaselskaper Polen	-	12	18	(12)	**2**	-	**8**	-	2
Norsk Telegrambyrå A.S	22.1	3	15	-	**(1)**	-	**14**	-	-
Miscellaneous	-	98	73	1	**2**	(2)	**74**	(1)	11
Total		1,082	2,086	(9)	**114**	(170)	**2,021**	(39)	397

1) The percentage of shares held corresponds to voting rights, except in the case of Jotun AS where the Group has 38.2 % of the voting rights.
2) Includes NOK -80 million in different tax accruals.

Main figures for the largest associates (100 % figures):

Amounts in NOK million	**1999** [1]	1998	1997
Jotun			
Operating revenues	**4,871**	4,375	5,250
Operating profit	**251**	259	462
Profit after taxes and minority interests	**(27)**	146	955
total assets	**4,234**	3,814	3,535

1) Preliminary figures.

Amounts in EUR million	**1999** [1]	1998	1997
OY Hartwall Ab			
Operating revenues	**467**	487	445
Operating profit	**77**	94	96
Profit after taxes and minority interests	**46**	46	53
Total assets	**614**	488	396

19 Research and Development (R&D)

The Group's business areas spent NOK 223 million on R&D in 1999.
None of this expenditure qualifies for inclusion in the balance sheet.

20 Fixed assets and goodwill, etc.

Fixed tangible assets and goodwill lists the Group's investments in tangible fixed assets (machinery etc, buildings and plants) and intangible assets, primarily represented by goodwill. The difference between these two types of investment is that while tangible assets are exposed to wear and tear during use, thereby creating a need for re-investment, the "use" of goodwill in the form of depreciation has a different meaning financially. Even though goodwill is depreciated for accounting purposes, during normal operations the real value of goodwill will normally increase rather than decrease over time. According to Norwegian GAAP goodwill should be depreciated and in Orkla this is done over a maximum of 20 years. This note shows historical and book values per group of assets, so that the accounts user can see what values have been invested in the business and what phase the different assets are in.

Fixed assets

Amounts in NOK	Land, buildings and other property	Machinery and assets	Assets under construction	Fixtures and fittings, vehicles, EDP etc.	Total fixed assets	Intangible assets [1]	**Total**
Cost at 1.1.	7,326	11,837	937	3,128	23,228	7,666	**30,894**
Revaluations at 1.1.	160	-	-	-	160	-	**160**
Write downs at 1.1.	(10)	(243)	-	(6)	(259)	(146)	**(405)**
Depreciation at 1.1.	(2,253)	(6,477)	-	(2,416)	(11,146)	(1,882)	**(13,028)**
Book value at 1.1.	5,223	5,117	937	706	11,983	5,638	**17,621**
Companies acquired/minorites bought	113	103	9	17	242	367	**609**
Investments in the year	198	962	-	709	1,869	111	**1,980**
Transferred from assets under construction	43	69	(112)	-	-	-	**-**
Disposals book value	(123)	(133)	-	(30)	(286)	(4)	**(290)**
Write-downs in the year	(12)	(18)	-	(62)	(92)	(1)	**(93)**
Ordinary depreciation in the year	(219)	(989)	-	(328)	(1,536)	(457)	**(1,993)**
Book value at 31.12.	5,223	5,111	834	1,012	12,180	5,654	**17,834**
Lease agreements (rental) not included in the balance sheet	71	20	-	145	236	-	**236**

1) Goodwill amounts to NOK 5,573 million of book value at 31 December. This year's amortisation on goodwill is NOK 443 million, see below.

Treatment of goodwill etc. distributed between major acquisitions

	Year of acquisition: amortisation time	Amortisations in 1999 [1]	**Book value at 31.12.1999**
Pripps Ringnes 55 %	1997: 17 years	(131)	1,838
Procordia Food/Abba Seafood	1995: 20 years	(100)	1,587
Gøteborgs Kex	1994: 20 years	(17)	227
Bob Industrier	1993: 20 years	(14)	187
Rzeczpospolita	1996: 10 years	(23)	144
Drammens Tidende og Buskeruds Blad	1994: 20 years	(10)	133
Odense Marcipan	1990: 20 years	(11)	118
Others Orkla Foods		(39)	281
Others Orkla Drikkevarer		(17)	293
Others Orkla Brands		(17)	213
Others Orkla Media		(44)	430
Miscellaneous		(20)	122
Total		(443)	5,573

1) Charged to operating profit, see also note 18 for total goodwill amortisation in associates.

Matching of additions 1999 against cash flow statement (see page 15)

Additions 1999 as presented above			2,589
Replacement expenditures and environmental investments, cash flow		1,457 [1]	
Expansion investments, cash flow	546		
Of which associates	9	555 [2]	
Operating assets and goodwill from acquired companies		609	
Replacement expenditure Financial Investments area	9		
Real estate investments	0	9	
Change in accounts payable investments	(7)		
Foreign exchange-rate translation effect etc.	(34)	(41)	2,589

1) The biggest individual projects are: Fruit cordials line at Procordia Food, relocation of the bottling line at Ringnes to Gjelleråsen, the new printing facility at Rzeczpospolita, the new printing structure at Hjemmet Mortensen.
2) The biggest individual projects are: New "RisiFrutti" line at Procordia Food, capacity increase at Baltic Beverages Holding and capacity increase at LignoTech USA.

Group formations 1999

For the Nordic companies goodwill is generally depreciated over 20 years. In Poland and the Baltic states goodwill is depreciated over 10 years, and in Russia over 5 years.

In some cases goodwill reflects the value of trademarks. The value of trademarks can best be estimated by separating the cash flow from the trademark from other cash flows. The Group is of the opinion that a presentation of trademarks would be inaccurate and not very expedient, and inconsistent with the generally accepted principle of charging costs of self-developed trademarks against income. This has led the Group to present all forms of "excess values" (over and above that which can be assigned to material circumstances) as "goodwill".

Company		Date of purchase	Interests bought (%)	Acquisition cost [1]	Goodwill	Sales/disposals decided on	Provision for restructuring
Orkla Foods:	KåKå	1.1.1999	100 %	114	13	No	31
Orkla Beverages:	Utena, Kolos, Chelyabinsk		75-99 %	215	89	No	-
	Kildevannskompaniet	1.10.1999	100 %	29	26	No	-
Orkla Brands:	Freds	1.1.1999	100 %	200	125	No	15
Orkla Media:	Gazeta Lubuska	1.1.1999	100 %	81	75	No	-
	Miscellaneous newspapers			26	16	No	-
Total				665	344		46

1) The acquisition cost is the price at which the shares were bought, plus any interest-bearing debt that has been taken over.

21 Long-term cooperation agreements

Long-term co-operation agreements are agreements with external co-operating partners whereby the Group has the right to sell and market specific products for a limited period. The most important agreements of this kind are listed below.

Unilever agreement
Orkla has a cooperation agreement with Unilever relating to detergents and personal care/cosmetic products. This agreement, which was originally signed in 1958, was renegotiated in February 1995. The renegotiated agreement continues the cooperation on the same main business principles as previously, and runs until 2014.

PepsiCo agreement
In June 1997 Pripps Ringnes and PepsiCo agreed that Pripps Ringnes should start licenced production, distribution and sales of Pepsi products on the Swedish market. The agreement will be effective from no later than 1 January 2001 because PepsiCo's agreement with the current licence-holder expires on that date. The agreement runs for a 20-year period with an option on an additional five years.

In March 1998, Pripps entered into an agreement with PepsiCo concerning the take-over of the franchise agreement for 70 % of the market in Norway. The agreement runs for 20 years from 27 April 1998, with a possibility of extension. The remaining 30 % was taken over around the end of 1998.

Baltic Beverages Holding has entered into a similar agreement with PepsiCo in the three Baltic states from 1 January 2000. The agreement runs for a 21 year period with an option on an additional five years.

22 Taxes

Tax is computed on the basis of profit/loss in the accounts and is broken down into tax payable and deferred tax. Deferred tax is the result of differences between financial accruals and tax accruals. This applies in particular to the depreciation of operating assets, where the straight-line method is used for financial depreciation while the declining-balance method is used for tax purposes. The difference between financial and tax deductions gives rise to deferred tax, implying that the Group has a future tax liability since depreciation in tax terms has been greater than the corresponding depreciation in accounting terms. This will be reversed in that both are to be depreciated to zero. Tax is broken down into tax payable to Norway and tax payable to other countries.

Amounts in NOK million	**1999**	1998	1997
Taxes payable in Norway	**(299)**	(331)	(649)
Taxes payable abroad	**(216)**	(273)	(315)
Total taxes payable	**(515)**	(604)	(964)
Change in deferred tax Norway	**(24)**	(17)	120
Change in deferred tax abroad	**12**	66	(19)
Total change in deferred tax [1]	**(12)**	49	101
Total tax charge	**(527)**	(555)	(863)
Taxes as % of «Profit before taxes and minorities»	**22.7**	27.0	24.4

1) See note 12.

23 Other revenues and expenses [1]

Other revenues and expenses are income statement items of a special nature and of material importance to the business areas. These have been entered collectively as a separate item to improve the comparability of the remaining items in the income statement.

Amounts in NOK million	**1999**	1998	1997
Gains on disposal of Regal	**110**		
Restructuring Chemicals	**(19)**		
Restructuring Kotlin		(20)	
Restructuring Procordia Food		(40)	
Restructuring Beverages Nordic Region	**0**	(174)	
Restructuring Brands, biscuits Finland		(25)	
Restructuring, start-up and redundancy costs in Orkla Media		(44)	
Liquidation costs - snacks- and pizza operations in Asia		(32)	
Net settlement and structure costs related to winding up the agreement with The Coca-Cola Company			171
Gains on divestitures			86
Restructuring, write-downs etc.			(76)
Total	**91**	(335)	181
Of this:			
Write-downs fixed assets	**(77)** [2]	(53)	(116)

1) In addition non-recurring items relating to exchange losses in BBH in 1998 are included in «Financial items, net» (NOK -138 million) and in «Profits from associates» (NOK -15 million). The total charge of non-recurring items to «Profit before tax» is NOK +91 million in 1999 (NOK -488 million in 1998 and NOK +545 million in 1997).
2) In Pripps Ringnes a provision of NOK 77 million from 1998 has been used for a write-down in 1999.

24 Other short-term liabilities

Other short-term liabilities are liabilities relating to operations (trade creditors, unpaid public taxes/charges, holiday pay etc.), financial liabilities (payable interest) and unpaid tax and dividends. The common denominator for these items is that they all represent interest-free borrowings. Capital employed may include liabilities relating to operations.

Amounts in NOK million	**1999**	1998	1997
Trade accounts payable	**2,491**	1,813	1,847
Unpaid tax, tax withholdings, holiday pay etc.	**1,820**	1,812	1,753
Tax payable	**404**	432	826
Dividends	**550**	443	426
Other short-term liabilities	**2,394**	2,243	2,119
Total	**7,659**	6,743	6,971

Accounts for Orkla ASA

The accounts of the holding company Orkla ASA cover, in addition to all Head Office activities, the Group's share portfolio, the Peter Möller company and real estate activities which for business purposes are grouped under Orkla Eiendom.

The activity at the Head Office includes the Group's senior management and staff functions in the following departments, information, legal, corporate development, personnel and accounting/finance. The staff departments largely carry out, assignments for the Group's other companies, and charge the companies for these services.

The central finance department acts as a Group bank which is responsible for the Group's external financing, management of the Group's liquidity and overall management of the Group's foreign exchange and interest risks.

All holdings in subsidiaries are presented using the cost method. In certain cases the notes for the Group will include Orkla ASA.

Income statement

Amounts in NOK million	Note	1999	1998
Revenues		**224**	219
Other operating revenues		**101**	103
Cost of materials		**(44)**	(45)
Payroll expenses	*1*	**(178)**	(116)
Other operating expenses		**(129)**	(219)
(Ordinary) depreciation on fixed assets	*5*	**(19)**	(21)
Operating profit		**(45)**	(79)
Income on investment in other companies		**325**	326
Financial income, Group companies		**538**	583
Other financial income		**1,150**	809
Financial expenses, Group companies		**(66)**	(149)
Other financial expenses		**(1,959)**	(1,656)
Portfolio gains		**601**	769
Profit before tax		**544**	603
Taxes	*8*	**51**	(19)
Profit for the year		**595**	584
Group contribution		**1,405**	516
Tax on group contribution		**(170)**	-
For allocation:		**1,830**	1,100
Allocated to dividend		**(527)**	(426)
Allocated to other equity		**(1,303)**	(674)

Cash flow statement

Amounts in NOK million	1999	1998
Cash flow NASB		
Profit before tax	**544**	603
Taxes paid	**(10)**	(97)
Changes in working capital	**(135)**	347
Depreciation and write-downs	**19**	21
Gains and associates	**(604)**	(771)
Cash flow from operating activities	**(186)**	103
Investments in fixed assets	**(12)**	(11)
Other long-term investments	**(18)**	(1)
Sale of tangible fixed assets	**4**	1
Net purchase/sale of portfolio shares	**(1,486)**	522
Repurchase own shares	**(262)**	-
Cash flow from investing activities	**(1,774)**	511
Distribution of dividends	**(430)**	(406)
Incoming payments on long-term liabilities	**2,592**	2,481
Disbursements on long-term liabilities	**(1,604)**	(2,049)
Changes in short-term financing	**778**	(77)
Group contribution	**640**	843
New equity	**132**	1
Change in financing of Group companies	**(204)**	(1,425)
Cash flow from financing activities	**1,904**	(632)
Other changes	**(71)**	(49)
Change in cash and cash equivalents	**(127)**	(67)
Cash and cash equivalents available at beginning of year	**158**	225
Cash and cash equivalents available at end of year	**31**	158

Balance Sheet

Assets

Amounts in NOK million	Note	1999	1.1.99
Intangible assets	*5, 8*	**56**	88
Fixed assets	*5*	**158**	166
Investments in subsidiaries	*7*	**8,376**	8,271
Loans to companies in the same Group		**10,317**	9,593
Shares and investments in other companies		**103**	98
Other financial assets		**789**	718
Long-term assets		**19,799**	18,934
Inventories		**29**	26
Receivables		**95**	59
Loans, Group companies		**1,393**	969
Portfolio investments		**11,037**	8,357
Cash and cash equivalents		**31**	158
Short-term assets		**12,585**	9,569
Total assets		**32,384**	28,503

Equity and Liabilities

Amounts in NOK million	Note	1999	1.1.99
Paid-in equity		**2,078**	1,955
Earned equity		**9,118**	8,068
Equity	*6*	**11,196**	10,023
Long-term liabilities to Group companies		**1,149**	1,304
Other long-term liabilities		**15,780**	14,448
Long-term liabilities		**16,929**	15,752
Certificates		**800**	162
Liabilities to credit institutions		**480**	340
Tax payable		**102**	25
Short-term liabilities to Group companies		**1,283**	1,299
Dividends		**527**	430
Other short-term liabilities		**1,067**	472
Short-term liabilities		**4,259**	2,728
Equity and Liabilities		**32,384**	28,503

Notes

1 Wages and pension related items

Amounts in NOK million	**1999**	1998
Wages, salaries, bonus and holiday pay	(99)	(86)
Employer's national insurance contribution	(19)	(20)
Remuneration of the Board, Corporate Assembly and other related costs[1]	(58)	(8)
Net pension expenses	(2)	(2)
Payroll expenses	(178)	(116)
Number of employees (average)	165	165

1) See note 4.

Breakdown of net pension costs

Amounts in NOK million	**1999**	1998
Present value of the year's acquired pension rights (including national insurance contribution)	**(6)**	(7)
Interest expense on pension liability	**(11)**	(12)
Expected return on pension funds	**16**	18
Amortisation of deferred liabilities due to deviation from plan/assumptions	**(1)**	(1)
Net pension costs	**(2)**	(2)

Breakdown of net pension liabilities at 31.12.

Amounts in NOK million	**1999**	1998
Gross pension liability	**(198)**	(215)
Pension funds (market value)	**242**	241
Actual net pension funds	**44**	26
Unamortised deviation from plan/assumptions	**15**	27
Capitalised net pension funds	**59**	53

Breakdown of pension funds (market value) at 31.12.

	1999	1998
Liquid assets	**1 %**	6 %
Money market investments	**0 %**	0 %
Bonds	**62 %**	60 %
Loans	**0 %**	0 %
Shares	**37 %**	34 %
Real property	**0 %**	0 %
Total pension funds	**100 %**	100 %

2 Guarantees and mortgages

Amounts in NOK million	**1999**	1998
Guarantees for Group companies	**173**	182
Other guarantee liabilities	**416**	158
Joint and several the liabilities	**3**	2
Subscribed, uncalled limited partnership capital	**753**	571

3 Loans to employees

Other receivables include loans to employees totalling NOK 15 million. In addition, the company has provided guarantees totalling NOK 6 million.

4 Remuneration and contractual arrangements

The President and Group Chief Executive had a salary of NOK 2,957,851 and pension premiums totalled NOK 54,408 in 1999. Other taxable remuneration amounted to NOK 523,797. The Group Chief Executive received no internal directors' fees.

On earning full pension rights, the Group Chief Executive will be entitled to a pension corresponding to 2/3 of his pensionable income. In the event of termination of his employment before he reaches the pension age, he will receive compensation corresponding to three years' salary based on his cash salary at the time.

The Orkla Group has a bonus scheme, the value of which is linked to the market price of the Orkla shares. The scheme includes about 60 managers. No bonus is payable until three years after being allotted. The accrued change in value has been charged against income together with the corresponding national insurance contributions. At 31 December 1999 accruals under this scheme totalled NOK 118 million.

Since 1995 Executive Vice-President Finn Jebsen, Executive Vice-President Tom Vidar Rygh and Executive Vice-President Halvor Stenstadvold have been parties to a bonus scheme relating to the value performance of 200,000, 200,000 and 100,000 Orkla shares, respectively. All three schemes are based on the market value of the Orkla share at the time of it being allotted. The acquisition value is NOK 47.08, which is adjusted according to the consumer price index.

The Group Chief Executive has a loan of NOK 134,284, Executive Vice-President Tom Vidar Rygh has a loan of NOK 1,420,000 and Executive Vice-President Halvor Stenstadvold has a loan of NOK 1,450,000. All these loans are secured by mortgage bonds in real property and covered by credit insurance.

Directors' fees, remuneration of the corporate assembly and auditor's fees

Directors' fees and remuneration of the corporate assembly amounted to NOK 1,300,500 (of which NOK 207,500 to the Chairman of the Board) and NOK 291,500, respectively. In addition to the directors' fees, the Chairman of the Board of Directors received NOK 99,150 under a separate agreement as manager of the Orkla School for Business Relations. Auditor's fees amounted to NOK 646,000. No consultancy fees were paid to the auditor.

5 Tangible fixed assets

Amounts in NOK million	Land and other property	Buildings	Machinery, fixtures and fitting, vehicles etc.	Total fixed assets	Goodwill etc.	Total
Cost at 1.1.	19	133	105	257	20	**277**
Depreciation at 1.1.	-	(33)	(58)	(91)	(19)	**(110)**
Book value at 1.1.	19	100	47	166	1	**167**
Investments in the year	-	-	12	12	-	**12**
Disposals book value	-	-	(2)	(2)	-	**(2)**
Ordinary depreciation and write-downs in the year	-	(6)	(12)	(18)	(1)	**(19)**
Book value at 31.12.	19	94	45	158	-	**158**
Depreciation rates	-	0-5 %	15-25 %	-	20 %	**-**
Leases not included in the balance sheet (rental)	-	7	1	8	-	**8**

6 Equity Orkla ASA (see also page 24)

Amounts in NOK million	Share capital	Legal reserve	Distributable equity	Premium fund	Other equity	Equity
Equity at 31.12.1998	1,234	1,380	7,322	-	-	9,936
Transferred from legal reserve	-	(1,380)	-	721	659	-
Transferred from distributable equity	-	-	(7,322)	-	7,322	-
Deferred tax benefit	-	-	-	-	87	87
Equity at 1.1.1999	1,234	-	-	721	8,068	10,023

7 Shares in subsidiaries (directly owned)

Amounts in NOK million	Book value	Company's share capital	Profit for the year	Equity
Orkla AB	SEK 5,468	100.0 %	(183)	5,348
Orkla Foods A.S	493	100.0 %	183	817
Bakers AS	249	100.0 %	70	196
Lilleborg as	87	100.0 %	187	352
Sætre AS	11	100.0 %	-	131
Kantolan OY	FIM 41	100.0 %	7	20
Swebiscuits AB	SEK 512	100.0 %	-	22
Nidar AS	110	100.0 %	93	213
Orkla Media A.S	503	100.0 %	(6)	537
Borregaard Industries Limited			(14)	1,373
Ordinary shares	GBP 271	100.0 %		
Preference shares	GBP 43	99.9 %		
Denofa A.S	118	100.0 %	38	214
Kemetyl AB	SEK 36	100.0 %	1	38
Borregaard NEA AS	101	100.0 %	8	119
Borregaard Skoger A.S	3	100.0 %	9	37
Orkla Finans ASA	34	97.1 %	49	132
Orkla Eiendom A.S	1	100.0 %	(18)	9
Oktav Invest A.S	-	80.0 %	6	77
Chr. Salvesen & Chr. Thams's Comm. A/S	34	100.0 %	1	43
Viking Fottøy A.S	27	100.0 %	12	54
Viking Askim A.S	104	100.0 %	-	68
Rederi-A/S Orkla	-	100.0 %	-	-
Omega Consultants A.S	-	100.0 %	(7)	4
AB Orklaprodukter	-	100.0 %	(9)	-
A.S Drammen Kjexfabrik	105	100.0 %	-	-
Nora A.S	1	100.0 %	1	23
NINO A.S	24	100.0 %	26	257
Scan-TV A.S	-	100.0 %	(14)	-
Total	8,376			

Only the directly owned subsidiaries are included in the above table. The Group also has indirect ownership of approximately another 300 subsidiaries, the profit/loss and equity of which is important in the evaluation of the above companies. The most important of the indirectly-owned subsidaries are shown in the company overview at the end of the annual report.

8 Relationship between profit before tax and the year's tax base for Orkla ASA

Amounts in NOK million	1999	1998
Profit before tax	**544**	603
Timing differences:		
Realisation of previously written down shares	**(23)**	35
Taxable exchange/realisation of bonds	**-**	(153)
Change in other timing differences	**33**	(253)
Total	**10**	(371)
Permanent differences:		
Non-deductible expenses	**2**	2
Witholding tax	**-**	(7)
Cost price adjustment for shares sold	**(7)**	(46)
RISK adjustments for shares sold	**28**	(68)
Total	**23**	(119)
Total taxable income	**577**	113
Tax computed	**(17)**	(32)
Deduction for allowance on share dividends, and tax at source	**85**	32
With holding tax foreign dividends	**(6)**	(9)
Underprovision previous years	**20**	(13)
Total tax payable	**82**	(22)
Change in deferred tax	**(31)**	3
Tax	**51**	(19)

Deferred tax benefit

	1999	1998
Fixed assets	**13**	15
Net pension funds	**59**	54
Other long-term items	**11**	10
Shares	**(192)**	(215)
Provisions	**(91)**	(54)
Basis deferred tax benefit	**(200)**	(190)
Calculated deferred tax benefit	**56**	53
Consideration to be carried forward	**-**	34
Deferred tax benefit	**56**	87
This year's change in deferred tax	**(31)**	3

Auditor's Report For 1999 to the Annual Shareholders' Meeting of Orkla ASA

We have audited the annual financial statements of Orkla ASA as of 31 December 1999, showing a profit of NOK 595 million for the parent company and a profit of NOK 1.792 million for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and the Group Chief Executive. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,
- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 1999, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with law and regulations.

Oslo, 8 March 2000
Arthur Andersen & Co.

Finn Berg Jacobsen
State Authorised Public Accountant (Norway)

Statement from the Corporate Assembly to the Annual General Meeting of Orkla ASA

The Corporate Assembly of Orkla ASA has received the Board of Directors' proposed annual report and accounts for 1999 for Orkla ASA and the Group and recommends that the Annual General Meeting adopt the accounts and the proposal of the Board of Directors for the allocation of profit for 1999.

Oslo, 16 March 2000
The Corporate Assembly of Orkla ASA

Øystein Eskeland
Chairman of the Corporate Assembly

Shares and shareholders

Shareholder policy

Orkla's shareholders should receive a competitive return on their shares over time in the form of a combination of dividends and a rise in the share price. The Group's objective is that shareholders should have a steady, stable increase in dividends, provided that the underlying development of the business is satisfactory. Orkla pursues a conservative new issue policy in which the interests of existing shareholders are decisive.

Orkla has decided to introduce the EVA® (Economic Value Added) model to further develop the business management system in the Group. This tool will further ensure that all parts of the organisation emphasise enhanced value creation for Orklas's shareholders. The EVA® concept will also enable all operational managers to make better decisions that focus on value creation. Orkla will further develop its present management incentive schemes to bring them in line with the concept, which will be implemented throughout 2000. External and internal reporting will begin in 2001.

Building shareholder value

Over time, Orkla shareholders have had a good return on their investments. In the period since 1986, when the current strategy and structure were established, the annual return has averaged 20.6 %, compared with a 12.9 % return on the Oslo Stock Exchange All Share Index. In 1999, the share value rose by 37.9 %, excluding dividends. In the same period, the OSE All Share Index rose by 45.5 %.

At the end of 1999, the Orkla share was quoted at NOK 138.00. This represented a market capitalisation value of NOK 29.2 billion, which was NOK 8.0 billion higher than on 31 December 1998, making Orkla one of the largest companies on the Oslo Stock Exchange. The company accounts for approximately 6 % of the OSE All Share Index.

For 1999, the Board of Directors proposes a dividend of NOK 2.50 per share, compared to NOK 2.03* in 1998. The dividend will be paid on 25 May 2000 to shareholders of record on the date of the Annual General Meeting.

Average annual return

	1982-99	1986-99	1991-99
The Orkla share	29.6 %	20.6 %	20.6 %
OSE All Share Index	16.6 %	12.9 %	16.0 %

Share price 1999*	NOK
Close at 30.12.1998	100.08
High	145.00
Low	91.26
Close at 30.12.1999	138.00

* Adjusted for the rights issue in connection with the amalgamation of A and B shares.

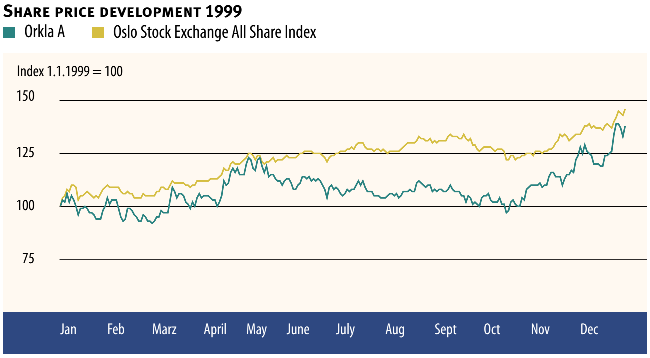
The Orkla share in 1999

In accordance with the resolution adopted by the General Meeting of Orkla on 6 May 1999, Orkla A and B shares were amalgamated into a single class of share with equal rights on 16 December 1999. To take into account the difference between the prices of share classes in Orkla in favour of A shares, a resolution was also adopted to carry out a rights issue for holders of A shares, entitling each shareholder to subscribe for one new share at par (NOK 6.25) for every seventh A share. A total of 21,718,426 shares were subscribed for and allotted in the rights issue, and there are now a total of 219,246,336 shares in Orkla ASA, each with a par value of 6.25. The new share capital now totals NOK 1,370,289,600.

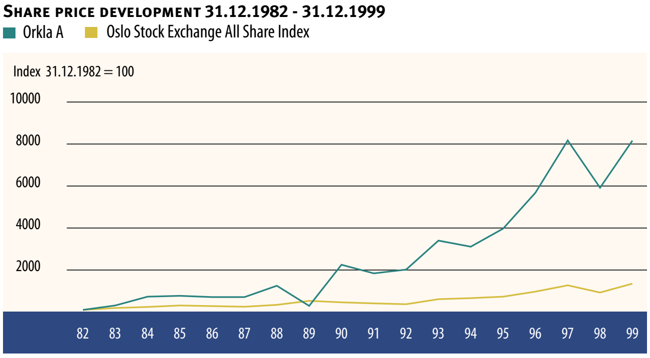
Trading in the Orkla share

The Orkla share is listed on the Oslo Stock Exchange. It may also be traded on SEAQ in London and through Orkla's Level-1 ADR programme in the USA. Almost 319 million shares were registered as traded in 1999, close to 1.5 times the number of shares outstanding. This is on a par with 1998. The value of Orkla shares traded on the Oslo Stock Exchange amounted to NOK 16.7 billion, equivalent to 3.3 % of the Exchange's total turnover. 69 million shares were traded on SEAQ, totalling GBP 643 million. Call and put options and forwards with the Orkla share as the underlying share are listed on the Oslo Stock Exchange. Due to cooperation on stock exchange and clearing operations between the Oslo Stock Exchange, OM Stockholm and OMLX London, options are also available on these markets.

Share price development 1999



Share price development 31.12.1982 - 31.12.1999



Shareholder structure

As of 31 December 1999, Orkla had 39,437 shareholders, compared with 35,017 the year before. Around 3,400 Orkla employees became shareholders in the course of 1999. The proportion of outstanding Orkla shares held by international investors declined during 1999, and at year-end 30.9 % of the shares were owned by foreign investors, compared with 40.2 % on 1 January 1999. Most of the brokerage houses in Oslo and London follow the Orkla share and analyses are also published in Stockholm and Copenhagen.

Shares by size of shareholding at 31.12.1999

No. of shares	No. of shareholders	% of capital
1-100	13,374	0.3 %
101-1,000	19,697	3.1 %
1,001-10,000	5,481	6.9 %
10,001-100,000	690	9.3 %
100,001-500,000	138	15.0 %
500,001-	57	65.4 %

The twenty largest shareholders at 31.12.1999

Shareholders	Total shares	Share-holding
Folketrygdfondet	19,261,051	8.8 %
Capital Research c/o Chase[1]	14,009,714	6.4 %
Chase Manhattan Bank	10,761,713	4.9 %
Storebrand[2]	10,275,873	4.7 %
Avanse Forvaltning	8,129,216	3.7 %
Kommunal Landspensjonskassse	7,830,623	3.6 %
State Street Bank	7,623,154	3.5 %
Oktav Invest A.S.[3]	5,025,696	2.3 %
Vital Forsikring	4,904,676	2.2 %
Gjensidige	4,331,572	2.0 %
K-Fondene	3,816,285	1.7 %
Kreditkassen[2]	3,649,702	1.7 %
DnB Investor	3,343,810	1.5 %
Norsk Hydro's pension fund	2,995,286	1.4 %
Bankers Trust Company	2,950,772	1.3 %
Skandia Skadeforsikring	2,727,476	1.2 %
Principal Life Ins Co.	2,424,000	1.1 %
SE-Banken	2,347,945	1.1 %
Storebrand Spar	2,288,887	1.0 %
Orkla ASA	2,140,380	1.0 %
Total	120,837,831	55.1 %
Total all shares	219,246,336	100.0 %

1) Divided between two separate funds.
2) A group of several legal entities with intercompany relationships.
3) 80 % owned by Orkla ASA, 10 % owned by Jens P. Heyerdahl d.y., President and Group CEO of Orkla ASA.

Voting rights and ownership

Orkla has one class of share, and each share carries one vote and has a par value of NOK 6.25. The company has no limitations on ownership other than those imposed by Norwegian licensing laws. Voting rights may be exercised at the earliest two weeks after the Norwegian Central Securities Depository has been notified of the name of the shareholder. Under Norwegian law, votes may only be cast for shares that are registered in the owner's name. Notice of attendance at the General Meeting must be received by Orkla no later than 3.00 p.m. on the third working day before the date of the General Meeting.

Issue of shares

The Board of Directors holds an authorisation, granted on 6 May 1999 and valid until the Ordinary General Meeting in 2001, to increase the share capital by means of new share subscriptions by a total value of up to NOK 90,000,000 divided between a maximum of 14,400,000 shares, each with a par value of NOK 6.25, without preferential rights for existing shareholders. This authorisation was initially granted at an Extraordinary General Meeting on 2 September 1991 and has subsequently been renewed, but has not as yet been utilised.

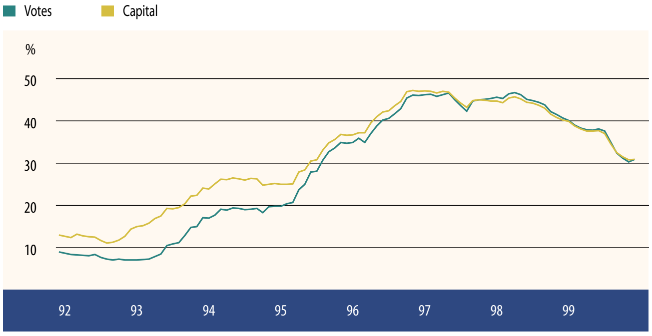
Buyback of own shares

On 6 May 1999, the General Meeting adopted a resolution authorising the Board of Directors to acquire shares in Orkla ASA subject up to a maximum of 13.4 million shares. In the course of 1999, Orkla purchased a total of 2,669,300 Orkla shares. In connection with employee share purchase schemes, Orkla has transferred a total of 528,920 Orkla shares to employees. After these transactions, Orkla owns a total of 8,354,728 shares in Orkla ASA (including 100 % of Oktav Invest).

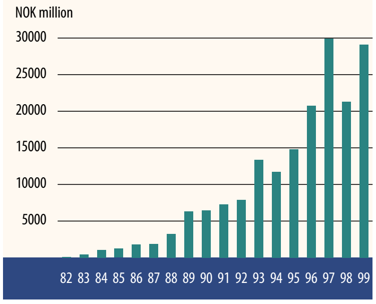
At the General Meeting on 4 May 2000, the Board of Directors will present a proposal to extend the authorisation to buy back the company's own shares, limited to 13.5 million shares. The text of the proposal is as follows: "The General Meeting of Orkla ASA hereby authorises the Board of Directors to permit the company to acquire shares in Orkla ASA at par value for up to NOK 84,375,000. The price paid per share may be no lower than NOK 20.00 and no higher than NOK 500.00. The Board of Directors has a free hand with respect to methods of acquisition and sale of the company's own shares. This authorisation will replace the authorisation granted at the General Meeting on 6 May 1999 and will apply from 5 May 2000 to 4 November 2001."

The extent to which this authorisation is utilised will be determined by the extent to which the buyback of Orkla

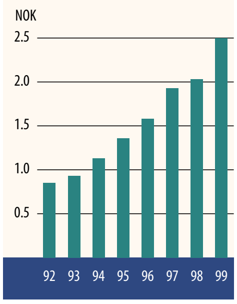
Ownership by foreign investors



Market capitalisation 31.12.1982 - 31.12.1999



Dividend per share*



* Adjusted for the rights issue in 1999

shares is considered advantageous for the company's shareholders.

Convertible bond

Orkla let a convertible bond issued in 1981 expire in December 1999. Orkla had bought back most of the loan, and converting it would have given Orkla an interest of about 4.5 %. The decision not to convert the loan means that this interest is amortised. There was an unrealised capital gain of over NOK 800 million in the loan.

Employee share purchase scheme

To encourage employees to make a long-term commitment to Orkla, all employees in Norway, Sweden, Denmark and Finland were offered the possibility, in autumn 1999, of purchasing up to 120 Orkla shares each at a 20 % discount. Orkla employees purchased a total of 352,920 Orkla shares at a discounted price of NOK 93.20, which is equivalent to 80 % of the market price of NOK 116.50 on 12 November 1999. The Group aims to continue this programme in the years ahead.

To encourage key employees of the Group to make a long-term commitment to the Group and the interests of its shareholders, a total of 88,000 Orkla shares were transferred free of charge to about 60 key staff on 18 October 1999. The shares were transferred on condition that the employees themselves purchased the same number of Orkla shares (in total 88,000) at market price (NOK 97.50) from Orkla ASA, and that this is a long-term investment.

On 10 May 1994 the General Meeting resolved to give all employees in the Norwegian companies options to purchase a total of up to 2,600,000 shares at a subscription price of NOK 6.25. The remaining options, equivalent to 62,474 shares, were redeemed in April 1999.

The Orkla Group has a bonus scheme under which the amount of the bonus is linked to the performance of the Orkla share price. As of 31 December 1999, some 60 management staff were included in this scheme. See also note 4 in Orkla ASA regarding "Remuneration and contractual arrangements".

Risk regulation

Under Norwegian law, when calculating gains on the sale of assets, company shareholders who are subject to tax in Norway must adjust the historical cost price of the shares upwards or downwards by the RISK amount, which is equivalent to the tax-related profit or loss after taxes and dividends. In this way, shareholders avoid double taxation of the gain that is related to the retention of previously taxed profits. The RISK amount for 1998 was NOK 2.40 per share, and the corresponding amount for 1999 is provisionally estimated to be NOK 3.90 per share. The final RISK amount for 1999 will not be available until 1 January 2001. Shareholders who are not subject to tax in Norway are not affected by the Norwegian RISK rules. See Note 13 regarding "Summary of RISK calculation for Orkla's shareholders" for an explanation of the RISK calculation for Orkla shareholders.

Investor relations

Communication with owners, investors and analysts, both in Norway and abroad, is a priority for Orkla. The Group's objective is to make sure that financial markets have sufficient information about the company to ensure that pricing reflects underlying values. Orkla arranges regular presentations in the main financial centres in Europe and the USA, in addition to holding frequent meetings with investors and analysts. Important events affecting the Group are reported immediately.

www.orkla.com

Orkla publishes financial information on its own home page. Presentations, four-monthly reports, annual reports, financial information, notices to the stock exchange and press releases are continuously posted on Orkla's home page, from which they may be downloaded.

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Average number of shares outstanding, fully diluted[1)]

	1999	1998	1997	1996	1995
Average no. of shares issued	218,792,545	218,024,995	216,127,383	215,090,461	215,090,461
Average no. of own shares[2)]	-6,966,965	-5,210,208	-5,277,140	-5,332,720	-5,332,720
Average number of externally owned shares	**211,825,580**	**212,814,787**	**210,850,243**	**209,757,741**	**209,757,741**
Convertible bonds[3)]	9,796,839	9,796,839	9,796,839	9,796,839	9,796,839
Own convertible bonds[3)]	-9,769,784	-9,769,784	-9,769,784	-9,769,784	-9,769,784
Employee share option schemes, average number	10,000	237,727	1,695,697	2,952,625	3,171,781
Estimated anti-dilution effect	-3,117	-40,328	-142,282	-430,840	-741,739
Average number of externally owned shares, fully diluted	**211,859,518**	**213,039,241**	**212,430,713**	**212,306,581**	**212,214,838**
Share price applied when estimating anti-dilution effect:	108	135	128	79	64

1) Adjusted for rights issue in connection with amalgamation of A and B shares.
2) Includes 80 % of the shares owned by Oktav Invest.
3) Upon expiry on 31.12.1999 the bonds were not converted into shares. Orkla ASA paid compensation to external bearers equivalent to the amount they would have received if the loan had been converted.

Summary Accounts for the Business Areas

Industry area (Branded consumer goods, Chemicals and Head office/Unallocated)

	1999	1998	1997	1996	1995
Income statement (NOK million)					
Operating revenues	**31,022**	30,466	30,575	25,743	21,819
Operating expenses	**(27,053)**	(26,539)	(26,499)	(22,593)	(19,097)
Ordinary depreciation and write-downs	**(1,542)**	(1,440)	(1,330)	(1,038)	(930)
Operating profit before goodwill	**2,427**	2,487	2,746	2,112	1,792
Goodwill amortisation and write-downs	**(442)**	(419)	(417)	(281)	(155)
Operating profit before other revenues and expenses	**1,985**	2,068	2,329	1,831	1,637
Other revenues and expenses	**91**	(335)	181	20	127
Operating profit	**2,076**	1,733	2,510	1,851	1,764
Profit from investments in associates	**114**	165	442	97	76
Financial items, net	**(799)**	(883)	(571)	(616)	(448)
Profit before tax	**1,391**	1,015	2,381	1,332	1,392
Cash flow (NOK million)					
Cash flow from operating activities	**3,768**	3,638	4,287	3,462	2,362
Replacement expenditure and environmental investments	**(1,457)**	(1,815)	(1,735)	(1,195)	(1,122)
Expansion investments	**(546)**	(847)	(441)	(335)	(169)
Acquisitions of companies	**(665)**	(514)	(4,977)	(385)	(4,363)
Key figures					
International sales (NOK million)	**17,532**	16,745	16,492	13,876	10,361
Operating margin (%)	**6.7**	5.7	8.2	7.2	8.1
Return on capital employed (%)	**11.1**	10.4	16.7	14.9	18.1
Total man-years	**24,246**	23,560	23,262	18,181	15,833
Balance (NOK million)					
Assets					
Long-term assets	**21,077**	21,248	19,314	12,557	12,263
Short-term assets	**12,292**	10,488	11,471	9,183	10,890
Total assets [1]	**33,369**	31,736	30,785	21,740	23,153
Equity and Liabilities					
Equity	**6,274**	6,087	5,982	4,760	4,678
Interest-free liabilities	**9,322**	9,071	9,296	6,964	7,003
Interest-bearing liabilities	**17,773**	16,578	15,507	10,016	11,472
Total equity and liabilities	**33,369**	31,736	30,785	21,740	23,153
Net interest-bearing liabilities	**12,349**	12,228	10,660	6,591	7,436
1) Of which lending to Financial Investments	4,306	2,902	3,080	2,282	2,699

Financial investments

	1999	1998	1997	1996	1995
Income statement (NOK million)					
Operating revenues	**492**	375	416	266	172
Operating expenses	**(367)**	(293)	(298)	(190)	(140)
Ordinary depreciation and write-downs	**(24)**	(18)	(15)	(11)	(12)
Operating profit	**101**	64	103	65	20
Portfolio gains	**595**	769	876	816	481
Dividends received	**315**	318	292	339	200
Financial items, net	**(83)**	(109)	(115)	(121)	(203)
Profit before tax	**928**	1,042	1,156	1,099	498
Securities portfolio (NOK million)					
Market value	**20,875**	12,624	14,410	11,043	8,761
Book value	**11,340**	8,495	8,188	6,431	5,742
Unrealised gains before tax	**9,535**	4,129	6,222	4,612	3,019
Net asset value [1]	**16,604**	10,410	11,542	8,909	6,125
Equity ratio, value adjusted (%)	**79,2**	82,0	80,1	80,7	69,9
Balance sheet (NOK million)					
Assets					
Long-term assets	**1,085**	1,459	883	599	518
Short-term assets	**12,052**	9,303	8,833	6,795	6,051
Total assets	**13,137**	10,762	9,716	7,394	6,569
Equity and Liabilities					
Equity	**7,952**	7,153	6,137	4,913	3,648
Interest-free liabilities	**1,031**	460	412	204	168
Interest-bearing liabilities	**4,154**	3,149	3,167	2,277	2,753
Total equity and liabilities	**13,137**	10,762	9,716	7,394	6,569
Net interest-bearing liabilities	**3,360**	2,316	3,007	2,187	2,706

1) Market value - liabilities

Summary Accounts for the Business Area

Industry area	**Branded consumer goods**				
	1999	1998	1997	1996	1995
Income statement (NOK million)					
Operating revenues	**24,842**	24,238	24,296	20,057	16,202
Cost of goods sold	**(9,721)**	(9,408)	(9,692)	(8,867)	(7,162)
Payroll expenses	**(5,740)**	(5,770)	(5,534)	(4,384)	(3,649)
Other expenses	**(5,929)**	(5,786)	(5,521)	(4,268)	(3,441)
Ordinary depreciation and write-downs	**(1,191)**	(1,124)	(1,034)	(770)	(683)
Operating profit before goodwill depreciation	**2,261**	2,150	2,515	1,768	1,267
Goodwill amortisation and write-downs	**(422)**	(399)	(399)	(254)	(133)
Operating profit before other revenues and expenses	**1,839**	1,751	2,116	1,514	1,134
Other revenues and expenses	**110**	(303)	253	20	13
Operating profit	**1,949**	1,448	2,369	1,534	1,147
Profit from investments in associates	**118**	163	413	94	73
Minority interests' of net profit	**(123)**	(106)	(94)	(30)	(12)
Cash flow (NOK million)					
Cash flow from operating activities (see page 15)	**3,443**	3,196	3,936	2,751	1,869
Replacement expenditure and environmental investments (see page 15)	**(1,188)**	(1,412)	(1,266)	(856)	(797)
Expansion investments (see page 15)	**(456)**	(756)	(214)	(126)	(82)
Acquisitions of companies	**(665)**	(486)	(4,931)	(363)	(4,318)
Capital employed at 31.12. (NOK million)					
Net working capital	**908**	1,070	1,017	1,032	1,318
Associates	**1,928**	1,991	1,806	979	938
Goodwill	**5,473**	5,452	5,510	3,624	3,706
Tangible fixed assets	**9,121**	8,880	7,835	4,906	4,920
Capital employed	**17,430**	17,393	16,168	10,541	10,882
Key figures					
International sales (NOK million)	**13,160**	12,293	12,005	9,780	6,310
Operating margin (%) [1]	**7.4**	7.2	8.7	7.5	7.0
Return on capital employed (%) [2]	**12.2**	12.6	15.9	16.1	15.8
Total man-years	**21,143**	20,367	20,000	15,174	12,960

1) Operating profit before other revenues and expenses/Operating revenues.

2) (Operating profit before goodwill + Profit from associates)/(Average net working capital + Average associated + Average tangible fixed asets + Average goodwill at cost).

Branded consumer goods	**Orkla Foods**					**Orkla Beverages**				
	1999	1998	1997	1996	1995	**1999**	1998	1997	1996	1995
Income statement (NOK million)										
Operating revenues	**10,757**	10,238	10,094	10,527	7,003	**6,373**	6,741	7,656	3,265	3,328
Cost of goods sold	**(5,463)**	(5,270)	(5,287)	(5,656)	(3,788)	**(1,685)**	(1,825)	(2,291)	(1,019)	(1,156)
Payroll expenses	**(1,922)**	(1,912)	(1,826)	(1,895)	(1,329)	**(1,656)**	(1,822)	(1,950)	(875)	(855)
Other expenses	**(2,126)**	(1,981)	(1,842)	(1,874)	(1,212)	**(1,895)**	(1,944)	(1,993)	(853)	(845)
Ordinary depreciation and write-downs	**(373)**	(334)	(315)	(330)	(232)	**(507)**	(500)	(484)	(208)	(225)
Operating profit before goodwill depreciation	**873**	741	824	772	442	**630**	650	938	310	247
Goodwill amortisation and write-downs	**(164)**	(162)	(169)	(164)	(74)	**(148)**	(142)	(139)	(10)	(2)
Operating profit before other revenues and expenses	**709**	579	655	608	368	**482**	508	799	300	245
Other revenues and expenses	**110**	(60)	46	20	(162)	**-**	(174)	171	-	175
Operating profit	**819**	519	701	628	206	**482**	334	970	300	420
Profit from investments in associates	**2**	1	1	4	-	**53**	75	36	12	(1)
Minority interests' share of net profit	**(7)**	(7)	(5)	(5)	(4)	**(106)**	(89)	(84)	(20)	(3)
Cash flow (NOK million)										
Cash flow from operating activities (see page 15)	**1,346**	1,185	1,197	1,209	412	**1,116**	980	1,832	637	612
Replacement expenditure and environmental investments (see page 15)	**(290)**	(524)	(325)	(381)	(323)	**(519)**	(431)	(298)	(142)	(244)
Expansion investments (see page 15)	**(70)**	(58)	(166)	(24)	-	**(386)**	(670)	-	(68)	(35)
Acquisitions of companies	**(114)**	(166)	(22)	(33)	(3,936)	**(244)**	(113)	(4,902)	(23)	(316)
Capital employed at 31.12. (NOK million)										
Net working capital	**967**	1,083	1,069	1,090	1,279	**(254)**	(160)	(88)	(29)	(13)
Associates	**8**	4	4	4	4	**756**	775	675	177	153
Goodwill	**2,175**	2,341	2,415	2,583	2,864	**2,143**	2,085	2,092	16	26
Fixed assets	**2,398**	2,572	2,213	2,098	2,189	**4,605**	4,243	3,742	1,349	1,348
Capital employed	**5,548**	6,000	5,701	5,775	6,336	**7,250**	6,943	6,421	1,513	1,514
Key figures										
International sales (NOK million)	**6,754**	6,189	5,889	6,339	3,002	**4,068**	4,089	4,554	1,912	1,954
Operating margin (%) [1]	**6.6**	5.7	6.5	5.8	5.3	**7.6**	7.5	10.4	9.2	7.4
Return on capital employed (%) [2]	**13.3**	11.2	13.2	11.9	12.7	**9.1**	10.6	15.5	21.9	14.9
Total man-years	**6,286**	6,534	6,346	6,494	4,378	**8,254**	7,457	7,685	3,102	3,886

1) Operating profit before other revenues and expenses/Operating revenues.

2) (Operating profit before goodwill + Profit from associates)/(Average net working capital + Average associated + Average tangible fixed asets + Average goodwill at cost).

Chemicals					Head office/Unallocated				
1999	1998	1997	1996	1995	**1999**	1998	1997	1996	1995
5,677	5,777	5,733	5,161	5,033	**676**	638	721	657	718
(2,565)	(2,594)	(2,749)	(2,365)	(2,203)	**(213)**	(262)	(278)	(344)	(414)
(935)	(914)	(866)	(817)	(794)	**(316)**	(241)	(264)	(206)	(154)
(1,588)	(1,572)	(1,515)	(1,290)	(1,252)	**(219)**	(178)	(254)	(183)	(162)
(315)	(282)	(267)	(244)	(230)	**(36)**	(35)	(28)	(25)	(17)
274	415	336	445	554	**(108)**	(78)	(103)	(101)	(29)
(14)	(13)	(12)	(4)	(11)	**(6)**	(7)	(6)	(23)	(11)
260	402	324	441	543	**(114)**	(85)	(109)	(124)	(40)
(19)	-	(50)	-	-	**-**	(32)	(22)	0	114
241	402	274	441	543	**(114)**	(117)	(131)	(124)	74
(3)	(1)	1	5	5	**(1)**	2	27	(2)	(2)
(3)	(9)	(4)	(1)	(5)	**2**	(9)	(14)	(6)	(6)
398	504	471	753	544	**(74)**	(63)	(120)	(43)	(51)
(235)	(348)	(416)	(279)	(178)	**(34)**	(55)	(56)	(60)	(146)
(89)	(91)	(202)	(209)	(87)	**(1)**	-	(24)	-	-
-	(27)	(2)	(16)	-	**-**	-	(44)	(6)	(45)
1,500	1,326	1,108	937	938	**(80)**	(65)	(59)	(40)	184
23	22	24	20	39	**71**	73	82	61	235
180	176	125	16	10	**1**	13	18	59	53
2,312	2,323	2,177	1,984	1,756	**238**	252	253	182	149
4,015	3,847	3,434	2,957	2,743	**230**	273	294	262	621
4,220	4,298	4,291	3,833	3,753	**151**	153	197	263	298
4.6	7.0	5.7	8.5	10.8					
6.4	10.4	9.1	14.0	18.7					
2,477	2,583	2,633	2,547	2,487	**627**	610	630	460	386

Orkla Brands					Orkla Media				
1999	1998	1997	1996	1995	**1999**	1998	1997	1996	1995
4,531	4,273	4,146	4,213	4,229	**3,332**	3,153	2,569	2,220	1,791
(2,006)	(1,813)	(1,746)	(1,849)	(1,968)	**(717)**	(667)	(540)	(511)	(400)
(857)	(819)	(792)	(802)	(790)	**(1,305)**	(1,217)	(966)	(812)	(675)
(1,010)	(1,017)	(1,000)	(967)	(938)	**(897)**	(844)	(683)	(574)	(445)
(147)	(141)	(122)	(134)	(144)	**(165)**	(149)	(113)	(97)	(82)
511	483	486	461	389	**248**	276	267	226	189
(34)	(27)	(28)	(30)	(29)	**(77)**	(68)	(63)	(51)	(28)
477	456	458	431	360	**171**	208	204	175	161
-	(25)	20	0	0	**-**	(44)	16	0	0
477	431	478	431	360	**171**	164	220	175	161
57	80	366	63	62	**7**	8	11	15	12
(1)	(2)	(1)	(1)	(1)	**(10)**	(7)	(5)	(4)	(5)
574	584	554	557	590	**407**	447	353	348	256
(123)	(161)	(282)	(211)	(160)	**(256)**	(296)	(361)	(121)	(71)
-	(20)	(12)	-	-	**-**	(8)	(36)	(34)	(47)
(200)	-	-	-	(45)	**(106)**	(207)	(7)	(307)	(21)
430	296	261	167	215	**(236)**	(149)	(225)	(196)	(164)
929	972	894	550	504	**236**	240	233	248	278
441	327	355	382	436	**714**	699	648	643	380
907	961	979	849	833	**1,211**	1,104	900	610	550
2,707	2,556	2,489	1,948	1,988	**1,925**	1,894	1,556	1,305	1,044
1,457	1,234	1,156	1,239	1,353	**881**	781	406	290	0
10.5	10.7	11.0	10.2	8.5	**5.1**	6.6	7.9	7.9	9.0
18.6	19.5	23.0	23.6	20.4	**11.2**	14.0	16.9	17.4	17.5
2,592	2,615	2,837	2,905	3,024	**4,011**	3,761	3,133	2,673	1,672

Key Figures

	Notes		**1999**	1998	1997	1996	1995	1994	1993
Income statement									
1 Operating revenues		(NOK million)	**31,492**	30,819	30,970	25,998	21,977	21,114	18,292
2 Operating profit before goodwill and other inc. and exp.		(NOK million)	**2,529**	2,553	2,851	2,179	1,814	1,602	1,362
3 Operating profit		(NOK million)	**2,177**	1,797	2,613	1,916	1,784	1,573	1,296
4 Operating margin	1	(%)	**6.9**	5.8	8.4	7.4	8.1	7.4	7.1
5 Proft before tax		(NOK million)	**2,319**	2,057	3,537	2,431	1,890	1,533	1,283
6 Profit for the year		(NOK million)	**1,792**	1,502	2,674	1,790	1,456	1,164	999
7 Non-recurring items (before tax)		(NOK million)	**91**	(488)	545	20	127	82	0
8 - Of which other revenues and expenses		(NOK million)	**91**	(335)	181	20	127	82	0
9 Goodwill amortisation and write-downs charged against operating profit		(NOK million)	**(443)**	(421)	(419)	(283)	(157)	(111)	(66)
Cash Flow									
10 Net cash flow (Group)		(NOK million)	**(1,294)**	(789)	(4,984)	1,313	(2,372)	(539)	(1,837)
Key figures									
11 Return on capital employed (Industry area)	2	(%)	**11.1**	10.4	16.7	14.9	18.1	na	na
12 Return on portfolio investments		(%)	**48.2**	(7.0)	24.5	32.5	12.7	9.5	67.0
Capital as per 31.12									
13 Book value of total assets		(NOK million)	**41,624**	38,632	36,755	26,417	26,627	21,464	19,482
14 Market capitalisation	3	(NOK million)	**29,242**	21,278	29,910	20,737	14,818	11,727	13,358
15 Equity ratio	4	(%)	**34.2**	34.3	33.0	36.6	31.3	34.7	34.6
16 Equity ratio incl. unrealised portfolio gains before tax	5	(%)	**46.4**	40.6	42.7	46.0	38.3	41.9	41.9
17 Net interest-bearing liabilities	6	(NOK million)	**15,709**	14,544	13,667	8,778	10,142	7,553	7,014
18 Interest coverage ratio	7		**3.7**	3.5	6.1	4.4	4.1	3.7	3.2
19 Average borrowing rate		(%)	**5.5**	5.7	5.5	7.4	7.6	7.7	9.9
20 Share of floating interest-bearing liabilities	8	(%)	**65**	62	80	57	69	56	77
21 Average time to maturity, loans		(år)	**4.3**	5.0	4.0	5.3	3.4	3.3	3.4
Shares 1)									
22 Average no. of externally owned shares (fully diluted)		(x 1.000)	**211,860**	213,039	212,431	212,307	212,215	211,261	209,507
23 Average no. of externally owned shares		(x 1.000)	**211,826**	212,815	210,850	209,758	209,758	209,758	209,758
Share-related key figures									
24 Share price at 31.12.		(NOK)	**138.0**	100.1	140.0	98.1	69.4	55.1	61.1
25 Earnings per share (fully diluted) 2)	9	(NOK)	**7.9**	6.5	12.0	8.3	6.7	5.4	4.7
26 Earnings per share (adjusted) 2)	10	(NOK)	**9.7**	10.3	11.8	9.5	7.1	5.7	4.8
27 RISK per share	11	(NOK)	**3.90**	2.40	5.17	6.21	3.84	3.23	3.90
28 Dividend per share (proposed for 1999) 2)		(NOK)	**2.50**	2.03	1.93	1.58	1.36	1.13	0.93
29 Payout ratio	12	(%)	**31.6**	31.2	16.1	19.0	20.3	20.9	19.8
30 Price/earnings ratio	13		**17.5**	15.4	11.7	11.8	10.4	10.2	13.0
Personnel									
31 Number employees			**25,037**	24,833	23,946	18,869	18,353	16,873	15,081
32 Number man years			**24,402**	23,709	23,378	18,277	15,920	16,281	14,532

1) See also page 38.
2) Adjusted for the rights issue in connection with the amalgamation of A and B shares.

1. Operating profit/Operating revenue
2. (Operating profit + Profit from associates)/(Average interest - free current assets - Average interest - free current liabilities + Average long-term assets)
3. Market capitalisation is calculated on the basis of number of shares held externally x average share price at year end
4. Book equity/Total assets
5. (Book equity + Unrealised portfolio gains)/(Book value of total assets + Unrealised portfolio gains)
6. Total interest - bearing debt - Interest - bearing receivables and liquid assets (cash, bank deposits etc.)
7. (Profit before tax - Other items + Net interest expenses)/(Net interest expenses)
8. Debt with remaining fixed interest for less than one year
9. Profit for the year/Number of shares held externally (fully diluted) at year end
10. Profit for the year (adjusted for goodwill amortisation and one-off items)/Average number of shares held externally (fully diluted) at year end
11. RISK: Regulation on input value of taxable value of shares. The RISK amount as of 1 January 1999 is estimated to be NOK 3.90 and will be paid to Norwegian shareholders as of 1 January 1999.
12. Dividend per share/Earnings per share (fully diluted)
13. Share price/Earnings per share

Asset Values

One possible model for valuing Orkla is to distinguish between industrial assets, where the value is related to future earnings from continuing operations, and negotiable assets with identifiable market values.

Set out below are details of the main data necessary for a valuation of Orkla's assets. On this basis, and on the basis of his own assumptions, the investor will be able to assess the value of the various assets in order to undertake a valuation of the Group.

Forests

The Group owns about 110,000 hectares of forest, of which approximately 80,000 hectares are productive. Forests have a book value under fixed assets of NOK 113 million. The annual quantity harvested is approximately 105,000 sm^3, which is sold at market price. The market price for comparable timber in 1999 was approximately NOK 350 per sm^3.

Power

The Group's hydropower production in a normal year is 640 GWh, of which 635 GWh is derived from waterfalls not subject to reversion. In addition, there is 45 GWh of replacement power. Power is sold internally and in the open market on both long- and short-term contracts. The book value under "Fixed assets" of assets related to the power business is NOK 124 million.

Financial Investments

As of 31 December 1999, the Group's securities portfolio had a market value of NOK 20,875 million. The book value was NOK 11,340 million. The Group owns office buildings totalling 34,500 m^2, and a multi-storey car park with an area of 4,500 m^2 at Skøyen in Oslo. The book value of Orkla's real estate interest was NOK 485 million as of 31 December 1999. As of 31 December 1999, the Financial Investments area had net interest-bearing liabilities of NOK 3,360 million and book equity of NOK 7,952 million.

Industry

Orkla owns a number of Norwegian and Nordic brands that are important for the Group's future earnings. Since 1958 Orkla has also had long-term cooperation agreements with Unilever relating to detergents, personal products and cosmetics. The current agreements expire in 2014. Most of the brands covered by the agreements are owned by Orkla for use in Norway.

The Industry area's results for 1999 are affected by non-recurring items totalling NOK 91 million. recorded under "Other revenues and expenses". NOK 442 million in depreciation and goodwill amortisation has been charged against the Industry area's reported operating profit in 1999, while NOK 39 million in goodwill amortisation has been charged against "Profit from associates". Operating profit, cash flow and investments for the various business areas are shown in the tables on pages 40 and 41. As of 31 December 1999, the Industry area had net interest-bearing liabilities of NOK 12,349 million.

Tax

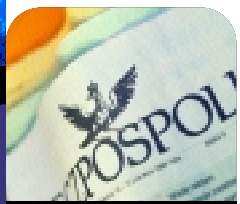
The average tax rate for the Industry area is normally around 30 %. As a result of dividends received from the share portfolio, RISK adjustments of the cost -price base and unutilised cost price adjustments related to the tax reform, the tax charge for the Financial Investments area is normally low.

Adjusted profit, Industry	**1999**	1998	1997	1996	1995
Operating profit, Industry	**2,076**	1,733	2,510	1,851	1,764
Adjustments for forests	**(11)**	(14)	(14)	(11)	(13)
Adjustment for power	**(79)**	(84)	(52)	(35)	(38)
Goodwill amortisation	**442**	419	417	281	155
Other revenues and expenses	**(91)**	335	(181)	(20)	(127)
Adjusted operating profit	**2,337**	2,389	2,680	2,066	1,741
Profit from associates [1]	**114**	180	139	97	76
Goodwill amortisation associates	**39**	41	38	15	12
Net financial expenses [2]	**(799)**	(744)	(632)	(616)	(448)
Adjusted profit before tax	**1,691**	1,866	2,225	1,562	1,381
Minority interests	**122**	120	107	35	23

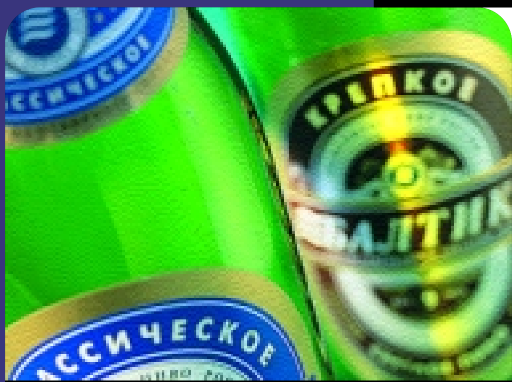
1) Excl. NOK 15 million due to BBH's loss on exchange in 1998. Excl. gain from sale of Jotun Polymer (NOK 283 million) in 1997, gain from sale of vessels in KS Swan Sea (NOK 20 million) in 1997.
2) Excl. NOK 138 million due to BBH's loss on exchange in 1998. Excl. gain from sale of Hansa Brewery (NOK 61 million) in 1997.

Branded Consumer Goods

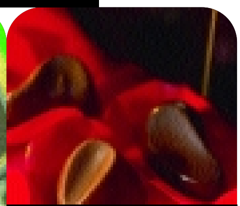
Orkla Foods



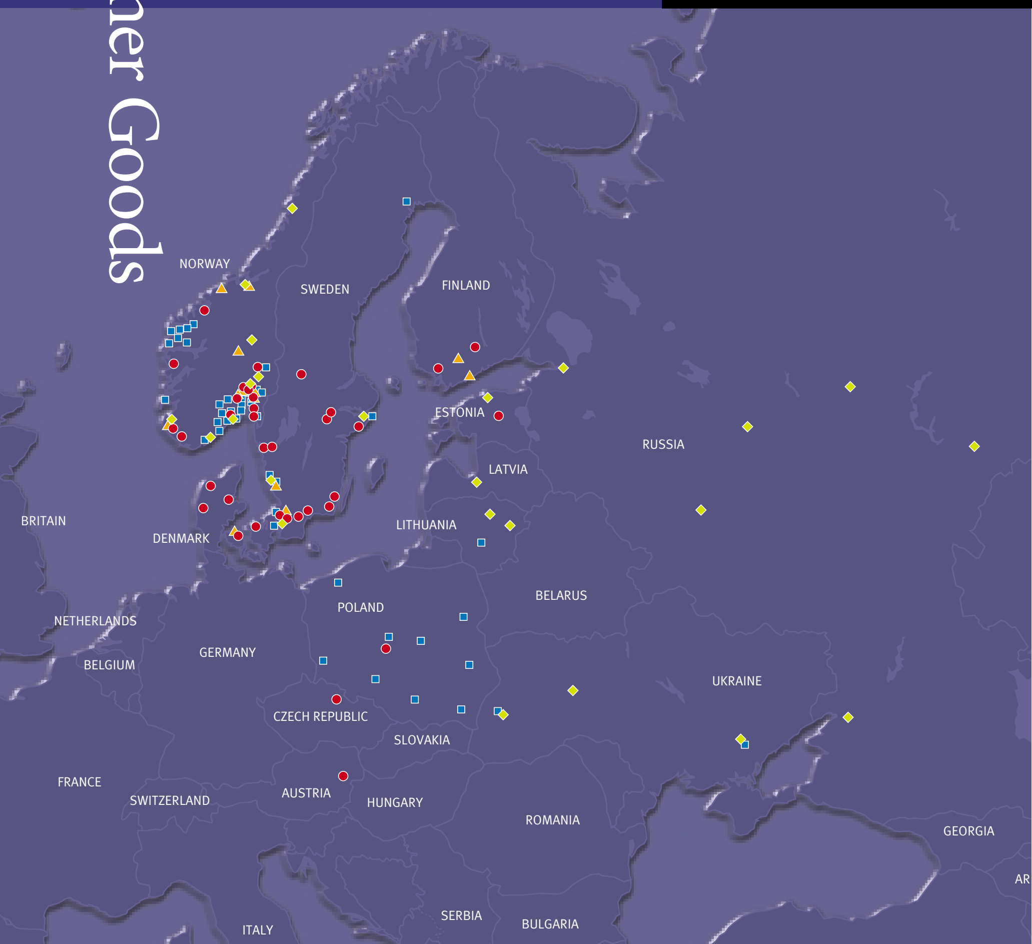
Orkla Media



Orkla Beverages



Orkla Brands



Orkla's Branded Consumer Goods business has production plants in 12 European countries. Its branded products are also exported to selected areas of Europe.

- ***Orkla Foods***
- ***Orkla Beverages***
- ***Orkla Brands***
- ***Orkla Media***

Focus in the year 2000

- ► **Strengthen the leading positions of our branded products in the Nordic region by adapting existing products and developing new branded products that meet consumer needs better than our competitors**
- ► **Further develop our position as the preferred partner of Nordic retailers and utilise the opportunities presented by the electronic market place**
- ► **Further expand in selected markets and product categories in Eastern Europe with a view to attaining the position of market leader**

Branded Consumer Goods and Branded Goods Culture

Orkla defines a branded product as a set of associations, perceived qualities and values which are associated with specific products and services by virtue of product characteristics – a name, a symbol, a design or a logo – and which can thus be recognised repeatedly by potential purchasers. A strong branded product is regarded by consumers as positively different from other products on the market, and thereby generates consumer preference and loyalty.

Orkla defines a branded goods culture as a common, well-organised and effective system of working and thinking which facilitates optimum development of the branded product's economic potential. A strong branded goods culture generates strong brands with possibilities for premium prices, a high rate of innovation and cost effective operations throughout the value chain. The Group has put a great deal of effort into linking its branded consumer goods companies in a common branded goods culture. The Orkla Brand School is an important instrument in this respect.

Orkla's Branded Consumer Goods

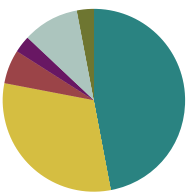
The Branded Consumer Goods area comprises Orkla Foods, Orkla Beverages, Orkla Brands and Orkla Media. These businesses have aggregate operating revenues of NOK 24.8 billion and account for approximately 80 % of Group operating revenues and nearly 90 % of operating profit. Orkla's Nordic branded consumer goods strategy was determined in 1991. At the beginning of the 1990s, the Group held strong positions in Norway and some promising positions in Denmark. This business area has grown throughout the 1990s, mainly due to new acquisitions. The most important acquisitions were the Swedish companies Pripps, Procordia Food and Abba Seafood. After a period of considerable expansion, branded goods sales outside Norway accounted for about 53 % of total sales in 1999.

Today, Orkla is the leading supplier of grocery products to Nordic households and holds many No. 1 and No. 2 positions in important product groups. Orkla owns numerous brand names that will play a key role in terms of the Group's future earnings. They are mainly brands that have been built up over a long period of time with the help of substantial investments in advertising and marketing. In addition to these products, Orkla has entered into two long-term agreements, with Unilever and PepsiCo respectively. The agreement with Unilever concerns detergents and personal care/cosmetics and most of the brands are owned by Orkla for use in Norway. This agreement, which was originally entered into in 1958, was re-negotiated in 1995 and expires in 2014. A twenty-year agreement signed with PepsiCo Inc. for the Swedish market is due to enter into force on 1 January 2001, while a similar agreement for the Norwegian market has been in place since 1998. In 1999 a cooperation agreement was entered into with PepsiCo Inc. concerning the production, distribution and sale of Pepsi products in the Baltic States.

Orkla Foods is the leading supplier of food products in the Nordic region and its products mainly hold No. 1 and No. 2 positions on the market. A substantial proportion of sales revenues are generated in Norway and Sweden, but future growth is mainly expected to take place in the other Nordic countries and Eastern Europe. Sales outside the Nordic region account for about 9 % of total operating revenues. Through Pripps Ringnes, Orkla Beverages is market leader for beer and mineral water and holds the No. 2 position for soft drinks in Norway and Sweden. Baltic Beverages Holding (50 % interest) was established in 1991. It is the leading beer producer in Russia and the Baltic

Operating revenues by market

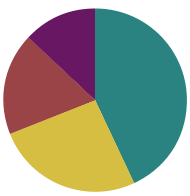
- Norway 47 %
- Sweden 31 %
- Denmark 6 %
- Finland 3 %
- Eastern Europe 10 %
- Other 3 %



Net sales NOK 24,734 million

Operating revenues by business area

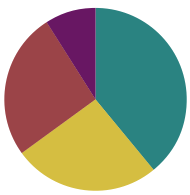
- Orkla Foods 43 %
- Orkla Beverages 26 %
- Orkla Brands 18 %
- Orkla Media 13 %



Total operating revenues NOK 24,842 million

Operating profit by business area

- Orkla Foods 39 %
- Orkla Beverages 26 %
- Orkla Brands 26 %
- Orkla Media 9 %



Operating profit NOK 1,839 million (excl. other revenues and expenses)

States and No. 3 in Ukraine. All these markets have a high growth rate and good profitability. Growth is expected to continue primarily in the BBH area. Orkla Brands is market leader in most of its product groups, which consist of detergents, personal care products/cosmetics, confectionery, biscuits, snacks and household textiles. Cooperation with Unilever is mainly concentrated in Norway. Orkla Media's activities comprise newspapers, magazines, direct marketing and Internet/electronic publishing. It is the second largest media company on the Norwegian market and the second largest player on the Polish newspaper market.

Results

Orkla's Branded Consumer Goods business posted operating revenues of NOK 24,842 million in 1999. For continuing business, this was equivalent to a decline of 1 %. Excluding other revenues and expenses, operating profit increased by 5 % to NOK 1,839 million.

The performance of the Branded Consumer Goods business was mixed in 1999. Orkla Foods did well, achieving profit growth of 22 % driven by progress in all areas. Orkla Brands reported a moderate 5 % rise in operating profit. A decline in profit for Snacks reduced this business area's overall profit. This was mainly due to running-in problems at the new potato crisp line in Denmark. The Confectionery business reported good growth. For Beverages, profit in the Nordic region increased significantly, but from a low level. As expected, the substantial devaluation of the Russian rouble in August 1998 had a negative impact on profit in 1999. However, BBH's volume growth has been good and its market shares have increased. Although BBH's operating profit before goodwill and other revenues and expenses was lower than in 1998, it still accounts for 66 % of Orkla Beverages' profit. Orkla Media's performance in 1999 was poor, with an 18 % drop in profit. This was mainly due to a decline in profit from Direct Marketing, primarily because of restructuring and the conversion to a new IT platform. The Polish newspaper business also lost shares of the advertising market.

Stabburet

Procordia Food

In addition to its efforts to increase earnings by improving its exploitation of market potential, the Branded Consumer Goods area has consistently focused on costs. Tougher competition from international players necessitates strong focus on the ongoing improvement programmes, and cost-cutting and rationalisation programmes are being implemented on an ongoing basis. At the same time, there is strong emphasis on realising planned synergy gains in the wake of acquisitions. Comprehensive improvement projects are being implemented in most business areas.

Orkla's branded consumer goods strategy

Product improvements and competitive prices provide added value for consumers. Orkla makes continuous efforts to strengthen its market positions by using efficient production methods and concentrating on developing products at competitive prices which generate value for consumers and also have the branded product's ability to generate consumer loyalty. Orkla's Nordic base is an advantageous position from which to develop products that are tailored for Nordic consumers.

Leading market positions, combined with sound marketing and product development expertise, a continued moderate price policy and cost effective operations throughout the value chain are Orkla's most important competitive parameters in the face of competition from international players and private labels. Effective advertising investments will strengthen the position of priority branded products.

The Norwegian consumer is changing. Important new trends include increasingly less time for cooking, two working parents, a rise in the number of one or two-person households and changed eating habits, a shift from fixed family meals towards "snacking". At the same time, consumer behaviour is less dependent on age, social class or gender. These demographic and behavioural changes in consumer patterns have made it difficult to segment the market in the traditional way. In its efforts to position its products on the market, Orkla has therefore increased the use of "needs mapping" as an analytical tool in order to increase our understanding of which real needs consumers wish us to meet. This enables us to target products/brands in relation to the needs that exist on the market, thereby building long-term preferences.

Orkla has structured its Nordic organisations by category in many of its product areas, which enables us to strengthen both product development and positioning in individual areas. Orkla's existing brand names will be strengthened on their national, domestic markets. If the market situation is appropriate, national products may be developed into Nordic products. The between-meals snack Risifrutti is one example of a Swedish product which has subsequently been launched in Norway, Finland and Denmark. New products and concepts are increasingly being launched as Nordic brands.

Grocery products in the Nordic region

For many reasons, it is natural to regard the Nordic region as one market for branded grocery products. The countries have common characteristics in terms of culture, lifestyle, attitudes and tastes, and all of them have high purchasing power and stable operating parameters. Geographical proximity also has logistical advantages. However, since there are differences in consumer attitudes, it is necessary to have local market expertise and adapt our products accordingly. It will be important to develop a thorough understanding of which products will remain local/national and which products have Nordic/international potential.

Retailers are cooperating across national borders and forming Nordic chains, and total annual grocery sales on the Nordic market amount to approximately NOK 400 billion (including VAT). International brand names are broadly represented in most product categories. According to a survey carried out by AC Nielsen, 70-80 % of the market leaders in various product categories are owned by international or Nordic companies.

The grocery trade in the Nordic region is one of the most concentrated in Europe. The three largest grocery chains account for about 80 % of sales, and it has therefore been possible to professionalise areas such as flow of goods, logistics and the use of retail computer systems. Concentration in the rest of Europe is currently mainly nationally or regionally based, illustrated by the fact that the five largest chains in Europe account for only about 20 % of sales.

Whereas cooperation in the Nordic retail trade was previously based on fairly flexible statements of intent, ownership is now being integrated. ICA in Sweden and Hakon in Norway have merged. In Sweden, Hemköp and D&D have joined forces and will have about 19 % of the

Swedish market. The new company will also control Spar Finland (10 % market share in Finland). The consumer cooperatives in Norway, Sweden and Denmark have entered into cooperation that is intended to result in Nordic solutions for procurement, private labels and IT. With the Dutch company Ahold's acquisition of 50 % of ICA, we have witnessed the first step towards internationalisation of the Nordic chains. It was in anticipation of this type of structural change that Orkla established its Nordic branded goods strategy in 1991. With its strong market positions, a Nordic business system and a desire to develop Nordic products and concepts, Orkla is well positioned to handle the market changes that are now taking place.

The proportion of retailers' own brands, known as "private labels", is still modest in the Nordic region compared with several other West European markets. In 1999 market shares for private labels remained stable.

Orkla has, in practice, been cautious about producing for private labels. Our goal of having our own, strong brands can easily come into conflict with this type of production. However, Orkla will consider producing for private labels provided certain basic conditions are met: production must be sufficiently profitable, the products must not be direct copies of the Group's priority products, and Orkla must have production capacity available.

Orkla's market positions are currently clearly strongest in Norway and Sweden, but the Group has well-established sales organisations in all the Nordic countries. One of our goals is to further increase our presence in Finland and Denmark. Orkla has good relations with retailers in the Nordic region and wishes to strengthen this cooperation. Our goal is to be a preferred supplier who also contributes to the profitability of the retail trade. We place considerable emphasis on making a professional contribution in areas such as category management and flow of goods.

Branded consumer goods outside the Nordic region

Orkla's goal is to increase its activities in selected markets outside the Nordic region. With the exception of Beverages and Media, expansion has so far been slower than planned, largely because the markets are very fragmented, with numerous small manufacturers. However, efforts are still being made to promote growth outside the Nordic region. In 1999, sales from the Branded Consumer Goods business outside the Nordic region totalled approximately NOK 3.4 billion, equivalent to about 14 % of the business's total sales. BBH is clearly the most important investment and accounts for 47 % of these sales. The second most important is Polish newspapers.

The Group currently has operations in the Baltic States, Poland, the Czech Republic, Austria, Russia and Ukraine. With the exception of Austria, these markets are, on the whole, at an early stage of development. Orkla should therefore have a good chance of establishing a position as preferred supplier for large consumer groups whose purchasing power is expected to increase over time. However, investments in these markets involve both greater currency risk and greater political risk. These factors are taken into account on an ongoing basis. Orkla wishes to acquire companies with strong market positions and local managements that can be developed. There must also be, or it must be possible to develop, a suitable sales and distribution system for the geographical area concerned. During the first phase after an acquisition, resources will normally have to be invested in upgrading product quality, strengthening local brand names and training management and other personnel. There is also emphasis on building up good relations with local authorities.

Baltic Beverages Holding acquired two Russian breweries in 1999: Chelyabinskpivo (75 % interest) and Pikra (50 % interest). It has also increased its interests in Kolos (from 25 % to 99 %), Utenos Alus (from 20 % to 99 %) and Tulskoye Pivo (from 69 % to 84 %). Moreover, capacity has been expanded at several of the previously owned breweries. Orkla's share of these expansion investments amounted to NOK 354 million in 1999. Orkla Media has established a strong No. 2 position on the Polish newspaper market in the course of the 1990s and continued its expansion in 1999 with the acquisition of *Gazeta Lubuska,* one of Poland's largest regional newspapers.

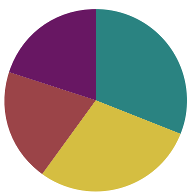
The Internet and e-commerce

Electronic commerce is growing strongly in the Nordic region, although it is still at a low level. Total sales in 1999 were estimated to be approximately 406 million*, equivalent to approximately 0.4 % of total retail trade. The most important product groups, both in the Nordic region and elsewhere, are related to computers, travel, bank services and music/videos. These sectors account for 65 % of total Nordic e-commerce. The food category is still little developed, and sales are estimated to amount to approximately 13 million, i.e. 3 % of total e-commerce. However, the growth rate is high. There is considerable uncertainty about the scope and form of future online retailing, particularly in the grocery sector. Efforts to exploit the potential of the Internet are under way both at Group level and in the individual business areas, and they are being given high priority.

* Source: The Boston Consulting Group: Online retailing in the Nordic countries.

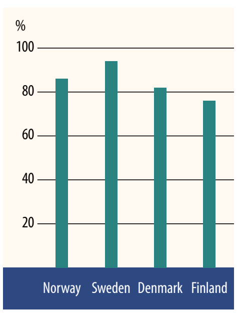
Retailers' share of the Nordic grocery market

- Coop 31 %
- ICA/Hakon/Kesko 29 %
- Norgesgruppen/Spar Finland/ D&D/Dagr. 20 %
- Other 20 %



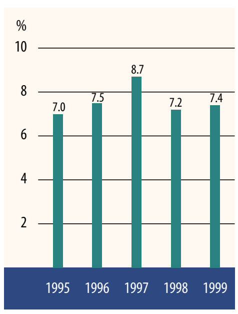
Total sales on the Nordic grocery market NOK 400 billion (incl. VAT)
Source: Nielsen Norway

The three largest retailers' market share

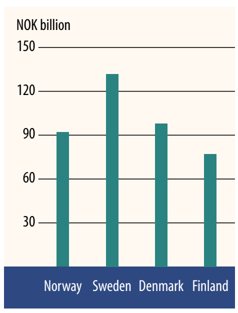


Source: Nielsen Norway

Trends in operating margins for the Branded Consumer Goods business



Grocery sales in the Nordic countries*



Source: Nielsen Norway
* incl. VAT

Orkla Foods

Focus in the Year 2000

- Maintain the trust and confidence of consumers and be the preferred supplier of branded products
- Increase the rate of product development
- Improve understanding of consumer needs
- Improve profitability and reduce fixed costs
- Achieve profitable growth in Eastern Europe
- Integrate e-commerce and new technology in the further development of the business

Procordia Food

Stabburet

RisiFrutti is one of several branded products manufactured by Orkla Foods for the Nordic market. The product is sold in Sweden, Finland, Denmark and Norway. Stabburets' Nora jam was the first in Norway to be produced in environmentally sound refill packaging, enabling consumers to re-use their jam jars. Kalles Kaviar, a fish roe spread from Abba Seafood, is one of the strongest brands on the Swedish grocery market. This product is also marketed in Finland.

Abba Seafood

Orkla Foods is a leading developer, manufacturer and marketer of food products in the Nordic region. Activities are concentrated around the company's own strong brands and concepts. Orkla Foods intends to further develop the Nordic region as its domestic market and expand into selected markets in Eastern Europe.

In 1999, approximately 90 % of operating revenues came from the Nordic market, where 43 of the company's 47 production plants are located. Orkla Foods' employees work approximately 6,300 man-hours per year.

Results

Operating revenues totalled NOK 10,757 million in 1999. Revenues from continuing business were 2 % higher than in 1998. Excluding other revenues and expenses, operating profit was NOK 709 million. Operating profit from continuing business increased by 23 %.

Orkla Foods' main focus in 1999 was on increasing profitability. Cost-cutting measures were introduced in several areas. Greater awareness of the importance of brand-building and reorienting sales efforts towards more profitable products also brought results. All divisions achieved profit growth. Market shares were largely maintained or strengthened.

Consumers are more concerned than ever about how products are produced, what they consist of and what effects they have on health and the environment. Orkla Foods has adopted a restrictive, cautious policy concerning the use of genetically modified raw materials and ingredients. Strict demands are made on suppliers in order to retain customers' trust and confidence, and to this end Orkla Foods has undertaken several audits of international soya bean and maize producers.

One of Orkla Foods' main challenges is to achieve profitable growth in Central and Eastern Europe. More resources will be allocated for the effort to find suitable candidates for acquisition in Poland, the Czech Republic, Hungary, Russia, the Baltic States and Austria.

1999 was the second full year of operation under the company's organisation by category. The core of Orkla Foods' organisational structure consists of seven divisions and eight category teams. The category teams' task is to achieve corporate synergies in the field of marketing and product development across divisional and national borders. A re-evaluation of the category structure was initiated towards the end of 1999 with a view to combining divisional and category responsibility to a greater extent. More resources will be allocated for category operations.

As a result of the EU agricultural policy reform, raw materials prices in the EU will fall in the years ahead. A similar reduction in prices must take place in Norway. Raw materials prices, customs duties and export support will influence the future production structure in the Nordic region and the extent to which it will be possible to move products between the EU and Norway.

Stabburet

In 1999 Stabburet's operating revenues rose NOK 93 million to NOK 2,585 million. Stabburet achieved significant profit growth thanks to strong focus on brand-building and innovation and long-term improvement efforts in all parts of the value chain.

While volumes on the Norwegian grocery market rose about 1 %, Stabburet's most important product groups performed better than the total market.

There was growth on the Norwegian catering market in 1999, particularly in the fields of pizza, fast food and sandwich toppings and Stabburet participated in this growth.

In the last three years, Stabburet has invested approximately NOK 250 million in a new production plant to meet the steadily growing demand for frozen pizza. The new pizza product Big One Fresh Baked was well received on the Norwegian market when it was launched in August 1999. In November, Stabburet sold its production plant for frozen vegetables in Brumunddal.

Procordia Food

Procordia Food's operating revenues increased by SEK 171 million to SEK 3,362 million in 1999. Increased sales volumes and cost reductions in several areas led to profit growth. There was an extraordinary rise in sales of Procordia Food's potato products due to a lapse in raw materials supplies outside Sweden.

On the Swedish grocery market, volume growth was about 2.5 % in 1999. Developments on the refrigerated between-meals snacks market were particularly favourable for Procordia Food. Sales of RisiFrutti, which is also well-positioned in the other Nordic countries, increased by 19 %. Procordia Food also strengthened its presence in this market segment by launching the between-meals snacks/desserts Smaskens and Fresta. Towards the end of the year, Pizza Originale was launched as a between-meals snack and was well-received on the market.

The Life Force 2000 project aims to reduce costs by SEK 170 million by the end of 2000. Almost half these savings have been realised and included in the 1999 accounts. Savings are necessary, not least to enable Procordia Food to be competitive on the open EU market, where the battle for market shares is becoming increasingly tough.

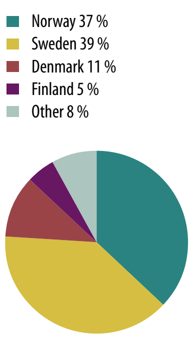
Beauvais

Beauvais' operating revenues amounted to DKK 414 million in 1999. For continuing business, this was equivalent to 4 % growth compared with 1998.

In 1999, Beauvais launched a new series of quality juices under the brand name "Fra Den Gamle Fabrik" (From the Old Factory). The company took over responsibility for sales and marketing of the between-meals snack RisiFrutti in May 1999. With its strong platform in the Danish grocery trade, Beauvais ensured that the product got off to a good start. Several new varieties of sauces, jams and seafood were also launched. The amalgamation of Abba Seafood's and Beauvais' sales and marketing functions in Denmark proved fruitful.

In January 1999, Beauvais' factories in Frørup and Skrave were closed down and production was moved to Svinninge. DKK 50 million was invested in a new jam and marmalade factory. Productivity at the new plant improved during the year.

Operating revenues by market



Net sales NOK 10,684 million

Felix Abba

Felix Abba reported operating revenues of FIM 292 million in 1999. For continuing business, this was equivalent to a decline of 1 %. A rise in sales volume on the grocery market contributed to an improvement in operating profit.

Felix Abba holds leading positions in Finland and Estonia in the fields of fruit and berries, preserved vegetables, sauces and seafood. Felix Abba achieved growth on the Finnish market with RisiFrutti, Fun Light, Felix ketchup and pickled gherkins and Abba pickled herring.

The workforce at Felix Abba's production plant in Lahti has been reduced by 30 persons since the plant was acquired in April 1998.

The subsidiary company Pôltsamaa Felix bought the brand name Formeer in January 2000, thereby becoming market leader on the Estonian mayonnaise market.

In February 2000, Orkla Foods entered into an agreement concerning the acquisition of 70 % of the shares in UAB Suslavicius ir Partneriai, the market leader for ketchup in Lithuania.

Orkla Foods International

Orkla Foods International reported operating revenues of NOK 487 million in 1999. For continuing business, this is equivalent to a decline of 1 %. Although Orkla Foods International has improved its operating profit, profit is still negative.

Kotlin is Poland's leading manufacturer of pizza and ketchup and holds a No. 2 position on the jam market. Kotlin's workforce was reduced by 128 during the year. A further 61 people left the company at the end of the year. Operating profit at Kotlin is expected to continue to improve following the allocation of more resources for marketing, sales and product development.

Guseppe is a clear market leader on the growing Czech pizza market. The Guseppe Originale pizza, baked in a stone oven, and the family pizza Guseppe Double Pack were launched in 1999.

Cost-cutting measures improved Felix Austria's operating profit. Market shares for ketchup, ready meals and preserved vegetables were largely maintained on the Austrian market.

Abba Seafood

Abba Seafood's operating revenues in 1999 totalled SEK 1,243 million. Adjusted for planned and implemented reductions in the product range, this was equivalent to a decline of 4 %. Profit was improved by re-orienting sales towards more profitable products and introducing cost savings throughout the value chain.

Abba Seafood's market shares were largely maintained or increased. The most satisfactory development was on the Swedish pickled herring market, where Abba Seafood achieved 12 % sales growth. There was also a slight rise in sales of fish roe spread (kaviar).

Approximately 12 % of Abba Seafood's operating revenues come from products that have been developed in the last three years. In 1999 Abba Seafood launched several new herring products and a refill variety of Kalles Kaviar for the catering market.

The Abba 100 project has led to profit growth of approximately SEK 100 million since 1997. Abba Seafood's export operations have been cut back in recent years and are now profitable.

Orkla Food Ingredients

Orkla Food Ingredients reported operating revenues of NOK 1,984 in 1999. For continuing business, this represents a decline of 5 % from the previous year, mainly ascribable to a re-orientation of sales towards more profitable products.

Thanks to a number of strategic choices made in 1999, Orkla Food Ingredients has become the Nordic region's leading supplier of bakery ingredients to the bakery and food industries.

In June 1999, the Swedish and Norwegian authorities approved Orkla Foods' acquisition of the marzipan and bakery ingredients supplier KåKå. After the purchase of KåKå and the sale of Regal Mølle (flour milling), the Industry Division changed its name to Orkla Food Ingredients.

In 1999, the malt centre in Denmark, which is part of KåKå, established a joint sales and distribution organisation with the Danish company Credin. The purpose of this cooperation was to create a platform for growth and increased profitability on the Danish bakery ingredients market, where there has been over-capacity in the sales and distribution network.

All production of marzipan at KåKå's factories at Ørnskjøldsvik and Helsingborg is being transferred to Odense Marcipan in Denmark.

In addition to KåKå and Odense Marcipan, Orkla Food Ingredients consists of Idun Industri in Norway and Dragsbæk Margarinefabrik (50 % interest) in Denmark.

In January 2000 Orkla Foods acquired 50 % of the shares in the yeast company Jästbolaget AB, thereby strengthening its position on the Swedish bakery ingredients market.

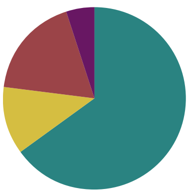
Bakers

Bakers increased its operating revenues by NOK 50 million to NOK 1,008 million in 1999. This growth was largely due to investments in bake-off products and semi-baked bakery products, and satisfactory sales of the bread series Bakerns ferske.

Competition in this sector and a rise in transport costs led to pressure on margins in 1999. Nevertheless, thanks to continuous rationalisation of all parts of the company, Bakers' operating margin was on a par with 1998.

Revenues by segment

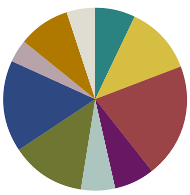
- Retail 65 %
- Catering 12 %
- Industry 18 %
- Export/other 5 %



Total operating revenues
NOK 10,757 million

Operating revenues by product group

- Pizza 7 %
- Ready Meals 12 %
- Fruit and Berries 20 %
- Condiments and Sauces 7 %
- Vegetables 6 %
- Seafood 13 %
- Baking Ingredients 16 %
- Potato products 4 %
- Bread and bakery products 9 %
- Other (incl. Kotlin) 6 %



Total operating revenues
NOK 10,757 million

Orkla Beverages

Focus in the Year 2000

- Improve market positions for soft drinks in Norway and beer in Sweden
- Complete the Competitive Edge project
- Rationalise the production structure in Norway
- Exert influence to achieve fair operating parameters in terms of taxation in Sweden and Norway
- Expand through acquisitions and capacity expansion in Eastern Europe

Baltic Beverages Holding

Ringnes

Pripps

Baltika, Russia's most sold beer brand, has a 15 per cent market share. Sales volumes are still growing strongly. With a well-developed logistical system, Baltika is now distributed all over Russia. In Norway and Sweden, Pripps Ringnes is market leader on the mineral water market as well as the beer market. Farris and Ramlösa are premium brands with a very strong consumer base in Norway and Sweden respectively.

Pripps Ringnes is the biggest supplier of beverages in the Nordic region and is market leader in Norway and Sweden. Through Baltic Beverages Holding (BBH), Pripps Ringnes is also market leader in the Baltic States and Russia. BBH is a 50-50 joint venture with the Finnish company Oy Hartwall AB. Pripps Ringnes has a 20.4 % interest in Oy Hartwall AB, which is market leader in Finland.

In 1999 Pripps Ringnes continued to expand in Russia and carried out comprehensive restructuring projects in Norway and Sweden. BBH is now part-owner of twelve breweries and eight malteries in Russia, Ukraine and the Baltic States. Pripps Ringnes has a potential market of 220 million people in the Nordic region, Russia, Ukraine and the Baltic States.

In the Nordic region, profit growth was affected by a comprehensive restructuring and rationalisation process. For BBH, volume growth of 40 % partly compensated for currency devaluations. Calculated in local currency, profit margins were maintained.

Pepsi

The main beer brands in Norway and Sweden bear the brewery's name. Ringnes pilsener beer was re-launched in a new design in 1999, which strengthened its position as Norway's most sold beer. Pripps Blå is the leading brand in both the grocery trade and the restaurant business in Sweden but is not as well positioned in the strong beer segment at Systembolaget, the Swedish state wine and liquor monopoly. Orkla Beverages produces, distributes and markets Pepsi-Cola and 7Up under licence in Norway, Estonia, Latvia and Lithuania. Similar cooperation in Sweden will commence in January 2001. Sales of PepsiCo products rose strongly in 1999.

Ringnes

Orkla Beverages

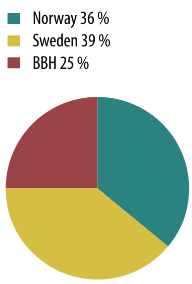
In 1999, Orkla Beverages' operating revenues totalled NOK 6,373 million, compared with NOK 6,741 million in 1998. Excluding other revenues and expenses and including a NOK 148 million deduction for goodwill amortisation, operating profit fell from NOK 508 million to NOK 482 million. On the Nordic markets, operating profit rose from NOK 131 million to NOK 253 million (excluding goodwill amortisation). Profit growth in the Nordic region was ascribable to cost savings arising from the Competitive Edge project, a warm summer in Sweden and a positive trend for PepsiCo products in Norway. This growth was achieved despite lower volumes due to the loss of tollfilling for Coca-Cola in Norway. Operating profit for BBH (50 %) declined from NOK 567 million in 1998 to NOK 414 million in 1999 (excluding goodwill amortisation). A warm summer and expansion led to volume growth in 1999. New acquisitions and capacity expansion partly offset the drop in profitability in Russia and Ukraine in autumn 1998 following the devaluation of the Russian and Ukrainian currencies.

Pripps Ringnes Nordic

Pripps Ringnes Nordic comprises the operations of Pripps in Sweden and Ringnes in Norway relating to the production and sale of beverages, plus Rent A Cooler in Norway, Sweden and Denmark, which rents out water coolers and sells water in large volume packages. In 1999, focus has been on marketing and the Competitive Edge cost reduction programme. In 1999 the programme proceeded according to plan and profit in the Nordic region improved. The programme will end in 2000 and the full effects of the cost savings will be seen in 2001.

In 1999, Pripps Ringnes Nordic posted operating revenues of NOK 4.8 billion and was the biggest player on the Nordic beverages market. Excluding goodwill amortisation, operating profit amounted to NOK 253 million, compared with NOK 131 million the previous year. Profit in Norway

Operating revenues by market



Total operating revenues
NOK 6,373 million

was somewhat lower than in 1998, while Pripps's profit improved significantly. In order to achieve the target margin, work on further improving profitability and strengthening market positions for soft drinks in Norway and beer in Sweden must continue.

Ringnes

The Norwegian part of the business (Ringnes) reported operating revenues of NOK 2,321 million in 1999, 14 % lower than in 1998. Despite lower sales due to the loss of tollfilling for The Coca-Cola Company (TCCC), Ringnes' operating profit was almost on a par with 1998. Better summer weather, satisfactory sales of water and PepsiCo products and a successful launch of canned beer had a favourable impact on profit.

The Norwegian beverages market was 4 % up on 1998, when sales were low due to the cold summer. While summer temperatures were normal in 1999, market volumes were on a par with 1997, when the summer was warm. In the same period, Ringnes has gained market shares in the soft drinks segment and maintained its positions for beer and water. The progress for soft drinks was due to strong sales of PepsiCo products, 7-Up doing particularly well. Ringnes continued its efforts to develop the beverages category in cooperation with the retail trade. The company's market share of the soft drinks segment was 25 % in 1999, the main brands being Pepsi Cola, Pepsi Max, Solo, Mozell, Schweppes and 7-Up. The Ringnes brand, Lysholmer, Frydenlund, Carlsberg, Munkholm and EC Dahls contributed to Ringnes' 59 % share of the beer market. Farris and Imsdal had a 71 % share of the water market. As a further element of its focus on soft drinks, Ringnes increased its interest in Solo AS from 71 % to 78 % in 1999.

A deposit and return system for non-reusable packaging was established in Norway on 3 May 1999. As a result of this, the tax on non-reusable packaging was reduced. This has led to a significant change in the packaging mix in the beer segment. The volume share of cans (excluding barrels and tanks) increased immediately, stabilising at around 35 % in the autumn. The change in the packaging mix will necessitate structural changes on the production side.

Production changes in the Oslo region are proceeding according to plan. Phase 1, moving bottling operations from Oslo to Gjelleråsen, is expected to be fully operational from 1 May 2000. Phase 2, moving the brewing process, offices and a new bottling line to Gjelleråsen, was decided in 1999 and will be implemented in 2000-2001. NOK 123 million was invested in this programme in 1999, equivalent to 50 % of total gross investments. As a consequence of the new packaging structure, and as an element of the Group's efforts to improve efficiency to compete with international players, ten warehouses were closed down in 1999 and a decision was made to move production in Bodø to Trondheim.

In 1999 a decision was made to demerge the Norwegian spring water company Rent A Cooler AS from Ringnes. Rent A Cooler is being run as an independent business from 1 January 2000.

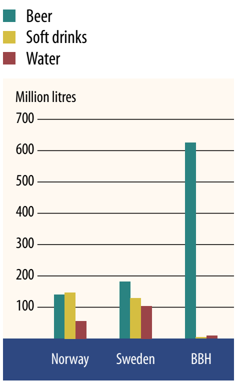
Pripps

The Swedish business (Pripps) managed to turn around its profit performance after achieving unsatisfactory results in 1998. Excluding goodwill amortisation, operating profit rose significantly in 1999. This good performance was due to increased volume, an improved product mix and rationalisation measures. Operating revenues in 1999 rose by SEK 193 million to SEK 2,692 million.

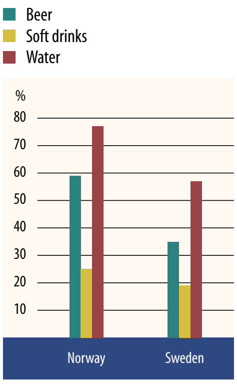
The Swedish beverage market grew 7 % in 1999 compared with 1998. A warm summer and the increase in sales of low-price beer at Systembolaget, the Swedish state wine and liquor monopoly, contributed to this growth. On the other hand, the Swedish brewery sector is feeling the negative effects of far higher beer taxes than its neighbours, Denmark and Germany, which are resulting in private imports of large quantities of beer. Market analyses show that the level of private imports has remained stable since 1998 and is equivalent to about 15 % of total beer consumption in Sweden.

Pripps

Volume sold by product group



Market share by product group



In 1999, sales of soft drinks rose 8 % compared with 1998. The still drink brand Festis achieved a No. 1 position in its segment with 25 % growth, thereby helping to maintain Pripps' share of the soft drinks market. The water market grew 13 %, considerably helped by the warm summer. Pripps maintained its positions in this segment with Ramlösa and Vichy Nouveau.

In 1999, Pripps entered into cooperation with Bibendum, an importer of alcoholic beverages, as part of its effort to extend its range on the Swedish market. Under this agreement, Pripps will take over sales and distribution of parts of Bibendum's range from 1 February 2000, thereby becoming the second largest supplier of wine on the Swedish market.

The Swedish spring water company Rent A Cooler AB was established and demerged from Pripps in 1999 and will operate as an independent company from 1 January 2000.

Pripps will be facing several challenges in the next two years. Cooperation with Bibendum may be further developed. Pripps will be a Pepsi supplier from 2001 and focus on this product's share of market value must continue. The latter will not increase Pripps' turnover to any great extent, but may increase the product's profitability.

Rent A Cooler

In 1999 it was decided that the water cooler business would become a separate company and an independent division of Orkla Beverages. Rent A Cooler has operations in Norway, Sweden, Denmark, Lithuania and Finland. In 1999 the company posted operating revenues of SEK 50 million and anticipates further expansion in 2000.

Baltic Beverages Holding (BBH)

BBH comprises brewery operations in Russia, Ukraine, Estonia, Lithuania and Latvia. Significant expansion took place from 1991 to 1999 and BBH currently has majority interests in twelve breweries and eight malteries. The company is market leader in Russia and the Baltic States and is one of the three largest players in Ukraine.

BBH's strategy is to acquire breweries in the growing markets in Russia, Ukraine and the Baltic States and invest in technology, human resource development, marketing and distribution systems. Particular attention is paid to beer quality. BBH acquires a majority interest in its breweries but has local operational management, often with an interest in the brewery.

The market situation in 1999 was far better than most people would have believed after the economic crisis in Russia in autumn 1998. In 1999 volume rose 40 % and total volume (BBH 100 %) reached 1,278 million litres (913 million litres in 1998). BBH's (50 %) operating revenues totalled NOK 1,576 million, compared with NOK 1,715 million in 1998, the drop being due to a significant decline in the value of the currency. Excluding goodwill amortisation, operating profit was NOK 414 million, compared with NOK 567 million in 1998. The operating margin excluding goodwill amortisation was 26 %. Profit after tax and minorities was somewhat better than in 1998 due to a substantial reduction in tax charges (NOK –116 million). In 1999 BBH had a tax deduction in Russia for investments in Baltika as well as a lower general tax rate.

BBH (50 %) invested NOK 0.6 billion in capacity expansion and acquisitions of new businesses in 1999. These investments were largely financed from operations.

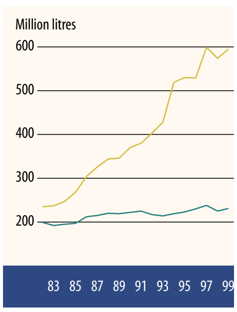
In 1999, despite stronger competition, BBH maintained or increased its market shares. Market shares in Russia, Ukraine, Estonia and Lithuania increased, while in Latvia they remained on a par with the previous year.

Beer consumption on BBH's markets increased significantly in 1999. A warm summer, lower real prices in Russia and Ukraine and increased activity on the part of market players contributed to this. Moreover, behavioural patterns are moving towards western consumption patterns. The trend is towards weaker alcoholic beverages and the general quality of beer is improving.

In 1999 BBH continued its long-term expansion strategy by making further acquisitions in Russia, Lithuania and Ukraine. During the year, BBH acquired a 75 % interest in the Russian brewery Chelyabinskpivo in the Urals. The brewery was consolidated in the accounts from 1 May 1999. BBH increased its interest in the Ukrainian brewery Kolos from 24 % to 99 % in the course of 1999. Kolos was consolidated from 1 September 1999. Utenos Alus in Lithuania was also consolidated from 1 January 1999 after BBH increased its interest to 99 %. A further 50 % of the Russian brewery Pikra in Krasnoyarsk was acquired as part of the effort to increase market coverage in Siberia. Pikra will be consolidated from 1 April 2000.

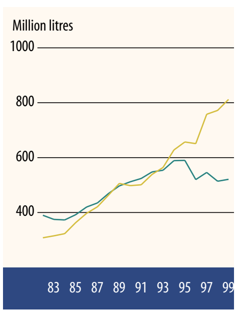
Norway: Overall market trends

Beer
Soft drinks and water



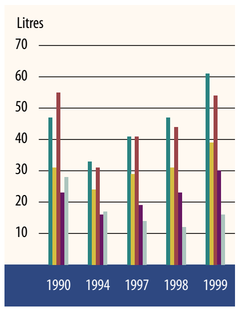
Sweden: Overall market trends

Beer
Soft drinks and water

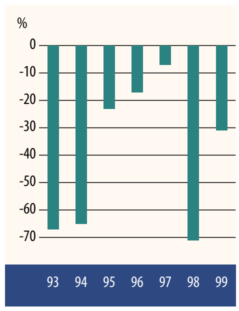


Trends in beer comsumption (per capita)

Estonia
Latvia
Lithuania
Russia
Ukraine



Percentage annual change RUR/USD



BBH also increased its interests in Yarpivo, Slavutich and Slavuta Malt House. Through a private placement, Baltika became the majority shareholder in the BBH-controlled Tulskoye Pivo brewery (formerly Taopin). The purpose of this is to create a stronger structure and greater potential for coordinating operations in Russia.

In the Baltic States in 1999, a cooperation agreement was entered into with PepsiCo Inc. for the production, distribution and sale of PepsiCo products. The agreement entered into force on 1 January 2000.

Russia

Russia's economy has stabilised since the economic crisis and devaluation in 1998. GDP increased, for the second time in Russia's recent history, by 2 %. Russian industrial production rose 7 % and the balance of trade showed a surplus, which can partly be explained by higher oil prices and a low level of imports. Purchasing power was strengthened by a rise of almost 20 % in real per capita incomes. Income levels in Russia, which in January 1999 were 30 % below the 1998 annual level, returned to the 1998 annual level in the course of the year. In 1999 the currency dropped 31 % against the US dollar. In the same period, the inflation rate was 37 %, which means that the rouble is about 5 % stronger in real terms.

In 1999 the authorities implemented measures which reduced unemployment and increased tax payments more than expected. On the other hand, the Russian economy still suffers from a weak infrastructure, a low level of investment and slow progress in the preparation of legislation. Further progress in the Russian economy is therefore dependent on political stability and a solution to the conflict in Chechnya.

Beer tax in Russia was RUR 0.72 per litre in 1999. In 2000 this tax was increased to RUR 0.90 per litre, which is a lower rise than the rate of inflation. The Russian authorities also increased the tax on vodka substantially in 1999 and 2000.

Beer consumption in Russia increased strongly for the third year in succession, while consumption of spirits declined. The beer market grew 27 % and per capita consumption increased from 23 to 30 litres. This trend is partly ascribable to increased competition and intensified marketing, quality improvements and a warm summer.

BBH sold 970 million litres of beer in Russia in 1999, 38 % more than the previous year. Growth accelerated towards the end of the year. This was one of the reasons why BBH increased its market share by 2 percentage points to 23 %. Baltika alone had a market share of 15 %, with particularly strong positions in Moscow and St. Petersburg.

After the crisis in August 1998, BBH reviewed its cost structure. The proportion of imported raw materials has been reduced and local suppliers have carried out quality improvements. Improved cost effectiveness due to volume growth also had a positive impact on profitability.

The price rises in Russia took place gradually throughout the year and, partly due to quality improvements, did not have a negative effect on volume. On average, BBH breweries in Russia increased their prices by 32 % in 1999.

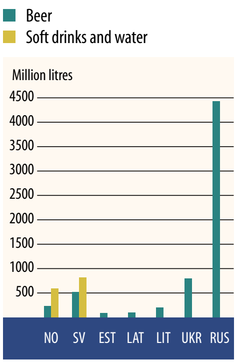
The Baltika brewery made major investments in quality and capacity in 1998 and 1999. At year-end, capacity at the brewery in St. Petersburg had increased to 600 million litres, which makes it one of the largest in Europe. Capacity at the subsidiary company, Baltika Don in Rostov, increased to 100 million litres and at the end of the year Baltika took over a majority interest in the BBH-controlled brewery Tulskoye Pivo, south of Moscow, which has an annual capacity of 120 million litres. In 1999, Baltika (incl. Baltika Don) increased its sales by 34 % to 663 million litres. As a further step in the development of Russia's only national beer brand, a distribution network with depots in eleven of the larger towns was established in 1999. At year-end, 30 % of volume was moving through this system, which covers all the most important regions in Russia.

Through its new brand, Medeove, Baltika launched beer in PET (plastic) bottles in autumn 1999. PET packaging has grown strongly in Russia because consumers regard it as modern and practical in comparison with glass. The price of beer in PET bottles is on a par with that of beer in glass bottles.

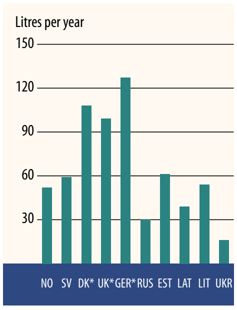
In order to safeguard Baltika's future expansion plans, the brewery has entered into an agreement with the European Bank for Reconstruction and Development (EBRD) for a loan of USD 40 million. Baltika was the first company in Russia to be granted credit by the EBRD after the crisis. At the end of 1999 this line of credit had not been utilised.

In connection with Baltika in St. Petersburg, Russia's largest maltery is being built in cooperation with the French company Soufflet. Baltika has a 30 % stake in the maltery. The construction process has been delayed, but the factory is expected to be operational by autumn 2000, which will further reduce malt imports.

Beverage market



Beer consumption per capita



*Source: CBMC

Baltika's subsidiary, Baltika Don, is being developed as planned and produces both Baltika beer and beer under the regional brand name Don. After further capacity expansion at Tulskoye Pivo, this brewery will also produce Baltika beer.

Tulskoye Pivo has completed its first phase of investment, which increased capacity to 120 million litres. The brand name TP was launched in summer 1999. Sales trends for the new brand were good until the brewery experienced quality problems resulting from excessive capacity utilisation in summer 1999. Tulskoye Pivo's total volume in 1999 was 100 million litres, up 20 % on the previous year.

Yarpivo, which is located in Yaroslav, about 200 km north of Moscow, has retained its market position and is now Russia's fifth largest brewery. Capacity at the brewery was expanded as planned, from 120 million to 165 million litres, while BBH's interest was increased from 50 % to 60 %.

Through a private placement, BBH increased its interest in Chelyabinskpivo to 75 %. The brewery is located in Chelyabinsk in the Urals, Russia's second largest centre of population with 20 million inhabitants. The first technical quality improvement was completed in summer 1999, which led to growth in the second half of the year. The annual sales volume was 48 million litres from the time the company was consolidated on 1 May 1999. Chelyabinskpivo is optimising the logistical efficiency of BBH's expansion plans and the second phase of investment will be completed well before the 2000 summer season.

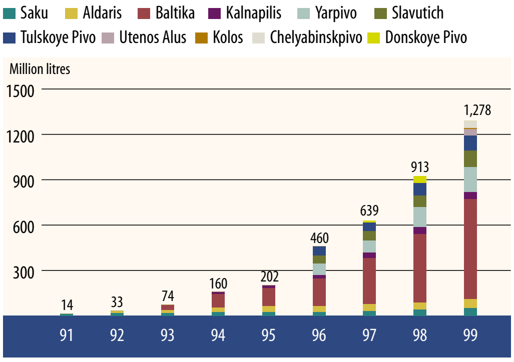
The Pikra brewery in Krasnoyarsk holds a dominant position in central and eastern Siberia. BBH has acquired a 50 % share of the brewery and technical upgrading has begun. Pikra will be consolidated from 1 April 2000.

Ukraine

The economic crisis in Ukraine continued and the economy declined in 1999. GDP fell 0.4 %, the inflation rate was 19 % and the hrivna dropped 52 % against the US dollar. Due to the reduction in purchasing power, BBH was unable to increase beer prices during the period.

The total market in Ukraine grew by 17 %, equivalent to per capita consumption of 16 litres. BBH increased its sales in Ukraine by 50 %, mainly due to the acquisition of Kolos. BBH's market share rose to 15 % in 1999.

Sales volume



The Slavutich brewery in eastern Ukraine reported volume growth of 40 % in 1999, to 109 million litres. As in other parts of Russia, growth was accelerating in the last half of the year. In the last two years, Slavutich has built up a nationwide distribution system and is now beginning to reap the benefits. Thanks to this new distribution system, Slavutich is, in practice, the only beer sold nationwide in Ukraine today. Kolos beer will be sold and distributed through the same system as Slavutich.

Kolos, in Lvov, complements Slavutich geographically in western Ukraine. In 1999 BBH increased its interest in the Kolos brewery from 24 % to 99 % and expects the first investment phase, including technical upgrading and capacity expansion, to be completed by summer 2000. In 1999, Kolos' market share was 2 %, but cooperation with Slavutich is expected to strengthen its overall position on the Ukrainian market.

Slavuta Malt House is Ukraine's largest maltery, with a capacity of 90,000 tonnes of malt. In 1999, the maltery lacked raw materials and produced only 30,000 tonnes. The raw material problems were mainly due to the Ukrainian authorities and the economic situation and underdeveloped state of the agricultural sector. As a consequence of this, BBH has signed contracts with selected farmers, but the benefits will not materialise until autumn 2000.

The Baltic States

The crisis in Russia had a negative impact on the economic situation in the Baltic States. On the other hand, the trend in 1999 was positive and is expected to continue in 2000. In 1999 GDP fell by 0.5 % in Estonia and 4.0 % in Lithuania, while it rose by 0.5 % in Latvia. The inflation rate was low, but unemployment continued to rise to the highest level in the 1990s. In general, the economy is regarded as being stable, apart from a certain amount of concern about Lithuania's high interest rates.

In recent years, beer consumption in the Baltic States has risen to western levels, which indicates a lower growth rate in the years ahead. Moreover, competition in the brewery sector, where all the largest breweries are owned by foreigners, has intensified.

As a development of Pripps Ringnes' cooperation with PepsiCo and as part of the effort to utilise the distribution structure, BBH has signed an agreement with PepsiCo Inc. concerning the production, distribution and sale of PepsiCo products in the Baltic States. This cooperation began on 1 January 2000 and PepsiCo products are being produced at the Aldaris plant in Latvia. This will strengthen BBH's position as a beverage supplier to the Baltic States.

Overall growth on the Estonia beer market was 27 % in 1999 and per capita consumption rose to 61 litres. BBH's Saku brewery increased its market share to 50 %. The growth of the overall market was partly ascribable to changed consumer behaviour, intensified marketing and a warm summer. In 1999, Saku launched the beer brand Saku on Ice, which was well received by the market.

Market growth for beer in Latvia was 27 % and BBH's Aldaris brewery retained its 48 % market share. Aldaris has a dominant position in the premium segment, but also launched beer in PET bottles, which took 25 % of the PET segment.

Market growth for beer in Lithuania was 20 % and per capita consumption rose to 54 litres. After BBH increased its interest in Utenos Alus to 99 %, the brewery was consolidated from 1 January 1999. Utenos Alus has been technically upgraded and new brands of beer were launched. Utenos Alus increased its market share by 7 percentage points. The other brewery in Lithuania, Kalnapilis, has lost market shares to Utenos Alus as a result of market positioning. Kalnapilis' "premium" brands are being positioned at a higher price, to contrast with Utenos Alus' more everyday image. Utenos Alus is now the leading brewery in Lithuania with a 21 % market share, while Kalnapilis is No. 2 with 20 %. The coordination of the two breweries has begun with the establishment of a joint company, Jungtinis Alaus Centras (JAC), to be responsible for sales, marketing and distribution of both breweries' products.

Outlook

The presidential election in Russia in March 2000 will have a significant impact on the country's development. Greater political stability will make it possible to introduce economic reforms and more effective legislation. However, the war in Chechnya is a risk factor that may affect economic support and investments in Russia. Inflation is declining and there is less risk of new devaluations. All in all, the economic prospects for Russia at the beginning of the new millennium are good.

The Ukrainian economy is still weak, even though the macro-economic development indicators have stabilised. The new government has promised reforms that will further stabilise the economy and improve the purchasing power of the population. In the Baltic States the economic situation is expected to remain stable, with relatively strong growth and low inflation.

Beer consumption on BBH's markets is expected to continue to rise in 2000, although somewhat less sharply than in 1999. Strong growth is expected to continue in Russia, where the transition from vodka to beer will probably continue among the urban population and young consumers. In the Baltic States, growth is expected to be moderate because consumption is generally approaching the European level. Market growth in Ukraine is totally dependent on the economic situation.

Competition on BBH's markets is expected to further intensify with a growing number of increasingly active international and national players. The number of small, independent breweries will decline, while the established breweries will strengthen their position. BBH's goal is to grow more rapidly than the market, thereby reinforcing its position. BBH's long-term strategy remains unchanged.

BBH's future expansion will mainly be realised by further developing its present breweries with the help of intensified marketing and improved distribution. The company will also seek to increase its geographical coverage by acquiring new companies. BBH anticipates continued volume growth, although not at the same level as in 1998 and 1999, but it intends to maintain its advantage over its competitors. Cost savings and rationalisation will be achieved by coordinating the current breweries.

Brewery	Country	BBH's interest	Acquired	Sales volume*	Growth	Market share 1999	No of employees 31.12.1999
SAKU	Estonia	75,0 %	1991	52	25 %	50 %	256
ALDARIS	Latvia	75,0 %	1992	60	23 %	48 %	429
BALTIKA [1]	Russia	74,6 %	1993	663	34 %	15 %	2,829
KALNAPILIS	Lithuania	86,0 %	1994	44	-5 %	20 %	228
YARPIVO	Russia	60,0 %	1996	165	26 %	4 %	673
SLAVUTICH	Ukraine	74,9 %	1996	109	40 %	13 %	674
TULSKOYE PIVO	Russia	68,6 %	1997	100	20 %	2 %	614
UTENOS ALUS [2]	Lithuania	98,7 %	1997	42	-	21 %	372
KOLOS [3]	Ukraine	98,7 %	1998	8	-	2 %	605
CHELYABINSKPIVO [4]	Russia	75,0 %	1999	48	-	1 %	596
PIKRA [5]	Russia	50,0 %	1999	-	-	1 %	700
Internal sales				-13			
TOTAL BBH				**1,278**			**7,976**

*** Million litres**
1) Including sales and employees in Don Pivo. Interest 83 %. 2) Utenos Alus consolidated per 1.1.1999.
3) Kolos consolidated per 1.9.1999. 4) Chelyabinskpivo consolidated per 1.5.1999.
5) Pikra will be consolidated per 1.4.2000.

Orkla Brands

Focus in the Year 2000

- Achieve sales growth
- Strengthen our position in relation to consumers by concentrating innovation and marketing on important brands and products with good growth potential
- Strengthen our position in relation to customers by contributing towards active development of Orkla Brands' categories in retail stores
- Strengthen our competitiveness by reducing costs
- Turn the Snacks business around and improve the competitiveness of the Biscuits business

Lilleborg

Nidar

Kims

There were many successful innovations in 1999. Several of Lilleborg's leading brands further strengthened their positions during the year. The new Sun and Omo tablets and Jif Microfibre cloths and mops meet consumer demand for products that are even easier to use and are generating growth in this product category.

The re-launch of Norway's biggest confectionery brand, Sfinx, was based on a unique, fully-automated production process and Sfinx is now on sale with newly-designed chocolates, new flavours, new graphic design and new advertising. The re-launch of Crispo made a substantial contribution to profitability. KiMs' small packets, launched in Denmark in 1999, are being enjoyed by consumers in new contexts and contributing to growth in this product category.

Orkla Brands comprises Orkla's most advertising and marketing-intensive product groups. The brand portfolio includes strong, well-known brand names such as Omo, Blenda, Zalo, Stratos, Doc, Ballerina, Kornmo, Möllers cod liver oil, KiMs and LaMote.

Orkla Brands' strategy is to focus on strong brands and market positions and concentrate innovation and market support in these areas. The Confectionery business has been pursuing this strategy for several years and its profit performance has improved continuously during that period.

Orkla Brands strongly emphasises maintaining a good relationship with its partners in the retail trade. It will be increasingly important to develop relevant products, build up suitable expertise and adapt the use of resources in order to provide added value for both retailers and consumers. In the course of the year, substantial investments have been made in building up expertise and resources in connection with category development. Several cooperative projects have been carried out with customers, and they have generated good results for both parties.

Orkla Brands works continuously on improvement projects. In 1999, profit was improved due to work on the production structure, stronger focus on procurement, value analysis, and the introduction of TPM (Total Productive Maintenance) in certain factories.

Results

Orkla Brands achieved satisfactory profit growth in 1999. All its divisions, with the exception of Snacks, improved their profit in comparison with 1998. Market shares are generally stable and operating margins improved over the year. With the acquisition of Freds AB at the end of 1998, the Household Textiles division almost doubled its sales and is now market leader in both Norway and Sweden. The Snacks business had a poor year in terms of profit, mainly due to non-recurring costs.

Orkla Brands' operating revenues amounted to NOK 4,531 million in 1999, up 6 % on 1998. For continuing business, operating revenues were on a par with 1998. Excluding other revenues and expenses, operating profit totalled NOK 477 million, which is 5 % higher than the previous year. For continuing business, this is equivalent to a rise of 3 %.

Lilleborg Home and Personal Care

Operating revenues for Lilleborg Home and Personal Care amounted to NOK 1,296 million, 2 % higher than in 1998. This growth was mainly ascribable to increased exports. In the course of the year, Lilleborg Home and Personal Care focused strongly on procurement and on increasing productivity at its factories. The latter involved the introduction of TPM. Both these improvement measures made a significant contribution towards the improvement in operating profit, excluding other revenues and expenses, in comparison with 1998.

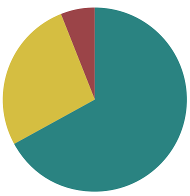
1999 was a year in which Lilleborg Home and Personal Care undertook many successful product launches. The most important of these included OMO Tablets, Sun Tablets, Jif Microfibre cloths, Sterilan Cotton Deodorant, Dove Deodorant and Naturelle shampoo with Jojoba and Teatree oil. Certain important categories achieved little market growth and the market share was on a par with 1998.

Lilleborg

Nidar

Operating revenues by market

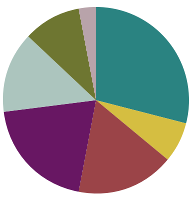
- Norway 67 %
- Other Nordic countries 27 %
- Outside Nordic region 6 %



Net sales NOK 4,405 million

Operating revenues by business area

- Lilleborg Home and Personal Care 29 %
- Lilleborg Industrial Detergents 7 %
- Biscuits 17 %
- Confectionery 20 %
- Snacks 14 %
- Household Textiles 10 %
- Cod Liver Oil 3 %



Total operating revenues NOK 4,531 million

Lilleborg Industrial Detergents

Lilleborg Industrial Detergents continued to achieve growth in 1999 in terms of both sales and profit. Operating revenues totalled NOK 314 million, equivalent to a rise of 2 % in comparison with 1998. In addition to sales growth, internal improvement projects in the field of procurement and value analysis led to lower variable costs. There was little market growth in 1999 and the market share rose slightly in the course of the year.

Confectionery

The Confectionery division continued to perform well, with growth in both profit and market position. This growth was primarily due to Stratos, Troika, small chocolates in bags and Doc, while Soho declined.

Overall market growth was slow, and operating revenues of NOK 917 million were on a par with 1998. The confectionery division continues its strategy of investing in its own brands and has entered into an agreement to wind up the agency for Ferrero in Norway. The division has focused strongly on building up expertise and resources in connection with category development. This has helped to strengthen its position in relation to the retail trade. Fixed and indirect expenses declined over the year, which contributed to profit growth.

Snacks

Operating revenues from the Snacks business totalled NOK 654 million, 2 % lower than in 1998. The main reasons for this negative trend were continued tough competition on the Norwegian market and the closing down of the business in Lithuania. Excluding other revenues and costs, operating profit was significantly lower than in 1998, mainly due to non-recurring items. Expenses in connection with the closing down of the Lithuanian operation were charged against 1999 profit. All production in Denmark was amalgamated at the KiMs factory at Søndersø during the year. Moving and starting up have taken longer than planned and contributed to the extraordinary production costs. Productivity was at the target level at the end of 1999. On the Norwegian market, profit was affected by stiff competition.

Biscuits

Operating revenues from the Biscuits business amounted to NOK 766 million, marginally lower than in 1998. The negative profit trend for the Biscuits business has been halted and operating profit, excluding other revenues and expenses, was better than the previous year. Work on achieving a competitive production structure continues. Biscuit production in Finland was closed down as planned, which helped to reduce expenditure in 1999. It has been decided that all biscuit production will be amalgamated at Göteborgs Kex in Kungälv, Sweden. Sætre's production plant at Kolbotn, Norway, will therefore be closed down in summer 2000. Restructuring costs, estimated to amount to some NOK 30 million, will be charged against profit in 2000. The amalgamation of production is expected to lead to annual savings of approximately NOK 20 million from 2001.

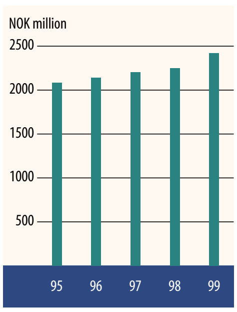
Household Textiles

Operating revenues from the Household Textiles business totalled NOK 472 million, twice as high as in 1998. This was mainly due to the acquisition of the Swedish company Freds AB. From the organisational point of view, the integration of Freds AB has taken place according to plan. The realisation of cost synergies is in line with the estimates made prior to the acquisition. Excluding other revenues and expenses, operating profit was higher than the previous year due to the acquisition.

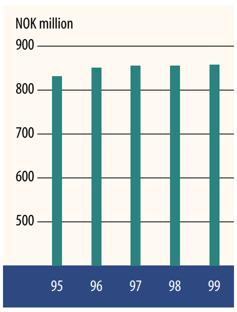
Cod Liver Oil

Operating revenues from the cod liver oil business amounted to NOK 123 million in 1999, which was on a par with 1998. Despite stronger competition on the fish oil market, Peter Möller Dobbel reached its targeted growth. Exports generated profit growth, and the product will be introduced into new markets in 2000. The market for liquid cod liver oil declined slightly, but Peter Möller maintained its dominant market position. Operating profit, excluding other revenues and expenses, was slightly higher than the previous year.

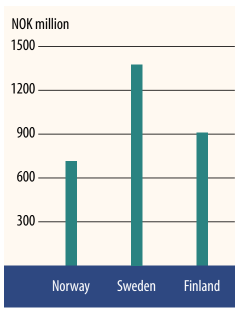
Personal products market (value) Norway



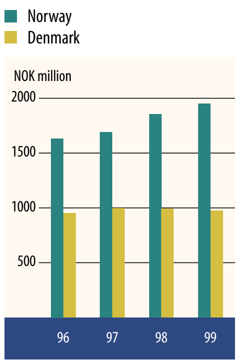
Detergents market (value) Norway



Biscuits market (value)



Snacks market (value)

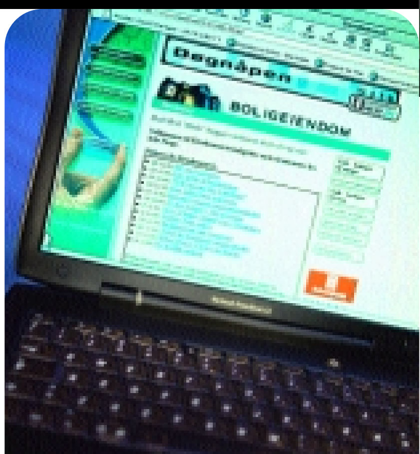


Orkla Media

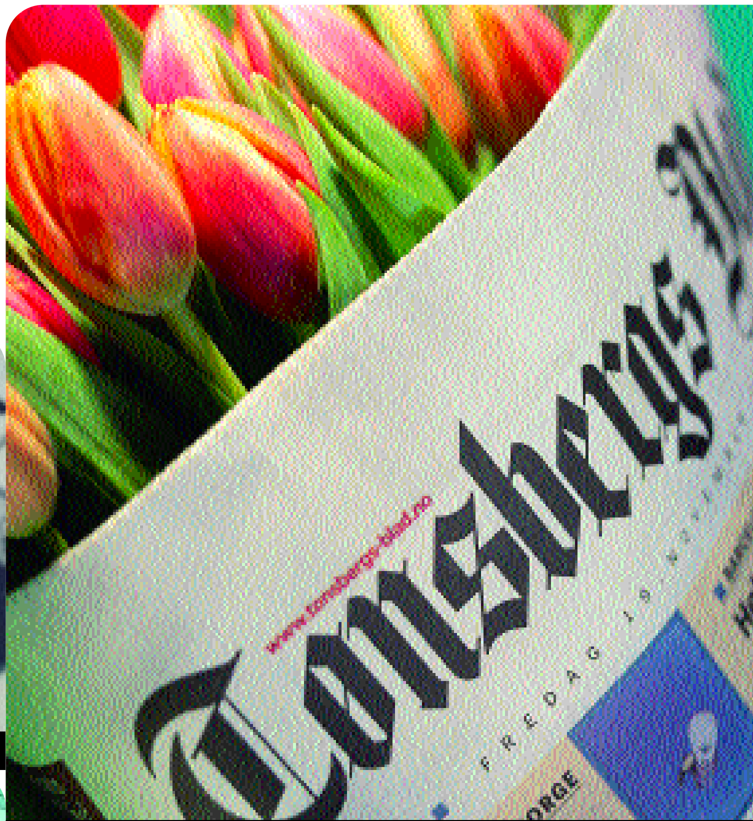
Focus in the Year 2000

- Regionalisation and coordination of administrative functions in Newspapers Norway
- Coordination of advertising in Poland
- Start-up of the Hjemmet Mortensen printing press – HMT 2000
- Improve profitability of Direct Marketing
- Comprehensive activity relating to the Internet/Electronic publishing

Newspapers Eastern Europe



Internet/Electronic publishing



Newspapers Norway

Orkla Media's operations include both traditional media and new electronic media. In 1999, the Internet/Electronic publishing business became a separate division. In addition to pure, Internet-based services, 27 of the Group's newspapers in Scandinavia and Eastern Europe provide contents services on the Internet.

Orkla Media is Norway's second largest privately owned media company and operates in Scandinavia and Eastern Europe. The media business comprises newspapers, magazines, direct marketing and Internet/Electronic publishing.

Orkla Media owns a number of newspapers holding No. 1 positions in Norway and Poland. Through its interest in Hjemmet Mortensen, Orkla Media is market leader on the Norwegian magazine market. In the field of direct marketing, Orkla Media is the largest player on the Scandinavian market. Orkla Media has shares in several Internet companies working in the field of e-commerce, portal services and consumer services.

Results

In 1999, Orkla Media's operating revenues totalled NOK 3,332 million, 6 % higher than in 1998. For continuing business, operating revenues were 2 % up on 1998.

Excluding other revenues and expenses, operating profit was NOK 171 million. For continuing business, this is equivalent to a decline of 23 %. The operating margin for continuing business was 5.1 %, 1.6 percentage points lower than in 1998.

Rationalisation projects

Despite somewhat higher costs than planned, the Orkla Trykk printing plant performed well in 1999. The agreed manpower cutbacks at Norwegian/Swedish Newspapers are taking place more rapidly than planned. Investment in the new offset press at Hjemmet Mortensen is proceeding according to plan and the plant is due to become operational in the first quarter of 2000. In Poland, the newspaper Rzeczpospolita's two printing plants have been completed.

Newspapers Norway/Sweden

The Norwegian and Swedish newspapers posted operating revenues of NOK 1,660 million in 1999. For continuing business, this is equivalent to 3 % growth. Excluding goodwill amortisation, operating profit for continuing business dropped 6 % to NOK 139 million. The decline in profit was mainly due to lower advertising revenues, implementation costs in connection with coordination projects, and the running in of Stikka Trykk.

Advertising volume for Orkla Media's daily newspapers fell by about 4 %, which was on a par with the overall daily newspaper market. Circulation figures for Orkla Media's 27 newspapers in Norway and Sweden were stable. Figures published by the Norwegian Newspaper Publishers' Association showed that the circulation of Norwegian newspapers dropped 0.4 % in 1999 compared with the previous year.

1999 saw the regionalisation of operations and the coordination of administrative/IT-supported activities for several newspapers, and this process will continue in 2000. Stikka Trykk was merged with Orkla Trykk in 1999. The division acquired shares in four fairly small, local newspapers in 1999. Work on Internet publishing and the launch of Internet services in connection with classified advertising was intensified in 1999.

Magazines

Operating revenues from Magazines totalled NOK 520 million in 1999, 2 % higher than in 1998. Excluding goodwill amortisation, operating profit was NOK 81 million, which is 10 % higher than in 1998. The operating margin, excluding goodwill amortisation, was 15.6 %, one percentage point higher than in 1998. Cost reductions and productivity improvements led to profit growth compared with the previous year. Paper prices rose 3 % in 1999.

Overall advertising volume for Norwegian magazines (source NRS) fell 0.6 %, while advertising volume for Hjemmet Mortensen increased by approximately 3 %. In terms of volume, the market share rose 1.5 percentage points to approximately 42 % in 1999.

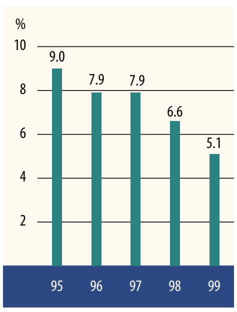
Total circulation figures for Norwegian magazines dropped 1.5 % and Hjemmet Mortensen experienced a similar decline.

Direct Marketing

Operating revenues for Direct Marketing totalled NOK 591 million, on a par with 1998. The operating loss, excluding goodwill amortisation, was NOK –7 million, NOK 26 million lower than in 1998.

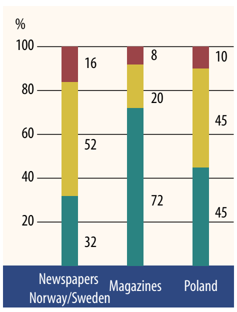
In 1999, this sector implemented a restructuring programme and wound up operations that were not sufficiently profitable, which involved substantial expenses. StroedeRalton in Sweden also had considerable outlays in connection with the conversion to a new IT platform. These costs will also be high in the first half of 2000 but will put the company in a stronger position for further positive growth, not least on the Customer Relationship Management (CRM) market. This will be an increasingly important area as intensified use of the Internet and e-commerce lead to significant changes in traditional customer relations. Other important companies in this sector reported growth in 1999.

Trends in operating margin (excl. other revenues and expenses)



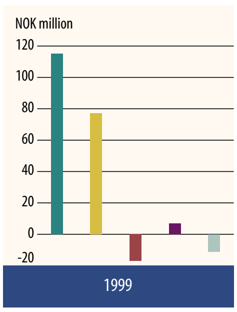
Breakdown of operating revenues

Sales revenues
Advertising revenues
Other



Operating profit by sector

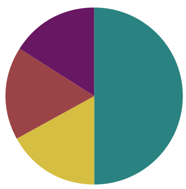
Newspapers Norway/Sweden
Magazines
Direct Marketing
Newspapers Eastern Europe
Other



Operating profit NOK 171 million
(excl. other revenues and expenses)

Operating revenues by sector

Newspapers Norway/Sweden 50 %
Magazines 16 %
Direct Marketing 17 %
Newspapers Eastern Europe 17 %



Total operating revenues
NOK 3,332 million

Newspapers Eastern Europe

The East European newspapers reported operating revenues of NOK 560 million in 1999, equivalent to 7 % growth for continuing business compared with 1998. Operating profit, excluding goodwill amortisation, was NOK 46 million. For continuing business, profit declined NOK 28 million compared with 1998. Profit was significantly affected by costs in connection with the start-up of three new printing plants, investments in editorial product development and lower advertising revenues for some newspapers.

At the end og 1999 Newspapers Eastern Europe accounted for 21 % of circulation on the Polish newspaper market. As of 31 December 1999, the rolling 12-month circulation figures for newspapers showed a 1.5 % decline from 1998, marginally more than the total market decline. This sector's Polish newspapers reported 9.4 % growth in advertising revenues (in PLN). This is lower than advertising growth on the Polish newspaper market as a whole, which was approximately 15-18 %. The new acquisitions *Gazeta Lubuska* and *Nowa Trybuna Opolska* performed well.

Substantial growth is anticipated on the Polish newspaper market in the years ahead. In order to position itself to benefit from this growth, in March 2000 Orkla Media Poland entered into an agreement to cooperate on advertising in the form of a joint venture with the German-owned newspaper group Polskapresse (Verlagsgruppe Passau).

The Lithuanian and Ukrainian newspaper markets were affected by the general economic recession in these two countries and the contribution to profit from these newspapers was insignificant.

Internet/Electronic publishing

In autumn 1999, the Orkla Media Group's Internet/ Electronic publishing interests were amalgamated in a separate business area. Orkla Media has made a series of investments in Internet-based companies at the forefront of development and companies operating within the fields of portal, channel (vortal) and e-commerce services. At year-end, Orkla Media had investments in twelve pure Internet companies, of which Optosof (Internet consulting), Eiendomsnett Norge (real estate), Bilnett (automobiles), Jobbnett (employment), Doktor Online (medical), Webplan (publishing systems for newspapers), Mimer (Internet consulting) and Shopnett (games, video, music retailing) represent the largest individual investments.

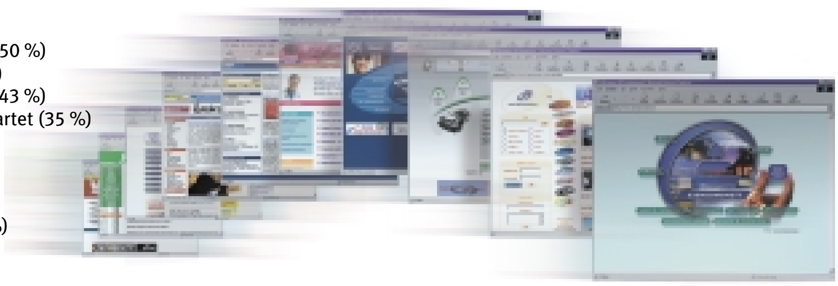
While Eiendomsnett and Doktor Online confirmed their respective positions as the leading channels for property and health information in Norway, Jobbnett and Bilnett encountered tougher competition in 1999. In connection with the internationalisation of Eiendomsnett, a share issue is currently being launched for external investors. Shopnett, the restaurant guide Spisekartet (Orinor AS) and Netpool Norge (national advertising network in cooperation with Telia Infomedia) were acquired at the end of 1999. While Spisekartet and Netpool Norge are at an early stage of development, Shopnett, with 140,000 CD titles, is the biggest player in the music segment of the Norwegian Internet market.

Substantial values were generated in 1999, as may be seen from the sale of Orkla Media's 22 % interest in Mogul to Optosof AB in exchange for Optosof shares. As of 31 December 1999, Orkla Media had invested a total of NOK 50 million in pure Internet operations.

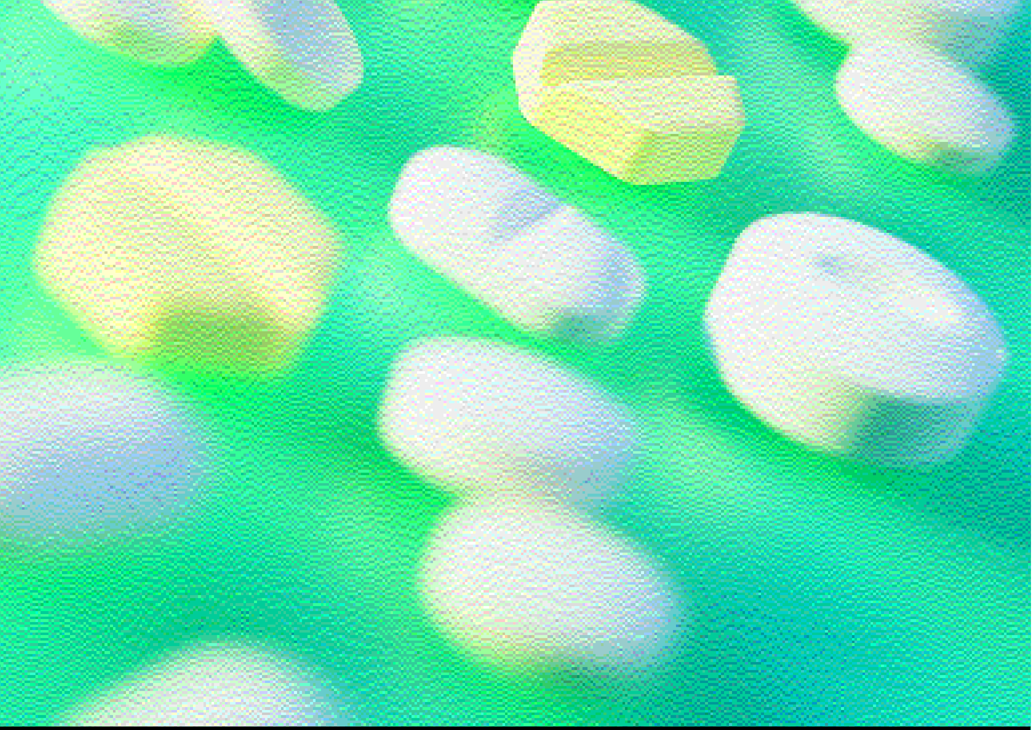
In addition to investments in pure Internet-based services, 27 of the Group's newspapers in Scandinavia and Eastern Europe currently have contents services on the Internet. The magazine sector has developed eight contents services based on the sector's segmented structure. Moreover, through the Group's DM operations, the company is well positioned in relation to a growing CRM and e-commerce market.

Orkla Media Internet / Electronic publishing

- **Portal services**
  - **Hjemmenett (47 %)**
    - e-shop (100 %)
    - Netpool N. (50 %)
- **Channel services**
  - Bilnett (100 %)
  - Doktor Online (50 %)
  - Jobbnett (49 %)
  - Eiendomsnett (43 %)
  - Orinor - spisekartet (35 %)
- **e-commerce**
  - Shopnett (48 %)
- **Development companies**
  - WEBplan (90 %)
  - Mimer (67 %)
- **Other**
  - Optosof (3 %)



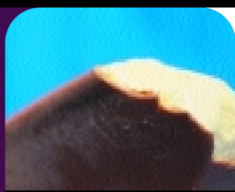
Organisational structure Internet/Electronic publishing.



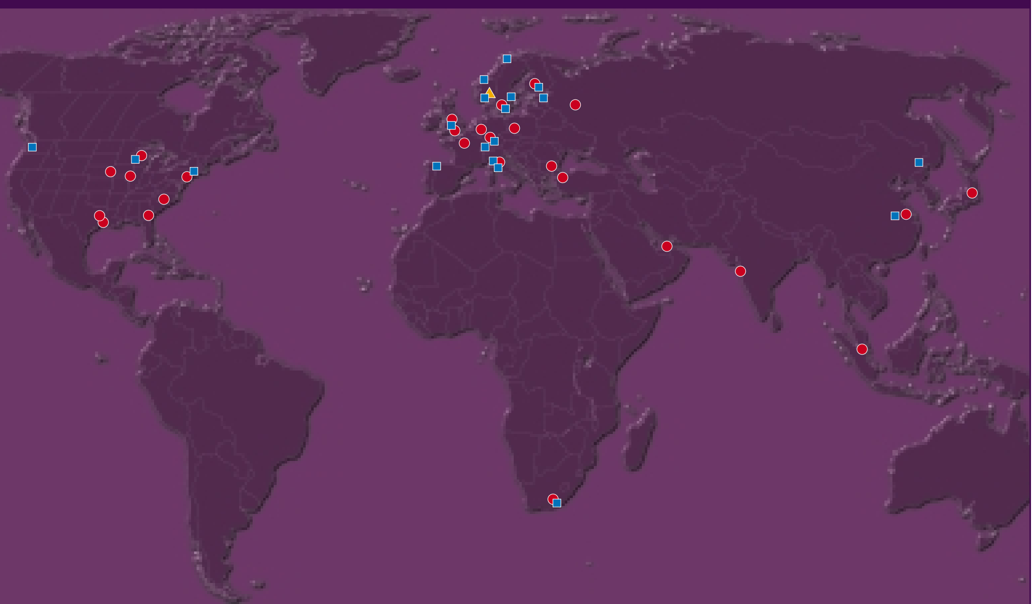
SPECIALTY CHEMICALS

Chemicals

INGREDIENTS



FINE CHEMICALS



Orkla's international Chemicals business has sales offices in 18 countries and production plants in 12 countries.

- ***Sales offices***
- ***Head office***
- ***Production plants***

Focus in the Year 2000

- **New structure for the specialty cellulose business**
- **Strengthen established positions by increasing focus on marketing and long-term partnerships with leading international companies**
- **Improve competitiveness by increasing capacity utilisation and reducing costs in accordance with the objectives of the improvement programmes**
- **The further development of expertise and an efficient organisational structure are essential in order to reach long-term goals**

Borregaard is an international chemicals company and an innovative supplier to industrial markets. The company has strong global positions and expertise in selected niches of specialty chemicals, fine chemicals and ingredients. Borregaard's core businesses are based on a targeted, long-term strategy that focuses on developing products that are highly processed and offer possibilities for differentiation and specialisation. The company's core areas comprise lignin-based binding and dispersing agents, specialty cellulose for chemical applications, fine chemicals for the pharmaceutical industry, the food industry and other selected markets, and oils, fats and proteins for the food manufacturing and animal feed industries. The company also produces a number of basic chemicals for internal use and external sale. Borregaard has more than 20 production plants in 12 countries and sales offices in Europe, America, Asia, the Middle East and Africa.

In 1999, Borregaard continued to pursue its long-term strategy of specialisation, niche-orientation and focus on added-value products.

At the beginning of 1999, Borregaard initiated a comprehensive improvement programme at its Sarpsborg plant. The purpose of the programme is to achieve long-term, continuous improvement in competitiveness by increasing capacity utilisation and reducing costs. A new, simpler organisational structure has been established and new planning and reporting tools have been introduced. Work on improving capacity utilisation and quality at the factory is making progress, although it is slightly behind schedule.

Cost-cutting measures are proceeding according to plan, including manpower cutbacks equivalent to about 200 man-years by the end of February 2000. A similar programme has been initiated at the Denofa plant (ingredients). These programmes had little impact on profit in 1999.

In order to increase the company's proximity to and involvement in important markets, a number of sales offices and agencies have been established in the last few years. In addition to this, further investments are being made in the establishment of separate sales channels for several of Borregaard's products through the existing sales offices and agencies.

In the course of the year, the Specialty Cellulose division established its own sales office in North America and strengthened its direct representation in Europe.

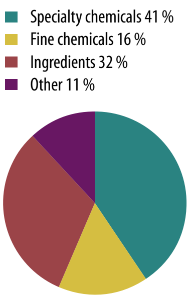
Borregaard ChemCell is now the leading specialty cellulose manufacturer in Europe. In the international arena, specialty cellulose customers are moving in the direction of fewer units and increased globalisation. At the same time, there are still a relatively large number of fairly small suppliers. Borregaard therefore sees a need for structural changes on the production side in future. Borregaard is now initiating a process to establish a partnership for this part of its operations. In order to achieve this, the company is prepared to merge its present specialty cellulose business with a larger, international company.

Results

Borregaard's operating revenues totalled NOK 5,677 million in 1999, 2 % lower than in 1998. The main reason for the decline was lower sales of ingredients and basic chemicals.

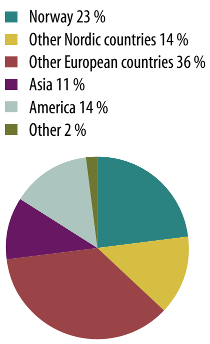
Operating profit, excluding other revenues and expenses, totalled NOK 260 million, compared with NOK 402 million in 1998. With the exception of Fine Chemicals, all business areas reported significantly lower profit in

Operating revenues by business area



Total operating revenues NOK 5,677 million

Operating revenues by market



Net sales NOK 5,488 million

1999. The decline was primarily due to low margins and lower contributions from sales of fish oil and soya bean crushing, a slower market and pressure on prices for basic chemicals, a difficult market situation for specialty lignin products, particularly in Europe, and a continued recession in the Asian building industry for large parts of the year.

NOK 19 million was allocated for improvement programmes in 1999.

Specialty chemicals

Borregaard's Specialty Chemicals business is based on the further development of natural polymers into a range of added value products. The Specialty Chemicals business consists of Borregaard LignoTech and Borregaard ChemCell. Operating revenues from this business area totalled NOK 2,263 million* in 1999, on a par with the previous year.

Borregaard LignoTech is the world's leading supplier of binding and dispersing agents based on lignin technology. The company's products are used as dispersing agents in concrete, ceramic products, textile dyes, agrochemicals and drilling mud, and as binding agents in animal feed, briquetting, etc.

The new lignin factory near Durban in South Africa began regular operations in 1999. The company is a 50/50 joint venture with the South African company Sappi Saiccor. The factory has an annual capacity of 55,000 tonnes which can be expanded in stages and is an important factor in the globalisation of Borregaard LignoTech's operations. In 1999, the strongest focus was on ensuring that the products from the new factory meet the required quality standards. Another important area was the development of new product concepts for animal feed binding agents, in close cooperation with university research institutes.

Specialty chemicals

Ingredients

Fine chemicals

Borregaard's products are found in many everyday contexts; lignin products are used in car batteries to improve their cold start performance. Specialty cellulose is used as a thickening agent in ice-cream, while vanillin is used for flavouring. Oils and fats from Denofa are important ingredients in bakery and food products.

Borregaard LignoTech posted operating revenues of NOK 1,167 million*, 2 % higher than in 1998. Despite the rise in operating revenues, operating profit was significantly lower than in 1998 due to a fall in sales of specialty products. The market situation for specialty products was difficult, particularly in Europe. In Asia, the recession in the building industry continued for much of the year. There was growth in the agricultural sector in both the US and Europe.

Borregaard ChemCell is the leading European supplier of specialty cellulose for chemical applications. The business focuses on applications of the cellulose molecule, which is a natural, biodegradable polymer. Borregaard's chemical expertise provides a platform for specialisation in highly processed products with properties suitable for applications in the chemicals industry. Borregaard ChemCell primarily supplies tailor-made products which add specific properties to customers' products and processes. This makes the business less sensitive to cyclical fluctuations and stabilises and improves earnings.

In 1999, operating revenues fell 4 % to NOK 1,096 million* due to weaker markets for basic chemicals. Profit from Specialty Cellulose was lower than last year. The trend towards highly processed qualities continued in 1999, particularly in the high viscosity area. As a result of its investments in a new production plant for highly processed cellulose, ChemCell has succeeded in establishing a position with customers in new areas of application. Work is in progress to improve productivity and increase production in accordance with the improvement programme.

Basic Chemicals, which is part of Borregaard ChemCell, reported a significant drop in profit compared with last year, mainly because of a weaker market and pressure on prices. High maintenance costs arising from both a major planned stoppage for maintenance and extraordinary factors, also affected profit.

Fine chemicals

Borregaard Synthesis is a leading international supplier of fine chemicals based on selected technologies for the pharmaceutical industry, food products and agrochemicals. The company has production plants in Norway, Italy, China and the USA.

Borregaard Synthesis has a leading position as a supplier of advanced fine chemicals for diagnostic applications and medicines. The company is a preferred partner for several major international pharmaceutical companies and invests considerable resources in research and development to develop advanced intermediates for these companies.

In 1999, operating revenues fell 4 % to NOK 862 million*. Nevertheless, Borregaard Synthesis achieved marked profit growth in comparison with 1998. The introduction of new intermediates for the pharmaceutical industry and higher capacity utilisation clearly improved profit for the pharmaceutical business.

Borregaard Synthesis is a leading vanillin producer and the only company able to offer both lignin-based and guaiacol-based vanillin, as well as ethyl vanillin. Vanillin is used as a flavouring and fragrance in the food manufacturing industry and as an intermediate in the production of pharmaceuticals. This business area achieved profit growth in 1999, despite tougher competition on the market.

The Italian plants produce diphenols and diphenol derivatives. This secures Borregaard Synthesis' control of

* With the introduction of new accounting principles in 1999, internal sales between Borregaard companies were eliminated.

strategic input factors for its production of vanillin in Norway and agrochemicals in China. The factories also produce fine chemicals for pharmaceutical products, agrochemicals and photochemicals. For the Italian business, the second half of the year was characterised by stagnating productivity, increased pressure on prices and slightly lower profit.

In China, Borregaard has a majority interest (61 %) in Borregaard Taicang Chemicals, which produces an active substance used in crop protection chemicals. Borregaard supplies the technology and the main raw material comes from the diphenol plants in Italy. The Chinese company continued to perform well in 1999 and capacity was increased without any major investments.

Ingredients

Denofa processes marine and vegetable raw materials for oils, fats and animal feed products. The company is a leading supplier of oils, fats, proteins and associated products to the Nordic food and animal feed industries and to other selected industries and markets. The company is a main supplier of soya protein to the Norwegian and Swedish animal feed market, and an important supplier to the growing fish feed market.

In 1999, Denofa continued to focus on establishing a broader raw materials base and improving its expertise relating to new applications for its products. In addition to the functional qualities of the products, the development process focuses on health and nutrition.

Operating revenues from Ingredients dropped 3 % to NOK 1,825 million in 1999. Profit for the year was significantly lower than in 1998, which was a particularly good year. Low margins led to lower contributions from sales of fish oil and soya bean crushing. Sales of edible oils to the Norwegian market were somewhat lower than in previous years. There was growth on the export markets, and sales of edible fats to the Russian consumer and industrial market increased towards the end of the year.

In response to customer demand, Denofa continued to develop its procurement programme for non-genetically modified soya beans. As part of this programme, Denofa has signed direct contracts with farmers and transport companies in Brazil for the harvest at the beginning of 2000. The company continued to focus on specialty oils and there was strong growth in this area in 1999, particularly in the last four months. Growth in specialty oils is expected to continue in 2000.

Other areas

Operating revenues and profit from other businesses were at the same level as last year.

The Nordic electricity market was affected by a mild winter and unusually high levels of precipitation and electricity prices were low. Borregaard Energy therefore posted lower profit than in 1998. The company's own production of hydroelectric power totalled 656 GWh, somewhat more than normal. As a consequence of a long-term contract with Tinfos, 615 GWh of surplus power were sold on the spot market.

Due to productivity improvements and a stronger market for pulp for the cardboard industry, the situation for Borregaard Vafos in Kragerø, southern Norway, improved in 1999.

Products and areas of application

Specialty Chemicals

Lignin
Dispersing agents in concrete, textile dyes, ceramics, agrochemicals and drilling mud. Binding agents for animal feed and briquetting.

Specialty cellulose
Building supplies (including glue, paint and varnish), textiles (artificial silk and viscose fibre), moulded plastics, filters, thickening for food products (including ice-cream and yoghurt) and for pharmaceuticals.

Fine chemicals

Pharmaceutical products
Intermediates for medicines and diagnostic applications (X-ray contrast media).

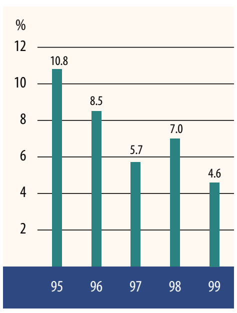
Aroma chemicals
Flavourings and fragrances in foods, raw materials for pharmaceuticals.

Diphenols
Photochemicals, intermediates for the pharmaceutical, aroma and agrochemical industries.

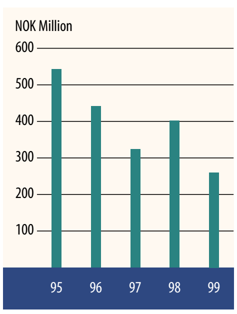
Ingredients

Oils, fats and proteins
The food manufacturing industry and animal and fish feed production.

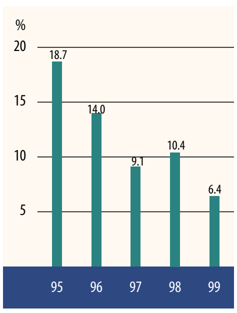
Operating margin (excl. other revenues and expenses)



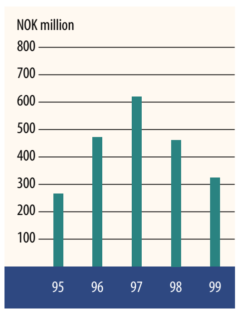
Operating profit (excl. other revenues and expenses)



Return on capital employed

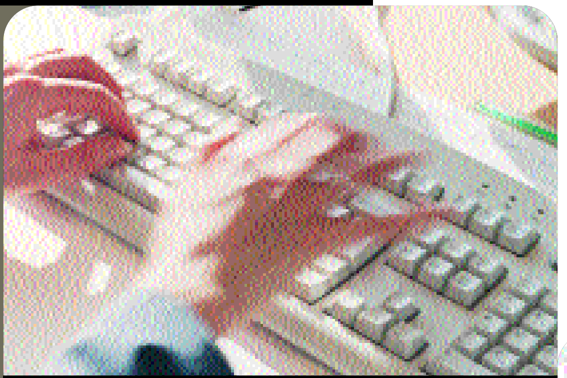


Total investments

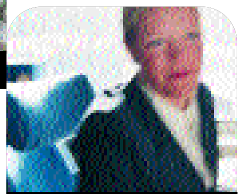


Portfolio investments

Financial Investments



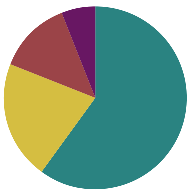
Financial services



Real estate

Portefolio structure 31.12.1999

- Norwegian listed shares 60 %
- Foreign listed shares 21 %
- Total unlisted shares and options 13 %
- Limited partnerships/funds 6 %



Market value NOK 20,875 million

Focus in the Year 2000

- ▶ Focus on further developing expertise in the IT/Telecom/Internet sectors
- ▶ The proportion of foreign shares will continue to rise
- ▶ Stronger focus on unlisted companies

Orkla manages one of Norway's largest share portfolios and has a long tradition in the field of equity investment. The Group has achieved a high level of value creation, both in absolute terms and in relation to the Oslo Stock Exchange All Share Index, although there may be substantial year-on-year variations. Since 1982, the average annual return on the investment portfolio has been 21.5 %, while the average annual return on the Oslo Stock Exchange has been 16.6 %. Furthermore, the business provides Orkla with broad insight into and contacts with Norwegian and international financial markets.

Market situation

1999 was very good year on the stock markets. The Oslo Stock Exchange All Share Index rose 45.5 % and experienced its best year since 1993. By comparison, the OSE Index dropped 26.7 % in 1998. Share prices also rose sharply on international markets. The FT World Local Currency Index rose 26.4 % over the year. Consequently, the OSE also performed well in comparison with the rest of the world in 1999.

In the Nordic countries, the Finnish stock exchange distinguished itself with a massive 162 % rise, followed by the Swedish stock exchange, whose General Index rose 66.4 %. The Danish stock exchange rose 21.5 %.

In 1999 the global economy grew strongly and the growth rate accelerated during the year. The fears of a global recession that were prevalent on the markets in some periods of 1998 turned to strong optimism in 1999. The recession in Asia was brief and the US economy proved to remain robust.

There was also a very positive trend in the European economy. Falling unemployment, mergers and a high level of restructuring activity in business and industry and lower taxes led to economic growth that is expected to continue in 2000.

In Norway, several special factors contributed to the satisfactory rise in share prices. Short-term interest rates dropped by about 3 percentage points in the course of the year and oil prices rose from approximately USD 10.5 to approximately USD 24 a barrel. The improved prospects for the world economy also had a positive impact on companies that are exposed to competition. Moreover, there was record-high buying activity on the Oslo Stock Exchange in 1999.

Both in Norway and internationally, however, the most important influences on share prices were the strong growth of mobile telephony and the expectations of expansion of the Internet. Companies associated with these sectors were the overall winners in 1999 in terms of share prices.

Main shareholdings 31.12.1999

	Share of portfolio (%)	Ownership (%)	Market value (NOK million)
Elkem	11.1%	25.3%	2,320
NetCom	9.3%	10.1%	1,949
Storebrand	8.1%	10.0%	1,700
Nokia	7.5%	0.1%	1,563
Merkantildata	5.1%	8.4%	1,055
Dyno	4.4%	18.1%	925
Elkjøp	2.5%	9.3%	529
Industrikapital 97	2.3%	8.0%	485
Nycomed Amersham	2.1%	1.1%	437
Schibsted	2.1%	4.2%	433
Total	54.6%		11,396

Portfolio

The return on the total portfolio in 1999 was 48.2 %, 2.7 percentage points higher than the rise on the OSE All Share Index. Of the Norwegian portfolio, Elkem, NetCom, Nera, Elkjøp and Enitel in particular contributed to the good results.

The foreign investment portfolio also achieved a good return in 1999, the Finnish company, Nokia, making a particularly strong contribution. Investments outside Norway accounted for approximately 32 % of the total portfolio at year-end, compared with 29 % the previous year.

Shares for a net total of approximately NOK 2,350 million were acquired in 1999. The largest investments were in Merkantildata, about NOK 870 million, and IK97, about NOK 320 million. The gain on the largest divestment, Aker RGI, was NOK 350 million.

An agreement was entered into to sell the Group's shares in Dyno for approximately NOK 950 million. The implementation of the transaction is dependent on the approval of various authorities. At the beginning of January 2000, the Elkjøp shareholding was sold for NOK 534 million. Both these items are included in the portfolio at year end.

In addition to major investments in Norway in Merkantildata, StepStone and Enitel, substantial amounts were also invested in the international IT/Telecommunications sector. Adjusted for the sale of Dyno and Elkjøp shares, investments in IT/Telecommunications/Internet amounted to more than 35 % of the portfolio at year end.

Investments in this sector have made a significant contribution to the good performance in comparison with the OSE All Share Index in the last two years. NetCom and Nokia have done particularly well. Expectations of an expansion of mobile Internet, for which both NetCom and Nokia are well positioned, were an important reason for the strong rise in share prices last year. Of contents suppliers to the Internet, the job agency, StepStone, is the largest investment in the portfolio. Through its substantial shares in Venture Partners' Internet funds, Orkla is also exposed to many newly-established Internet companies with good potential for follow-up investments. There is also focus on investments in the distribution of broad-band Internet access and infrastructure. These investments include Enitel, Utfors, Nera and UPC.

At the end of 1999, the market value of the portfolio was NOK 20,875 million, and the net asset value before tax was NOK 16,604 million. The value-adjusted debt-equity ratio ended up at around 21 %, compared with approximately 18 % at the beginning of the year.

The financial investments team at the Swiss subsidiary was highly active in 1999 and is now well established.

Real estate

Orkla has been participating actively in the development of the Skøyen area in Oslo since 1992.

Results

The Financial Investments area posted total profit before tax of NOK 928 million in 1999, compared with NOK 1,042 million the previous year. Realised portfolio gains totalled NOK 595 million while dividends received amounted to NOK 315 million. Unrealised portfolio gains increased by NOK 5,406 million to NOK 9,535 million in the course of the year.

The Orkla Finans Group had a good year in 1999. In January 2000 an agreement was signed to merge the stockbroking business with Enskilda Securities. Orkla will have a 22.5 % stake in the new company. The fund management and insurance broking parts of the business are not included in the agreement.

The Real Estate section manages properties which have been released from Orkla's industrial operations. It is also developing an investment portfolio of real estate projects which is currently focused mainly on the Skøyen area of Oslo. In 1999, the Real Estate section continued its efforts to optimise the value of the Group's properties. The section also further developed new investment projects for future rental/sale.

The development projects in the Skøyen area have now been completed and are rented out at satisfactory rates. The occupancy rate is currently 95 % and the average remaining rental period is 7.7 years. In the accounts, all real estate projects are valued at cost price, approximately NOK 500 million. The total rental area is 58,000 square metres and the total rental income is approximately NOK 62 million.

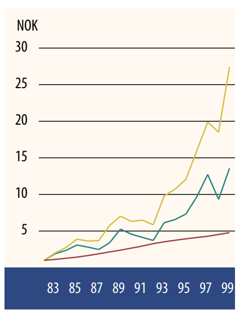
From 2000 the results from Orkla's forest properties will be reported under the Financial Investments area. The properties comprise about 110,000 hectares of forest, of which some 80,000 hectares are productive. The annual quantity harvested is approximately 105,000 sm3. The properties have a book value of NOK 113 million and operating profit in 1999 was NOK 11 million.

Future prospects

The global economic climate at the beginning of 2000 is favourable. Structural changes in Europe and the growth of new companies in the IT, telecommunications and Internet sector are creating new business opportunities. However, with the generally high valuation of shares and expectations of interest rate hikes in Europe and the USA, the general outlook for the stock markets is not entirely positive.

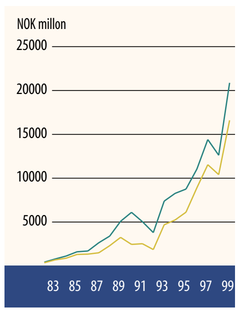
Growth of NOK 1 (31.12.1982-31.12.1999)

- Oslo Stock Exchange
- Orkla's portfolio
- Money market



Markest value and net asset value 1982-1999

- Market value
- Net asset value



Governing Bodies and Elected Representatives

Corporate Assembly

Elected by the shareholders

Øystein Eskeland (5,005)
Chairman

Synnøve Liaaen Jensen (188)
Deputy Chairman

Svein Erik Amundsen (23,232)

Ebbe C. Astrup (446,854)

Westye Egeberg (2,194)

Svein R. Hagen (0)

Hans Herman Horn (65,658)

Leif Kjær (20,516)

Borger A. Lenth (460)

Tore Lindholt (57)

Leiv L. Nergaard (2,000)

Cathrine Mellbye Schultz
(54,319)

Halvor Svenkerud (3,448)

Halgrim Thon (11,414)

Deputies

Egil Alnæs jr.

Mari Pran

Anders Ringnes

Fabian Stang

Olaug Svarva

Elisabeth Wille

Election Committee

Øystein Eskeland (5,005)

Tore Lindholt (57)

Svein R. Hagen (0)

Elected by the employees

Stefan Andersson (120)

Jon-Ivar Fjeld (60)

Harald Johansen (0)

Sussi Larsen (60)

Gunn Liabø (308)

Esa Mäntylä (0)

Sverre Olsen (16)

Observers

Robert Johansson (0)

Solveig Kvidal (0)

Trygve Leivestad (0)

Personal deputies for the Swedish and Danish representatives

Gert Johansson

Magnus Svensson

Johnny Dahlström

Karin Nielsen

Deputies elected by the employees

Øyvind Hatletveit

Anita Bøe Haugesten

Eli Raaen Iversen

Anne May Kristiansen

Heidi Bjerkelien Leiksett

Arvid Liland

Tor Wangen

The Board Of Directors

Svein Ribe Anderssen (712)
Chairman

Jonny Bengtsson[1] (0)

Odd Gleditsch jr. (1,897)

Jens P. Heyerdahl d.y.[2]
(475,717)

Truls Holthe (30,496)

Harald Norvik (44)

Björn Savén (38,000)

Arvid Strand[1] (0)

Stein Stugu[1] (248)

[1] Elected by the employees
[2] Also owns 10 % of Oktav Invest AS, which owns a total of 5,025,696 Orkla shares

Board observers elected by the employees

Eva Bergquist (120)

Kjell Kjønigsen (294)

Personal deputies for the Swedish representatives

Monica Bengtsson (0)

Benny Löfgren (0)

Deputy board members elected by the employees

Thor Arild Bolstad (196)

Odd Ingar Hansen (0)

Hans Johnsen (0)

Tom Stokstad (678)

Reidar Aaserød (60)

Auditor

Arthur Andersen & Co. (0)
Finn Berg Jacobsen (0)
State Authorised Public Accountant

Figures in brackets indicate the number of shares owned at 31 December 1999, including shares owned by spouse and dependent minors.

Industrial democracy at Orkla

Active participation by the employees in the governing bodies both at Group level and in the individual subsidiaries is an important element of the decision-making processes at Orkla. A common aim has been to evolve representational arrangements which adequately secure a broad base for involvement and genuine influence.

The employees elect three of Orkla's nine Board members and two observers. One third of the Corporate Assembly's members are elected by the Group's employees.

The industrial democracy arrangements encompassing the employees in the Norwegian, Swedish and Danish companies in the Group have been organised in the form of an International Committee of Union Representatives. This arrangement ensures broad representation for the Group's employees by company, union and country. The Committee of Representatives has regular meetings with the Group's management to discuss matters relevant to the Group.

To ensure that the employees in the Group's other companies in Europe are also informed and aware of important matters concerning the Group, an agreement regarding a European corporate committee at Orkla has been established.

In addition to the Group arrangements mentioned here, the employees have representatives on the Boards of Directors of the individual subsidiaries.

The following is a list of members of Orkla's International Committee of Union Representatives as of 1999.

The International Committee of Union Representatives

Working Committee

Stein Stugu
Chairman

Eva Bergquist
First Deputy Chairman

Bjarne Poulsen
Second Deputy Chairman

Thor Arild Bolstad
Secretary

Aage Andersen
Committee Member

Jonny Bengtsson
Committee Member

Kjell Kjønigsen
Committee Member

Åke Ligardh
Committee Member

Committee of Representatives

Monica Bengtsson

Jon-Ivar Fjeld

Kolbjørn Hole

Harald Johansen

Steinar N. Johansen

Roland Larsson

Heide Bjerkelien Leiksett

Gunn Liabø

Jan Lillebo

Ulf Ling

Benny Löfgren

Karin Nielsen

Arvid Frode Strand

Reidar Aaserød

Deputies

Kjell Egge

Jan Inge Holm

Harald Iversen

Steinar Johansen

Solveig Kvidal

Kristin Kvikstad

Tom Stokstad

Alvhild Strandabø

Roger Vangen

Personal deputies for the Swedish and Danish representatives

Roger Börjesson

Stefan Hall

Paul Hallberg

Mona-Lisa Jagstedt

Christer Johansson

Jette Kofoed

Bo Lindquist

Jens Nielsen

Peer Sørensen

Group directory

THE PARENT COMPANY

Orkla ASA
Karenslyst allé 6
P.O. Box 423 Skøyen
N-0213 Oslo
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Fax: +47 22 54 45 90
www.orkla.com

Orkla ASA
P.O. Box 162
N-1701 Sarpsborg
Tel.: +47 69 11 80 00
Fax: +47 69 11 87 70

Orkla ASA
P.O. Box 8
N-7331 Løkken Verk
Tel.: +47 72 49 90 00
Fax: +47 72 49 90 01

The registered office is in Sarpsborg.
The Group Management is located in Oslo.

BRANDED CONSUMER GOODS

ORKLA FOODS

Orkla Foods A.S
P.O. Box 711
N-1411 Kolbotn
Tel.: +47 66 81 61 00
Fax: +47 66 80 63 78
www.orklafoods.no

Stabburet

Stabburet AS
P.O. Box 711
N-1411 Kolbotn
Tel.: +47 66 81 61 00
Fax: +47 66 80 63 67
www.stabburet.no

- Stabburet AS Fredrikstad
- Stabburet AS Gressvik
- Stabburet AS Brumunddal
- Stabburet AS Rygge
- Stabburet AS Ualand
- Stabburet AS Vigrestad
- Stabburet AS Idun Rygge branch, Rygge
- Stabburet AS Gimsøy Kloster, Skien
- Stabburet AS Stranda
- Stabburet AS Sunda branch, Oslo

Procordia Food

Procordia Food AB
Ellingevägen 14
SE-241 81 Eslöv
Sweden
Tel.: +46 413 65 000
Fax: +46 413 14 984
www.procordiafood.com

Procordia Food
- Eslövsfabrikerna Eslöv, Sweden
- Tollarpsfabriken Tollarp, Sweden
- Fågelmarafabriken Fågelmara, Sweden
- Ölandsfabriken Färjestaden, Sweden
- Kumlafabriken Kumla, Sweden
- Örebrofabriken Örebro, Sweden
- Vansbrofabriken Vansbro, Sweden

Empaco AB
Åhus, Sweden

Beauvais

Aktieselskabet Beauvais
P.O. Box 139
DK-2630 Tåstrup
Denmark
Tel.: +45 43 58 93 00
Fax: +45 43 58 93 03

- Aktieselskabet Beauvais Svinninge, Denmark

Felix Abba

Felix Abba Oy Ab
Box 683
FI-203 61 Åbo
Finland
Tel.: +358 2 410 414
Fax: +358 2 410 4100
www.felixabba.fi

- AS Pôltsamaa Felix Pôltsamaa, Estonia
- Lahden Vientikerma Oy Lahtis, Finland

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Orkla Foods International
Top 402 - Building D
Wienerbergerstrasse 7
A-1810 Vienna
Austria
Tel.: +43 1 641 6330
Fax: +43 1 641 633010

- Felix Austria GmbH Mattersburg, Austria
- Kotlin Sp. z o.o. Kotlin, Poland
- Kotlin Sp. z o.o. Warsaw, Poland
- Guseppe a.s. Hradec Králové, Czech Republic

Abba Seafood

Abba Seafood AB
P.O. Box 206
SE-401 23 Göteborg
Sweden
Tel.: +46 31 701 44 00
Fax: +46 31 701 44 90
www.abbaseafood.se

- Abba Seafood AB Kungshamn, Sweden
- Abba Seafood AB Uddevalla, Sweden
- Abba Skaldjur AB Kungshamn, Sweden

Orkla Food Ingredients

Idun Industri A.S
P.O. Box 4214 Torshov
N-0401 Oslo
Tel.: +47 22 09 48 00
Fax: +47 22 22 07 11

- Idun Industri A.S Oslo
- Idun Industri A.S Rakkestad branch
- Idun Industri A.S Kokstad branch

BaKo Serviceprodukter A.S
Oslo

Odense Marcipan A/S
Odense, Denmark

Dragsbæk Margarinefabrik A/S
Thisted, Denmark

Margarinefabriken Blume I/S
Randers, Denmark

KåKå AB
Helsingborg, Sweden

Maltcentralen A/S
Vejle, Denmark

Sedba Baking s.r.o.
Prague, Czech Rep.

Bakery Products

Bakers AS
P.O.Box 43 Økern
N-0508 Oslo
Tel.: +47 22 88 03 00
Fax: +47 22 65 82 12

- Bakers AS, Arendal branch
- Bakers AS, Bryne branch
- Bakers AS, Bærum branch
- Bakers AS, Heba branch
- Bakers AS, Kløfta branch
- Bakers AS, Larvik branch
- Bakers AS, Martens branch
- Bakers AS, Trøndelag branch
- Bakers AS, Økern branch
- Bakers AS, Berthas Bakerier branch
- Bakers AS. NorgesKaker branch
- Bakers AS, Slottslompa branch
- Bakers AS, Singsås Bakeri branch
- Kvalitetsbakeren AS, Nesttun
- Bakeri Invest AS, Økern

ORKLA BEVERAGES

Pripps Ringnes AB
SE-161 86 Stockholm
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Tel.: +46 8 757 70 00
Fax: +46 8 28 98 61
www.prippsringnes.com

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SE-161 86 Stockholm
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- Pripps Bryggeri Stockholm, Sweden
- Pripps Bryggeri Göteborg, Sweden
- Ramlösa Hälsobrunn Helsingborg, Sweden

Ringnes a.s
P.O. Box 7152 Majorstua
N-0307 Oslo
Tel.: +47 22 06 95 00
Fax: +47 22 06 97 70
www.ringnes.no

- Ringnes Bryggeri, Oslo
- Ringnes Gjelleråsen, Nittedal
- Ringnes Arendals Bryggeri, Arendal
- Ringnes E.C. Dahls Bryggeri, Trondheim
- Ringnes Nordlandsbryggeriet, Bodø
- Ringnes Tou Bryggeri, Forus
- Ringnes Farris, Larvik
- Ringes Imsdal, Koppang

Baltic Beverages Holding AB
P.O. Box 20182
SE-161 02 Bromma
Sweden
Tel.: +46 8 799 84 00
Fax: +46 8 29 13 03

- Saku Brewery, Saku, Estonia
- Aldaris Brewery, Riga, Latvia
- Kalnapilis Brewery Panevezys, Lithuania
- Utenos Alus Brewery, Utena, Lithuania
- Baltika Brewery, St. Petersburg, Russia
- Baltika Don Brewery Rostov-na-Don, Russia
- Tulskoye Pivo Brewery, Tula, Russia
- Yarpivo Brewery, Yaroslavl, Russia
- Chelyabinskpivo, Chelyabinsk, Russia
- Pikra Brewery, Krasnoyarsk, Russia
- Slavutich Brewery, Zaporozhye, Ukraine
- Kolos Brewery, Lviv, Ukraine

ORKLA BRANDS

Detergents, Personal Care Products, etc.

Lilleborg as
P.O. Box 4236 Torshov
N-0401 Oslo
Tel.: +47 22 89 50 00
Fax: +47 22 15 74 89

- Lilleborg as, Ski
- Lilleborg as, Dep. Ello Kristiansund N
- Lilleborg as, Dep. Elico, Oslo

Household textiles

La Mote AS
P.O. Box 4248 Torshov
N-0401 Oslo
Tel.: +47 22 89 27 00
Fax: +47 22 89 27 50

- La Mote AS, Oslo
- Freds La Mote AB, Malmø, Sweden
- Freds La Mote OY, Helsinki, Finland

Cod liver oil

Peter Möller
P.O. Box 364 Økern
N-0513 Oslo
Tel.: +47 22 09 47 00
Fax: +47 22 09 47 01

Biscuits

Göteborgs Kex AB
SE-442 82 Kungälv
Sweden
Tel.: +46 303 20 90 00
Fax: +46 303 20 90 50

- Sætre AS, Oslo
- Esskå, division of Sætre AS, Sagstua
- Kantolan Keksi OY Hämeenlinna, Finland

Snacks

KIMs A/S
Sømarksvej 31-35
DK-5471 Søndersø
Denmark
Tel.: +45 63 89 12 12
Fax: +45 64 89 31 20

- KIMs Skreia, division of Sætre ASSkreia
- Sætre AS, Oslo

Confectionery

Nidar AS
N-7005 Trondheim
Tel.: +47 73 58 30 00
Fax: +47 73 91 78 28
www.nidar.no

- Nidar AS, Oslo

ORKLA MEDIA

Orkla Media AS
P.O. Box 424 Skøyen
N-0213 Oslo
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Fax: +47 22 54 43 90

Newspapers Norway/Sweden

Norway
- Avisenes Pressebyrå, Oslo
- Nordstrands Blad AS, Oslo
- Moss Avis A/S, Moss
- Moss Distribusjon AS, Moss
- A/S Fredriksstad Blad, Fredrikstad
- Avisenes Rotasjonstrykkeri AS, Fredrikstad
- A/S Østlandets Blad, Ski
- Tønsbergs Blad AS, Tønsberg
- Media Link Vestfold AS, Tønsberg
- Vestfold Distribusjon AS, Tønsberg
- A/S Gjengangeren, Horten
- Sandefjords Blad AS, Sandefjord
- Sunnmørsposten AS, Ålesund
- Sunnmøringen A/S, Stranda
- Vikebladet-Vestposten AS, Ulsteinsvik
- Vaagsø Bladforetagende A/S (Fjordenes Tidende), Måløy
- A/S Haugesunds Avis Haugesund
- Romsdals Budstikke AS, Molde
- A/S Åndalsnes Avis, Åndalsnes
- A/S Driva Trykk, Sunndalsøra
- Drammens Tidende og Buskeruds Blad A/S, Drammen
- A/S Laagendalsposten, Kongsberg
- Telen A/S, Notodden
- Røyken og Hurums Avis AS, Slemmestad
- Sande Avis AS, Sande i Vestfold
- A/S Buskerud Distribusjon, Drammen
- A/S Varden, Skien
- A/S Østlendingen, Elverum
- Kragerø Blad A/S, Kragerø
- Orkla Trykk AS, Stokke
- Mediateam Orkla Trykk AS, Skien

Sweden
- Tryckeriaktiebolaget Norrländska Socialdemokraten, Luleå

Internet/Electronic publishing
- Bilnett A.S, Oslo
- WebPlan as, Skien
- Mimer A.S, Ålesund
- JobbNett AS, Oslo
- HjemmeNett AS, Oslo
- Shopnett AS, Ålesund
- Eiendomsnett Norge AS, Oslo

Other
- Kanal 1 Buskerud AS, Drammen
- TV Buskerud A.S, Drammen
- TV Vestfold AS, Tønsberg

Magazines (Norway)

Hjemmet Mortensen AS
P.O. Box 5001 Majorstua
N-0301 Oslo
Tel.: +47 22 58 50 00
Fax: +47 22 58 50 69

- Hjemmet Mortensen Trykkeri AS Oslo

Direct marketing

- DM-Partner AS, Copenhagen, Denmark
- ScanBase AS, Copenhagen, Denmark
- ScanDirect AS, Copenhagen, Denmark
- ODM Kompetansesenter i Dialogmarkedsføring AS, Oslo
- Sandberg AS, Oslo
- Selektiv A.S, Oslo
- Selektiv A.S, Grimstad branch
- Stroede Ralton AS, Lysaker
- Mitcom AB, Kungsbacka, Sweden
- Stroede Print Media AB, Gothenburg, Sweden
- StroedeRalton AB, Helsingborg, Sweden
- StroedeRalton AB, Kungsbacka, Sweden

Newspapers Eastern Europe

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Orkla Press Polska Sp. z o.o.
ul. Domaniewska 41
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Poland
- AWH Edytor S.A, (Kurier Poranny), Bialystok
- G.P.-Media Sp. z o.o. (Dziennik Wieczorny), Bydgoszcz
- Edytor Press Sp. z o.o. (Dziennik Wschodni), Lublin
- G.P. Media Sp. z o.o. (Gazeta Pomorska), Bydgoszcz
- KW Forum Sp. z o.o. (Glos Pomorza), Koszalin
- Lubpress Sp. z o.o. (Gazeta Lubuska), Zielona Góra
- Orkla Media Magazines Sp. z o.o., Bydgoszcz
- Presspublica Sp. z o.o. (Rzeczpospolita), Warsaw
- Pro-Media Sp. z o.o. (Nowa Trybuna Opolska), Opole
- Slowo Druk Sp. z o.o. Wroclaw
- Slowo Media Sp. z o.o. (Slowo Polskie), Wroclaw
- Tygodnik Ostrolecki Sp. z o.o., Ostroleka
- Warszawa Print Sp. z o.o., Raszyn-Jaworowa
- Wieczor Wroclawia Sp. z o.o., Wroclaw

Eastern Europe
- Industrialnoje Zaporoze, Zaporoze, Ukraine
- Wysokyj Zamok, Lwow, Ukraine
- UAB Kauno diena, Kaunas, Lithuania

CHEMICALS

Borregaard
P.O. Box 162
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Fax: +47 69 11 87 70
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- Borregaard ChemCell, Sarpsborg
- Borregaard LignoTech, Sarpsborg
- Borregaard Synthesis, Sarpsborg
- Denofa AS, Oslo

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- Borregaard Industries Ltd. Shanghai Rep. Office, Shanghai
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- LignoTech Yanbian Kaishantun Ltd., Kaishantun

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Japan
- Borregaard Industries Limited Japan Branch, Tokyo

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- A/S Børresen, Sylling
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- Borregaard Energi, Sarpsborg
- Fredrikstad Blikk & Metallvarefabrikk A.S, Fredrikstad
- Orkla Exolon KS, Orkanger

Poland
- Borregaard Poland, Poznan

Romania
- Denofa Foods Romania S.R.L., Bucharest

Russia
- Borregaard Moscow Rep. Office, Moscow
- Nordic Food Company, Pskov

Singapore
- Borregaard S.E.A. Pte. Ltd., Singapore

South Africa
- LignoTech South Africa, Umkomaas

Spain
- LignoTech Iberica S.A, Torrelavega

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- LignoTech Sweden AB,Vargön
- LignoTech Sweden AB, Kristinehamn
- Kemetyl AB, Haninge

Switzerland
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- LignoTech USA, Inc., Rothschild
- LignoTech USA, Inc., Mount Vernon
- LignoTech USA, Inc., Bridgewater
- Borregaard Synthesis, Inc., Newburyport

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- Orkla Securities AB Stockholm, Sweden
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