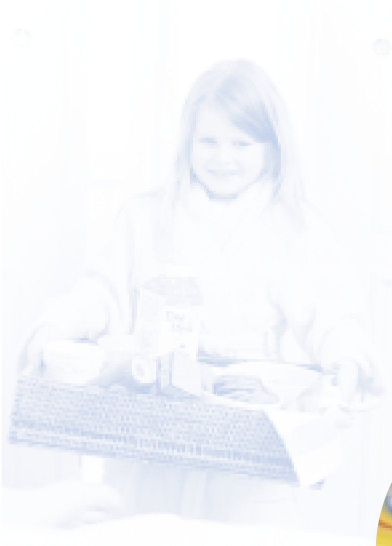
2000 – In brief

- Significant profit growth in the Industry division
- Substantial capital gains realised on investment portfolio
- Cost-reduction programmes proceeding as planned
- Expansive year with significant acquisitions and major expansion investments
- Carlsberg Breweries established as a 40/60 joint venture with Carlsberg

	2000	1999	1998	1997	1996
Operating revenues (NOK million)	**34,083**	31,492	30,819	30,970	25,998
Operating profit (NOK million)	**2,607**	2,177	1,797	2,613	1,916
Operating margin (%)	**7.6**	6.9	5.8	8.4	7.4
Profit before tax (NOK million)	**5,171**	2,319	2,057	3,537	2,431
Earnings per share, fully diluted (NOK)	**17.0**	7.9	6.5	12.0	8.3
Earnings per share, fully diluted (adjusted) [1] (NOK)	**19.5**	9.7	10.3	11.8	9.5
Return on capital employed [2] (%)	**12.4**	11.1	10.4	16.7	14.9
Equity ratio (%)	**35.6**	34.2	34.3	33.0	36.6

1) Adjusted for non-recurring items and goodwill amortisation.
2) The Industry division.



BRANDED CONSUMER GOODS

CHEMICALS

FINANCIAL INVESTMENTS

The way forward

Orkla has undergone a period of continuous, strong growth in the past two decades. Furthermore, our growth has been profitable; during this period the Orkla share has yielded a return significantly higher than the vast majority of Norwegian or international shares.

Elsewhere in this annual report, the administration has described some of the most important attitudes and working methods that have influenced and continue to influence our activities. I should like to take this opportunity to highlight some of the factors that will be decisive for our further growth and profitability.

We will continue to develop our programmes to build expertise. We know that our products are only preferred by customers and consumers because of their inherent qualities. Our ability to create such qualities in response to consumer needs depends on our aggregate expertise. In markets where competition will remain fierce and the innovative ability of the market players strong and dynamic, we can only remain at the forefront by continuing to develop our own skills. But professional expertise alone is not enough. It must be utilised within the framework of an organisation that bears the stamp of quality in every respect. Ensuring that a focus on quality permeates all our attitudes and approaches is the key factor, since in the final analysis sound attitudes will fuel the machinery that drives us forward. Consequently, we will maintain our strong focus on programmes to raise awareness and foster sound attitudes.

If we are successful in this respect, it will also be easier for us to attract and retain competent staff. We must continue to focus sharply on this aspect in the years ahead. A company that is driven by expertise and sound attitudes and has demonstrated its ability to realise profitable commercial projects - due either to efficient operations or profitable structural solutions - will have an advantage in the labour market. With this in mind, our managers and human resource personnel will continuously prioritise efforts to recruit and retain competent, business-minded employees.

Although views regarding the importance of IT and the Internet for future business activity have fluctuated dramatically in the last few years, our opinion remains unchanged: the new technology will gradually be used intensively wherever it can contribute towards increased productivity and new value creation. The challenge lies in understanding where the profitable areas of application are to be found. While we at Orkla are cautious about making large investments in information technology, we are making active, thoughtful efforts to learn about the possibilities it offers. This technology is therefore used intensively in a great many functions in all our business areas. The knowledge we thereby acquire will undoubtedly play an important role in ensuring our future competitiveness.

Orkla benefits greatly from its dual structure. In 2000, the establishment of Carlsberg Breweries, the acquisition of Det Berlingske Officin, the sale of our shares in NetCom and the establishment of Orkla Enskilda Securities are examples that reflect how important this duality is for our overall ability to put our strategies into practice. The knowledge of equity markets and understanding of financial operations that are to be found in our Financial Investments division will continue to interact with our industrial operations as we further develop our combined business activities. Consequently, this unique fusion of expertise will continue to give us a decisive competitive edge.

Jens P. Heyerdahl d.y.

Jens P. Heyerdahl d.y.

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 34.1 billion in 2000, during which period Orkla has achieved a competitive increase in shareholder value. In the same period, earnings per share rose from NOK 0.2 to NOK 17.0. In 2000, 60 % of the Group's operating revenues were derived outside Norway. At the end of 2000, Orkla had 31,145 employees, of whom 67 % were outside Norway.

Development strategy

On the basis of the Group's industrial and financial expertise, 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 continuous improvement and development of the Group's core expertise. In the years ahead, Orkla will therefore maintain its strong focus on systematically developing 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. Orkla will also continue to focus strongly on actively exploiting the opportunities offered by the Internet and e-business.

The Branded Consumer Goods business 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 product groups with the greatest brand-building potential and through gradual expansion outside the Nordic region, primarily in selected markets in Eastern Europe. Through Carlsberg Breweries, Orkla's Beverages business has acquired a global dimension as well as strong positions in the Nordic region and Eastern Europe.

The Chemicals business will be further developed within global niche areas of organic chemicals. Market positions and profitability will be improved through increased specialisation and greater focus on highly processed products tailored to customer needs. The international chemicals industry is undergoing a comprehensive restructuring process that will necessitate important choices. Entering into alliances and partnerships to strengthen and develop the business may be a natural step to take.

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 was 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 developed through organic growth, mergers and acquisitions to become a leading Nordic and North European 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.

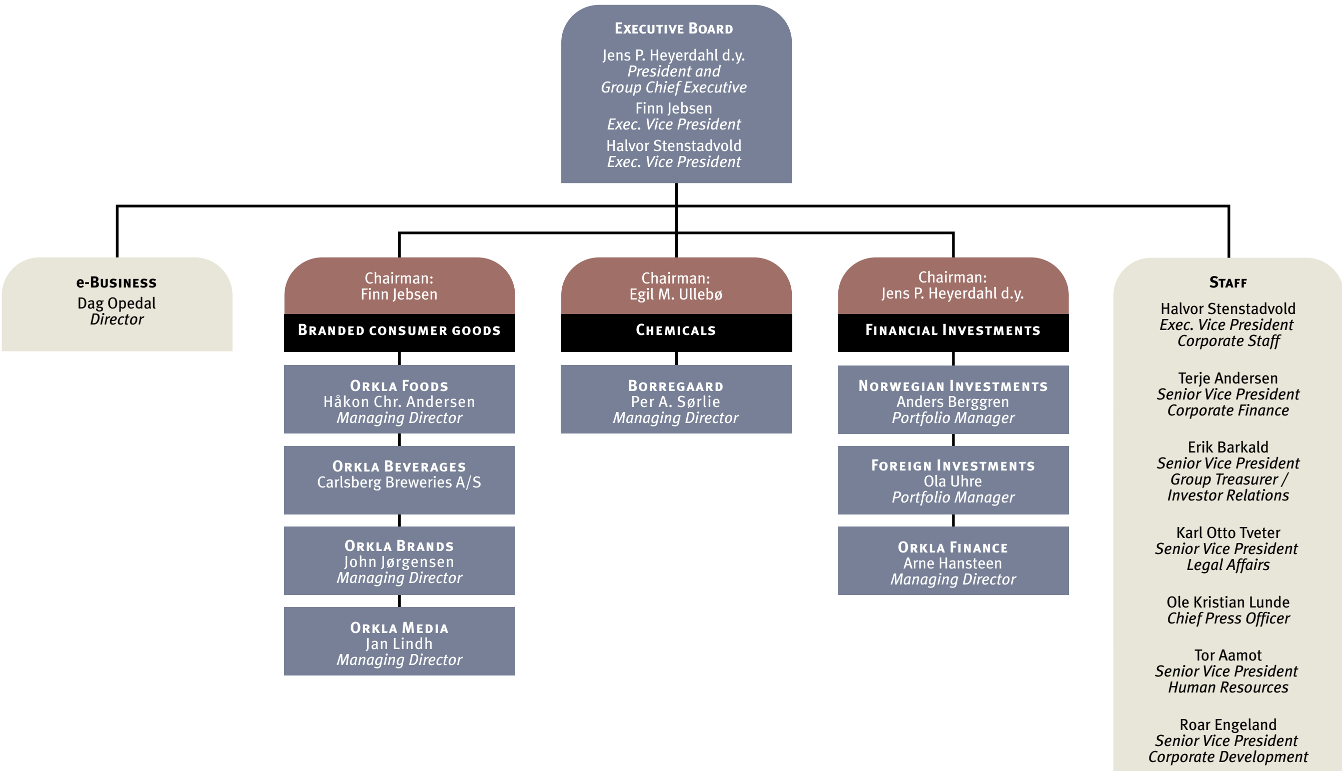
Since the merger in 1986, Orkla has continuously restructured its branded consumer goods business while Borregaard has carried out a comprehensive process of specialisation and globalisation in selected segments in the field of speciality and fine chemicals throughout the 1990s.

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 beverage, chocolate and confectionery businesses were incorporated into the Group. This merger was also 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 beverage 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. In 2000, Orkla and Carlsberg entered into an agreement to form a joint beverage company, Carlsberg Breweries. This agreement further strengthens Orkla's brewery operations, giving Orkla a 40 % share in the world's fifth largest brewery group. Through its purchase of Det Berlingske Officin in Denmark, Orkla Media has doubled its operating revenues and definitively confirmed its position as a leading player in the Nordic media market.

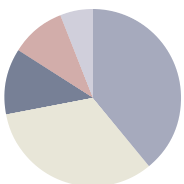
During the 1990s, Orkla's branded consumer goods business in Eastern Europe grew significantly. The Group's activities are now primarily concentrated around Baltic Beverages Holding's (BBH) brewery operations in the Baltic States, Russia and Ukraine and Orkla Media's operations in Poland, as well as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

THE ORKLA GROUP



OPERATING REVENUES BY GEOGRAPHICAL AREA

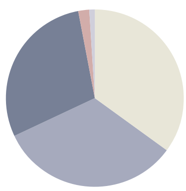
- Norway 39 %
- Other Nordic countries 33 %
- Eastern Europe 12 %
- Other European countries 10 %
- Other 6 %



Net sales NOK 33,552 million

EMPLOYEES BY GEOGRAPHICAL AREA

- Norway 33 %
- Other Nordic countries 35 %
- Eastern Europe 29 %
- Other European countries 2 %
- Other 1 %



Number of employees 31,145

Branded Consumer Goods

	2000	1999	1998	1997	1996
Operating revenues (NOK million)	**26,488**	24,842	24,233	24,289	20,045
Operating profit (NOK million)	**2,247**	1,839	1,748	2,116	1,512
Operating margin	**8.5 %**	7.4 %	7.2 %	8.7 %	7.5 %
Return on capital employed	**13.8 %**	12.2 %	12.6 %	15.9 %	16.1 %

Excluding non-recurring items

The Branded Consumer Goods area, which accounts for about 80 % 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, and holds strong positions in the growing Eastern European consumer markets.

The Branded Consumer Goods business has expanded significantly throughout 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 relatively strongest 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 the acquisition of Superfish, Orkla has secured a leading position in the herring and frozen fish market in Poland.

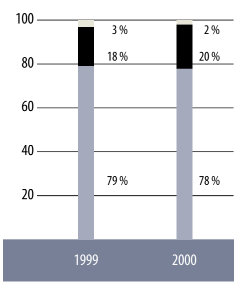
Orkla owns 40 % of the world's fifth largest brewery group, Carlsberg Breweries. In addition to Carlsberg, a well-established premium brand in the international market, the group comprises Tuborg, Pripps and Ringnes, which are leading beer and mineral water companies in Scandinavia. Baltic Beverages Holding (50 % of which is owned by Carlsberg Breweries) is the leading beer producer 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, the largest supplier of biscuits in the Nordic region, and holds number one positions for detergents, confectionery and cod liver oil in Norway. Through an agreement with the Finnish group Chips Abp, Orkla Brands has strengthened its position in the Nordic snacks market. Orkla controls 40 % of the newly established Chips Scandinavian Company.

Orkla Media comprises newspapers, magazines, Internet/electronic publishing and direct marketing activities. With the acquisition of Det Berlingske Officin, Orkla Media has become one of the largest media companies in the Nordic region. Its newspaper operations in Norway consist of local newspapers that hold number one positions. Furthermore, Orkla Media is well positioned in the Norwegian magazine market. Det Berlingske Officin, one of Denmark's leading media groups, encompasses major national newspapers, local newspapers and Internet operations. Orkla Media is also the second largest player in the Polish newspaper market.

Operating revenues by business area

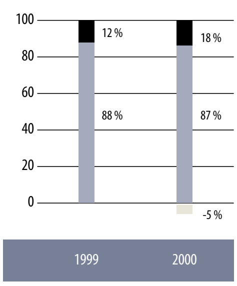
- Branded Consumer Goods
- Chemicals
- Other



Total operating revenues
1999 NOK 31,492 million
2000 NOK 34,083 million

Operating profit by business area

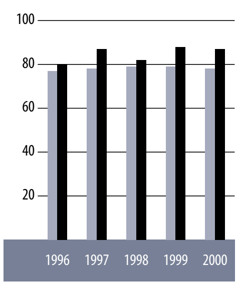
- Branded Consumer Goods
- Chemicals
- Other



Operating profit (excl. other revenues and expenses)
1999 NOK 2,086 million
2000 NOK 2,571 million

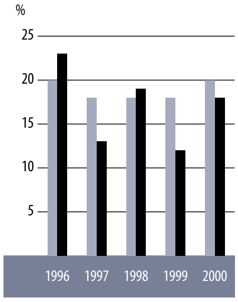
Branded Consumer Goods share of the Group's operating revenues and operating profit 1996-2000

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



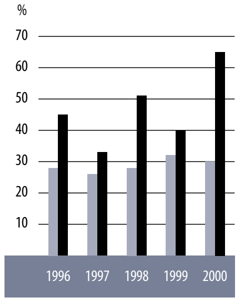
Chemicals share of the Group's operating revenues and operating profit 1996-2000

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



Financial Investments' share of the Group's balance sheet total and profit before tax 1996-2000

- Balance Sheet total
- Profit before tax



Chemicals

	2000	1999	1998	1997	1996
Operating revenues (NOK million)	**6,926**	5,621	5,726	5,684	5,121
Operating profit (NOK million)	**450**	250	391	309	432
Operating margin	**6.5 %**	4.4 %	6.8 %	5.4 %	8.4 %
Return on capital employed	**10.8 %**	6.8 %	11.6 %	10.2 %	15.6 %

Excluding non-recurring items

The Chemicals business, which comprises Borregaard's production of speciality 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 % of the Group's total operating revenues. In recent years, activities have primarily been concentrated on fine and speciality 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.

As from 2000, the results from Orkla's forest properties are reported under the Financial Investments division.

Financial Investments

	2000	1999	1998	1997	1996
Profit before tax (NOK million)	**3,355**	944	1,061	1,175	1,115
Securities portfolio:					
Market value (NOK million)	**18,053**	20,875	12,624	14,410	11,043
Unrealised gains before tax (NOK million)	**5,430**	9,535	4,129	6,222	4,612
Net asset value (NOK million)	**15,981**	16,604	10,410	11,542	8,909
Return on investments	**-1.5 %**	48.2 %	-7.0 %	24.5 %	32.5 %

Orkla owns one of Norway's largest equity portfolios, with a market value as of 31 December 2000 of NOK 18.1 billion. About 43 % is invested in companies outside Norway, and 21,9 % in unlisted companies. The Group has a long-term investment perspective and decides which companies to invest in on the basis of comprehensive research carried out by Orkla's own analysts. The Nordic region is the main market, and 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 staff with access to know-how and analyses that are not always available to a portfolio manager. This duality is of significant value to the entire Group.

In 2000, Orkla Finance's securities and stockbroking services were merged with Enskilda Securities to form Orkla Enskilda Securities. Orkla owns a 22.5 % interest in the newly-formed company which provides stockbroking and other financial services.

The Real Estate section manages properties which are no longer used for Orkla's industrial operations, in addition to which it is developing an investment portfolio of real estate which at present is concentrated mainly in the Skøyen area of Oslo.

As from 2000, the results from Orkla's forest properties are reported under the Financial Investments division.

Report of the Board of Directors

The positive profit growth achieved in 1999 continued in 2000, and Group earnings per share amounted to NOK 17, the highest in Orkla's history. The Industry division made significant progress, achieving profit growth in all business areas, and the Financial Investments division realised substantial gains. In comparison with last year, earnings per share rose 115 %. Before non-recurring items and goodwill amortisation, earnings per share were 101 % higher than in 1999. The price of the Orkla share rose 26 % in the course of 2000, while the Oslo Stock Exchange All Share Index dropped 1.7 %.

The market situation for the Industry division was generally favourable in 2000. The Russian economy in particular performed better than expected, with GDP rising by around 8 % and the inflation rate dropping to about 20 %. In the Nordic region there has not been any significant reduction in beer taxes and the Norwegian and Swedish brewery industries are still operating under a considerable competitive disadvantage. In Norway, price trends for agricultural raw materials in comparison with the EU give particular cause for concern. High oil prices contributed to underlying pressure on raw materials, freight and energy prices in some parts of the business.

After an excellent year on most stock exchanges in 1999, the majority of share indices showed negative growth in 2000. In an international context, however, the decline on the Oslo Stock Exchange was relatively modest. By comparison, the FT World Index reported a negative return of 8.9 %. Measures implemented by the Group had a positive impact in 2000. The improvement programmes initiated in 1998 and 1999 are largely proceeding as planned and reduced costs contributed to improvements in margins and profit in all business areas. All the major programmes are on course to realise the anticipated savings. Some of the savings from the cost reductions that have been achieved are being invested in market-related activities on a continuous basis.

The Nordic Branded Consumer Goods business maintained or strengthened its market positions in 2000, and Baltic Beverages Holding (BBH) continued to report strong volume and profit growth. The media business in Poland also achieved profit growth, driven by a rise in advertising volume. The Chemicals business made progress on a broad front. All the core areas with the exception of Fine Chemicals reported profit growth. The Financial Investments division achieved its highest book profit ever in 2000, posting pre-tax profit of NOK 3,355 million.

Despite this progress, the Group faces a number of serious challenges. Orkla's long-term competitiveness is dependent on its ability to continuously restructure and undertake necessary organisational adjustments. The increasing internationalisation of the Group continued in 2000 and the proportion of operating revenues generated outside Norway rose from 57 % to 61 %. This trend will continue in the years ahead.

For Orkla, 2000 was largely characterised by structural changes in the Industry division. The Group entered into an agreement with Carlsberg A/S to merge the two companies' beverage businesses and form Carlsberg Breweries A/S, the fifth largest brewery group in the world. Orkla will thus be industrially involved in the development of a strong global brand for the first time. With the acquisition of Det Berlingske Officin A/S (Berlingske), Orkla Media has formed the fifth largest media group in the Nordic region, and following the establishment of Chips Scandinavian Company AB (CSC) in a joint venture with the Finnish company Chips Abp, Orkla has established a sound Nordic structure for the Snacks business. In the first four months of 2000, Orkla Finance's brokerage business was merged with Enskilda Securities to form the leading brokerage company in the Nordic region.

In October 2000, Orkla's Board of Directors established a committee to investigate matters relating to the sale of a shareholding comprising some 20 million shares. Its purpose was to determine whether there had been an unlawful transfer of assets from the company to shareholders or others, or whether the management was guilty of contravening legislation or regulations. The investigation has now been completed and the committee has determined that there was no unlawful transfer of assets and that the management was not guilty of any contravention of legislation or regulations.

On 19 September 2000, Orkla ASA invested in a convertible loan of NOK 650 million to Norway Seafoods Holding AS, in which Aker RGI AS owns a 79.4 % interest. On the day the loan was issued, a previous convertible loan of NOK 600 million to TRG (Antilles) N.V. was repaid. To this loan was attached a supplementary agreement which regulated Orkla ASA's share of the increase in value of TRG from the date the loan was issued. With the exception of Christen Sveaas, the Board of Directors has found that neither TRG (Antilles) N.V. nor Norway Seafoods Holding AS, which are both controlled by Kjell Inge Røkke, nor any other company controlled by Kjell Inge Røkke, nor Mr Røkke himself, owned shares in Orkla ASA when the respective loans were repaid and granted. With the exception of Christen Sveaas, the Board of Directors has concluded that the loans are not subject to the reporting requirement in respect of loans to close associates, cf. Note 9 to the annual accounts.

Financial situation

The year 2000 was an expansive year for the Orkla Group. Total expansion investments, including the acquisition of Berlingske and Superfish and substantial expansion investments at BBH, amounted to approximately NOK 3.5 billion. Berlingske and Superfish are included in the balance sheet total as of 31 December 2000, but will not affect profit until 1 January 2001. Orkla's 40 % interest in Carlsberg Breweries will be included in the accounts from 1 January 2001.

Pre-tax profit rose NOK 2.9 billion (+123 %) to NOK 5.2 billion in 2000. Profit was influenced by the substantial realisation of portfolio gains and the significant progress of the Industry division, where the Chemicals business and Orkla Beverages achieved the strongest profit growth. Viking Fottøy (footwear) was sold in 2000 at a gain of NOK 65 million.

Acquisitions and expansion investments contributed to a rise of NOK 48.6 billion in the balance sheet total. Nevertheless, due mainly to the realisation of substantial portfolio gains, the book equity ratio increased from 34.2 % to 35.6 %. Including unrealised capital gains, the equity ratio dropped from 46.4 % to 42.0 %. Earnings per share rose from NOK 7.9 in 1999 to NOK 17.0 in 2000. The Board of Directors proposes a dividend for 2000 of NOK 3.00 per share, 20 % higher than in 1999.

The presentation of the annual accounts is based on the going concern assumption, and further comments on the annual accounts may be found in the financial analysis of the annual accounts on page 17.

Market situation and operating parameters

Twenty-four million people live in the Nordic region and grocery sales total some NOK 421 billion (including VAT). International brand names are broadly represented in most product categories on the Nordic grocery markets. The trend on the Swedish grocery market was positive. Preliminary figures indicate 2.4 % growth. In Norway, the volume of grocery sales rose 0.8 %.

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. In Norway, the Narvesen restaurant, kiosk and service chain merged with the Reitan Mat grocery chain in 2000. The Statoil petrol station chain already cooperates with the ICA grocery chain in Scandinavia. Several other constellations of this type are likely to be formed in the months and years ahead.

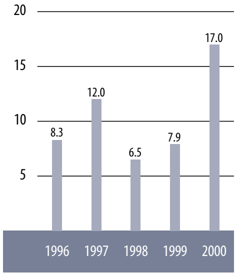
It was in anticipation of this type of structural change that Orkla established its Nordic strategy in 1991. With primarily number one and strong number two positions, a strong Nordic business system that is gradually being further developed, and a desire to develop Nordic products and concepts, Orkla 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 competition from international players 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 6.8 % of sales in 2000, on a par with the previous year.

In 2000 the total beverages market in Norway (beer, soft drinks and water, measured in terms of volume) was on a par with 1999, despite a cooler summer. Ringnes developed in step with the overall market and gained market shares in the soft drinks segment with Pepsi, while water sales grew marginally less than the overall water market. In Sweden, the overall market declined by 1 %. Pripps lost market shares for beer and soft drinks, but was more or less in step with the market trend in the water segment. Pripps has taken over sales of Pepsi products in Sweden from January 2001.

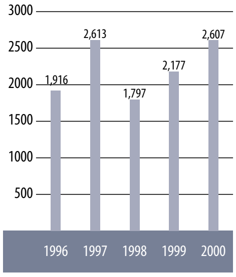
BBH reported 43 % growth in volume in 2000. In Russia, BBH strengthened its leading market position and now has a market share of 25 % (+ 4 percentage points). BBH has further increased its lead over its strongest rival, Sun Interbrew, which now has a market share of 14 % (-2 percentage points). New breweries are bound to lead to tougher competition, although the market is still expected to expand. BBH strengthened its market position in Ukraine. In the three Baltic States, the market grew 7 %.

In 2000, Orkla Foods generally strengthened the positions of its priority categories on its main markets, which are characterised by slow market growth, while Orkla Brands largely maintained or strengthened its shares of the Nordic markets. In the case of Orkla Media, market shares for Magazines were on a par with 1999, while there was a positive trend on the advertising market for Newspapers.

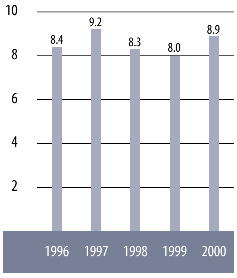
Earnings per share (fully diluted)



Group operating profit



Operating margin*



* Before goodwill amortisation

Comments on individual business areas

The Industry division posted pre-tax profit of NOK 1,816 million in 2000, 32 % higher than in 1999. Adjusted for non-recurring items, profit rose 41 %. All business areas reported significant profit growth. The greatest progress was made in the Beverages area (particularly BBH) and the Chemicals area.

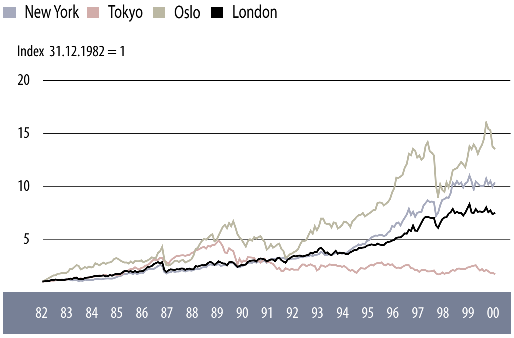
Orkla Foods' operating profit rose NOK 78 million to NOK 787 million. Stronger focus on "category management" and product mix management contributed to a positive sales mix, with emphasis on more profitable products. The cost reduction programmes also had a favourable impact. Procordia Food in particular reported improved cost performance which, in conjunction with higher sales in important product groups such as RisiFrutti and Pizza Originale, contributed to profit growth. Stabburet's performance was stable in 2000. Procordia Food's profit improved due to cost reductions and higher sales in important product groups such as RisiFrutti and Pizza Originale. Both Felix Abba in Finland and Beauvais in Denmark reported sales and profit growth. The decline in sales and profit for Abba Seafood was due to the loss of its position as supplier to a Danish grocery chain. Orkla Foods International continued to post negative profit. A number of measures have been implemented to further reduce costs and improve sales in Poland. As a supplier to Nordic bakeries, Orkla Foods Ingredients is continuing to develop Nordic structures and completed a number of minor transactions in 2000. Orkla Foods acquired Superfish in Poland with effect on profit from 1 January 2001.

In the Beverages area, operating revenues rose 16 % to NOK 7.4 billion. Operating profit was NOK 712 million, NOK 230 million higher than in 1999. Continued strong volume and profit growth for BBH (43 % and 51 % respectively) was responsible for most of the increase. The effects of the Competitive Edge project contributed to a favourable price trend and positive profit growth for Ringnes. Pripps' profit was on a par with the previous year. BBH's market position in Russia and Ukraine was strengthened during the year and BBH is the clear market leader in Russia with a market share of 25 %.

Orkla Brands' operating revenues totalled NOK 4.6 billion, 1 % higher than in 1999. Continuing business achieved 4 % growth. Operating profit rose NOK 66 million to NOK 543 million. While the satisfactory sales trends for Lilleborg Home and Personal Care were important, most of the other areas also reported profit growth thanks to systematic focus on increasing revenues and work on structural and cost rationalisation. As a result of the establishment of Chips Scandinavian Company on 1 November 2000, the snacks business is now positioned in a Nordic business system.

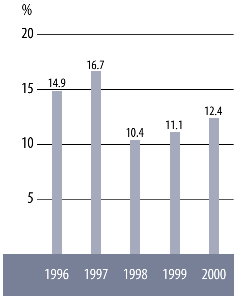
Orkla Media's operating revenues totalled NOK 3.6 billion, and growth was 5 % for continuing business. Operating profit increased by NOK 34 million to NOK 205 million (+14 % for continuing business). Newspapers Norway/Sweden achieved profit growth in 2000, not least due to a rise in advertising volume for the sector's daily newspapers. Circulation was stable and the workforce reductions proceeded more rapidly than planned. A decision has been made to make further staff cuts. Profit improved for Magazines, too, due to higher magazine sales and a rise in advertising volume. Newspapers Eastern Europe reported positive profit growth, mainly due to improved advertising revenues for Rzeczpospolita and further cost reductions. The results from the Direct Marketing business were poor due to high conversion and development costs in connection with the CRM activities of StroedeRalton in Sweden. This process is now nearing completion and profit was positive in the last four months of 2000. Investments in the Internet and electronic publishing business increased in 2000 due to further acquisitions. Investments in this sector are treated as portfolio investments as of 31 December 2000. The main challenge in 2001 will be to successfully integrate and improve the performance of Det Berlingske Officin, whose operating revenues totalled NOK 3,448 million in 2000. As a result of this acquisition, Orkla Media is the fifth largest media group in the Nordic region.

Stock market performance Oslo and internationally

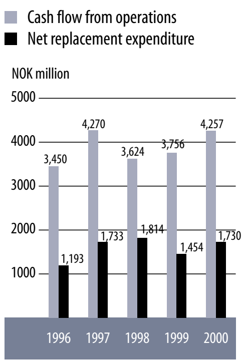


Source: Oslo Stock Exchange All Share Index, Dow Jones Industrial Average, FT-SE 100, Nikkei Index

Return on capital employed Industry area



Cash flow Industry area



In the short term, the takeover is expected to have a slight negative impact on Orkla's profit after goodwill amortisation and interest, but profitability will improve considerably over a 2-3-year period when the improvement projects that have been initiated or are planned take effect.

Operating revenues from the Chemicals area totalled NOK 6.9 billion. However, approximately NOK 760 million of this is associated with temporary activities for Ingredients (Denofa), and growth for continuing business was about 10 %. Operating profit rose NOK 200 million to NOK 450 million. Sales of speciality cellulose products in particular contributed to the significant rise in profit in 2000. The speciality cellulose business has succeeded in increasing the proportion of more profitable special qualities and reducing costs. The upswing in the construction industry in Asia and Europe led to satisfactory volume growth for the lignin business. Higher sales of marine oils and growth in export sales of edible oils and fats led to improved profit for Ingredients. The Fine Chemicals business reported a slight decline in profit after a significant rise in 1999.

Orkla's investment portfolio yielded a negative return of 1.5 % in 2000, while the Oslo Stock Exchange All Share Index dropped 1.7 %. In an international context, however, the Oslo Stock Exchange did relatively well in 2000; by comparison, the FT World Index fell 8.9 %. There were no significant differences between the returns on the Norwegian and foreign parts of Orkla's portfolio. The share of foreign investments continued to rise in 2000, accounting for 43 % of the total portfolio at year-end. This increase was primarily due to the sale of major Norwegian shareholdings (NetCom, Dyno and Elkjøp). As a result of these divestments, the Financial Investments area reported its best book profit ever in 2000. However, the net asset value of the investment portfolio declined by NOK 623 million, or about 4 %. As of 31 December 2000 the total market value of the portfolio was NOK 18.1 billion, while unrealised gains amounted to NOK 5.4 billion. This represents an unrealised capital gain (after deduction of 15 % tax) of NOK 22 per share in 2000, equivalent to a decline of NOK 16.

The value 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 20.1 %, which is 4.6 percentage points higher than the OSE All Share Index. Over the past eight years, the net asset value of the portfolio has increased from NOK 1.9 billion to NOK 16.0 billion.

The Orkla Finance group had a good year in 2000. The largest contribution to profit came from its 22.5 % interest in Enskilda Securities after the merger of Orkla's and Enskilda's brokerage operations in the first half of 2000.

A list of the companies in the Group and their addresses may be found on pages 79-80.

Special improvement measures

In 1998 and 1999, several major improvement programmes were launched to strengthen the Group's competitiveness. These programmes are largely proceeding as planned.

In the Nordic Beverages business, the Competitive Edge cost reduction programme was completed according to plan and made a significant contribution to the 28 % rise in operating profit compared with 1999. It is expected to take full effect in 2001. The total annual cost base has been reduced by more than NOK 600 million and the number of employees has been reduced by 1,013 man-years.

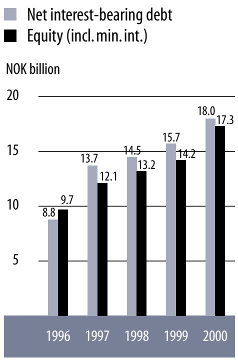
The Life Force 2000 cost rationalisation project at Orkla Foods will end in 2001. The project has already achieved many of its objectives and contributed to significant profit growth for Procordia Food in 2000.

At Orkla Brands, the Biscuits business improved its cost position by amalgamating all production at the Kungälv factory in Sweden. The winding up of biscuit production at the Sætre factory in Norway has proceeded as planned. Non-recurring costs of NOK 29 million were charged against profit in 2000.

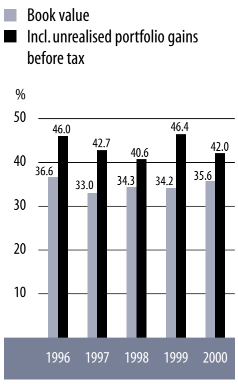
In the Orkla Media group, the workforce reductions at Newspapers Norway/Sweden proceeded more rapidly than planned and further reductions have been agreed. The manpower cuts at the new Hjemmet Mortensen printing plant are largely proceeding as planned. In January 2000, a decision was made to merge Orkla Media AS, Orkla DM AS and Orkla Newspapers AS to form Orkla Media AS. A decision has been made to establish a joint service centre for Norwegian Newspapers, to be responsible for administrative functions such as accounting, wages and IT. The restructuring will lead to further staff cuts in this business area.

In the Chemicals area, the Redesign cost reduction programme has had a lasting impact at the Sarpsborg and Fredrikstad factories and is planned

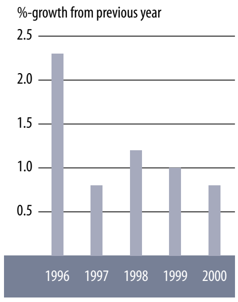
Debt and equity



Equity ratio



Volume in grocery retailing, Norway



Source: HSH

to take full effect in 2001. The project is now continuing in LignoTech's international businesses.

Efforts were made throughout the year to establish a new structure for Borregaard ChemCell. This process has confirmed that Borregaard ChemCell's position on the market is good. Borregaard has decided that it will gain most from continuing to operate independently in the current situation, but does not exclude the possibility of entering into a partnership at a later date. Orkla is also prepared to consider alternative structures for the entire Chemicals business.

e-business

Orkla is pursuing a proactive policy as regards the Internet and e-Business and increased its investments in this area in 2000. All business areas are intensifying their efforts to utilise the new technology in fields where it is profitable. New solutions will gradually come on stream in the next few years and be integrated with existing business systems.

Orkla has invested and become involved in Transora.com – a B2B market place whose owners include 50 of the worlds biggest branded consumer goods manufacturers. Transora will develop electronic systems for e-sales, e-procurement and logistics.

In the field of e-marketing to consumers, Orkla Foods, Orkla Brands and Orkla Beverages have launched e-business solutions that will be further developed in the years ahead. Orkla Media has made a series of strategic investments and has so far launched 63 different content services on the Internet.

Personnel and organisation

At the end of 2000, the Group had 31,145 employees, of whom 10,423 were in Norway, 10,849 in other Nordic countries and 9,873 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 is being pursued by several means. In this respect, work on revising Goals and Values, Orkla's 'corporate constitution', had priority in 2000. The Nordic companies were highly involved in this process. At the same time, surveys were carried out among employees and managers in many parts of the Group and the results are being followed up with practical improvement measures.

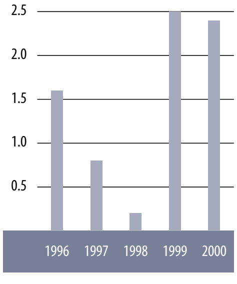
Orkla attaches great importance to systematically developing the skills and management resources required to achieve its long-term objectives. Orkla's personnel and management development systems, which are the foundation for the development of managers and key personnel, were revitalised in 2000, not least by developing a special e-learning programme.

The emphasis on internal measures in priority areas continues. The Orkla Brand School, the Orkla School for Business Relations, the Orkla Production School, the Orkla School for Sales Managers, the Trainee Programme and various management training programmes are important instruments to ensure continuous human resource development in the Group. In the past year, a new inter-company senior management programme and a new mentor programme have been developed and implemented.

Work on external recruitment and internal mobility has been significantly intensified. Orkla's Management Trainee Programme is an important contribution to external recruitment. Thanks to the Group's focus on this area, its reputation among graduates in Scandinavia has improved considerably. Orkla wishes each unit and manager to be gauged according to criteria that to the greatest possible extent are in accordance with shareholder interests. The Group has decided to introduce the EVA-based (Economic Value Added) management system, effective from 2001. Orkla's current measurement and incentive systems will be further developed in accordance with the EVA concept. 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.

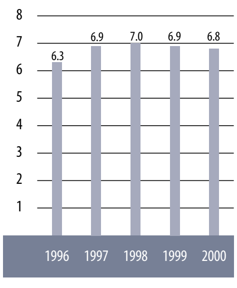
The Board of Directors wishes to express its gratitude to all employees for their dedicated efforts and its appreciation of the results that have been achieved.

Volume in grocery retailing, Sweden

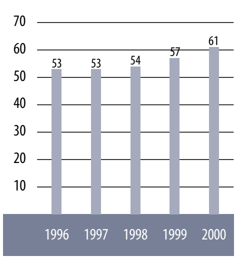


Source: Fri Köpenskap

Branded Consumer Goods' advertising expenses as % of revenues



Sales outside Norway



In 2000 Orkla donated NOK 10 million to support the work of SOS Children's Villages in Russia. The employees of all companies in the Orkla Group were invited to become SOS sponsors.

Details concerning remuneration for the Corporate Assembly, the Board of Directors, the Group Chief Executive, the Executive Board and the Auditor are provided in Note 4 to the Orkla ASA Accounts (page 37).

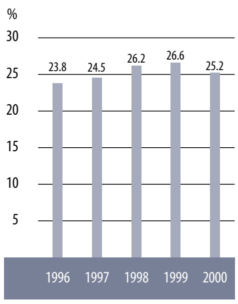
Jens P. Heyerdahl d.y., President and Group Chief Executive, who has headed the Group for the last 22 years, has notified the Board that he wishes to resign in summer 2001. The Board has appointed Finn Jebsen as new President and Group Chief Executive from the date Mr. Heyerdahl leaves.

Managing Director Tom Vidar Rygh, who has been working at Orkla for 17 years and has headed the Group's Financial Investments division since 1991, resigned at his own request on 22 February 2001. Both men have made a decisive contribution to the creation of shareholder value through their long-term dedication to the benefit of the Group.

At its meeting on 21 September 2000 the Corporate Assembly elected shareholders' representatives to the Board of Directors at Orkla ASA. The newly elected members of the Board were Åge Korsvold, Christen Sveaas, Finn Hvistendahl and Frode Alhaug. Åge Korsvold was elected chairman of the Board.

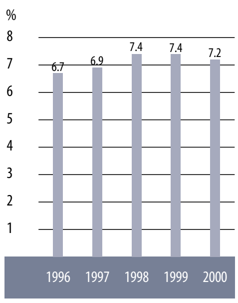
After Åge Korsvold resigned his post as a Member and Chairman of Orkla's Board, at a meeting on 11 October 2000 the Corporate Assembly elected Svein S. Jacobsen as new Member of the Board and Finn A. Hvistendahl as Chairman of the Board.

Fixed costs* as % of revenues

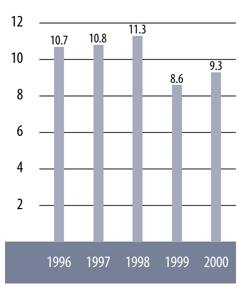


* All fixed costs excl. advertising, R&D and depreciation

Trends in sickness absence in Norway



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



Health, Safety and Environment (HSE)

Orkla makes systematic efforts to improve both the external environment and the working environment. The Group's environmental efforts are characterised by a coherent approach and a long-term perspective, where the Precautionary Principle and the Life Cycle Principle play an important role. There is focus on preventive HSE measures and efforts to continuously improve the environmental situation. The details of Orkla's environmental programmes are formulated by the individual business areas on the basis of the requirements laid down for each area.

The trend in recent years towards a slight increase in sickness absence has been halted and absence rates were somewhat lower in 2000 than in the previous year.

The injury rate (H-value) rose slightly in comparison with 2000. However, no serious industrial accidents or damage to buildings or production equipment were reported during the year.

Orkla's activities and products have a local, regional and global impact on the environment. Orkla therefore continuously seeks to improve its ability to meet the growing environmental demands of society, authorities, customers and consumers. Efforts to limit the negative environmental impacts that may occur throughout the value chain, from the production of raw materials to the final treatment of residuals, packaging and waste, have high priority.

As a major consumer of biological raw materials, Orkla imposes increasingly strict requirements on its suppliers with respect to environmental standards and product safety. Orkla has a restrictive attitude to the use of modern gene technology in the production of raw materials and ingredients.

Operations at most of Orkla's factories are subject to official environmental permits which limit production volumes and emissions that impact on the environment. In 2000 there were no incidents that resulted in serious damage to the external environment. Drills are held regularly to train staff to deal with emergencies.

In 2000, two more Orkla companies, Abba Seafood and Göteborgs Kex (biscuits) were certified according to the ISO 14001 standard. Work is in progress in several other companies to achieve environmental certification.

Orkla's industrial production is relatively energy-intensive, particularly the Chemicals business. Food production is dependent on access to substantial amounts of high quality water. For financial reasons, Orkla has chosen to use several different energy sources. Consequently, there are annual variations in emissions of greenhouse gases. Most of Orkla's production plants are implementing comprehensive energy saving and investment projects to reduce energy consumption.

The distribution and transport of large quantities of beverages and food products has a negative impact on the environment. Orkla is focusing on rationalising transport, reducing the weight of packaging and re-using materials that can be recycled in a rational manner. Orkla companies are active members of waste recovery enterprises established by business and industry in the Nordic region to collect and recycle packaging.

The efforts of Orkla Brands' Lilleborg division to reduce the negative environmental impacts of detergents have been successful. Its laundry detergents contain small quantities of chemicals that are not easily biologically degradable. This percentage has been reduced from 3.2 % to 2.1 % in the last five years.

A reduction in the amount of waste paper and the transition to computer-to-plate technology, which makes it possible to set text and pictures digitally, are examples of important environmental improvement measures at Orkla Media.

In the Chemicals area, Borregaard is a major producer of speciality cellulose, a global leader in the production of lignin products and the only producer of lignin based vanillin. Borregaard's use of timber as a raw material for the production of a broad range of chemical products is unique. By utilising this renewable resource, which is also biologically degradable, Borregaard has an environmental lead over its competitors, which base their products on fossil raw materials.

Denofa has developed a programme to ensure that only traditional (non-genetically modified) soya beans are used in its production. The beans are grown in Brazil and the programme involves monitoring the entire value chain, from the cultivation and storage of the soya beans in Brazil via sea transport to Norway to the delivery of finished products from the Fredrikstad factory.

More detailed information about the Orkla Group's environmental efforts, with links to each business area, may be found on the Internet at www.orkla.com and in Orkla's Environmental Report.

Allocation of profit for the year

In 2000, Orkla ASA's profit for the year totalled NOK 3,946 million including Group transfers. The Board of Directors proposes the following allocations (NOK million):

Allocated to dividend	(630)
Allocated to free reserves	(3,316)
Total	(3,946)

Outlook for 2001

At the beginning of 2001, economic developments in the US appear to be the greatest uncertainty factor for the global economy and the international equity markets. In the Nordic region, the economic situation is expected to remain stable on the whole, although a relatively tight labour market and strong wage growth may have a negative impact on prices and interest rates in Norway. The ongoing improvement programmes in the Group's business areas are expected to have a positive impact.

The trend in Central and Eastern Europe was generally favourable in 2000. The Russian economy did better than expected, not least due to high oil prices. However, a sharp drop in oil prices would increase uncertainty in the months ahead.

Orkla's Branded Consumer Goods business anticipates a relatively stable situation in the Nordic region and continued growth in Eastern Europe. Through Carlsberg Breweries, the Beverages business is also well positioned for growth and expansion in Asia.

The Chemicals business anticipates a stable situation, but certain areas are still somewhat exposed to a negative trend in the global economy.

Oslo, 7 March 2001

The Board of Directors of Orkla ASA

Finn A. Hvistendahl *Chairman*	Svein S. Jacobsen	Christen Sveaas
Frode Alhaug	Björn Savén	Eva Bergquist *observer*
Kjell E. Almskog	Arvid F. Strand	Kjell Kjønigsen *observer*
Jonny Bengtsson	Stein Stugu	Jens P. Heyerdahl d.y. *Group Chief Executive*

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*	**2000**	1999	1998
Revenues	*1*	**33,552**	30,833	30,270
Other operating revenues		**531**	659	549
Operating revenues	*15*	**34,083**	31,492	30,819
Cost of materials		**(13,850)**	(12,376)	(12,128)
Payroll expenses	*3*	**(7,346)**	(7,128)	(7,024)
Other operating expenses	*4*	**(8,219)**	(7,894)	(7,658)
Depreciation and write-downs on fixed assets	*20*	**(1,618)**	(1,565)	(1,456)
Operating profit before goodwill and other revenues and expenses	*15*	**3,050**	2,529	2,553
Goodwill amortisation and write-downs	*20*	**(479)**	(443)	(421)
Other revenues and expenses	*22*	**36**	91	(335)
Operating profit		**2,607**	2,177	1,797
Profits from investments in associates	*18*	**242**	114	165
Dividends		**555**	325	325
Portfolio gains		**2,727**	595	769
Financial items, net	*5*	**(960)**	(892)	(999)
Profit before taxes		**5,171**	2,319	2,057
Taxes	*13*	**(1,388)**	(527)	(555)
Profit for the year		**3,783**	1,792	1,502
Of this minority interests	*16*	**182**	125	124
Fully diluted earnings per share (NOK)	*See page 40-42*	**17.0**	7.9	6.5
Fully diluted earnings per share, adjusted (NOK) [1]	*See page 40-42*	**19.5**	9.7	10.3

1) Excluding other revenues and expenses (and equal matters in Associates and Financial items, net) and Goodwill amortisations.

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 plant, 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*	**2000**	1999	1998
Intangible assets	*20*	**6,402**	5,654	5,638
Tangible fixed assets	*20*	**14,889**	12,180	11,983
Investments in associates	*18*	**2,551**	2,021	2,086
Other financial long-term assets	*2*	**854**	1,368	1,372
Long-term assets		**24,696**	21,223	21,079
Inventories	*7*	**3,942**	3,487	3,210
Receivables		**5,638**	4,270	4,367
Portfolio investments etc.	*9*	**12,758**	11,375	8,851
Cash and cash equivalents	*6, 15*	**1,613**	1,269	1,125
Short-term assets		**23,951**	20,401	17,553
Total assets	*15*	**48,647**	41,624	38,632
Paid-in equity	*14*	**2,037**	2,039	1,916
Earned equity	*14*	**14,410**	11,528	10,772
Minority interests	*16*	**854**	659	552
Equity		**17,301**	14,226	13,240
Provisions	*12*	**2,093**	1,910	2,196
Long-term interest-bearing liabilities	*10, 11*	**15,793**	16,161	14,770
Long-term liabilities and provisions		**17,886**	18,071	16,966
Short-term interest-bearing liabilities	*10, 11*	**3,953**	1,668	1,683
Other short-term liabilities	*8*	**9,507**	7,659	6,743
Short-term liabilities		**13,460**	9,327	8,426
Equity and liabilities		**48,647**	41,624	38,632

Oslo, 7 March 2001

The Board of Directors of Orkla ASA

Finn A. Hvistendahl
Chairman

Frode Alhaug

Kjell E. Almskog

Jonny Bengtsson

Svein S. Jacobsen

Björn Savén

Arvid F. Strand

Stein Stugu

Christen Sveaas

Eva Bergquist
Observer

Kjell Kjønigsen
Observer

Jens P. Heyerdahl d.y.
President and Group CEO

Cash Flow Statement

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 correcting for book exchange-rate effects on foreign borrowings.

Amounts in NOK million	*Note*	**2000**	1999	1998
Industry area:				
Operating Profit		**2,533**	2,066	1,719
Depreciation and write-downs		**2,077**	2,059	1,910
Changes in net working capital		**(353)**	(369)	(5)
Cash flow from operating activities	*See page 43-45*	**4,257**	3,756	3,624
Sale of tangible fixed assets		**287**	184	125
Replacement expenditure and environmental investments	*20, see page 43-45*	**(1,730)**	(1,454)	(1,814)
Free cash flow from operating activities		**2,814**	2,486	1,935
Financial items, net		**(990)**	(758)	(636)
Free cash flow from Industry area		**1,824**	1,728	1,299
Free cash flow from Financial Investments		**(77)**	598	339
Companies sold		**121**	333	0
Taxes and dividends paid		**(1,173)**	(1,035)	(1,494)
Miscellaneous capital transactions		**(31)**	63	7
Group's self-financing capacity		**664**	1,687	151
Expansion investments, Industry area	*20, see page 43-45*	**(1,233)**	(546)	(847)
Acquired companies	*20, see page 43-45*	**(2,280)**	(665)	(514)
Net purchase/sale of portfolio shares		**657**	(1,653)	421
Net repurchase of own shares plus share issues		**(35)**	(117)	0
Net cash flow		**(2,227)**	(1,294)	(789)
Exchange rate impact on interest-bearing items		**(45)**	129	(88)
Change in gross interest-bearing liabilities		**1,917**	1,376	774
Change in liquid assets/interest-bearing receivables		**355**	(211)	103
Change in net interest-bearing liabilities		**2,272**	1,165	877
Net interest-bearing liabilities	*10*	**17,981**	15,709	14,544

Financial Analysis

Profit and loss account

Profit before tax increased by NOK 2.9 billion (+123 %) to NOK 5.2 billion in 2000. Profit was affected by substantial realised portfolio gains and significant progress in the Industry division. Non-recurring items made a positive contribution in both 2000 and 1999, of NOK 36 million and NOK 91 million respectively. Excluding these items, profit growth was 130 %.

Earnings per share increased from NOK 7.9 in 1999 to NOK 17.0 in 2000 (+115 %). Before non-recurring items and goodwill amortisation, earnings per share increased from NOK 9.7 to NOK 19.5.

Orkla's operating revenues rose NOK 2.6 billion to NOK 34 billion. For continuing business, growth was approximately 6 %. All areas reported sales growth. However, BBH achieved the strongest growth with a 43 % rise in volume. In 2000, Denofa increased its operating revenues by some NOK 760 million due to temporary activities in connection with contract production of soya meal and soya oil in Brazil and trading in soya beans. These activities had only a marginal effect on profit and will not continue in 2001.

Group operating profit before goodwill amortisation and other revenues and expenses increased by NOK 521 million (+21 %) to NOK 3 billion in 2000. The operating margin before goodwill amortisation was 8.9 %, one percentage point higher than in 1999. The strongest profit growth was achieved by the Chemicals business and Orkla Beverages. For the Branded Consumer Goods business, the operating margin was 1.1 percentage points higher than in 1999, ascribable to many new products and successful marketing activities in combination with the positive impact of the cost reduction programmes. BBH continued to achieve strong volume and profit growth as well as strengthening its market shares in Russia and Ukraine. For the Chemicals business, a favourable market situation and the significant impact of the Redesign cost reduction programme contributed to an impressive 2.1 percentage point rise in operating margin to 6.5 %.

Goodwill amortisation increased by NOK 36 million to NOK 479 million. The effects of acquisitions undertaken by BBH at the end of 1999 and new companies at Orkla Media contributed to this rise.

Other revenues and expenses amounted to NOK 36 million. They include a NOK 65 million gain on the sale of Viking Fottøy (footwear) and non-recurring costs of NOK 29 million related to restructuring of the Biscuits business.

The share of profit from associates increased by NOK 128 million to NOK 242 million. This was primarily because Orkla Finance's share of Orkla Enskilda Securities was posted as an associated company from the beginning of the second four-month period. Hartwall also achieved profit growth.

Net financial items increased by NOK 68 million to NOK 960 million. Net interest expenses were NOK 23 million higher than in 1999 as a result of a rise of NOK 1.7 billion in average interest-bearing liabilities. A slightly lower interest rate made a positive contribution, but was not enough to offset the effect of the increase in interest-bearing liabilities. The Group's average borrowing rate was 5.3 % in 2000, 0.2 percentage points lower than in 1999.

Realised portfolio gains totalled NOK 2.7 billion, NOK 2.1 billion higher than in 1999. The largest divestments were NetCom, Elkjøp and Dyno. Dividends received, which amounted to NOK 555 million, were NOK 230 million higher than the previous year. Much of the increase in comparison with 1999 was due to an extraordinary dividend of NOK 113 million from Norway Seafood Holding.

After a relatively low tax charge in 1999, partly due to temporarily lower tax for BBH, the tax charge in 2000 was 26.8 %, on a par with 1998.

The positive profit growth from 1998 to 1999 continued into 2000, with significant progress in all areas of the Industry division and substantial realised portfolio gains. The acquisition of Berlingske and Superfish are included in the balance sheet total as of 31 December 2000 but will not affect profit until 1 January 2001.

Carlsberg Breweries is not included in the 2000 figures, but will have accounting effect from 1 January 2001. The pro forma figures for 2000 are given on pages 60-61 in the report on Orkla Beverages.

Balance sheet and liquidity

The year 2000 was an expansive year for the Orkla Group, and despite the rise in profit, net cash flow amounted to a negative NOK –2.2 billion, NOK 0.9 billion weaker than in 1999. The Group's net interest-bearing liabilities increased by NOK 2.3 billion to NOK 18.0 billion.

Free cash flow from the Industry division increased by NOK 0.1 billion to NOK 1.8 billion. The rise in operating profit was partially offset by increased replacement expenditure and environmental investments, and somewhat higher working capital. The largest of these investments was related to Ringnes' new bottling plant at Gjelleråsen outside Oslo.

Expansion investments in the Industry division totalled NOK 3.5 billion, NOK 2.3 billion higher than in 1999. The most comprehensive projects were in connection with the acquisition of Berlingske and Superfish. Substantial investments were also made in capacity expansion at BBH's existing breweries.

Orkla's goal is to ensure that its borrowing rate follows the general trend in money-market rates while at the same time minimising the effects of short-term fluctuations on interest rate markets. The fixed interest period profile of the loan portfolio is determined 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 rate swap agreements, cross-currency interest rate agreements and forward rate agreements. At the end of 2000, 85 % of Group interest-bearing debt was exposed to floating interest rates, a rise of about 20 percentage points compared with 31 December 1999. This exposure was mainly spread between SEK, USD and EUR, while exposure to Norwegian money market rates was very limited at the end of 2000.

Orkla's balance sheet total increased by NOK 7 billion in the course of 2000, to NOK 48.6 billion as of 31 December. This increase was primarily due to the acquisition of Berlingske and Superfish and significant expansion at BBH. Moreover, the Financial Investments division re-invested a substantial proportion of its realised gains.

The Group's financial soundness, measured in terms of the book equity to assets ratio, was 35.6 % as of 31 December 2000. This figure does not reflect unrealised gains totalling NOK 5.4 billion on the share portfolio. If unrealised gains are included, the equity ratio was 42.0 %, 4.4 percentage points lower than on 31 December 1999. The decline was due to comprehensive expansion, and the fact that the net return on the portfolio was negative in 2000 (-1.5 %). The Group's interest cover was 6.9, compared with 3.7 in 1999. The increase was due to record high portfolio gains.

Orkla's liquid reserves largely consist of unutilised long-term drawing facilities. As of 31 December 2000, they amounted to NOK 6.7 billion. In addition to these are unutilised credit ceilings on overdraft facilities. Efforts are made to minimise liquid reserves.

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

The Group's loan contracts are based on a negative pledge clause and the Group can therefore only provide mortgages as collateral for debt to a limited extent.

The Orkla organisation has a centralised treasury department which is responsible for Group financing, liquidity management and hedging of interest and currency risk. The department has a clear division of functions between trading and settlement. It also has a risk management function that monitors the department's and the Group's financial risks relating to currencies and interest rates, and ensures that they remain within the limits set by the management.

Group Accounts
Historical development

The Orkla Group in its present form was established through three major consolidation processes: the merger between Orkla Industrier A.S and Borregaard A.S in 1986, the merger between Orkla Borregaard A.S and Nora Industrier A.S in 1991 and the acquisition of Volvo's food business and establishment of joint beverage operations (PrippsRingnes) in 1995. Since 1986, Orkla has concentrated its activities in three main areas: Branded Consumer Goods, Chemicals and Financial Investments.
In the past five years, Orkla has carried out the following important transactions.

1997

Orkla takes over Volvo's 55 % financial interest in Pripps Ringnes, thereby acquiring full ownership of the company.
Baltic Beverages Holding (BBH) further expands by acquiring holdings in the Tulskoye Pivo and Utenos Alus breweries.
Orkla Foods purchases 65 % of the Polish food company Kotlin, and enters into an agreement to take over the Czech pizza company Guseppe, effective from 1 January 1998. Ringstads Ferskvare (formerly Stabburet Ferskvare) is sold.
Orkla Media purchases Østlendingen AS (51 %), acquires a controlling influence in Østlandets Blad and enters into an agreement to buy 49 % of the Swedish newspaper Norrländska Socialdemokraten.
The Chemicals business acquires the US fine chemicals company PolyOrganix. It also establishes a joint venture company with Sappi Saiccor to manufacture lignin-based products in South Africa.

1998

BBH purchases interests in the Slavuta maltery and the Kolos brewery in Ukraine, and continues to grow through further investment in capacity expansion.
Orkla Foods acquires the Jacky dessert brand and the Ahti herring brand in Finland. Bakers takes over Norgeskaker.
Orkla Media acquires interests in the Lithuanian newspaper Kauno diena and the Ukrainian newspaper Vysokoy Zamok. The company also strengthens its position in direct marketing by taking over Mitcom in Sweden.

1999

BBH purchases 75 % of the Russian brewery Chelyabinskpivo in Ural and 50 % of the Russian brewery Pikra in Krasnoyarsk. BBH also increases its interest in Kolos in Ukraine and Utenos Alus in Lithuania to 99 %.
Orkla Foods enters into an agreement to purchase KåKå, a Swedish marzipan and bakery ingredients supplier, and sell the Norwegian business Regal Mølle.
Orkla Brands expands in Sweden through the acquisition of Freds AB, Swedish market leader in household textiles.
Orkla Media acquires Gazeta Lubuska, one of Poland's largest regional newspapers.

2000

Orkla Foods acquires Superfish, Mirelite and Suslavisius. Foods also takes over 50 % of Jästbolaget AB, a Swedish yeast manufacturer.
Orkla Media acquires Det Berlingske Officin, one of Denmark's largest newspaper groups. Orkla Media also enters into an agreement with the German-owned newspaper group Polskapresse to cooperate on advertising in Poland through the joint venture company Media TAK.
Orkla's snacks business (KiMs Norge AS and KiMs Denmark AS) merges with OLW Sverige AB to form Chips Scandinavian Company (CSC).
Orkla Finans brokerage services and Enskilda Securities sign an agreement to merge the two businesses. Orkla owns 22.5 % of the amalgamated company, which is reported as an associated company as from the second four-month period of 2000.
The footwear company Viking Fottøy is sold.

2001

Orkla Beverages merges with Carlsberg A/S to form Carlsberg Breweries A/S, a global player in the beverages market. Orkla owns 40 % of the new brewery company.
Orkla Media acquires the Swedish company Medströms Media AB.
The Chemicals area sells Fredrikstad Blikk og Metall to AB Hannells.

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.

Principles for the preparation of group accounts

The group accounts show the total profit/loss and the total financial position when the parent company Orkla ASA and its controlling interests in other companies are presented as a financial whole. Companies in which the group has sole controlling interest (Subsidiaries) are consolidated 100 %, line by line in the group accounts. Minority shares of the profit/loss after tax and share of equity are presented on a separate line. In the case of companies in which the group shares the controlling interest with others, the group's interest is consolidated line by line, using the proportional consolidation method. Companies in which the group has a significant influence (associates) are valued using the equity method and the group's share of the profit/loss and equity in the associate is presented on separate lines in the consolidated income statement and balance sheet respectively. Other Financial Investments are presented at cost price to the group using the cost method.

The principles for incorporating the controlling interests in other companies in the group accounts is the same for subsidiaries, joint ventures and associates. The cost price of the shares in the controlled companies is valued against the group's share of the corresponding equity in the companies and the difference between cost price and the group's share of the equity is allocated primarily to those of the company's tangible assets (or incurred obligations) whose value deviates from book value. Any residual value is always classified as "goodwill" in the group accounts.

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 Russia and Ukraine, 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 related to working capital have been deducated from «Operating Profit». 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, but will be reversed (not goodwill) if these assumptions no longer exist. Investments in associates are valued in accordance with the equity method (see above).

Trade receivables are valued at estimated realisable value at 31 December. There is made provision for bad debt.

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 are material and have a useful economic life in excess of 3 years. 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. Excess values arising from acquisitions are allocated in the Group accounts to the relevant fixed assets and depreciated accordingly.

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. 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 13).

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 12.

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 12), 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 give 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 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, based on where the customers are, and the capital employed, based on where the companies are located, 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	**Revenues**			**Capital employed**[1]		
in NOK million	**2000**	1999	1998	**2000**	1999	1998
Norway	**13,155**	13,301	13,525	**10,524**	9,531	10,152
Sweden	**8,609**	8,259	7,402	**6,680**	6,445	6,465
Denmark	**1,569**	1,622	1,587	**2,935**	944	1,059
Finland and Iceland	**723**	773	685	**697**	576	615
Nordic region	**24,056**	23,955	23,199	**20,836**	17,496	18,291
Rest of Western Europe	**3,306**	2,618	2,757	**516**	408	430
Eastern Europe	**4,100**	2,721	2,888	**4,088**	2,873	2,512
Asia	**999**	622	651	**50**	52	48
Rest of the world	**1,091**	917	775	**552**	508	414
Outside Nordic region	**9,496**	6,878	7,071	**5,206**	3,841	3,404
Total	**33,552**	30,833	30,270	**26,042**	21,337	21,695

1) The Group has also spent NOK 13 billion on financial investments in different geographical areas. See note 9 for a split between Norwegian/foreign investments.

For further information please see pages 43-45, "Summary accounts 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	**2000**	1999	1998	owned
AB Chips OY A	**68**	55	50	19.8 %[1]
AB Chips OY B	**83**	11	10	
Miscellaneous	**79**	27	55	
Total shares	**230**	93	115	
Interests in partnerships	**32**	9	8	
Total shares and interests	**262**	102	123	
Loans to employees	**88**	62	70	
Pension funds	**210**	209	214	
Other long-term receivables	**294**	995	965	
Other long-term financial assets	**854**	1,368	1,372	

1) Includes ownership presented under Financial Investments in 1999. The Group owns 14.1 % of the voting capital.

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	**2000**	1999	1998
Wages and holiday pay	**(5,798)**	(5,635)	(5,578)
National insurance contributions	**(1,190)**	(1,112)	(1,130)
Pension costs	**(250)**	(282)	(258)
Other payments etc.	**(108)**	(99)	(58)
Payroll expenses [1]	**(7,346)**	(7,128)	(7,024)

1) See note 1 for Orkla ASA.

Pensions

Most employees in the Group are members of the Group occupational pension schemes. As at 31 December 2000, a total of 14,074 current employees were members of the Group pension schemes. In addition the Group pension schemes include 5,240 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. 7,555 people are covered by these schemes.

The Swedish pension insurance company, SPP, has stated that the Orkla entities will be credited at least SEK 200 mill from accumulated profits in the pension schemes. SEK 40 mill of this were paid to the companies and reported as income during the year. In addition, the companies have used SEK 30 mill to cover pension premiums for current liabilities as well as for early retirement compensation connected to restructuring. The remaining SEK 130 mill have not yet been taken to income or included in the balance sheets; the amount may be used to cover pension premiums or certain restructuring or comparable measures in the future.

Several of the Group's insured pension schemes in Norwegian entities are overfunded. The overfunding has been evaluated and it is assumed in the accounts that such overfunding can cover certain uninsured schemes or cover known future insured liabilities. The constant development which is taking place in the Group's business and organisation as well as the possibilities for claiming overfunding back as a consequence of new legislation will also secure future utilisation.

Pension costs for the year are calculated by an independent actuary based on information as at 1 January 2000. 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 2000. Adjustments are made for material divergence from generally accepted Norwegian accounting principles. Norway represents 81 % and Sweden represents 15 % 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 %	6 %
Future salary adjustment	3 %	3 %
Average remaining pensionable service	15 years	4 %
Adjustment of benefits/NI multiplier	2 %	2 %
Return on pension funds	7 %	-
Estimated return 2000	5 %	-

Breakdown of net pension

Amounts in NOK million	**2000**	1999	1998
Present value of this year's pension benefits (including national insurance contributions)	**(152)**	(155)	(153)
Interest expenses on pension liability	**(235)**	(217)	(211)
Expected return on pension funds	**204**	193	200
Amortisation of deferred liability due to differences between plan/assumptions	**(8)**	(6)	(4)
Net pension cost of benefit plans	**(191)**	(185)	(168)
Contribution plans	**(97)**[1]	(97)	(90)
SPP funds (Sweden)	**38**	0	0
Net pension costs	**(250)**	(282)	(258)

1) In addition NOK 28 million is covered from SPP funds.

Breakdown of net pension liability at 31 December

Amounts in NOK million	**2000**	1999	1998
Gross pension liability	**(4,046)**	(3,907)	(3,837)
Pension funds (market value)	**3,102**	3,136	2,885
Actual net pension liability	**(944)**	(771)	(952)
Unamortised differences from plan/assump.	**91**	(56)	220
Capitalised net pension liability	**(853)**	(827)	(732)
Capitalised pension liability	**(1,063)**	(1,036)	(946)
Capitalised pension funds	**210**	209	214

Breakdown of pension funds (market value) at 31 December

	2000	1999	1998
Liquid assets	**2 %**	1 %	2 %
Money market investments	**7 %**	5 %	9 %
Bonds	**41 %**	45 %	52 %
Loans	**4 %**	3 %	1 %
Shares	**34 %**	34 %	24 %
Property	**12 %**	12 %	12 %
Total pension fund	**100 %**	100 %	100 %

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

	2000	1999	1998
Average number of employees	**26,899**	24,961	24,580

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	2000	1999	1998
Freight costs	**(1,135)**	(961)	(983)
Energy costs	**(822)**	(732)	(696)
Repair and maintenance costs	**(750)**	(700)	(707)
Advertising	**(1,811)**	(1,742)	(1,720)
Group auditor's fee (attest)	**(16)**	(14)	(13)
Group auditor's fee (consulting)	**(15)**	(2)	(9)
Other auditors' fee (attest)	**(6)**	(7)	(6)
Other	**(3,664)**	(3,736)	(3,524)
Total	**(8,219)**	(7,894)	(7,658)

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 taking up new loans. These items also include the net exchange-rate effects 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	2000	1999	1998
Interest income	**397**	389	217
Interest expenses	**(1,267)**	(1,236)	(1,043)
Net interest	**(870)**	(847)	(826)
Net foreign exchange gains/losses	**(33)**	3	(153) [1]
Other financial items, net	**(57)**	(48)	(20)
Financial items, net	**(960)**	(892)	(999)

1) Effect of devaluation in Russia and Ukraine (NOK -138 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 are not the same as 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, Chips Scandinavian Company and Rzeczpospolita), 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	2000	1999	1998
Cash and cash equivalents	**822**	515	530
Restricted deposits	**39**	588	74
Group bank account system	**477**	36	0
Short-term receivables	**275**	130	521
Total cash and cash equivalents [1]	**1,613**	1,269	1,125

1) Including cash and cash equivalents in joint venture limited companies, see note 15.

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	2000	1999	1998
Raw material	**1,642**	1,435	1,338
Work in progress	**178**	167	198
Finished goods and merchandise	**2,122**	1,885	1,674
Total	**3,942** [1]	3,487	3,210
Orkla Foods	**1,426**	1,267	1,301
Orkla Beverages	**718**	480	383
Orkla Brands	**422**	456	433
Orkla Media	**60**	44	39
Chemicals	**1,313**	1,189	1,014
Head Office/Unallocated	**3**	51	40
Total	**3,942**	3,487	3,210

1) Of this NOK 40 million is valued at fair value at 31 December 2000. Fair value is lower than cost price or cost of production.

8 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 all represent interest-free borrowings. Capital employed may include liabilities relating to operations.

Amounts in NOK million	2000	1999	1998
Trade accounts payable	**2,402**	2,491	1,813
Unpaid tax, tax withholdings, holiday pay etc.	**1,957**	1,820	1,812
Tax payable	**1,218**	404	432
Dividends	**646**	550	443
Other short-term liabilities	**3,284**	2,394	2,243
Total	**9,507**	7,659	6,743

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	Number of shares	Book value	Market value	Industry	Share owned	Share of portfolio
Listed securities with market value > NOK 90 million (NOK 90 million represents 0.5 % of the portfolios market value)						
Norway						
Elkem	12,474,867	486	1,815	Metals	25.3 %	10.0 %
Storebrand	27,648,956	470	1,783	Insurance	10.0 %	9.8 %
Nera	13,274,263	346	504	Telecom	10.8 %	2.8 %
Bergesen A og B [1]	2,965,915	430	400	Shipping	4.2 %	2.2 %
DnB Holding	7,500,000	226	357	Bank	1.0 %	2.0 %
Steen & Strøm	3,161,635	180	341	Property	11.3 %	1.9 %
Hafslund A og B [2]	9,902,792	341	341	Energy	8.6 %	1.9 %
StepStone	21,340,800	356	331	Media	9.0 %	1.8 %
Schibsted	2,920,231	257	327	Media	4.2 %	1.8 %
Gjensidige Nor Grunnfondsbevis	883,460	153	227	Bank	1.9 %	1.3 %
Norsk Hydro	500,000	165	186	Oile	0.2 %	1.0 %
Rica Hotels	2,394,600	69	144	Property	10.0 %	0.8 %
SensoNor	12,674,450	235	127	Tecnology	16.8 %	0.7 %
Dagbladet A + Pref [3]	291,955	114	120	Media	24.3 %	0.6 %
Håg	1,896,550	54	104	Consumer goods	19.8 %	0.6 %
EniTel	1,200,800	164	97	Telecom	5.7 %	0.5 %
Telenor	2,380,951	100	93	Telecom	0.1 %	0.5 %
Miscellaneous		1,185	902			
Total		5,331	8,199			
Foreign						
Nokia A	4,100,000	171	1,603	Telecom	0.1 %	8.8 %
Nycomed Amersham A	8,731,615	343	642	Farmasy	1.4 %	3.5 %
Bure	7,959,000	196	382	Investment	7.3 %	2.1 %
Capio	4,100,000	89	268	Service	6.9 %	1.5 %
Lindex	1,633,600	84	212	Consumer goods	11.9 %	1.2 %
Transocean Sedco Forex	375,000	114	153	Offshore	0.2 %	0.8 %
Vodafone	4,450,001	134	144	Telecom	-	0.8 %
KCI Konecranes	550,000	36	122	Investment goods	3.7 %	0.7 %
LM Ericsson B	1,125, 000	105	113	Telecom	-	0.6 %
Royal Caribbean Cruise Line	450,000	86	105	Shipping	0.2 %	0.6 %
Enter Sverige	105,073	110	102	Equity Fund	i/a	0.6 %
Hartwall A	592,500	26	100	Food and Beverages	1.0 %	0.6 %
Enter Sverige Fokus	98,007	101	96	Equity Fund	i/a	0.5 %
Singer & Friedlander	2,400,000	65	93	Finance	1.1 %	0.5 %
Miscellaneous		1,057	1,291			
Total		2,717	5,426			
Unlisted securities with book value > NOK 90 million						
Norway Seafoods Convertible loan [4] **)	i/a	650		Industrial	i/a	
Telia Overseas	4,914,157	471		Investment	13.1 %	
Industrikapital 97	i/a	470		Private Equity Fund	8.0 %	
Norway Seafoods Holding	15,049,635	381		Industrial	20.6 %	
Industrikapital 2000	i/a	325		Private Equity Fund	3.6 %	
Carema B	4,500,000	176		Service	16.9 %	
Industrikapital 94	i/a	118		Private Equity Fund	8.8 %	
EAC Fund II	i/a	101		Private Equity Fund	10.1 %	
AP Holdings pref.	2,442	100		Service	23.2 %	
Miscellaneous		1,119				
Total		3,911	3,890			
Shares owned by subsidiaries book value > NOK 90 million						
Nordstjernen Holding	450,000	500		Investment	40 %	
Miscellaneous		38				
Total		538	538			
Loss on hedging, recorded in balance sheet		125				
Total portfolio investments		**12,622*)**	**18,053**			
Includes other investments share owned > 10 % and book value > NOK 50 million						
Listed						
Adresseavisen	326,427	72	72	Media	17.2 %	
Raufoss	775,172	69	40	Industrial	10.3 %	
Unlisted						
Northzone III	787,500	79		Investment	30.0 %	
Helly Hansen Holding	4,630,637	75		Consumer goods	29.7 %	
Qubus Hotel Holding	52,083	50		Property	21.1 %	

***) In addition Orkla Media has investments in Internet companies of NOK 128 million and there are minor shareholdings in other companies of NOK 8 million.**
****) In September 2000 Orkla ASA invested in a convertible loan of NOK 650 million to Norway Seafoods Holding, where Aker RGI is a majority shareholder. The premise was that Norway Seafoods Holding, or a company that controls Norway Seafoods Holding, did not own shares in Orkla ASA when the loan was granted, and it has therefore been concluded that the loan does not come within the reporting requirement in respect of loans to close associates.**
Financial Investments is also exposed in Merkantildata with bought call option of 12 million shares; price 45.60 and sold put option for the same amount of shares; price 42.75.

1) Bergesen A: 1,281,642 shares, Bergesen B: 1,684,273 shares.
2) Hafslund A: 4,405,555 shares, Hafslund B: 5,497,237 shares.
3) Dagbladet A: 209,818 shares, Dagbladet Pref. shares: 82,137.
4) The interest is subject to annual adjustment, average interest in 2000 was 7.72 %.

10 Currency and interest rate management

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 balancesheet 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 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.

a) Exposure relating to the balance sheet

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

Amounts in NOK million	31.12.2000	Next interest rate adjustment 2001	2002	2003	2004	2005	After 2005	Average[1] (years)	Interest[1] level borrowing rate	Unreal. gain/[1] (losses) on fixed-interest positions
NOK	**3,730**	2,816	-	-	550	-	364	1.6 year	6.4 %	72
SEK	**5,845**	5,356	-	-	489	-	-	0.7 year	4.6 %	(7)
EUR	**4,031**	3,532	-	-	499	-	-	0.8 year	5.1 %	1
USD	**2,239**	2,018	-	-	-	221	-	0.8 year	6.9 %	1
DKK	**2,036**	1,760	-	-	-	276	-	1.0 year	5.0 %	10
GBP	**908**	908	-	-	-	-	-	0.3 year	6.3 %	-
Others	**957**	830	127	-	-	-	-	0.4 year	9.4 %	-
Total interest-bearing liabilities	**19,746**	17,220	127	-	1,538	497	364	0.9 year	5.7 %	76

Liquid assets	**(1,613)**
Other interest-bearing receivables	**(152)**
Net interest-bearing liabilities	**17,981**

1) Compared with 31 December 1999 the average fixed-interest period for Orkla's gross interest-bearing liabilities (including hedging transactions) 1.5 years, rentenivå borrowing rate 5.5 %, and unrealised gains on fixed-interest positions NOK 85 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 65 million in unrealised gains/losses on the fixed-interest positions. At 31 December 2000 unrealised gains on FRAs, not entered in the books, amounted to less than NOK 4 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 20 for a description of the accounting principles used for these countriess.

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)] for hedging exposure relating to operations

Amounts in million Purchase currency	Amount	Sale currency	Amount
NOK	903	USD	103
NOK	22	JPY	250
NOK	19	GBP	1
SEK	49	NOK	47
SEK	28	USD	3
SEK	9	GBP	1
HKD	15	SEK	18
DKK	13	NOK	14
EUR	13	USD	12
EUR	10	SEK	83
EUR	9	NOK	69
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.

The total volume of outstanding hedges relating to operating exposure corresponded to NOK 1,327 million at 31 December 2000, compared with NOK 1,476 million at 31 December 1999.

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 2 million at 31 December 2000. For other cash flow hedges a provision of NOK 0.5 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	31.12.2000	Maturity 2001	2002	2003	2004	2005	After 2005
Certificates[1)]	**3,123**	3,123	-	-	-	-	-
Bond issues[1)]	**5,599**	266	1,150	2,639	294	1,250	-
Bank loans	**10,378**	1,098	1,510	87	816	2,744	4,123
Mortgage institutions insurance companies	**50**	6	5	5	5	5	24
Miscellaneous	**596**	255	170	74	12	20	65
Gross interest-bearing facilities	**19,746**	4,748	2,835	2,805	1,127	4,019	4,212
Unutilised long-term drawing facilities[2)]	**6,741**	1,500	-	39	599	1,066	3,537

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 2000 the average time to maturity on the Group's interest-bearing borrowings was 3.8 years, compared with 4.4 years at 31 December 1999. Corresponding figures for the Group's unutilised drawing facilities were 4.7 years and 5.3 years, respectively. Orkla ASA applies certificates and short-term bank loans mainly as an alternative to borrowing on long-term drawing facilities.

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 2000 NOK 469 million had been drawn on the Group's overdraft facilities. The total credit ceiling is NOK 967 million (this is not included in unutilised long-term drawing facilities in the table above).

Amounts in million ISIN	Coupon[1)]	Term	Currency	Out-standing
Bond issues listed (Orkla ASA) at 31 December 2000				
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 2000				
NO 00044290	6.45 %	15.3.00-15.3.01	NOK	370
NO 00048861	6.81 %	17.4.00-17.4.01	NOK	100
NO 00048994	6.80 %	18.4.00-18.4.01	NOK	150
NO 00052061	7.15 %	16.5.00-16.5.01	NOK	345
NO 00065360	7.55 %	1.9.00-31.8.01	NOK	265
NO 00068083	7.60 %	19.9.00-19.1.01	NOK	375
NO 00072887	8.00 %	24.10.00-24.10.01	NOK	100
NO 00074040	7.60 %	3.11.00-29.1.01	NOK	315
NO 00074776	7.56 %	13.11.00-13.2.01	NOK	150
NO 00079510	7.50 %	11.12.00-2.4.01	NOK	405
NO 00080468	7.54 %	20.12.00-20.2.01	NOK	300
NO 00080567	7.53 %	20.12.00-18.1.01	NOK	50
NO 00080872	0 %	22.12.00-22.1.01	GBP	15

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).

12 Provisions

There are 3 main types of provision: Provision for pension liabilities (see note 2), Provision for deferred tax (see note 13) 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 Media. The provisions are made on the basis of best estimates of expected costs.

For Orkla Beverages the provision is mainly related to currency risk in Russia and Ukraine.

Amounts in NOK million	**2000**	1999	1998
Pension liabilities[1]	**1,063**	1,036	946
Deferred tax	**725**	608	681
Other provisions	**305**	266	569
Total	**2,093**	1,910	2,196

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. 2000	This year's provisions	Used this year	31.12. 2000
Restructuring Orkla Foods	85	44 [1]	(75)	54
Structure Ringnes/currency BBH	83	31	(55)	59
Restructuring Media	25	107 [2]	(7)	125
Other minor provisions	73	35 [3]	(41) [3]	67
Total	266	217	(178)	305

1) Provision is mainly covered by SPP funds (see note 3).
2) Of this NOK 102 million is provision in Berlingske (see note 20).
3) Of this NOK 29 million in connection with the wind-up of biscuits production in Norway (see note 22).

13 Taxes

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 as 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	**2000**	1999	1998
Taxes payable in Norway	**(1,022)**	(299)	(331)
Taxes payable abroad	**(371)**	(216)	(273)
Total taxes payable	**(1,393)**	(515)	(604)
Change in deferred tax Norway	**(47)**	(24)	(17)
Change in deferred tax abroad	**52**	12	66
Total change in deferred tax	**5**	(12)	49
Total tax charge	**(1,388)**	(527)	(555)
Taxes as % of «Profit before taxes and minorities»	**26.8**	22.7	27.0

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 means 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	**2000**	1999	1998
Positive/(negative) timing differences:			
Fixed assets	**2,833**	2,432	2,684
Net pension funds	**(55)**	(38)	(22)
Profit and loss account etc.	**529**	431	479
Other long-term items	**(15)**	93	(54)
Total long-term items	**3,292**	2,918	3,087
Short-term receivables	**(68)**	(54)	(50)
Inventories	**110**	55	69
Provisions	**(189)**	(153)	(122)
Shares	**(104)**	(193)	(249)
Other short-term items	**278**	(186)	(224)
Total short-term items	**27**	(531)	(576)
Losses carried forward	**(200)**	(81)	(8)
Basis for computation of deferred tax	**3,119**	2,306	2,503
Deferred tax	**725**	608	681
Change in deferred tax	**(117)**	73	40
Purchase/sale of companies, translation diff. etc.	**122**	(85)	9
Change in deferred tax income statement	**5**	(12)	49

Latent tax liability on accrued income from Group companies

The accrued RISK (regulation of cost price due to taxed company income) of the subsidiaries exceeds the equity earned by the Group excluding the parent company. In accordance to Norwegian GAAP no accruals for the deferred tax on accrued earnings in subsidiaries, Joint Ventures and associates have been made. Furthermore no latent tax on accumulated earnings in subsidiaries compared to book value in the Group account, has been made.

14 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	Premium fund	Total paid-in equity	Other capital	**Orkla ASA**	Group reserve	**Total**
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	-	**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**	-	**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	1,234	-	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)	-	-	-	-	148	**148**	(148)	**-**
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	9,179	**11,257**	2,310	**13,567**
Own shares owned by Group companies at 31.12.1999	-	(39)	-	(39)	-	**-**	39	**-**
Profit for the year Orkla ASA	-	-	-	-	2,311	**2,311**	(2,311)	**-**
Group contribution, net	-	-	-	-	1,634	**1,634**	(1,634)	**-**
Allocation to dividend	-	-	-	-	(630)	**(630)**	-	**(630)**
Repurchase of own shares	-	(2)	-	(2)	(33)	**(35)**	-	**(35)**
Group profit for the year (after minorities)	-	-	-	-	-	**-**	3,601	**3,601**
Translation difference on foreign subsidiaries etc.	-	-	-	-	-	**-**	(56)	**(56)**
Equity at 31.12.2000	1,370	(15)	721	2,076	12,461	**14,537**	**1,910**	**16,447**
Own shares owned by Group companies at 31.12.2000	-	(39)	-	(39)	-	**-**	39	**-**

Share capital development

Amounts in NOK Date/year	Number of shares	Nominal value	Type of issue	Amount (NOK million)	Ratio	Correction factor[1]	Share capital (NOK million)
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
31.12.2000	219,246,336	6.25					1,370.3

1) The correction factor is multiplied by the number of old shares to make these figures compareable to the number of shares in 2000.

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 the year of purchase	Dividend paid out	Dividend date
Including 1992	-	39.81	0.85	14.5.1992
1993	(0.60)	40.41	0.94	15.5.1993
1994	3.90	36.51	1.03	10.5.1994
1995	3.23	33.28	1.25	10.5.1995
1996	3.84	29.44	1.50	8.5.1996
1997	6.21	23.23	1.75	7.5.1997
1998	5.16	18.07	2.13	7.5.1998
1999	2.40	15.67	2.25	6.5.1999
2000	5.27	10.40	2.50	4.5.2000
2001	10.40	-	3.00[1]	3.5.2001

1) Proposed dividend.

The table shows accumulated RISK at different points in time for the Orkla share. When calculating taxable gain on a sale in 2001, 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 onward, the unpaid dividend in the year of purchase shall be deducted.
- RISK at 1 January 2001 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	15,461	2,473,780
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	54,300	8,688,128

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 333,400 shares in 2000. During the year Orkla bought 508,600 of its own shares. For these shares Orkla paid NOK 65,231,002. Under the share scheme for Orkla employees a total of 175,200 shares, worth a total of NOK 24,668,160, were transferred to employees. After these transactions Orkla is left with a total shareholding of 8,688,128 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 4 May 2000 to give the Board authorisation to acquire shares in Orkla ASA limited to 13.0 million shares. At the Annual General Meeting on 3 May 2001 the Board will propose that these authorisations be renewed.

For further information about shareholders' equity, see Share and shareholders, page 40-42.

15 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 OY Hartwall Abp 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 are made up of this type of involvement in the table below.

The Group's main joint ventures comprise Baltic Beverages Holding (50 %), Hjemmet Mortensen (50 %), Rzeczpospolita (51 %) and Chips Scandinavian Company (40 % of the voting rights and 38 % of capital) 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	**2000**	1999	1998
Operating revenues			
Hjemmet Mortensen	**559**	520	507
Rzeczpospolita-gruppen	**249**	219	217
Baltic Beverages Holding[1]	**2,599**	1,576	1,715
Chips Scandinavian Company[2]	**77**		
Operating profit			
Hjemmet Mortensen	**81**	76	70
Rzeczpospolita-gruppen	**42**	33	48
Baltic Beverages Holding[1]	**627**	414	567
Chips Scandinavian Company[2]	**11**		
Cash and cash equivalents			
Hjemmet Mortensen	**97**	140	118
Rzeczpospolita-gruppen	**74**	24	59
Baltic Beverages Holding[1]	**54**	68	48
Chips Scandinavian Company	**21**		
Total assets			
Hjemmet Mortensen	**387**	611	579
Rzeczpospolita-gruppen	**253**	189	180
Baltic Beverages Holding[1]	**3,116**	2,160	1,871
Chips Scandinavian Company	**262**		

1) Baltic Beverages Holding is owned 50-50 by Pripps Ringnes and Hartwall. In addition Pripps Ringnes owns 20.5 % of Hartwall. This 20.5 % interest is presented as an associate.
2) Represents only a 2 months period.

The Groups share of Carlsberg Breweries (40 %) will be reported as Joint Venture from 1 january 2001. Baltic Berverages Holding will from the same time be included in Carlsberg Breweries. See note 23.

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	**2000**	1999	1998
Minorities' share of:			
Depreciation	**78**	63	48
Operating profit	**244**	143	178
Profit before tax and minority interests	**235**	148	174
Taxes	**53**	23	50
Development in minority interests:			
Minority interests at 1 January	**659**	552	478
Minorities' share of profit	**182**	125	124
Increase due to the year's acquisition of new companies	**97**	58	13
Decrease due to further acquisition of shares in group companies	**(15)**	(34)	(14)
Balance of dividend to minorities and translation differences	**(69)**	(42)	(49)
Minority interests at 31 December	**854**	659	552
Minority interests relating to:			
Orkla Foods	**39**	37	42
Orkla Beverages	**608**	448	365
Orkla Brands	**2**	28	8
Orkla Media	**142**	91	69
Chemicals	**20**	10	17
Others	**43**	45	51
Total	**854**	659	552

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	**2000**	1999	1998
Liabilities secured by mortgages	**133**	106	136
Mortgaged assets:			
Machinery, vehicles, etc.	**230**	646	1,208
Buildings and plant	**152**	250	677
Other real property	**85**	72	59
Assets under construction	**20**	6	136
Inventories, etc.	**187**	101	80
Total book value	**674**	1,075	2,160
Guarantees etc.:			
Joint and several liabilities	**7**	8	6
Subscribed, uncalled limited	**480**	795	664
Other guarantee liabilities [1]	**392**	1,104	1,001
Total guarantee liabilities	**879**	1,907	1,671

1) Included guarantee limits for Orkla Finans Fondsmegling of NOK 634 million in 1999 and NOK 776 million in 1998.

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 amortisation 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 adjustment	**Book value at 31.12.2000**	Amortisation excess values/ goodwill	Book value at 31.12. excess values/ goodwill
Jotun A.S	42.5	172	929	2	**42** [2]	(18)	**955**	(4)	20
Oy Hartwall Abp	20.5	598	716	130	**64**	14	**924**	(30)	296
Asker og Bærums Budstikke A.S	30.8	76	88	1	**9**	(42)	**56**	(2)	20
Bergens Tidende A.S	28.5	68	102	-	**20**	(28)	**94**	(1)	9
Norsk Telegrambyrå A.S	22.1	3	14	1	**-**	-	**15**	-	-
Norgesbuss Invest A.S	39.0	39	31	35	**-**	2	**68**	(1)	16
Oskar Syltes Mineralvannfabrikk	44.0	15	25	-	**6**	(4)	**27**	(1)	-
Orkla Exolon K/S	42.3	4	34	-	**(1)**	(1)	**32**	-	-
Media companies in Poland	-	5	8	1	**1**	-	**10**	-	1
Miscellaneous	-	90	74	9	**4**	(1)	**86**	-	2
Total Industry area		1,070	2,021	179	**145**	(78)	**2,267**	(39)	364
Enskilda Securities	22.5	-	-	182	**97**	5	**284**	0	0
Total		1,070	2,021	361	**242**	(73)	**2,551**	(39)	364

1) The percentage of shares held corresponds to voting rights, except in the case of Jotun where the Group has 38.2 % of the voting rights.
2) Includes NOK 33 million in write down of goodwill related to US-operations.

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

Amounts in NOK million	**2000**[1]	1999	1998
Jotun			
Operating revenues	**5,379**	4,871	4,375
Operating profit	**219**	251	259
Profit after taxes and minority interest	**84**	(27)	146
Total assets	**4,491**	4,234	3,814

Amounts in EUR million	**2000**[1]	1999	1998
Oy Hartwall Abp			
Operating revenues	**612**	467	487
Operating profit	**103**	77	94
Profit after taxes and minority interests	**52**	46	46
Total assets	**796**	614	488

Amounts in SEK million	**2000**[1]
Enskilda Securities [2]	
Operating revenues	**3,563**
Operating profit	**1,043**
Profit after taxes and minority interests	**702**
Total assets	**10,168**

1) Preliminary figures.
2) The figures represent total of year 2000. Our share in Enskilda Securities represents 8 months.

19 Research and Development (R&D)

The Group's business areas have R&D costs totalling NOK 211 million (NOK 223 million). None of the costs meet the requirements for recognition in the balance sheet.

The costs relate mainly to Orkla Foods, Orkla Brands and Chemicals.

Development work in Orkla Foods is market-driven and involves, among other things, establishing new products, line extensions, relaunches, formula optimisation, packaging development and innovation projects (use of new technology).

A great deal of Orkla Brands' costs are linked to development work with Unilever and development work in Nidar.

The aim of Chemicals' R&D work is to "get closer to the customer". The work is divided into three main components: process development (production), product development and technical customer service. Process development primarily involves arriving at optimum production processes for customer specific products or improving existing processes. Product development involves developing new products or improving existing ones, often in collaboration with customers, while technical customer service involves the transfer of competence where the point is to offer the customer more than the physical products.

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 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 %.

Fixed assets

Amounts in NOK million	Land, buildings and other property	Machinery and assets	Assets under construction	Fixtures and fittings, vehicles, EDP etc.	Total fixed assets	Intangible assets	**Total**[1]
Cost at 1 January	7,403	12,561	834	3,578	24,376	8,152	**32,528**
Revaluations at 1 January	160	-	-	-	160	-	**160**
Write downs at 1 January	(10)	(254)	-	(67)	(331)	(147)	**(478)**
Depreciation at 1 January	(2,330)	(7,196)	-	(2,499)	(12,025)	(2,351)	**(14,376)**
Book value at 1 January	5,223	5,111	834	1,012	12,180	5,654	**17,834**
Companies acquired/minorities bought	751	1,047	70	198	2,066	1,155	**3,221**
Investments in the year	986	871	467	388	2,712	129	**2,841**
Transferred from assets under construction	3	4	(7)	-	-	-	**-**
Disposals book value	(293)	(163)	-	(16)	(472)	(36)	**(508)**
Ordinary depreciation in the year	(246)	(959)	-	(392)	(1,597)	(500)	**(2,097)**
Book value at 31 December	6,424	5,911	1,364	1,190	14,889	6,402	**21,291**
Lease agreements (rental) not included in the balance sheet	67	33	-	208	308	-	**308**

1) Goodwill amounts to NOK 6,216 million of book value at 31 December. This year's amortisation on goodwill is NOK 479 million, see below.

Treatment of goodwill etc. distributed between major acquisitions

	Year of acquisition: Amortisation time	Amorti-sation in 2000[1]	**Book value at 31.12.2000**
Pripps Ringnes 55 %	1997: 17 years	(134)	**1,687**
Procordia Food/Abba Seafood	1995: 20 years	(102)	**1,474**
Det Berlingske Officin	2000: 20 years	0	**775**
Gøteborgs Kex	1994: 20 years	(17)	**210**
Bob Industrier	1993: 20 years	(14)	**170**
Rzeczpospolita	1996: 10 years	(23)	**121**
Drammens Tidende og Buskeruds Blad	1994: 20 years	(10)	**123**
Odense Marcipan	1990: 20 years	(11)	**107**
Others Orkla Foods		(41)	**354**
Others Orkla Beverages		(38)	**329**
Others Orkla Brands		(16)	**208**
Others Orkla Media		(54)	**545**
Miscellaneous		(19)	**113**
Total		(479)	**6,216**

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

Matching of additions 2000 against cash flow statement (see page 16)

Additions 2000 as presented above			6,062
Replacement expenditures and environmental investments, cash flow		1,730 [1]	
Expansion investments, cash flow	1,233		
Of which associates	185	1,048 [2]	
Operating assets and goodwill from acquired companies		3,221	
Investeringer Financial Investments area		33	
Change in accounts payable investments	45		
Foreign exchange-rate translation effect etc.	(15)	30	6,062

1) The biggest individual projects are: Relocation of all production at Ringnes to Gjelleråsen, juice production line and a packaging line for mashed potatoes in Procordia Food, relocation of the Norwegian biscuit production to Gøteborgs Kex, 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 2000

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	Sale/disposals decided on	Provision for restructuring
Orkla Foods:	Superfish	31.12.2000	100 %[2]	217	47	No	-
	Jästbolaget	1.1.2000	50 %	54	38	No	-
	Mirelite	1.7.2000	100 %	49	0	No	-
	Suslavisius	1.1.2000	100 %[2]	26	0	No	-
Orkla Beverages:	Pikra Russia	1.4.2000	50 %	34	14	No	-
Orkla Brands:	Establishment of Chips Scandinavia	1.11.2000	38 %	(84)	7	No	-
Orkla Media:	Det Berlingske Officin	31.12.2000	100 %	1,781	775	No	102
	Mediatak	1.3.2000	40 %	84	84	No	-
	Gazeta Pomorska	1.11.2000	50 %	62	46	No	-
	Miscellaneous Poland			34	21		-
	Miscellaneous wholesale			23	21		-
Total				2,280	1,053		102

1) The acquisition costs is the price at which the shares were bought, plus any interest-bearing debt that has been taken over.
2) Taken in consider our agreement the companies are consolidated 100 %. The remaining cost price is presented as interest-bearing debt.

21 Long-term cooperation agreements

Long-term cooperation agreements are agreements with external cooperating 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.

The 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 became effective from 1 January 2001. 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 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	**2000**[1]	1999	1998[1]
Gains on disposal of Viking Fottøy	**65**		
Wind-up biscuits production at Kolbotn	**(29)**		
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)
Total	**36**	91	(335)
Of this:			
Write-downs fixed assets		(77)[2]	(53)

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 3 million in 2000 (NOK +91 million in 1999 and NOK -488 million in 1998).
2) In Pripps Ringnes a provision of NOK 77 million from 1998 has been used for a write-down in 1999.

23 Other matters

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

Carlsberg
In May 2000, Orkla and Carlsberg entered into an agreement to merge their beverage operations, thereby establishing the world's fifth largest brewery group under the name of Carlsberg Breweries A/S. The group will have strong market positions in Western Europe and in major growth markets such as Eastern Europe and Asia. Carlsberg Breweries will have a total of approximately 31,000 employees at the start of 2001. The final agreement was signed on 13 February 2001.

As from 1 January 2001, Orkla will present its 40 % interest in Carlsberg Breweries as a jointly-controlled business. For accounting purposes, the merger will be treated as continuing business and the net book value of Orkla's investment will be carried forward. The difference between 100 % of the equity capital of Pripps Ringnes and 40 % of the equity capital of Carlsberg Breweries will thus be adjusted against the original goodwill related to the purchase of Pripps Ringnes. As a result of the adjustment, the goodwill ascribed to the beverage business will be reduced. The annual amortisation of this goodwill will be approximately NOK 50 million.

The Finnish competition authorities have on certain conditions approved the formation of the international company Carlsberg Breweries that will be owned 60 % by Carlsberg A/S and 40 % by Orkla.

A requirement for the creation of Carlberg Breweries is that Orkla sells its shareholding in the listed Finnish brewery Hartwall. Furthermore, Carlsberg and Orkla accept that Carlsberg Breweries will not use its 50 % ownership stake in Baltic Beverages Holding (BBH) in order to influence Hartwall and hence the competition on the Finnish market. Additionally, the following actions must be undertaken:

- Carlsberg A/S have to terminate their licence agreement with Hartwall for the brand Tuborg in Finland
- Orkla's Swedish brewery Pripps must discontinue its present import agreement for the brand Ramlösa and the present licence agreement for the brand Pommac
- Pripps is obliged to put an end to its distribution agreement with Hartwall for the brand Lapin Kulta to the Swedish market

If the requirements mentioned above are not fulfilled, one of the following three alternatives must be carried out:

1) Carlsberg Breweries acquires Hartwall's 50 % ownership stake in BBH
2) Carlsberg Breweries sells its 50 % ownership stake in BBH
3) Carlsberg Breweries sells its Finnish brewery Sinebrychoff

The parties accept the decision of the Finnish competition authorities as well as the commercial terms that are given.

Fredrikstad Blikk og Metallvarefabrikk
Fredrikstad Blikk og Metallvarefabrikk AS was sold on 1 January 2001, at a gain of NOK 46 million. The gain will be recognised as "Other revenues and expenses".

Dragsbæk
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 account. 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.

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	2000	1999
Revenues		**235**	224
Other operating revenues		**114**	101
Cost of materials		**(46)**	(44)
Payroll expenses	*1*	**(229)**	(178)
Other operating expenses		**(159)**	(129)
Ordinary depreciation on fixed assets	*5*	**(18)**	(19)
Operating profit		**(103)**	(45)
Income in investment in other companies		**553**	325
Financial income, Group companies		**707**	538
Other financial income		**299**	259
Financial expenses, Group companies		**(81)**	(66)
Other financial expenses		**(1,166)**	(1,131)
Net agio/disagio		**(61)**	63
Portfolio gains		**2,891**	601
Profit before tax		**3,039**	544
Taxes	*7*	**(728)**	51
Profit for the year before group contributions		**2,311**	595
Group contribution		**1,996**	1,405
Tax on group contribution		**(361)**	(170)
Profit for the year		**3,946**	1,830
Allocated to dividend		**(630)**	(527)
Allocated to other equity		**(3,316)**	(1,303)

Cash flow statement

Amounts in NOK million	2000	1999
Operating profit	**(103)**	(45)
Depreciation and write-downs	**18**	19
Changes in net working capital	**16**	(38)
Cash flow from operating activities	**(69)**	(64)
Sales of tangible fixed assets	**0**	4
Replacement expenditure and environmental investments	**(18)**	(12)
Free cash flow from operating activities	**(87)**	(72)
Dividends received	**553**	323
Financial items, net	**(527)**	(347)
Free cash flow before tax	**(61)**	(96)
Increased investment in subsidiaries	**(3)**	(106)
Net purchase/sale of portfolio shares	**1,298**	(1,486)
Taxes paid	**(130)**	(10)
Dividends paid	**(526)**	(430)
Net received Group contribution	**1,521**	640
New equity	**(35)**	(131)
Miscellaneous	**(42)**	97
Cash flow etter kapitaltransaksjoner	**2,022**	(1,522)
Change in interest-bearing liabilities	**1,123**	516
Change in liquid assets/interest-bearing receivables	**(3,145)**	1,006
Change in net interest-bearing liabilities	**(2,022)**	1,522
Net interest-bearing liabilities	**6,409**	8,431

Balance sheet

Assets

Amounts in NOK million	Note	2000	1999
Deferred tax asset	*7*	**0**	56
Fixed assets	*5*	**158**	158
Investments in subsidiaries	*6*	**8.744**	8.437
Loans to companies in the same Group		**13.000**	10.317
Shares and investments in other companies		**200**	103
Other financial assets		**123**	789
Long-term assets		**22.225**	19.860
Inventories		**26**	29
Receivables		**146**	95
Loans, Group companies		**2.802**	1.393
Portfolio investments		**12.120**	11.037
Cash and cash equivalents		**509**	31
Short-term assets		**15.603**	12.585
Total assets		**37.828**	32.445

Equity and Liabilities

Amounts in NOK million		2000	1999
Paid-in equity	*See note 14 Group*	**2,076**	2,078
Earned equity		**12,461**	9,179
Equity		**14,537**	11,257
Long-term liabilities to Group companies		**1,190**	1,149
Deferred taxes		**68**	0
Other long-term liabilities		**15,195**	15,780
Long-term liabilities and provisions		**16,453**	16,929
Certificates		**3,123**	800
Liabilities to credit institutions		**0**	480
Tax payable		**823**	102
Short-term liabilities to Group companies		**1,311**	1,283
Dividends		**631**	527
Other short-term liabilities		**950**	1,067
Short-term liabilities		**6,838**	4,259
Equity and Liabilities		**37,828**	32,445

Notes

1 Wages and pension related items

Amounts in NOK million	2000	1999
Wages, salaries, bonus and holiday pay	**(118)**	(99)
Employer's national insurance contribution	**(40)**	(19)
Remuneration of the Board, Corporate Assembly and other related costs [1]	**(70)**	(58)
Net pension expenses	**(1)**	(2)
Payroll expenses [2]	**(229)**	(178)
Number of employees (average)	**163**	165

1) See note 4.
2) Including costs on sales of shares to employees and managers at a discount of NOK 6 million (NOK 22 million), as well as costs related to a bonus arrangement for managers (tied to the price of the Orkla shares) on NOK 106 million (NOK 57 million). The NOK 106 million is reduced to NOK 74 million when taking into account a hedging effect.

Breakdown of net pension costs

Amounts in NOK million	2000	1999
Present value of the year's acquired pension rights (including national insurance contribution)	**(7)**	(6)
Interest expense on pension liability	**(11)**	(11)
Expected return on pension funds	**17**	16
Amortisation of deferred liabilities due to deviation from plan/assumptions	**0**	(1)
Net pension costs	**(1)**	(2)

Breakdown of net pension liabilities at 31.12.

Amounts in NOK million	2000	1999
Gross pension liability	**(201)**	(198)
Pension funds (market value)	**247**	242
Actual net pension funds	**46**	44
Unamortised deviation from plan/assumptions	**21**	15
Capitalised net pension funds	**67**	59

Breakdown of pension funds (market value) at 31.12.

	2000	1999
Liquid assets	**4 %**	1 %
Money market investments	**6 %**	0 %
Bonds	**42 %**	62 %
Shares	**48 %**	37 %
Total pension funds	**100 %**	100 %

2 Guarantees and mortgages

Amounts in NOK million	2000	1999
Guarantees for Group companies	**181**	173
Other guarantee liabilities	**314**	416
Joint and several the liabilities	**3**	3
Subscribed, uncalled limited partnership capital	**480**	753

3 Loans sto employees

Other receivables include loans to employees totalling NOK 36 million. In addition, the company has provided guarantees totalling NOK 6 million.

4 Remuneration and contractual arrangements

President and Group CEO had a salary of NOK 3,501,074 and pension premiums totalled NOK 102,974 in 2000. Other taxable remuneration amounted to NOK 187,378. The President and Group CEO received no internal directors' fees.

On earning full pension rights, the President and Group CEO 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. President and Group CEO Jens P. Heyerdahl d.y. has informed the board that he wishes to step down from his position in the course of summer 2001.

Each member of the Group Chief Executive has an agreement coming into effect at a date when the company or he, in mutual understanding with the company, upon considering the best of the company, decides to terminate the tenure. These agreements specifiys a compensation equal to 1.5 years salary.

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 80 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 insurance contributions. At 31 December 2000 accruals under this scheme totalled NOK 102 million. Since 1995 Executive Vice-President Finn Jebsen has been parties to a bonus scheme relating to the value performance of 100,000 Orkla shares. This scheme is based on the market value of the Orkla share at the time of it being allotted, NOK 47.08, which is adjusted according to the consumer price index.

Shares and loans to executives

	Shares owned by executives	Interest-bearing loans to executives
Jens P. Heyerdahl d.y. [1] [2]	475,797	372,938
Finn Jebsen	193,104	0
Halvor Stenstadvold	5,200	1,400,300

All loans are secured by mortgage bonds in real estate, and covered by credit insurance. The interest rate is always the lowest possible rate that will not cause additional taxes according to the Norwegian tax authorities. Tom Vidar Rygh has quit his position in the Executive Board.

1) Jens P. Heyerdahl d.y. also owns 10 % of Oktav Invest AS which owns 5,025,696 shares in Orkla ASA.
2) Jens P. Heyerdahl d.y.'s shares includes the estate of deceased Mette R. Heyerdahl and Lychegården A/S.

Shares owned by members of the Board are included in the list on page 78.

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

Directors' fee amounted to NOK 1,338,960 and the corporate assembly NOK 559,631. Auditor's fee amounted to NOK 627,000. Auditor's fees for other services amounted to NOK 10,176,946.

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 January	19	131	112	262	20	**282**
Depreciation at 1 January	-	(37)	(67)	(104)	(20)	**(124)**
Book value at 1 January	19	94	45	158	0	**158**
Investments in the year	-	-	18	18	-	**18**
Disposals book value	-	-	-	-	-	**-**
Ordinary depreciation and write-downs in the year	-	(5)	(13)	(18)	0	**(18)**
Book value at 31 December	19	89	50	158	-	**158**
Depreciation rates	-	0-5 %	15-25 %	-	20 %	**-**
Leases not included in the balance sheet (rental)	-	7	1	8	-	**8**

6 Shares in subsidiaries (directly owned)

Amounts in NOK million	Book value	Company's share capital
Orkla AB	5,469	100.0 %
Orkla Foods A.S	517	100.0 %
Bakers AS	249	100.0 %
Lilleborg as	87	100.0 %
Sætre AS	11	100.0 %
Kantolan OY	41	100.0 %
Swebiscuits AB	513	100.0 %
Nidar AS	110	100.0 %
Orkla Media A.S	663	100.0 %
Borregaard Industries Limited		
Ordinary shares	271	100.0 %
Preference shares	43	99.9 %
Denofa A.S	118	100.0 %
Kemetyl AB	36	100.0 %
Borregaard NEA AS	101	100.0 %
Borregaard Skoger A.S	3	100.0 %
Orkla Finans ASA	34	97.4 %
Orkla Eiendom A.S	101	100.0 %
Oktav Invest A.S	61	80.0 %
Chr. Salvesen & Chr. Thams's Comm. A/S	35	100.0 %
Viking Fottøy A.S	27	100.0 %
Viking Askim A.S	104	100.0 %
Rederi-A/S Orkla	-	100.0 %
Omega Consultants A.S	-	100.0 %
AB Orklaprodukter	-	100.0 %
A.S Drammen Kjexfabrik	105	100.0 %
Nora A.S	1	100.0 %
NINO A.S	24	100.0 %
Scan-TV A.S	16	100.0 %
Reach	4	100.0 %
Total	8,744	

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 indirectly-owned subisidaries are shown in the company overview at the end of the annual report.

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

Amounts in NOK million	**2000**	1999
Profit before tax	**3,039**	544
Timing differences:		
Realisation of previously written down shares	**14**	(23)
Change in currency exchange gain	**(301)**	-
Differents between FiFO/average shares	**(87)**	-
Change in other timing differences	**76**	33
Total	**(298)**	10
Permanent differences:		
Non-deductible expenses	**14**	2
Cost price adjustment for shares sold	**(7)**	(7)
RISK adjustments for shares sold	**(210)**	28
Undeductable interests	**187**	-
Total	**(16)**	23
Total taxable income	**2,725**	577
Tax computed	**(639)**	(17)
Deduction for allowance on share dividends, and withholding tax at source	**60**	85
Withholding tax foreign dividends	**(10)**	(6)
Underprovision previous years	**(15)**	20
Total tax payable	**(604)**	82
Change in deferred tax	**(124)**	(31)
Tax	**(728)**	51

Taxes on group contributions:		
Taxes on group contributions received	**(361)**	(232)
Taxes on group contributions contributed	**116**	61
Total tax	**(973)**	(120)

Deferred tax benefit

Amounts in NOK million	**2000**	1999
Currency exchanged gain	**380**	-
Fixed assets	**6**	13
Net pension funds	**65**	59
Other long-term items	**(21)**	11
Shares	**(105)**	(192)
Other short-term liabilities	**(101)**	(91)
Basis deferred tax	**224**	(200)
Deferred tax	**(68)**	56
This year's change in deferred tax	**(124)**	(31)

Auditor's Report for 2000 to the Annual Shareholders' Meeting of Orkla ASA

We have audited the annual accounts of Orkla ASA as of 31 December 2000, showing a profit of NOK 3,946 million for the parent company and a profit of NOK 3,783 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 President and Group CEO. 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 included 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 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway.
- the Company's management has fulfilled its 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, 7 March 2001
Arthur Andersen & Co.

Erik Mamelund
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 2000 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 2000.

Oslo, 15 March 2001
The Corporate Assembly of Orkla ASA

Øystein Eskeland
Chairman of the Corporate Assembly

Shares and shareholders

SHAREHOLDER POLICY

It is Orkla's aim that its shareholders receive a competitive return on their shares over time in the form of a combination of dividends and a rise in the share price. Shareholders should have a steady, stable increase in dividends, provided that the underlying development of the business is satisfactory. Orkla pursues a policy in which the interests of existing shareholders are paramount.

Orkla has decided to introduce the EVA (Economic Value Added) model to further develop the Group's business management systems. This tool will further ensure that all parts of the organisation make efforts to increase value creation, and will enable all operational managers to make better decisions that focus on value creation. Orkla's current measurement and incentive systems will be further developed in accordance with the EVA concept. Implementation of the EVA model was largely completed in the course of 2000, and 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 20.9 %, compared with an average 11.8 % return on the Oslo Stock Exchange All Share Index. In 2000, the share value rose by 26.1 %, excluding dividends. In the same period, the OSE All Share Index fell by 1.7 %.

At the end of 2000, the Orkla share was quoted at NOK 174.00. This represented a market capitalisation value of NOK 36.8 billion, which was NOK 7.6 billion higher than on 31 December 1999. Orkla was thus one of the largest companies on the Oslo Stock Exchange, accounting for approximately 8.5 % of the OSE All Share Index.

For 2000, the Board of Directors proposes a dividend of NOK 3.00 per share, compared with NOK 2.50 in 1999. The dividend will be paid on 22 May 2001 to shareholders of record on the date of the Annual General Meeting.

AVERAGE ANNUAL RETURN

	1982-00	1986-00	1991-00
The Orkla share	29.3 %	20.9 %	21.0 %
OSE All Share Index	15.5 %	11.8 %	14.0 %

ORKLA SHARE PRICE 2000

	NOK
Close at 30 December 1999	138.00
High	184.50
Low	112.00
Close at 29 December 2000	174.00

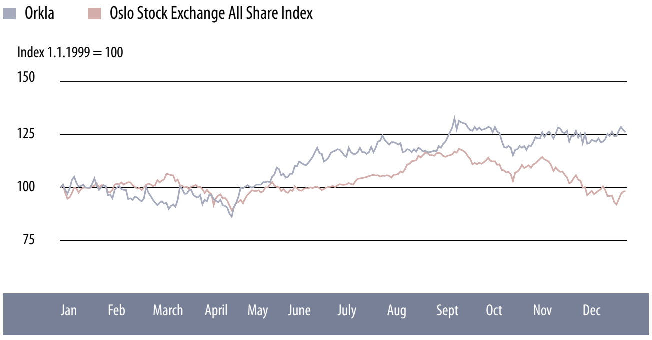
TRADING IN THE ORKLA SHARE

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 603 million shares were registered as traded in 2000, close to 2.7 times the number of shares outstanding. This is 80 % higher than the volume traded in 1999. The value of Orkla shares traded on the Oslo Stock Exchange amounted to NOK 29.9 billion, equivalent to 5 % of the Exchange's total turnover. A total of 66.5 million shares, amounting to GBP 757 million, were traded on SEAQ in 2000. 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.

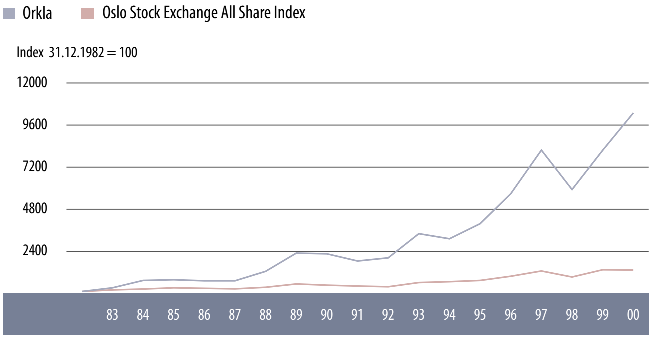
SHAREHOLDER STRUCTURE

As of 31 December 2000, Orkla had 37,004 shareholders, compared with 39,437 the year before.

SHARE PRICE DEVELOPMENT 2000



SHARE PRICE DEVELOPMENT 31.12.1982 - 31.12.2000



International investors and analysts showed a growing interest in the Orkla share in 2000. At year end, 36.5 % of the shares were owned by foreign investors, compared with 30.9 % on 1 January 2000. Most of the brokerage houses in Oslo and some in London follow the Orkla share.

Shares by size of shareholding 31.12.2000

No. of shares	No. of shareholders	% of av capital
1-100	13,992	0.3 %
101-1.000	17,792	2.8 %
1.001-10.000	4,525	5.5 %
10.001-100.000	532	7.2 %
100.001-500.000	118	12.1 %
Over 500.000	45	72.1 %

The 20 largest shareholders on 31.12.2000

Shareholders	Total shares	Share holding
Euroclear Bank	23,864,389	10.9 %
Sveaas, Christen [1]	19,600,777	8.9 %
Folketrygdfondet	19,261,051	8.8 %
Capital Research c/o Chase [2]	14,009,714	6.4 %
Storebrand [1]	12,781,249	5.8 %
State Street Bank	9,028,370	4.1 %
Chase Manhattan Bank	8,162,294	3.7 %
Canica AS	6,149,171	2.8 %
Avanse Forvaltning	5,368,916	2.4 %
Oktav Invest [3]	5,025,696	2.3 %
KLP Skadeforsikring	4,719,723	2.2 %
Morgan Stanley & Co.	4,074,948	1.9 %
DnB / Vital	3,988,040	1.8 %
DnB Investor	3,892,161	1.8 %
Orkla	3,662,432	1.6 %
Gjensidige	3,021,955	1.4 %
Kreditkassen [1]	2,545,451	1.2 %
K-Fondene	2,164,307	1.0 %
Storebrand Spar	1,876,600	0.9 %
United Nations Pension Fund	1,628,000	0.7 %
Total	154,825,244	70.6 %
Total all shares	219,246,336	100.0 %

1) A group of several legal entities with intercompany relationship.
2) Divided between two separate funds.
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 with a par value of NOK 6.25. The company's articles of association impose no limitations on ownership. 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 Annual General Meeting must be receved by Orkla no later than 3.00 p.m. on the third working day before the date of the Annual General Meeting.

Issue and shares

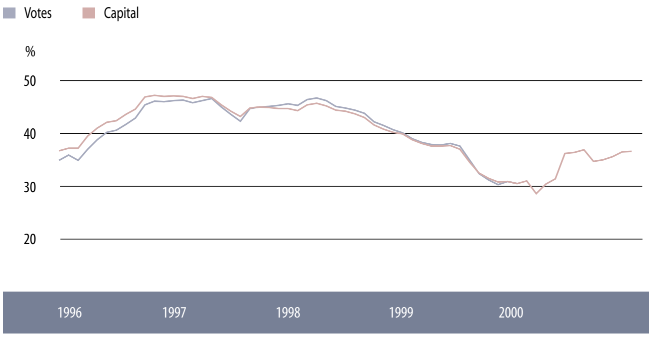
The Board of Directors holds an authorisation, granted on 6 May 1999 and valid until the Ordinary General Meeting in 2001, to increase share capital by means of new share subscriptions by a total value of up to NOK 90,000,000 divided between a maximum of 14,400,000 shares, each with a par value of NOK 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

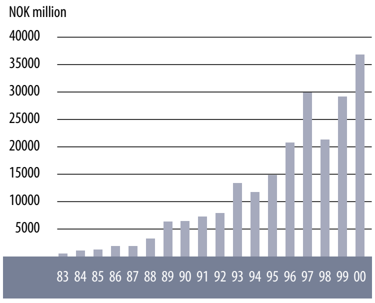
On 4 May 2000, the General Meeting adopted a resolution authorising the Board of Directors to acquire shares in Orkla ASA up to a maximum of 13.0 million shares. In the course of 2000, Orkla purchased a total of 508,600 shares in Orkla ASA. In connection with employee share purchase schemes, Orkla transferred a total of 175,200 shares in Orkla ASA to employees. After these transactions, Orkla owns a total of 8,688,128 shares in Orkla ASA (including 100 % of Oktav Invest).

At the Annual General Meeting on 3 May 2001, the Board of Directors will present a proposal to extend the authorisation to buy back the company's own shares, limited to 13.2 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 82,500,000.

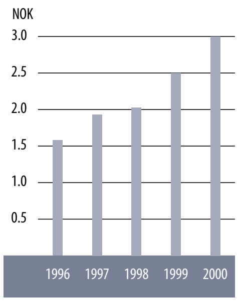
Ownership by foreign investors



Market capitalisation 31.12.1983 - 31.12.2000



Dividend per share



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 4 May 2000 and will apply from 5 May 2001 until 4 November 2002."

The extent to which this authorisation is utilised will be determined by the extent to which the buy-back of Orkla shares is considered advantageous for the company's shareholders.

Employee share purchase scheme

To encourage employees to make a long-term commitment to Orkla, in autumn 2000 all employees in Norway, Sweden, Denmark and Finland were offered the possibility of purchasing up to 80 Orkla shares each at a 20 % discount. Orkla employees purchased a total of 175,200 shares in Orkla ASA at a discounted price of NOK 140.80, which is equivalent to 80 % of the market price of NOK 176.00 on 30 September 2000. The Group aims to continue this programme in the years ahead.

The Orkla Group has a bonus scheme under which the amount of the bonus is linked to the Orkla share price. As of 31 December 2000, the scheme applied to approximately 80 management staff. Reference is also made to Note 4 of the Notes to the Accounts for Orkla ASA on "Remuneration and Contractual Arrangements".

Risk regulation

Under Norwegian law, when calculating gains on the sale of assets, company shareholders who are liable 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 1999 was NOK 5.27 per share, and the corresponding amount for 2000 is provisionally estimated to be NOK 10,40 per share. The final RISK amount for 2000 will not be available until after 1 January 2002. Shareholders who are not liable to tax in Norway are not affected by the Norwegian RISK rules. See Note 14 regarding "Summary of RISK calculation for Orkla's shareholders" for an explanation of the RISK calculation for Orkla shareholders.

Reporting

Orkla will from 2001 report its results on a quarterly basis.

www.orkla.com

Orkla publishes all financial information on its own home page. Presentations, quarterly 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. In 2001, Orkla will publish the presentation of its results on its own home page.

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.

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

	2000	1999	1998	1997	1996
Average no. of shares issued	219,246,336	218,792,545	218,024,995	216,127,383	215,090,461
Average no. of own shares [2)]	-7,758,821	-6,966,965	-5,210,208	-5,277,140	-5,332,720
Average number of externally owned shares	**211,487,515**	**211,825,580**	**212,814,787**	**210,850,243**	**209,757,741**
Convertible bonds [3)]	-	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
Employee share option schemes, average number	-	10,000	237,727	1,695,697	2,952,625
Estimated anti-dilution effect	-	-3,117	-40,328	-142,282	-430,840
Average number of externally owned shares, fully diluted	**211,487,515**	**211,859,518**	**213,039,241**	**212,430,713**	**212,306,581**
Share price applied when estimating anti-dilution effect (NOK):	-	108	135	128	79

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 equivalant to what 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)

	2000	1999	1998	1997	1996
Income statement (NOK million)					
Operating revenues	**33,694**	30,966	30,409	30,519	25,693
Operating expenses	**(29,120)**	(27,010)	(26,498)	(26,460)	(22,558)
Ordinary depreciation and write-downs	**(1,598)**	(1,539)	(1,438)	(1,326)	(1,034)
Operating profit before goodwill	**2,976**	2,417	2,473	2,733	2,101
Goodwill amortisation and write-downs	**(479)**	(442)	(419)	(417)	(281)
Operating profit before other revenues and expenses	**2,497**	1,975	2,054	2,316	1,820
Other revenues and expenses	**36**	91	(335)	181	20
Operating profit	**2,533**	2,066	1,719	2,497	1,840
Profit from investments in associates	**145**	114	165	442	97
Financial items, net	**(862)**	(805)	(888)	(577)	(621)
Profit before tax	**1,816**	1,375	996	2,362	1,316
Cash flow (NOK million) (see page 16)					
Cash flow from operating activities	**4,257**	3,756	3,624	4,270	3,450
Replacement expenditure and environmental investments	**(1,730)**	(1,454)	(1,814)	(1,733)	(1,193)
Expansion investments	**(1,233)**	(546)	(847)	(441)	(335)
Acquisitions of companies	**(2,280)**	(665)	(514)	(4,977)	(385)
Key figures					
International sales (NOK million)	**20,397**	17,532	16,745	16,492	13,876
Operating margin (%)	**7.5**	6.7	5.7	8.2	7.2
Return on capital employed (%)	**12.4**	11.1	10.4	16.7	14.9
Total man-years	**25,475**	24,202	23,514	23,209	18,125
Total assets, external (NOK million)					
Intangible assets	**6,401**	5,654	5,637	5,655	3,699
Tangible fixed assets	**14,282**	11,569	11,357	10,162	6,969
Investments in associates	**2,267**	2,021	2,086	1,911	1,061
Other financial long-term assets	**816**	1,353	1,344	1,326	631
Long-term assets	**23,766**	20,597	20,424	19,054	12,360
Inventories	**3,941**	3,487	3,210	3,069	2,744
Receivables	**5,491**	4,379	4,342	4,226	3,081
Portfolio	**136**	6	42	39	82
Financial short-term assets	**1,164**	473	690	1,180	1,060
Short-term assets	**10,732**	8,345	8,284	8,514	6,967
Total assets	**34,498**	28,942	28,708	27,568	19,327
Net interest-bearing liabilities	**15,713**	12,434	12,312	10,743	6,665

Financial Investments

	2000	1999	1998	1997	1996
Income statement (NOK million)					
Operating revenues	**417**	548	432	472	321
Operating expenses	**(323)**	(410)	(333)	(337)	(230)
Ordinary depreciation and write-downs	**(20)**	(27)	(21)	(18)	(15)
Operating profit	**74**	111	78	117	76
Portfolio gains	**2,727**	595	769	876	816
Dividends received	**548**	315	318	292	339
Profit from investments in associates	**97**	-	-	-	-
Financial items, net	**(91)**	(77)	(104)	(110)	(116)
Profit before tax	**3,355**	944	1,061	1,175	1,115
Securities Portfolio (NOK million)					
Market value	**18,053**	20,875	12,624	14,410	11,043
Book value	**12,622**	11,340	8,495	8,188	6,431
Unrealised gains before tax	**5,430**	9,535	4,129	6,222	4,612
Net asset value [1]	**15,981**	16,604	10,410	11,542	8,909
Equity ratio, value adjusted (%)	**88.5**	79.5	82.5	80.1	80.7
Total assets, external (NOK million)					
Tangible fixed assets	**608**	610	627	441	320
Investments in associates	**284**	-	-	-	-
Other financial long-term assets	**36**	15	29	28	14
Long-term assets	**928**	625	656	469	334
Receivables	**149**	124	25	420	214
Portfolio	**12,622**	11,368	8,809	8,149	6,431
Financial short-term assets	**450**	565	434	149	111
Short-term assets	**13,221**	12,057	9,268	8,718	6,756
Total assets	**14,149**	12,682	9,924	9,187	7,090
Net interest-bearing liabilities	**2,268**	3,275	2,232	2,924	2,113

1) Market value - liabilities

The Orkla Group

Summary Accounts for the Business Areas

Industry area	**Branded consumer goods**				
	2000	1999	1998	1997	1996
Income statement (NOK million)					
Operating revenues	**26,488**	24,842	24,233	24,289	20,045
Cost of goods sold	**(10,390)**	(9,721)	(9,407)	(9,690)	(8,865)
Payroll expenses	**(6,027)**	(5,740)	(5,770)	(5,534)	(4,384)
Other expenses	**(6,132)**	(5,929)	(5,785)	(5,517)	(4,264)
Ordinary depreciation and write-downs	**(1,232)**	(1,191)	(1,124)	(1,033)	(766)
Operating profit before goodwill depreciation	**2,707**	2,261	2,147	2,515	1,766
Goodwill amortisation and write-downs	**(460)**	(422)	(399)	(399)	(254)
Operating profit before other revenues and expenses	**2,247**	1,839	1,748	2,116	1,512
Other revenues and expenses	**(29)**	110	(303)	253	20
Operating profit	**2,218**	1,949	1,445	2,369	1,532
Profit from investments in associates	**144**	118	163	413	94
Minority interests' of net profit	**(180)**	(123)	(106)	(94)	(30)
Cash flow (NOK million) (see page 16)					
Cash flow from operating activities	**3,788**	3,443	3,196	3,934	2,748
Replacement expenditure and environmental investments	**(1,440)**	(1,188)	(1,412)	(1,266)	(856)
Expansion investments	**(1,168)**	(456)	(756)	(214)	(126)
Acquisitions of companies	**(2,280)**	(665)	(486)	(4,931)	(363)
Capital employed at 31.12. (NOK million)					
Net working capital	**629**	908	1,070	1,017	1,031
Associates	**2,138**	1,928	1,991	1,806	979
Intangible assets	**6,210**	5,473	5,452	5,510	3,624
Tangible fixed assets	**11,922**	9,121	8,874	7,825	4,895
Capital employed	**20,899**	17,430	17,387	16,158	10,529
Key figures					
International sales (NOK million)	**14,852**	13,160	12,293	12,005	9,780
Operating margin before goodwill (%)	**10.2**	9.1	8.9	10.4	8.8
Return on capital employed (%) [1]	**13.8**	12.2	12.6	15.9	16.1
Total man-years	**22,538**	21,143	20,367	19,996	15,167

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

Branded consumer goods	**Orkla Foods**					**Orkla Beverages**				
	2000	1999	1998	1997	1996	**2000**	1999	1998	1997	1996
Income statement (NOK million)										
Operating revenues	**11,039**	10,757	10,233	10,087	10,515	**7,424**	6,373	6,741	7,656	3,265
Cost of goods sold	**(5,566)**	(5,463)	(5,269)	(5,285)	(5,654)	**(2,199)**	(1,685)	(1,825)	(2,291)	(1,019)
Payroll expenses	**(2,000)**	(1,922)	(1,912)	(1,826)	(1,895)	**(1,810)**	(1,656)	(1,822)	(1,950)	(875)
Other expenses	**(2,154)**	(2,126)	(1,980)	(1,838)	(1,870)	**(1,973)**	(1,895)	(1,944)	(1,993)	(853)
Ordinary depreciation and write-downs	**(364)**	(373)	(334)	(314)	(326)	**(558)**	(507)	(500)	(484)	(208)
Operating profit before goodwill depreciation	**955**	873	738	824	770	**884**	630	650	938	310
Goodwill amortisation and write-downs	**(168)**	(164)	(162)	(169)	(164)	**(172)**	(148)	(142)	(139)	(10)
Operating profit before other revenues and expenses	**787**	709	576	655	606	**712**	482	508	799	300
Other revenues and expenses	**-**	110	(60)	46	20	**-**	-	(174)	171	-
Operating profit	**787**	819	516	701	626	**712**	482	334	970	300
Profit from investments in associates	**1**	2	1	1	4	**70**	53	75	36	12
Minority interests' share of net profit	**(13)**	(7)	(7)	(5)	(5)	**(153)**	(106)	(89)	(84)	(20)
Cash flow (NOK million) (see page 16)										
Cash flow from operating activities	**1,222**	1,346	1,185	1,195	1,206	**1,199**	1,116	980	1,832	637
Replacement expenditure and environmental investments	**(375)**	(290)	(524)	(325)	(381)	**(716)**	(519)	(431)	(298)	(142)
Expansion investments	**(72)**	(70)	(58)	(166)	(24)	**(1,072)**	(386)	(670)	-	(68)
Acquisitions of companies	**(359)**	(114)	(166)	(22)	(33)	**(40)**	(244)	(113)	(4,902)	(23)
Capital employed at 31.12. (NOK million)										
Net working capital	**1,146**	967	1,083	1,069	1,089	**(93)**	(254)	(160)	(88)	(29)
Associates	**9**	8	4	4	4	**975**	756	775	675	177
Intangible assets	**2,108**	2,175	2,341	2,415	2,583	**2,019**	2,143	2,085	2,092	16
Tangible Fixed assets	**2,785**	2,398	2,566	2,203	2,087	**5,446**	4,605	4,243	3,742	1,349
Capital employed	**6,048**	5,548	5,994	5,691	5,763	**8,347**	7,250	6,943	6,421	1,513
Key figures										
International sales (NOK million)	**7,195**	6,754	6,189	5,889	6,339	**5,068**	4,068	4,089	4,554	1,912
Operating margin before goodwill (%)	**8.7**	8.1	7.2	8.2	7.3	**11.9**	9.9	9.6	12.3	9.5
Return on capital employed (%) [1]	**14.2**	13.3	11.2	13.2	11.9	**11.3**	9.1	10.6	15.5	21.9
Total man-years	**6,527**	6,286	6,534	6,342	6,487	**9,220**	8,254	7,457	7,685	3,102

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

	Chemicals					**Head office/Unallocated**				
	2000	1999	1998	1997	1996	**2000**	1999	1998	1997	1996
	6,926	5,621	5,726	5,684	5,121	**441**	676	638	721	657
	(3,547)	(2,565)	(2,594)	(2,749)	(2,365)	**(9)**	(213)	(262)	(278)	(344)
	(919)	(920)	(900)	(853)	(804)	**(327)**	(316)	(241)	(264)	(206)
	(1,662)	(1,560)	(1,548)	(1,496)	(1,272)	**(267)**	(219)	(178)	(254)	(183)
	(333)	(312)	(280)	(265)	(244)	**(33)**	(36)	(35)	(28)	(25)
	465	264	404	321	436	**(195)**	(108)	(78)	(103)	(101)
	(15)	(14)	(13)	(12)	(4)	**(5)**	(6)	(7)	(6)	(23)
	450	250	391	309	432	**(200)**	(114)	(85)	(109)	(124)
	-	(19)	-	(50)	-	**65**	-	(32)	(22)	-
	450	231	391	259	432	**(135)**	(114)	(117)	(131)	(124)
	(1)	(3)	(1)	1	5	**2**	(1)	2	27	(2)
	(2)	(3)	(9)	(4)	(1)	**(1)**	2	(9)	(14)	(6)
	636	385	490	455	741	**(168)**	(74)	(63)	(120)	(43)
	(228)	(231)	(345)	(414)	(277)	**(63)**	(34)	(55)	(56)	(60)
	(29)	(89)	(91)	(202)	(209)	**(36)**	(1)	-	(24)	-
	-	-	(27)	(2)	(16)	**-**	-	-	(44)	(6)
	1,677	1,502	1,327	1,111	941	**(135)**	(80)	(65)	(59)	(40)
	21	23	22	24	20	**108**	71	73	82	61
	194	180	176	125	16	**(2)**	1	13	18	59
	2,138	2,210	2,228	2,085	1,892	**222**	238	252	253	182
	4,030	3,915	3,753	3,345	2,869	**193**	230	273	294	262
	5,530	4,220	4,298	4,291	3,833	**15**	151	153	197	263
	6.7	4.7	7.1	5.6	8.5					
	10.8	6.8	11.6	10.2	15.6					
	2,388	2,433	2,538	2,583	2,499	**549**	627	610	630	460

	Orkla Brands					**Orkla Media**				
	2000	1999	1998	1997	1996	**2000**	1999	1998	1997	1996
	4,586	4,531	4,273	4,146	4,213	**3,585**	3,332	3,153	2,569	2,220
	(1,999)	(2,006)	(1,813)	(1,746)	(1,849)	**(770)**	(717)	(667)	(540)	(511)
	(827)	(857)	(819)	(792)	(802)	**(1,390)**	(1,305)	(1,217)	(966)	(812)
	(1,050)	(1,010)	(1,017)	(1,000)	(967)	**(956)**	(897)	(844)	(683)	(574)
	(134)	(147)	(141)	(122)	(134)	**(177)**	(165)	(149)	(113)	(97)
	576	511	483	486	461	**292**	248	276	267	226
	(33)	(34)	(27)	(28)	(30)	**(87)**	(77)	(68)	(63)	(51)
	543	477	456	458	431	**205**	171	208	204	175
	(29)	-	(25)	20	-	**-**	-	(44)	16	-
	514	477	431	478	431	**205**	171	164	220	175
	42	57	80	366	63	**30**	7	8	11	15
	(3)	(1)	(2)	(1)	(1)	**(12)**	(10)	(7)	(5)	(4)
	867	574	584	554	557	**500**	407	447	353	348
	(145)	(123)	(161)	(282)	(211)	**(203)**	(256)	(296)	(361)	(121)
	-	-	(20)	(12)	-	**(25)**	-	(8)	(36)	(34)
	84	(200)	-	-	-	**(1,964)**	(106)	(207)	(7)	(307)
	245	430	296	261	167	**(670)**	(236)	(149)	(225)	(196)
	955	929	972	894	550	**199**	236	240	233	248
	418	441	327	355	382	**1,665**	714	699	648	643
	821	907	961	979	849	**2,869**	1,211	1,104	900	610
	2,439	2,707	2,556	2,489	1,948	**4,063**	1,925	1,894	1,556	1,305
	1,548	1,457	1,234	1,156	1,239	**1,041**	881	781	406	290
	12.6	11.3	11.3	11.7	10.9	**8.1**	7.4	8.8	10.4	10.2
	20.0	18.6	19.5	23.0	23.6	**13.3**	11.2	14.0	16.9	17.4
	2,628	2,592	2,615	2,837	2,905	**4,163**	4,011	3,761	3,133	2,673

The Orkla Group

Key Figures

		Notes		2000	1999	1998	1997	1996
Income statement								
1	Operating revenues		(NOK million)	**34,083**	31,492	30,819	30,970	25,998
2	Operating profit before goodwill and other inc. and exp.		(NOK million)	**3,050**	2,529	2,553	2,851	2,179
3	Operating profit		(NOK million)	**2,607**	2,177	1,797	2,613	1,916
4	Operating margin	1	(%)	**7.6**	6.9	5.8	8.4	7.4
5	Proft before tax		(NOK million)	**5,171**	2,319	2,057	3,537	2,431
6	Profit for the year		(NOK million)	**3,783**	1,792	1,502	2,674	1,790
7	Non-recurring items (before tax)		(NOK million)	**3**	91	(488)	545	20
8	- Of which other revenues and expenses		(NOK million)	**36**	91	(335)	181	20
9	Goodwill amortisation and write-downs charged against operating profit		(NOK million)	**(479)**	(443)	(421)	(419)	(283)
Cash Flow								
10	Net cash flow (Group)		(NOK million)	**(2,227)**	(1,294)	(789)	(4,984)	1,313
Key figures								
11	Return on capital employed (Industry area)	2	(%)	**12.4**	11.1	10.4	16.7	14.9
12	Return on portfolio investments		(%)	**(1.5)**	48.2	(7.0)	24.5	32.5
Capital as per 31.12								
13	Book value of total assets		(NOK million)	**48,647**	41,624	38,632	36,755	26,417
14	Market capitalisation	3	(NOK million)	**36,812**	29,242	21,278	29,910	20,737
15	Equity ratio	4	(%)	**35.6**	34.2	34.3	33.0	36.6
16	Equity ratio incl. unrealised portfolio gains before tax	5	(%)	**42.0**	46.4	40.6	42.7	46.0
17	Net interest-bearing liabilities	6	(NOK million)	**17,981**	15,709	14,544	13,667	8,778
18	Interest coverage ratio	7		**6.9**	3.7	3.5	6.1	4.4
19	Average borrowing rate		(%)	**5.3**	5.5	5.7	5.5	7.4
20	Share of floating interest-bearing liabilities	8	(%)	**85**	65	62	80	57
21	Average time to maturity, loans		(år)	**3.8**	4.4	5.0	4.0	5.3
Shares [1]								
22	Average no. of externally owned shares (fully diluted)		(x 1.000)	**211,488**	211,860	213,039	212,431	212,307
23	Average no. of externally owned shares		(x 1.000)	**211,488**	211,826	212,815	210,850	209,758
Share-related key figures								
24	Share price at 31.12.		(NOK)	**174.0**	138.0	100.1	140.0	98.1
25	Earnings per share (fully diluted) [2]	9	(NOK)	**17.0**	7.9	6.5	12.0	8.3
26	Earnings per share (adjusted) [2]	10	(NOK)	**19.5**	9.7	10.3	11.8	9.5
27	RISK per share	11	(NOK)	**10.40**	5.27	2.40	5.16	6.21
28	Dividend per share (proposed for 2000) [2]		(NOK)	**3.00**	2.50	2.03	1.93	1.58
29	Payout ratio	12	(%)	**17.6**	31.6	31.2	16.1	19.0
30	Price/earnings ratio	13		**10.2**	17.5	15.4	11.7	11.8
Personnel								
31	Number of employees			**31,145**	25,037	24,833	23,946	18,869
32	Number of manyears			**25,592**	24,402	23,709	23,378	18,277

1) See also page 42.

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

1. (Operating profit/Operating revenue) x 100
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 2001 is estimated to be NOK 10.40 and will be paid to Norwegian shareholders as of 1 January 2001.
12. (Dividend per share/Earnings per share (fully diluted)) x 100
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 the Group's negotiable assets, which have identifiable market values.

Set out below are 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.

Power

The Group's hydropower production in a normal year is 650 GWh, of which 585 GWh is derived from waterfalls not subject to reversion. In addition, there is 45 GWh of replacement power. Power is sold internally within the Group or externally on the power market under short-term or long-term contracts. The book value under "Long-term assets" of assets related to the power business is NOK 155 million.

The financial Investments division

As of 31 December 2000, the Group's securities portfolio had a market value of NOK 18,053 million. The book value was NOK 12,622 million. Rental revenues totalled NOK 65 million. The book value of Orkla's real estate investments as of 31 December 2000 was NOK 500 million.

The Industry division

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 contracts with Unilever relating to cooperation on detergents, personal care products and cosmetics. The current contracts expire in 2014. Most of the brands covered by the agreements are owned by Orkla for use in Norway.

The Industry division's results for 2000 are affected by non-recurring items totalling NOK 3 million. NOK 479 million in goodwill amortisation and write-downs has been charged against the Industry division's reported operating profit in 2000, while NOK 39 million in goodwill amortisation has been charged against "Profit from investments in associates". Operating profit, cash flow and investments for the various business areas are shown in the tables on pages 44 and 45.

Tax

The average tax rate for the Industry division is generally 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 division generally is lower.

Adjusted profit, Industry	**2000**	1999	1998	1997	1996
Operating profit, Industry	**2,533**	2,066	1,719	2,497	1,840
Adjustments for power	**(115)**	(80)	(84)	(53)	(35)
Goodwill amortisation	**479**	442	419	417	281
Other revenues and expenses	**(36)**	(91)	335	(181)	(20)
Adjusted operating profit	**2,861**	2,337	2,389	2,680	2,066
Profit from associates [1]	**178**	114	180	139	97
Goodwill amortisation associates	**39**	39	41	38	15
Net financial expenses [2]	**(862)**	(805)	(750)	(638)	(621)
Adjusted profit before tax	**2,216**	1,685	1,860	2,219	1,557
Minority interests	**180**	122	120	107	35

1) Excluding NOK 33 million relating to write-down in US-operations of Jotun in 2000 and NOK 15 million relating to foreign exchange losses at BBH in 1998, with deduction for the gain on the sale of Jotun Polymer (NOK 283 million) and the gain on the sale of ships in KS Swan Sea (NOK 20 million) in 1997.
2) Excluding NOK 138 million relating to foreign exchange losses at BBH in 1998, with a deduction for the gain on the sale of Hansa (NOK 61 million) in 1997.

Branded Consumer Goods

Orkla defines a branded product as a set of associations, perceived qualities and values that are linked to special 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 offering possibilities for premium prices, a high rate of innovation and cost effective operations throughout the value chain. The Group has invested substantial resources in linking its branded consumer goods companies in a common branded good culture. The Orkla Brand School is an important instrument in this respect.

Orkla Foods

Orkla Brands

Orkla Beverages

Orkla Media

Focus in the Year 2001

- Establishment of Carlsberg Breweries A/S and integration of Det Berlingske Officin A/S
- Improve and develop products that generate consumer loyalty and preference
- Optimise product portfolio and production structure
- Accelerate expansion in selected markets and product categories in Eastern Europe with a view to becoming market leader

Orkla's Branded Consumer Goods

The Branded Consumer Goods area comprises Orkla Foods, Orkla Beverages, Orkla Brands and Orkla Media. These businesses posted operating revenues of NOK 26.5 billion in 2000 and accounted for approximately 80 % of Group sales and 85 % of operating profit.

In the early 1990s, the Group held strong positions in Norway and some promising positions in Denmark. This business area has grown throughout the 1990s, mainly as a result of acquisitions and alliances. The biggest acquisitions have been the Swedish companies Pripps, Procordia Food and Abba Seafood, and the Danish media group Det Berlingske Officin, which was taken over in 2000. In 2000, Orkla entered into an important alliance with Chips Abp with a view to establishing a Nordic structure in the snacks sector, and with Carlsberg A/S to amalgamate the two companies' beverage operations in a newly established company, Carlsberg Breweries A/S. Carlsberg Breweries will be the fifth largest brewery group in the world, and constitutes Orkla's first industrial participation in the development of a strong global brand.

Today, Orkla is the leading supplier of grocery products to Nordic households, in addition to which several of the Group's branded consumer goods businesses have expanded into Central and Eastern Europe. The beverage business, in particular, has established strong positions in Eastern Europe. Carlsberg Breweries will also hold strong market positions in Europe and Asia.

Orkla has a long-term collaborative agreement with Unilever. This agreement concerns detergents, personal care products and cosmetics, and most of the brands are owned by Orkla for use in Norway. This agreement, originally entered into in 1958, was renegotiated in 1995 and expires in 2014.

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 operating revenues are derived from Norway and Sweden, but future growth is mainly expected to take place in the other Nordic countries and Eastern Europe. About 9 % of total operating revenues are generated outside the Nordic region.

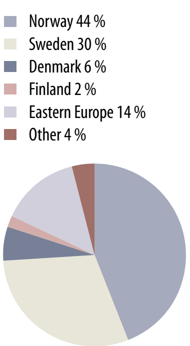
As from 2001, Orkla Beverages will be part of the new company Carlsberg Breweries A/S, 40 % of which is owned by Orkla and 60 % by Carlsberg A/S. The new company will focus on beer, but will supplement these operations with soft Drinks and water when this is financially advantageous. Geographically, the company will concentrate on Western Europe, Eastern Europe and Asia. Carlsberg Breweries will focus on local and national brands, as well as further developing Carlsberg as a leading international brand.

Orkla Brands is market leader in most of its product groups, which consist of detergents, personal care products and cosmetics, confectionery, biscuits, snacks, cod liver oil and household textiles. As from 2001, Orkla Brands' snacks business will be incorporated into the new company Chips Scandinavian Company AB (CSC), 60 % of which will be controlled by the Finnish company Chips Abp and 40 % by Orkla ASA. This will provide a strong Nordic business system for the snacks business and Chips Abp's other snacks operations.

Orkla Media's activities comprise newspapers, magazines, Direct Marketing and Internet/electronic publishing. In 2000, Orkla Media acquired the Danish media group Det Berlingske Officin, thereby becoming the fifth largest media company in the Nordic region. Orkla Media is also the second largest player in the Polish newspaper market.

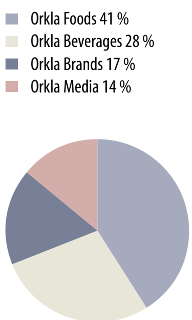
Orkla currently owns a large number of brands that hold strong No. 1 and No. 2 positions in the market. These brands have largely been built up over time through sub-

Net Sales by market



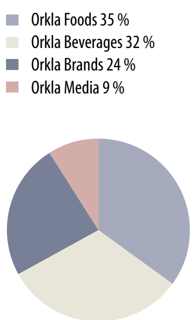
Net sales NOK 26,387 million

Operating revenues by business area



Total operating revenues NOK 26,488 million

Operating profit by business area



Operating profit NOK 2,247 million (excl. other revenues and expenses) stantial investments in product development and marketing, and are of vital importance to the Group's future earnings.

An important element of Orkla's branded consumer goods strategy is emphasis on proximity to the consumer combined with a good understanding of specific consumer needs. To be able to develop and adapt brands and products as effectively as possible to respond to consumer needs, Orkla is increasingly making use of "needs mapping" as an analytical tool to position itself in the market. Orkla has acquired considerable experience and knowledge of the needs of Nordic consumers and the way in which these needs change over the years. This enables Orkla to target products and brands in response to market demand, thereby building long-term preferences. In markets outside the Nordic region, Orkla combines its branded consumer goods expertise with local market know-how. The market position of priority branded products will be reinforced by effective advertising.

Product improvements and competitive prices create added value for consumers. Orkla makes continuous efforts to strengthen its market positions by targeting its development and tailoring its products to meet specific consumer needs. At the same time, Orkla focuses on improving cost-effectiveness throughout the value chain, so as to be able to maintain its goal of a moderate price policy. Orkla has established category-based organisational structures across national frontiers for many of its product segments, facilitating efforts to intensify product development and positioning in individual segments. Orkla will strengthen its existing brand names in their national markets. If the market situation is appropriate, national products may be developed into Nordic products. New products and concepts are increasingly being launched as Nordic brands.

Proximity to consumers, leading market positions, 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.

Results

Orkla's Branded Consumer Goods business reported operating revenues of NOK 26,488 million in 2000. For continuing business, this represented an increase of 5.7 % Operating profit before other revenues and expenses rose 22 % to NOK 2,247 million.

All the businesses in the Branded Consumer Goods area achieved substantial profit growth in 2000. Orkla Foods performed satisfactorily and reported 11 % profit growth, largely ascribable to progress for Procordia Food and Orkla Food Ingredients. Profit for Orkla Beverages increased by 48 %. The main reasons for this strong performance are the continued growth of Baltic Beverages Holding (BBH) and completion of the Competitive Edge project for the Nordic operations. BBH increased its total sales volumes by 43 %, primarily in Russia and Ukraine, where its market shares also rose. Orkla Brands' operating profit rose by just under 14 % after a good year for Lilleborg Home and Personal Care and satisfactory results for the Snacks and Biscuits businesses. All biscuit production was moved to Sweden in 2000. In Orkla Media, operating profit rose 20 %, primarily due to the positive performance of Newspapers Eastern Europe, to which rising advertising volumes and cost reductions contributed significantly. Direct Marketing affected profit negatively due to high costs related to conversion of the IT platform for Customer Relationship Management (CRM) services.

Grocery Products in the nordic region

For many reasons, it is natural to regard the Nordic region as a single 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 the group products accordingly. It will be important to develop a thorough understanding of which products will remain local or national and which products have Nordic or international potential.

Retailers cooperate across national borders and are forming Nordic chains. Aggregate operating revenues in the Nordic grocery market total approximately NOK 412 billion (including VAT).

The grocery trade in the Nordic region is far more concentrated than in most other European countries. The three largest retail chains account for around 80 % of sales, enabling them to professionalise areas such as flow of goods, logistics and the use of retail computer systems.

Orkla established its Nordic branded consumer goods strategy in 1991, in anticipation of this type of structural change. With its strong market positions, its Nordic business system and its desire to develop Nordic products and concepts, Orkla is well positioned to handle the market changes that are currently taking place.

In 2000, the Narvesen restaurant, kiosk and service chain merged with the Reitan Mat (Rema 1000) grocery chain in Norway. The Statoil petrol station chain had already formed an alliance with the ICA grocery chain in Scandinavia. We expect to see more constellations of this nature between grocery chains on the one hand and kiosk-petrol-station-service chains on the other in the future.

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 2000 market shares for private labels remained stable.

Orkla has, in practice, been cautious about producing private labels. Orkla's goal of having our own strong brands can easily conflict with this type of production. However, Orkla will consider producing private labels provided that 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.

At present, Orkla's market positions are clearly strongest in Norway and Sweden, but the Group has well-established sales organisations in all the Nordic countries. One of Orkla's objectives is to further increase its presence in Finland and Denmark. Orkla has good relations with retailers in the Nordic region and wishes to strengthen this cooperation. Orkla's goal is to be a preferred supplier who also contributes to the profitability of the retail trade. The Group places considerable emphasis on making a professional contribution, for instance in the form of category management or by ensuring the efficient flow of goods.

Branded consumer goods outside the Nordic area

Orkla's goal is to increase its activities in selected markets outside the Nordic region. The Group has carried out a comprehensive process of expansion, particularly in Orkla Beverages and Orkla Media, but gradually also in Orkla Foods. However, important product markets are very fragmented, with numerous small manufacturers. In areas such as these, industrial growth will take longer. In 2000 sales from the Branded Consumer Goods business outside the Nordic region totalled approximately NOK 4.7 billion, equivalent to 18 % of the business's total operating revenues. BBH is clearly our biggest investment, accounting for about 55 % of branded consumer goods sales outside the Nordic region. The second most important is Polish newspapers.

The Group currently has operations in the Baltic States, Poland, the Czech Republic, Austria, Hungary, Russia and Ukraine. With the exception of Austria, these markets are, on the whole, at an early stage of development and have significant growth potential. Furthermore, through Carlsberg Breweries Orkla will have operations in several West European countries and in selected Asian countries. Orkla already holds a number of strong market positions and wishes to build up its status as preferred supplier in the long term for large consumer groups whose purchasing power is expected to increase over time. However, investments in these markets involve greater risk, both as regards foreign exchange rates and political conditions. These factors are taken into account on a continuous basis. Orkla wishes to acquire businesses with a talented local management who, backed by Orkla's expertise and capability, can develop strong market positions. There must also be, or it must be possible to develop, a suitable sales and distribution system for the geographical area in question. In the initial phase following an acquisition, resources will 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.

Capacity at several of the BBH breweries was expanded in 2000. Orkla's share of these expansion investments totalled about NOK 0.8 billion in 2000. In the course of the 1990s, Orkla Media established a strong No. 2 position in the Polish newspaper market.

The internet and e-Business

Orkla pursues a proactive policy as regards the Internet and e-business and strengthened its investments in this sector in 2000. The new technology will gradually be put into service in the next few years and integrated into existing business systems. The growth of e-business solutions is expected to take longer than originally anticipated due to the complexity of the process of developing e-marketplaces, data standards and the IT architecture of the various players. So far, Orkla has focused on human resource development within this area.

For several years, Orkla has worked closely with retailers and suppliers to increase the efficiency of the flow of goods and information in the supply chain. These efforts are continuing and are expected to be enhanced by Internet technology that will open up new possibilities of eliminating costs in the value chain. New, automated business processes will forge new ties between the Orkla companies and their customers and suppliers.

Orkla has invested and participates actively in Transora.com, a B2B marketplace whose owners include some 50 of the world's largest branded products manufacturers. Transora, which has a total share capital of USD 250 million, aims to develop electronic tools and systems for sales, procurement and logistics. Orkla uses information provided by Transora in developing the Group's e-business solutions.

The Internet also offers a unique opportunity to communicate directly with consumers. Orkla Brands, Orkla Foods and Orkla Beverages have all launched first-generation e-marketing solutions, including Zaplife.com, Bamsemums.com, Omo.no, Goy.no and Pripps.se.

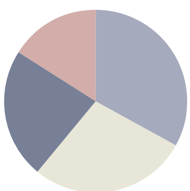
The Orkla Brand School plays a pivotal role in developing Orkla's e-marketing expertise. Orkla's strategy is to achieve the best possible understanding of consumer behaviour on the Internet and to develop cutting-edge marketing expertise in the field of branded consumer goods that covers all relevant media.

The new technology seems to have less impact than anticipated in terms of the number of entirely new players who have successfully established business activities in the sectors in which Orkla operates.

As far as Orkla Media is concerned, the Internet offers both new business opportunities and challenges for existing printed media. As a significant content producer, with expertise as regards consumers and the advertising market, Orkla Media will be able to make use of the Internet, TV and other electronic channels in combination with printed media as alternative, mutually reinforcing channels of distribution. Furthermore, Orkla Media has invested in Internet portals and content services, participating in a total of 63 services of this nature. As a result of its acquisition of DBO, Orkla Media now owns a majority interest in the largest news portal in Denmark.

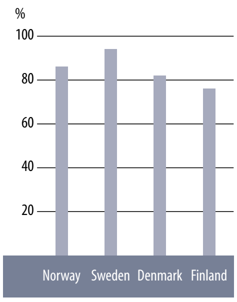
Retailers' share of the Nordic grocery market

- Coop 28 %
- ICA/Hakon/Kesko 33 %
- Norgesgruppen/Spar Finland/ D&D/Dagr. 23 %
- Other 16 %



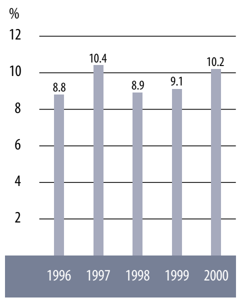
Total sales on the Nordic grocery market NOK 412 billion (incl. VAT)
Source: Nielsen Norway

The three largest retailers' market share



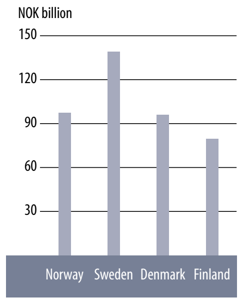
Source: Nielsen Norway

Trends in operating margins for the Branded Consumer Goods business*



* Before goodwill amortisation

Grocery sales in the Nordic countries*



Source: Nielsen Norway
* incl. VAT

Orkla Foods

Focus in the Year 2001

- Develop the company's category-based organisational structure
- Acquire businesses in Central and Eastern Europe
- Cut costs by focusing on purchasing, production and indirect costs
- Increase emphasis on human resource management
- Maintain consumer confidence in the company and its products

Orkla Foods is a leading developer, marketer and supplier of food products in the Nordic region. Activities are concentrated around the company's own strong brands and well-developed concepts. Orkla Foods aims to become one of the five largest suppliers of branded food products in Central and Eastern Europe. In Russia, Orkla Foods intends to win leading positions in the product categories on which the company chooses to focus.

In 2000, approximately 90 % of operating revenues were derived from the Nordic market. Orkla Foods (excluding Bakers) now has 41 production plants in 11 countries: Sweden, Norway, Denmark, Finland, Iceland, Estonia, Lithuania, Poland, Austria, Hungary and the Czech Republic.

Results

Operating revenues amounted to NOK 11,039 million in 2000, on a par with the previous year. Operating profit before other income and expenses totalled NOK 787 million, equivalent to a rise of 11 % for continuing business.

This improvement can largely be ascribed to the reorientation of sales towards more profitable products. Work on cost-cutting measures also continued in a number of areas. A majority of the businesses reported profit growth, and market shares were largely maintained or strengthened. Moreover, several of the businesses enhanced their ability to supply products.

In 2000, consumers showed a considerable interest in what products consist of, how they are manufactured and where they come from. To maintain consumer confidence in the company and its products, Orkla Foods sets stringent requirements for its own operations and its suppliers. Several meat suppliers, international soya and maize producers and contract producers were audited in 2000. Orkla Foods is closely monitoring the development of BSE in Europe and has implemented a number of preventive measures. Promoting food security requires coherent, systematic efforts throughout the organisation, based on thorough knowledge of the entire value chain.

In October 2000, Orkla Foods established a new organisational structure based on product categories. Three international categories were created: pizza/pies, sauces and snacking. Each of these categories offers opportunities for cooperation across national frontiers, which will contribute towards increased growth for Orkla Foods. Products and concepts that are already successful in one country will be launched in other countries. At the same time, new products will be developed with a view to launching them in several different countries. However, a number of Orkla Foods products have a strong foothold in national markets. To retain focus on these categories, seven "lead company" categories were established: vegetables, potatoes, beverages, jams, ready meals, sweet spreads and seafood.

To increase its competitiveness in the international market, Orkla Foods has begun work on evaluating the number of plants, their capacity utilisation and their degree of specialisation. This process will be complicated by differences in plants' ability to supply products, national preferences and trade barriers.

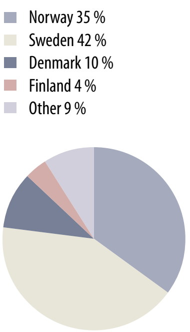
One of Orkla Foods' main challenges is to achieve profitable growth in Central and Eastern Europe. Orkla Foods has purchased a 51 % shareholding in the Polish company Superfish, which is market leader in herring and frozen fish in the Polish grocery sector. Superfish has annual operating revenues of approximately NOK 750 million. In 2000 Orkla Foods also acquired the Hungarian pizza manufacturer, Mirelite, the Lithuanian ketchup manufacturer, UAB Suslavicius ir Partneriai, and the Estonian mayonnaise brand, Formeer. Orkla Foods plans to increase its focus on the search for potential acquisitions in the months ahead.

Orkla Foods is involved in a number of e-commerce projects in the fields of procurement and marketing.

Stabburet

Stabburet reported operating revenues of NOK 2,589 million in 2000, which represents growth of 3 % for continuing business. Operating profit was on a par with 1999 results. Volume on the Norwegian grocery market increased 0.8 %. One of the main reasons for this moderate growth is the increase in cross border shopping. However, Stabburet's most important product groups outperformed the total market. There was no growth in the Norwegian catering market, where there was pressure on prices and focus on private labels.

Operating revenues by market



Net sales NOK 10,988 million

In autumn 2000, Stabburet launched a selection of ready-made sauces, both to accompany food and for gratination, under the brand name of Idun Cook's Flava. Other new product launches included Idun Vinegretto dressing, Big One hamburgers, Stabburet's Pies, Stabburet's Pâté, Big Crunch sweet spread, Nora's home-made juices and the Chef pizza and hamburger concept.

Procordia Food

Procordia Food posted operating revenues of SEK 3,324 million, down 1 %. This decline is due to the fact that the company has removed a number of less profitable products from the market. Operating profit improved considerably as a result of cost-cutting measures and marked growth in sales of important product groups such as RisiFrutti and Pizza Originale, between-meal snacks.

Growth in the Swedish grocery market was 2.4 %. The restructuring process in the Swedish retail trade continued, resulting in decision-making authority being more centralised in the hands of fewer and larger chains.

The Swedish catering market registered 3.0 % growth in sales volume. The rise in Procordia Food's sales exceeded market growth.

Felix Pizza Originale was launched towards the end of 1999. This product, which is a between-meal snack, has been very well received in the Swedish market. To meet steadily growing demand, Procordia Food will invest SEK 55 million in the pizza plant in Sweden. In 2000, Procordia Food launched Lätt (Light) RisiFrutti, which is now well positioned in the market. The Felix Lev Väl (Live Well) range of ready meals was also launched in 2000. Procordia Food intends to increase its innovation rate in the years ahead.

The Life Force 2000 project aims to reduce costs by SEK 170 million over a three-year period. Since its start in January 1999, the project has led to savings of SEK 150 million. Some of the funds released will be used for product launches and brand-building.

Beauvais

Beauvais' operating revenues for 2000 totalled DKK 440 million (excluding seafood). This represented a rise of 6 % compared with 1999. Operating profit was the highest ever in Beauvais' history. Beauvais' very satisfactory performance in Denmark can be ascribed to systematic, long-term brand-building efforts, combined with strong focus on reducing costs.

Beauvais improved its positions in the Danish market in important product groups such as ketchup, ready-made meals and baby food. In 2000, RisiFrutti increased its market share in a growing market with stiff competition.

Felix Abba

Felix Abba posted operating revenues of FIM 329 million (excluding seafood and biscuits) in 2000. For continuing business, this represented an increase of around 5 %. Operating profit was higher than in previous years.

The Finnish market for between-meal snacks grew by 20 % in 2000, and is one of Felix Abba's largest markets. Thanks to its RisiFrutti and Jacky brands, Felix Abba has maintained its position as market leader in the face of tough competition from a number of international and national corporations.

Felix Abba has begun work on developing the Lithuanian company, UAB Suslavicius ir Partneriai. There is strong competition and increased chain concentration in the Lithuanian market. In Estonia, the Formeer brand has maintained its position as market leader since being acquired by Felix Abba in January.

Orkla Foods International

Orkla Foods International's operating revenues in 2000 totalled NOK 520 million, on a par with previous years. Operating profit is still negative.

Kotlin, Poland's leading manufacturer of pizza, jams and ketchup, is still performing unsatisfactorily. Sales in 2000 were lower than expected. Despite a marked reduction in the number of employees at Kotlin, costs are still too high. A number of measures have been implemented to bring costs under control. A new managing director has been appointed, and there is sharp focus on costs throughout the organisation. The workforce will have to be further reduced in the course of this year.

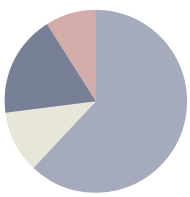
The Czech pizza manufacturer Guseppe reported sales growth of more than 18 % in 2000. Guseppe clearly leads the Czech market, and has gained sound positions in Slovakia and Bulgaria. The company plans to further expand its pizza operations geographically.

The pizza producer Felix Hungaria (Mirelite) is performing as anticipated. The company holds the number two position on the Hungarian market, in addition to which it supplied stone-baked pizza, based on Swedish meat and cheese, to the Scandinavian market in 2000.

Felix Austria maintained or strengthened its market shares in the Austrian market for ketchup, sauces and ready meals. Cost-cutting measures had a positive impact on the company's results.

Revenues by segment

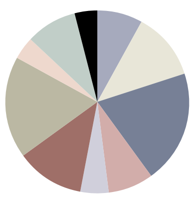
- Retail 62 %
- Catering 11 %
- Industry 18 %
- Export/other 9 %



Total operating revenues
NOK 11,039 million

Operating revenues by product group

- Pizza 8 %
- Ready Meals 12 %
- Fruit and Berries 20 %
- Condiments and Sauces 8 %
- Vegetables 5 %
- Seafood 12 %
- Baking Ingredients 18 %
- Potato products 4 %
- Bread and bakery products 9 %
- Other 4 %



Total operating revenues
NOK 11,039 million

Abba Seafood

Abba Seafood's operating revenues in 2000 amounted to SEK 1,137 million, down 9 % from the previous year. Operating profit was slightly lower than in 1999, largely due to the loss of deliveries to a Danish grocery chain.

Abba Seafood strengthened or maintained its market shares in the Swedish market for fish roe spread in tubes, herring and fish balls. Abba and Ahti maintained their strong position in the Finnish herring market, while Bjellands strengthened its position in the Norwegian fish ball market. Abba Seafood's cooperation with IKEA on deliveries to the latter's sales outlets around the world developed favourably.

Work has begun on developing the Polish company Superfish, in which Orkla Foods owns a 51 % interest. Orkla Foods has an option to purchase the remaining shares in this company on a gradual basis up until 2008. Consumer awareness of and loyalty to the Superfish brand is strong in Poland. The company has four production plants in northern Poland with a total of 1,300 employees. Abba Seafood's expertise will be a considerable asset in the further development of Superfish's activities along the entire value chain.

Orkla Food Ingredients

Orkla Food Ingredients reported operating revenues of NOK 2,132 million in 2000, which was on a par with 1999 figures. Operating profit increased. The performance of Dragsbæk Margarinefabrik was particularly satisfactory.

As a result of a number of strategic choices in the last two years, Orkla Food Ingredients has become the Nordic region's leading supplier of bakery ingredients to the bakery and food industries.

All production of marzipan at the Swedish company KåKå's factories in Ørnskøldsvik and Helsingborg has been transferred to Odense Marcipan in Denmark.

In January 2000, Orkla Food Ingredients acquired 50 % of the shares in the yeast company Jästbolaget AB. The other 50 % is owned by Sveriges Bageriförbund (Swedish Bakeries' Association). Jästbolaget performed as anticipated, posting operating revenues of SEK 116 million in 2000. The production plant for baking yeast is located outside Stockholm. The company owns interests in businesses in Latvia and Estonia.

In February 2000, Orkla Food Ingredients purchased the trading company Bake-Line, which markets and sells bake-off products in Norway.

Bakers

Bakers is market leader for fresh bakery products in Southern and Central Norway. In 2000, the group's operating revenues totalled NOK 1,005 million, which was on a par with results for 1999.

2000 was a year of strong competition on the domestic market. This was compounded by the fact that raw material prices and wage levels peculiar to Norway, combined with the dismantling of tariff rates for bakery products, have led to substantial growth in imports of bakery products with a long shelf life. To meet this competition, Bakers has focused on product development and efficiency improvement measures, as a result of which the company achieved slightly higher profit than in 1999.

Orkla Beverages

Focus in the Year 2001

- Contribute actively to putting into practice the strategy adopted for Carlsberg Breweries and further develop the business in accordance with this strategy

Pripps Ringnes is the largest beverages supplier in the Nordic region and market leader in Norway and Sweden. Through Baltic Beverages Holding (BBH), Pripps Ringnes is also market leader in the Baltic States and Russia and holds a number three position in Ukraine. Furthermore, Orkla owns 20.5 % of Oy Hartwall Abp, which is market leader in Finland.

In 2000, Orkla entered into an agreement with Carlsberg A/S to form a new company, Carlsberg Breweries A/S, which will include Pripps Ringnes' operations. Information on Carlsberg Breweries A/S is provided in a separate section.

Orkla Beverages

Orkla Beverages' operating revenues in 2000 totalled NOK 7,424 million, compared with NOK 6,373 million in 1999. Operating profit before other revenues and expenses rose from NOK 482 million to NOK 712 million after goodwill amortisation amounting to NOK 172 million. This takes into account a provision of NOK 35 million for foreign exchange risks in Eastern Europe.

Pripps Ringnes Nordic increased its operating profit before goodwill amortisation by NOK 72 million to NOK 325 million. This profit growth is attributable to improved profitability and cost savings in Norway as a result of the Competitive Edge efficiency improvement project. The rise in profit was achieved despite lower volumes due to a cold, damp summer in the highly populated areas of the Nordic region. Operating profit before goodwill amortisation at BBH (50 %) increased from NOK 414 million in 1999 to NOK 627 million in 2000. Continued volume growth resulting from capacity expansion and acquisitions has had a favourable impact on profit. Volume growth for continuing business was 38 %.

Pripps Ringnes Nordic

Pripps Ringnes Nordic comprises Pripps in Sweden and Ringnes in Norway, which sell beverages, and Rent A Cooler in Norway, Sweden, Denmark and the Baltic States, which rents out water coolers and sells water in large packaging units. In 2000, Pripps and Ringnes completed the Competitive Edge project on schedule. The aim of this project was to reduce the cost base of Pripps and Ringnes by NOK 600 million over a three-year period. Much of the improvement is reflected in the accounts, but the full effects of the cost savings for the year as a whole will not be seen until 2001.

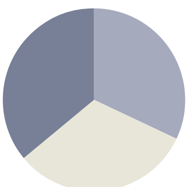
Pripps Ringnes Nordic's operating revenues for 2000 totalled NOK 4,862 million, up 1.2 % despite a 2 % decline in volume. New types of packaging, a larger proportion of wine sales in Sweden and price increases in Norway have had a positive impact on profit. Operating profit before goodwill amortisation amounted to NOK 325 million in 2000, compared with NOK 253 million the year before. Profit growth in Norway compensated for the weaker performance in Sweden. Rent A Cooler reported profit on a par with 1999 figures. In Norway, profit was boosted by lower costs and an improved product mix, while a decline in sales volume, particularly beer sales, was the main reason for poorer results in Sweden.

Ringnes, the Norwegian business, posted operating revenues of NOK 2,382 million in 2000, up 3 % compared with 1999. Higher revenues per litre due to improved packaging, new product launches and lower costs as a result of the Competitive Edge project and other measures have generated profit growth.

The total market in Norway declined by 1 % in 2000, compared with 1999. Ringnes won market shares for soft drinks, but lost a little of its substantial share of the water market. Pepsi continued to improve its performance in the soft drinks segment, and Solo also reported a positive trend. This growth is ascribable to the acquisition of Hansa/Borg's Solo rights, satisfactory sales of Solo at Easter and the successful launch of Solo Pluss. In the water segment, the launch of Farris Grape, coupled with new packaging and a sports top on the Imsdal bottle, partly offset the loss of shares to new market players towards the end of the year.

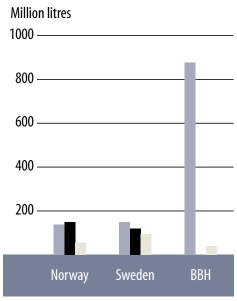
The GPO project, which entails the transfer of all operations at Ringnes Brewery in Oslo to the Gjelleråsen plant, is proceeding as planned. Phase 2

Operating revenues by market

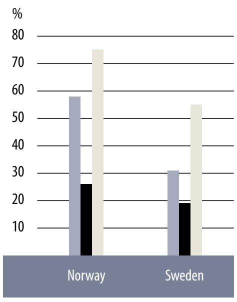


Total operating revenues NOK 7,424 million

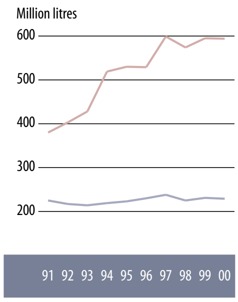
Volume sold by product group



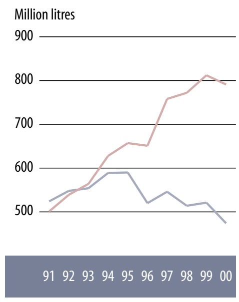
Market share by product group



Norway: Overall market trends



Sweden: Overall market trends



of the project, which comprises transfer of the brewery process and installation of a new tapping line at Gjelleråsen, will be completed in 2001, while the administration will be moved in 2002.

Pripps, the Swedish business, reported operating revenues of SEK 2,487 million in 2000, 6 % lower than in 1999. Slightly higher revenues per litre partly offset an 8 % fall in volume. However, slower volume growth resulted in a decline in profit. In 2000, the Swedish beverage market declined by 1 % compared with 1999. A cold, wet summer had a negative impact, coupled with slower sales at the end of the year, partly due to private imports which have increased since the opening of the Øresund Bridge. Market analyses indicate that private imports and smuggled goods account for 15-25 % of the total Swedish beer market. Excluding private imports and smuggled goods, the beer market in Sweden declined by 4 % in 2000. In particular, the Swedish consumer seems to prefer to buy stronger beer in Denmark rather than the lighter Swedish beer with a 2.8 % alcohol content. Pripps is losing beer market shares, particularly where the BlåGul and Pripps Blå labels are concerned. Pripps has not focused on the low-price segments of the market during the year.

The company also reposted negative growth for its premium brands.

The total market for soft drinks in 2000 was on a par with 1999 market. Although Pripps lost shares in the Apotekarnes segment, this was partly compensated by Festis, a still drink brand with a variety of different flavours. In 2000, a new flavour called Cactus/Lime and new types of packaging were launched successfully. Market growth for water was lower than expected at 2 %. Results in the water segment strongly reflected the effects of the cold summer in 2000, after a warm summer in 1999. In the water segments with the biggest growth (still water and flavoured water), Pripps launched Vichy Nouveau Vitamin and Imsdal with a sports top in 2000.

Pripps acquired the Pepsi-Co rights in Sweden as from 1 January 2001 and expects these products to perform very well.

Rent a Cooler, the water cooler business, was demerged in 1999 and comprises operations in Norway, Sweden, Denmark and the Baltic States. Rent A Cooler posted operating revenues of SEK 139 million in 2000. The company is still in the process of building up its activities and its results reflect the impact of start-up costs, but its performance in 2000 was also negatively affected by the cold, wet summer.

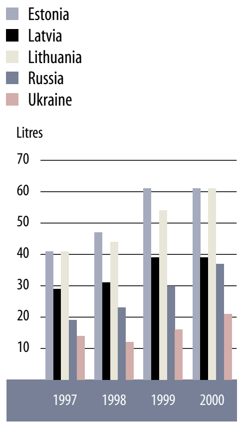
Baltic Beverages Holding (BBH)

BBH comprises brewery operations in Russia, Ukraine, Estonia, Lithuania and Latvia. The company expanded significantly between 1991 and 1999, and now has 12 breweries and 5 malteries. BBH is market leader in Russia and the Baltic States, and one of the three largest market 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 holds a majority interest in the breweries it acquires, but the operational management is local and often holds shares in the brewery.

Sales volume

Trends in beer comsumption (per capita)



While growth continued at a rapid rate, 2000 was a year of consolidation of the existing structure. No new acquisitions were made during the year, but substantial investments were made in capacity expansion at existing breweries and in the distribution system. The year was also characterised by the stabilisation of the economic and political situation in Russia and Ukraine. The economies of the Baltic States also developed favourably. Strong purchasing power helped to boost beer consumption in Russia and Ukraine for the fourth consecutive year. This increase is a result of changes in consumption patterns, particularly in urban areas and among the younger generation, intensified competition, larger investments in marketing and improved beer quality.

Volume in 2000 rose by 43 % and BBH's (100 %) total volume was 18.3 million hectolitres (compared with 12.8 million hectolitres in 1999). BBH (50 %) reported operating revenues of NOK 2,599 million in 2000, compared with NOK 1,576 million in 1999. Operating profit before goodwill amortisation amounted to NOK 627 million, up from NOK 414 million in 1999. The operating margin before goodwill amortisation was 24.1 %. Profit after tax and minority interests was slightly higher than in 1999, despite the fact that 1999 results reflected a considerably lower tax rate due to a reduction in tax on investments made in the Baltic States.

In 2000 BBH (50 %) invested approximately NOK 0,8 billion in capacity expansion at existing breweries and in the distribution system. These investments were largely financed from operating revenues.

Despite stronger competition, BBH increased its market shares in Russia and Ukraine in 2000.

Per capita consumption is still low in Russia and Ukraine, and continued substantial growth is anticipated in these countries. However, growth rates are gradually expected to decline somewhat.

Carlsberg Breweries

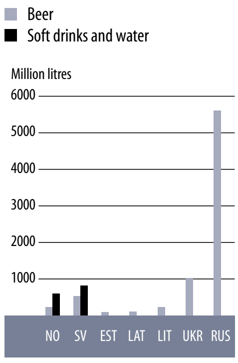
The newly-established Carlsberg Breweries is a significant international brewery group. The amalgamation of Carlsberg's and Orkla's beverage operations provides a considerably better basis for exploiting the growth potential in the brewing industry and thereby playing a prominent role in its further development.

Since the international beer-brewing industry is undergoing a strong consolidation process, with smaller breweries being bought up by a few major

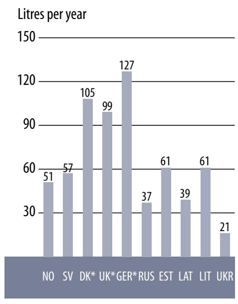
Country	Brewery	BBH's interest	Acquired	Sales volume*)	Growth	Market share	No. of employees
Russia	Baltika	75 %	1993	1067	40 %	19 %	4633
	Yarpivo	60 %	1996	252	53 %	5 %	747
	Tula Brewing [1)]	72 %	1997	-	-	-	-
	Baltika-Don [1)]	62 %	1997	-	-	-	-
	Chelyabinskpivo [3)]	75 %	1999	64	33 %	1 %	575
	Pikra [2)]	50 %	1999	51	-	1 %	683
Ukraine	Slavutich	78 %	1996	173	58 %	15 %	651
	Lvivska [4)]	99 %	1998	23	284 %	2 %	392
Estonia	Saku	75 %	1991	52	-	48 %	269
Latvia	Aldaris	75 %	1992	66	9 %	47 %	389
Lithuania	Kalnapilis	87 %	1994	46	2 %	18 %	172
	Utenos Alus	99 %	1997	47	9 %	20 %	284
	Internal sales			-12			
TOTAL BBH				**1,829**			**8,795**

*) Million litres
1) Subsidiary of Baltika. The sales figures and number og employees are included in Baltika. 2) Pikra consolidated as of 1 April 2000. 3) Chelyabinskpivo consolidated as of 1 May 2000. 4) Lvivska Pivovarnia consolidated as of 1 September 2000.

Beverage market



Beer consumption per capita



*Source: CBMC

players, it is only by joining forces that it is possible to attain the size and opportunities for growth that are necessary to ensure future profitability. This will be achieved by focusing on each of Carlsberg Breweries' markets individually. In these focus markets, Carlsberg Breweries wishes to produce and market beer, as well as offering products that are closely related, such as soft drinks and water.

One of Carlsberg Breweries' most important assets is its brewery brands. Carlsberg Breweries aims to meet market demand for global, regional and local brands, thereby ensuring growth in all segments of the beer market.

The branded consumer goods portfolio is to be further enhanced and expanded by ensuring high-quality brands and high-profile marketing.

By acquiring majority interests or establishing partnerships, Carlsberg Breweries seeks to become market leader in the markets, or market segments, in which the company operates. Carlsberg Breweries will target both well-established, traditional markets and new growth markets with significant potential, and will adapt its branded goods strategy to each individual market. While remaining a global player, Carlsberg Breweries will concentrate its operations particularly on markets in Western Europe, Eastern Europe and Asia.

The establishment of Carlsberg Breweries means increased financial strength and improved potential for seizing the opportunities offered by the market, and realising substantial synergy gains in production, purchasing, logistics, marketing, etc.

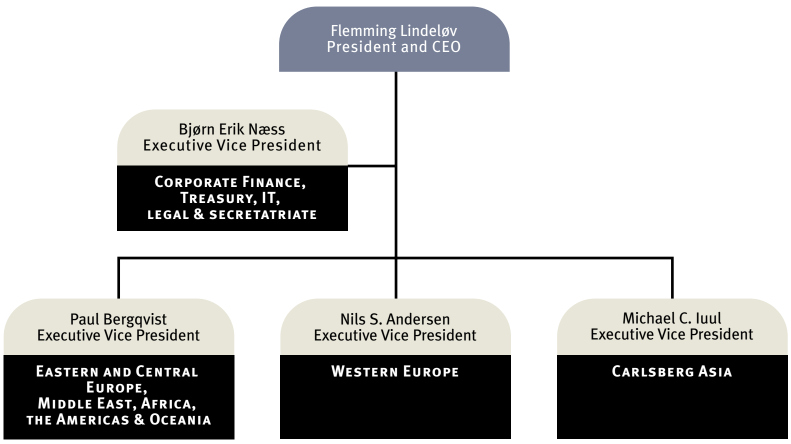
The policy of Carlsberg Breweries and the company's shareholders is to pursue continued growth.

Strong global, regional and local beer Brands make up Carlsberg Breweries' portfolio of unique, leading branded consumer goods.

Carlsberg Breweries' brands are produced at breweries in 46 countries, some of which are listed below:

Carlsberg	Global
Cardinal	Switzerland
Feldschlösschen	Switzerland
Tetley's	UK
Dragon 8	China
Tuborg	Europe
Ringnes	Norway
Baltika	Russia
Koff	Finland
Okocim	Poland
Super Bock	Portugal
Splügen	Italy
Hannen	Germany
Svyturys	Lithuania
Hite	Japan
Pan	Croatia
Pripps	Sweden
Beer Chang	Thailand

Carlsberg Breweries A/S
(Carlsberg A/S 60 %, Orkla 40 %)



Pro forma figures for 2000
Income statement

Amounts in NOK million	1.1.-31.12 2000
Operating revenues	**28,097**
Operating profit before ordinary depreciation and write-downs	4,432
Operating profit before goodwill amortisation	2,531
Profit before tax	**2,457**
Profit after tax	**1,692**

Volume

Millions of hectolitres	Beer	Mineral water
Northern and Western Europe	21	7
Eastern and Central Europe	29	3
Asia	10	2
Total	**60**	**12**

Balance sheet

Amounts in NOK million	31.12 2000
Assets:	
Long-term assets	22,307
Short-term assets	13,474
Total assets	**35,781**
Equity and liabilities:	
Equity	9,282
Long-term liabilities	7,236
Short-term liabilities	15,888
Other items	3,375
Total equity and liabilities	**35,781**

The pro forma figures are based on audited accounting data for Orkla's beverage operations for the 2000 accounting year, and unaudited monthly data accumulated for the 2000 calendar year for Carlsberg's beer operations.

The accounting data for Orkla's beverage operations have been brought approximately into line with Carlsberg's accounting practices.

Feldschlösschen Getränke Holding AG is shown in the income statement with operating results for one month and in the balance sheet on a 100 % basis.

The joint venture with Asian Chang Beverage Company to establish Carlsberg Asia, and the Coca-Cola business in Denmark and Finland have not been included in the pro forma figures.

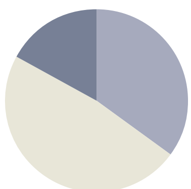
Nor do the pro forma figures take account of potential synergies or other structural changes that might result from the establishment of Carlsberg Breweries A/S.

Accounting treatment at Orkla

As from 1 January 2001, Orkla will present its 40 % interest in Carlsberg Breweries as a jointly-controlled business. For accounting purposes, the merger will be treated as continuing business and the net book value of Orkla's investment will be carried forward. The difference between 100 % of the equity capital of Pripps Ringnes and 40% of the equity capital of Carlsberg Breweries will thus be adjusted against the original goodwill related to the purchase of Pripps Ringnes. As a result of the adjustment, the goodwill ascribed to the beverage business will be reduced. The annual amortisation of this goodwill will be approximately NOK 50 million and is not included in the above-mentioned pro forma figures.

Carlsberg Breweries divided by market

- Western Europe 35 %
- Eastern and Central Europe, America and Africa 48 %
- Asia 17 %



Total volume 60 million hectolitres

Branded Consumer Goods

Orkla Brands

Focus in the Year 2001

- Achieve sales growth
- Concentrate innovation and marketing on major brands and products with significant growth potential
- Continue to strengthen competitiveness by reducing costs
- Achieve satisfactory profitability for Household Textiles Sweden

Orkla Brands comprises Orkla's most advertising and marketing-intensive product groups. The product portfolio includes strong, well-known brand names such as Omo, Blenda, Zalo, Stratos, Doc, Ballerina, Kornmo, Möllers Tran, OLW, KiMs and LaMote. Orkla Brands aims to further develop the Nordic region as its home market and to expand in selected markets in Eastern Europe. 92 % of operating revenues in 2000 derived from the Nordic market. Lilleborg has a 20-year agreement with Unilever to cooperate on research and product development. This agreement was renewed in 1995 and will run until 2014.

Orkla Brands' strategy is to focus on strong brands and concentrate innovation and marketing on these brands. Orkla Brands generally maintained its strong market positions in 2000. Apart from Snacks, the Orkla Brands businesses maintained a very strong position in Norway. The establishment of Chips Scandinavian Company (CSC) as a joint venture with Chips Abp has reinforced Orkla Brands' position in the snacks sector in the Nordic region.

Results

Operating revenues in 2000 totalled NOK 4,586 million. For continuing business, growth was approximately 4 %. Operating profit before other revenues and expenses amounted to NOK 543 million, up 14 % compared with the year before. Apart from Lilleborg Industrial Detergents and Household Textiles, all businesses reported profit growth. The increase in profit at Orkla Brands was primarily a result of systematic efforts to improve revenues, combined with measures to create more efficient structures and cut costs. It can also be ascribed to a favourable trend for external factors such as foreign exchange rates and raw materials.

Several factors contributed towards profit growth at Orkla Brands in 2000. A high rate of innovation at Lilleborg Home and Personal Care and increased exports led to sales growth and a stronger market position. In August 2000, all biscuit production was concentrated at Göteborgs Kex. Centralising operations at one plant was necessary in order to achieve competitive production. Transferring production from Norway was a successful move, from both a technical and an organizational point of view. Production problems that arose at the snacks plant in Denmark due to the transition to a single production site in 1999 were resolved in the course of 2000. The establishment of CSC has laid the foundation for achieving a Nordic position for Snacks. Orkla controls 40 % of the new company.

Lilleborg Home and Personal Care

Due to a large number of product launches on the domestic market and increased exports of detergents to Unilever, Lilleborg Home and Personal Care reported a 10 % rise in operating revenues in 2000 compared with 1999. The biggest new launches included Jif Mop, Lano shampoo, Lano wipes, Domestos disposable cloths, Dr. Greve's Intimvask (feminine hygiene wash), The Healing Garden and Zalo Anti-Bacterial Soap. Operating revenues for Lilleborg Home and Personal Care amounted to NOK 1.4 billion. As a result of the increase in operating revenues and internal measures to improve purchasing procedures, Lilleborg Home and Personal Care achieved higher profit in 2000 than in 1999. The business also further strengthened its market shares during 2000.

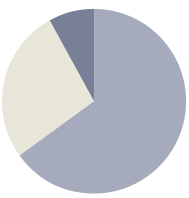
Lilleborg Industrial Detergents

After several years of continuous profit growth, Lilleborg Industrial Detergents' profit performance was somewhat poorer in 2000. There is little growth in this market. Technological advances are leading to steadily lower consumption of detergents, but are offset by increased sales of supplies and equipment. Lilleborg Industrial Detergents is pursuing a strategic plan to expand its market by offering new product portfolios and supplementary services.

Operating revenues for Lilleborg Industrial Detergents totalled NOK 317 million, 1 % higher than in 1999. The business maintained its market shares in 2000.

Operating revenues by market

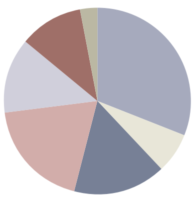
- Norway 65 %
- Other Nordic countries 27 %
- Outside Nordic region 8 %



Net sales NOK 4,464 million

Operating revenues by business area

- Lilleborg Home and Personal Care 31%
- Lilleborg Industrial Detergents 7 %
- Biscuits 16 %
- Confectionery 19 %
- Snacks 13 %
- Household Textiles 11 %
- Cod Liver Oil 3 %



Total operating revenues NOK 4,586 million

Confectionery

The Confectionery business again reported profit growth. The 4 % decline in operating revenues to NOK 883 million compared with 1999 must be viewed in connection with the winding up of the Ferrero agency. Excluding Ferrero, operating revenues for the Confectionery business rose 4 % compared with 1999. The business continued to pursue its strategy of intensifying its focus on its own brands, resulting in an improvement in both profit and market position compared with 1999. In 2000, Confectionery launched eight new brands, the largest of which were Max Bar, Big Bag and Crispo Minibar.

Snacks

The Snacks business underwent a comprehensive restructuring process during 2000, as Orkla ASA and Chips Abp joined forces to establish a joint Nordic snacks company, Chips Scandinavian Company (CSC), with effect from 1 November 2000. 40 % of the company is controlled by Orkla and 60 % by Chips Abp. Orkla also owns 19.8 % of the listed company, Chips Abp. CSC comprises OLW Sverige AB, KiMs Norge AS and KiMs Danmark A/S. The new constellation gives the Snacks business a Nordic position and offers increased potential for realising synergy gains.

Profit performance in 2000 was favourable. OLW achieved profit growth by improving its market position and distribution system in Sweden. Profit at KiMs Danmark was also higher, primarily because the production problems experienced in 1999 have now been remedied. Despite the fact that KiMs Norge got off to a negative start in 2000 with reduced distribution, the company achieved profit growth in 2000. The main reasons for this improvement were a favourable product mix, better sales in other chains, and strong focus on lower costs and higher profit.

Biscuits

The Biscuits business reported operating revenues of NOK 763 million in 2000. Efforts to establish a competitive production structure are progressing. Sætre's production plant at Kolbotn, Norway, was closed down in August 2000 and all biscuit production now takes place at Göteborgs Kex in Kungälv, Sweden. The process of concentrating all production in Sweden that took place in the first half of 2000 has helped to reduce costs and, combined with a good product mix, explains the Biscuit business's favourable profit performance. Restructuring costs related to the transfer of production, amounting to NOK 29 million, were charged against profit in 2000 under the item "Other revenues and expenses".

Players in the biscuits market face increasingly tough competition from the retail trade's own brands. In 2000, the Biscuits business strengthened its market shares in Sweden, and maintained its position in the Norwegian market.

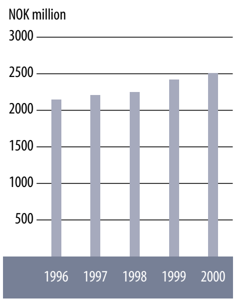
Household textiles

Operating revenues from the Household Textiles business totalled NOK 496 million. This is a rise of 5 % compared with 1999, which derived from the business in Finland. Despite steadily growing competition from private labels, Household Textiles continues to dominate the Norwegian grocery market as well as being market leader in Sweden. Profit for 2000 was lower than anticipated due to slow growth in the Swedish business.

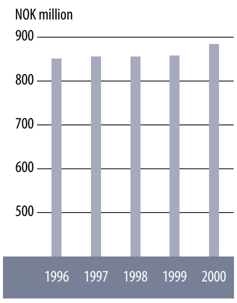
Cod liver oil

The Cod Liver Oil business reported operating revenues of NOK 132 million in 2000, up 7 % from 1999. In January 2000, the business launched a new product, Möller's Omega-3, which has proved successful. This was followed by the autumn launch of Möller's Basic, a preparation combining Omega-3, vitamins and minerals. The Cod Liver Oil business achieved satisfactory growth in productivity in 2000. Peter Möller maintained its dominant position in the Norwegian market, while also achieving steady growth in export markets.

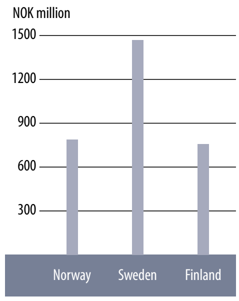
Personal products market (value) Norway



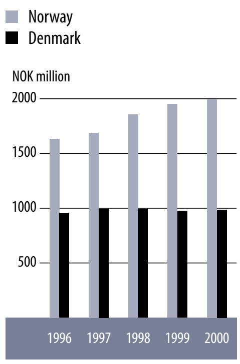
Detergents market (value) Norway



Biscuits market (value)



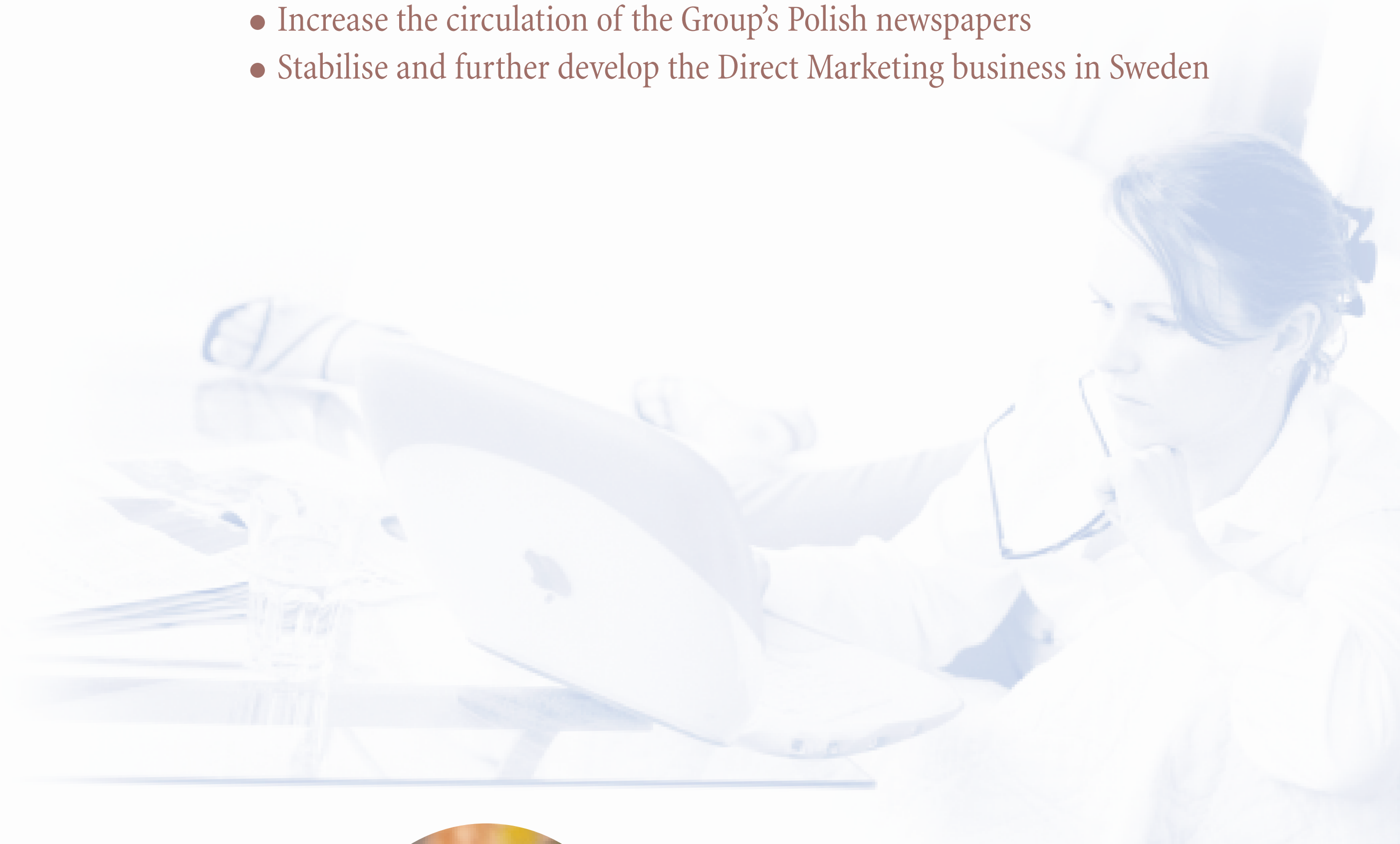
Snacks market (value)



Orkla Media

Focus in the Year 2001

- Integrate Det Berlingske Officin A/S with the Orkla Media Group
- Establish a Shared Service Centre for Newspapers Nordic Region
- Optimise operations at the Hjemmet Mortensen printing plant - HMT 2000
- Increase the circulation of the Group's Polish newspapers
- Stabilise and further develop the Direct Marketing business in Sweden



At the end of 2000 Orkla Media acquired Det Berlingske Officin A/S (Berlingske) (to be consolidated with accounting effect as from 1 January 2001). Berlingske is Denmark's largest newspaper group and operates primarily in the printed media and Internet sectors. Berlingske owns Berlingske Tidende, a national morning newspaper that holds a leading position in Greater Copenhagen and is Denmark's largest marketplace for printed advertisements. Berlingske also owns BT, a tabloid newspaper, and Weekendavisen, a weekly newspaper, in addition to owning interests in several regional and local newspapers with strong market positions. The group has about 35 % of the daily newspaper market and about 29 % of the free newspaper market. Berlingske is the main shareholder in Metropol Online, Denmark's leading portal for Internet newspaper and classified advertisement services. In 2000, Berlingske reported operating revenues of NOK 3,448 million and operating profit before restructuring costs of NOK 121 million, and has a total of 3,657 employees.

Orkla Media's strategy is to focus on advertising media in Scandinavia and Eastern Europe. After its acquisition of Berlingske, Orkla Media AS will be the fifth largest media group in the Nordic region. Its activities comprise newspapers, magazines, direct marketing and Internet/electronic publishing. Orkla Media owns a number of newspapers that hold number one positions in Norway and Poland. In the Polish newspaper market, Orkla Media is the second largest player with a daily circulation of approximately 650,000. Through its shareholding in Hjemmet Mortensen, Orkla Media is market leader in the Norwegian magazine market.

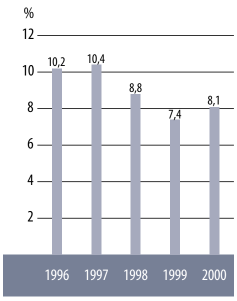
Rationalisation projects

The process of reducing manpower in the Newspapers Norway/Sweden business is progressing more rapidly than planned, and a decision has been made to implement further workforce cuts at some of the newspapers. At the same time, substantial resources have been invested with a view to further strengthening the editorial staff and increasing the focus on new media. The project designed to coordinate administrative/IT-supported activities for the Norwegian newspapers is now under way and work on phasing in the newspapers began in January 2001. The start-up of a new offset press at Hjemmet Mortensen resulted in higher initial costs than estimated, but the situation towards the end of 2000 was favourable.

Results

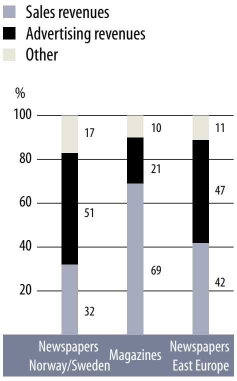
Operating revenues totalled NOK 3,585 million in 2000, about 8 % higher than in 1999. For continuing business, operating revenues rose by 5 %. Operating profit before other revenues and expenses amounted to NOK 205 million, compared with NOK 171 million in 1999. This represents an increase of 14 % for continuing business. The operating margin for continuing business rose by 0.4 percentage-points to 5.7 %. This improvement is largely ascribable to growth in revenues and profit in Newspapers Norway/Sweden, Magazines and Newspapers Eastern Europe.

Trends in operating margin*

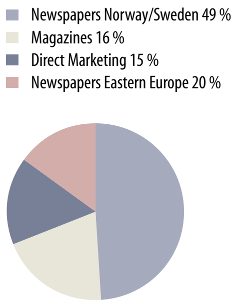


* Before goodwill amortisation

Breakdown of operating revenues



Operating revenues by sector



Total operating revenues
NOK 3,585 million

Newspapers Norway/Sweden

Operating revenues rose by 5 % in 2000 to NOK 1,750 million. Growth in the total advertising market resulted in increased advertising volume for the Newspapers business, and was the main reason for the rise in profit. Orkla Media's Norwegian newspapers reported an increase in advertising volume of about 3 %, thereby outperforming the total market. Circulation figures remained stable for Orkla Media's 28 newspapers in Norway and Sweden. Figures published by the Norwegian Newspaper Publishers' Association showed that the aggregate circulation of Norwegian newspapers declined by 1 % compared with 1999.

Paper prices were 1 % lower in 2000 than in 1999, and are expected to rise by 13 % in 2001. The Newspapers business has continued and increased its investments in the Internet sector. All of the daily newspapers have established their own Internet newspapers/portals and traffic has increased throughout the year. The newspapers are now developing into complete media companies in order to make full use of local news content.

Magazines

The Magazines business reported operating revenues of NOK 561 million in 2000, equivalent to a rise of 6 % from 1999 for continuing business. Higher magazine sales and advertising revenues resulted in profit growth compared with the previous year. Paper prices were on a par with 1999.

Hjemmet Mortensen achieved a 6 % increase in advertising volume in 2000, which is equivalent to that of the total market. Measured in terms of volume, market share was approximately 42 %, on a par with 1999. Total circulation figures for the Norwegian magazine sector rose by about 0.6 % in 2000, chiefly due to the strong progress made by Se & Hør magazine. Hjemmet Mortensen reported a 1 % decline in circulation figures.

In January 2001 Hjemmet Mortensen launched a new Norwegian celebrity and TV magazine, (Her og Nå) which will compete with Se & Hør.

Hjemmet Mortensen AS has signed an agreement to purchase all the shares in the Swedish company Medströms Media AB, the parent company of Medströmsförlagen AB. The corporation publishes some 20 specialised magazines and a similar number of Internet services and electronic newsletters. Its annual operating revenues total around SEK 250 million, which ranks it among Sweden's five largest publishers of magazines targeting the consumer market.

Direct Marketing

Operating revenues for Direct Marketing totalled NOK 541 million, 8 % lower than 1999. Operating profit before goodwill amortisation was significantly lower than in 1999, due to the fact that substantial conversion and development costs related to StroedeRalton's CRM business were incurred in 2000. The CRM and production sections at StroedeRalton have now been split up in order to develop each of the businesses individually. The Direct Marketing sector achieved profit growth in the last four months of 2000 compared with the same period in 1999.

Newspapers Eastern Europe

The Eastern European newspapers reported growth in both operating revenues and profit in 2000. Operating revenues totalled NOK 728 million, equivalent to an increase of 13 % for continuing business. The growth in profit was largely attributable to higher advertising volume and cost reductions. The newspapers in this business posted growth in advertising revenues of 8 %, measured in PLN. Advertising growth in the total Polish newspaper market was 12 %. At the end of 2000, Newspapers Eastern Europe accounted for 23 % of circulation in the Polish newspaper market. Circulation growth was slower than in 1999, but slightly better than for the market as a whole. The group's regional newspapers outperformed their competitors. Cooperation with the German-owned regional newspaper group Polskapresse on advertising sales in the joint venture company Media Tak progressed as expected.

Kauno diena, Lithuania's largest regional newspaper, performed satisfactorily after a successful restructuring process.

Internet/Electronic publishing

Orkla Media intensified its investments in this sector in 2000 through the acquisition and establishment of businesses by the Group's newspapers and magazines. In total, the Newspaper and Magazine businesses have 42 services on the Internet. In addition, a separate unit for Internet/electronic publishing has been established, under which 13 direct investments have already been made. Several of the companies in this sector have posted substantial growth in operating revenues in the course of 2000. However, certain companies performed poorly and assets totalling NOK 30 million were sold or written down in the last four months of 2000. The Orkla Media Group's direct investments in this sector have been treated as a portfolio investment as of 31 December 2000.

Chemicals

Borregaard is an international chemicals company and an innovative supplier to industrial markets. The company has strong global positions and expertise in selected niche areas of organic chemistry. 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, speciality cellulose for chemical applications, fine chemicals for the pharmaceutical industry, the food manufacturing 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 twenty production plants in thirteen countries and sales offices in Europe, America, Asia, the Middle East and Africa.

Speciality Chemicals

Ingredients

Fine Chemicals

Focus in the Year 2001

- Achieve growth by focusing on priority market segments in core business areas
- Continue to specialise by investing in concentrated research and development
- Strengthen competitiveness continuing by improvement programmes, fully utilising management tools and concentrating on core activities
- Secure long-term supplies of thermal energy on internationally competitive terms

In 2000 Borregaard continued to pursue its long-term strategy of specialisation, niche-orientation and focus on added-value products. Borregaard has more than twenty production plants in thirteen countries and sales offices in Europe, America, Asia, the Middle East and Africa.

Borregaard Synthesis (fine chemicals) has succeeded in expanding its product range for the pharmaceutical industry and is now an attractive partner for this industry. Borregaard currently enjoys good relations with several leading pharmaceutical companies and supplies intermediates for some of the most sold pharmaceutical products in the world. The expansion of the pilot plant at the research and development facility in Sarpsborg will be completed in 2001. This will enhance the company's capacity for developing production processes in cooperation with its customers. In the first quarter of 2001, Borregaard acquired 15 % of the Indian fine chemicals company Suven Pharmaceuticals Ltd., with an option to increase its shareholding at a later date. Borregaard has been cooperating closely with Suven for several years. India possesses advanced expertise in the field of fine chemicals, has cost-effective production plants and will, as a result of its membership of the World Trade Organisation (WTO), strengthen its position as an international player in this area. In sum, these investments illustrate Borregaard's ambitions for growth in the field of fine chemicals for the pharmaceutical industry.

Borregaard ChemCell is the leading manufacturer of speciality cellulose in Europe and a world leader in certain selected segments. The speciality cellulose business has undergone few structural changes on the production side, while its customers have become larger and fewer. For this reason, Borregaard has considered possibilities for entering into a partnership. This process has confirmed Borregaard ChemCell's good market position and shown that the company will benefit most from continuing to operate independently in the current situation.

At the beginning of 1999 Borregaard initiated a comprehensive improvement programme at its Sarpsborg factory. Its purpose was to achieve long-term, continuous improvements in competitiveness by increasing capacity utilisation and reducing costs. A similar programme was implemented at Denofa in autumn 1999. The improvement programmes have led to lasting improvements and are expected to be fully reflected in the company's results in 2001, as planned. Corresponding projects are being planned in parts of the chemicals business outside Norway.

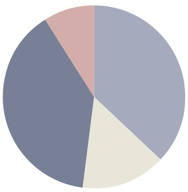
Results

Borregaard's operating revenues totalled NOK 6,926 million in 2000, 23 % higher than in 1999. Much of the increase came from Denofa, where contract production of soya meal and soya oil in Brazil, trading in soya beans and a high volume of marine oil sales contributed NOK 760 million

Operating profit, before other revenues and expenses, amounted to NOK 450 million, compared with NOK 250 million in 1999. Most businesses achieved growth in comparison with 1999. In particular, Borregaard ChemCell made a substantially higher profit in 2000 as a result of more efficient production, increased specialisation, favourable exchange rates and lower fixed costs.

Operating revenues by business area

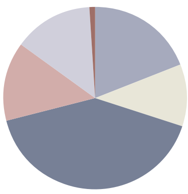
- Specialty Chemicals 37 %
- Fine Chemicals 15 %
- Ingredients 39 %
- Other 9 %



Total operating revenues
NOK 6,926 million

Operating revenues by market

- Norway 19 %
- Other Nordic countries 11 %
- Other European countries 41 %
- Asia 14 %
- America 14 %
- Other 1 %



Net sales
NOK 6,789 million

Speciality Chemicals

Borregaard's speciality chemicals business is based on the various substances found in timber, which are further processed into high-purity products. The speciality chemicals business consists of Borregaard LignoTech and Borregaard ChemCell. Total operating revenues amounted to NOK 2,509 million, 11 % higher than in 1999.

With twelve production plants in ten countries, Borregaard LignoTech is the world's leading supplier of binding and dispersing agents based on lignin technology. These products are used as dispersing agents in concrete, ceramic products, textile dyes, agrochemicals and drilling mud, and as binding agents in animal feed and briquetting.

Borregaard LignoTech delivered a positive performance in 2000. Operating revenues totalled NOK 1,376 million, 11 % higher than in 1999. The largest increase was in sales to the construction industry, particularly in Asia and certain European countries where there was strong market growth. The company also increased its market shares in Asia. Sales to the agricultural sector were stable. Speciality products grew moderately compared with 1999. Favourable exchange rates only partially offset higher freight rates and a sharp rise in energy costs. The factory in South Africa was working at full capacity in 2000 and a new stage of construction is currently being planned. Growth is expected to continue in 2001, particularly in the construction sector and for certain speciality products.

Borregaard ChemCell is the leading European supplier of speciality cellulose for chemical applications and a global leader in certain selected applications for consumer products such as food, medicines, cosmetics and personal care products. 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.

Operating revenues totalled NOK 1,133 million in 2000, up 11 %. Borregaard ChemCell's performance improved considerably in comparison with the previous year. The development of high purity qualities of speciality cellulose continued in 2000, and during the year product qualities were launched of which ChemCell is the only supplier on the market. The proportion of speciality products has further increased and underlying growth is satisfactory in the company's priority areas.

The ongoing improvement programme has brought positive results in the form of improved productivity and lower fixed costs. Favourable exchange rates also had a positive impact, while energy costs were higher than in the previous year. The upswing in the overall cellulose market halted towards the end of the summer and there was uncertainty about market trends in the second half of the year. However, thanks to the increased degree of specialisation, fluctuations on the cellulose market had less impact than in previous years. The market for basic chemicals remained slow and prices were lower than in 1999.

Fine Chemicals

Borregaard Synthesis is a leading international supplier of fine chemicals based on selected core technologies to the pharmaceutical, food manufacturing and agricultural industries. The company now has production plants in Norway, Italy, the USA, China and India (minority interest).

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 2000, operating revenues rose 16 % to NOK 1,003 million. Profit was on a par with 1999. Supplies of intermediates to the pharmaceutical industry increased during the year and this part of the business achieved clear profit growth.

Borregaard Synthesis is a leading manufacturer of vanillin and the only one to offer both lignin-based and synthetic vanillin and ethyl vanillin. Vanillin is used for flavouring and aroma in the food manufacturing and cosmetics industries, and as an intermediate in the production of pharmaceuticals. Although this business area achieved a marked increase in sales, profit was on a par with the previous year due to tougher competition.

The factories in Italy produce diphenols and diphenol derivatives, which are fine chemicals for pharmaceutical, agrochemical and photochemical products, and strategic input factors for the production of vanillin in Norway and agrochemicals in China. Over the year, the Italian operations were affected by higher raw materials and energy prices, which could not be offset by raising sales prices because of the competitive market situation.

The factory in China, which manufactures an active substance used in crop protection chemicals, experienced poor demand throughout the year.

Ingredients

Denofa processes marine and vegetable raw materials to produce oils, fats and animal feed products. The company is a leading supplier of oils, fats, proteins and associated products to the Nordic food manufacturing and animal feed industries and to other selected industries and markets. It is also the main supplier of soya protein for animal feed to the Norwegian and Swedish markets. The company is a major supplier to the growing fish feed market and also supplies speciality oils for nutritional supplements. Denofa's soya products are based on non-genetically modified soya beans. Development efforts are focused on the health and nutritional aspects of products as well as their functional qualities.

In 2000, Denofa's operating revenues totalled NOK 2,762 million, 51 % higher than in 1999. This strong growth was primarily related to contract production of soya meal and soya oil in Brazil, trading in soya beans and large sales of fish oil to the fish feed industry. Profit was higher than in the previous year. The increase in sales of marine oils for fish feed production and in exports of edible oils and fats was partially offset by a decline in sales of edible oils and fats in Norway. The company's market share of the

Norwegian edible oils and fats market was approximately on a par with the previous year. Its share of the speciality oils market increased, mainly in North America and Asia. The overall operating margin was lower than in 1999 because the company sold a larger proportion of less intensively processed products.

Denofa's working capital increased significantly due to the purchasing programme for non-genetically modified soya beans from Brazil.

Other businesses

Operating revenues from other businesses were on a par with 1999. Profit improved, particularly for Borregaard Energy. Due to a long-term power agreement with Tinfos and a high level of production by the company itself, volume was substantially higher than normal. Active management of this volume largely offset lower electricity prices. The company's own production of hydro-electric power amounted to 723 GWh.

Thanks to a strong market for mechanical pulp and increased production, Borregaard Vafos achieved profit growth, while higher raw materials costs for the production of book paper led to a drop in profit for Borregaard Hellefos. Profit for Kemetyl AB, which mainly further processes and markets ethanol-based products, was on a par with 1999. The Fredrikstad Blikk- og Metallvarefabrikk, which produces industrial packaging, was sold to AB Hannells Industrier, effective from 1 January 2001. The sale will result in an accounting gain of NOK 46 million in the first quarter of 2001. Borregaard Forests was transferred to Orkla's Financial Investments division, effective from 1 January 2000.

Products and areas of application

Speciality Chemicals

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

Speciality cellulose
Thickening agent for food products (including ice-cream and yoghurt) and for the production of pharmaceuticals, building products (including glue, paint and varnish), textiles (artificial silk and viscose fibre), moulded plastics and filters.

Fine chemicals

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

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

Diphenols
Photochemicals, intermediates for aroma chemicals, agro chemicals and pharmaceutical chemicals.

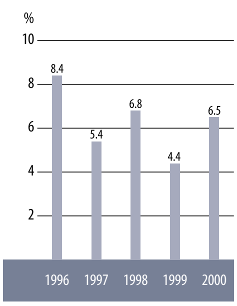
Ingredients

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

Other areas

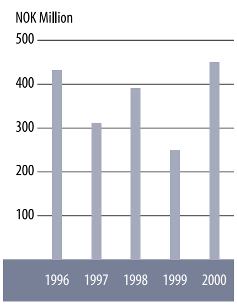
Electric power, book paper, mechanical pulp, ethanol-based products for consumer and industrial markets, silicon carbide.

Operating margin*



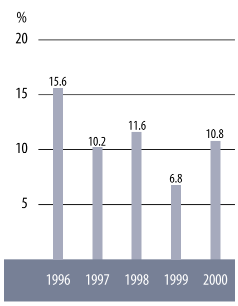
* Excl. other revenues and expenses

Operating profit*

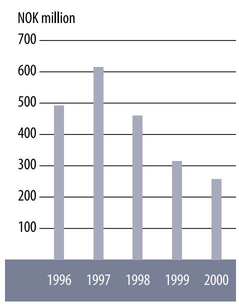


* Excl. other revenues and expenses

Return on capital employed



Total investments



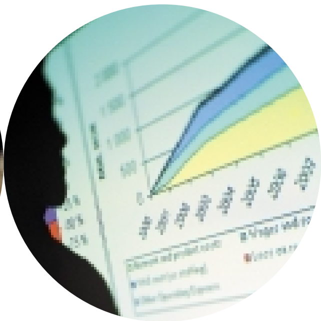
Financial Investments

Orkla manages one of Norway's largest share portfolios and has long traditions as a stock market investor. Over time, the Financial Investments division has made a substantial contribution to 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 fluctuations. Since 1982, the average annual return on the investment portfolio has been 20.1 %, compared with an average annual return of 15.5 % on the Oslo Stock Exchange. The Financial Investments division also provides Orkla with broad insights into and contacts with Norwegian and international financial markets.

Portfolio Investments

Financial Services

Real estate



Focus in the Year 2001

- Greater uncertainty, but also greater potential
- Stronger focus on foreign markets and companies
- Stronger focus on developing expertise and concentrating the portfolio on fewer companies

Market situation

After a strong performance in 1999, the stock markets experienced one of their weakest years for a long time in 2000. As in 1999, however, the Norwegian market did relatively well, viewed from an international perspective. The Oslo Stock Exchange All Share Index dropped 1.7 %, while the FT World Local Currency Index dropped 8.9 %.

In the Nordic region, the Danish stock exchange rose 17.1 %, while the Swedish and Finnish stock exchanges declined by 12.0 % and 10.6 % respectively.

The global economy continued to grow satisfactorily in 2000, but leading indicators showed early in the year that a period of slower growth was approaching. This trend was intensified as the western countries tightened their monetary policies by raising interest rates. However, the long bond yields fell throughout the year due to lower growth expectations. While the general consensus at the beginning of the year was that the US economy was heading for a soft landing, there was growing concern towards the end of the year that the USA may be facing a recession.

The most important event on the stock markets in 2000 was the re-pricing of the entire IT, Telecom and Internet sector in the first months of the year, and a subsequent sharp decline. After a strong upswing in the first few months of the year, the IT-heavy NASDAQ index ended 39.3 % down. In Norway the technology index dropped 31.5 % on the year, despite the fact that NetCom, which has a strong influence on the technology index, was bought at a good price.

The large sums that were paid for licences to develop the third generation mobile phone network, known as UMTS licences, put further pressure on share prices in the telecom sector. Moreover, the sale of state-owned shares in the former telecom monopolies and tougher competition had a negative impact on prices in this sector, which has a strong influence on the major indices.

Nevertheless, there were several bright spots on the Norwegian stock market. High oil prices, a strong dollar and record high tank rates contributed to record high earnings and optimism in the petroleum and shipping sectors. Thanks to robust earnings in the financial sector and the acquisition of Christiania Bank, the financial index was decidedly the strongest sector index, rising by 27.9 %.

Main shareholdings 31.12.2000

	Share of portfolio (%)	Ownership (%)	Market value (NOK million)
Elkem	10.0 %	25.3 %	1,815
Storebrand	9.8 %	10.0 %	1,783
Nokia	8.8 %	0.1 %	1,603
Norway Seafoods Holding	5.3 %	20.6 %	966
Nycomed Amersham	3.5 %	1.4 %	642
Nera	2.8 %	10.8 %	504
Nordstjernen Holding	2.7 %	40.0 %	500
Telia Overseas	2.6 %	13.1 %	471
Industrikapital 97	2.6 %	8.0 %	470
Total	48.1 %		8,754

The portfolio

The overall return on the share portfolio was -1.5 %, while the Oslo Stock Exchange All Share Index dropped 1.7 %. Nycomed Amersham and NetCom in particular made a positive contribution to Orkla's portfolio, while Merkantildata and Elkem had a negative impact.

In 2000, net divestments on the share portfolio totalled approximately NOK 2.2 billion. By far the largest of these was the sale of shares in NetCom (NOK 2.26 billion) in connection with Telia's offer for the company, where Orkla's involvement had a significant impact on the price that was achieved. Other major divestments included Dyno (NOK 952 million), Merkantildata (NOK 847 million) and Elkjøp (NOK 534 million). Exposure in Merkantildata was partially maintained through derivative contracts. As a result of divestments from the Norwegian portfolio and net acquisitions of foreign shares, the proportion of foreign investments in the portfolio increased from approximately 32 % to 43 % over the year.

The Financial Investments division gives high priority to developing its expertise in the telecom sector, and a great deal of effort was devoted to an application for a Norwegian UMTS licence. Orkla was not granted a licence because other applicants promised broader national coverage. However, the work done on the application significantly enhanced the expertise of the Financial Investments division.

There was generally a greater focus on investments in unlisted companies over the year, both in individual companies and through participation in fund/investment companies and similar enterprises. The proportion of investments in unlisted companies therefore increased during the year, amounting to 21.9 % at year-end.

At the end of 2000, the market value of the portfolio was NOK 18.053 million and the net asset value before tax was NOK 15.981 million. The value-adjusted debt-equity ratio dropped from around 21 % to approximately 12 % due to substantial divestments, despite the negative return on the portfolio.

Results

The Financial Investments division posted total profit before tax of NOK 3,355 million, compared with NOK 944 million the previous year. Realised portfolio gains totalled NOK 2,727 million and dividends received amounted to NOK 548 million. Unrealised gains dropped by NOK 4,105 million to NOK 5,430 in the course of the year. This decline must be viewed in conjunction with the high book profit.

The Orkla Finance group had a good year in 2000. The merger of Orkla's and Enskilda's stockbroking businesses was completed in the first half of the year. Orkla Finance now owns 22.5 % of Enskilda Securities AB. However, the fund management and insurance broking parts of the business are still wholly owned by Orkla Finance.

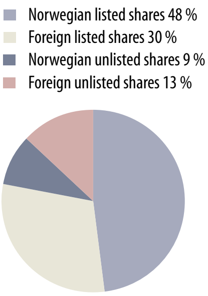
In 2000, investments in Holberg Industrier were written down by NOK 210 million.

The Real Estate section manages properties no longer used for Orkla's industrial operations. It also develops and manages an investment portfolio of real estate projects which is currently focused on the Skøyen area of Oslo. In 2000 the Real Estate section concentrated on optimising the value of the Group's properties and developing new investment projects for future rental or sale.

The Skøyen area has now been fully developed and rented out at satisfactory prices. The occupancy rate is currently 95 % and the average remaining rental period is 6.8 years. All the real estate projects are valued at cost price in the accounts, approximately NOK 525 million. The total rental area is approximately 63,000 square metres and another approximately 35,000 square metres are currently being developed. Rental revenues total approximately NOK 65 million.

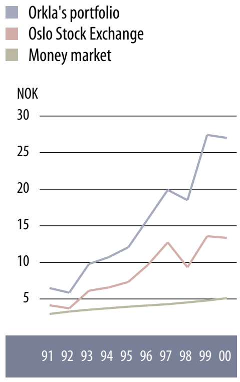
Orkla's forest properties, which now come under the Financial Investments division, comprise about 110,000 hectares of forest, of which some 80,000 hectares are productive. The annual quantity of timber harvested is approximately 105,000 sm^3. The properties have a book value of NOK 113 million and operating profit was NOK 11 million in 2000.

Portefolio structure 31.12.2000

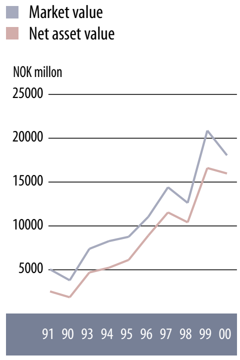


Market value NOK 18,053 million

Growth of NOK 1 (31.12.91 - 31.12.00)



Markest value and net asset value 1991-2000



Attitudes and working methods at Orkla*

Orkla's guiding principle is that value is created through efficient operations – and structural changes. By efficient operations, we mean that all the main functions in the enterprise are of a high standard and are renewed regularly. This in turn requires continuous efforts to maintain and upgrade fundamental expertise, which is constantly applied in a market-oriented manner. There is also considerable potential for creating value by building profitable structures and thereafter improving them through efficient operations.

Efficient operations

Efficient operations can only be achieved if there is a strong productivity culture. Management attitudes must be driven by the view that there is always significant potential for improvement ahead. Work processes must be developed in such a way that we systematically build professional expertise and operational skills, and benefit from them by realising improvements in all parts of the organisation. In a strong company, this permeates the entire corporate culture: there is sharp focus on improvement at all levels, it is achieved by a variety of measures, large and small, and it is continuous. Radical cost improvement programmes are normally unnecessary. The company's strength is demonstrated by the fact that it improves its cost position by a few percentage points, year in and year out.

Good methods and lessons learned must be transferred between business areas. At Orkla this is done through the Orkla Brand School, through our corporate culture programme, and by introducing common working methods into important areas of our improvement programmes and common value-creating management systems – primarily EVA – in all parts of the organisation. All in all, such synergy benefits result in a coherent programme for further development. The management's focus and attitudes are crucial in these contexts. Above all, managers must understand their own markets and companies in order to ensure that the right measures are implemented.

Structural measures

Structural changes are the result of unbiased analyses of our own position and the possibilities for greater future profitability within the structures in which we operate. Orkla's recent history has been characterised by structural changes that have led to lower costs and an improved income base. We might briefly mention the merger with Nora in 1991, the acquisition of the food companies Procordia Food and Abba Seafood from Volvo in 1995, the full takeover of Pripps Ringnes in 1997 and the recent agreement to establish Carlsberg Breweries. The establishment and development of the magazine company Hjemmet Mortensen is an example that shows how it is possible to radically improve our profitability by creating a new cost structure through mergers.

The ability to undertake structural changes requires a combination of business acumen, perseverance, professional thoroughness and action. Moreover, it is necessary to have a thorough understanding of the financial markets, because shareholder interests and ownership structure are determining factors when changing industrial structures. The fact that Orkla has both industrial and investment operations therefore gives us significant advantages. From the point of view of the Group's industrial division, we might describe the Financial Investments division as a group development unit organised as a business area. Naturally, our investments as such must always be profitable and generate added value for our shareholders. In addition to this, however, the Financial Investments division gives us financial insights which the industrial division does not have a natural predisposition to develop, but which in our case is at its disposal. The interaction between Orkla's industrial and financial operations is a fundamental, unique characteristic that we wish to retain in the future.

Through some of our investments, structural options sometimes emerge for our own industrial operations. In order to make use of such opportunities in practice, we must be very much aware of the role we play as an investor.

The role of the investor

Due to its long involvement in investment activities, Orkla holds shares in many Norwegian and Nordic companies. At the same time, we are involved in industrial operations. We cannot play both these roles at the same time without being aware of how we exercise our role as a shareholder.

Three principles govern our behaviour in this connection:

Firstly, the roles of investor and industrial operator must be kept clearly separate from one another. Secondly, as a shareholder in a company, we must safeguard the interests of the shareholder community. Thirdly, we wish companies in which we have invested to act in the best long-term interests of their own company.

From time to time we have been in a situation where we have negotiated on industrial matters with companies in which we also hold shares. If the result of such negotiations is to benefit both parties in the longer term, we cannot use our position as a shareholder to influence our position as an industrial negotiator in a way that is not regarded as being in the best interests of both companies. Our counterpart must behave in a manner that is right for his own company. The company's shareholders must act on behalf of the company's shareholder community and not pursue their own isolated interests. While we negotiate as a counterpart, through our own shareholding we are also a representative of the shareholder community. We cannot defy this ethical logic. If we did, in the final analysis it would be to our own disadvantage. For the same reason, we expect companies in which we are shareholders to work for the long-term interests of their own shareholders. On many occasions, Orkla has discovered that the Group reaps significant commercial benefit from being able to count on the trust that we have built up in our behaviour. In this light, sound principles for good behaviour often lead to the best long-term commercial results as well.

The corporate culture and economic value creation

Orkla's primary goal is long-term value creation. Our ambition is to create more value than our competitors and others with whom we wish to compare ourselves. While we strive to create long-term value, we must always be concerned to ensure that the value we have created is visible. In practice, this means that shareholders' expectations regarding our future profitability must be more than met by the profit we actually generate over time. In this connection, we put a great deal of effort into monitoring our profitability orientation while at the same time communicating closely with the stock market.

We wish to build on certain unique characteristics. The dual nature of our organisation, with both financial and industrial operations, and the priority we give to developing and utilising expertise have already been mentioned. In addition to these, we believe that one of our most important competitive advantages is a strong, sound corporate culture. By corporate culture, we mean the fundamental attitudes and principles that underlie the company's actions and help to move such actions in a value-creating direction.

While a culture that contributes to lasting value creation is valuable to the company, the corporate culture naturally contains many elements that may have value and relevance far beyond this. Applying virtues from society at large is natural, but not all social norms can be applied to a company unchanged. Society expects the company to succeed in its main social responsibility, which is to utilise its skills and expertise to contribute to the economic value creation that society needs. Thus, the company's value base – in accordance with society's demands on the company – must be directed towards achieving this end.

A corporate culture is not a passive product of the development a company experiences. A corporate culture consists of attitudes and working methods that have to be developed. In particular, this is done by consciously dwelling on good experiences as well as bad ones, and learning from them. Whether a particular experience is good or bad means that the way we worked either did or did not contribute to value creation for our shareholders. By reflecting on experience gained in this way, we find elements that we wish to typify our company. These elements must then be translated into a set of normative messages which must constantly be emphasised so that they influence the organisation. They can only do this if they are found to be useful in practical business contexts. This is the basis of our ongoing work on Orkla's corporate culture programme.

A long-term approach and thoroughness

Thorough strategic planning makes it easier to adopt a long-term approach. Good strategic processes confirm people's understanding of the main considerations, guide our commercial focus in the right direction, and ensure the strategic loyalty of management and union representatives at all levels. We therefore devote a great deal of effort to our rolling strategic plans. In our day-to-day work, a thoroughly grounded strategy acts as a sorting machine, so that we know what we should be interested in and what we can avoid spending time and effort on. This has also made it easier for us, at an early stage, to acquire knowledge and carry out analyses of markets and companies that may have business potential for us. Interaction with the Financial Investments division is invaluable in this respect. In addition to being an important, professional driving force in the work of analysing individual companies, the division always has sound, up-to-date knowledge of the financial markets and thus supplements our understanding of what is commercially possible. The interaction between the financial investments and industrial divisions has therefore contributed to our ability to be at the forefront at the moment when the time is ripe and we see the contours of specific business opportunities.

Thoroughness is essential if we are to succeed in practice. Good management therefore largely consists of identifying and taking into account important details, while at the same time not being distracted by insignificancies. This applies in both professional and technical contexts, and it applies to attitudes. The whole is also important; a management that is not competent but only has attitudes is inadequate. For example, in practice we must be able to identify, understand and take into account fundamental cultural differences. This is particularly important in cases where similarity of language and geographical proximity conceal significant cultural differences.

Courage and the ability to take action

A long-term approach and thoroughness must be combined with the ability to take rapid action. A company may often find itself in a position where it believes it is capable of successfully implementing projects that are not in accordance with current trends and are regarded by outsiders as being risky or uncertain.

In this case, courage primarily means relying on our own experience, analyses and evaluations without being put off by fashions, trends and opinions. We must be sure that we understand what the challenges and possibilities consist of, but we must not dwell on our uncertainty so long that we miss the chance of acting in time. Thoroughness and professional expertise are necessary in efforts to clarify problems, find solutions, and weigh the challenges carefully against our own qualifications and against potential profitability. But, in a sense, courage also means trusting in your own strength and making a decision to act on the basis of what you believe to be right, implementing the decision and pursuing the project until you achieve your objective.

It may sometimes be a matter of how far you should dare to stretch your own strength; in other words, whether you should dare to invest in something you believe to be right despite the fact that you are in the midst of other important challenges that require sacrifice and attention on the part of management and employees. At Orkla, we have gained very important experience in this area from our substantial investments in breweries in the former Soviet Union. Gradual testing, good professional expertise and independent evaluations told us and our excellent Finnish partners, Hartwall, that we could make substantial investments, and make a profit, in the strongly growing markets in Russia, the Baltic States and Ukraine. Naturally, we also faced serious challenges in an undertaking of this nature, and it was (and still is) a fact that other companies with a great deal of international experience did not dare to fully commit themselves in these countries. We chose to act on our own assessments and gradually acquired experience. On this basis, we invested intensively in the beverage business, particularly in Russia, from 1995 onwards through the jointly-owned company Baltic Beverages Holding (BBH). BBH's growth has been extremely strong ever since, and we believe there is a long-term potential for almost doubling the Russian beer market.

The investments in BBH were made during a period when our beverage business was suffering from serious human, organisational and financial strains due to the break with Coca Cola in 1996. As a result of this rupture, 1,400 employees at Ringnes and Pripps lost their jobs. Then, in 1998, we experienced the brutal devaluation of the Russian rouble, which caused current operating revenues from the Russian business to drop by 75 % overnight, measured in Norwegian kroner. Despite these serious pressures, we chose to continue to implement major projects in the countries concerned.

Today we can look back on these developments and confirm that, without the necessary courage, we would now have had a considerably smaller regional, Nordic beverage business, that enjoyed little growth. It would not have been possible for us to negotiate the agreement we have now signed with Carlsberg to form one of the biggest brewery companies in the world because we would not have had sufficient potential to offer a joint venture of this nature. At the same time, this positive development has increased our ability and willingness to invest more in our Nordic beverage business. We are thus reminded that, as a rule, internationalisation is a prerequisite for being able to maintain industrial operations in our own country.

The importance of recognition

While courage, thoughtfulness and the ability to take action are important qualities for the company, the importance of the management's ability and willingness to praise, encourage and recognise its staff must be emphasised. This is a matter of both practical management behaviour and personnel policy. The practical requirements for managers include the ability to praise. And the practical requirements for personnel policy are that the organisation must have the ability to develop and use its employees in the best possible way and at the same time pursue a thoroughly planned, accepted and stimulating terms of employment policy.

Far too often, managers do not make the most of the opportunities that arise to give praise and encouragement along the way. This is particularly important for young employees who have not been working with us very long and may often be unsure about whether they are really appreciated. Moreover, praise will soon be the only form of reward we can give employees that is exempt from tax. The right use of praise can move mountains. Nevertheless, it is even more important that the employee feels certain that his or her terms of employment are competitive, and that they contain bonus elements that are regarded as stimulating and motivating. If this is not properly in place, neither other motivating factors nor the rest of the corporate culture will work. Orkla's terms of employment policy has been designed with this in mind.

The Financial behaviour of employees

Our primary goal is long-term value creation, and we aim to create more value than our competitors. Our views on what we might call employees' financial behaviour have been developed in relation to this.

In addition to the fact that we must, of course, offer our employees competitive terms of employment and bonuses directly related to the individual's contribution to value creation, we take a positive view of employees investing their private funds in projects they have recommended to the company, always provided that the necessary precautions have been taken.

This helps to ensure that the project that has been proposed to the company is of real benefit to shareholders. In this way, we wish to emphasise how important it is for employees to have a businesslike attitude, think and act on behalf of our shareholders, and produce proposals that they are convinced will serve shareholders' interests. Of course, we are particularly careful to avoid any conflicts of interest. Every proposal must first be submitted to the company, and the company's interests must be fully taken into account in every respect before the individual is permitted to invest in the project. We have had experience of this since the mid-1980s, when our precautionary rules in this area were first put on paper. We have never been disappointed by our employees' attitudes and ability to exercise the required caution.

At the same time, we have learned to be careful about how we spend money. The same logic applies; personal moderation is right because we are always concerned about the interests of our shareholders. If questions arise about what moderation means in practice, it is usually sufficient to point out what is not our style.

Conclusion

At Orkla we are proud of our corporate culture, and proud of our many capable employees around the world. We know from employee surveys that our employees are also proud of their company. The fact that employees in all parts of the Group feel that they are part of the same corporate culture assures us that we will succeed in mastering the challenges that lie ahead.

The essence of the culture we are striving to achieve, which we believe to be our most important competitive advantage, can briefly be summarised in three fundamental concepts: firstly, good executive processes which disregard trends and inconsequentialities, are based on professional expertise, and thoroughly define the real challenges; secondly, a long term approach, calm, patience, mature consideration and the ability to sit still when necessary, but still keep an eye on the target ahead; and, thirdly, the ability to act, courage, the ability not to postpone the right thing but to do it now, and not give up until it has been achieved.

** This article is an edited excerpt from Jens P. Heyerdahl d.y.'s "Lehmkuhl-lecture" at the Norwegian School of Economics and Business Administration in Bergen on 26 September 2000.*

Governing Bodies and Elected Representatives

Corporate assembly

Elected by the shareholders
Øystein Eskeland (5,005)
Chairman

Synnøve Liaaen Jensen (170)
Deputy Chairman

Egil Alnæs jr. (774)
Svein Erik Amundsen (3,232)
Ebbe C. Astrup (446,854)
Westye Egeberg (2,194)
Boel Flodgren (0)
Hans Herman Horn (72,658)
Borger A. Lenth (460)
Tore Lindholt (57)
Cathrine Mellbye Schultz (54,319)
Halvor Svenkerud (5,055)
Halgrim Thon (3,000)
Allan Åkerstedt (0)

Deputies
Mari Pran
Anders Ringnes
Fabian Stang
Olaug Svarva
Elisabeth Wille

Election Committee
Øystein Eskeland (5,005)
Tore Lindholt (57)
Allan Åkerstedt (0)

Elected by the employees
Stefan Andersson (200)
Jon-Ivar Fjeld (100)
Gitte Møller Hansen (0)
Harald Johansen (0)
Gunn Liabø (348)
Esa Mäntylä (0)
Sverre Olsen (16)

Observers
Robert Johansson (0)
Solveig Kvidal (0)
Eli Raaen-Iversen (153)

Personal deputies for the Swedish and Danish representatives
Johnny Dahlström
Kent Fink
Karin B. Nielsen
Margareta Nordstrøm

Deputies elected by the employees
Arne Amundsen
Thor Åge Christiansen
Kolbjørn Hole
Pål Isnes
Heidi Bjerkelien Leiksett
Trygve Leivestad
Roy Løkkemyhr
Tor Wangen

The Board of Directors

Finn A. Hvistendahl (500)
Chairman

Frode Alhaug (100)
Kjell E. Almskog (500)
Svein S. Jacobsen (10,000)
Jonny Bengtsson* (0)
Björn Savén (28,000)
Arvid F. Strand* (0)
Stein Stugu* (248)
Christen Sveaas (19,600,777)

* Elected by the employees

Board observers elected by the employees
Eva Bergquist (200)
Kjell Kjønigsen (236)

Personal deputies for the Swedish representatives
Monica Bengtsson (0)
Benny Löfgren (0)

Deputy board members elected by the employees
Thor Arild Bolstad (276)
Håkon Edgren (156)
Steinar N. Johansen (200)
Oddbjørg Mølslett (0)
Tom R. Stokstad (758)

Auditor

Arthur Andersen & Co. (0)
Erik Mamelund (0)
State Authorised Public Accountant

Figures in brackets indicate the number of shares owned at 31 December 2000, 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, both 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 of important matters concerning the Group and that their opinions on such matters are heard, 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 Board of Directors of the individual subsidiaries.

The following is a list of members of Orkla's International Committee of Union Representatives as of 15 December 2000.

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
Paul Hallberg
Harald Iversen
Harald Johansen
Steinar N. Johansen
Solveig Kvidal
Gunn Liabø
Jan Lillebo
Ulf Ling
Benny Löfgren
Karin B. Nielsen
Arvid Frode Strand
Reidar Aaserød

Deputives
Åsmund Dybdahl
Kjell Egge
Jan Inge Holm
Bjørn T. A. Høiesen
Kristin Kvikstad
Grete Sandstad
Tom Stokstad
Alvhild Strandabø
Roar Vangen

Personal deputives for the Swedish and Danish representatives
Roger Börjesson
Kent Frick
Stefan Hall
Mona-Lisa Jagstedt
Christer Johansson
Jette Kofoed
Bo Lindquist
Jens Nielsen
Peer Sørensen

Group directory

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www.orklafoods.com

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- 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

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- Tollarpsfabriken, Tollarp, Sweden
- Fågelmarafabriken, Fågelmara, Sweden
- Ölandsfabriken, Färjestaden, Sweden
- Kumlafabriken, Kumla, Sweden
- Örebrofabriken, Örebro, Sweden
- Vansbrofabriken, Vansbro, Sweden

Empaco AB
Åhus, Sweden

Beauvais
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Denmark
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- Aktieselskabet Beauvais, Svinninge, Denmark

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- AS Pôltsamaa Felix, Pôltsamaa, Estonia
- Felix Abba Lahden tehdas, Lahti, Finland
- UAB Suslavicius - Felix, Kaunas, Lithuania

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- 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
- Felix Hungaria Kft -, Budapest, Hungary

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Fax: +46 31 701 44 90
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- Abba Seafood AB, Kungshamn, Sweden
- Abba Seafood AB, Uddevalla, Sweden
- Abba Skaldjur AB, Kungshamn, Sweden
- Superfish s.a., Ustronie, Morskie, Poland

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- Idun Industri A.S, Oslo
- Idun Industri A.S, Rakkestad branch
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Newspapers Norway/Sweden

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China
- Borregaard Industries Ltd., Shanghai Representative Office, Shanghai
- Borregaard Taicang Chemicals Co. Ltd., Jiangsu Province
- LignoTech Yanbian Kaishantun Ltd., Jilin Province

England
- Borregaard UK Ltd., Warrington, Cheshire

Finland
- LignoTech Finland Oy, Tampere

France
- Borregaard France S.a.r.l., Paris

Germany
- Borregaard Deutschland GmbH, Düsseldorf
- Borregaard Deutschland GmbH, LignoTech Werk Karlsruhe, Karlsruhe

India
- Borregaard Industries Ltd., India Representative Office, Navi Mumbai

Italy
- Borregaard Italia S.p.A., Madone
- Borregaard Italia S.p.A., Ravenna

Japan
- Borregaard Industries Limited, Japan Branch, Tokyo

Norway
- Borregaard Fabrikker, Sarpsborg
- Denofa AS, Gamle Fredrikstad
- Denofa AS, Leknes
- Borregaard NEA AS, Hokksund
- Borregaard Hellefos AS, Hokksund
- Borregaard Vafos AS, Kragerø
- Borregaard Trælandsfos AS, Hokksund
- A/S Tronstad Brug Ltd., Sylling
- A/S Børresen, Sylling
- Borregaard Energi, Sarpsborg
- Orkla Exolon KS, Orkanger

Poland
- Borregaard Poland, Poznan

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

Russia
- Borregaard Industries Limited Moscow Representative 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

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

Switzerland
- LignoTech Schweiz AG, Luterbach

Turkey
- Borregaard Turkey, Istanbul

United Arab Emirates
- Borregaard Middle East, Dubai

USA
- LignoTech USA, Inc., Mount Vernon, WA
- LignoTech USA, Inc., Rothschild, WI
- LignoTech USA, Inc., Bridgewater, NJ
- Borregaard Synthesis, Inc., Newburyport, MA

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- Borregaard Skoger A.S, Elverum

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