Annual Report
2010

ORKLA

Contents

FINANCIAL CALENDAR FOR ORKLA ASA

DATE	EVENT
14.04.2011	Annual General Meeting
15.04.2011	Share traded ex. dividend
29.04.2011	Dividend payment
05.05.2011	1st quarter 2011
20.07.2011	2nd quarter 2011
27.10.2011	3rd quarter 2011

The Orkla Group

Orkla operates in the branded consumer goods, aluminium solutions, renewable energy, materials and financial investment sectors. Group sales total NOK 57 billion. Orkla has approximately 30,000 employees and operates in approximately 40 countries.

ORKLA

ORKLA Brands

- Foods Nordic
- Brands Nordic
- Brands International
- Food Ingredients

Operating revenues (NOK million)	23,627
EBITA[1] (NOK million):	2,967
Number of man-years:	13,918

sapa:

- Sapa Profiles
- Heat Transfer
- Building System

Operating revenues (NOK million)	27,684
EBITA[1] (NOK million):	744
Number of man-years:	14,239

Investments

- Share Portfolio
- Hydro Power

Borregaard
JOTUN
REC

[1] Operating profit before amortisation and other income and expenses.

KEY FIGURES[1]	2010	2009	2008	2007	2006
Operating revenues (NOK million)	**57,338**	56,228	65,579	63,867	52,683
EBITA[2] (NOK million)	**3,944**	2,448	4,240	5,112	5,084
EBITA margin[2] (%)	**6.9**	4.4	6.5	8.0	9.7
Ordinary profit before tax (NOK million)	**20**	1,071	-2,015	10,059	8,525
Diluted earnings per share (NOK)	**-0.9**	2.5	-2.8	8.1	10.9
Return on capital employed, from industrial activities[3] (%)	**10.5**	5.2	9.4	11.5	13.0
Return on Share Portfolio (%)	**31.8**	39.0	-45.3	16.2	27.4
Equity ratio (%)	**53.6**	51.7	47.7	58.3	60.4

[1] Figures as reported in 2006-2009.

[2] Operating profit before amortisation and other income and expenses.

[3] See definition on page 90.

Message from the CEO

In the past few decades, Orkla has created value for its shareholders by exploiting the interaction between its industrial and financial expertise. We will maintain this focus in the years ahead. However, if we are to be able to actively develop and support the different units in the Group, our portfolio cannot be too broad. More particularly, it must not be too heavily weighted towards capital-intensive activities. Orkla is therefore focusing the portfolio on a smaller number of businesses. By doing so, we will ensure that we have an adequate capital and resource base to aggressively develop the areas in which we have the best potential for long-term value creation.

"Going forward, Orkla's competitive edge will continue to lie in the combination of industrial and financial expertise."

Bjørn M. Wiggen,
President and CEO
Orkla ASA

The sale of Elkem is one step in the implementation of this strategy. Following the purchase of Elkem in 2005, Orkla invested heavily in the development of the business, which comprised both Sapa and REC. In future, access to capital and greater proximity to important growth markets, particularly in Asia, will be key criteria for Elkem's success. The sale of Elkem to China National Bluestar gives Elkem the size and influence it needs to undertake this challenge. At the same time, the sale has freed up capital for investment in other parts of the Orkla Group.

Both Orkla Brands and Sapa have the size, market positions and potential for value creation that make it attractive for Orkla to focus actively on their further development.

Orkla Brands has long demonstrated its ability to both develop and manage strong brand positions in the Nordic region. Its multi-local model, based on strong local branded consumer goods and a strong local business system, has ensured good competitiveness against both international rivals and the grocery trade's own brands. We will continue to use this model in the Nordic countries, and strengthen our business systems in selected markets outside the Nordic region. For a portfolio company that aims to pay a stable dividend to its shareholders, it is also important that parts of the portfolio produce a relatively stable cash flow. Orkla Brands is also an excellent fit for the Orkla Group in this strategic context. In 2010, Orkla Brands delivered its best performance so far, achieving EBITA[1] of close to NOK 3 billion. The business area also grew in terms of both sales and market shares. Within its existing geographies, Orkla Brands acquired 11 companies at a total cost of around NOK 1 billion.

Orkla has contributed to the development of Sapa into a global leader in extruded aluminium products. In many ways, Sapa's development is a typical example of how Orkla has helped to establish competitive industrial structures through structural growth. In future, the main focus will be on further improving the company's cost structure, and on developing more profitable products for customers. In Sapa, too, we aim to utilise a multi-local business model based on strong local business systems. This is important in order to compete in the local market. At the same time, Sapa

[1] Operating profit before amortisation and other income and expenses.

will exploit its resource base and economies of scale to effectively serve its larger, more international customers. For Sapa, 2010 as a whole was a year of good market growth. Sapa leveraged this trend, in combination with good effects from internal improvement programmes, to increase profit by close to NOK 1.1 billion. Sapa has also continued its efforts to strengthen its presence in the Asian growth markets, among other things by acquiring 65% of the Vietnamese extrusion company Vijalco, and by almost doubling capacity at Sapa Heat Transfer's factory in Shanghai. The company will continue to focus on the Asian market in 2011.

Orkla has played an active role in developing the solar industry through both its equity interest in REC and the industrialisation of Elkem Solar's technology. However, the solar industry is both global and capital-intensive. Over time, therefore, Orkla will face a challenge as regards allocating sufficient capital to be able to play a leading role in this industry. Moreover, the return on the Group's solar investments has simultaneously not been satisfactory. Consequently, Orkla has reduced its exposure to the solar industry by selling Elkem Solar.

Orkla's share investments have a dual objective. The investments must generate a higher return than relevant benchmarks while simultaneously developing industrial options for the Group. Some investments will therefore be realised, such as XXL (15.5% interest sold in 2010), while others will expand Orkla's range of industrial options, as with the purchase of Elkem back in 2005. In both cases, Orkla will focus on the businesses' long-term value creation. Orkla will therefore be an active shareholder in REC (39.7% interest), with the ongoing objective of creating value for both Orkla's and REC's shareholders.

The primary value drivers in Orkla's business model will continue to be operational development through improved operational efficiency and organic growth in the businesses in which the Group is engaged at any given time. For Orkla as a portfolio company, however, it is important to be able to reallocate capital over time to the areas in which Orkla has the greatest potential for value creation. This has always been a part of the Orkla model. Ever since the establishment of Orkla Borregaard in 1986, the Group's hallmark has been operational expertise as a foundation for value-creating structural initiatives.

Going forward, Orkla's competitive edge will therefore continue to lie in the combination of industrial and financial expertise, the ability to identify and exploit market opportunities, and the optimisation of capital allocation.

In closing, I would like to thank all of Orkla's employees for their efforts and the results they have achieved in 2010. Orkla has few natural advantages, and it is only by developing our human resources that we can continue to create value.

Bjørn M. Wiggen
President and CEO

The Board of Directors of Orkla ASA

SHAREHOLDER-ELECTED MEMBERS OF THE BOARD OF DIRECTORS

1.
STEIN ERIK HAGEN, CHAIRMAN OF THE BOARD[1]
Degree from the Retail Institute (now the Norwegian School of Retail).

First elected to the Board in 2004 and up for re-election in 2011. Retailer and founder of RIMI Norge AS and Hakon Gruppen AS as from 1976. Co-founder of ICA AB and retailer from 1999-2004. Owner and Executive Chairman of the Board of Canica AS and associated family-owned companies since 2004. Member of the Board of Treschow Fritzøe AS, Fritzøe Skoger – Mille Marie Treschow, Angvik Investor AS, Angvik Eiendoms Investor AS, Møre Investor AS, Nøisomhed AS and Sepas AS. Member of the Board of the Stein Erik Hagen Stiftelse for Klinisk Hjerteforskning (Foundation for Clinical Heart Research) since 2007. Member of the Council of the Centre for Corporate Governance Research at the Norwegian School of Management (BI). Member of the Madison Council, Library of Congress (Washington D.C.). Orkla and Canica and/or Stein Erik Hagen have some common business interests. The Board of Directors of Orkla has been informed of these interests, and has taken due note of the information. Mr Hagen and related parties own 239,887,000 shares in Orkla ASA[2]. Mr Hagen attended 12 board meetings in 2010.

2.
SVEIN S. JACOBSEN, DEPUTY CHAIRMAN
Degree in Business Economics (siv. økonom) and state-authorised public accountant (Norwegian School of Economics and Business Administration).

First elected to the Board in 2000 and up for re-election in 2011. Director of Finance at Tomra Systems, 1984-1988, CEO of Tomra, 1988-1996. Thereafter member of the Board of Directors of Norwegian and foreign companies. Chairman of the Board of Isco Group AS, Vensafe AS and PSI Group ASA. Member of the Board of Nordea Bank AB. Mr Jacobsen and related parties own 40,000 shares in Orkla ASA[2]. Mr Jacobsen attended 12 board meetings in 2010.

3.
ÅSE AULIE MICHELET
Degree in Pharmacy (Cand.pharm.) (studied in Oslo and Zurich).

First elected to the Board in 2001 and up for re-election in 2011. Various posts in the fields of research, production and marketing at Nycomed, subsequently Nycomed Amersham. From 1999 CEO of Amersham Health, now GE Healthcare AS, and in charge of global production of contrast media. President and CEO of Marine Harvest ASA, 2008-2010. Ms Michelet has served on the Board of several listed companies and is now member of the Board of Photocure ASA. Ms Michelet and related parties own 8,500 shares in Orkla ASA[2]. Ms Michelet attended 12 board meetings in 2010.

4.
BJØRG VEN
Degree in Law (University of Oslo)

First elected to the Board in 2006 and up for re-election in 2011. Lawyer in private practice with authorisation to appear before the Supreme Court and partner in the Law Firm of Haavind Vislie AS. Chairman of the Appeal Board of the Oslo Stock Exchange and the Norwegian Complaints Board for Public Procurement. Chairman of the Board of Directors of the Norwegian State Finance Fund. Formerly Chairman of the Board of Folketrygdfondet and member of the Board of several listed companies. Member of the Nomination Committee of Yara International ASA. Ms Ven and related parties own 15,000 shares in Orkla ASA[2]. Ms Ven attended 12 board meetings in 2010.

5.
PETER A. RUZICKA[1]
MBA and degree in Business Economics (handelsøkonom) (Oslo School of Business Administration).

First elected to the Board in 2003 and sat until 2005. Elected as member of the Corporate Assembly in 2006. In 2007 elected as deputy member for the shareholder-elected members of the Board of Directors for one year for 2008. In 2008 elected as Board member and up for re-election in 2011. Mr Ruzicka has 18 years of experience in the retail sector. From 1994 Managing Director of Hakon Gruppen and later in charge of establishing ICA in the Baltic States. Head of Ahold's operations in the Czech Republic and Slovakia from 2000. Managing Director of Jernia ASA, 2003-2006, and Managing Director of Canica AS since 2006. Chairman of the Board of Jernia AS and Chairman of the Board of the Stein Erik Hagen Stiftelse for Klinisk Hjerteforskning (Foundation for Clinical Heart Research) since 2007, and member of the Board of Komplett ASA. Mr Ruzicka and related parties own 405,250 shares in Orkla ASA[2]. Mr Ruzicka attended 11 board meetings in 2010.

6.
KRISTIN SKOGEN LUND
Bachelor of Arts (University of Oregon) and MBA (Insead).

First elected to the Board in 2008 and up for re-election in 2011. From 1 March 2010 Executive VP at Telenor. From 2007 Managing Director of Aftenposten. Prior to that Commercial Director at Aftenposten, CEO of Scanpix and Managing Director/Editor-in-Chief of Scandinavia Online (SOL), Director at Coca-Cola Beverages Sweden and European Product Director at Unilever. President of the Confederation of Norwegian Enterprise (NHO) and member of the Board of the Norwegian Chamber Orchestra. Ms Lund and related parties own 1,000 shares in Orkla ASA[2]. Ms Lund attended 10 board meetings in 2010.

[1] Not independent.
[2] Number of shares owned as of 31 December 2010.

7.
JESPER OVESEN
MSc in Economics (Finance), Copenhagen Business School and State Authorised Public Accountant (with deposited license).

First elected to the board in 2010 and up for re-election in 2011. Senior Executive Vice President and Chief Financial Officer at TDC A/S since 2008, appointed to the Executive Committee of TDC A/S in 2008. Prior to 2008 career in various companies such as Lego, Danske Bank and Novo Nordisk A/S. Member of the Boards of Directors of Skandinaviska Enskilda Banken AB, FLSmidth & Co A/S and Danisco A/S. Jesper Ovesen and related parties own no shares in Orkla ASA[2]. Mr Ovesen attended six board meetings from June, 2010.

9.
GUNN LIABØ
Trade union representative and senior shop steward at Lilleborg Ello (Orkla Brands, Norway).

First elected to the Board in 2004 and up for re-election in 2012. Ms Liabø and related parties own 6,679 shares in Orkla ASA[2]. Ms Liabø attended 11 board meetings in 2010.

EMPLOYEE-ELECTED BOARD OBSERVERS

11.
PEER SØRENSEN
Observer, Second Deputy Chair of Orkla's Committee of Union Representatives-Working Committee, joint trade union representative Odense Marcipan A/S.

Up for re-election in 2012. Mr Sørensen and related parties own 2,400 shares in Orkla ASA[2]. Mr Sørensen attended 12 board meetings in 2010.

EMPLOYEE-ELECTED MEMBERS OF THE BOARD OF DIRECTORS

8.
AAGE ANDERSEN
Chief trade union representative (Orkla), secretary of the Committee of Representatives of Norwegian Confederation of Trade Unions (LO) members (Orkla), Chair of Orkla's International Committee of Union Representatives and chief union representative at Borregaard.

First elected to the Board in 2004 and up for re-election in 2012. Mr Andersen and related parties own 3,239 shares in Orkla ASA[2]. Mr Andersen attended 12 board meetings in 2010.

10.
BJØRN RUNE HENRIKSEN
Salaried employees' representative on the Board of Directors. Chair of the Steering Committee and Executive Committee for Salaried Employees at Orkla and member of Orkla's International Committee of Union Representatives. Member of Orkla's European Works Councils. Member of the Board of Elkem, 2002-2010.

First elected to the Board in 2010 and up for re-election in 2012. Mr Henriksen and related parties own 2,186 shares in Orkla ASA[2]. Mr Henriksen attended eight board meetings from June, 2010.

12.
KENNETH HERTZ
Observer, chief trade union representative from LO at Sapa since 1999. Secretary of Orkla's Committee of Union Representatives/Orkla's Committee of Union Representatives-Working Committee.

Up for re-election in 2012. Mr Hertz and related parties own no shares in Orkla ASA[2]. Mr Hertz attended 12 board meetings in 2010.

Report of the Board of Directors

While 2009 was a year of global economic decline, the world economy began to grow again in 2010. The global growth rate was around 5%, but growth was unevenly distributed, with particularly high growth in the emerging economies of China and other Asian countries. Within the OECD area, the upswing since the financial crisis has largely been supported by expansive monetary and financial policies. This has led to increased budget deficits and a high level of debt, and many industrialised countries now face difficult economic challenges. The Orkla Group is well positioned for further economic growth. At the same time, the Group's solid financial position means that it is also prepared to deal with the eventuality of a weaker economic trend.

In the course of 2010, the Board of Directors has discussed future strategic priorities for Orkla. The Group will continue to pursue a strategy that focuses on both industrial and financial value creation. However, Orkla will concentrate its portfolio on fewer business areas and allocate capital and resources to the areas in which it has the best possibilities of creating good value. Orkla will prioritise profitable growth within Orkla Brands and Sapa, and will actively manage and contribute to the profitable development of other investments. The latter are presented under Investments. The choice of value-creation strategy for each individual investment will be based on an evaluation of what will generate the greatest value. Orkla also aims to develop industrial options from its portfolio which, over time, can be developed into new business areas.

Main trends in 2010

In line with the general economic trend, market conditions and demand improved during 2010, particularly for Sapa, but also for Borregaard's chemicals business. For aluminium profiles, it is estimated that demand increased by 18% in Europe and 16% in North America for the year. The level of volume is still significantly lower than might be expected based on historical trends. Orkla Brands and Jotun, which operate in somewhat more stable markets, continued to deliver improved results, with Jotun in particular reporting good growth.

The implementation of ongoing improvement programmes helped to increase the operating margin of most of the business units in 2010.

The Share Portfolio delivered good results with a return of 31.8%, which is 6.4 percentage points higher than the Nordic benchmark index (the Morgan Stanley Nordic Index), and significantly better than the Oslo Stock Exchange Benchmark Index, which showed a return of 18.3%. After net share sales totalling NOK 2.1 billion, the Share Portfolio had a market value of NOK 11,661 million at the end of 2010.

The Group's investment in REC (39.7%) showed a negative trend in 2010. For accounting purposes, the value of this investment is based on its market value on the balance sheet date. On 31 December 2010, the REC share price was NOK 17.79, resulting in a total accounting charge for the full year of NOK -6.4 billion in Orkla's consolidated financial statements.

Including reinvested dividends, the Orkla share provided a shareholder return of 4.2% in 2010.

In line with Orkla's strategic priorities, capital was freed up through the sale of businesses during 2010, while acquisitions and expansion investments were made in Orkla Brands and Sapa. At NOK 19.7 billion, net interest-bearing liabilities were at the same level as at the end of 2009. Completion of the sale of Elkem will reduce net interest-bearing liabilities by around NOK 12.5 billion. At the start of 2011, Orkla had a strong balance sheet, with an equity ratio of 53.6%. This gives Orkla good

[1] Operating profit before amortisation and other income and expenses.
[2] Excluding acquired and sold operations and currency translation effects.
[3] Figures in parentheses are for the corresponding period in the previous year.

financial flexibility and allows it to pursue attractive investment opportunities. The Board of Directors proposes the distribution of an ordinary dividend of NOK 2.50 per share.

The annual financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The Board of Directors confirms that the going-concern assumption applies.

Structural changes

In January 2011, Orkla entered into a binding agreement to sell Elkem's silicon-related operations to China National Bluestar. The transaction encompasses the Elkem Silicon Materials, Elkem Foundry Products, Elkem Carbon and Elkem Solar divisions. The sales value (enterprise value) for Orkla amounts to approximately NOK 12.5 billion before closing and adjustments for capital structure. Orkla will retain its shares in Elkem Energi AS, including an 85% equity interest in AS Saudefaldene. Completion of the transaction is conditional upon the necessary approvals from the competition authorities and Chinese and Norwegian authorities. The transaction is expected to be completed in the first half of 2011. In compliance with IFRS, the units covered by the agreement are presented as "discontinued operations" in Orkla's consolidated financial statements. Consequently, profit after tax is presented on a single line in the income statement. Historical figures have been restated accordingly. In the balance sheet, "discontinued operations" are presented on two lines, one for net assets and one for net liabilities.

Orkla Financial Investments has sold the wholly-owned forestry companies Borregaard Skoger AS, AS Børresen and Borregaard Vafos AS to Statskog for NOK 1.7 billion. The sale covers approximately 1.1 million decares, including roughly 750,000 decares of productive forest. Borregaard Skoger's stake in Statskog-Borregaard Skogsdrift (SB Skog) also forms part of the transaction. The agreement has been approved by Stortinget, and was completed in December 2010. Orkla Financial Investments also sold Orkla Finans to Pareto in 2010.

Orkla Brands acquired 11 companies and one brand in 2010. The most important of these acquisitions were Kalev Chocolate Factory, which is the leading chocolate and confectionery manufacturer in Estonia, Sonneveld Group, which is the market leader for bread improvers in the Benelux countries, and the Russian company Peterhof, which holds interesting positions in the chocolate-based spreads and biscuits segment and owns a relatively new factory. Acquisitions within Orkla Brands totalled NOK 1.0 billion in 2010, and are in sum expected to contribute with revenues of more than NOK 1.3 billion.

In line with Sapa's expansion strategy in Asia, Sapa has purchased 65% of the Vietnamese extrusion company Vijalco. In October, Sapa took over Thule's entire production of factory-mounted roof rails, which includes two factories in Europe. In order to strengthen Sapa's North American operations, Arch Extrusions in Miami, USA was acquired in December.

In May 2010, Orkla subscribed for a total of 132,078,878 shares at a subscription price of NOK 12.10 per share in the REC rights issue. In doing so, Orkla utilised its full allocation of subscription rights. Following the completed rights issue, Orkla owns 396,236,635 REC shares, thereby maintaining its equity interest of 39.7%.

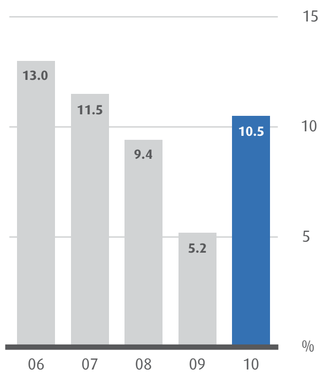
Further information about the Group's results

Group operating revenues for continuing business totalled NOK 57,338 million, an increase of 14% from NOK 50,233 million in 2009. The increase is primarily ascribable to improved markets and higher volume for Sapa.

Group EBITA[1] amounted to NOK 3,944 million, compared with NOK 3,029 million in 2009. Orkla Brands continued to deliver a positive profit performance, achieving a rise in EBITA[1] of NOK 174 million, to NOK 2,967 million. Following a weak year with negative EBITA[1] in 2009, Sapa increased profit by NOK 1,088 million, to NOK 744 million in 2010. This progress was mainly driven by higher sales volumes and the positive effects of internal improvement

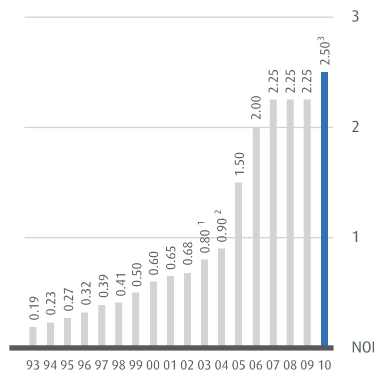
"The Orkla Group is well positioned for further economic growth."

Return on capital employed industrial activities*



* Figures as reported in 2006–2009.

Ordinary dividend per share



1 Additional dividend NOK 5.00 per share.
2 Additional dividend NOK 1.00 per share.
3 Proposed dividend.

projects. Borregaard Chemicals experienced better markets and higher prices for key products during 2010, and posted EBITA[1] of NOK 238 million. Hydro Power delivered weak results in 2010, due to abnormally low inflows and thus low production at Saudefaldene.

The results of foreign units are translated into NOK on the basis of average exchange rates for the year. Due to fluctuations in the currency market, the Group posted currency translation effects of NOK -1,659 million on operating revenues and NOK -62 million on EBITA[1] in 2010.

Other income and expenses totalled NOK 330 million net in 2010, including an accounting gain of approximately NOK 1.3 billion on the sale of Borregaard Skoger. NOK 60 million in reversed deferred tax is presented on the line for taxes. Historical goodwill related to Bakers was written down by NOK 276 million to zero. In connection with the restructuring of the energy area, which included the winding-up of Elkem Energi Handel, previously allocated excess values at Group level were written down in their entirety. This resulted in a net accounting charge of NOK 254 million. Sapa made provisions totalling NOK 212 million under "Other income and expenses" in connection with the fire at Sapa's plant in Finspång. These costs are covered by insurance, and are expected to be refunded when the claim is settled.

Since the settlement has yet to be finalised, a conservative accounting assumption has been made in this connection in compliance with strict formal IFRS requirements.

After amortisation and other income and expenses, Group operating profit amounted to NOK 4.2 billion in 2010 (NOK 5.7 billion)[3].

Associated companies mainly consist of Orkla's equity interests in REC (39.7%) and Jotun (42.5%). Orkla Financial Investments also recognises the investment in Fornebu Utvikling AS (32.4%) as an associated company. These investments are presented according to the equity method on the line for associates. However, Orkla has decided to use the market value on the balance sheet date as the accounting value of its investment in REC, as long as the market value is lower than the carrying value under the principles applied for associates. In 2010, the REC share price fell from NOK 37.52 (adjusted) to NOK 17.79. This entails a total accounting charge of NOK 6.4 billion in 2010. The contribution to profit from associated companies totalled NOK -6.2 billion, compared with NOK -3.9 billion in 2009.

2010 was a good year on the stock markets which, despite a weak performance in the first six months, saw a strong upturn in the second half of the year. At the end of 2010, the Share Portfolio had a market value of NOK 11,661 million, and unrealised gains increased by NOK 916 million to NOK 4,438 million. Net share sales totalled NOK 2,130 million. Net gains amounted to NOK 1,772 million in 2010 (NOK 584 million)[3], and dividends received totalled NOK 521 million (NOK 251 million)[3].

Net financial costs totalled NOK 327 million, and pre-tax profit amounted to NOK 20 million.

Orkla's industrial activities are subject to ordinary company tax in the countries in which the Group operates. The accounting tax charge amounted to NOK 844 million. The Share Portfolio's investment activities in the EEA are largely exempt from taxation.

The financial result for the year was NOK -864 million. Earnings per share amounted to NOK -0.9.

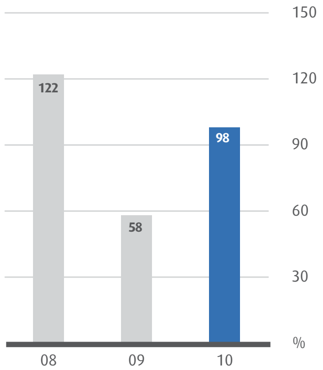
Financial situation and capital structure

Cash flow (see Note 34)

Group cash flow from operations totalled NOK 2,469 million, compared with NOK 5,802 million in 2009. An increase in working capital due to higher sales, especially in Sapa, is the main reason for the lower cash flow from operations in 2010.

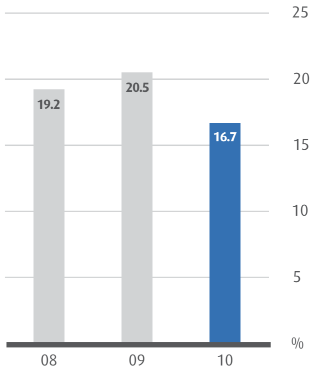
Expansion investments amounted to NOK 509 million in 2010. Significant expansion investments were made in connection with Sapa Heat Transfer's expansion in Shanghai and remaining

Replacement expenditures as % of depreciation*



* Figures as reported in 2008-2009. For the industrial activities.

Average current capital as % of operating revenues*



* Figures as reported in 2008-2009. For the industrial activities.

works related to the development of the Sauda power plant.

In the Share Portfolio, net sales of securities totalled NOK 2,130 million in 2010.

Company acquisitions amounted to just below NOK 2.9 billion in 2010. The largest items under acquired companies were the Group's participation, amounting to NOK 1.6 billion, in the REC issue to maintain Orkla's equity interest, Orkla Brands' acquisition of the companies Kalev, Sonneveld and Peterhof, and Sapa's acquisition of Thule's production of factory-mounted roof rails. The remaining items were various smaller acquisitions by Orkla Brands and Sapa.

Companies sold in 2010 – Borregaard Skoger, Orkla Finans and Ringnes Park Næring 1 DA – totalled NOK 1,854 million.

Dividends totalling NOK 2,360 million were paid in 2010. Net sales of treasury shares amounted to NOK 138 million, and relate to the employee share purchase programme and the fulfilment of option agreements.

The Group had a positive cash flow of NOK 230 million in 2010. Negative currency translation effects on the Group's currency liabilities amounted to NOK 34 million. The Group's net interest-bearing liabilities, measured in NOK, were thereby reduced by NOK 196 million during the year, and totalled NOK 19,652 million at the end of 2010. The completion of the agreement on the sale of Elkem's silicon-related operations will, seen on its own, contribute to a further reduction in net interest-bearing liabilities of around NOK 12.5 billion.

The average interest rate level was 2.2% on average interest-bearing liabilities totalling NOK 22,132 million. The liabilities are mainly distributed among the currencies SEK, EUR, DKK, USD and NOK.

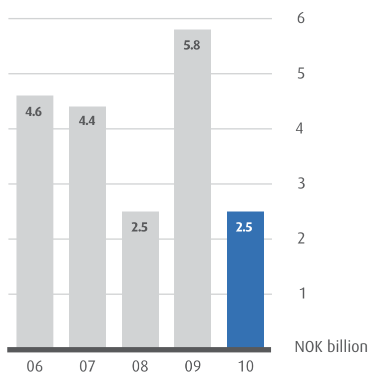
Foreign currency
In 2010, approximately 81% of Orkla's sales revenues were generated outside Norway. Both Orkla Brands and Sapa are moderately exposed to currency fluctuations, as both business areas mainly have local production units. Borregaard Chemicals exports substantial volumes from Norway, and its currency exposure to EUR and USD is in the order of EUR 80 million and USD 200 million. The Group's liabilities are spread across currencies in accordance with its net investments in countries other than Norway, and liabilities measured in NOK will therefore fluctuate in step with changes in exchange rates.

Contracts and financial hedge instruments
Orkla Brands generally has few long-term purchasing or sale contracts. Within Hydro Power, AS Saudefaldene has some long-term power contracts. Further details of contracts and financial instruments may be found in Note 18 to the consolidated financial statements.

Capital structure
During 2010, the consolidated balance sheet was reduced by approximately NOK 7.1 billion, to NOK 87.5 billion at year end. The reduction compared to the end of 2009 is predominantly due to the payment of receivables on the sale of power plants and changes in the value of the REC share. At the end of 2010, the equity ratio was 53.6%, compared with 51.7% the previous year. Net gearing, defined as net interest-bearing liabilities as a proportion of equity capital, was 0.42 at the end of the year, compared with 0.41 in 2009. The Group has undrawn, long-term credit facilities that more than cover loan instalments falling due until the end of 2012.

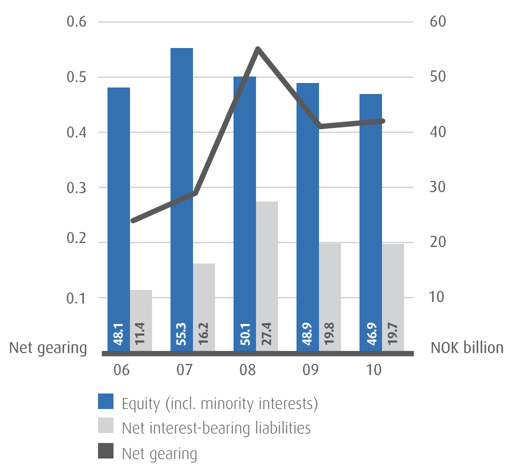
Pensions
Orkla's businesses in Norway have defined contribution pension plans. In connection with the statutory termination of the former contractual early retirement (AFP) scheme in Norway and the issue of paid-up policies relating to a previous closed defined benefit plan, a net amount of NOK 1 million was recognised as income in the consolidated financial statements for 2010. Most of the pension plans outside Norway are also defined contribution plans. Consequently, the Group's exposure to future pension liabilities is relatively predictable. Pension costs in 2010 were approximately on a par with costs in the previous year.

Cash flow from industrial activities*



* Figures as reported in 2006–2009.

Equity, liabilities and net gearing*



* Figures as reported in 2006–2009.

The Orkla share

At the end of 2010, there were 1,028,930,970 Orkla shares. The number of shareholders fell by 1,002 to 47,135. The proportion of shares held by foreign investors increased by 2 percentage points, to 39%.

The price of the Orkla share was NOK 56.85 at the start of the year. At year-end, the price was NOK 56.70. Taking into account reinvested dividends of NOK 2.25, this represents a return of 4.2%. Further information on shares and shareholders may be found in the Annual Report on Orkla's website (www.orkla.com).

Risk management

It is neither desirable nor possible to eliminate all risk relating to the Group's business activities. The Board of Directors is nevertheless committed to ensuring that risk is managed purposefully and systematically in all parts of the Group, and regards this as a prerequisite for long-term value creation for shareholders, employees and society at large. Growth opportunities must always be assessed against the associated risk picture.

Risk management in the Orkla Group is coordinated by the Chief Risk Officer (CRO). This role is described in more detail in the chapter on corporate governance, on pages 23-31. Orkla's overall risk picture is consolidated and discussed with the Group Executive Board. If unacceptable factors are identified, risk-reducing measures are implemented. The Group's overall risk picture is also presented to the Board of Directors' Audit Committee and to the Board of Directors. The risk picture includes risks relating to profitability, EHS, food safety, information security, financial reporting, reputation and compliance. In addition to this, particularly important risk factors are reviewed regularly to assess whether the Group's exposure is acceptable. The goal is, over time, to improve the ability of the organisation in general and the various decision-making bodies in particular to assess risk in relation to the anticipated return. This will help to further improve the Group's decision-making processes.

According to the Group's Risk Management Instructions, risk assessments must be carried out routinely in all units, including major projects, and thereafter be reported to the next organisational level. The risk pictures of the different units are presented to and discussed by the various internal boards of directors as part of the budget process. There is a special focus on changes in relation to the previous year and the effect of risk-mitigating measures. When important decisions are to be made, such as decisions concerning acquisitions, divestments or major investments, the same formal requirements apply to risk identification as to routine risk management. A unit's risk picture identifies the main risk factors on the basis of the unit's value chain. Each senior executive in the Orkla Group is responsible for ensuring that he or she is informed of all significant risk factors within his or her area of responsibility, so that these risk factors are managed in a financially and administratively sound manner.

Orkla's diversified company and product portfolio reduces the risk of industry-specific volatility, and dampens the effects of economic cycles. At the same time, the breadth of the Group's activities ensures lower net exposure to individual factors (natural hedge). Reference is otherwise made to the Annual Report on Orkla's website (www.orkla.com) and Note 25 for a more detailed description of the group's risk factors.

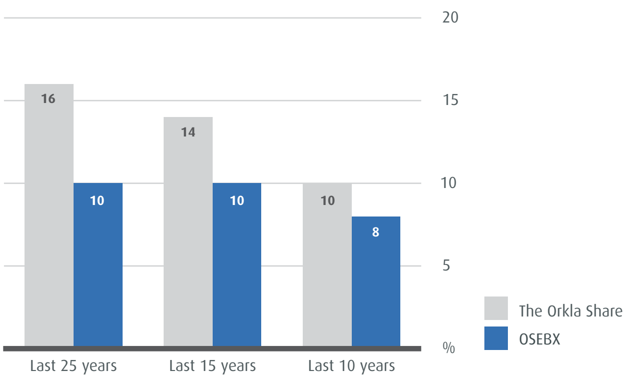
Comments on the individual business areas

Orkla Brands

Orkla Brands is a leading supplier of branded consumer goods and concept solutions, primarily to the grocery and out-of-home sectors in the Nordic region. The business area comprises four units: Orkla Foods Nordic, Orkla Brands Nordic, Orkla Brands International and Orkla Food Ingredients.

Orkla Brands' operating revenues for 2010 amounted to NOK 23,627 million, representing an underlying[2] increase of 1% from 2009. The increase in operating revenues was moderate, but the trend improved towards the end of the year. EBITA[1] amounted to NOK 2,967 million, a rise of NOK 174 million from NOK 2,793 million in 2009. This profit

Annual rate of return*



* The Orkla share, dividend reinvested on first trading day after Orkla's Annual General Meeting.

> "Orkla's diversified company and product portfolio reduces the risk of industry-specific volatility, and dampens the effects of economic cycles."

growth was mainly driven by innovations and cost improvements, as well as currency effects related to purchasing. Volatile, higher raw material prices were handled effectively, but will continue to present a challenge in 2011. Wheat and oil-based products showed particularly strong cost growth in 2010. Orkla Brands Nordic accounted for most of the improvement, reporting higher operating revenues and better margins. Apart from Orkla Brands International, all the business units achieved improved profit. A very weak market trend in Russia in the first half of the year, combined with a heat wave in the summer months, negatively impacted the performance of Orkla Brands International. In 2010, Orkla Foods Nordic was affected by the poorer results reported by Bakers. An important priority area in future will be growth initiatives within existing operations and product areas, and an increased focus on structural growth.

Orkla Foods Nordic consists primarily of food and beverage businesses in the Nordic region and the Baltics. The companies in Orkla Foods Nordic are Stabburet and Bakers in Norway, Procordia and Abba Seafood in Sweden, Beauvais in Denmark, Panda and Felix Abba in Finland, and Põltsamaa Felix, Spilva and Suslavicius-Felix in the Baltics.

Orkla Foods Nordic reported operating revenues of NOK 9,438 million, representing an underlying[2] decline of 4% compared with 2009. This decline was primarily driven by a negative trend at Bakers, which lost market shares due to being delisted by Norgesgruppen. EBITA[1] amounted to NOK 1,115 million, compared with NOK 1,088 million in 2009. Procordia improved its performance in relation to the retail sector, achieving both increased market shares and higher profit.

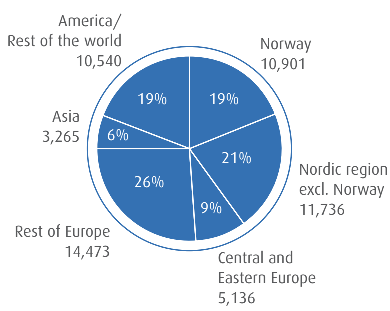
The Nordic countries are Orkla Brands Nordic's primary home market. The business unit comprises Lilleborg (detergents and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions for the professional market), Axellus (dietary supplements and health products), the Chips Group (snacks), Göteborgs/Sætre (biscuits), Nidar (chocolate and confectionery) and the Pierre Robert Group (textiles).

The operating revenues of Orkla Brands Nordic totalled NOK 7,896 million in 2010, equivalent to an underlying[2] growth of 4%. EBITA[1] amounted to NOK 1,544 million, representing an underlying[2] rise of NOK 181 million from the previous year. Lilleborg and Lilleborg Profesjonell showed particularly solid profit growth. While market share performance varied, the business unit's market shares increased slightly overall. Axellus in Norway and Sweden, the Chips Group outside Norway and Göteborgs/Sætre are making the strongest contributions to the improvement in market shares.

Orkla Brands International consists of Orkla Brands' branded consumer goods companies outside the Nordic region and the Baltics. The business unit's operating revenues totalled NOK 2,009 million, which represented an underlying[2] improvement of 4% compared with 2009. EBITA[1] amounted to NOK 40 million, an underlying[2] decline of NOK 28 million. A very weak market trend in Russia in the first half-year, combined with a heat wave in the summer months, had a negative impact on Orkla Brands International. However, the Russian companies posted higher sales in the fourth quarter. The Indian business MTR achieved solid sales growth in 2010.

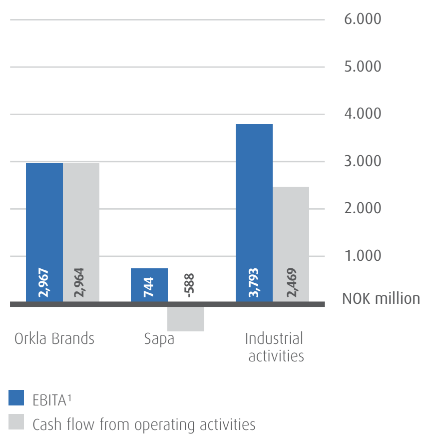
Orkla Food Ingredients is now the leading supplier of bakery ingredients in the Nordic region, and aims to grow in Central and Eastern Europe. In 2010, the business unit reported operating revenues of NOK 4,560 million, equivalent to an underlying[2] improvement of 4%. EBITA[1] amounted to NOK 268 million, an underlying[2] rise of NOK 16 million. This good performance was primarily ascribable to Odense and the Credin Group. Due to higher production costs and increased raw material prices, the Dragsbæk companies reported a decline in profit despite top-line growth. In the case of OF Romania, demanding market conditions resulted in a decline in both the top line and EBITA[1].

Net sales by geographical area



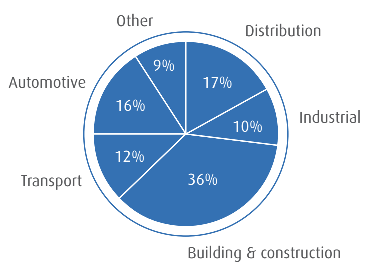
Net sales (NOK million and %)

Conversion of profit to cash flow



[1] Operating profit before amortisation and other income and expenses.

Sapa's end use markets in 2010



Sapa

Sapa develops, manufactures and markets value-added profiles, profile-based building systems and heat-exchanger strip, all made of aluminium. Sapa consists of the three business units Sapa Profiles, Sapa Building System and Sapa Heat Transfer.

Sapa's operating revenues totalled NOK 27,684 million in 2010, compared with NOK 20,803 million in 2009, an improvement of 33%. Following a substantial fall in volumes in 2008 and 2009, demand in several of the North American and European market segments increased in 2010. All in all, it is estimated that demand for aluminium profiles increased by 16% and 18%, respectively, in these markets. The trend flattened out slightly in the second half-year, but this was partly counteracted by the fact that Sapa Profiles increased its market shares in the same period. However, volume in 2010 was still considerably lower than might be expected based on historical trends. EBITA[1] amounted to NOK 744 million, compared with NOK -344 million in 2009. Increased volumes and the positive effects of internal improvement projects contributed to the profit improvement.

Sapa Profiles is the world's leading manufacturer of processed aluminium profiles, and its operations are divided into three geographical segments: North America, Europe and Asia. Sapa Profiles operates in 26 countries, and is well positioned to establish close working partnerships with both local and international customers.

Sapa Profiles' operating revenues totalled NOK 21,671 million in 2010 (NOK 15,621 million)[3]. EBITA[1] amounted to NOK 373 million, compared with NOK -574 million in 2009. The transport sector showed solid growth in 2010, and demand from the solar sector, in which Sapa has strengthened its position, was high throughout the year. Volumes in the building and construction industry declined in both Europe and North America in the second half-year.

Sapa Building System is one of Europe's largest suppliers of building systems based on aluminium profiles. Sapa Building System offers a wide range of innovative aluminium systems to architects, designers, specifiers and contractors. Sapa Heat Transfer is the world's leading supplier of solutions for heat exchangers for the automotive industry. Production takes place in Sweden and China.

EBITA[1] for Heat Transfer & Building System amounted to NOK 371 million (NOK 230 million)[3]. Heat Transfer's order intake increased throughout the year. However, Building System is affected by a weak building and construction industry, and sees few signs of increased activity in the European market. The expansion of Sapa Heat Transfer's factory in Shanghai was completed in 2010, increasing capacity from 40,000 tonnes to 75,000 tonnes.

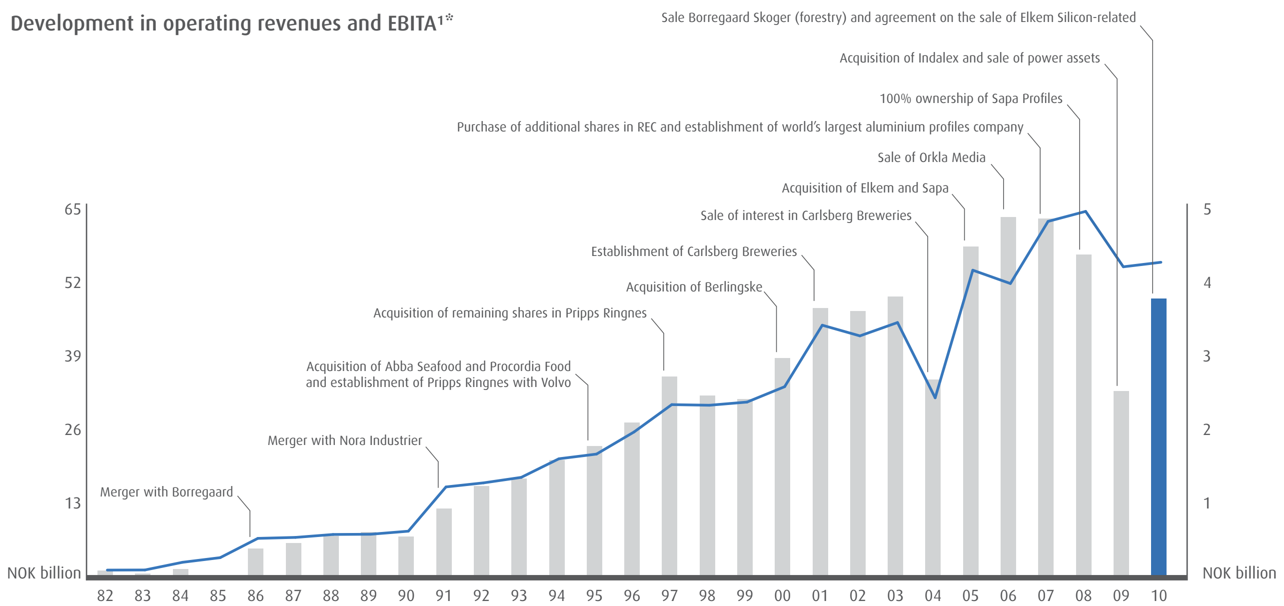
On 12 February 2010, there was a serious fire in one of the rolling mills at Heat Transfer's plant in Finspång, Sweden. Production at the plant is back to normal, and the plant is now again running at full capacity in accordance with the ramp-up plan. The fire caused damage to the plant, increased costs to ensure customer deliveries, and business interruption losses resulting from the production stop. Sapa is insured against these types of incidents, and is in a dialogue with the insurers to clarify the final compensation. The total effect on results is expected to be limited.

Investments

The Group's investments in Orkla Financial Investments, Borregaard Chemicals, Hydro Power, and its equity interests in the associated companies Jotun (42.5%) and REC (39.7%), are presented under Investments. Through active ownership, these investments will contribute to financial and structural value creation for the Orkla Group. In 2010, Borregaard Skoger (forestry) and Orkla Finans (investment services) were sold, while the operations of Elkem Energi Handel (energy trading) were wound up.

Orkla Financial Investments comprises the Share Portfolio and Orkla Eiendom (real estate). Pre-tax profit for Orkla Financial Investments amounted to NOK 3,752 million, compared with NOK 761 million in 2009. The positive result is largely attributable to realised portfolio gains and changes in the fair

Development in operating revenues and EBITA[1]*



* From industrial activities. Figures as reported from 1982-2009. Figures for 2004-2010 are stated under IFRS, while figures for 1982-2003 are stated under NRS.
[1] Operating profit before amortisation and other income and expenses.
EBITA (right axis).
Operating revenues (left axis).

value of associated companies, dividends received and the sale of Borregaard Skoger. The total increase in net asset value before tax was NOK 4.668 million for the year.

The strategy of the Share Portfolio is to identify and invest in value-creating assets. Investments are made within the geographical areas in which Orkla has industrial operations, and primarily in the Nordic region. The Share Portfolio will also use its ownership positions to contribute to the Group's industrial development. Moreover, Orkla aims to develop industrial options from this portfolio which, over time, can be developed into new business areas.

The Share Portfolio achieved a full-year return of 31.8%, compared with a 25.4% return on its benchmark, the Morgan Stanley Nordic Index (18.3% for the Oslo Stock Exchange Benchmark Index). In 2010, in compliance with IFRS, write-downs totalling NOK 266 million (NOK 1,214 million)[3] were made on the Share Portfolio, while dividends received amounted to NOK 521 million and net sales of securities totalled NOK 2,130 million. At year-end, the Share Portfolio had a market value of NOK 11,661 million and unrealised gains of NOK 4,438 million.

Orkla Eiendom invests and engages in extensive property development, often based on the Group's own properties. Orkla Eiendom posted EBITA[1] of NOK 274 million, compared with NOK -15 million in 2009. The improvement in profit is largely due to the sale of the building Karenslyst Allé 6 (Orkla ASA's head office).

Borregaard Chemicals has one of the world's most advanced biorefineries. Using timber as a raw material, it produces a wide range of advanced biochemicals, biomaterials and bioethanol as sustainable alternatives to oil-based products. Borregaard is an international enterprise with production units and sales offices in the most important industrial markets.

Borregaard Chemicals posted operating revenues of NOK 3,750 million in 2010 (NOK 3,815 million)[3]. EBITA[1] nevertheless rose by 10.2%, to NOK 238 million. Borregaard Chemicals experienced good market conditions for key product categories, with increased demand and rising prices. However, the impact on profit was limited by higher raw material and energy costs and an overall negative currency trend.

Hydro Power mainly consists of Borregaard's energy business and Orkla's 85% interest in AS Saudefaldene, which produces a total of 2.5 TWh. The business produces and supplies power to the Nordic power market.

Hydro Power delivered weak results in 2010, due to low inflows and low production at the Saudefaldene plant. Operating revenues and EBITA[1] amounted to NOK 1,321 million and NOK 177 million respectively, compared with NOK 1,353 million and NOK 801 million in 2009. However, the comparative figures for 2009 include a profit contribution of NOK 397 million from the sale as of 31 December 2009 of power plants operating under licence. The energy business in Sarpsborg reported improved profit in 2010, due to higher market prices, higher production as a result of increasing production capacity, and the loss incurred in 2009 on financial power trading.

Associated companies primarily consist of the Group's investments in Renewable Energy Corporation ASA (39.7% interest) and Jotun AS (42.5% interest). REC and Jotun are presented in Orkla's financial statements in accordance with the equity method, and Orkla's share of profit/loss after tax is shown on the line for profit/loss from associates. The figures below are on a 100% basis.

REC is one of the world's leading companies in the solar energy industry. The business covers every part of the value chain, from production of raw materials to completed solar cells and modules. REC is a global player, serving mainly markets in Europe, the USA and Asia. REC's operating revenues totalled NOK 13,776 million in 2010, compared with NOK 8,831 million in 2009. EBITDA for REC amounted to NOK 3,532 million, compared with NOK 1,803 million in 2009.

Like 2009, 2010 was a year of production capacity ramp-up. At the end of 2010, there was production in over 80% of the plants, compared with an average level of 25% in 2009. In 2011, REC will continue to focus on operational improvements and completion of the ramp-up of various production plants. Further information on REC may be found on the company's website, www.recgroup.com.

Jotun is an international manufacturer of paints and powder coatings, with 74 companies and 40 production plants distributed across all of the world's continents. The Jotun Group consists of four divisions: Jotun Dekorativ, Jotun Paints, Jotun Coatings and Jotun Powder Coatings. Jotun's operating revenues totalled NOK 12,003 million in 2010, compared with NOK 11,219 million in 2009. EBIT for Jotun rose to NOK 1,343 million, compared with NOK 1,157 million in 2009.

Jotun reported satisfactory results in 2010. On the whole, both sales volume and sales value increased. This improvement is ascribable to targeted, structural measures combined with generally higher demand for the company's products in most markets. Margins showed a negative trend compared with 2009, mainly due to increases in the prices of key metals and other raw materials. Factories are currently being built in Malaysia, Norway, Libya and Brazil, in addition to Jotun's third factory in China. A high level of investment is important for maintaining planned, future growth.

Research and Development (R&D)

Orkla's R&D activities seek to generate results through an inter-disciplinary focus that cuts across the entire organisation. The result is improved transfer of expertise and greater work-related flexibility. Sapa has intensified its focus on R&D, both locally and centrally, and has a central unit for R&D activities in Finspång, Sweden, with 72 employees. Local R&D functions have been established in Shanghai, North America and southern Europe. Borregaard has a joint research centre with a staff of around 60 people. At Orkla Brands, consumer and market insight is combined with technological expertise to develop popular, innovative products.

Research and development are crucial for the further development of the businesses' market positions. At Sapa, a great deal of R&D work is related to the long-term strategy of creating added value for customers. However, much of the work is also concentrated on practical objectives, such as productivity and costs. Borregaard has established a special business development unit, which primarily focuses on feasibility studies and business and technology development in the fields of biofuels, biochemicals and biomaterials. Borregaard has recently decided to invest in a pilot plant for the production of second-generation biofuel, and has been granted NOK 58 million in investment support by Innovation Norway for this purpose. At Orkla Brands, innovation is extensively incorporated into every stage of the value chain through the purposeful, systematic use of normative tools, while deep consumer and customer nsight increases the quality of the innovation process.

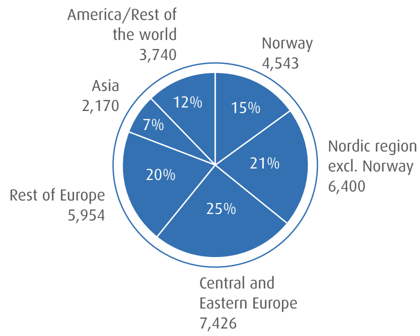
Corporate responsibility

Orkla defines corporate responsibility as "achieving commercial profitability in a way that is consistent with fundamental ethical values and respect for individuals, the environment and society". The Group is a member of the UN Global Compact initiative, and endorses the Global Compact's ten principles. Through clearly defined attitudes, active influence and targeted improvement efforts, Orkla companies will help to promote human rights, good working and environmental standards and zero tolerance for corruption, both in their own operations and in respect of their suppliers and external partners.

Efforts to educate internal management staff and key personnel were continued in 2010 in all business areas. Orkla's Corporate Responsibility Council was established as an advisory body for the Group's work in this field, and to support the Group Executive Board in dealing with issues relating to ethics and corporate responsibility. The Council consists of management representatives from the various business areas and key corporate functions. In 2010, the Group also began work on reviewing and further improving the internal procedures for following up on corporate responsibility activities. This work will continue in 2011.

Orkla seeks to develop a strong anti-corruption culture, and in 2009 drew up a

Number of employees, by geographical area



Number of employees (absolute numbers and %)
Number of employees 30,233

new anti-corruption manual containing detailed guidelines for desired practices in this field. Around 1,500 management staff and other key personnel completed web-based training in the use of the new manual in 2010. Anti-corruption efforts were also a topic addressed at a number of management meetings.

Efforts to implement procedures for systematic risk identification and monitoring of suppliers with regard to human rights, working conditions, the environment and corruption were another priority task in 2010. Other priority areas include EHS, human resource development and diversity. The work carried out in these fields is described in separate sections below.

Personnel and organisation

Excluding Elkem, the Orkla Group had 30,233 employees (27,732)[3] at year-end. Of these, 4,543 (4,971)[3] were located in Norway, 6,400 (6,024)[3] were located elsewhere in the Nordic region, and 19,290 (16,737)[3] were located in countries outside the Nordic region.

Cooperation between management and the employees' organisations through the established cooperative and representational systems functions well, and makes valuable contributions to finding constructive solutions to the challenges faced by the Group and the individual companies. The cooperative systems are being adapted to the structural changes in the Group. New employee representatives were elected to the Board of Directors and the Corporate Assembly in the spring of 2010. Per Arnfinn Solberg was replaced by Bjørn Rune Henriksen as head representative of the salaried employees, while Åge Andersen remains chief union representative and representative for members of the Norwegian Confederation of Trade Unions, along with Gunn Liabø.

At the meeting of the Corporate Assembly on 24 May 2010, Stein Erik Hagen was re-elected as Board Chair, and Svein S. Jacobsen as Deputy Board Chair. The other shareholder-elected Board members, Peter Ruzicka, Kristin Skogen Lund, Åse Aulie Michelet and Bjørg Ven, were re-elected for a term of one year. Lennart Jeansson stepped down from the Board, and Jesper Ovesen was elected for a term of one year. Three out of a total of seven shareholder-elected members of Orkla's Board of Directors are women, while one of the three employee-elected Board members is a woman. Orkla ASA therefore fulfils the requirement under section 6-11a of the Public Limited Liability Companies Act regarding representation of both genders on the Board of Directors. In the Corporate Assembly, four out of a total of 14 shareholder-elected members are women. One of the seven employee-elected members is a woman.

On 2 July 2010, Dag J. Opedal informed the Board of Directors that he wished to resign from his post as President and CEO in the course of the year. Mr Opedal stepped down on 8 September 2010. Bjørn M. Wiggen took up the post of President and CEO on the same day. The Board of Directors of Orkla ASA would like to thank Dag J. Opedal for his solid efforts over more than 20 years to promote the development and growth of the Group, not least as President and CEO since 2005.
On 8 September 2010, Timothy R. J. Stubbs was appointed CEO of Sapa and a member of the Group Executive Board. Effective from 1 January 2011, Karin Aslaksen has been appointed Executive Vice President, Strategic HR and Communication. Hilde Myrberg stepped down from the Group Executive Board on the same date. Furthermore, Svein-Tore Holsether has been appointed Executive Vice President, M&A, and will take up his position on 1 February 2011.

The Board of Directors would like to thank all employees for their efforts and for the results achieved in 2010.

Equality and diversity

To achieve Orkla's business goal of growth in a global market, the company is dependent on attracting the most talented individuals and developing a corporate culture based on a wide breadth of experience and expertise. Variation in background experience, gender and age is a strength in product and process development because it can contribute to greater understanding of the market and broader perspectives.

In 2010, an internal working group reviewed the status of the Group's diversity efforts and identified areas for improvement. This work will be followed up in 2011 through dialogue with the business areas. Orkla's corpo-

"Orkla's R&D activities seek to generate results through an inter-disciplinary focus that cuts across the entire organisation."

rate responsibility guidelines are to be revised in 2011, and in that connection the Group's internal diversity and non-discrimination standards will be further elaborated.

Recruitment
Orkla has collaborated with the Alarga foundation for several years on helping young people of minority origin gain easier access to the labour market. In 2010 the Group established cooperation with Ambisjoner.no, a career and education web portal.

Pay and working conditions
Orkla aims to ensure that all employees are paid in accordance with the pay targets and collective wage agreements drawn up by employers' organisations and other bodies in the relevant countries. Orkla emphasises expertise, the complexity of the position, performance and competitiveness in the market, regardless of gender, ethnicity or disability. Another factor considered important with regard to gender-equality efforts is measures that make it easier to combine a career with family life.

In 2010, Orkla conducted a Group-wide employee opinion survey that covered the majority of the companies in the Group. The survey was carried out among 23,000 employees in a total of 30 languages, and achieved a response rate of 75%. The purpose of the survey was to ascertain employees' perception of their work situation, understand which factors are important for employee engagement, and identify improvement needs related to such issues as equal treatment and development opportunities.

The results show that the employees' welfare in all parts of the Group is generally at a high level. In total, 86% answer that they like their work, 75% answer that they are looking forward to go to work and 77% answer that they are proud to work for their company. These are positive results compared to external data. The survey gives the companies a foundation for identifying improvement areas and initiating relevant action to ensure good organisational development and profitable growth. The group has prepared a process to decompose and discuss the results in each company, and emphasize that the work happens as a dialogue between the management and the employees.

Promotion and development opportunities
Orkla aims to achieve a more even gender balance, and to have more women in leading positions than is the case at present. Including Elkem, there were 11,029 women in the Group at year-end, equivalent to 34% of employees. Excluding Elkem, women still account for 34% of Group employees. The proportion of women in the Group's various management teams is stable, but the number of female managers at Orkla is still too low, and activities in this field will continue.

Examples of measures to increase the percentage of women, which have been implemented particularly in the Nordic businesses, include the mentor programme, a special focus on female managers in the annual management evaluations, giving women priority in connection with management development courses, the requirement always to identify a female candidate for senior positions, and the measurement of gender-distribution trends. In February 2010, Orkla held its global women's conference for the second time. One of the topics addressed was ways of increasing the percentage of women in senior positions.

To promote a wider range of international backgrounds and experience among Orkla's senior executives, there is an emphasis on broad geographical participation in leadership development programmes. Fourteen different nationalities were represented among the 28 participants in the Orkla Senior Management Programme in 2010.

Protection against harassment
Orkla does not tolerate any form of insulting behaviour, harassment, discrimination or other conduct that colleagues, business contacts or others may find threatening or demeaning. All employees are entitled to fair and equal treatment. The topic of discrimination is included in the general training provided on the working environment, and discrimination is defined as a risk factor. There are established routines for dealing with harassment, in the form of a whistle-blowing service on Orkla's website. This service is intended to give employees and others the opportunity to alert the Group's governing bodies to possible breaches of Orkla's Code of Conduct in cases where a matter cannot

Orkla's overarching goal is defined as "Developing people - creating value".

be resolved at the local level. Moreover, procedures have been put in place for dealing with such notifications.

Competence

Orkla's overarching goal is defined as "Developing people – creating value". This goal reflects both an ambition and a commitment. Substantial resources are therefore devoted to realising this goal. These resources are primarily focused on the individual on-the-job training each employee receives. This training is supplemented by various training programmes run by the Orkla Academies, which are designed to ensure that Group companies have access to crucial expertise in management and key specialist disciplines. Furthermore, a number of companies provide systematic technical training for operators, with the aim of facilitating necessary reorganisation and ensuring sound, efficient operations. Developing the Group's overall competencies is important to maintain and reinforce Orkla's competitiveness. The training programmes are continuously improved to ensure that they are of the highest possible quality. In addition to enhancing participants' technical skills, these programmes also play an important role in the development of common attitudes, working methods and a corporate culture that transcends individual company borders.

The Orkla Academies work closely with representatives of the line organisations, thereby ensuring that the overall human development efforts are aligned with the needs of the various companies.

Environment, health and safety (EHS)

Orkla's vision of zero harm to people, the environment and society is fundamental to the Group's EHS work. The general requirements that must be met by Group companies are set out in Orkla's EHS policy. While each company is responsible for its own EHS activities, the guidelines are intended to ensure a system of controls and continuous improvement over time. Operational efficiency based on compliance with EHS requirements is one of Orkla's value drivers, and is included in Orkla's "Goals and Values". This means that a focus on EHS must be an integral part of all Orkla's business activities.

Each company must define goals and prepare activity plans, establish systems and control procedures, implement measures and report on its EHS activities. All employees, contract workers and suppliers must be made aware of their EHS responsibility and be actively included in EHS activities at their workplace.

Risk assessments are a key component of EHS work. All Orkla units must carry out such assessments, which will help companies in their efforts to achieve continuous improvement by prioritising the most important EHS measures and establishing effective action plans.

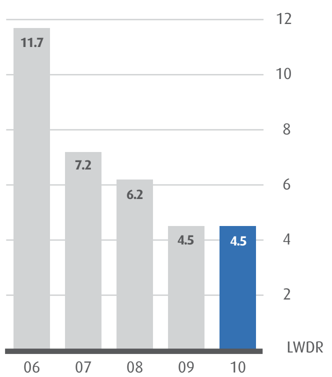
Safety

Despite the efforts to prevent occupational accidents, two fatal accidents tragically occurred in connection with Orkla's operations in 2010. At Elkem's plant on Iceland, a male employee died from burn injuries caused by a blowout of hot gas from a smelting furnace. At Elkem's joint venture at Erdos in China, a contract driver was killed when the tractor he was driving overturned and he was crushed by the trailer. These incidents show that all parts of the organisation must continue to give their full attention to injury prevention efforts.

An important aspect of the improvement process is recording and following up on all types of injuries and undesired events. Including Elkem, Orkla achieved a Lost Work Day Rate (LWDR), i.e. the number of injuries leading to absence per million hours worked, of 4.3 in 2010, compared with 4.5 in 2009. The LDWR excluding Elkem is 4.5. The Total Recordable Rate (TRR), i.e. the number of injuries leading to absence, a need for medical treatment, or restricted work per million hours worked, was 13.3 in 2010, compared with 12.8 in 2009. The increase is due to the fact that in 2010 several companies began to register and follow up on injuries not leading to absence.

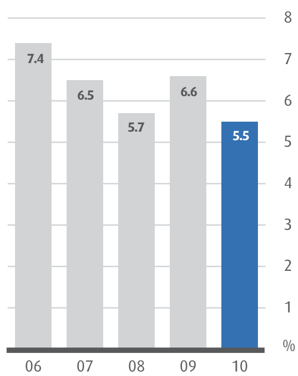
While the change in injury rate is not significant for Orkla as a whole, several of the companies, on the other hand achieved improvement in 2010. This shows that central EHS principles, such as good order and cleaning, involvement, skills upgrading and the will to learn from others, are necessary to achieve improvements. There must be focus and emphasis on these important principles throughout the organisation.

Trends in LWDR[1] at Orkla*



* Figures as reported in 2006–2009.
[1] Number of injuries leading to absence per million hours worked.

Trends in sickness absence for Orkla in Norway*



* Figures as reported in 2006–2009.

Health and working environment

In 2010, efforts were focused on the topic of "Health-promoting workplaces and long-term employee health" as a follow-up to a conference held in late 2009. In practice, this means ensuring that individual businesses put in place good processes in which management and employees participate actively to implement measures adapted to their workplace.

Sickness absence in Orkla was 3.6% in 2010, while the corresponding figure for 2009 was 4.3%. The sickness absence rate, excluding Elkem's operations, was also 3.6%. The rules for registering sickness absence and follow-up of employees on sick leave vary from one country to another. In Norway, Orkla complies with the principles of an inclusive work environment, which entail active follow-up of absentees and cooperation with the company health service. Similar principles also apply to Orkla's operations in other parts of the world. Sickness absence for the Norwegian companies was 5.3% in 2010, clearly down from 6.6% in 2009. Sickness absence for the Norwegian companies, excluding Elkem, was 5.5%.

External environment

Orkla is committed to taking responsibility for the external environment, and focuses strongly on reducing any negative environmental impacts related to the Group's processes and products. If unintended discharges occur, they are registered and handled in line with national and local requirements. In 2010, two unintended discharges were registered which have involved follow-up from local authorities. At AS Saudefaldene's shut-down power plant in Hellandsbygd, Norway, transformer oil was discharged into Storlivatn Lake and one minor discharge into the sea-was registered at Kolding Salater in Denmark.

Orkla's products must be manufactured using safe raw materials and accepted methods. Orkla requires its suppliers to meet product safety, environmental and ethical production standards. In 2010, the Group maintained its focus on monitoring suppliers and putting in place systems for supplier approval and auditing.

Environmental impacts are primarily related to greenhouse gas emissions in connection with energy consumption and processing emissions from Elkem's smelting plant, waste management and noise, and the use of materials and scarce natural resources, including water, in certain geographical areas. Orkla prepares energy and climate accounts based on the international Greenhouse Gas Protocol Initiative. These accounts are also submitted to the Carbon Disclosure Project (CDP), an independent organisation that provides investors all over the world with a basis for assessing how the world's largest companies are dealing with climate challenges.

In 2010, global greenhouse gas emissions from Orkla companies amounted to 2.15 million tonnes of CO_2-equivalents, compared with 1.85 million tonnes of CO_2-equivalents in 2009. If emissions from purchased energy are included, emissions totalled approximately 3.1 million tonnes of CO_2-equivalents. The rise in emissions in 2010 is primarily due to high production levels at Elkem's smelting plant. Excluding Elkem, greenhouse gas emissions totalled respectively 640,000 tonnes CO_2-equivalents from own operations and 1.15 million tonnes CO_2-equivalents including emissions from purchased energy. Emissions from Sapa's and Borregaard Chemicals' factories and from Orkla's other operations are mainly linked to the production of thermal energy from fossil fuels.

Orkla's total energy consumption in 2010 was 9.6 TWh, compared with 8.2 TWh in 2009. Around 6 TWh of total consumption was from electricity. The rise in consumption is mainly due to increased production at Elkem's facilities, which accounted for 45% of Orkla's energy consumption. Excluding Elkem's facilities, consumption totalled 5.4 TWh. Orkla's own hydropower plants produced around 2 TWh of electricity.

Orkla companies focus continuously on energy efficiency and investment projects to reduce energy consumption and to ensure that the greatest possible use is made of renewable energy. In the short term, this is one of the most important environmental measures carried out at Orkla.

Corporate governance

Orkla's governance systems are based on principles that follow the system used in the Norwegian Code of Conduct for Corporate Governance, and largely conform to current international guidelines on good corporate governance.

A more detailed description of corporate governance at Orkla may be found on pages 23-31 of this annual report.

Pay and other remuneration of senior executives

The Board of Directors has established a special Compensation Committee, which deals with all important matters related to pay and other remuneration of senior executives before such matters are formally discussed and decided by the Board of Directors.

In accordance with Norwegian company legislation, the Board of Directors has also prepared a separate statement of guidelines on the pay and other remuneration of senior executives, included in Note 6 to the financial statements of Orkla ASA, which will be presented and discussed at this year's Annual General Meeting. The note also provides details of remuneration and contractual arrangements.

Accounting principles

The consolidated financial statements for 2010 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The financial statements for the parent company have been prepared in accordance with section 3-9 of the Accounting Act (simplified IFRS).

The explanation of accounting principles on page 37-43 describes important matters relating to accounting treatment under IFRS.

Allocation of profit for the year

In 2010, Orkla ASA posted a profit of NOK 9,924 million. The Board of Directors proposes the following allocation (NOK million):

Transferred to other equity	7,369
Provision for dividends	2,555
Total	9,924

Free equity amounted to NOK 33,166 million at year-end.

The Board of Directors proposes the distribution of an ordinary dividend of NOK 2.50 per share for the 2010 financial year.

Outlook for 2011

The Nordic grocery market is expected to show a relatively stable trend. Outside the Nordic region, particularly in Russia, the Baltics and Eastern Europe, there are prospects of a cautious improvement in the markets, but the level of uncertainty is relatively high. Raw material prices have risen throughout the year, and have lately increased rapidly to record high levels. The uncertainty in the raw material markets is therefore greater than normal for 2011. Orkla Brands' companies are following developments closely and aim to compensate for the increase by raising prices. Very substantial, rapid changes in raw material prices can result in delays in implementing price rises in the market.

Sapa has experienced market growth throughout 2010, and Orkla expects this to continue into 2011, even though achieving growth in some markets will be difficult. Market growth has flattened out somewhat during the second half of 2010, and Sapa is expecting Sapa Profiles to experience moderate market growth in 2011. The market and demand for Sapa Heat Transfer are good at the beginning of 2011. Sapa's strategic initiatives and internal improvement projects will be intensified in 2011, with a view to spurring further profit growth.

Borregaard Chemicals expects the strong demand in key product categories to continue into 2011. Increased prices for important raw materials and the strengthening of NOK against EUR and USD may have a negative impact on Borregaard.

Hydro Power's reservoirs were at low levels at the beginning of 2011. Overall, Saudefaldene expects lower production than normal in 2011, due to the low reservoir levels and little snow at the beginning of 2011. Average energy prices are expected to be lower than in 2010.

Assuming a stabilising global economy, stock markets are also expected to develop positively into 2011, but negative economic and political events may have a negative impact. The interest-rate level is expected to rise somewhat from the historic lows of 2010.

Oslo, 9 February 2011
The Board of Directors of Orkla ASA

Stein Erik Hagen Chair	Svein S. Jacobsen Deputy chair	Aage Andersen	Bjørn Rune Henriksen
Gunn Liabø	Kristin Skogen Lund	Åse Aulie Michelet	Jesper Ovesen
Peter A. Ruzicka	Bjørg Ven	Bjørn M. Wiggen President and CEO	

Group Executive Board

1.
BJØRN M. WIGGEN (51), PRESIDENT AND CEO
Degree (siv. økonom) from the Norwegian School of Economics and Business Administration (NHH).

President and CEO since 2010. Executive Vice President from 2008, Managing Director of Sapa AB from April 2009 and Chairman of the Board of Elkem AS and Elkem Solar AS, as well as Managing Director of Orkla ASA with responsibility for Elkem Solar. Managing Director of Elkem, 2008-2009. Head of Orkla Media/Mecom Europe, 2005-2007. Prior to that, Managing Director of Pripps Bryggerier, Ringnes and Senior Vice President at Carlsberg Breweries. Deputy Chairman of the Board of Tomra ASA.
Mr Wiggen and related parties own 178,869 shares and 340,000 options in Orkla ASA[1].

2.
TORKILD NORDBERG (53), EXECUTIVE VICE PRESIDENT, CEO ORKLA BRANDS
Degree (siv. økonom) from the Norwegian School of Economics and Business Administration (NHH).

Member of Orkla's Group Executive Board with overall responsibility for branded consumer goods since 2005. Managing Director of Orkla Brands Nordic, 2002-2007. Director Lilleborg Home and Personal Care, 1997-2006. Director Lilleborg Personal Care Products/Hygiene, 1994-1997. Director Lilleborg Industrial Detergents, 1993-1994. Various management positions in sales and marketing at Lilleborg. Member of the Board of Jotun AS since 1997. Mr Nordberg and related parties own 70,247 shares and 420,000 options in Orkla ASA[1].

3.
TERJE ANDERSEN (53), EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER
Degree (siv. økonom) from the Norwegian School of Economics and Business Administration (NHH).

Chief Financial Officer at Orkla since 2000. Member of Orkla's Group Executive Board since 2005. Prior to that, Finance Director at Orkla Brands and Lilleborg, and management positions at Deloitte Consulting and Nevi Finans.
Mr Andersen and related parties own 37,003 shares and 300,000 options in Orkla ASA[1].

4.
TIMOTHY R. J. STUBBS (43) EXECUTIVE VICE PRESIDENT, CEO SAPA
Bachelor's degree in Metallurgy and Science of Materials from Oxford University and MBA from London Business School.

Member of Orkla's Group Executive Board. President & CEO Sapa from 2010. BA President Sapa North America, 2009-2010. President & CEO Indalex, 2004-2009. Mr Stubbs has a total of over 20 years of experience in the aluminium extrusion sector in North America and Europe. Member of the Executive Committee of the European Aluminium Association (EAA). Mr Stubbs and related parties own 708 shares and 50,000 options in Orkla ASA[1].

5.
KARIN ASLAKSEN (51), EXECUTIVE VICE PRESIDENT, STRATEGIC HR & COMMUNICATION
PhD, Dep.of Industrial Economics and Technology Management, Norwegian Inst. of Tech. (NTH) and Development Studies, University of Uppsala, Kenya.

Member of Orkla's Group Executive Board. Senior Vice President, Human Resources/Health Safety Environment/CSR Elkem ASA, 2002-2010. Vice President, Human Resources, Elkem ASA, 1998-2002, Consultant/PhD-student Change management, facilitating increased productivity through organisational development and changes in various organisations, 1994-1998. Project manager, SBA,1990-1993. Project manager/consultant ILO/NORAD Kenya, 1987-1990. Member of the Corporate Assembly of Statoil ASA and member of the Board of SINTEF. Ms Aslaken and related parties own 5,082 shares and 120,000 options in Orkla ASA[1].

6.
SVEIN-TORE HOLSETHER (38) EXECUTIVE VICE PRESIDENT, M&A
BSc Finance & Management, University of Utah.

Member of Orkla's Group Executive Board. Business Area President, Sapa Asia & Middle East, 2010. CFO, Sapa AB, 2007-2010. CFO, Orkla Speciality Materials, 2006-2007. CFO, Elkem ASA, 2005-2006. CFO, Elkem ASA North America Division, 2003-2005. Group Controller and Financial Analyst, Elkem ASA, 1997-2003.
Mr Holsether and related parties own 9,018 shares and 150,000 options in Orkla ASA[1].

[1] Number of shares and options owned as of 31 December 2010.

Corporate governance

Orkla's principles for good corporate governance aim to provide the basis for long-term value creation, to the benefit of shareholders, employees and society at large. These principles cannot replace efforts to promote a sound corporate business culture, but must be viewed in conjunction with them. Openness, transparency, accountability and equal treatment underpin confidence in the Orkla Group, both internally and externally.

1. Statement of policy on corporate governance

The Board of Directors at Orkla actively adheres to good corporate governance standards and will at all times ensure that Orkla complies with the Norwegian Code of Practice for Corporate Governance, which was last revised on 21 October 2010. The topic of corporate governance is subject to annual assessment and discussion by the Board, which has also considered the text of this chapter at a Board meeting. The Code of Practice may be found at www.nues.no.

Orkla is committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving its operations in relation to the external environment, climate and energy resources and investing in profitable business projects that can generate positive ripple effects for society. The Group's attitudes towards social responsibility have been defined in Orkla's "Goals and Values", Code of Conduct and corporate responsibility guidelines. The latter two documents are scheduled to be revised in the course of 2011. The documents are available on Orkla's website under "Sustainability", and are described in further detail in Orkla's Sustainability Report, which also gives an account of the Group's efforts to address important corporate responsibility issues.

The following section is structured in the same way as the Code of Practice, covers each point of the Code and describes Orkla's compliance efforts. Wherever possible, account is taken in this report of information which Orkla will be required to provide in the 2011 Annual Report under section 3-3b of the Norwegian Accounting Act regarding reporting on corporate governance.

The information that Orkla will be required to present under section 3-3b is structured in accordance with the Code of Practice where it is logical to do so. The following specifies where the items on which information must be disclosed under section 3-3b may be found:

1. *"a statement of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with"*: section 1 of the Code of Practice , Implementation and reporting on corporate governance
2. *"information on where the recommendations and regulations mentioned in no. 1 are available to the public"*: section 1 of the Code of Practice, Implementation and reporting on Corporate Governance
3. *"the reason for any non-conformance with recommendations and regulations mentioned in no. 1"*: There are two non-conformances with the Code of Practice which are described in further detail under section 6, General Meetings, and section 14, Takeovers.
4. *"a description of the main elements in the enterprise's, and for entities that prepare consolidated financial statements, if relevant also the Group's internal control and risk management systems linked to the financial reporting process"*: section 10 of the Code of Practice, Risk Management and internal control.
5. *"Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act*: section 6 of the Code of Practice, General Meetings.
6. *"the composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees"*: section 8 of the Code of Practice, The Corporate Assembly and the Board of Directors, composition and independence, and section 9, The work of the Board of Directors.
7. *"Articles of Association governing the appointment and replacement of Directors"*: section 8 of the Code of Practice, The Corporate Assembly and the Board of Directors, composition and independence.
8. *"Articles of Association and authorisations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates"*: section 3 of the Code of Practice, Equity and dividends.

2. Activities
Orkla's mission statement reads as follows: *"The objectives of the company are to engage in activities comprising industry, commerce, forestry, transport, finance, the acquisition and sale of securities and other investments, the purchase, sale, development and management of real estate, the publication of newspapers, magazines and other media, services and any other activity connected with the aforementioned objectives. The activities are conducted by the company itself or by its subsidiaries in Norway and abroad."*

In accordance with its mission statement, Orkla operates in several areas. The Group's main focus is on household branded consumer goods, aluminium solutions, renewable energy, materials and financial investments. The Group pursues a long-term approach and has, over time, created substantial excess value for shareholders.

Orkla's primary goal is "Developing people – creating value". Orkla aims to outperform and create greater value than its competitors and others with whom it is natural to compare the Group. Orkla will achieve this objective by sharpening its business focus and strengthening its consumer orientation. Further information on the Group's goals and main strategies, and the goals and main strategy of each business area, may be found on the Orkla website under "About Us".

3. Equity and dividends
As of 31 December 2010, Group equity totalled NOK 46.9 billion, which is a reduction of around NOK 2.0 billion. This change is largely ascribable to dividends paid out. Orkla has pursued a consistent shareholder and dividend policy for many years. This policy will continue to apply. Over time, Orkla shareholders will receive a competitive return on their investment through a combination of dividends and the increase in the share price. As long as Orkla's underlying growth is satisfactory, shareholders will experience a steady, stable increase in the dividend that is paid out. The Board of Directors has proposed that a dividend of NOK 2.50 per share be paid for 2010. The dividend will be paid out on 29 April to shareholders of record on the date of the Annual General Meeting.

The Board of Directors' authorisations to increase share capital and to undertake share buybacks are limited to specific purposes and are granted for a period no longer than until the next general meeting. The General Meeting is given the opportunity to vote on every purpose covered by the authorisation.

At the Annual General Meeting in 2010, the Board of Directors was authorised to increase the share capital by means of new share subscriptions to a total value of up to NOK 90,000,000 divided between a maximum of 72,000,000 shares, each with a par value of NOK 1.25. The object of this authorisation is to simplify the process in the event it becomes relevant to further develop the Group's priority areas by acquiring companies in return for consideration in the form of new shares or by increasing share capital through private placings. The authorisation may be used in connection with one or more share issues. Similar authorisations have regularly been granted by previous General Meetings.

At the same general meeting, the Board was also authorised to buy back up to 100,000,000 Orkla shares so that the company can acquire and hold up to 10% of its share capital. The authorisation is limited to specific purposes, and applies until the Annual General Meeting in 2011. Shares acquired under this authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. The Board of Directors did not utilise this authorisation in 2010. A similar authorisation has been granted each year since 1998. As of 31 December 2010, Orkla owned 6,945,749 shares. There are otherwise no provisions in Orkla's Articles of Association that govern the buyback or issue of shares.

4. Equal treatment of shareholders and transactions with related parties
Orkla has one class of share and each share entitles the holder to one vote. Each share has a nominal value of NOK 1.25. Further information on voting rights at general meetings is provided under point 6. General Meetings.

The company's strategy is not to dilute the shareholdings of existing shareholders. In accordance with this strategy, there have been no real share capital increases in the company in recent years. Should the Board of Directors wish to propose to the General Meeting that a departure be made from the pre-emptive right of existing shareholders in the event of a capital increase, such a proposal will be justified by the common interests of the company and the shareholders, and the grounds for the proposal will be presented in the notice of the general meeting. In the event of a capital increase based on an authorisation granted by the General Meeting, the grounds for departing from the pre-emptive right will be set out in the stock exchange notification announcing the capital increase. The company's transactions in its own shares are effected on the market at market price in accordance with good stock exchange practice in Norway.

To avoid any detriment to the Group's reputation, the Board considers it important to pursue a policy of transparency and caution in connection with investments that could be perceived as an unfortunately close involvement, or close relationship, between the company and a member of the Board, executive management or parties related thereto. Procedural rules for such transactions have therefore been drawn up in the Rules of Procedure for the Board of Directors, which may be found on Orkla's website under "Investor Relations". According to the Rules of Procedure, the Board Chair must be informed of such transactions and must consider how the matter should be dealt with. If the matter concerns the Board Chair, this duty is incumbent upon the Deputy Chair of the Board.

Further information on transactions between related parties is provided in Note 32 to the consolidated financial statements. In the event of not insignificant transactions between the company and shareholders, a shareholder's parent company, Board members, executive management or parties related thereto, the Board of Directors will ensure that a valuation is carried out by an independent third party. The Board will similarly arrange for a valuation by an independent third party in the event of not insignificant transactions between companies within the Group where there are minority shareholders.

The Rules of Procedure further establish that a Board member must not take part in the consideration of or a decision on an issue that is of such importance to himself or herself or to any related party that the member must be considered to have an obvious personal or financial interest in the matter. It is incumbent upon each Board member to consider on an ongoing basis whether there are matters which, from an objective point of view, are liable to undermine the general confidence in that Board member's independence and impartiality, or which could give rise to conflicts of interest in connection with the Board of Directors' consideration of the matter. Such matters must be taken up with the Board Chair. According to the Group's Code of Conduct, employees must on their own initiative inform their superior if they should recuse themselves from dealing with or have a conflict of interest in connection with a matter, and consequently should not take part in considering such matters. Instructions have also been drawn up for the private investments of specific employees. These instructions are intended, among other things, to prevent the occurrence of such conflicts of interest, and they contain rules regarding the duty of employees to exercise due diligence in connection with their private investments, obtain prior approval for and report such investments.

5. Freely negotiable shares

All Orkla shares carry equal rights and are freely negotiable. No special limitations on transactions have been laid down in Orkla's Articles of Association. Transactions in the Orkla share are described in more detail on Orkla's website under "Investor Relations".

6. General meetings

Orkla seeks to ensure that as many shareholders as possible are able to exercise their rights by participating in general meetings, and that the general meeting is an effective meeting place for shareholders and the Board of Directors. The Annual General Meeting is held every year before the end of May. Notices of general meetings and related documents are made available on Orkla's website at the latest 21 days prior to the date of the meeting. The final date for giving notice of attendance is three working days prior to the general meeting. Shareholders are given the opportunity to vote on the election of every single candidate to an office in the Nomination Committee and in the Corporate Assembly. The auditor, Board of Directors and Nomination Committee are present at general meetings.

Under the Articles of Association, general meetings are chaired by the Chair of the Corporate Assembly, or in his or her absence, by the Deputy Chair. The Chair of the Corporate Assembly satisfies the requirements of the Norwegian Code of Practice for Corporate Governance regarding independence.

The voting right for a transferred share may be exercised when the transfer has been recorded by the Norwegian Central Securities Depository within the time limit for giving notice of attendance at the general meeting, or if the share acquisition has been notified to the Depository and proof of the acquisition is presented at the general meeting. Under Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares that are registered in a nominee account must be reregistered in the Depository within the time limit for notice of attendance at the General Meeting in order for the shareholder to be able to vote the shares. Shareholders who are unable to attend the general meeting may vote by proxy. Orkla will appoint the Board Chair to vote for shareholders as their proxy. The proxy form is designed in such a way that voting instructions may be given for each matter that is to be considered and for the candidates who are to be elected. Further information regarding use of proxies and shareholders' right to submit items of business for consideration at general meetings is provided in the notice of the general meeting and on Orkla's website.

At the Extraordinary General Meeting held on 10 December 2009, the Articles of Association were amended to the effect that the Board of Directors may decide that general meeting documents are not to be sent to shareholders, provided they are made available on the company's website. This also applies to documents which by law must be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that documents pertaining to items of business to be considered at the general meeting be sent to him or her. The provision in the Articles of Association departs from the general rule laid down in Chapter 5 of the Public Limited Liability Companies Act which prescribes that the annual financial statements, the report of the Board of Directors, the auditor's report, the statements of the Corporate Assembly pursuant to section 6-37, third paragraph, and the Board of Directors' statement of guidelines for the remuneration of the executive management pursuant to section 6-16 a must be sent to all shareholders no later than one week before the general meeting. The Board's proposal to amend the Articles of Association in this respect was motivated by the desire to generate environmental gains and cost savings.

Members of the Board of Directors are present at general meetings, but normally the entire Board has not attended. No items of business at general meetings have made this necessary to date. The Board Chair, the general manager and the heads of the various business areas are always present in order to reply to any questions that is raised.

7. The Nomination Committee

Under the Articles of Association, Orkla has a Nomination Committee that is elected by the General Meeting, and the General Meeting adopted further guidelines for the Nomination Committee in 2010. The instructions for the Nomination Committee may be found on Orkla's website under "Investor Relations". The Nomination Committee consists of two to five members, who are elected for a term of up to two years. The General Meeting elects the Chair and members of the Nomination Committee and determines its remuneration. The Committee is tasked with submitting the following reasoned recommendations:

Recommendation to the General Meeting:

- Election of shareholder-elected members and deputy members to the company's Corporate Assembly
- Election of members to and the Chair of the Nomination Committee
- Determination of the remuneration of the Corporate Assembly and the Nomination Committee

Recommendation to the Corporate Assembly:

- Election of the Chair and Deputy Chair of the Corporate Assembly

HOW ORKLA'S GOVERNING BODIES ARE ELECTED

EMPLOYEES OF ORKLA COMPANIES

Elect in accordance with the Orkla Group's system of corporate democracy

THE GENERAL MEETING

Elects on the basis of a recommendation by the Nomination Committee

7 employee-elected members

THE CORPORATE ASSEMBLY
The entire Corporate Assembly elects its own Chair and Deputy Chair

14 shareholder-elected members

Elects on the basis of a recommendation by the Nomination Committee

3 employee-elected members
2 employee-elected observers

THE BOARD OF DIRECTORS
The entire Corporate Assembly elects the Chair and Deputy Chair of the Board

7 shareholder-elected members

- Election of the Chair and Deputy Chair of the Board of Directors. (For this purpose, the Nomination Committee is supplemented by a representative appointed by the employee-elected members of the Corporate Assembly.)
- Determination of the remuneration of the Board of Directors

Recommendation to the shareholder-elected members of the Corporate Assembly:

- Election of shareholder-elected members to the Board of Directors

The instructions for the Nomination Committee contain further guidelines for the preparation and implementation of elections to the Nomination Committee, the Corporate Assembly and the Board of Directors, as well as criteria for eligibility, general requirements regarding recommendations, the number of members in the Committee, the term of service and detailed procedural rules for the work of the Nomination Committee.

Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals can be submitted to the Committee is posted on Orkla's website under "Investor Relations".

The composition of the Nomination Committee is intended to ensure that the interests of all the shareholders are served, and meets the requirement of the Norwegian Code of Practice for Corporate Governance as regards the independence of the company's management, Board of Directors and Corporate Assembly. One of the Committee members is not a member of the Corporate Assembly, and none of the members of the Nomination Committee are a member of the Board of Directors of Orkla ASA. Neither the general manager nor other senior executives are members of the Nomination Committee. Information regarding the composition of the Nomination Committee and the number of Orkla shares owned by each member of the Committee as of 31 December 2010 may be found on page 97 of the Annual Report.

8. The Corporate Assembly and the Board of Directors, composition and independence

Under the Public Limited Liability Companies Act and Article 10 of the Articles of Association, it is the task of the Corporate Assembly to exercise control and oversight of the company and the Board of Directors, and to elect the Board of Directors and the Board Chair.

As prescribed by law, the Corporate Assembly elects its Chair and has a permanent Deputy Chair. The Corporate Assembly normally convenes three times a year, and its composition is intended to ensure that it represents a broad cross-section of the company's shareholders. As from 2008, the General Meeting determined that shareholder-elected members and deputy members are to serve a term of one year, based on the rationale that an annual assessment of the overall composition of the Corporate Assembly will ensure greater flexibility.

The composition of the Board of Directors is intended to serve the interests of all the shareholders and meet the company's need for competence, capacity and diversity. The Board's composition meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards Board members' independence of the company's executive management, main shareholders and material business relationships. Two of the Board members are defined as non-independent of the company's main shareholders, and all the Board members are defined as independent of the company management or material business relationships. There are few instances in which Board members are

"The composition of the Board of Directors is intended to serve the interests of all the shareholders and meet the company's need for competence, capacity and diversity."

disqualified from considering Board matters. Representatives of the executive management are not members of the company's Board of Directors.

Under Article 4 of Orkla's Articles of Association, the Chair, the Deputy Chair and the other shareholder-elected members of the Board may be elected for a term of up to two years. Since 2007, however, the Nomination Committee has practised a term of one year for shareholder-elected members and deputy members, on the grounds that an annual assessment of the overall composition of the Board will ensure greater flexibility. There are no other provisions in the Articles of Association governing the appointment and replacement of Board members, except for Article 10, which prescribes further rules for appointing a new Board member or a substitute if a Board member is prevented from serving for a long period of time or dies.

Further pursuant to Article 4 of Orkla's Articles of Association, the shareholder-elected members of the Board of Directors are required to own shares in the company with a view to strengthening the shared financial interests of shareowners and Board members. A more detailed description of the number of Orkla shares owned by each member of the Board, their background, qualifications, term of service and independence, how long they have been an Orkla Board member and any significant functions in other companies and organisations is provided on page 6-7. Information regarding each Board member's attendance at Board meetings is also provided here.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Group employees have the right to elect seven of the 21 members of the Corporate Assembly of Orkla ASA. Similarly, Group employees have the right to elect three members to the Board of Directors of Orkla ASA, and two observers. A description of the composition of the company's governing bodies is provided on page 97.

9. The work of the Board of Directors

Tasks of the Board of Directors

The tasks of the Board of Directors are laid down in the Rules of Procedure for the Board of Directors, which govern the Board's responsibilities and duties and the administrative procedures of the Board, including which matters are subject to Board consideration and rules for convening and holding meetings. From June 2009 to October 2010, Orkla had two general managers, Dag J. Opedal and Bjørn M. Wiggen, Mr. Wiggen's responsibility being limited to Elkem Solar AS. This change was made to ensure clarity in relation to governance between Dag J. Opedal's functions as Chair of the Board of REC and as President and CEO of Orkla's other operations on the one hand, and his function as the top administrative officer for Orkla's wholly-owned solar business in Elkem Solar AS, on the other. The Board of Directors' instructions for the general management described the organisational and practical consequences of this separation of tasks in further detail. This arrangement has now been discontinued as a result of Dag J. Opedal's resignation as President and CEO in October 2010.

The Board's instructions also contain rules regarding the general manager's duty to inform the Board about important matters, and to ensure that Board decisions are implemented, see to it that company employees and other parties involved are adequately informed of Board decisions, and see to it that the guidelines for preparing matters for Board consideration are followed. The Board's other instructions and clarification of duties, authorisations and responsibilities to the general management are provided through routine communication.

The Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. The Board's activity plan for 2010 stipulated eight meetings, including a two-day meeting to deal with strategic issues. In addition to this, the Board has held four meetings; a total of 12 meetings were thus held in 2010, at which the Board dealt with a total of 84 items of business. The content of the Board's work is discussed in further detail in the Directors' Report.

Board matters are prepared by the general manager in consultation with the Board Chair. The Rules of Procedure for the Board of Directors contain provisions regarding procedural rules in connection with disqualification, joint investments and parallel investments. This is described in further detail under point 4 “Equal treatment of shareholders and transactions with related parties”.

The Board of Directors has established two permanent Board Committees, which are described in further detail below. These committees do not make decisions, but supervise the work of the company management on behalf of the Board and prepare matters for the Board’s consideration within their specialised areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the company.

The Compensation Committee
The Compensation Committee is chaired by the Board Chair, Stein Erik Hagen, and its other members are Åse Aulie Michelet and Aage Andersen. The Group’s assistant HR-director is the committee secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of executive management. The mandate of the committee is set out in the Rules of Procedure for the Board of Directors and in brief is as follows:

- Prepare for consideration matters relating to the salary and terms of employment of the President and CEO to enable the entire Board, once a year, to participate in the evaluation of the President and CEO and in decisions concerning the latter’s terms of employment;
- Prepare for consideration matters of principle relating to levels of pay, bonus systems, pension terms, employment contracts and the like for senior Orkla executives

The committee will otherwise deal with special questions relating to compensation for Group employees insofar as the committee finds that these questions concern matters of particular importance for the Group’s competitive position, image, recruitment ability, etc.

The Audit Committee
The Audit Committee is chaired by the Deputy Chair of the Board of Directors, Svein S. Jacobsen, and the other members are Peter A. Ruzicka, Jesper Ovesen and Gunn Liabø. The Chief Internal Auditor is the secretary of the Audit Committee. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of the company.

The Nomination Committee’s recommendation of candidates for election to the Board also contains information as to which Board members satisfy the requirements as regards independence and competence to sit on the Audit Committee. The committee’s mandate is included in the Board’s Rules of Procedure and in brief is as follows:

- Ascertain that internal and external accounting reporting processes are organised appropriately and carried out efficiently, and are of high professional quality;
- Keep under review the effectiveness and relevance of the work of the internal audit staff and of the company’s risk management systems;
- Monitor and assess the quality of the statutory audit of Group companies and the Group’s financial statements;
- Help to ensure the independence of the external auditor, and ensure compliance with the rules and guidelines that apply at any given time regarding the provision of additional services by the auditor to the Group or Group companies;
- Initiate investigations, if necessary, and propose measures relating to the above-mentioned points;
- Annually review and, if necessary, update its mandate, and submit its recommendations concerning its mandate to the Board of Directors

“Orkla seeks to ensure that its accounting and financial reporting are worthy of the confidence of investors.“

The Board of Directors' self-evaluation

Each year, the Board of Directors carries out an evaluation of its own activities and competence, and discusses improvements in the organisation and implementation of its work, both at individual level and as a group, in relation to the goals that were set for its work. The results are made available to the Nomination Committee. An external person is used at regular intervals to facilitate the Board's self-evaluation.

10. Risk management and internal control

A prerequisite for Orkla's system of decentralised responsibility is that the activities in every part of the Group meet general financial and non-financial requirements, and are carried out in accordance with the Group's common norms and values. The executive management of each company is responsible for risk management and internal control in the company with a view to ensuring: 1) exploitation of business opportunities, 2) targeted, safe, high-quality and cost-effective operations, 3) reliable financial reporting, 4) compliance with current legislation and regulations and 5) operations in accordance with Orkla's governing documents, including ethical and social responsibility standards. Orkla's risk management system is fundamental to the achievement of these goals.

The Group's Chief Risk Officer

The Group's Chief Risk Officer (CRO) must help ensure that all risk that is significant for Orkla's goals is identified, analysed, effectively dealt with and exploited across business areas and professional disciplines. This entails, among other things:

- Continuously monitoring important risk indicators in order to reassess the Group's level of risk, if necessary
- Identifying, communicating and monitoring risk factors that are critical to the Group in order to ensure that adequate risk mitigation measures are in place
- Drawing up instructions and guidelines for risk management, emergency response and continuous operations
- Assisting in the implementation of coherent risk management in routine operations and in connection with projects and major decisions
- Presenting Orkla's consolidated risk profile to the Group Executive Board, the Board of Directors and the Board's Audit Committee
- Facilitating the spread of best risk management practices throughout the Group
- Ensuring that formal risk assessments are uniformly carried out, presented, discussed and concluded by the Boards of the respective Group companies
- Carrying out detailed risk analyses in particularly exposed areas
- Ensuring that Orkla's risk management is in accordance with relevant regulatory requirements and in the best interests of Orkla's stakeholders
- Being responsible for selected measures to mitigate risk at Group level

In addition to the linear, 'top-down/bottom-up', risk management process based on the businesses' value chain, a Risk Management Forum, chaired by the CRO, has been established in which risk managers from the various business areas meet once every quarter to exchange experience and know-how.

EHS

Risk identification is also an important tool in preventive environment, health and safety (EHS) efforts, and the Group's Senior Vice President EHS ensures the systematic, continuous follow-up of this work. All companies and businesses report their ten main EHS risk factors and associated risk-mitigating measures as part of the annual reporting process.

Internal audit

As part of the Group's internal control system, Orkla has an Internal Audit Department, which works closely with the CRO and the external auditor. The responsibilities of the Group's Internal Audit Department are as follows:

- Verify that internal control procedures which reduce risk have actually been established and are functioning as intended;
- Assist the Board of Directors, the Group Executive Board and the business areas by providing auditing competence and capacity, which includes monitoring and control of selected companies in the Group;
- Be the recipient of and follow up reports submitted under the Group's whistle-blowing system for breaches of the Group's Code of Conduct. Further information in this connection may be found on Orkla's website under "Sustainability".

The Internal Audit Department is independent of the 'line', since the Chief Auditor reports to the Board's Audit Committee and, in special cases, to the Chair of the Corporate Assembly. To ensure the ongoing follow-up of these issues in individual companies, all boards of operational subsidiaries are required to include the company's risk picture and internal audit in their agenda at least once a year.

Ethics and corporate responsibility

Issues related to ethics and corporate responsibility are part of the internal audit work and the due diligence assessments carried out in connection with major investments. Special procedures have been established for identifying and monitoring the risk of suppliers breaching Orkla's ethical standards. Orkla's guidelines for ethics and corporate responsibility are scheduled to be revised in 2011. In this connection, the Group's management and control procedures in this field will be reviewed and further strengthened. Additional information on the Group's procedures in this area may be found in Orkla's Sustainability Report for 2010.

The financial reporting process

The Orkla Group prepares and presents its financial statements in accordance with current IAS/IFRS rules. The Group's governing documents are collected in a web-based manual and contain requirements and procedures for the preparation and presentation of interim reports and year-end reports. A set of Orkla Accounting Standards has also been drawn up, in which Orkla's ten main principles for financial reporting are set out. Financial information is reported through the Group's common reporting system, Hyperion Financial Management (HFM). Every month, each company reports figures in HFM, based on output from special Enterprise Resource Planning (ERP) systems. HFM has a general chart of accounts, and built-in control systems in the form of data check accounts and check reports designed to ensure that the information is consistent. The reporting is expanded in the year-end reporting process to meet various requirements for supplementary information.

The process of consolidating and checking financial data takes place at several levels in each business area in accordance with Orkla's decentralised management model.

Training and further development of accounting expertise within the Group is provided at the central level through the Orkla Finance Seminar, the Orkla Finance Academy, Year-End Reporting Day, HFM courses and the Orkla Accounting Committee. This training is offered in addition to the training provided by the various business areas.

11. Remuneration of the Board of Directors

All remuneration of the Board of Directors is disclosed in Note 6 to the financial statements of Orkla ASA. The note shows that remuneration of the Board of Directors is not linked to the Group's performance and that no options have been issued to Board members.

12. Remuneration of the executive management

The Board's Compensation Committee presents a recommendation concerning the terms and conditions for the President and CEO to the Board of Directors and monitors the general terms and conditions for other senior executives of the Group. The Board assesses the President and CEO and his terms and conditions once a year.

A description of the remuneration of the executive management and the Group's conditions policy, including the scope and organisation of bonus and share-related programmes, is given in the Board of Directors' statement of guidelines for the remuneration of executive management; see Note 6 to the financial statements of Orkla ASA. It is also stated here that a ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is considered by the Corporate Assembly and made available to shareholders together with the notice of the Annual General Meeting.

13. Information and communication

Orkla seeks to ensure that its accounting and financial reporting are worthy of the confidence of investors. Orkla's accounting procedures are highly transparent and since 2005 Orkla has prepared and presented its financial statements in accordance with the International Financial Reporting Standards (IFRS). The Audit Committee of the Board of Directors monitors the company's reporting on behalf of the Board.

Orkla strives to communicate actively and openly with the market. The company's annual and quarterly reports contain extensive information on the various aspects of the company's activities. The company's quarterly presentations are webcasted directly and may be found on Orkla's website, along with the quarterly and annual reports, under "Investor Relations". In 2010, the company's Annual General Meeting was webcasted and simultaneously interpreted to English. All shareholders and other financial market players are treated equally as regards access to financial information. The Group's Investor Relations Department is responsible for maintaining regular contact with company shareholders, potential investors, analysts and other financial market stakeholders. The Board is regularly informed about the company's investor relations activities. The financial calendar for 2011 may be found on Orkla's website under "Investor Relations".

14. Takeovers

The Board of Directors will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so. In the event of such a bid, as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board makes a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

No explicit basic principles have been determined for Orkla's conduct in the event of a takeover bid, other than the actions described above. The Board of Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

15. Auditor

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. Each autumn, the external auditor presents to the Board of Directors his assessment of risk, internal control and the quality of financial reporting at Orkla, at the same time presenting his audit plan for the following year. The external auditor also takes part in the Board's discussions on the annual financial statements. On both occasions, the Board of Directors ensures that the Board and the external auditor are able to discuss relevant matters without the presence of the management. The external auditor and the President and CEO attend all meetings of the Board's Audit Committee. As regards the work of the internal auditor, reference is made to the section above on risk management and internal control.

Orkla has established guidelines for the right of the general management to use the external auditor for services other than auditing. Responsibility for monitoring such use in detail has been delegated to the secretary of the Audit Committee, who is the Chief Internal Auditor. The secretary of the Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to Orkla, and includes separate comments on these services in his annual report to the Audit Committee and the Board of Directors. Details of the company's use and remuneration of the external auditor are given in Note 6 to the financial statements of Orkla ASA. Both the Corporate Assembly and the General Meeting are informed about the Group's remuneration of the auditor, broken down into remuneration for statutory auditing and remuneration for other assistance/services.

In connection with the auditor's participation in the Audit Committee and the Board of Directors' consideration of the annual financial statements, the auditor also confirms his independence.

Annual Financial Statements 2010

__The Income Statement__ presents revenues and expenses for the companies consolidated in the Group and measures the results for the accounting period in accordance with current IFRS standards. All internal matters have been eliminated. The income statement distinguishes between what is deemed to be the Group's operations and what is deemed to be of a more financial nature. Special matters under operating activities are presented on a separate line as "Other income and expenses" because they only to a limited degree serve as reliable indicators of the Group's current earnings. The result of investments in associates is presented on a single line separate from operating activities, while ongoing changes in the value of the Share Portfolio are largely not presented in the income statement, but taken to comprehensive income. These gains and losses will not be recognised in the income statement until they are realised or the value of the Share Portfolio is written down. Similarly, the effective part of changes in the value of financial instruments identified as hedging instruments is not recognised in the income statement, but taken to comprehensive income. Finance income and finance costs reflect the way the Group is financed and, to some extent, its foreign exchange position, and may include non-recurring items in the form of gains and losses on financial engagements handled outside the Share Portfolio. The notes explain the content of the various accounting lines.

__The Statement of Comprehensive Income__ is presented as a separate table in connection with the income statement. The table shows all income and expenses that are not included in the "profit/loss for the year" and are not transactions with owners. This applies to changes in the value of the Share Portfolio (unrealised gains), changes in the value of hedging instruments (hedging reserve) and exchange differences in connection with the translation of the financial statements of foreign subsidiaries. However, "profit/loss for the year" still constitutes the basis for calculating earnings per share.

INCOME STATEMENT

Amounts in NOK million	Note	2010	2009	2008
Sales revenues	4	**56,051**	48,851	56,848
Other operating revenues	4	**1,287**	1,382	997
Operating revenues		**57,338**	50,233	57,845
Cost of materials		**(29,161)**	(23,851)	(28,945)
Payroll expenses	6, 7	**(10,589)**	(9,926)	(10,313)
Other operating expenses	8	**(11,832)**	(11,601)	(13,012)
Depreciation and write-down property, plant and equipment	14, 15	**(1,812)**	(1,826)	(1,699)
Amortisation intangible assets	14	**(52)**	(213)	(227)
Other income and expenses	9	**330**	2,871	(1,654)
Operating profit		**4,222**	5,687	1,995
Profit/loss from associates	3	**(6,169)**	(3,919)	2,189
Dividends received	19	**522**	252	473
Gains, losses and write-downs in the Share Portfolio	19	**1,772**	584	(6,043)
Finance income	10	**224**	196	353
Finance costs	10	**(551)**	(945)	(848)
Profit/loss before taxes		**20**	1,855	(1,881)
Taxes	11	**(844)**	276	(933)
Profit/loss after taxes from continuing operations		**(824)**	2,131	(2,814)
Profit/loss/gains discontinued operations	33	**(40)**	429	(151)
Profit/loss for the year		**(864)**	2,560	(2,965)
Profit/loss attributable to non-controlling interests	29	**53**	(31)	(137)
Profit/loss attributable to owners of the parent		**(917)**	2,591	(2,828)
Earnings per share (NOK)[1]	12	**(0.9)**	2.5	(2.8)
Earnings per share diluted (NOK)[1]	12	**(0.9)**	2.5	(2.8)
EBITA (adjusted)[2]		**3,944**	3,029	3,876
EBITDA (adjusted)[3]		**5,756**	4,855	5,575

[1] Calculated on the basis of profit for the year after non-controlling interests incl. discontinued operations.
[2] Operating profit before amortisation and other income and expenses.
[3] Operating profit before depreciation, amortisation and other income and expenses.

STATEMENT OF COMPREHENSIVE INCOME

	Note	2010	2009	2008
Profit/loss for the year		**(864)**	2,560	(2,965)
Change in unrealised gains on shares after tax	19	**950**	2,511	(2,334)
Change in hedging reserve after tax	26	**359**	591	68
Translation effects		**(305)**	(2,677)	2,978
Comprehensive income		**140**	2,985	(2,253)
Profit/loss attributable to non-controlling interests		**51**	(310)	53
Profit/loss attributable to owners of the parent		**89**	3,295	(2,306)
Change in hedging reserve and translation effects from discontinued operations		**124**	65	(164)

The Statement of Financial Position *presents the Group's total assets and shows how they have been financed, broken down into equity and liabilities. All internal matters between companies in the Group have been eliminated. According to the system of classification applied to the balance sheet, current assets and liabilities belong to a normal operating cycle, are cash and cash equivalents or have a useful life/repayment time of less than one year. Other assets and liabilities are classified as non-current. IFRS are balance-sheet oriented and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the balance sheet. Equity is a residual. The various standards determine how the items are to be treated. The valuation of the balance sheet items (examples in brackets) is therefore a combination of fair value (Share Portfolio), amortised cost (trade receivables), cost (inventories), cost minus depreciation (property, plant and equipment) and recoverable amount (certain written down property, plant and equipment and certain intangible assets and goodwill). The balance sheet items are explained in the notes to the financial statements.*

Amounts in NOK million	Note	2010	2009
ASSETS			
Property, plant and equipment	13, 15	**17,730**	24,694
Intangible assets	13, 14	**12,337**	14,217
Deferred tax assets	11	**623**	514
Investments in associates	3	**9,990**	14,676
Other assets	22	**995**	1,246
Non-current assets		**41,675**	55,347
Assets in discontinued operations	33	**13,891**	-
Inventories	16	**7,102**	7,531
Receivables	20	**10,380**	16,568
Share Portfolio etc.	19	**11,674**	11,087
Cash and cash equivalents	21	**2,819**	4,153
Current assets		**45,866**	39,339
Total assets		**87,541**	94,686
EQUITY AND LIABILITIES			
Paid-in equity	28	**1,999**	1,995
Retained earnings		**44,567**	46,560
Non-controlling interests	29	**365**	370
Equity		**46,931**	48,925
Deferred tax	11	**1,874**	1,998
Provisions and other liabilities	17	**2,207**	2,341
Interest-bearing liabilities	25	**21,820**	29,042
Non-current liabilities		**25,901**	33,381
Liabilities in discontinued operations	33	**2,544**	-
Interest-bearing liabilities	25	**1,380**	1,746
Income tax payable	11	**255**	332
Other liabilities	23	**10,530**	10,302
Current liabilities		**14,709**	12,380
Equity and liabilities		**87,541**	94,686

Oslo, 9 February 2011

The Board of Directors of Orkla ASA

Stein Erik Hagen
Chair

Svein S. Jacobsen
Deputy Chair

Aage Andersen

Bjørn Rune Henriksen

Gunn Liabø

Kristin Skogen Lund

Åse Aulie Michelet

Jesper Ovesen

Peter A. Ruzicka

Bjørg Ven

Bjørn M. Wiggen
President and CEO

The Statement of Cash Flows *shows how the Group's cash flows are broken down into cash flow from operating, investment and financing activities, according to the indirect method. The cash flow statement explains the general changes in the Group's liquidity since the previous accounting period. As described in the section on accounting principles, Orkla has presented the condensed cash flow analysis that is used in the presentation of its quarterly results in a separate note. This condensed cash flow is used in the business areas' operational management and is thus very important for internal management purposes. Cash flow from operations before investments for the Industry division is the financial capacity available to the Group when operating profit before depreciation is adjusted for changes in tied-up working capital. This concept is maintained and compared with net replacement investments (sale of tangible assets – replacement investments) and constitutes the "cash flow from operations" (see Note 34). This is a key figure for the Group and shows the capacity that is available to the different business areas for expansion based on the cash flows they themselves generate. Cash flow from operations is also compared in the segment information with implemented expansion investments and acquisitions of companies (see Note 4 and Note 1).*

Amounts in NOK million	Note	2010	2009	2008
Operating profit continuing operations		**4,222**	5,687	1,995
Operating profit discontinued operations (Elkem Silicon-related)		**-**	(581)	363
Amortisation, depreciation and impairment charges		**2,649**	2,708	3,058
Gain on sale of Borregaard Skoger (power plants 2009) presented as investing activity (sold companies)		**(1,309)**	(3,066)	-
Changes in net working capital, etc.		**(1,221)**	2,028	(690)
Cash flow from operations before net replacement expenditures (see cash flow segments)	4, 34	**4,341**	6,776	4,726
Dividends received		**522**	252	473
Financial items, net	10	**(381)**	(359)	(2,304)
Taxes paid		**(686)**	(1,402)	(1,327)
CASH FLOW FROM OPERATING ACTIVITIES		**3,796**	5,267	1,568
Sale of property , plant and equipment	4	**667**	528	335
Replacement expenditures	4	**(2,072)**	(1,622)	(3,010)
Expansion investments	4	**(509)**	(1,765)	(4,142)
Sold companies		**1,647**	5,914	1,103
Acquired companies	1, 4	**(2,668)**	(2,341)	(886)
Net purchases/sale Share Portfolio	19	**2,130**	2,866	(1,829)
Discontinued operations and other capital transactions		**(536)**	(6)	158
CASH FLOW FROM INVESTING ACTIVITIES		**(1,341)**	3,574	(8,271)
Dividends paid		**(2,360)**	(2,354)	(2,348)
Net share buy-back		**138**	94	(561)
Net paid to shareholders		**(2,222)**	(2,260)	(2,909)
Change in interest-bearing liabilities		**(7,591)**	(3,405)	13,798
Change in interest-bearing receivables		**6,058**	(5,397)	(1,039)
Change in net interest-bearing liabilities	34	**(1,533)**	(8,802)	12,759
Currency effect of net interest-bearing liabilities		**(34)**	1,936	(1,675)
CASH FLOW FROM FINANCING ACTIVITIES		**(3,789)**	(9,126)	8,175
Change in cash and cash equivalents		**(1,334)**	(285)	1,472
Cash and cash equivalents	21	**2,819**	4,153	4,438

Joint ventures affect the cash flow as follows:

	2010	2009
Cash flow from operating activities	**76**	14
Cash flow from investing activities	**(151)**	(233)
Cash flow from financing activities	**93**	222
Change in cash and cash equivalents	**18**	3

The Statement of Changes in Equity *changes from one period to the next in accordance with the Group's profit or loss. Furthermore, transactions with owners will be presented as separate items. This applies to matters such as dividends to shareholders, share issues, the Group's purchase and sale of treasury shares and costs relating to options. Under IFRS, some elements are recognised in comprehensive income, and these items are presented in a separate table in connection with the income statement and presented as a single sum in the statement of changes in equity. This applies to changes in the unrealised gains in the Share Portfolio and changes in the hedging reserve which by definition come under hedge accounting. Fluctuations in foreign exchange rates will also affect equity in the form of translation differences. The various elements in changes in equity are shown below. Equity may not be distributed to shareholders in its entirety, and the equity in Orkla ASA constitutes the basis of calculation for and the limitation on the dividend paid out by the Group.*

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Other equity	Total Orkla ASA	Unrealised gains shares[1]	Hedging reserve[2]	Translation effects	Group reserve	Total Group	Non-controlling interests	Total equity
Equity 31 December 2007	1,296	(15)	721	**2,002**	40,241	**42,243**	3,150	(519)	(1,063)	8,852	**52,663**	**2,601**	**55,264**
Comprehensive income Orkla ASA	-	-	-	**-**	(11,216)	**(11,216)**	-	-	-	11,216	**-**	**-**	**-**
Group comprehensive income	-	-	-	**-**	-	**-**	(2,334)	68	2,788	(2,828)	**(2,306)**	**53**	**(2,253)**
Dividends from 2007	-	-	-	**-**	(2,282)	**(2,282)**	-	-	-	-	**(2,282)**	**(54)**	**(2,336)**
Cancellation treasury shares	(9)	9	-	**0**	-	**-**	-	-	-	-	**-**	**-**	**-**
Net buy-back of treasury shares	-	(9)	-	**(9)**	(552)	**(561)**	-	-	-	-	**(561)**	**-**	**(561)**
Change in non-controlling interests	-	-	-	**-**	-	**-**	-	-	-	-	**-**	**(66)**	**(66)**
Option costs	-	-	-	**-**	21	**21**	-	-	-	-	**21**	**-**	**21**
Final determination of the shareholdings in Sapa Profiles[3]	-	-	-	**-**	-	**-**	-	-	-	(152)	**(152)**	**152**	**-**
Equity 31 December 2008	1,287	(15)	721	**1,993**	26,212	**28,205**	816	(451)	1,725	17,088	**47,383**	**2,686**	**50,069**
Comprehensive income Orkla ASA	-	-	-	**-**	6,614	**6,614**	-	-	-	(6,614)	**-**	**-**	**-**
Group comprehensive income	-	-	-	**-**	-	**-**	2,511	591	(2,398)	2,591	**3,295**	**(310)**	**2,985**
Dividends from 2008	-	-	-	**-**	(2,288)	**(2,288)**	-	-	-	-	**(2,288)**	**(66)**	**(2,354)**
Net buy-back of treasury shares	-	2	-	**2**	92	**94**	-	-	-	-	**94**	**-**	**94**
Change in non-controlling interests, see Note 29	-	-	-	**-**	-	**-**	-	-	-	-	**-**	**(1,940)**	**(1,940)**
Option costs	-	-	-	**-**	71	**71**	-	-	-	-	**71**	**-**	**71**
Equity 31 December 2009	1,287	(13)	721	**1,995**	30,701	**32,696**	3,327	140	(673)	13,065	**48,555**	**370**	**48,925**
Comprehensive income Orkla ASA	-	-	-	**-**	10,820	**10,820**	-	-	-	(10,820)	**-**	**-**	**-**
Group comprehensive income	-	-	-	**-**	-	**-**	950	359	(303)	(917)	**89**	**51**	**140**
Dividends from 2009	-	-	-	**-**	(2,294)	**(2,294)**	-	-	-	-	**(2,294)**	**(66)**	**(2,360)**
Net buy-back of treasury shares	-	4	-	**4**	134	**138**	-	-	-	-	**138**	**-**	**138**
Change in non-controlling interests, see Note 29	-	-	-	**-**	-	**-**	-	-	-	-	**-**	**10**	**10**
Option costs	-	-	-	**-**	78	**78**	-	-	-	-	**78**	**-**	**78**
Equity 31 December 2010	1,287	(9)	721	**1,999**	39,439	**41,438**	4,277	499	(976)	1,328	**46,566**	**365**	**46,931**

[1] See Note 19 unrealised gains shares before tax.
[2] See Note 26 hedging reserve before tax.
[3] Final settlement of ownership in connection with the transaction between Sapa Profiles and Alcoa's profiles business.

Other equity for Orkla ASA as of 31 December 2010 includes a fund for unrealised gains totalling NOK 4,267 million (NOK 3,371 million as of 31 December 2009) and other paid-in equity totalling NOK 242 million (NOK 164 million as of 31 December 2009) that is not showed in a separate column because of the non-material amount.

Free equity in Orkla ASA amounted to NOK 33,166 million as of 31 December 2010 (NOK 25,996 million as of 31 December 2009).

GENERAL INFORMATION

The consolidated financial statements for Orkla ASA, including notes, for the year 2010 were endorsed by the Board of Directors of Orkla ASA on 9 February 2011. Orkla ASA is a public limited company and its offices are located in Skøyen, Oslo in Norway. The company's shares are traded on the Oslo Stock Exchange. The Orkla Group operates in the branded consumer goods, aluminium solutions, renewable energy, materials and financial investment sectors. The business areas are described in the Report of the Board of Directors and segment information for the various business areas is provided in Note 4.

The financial statements for 2010 have been prepared and presented in full compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with current IFRS standards. The most important principles are described below.

The consolidated financial statements contain material items that are crucial to understanding the financial results for 2010. The largest item is the write-down of the value of the Group's investment in Renewable Energy Corporation (REC) due to its weak stock market performance by NOK 6,841 million on the line for "Profit/loss from associates" and presentation of the investment at market price in the balance sheet as of 31 December 2010. The principle of applying the market price for REC was introduced in 2009 and as long as the market price is lower than the carrying value under the principles for associates, the value of REC in Orkla's financial statements will fluctuate with the share's market price.

On 10 January 2011, the Group publicly announced that it had entered into an agreement regarding the sale of the Elkem Silicon-related segment. Consequently, Elkem Silicon-related is presented on a separate line/separate lines of the income statement and balance sheet, respectively, as discontinued operations. The income statement has been restated in accordance with historical figures (see Note 33).

In February, there was a fire at Sapa Heat Transfer's plant in Finspång, Sweden. The fire caused limited property damage and business interruption. Sapa Heat Transfer works in a market where delivery times are short and the recipients have limited inventories. A production halt therefore results in contract production costs, in addition to which manufactured goods must be shipped by faster means to maintain customer inventories and production speeds. Costs related to contract production and air freight have therefore been substantial items of the claim. The total claim amounts to SEK 658 million. Orkla expects its entire claim to be covered by the insurance company, but has expensed part of the claim as "Other income and expenses" pending final clarification and in compliance with strict formal IFRS requirements.

"Other income and expenses" are presented after the Group's profit/loss (EBITA) broken down by segment and also comprises other transactions of a special nature. In 2010 the largest items were the gain on the sale of Borregaard Skoger and the loss on the disposal of Orkla Finans. Another important item is "Termination of former AFP scheme, etc." The termination of the former contractual early retirement (AFP) scheme entails the recognition in the income statement of previous AFP provisions due to the Storting's decision to terminate the scheme in February 2010. However, the item also reflects Orkla's efforts to clear up a number of Norwegian pension matters, for instance by issuing paid-up policies to pensioners (see Note 7). Orkla switched to a defined contribution pension system in 2004 and the remaining liabilities relating to Norwegian pensions in the balance sheet as of 31 December 2010 now concern unfunded arrangements for former key personnel (most of which are fully vested), a provision for pensions based on salaries over 12G (contribution-based entitlement) and some early retirement arrangements related to the current Group Executive Board. The pensions that are still benefit-based in the Group are primarily Swedish. It is also worth noting that under IFRS, provisions must be recognised in the income statement upon termination of former AFP schemes even it is more likely than not that the new AFP scheme will be more comprehensive than the old one. In terms of accounting, no form of provisions related to a new AFP scheme had been made in the financial statements as of 31 December 2010.

Under the revised IFRS 3 Business Combinations, costs relating to the acquisition of companies may no longer be recognised in the balance sheet. As from 2010, they must be expensed, and Orkla has chosen to present such costs as "Other income and expenses" after EBITA. Acquisition costs will be non-recurring items that do not relate to the period in which they are incurred and will not have any form of consistent contra entry.

Apart from this, the Group has not changed its accounting principles or adopted any new standards that affect its financial reporting to any significant degree or comparisons with prior periods. The most important valuation principles are described below.

Basis for preparation of the consolidated financial statements

The financial statements are primarily based on the historical cost principle. However, this does not apply to the treatment of financial assets, which are mainly reported at fair value as available for sale, and in the comparative figures biological assets (forests), which are reported at fair value. Borregaard Skoger was sold on 20 December 2010, and following this sale the Group no longer possesses any biological assets. Cash flow hedges that satisfy the criteria for hedge accounting are reported at fair value in the balance sheet and changes in value are taken to comprehensive income. Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value minus sales costs. The accrual accounting principle and the going concern assumption are underlying assumptions for preparing the financial statements.

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months and when it consists of cash or cash equivalents on the balance sheet date. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting. Discontinued operations and assets held for sale are presented on separate lines of the balance sheet (see separate description). Financial instruments held to maturity are included in financial non-current assets, unless the redemption date is within 12 months after the balance sheet date. The financial instruments held for trading and financial instruments available for sale are presented as current assets.

The amortisation of intangible assets and "Other income and expenses" are presented on separate lines after EBITA broken down by segment. The amortisation of intangible assets will essentially consist of the cost accrual over useful life for intangible assets related to acquired companies.

All amounts are in NOK million unless otherwise stated. Figures in brackets are expenses or disbursements (cash flow). The functional currency of the parent company (Orkla ASA) is NOK and the Group's reporting currency is NOK .

The information above the income statement, balance sheet, cash flow statement and notes is provided to give a more detailed explanation of the various presentations.

Consolidation principles
The consolidated financial statements show the overall financial results and the overall financial position when the parent company Orkla ASA and its controlling interests in other companies are presented as a single economic entity. All the companies have applied consistent principles and all internal matters between the companies have been eliminated.

Interests in companies in which the Group alone has controlling influence (subsidiaries) have been fully consolidated, line by line, in the consolidated financial statements from the date the Group has control and are consolidated until the date that such control ends. "Controlling influence" means formal "power to govern", i.e. ownership of more than a 50% equity interest. If the Group does not wholly own the subsidiaries, the non-controlling interests' share of profit or loss after tax and their share of equity are presented on separate lines.

Interests in companies in which the Group together with others has controlling influence (joint ventures, see Note 2) are consolidated with the Group's interest line by line in the consolidated financial statements using the proportionate consolidation method with the same control dates as for subsidiaries.

Interests in companies in which the Group has significant influence (associates, see Note 3) are valued using the equity method. This applies to companies in which the Group owns an interest of between 20% and 50%. The Group's share of profit or loss after tax from and equity in the associate is presented on a single line in the consolidated income statement and balance sheet, respectively. As explained above, REC is presented at market price for the time being in the financial statements. However, in underlying terms, REC is accounted for according to the equity method and when this value is higher than the market price, Orkla will change its method of presentation. The share of any translation differences and other items charged against comprehensive income in the associate are charged against the capitalised value and offset in the Group's comprehensive income.

Financial assets in the Share Portfolio are reported on in a separate section below. Other financial investments are treated as available for sale and recognised in the balance sheet at fair value with changes in value taken to comprehensive income.

Discontinued operations, new companies and sale of companies
Elkem Silicon-related is presented on a separate line/separate lines in the income statement and the balance sheet, respectively, as discontinued operations. The comparative income statement figures have been restated accordingly.

The Orkla Group acquired a number of smaller companies in 2010. These companies were consolidated from the date on which the Group had control and are presented collectively in Note 1. The Group also participated in a rights issue in Renewable Energy Corporation (REC) (See Note 3). Orkla's equity interest in REC has not changed.

The Orkla Group also disposed of Borregaard Skoger and Orkla Finans in 2010 (see Note 33).

The composition of the Group has otherwise not changed in 2010 and the aforementioned acquisitions or sales have not entailed any change in comparative figures. The full-year effect of the acquisitions is disclosed in Note 1.

NEW ACCOUNTING STANDARDS
New and amended IASB accounting standards that have been endorsed by the EU can affect the preparation and presentation of financial statements to varying degrees. In 2010, as mentioned in the introductory paragraphs, no new or amended rules have had any material impact on the contents of the Orkla Group's financial statements, apart from the fact that as from 2010 acquisition costs must be expensed immediately. The other changes in IFRS do not affect the preparation and presentation of financial statements in 2010. Changes in IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements could, when special solutions are chosen and in very unusual situations, in some cases have a significant impact on the financial statements. This applies in the case of step acquisitions and the treatment of buyouts of non-controlling interests. No such situations arose in Orkla in 2010. Due to changes in IFRIC 15 as regards the timing of recognition of revenue from property investments, revenue relating to Orkla Eiendom's development projects will in 2010 and from now on no longer be recognised as construction progresses but upon completion. The financial impact for 2010 is minor, as current projects for which revenues must be recognised were completed in 2010. The same was the case in 2009.

Future changes in standards
The Group will be affected by IFRS amendments in the future. A great many IFRS projects are in the final stages, but not many have been finally adopted. It is highly likely that many of these projects will be adopted. The most important amendments for Orkla appear to be amendments to the standards for "Recognition of revenue", "Leases", "Financial Instruments" and the likely elimination of the possibility of accounting for joint ventures according to the proportionate consolidation method. The following section covers only the amendments that will or may be of relevance for accounting in the Orkla Group.

Recognition of revenue (IAS 18)
The criteria for recognising transactions in the income statement appear to be based to a greater degree on principle, requiring the exercise of judgement and entailing a switch from an income-statement-oriented to a more balance-sheet-oriented approach. Clearly separate delivery obligations must be recognised separately. The transfer of control will be an even more important issue and in contract-based production, the revenue recognition date will be deferred until parts or all of the project are completed. When the transfer takes place gradually, the buyer must have control before revenue can be recognised. Apart from its real estate properties, Orkla has little of this type of sale. Thus the changes in the standard do not appear to have any material significance for Orkla's business operations. The standard is expected to be introduced from 2013 at the earliest.

Leases (IAS 17)
This standard will have a relatively significant impact on Orkla. If it is adopted, all leases will have to be capitalised and the difference between finance and operating leases will be eliminated. This means that if the leases entered into are extended, the balance sheet will be inflated and the discounted value of the leases will have to be recognised in the balance sheet with counterpart liabilities. For operating leases, recognition of costs as leasing costs presented as "Other operating costs" will be replaced by the depreciation of leases and finance costs under the new regime. In terms of cash flow, there will be a change from "Cash flow from operating activities" to "Cash flow from financial activities". Orkla has expensed NOK 410 million as leasing costs for 2010. The standard is expected to be introduced from 2013 at the earliest.

Financial instruments (IFRS 9)
In relation to the current rules, it looks as though the Group will in future have to choose between reporting the Share Portfolio in a new, modified, available-for-sale category or at fair value with changes in fair value reported through profit or loss. If there is prolonged or significant value impairment, individual shares are written down in the income statement. When they are sold, any gain/loss is recognised in the income statement, calculated on the basis of carrying value, and dividends are taken to income (see separate description of the principle). It is the Group's understanding that the new rules will change the current available-for-sale principle and introduce a stricter regime. The Group must choose either to recognise all changes in value in comprehensive income or in profit or loss. If the changes are recognised in comprehensive income, all changes in value, gains and losses will be reported in "the Group's comprehensive income" except for dividends which will still be recognised in profit and loss. Thus this category will never be reflected in the ordinary income statement. If the Group must choose to recognise all changes in value in profit or loss, the results will be more volatile and all changes in the value of the portfolio and all dividends received will be reported as profit/loss items under "Gains/losses Share Portfolio" and "Dividends received". Parts of the new IFRS 9 have been endorsed by the IASB, but not by the EU and therefore cannot be implemented by Orkla in 2010. At present it looks as though the Group will probably decide on a new principle in 2011 or later.

Interests in Joint Ventures (IAS 31)
It looks as though the proportionate consolidation method entailing line-by-line consolidation of the Group's percentage of joint ventures will no longer be permitted for joint ventures. Consequently, the businesses that are currently accounted for as JVs will have to be presented as associates in future. At present, Orkla has few JVs of any significance. However, it is worth noting that Orkla has previously taken advantage of the opportunity to combine existing operations with other players and for periods of time operate these activities as a joint venture, after which it increases its interest. This was done, for instance, when PrippsRingnes was established. From an accounting standpoint, this method of establishment will be far less interesting in future. New rules are expected to come into force in 2013 at the earliest.

KEY ACCOUNTING PRINCIPLES
Business combinations are accounted for using the acquisition method. In connection with the acquisition of a subsidiary, the establishment of a joint venture or the acquisition of significant influence in an associate, a purchase price allocation is carried out. The acquisition is reported in the financial statements from the date the Group has control. The date of control is normally the date on which the acquisition agreement takes effect and has been approved by all the relevant authorities, and will normally be after the contract date. Assets and liabilities are valued at fair value at the time of acquisition. The residual value of the acquisition is classified as goodwill. If there are non-controlling interests in the acquired company, these will receive their share of allocated assets and liabilities, but not goodwill. Transactions with the non-controlling interests will be recognised in equity as a result of the rules of the revised IAS 27. In companies where the Group already owned interests before the business combination, the value of assets and liabilities at the time of the business combination will serve as the basis for the fair value assessment. Changes in the value of earlier interests will be recognised in the income statement. The Group's equity will therefore be affected by the fact that the assets are repriced as if the entire acquisition had been made at this time.

Profit/loss
Revenue is recognised when it is probable that transactions will generate future economic benefit that will flow to the company and the amount of the revenue can be measured with reliability. Sales revenues are presented after deducting discounts, value added tax and other government charges and taxes. The Orkla Group sells goods and services on many different markets, and revenues from the sale of goods or services are recognised in the income statement when the goods have been delivered or the service has been provided. Generally speaking, it is relatively easy to obtain a clear picture of the Group's operating revenues and the point of time at which they are taken to income will be clear in most cases.

Sales of goods produced by the Group and merchandise for resale by Orkla Brands are recognised in the income statement when the goods have been delivered and the risk has passed to the buyer. Sales revenues largely consist of sales of consumer goods to wholesalers.

Sales of goods produced by Orkla Aluminium Solutions and Borregaard are B2B sales and are recognised in the income statement when control and risk have transferred to the customer upon delivery. Deliveries are to some extent based on long-term contracts with payment in advance for products to be delivered at a later date. External sales of electric power are taken to income on the basis of the price agreed with the customer upon delivery.

In Orkla Investments, rental revenues are taken to income when they are earned. Remuneration related to sales assignments for which the company is responsible is taken to income upon completion of the assignment.

Gains on the sale of tangible assets are presented as "Other operating revenues". Any substantial gains in the form of the sale of real estate properties that are no longer in use are regarded as part of Group operations and will also be presented as "Other operating revenues".

Interest revenues are recognised when they are earned, while dividends are taken to income on the date they are approved by the company paying out the dividend.

Gains (losses) on the sale of shares from the Share Portfolio are presented on a separate line after operating profit/loss. Gains (losses) on shares and interests that have been reported as available for sale are calculated as the difference between the cost price of the share or if appropriate the value of the share or interest written down for accounting purposes and the sales value. Any excess value or shortfall in market value that has temporarily been taken to comprehensive income is reversed at the same time (see Note 19).

Assets
Property, plant and equipment are tangible items intended for production, delivery of goods or administrative purposes and have a lasting useful life. They are recognised in the balance sheet at cost minus any accumulated depreciation and write-downs. Direct maintenance of assets is expensed under operating expenses as and when the maintenance is carried out, while expenditure on replacements or improvements is added to the cost price of the assets. Property, plant and equipment are depreciated on a straight line basis over their useful life. Residual value is taken into account and the depreciation plan is reviewed annually. If there is any indication that an asset may be impaired, the asset will be written down to the recoverable amount if the recoverable amount is lower than the carrying value.

When carrying out a purchase price allocation in connection with an acquisition, excess values are allocated to the assets concerned so that these are recognised in the balance sheet at the Group's acquisition cost. Financing expenses related to the production of the Group's own property, plant and equipment are recognised in the balance sheet. See Note 15.

Intangible assets. Capitalised expenditure on internally generated or specially adapted computer programmes is presented as intangible assets. The reinvestment need of specially adapted computer programmes and the like is similar to that of other tangible assets, and the amortisation of this type of intangible asset is presented together with the Group's other depreciation.

Expenditure related to internally generated trademarks, etc. (marketing) is expensed directly since the future economic benefits to the company cannot be identified and shown to be probable with any degree of certainty at the time the trademark is launched. Expenses related to intangible assets taken over by the company through acquisitions are recognised in the balance sheet. Orkla has drawn up special guidelines (premium profit method) for valuing trademarks taken over through acquisitions. Trademarks that have existed for more than five years and have a sound development at the time of acquisition have an indefinite useful life and are not amortised. An indefinite useful life means that it is impossible on the balance sheet date to estimate the period assets will be in use. Other identified trademarks will be amortised over their anticipated useful life, which is normally 5-10 years. Other intangible assets will be amortised over their useful life. Power rights are amortised over the term of the remaining contracts (see Note 14).

Intangible assets with an indefinite useful life must be tested annually for impairment to assess whether the values are recoverable. The Orkla Group carries out this test prior to preparing and presenting its financial statements for the third quarter. If there are indications of impairments the assets are tested immediately. A new impairment test is carried out in the fourth quarter when necessary, for instance if the underlying conditions have changed. Such impairment tests are described in Note 13.

Intangible assets arising from new acquisitions are disclosed in Note 1 and Note 14.

Research and development (R&D) expenditure is the expenses incurred by the Group in conducting research and development, studies of existing or new products, production processes, etc. in order to secure future earnings. Expenditure on research will always be expensed directly, while expenditure on development will be recognised in the balance sheet if the expenses are identifiable and represent probable future economic benefits of which the Group has control. The Group has a large number of projects under consideration at all times, but the number of projects that end in capitalisation is small. This is due to the considerable uncertainty throughout the decision-making process and the fact that only a small percentage of all projects culminate in commercial products. Furthermore, the expenses that qualify for capitalisation are relatively small, as it is only from the time the decision to develop the product is made that development expenses can be capitalised, and that decision-making point comes at a late stage of the process. See Note 14.

Goodwill is the residual value consisting of the difference between the purchase price and the balance sheet value of an acquired company after a purchase price allocation has been carried out. The concept of goodwill comprises payment for expectations of synergy gains, assets related to employees, other intangible assets that do not qualify for capitalisation as a separate item, future superprofit and the fact that deferred tax may not be discounted. Capitalised goodwill derives solely from acquisitions. Goodwill is not amortised, but is tested at least once a year for impairment prior to preparing and presenting the financial statements for the third quarter and if there is any indication of a decline in value. New goodwill is disclosed in Note 1, 13 and 14.

Biological assets. After the sale of Borregaard Skoger, the Group no longer has any biological assets in the form of forests.

Inventories of goods are valued at the lower of acquisition cost and net realisable value. Purchased goods are valued at cost according to the FIFO principle, while internally manufactured finished goods and work in progress are valued at production cost. Deductions are made for obsolescence. Net realisable value is the estimated selling price minus sales costs. Inventories also include ongoing real estate projects.

Trade receivables are recognised and presented at the original invoice amount and written down if events causing a loss have occurred that can be measured reliably and that will affect payment of the receivable. Trade receivables are thus valued at amortised cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the vast majority of the Group's trade receivables.

The Share Portfolio consists of financial investments. The Share Portfolio is presented at fair value as a current asset. Shares and equity interests of less than 20% are recognised at fair value as available for sale with changes in value taken to comprehensive income, while shares and equity interests of between 20% and 50% are treated as associates and changes in value are recognised through profit or loss. Items in the Share Portfolio defined as available for sale which have a value lower than carrying value are written down in the income statement if the impairment in value is prolonged or significant. In both categories, any further value impairment will result in an immediate write-down of value by a corresponding amount. The write-down cannot be reversed in the income statement until the value is realised. Dividends received are recognised in the income statement at the time they are adopted by the company paying out the dividend, which usually coincides with the time of payment. Purchases and sales of shares are recognised at trade date. See Note 19.

Cash and cash equivalents are held for the purpose of meeting short-term fluctuations in liquidity rather than for investment purposes. Cash and cash equivalents consist of cash, bank deposits and current deposits. As far as possible, excess liquidity is used to repay debt, and current deposits largely arise in companies or countries where it is not possible to lend funds to the Group. In the presentation, the Orkla ASA Group bank account system is netted by offsetting deposits against withdrawals in each country.

Equity, debt and liabilities

Treasury shares are reported in equity at the cost price to the Group.

Pensions. The Group mainly has defined contribution pension plans, but also has some defined benefit pension plans, primarily in Sweden.

In the defined contribution pension plans, the company is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid there are no further payment obligations attached to the defined contribution pension, i.e. there is no liability to record in the balance sheet. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in the accounting period.

Defined benefit pension plans are based on a promise by the company to the employees that they will receive a certain level of pension upon retirement, normally defined as a percentage of final pay. The company is responsible for the amount of the future pension benefit and the financial value of this obligation must be reported in the income statement and balance sheet.

The accrued liability is calculated on a straight-line accruals basis, and is measured as the present value of the estimated future pension payments that are vested on the balance sheet date. The capitalised net liability is the sum of the accrued pension liability minus the fair value of associated pension fund assets, adjusted for any actuarial gains and losses and changes in the plan.

Changes in the liability for defined benefit plans due to changes in pension plans are reported in their entirety in the income statement in the case of changes that give rise to an immediate paid-up policy entitlement. Actuarial gains and losses are recognised in the income statement over the estimated average remaining vesting period for the part of the gains and losses that exceeds 10% of the greater of the gross pension liabilities or the gross pension plan assets. Gains and losses on curtailment or settlement of a defined benefit pension plan are recognised at the time of curtailment or settlement.

Provisions are recognised in the financial statements in the case of potential loss-making contracts and restructuring measures that have been adopted. Possible future operating losses will not be part of the provisions. In the case of restructuring provisions, there must be a detailed plan that identifies which parts of the business are to be restructured, and a valid expectation must have been created among those concerned that the restructuring will be carried out. In addition, it must be possible to provide a reliable estimate of the amount of the obligation. It is a condition that the restructuring materially changes the size of the business or the way in which it is operated. The provision is calculated on the basis of the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted using a current pre-tax interest rate that reflects the risks specific to the provision.

Contingent liabilities and contingent assets. A contingent liability or asset is a possible obligation or a possible asset whose existence is uncertain and will be confirmed by the occurrence or non-occurrence of a future special event, such as the outcome of legal proceedings or the final settlement of an insurance claim. Contingent liabilities are recognised in the financial statements if there is a more than 50% probability that the liability has arisen; if the probability is lower, the matter is disclosed in notes to the financial statements unless the probability of payment/disbursement is very small. An asset will only be capitalised if it is highly probable that the Group will receive the asset. The disclosure requirement applies to other contingent assets.

Taxes. The tax charge is based on the accounting profit/loss, and consists of the total of current taxes and changes in deferred tax. Current taxes are recognised in the financial statements at the amount that is expected to be paid on the basis of taxable revenues reported in consolidated financial statements. The share of profit from associates is reported after tax, and the share of tax in these companies is therefore not presented as a tax charge in the consolidated financial statements. Current taxes and changes in deferred tax are taken to comprehensive income to the extent that they relate to items that are taken to comprehensive income.

Deferred tax liability in the balance sheet is calculated at the nominal tax rate based on timing differences between accounting and tax values on the balance sheet date. Deferred tax has been calculated on excess values allocated in connection with the acquisition of companies. Deferred tax liability relating to goodwill has not been capitalised.

A provision for deferred tax on retained earnings in associates and foreign subsidiaries is made to the extent it is expected that dividends will be distributed in the near future.

Deferred tax assets are continuously assessed and are only capitalised to the extent it is probable that future taxable profit will be large enough for the asset to be usefully applied.

Deferred tax liability and deferred tax assets are offset in so far as this is possible under taxation legislation and regulations.

Financial matters

Foreign currency. Transactions in foreign currencies are presented at the exchange rate on the date of the transaction, while monetary items in foreign currencies are presented at the exchange rate on the balance sheet date, and any gain/loss is reported in the income statement as financial items. Revenues and expenses in subsidiaries with a different functional currency from that of the parent company are translated monthly at the average exchange rate for the month and accumulated. Balance sheet items in subsidiaries with a different functional currency are translated at the exchange rate on the balance sheet date. Translation differences are reported in comprehensive income. Translation differences arising from borrowing and lending in another functional currency identified as net investment are also reported in comprehensive income. Upon disposal of foreign subsidiaries, accumulated translation differences reported in comprehensive income will be reported in profit/loss.

Derivatives. Derivatives are valued at fair value on the balance sheet date and reported as receivables or liabilities. Gains and losses due to realisation or changes in fair value are reported in the income statement in cases where the derivative is not part of a hedge relationship that satisfies the criteria for hedge accounting. Embedded derivatives in contracts are identified and valued separately. Orkla currently has no embedded derivatives. Purchases and sales of derivatives are recognised at trade date. Gains and losses on forward currency contracts that hedge exchange rate risk in the Share Portfolio are reported in "Gains, losses and write-downs Share Portfolio".

Loans/receivables and interest rate derivatives. Loans and receivables are carried at amortised cost. Thus changes in value resulting from changes in interest during the interest rate period are not reported in the income statement. In the case of interest rate derivatives that are identified as hedges for future interest expenses (floating to fixed rate contracts), changes in value are treated as cash flow hedges. Interest rate derivatives that are identified as hedges of fixed interest rate loans (fixed to floating rate contracts) are treated as fair value hedges.

Hedging. The Group uses the following criteria for classifying a derivative or another financial instrument as a hedging instrument: (1) the hedging instrument is expected to be highly effective in offsetting the changes in fair value or the cash flow of an identified object – the hedging effectiveness is expected to be between 80-125%, (2) the hedging effectiveness can be measured reliably, (3) satisfactory documentation is established before entering into the hedging instrument, showing among other things that the hedging relationship is effective, (4) for cash flow hedges, that the future transaction is considered to be highly probable, and (5) the hedging relationship is evaluated regularly and is considered to be effective.

Fair value hedging. Gains and losses on derivatives designated as hedging instruments in fair value hedges are reported in the income statement and are offset by changes in the value of the hedged item. Hedge accounting is discontinued if: (a) the hedging instrument has matured, or is terminated, exercised or sold, (b) the hedge no longer satisfies the above mentioned requirements for hedging, or (c) the Group for some reason decides not to continue the fair value hedge. In the case of a discontinued hedge relationship, the changes in the fair value of the hedged item recognised in the balance sheet will be amortised over the remaining life of the item, using the effective interest rate method. The same will apply for the hedging instrument.

Cash flow hedges. The efficient part of changes in the fair value of a hedging instrument is recognised in comprehensive income and reclassified to the income statement when the hedged transaction is carried out, and presented on the same line as the hedged transaction. The inefficient part of the hedging instrument is reported in the income statement. When a hedging instrument has matured, or is sold, exercised or terminated, or the Group discontinues the hedging relationship, even though the hedged transaction is still expected to occur, the accumulated gains and losses at this point will remain in comprehensive income, and will be recognised in the income statement when the transaction occurs. If the hedged transaction is no longer expected to occur, the accumulated unrealised gains and losses on the hedging instrument will be recognised in the income statement immediately.

Hedges of net investments in foreign subsidiaries are reported against translation differences in comprehensive income. Currency gains and losses on hedging instruments affecting the efficient part of the hedging relationship are reported in comprehensive income, while currency gains or losses in the inefficient part of the hedge is reported in the income statement. Upon disposal of the foreign unit, the accumulated value of all currency gains or losses previously reported in comprehensive income will be reported in the income statement.

Changes in the value of financial contracts concerning future purchases or sales of electric power that hedge future production and consumption are recognised in comprehensive income. Unrealised gains or losses on financial power trading contracts that do not constitute hedges are recognised in the income statement.

Measurement of financial instruments: The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments, by valuation technique (see Note 18):

Level 1: Quoted, unadjusted prices in active markets for identical assets and liabilities
Level 2: Other techniques for which all inputs which have significant effect on the recorded fair value, are observable, either directly or indirectly
Level 3: Other techniques which use inputs that have significant effect on the recorded fair value that are not based on observable market data.

The listed shares of the Share Portfolio are considered to be in level 1 as the shares are quoted on stock exchanges and are freely negotiable and measured at the latest stock market price. The unlisted shares of the Share Portfolio are measured by applying "International Private Equity and Venture Capital Valuation Guidelines", and there are a number of measurement techniques used for measuring the fair value of the unlisted shares (see Note 19). These techniques are not immediately observable and there is a limited turnover in some of these shares. The unlisted shares are therefore considered to be in level 3.

Derivatives are considered to be in level 2. The foreign exchange element in currency forward contracts is measured at observable market prices using the foreign exchange rate set by Norges Bank, Norway's central bank. Different maturity dates add an interest-rate element resulting in an estimated fair value of the currency forward contracts. The energy futures contracts are measured at the quoted closing rate at Nord Pool, and the time element is also considered in measuring the fair value of these futures (level 2).

Other matters
Cash flow. The cash flow statement has been prepared according to the indirect method and shows cash flows from operating, investment and financing activities and explains changes in "Cash and cash equivalents" during the year.

Orkla presents a condensed cash flow statement in its quarterly reports. This concludes with the change in net interest-bearing liabilities and is presented in Note 34. Segment information and information provided in the Report of the Board of Directors refer extensively to this summary, as the Group's cash flows are reported and managed in this way. Cash flow from operating activities is an important management parameter at Orkla (see Note 4).

Segments. Orkla has business areas as operating segments. The operating segments correspond to the way in which the business areas report figures to the Group executive management, but are limited to an expedient number. The segments are described in the Annual Report of the Board of Directors. Sales revenues are broken down by geographical markets based on the customer's location. The accounting principles on which segment reporting is based are the same as for the rest of the consolidated financial statements.

The arm's length principle is applied to pricing of transactions between the various segments. Orkla ASA provides services to the companies in the Orkla Group and charges them for these services.

Furthermore, figures for the geographical distribution of capital employed, investments in property, plant and equipment and the number of man-years are presented, see Note 5.

Leasing. Leases are classified according to the extent to which the risks and rewards associated with ownership of a leased asset lie with the lessor or the lessee. A lease is classified as a finance lease if it substantially transfers all risks and rewards incidental to ownership of an asset. Finance leases will be capitalised and depreciated over the lease period. Other leases are operating leases. Lease expenses related to such leases are reported as current operating expenses.

Share-based remuneration. The Group has share savings programmes and share options. The sale of shares to employees at a price lower than the market value is accounted for by recognising the difference between the market value of the shares and the purchase price as a payroll expense. Options for executive management are valued at the fair value of the option at the time the option plan is adopted (the grant date), using the Black-Scholes model. The cost of the option is accrued over the period during which the employee earns the right to receive it (the vesting period). The option costs are expensed as pay and offset in equity. Provisions are made for the employer's national insurance contributions in connection with share option plans, which are related to the difference between the issue price and the market price of the share at year-end, on the basis of the vested amount. Option costs are broken down by operating segment based on the fair value of the options at the date of issue including employer's national insurance contribution and accrued over the vesting period.

Government grants. Government grants are recognised in the financial statements when it is highly probable that they will be received. The grants are presented either as revenue or as a reduction in costs and, in the latter case, matched with the costs for which they are intended to compensate. Government grants that relate to assets are recognised as a reduction in the acquisition cost of the asset. The grant reduces the depreciation of the asset. Government grants are not of material significance for the Group.

Discontinued operations. If a significant part of the Group's operations is divested or a decision has been made to divest it (segment), this business is presented as "Discontinued operations" on a separate line of the income statement and the balance sheet. As a result, all the other figures presented are exclusive of the discontinued operations. The comparative figures for the discontinued operations in the income statement are restated and presented on a single line. Comparative figures for the balance sheet and the cash flow statement are not correspondingly restated.

USE OF ESTIMATES IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The management has made use of estimates and assumptions in preparing the consolidated financial statements. This applies to assets, liabilities, revenues, expenses and supplementary information related to contingent liabilities.

Areas where estimates have considerable significance are, for example:

Amounts in NOK million

Accounting item	Note	Estimate/assumptions	Carrying value
Goodwill	13, 14	Net present value future cash flows/NSV[1]	9,578
Intangible assets	14	Net present value future cash flows/NSV[1]	2,759
Property, plant and equipment	15	Recoverable amount and estimation of correct remaining useful life	17,730
Unlisted shares	19	Net present value future cash flows/NSV[1]	1,926
Pension liabilities	7	Economic and demographic assumptions	1,561
Deferred tax assets	11	Assessment of future ability to utilise tax positions	623
Provisions	17	Correctly and adequately estimated	557

[1] NSV: Net sales value

Fair value assessments are affected by estimates of required rates of return. The required rate of return is determined by using the capital asset pricing model and is affected by estimates of risk-free interest and risk premium.

The areas where there is the greatest risk of material changes are capitalised goodwill and trademarks with an indefinite useful life. This is because the amounts involved are substantial and the value of the asset is based on recognition principles from purchase price allocations (see Note 1). These assets are not routinely amortised, but their value is tested at least once a year. The impairment tests are based on estimates of the value of the cash-generating units to which goodwill and trademarks have been allocated. The estimates are based on assumptions of anticipated future cash flows based on a selected discount rate. The latter is based on the Group's Weighted Cost of Capital and adjusted to the relevant calculation that is carried out with relation to country risk, inflation and operational risk, (see Note 13).

Goodwill is allocated to cash-generating units (CGU) on the date of acquisition. Normally all goodwill is allocated to one CGU, but if the aquired company is a group itself a rough allocation based on assessments made on the date of acquisition is carried out. This allocation may thus affect later impairment assessments.

Property, plant and equipment are in a slightly different category than goodwill and intangible assets. The former are largely based on a directly paid cost price, but in this case too the value is largely dependent on useful life estimates. In the case of several of the Group's property, plant and equipment assets, changes in assumptions may lead to substantial changes in value.

In valuing unlisted shares, external assessments have been used as far as possible to determine the value of these items (see the description of the valuation process in Note 19). Listed shares classified as available for sale are valued at market price as of 31 December.

Other estimates and assumptions are reported in various notes and any information that is not logically included in other notes is presented in Note 35 "Other matters".

Future events and changes in operating parameters may make it necessary to change estimates and assumptions. New interpretations of standards may result in changes in the principles chosen and presentation. Such changes will be recognised in the financial statements when new estimates are prepared and whenever new requirements with regard to presentation are introduced. These matters are discussed in both the section on principles and the notes.

Exercise of judgement

The financial statements may also be affected by the choice of accounting principles and the judgement exercised in applying them. This applies, for instance, to the assessment that most of the Share Portfolio is presented as available for sale and not at fair value in the income statement, to the distinctions between operating and finance leases, and to the assessment of items presented as "Other income and expenses" on a separate line.

Contents of the notes to the Financial Statements

1 BUSINESS COMBINATIONS

The Orkla Group acquired several small companies in 2010, especially within Orkla Brands. Acquisitions affect the comparison with last year's figures, and the changes in the various notes must be seen in the light of this. Acquired companies are presented in the financial statements from the date on which control transfers to the Group, and for most of the acquisitions figures are indicated for profit or loss before and after the date of acquisition. The date of control is normally the date on which the contract takes effect and all official approvals have been obtained. The date of control will normally be after the contract date.

Amounts in NOK million	Date of purchase	Interest acquired (%)	Acquisition cost	Excess/ deficit value[1]	Trade-marks	Other intangible assets	Property, plant and equip-ment	Other	Deferred tax	Goodwill	Operating profit after acquisition date	Operating revenues before acquisition date	Operating profit before acquisition date
2010													
Peterhof, Orkla Brands	May	100	263	80	4	-	(8)	(4)	-	88	(20)	-	-
Kalev, Orkla Brands	May	100	257	(36)	(43)	-	-	-	7	-	3	75	(1)
Sonneveld, Orkla Brands	July	100	217	96	-	-	21	(30)	2	103	22	192	10
Other acquisitions Orkla Brands			252	116	-	8	-	-	(1)	109	5	225	0
Thule, Sapa	October	100	113	36	-	44	-	1	(9)	-	4	227	10
Vijalco, Sapa	December	65	53	7	-	-	7	1	(1)	-	-	73	8
Arch Extrusions (purchase net assets), Sapa	December	100	13	-	-	-	-	-	-	-	-	66	(14)
Acquisitions at enterprise value			1,168	299	(39)	52	20	(32)	(2)	300	-	-	-
Investments in associates, see Note 3			1,710										
Acquisitions in segments, enterprise value, see Note 34			2,878										
Interest-bearing liabilities acquisitions[2]			(210)										
Cash flow effect acquisitions[3]			2,668										
2009													
Swap transaction Sapa Profiles/ Elkem Aluminium	March	45.45	3,345	1,349	-	-	-	-	-	1,349	-	-	-
Indalex, Sapa	July	100	707	0	-	-	-	-	-	-	36	-	-
Increased ownership in UPL, Eiendom (joint venture)	October	8	302	25	-	-	9	2	-	14	-	-	-
Pekar, Orkla Brands	July	100	122	17	-	-	-	-	-	17	0	-	-
Haticon, Sapa	January	51	52	27	-	-	-	-	-	27	13	-	-
Widerøveien 5 etc., Eiendom (joint venture)	September	33	45	0	-	-	-	-	-	-	0	-	-
Minor acquisitions, Orkla Brands			49	12	-	-	-	-	-	12	-	-	-
Acquisitions at enterprise value			4,622	1,430	-	-	9	2	-	1,419			
Swap transaction, no cash flow effect, cf. above			(3,345)										
Acquisitions at enterprise value excl. swap transaction			1,277										
Investments in associates			2,005										
Acquisitions in segments, enterprise value, see Note 34			3,282										
Interest-bearing liabilities acquisitions			(941)										
Cash flow effect acquisitions[3]			2,341										
2008													
Frima Vafler A/S, Denmark	February	100	39	37	-	-	-	-	-	37	1	-	-
Molde Bakeri, Norway	May	100	34	24	-	-	-	-	-	24	-	35	2
Belusa Foods, Slovakia	October	100	45	11	-	-	-	-	-	11	-	-	-
Miscellaneous acquisitions Orkla Brands			26	22	-	-	-	-	-	22	-	-	-
Ekonal Italy, Sapa	January	100	38	6	-	-	-	-	-	6	7	-	-
FG Eiendom (joint venture)	Mach	33.33	352	141	-	-	196	-	(55)	-	3	5	1
Minor acquisitions			4	1	-	1	-	-	-	-	-	-	-
Acquisitions at enterprise value			538	242	0	1	196	0	(55)	100			
Investments in associates			521										
Acquisitions in segments, enterprise value, see Note 34			1,059										
Interest-bearing liabilities acquisitions			(173)										
Cash flow effect acquisitions[3]			886										

[1] Excess/deficit value is the difference between the purchase price of the shares and the Group's share of equity in the acquired company.
[2] This includes NOK 13 million cash and cash equivalents.
[3] Equivalent to compensation for equity.

In 2010, Orkla Brands bought businesses and a brand at a total cost of approx. NOK 989 million. The largest acquisitions were Peterhof in Russia, Sonneveld Group in the Netherlands and Kalev Chocolate Factory in Estonia. In each acquisition, 100% of the shares were taken over. Peterhof, located in St. Petersburg, holds positions in the chocolate-based spreads and biscuits markets. Its annual sales are on the order of NOK 85 million. Sonneveld Group is market leader for bread improvers in the Benelux countries and its annual sales total around EUR 55 million. Kalev Chocolate Factory is the leading company in the chocolate and confectionery segment in Estonia. The company has annual sales of around EUR 28 million. The profit impact of these acquisitions is shown in the table on the previous page.

These acquisitions were made in order to establish new and strengthen existing market positions for Orkla Brands. The excess value arising from the acquisitions is mainly related to goodwill, tangible assets and some minor intangible assets. Deficit values have been identified related to trademarks in Kalev and pension liabilities in Sonneveld. The balance sheet total increased by NOK 1,207 million as a result of the Orkla Brands acquisitions.

Goodwill from the acquisitions in Orkla Brands is based on factors such as synergies and expertise and thus the possibility of developing new products in the future. The goodwill is not tax deductible.

In the fourth quarter, Sapa acquired three companies, Thule, Vijalco and Arch Extrusions, at a total cost of NOK 179 million. The purchase of Thule concerns Thule's roof rack business which includes production plants and sales, design and engineering resources in Poland and the UK. Vijalco is an aluminium extrusion company in Vietnam. Sapa has acquired 65% of the shares and owns the company jointly with the Ben Than Group. Arch Extrusions in Miami, USA, was acquired to strengthen Sapa's North American operations. These acquisitions have only had a minor impact on results for 2010, as the companies were purchased late in the year.

The three companies were purchased in order to strengthen Sapa's market positions. The excess values are largely related to customer contracts and production equipment, and the balance sheet total has increased by NOK 269 million as a result of the acquisitions.

No provision has been made for loss related to receivables in the companies acquired by Orkla Brands and Sapa, and the receivables have therefore been recognised at nominal value. There are no material contingent considerations related to the acquisitions.

The fair value of the non-controlling interests was estimated on the basis of fair value.

Acquisition costs for 2010 totalled NOK 28 million and are specified in Note 9.

Acquired companies total balance sheet

	Total 2010		Peterhof 2010		Kalev 2010		Sonneveld 2010		Total 2009	
Amounts in NOK million	Fair value	Book value acquired companies	Fair value	Book value acquired companies	Fair value	Book value acquired companies	Fair value	Book value acquired companies	Fair value	Book value acquired companies
Property, plant and equipment	**596**	**576**	163	171	191	191	138	117	861	852
Intangible assets	**160**	**147**	5	1	41	84	8	8	164	164
Deferred tax assets	**7**	**-**	-	-	7	-	-	-	54	54
Other non-current assets	**1**	**1**	-	-	-	-	-	-	-	-
Inventories	**151**	**149**	7	7	20	20	30	30	283	283
Receivables	**260**	**260**	6	6	20	20	46	46	443	443
Shares in other companies	**1**	**1**	-	-	-	-	1	1	15	13
Assets	**1,176**	**1,134**	181	185	279	315	223	202	1,820	1,809
Provisions	**51**	**8**	4	-	-	-	40	12	50	50
Non-current liabilities non interest-bearing	**6**	**6**	-	-	-	-	5	5	4	4
Current liabilities non interest-bearing	**246**	**246**	2	2	22	22	64	64	559	559
Non-controlling interests	**5**	**-**	-	-	-	-	-	-	-	-
Net assets	**868**	**874**	175	183	257	293	114	121	1,207	1,196
Goodwill	**300**	**-**	88	-	-	-	103	-	70	-
Acquisition cost at enterprise value	**1,168**	**-**	263	-	257	-	217	-	1,277	-

2 JOINT VENTURES

Joint ventures are investments in companies in which the Group, together with others, has controlling influence. This type of collaboration is based on a specific agreement. The Group accounts for its involvement in the joint venture by including its proportionate share of revenues, expenses, assets, liabilities and cash flows in its consolidated financial statements. The Group naturally has more limited access to the liquidity, for instance, of this type of company than to that of Group subsidiaries. Joint ventures may not, for example, participate in the Group bank account system and normally have independent financing which is reported in their own balance sheet. Nor are they part of the same group for tax purposes.

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	Total joint ventures	
Amounts in NOK million	2010	2009
Operating revenues	**516**	433
Operating expenses	**(444)**	(399)
Operating profit/loss	**72**	34
Profit/loss for the year	**73**	(24)
Non-current assets	**1,504**	1,172
Current assets	**259**	366
Non-current liabilities	**1,064**	766
Current liabilities	**94**	158

The Group has only a few small joint ventures, primarily under Orkla Eiendom. This includes Utstillingsplassen Eiendom, FinansGruppen Eiendom and Moss Lufthavn Rygge. No significant capital contributions are required in the joint ventures in which Orkla is a participant.

3 INVESTMENTS IN ASSOCIATES ACCOUNTED FOR UNDER THE EQUITY METHOD

Investments in associates accounted for under the equity method are investments in companies in which the Orkla Group has significant influence by virtue of its ownership interest. These are usually companies in which Orkla owns a 20-50% stake. This type of investment is accounted for by the Group presenting its share of the associate's profit/loss on a separate line in the income statement and accumulating the results reported for the share on a single line in the balance sheet. Any excess values that are to be amortised are deducted from profit according to the same principles as for consolidated companies. Goodwill is not amortised. Dividends received from associates are reported against the ownership interest in the balance sheet and regarded as repayment of capital. The balance-sheet value of associates thus represents the original cost price plus profit accumulated up to the present, minus any amortisation of excess values and accumulated dividends received and taking account of the share of any translation differences and the like in the associate. Any write-downs of the value of the ownership interest are presented on the same line. For the time being, the investment in REC is presented at market value (see the explanation below).

Figures for associates that do not report in accordance with IFRS are restated prior to inclusion in the consolidated financial statements. Associates that are part of the Share Portfolio are presented in Note 19.

Amounts in NOK million	Renewable Energy Corporation (REC)	Jotun	Fornebu Utvikling	Hjemmet Mortensen	Others	Total
Cost price 31 December 2010	13,469	174	870	-	-	**-**
Book value 1 January 2008	12,760	1,471	-	164	224	**14,619**
Additions/disposals 2008	-	-	628	(120)	66	**574**
Additions/disposals 2009	1,741	-	242	-	46	**2,029**
Additions/disposals 2010	1,562	-	-	-	148	**1,710**
Share of profit 2008	1,217	253	(79)	28	12	**1,431**
Gain on sale 2008	-	-	-	830	-	**830**
Write-downs 2008	-	-	(72)	-	-	**(72)**
Share of profit 2009	(931)	250	(103)	-	-	**(784)**
Write-downs 2009	(3,135)	-	-	-	-	**(3,135)**
Share of profit 2010	393	325	(43)	-	(30)	**645**
Gains on sale 2010	-	-	-	-	27	**27**
Write-downs 2010	(6,841)	-	-	-	-	**(6,841)**
Dividends/translation differences 2008	813	(172)	-	(72)	(9)	**560**
Dividends/translation differences 2009	(644)	100	-	-	(2)	**(546)**
Dividends/translation differences 2010	114	(266)	-	-	(48)	**(200)**
Book value 31 December 2008	14,790	1,552	477	0	293	**17,112**
Book value 31 December 2009	11,821	1,902	616	0	337	**14,676**
Book value 31 December 2010	7,049	1,961	573	0	407	**9,990**
Interest owned 31 December 2010	39.7%	42.5%[1]	32.4%			

[1] The Group has 38.3% of the voting rights in Jotun.

The following table shows 100%-figures for Orkla's largest associates accounted for under the equity method. Figures for the remaining associates accounted for under the equity method and associates in the Share Portfolio are largely based on estimates, and it is difficult to present reliable figures for these companies.

Main figures (100%):

	Jotun		REC		Fornebu Utvikling	
Amounts in NOK million	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Operating revenues	**12,003**	11,219	**13,776**	8,831	**1,151**	1,026
Operating profit	**1,343**	1,157	**1,018**	(829)	**(103)**	(692)
Profit after taxes and non-controlling interests	**922**	604	**989**	(2,347)	**(102)**	(545)
Total assets	**8,658**	7,292	**36,865**	34,134	**5,864**	6,272
Total liabilities	**3,926**	3,251	**14,714**	17,225	**3,632**	3,945

The Group's investment in REC is presented at market price as long as the market price is lower than the carrying value, in accordance with the principles applied for associates. In 2010, this has entailed a write-down totalling NOK 6,841 million due to the weak share performance. Reported profit/loss from REC does not tally exactly with changes in the market price multiplied by the number of shares. The reason for this is that underlying translation differences recognised in REC's comprehensive income statement will be an income statement element in Orkla's financial statements under the method now used by the Group. Translation differences are normally reported against the equity interest, but in a situation where the value of the interest is determined by the market price, items reported directly against the interest will have to be compensated for through recognition in the income statement. Profit/loss was impacted by NOK 114 million due to this effect. The REC share was quoted at NOK 17.79 as of 31 December 2010, compared with NOK 37.52 (adjusted) on the same date in 2009.

On 6 May, Orkla ASA subscribed for 132,078,878 shares in the REC rights issue at a subscription price of NOK 12.10 per share. At the same time, Orkla ASA took over all of Elkem AS's shares and subscription rights in REC. Following the completed rights issue, Orkla ASA owns 396,236,635 shares, thereby maintaining its equity interest in REC of 39.7%.

In connection with recognition of the Group's share of results, the investment in Fornebu Utvikling ASA was adjusted downwards by NOK 43 million. The carrying value of the Group's interest in Fornebu Utvikling ASA is NOK 573 million. The market value of the interest is NOK 583 million (NOK 2.17 per share). There is little trading in the share and the carrying value of the equity capital in Fornebu Utvikling ASA was NOK 2.3 billion at the end of the third quarter, which means NOK 736 million for Orkla's 32.4% interest.

4 SEGMENTS

Orkla reports business areas as its operating segments. The business areas are described in the Report of the Board of Directors. In the segment information, profit and loss, cash flow and capital employed, together with operating margin and the number of man-years, are broken down between the different business areas, thereby giving those using the financial statements a better basis for understanding the Group's underlying operations. See also Note 5 where capital employed, investments and number of man-years are broken down by geographical market. The Group applies the same principles to its presentation of segment information as to the rest of its annual financial statements, and the operating profit/loss in the segment information is identical to the information presented in the consolidated income statement. Therefore, no further reconciliation of these income statement items is necessary. The segment information also contains a breakdown of profit/loss from associates. The Orkla Group has a centralised finance function and the financing of the various segments does not necessarily reflect the real financial strength of each segment. Orkla has therefore chosen to present only financial items for the Group as a whole. The same applies to taxes.

SEGMENTS 2010

Amounts in NOK million	Orkla Foods Nordic	Orkla Brands Nordic	Orkla Brands International	Orkla Food Ingredients	Eliminations Orkla Brands	**Orkla Brands**	Sapa Profiles	Sapa Heat Transfer & Building System	Eliminations Sapa	**Sapa**
REVENUES/PROFIT										
Norway	3,983	4,629	-	552	-	**9,164**	135	83	-	**218**
Sweden	3,203	1,259	-	994	-	**5,456**	1,100	317	-	**1,417**
Denmark	545	677	-	1,298	-	**2,520**	143	83	-	**226**
Finland and Iceland	982	670	-	153	-	**1,805**	99	28	-	**127**
Nordic region	8,713	7,235	-	2,997	-	**18,945**	1,477	511	-	**1,988**
Rest of Western Europe	175	234	253	649	-	**1,311**	8,980	2,855	-	**11,835**
Central and Eastern Europe	383	293	1,289	753	-	**2,718**	1,344	852	-	**2,196**
Asia	4	51	396	18	-	**469**	260	1,624	-	**1,884**
North America	49	44	18	8	-	**119**	8,806	402	-	**9,208**
South and Central America	-	-	-	4	-	**4**	32	187	-	**219**
Rest of the world	-	-	5	2	-	**7**	9	23	-	**32**
Outside Nordic region	611	622	1,961	1,434	-	**4,628**	19,431	5,943	-	**25,374**
Sales revenues[1]	9,324	7,857	1,961	4,431	-	**23,573**	20,908	6,454	-	**27,362**
Other operating revenues	6	14	11	6	-	**37**	12	282	-	**294**
Intercompany sales	108	25	37	123	(276)	**17**	751	78	(801)	**28**
Operating revenues	9,438	7,896	2,009	4,560	(276)	**23,627**	21,671	6,814	(801)	**27,684**
Cost of materials	(4,191)	(3,069)	(1,094)	(2,873)	217	**(11,010)**	(12,367)	(3,950)	701	**(15,616)**
Payroll expenses	(1,965)	(1,443)	(353)	(642)	-	**(4,403)**	(3,807)	(1,006)	-	**(4,813)**
Other operating expenses	(1,834)	(1,656)	(432)	(665)	59	**(4,528)**	(4,553)	(1,304)	100	**(5,757)**
Depreciation and write-down	(333)	(184)	(90)	(112)	-	**(719)**	(571)	(183)	-	**(754)**
EBITA (adjusted)[2]	1,115	1,544	40	268	-	**2,967**	373	371	-	**744**
Amortisation intangible assets	-	(5)	-	(6)	-	**(11)**	(9)	(1)	-	**(10)**
Other income and expenses	(259)	25	(4)	(7)	-	**(245)**	(32)	(212)	-	**(244)**
Operating profit	856	1,564	36	255	-	**2,711**	332	158	-	**490**
Profit/loss from associates	-	-	-	1	-	**1**	-	3	-	**3**
Non-controlling interests' share of profit	-	-	-	(20)	-	**(20)**	(11)	(1)	-	**(12)**
[1] Of this sales in EU	5,265	3,065	256	3,701	-	**12,287**	11,469	3,984	-	**15,453**
CASH FLOW										
Cash flow from operations before net replacement expenditures	1,447	1,705	138	292	-	**3,582**	188	(44)	-	**144**
Net replacement expenditures	(304)	(169)	(67)	(78)	-	**(618)**	(491)	(241)	-	**(732)**
Cash flow from operations	1,143	1,536	71	214	-	**2,964**	(303)	(285)	-	**(588)**
Expansion investments	(6)	-	(37)	-	-	**(43)**	(217)	(122)	-	**(339)**
Acquired companies (enterprise value)	(302)	-	(265)	(422)	-	**(989)**	(179)	-	-	**(179)**
SEGMENT ASSETS										
Accounts receivable	1,006	1,137	344	644	(44)	**3,087**	2,906	1,350	(233)	**4,023**
Other current receivables	160	103	54	71	-	**388**	313	517	-	**830**
Inventories	1,247	787	258	470	-	**2,762**	2,361	1,209	-	**3,570**
Pension plan assets	-	-	-	-	-	**-**	-	-	-	**-**
Investments in associates	-	-	-	3	-	**3**	-	21	-	**21**
Intangible assets	2,049	4,374	801	791	-	**8,015**	2,994	1,284	-	**4,278**
Property, plant and equipment	2,175	1,319	658	738	-	**4,890**	5,010	1,768	-	**6,778**
Total segment assets	6,637	7,720	2,115	2,717	(44)	**19,145**	13,584	6,149	(233)	**19,500**
SEGMENT LIABILITIES										
Accounts payable	(715)	(500)	(153)	(374)	44	**(1,698)**	(2,243)	(1,354)	233	**(3,364)**
Value added tax, employee taxes etc.	(186)	(193)	(62)	(69)	-	**(510)**	(102)	(62)	-	**(164)**
Other current liabilities	(827)	(803)	(71)	(179)	-	**(1,880)**	(900)	(422)	-	**(1,322)**
Pension liabilities	(482)	(128)	(9)	(107)	-	**(726)**	(328)	(199)	-	**(527)**
Deferred tax, excess values	(99)	(359)	(41)	(11)	-	**(510)**	(19)	35	-	**16**
Total segment liabilities	(2,309)	(1,983)	(336)	(740)	44	**(5,324)**	(3,592)	(2,002)	233	**(5,361)**
Capital employed (book value)[3]	4,328	5,737	1,779	1,977	-	**13,821**	9,992	4,147	-	**14,139**
KEY FIGURES										
Operating margin EBITA (%)	11.8	19.6	2.0	5.9	-	**12.6**	1.7	5.4	-	**2.7**
Total man-years	4,355	2,865	4,657	2,041	-	**13,918**	11,592	2,647	-	**14,239**

[2] Before amortisation and other income and expenses.
[3] Most of the lines under "Segment assets" and "Segment liabilities" can be directly matched with the notes and the balance sheet, respectively. The variance between "Other current receivables" in Note 20 and "Other current liabilities" in Note 23 is ascribable to the fact that other current receivables and liabilities also comprise items that are not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess values is included in deferred tax. See the reconciliation of segment assets with total assets on the next page.

The segment information tables show sales broken down by market for each business area, based on the customers' location. The different business areas are defined and described in the Directors' Report. This table shows the revenues generated by various products and services for each segment. "Orkla HQ/Other business" primarily covers activities at the Group's head office and some other centrally managed activities. Reference is made to Note 33 for segment disclosures relating to discontinued operations.

Hydro Power	Borregaard Chemicals	Associated companies (REC/Jotun)	Orkla Financial Investments	**HQ/Other Business/ Eliminations**	**Orkla Group**
579	136	-	792	**12**	**10,901**
-	101	-	23	**-**	**6,997**
-	14	-	-	**-**	**2,760**
-	47	-	-	**-**	**1,979**
579	298	-	815	**12**	**22,637**
-	1,327	-	-	**-**	**14,473**
-	222	-	-	**-**	**5,136**
-	902	-	-	**10**	**3,265**
-	639	-	-	**-**	**9,966**
-	244	-	-	**-**	**467**
-	68	-	-	**-**	**107**
-	3,402	-	-	**10**	**33,414**
579	3,700	-	815	**22**	**56,051**
76	34	-	820	**26**	**1,287**
666	16	-	380	**(1,107)**	**-**
1,321	3,750	-	2,015	**(1,059)**	**57,338**
(924)	(1,265)	-	(1,248)	**902**	**(29,161)**
(31)	(738)	-	(193)	**(411)**	**(10,589)**
(131)	(1,301)	-	(382)	**267**	**(11,832)**
(58)	(208)	-	(41)	**(32)**	**(1,812)**
177	238	-	151	**(333)**	**3,944**
(24)	(6)	-	-	**(1)**	**(52)**
(255)	11	-	1,131	**(68)**	**330**
(102)	243	-	1,282	**(402)**	**4,222**
-	-	(6,123)	(58)	**8**	**(6,169)**
9	(4)	-	(6)	**(20)**	**(53)**
-	1,563	-	23	**-**	**29,326**
124	398	-	360	**(267)**	**4,341**
(28)	(82)	-	107	**(52)**	**(1,405)**
96	316	-	467	**(319)**	**2,936**
(118)	(9)	-	-	**-**	**(509)**
-	-	(1.562)	(120)	**(28)**	**(2,878)**
255	491	-	106	**(160)**	**7,802**
306	196	-	94	**(29)**	**1,785**
-	549	-	219	**2**	**7,102**
-	41	-	-	**84**	**125**
-	(1)	9,010	859	**98**	**9,990**
20	76	-	-	**(52)**	**12,337**
2,276	1,951	-	1,569	**266**	**17,730**
2,857	3,303	9,010	2,847	**209**	**56,871**
(88)	(297)	-	(30)	**33**	**(5,444)**
15	(47)	-	(49)	**(43)**	**(798)**
(295)	(129)	-	(90)	**(155)**	**(3,871)**
(1)	(77)	-	(9)	**(221)**	**(1,561)**
-	-	-	(65)	**-**	**(559)**
(369)	(550)	-	(243)	**(386)**	**(12,233)**
2,488	2,753	9,010	2,604	**(177)**	**44,638**
13.4	6.3	na	na	**na**	**6.9**
40	1,161	-	64	**326**	**29,748**

	2010	**2009**
Segment assets	**56,871**	71,206
Assets in discontinued operations	**13,891**	-
Share Portfolio etc.	**11,674**	11,087
Cash and cash equivalents	**2,819**	4,153
Financial assets	**870**	1,140
Deferred tax assets	**623**	514
Interest-bearing receivables etc.	**793**	6,586
Total assets	**87,541**	94,686

SEGMENTS 2009

Amounts in NOK million	Orkla Foods Nordic	Orkla Brands Nordic	Orkla Brands Inter-national	Orkla Food Ingredi-ents	Elimin-ations Orkla Brands	**Orkla Brands**	Sapa Profiles	Sapa Heat Transfer & Building System	Elimin-ations Sapa	**Sapa**
REVENUES/PROFIT										
Norway	4,297	4,488	-	378	-	**9,163**	145	90	-	**235**
Sweden	3,170	1,161	-	972	-	**5,303**	916	623	-	**1,539**
Denmark	605	747	-	1,160	-	**2,512**	143	68	-	**211**
Finland and Iceland	1,051	666	-	121	-	**1,838**	103	24	-	**127**
Nordic region	9,123	7,062	0	2,631	0	**18,816**	1,307	805	0	**2,112**
Rest of Western Europe	206	260	286	394	-	**1,146**	7,199	2,857	-	**10,056**
Central and Eastern Europe	289	307	1,271	712	-	**2,579**	1,076	547	-	**1,623**
Asia	3	13	324	14	-	**354**	102	1,182	-	**1,284**
North America	46	27	15	8	-	**96**	5,240	250	-	**5,490**
South and Central America	-	1	-	-	-	**1**	12	65	-	**77**
Rest of the world	-	1	4	2	-	**7**	41	21	-	**62**
Outside Nordic region	544	609	1,900	1,130	0	**4,183**	13,670	4,922	0	**18,592**
Sales revenues[1]	9,667	7,671	1,900	3,761	0	**22,999**	14,977	5,727	0	**20,704**
Other operating revenues	2	21	8	4	-	**35**	62	31	-	**93**
Intercompany sales	85	30	31	201	(335)	**12**	582	98	(674)	**6**
Operating revenues	9,754	7,722	1,939	3,966	(335)	**23,046**	15,621	5,856	(674)	**20,803**
Cost of materials	(4,485)	(3,143)	(1,054)	(2,445)	296	**(10,831)**	(8,790)	(3,239)	674	**(11,355)**
Payroll expenses	(1,971)	(1,449)	(328)	(579)	-	**(4,327)**	(3,179)	(1,039)	-	**(4,218)**
Other operating expenses	(1,878)	(1,563)	(404)	(601)	39	**(4,407)**	(3,647)	(1,161)	-	**(4,808)**
Depreciation and write-down	(332)	(187)	(64)	(105)	-	**(688)**	(579)	(187)	-	**(766)**
EBITA (adjusted)[2]	1,088	1,380	89	236	0	**2,793**	(574)	230	0	**(344)**
Amortisation intangible assets	(6)	(11)	(2)	(7)	-	**(26)**	(3)	-	-	**(3)**
Other income and expenses	-	-	(10)	-	-	**(10)**	(179)	(6)	-	**(185)**
Operating profit	1,082	1,369	77	229	0	**2,757**	(756)	224	0	**(532)**
Profit/loss from associates	-	(1)	-	-	-	**(1)**	-	2	-	**2**
Non-controlling interests' share of profit	-	-	-	(35)	-	**(35)**	96	-	-	**96**
[1] Of this sales in EU	5,298	3,061	388	3,220	-	**11,967**	9,147	4,030	-	**13,177**
CASH FLOW										
Cash flow from operations before net replacement expenditures	1,541	1,778	48	378	-	**3,745**	788	600	-	**1,388**
Net replacement expenditures	(228)	(126)	(56)	(66)	-	**(476)**	(252)	(11)	-	**(263)**
Cash flow from operations	1,313	1,652	(8)	312	-	**3,269**	536	589	-	**1,125**
Expansion investments	(121)	(8)	(3)	-	-	**(132)**	(165)	(280)	-	**(445)**
Acquired companies (enterprise value)	(5)	7	(127)	(40)	-	**(165)**	(759)	-	-	**(759)**
SEGMENT ASSETS										
Accounts receivable	949	1,073	318	472	(52)	**2,760**	2,223	1,186	(260)	**3,149**
Other current receivables	173	99	63	60	-	**395**	328	269	-	**597**
Inventories	1,215	776	272	372	-	**2,635**	1,710	855	-	**2,565**
Pension plan assets	-	2	-	-	-	**2**	-	-	-	**-**
Investments in associates	-	-	-	2	-	**2**	-	17	-	**17**
Intangible assets	2,201	4,441	678	597	-	**7,917**	2,962	1,270	-	**4,232**
Property, plant and equipment	1,997	1,345	499	584	-	**4,425**	4,829	1,640	-	**6,469**
Total segment assets	6,535	7,736	1,830	2,087	(52)	**18,136**	12,052	5,237	(260)	**17,029**
SEGMENT LIABILITIES										
Accounts payable	(627)	(487)	(149)	(234)	52	**(1,445)**	(1,619)	(1,030)	260	**(2,389)**
Value added tax, employee taxes etc.	(259)	(200)	(28)	(73)	-	**(560)**	(80)	(17)	-	**(97)**
Other current liabilities	(795)	(740)	(97)	(135)	-	**(1,767)**	(1,132)	(349)	-	**(1,481)**
Pension liabilities	(491)	(151)	(12)	(74)	-	**(728)**	(314)	(200)	-	**(514)**
Deferred tax, excess values	(114)	(355)	(36)	(4)	-	**(509)**	26	-	-	**26**
Total segment liabilities	(2,286)	(1,933)	(322)	(520)	52	**(5,009)**	(3,119)	(1,596)	260	**(4,455)**
Capital employed (book value)[3]	4,249	5,803	1,508	1,567	0	**13,127**	8,933	3,641	-	**12,574**
KEY FIGURES										
Operating margin EBITA (%)	11.2	17.9	4.6	6.0	-	**12.1**	(3.7)	3.9	-	**(1.7)**
Total man-years	4,048	2,869	4,265	1,684	-	**12,866**	10,148	2,347	-	**12,495**

[2] Before amortisation and other income and expenses.
[3] Most of the lines under "Segment assets" and "Segment liabilities" can be directly matched with the notes and the balance sheet, respectively. The variance between "Other current receivables" in Note 20 and "Other current liabilities" in Note 23 is ascribable to the fact that other current receivables and liabilities also comprise items that are not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess values is included in deferred tax.

Hydro Power	Borregaard Chemicals	Associated companies (REC/Jotun)	Orkla Financial Investments	**HQ/Other Business/ Eliminations**	**Continuing operations**	Discontinued operations	**Orkla Group**
67	164	-	1,286	9	10,924		
-	101	-	30	-	6,973		
-	27	-	-	-	2,750		
-	37	-	-	-	2,002		
67	329	-	1,316	9	22,649		
-	1,297	-	-	-	12,499		
-	196	-	1	-	4,399		
-	1,011	-	-	11	2,660		
-	630	-	-	-	6,216		
-	215	-	-	-	293		
-	66	-	-	-	135		
0	3,415	0	1	11	26,202		
67	3,744	0	1,317	20	48,851		
143	39	-	1,046	26	1,382		
1,143	32	-	614	(1,807)	-		
1,353	3,815	-	2,977	(1,761)	50,233		
(202)	(1,409)	-	(1,749)	1,695	(23,851)		
(57)	(728)	-	(229)	(367)	(9,926)		
(214)	(1,238)	-	(1,031)	97	(11,601)		
(79)	(224)	-	(53)	(16)	(1,826)		
801	216	0	(85)	(352)	3,029		
(178)	(6)	-	-	-	(213)		
3,066	-	-	-	-	2,871		
3,689	210	0	(85)	(352)	5,687		
(3)	-	(3,816)	(103)	2	(3,919)		
(12)	(5)	-	(1)	(12)	31		
-	1,522	-	31	-	26,697		
938	531	-	(198)	(203)	6,201	575	6,776
(34)	(76)	-	78	(104)	(875)	(219)	(1,094)
904	455	-	(120)	(307)	5,326	356	5,682
(225)	(15)	-	-	-	(817)	(948)	(1,765)
(3)	-	(1.741)	(613)	(1)	(3,282)	-	(3,282)
61	524	-	855	(327)	7,022	937	7,959
7	139	-	314	(31)	1,421	602	2,023
-	591	-	494	2	6,287	1,244	7,531
9	37	-	3	9	60	46	106
-	(1)	13,723	834	101	14,676	-	14,676
396	86	-	110	(35)	12,706	1,511	14,217
2,187	1,983	-	1,937	238	17,239	7,455	24,694
2,660	3,359	13,723	4,547	(43)	59,411	11,795	71,206
(29)	(286)	-	(230)	358	(4,021)	(775)	(4,796)
(10)	(49)	-	(39)	(65)	(820)	(84)	(904)
(208)	(153)	-	(338)	(108)	(4,055)	(335)	(4,390)
(1)	(97)	-	(6)	(50)	(1,396)	(106)	(1,502)
(105)	-	-	(81)	2	(667)	(3)	(670)
(353)	(585)	-	(694)	137	(10,959)	(1,303)	(12,262)
2,307	2,774	13,723	3,853	94	48,452	10,492	58,944
59.2	5.7	na	na	na	6.0	na	na
44	1,239	-	198	292	27,134	2,437	29,571

SEGMENTS 2008

Amounts in NOK million	Orkla Foods Nordic	Orkla Brands Nordic	Orkla Brands International	Orkla Food Ingredients	Eliminations Orkla Brands	**Orkla Brands**	Sapa Profiles	Sapa Heat Transfer & Building System	Eliminations Sapa	**Sapa**
REVENUES/PROFIT										
Norway	4,313	4,461	-	382	-	**9,156**	170	119	-	**289**
Sweden	3,305	1,139	-	1,026	-	**5,470**	1,403	857	-	**2,260**
Denmark	624	702	-	1,117	-	**2,443**	256	138	-	**394**
Finland and Iceland	1,020	639	-	108	-	**1,767**	118	31	-	**149**
Nordic region	9,262	6,941	0	2,633	0	**18,836**	1,947	1,145	0	**3,092**
Rest of Western Europe	207	315	262	317	-	**1,101**	10,733	3,581	-	**14,314**
Central and Eastern Europe	319	349	1,824	480	-	**2,972**	1,776	631	-	**2,407**
Asia	2	7	291	8	-	**308**	272	1,114	-	**1,386**
North America	47	49	16	7	-	**119**	6,208	175	-	**6,383**
South and Central America	-	2	-	-	-	**2**	48	83	-	**131**
Rest of the world	3	1	3	2	-	**9**	6	49	-	**55**
Outside Nordic region	578	723	2,396	814	0	**4,511**	19,043	5,633	0	**24,676**
Sales revenues[1]	9,840	7,664	2,396	3,447	0	**23,347**	20,990	6,778	0	**27,768**
Other operating revenues	6	17	6	7	-	**36**	34	7	-	**41**
Intercompany sales	67	38	38	216	(344)	**15**	880	124	(1,004)	**0**
Operating revenues	9,913	7,719	2,440	3,670	(344)	**23,398**	21,904	6,909	(1,004)	**27,809**
Cost of materials	(4,612)	(3,081)	(1,378)	(2,299)	323	**(11,047)**	(13,037)	(4,113)	1,004	**(16,146)**
Payroll expenses	(1,977)	(1,407)	(431)	(514)	-	**(4,329)**	(3,459)	(1,047)	-	**(4,506)**
Other operating expenses	(1,935)	(1,733)	(537)	(553)	21	**(4,737)**	(4,788)	(993)	-	**(5,781)**
Depreciation and write-down	(339)	(174)	(89)	(93)	-	**(695)**	(511)	(168)	-	**(679)**
EBITA (adjusted)[2]	1,050	1,324	5	211	0	**2,590**	109	588	0	**697**
Amortisation intangible assets	(8)	(15)	-	(4)	-	**(27)**	(15)	-	-	**(15)**
Other income and expenses	-	38	(571)	-	-	**(533)**	(560)	-	-	**(560)**
Operating profit	1,042	1,347	(566)	207	0	**2,030**	(466)	588	0	**122**
Profit/loss from associates	-	2	-	-	-	**2**	-	2	-	**2**
Non-controlling interests' share of profit	-	-	-	(25)	-	**(25)**	202	-	-	**202**
[1] Of this sales in EU	5,448	3,042	781	2,923	-	**12,194**	13,706	5,120	-	**18,826**
CASH FLOW										
Cash flow from operations before net replacement expenditures	1,380	1,392	(17)	229	-	**2,984**	417	348	-	**765**
Net replacement expenditures	(258)	(204)	(49)	(122)	-	**(633)**	(613)	(337)	-	**(950)**
Cash flow from operations	1,122	1,188	(66)	107	0	**2,351**	(196)	11	0	**(185)**
Expansion investments	(126)	(22)	(62)	(4)	-	**(214)**	(337)	(210)	-	**(547)**
Acquired companies (enterprise value)	(23)	-	-	(110)	-	**(133)**	-	(38)	-	**(38)**
SEGMENT ASSETS										
Accounts receivable	1,075	1,161	410	541	(69)	**3,118**	2,991	1,475	(336)	**4,130**
Other current receivables	151	94	60	60	-	**365**	571	374	-	**945**
Inventories	1,414	885	318	438	-	**3,055**	2,862	1,097	-	**3,959**
Pension plan assets	-	1	-	-	-	**1**	-	-	-	**0**
Investments in associates	-	5	-	1	-	**6**	-	19	-	**19**
Intangible assets	2,484	4,980	737	656	-	**8,857**	1,596	1,387	-	**2,983**
Property, plant and equipment	2,149	1,525	712	633	-	**5,019**	5,644	1,613	-	**7,257**
Total segment assets	7,273	8,651	2,237	2,329	(69)	**20,421**	13,664	5,965	(336)	**19,293**
SEGMENT LIABILITIES										
Accounts payable	(691)	(469)	(195)	(266)	69	**(1,552)**	(2,286)	(1,007)	336	**(2,957)**
Value added tax, employee taxes etc.	(341)	(205)	(39)	(76)	-	**(661)**	-	-	-	**0**
Other current liabilities	(737)	(669)	(135)	(145)	-	**(1,686)**	(1,519)	(525)	-	**(2,044)**
Pension liabilities	(518)	(163)	(12)	(80)	-	**(773)**	(214)	(234)	-	**(448)**
Deferred tax, excess values	(124)	(396)	(47)	(6)	-	**(573)**	(41)	-	-	**(41)**
Total segment liabilities	(2,411)	(1,902)	(428)	(573)	69	**(5,245)**	(4,060)	(1,766)	336	**(5,490)**
Capital employed (book value)[3]	4,862	6,749	1,809	1,756	0	**15,176**	9,604	4,199	0	**13,803**
KEY FIGURES										
Operating margin EBITA (%)	10.6	17.2	0.2	5.7	-	**11.1**	0.5	8.5	-	**2.5**
Total man-years	4,462	2,972	4,600	1,315	-	**13,349**	9,944	2,641	-	**12,585**

[2] Before amortisation and other income and expenses.
[3] Most of the lines under "Segment assets" and "Segment liabilities" can be directly matched with the notes and the balance sheet, respectively. The variance between "Other current receivables" in Note 20 and "Other current liabilities" in Note 23 is ascribable to the fact that other current receivables and liabilities also comprise items that are not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess values is included in deferred tax.

Hydro Power	Borregaard Chemicals	Associated companies (REC/Jotun)	Orkla Financial Investments	**HQ/Other Business/ Eliminations**	**Continuing operations**	Discontinued operations	**Orkla Group**
84	198	-	1,094	**5**	**10,826**		
-	114	-	7	**-**	**7,851**		
-	17	-	-	**-**	**2,854**		
-	27	-	-	**-**	**1,943**		
84	356	0	1,101	**5**	**23,474**		
-	1,714	-	-	**-**	**17,129**		
-	204	-	-	**-**	**5,583**		
-	1,236	-	-	**10**	**2,940**		
-	755	-	-	**-**	**7,257**		
-	193	-	-	**-**	**326**		
-	75	-	-	**-**	**139**		
0	4,177	0	0	**10**	**33,374**		
84	4,533	0	1,101	**15**	**56,848**		
73	80	-	752	**15**	**997**		
1,147	19	-	859	**(2,040)**	**-**		
1,304	4,632	-	2,712	**(2,010)**	**57,845**		
(181)	(1,559)	-	(1,907)	**1,895**	**(28,945)**		
(50)	(892)	-	(226)	**(310)**	**(10,313)**		
(188)	(1,724)	-	(698)	**116**	**(13,012)**		
(56)	(224)	-	(32)	**(13)**	**(1,699)**		
829	233	0	(151)	**(322)**	**3,876**		
(179)	(6)	-	-	**-**	**(227)**		
-	(561)	-	-	**-**	**(1,654)**		
650	(334)	0	(151)	**(322)**	**1,995**		
0	(4)	1,470	(151)	**870**	**2,189**		
1	(5)	-	(5)	**(31)**	**137**		
-	1,911	-	7	**-**	**32,938**		
940	273	-	(88)	**(158)**	**4,716**	10	**4,726**
(84)	(222)	-	(404)	**(39)**	**(2,332)**	(343)	**(2,675)**
856	51	-	(492)	**(197)**	**2,384**	(333)	**2,051**
(359)	(71)	-	-	**-**	**(1,191)**	(2,951)	**(4,142)**
-	0	-	(886)	**-**	**(1,057)**	(2)	**(1,059)**
123	656	-	632	**(252)**	**8,407**	1,317	**9,724**
56	215	-	403	**13**	**1,997**	1,556	**3,553**
-	868	-	1	**2**	**7,885**	1,679	**9,564**
13	40	-	3	**8**	**65**	73	**138**
-	11	16,342	633	**85**	**17,096**	16	**17,112**
2,786	95	-	103	**(28)**	**14,796**	1,521	**16,317**
2,489	2,308	-	1,982	**124**	**19,179**	7,189	**26,368**
5,467	4,193	16,342	3,757	**(48)**	**69,425**	13,351	**82,776**
(105)	(354)	-	(219)	**327**	**(4,860)**	(1,088)	**(5,948)**
(44)	(52)	-	(43)	**(75)**	**(875)**	(55)	**(930)**
(16)	(393)	-	(351)	**(109)**	**(4,599)**	(1,639)	**(6,238)**
(2)	(112)	-	(1)	**(32)**	**(1,368)**	(286)	**(1,654)**
(1,305)	0	-	-	**(48)**	**(1,967)**	(4)	**(1,971)**
(1,472)	(911)	-	(614)	**63**	**(13,669)**	(3,072)	**(16,741)**
3,995	3,282	16,342	3,143	**15**	**55,756**	10,279	**66,035**
63.6	5.0	-	na	**na**	**6.7**	na	**na**
73	1,618	-	203	**289**	**28,117**	2,820	**30,937**

5 GEOGRAPHICAL BREAKDOWN OF CAPITAL EMPLOYED, INVESTMENTS AND NUMBER OF MAN-YEARS

Capital employed, investments and number of man-years are broken down by geographical markets based on the location of the companies. Capital employed is a measure of the enterprise's net capitalised "working capital" and is defined in the segment note as the net of segment assets and liabilities. Investments are the total of replacement expenditures and expansion investments. The number of man-years is the number of employees adjusted for fractional posts in the current reporting period. See Note 4 for segment information.

	Capital employed			Investments			Number of man-years		
Amounts in NOK million	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Norway	**19,121**	33,553	37,339	**1,011**	1,684	4,714	**4,402**	6,025	6,372
Sweden	**7,505**	7,066	6,005	**356**	193	348	**4,247**	3,996	4,597
Denmark	**3,098**	3,119	3,855	**104**	140	117	**1,353**	1,244	1,357
Finland and Iceland	**1,630**	2,789	3,333	**57**	97	209	**725**	865	965
Nordic region	**31,354**	46,527	50,532	**1,528**	2,114	5,388	**10,727**	12,130	13,291
Rest of Western Europe	**4,155**	4,037	6,097	**421**	247	505	**5,875**	5,093	5,555
Central and Eastern Europe	**3,268**	2,995	3,529	**219**	236	688	**7,251**	6,288	6,471
Asia	**1,510**	1,540	1,722	**144**	295	287	**2,158**	2,116	2,255
America	**4,219**	3,632	3,904	**252**	204	339	**3,685**	3,857	3,279
Rest of the world	**132**	213	251	**3**	4	85	**52**	87	86
Outside Nordic region	**13,284**	12,417	15,503	**1,039**	986	1,904	**19,021**	17,441	17,646
Total	**44,638**	58,944	66,035	**2,567**	3,100	7,292	**29,748**	29,571	30,937
Link between segments and «Investments»:									
Net replacement expenditures, from segments (see Note 4)				**1,405**	1,094	2,675			
Sale of property, plant and equipment (see cash flow statement)				**667**	528	335			
Expansion investments (see Note 4)				**509**	1,765	4,142			
Changes in accounts payable investments				**(14)**	(287)	140			
Total				**2,567**	3,100	7,292			

6 PAYROLL EXPENSES

Payroll expenses are the total disbursements relating to remuneration of personnel employed by the Group and of Group officers. These expenses comprise direct salaries and holiday pay, fees to Group officers, any bonuses paid, the accounting effects of employees' share and option programmes, pension costs and public taxes/charges relating to the employment of personnel. Any benefits in kind such as a company car, telephone or the like are reported for tax purposes as wages, but are presented as operating expenses according to the nature of the expense.

Amounts in NOK million	**2010**	2009	2008
Wages	**(8,556)**	(7,716)	(8,047)
Employer's national insurance contribution	**(1,455)**	(1,551)	(1,671)
Pension costs[1]	**(480)**	(507)	(469)
Other payments etc.	**(98)**	(152)	(126)
Payroll expenses	**(10,589)**	(9,926)	(10,313)
Average number of man-years (continuing operations)	**28,748**	26,923	28,137

[1] For detailed information about pension costs, see Note 7.

BONUS SYSTEMS

Orkla has a system of annual bonuses that rewards improvement (operational excellence).

Under this system, a "good performance", which is specifically defined for the various elements, can result in an annual bonus of 30% of an employee's fixed pay, while the maximum bonus is 100% of the employee's annual pay. This bonus system applied to approximately 300 senior executives.

Remuneration of the executive management

	2010			2009			2008		
Amounts in NOK	**Salary**	**Benefits in kind**	**Pension costs**	Salary	Benefits in kind	Pension costs	Salary	Benefits in kind	Pension costs
Remuneration to CEO[1]	**6,756,130**	**196,127**	**1,335,389**	6,070,179	235,085	1,038,482	4,981,196	236,767	1.013.778
Remuneration to other members of the Group Executive Board	**22,920,294**	**935,399**	**4,877,529**	18,747,115	928,738	2,143,502	26,394,445	973,222	2.680.809
Number of options to CEO 31 December	**340,000**			1,270,000			1,560,000		
Number of options to other members of the Group Executive Board 31 December	**1,750,000**			1,710,000			1,882,000		

[1] Due to the change of President and CEO, pay and other remuneration were divided between Dag J. Opedal and Bjørn M. Wiggen in the ratio 8:12 and 4:12.

For other matters relating to the remuneration of the executive management and members of the Board of Directors, reference is made to Note 6 to the Financial Statements for Orkla ASA.

Option programmes

The Board proposes that the option programme for executive management and key personnel is continued. A ceiling for the potential annual gain is set at 1.5 annual salaries for the Group Executive Board and 1 annual salary for other participants. A maximum of 7 million options are recommended (approximately 0.7% of outstanding options) that may be awarded on the basis of the following criteria:

- Development of human resources
- Achievement of financial targets
- Improvements within the executive's sphere of responsibility
- Collaboration
- Application in practice of Orkla's basic values
- Potential for further development
- Market considerations – securing key competence
- Other factors

Options are normally issued at 110% of the market price of the Orkla share. Options have a maturity of six years, and may be exercised in the last three years. When an option is exercised, Orkla alternatively has the right to redeem the option by paying a cash amount equivalent to the difference between the exercise price and the price of the share on the day the option is exercised, but this is seldom done.

	2010 No.	2010 WAEP[1]	2009 No.	2009 WAEP[1]
Outstanding at the beginning of the year	**14,967,000**	**61.11**	10,277,000	64.25
Granted during the year	**6,495,000**	**51.38**	6,525,000	52.36
Exercised during the year	**(1,532,500)**	**37.50**	(1,160,000)	32.15
Forfeited during the year	**(160,000)**	**65.20**	(675,000)	66.27
Outstanding at year-end	**19,769,500**	**59.71**	14,967,000	61.11
Exercisable options at year-end	**4,324,500**	**69.51**	4,447,500	49.83

[1] Weighted average exercise price. Amounts in NOK.

The weighted average contractual life of outstanding options as of 31 December 2010 is 3.9 years.

Weighted average exercise price for outstanding cash bonuses at year end:

Expiry date	2010 WAEP[1]	2010 No.	2009 WAEP[1]	2009 No.
05.03.2010			37.23	275,000
30.05.2010			26.60	250,000
15.12.2010			40.27	1,037,500
28.02.2011	**47.16**	**400,000**	47.16	400,000
15.12.2011	**56.66**	**1,920,000**	56.66	1,985,000
20.02.2012	**63.25**	**500,000**	63.25	500,000
15.12.2012	**93.94**	**1,104,500**	93.94	1,124,500
20.02.2013	**93.94**	**400,000**	93.94	400,000
08.05.2014	**81.40**	**2,645,000**	81.40	2,690,000
14.08.2014	**78.10**	**25,000**	78.10	25,000
22.05.2015	**52.36**	**6,280,000**	52.36	6,280,000
10.05.2016	**51.38**	**6,495,000**		
Total		**19,769,500**		14,967,000

[1] Weighted average exercise price. Amounts in NOK.

Orkla has used the Black-Scholes model when estimating the value of the options. The following assumptions have been used for new option awards:

	2010	2009
Expected dividend-yield (%)	**5**	5
Expected volatility (%)	**39**	38
Historical volatility (%)	**39**	38
Risk-free return (%)	**2.6**	3.3
Expected life of option (years)	**5.5**	5.5
Weighted average share price (NOK)	**46.7**	52.3

Effects of the option programme on the financial statements:

Description (NOK million)	2010	2009
Option costs in the vesting period	**(78)**	(71)
Change in provision for national insurance contribution	**(1)**	(5)
Net option costs	**(79)**	(76)
Liabilities[1]	**19**	18

[1] Relates only to employer's national insurance contributions.

Cash bonus programme

There were no outstanding share-based cash bonuses as of 31 December 2010. The last redemption of a share-based cash bonus was in 2009, when 459,000 options were exercised at a weighted average exercise price of NOK 16.8.

Hedging

The costs of the option programme are partly hedged by means of hedge contracts with a financial institution. As of 31 December 2010, there were open hedge contracts equivalent to the change in value of 600,000 underlying Orkla shares (600,000 in 2009) with an average exercise price of NOK 48 per share (NOK 48 in 2009). NOK 1 million was entered as income for hedges in 2010 (NOK 7 million recognised as income in 2009). The capitalised value as of 31 December 2010 was NOK 5 million (NOK 5 million in 2009).

7 PENSIONS

The Group has both defined contribution and defined benefit pension plans. In the defined contribution pension plans, the cost is equal to the contributions to the employees' pension savings in the accounting period. The future pension will be determined by the amount of the contributions and the return on the pension savings. In a defined benefit plan, the company is responsible for paying an agreed pension to the employee based on his or her final pay. The cost for the accounting period shows the employees' pension entitlement of the agreed future pension in the accounting year. The majority of Orkla's pension plans are defined contribution plans.

Defined contribution plans

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employees' pension plans, and where the future pension is determined by the amount of the contributions and the return on the pension plan assets. Contribution plans also comprise pension plans that are common to several companies and where the pension premium is determined independently of the demographic profile in the individual companies (multi-employer plans). Employees in the Orkla Group are mainly covered by pension plans that are classified as contribution plans.

Defined benefit plans

The Group has pension plans that are classified as funded benefit plans and unfunded benefit plans, recognised in the companies' balance sheets. A large part of the Group's benefit plans are in Sweden, Norway and EU countries. These countries account for 35%, 34% and 25%, respectively, of the Group's net pension liabilities.

Sweden

The plans in Sweden are "net plans" that do not link the Group's liabilities to changes in Swedish social security. The plans are largely determined by collective agreements. The pension plans in Sweden are not funded, but provisions are made in the companies' balance sheets. To secure accrued pension rights, companies must take out a credit insurance in the Pensionsgaranti (FPG) insurance company. Pensionsregistreringsinstitutet (PRI) records and calculates the companies' pension liabilities. All employees born in 1979 or later must, by law, be covered by a defined contribution plan, which means that the scope of the benefit plans will gradually be reduced.

Norway

As a result of a new contractual early retirement (AFP) scheme which was enacted into law by the Norwegian Parliament in February 2010, provisions relating to the old AFP scheme have been reversed and recognised as income. In this connection, Orkla has decided to also reverse provisions for gratuity pensions and associated actuarial gains and losses. Provisions have been made to cover the underfunding in the old AFP scheme, as recommended under the Norwegian Accounting Standards. The new AFP scheme is recognised as a contribution plan until there are sufficient reliable, consistent data to be able to recognise it as a benefit plan. The accounting impacts are expected to be clarified in the course of 2011.

As a consequence of the fact that the funded benefit plans no longer contain any assets, Orkla has removed the agreements from the balance sheet and given the pensioners individual policies. It was also decided to give the pensioners an extra adjustment as compensation for a certain risk of lower future adjustments. The net accounting effect of the reversal of the funded pension plans and the old AFP scheme is presented as "Settlement pension plans".

The remaining net pension liabilities mainly consist of unfunded pension plans for former key personnel, early retirement schemes for the Group Executive Board, and book liabilities related to contribution-based plans for employees who earn more than twelve times the Norwegian National Insurance Scheme's basic amount (12G).

The pension plan for employees in Norway who earn more than 12G is a contribution-based plan. A contribution is calculated for each employee and the total of the calculated amounts is presented as a pension liability in the company's balance sheet. The pension plan is therefore presented as a defined benefit plan.

Assumptions relating to defined benefit plans

The discount rate is fixed at the rate on high quality corporate bonds with the same lifetime as the pension liabilities (AA-rated corporate bonds). In countries where there is no deep market in such bonds (such as Norway), the market yields on government bonds are used, adjusted for the actual lifetime of the pension liabilities. In the case of Norway, the discount rate has been adjusted to the lower average pension lifetime.

As a rule, parameters such as wage growth, growth in G and inflation are set in accordance with recommendations in the various countries.

The mortality estimate is based on up-to-date mortality tables for the various countries (K2005 in Norway).

Pension plan assets

Pension plan assets are mainly invested in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. The actual return and breakdown of pension plan assets may be seen in the notes below. Contributions of pension plan assets in 2011 are expected to total NOK 65 million.

	Norway		Sweden	
	2010	**2009**	**2010**	**2009**
Discount rate	**3.4%**	4.20%	**3.5%**	3.80%
Future salary adjustment	**3.75%**	3.75%	**3.0%**	3%
G-multiplier[1]	**3.75%**	3.75%	**3.0%**	3%
Adjustment of benefits	**1.5%**	1.50%	**2.0%**	2%
Expected return on pension plan assets	**-**	5.9%	**-**	-
Actual return on pension plan assets	**-**	4.3%	**-**	-
Turnover	**0-5%**	0-5%	**3-4%**	3-4%
Expected average remaining vesting period (year)	**4.5**	15	**17.5**	18

[1] 1G is NOK 75,641 as of 31 December 2010.

Breakdown of net pension costs

Amounts in NOK million	2010	2009	2008
Contribution plans	**(334)**	(356)	(356)
Current service cost (incl. national insurance contributions)	**(62)**	(68)	(97)
Interest on pension obligations	**(170)**	(208)	(166)
Expected return on pension plan assets	**121**	157	128
Actuarial gains and losses/past service cost	**(35)**	(32)	(10)
Settlements pension plans, see Note 9	**1**	-	32
Net pension costs	**(479)**	(507)	(469)

Breakdown of net pension liabilities as of 31 December

Amounts in NOK million	2010	2009
Present value of funded pension obligations	**(2,000)**	(3,197)
Pension plan assets (fair value)	**1,784**	3,183
Net funded pension assets	**(216)**	(14)
Present value of unfunded pension obligations	**(1,827)**	(2,055)
Unrecognised actuarial gains and losses	**611**	693
Unrecognised past service cost	**(4)**	(20)
Capitalised net pension liabilities	**(1,436)**	(1,396)
Capitalised pension liabilities	**(1,561)**	(1,502)
Capitalised plan assets	**125**	106

Changes in the present value of pension obligations during the year

Amounts in NOK million	2010	2009
Pension obligations 1 January	**(5,252)**	(5,938)
Current service cost (incl. national insurance contributions)	**(62)**	(68)
Interest on pension obligations	**(170)**	(208)
Pension cost discontinued operations	**-**	(65)
Unrecognised actuarial gains and losses	**(88)**	(145)
Unrecognised past service cost	**2**	(104)
Acquisition/sale of companies	**(89)**	2
Curtailments and settlements	**766**	421
Benefits paid during the year	**233**	368
Currency translations	**(91)**	485
Changes related to discontinued operations	**924**	-
Pension obligations 31 December	**(3,827)**	(5,252)

Changes in pension plan assets during the year

Amounts in NOK million	2010	2009
Pension plan assets (fair value) 1 January	**3,183**	3,880
Expected return on pension plan assets	**121**	157
Expected return on pension plan assets discontinued operations	**-**	47
Unrecognised actuarial gains and losses	**42**	71
Acquisition/sale of companies	**60**	(5)
Curtailments and settlements	**(810)**	(421)
Contributions and benefits paid during the year	**(67)**	(178)
Assets transferred to contribution plans	**(37)**	(36)
Currency translations	**35**	(332)
Changes related to discontinued operations	**(743)**	-
Pension plan assets (fair value) 31 December	**1,784**	3,183

Breakdown of pension plan assets (fair value) as of 31 December

	2010	2009
Cash and cash equivalents and money market investments	**14%**	14%
Bonds	**49%**	58%
Loans	**-**	1%
Shares	**35%**	10%
Property	**2%**	17%
Total pension plan assets	**100%**	100%

Summary of net pension liabilities and adjustments in past five years

Amounts in NOK million	2010	2009	2008	2007	2006
Pension obligations	**(3,827)**	(5,252)	(5,938)	(5,738)	(6,212)
Pension plan assets	**1,784**	3,183	3,880	3,966	4,304
Net pension liabilities	**(2,043)**	(2,069)	(2,058)	(1,772)	(1,908)
Changes in unrecognised actuarial gains and losses in pension obligations	**(86)**	(249)	160	80	34
Changes in unrecognised actuarial gains and losses in pension plan assets	**42**	71	(536)	(12)	58

8 OTHER OPERATING EXPENSES

The Orkla Group has chosen to present its income statement based on the nature of the item of income or expense. Operating expenses have been broken down into the following main items: "Cost of materials", "Payroll expenses", "Depreciation/Amortisation" and "Other operating expenses". Thus "Other operating expenses" comprises all operating expenses that are not related to cost of materials, employee payrolls and capital costs in the form of depreciation. The most important items have been grouped into the main items below.

Amounts in NOK million	2010	2009	2008
External freight costs	**(1,951)**	(1,464)	(1,695)
Energy costs (production and heating)	**(1,913)**	(1,768)	(1,918)
Advertising	**(1,238)**	(1,155)	(1,201)
Repair and maintenance costs	**(1,079)**	(984)	(1,129)
Consultants, legal advisors, temporary staff, etc.	**(912)**	(676)	(834)
Operating expenses vehicles	**(338)**	(336)	(335)
Rental/leasing	**(410)**	(360)	(342)
Operating expenses, office equipment etc.	**(281)**	(161)	(132)
Other	**(3,710)**	(4,697)	(5,426)
Total other operating expenses	**(11,832)**	(11,601)	(13,012)

9 OTHER INCOME AND EXPENSES

Other income and expenses will largely consist of material positive and negative non-recurring items, restructuring costs and any substantial write-downs of both tangible and intangible assets. The main purpose of this line is to present material non-recurring items and items substantially relating to other periods separately to ensure that the changes in and comparability of the lines presented in EBITA are more relevant to the company. Acquisition costs relating to acquired businesses will be expensed here as and when they arise.

The most important items are disclosed on page 37.

Amounts in NOK million	2010
Termination of the old AFP schemes and issued paid-up policies	**1**
M&A costs	**(28)**
Provision closure of Borregaard Italy	**(63)**
Loss and write-down of goodwill Orkla Finans	**(172)**
Gain on sale of property in Switzerland, Borregaard	**47**
Gain on sale of Borregaard Skoger	**1,309**
Net costs fire Finspång, Sweden	**(212)**
Final settlements regarding Sapa Holland	**3**
Write-down buildings and machinery Magnolia and Drunen Sapa	**(27)**
Write-down goodwill Bakers	**(276)**
Settlement sale power plants and correction value power contracts regarding sale of Elkem	**(254)**
Orkla Brands, settlement Russian Snack Company	**2**
Total	**330**
Of this: Impairment property, plant and equipment	**(54)**
Impairment intangible assets	**(732)**

Amounts in NOK million	2009
Gain on sale of power plants	3,066
Provision for restructuring Sapa, regarding acquisition of Indalex	(94)
Provision for restructuring Sapa Benelux	(91)
Final settlement Orkla Brands regarding Kotlin and Elbro in Poland	(10)
Total	2,871
Of this: Impairment property, plant and equipment	(18)
Impairment intangible assets	-

Amounts in NOK million	2008
Orkla Brands International: Write-down goodwill in SladCo Russia	(547)
Write-down of inventory in Sapa Profiles	(372)
Borregaard: Closure of business in Switzerland	(527)
Borregaard: Closure of LignoTech Finland	(34)
Restructuring of Sapa Profiles	(188)
Residual settlement of former provisions in Orkla Brands	14
Total	(1,654)
Of this: Impairment property, plant and equipment	(280)
Impairment intangible assets (goodwill)	(547)

For further information about the provisions, see Note 17.

10 FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs mainly consist of interest income and interest expense relating to the Group's total financing. The net unhedged exchange rate effects of the Group's receivables and liabilities in foreign currencies will also be reported as net foreign currency gains/losses. Gains or losses on foreign currency transactions may result from the fact that hedges are not 100% effective. Any gains or losses on securities not reported under the Share Portfolio will be included in "Finance income and finance costs". Borrowing costs for internally generated tangible assets are capitalised together with the asset.

Amounts in NOK million	2010	2009	2008
Interest income[1]	**185**	159	215
Net foreign exchange gain	**-**	15	-
Change in fair value put-option REC[2]	**-**	-	67
Other finance income	**39**	22	71
Total finance income (A)	**224**	196	353
Interest costs	**(435)**	(842)	(866)
Capitalised interest costs	**7**	10	67
Net foreign exchange loss	**(12)**	-	(49)
Other finance costs	**(111)**	(113)	-
Total finance costs (B)	**(551)**	(945)	(848)

Reconciliation against cash flow:

	2010	2009	2008
Change in accrued interest etc.	**12**	(188)	(44)
Change in fair value put-option REC[2]	**-**	-	(67)
Financial items discontinued operations	**-**	(203)	(497)
Foreign exchange gain/loss Share Portfolio	**(66)**	781	(1,201)
Total (C)	**(54)**	390	(1,809)
Paid financial items in cash flow (A+B+C)	**(381)**	(359)	(2,304)

[1] Positively impacted in 2010 by interest on the claim from the sale of power plants.
[2] Cancelled in 2008.

11 TAXES

Taxes refer to the authorities' taxation of the profits of the different companies in the Group. Matters like value added tax, social security contribution etc. are not included in «taxes». Taxes are computed on the basis of accounting profit/loss and broken down into current taxes and change in deferred tax liability. Deferred tax liability is the result of timing differences between financial accounting and tax accounting.

Amounts in NOK million	2010	2009	2008
Profit before tax	**20**	1,855	(1,881)
Current tax expense[1]	**(610)**	(560)	(1,078)
Deferred tax expense	**(234)**	836[2]	145
Total tax expense	**(844)**	276	(933)
Tax as % of "Profit before taxes" from continuing operations	**4,220%**	(15%)	(50%)

[1] Current tax expense includes adjustments in current taxes related to previous years, amounting to NOK 189 million in 2009 and NOK -751 million in 2008.
[2] Includes the recognition of tax income amounting to NOK 1.1 billion related to the gain on the power plant transaction.

Reconciliation of the Group's tax rate

In the following table, reported taxes are reconciled with the tax expense based on the Norwegian tax rate of 28%. The main tax components are specified.

Amounts in NOK million	2010	2009	2008
28% of profit before taxes (tax rate in Norway)	**(6)**	(519)	527
Foreign operations with other tax rates than 28%	**34**	24	52
Sale of power plants	**49**	1,929	-
Associates	**(1,727)**	(1,097)	613
Impairment of Group goodwill	**(107)**	-	(158)
Write-down of shares within the TEM[1]	**(64)**	(271)	(1,665)
Dividends within the TEM[1]	**135**	57	121
Gains/profits on shares within the TEM[1, 2]	**841**	220	211
Recognised tax assets this year, previously unrecognised	**174**	45	-
Derecognition of previously recognised deferred tax assets	**(43)**	-	-
Unrecognised deferred tax assets, this year	**(69)**	(211)	(172)
Tax claim REC convertible bonds[3]	**-**	189	(500)
Tax disputes	**(27)**	(124)	-
Changes in tax laws	**(4)**	-	26
Other permanent differences	**(30)**	34	12
The Group's total tax expense	**(844)**	276	(933)

[1] TEM = Tax Exemption Method
[2] Incl. the Share Portfolio NOK 348 million.
[3] See separate description on next page in this Note.

Taxes related to discontinued operations are presented in Note 33.

The ordinary tax rate for companies domiciled in Norway is 28%. The tax rate in other countries in which the Group has a substantial tax base is as follows: Sweden 26.3%, Denmark 25%, Spain 30%, China 22% and 25%, USA 39% (including average state tax), Italy 31%, Finland 26 % and Russia 20%.

Profits from associates are recognised on an after tax basis and thus do not impact the Group's tax expense.

Impairment of Group goodwill is not tax deductible. Impairment of goodwill relating to Bakers and Orkla Finans was recognised in 2010.

The company has considerable gains, losses and dividends within the Tax Exemption Method which are not subject to normal taxation or deduction, but only subject to a 3% income recognition of the net result.

The Orkla Group operates in certain industries that are subject to different tax regimes in Norway, i.e. the hydro power tax and shipping tax regimes. Following the sale of Elkem's hydro power plants in Salten and Bremanger and Statkraft's takeover of Storlivatn hydro power plant in Sauda, hydro power taxation is considered relevant only for Borregaard's power plants in Sarpsborg and Trælandsfos.

Deferred tax

Deferred tax liability consists of the Group's tax liabilities that are payable in the future. The table below lists the timing differences between tax accounting and financial accounting.

The table shows the composition of the Group's deferred tax base, and indicates when deferred taxes are payable. Net tax-increasing timing differences mean that taxes relating to tax-increasing and tax-reducing timing differences that are payable within the same accounting period are presented together.

Amounts in NOK million	2010	2009
Tax increasing/(reducing) temporary differences		
Hedging taken to comprehensive income	**469**	172
Biological assets	**-**	200
Intangible assets	**2,272**	2,777
Property, plant and equipment	**3,122**	4,133
Net pension liabilities	**(614)**	(522)
Gain and loss tax deferral	**1,253**	1,487
Other non-current items	**109**	149
Total non-current items	**6,611**	8,396
Unrealised gains (losses) on shares outside the TEM[1] (taken to comprehensive income)	**588**	698
Accumulated write-downs of shares outside the TEM[1] (taken to profit/loss)	**(379)**	(665)
Current receivables	**(146)**	(156)
Inventories	**225**	177
Provisions	**(370)**	(357)
Other current items	**157**	850
Total current items	**75**	547
Losses carried forward	**(4,787)**	(5,802)
Basis for tax credit carried forward	**(25)**	(43)
Basis for computation of deferred tax	**1,874**	3,098
Calculated deferred tax	**450**	790
Deferred tax hydro power tax regime[2]	**(21)**	(21)
Deferred tax assets, not recognised	**822**	715
Net deferred tax	**1,251**	1,484
Change in deferred tax	**233**	404
Deduction of change in deferred tax discontinued operations	**(503)**	(327)
Change in deferred tax continuing operations	**(270)**	77
Deferred tax taken to comprehensive income	**63**	917
Acquisitions/sale of companies, translation effects etc.	**(27)**	(158)
Change in deferred tax income statement	**(234)**	836

[1] TEM = Tax Exemption Method
[3] Deferred tax liabilities and deferred tax assets related to hydro power taxes have been recognised gross for each power plant.

Net deferred tax presented in balance sheet

Amounts in NOK million	2010	2009
Deferred tax	**1,874**	1,998
Deferred tax assets	**623**	514
Net deferred tax	**1,251**	1,484

Losses carried forward by expiry date

Amounts in NOK million	2010	2009
2010	**-**	201
2011	**36**	137
2012	**32**	141
2013	**207**	442
2014	**585**	197
2015	**279**	503
2016	**533**	250
2017 or later	**1,232**	786
Without expiry date	**1,883**	3,145
Total tax losses carried forward	**4,787**	5,802

Tax reducing temporary differences with corresponding deferred tax assets

	Tax reducing timing differences	Capitalised deferred tax assets	Un-capitalised deferred tax assets	Total deferred tax
Losses carried forward by country				
Switzerland	1,069	0	267	267
Norway	556	119	37	156
USA	648	247	0	247
Spain	498	0	148	148
Italy	317	0	95	95
UK	271	0	76	76
Netherlands	251	35	29	64
Sweden	192	50	0	50
Belgium	182	62	0	62
Eastern Europe	222	5	34	39
Brazil	105	0	36	36
Germany	109	16	17	33
Portugal	95	0	25	25
Denmark	69	2	15	17
Ireland	51	0	6	6
Baltic	45	6	1	7
Mexico	39	0	11	11
Austria	36	9	0	9
China	18	0	4	4
Others	14	1	2	3
Total	4,787	552	803	1,355
Other tax reducing temporary differences	1,369	375	19	394
Total tax reducing temporary differences	**6,156**	**927**	**822**	**1,749**
Netted deferred tax	(1,085)	(304)	0	(304)
Net tax reducing temporary differences	**5,071**	**623**	**822**	**1,445**

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. To the extent that there is not likely to be future profits sufficient to absorb the tax-reducing timing differences, no deferred tax asset has been recognised. Sapa in Spain, Italy, the UK and the Netherlands and Borregaard in Brazil and Switzerland have substantial tax reducing timing differences that have not been recognised.

The Norwegian tax group still has taxable losses carried forward and therefore has no payable ordinary company tax in 2010. The tax losses carried forward are however reduced from NOK 2,098 million in 2009 to NOK 556 million in 2010.

Convertible bonds REC

In the legal dispute regarding NOK 562 million in tax for 2006 on the gain on subscription rights in convertible bonds issued by REC, in January 2010 Orkla appealed against the judgment of 1 December 2009 of Oslo District Court in favour of the Government represented by the Central Tax Office for Large Enterprises (CTO). The main hearing in the Court of Appeal was held from 3 to 9 February 2011.

12 EARNINGS PER SHARE

Earnings per share is one of several indicators that can be used in financial analyses to assess a company's performance. This key figure shows how much the profit or loss for the period amounts to per share and is calculated by dividing the profit or loss for the period after non-controlling interests by the average number of shares outstanding. Due to the composition of the Orkla Group, consisting of the industrial activities, associates and Orkla Financial Investments, items such as gains and write-downs on associates (see Note 3) and gains, losses and write-downs on the Share Portfolio (see Note 19) can affect profit/loss for the year and thus earnings per share to a significant degree. Profit/loss, gains and write-downs on associates and gains, losses and write-downs on the Share Portfolio may fluctuate substantially from one period to the next, but are shown on separate lines in the income statement. The isolated effects of these two items for each share can thus be calculated from these lines. It should be noted that the tax charge and dividends relating to the Share Portfolio are not included in the line for gains, losses and write-downs Share Portfolio, but are shown in Note 19 and Note 11.

As a result of the Orkla Group's option programme (see Note 6), outstanding shares may be diluted when options are exercised. In order to take into account this future increase in the number of shares outstanding, diluted earnings per share are calculated in addition to basic earnings per share. In this calculation, the average number of shares outstanding is adjusted to take into account the estimated diluting effect of the option programme.

Amounts in NOK million	2010	2009	2008
Profit/loss for the year after non-controlling interests for continuing operations	**(877)**	2,162	(2,677)
Profit/loss/gains discontinued operations	**(40)**	429	(151)
Profit/loss for the year after non-controlling interests	**(917)**	2,591	(2,828)
Weighted average of number of shares outstanding	**1,019,619,206**	1,017,109,979	1,016,314,644
Estimated dilution effect option programme	**68,637**	398,956	1,515,057
Weighted average of number of shares outstanding diluted	**1,019,687,843**	1,017,508,935	1,017,829,701

To calculate profit or loss per share for discontinued operations, the gain on discontinued operations and the weighted average number of shares outstanding from the tables are used.

Amounts in NOK	2010	2009	2008
Earnings per share	**(0.9)**	2.5	(2.8)
Earnings per share diluted	**(0.9)**	2.5	(2.8)
Earnings per share diluted for discontinued operations	**0.0**	0.4	(0.1)
Earnings per share diluted adjusted for discontinued operations	**(0.9)**	2.1	(2.7)

13 IMPAIRMENT ASSESSMENTS

The value of long-term capitalised assets will largely be based on assessment and estimates. It is important that the users of the financial statements are familiar with the assumptions that apply to the valuation of these assets and the way the Group assesses future earnings. There will be particular focus on assets that were not initially depreciated or amortised. In the Orkla Group's financial statements, this will largely concern goodwill and trademarks with an indefinite useful life.

The Orkla Group has substantial assets in the form of both tangible (property, plant and equipment) and intangible assets. An explanation of the details of and changes in these assets is presented separately in Notes 14 and 15. The Group also has other assets that mainly consist of investments in associates. These are disclosed in Note 3 and are not covered in the description below.

Considerable estimate uncertainty attaches to these assets. Both valuation and estimated useful lifetime are based on future information that is always subject to a great degree of uncertainty.

The uncertainty is perhaps greatest where intangible assets are concerned. These assets have no direct "cost price", and their value is primarily derived from the Group's own valuations and has generally been capitalised in connection with the Group's acquisition of a new business. Goodwill is to be regarded as a residual in the same acquisition. Consequently, the total of all excess value, including goodwill, related to the acquisitions is basically to be regarded as the market value (fair value) of all the acquisitions, and the breakdown by various types of asset is based on this total.

Tangible assets (property, plant and equipment) are capitalised at acquisition cost and, if they have a limited useful life, they will be systematically depreciated over that period. Account is taken of residual value. Useful life and residual value are based on estimates of future growth.

The Orkla Group routinely monitors assets and if there are indications that the estimates on which we have based our valuation of an asset are no longer recoverable, an impairment test will immediately be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, the asset is written down to the recoverable amount, i.e. the greater of the net sales value and the value in use (discounted cash flow).

Assets with an indefinite useful life

Goodwill and intangible assets with an indefinite useful life are not amortised on a regular basis. These assets are therefore tested at least annually for impairment. If there are special indications of a reduction in value, impairment testing is carried out more frequently. Cash flows relating to the assets are identified (see below) and discounted. Future cash flow is based on specified assumptions (see the table next page) and the plans adopted by the entity. If the discounted value of future cash flows is lower than the capitalised value of the unit's capital employed, the assets are written down to the recoverable amount. If the discounted value is higher than the capital employed, this means that the value of the intangible asset or goodwill is recoverable. In cases where the discounted value exceeds the capital employed by less than 20%, a further sensitivity analysis is carried out to check the calculation. When relevant, assumptions and estimates are reviewed and the robustness of the investment is measured in relation thereto.

The greatest risk of material changes in value is related to the Group's major goodwill and trademarks. The Group has goodwill and trademarks related to a number of acquisitions, the largest goodwill items and trademarks being related to the following cash flow-generating units (CGUs) (capitalised value):

	Goodwill		Trademarks	
Amounts in NOK million	**2010**	2009	2010	2009
Chips	**1,947**	1,959	1,087	1,098
Axellus	**811**	850	289	300
Procordia Food/Abba Seafood	**1,104**	1,028		
Panda	**89**	94	341	363
Sapa Profiles	**2,577**	2,614		
Sapa Heat Transfer & Building System	**1,253**	1,245		
Elkem Silicon-related/Solar	**-**	1,396		
Others (mainly minor items Orkla Brands)	**1,797**	1,913	361	226
Total	**9,578**	11,099	2,078	1,987

Cash-generating units

A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. The highest level of a CGU is a reportable operating segment. Several of the cash-generating units in the Group correspond to the segments presented in Note 4. This applies in particular within Sapa. The segments are largely identical to the units tested for value impairment. Sapa was acquired in 2005.

The situation is different in Orkla Brands and Borregaard. A great deal of the activities is in companies that have been part of the Group for a very long time. No capitalised intangible assets are associated with these companies, as in the case of Stabburet, Lilleborg and Borregaard Ltd. The largest cash-generating units that have goodwill or trademarks in Orkla Brands thus derive from acquisitions such as Procordia and Abba from 1995 and more recent acquisitions made in 2005 (the Chips Group and Panda). These are business units in Orkla Foods Nordic and Orkla Brands Nordic, respectively, and are tested for value impairment. On the other hand, acquisitions made in the Axellus Group in 2005 and 2006 (Collett Pharma and Dansk Droge) will over time be difficult to identify as independent units because the new units are being extensively integrated into existing operations. Thus the units in Axellus will be tested for impairment on an aggregate basis. Synergies between the CGUs are taken into account in the assessment and integration with the units that already were a part of Orkla will generate a collective return above the required rate. As of 31 December 2010 there were no material capitalised excess values in Borregaard.

In Orkla Financial Investments, Orkla Eiendom has acquired real estate companies. Most of the excess values arising from these acquisitions have been allocated to buildings, projects and properties. Only a marginal portion has been allocated as goodwill which must be seen in the light of the fact that deferred tax is recognised at the nominal value.

BUDGET ASSUMPTIONS

Calculations of future cash flows are based on a number of assumptions regarding both economic trends and the estimated useful life of important trademarks. Many of the businesses in the Orkla Group are affected by fluctuating markets, and estimates made in weak markets can differ substantially from estimates made in stronger markets. Consequently, it can be difficult for companies operating in volatile markets to make the right, long-term decisions in markets characterised by significant short-term fluctuations.

Calculations show that the Weighted Average Cost of Capital (WACC) is at the same level as before, even if certain assumptions have been changed slightly. The Group has chosen not to change its WACC.

Future cash flows are estimated on the basis of the budget for next year and the following two forecast years. As from year four a terminal value is calculated. Cash flow estimates are sensitive to changes in raw material prices and thereby other purchase prices and the coherent ability to maintain margin assumptions. The sensitivity of the estimates, even when there is a reasonable possibility of a change in assumptions, does not give grounds for significant impairment charges.

The main factors on which the impairment tests are based are summed up in the table below. The largest cash-generating units (CGU) are shown in a separate table and consist of Orkla Brands Nordic with Chips and Axellus, Orkla Foods Nordic with Procordia/Abba and Panda, and Sapa, broken down into Profiles and Heat Transfer/Building Systems. The CGUs operate in different markets, and the table is intended to provide an overview of the main drivers that apply.

The turbulent markets for Sapa in 2009 stabilised during 2010 and the sharp falls in volume seen in 2009 have turned around. There is a clear increase in volume, but the increase is still lower than warranted by past performance. Sapa is working to attain long-term financial targets of a Capital Turnover of 3, an EBITA margin of 6% and a Return on Capital Employed of 18%, and emerged from the financial crisis with a significantly reduced cost base. This positive trend continued through 2010, but further improvement in profit is required to bring results to the targeted level. Sapa is systematically pursuing three strategic initiatives to achieve its objectives. Towards Solutions, World Class Operation and World Class Purchasing are decisive, strategic factors which, when combined with a vigorous focus on R&D, will ensure that Sapa succeeds in reaching its goals. Forecasts and the impairment tests that have been carried out show that the capitalised values are clearly justifiable.

The business units in Orkla Brands were not affected to the same degree by the financial crisis and the trend remained positive in 2010. Raw material prices have risen throughout the year, and have lately increased rapidly to record high levels. The uncertainty in the raw material markets is therefore greater than normal for 2011. Orkla Brands' companies are following the situation closely and aim to compensate for the increase by raising prices. Very substantial, rapid changes in raw material prices can result in delays in implementing price rises in the market.

The discount rate applied is based on the Group's cost of capital, which is estimated to be 9.7% before tax, based on a weighted average of required rates of return for the Group's own and borrowed capital (WACC). The rate of return on the Group's own capital is estimated by using the capital asset pricing model (CAPM). The rate of return on borrowed capital is estimated on the basis of a long-term risk-free interest rate to which is added a credit margin derived from Orkla's marginal long-term borrowing rate. The discount rate is adjusted for country risk, the level of inflation and operational risk, depending on the value being calculated.

	Orkla Brands		**Sapa**
Cash-generating units	**Nordic:** Chips, Axellus	**Foods:** Abba, Procordia, Panda	Profiles Heat Transfer & Building System
Factors that affect the discount rate	Operate largely in the Nordic market, relatively lower industry risk, budget in SEK, DKK, EUR and NOK	Operate largely in the Swedish and Finnish markets, relatively lower industry risk, budget in SEK and EUR	Global market, relatively higher risk, budget primarily in SEK, EUR and USD
Raw material prices are estimated on the basis of the market situation (forward or spot prices) at the time of calculation	Key raw materials: potatoes, nuts, sugar, cocoa, wheat, vegetables, fish and fish oil		Key raw materials: primary and secondary aluminium, electric power and alloys
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by retail chain negotiations on prices and raw material prices which on the whole are expected to remain stable		Higher raw material prices are expected to be reflected in higher selling prices, increased long-term gross profit with a targeted EBITA margin of 6%
Customisation and ability to develop products in collaboration with customers	Orkla Brands follows consumer trends and has a high rate of innovation – growth is expected within existing brands		Sapa works in close dialogue with customers on innovation and tailored solutions
Market shares	Budgets assume stable market shares in the short and long term		Budgets assume stable and slightly increasing market shares in the short and long term
Economic conditions	The model is based on a normalisation of markets and sales - Orkla Brands has generally been little affected by the economic situation		Markets are expected to rise in step with expectations of growth in the global market
Terminal value	Growth rate equal to inflation in the countries in which the businesses operate (range 1.5% – 3%)		

No write-downs were taken as a result of impairment tests carried out at the end of the third quarter. In cases where the discounted value is only marginally higher than the level of capital employed, sensitivity analyses have been carried out to ensure that the various parameters are valid.

In the fourth quarter, Bakers was the subject of a separate analysis based on indicators. Orkla Brands announced in the fourth quarter that a process in which a sale of Bakers will be considered has been initiated. Further analysis, based on new information, resulted in the write down of goodwill by NOK 276 million, to zero.

In connection with the restructuring of the energy area, which included the winding-up of Elkem Energi Handel, previously allocated excess values at Group level were written down in their entirety. This resulted in a net accounting charge of NOK 254 million.

14 INTANGIBLE ASSETS

Intangible assets and goodwill are non-physical assets that have largely been capitalised in connection with the acquisition of a company. Intangible assets classified as non-amortisable have an indefinite useful life and it is impossible on the balance sheet date to foresee when the asset will cease to have value. Moreover goodwill is not regularly amortised. Other intangible assets are amortised over their useful life. Amortisation is reported on a separate line in the income statement. Expenses relating to product development are essentially expensed as and when they are incurred. Pursuant to the transitional rules in IFRS 1, goodwill from before 2004 may be reported at capitalised value as of 31 December 2003. The content of goodwill before and after this date may therefore differ. IT consists of customised software and will differ from other intangible assets in terms of the need for reinvestment. The same applies to development costs. Amortisation of these assets is therefore included in "Depreciations property, plant and equipment" in the income statement.

Amortisable intangible assets are amortised on a straight line basis at the following rates: trademarks 10-20%, power rights 5% and IT 16-33%.

Amounts in NOK million	Trademarks, not amortisable	Trademarks, amortisable	Power rights and other intangible assets	Development	IT	Goodwill	Total
Book value 1 January 2010	1,987	163	550	109	309	11,099	**14,217**
Additions	-	-	9	1	75	-	**85**
Reclassification[1]	39	(115)	144	1	(26)	-	**43**
Companies acquired[2]	91	-	69	**-**	**-**	300	**460**
Sold companies/discontinued operations	-	-	(8)	(103)	(11)	(1,397)	**(1,519)**
Amortisation	-	(5)	(46)	(2)	(71)	-	**(124)**
Impairment	-	-	(351)	-	-	(381)	**(732)**
Currency translations	(39)	-	(2)	(1)	(8)	(43)	**(93)**
Book value 31 December 2010	2,078	43	365	5	268	9,578	**12,337**
Initial cost 1 January 2010	1,987	198	1,588	122	792	13,676	**18,363**
Accumulated amortisation and impairment	-	(35)	(1,038)	(13)	(483)	(2,577)	**(4,146)**
Book value 1 January 2010	1,987	163	550	109	309	11,099	**14,217**
Initial cost 31 December 2010	2,078	83	1,639	9	707	12,378	**16,894**
Accumulated amortisation and impairment	-	(40)	(1,274)	(4)	(439)	(2,800)	**(4,557)**
Book value 31 December 2010	2,078	43	365	5	268	9,578	**12,337**

[1] Net reclassifications relate to transferred assets under construction, specified in Note 15.
[2] See Note 1 for information about business combinations.

Amounts in NOK million	Trademarks, not amortisable	Trademarks, amortisable	Power rights and other intangible assets	Develop-ment	IT	Goodwill	Total
Book value 1 January 2009	2,286	22	2,948	113	174	10,774	16,317
Additions	-	11	7	5	25	3	51
Reclassification[1]	(15)	15	14	-	240	-	254
Companies acquired[2]	2	142	20	-	-	1,419	1,583
Disposals	-	-	(2,213)	-	-	-	(2,213)
Amortisation	-	(10)	(197)	(10)	(86)	-	(303)
Impairment	-	(4)	-	-	(1)	(1)	(6)
Currency translations	(286)	(13)	(29)	1	(43)	(1,096)	(1,466)
Book value 31 December 2009	1,987	163	550	109	309	11,099	14,217

[1] Net reclassifications relate to transferred assets under construction, specified in Note 15.
[2] See Note 1 for information about business combinations.

In addition Group companies expensed NOK 371 million in 2010 in research and development costs (NOK 337 million in 2009).

MARKET POSITIONS ON THE NORDIC GROCERY MARKET FOR ORKLA BRANDS

In addition to the items presented in the table on the previous page, the Group owns several trademarks that have not been capitalised. These are proprietary trademarks which, under accounting rules, may not be capitalised. These trademarks are presented in the table "A" below. When the transition was made to IFRS in 2005, goodwill that had already been capitalised could be maintained and part of the goodwill indirectly represents trademarks. These trademarks are presented as "B" in the table below. Capitalised trademarks represent trademarks that are either directly acquired, or indirectly acquired through purchase price allocations in the acquisition analysis. They are presented as "C" in the table below. Classification in the note is based on management judgement.

	NORWAY			SWEDEN			DENMARK			FINLAND		
PRODUCTS	Major brands	P	R	Major brands	P	R	Major brands	P	R	Major brands	P	R
Frozen pizza	Grandiosa, Big One, Originale	●	A	Grandiosa	●	B	Grandiosa	◔	B	Grandiosa	◑	B
Ketchup	Idun	●	A	Felix	●	B	Beauvais	◑	B	Felix	●	B
Jam and marmalade	Noras hjemmelagede, Noras rørte	●	A	Felix, Ônos, BOB	●	B	Den Gamle Fabrik	●	B	-	◔	B
Preserved vegetables	Nora	●	A	Ônos, Felix	●	B	Beauvais	●	B	Felix	●	B
Dressings	Idun	●	A	Felix	●	B	Beauvais	◔	B	Felix	◑	B
Herring	-	○		Abba	●	B	Glyngøre	◑	B	Abba	◑	B
Cod roe spread	Stabbur-Kaviar	◔	A	Kalles Kaviar	●	B	-	○		Kalles Kaviar	●	B
Cordials/soft drinks (non-carbonated)	Fun Light, Nora	◑	A	Fun Light, Ekströms, BOB	●	B	Fresh light, Den Gamle Fabrik	◔	B	Fun Light, Ekströms	◑	B
Fresh pasta	-	○		Felix	◔	C	Pastella	●	C	Pastella	●	C
Detergents	JiF, Omo, Sun, Zalo	●	A	-	○		-	○		-	○	
Personal care products	Define, Lano, Solidox, Dr. Greve	●	A	-	○		-	○		-	○	-
Dietary supplements	Möllers, Nutrilett, Collett	●	A, C	Nutrilett, Pikasol, Litozin	◑	C	Futura, Livol, Gerimax, Pikasol	●	C	Möllers, Nutrilett, SanaSol	◑	A
Snacks	KiMs, Polly, Cheez Doodles	◑	C	Cheez Doodles, OLW	●	C	KiMs	●	C	Taffel	●	C
Textiles	Pierre Robert, LaMote	●	C, A	Pierre Robert, LaMote	◑	C, A	-	○		-	◔	
Biscuits	Bixit, Café Bakeriet, Dots	●	A	Ballerina, Brago	●	B	-	◔		Ballerina	◔	B
Confectionery	Smash, Nidar Favoritter	◑	A	-	○		Panda	◔		Panda	◔	C
Yeast	Idun Gjær	●	A	Kronjäst	●	B	-	○		-	○	
Marzipan	Odense	●	B	Odense	●	B	Odense	●	B	-	○	
Margarine	-	○		-	○		AMA Margarine, Dragsbæk Oliemargarine	◔	B	-	○	

P=Position: ● STRONG no 1, clearly stronger than no. 2 ◑ GOOD no. 1 or no. 2 equivalent in size to no. 1
◔ PRESENT no. 2 or weaker, clearly weaker than no. 1 ○ NOT PRESENT in the market

R=Accounting treatment: A - Not capitalised, B - Capitalised through goodwill, C - Capitalised

In addition Orkla Brands has trademark positions in India (MTR), Russia (SladCo, Krupskaya), Austria (Felix) and Estonia (Kalev).

15 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are various types of assets that are necessary for the Group's operating activities. Unless there are significant changes in operating parameters, these assets will largely necessitate corresponding reinvestment over time. They comprise such items as land, buildings, plants, machinery, fixtures and fittings, IT equipment and vehicles. Assets that have an indefinite useful life (such as property) are not depreciated, while other assets are depreciated over their remaining useful life, taking into account their residual value. If there are indications of a decline in the value of a specific asset, the recoverable value is calculated and if it is lower than the asset's sales value or value in use, the asset is written down. Annual ordinary depreciation is an indication of the extent of the need for corresponding reinvestment.

Property, plant and equipment are depreciated on a straight line basis at the following rates: buildings 2-4%, machinery, fixtures and fittings 5-15%, vehicles 15-25% and EDP equipment 16-33%. The period of depreciation is reviewed each year and if there are changes in useful life, depreciation is adjusted. The residual value is also calculated and if it is higher than the carrying value, depreciation is stopped. This applies in particular to buildings. The table below covers both directly acquired assets and assets acquired through the allocation of excess value in connection with the purchase of a business.

Amounts in NOK million	Land, buildings and other property	Machinery and plants	Assets under construction	Fixtures, and fittings, vehicles, EDP etc.	Total
Book value 1 January 2010	10,788	11,173	2,009	724	**24,694**
Additions	522	563	1,220	177	**2,482**
Disposals	(306)	(40)	-	(19)	**(365)**
Companies acquired	189	377	3	27	**596**
Sold companies/discontinued operations	(3,361)	(4,111)	(215)	(126)	**(7,813)**
Transferred assets under construction	742	931	(1,782)	66	**(43)**
Impairment	(55)	(27)	-	(1)	**(83)**
Depreciation	(315)	(1,194)	(8)	(193)	**(1,710)**
Currency translation	(98)	(7)	84	(7)	**(28)**
Book value 31 December 2010	8,106	7,665	1,311	648	**17,730**
Initial cost 1 January 2010	15,840	31,391	2,455	3,072	**52,758**
Accumulated depreciation and impairment	(5,052)	(20,218)	(446)	(2,348)	**(28,064)**
Book value 1 January 2010	10,788	11,173	2,009	724	**24,694**
Initial cost 31 December 2010	12,303	26,020	1,319	2,625	**42,267**
Accumulated depreciation and impairment	(4,197)	(18,355)	(8)	(1,977)	**(24,537)**
Book value 31 December 2010	8,106	7,665	1,311	648	**17,730**
Book value 1 January 2009	11,078	11,120	3,514	656	26,368
Additions	190	661	2,062	136	3,049
Disposals	(220)	-	(210)	(33)	(463)
Companies acquired	680	175	4	2	861
Sold companies/discontinued operations	(395)	(174)	(8)	(2)	(579)
Transferred assets under construction[1]	380	1,865	(3,062)	219	(598)
Impairment	(29)	(21)	(39)	(1)	(90)
Depreciation	(454)	(1,658)	-	(197)	(2,309)
Currency translation	(442)	(795)	(252)	(56)	(1,545)
Book value 31 December 2009	10,788	11,173	2,009	724	24,694

[1] Net transferred assets under construction consist of NOK 254 million transferred to intangible assets and NOK 344 million in property, reclassified as inventory.

Saudefaldene. The plant is leased from Statkraft. The expansion is treated as an additional leasing cost and it will be depreciated over the leasing period down to residual value (see Note 27).

Forests. Through the sale of Borregaard Skoger, the Group has divested its biological assets in the form of forests (see Note 33).

See Note 31 for disclosures of security and mortgages related to the Group's property, plant and equipment.

16 INVENTORIES

The Group's inventories are specified in terms of type of goods, and the breakdown by business area is shown in the segment reporting. Inventories comprise the Group's stocks of raw materials, work in progress, internally manufactured finished goods and merchandise, valued at cost price or manufacturing cost. Any profit from internal sales has been eliminated. Inventories presented here should, as for cost of material, be goods that are, or will be, part of the finished product, including all packaging. Any redundant stock has been written down to net realisable value (estimated future selling price).

Amounts in NOK million	2010	2009
Raw materials	**2,491**	2,532
Work in progress	**1,150**	1,497
Finished goods and merchandise	**3,461**	3,502
Total	**7,102**	7,531

Inventories are valued at the lower of acquisition cost and net realisable value after deducting selling costs. This has resulted in a total write-down of inventories as of 31 December 2010 of NOK 34 million (NOK 116 million in 2009). Inventories valued at net realisable value total NOK 582 million (NOK 870 million in 2009).

Inventories include development property in the amount of NOK 219 million (NOK 492 million in 2009).

17 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions have been made for pension and other liabilities. Pension liabilities are disclosed in Note 7. A distinction may be made between provisions and other liabilities such as accounts payable because there is uncertainty regarding the settlement date or the amount of the future expenses. An enterprise has a liability when it is obliged to transfer financial resources to another party at a future date. This obligation may be self-imposed if the enterprise through its decisions and actions has created expectations of its assuming a financial liability in the future, e.g. in the form of the restructuring of parts of its operations. In such case, agreed severance pay for employees would be a natural part of the restructuring provision. The liability will be reduced over time as the disbursements are made. A contingent liability is a possible obligation that will be confirmed by the future occurrence or non-occurrence of one or more uncertain events. A contingent liability will only be recognised in the balance sheet if it is likely to arise and if the amount of the obligation can be measured reliably.

Amounts in NOK million	2010	2009
Pension liabilities[1]	**1,561**	1,502
Derivatives	**19**	115
Other non-current liabilities	**70**	40
Other provisions	**557**	684
Total	**2,207**	2,341

[1] Pension liabilities are classified as non-interest-bearing liabilities because the interest elements are presented with other pension expenses under «Payroll expenses».

Orkla Brands' provisions largely relate to special severance pay arrangements for employees in different countries, which are not to be regarded as pensions. Borregaard's provisions relate to former businesses in Switzerland, Italy and Brazil. It will still be some time before these liabilities are settled. Provisions in the energy business relate to Saudefaldene (largely compensation to property owners), while Sapa's provisions are largely the same as for Orkla Brands, i.e. employee severance pay that is not to be regarded as a pension.

Orkla has a captive insurance company (third party writer) and self-insures for losses up to NOK 50 million. In principle, therefore, all losses of less than NOK 50 million incurred by the Group will be covered through regular business operations. The third party writer has made provisions for various losses that have occurred. Losses that qualify for classification as liabilities have been maintained in the Group. The third party writer has a total provision of NOK 78 million (NOK 70 million in 2009) that is included in Group provisions.

The provisions cover well-known matters and there are no indications of any change in estimated expenses. Future liabilities have been discounted.

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Provisions per business area:

Amounts in NOK million	Orkla Brands	Elkem (2009)/ Energy	Borregaard	Sapa	Other provisions	Total
Provisions 1 January 2009	97	273	195	43	99	**707**
New provisions/acquired	21	82	0	113	20	**236**
Utilised	(51)	(110)	(16)	(2)	(29)	**(208)**
Provisions 31 December 2009	67	245	179	154	90	**735**
Of this current provisions	(16)	(5)	(30)	0	0	**(51)**
Non-current provisions 31 December 2009	51	240	149	154	90	**684**
New provisions/acquired	32	19	84	24	21	**180**
Utilised/Discontinued operations (Elkem)	(11)	(123)	(57)	(45)	(20)	**(256)**
Provisions 31 December 2010	72	136	176	133	91	**608**
Of this current provisions	(21)	0	(30)	0	0	**(51)**
Non-current provisions 31 December 2010	51	136	146	133	91	**557**

18 OVERVIEW OF FINANCIAL INSTRUMENTS

This note gives an overview of the carrying and fair value of the Group's financial instruments and the accounting treatment of these instruments. The table is the basis for all further information regarding the Group's financial risk and refers to the subsequent notes on this subject. The table also shows the level of objectivity in the measurement hierarchy of each method of measuring the fair value of the Group's financial instruments.

2010 Amounts in NOK million	Note	Measurement level	Financial assets available for sale	Financial instruments at fair value through profit and loss	Financial instruments at fair value through comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Of this interest-bearing	Fair value
Non-current assets										
Share investments	22	3	134	-	-	-	-	**134**	**0**	134
Non-current financial receivables	22	-	-	-	-	-	167	**167**	**111**	167
Non-current derivatives	22, 26	2	-	489	80	-	-	**569**	**489**	569
Total								**870**	**600**	870
Current assets										
Share Portfolio - listed shares	19	1	9,735	-	-	-	-	**9,735**	**0**	9,735
Share Portfolio- unlisted shares	19	3	1,267	659	-	-	-	**1,926**	**0**	1,926
Other share investments	19	3	13	-	-	-	-	**13**	**0**	13
Accounts receivable	20	-	-	-	-	-	7,802	**7,802**	**0**	7,802
Other current receivables	20	-	-	-	-	-	568	**568**	**40**	568
Current derivatives	20, 26	2	-	381	538	-	-	**919**	**89**	919
Cash and cash equivalents	21	-	-	-	-	-	2,819	**2,819**	**2,819**	2,819
Total								**23,782**	**2,948**	23,782
Non-current liabilities										
Non-current financial liabilities	25	-	-	-	-	21,666	-	**21,666**	**21,666**	21,674
Non-current derivatives	17, 26	2	-	154	19	-	-	**173**	**154**	173
Total								**21,839**	**21,820**	21,847
Current liabilities										
Current financial liabilities	25	-	-	-	-	845	-	**845**	**845**	845
Accounts payable	23	-	-	-	-	5,444	-	**5,444**	**0**	5,444
Other current liabilities	23, 25	-	-	-	-	325	-	**325**	**229**	325
Current derivatives	26	2	-	604	130	-	-	**734**	**306**	734
Total								**7,348**	**1,380**	7,348
Total financial instruments			11,149	771	469	(28,280)	11,356	**(4,535)**	**(19,652)**	(4,543)
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)								**9,735**		
Total measurement level 2 (Other techniques for which all inputs which have significant effect on the recorded fair value are observable, directly or indirectly)								**581**		
Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)								**2,073**		

2009 Amounts in NOK million	Note	Measurement level	Financial assets available for sale	Financial instruments at fair value through profit and loss	Financial instruments at fair value through comprehensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Of this interest-bearing	Fair value
Non-current assets										
Share investments	22	3	185	-	-	-	-	**185**	**0**	185
Non-current financial receivables	22	-	-	-	-	-	341	**341**	**75**	341
Non-current derivatives	22, 26	2	-	377	237	-	-	**614**	**377**	614
Total								**1,140**	**452**	1,140
Current assets										
Share Portfolio - listed shares	19	1	8,844	-	-	-	-	**8,844**	**0**	8,844
Share Portfolio- unlisted shares	19	3	1,583	610	-	-	-	**2,193**	**0**	2,193
Other share investments	19	3	50	-	-	-	-	**50**	**0**	50
Accounts receivable	20	-	-	-	-	-	7,959	**7,959**	**0**	7,959
Other current receivables	20	-	-	-	-	-	6,694	**6,694**	**6,092**	6,694
Current derivatives	20, 26	2	-	368	202	-	-	**570**	**243**	570
Cash and cash equivalents	21	-	-	-	-	-	4,153	**4,153**	**4,153**	4,153
Total								**30,463**	**10,488**	30,463
Non-current liabilities										
Non-current financial liabilities	25	-	-	-	-	29,042	-	**29,042**	**29,042**	29,051
Non-current derivatives	17, 26	2	-	-	115	-	-	**115**	**0**	115
Total								**29,157**	**29,042**	29,166
Current liabilities										
Current financial liabilities	25	-	-	-	-	1,327	-	**1,327**	**1,327**	1,327
Accounts payable	23	-	-	-	-	4,796	-	**4,796**	**0**	4,796
Other current liabilities	23, 25	-	-	-	-	470	-	**470**	**399**	470
Current derivatives	26	2	-	282	154	-	-	**436**	**20**	436
Total								**7,029**	**1,746**	7,029
Total financial instruments			10,662	1,073	170	(35,635)	19,147	**(4,583)**	**(19,848)**	(4,592)
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)								**8,844**		
Total measurement level 2 (Other techniques for which all inputs which have significant effect on the recorded fair value are observable, directly or indirectly)								**633**		
Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)								**2,428**		

There have been no transfers from one level to another in the measurement hierarchy in 2009 and 2010. The Group defines the measurement of the Share Portfolio's listed stocks as level 1, while the measurement of the unlisted stocks is defined as level 3. Information regarding the measurement of the fair value of the unlisted stocks may be found in Note 19. The measurement of the Group's derivatives is defined as level 2. A description of how the derivatives are measured is provided in Note 26.

19 SHARE PORTFOLIO

Orkla Financial Investments manages one of Norway's largest share portfolios. Its investment universe is primarily the Nordic region and Eastern Europe. The primary goals of Orkla Financial Investments are to maximise the long-term return on invested capital, contribute to providing the Group with industrial options and be one of the leading players in the field of alternative investments in Norway. The main strategy for the Share Portfolio is to identify and invest in value-creating companies.

Amounts in NOK million	Ownership interest	Number of shares 31.12.2010	Fair value 31.12.2010	Unrealised gains 2010	Industry
Securities available for sale					
Listed securities Norway					
Tomra Systems	15.5%	23,000,000	888	379	Industry
Kongsberg Gruppen	2.3%	2,700,000	358	250	Industry
Ekornes	5.8%	2,142,674	337	171	Consumer Goods
Schibsted	1.8%	1,900,000	326	247	Media
DnB NOR	0.2%	3,647,019	299	181	Bank
Telenor	0.2%	2,750,000	261	146	Telecommunication Services
Oslo Børs VPS Holding	8.2%	3,510,700	235	39	Finance
Statoil	0.0%	1,235,031	171	22	Energy
Ganger Rolf	3.0%	1,023,000	166	49	Energy
Vizrt	9.9%	6,511,748	156	63	Software
BW Offshore	1.0%	7,044,352	114	32	Oil Equipment and Services
Seawell	1.2%	2,804,380	105	40	Oil Equipment and Services
Cermaq	1.3%	1,158,298	104	49	Consumer Goods
Yara International	0.1%	300,000	101	46	Materials
Others			684	234	
Total			4,305	1,948	
Listed securities outside Norway					
Amer Sports	5.2%	6,350,000	517	279	Consumer Goods
Enter Select	na	367,401	374	218	Fund
Elekta B	1.5%	1,400,000	315	189	Health Care Equipment
AstraZeneca	0.1%	925,000	249	57	Pharmaceuticals
Hennes & Mauritz B	0.1%	1,246,622	243	124	Retailing
Vimpelcom ADR	0.2%	2,350,000	207	(16)	Telecommunication Services
Konecranes	1.4%	860,000	206	80	Industry
Nordic Alpha	na	135,000	188	78	Fund
Nokia A	0.1%	3,000,000	181	21	Communications Equipment
Saab B	1.5%	1,660,673	178	102	Aerospace and defense
Cardo	1.7%	463,141	169	122	Industry
Transocean	0.1%	410,000	167	43	Oil Equipment and Services
Nokian Renkaat	0.6%	770,000	165	106	Auto components
Swedish Orphan Biovitrum	2.1%	4,475,933	158	69	Biotechnology
Getinge Industrier B	0.5%	1,182,090	145	56	Health Care Equipment
Mobile Telesystems ADR	0.1%	1,125,000	137	47	Telecommunication Services
Q-Med	2.0%	2,000,000	133	88	Biotechnology
Investor A og B[1]	0.1%	1,070,000	130	26	Investment company
Nobia	1.2%	2,150,000	112	49	Consumer Goods
Silverlake Axis	3.3%	69,519,000	108	64	Software
Clas Ohlson B	1.7%	1,075,084	103	-	Retailing
Others			1,245	516	
Total			5,430	2,318	
Unlisted securities					
Industri Kapital 2000	3.6%	26,916,611	187	-	Investment company
Industri Kapital 2004	5.0%	31,579,010	158	-	Investment company
Industri Kapital 2007	1.8%	19,442,773	153	(3)	Investment company
Nokas	17.8%	63,629	152	39	Commercial Services
Industri Kapital 97	8.0%	20,764,008	104	-	Investment company
Others			513	136	
Total			1,267	172	
Securities, with change in fair value through profit and loss					
East Capital Power Utilities Fund	27.0%	60,000	269		Investment company
Network Norway[2]	26.2%	102,381,013	246		Telecommunication Services
Pharmaq Holding	36.6%	183,207	103		Pharmaceuticals
Others			41		
Total			659		
Total value Share Portfolio			11,661[3]	4,438	
Of this owned by Orkla ASA			11,620	4,415	

[1] Investor A and B shares: 985,000 A shares, 85,000 B shares.
[2] The valuation principle applied entails a share price interval based on different valuation approaches, including external valuations.
[3] In addition to the Share Portfolio, other Group companies have minor shareholdings totalling NOK 13 million.

Amounts in NOK million	Ownership interest	Number of shares 31.12.2009	Fair value 31.12.2009	Unrealised gains 2009	Industry
Securities available for sale					
Listed securities Norway					
Tomra Systems	15.3%	23,000,000	637	128	Industry
Rieber & Søn	16.0%	12,424,907	503	68	Consumer Goods
Telenor	0.2%	3,635,000	294	151	Telecommunication Services
Kongsberg Gruppen	2.5%	3,000,660	265	145	Industry
Schibsted	1.8%	1,945,200	253	181	Media
DnB NOR	0.2%	3,690,000	232	121	Bank
Ekornes	5.1%	1,893,255	226	91	Consumer Goods
Oslo Børs VPS Holding	8.2%	3,510,700	204	8	Finance
Tandberg	1.0%	1,100,000	182	79	Communications Equipment
Vizrt	10.0%	6,511,748	160	67	Software
Ganger Rolf	3.1%	1,044,500	159	40	Energy
Royal Caribbean Cruises	0.4%	892,600	132	76	Cruise
Copeinca	2.9%	1,721,600	80	65	Consumer Goods
EDB ErgoGroup	3.4%	3,100,000	73	37	IT Consulting & Other Services
Prosafe Production	2.3%	5,750,000	72	(2)	Oil Equipment and Services
Yara International	0.1%	270,000	71	31	Materials
Others			427	146	
Total			3,970	1,432	
Listed securities outside Norway					
Amer Sports	5.7%	6,907,804	397	137	Consumer Goods
Elekta B	2.8%	2,600,000	358	130	Health Care Equipment
Enter Select	na	365,286	270	116	Fund
AstraZeneca	0.1%	900,000	244	60	Pharmaceuticals
Nokia A	0.1%	3,100,000	230	-	Communications Equipment
Hennes & Mauritz B	0.1%	713,311	230	93	Retailing
Vimpelcom-SP ADR	0.2%	2,100,000	225	141	Telecommunication Services
Swedish Orphan Biovitrum	4.2%	8,810,775	198	23	Biotechnology
Nokian Renkaat	1.1%	1,377,247	194	89	Auto components
Nordic Alpha	na	135,000	177	68	Fund
Saab B	1.5%	1,595,000	152	87	Aerospace and defense
ConocoPhillips	0.0%	450,000	133	13	Energy
Getinge Industrier B	0.5%	1,170,000	129	42	Health Care Equipment
Mobile Telesystems ADR	0.1%	450,000	127	37	Telecommunication Services
Konecranes	1.3%	782,500	124	12	Industry
Q-Med	3.0%	3,000,000	117	55	Biotechnology
Transocean	0.1%	230,000	110	24	Oil Equipment and Services
Universal Robina	2.3%	48,283,400	98	53	Consumer Goods
Investor A	0.1%	910,000	97	10	Investment company
Metso Corporation	0.3%	405,912	83	51	Industry
Aboitiz Power	1.0%	76,000,000	81	36	Utilities
China Mobile	0.0%	1,481,500	80	1	Telecommunication Services
Cardo	1.6%	445,000	77	34	Industry
Others			943	370	
Total			4,874	1,682	
Unlisted securities					
XXL Holding	15.5%	102,372	243	178	Retailing
Industri Kapital 2004	5.0%	36,528,877	232	11	Investment company
Industri Kapital 2000	3.6%	26,309,468	195	(20)	Investment company
Herkules Private Equity I	5.0%	42,530,931	167	124	Investment company
Industri Kapital 97	8.0%	20,764,008	122	1	Investment company
Nokas	14.6%	48,793	90	14	Commercial Services
Industri Kapital 2007	1.8%	9,313,989	82	8	Investment company
Others			452	92	
Total			1,583	408	
Securities, with change in fair value through profit and loss					
Network Norway[1]	26.2%	102,381,013	246		Telecommunication Services
East Capital Power Utilities Fund	27.0%	60,000	226		Investment company
Pharmaq Holding	36.7%	183,647	102		Pharmaceuticals
Others			36		
Total			610		
Total value Share Portfolio			11,037[2]	3,522	
Of this owned by Orkla ASA			11,000	3,499	

[1] The valuation principle applied entails a share price interval based on different valuation approaches, including external valuations.
[2] In addition to the Share Portfolio, other Group companies have minor shareholdings totalling NOK 50 million.

The Share Portfolio mainly consists of large shareholdings in a number of companies and will therefore be skewed in comparison to a market portfolio. 84% of the portfolio consists of listed securities.

Portfolio investments in companies in which the Group owns an interest of between 20% and 50% (associates) are presented at fair value with changes in value recognised in the income statement. In 2010, changes totalling NOK 49 million in the value of associates were recognised as income on the line "Gains, losses and write-downs Share Portfolio".

NOK 2,061 million has been recognised in realised portfolio gains, while NOK -72 million has been recognised in foreign currency losses. Furthermore, securities have been written down by NOK -266 million.

Net unrealised excess values in the Share Portfolio as of 31 December 2010, totalling NOK 4,438 million, have been taken to equity through comprehensive income. The Group also has investments presented as "Other financial assets". See Note 22.

The methods used to determine the fair value of securities in the Share Portfolio are described below.

Unlisted securities and unlisted funds
The value of unlisted securities is measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines".

Several valuation methodologies are used to measure the fair value of unlisted investments. Where there has been a recent arm's length transaction in the security in question, the value is based on the transaction price. If there has been no recent arm's length transaction, the value of the company is deduced from a relative valuation of comparable listed companies, adjusted for individual characteristics such as differences in size and selection between comparable companies.

Valuation methodologies other than the one described above are also used in cases where they better reflect the fair value of an unlisted investment.

The fair value of the Share Portfolio's unlisted fund shares is measured as the Share Portfolio's share of the fund's assets as reported by the fund management. If there are indications that the management's valuation does not take sufficient account of factors that affect the value of the underlying unlisted investments in the fund, a separate valuation is carried out. Adjustments are also made of the value of listed investments in the fund based on the latest bid price.

The change in the value of Industrikapital 2004 from 2009 to 2010 is primarily due to the realisation of underlying investments, while the change in the value of Industrikapital 2000 and 97 is due to a slight reduction in the value of underlying investments. In the case of Industrikapital 2007, the change in value is due to an increase in capital paid into the fund.

Listed securities
The fair value of listed securities is based on the latest bid price. At the time of acquisition, the shares are recognised at their value on the transaction date incl. transaction costs.

Prolonged or significant decline in value
A prolonged decline in the value of a security classified as available for sale in the Share Portfolio is defined as having occurred if the market value of a share is lower than the acquisition cost for more than two successive quarters (six months) or if the market value is more than 25% lower than the cost price on the balance sheet date. If an investment has been written down, further value impairment will result in an immediate write-down.

Unrealised gains
Unrealised gains are equal to the fair value of the security minus the cost price or impaired value. If the security has not been written down, the carrying value will be equivalent to the cost price of the shares. Write-downs of shares are expensed in the income statement and offset by an increase in unrealised gains through equity. Similarly, the realisation of gains/losses will be recognised as income/expensed in the income statement and offset by a reduction/increase in unrealised gains through equity.

MARKET RISK RELATING TO THE SHARE PORTFOLIO
The greatest risk factor is a general stock market decline or a major drop in the price of shares in an individual company in which the Share Portfolio is highly exposed.

Assuming that the change in the value of the Share Portfolio is equal to the changes in the stock market, and all other variables remaining constant, based on the Share Portfolio as of 31 December 2010 the management's best estimate is that in the event of a 10% drop, the negative effect on profit will be in the order of NOK 190 million and the negative effect on equity will be a further NOK 976 million. In the event of a 10% rise in the stock market, the positive effect on equity will be NOK 1,166 million.

A 10% drop or rise in the unlisted shares will affect equity by NOK 189 million.

A certain percentage of capital is placed in unlisted Nordic companies where Orkla seeks to play as active a role as possible as shareholder. The risk profile of this part of the portfolio will vary somewhat from the listed portfolio in that the investments are less liquid.

Risk management is handled through clearly defined authorisations and mandates and other quality assurance procedures.

Change in unrealised gains

	Share Portfolio		Group	
Amounts in NOK million	**2010**	2009	**2010**	2009
Opening balance unrealised gains before tax	**3,522**	847	**3,523**	848
Change in unrealised gains taken to comprehensive income	**947**	2,511	**950**	2,511
Change in unrealised gains deferred tax	**(31)**	164	**(31)**	164
Total change in unrealised gains	**916**	2,675	**919**	2,675
Closing balance unrealised gains before tax	**4,438**	3,522	**4,442**	3,523
Change in deferred tax unrealised gains	**(165)**	(196)	**(165)**	(196)
Closing balance unrealised gains after tax	**4,273**	3,326	**4,277**	3,327

Change in fair value

	Share Portfolio	
Amounts in NOK million	**2010**	2009
Opening balance fair value Share Portfolio	**11,037**	11,426
Change in unrealised gains	**916**	2,675
Net sale of shares	**(2,130)**	(2,866)
Gains, losses and write-downs Share Portfolio	**1,772**	584
Net foreign exchange gains/losses and eliminations	**66**	(782)
Closing balance fair value Share Portfolio	**11,661**	11,037

Profit and loss Share Portfolio

	Securities available for sale			Securities with change in fair value through profit and loss			Total Share Portfolio		
Amounts in NOK million	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Realised gains/losses	**2,061**	1,028	887	**-**	-	-	**2,061**	1,028	887
Foreign exchange gain/loss currency hedge/realised	**(72)**	781	(983)	**-**	-	-	**(72)**	781	(983)
Write-downs	**(266)**	(1,214)	(5,656)	**-**	-	-	**(266)**	(1,214)	(5,656)
Change in fair value		-	-	**49**	(11)	(291)	**49**	(11)	(291)
Gains, losses and write-downs Share Portfolio	**1,723**	595	(5,752)	**49**	(11)	(291)	**1,772**	584	(6,043)
Received dividends	**521**	251	463	**-**	-	7	**521**	251	470
Recognised in income statement	**2,244**	846	(5,289)	**49**	(11)	(284)	**2,293**	835	(5,573)

20 RECEIVABLES (CURRENT)

Current receivables are both operating receivables and interest-bearing receivables. Operating receivables are broken down into trade receivables, accrued advance payments to suppliers and other current receivables. Trade receivables are continuously reviewed and are written down if there are objective criteria that indicate that an event causing a loss has occurred, and the amount of the loss can be reliably measured and will affect payment of the receivable. Trade receivables and other current receivables are regarded as financial instruments.

Amounts in NOK million	2010	2009
Accounts receivable	7,802	7,959
Non interest-bearing derivatives	830	327
Interest-bearing derivatives	89	243
Interest-bearing receivables[1]	40	6,092
Other receivables	528	602
Advance payment to suppliers/earned income	973	1,334
Tax receivables	118	11
Total current receivables	10,380	16,568

[1] Mainly receivables on sales of power plants totalling NOK 6,009 million (2009).

Change in provisions for bad debt:

Amounts in NOK million	2010	2009
Provisions for bad debts 1 January	342	300
Bad debts recognised as expense	37	49
Provisions in acquired companies	-	9
Provisions in discontinued operations	(11)	-
Bad debts	(79)	(16)
Provisions for bad debts 31 December	289	342

Accounts receivables have the following due dates:

Amounts in NOK million	2010	2009
Accounts receivable not due	6,430	6,691
Overdue receivables 1-30 days	888	960
Overdue receivables 30-60 days	243	196
Overdue receivables 60-90 days	96	75
Overdue receivables over 90 days	434	379
Accounts receivable carrying amount 31 December	8,091	8,301

21 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents consist of liquid assets necessary for transactions and some current placements.

Amounts in NOK million	2010	2009
Cash at bank and in hand	1,563	2,775
Current deposits	1,113	680
Restricted deposits	143	698
Total cash and cash equivalents	2,819	4,153

22 OTHER ASSETS (NON-CURRENT)

Other non-current assets consist of financial investments of a long-term nature. The shares are presented at fair value with changes in value taken to comprehensive income. If the shares have decreased in value and the decline in value is significant or prolonged, the shares are written down in the income statement. This item also includes net pension plan assets in companies that have greater pension plan assets than pension liabilities. Other items are receivables due in more than one year's time.

Amounts in NOK million	2010	2009
Share investments	134	185
Interest-bearing derivatives	489	377
Non interest-bearing derivatives	80	237
Receivables interest-bearing	111	75
Receivables non interest-bearing	56	266
Total financial assets	870	1,140
Pension plan assets	125	106
Total other assets	995	1,246

23 OTHER LIABILITIES (CURRENT)

Current liabilities are operating liabilities (trade accounts payable, unpaid public taxes/charges, prepaid revenues, other accruals, etc.) and financial liabilities (payable interest). All these items are interest-free borrowings. Dividends will not become liabilities until they have been approved by the General Meeting. Trade accounts payable are regarded as a financial instrument.

Amounts in NOK million	2010	2009
Accounts payable	5,444	4,796
Value added tax, employee taxes etc.	798	904
Non interest-bearing derivatives	428	416
Non interest-bearing liabilities	96	72
Provisions	3,764	4,114
Total current liabilities	10,530	10,302

24 CAPITAL MANAGEMENT

The level of a company's capital and the way it is managed are important factors in evaluating the company's risk profile and its capacity to withstand unexpected events. It is therefore important to provide information that enables users of the financial statements to understand the company's goals, policy and management of the company's capital base.

Orkla's capital management is designed to ensure that the Group has sufficient financial flexibility, short-term and long-term. One main objective is to maintain a financial structure that, through solidity and cash flow, secures the Group's strong, long-term creditworthiness, as well as a good return for the shareholders.

Available liquidity should at any time at least cover loan instalments that fall due over the next 12 months, known capital needs, and a reserve in addition to the aforementioned. Orkla's liquidity reserve consists primarily of unutilised, long-term, committed credit facilities. The Group uses several sources of long-term loan capital, whereof banks and bond markets are the most important. External borrowing is centralised at parent level. Orkla's management of refinancing risk is further described in Note 25. The Group has no official credit rating.

The Group has a strong balance sheet with substantial, liquid assets. Re-allocation of assets is thus an alternative or a supplement to borrowing in the event of larger capital needs.

The Group's capital consists of net interest-bearing liabilities and equity:

Amounts in NOK million	2010	2009
Non-current interest-bearing liabilities	21,820	29,042
Current interest-bearing liabilities	1,380	1,746
Non-current interest-bearing receivables	600	452
Current interest-bearing receivables	129	6,335
Cash and cash equivalents	2,819	4,153
Net interest-bearing liabilities	19,652	19,848
Group equity[1]	46,931	48,925
Net gearing (net interest-bearing debt/equity)	0,42	0,41
Unutilised long-term credit facilities	12,487	9,375

[1] The Group's equity also includes the value of cash flow hedges taken to comprehensive income, and unrealised gains on shares available for sale taken to comprehensive income.

Orkla's interest-bearing liabilities are at the same level as at the end of 2010. There have been no changes in Orkla's approach and goals regarding financial management in 2010.

As an industrial Group, Orkla is not subject to any external capital requirements. The subsidiary Orkla Insurance Company Ltd. (Ireland) is subject to capital adequacy and solvency requirements under current regulations in Ireland. These requirements were met in 2010.

25 FINANCIAL RISK

This note describes the Group's financial risks within each of the business areas, and the management of these. Market risk connected to financial instruments (currency risk, interest rate risk, and price risk for input factors and sold products), liquidity risk and credit risk are described specifically. The risk related to equity investments is described in Note 19. Beyond loans and receivables the financial instruments are made up of derivatives used for hedging market risk. In Note 26 derivatives and hedging-relationships are described in more detail. Interest-bearing liabilities are described under "liquidity risk".

(I) ORGANISATION OF FINANCIAL RISK MANAGEMENT

Orkla operates internationally and is exposed to financial risks like currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk. Orkla uses derivatives and other financial instruments to reduce these risks in accordance with the Group's financial policy.

The responsibility for managing financial risk in Orkla is divided between business areas, which manage risk related to business processes, and Group level, which manages risk related to centralised activities like funding, interest-rate management and currency risk management. Financial risk is also monitored by the Chief Risk Officer of the Group.

Centralised risk management

Orkla has a central Group Treasury. Its most important tasks are to ensure the Group's financial flexibility in the short and long term, and to monitor and manage financial risk in cooperation with individual operational entities. The guidelines for the Group Treasury are stated in the Group's finance policy, which is reviewed by the Board of Directors annually. The Group Executive Board monitors financial risk by means of regular reporting, and meetings of the Treasury Committee. The Group Treasury acts as the internal bank for the Group and is responsible for, and executes, all major external funding and hedging transactions relating to currency and interest rate hedging. Each year the Board of Directors grants authorisation for establishing loans and entering into master agreements for financial instruments. Debt and treasury positions are managed in a non-speculative manner, such that all transactions in financial instruments are matched to an underlying business requirement. The Group Treasury is operated as a non-profit centre.

Financial risks within each business area

This section describes the most important risk factors within each business area of the Group and the management of these. In this context, financial risk is defined as risk related to financial instruments. These may either be hedging instruments for underlying risk, or viewed as a source of risk themselves. Market risk not hedged with financial instruments is also discussed in this section.

Sapa

Sapa's currency risk is limited, due to production and sales mainly being located in the same regional and local markets. However, currency risk is present in exported finished goods, and imported input factors used in production, particularly aluminium priced in USD. Currency exposure related to firm commitments is hedged, usually for periods of up to 15 months.

For Sapa, the prices of both products and metal purchases are affected by fluctuations in the market price of aluminium. Sapa seeks to reduce this risk primarily by linking prices from metal suppliers to prices towards customers. Additionally, aluminium futures contracts are entered into, within defined limits, to mitigate price risk related to purchasing orders and the value of unsold metal in stock. Sapa normally has a certain stock level for which prices to customers have not been fixed. When the LME price is increasing, this will have a positive effect on the result, and a decreasing price will affect the result negatively.

Orkla Brands

Entities within this area are primarily located in the Nordic countries, Russia and India. Production and sales mainly take place in local markets. A small proportion of the input factors are imported, as well as some finished goods.

The two primary sources of financial risk within this business area are price risk on agricultural products and ingredients in food production, as well as currency risk on imported goods. Price risk on raw materials is normally dealt with in commercial contracts. Each company hedges the currency risk arising from contracts with currency forward contracts against its own functional currency.

Orkla Financial Investments

The largest source of financial risk is the Share Portfolio. The main strategy for the Share Portfolio is to identify and invest in value-creating companies. Approximately 55% of the investments are denominated in currencies other than NOK, primarily SEK, EUR and USD. The policy is to hedge 70%-95% of the currency risk related to the market value of foreign investments. In 2010, Orkla Financial Investments terminated its trading activities in the energy market.

Hydro Power

Elkem Energi and Borregaard Energi are reported as Hydro Power from 2010. The companies produce electric power, and sell it under contracts of varying duration to Group-internal and -external customers, including Borregaard and Elkem. Hydro Power also carries out management and hedging of power price risk for companies within the Group.

Borregaard Chemicals

Borregaard is exposed to currency risk for most of its sales, primarily in USD, but also in EUR. A substantial part of this exposure, defined as estimated net cash flow in USD or EUR, is routinely hedged with a nine-month time horizon. Subject to certain criteria being met, the hedging horizon may be extended up to three years in order to lock in favourable margins.

Borregaard is also exposed to price risk on energy (thermal energy and electric power) as well as strategic raw materials (wood, chemicals). On the revenues side, most of Borregaard's business segments are exposed to price risk in international markets.

(II) CATEGORIES OF FINANCIAL RISKS FOR THE GROUP

Currency risk

As NOK is the presentation currency for the Group, Orkla is exposed to currency translation risk for net investments in foreign operations. Orkla maintains, as far as possible, a distribution of its net interest bearing liabilities across currencies which corresponds to the relative enterprise value distribution across the subsidiaries' home currencies, within the Industry division. This ensures the same hedging level in all currencies, where net interest-bearing liabilities hedge the currency risk in enterprise value. Further, the composition of the currency distribution of the debt is affected by currency hedges of the market value of the Share Portfolio.

Net interest-bearing liabilities in each currency constitute the hedging of translation risk on net investments in foreign subsidiaries, and are made up of hedges of subsidiaries' net liabilities in their home currency, plus hedges of net investments according to IAS 39. Orkla primarily uses loans, forward currency contracts and cross currency swaps to hedge internal loans and net investments in foreign subsidiaries.

At the operational level, transaction risk is hedged against each entity's functional currency as described in (I) "Organisation of financial risk management". Orkla applies hedge accounting for most hedges of future transactions, either cash flow hedges, or fair value hedges of firm commitments. The different types of hedges are described in Note 26.

The Group's aggregated outstanding currency hedges of future transactions as of 31 December 2010 are shown in table 1. The most significant changes in open positions of currency hedges compared with 31 December 2009 are related to Elkem's hedges, which are not included in the figures as of 31 December 2010.

TABLE 1
Foreign exchange contracts[1] linked to hedging of future revenues and costs

Amounts in million

Purchase currency	Amount	Sale currency	Amount	Maturity
NOK	483	EUR	55	2012
NOK	352	EUR	41	2013
NOK	776	USD	127	2011
NOK	36	USD	5	2012
SEK	542	USD	78	2011
SEK	16	USD	2	2012
SEK	745	EUR	74	2011
SEK	125	EUR	11	2012
SEK	13	EUR	1	2013
SEK	162	NOK	141	2011
EUR	48	NOK	392	2011
HUF	6,405	EUR	22	2011
HUF	483	EUR	2	2012

[1] In currency pairs where the net total of hedges is more than NOK 100 million.

Beyond these foreign exchange contracts, changes in the currency distribution of the Group's net debt are undertaken as of 31 December 2010 due to the expected sale of Elkem. The sale of USD 547 million against NOK is in this context classified as a cash flow hedge.

Purchase currency	Amount	Sale currency	Amount	Maturity
NOK	3,337	USD	547	2011

Interest rate risk

Orkla's interest rate risk is mainly related to the Group's debt portfolio. This risk is managed at Group level. The Group's policy is that interest costs should follow the general trend in money market rates. Further, steps are taken to mitigate the effects of short-term fluctuations in money market rates. Decisions regarding interest hedging are made by the Treasury Committee. The interest risk profile of the debt portfolio is determined by selection of interest periods on the Group's loans and the use of currency and interest rate derivatives. As of 31 December 2010, 24% (2009: 22%) of the Group's interest-bearing liabilities was at fixed interest rates for periods exceeding one year.

The interest rate exposure on interest-bearing liabilities broken down by currency and financial instrument is shown in Table 2 a and b.

TABLE 2a
Interest-bearing liabilities by instrument and interest risk profile

		Next interest rate adjustment					
Amounts in NOK million	**31.12.2010**	**0–3 months**	**3–6 months**	**6–12 months**	**1–3 years**	**3–5 years**	**5-10 years**
Bonds	**9,910**	390	2,866	-	2,147	1,270	3,237
Bank loans	**12,000**	10,650	1,299	27	24	-	-
Overdraft	**202**	202	-	-	-	-	-
Other loans	**628**	62	329	-	3	94	140
Interest rate swap (fair value hedge)	**-**	3,102	3,046	-	(2,047)	(1,250)	(2,851)
Interest rate swap (cash flow hedge)	**-**	(2,977)	(1,664)	(28)	144	1,420	3,105
Interest rate derivatives (others)	**154**	(2,383)	2,366	-	4	22	145
Currency forwards	**306**	335	(40)	(2)	13	-	-
Gross interest-bearing liabilities	**23,200**	9,381	8,202	(3)	288	1,556	3,776
	31.12.2009						
Bonds	10,387	481	2,664	490	202	3,421	3,129
Bank loans	18,828	15,013	3,342	-	159	212	102
Overdraft	399	399	-	-	-	-	-
Other loans	1,154	543	322	-	9	4	276
Interest rate swap (fair value hedge)	0	3,583	3,270	(477)	(200)	(3,332)	(2,844)
Interest rate swap (cash flow hedge)	0	(3,077)	(1,248)	-	-	1,936	2,389
Interest rate derivatives (others)	(5)	(216)	211	-	-	-	-
Currency forwards	25	56	(34)	5	(2)	-	-
Gross interest-bearing liabilities	30,788	16,782	8,527	18	168	2,241	3,052

TABLE 2b
Interest-bearing liabilities by instrument and currency

Amounts in NOK million	**31.12.2010**	**NOK**	**SEK**	**EUR**	**USD**	**DKK**	**Other**
Bonds	**9,910**	7,000	131	822	1,528	-	429
Bank loans	**12,000**	983	15	2,744	8,092	77	89
Overdraft	**202**	-	-	66	-	114	22
Other loans	**628**	289	20	71	211	35	2
Basis-swaps/interest rate derivatives	**154**	(1)	-	1,912	(1,757)	-	-
Currency forwards	**306**	(4,976)	5,369	839	(5,352)	1,297	3,129
Gross interest-bearing liabilities	**23,200**	3,295	5,535	6,454	2,722	1,523	3,671
Average interest fixing period	**1.9 years**	3.0 years	3.1 years	1.6 years	2.1 years	0.3 years	0.4 years
Interest level borrowing rate	**2.2 %**	3.8%	2.9%	2.0%	1.1%	1.9%	1.1%
	31.12.2009						
Bonds	10,387	7,430	121	959	1,453	-	424
Bank loans	18,828	1,413	22	2,999	14,217	75	102
Overdraft	399	211	-	141	(9)	55	1
Other loans	1,154	328	252	268	282	-	24
Basis-swaps/interest rate derivatives	(5)	(452)	-	-	-	447	-
Currency forwards	25	(700)	5,542	3,377	(12,610)	1,249	3,167
Gross interest-bearing liabilities	30,788	8,230	5,937	7,744	3,333	1,826	3,718
Average interest fixing period	1.4 years	1.3 years	2.0 years	1.7 years	1.5 years	0.3 years	0.5 years
Interest level borrowing rate	2.4%	3.1%	1.7%	2.2%	1.0%	2.3%	3.7%

For currency forwards and basis-swaps the asset and liabilities parts are shown separately per currency, including those that are recognised with a positive fair value (receivables).
Accrued interests for loans and interest rate derivatives are not included as interest-bearing items.

Liquidity risk
One of the most important goals of Orkla's financial policy is to ensure that the Group has sufficient financial flexibility in the short and long term to achieve its strategic and operational objectives.

Orkla's policy is to have sufficient unutilised, long-term, committed credit facilities to cover loans that fall due and known capital needs over the next 12 months, as well as a strategic reserve. This means that Orkla's credit facilities are normally refinanced one year before maturity. Commercial paper and money markets are therefore only used as a source of liquidity when conditions in these markets are competitive compared to drawing on unutilised committed long-term credit facilities.

Cash flows from operations are largely stable, and the Group Treasury monitors liquidity flows through short-term and long-term reporting. The above mentioned measures mean that the Group has limited liquidity risk.

In order to further reduce refinancing risk, Orkla seeks to ensure that the maturities of loans and credit facilities are evenly distributed. The breakdown of the Group's interest-bearing liabilities and unutilised, committed credit facilities by maturity and classes of financial instruments is shown in Table 3. As of 31 December 2010 the average time to maturity on the Group's combined interest-bearing liabilities and unutilised credit facilities was 4.3 years, compared with 4.2 years as of 31 December 2009.

Orkla's main sources of financing are bilateral loans from Orkla's relationship banks and loans in the Norwegian bond market. Funds have also been raised in the US Private Placement market and in the German Schuldschein market. The Group Treasury also continuously assesses other funding sources.

Orkla has been able to complete all planned refinancing measures during 2010. Orkla has no loan agreements with financial covenants for the Group or for Orkla ASA. The loan agreements include some limitations on disposals of companies, creation of security interest on assets, and borrowing at subsidiary level.

TABLE 3
The Group's financial liabilities by source and maturity profile

Amounts in NOK million	**Total 31.12.2010**	**<1 year**	**1-3 years**	**3-5 years**	**5-7 years**	**>7 years**
Interest-bearing liabilities:						
Bonds[1]	**9,910**	467	2,833	2,077	3,615	918
Bank loans	**12,202**	558	3,630	2,475	4,383	1,156
Other debt	**628**	49	333	94	23	129
Interest-bearing derivatives	**460**	306	154	-	-	-
Gross interest-bearing liabilities[2]	**23,200**	1,380	6,950	4,646	8,021	2,203
Non interest-bearing liabilities:						
Accounts payable and other current liabilities	**5,540**	5,540	-	-	-	-
Non interest-bearing derivatives	**447**	428	19	-	-	-
Total non interest-bearing debt	**5,987**	5,968	19	-	-	-
Total financial liabilities	**29,187**	7,348	6,969	4,646	8,021	2,203
Unutilised committed credit facilities[3]	**12,487**	547	3,245	5,560	3,135	-

Amounts in NOK million	**Total 31.12.2009**	**<1 year**	**1-3 years**	**3-5 years**	**5-7 years**	**>7 years**
Interest-bearing liabilities:						
Bonds[1]	10,387	573	963	4,425	-	4,426
Bank loans	19,227	625	8,411	5,254	2,547	2,390
Other debt	1,154	528	317	41	20	248
Interest-bearing derivatives	20	20	-	-	-	-
Gross interest-bearing liabilities[2]	30,788	1,746	9,691	9,720	2,567	7,064
Non interest-bearing liabilities:						
Accounts payable and other current liabilities	4,867	4,867	-	-	-	-
Non interest-bearing derivatives	531	416	115	-	-	-
Total non interest-bearing debt	5,398	5,283	115	0	0	0
Total financial liabilities	36,186	7,029	9,806	9,720	2,567	7,064
Unutilised committed credit facilities[3]	9,375	-	2,525	4,566	2,284	-

[1] Bonds are detailed in table 4.
[2] In addition, interest payments on loans fall due.
[3] The Group's bank loans are largely bilateral multi-currency loans in EUR and NOK.

The Group also has cash pools and bank accounts with short-term credit lines. Unutilised credit lines on these accounts are excluded from the figure for unutilised committed credit facilities in the table above.

TABLE 4
Bonds

Amounts in million ISIN	Coupon[1]	Term	Currency	Notional in ccy million[2]	Book value 31.12.2010	Fair value 31.12.2010[3]	Book value 31.12.2009	Fair value 31.12.2009
XS 174791300	Euribor +0,68%	2003/2010	EUR	10	-	-	83	83
NO 10198369	Fixed 5,82%	2003/2010	NOK	700	-	-	388	385
NO 10439235	Fixed 6,70%	2008/2011	NOK	200	**197**	**203**	202	209
NO 10439185	Nibor +0,70%	2008/2011	NOK	200	**100**	**100**	100	100
NO 10439193	Nibor +0,75%	2008/2012	NOK	600	**499**	**501**	499	502
NO 10177538	Fixed 6,54%	2003/2013	NOK	1,500	**1,559**	**1,581**	1,559	1,577
NO 10219223	Nibor +1,05%	2004/2014	NOK	400	**400**	**401**	397	400
NO 10502909	Fixed 6,65%	2009/2014	NOK	1,250	**1,270**	**1,336**	1,236	1,320
NO 10502917	Nibor +3,00%	2009/2014	NOK	400	**399**	**425**	399	432
NO 10364920	Fixed 5,70%	2007/2017	NOK	1,200	**1,280**	**1,226**	1,251	1,190
NO 10364912	Nibor +0,42%	2007/2017	NOK	1,300	**1,298**	**1,237**	1,297	1,223
US Private placement		2007/2017/2019	USD/GBP	220/40	**1,956**	**1,956**	1,878	1,878
Loan Schuldschein		2007/2017	EUR	95	**783**	**783**	834	834
Other private placements					**169**	**169**	264	263
Total					**9,910**	**9,918**	10,387	10,396

[1] The nominal interest rate is not an expression of the Group's actual interest cost, since various interest rate swaps have been agreed on.
[2] Of the notional amount the Group holds some of its owns bonds. These reduce recognised liabilities.
[3] The fair value of exchange-traded bonds is calculated on the basis of observed market prices, whereas book values are used for other loans. The book values of US Private Placement loans take into consideration observed interest rates as of 31 December 2010 as these loans are hedging objects in fair value hedges, but not credit margin, as there is no observation of this available. It is assumed that the credit margin is now higher than at the time of issue, in which case the fair value will be lower than book value.

Credit risk
The management of credit risk related to accounts receivable and other operating receivables is handled as part of the business risk, and is continuously monitored by the operating entities. When selling in countries with high political risk, trade finance products are used to reduce the credit risk, and to some extent credit insurance is used. With these risk mitigation measures in place, the current credit risk is considered acceptable.

There is no significant concentration of credit risk in respect of single counterparts.

Orkla Financial Investments has short term credit risk related to settlement of a limited number of share transactions which are not settled through clearing-houses, particularly in countries outside the Nordic region, e.g. Russia.

Orkla considers its credit risk related to other financial instruments to be low. Firstly, Orkla seeks to minimise the liquid assets deposited outside the Group. Secondly, relationship banks that provide long-term funding are the targeted counterparties for bank accounts and financial hedge transactions according to policy. For deposits of excess liquidity with other counterparts, Orkla has requirements relating to the bank's credit rating.

Orkla ASA has International Swap Dealers Association (ISDA) agreements with its counterparts for derivative interest-rate and currency transactions, which provide for netting of settlement risk. ISDA agreements are also in place for Sapa.

Maximum credit risk
The maximum credit exposure for the Group related to financial instruments corresponds to total gross receivables. In the hypothetical, unlikely event that no receivables are redeemed this amounts to:

Amounts in NOK million	2010	2009
Cash and cash equivalents	**2,819**	4,153
Accounts receivable	**7,802**	7,959
Other current receivables[1]	**568**	6,694
Non-current receivables	**167**	341
Derivatives	**1,488**	1,184
Total	**12,844**	20,331

[1] As of 31 December 2009 receivables from the sale of power plants totalled NOK 6,009 million.

Price risk on input factors and sold products
The Group is exposed to price risks in respect of a number of raw materials and products sold. The following section describes price risks that are hedged by means of financial instruments. This applies to aluminium as an input factor, and to electric power, both as input factors and as sold products.

Aluminium
For Sapa, the price of both products and metal purchases is affected by fluctuations in the LME price of aluminium. Sapa seeks to reduce this risk by linking prices from metal suppliers to prices towards customers. Aluminium futures are used, within defined limits, as hedging of metal in stock which is not sold at agreed prices. As of 31 December 2010 Sapa had net bought 2,815 tonnes (2009: net sold 13,300 tonnes) of aluminium at the LME.

Power
Through Elkem Energi and Borregaard Energi, Hydro Power is a large producer of hydroelectric power. A substantial part of the production is sold under long-term contracts, whereas the production beyond this is sold in the spot-market. Where contractual commitments exceed available power from own production this is acquired through purchases in the power market. In order to optimise such factors as 24-hour variations, seasonal variations, and their own production level, Hydro Power utilises financial and physical contracts that are traded on NASDAQ OMX (financial) and on Nord Pool (physical)

Borregaard Chemicals also consumes electric power, and has a hedging strategy which enables hedging of part of its future expected power consumption. The purpose of this hedging is to reduce the risk from volatility in the power prices.

As of 31 December 2010, the Group had purchased forward contracts totalling 702 GWh (2009: 3,923 GWh) as cash flow hedges for net future power consumption. The reduction in the level of hedges is mainly due to the fact that Elkem on the reporting date is presented as discontinued operations.

Price risk shares
Price risk related to the Share Portfolio is described in Note 19.

Orkla has entered into total return swaps with financial institutions for hedging of costs related to the management bonus programmes where the changes in fair value depend on the changes in the price of the Orkla share. These hedges are further described in Note 6.

Sensitivity analysis

The financial instruments of the Group are exposed to different types of market risk which can affect the income statement or the statement of comprehensive income. Financial instruments, in particular derivatives, are applied as a means of hedging both financial and operational exposure.

In Table 5, Orkla presents a partial analysis of the sensitivity of financial instruments, where the isolated effect of each type of risk on the income statement and on equity is estimated. This is done on the basis of a selected hypothetical change in market prices/rates on the balance sheet as of 31 December. According to IFRS, the analysis covers only financial instruments and is not meant to give a complete overview of the Group's market risk, for instance:

- For currency hedges of contracts entered into, changes in fair value of the hedging instrument will affect the income statement, while changes in the fair value of the underlying hedged contract offset by the hedging instrument will not be shown, as it is not a financial instrument.
- For the currency hedges in the Share Portfolio hedge accounting is not used. This means that fair value changes on the currency forward contracts are recognised in the income statement, while fair value changes from currency gain/loss on the shares (available for sale) are recognised in comprehensive income.
- For changes in one of the parameters, the analysis will not consider any correlation with other parameters.
- Financial instruments denominated in the entities' functional currencies do not constitute any currency risk and are therefore not included in this analysis. The currency exposure on translation of such financial instruments to the presentation currency of the Group is for the same reason also not included.

Generally, the effect on the income statement and on comprehensive income of financial instruments in Table 5 is expected to offset the effects of the hedged items where financial instruments are part of a hedging relationship.

TABLE 5
SENSITIVITY FINANCIAL INSTRUMENTS 2010

	Accounting effect on			
	income statement from		equity from	
Amounts in NOK million	increase	decrease	increase	decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 bp parallel shift in interest curves all currencies	**(107)**	**106**	**282**	**(306)**
Currency risk: 10% change in FX-rate USD/NOK	**(70)**	**70**	**(352)**	**352**
Currency risk: 10% change in FX-rate EUR/NOK	**(173)**	**173**	**(293)**	**293**
Currency risk: 10% change in FX-rate SEK/NOK	**(206)**	**206**	**8**	**(8)**
Price risk: 20% change in LME-prices	**(139)**	**139**	**155**	**(155)**
Price risk: 20% Change in Nord Pool power prices	**(1)**	**1**	**49**	**(49)**
Share price risk on total return swap: 10% change in the price of the Orkla share	**3**	**(3)**		
Financial instruments not in hedging relationships				
Sensitivity for the Share Portfolio: See Note 19				

SENSITIVITY FINANCIAL INSTRUMENTS 2009

	Accounting effect on			
	income statement from		equity from	
Amounts in NOK million	increase	decrease	increase	decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 bp parallel shift in interest curves all currencies	(118)	118	276	(258)
Currency risk: 10% change in FX-rate USD/NOK	(247)	247	(56)	56
Currency risk: 10% change in FX-rate EUR/NOK	(364)	364	(506)	529
Currency risk: 10% change in FX-rate SEK/NOK	(171)	171	57	(57)
Price risk: 20% change in LME-prices	(54)	54	21	(21)
Price risk: 20% Change in Nord Pool power prices	58	(58)	156	(156)
Share price risk on total return swap: 10% change in the price of the Orkla share	3	(3)	-	-
Financial instruments not in hedging relationships				
Price risk: 20% change in Nord Pool power prices (in EUR)	5	(5)		
Sensitivity for the Share Portfolio: See Note 19				

Accounting effects from changes in market risk are classified to income statement and equity according to where the effect of the changes in fair value will be recognised initially. Effects recognised in the income statement will also affect equity beyond the figures presented in the table.

26 DERIVATIVES AND HEDGING

Derivatives are used in risk management to hedge against the risk related to foreign exchange, interest rates, power and aluminium prices. The value of the derivatives fluctuates in accordance with the prices of the underlying assets, and the note shows the fair value of open derivative contracts as of year-end. The derivatives in the table are classified by type of accounting hedge, and the purpose of the derivatives is described below. The notional value of the derivatives indicates the size of the derivative contracts.

The Group seeks as far as possible to apply the IFRS rules for hedge accounting. The table below shows the fair value of all outstanding derivative financial instruments grouped according to treatment in the financial statements:

	31.12.2010		31.12.2009	
Amounts in NOK million	Fair value	Notional amounts[1]	Fair value	Notional amounts[1]
a) Cash flow hedges				
Interest rate swaps	**(15)**	**7,407**	58	6,466
Currency forwards, currency swaps	**359**	**3,171**	148	4,590
Aluminium futures	**71**	**683**	71	28
Energy forwards	**54**	**186**	(107)	1,331
Total	**469**		170	
b) Net investments hedges of foreign entities				
Currency forwards, currency swaps	**40**	**8,871**	208	9,634
Interest rate and currency swaps	**-**	**-**	5	447
Total	**40**		213	
c) Fair value hedges				
Interest rate swaps	**489**	**5,471**	365	6,753
Currency forwards, currency swaps	**11**	**649**	(68)	5,361
Aluminium futures	**(35)**	**660**	(61)	209
Total	**465**		236	
d) Other derivatives - Fair value changes recognised in income statement				
Energy forwards	**66**	**793**	(29)	253
Currency forwards, currency swaps	**(306)**	**6,930**	31	11,748
Interest rate and currency swaps, interest rate derivatives	**(158)**	**2,719**	7	2,676
Total return swap – Orkla-share	**5**	**29**	5	29
Total	**(393)**		14	
Total derivatives	**581**		633	

[1] Notional value of underlying assets. For derivatives composed of a long and a short position (i.e. currency forwards and fixed to floating interest rate swaps) "Notional amounts" expresses the capital amount of either the long or the short position in the derivative contract. This is presented as an absolute value, and derivatives of the same class and type are netted.

Calculation of fair value:
- Currency forwards and currency swaps are measured at fair value using the observed forward exchange rate for contracts with a corresponding term to maturity on the balance sheet date.
- Interest rate swaps are measured at fair value using the present value of future cash flows calculated from observed market interest rates and exchange rates at the balance sheet date including accrued interest.
- Energy forwards are measured at fair value using the quoted price at Nord Pool discounted at a risk-free interest rate.
- Aluminium futures are measured at fair value using the quoted futures price on the LME.
- The fair value of currency options is calculated using Garman-Kohlhagen's version of the Black-Scholes Option pricing method, and the variables are based on observed indicative market prices at the balance sheet date.

These derivative financial instruments are designated in hedge relationships as follows:

a) Cash flow hedges
- Orkla maintains interest rate swaps for hedging of future interest payments on liabilities that qualify for hedge accounting. These are swaps where Orkla pays a fixed interest rate and receives a floating rate.
- In hedges of currency risk on highly probable future cash flows, currency forward contracts are designated as hedging instruments.
- Sapa's purchases of aluminium futures on the LME are designated as hedging instruments in cash flow hedges.
- Power derivatives entered into by Borregaard for the purchase of power are designated as hedging instruments in hedges for cash flows from future consumption of electric power.

All derivatives designated as hedging instruments in cash flow hedges are carried at fair value in the balance sheet. Changes in fair value are provisionally recognised in the equity hedging reserve, and recycled to the income statement as the cash flows being hedged are recognised in the income statement.

In 2010 a loss of NOK 4 million (2009: NOK 11 million) was recorded in the income statement as a result of hedging inefficiency. All expected cash flows which have been hedged during 2010 still qualify for hedge accounting.

Development in the equity hedging-reserve

Amounts in NOK million	2010	2009
Opening balance hedging reserve before tax	**197**	(700)
Hedging reserve sold operations	**0**	(192)
Reclassified to P/L - operating revenues	**(49)**	202
Reclassified to P/L - operating costs	**(93)**	195
Reclassified to P/L - net financial income	**(3)**	18
Fair value change during the year	**597**	674
Closing balance hedging reserve before tax	**649**	197
Deferred tax hedging reserve	**(150)**	(57)
Closing balance hedging reserve after tax	**499**	140

A positive hedging reserve means a positive recognition in the income statement in the future. Accumulated hedging gains/losses from cash flow hedges recognised in the equity hedging reserve as of 31 December 2010 are expected to be recycled to the income statement as follows:

2011:	NOK 544 million
After 2011:	NOK 105 million

b) Hedges of net investments in foreign entities
Currency risk on foreign net investments is hedged with loans, currency forward contracts, or cross currency swaps.

During 2010 no currency effects (2009: NOK 10 million) relating to net investment hedges of divested investments, were recycled to the income statement.

c) Fair value hedges
- Some of Orkla's loans in the bond market carry fixed interest coupons. The interest rate risk is hedged with interest rate swaps in fair value hedges where Orkla receives the fixed rate and pays a floating rate. During 2010 NOK 124 million was recognised as income in the income statement related to fair value changes on the interest rate swaps, and NOK 128 million was recognised as costs related to fair value changes of the hedged loans.
- Orkla has hedges of currency risk on firm commitments using forward currency contracts. Gains/losses on hedging objects and hedging instruments are recorded as currency gain/loss in the income statement.
- Sapa sells aluminium contracts in order to hedge the value of stocks in fair value hedges.

d) Derivatives not included in IFRS hedging relationships
There are also derivatives not included in hedging relationships according to IFRS for the following reasons:

- Derivatives are not designated in formal hedging relationships when changes in the fair value of hedging instruments and hedging objects are naturally offset in the income statement, for example currency risk on loans and other monetary items
- Meeting strict IFRS hedge accounting criteria is not always possible or practical. In 2008 Orkla Financial Investments decided to discontinue hedge accounting for currency hedges of the Share Portfolio. Some of the other currency hedges, some of the forward power contracts, and forward rate agreements (FRAs) are in this category.

Changes in the fair value of derivative instruments which are not part of a hedging relationship are immediately recognised in the income statement.

27 POWER AND POWER CONTRACTS

The Group both owns and leases large power plants. The table below shows the type of power plant, annual production, ownership status and key financial terms and conditions.

Plant, type, location/contract	Annual saleable production/ contract volume	Ownership, status and remaining utilisation period/contract duration	Key financial terms and conditions
POWER PLANTS			
NORWAY			
Storlivatn Power plant **Svartkulp Power plant** **Dalvatn Power plant** **Sønnå Høy Power plant** **Sønnå Lav Power plant** **Storli mini Power plant** **Kleiva small Power plant** Hydropower reservoir Rogaland	After the remaining tunnel is completed in the second half of 2011, the total annual standard production will be approx. 1,850 GWh.	Operation started 1970 Operation started November 2001 Operation started December 2006 Operation started August 2008 Operation started October 2008 Operation started February 2009 Operation started November 2009 Pursuant to lease agreements with Statkraft, AS Saudefaldene[2] has the use of all plants until 2030.	Annual delivery commitment of 436 GWh which, following the termination of the contract with Eramet, is to be sold to Statkraft on the same terms. An agreement has been entered into with Elkem AS for the delivery of 501 GWh/year until 31 December 2030 to satisfy the condition regarding use of power in Elkem's industrial operations. The terms are equivalent to the terms in the leasing agreement with Statkraft. On hand-over to Statkraft the plants must be in good working condition. Statkraft SF shall pay AS Saudefaldene[2] the residual value for tax as at 1 January 2031 of the expansions carried out by AS Saudefaldene[2].
Borregaard Power plant[1] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	244 GWh	100% ownership, infinite licence period.	
Sarp Power plant[1] Hydropower run-of river, Sarpsfossen in Glomma, Sarpsborg	265 GWh	50% ownership, infinite licence period. The other ownership interest owned by Hafslund Produksjon.	Hafslund Produksjon has the operational responsibility.
Trælandsfos Power plant[1] Hydropower run-of-river, Kvinesdal, Vest Agder	30 GWh	100% ownership, infinite licence period.	
Mossefossen Power plant[1] Hydropower run-of-river, Moss, Østfold	14 GWh	100% ownership, partly infinite licence period.	
POWER CONTRACTS			
NORWAY			
SiraKvina replacement power	35 GWh	Infinite	Replacement for lost production in Trælandsfos.

[1] Saleable normal production given average inflow for the period 1999-2008, adjusted for loss of water, leakages in the power grid and own consumption.
[2] Orkla owns 85% of AS Saudefaldene.

28 SHARE CAPITAL

A company's share capital and the distribution of the number of shares outstanding determines who controls a company and the way formal ownership is held by shareholder groups. In a Norwegian group context, it is the share capital of the parent company that is relevant and it is Orkla ASA's equity capital that serves as the basis of calculation and the limit for distribution of dividends from the Group.

Changes in the share capital

Date/year	Number of shares	Nominal value (NOK)	Type of change	Amounts (NOK million)	Ratio	Share capital (NOK million)
31 December 2003	213,909,416	6.25				1,336.9
2004	212,302,265	6.25	amortisation	(10.0)		1,326.9
31 December 2004	212,302,265	6.25				1,326.9
2005	208,286,194	6.25	amortisation	(25.1)		1,301.8
31 December 2005	208,286,194	6.25				1,301.8
31 December 2006	208,286,194	6.25				1,301.8
2007	1,041,430,970	1.25	split		5:1	1,301.8
2007	1,036,430,970	1.25	amortisation	(6.3)		1,295.5
31 December 2007	1,036,430,970	1.25				1,295.5
2008	1,028,930,970	1.25	amortisation	(9.4)		1,286.2
31 December 2008	1,028,930,970	1.25				1,286.2
31 December 2009	1,028,930,970	1.25				1,286.2
31 December 2010	1,028,930,970	1.25				1,286.2

The 20 largest shareholders as of 31 December 2010*

	Shareholder		Number of shares	% of capital
1	Canica AS		139,542,000	13.6%
2	Folketrygdfondet		105,298,631	10.2%
3	Tvist 5 AS		77,000,000	7.5%
4	State Street Bank and Trust	Nominee	27,041,969	2.6%
5	Clearstream Banking	Nominee	20,750,450	2.0%
6	BNY s/a Franklin Templeton-Mutual Discovery Fund		19,024,821	1.8%
7	BNY s/a Franklin Templeton-Mutual Shares Fund		18,631,474	1.8%
8	State Street Bank and Trust	Nominee	18,468,535	1.8%
9	Canica Investor AS		16,000,000	1.6%
10	DnB NOR Kapitalforvaltning (Vital Forsikring ASA)		14,938,864	1.5%
11	JP Morgan Chase Bank	Nominee	14,243,900	1.4%
12	State Street Bank and Trust	Nominee	12,080,379	1.2%
13	Governor & Company of the Bank of Ireland Secs. Services	Nominee	11,759,310	1.1%
14	JP Morgan Chase Bank	Nominee	10,963,304	1.1%
15	State Street Bank and Trust	Nominee	10,642,436	1.0%
16	DnB NOR ASA		8,397,015	0.8%
17	Bank of New York Mellon Nominee	Nominee	7,166,956	0.7%
18	BNY s/a Franklin Templeton-Mutual Qualified Fund		6,992,949	0.7%
19	Orkla ASA		6,945,749	0.7%
20	DnB NOR Fond (Norge IV)		6,508,803	0.6%
	Total shares		552,397,545	53.7%

* The shareholder list is based on the Norwegian Central Securities Depository's (VPS) register of members at the end of the year. For a list of group shareholders and nominee shareholders, see www.orkla.com/investors.

Treasury shares as of 31 December 2010

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	8,682,186	6,945,749	394

Treasury shares have been deducted from Group equity at cost.

Changes in treasury shares

	2010	2009
Balance 1 January	**9,857,815**	11,917,888
Redemption of options in treasury shares	**(1,386,576)**	(769,737)
Share purchase programme for Orkla employees	**(1,525,490)**	(1,290,336)
Balance 31 December	**6,945,749**	9,857,815

As of 31 December 2010, there were 19.769,500 options outstanding (see Note 6).

See the section on corporate governance on pages 23-31 regarding the authorisations regarding share capital that have been granted by the General Meeting.

Dividend

The Board of Directors proposes that an ordinary dividend of NOK 2.50 per share be paid out, totalling NOK 2,555 million.

Under Norwegian law, the equity capital in Orkla ASA will, where relevant, constitute a legal limitation on the distribution of dividends by the Orkla Group. Free equity in Orkla ASA is disclosed in the Report of the Board of Directors and under "Equity".

29 NON-CONTROLLING INTERESTS

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. As shown by the figures, most of the Group's businesses are wholly-owned.

Amounts in NOK million	2010	2009	2008
Non-controlling interests' share of:			
Depreciation and impairment	**30**	95	262
Operating profit	**83**	28	108
Profit/loss before taxes[1]	**67**	(50)	(147)
Taxes[1]	**(9)**	24	15
Changes in non-controlling interests:			
Non-controlling interests' continuing operations 1 January	**370**	2.686	
Non-controlling interests' share of profit/loss[1]	**53**	(31)	
Increase due to acquisitions	**38**	-	
Decrease due to further acquisitions of non-controlling interests	**(28)**	(1.940)[2]	
Dividends to non-controlling interests	**(66)**	(66)	
Translation differences etc.	**(2)**	(279)	
Non-controlling interests' continuing operations 31 December	**365**	370	
Non-controlling interests relating to:			
Orkla Brands	**76**	68	
Sapa	**61**	26	
Borregaard Chemicals	**16**	20	
Hydro Power	**116**	134	
Orkla Financial Investments	**33**	55	
Discontinued operations	**63**	67	
Total	**365**	370	

[1] The variance between pre-tax profit less tax and non-controlling interests' share of profit is ascribable to the amortisation of premium (NOK 5 million).
[2] Mainly consist (2009) of the swap agreement of the Group's 50% ownership interest in Elkem Aluminium ANS for Alcoa's non-controlling interest in Sapa Profiles.

30 LEASES, LEASING

Leasing shows the Group's current and non-current commitments arising from leasing contracts for property, plant and equipment. Most leases are regarded as operating leases, and the lease amounts are presented only as operating expenses in the Group's income statement. Finance leases are capitalised.

Reported costs relating to operating leases reflect the minimum leasing cost during the term of notice.

Operating leases

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Total	
Amounts in NOK million	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Cost current year	**63**	39	**194**	174	**124**	127	**29**	20	**410**	360
Cost next year	**59**	37	**157**	154	**112**	112	**25**	14	**353**	317
Total costs 2–5 years	**110**	79	**312**	223	**178**	180	**49**	17	**649**	499
Total costs after 5 years	**24**	7	**84**	33	**16**	19	**4**	-	**128**	59
Total future leasing costs	**193**	123	**553**	410	**306**	311	**78**	31	**1,130**	875

Finance leases

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Total	
Amounts in NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Cost current year	**28**	0	**14**	1	**3**	2	**45**	3
Cost next year	**24**	20	**14**	15	**3**	2	**41**	37
Total costs 2–5 years	**28**	24	**51**	61	**0**	2	**79**	87
Total costs after 5 years	**0**	0	**125**	124	**0**	0	**125**	124
Total future leasing costs	**52**	44	**190**	200	**3**	4	**245**	248
Discounted effect	**(3)**	(4)	**(62)**	(69)	**0**	0	**(65)**	(73)
Net present value leasing costs	**49**	40	**128**	131	**3**	4	**180**	175

31 MORTGAGES AND GUARANTEES

Mortgages and guarantees *show how large a part of the Group's assets is pledged to mortgages in the event of a bankruptcy or a winding-up. Claims that have priority by law (taxes and charges, wages, etc.) must also be taken into account. The table shows that the book value of pledged assets is considerably higher than outstanding mortgage loans. Moreover, the Group's most important loan agreements are based on a negative pledge and therefore the Group can only to a limited extent mortgage its assets to secure its liabilities.*

Amounts in NOK million	2010	2009
Liabilities secured by mortgages	**1,068**	1,372
Mortgaged assets		
Machinery, vehicles, etc.	**159**	94
Buildings and plants	**1,155**	1,134
Inventory	**237**	116
Accounts receivables	**93**	477
Total book value	**1,644**	1,821

"Liabilities secured by mortgages" and "pledged assets" are mainly property projects in partly owned companies in Orkla's real estate group, Orkla Eiendom.

Guarantee commitments *are undertaken as part of the Group's day-to-day operations and in connection with participation in general and limited partnerships. Guarantee commitments cover a variety of guarantees such as surety, rent guarantees and guarantees for other payments.*

Guarantees

Amounts in NOK million	2010	2009
Subscribed, uncalled limited partnership capital	**240**	396
Other guarantee commitments	**801**	659
Total guarantee commitments	**1,041**	1,055

The Group makes limited use of guarantees.

32 RELATED PARTIES

Two parties are deemed to be related if one party can influence the decisions of the other. Related party relationships are a normal feature of commerce and business. However, related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. A company's profit or loss and financial position could in principle be affected by a related party relationship even if no transactions with related parties have actually taken place. The mere existence of the relationship may be sufficient to affect the way the company's other transactions are perceived. To ensure full access to all information of this nature, the following related party relationships are disclosed below.

Orkla ASA is a parent company and has direct and indirect control of around 350 different companies in various parts of the world. Directly-owned subsidiaries are presented in Note 10 to Orkla ASA's financial statements, while other important companies are presented in the Group Directory. Orkla ASA's internal relationship with these companies is shown on separate lines in the company's financial statements (see the Financial Statements for Orkla ASA). Activity within the Group is reported in the segment information disclosed in Note 4.

Orkla has ownership interests in joint ventures. These are presented line by line in the consolidated financial statements based on the Group's ownership interest. The Group's share of internal balances and transactions relating to the joint ventures has been eliminated in the consolidated financial statements. Orkla has provided loans to joint ventures and associates under its real estate group Eiendom and Sapa, totaling NOK 111 million and NOK 124 million, respectively. There are no other material transactions relating to these companies. There have been no other special material transactions between associates and the Group.

Internal trading within the Group is carried out in accordance with special agreements on an arm's length basis, and joint expenses in Orkla ASA are distributed among the Group companies in accordance with distribution formulas, depending on the various types of expense. For further information on intercompany transactions, see Note 4 "Segments".

Orkla's largest shareholder is the Canica system (23.3%). The Canica system and Orkla ASA also both have equity interests in certain companies. There have been no transactions between Orkla and the Canica system, and no form of loan relationship has been established.

There have been no other transactions with related parties. Information regarding the executive management is disclosed in Note 6 to the consolidated financial statements and Note 6 to the financial statements for Orkla ASA.

33 DISCONTINUED OPERATIONS

In a Group as large as Orkla, the corporate structure will change over time as companies are sold and purchased. In connection with major acquisitions, pro forma figures will normally be prepared for the new business combination, while major divestments will be presented as "discontinued operations", extracted from both the figures for the period and comparative figures, and presented on one line in the income statement. This is done in order to make the figures comparable over time and to focus on continuing operations. Where Orkla's businesses are concerned, it will not be relevant to present discontinued operations until an entire segment is divested.

Orkla has sold Borregaard Skoger and Orkla Finans. The gain on the sale of Borregaard Skoger, amounting to NOK 1,309 million, is presented under "Other income and expenses". Deferred taxes totalling NOK 60 million have also been recognised in income. There has not been any restating due to these sales.

An agreement was entered into on 10 January 2011 to sell the operations related to Elkem Silicon-related. The business is presented on one line of the consolidated income statement, and the ordinary income statement for the business is therefore presented in a separate note. The transaction is expected to be completed in the first half of 2011 and the value of the agreement for Orkla is approximately NOK 12.5 billion.

Elkem Aluminium was sold in 2009 and is therefore also included in the presentation.

Amounts in NOK million	2010	2009	2008
Operating revenues	**8,655**	6,830	10,713
Operating expenses external	**(7,577)**	(6,815)	(9,941)
Depreciations and impairment property, plant and equipment	**(696)**	(698)	(484)
Amortisation intangible assets	**-**	(5)	(20)
Operating profit/loss	**382**	(688)	268
Net financial items	**(250)**	(203)	(478)
Profit/loss before tax	**132**	(891)	(210)
Taxes	**(55)**	220	59
Profit/loss after tax	**77**	(671)	(151)
Gain on sale	**-**	1,116	-
M&A costs	**(117)**	-	-
Tax on gain	**-**	(16)	-
Profit/loss for discontinued operations	**(40)**	429	(151)

Cash flow Elkem Silicon-related

Amounts in NOK million	2010	2009
Cash flow from operations before net replacement expenditures	**519**	576
Net replacement expenditures	**(293)**	(251)
Expansion investments	**(921)**	(918)

34 CONDENSED CASH FLOW

Orkla's condensed cash flow is presented in its quarterly reports and used as a reference in the Report of the Board of Directors. At Group level, the condensed cash flow is summed up as a change in net interest-bearing liabilities, an important key figure for the Group, and is used directly in management of the business areas and is part of the segment presentation. Cash flow from operations distinguishes between industrial activities and investment activities, but in total shows the Group's financial capacity from operations to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. The last part of the cash flow statement shows which expansion initiatives have been carried out in the form of direct expansion investments, the acquisition of companies, disposals of companies and changes in the level of investments in the Share Portfolio. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is ascribable to the currency effects of net interest-bearing liabilities. The cash flow statement is summed up as the change in net nominal interest-bearing liabilities.

Amounts in NOK million	2010	2009	2008
Cash flow in the industrial activities:			
Operating profit	**2,940**	5,191	2,509
Amortisation, depreciation and impairment charges	**2,503**	2,653	3,026
Gains on sales of power plants moved to sold companies	**-**	(3,066)	-
Change in net working capital, etc.	**(1,462)**	2,197	(721)
Cash flow from operations before net replacement expenditures	**3,981**	6,975	4,814
Net replacement expenditures	**(1,512)**	(1,173)	(2,271)
Cash flow from operations	**2,469**	5,802	2,543
Financial items, net	**(544)**	(1,261)	(1,611)
Cash flow from the industrial activities	**1,925**	4,541	932
Cash flow from Orkla Financial Investments	**1,236**	1,003	(697)
Taxes paid	**(686)**	(1,402)	(1,327)
Discontinued operations/Other payments	**(620)**	25	143
Cash flow before capital transactions	**1,855**	4,167	(949)
Paid dividends	**(2,360)**	(2,354)	(2,348)
Net purchase of treasury shares	**138**	94	(561)
Cash flow before expansion	**(367)**	1,907	(3,858)
Expansion investment in the industrial activities	**(509)**	(1,765)	(4,142)
Sale of companies/share of companies	**1,854**	5,914	1,317
Purchase of companies/share of companies	**(2,878)**	(3,282)	(1,059)
Net purchase/sale of portfolio investments	**2,130**	2,866	(1,829)
Net cash flow	**230**	5,640	(9,571)
Currency effects of net interest-bearing liabilities	**(34)**	1,936	(1,675)
Change in net interest-bearing liabilities	**(196)**	(7,576)	11,246
Net interest-bearing liabilities	**19,652**	19,848	27,424

Reconciliation «cash flow from operations before replacement expenditures» against condensed cash flow

Amounts in NOK million	2010	2009	2008
Cash flow from operations before net replacement expenditures in condensed cash flow	**3,981**	6,975	4,814
Cash flow from operations before net replacement expenditures from Orkla Financial Investments	**360**	(199)	(88)
Cash flow from operations before net replacement expenditures, see cash flow statement on page 35	**4,341**	6,776	4,726

Reconciliation «change net interest-bearing liabilities» against condensed cash flow

Amounts in NOK million	2010	2009	2008
Change in net interest-bearing liabilities condensed cash flow	**(196)**	(7,576)	11,246
Change in net interest-bearing liabilities acquired companies	**(210)**	(941)	(173)
Change in net interest-bearing liabilities sold companies	**207**	0	214
Change in net interest-bearing liabilities change in cash and cash equivalents	**(1,334)**	(285)	1,472
Change in net interest-bearing liabilities, see the cash flow statement on page 35	**(1,533)**	(8,802)	12,759

35 OTHER MATTERS

Several factors that are not strictly accounting matters may be crucial to the way in which the financial statements are understood. For instance, there may be matters relating to time-limited agreements that could have an impact on future earnings. There may be unresolved legal disputes that could have significant effects if the judgment passed is not as expected. The information below is intended to shed light on such matters and, in combination with the financial statements and other notes, to provide a correct overall picture of the Group's total earnings and financial position.

Long-term cooperation agreements

Agreement with Unilever. Orkla has a cooperation agreement with Unilever relating to detergents and personal care/cosmetic products through Lilleborg as. This agreement, which was originally signed in 1958, was last renegotiated in 2010. The agreement runs until 2014. The adjustments undertaken in the agreement in 2010 entail certain changes in royalty rates relating to know-how, patents and technology.

Contracts. The Group at all times has various contracts for the sale and purchase of goods and services in connection with the production of potatoes, vegetables, fish, timber, etc. These contracts are regarded as part of the Group's ordinary operating activities and are therefore not specified or indicated in any other way. The contracts are deemed to be strictly sale or purchase contracts with no embedded derivatives.

Option. In connection with certain partly-owned companies under Orkla Financial Investments, there are option rights between the shareholders as a result of which Orkla could be obliged to buy all or parts of its co-owners' interests in the companies. In 2010, Orkla Eiendom received notification of the exercise of a put option by Coop Eiendom AS concerning 33.33% of the shares in FinansGruppen Eiendom AS. As of 31 December 2010, Orkla Eiendom owned a 33.33% equity interest in FinansGruppen Eiendom AS. The option will be exercised and the shares will be taken over at fair value.

Events after the balance sheet date

Significant events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a matter that existed on the balance sheet date, and the matter is significant, the financial statements must be changed. If events concern matters that arose after the balance sheet date, the matters may have to be disclosed in a note.

The market price of the REC share has risen since the end of 2010 and up to the board meeting in Orkla ASA (9 February 2011). If the price remains at this level, it will entail recognition of income in the first quarter of 2011 (see Note 3). Orkla will revert to the ordinary method of accounting for associates when the REC share price is over NOK 43.

The remainder of the insurance settlement for the fire at Sapa Heat Transfer's plant in Finspång is expected to be taken to income in the first half of 2011. The accounting income from these settlements will be presented on the same line as the cost, under "Other income and expenses" (see also page 37).

No other events have taken place after the balance sheet date that would have affected the financial statements or any assessments carried out.

Financial Statements for Orkla ASA

Besides all head office activities, the financial statements of the holding company Orkla ASA cover the Group's Share Portfolio and its real estate activities, which are part of the business operations of Orkla Eiendom.

Activities at head office include the Group's executive management and the corporate functions communication, legal affairs, corporate development, HR, accounting/finance, risk management and internal audit. The corporate function staff largely carry out assignments for the Group's other companies, and charge the companies for these services. The Group Treasury acts as a Group bank and is responsible for the Group's external financing, management of the Group's liquid assets and overall management of the Group's currency and interest risks.

A decision was made to close down the two other corporate functions at the head office, Corporate Development Purchasing (CDP) and Corporate Development Operations (CDO) at the end of the year. The intention is to instead adopt a decentral model whereby these functions are carried out at business area level.

Orkla ASA owns certain trademarks that are utilised by various companies in the Orkla Group. Royalty fees are invoiced for the use of these trademarks.

INCOME STATEMENT

Amounts in NOK million	Note	2010	2009
Operating revenues		**1**	2
Other operating revenues Group		**466**	415
Operating revenues		**467**	417
Payroll expenses	2	**(370)**	(322)
Other operating expenses		**(425)**	(292)
Depreciation and amortisation	8, 9	**(6)**	(6)
Operating loss		**(334)**	(203)
Income from investments in other companies		**511**	247
Received Group contributions and dividends		**10,158**	5,860
Other finance income	7	**1,520**	48
Finance costs Group		**(380)**	(90)
Other finance costs	7	**(3,229)**	(3,288)
Net foreign exchange gains and losses		**144**	1,644
Gains Share Portfolio		**1,767**	582
Profit before taxes		**10,157**	4,800
Taxes	11	**(233)**	(706)
Profit after tax		**9,924**	4,094
Proposed dividend (not provided for)		**(2,555)**	(2,293)

Comprehensive Income

		2010	2009
Profit before tax		**9,924**	4,094
Change in unrealised gains on shares		**947**	2,510
Change in hedging reserve		**(51)**	10
Comprehensive income		**10,820**	6,614

STATEMENT OF CASH FLOWS

Amounts in NOK million	2010	2009
Operating profit/loss	**(334)**	(203)
Depreciations and impairment charges	**6**	6
Changes in net working capital etc.	**251**	114
Dividends received	**511**	247
Financial items, net	**(146)**	479
Taxes paid	**(150)**	(46)
Cash flow from operating activities	**138**	597
Replacement expenditures	**(17)**	(56)
Sale of companies	**1,486**	-
Net change in investments in subsidiaries	**(5,718)**	(528)
Investments in foreign companies	**(4,723)**	(977)
Net purchase/sale Share Portfolio	**2,132**	2,868
Received Group contributions etc.	**5,017**	1,263
Cash flow from investing activities	**(1,823)**	2,570
Dividends paid	**(2,294)**	(2,288)
Net share buy-back	**138**	94
Net paid to shareholders	**(2,156)**	(2,194)
Change in other interest-bearing liabilities	**6,938**	543
Change in interest-bearing own receivables	**(3,270)**	(1,466)
Change in net interest-bearing liabilities	**3,668**	(923)
Cash flow from financing activities	**1,512**	(3,117)
Change in cash and cash equivalents	**(173)**	50

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in NOK million	Note	2010	2009
Intangible assets	9	**35**	40
Property, plant and equipment	8	**174**	159
Investments in subsidiaries	10	**28,043**	22,378
Loans to Group companies		**23,908**	20,917
Shares in other companies	5	**7,622**	5,460
Other financial assets		**496**	559
Non-current assets		**60,278**	49,513
Accounts receivables external		**24**	99
Other receivables		**239**	675
Loans to Group companies		**10,564**	5,545
Share Portfolio investments	See Note 19 Group	**11,620**	11,000
Cash and cash equivalents		**-**	167
Current assets		**22,447**	17,486
Total assets		**82,725**	66,999

Equity and liabilities

Amounts in NOK million	Note	2010	2009
Paid in equity	See Group's Statement of changes in equity	**1,999**	1,995
Retained earnings		**39,439**	30,701
Equity		**41,438**	32,696
Deferred tax	11	**155**	15
Pension liabilities	2	**106**	46
Non-current liabilities Group		**530**	465
Other non-current liabilities	12	**20,335**	26,873
Non-current liabilities and provisions		**21,126**	27,399
Tax payable		**29**	134
Current liabilities to Group companies		**19,113**	5,852
Accounts payable		**18**	13
Other current liabilities		**995**	905
Overdraft		**6**	-
Current liabilities		**20,161**	6,904
Equity and liabilities		**82,725**	66,999

Notes for Orkla ASA

1 ACCOUNTING PRINCIPLES

The financial statements for Orkla ASA have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act. Dividends and Group contributions have been accounted for according to good accounting practice as an exception from IFRS. The explanations of the accounting principles for the Group also apply to Orkla ASA, and the notes to the consolidated financial statements will in some cases cover Orkla ASA. Shareholdings in subsidiaries are presented at cost.

2 PAYROLL AND PENSIONS

Amounts in NOK million	2010	2009
Wages	(205)	(207)
National insurance contribution	(33)	(37)
Remuneration of the Board, Corporate Assembly and other pay-related costs[1]	(69)	(53)
Pension costs	(63)	(25)
Payroll expenses	(370)	(322)
Average number of man-years	159	168

[1] Including costs relating to discounted sales of shares to employees totalling NOK 3 million in 2010 (NOK 17 million in 2009). The difference is due to invoicing of the cost to the subsidiaries in 2010.

Breakdown of net pension costs

The assumptions on which the calculation of pension costs has been based are disclosed in Note 7 to the consolidated financial statements.

Amounts in NOK million	2010	2009
Current service cost (incl. national insurance contribution)	(6)	(7)
Interest cost on pension obligations	(16)	(13)
Expected return on plan assets	5	8
Actuarial gains and losses	(8)	(8)
Settlement costs (individual polices to pensioners)	(34)	-
Contribution plans	(4)	(5)
Pension costs	(63)	(25)

Breakdown of net pension liabilities 31 December

Amounts in NOK million	2010	2009
Present value of pension obligations	(297)	(325)
Pension plan assets[1]	84	158
Net pension liabilities	(213)	(167)
Unrecognised actuarial gains and losses	107	121
Capitalised pension liabilities	(106)	(46)

[1] Will be transferred to a deposit fund.

In view of the fact that all active members of the closed defined benefit plan became old-age pensioners in the course of 2010, Orkla decided to terminate the plan and transfer all pensioners to individual policies. The assets in the company's premium fund are to be transferred to a contribution fund. The remaining net assets in the funded plan, amounting to NOK 34 million, were expensed in connection with the reversal of the funded agreement. This means that, as of 31 December 2010, all active employees are members of the company's defined contribution pension plan. Premiums paid to the defined contribution plan are expensed immediately.

The remaining net pension liabilities as of 31 December 2010 mainly consist of unfunded pension plans for former key personnel and early retirement (AFP) schemes charged to revenues, and book liabilities related to contribution-based plans for employees who earn more than twelve times the Norwegian National Insurance Scheme's basic amount (12G).

The company has a pension plan that meets the requirements of the Compulsory Service Pensions Act.

3 GUARANTEES AND MORTGAGES

Amounts in NOK million	2010	2009
Subscribed, uncalled limited partnership capital	240	396
Guarantees to subsidiaries	255	372
Other guarantees	251	128

4 LOANS TO EMPLOYEES

Other financial assets include loans to employees.

Amounts in NOK million	2010	2009
Loans to employees	8	8

5 SHARE INVESTMENTS

Amounts in NOK million	Book value	Ownership interest[1]	Head office
REC ASA	7,049	39.7%	NO-Bærum
Fornebu Utvikling ASA (FBU)	573	32.4%	NO-Bærum
Total	7,622		

[1] The voting rights are the same as the ownership interest.

Orkla ASA took over Elkem's shares in REC in 2010 and now owns the entire Group's equity interest in the company. In 2010, the shares in REC were written down to market value as of 31 December 2010, as has been done at Group level. FBU was written down to the Group's carrying value per share as of 31 December 2010. The write-downs amounted to NOK 2,539 million for the REC shares and NOK 43 million for the FBU shares.

6 REMUNERATION AND CONTRACTUAL ARRANGEMENTS

Remuneration to the Group Executive Board

The Board of Directors decides the terms and conditions of the President and CEO and makes decisions on fundamental issues relating to the Group's compensation policy for other employees. The Board of Directors has a special Compensation Committee that prepares matters relating to compensation for decision by the Board. The Committee consists of three Board members, one of whom is elected by the employees, and is chaired by the Board chair.

In 2010 the Group Executive Board comprised the following members: Dag J. Opedal (President and CEO until 8 September 2010), Bjørn M. Wiggen (CEO of Sapa until 7 September 2010, President and CEO of Orkla as from 8 September 2010), Torkild Nordberg, Roar Engeland, Hilde Myrberg, Terje Andersen and Timothy R. J. Stubbs (CEO of Sapa from 8 September 2010). Karin Aslaksen was appointed Executive Vice President, Strategic HR and Communication as from 1 January 2011. Hilde Myrberg stepped down from the Group Executive Board from the same date. Svein Tore Holsether was appointed Executive Vice President in charge of Mergers & Acquisitions as from 1 February 2011.

The following salaries and remuneration were paid out to the Group Executive Board in 2010:

Amounts in NOK	Ordinary salary	Bonus	Benefits in kind[1]	Pension costs
Bjørn M. Wiggen[2]	4,196,390	2,240,651	184,102	946,633
Dag J. Opedal	4,996,479	1,919,196	202,140	1,529,767
Torkild Nordberg	3,274,236	1,279,406	193,382	1,067,690
Roar Engeland	2,939,032	1,084,960	174,434	715,760
Timothy R. Stubbs[3]	1,178,676			385,700
Hilde Myrberg	2,078,355	767,679	167,103	714,743
Terje Andersen	2,665,346	1,056,018	210,365	852,625
Total remuneration	21,328,514	8,347,910	1,131,526	6,212,918

[1] Options are shown in table on next page.
[2] Total pay in Sapa and Orkla.
[3] Proportional annual pay for the period.

Bjørn M. Wiggen owns 178,869 shares in Orkla. Shares owned by the other members of the Group Executive Board are presented on page 22. The members of the Group Executive Board have a period of notice of six months, and their retirement age is 65. From the age of 65 until they reach the age of 67, Orkla will pay them 66% of their salary upon retirement, after which their pension will be paid from Orkla's defined contribution plan. The President and CEO retains his or her options if the employment relationship is terminated. Terje Andersen has a personal loan on which a regulated interest rate is charged. The balance as of 31 December 2010 was NOK 909,552. No other members of the Group Executive Board have personal loans.

If an employee in the Group Executive Board, by mutual agreement and in the best interests of the company, terminates the employment contract, the employee will receive a salary and contractual benefits for up to 12 months after the period of notice. 75% of any income from another permanent post during the 12-month period will be deducted.

In 2010 the members of the Group Executive Board have participated in the Group's annual bonus system which rewards improvement (operational excellence). The members of the Group Executive Board participate in the Group's general employee share purchase programme. No guarantees have been provided for members of the Group Executive Board.

Outstanding options awarded to the Group Executive Board as of 31 December 2010

	Number	Award date (dd/mm/yyyy)	Strike price	1st exercise (dd/mm/yyyy)	Last exercise (dd/mm/yyyy)
Bjørn M. Wiggen	100,000	24.03.2006	56.10	Day after publication of Orkla's financial result for 2008 (February 2009)	15.12.2011
	35,000	08.05.2008	81.40	08.05.2011	08.05.2014
	100,000	22.05.2009	52.36	22.05.2012	22.05.2015
	105,000	10.05.2010	51.38	10.05.2013	10.05.2016
Exercised:	-100,000	04.10.2004	38.71	Exercise price 55.35	
Roar Engeland	150,000	14.02.2005	46.74	Day after publication of Orkla's financial result for 2007 (February 2008)	28.02.2011
	150,000	24.03.2006	63.25	Day after publication of Orkla's financial result for 2008 (February 2009)	20.02.2012
	150,000	16.02.2007	93.94	Day after publication of Orkla's financial result for 2009 (February 2010)	20.02.2013
	65,000	08.05.2008	81.40	08.05.2011	08.05.2014
	100,000	22.05.2009	52.36	22.05.2012	22.05.2015
	105,000	10.05.2010	51.38	10.05.2013	10.05.2016
Torkild Nordberg	25,000	08.12.2005	56.98	Day after publication of Orkla's financial result for 2008 (February 2009)	15.12.2011
	100,000	24.03.2006	56.10	Day after publication of Orkla's financial result for 2008 (February 2009)	15.12.2011
	70,000	08.05.2008	81.40	08.05.2011	08.05.2014
	110,000	22.05.2009	52.36	22.05.2012	22.05.2015
	115,000	10.05.2010	51.38	10.05.2013	10.05.2016
Exercised:	-25,000	23.11.2004	40.47	Exercise price 55.35	
	-25,000	07.12.2004	40.14	Exercise price 55.35	
Terje Andersen	75,000	24.03.2006	56.10	Day after publication of Orkla's financial result for 2008 (February 2009)	15.12.2011
	40,000	08.05.2008	81.40	08.05.2011	08.05.2014
	90,000	22.05.2009	52.36	22.05.2012	22.05.2015
	95,000	10.05.2010	51.38	10.05.2013	10.05.2016
Exercised:	-15,000	23.11.2004	40.47	Exercise price 55.35	
Tim Stubbs	50,000	10.05.2010	51.38	10.05.2013	10.05.2016
Hilde Myrberg	75,000	24.03.2006	60.50	Day after publication of Orkla's financial result for 2008 (February 2009)	15.12.2011
	40,000	08.05.2008	81.40	08.05.2011	08.05.2014
	70,000	22.05.2009	52.36	22.05.2012	22.05.2015
	75,000	10.05.2010	51.38	10.05.2013	10.05.2016

The Board of Directors' statement of guidelines for the remuneration of the executive management

Pursuant to section 6-16a of the Public Limited Companies Act, the Board of Directors must draw up a special statement of guidelines for the pay and other remuneration of senior executives. Furthermore, section 5-6 (3) of the same Act prescribes that an advisory vote must be held at the General Meeting on the Board of Directors' guidelines for the remuneration of the executive management for the coming financial year (see (ii) below). In so far as the guidelines concern share-related incentive arrangements, these must also be approved by the General Meeting (see (iii) next page).

(i) Pay and other remuneration of the executive management

Information regarding pay and other remuneration of the executive management in the previous financial year has been provided on the previous page.

(ii) Guidelines for payment and other remuneration of the executive management

With regard to guidelines for pay and other remuneration of the executive management in the coming financial year, the Board of Directors will present the following guidelines to the General Meeting in 2011 for an advisory vote:

The purpose of Orkla's terms and conditions policy is to attract personnel with the competence that the Group requires, further develop and retain employees with key expertise, and promote a long-term perspective and continuous improvement with a view to achieving Orkla's business goals. The general approach adopted in Orkla's policy has been to pay fixed salaries and pensions based on the market median for comparable enterprises, while offering a variable element which is linked to results, share price performance, etc. (bonuses and options) and which has been better than the median. Compensation may consist of the following elements:

(a) Fixed elements

Orkla uses internationally recognised job assessment systems to find the "right" level for the job and the fixed salary. Jobs are assessed in relation to their local market (country) and a pay range of the median +/- 20% is applied. The employee's responsibilities, results and performance determine where he or she is placed on the salary scale. Orkla has a defined contribution pension plan in Norway.

The contribution rates have been 4% for salaries between 1G and 6G and 8% for salaries between 6G and 12G. For salaries over 12 G, the contribution rate is 15% (as from 1 May 2010 1G is NOK 75,641). For members of the Group Executive Board, the rate is 27% during the period they serve on the Group Executive Board. Employees who have entered into an early retirement agreement entitling them to retire before the age of 67 receive a pension, charged to revenues, that is equivalent to 60 per cent of their annual pay, with the exception of the Group Executive Board who receive 66%. Both rates are subject to a minimum of 30 qualifying years. In addition to the above, the Group provides benefits such as a company car and company telephone and other limited benefits in kind.

(b) Variable elements – annual bonus
Orkla has a system of annual bonuses that reward improvement (operational excellence). Under this system, a "good performance", which is specifically defined for the various elements, can result in an annual bonus of 30% of an employee's fixed pay, while the maximum bonus is 100% of the employee's annual pay. This bonus system applies to approximately 300 senior executives.

(iii) Special comments on share-based incentive arrangements

Option programme for executive management and key personnel
The Board proposes to continue the programme of employee options for executive management and key personnel, subject to a ceiling of 1.5 annual salaries in potential annual gains for the Group Executive Board and one annual salary for other participants. A quota of 6 million options is recommended (approximately 0.6% of shares outstanding), to be awarded on the basis of the following criteria:

- Human resource development
- Achievement of financial targets
- Improvements in the executive's sphere of responsibility
- Collaboration
- Application in practice of Orkla's basic values
- Potential for further development
- Market considerations – securing key competence
- Other factors

Group Executive Board members are expected to use 50% of their net proceeds from the exercise of options to purchase Orkla shares until the individual member's shareholding of Orkla shares has a market value equivalent to a minimum of one year's gross annual salary. The President and CEO is expected to increase his shareholding until it reaches a market value of a minimum of two years' gross annual salary.

The main award of options is to take place once a year based on the share price on the day after the results for the first quarter are published. Option awards made at other times during the year are to be based on the share price on the day after the results for the following quarter are published. The strike price for the options is 10% above market price at the time of the award and options may not be exercised until, at the earliest, three years and, at the latest, six years after the award. The number of options awarded to the programme participants is based on the assumption that the increase in the value of the Orkla share will outperform the historical rise in the value of the Oslo Stock Exchange Benchmark Index by 25% in order for the option to pay off in full. Besides the Group Executive Board, the target group for the option programme comprises the management teams in the business areas/units and certain other key personnel, and comprises around 250 management staff and key personnel.

(iv) Senior executive salary policy in previous accounting years

The guidelines for the pay and remuneration of senior executives described in (ii) also served as guidelines for the determination of senior executive remuneration in 2010.

(v) Changes to agreements

On 2 July 2010, Dag J. Opedal informed the Board of Directors that he wished to step down as President and CEO in the course of the year. He will receive pay and contractual benefits for 12 months after his six-month period of notice. 50% of any income from other employment will be deducted. Mr Opedal stepped down from the position on 8 September 2010, and his earned pension entitlement will be paid out in 2011. Under his employment agreement, he will retain his options. Bjørn M. Wiggen took up the position of President and CEO on 8 September 2010 at an annual salary of NOK 5,650,000. On the same date, Timothy R. J. Stubbs was appointed CEO of Sapa AB. No other changes have been made in agreements with senior executives.

Discounted shares for employees
For several years the Group has had a programme that gives employees the opportunity to buy a limited number of shares (in 2010 the maximum amount before the discount was NOK 40,000) at a discount of 30% in relation to the market price of the share. In 2010 this programme covered employees in 27 countries and approximately 30,000 employees. The Board of Directors recommends to the General Meeting that the employee share purchase programme be continued on the same conditions as in 2010.

Remuneration of the Board of Directors and Board members' shareholdings
As of 1 June 2010, the Board of Directors is remunerated in accordance with the following rates:

Board Chair	NOK	575,000	per year
Board Deputy Chair	NOK	450,000	per year
Board member	NOK	340,000	per year
Observer	NOK	129,000	per year
Deputy member	NOK	22,500	per meeting

Audit Committee and Compensation Committee

Committee Chair	NOK	113,000	per year
Member	NOK	85,000	per year

No loans have been granted to or guarantees provided for members of the Board of Directors.

Shareholdings of members of the Board of Directors

Amounts in NOK	Number of shares[1]
Shareholder-elected Board members	
Stein Erik Hagen	239,887,000
Svein S. Jacobsen	40,000
Bjørg Ven	15,000
Åse Aulie Michelet	8,500
Peter A. Ruzicka	405,250
Kristin Skogen Lund	1,000
Jesper Ovesen	0
Employee-elected Board members	
Aage Andersen	3,239
Gunn Liabø	6,679
Bjørn Rune Henriksen	2,186
Employee-elected Board observers	
Peer Sørensen	2,400
Kennet Hertz	0

[1] Total share ownership including related parties.

Remuneration of the Corporate Assembly and Nomination Committee
The Chair of the Corporate Assembly receives an annual fee of NOK 130,000, and the Deputy Chair receives NOK 32,500. Remuneration for meeting attendance is NOK 6,500 per meeting. The Chair of the Nomination Committee receives remuneration of NOK 6,500 per meeting, while the other members receive NOK 4,500.

The shareholdings of members of the Corporate Assembly is presented on page 97.

No loans have been granted to or guarantees provided for members of the Corporate Assembly.

Fees to Group external auditor (continuing operations[1])

Amounts in NOK million (excl. VAT)	2010	2009
Parent company		
Statutory audit	**2.8**	2.8
Other attest services	**-**	0.2
Tax consultancy services	**3.3**	3.9
Other non-audit services	**0.3**	0.5
Group		
Statutory audit	**35**	35
Other attest services	**1**	1
Tax consultancy services	**10**	8
Other non-audit services	**2**	3
Total fees to Ernst & Young	**48**	47
Statutory audit fee to other auditors	**1**	2

[1] The fee paid to Ernst & Young for 2010 in connection with discontinued operations amounts to NOK 6 million for statutory audit services and NOK 34 million for other services, primarily "vendor due diligence", of which NOK 32 million has been invoiced to Orkla ASA. The corresponding figures for 2009 were NOK 8 million for statutory audit services and NOK 1 million for other services.

7 OTHER FINANCE INCOME AND FINANCE COSTS

Other finance income is mainly the gain on the sale of Borregaard Skoger.

Amounts in NOK million	2010	2009
Interest costs	**(428)**	(674)
Change in fair value interest element	**(65)**	(243)
Write-down share investments, see Note 5	**(2,582)**	(2,054)
Losses and write-down subsidiaries[1]	**(69)**	(250)
Others	**(85)**	(67)
Total other finance costs	**(3,229)**	(3,288)

[1] Write-down Orkla Foods Romania and the sale of Orkla Finans (2009: Borregaard Switzerland).

8 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million	Land, buildings and other property	Machinery and equipment	Total
Book value 1 January 2010	96	63	**159**
Additions	-	17	**17**
Depreciation	-	(2)	**(2)**
Book value 31 December 2010	96	78	**174**
Initial cost 1 January 2010	114	118	**232**
Accumulated depreciation and impairment 1 January 2010	(18)	(55)	**(73)**
Book value 1 January 2010	96	63	**159**
Initial cost 31 December 2010	114	132	**246**
Accumulated depreciation and impairment 31 December 2010	(18)	(54)	**(72)**
Book value 31 December 2010	96	78	**174**

9 INTANGIBLE ASSETS

Amounts in NOK million	Trademarks not amortisable	IT	Total
Book value 1 January 2010	26	14	**40**
Amortisation	-	(5)	**(5)**
Book value 31 December 2010	26	9	**35**
Initial cost 1 January 2010	26	31	**57**
Accumulated depreciations and impairment 1 January 2010	-	(17)	**(17)**
Book value 1 January 2010	26	14	**40**
Initial cost 31 December 2010	26	31	**57**
Accumulated depreciations and impairment 31 December 2010	-	(22)	**(22)**
Book value 31 December 2010	26	9	**35**

10 SHARES IN SUBSIDIARIES, DIRECTLY OWNED

Amounts in NOK million	Book value	Group's share of capital
Elkem AS	10,130	100%
Procordia Food AB	5,469	100%
Industriinvesteringer AS	2,847	100%
Chips Ab	2,829	100%
Chips Scandinavian Company AB[1]	1,516	40%
Elkem Solar Holding AS	1,200	100%
Orkla Brands AS	517	100%
Swebiscuits AB	512	100%
Axellus AS	590	100%
Orasa Invest AS	452	100%
Borregaard Industries Limited Norge		
Ordinary shares	271	100%
Preference shares	43	99.9%
Bakers AS	249	100%
Orkla Eiendom AS	244	100%
Orkla Foods Romania SA	184	100%
Orkla Insurance Company Ltd.	117	100%
Nidar AS	110	100%
Orkla Asia Holding AS	166	100%
Borregaard NEA AS	101	100%
Denomega Nutritional Oils AS	78	100%
Øraveien Industripark AS	55	100%
Lilleborg AS	87	100%
Viking Askim AS	56	100%
Chr. Salvesen & Chr. Thams's Comm. AS	44	100%
Orkla Invest AB	38	100%
Orkla Shared Services AS	55	100%
Vfot AS	27	100%
NINO AS	25	100%
Meraker Eiendom Holding AS	19	100%
Sætre AS	11	100%
Borregaard Sveits[2]	1	0.4%
Total	28,043	

[1] 60% of the shares in Chips Scandinavian Company AB owned by Chips Ab.
[2] The rest of the shares owned by LignoTech Sweden AB.

Only directly owned subsidiaries are included in the above table. The Group also has indirect ownership in approximately 350 subsidiaries, of which the profit/loss and equity are important in the evaluation of the above companies. The most important indirectly-owned subsidiaries are shown in the Group Directory at the end of the annual report. In 2010 a demerger was carried out in Elkem, whereby close to 30% of the assets in Elkem were split off to form the companies Industri-investeringer, Elkem Solar Holding and Meraker Eiendom Holding. A major capital increase was also carried out in Elkem in connection with the demerger.

11 TAXES

Amounts in NOK million	2010	2009
Profit before taxes	**10,157**	4,800
Change in temporary differences	**(500)**	(2,478)
Correction for change in temporary differences previous years	**(103)**	(199)
Correction for change in temporary differences taken to comprehensive income	**(173)**	598
Total change in temporary differences	**(776)**	(2,079)
Tax-free dividends, capital gains (loss) and write-downs	**(383)**	1,885
Group contributions without tax	**(9,300)**	(4,843)
Other permanent differences	**302**	237
Total permanent differences	**(9,381)**	(2,721)
Total taxable income	**0**	0
Calculated current tax expense	**0**	0
Withholding tax foreign dividends	**(18)**	(18)
Correction concerning previous years	**(26)**	(162)
Total current tax expense	**(44)**	(180)
Change in deferred tax	**(189)**	(526)
Total tax expense	**(233)**	(706)

Deferred tax

Amounts in NOK million	2010	2009
Financial derivatives	632	803
Unrealised gains (losses) on shares outside the tax exemption method taken to comprehensive income	853	952
Accumulated write-downs outside the tax exemption method taken to profit and loss	(648)	(920)
Hedges taken to comprehensive income	1	64
Property, plant and equipment	(3)	(5)
Pension liabilities	(173)	(46)
Other current liabilities	(6)	6
Losses carried forward	(103)	(801)
Basis for deferred tax	553	53
Deferred tax liabilities/assets	155	15
Change in deferred tax	(140)	(694)
Change in deferred tax taken to comprehensive income	(49)	168
Change in deferred tax in the income statement	(189)	(526)

Reconciliation of the total tax expense

Amounts in NOK million	2010	2009
28 % of profit before taxes	(2,844)	(1,344)
Tax-free dividends, capital gains (losses) and write-downs Share Portfolio	421	18
Write-downs shares in REC	(711)	(575)
Net gain on sale of Borregaard Skoger and Orkla Finans	398	
Group contributions without tax	2,604	1,356
Other permanent differences	(85)	(37)
Withholding tax	(18)	(18)
Change from previous years	2	(106)
Total tax expense for Orkla ASA	(233)	(706)

12 FINANCIAL RISK

The risk associated with financial instruments in Orkla ASA is related to the following activities:

Share Portfolio

Changes in share prices and currency exchange rates are sources of financial risk for the Share Portfolio. In Note 19 to the consolidated financial statements, this risk is quantified. Currency risk and currency hedges are shown in Note 25 and Note 26 to the consolidated financial statements.

Group internal bank

The Treasury Department of Orkla ASA manages the interest rate and currency risk for the Group. The Treasury Department acts as Group internal bank and initiates virtually all external borrowing and hedging transactions in interest rate and currency derivatives. The subsidiaries offload their currency risk by entering into internal currency hedging contracts with the internal bank, which in turn hedges this risk through external hedging positions. Additionally, the internal bank holds debt in foreign currencies in order to hedge currency risk on internal loans and the book value of net investments including goodwill. The internal bank does not actively take on currency risk. Internal loans and deposits are at floating interest rates, and no Group-internal interest hedging contracts are made. Management of interest rate and currency risk for Group-external items is described in more detail in Note 25 to the consolidated financial statements.

Other matters

Orkla ASA has entered into a total return swap on the Orkla share for hedging of costs related to management bonus programmes. This is further disclosed in Note 6 to the consolidated financial statements.

Further details of the organisation of risk management and the risk related to financial instruments are disclosed in Note 25 to the consolidated financial statements.

Derivatives and hedge-accounting

Currency forward contracts. The currency risk on the market value of foreign shares in the Share Portfolio is hedged according to policy with currency forward contracts. This is further described in Note 25 to the consolidated financial statements. The Share Portfolio does not use hedge accounting of currency hedging instruments.

The internal and external currency forward contracts and cross currency swaps are recognised at fair value in the balance sheet with changes of fair value through profit and loss. Currency effects on internal and external loans are also accounted for through profit and loss.

Interest rate swaps. External borrowings for the Group predominantly take place in the name of Orkla ASA. Loans originated at fixed interest rates are swapped at floating interest rates through interest rate swaps. These swaps are recognised as fair value hedges with fair value changes through profit and loss. As of 31 December 2010 the fair value of such interest rate swaps was NOK 489 million (2008: NOK 365 million). During the year NOK 124 million was recognised as financial income from changes in the fair value of these interest rate swaps, and NOK 128 million was recognised as financial cost from fair value changes relating to the loans.

When Orkla hedges future interest payments, interest rate swaps, where Orkla receives floating interest rates and pays fixed interest rates, are used. These interest rate swaps are recognised as cash flow hedges with changes in fair value through comprehensive income. As of 31 December 2010 the fair value of these swaps amounted to NOK 1 million (2009: NOK 63 million).

Interest rate swaps with short duration and FRAs are recognised with changes in fair value through profit and loss. The fair value as of 31 December 2010 was NOK 1 million (2009: NOK 7 million).

Equity hedging reserve. Development in equity hedging reserve:

Amounts in NOK million	2010	2009
Opening balance hedging reserve before tax	86	72
Booked as financial items	(7)	0
Fair value change during the year	(61)	14
Closing balance equity hedging reserve before tax	18	86

The hedging reserve is expected to be reclassified to the income statement as follows:

2011:	NOK 7 million
After 2011:	NOK 11 million

During 2010 no hedging inefficiency on cash flow hedges has been recognised in the income statement.

13 OTHER MATTERS

PAYE tax guarantee
Orkla ASA has a bank guarantee to cover Pay-As-You-Earn (PAYE) tax payable by employees. The company has no other tied assets.

Material leases
Orkla ASA leases office premises at Karenslyst allé 6, Skøyen, in Oslo. In 2010 the building was sold by its subsidiary Sjølyst Park AS to Investorprosjekt 93 AS. A new time-limited agreement was therefore entered into which expires in 2020, with an option to extend the contract twice for five years. Leasing expenses amounted to NOK 17 million in 2010.

Matters disclosed in the Notes to the consolidated financial statements
Share-based payment – Note 6.
Events after the balance sheet date – Note 35.

Shareholders in Orkla ASA
A list of the largest shareholders in Orkla ASA is presented in Note 28.

Statement from the Board of Directors Orkla ASA

We confirm that the financial statements for the period 1 January up to and including 31 December 2010, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group taken as a whole, and that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, 9 February 2011
The Board of Directors of Orkla ASA

Stein Erik Hagen
Chair

Svein S. Jacobsen
Deputy Chair

Aage Andersen

Bjørn Rune Henriksen

Gunn Liabø

Kristin Skogen Lund

Åse Aulie Michelet

Jesper Ovesen

Peter A. Ruzicka

Bjørg Ven

Bjørn M. Wiggen
President & CEO

Auditor's report for 2010

TO THE GENERAL MEETING OF ORKLA ASA

Report on the financial statements
We have audited the accompanying financial statements Orkla ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2010, the statements of income, changes in equity and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2010, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements
The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company
In our opinion, the financial statements of Orkla ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group
In our opinion, the financial statements of Orkla ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards on Accounting as adopted by the EU.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the Board of Directors' report
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 11 February 2011
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Statement from the Corporate Assembly

TO THE GENERAL MEETING OF ORKLA ASA

The Corporate Assembly of Orkla ASA has received the Board of Directors' proposed annual report and financial statements for 2010 for Orkla ASA and the Group and recommends that the General Meeting approve the financial statements and the proposal of the Board of Directors for the allocation of profit for 2010.

Oslo, 3 March 2011
For the Corporate Assembly of Orkla ASA

Idar Kreutzer
Chair of the Corporate Assembly

Historical key figures

	Definition		2010	2009	2008	2007	2006
INCOME STATEMENT							
Operating revenues		(NOK million)	**57,338**	56,228	65,579	63,867	52,683
EBITA*		(NOK million)	**3,944**	2,448	4,240	5,112	5,084
Amortisation intangible assets		(NOK million)	**(52)**	(213)	(228)	(230)	(216)
Other income and expenses		(NOK million)	**330**	2,871	(1,654)	(814)	(388)
Operating profit		(NOK million)	**4,222**	5,106	2,358	4,068	4,480
EBITA-margin*	1	(%)	**6.9**	4.4	6.5	8.0	9.7
Ordinary profit/loss before taxes		(NOK million)	**20**	1,071	(2,015)	10,059	8,525
Gains/profit/loss discontinued operations		(NOK million)	**(40)**	993	(55)	0	4,109
Profit/loss for the year		(NOK million)	**(864)**	2,560	(2,965)	8,445	11,288
CASH FLOW							
Net cash flow		(NOK million)	**230**	5,640	(9,571)	(5,216)	4,882
RETURN							
Return on capital employed (excl. Orkla Financial Investments)	2	(%)	**10.5**	5.2	9.4	11.5	13.0
Return on Share Portfolio investments		(%)	**31.8**	39.0	(45.3)	16.2	27.4
CAPITAL AS OF 31 DECEMBER							
Book value of total assets		(mill. NOK)	**87,541**	94,686	104,926	94,792	79,612
Market capitalisation	3	(mill. NOK)	**57,947**	57,934	46,223	107,817	72,690
Equity ratio	4	(%)	**53.6**	51.7	47.7	58.3	60.4
Net interest-bearing liabilities	5	(mill. NOK)	**19,652**	19,848	27,424	16,178	11,420
Interest coverage ratio	6		**1.1**	2.2	(1.1)	15.3	15.7
Average borrowing rate		(%)	**2.2**	3.5	5.3	4.9	3.9
Share of floating interest-bearing liabilities	7	(%)	**76**	78	96	75	88
Average time to maturity liabilities	8	(år)	**4.3**	4.2	4.7	5.3	4.6
SHARES							
Average number of shares outstanding diluted		(x 1,000)	**1,019,688**	1,017,509	1,017,830	1,031,292	1,034,380
Average number of shares outstanding		(x 1,000)	**1,019,619**	1,017,110	1,016,315	1,027,807	1,031,654
SHARE-RELATED KEY FIGURES							
Share price at 31 December		(NOK)	**56.70**	56.85	45.45	105.25	70.6
Earnings per share diluted	9	(NOK)	**(0.9)**	2.5	(2.8)	8.1	10.9
Ordinary dividend per share (proposed for 2010)		(NOK)	**2.50**	2.25	2.25	2.25	2.0
Payout ratio	10	(%)	**(277.8)**	90.0	(80.4)	27.8	29.1[1]
Price/earnings ratio	11		**(63.0)**	22.7	(16.2)	13.0	10.3[1]
PERSONNEL							
Number of employees			**30,233**	30,167	31,541	34,680	28,664
Number of man-years			**29,748**	29,571	30,937	34,854	28,309

* EBITA = Operating result before amortisation and other income and expenses.

[1] Before net profit and gain on sale of Orkla Media (NOK 4.0 per share).

Definition:
1 EBITA*/Operating revenues
2 EBITA*/(Average net working capital + Average tangible assets + Average intangible assets at cost – Average net pension liabilities – Average deferred tax excess value)
3 Market capitalisation is calculated on the basis of number of shares outstanding x Average share price at year end
4 Book equity/Total assets
5 Total interest-bearing liabilities - Interest-bearing receivables and liquid assets (cash, bank deposits etc.)
6 (Profit before tax + Net interest expenses)/(Net interest expenses)
7 Liabilities with remaining period of fixed interest of less than one year
8 Average time to maturity long term interest-bearing liabilites and unutilised committed credit facilities
9 Profit for the year after minority interests/Average number of shares outstanding diluted at year end
10 Ordinary dividend per share/Earnings per share diluted
11 Share price/Earnings per share diluted

Asset values

One possible model for valuing Orkla is to distinguish between industrial assets, where the value lies in future earnings from continuing operations, and the Group's negotiable assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from industrial activities.

The main data necessary for a valuation of Orkla's assets are presented below. On this basis, and by applying his/her own assumptions for assessing the value of these and other assets, an investor will be able to undertake a valuation of the Orkla Group.

Associated companies

Orkla owns equity interests in several companies that are reported as associated companies. The largest of these are a 39.7% stake in the Renewable Energy Corporation ASA (REC) and a 42.5% stake in Jotun AS. REC is listed on the Oslo Stock Exchange and had a market value of NOK 17.7 billion at year-end. The company is one of the world's leading players in the solar energy industry. REC's operations encompass every stage of the value chain, from production of raw materials to solar cells and modules. REC is a global player that primarily serves markets in Europe, USA and Asia. Jotun is a well-established global manufacturer of paint and powder coatings and holds strong positions in Asia and the Middle East. The company is steadily expanding and has achieved annual organic EBIT-growth of 20.1% in the past five years. The key figures and accounting for these companies are shown in Note 3 (Investments in associates accounted for under the equity method) to the consolidated financial statements.

The Share Portfolio

As of 31 December 2010, the Group's Share Portfolio had a market value of NOK 11.7 billion. Unlisted shares ac counted for 16% of the portfolio. Foreign shares, mainly Nordic shares, accounted for 85%. Unrealised gains/losses totalled NOK 4,438 million at year-end. Gains realised on shares domiciled in the EEA are largely tax-free, which means that losses realised on such shares are not tax deductible. The Share Portfolio is presented as a current asset at fair value in the balance sheet, and gains and impairment charges/losses are reported in the income statement in accordance with IFRS. For further details, see Note 19 (Share Portfolio) to the consolidated financial statements.

Real estate

Orkla's real estate business, Orkla Eiendom, concentrates on developing properties that derive from the Group's discontinued industrial operations, in addition to investments in partly owned real estate companies. The capitalised value of Orkla's real estate investments as of 31 December 2010 was NOK 1,712 million. The carrying value of development projects was NOK 287 million. The two biggest projects are Ringnes Park and Idun, where Orkla's stake is equivalent to a development potential of 40,000 m² residential property centrally located in Oslo. Results from Orkla Eiendom are reported under "Orkla Financial Investments".

Power

Orkla's hydro power operations consists of the power plant in Sauda and Borregaard's power plant in Sarpsborg, with a total production of approximately 2.5 TWh. EBITA[1] from the sale of electricity is reported under Hydro Power and in 2010 this amounted to NOK 177 million.

The power plants in Sauda are regulated by a civil law lease agreement with Statkraft. The lease runs until 31 December 2030, after which the power plants will be returned to Statkraft in return for financial compensation equivalent to the estimated residual tax written down value (around NOK 1 billion) of the newly built plants. In a normal year and based on current market expectations, the Saudefaldene plants are expected to contribute annual EBITA[1] of an estimated NOK 200-250 million. However, the maintenance costs for the next two years (2011-2012) will be higher than normal.

Borregaard's power operations are based on power rights that are not subject to reversion, and annual production totals approximately 0.6 TWh.

Further information on the power plants may be found in Note 27 "Power production and power contracts".

[1] Operating profit before amortisation and other income and expenses.

Group Directory

PARENT COMPANY

Orkla ASA
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P.O. Box 423 Skøyen
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Tel.: +47 72 49 90 00

ORKLA BRANDS

Orkla Brands
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Orkla Foods Nordic
P.O. Box 711
NO-1411 Kolbotn, Norway
Tel.: +47 66 81 61 00

Stabburet AS
P.O. Box 711
NO-1411 Kolbotn, Norway
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www.stabburet.no

- Stabburet AS, Brumunddal, Norway
- Stabburet AS, Fredrikstad, Norway
- Stabburet AS, Gimsøy Kloster, Skien, Norway
- Stabburet AS, dept. Idun Rygge, Rygge, Norway
- Stabburet AS, Rygge, Norway
- Stabburet AS, Stranda, Norway
- Stabburet AS, dept. Sunda, Oslo, Norway Stabburet AS, Ualand, Norway
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- Procordia Food AB, Kumla, Sweden
- Procordia Food AB, Tollarp, Sweden
- Procordia Food AB, Vansbro, Sweden
- Procordia Food AB, Örebro, Sweden

Abba Seafood AB
Box 24077
SE-400 22 Gothenburg, Sweden
Tel.: +46 31 701 44 00
www.abbaseafood.se

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

Aktieselskabet Beauvais
P.O. Box 139
DK-2630 Tåstrup, Denmark
Tel.: +45 43 58 93 00
www.beauvais.dk

- Aktieselskabet Beauvais, Svinninge, Denmark
- Aktieselskabet Beauvais, Ansager, Denmark

Orkla Foods Fenno-Baltic
Felix Abba Oy Ab
Box 683
FI-20361 Åbo, Finland
Tel.: +358 20 785 4000
www.felixabba.fi

- Felix Abba Oy Ab, Åbo, Finland
- Felix Abba Lahden tehdas, Lahti, Finland
- Oy Panda Ab, Vaajakoski, Finland
- AS Kalev Chocolate Factory, Harjumaa, Estonia
- AS Põltsamaa Felix, Põltsamaa, Estonia
- SIA Spilva, Riga, Latvia.
- UAB Suslavicius-Felix, Kaunas, Lithuania

Bakers AS
P.O. Box 43 Økern
NO-0508 Oslo, Norway
Tel.: +47 22 88 03 00
www.bakers.no

- Bakers AS, dept. Bryne, Norway
- Bakers AS, Grossistdistribusjon (Wholesale Distribution), Oslo, Norway
- Bakers AS, dept. Haugesund, Norway
- Bakers AS, dept. Heba, Brumunddal, Norway
- Bakers AS, dept. Larvik, Norway
- Bakers AS, dept. Lillesand, Norway
- Bakers AS, dept. Martens, Bergen, Norway
- Bakers AS, dept. Martin Nordby AS, Oslo, Norway
- Bakers AS, dept. Molde, Norway
- Bakers AS, dept. Nordfjordeid, Norway
- Bakers AS, dept. Sem, Norway
- Bakers AS, dept. Trøndelag, Norway
- Bakers AS, dept. Økern, Oslo, Norway

Orkla Brands Nordic

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Tel.: +47 22 89 50 00

Lilleborg AS
P.O. Box 4236 Nydalen
NO-0401 Oslo, Norway
Tel.: +47 22 89 50 00
www.lilleborg.no
www.lilleborgprofesjonell.no

- Lilleborg AS, Ski, Norway
- Lilleborg AS, dept. Ello, Kristiansund N, Norway
- Lilleborg AS, dept. Kronull, Frei, Norway

Nidar AS
NO-7005 Trondheim, Norway
Tel.: +47 73 58 30 00
www.nidar.no

- Nidar AS, Oslo, Norway

Chips Ab
Strandgatan 6
AX-22 100 Mariehamn
Åland, Finland
Tel.: +358 18 25 800
www.chips.fi

- Chips Ab, Haraldsby, Åland, Finland
- Chips Ab, Helsingfors, Finland
- KiMs Norge AS, Oslo, Norway
- KiMs Norge AS, Skreia, Norway
- KiMs A/S, Søndersø, Denmark
- OLW Sverige AB, Filipstad, Sweden
- OLW Sverige AB, Solna, Sweden
- Latfood A/S, Riga, Latvia

Göteborgs Kex AB
SE-442 82 Kungälv, Sweden
Tel.: +46 303 20 90 00
www.goteborgskex.se

- Sætre AS, Oslo, Norway
- Sætre AS, dept. Nord-Odal, Sagstua, Norway

Axellus AS
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NO-0402 Oslo, Norway
Tel.: +47 22 89 64 00
www.axellus.no
www.axellus.com

- Axellus AS, Oslo, Norway
- Axellus OY, Vantaa, Finland
- Axellus A/S, Ishøj, Denmark
- Axellus AB, Solna, Sweden
- Axellus Sp z.o.o., Warsaw, Poland
- Axellus SIA, Riga, Latvia
- Axellus Oü, Tallinn, Estonia
- UAB Axellus, Vilnius, Lithuania
- Axellus s.r.o, Prague, Czech Republic

Pierre Robert Group AS
P.O. Box 4248 Nydalen
NO-0401 Oslo, Norway
Tel.: +47 22 89 27 00
www.pierrerobertgroup.no

- Pierre Robert Group AB, Malmö, Sweden

Orkla Brands International

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Felix Austria GmbH
Felixstrasse 24
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Tel.: +43 2626 610-0
www.felix.at

OAO Confectionery Group SladCo
Office 210, 2nd Floor, 30, drive 607
Business-centre «Zenit-Plaza»
RU-123458 Moscow, Russia
Tel.: +7 495 589 2424
www.sladco.ru

- Confectionery Group SladCo, Yekaterinburg, Russia
- Ulyanovsk branch OJSC Confectionery Group SladCo, Russia

OAO Krupskaya Confectionery Factory
21 Sotsialisticheskaya Street
RU-191119 St. Petersburg, Russia
Tel.: +7 812 329 1362
www.krupskaya.com

MTR Foods Pvt. Limited
No. 4, 17th Cross, KR Road
BSK 2nd Stage
IN-560 070 Bangalore, India
Tel.: 91 80 40 81 12 00
www.mtrfoods.com

Orkla Food Ingredients

P.O. Box 423 Skøyen
NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00

Idun Industri AS, Hvam, Norway
- Idun Industri AS, Kokstad, Norway
- Idun Industri AS, Rakkestad, Norway
- Candeco Confektyr AB, Malmö, Sweden
- Nimatopaal i Dala-Järna AB, Dala-Järna, Sweden
- Frima Vafler, Århus, Denmark
- Call Caterlink Ltd., Cornwall, England

Odense Marcipan A/S, Odense, Denmark
- Bæchs Conditori A/S, Hobro, Denmark
- Natural Food, Coseano, Italy

Credin Group, Freixeira, Portugal
- Credin Polska, Sobotka, Poland
- Credin Denmark, Juelsminde, Denmark
- Credin Productos Alimenticios, Barcelona, Spain
- Credin Russia, Ulyanovsk, Russia

Credin bageripartner A/S, Vejle, Denmark
- FC Food, Støvring, Denmark

Dragsbæk A/S, Thisted, Denmark
- Kjarnavörur HF, Inbak, Iceland
- UAB Vilniaus Margarino Gamykla (VMG), Vilnius, Lithuania
- Poznan Onion, Poznan, Poland
- KT Foods, Fårup, Denmark
- Kolding Salatfabrik, Kolding, Denmark
- Gædabakstur, Reykjavik, Iceland
- Blume Food I/S, Randers, Denmark
- Naturli Foods, Højbjerg, Denmark
- PureOil I/S, Tåstrup, Denmark

KåKå AB, Lomma, Sweden
- KåKå AB, Sollentuna, Sweden
- KåKå AB, Örebro, Sweden
- KåKå Czech, Prague, Czech Republic
- Belusa Foods, Belusa, Slovakia

Jästbolaget AB, Sollentuna, Sweden

MiNordija, Kaunas, Lithuania

LaNordija, Riga, Latvia

Vilmix, Tallinn, Estonia

Orkla Foods Romania SA, Bucuresti, Romania
- OF Romania, Covasna, Romania
- OF Romania, Ilasi, Romania

Sonneveld Group B.V., Papendrecht, Netherlands
- Sonneveld Sarc, Cergy Pontoise, France
- Sonneveld NVSA, Brussels, Belgium
- Sonneveld K&T, Qcsa, Hungary

SAPA

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Box 5505
SE-114 85 Stockholm, Sweden
Tel.: + 46 84 59 59 00
www.sapagroup.se

Austria
- Sapa Building System Vertriebs GmbH, Gleisdorf

Belgium
- Sapa Building System NV, Landen
- Sapa Building System NV, Lichtervelde
- Remi Claeys Aluminium NV (Alutubes), Lichtervelde
- Sapa RC Profiles NV/SA, Ghlin
- Sapa RC Profiles NV/SA, Lichtervelde
- Cuprochimique NV, Gent

Canada
- Sapa Canada Inc., Quebec
- Sapa Canada Inc., Ontario
- Sapa Canada Inc., British Columbia
- Sapa Profiles Inc., Sales Office, Vancouver

China
- Sapa Heat Transfer (Shanghai) Ltd, Shanghai
- Sapa Heat Transfer (Shanghai), Tube Division, Shanghai
- Sapa Profiles (Shanghai) Ltd, Shanghai

Czech Republic
- Sapa Profily s.r.o., Ostrava
- Sapa Building System s.r.o., Prague

Denmark
- Sapa Profiler A/S, Grenå
- Sapa Building System AB, Tilst

England
- Sapa Building Systems Ltd., Ashchurch
- Sapa Building System AB, Chester
- Sapa Components Ltd., Gloucester
- Sapa Profiles UK Ltd., Cheltenham
- Sapa Profiles UK Ltd., Tibshelf
- Sapa Profiles UK Ltd., Redditch
- Sapa Components UK, Rotherham

Estonia
- Sapa Profiilid AS, Sales Office, Harjumaa

Finland
- Sapa Profiilit Oy, Sales Office, Espoo
- Sapa Building System AB, Espoo

France
- Sapa Profilé Puget SA, Puget Sur Argens
- Sapa Lacal SNC, Le Garric
- Sapa Profiles Albi SNC, Le Garric
- Sapa Building System France SAS, Puget Sur Argens
- Compex EURL, Pégomas

Germany
- Sapa Aluminium Profile GmbH, Offenburg
- Sapa Aluminium Profile GmbH, Sales Office, Düsseldorf
- Sapa Building System GmbH, Ratingen
- Sapa Heat Transfer Tubes, Remscheid
- Haticon GmbH, Schwedt an der Oder

Hungary
- Sapa Profiles Kft, Székesfehérvár

India
- Sapa Profiles India Pvt Ltd, Bangalore
- Sapa Building System India, Mumbai

Italy
- Sapa Profili S.r.l., Fossanova
- Sapa Profili S.r.l., Feltre
- Sapa Profili S.r.l., Bolzano
- Sapa Building System S.r.l, Bolzano

Japan
- Sapa Heat Transfer Japan, Tokyo

Latvia
- Sapa Profili SIA, Sales Office, Riga

Lithuania
- Sapa Statyby Sistemos, Vilnius
- UAB Sapa Profiliai, Kaunas

Mexico
- Sapa H E Tubing, Monterrey

Mozambique
- Sapa Building System Mosambique Lda, Maputo

The Netherlands
- Sapa Aluminium BV, Hoogezand
- Sapa Extrusions Inc., Harderwijk
- Sapa Profiles NL BV, Harderwijk
- Sapa Profiles NL BV, Drunen
- Sapa Pole Products, Drunen
- Sapa H E Tubing, Harderwijk
- Sapa Building System BV, Breda

Norway
- Sapa Profiler AS, Sales Office, Kjeller
- Sapa Building System AB, Kjeller

Poland
- Sapa Aluminium Sp. z o.o., Lodz
- Sapa Aluminium Sp. z o.o., Trzcianka
- Sapa Components Poland, Huta
- Sapa System Sp. z o.o., Lodz

Portugal
- Sapa II Perfis SA, Cacém
- Sapa Building System Portugal, Sintra
- Sapa Portugal, Extrusão e Distribuição de Aluminio SA, Sintra
- Novas Tecnologias em Persianas e Compo-nentes para o Alumínio SA, Sintra
- Sapa Profiles Portugal, Avintes

Qatar
- Sapa Building System Qatar, Doha Qatar

Romania
- SC Sapa Profiles SRL, Chisneu Cris

Singapore
- Sapa Mass Transportation Asia Pacific, Singapore

Slovakia
- Sapa Profily a.s., Žiar nad Hronom
- Sapa Building System s.r.o., Bratislava

South Korea
- Sapa Heat Transfer Korea, Sales Office, Seoul

Spain
- Sapa Holdings Spain SL, Sales Office, Barcelona
- Sapa Profiles Perfialsa, La Coruna
- Sapa Profiles La Selva, Tarragona
- Sapa Profiles Navarra, Pamplona
- Sapa Building System, Madrid

Sweden
- Sapa AB, Technology, Finspång
- Sapa Building System AB, Vetlanda
- Sapa Heat Transfer AB, Finspång
- Sapa Komponenter AB, Vetlanda
- Sapa Lackering AB, Vetlanda
- Sapa Profilbearbetning AB, Finspång
- Sapa Profilbockning AB, Vetlanda
- Sapa Profiler AB, Vetlanda
- Sapa Profiler AB, Finspång
- Sapa Profiler AB, Sjunnen
- Sapa Profiler AB, Sales Office, Gothenburg
- Sapa Profiler AB, Sales Office, Stockholm
- Sapa Profiler AB, Sales Office, Umeå

Switzerland
- Sapa Aluminium Profile AG, Sales Office, Zürich
- Sapa Building System s.a.r.l., Sevaz

Turkey
- Sapa Yapi Sistem Sanayi ve Ticaret AS, Istanbul

United Arab Emirates
- Sapa RC System Abu Dhabi Branch, Abu Dhabi

USA
- Norca Heat Transfer, Sales Office, New York
- Sapa Profiles Inc., Portland, Oregon
- Sapa Industrial Extrusions Inc., Cressona, Pennsylvania
- Sapa Industrial Extrusions Inc., Spanish Fork, Utah
- Sapa Fabricated Products, Magnolia, Arkansas
- Sapa Extrusions LLC, Delhi, Louisiana
- Sapa Extrusions Inc., Yankton, South Dakota
- Sapa Extruder Inc., Mountaintop, Pennsylvania
- Sapa Extruder Inc., Elkhart, Indiana
- Sapa Extruder Inc., Connersville, Indiana
- Sapa Extruder Inc., Gainesville, Georgia
- Sapa Extruder Inc., City of Industry, California
- Sapa Burlington, Burlington, North Carolina

Vietnam
- Sapa Ben Thahn Aluminium Profiles Co Ltd, Ho Chi Minh City, Vietnam

INVESTMENTS

Borregaard

Borregaard
P.O. Box 162
NO-1701 Sarpsborg, Norway
Tel.: +47 69 11 80 00
www.borregaard.com

- Borregaard ChemCell, Sarpsborg, Norway
- Borregaard Energi, Sarpsborg, Norway
- Borregaard Ingredients, Sarpsborg, Norway
- Borregaard LignoTech, Sarpsborg, Norway
- Borregaard Synthesis, Sarpsborg, Norway

Austria
- Biotech Lignosulfonate Handels GmbH, St. Valentin

Brazil
- LignoTech Brasil Produtos de Lignina Ltda, São Paolo

China
- Borregaard Industries Ltd., Shanghai Representative Office, Shanghai

Czech Republic
- Biotech Lignosulfonate Handels GmbH, Paskov

England
- Borregaard UK Ltd., Warrington, Cheshire

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

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

India
- Orkla India Private Limited, Navi Mumbai

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

Japan
- Borregaard Industries Ltd., Japan Branch, Tokyo

Norway
- Borregaard Ind. Ltd., Sarpsborg
- Borregaard Ind. Ltd., Leknes
- Borregaard Ind. Ltd., Ålesund
- Borregaard Trælandsfos AS, Kvinesdal

Poland
- Borregaard Poland, Poznan

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

South Africa
- LignoTech South Africa, Umkomaas

Spain
- LignoTech Iberica S.A, Torrelavega
- Borregaard Iberica S.L, Barcelona

Sweden
- LignoTech Sweden AB, Vargön

Switzerland
- Borregaard Schweiz AG, Riedholz

United Arab Emirates
- Borregaard Middle East, Dubai

USA
- LignoTech USA Inc., Bridgewater, New Jersey
- LignoTech USA Inc., Rothschild, Wisconsin

Hydro Power

Borregaard Energy
P.O. Box 162
NO-1701 Sarpsborg, Norway
Tel.: +47 69 11 80 00

AS Saudefaldene
P.O. Box 5211 Majorstuen
NO-0303 Oslo, Norway
Tel.: +47 22 45 01 00

- Aktieselskapet Saudefaldene, Sauda, Norway

Orkla Financial Investments

Orkla ASA – Share Portfolio
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00
www.orkla.com

Orkla ASA – Eiendom
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00
www.orklaeiendom.no

OTHER GROUP COMPANIES

Orkla Shared Services AS
P.O. Box 7189 Majorstuen
NO-0307 Oslo, Norway
Tel.: +47 22 09 61 00

Chr. Salvesen & Chr. Thams's
Communications Aktieselskab
Løkkenveien 204
NO-7332 Løkken Verk, Norway
Tel.: +47 72 49 90 00
www.salvesen-thams.no

Orkla Insurance Company Ltd.
Grand Mill Quay
Barrow Street
Dublin 4, Ireland
Tel.: +353 1 407 4963

Orkla Asia Pacific Pte Ltd
111C Telok Ayer Street, 4th floor
Singapore 068580
Tel.: +65 68 80 79 10

Organisation

THE GROUP EXECUTIVE BOARD

Bjørn M. Wiggen	President and CEO	Orkla
Torkild Nordberg	Executive Vice President	Orkla Brands
Timothy R. J. Stubbs	Executive Vice President	Sapa
Terje Andersen	Executive Vice President	Chief Financial Officer (CFO)
Karin Aslaksen	Executive Vice President	Strategic HR & Communication
Svein-Tore Holsether	Executive Vice President	Mergers & Acquisitions

(The Group Executive Board is in charge of the day-to-day administration of Orkla. Further details regarding the members are presented on page 22).

HEADS OF BUSINESS AREAS:

ORKLA BRANDS Torkild Nordberg	SAPA Timothy R. J. Stubbs	INVESTMENTS
ORKLA FOODS NORDIC Atle Vidar Johansen	**SAPA PROFILES EUROPE** Timothy R. J. Stubbs	**SHARE PORTFOLIO** Thomas Øybø
ORKLA BRANDS NORDIC Jan Ove Rivenes	**SAPA PROFILES NORTH AMERICA** Patrick Lawlor	**ORKLA EIENDOM** Øystein Thorup
ORKLA BRANDS INTERNATIONAL Paul Jordahl	**SAPA ASIA & MIDDLE EAST** Johan Menckel	**BORREGAARD** Per A. Sørlie
ORKLA FOOD INGREDIENTS Pål Eikeland	**SAPA BUILDING SYSTEM** Hans Johansson	**AS SAUDEFALDENE** Johan Chr. Hovland
	SAPA HEAT TRANSFER Michael Mononen	**REC ASA (39,7%)** Ole Enger
		JOTUN AS (42,5%) Morten Fon

CORPORATE FUNCTIONS

FINANCE AND ACCOUNTING

Geir Solli
Senior Vice President, Finance

Frode Kronstad
Senior Vice President, Corporate Accounting

Rolf Arnljot Strøm
Vice President,
Financial Planning and Analysis

Rune Helland
Senior Vice President, Investor Relations

Pål Erik Jahren
Chief Risk Officer

Pål Knutzen
Senior Vice President, Taxes

OTHER CORPORATE FUNCTIONS

Hilde Myrberg
Senior Vice President, Corporate Governance

Karl Otto Tveter
Senior Vice President, Legal Affairs

Gustaf S. Christensen
Vice President,
Corporate Development

Kjell Sundsli
Senior Vice President, Corporate Development Asia

Johan Chr. Hovland
Senior Vice President, Communication and Public Affairs

Håkon Mageli
Senior Vice President, Corporate Affairs

Fridthjof Røer
Chief Internal Auditor

Governing bodies and elected representatives

Corporate Assembly

Elected by the shareholders

Idar Kreutzer (0)	Storebrand ASA (16,357,563)
Terje R. Venold (1,000)	Veidekke ASA (0)
Johan H. Andresen (0)	FERD AS (0)
Rune Bjerke (0)	DnB NOR ASA (32,362,241)
Kjetil Houg (600)	Oslo Pensjonsforsikring AS (4,000,000)
Nils-Henrik Pettersson (42,080)	Law firm of Schjødt AS (0)
Gunn Wærsted (0)	Nordea Bank Norge ASA (3,452,937)
Olaug Svarva (0)	Folketrygdfondet (105,298,631)
Dag Mejdell (15,350)	Posten Norge AS (0)
Nils K. Selte (52,000)	Canica-systemet (238,342,000)
Lars F. Windfeldt (426,265)[1]	
Marianne Blystad (0)	Law firm of Ro Sommernes DA (0)
Claus R. Flinder (0)	Law firm of Simonsen DA (0)
Ann Kristin Brautaset (0)	Folketrygdfondet (105,298,631)

[1] Incl. shares owned by Arcanum Eiendom AS, Arcanum AS og Winta Investments Holding Ltd which is wholly owned by Lars F. Windfeldt and related parties.

Deputy members

Odd Gleditsch d.y. (101,000)	Law firm of Tenden ANS (0)
Anne Birgitte Fossum (6,500)	Foinco AS (0)
Scilla Treschow Hokholt (71,965)	Fritzøe Gård (0)
Bendikte B. Bjørn (0)	Statoil ASA (3,086,034)
Andreas Enger (4,000)[2]	
Mimi K. Berdal (0)	

[2] Incl. shares owned by related parties

Elected by the employees

Kai Erik Andersen (10,661)
Reidar Aaserød (3,201)
Åsmund Dybedahl (1,339)
Knut Sande (0)
Esa Mäntylä (0)
Mats Ekvall (2,289)
Lene Aarøe Larsen (929)

Personal deputies for the Swedish and Danish representatives

Per Carlsson (0)
Robert Johansson (379)
Jørgen Rasmussen (152)

Employee-elected deputies

Heidi Feldborg (1,738)
Cecilie Borgen (0)
Øyvind Rønningen (1,206)
Geir T. Kildal (650)
Bente Seljebakken Klausen (329)
Torfinn Kauserud Larsen (80)

Board of Directors

Stein Erik Hagen (239,887,000)
Svein S. Jacobsen (40,000)
Åse Aulie Michelet (8,500)
Bjørg Ven (15,000)
Peter A. Ruzicka (405,250)
Kristin Skogen Lund (1,000)
Jesper Ovesen (0)
Aage Andersen (3,239)
Gunn Liabø (6,679)
Bjørn Rune Henriksen (2,186)

Employee-elected Board observers

Peer Sørensen (2,400)
Kenneth Hertz (0)

Employee-elected deputy Board members

Einar Støfringshaug (1,889)
Sidsel Kjeldaas Salte (5,939)
Terje Utstrand (1,530)
Roger Vangen (3,041)
Eldar Johnsen (304)

Auditor

Ernst & Young AS (0)
Jan Wellum Svensen (0)
State authorised public accountant

Nomination Committee

Nomination Committee elected by the General Meeting (cf. Article 18 of the Articles of Association)

Idar Kreutzer, Chair (0)
Nils-Henrik Pettersson (42,800)
Leiv Askvig (0)
Olaug Svarva (0)
Åsmund Dybedahl (1,339)

Figures in brackets indicate the number of shares owned as of 31 December 2010, including those owned by related parties. Figures in brackets after the name of the employer indicate the number of shares owned by the employer.

Corporate 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 decision-making processes at Orkla. A common aim has been to evolve representational arrangements that adequately ensure broad-based involvement and genuine influence.

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

An International Committee of Union Representatives has been established for employees of the Norwegian, Swedish and Danish companies in the Orkla Group.

This arrangement ensures broad representation for Group employees, based on company, union and country. The International Committee of Union Representatives meets regularly with the Group's executive 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 Works Council (EWC) has been established at Orkla.

In addition to the corporate arrangements mentioned here, the employees, as is customary, have representatives on the Board of Directors of the individual companies in the Group. The following is a list of the members of Orkla's International Committee of Union Representatives as of 31 December 2010.

Orkla Committee of Union Representatives

Working Committee

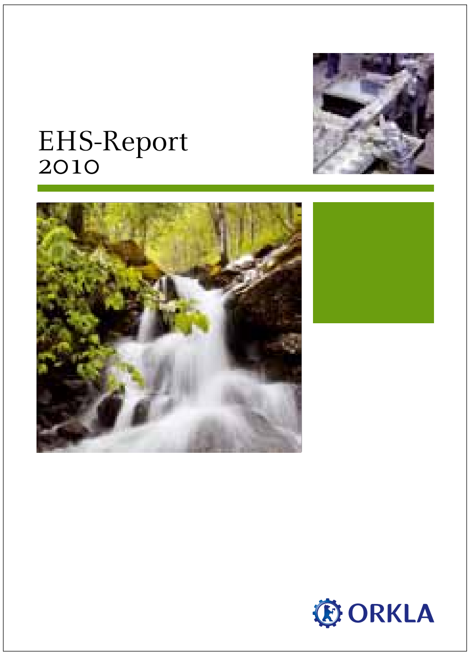
Aage Andersen, Chair
Jonny Bengtsson, 1st Deputy Chair
Peer Sørensen, 2nd Deputy Chair
Kenneth Hertz, Secretary
Gunn Liabø
Åke Ligardh
Bjørn Rune Henriksen
Einar Støfringshaug

Committee of Shareholders' Representatives

Terje Utstrand
Roger Vangen
Per Tronvoll
Stein Skagestad
Sidsel Kjeldaas Salte
Eldar Johnsen
Øystein Larsen
Nils E. Nilsson
Thomas Angantyr
Marit Tyft
Lene Aarøe Larssen

The Orkla Group

More detailed information on Orkla's business areas and value creation at Orkla is provided in the web-based Annual Report for 2010, which can be found at www.orkla.com. In addition to the Annual Report Orkla also publishes an EHS report and a sustainability report. These are also available at www.orkla.com.



Environment, Health, Safety

Sustainability Report

Orkla is sponsor of:

Main sponsor of:

SOS-barnebyer

Nobel Peace Center
Nobels Fredssenter

Sponsor of:

Den Norske Opera & Ballett

inspiria science center

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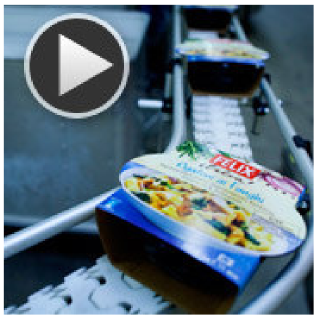
Tel: +47 22 54 40 00
Fax: +47 22 54 44 90
Enterprise number: NO 910 747 711

www.orkla.com
info@orkla.com

ORKLA BRANDS



Highlights in 2010

Orkla Brands achieved satisfactory profit growth and increased profitability in 2010. Most of the profit improvement was linked to Orkla Brands Nordic, which reported broad-based growth. Top-line growth was moderate, although with an improving trend towards the end of the year. Orkla Brands reported increased market investments and some improvements in market share. Volatility and increases in raw material prices were handled well, but will remain a challenge in 2011. Eleven company acquisitions and one brand acquisition were completed in 2010.

Operating revenues

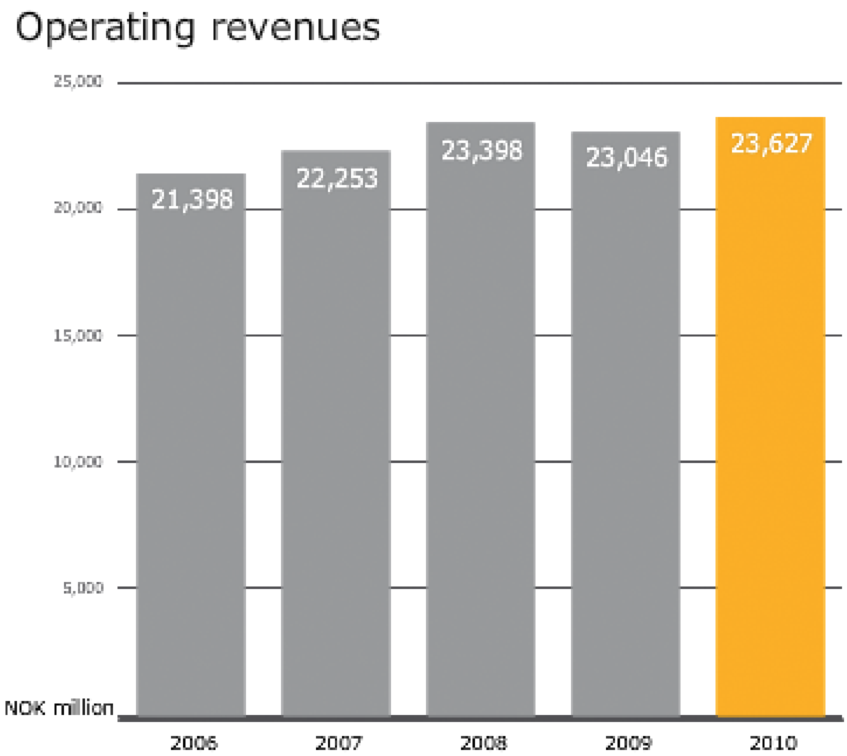
23,627

NOK million

EBITA[1]

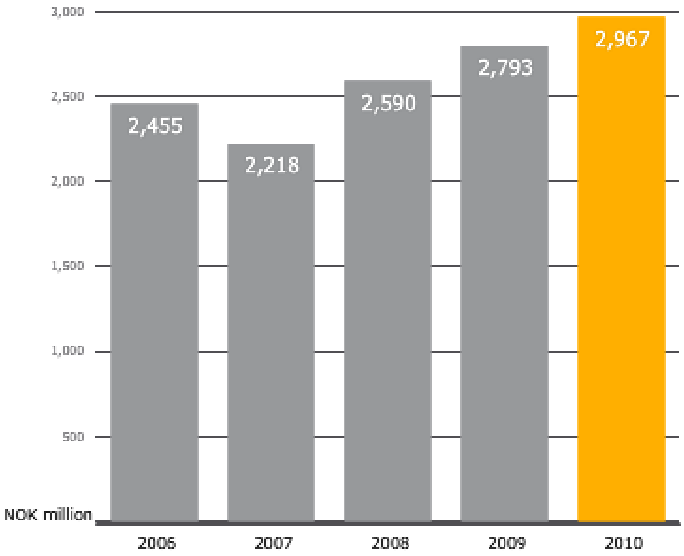
2,967

NOK million



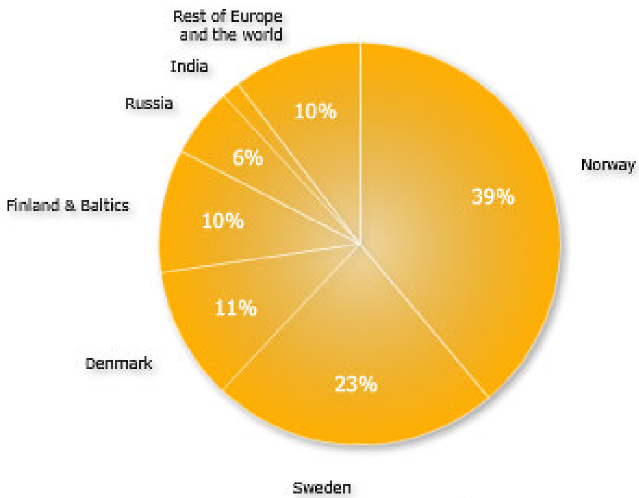
"Orkla Brands achieved satisfactory profit growth and increased profitability in 2010."

EBITA*



* Operating profit before amortisation and other income and expenses.

Net sales by geographical area



Total net sales NOK 23,573 million.

The business area

Orkla Brands is a leading supplier of branded consumer goods and concept solutions, primarily to the grocery and out-of-home channels. The business area mainly holds no. 1 and no. 2 positions in its categories. Most of the branded consumer goods are proprietary, and have been on the market for many years. The bulk of the portfolio lies in the Nordic region and the Baltics, although Orkla Brands also holds several strong positions in Russia, India and Austria. Through Orkla Food Ingredients, Orkla Brands is also an important supplier to the European bakery market.

Goals

- Achieve high and durable value creation by delivering products that consumers and retailers "can't do without"
- Achieve growth both through existing businesses and through acquisitions, primarily in markets in which Orkla Brands is already present
- Focus continuously on cost-effectiveness throughout the value chain

Strategy

Orkla Brands operates on the basis of a multi-local model where responsibility for value creation lies within each individual company. High and durable value will be created by innovations based on deep consumer insight, which can be leveraged to build strong brands. Inter-company synergies are achieved by sharing best practices and common support functions.

2010

In 2010, Orkla Brands achieved EBITA[1] of
NOK 2,967 million
, representing underlying[2] growth of 7%. Growth was thus on a par with underlying[2] growth in 2009, although the quality of earnings is considered somewhat better. Markets outside the Nordic region were very challenging, with reduced consumer purchasing power and a general tendency to buy low-price products. In addition, Russia suffered a prolonged heat wave in the summer months, which had a negative impact on chocolate consumption. In the Nordic region, markets were more challenging than normal, particularly in Denmark and in the out-of-home channel, which resulted in a lack of top-line growth for most of 2010. The situation improved somewhat towards the end of 2010, and all business units, excluding Orkla Foods Nordic, reported good growth. Orkla Brands has a strong focus on developing good innovations, as these are a vital driver of both top-line and bottom-line growth. The launch of Dots in Norway and Ballerina Kladdkaka in Sweden (the same product) is a good example of a major innovation which utilised relevant consumer insights in both countries.

Advertising investments increased in 2010, and overall market shares showed some improvement from 2009. Improvement programmes focused on purchasing, production and the rest of the value chain secured good results, which were somewhat higher in 2010 than previous years. Raw material prices were once again highly volatile. This is a growing trend that Orkla Brands aims to counter by raising prices. Companies such as Lilleborg, Beauvais and Odense Marcipan reported weak profit growth in 2009, but all were able to report substantial improvement in 2010. Toward the end of 2010, Orkla Brands initiated a process aimed at selling the Norwegian bakery operation Bakers.

Targeted efforts are being made to secure structural growth. Eleven companies, with total annual sales of over
NOK 1.3 billion
, were acquired in 2010. In addition, Axellus purchased the Nutrilett brand, which was previously licensed.

[1] Operating profit before amortisation and other income and expenses.

[2] Excluding acquired and sold operations and currency translation effects.

Key figures

	2010	2009	Change as %
Operating revenues (NOK million)	**23,627**	23,046	3%
EBITA* (NOK million)	**2,967**	2,793	6%
EBITA-margin*	**12.6%**	12.1%	0.5%-p
Return on capital employed	**18.1%**	16.8%	1.3%-p
Number of man-years	**13,918**	12,866	8%

* Operating profit before amortisation and other income and expenses.

EBITA* by business unit

NOK million	2010	2009
Orkla Foods Nordic	**1,115**	1,088
Orkla Brands Nordic	**1,544**	1,380
Orkla Brands International	**40**	89
Orkla Food Ingredients	**268**	236

* Operating profit before amortisation and other income and expenses.

ORKLA FOODS NORDIC

Orkla Foods Nordic primarily consists of food and beverage companies in the Nordic region and the Baltics: Stabburet and Bakers in Norway, Procordia and Abba Seafood in Sweden, Beauvais in Denmark, Felix Abba and Panda in Finland, and Kalev, Põltsamaa Felix, Spilva and Suslavicius in the Baltics. Activities are concentrated on the business unit's own, strong brands within the following product categories: pizza, pie, sauces, seafood, ready meals, jam, juice, cordials, chocolate and bakery goods. Through its well-established brands, Orkla Foods Nordic largely holds no. 1 and no. 2 positions in its home markets.

Operating revenues*

NOK million	2010	2009
Orkla Foods Nordic	**9,438**	**9,754**
Stabburet	**2,879**	2,973
Bakers	**1,169**	1,395
Procordia Food	**2,713**	2,697
Abba Seafood	**1,014**	1,024
Beauvais	**680**	778
Orkla Foods Fenno-Baltic	**1,462**	1,456

* Internal sales between segments have not been eliminated.

EBITA*

NOK million	2010	2009
Orkla Foods Nordic	**1,115**	1,088

* Operating profit before amortisation and other income and expenses.

ORKLA BRANDS NORDIC

Orkla Brands Nordic comprises Lilleborg (detergents and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions for the professional market), Axellus (dietary supplements and health products), Chips Group (snacks), Göteborgs/Sætre (biscuits), Nidar (chocolate and confectionery), and Pierre Robert Group (basic textiles through the grocery channel). The Nordic countries are Orkla Brands Nordic's primary home market. The business unit holds strong no. 1 positions in all segments in Norway, and several of the companies have also achieved solid market positions in Sweden, Denmark and Finland.

Operating revenues*

NOK million	2010	2009
Orkla Brands Nordic	**7,896**	**7,722**
Lilleborg	**1,388**	1,373
Lilleborg Profesjonell	**627**	538
Nidar	**1,211**	1,241
Göteborgs / Sætre	**867**	836
Chips Group	**2,108**	2,123
Pierre Robert Group	**495**	448
Axellus	**1,209**	1,170

* Internal sales between segments have not been eliminated.

EBITA*

NOK million	2010	2009
Orkla Brands Nordic	**1,544**	1,380

* Operating profit before amortisation and other income and expenses.

ORKLA BRANDS INTERNATIONAL

Orkla Brands International comprises branded companies outside the Nordic region and the Baltics. The business unit consists of the following companies: SladCo and Krupskaya (Russia), Felix Austria (Austria), and MTR Foods (India). SladCo and Krupskaya hold strong regional positions in the chocolate and biscuit markets. In India, MTR Foods holds strong regional positions in the spice and spice-mix segments, as well as solid national positions in the ready-mix and ready-meal segments. Felix is the leading supplier of ketchup in Austria.

Operating revenues

NOK million	2010	2009
Orkla Brands International	**2,009**	**1,939**

EBITA*

NOK million	2010	2009
Orkla Brands International	**40**	89

* Operating profit before amortisation and other income and expenses.

ORKLA FOOD INGREDIENTS

Orkla Food Ingredients (OFI) is currently the market leader in the Nordic bakery ingredients industry. The business unit has a decentralised management structure, consisting of eight main reporting units comprising 40 companies in 21 countries. The industry is fragmented, and OFI is now one of the seven leading suppliers in Europe. OFI's largest product categories are margarine products (Dragsbæk), marzipan (Odense), bread improvers and mixes (Credin and Sonneveld), and yeast (Jästbolaget). The largest sales and distribution companies are KåKå in Sweden, Idun Industri in Norway and Credin bageripartner in Denmark.

Operating revenues

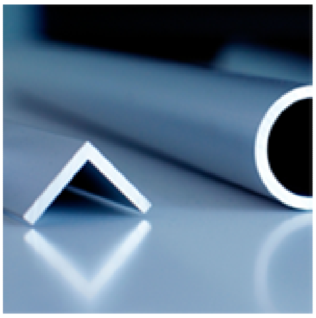
NOK million	2010	2009
Orkla Food Ingredients	**4,560**	**3,966**

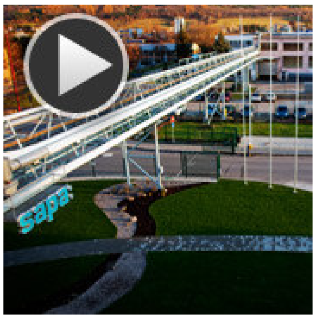
EBITA*

NOK million	2010	2009
Orkla Food Ingredients	**268**	236

* Operating profit before amortisation and other income and expenses.

SAPA



Highlights in 2010

The markets recovered slowly during 2010, but are now flattening out. The situation for Sapa Building System is the only exception as the building and construction market is still suffering from tough market conditions. The integration of Indalex, which was acquired in 2009, was completed during the first quarter and has made Sapa the leading aluminium profile company in North America. There has been increased focus on expansion in Asia and the organisation in Asia & Middle East has been strengthened, resulting in an expansion of Heat Transfer's plant in Shanghai and the acquisition of the Vietnamese extrusion company Vijalco.

Operating revenues

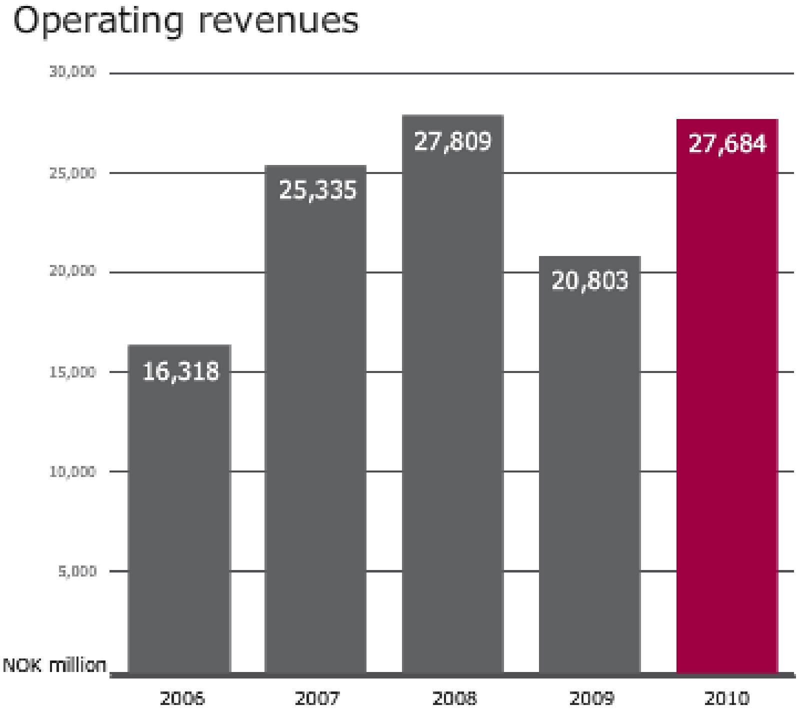
27,684

NOK million

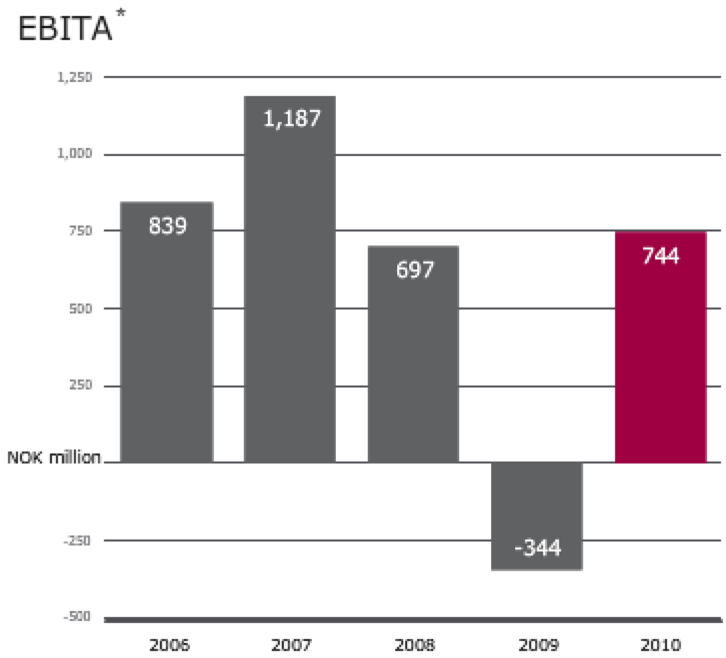
EBITA[1]

744

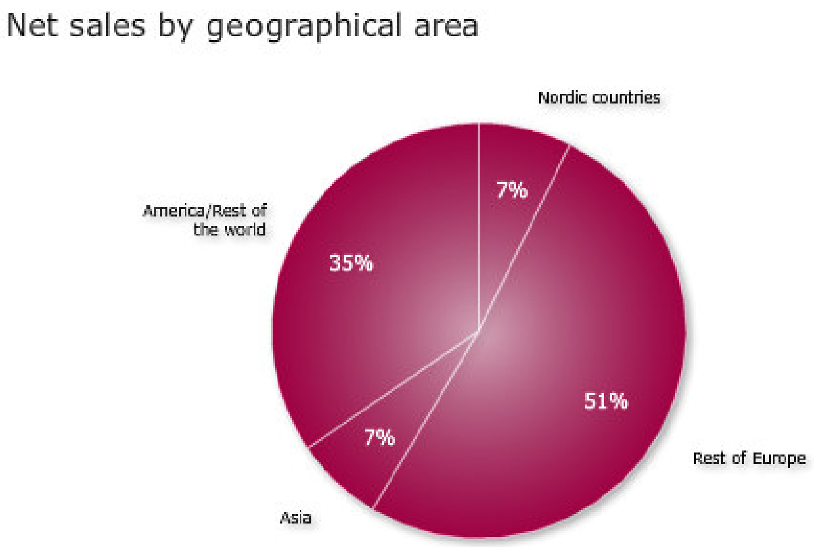
NOK million



"There has been increased focus on expansion in Asia and the organisation in Asia & Middle East has been strengthened."



* Operating profit before amortisation and other income and expenses.



Total net sales NOK 27,362 million.

The business area

Sapa develops, manufactures and markets value-added profiles, profile-based building systems and heat exchanger solutions based on strip, all in the lightweight material aluminium. Sapa has operations in Europe, North America and Asia, and is divided into three core areas: Sapa Profiles, Sapa Building System and Sapa Heat Transfer. Sapa's main customers are in the building, transport, automotive, engineering, telecom and renewable energy industries.

Goals

- Utilise synergies within the Group to reach a 6% EBITA-margin over a cycle
- Continue growth in Asia to broaden Sapa's global footprint
- Achieve profitable market share growth across all markets

Strategy

The business area's strategy is based on delivering three synergies: World Class Operations, aimed at transferring best practices to increase operational efficiency, Leading Edge Strategic Sourcing, focused on reducing the total costs of externally purchased materials and Towards Solutions, designed to improve the business area's ability to provide customers with value-added solutions.

Results for 2010

During 2010, markets improved significantly over 2009, but are now flattening out. Stronger volumes in combination with Sapa's strategic initiatives have improved the results. Operating revenues totalled NOK 27,684 million, while EBITA[1] was NOK 744 million. The negative cash flow from operations is mainly driven by the rise in working capital. A number of smaller add-on acquisitions have been made during the year.

[1] Operating profit before amortisation and other income and expenses.

Key figures

	2010	2009	Change as %
Operating revenues (NOK million)	**27,684**	20,803	33%
EBITA* (NOK million)	**744**	-344	na
EBITA-margin*	**2.7%**	-1.7%	4.4%-p
Return on capital employed	**5.4%**	-2.5%	7.9%-p
Number of man-years	**14,239**	12,495	14%

* Operating profit before amortisation and other income and expenses.

Operating revenues* by business unit

NOK million	2010	2009
Profiles	**21,671**	15,621
Heat Transfer	**4,452**	2,991
Building System	**2,313**	2,470

* Internal net sales betweeen segments have not been eliminated.

EBITA* by business unit

NOK million	2010	2009
Profiles	**373**	-574
Heat Transfer & Building System	**371**	230

* Operating profit before amortisation and other income and expenses.

SAPA PROFILES

Sapa Profiles is the world's leading supplier of solutions using extruded aluminum profiles, with a 14% market share in Europe and 26% in North America. The operations in Asia are currently limited to fabrication in China and India, and an extrusion plant in Vietnam. Sapa's profiles are used in a wide range of products. The most common sectors are building and construction, solar and other renewable energy solutions, transportation, automotive, and home and office equipment.

Sapa Profiles has extensive operations for the processing of profiles; cutting, bending, CNC-processing, hydroforming, fusion welding, Friction Stir Welding, anodizing and painting. The overall strategy is "Toward Solutions", which means establishing close cooperation with customers to provide them with value-enhancing aluminum solutions. With a presence in 26 countries, Sapa is a global supplier well equipped to serve both local and international customers.

Operating revenues

NOK million	2010	2009
Profiles	**21,671**	15,621

EBITA*

NOK million	2010	2009
Profiles	**373**	-574

* Operating profit before amortisation and other income and expenses.

SAPA BUILDING SYSTEM

Sapa Building System is one of Europe's largest suppliers of building systems based on aluminium profiles. The profiles are mainly sourced from Sapa Profiles. Sapa Building System has product development operations in six countries, Belgium, France, Portugal, the UK, Poland and Sweden, and sales representation in 27 countries.

The products offered to the building sector – architects, designers, specifiers and contractors – include a wide range of innovative aluminium systems for curtain walling, doors, windows and specialist applications including solar shading and building-integrated, photovoltaic power generation.

The strategy is to focus more on projects in close cooperation with customers to add value, and Sapa Building System offers its customers a complete package that includes design, accessories, service, software, certificates and testing, in addition to profiles. Sapa Building System is targeting growth outside of its strong European home market. Sales offices have recently been established in Turkey, Dubai and India, where several projects have been delivered.

Operating revenues

NOK million	2010	2009
Building System	**2,313**	2,470

SAPA HEAT TRANSFER

Sapa Heat Transfer is the world's leading solutions provider to the heat-exchanger industry, specialising in rolled, welded, and extruded solutions for all-aluminium heat-exchanger applications.

Sapa Heat Transfer has a global market share of 20% and leading heat-exchanger manufacturers, such as Denso, Calsonic, Behr, Delphi, Visteon Halla, Modine, Showa, T-Rad and Valeo, are Sapa customers. Production takes place in Sweden, Germany, Belgium, the Netherlands, Mexico and China.

The strategy is to develop solutions that provide significant added value to customers in terms of performance, quality, reliability, consistency, flexibility and total economy. Based on Sapa Heat Transfer's core competence and decades of experience from cooperation with the demanding automotive heat-exchanger industry, development of new and promising segments for stationary applications continues.

Operating revenues

NOK million	2010	2009
Heat Transfer	**4,452**	2,991

INVESTMENTS




The Investments section presents information on Borregaard Chemicals, Hydro Power, Orkla's equity interests in the associated companies Renewable Energy Corporation – REC (39.7%) and Jotun (42.5%), and Orkla Financial Investments. Orkla exercises active ownership with a view to contributing to long-term value creation in the companies in which the Group is engaged. Orkla Financial Investments seeks to generate excess return, while developing industrial options for the Group. Borregaard Skoger and Orkla Finans were sold in 2010.

ORKLA FINANCIAL INVESTMENTS

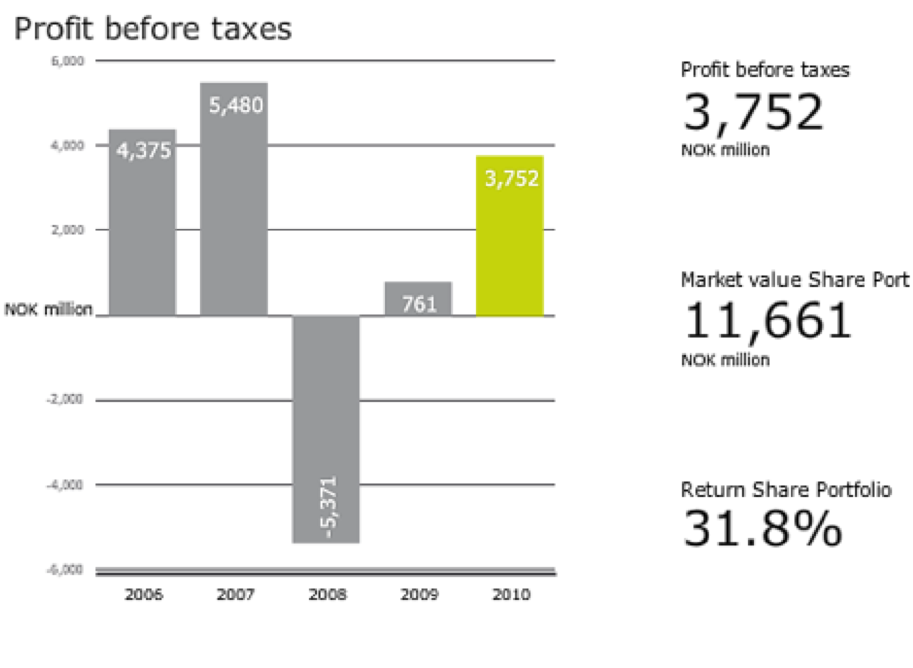
Highlights in 2010

The total increase in net asset value before tax was NOK 4,668 million for the year.

The Share Portfolio achieved a return of 31.8%, while the portfolio benchmark index, MSCI Nordic, increased by 25.4%. (The Oslo Stock Exchange rose by 18.3%). The return on the Share Portfolio was thus 6.4 percentage points higher than the return achieved by the benchmark index.

In 2010, Orkla Eiendom (real estate) initiated the development and sale of the Idun housing project (Oslo), and sold a significant number of apartments and business premises in Ringnes Park (Oslo).

Borregaard Skoger (forestry) and Orkla Finans (investment services) were sold in 2010.



The business unit

Orkla Financial Investments consists of the Share Portfolio and Orkla Eiendom. Based on the Group's overall expertise, the Share Portfolio invests in value-creating independent companies, primarily in the Nordic region. Orkla Eiendom is a significant property developer.

The Share Portfolio

The main strategy is to identify and invest in value-creating independent companies, and the entire Group's industrial and investment-related

Profit before taxes

3,752

NOK million

Market value Share Portfolio

11,661

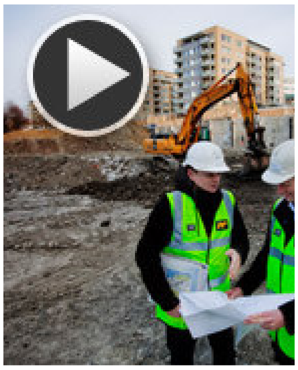
NOK million

Return Share Portfolio

31.8%

"Borregaard Skoger (forestry) and Orkla Finans (investment services) were sold in 2010."

Orkla Eiendom (real estate)

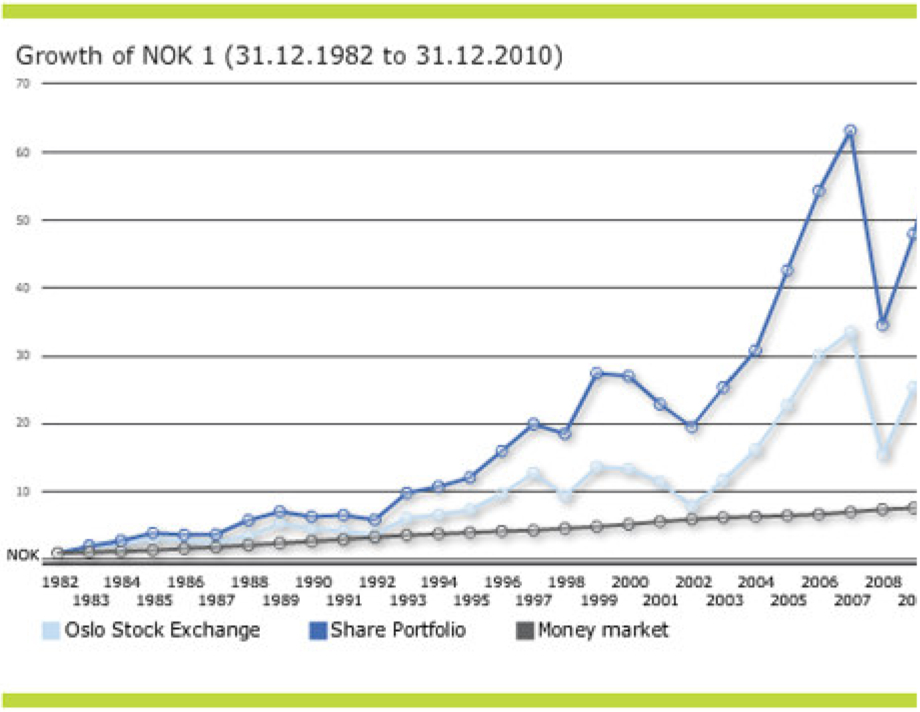


expertise is utilised to achieve this. The Share Portfolio pursues an active investment strategy that emphasises taking large equity interests in listed companies, as well as investing in unlisted companies. The Share Portfolio is expected to take substantial positions, and the weightings will therefore be skewed compared to a market portfolio. Establishing industrial options for the Group is an important rationale behind this strategy.

Market conditions

In 2010, global growth was around 5%, clearly above the historical trend and better than expected. Growth was highest in the emerging economies. Company results exceeded expectations, and estimates were increased during the course of the year.

2010 was a good year for stock markets, with a weak first half-year and strong growth in the second half-year. The biggest worries during the first half-year were the oil spill in the Gulf of Mexico, fears of a new recession and the debt problems of the PIIGS countries. During the second half-year, recession fears gradually subsided as a result of rescue and stimulus packages, both fiscal and monetary, and a strengthened global economy. Stronger global economic activity, particularly in the raw material intensive emerging economies, led to increases in raw material prices.



Orkla Eiendom (real estate)

Orkla Eiendom is a property developer, its projects often based on use of the Group's own properties. In 2010, Orkla Eiendom's activities included initiating the development of the Idun housing project, which is based on a site in Oslo formerly used by Idun Gjærfabrikker (Orkla Brands

Company). The project has sold well, and construction began in the autumn of 2010.

Results for 2010

Orkla Financial Investments achieved significant value growth in 2010, and realised large accounting gains. For 2010, the total increase in pre-tax net asset value was NOK 4,668 million. Pre-tax profit amounted to NOK 3,752 million in 2010, compared with
NOK 761 million
in 2009. The positive result is explained by three main factors: Net gains in the Share Portfolio amounted to NOK 1,772 million
(NOK 584 million)[3].
Dividends received totalled NOK 521 million
(NOK 251 million)[3].
The sale of Borregaard Skoger contributed an accounting gain of NOK 1,309 million. The sale also triggered a reversal of NOK 60 million in deferred tax.

In addition to the recognised gains, an increase in unrealised capital gains of NOK 916 million was reported in equity.

Net sales of securities totalled NOK 2,130 million.

In 2010, the return on the Share Portfolio was 31.8%. MSCI Nordic increased by 25.4%. (The Oslo Stock Exchange Benchmark rose by 18.3%.) The market value of the Share Portfolio was
NOK 11,661 million
at the end of 2010.

[3] Figures in parentheses are for the corresponding period in the previous year.

Key figures

NOK million	2010	2009	Change as %
Operating revenues	**2,015**	2,977	-32%
EBITA[1]	**151**	-85	na
Profit before taxes	**3,752**	761	393%
Market value Share Portfolio	**11,661**	11,037	6%
Percentage Nordic investments	**85%**	85%	0%-p
Percentage unlisted securities	**16%**	20%	-4%-p
Unrealised gains	**4,438**	3,522	26%

[1] Operating profit before amortisation and other income and expenses.

Main shareholdings 31.12.2010

Security	Share of portfolio	Equity interest	Fair value (NOK million)
Tomra Systems	8%	15.5%	888
Amer Sports	4%	5.2%	517
Enter Select	3%	0.0%	374

Kongsberg Gruppen	3%	2.3%	358
Ekornes	3%	5.8%	337
Schibsted	3%	1.8%	326
Elekta B	3%	1.5%	315
DnB NOR ASA	3%	0.2%	299
East. Cap. Power Utilities F.	2%	27.0%	269
Telenor ASA	2%	0.2%	261
Total	**34%**		**3 944**

Profit before taxes

NOK million	2010	2009
Share Portfolio	**2,469**	856
Orkla Eiendom (Real Estate)	**188**	-120

BORREGAARD CHEMICALS

Highlights in 2010

Borregaard enjoyed generally favourable market conditions in 2010, with increased demand and rising prices for key product groups in the chemicals area. However, the impact on profit was limited by higher raw material and energy costs and an overall negative currency trend.

The development of Borregaard's biorefinery concept continued in 2010. In addition to previously allocated research funds from the EU and the Research Council of Norway, the company received a grant of NOK 58 million from Innovation Norway for the construction of a pilot plant for the production of second-generation bioethanol. A new operations control centre was completed as part of the ongoing programme of improvements in Sarpsborg.

The business unit

Borregaard is one of the world's most advanced biorefineries. Using timber as a raw material, it produces a wide range of advanced biochemicals, biomaterials and biofuel that are sustainable alternatives to oil-based products. An attractive innovation portfolio strengthens this position. The company also holds interesting positions in additives and fine chemicals. Borregaard is an international enterprise with production units and sales offices in the most important industrial markets.

Goals

- Further develop Borregaard's biorefinery concept
- Generate new growth through increased specialisation and new products based on the company's competence platform
- Improve the cost position

Strategy

Based on existing competence, Borregaard aims to create new growth in the biochemicals, biomaterials and biofuel segments. By commercialising and renewing its innovation portfolio, it will further increase its specialisation, strengthen its market position and lower its costs. The company will also achieve growth through new, higher added-value products and by further developing its unique biorefinery concept. Borregaard will further increase its competitiveness through continuous growth in productivity, with particular emphasis on the Sarpsborg plant.

More about Borregaard's operations

Borregaard LignoTech is the world's leading supplier of lignin-based binding and dispersing agents, with production in eight countries. The 2010 result showed growth from 2009, which is ascribable to improved market conditions, higher sales volumes and stable prices. Speciality products and new

Operating revenues

3,750

NOK million

EBITA[1]

238

NOK million

"Borregaard enjoyed generally favourable market conditions in 2010, with increased demand and rising prices for key product groups in the chemicals area."

Products and areas of application

Lignin: Additives for use in concrete, ceramics, agricultural and fishery products, batteries and mining.

Speciality cellulose: Used in construction materials and in the manufacture of filters, food products, tablets, cosmetics, paints, varnish, plastics and textiles. Bioethanol is used in the pharmaceutical industry, paints, varnish, fuel and car care products.

Ingredients: Vanillin products and omega-3

applications enjoyed solid growth, while sales to the construction industry remained lower than before the financial crisis.

Borregaard ChemCell is a leading European supplier of speciality cellulose for chemical applications, and a global leader in certain areas of application in the food, cosmetics and construction industries. Production takes place in Norway. Profitability improved in 2010 due to positive market conditions, higher selling prices and a more favourable product mix offsetting lower volumes and increased variable costs.

Borregaard's ingredients and pharmaceuticals businesses supply advanced products that meet high quality and hygiene standards. Following the shut-down of operations in Italy in 2010, all production now takes place at plants in Norway. Overall, the business area achieved a somewhat weaker result than in 2009, although the ingredients business reported positive market trends and profit growth. The fine chemicals business reported a challenging market situation and weak profitability.

Borregaard Chemicals as a whole improved its result in 2010. More favourable market conditions for continuing operations were partly counteracted by irregular production, increased raw material prices and a weakened net currency situation.

[1] Operating profit before amortisation and other income and expenses.

Operating revenues

NOK million	2010	2009
Borregaard Chemicals	**3,750**	3,815

EBITA*

NOK million	2010	2009
Borregaard Chemicals	**238**	216

* Operating profit before amortisation and other income and expenses.

oils for use in food and other selected products.

Pharmaceutical products: Intermediates for X-ray contrast media (diagnostics) and medicines.

View film

HYDRO POWER

Operating revenues

1,321

NOK million

EBITA[1]

177

NOK million

Highlights in 2010

Overall, Hydro Power delivered weak results in 2010 due to low inflow and low output at Saudefaldene. However, Borregaard Energy delivered a stronger performance than in 2009, primarily due to higher market prices and the loss on financial power trading sustained in the preceding year. Borregaard Kraftverk's new generators provide increased capacity and permit better exploitation of floodwater flows in the lower Glomma River.

Operating revenues and EBITA[1] amounted to NOK 1,321 million and NOK 177 million respectively, compared to NOK 1,353 million and NOK 801 million respectively in 2009. However, the comparative figures for 2009 include a profit contribution of NOK 397 million from power plants subject to licensing which were sold as at 31 December 2009. The power operation in Sarpsborg reported profit growth in 2010 due to increased market prices, higher production resulting from increased production capacity and financial power trading losses made in previous years.

"Hydro Power consists of Borregaard's power operations and Orkla's 85% interest in AS Saudefaldene, which which have an aggregate production capacity of 2.5 TWh."

The business unit

Hydro Power consists of Borregaard's power operations and Orkla's 85% interest in AS Saudefaldene, which have an aggregate production capacity of 2.5 TWh. Hydro Power produces and supplies power to the Nordic power market.

[1] Operating profit before amortisation and other income and expenses.

Operating revenues

NOK million	2010	2009
Hydro Power	**1,321**	1,353

EBITA*

NOK million	2010	2009
Hydro Power	**177**	801

* Operating profit before amortisation and other income and expenses.

RENEWABLE ENERGY CORPORATION

The business unit

Renewable Energy Corporation (REC) is one of the world's leading players in the solar energy industry. The company's operations cover every part of the value chain, from production of raw materials to finished solar cells and modules. A global player, REC mainly serves markets in Europe, the USA and Asia. The company has more than 4,200 employees, and operates through three segments: REC Silicon, REC Wafer and REC Solar.

Operating revenues*

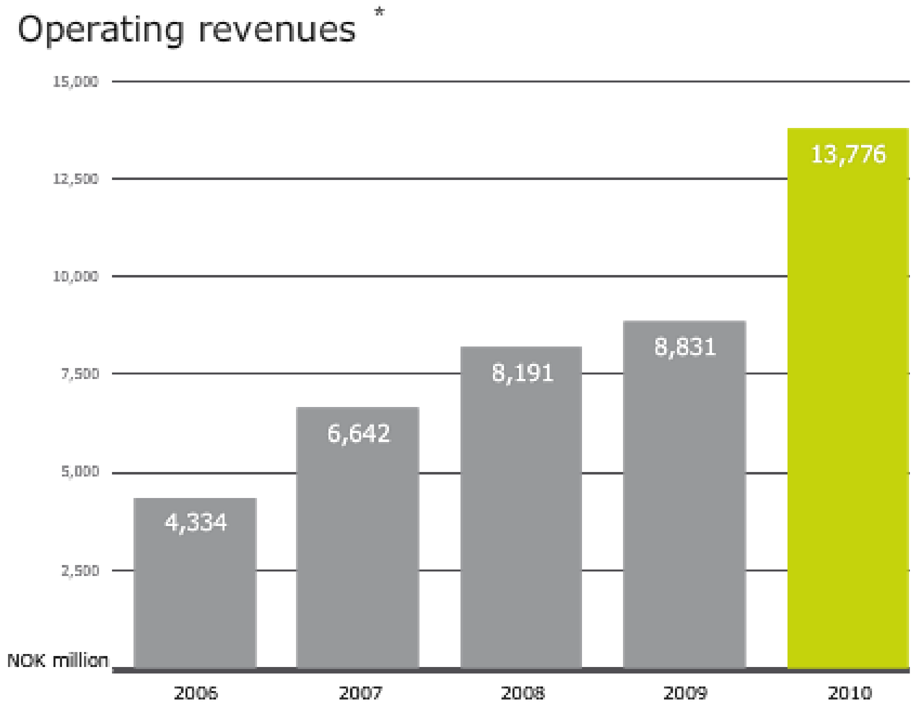
13,776

NOK million

EBITDA*

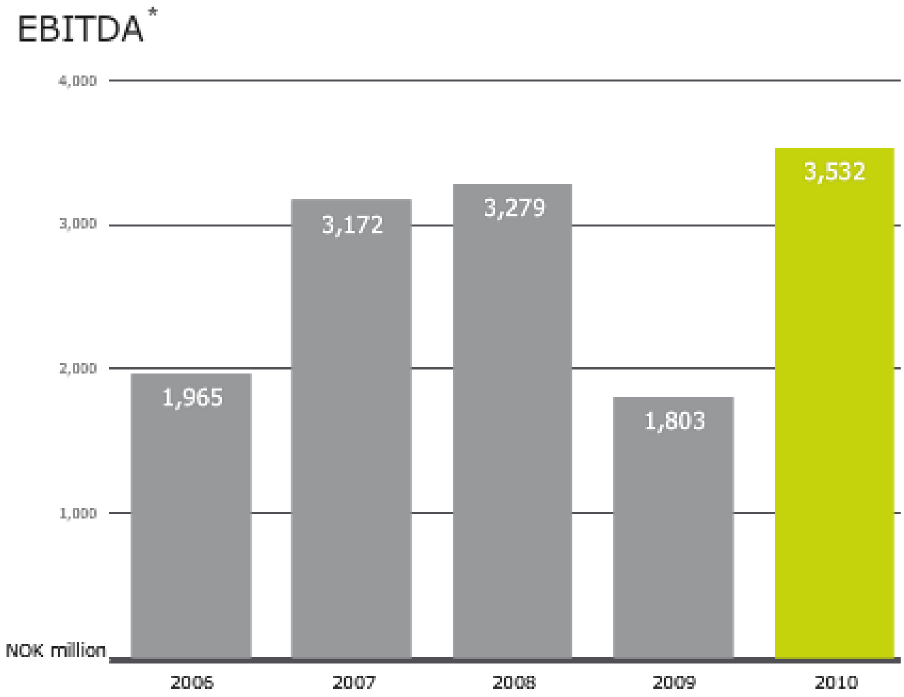
3,532

NOK million



* Figures taken from REC's financial statements. Figures as reported in 2006 - 2008.

"Renewable Energy Corporation (REC) is one of the world's leading players in the solar energy industry."



* Figures taken from REC's financial statements. Figures as reported in 2006 - 2008.

REC Silicon produces silane gas and silicon for various applications in the solar cell and electronics industries, and has three production facilities in the USA. REC Silicon is the world's largest supplier of silicon for the solar cell industry.

REC Wafer Norway manufactures monocrystalline ingots and multicrystalline silicon wafers, all for delivery to the solar cell industry. Production takes place at two plants in Norway. REC Wafer (including the production facility in Singapore) is one of the world's largest manufacturers of silicon wafers.

REC Solar manufactures and markets solar cells and modules. The segment includes the entire production facility in Singapore, a new integrated production plant for wafers, cells and modules. Solar cells are also produced at the plant in Norway.

2010, like 2009, was a year of gradual increases in production capacity. At the end of 2010 there was production at more than 80% of the production plants, compared with an average of 25% in 2009. In 2011, REC will continue to focus on operational improvements and completing the ramp-up of various production facilities. More information on REC may be found on the company's website **www.recgroup.com**.

Goals

REC aims to make renewable, environmentally friendly solar energy cost-competitive in relation to other energy sources by lowering costs in the solar energy industry. Focus on innovations in technology, materials and production reduces costs and the environmental impact associated with the production of solar energy.

* Figures taken from REC's financial statements.

Key figures

NOK million	2010	2009	Change as %
Operating revenues*	**13,776**	8,831	56%
EBITDA*	**3,532**	1,803	96%

* On a 100% basis. Figures taken from REC's financial statements.

JOTUN AS

Operating revenues*

12,003

NOK million

EBIT*

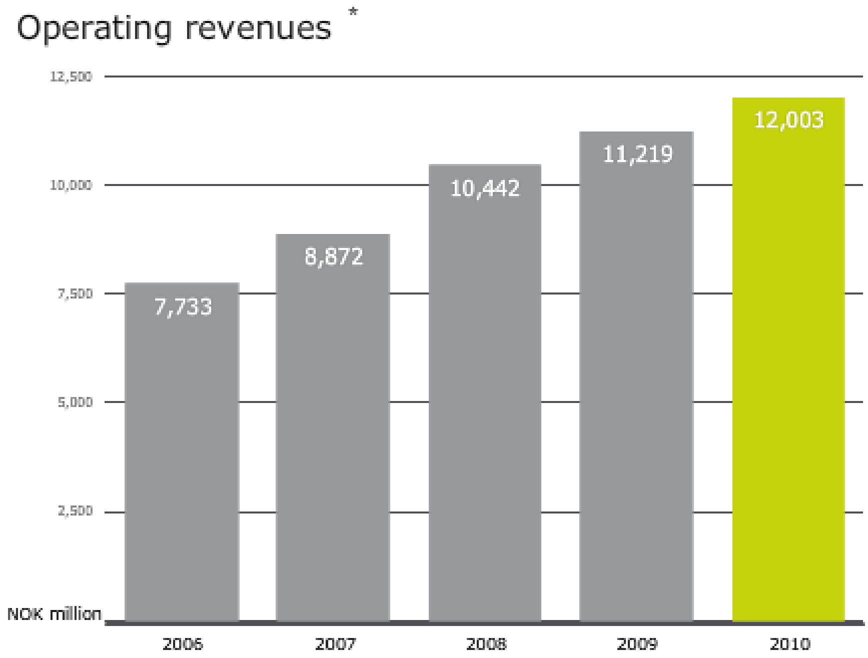
1,343

NOK million

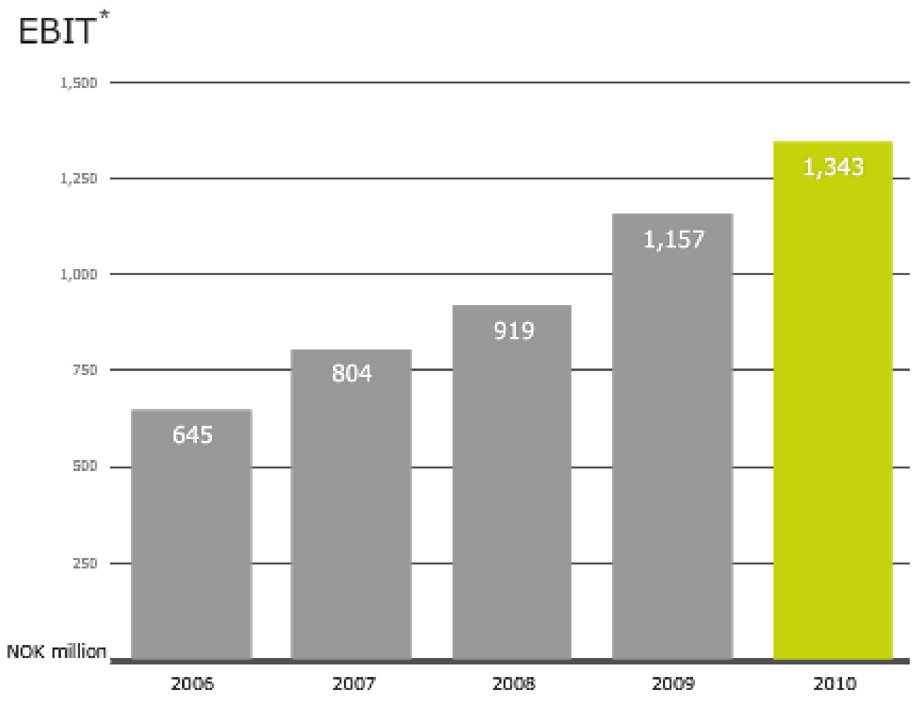
The business unit

Jotun is one of the world's leading manufacturers of paints and powder coatings, with 74 companies and 40 production facilities, distributed across all of the world's continents. Jotun also has agents, local offices and distributors in more than 80 countries and a total of 7,400 employees. Jotun's operations include the development, manufacture, marketing and sale of a range of paint systems, as well as products for the residential, shipping and industrial markets that are designed to protect and decorate surfaces.

"Jotun is one of the world's leading manufacturers of paints and powder coatings, with 74 companies and 40 production facilities, distributed across all of the world's continents."



* Figures taken from Jotun's financial statements.



* Figures taken from Jotun's financial statements.

The Jotun Group comprises four divisions: Jotun Dekorativ, Jotun Paints, Jotun Coatings and Jotun Powder Coatings. Each division has its own products, segments and geographical areas of responsibility.

The companies in the Jotun Dekorativ division supply paints, stains and varnish products for the handicrafts and the Do-It-Yourself market in Scandinavia and Iceland. The Jotun Paints division comprises companies in the Middle East and South-East Asia, where the main activities are decorative paints and responsibility for marine and
anti-
corrosion coatings for local customers and projects in the region. The Jotun Coatings division is responsible for marine and
anti-
corrosion coatings for heavy industry and the offshore industry in Europe, the USA, South Africa, Australia, Brazil and North Asia, and for decorative paints for local customers in these regions. The Jotun Powder Coatings division has global industry responsibility for decorative and functional powder coatings designed for industrial corrosion protection and metal surface treatment.

Jotun achieved satisfactory results in 2010. Both sales volume and sales value have generally increased. Results for both the Powder Coatings and Dekorativ divisions have improved in the wake of the economic downturn in 2008 and 2009. This improvement is due to targeted structural measures and to a general rise in demand for these products in most markets. Margins show a negative trend compared with last year, primarily on account of the higher cost of key metals and raw materials.

Much of Jotun’s business is of a late-cyclical nature, including the global marine market. In the Marine division, there is continued uncertainty and the downturn has not fully impacted this part of the business. Both freight rates for containers and newbuilding contracts are still at a low level due to significant overcapacity in the market. However, certain shipowners have begun to order new ships in order to prepare for the upswing in the economy as newbuilding prices are still low.

It is important for Jotun to invest continuously to ensure that its factories are of high standard. Moreover, the company generally needs to build factories in new markets and to expand its existing facilities. Factories are currently being built in Malaysia, Norway, Libya and Brazil, and Jotun is building its third plant in China. A high level of investment is important for maintaining planned future growth.

More information about Jotun may be found on the company website **www.jotun.com**.

Goals

Jotun has an ambitious, organic growth strategy. Focus on building a strong corporate identity and establishing customer loyalty are also key to success in this industry. Building a corporate culture, promoting innovation and focus on customers and strengthening product identity are crucial to Jotun’s success.

* Figures taken from Jotun's financial statements.

Key figures

NOK million	2010	2009	Change as %
Operating revenues*	**12,003**	11,219	7%
EBIT*	**1,343**	1,157	16%

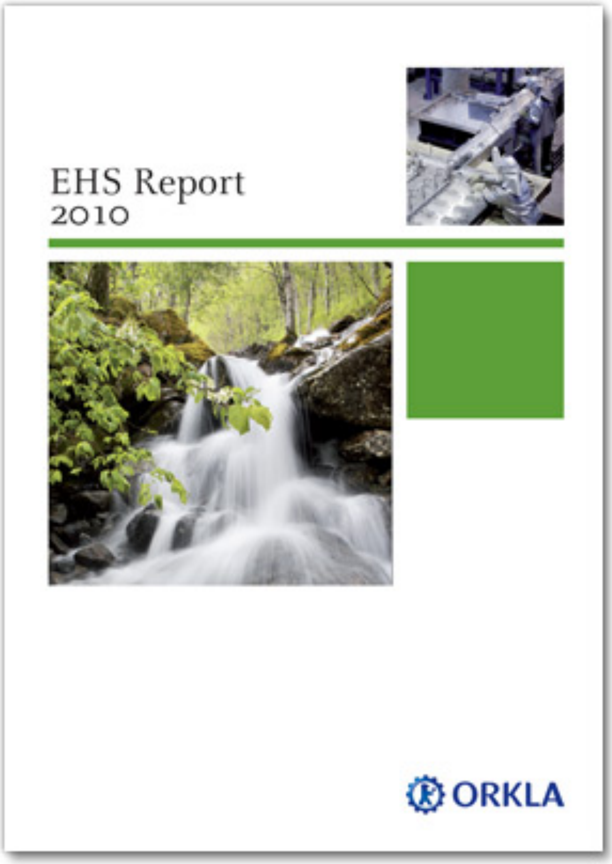
* On a 100% basis. Figures taken from Jotun's financial statements.

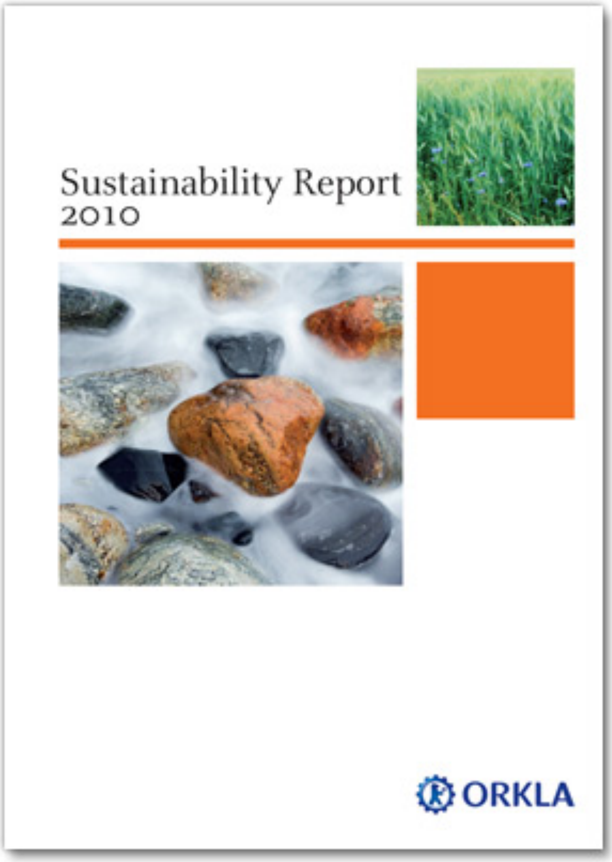
Value creation at Orkla

EHS and sustainability reports
Orkla's leadership philosophy
Share information

- Underlying value creation
- Asset values
- Risk factors
- Corporate governance

EHS and sustainability reports





Orkla's leadership philosophy

Developing good leaders is a priority at Orkla. The primary bottleneck for continued expansion is the Group's overall access to highly qualified specialised and leadership expertise.

Given the diversity of Orkla's activities, the Group needs leaders who can tackle a broad range of challenges. The criteria for good leadership will therefore be determined by the situation and challenges that must be dealt with. Management staff who will be dealing with a domestic market will have to meet different requirements than managers who will also be handling challenges in an international market. This must necessarily be taken into account when training Orkla's senior management personnel.

However, there are some general criteria that must be met by management staff who are to hold key positions at Orkla. Leadership at Orkla is directly linked to Orkla's main goal "Developing people – creating value". Good leadership at Orkla means

- Building a strong organisation
- Defining a common perception of reality
- Setting direction
- Taking action

A strong organisation is characterised by motivated employees who are willing to develop and who perceive themselves to be working to achieve common goals. If the company's internal staff training is poor or if teamwork is weak, the strength of the organisation is undermined. A leader who fails to establish a strong organisation of his own as his most important tool reduces his chances of attaining his goals.

Agreeing on a common perception of reality means measuring the company's own results, performance, abilities and culture. Similarly, it means evaluating competitors. If the notion of the company's own superiority is emphasised at the expense of focus on the competitiveness of others, this is a sign that reality is being misrepresented, creating an unrealistic picture of the situation. Many companies have suffered a sad fate as a result of overestimating their own strengths and underestimating those of others.

Direction-setting is the third dimension of Orkla's notion of good leadership. It is a question of having high ambitions and setting the right course to develop competiveness and the ability to grow. The company's ability to position itself correctly will be impaired if it fails to apply world class performance benchmarks and set sufficiently high goals or if the direction chosen is too vague and general.

Finally, leadership is about taking action and activating the parameters that ensure good decisions. Plans that are too expansive or unrealistic are often a waste of time and effort. The leader's ability to motivate the organisation to implement measures is also a crucial factor.

The above provides a theoretical framework for the content of the leadership role. In practice, senior management staff at Orkla will face different challenges, have different styles of leadership and emphasise different aspects of the leadership responsibility. This means that leadership training must also be designed to focus on dealing with a wide variety of situations.

The majority of all leadership training takes place through on-the-job training and is the responsibility of the individual companies. The Orkla Academies are also an important tool in developing leadership and specialised expertise, and fostering Orkla's corporate culture.

Over a 10-year period, Orkla has organised a Senior Management Programme at central level for a total of 250 key business area staff. The programme, which consists of three different modules, was designed in collaboration with the Center for Creative Leadership and INSEAD, thereby ensuring high-quality programme content.

Orkla needs both strong leaders and good administrative management, based on the premise that leadership promotes development, while administration promotes stability. Both are essential for success. The first module of the programme focuses on developing personal leadership. The participants learn to see their own strengths and weaknesses, how teamwork reinforces leadership quality and the importance of coaching their own co-workers. In the course of the module, participants receive professional feedback on ways in which each of them can further develop their leadership skills.

The second module is intended to raise the participants' awareness of the meaning of "The Orkla Way". Orkla has acquired considerable experience over the years with regard to mergers and acquisitions, the integration of new companies, the choice of different partnership agreements and the multi-local model, etc. There is also focus on social responsibility at Orkla, and insight is provided into the way financial and capital markets operate.

The third module has an international perspective aimed primarily at identifying important prerequisites for success in international markets, particularly the Russian and Asian markets. There is emphasis on describing aspects of the different countries' political and business culture, and on providing examples of other companies' experience of operating outside their own country.

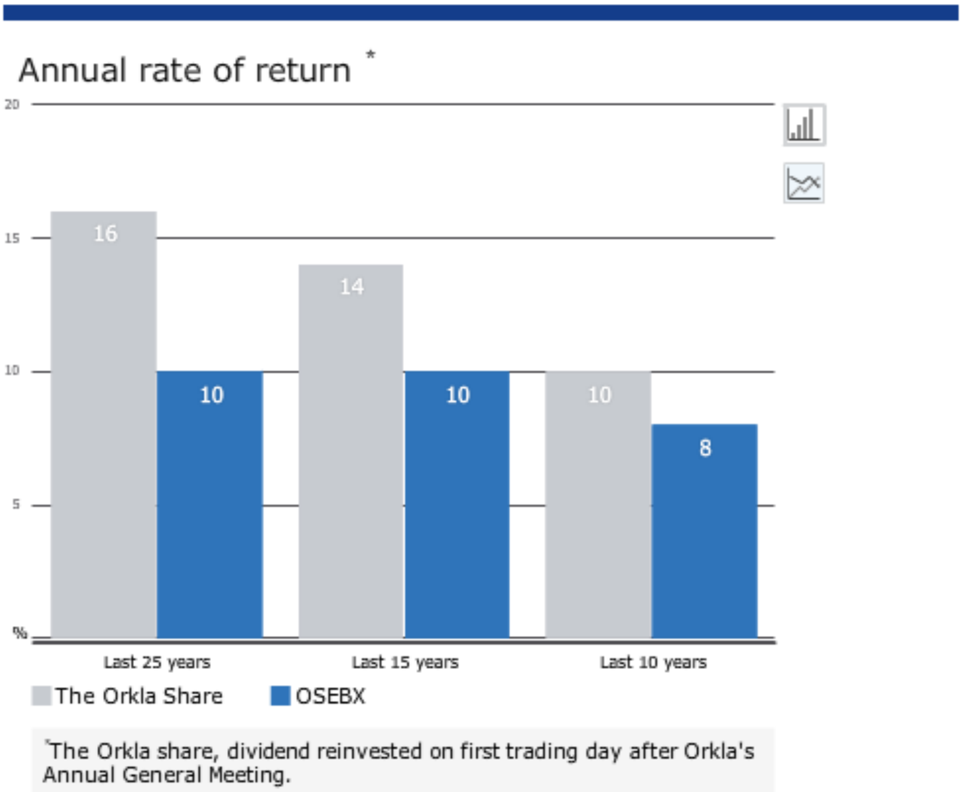
In autumn 2010, Orkla, in collaboration with Jotun and the China Europe International Business School, arranged a week-long leadership development programme in Shanghai, with particular focus on China as an attractive market for Orkla in the further internationalisation of its operations.

Share information

Through efficient business operations, Orkla aims to achieve long-term value growth for its shareholders which exceeds that of relevant, competitive investment alternatives. For shareholders, this is reflected in the combination of the long-term price performance of the Orkla share and the dividend that is paid out.

Return on investment

In 2010 the Orkla share gave shareholders a 4.2% return, including dividend, on their investment. By comparison, the return on the Oslo Stock Exchange Benchmark Index in the same period was 18.3%. Even given the sharp fall in the value of REC (Orkla owns 39.7%), Orkla shareholders have enjoyed a good return on their shares over time. In the past decade, the annual return has averaged 9.7%, while the average return on the Oslo Stock Exchange was 8.4%. In an even longer perspective, the annual return since 31 December 1985 has averaged 15.5%, compared with 9.5% for the Oslo Stock Exchange.



Market capitalisation and turnover

The Orkla share is listed on the Oslo Stock Exchange under the ticker code ORK. All shares have equal rights and are freely transferable. Orkla is one of the largest companies listed on the Oslo Stock Exchange, and accounted for approximately 5.5% of the Oslo Stock Exchange Benchmark Index (OSEBX) at the end of 2010. The Oslo Stock Exchange's OBX list contains the 25 most liquid companies on the Oslo Stock Exchange. As of 31 December 2010, Orkla accounted for 6.9% of the OBX list.

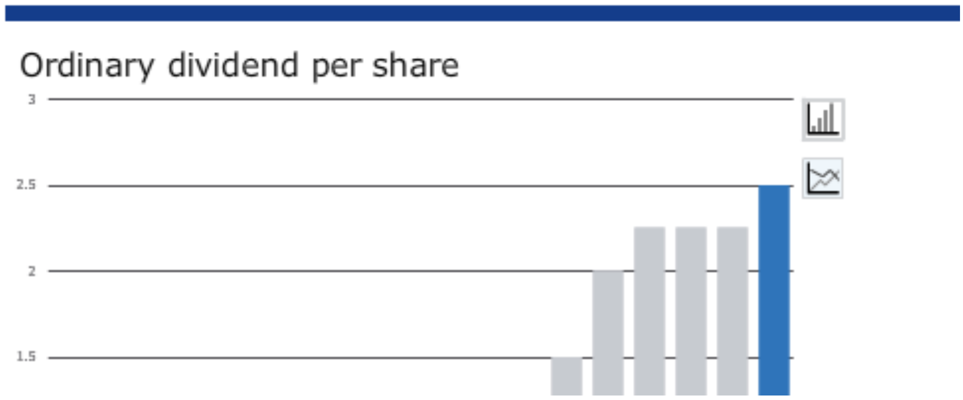
At the end of 2010, the Orkla share was listed at NOK 56.7. Orkla's market capitalisation[1] was therefore NOK 57.9 billion, just as on 31 December 2009. The value of Orkla shares traded in 2010 amounted to NOK 40 billion, equivalent to 2.2% of the Oslo Stock Exchange's total turnover. An average of 2.9 million Orkla shares were traded daily.

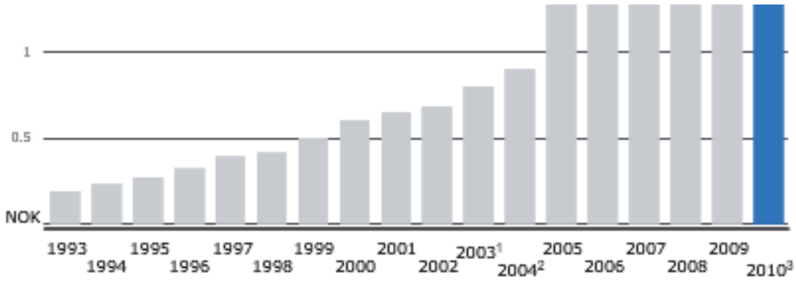
The Orkla share may also be traded through Orkla's Level-1 ADR programme in the USA.

More information on the ADR programme may be found **here**.

Dividend policy

Over time, Orkla's shareholders will receive a competitive return on their investment through a combination of dividends and an increase in the share price. As long as Orkla's underlying performance is satisfactory, shareholders will experience a steady, stable increase in the dividend paid out. The Board of Directors proposes to pay a dividend of NOK 2.50 per share for 2010. The dividend will be paid out on 29 April 2011 to shareholders of record on the date of the Annual General Meeting.





[1] Additional dividend NOK 5.00 per share.
[2] Additional dividend NOK 1.00 per share.
[3] Proposed dividend.

Treasury shares

Through the allocation of shareholder capital, Orkla will be able to undertake share buybacks, in addition to paying out a dividend. At the Annual General Meeting in 2010, the Board of Directors was granted authorisation to buy back up to 100,000,000 Orkla shares. The authorisation is limited to specific purposes and must be implemented at the latest by the Annual General Meeting in 2011. Shares acquired under this authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. The Board of Directors did not exercise this authorisation in 2010. A summary of buy-backs of outstanding shares may be found **here**. As of 31 December 2010, Orkla owned 6,945,749 treasury shares.

Shareholders

As of 31 December 2010, Orkla had 47,135 shareholders, compared with 48,137 as of 31 December 2009. At year-end, 39% of the shares were owned by foreign investors, compared with 37% at the start of the year. Read more about Orkla's biggest shareholders **here**.

Voting rights

Orkla has one class of share, and each share carries one vote and has a par value of NOK 1.25. The voting right for transferred shares may be exercised when the transfer has been recorded by the Norwegian Central Securities Depository (VPS) within the time limit for giving notice of attendance at the general meeting, or if the acquisition has been reported to the VPS and proof of the acquisition is presented at the general meeting. Under Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares that are registered in a nominee account must be re-registered in the VPS within the time limit for giving notice of attendance at the general meeting in order for the shareholder to be able to exercise voting rights. If the shareholder is unable to attend the general meeting and vote in person, he or she may vote by proxy. Further information on the use of proxies at general meetings may be found **here**.

The next Annual General Meeting will be held on Thursday, 14 April 2011 at 3 p.m. in Gamle Logen in Oslo. Notice of attendance may be given electronically **here**, or by completing and sending the attendance form to Orkla's account manager, DnB Nor Bank ASA. The deadline for giving notice of attendance is 3 p.m. on 11 April 2011.

Under Orkla's Articles of Association, the Board of Directors may decide that documents concerning matters to be considered at the general meeting and attachments to the notice of a general meeting (including the annual report) need not be sent to shareholders when the documents are made available on the company's website. At a Board meeting on 10 February 2010, the Board of Directors decided to implement this system for this year's Annual General Meeting. A shareholder may nonetheless request that documents relating to the general meeting be sent to him or her free of charge by post. The aforementioned documents may be ordered **here** or by sending a letter to Orkla's Investor Relations Department. Further information regarding procedures in connection with the general meeting may be found **here**.

Shareholders who wish to have information concerning their own holding of Orkla shares or to give notice of a change of address must contact their own account manager. If you are in doubt as to who your account manager is, please contact Orkla's account manager.

DnB NOR Bank ASA
Registrar's Department
NO-0021 Oslo
Tel.: +47 22 48 35 90
Fax.: +47 22 48 11 71
E-mail: **vps.kontoforer@dnbnor.no**

Investor relations

Communication with shareholders, potential investors, analysts and others in the financial market is an important, priority task for Orkla. The Investor Relations Department is responsible for coordinating the Group's communication with the capital market. The objective is to make certain that the capital market has sufficient information about the company to ensure that the share price reflects the company's underlying values. A general goal of Orkla's investor relations activities is to create confidence by ensuring that all players have equal access to financial information.

The Stockman Prize, which is awarded by the Norwegian Society of Financial Analysts, is presented to the listed company in Norway that is best at providing current information about its activities to the financial community and shareholders. In 2010, Orkla was awarded the Stockman Prize for the best IR team.

www.orkla.com/investor

Orkla's website is an important channel for information to the capital market. Presentations, quarterly reports, annual reports, stock exchange notifications and press releases are posted on Orkla's website as and when they are made public. The website also contains general information on the Orkla share, the share price performance and shareholder matters, as well as updated lists of shareholders and analysts.

Contacts

For more information on investing in Orkla, please consult the contact information below:

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SVP Investor Relations
Tel: +47 22 54 44 11
rune.helland@orkla.no

Siv Merethe Skorpen Brekke
VP Investor Relations
Tel: +47 22 54 44 55
siv.merethe.brekke@orkla.no

Postal address: P.O. Box 423, Skøyen, NO-0213 Oslo
Visiting address: Karenslyst allé 6, Skøyen, Oslo

[1] Market capitalisation is calculated on the basis of the number of shares outstanding x average share price at year-end.

Key figures for the Orkla share

	2010	2009	2008	2007	2006
Share price, high (NOK)	**58.2**	58.0	106.0	117.8	71.6
Share price, low (NOK)	**40.0**	38.4	32.9	68.3	51.2
Share price, closing at 31.12 (NOK)	**56.7**	56.9	45.5	105.3	70.6
Diluted earnings per share (NOK)[2]	**-0.9**	2.5	-2.8	8.1	10.9
Dividend paid per share (NOK)	**2.5[1]**	2.25	2.25	2.25	2.00
Percentage of foreign shareholders	**39.0%**	37.0%	35.9%	42.8%	47.0%
No. of shares issued at 31.12	**1,028,930,970**	1,028,930,970	1,028,930,970	1,036,430,970	1,041,430,970
No. of shares outstanding at 31.12.	**1,021,985,221**	1,019,073,155	1,017,013,082	1,024,393,580	1,029,605,495

[1] Proposed dividend.

[2] Figures as reported in the period 2006-2009.

The 30 largest shareholders as of 31.12.2010[1]

	Shareholder	**No. of shares**	**% of capital**
1	Canica Group[2]	238,342,000	23.2%
2	Folketrygdfondet	105,298,631	10.2%
3	Franklin Templeton	60,807,642	5.9%
4	Taube Hodson Stonex Partners	26,557,063	2.6%
5	BlackRock	22,523,281	2.2%
6	SAFE Investment Company	18,713,121	1.8%
7	DnB NOR Asset Management	17,975,138	1.7%
8	Storebrand Investments	17,292,283	1.7%
9	Capital Research & Management	15,451,700	1.5%
10	SSGA	15,153,255	1.5%
11	Vital Forsikring ASA	14,938,864	1.5%
12	Asset Value Investors	13,040,479	1.3%
13	MFS Investment Management	12,772,538	1.2%
14	SSGA Ireland	11,640,975	1.1%

15	KLP	11,498,204	1.1%
16	JPMorgan Asset Management	10,825,807	1.1%
17	Pareto AS	8,828,100	0.9%
18	DnB NOR as marketmaker	8,397,015	0.8%
19	Legal & General Investment Management	7,309,502	0.7%
20	Vanguard Group	6,437,360	0.6%
21	Eton Park Capital Management	6,303,931	0.6%
22	State Street (C)	6,253,057	0.6%
23	Varma Mutual Pension Insurance	6,000,000	0.6%
24	Neptune Investment Management	5,596,520	0.5%
25	Dimensional Fund Advisors	5,570,713	0.5%
26	Invesco Perpetual	5,349,951	0.5%
27	Goldman Sachs Asset Management	4,895,605	0.5%
28	Rasmussengruppen AS	4,369,000	0.4%
29	Oslo Pensjonsforsikring	4,000,000	0.4%
30	GIC Asset Management	3,956,791	0.4%
Total shares		**696,098,526**	**67.7%**
Total all Orkla shares		**1,028,930,970**	**100.0%**
Number of shares outstanding		**1,021,985,221**	**99.3%**

[1] The data is provided by RD:IR and VPS, through the Nominee ID service. The data was obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Orkla share register. Whilst every reasonable effort is made to verify all data, neither RD:IR nor VPS can guarantee the accuracy of the analysis. For a list of the 20 largest shareholders as of 31.12.2010 from the official VPS list,see Note 28 in the Annual Report.

[2] The Canica Group: Canica AS, Canica Investor AS, Tvist AS, Stein Erik Hagen AS. Total share ownership including related parties amounts to 23.3% (239,887,000 shares).

Shares by size of shareholding as of 31.12.2010

No. of shares	No. of shareholders	% of capital
1-500	19,407	0.41
501-5,000	22,490	3.75
5,001-50,000	4,420	5.81
50,001-500,000	600	8.74
500,001-2,500,000	141	15.88
over 2,500,000	48	65.41

Average number of shares outstanding, diluted

	2010	2009	2008	2007	2006
Average no. of shares issued	**1,028,930,970**	1,028,930,970	1,034,955,560	1,036,430,970	1,041,430,970
Average no. of treasury shares	**-9,311,764**	-11,820,991	-18,640,916	-8,624,311	-9,777,465
Average no. of shares outstanding	**1,019,619,206**	1,017,109,979	1,016,314,644	1,027,806,659	1,031,653,505
Estimated dilution effect[1]	**68,637**	398,956	1,515,057	3,485,305	2,726,750
Average no. of shares outstanding, diluted	**1,019,687,843**	1,017,508,935	1,017,829,701	1,031,291,964	1,034,380,255

[1] As of 31.12.2010 Orkla had issued a total of 19,769,500 options to executive management. See Note 6 to the consolidated financial statements.

Brokerage houses	Contact	Telephone	E-mail
ABG Sundal Collier	Petter Nystrøm	+47 22 01 61 35	petter.nystrom@abgsc.no
Arctic Securities ASA	Kenneth Sivertsen	+47 21 01 32 32	kenneth.sivertsen@arcticsec.no
Argo Securities	Henrik Schultz	+47 24 14 74 00	henrik.shcultz@argosec.no
Carnegie ASA	Preben Rasch-Olsen	+47 22 00 93 59	pro@carnegie.no
Credit Agricole Cheuvreux	Daniel Ovin	+46 87 23 51 75	dovin@cheuvreux.com

Danske Market Equities	Martin Stenshall	+47 85 40 70 73	martin.stenshall@danskebank.com
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Handelsbanken Capital Markets	Anita Huun	+47 22 94 08 06	anhu14@handelsbanken.se
Nordea Markets	Tore Østby	+47 22 45 79 88	tore.ostby@nordea.com
Pareto Securities ASA	Samir Bendriss	+47 22 87 87 00	samir.bendriss@pareto.no
Royal Bank of Scotland	Robbie Aitkin	+44 207 678 0234	robbie.aitken@rbs.com
RS Platou Markets AS	Terje Mauer	+47 22 01 63 00	t.mauer@platoumarkets.com
SEB Enskilda ASA	Atle Vereide	+47 21 00 85 00	atle.vereide@enskilda.no
Terra Markets	Arvydas Noreika	+37 052 46 19 69	an@securities.no
UBS Investment Bank	Olof Cederholm	+46 8 453 7306	olof.cederholm@ubs.com
Warren Bank	Tor Klaveness	+47 24 14 47 00	tor.klaveness@warren.no

Underlying value creation

There is a long-term connection between the return on a share and the underlying value created through efficient operations and structural improvements in a company. Orkla therefore considers it important to measure the progress of and value created by the Group's operating activities.

The return on capital employed over time is a good measurement of the value that is created in relation to the capital that is spent. Orkla's Industry division has a pre-tax cost of capital (WACC) of 9.7%, and the return on capital employed in relation to this criterion gives a picture, over time, of the financial value-added that Orkla creates. Orkla's incentive systems are based on the development of this financial value-added. For several years in a row, Orkla has achieved a return on capital employed that is well above the required return. The return on capital employed[1] was 10.5% in 2010. The average return over the last five years has been 9.9%.

Group strategy and value creation

Orkla's goal is to give shareholders a long-term return that is well above the stock market average. To achieve this goal, the Group intends to continue to pursue an ambitious growth strategy for its industrial companies. This entails focus on efficient operations, organic growth and increased cost-effectiveness and capital efficiency, as well as on exploiting structural opportunities.

Orkla seeks to achieve growth and long-term value creation by actively exploiting all the competitive advantages at its disposal. Through its dual structure, value is created in both the Group's industrial operations and its investment activities, but also through interaction between the two. To achieve industrial progress, Orkla focuses continuously on innovation, operational improvements and structural development. It is important that this value-creating work takes place close to the Group's markets, assisted as necessary by experts from Orkla's corporate functions. The structure of the Group offers a broad frontier of opportunity and considerable flexibility. Capital and management capacity are allocated strictly to those parts of the company that are judged to have the best potential, provided that the anticipated return exceeds Orkla's cost of capital.

As part of an industrial group, Orkla's Share Portfolio benefits from the long-term perspective and industrial competence that are inherent in the organisation. Moreover, the Share Portfolio offers options for the Group's further industrial development. Many of Orkla's major industrial assets started out as a financial investment.

Top-line growth and structural development

Orkla has an ambitious strategy for industrial growth, seeking to achieve growth both organically and through acquisitions. Over time, acquisitions will be Orkla's main source of growth.

In its efforts to promote growth, Orkla makes full use of its broad range of industrial operations. However, the Group has established clear guidelines in its expansion strategy, which require that growth must be

- based on differentiable products that hold strong positions, or have the potential to achieve such positions
- within the Group's core competencies
- within the geographical areas on which Orkla is focusing.

As a fundamental principle, Orkla selects opportunities for industrial expansion on the basis of profitability and the potential return on investment. An important factor when assessing candidates for acquisition is the possibility of synergies in terms of both structural organisation and operational expertise. In this way the value of both existing and acquired businesses is increased. In particular, the acquisition and integration of small companies will generate synergies that contribute to increased efficiency, and thereby to future profitability and margin growth. From time to time Orkla makes major acquisitions or sells businesses as part of its asset reallocation strategy.

Enhancing cost effectiveness and capital efficiency

Orkla's focus on efficient operations applies to both revenues and expenses throughout the value chain. The Group's competitiveness must be strengthened through continuous efforts to improve cost effectiveness. Redesign programmes generate one-off savings and are often carried out with support from central staff, while continuous improvement programmes are the ongoing processes implemented by companies to steadily enhance their cost-effectiveness and competitiveness.

Orkla focuses continuously on improving capital efficiency, an objective that is an important component of the incentive programme for executive management. Orkla pays particular attention to changes in current capital and replacement investments. The latter are defined as the investments required to maintain operations at the current level. The table below shows current capital in relation to operating revenues, and replacement investments in relation to depreciation, for Orkla's industrial operations in the last three years.

[1] See definition **here.**

Industrial activities*	**2010**	**2009**	**2008**
Average current capital as % of operating revenues	**16.7%**	20.5%	19.2%
Replacement investments as % of depreciation	**98%**	58%	122%

* Figures as reported in 2008-2009.

Asset values

One possible model for valuing Orkla is to distinguish between industrial assets, where the value lies in future earnings from continuing operations, and the Group's negotiable assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from industrial activities.

The main data necessary for a valuation of Orkla's assets are presented below. On this basis, and by applying his/her own assumptions for assessing the value of these and other assets, an investor will be able to undertake a valuation of the Orkla Group.

Associated companies

Orkla owns equity interests in several companies that are reported as associated companies. The largest of these are a 39.7% stake in the Renewable Energy Corporation ASA (REC) and a 42.5% stake in Jotun AS. REC is listed on the Oslo Stock Exchange and had a market value of NOK 17.7 billion at year-end. The company is one of the world's leading players in the solar energy industry. REC's operations encompass every stage of the value chain, from production of raw materials to solar cells and modules. REC is a global player that primarily serves markets in Europe, USA and Asia. Jotun is a well-established global manufacturer of paint and powder coatings and holds strong positions in Asia and the Middle East. The company is steadily expanding and has achieved annual organic EBIT-growth of 20.1% in the past five years. The key figures and accounting for these companies are shown in **Note 3** (Investments in associates accounted for under the equity method) to the consolidated financial statements.

The Share Portfolio

As of 31 December 2010, the Group's Share Portfolio had a market value of NOK 11.7 billion. Unlisted shares accounted for 16% of the portfolio. Foreign shares, mainly Nordic shares, accounted for 85%. Unrealised gains/losses totalled NOK 4,438 million at year-end. Gains realised on shares domiciled in the EEA are largely tax-free, which means that losses realised on such shares are not tax deductible. The Share Portfolio is presented as a current asset at fair value in the balance sheet, and gains and impairment charges/losses are reported in the income statement in accordance with IFRS. For further details, see **Note 19** (Share Portfolio) to the consolidated financial statements.

Real estate

Orkla's real estate business, Orkla Eiendom, concentrates on developing properties that derive from the Group's discontinued industrial operations, in addition to investments in partly owned real estate companies. The capitalised value of Orkla's real estate investments as of 31 December 2010 was NOK 1,712 million. The carrying value of development projects was NOK 287 million. The two biggest projects are Ringnes Park and Idun, where Orkla's stake is equivalent to a development potential of 40,000 m^2 residential property centrally located in Oslo. Results from Orkla Eiendom are reported under "Orkla Financial Investments".

Power

Orkla's hydro power operations consists of the power plant in Sauda and Borregaard's power plant in Sarpsborg, with a total production of approximately
2.5 TWh.
EBITA[1] from the sale of electricity is reported under Hydro Power and in 2010 this amounted to
NOK 177 million.

The power plants in Sauda are regulated by a civil law lease agreement with Statkraft. The lease runs until 31 December 2030, after which the power plants will be returned to Statkraft in return for financial compensation equivalent to the estimated residual tax written down value (around
NOK 1 billion)
of the newly built plants. In a normal year and based on current market expectations, the Saudefaldene plants are expected to contribute annual EBITA1 of an estimated
NOK 200-250 million.
However, the maintenance costs for the next two years (2011-2012) will be higher than normal.

Borregaard's power operations are based on power rights that are not subject to reversion, and annual production totals approximately
0.6 TWh.

Further information on the power plants may be found in **Note 27** "Power production and power
contracts".

[1] Operating profit before amortisation and other income and expenses.

Risk factors

The Group's risk level declined in the course of 2010. The recovery of the global economy has improved framework conditions for most of the Group companies. In the credit markets, risk premiums and margins are stable. As a result of structural measures and focus on efficient operations, the risk level for internal risk factors is also considered to be somewhat reduced.

Strategic risk

General trends in the financial- and real economy will impact on businesses exposed to cyclical trends, such as Sapa and parts of Investments. Orkla Brands is less affected by the global economic situation. The global economy is expected to continue to grow, but there will still be uncertainty as to how the various markets will develop. Orkla is well positioned for further economic expansion, and due to its diversified portfolio, geographical spread and solid balance sheet is also prepared to weather any new recessions. At Group level, the following factors have an obvious impact on the risk picture:

- Global demand trends
- Challenging, more volatile operating conditions due to significant fluctuations in exchange rates
- Challenging, more volatile operating conditions due to significant fluctuations in strategic raw material prices
- Changes in local and global framework conditions that affect the Group's competitiveness

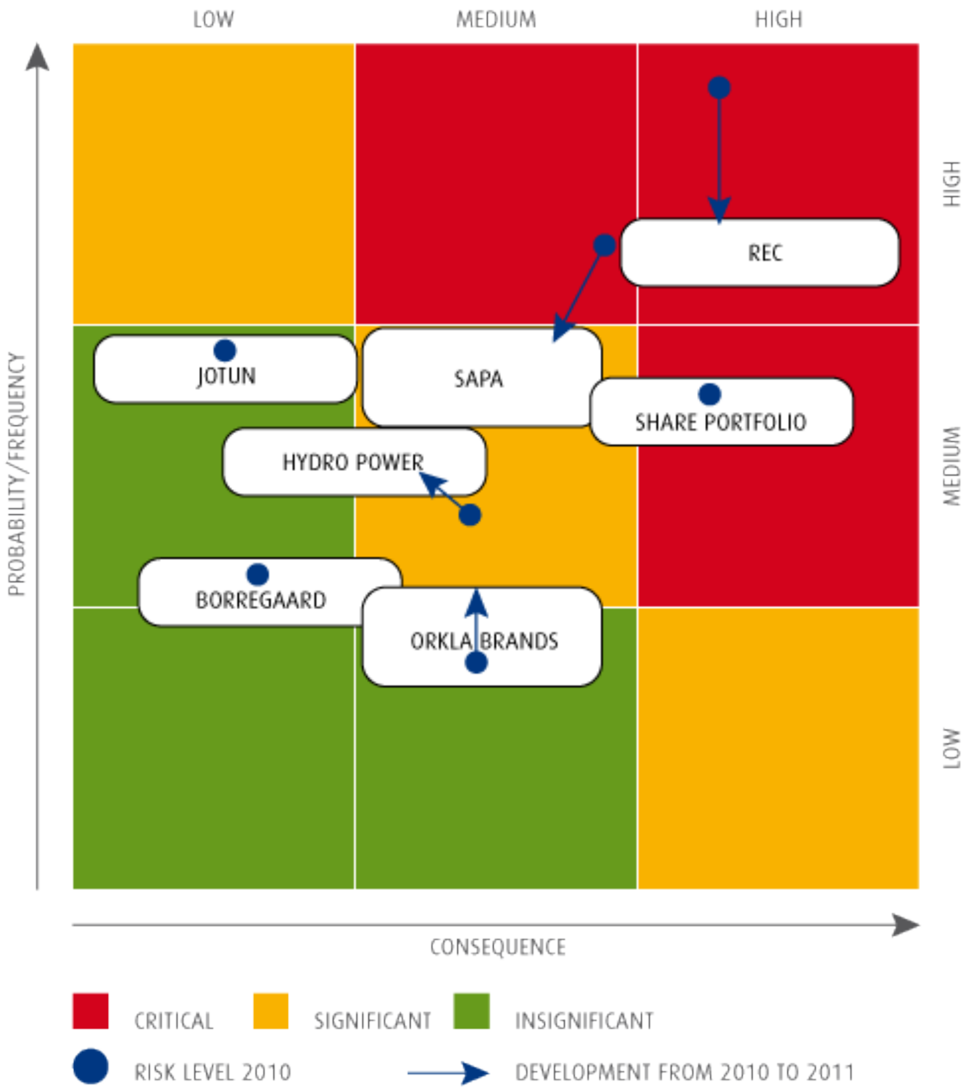
There is an inherent risk related to the lack of optimisation of the Group's portfolio of companies. Consequently, there is continuous focus on, and an opportunistic attitude towards, developing the portfolio.

There is also considerable focus on opportunity risk (risk related to missed opportunities). An example of such risk is not having the financial leeway to exploit business opportunities. Orkla has good financial flexibility, and ensuring that the Group continues to have sufficient freedom of action and flexibility is therefore a priority.

Operational risk

As in 2010, the risk level for 2011 is perceived to be highest in Investments. The risk in this business area is primarily related to changes in the value of REC and the Share Portfolio. The risk in Investments is balance-sheet risk more than cash-flow risk related to operations, which is the case for the other operational units. Sapa also ranks relatively high in terms of risk, but due to a combination of positive market trends, an improved cost structure and increased competitiveness, particularly in North America, its risk level is assessed as somewhat lower at the start of 2011. Orkla Brands operates in relatively stable markets and is less exposed to cyclical and maket fluctuations. The business area thus represents a lower risk. Risk in these areas as a proportion of the Group's total risk must be seen in conjunction with the size of the businesses and the potential losses that this represents.

The figure below illustrates the relative risk exposure of the various business areas and companies in Orkla through a qualitative and relative presentation of the downside risks.



Orkla Brands

In Orkla Brands, risk related to raw material price trends has increased. However, the business area's broad-based product portfolio limits its exposure to individual raw materials. Orkla Brands expects to be able to largely compensate for market-based increases in raw material by raising prices correspondingly. Over time, Orkla Brands must succeed with its innovations, product launches and efficiency improvement programmes if it is to be able to maintain its current value creation. The business area is increasing its focus on acquiring companies that can strengthen its existing business systems.

Sapa

For Sapa, volume remains the main risk in 2010. In terms of cyclical trends, the market is assessed as having bottomed out at a low level in 2009. Both demand and prices rose through 2010 and the likelihood of a new cyclical downturn is considered to be reduced. Operational and structural measures have improved Sapa's cost structure and competitiveness, particularly in North America. Sapa is therefore well positioned to take advantage of further market growth. A shift in focus towards more specialised solutions, a lower cost base, increased production flexibility and enhanced risk awareness (ability to react) all serve to reduce the negative consequences of a possible new economic downturn.

Investments

Borregaard is exposed to fluctuations in currently rates (primarily in USD and EUR), energy prices and strategic raw material prices. In Borregaard's cellulose business, risk is related to price fluctuations in the speciality cellulose market. Furthermore, operations at the Sarpsborg plant have been unstable at times. A new control centre was started up at the end of 2010. Combined with the ongoing improvement programme, this is expected to improve operating regularity. Some segments of the pharmaceuticals and aroma business face uncertainty linked to industry overcapacity. However, Borregaard has improved the long-term competitiveness in parts of this business by implementing structural measures. Borregaard's specialisation strategy, with its biorefinery concept, and LignoTech's global market position reduce the cyclicality of the company's operations, giving it greater flexibility and leeway to act.

The power business in Sauda is expected to deliver around
1,850 GWh
in a normal year. A total of
1,026 GWh
is leased under a long-term lease agreement with Statkraft, and long-term delivery agreements have been established for the same volume on corresponding terms. Any production exceeding that volume may be sold in the power market. The risk in Sauda is thus related to the costs of operating the power plants, precipitation amounts and reservoir levels, and to price trends in the power market.

The investment in REC represents a significant risk for Orkla. For more detailed information about the risk factors for this company, reference is made to REC's website (**www.recgroup.com**). Orkla's equity interest in Jotun is not considered to entail significant risk, and reference is made to Jotun's website (**www.jotun.com**) for further information.

For the Share Portfolio, general market risk presents the greatest challenge to profitability. Orkla's Share Portfolio is primarily concentrated on listed shares in the Nordic region. More information on matters related to the structure and composition of the Share Portfolio may be found in **Note 19** to the consolidated financial statements. The investments in real estate represent relatively low potential losses at Group level.

Orkla HQ/Other Business

Orkla HQ accounts for a small proportion of the Group’s overall risk exposure, but a large proportion of contingency risks (risks with low probability, but severe consequences), such as risk related to financing, taxes, compliance with laws and regulations, financial reporting, intellectual property rights, reputation and corporate governance. The Group Executive Board monitors these risks through routine operational reporting and regular meetings with senior corporate function staff. Other operations, consolidated under “Other Business”, are not considered to be a significant risk at Group level.

Financial risk

At the end of 2010, Orkla had a strong balance sheet, with an equity-to-assets ratio of 53.6**%** and net gearing of 0.42. The Group has a robust financing structure with sufficient long-term committed drawing facilities to meet refinancing needs until the end of 2012. Consequently, the refinancing risk is considered to be relatively low.

In many business areas, Orkla has production and sales operations in several different countries, and is exposed to financial risks, such as price risk linked to raw materials and finished products, currency risk, interest rate risk, liquidity risk and credit risk. Orkla’s financial risk factors and risks related to hedge instruments are continuously assessed to ensure that the exposure limits imposed by the Board of Directors are observed. A more detailed discussion of Orkla’s financial risk factors and risks related to hedge instruments may be found in **Note 25**to the consolidated financial statements.

Corporate governance

Orkla's principles for good corporate governance aim to provide the basis for long-term value creation, to the benefit of shareholders, employees and society at large. These principles cannot replace efforts to promote a sound corporate business culture, but must be viewed in conjunction with them. Openness, transparency, accountability and equal treatment underpin confidence in the Orkla Group, both internally and externally.

"The composition of the Board of Directors is intended to serve the interests of all the shareholders and meet the company's need for competence, capacity and diversity."

1. Statement of policy on corporate governance

The Board of Directors at Orkla actively adheres to good corporate governance standards and will at all times ensure that Orkla complies with the Norwegian Code of Practice for Corporate Governance, which was last revised on 21 October 2010. The topic of corporate governance is subject to annual assessment and discussion by the Board, which has also considered the text of this chapter at a Board meeting. The Code of Practice may be found at **www.nues.no**.

Orklais committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving its operations in relation to the external environment, climate and energy resources and investing in profitable business projects that can generate positive ripple effects for society. The Group's attitudes towards social responsibility have been defined in Orkla's "Goals and Values", Code of Conduct and corporate responsibility guidelines. The latter two documents are scheduled to be revised in the course of 2011. The documents are available on Orkla's website under "Sustainability", and are described in further detail in Orkla's Sustainability Report, which also gives an account of the Group's efforts to address important corporate responsibility issues.

The following section is structured in the same way as the Code of Practice, covers each point of the Code and describes Orkla's compliance efforts. Wherever possible, account is taken in this report of information which Orkla will be required to provide in the 2011 Annual Report under section 3-3b of the Norwegian Accounting Act regarding reporting on corporate governance.

The information that Orkla will be required to present under section 3-3b is structured in accordance with the Code of Practice where it is logical to do so. The following specifies where the items on which information must be disclosed under section 3-3b may be found:

1. "a statement of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with": section 1 of the Code of Practice , Implementation and reporting on corporate governance

2. "information on where the recommendations and regulations mentioned in no. 1 are available to the public": section 1 of the Code of Practice,

3. “the reason for any non-conformance with recommendations and regulations mentioned in no. 1”: There are two non-conformances with the Code of Practice which are described in further detail under section 6, General Meetings, and section 14, Takeovers.

4.“a description of the main elements in the enterprise’s, and for entities that prepare consolidated financial statements, if relevant also the Group’s internal control and risk management systems linked to the financial reporting process”: section 10 of the Code of Practice, Risk Management and internal control.

5. “Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act: section 6 of the Code of Practice, General Meetings.

6. “the composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders’ Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees”: section 8 of the Code of Practice, The Corporate Assembly and the Board of Directors, composition and independence, and section 9, The work of the Board of Directors.

7. “Articles of Association governing the appointment and replacement of Directors”: section 8 of the Code of Practice, The Corporate Assembly and the Board of Directors, composition and independence.

8. “Articles of Association and authorisations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates”: section 3 of the Code of Practice, Equity and dividends.

2. Activities

Orkla’s mission statement reads as follows: “The objectives of the company are to engage in activities comprising industry, commerce, forestry, transport, finance, the acquisition and sale of securities and other investments, the purchase, sale, development and management of real estate, the publication of newspapers, magazines and other media, services and any other activity connected with the aforementioned objectives. The activities are conducted by the company itself or by its subsidiaries in Norway and abroad.”

In accordance with its mission statement, Orkla operates in several areas. The Group’s main focus is on household branded consumer goods, aluminium solutions, renewable energy, materials and financial investments. The Group pursues a long- term approach and has, over time, created substantial excess value for shareholders.

Orkla’s primary goal is “Developing people – creating value”. Orkla aims to outperform and create greater value than its competitors and others with whom it is natural to compare the Group. Orkla will achieve this objective by sharpening its business focus and strengthening its consumer orientation. Further information on the Group’s goals and main strategies, and the goals and main strategy of each business area, may be found on the Orkla website under “About Us”.

3. Equity and dividends

As of 31 December 2010, Group equity totalled NOK 46.9 billion, which is a reduction of around NOK 2.0 billion. This change is largely ascribable to dividends paid out. Orkla has pursued a consistent shareholder and dividend policy for many years. This policy will continue to apply. Over time, Orkla shareholders will receive a competitive return on their investment through a combination of dividends and the increase in the share price. As long as Orkla’s underlying growth is satisfactory, shareholders will experience a steady, stable increase in the dividend that is paid out. The Board of Directors has proposed that a dividend of NOK 2.50 per share be paid for 2010. The dividend will be paid out on 29 April to shareholders of record on the date of the Annual General Meeting.

The Board of Directors’ authorisations to increase share capital and to undertake share buybacks are limited to specific purposes and are granted for a period no longer than until the next general meeting. The General Meeting is given the opportunity to vote on every purpose covered by the authorisation.

At the Annual General Meeting in 2010, the Board of Directors was authorised to increase the share capital by means of new share subscriptions to a total value of up to NOK 90,000,000 divided between a maximum of 72,000,000 shares, each with a par value of NOK 1.25. The object of this authorisation is to simplify the process in the event it becomes relevant to further develop the Group’s priority areas by acquiring companies in return for consideration in the form of new shares or by increasing share capital through private placings. The authorisation may be used in connection with one or more share issues. Similar authorisations have regularly been granted by previous General Meetings.

At the same general meeting, the Board was also authorised to buy back up to 100,000,000 Orkla shares so that the company can acquire and hold up to 10% of its share capital. The authorisation is limited to specific purposes, and applies until the Annual General Meeting in 2011. Shares acquired under this authorisation must be cancelled or used in connection with employee incentive programmes, including the Group’s employee share purchase programme. The Board of Directors did not utilise this authorisation in 2010. A similar authorisation has been granted each year since 1998. As of 31 December 2010, Orkla owned 6,945,749 shares. There are otherwise no provisions in Orkla’s Articles of Association that govern the buyback or issue of shares.

4. Equal treatment of shareholders and transactions with related parties

Orkla has one class of share and each share entitles the holder to one vote. Each share has a nominal value of NOK 1.25. Further information on voting rights at general meetings is provided under point 6. General Meetings.

The company's strategy is not to dilute the shareholdings of existing shareholders. In accordance with this strategy, there have been no real share capital increases in the company in recent years. Should the Board of Directors wish to propose to the General Meeting that a departure be made from the pre-emptive right of existing shareholders in the event of a capital increase, such a proposal will be justified by the common interests of the company and the shareholders, and the grounds for the proposal will be presented in the notice of the general meeting. In the event of a capital increase based on an authorisation granted by the General Meeting, the grounds for departing from the pre-emptive right will be set out in the stock exchange notification announcing the capital increase. The company's transactions in its own shares are effected on the market at market price in accordance with good stock exchange practice in Norway.

To avoid any detriment to the Group's reputation, the Board considers it important to pursue a policy of transparency and caution in connection with investments that could be perceived as an unfortunately close involvement, or close relationship, between the company and a member of the Board, executive management or parties related thereto. Procedural rules for such transactions have therefore been drawn up in the Rules of Procedure for the Board of Directors, which may be found on Orkla's website under "**Investor Relations**". According to the Rules of Procedure, the Board Chair must be informed of such transactions and must consider how the matter should be dealt with. If the matter concerns the Board Chair, this duty is incumbent upon the Deputy Chair of the Board.

Further information on transactions between related parties is provided in Note 32 to the consolidated financial statements. In the event of not insignificant transactions between the company and shareholders, a shareholder's parent company, Board members, executive management or parties related thereto, the Board of Directors will ensure that a valuation is carried out by an independent third party. The Board will similarly arrange for a valuation by an independent third party in the event of not insignificant transactions between companies within the Group where there are minority shareholders.

The Rules of Procedure further establish that a Board member must not take part in the consideration of or a decision on an issue that is of such importance to himself or herself or to any related party that the member must be considered to have an obvious personal or financial interest in the matter. It is incumbent upon each Board member to consider on an ongoing basis whether there are matters which, from an objective point of view, are liable to undermine the general confidence in that Board member's independence and impartiality, or which could give rise to conflicts of interest in connection with the Board of Directors' consideration of the matter. Such matters must be taken up with the Board Chair. According to the Group's Code of Conduct, employees must on their own initiative inform their superior if they should recuse themselves from dealing with or have a conflict of interest in connection with a matter, and consequently should not take part in considering such matters. Instructions have also been drawn up for the private investments of specific employees. These instructions are intended, among other things, to prevent the occurrence of such conflicts of interest, and they contain rules regarding the duty of employees to exercise due diligence in connection with their private investments, obtain prior approval for and report such investments.

5. Freely negotiable shares

All Orkla shares carry equal rights and are freely negotiable. No special limitations on transactions have been laid down in Orkla's Articles of Association. Transactions in the Orkla share are described in more detail on Orkla's website under "**Investor Relations**".

6. General meetings

Orkla seeks to ensure that as many shareholders as possible are able to exercise their rights by participating in general meetings, and that the general meeting is an effective meeting place for shareholders and the Board of Directors. The Annual General Meeting is held every year before the end of May. Notices of general meetings and related documents are made available on Orkla's website at the latest 21 days prior to the date of the meeting. The final date for giving notice of attendance is three working days prior to the general meeting. Shareholders are given the opportunity to vote on the election of every single candidate to an office in the Nomination Committee and in the Corporate Assembly. The auditor, Board of Directors and Nomination Committee are present at general meetings.

Under the Articles of Association, general meetings are chaired by the Chair of the Corporate Assembly, or in his or her absence, by the Deputy Chair. The Chair of the Corporate Assembly satisfies the requirements of the Norwegian Code of Practice for Corporate Governance regarding independence.

The voting right for a transferred share may be exercised when the transfer has been recorded by the Norwegian Central Securities Depository within the time limit for giving notice of attendance at the general meeting, or if the share acquisition has been notified to the Depository and proof of the acquisition is presented at the general meeting. Under Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares that are registered in a nominee account must be reregistered in the Depository within the time limit for notice of attendance at the General Meeting in order for the shareholder to be able to vote the shares. Shareholders who are unable to attend the general meeting may vote by proxy. Orkla will appoint the Board Chair to vote for shareholders as their proxy. The proxy form is designed in such a way that voting instructions may be given for each matter that is to be considered and for the candidates who are to be elected. Further information regarding use of proxies and shareholders' right to submit items of business for consideration at general meetings is provided in the notice of the general meeting and on Orkla's website.

At the Extraordinary General Meeting held on 10 December 2009, the Articles of Association were amended to the effect that the Board of Directors may decide that general meeting documents are not to be sent to shareholders, provided they are made available on the company's website. This also applies to documents which by law must be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that documents pertaining to items of business to be considered at the general meeting be sent to him or her. The provision in the Articles of Association departs from the general rule laid down in Chapter 5 of the Public Limited Liability Companies Act which prescribes that the annual financial statements, the report of the Board of Directors, the auditor's report, the statements of the Corporate Assembly pursuant to section 6-37, third paragraph, and the Board of Directors' statement of guidelines for the remuneration of the executive management pursuant to section 6-16 a must be sent to all shareholders no later than one week before the general meeting. The Board's proposal to amend the Articles of Association in this respect was motivated by the desire to generate environmental gains and cost savings.

Members of the Board of Directors are present at general meetings, but normally the entire Board has not attended. No items of business at general meetings have made this necessary to date. The Board Chair, the general manager and the heads of the various business areas are always present in order to reply to any questions that is raised.

7. The Nomination Committee

Under the Articles of Association, Orkla has a Nomination Committee that is elected by the General Meeting, and the General Meeting adopted further guidelines for the Nomination Committee in 2010. The instructions for the Nomination Committee may be found on Orkla's website under "**Investor Relations**". The Nomination Committee consists of two to five members, who are elected for a term of up to two years. The General Meeting elects the Chair and members of the Nomination Committee and determines its remuneration. The Committee is tasked with submitting the following reasoned recommendations:

Recommendation to the General Meeting:

- Election of shareholder-elected members and deputy members to the

company's Corporate Assembly
- Election of members to and the Chair of the Nomination Committee
- Determination of the remuneration of the Corporate Assembly and the Nomination Committee

Recommendation to the Corporate Assembly:

- Election of the Chair and Deputy Chair of the Corporate Assembly
- Election of the Chair and Deputy Chair of the Board of Directors. (For this purpose, the Nomination Committee is supplemented by a representative appointed by the employee-elected members of the Corporate Assembly.)
- Determination of the remuneration of the Board of Directors

Recommendation to the shareholder-elected members of the Corporate Assembly:

- Election of shareholder-elected members to the Board of Directors

The instructions for the Nomination Committee contain further guidelines for the preparation and implementation of elections to the Nomination Committee, the Corporate Assembly and the Board of Directors, as well as criteria for eligibility, general requirements regarding recommendations, the number of members in the Committee, the term of service and detailed procedural rules for the work of the Nomination Committee.

Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals can be submitted to the Committee is posted on Orkla's website under "**Investor Relations**".

The composition of the Nomination Committee is intended to ensure that the interests of all the shareholders are served, and meets the requirement of the Norwegian Code of Practice for Corporate Governance as regards the independence of the company's man- agement, Board of Directors and Corporate Assembly. One of the Committee members is not a member of the Corporate Assembly, and none of the members of the Nomination Committee are a member of the Board of Directors of Orkla ASA. Neither the general manager nor other senior executives are members of the Nomination Committee. Information regarding the composition of the Nomination Committee and the number of Orkla shares owned by each member of the Committee as of 31 December 2010 may be found **here**.

8. The Corporate Assembly and the Board of Directors, composition and independence

Under the Public Limited Liability Companies Act and Article 10 of the Articles of Association, it is the task of the Corporate Assembly to exercise control and oversight of the company and the Board of Directors, and to elect the Board of Directors and the Board Chair.

As prescribed by law, the Corporate Assembly elects its Chair and has a permanent Deputy Chair. The Corporate Assembly normally convenes three times a year, and its composition is intended to ensure that it represents a broad cross-section of the company's shareholders. As from 2008, the General Meeting determined that shareholder-elected members and deputy members are to serve a term of one year, based on the rationale that an annual assessment of the overall composition of the Corporate Assembly will ensure greater flexibility.

The composition of the Board of Directors is intended to serve the interests of all the shareholders and meet the company's need for competence, capacity and diversity. The Board's composition meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards Board members' independence of the company's executive management, main shareholders and material business relationships. Two of the Board members are defined as non-independent of the company's main shareholders, and all the Board members are defined as independent of the company management or material business relationships. There are few instances in which Board members are disqualified from considering Board matters. Representatives of the executive management are not members of the company's Board of Directors.

Under Article 4 of Orkla's Articles of Association, the Chair, the Deputy Chair and the other shareholder-elected members of the Board may be elected for a term of up to two years. Since 2007, however, the Nomination Committee has practised a term of one year for shareholder-elected members and deputy members, on the grounds that an annual assessment of the overall composition of the Board will ensure greater flexibility. There are no other provisions in the Articles of Association governing the appointment and replacement of Board members, except for Article 10, which prescribes further rules for appointing a new Board member or a substitute if a Board member is prevented from serving for a long period of time or dies.

Further pursuant to Article 4 of Orkla's Articles of Association, the shareholder-elected members of the Board of Directors are required to own shares in the company with a view to strengthening the shared financial interests of shareowners and Board members. A more detailed description of the number of Orkla shares owned by each member of the Board, their background, qualifications, term of service and independence, how long they have been an Orkla Board member and any significant functions in other companies and organisations is provided on page 6-7. Information regarding each Board member's attendance at Board meetings is also provided here.

"Orkla seeks to ensure that its accounting and financial reporting are worthy of the confidence of investors."

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Group employees have the right to elect seven of the 21 members of the Corporate Assembly of Orkla ASA. Similarly, Group employees have the right to elect three members to the Board of Directors of Orkla ASA, and two observers. A description of the composition of the company’s governing bodies is provided **here**.

9. The work of the Board of Directors

Tasks of the Board of Directors

The tasks of the Board of Directors are laid down in the Rules of Procedure for the Board of Directors, which govern the Board’s responsibilities and duties and the administrative procedures of the Board, including which matters are subject to Board consideration and rules for convening and holding meetings. From June 2009 to October 2010, Orkla had two general managers, Dag J. Opedal and Bjørn M. Wiggen, Mr. Wiggen’s responsibility being limited to Elkem Solar AS. This change was made to ensure clarity in relation to governance between Dag J. Opedal’s functions as Chair of the Board of REC and as President and CEO of Orkla’s other operations on the one hand, and his function as the top administrative officer for Orkla’s wholly-owned solar business in Elkem Solar AS, on the other. The Board of Directors’ instructions for the general management described the organisational and practical consequences of this separation of tasks in further detail. This arrangement has now been discontinued as a result of Dag J. Opedal’s resignation as President and CEO in October 2010.

The Board’s instructions also contain rules regarding the general manager’s duty to inform the Board about important matters, and to ensure that Board decisions are implemented, see to it that company employees and other parties involved are adequately informed of Board decisions, and see to it that the guidelines for preparing matters for Board consideration are followed. The Board’s other instructions and clarification of duties, authorisations and responsibilities to the general management are provided through routine communication.

The Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. The Board’s activity plan for 2010 stipulated eight meetings, including a two-day meeting to deal with strategic issues. In addition to this, the Board has held four meetings; a total of 12 meetings were thus held in 2010, at which the Board dealt with a total of 84 items of business. The content of the Board’s work is discussed in further detail in the Directors’ Report. Board matters are prepared by the general manager in consultation with the Board Chair. The Rules of Procedure for the Board of Directors contain provisions regarding procedural rules in connection with disqualification, joint investments and parallel investments. This is described in further detail under point 4 “Equal treatment of shareholders and transactions with related parties”.

The Board of Directors has established two permanent Board Committees, which are described in further detail below. These committees do not make decisions, but supervise the work of the company management on behalf of the Board and prepare matters for the Board’s consideration within their specialised areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the company.

The Compensation Committee

The Compensation Committee is chaired by the Board Chair, Stein Erik Hagen, and its other members are Åse Aulie Michelet and Aage Andersen. The Group's assistant HR-director is the committee secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of executive management. The mandate of the committee is set out in the Rules of Procedure for the Board of Directors and in brief is as follows:

- Prepare for consideration matters relating to the salary and terms of employment of the President and CEO to enable the entire Board, once a year, to participate in the evaluation of the President and CEO and in decisions concerning the latter's terms of employment;
- Prepare for consideration matters of principle relating to levels of pay, bonus systems, pension terms, employment contracts and the like for senior Orkla executives

The committee will otherwise deal with special questions relating to compensation for Group employees insofar as the committee finds that these questions concern matters of particular importance for the Group's competitive position, image, recruitment ability, etc.

The Audit Committee

The Audit Committee is chaired by the Deputy Chair of the Board of Directors, Svein S. Jacobsen, and the other members are Peter A. Ruzicka, Jesper Ovesen and Gunn Liabø. The Chief Internal Auditor is the secretary of the Audit Committee. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of the company. The Nomination Committee's recommendation of candidates for election to the Board also contains information as to which Board members satisfy the requirements as regards independence and competence to sit on the Audit Committee. The committee's mandate is included in the Board's Rules of Procedure and in brief is as follows:

- Ascertain that internal and external accounting reporting processes are organised appropriately and carried out efficiently, and are of high professional quality;
- Keep under review the effectiveness and relevance of the work of the internal audit staff and of the company's risk management systems;
- Monitor and assess the quality of the statutory audit of Group companies

and the Group's financial statements;
- Help to ensure the independence of the external auditor, and ensure compliance with the rules and guidelines that apply at any given time regarding the provision of additional services by the auditor to the Group or Group companies;
- Initiate investigations, if necessary, and propose measures relating to the above-mentioned points;
- Annually review and, if necessary, update its mandate, and submit its recommendations concerning its mandate to the Board of Directors

The Board of Directors' self- evaluation

Each year, the Board of Directors carries out an evaluation of its own activities and competence, and discusses improvements in the organisation and implementation of its work, both at individual level and as a group, in relation to the goals that were set for its work. The results are made available to the Nomination Committee. An external person is used at regular intervals to facilitate the Board's self-evaluation.

10. Risk management and internal control

A prerequisite for Orkla's system of decentralised responsibility is that the activities in every part of the Group meet general financial and non-financial requirements, and are carried out in accordance with the Group's common norms and values. The executive management of each company is responsible for risk management and internal control in the company with a view to ensuring: 1) exploitation of business opportunities, 2) targeted, safe, high-quality and cost-effective operations, 3) reliable financial reporting, 4) compliance with current legislation and regulations and 5) operations in accordance with Orkla's governing documents, including ethical and social responsibility standards. Orkla's risk management system is fundamental to the achievement of these goals.

The Group's Chief Risk Officer

The Group's Chief Risk Officer (CRO) must help ensure that all risk that is significant for Orkla's goals is identified, analysed, effectively dealt with and exploited across business areas and professional disciplines. This entails, among other things:

- Continuously monitoring important risk indicators in order to reassess the Group's level of risk, if necessary
- Identifying, communicating and monitoring risk factors that are critical to the Group in order to ensure that adequate risk mitigation measures are in place
- Drawing up instructions and guidelines for risk management, emergency response and continuous operations
- Assisting in the implementation of coherent risk management in routine operations and in connection with projects and major decisions

- Presenting Orkla's consolidated risk profile to the Group Executive Board, the Board of Directors and the Board's Audit Committee
- Facilitating the spread of best risk management practices throughout the Group
- Ensuring that formal risk assessments are uniformly carried out, presented, discussed and concluded by the Boards of the respective Group companies
- Carrying out detailed risk analyses in particularly exposed areas
- Ensuring that Orkla's risk management is in accordance with relevant regulatory requirements and in the best interests of Orkla's stakeholders
- Being responsible for selected measures to mitigate risk at Group level

In addition to the linear, 'top-down/bottom-up', risk management process based on the businesses' value chain, a Risk Management Forum, chaired by the CRO, has been established in which risk managers from the various business areas meet once every quarter to exchange experience and know-how.

EHS

Risk identification is also an important tool in preventive environment, health and safety (EHS) efforts, and the Group's Senior Vice President EHS ensures the systematic, continuous follow-up of this work. All companies and businesses report their ten main EHS risk factors and associated risk-mitigating measures as part of the annual reporting process.

Internal audit

As part of the Group's internal control system, Orkla has an Internal Audit Department, which works closely with the CRO and the external auditor. The responsibilities of the Group's Internal Audit Department are as follows:

- Verify that internal control procedures which reduce risk have actually been established and are functioning as intended;
- Assist the Board of Directors, the Group Executive Board and the business areas by providing auditing competence and capacity, which includes monitoring and control of selected companies in the Group;
- Be the recipient of and follow up reports submitted under the Group's whistle-blowing system for breaches of the Group's Code of Conduct. Further information in this connection may be found on Orkla's website under "Sustainability".

The Internal Audit Department is independent of the 'line', since the Chief Auditor reports to the Board's Audit Committee and, in special cases, to the Chair of the Corporate Assembly. To ensure the ongoing follow-up of these issues in individual companies, all boards of operational subsidiaries are required to include the company's risk picture and internal audit in their agenda at least once a year.

Ethics and corporate responsibility

Issues related to ethics and corporate responsibility are part of the internal audit work and the due diligence assessments carried out in connection with major investments. Special procedures have been established for identifying and monitoring the risk of suppliers breaching Orkla's ethical standards. Orkla's guidelines for ethics and corporate responsibility are scheduled to be revised in 2011. In this connection, the Group's management and control procedures in this field will be reviewed and further strengthened. Additional information on the Group's procedures in this area may be found in **Orkla's Sustainability Report for 2010**.

The financial reporting process

The Orkla Group prepares and presents its financial statements in accordance with current IAS/IFRS rules. The Group's governing documents are collected in a web-based manual and contain requirements and procedures for the preparation and presentation of interim reports and year-end reports. A set of Orkla Accounting Standards has also been drawn up, in which Orkla's ten main principles for financial reporting are set out. Financial information is reported through the Group's common reporting system, Hyperion Financial Management (HFM). Every month, each company reports figures in HFM, based on output from special Enterprise Resource Planning (ERP) systems. HFM has a general chart of accounts, and built-in control systems in the form of data check accounts and check reports designed to ensure that the information is consistent. The reporting is expanded in the year-end reporting process to meet various requirements for supplementary information.

The process of consolidating and checking financial data takes place at several levels in each business area in accordance with Orkla's decentralised management model.

Training and further development of accounting expertise within the Group is provided at the central level through the Orkla Finance Seminar, the Orkla Finance Academy, Year-End Reporting Day, HFM courses and the Orkla Accounting Committee. This training is offered in addition to the training provided by the various business areas.

11. Remuneration of the Board of Directors

All remuneration of the Board of Directors is disclosed in Note 6 to the financial statements of Orkla ASA. The note shows that remuneration of the Board of Directors is not linked to the Group's performance and that no options have been issued to Board members.

12. Remuneration of the executive management

The Board's Compensation Committee presents a recommendation concerning the terms and conditions for the President and CEO to the Board of Directors and monitors the general terms and conditions for other senior executives of the Group. The Board assesses the President and CEO and his terms and conditions once a year.

A description of the remuneration of the executive management and the Group's conditions policy, including the scope and organisation of bonus and share-related programmes, is given in the Board of Directors' statement of guidelines for the remuneration of executive management; see Note 6 to the financial statements of Orkla ASA. It is also stated here that a ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is considered by the Corporate Assembly and made available to shareholders together with the notice of the Annual General Meeting.

13. Information and communication

Orkla seeks to ensure that its accounting and financial reporting are worthy of the confidence of investors. Orkla's accounting procedures are highly transparent and since 2005 Orkla has prepared and presented its financial statements in accordance with the International Financial Reporting Standards (IFRS). The Audit Committee of the Board of Directors monitors the company's reporting on behalf of the Board.

Orkla strives to communicate actively and openly with the market. The company's annual and quarterly reports contain extensive information on the various aspects of the company's activities. The company's quarterly presentations are webcasted directly and may be found on Orkla's website, along with the quarterly and annual reports, under "**Investor Relations**". In 2010, the company's Annual General Meeting was webcasted and simultaneously interpreted to English. All shareholders and other financial market players are treated equally as regards access to financial information. The Group's Investor Relations Department is responsible for maintaining regular contact with company shareholders, potential investors, analysts and other financial market stakeholders. The Board is regularly informed about the company's investor relations activities. The financial calendar for 2011 may be found on Orkla's website under "**Investor Relations**".

14. Takeovers

The Board of Directors will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so. In the event of such a bid, as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board makes a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

No explicit basic principles have been determined for Orkla's conduct in the event of a takeover bid, other than the actions described above. The Board of

Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

15. Auditor

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. Each autumn, the external auditor presents to the Board of Directors his assessment of risk, internal control and the quality of financial reporting at Orkla, at the same time presenting his audit plan for the following year. The external auditor also takes part in the Board's discussions on the annual financial statements. On both occasions, the Board of Directors ensures that the Board and the external auditor are able to discuss relevant matters without the presence of the management. The external auditor and the President and CEO attend all meetings of the Board's Audit Committee. As regards the work of the internal auditor, reference is made to the section above on risk management and internal control.

Orkla has established guidelines for the right of the general management to use the external auditor for services other than auditing. Responsibility for monitoring such use in detail has been delegated to the secretary of the Audit Committee, who is the Chief Internal Auditor. The secretary of the Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to Orkla, and includes separate comments on these services in his annual report to the Audit Committee and the Board of Directors. Details of the company's use and remuneration of the external auditor are given in **Note 6** to the financial statements of Orkla ASA. Both the Corporate Assembly and the General Meeting are informed about the Group's remuneration of the auditor, broken down into remuneration for statutory auditing and remuneration for other assistance/services.

In connection with the auditor's participation in the Audit Committee and the Board of Directors' consideration of the annual financial statements, the auditor also confirms his independence.