Annual Report 2011

ORKLA

Contents

Financial calendar for Orkla ASA

DATE	EVENT
19.04.2012	Annual General Meeting
20.04.2012	Share traded ex.-dividend*
03.05.2012	Dividend payment*
03.05.2012	1st quarter 2012
20.07.2012	2nd quarter 2012
31.10.2012	3rd quarter 2012

*Subject to the approval of the proposed dividend at the General Meeting.

The Orkla Group

Orkla operates in the branded consumer goods, aluminium solutions, renewable energy, biobased chemicals and financial investment sectors. Group sales total NOK 61 billion. Orkla has approximately 30,000 employees and operates in 41 countries.

ORKLA Brands

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

Operating revenues (NOK million):	24,621
EBITA[1] (NOK million):	2,784
Number of man-years:	13,581

sapa:

- Profiles
- Heat Transfer
- Building System

Operating revenues (NOK million):	30,844
EBITA[1] (NOK million):	812
Number of man-years:	14,314

JOTUN 42.5%

Hydro Power

Borregaard

Share Portfolio

REC 39.7%

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

KEY FIGURES[1]	2011	2010	2009	2008	2007
Operating revenues (NOK million)	**61,009**	57,338	56,228	65,579	63,867
EBITA[2] (NOK million)	**4,041**	3,944	2,448	4,240	5,112
EBITA margin[2] (%)	**6.6**	6.9	4.4	6.5	8.0
Profit/loss before tax (NOK million)	**-923**	20	1,071	-2,015	10,059
Diluted earnings per share (NOK)	**-0.8**	-0.9	2.5	-2.8	8.1
Return on capital employed, from industrial activities[3] (%)	**10.7**	10.5	5.2	9.4	11.5
Total dividends per share (NOK)	**2.50**[4]	7.50	2.25	2.25	2.25
Equity ratio (%)	**51.8**	53.6	51.7	47.7	58.3

[1] Figures as reported in 2007–2010.
[2] Operating profit before amortisation and other income and expenses.
[3] See definition on page 90.
[4] Proposed dividend.

Bjørn M. Wiggen,
President and CEO Orkla ASA

Message from the CEO

Orkla has spent the last year refining and sharpening the focus of our strategic direction. When I took up the post of President and CEO in the autumn of 2010, we indicated early on that the Group had become too broad-based to be able to fully support the development of all our business areas. Selling Elkem was part of the process of simplifying the Group and strengthening our focus on the areas in which the Group has the greatest potential for value creation. Additionally, our share portfolio has been significantly reduced. All in all, since the autumn of 2010, Orkla has divested operations and sold shares for around NOK 20 billion.

Orkla sets its sights high – we aim to deliver long-term value creation and outperform relevant investment alternatives.

On Orkla Investor Day, held on 14 September, we communicated a clear vision for the future of Orkla. The core of the Group's operations will lie within branded goods. Consequently, over a period of time, we will replace several of our current businesses with new entities in the branded goods sector. The Share Portfolio, REC, Borregaard and Sapa thus lie outside the company's future growth scope, and Orkla will gradually divest these investments.

A focus on branded goods is not new to the Orkla Group. From 1986 to 2003, growth in Orkla mainly consisted of organic or structural growth in precisely the branded goods sector, with the establishment of separate divisions for Media, Beverages, Foods and Brands. The branded goods segment accounted for between 80% and 90% of Group sales during that period.

For many years, Orkla Brands has demonstrated its ability to both develop and manage strong branded goods positions in the Nordic countries. The multi-local model, based on strong local brands and a strong local business system, has provided a good competitive edge against both international rivals and the grocery sector's private labels in the geographical areas in which we operate.

We see several branded goods companies looking for new owners, both in the Nordic region and in other areas in which we currently operate. Private equity companies are rolling their portfolios, while other companies are seeing that limited access to capital and expertise can impose constraints on their further development. These trends offer significant growth opportunities for Orkla. Orkla will focus on acquiring companies or brands with strong market positions in clearly defined, relevant markets, based on customer insight and differentiated products. Acquisition candidates must be able to demonstrate stable cash flow despite cyclical fluctuations, as well as a potential for further growth. This means that Orkla will not become a smaller, but a more focused, company – we will continue to build on our platform as the Nordic region's leading branded goods company.

Sapa is more cyclical, and is less resistant to general economic trends than Orkla Brands. In 2011, the global economic outlook weakened, especially in Europe. Sapa has succeeded in creating profitable growth in North America, and has introduced similar structural measures into its European profiles business during 2011. In Asia, Sapa has now established its business system through several acquisitions in 2011 and the conclusion of an agreement to establish a jointly owned entity with Chalco for the production of high-speed trains in China.

In 2011, Borregaard saw good growth and delivered record-high operating profit. In addition to benefiting from favourable markets, Borregaard has succeeded in improving its production process, among other things by establishing a common control centre for its Sarpsborg operations. Systematic efforts have been made to promote innovation to ensure that Borregaard has a good, balanced portfolio of innovations for the future.

The Group's primary challenge in 2012 will be to deliver on its strategy of transforming the company into a branded goods company. We are not in a hurry, and value will determine the timing of our transactions. During the transformation phase, it is crucial that we also maintain focus on continuously improving our operational performance in the companies and markets in which we already operate.

Orkla sets its sights high – we aim to deliver long-term value creation and outperform relevant investment alternatives. This level of ambition requires a competent team of staff and the strong commitment of each individual employee. Orkla has few natural advantages, and it is only by developing people that we can continue to create value.

In closing, I would like to thank all our employees for their dedicated efforts in a demanding year of change for the Group.

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, BOARD CHAIR[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 2012. Retailer and founder of RIMI Norge AS and Hakon Gruppen AS from 1976. Co-founder of ICA AB and retailer from 1999 to 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 249,542,000 shares in Orkla ASA[2]. Mr Hagen attended 11 Board meetings in 2011.

2

ÅGE KORSVOLD, DEPUTY CHAIR

MBA from Wharton School, University of Pennsylvania.

First elected to the Board in 2011 and up for re-election in 2012. Managing Director of Kistefos AS, 2001–2011, CEO of Storebrand ASA, 1994–2000. Prior to that, career in Storebrand, Golden West Shipping, Orkla, Fondsfinans and Procorp. Mr Korsvold and related parties own 20,000[3] shares in Orkla ASA[2]. Mr Korsvold attended 8 Board meetings from June 2011.

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 2012. 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 is Chair of the Board of Photocure ASA and member of the Board of Cermaq ASA, Norske Skog ASA and Aim Norway SF. Ms Michelet and related parties own 8,500 shares in Orkla ASA[2]. Ms Michelet attended 10 Board meetings in 2011.

4

BJØRG VEN

Degree in Law (University of Oslo).

First elected to the Board in 2006 and up for re-election in 2012. Lawyer in private practice with authorisation to appear before the Supreme Court and partner in the Law Firm of Haavind AS. Chairman of the Appeal Board of the Oslo Stock Exchange and Chairman of the Board 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 10 Board meetings in 2011.

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 2008. In 2008 elected as Board member and up for re-election in 2012. Mr Ruzicka has 20 years of experience in the retail sector. Managing Director of Hakon Gruppen from 1994 and later in charge of establishing ICA in the Baltics. 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 2011.

6

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 2012. Senior Executive Vice President and Chief Financial Officer at TDC A/S from 2008 to 2011. Prior to 2008 career in various companies such as Lego, Danske Bank and Novo Nordisk A/S. Chair of the Board of NokiaSiemens Networks, member of the Board of FLSmidth & Co A/S and Skandinaviska Enskilda Banken. Mr Ovesen and related parties own 20,000 shares in Orkla ASA[2]. Mr Ovesen attended 9 Board meetings in 2011.

7

BARBARA M. THORALFSSON

MBA (Columbia University) and BA – Psychology (Duke University).

First elected to the board in 2011 and up for re-election in 2012. From 2005, Director in Fleming Invest AS. President and CEO at NetCom AS from 2001–2005. 1988–2001, career in Midelfart & Co, last five years President & CEO. Prior to 1988 career in various companies such as A/S Denofa og Lilleborg fabrikker (Orkla), General Foods Corporation and Pepsi Cola Company. Chairman of the Remuneration Committee at Electrolux AB. Member of the Board of SCA AB and Fleming Invest and related companies. Member of the Audit Committee at Telenor ASA. Ms Thoralfsson and related parties own no shares in Orkla ASA[2]. Ms Thoralfsson attended 5 Board meetings from June 2011.

EMPLOYEE-ELECTED MEMBERS OF THE BOARD OF DIRECTORS

8

AAGE ANDERSEN

Member of the Board representing Norwegian Confederation of Trade Unions (LO) members in Orkla, First Deputy Chair of the Borregaard Workers Shop Stewards Committee and member of the Executive Committee of Borregaard Union.

First elected to the Board in 2004. Mr Andersen and related parties own 4,159 shares in Orkla ASA[2]. Mr Andersen attended 11 Board meetings in 2011.

9

GUNN LIABØ

Trade union representative and senior shop steward at Lilleborg Ello.

Member of the Audit Committee of Orkla ASA. First elected to the Board in 2004 and up for re-election in 2012. Ms Liabø and related parties own 7,336 shares in Orkla ASA[2]. Ms Liabø attended 11 Board meetings in 2011.

10

SIDSEL KJELDAAS SALTE

Chair of the Executive Committee for Salaried Employees at Orkla since 2010 and secretary of Orkla's Committee of Union Representatives and its Working Committee since 2011. In 2008 elected as deputy member of the Board of Orkla Brands AS. Head of the trade union at Lilleborg since 1996 and member of the Board of Lilleborg from the same year.

Regularly attending deputy member of Orkla's Board of Directors from spring 2011. Board member of Rosenvinge AS and debuty board member of BRA partner AS. Ms Salte and related parties own 6,859 shares in Orkla ASA[2]. Ms Salte attended 8 Board meetings from May 2011.

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 11 Board meetings in 2011.

12

KENNETH HERTZ

Observer, chief trade union representative from LO at Sapa since 1999. Member of 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 10 Board meetings in 2011.

[1] Not independent.

[2] Number of shares owned as of 31 December 2011.

[3] On 8 December 2011, Åge Korsvold, through the related company Gylandi AS, entered into a forward contract for the purchase of 200,000 shares in Orkla ASA with a maturity date of 7 June 2012. Following this transaction, Åge Korsvold and related parties have an exposure of 220,000 shares in Orkla ASA.

Report of the Board of Directors

In 2011, the Board of Directors further clarified its strategic direction of narrowing the focus of Orkla's portfolio of businesses, and will concentrate future expansion and growth in the area of branded consumer goods.

In line with this strategy, substantial capital was freed up by the sale of Elkem and the sell-off of holdings in the Share Portfolio in 2011. The Group's financial flexibility was significantly strengthened during the year, and Orkla is well positioned to exploit future expansion opportunities, while remaining prepared to deal with a weaker economic trend.

Main trends in 2011

Weaker global economic growth and higher raw material prices created challenging operating conditions for Sapa and Orkla Brands in 2011, but Borregaard's chemicals business saw strong markets. Overall, the Orkla Group achieved operational improvement in 2011.

During 2011, the Board of Directors has focused on redefining the Group's strategic priorities and direction. The Board decided to concentrate future growth on branded consumer goods in segments in which Orkla holds strong commercial positions and has demonstrated its sustained ability to create long-term value.

The Board also decided to divest the Group's share portfolio, and the process of selling off portfolio assets began in 2011. A decision was also made to seek structural solutions for Borregaard's chemicals business. Preparations have begun, with a view to implementing a structured process in the course of 2012. In the Board's view, Sapa can realise substantial value potential by optimising operations and profitability. Well-defined plans have been drawn up to improve profitability over the next two-three years. The Board wishes to realise this potential before considering structural alternatives for Sapa.

In 2011, the REC share price fell from NOK 17.79 to NOK 3.32. This entailed a total accounting charge of NOK -5.8 billion in 2011, and had a negative effect on earnings per share of NOK -5.6.

In line with its strategy, the Group has freed up capital totalling NOK 18.0 billion in 2011, through the sale of Elkem's silicon operations and financial assets.

The Group strengthened its financial position and flexibility during the year, in the light of which an extraordinary general meeting on 3 November, adopted the Board's recommendation to an extraordinary dividend payment of NOK 5.00 per share.

OPERATING REVENUES

61

Group operating revenues totalled NOK 61.0 billion.

FREED UP CAPITAL

18

In line with its strategy, the Group has freed up capital totalling NOK 18.0 billion in 2011, through the sale of Elkem's silicon operations and financial assets.

[1] Operating profit before amortisation and other income and expenses.
[2] Figures in parentheses are for the corresponding period of the previous year.
[3] Excluding purchased and sold operations and currency translation effects.
[4] Net interest-bearing liabilities/equity.

In 2011, Orkla paid dividends and carried out share buybacks for a total amount of NOK 7.5 billion.

The Board of Directors proposes to pay an ordinary dividend of NOK 2.50 per share for the 2011 financial year.

The annual financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS). 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 operations to China National Bluestar Group Co, Ltd. for a total of approximately NOK 13 billion. The transaction was completed on 14 April.

Orkla Brands made only some minor acquisitions of companies and brand rights in 2011. Among other things, Axellus took over the trademark rights to Nutrilett, which has a broad product portfolio in the weight control and nutrition segments. At the end of 2011, Orkla signed an agreement to sell Bakers to Norgesgruppen. The sale was completed with effect from 1 February 2012.

In line with Sapa's strategy of establishing a production base in Asia, Sapa entered into an agreement with Alufit (India) in 2011 to take over its aluminium extrusion operations. Comletion of this transaction has made Sapa the first global aluminium company with local extrusion facilities in India. In April, Sapa formed a jointly owned entity with Chalco, the largest aluminium company in China, to establish production to serve rolling stock manufacturers in China. An agreement was also signed in September with Jiangyin Haihong Non-Ferrous Materials Co. ("Haihong") to acquire the assets and operations of the aluminium profile plant in Jiangyin. Sapa will in future concentrate on integrating the businesses it has already acquired and will give priority to organic growth and operational improvements.

Within Orkla's real estate engagements, Orkla Financial Investments sold the joint venture Utstillingsplassen Eiendom (UPL) for approximately NOK 630 million. A process has also been initiated to realise the Group's investment in Finansgruppen Eiendom (FG Eiendom). As part of this process, Orkla increased its shareholding to 100% in 2011. Since the balance sheet date, Orkla has sold all its shares in the real estate company Fornebu Utvikling for approximately NOK 658 million. Orkla owned a stake of 32.4% and the investment was presented as an associate.

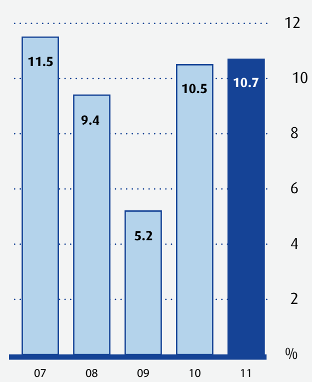
Further information about the Group's results

Group operating revenues totalled NOK 61,009 million (NOK 57,338 million)[2]. The 6.4% increase is primarily ascribable to growth in operating revenues for Orkla Brands and Sapa.

Group EBITA[1] amounted to NOK 4,041 million, compared with NOK 3,944 million in 2010. The improved result is largely due to progress at Borregaard Chemicals and Sapa, while Orkla Brands posted somewhat lower profit than in 2010.

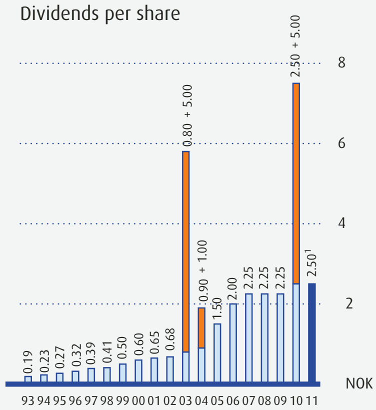
The results of foreign entities are translated into NOK on the basis of average exchange rates for the year. In 2011, due to fluctuations in the currency market, the Group experienced negative currency translation effects of NOK -1,437 million on operating revenues and NOK -73 million on EBITA[1].

Return on capital employed*



* Figures as reported in 2007–2010. For the industrial activities.

Dividends per share



Additional dividend: 2003, 2004, 2010
¹ Proposed dividend.

Other income and expenses totalled NOK -1,041 million net in 2011, and were largely related to restructuring projects at Sapa (NOK -679 million). In addition, a loss on the sale of Bakers and expensed M&A costs amounted to NOK -155 million and NOK -124 million, respectively.

After amortisation and other income and expenses, Group operating profit amounted to NOK 2.9 billion in 2011, compared with NOK 4.2 billion in 2010.

Associated companies mainly consist of Orkla's equity interests in Jotun (42.5%) and Renewable Energy Corporation (REC) (39.7%). 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 2011, the REC share price fell from NOK 17.79 to NOK 3.32. This entailed a total accounting charge of NOK -5.8 billion in 2011, corresponding to a negative effect on earnings per share of NOK -5.6. Associated companies' contribution to results totalled NOK -5.5 billion, compared with NOK -6.2 billion in 2010.

At the end of 2011, the Share Portfolio had a market value of NOK 5,497 million, of which NOK 1,180 million was recognised in the statement of financial position as unrealised gains in 2011. Net share sales totalled NOK 4,494 million. Gains, losses and write-downs amounted to NOK 1,643 million in 2011, compared with NOK 1,772 million in 2010.

Dividends received by the Group totalled NOK 440 million (NOK 522 million)[2]. Net financial costs amounted to NOK -446 million, and pre-tax loss amounted to NOK -923 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 1,018 million in 2011. The Share Portfolio's investment activities in the EEA are largely exempt from taxation.

The gain on the sale of Elkem has been recognised as profit from discontinued operations and totalled NOK 1,213 million.

The financial result for the year was NOK -728 million, and earnings per share were NOK -0.8.

Financial situation and capital structure

Cash flow (see Note 40)

Group cash flow from operations totalled NOK 2,460 million, compared with NOK 2,469 million in 2010. For the full year, there was an increase in working capital due to increased activity and higher raw material costs.

Expansion investments amounted to NOK 906 million in 2011, and were mainly related to Sapa's capacity expansion and Axellus' purchase of Nutrilett trademark rights.

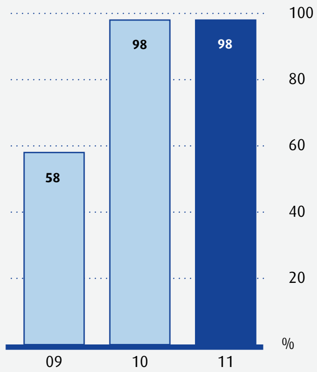
The Group acquired companies and shares of companies in 2011 at a total cost of NOK 1,498 million. These acquisitions consist primarily of Sapa's purchase of Alufit and Haihong, and Orkla Financial Investments' increased stake in Finansgruppen Eiendom (FG Eiendom). In 2011, Orkla Brands acquired the companies Henskjold, Dagens AS and Rasoi Magic, as well as two smaller companies.

In the Share Portfolio, net sales of securities totalled NOK 4,494 million (NOK 2,130 million)[2] in 2011.

An extraordinary dividend of NOK 5.00 per share was paid in November. When this is added to the ordinary dividend of NOK 2.50 per share, Orkla paid dividends and carried out share buybacks for a total amount of NOK 7.5 billion in 2011.

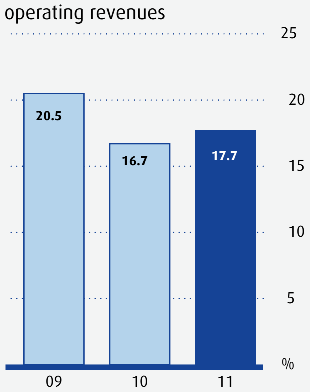
The Group has freed up capital totalling NOK 18.0 billion in 2011 through the sale of businesses (Elkem and Utstillingsplassen) and by selling off assets in the Share Portfolio. The freed-up capital has been used to reduce the Group's net interest-bearing liabilities by NOK 9.0 billion, to NOK 10.6 billion at the end of the year, as well as to pay dividends and buy back Orkla shares.

Replacement investments as % of depreciation



* Figures as reported in 2009 and 2010. For the industrial activities.

Average current capital as % of operating revenues



* Figures as reported in 2009 and 2010. For the industrial activities.

The Group's average borrowing rate for the full year was 2.7% on average interest-bearing liabilities of NOK 12,563 million. The interest-bearing liabilities are chiefly distributed among the currencies NOK, EUR, GBP and USD.

Foreign currency

In 2011, approximately 82% of Orkla's sales revenues were generated outside Norway. Both Orkla Brands and Sapa Profiles are moderately exposed to changes in foreign exchange rates, as both business areas mainly have local production facilities.

However, Borregaard Chemicals and Sapa Heat Transfer in Sweden are exposed to currency fluctuations, with cost bases in NOK and SEK, respectively, and export revenues in EUR and USD. Borregaard has a foreign currency exposure of approximately EUR 100 million and USD 200 million, while Sapa Heat Transfer has a corresponding exposure against SEK of approximately EUR 80 million and USD 40 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 selling contracts. In 2011, Borregaard entered into a long-term hydropower agreement with Eidsiva Vannkraft AS. The contract secures power deliveries for Borregaard's plant until 2025. In the Hydro Power area, AS Saudefaldene has some long-term power contracts. Further details of contracts and financial instruments may be found in Note 23 to the annual financial statements.

Capital structure

During 2011, the consolidated statement of financial position was reduced by NOK 21.1 billion to NOK 66.4 billion at year end. The reduction is largely the result of the freeing up of capital through the sale of Elkem and the net sale of shares in the Share Portfolio. Furthermore, the value of the Group's investment in REC was reduced by the fall in the REC share price in 2011.

Net interest-bearing liabilities were reduced by NOK 9.0 billion in the course of the year and net gearing[4] was reduced to 0.31 (0.42)[2].

After paying dividends and share buybacks for a total amount of NOK 7.5 billion in 2011, the Group's equity was approximately NOK 34 billion at year end. This is equivalent to an equity ratio of 51.8% (53.6%)[2]. At the start of 2012, the Group has a satisfactory capital structure and substantial financial flexibility.

Pensions

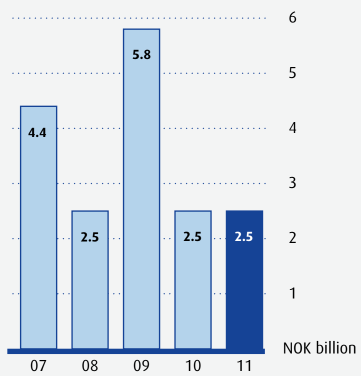
Orkla's businesses in Norway have defined contribution pension plans. Most of the pension plans outside Norway are also defined contribution plans. An estimated two thirds of the Group's pension costs are related to defined contribution plans, which means that the Group's exposure to future pension liabilities is relatively predictable. Pension costs in 2011 were slightly lower than in 2010.

The Orkla share

At the end of 2011, there were 1,028,930,970 Orkla shares. The number of shareholders fell by 935 to 46,200. The proportion of shares held by foreign investors increased by 2 percentage points to 41%.

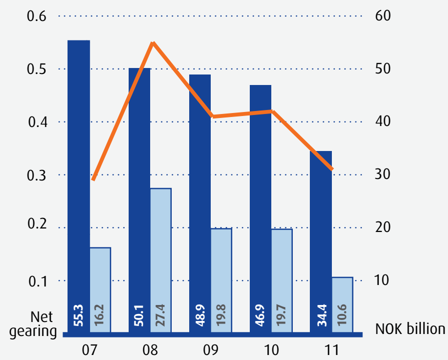
The price of the Orkla share was NOK 56.70 at the start of the year. At year end, the price was NOK 44.65. Taking into account the ordinary and extraordinary dividends, the return on the Orkla share was -8% in 2011, while the return on the Oslo Stock Exchange Benchmark Index was -12%. The value of Orkla shares traded at the Oslo Stock Exchange in 2011 amounted to NOK 40 billion. This is equivalent to 2.6% of the Exchange's total trading volume. Further information on shares and shareholders may be found in the Annual Report on Orkla's website (www.orkla.com).

Cash flow from operations*



* Figures as reported in 2007–2010.
For the industrial activities.

Equity, liabilities and net gearing*



* Figures as reported in 2007–2010.

Risk management

The Board of Directors is committed to ensuring that risk is managed purposefully and systematically in all parts of the Group, and considers this 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.

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, corporate responsibility and compliance. In addition to this, particularly important risk factors are reviewed regularly to assess whether the Group's exposure is acceptable. The goal, over time, is 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 requirement applies 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. Moreover, 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 31 for a more detailed description of the Group's risk factors.

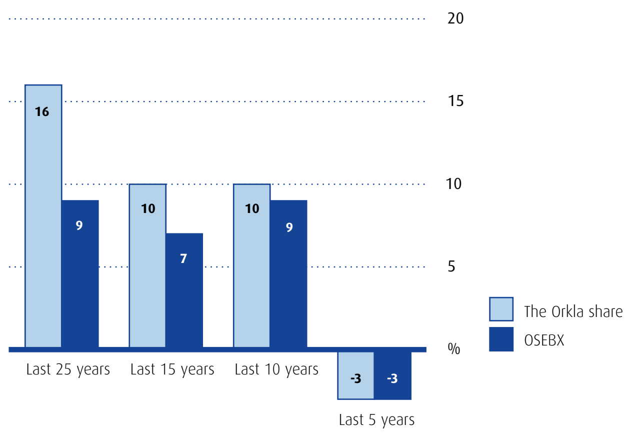
Comments on the individual business areas

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 2011 amounted to NOK 24,621 million, representing an underlying[3] increase of 3% from 2010. The increase in the business area's operating revenues was primarily driven by increased prices. EBITA[1] amounted to NOK 2,784 million, a change of NOK -183 million compared with in 2010. Although Orkla Brands' results were slightly weaker than in 2010, its performance is nonetheless considered to be satisfactory in light of the demanding operating conditions that have prevailed. Significant increases in raw material costs were handled effectively, and prices were raised to compensate for higher raw material prices during the year. The cost of wheat, vegetable oils and sugar rose sharply in 2011. The companies in Orkla Food Ingredients were particularly hard hit by the substantial increases in raw material prices and this, combined with a change in market from small bakeries to larger industrial and store bakeries, squeezed margins. The large, broad-based food

Annual rate of return[1]



[1] The Orkla share, dividend reinvested.

companies Stabburet and Procordia in Orkla Foods Nordic and Axellus, Pierre Robert Group and Chips Group in Orkla Brands Nordic achieved good profit 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 in Norway, Procordia and Abba Seafood in Sweden, Beauvais in Denmark, Panda and Felix Abba in Finland, Põltsamaa Felix and Kalev in Estonia, Spilva in Latvia and Suslavicius-Felix in Lituania. Orkla Foods Nordic's well-known brands largely hold number one and number two positions in their home markets.

Orkla Foods Nordic posted operating revenues of NOK 9,496 million in 2011, which was an underlying[3] decline of 1% compared with 2010. Stabburet and Procordia's good performance was counteracted by weaker results for the Finnish business and Bakers. EBITA[1] for Orkla Foods Nordic amounted to NOK 1,082 million, compared with NOK 1,115 million in 2010.

The Nordic countries are Orkla Brands Nordic's primary home market, and the business unit holds strong number one market positions in Norway in all segments. 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), the Chips Group (snacks), Göteborgs/Sætre (biscuits), Nidar (chocolate and confectionery) and the Pierre Robert Group (textiles).

Orkla Brands Nordic's operating revenues totalled NOK 7,928 million in 2011, equivalent to an underlying[3] rise of 1%. EBITA[1] amounted to NOK 1,464 million, which was an underlying[3] decline of NOK 85 million from 2010. The lower profit must be seen in the light of the increased raw material prices faced by several companies. The market share picture varied, but on the whole was on a par with 2010.

Orkla Brands International consists of branded consumer goods companies outside the Nordic region and the Baltics. The business unit's operating revenues totalled NOK 2,113 million, which was an underlying[3] rise of 9% compared with 2010. EBITA[1] amounted to NOK 8 million, an underlying[3] decline of NOK 19 million.

In order to exploit a synergy potential it was in 2011 decided to merge the two Russian chocolate and confectionery companies, Krupskaya and SladCo, into a single entity called Orkla Brands Russia. In this connection, profit for 2011 was somewhat affected by non-recurring costs related to workforce reductions, restructuring and inventory write-downs. Substantial cost reductions were realised as a result of the merger, and profit development in the second half was clearly better than at the start of the year.

Orkla Food Ingredients is currently the leading supplier of bakery ingredients in the Nordic region. The business unit'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.

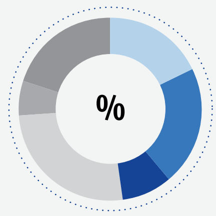
In 2011, Orkla Food Ingredients reported operating revenues of NOK 5,392 million, representing an underlying[3] rise of 9%. EBITA[1] amounted to NOK 230 million, an underlying[3] fall of NOK 39 million.

Sapa

Sapa develops, manufactures and markets value-added profiles, profile-based building systems and heat-exchanger

> 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.

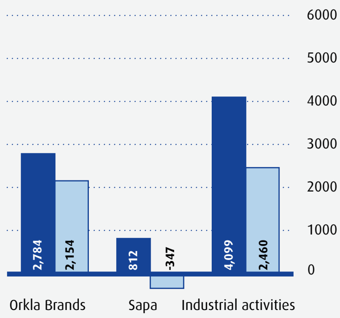
Net sales by geographical area, Orkla Group



- Norway 10,743 (18%)
- Nordic region excl. Norway 12,381 (21%)
- Central and Eastern Europe 5,482 (9%)
- Rest of Europe 15,862 (26%)
- Asia 3,803 (6%)
- America/Rest of the world 12,074 (20%)

Net sales NOK 60,345 million.

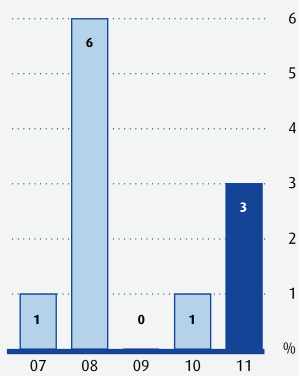
Conversion of profit to cash flow



- EBITA[1]
- Cash flow from operating activities

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

Underlying[1] growth in revenues, Orkla Brands



[1] Excluding sales and purchases of companies and currency translation effects.

strips, all made of aluminium. Sapa consists of the business units Sapa Profiles and Sapa Heat Transfer & Building System.

Sapa's operating revenues totalled NOK 30,844 million in 2011, compared with NOK 27,684 million in 2010. Demand increased early in the year, levelling off in the second half of 2011. EBITA[1] amounted to NOK 812 million, compared with NOK 744 million in 2010.

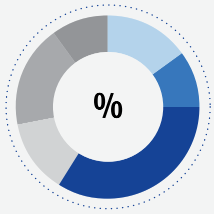
Sapa Profiles is the world's leading manufacturer of processed aluminium profiles, and its operations are divided into three geographical segments: North America, Europe and Asia. Sapa Profiles operates in 26 countries, and is well positioned to establish close working partnerships with both local and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

Sapa Profiles' operating revenues totalled NOK 24,479 million in 2011, compared with NOK 21,671 million in 2010. The North American business performed well during the year, achieving profitable growth despite a relatively flat market. In the European business, extensive restructuring programmes have been initiated to increase profitability to the targeted level. In the strategically attractive Asian market, Sapa Profiles has expanded through a series of acquisitions in the past year. The focus going forward will be on consolidating operations and generating profitable growth.

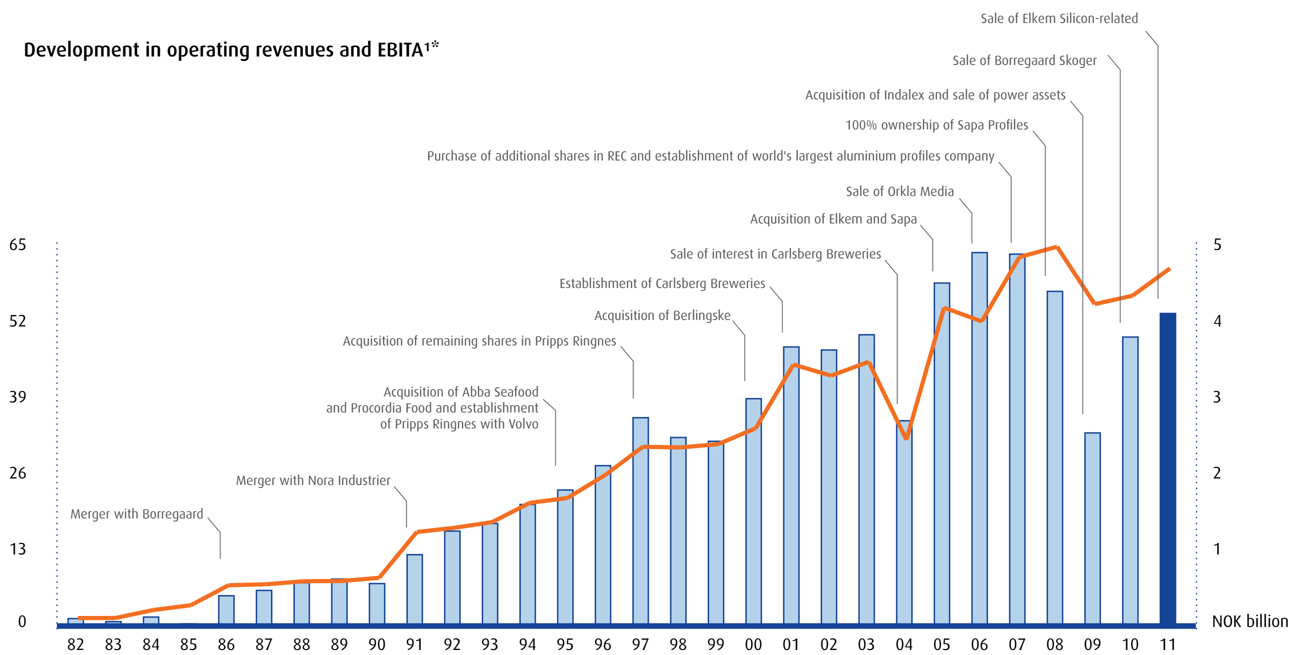
Sapa Building System is one of Europe's largest suppliers of building systems based on aluminium profiles. Sapa Building System offers a wide range of innovative aluminium systems to architects, designers, specifiers and contractors. Sapa Heat Transfer is the world's leading supplier of solutions for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

EBITA[1] for Sapa Heat Transfer & Building System amounted to NOK 278 million in 2011 (NOK 371 million)[2]. Sapa Heat Transfer reported weak profit for the year, largely related to the Swedish plant in Finspång. Comprehensive improvement measures are being implemented to increase profitability.

Sapa's end use markets in 2011



Development in operating revenues and EBITA[1]*



EBITA[1] (right axis).
Operating revenues (left axis).
* From industrial activities. Figures as reported from 1982–2010. Figures for 2004–2011 are stated under IFRS, while figures for 1982–2003 are stated under NRS.
1 Operating profit before amortisation and other income and expenses.

Other businesses

In line with the Group's strategic direction of concentrating its business portfolio, Orkla will seek to reduce its exposure to other businesses and thereby free up capital. Strategies for the individual businesses will vary, however, depending on the situation.

Orkla Financial Investments comprises Orkla Eiendom (real estate) and the Share Portfolio. Pre-tax profit for Orkla Financial Investments amounted to NOK 2,097 million, compared with NOK 3,752 million in 2010. The result is primarily ascribable to realised portfolio gains and dividends received.

The Group has decided to divest its Share Portfolio, and is systematically selling off the assets. After net sales of portfolio investments totalling NOK 4.5 billion, the value of the portfolio amounted to approximately NOK 5.5 billion at year end. In 2011, gains, losses and write-downs totalled NOK 1,643 million (NOK 1,772 million)[2]. Dividends received amounted to NOK 438 million (NOK 521 million)[2]. Write-downs totalling NOK -668 million (NOK -266 million)[2] were expensed.

Orkla Eiendom engages in property development, primarily based on the Group's own properties. This business will be continued, but the size of its portfolio will be reduced. In 2011, Orkla's real estate investments generated a pre-tax profit of NOK -63 million (NOK 188 million)[2].

Borregaard has an advanced biorefinery. 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 4,004 million in 2011, compared with NOK 3,750 million in 2010. Profit improved significantly, with EBITA[1] of NOK 531 million (NOK 238 million)[2], which was an underlying[3] rise of 107.5% from 2010. Borregaard Chemicals saw favourable market conditions for key product categories in 2011. Demand was good and prices were stable or rising, particularly for speciality cellulose. This was counteracted to some extent by continued high energy and raw material prices and weaker foreign exchange rates.

Hydro Power consists of Borregaard's energy business and Orkla's 85% interest in AS Saudefaldene, which produces a total of some 2.5 TWh. The business produces and supplies power to the Nordic power market. Hydro Power delivered improved results in 2011, due to high inflows and high production at the Saudefaldene plant. Operating revenues and EBITA[1] amounted to NOK 1,691 million and NOK 260 million, respectively, compared with NOK 1,321 million and NOK 177 million in 2010.

Associated companies primarily consist of the Group's investments in Jotun AS (42.5% interest) and REC (39.7% interest). Jotun and REC 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. However, the figures presented below are on a 100% basis.

Jotun is one of the world's leading manufacturers 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 10,659 million in 2011, compared with NOK 9,767 million in 2010. EBIT for Jotun amounted to NOK 956 million, compared with NOK 1,240 million in 2010.

Jotun reported satisfactory results in 2011, despite a slight decline from the record year 2010. Both volume and sales value increased, but the company's operations faced challenges arising from the unstable conditions in the Middle East and the debt situation in the USA and Europe. The high costs of key metals and raw materials are the main reason for the continued negative margin trend. Targeted activities, focused on both revenues and expenses, have been initiated throughout the organisation to secure profitability.

SHARE PORTFOLIO

5.5

After net sales of portfolio investments totalling NOK 4.5 billion, the value of the Share Portfolio amounted to approximately NOK 5.5 billion at year end.

BORREGAARD CHEMICALS

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Profit improved significantly, with EBITA[1] of NOK 531 million. (NOK 238 million)[2].

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. Further information on REC may be found on the company's website (www.recgroup.com).

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. This improves transfers of expertise and ensures greater flexibility in R&D projects. Sapa has consolidated its central R&D function in Sapa Technology (ST). The ST units in Shanghai and Finspång have been merged into a single entity, under common management, in order to utilise resources more effectively to the benefit of the entire Group. Cooperation in the ST unit in North America was also strengthened. Borregaard has a joint research centre with a staff of close to 70 people. The company also collaborates extensively with institutes and universities in several countries. 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 still 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. In 2011, work began on the construction of a NOK 130 million pilot plant for the development of second-generation biofuel and biochemicals. Work is also in progress on the construction of a pilot plant for microfibrillar cellulose, a product area currently under development which has several potential markets. 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 insight 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.

The Group directives on corporate responsibility and business ethics were revised in 2011, and were approved by Orkla's Board of Directors. The Group has also drawn up a human rights policy and a responsible sourcing policy which elaborate on the principles that Orkla applies in connection with these issues. The object of the revision was to further strengthen efforts in this field and to update the Group's directives to bring them in line with changes in external norms. Orkla's business areas were involved in the revision process, in which the Group's employee representatives participated actively. Implementing the new directives will be a priority task in 2012, through training programmes and other activities.

Orkla's internal procedures for following up on the business areas' corporate responsibility activities were enhanced in 2011 by establishing a system of annual progress reports to the business areas boards. The Group also decided to improve its risk analysis procedures

BORREGAARD CHEMICALS

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In 2011, work began on the construction of a NOK 130 million pilot plant for the development of second-generation biofuel and biochemicals.

in order to identify more effectively any risk of breaches of the Group's directives on corporate responsibility and business ethics. The changes in risk management procedures will be implemented in 2012.

Efforts to provide training for internal management staff and key personnel continued in 2011, with particular emphasis on the topic of responsible sourcing. The regular dialogue between the administration and the employee representatives in the Group on corporate responsibility activities also continued.

Two meetings of Orkla's Corporate Responsibility Council were held in 2011. The main focus of the Council's work has been the revision of the Group directives on corporate responsibility and business ethics.

Efforts to implement procedures for systematic risk identification and monitoring of suppliers with regard to human rights, working conditions, the environment and corruption continued in 2011. 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 administration

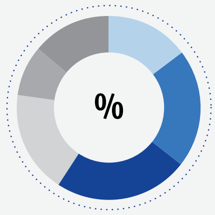
The Orkla Group had 29,785 employees (30,233)[2] at year end. Of these, 4,394 (4,543)[2] were located in Norway, 6,147 (6,400)[2] were located elsewhere in the Nordic region, and 19,244 (19,290)[2] were located in countries outside the Nordic region.

Cooperation between management and the employees' organisations through the established cooperative and representational systems functions well, and makes a valuable contribution 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. Following the sale of Elkem, Bjørn Rune Henriksen stepped down from the Board of Directors and Sidsel Kjeldaas Salte took over as representative of the salaried employees, as a regularly attending deputy Board member. Aage Andersen remains the representative of members of the Norwegian Confederation of Trade Unions, along with Gunn Liabø. New representatives will be elected to the Board of Directors and the Corporate Assembly in the spring of 2012.

At the meeting of the Corporate Assembly on 26 May 2011, Stein Erik Hagen was re-elected as Board Chair. Svein S. Jacobsen stepped down from the Board and Åge Korsvold was elected as new member of the Board for a term of one year, and as new Deputy Board Chair. Kristin Skogen Lund also withdrew from the Board. Barbara M. Thoralfsson was elected as new member of the Board for a term of one year. The other shareholder-elected Board members, Peter A. Ruzicka, Åse Aulie Michelet, Jesper Ovesen and Bjørg Ven were re-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 two of the three employee-elected Board members are women. Orkla ASA therefore fulfils the requirement under section 6-11a of the Public Limited Liability Companies Act regarding representation of both sexes on the Board of Directors. In the Corporate Assembly, four out of a total of 14 shareholder-elected members are women. One of the six employee-elected members is a woman.

Roar Engeland resigned from the Group Executive Board in 2011 and Timothy R. J. Stubbs resigned his position as Sapa CEO. Svein-Tore Holsether is the new CEO of Sapa and a member of the Group Executive Board. Furthermore, Karl Otto Tveter has been appointed Executive Vice President, Legal Affairs, with effect from 9 February 2012. The other members of the Group Executive Board are Group President and CEO Bjørn M. Wiggen, Executive Vice President Torkild Nordberg,

Number of employees, by geographical area



- Norway 4,394 (15%)
- Nordic region excl. Norway 6,147 (21%)
- Central and Eastern Europe 7,246 (24%)
- Rest of Europe 5,234 (18%)
- Asia 2,612 (9%)
- America/Rest of the world 4,152 (14%)

Numbers of employees 29,785.

Executive Vice President, Strategic HR and Communication Karin Aslaksen and CFO Terje Andersen.

The Board of Directors would like to thank all employees for their efforts and for the results achieved in 2011.

Equality and diversity

To achieve Orkla's business goal of growth in a global market, the company is dependent on attracting competent individuals and developing a corporate culture based on a broad range of experience and expertise. The Group's view is that ensuring a diversity of experience and perspectives among management and employees enhances the quality of decisions, and is important for the companies' value creation.

Diversity and non-discrimination remained an important focus for Orkla in 2011. During the year, the Group's internal standards in this field were clarified in the revision of Orkla's directives on corporate responsibility and business ethics, and through the elaboration of a special policy on human rights for the Group.

Recruitment

Orkla's businesses aim at achieving a more even gender balance among its employees, and attaches importance to this factor when recruiting new staff. At the end of 2011, the Group had 9,913 female employees, equivalent to 33.3% of its workforce. The corresponding figure for 2010 was 34.1%.

Orkla has collaborated with the non-profit organisation, Alarga, for several years on helping young people of minority origin gain easier access to the labour market. In 2011, a representative of the Orkla Group headed Alarga's Advisory Board, and the Group gave an educational grant to one of the students in the Alarga programme. Through this partnership, Orkla has provided grants for four students in the period 2007-2011. The Group is also engaged in a partnership with Ambisjoner.no, a career and education web portal for persons of minority background.

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 in promoting gender equality is measures that make it easier to combine a career with family life.

In 2011, the results of Orkla's Group-wide employee opinion survey, which was conducted in the autumn of 2010, were broken down and discussed by the companies. The purpose of the survey was to understand how employees assess their work situation, identify areas for improvement and implement relevant measures to ensure good organisational development and profitable growth.

Promotion and development opportunities

Orkla aims to increase the percentage of women in leading positions. The proportion of women among the Group's senior executives is stable. In 2011, 22% of the Group's 465 top executives were women. The proportion of women among all managers at all levels of the Group's businesses was 25%, on par with in 2010. Examples of measures to increase the proportion of women include a special focus on female managers in the annual management evaluations, giving women priority in connection with leadership development courses, the requirement always to identify a female candidate for senior positions, and the measurement of gender-balance trends.

To promote a wider range of international backgrounds and experience among Orkla's managers, there is emphasis on broad geographical participation in leadership development programmes. Twelve different nationalities were represented among the 24 participants in the Orkla Senior Management Programme in 2011.

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

FEMALE EMPLOYEES

9,913

At the end of 2011, the Group had 9,913 female employees, equivalent to 33.3% of its workforce.

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 procedures 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 the Orkla Code of Conduct in cases where a matter cannot be resolved at the local level. Procedures have been put in place for dealing with such notifications.

Competence

The success of the Group's strategy and restructuring calls for considerable expertise on the part of each employee. This requirement applies at all levels and to operators and senior executives alike. Overall, the continuous development of employee competencies is crucial to maintaining and strengthening the Group's competitiveness.

The efforts to develop individual skills focus primarily on the on-the-job training that each employee receives. Several of the Orkla companies also run local training programmes to improve their own efficiency and restructuring capacity. Management development and professional development programmes, named Orkla Academies, have been established at the central level. In addition, vocational training programmes are carried out which are run either in collaboration with public education institutions or by the Group itself. Increased focus on specialised training in the Group's food companies is essential to meet future challenges. This means that the number of apprentices must be increased.

In addition to enhancing the participants' technical and professional skills, these programmes play an important role in fostering shared attitudes, common working methods and a corporate culture that transcends inter-company borders.

The Group wishes to help strengthen each company's corporate culture by promoting the fundamental values described in Orkla's Goals and Values.

Environment, health and safety (EHS)

Good performance in the fields of environment, health and safety (EHS) is a prerequisite for effective, profitable operations. Orkla's EHS vision is to achieve zero harm to people and the environment. The principle of operating responsibly with respect for people and the environment is deeply ingrained in Orkla's corporate culture.

Orkla has a multi-local management structure, in which each company is responsible for its own EHS activities. The general requirements that must be met by Group companies are set out in Orkla's EHS policy. These guidelines are intended to ensure a system of controls and continuous improvement over time. 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.

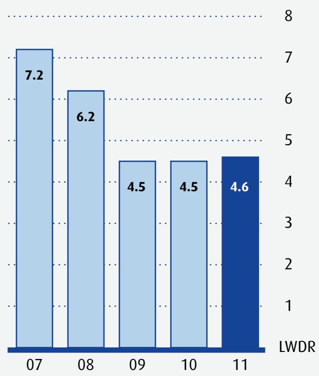
Risk assessments are a key component of EHS work. All Orkla units must carry out such assessments, which will help companies in their efforts to achieve continuous improvement by prioritising the most important EHS measures and establishing effective action plans.

The primary focus in 2011 has been on pursuing the long-term, continuous improvement efforts to comply with Group standards, and to share experiences across the entire Group.

Safety

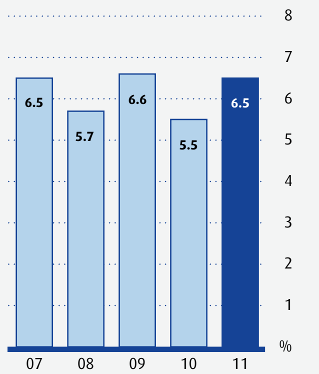
Despite the efforts to prevent occupational accidents, three tragic accidents related to Orkla's operations occurred in 2011. Four Orkla employees were involved in a very serious traffic accident north of Østersund, Sweden. A 21-year-old man died at the site, while three others sustained grave injuries. At Sapa Profiles Shanghai, China, a caretaker died while carrying out repairs on an oven in the factory's canteen. The hired driver of an Orkla-owned lorry was involved in a fatal accident outside Kristiansand, Norway, in which a young girl was hit. These incidents show that all parts of the organisation

Trends in LWDR[1] at Orkla*



* Figures as reported in 2007–2010.
[1] Number of injuries leading to absence per million hours worked.

Trends in sickness absence for Orkla in Norway*



* Figures as reported in 2007–2010.

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. Orkla achieved a Lost Work Day Rate (LWDR), i.e. the number of personal injuries leading to absence per million hours worked, of 4.6 in 2011, which is equivalent to the rate in 2010. The Total Recordable Rate (TRR), i.e. the number of personal injuries leading to absence, a need for medical treatment, or work limitations per million hours worked, was 14.2 in 2011, compared with 13.3 in 2010. The increase in reported incidents may be due to the fact that several companies established procedures for recording and following up on injuries not leading to absence in 2011.

Although injury rates for Orkla as a whole have not changed significantly, many of the companies have seen a positive trend in 2011. Compliance with key EHS principles, such as good order and cleanliness, commitment, expertise-building and a willingness to learn from others, leads to improvement. There must be focus and emphasis on these important principles throughout the organisation.

Health and the working environment

There was continued focus on the topic of health-promoting workplaces and long-term employee health in 2011. A Group conference on the topic was held in February which was attended by a large number of participants from Orkla's Nordic businesses. In practice, it is a question of 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 the Orkla Group was 3.4% in 2011, while the corresponding figure for 2010 was 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 businesses in Norway was 6.5% in 2011, up from 5.5% in 2010.

The 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. Any emissions or discharges are recorded and dealt with in compliance with national and local requirements. In 2011, one serious incident was recorded which has entailed follow-up by local or national authorities.

A formal complaint regarding the illegal storage of hazardous waste has been brought by the Norwegian Climate and Pollution Agency against Øra Næring AS, an Orkla company in Fredrikstad that rents out tank farms. It was discovered that the company DVS Norge AS has illegally deposited hazardous waste for interim storage in tanks on Øra Næring's site. Since the discovery of this regulatory non-compliance, Øra Næring has implemented a plan to empty the storage tanks and deliver the hazardous waste to its owner, DVS Norge AS.

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 2011, the Group maintained its focus on monitoring suppliers and systems for supplier approval and auditing.

Orkla's environmental impacts are primarily related to greenhouse gas emissions generated by energy consumption and processing emissions from Borregaard's operations in Sarpsborg, as well as waste management and noise, use of materials and scarce natural resources, including water.

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 2011, global greenhouse gas emissions from Orkla's own operations amounted to 655,000 tonnes of CO2 equivalents, compared with 2.15 million tonnes in 2010 including emissions from Elkem's smelting plant. Corresponding emissions without Elkem totalled 640,000 tonnes of CO2 equivalents. If emissions from purchased energy are included, emissions totalled 1.22 million tonnes of CO2 equivalents in 2011, compared with corresponding emissions in 2010 of 1.15 million tonnes. The total changes in emissions in 2011 are primarily due to the sale of Elkem's smelting plant, and increased production in parts of Orkla Brands.

Emissions from Orkla Brands, Sapa and Borregaard Chemicals' factories are mainly linked to the production of thermal energy from fossil fuels.

Orkla's total energy consumption in 2011 was 6.6 TWh, compared with 9.6 TWh in 2010 or 5.4 TWh without Elkem's operations. Approximately 2.4 TWh of this is from electricity. The change in Orkla's energy consumption is due to increased production in parts of Orkla Brands. Orkla's own hydropower plants produced around 2.5 TWh of electricity.

Orkla companies continuously implement energy efficiency and investment projects aimed at reducing energy consumption and maximising use of renewable energy. In the short term, these are some of the most important environmental initiatives carried out at Orkla.

Corporate governance

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

An overall report on corporate governance at Orkla may be found on pages 23-31 of this annual report. The report will be an item of business for discussion at the 2012 Annual General Meeting.

Pay and other remuneration of senior executives

The Board of Directors has established its own 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 the 2012 Annual General Meeting. The note also provides details of remuneration and contractual arrangements.

Accounting principles

The consolidated financial statements for 2011 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS). 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 pages 38-43 describes important matters relating to accounting treatment under IFRS.

Allocation of profit/loss for the year

In 2011, Orkla ASA posted a loss of NOK 3,050 million. The Board of Directors proposes the following allocation (NOK million):

Covered by other equity	-5,600
Provision for dividends	2,550
Total	-3,050

Free equity amounted to NOK 21,878 million at year-end.

The Board of Directors proposes the distribution of an ordinary dividend of NOK 2.50 per share for the 2011 financial year.

Outlook for 2012

The macro picture for the coming year reflects uncertainty as regards the debt situation in several European countries. Economic growth forecasts were revised downward throughout 2011, and at the start of 2012, the growth rate is weaker than it was a year ago. Orkla's structure and composition reduces the Group's vulnerability to individual factors in the macro situation, but weaker global growth will have a negative impact, particularly on Sapa's and Borregaard's markets.

Orkla Brands expects to see a relatively stable trend in the Nordic grocery market in 2012. From record-high levels at the start of 2011, international raw material prices have levelled off and, on the whole, dropped slightly. However, the situation varies from one raw material category to another, and the uncertainty about future raw material price trends is generally high.

The market outlook for Sapa's extrusion business in North America is weakly positive at the start of 2012, while the trend of slower markets in Europe is expected to continue. Sapa Heat Transfer also anticipates somewhat weaker demand. Restructuring and cost-cutting programmes will reduce Sapa's cost base and generate a positive contribution to profits in 2012.

Borregaard Chemicals expects market conditions to remain good for speciality cellulose in early 2012, but a strong NOK and higher prices for input factors could have a negative impact. Reservoir and snowpack levels in Sauda were higher than normal at the start of 2012, but this is counteracted by the fact that prices are lower than normal for the season.

Oslo, 8 February 2012
The Board of Directors of Orkla ASA

Stein Erik Hagen
Chair

Åge Korsvold
Deputy chair

Aage Andersen

Gunn Liabø

Åse Aulie Michelet

Jesper Ovesen

Peter A. Ruzicka

Sidsel Kjeldaas Salte

Barbara M. Thoralfsson

Bjørg Ven

Bjørn M. Wiggen
President and CEO

The Group Executive Board

BJØRN M. WIGGEN (52), PRESIDENT AND CEO
Degree (siviløkonom) 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, 2009–2010. 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. Chairman of the Board of Renewable Energy Corporation ASA (REC). Mr Wiggen and related parties own 179,789 shares and 412,000 options in Orkla ASA[1].

TERJE ANDERSEN (54), EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER
Degree (siviløkonom) 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 37,923 shares and 311,000 options in Orkla ASA[1].

KARIN ASLAKSEN (52), EXECUTIVE VICE PRESIDENT, STRATEGIC HR & COMMUNICATION
Graduate engineer (sivilingeniør) / PhD Industrial Economics, NTNU.

Member of Orkla's Group Executive Board since 2011. Executive Vice President, HR/EHS/CSR and Communication. Senior Vice President, HR, Elkem ASA, 2003–2010. Senior Vice President in charge of LEAN, Elkem ASA, 1999–2003. PhD student Sintef/LEAN consultant, 1994–1998. Advisor ILO/NORDAD-Kenya, 1987–1990. Researcher, Work Research Institute, 1984–1987, 1990–1994. Member of the Board of CMI, member of Statoil's Corporate Assembly, and Sintef council member. Ms Aslaksen and related parties own 6,002 shares and 170,000 options in Orkla ASA[1].

TORKILD NORDBERG (54), EXECUTIVE VICE PRESIDENT, CEO ORKLA BRANDS
Degree (siviløkonom) 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 71,167 shares and 403,000 options in Orkla ASA[1].

SVEIN-TORE HOLSETHER (39), EXECUTIVE VICE PRESIDENT, CEO SAPA
BSc Finance & Management, University of Utah.

Member of Orkla's Group Executive Board and CEO of Sapa since 2011. Executive Vice President, M&A since 2011. Business Area President, Sapa Asia & Middle East, 2010. CFO, Sapa AB, 2007–2010. CFO, Orkla Speciality Materials, 2006–2007. CFO, Elkem ASA HQ, 2005–2006. CFO, Elkem ASA North America Division, 2003–2005. Group Controller and Financial Analyst, Elkem ASA HQ, 1997–2003. Member of the Board of Renewable Energy Corporation ASA (REC). Mr Holsether and related parties own 18,638 shares and 201,000 options in Orkla ASA[1].

KARL OTTO TVETER (48), EXECUTIVE VICE PRESIDENT, LEGAL AFFAIRS
Degree in Law from the University of Oslo.

Member of Orkla's Group Executive Board since 2012. Deputy advocate/advocate at Orkla from 1992. Senior Vice President, Legal Affairs since 2000. Prior experience from the Norwegian Ministry of Finance's Tax Law Division. Mr Tveter and related parties own 34,615 shares and 195,000 options in Orkla ASA[1].

[1] Number of shares and options owned as of 31 December 2011.

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

Orkla is subject to corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 21 October 2011, may be found at www.nues.no.

This statement of policy will be an item of business at Orkla's Annual General Meeting on 19 April 2012. The company's auditor has assessed whether the information provided in this statement with regard to section 3-3b of the Accounting Act is consistent with the information provided in the annual financial statements. The auditor's statement is included on page 88.

The Board of Directors at Orkla actively adheres to good corporate governance standards and will at all times ensure that Orkla complies with the requirements of section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance. This is done by ensuring that the topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. Moreover, Orkla's corporate governance principles are subject to annual assessment and discussion by the Board, which has also considered the text of this chapter at a Board meeting.

The following section is structured the same way as the Code of Practice, covers each point of the code and describes Orkla's compliance efforts.

Orkla is committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving its operations in relation to

Account is taken in this statement of information which Orkla is required to provide under section 3-3b of the Norwegian Accounting Act regarding reporting on corporate governance, and the information 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 of the Accounting Act 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, Statement of policy 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, Statement of policy on corporate governance*
3. *"the reason for any non-conformation with recommendations and regulations mentioned in no. 1": There are two non-conformances with the Code of Practice which are described in further detail in italics 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 on 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.*

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 corporate responsibility have been defined in the Orkla Goals and Values, Orkla's Employee Code of Conduct and corporate responsibility guidelines. The latter two documents were revised in the course of 2011. The documents may be found 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 in 2011.

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. In 2011, Orkla announced that the Group in future will focus on and allocate its resources to branded consumer goods operations. The other businesses were declared to lie outside the Group's priority areas and will be phased out in the long term. Reference is also made to page 4 of the Annual Report for further information. The Board of Directors will assess whether it is appropriate to propose adjusting the mission statement when such a phase-out has been completed.

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 Orkla".

3. Equity and dividends

As of 31 December 2011, Group equity totalled NOK 34.4 billion, which is a reduction of NOK 12.5 billion. This change is mainly ascribable to dividends paid and a negative comprehensive result for the year. On the basis of the 2010 accounting year, an ordinary dividend of NOK 2.50 per share and an extraordinary dividend of NOK 5.00 per share were paid out in 2011. Orkla has pursued a consistent shareholder and dividend policy for many years. Over time, Orkla shareholders shall receive a competitive return on their investment through a combination of dividends and an increase in the share price. The Board of Directors has proposed that a dividend of 2.50 per share be paid for 2011. The dividend will be paid out on 3 May 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 2011, 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 million 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. The Board has not proposed to renew this authorisation.

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 2012. Shares acquired under this authorisation are to be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. Each purpose was discussed as a separate item of business at the Annual General Meeting. A similar authorisation has been granted each year since 1998, and in the past five years Orkla has on average bought back 0.4% of outstanding shares each year. In 2011, Orkla acquired 3,800,000 of its own shares, which the Board proposes to the General Meeting to cancel. As of 31 December 2011, Orkla owned 8,920,791 treasury shares.

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. 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 policy is not to dilute the shareholdings of existing shareholders. In accordance with this policy, 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.

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 decide 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 38 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 Employee 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. Article 3, second paragraph, of the Articles of Association states that *"The Board of Directors may entirely or partly refuse to approve the transfer of shares if the company pursuant to statute or to regulations laid down pursuant to statute is given the discretionary right to refuse such approval or to apply other restrictions on sales".* In this connection, it should be noted that the provisions of the Industrial Licensing Act requiring Board consent for acquisitions of shares representing more than 20% of all shares in the company are applicable, due to Orkla's ownership interests in waterfalls. 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 or a meeting 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.

Under Article 16, second paragraph, of the Articles of Association, the Board of Directors may decide that documents concerning items of business to be considered at the general meeting 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 6-16a must be sent to all shareholders no later than one week before the general meeting.

Members of the Board of Directors are present at general meetings, but normally not the entire Board has 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 may be 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.

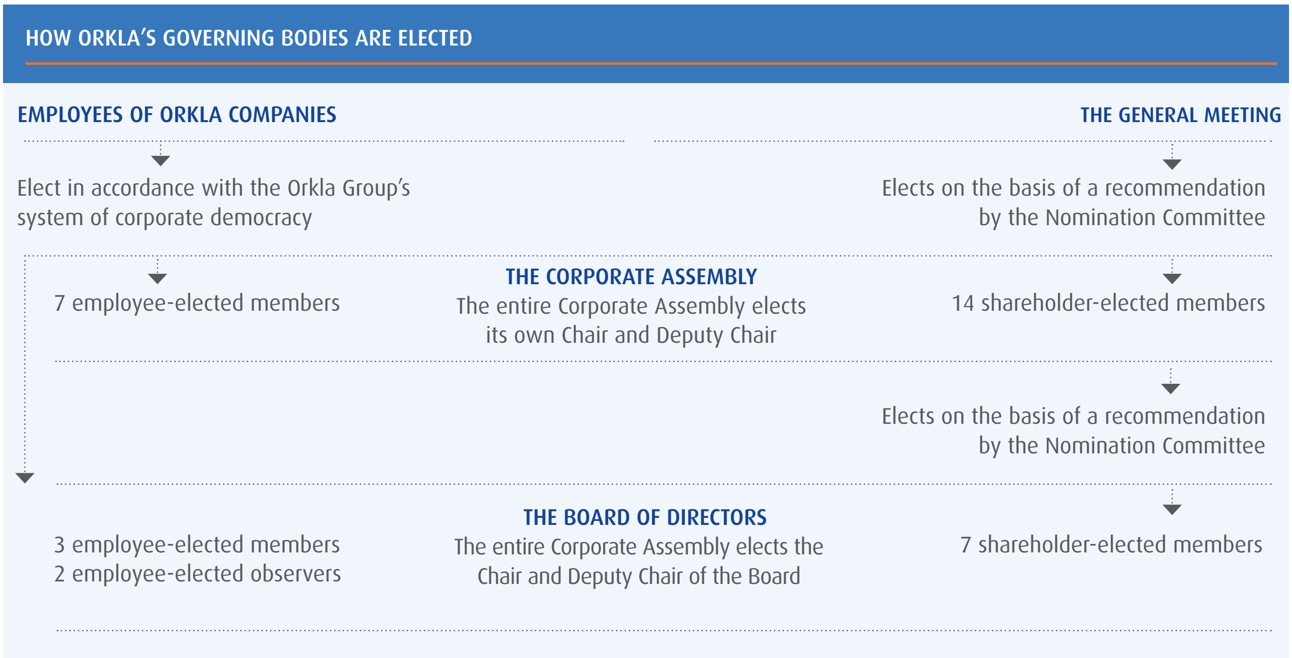
The instructions for the Nomination Committee contain further guidelines for the preparation and implementation of elections to the Nomination Committee, the Corporate Assembly and the Board of Directors, as well as criteria for eligibility, general requirements regarding recommendations, the number 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 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 ASA shares owned by each member of the Committee as of 31 December 2011 may be found on page 96 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 Orkla's 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. It also elects the Deputy Chair of the Board of Directors. 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 shareholders 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 7. Information regarding each Board member's attendance at Board meetings is provided on page 7.

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 96.

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. The Board's Rules of Procedures 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 2011 stipulated 8 meetings, including a two-day meeting to deal with strategic issues. In addition to this, the Board has held 3 meetings; a total of 11 meetings were thus held in 2011, at which the Board dealt with a total of 85 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 Board 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 is in brief 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 Jesper Ovesen, and the other members are Peter A. Ruzicka 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 competence. 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 set out 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:

- Exploitation of business opportunities
- Targeted, safe, high-quality and cost-effective operations
- Reliable financial reporting
- Compliance with current legislation and regulations
- Operations in accordance with Orkla's governing documents, including ethical and corporate responsibility standards

Orkla's risk management system is fundamental to the achievement of these goals.

To ensure ongoing risk monitoring in individual companies, all boards of operational subsidiaries are required to carry out a thorough analysis of the company's risk picture and internal control function at least once a year, in addition to the risk analysis that is an integral part of the company's decision-making processes.

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 transfer 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 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 function, which works closely with the CRO and the external auditor. The responsibilities of the Group's Internal Audit function 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 expertise and capacity, which includes monitoring and control of selected companies in the Group;
- Be the recipient of and follow up on 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".
- Coordinate the choice of and monitor external auditors in the Group companies in accordance with the instructions of the Audit Committee
- Act as secretary to the Audit Committee

The Internal Audit function 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.

Ethics and corporate responsibility

The Group's businesses continuously focus on relevant topics related to ethics and corporate responsibility which are an integral part of the grounds on which the local businesses base their decisions. The Group monitors the business areas' exercise of their corporate responsibility by means of an annual review of the status of current procedures and systems in the business area boards. The status of the business areas' corporate responsibility work, including plans for the subsequent period, is also reported to the Group as part of the annual sustainability reporting process.

Orkla's guidelines for ethics and corporate responsibility were revised in 2011 in order to enhance the Group's efforts and ensure compliance with changes in external requirements in this field. In this connection, Orkla strengthened the requirements regarding systematic risk management in the Group companies. Each company is required to carry out an annual survey of risk factors related to the company's corporate responsibility at a general level, and to introduce procedures for identifying the risk of breaches of Orkla's ethical standards, including in connection with purchasing and investments. The requirements in the revised guidelines will be implemented by the Group companies in the period 2012-2013.

Orkla's Sustainability Report for 2011 provides more detailed information on the Group's procedures in this area.

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 its own 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 the business areas/ units Orkla Brands, Sapa, Borregaard, Hydro Power and Orkla Financial Investments, 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/ units.

11. Remuneration of the Board of Directors

All remuneration of the Board of Directors is disclosed in Note 6 to Orkla ASA's financial statements. 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-price-related programmes, is given in the Board of Directors' statement of guidelines for the remuneration of executive management; see Note 6 to Orkla ASA's financial statements. 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 communications

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 Board of Directors' Audit Committee 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 webcast directly and may be found on Orkla's website, along with the quarterly and annual reports, under "Investor Relations". In 2011, the company's Annual General Meeting was webcast and simultaneously interpreted to English. Orkla normally holds an Investor Day every other year, on which occasion the market is given an in-depth review of the Group's strategic direction and operational development. The Investor Day presentations are webcast directly on the company's websites.

In addition, Orkla arranges excursions for analysts and investors to selected Orkla factories so as to better acquaint the market with Orkla's operations. All shareholders and other financial market players are treated equally as regards access to financial information. The Group's Investor Relations Department maintains regular contact with company shareholders, potential investors, analysts and other financial market stakeholders. The Board is regularly informed of the company's investor relations activities. The financial calendar for 2012 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 will make 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.

The Group has not found it appropriate to draw up any explicit basic principles 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 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 it is able to discuss relevant matters with the auditor without the presence of the management.

The external auditor and the President and CEO attend all meetings of the Board's Audit Committee. For information regarding 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 approves all significant assignments in advance and receives an annual summary from the external auditor of services other than auditing that have been provided to Orkla. His annual report to the Audit Committee and the Board of Directors includes special comments on these services. Details of the company's use and remuneration of the external auditor are disclosed in Note 6 to the financial statements of Orkla ASA. Both the Corporate Assembly and the General Meeting are informed about the Group's overall remuneration of the auditor, broken down in accordance with statutory requirements into remuneration for statutory auditing and remuneration for other 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 2011

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, including realised hedges. 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. Results reported for the Share Portfolio chiefly consist of items that have been sold or written down, while ongoing changes in the value of the Share Portfolio are presented in the statement of 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.*

Earnings per share *are calculated on the basis of the parent's share of profit/loss for the year.*

The Statement of Comprehensive Income *is presented as a separate table in connection with the income statement. The table shows the result of all income and expenses that are not included in the "profit/loss for the year" and that are not transactions with owners. This applies to changes in the value of or reversals related to the sale of items in the Share Portfolio (unrealised gains), changes in the value of or reversals related to the sale of hedging instruments (hedging reserve) and exchange differences in connection with the translation of the financial statements of foreign subsidiaries and associated companies.*

INCOME STATEMENT

Amounts in NOK million	Note	2011	2010	2009
Sales revenues	9	**60,345**	56,051	48,851
Other operating revenues	9	**664**	1,287	1,382
Operating revenues		**61,009**	57,338	50,233
Cost of materials	9	**(32,604)**	(29,161)	(23,851)
Payroll expenses	11, 12	**(10,668)**	(10,589)	(9,926)
Other operating expenses	13	**(11,835)**	(11,832)	(11,601)
Depreciation and write-down property, plant and equipment	19, 20	**(1,861)**	(1,812)	(1,826)
Amortisation intangible assets	19	**(55)**	(52)	(213)
Other income and expenses	14	**(1,041)**	330	2,871
Operating profit		**2,945**	4,222	5,687
Profit/loss from associates	8	**(5,505)**	(6,169)	(3,919)
Dividends received	24	**440**	522	252
Gains, losses and write-downs in the Share Portfolio	24	**1,643**	1,772	584
Finance income	15	**273**	224	196
Finance costs	15	**(719)**	(551)	(945)
Profit/loss before taxes		**(923)**	20	1,855
Taxes	16	**(1,018)**	(844)	276
Profit/loss after taxes from continuing operations		**(1,941)**	(824)	2,131
Gains/profit/loss discontinued operations	39	**1,213**	(40)	429
Profit/loss for the year		**(728)**	(864)	2,560
Profit/loss attributable to non-controlling interests	35	**48**	53	(31)
Profit/loss attributable to owners of the parent		**(776)**	(917)	2,591
EBITA (adjusted)[1]		**4,041**	3,944	3,029
EBITDA (adjusted)[2]		**5,902**	5,756	4,855

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

EARNINGS PER SHARE

	Note	2011	2010	2009
Earnings per share (NOK)[3]	17	**(0.8)**	(0.9)	2.5
Earnings per share diluted (NOK)[3]	17	**(0.8)**	(0.9)	2.5

[3] Calculated on the basis of profit for the year after non-controlling interests incl. discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME

	Note	2011	2010	2009
Profit/loss for the year		**(728)**	(864)	2,560
Change in unrealised gains on shares after tax	24	**(3,143)**	950	2,511
Change in hedging reserve after tax	32	**(770)**	359	591
Items charged to equity in associates	8	**104**	(55)	(457)
Translation effects		**(213)**	(250)	(2,220)
Comprehensive income		**(4,750)**	140	2,985
Comprehensive income attributable to non-controlling interests		**48**	51	(310)
Comprehensive income attributable to owners of the parent		**(4,798)**	89	3,295
Change in hedging reserve and translation effects from discontinued operations		**(342)**	124	65

***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 statement of financial position, 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 statement of financial position oriented and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the statement of financial position. Equity is a residual. The various standards determine how the items are to be treated. The valuation of the statement of financial position 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 statement of financial position items are explained in the notes to the financial statements.*

Amounts in NOK million	Note	2011	2010
ASSETS			
Property, plant and equipment	20	**18,058**	17,730
Intangible assets	18, 19	**12,460**	12,337
Deferred tax assets	16	**341**	623
Investments in associates	8	**4,723**	9,990
Other assets	27	**959**	995
Non-current assets		**36,541**	41,675
Assets held for sale/discontinued operations	39	**391**	13,891
Inventories	21	**8,047**	7,102
Receivables	25	**10,462**	10,380
Share Portfolio etc.	24	**5,502**	11,674
Cash and cash equivalents	26	**5,453**	2,819
Current assets		**29,855**	45,866
Total assets		**66,396**	87,541
EQUITY AND LIABILITIES			
Paid-in equity	34	**1,997**	1,999
Retained earnings		**32,109**	44,567
Non-controlling interests	35	**280**	365
Equity		**34,386**	46,931
Deferred tax	16	**1,251**	1,874
Provisions and other liabilities	22	**1,914**	2,207
Interest-bearing liabilities	29	**15,488**	21,820
Non-current liabilities		**18,653**	25,901
Liabilities held for sale/discontinued operations	39	**177**	2,544
Interest-bearing liabilities	29	**1,472**	1,380
Income tax payable	16	**848**	255
Other liabilities	28	**10,860**	10,530
Current liabilities		**13,357**	14,709
Equity and liabilities		**66,396**	87,541

Oslo, 8 February 2012

The Board of Directors of Orkla ASA

Stein Erik Hagen
Chair

Åge Korsvold
Deputy Chair

Aage Andersen

Gunn Liabø

Åse Aulie Michelet

Jesper Ovesen

Peter A. Ruzicka

Sidsel Kjeldaas Salte

Barbara M. Thoralfsson

Bjørg Ven

Bjørn M. Wiggen
President and CEO

The Statement of Cash Flows *in accordance with IFRS shows how the Group's cash flows are broken down into cash flow from operating, investing 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 in Note 40 presented a separate, Orkla-format cash flow statement, the bottom line of which is the change in net interest-bearing liabilities. This statement 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 property, plant and equipment – replacement investments) and constitutes the "cash flow from operations". 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 9 and Note 6).

Amounts in NOK million	Note	2011	2010	2009
Operating profit continuing operations		**2,945**	4,222	5,687
Operating profit discontinued operations (Elkem Silicon-related)		**-**	-	(581)
Amortisation, depreciation and impairment charges		**2,121**	2,649	2,708
Gain on sale of operations presented as investing activity (sold companies)		**-**	(1,309)	(3,066)
Changes in net working capital, etc.		**(1,636)**	(1,221)	2,028
Cash flow from operations before net replacement expenditures	9, 40	**3,430**	4,341	6,776
Dividends received		**440**	522	252
Financial items, net	15	**(331)**	(381)	(359)
Taxes paid		**(603)**	(686)	(1,402)
CASH FLOW FROM OPERATING ACTIVITIES		**2,936**	3,796	5,267
Sale of property, plant and equipment	9	**262**	667	528
Investments property, plant and equipment and intangible assets	9	**(2,699)**	(2,581)	(3,387)
Sold companies		**13,144**	7,656	235
Acquired companies	6, 9	**(979)**	(2,668)	(2,341)
Net purchases/sales Share Portfolio	24	**4,494**	2,130	2,866
Discontinued operations and other capital transactions		**(479)**	(536)	(6)
CASH FLOW FROM INVESTING ACTIVITIES		**13,743**	4,668	(2,105)
Dividends paid		**(7,436)**	(2,360)	(2,354)
Sale of Orkla shares		**81**	138	94
Net share buy-back		**(190)**	-	-
Net paid to shareholders	34	**(7,545)**	(2,222)	(2,260)
Change in interest-bearing liabilities		**(6,353)**	(7,710)	(950)
Change in interest-bearing receivables		**(135)**	53	270
Change in net interest-bearing liabilities	29	**(6,488)**	(7,657)	(680)
CASH FLOW FROM FINANCING ACTIVITIES		**(14,033)**	(9,879)	(2,940)
Currency effect of cash and cash equivalents		**(12)**	81	(507)
Change in cash and cash equivalents	26, 29	**2,634**	(1,334)	(285)
Cash and cash equivalents as of 1 January		**2,819**	4,153	4,438
Cash and cash equivalents as of 31 December		**5,453**	2,819	4,153
Change in cash and cash equivalents		**2,634**	(1,334)	(285)

The change in net interest-bearing liabilities is presented as a net figure in accordance with the way in which financing activities are managed (Note 29). Thus, a presentation of the gross increase in and repayment of loans is not a reliable indicator as such cash flows take place frequently within the bilateral borrowing facilities. In practice, day-to-day changes in cash flow in the Group create increases in/repayments of loans under the long-term facilities, which would in addition result in large gross figures.

Joint ventures have the following impact on cash flow:

	2011	2010	2009
Cash flow from operating activities	**27**	76	14
Cash flow from investing activities	**(8)**	(151)	(233)
Cash flow from financing activities	**(1)**	93	222
Change in cash and cash equivalents (Note 7)	**18**	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 which are included in the statement of comprehensive income. 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 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)	**0**	**-**	**0**
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 35	-	-	-	**-**	-	**-**	-	-	-	-	**0**	**(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)	**0**	**-**	**0**
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 35	-	-	-	**-**	-	**-**	-	-	-	-	**0**	**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**
Comprehensive income Orkla ASA	-	-	-	**-**	(6,396)	**(6,396)**	-	-	-	6,396	**0**	**-**	**0**
Group comprehensive income	-	-	-	**-**	-	**-**	(3,143)	(770)	(109)	(776)	**(4,798)**	**48**	**(4,750)**
Dividends from 2010 and extraordinary dividends in 2011	-	-	-	**-**	(7,649)	**(7,649)**	-	-	-	-	**(7,649)**	**(22)**	**(7,671)**
Net buy-back of treasury shares	-	(2)	-	**(2)**	(107)	**(109)**	-	-	-	-	**(109)**	**-**	**(109)**
Change in non-controlling interests, see Note 35	-	-	-	**-**	-	**-**	-	-	-	10	**10**	**(111)**	**(101)**
Option costs	-	-	-	**-**	86	**86**	-	-	-	-	**86**	**-**	**86**
Equity 31 December 2011	1,287	(11)	721	**1,997**	25,373	**27,370**	1,134	(271)	(1,085)	6,958	**34,106**	**280**	**34,386**

[1] See Note 24 for unrealised gains on shares before tax.
[2] See Note 32 for hedging reserve before tax.

Other equity for Orkla ASA at 31 December 2011 includes a fund for unrealised gains totalling NOK 1,133 million (NOK 4,267 million at 31 December 2010) and other paid-in equity (options) totalling NOK 328 million (NOK 242 million at 31 December 2010) that is not shown in a separate column because of the non-material amount.

Free equity in Orkla ASA amounted to NOK 21,878 million at 31 December 2011 (NOK 33,166 million at 31 December 2010).

Notes Group

NOTE 1 GENERAL INFORMATION

The consolidated financial statements for Orkla ASA, including notes, for the year 2011 were endorsed by the Board of Directors of Orkla ASA on 8 February 2012. 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 primarily in the branded consumer goods, aluminium solutions, renewable energy, biobased chemicals and financial investment sectors. The business areas are described in Note 4 and in segment information for the various business areas which is provided in Note 9.

The financial statements for 2011 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 certain items that are crucial to understanding the financial results for 2011. The largest item is the write-down by NOK 5.8 billion of the value of the Group's investment in Renewable Energy Corporation (REC) due to its weak stock market performance. The write-down is presented on the line for "Profit/loss from associates" and the investment is presented at market price in the statement of financial position at 31 December 2011. 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 (see Note 8).

On 10 January 2011, the Group publicly announced that it had entered into an agreement regarding the sale of the Elkem Silicon-related segment. Settlement was effected on 14 April in accordance with the agreed terms and conditions. The transaction was completed for accounting purposes in the first quarter when all official approvals had been obtained. The proceeds, totalling NOK 12.8 billion, were received in the second quarter. A profit of NOK 1,213 million was reported (see Note 39).

"Other income and expenses" (OIE) are presented after the Group's profit/loss (EBITA) broken down by segment, and comprises transactions of a special nature. In 2011 the largest item is restructuring related to Sapa's operations. In the second quarter, a review was initiated of the various areas of Sapa Profiles Europe, in the aim of optimising the company's operational structure. An extension of this process identified a further need for restructuring in Sapa Profiles Europe in the third quarter. At the same time, processes were begun in Sapa Profiles North America and Heat Transfer/Building System to optimise their operational structure. Provisions were announced at the same time which, due to strict accounting rules, did not qualify as provisions at the end of the third quarter, and which were expensed in the fourth quarter. Total provisions amount to NOK 520 million and write-downs amount to NOK 159 million.

There were two fires at Sapa's Finspång plant, for which the insurance claim has not yet been fully settled. The first fire, which occurred in 2010 (total costs of around NOK 600 million), gave rise to air freight costs that were expensed under OIE in the first two months of 2011. This is a consequence of supplying to a market with short delivery times and limited inventories. A claim has been made to have these costs covered in the insurance settlement. The last fire, which occurred in the summer of 2011, gave rise to total costs of around NOK 300 million. In connection with both these fires, Orkla has applied the principle that the insurance settlement must have a neutral effect on "Operating profit before amortisation and other income and expenses" (EBITA). Expenses incurred which are expected to be covered by the insurance settlement, but which cannot be recognised as a receivable under IFRS, are reported as OIE. An advance has been received from the insurance company for the second fire and has been split between EBITA and OIE for accounting purposes. The amount recognised in EBITA is a gross amount, i.e. compensation for business interruption loss and costs incurred is equal to the advance payment recognised in the income statement and has virtually a neutral effect on EBITA. The other half of the advance payment has been recognised in OIE and covers damage to property, plant and equipment that are to be rebuilt. The sum insured (replacement cost) of these assets exceeds the carrying value that has been written down and will thus generate an accounting gain when the insurance claim is paid. This effect, in addition to costs incurred for which no advance payment has been received, have been recognised under OIE and give rise to a positive result in the fourth quarter. Future insurance settlement payments will be recognised as OIE.

Bakers was sold and the take-over took place on 1 February 2012. In accordance with the payment stipulated in the agreement, assets were written down and total costs of NOK 155 million related to the sale were expensed. Bakers is presented on two lines in the statement of financial position as "held for sale", but no figures have been restated in the income statement or the cash flow statement. Bakers is reported under the Orkla Foods Nordic segment.

Orkla is exposed to the weak markets in southern Europe through Sapa's operations. Restructuring measures were carried out in 2011, in part to improve the company's operational structure in these markets.

Orkla has largely switched to defined contribution pension plans, and it is primarily the businesses in Sweden that still have defined benefit plans. The fall in interest rates therefore has little impact on the Group's pension plans and thus on the Group's financial soundness. The contractual early retirement scheme is accounted for as a defined contribution plan. This may be changed if reliable and consistent data that justify accounting for the plan as a defined benefit plan can be obtained.

Orkla has no loan agreements containing financial covenants.

Impairment tests that have been carried out confirm that the value of the Group's most exposed assets is also intact.

The sale of hydropower assets was reclassified in the comparative figures for 2010 and 2009, as the cash flow was moved from financing activities to investing activities in the IFRS-compliant cash flow statement. The selling price of the assets was originally presented as an investing activity in 2009, due to the fact that the receivable that arose from the sale was interest-bearing. The actual cash settlement was made in two payments in 2010: NOK 4.3 billion in the first quarter and NOK 1.7 billion in the fourth quarter. It was subsequently learned that an interest-bearing receivable cannot be equated with cash and cash equivalents in an IFRS-compliant cash flow statement. The matter has no effect on the figures reported in the income statement or the statement of financial position.

The "Currency effect of net interest-bearing liabilities" presented in the annual reports for 2010 and 2009 was split between the currency effect related to cash and cash equivalents and other net interest-bearing liabilities. The currency effect related to cash and cash equivalents is presented on a separate line. The remainder of the currency effect is included in "Change in net interest-bearing liabilities".

The Group has otherwise not changed its presentation, 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 in Note 4.

NOTE 2 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. Cash flow hedges that satisfy the criteria for hedge accounting are reported at fair value in the statement of financial position and changes in value are recognised in 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 selling 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 statement of financial position 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 statement of financial position (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 statement of financial position 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, statement of financial position, 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 owns more than 50%, but less than 100% of 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 7) 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 8) 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 the statement of financial position, respectively. As explained above, the Group's interest in REC is presented at market price for the time being in the financial statements. However, in underlying terms, the interest is accounted for according to the equity method. If the REC share price rises, the write-downs will be reversed until the value of the interest according to the equity method is equal to the market value. The share of any translation differences and other items charged against comprehensive income in the associate will be 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 statement of financial position 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 statement of financial position (2010), respectively, as discontinued operations. The comparative income statement figures have been restated accordingly.

Utstillingsplassen Eiendom (UPL) was also sold in 2011, and a loss of NOK 25 million was charged against EBITA. Bakers has been sold (see Note 1).

The Orkla Group acquired a number of smaller companies in 2011. These companies were consolidated from the date on which the Group had control and are presented collectively in Note 6. The composition of the Group has otherwise not changed in 2011 and, apart from Elkem, the aforementioned acquisitions and sales have not entailed any change in comparative figures. The full-year effect of the acquisitions is disclosed in Note 6.

NOTE 3 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 2011, 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. Certain adjustments were made in some standards, but the amendments to IAS 24 Related Party Disclosures, IAS 32 Financial Instruments Presentation, IFRIC 14 (IAS 19 The Limit on a Defined Benefit Asset) and 19 Extinguishing Financial Liabilities with Equity Instruments have had no impact on Group reporting. Nor did the results of the IASB's annual improvement project entailing some 20 technical amendments entail any important changes.

Future changes in standards

The consolidated financial statements will be affected by IFRS amendments in the future. Many IFRS projects are in the final phases, but many of them have either not been finally adopted or not been endorsed by the EU. It is highly likely that many of these projects will be adopted. The following section covers only the amendments that will or may be of relevance for accounting in the Orkla Group.

New standards not endorsed by the EU

All the new standards or amendments presented are expected to come into force on 1 January 2013, apart from IFRS 9 which is expected to become effective in 2015. The standards will be implemented retrospectively, so comparative figures will be restated accordingly.

IFRS 9 Financial Instruments

IFRS 9 will replace the current IAS 39 Financial Instruments. The IASB has divided the project up into several phases, and as and when the individual phases of IFRS 9 are completed, the relevant parts of IAS 39 will be deleted. IAS 39 is an important standard and changes in this standard will affect the Group's accounting, primarily through the Share Portfolio. It is The Group's understanding that the proposed rules will replace the current available-for-sale principle with a stricter regime. The Group must choose between recognising all changes in value either in the statement of comprehensive income or recognising them all in the income statement. If they are recognised in the statement of comprehensive income, all changes in value, gains and losses will be reported in the Group's statement of comprehensive income. This category will thus never be reflected in the ordinary income statement, except for dividends which apparently may still be recognised in the ordinary income statement. In accordance with the announced change in the Group's strategy, the Share Portfolio will be of less importance for the Group in the future.

IFRS 10 Consolidated Financial Statements

IFRS 10 will replace the parts of IAS 27 that deal with consolidated financial statements, in addition to addressing the relationships discussed in SIC-12. IFRS 10 is based on a simple control model that is to be applicable to all entities. Questions relating to consolidation will change from a principle-based decision to more of a discretionary decision (de facto control). Orkla's interest in REC will be in a category where the new rules will have to be considered. Orkla owns 39.7% of the shares in REC and most of the other shareholders are small. Orkla presents its interest in REC as an associate, but the shareholding is regarded as a financial asset, and in line with the adopted strategy is for sale. At 31 December 2011, no binding agreement had been entered into as a result of which the interest can be recognised as "held for sale". If REC is consolidated, the Orkla Group will be materially changed and most of the key figures will be affected.

IFRS 11 Joint Arrangements

IFRS 11 will replace IAS 31 Interests in Joint Ventures and SIC 13. IFRS 11 retains some of the same terms that were used in IAS 31, but defines them differently. IFRS 11 eliminates the possibility of using the proportionate consolidation method for jointly controlled entities. Under IFRS 11, these entities are to be presented according to the equity method. In the current situation, this will not have much relevance for the Group; according to figures for 2011, operating revenues totalling approx. NOK 235 million will no longer be included, along with an operating profit of NOK 26 million. The total profit/loss will be reclassified to the item profit from companies reported under the equity method. It should be noted, however, that Orkla has previously taken advantage of this possibility to combine existing operations with those of other players and for periods of time operate these activities as a joint venture, thereafter acquiring a larger interest in the entity. This was done, for instance, when PrippsRingnes was established.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will contain all the disclosure requirements that were previously set out in IAS 27 Consolidated and Separate Financial Statements, in addition to the disclosure requirements that were formerly included in IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. In addition to this, new requirements apply to disclosure of information regarding consolidated companies. This will further increase the volume of disclosures. IAS 27 now only contains rules governing company financial statements, while IAS 28 describes the application of the equity method, among other things.

IFRS 13 Fair Value Measurement

IFRS 13 will consolidate and clarifies the guidelines for measuring fair value. A number of standards require or permit companies to measure or disclose information regarding the fair value of assets, liabilities or equity instruments. Prior to the issue of IFRS 13, limited guidance was provided on how to measure fair value, and in some cases the guidelines were not consistent. This standard may, for instance, affect the way the value of brands is determined in connection with acquisitions.

IAS 1 – Amendment: Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 will require enterprises to group items under "Other Comprehensive Income" (OCI), based on whether the items will be recognised in the income statement in subsequent periods.

IAS 19 – Amendment to Employee Benefits

There will be significant amendments to IAS 19 Employee Benefits. The changes entail that the corridor approach (deferred recognition of changes in pension liabilities and assets) is no longer permitted as an alternative. In practice, this will mean that a pension cost estimated on the basis of selected assumptions will, as before, be recognised in profit or loss, while all estimate variances will be recognised in the statement of comprehensive income. This will result in higher balance sheet volatility for those who currently apply the corridor approach, while ordinary profit or loss (in EBITA) will be normalised and will not be affected by the impact on profit or loss of any accrual of estimate variances. The anticipated return on assets in the plan will be replaced by an estimated return based on the market rate of interest on corporate bonds. The interest charge resulting from the discounting effect will in the future be reported as a finance cost. This reduces the impact on EBITA. Orkla has a large proportion of defined contribution plans and the effect of the described amendments will be limited. Based on figures reported at 31 December 2011, however, Group equity will be reduced by NOK 835 million minus tax due to the fact that estimate variances can no longer be capitalised.

Other matters
Amendments described in the annual financial statements for 2010 have not yet materialised in the form of final standards. This applies to the standards for Revenue Recognition and Leases. Both of these drafts have undergone substantial changes since the consultation documents and no final version has yet been produced. These standards are expected to be finalised in 2012 and implemented by 1 January 2015 at the earliest.

Not all the effects of the new standards have been reviewed.

NOTE 4 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 prior to the business combination, the value of assets and liabilities at the time of the business combination will serve as the basis for the purchase price allocation. 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 in time at which they are to be recognised in 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 Sapa 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 the Investments area, 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 property, plant and equipment 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 24).

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 statement of financial position 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 statement of financial position 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 statement of financial position (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 capitalised. 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 statement of financial position date to estimate the period during which assets will be available for 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.

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 assumptions have changed. Such impairment tests are described in Note 18.

Intangible assets arising from new acquisitions are disclosed in Note 6 and Note 19.

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 statement of financial position if the underlying economic factors 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 recognition in the statement of financial position 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 19).

Goodwill is the residual value consisting of the difference between the purchase price and the capitalised 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 6 and Note 19.

Biological assets. The Group has no biological assets.

Inventories are valued at the lower of 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 selling costs. Inventories also include ongoing real estate projects.

Accounts receivable 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 24).

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. For Orkla, therefore, the level of the Group's "net interest-bearing liabilities" is the clearest indicator of financial soundness.

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, Norway, the USA and the UK.

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 statement of financial position. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in the reporting 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 statement of financial position.

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 statement of financial position 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 liability. 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 is very small. An asset will only be recognised in the statement of financial position if it is highly probable (95%) 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 statement of financial position has been calculated at the nominal tax rate based on timing differences between accounting and tax values on the statement of financial position 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 recognised in the statement of financial position.

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 recognised in the statement of financial position 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 as 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. Statement of financial position 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 reclassified to 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 statement of financial position 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 or 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 or 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 are 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 23):

- 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 24). 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).

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 (key decision maker), but are limited to an expedient number. 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.

Figures for the geographical distribution of capital employed, investments in property, plant and equipment and the number of man-years are also presented (see Note 10).

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 Foods Nordic consists primarily of food and beverage businesses in the Nordic region and the Baltics. The companies in Orkla Foods Nordic are Stabburet 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's well-known brands largely hold number one and number two positions in their home markets.

The Nordic countries are Orkla Brands Nordic's primary home market, and the business unit holds strong no. 1 market positions in all segments in Norway. The companies in Orkla Brands Nordic are 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).

Orkla Brands International consists of Orkla Brands' branded consumer goods companies outside the Nordic region and the Baltics.

Orkla Food Ingredients is currently the leading supplier of bakery ingredients in the Nordic region. The business unit'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.

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 business units Sapa Profiles and Sapa Heat Transfer/Sapa Building System.

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 Heat Transfer is the world's leading supplier of solutions for heat exchangers for the automotive industry. Production takes place in Sweden and China. Sapa Building System is one of Europe's largest suppliers of building systems based on aluminium profiles.

Other businesses

In line with the Group's strategic direction of concentrating its business portfolio, Orkla will seek to reduce its exposure to other businesses and thereby free up capital. Strategies for the individual businesses will vary, however, depending on the situation.

Orkla Financial Investments comprises Orkla Eiendom (real estate) and the Share Portfolio.

The Group has decided to divest its Share Portfolio, and is systematically selling off the assets.

Orkla Eiendom engages in property development, primarily based on the Group's own properties. This business will be continued, but the size of its portfolio will be reduced.

Borregaard Chemicals is an advanced biorefinery. 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.

Hydro Power 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.

Jotun is one of the world's leading manufacturers 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.

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. Further information on REC may be found on the company's website www.recgroup.com.

Other matters

Cash flow. The cash flow statement has been prepared according to the indirect method and shows cash flows from operating, investing and financing activities and explains changes in "Cash and cash equivalents" in the reporting period.

Orkla also presents an Orkla-format cash flow statement in its quarterly reports. The bottom line of the statement, which is presented in Note 40, shows the change in net interest-bearing liabilities. Segment information and information provided in the Report of the Board of Directors refer extensively to this statement, 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 9).

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 social security 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. The amounts of government grants are specified in Note 41.

Discontinued operations/Held for sale. 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 statement of financial position. As a result, all the other figures presented are exclusive of the discontinued operations. The comparative figures in the income statement are restated and presented with the discontinued operations on a single line. Comparative figures for the statement of financial position and the cash flow statement are not correspondingly restated. If an agreement is concluded to sell businesses or assets that constitute less than a segment, assets and liabilities are recognised separately in the statement of financial position as "held for sale". The income statement and cash flow statement are not restated.

NOTE 5 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	18, 19	Net present value future cash flows/NSV[1]	9,621
Intangible assets	19	Net present value future cash flows/NSV[1]	2,839
Property, plant and equipment	20	Recoverable amount and estimation of correct remaining useful life	18,058
Unlisted shares	24	Net present value future cash flows/NSV[1]	1,261
Pension liabilities	12	Economic and demographic assumptions	1,406
Deferred tax assets	16	Assessment of future ability to utilise tax positions	341
Provisions	22	Correctly and adequately estimated	495

[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 18). 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 in relation to country risk, inflation and operational risk (see Note 18).

Goodwill is allocated to cash-generating units (CGU) on the date of acquisition. Normally all goodwill is allocated to one CGU, but if the acquired 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.

Tangible assets (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 tangible 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 24). 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 41 "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 other 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. Orkla has also chosen to present profit or loss from associates after operating profit. It is important to note that a different set of assumptions for the presentation of the financial statements could have resulted in significant changes in the lines presented.

NOTE 6 BUSINESS COMBINATIONS

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]	Trademarks	Other intangible assets	Property, plant and equipment	Other	Deferred tax	Goodwill	Operating revenues after acquisition date	Operating profit after acquisition date	Operating revenues before acquisition date	Operating profit before acquisition date
2011														
Alufit, Sapa	May	100	161	43	-	-	-	1	-	42	39	(15)	21	1
Jiangyin (Haihong), Sapa	December	100	402	-	-	-	14	(14)	-	-	-	-	261	(1)
Haticon (acquisition of non-controlling interest), Sapa	December	49	33	(7)	-	-	-	(7)	-	-	-	-	-	-
Rasoi Magic Foods, Orkla Brands	April	100	48	47	16	-	-	-	(2)	33	11	1	3	-
Dagens, Orkla Brands	June	100	35	24	1	-	10	(7)	6	14	15	(10)	29	(7)
Henskjold Agenturforretning and Iglo Logsitikksenter, Orkla Brands	January/ October	75/ 100	18	18	-	3	9	-	(1)	7	66	1	16	(5)
Finansgruppen Eiendom, Orkla Financial Investments	February/ July	67	806	353	-	-	225	135	(7)	-	40	10	32	12
Acquisitions at enterprise value			**1,503**	**478**	**17**	**3**	**258**	**108**	**(4)**	**96**	-	-	-	-
Investments in associates			20											
Remaining payment Haticon in 2012			(25)											
Acquisitions in segments, enterprise value, see Note 40			**1,498**											
Interest-bearing liabilities acquisitions[2]			(519)											
Cash flow effect acquisitions[3]			**979**											
2010														
Peterhof, Orkla Brands	May	100	263	80	4	-	(8)	(4)	-	88	68	(20)	-	-
Kalev, Orkla Brands	May	100	257	(36)	(43)	-	-	-	7	-	121	3	75	(1)
Sonneveld, Orkla Brands	July	100	217	96	-	-	21	(30)	2	103	209	22	192	10
Other acquisitions Orkla Brands			252	116	-	8	-	-	(1)	109	91	5	225	0
Thule, Sapa	October	100	113	36	-	44	-	1	(9)	-	45	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			1,710											
Acquisitions in segments, enterprise value, see Note 40			**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	-	-	-	-	-	-	2,250	36	-	-
Increased ownership in UPL, Eiendom (joint venture)	October	8	302	25	-	-	9	2	-	14	-	-	-	-
Pekar, Orkla Brands	July	100	122	17	-	-	-	-	-	17	63	0	-	-
Haticon, Sapa	January	51	52	27	-	-	-	-	-	27	176	13	-	-
Widerøveien 5 etc., Eiendom (joint venture)	September	33	45	0	-	-	-	-	-	-	1	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 40			**3,282**											
Interest-bearing liabilities acquisitions			(941)											
Cash flow effect acquisitions[3]			**2,341**											

[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 cash and cash equivalents of NOK 143 million in 2011 and NOK 43 million in 2010.
[3] Equivalent to compensation for equity.

Orkla Brands

In 2011, Orkla Brands acquired the businesses Rasoi Magic Foods (India), Dagens (Norway), Henskjold Agenturforretning (Norway) and Iglo Logistikksenter (Norway).

Rasoi Magic Foods, which is located in Pune, Western India, is an Indian manufacturer of spices and spice mixes. Under the agreement, Orkla Brands acquired 100% of the shares through its Indian company, MTR Foods. The company has around 60 employees. This acquisition is part of Orkla Brands International's further investment in India, which Orkla Brands considers to be an attractive and growing market. Rasoi Magic Foods complements the products of the Indian branded company, MTR Foods.

Stabburet AS bought 100% of the shares in Dagens AS, which owns a factory for the small-scale production of pizza. Dagens is currently one of Stabburet's suppliers as manufacturer of the pizza brand Chicago, which is sold as fast food by convenience stores and petrol stations. This agreement will give Stabburet even better possibilities of developing good varieties of pizza for market segments in which Stabburet is not currently represented. Dagens has 22 employees.

Orkla Food Ingredients acquired a majority share of Henskjold Agenturforretning on 1 January, and the company Iglo Logistikksenter was acquired in the fourth quarter. Henskjold has 11 employees. In connection with the acquisition, NOK 4 million was taken to income as an upward adjustment of the prior ownership interest, see Note 14. Iglo is a freezing plant in Gardermoen, Norway, and has 10 employees. Idun has expanded its frozen bakery goods operations in the past few years. The acquisition of Iglo Logistikksenter ensures good operating parameters for the further growth of Idun's My Bakery concept. These two acquisitions are aggregated in the table on the next page as the individual acquisitions are not of material size.

The excess values are largely related to goodwill and tangible assets. 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. NOK 36 million was expensed in acquisition costs in Orkla Brands in 2011.

Sapa

In 2011, Sapa Profiles mainly invested in businesses located in India and China.

Sapa Profiles India Pvt Ltd took over the assets related to Alufit's aluminium extrusion operations in Kuppam, near Bangalore in Southern India, in 2011. The plant, which was built in 2009, is an integrated one-press extrusion facility with both powder coating and anodising capabilities. The plant currently has an annual capacity of 9,000 tonnes. The acquisition was made to increase Sapa's presence in India and Asia. Upon completion of the transaction, Sapa will be the first global aluminium company with local extrusion facilities in India.

At the end of September, Sapa signed an agreement with Jiangyin Haihong Non-Ferrous Materials Co., Ltd. (Haihong) to acquire the assets and operations of Haihong's aluminium profile facility in Jiangyin, located 150 km northeast of Shanghai. The facility comprises 15 presses with a total capacity of 60,000 tonnes, and is one of the largest extrusion plants in the Yangtze River Delta region. The facility is also equipped with casting, anodising, horizontal powder coating, thermal break and fabrication capabilities. In 2010, the company had 550 employees and a production volume of over 20,000 tonnes. The acquisition was completed at the end of December 2011.

Both acquisitions are direct purchases of assets and liabilities. Excess value is primarily related to goodwill in Alufit, and represents the value of being able to establish operations rapidly in the market, thereby deriving profit at an early stage. The goodwill is not tax deductible.

A total of NOK 55 million in acquisition costs were expensed in Sapa in 2011.

Orkla Financial Investments

In connection with certain partly owned companies under Orkla Financial Investments, the shareholder agreement provided for option rights that might have resulted in Orkla being obliged to buy all or parts of its co-owners' interests in the companies. In 2010 Orkla Eiendom, Orkla's real estate development section, received notification from Coop Eiendom AS regarding the exercise of a put option relating to 33.33% of the shares in Finansgruppen Eiendom AS. At 31 December 2010, Orkla Eiendom held a 33.33% stake in Finansgruppen Eiendom AS. The option was exercised in the first quarter of 2011. At that time, the company was still a joint venture within the Orkla Group, and was proportionately consolidated into Orkla's financial statements on a 66.67%, rather than a 33.33%, basis. At the start of the third quarter 2011, Orkla Financial Investments acquired the remaining 33.33% of Finansgruppen Eiendom AS. The company has therefore been treated as a subsidiary as from the third quarter.

The excess value in this acquisition mainly relates to property, plant and equipment and associates. A total of NOK 10 million was expensed in connection with the acquisition as a downward adjustment of the former ownership interest (see Note 14).

Other matters relating to excess value analyses

No provision has been made for losses related to receivables in the acquired companies, and the receivables have therefore been recorded at their nominal value. There are no material contingent considerations or contingent liabilities related to the acquisitions.

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

A total of NOK 124 million was expensed in M&A costs in 2011 (see Note 14).

Acquired companies Statement of Financial Position

	Total 2011		Sapa 2011		Brands 2011		FinansGruppen Eiendom 2011		Total 2010	
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	**1,061**	**803**	522	508	27	8	512	287	596	576
Intangible assets	**20**	**-**	-	-	20	-	-	-	160	147
Deferred tax assets	**15**	**9**	-	-	11	5	4	4	7	-
Other non-current assets	**-**	**-**	-	-	-	-	-	-	1	1
Inventories	**71**	**69**	23	22	12	11	36	36	151	149
Receivables	**69**	**69**	16	16	11	11	42	42	260	260
Shares in other companies	**292**	**157**	-	-	-	-	292	157	1	1
Assets	**1,528**	**1,107**	561	546	81	35	886	526	1,176	1,134
Provisions	**15**	**5**	-	-	7	4	8	1	51	8
Non-current liabilities non interest-bearing	**16**	**16**	-	-	-	-	16	16	6	6
Current liabilities non interest-bearing	**120**	**98**	40	26	27	19	53	53	246	246
Non-controlling interests	**(30)**	**(37)**	(33)	(40)	-	-	3	3	5	-
Net assets	**1,407**	**1,025**	554	560	47	12	806	453	868	874
Goodwill	**96**		42		54		-		300	
Acquisition cost at enterprise value	**1,503**		596		101		806		1,168	

NOTE 7 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 statement of financial position. Nor are they part of the same group for tax purposes.

	Total joint ventures	
Amounts in NOK million	**2011**	**2010**
Operating revenues	**235**	516
Operating expenses	**(209)**	(444)
Operating profit/loss	**26**	72
Profit/loss for the year	**4**	73
Non-current assets	**465**	1,504
Current assets	**84**	259
Non-current liabilities	**357**	1,064
Current liabilities	**45**	94
Cash and cash equivalents[1]	**22**	112

[1] Changes in cash and cash equivalents will not tally with changes in cash and cash equivalents in the table under the IFRS-compliant cash flow statement on page 35. This is because the content of joint ventures has changed since 2010.

As of 31 December 2011, the Group primarily had two small joint ventures, Moss Lufthavn Rygge (40%) and LignoTech South Africa (50%). In Orkla Eiendom, Utstillingsplassen Eiendom was sold in the second quarter of 2011, while FinansGruppen Eiendom became wholly owned by the Group from the third quarter of 2011. These two companies are not presented in the table for 2011. Revenues and operating profit for Utstillingsplassen Eiendom prior to its sale amounted to NOK 18 million and NOK 8 million, respectively. The corresponding figures for FinansGruppen Eiendom before it became a subsidiary were NOK 17 million and NOK 3 million.

Sapa began investing in the jointly owned company with Chalco (50%) in 2011.

No significant capital contributions are required in the joint ventures in which Orkla is a participant.

NOTE 8 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 statement of financial position. 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 statement of financial position and regarded as repayment of capital. The statement of financial position 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 24.

Amounts in NOK million	Renewable Energy Corporation (REC)	Jotun	Fornebu Utvikling	Others	Total
Cost price 31 December 2011	13,469	175	870	-	**-**
Book value 1 January 2009	14,790	1,552	477	293	**17,112**
Additions/disposals 2009	1,741	-	242	46	**2,029**
Additions/disposals 2010	1,562	-	-	128	**1,690**
Additions/disposals 2011	-	1	-	251	**252**
Share of profit 2009	(931)	250	(103)	-	**(784)**
Write-downs 2009	(3,135)	-	-	-	**(3,135)**
Share of profit/loss 2010	393	325	(43)	(30)	**645**
Gains on sale 2010	-	-	-	27	**27**
Write-downs 2010	(6,841)	-	-	-	**(6,841)**
Share of profit/loss 2011	(3,981)	265	0	20	**(3,696)**
Write-downs 2011	(1,783)	-	-	(26)	**(1,809)**
Dividends 2009	-	(87)	-	(2)	**(89)**
Dividends 2010	-	(97)	-	(28)	**(125)**
Dividends 2011	-	(109)	-	(9)	**(118)**
Items charged to equity 2009	(644)	187	-	-	**(457)**
Items charged to equity 2010	114	(169)	-	-	**(55)**
Items charged to equity 2011	30	64	8	2	**104**
Book value 31 December 2009	11,821	1,902	616	337	**14,676**
Book value 31 December 2010	7,049	1,961	573	407	**9,990**
Book value 31 December 2011	1,315	2,182	581	645	**4,723**
Ownership interest 31 December 2011	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. Orkla has no contingent liabilities in associates, either on its own or jointly with other investors.

Key figures (100%):

	Jotun		REC	
Amounts in NOK million	**2011**	**2010**	**2011**	**2010**
Operating revenues	**10,659**	9,767	**13,366**	13,776
Operating profit/loss	**956**	1,240	**(9,508)**	1,018
Profit/loss after taxes and non-controlling interests	**603**	808	**(10,030)**	989[1]
Total assets	**9,140**	7,736	**24,470**	36,865
Total liabilities	**4,112**	3,070	**12,278**	14,714

[1] Includes profit of NOK 101 million from discontinued operations.

Orkla has been an active non-controlling shareholder in Jotun for almost 40 years. The cost price paid for Jotun was NOK 175 million, while the carrying value under the equity method is NOK 2,182 million. Orkla has a 42.5% ownership interest in Jotun, which serves as the basis for recognition in accordance with the equity method, while it has 38.3% of the voting rights. Orkla owns 42,000 A shares and 103,446 B shares in the company. An A share carries 10 times as many votes as a B share.

A total of 23.5% of Orkla's investment in REC derives from the acquisition of Elkem in 2005, while the remaining investments increasing the ownership interest to 39.7% were made by Orkla during 2006 and in 2007. The investment is of a financial nature and is recognised in principle as an associate under the equity method. Orkla originally had its own valuations of REC, which were compared with the carrying value. In 2009, when the difference between the Group's valuation and the market's valuation in the form of the market price became too great, the Group decided to use the market price as a value indicator and thus write the value down to market price on an ongoing basis. Under this principle, moreover, the write-down is reversed when the market price rises, as long as the market price is lower than the carrying value, in accordance with the principles for associates. The REC share was quoted at NOK 3.32 at 31 December 2011, compared with NOK 17.79 on the same date in 2010. In 2011, a further write-down of NOK 5.8 billion was thus taken due to the weak share performance. The value under the equity method is NOK 33.00 per share. 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 effects 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 effects are normally reported against the ownership 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. The result was impacted by NOK -30 million due to this effect.

Orkla's shares in Fornebu Utvikling ASA were sold on 30 January 2012 for NOK 2.45 per share, or NOK 658 million for the entire shareholding.

NOTE 9 SEGMENTS

Orkla reports business areas as its operating segments. The business areas are described in Note 4. 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 10 where capital employed, investments and number of man-years are broken down by geographical market.

SEGMENTS 2011

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/LOSS										
Norway	3,942	4,604	-	685	-	**9,231**	148	85	-	**233**
Sweden	3,273	1,344	-	1,099	-	**5,716**	1,240	382	-	**1,622**
Denmark	508	670	-	1,464	-	**2,642**	219	97	-	**316**
Finland and Iceland	925	675	-	163	-	**1,763**	98	38	-	**136**
Nordic region	8,648	7,293	-	3,411	-	**19,352**	1,705	602	-	**2,307**
Rest of Western Europe	167	208	243	898	-	**1,516**	9,847	2,996	-	**12,843**
Central and Eastern Europe	485	291	1,341	906	-	**3,023**	1,345	887	-	**2,232**
Asia	7	46	446	30	-	**529**	420	1,850	-	**2,270**
North America	40	37	16	11	-	**104**	10,163	554	-	**10,717**
South and Central America	-	1	-	3	-	**4**	24	282	-	**306**
Rest of the world	1	3	6	2	-	**12**	8	36	-	**44**
Outside Nordic region	700	586	2,052	1,850	-	**5,188**	21,807	6,605	-	**28,412**
Sales revenues[1]	9,348	7,879	2,052	5,261	-	**24,540**	23,512	7,207	-	**30,719**
Other operating revenues	13	18	21	8	-	**60**	99	22	-	**121**
Intercompany sales	135	31	40	123	(308)	**21**	868	51	(915)	**4**
Operating revenues	9,496	7,928	2,113	5,392	(308)	**24,621**	24,479	7,280	(915)	**30,844**
Cost of materials	(4,315)	(3,131)	(1,153)	(3,556)	227	**(11,928)**	(14,850)	(4,464)	713	**(18,601)**
Payroll expenses	(1,937)	(1,480)	(393)	(724)	-	**(4,534)**	(3,828)	(1,065)	-	**(4,893)**
Other operating expenses	(1,827)	(1,671)	(483)	(762)	81	**(4,662)**	(4,679)	(1,267)	202	**(5,744)**
Depreciation and write-down	(335)	(182)	(76)	(120)	-	**(713)**	(588)	(206)	-	**(794)**
EBITA (adjusted)[2]	1,082	1,464	8	230	-	**2,784**	534	278	-	**812**
Amortisation intangible assets	-	(2)	(1)	(12)	-	**(15)**	(32)	-	-	**(32)**
Other income and expenses	(184)	(1)	(5)	3	-	**(187)**	(632)	(143)	-	**(775)**
Operating profit/loss	898	1,461	2	221	-	**2,582**	(130)	135	-	**5**
Profit/loss from associates	-	-	-	-	-	**-**	(4)	2	-	**(2)**
Non-controlling interests' share of profit/loss	-	-	-	(23)	-	**(23)**	(11)	(2)	-	**(13)**
[1] Of this sales in EU	5,334	3,124	251	4,366	-	**13,075**	12,486	4,230	-	**16,716**
CASH FLOW (see Note 40)										
Cash flow from operations before net replacement expenditures	1,158	1,408	(6)	240	-	**2,800**	250	62	-	**312**
Net replacement expenditures	(331)	(161)	(65)	(89)	-	**(646)**	(505)	(154)	-	**(659)**
Cash flow from operations	827	1,247	(71)	151	-	**2,154**	(255)	(92)	-	**(347)**
Expansion investments	-	(110)	(73)	(33)	-	**(216)**	(294)	(294)	-	**(588)**
Acquired companies (enterprise value)	(35)	-	(48)	(20)	-	**(103)**	(701)	-	-	**(701)**
SEGMENT ASSETS										
Accounts receivable	953	1,151	450	721	(57)	**3,218**	2,987	1,468	(281)	**4,174**
Other current receivables	163	165	52	67	-	**447**	375	555	-	**930**
Inventories	1,380	921	282	555	-	**3,138**	2,475	1,217	-	**3,692**
Pension plan assets	-	-	-	-	-	**-**	-	-	-	**-**
Investments in associates	-	-	-	5	-	**5**	129	23	-	**152**
Intangible assets	2,075	4,492	778	788	-	**8,133**	2,975	1,282	-	**4,257**
Property, plant and equipment	1,770	1,273	684	749	-	**4,476**	5,682	2,067	-	**7,749**
Total segment assets	6,341	8,002	2,246	2,885	(57)	**19,417**	14,623	6,612	(281)	**20,954**
SEGMENT LIABILITIES										
Accounts payable	(698)	(527)	(188)	(431)	57	**(1,787)**	(2,231)	(1,277)	281	**(3,227)**
Value added tax, employee taxes etc.	(164)	(184)	(71)	(80)	-	**(499)**	(102)	(41)	-	**(143)**
Other current liabilities	(700)	(773)	(81)	(176)	-	**(1,730)**	(820)	(378)	-	**(1,198)**
Pension liabilities	(468)	(120)	(6)	(106)	-	**(700)**	(275)	(172)	-	**(447)**
Deferred tax, excess values	(100)	(359)	(39)	(14)	-	**(512)**	(19)	3	-	**(16)**
Total segment liabilities	(2,130)	(1,963)	(385)	(807)	57	**(5,228)**	(3,447)	(1,865)	281	**(5,031)**
Capital employed (book value)[3]	4,211	6,039	1,861	2,078	-	**14,189**	11,176	4,747	-	**15,923**
KEY FIGURES										
Operating margin EBITA (%)	11.4	18.5	0.4	4.3	-	**11.3**	2.2	3.8	-	**2.6**
Total man-years	4,206	2,925	4,376	2,074	-	**13,581**	11,716	2,598	-	**14,314**

[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 statement of financial position, respectively. The difference between "Other current receivables" in Note 25 and "Other current liabilities" in Note 28 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 Group applies the same principles for the presentation of segment information as for the rest of its annual financial statements, and the operating profit/loss in the segment information is identical to the information presented in the income statement for the Group. There is therefore no need for further reconciliation of these income statement items. The segment information also contains a breakdown of profit/loss from associates. The Orkla Group has a central finance function and the financing of the various segments does not necessarily reflect the real financial strength of the individual segments. Financial items are therefore presented only for the Group as a whole. The same applies to tax costs. Cash flow figures were taken from the Orkla-format cash flow statement (see Note 40).

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 Note 4. 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. Reference is made to Note 39 for segment disclosures relating to discontinued operations.

Hydro Power	Borregaard Chemicals	Associated companies (REC/Jotun)	Orkla Financial Investments	HQ/Other Business/ Eliminations	Orkla Group
1,105	155	-	-	19	**10,743**
-	115	-	-	-	**7,453**
-	15	-	-	-	**2,973**
-	56	-	-	-	**1,955**
1,105	341	-	-	19	**23,124**
-	1,503	-	-	-	**15,862**
-	227	-	-	-	**5,482**
-	992	-	-	12	**3,803**
-	605	-	-	-	**11,426**
-	232	-	-	-	**542**
-	50	-	-	-	**106**
-	3,609	-	-	12	**37,221**
1,105	3,950	-	-	31	**60,345**
55	33	-	326	69	**664**
531	21	-	2	(579)	**-**
1,691	4,004	-	328	(479)	**61,009**
(1,207)	(1,215)	-	(28)	375	**(32,604)**
(42)	(713)	-	(123)	(363)	**(10,668)**
(122)	(1,341)	-	(202)	236	**(11,835)**
(60)	(204)	-	(33)	(57)	**(1,861)**
260	531	-	(58)	(288)	**4,041**
-	(6)	-	-	(2)	**(55)**
-	(36)	-	(20)	(23)	**(1,041)**
260	489	-	(78)	(313)	**2,945**
-	-	(5,499)	(9)	5	**(5,505)**
-	(3)	-	(5)	(4)	**(48)**
-	1,797	-	-	-	**31,588**
479	651	-	(587)	(225)	**3,430**
(21)	(172)	-	26	(59)	**(1,531)**
458	479	-	(561)	(284)	**1,899**
(57)	(45)	-	-	-	**(906)**
-	-	(1)	(689)	(4)	**(1,498)**
40	565	-	74	(18)	**8,053**
154	155	-	469	(36)	**2,119**
-	603	-	612	2	**8,047**
-	49	-	-	-	**49**
-	(1)	3,497	967	103	**4,723**
20	72	-	-	(22)	**12,460**
2,296	1,899	-	1,417	221	**18,058**
2,510	3,342	3,497	3,539	250	**53,509**
(28)	(303)	-	(42)	77	**(5,310)**
(18)	(49)	-	(88)	(6)	**(803)**
(114)	(173)	-	(208)	(84)	**(3,507)**
(1)	(73)	-	(8)	(177)	**(1,406)**
-	-	-	(11)	-	**(539)**
(161)	(598)	-	(357)	(190)	**(11,565)**
2,349	2,744	3,497	3,182	60	**41,944**
15.4	13.3	na	na	na	**6.6**
36	1,112	-	72	282	**29,397**

Reconciliation segment assets vs. total assets

	2011	2010
Segment assets	**53,509**	56,871
Assets held for sale and discontinued operations	**391**	13,891
Share Portfolio etc.	**5,502**	11,674
Cash and cash equivalents	**5,453**	2,819
Financial assets	**910**	870
Deferred tax assets	**341**	623
Interest-bearing receivables etc.	**290**	793
Total assets	**66,396**	87,541

SEGMENTS 2010

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/LOSS										
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/loss	856	1,564	36	255	-	**2,711**	332	158	-	**490**
Profit/loss from associates	-	-	-	1	-	**1**	-	3	-	**3**
Non-controlling interests' share of profit/loss	-	-	-	(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 (see Note 40)										
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 statement of financial position, respectively. The difference between "Other current receivables" in Note 25 and "Other current liabilities" in Note 28 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	**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)**
(41)	(728)	-	(193)	(411)	**(10,589)**
(121)	(1,311)	-	(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**

SEGMENTS 2009

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/LOSS										
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/loss	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/loss	-	-	-	(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 (see Note 40)										
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)	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.

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	-	1	11	**26,202**		
67	3,744	-	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)**		
(67)	(718)	-	(229)	(367)	**(9,926)**		
(204)	(1,248)	-	(1,031)	97	**(11,601)**		
(79)	(224)	-	(53)	(16)	**(1,826)**		
801	216	-	(85)	(352)	**3,029**		
(178)	(6)	-	-	-	**(213)**		
3,066	-	-	-	-	**2,871**		
3,689	210	-	(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**

NOTE 10 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 9 for segment information.

	Capital employed			Investments			Number of man-years		
Amounts in NOK million	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Norway	**14,035**	19,121	33,553	**695**	1,011	1,684	**4,336**	4,402	6,025
Sweden	**7,942**	7,505	7,066	**469**	356	193	**4,106**	4,247	3,996
Denmark	**3,157**	3,098	3,119	**98**	104	140	**1,257**	1,353	1,244
Finland and Iceland	**1,693**	1,630	2,789	**96**	57	97	**667**	725	865
Nordic region	**26,827**	31,354	46,527	**1,358**	1,528	2,114	**10,366**	10,727	12,130
Rest of Western Europe	**4,801**	4,155	4,037	**568**	421	247	**5,116**	5,875	5,093
Central and Eastern Europe	**3,331**	3,268	2,995	**322**	219	236	**7,201**	7,251	6,288
Asia	**2,448**	1,510	1,540	**174**	144	295	**2,565**	2,158	2,116
North America	**4,203**	4,005	3,204	**292**	240	180	**3,923**	3,542	3,582
South and Central America	**226**	214	428	**0**	12	24	**179**	143	275
Rest of the world	**108**	132	213	**3**	3	4	**47**	52	87
Outside Nordic region	**15,117**	13,284	12,417	**1,359**	1,039	986	**19,031**	19,021	17,441
Total	**41,944**	44,638	58,944	**2,717**	2,567	3,100	**29,397**	29,748	29,571
Link between segments and "Investments":									
Net replacement expenditures, from segments (see Note 9)				**1,531**	1,405	1,094			
Sale of property, plant and equipment (see cash flow statement)				**262**	667	528			
Expansion investments (see Note 9)				**906**	509	1,765			
Changes in accounts payable investments				**18**	(14)	(287)			
Total				**2,717**	2,567	3,100			

NOTE 11 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	**2011**	2010	2009
Wages	**(8,605)**	(8,556)	(7,716)
Employer's national insurance contribution	**(1,561)**	(1,455)	(1,551)
Pension costs[1]	**(455)**	(480)	(507)
Other remuneration etc.	**(47)**	(98)	(152)
Payroll expenses	**(10,668)**	(10,589)	(9,926)
Average number of man-years (continuing operations)	**29,798**	28,748	26,923

[1] For detailed information about pension costs see Note 12.

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 in 2011.

Remuneration of the executive management

			2011			2010			2009
Amounts in NOK	**Salary**	**Benefits in kind**	**Pension costs**	Salary	Benefits in kind	Pension costs	Salary	Benefits in kind	Pension costs
Remuneration to CEO	**6,864,407**	**189,937**	**1,498,189**	6,756,130	196,127	1,335,389	6,070,179	235,085	1,038,482
Remuneration to other members of the Group Executive Board	**24,410,610**	**1,042,053**	**4,055,200**	22,920,294	935,399	4,877,529	18,747,115	928,738	2,143,502
Number of options to CEO 31 December	**412,000**			340,000			1,270,000		
Number of options to other members of the Group Executive Board 31 December	**1,085,000**			1,750,000			1,710,000		

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

In the light of the Group's change in strategy, the Board proposes to limit the option programme to members of the Group Executive Board. A maximum of 1 million options is recommended (approximately 0.1% of shares outstanding). Group Executive Board members are expected to use 50% of their net proceeds from the exercise of options to purchase Orkla shares, until each member's holding 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.

Options are awarded on the day after the Annual General Meeting, if possible. Option awards at other times during the year may be made after the results for the following quarter are published. Options may not be exercised until, at the earliest, three years and, at the latest, four years after the award, and the ceiling related to the gain is limited to three years' gross annual salary. All options are to be adjusted for dividends as from 2012.

Until now, options have been issued at 110% of the market price of the Orkla share. Options have had a maturity of six years, and it has been possible to exercise the option 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.

	2011		2010	
	No.	WAEP[1]	No.	WAEP[1]
Outstanding at the beginning of the year	**19,769,500**	**59.71**	14,967,000	61.11
Granted during the year	**5,789,000**	**52.48**	6,495,000	51.38
Exercised during the year	**(400,000)**	**50.97**	(1,532,500)	37.50
Forfeited during the year	**(2,507,000)**	**51.23**	(160,000)	65.20
Outstanding at year end[2]	**22,651,500**	**54.71**	19,769,500	59.71
Exercisable options at year end	**4,619,500**	**78.45**	4,324,500	69.51

[1] Weighted average exercise price. Amounts in NOK.
[2] As a result of an extraordinary dividend, all exercise prices were reduced by NOK 5 on 4 November 2011.

The weighted average contractual life of outstanding options as of 31 December 2011 is 3.8 years.

Weighted average exercise price for outstanding options at year end:

	2011		2010	
Expiry date	WAEP[1,2]	No.	WAEP[1]	No.
28.02.2011			47.16	400,000
15.12.2011			56.66	1,920,000
20.02.2012	**58.25**	**500,000**	63.25	500,000
15.12.2012	**88.94**	**1,084,500**	93.94	1,104,500
20.02.2013	**88.94**	**400,000**	93.94	400,000
08.05.2014	**76.40**	**2,610,000**	81.40	2,645,000
14.08.2014	**73.10**	**25,000**	78.10	25,000
22.05.2015	**47.36**	**6,090,000**	52.36	6,280,000
10.05.2016	**46.38**	**6,285,000**	51.38	6,495,000
09.05.2017	**52.53**	**5,587,000**		
31.10.2017	**48.41**	**70,000**		
Total		**22,651,500**		19,769,500

[1] Weighted average exercise price. Amounts in NOK.
[2] As a result of an extraordinary dividend, all exercise prices were reduced by NOK 5 on 4 November 2011.

Orkla has used the Black-Scholes model when estimating the value of the options. The volatility is calculated on the basis of the past performance of the Orkla share price during the same period as the maturity of the options. In the model, new option awards have been based on the following assumptions:

	2011	2010
Expected dividend-yield (%)	**6**	5
Expected volatility (%)	**40**	39
Historical volatility (%)	**40**	39
Risk-free return (%)	**2.0**	2.6
Expected life of option (years)	**5.6**	5.5
Weighted average share price (NOK)	**47.7**	46.7

Effects of the option programme on the financial statements:

Amounts in NOK million	2011	2010
Option costs in the vesting period	**(86)**	(78)
Change in provision for national insurance contribution	**19**	(1)
Net option costs	**(67)**	(79)
Liabilities[1]	**0**	19

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

Hedging

The costs of the option programme (employer's national insurance contribution) are partly hedged by means of hedge contracts with a financial institution. As of 31 December 2011, there were open hedge contracts equivalent to the change in value of 600,000 underlying Orkla shares (600,000 in 2010) with an average exercise price of NOK 48 per share (NOK 48 in 2010). NOK 4 million was expensed for hedges in 2011 (NOK 1 million recognised as income in 2010). The capitalised value as of 31 December 2011 was NOK -2 million (NOK 5 million in 2010).

NOTE 12 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 classified as contribution plans.

Defined benefit plans

The Group has pension plans that are classified as funded benefit plans and unfunded benefit plans. A large part of the Group's benefit plans are in Sweden and Norway. These countries account for around 60% and 30%, respectively, of the Group's net recognised pension liabilities.

Sweden

The pension 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. They are not funded, but provisions are made in the companies' statement of financial position. To secure accrued pension rights, companies must take out a credit insurance in the PRI Pensionsgaranti insurance company. PRI Pensionsgaranti 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 defined benefit plans will gradually be reduced.

Norway

The 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. The sum of the accrued contributions and the return on the plan assets are presented as a pension liability in the company's statement of financial position. The pension plan is therefore presented as a defined benefit plan.

A small part of the pension liability consists also of provisions 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 defined contribution plan. This may change if there are sufficient reliable, consistent data to be able to recognise it as a defined benefit plan. The premium for the new AFP scheme will increase from 1.4% in 2011 to 1.75% in 2012 of total payments of wages between 1 and 7.1 times the average basic amount. This change in premium is in line with the announced change whereby the premium for the new AFP scheme for the years 2011-2015 is gradually to be increased as the premiums and employer's contributions for the old AFP scheme are phased out.

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 shorter average pension lifetime. The discount rate in Sweden is based on Swedish mortgage bonds.

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 and updated mortality tables per 30 June 2011 in Sweden).

Pension plan assets

Virtually all the Group's pension plans with pension plan assets are in the USA and the UK. 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 breakdown of pension plan assets is presented below. Contributions of pension plan assets in 2012 are expected to total NOK 95 million.

	Norway		Sweden	
	2011	2010	2011	2010
Discount rate	**2.5%**	3.4%	**3.5%**	3.5%
Future salary adjustment	**3.75%**	3.75%	**3.0%**	3.0%
G-multiplier[1]	**3.75%**	3.75%	**3.0%**	3.0%
Adjustment of benefits	**0.7%**	1.5%	**2.0%**	2.0%
Turnover	**0-5%**	0-5%	**3-4%**	3-4%
Expected average remaining vesting period (year)	**5.5**	4.5	**19.1**	17.5

[1] 1G is NOK 79,216 as of 31 December 2011.

Breakdown of net pension costs

Amounts in NOK million	2011	2010	2009
Contribution plans	**(312)**	(334)	(356)
Current service cost (incl. national insurance contributions)	**(62)**	(62)	(68)
Interest on pension obligations	**(155)**	(170)	(208)
Expected return on pension plan assets	**97**	121	157
Actuarial gains and losses/past service cost	**(28)**	(35)	(32)
Settlements pension plans	**5**	1	-
Net pension costs	**(455)**	(479)	(507)

Breakdown of net pension liabilities as of 31 December

Amounts in NOK million	2011	2010
Present value of funded pension obligations	**(1,957)**	(2,000)
Pension plan assets (fair value)	**1,682**	1,784
Net funded pension liabilities	**(275)**	(216)
Present value of unfunded pension obligations	**(1,917)**	(1,827)
Unrecognised actuarial gains and losses	**835**	611
Unrecognised past service cost	**-**	(4)
Capitalised net pension liabilities	**(1,357)**	(1,436)
Capitalised pension liabilities	**(1,406)**	(1,561)
Capitalised plan assets	**49**	125

Changes in the present value of pension obligations during the year

Amounts in NOK million	2011	2010
Pension obligations 1 January	**(3,827)**	(5,252)
Current service cost (incl. national insurance contributions)	**(62)**	(62)
Interest on pension obligations	**(155)**	(170)
Unrecognised actuarial gains and losses	**(229)**	(88)
Unrecognised past service cost	**-**	2
Acquisition/sale of companies	**23**	(89)
Curtailments and settlements	**15**	766
Benefits paid during the year	**407**	233
Currency translations	**(46)**	(91)
Changes related to discontinued operations	**-**	924
Pension obligations 31 December	**(3,874)**	(3,827)

Changes in pension plan assets during the year

Amounts in NOK million	2011	2010
Pension plan assets (fair value) 1 January	**1,784**	3,183
Expected return on pension plan assets	**97**	121
Unrecognised actuarial gains and losses	**(30)**	42
Acquisition/sale of companies	**(5)**	60
Curtailments and settlements	**-**	(810)
Contributions and benefits paid during the year	**(122)**	(67)
Assets transferred to contribution plans	**(84)**	(37)
Currency translations	**42**	35
Changes related to discontinued operations	**-**	(743)
Pension plan assets (fair value) 31 December	**1,682**	1,784

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

	2011	2010
Cash, cash equivalents and money market investments	**3%**	14%
Bonds	**60%**	49%
Loans	**1%**	-
Shares	**33%**	35%
Property	**3%**	2%
Total pension plan assets	**100%**	100%

Summary of net pension liabilities and adjustments in past five years

Amounts in NOK million	2011	2010	2009	2008	2007
Pension obligations	**(3,874)**	(3,827)	(5,252)	(5,938)	(5,738)
Pension plan assets	**1,682**	1,784	3,183	3,880	3,966
Net pension liabilities	**(2,192)**	(2,043)	(2,069)	(2,058)	(1,772)
Changes in unrecognised actuarial gains and losses in pension obligations	**(229)**	(86)	(249)	160	80
Changes in unrecognised actuarial gains and losses in pension plan assets	**(30)**	42	71	(536)	(12)

NOTE 13 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	2011	2010	2009
External freight costs	**(1,786)**	(1,951)	(1,464)
Energy costs (production and heating)	**(1,920)**	(1,913)	(1,768)
Advertising	**(1,245)**	(1,238)	(1,155)
Repair and maintenance costs	**(1,129)**	(1,079)	(984)
Consultants, legal advisors, temporary staff, etc.	**(1,151)**	(912)	(676)
Operating expenses vehicles	**(349)**	(338)	(336)
Rental/leasing	**(411)**	(410)	(360)
Operating expenses, office equipment etc.	**(264)**	(281)	(161)
Other	**(3,580)**	(3,710)	(4,697)
Total other operating expenses	**(11,835)**	(11,832)	(11,601)

NOTE 14 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. M&A costs relating to acquired businesses will be expensed here as and when they arise.

The most important items are disclosed in Note 1.

Amounts in NOK million		2011
M&A costs		**(124)**
Restructuring Profiles and Heat Transfer/Building System, Sapa		**(679)**
Net costs fires Finspång, Sapa		**(41)**
Step acquisition in Orkla Brands and Orkla Eiendom		**(6)**
Gain on sale/settlements provisions etc., Borregaard		**19**
Write-down and selling expenses related to Bakers, Orkla Brands		**(155)**
Write-down property, plant and equipment in Denomega, Borregaard		**(55)**
Total		**(1,041)**
Of this:	Write-down property, plant and equipment	**(199)**
	Write-down intangible assets	**(7)**

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, Sapa		(212)
Final settlements regarding Sapa Holland		3
Write-down buildings and machinery Magnolia and Drunen Sapa		(27)
Write-down goodwill Bakers, Orkla Brands		(276)
Settlement sale power plants and correction value power contracts related to sale of Elkem		(254)
Orkla Brands, settlement Russian Snack Company		2
Total		330
Of this:	Write-down property, plant and equipment	(54)
	Write-down intangible assets	(732)

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

For further information about the provisions (see Note 22).

NOTE 15 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	2011	2010	2009
Interest income	**200**	185	159
Net foreign exchange gain	**-**	-	15
Other finance income	**73**	39	22
Total finance income	**273**	224	196
Interest costs	**(589)**	(435)	(842)
Capitalised interest costs	**11**	7	10
Net foreign exchange loss	**(34)**	(12)	-
Other finance costs	**(107)**	(111)	(113)
Total finance costs	**(719)**	(551)	(945)
Net finance costs (A)	**(446)**	(327)	(749)

Reconciliation against cash flow:

	2011	2010	2009
Change in accrued interest etc.	**(16)**	12	(188)
Sale of shares outside Share Portfolio	**75**	-	-
Financial items discontinued operations	**-**	-	(203)
Foreign exchange gain/loss Share Portfolio	**56**	(66)	781
Total (B)	**115**	(54)	390
Paid financial items in cash flow (A+B)	**(331)**	(381)	(359)

NOTE 16 TAXES

Taxes refer to the authorities' taxation of the profits of the different companies in the Group. Matters like value added tax, social security contributions and similar indirect taxes 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	2011	2010	2009
Profit/loss before tax	**(923)**	20	1,855
Current tax expense	**(999)**	(610)	(560)[1]
Deferred tax expense	**(19)**	(234)	836[2]
Total tax expense	**(1,018)**	(844)	276
Tax as % of "Profit/loss before taxes" from continuing operations	**(110%)**	4,220%	(15%)

[1] Current tax expense includes adjustments in tax payable related to previous years, amounting to NOK 189 million.
[2] Includes NOK 1.1 billion tax income related to power plants sale.

Reconciliation of the Group's tax rate

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

Amounts in NOK million	2011	2010	2009
28% of profit before taxes (tax rate in Norway)	**258**	(6)	(519)
Foreign operations with tax rates other than 28%	**32**	34	24
Changes in tax laws	**21**	(4)	-
Sale of power plants	**-**	49	1,929
Associates	**(1,541)**	(1,727)	(1,097)
Write-down of assets/goodwill Bakers and Orkla Finans	**(43)**	(107)	-
Write-down of shares within the TEM[1, 2]	**(170)**	(64)	(271)
Dividends within the TEM[1, 2]	**114**	135	57
Gains/losses on shares within the TEM[1, 2]	**591**	781	220
Other nondeductible expenses	**(34)**	(15)	(49)
Derecognition deferred tax divested subsidiaries	**44**	60	-
Other taxes payable	**(73)**	(42)	(41)
Recognised tax assets this year, previously unrecognised	**28**	174	45
Derecognition of previously recognised deferred tax assets	**(121)**	(43)	-
Unrecognised deferred tax assets, this year	**(124)**	(69)	(211)
Tax claim REC convertible bonds[3]	**-**	-	189
The Group's total tax expense	**(1,018)**	(844)	276

[1] FTM = Tax Exemption Method
[2] Of this Share Portfolio NOK 451 million in 2011 (NOK 421 million in 2010 and NOK 18 million in 2009).
[3] See separate description on next page in this Note.

The ordinary tax rate for companies domiciled in Norway is 28%. Businesses in countries with tax rates other than 28% have the net effect of reducing the tax expense.

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

The company has substantial gains, losses and dividends covered by the Tax Exemption Method which are not subject to normal taxation or deduction, but for which 3% of net profit or loss is recognised in the income statement. This applies, in particular, to the Share Portfolio. The Share Portfolio activities contribute significantly to reducing the tax charge. The rule regarding recognition in the income statement of 3% of net revenues from shares will cease to apply within tax groups as from 1 January 2012.

Unrecognised deferred tax assets are mainly tax deficits, as well as other tax-reducing timing differences in Sapa's operations in Southern and Central Europe.

The Orkla Group operates in certain industries that are subject to special tax regimes in Norway, such as the hydro power tax regime.

Deferred tax liabilities

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

The table shows the composition of the Group's deferred tax, and indicates as such when deferred taxes are payable.

Amounts in NOK million	2011	2010
Deferred tax on tax increasing/(reducing) differences		
Hedging reserve in equity	**(121)**	99
Intangible assets	**570**	625
Property, plant and equipment	**849**	869
Net pension liabilities	**(91)**	(174)
Gain and loss tax deferral	**281**	332
Other non-current items	**(110)**	(22)
Total non-current items	**1,378**	1,729
Unrealised gains (losses) on shares outside the TEM[1] in equity	**47**	165
Accumulated write-downs of shares outside the TEM[1] (taken to P/L)	**(80)**	(106)
Current receivables	**(94)**	(35)
Inventories	**63**	76
Provisions	**(92)**	(100)
Other current items	**65**	85
Total current items	**(91)**	85
Losses carried forward	**(1,306)**	(1,354)
Tax credit carried forward	**(12)**	(10)
Net deferred tax asset/deferred tax	**(31)**	450
Deferred tax hydro power tax regime[2]	**(23)**	(21)
Deferred tax assets, not recognised	**964**	822
Net deferred tax	**910**	1,251
Change in deferred tax	**341**	233
Deduction of change in deferred tax discontinued operations	**2**	(503)
Change in deferred tax continuing operations	**343**	(270)
Change in deferred tax unrealised gains taken to comprehensive income	**(117)**	(31)
Change in deferred tax hedging reserve taken to comprehensive income	**(271)**	93
Acquisitions/sale of companies, translation effects etc.	**26**	(26)
Change in deferred tax income statement	**(19)**	(234)

[1] TEM = Tax Exemption Method
[2] 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 statement of financial position

Amounts in NOK million	2011	2010
Deferred tax	**1,251**	1,874
Deferred tax assets	**341**	623
Net deferred tax	**910**	1,251

Losses carried forward by expiry date

Amounts in NOK million	2011	2010
2011	**-**	36
2012	**131**	32
2013	**484**	207
2014	**221**	585
2015	**750**	279
2016	**98**	533
2017	**105**	7
2018 or later	**1,317**	1,476
Without expiry date	**1,512**	1,632
Total tax losses carried forward	**4,618**	4,787

Tax loss carry forwards totalling NOK 4,618 million constitute a deferred tax asset of NOK 1,306 million, of which only NOK 363 million has been recognised. Unrecognised tax loss carry forwards amount to NOK 3,516 million. A total of NOK 1,032 million of these have no expiration date, NOK 785 million expire from

2018 onwards, NOK 902 million expire in the period 2015-2017 and NOK 797 million expire in the period 2012-2014.

Tax reducing timing differences with corresponding deferred tax assets

	Tax reducing timing differences	Recognised deferred tax assets	Un-recognised deferred tax assets	Total deferred tax
Losses carried forward by country				
Switzerland	1,089	0	272	272
USA	521	198	1	199
Spain	531	0	158	158
Belgium	386	66	67	133
Netherlands	307	20	60	80
Portugal	294	0	74	74
Italy	285	2	87	89
Norway	283	40	39	79
UK	239	0	62	62
Eastern Europe	185	12	20	32
Germany	112	0	33	33
Brazil	108	0	37	37
Denmark	67	2	15	17
Ireland	57	0	7	7
India	49	16	0	16
Baltics	38	4	2	6
China	31	0	7	7
Others	36	3	2	5
Total	**4,618**	**363**	**943**	**1,306**
Other tax reducing timing differences	774	197	21	218
Total tax reducing timing differences	**5,392**	**560**	**964**	**1,524**
Netted deferred tax	(774)	(219)	0	(219)
Net tax reducing timing differences	**4,618**	**341**	**964**	**1,305**

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. If there are not likely to be future profits sufficient to absorb the tax-reducing timing differences, deferred tax assets are not recognised. Sapa in Spain, Italy, Portugal, Belgium, the UK and the Netherlands, and Borregaard in Brazil and Switzerland, have substantial tax-reducing timing differences that have not been recognised.

Both the Norwegian tax group and the Swedish tax group have utilised all tax losses carried forward and were liable to tax in 2011.

Convertible REC bonds

On 8 December 2011, the Norwegian Supreme Court dismissed Orkla's appeal in the legal dispute concerning the tax on a gain on subscription rights in convertible bonds issued by REC. The tax that was assessed and recognised in the income statement was paid in 2009 and amounts to NOK 562 million. The decision therefore does not entail any further payment of tax or accounting consequences for Orkla.

Tax ownership of power plant

Orkla has learned that the Norwegian Tax Appeal Board at the Central Tax Office for Large Enterprises has reversed an earlier decision by the Central Tax Office regarding tax ownership of one of the Sauda power plants. The decision may result in a tax increase of around NOK 50 million per year for AS Saudefaldene (of which Orkla owns 85%). Orkla disagrees with the Tax Appeal Board's decision, and is prepared to take the case to court.

NOTE 17 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. Profit/loss from associates and gains, losses and write-downs on the Share Portfolio may fluctuate substantially from one period to the next, and may have a significant impact on profit or loss for the year and thus earnings per share. 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 24 and Note 16.

As a result of the Orkla Group's option programme (see Note 11), 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	2011	2010	2009
Profit/loss for the year after non-controlling interests for continuing operations	**(1,989)**	(877)	2,162
Profit/loss/gains discontinued operations	**1,213**	(40)	429
Profit/loss for the year after non-controlling interests	**(776)**	(917)	2,591
Weighted average of number of shares outstanding	**1,020,194,465**	1,019,619,206	1,017,109,979
Estimated dilution effect option programme	**0**	68,637	398,956
Weighted average of number of shares outstanding diluted	**1,020,194,465**	1,019,687,843	1,017,508,935

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	2011	2010	2009
Earnings per share	**(0.8)**	(0.9)	2.5
Earnings per share diluted	**(0.8)**	(0.9)	2.5
Earnings per share diluted for discontinued operations	**1.2**	0.0	0.4
Earnings per share diluted adjusted for discontinued operations	**(1.9)**	(0.9)	2.1

NOTE 18 IMPAIRMENT ASSESSMENTS

The value of long-term capitalised assets will largely be based on discretionary 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 non-current 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 Note 19 and Note 20. The Group also has other non-current assets that mainly consist of investments in associates. These are disclosed in Note 8 and are not covered in the description below.

Estimate uncertainty, in some cases considerable, attaches to both property, plant and equipment and intangible 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 the overall acquisitions, and the breakdown by various types of asset is based on this total.

Tangible assets (property, plant and equipment) are basically capitalised at acquisition cost and, if they have a limited useful life, 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 value of an asset is 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). This has in 2011 resulted in impairment of assets in Sapa, Bakers and Denomega (see Note 14).

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. At Orkla, impairment testing is carried out in the third quarter. 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 items 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 units (capitalised value):

	Goodwill		Trademarks	
Amounts in NOK million	**2011**	2010	**2011**	2010
Chips	**1,942**	1,947	**1,087**	1,087
Axellus	**808**	811	**395**	289
Procordia Food/Abba Seafood	**1,104**	1,104	**-**	-
Panda	**88**	89	**339**	341
Orkla Brands Russia	**298**	307	**74**	77
Sapa Profiles	**2,632**	2,577	**-**	-
Sapa Heat Transfer/Building System	**1,248**	1,253	**-**	-
Others (mainly minor items Orkla Brands)	**1,501**	1,490	**264**	284
Total	**9,621**	9,578	**2,159**	2,078

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 9. 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 dating 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. Goodwill related to Procordia and Abba was amortised by 1/20 per year between the date of acquisition and 1 January 2004 when the transition to IFRS was made. This means that the original goodwill from these acquisitions has been approximately halved in relation to the acquisition cost. Acquisitions made in the Axellus Group in 2005 and 2006 (Collett Pharma and Dansk Droge) are difficult to identify as independent units because the new units are extensively integrated into existing operations. Thus the units in Axellus will be tested for impairment on an aggregate basis, and integration with the units that already were part of Orkla prior to the acquisition will generate an aggregate return well above the required rate. Synergies between the CGUs are taken into account in the valuation. At 31 December 2011 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 property, plant and equipment and associates.

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 (9.7% before tax), although some assumptions have changed slightly. The Group has chosen not to change its WACC. However, a distinction has been made in that WACC for the Brands business has been reduced by one percentage point and correspondingly increased by one percentage point for Sapa and Borregaard, due to the differences in business risk attached to the businesses.

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 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.

Sensitivity

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.

The turbulent markets experienced by Sapa in 2009 stabilised in 2010 and the strong declines in volume in 2009 turned around. There was a clear rise in volume, but the total market was smaller than past performance might indicate. The economic trend in 2011 again led to increased uncertainty for Sapa's businesses, and it is difficult to predict future developments. Sapa is working to achieve long-term financial targets, i.e. a capital turnover rate of 3, an EBITA margin of 6% and a return on capital employed of 18%, and emerged from the financial crisis in 2009/10 with a substantially reduced cost base. The positive trend in 2010 slowed to some extent in 2011, and further action was taken in the form of measures to optimise the company's operational structure. However, improved profit is needed to reach the targeted level. Sapa is purposefully implementing three strategic initiatives to reach its objectives. Towards Solutions, World Class Operation and World Class Purchasing are crucial strategic programmes which, when combined with strong investment in R&D, will help Sapa to reach its targets. A separate sensitivity analysis was carried out by the various parts of Sapa. Based on budgets and forecasts approved by the Board of Directors, the company can sustain lower margins before its value is impaired. The valuation of Sapa Profiles exceeds the aggregate capitalised values. The most important assumption is the margin on sold goods, which has been fixed at around 6% in the long term, in line with the long-term financial targets. If the long-term EBITA margin in the terminal value falls to below 4%, the estimated value will be equal to capital employed. The valuation of Heat Transfer/Building System also exceeds the total capitalised values. A corresponding EBITA margin in the terminal value that is slightly higher than for Sapa Profiles is required. Based on the forecasts, expectations and assumptions that have been applied for the future, Sapa therefore justifies the carrying values at 31 December 2011. Goodwill related to Sapa businesses totals NOK 3,880 million.

In Orkla Brands Russia, the operations of Krupskaya and SladCo have been merged. The economic trend at the start of 2011 was weak. Results improved during the year and an impairment test was carried out for the entire new entity. Based on the forecasts, expectations and assumptions that were applied, Orkla Brands Russia justifies the capitalised values at 31 December 2011. A total of NOK 298 million in goodwill and NOK 74 million in trademarks is related to this entity.

In the other areas of Orkla Brands, it is mainly raw material price trends that cause some uncertainty. Raw material prices increased throughout 2010 and continued to rise in 2011. The uncertainty in the raw material markets is therefore abnormally high. The various companies in Orkla Brands are following developments closely and aim to compensate for the increased costs by raising prices.

Discount rate

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 equity and debt (WACC). The required rate of return on the Group's equity is estimated by using the capital asset pricing model (CAPM). The required rate of return on debt 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 particular value being calculated. In the calculations for 2011, the Group's WACC was reduced by one percentage point for Orkla Brands' businesses and increased by one percentage point for the Sapa and Borregaard businesses in order to take account of differences in business risk.

	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 og 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%)		

NOTE 19 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. 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% and IT 16-33%.

Amounts in NOK million	Trademarks, not amortisable	Trademarks, amortisable	Other intangible assets	Develop-ment	IT	Goodwill	Total
Book value 1 January 2011	2,078	43	365	5	268	9,578	**12,337**
Additions	107	-	6	4	85	-	**202**
Reclassifications[1]	-	(15)	26	(1)	21	-	**31**
Companies acquired[2]	-	17	3	-	-	96	**116**
Amortisation	-	(7)	(48)	(2)	(89)	-	**(146)**
Write-downs	-	-	-	-	-	(7)	**(7)**
Currency translations	(26)	-	(2)	-	1	(46)	**(73)**
Book value 31 December 2011	2,159	38	350	6	286	9,621	**12,460**
Initial cost 1 January 2011	2,095	106	1,324	9	647	12,378	**16,559**
Accumulated amortisation and write-downs	(17)	(63)	(959)	(4)	(379)	(2,800)	**(4,222)**
Book value 1 January 2011	2,078	43	365	5	268	9,578	**12,337**
Initial cost 31 December 2011	2,176	91	1,412	14	709	11,998	**16,400**
Accumulated amortisation and write-downs	(17)	(53)	(1,030)	(8)	(455)	(2,377)	**(3,940)**
Book value 31 December 2011	2,159	38	382	6	254	9,621	**12,460**
Book value 1 January 2010	1,987	163	550	109	309	11,099	14,217
Additions	-	-	9	1	75	-	85
Reclassifications[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)
Write-downs	-	-	(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

[1] Net reclassifications relate to figures transferred from Note 20.
[2] See Note 6 for information about the acquisition of companies.

In addition, the Orkla Group expensed NOK 327 million in 2011 in research and development costs (NOK 371 million in 2010).

MARKET POSITIONS ON THE NORDIC GROCERY MARKET FOR ORKLA BRANDS

In addition to the items presented in the table on the next 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 as "A". 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. 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. Classification in the note is based on management judgement.

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

Overview of Orkla Brands' market positions in the Nordic region

	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
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		○	
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		○		Kalles Kaviar	●	B		○		Kalles Kaviar	●	B
Cordials/soft drinks (non-carbonated)	Fun Light, Nora	◑	A	Fun Light, Ekströms, BOB	●	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	Gerimax, Livol, Futura, Pikasol	●	C	Möllers, Nutrilett, SanaSol	●	A,C
Snacks	KiMs, Polly, Cheez Doodles	◑	C	OLW, Cheez Doodles	●	C	KiMs	●	C	Taffel	●	C
Textiles	Pierre Robert, LaMote	●	C, A	Pierre Robert, LaMote	◑	C, A		○			○	
Biscuits	Café Bakeriet, Bixit, Dots	●	A	Ballerina, Brago	●	B		○		Ballerina	◔	B
Confectionery	Smash, Nidar Favoritter	◑	A		○			○		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

NOTE 20 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, fittings, vehicles, EDP etc.	Total
Book value 1 January 2011	8,106	7,665	1,311	648	**17,730**
Additions	230	671	1,378	236	**2,515**
Disposals	(127)	(49)	(5)	(12)	**(193)**
Reclassifications[1]	-	-	-	(31)	**(31)**
Companies acquired	791	259	10	1	**1,061**
Sold companies/held for sale	(754)	(207)	(26)	(23)	**(1,010)**
Transferred assets under construction	333	578	(1,038)	127	**0**
Write-downs	(202)	(6)	-	(2)	**(210)**
Depreciation	(323)	(1,214)	-	(221)	**(1,758)**
Currency translation	(22)	(22)	1	(3)	**(46)**
Book value 31 December 2011	8,032	7,675	1,631	720	**18,058**
Initial cost 1 January 2011	12,303	26,020	1,319	2,625	**42,267**
Accumulated depreciation and write-downs	(4,197)	(18,355)	(8)	(1,977)	**(24,537)**
Book value 1 January 2011	8,106	7,665	1,311	648	**17,730**
Initial cost 31 December 2011	12,392	25,407	1,631	2,831	**42,261**
Accumulated depreciation and write-downs	(4,360)	(17,732)	-	(2,111)	**(24,203)**
Book value 31 December 2011	8,032	7,675	1,631	720	**18,058**

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[1]	742	931	(1,782)	66	(43)
Write-downs	(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

[1] Net reclassifications relate to figures transferred to Note 19.

See Note 37 for disclosures of security and mortgages related to the Group's property, plant and equipment.

NOTE 21 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	2011	2010
Raw materials	**2,802**	2,491
Work in progress	**1,563**	1,150
Finished goods and merchandise	**3,682**	3,461
Total	**8,047**	7,102

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 2011 of NOK 89 million (NOK 34 million in 2010). The entire write-down was taken in 2011 and NOK 1 million was reversed from write-downs in earlier years. Inventories valued at net realisable value total NOK 615 million (NOK 582 million in 2010).

Inventories include development property recognised at NOK 612 million in 2011 (NOK 219 million in 2010).

NOTE 22 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions have been made for pension and other liabilities. Pension liabilities are disclosed in Note 12. 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 as a liability in the balance sheet if it is likely (>50%) to arise and if the amount of the obligation can be measured reliably.

Amounts in NOK million	2011	2010
Pension liabilities[1]	**1,406**	1,561
Derivatives	**3**	19
Other non-current liabilities	**10**	70
Other provisions	**495**	557
Total	**1,914**	2,207

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

Provisions per business area:

Amounts in NOK million	Orkla Brands	Sapa	Borregaard	Other provisions	Total
Provisions 1 January 2010	51	154	149	330	**684**
New provisions	32	24	84	40	**180**
Utilised	(11)	(45)	(57)	(143)	**(256)**
Provisions 31 December 2010	72	133	176	227	**608**
Of this current provisions	(21)	0	(30)	0	**(51)**
Non-current provisions 31 December 2010	51	133	146	227	**557**
New provisions	15	21	0	0	**36**
Utilised	(4)	(45)	(5)	(11)	**(65)**
Provisions 31 December 2011	62	109	141	216	**528**
Of this current provisions	(3)	0	(30)	0	**(33)**
Non-current provisions 31 December 2011	59	109	111	216	**495**
	Employee severance pay which is not to be regarded as a pension.	Environmental provision and employee severance pay which is not to be regarded as a pension. Around half of the environmental provision will be utilised within 2 years and the rest within a period of 5-10 years.	Residual provision for the winding-up of former businesses in Switzerland, Italy and Brazil. The provisions in Switzerland and Italy will be utilised in the course of 2-3 years. The provision in Brazil will have a time frame of up to 10 years.	Compensation to property owners in Sauda and insurance provisions in the Group's captive third party writer. Orkla self-insures for losses up to NOK 50 million. The provision in Sauda will be utilised when the plant is turned over to Statkraft in 2030.	The provisions cover well-known matters and there are no indications of any change in estimated expenses.

NOTE 23 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 following 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.

2011 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	27	3	43	-	-	-	-	**43**	**-**	43
Non-current financial receivables	27	-	-	-	-	-	214	**214**	**166**	214
Non-current derivatives	27, 32	2	-	632	21	-	-	**653**	**632**	653
Total								**910**	**798**	910
Current assets										
Share Portfolio - listed shares	24	1	4,236	-	-	-	-	**4,236**	**-**	4,236
Share Portfolio- unlisted shares	24	3	921	340	-	-	-	**1,261**	**-**	1,261
Other share investments	24	3	5	-	-	-	-	**5**	**-**	5
Accounts receivable	25	-	-	-	-	-	8,053	**8,053**	**-**	8,053
Other current receivables	25	-	-	-	-	-	916	**916**	**37**	916
Current derivatives	25, 32	2	-	282	65	-	-	**347**	**27**	347
Cash and cash equivalents	26	-	-	-	-	-	5,453	**5,453**	**5,453**	5,453
Total								**20,271**	**5,517**	20,271
Non-current liabilities										
Non-current financial liabilities	29	-	-	-	-	15,389	-	**15,389**	**15,389**	15,354
Non-current derivatives	22, 32	2	-	99	3	-	-	**102**	**99**	102
Total								**15,491**	**15,488**	15,456
Current liabilities										
Current financial liabilities	29	-	-	-	-	1,091	-	**1,091**	**1,091**	1,091
Accounts payable	28	-	-	-	-	5,310	-	**5,310**	**-**	5,310
Other current liabilities	28, 29	-	-	-	-	432	-	**432**	**327**	432
Current derivatives	28, 32	2	-	218	486	-	-	**704**	**54**	704
Total								**7,537**	**1,472**	7,537
Total financial instruments			5,205	937	(403)	(22,222)	14,636	**(1,847)**	**(10,645)**	(1,812)
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)								**4,236**		
Total measurement level 2 (Other techniques for which all inputs which have significant effect on the recorded fair value are observable, directly or indirectly)								**194**		
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)								**1,309**		

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	27	3	134	-	-	-	-	**134**	**-**	134
Non-current financial receivables	27	-	-	-	-	-	167	**167**	**111**	167
Non-current derivatives	27, 32	2	-	489	80	-	-	**569**	**489**	569
Total								**870**	**600**	870
Current assets										
Share Portfolio - listed shares	24	1	9,735	-	-	-	-	**9,735**	**-**	9,735
Share Portfolio- unlisted shares	24	3	1,267	659	-	-	-	**1,926**	**-**	1,926
Other share investments	24	3	13	-	-	-	-	**13**	**-**	13
Accounts receivable	25	-	-	-	-	-	7,802	**7,802**	**-**	7,802
Other current receivables	25	-	-	-	-	-	568	**568**	**40**	568
Current derivatives	25, 32	2	-	381	538	-	-	**919**	**89**	919
Cash and cash equivalents	26	-	-	-	-	-	2,819	**2,819**	**2,819**	2,819
Total								**23,782**	**2,948**	23,782
Non-current liabilities										
Non-current financial liabilities	29	-	-	-	-	21,666	-	**21,666**	**21,666**	21,674
Non-current derivatives	22, 32	2	-	154	19	-	-	**173**	**154**	173
Total								**21,839**	**21,820**	21,847
Current liabilities										
Current financial liabilities	29	-	-	-	-	845	-	**845**	**845**	845
Accounts payable	28	-	-	-	-	5,444	-	**5,444**	**-**	5,444
Other current liabilities	28, 29	-	-	-	-	325	-	**325**	**229**	325
Current derivatives	28, 32	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**		

There were no transfers from one level to another in the measurement hierarchy in 2010 and 2011. The Group defines the measurement of the Share Portfolio's listed shares as level 1, while the measurement of the unlisted shares is defined as level 3. Information regarding the measurement of the fair value of the Share Portfolio's unlisted shares may be found in Note 24. The measurement of the Group's derivatives is defined as level 2. A description of how the derivatives are measured is provided in Note 32.

NOTE 24 SHARE PORTFOLIO

Orkla Financial Investments manages a substantial portfolio and its investment universe is primarily the Nordic region. Orkla Financial Investments' primary objective is to maximise the return on invested capital, and the Share Portfolio's main strategy is to identify and invest in value-creating companies.

A strategic decision was made in 2011 to sell off the Share Portfolio, in accordance with which net sales of shares totalled NOK 4,494 million for the full year. At the end of 2011, the market value of the Share Portfolio was NOK 5,497 million. Unrealised gains totalled NOK 1,180 million at year end.

Amounts in NOK million	Ownership interest	Number of shares 31.12.2011	Fair value 31.12.2011	Unrealised gains 2011	Industry
Securities available for sale					
Listed securities Norway					
Kongsberg Gruppen	2.2%	2,655,845	304	196	Industry
Ekornes	6.2%	2,295,471	223	40	Consumer Goods
Oslo Børs VPS Holding	8.2%	3,510,700	204	8	Finance
Schibsted	0.8%	865,895	129	81	Media
Vizrt	9.8%	6,503,000	124	31	Software
Ganger Rolf	3.0%	1,027,550	109	2	Energy
Others			689	92	
Total			1,782	450	
Listed securities outside Norway					
Amer Sports	5.3%	6,411,352	447	204	Consumer Goods
Tikkurila	7.2%	3,163,455	314	(63)	Materials
Saab B	1.6%	1,750,000	215	117	Aerospace and defense
Nobia	5.5%	9,724,857	207	10	Consumer Goods
Nokian Renkaat	0.5%	700,063	135	76	Auto components
Elekta B	0.4%	400,000	104	67	Health Care Equipment
Konecranes	1.4%	892,360	100	-	Industry
Investor A and B[1]	0.1%	933,723	100	10	Investment company
Others			832	231	
Total			2,454	652	
Unlisted securities					
Industri Kapital 2007	1.8%	23,980,518	181	(9)	Investment company
Industri Kapital 2000	3.6%	21,888,151	126	-	Investment company
Nokas	17.8%	63,629	110	(4)	Commercial Services
Herkules Private Equity III	3.3%	107,153,783	106	4	Investment company
Industri Kapital 2004	5.0%	29,561,496	103	-	Investment company
Others			295	87	
Total			921	78	
Securities, with change in fair value through profit and loss					
Pharmaq Holding	36.6%	183,207	193		Pharmaceuticals
East Capital Power Utilities Fund	27.0%	45,000	105		Investment company
Others			42		
Total			340		
Total value Share Portfolio			**5,497[2]**	**1,180**	
Of this owned by Orkla ASA			5,455	1,180	

[1] Investor A and B shares: 863,435 A shares, 70,288 B shares.
[2] In addition to the Share Portfolio, other Group companies have minor shareholdings totalling NOK 5 million.

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	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 and 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.

The Share Portfolio mainly consists of large shareholdings in a number of companies and will therefore be skewed in comparison to a market portfolio. 77% of the Share 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 profit or loss. In 2011, a total of NOK 37 million in changes in the value of associates was recognised as income on the line "Gains, losses and write-downs Share Portfolio".

NOK 2,145 million has been recognised in realised portfolio gains, while NOK 56 million has been recognised in foreign currency gains. Furthermore, securities have been written down by NOK 668 million.

Net unrealised excess values in the Share Portfolio at 31 December 2011, totalling NOK 1,180 million, have been taken to equity through comprehensive income. The Group also has investments presented as "Other financial assets" (see Note 27).

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 changes in the value of Industrikapital 2004 and 2000 from 2010 to 2011 is primarily due to the realisation of underlying investments. The change in the value of Industrikapital 2007 is mainly due to an increase in capital paid into the fund, but an underlying investment was also realised.

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 including 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. Once an investment has been written down, further value impairment will result in an immediate further write-down.

Unrealised gains

Unrealised gains are equal to the fair value of the security minus the carrying 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/expenses 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 at 31 December 2011 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 320 million and the negative effect on equity will be a further NOK 230 million. In the event of a 10% rise in the stock market, the positive effect on equity will be NOK 550 million, of which NOK 55 million will affect profit/loss.

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	**2011**	2010	**2011**	2010
Opening balance unrealised gains before tax	**4,438**	3,522	**4,442**	3,523
Change in unrealised gains before tax	**(3,258)**	916	**(3,260)**	919
Change in deferred tax unrealised gains	**117**	31	**117**	31
Change in unrealised gains taken to comprehensive income	**(3,141)**	947	**(3,143)**	950
Closing balance unrealised gains before tax	**1,180**	4,438	**1,182**	4,442
Deferred tax unrealised gains	**(47)**	(165)	**(48)**	(165)
Closing balance unrealised gains after tax	**1,133**	4,273	**1,134**	4,277

Change in fair value

	Share Portfolio	
Amounts in NOK million	**2011**	2010
Opening balance fair value Share Portfolio	**11,661**	11,037
Change in unrealised gains	**(3,258)**	916
Net sale of shares	**(4,494)**	(2,130)
Gains, losses and write-downs Share Portfolio	**1,643**	1,772
Net foreign exchange gains/losses and eliminations	**(55)**	66
Closing balance fair value Share Portfolio	**5,497**	11,661

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	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Realised gains/losses	**2,218**	2,061	1,028	**(73)**	-	-	**2,145**	2,061	1,028
Foreign exchange gain/loss currency hedge/realised	**56**	(72)	781	**-**	-	-	**56**	(72)	781
Write-downs	**(668)**	(266)	(1,214)	**-**	-	-	**(668)**	(266)	(1,214)
Change in fair value	**-**	-	-	**110**	49	(11)	**110**	49	(11)
Gains, losses and write-downs Share Portfolio	**1,606**	1,723	595	**37**	49	(11)	**1,643**	1,772	584
Received dividends	**438**	521	251	**-**	-	-	**438**	521	251
Recognised in income statement	**2,044**	2,244	846	**37**	49	(11)	**2,081**	2,293	835

NOTE 25 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.

Amounts in NOK million	2011	2010
Accounts receivable	**8,053**	7,802
Non interest-bearing derivatives	**320**	830
Interest-bearing derivatives	**27**	89
Interest-bearing receivables	**37**	40
Other current receivables	**879**	528
Total financial receivables	**9,316**	9,289
Advance payment to suppliers/earned income	**1,018**	973
Tax receivables	**128**	118
Total current receivables	**10,462**	10,380

Change in provisions for bad debt:

Amounts in NOK million	2011	2010
Provisions for bad debts 1 January	**289**	342
Bad debts recognised as expense	**68**	37
Provisions in acquired companies	**-**	-
Provisions in discontinued operations	**-**	(11)
Bad debts	**(48)**	(79)
Provisions for bad debts 31 December	**309**	289

Accounts receivables have the following due dates:

Amounts in NOK million	2011	2010
Accounts receivable not due	**6,452**	6,430
Overdue receivables 1-30 days	**1,010**	888
Overdue receivables 31-60 days	**290**	243
Overdue receivables 61-90 days	**98**	96
Overdue receivables over 90 days	**512**	434
Accounts receivable carrying amount 31 December	**8,362**	8,091

NOTE 26 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents consist of liquid assets necessary for transactions and some current placements. Changes in liquid assets in the cash flow statement do not necessarily provide an accurate picture of the Group's financial position as excess liquidity is used to repay interest-bearing debt.

Amounts in NOK million	2011	2010
Cash at bank and in hand	**1,689**	1,563
Current deposits	**3,468**	1,113
Restricted deposits	**296**	143
Total cash and cash equivalents	**5,453**	2,819

NOTE 27 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	2011	2010
Share investments	**43**	134
Interest-bearing derivatives	**632**	489
Non interest-bearing derivatives	**21**	80
Receivables interest-bearing	**166**	111
Receivables non interest-bearing	**48**	56
Total financial assets	**910**	870
Pension plan assets	**49**	125
Total other assets	**959**	995

NOTE 28 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 do not become liabilities until they have been approved by the General Meeting.

Amounts in NOK million	2011	2010
Accounts payable	**5,310**	5,444
Non interest-bearing derivatives	**650**	428
Non interest-bearing liabilities	**105**	96
Total financial liabilities non interest-bearing	**6,065**	5,968
Value added tax, employee taxes etc.	**803**	798
Provision for dividends (withholding tax)[1]	**235**	0
Provisions	**3,757**	3,764
Total current liabilities	**10,860**	10,530

[1] Applicable to retained tax deducted at source related to extraordinary dividends disbursed in November 2011.

NOTE 29 FUNDING AND INTEREST-BEARING LIABILITIES

Interest-bearing liabilities, together with unutilised credit facilities, available liquid assets, and equity, constitute the capital available to the Group. The composition and the level of gross interest-bearing liabilities plus unutilised credit facilities are managed as part of the Group's funding activity. Changes in net interest-bearing liabilities result from the cash flow of the Group.

Funding

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 unutilised, long-term, committed credit facilities which together with liquid deposits are sufficient 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 and that short-term interest-bearing debt is at all times covered by long-term credit facilities. 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. As of 31 December 2011 there were no drawings on these credit facilities.

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. The term to maturity for new loans and credit facilities is normally 5-10 years.

In 2011 Orkla established new bilateral loan agreements with credit facilities totalling NOK 4.6 billion. Orkla also cancelled loan agreements with credit facilities totalling NOK 7.0 billion, and bonds totalling NOK 1.4 billion were repurchased.

Orkla has no loan agreements with financial covenants for the Group or for Orkla ASA. The loan agreements include some limitations on disposals of businesses, creation of security interest on assets, borrowing at subsidiary level, and cross default clauses.

Amounts in million	Book value 31.12.2011	Book value 31.12.2010	Fair value[1] 31.12.2011	Fair value[1] 31.12.2010	Currency	Notional in ccy million[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK13 (10439235)		197		203	NOK	200	Fixed 6.70%	2008/2011
ORK11 (10439185)		100		100	NOK	200	Nibor +0.70%	2008/2011
ORK12 (10439193)		499		501	NOK	600	Nibor +0.75%	2008/2012[4]
ORK03 (10177538)	**1,083**	1,559	**1,094**	1,581	NOK	1,500	Fixed 6.54%	2003/2013
ELK18 (10219223)	**362**	400	**362**	401	NOK	400	Nibor +1.05%	2004/2014
ORK78 (10502909)	**1,163**	1,270	**1,221**	1,336	NOK	1,250	Fixed 6.65%	2009/2014
ORK79 (10502917)	**393**	399	**410**	425	NOK	400	Nibor +3.00%	2009/2014
ORK10 (10364920)	**1,317**	1,280	**1,258**	1,226	NOK	1,200	Fixed 5.70%	2007/2017
ORK09 (10364912)	**1,298**	1,298	**1,236**	1,237	NOK	1,300	Nibor +0.42%	2007/2017
US Private placement	**2,133**	1,956	**2,133**	1,956	USD/GBP	220/40		2007/2017/2019
Schuldschein-loan	**766**	783	**766**	783	EUR	95		2008/2013
Other private placements		169		169				
Total bonds	**8,515**	9,910	**8,480**	9,918				
Of this current liabilities		(467)		(473)				
Bank loans	**6,518**	11,644	**6,518**	11,644				
Other loans	**356**	579	**356**	579				
Interest-bearing derivatives	**99**	154	**99**	154				
Total non-current interest-bearing liabilities	**15,488**	21,820	**15,453**	21,822				
Current interest-bearing liabilities								
Bonds, maturity < 1 year	**-**	467	**-**	473				
Bank loans, overdraft	**898**	558	**898**	558				
Other loans	**520**	49	**520**	49				
Interest-bearing derivatives	**54**	306	**54**	306				
Total current interest-bearing liabilities	**1,472**	1,380	**1,472**	1,386				
Total interest-bearing liabilities	**16,960**	23,200	**16,925**	23,208				
Non-current interest-bearing receivables	**798**	600	**798**	600				
Current interest-bearing receivables	**64**	129	**64**	129				
Cash and cash equivalents	**5,453**	2,819	**5,453**	2,819				
Net interest-bearing liabilities	**10,645**	19,652	**10,610**	19,660				

[1] The fair value of exchange-traded bonds is calculated on the basis of observed market prices, whereas book values are used for other loans and receivables. The book values of US Private Placement loans take into consideration observed interest rates as of 31 December 2011 as these loans are hedging-objects in fair value hedges, but not credit margin, as there is no observation of this available.
[2] Of the notional amount the Group holds some of its own bonds. These reduce recognised liabilities.
[3] The nominal interest rate is not an expression of the Group's actual interest cost, since various interest rate swaps have been agreed on. Note 31 discloses further details of interest rate levels, interest rate risk and a break down of the liabilities portfolio by currency.
[4] Redeemed one year prior to maturity.

The maturity profiles of the Group's interest bearing liabilities and unutilised committed credit facilities are shown in the table to the right. The Group also has cash pools and bank accounts with short-term credit lines. Unutilised credit lines on these accounts are not included in the table. As of 31 December 2011 the average time to maturity on the Group's combined interest-bearing liabilities and unutilised credit facilities was 4.1 years, compared with 4.3 years as of 31 December 2010.

Maturity profile interest-bearing liabilities and unutilised credit facilities

	Gross interest-bearing liabilities 31.12.2011	Gross interest-bearing liabilities 31.12.2010	Unutilised credit facilities 31.12.2011	Unutilised credit facilities 31.12.2010
Maturity <1 year	**1,472**	1,380	**-**	547
Maturity 1-3 years	**4,920**	6,950	**4,470**	3,245
Maturity 3-5 years	**3,202**	4,646	**7,509**	5,560
Maturity 5-7 years	**5,188**	8,021	**3,133**	3,135
Maturity >7 years	**2,178**	2,203	**-**	-
	16,960	23,200	**15,112**	12,487

The Group's unutilised credit facilities are multi-currency loan agreements with limits denominated in NOK, EUR and SEK.

NOTE 30 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. Orkla's dividend policy is described in "Corporate Governance" item 3.

Available liquidity should at all times at least cover loan installments 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, credit-lines under bilateral bank 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, and capital need in subsidiaries is mainly covered by internal loans, or equity. Capital structure in subsidiaries is adapted to commercial, as well as legal and tax considerations. The short term liquidity of Group companies is managed at Group level through cash pools. For funding of partly owned subsidiaries Orkla either provides loans according to its share of capital jointly with other shareholders, or external funding is established.

Orkla's management of funding is further described in Note 29. Orkla has no official credit rating.

The Group has a strong statement of financial position 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	2011	2010
Total interest-bearing liabilities	**16,960**	23,200
Total interest-bearing receivables	**6,315**	3,548
Net interest-bearing liabilities	**10,645**	19,652
Group equity[1]	**34,386**	46,931
Net gearing (net interest-bearing liabilities/equity)	**0.31**	0.42
Unutilised long-term credit facilities	**15,112**	12,487

[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 are taken to comprehensive income.

Orkla's net interest-bearing liabilities were significantly reduced through 2011, mainly due to the proceeds from the sale of Elkem and part of the Share Portfolio. Furthermore, Orkla made an extraordinary dividend payment of NOK 5 billion. There were no changes in Orkla's approach and goals regarding financial management in 2011.

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 2011.

NOTE 31 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 24. In addition to loans and receivables, the financial instruments are made up of derivatives used for hedging market risk. In Note 32 derivatives and hedging-relationships are described in more detail.

(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 Group's Chief Risk Officer.

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 set out in the Group's finance policy. 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.

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.

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 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 profit, and a decreasing price will affect profit negatively. As of 31 December 2011 Sapa had net bought 16,709 tonnes (2010: net bought 2,815 tonnes) of aluminium for hedging at the LME.

Orkla Financial Investments

The largest source of financial risk is the Share Portfolio, described in Note 24. In accordance with changes in the Group strategy it has been decided to liquidate the Share Portfolio. During 2011 net sales of shares totalled NOK 4.5 billion. Approximately 55% of the investments are denominated in currencies other than NOK, primarily SEK, EUR and USD. The policy is to hedge 70%-90% of the currency risk related to the market value of foreign investments.

Hydro Power

Hydro Power is a large producer of hydroelectric power through Orkla Energi and Borregaard Energi (see Note 33). A substantial part of the production is sold under long-term contracts, whereas the remainder is sold in the spot market. Where contractual commitments exceed available power from own production this is covered through purchases in the power market. In order to optimise such factors as 24-hour variations, seasonal variations, and its own production level, Hydro Power may utilise financial and physical contracts that are traded on Nasdaq OMX (financial) and on Nord Pool (physical).

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. On the revenues side, most of Borregaard's business segments are exposed to price risk in international markets.

Borregaard is also exposed to price risk on energy (thermal energy and electric power) as well as strategic raw materials (wood, chemicals). Borregaard hedges its exposure on future power consumption through power contracts and with derivatives. In 2011 Borregaard entered into a long-term power contract for a total of 6.1 TWh for 2013-2024.

As of 31 December 2011, the Group had purchased forward contracts totalling 263 GWh (2010: 702 GWh) as cash flow hedges for net future power consumption.

(II) CATEGORIES OF FINANCIAL RISK 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 industrial area. 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 liabilities 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 32.

The Group's aggregated outstanding currency hedges of future transactions as of 31 December 2011 are shown in table 1. Hedges related to the sale of Elkem - forward sale of USD 547 million against NOK - were settled in 2011. There are no further significant changes to open positions of currency hedges compared with 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	823	USD	143	2012
NOK	20	USD	4	2013
NOK	8	USD	1	2014
NOK	703	EUR	84	2012
SEK	724	EUR	77	2012
SEK	83	EUR	9	2013
SEK	513	USD	77	2012
SEK	11	USD	2	2013
SEK	128	NOK	109	2012
HUF	7,316	EUR	25	2012
HUF	507	EUR	2	2013
EUR	23	NOK	165	2013

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

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 2011, 33% (2010: 24%) of the Group's gross 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	31.12.2011	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	5-10 years
Bonds	**8,515**	387	1,859	-	2,819	-	3,450
Bank loans	**7,163**	5,385	1,748	8	22	-	-
Overdraft	**253**	253	-	-	-	-	-
Other loans	**876**	352	501	13	-	-	10
Interest rate swap (fair value hedge)	**0**	2,481	3,158	-	(2,750)	-	(2,889)
Interest rate swap (cash flow hedge)	**0**	(2,845)	(1,661)	-	996	520	2,990
Interest rate derivatives (others)	**99**	291	(649)	13	-	83	361
Currency forwards	**54**	25	30	2	(3)	-	-
Gross interest-bearing liabilities	**16,960**	6,329	4,986	36	1,084	603	3,922
	31.12.2010						
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)	0	3,102	3,046	-	(2,047)	(1,250)	(2,851)
Interest rate swap (cash flow hedge)	0	(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

TABLE 2b

Interest-bearing liabilities by instrument and currency

Amounts in NOK million	31.12.2011	NOK	SEK	EUR	USD	DKK	Other
Bonds	**8,515**	5,616	-	766	1,658	-	475
Bank loans	**7,163**	1,160	22	2,624	3,047	70	240
Overdraft	**253**	17	(141)	229	1	134	13
Other loans	**876**	524	65	54	11	18	204
Basis-swaps/interest rate derivatives	**99**	-	-	1,897	(1,798)	-	-
Currency forwards	**54**	(3,805)	2,887	(589)	(1,025)	703	1,883
Gross interest-bearing liabilities	**16,960**	3,512	2,833	4,981	1,894	925	2,815
Average interest fixing period	**2.2 years**	2.9 years	5.0 years	1.7 years	1.3 years	0.3 years	0.5 years
Interest level borrowing rate	**3.1%**	4.6%	4.3%	2.7%	1.6%	2.3%	1.7%
	31.12.2010						
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%

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).
Fair value of interest rate derivatives are not included in interest-bearing liabilities.

Liquidity risk
Liquidity risk is the risk that Orkla is not able to meet its obligations. The management of liquidity risk has high priority as a measure of meeting the objective of financial flexibility.

Orkla's policy for funding activities, described in Note 29, implies that short-term interest bearing liabilities and known capital expenditures are funded by long-term loans or credit facilities at least one year prior to maturity.

The cash flow from operations, which among other factors is affected by changes in working capital, is managed operationally by the business areas, and is largely stable. Group Treasury monitors liquidity flows, short- and long-term, through reporting. Interest-bearing liabilities are managed together with interest-bearing assets at Group level.

Due to the above-mentioned measures, 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 table shows the maturity profile for the Group's contractual financial liabilities, including liabilities which are not recognised in the financial position. The amounts represent undiscounted future cash flows, and may therefore deviate from recognised figures. Derivatives are presented as split between those with gross settlement (currency), and those with net settlement (interest, aluminium, power). The table also includes derivatives recognised as assets on the balance sheet date, as derivatives may include both positive and negative cash flows, and the fair value fluctuates over time. Forward interest rate curves are applied to estimate future interest payments. Similarly, forward prices are used to determine the future settlement amounts for power, aluminium, and currency derivatives.

TABLE 3
Maturity profile financial liabilities

31 December 2011

Amounts in NOK million	Book value	Contractual cash flow	<1 year	1-3 years	3-5 years	5-7 years	>7 years
Interest-bearing liabilities	**16,807**	**16,180**	1,417	4,753	3,202	4,857	1,951
Interest payable	**105**	**3,325**	681	1,064	718	384	478
Accounts payable	**5,310**	**5,310**	5,310	-	-	-	-
Subscribed, uncalled partnership capital	**-**	**162**	162	-	-	-	-
Net settled derivatives[1]	**(290)**						
Inflow		**(1,223)**	(498)	(389)	(183)	(127)	(26)
Outflow		**793**	387	170	98	63	75
Gross settled derivatives[1]	**96**						
Inflow		**(16,910)**	(14,555)	(2,342)	(13)	-	-
Outflow		**16,986**	14,567	2,407	12	-	-
Total	**22,028**	**24,623**	7,471	5,663	3,834	5,177	2,478

31 December 2010

Amounts in NOK million	Book value	Contractual cash flow	<1 year	1-3 years	3-5 years	5-7 years	>7 years
Interest-bearing liabilities	22,740	22,244	1,077	6,705	4,619	7,785	2,058
Interest payable	96	4,389	785	1,443	888	648	625
Accounts payable	5,444	5,444	5,444	-	-	-	-
Subscribed, uncalled partnership capital	-	240	240	-	-	-	-
Net settled derivatives[1]	(630)						
Inflow		(1,307)	(688)	(344)	(151)	(96)	(28)
Outflow		634	511	104	(9)	(5)	33
Gross settled derivatives[1]	49						
Inflow		(31,709)	(28,924)	(2,758)	(25)	(2)	-
Outflow		31,736	28,893	2,817	24	2	-
Total	27,699	31,671	7,338	7,967	5,346	8,332	2,688

[1] Including derivatives recognised as assets (with negative sign).

The financial liabilities are serviced by cash flow from operations, liquid and interest-bearing assets, and, when necessary, drawings on unutilised credit facilities. Unutilised committed credit facilities, the maturity profile of which is shown in Note 29, totalled NOK 15.1 billion at 31 December 2011.

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. There is no significant concentration of credit risk in respect of single counterparts. When selling in countries with high political risk, trade finance products are used to a certain extent to reduce the credit risk. With these risk mitigation measures in place, the current credit risk is considered acceptable.

Orkla Financial Investments has short-term credit risk related to settlement of a limited number of share transactions which are not settled through clearinghouses, 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	2011	2010
Cash and cash equivalents	**5,453**	2,819
Accounts receivable	**8,053**	7,802
Other current receivables	**916**	568
Non-current receivables	**214**	167
Derivatives	**1,000**	1,488
Total	**15,636**	12,844

Commodity price risk
The Group is exposed to price risks in respect of a number of raw materials, of which aluminium is the most substantial. Other important raw materials are electric power, wood, and agricultural products. However, the prices of sold products are also affected by raw material prices, and it is generally Orkla's policy to reduce the price risk through commercial contracts. Commodity price risk is described for the separate business areas in section (I) "Organisation of financial risk management" above.

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

In Table 4, 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 statement of financial position 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.
- If one of the parameters changes, the analysis will not take account of 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. Nor is the currency exposure on translation of such financial instruments to the presentation currency of the Group included, for the same reason.

Generally, the effect on the income statement and equity of financial instruments in Table 4 is expected to offset the effects of the hedged items where financial instruments are part of a hedging relationship.

TABLE 4
Sensitivity financial instruments

31 December 2011

Amounts in NOK million	Accounting effect on income statement of increase	income statement of decrease	equity of increase	equity of decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	**(17)**	**15**	**248**	**(269)**
Currency risk: 10% change in FX-rate USD/NOK	**(14)**	**14**	**5**	**(4)**
Currency risk: 10% change in FX-rate EUR/NOK	**(123)**	**123**	**(226)**	**226**
Currency risk: 10% change in FX-rate SEK/NOK	**(75)**	**75**	**184**	**(184)**
Price risk: 20% change in LME-prices	**(275)**	**275**	**308**	**(308)**
Price risk: 20% change in Nord Pool power prices	**0**	**0**	**15**	**(15)**
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 of the Share Portfolio: See Note 24				

31 December 2010

Amounts in NOK million	Accounting effect on income statement of increase	income statement of decrease	equity of increase	equity of decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 basis points 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 of the Share Portfolio: See Note 24				

Accounting effects of 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.

NOTE 32 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 derivatives in the table are presented as liabilities or assets according to how they are classified in the financial statement.

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:

	31.12.2011		31.12.2010	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
a) Cash flow hedges				
Interest rate swaps	**-**	**(315)**	91	(106)
Currency forwards, currency swaps	**57**	**(2)**	362	(3)
Aluminium futures	**30**	**(166)**	95	(24)
Energy forwards	**-**	**(7)**	71	(17)
Total	**87**	**(490)**	619	(150)
b) Net investments hedges of foreign entities				
Currency forwards, currency swaps	**4**	**(8)**	40	-
Total	**4**	**(8)**	40	-
c) Fair value hedges				
Interest rate swaps	**632**	**-**	489	-
Currency forwards, currency swaps	**-**	**(20)**	64	(53)
Aluminium futures	**118**	**(30)**	33	(68)
Total	**750**	**(50)**	586	(121)
d) Other derivatives – fair value changes recognised in income statement				
Energy forwards	**135**	**(84)**	238	(172)
Currency forwards, currency swaps	**17**	**(45)**	-	(306)
Interest rate and currency swaps, interest rate derivatives	**7**	**(127)**	-	(158)
Total return swap – Orkla-share	**-**	**(2)**	5	-
Total	**159**	**(258)**	243	(636)
Total derivatives	**1,000**	**(806)**	1,488	(907)

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 at 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 (London Metal Exchange).
- 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 2011 a gain of NOK 1 million (2011: NOK -4 million) was recorded in the income statement as a result of hedging inefficiency. All expected cash flows which have been hedged during 2011 still qualify for hedge accounting.

Development in the equity hedging reserve

Amounts in NOK million	2011	2010
Opening balance hedging reserve before tax	**649**	197
Hedging reserve sold operations	**(295)**	0
Reclassified to P/L - operating revenues	**(184)**	(49)
Reclassified to P/L - operating costs	**(57)**	(93)
Reclassified to P/L - net financial income	**26**	(3)
Fair value change during the year	**(531)**	597
Closing balance hedging reserve before tax	**(392)**	649
Deferred tax hedging reserve	**121**	(150)
Closing balance hedging reserve after tax	**(271)**	499

A negative hedging reserve means a negative 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 2011 are expected to be recycled to the income statement as follows (before tax):

2012:	NOK -140 million
After 2012:	NOK -252 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 2011, effects of NOK 67 million (2010: NOK 0 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 2011 NOK 143 million was recognised as income in the income statement related to fair value changes on the interest rate swaps, and NOK 146 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 futures 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.

NOTE 33 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 normal 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	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[1] 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[1] the residual value for tax as at 1 January 2031 of the expansions carried out by AS Saudefaldene[1].
Borregaard Power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	244 GWh	100% ownership, infinite licence period.	
Sarp Power plant[2] 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 kraftverk[2] Hydropower run-of-river, Kvinesdal, Vest Agder	30 GWh	100% ownership, infinite licence period.	
Mossefossen Power plant[2] Hydropower run-of-river, Moss, Østfold	14 GWh	100% ownership, partly infinite licence period.	
POWER CONTRACTS			
NORWAY			
Eidsiva Vannkraft	510 GWh	For the period 2013-2024.	
SiraKvina replacement power	35 GWh	Infinite	Replacement for lost production in Trælandsfos.

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

NOTE 34 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 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
31 December 2011	1,028,930,970	1.25				1,286.2

The 20 largest shareholders as of 31 December 2011[1]

	Shareholder		Number of shares	% of capital[2]
1	Canica AS		150,342,000	14.6%
2	Folketrygdfondet		92,025,374	8.9%
3	Tvist 5 AS		77,000,000	7.5%
4	State Street Bank and Trust	Nominee	50,095,802	4.9%
5	JP Morgan Chase Bank	Nominee	33,537,431	3.3%
6	Clearstream Banking	Nominee	24,470,524	2.4%
7	JP Morgan Chase Bank	Nominee	17,175,152	1.7%
8	State Street Bank and Trust	Nominee	17,018,332	1.7%
9	Canica Investor AS		16,000,000	1.6%
10	State Street Bank and Trust	Nominee	14,539,794	1.4%
11	State Street Bank and Trust	Nominee	11,214,646	1.4%
12	Bank of New York Mellon	Nominee	10,333,752	1.0%
13	Skandinaviska Enskilda Banken	Nominee	10,311,304	1.0%
14	The Northern Trust Company	Nominee	10,052,145	1.0%
15	Orkla ASA		8,920,791	0.9%
16	DNB Livforsikring		7,645,202	0.7%
17	The Northern Trust Company	Nominee	6,713,179	0.7%
18	DNB Verdipapirfondet (Norge IV)		6,497,050	0.6%
19	Six SIS AG	Nominee	6,405,616	0.6%
20	Euroclear Bank	Nominee	6,383,081	0.6%
	Total shares		576,681,175	56.0%

[1] The shareholders list is based on the Norwegian Central Securities Depository's (VPS) register of members at year end. For a list of grouped shareholders and nominee shareholders, see www.orkla.com/investor-relations.
[2] Of total shares issued.

Treasury shares at 31 December 2011

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	11,150,989	8,920,791	398

Treasury shares have been deducted from Group equity at cost.

Changes in the number of treasury shares

	2011	2010
Total as of 1 January	**6,945,749**	9,857,815
Redemption of options in treasury shares	**(400,000)**	(1,386,576)
External purchasing of own shares	**3,800,000**	-
Share purchase programme for Orkla employees	**(1,424,958)**	(1,525,490)
Total as of 31 December	**8,920,791**	6,945,749

At 31 December 2011, there were 22,651,500 options outstanding (see Note 11).

See the section on corporate governance on page 23 regarding the authorisations granted by the General Meeting concerning share capital.

Dividend

The Board of Directors proposes that an ordinary dividend of NOK 2.50 per share be paid out, totalling NOK 2,550 million for the 2011 financial year.

In addition to an ordinary dividend of NOK 2.50 per share, an extraordinary dividend of NOK 5.00 per share was also paid out for the 2010 financial year. A resolution to pay out the latter dividend was adopted at an Extraordinary General Meeting in Oslo on 3 November 2011.

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".

NOTE 35 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	2011	2010	2009
Non-controlling interests' share of:			
Depreciation and write-downs	**32**	30	95
Operating profit	**80**	83	28
Profit/loss before taxes[1]	**69**	67	(50)
Taxes[1]	**(16)**	(9)	24
Changes in non-controlling interests:			
Non-controlling interests' 1 January	**365**	370	
Non-controlling interests' share of profit/loss[1]	**48**	53	
Increase due to acquisitions	**4**	38	
Decrease due to further acquisitions of non-controlling interests	**(48)**	(28)	
Dividends to non-controlling interests	**(22)**	(66)	
Translation differences etc.	**0**	(2)	
Discontinued operations	**(67)**	0	
Non-controlling interests' 31 December	**280**	365	
Non-controlling interests relating to:			
Orkla Brands	**79**	76	
Sapa	**34**	61	
Borregaard Chemicals	**14**	16	
Hydro Power	**116**	116	
Orkla Financial Investments	**37**	33	
Discontinued operations	**0**	63	
Total non-controlling interests	**280**	365	

[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).

NOTE 36 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.

Lessee Operating leases

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Total	
Amounts in NOK million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cost current year	**52**	63	**195**	194	**133**	124	**31**	29	**411**	410
Cost next year	**43**	59	**128**	157	**104**	112	**17**	25	**292**	353
Total costs 2–5 years	**76**	110	**313**	312	**210**	178	**29**	49	**628**	649
Total costs after 5 years	**1**	24	**155**	84	**8**	16	**2**	4	**166**	128
Total future leasing costs	**120**	193	**596**	553	**322**	306	**48**	78	**1,086**	1,130

Lessee Finance leases

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Total	
Amounts in NOK million	2011	2010	2011	2010	2011	2010	2011	2010
Cost current year	**21**	28	**9**	14	**4**	3	**34**	45
Cost next year	**17**	24	**7**	14	**3**	3	**27**	41
Total costs 2–5 years	**13**	28	**16**	51	**2**	0	**31**	79
Total costs after 5 years	**0**	0	**0**	125	**0**	0	**0**	125
Total future leasing costs	**30**	52	**23**	190	**5**	3	**58**	245
Discounted effect	**(1)**	(3)	**(2)**	(62)	**0**	0	**(3)**	(65)
Net present value leasing costs	**29**	49	**21**	128	**5**	3	**55**	180

The Group also leases out real estate under operating leases. Leasing revenues in 2011 totalled NOK 67 million. Total future leasing revenues amount to NOK 646 million and may be broken down as follows: NOK 66 million next year, NOK 220 million in 2-5 years and NOK 360 million after 5 years.

NOTE 37 PLEDGES AND GUARANTEES

Pledges and guarantees *show the book value of Group assets which are accessible for pledgees 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 liabilities secured by pledges. Moreover, the Group's most important loan agreements are based on a negative pledge and therefore the Group can only to a limited extent pledge its assets to secure its liabilities.*

Amounts in NOK million	2011	2010
Liabilities secured by pledges	**839**	1,068
Pledged assets		
Machinery, vehicles, etc.	**119**	159
Buildings and plants	**1,388**	1,155
Inventory	**241**	237
Accounts receivables	**169**	93
Total book value	**1,917**	1,644

"Liabilities secured by pledges" and "pledged assets" are mainly property development projects in 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	2011	2010
Subscribed, uncalled limited partnership capital	**162**	240
Other guarantee commitments	**722**	801
Total guarantee commitments	**884**	1,041

The Group makes limited use of guarantees.

NOTE 38 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 430 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 9.

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, totalling NOK 174 million and NOK 108 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 9 "Segments".

On 8 June 2011, a company closely associated with Stein Erik Hagen, Chair of the Board of Orkla ASA, bought 10,800,000 shares in Orkla at an average price of NOK 49.97 per share. Fresje AS (1,145,000 Orkla shares) is no longer considered to be a related party. Consequently, Stein Erik Hagen and related parties own 249,542,000 shares in Orkla, which is equivalent to 24.3% of shares outstanding. There were no other special transactions between the Group and related parties in 2011, and no form of loan relationship was established. The Canica system and Orkla both have equity interests in certain investments.

There have been no other transactions with related parties. Information regarding the executive management is disclosed in Note 11 to the consolidated financial statements and Note 6 to the financial statements for Orkla ASA.

NOTE 39 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 sold Elkem to China Bluestar Group Co., Ltd. (Bluestar) in 2011. From the fourth quarter of 2010, Elkem was presented as "Discontinued operations" on one line in the income statement and on two lines in the statement of financial position. Historical figures in the income statement were restated, and the net result in Elkem was presented on a single line after the ordinary profit items. The final agreement with Bluestar was signed on 10 January 2011 and the sale was formally completed at the end of the first quarter of 2011, when all official approvals had been obtained and all risk and control were considered to have transferred to the buyer. The total accounting profit from the sale of Elkem amounts to NOK 1,213 million.

The table below shows figures from Elkem Silicon-related, which is presented as discontinued operations in the Group's income statement. Elkem Aluminium was sold in 2009 and is thus also included in the figures presented.

Amounts in NOK million	2011	2010	2009
Operating revenues	**2,675**	8,655	6,830
Operating expenses external	**(2,126)**	(7,577)	(6,815)
Depreciations and write-downs property, plant and equipment	**(157)**	(696)	(698)
Amortisation intangible assets	**(20)**	-	(5)
Operating profit/loss	**372**	382	(688)
Net financial items	**(39)**	(250)	(203)
Profit/loss before tax	**333**	132	(891)
Taxes	**(72)**	(55)	220
Profit/loss after tax[1]	**261**	77	(671)
Gain on sale after tax	**1,137**	-	1,100
M&A costs	**(185)**	(117)	-
Profit/loss for discontinued operations	**1,213**	(40)	429
[1] Of this non-controlling interests	4	20	12

Cash flow Elkem:

Amounts in NOK million	2011	2010
Cash flow from operations before net replacement expenditures	**156**	519
Net replacement expenditures	**(68)**	(293)
Expansion investments	**(7)**	(921)

Other disposals

In 2011, Orkla also entered into an agreement to sell Bakers and the take-over took place on 1 February 2012. Assets in Bakers were written down and

NOK 155 million in selling costs were expensed under "Other income and expenses". No figures in the income statement and cash flow statement have been restated in connection with the sale of Bakers. In the statement of financial position, Bakers is presented on two lines as "held for sale". Historically, Bakers is part of the Orkla Foods Nordic segment.

Orkla Financial Investments sold the company Utstillingsplassen Eiendom in 2011. The sale had a negative accounting impact on EBITA of NOK 25 million. At the same time, deferred tax of NOK 44 million was taken to income, resulting in a total gain of NOK 19 million.

Statement of financial position figures for operations held for sale and for discontinued operations:

Amounts in NOK million	Bakers 2011	Elkem 2010
Non-current assets	251	9,595
Current assets	140	4,296
Assets held for sale/discontinued operations	391	13,891
Non-current liabilities	14	953
Current liabilities	163	1,591
Liabilities held for sale/discontinued operations	177	2,544

NOTE 40 CASH FLOW ORKLA-FORMAT

The Orkla-format cash flow statement is presented as a note to its quarterly reports and used as a reference in the Report of the Board of Directors. At Group level, the bottom line of the Orkla-format cash flow statement is net interest-bearing liabilities, an important key figure for the Group. The statement is used directly in management of the business areas and is part of the presentation of segment information. Cash flow from operations distinguishes between industrial activity and investing activity, 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 explained by the currency translation effects related to net interest-bearing liabilities.

Amounts in NOK million	2011	2010	2009
Cash flow in the industrial activities:			
Operating profit	**3,023**	2,940	5,191
Amortisation, depreciation and write-downs	**2,088**	2,503	2,653
Gains on sales of power plants moved to sold companies	**-**	-	(3,066)
Change in net working capital, etc.	**(1,094)**	(1,462)	2,197
Cash flow from operations before net replacement expenditures	**4,017**	3,981	6,975
Net replacement expenditures	**(1,557)**	(1,512)	(1,173)
Cash flow from operations	**2,460**	2,469	5,802
Financial items, net	**(488)**	(544)	(1,261)
Cash flow from industrial activities	**1,972**	1,925	4,541
Cash flow from Orkla Financial Investments	**66**	1,236	1,003
Taxes paid	**(603)**	(686)	(1,402)
Discontinued operations/Other payments	**(509)**	(620)	25
Cash flow before capital transactions	**926**	1,855	4,167
Paid dividends	**(7,436)**	(2,360)	(2,354)
Net purchase of treasury shares	**(109)**	138	94
Cash flow before expansion	**(6,619)**	(367)	1,907
Expansion investment in industrial activities	**(906)**	(509)	(1,765)
Sale of companies/share of companies	**13,503**	1,854	5,914
Purchase of companies/share of companies	**(1,498)**	(2,878)	(3,282)
Net purchase/sale of portfolio investments	**4,494**	2,130	2,866
Net cash flow	**8,974**	230	5,640
Currency effects of net interest-bearing liabilities	**33**	(34)	1,936
Change in net interest-bearing liabilities	**(9,007)**	(196)	(7,576)
Net interest-bearing liabilities	**10,645**	19,652	19,848

Reconciliation "cash flow from operations before replacement expenditures" against condensed cash flow

Amounts in NOK million	2011	2010	2009
Cash flow from operations before net replacement expenditures in cash flow Orkla-format	**4,017**	3,981	6,975
Cash flow from operations before net replacement expenditures from Orkla Financial Investments	**(587)**	360	(199)
Cash flow from operations before net replacement expenditures, see cash flow statement on page 35	**3,430**	4,341	6,776

NOTE 41 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.

Agreement with Unilever. Orkla has a cooperation agreement with Unilever relating to detergents and personal care/cosmetic products through Lilleborg AS. This agreement was originally entered into in 1958, and has since been renewed twice. The agreement runs until 2014.

Eidsiva Vannkraft AS and Borregaard have entered into a long-term power contract for the delivery of a total of 6.1 billion kilowatt hours (6.1 Twh) in the period from 2013 to 2024. The agreement between Eidsiva and Borregaard secures power deliveries for Borregaard's plants in Sarpsborg from 1 January 2013 to 31 December 2024. The deliveries constitute around 15 per cent of Eidsiva's total annual production of power.

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.

Government grants. Orkla received NOK 37 million in government grants in 2011. Of this amount, NOK 5 million was taken to income, NOK 14 million was recognised as reduced costs, while NOK 18 million was recognised as a reduction of the acquisition cost of the asset concerned.

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.

Orkla's recognition of its ownership interest in REC in the income statement will depend on the REC share price performance (see Note 8). The market price of the share at 31 December 2011 was NOK 3.32.

The remainder of the insurance settlement for the fires at Sapa's plant in Finspång is expected to be taken to income in the first half of 2012 at the earliest. The accounting income from these settlements will be presented on the same line as the cost, under "Other income and expenses" (see Note 1).

On 30 January 2012, Orkla ASA entered into an agreement to sell 268,618,858 shares in Fornebu Utvikling (equivalent to 32.4% of the company's share capital) at a price of NOK 2.45 per share. Completion of the agreement is subject to the approval of the Norwegian Competition Authority. Upon completion of the transaction, Orkla will have no shares in Fornebu Utvikling.

The Norwegian Competition Authority has approved the agreement related to the sale of Bakers. The take-over took place 1 Februar 2012 (see Note 1).

No other events have taken place after the reporting period that would have affected the financial statements or any assessments carried out.

Financial Statements for Orkla ASA

INCOME STATEMENT

Amounts in NOK million	Note	2011	2010
Operating revenues		**2**	1
Other operating revenues Group	1	**400**	466
Operating revenues		**402**	467
Payroll expenses	2	**(286)**	(370)
Other operating expenses	6	**(335)**	(425)
Depreciation and amortisation	8, 9	**(23)**	(6)
Operating loss		**(242)**	(334)
Income from investments in other companies		**424**	511
Received Group contributions and dividends		**3,265**	10,158
Other finance income		**116**	1,520
Finance costs Group		**(351)**	(380)
Other finance costs	7	**(7,180)**	(3,229)
Net foreign exchange gains and losses		**(77)**	144
Gains, losses and write-downs in the Share Portfolio		**1,619**	1,767
Profit before taxes		**(2,426)**	10,157
Taxes	11	**(624)**	(233)
Profit after tax		**(3,050)**	9,924
Proposed dividend (not provided for)		**(2,550)**	(2,555)

Comprehensive income

		2011	2010
Profit before tax		**(3,050)**	9,924
Change in unrealised gains on shares after tax		**(3,117)**	947
Change in hedging reserve after tax		**(229)**	(51)
Comprehensive income		**(6,396)**	10,820

CASH FLOW

Amounts in NOK million	2011	2010
Operating profit/loss	**(242)**	(334)
Depreciations and impairment charges	**23**	6
Changes in net working capital etc.	**(270)**	251
Dividends received	**424**	511
Financial items, net	**130**	(146)
Taxes paid	**(8)**	(150)
Cash flow from operating activities	**57**	138
Replacement expenditures	**(5)**	(17)
Sale of companies	**10,777**	1,486
Net change in investments in subsidiaries	**(1,317)**	(5,718)
Investments in foreign companies	**-**	(4,723)
Net purchase/sale Share Portfolio	**4,518**	2,132
Received Group contributions etc.	**9,314**	5,017
Cash flow from investing activities	**23,287**	(1,823)
Dividends paid	**(7,414)**	(2,294)
Net share buy-back	**(109)**	138
Net paid to shareholders	**(7,523)**	(2,156)
Change in other interest-bearing liabilities	**(11,459)**	6,938
Change in interest-bearing own receivables	**(1,014)**	(3,270)
Change in net interest-bearing liabilities	**(12,473)**	3,668
Cash flow from financing activities	**(19,996)**	1,512
Change in cash and cash equivalents	**3,348**	(173)
Cash and cash equivalents 1 January	**(6)**	167
Cash and cash equivalents 31 December	**3,342**	(6)
Change in cash and cash equivalents	**3,348**	(173)

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in NOK million		Note	2011	2010
Intangible assets		9	**47**	35
Deferred tax/tax benefit		11	**64**	-
Property, plant and equipment		8	**144**	174
Investments in subsidiaries		10	**17,650**	28,043
Loans to Group companies			**21,622**	23,908
Shares in other companies		5	**1,896**	7,622
Other financial assets			**632**	496
Non-current assets			**42,055**	60,278
Accounts receivable external			**458**	24
Other receivables			**-**	239
Loans to Group companies			**3,614**	10,564
Share Portfolio investments	See Note 24 Group		**5,455**	11,620
Cash and cash equivalents			**3,342**	-
Current assets			**12,869**	22,447
Total assets			**54,924**	82,725

Equity and liabilities

Amounts in NOK million	Note	2011	2010
Paid in equity		**1,997**	1,999
Retained earnings		**25,373**	39,439
Equity[1]		**27,370**	41,438
Deferred tax	11	**-**	155
Pension liabilities	2	**174**	106
Non-current liabilities Group		**573**	530
Other non-current liabilities		**14,170**	20,335
Non-current liabilities and provisions		**14,917**	21,126
Tax payable		**659**	29
Current liabilities to Group companies		**11,106**	19,113
Accounts payable		**39**	18
Other current liabilities		**833**	995
Overdraft		**-**	6
Current liabilities		**12,637**	20,161
Equity and liabilities		**54,924**	82,725

[1] The change in equity is presented in the Group's statement of changes in equity on page 36.

Notes for Orkla ASA

NOTE 1 ACCOUNTING PRINCIPLES

Besides all head office activities, the financial statements of the holding company Orkla ASA cover the Group's Share Portfolio and some 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. 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. The revenues from these activities are presented on the line "other operating revenues Group", amounted to NOK 400 million.

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. Interests from Group bank and dividends and Group contributions from investments in subsidiaries, are presented as financial items and specified in the income statement.

Receivables and liabilities related to the items above are specified in the statement of financial position for Orkla ASA.

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 to IFRS. The explanations of the accounting principles for the Group also apply to Orkla ASA, and the notes to the consolidated financial statements in some cases cover Orkla ASA. Ownership interests in subsidiaries are presented at cost.

NOTE 2 PAYROLL AND PENSIONS

Amounts in NOK million	2011	2010
Wages	**(192)**	(205)
National insurance contribution	**(35)**	(33)
Remuneration of the Board, Corporate Assembly and other pay-related costs	**(21)**	(69)
Pension costs	**(38)**	(63)
Payroll expenses	**(286)**	(370)
Average number of man-years	**120**	159

Breakdown of net pension costs

The assumptions on which the calculation of pension costs has been based are disclosed in Note 12 to the consolidated financial statements.

Amounts in NOK million	2011	2010
Current service cost (incl. national insurance contribution)	**(9)**	(6)
Interest cost on pension obligations	**(17)**	(16)
Expected return on plan assets	**-**	5
Actuarial gains and losses	**(8)**	(8)
Settlement costs (individual polices to pensioners)	**-**	(34)
Contribution plans	**(4)**	(4)
Net pension costs	**(38)**	(63)

Breakdown of net pension liabilities 31 December

Amounts in NOK million	2011	2010
Present value of pension obligations	**(293)**	(297)
Pension plan assets	**-**	84
Net pension liabilities	**(293)**	(213)
Unrecognised actuarial gains and losses	**119**	107
Capitalised net pension liabilities	**(174)**	(106)

The pension assets were transferred to a contribution fund in 2011. Last year, Orkla decided to terminate the closed defined benefit plan, and all pensioners were thus transferred to individual policies. The remaining net actuarial gains and losses were expensed in connection with the termination of the funded plan.

The remaining net pension liabilities at 31 December 2011 mainly consist of unfunded pension plans for former key personnel and early retirement, and 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.

NOTE 3 GUARANTEES AND MORTGAGES

Amounts in NOK million	2011	2010
Subscribed, uncalled limited partnership capital	**162**	240
Guarantees to subsidiaries	**299**	255
Other guarantees	**35**	251

NOTE 4 LOANS TO EMPLOYEES

Other financial assets include loans to employees.

Amounts in NOK million	2011	2010
Loans to employees	**5**	8

NOTE 5 SHARE INVESTMENTS

Amounts in NOK million	Book value	Ownership interest[1]	Head office
REC ASA	**1,315**	39.7%	NO-Bærum
Fornebu Utvikling ASA (FBU)	**581**	32.4%	NO-Bærum
Total	**1,896**		

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

The shares in REC were written down to market value at 31 December 2011, as has been done at Group level. The write-down amounted to NOK 5,734 million in 2011.

Orkla's shares in Fornebu Utvikling ASA were sold on 30 January 2012 for NOK 2.45 per share, amounting to NOK 658 million for the entire shareholding.

NOTE 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. The administration prepares matters for the Compensation Committee and the Board.

In 2011 the Group Executive Board comprised the following members: Bjørn M. Wiggen, Torkild Nordberg, Roar Engeland (until 14 February 2011), Karin Aslaksen, Terje Andersen, Svein Tore Holsether and Timothy R. J. Stubbs (CEO of Sapa until 1 September 2011). Svein Tore Holsether held the position of Executive Vice President in charge of Mergers & Acquisitions from 1 February to 1 September, after which he took over as CEO of Sapa AB following Mr Stubbs' resignation.

The following salaries and remuneration were paid to the Group Executive Board in 2011:

Amounts in NOK	Ordinary salary	Bonus	Benefits in kind[1]	Pension costs
Bjørn M. Wiggen	5,671,502	1,192,905	189,937	1,498,189
Torkild Nordberg	3,668,951	1,382,389	185,869	854,979
Timothy R. Stubbs	3,196,672	525,414	167,765	870,401
Roar Engeland[2]	3,077,444	1,501,839	151,857	721,571
Svein Tore Holsether	2,657,351	1,248,934	157,280	468,462
Karin Aslaksen[3]	1,898,168	1,184,500	168,740	499,199
Terje Andersen	2,927,929	1,141,019	210,542	640,588
Total remuneration	23,098,017	8,177,000	1,231,990	5,553,389

[1] Option gains are shown in the table on the next page.
[2] Includes pay during the period of notice.
[3] Bonus obtained in Elkem.

The shareholdings of 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 pension 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 at 31 December 2011 was NOK 844,225. 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 pay 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 2011 the members of the Group Executive Board have participated in the Group's annual bonus system. The Group Executive Board participates in the Group's general employee share purchase programme. No guarantees have been provided for members of the Group Executive Board.

Options awarded to the Group Executive Board as of 31 December 2011

	Number	Award date (dd/mm/yyyy)	Strike price	1st exercise (dd/mm/yyyy)	Last exercise (dd/mm/yyyy)
Bjørn M. Wiggen	35,000	08.05.2008	76.40	08.05.2011	08.05.2014
	100,000	22.05.2009	47.36	22.05.2012	22.05.2015
	105,000	10.05.2010	46.38	10.05.2013	10.05.2016
	172,000	09.05.2011	52.53	09.05.2014	09.05.2017
Torkild Nordberg	70,000	08.05.2008	76.40	08.05.2011	08.05.2014
	110,000	22.05.2009	47.36	22.05.2012	22.05.2015
	115,000	10.05.2010	46.38	10.05.2013	10.05.2016
	108,000	09.05.2011	52.53	09.05.2014	09.05.2017
Terje Andersen	40,000	08.05.2008	76.40	08.05.2011	08.05.2014
	90,000	22.05.2009	47.36	22.05.2012	22.05.2015
	95,000	10.05.2010	46.38	10.05.2013	10.05.2016
	86,000	09.05.2011	52.53	09.05.2014	09.05.2017
Svein Tore Holsether	20,000	16.02.2007	88.94	20.02.2010	15.12.2012
	40,000	22.05.2009	47.36	22.05.2012	22.05.2015
	50,000	10.05.2010	46.38	10.05.2013	10.05.2016
	91,000	09.05.2011	52.53	09.05.2014	09.05.2017
Karin Aslaksen	15,000	16.02.2007	88.94	20.02.2010	15.12.2012
	20,000	08.05.2008	76.40	08.05.2011	08.05.2014
	35,000	22.05.2009	47.36	22.05.2012	22.05.2015
	35,000	10.05.2010	46.38	10.05.2013	10.05.2016
	65,000	09.05.2011	52.53	09.05.2014	09.05.2017

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, under section 5-6 (3) of the same Act, 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) below).

(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 pay 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 2012 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 should be 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 12G, the contribution rate is 15% (as from 1 May 2011 1G is NOK 79,216). 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 improved results. 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.

(c) Variable elements – long-term incentive

The general option programme is to be replaced by a cash-based arrangement. An amount based on the result of the annual bonus programme will be deposited in a bank. The bank deposit will be adjusted according to the performance of the Orkla share until it is paid out (2-3 years). The annual amount paid out from the long-term programme must not exceed one year's pay on the disbursement date. Any excess amount will be added to the bank deposit to be paid out the following year.

(iii) Special comments on share-based incentive arrangements

Option programme for executive management and key personnel

In light of the Group's change of strategy, the Board of Directors proposes to limit the option programme to members of the Group Executive Board. A quota of 1 million options is recommended (approximately 0.1% of shares outstanding). 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.

Options are primarily to be awarded on the day after the Annual General Meeting. Option awards at other times during the year may be made after the results for the following quarter are published. Options may not be exercised until, at the earliest, three years and, at the latest, four years after the award, and a ceiling related to the gain limits it to three year's gross annual salary. All options are to be adjusted for dividends as from 2012.

(iv) Senior executive pay 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 2011.

(v) Changes in contractual arrangements

Roar Engeland resigned from his position as Executive Vice President for Mergers & Acquisitions on 14 February 2011. Timothy R.J. Stubbs resigned from his position as CEO og Sapa AB, and Svein Tore Holsether was appointed Sapa CEO as from 1 September 2011. Changes were made in the option programme as described above. No other changes were made in the contracts of 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 2011 the maximum amount before the discount was around NOK 40,000) at a discount of 30% in relation to the market price of the share. In 2011 this programme covered employees in 25 countries and approximately 29,000 employees. The Board of Directors recommends to the General Meeting that the employee share purchase programme is continued on the same conditions as in 2011.

Remuneration of the Board of Directors and Board members' shareholdings

As from 26 May 2011, the Board of Directors is remunerated at the following rates:

Board Chair	NOK	595,000	per year
Board Deputy Chair	NOK	465,000	per year
Board member	NOK	352,000	per year
Observer	NOK	133,000	per year
Deputy member	NOK	23,500	per meeting

Audit Committee and Compensation Committee

Committee Chair	NOK	117,000	per year
Member	NOK	88,000	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	249,542,000
Åge Korsvold	20,000[2]
Bjørg Ven	15,000
Åse Aulie Michelet	8,500
Peter A. Ruzicka	405,250
Jesper Ovesen	20,000
Barbara M. Thoralfsson	0
Employee-elected Board members	
Aage Andersen	4,159
Gunn Liabø	7,336
Sidsel Kjeldaas Salte[3]	6,859
Employee-elected Board observers	
Peer Sørensen	2,400
Kenneth Hertz	0

[1] Total share ownership including related parties

[2] On 8 December 2011, Åge Korsvold, through the related company Gyljandi AS, entered into a forward contract for the purchase of 200,000 shares in Orkla ASA with a maturity date of 7 June 2012. Following this transaction, Åge Korsvold and related parties have an exposure of 220,000 shares in Orkla ASA.

[3] Regularly attending deputy member.

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.

No loans have been granted to or guarantees provided for members of the Corporate Assembly. The shareholdings of members of the Corporate Assembly are presented on page 96.

Fees to Group external auditor

Amounts in NOK million (excl. VAT)	2011	2010
Parent company		
Statutory audit	**2.5**	2.8
Other attest services	**0.2**	-
Tax consultancy services	**4.2**	3.3
Other non-audit services	**1.8**	0.3
Group		
Statutory audit	**37**	35
Other attest services	**1**	1
Tax consultancy services	**10**	10
Other non-audit services	**7**	2
Total fees to Ernst & Young	**55**	48
Statutory audit fee to other auditors	**2**	1

NOTE 7 OTHER FINANCE COSTS

Amounts in NOK million	2011	2010
Interest costs	**(416)**	(428)
Change in fair value interest element	**(27)**	(65)
Write-down share investments, see Note 5	**(5,726)**	(2,582)
Losses and write-downs subsidiaries[1]	**(376)**	(69)
Loss on sale of shares in Elkem	**(556)**	-
Others	**(79)**	(85)
Total other finance costs	**(7,180)**	(3,229)

[1] Primarily the write-down of Bakers (2010: Write-down of Orkla Foods Romania and the sale of Orkla Finans).

In 2011, Orkla ASA sold all its shares in Elkem AS to the Chinese company Bluestar. In addition to the consideration for the shares, Orkla also received a capital reduction equivalent to NOK 4.8 billion from Elkem.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million	Land, buildings and other property	Machinery and equipment	Total
Book value 1 January 2011	96	78	**174**
Additions	3	2	**5**
Reclassified to intangible assets	-	(31)	**(31)**
Depreciation	-	(4)	**(4)**
Book value 31 December 2011	99	45	**144**
Initial cost 1 January 2011	114	132	**246**
Accumulated depreciation and write-downs 1 January 2011	(18)	(54)	**(72)**
Book value 1 January 2011	96	78	**174**
Initial cost 31 December 2011	117	103	**220**
Accumulated depreciation and write-downs 31 December 2011	(18)	(58)	**(76)**
Book value 31 December 2011	99	45	**144**

NOTE 9 INTANGIBLE ASSETS

Amounts in NOK million	Trademarks not amortisable	IT	Total
Book value 1 January 2011	26	9	**35**
Reclassified from property, plant and equipment	-	31	**31**
Amortisation	-	(19)	**(19)**
Book value 31 December 2011	26	21	**47**
Initial cost 1 January 2011	26	31	**57**
Accumulated depreciations and write-downs 1 January 2011	-	(22)	**(22)**
Book value 1 January 2011	26	9	**35**
Initial cost 31 December 2011	26	62	**88**
Accumulated depreciations and write-downs 31 December 2011	-	(41)	**(41)**
Book value 31 December 2011	26	21	**47**

NOTE 10 SHARES IN SUBSIDIARIES, DIRECTLY OWNED

Amounts in NOK million	Book value	Group's share of capital
Procordia Food AB	5,469	100%
Industriinvesteringer AS	2,848	100%
Chips Ab	2,829	100%
Chips Scandinavian Company AB[1]	1,516	40%
Orkla Energi AS	1,065	100%
Axellus AS	590	100%
Orkla Brands AS	517	100%
Swebiscuits AB	512	100%
Orasa Invest AS	452	100%
Borregaard Industries Limited Norge		
Ordinary shares	271	100%
Preference shares	43	99.9%
Orkla Eiendom AS	244	100%
Orkla Foods Romania SA	184	100%
Orkla Asia Holding AS	166	100%
Orkla Insurance Company Ltd.	151	100%
Nidar AS	110	100%
Borregaard NEA AS	101	100%
Bakers AS med eiendomsselskaper	87	100%
Lilleborg AS	87	100%
Denomega Nutritional Oils AS	77	100%
Viking Askim AS	56	100%
Øraveien Industripark AS	55	100%
Orkla Shared Services AS	55	100%
Chr. Salvesen & Chr. Thams's Comm. AS	44	100%
Orkla Invest AB	38	100%
Vfot AS	27	100%
NINO AS	25	100%
Meraker Eiendom Holding AS	15	100%
Sætre AS	11	100%
Axellus UAB	4	100%
Attisholz Infra AG[2]	1	0.4%
Total	17,650	

[1] 60% of the shares in Chips Scandinavian Company AB are owned by Chips Ab.
[2] The rest of the shares are owned by LignoTech Sweden AB.

Only directly owned subsidiaries are included in the above table. The Group also has indirect ownership in approximately 400 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.

NOTE 11 TAXES

Taxes

Amounts in NOK million	2011	2010
Profit before taxes	**(2,426)**	10,157
Change in temporary differences	**782**	(500)
Correction for change in temporary differences previous years	**(42)**	(103)
Correction for change in temporary differences taken to comprehensive income	**(730)**	(173)
Total change in temporary differences	**10**	(776)
Tax-free dividends, capital gains (losses) and write-downs	**5,766**	(383)
Group contributions without tax	**(1,130)**	(9,300)
Other permanent differences	**(83)**	302
Total permanent differences	**4,553**	(9,381)
Total taxable income	**2,137**	0
Calculated current tax expense	**(598)**	0
Withholding tax foreign dividends	**(17)**	(18)
Correction concerning previous years	**(24)**	(26)
Total current tax expense	**(639)**	(44)
Change in deferred tax	**15**	(189)
Total tax expense	**(624)**	(233)

Deferred tax

Amounts in NOK million	2011	2010
Financial derivatives	**516**	632
Unrealised gains (losses) on shares outside the TEM[1] in equity	**169**	588
Accumulated write-downs outside the TEM[1]	**(285)**	(383)
Hedging reserve in equity	**(310)**	1
Property, plant and equipment	**(6)**	(3)
Pension liabilities	**(174)**	(173)
Other current liabilities	**(139)**	(6)
Losses carried forward	**0**	(103)
Basis for deferred tax	**(229)**	553
Deferred tax asset/liability	**(64)**	155
Change in deferred tax	**219**	(140)
Change in deferred tax taken to comprehensive income	**(204)**	(49)
Change in deferred tax in the income statement	**15**	(189)

[1] TEM = Tax Exemption Method

Reconciliation of total tax expense

Amounts in NOK million	2011	2010
28% of profit before taxes	**679**	(2,844)
Tax-free dividends, capital gains (losses) and write-downs Share Portfolio	**451**	421
Write-down shares in REC	**(1,710)**	(711)
Net loss/gain on sale of Elkem, Borregaard and Orkla Finans	**(156)**	398
Tax gain Elkem	**(200)**	0
Group contributions without tax	**316**	2,604
Other permanent differences	**23**	(85)
Withholding tax	**(17)**	(18)
Change from previous years	**(10)**	2
Total tax expense for Orkla ASA	**(624)**	(233)

NOTE 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. This risk is quantified in Note 24 to the consolidated financial statements. Currency risk and currency hedges are shown in Note 31 and Note 32 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 mitigate 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, book equity and goodwill. The internal bank does not actively take on currency risk. Internal loans and receivables 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 31 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 11 to the consolidated financial statements.

Further details of the organisation of risk management and the risk related to financial instruments are disclosed in Note 31 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 31 to the consolidated financial statements. The Share Portfolio does not use hedge accounting for currency hedging instruments.

The internal and external currency forward contracts and cross currency swaps are recognised at fair value in the statement of financial position with changes in fair value recognised through profit and loss. Currency effects on internal and external loans are also accounted for through profit and loss.

Interest rate swaps. External borrowing for the Group is mainly originated in the name of Orkla ASA. Loans originated at fixed interest rates are swapped to floating interest rates through interest rate swaps. These swaps are recognised as fair value hedges with fair value changes recognised through profit and loss. At 31 December 2011, the fair value of such interest rate swaps was NOK 632 million (2010: NOK 489 million). During the year NOK 143 million was recognised as financial income from changes in the fair value of these interest rate swaps, and NOK 146 million was recognised as financial cost from fair value changes relating to the hedged 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. At 31 December 2011, the fair value of these swaps amounted to NOK -310 million (2010: NOK 1 million).

Interest rate swaps with short maturities and FRAs are recognised with changes in fair value through profit and loss. The fair value at 31 December 2011 was NOK 1 million (2010: NOK 1 million).

Equity hedging reserve. Development in equity hedging reserve:

Amounts in NOK million	2011	2010
Opening balance hedging reserve before tax	**18**	86
Recognised as financial income/expenses	**28**	(7)
Fair value change during the year	**(346)**	(61)
Closing balance equity hedging reserve before tax	**(300)**	18
Deferred tax hedging reserve	**87**	(2)
Closing balance equity hedging reserve after tax	**(213)**	16

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):

2012:	NOK -26 million
After 2012:	NOK -274 million

In 2011 no hedging inefficiency was recognised on cash flow hedges.

NOTE 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 the Group 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 18 million in 2011.

Matters disclosed in the Notes to the consolidated financial statements

Share-based payment – Note 11.

Events after the reporting period – Note 41.

Shareholders in Orkla ASA

A list of the largest shareholders in Orkla ASA is presented in Note 34.

Statement from the Board of Directors of Orkla ASA

We confirm that the financial statements for the period 1 January up to and including 31 December 2011, 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 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 as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, 8 February 2012

The Board of Directors of Orkla ASA

Stein Erik Hagen
Chair

Åge Korsvold
Deputy Chair

Aage Andersen

Gunn Liabø

Åse Aulie Michelet

Jesper Ovesen

Peter A. Ruzicka

Sidsel Kjeldaas Salte

Barbara M. Thoralfsson

Bjørg Ven

Bjørn M. Wiggen
President & CEO

Auditor's report

TO THE GENERAL MEETING OF ORKLA ASA

Report on the financial statements

We have audited the accompanying financial statements of Orkla ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2011, the statements of income, 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 2011 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 the Group 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 2011 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 and the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and the statement on corporate governance 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 ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 9 February 2012
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 2011 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 2011.

Oslo, 1 March 2012
For the Corporate Assembly of Orkla ASA

Idar Kreutzer
Chair of the Corporate Assembly

Historical key figures

	Definition		2011	2010	2009	2008	2007
INCOME STATEMENT							
Operating revenues		(NOK million)	**61,009**	**57,338**	56,228	65,579	63,867
EBITA*		(NOK million)	**4,041**	**3,944**	2,448	4,240	5,112
Amortisation intangible assets		(NOK million)	**(55)**	**(52)**	(213)	(228)	(230)
Other income and expenses		(NOK million)	**(1,041)**	**330**	2,871	(1,654)	(814)
Operating profit		(NOK million)	**2,945**	**4,222**	5,106	2,358	4,068
EBITA-margin*	1	(%)	**6.6**	**6.9**	4.4	6.5	8.0
Ordinary profit/loss before taxes		(NOK million)	**(923)**	**20**	1,071	(2,015)	10,059
Gains/profit/loss discontinued operations		(NOK million)	**1,213**	**(40)**	993	(55)	0
Profit/loss for the year		(NOK million)	**(728)**	**(864)**	2,560	(2,965)	8,445
CASH FLOW							
Net cash flow		(NOK million)	**8,974**	**230**	5,640	(9,571)	(5,216)
RETURN							
Return on capital employed (excl. Orkla Financial Investments)	2	(%)	**10.7**	**10.5**	5.2	9.4	11.5
Return on Share Portfolio investments		(%)	**(14.1)**	**31.8**	39.0	(45.3)	16.2
CAPITAL AS OF 31 DECEMBER							
Book value of total assets		(NOK million)	**66,396**	**87,541**	94,686	104,926	94,792
Market capitalisation	3	(NOK million)	**45,543**	**57,947**	57,934	46,223	107,817
Equity ratio	4	(%)	**51.8**	**53,6**	51,7	47,7	58,3
Net interest-bearing liabilities	5	(NOK million)	**10,645**	**19,652**	19,848	27,424	16,178
Interest coverage ratio	6		**(1.4)**	**1.1**	2.2	(1.1)	15.3
Average borrowing rate		(%)	**2.7**	**2.2**	3.5	5.3	4.9
Share of floating interest-bearing liabilities	7	(%)	**67**	**76**	78	96	75
Average time to maturity liabilities	8	(år)	**4.1**	**4.3**	4.2	4.7	5.3
SHARES							
Average number of shares outstanding diluted		(x 1,000)	**1,020,194**	**1,019,688**	1,017,509	1,017,830	1,031,292
Average number of shares outstanding		(x 1,000)	**1,020,194**	**1,019,619**	1,017,110	1,016,315	1,027,807
SHARE-RELATED KEY FIGURES							
Share price at 31 December		(NOK)	**44.65**	**56.70**	56.85	45.45	105.25
Earnings per share diluted	9	(NOK)	**(0.8)**	**(0.9)**	2.5	(2.8)	8.1
Ordinary dividend per share (proposed for 2011)		(NOK)	**2.50**	**2.50**	2.25	2.25	2.25
Payout ratio	10	(%)	**(312.5)**	**(277.8)**	90.0	(80.4)	27.8
Price/earnings ratio	11		**(55.8)**	**(63.0)**	22.7	(16.2)	13.0
PERSONNEL							
Number of employees			**29.785**	**30,233**	30,167	31,541	34,680
Number of man-years			**29.397**	**29,748**	29,571	30,937	34,854

* EBITA = Operating result before amortisation and other income and expenses.

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

Group directory

PARENT COMPANY

Orkla ASA
Karenslyst allé 6, 0278 Oslo
P.O. Box 423 Skøyen,
NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00
www.orkla.com

Orkla ASA
Løkkenveien 204
NO-7332 Løkken Verk, Norway
Tel.: +47 72 49 90 00

ORKLA BRANDS

Orkla Brands AS
P.O. Box 4236 Nydalen
NO-0401 Oslo, Norway
Tel.: +47 22 89 50 00
www.orklabrands.com

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
Tel.: +47 66 81 61 00
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
- Stabburet AS, Vigrestad, Norway

Procordia Food AB
Ellingevägen 14
SE-241 81 Eslöv, Sweden
Tel.: +46 413 65 000
www.procordia.se

- Procordia Food AB, Fågelmara, Sweden
- 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 Göteborg, Sweden
Tel.: +46 31 701 44 00
www.abbaseafood.se

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

Beauvais foods A/S
Hørsvinget 1-3
DK-2630 Tåstrup, Denmark
Tel.: +45 43 58 93 00
www.beauvais.dk

- Beauvais foods A/S, Svinninge, Denmark
- Beauvais foods A/S, 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
- UAB Suslavicius-Felix, Kaunas, Lithuania

Orkla Brands Nordic
P.O. Box 4236 Nydalen
NO-0401 Oslo, Norway
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
P.O. Box 2444 Sluppen
NO-7005 Trondheim, Norway
Tel.: +47 73 58 30 00
www.nidar.no

- Nidar AS, Oslo, Norway

Chips Ab
Sundsvägen 420
Haraldsby
AX-22 410 Godby
Åland, Finland
Tel.: +358 20 7918 700
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
P.O. Box 4293 Nydalen
NO-0402 Oslo, Norway
Tel.: +47 22 89 64 00
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, Stockholm, Sweden

Orkla Brands International
P.O. Box 711
NO-1411 Kolbotn, Norway
Tel.: +47 66 81 61 00

Felix Austria GmbH
Felixstrasse 24
AT-7210 Mattersburg, Austria
Tel.: +43 2626 610-0
www.felix.at

OJSC «Orkla Brands Russia»
21 Sotsialisticheskaya Street
RU-191119 St. Petersburg, Russia
Tel.: +7 812 329 1400
www.orklabrands.ru

- Confectionery Factory «SladCo», Ekaterinburg, Russia
- Confectionery Factory «SladCo», Ulianovsk, Russia
- Krupskaya Confectionery Factory, St. Petersburg, Russia
- Confectionery Plant "Pekar", Leningrad Oblast, Russia

MTR Foods Pvt. Limited
No. 4, 17th Cross, KR Road
BSK 2nd Stage
IN-560 070 Bangalore, India
Tel.: +91 80 40 81 21 00
www.mtrfoods.com

- Rasoi Magic Foods Pvt. Limited, Pune, India

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
- BaKo AS, Rolvsøy, Norway
- Iglo Logistikk senter, Jessheim, 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
- Merkur 09 Sp.z.o.o, Warsaw, Poland

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

Sapa AB
Box 5505
SE-114 85 Stockholm, Sweden
Tel.: +46 8 459 59 00
www.sapagroup.com

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., Guelph, Ontario
- Sapa Canada Inc., Mississauga, Ontario
- Sapa Canada Inc., North York, Ontario
- Sapa Canada Inc., Pointe Claire, Quebec

China
- Sapa Heat Transfer (Shanghai) Ltd., Shanghai
- Sapa Heat Transfer (Shanghai), Tube Division, Shanghai
- Sapa Profiles Asia Ltd., Shanghai
- Sapa Profiles Jiangyin Co Ltd., Shanghai
- Sapa Chalco Aluminium Products Ltd., Chongqing (50% JV)

Czech Republic
- Sapa Profily s.r.o., Ostrava
- Sapa Building System s.r.o, Prague

Denmark
- Sapa Profiler A/S, Aarhus
- Sapa Building System AB, Tilst

England
- Sapa Building Systems Ltd., Tewkesbury, Seven Drive
- Sapa Components UK Ltd., Gloucester
- Sapa Profiles UK Ltd., Cheltenham
- Sapa Profiles UK Ltd., Tibshelf
- Sapa Profiles UK Ltd., Redditch
- Sapa Components UK Ltd, 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, Pinnow
- Haticon GmbH, Güterfelde

Hungary
- Sapa Profiles Kft, Székesfehérvár

India
Sapa Profiles India Pvt Ltd, Bangalore
Sapa Building System India Pvt Ltd, Mumbai
Sapa Heat Transfer Tubes India Pvt Ltd, Pune

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 Building 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 Componentes para o Alumínio SA, Sintra
- Sapa Profiles Portugal, Avintes

Qatar
- Sapa Building System Qatar, Doha, Qatar

Romania
- SC Sapa Profiles SRL, Chisneu Cris

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

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, Göteborg
- 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
- Sapa Profiles HQ, Lausanne

Turkey
- Sapa Yapi Sistem Sanayi ve Ticaret AS, Istanbul

Ukraine
Sapa Profiles Ukraine, Kiev

United Arab Emirates
- Sapa RC System Dubai

USA
- Norca Heat Transfer, Sales Office, Great Neck, New York
- Sapa H E Tubing, Inc., Moon Township, Pennsylvania
- Sapa Profiles North America (HQ), Rosemont, Illinois
- 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 Extrusions Inc., Mountaintop, Pennsylvania
- Sapa Extrusions Inc., Elkhart, Indiana
- Sapa Extrusions Inc., Connersville, Indiana
- Sapa Extrusions Inc., Gainesville, Georgia
- Sapa Extrusions Inc., City of Industry, California
- Sapa Burlington, Burlington, North Carolina
- Sapa Extrusions, Miami, Florida

Vietnam
Sapa Ben Thahn Aluminium Profiles Co Ltd, Ho Chi Minh City

OTHER BUSINESSES

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 Ind. Ltd, Shanghai Representative Office, Shanghai

Czech Republic
Biotech Lignosulfonate Handels GesmbH, Paskov

England
Borregaard UK Ltd., Warrington

France
Borregaard France Sarl, Paris

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

India
Borregaard South Asia Pvt Ltd., Navi Mumbai

Japan
Borregaard Industries Ltd., Japan Branch, Tokyo

Norway
Borregaard Industries Ltd., Sarpsborg
Borregaard Industries Ltd., Leknes
Borregaard Industries Ltd., Ålesund
Borregaard Trælandsfos AS, Kvinesdal

Poland
Borregaard Poland, Poznan

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

South Africa
LignoTech South Africa, Umkomaas

Spain
LignoTech Ibérica S.A, Torrelavega
Borregaard Ibérica S.L., Barcelona

Sweden
LignoTech Sweden AB, Vargön

United Arab Emirates
Borregaard Middle East, Dubai

USA
LignoTech USA Inc, Bridgewater, New Jersey
LignoTech USA Inc, Houston, Texas
LignoTech USA Inc, Rothschild, Wisconsin
Borregaard North America, Boulder, Colorado

Hydro Power

Borregaard Energi
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

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 (Real Estate)
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
Svein Tore Holsether	Executive Vice President	Sapa
Terje Andersen	Executive Vice President	Chief Financial Officer (CFO)
Karin Aslaksen	Executive Vice President	Strategic HR & Communication
Karl Otto Tveter	Executive Vice President	Legal Affairs

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 Svein Tore Holsether	OTHER BUSINESSES
ORKLA FOODS NORDIC Atle Vidar Johansen	**SAPA PROFILES** John Thuestad	**SHARE PORTFOLIO** Thomas Øybø
ORKLA BRANDS NORDIC Jan Ove Rivenes	**SAPA BUILDING SYSTEM** Hans Johansson	**ORKLA EIENDOM** Øystein Thorup
ORKLA BRANDS INTERNATIONAL Paul Jordahl	**SAPA HEAT TRANSFER** Johan Menckel	**BORREGAARD** Per A. Sørlie
ORKLA FOOD INGREDIENTS Pål Eikeland		**AS SAUDEFALDENE** Johan Chr. Hovland
		JOTUN AS (42,5 %) Morten Fon

CORPORATE FUNCTIONS

FINANCE AND ACCOUNTING	OTHER CORPORATE FUNCTIONS
Geir Solli Senior Vice President, Finance	**Hilde Myrberg** Senior Vice President, Corporate Governance
Frode Kronstad Senior Vice President, Corporate Accounting	**Gustaf S. Christensen** Vice President, Corporate Development
Rolf A. Strøm Vice President, Financial Planning and Analysis	**Kjell Sundsli** Senior Vice President, Corporate Development Asia
Rune Helland Senior Vice President, Investor Relations	**Johan Chr. Hovland** Senior Vice President, Communication and Public Affairs
Pål Knutzen Senior Vice President, Taxes	**Håkon Mageli** Senior Vice President, Corporate Affairs
	Fridthjof Røer Chief Internal Auditor
	Erik R. Barkald Senior Vice President, Strategic Development

Governing bodies and elected representatives

Corporate Assembly

Elected by the shareholders

Idar Kreutzer (0)	Storebrand ASA (15,057,684)
Terje R. Venold (1000)	Veidekke ASA (0)
Johan H. Andresen (0)	FERD AS (100,000)
Rune Bjerke (0)	DNB ASA (22,869,288)
Kjetil Houg (600)	Oslo Pensjonsforsikring AS (4,000,000)
Nils-Henrik Petterson (42,080)	Advokatfirmaet Schjødt AS (0)
Gunn Wærsted (0)	Nordea-konsernet (2,202,037)
Olaug Svarva (0)	Folketrygdfondet (92,585,374)
Dag Mejdell (15,350)	Posten Norge AS (0)
Nils K. Selte (53,000)	Canica (249,142,000)
Lars F. Windfeldt (0)	Arcanum Eiendom AS (0)
Marianne Blystad (0)	Ro Sommernes Advokatfirma DA (0)
Claus R. Flinder (0)	Simonsen Advokatfirma DA (0)
Ann Kristin Brautaset (0)	Folketrygdfondet (92,585,374)

Deputy members

Odd Gleditsch d.y. (0)	HEJO Holding AS (101,000)
Gunnar Rydning (0)	
Scilla Treschow Hokholt (71,965)	Fritzøe Gård (0)
Benedikte B. Bjørn (0)	Statoil ASA (3,161,034)
Mimi K. Berdal (0)	

Board of Directors

Stein Erik Hagen (249,542,000)
Åge Korsvold (20,000[1])
Åse Aulie Michelet (8,500)
Bjørg Ven (15,000)
Peter A. Ruzicka (405,250)
Jesper Ovesen (20,000)
Barbara M. Thoralfsson (0)
Aage Andersen (4,159)
Gunn Liabø (7,336)

[1] On 8 December 2011, Åge Korsvold, through the related company Gylandi AS, entered into a forward contract for the purchase of 200,000 shares in Orkla ASA with a maturity date of 7 June 2012. Following this transaction, Åge Korsvold and related parties have an exposure of 220,000 shares in Orkla ASA.

Employee-elected Board observers

Peer Sørensen (2,400)
Kenneth Hertz (0)

Employee-elected Board members

Sidsel Kjeldaas Salte, attending deputy (6,859)
Terje Utstrand (2,187)
Roger Vangen (3,961)
Eldar Johnsen (304)

Elected by the employees

Kai Erik Andersen (11,289)
Reidar Aaserød (4,121)
Åsmund Dybedahl (959)
Mats Ekvall (3,209)
Lene Aarøe Larsen (1,330)
Esa Mäntylä (0)

Personal deputies for the Swedish and Danish representatives

Per Carlsson (0)
Robert Johansson (379)

Employee-elected deputies

Øyvind Rønningen (1,720)
Geir T. Kildal (650)
Bente Seljebakken Klausen (972)
Torfinn Kauserud Larsen (80)

Auditor

Ernst & Young AS (0)
Jan Wellum Svensen (0)
State authorised public accountant

Nomination Commitee

Nomination Commitee elected by the General Meeting (cf. Article 18 of the Articles of Association)

Idar Kreutzer (0)
Nils-Henrik Petterson (42,080)
Leiv Askvig (0)
Olaug Svarva (0)
Åsmund Dybendahl (959)

Figures in brackets indicate the number of shares owned as of 31 December 2011, 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.

A 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 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 Committee of Union Representatives as of 31 December 2011.

Orkla Committee of Union Representatives

Working Committee

Terje Utstrand, Chair
Jonny Bengtsson, 1st Deputy Chair
Peer Sørensen, 2nd Deputy Chair
Sidsel Kjeldaas Salte, Secretary
Gunn Liabø
Åke Ligardh
Kenneth Hertz

Commitee of 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

Web-based reports

More detailed information on Orkla's business areas and value creation at Orkla is provided in the Group's web-based Annual Report for 2011, which can be found at www.orkla.com.

Orkla also publishes a sustainability report. The report describes how the Group fulfils its corporate responsibility, with emphasis on efforts to promote human rights, good working and environmental standards and zero tolerance for corruption. The report also gives an account of the progress made in the Orkla companies' efforts to address important sustainability issues such as energy efficiency improvement, consumer health and sustainable supply chains. Orkla's Sustainability Report 2011 may be found at www.orkla.com.

Orkla's sponsorships

Main sponsor of:

Sponsor of:

Front page:
The figures are a selection from the ornamental work of art unveiled at Orkla's head office in 2011. The artist, Benjamin Bergman, has made a thorough study of Orkla's history. The work spans all six floors of the building, and consists of 18 levels and 357 figures, one from each year since Orkla was founded.

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Orkla ASA
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway

Office address:
Karenslyst allé 6
NO-0278 Oslo, Norway

Tel: +47 22 54 40 00
Fax: +47 22 54 44 90
Enterprise number:
NO 910 747 711

www.orkla.com
info@orkla.com