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Orkla – Last four months Preliminary results

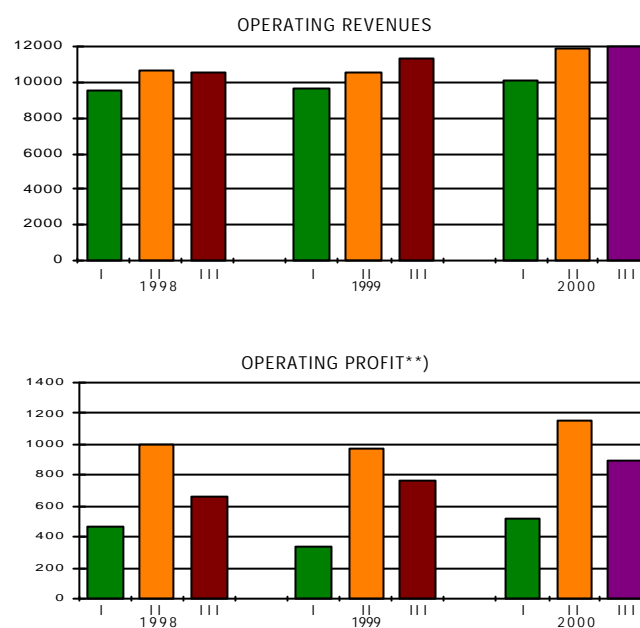
2000

Group Income Statement

Amounts in NOK million	1.1.-31.12.		1.9.-31.12.	
	2000	1999	2000	1999
Operating revenues	34,083	31,492	12,041	11,315
Cost of goods sold	(13,850)	(12,376)	(4,918)	(4,444)
Other operating expenses	(15,565)	(15,022)	(5,533)	(5,425)
Ord. depreciation and write downs	(1,618)	(1,565)	(543)	(533)
Operating profit before goodwill and other revenues and expenses	3,050	2,529	1,047	913
Goodwill amortisation and write-downs	(479)	(443)	(157)	(147)
Other revenues and expenses	36	91	(4)	(2)
Operating profit	2,607	2,177	886	764
Profit from associates	242	114	24	17
Dividends	555	325	181	12
Portfolio gains	2,727	595	(319)	253
Financial items, net	(960)	(892)	(368)	(287)
Profit before tax	5,171	2,319	404	759
Taxes	(1,388)	(527)	(196)	(168)
Profit after tax	3,783	1,792	208	591
Of this minority interests	182	125	53	26
Profit before tax, Industry area	1,816	1,375	512	475
Profit before tax, Financial Investments	3,355	944	(108)	284
Earnings per share fully diluted (NOK)	17.0	7.9	0.7	2.7
Earnings per share fully diluted (NOK)^{*)}	19.5	9.7	1.7	3.4

*) Excluding goodwill amortisation and non-recurring items.

Operating revenues and Operating profit^{**)} in NOK million 4 month periods



**) Excluding «Other revenues and expenses».

The Orkla Group

Main trends

Orkla's pre-tax profit for 2000 totalled NOK 5,171 million, a rise of NOK 2,852 million compared with 1999. The profit increase reflects high sales gains in the Financial Investments division and significant improvements in the Industry division.

For the Industry division, operating profit before other revenues and expenses rose by 26% to NOK 2,497 million. Chemicals and Orkla Beverages achieved the greatest profit growth, but all business areas improved their performance. The Chemicals area benefited from enhanced productivity at the Sarpsborg factory and favourable market conditions. Baltic Beverages Holding (BBH) strengthened its market position in Russia and reported substantial growth in both volume and profit.

The year 2000 was a period of significant structural moves in the Industry division. Orkla entered into an agreement with Carlsberg A/S to merge the two companies' beverages operations to form Carlsberg Breweries, the fifth largest brewery group in the world. This is the first time that Orkla will be directly involved in developing a very strong global brand. The final agreement was signed on 13 February 2001. Through its acquisition of Det Berlingske Officin A/S, Orkla Media has formed the fifth largest media company in the Nordic region. By

establishing Chips Scandinavian Company AB with the Finnish company Chips Abp, Orkla has created a sound Nordic structure for its snacks operations. In the first four months of 2000, the brokerage operations of Orkla Finans and Enskilda Securities were merged to become the leading brokerage house in the Nordic region.

Pre-tax profit for the Financial Investments division amounted to NOK 3,355 million, compared with NOK 944 million in 1999. Net realised gains totalling NOK 2,727 million are largely attributable to the sale of substantial Norwegian shareholdings. Unrealised gains decreased by NOK 4,105 million to NOK 5,430 million. The share portfolio showed a return of -1.5% in 2000, while the Oslo Stock Exchange All Share Index declined by 1.7%.

The Group's earnings per share were NOK 17.0, compared with NOK 7.9 in 1999. The Board of Directors proposes to pay a dividend of NOK 3.00 per share for 2000, compared with NOK 2.50 in 1999.

President and Group CEO Jens P. Heyerdahl d.y. has informed the board that he wishes to step down from his position in the course of summer 2001. The board has appointed Finn Jebsen to take over as new president and Group CEO when Mr. Heyerdahl resigns.

The Group

Orkla's operating revenues of NOK 34,083 million were NOK 2,591 million higher than in 1999. All business areas reported higher turnover. Continued strong volume growth in Russia and Ukraine contributed to a substantial increase in turnover in BBH. Denofa's operating revenues for 2000 were augmented by some NOK 760 million from the production of soy flour and oil under contract in Brazil and soybean trading. These extraordinary activities had only a marginal impact on profit and will not be continued in 2001. For continuing business*), growth was about 6%.

The Group's operating profit for 2000 amounted to NOK 2,607 million, compared with NOK 2,177 million for 1999. Adjusted for other revenues and expenses, operating profit rose by 23%, and by 26% for the Industry division. Most of the increase derives from Chemicals and Orkla Beverages.

Speciality Cellulose posted a substantial increase in profit due to improved production, a higher degree of specialisation, favourable exchange rates and lower fixed costs. Beverages' improved profit performance is attributable to volume growth for BBH and cost reductions at Ringnes.

Profit from associated companies totalled NOK 242 million, NOK 128 million higher than in the same period last year. This improvement is largely explained by the incorporation of Enskilda Securities as an associated company as from 1 May 2000. Hartwall also reported profit growth.

Profit after tax and minority interests amounted to NOK 3,601 million, compared with NOK 1,667 million in 1999. This increase derives mainly from the Financial Investments division, which realised net gains of NOK 2,727 million on the sale of NetCom, Dyno and Elkjøp shares.

Figures are based on a tax rate of 26.8% for 2000, compared with 22.7% in 1999.

Orkla Foods

Orkla Foods reported operating revenues of NOK 11,039 million in 2000, up 3% from 1999. Continuing business was on a par with 1999 figures. Operating profit before other revenues and expenses rose by 11% to NOK 787 million. In the last four months of 2000, operating profit amounted to NOK 339 million, an increase of 19% compared with the same period last year.

Increased focus on category management and product mix management has resulted in an improved sales mix with emphasis on more profitable products. Cost-cutting programmes have also had positive effects, particularly for Procordia Food.

Stabburet reported a turnover of NOK 2,589 million for 2000. For continuing business, this means growth of 3%. Operating profit was on a par with 1999 figures.

Procordia Food's operating revenues declined by 1% to SEK 3,324 million. Operating profit improved significantly due to cost reduction measures and sales growth for important product groups such as RisiFrutti and Pizza Originale.

Beauvais increased its turnover by 6% to DKK 440 million (excluding seafood), and posted the highest operating profit in its company history. Felix Abba reported a 5% rise in turnover for continuing business to FIM 329 million (excluding seafood and biscuits). Operating profit improved compared with figures for 1999.

Orkla Foods International posted turnover of NOK 520 million in 2000, which for continuing business was on a par with 1999 figures. Operating profit was negative, and declined in comparison with 1999. A number of measures have been implemented to further reduce costs and improve sales in Kotlin (Poland). Pizza manufacturers Guseppe in the Czech Republic and Felix Hungary

(Mirelite) in Hungary reported higher sales. Felix Austria maintained or strengthened its market shares in Austria.

Operating revenues for Abba Seafoods totalled SEK 1,137 million in 2000, down 9% from the previous year. Operating profit was slightly lower than the year before, largely due to the loss of deliveries to a Danish grocery chain. Abba Seafood strengthened or maintained its shares in the Swedish market for its main products.

Orkla Food Ingredients reported operating revenues of NOK 2,132 million for 2000, on a par with 1999 for continuing business. Operating profit increased.

Bakers is market leader for fresh bakery goods in Norway. Despite strong domestic competition and increased imports of bakery goods with a long shelf life, Bakers continued to perform well in 2000 due to the development of new products and a strong focus on improved efficiency.

Orkla Beverages

In May 2000, Orkla and Carlsberg entered into an agreement to transfer Pripps Ringnes, including its holding in BBH, to a newly formed company, Carlsberg Breweries A/S, which will also comprise all of Carlsberg's beer operations and Carlsberg's own mineral water and soft drink operations. Orkla owns 40% of Carlsberg Breweries and Carlsberg A/S 60%. After the requisite regulatory approvals were obtained in the course of autumn/winter 2000, the final agreement was concluded on 13 February 2001, but with operational effect from 1 July 2000. Orkla has reported Orkla Beverages for the year 2000 as previously, but has at the same time provided pro forma figures for Carlsberg Breweries (see separate section).

Operating revenues for Orkla Beverages increased by 15% in the last four months of 2000 and by 16% for 2000 as a whole to NOK 7,424 million. Volume growth in Russia and Ukraine continued to boost turnover significantly in BBH in the last four months, while the Nordic business reported only a small increase in turnover during this period, mainly due to weak market growth in Sweden.

Operating profit before other revenues and expenses totalled NOK 712 million in 2000, a rise of 48% from the year before. Strong volume growth for BBH, and more cost-efficient operations in the Nordic region contributed to this increase. In the last four-month period alone, operating profit before goodwill amortisation amounted to NOK 174 million, compared with NOK 147 million in the same period in 1999. Profit after goodwill amortisation was NOK 116 million, compared with NOK 98 million in the same period the previous year. By way of precaution, a total of about NOK 35 million was charged against profit for the last four-month period as security against potential exchange rate fluctuations, particularly as regards RUR and UAH.

Operating profit before goodwill amortisation for the Nordic business amounted to NOK 325 million in 2000, a rise of 28% from 1999. For the last four months alone, operating profit before goodwill amortisation was NOK 73 million, up 20%. Ringnes continued to achieve good profit growth in the last four months of 2000, due to the cost reductions achieved through the "Competitive Edge" project, volume growth and positive mix effects on turnover. Profit performance at Pripps was somewhat weaker as a result of lower volumes and stiff price competition in certain segments.

The overall beverages market (in terms of volume sales of beer, soft drinks and mineral water) in Norway in 2000 was on a par with 1999, despite a poor summer. Ringnes performed on a par with the overall market, with Pepsi winning market shares in the carbonated soft drink segment, but marginally underperformed the mineral water market. In Sweden, the overall market declined by 1%. Pripps

*) Continuing business has been adjusted for acquisitions and divestitures and non-recurring items. New businesses in 2000 have been included in the 1999 figures for the corresponding period, while divested businesses have been excluded in both 1999 and 2000.

Amounts in NOK million	Operating revenues				Operating profit ^{*)}			
	1.1.-31.12.		1.9.-31.12.		1.1.-31.12.		1.9.-31.12.	
	2000	1999	2000	1999	2000	1999	2000	1999
Orkla Foods	11,039	10,757	3,964	4,066	787	709	339	285
Orkla Beverages	7,424	6,373	2,407	2,086	712	482	116	98
Orkla Brands	4,586	4,531	1,699	1,668	543	477	226	208
Orkla Media	3,585	3,332	1,311	1,206	205	171	119	98
Elimination	(146)	(151)	(70)	(61)	0	0	0	0
Branded Consumer Goods	26,488	24,842	9,311	8,965	2,247	1,839	800	689
Chemicals ^{**)}	6,926	5,621	2,536	1,961	450	250	183	112
H.O./Unallocated/Elimination	252	481	97	144	(200)	(114)	(92)	(90)
Other revenues and expenses	0	0	0	0	36	91	(4)	(2)
Industry	33,666	30,944	11,944	11,070	2,533	2,066	887	709
Financial Investments ^{**)'}	417	548	97	245	74	111	(1)	55
Group	34,083	31,492	12,041	11,315	2,607	2,177	886	764

*) The business areas' operating profit is shown exclusive of «Other revenues and expenses». Other revenues and expenses totalled NOK 91 million in 1999: NOK +110 million in Orkla Foods and NOK -19 million in Chemicals.

Last four months 2000: NOK -29 million in Orkla Brands, NOK +65 million on sale of Viking Fottøy.

**) Orkla's forest properties are moved from Chemicals to Financial Investments.

lost market shares for beer and soft drinks, but more or less equalled market growth for mineral water. From January 2001, Pripps took over the sale of Pepsi products in Sweden, where initial sales volumes have been satisfactory.

Operating profit before goodwill amortisation at BHH (50%) totalled NOK 627 million in 2000, compared with NOK 414 million in 1999. In the last four months of 2000, operating profit before goodwill amortisation amounted to NOK 140 million, compared with NOK 102 million for the same period in 1999. This profit growth is ascribable to strong volume growth for all the breweries in Russia and Ukraine.

Operating revenues for BBH (50%) rose by 65% in 2000 to NOK 2,599 million. The increase in the last four months alone was 62%. Total growth in volumes sold was 43% for the whole of 2000, and 28% for the last four-month period. Volume growth in the last four months was strongest at the Russian breweries of Tula, Yarpivo and Baltika-Don, and in Ukraine. Growth in the overall Russian beer market remained buoyant in the last four months of 2000, and BBH continued to win market shares. For 2000 as a whole, the market share of BBH breweries in Russia increased by over four percentage points to over 25%. In Ukraine, too, BBH increased its market share by approximately three percentage points to 17%.

Orkla Brands

Orkla Brands posted operating revenues of NOK 4,586 million for 2000, a rise of 1% compared with 1999. For continuing business, growth was 4%. The main contributor to this increase was Lilleborg Home and Personal Care, driven by increased export volumes and a high rate of innovation. In the last four months alone, operating revenues totalled NOK 1,699 million, which is 7% higher for continuing business than in the same period in 1999.

Operating profit before other revenues and expenses amounted to NOK 543 million in 2000, an increase of NOK 66 million. Most of the businesses reported profit growth, which was primarily a result of systematic efforts to improve revenues, achieve more efficient structures and reduce costs. The improvement from 1999 to 2000 is also partly ascribable to a weak year for the snacks business in 1999 as a result of production problems and the wind-up of operations in Lithuania. In the last four months alone, operating profit amounted to NOK 226 million, which is NOK 18 million higher than in 1999. Although good sales growth in Lilleborg Home and Personal Care

made an important contribution, profit performance was satisfactory in most areas.

Lilleborg Home and Personal Care, the biscuits business in Sweden and Confectionery increased their market shares. All other market positions remained relatively stable.

After final approval was obtained from the relevant authorities, Chips Scandinavian Company (CSC) was established with effect from 1 November 2000. The new constellation comprises Orkla Brands' snacks operations in Norway and Denmark and Chips Abp's snacks business in Sweden. This new structure ensures that the Snacks business is firmly positioned in the Nordic region.

Lilleborg Home and Personal Care strengthened its position in Norway, while increased export volumes boosted turnover and profit. In the second half of 2000, Lilleborg Home and Personal Care posted substantially higher turnover driven by a high level of activity with many new product launches. The Jif Mopp for dry mopping was the most important new product launched in 2000.

The Biscuits business reported profit growth. All production now takes place at Göteborgs Kex in Sweden, and cost trends are favourable. A sum of NOK 29 million has been charged against profit under other revenues and expenses in connection with the wind-up of biscuits production at Kolbotn in Norway.

Confectionery continues to pursue its strategy of increased focus on its own major brands, and turnover grew by 4%, after adjustment for the loss of the Ferrero agency. Nidar increased its advertising investments, strengthened its market position in Norway and continued to achieve profit growth.

Orkla Media

At the end of 2000, Orkla Media acquired Det Berlingske Officin (DBO) (to be consolidated with effect on profit as from 1 January 2001). DBO is Denmark's largest newspaper company, operating mainly in the printed media and Internet sectors. The acquisition of DBO will make Orkla Media AS the fifth largest media company in the Nordic region.

Orkla Media's operating revenues from continuing business increased by 5% to NOK 3,585 million. Operating profit before other revenues and expenses totalled NOK 205 million, a rise of 14% for continuing business. In the last four months of 2000, operating profit before other revenues and expenses was NOK 21 million higher than in the corresponding period in 1999.

Newspapers Norway/Sweden reported profit growth in 2000 compared with 1999, largely due to higher advertising volumes for the sector's newspapers. Circulation figures remained stable in 2000. The workforce reduction programme is progressing faster than planned and further staff cuts have been approved in some of the newspapers, which has affected profit for the year. The newspapers' Internet investments have shown a positive trend.

Magazines posted higher profits than in 1999, mainly as a result of increased sales and growth in advertising volumes. However, the start-up of a new offset press entailed higher start-up costs than budgeted. Magazines reported a 6% increase in advertising volume which was on a par with the overall market trend. At year-end, Magazines had a market share (in terms of advertising volume) of about 42%, which was equivalent to its share in 1999. Frequency-adjusted circulation figures for Magazines showed weaker growth than the overall market. Magazines' market share of Norwegian Magazines was 53% as of 31 December 2000. Paper prices were on a par with 1999 prices.

Hjemmet Mortensen AS has entered into an agreement in 2001 to purchase all the shares of the Swedish company Medströms Media AB, the parent company of the publishing house Medströmsförlagen AB. The group publishes around 20 specialised magazines and about the same number of Internet services and electronic newsletters. Its annual turnover totals about SEK 250 million, ranking the company among Sweden's five largest publishers of magazines targeting the consumer market.

Direct Marketing posted a significant decline in profit compared with 1999. Substantial conversion and development costs associated with CRM activities at StroedeRalton were incurred in 2000, while the rest of the business has undergone an extensive restructuring process. This work is now being completed and profit performance for the last four months alone was positive.

Newspapers Eastern Europe reported profit growth for continuing business compared with 1999, largely due to higher advertising volume for Rzeczpospolita and further cost cuts. Circulation growth was slower than in 1999, but the group's regional newspapers outperformed their competitors. The recently acquired Media Tak (a joint venture focusing on advertising collaboration) developed favourably. In 2000, investments were made in the acquisition of regional newspapers and increased holdings in newspapers already owned by Orkla Media.

Investments in the Internet/Electronic publishing sector increased in 2000 in the form of further acquisitions. A number of companies reported substantial growth in turnover, and several companies are in the process of internationalising their operations. The Orkla Media Group's investments in this sector have been treated as a portfolio investment as of 31 December 2000.

Chemicals

The Chemicals area posted operating revenues of NOK 6,926 million in 2000, an increase of NOK 1,305 million compared with 1999. A significant share of this increase derived from Denofa, where production of soy flour and oil under contract in Brazil, trading of soy beans and high fish oil volumes made sizeable contributions in the second and third four-month periods. Contract production and trading had only a marginal impact on profit and will not be continued in 2001. Growth of 10% was reported for continuing business.

Operating profit before other revenues and expenses totalled NOK 450 million, compared with NOK 250 million in 1999. Sales of speciality cellulose products in particular generated considerably higher profit in 2000. Operating profit before other revenues and expenses for the last four months of the year alone amounted to

NOK 183 million, compared with NOK 112 million for the same period in 1999.

Borregaard LignoTech achieved higher sales and profit than in 1999. Favourable trends in the construction industry, both in Asia and in key European markets, spurred volume growth. Higher freight and energy costs were to a certain extent offset by favourable exchange rates.

Borregaard ChemCell reported substantially higher profit than in 1999. Improved production, a higher degree of specialisation, favourable exchange rates and lower fixed costs had a positive impact on results for Speciality Cellulose, but this was partially offset by higher energy costs. The market for basic chemicals was weaker than in 1999.

Borregaard Synthesis achieved profit on a par with 1999 figures. Lower profit from the diphenol business in Italy was offset by increased deliveries and profit growth for intermediate products for the pharmaceuticals industry.

Denofa posted higher profit than in 1999, both for the last four months alone and for the year as a whole. Higher sales of fish oil for fish feed production combined with increased export sales of edible oils and fats were partly offset by a decline in sales of edible oils and fats in Norway.

Borregaard Energi reported profit growth as a result of substantially larger power supplies than normal and the active management of this volume. A favourable market for wood pulp and increased production volumes generated higher profit for Borregaard Vafos, while a rise in the cost of raw materials for the production of book-quality paper reduced profit slightly for Borregaard Hellefos. Fredrikstad Blikk- og Metallvarefabrikk was sold to AB Hannells Industrier with effect from 1 January 2001. The sale will entail an accounting gain of NOK 40-50 million for the first four months of 2001.

The productivity enhancement programmes at the Sarpsborg and Fredrikstad plants have resulted in lasting improvements and are expected to achieve their full effect in 2001, as planned.

Work on establishing new structural solutions for Borregaard ChemCell has been underway throughout the year. The process has confirmed that Borregaard ChemCell has a good market position. Borregaard has determined that continuing to operate on its own will generate the greatest value in the current situation.

Financial Investments

2000 was a year of poor stock market performances. The Oslo Stock Exchange All Share Index declined by 1.7% following a 16.1% rise at the end of August 2000. Its performance in the last four months of the year was thus very weak with share prices falling by 15.3%. By international standards, however, the Oslo Stock Exchange performed relatively well in 2000. Orkla's total portfolio showed a return of -1.5% in 2000, which was 0.2 percentage points better than the Oslo Stock Exchange All Share Index.

There were no significant differences between the return on Orkla's Norwegian and foreign portfolios. The percentage of investments in foreign companies continued to increase in 2000, accounting for about 43% of the total portfolio at year-end. The rise in 2000 is largely ascribable to sales of sizeable holdings in Norwegian companies, the largest being NetCom, Dyno, Elkjøp and Merkantildata. These sales also resulted in record-high book profit for the Financial Investments division. The biggest transaction in the last four months of 2000 was an investment in Norway Seafoods Holding (convertible bond) totalling NOK 650 million. Investments in Holberg Industrier were written down by NOK 210 million in the same period.

Group Balance Sheet

Amounts in NOK million	31.12.	31.12.
	2000	1999
Assets:		
Long-term assets	24,696	21,223
Portfolio investments etc.	12,758	11,375
Short-term assets	11,193	9,026
Total assets	48,647	41,624
Equity and Liabilities:		
Equity and minority interests	17,301	14,226
Interest-bearing liabilities	19,746	17,829
Interest-free liabilities and provisions	11,600	9,569
Total equity and liabilities	48,647	41,624
Equity to total assets ratio (%):		
Book	35.6	34.2
Including unrealised gains before tax	42.0	46.4

The Financial Investments division posted pre-tax profit of NOK 3,355 million, compared with NOK 944 million in 1999. Realised portfolio gains totalled NOK 2,727 million, compared with NOK 595 million the previous year. Dividends received amounted to NOK 548 million, compared with NOK 315 million in 1999.

In 2000 the net asset value of the share portfolio declined by NOK 623 million to NOK 15,981 million. The market value of the portfolio as of 31 December 2000 was NOK 18,053 million. Unrealised capital gains on the portfolio were reduced by NOK 4,105 million to NOK 5,430 million. This significant decline must be viewed in conjunction with the high book profit.

The Orkla Finans group had a good year in 2000. However, the lion's share of its contribution to profit now derives from the 22.5% holding in Enskilda Securities, after Orkla and Enskilda merged their brokerage operations in the first half of 2000.

Cash flow, investments and financial situation

The Group's net cash flow was a negative NOK 2,227 million in 2000. The reduction of NOK 933 million compared with 1999 must be viewed in conjunction with the substantial structural changes that have been made in the course of the year.

Free cash flow from operations for the Industry division totalled NOK 1,824 million. Growth in operating profit was partially offset by an increase in net renewal and environmental investments. The aggregate value of the Industry division's expansion investments and acquisitions was NOK 2,302 million higher than in 1999. The bulk of this rise is attributable to increased expansion investments in BBH and acquisitions by Orkla Media and Orkla Foods.

Net interest-bearing debt at year-end 2000 amounted to NOK 17,981 million, and the average borrowing rate was 5.7%. The proportion of interest-bearing debt at floating interest rates was about 85%. This exposure was mainly split between SEK, USD and EUR, while Orkla's exposure to Norwegian money market rates was minimal at the end of 2000.

Cash flow

Amounts in NOK million	1.1.-31.12.		1.9.-31.12.	
	2000	1999	2000	1999
Industry area:				
Operating profit	2,533	2,066	887	709
Depreciation and write-downs	2,077	2,059	695	733
Change in net working capital	(353)	(369)	512	168
Cash flow from operating activities	4,257	3,756	2,094	1,610
Net replacement expenditure	(1,443)	(1,270)	(636)	(479)
Free cash flow operating activities	2,814	2,486	1,458	1,131
Financial items, net	(990)	(758)	(418)	(205)
Free cash flow from Industry area	1,824	1,728	1,040	926
Free cash flow from Financial Investm.	(77)	598	106	211
Taxes and dividends paid	(1,173)	(1,035)	(210)	(197)
Sold companies	121	333	(18)	0
Miscellaneous capital transactions	(31)	63	(20)	82
Group's self-financing capacity	664	1,687	898	1,022
Expansion investments (Industry area)	(1,233)	(546)	(448)	(352)
Acquisitions	(2,280)	(665)	(1,988)	(29)
Net purchases/sales portfolio investm.	657	(1,653)	(719)	(545)
Share buy back/share issue	(35)	(117)	31	69
Net cash flow	(2,227)	(1,294)	(2,226)	165
Currency translations net interest-bearing liabilities	(45)	129	62	51
Change in net interest-bearing liabilities	2,272	1,165	2,164	(216)
Net interest-bearing liabilities	17,981	15,709		

As of 31 December 2000, the Group's book equity ratio was 35.6% Including gains on the share portfolio (before tax), the equity ratio was 42.0%.

Changes in the Board of Directors

After Åge Korsvold resigned as member and chairman of Orkla's Board of Directors, Svein S. Jacobsen was elected as new board member and Finn A. Hvistendahl as chairman of the board by the Corporate Assembly at its meeting on 11 October 2000.

General Meeting

An Ordinary General Meeting will be held on 3 May 2001 at 3 p.m. in Sarpsborg. The annual report will be distributed in week 14.

Outlook

At present, the US economy seems to be the greatest factor of uncertainty for the global economy. In the short term, however, the extent to which Orkla's business areas might be affected by any more negative trend in the USA is expected to be relatively limited.

The economic situation in the Nordic region is expected to remain stable, on the whole, but a relatively tight labour market and high wage growth in Norway may have a negative impact on prices and interest rates.

Trends in Central and Eastern Europe were generally favourable in 2000. The Russian economy, in particular, performed better than anticipated. However, it is bolstered by the high price of oil, and a sharp decline in oil prices might increase uncertainty in the months ahead.

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

A stable performance is expected in the Chemicals area, but certain segments in this area may still be affected to a certain extent by a downturn in the global economy.

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Information on Orkla is available at: www.orkla.com

Carlsberg Breweries A/S - Pro forma figures for 2000

Income Statement

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

Million of hectolitres	Beer	Soft drinks
Northern and Western Europe	21	7
Eastern and Central Europe	29	3
Asia	10	2
Total	60	12

Balance Sheet

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

Carlsberg

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

Pro forma figures

To show Carlsberg Breweries' volumes, income statement and balance sheet, the following pro forma figures have been prepared for 2000.

The pro forma figures are based on audited accounting data for Orkla's beverage operations for the 2000 accounting year, and unaudited monthly data accumulated for the 2000 calendar year for Carlsberg's beer operations. The Coca-Cola business in Denmark and Finland is not included in the pro forma figures.

The pro forma figures do not include any goodwill items. The way in which goodwill related to Carlsberg Breweries is to be dealt with in the accounts will be determined in the first quarter of 2001.

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

Feldschlössen-Getränke Holding AG is shown in the income statement with operating results for one month and in the balance sheet on a 100% basis. The figures for Asia include only Carlsberg's

current operations. No account has been taken of the effects of the agreement with Chang Beverage Company to establish Carlsberg Asia.

Nor do the pro forma figures take account of potential synergies or other structural changes that might result from the merger.

Accounting treatment at Orkla

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

Oslo, 14 February 2001
The Board of Directors of Orkla ASA

