ORKLA

BRANDED CONSUMER GOODS

	1994	1993
OPERATING REVENUE[1]	16,308	13,739
OPERATING PROFIT[1]	1,118	1,022
OPERATING MARGIN[2]	6.9	7.4
RETURN ON CAPITAL EMPLOYED[2]	16.6	19.5

FINANCIAL INVESTMENTS

	1994	1993
PORTFOLIO MARKET VALUE[1]	8,194	7,361
UNREALIZED GAINS[1]	2,663	2,473
NET ASSET VALUE[1]	5,727	5,150
PROFIT BEFORE TAX[1]	350	273

CHEMICALS

	1994	1993
OPERATING REVENUE[1]	3,155	2,806
OPERATING PROFIT[1]	349	224
OPERATING MARGIN[2]	11.1	8.0
RETURN ON CAPITAL EMPLOYED[2]	19.3	14.2

[1] NOK million [2] Percent

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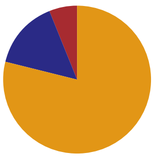
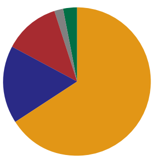
OPERATING REVENUE BY MAIN AREA

- Branded Consumer Goods 79%
- Chemicals 15%
- Other 6%



OPERATING REVENUE BY GEOGRAPHICAL AREA

- Norway 66%
- Scandinavia (excl. Norway) 17%
- Europe (excl. Scandinavia) 12%
- USA 2%
- Other 3%



Orkla, one of Norway's largest listed companies, concentrates its activities on three main areas: Branded Consumer Goods, Chemicals and Financial Investments. The Group's sales totalled NOK 20.8 billion in 1994, of which 34% were outside Norway. 4,647 of the Group's 16,873 employees were employed abroad.

Orkla is an expertise and market-driven group which bases its expansion and development on products and market areas where the opportunities of being preferred by customers and consumers are good. The Group plays an active role in the development and restructuring of the industries in which it has its main activities. This is carried out through a combination of internal development measures, acquisitions and cooperative arrangements.

The Group's main goal is to be the leading supplier of branded consumer goods to Nordic households. The Chemicals area is to be developed further within global niches based on fine and specialty chemicals. Orkla will continue to be a major equity investor, primarily in the Nordic region.

Orkla's branded goods activities account for 79% of the Group's total sales. Norway continues to be the main market for Orkla's branded consumer goods, but sales outside Norway are growing strongly following acquisitions in other Nordic countries in recent years. In Norway Orkla is the market leader in most of its business areas. Expansion in recent years has resulted in leading positions for certain product areas on a Nordic basis.

The focus of Orkla's chemicals activities is on specialty and fine chemicals, as well as chemical specialty pulp. The Group has expanded in recent years, particularly in the first two areas. The chemicals business has production facilities and sales offices in Europe, the USA and Asia and its products are sold all over the world. Several of the product areas hold leading positions in their global markets.

Orkla's third business area, Financial Investments, represents 28% of the Group's balance sheet and primarily consists of long-term equity investments, mostly in large Norwegian companies.

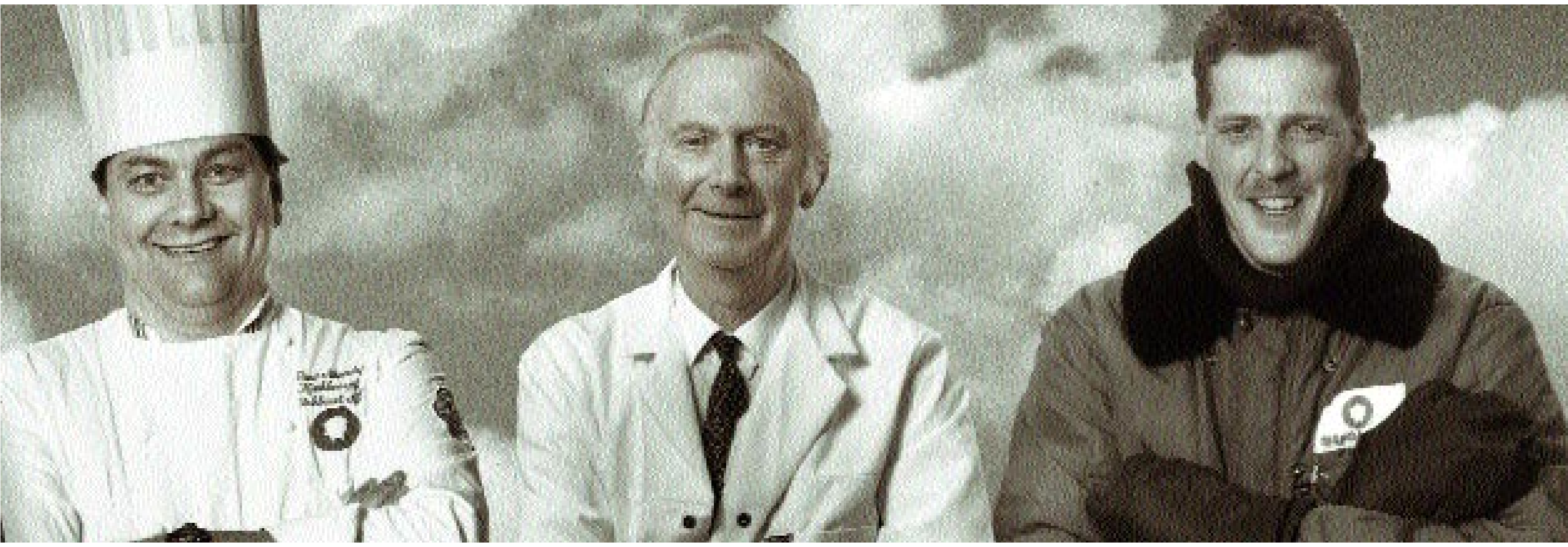
Continuous operation over a number of decades has created a solid foundation of experience and expertise in the three core areas. Systematic training programmes and interaction between Group companies further strengthen their expertise.

THE GROUP'S HISTORY

The present Orkla is the result of two major mergers: in 1986 between Orkla Industrier and Borregaard and in 1991 between Orkla Borregaard and Nora Industrier.

Orkla Industrier was founded in 1904 to resume the operation of the pyrite mines at Løkken Verk. The mining activity, which dated back to 1654, formed the basis for the development of a smelting industry. From the latter part of the 1940s onwards the company built up an extensive investment portfolio.

Borregaard was formed in 1918 when Norwegian interests acquired the British company "The Kellner Partington Paper Pulp Co. Ltd"



which produced pulp and paper in Norway, Sweden and Austria. From 1960 onwards Borregaard expanded its activities in chemicals and consumer products.

The food and beverages group Nora Industrier, with traditions going back to the 1820s, was established in 1978 and developed to become Norway's leading supplier of beer and carbonated soft drinks. Nora also had major positions in the Norwegian food market.

The merger in 1986 formed the basis for the Orkla Group's three areas of focus: Branded Consumer Goods, Chemicals and Financial Investments. With the merger in 1991 the Group's position in branded goods was further strengthened and provided a basis for future Nordic expansion.

BRANDED CONSUMER GOODS

Orkla is a leading supplier of branded consumer goods in Scandinavia. The Branded Consumer Goods area recorded sales of NOK 16.3 billion in 1994, of which 18% was derived from the other Scandinavian countries and 10% from markets outside Scandinavia. Orkla is the leading supplier of groceries in Norway and has a broad product range in a number of sectors.

The Branded Consumer Goods area thus includes the businesses Orkla Beverages (beer and

Orkla's 17,000 employees possess valuable expertise which is decisive for the Group's profitability. Pictured on these and the following two pages are employees from the Group's businesses.

From left:

David Hestevold, store salesman, Sætre

Dorota Ciszek, project assistant, Orkla Media

Tine Hammernes, marketing assistant, Denofa-Lilleborg

Knut Nåmdal, consultant chef, Stabburet Mastemyr

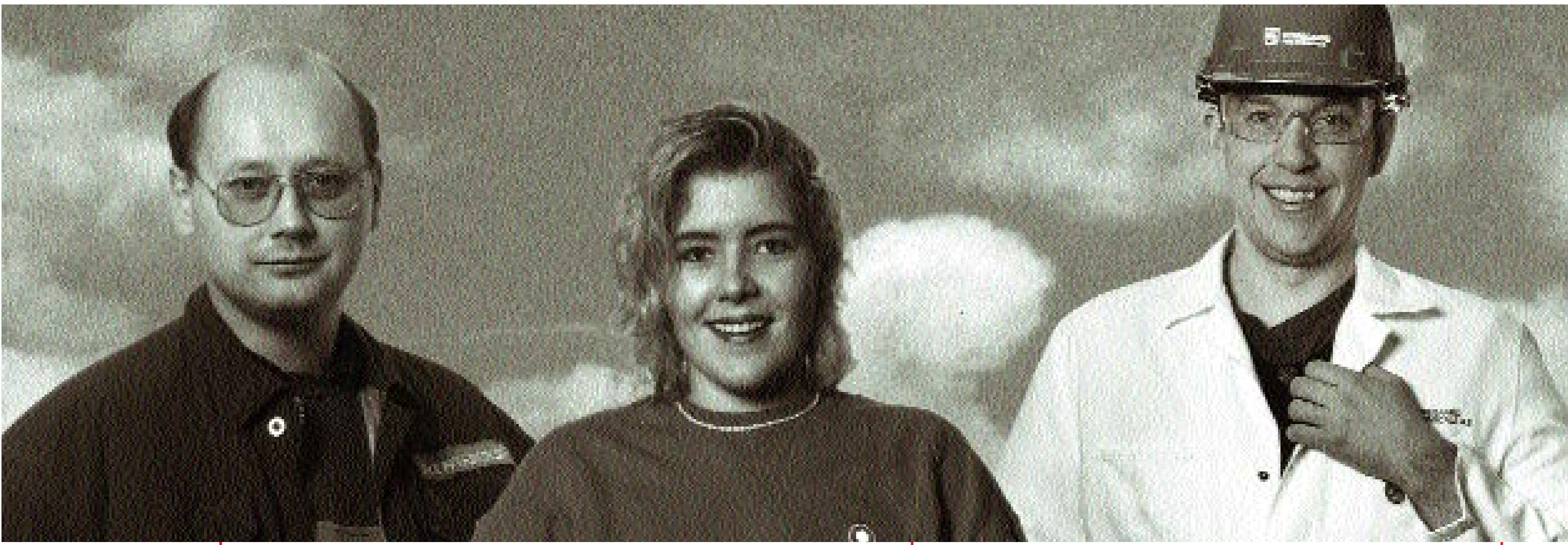
Thor Oscar Wulff, brewer, Ringnes

Kjetil Skjelin, fork lift driver, Stabburet Råbekken

RESULT BY AREA

NOK million	**1994**	1993	1992	1991
Operating profit Branded Consumer Goods	1,118	1,022	1,016	776
Operating profit Chemicals	349	224	158	76
Operating profit Head Office/unallocated	58	(5)	(4)	(10)
Operating profit Industry area	**1,525**	1,241	1,170	842
Net financial items Industry area	(301)	(198)	(292)	(315)
Profit before tax Industry area	**1,224**	1,043	878	527
Profit before tax Investment area	**350**	273	(563)	317
Profit before tax and other items	**1,574**	1,316	315	844
Other items	-	-	-	(236)
Profit before tax and minority	**1,574**	1,316	315	608

THIS IS ORKLA



carbonated soft drinks), Orkla Foods (frozen foods, fresh and chilled meats, spreads, processed vegetables, condiments, juice, jams, squash, cereals, bread and yeast), Orkla Brands (detergents and cleaning fluids, personal products and cosmetics, biscuits, snacks and confectioneries) and Orkla Media (newspapers and magazines).

The market objective is to become Scandinavia's leading supplier of branded consumer goods, with selected niche positions internationally. For certain product areas this ambition has largely been realised, while for others Norway remains the main market.

Orkla is now the Nordic region's largest supplier of biscuits with operations in Norway, Sweden and Finland. The food products business is expanding in the other Scandinavian countries and has operations in Norway, Sweden and Denmark. The Group is Scandinavia's largest supplier of berry- and fruit-based products.

Several of Norway's best-known brands are owned by Orkla, which is the market leader in beer, carbonated soft drinks, a broad range of food products, confectionery, biscuits, detergents, as well as personal products and cosmetics. In the case of chocolate and snacks, Orkla holds solid number two positions. Several of the Group's products hold a strong position in the catering sector.

Orkla's newspaper business is concentrated on local newspapers with leading market positions. The media business also owns 50% of Hjemmet Mortensen, through which it has strong positions in the Norwegian magazine market. In recent years Orkla Media has acquired holdings in several Polish local newspapers and magazines.

The Group maintains and strengthens the Branded Goods area's market positions through cost-saving programmes and increased expenditure on advertising and product development. Orkla has established its own Branded Goods School, with the aim of further improving quality at all levels and strengthening the transfer of know-how between product areas.

Orkla has long-term cooperation agreements with Unilever covering detergents and personal products, and with The Coca-Cola Company for carbonated soft drinks.

CHEMICALS

The Chemicals area holds important global niche positions in specialty and fine chemicals and is Europe's leading producer

Pictured from left:

Leif Thomassen, driver, Ringnes

Ihne Vagmo, sales assistant, Stabburet

Reinert Fure, researcher, Borregaard

June Anna Teigen, mechanic, Borregaard

Anh P. Tran, laboratory engineer, Borregaard

Ole Dahl, analyst, Financial Investments

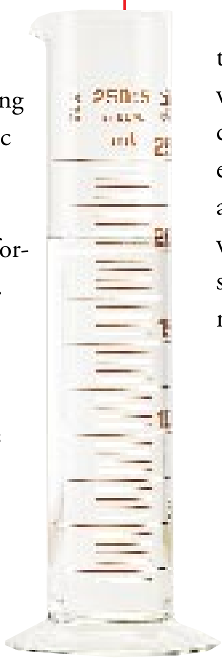
of chemical specialty pulp. 82% of the area's total sales in 1994 of NOK 3.2 billion were derived from outside Norway. The chemicals area has plants in several European countries and the USA and is now strengthening its presence in Asia.

Specialty chemicals include lignin-based binding and dispersing agents for applications in animal feeds, agrochemicals, oil drilling, cement and dyes. The wide range of applications means that there is little cyclicality in the business. Expenditure on research and development has led to a range of added value products and strong market positions.

In its fine chemicals business Orkla is an important supplier of intermediate products for non-ionic X-ray contrast agents. As the world's only full range supplier of vanillin, Orkla has a solid global number two position. The recently acquired diphenol business in Italy strengthens the vanillin area and permits growth in pharmaceuticals and agrochemicals.

Specialty pulp is used in, among other things, textiles, photographic paper and in the production of thickening agents in foods.

Orkla owns considerable forest and hydro power resources. The Chemicals area focuses on cost-efficiency, product specialisation and on increasing its market orientation. Expansion will continue in selected areas of specialty and fine chemicals.



FINANCIAL INVESTMENTS

Through its investment activities, Orkla has established a broad overview and contact network in the Norwegian and international financial markets. The insights this provides also contribute to the development of the Group's industrial activities. At the same time, proximity to an industrial environment gives the Investment area access to know-how and analysis which most portfolio investors lack. The overall effect of this interaction is valuable for the entire Group.

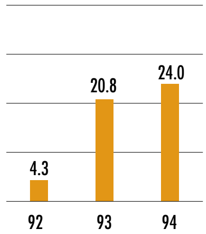
Orkla owns one of Norway's largest securities portfolios, concentrated on share holdings in Norwegian listed companies. Stockbroking and other financial services are provided through the company Orkla Finans.

The market value of the portfolio at 31.12.1994 was NOK 8.2 billion, of which close to NOK 2.7 billion represented unbooked, unrealised gains. Net asset value (the market value less debt) was NOK 5.3 billion. Investment decisions are based on the company's own research with a long term focus.

REPORT OF THE BOARD OF DIRECTORS

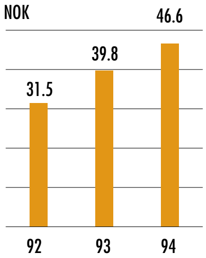
EARNINGS PER SHARE

NOK



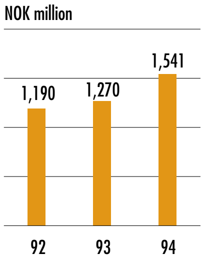
CASHFLOW PER SHARE

NOK



OPERATING PROFIT

NOK million



1994 was a good year for Orkla. The Industry area continued to maintain profit growth. The Investment area achieved a return well above the Oslo Stock Exchange All Share Index. Earnings per share rose 15% to NOK 24.00.

The Group took further important steps during 1994 in pursuit of its strategy and expansion by the Branded Consumer Goods area in the Nordic region continued. Orkla became the market leader in the Nordic biscuits market through exercising its option to purchase the remaining 51% of Göteborgs Kex, and by acquiring the Finnish biscuits producer Kantolan. Orkla Media strengthened its position through acquisitions in both Norway and Poland. The Chemicals area maintained growth in its core areas through the acquisition of international businesses in the fine chemicals area and through further investments in a new fine chemicals plant in Norway. Orkla sold several businesses outside the Group's core areas in 1994 and early in 1995. This has released a significant amount of capital and contributed to increased focus on the core businesses.

Programmes for developing the organisation and know-how have continued. A new personnel and management development system has been brought into operation. Skills training in the Group has continued in important areas and was further strengthened.

RESULTS

The Group's profit before tax rose by 20% to NOK 1,574 million. The profit for the year after tax and minority interests was NOK 1,149 million (up 17%) which corresponds to NOK 24.00 per share against NOK 20.80 in 1993. The Industry area made progress and capital gains realised on the equities portfolio were larger than in the previous year.

The Group's operating revenues were NOK 20,780 million, an increase of 16% from 1993. Sales by businesses acquired in 1994 amounted to approximately NOK 1.3 billion. In addition, the full-year effect of companies purchased in 1993, and good volume growth for several Group companies, contributed to a rise in turnover.

The Group's operating profit rose by 21% to NOK 1,541 million. The operating margin was 7.4% against 7.1% in the previous year.

Operating profit for Branded Consumer Goods rose by 9% to NOK 1,118 million. The operating margin was lower, however, in 1994 than in 1993. The beverages business improved its operating margin in spite of the fact that results, particularly in the first part of 1994, were negatively affected by the relocation and phasing-in of the new bottling plant at Gjelleråsen outside Oslo. In addition, there was a weaker development for Ringnes' operations in Poland. Continued cost-savings result in improved margins for Orkla Media. Orkla Foods increased its advertising and product development expenditure substantially in 1994. Together with slightly lower price levels, this has led to a reduction in the operating margin in spite of major cost-reductions. Orkla Brands' operating margin also fell, mainly due to poor results for the confectionery business where a reorganisation to wholesale distribution in Norway weakened profitability. The international confectionery business also developed negatively and the profit and loss account has been charged with a write-down of assets at Needlers of NOK 18 million.

The operating profit for the Chemicals area was NOK 349 million against NOK 224 million in 1993. Economic recovery in Europe has led to higher prices and continued specialisation has resulted in a better product mix. In addition, the area has increased production capacity for certain products and generally achieved higher productivity. The operating profit has also been positively influenced by a gain of NOK 50 million on the disposal of the polymers business in November 1994. The operating margin was 11.1% against 8.0% for 1993.

Profits from associated companies were NOK 129 million against NOK 219 million in the previous year. The reduction is mainly due to the gain on the disposal of the shareholding in TVNorge being booked in 1993. Jotun (41.6% owned) experienced a slight fall in profits in 1994, mainly as a result of an extraordinary write-down of NOK 30 million relating to goodwill in an Italian subsidiary. In Hjemmet Mortensen (50.0% owned) the benefits from synergies following the merger of the two companies in 1992 improved profits in 1994 compared with the previous year. Frionor (44.8% owned) also showed an improvement in results from 1993.

The Industry area's return on capital employed was 17.6% against 18.0% in 1993. The high rate of expansion, involving major investments, tends to reduce the return on capital in the short term. An unchanged level of return is therefore considered satisfactory.

The Investment area's value-adjusted return was 9.5%, which is 2.4 percentage points better than the increase in the Oslo Stock Exchange All Share Index. The booked result before tax rose by NOK 77 million to NOK 350 million. Capital gains amounted to NOK 418 million against NOK 350 million in 1993. Unrealised capital gains increased by NOK 190 million and totalled NOK 2,663 million at 31.12.1994. The market value of the portfolio at the end of the year was NOK 8,194 million, which represents an increase of NOK 833 million in 1994. Net share purchases totalled NOK 225 million.

The Group's net financial expenses were NOK 514 million, NOK 9 million less than in 1993. Interest rate levels during 1994 were on average lower than in the previous year. This was balanced by higher net interest-bearing debt due to the high rate of investment.

The tax charge amounts to NOK 410 million, equivalent to 26.0% of the profit before tax.

The Board is satisfied with the development in the Group's profits and proposes a dividend payment of NOK 5.00 per share, an increase of 22% from 1993.

STRATEGIC DEVELOPMENT

During 1994 Orkla has prepared a strategic plan for the next three years. The Group's strategy, based on the three core areas of Branded Consumer Goods, Chemicals and Financial Investments will be maintained. With effect from 1 January 1995, the Group's holding in Helly-Hansen will be reported under the Investment area and Viking Fottøy under Head Office/unallocated, so that the Branded Consumer Goods area now consists of the businesses Orkla Beverages, Orkla Foods, Orkla Brands and Orkla Media.

An important feature of the Group's strategy is the development of know-how. Key elements in this programme are the Orkla Branded Goods School and a recently established school for industrial marketing. Further resources are also being devoted to skills training for operatives in the Group's businesses.

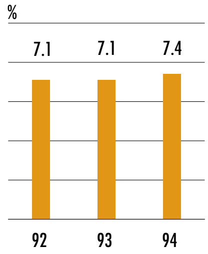
The main goal of the Branded Consumer Goods business is to strengthen its position in the Nordic region. Emphasis is also being placed on improvements in competitiveness through lower unit costs, brand development and improved customer service. Further cost-reduction targets have been established and attention will be devoted to establishing systems which secure improved utilisation of advertising expenditure. Greater focus will also be brought to bear on product development.

Orkla has enjoyed good cooperation with Unilever in the field of detergents and personal products since 1958. In February 1995, a revised agreement was signed which will run until 2014 and which extends the cooperation along similar commercial principles as before.

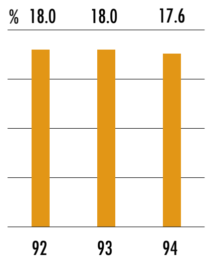
The strategy of the Chemicals business will be continued international growth and further specialisation in the core areas of Specialty Chemicals, Fine Chemicals and Specialty Pulp. Improved competitiveness through continuing productivity measures and a greater level of specialisation are also important elements.

The Investment area's strategy is based on

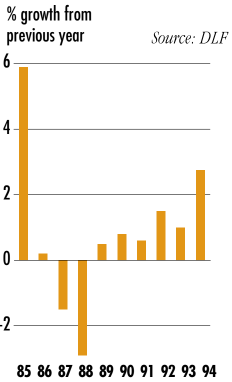
OPERATING MARGIN THE GROUP



RETURN ON CAPITAL EMPLOYED, INDUSTRY AREA



VOLUME IN GROCERY RETAILING, NORWAY



the competitive advantages the area holds in the Nordic equities markets as part of an industrial group. Efforts to build up expertise will continue undiminished. Internationally, investments will mainly be made in selected sectors where the Investment area has particular expertise.

During 1994 and early 1995 Orkla took important steps in implementing its strategy. Following the purchase of the remaining 51% of Göteborgs Kex and the Finnish biscuits producer Kantolan (previously Delicant), Orkla's biscuits business became market leader in the Nordic region. During 1994 Orkla Media has strengthened its position through the purchase of two leading local newspapers, Drammens Tidende & Buskeruds Blad on 1.1.1994 and Varden on 1.7.1994. Further investments in the Polish media sector were made in 1994.

On 1.11.1994 the Chemicals area acquired EniChem Synthesis' diphenol business in Italy. Diphenols are used, among other things, as a raw material in the production of vanillin. EniChem Synthesis' 50% interest in EuroVanillin was acquired at the same time, so this company is now 100% owned. The transaction also included a 55% interest in a plant under construction in China, which will produce agrochemicals. Towards the end of 1994 the fine chemicals business' new plant for the production of intermediates for non-ionic X-ray contrast agents, was commissioned in Sarpsborg. Overall, the fine chemicals business strengthened its position substantially in 1994. During the autumn Borregaard sold its polymers operation which was no longer a core business for the Chemicals area.

On 1.8.1994 Orkla sold the Emo group with a book gain of NOK 31 million.
In January Norgro was sold, giving an estimated gain in 1995 of NOK 10 million. Both Emo and Norgro had been defined as outside the Group's core areas. In February 1995 50% of the shares in Helly-Hansen were sold, realising a book gain of NOK 67 million.

In total for 1994 and 1995 these sales have released approximately NOK 700 million of capital.

OPERATING PARAMETERS

The economic recovery which has followed the fall in interest rates in 1993 has led to generally better operating parameters for Scandinavian industry. In Norway and Denmark household savings ratios have fallen and private consumption increased. In Sweden and Finland the currency depreciation in 1992 improved conditions for exporting companies and thereby led to economic recovery. In Sweden, however, the situation is influenced by weak government finances and high interest rate levels.

1994 was characterised by the national referenda on EU membership in four of the six EFTA countries. Norway, in contrast to Austria, Finland and Sweden, chose to remain outside the European Union. In the short term this is not of particular importance for the Orkla Group as a whole. In the longer term the consequences of an EU border with two of our closest neighbours are uncertain. An important element in Orkla's strategy for the Branded Consumer Goods area is to be able to utilise production resources, knowhow, product development and marketing measures across the Nordic market and thus improve profitability and productivity. This strategy will be maintained, subject to relevant trade policies.

Norwegian exporters have found that EU customs duties on certain product areas are higher than the new member countries previously imposed. The Norwegian government has therefore commenced negotiations with the EU with a view to improving market access for Norwegian products. At the same time Norwegian import protection has been restructured as of 1.1.1995, following implementation of the GATT agreement, to a duty-based system instead of import prohibitions or quotas.
In addition, indications have been given that Norwegian import protection will be further reduced. Orkla's group companies have considerably improved productivity year-on-year, in

order to adapt to greater competition as a result of the continuing liberalisation process. It is also necessary that the Norwegian government deals with raw materials and finished products together in its negotiations with the EU so that differences in the treatment of Norwegian and foreign manufacturers can be avoided.

With effect from 1 January 1995, the limitation on foreign ownership established by the Norwegian Concession Act was abolished. This could affect demand and valuation in the Norwegian stock market, thus improving access to equity for Norwegian companies. The regulations governing life insurance companies were slightly improved in 1994, but it is important, however, to continue these measures so that the life insurance companies can use long-term evaluations as a basis for their investment policy. Ownership of Norwegian listed companies by private individuals has been falling for many years. The authorities should use tax policy to create the conditions to enable private individuals once again to form a larger and more active investor group in Norwegian quoted companies. The current system of adjusting the opening value for tax purposes by the company's taxed capital (RISK) is so complicated that it is unlikely to promote private equity investment. These issues are of particular importance with regard to the long-term potential for maintaining a reasonable level of Norwegian ownership.

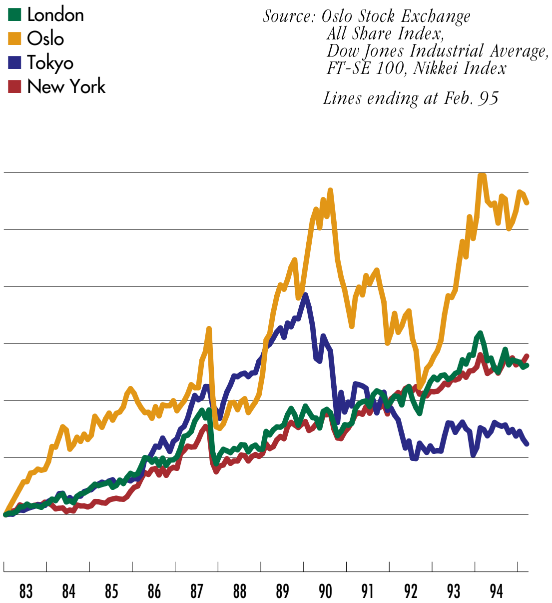
MARKET CONDITIONS AND MARKETING MEASURES

Preliminary statistics show that the Norwegian grocery market recorded volume growth of 2.5-3.0% in 1994, which is a higher rate of growth than in previous years. In grocery retailing, supermarkets have increased their market shares at the expense of discount stores, which have extended their product range. In Sweden the grocery market grew by 1.3%, which is better than in 1993 when the market fell. There was volume growth in the Danish market for groceries of around 2.5%.

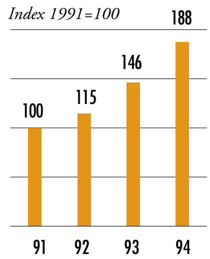
In Orkla's branded consumer goods businesses the market for carbonated soft drinks showed particularly strong growth, up 14% in 1994. There were also good advances by the markets for personal products and detergents. The beer market reported growth of 2% in 1994 after several years of decline.

Orkla's businesses generally maintained or increased their market shares in 1994, in spite of greater competition from both foreign suppliers and private brands. This is a result of steady improvements in unit costs, strong brands and a greater focus on consumer-oriented product development. Orkla's advertising expenditure rose by 28% compared with 1993. During 1994 a large number of successful new launches took place with advertising support. Examples include Dove soap and Organics hair care products in the personal products area, turkey-based products under the brand Arion on the food side, Blenda Sensitive and JIF Micro in the detergents market and TAB X-tra, a sugar free cola drink.

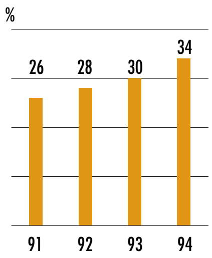
STOCKMARKET PERFORMANCE OSLO AND INTERNATIONALLY



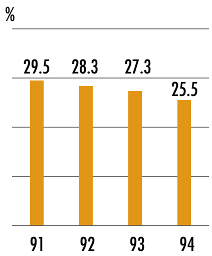
ADVERTISING EXPENSES



INTERNATIONAL SALES



FIXED COSTS* AS % OF OPERATING REVENUE



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

In the Chemicals area the economic recovery in Europe has led to improved market conditions. There continues to be a high level of activity in the USA and strong growth in the Far East. Demand has risen, but this was not reflected in significant price increases in 1994 for Borregaard's main product groups.

The Oslo Stock Exchange was affected during large parts of the year by interest rate instability and uncertainty ahead of the referendum on EU membership. Following the referendum result on 28 November, the market improved and during the year the Oslo Stock Exchange All Share Index rose by 7.1%. Internationally, there was a relatively weak development on the major European exchanges while the Japanese market developed very positively over the year. The FT World Index in local currencies fell by 2.1% in 1994.

INTERNATIONALISATION

Sales outside Norway amounted to 34% of the Group's total operating revenues in 1994, which is 4 percentage points higher than in the previous year. 18% of sales took place outside the Nordic region. Foreign sales have risen considerably in recent years, as a result of Orkla's long-term strategy of reducing its dependence on the Norwegian market.

In the Branded Consumer Goods area, international growth has mainly been in the other Nordic countries. The acquisition of the remaining shares in Göteborgs Kex and the full-year effect from BOB Industrier contributed most to the increase from 1993. In addition, there has been a positive development in the sale of Norwegian manufactured products such as frozen pizza through distribution channels in the rest of the Nordic region.

In the Chemicals area international growth has been outside the Nordic region, mainly as a result of good demand growth in Europe. The opening of a new APD plant and purchase of the diphenol business in Italy also contributed to growth in international sales.

PRODUCTIVITY MEASURES

The Group's measures to increase efficiency have again produced results in 1994. Fixed costs measured as a proportion of operating revenues fell further and totalled 25.5% against 27.3% in the previous year. This enables the Group to expand market shares over the long term through moderate price increases and a higher level of investment in brand and product development without weakening the operating margin.

During the year Ringnes' bottling plants in Eastern Norway were grouped at Gjelleråsen, and this significantly reduced costs during the latter part of 1994.

Projects, including standardisation of IT systems, were commenced in 1994 in order to improve the efficiency of the Group's administrative staffs.

CASHFLOW, INVESTMENTS AND CAPITAL SITUATION

Cashflow from operations for the Industry area was NOK 2,383 million which is an increase of NOK 436 million from 1993, mainly as a result of the advance in profits and contributions from new activities. Free cashflow from operations rose by NOK 673 million to NOK 1,101 million. Maintenance investments were reduced by NOK 211 million from 1993, which showed a high figure due to construction of the Gjelleråsen plant.

Expansion investments in the Industry area rose by NOK 251 million to NOK 1,175 million. The main investments took place in the biscuits business, media area and the Group's chemicals business.

The Investment area was a net buyer of shares for NOK 225 million and sold property for NOK 182 million.

Net interest-bearing debt increased by NOK 544 million and amounted to approximately NOK 7.6 billion at 31.12.1994. 56% of net interest-bearing debt had interest rates fixed for less than 12 months. In January 1995, fixed rate agreements were signed which reduce the proportion to 50%. 31% of debt at 31.12.1994 matures in 1995 and the average time to maturity was 3.3 years.

During 1994, new loans, including the renegotiation of maturities on existing loans and drawing facilities, amounted to NOK 8 billion. This figure includes a syndicated loan and drawing facility of USD 680 million which was established in December. At 31.12.1994 this had not been drawn. In addition, Orkla has a liquidity reserve of NOK 3.1 billion of which NOK 2.3 billion represents committed unutilised drawing facilities.

The Group's equity rose by NOK 656 million to NOK 7,229 million at 31.12.1994. The adoption of a new accounting principle on pensions has resulted in a charge against equity of NOK 285 million. The book equity ratio was 34.8%. Including unrealised gains on the equity portfolio (before tax), the Group's equity ratio at 31.12.1994 was 42.0%.

PERSONNEL AND ORGANISATION

The number of employees in the Group at the year-end was 16,873 of whom 4,647 worked outside Norway. The increase of 1,792 in relation to 1993 was due to the acquisition of businesses.

The Group's personnel and management development system PLUS was implemented by all Group companies in 1994. The objective is to improve the Group's professional and management resources through, among other things, career planning and training measures.

Measures to improve skill levels in the Group's food manufacturing companies, the FiO project, were continued in 1994. Developing skills and know-how is a priority area and makes an important contribution to implementing the Group's goals and strategies. 25 graduates participated in Orkla's trainee programme. Orkla's Branded Goods School provided training to more than 150 middle managers in 1993 and 1994. In addition, there were 100 participants at seminars on consumer and customer orientation at the Branded Goods School in 1994.

A corresponding training programme in which emphasis is placed on the development of good customer relations in industrial sales has recently been established. The first course at Orkla's "Relationships School" began in early 1995.

Cooperation with the employee organisations has been good and the Group's industrial democracy schemes have functioned as intended. The Group's Goals and Values provide a basis for cooperation with employees on future development. The Board wishes to thank all employees in Orkla for their efforts and acknowledges the results that have been obtained.

HEALTH, ENVIRONMENT AND SAFETY

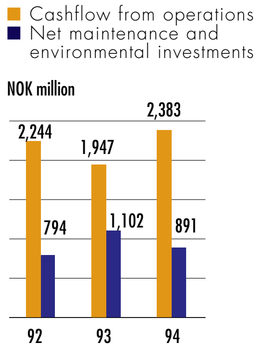
The number of injuries in relation to hours worked continues to fall. Sick leave was somewhat lower than in the previous year. Group companies have complied with permits relating to emissions to the external environment with very few exceptions.

During the year standby organisations have been established throughout the Group to handle accidents and emergencies. Exercises and training will continue to ensure focus on safety in the Group.

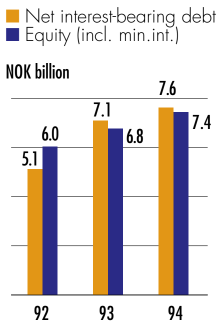
During the year several Group companies completed ISO standard certification.

The first subproject of the Orkus research project on the relationship between the working environment, injuries, sickness and insurance has recently been completed. Several of the main Group companies have participated in a study of the working environment. The results will be particularly relevant to measures to improve the working environment in participating companies.

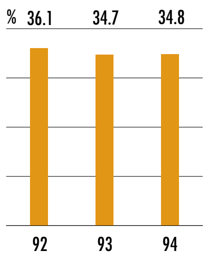
CASHFLOW INDUSTRY AREA



DEBT AND EQUITY



EQUITY RATIO



ALLOCATION OF THE PROFIT FOR THE YEAR

Orkla A.S has a profit after group transfers of NOK 909 million. The Board proposes the following allocations (NOK million):

Allocated to dividend	(236)
Transferred to the legal reserve	(77)
Transf. from temporary restricted reserve	36
Transferred to free reserves	(632)
Total	(909)

FUTURE PROSPECTS

Volume growth in the Norwegian grocery market is expected to be lower in 1995. In the other Nordic countries there is particular uncertainty as to trends in the Swedish market as a result of the expected tightening in the households' financial position. A gradual reduction in Norwegian import protection for agricultural goods will lead to greater competition. Orkla will respond to this development with further measures to improve competitiveness by reducing unit costs and increasing expenditure on product and brand development.

The cyclical upturn in Europe is expected to continue and will provide better demand for the Group's Chemicals area. Prices of cyclical products are rising and this will have a positive impact on Borregaard in 1995, even though more moderate price growth must be expected for the area's specialised qualities.

The economic recovery is expected to lead to better profits for listed companies. At the same time a significant increase in inflation is not expected, partly because the supply of labour continues to be good. This is expected to result in stable interest rate levels. The conditions therefore should be in place for a good performance by equity markets.

Lysaker, 22 February 1995
The Board of Directors of Orkla A.S

Svein Ribe-Anderssen
Chairman

Odd Gleditsch jr.

Truls Holthe

Roger Johansen

Kjell Kjønigsen

Knut Leversby

Jørgen B. Lysholm

Harald Norvik

Stein Stugu

Egil Friberg
Observer

Jens P. Heyerdahl d.y.
Group Chief Executive

PROFIT AND LOSS ACCOUNT

ORKLA GROUP

Amounts in NOK million	Note	**1994**	1993	1992
Operating revenue	1	**20,780**	17,858	16,807
Raw materials, goods in process and finished goods		**(9,176)**	(7,891)	(7,538)
Wages and other personnel costs	2	**(4,356)**	(3,803)	(3,540)
Other manufacturing, selling and administrative expenses	5	**(4,589)**	(3,959)	(3,678)
Ordinary depreciation	15	**(1,118)**	(935)	(861)
Operating expenses		**(19,239)**	(16,588)	(15,617)
OPERATING PROFIT		**1,541**	1,270	1,190
Profits from associated companies	14	**129**	219	112
Financial items, net	6	**(514)**	(523)	(606)
Portfolio gains, net	7	**418**	350	(381)
PROFIT BEFORE TAXES AND MINORITY INTERESTS		**1,574**	1,316	315
Taxes	8	**(410)**	(317)	(100)
Minority interests	13	**(15)**	(15)	(4)
PROFIT FOR THE YEAR	20	**1,149**	984	211

BALANCE SHEET

ORKLA GROUP

Amounts in NOK million	Note	**1994**	1993	1992
ASSETS				
Cash and bank deposits	9	**1,000**	635	787
Portfolio investments	4	**5,531**	4,888	3,766
Accounts and other short-term receivables	5	**3,161**	2,717	2,207
Inventories	10	**2,063**	1,794	1,779
Current assets		**11,755**	10,034	8,539
Interests in associated companies	14	**1,014**	1,172	970
Shares and investments in other companies	11	**92**	137	177
Other receivables	3	**449**	1,039	1,108
Goodwill	15	**1,500**	951	675
Fixed assets	15	**6,592**	6,159	5,274
Long-term assets		**9,647**	9,458	8,204
Total assets		**21,402**	19,492	16,743
LIABILITIES AND EQUITY				
Short-term interest-bearing liabilities	16, 17	**2,653**	1,739	1,617
Short-term interest-free liabilities	12	**4,452**	3,803	3,497
Current liabilities		**7,105**	5,542	5,114
Long-term interest-bearing liabilities	16, 17	**6,039**	6,003	4,419
Long-term interest-free liabilities	18	**816**	1,177	1,167
Long-term liabilities		**6,855**	7,180	5,586
Minority interests	13	**213**	197	206
Share capital		**1,219**	1,219	1,219
Other equity		**6,010**	5,354	4,618
Equity	20	**7,229**	6,573	5,837
Liabilities and equity		**21,402**	19,492	16,743
Mortgages	21	**350**	426	690
Guarantees and other commitments	19, 21, 22	**548**	349	313

CASHFLOW STATEMENT

ORKLA GROUP

Amounts in NOK million	**1994**	1993	1992
Industrial activities (including Head Office):			
Operating profit	**1,526**	1,241	1,170
Ordinary depreciation	**1,107**	923	857
Changes in net working capital	**(250)**	(217)	217
Cashflow from operations	**2,383**	1,947	2,244
Net maintenance and environmental investments	**(891)**	(1,102)	(794)
Free cashflow from operations	**1,492**	845	1,450
Financial items, net	**(391)**	(417)	(425)
Free cashflow from industrial activities (incl. H.O.)	**1,101**	428	1,025
Cashflow from investment activities before net purchases/sales of shares and real estate	**(93)**	(92)	(161)
Tax, dividends and cash consideration paid	**(522)**	(431)	(499)
Miscellaneous capital transactions	**188**	84	126
Group's self-financing capacity	**674**	(11)	491
Expansion investments in industrial activities	**(1,175)**	(924)	(802)
Net purchase/sale of portfolio shares	**(225)**	(772)	677
Net purchase/sale of properties (Investment area)	**182**	(256)	-
Net cashflow	**(544)**	(1,963)	366
Change in gross interest-bearing debt	**951**	1,706	(368)
Change in liquid assets/interest-bearing receivables	**(407)**	257	2
Change in net interest-bearing debt	**544**	1,963	(366)

Cashflow from operations expresses the gross cashflow generated by the industrial activities (incl. H.O.), adjusted for changes in funds employed in providing working capital.

Free cashflow from operations represents the industrial activities (incl. H.O.) debt service capacity and the ability to expand when the current level of activity has been maintained through renewal and environmental investments.

Free cashflow from Industrial activities (incl. H.O.) shows the industrial activities ability to expand after financial items.

Group´s self-financing capacity represents the amount the Group can use for expansion investments without increasing net interest-bearing debt.

Net cashflow shows the Group's ability to repay debt/borrowing requirement after expansion investments, dividend payments, taxes and miscellaneous capital transactions.

ACCOUNTING PRINCIPLES

1994 GROUP ACCOUNTS

The Group accounts for 1994 have been prepared using the same principles and groupings of items as in previous years, with the following exception:

The Group has introduced a new principle for the recording of pensions and now follows the draft Norwegian accounting standard on pension expenses issued by the Norwegian Accounting Standards Foundation. The new Norwegian standard is similar to the international (and American) principles and is based on recording pension costs as they are incurred and ensuring that they are systematically and fairly allocated over the period of earnings. The introduction of this standard can be considered as a fundamental accounting change and the effect (NOK 285 million) has thus been charged directly against the Group's equity at the beginning of the year. Previous annual accounts have not been restated. The Group's pension expenses, calculated under the old principle, totalled NOK 96 million in 1993. Costs under the new principle amounted to NOK 86 million for 1994, which is an indication of future levels.

GENERAL

The Group accounts show the consolidated result and financial position of the parent company Orkla A.S and its interests in other companies. **Interests in companies** where the Group holds more than 50% of the capital and exerts a dominant influence are fully consolidated in accordance with the purchase method. **Interests in joint ventures,** with the exception of limited companies, where Orkla, together with others, has a decisive but not controlling influence, are consolidated pro rata in accordance with the gross method. **Interests in associated companies** where the Group has a strategic interest and significant influence (20-50%), are accounted for in accordance with the equity method.

The purchase prices for assets and liabilities in subsidiaries, joint ventures and associated companies are used as a basis for recording results in the Group accounts. The Group's equity comprises the parent company's equity and amounts earned subsequent to the above-mentioned companies becoming subsidiaries, less amortization of amounts paid for tangible assets in excess of book values, goodwill and minority interests.

ACCOUNTING AND CONSOLIDATION PRINCIPLES

Each of the company accounts consolidated in the Group have been prepared using consistant accounting and valuation principles, and the presentation of captions in the profit and loss account and balance sheet has been made using uniform definitions.

Shares in subsidiaries are eliminated and the purchase price of the shares is replaced by the company's assets and liabilities, valued at the cost price to the Group. The difference between the purchase price for the shares and the company's aggregate equity capital at the date of acquisition is allocated to those company assets (or liabilities) which have market values different from the book value, with any residual value being treated as goodwill in the Group accounts.

Foreign subsidiaries which are not an integrated part of the parent company are translated using the year end exchange rate for the balance sheet and the average exchange rate for the year for the profit and loss account. Translation differences are charged directly against equity. Foreign subsidiaries which operate as an integrated part of the parent company are translated using the year end exchange rate for monetary balance sheet items and the historic rate for non-monetary balance sheet items. In the profit and loss account, depreciation and the cost of materials are translated using the historic rate, other items are translated using the average exchange rate for the year. Translation differences are recorded within the caption ´other financial items´. In countries where the accumulated inflation over the three preceeding years exceeds 100%, the accounts have been inflation-adjusted. Depreciation and the book value of operating assets are translated at the exchange rate in effect on the date of acquisition. The profit and loss account is translated using the average exchange rate for the year. Other balance sheet items are translated at the year-end exchange rate. Translation differences are recorded within the caption ´other financial items´.

Shares in joint ventures, with the exception of limited companies, are eliminated using the same principles as for subsidiaries. Orkla's share of each caption is included within the Group accounts (the gross method).

Shares in associated companies are consolidated separately and the Group's share of the results after amortization of goodwill is added to the cost of the investment. The treatment of goodwill in associated companies is based on the same principles as for subsidiaries.

The Group's interests in the limited companies Jotun, Hjemmet Mortensen and three media companies in Poland are treated as associated companies, with the exception of the tax charge which is included within the caption ´other taxes´ in the Group´s profit and loss account. These interests would have been treated in accordance with the guidelines for joint ventures as set out in the draft Norwegian Accounting Standard if the necessary amendments to the Companies Act had been made.

CLASSIFICATION, VALUATION AND ACCRUAL PRINCIPLES

The accounts are based on the fundamental principles of historic cost, accruals, going concern, consistency and prudence.

Classification of current assets in the accounts is determined as all assets related to the stock cycle, receivables due within one year and "assets not intended to be permanently retained or used in the business". Other assets are classified as fixed assets. The difference between short and long-term liabilities is determined at one year prior to the maturity date.

Valuation of current assets is made at the lower of original cost and market value. Fixed assets are valued at original cost less accumulated ordinary depreciation.

If the market value of a fixed asset has suffered a permanent diminuation, it will be written down.

Accounts receivable are valued at the year end expected realisable value. The Group's aggregate provision for bad debts on accounts receivable is stated in Note 5.

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

Shares and other investments classified as current assets are financial investments and valued in accordance with the portfolio principle. The portfolio is managed as a whole and an adjustment in value is only made if the aggregate holdings have a lower market value than original cost. Individual investments in the portfolio which have incurred a long-term fall in value are written down. Long-term shareholdings and other interests which are not treated as investments in associated companies are recorded using the cost method. The cost method for long-term investments means that shares/interests are recorded in the balance sheet at original cost and cash payments received are treated as dividends.

Fixed assets are capitalised and depreciated only if they have an economic useful life in excess of 3 years and a cost price in excess of NOK 15,000. Maintenance of fixed assets is recorded as an operating expense, whereas expenditure on additions or improvements are capitalised and depreciated in line with the corresponding asset. Asset replacements are capitalised. Excess values arising from mergers are allocated in the Group accounts to the relevant fixed assets and depreciated accordingly. Fixed assets are depreciated on a straight line basis using the following rates: buildings 2-4%, machinery and fixtures 7-15%, transport equipment and reusable crates 20%, computer equipment and reusable bottles 25%.

Goodwill. On acquiring another company for a consideration which exceeds the value of the individual assets, the difference, to the extent it represents an economic value, is recorded in the balance sheet as goodwill. Goodwill is amortised over its expected useful economic life, based on calculations made at the time of purchase, but never exceeds 20 years. The value of goodwill is written down if the market value is considered to be be less than the book value and the reduction is considered permanent.

Pension matters. Accounting for pension costs is in accordance with the draft Norwegian accounting standard on pensions. Pension costs and liabilities are calculated by actuaries using assumptions regarding discount rates, future salary adjustments, state pension benefits, future returns and actuarial calculations on deaths and voluntary departures, etc. The pension funds are valued in the balance sheet at market value less net pension liabilities. Any overfunding is recorded in the balance sheet to the extent that it is likely it can be utilised. Changes in pension liabilities due to alterations in the terms of pension plans are allocated to the profit and loss account over the estimated average remaining working life of pensionable employees. Changes in pension assets and liabilities due to changes in and deviations from the calculation assumptions (estimate changes) are allocated to the profit and loss account over the estimated average remaining working life of pensionable employees if the differences exceed 10% of the gross pension liability (or pension assets if larger). Unamortised differences are disclosed in Note 2.

Foreign exchange. The treatment of foreign exchange in the Group differs between hedged and unhedged items. "Hedged" means that the economic effect of fluctuations in the relevant currency has been eliminated. Balance sheet items which hedge each other are presented using the year end rate, while balance sheet items which are hedged by off-balance sheet financial instruments are presented using the hedge rate. Hedging transactions undertaken to hedge contractual cashflows are valued together with those cashflows while any unrealised loss on hedging transactions which do not cover contractual cashflows is expensed within the caption 'financial items'. Unhedged foreign exchange positions are treated in aggregate on a portfolio basis. If there is an overall net loss on the portfolio it is expensed, but net gains are not recorded as income.

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

NOTE 1, Operating revenue

Amounts in NOK million	**1994**	1993	1992[1]
Net sales in Norway	**13,136**	12,126	11,909
Net sales in rest of Scandinavia	**3,355**	2,041	1,720
Net sales outside Scandinavia	**3,780**	3,344	2,912
Total net sales	**20,271**	17,511	16,541
Miscellaneous operating revenues [2]	**509**	347	266
Operating revenue	**20,780**	17,858	16,807

[1] Revenue of Orkla Finans has been reclassified from "Sales" to "Miscellaneous operating revenues".
[2] Includes gains on the sale of fixed assets of NOK 129 million in 1994.

NOTE 2, Wages and other personnel costs

Wages and other personnel costs consist of costs directly related to remuneration of employees and officers, costs related to pension arrangements for both present and past employees and government employment taxes. The costs consist of:

Amounts in NOK million	**1994**	1993	1992
Wages and holiday pay	**(3,686)**	(3,213)	(2,978)
Other remuneration	**(33)**	(27)	(43)
Employment tax	**(551)**	(467)	(467)
Pension costs	**(86)**	(96)	(52)
Wages and other personnel costs	**(4,356)**	(3,803)	(3,540)

Pension matters

Most employees in the Group are members of the Group service pension schemes. As at 31.12.1994, a total of 11,139 present employees were members of the service pension schemes. In addition the service pension schemes include 3,775 previous employees. The service pension schemes are defined as “net schemes” which do not bind the Group to liabilities arising from any changes in benefits from State’s social security fund. In the light of the accounting standard’s requirement to distinguish between benefit plans and contribution plans, the Group has chosen to treat the service pension schemes as benefit plans. The Group’s legal obligations will not be affected by this accounting treatment.

In addition, the Group has pension liabilities which are not covered by insurance. These relate to early retirement pensions, discretionary pensions to early retired employees, pensions with a pension base higher than the Taxes Act maximum limit, pensions to previous board members and pensions to people who for various reasons have not been included in the service pension scheme which are to be paid by the Group. 4,949 people are covered by these schemes.

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

The pension charge for the year is calculated by an independent actuary based on information as at 01.01.94. It is adjusted for any subsequent material changes.

In 1993 uninsured pension liabilities were calculated using the old pension accounting principle using a discount rate of 5%. The old principle did not take into account future changes in salaries and pensions. The 1993 discount rate cannot therefore be used in future calculations under the new principle which must be calculated using an overall evaluation of a combined set of new assumptions. Against this background and in the light of the statement from the Oslo Stock Exchange, the following assumptions have been used in 1994. (The transitional effect of using the assumptions below, rather than a set of assumptions based on a 5% discount rate, is not material to the Group).

Assumptions:	
Discount rate	6%
Future salary adjustment	3%
Average remaining working life	15 years
Pension adjustment/G-adjustment	2%
Voluntary departures before/after 45 years	2%/0%
Return on pension funds	7%
Best estimate of return 1994	-2% to +1%

The pension schemes in foreign companies include both defined benefit and contribution plans. The schemes have been accounted for in accordance with local rules and conditions. It is considered that there would be no significant differences resulting from a restatement based on the new Norwegian standard.

(Amounts in NOK million)

Composition of net pension cost	**1994**
Present value of the year’s pension earnings (incl. employment tax)	**(94)**
Interest cost on pension liability	**(134)**
Amortisation of deferred liability due to difference between plan/assumptions	**-**
Expected return on pension funds	**148**
Net pension cost benefit plans	**(80)**
Contribution plans	**(6)**
Net pension cost	**(86)**

Composition of net pension liability	**31.12.94**	01.01.94
Gross pension liability	**(2,403)**	(2,324)
Pension funds	**2,127**	2,152
Actual net pension liability	**(276)**	(172)
Unamortised differences from plan assumptions	**131**	-
Net pension liability	**(145)**	(172)
Capitalised net pension liability	**(319)**	
Capitalised net pension assets	**174**	

Composition of pension funds at 01.01.94	
Liquid assets	3%
Money market investments	4%
Bonds	47%
Loans	17%
Shares	21%
Real estate	8%
Total pension funds	100%

Approximately 18% of pension funds are managed in the company’s own pension funds and 82% in life insurance companies of which 62% is in unit linked schemes.

NOTE 3, Other receivables

The amount includes loans to persons and companies covered by Section §§12-10 and 11-8.16 of the Norwegian Companies Act for the Group of NOK 73 million as well as net pension funds of NOK 174 million.
Also included is the Group’s deferred tax allowance of NOK 79 million. (see note 18).

NOTE 4, Portfolio investments

Amounts in NOK million	Number of shares	Book value	Market value	Share owned %
Owned by Orkla A.S				
Norwegian listed shares				
Bank/Insurance				
Bolig & Næringsbanken	374,500	50	51	3.8
Den norske Bank	4,615,000	76	86	0.7
Norgeskreditt	407,700	50	61	3.6
UNI Storebrand Pref.	12,711,209	127	133	12.5
UNI Storebrand Ord.	34,410,713	378	724	
Industry				
Adresseavisen	267,234	69	59	14.0
Alcatel STK	207,400	17	38	2.5
Arendal Fossekompani	40,769	11	17	1.6
Dyno	4,600,262	514	907	18.3
Eeg-Henriksen	275,325	18	17	4.3
Elkem	12,530,367	498	1,090	25.4
Gyldendal	127,295	5	38	5.4
Helikopterservice	632,300	51	51	2.7
Hafslund Nycomed A	4,052,769	334	586	4.6
Hafslund Nycomed B	440,947	60	63	
Håg	99,400	10	16	9.4
Kverneland	466,163	21	43	6.2
Kværner A	2,189,228	317	704	5.0
Maritime Group	206,400	17	15	3.0
Nera	770,000	75	75	6.9
Norsk Hydro	524,500	94	140	0.2
Nora Eiendom	1,577,587	57	221	24.2
Norsk Vekst	250,000	25	23	3.8
Norske Skog A	212,400	38	40	1.2
Norske Skog B	153,000	25	28	
Raufoss	756,372	66	79	10.1
Rica Hotell	260,000	19	26	4.3
Saga Petroleum A	2,824,264	240	210	2.2
Schibsted	961,000	72	75	1.4
Skrivervik Data	287,500	21	18	9.6
Steen & Strøm Invest	1,422,600	69	100	8.9
Miscellaneous		63	52	
Shipping				
Actinor Shipping	315,035	32	37	7.8
Bergesen A	2,099,917	229	343	4.1
Bergesen B	233,400	34	38	
Benor Tankers	832,800	31	27	4.4
Color Line	2,086,546	45	52	3.8
Leif Høegh	393,300	34	35	1.3
Larvik-Scandi Line	1,500,000	30	23	6.3
Nordic American Shipping	388,064	17	16	9.0
Smedvig	2,655,800	164	240	9.9
Storli A	157,000	12	18	2.4
Storli B	371,000	18	42	
Miscellaneous		16	17	
Investment Funds				
Omega AMS	9,950	1	2	
Omega Investment Fund	1,951	39	62	
Total Norwegian listed shares		4,189	6,738	
Foreign listed shares				
Nordic				
Autoliv	65,000	11	17	
Catena A	142,000	9	8	
Chips Pref.	397,776	47	99	
Ejendomselskabet Norden	55,000	16	15	

Amounts in NOK million	Number of shares	Book value	Market value	Share owned %
Owned by Orkla A.S cont.				
Enso A	380,000	23	22	
GN Store Nord Hold.	15,671	9	8	
Graphium	73,212	8	9	
Investor B	65,000	10	11	
Lemminkäinen	150,000	9	8	
Santasalo	240,000	11	13	
Tampella	800,000	22	16	
Volvo A	80,000	10	10	
Volvo B	400,000	50	51	
Ø.K. Holding	50,000	8	8	
Miscellaneous		90	88	
Other countries				
Granada Group	100,000	5	5	
Int. Biotechnology	1,000,000	11	9	
Jardine Matheson Hold.	100,400	6	5	
Norex America	1,415,200	74	89	
Revco	29,611	2	5	
Sita Units	9,000	5	8	
Stolt Nielsen	47,500	7	7	
Unigestion	7,000	5	5	
Miscellaneous		108	93	
Total foreign listed shares		556	609	
Total listed shares		4,745	7,347	
Unlisted shares				
Asia Invest Fund	108,953	15	8	
Berlingske	87,000	49	48	
Carl Aller	6,120	40	40	
Chips Stamm [1]	52,245	11	13	
Dagbladet Pref.	71,677	23	32	14.4
Dagbladet A	101,466	37	45	
Eiendomsspar	212,222	34	22	2.4
Holberg Industries Ord.	520,750	33	33	
Holberg Industries Pref.	71,944	52	52	
Kone Cranes	220,000	30	30	
Lindex	275,000	25	25	
NetCom	5,251	25	101	22.4
Selmer	150,000	15	15	3.2
Scala	4,100	10	10	
YIT-Yhtymä	389,500	24	26	
Miscellaneous		53	48	
Total unlisted shares		476	548	
Limited partnerships				
Deepsea Drillships		18	-	32.5
European Acquisition		28	28	15.7
Industrikapital 1989 I II III		54	54	29.8
Industrikapital 1994 I II III IV		31	31	39.0
Glenwood Venture Ic		2	-	23.7
Glenwood Venture IIb		3	2	4.4
Total limited partnerships, current assets		136	115	
Miscellaneous securities				
Convertible bonds		151	151	
Options		3	3	
Shares owned by Group companies				
NetCom	2,550	9	9	10.9
Adresseavisen	60,234	3	13	3.2
Miscellaneous shares owned by Group companies		8	8	
Total		**5,531**	**8,194**	

[1] In addition Orkla owns 187.500 voting shares in Chips OY. See note 11.

NOTE 5, Other manufacturing, selling and administrative expenses

Other manufacturing, selling and administrative expenses represent a grouping of cost items not specified on other lines in the profit and loss account. Major individual items include transport costs of NOK 776 million, energy costs of NOK 389 million, repair and maintenance costs of NOK 436 million and advertising and research and development costs of NOK 959 million. In addition, losses on receivables of NOK 27 million are included.

Accounts receivable at 31.12. are shown less a reserve for bad debts. The reserve has developed as follows:

Amounts in NOK million	**1994**	1993	1992
Bad debt reserve at 01.01.	**82**	82	88
Realised losses for the year	**(33)**	(27)	(41)
Provision for bad debts for the year	**27**	27	35
Bad debt reserve at 31.12.	**76**	82	82

NOTE 6, Financial items, net

Amounts in NOK million	**1994**	1993	1992
Dividends	**134**	99	75
Interest income	**99**	98	169
Interest expenses	**(659)**	(699)	(810)
Net foreign exchange gains/losses	**(35)**	4	(15)
Other financial items, net	**(53)**	(25)	(25)
Financial items, net	**(514)**	(523)	(606)

NOTE 7, Portfolio gains, net

Amounts in NOK million	**1994**	1993	1992
Portfolio shares [1]	**418**	350	(355)
Net write-down/losses, ships	**-**	-	(26)
Total	**418**	350	(381)

[1] Includes a write-down in 1992 on shares in UNI Storebrand and Elkem of NOK 203 million and NOK 453 million respectively.

NOTE 8, Taxes

Amounts in NOK million	**1994**	1993	1992
Tax payable in Norway	**(314)**	(245)	(232)
Tax payable abroad	**(49)**	(33)	(43)
Tax payable associated companies [1]	**(42)**	(38)	(29)
Total tax payable	**(405)**	(316)	(304)
Change in deferred tax Norway	**12**	10	211
Change in deferred tax abroad	**(5)**	(1)	8
Change in deferred tax ass. companies [1]	**(12)**	(10)	(15)
Total change in deferred tax [2]	**(5)**	(1)	204
Total tax charge	**(410)**	(317)	(100)

[1] Relates to Hjemmet Mortensen, Jotun and 3 media companies in Poland.
[2] See note 18.

NOTE 9, Cash and bank deposits

This item includes restricted deposits of NOK 189 million for the Group. (NOK 158 million in 1993 and NOK 204 million in 1992).

NOTE 10, Inventories

Amounts in NOK million	**1994**	1993	1992
Raw materials	**762**	652	608
Goods in process	**124**	100	100
Finished goods	**1,177**	1,042	1,071
Total	**2,063**	1,794	1,779

NOTE 11, Shares and investments in other companies [1]

Amounts in NOK million	Number of shares	Book value	Share owned %
Owned by Orkla A.S			
AB Chips OY [2]	187,500	60	10.0
Owned by Group companies			
Viking Askim SB	2,400,000	6	30.0
Solo	1,136	1	56.8
Norsk Avfallshåndtering	3,330	3	2.5
Miscellaneous		10	
Total shares		80	
Miscellaneous interests in partnerships [3]		12	
Total, Group		92	

[1] In companies where the interest is larger than 20%, an evaluation of the Group's influence has concluded that it would not be correct to present the interest as "associated companies".
[2] Interest in voting share capital. In addition to the above item, the Investment area owns shares in Chips OY recorded as current assets. In total the company owns 13.8% of the voting share capital and 19.1% of the total share capital of Chips OY.
[3] Of which owned by Orkla A.S: ANS Høgset (7.1%) NOK 2 million and ANS Nordkapp (4.2%) NOK 1 million.

NOTE 12, Short-term interest-free liabilities

Amounts in NOK million	**1994**	1993	1992
Accounts payable	**1,353**	1,311	1,128
State duties, taxes, holiday pay etc.	**1,202**	1,096	961
Accrued unassessed taxes	**348**	295	241
Allocated to dividend	**244**	202	182
Other short-term liabilities [1]	**1,305**	899	985
Total	**4,452**	3,803	3,497

[1] Includes from 1994 liability for outstanding recyclable containers (NOK 115 million). Previously included in other long-term liabilities.

NOTE 13, Minority interests

Amounts in NOK million	**1994**	1993
The minorities' share of:		
Ordinary depreciation	**44**	32
Operating profit	**29**	30
Profit before taxes and minority interests	**25**	24
Taxes	**10**	9
Development:		
Minority interests at 01.01.	**197**	206
Minority interests' share of the year's result	**15**	15
Increase in connection with establishment of new subsid.	**16**	5
Reduction on further acquisition of shares in subsidiaries	**(8)**	(7)
Write-down of own shares in Oktav Invest A.S	**-**	(13)
Dividends to minority interests	**(7)**	(9)
Minority interests at 31.12.	**213**	197
Minority interests are divided between:		
Ringnes Poland	**77**	92
Nora Denmark	**43**	42
Bakers [1]	**45**	37
Orkla Media group	**23**	11
Borregaard group	**8**	5
Miscellaneous minorities	**17**	10
Total	**213**	197

[1] At 20.01.1995 Bakers became 100% owned by Orkla A.S.

NOTE 14, Interests in associated companies

Amounts in NOK million	Share owned %	Original costprice at 01.01.	Book value at 01.01.	Additions/ disposals during the year	**Share of profit**	Share of taxes	Dividend received/ price adjustment	**Book value 31.12.94**	Depreciation of goodwill in 1994	Book value of goodwill at 31.12.
Jotun A.S	41.6	144	413	1	**70**	(41)	9	**452**	(3)	39
Göteborgs Kex AB [1]	-	261	260	(260)	**-**	-	-	**-**	-	-
Frionor A/S	44.8	118	123	20	**12**	-	(2)	**153**	(2)	38
Hjemmet Mortensen A.S	50.0	21	31	-	**26**	(12)	15	**60**	-	-
Drammens Tidende og Buskeruds Blad A.S [1]	-	89	89	(89)	**-**	-	-	**-**	-	-
Asker og Bærums Budstikke A.S	29.1	70	73	1	**5**	-	(4)	**75**	(2)	27
Bergens Tidende A.S	28.4	67	72	-	**8**	-	-	**80**	(1)	13
A/S Østlandets Blad	54.0	17	20	7	**1**	-	-	**28**	-	7
Norsk Telegrambyrå A.S	22.1	-	-	3	**2**	-	9	**14**	-	-
Media companies Poland [3]	-	-	-	50	**2**	(1)	-	**51**	(2)	24
K/S Swan Sea	35.0	18	20	-	**(4)**	-	-	**16**	-	-
K/S Knutsen Bøyelaster III	28.0	20	15	-	**(1)**	-	-	**14**	-	-
Hemne Orkladal Billag A/S [1]	-	8	11	(11)	**-**	-	-	**-**	-	-
Orkla Exolon A.S K/S	42.3	4	19	-	**2**	-	-	**21**	-	-
Oskar Sylte A.S	44.0	8	10	-	**2**	-	-	**12**	(1)	4
Tai Cang Borregaard Chemicals	55.0	-	-	28	**-**	-	-	**28**	-	-
Miscellaneous [2]	-	21	16	-	**4**	-	(10)	**10**	-	1
Total		866	1,172	(250)	**129**	(54)	17	**1,014**	(11)	153

1) Subsidiaries from 01.01.1994.
2) Miscellaneous holdings include, amongst others, investments in ANS Karasjokk Hotell, Ekonor A/S, ANS Bodø Engrossenter, LignoTech Verkaufsg.mbH and ANS Rica Nordkapp.
3) Relates to interests in 7 regional and local leading newspapers and 2 national magazines.

NOTE 15, Fixed assets and goodwill, intangible assets, etc.

Fixed assets

Amounts in NOK million	Accumulated cost at 01.01.	Revaluations at 01.01.	Written down at 01.01.	Depreciation at 01.01.	Book value at 01.01.	Additions in 1994	Disposals in 1994	**Ordinary depreciation and write-downs in 1994**	**Book value 31.12. 1994**
Machinery, vehicles	7,944	5	(4)	(5,163)	2,782	1,275	(61)	**(841)**	**3,155**
Buildings and plant	3,592	71	(25)	(1,346)	2,292	568	(238)	**(157)**	**2,465**
Rental property	192	-	-	(41)	151	19	(20)	**(6)**	**144**
Other real estate	455	73	(4)	(12)	512	24	(7)	**(5)**	**524**
Total	12,183	149	(33)	(6,562)	5,737	1,886	(326)	**(1,009)**	**6,288**
Construction in progress	410	-	-	-	410	(102)	(11)	**-**	**297**
Prepaid costs relating to new con.	12	-	-	-	12	(1)	(4)	**-**	**7**
Total	12,605	149	(33)	(6,562)	6,159	1,783	(341)	**(1,009)**	**6,592**

Goodwill, intangible assets etc.

Amounts in NOK million	Accumulated cost at 01.01.	Written down at 01.01.	Depreciation at 01.01.	Book value at 01.01.	Additions in 1994	**Ordinary deprecation in 1994**	**Book value 31.12. 1994**
Odense Marcipan	227	-	(43)	184	-	**(11)**	**173**
Dragsbæk-group	70	-	(17)	53	-	**(4)**	**49**
BOB Industrier	271	-	(7)	264	-	**(13)**	**251**
Göteborgs Kex-group	-	-	-	-	328	**(17)**	**311**
Kims	227	(115)	(29)	83	-	**(5)**	**78**
Nidar Europe BV	37	-	(8)	29	-	**(2)**	**27**
Bakers-group	123	-	(35)	88	3	**(8)**	**83**
Denofa Lilleborg-group	48	-	(13)	35	-	**(2)**	**33**
Media-group	213	-	(90)	123	279	**(23)**	**379**
Chemicals area	45	-	(29)	16	18	**(8)**	**26**
Miscellaneous	152	-	(76)	76	30	**(16)**	**90**
Total	1,413	(115)	(347)	951	658	**(109)**	**1,500**

Investments in and disposals of fixed assets and goodwill

	Investments in:					Disposals at sales price:				
Amounts in NOK million	1990	1991	1992	1993	**1994**	1990	1991	1992	1993	**1994**
Goodwill, etc.	572	161	45	341	**658**	-	-	-	-	**-**
Machinery, vehicles	640	840	952	1,000	**1,275**	123	110	72	82	**165**
Ships	-	-	-	-	**-**	-	-	73	-	**-**
Buildings and plant	252	200	153	633	**568**	834	155	14	27	**247**
Rental property	183	32	12	1	**19**	43	615	2	-	**37**
Other real estate	70	88	71	71	**24**	77	136	20	7	**7**
Construction in progress	136	15	170	98	**(102)**	37	-	-	-	**-**
Prepaid costs relating to new con.	(7)	12	-	8	**(1)**	-	-	-	-	**-**
Total	1,846	1,348	1,403	2,152	**2,441**	1,114	1,016	181	116	**456**

NOTE 16, Loans at 31.12.1994

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

Amounts in NOK million	Balance at 31.12.94	Repayment schedule 1995[1]	1996	1997	1998	1999	2000	After 2000
Bank loans	4,040	825	232	365	1,312	1,031	259	16
Bond issues [2]	2,945	503	503	403	2	33	501	1,000
Mortgage institutions, insurance companies, miscellaneous	478	96	19	15	18	248	8	74
Of which next year's instalment	(1,424)	(1,424)	-	-	-	-	-	-
Total long-term interest-bearing debt	6,039	-	754	783	1,332	1,312	768	1,090
Long-term debt due within one year	1,424							
Bank loans	272							
Certificate issues [2]	900							
Miscellaneous	57							
Total short-term interest-bearing debt	2,653	2,653						
Total interest-bearing debt	8,692	2,653	754	783	1,332	1,312	768	1,090

1) The amounts are classified as short-term debt.
2) Capital market issues are shown separately below.

The average time to maturity at 31.12.1994 on the Group's interest-bearing debt was 3.3 years.

In December Orkla established a term loan and revolving credit facility of USD 680 million with a maturity of 5.5 years. No drawings had been made at 31.12.1994. In addition, Orkla has committed unutilised drawing facilities of NOK 2.3 billion.

Orkla A.S has a group bank account system with Den norske Bank and Christiania Bank og Kreditkasse. The accounts of Orkla A.S are the only accounts directly settled with the banks and all subsidiaries' accounts are treated as internal matters. At 31.12.1994 the aggregate deposits were NOK 424 million, while the total drawing rights amounted to NOK 450 million.

The company may not sell shares in the following companies without the consent of the lenders in the long-term international bank loans: Borregaard Industries, Denofa-Lilleborg, Nora and Ringnes.

Bond issues (Orkla A.S) at 31.12.1994 (Amounts in NOK million)

(All loans are publicly quoted)

ISIN		Coupon	Term	Interest payments	Original loan amount	Out-standing	Repay-ment
185855	Orkla Industrier	10.00%	1981/1999	30.12.	40	31	Fixed [1] [2]
185858	Orkla Borregaard	10.80%	1990/1995	02.04.	500	500	Fixed
185859	Orkla	10.50%	1991/1996	20.12.	500	500	Fixed [3]
185861	Orkla	9.40%	1993/2000	21.04.	500	500	Fixed [3]
185862	Orkla	7.75%	1993/2003	12.02., 12.08.	500	500	Fixed [3]
185863	Orkla	6.10%	1994/2002	25.02., 25.08.	500	500	Fixed [3]
185865	Orkla	6.40%	1994/1997	16.06.	400	400	Fixed [3]
					2,940	2,931	

1) Convertible bond. Bondholders have the right to convert the bonds to shares before 01.12.1999 at a conversion price of NOK 14.00 per share, see note 20 (equity).
2) Call option for issuer.
3) Tap issue, limit NOK 1 billion.

Certificate issues at 31.12.1994 (Amounts in NOK million)

ISIN	Coupon	Term	Loan amount
250633	5.63%	11.04.94-11.04.95	200
250644	5.58%	28.04.94-28.04.95	100
250645	5.70%	02.05.94-02.05.95	50
250684	6.00%	11.08.94-13.02.95	100
250696	7.00%	21.09.94-21.03.95	150
250728	6.75%	14.12.94-14.12.95	200
250740	6.45%	23.12.94-20.10.95	100
			900

Foreign exchange and interest rate management

In order to reduce the Group's exposure to unfavourable movements in interest rate levels and foreign exchange rates, the Group uses, among others, various off-balance sheet financial instruments.

The Group's balance sheet and future cashflows denominated in foreign currencies are hedged partly through borrowings denominated in foreign currencies and partly through the use of currency hedging instruments.

In order to obtain effective management of the interest structure the Group uses interest hedging instruments in addition to chosing interest period for loans.

Loan portfolio's foreign exchange and interest fixing distribution

(including hedging transactions, see note 17)

Amounts in NOK million	1995	1996	1997	1998	1999	2000	After 2000
NOK	3,215	1,190	932	511	56	503	16
SEK	993	136	-	-	-	-	-
USD	377	-	-	-	-	-	-
Other	763	-	-	-	-	-	-
Total	5,348	1,326	932	511	56	503	16
Int.-bear. assets	(1,066)	-	-	-	-	-	-
Net	4,282	1,326	932	511	56	503	16

The average remaining interest period for Orkla A.S' debt (including hedging transactions) at 31.12.1994 was 1.2 years. The average remaining interest period for loans with interest adjustment after 1995 is 2.7 years.

In January 1995 interest swap agreements converting floating to fixed rate (3-4 years) were established for a total of NOK 480 million.

NOTE 17, Financial instruments at 31.12.1994

Amounts in million

Outstanding foreign exchange transactions (net position)

Details below include forward contracts and currency options.

Purchase currency	Amount	Sale currency	Amount
USD	52.9	NOK	355.0
USD	20.0	DKK	125.3
USD	1.3	SEK	9.4
USD	9.0	FIM	44.8
USD	20.2	ITL	31,423.0
GBP	0.6	USD	1.0
ITL	6,510.0	SEK	30.0
PTE	600.0	NOK	25.2
MYR	8.8	NOK	24.0
NOK	66.3	DKK	60.0
NOK	187.9	FIM	142.6
NOK	45.4	SEK	54.1
NOK	35.5	GBP	3.4
NOK	71.7	DEM	16.2
NOK	3.0	NLG	0.8
NOK	2.5	JPY	35.3

Forward contracts are agreements for the purchasing or selling of currencies, at an agreed exchange rate, in future periods.

Currency options are agreements where the buyer of the option has a right to purchase or sell a specific currency at a specific price on a specific future date.

Outstanding interest agreements (net position)

Details below include forward rate agreements (FRAs) and interest swaps.

Currency	Amount	Orkla receives	Orkla pays	Maturity
NOK	500	Floating NIBOR	Fixed 7.5%	1995
NOK	1,000	Fixed 5.6-6.9%	Floating NIBOR	2002-03
NOK	800	Floating NIBOR	Fixed 6.3-7.7%	1997-98
SEK	150	Floating STIBOR	Fixed 8.7%	1996

Forward rate agreements are contracts for fixing a future interest rate for a specified contract period and amount.

Interest swaps are contracts for exchanging interest flows between counterparties over a period of time. There is no exchange of principal amount. Credit risk and cash obligations under interest swaps correspond to the difference between the interest flows which are exchanged.

Outstanding interest and currency swaps (net position)

Orkla receives			Orkla pays			
Currency	Amount	Interest[1]	Currency	Amount	Interest [1]	Maturity
USD	135	Floating	NOK	972	Fixed 5.4-10.7%	1995-97
USD	15	Floating	DKK	102	Fixed 9.4%	1995

[1] Some of the agreements also include a loan margin. This is not included in the rates specified.

Interest and currency swaps are contracts for exchanging interest flows and principal amounts in different currencies. These agreements are mainly used to hedge the Group's long-term currency loans.

NOTE 18, Long-term interest-free liabilities, etc.

Long-term interest-free liabilities include pension liabilities [1] (NOK 319 million), deferred tax (NOK 417 million) and certain other minor items (NOK 80 million). Liabilities for deposits on returnable containers are entered as short-term liabilities from 1994.

Deferred tax

Deferred tax is determined as follows:

Net positive time differences after possible set-offs relate to:

Amounts in NOK million	**1994**	1993	1992
Short-term receivables	**(51)**	(56)	6
Shares	**(299)**	(363)	(510)
Inventories	**67**	43	46
Other short-term items	**(3)**	(16)	(74)
Total short-term items	**(286)**	(392)	(532)
Fixed assets	**1,351**	1,493	1,342
Net pension funds	**160**	706	668
Other long-term items	**282**	155	440
Total long-term items	**1,793**	2,354	2,450
Losses carried forward	**-**	(58)	(1)
Basis for calculation of deferred tax	**1,507**	1,904	1,917
Deferred tax	**417**	**537**	**566**
Deferred tax allowances			
Negative timing differences which cannot be set off:			
Net pension liabilities	**250**	454	426
Other negative differences not set off	**32**	28	78
Basis for calculation of deferred tax allowances	**282**	482	504
Deferred tax allowances	**79**	**132**	**138**
Net deferred tax	**338**	**405**	**428**
Change in deferred tax	**67**	23	205
Effect of accounting reform pensions	**(109)**	-	-
Purchase of new companies, conversion diff. etc.	**49**	(14)	14
Gross associated companies (shown as change in deferred tax, but deducted from the investment)[2]	**(12)**	(10)	(15)
Change in def. tax profit and loss acc.	**(5)**	**(1)**	**204**

[2] Hjemmet Mortensen, Jotun and 3 of the Polish media companies.

Calculation of the profit before taxes and the year's tax base for Norwegian taxes payable

Amounts in NOK million	**1994**	1993	1992
Profit before taxes	**1,574**	1,316	315
Addition for:			
Changes in timing differences	**67**	111	760
Group items and eliminations	**108**	48	256
Total	**175**	159	1,016
Deduction for:			
Permanent differences, dividends, etc.	**(190)**	(147)	-
Cost price regulated shares	**(186)**	(146)	(144)
Losses carried forward	**(51)**	(198)	(256)
Total	**(427)**	(491)	(400)
Deduction for:			
Foreign companies	**(64)**	(6)	(31)
Associated companies	**(129)**	(219)	(112)
Of which taxable	**-**	118	-
Total	**(193)**	(107)	(143)
Taxable income for Norwegian companies	**1,129**	877	788
Tax calculated on Norwegian activities (28%)	**(317)**	(245)	(221)
Deduction for withhold. tax on foreign div.	**3**	-	-
Shortfall in previous years' allocation	**-**	-	(11)
Tax payable Norwegian activities	**(314)**	(245)	(232)

[1] Unsecured pension liabilities are, due to the discounting effect, in principle interest-bearing. The interest element is not, however, shown as interest but included within the caption 'wage costs'.

NOTE 19, Long-term cooperation agreements

Since 1958 Orkla has enjoyed good cooperation with Unilever in the field of detergents and personal products. In February 1995 a revised agreement was signed which runs until 2014 and which extends cooperation along similar commercial principles as before.

Ringnes is The Coca-Cola Company's largest bottler in Norway, with a franchise agreement for bottled carbonated soft drinks. Coca-Cola's bottling agreements are geographically defined, and Ringnes covers Møre, Trøndelag and Nordland, and most of Southern and Eastern Norway (including Oslo).

NOTE 20, Development in equity over the last 5 years

Amounts in NOK million	Share capital	Legal reserve	Temporary restricted reserve	Free reserves	Orkla A.S	Group reserve	Total
Equity at 31.12.89	667	408	-	464	1,539	(70)	1,469
Bonus issue	66	(66)	-	-	-	-	-
Increase in capital on subscription	64	450	-	-	514	-	514
Profit for the year Orkla A.S	-	-	-	117	117	(117)	-
Group transfer received	-	-	-	337	337	(337)	-
Allocation to dividend	-	-	-	(111)	(111)	-	(111)
Allocated to legal reserve and merger difference	-	48	-	(49)	(1)	-	(1)
Group profit for the year	-	-	-	-	-	493	493
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	5	5
Equity at 31.12.90	797	840	-	758	2,395	(26)	2,369
Merger Nora Industrier A.S	382	141	-	297	820	110	930
Cancellation, amortisation and cash consideration [1]	(71)	(341)	-	(418)	(830)	-	(830)
Uninsured pension obligations	-	-	-	(24)	(24)	(181)	(205)
Profit for the year Orkla A.S	-	-	-	(138)	(138)	138	-
Group transfer received	-	-	-	511	511	(511)	-
Allocation to dividend	-	-	-	(161)	(161)	-	(161)
Allocated to legal reserve and free reserves	-	36	13	(49)	-	-	-
Group profit for the year	-	-	-	-	-	704	704
Various equity corrections [2]	-	-	-	-	-	(143)	(143)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	(5)	(5)
Equity at 31.12.91	1,108	676	13	776	2,573	86	2,659
Conversion deferred tax model 01.01.92	-	-	153	882	1,035	2,082	3,117
Equity at 01.01.92	1,108	676	166	1,658	3,608	2,168	5,776
Bonus issue 1:10	111	(111)	-	-	-	-	-
Profit for the year Orkla A.S	-	-	-	(817)	(817)	817	-
Group transfer received	-	-	-	713	713	(713)	-
Allocation to dividend	-	-	-	(178)	(178)	-	(178)
Allocation to legal reserve and free reserves	-	-	(34)	34	-	-	-
Group profit for the year	-	-	-	-	-	211	211
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	28	28
Equity at 31.12.92	1,219	565	132	1,410	3,326	2,511	5,837
Adjustment reserves at 01.01. and cash payment	-	(7)	7	(15)	(15)	-	(15)
Profit for the year Orkla A.S	-	-	-	8	8	(8)	-
Group transfer received	-	-	-	818	818	(818)	-
Allocation to dividend	-	-	-	(192)	(192)	-	(192)
Allocated to legal reserve and free reserves	-	15	(36)	21	-	-	-
Group profit for the year	-	-	-	-	-	984	984
Write-down own shares in Oktav Invest	-	-	-	-	-	(28)	(28)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	(13)	(13)
Equity at 31.12.93	1,219	573	103	2,050	3,945	2,628	6,573
Profit for the year Orkla A.S	-	-	-	198	198	(198)	-
Entries resulting from introduction of new pension standard	-	6	-	51	57	(57)	-
Group transfer received	-	-	-	711	711	(711)	-
Allocation to dividend	-	-	-	(236)	(236)	-	(236)
Allocated to legal reserve and free reserves	-	77	(36)	(41)	-	-	-
Group profit for the year	-	-	-	-	-	1,149	1,149
Charge as a result of the introd. of new pension standard	-	-	-	-	-	(285)	(285)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	28	28
Equity at 31.12.94	1,219	656	67	2,733	4,675	2,554	7,229

[1] Relates to the cancellation of 170,160 Nora Industrier shares, amortisation of 2,686,774 Orkla Borregaard shares and NOK 274 million in cash payment.

[2] Relates to cash payment and dividend on own shares and write-down of own shares.

Share capital development

Amounts in NOK Date/year	Number of shares	Par value	Type of issue	Amount (mill.)	Ratio	Correction factor [1]	Issue price	Share capital (mill.)
31.12.1987	7,216,997	100				5.32		721.7
1988	14,433,994	50	split		2:1	2.42		721.7
1988	15,558,110	50	bonus issue	56.2	1:10	2.42		777.9
1988	12,365,274	50	amortization	159.6		2.42		618.3
31.12.1988	12,365,349	50	conversion			2.42		618.3
1989	13,275,874	50	internat. offering	45.5		2.42	365.00	663.8
31.12.1989	13,339,097	50	conversion	3.2		2.42		667.0
1990	26,678,194	25	split		2:1	1.10		667.0
1990	29,346,582	25	bonus issue	66.7	1:10	1.10		733.7
1990	31,646,582	25	internat. offering	57.5		1.10	230.00	791.2
1990	31,886,582	25	merger	6.0		1.10		797.2
31.12.1990	31,894,938	25	conversion	0.1		1.10		797.4
1991	44,314,828	25	merger	310.5		1.10		1,107.9
31.12.1991	44,314,895	25	conversion			1.10		1,107.9
1992	48,746,384	25	bonus issue	110.8	1:10			1,218.7
31.12.1992	48,746,384	25						1,218.7
31.12.1993	48,747,241	25	conversion					1,218.7
31.12.1994	48,747,241	25						1,218.7

[1] The correction factor is multiplied by the number of old shares to make these figures comparable to the number of shares in 1994.

The Board is authorised until the Annual General Meeting in 1995 to issue up to 3.3 million new shares without preferential rights for existing shareholders.

The Annual General Meeting of 10.05.94 decided to allocate options for 634,408 B-shares to all employees in Norwegian operations. The options can be exercised in May 1997 at the earliest and have a strike price of NOK 25.

Treasury shares and convertible bonds

Amounts in NOK 1,000	Par value	Number of shares	Book value
Shares			
A/S Drammen Kjexfabrik	4,018	160,708	-
Rederi-A/S Orkla	4,183	167,319	-
Chr. Salvesen & Chr. Thams's Comm. A/S	-	14	-
Sætre AS	2	62	-
Oktav Invest A.S [3]	25,128	1,005,139	-
Total shares held in treasury	33,331	1,333,242	-
Convertible bonds			
A/S Drammen Kjexfabrik	30,097	2,149,785	132,423
Orkla A.S	413	29,500	4,463
Total convertible bonds held in treasury	30,510	2,179,285 [1]	136,886
Total	63,841	3,512,527 [2]	136,886

[1] Convertible bonds with a nominal value of NOK 30.5 million may be converted into shares at a rate of NOK 14.00 per share. The loan expires on 31.12.1999.

[2] Members of management within the Group have been allotted options for convertible bonds and shares equivalent to 346,393 of the shares held in treasury. The average strike price of the options at 31.12.1994 was NOK 176.50, corresponding to the shares' market price at issue date.

[3] Shares in Orkla A.S recorded in Oktav Invest are in accordance with the Companies Act rules and are recorded at zero value. Oktav Invest owns 1,256,424 shares in Orkla A.S and Orkla owns 80% of Oktav Invest.

NOTE 21, Mortgages and guarantees

Amounts in NOK million	**1994**	1993	1992
Liabilities secured by mortgages	**350**	426	690
Mortgaged assets:			
Machinery, vehicles, etc.	**1,138**	1,099	1,068
Buildings and plant	**1,132**	1,072	1,202
Other real estate	**105**	98	97
Construction in progress	**66**	189	119
Inventories, etc.	**175**	28	78
Total book value	**2,616**	2,486	2,564
Guarantees, etc.:			
Joint and several guarantees	**50**	57	58
Subscribed, uncalled limited partnership capital	**248**	130	130
Other guarantee liabilities [1]	**250**	162	125
Total guarantee liabilities	**548**	349	313

[1] Includes guarantee limits for activities within Financial Services of NOK 206 million. (NOK 125 million in 1993 and NOK 90 million in 1992).

NOTE 22, Other commitments

Orkla A.S has sold call options on 39,000 shares in Nora Eiendom A.S in 1995 at NOK 115 per share.

Orkla A.S purchased 6,765 shares in Bakers on 20.01.1995.

Scan TV A.S has issued call options on 2,167 shares in NetCom A.S at NOK 4,196 per share.

Nora A.S has an obligation to purchase further shares in Dragsbæk Margarinefabrik A.S (50%), Dacapo A.S (49%) and Margarinefabriken Blume IS (50%). Orkla's existing holdings were acquired in 1989 for approximately NOK 60 million. The price for additional shares will be based on indexation of this amount, adjusted for the development in earnings during the 3 years prior to the obligation/right being exercised.

ACCOUNTS FOR ORKLA A.S

The accounts for the holding company Orkla A.S include, in addition to all Head Office activities, the securities division and the units Peter Möller, Vestlandske Bakeriartikler and part of Orkla Eiendom's real estate activities.

Head Office activities include the Group's senior management and staff functions, Information, Legal, Business Development, Personnel and Finance/Accounting. The staff departments mainly perform work for the Group's other companies. The central Finance department acts as a Group bank with responsibility for the Group's external financing, management of the Group's liquidity and overall management of the Group's exchange and interest rate exposure.

The operations of the Head Office are financed by invoicing directly attributable expenses and apportioning other expenses between Group companies. Any uncovered expenses, uncovered net financial items and funds for payment of external dividends are mainly covered by dividends and group transfers from Group companies.

All holdings in subsidiaries are presented using the cost method.

Notes for the Group include Orkla A.S in certain cases.

PROFIT AND LOSS ACCOUNT

Amounts in NOK million	Note	**1994**	1993	1992
Operating revenue		**219**	212	176
Raw materials, etc.		**(56)**	(52)	(44)
Wages and other personnel costs	1, 2	**(69)**	(78)	(43)
Other expenses		**(93)**	(88)	(84)
Depreciation	7	**(11)**	(12)	(13)
Operating profit		**(10)**	(18)	(8)
Dividends from subsidiaries		**1**	9	-
Dividends from others		**134**	93	71
Financial income, Group companies		**260**	224	185
Other financial income		**103**	86	107
Financial expenses, Group companies		**(51)**	(48)	(108)
Other financial expenses		**(662)**	(710)	(679)
Share of result, associated companies		**3**	(1)	(1)
Sales gains, investment area		**418**	374	(355)
Profit before tax		**196**	9	(788)
Taxes	4	**2**	(1)	(29)
Profit/loss for the year		**198**	8	(817)
Group transfers received		**711**	818	713
Allocated to dividends		**(236)**	(192)	(178)
Allocated to legal reserve		**(77)**	(15)	-
Transferred from temporary restricted reserve		**36**	36	34
Allocated to/transferred from free reserves		**(632)**	(655)	248

CASHFLOW STATEMENT

Amounts in NOK million	**1994**	1993	1992
Operating profit	**(10)**	(18)	(8)
Depreciation	**11**	12	13
Change in working capital	**64**	(86)	53
Cashflow from operations	**65**	(92)	58
Net sale of fixed assets at book value	**(34)**	(11)	88
Net financial items	**(215)**	(345)	(424)
Net portfolio gains	**418**	374	301
Cashflow from activities	**234**	(74)	23
Investments in other companies	**(387)**	(20)	(382)
Change in book value of portfolio investments	**(795)**	(1,085)	1,165
Write-down of portfolio investments	**-**	-	(656)
Group transfers received	**614**	818	713
Taxes, dividends and cash consideration paid	**(194)**	(194)	(424)
Miscellaneous changes	**42**	567	(193)
Cashflow after capital transactions	**(486)**	12	246
Change in net interest bearing debt	**486**	(12)	(246)

BALANCE SHEET

Amounts in NOK million

Assets	Note	**1994**	1993	1992
Cash and bank deposits		**432**	69	171
Portfolio investments		**5,472**	4,677	3,592
Short-term receivables, Group companies		**1,358**	1,300	1,055
Short-term receivables, others		**106**	35	137
Inventories		**19**	15	16
Current assets		**7,387**	6,096	4,971
Shares in subsidiaries	3	**2,764**	2,108	2,137
Shares and investments in other companies		**223**	489	464
Loans to Group companies		**3,527**	3,034	2,608
Other long-term receivables	1, 6	**100**	109	83
Fixed assets	7	**155**	133	134
Long-term assets		**6,769**	5,873	5,426
Total assets		**14,156**	11,969	10,397

Liabilities and equity	Note	**1994**	1993	1992
State duties, taxes etc.		**13**	22	4
Accrued unassessed taxes		**6**	8	25
Dividends payable		**236**	193	178
Short-term debt to Group companies		**542**	573	1,380
Other short-term debt		**2,672**	1,291	1,556
Current liabilities		**3,469**	2,087	3,143
Long-term debt to Group companies		**328**	429	329
Other long-term debt		**5,684**	5,508	3,599
Long-term liabilities		**6,012**	5,937	3,928
Share capital		**1,219**	1,219	1,219
Legal reserve		**656**	573	565
Temporary restricted reserve		**67**	103	132
Free reserve		**2,733**	2,050	1,410
Equity		**4,675**	3,945	3,326
Liabilities and equity		**14,156**	11,969	10,397
Guarantees and mortgages	5	**21**	19	118

NOTE 1, Pension matters

(Amounts in NOK million)

Composition of net pension cost	1994
Present value of the year's pension earnings (including employment tax)	**(6)**
Amortisation on deferred liabilities due to difference from plan/assumptions	**0**
Interest cost on pension liability	**(10)**
Expected return on pension funds	**14**
Net pension cost	**(2)**

Composition on net pension liability	31.12.94	01.01.94
Gross pension liability	**(172)**	(171)
Pension funds	**198**	209
Actual net pension funds	**26**	38
Unamortised plan/estimate changes	**14**	-
Capitalised net pension funds	**40**	38

Composition of pension funds at 01.01.94	
Liquid assets	4%
Money market investments	1%
Bonds	49%
Loans	2%
Shares	43%
Real estate	1%
Total pension funds	100%

NOTE 2, Remuneration and contractual arrangements

Remuneration to the Group Chief Executive amounted to NOK 1,186,493. In addition, there were benefits of a car scheme, free newspapers, etc. totalling NOK 40,619. The Group Chief Executive received no internal director's fees.

The Group Chief Executive's pension on full earnings will amount to two thirds of the pension base. On resignation prior to pensionable age, a payment equivalent to 3 years´ salary would be made calculated from the salary at the date of resignation.

Remuneration to the Board, Corporate Assembly and Auditor

Remuneration to the Board and Corporate Assembly amounted to NOK 907,000 and NOK 416,500 respectively. The Chairman of the Board received no remuneration other than director's fee. The Auditor's fees amounted to NOK 495,000.

NOTE 3, Shares in subsidiaries

Amounts in NOK million	Currency	Company's share capital	Book value	Owned by the Group %
Ringnes a.s		249	249	100.0
Nora A.S		436	492	100.0
Sætre AS		5	11	100.0
Nidar AS		110	110	100.0
A/S Denofa og Lilleborg Fabriker				
Group A		7	54	100.0
Group B		10	61	100.0
Helly-Hansen A/S [3]		42	137	100.0
Viking Fottøy A.S		25	27	100.0
Orkla Media A.S		237	253	100.0
Bakers AS [1]		2	153	71.4
Borregaard Industries Limited				
Ordinary shares	GBP	14	216	100.0
Preference shares	GBP	1	43	99.9
Kemetyl AB	SEK	4	36	100.0
Borregaard NEA AS		5	101	100.0
Chr. Salvesen & Chr. Thams's Comm. A/S		4	21	100.0
Borregaard Skoger A.S		7	3	100.0
A/S Høvellast		-	1	100.0
Norgro A.S [2]		50	80	100.0
Orkla Finans A.S		19	21	94.7
Oktav Invest A.S		65	-	80.0
Viking Askim A.S		36	104	100.0
Rederi-A/S ORKLA		-	-	100.0
The Borregaard Comp. Inc.	USD	-	-	100.0
Omega Consultants A.S		-	-	100.0
AB Orklaprodukter	SEK	-	-	100.0
A.S Drammen Kjexfabrik		-	12	100.0
NINO CB A.S		1	1	100.0
NINO A.S		21	24	100.0
Tou Bruk A.S		1	-	100.0
Orkla Eiendom A.S		1	1	100.0
Kantolan	FIM	10	41	100.0
Swebiscuits AB	SEK	10	512	100.0
Scan-TV A.S		-	-	100.0
Peter Möller Omega-3 GmbH	DEM	-	-	100.0
TOTAL		-	2,764	-

1) Bakers became 100% owned at 20.01.1995.
2) Norgro was sold at 05.01.1995.
3) 50% of the shares in Helly-Hansen were sold at 06.02.1995.

NOTE 4, Relationship between the profit before tax and the year's tax base for Orkla A.S

Amounts in NOK million	**1994**	1993	1992
Profit before tax	**196**	9	(788)
Timing differences:			
Non-deductible write-downs on shares	**(80)**	(226)	553
Changes in other timing differences	**19**	14	(74)
Total	**(61)**	(212)	479
Permanent differences:			
Non-deductible permanent differences	**3**	45	1
Cost price regulated shares	**(186)**	(143)	(143)
Norwegian share dividends	**(115)**	(74)	(62)
RISK adjustment on shares sold	**(32)**	-	-
Total	**(330)**	(172)	(204)
Taxable group transfers received	**170**	362	513
Non-taxable group transfers received	**541**	456	200
Taxable income	**(25)**	(13)	-
Tax calculated (28%)	**-**	-	-
Tax on Norwegian dividends	**-**	-	(17)
Withholding tax foreign dividends	**(1)**	(1)	-
Excess provision in previous years	**3**	-	(8)
Total tax payable	**2**	(1)	(25)

Deferred tax Orkla A.S

Orkla A.S has not recorded deferred tax in the accounts at 31.12.1994. This is due to a tax allowance of NOK 66 million (NOK 117 million in the opening balance) being recorded at Group level in connection with the write-down of shares. This is not reflected in Orkla A.S in accordance with Norwegian GAAP (Global rule).

NOTE 5, Guarantees and mortgages

Guarantees

Orkla A.S has given financial guarantees in favour of subsidiaries which own shares in other Group companies where there have been write-downs/provisions for expected losses. The relevant subsidiaries have thus maintained the value of the shares in their balance sheets.The guarantees relate to write-downs in Nora Danmark.

Mortgages and other guarantees

Amounts in NOK million	**1994**	1993	1992
Book value of assets secured	**18**	20	69
Loans secured by mortgages	**9**	10	40
Guarantees for Group companies	**12**	9	78
Joint and several guarantees	**3**	3	6
Subscribed, uncalled limited partnership capital	**174**	55	66

NOTE 6, Loans within § 12-10 of the Companies Act

Other receivables include loans totalling NOK 23 million to persons and companies falling within § 12-10 of the Companies Act.

NOTE 7, Fixed assets

Amounts in NOK million	Accumulated cost at 01.01.1994	Additions in 1994	Disposals in 1994	**Ordinary depreciation in 1994**	Accumulated depreciation and write-downs at 31.12.1994	**Book value at 31.12.1994**
Machinery, vehicles	86	11	(2)	**(8)**	(55)	**40**
Buildings and plant	117	20	-	**(3)**	(52)	**85**
Other real estate	27	3	-	**-**	-	**30**
Total parent company	230	34	(2)	**(11)**	(107)	**155**

Investments in, and sales of, fixed assets

	Investments in:					Sales at sale prices:				
Amounts in NOK million	1990	1991	1992	1993	**1994**	1990	1991	1992	1993	**1994**
Machinery, vehicles	7	4	4	5	**11**	-	7	5	1	**1**
Buildings and plant	3	-	1	1	**20**	-	2	83	-	**-**
Other real estate	4	5	-	-	**3**	-	-	8	-	**2**
Total	14	9	5	6	**34**	-	9	96	1	**3**

AUDIT REPORT TO THE ANNUAL GENERAL MEETING OF ORKLA A.S

We have audited the annual accounts of Orkla A.S for 1994, showing a profit for the year of NOK 198 million for Orkla A.S and a profit for the year of NOK 1,149 million for the Orkla Group. The annual accounts, which consist of the Directors' report, profit and loss account, balance sheet, statement of cashflows, notes and the corresponding consolidated accounts, are the responsibility of the Board of directors and the Group Chief Executive.

Our responsibility is to examine the company's annual accounts, its accounting records and the conduct of its affairs.

We have conducted our audit in accordance with applicable laws, regulations and generally accepted auditing standards. We have performed the auditing procedures we considered necessary to determine that the annual accounts are free of material errors or omissions. We have examined, on a test basis, the accounting material supporting the financial statements, assessed the appropriateness of the accounting principles applied, the accounting estimates made by management and evaluated the overall presentation of the annual accounts. We have also evaluated the company's asset management and internal controls to the extent required by generally accepted auditing standards.

The allocation of profit for the year, as proposed by the Board of Directors, complies with the requirements of the Joint Stock Companies Act.

In our opinion, the annual accounts have been prepared in conformity with the Joint Stock Companies Act and present fairly the company's and the Group's financial positions as at 31 December 1994 and the result of the operations for the fiscal year in accordance with generally accepted accounting principles.

Oslo, 22 February 1995
Arthur Andersen & Co.

Finn Berg Jacobsen
State Authorised Public Accountant (Norway)

STATEMENT FROM THE CORPORATE ASSEMBLY TO THE ANNUAL GENERAL MEETING OF ORKLA A.S

The Corporate Assembly of Orkla A.S has received the Board of Director's proposed Profit and Loss account and Balance Sheet for 1994 for Orkla A.S and the Group and recommends that the Annual General Meeting adopts the accounts and the proposal of the Board of Directors for the allocation of profit for 1994.

Lysaker, 9 March 1995
The Corporate Assembly of Orkla A.S

Øystein Eskeland
Chairman of the Corporate Assembly

SHARES AND SHAREHOLDERS

SHAREHOLDER POLICY

Orkla's shareholders should over time receive a competitive return on their shares. This return will be a combination of dividends and a rise in the share price. The objective is that shareholders should receive a stable increase in dividends, subject to the underlying development of the business being satisfactory. Orkla has a conservative policy on new issues in which the interests of existing shareholders are decisive. The Group's overall profitability goal is its return on capital employed. All business areas are required over time to achieve an average return on capital employed of at least 15%.

INVESTOR RELATIONS

Communication with investors, analysts and the stockmarket in general, both in Norway and abroad, is a priority for Orkla. Readily available and reliable information on the Group will, in Orkla's view, increase the market's interest in the share and form a better basis for evaluating the Group. Orkla holds regular presentations in financial centres in Europe and the USA and also holds frequent individual meetings with investors and analysts. Important events affecting the Group are reported immediately.

VOTING RIGHTS AND SHARE OWNERSHIP

As a result of adaptation by Norway to EEA regulations, Orkla merged its Ordinary A and Free A share classes to a single class with effect from 1.1.1995. The company now has only two share classes: A and B. The latter do not carry voting rights. The company has no ownership limitations other than as provided in Norwegian concession legislation.

In total 47.4 million shares were traded in 1994, almost equal to the total number of outstanding shares. Aggregate turnover of Orkla shares on the Oslo Stock Exchange was NOK 6,456 million, which represented 5.2% of total equity turnover on the Exchange. 25% of total turnover in Free A and B shares took place on SEAQ International. At 31.12.1994 Orkla had 32,512 shareholders and 25.2% of the shares were held by foreign investors. During the spring of 1995 Orkla will facilitate trading in the company's shares in the USA through the establishment of a Level 1 ADR programme for both share classes.

The Annual General Meeting held on 10.5.1994 resolved to grant the employees of the Norwegian companies options on a total of 634,408 B shares. The options may be exercised in May 1997 at the earliest and has a strike price at NOK 25.00. Employees in senior positions throughout the Group have been granted options on convertible bonds and shares corresponding to a total of 346,393 treasury shares. The average strike price at 31.12.1994 was NOK 176.50, the same as the market value at the time of issue.

The Board holds an authorisation from 5.5.1993 until the Annual General Meeting in 1995 to issue up to 3.3 million shares without preferential rights for existing shareholders.

DIVIDEND AND SHARE PRICE PERFORMANCE

The Board proposes that a dividend of NOK 5.00 per share is paid for 1994, an increase of 22% from 1993. Those shareholders registered as holders at the date of the annual general meeting have the right to the dividend which will be paid on 30.5.1995.

Orkla's market capitalisation at 31.12.1994 was NOK 11,727 million, corresponding to 4.8% of the Oslo Stock Exchange's equity market capitalisation, which made Orkla the Oslo Stock Exchange's fourth largest company by market capitalisation at the end of the year. During 1994 there was an average fall in the Orkla share price of 12.2%, against a rise in the Oslo Stock Exchange All Share Index of 7.1%. Shareholders received NOK 4.10 in dividend per share in 1994.

At 31.12.1994 the share capital totalled NOK 1,218,681,025 divided into 48,747,241 shares of NOK 25. The average number of outstanding shares in 1994, fully diluted, was 47,816,539.

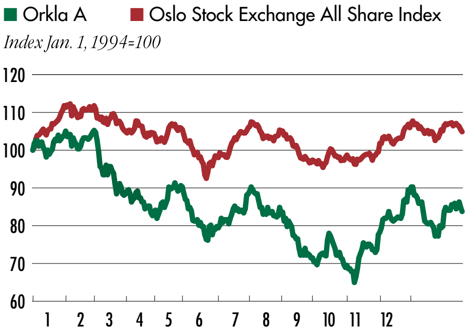
SHARE PRICE 1994

NOK	Ordinary A-shares	Free A-shares	B-shares
High	297.00	305.00	293.00
Low	180.00	180.00	175.00
Close at 30.12.1994	250.00	247.00	240.00

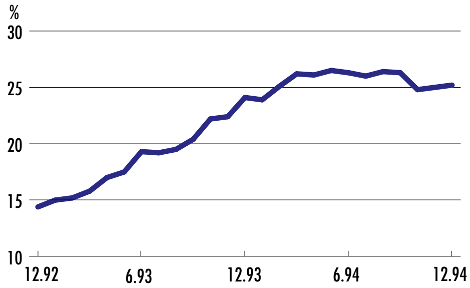
SHARES BY SIZE OF SHARE HOLDING AT 31.12.1994

No of shares	No of shareholders	% of capital
1 - 100	21,219	1.3%
101 - 1,000	9,588	6.0%
1,001 - 10,000	1,427	7.6%
10,001 - 100,000	218	12.1%
100,001 - 500,000	46	21.4%
500,001 -	14	51.6%

SHARE PRICE DEVELOPMENT 1994



OWNERSHIP BY FOREIGN INVESTORS



THE 10 LARGEST SHAREHOLDERS AT 31.12.1994

	A-shares	B-shares	Total	% of capital	% of votes
Folketrygdfondet	4,668,538	775,487	5,444,025	11.2%	11.8%
UNI Storebrand *)	3,586,843	517,956	4,104,799	8.4%	9.1%
Chase Manhattan Bank	2,673,633	599,116	3,272,749	6.7%	6.8%
Norsk Hydro incl. Pension fund *)	2,845,306	24,864	2,870,170	5.9%	7.2%
Investhon A.S	1,604,179	103,750	1,707,929	3.5%	4.1%
Citibank	672,719	894,097	1,566,816	3.2%	1.7%
Hartog & Co. A.S	1,515,000	-	1,515,000	3.1%	3.8%
Morgan Guaranty Trust	509,122	833,215	1,342,337	2.8%	1.3%
Avanse Forvaltning A.S	1,274,510	-	1,274,510	2.6%	3.2%
Oktav Invest A.S **)	1,047,021	209,403	1,256,424	2.6%	2.7%
Total	20,396,871	3,957,888	24,354,759	50.0%	51.7%
Total all shares	39,488,961	9,258,280	48,747,241	100.0%	100.0%

*) *A grouping of several legal entities with inter-company relationships.*
**) *80% owned by Orkla A.S.*

SHARES OUTSTANDING AT 31.12.1994

	A-shares	B-shares	Total
Issued shares	39,488,961	9,258,280	48,747,241
Treasury shares (see note 20)	(1,135,891)	(197,351)	(1,333,242)
Shares outstanding	38,353,070	9,060,929	47,413,999
Convertible bonds	1,986,655	198,665	2,185,320
Treasury convertible bonds (see note 20)	(1,981,168)	(198,117)	(2,179,285)
Employee share scheme options	-	634,408	634,408
Shares outstanding (fully diluted)	38,358,557	9,695,885	48,054,442

SUMMARY ACCOUNTS OF THE OPERATING UNITS

	ORKLA BEVERAGES			ORKLA FOODS			ORKLA BRANDS		
	1994	1993	1992	**1994**	1993	1992	**1994**	1993	1992
PROFIT AND LOSS ACCOUNT (NOK mill.)									
Operating revenues	**3,322**	3,025	2,752	**5,286**	4,527	4,114	**5,386**	4,436	4,163
Operating expenses	**(2,826)**	(2,585)	(2,287)	**(4,696)**	(3,974)	(3,612)	**(4,752)**	(3,863)	(3,667)
Goodwill depreciation	**(1)**	0	0	**(42)**	(32)	(23)	**(27)**	(9)	(23)
Ordinary depreciation	**(332)**	(305)	(246)	**(186)**	(162)	(145)	**(186)**	(143)	(142)
Operating profit	**163**	135	219	**362**	359	334	**421**	421	331
Profit from associated companies	**4**	1	1	**0**	0	1	**70**	92	115
CAPITAL EMPLOYED AT 31.12. (NOK mill.)									
Net working capital	**(67)**	(38)	(166)	**97**	29	(50)	**406**	298	301
Associated companies	**15**	16	11	**1**	2	2	**452**	674	637
Goodwill	**13**	9	0	**585**	613	337	**451**	149	152
Fixed assets	**1,899**	1,915	1,575	**1,202**	1,157	960	**962**	801	814
Capital employed	**1,860**	1,902	1,420	**1,885**	1,801	1,249	**2,271**	1,922	1,904
KEY FIGURES									
International sales (NOK mill.)	**318**	294	145	**1.525**	991	633	**1,805**	1,117	1,106
Cashflow from operations (NOK mill.)	**523**	332	658	**521**	438	579	**488**	583	571
Net maintenance and environmental inv. (NOK mill.)	**(297)**	(548)	(386)	**(212)**	(164)	(190)	**(153)**	(137)	(172)
Operating margin (%)	**4.9**	4.4	8.0	**6.8**	7.9	8.1	**7.8**	9.5	7.9
Return on capital employed (%)*	**8.8**	8.0	17.1	**19.2**	22.9	24.8	**22.0**	25.9	22.8
Total man-years	**3,792**	3,581	3,118	**3,234**	3,210	2,735	**3,474**	2,844	2,913

	ORKLA APPAREL			ORKLA MEDIA*)			BRANDED CONSUMER GOODS			CHEMICALS		
	1994	1993	1992	**1994**	1993	1992	**1994**	1993	1992	**1994**	1993	1992
PROFIT AND LOSS ACCOUNT (NOK mill.)												
Operating revenues	**1,297**	1,113	1,077	**1,726**	1,283	1,261	**16,308**	13,739	12,988	**3,155**	2,806	2,613
Operating expenses	**(1,197)**	(1,045)	(980)	**(1,486)**	(1,122)	(1,130)	**(14,295)**	(11,979)	(11,307)	**(2,625)**	(2,424)	(2,288)
Goodwill depreciation	**(2)**	0	0	**(24)**	(11)	(10)	**(95)**	(52)	(56)	**(8)**	(7)	(5)
Ordinary depreciation	**(34)**	(28)	(24)	**(76)**	(57)	(54)	**(800)**	(686)	(609)	**(173)**	(151)	(162)
Operating profit	**64**	40	73	**140**	93	67	**1,118**	1,022	1,016	**349**	224	158
Profit from associated companies	**0**	0	0	**17**	104	13	**117**	218	140	**5**	3	2
CAPITAL EMPLOYED AT 31.12. (NOK mill.)												
Net working capital	**349**	298	328	**(222)**	(153)	(119)	**646**	487	347	**470**	351	298
Associated companies	**0**	0	0	**253**	261	139	**777**	978	817	**35**	13	12
Goodwill	**16**	16	1	**386**	128	136	**1,444**	909	622	**25**	16	23
Fixed assets	**139**	150	147	**541**	387	394	**4,667**	4,381	3,868	**1,561**	1,283	1,168
Capital employed	**504**	464	476	**958**	623	550	**7,534**	6,755	5,654	**2,091**	1,663	1,501
KEY FIGURES												
International sales (NOK mill.)	**910**	686	657	**0**	2	1	**4,559**	3,090	2,542	**2,576**	2,294	2,088
Cashflow from operations (NOK mill.)	**36**	103	13	**309**	162	117	**1,825**	1,584	1,877	**403**	336	243
Net maintenance and environmental inv. (NOK mill.)	**(14)**	(31)	(30)	**(69)**	(40)	(46)	**(702)**	(915)	(795)	**(152)**	(158)	(137)
Operating margin (%)	**4.9**	3.6	6.8	**8.1**	7.2	5.3	**6.9**	7.4	7.8	**11.1**	8.0	6.0
Return on capital employed (%)*	**12.0**	7.9	14.4	**18.8**	35.2	13.9	**16.6**	19.5	20.4	**19.3**	14.2	11.2
Total man-years	**1,515**	1,337	1,290	**1,656**	1,191	1,190	**13,671**	12,163	11,246	**2,036**	1,882	1,890

* Hjemmet Mortensen treated as a joint venture. See page 46.

INDUSTRY AREA (BRANDED CONSUMER GOODS AND CHEMICALS) + HEAD OFFICE/UNALLOCATED

	1994	1993	1992
PROFIT AND LOSS ACCOUNT (NOK mill.)			
Operating revenues	**20,634**	17,704	16,746
Operating expenses	**(18,002)**	(15,540)	(14,719)
Goodwill depreciation	**(109)**	(63)	(66)
Ordinary depreciation	**(998)**	(860)	(791)
Operating profit	**1,525**	1,241	1,170
Profit from associated companies	**129**	219	133
Financial items	**(430)**	(417)	(425)
Profit before tax	**1,224**	1,043	878
KEY FIGURES			
International sales (NOK mill.)	**7,135**	5,385	4,632
Cashflow from operations (NOK mill.)	**2,383**	1,947	2,244
Net maintenance and environmental inv. (NOK mill.)	**(891)**	(1,102)	(794)
Operating margin (%)	**7.4**	7.0	7.0
Return on capital employed (%)*	**17.6**	18.0	18.0
Total man-years	**16,196**	14,466	13,555

	1994	1993	1992
BALANCE SHEET (NOK mill.)			
ASSETS			
Current assets	**9,093**	7,629	6,654
Long-term assets	**9,471**	9,068	8,188
Total assets [1]	**18,564**	16,697	14,842
LIABILITIES AND EQUITY			
Interest-free debt	**5,511**	5,148	4,819
Interest-bearing debt	**8,675**	7,456	6,051
Equity	**4,378**	4,093	3,972
Total liabilities and equity	**18,564**	16,697	14,842
Net interest-bearing debt	**4,558**	4,306	3,329
[1] of which lending to Financial Investments	**3,083**	2,594	1,927

*(Operating profit + profit from associated companies) / Average capital employed

FINANCIAL INVESTMENTS

	1994	1993	1992
PROFIT AND LOSS ACCOUNT (NOK mill.)			
Operating revenues	**158**	160	68
Operating expenses	**(131)**	(119)	(44)
Ordinary depreciation	**(11)**	(12)	(4)
Operating profit	**16**	29	20
Profit from associated companies	**0**	0	(21)
Portfolio gains	**418**	350	(381)
Financial items	**(84)**	(106)	(181)
Profit before tax	**350**	273	(563)
SECURITIES PORTFOLIO (NOK mill.)			
Market value	**8,194**	7,361	3,798
Book value	**5,531**	4,888	3,793
Unrealised gains before tax	**2,663**	2,473	5
Net asset value	**5,252**	4,690	1,865
Equity ratio, value adjusted (%)	**64.1**	63.7	49.1

	1994	1993	1992
BALANCE SHEET (NOK mill.)			
ASSETS			
Current assets	**5,789**	5,215	3,825
Long-term assets	**521**	520	241
Total assets	**6,310**	5,735	4,066
LIABILITIES AND EQUITY			
Interest-free debt	**145**	178	68
Interest-bearing debt	**3,101**	2,880	1,927
Equity	**3,064**	2,677	2,071
Total liabilities and equity	**6,310**	5,735	4,066
Net interest-bearing debt	**3,068**	2,776	1,790

GROUP KEY FIGURES

		Def.		1994	1993	1992	1991	1990
Turnover								
1.	Operating revenue		(NOK million)	**20,780**	17,858	16,807	16,133	15,465
2.	International sales		(%)	**34**	30	28	26	23
Profit/Cashflow/Investments								
3.	Operating profit		(NOK million)	**1,541**	1,270	1,190	870	911
4.	Net profit	1	(NOK million)	**1,149**	984	203	767	641
5.	Self-financing capacity	2	(NOK million)	**674**	(11)	491	(144)	817
6.	Maintenance/Environmental investments, net	3	(NOK million)	**891**	1,102	794	856	621
7.	Expansion investments	4	(NOK million)	**1,175**	924	802	380	1,261
Profitability								
8.	Operating margin	5	(%)	**7.4**	7.1	7.1	5.4	5.9
9.	Return on capital employed (Industry area)	6	(%)	**17.6**	18.0	18.0	12.4	N/A
10.	Return on equity	7	(%)	**17.0**	15.9	3.5	14.0	15.0
Capital								
11.	Market capitalisation	8	(NOK million)	**11,727**	13,358	7,912	7,262	9,458
12.	Book value of total assets		(NOK million)	**21,402**	19,492	16,743	17,093	17,044
13.	Book value of equity (incl. minority interests)	9	(NOK million)	**7,442**	6,770	6,043	5,892	5,249
14.	Equity ratio	10	(%)	**34.8**	34.7	36.1	34.5	30.8
15.	Net interest-bearing debt	11	(NOK million)	**7,626**	7,082	5,119	5,485	5,430
16.	Interest coverage ratio	12		**3.8**	3.2	1.5	2.2	2.8
Shares								
17.	No. of shares outstanding (fully diluted) at 31.12.		(x 1,000)	**48,054**	47,420	47,420	47,450	50,994
18.	Average no. of shares outstanding (fully diluted)		(x 1,000)	**47,817**	47,420	47,435	47,610	49,708
Share-related key figures								
19.	Share price at 31.12. Ordinary A-shares	13	(NOK)	**250**	280	167	155	191
20.	Earnings per share	14	(NOK)	**24.00**	20.80	4.30	16.10	12.90
21.	Cashflow per share	15	(NOK)	**46.60**	39.80	31.50	34.50	29.40
22.	Dividend per share		(NOK)	**5.00**	4.10	3.75	3.41	3.18
23.	Payout ratio	16	(%)	**20.5**	19.6	87.7	21.0	24.8
24.	Price/earnings ratio	17		**10.4**	13.5	39.0	9.6	14.8
25.	Price/cashflow ratio	17		**5.4**	7.0	5.3	4.5	6.5
Personnel								
26.	Total employees			**16,873**	15,081	14,679	14,505	14,044
27.	Total man-years			**16,281**	14,532	13,606	13,473	12,871

1. Excluding other items in 1990 and 1991. For 1990 a tax level of 28% is applied.
2. From cashflow statement page 15.
3. Investments in industrial plants, machinery, etc. within existing activities - Book value of fixed assets sold
4. Strategic investments to expand the Group's activities.
5. (Operating profit/Operating revenue) x 100
6. (Operating profit + Profit from associated companies)/(Average interest free current assets - Average interest free current liabilities + Average long-term assets)
7. (Net profit/Average book equity) x 100
8. Historic market capitalisation of the Group at 31.12.1990 is calculated by adding the market capitalisation of Nora Industrier and Orkla Borregaard, after eliminating pro forma treasury shares.
9. For 1990: Book equity + consolidation reserve + 72% of other conditional tax-free reserves + Min.interests
10. Book equity capital including min. interests/Total book assets
11. Total interest-bearing debt - Interest-bearing receivables and liquid assets (cash, bank deposits, etc.)
12. (Profit before tax - Other items + Net interest expenses)/Net interest expenses
13. Share price 1990 is for Orkla Borregaard's Ordinary A-shares.
14. Net profit/Average no. of shares held externally
15. (Net profit + Ord. depreciation + Write-downs share portfolio - Minorities' share of ord.depreciation - Change in deferred tax)/Average no. of shares held externally
16. (Allocation for dividend for the accounting year/Net profit) x 100
17. Relates to Orkla Ordinary A-shares.

A S S E T V A L U E S

A possible model for valuing Orkla is to distinguish between industrial assets where the value relates to future earnings from continuing operations and the Group's tradeable assets with identifiable market values.

Orkla owns a number of Norwegian, and certain Nordic, brands which are important for the Group's future earnings. In addition, Orkla has cooperation agreements with Unilever in detergents and personal products and with The Coca-Cola company regarding carbonated soft drinks. No account is taken in this summary of additional values related to Orkla's brands and cooperation agreements. This could be taken into account in the discount rate used in the valuation.

Set out below are details of the main data necessary to value Orkla's assets. Using this as a basis an investor may use his own assumptions on the value of different assets to prepare a valuation of the Group.

FORESTS

The Group owns 110,000 hectares of which approximately 80,000 hectares represent productive forests. Forests have a book value under fixed assets of NOK 117 million. The annual logging quantity is approximately 120,000 sm^3 which is sold at market price.

POWER

The Group's hydro-electric power production in a normal year is 655 GWh of which 615 GWh is derived from waterfalls not subject to reversion. In addition, there is 45 GWh of replacement power. Of this approximately 450 GWh is used internally in the Group in a normal year. Power is sold or set off internally at market prices, mainly on long-term contracts. The book value of assets related to the power business under fixed assets is NOK 113 million of which NOK 33 million is the book value of power rights.

INVESTMENT AREA

At 31.12.1994 the Group's securities portfolio had a market value of approximately NOK 8.2 billion. The book value was NOK 5.5 million.

The Group owns approximately 20% of Skøyen Næringspark, a former industrial area of some 6.3 hectares in Oslo. The area is being developed and on completion at the end of the decade will consist of approximately 187,000 square metres of commercial and office premises, including car parking of around 20,000 square metres. The book value of Orkla's interest was NOK 106 million.

The Investment area's net interest-bearing debt amounted to NOK 3,068 million at 31.12.1994, and the book value of equity was NOK 3,064 million.

INDUSTRY AREA

The operating profit is divided between the different business areas in the tables on pages 32 and 33. The Industry area's net interest-bearing debt at 31.12.1994 totalled NOK 4,558 million.

TAX

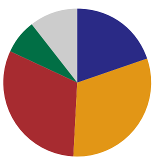
The Group's tax charge for 1994 amounts to NOK 410 million corresponding to 26.0%. This tax charge primarily relates to industrial activities. As a result of cost price adjustments, mainly related to the transitional rules for the 1991 tax reform, and tax exemption on dividends from Norwegian companies, the Investment area's tax charge is very low. At 31.12.1994 unutilised cost price adjustments related to the tax reform totalled approximately NOK 400 million.

Adjusted profit, Industry area	**1994**	1993	1992	1991
Operating profit, Industry area	**1,525**	1,241	1,170	842
Adjustments for forests and power	**(63)**	(36)	(52)	(54)
Adjusted operating profit	**1,462**	1,205	1,118	788
Share of results associated companies	**129**	219	133	35
Net financial expenses	**(430)**	(417)	(425)	(350)
Adjusted ordinary profit	**1,161**	1,007	826	473

BRANDED CONSUMER GOODS

OPERATING REVENUE

- Orkla Beverages 19.8%
- Orkla Foods 31.2%
- Orkla Brands 31.0%
- Orkla Apparel 7.7%
- Orkla Media 10.3%



NORDIC BRANDED CONSUMER GOODS STRATEGY

During 1994 Orkla continued its efforts to develop Nordic business systems in the Branded Consumer Goods area. The objective of this strategy is to achieve synergies through joint product development and marketing, improved utilisation of the businesses' distribution systems in the respective Nordic countries, as well as production specialisation.

As a result of the acquisition of the remaining 51% of the shares in Göteborgs Kex and the purchase of the Finnish biscuits company Kantolan, an integrated Nordic biscuits business has been established. This business is the market leader in the Nordic region with an aggregate market share of around 36%.

Foods continues to introduce selected brands across Nordic national frontiers. Good results have been obtained from launches in Sweden of both frozen pizza and sugar-free squashes. At the same time, products previously introduced by BOB in Sweden have been launched in Norway.

RESULTS

The operating profit of the Branded Consumer Goods area was NOK 1,118 million compared with NOK 1,022 million in 1993. Operating revenues totalled NOK 16,308 million, an increase of 19% from 1993. Most of the growth took place outside Norway and was mainly related to the Foods and Biscuits businesses. In addition Orkla Media recorded considerable growth in operating revenues as a result of expansion in newspapers in Norway. Beverages achieved growth of 10% as a consequence of strong expansion in the Norwegian market for carbonated soft drinks. 18% of the Branded Consumer Goods area's total sales are derived from the other Nordic countries and 10% from sales outside the Nordic region, compared with 12% and 11% respectively in 1993.

The achieved cost-savings have largely compensated for lower prices in real terms in Foods and poor results for Confectionery. The operating margin for the area as a whole nevertheless deteriorated, largely due to higher expenditure on advertising and product development. A number of new products were launched in 1994, several involving heavy promotional support.

Advertising expenditure has now reached a more appropriate level, and it is expected that the rate of growth will level out in the future. The transition to TV advertising has largely been

completed. In the coming years we will further increase our efforts to improve the value of advertising expenditure. There will continue to be strong growth in product development which is essential for continued profit growth. Our objective is to increase the proportion of sales represented by new products in the future. The rate of product launches has risen in recent years and will be further intensified in 1995. This is particularly the case for Orkla Foods.

MARKETING

The consumer goods markets have shown a moderate volume increase in all Nordic countries. In the Norwegian market there was volume growth of 2.5-3.0% and price increases of less than 2%. As a result of a new GATT agreement and the debate on membership of the EU, the structure and competitiveness of the food manufacturing industry have been important subjects for public debate. Expenditure totalling NOK 900 million to support restructuring in the industry was approved by the Norwegian parliament and allocated by the Norwegian Industrial and Regional Development Fund at the yearend. Orkla's food products business was allocated some of these funds, which will contribute positively to the business' restructuring. The proportion allocated is nevertheless moderate, given the size of Orkla.

As in previous years, 1994 was characterised by tough and growing competition. At the same time, the process towards concentration in wholesaling and retailing in the Norwegian grocery market continued. Orkla's confectionery business in Norway switched from direct to wholesale distribution at the beginning of the year, which had a negative impact on the business's result in 1994.

Several of the Group's Branded Consumer Goods companies participated as official sponsors of the Winter Olympics at Lillehammer, where good exposure was obtained for Coca-Cola, KIMs and New Energy.

On the food products side, Arion (sliced meats and prepared dishes based on turkey) was launched. Detergents and Personal products increased their market shares with launches which included Blenda Sensitive, JIF Micro, Dove, Organics and new Solidox varieties. The areas Snacks and Biscuits strengthened their positions with product launches across Nordic national frontiers. Beverages launched the beer 3 1/2 as well as Tab X-tra and Nestea.

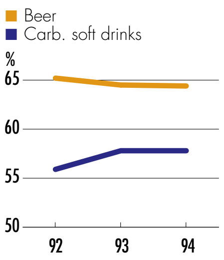
ORGANISATIONAL CHANGES

On 6 February 1995 Orkla sold 50% of the shares in Helly-Hansen. With effect from 1.1.1995 Viking Fottøy reports together with Head Office/Unallocated while the remaining holding in Helly-Hansen has been included in the Investment area's portfolio as a financial investment.

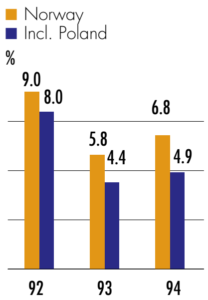
O R K L A   B E V E R A G E S

Coca-Cola
Ringnes
Farris
Lysholmer
Solo
Munkholm
Heineken
Sprite
Frydenlund
Mozell
Carlsberg
Imsdal

MARKET SHARE IN NORWAY



OPERATING MARGIN



During 1994 Ringnes underwent a costly restructuring process. The Gjelleråsen plant, which provides a single facility for the distribution of beer and carbonated soft drinks in eastern Norway as well as for the production of carbonated soft drinks, began operations at the end of 1993 and during the first half of 1994. The facility began to provide benefits towards the end of 1994.

Ringnes has strengthened its position as a major participant in the Polish market for carbonated soft drinks during 1994 with a substantial increase in volume. This involved, however, a high level of investment in Poland.

RESULTS

Operating revenues excluding duties rose by 10% to NOK 3,322 million in 1994. The operating profit was NOK 163 million, which is NOK 28 million better than the previous year. The improved result is mainly due to higher sales of beer and carbonated soft drinks in Norway, as well as the effect during the second half-year of cost-saving measures.

The carbonated soft drinks business in Poland recorded a negative operating result of NOK 43 million, which was NOK 20 million down from 1993.

MARKET DEVELOPMENT IN NORWAY

Total sales of carbonated soft drinks in Norway increased in 1994 by 14% to 489 million litres. Per capita consumption of carbonated soft drinks thus increased to 116 litres. Ringnes' own brands Mozell and Farris achieved growth of respectively 25% and 35% in 1994. The market share for carbonated soft drinks was maintained at around 58% in 1994. Sales of beer rose in 1994 by 2% to 220 million litres. The summer of 1994 was significantly warmer than the previous year and this, together with the increase in activity in connection with the Winter Olympics at Lillehammer, was the reason for the market growth. The market share for beer was stable at around 64%.

PRODUCT LAUNCHES

In 1994 Ringnes launched Tab X-tra and Nestea from The Coca-Cola Company. In the beer market, at the 1994 year-end Ringnes launched Ringnes 3 1/2 – a beer in the new tax class between pilsner and lower alcohol lager. Imsdal springwater was launched in 1994 with good results. The transition to 0.5 litre Ref-Pet (refillable plastic) bottles has been very well received by consumers and now accounts for around 30% of Ringnes' sales of carbonated soft drinks.

COST-REDUCING MEASURES

Ringnes is working to strengthen its position in relation to growing international competition in the Norwegian market through, among other

things, reducing costs. All production of carbonated soft drinks in the Oslo region has been grouped at the Gjelleråsen plant as from the spring of 1994. The distribution of beer and carbonated soft drinks for central eastern Norway has been located at Gjelleråsen since October 1993. Both these measures do now generate positive effects. The restructuring process involved planned production shutdowns for periods in 1994. This had an impact on costs since it was necessary to buy products from other bottlers as well as to transport substantial volumes to Gjelleråsen from the company's own plants in other parts of the country. The distribution structure has also been reviewed in other parts of Norway. This has resulted in a reorganisation of route structures and closure of depots which should give improved distribution efficiency. The depots at Skien and Tønsberg have been closed and replaced by a new depot in Larvik.

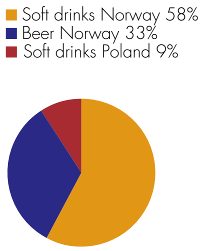
Investments will be made in 1995 in a bottling line in Arendal which will be operational before the summer, as well as in an automated warehouse at Gjelleråsen. These are being made to increase capacity in response to the strong growth which has taken place in the market for carbonated soft drinks.

INTERNATIONALISATION

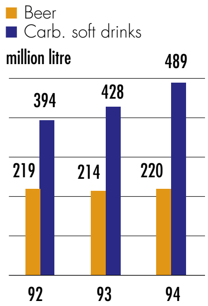
Ringnes' Polish companies have increased their sales by 47% in their franchise areas. Operations in Poland have functioned satisfactorily. The overall development in the market for carbonated soft drinks has also been in line with expectations. However the development in results has been poorer than expected due to a higher growth in sales of low price products than that for products with higher prices. In addition, sales of carbonated soft drinks in one-way plastic containers have obtained a much stronger position than originally expected. This has led to a lower level of production by the company itself and thus weakened margins in Ringnes' businesses. As a consequence of greater competition in the market, prices of carbonated soft drinks have, moreover, not followed the general rate of inflation. The high volume growth involves substantial investments which have been charged to the result through a high level of depreciation.

It has been decided not to proceed with plans to enter the brewery sector in Poland. As a result of this, the activities of Ringnes Beer which sold imported beer in Poland were wound up in 1994.

OPERATING REVENUE BY PRODUCT GROUP



MARKET DEVELOPMENT IN NORWAY



ORKLA FOODS

Stabburet
Nora
Idun
Pizza Grandiosa
Arion
Fun Light
Det Sunne Kjøkken
Smaks
BOB
Odense
Nugatti
Regal

Orkla Foods consists of the corporate units Nora and Bakers. Nora is one of Norway's leading suppliers of foods to the grocery trade and catering sector, as well as being a major supplier of ingredients to bakeries and the food manufacturing industry. Through its activities in Sweden and Denmark, Nora also has strong Nordic market positions in product areas such as frozen pizza, jam, juice, squashes and marzipan.

Bakers is Norway's leading producer and supplier of bakery products to the grocery trade. Orkla purchased the remaining 28.6% of Bakers on 20 January 1995 and the company is now 100% owned.

RESULTS

Operating revenues amounted to NOK 5,286 million in 1994, which was an increase of 17% from the previous year. Adjusted for BOB Industrier, which was consolidated in the accounts from the second half of 1993, operating revenues rose by 6%. This relates mainly to good volume growth for the main product groups. In 1994 29% of the area's sales were outside Norway.

The operating profit in 1994 was NOK 362 million against NOK 359 million in 1993. The operating margin fell by 1.1 percentage points to 6.8%. This was due to a combination of increased expenditure on advertising and product development, increased raw material prices, various restructuring costs and lower price levels to the grocery trade. Prices to the grocery trade in Norway fell by some 2%.

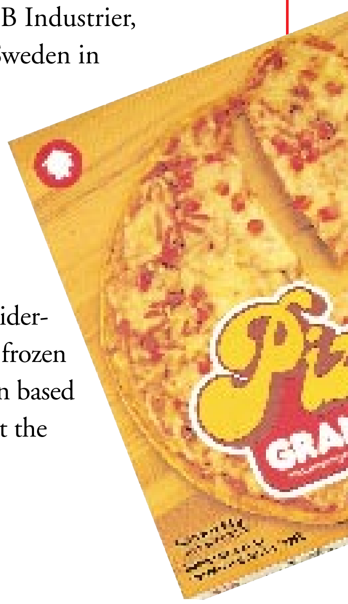
BOB Industrier in Sweden reported good growth in sales and profits in 1994. The main assumptions made at the time of the acquisition of BOB were fulfilled during 1994.

THE NORDIC REGION AS HOME MARKET

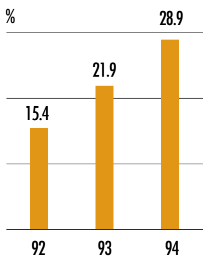
Nora has during the last years achieved strong growth in the Nordic countries, particularly in Sweden and Denmark. Joint development of the production system, know-how, product development and marketing has been the driving force behind the Nordic strategy.

In Sweden Nora's position developed positively in 1994 through BOB Industrier, which is market leader in Sweden in products such as squashes, jam and fruit soups. BOB is also the marketing and distribution company in Sweden for products from other units in Nora.

In 1994 Nora had considerable success with exports of frozen pizza to Finland and Sweden based on production carried out at the



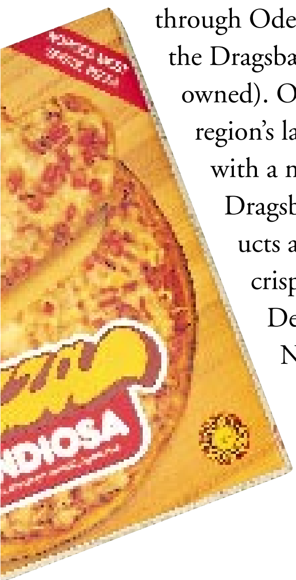
INTERNATIONAL SALES ORKLA FOODS



Stranda plant in Norway. In Sweden pizza was sold and marketed by BOB Industrier. Following the launch in Sweden in January 1994, Nora became market leader during the course of the year. Pizza exports to Finland also developed positively and Nora's entry in the market contributed to considerable growth in the frozen pizza market.

Nora also achieved success in 1994 with exports to Finland of Fun Light squash, produced by Stabburet Gimsøy in Skien. Production has, however, been transferred since January 1995 to BOB Industrier in Sweden as a result of changes in trade terms following Swedish and Finnish membership of the European Union. BOB now serves both the Swedish and Finnish market with this product.

Nora is established in Denmark through Odense Marcipan and the Dragsbæk/Dacapo group (50% owned). Odense Marcipan is the Nordic region's largest producer of marzipan with a market share of 35%. The Dragsbæk/Dacapo group's main products are margarine, salads and crisped onions. Aggregate sales in Denmark amounted to around NOK 470 million in 1994.



Even though the Nordic countries have chosen different forms of association with the EU, Nora will continue to develop the Nordic region as its home market. On the other hand, Nora's internationalisation process will be different from what it would have been if Norway had become a member of the European Union. For certain products, it will be more difficult to pursue joint Nordic development on purchasing, production and marketing. The future parameters for trade in food products between Norway and the EU have not yet been finally established, however. Among other things, the new GATT agreement will be of particular relevance to the degree of Nordic integration within Nora. The parameters are expected to be clarified during the first half of 1995. Nora will continue to work for market access for Norwegian products in the Nordic region in selected areas.

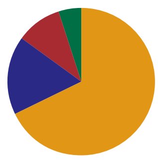
FOCUS ON COST-REDUCING MEASURES

Nora's objective is to be competitive at a European level. Improvements in competitiveness require, among other things, continuous cost-saving measures, a strong focus on product development and brand building as well as steady improvements in the efficiency of production systems.

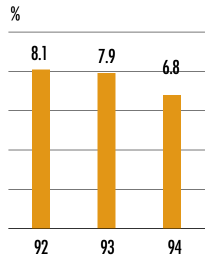
In 1994 a number of cost-saving measures were carried out, which to some extent have already produced benefits and to some extent will have effects in the coming years.

OPERATING REVENUE BY COUNTRY, NORA

- Norway 68%
- Sweden 17%
- Denmark 10%
- Other 5%



OPERATING MARGIN ORKLA FOODS



ORKLA FOODS

PRODUCT LAUNCHES

In recent years the use of resources in areas such as product development, brand building and advertising has increased markedly. Stabburet's launch of the Arion brand, a series of sliced meats and prepared dishes using turkey, was the main news in 1994. Other launches in 1994 included Idun ketchup without preservatives, new varieties of Idun dressings, a new Nora God Frokost juice, Quiche, RisiFrutti, and several new salad varieties from Smaks. An ambitious programme of new launches has also been prepared for 1995.

THE GROCERY AREA

Of Nora's total operating revenues of NOK 4,809 million in 1994, sales of branded goods to the grocery sector in the Nordic region represented 73%. The strongest brands in the Norwegian grocery sector are Stabburet, Nora, Idun, Pizza Grandiosa and Fun Light. Stabburet maintained or strengthened its market shares in most product areas for the grocery sector. BOB strengthened its position in the Swedish grocery sector and obtained market access to several new chains in 1994. The sector improved its operating profit from 1993 but the operating margin was at the same level.

CATERING

The catering sector is an important market area for Nora, with 11% of sales. Important customer groups are hotels, restaurants, roadside cafés, canteens, kiosks and public institutions. The operating profit and margin for the catering sector was lower than in 1993 as a result of a weak development in volume.

INDUSTRY

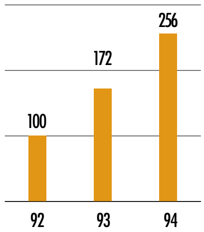
Several of the corporate units in Nora deliver ingredients for further processing to bakeries and other food manufacturing industry, including deliveries by Odense of marzipan and nougat to bakeries, of flour products by Regal Mølle to bakeries, and yeast to the same customer group by Idun Industri. Sales in this market area amounted to almost NOK 800 million in 1994, approximately 16% of Nora's total sales. Overall the operating result in 1994 was in line with the previous year, but the operating margin was lower.

BAKERY PRODUCTS

Operating revenues rose by NOK 107 million to NOK 583 million. The increase was mainly due to the purchase of Hansen & Næss in Larvik and Bager Pedersen in Arendal in 1994, as well as the full-year effect of businesses acquired in 1993. In addition, certain regions show good volume development. The operating profit was slightly higher in 1994, while the operating margin was reduced.

ADVERTISING EXPENSES

(index 1992=100)



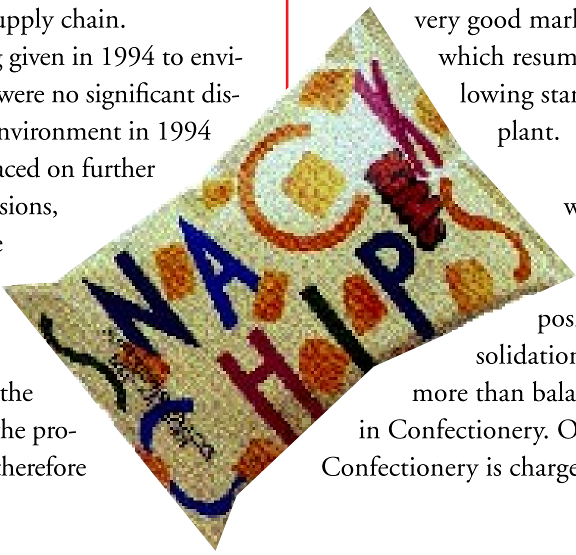
O R K L A   B R A N D S

Overall Orkla Brands strengthened its Norwegian and Scandinavian market shares in 1994. The development in market share was satisfactory for all business areas with the exception of Confectionery where the reorganisation to wholesale distribution gave rise to transitional problems. Increased market shares were achieved through a continued high rate of product launches combined with active sales promotion and a strong increase in advertising expenditure.

The main aim behind the establishment of Orkla Brands was to create a common branded goods environment. This work has proceeded as planned, while efforts are also being made to achieve synergies on the cost side. At the same time one of the main priorities for Orkla Brands is to further improve delivery standards and cooperate with customers to reduce costs throughout the entire supply chain.

Priority is also being given in 1994 to environmental work. There were no significant discharges to the external environment in 1994 and great emphasis is placed on further reducing also those emissions, which are well below the permitted limits. An important part of the overall environmental programme is to reduce the frequency of injuries at the production plants and it is therefore encouraging that there was a clear decrease in 1994. Denofa-Lilleborg was the first company in Norway to complete the "Green Office" project.

Since 1958 Orkla has enjoyed good cooperation with Unilever in detergents and personal products. In February 1995 a revised agreement was signed which runs until 2014 and which extends the cooperation along similar commercial principles as before.



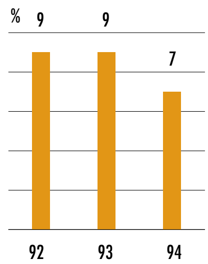
RESULTS

Operating revenues increased by NOK 950 million (21%) to NOK 5,386 million. Consolidation of Göteborgs Kex following the acquisition of the remaining 51% of the shares contributed about half this figure. Organic growth was 9%. In addition to general market growth and higher market shares, an important part of the increase in sales can be attributed to the edible oils business which experienced very good market conditions and which resumed soya meal sales following start-up of the extraction plant.

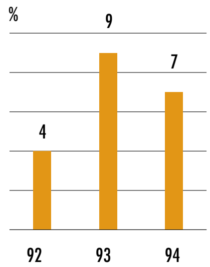
The operating profit was NOK 421 million, which is in line with the previous year. A positive effect of the consolidation of Göteborgs Kex was more than balanced by the poor result in Confectionery. Overall the result in Confectionery is charged with non-recurring

Stratos
Laban
Troika
Doc
KIMs
Polly
Ballerina
Bixit
Singoalla

MARKET GROWTH DETERGENTS (VALUE)



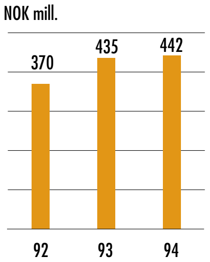
MARKET GROWTH PERSONAL PRODUCTS (VALUE)



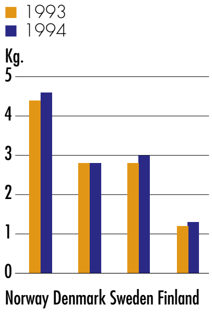
O R K L A B R A N D S

Omo
Zalo
Jif
Organics
Dove
Solidox
La Mote
Peter Möller

INTERNATIONAL SALES CONFECTIONERY



SNACKS CONSUMPTION PER CAPITA



costs of approximately NOK 40 million, of which about one half was a write-down in Needlers and the remainder related to the shift to wholesale distribution in Norway.

Other business areas reported an improvement in profits overall. Higher advertising expenditure has led to increased market shares. In the longer term this provides a good basis for continued growth in earnings.

DETERGENTS

The total market for household detergents increased in 1994. The switch to concentrated products continued and a consequential reduction in underuse is the main reason for market growth. There was a high rate of new launches in 1994, with the most important being Blenda Sensitive and JIF Micro.

The transition to concentrated powders, which has taken place over several years, led to the ending of production of traditional powders at the Oslo plant at the end of 1994. As part of measures to secure future competitiveness, planning of a new plant for liquid detergents has commenced. An agreement has been signed with Unilever on exports of this type of product to several countries in Europe.

In cooperation with Personal products, Detergents has introduced a sophisticated order, despatch and invoicing system which contributes to lower costs and an improved delivery service for customers.

Industrial detergents increased their share of a relatively stable overall market and continue to be the clear market leader. Profits developed positively.

PERSONAL PRODUCTS

Several major launches, with the shampoo/conditioner brand Organics, Dove soap and new Solidox varieties being the main ones, contributed to increased market shares and a basis for future profitability. This also contributed, however, to a strong increase in advertising expenditure. Consequently, the result in 1994 was somewhat weaker than in 1993.

CONFECTIONERY

The reorganisation to wholesale distribution in Norway was completed on 1 May and involved considerable non-recurring expenses which have been charged to the 1994 results. The reorganisation also involved a loss of volume and market share for the year as a whole. Towards the end of the year there were signs of improvement, however, and volume and market share in the last four months, seen in isolation, were in line with the previous year.

As part of measures to adapt the cost structure to the new distribution pattern, it has been decided to close the warehouse in Oslo and group all

activity at one warehouse in Trondheim. Several regional warehouses have previously been closed.

The Needlers business in the United Kingdom has not performed in line with expectations and in addition to a poor operating result, write-downs have been necessary. In order to bring Needlers' business back into balance, extensive cost-reductions will be implemented.

SNACKS

In the Norwegian snacks market, growth was around 6%, but virtually zero in Denmark. The business area's sales increased by 4% and the overall market share was maintained. In Norway, smaller manufacturers and low price imports advanced. The result for 1994 was affected by poor potato quality which led to higher production costs.

In order to strengthen the market position in Norway, considerable attention has been devoted to product development. The launch of Mexican Revolucion and Olaf Sands Rifla Potetflak illustrate this. Investments have also been made in production equipment for a new type of potato crisps which were launched in February 1995 under the name Frank Farmer.

In order to strengthen the total snacks range, Nøttolf was acquired at the end of the year. Nøttolf sells nuts such as pistachios and cashews, and had sales of NOK 25 million in 1994.

BISCUITS

The Nordic biscuits business developed satisfactorily in 1994. The Finnish company Kantolan and the Swedish Göteborgs Kex have been consolidated from 1 January. There was an improvement in profits in all markets. Market shares in Finland and Sweden rose but was relatively stable in Norway. For the Nordic region as a whole, market shares increased. Sales growth in all markets has been helped by the establishment and launch of Nordic brands. In Sweden the launch of Cookies has been successful and market leadership in this segment was attained during the first year.

OTHER ACTIVITIES

The edible oils business' extraction plant, which was out of operation following an accident in 1992, resumed production as planned in April. The international market for edible oils was particularly good in the second half-year. In addition, favourable raw material purchases led to significant gains in a rising market.

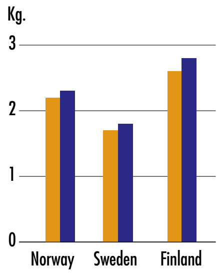
La Mote's household textiles recorded an improvement in market share and profits in 1994.

Möller's Tran also reported a good year in 1994.

Jotun (an associated company) achieved higher sales in several of its divisions in a market which experienced a large increase in raw materials prices.

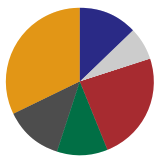
BISCUITS CONSUMPTION PER CAPITA

- 1993
- 1994



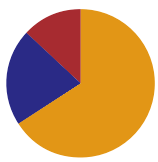
OPERATING REVENUE BY DIVISION

- Detergents 13%
- Personal products 7%
- Confectionery 24%
- Snacks 11%
- Biscuits 13%
- Other 32%

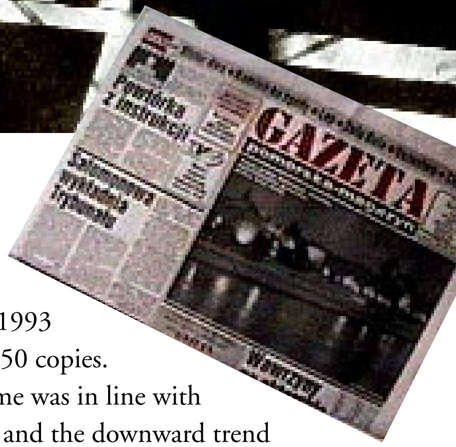


OPERATING REVENUE BY MARKET

- Norway 66%
- Scandinavia (excl. Norway) 21%
- Outside Scandinavia13%



O R K L A M E D I A



Hjemmet
Norsk Ukeblad
Vi Menn
Familien
Drammens Tidende og Buskeruds Blad
Sunnmørsposten
Haugesunds Avis

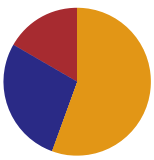
Orkla Media secured its position as Norway's second largest privately owned media company with activities in the sectors of newspapers, magazines and direct marketing. The business area expanded considerably through acquisitions in both Norway and Poland. All sectors reported improvements in operating profits and margins.

RESULTS*

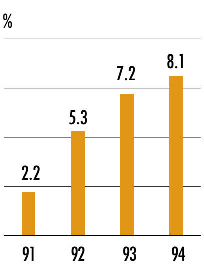
Operating revenues in 1994 totalled NOK 1,726 million. The increase of 35% from the previous year was mainly due to acquisitions. The operating profit rose by NOK 47 million to NOK 140 million with new businesses making a positive contribution. The operating margin rose from 7.2% in 1993 to 8.1% in 1994, mainly as a result of cost-reductions and the disposal of operating assets.

OPERATING REVENUE BY SECTOR

- Newspapers 55.8%
- Magazines 27.8%
- Direct marketing 16.4%



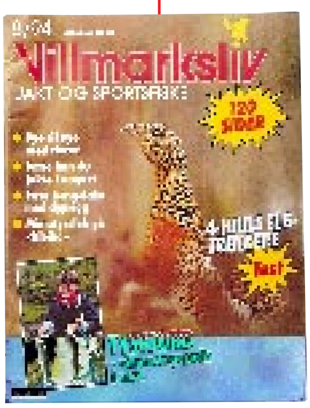
OPERATING MARGIN



NEWSPAPERS

The main strategy is to concentrate on subscription-based, local leading newspapers. At the end of 1994 Orkla Media was directly or indirectly a majority owner in 17 Norwegian newspapers which all had leading positions in their respective local markets.

The sector achieved an operating profit of NOK 95 million and an operating margin of 9.9% compared with NOK 53 million and 8.6%, respectively, in 1993.



Orkla Media's newspapers recorded a rise in circulation from 1993 of 0.3% to 228,150 copies. Advertising volume was in line with the previous year and the downward trend since 1988 seems to have ended.

Work on product development, productivity improvements and training have given positive results in 1994.

During 1994 the sector expanded with the acquisition of Varden (95%) and an increase in the holding in Fjordenes Tidende from 34.9% to 98.5%. In addition, Drammens Tidende og Buskeruds Blad (92.3% owned), where an agreement to purchase shares was signed at the end of 1993, was consolidated as a subsidiary from 1.1.1994. The interest in Vestfold Grafiske AS was sold.

Orkla Media has also expanded in the Polish newspaper market and in 1994 acquired interests in a further two leading regional newspapers. At the end of 1994 the media area had strategic positions in seven leading regional newspapers with interests varying from 25.5% to 78.4%. The total circulation of the newspapers is around 400,000 or 10-12% of total Polish newspaper circulation.

During 1995 the newspaper in

*Hjemmet Mortensen (50%) is treated here as a joint venture. In the Group accounts it is reported according to the equity method.

Bydgoszcz (Gazeta Pomorska - interest 50%), which is one of the largest regional leading newspapers in Poland with a circulation of 105,000 copies, will establish its own printing plant.

MAGAZINES

The sector recorded an operating profit of NOK 38 million and an operating margin of 7.8% against NOK 32 million and 7.1% respectively in 1993.

Hjemmet Mortensen (50% interest) is the leading publisher of magazines in Norway with market shares of 54% of circulation and 44% of advertising volume in Norwegian magazines in 1994.

The total circulation for the Norwegian magazine market was stable in 1994 and the development in the aggregate circulation of Hjemmet Mortensen's magazines was in line with this. The fall in circulation of family magazines continued, however, in 1994 with a decrease of 2.4%, while specialist magazines achieved growth of 3.5%.

Advertising volume in Norwegian magazines rose by 7.5% in 1994. The development in volume for Hjemmet Mortensen magazines as a whole was weaker than this and market share in volume terms was reduced from 48% in 1993 to 44% in 1994. The market share in value was maintained, however.

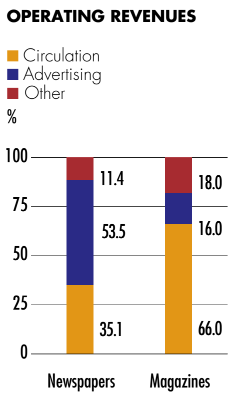
During 1994 the publishing company's printing operations were coordinated at a single unit following an extensive restructuring process. This has led to a lower long-term cost level, the full benefit of which will take effect in 1995. The printing facilities at Lillogaten 5 was sold with a book gain of NOK 10 million.

Orkla Media has acquired strategic positions in two Polish magazines. Based on these investments and the aim of establishing joint printing of supplements to our newspapers, it was decided to establish a magazine printing plant adjacent to the newspaper plant in Bydgoszcz. This plant will be completed during 1995.

DIRECT MARKETING

1994 was a very good year for the sector which further secured its position as the leading company in Norway in dialogue marketing. The market position is based on a full service concept which means that the company is able to offer products and services covering all aspects of dialogue marketing.

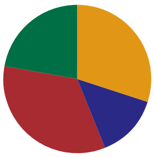
The sector's operating profit was NOK 17 million and the operating margin 5.9% against NOK 11 million and 5.1%, respectively, in 1993. The result has been charged with NOK 21 million in royalty payments. The agreement covering the main part of the royalty payments expired at 31.12.1994. The sector expanded through the acquisition of DM-Distribusjon (100%) in Grimstad which made a positive contribution to the development in profits.



C H E M I C A L S

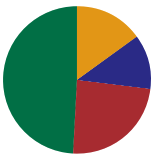
OPERATING REVENUE BY BUSINESS AREA

- Specialty chemicals 30%
- Fine chemicals 14%
- Specialty pulp 34%
- Other 22%



OPERATING REVENUE BY MARKET

- Norway 15%
- Scandinavia (excl. Norway) 12%
- Europe (excl. Scandinavia) 24%
- Outside Europe 49%



Borregaard is an international chemicals company with strong global positions in selected niches of specialty chemicals, fine chemicals and specialty pulp and has production units and sales offices in Europe, the USA and Asia.

An important event for Borregaard in 1994 was the acquisition of the diphenols business of EniChem Synthesis in Italy and China, as well as the remaining 50% share in EuroVanillin. From being a niche business, mainly in vanillin and intermediates for X-ray contrast agents, Borregaard has become a larger player with activities in several regions and several product areas. Borregaard has also strengthened its position as a supplier of intermediates to producers of X-ray contrast agents with the construction of new dedicated amino-alcohol plant.

As part of the process of concentrating on selected core areas, Borregaard has sold its polymers business to Hoechst-Perstorp. Borregaard's international presence has been broadened through the establishment of offices in Tokyo and Shanghai.

RESULTS

Borregaard's operating revenues increased by 12% to NOK 3,155 million. The operating profit rose from NOK 224 million in 1993 to NOK 349 million in 1994. NOK 50 million of this represented a gain on the sale of the polymers business. Improved results have been obtained in almost all areas and particularly for specialty pulp. Higher prices in certain areas, increased volume, lower costs and an increased proportion of added value products have been important factors in the improved result.

On the raw materials side, the timber situation in Norway has been very difficult in 1994. Consequences for Borregaard have been limited, however, since the decrease in supply in Norway has been compensated for by imported timber. The energy tax on heavy fuel oil contributes to increase the price of energy and at the same time reduces industry's flexibility in using other forms of energy than electricity. As long as Norwegian policy is not coordinated with other countries, this is an example of an unfortunate use of taxation.

The objective of the project to reduce cost levels in Sarpsborg by NOK 200 million in relation to 1991 levels was realised as planned in 1994.

SPECIALTY CHEMICALS

Borregaard LignoTech is a leading international supplier of lignin based binding and dispersing agents. The products are used as binding agents in materials such as animal feeds, as dispersing agents in the manufacture of ceramic products and concrete, and as agents in dyes, drilling mud and in agrochemicals. With production in eight countries in Europe and America, and sales to more than 70 countries, the business is global. Operating revenues in 1994 increased by 9% to NOK 942 million. The area recorded an advance in profits due both to volume growth and a favourable product mix.

A new lignin plant outside Seattle in the USA will be completed at the beginning of 1995. Products from this plant will cover markets in Asia, Latin and North America. The use of several production locations provides the business with marketing flexibility and better delivery capacity.

Priority continues to be given to growth, both in product and market development and Asia will be an important area. Further investments in product development will enable the product range based on other raw materials than lignin to be extended.

FINE CHEMICALS

The Fine Chemicals area consists of Borregaard Fine Chemicals and Borregaard Synthesis. Operating revenues rose in 1994 by NOK 114 million to NOK 438 million, of which new businesses represented NOK 52 million.
In 1995 sales of at least NOK 800 million are expected, mainly due to the full-year effect from new businesses.

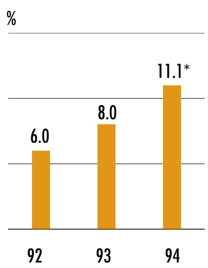
Borregaard Fine Chemicals is a leading international supplier of advanced fine chemicals to the pharmaceutical industry. The business is the market leader in intermediates for non-ionic X-ray contrast agents. Operating revenues increased by 20% in relation to 1993.
A new plant for the production of intermediates for X-ray contrast agents commenced operation towards the end of 1994.

Borregaard Synthesis is a new business area which was established in November 1994 in connection with the purchase of the diphenol business from the Italian company EniChem Synthesis. The business includes the production and processing of fine chemicals for the pharmaceutical industry and the food manufacturing industry, and the production of agro- and photographic chemicals. The acquisition includes technology and two production plants in Italy (Borregaard Italia), a 55% interest in a plant under construction China, and also the purchase of EniChem's 50% interest in EuroVanillin in Sarpsborg.

EuroVanillin is the world's second largest vanillin producer and the only one able to offer both lignin and guaiacol-based vanillin as well as ethyl vanillin. Operating revenues rose in 1994 by 40% to NOK 117 million. The improvement can be attributed both to volume growth resulting from new production capacity as well as price increases. Growth is expected in the market for both vanillin and ethyl vanillin.
A separate sales organisation for EuroVanillin has been established in Sarpsborg. Further productivity improvements are expected in 1995.

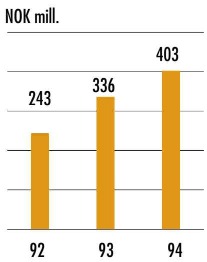
Borregaard Italia is the world's second largest diphenol producer. The main markets are Europe, Asia and the USA. During 1995 Borregaard will make efforts to optimise the product portfolio. Tai Cang Borregaard Chemicals will produce an agrochemical for use in rice fields. The company represents an

OPERATING MARGIN*



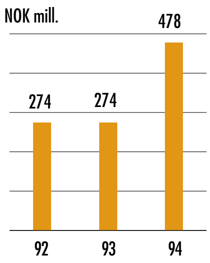
* 9.6% excl. NOK 50 mill. gain on sale of the polymers business.

CASHFLOW FROM OPERATIONS



C H E M I C A L S

TOTAL INVESTMENTS



important element in Borregaard's expansion in China and will provide a basis for further growth in this market.

SPECIALTY PULP

Borregaard ChemCell is a leading supplier in Europe of specialty pulp for chemical applications. The business focuses on applications of the cellulose molecule as a natural and biodegradable polymer. In 1994 operation of the discharge treatment plants was further improved at the same time as a biofuels plant for the burning of bark and sludge was completed.

Operating revenues increased by 3% to NOK 1,059 million and the area improved profits in 1994. Prices for specialty pulp rose towards the end of the year. The potential for price increases for Borregaard's qualities is normally less than for standard paper pulp. Total costs were reduced despite higher timber prices. Particular focus is placed on specialisation, product quality, and the development of new applications and products. 1995 is expected to be a good year for Borregaard ChemCell due to a general improvement in the economic situation internationally and particularly to positive prospects for the pulp market.

OTHER AREAS

Borregaard is the Nordic region's largest producer of industrial ethanol. Through Kemetyl AB, Borregaard has become Sweden's largest supplier of industrial ethanol to the consumer and industrial markets. The parameters regarding the sale of ethanol to Sweden have changed substantially since Norway voted against membership of the European Union and a customs duty of close to 100% has been imposed on imports to the EU. The situation will not, however, affect earnings in 1995.

Chloralkali experienced a general decline in sodium hydroxide prices at the beginning of the year, but has since then seen a recovery which will continue in 1995. Chlorine prices have increased slightly but insufficient to outweigh the low hydroxide prices. The trading business increased its operating revenues by 16% to NOK 69 million in 1994 due to higher volumes and a favourable change in the product mix.

Borregaard NEA recorded an improvement in profits due to strong markets and good prices. Mechanical pulp from Borregaard Vafos has a leading market position in the European packaging industry and paper from Borregaard Hellefos has a strong position in the European market for pocket book paper.

Borregaard's total energy consumption in 1994 was 1,861 GWh. The Group's own hydroelectric power production totalled 666 GWh, and gross heat production from the sulphuric acid plant was equivalent to 509 GWh. The Group's hydroelectric power production in a normal year is 655 GWh, of which 615 GWh is from waterfalls not subject to governmental reversion. In addition, there is replacement power of 45 GWh. As a result of the generally

high price for electric power during the year, 832 GWh of heat was produced using oil, while the corresponding figure in 1993 was 361 GWh. Power prices showed an increase during the year, which contributed to a strong improvement in results for Borregaard Energi.

The Group is one of Norway's largest private forest owners, with approximately 110,000 hectares, of which around 80,000 hectares is productive forest. The annual logging quantity is around 120,000 sm³.

ENVIRONMENT

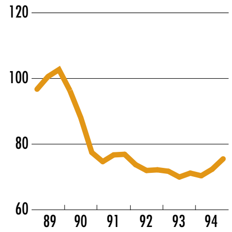
All Borregaard's production units in Norway and abroad comply with operating permits and observe environmental restrictions. Borregaard adopts an open approach to all environmental issues. A new plant for burning bark and organic sludge from the treatment plants in Sarpsborg has been brought into operation.

In 1994 Borregaard joined the environmental responsibility programme (MIA) established by the National Process Industry Association. This is the industry's answer to the challenge set by the international environmental conference in Rio de Janeiro in 1992. The programme sets requirements to improve health, environmental and safety standards. Studies have been made of working environments and risk analyses prepared for the plants in Sarpsborg. During 1994 Borregaard had no serious injuries at work which led to long periods of absence.

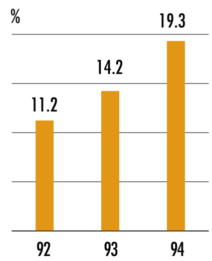
The running-in of the treatment plants has continued throughout 1994 and emissions of organic material (COD) have been reduced by 30% in relation to 1993. Det norske Veritas has undertaken a life cycle analysis which shows that Borregaard's choice of process with lignin processing is more favourable to the atmospheric gas balance than a traditional pulp plant which burns the lye.

PRICE DEVELOPMENT SPECIALTY PULP

(Index average 1989=100)



RETURN ON CAPITAL EMPLOYED

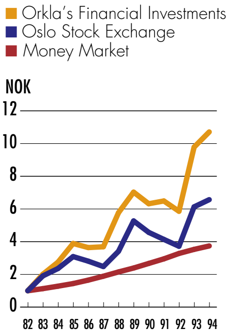


PRODUCTS AND APPLICATIONS

LIGNIN:	Dispersing agents which regulate the properties of water/powder mixtures, used in i.a. concrete additives, agricultural chemicals and dyes. Binding agents, used in i.a. animal feed pellets, coal and peat briquettes and glue additives.
FINE CHEMICALS:	Intermediate products for the pharmaceutical industry, and agrochemicals.
VANILLIN:	Flavourings and fragrances, raw material for pharmaceutical products.
SULPHITE PULP:	Rayon filament yarn and staple fibre, cellophane, thickening agents in food products and cosmetics, detergent additive, photo paper, chlorine free paper products and fluff.
ETHANOL:	Car care products, paints and lacquers, cosmetics.
SULPHURIC ACID:	Fertilisers, pigments.
SODIUM HYDROXIDE:	General chemical uses.
CHLORINE:	Water treatment chemicals, hydrochloric acid, PVC.
PAPER:	Book paper.
MECHANICAL PULP:	Board, moulded products.
TIMBER:	Saw wood, pulp wood.
ENERGY:	Electricity and heat.

FINANCIAL INVESTMENTS

GROWTH OF NOK 1
31.12.82 - 31.12.94



The business area includes the Group's equity and real estate investments. In addition, financial services are provided, mainly in stockbroking and corporate finance, through the Orkla Finans group.

MARKET CONDITIONS

1994 was a relatively poor year for international stock markets. Of the leading markets, only Japan gave a satisfactory return, while in Europe there were some substantial market declines. The background to the weak development can largely be attributed to the rise in long-term international interest rate levels. The markets in Norway, Sweden and Finland enjoyed a relatively good development in prices, with rises of 7.1%, 4.6% and 16.7% respectively.

Economic growth in the USA was high in 1994, while at the same time the growth rate in Western Europe and Japan increased. The Far East economies have continued to experience strong growth, while in Eastern Europe it appears that economic activity is stabilising after substantial falls in output for several years.

In 1994 there was a relatively strong increase in raw materials prices, with the exception of oil and gas. A slightly weaker oil price development was compensated for, however, by good growth in production on the Norwegian continental shelf and lower development costs. Increased raw materials prices combined with generally high demand for goods, both in Norway and internationally, means that Norwegian companies as a whole experience a good advance in profits. The rise in interest rates and the fall in the dollar exchange rate of 9.7% during the year meant, however, that the performance of the Oslo Stock Exchange was relatively moderate in 1994.

Uncertainty regarding the EU referendum affected the market for a long time in 1994 but, in the short term, however, it appears that the outcome has not had a significant impact on the Norwegian economy and financial markets.

There was a high level of new issue activity in the Norwegian market in 1994, particularly in the first half-year. The supply of capital has mainly come from foreign investors and the government, primarily through Folketrygdfondet. Financial savings in the Norwegian private sector are currently at a high level. It is disturbing that the parameters for equity investments

MAIN SHARE HOLDINGS AT 31.12.94

	Share of portfolio (%)	Share of company (%)	Market value (NOK million)
Elkem	13.3	25.4	1,090
Dyno	11.1	18.3	907
UNI Storebrand	10.5	12.5	857
Kværner	8.6	5.0	704
Hafslund Nycomed	7.9	4.6	649
Bergesen d.y.	4.6	4.1	381
Smedvig	2.9	9.9	240
Nora Eiendom	2.7	24.2	221
Saga Petroleum	2.6	2.2	210

are such that only a small part of this saving is directed to the equity market.

No major individual investments were made by the Investment area during the year. Small investments were made in Smedvig, DnB, Nera and Schibsted, and overall there were net sales of Norwegian shares in 1994. The largest sales took place in Bergesen and Hafslund Nycomed, with the holding in Bergesen being reduced from 7.1% to 4.1%, and the holding in Hafslund Nycomed reduced from 6.5% to 4.6%.

Activity in foreign markets, especially Scandinavia, rose in 1994. Foreign investments amounted to approximately 13% of the portfolio at the end of the year.

The portfolio of unlisted companies was also increased in 1994. Investments through Industrikapital increased following participation in a new fund. Otherwise NetCom is the largest single investment. Other new projects include participation in Kone Cranes and a convertible loan to Resource Group International.

Net purchases of shares and bonds totalling NOK 225 million were made in 1994. The return on the whole portfolio was 9.5%, which is 2.4 percentage points better than the rise in the Oslo Stock Exchange All Share Index. At the end of the year the portfolio had a market value of NOK 8,194 million.

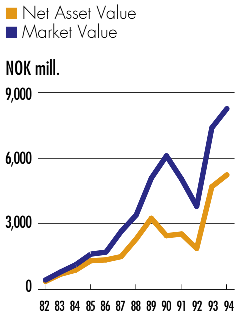
RESULT

The Investment area recorded a book profit before tax of NOK 350 million in 1994 against NOK 273 million in 1993. Portfolio gains totalling NOK 418 million were realised, and dividends of NOK 130 million received. Unrealised gains on the portfolio rose by NOK 190 million to NOK 2,663 million.

The Orkla Finans group recorded a profit before tax of NOK 39 million in 1994 against NOK 50 million in 1993. The market position was strengthened through the takeover of Sirius Securities, but there was a somewhat lower margin on secondary trading in the stockmarket due to slightly lower commission rates. Orkla Finans played an important role in arranging several initial public offerings.

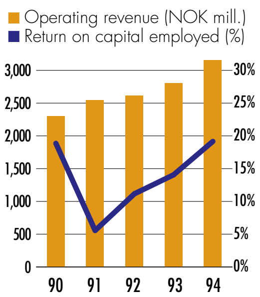
At the beginning of 1995 both the Norwegian and international economies were developing positively and earnings prospects for the main companies in the portfolio appear good.

MARKET VALUE AND NET ASSET VALUE 1982-1994



BORREGAARD - ORKLA'S CHEMICALS BUSINESS

FINANCIAL DEVELOPMENT



At the end of the 1980s an extensive restructuring of Borregaard's activities was commenced. Concentration on specialty and fine chemicals, together with cost improvements, internationalisation, environmental awareness and a profit-driven approach at all levels have brought the business to its current position as a leading international supplier of advanced chemical products in selected niches. The chemicals business has become more specialised, profitability has improved and cyclicality has been reduced.

Today Borregaard has production units in 10 countries, some 2,000 employees and expected sales in 1995 of approximately NOK 3.5 billion.

RICH TRADITIONS

The name Borregaard has rich traditions. The business was founded as The Kellner Partington Paper Pulp Company Limited in 1889, based on British capital and Austrian technology. It was purchased by Norwegian interests in 1918 and has since then been called Borregaard.

For many years Borregaard was one of the world's leading manufacturers of pulp and paper, with production in several countries and sales around the globe. During the period after the Second World War, production was gradually expanded to include various chemical products, mainly with by-products from pulp production as the raw material. However, growth in the original wood-processing business came to an end and the company disposed of its international production units.

This was the situation when Orkla Industrier and Borregaard merged in 1986. Shortly thereafter, work began on strengthening Borregaard's management and organisation and focusing business development towards chemicals.

UNIQUE BASIS

Borregaard's chemicals business goes back to 1938 when production of ethanol began, using sugar compounds in by-products from the pulp production. The same by-products were the basis for the production of vanillin, which began in 1962 and lignin products which began in 1967. Fine chemicals production, which commenced in the early 1980s is not based, however, on raw materials from pulp production, but involves advanced application of specialised chemicals know-how. Production and processing of chemical sulphite pulp is also largely founded on chemicals expertise. Pulp qualities have gradually become more specialised and are sold increasingly to customers who use them in other chemical production.

The total chemicals expertise and market know-how which has been built up in the company provides the strength to be able to win leading global positions in niches of specialty and fine chemicals. This was the background for the decision to concentrate the business on selected chemicals sectors.

Based on the new strategy, the organisation was restructured, the management strengthened and major investments made in environmental

and production facilities at the main plant complex in Sarpsborg. Simultaneously Borregaard developed its global positions in the chosen core areas through acquisition of a number of small companies in Europe and the USA.

BORREGAARD TODAY

In line with its business concept Borregaard today is a chemicals company with strong global positions in selected niches of organic chemicals and speciality pulp.

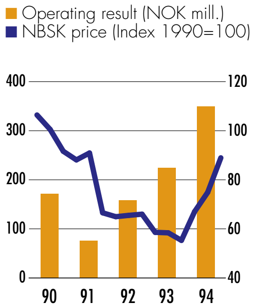
The main goal for Borregaard's core businesses is to increase added value further by developing more specialist niche products which meet the requirements and needs of customers and which are thus less exposed to price competition. This strengthens loyalty amongst established customers, and at the same time creates a good basis for cooperation and alliances with new customers and with companies operating in associated areas.

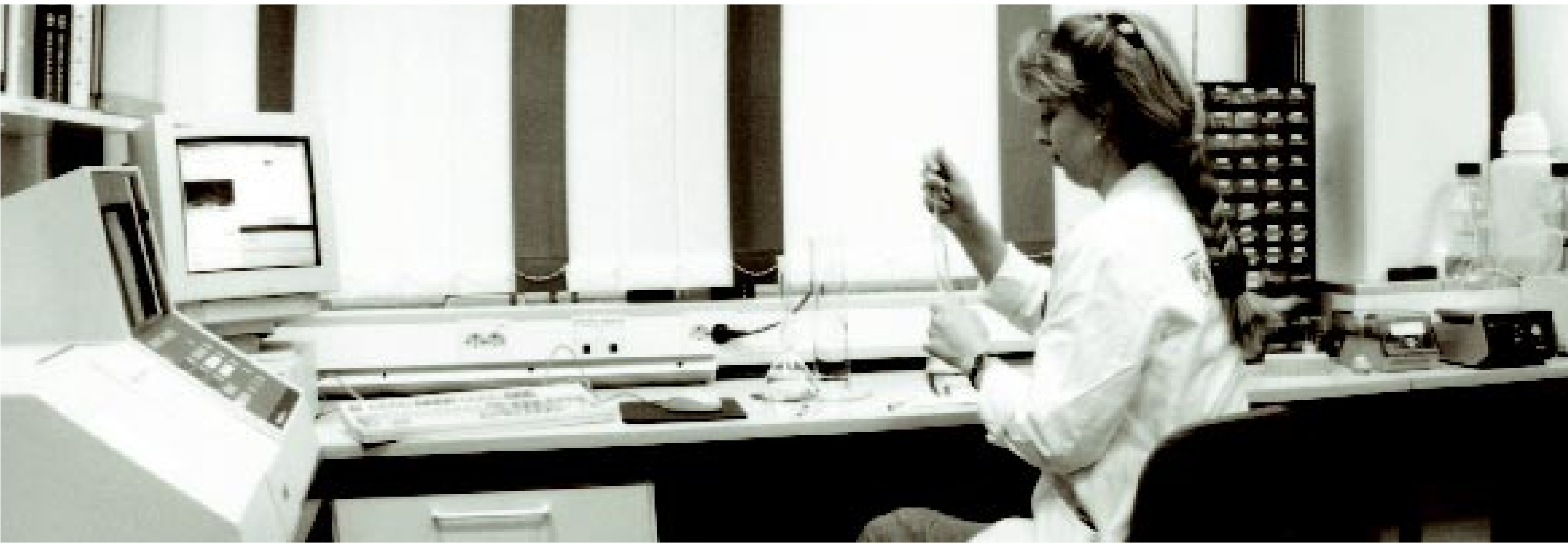
SPECIALTY CHEMICALS

Specialty chemicals sell on their performance - the benefits they provide to the customer. The core of Borregaard's specialty chemicals business is the production of a broad range of binding and dispersing agents based on lignin. Lignin products are made through the chemical and other modification of by-products from the production of sulphite and, for certain qualities, sulphate pulp. Market-oriented research and development efforts and the expansion of sales to new geographic areas has made it possible steadily to increase the proportion of specialised products, with a positive impact on profits. The specialities are mainly found in dispersing agents. These are important materials in a number of industrial sectors since they regulate the viscosity of water/powder combinations, such as, for example, concrete, oil drilling mud, dyes, plasterboard and agrochemicals. As an example, the addition of small quantities of special lignin in concrete mixes provides stronger concrete which uses less cement and provides a smoother cast - which improves quality and reduces costs. Based on close, long-term cooperation with customers, new dispersing agents are tailor-made for specific functions. Lignin products are also easily biologically degraded, and thus have advantages in relation to competing chemicals.

With annual production of approximately 400,000 tonnes and some 450 employees, Borregaard is the leading international company in this business area. The lignin business is organised under the name Borregaard LignoTech and has 11 plants in eight countries. The latest addition on the production side is a new NOK 100 million plant outside Seattle in the USA. Products are sold in 70 countries throughout the world and turnover is expected to exceed NOK 1 billion in 1995. Raw materials for the plants are obtained from various pulp producers for whom these by-products often have limited alternative uses. The international business system is thus flexible on the raw mate-

REDUCED CYCLICAL DEPENDENCE





rials side and raw materials are priced relatively independently of traditional cost factors in wood processing plants. The advantage of different lignin plants is utilised in the production of various specialty products. Together with Borregaard LignoTech's group research and development resources, this provides an international business system with many strengths. Priority continues to be given to growth - both through acquisitions and through maintaining and strengthening market and product development. In addition to Europe and the USA, the Asian markets are growing rapidly. Borregaard LignoTech is also considering expanding its product range through the gradual use of other raw materials than lignin.

FINE CHEMICALS

While specialty chemical products sell on performance, the main characteristic of fine chemicals is that they are specific, defined chemical substances. Borregaard's fine chemicals business includes pharmaceutical intermediates, vanillin and diphenols. The latter are used, among other things, for photo- and agrochemicals. Customers often use fine chemicals in combination with other chemicals and are thus dependent on precise specifications being met without deviations. The international fine chemicals industry is an important market for Borregaard's fine chemicals. Using sophisticated technology for advanced organic synthesis and based on particular strengths in upscaling, process development, quality assurance and control, Borregaard is the leading supplier in the market for chemical intermediates used to produce non-ionic X-ray contrast agents. Intermediates are often advanced chemical formulae which have been developed in cooperation with international pharmaceutical manufacturers and several of them are backed by considerable R&D effort by Borregaard.

For a number of years Borregaard has produced vanillin from lignin raw materials. The business was considerably strengthened through the acquisition of EniChem Synthesis' diphenols business in the autumn of 1994. The purchase included EniChem's interest in EuroVanillin - which Borregaard thus owns 100% - as well as a fine chemicals business with strategic raw materials, process technology and production at plants in Ravenna and Madone in Italy. In addition, it included a joint venture which has been established with the Chinese authorities for the production of agrochemicals in China - cooperation which in Borregaard's view will provide a basis for future development in the Chinese market.

Through EuroVanillin, Borregaard is the second largest producer of vanillin in the world and the only supplier offering a full range of vanillin varieties. The vanillin business will to an increasing extent be supplemented by other fine chemicals, including those based on chemical raw materials from the businesses in Italy.

The total fine chemicals business will reach sales of some NOK 800 million in 1995. This

provides Borregaard with a strong position in the market for both aroma chemicals and pharmaceutical fine chemicals. The area will also grow through the development of new products based on linking raw materials, technology research and product development capacity in the various parts of Borregaard's fine chemicals environment.

SPECIALTY PULP

Borregaard's pulp sector has a capacity of some 160,000 tonnes and each year uses over 900,000 sm^3 of fresh and dried spruce as a raw material. In recent years the operations have become increasingly specialised. Borregaard's chemicals expertise has been used to shift the business almost entirely towards products with a high process value and properties which make them particularly suited to chemical industrial applications. This development has meant that the business has become less cyclical and the quality of underlying earnings has improved. Borregaard is today the leading European supplier of specialty pulp for chemical applications based on natural polymers and is in the forefront in combining customer-oriented product development and environmentally friendly products.

The goal is to be the world's leading partner in highly processed specialty pulp.

Further efforts will be made to increase the level of specialisation through, among other things, further cooperation with the specialty and fine chemicals business.

BORREGAARD

SPECIALTY CHEMICALS	FINE CHEMICALS	SPECIALTY PULP	OTHER ACTIVITIES
Borregaard LignoTech	Borregaard Fine Chemicals	Borregaard ChemCell	Kemetyl AB
	Borregaard Synthesis		Chloralkali
			Trading
			Energy
			Forests
			NEA

E N V I R O N M E N T

POLICY

Orkla's industrial activities include the production and sale of a broad range of branded goods and chemicals and chemical-related products. In recognition of the fact that Orkla's operations and products affect the environment, the Group has established the following policies which govern all our activities:

- We endeavour to maintain the highest possible quality in our work on all environmental issues.
- We regard our ability to respond to environmental challenges as a key factor in business success.
- The principle "from cradle to grave" should serve as a guide for all our businesses.
- We adopt an open and proper approach in our work on the environment and endeavour to maintain a good dialogue with the authorities, environmental organisations and the public.
- The environment is a line responsibility in our organisation.
- We will require our suppliers and all those acting on our behalf to adopt the same principles.

Orkla is a member of the World Business Council For Sustainable Development and has signed its charter.

The micro detergent powders contain 35% less chemicals than standard powders. In 1994 they accounted for more than 50% of total sales of fabric detergents.

GENERAL

Orkla endeavours to use its know-how to make its products more suitable for consumers by reducing, as far as possible, the burden on the environment during their lifecycle. More effective use of energy, raw materials and packaging, cleaner processes, more environmentally suitable end-products, lower emissions and less waste and more recycling and reuse are key elements in daily environmental work.

This work is taking place throughout the whole Group, but this article focuses on examples from Orkla Brands and the Chemicals area.

ENVIRONMENTAL IMPROVEMENT OF PRODUCTS

Denofa-Lilleborg, which produces detergents and personal products, introduced the detergent Blenda in a phosphate-free formula in 1988 and in 1990 was the first market leader in Europe with a range entirely free of phosphates. The company was also in the forefront with its launch in 1991 of Sun dishwasher detergent using a non-corrosive formula.

The company's first micro powders were launched in 1990 and contain 35% less chemicals than standard powders. Subsequently, liquid fabric detergents have been launched in micro formulations. In 1994 micro prod-

ucts accounted for more than 50% of total sales of fabric detergents.

A number of new micro products, including JIF Micro and several micro varieties of Comfort, were introduced on the market last year. Blenda Sensitive was also launched in 1994. This is a micro powder free of perfumes and dyes and is recommended by the Norwegian Asthma and Allergic Association.

In 1994, Lilleborg's industrial detergents division also introduced micro-products for washing fabrics and milk production equipment which further reduce the use of chemicals.

OMO Color was the first household product in Norway to receive the official Nordic environmental award, the Swan mark, in 1993. Since then all varieties of OMO Micro powder and all Blenda micro varieties have received the Swan mark.

In the near future standards will be published on Swan marking of washing-up liquids and cleaning detergents. One of the company's goals is to adapt its products in these areas so that they can carry the Swan mark. Research shows that most consumers prefer Swan marked products.

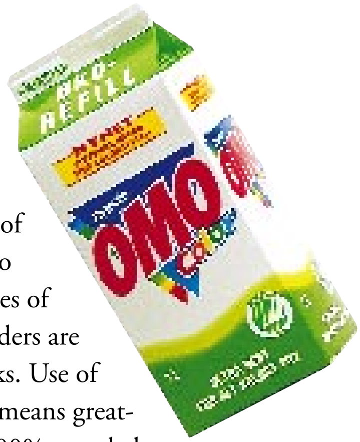
PACKAGING

Efforts to develop the most environmentally suitable packaging are given priority in all product areas.

It is important to ensure that packaging is as small and light as possible. Denofa-Lilleborg has attacked this problem from several angles - firstly by changing the product which is to be packed, as has been done with the transition to micro products. In the case of fabric softeners, the transition to micro varieties has reduced the need for transport capacity to one fifth. In addition, work has been carried out to make packaging of products lighter. In 1994 the personal products division reduced its annual consumption of corrugated board by 70 tonnes by moving away from traditional transport packing.

Increased use of refill packs, which take less space and produce less waste, makes it possible to use the original container several times. During 1994 it was decided to entirely end sales of original packing for detergents, so that OMO's and Blenda's varieties of liquid detergents and micro powders are now sold exclusively in refill packs. Use of recycled packaging material also means greater reuse. In the detergents area 100% recycled material is now used in transport packing. The percentage in refill bags is 80-90% and in bottles 25%.

It is perhaps worth pointing out that the question of introducing packaging duties should be carefully evaluated in the light of the above factors. If without careful consideration a duty system is introduced under which each packaging unit is subject to the same duty amount, there is a danger of conflict with the continuing



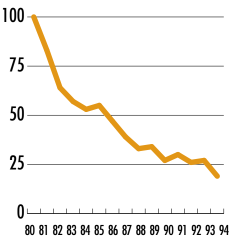
The shift to micro fabric detergents, both liquid and powder varieties, has together with the use of refill packs contributed to a substantial decrease in the consumption of packaging material.

E N V I R O N M E N T

In developing Swedish Kemetyl's new N-series comprising nine car maintenance products, particular emphasis has been placed on combining environmental suitability and effectiveness. The N-products is the first series of car maintenance products in Sweden to receive the official Nordic environmental award, the Swan mark.

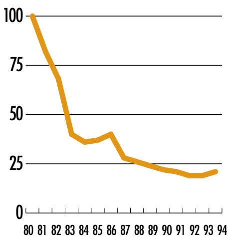
DISCHARGE OF ORGANIC MATERIAL (COD) TO WATER

Index (1980=100)



EMISSION OF SULPHUR DIOXIDE

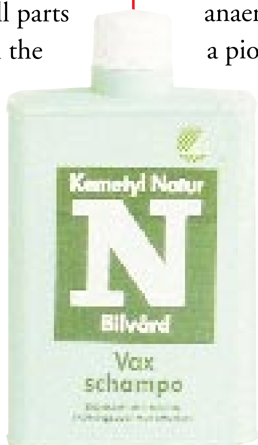
Index (1980=100)



trend towards increasingly smaller, lighter and more environmentally friendly packaging solutions.

IMPROVED PROCESSES AND REDUCED DISCHARGES

Process improvements and continued reductions in emissions are important in all parts of the Group's industrial business. In the Chemicals area this type of measure is particularly important. Most of the Group's chemical activities are associated with Borregaard's plant complex in Sarpsborg where, among other things, by-products from the production of specialty pulp are utilised as raw materials in the manufacture of a range of different products. Det Norske Veritas has been commissioned to evaluate this strategy in relation to traditional pulp production, where by-products are seen only as an energy source and burnt. A lifecycle study has been carried out which has focused in particular on total emissions under the two processes, including customers' emissions of carbon dioxide. The conclusion is that Borregaard's processing strategy is overall more favourable in terms of atmospheric pollution.



Discharges of dissolved organic material to water, measured as chemical oxygen demand (COD) were reduced by 30% in relation to 1993. Emissions are in line with the authorities' requirements. The biological treatment plant and the recently built bio-fuel boiler plant for bark and sludge are important measures to reduce emissions. Further optimisation of these plants will permit a further reduction in emissions. Part of the biological treatment process involves converting bio-sludge to biogas in an anaerobic environment. This process stage is a pioneering project and it has proved possible to reduce the quantity of sludge by as much as 70%. The remaining sludge is burnt together with bark. The biogas is also burnt, replacing purchased propane. The biological treatment plant has also had a positive effect on emissions of fibre and chloro-organic material, with reductions of 38% and 24% respectively from 1993 levels. Increased biogas production, together with a number of smaller process improvements, has provided savings in heat energy corresponding to approximately 3,000 tonnes of oil per year in 1994. In addition, the bio-fuels boiler plant provides heat energy corresponding to 6,000 tonnes of fuel oil per year.

Emissions of mercury to the atmosphere and water from the chloralkali plant in Sarpsborg are considerably lower than the authorities' requirements and in line with the best plants in Europe.

In addition to continuous monitoring of process emissions, regular measurements of sulphur dioxide concentrations are made at several locations in Sarpsborg. Measurements show levels

between 20% and 32% of the limits the authorities have set, and even in the plant area itself the level is only 55% of the permitted maximum.

The paper plant owned by Borregaard Hellefos in Hokksund, outside Drammen, reduced fibre emissions in 1994 by 50% following the installation of a fibre treatment plant. The new emission level is well below the authorities' requirement.

REDUCTION OF HEAVY METAL DISCHARGES AT LØKKEN

Since mining at Løkken Gruber was closed in 1987, considerable attention has been focused on the run-off of heavy metals from the old mines and spoil tips. An extensive and thorough evaluation of various possible measures to deal with this pollution has led to a solution which involves using the old mines as “natural” treatment plants. Run-off from the area is pumped back into the old mine galleries where natural filtration takes place. The environmental solutions at Løkken has attracted considerable interest and has now been in operation for more than two years. In 1994 the Norwegian Pollution Control Authority approved the system based on, among other things, a maximum value of copper in the Orkla river of 10-12 microgrammes per litre of water. In 1994 the average concentration was 7-8 microgrammes and spawning salmon were observed for the first time in recent history immediately down stream of Løkken.

HEALTH, WORKING ENVIRONMENT AND SAFETY

The Group's efforts in terms of health, working environment and safety have been further increased in 1994 and have contributed to a positive development.

The number of injuries in relation to hours worked continues to fall. Sick leave was somewhat lower than the previous year.

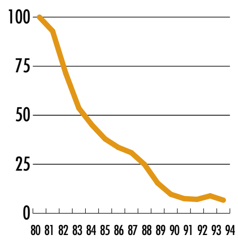
During 1994 standby organisations have been established in the Group companies for handling accidents and emergencies. Exercises and maintenance of these programmes will contribute to ensuring that safety work in the Group is given the necessary priority. During the year several companies have received ISO certification.

Solidox
During 1994 Denofa-Lilleborg stopped selling toothpaste with cardboard packaging, which has given substantial savings in packaging material.

Krystal
Denofa-Lilleborg has entered a cooperation with the World Wildlife Fund (WWF) for Krystal soft-soap. Since Krystal is a genuine natural product, Krystal has received the WWF Panda bear on its containers and Denofa-Lilleborg supports WWF's work.

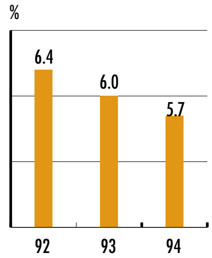
DISCHARGE OF CHLORO-ORGANIC COMPOUNDS (AOX) TO WATER

Index (1980=100)



DEVELOPMENT IN SICK LEAVE

%



GROUP ORGANISATION

EXECUTIVE GROUP MANAGEMENT

STAFF

BRANDED CONSUMER GOODS

ORKLA BEVERAGES

Chairman: Finn Jebsen
Man.director: Arild Mathisen

ORKLA FOODS

Chairman: Odd Vigmostad (Nora)
Man.director: Bent Fuglesang (Nora)

Chairman: Olaf Eie (Bakers)
Man.director: Roar Hoel (Bakers)

ORKLA BRANDS

Chairman: Jens P. Heyerdahl d.y.
Man.director: Finn Jebsen

ORKLA MEDIA

Chairman: Odd Vigmostad
Man.director: Jan Lindh

CHEMICALS

CHEMICALS

Chairman: Jens P. Heyerdahl d.y.
Man.director: Egil M. Ullebø

FINANCIAL INVESTMENTS

FINANCIAL INVESTMENTS

Exec. V.-President: Tom Vidar Rygh
Chief Executives: Tom Vidar Rygh (Securities Section)
Inge K. Hansen (Financial Services)

EXECUTIVE GROUP MANAGEMENT

Jens P. Heyerdahl d.y. (52)
Law Graduate, MBA
President and Group Chief Executive

Olaf Eie (51)
Business Graduate
Executive V.-President

Finn Jebsen (45)
Business Graduate, MBA
Executive V.-President

Tom Vidar Rygh (37)
Business Graduate
Executive V.-President

Odd Vigmostad (62)
Business Graduate
Executive V.-President

STAFF

Halvor Stenstadvold (51)
Political Science Graduate
Executive V.-President
Group Staff

Jan Kildal (44)
Chief Financial Officer
Finance/Accounting

Morten Ringvold (41)
Legal

Rolf Straume (39)
Business Development

Jon Trøften (62)
Information

Geir Aarseth (48)
Personnel/Organisation

Lisbeth Lindberg (36)
Investor Relations

R E P R E S E N T A T I V E S

CORPORATE ASSEMBLY

Elected by the shareholders

Øystein Eskeland (220)
chairman

Lucy Smith (436)
deputy chairman

Svein Erik Amundsen (83)

Ebbe C. Astrup (37,078)

Westye Egeberg (506)

Svein R. Hagen (0)

Ragnar Halvorsen (1,445)

Chr. Haneborg (2,592)

Hans Herman Horn (1,300)

Synnøve Liaaen Jensen (38)

Leif Kjær (4,582)

Borger A. Lenth (265)

Tore Lindholt (0)

Leiv L. Nergaard (0)

Oddbjørn Oddaker (18)

Egil Offenberg (416)

Inger E. Prebensen (0)

Anders Ringnes (4,408)

Cathrine Mellbye Schultz (2,427)

Tore Steen (1,597)

Halvor Svenkerud (773)

Halgrim Thon (4,355)

David Vikøren (150)

Stein Wessel-Aas (0)

Deputies

Egil Alnæs jr.

Bjørn R. Berntsen

Thor Falkanger

Eilif Holte

Truls Nyquist

Mari Pran

Fabian Stang

Elisabeth Wille

Election commitee

Øystein Eskeland (220)

Tore Lindholt (0)

Svein R. Hagen (0)

Elected by the employees

Louis Belaska (0)

Jon-Ivar Fjeld (0)

Thorhild Fredly (0)

Anne Margrethe Grimsvang (0)

Britt-Karin Gundersen (0)

Bjørn Haraldsen (4)

Bjørn Johansen (0)

Harald Johansen (78)

Hans Johnsen (0)

Kristin Kvikstad (0)

Sverre Olsen (0)

Jan Rønning (0)

Deputies

Asbjørn Bråtekas

Anders Døvik

Bjørn Tore Eriksen

Odd Hansen

Randi Hansen

Steinar Johansen

Ann-Karin Karlsen

Anne-May Kristiansen

Tore H. Larsen

Gunn Liabø

Arvid Liland

Jan Lillebo

Trine Mæland

The next election of members to the Corporate Assembly will take place in 1995 for members elected by the shareholders and in 1996 for members elected by the employees.

THE BOARD OF DIRECTORS

Svein Ribe-Anderssen (159)
chairman

Odd Gleditsch jr. (100)

Jens P. Heyerdahl d.y. (135,827)

Truls Holthe (6,149)

Roger Johansen *(18)

Kjell Kjønigsen* (5)

Knut Leversby (5)

Jørgen B. Lysholm (61,728)

Harald Norvik (11)

Stein Stugu* (0)

Board observer elected by the employees

Egil Friberg (8)

Deputy board members elected by the employees

Liv Brynhildsvoll (0)

Håkon Olav Edgren (0)

Terje Vidar Hansen (0)

Vilhelm Johannesen (4)

Jan A. Jørgensen (30)

Jan Cato Landsverk (0)

Arvid Strand (0)

Torbjørn Wold (0)

Figures in brackets indicate the number of shares owned at 31.12.1994, including shares owned by spouse and dependent minors.

AUDITOR

Arthur Andersen & Co.
Finn Berg Jacobsen
State Authorized Public Accountant

* *Elected by the employees*

INDUSTRIAL DEMOCRACY AT ORKLA

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

The employees elect three of Orkla's 10 Board members and one observer. 12 of the Corporate Assembly's 36 members are elected by the Group's employees.

On a Group basis, the employees have two Committees of Representatives - for those belonging to unions which are members of LO and of other employee organisations, respectively, both with their own executive committees. The arrangement ensures a broad representation for the Group's employees, both by company and organisation. The executive committees of the Committees of Representatives have regulary meetings with the Group's management on issues relevant to the Group.

In addition to the Group schemes mentioned here, the employees have representatives on the boards of directors of the individual subsidiaries.

The summaries show the members of the governing bodies at Group level as at January 1995.

THE COMMITTEE OF REPRESENTATIVES FOR UNIONIZED MEMBERS OF LO*)

Executive committee

Stein Stugu
chairman

Egil Friberg
deputy chairman

Bjørn Johansen
treasurer

Aage Andersen
secretary

Gunn Liabø
committee member

Bjørn K. Tonning
committee member

Arve Schevik
committee member

Ann-Karin Karlsen
1st deputy

Terje V. Hansen
2nd deputy

Harald Johansen
3rd deputy

Committee of representatives

Jostein Aukland

Egil Friberg

Leif Erling Danielsen

Erik Hansen

Inge Hansen

Odd Hansen

Per Arvid Hansen

Randi Hansen

Roald Hansen

Terje V. Hansen

Torstein Hårsaker

Bjørn Johansen

Harald Johansen

Kjell Johansen

Kjell Henning Johansen

Jan A. Jørgensen

Kjell Kjønigsen

Tore H. Larsen

Gunn Liabø

Mariann Olsen

Arne Panengstuen

Svein Rannekleiv

Inge Rønneberg

Arne Rønning

Arve O. Schevik

Stein Stugu

Per Gunnar Støa

Berit Sundsby

Bjørn K. Tonning

Terje Tveter

Roger Vangen

Tove Vig

John Egil Øygard

COMMITTEE OF REPRESENTATIVES FOR MEMBERS OF OTHER EMPLOYEE ORGANISATIONS

Executive committee

Roger Johansen
chairman

Arvid Strand
deputy chairman

Irene Torstenson
secretary

Anne Margrethe Grimsvang
treasurer

Morten Brennemo
committee member

Arild Bolstad
committee member

Jon Cato Landsverk
deputy

Tom Stokstad
deputy

Committee of representatives

Grete Asprem

Bjørn Hansen

Berit Eriksen

Kjell M. Halvorsen

Fredrik Schreier

Arild R. Ingebretsen

Kristin Kvikstad

Jon Cato Landsverk

Trine Torp Larsen

Terje Nygaard

Arvid Liland

Svein Erik Pedersen

Bjørn Sollien

Kjetil Scawland

Tom Stokstad

Morten Sørensen

Øyvind Johansen

Øystein Ustumo

Sigurd Vik

Tor Wangen

Anne Lise Brevik

Reidar Aaserød

*) *The Norwegian Federation of Trade Unions*

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The registered office is in Sarpsborg. The Group Management is located at Lysaker.

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Ringnes Frydenlunds Bryggeri, Oslo

Ringnes Gjelleråsen Nittedal

Ringnes Arendals Bryggeri a.s, Arendal

Ringnes E.C. Dahls Bryggeri a.s, Trondheim

Ringnes Nordlands-bryggeriet, Bodø

Ringnes Tou Bryggeri a.s, Forus

Ringnes Farris, Larvik

Ringnes Imsdalen, Koppang

Warszawa Coca-Cola Bottlers Ltd.
Warsaw, Poland

Bydgoszcz Coca-Cola Bottlers Ltd.
Bydgoszcz, Poland

Lublin Coca-Cola Bottlers Ltd., Lublin, Poland

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Telefax +47 66 80 63 78

Stabburet Wholesale Products

Stabburet A/S, Kolbotn

Stabburet A/S, Fredrikstad

Stabburet A/S, Gressvik

Stabburet A/S, Brumunddal

Stabburet A/S, Rygge

Stabburet A/S, Ualand

Stabburet A/S, Vigrestad

Stabburet A/S
Division Idun Rygge, Rygge

Stabburet A/S
Gimsøy Kloster, Skien

BOB Industrier

BOB Industrier AB
Kumla, Sweden

Stabburet Fresh Products

Stabburet A/S, Kolbotn

Stabburet A/S, Brumunddal

Stabburet A/S, Stranda

Stabburet A/S,
Smaks Salater, Olsvik

Odense Marcipan

Odense Marcipan A/S
Odense C, Denmark

Industry Division

Idun Industri A.S, Oslo

Sunda A.S, Oslo

Dragsbæk Margarine-fabrik A/S, Thisted
Denmark

Dacapo, Randers Salat & Løg A/S, Randers, Denmark

Margarinfabriken Blume I/S
Randers, Denmark

Kjarnavôrur HF
Hafnarfjördur, Iceland

Regal Mølle a.s
Division Bjølsen Valsemølle
Oslo
Division Christianssands Møller, Kristiansand S
Division Moss Aktiemøller
Moss
Division Tou Mølle, Tau

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Telefax +47 22 65 82 12

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Bakers AS, Avd. Hansen & Næss, Larvik

Bakers AS, Avd. Bager Pedersen, Arendal

Bakers Heba, Brumunddal

Ekco Møllhausen Bakerier AS, Kløfta

Bakers Bryne AS, Bryne

Bakers Martens AS, Kokstad

Kvalitetsbakeren A/S
Nesttun

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A/S Ello, Kristiansund N

Elico, Oslo

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Fredrikstad

Vestlandske Bakeriartikler
Kokstad

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KIMs, Skreia, division of Sætre AS

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Telefax 095 46 303 209 050

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Nidar AS
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Telefax +47 73 91 28 78

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Wiversales B.V., Oosterhout
The Netherlands

Wiversales Belgium B.V.B.A.
Wuustwezel, Belgium

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Telefax +47 22 50 95 94

Newspapers

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Telefax +47 22 50 95 94

Moss Avis A/S, Moss

A/S Fredriksstad Blad
Fredrikstad

A/S Varden, Skien

A/S Gjengangeren, Horten

A/S Sandefjords Blad og Trykkeri, Sandefjord

Tønsbergs Aktietrykkeri (Tønsbergs Blad), Tønsberg

Drammens Tidende & Buskeruds Blad A/S
Drammen

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Kongsberg

Telen A/S, Notodden

Røyken og Hurums Avis A/S
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Notodden

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A/S Haugesunds Avis
Haugesund

A/S Romsdals Budstikke
Molde

A/S Driva-Trykk
Sunndalsøra

A/S Åndalsnes Avis Åndalsnes

Orkla Press International A.S
Lysaker

Orkla Press International A.S
Wroclaw, Poland

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N-0301 Oslo
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Direct Mail AS - Media Print AS, Oslo

Forbruker Kontakt A.S
Oslo

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DM Distribusjon AS
Grimstad

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LignoTech Finland OY
Tampere, Finland

LignoTech Deutschland GmbH
Karlsruhe, Germany

LignoBond Verkaufsgesellschaft mbH
Karlsruhe, Germany

LignoTech Verkaufsgesellschaft mbH
Düsseldorf, Germany

LignoTech Schweiz AG
Luterbach, Switzerland

LignoTech USA, Inc.
Rothschild, Wisconsin, USA

LignoTech Iberica S.A
Torrelavega, Spain

Borregaard S.E.A. Pte Ltd
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Borregaard GmbH
Frankfurt/Main, Germany

Borregaard France
Paris, France

Borregaard Industries Limited, Japan Branch
Tokyo, Japan

Borregaard Fine Chemicals A.S, Sarpsborg

EuroVanillin KS, Sarpsborg

Borregaard Italia S.r.l.
Milan, Italy

Tai Cang Borregaard Chemicals Co. Ltd.
Jiangsu Province, China

Borregaard Shanghai Representative Office
Shanghai, China

Borregaard NEA AS
Lysaker

Borregaard Trælandsfos AS
Kvinesdal

Borregaard Hellefos AS
Hokksund

Borregaard Vafos AS
Kragerø

A/S Tronstad Brug Ltd.
Sylling

A/S Børresen, Sylling

Borregaard UK Ltd.
Virginia Water, Surrey
United Kingdom

Borregaard Skoger A.S
Elverum

Orkla Exolon AS KS
Orkanger

Kemetyl AB
Stockholm, Sweden

FINANCIAL INVESTMENTS

SECURITIES

Orkla A.S
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FINANCIAL SERVICES

Orkla Finans A.S
P.O.Box 1724 Vika
N-0121 Oslo
Tel. +47 22 40 08 00
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- Securities brokerage
- Insurance brokerage
- Portfolio management
- Fund management

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Varberg, Sweden

Viking Jalkineet OY
Vantaa, Finland

Herold Halle Viking A/S
Ringsted, Denmark

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FINANCIAL CALENDAR 1995

Annual General Meeting	May 10
Shares quoted ex. dividend	May 11
Dividend payment to shareholders	May 30
Financial statements for the first four months to be published	June 8
Financial statements for the first eight months to be published	October 4

(Subject to changes)

1994 - IN BRIEF

- A GOOD YEAR FOR ORKLA.
- 15.4% GROWTH IN EARNINGS PER SHARE.
- PROGRESS BOTH FOR THE INDUSTRIAL AND INVESTMENT ACTIVITIES.
- BRANDED CONSUMER GOODS EXPANDS IN SCANDINAVIA.
- CONTINUED INTERNATIONAL EXPANSION FOR CHEMICALS.
- NON-CORE BUSINESSES DIVESTED.

MAIN FIGURES GROUP

	1994	1993
OPERATING REVENUE[1]	20,780	17,858
OPERATING PROFIT[1]	1,541	1,270
OPERATING MARGIN[2]	7.4	7.1
EARNINGS PER SHARE[3]	24.00	20.80
TOTAL ASSETS[1]	21,402	19,492
EQUITY RATIO[2]	34,8	34,7

[1] NOK million [2] Percent [3] NOK

ORKLA

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- Balance Sheet
- Cash Flow Analysis
- Notes
- Shareholders Policy

HUGIN
NÆRINGSLIVETS INFORMASJONSBANK

1994