

Orkla

Fourth Quarter 2009

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THE FOURTH QUARTER IN BRIEF

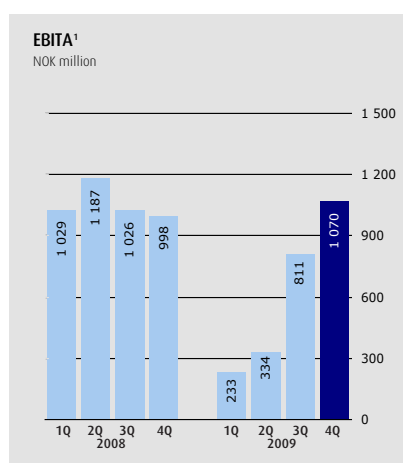
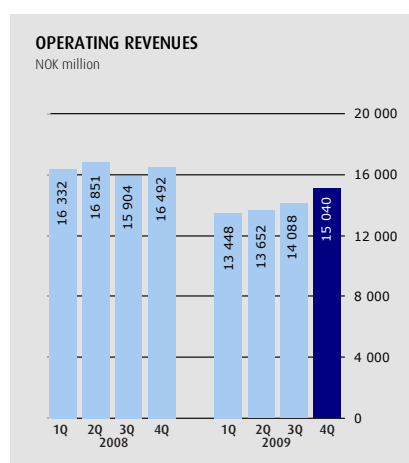
- Improvements in the Group's cost position contributed to profit growth in the quarter. Group EBITA¹ totalled NOK 1,070 million, up NOK 72 million on the corresponding quarter in 2008.
- Continued weak markets for Aluminium Solutions and Materials explain the decline in sales to NOK 15,040 million (NOK 16,492 million)².
- Comprehensive measures implemented during 2009 to cut costs and free up capital generated strong cash flow from operating activities in the quarter, amounting to NOK 2.7 billion (NOK 1.1 billion)². Full-year cash flow from operating activities totalled NOK 5.8 billion (NOK 2.5 billion)².
- Orkla Brands achieved 9% profit growth in the quarter. Orkla Brands achieved strong full-year results, with EBITA¹ of NOK 2,793 million (NOK 2,590 million)².
- Orkla Aluminium Solutions reported a positive profit and positive cash flow in the fourth quarter, with EBITA¹ of NOK 117 million (NOK -102 million)² and cash flow from operating activities of NOK 581 million (NOK -371 million)². Markets remain weak.
- Although capacity utilisation was somewhat higher, markets remained weak for Elkem's silicon-related business (excluding Elkem Solar). Borregaard's chemical business reported satisfactory fourth-quarter results. Both prices and production volumes were slightly lower for Elkem's and Borregaard's energy operations, compared with the good fourth quarter of 2008.
- REC reported EBITDA of NOK 567 million (NOK 936 million)² in the fourth quarter. Jotun reported a positive trend in the fourth quarter, and improved results for the year as a whole.
- The investment in REC is accounted for according to the equity method. In future, for accounting purposes, Orkla will use the market price to value its shareholding, as long as the market price is lower than the associates-related carrying value. The value will be adjusted upwards or downwards on the basis of the market price on the balance sheet date. The market price as at 31 December 2009 was NOK 44.75, while the carrying value was NOK 56.62, resulting in an accounting charge of NOK 3,135 million in the fourth quarter.
- Stock markets showed a positive trend in the fourth quarter, and the full-year return on Orkla's Share Portfolio was 39.0%, compared with 36.1% for the Morgan Stanley Nordic Index (64.8% for the Oslo Stock Exchange Benchmark Index).
- Following the Norwegian parliament's adoption of a new reversion regime in the autumn of 2008, Elkem signed an agreement on 4 October 2009 to sell its hydropower plants at Salten and Bremanger, which operate under licence, for NOK 6 billion. Financial risk and control were transferred to the buyers as of 31 December 2009, and the transaction generated a post-tax accounting gain of NOK 4.2 billion in the fourth quarter.
- Taking into account the sale of the power assets, net interest-bearing liabilities at year-end totalled NOK 19,848 million, a reduction of NOK 7.6 billion from the start of 2009.
- The Board of Directors proposes to pay an ordinary dividend of NOK 2.25 per share for the 2009 accounting year.

¹ Operating result before amortisation, gains on sales of power plants, write-downs of inventory in Sapa Profiles in 2008, restructuring and significant write-downs.

² Figures in parentheses are for the corresponding period in the previous year.

KEY FIGURES FOR THE ORKLA GROUP

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Operating revenues	56,228	65,579	15,040	16,492
Adjusted EBITA ¹	2,448	4,240	1,070	998
Profit/loss before taxes	1,071	(2,015)	610	(4,375)
Earnings per share diluted (NOK)	2.5	(2.8)	1.1	(4.1)
Cash flow from operating activities	5,802	2,543	2,687	1,070
Net interest-bearing liabilities	19,848	27,424		
Equity ratio (%)	51.7	47.7		
Net gearing ²	0.41	0.55		



¹ Operating result before amortisation, gains on sales of power plants, write-downs of inventory in Sapa Profiles in 2008, restructuring and significant write-downs.

² (Net interest-bearing liabilities)/(Equity)

THE GROUP

Orkla's fourth-quarter operating revenues totalled NOK 15,040 million (NOK 16,492 million)². The decline is ascribable to continued weak markets for Orkla Aluminium Solutions and Orkla Materials. Full-year sales amounted to NOK 56,228 million (NOK 65,579 million)². Currency translation effects had a negative impact of NOK 933 million on fourth-quarter operating revenues, but a positive effect of NOK 722 million for the full year.

The Group's EBITA¹ for the fourth quarter was NOK 1,070 million (NOK 998 million)². For 2009 as a whole, EBITA¹ was NOK 2,448 million (NOK 4,240 million)². The results were impacted by negative currency translation effects totalling NOK -64 million in the fourth quarter and NOK -102 million for the full year.

Orkla Brands continued to report good profit growth in the fourth quarter. For 2009 as a whole, Orkla Brands achieved its best EBITA¹ ever. This improvement is primarily attributable to cost-cutting programmes and the effect of earlier price increases. Successful innovations and sales campaigns helped to achieve a relative improvement in volume and market share performance towards the end of the year.

Although Orkla Aluminium Solutions' markets have been relatively stable during 2009, on an annual basis both the European and North American markets have experienced drops from 2008 (estimated at 23% and 19% respectively). As a result of comprehensive programmes to cut costs and improve capital efficiency, however, the business reported positive operating results for the second half-year at this low volume level. Sapa also achieved its target of neutral cash flow for the full year, even taking into account the acquisition of Indalex in North America. Further, in the fourth quarter, Sapa decided to close down a production line in the Netherlands, and a restructuring provision of NOK 91 million was made in the quarter for this purpose. Restructuring provisions for the full year totalled NOK 195 million, which also covers the simplification of the production structure in North America following the acquisition of Indalex.

In Orkla Materials, average capacity utilisation for Elkem's Silicon-related units (excluding Elkem Solar), increased to 67% in the quarter, but market growth remained weak. Elkem Solar followed its ramp-up plan in the fourth quarter, and aims to be operating at full capacity at the end of 2010.

The gain on the sale of Elkem's power plants at Salten and Bremanger totalled NOK 4.2 billion. The gain is presented on two lines of the income statement: NOK 3.1 billion is shown on a separate line above operating profit, while NOK 1.1 billion is reported as reversed deferred tax.

The Group's equity stakes in REC (39.7%) and Jotun (42.5%) are presented according to the equity method on the line for associates. Orkla has, however, decided to use the market price on the balance sheet date as the accounting value of the shareholding in REC as long as the market price is lower than the Group's carrying associates-related value. This value was NOK 56.62 as at 31 December

2009, while the market price was NOK 44.75 per share. Isolated this entails an accounting charge of NOK 3,135 million in the fourth quarter 2009. In future, the accounting value will be adjusted upwards and downwards on the basis of the market price and the accounting effect will be shown on the line for associates.

In 2009, the return on Orkla's Share Portfolio was 39.0%, compared with 36.1% for the Morgan Stanley Nordic Index (64.8% for the Oslo Stock Exchange Benchmark Index). At year-end, the market value of the Share Portfolio was NOK 11,037 million after net share sales totalling NOK 2,866 million during the year. In the fourth quarter alone, Gains, losses and write-downs on the Share Portfolio amounted to NOK 337 million (NOK -3,537 million)². The corresponding figure for the full year was NOK 584 million (NOK -6,043 million)². Accounting write-downs in compliance with IFRS totalled NOK 47 million in the quarter and NOK 1,214 million for the full year.

Dividends received by the Group totalled NOK 13 million (NOK 16 million)² in the fourth quarter and NOK 252 million (NOK 473 million)² for the full year 2009.

In the legal dispute regarding taxation of convertible debentures, Orkla and the Central Taxation Office for Large-Sized Enterprises agreed in September 2009 that the valuation of the REC share as at the conversion date in March 2006 should be reduced from NOK 81.50 per share to NOK 65 per share. Accordingly, in a new tax assessment decision for 2006, the Central Taxation Office has reduced Orkla's tax on the gain by NOK 189 million, from the original NOK 751 million. Although the amount of tax that Orkla has paid has thus been reduced to NOK 562 million, Orkla still disagrees with the basis for tax liability, and will continue to contest this in court. In January 2010, therefore, Orkla appealed against the judgment of Oslo District Court of December 2009, which found in favour of the State as represented by the Central Taxation Office.

Orkla's industrial activities are subject to ordinary company tax in the countries in which the Group operates. The Share Portfolio's investment activities in the EEA are largely exempt from taxation. The sale of power assets resulted in an accounting reversal of deferred tax of NOK 1.1 billion, and therefore, gave rise to an accounting tax income of NOK 496 million for the Group in 2009.

Orkla's diluted earnings per share were NOK 2.5 in 2009, compared with NOK -2.8 in 2008.

The Board of Directors proposes to pay out an ordinary dividend of NOK 2.25 per share for the 2009 accounting year, which is the same as for the 2008 accounting year.

THE BUSINESS AREAS

ORKLA BRANDS

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Operating revenues	23,046	23,398	6,324	6,741
EBITA ¹	2,793	2,590	874	804
Operating margin (%)	12.1	11.1	13.8	11.9
Cash flow from operations before				
net replacement expenditures	3,745	2,984	1,417	1,187
Net replacement expenditures	476	633	100	242
Expansion investments	132	214	23	90

¹ Before amortisation, restructuring and significant impairments.

- 9% profit growth in the quarter
- Enhanced profit quality

Orkla Brands achieved fourth-quarter operating revenues of NOK 6,324 million (NOK 6,741 million)², an underlying³ performance on a par with 2008. Overall, volume and mix performance was slightly better than in earlier quarters, but still weak. The catering and export businesses reported the greatest declines. The overall effect of price increases was significantly lower in the fourth quarter than in earlier quarters in 2009. Cost development for raw materials varied in the different markets, but Orkla Brands as a whole experienced a slight reduction in raw material costs.

Fourth-quarter EBITA¹ was NOK 874 million (NOK 804 million)². Taking into account restructuring and the negative currency effect of consolidating to NOK, the underlying³ profit growth was around 11%. Profit growth was boosted by one-time effects related to the netting of an agreement with a key supplier. When this is taken into account, the growth rate is reduced to around 7%. The main drivers of profit growth were price increases and cost improvements throughout the value chain.

Total purchasing costs were at the same high level as in 2008 (somewhat lower for Orkla Food Ingredients and somewhat higher for the other business units). Currency effects are still negative compared with 2008, but lower than in earlier quarters of 2009.

This year's launches are generally performing well, the largest being the large Smash chocolate bar (Nidar), a new thin-crust Grandiosa pizza (Stabburet), and a new wool collection for children (Pierre Robert). Overall market-share development shows a slight improvement on earlier quarters in 2009.

Orkla Foods Nordic

Orkla Foods Nordic posted fourth-quarter operating revenues of NOK 2,658 million (NOK 2,792 million)², an underlying³ decline of 0.5%. Fourth-quarter EBITA¹ amounted to NOK 341 million (NOK 341 million)², representing an underlying³ profit growth of around 4%.

For Stabburet, a good programme of launches boosted sales and improved results throughout the year. Following a weak start to the year in Sweden, primarily due to currency volatility, fourth-quarter

performance was again positive. Weaker volume development in Bakers and the start-up costs of a new pasta factory in Beauvais led to a fall in profits. Despite challenging market conditions and declining sales in the Baltics, the profit level for the Baltic businesses was only marginally lower than in 2008. Overall, Orkla Foods Nordic maintained its market shares.

Orkla Brands Nordic

Orkla Brands Nordic reported fourth-quarter operating revenues of NOK 2,085 million (NOK 2,111 million)², representing underlying³ growth of around 3%. EBITA¹ for the fourth quarter was NOK 391 million (NOK 333 million)². Profits were positively impacted by one-off effects related to the netting of an agreement with a major supplier. Adjusted for divested/discontinued businesses, currency translation effects and the aforementioned one-off effects, profit growth for Orkla Brands Nordic was around 4%.

Nidar, Göteborgs/Sætre, the Pierre Robert Group and Lilleborg Professional all reported profit growth. For Nidar and the Pierre Robert Group in particular, this was largely ascribable to new launches, although lower raw material costs and diminishing negative currency effects on purchasing costs also made positive contributions. Lilleborg posted lower profits in the quarter due to a decline in sales in several categories, particularly detergents.

Overall, the fourth-quarter market shares of Orkla Brands Nordic were on a par with 2008, but several categories in Norway experienced declines, particularly Lilleborg.

Orkla Brands International

Orkla Brands International reported fourth-quarter operating revenues of NOK 590 million (NOK 824 million)², however this represented an underlying³ growth of over 3%. Fourth-quarter EBITA¹ amounted to NOK 57 million (NOK 53 million)². Underlying³ profit growth amounted to around NOK 16 million.

The fourth quarter was affected by the economic downturn in Russia and Austria, and higher raw material costs for the businesses in Russia and India, particularly as regards cocoa beans, sugar and dairy products. Despite tough competition, especially in the low-price segments, both SladCo and Krupskaya achieved sales growth. Price increases compensated for higher raw material costs, but led to reduced margins. MTR Foods continued to report improved sales, including good growth in spice sales in southern India (Karnataka and Andhra Pradesh). However, one-off effects from 2008 contributed positively to the underlying³ profit improvement.

The sale of the Polish food companies Kotlin and Elbro was completed on 1 July 2009. The companies have annual sales of just over NOK 200 million.

In the third quarter, Krupskaya bought the Russian brand Pekar and associated production operations. The company holds a leading position in north-western Russia in the wafer biscuit, sponge cake, bread roll, pastry and snack segments. Sales in 2008 totalled around RUB 600 million, which is equivalent to approximately NOK 120 million. The company has 385 employees.

³ Excluding acquisitions, divestments and currency translation effects.

Orkla Food Ingredients

Orkla Food Ingredients posted fourth-quarter operating revenues of NOK 1,078 million (NOK 1,108 million)², representing an underlying³ decline of 5%. The decline was a result of portfolio changes and lower prices in certain product categories. Volumes were on a par with 2008, constituting an improvement on earlier quarters. Overall, market shares increased.

Fourth-quarter EBITA¹ was NOK 85 million (NOK 77 million)². This represents an underlying³ profit growth of 18%.

Except for self-produced almond-based products (Odense), most of the Orkla Food Ingredients businesses achieved profit growth. This growth was largely driven by the companies' ability to adjust prices to take into account changes in raw material prices, as well as continuous efforts to improve cost effectiveness.

ORKLA ALUMINIUM SOLUTIONS

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Operating revenues	20,803	27,809	5,592	6,139
EBITA ¹	(344)	697	117	(102)
Operating margin (%)	(1.7)	2.5	2.1	(1.7)
Cash flow from operations before				
net replacement expenditures	1,388	765	662	(50)
Net replacement expenditures	263	950	81	321
Expansion investments	445	547	116	266

¹ Before amortisation, write-down of inventory in Sapa Profiles in 2008, restructuring and significant impairments.

- Markets stable, but still weak in both the USA and Europe. Few signs of significant market growth in the short term.
- Market-driven decline in volumes, but significant positive effects from cost-improvement programmes generated positive operating profits in the fourth quarter.
- Strong cash flow in the quarter and for the full year.
- Sale of Industriservice AB completed on 1 December 2009.

Sapa's volumes stabilised at low levels during 2009. Both Europe and North America experienced negative market growth for the full year (estimated declines of 23% and 19% respectively). Fourth-quarter operating revenues totalled NOK 5,592 million (NOK 6,139 million)², while EBITA¹ amounted to NOK 117 million (NOK -102 million)². For the full year, operating revenues were NOK 20,803 million, while EBITA¹ was NOK -344 million.

The latest market signals indicate that the global economy is beginning to pull out of recession, but growth forecasts are very uncertain. The European market is at a low, but stable, level, and there are signs that customers have stopped de-stocking. Order books for aluminium-intensive products in Europe continued to improve. The North American market for extruded aluminium profiles has declined for 12 quarters in a row, but preliminary figures show that this trend was broken in the fourth quarter of 2009. However, growing imports are putting pressure on margins in the North American market. Sapa's Chinese operations are experiencing strong markets and high demand, although the first quarter of 2010

is expected to be negatively impacted by the Chinese New Year celebrations.

In the fourth quarter, Sapa decided to close down a production line in the Netherlands, and a restructuring provision of NOK 91 million was made in the quarter for this purpose. Throughout 2009, and particularly in the fourth quarter, substantial cost reductions have been achieved through continuous efforts to improve productivity. In connection with the plant footprint optimisation in North America following the acquisition of Indalex, the plants in Morris, Parsons and Calgary have been closed down, as have the paint line in Vancouver and a cast house in the City of Industry. In December, a small manufacturing unit was acquired in the UK.

Sapa Profiles

Sales volume for Sapa Profiles ended at 162,000 tonnes in the quarter. Cost improvements contributed to positive fourth-quarter EBITA¹ of NOK 13 million, an improvement of NOK 81 million from the third quarter and NOK 284 million better than a particularly weak fourth quarter in 2008. Break-even levels have been reduced significantly in the course of 2009, and are underpinned by the small profit made on extremely low volumes in the last two quarters of the year. Full-year EBITA¹ amounted to NOK -574 million (NOK 109 million)².

Sapa Heat Transfer & Building System

Volumes for Heat Transfer totalled 37,000 tonnes in the fourth quarter. Heat Transfer and Building System had a joint EBITA¹ of NOK 104 million (NOK 169 million)². Heat Transfer's order intake continued to increase during the quarter, while Building System is now being negatively impacted to a greater degree by weak markets in the construction industry. Full-year EBITA¹ totalled NOK 230 million (NOK 588 million)².

In the fourth quarter, Sapa divested Sapa Industriservice AB to Coor Service Management, making an accounting gain of NOK 24 million. Sapa Industriservice supplies maintenance services to Sapa and other industrial customers in Sweden. In 2008, the company had sales of around NOK 580 million, and EBITA¹ of NOK 38 million.

ORKLA MATERIALS

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Operating revenues	11,317	13,725	3,169	3,598
EBITA ¹	436	1,426	213	413
Operating margin (%)	3.9	10.4	6.7	11.5
Cash flow from operations before				
net replacement expenditures	2,044	1,223	860	663
Net replacement expenditures	329	649	133	196
Expansion investments	1,188	3,381	162	734

¹ Operating result before amortisation, gains on sales of power plants, restructuring and significant write-downs.

- Market conditions for the silicon-related businesses remained challenging during the fourth quarter, and capacity utilisation averaged 67%, excluding Elkem Solar.
- Elkem Solar completed the repairs necessitated by the fire damage sustained in July, and continued the ramp-up of the plant. Elkem Solar had a negative impact on the accounts of NOK 181 million in the fourth quarter.
- Marked improvement in Borregaard's chemical operations, where reduced costs and currency hedging compensated for a stronger NOK.
- Satisfactory result for the energy operations, but a drop in results compared to last year, due to lower prices and particularly high production during the fourth quarter of 2008.

In the fourth quarter, Orkla Materials generated operating revenues of NOK 3,169 million (NOK 3,598 million)², and EBITA¹ of NOK 213 million (NOK 413 million)². Operating revenues for the full year were NOK 11,317 million (NOK 13,725 million)², and EBITA¹ was NOK 436 million (NOK 1,426 million)².

Elkem

Elkem's operating revenues in the fourth quarter were NOK 2,187 million (NOK 2,497 million)². EBITA¹ amounted to NOK 127 million in the fourth quarter, compared to NOK 334 million for the same period in 2008. For the year as a whole, very weak markets meant that operating revenues and EBITA¹ respectively amounted to NOK 7,433 million (NOK 9,061 million)² and NOK 97 million (NOK 995 million)². Elkem Solar recorded costs of NOK 181 million in the fourth quarter. Some of Elkem Solar's capital assets have been reclassified and given higher depreciation rates, and the annual depreciation is estimated to be just over NOK 300 million. The adjustment for 2009 has been included in the fourth quarter, and depreciation thus totalled NOK 98 million in the quarter. At the same time, NOK 50 million has been recorded as income as an advance on insurance settlements. The other silicon-related units, excluding Elkem Solar, continued to experience weak markets, leading to a positive result of NOK 90 million for the period, compared to a positive result of NOK 182 million for the corresponding period last year.

Elkem Energy's production operations delivered a satisfactory result, albeit weaker than for the same period last year, as a result of lower production and weaker prices. Production during the corresponding period last year was particularly high due to price expectations. Fourth-quarter production totalled 934 GWh, compared to 1,043 GWh in the corresponding period last year. The average Nordpool system prices were 30.7 øre/KWh in the fourth quarter, compared to 45.1 øre/KWh in the corresponding period last year. EBITA¹ for Elkem Energi amounted to NOK 218 million (NOK 290 million)² for the quarter. For the full year, EBITA¹ amounted to NOK 678 million (NOK 631 million)², including an accounting contribution to profit from the merger of Elkem Fornybar Energi and Norsk Grønnkraft AS in the first quarter of 2009. The reservoir level at the remaining hydropower plant at Sauda was significantly lower than normal at the end of year.

Profit for the silicon-related units was weaker than in the same quarter last year, but better than in the previous quarter. EBITA¹ in

the quarter was NOK -91 million (NOK 44 million)². Market conditions for the silicon-related businesses remained challenging in the fourth quarter, despite increased demand compared to the previous quarter. Production is continuously adapted to market developments and, at the end of the fourth quarter, the silicon-related businesses (excluding Elkem Solar), were operating, in total, at 80% of capacity. Repairs necessitated by fire damage to one of Elkem Solar's processing plants and hot testing were completed in the middle of the fourth quarter. The factory's operational routines ensure a constant flow between the process stages, and volume is being increased in controlled amounts to maintain a stable process throughout the ramp-up.

Borregaard

In the fourth quarter of 2009, Borregaard's operating revenues were NOK 984 million (NOK 1,104 million)², an underlying³ increase of 3% on the same quarter last year. EBITA¹ amounted to NOK 86 million (NOK 79 million)². For the full year, operating revenues were NOK 3,893 million (NOK 4,673 million)², an underlying³ decline of 1% from last year. EBITA¹ amounted to NOK 339 million (NOK 431 million)².

As regards the Chemicals business, both the speciality cellulose business and the lignin business contributed to profit growth compared to the same quarter last year. EBITA¹ was NOK 46 million (NOK 4 million)². The energy business showed a weaker result.

In the case of speciality cellulose, a somewhat lower volume was offset by reduced costs and positive currency translation effects. The lignin business experienced a small drop in volume compared to the same quarter in 2008, particularly as regards products for the construction industry and other industrial applications. This was counteracted by lower costs, somewhat higher prices and improved logistics solutions. The pharma business experienced profit growth as a result of higher sales and an improved product mix, while the Ingredients business was somewhat weaker overall, despite a positive trend in the market for aroma products.

The weaker quarterly result for the Energy area is principally due to lower market prices and a lower sales volume resulting from lower production by the run-of-river power stations.

ORKLA ASSOCIATES

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Profit/loss, gains and write-downs from associates	(3,919)	2,189 ¹	(3,516)	284
<i>Of which Renewable Energy Corporation (REC):</i>				
Share of profit/loss REC	(931)	1,217	(415)	441
Write-down REC	(3,135)	0	(3,135)	0

¹ Of which NOK 830 million were a profit from the sale of a 40 % share in Hjemmet Mortensen.

Orkla Associates consists primarily of the investments in Renewable Energy Corporation ASA (REC) (39.7% stake), and Jotun AS (42.5% stake). In Orkla's accounts, REC and Jotun are presented in accordance with the equity method, and Orkla's share of the post-

tax result is shown on the line for profit/loss from associates. The figures below are on a 100% basis.

REC reported fourth-quarter revenues of NOK 2,676 million, an increase of 12% from last year, while EBITDA for the fourth quarter amounted to NOK 567 million (NOK 936 million)². Profit/loss before tax for the fourth quarter was NOK -1,218 million (NOK 1,581 million)², where increased financial costs had a negative impact. The decline in results was mainly driven by lower sales prices, impairments, and also start-up costs related to ramp-up of new plants. For the fourth quarter impairments were NOK 1,485 million. For 2009 REC reported operating revenues and EBITDA of NOK 9,156 million (NOK 8,191 million)² and NOK 1,741 million (NOK 3,279 million)² respectively.

Jotun reported a positive trend in the fourth quarter, and improved results for the year as a whole. Large parts of the Asian market and important markets in the Middle East showed continued positive development, while trends were weaker in Europe. Currency translation effects made a positive contribution to Jotun's results during much of the first half of the year, but a stronger NOK had negative effects towards the end of 2009, compared to the previous year.

ORKLA FINANCIAL INVESTMENTS

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
EBITA ¹	(85)	(151)	(15)	3
Dividends	251	471	13	16
Gains, losses and write-downs in the Share Portfolio	584	(6,043)	337	(3,537)
Other financial items	11	367	(16)	(19)
Profit/loss before taxes	761	(5,356)	319	(3,537)
Market value of the Share Portfolio	11,037	11,426		
Return on the Share Portfolio (%)	39.0	(45.3)		
Unrealised gains on the Share Portfolio	3,522	847		

¹ Before amortisation, restructuring and significant impairments.

Pre-tax profit for Orkla Financial Investments was NOK 319 million (NOK -3,537)² in the fourth quarter. For the full year, pre-tax profit was NOK 761 million (NOK -5,356 million)².

In 2009, the **Share Portfolio** showed a return of 39.0%, compared to the Morgan Stanley Nordic Index return of 36.1% (Oslo Stock Exchange Benchmark Index 64.8%).

The market value of the Share Portfolio was NOK 11,037 million following net share sales totalling NOK 2,866 million at the end of 2009. Unrealised gains amounted to NOK 3,522 million. Net share sales during the quarter amounted to NOK 250 million.

During the quarter, Gains and losses/write-downs relating to the Share Portfolio totalled NOK 337 million (NOK -3,537 million)². The corresponding figure for the full year was NOK 584 million (NOK -6,043 million)². Accounting write-downs amounted to NOK 47 million for the quarter and NOK 1,214 million for 2009.

Dividends received totalled NOK 13 million (NOK 16 million)² and NOK 251 million (NOK 471 million)² for the quarter and the year, respectively.

Due to the altered market conditions, **Orkla Finans** has carried out significant restructuring in 2009. One-off costs related to this have been recognised for both the fourth quarter and the full year. EBITA¹ for the quarter amounted to NOK -10 million (NOK -28 million)², while EBITA¹ for 2009 was NOK -45 million (NOK -66 million)². Underlying operational performance in the fourth quarter was positive.

Orkla Eiendom's EBITA¹ for the quarter amounted to NOK 38 million (NOK 3 million)². The EBITA¹ for the year was NOK -15 million (NOK 13 million)².

As of the third quarter of 2009, **Elkem Energi Handel** is reported under Orkla Financial Investments. At the same time, the results are restated, so that the figures for previous quarters in 2008 and 2009 have also been adjusted to reflect the change. Elkem Energi Handel had EBITA¹ for the quarter of NOK -14 million (NOK 30 million)². For 2009 as a whole, EBITA¹ amounted to NOK 42 million (NOK -53 million)².

STRUCTURAL CHANGES

The Group has implemented a number of structural changes that have taken effect in 2009. Overall, this has helped to strengthen both business areas and, not least, the financial position of the Group.

The swap agreement between Orkla and Alcoa, under which Orkla took over Alcoa's 45.45% stake in Sapa Profiles in return for its 50% stake in Elkem Aluminium, was concluded on 31 March 2009. Low book values in Elkem Aluminium helped to ensure that the transaction resulted in a profit contribution of NOK 993 million in Orkla's financial statements for 2009, presented on the line for discontinued operations.

Orkla Aluminium Solutions's purchase of the American company Indalex was completed on 31 July 2009, for an underlying Enterprise Value of approximately USD 95 million. In 2008, Indalex had operating revenues of over USD 900 million, and approximately 1,400 employees. Sapa took over Indalex's 11 active production facilities in the USA and Canada, which included 29 presses and a total annual capacity of around 315,000 tonnes. The business was included in the figures as of August 2009. The post-acquisition plant footprint optimisation in North America has involved the closure of the factories in Morris, Parsons and Calgary, as well as the paint line in Vancouver and a cast house in City of Industry.

Following the Norwegian Parliament's adoption of a new concession act in the autumn of 2008, an agreement was concluded in October 2009 for the sale of Elkem's hydropower plants at Salten and Bremanger. The divested operations have a total annual power production of 1.7 TWh, of which Elkem owned 1.5 TWh. The purchase price was NOK 6,009 million in total, of which NOK 4,300 mil-

lion related to Salten and NOK 1,709 million related to Bremanger, and the transaction produced an accounting gain of NOK 4.2 billion in 2009. Elkem's power operations at Sauda and Borregaard's power plant in Sarpsborg have been retained, and Orkla's hydropower operations after this comprise a production of approximately 2.5 TWh.

On 29 June 2009, Orkla subscribed for a total of 67,732,757 shares in REC through a rights issue, at a subscription price per share of NOK 26.5. Following the issue, Orkla owns 264,157,757 shares in REC, thus maintaining its stake of 39.7%.

CASH FLOW AND FINANCIAL SITUATION

Cash flow from operations was strong in the fourth quarter, total-ling NOK 2,687 million, compared to NOK 1,070 million in the same quarter last year. For the year as a whole, the cash flow from operations amounted to NOK 5,802 million, an improvement of NOK 3,259 million on 2008. The improvement in cash flow is due to the fact that a reduction in working capital and strict prioritisation of reinvestment funds more than countered a weaker operating result.

Expansion investments amounted to NOK 1,765 million in 2009. These investments are primarily related to the completion of Elkem Solar and the power plants at Sauda during the first half of the year, in addition to the expansion of Sapa Heat Transfer's factory in China.

Acquired companies amounted to NOK 3,282 million (NOK 1,059 million)² in 2009. The most important matters were the purchase of Indalex and participation in the REC issue.

Sold companies amounted to NOK 5,914 million, which relates primarily to the sale of some of the Group's hydropower assets. The sales proceeds are presented, as at 31 December 2009, as an interest-bearing claim of the Group, and thus entail a reduction in net interest-bearing liabilities at the turn of the year. Payment of NOK 4,300 million for the plant at Salten was received on 4 January 2010, and payment for Bremanger is expected to be received during the first half of 2010.

During the quarter, net portfolio investment sales amounted to NOK 250 million (NOK 2,866 million for the full year). In 2008, the corresponding figures were net purchases of, respectively, NOK -262 million and NOK -1,829 million.

After expansion and net portfolio investments, the Group had a net cash flow of NOK 8,187 million in the fourth quarter (NOK -647 million)², while the cash flow for the year was NOK 5,640 million (NOK -9,571 million)². After positive currency translation effects of NOK 1,936 million, net interest-bearing liabilities totalled NOK 19,848 million at the end of the year, a reduction of NOK 7,576 million from the beginning of the year.

In the fourth quarter, the Group's interest-bearing liabilities bore an average interest rate of 2.7%, and the majority of the liabilities were subject to floating interest terms. For the year as a whole, the average interest rate was 3.5% on average interest-bearing liabilities

of NOK 27,431 million. The interest-bearing liabilities are primarily distributed among the following currencies: NOK, SEK, EUR, DKK and USD.

During the course of 2009, the Group's balance sheet was reduced by approximately NOK 10.2 billion, to NOK 94.7 billion. This is primarily due to the sale of Elkem Aluminium, a change in the value of REC, and a reduction in working capital and negative translation differences.

At the end of 2009, the equity ratio was 51.7%, compared to 47.7% at the end of 2008, while net gearing⁴ was 0.41 (0.55)².

GENERAL MEETING

The Annual General Meeting will be held at 3 p.m. on 22 April 2010, at Folketeateret in Oslo. The registration deadline is 3 p.m. on 19 April 2010. The Orkla share will be listed ex-dividend on 23 April 2010, and dividends will be paid on 4 May in accordance with the resolution of the general meeting. The 2009 annual report will be published on 25 March 2010.

OTHER MATTERS

The introduction of a new section 5-11(a) in the Public Limited Liability Companies Act makes it possible to stipulate in the Articles of Association that documents that are to be considered at a general meeting may be published on the company's website instead of being enclosed with the notice of the meeting. This also applies to documents which by law must be attached to the notice of the general meeting. Individual shareholders are nonetheless entitled to have the documents sent to them free of charge, upon application to the company. Amending the Articles of Association means potentially a substantial environmental gain for Orkla ASA. The Articles of Association were amended accordingly to this at an extraordinary general meeting of Orkla ASA on 10 December 2009, so that the possibility of a simplified notification process could become effective in time for the Annual General Meeting in 2010. The Board of Directors resolved to introduce this change at a board meeting on 10 February 2010.

OUTLOOK

At the start of 2010, there are again indications of positive economic growth in the OECD area. However, the strength of the growth is fluctuating, and there is great uncertainty attached to the further economic trend in 2010. Orkla is generally well-positioned for a cyclical upturn, but is also prepared to deal with both new setbacks and a prolonged downturn.

In general, the uncertainty in the markets in which Orkla operates remains so great that it is difficult to prepare good forecasts. All of the companies are therefore maintaining a high level of preparedness, to be able to adapt their activities to the current market trend throughout 2010.

⁴ (Net interest-bearing liabilities)/(Equity)

Orkla Brands expects a relatively stable trend in the Nordic grocery market. No major changes are expected as regards structure or the competitive situation. The pricing situation relating to raw materials is complicated, and is expected to be relatively neutral outside Norway. In Norway, the prices of most agricultural products will increase further. Outside the Nordic region, particularly in Russia, the markets are somewhat more demanding at the start of 2010.

In 2009, Orkla Aluminium Solutions reduced its break-even levels significantly through extensive structural and improvement measures. The profit trend was positive during the second half of 2009. Sapa Profiles operates on the basis of very short order cycles, and the uncertainty linked to the market trend is therefore great. Moreover, Sapa Profiles serves many market segments, which may experience slightly different trends. Overall, however, the market is expected to continue to stabilise, and there is a possibility of modest growth during the course of the year. Building System has experienced a weaker stream of orders in 2009, and will carry a negative trend into 2010. In addition, cold weather at the start of 2010 will affect the first quarter negatively. A strong car market in China is contributing to high demand for Heat Transfer at the start of 2010.

As regards Orkla Materials, Elkem expects somewhat improved capacity utilisation by the Silicon-related businesses. Prices may

strengthen somewhat, but markets are generally expected to remain weak in 2010. As regards Borregaard's chemicals business, demand is also weak, but the market is more balanced. A strong NOK against the USD and the EUR will have negative effects on Orkla Materials. Following the sale of Elkem's power plants at Salten and Bremanger, the Group's hydropower assets consist of Borregaard's energy operations and Elkem's operations at Sauda. At the start of 2010, the reservoir level at Sauda was lower than normal for the time of year. As from the first quarter of 2010, the power operations of Elkem and Borregaard will be reported together under "Orkla Materials Energy". Orkla Materials will then consist of the three segments Elkem Silicon-related, Borregaard Chemicals and Orkla Materials Energy.

The market for solar power is expected to grow significantly over time. In the short-term, however, the market will be highly volatile and characterized by imbalance between supply and demand throughout the value chain. For both REC and Elkem Solar, the most important thing in 2010 will be completing expansion projects, and establishing and securing long-term competitiveness.

Orkla's average interest rate in 2009 was 3.5%. The Group's liabilities are spread across currencies in accordance with its net investments in countries outside Norway, and liabilities measured in NOK will therefore fluctuate in step with exchange rate movements.

Oslo, 10 February 2010
The Board of Directors of Orkla ASA

THE GROUP'S CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 31.12.		1.10. – 31.12.	
		2009	2008	2009	2008
Operating revenues	2	56,228	65,579	15,040	16,492
Operating expenditures		(51,303)	(59,336)	(13,314)	(14,929)
Depreciation and impairment charges on tangible assets		(2,477)	(2,003)	(656)	(565)
Amortisation of intangible assets		(213)	(228)	(60)	(70)
Gains on sales of power plants (write-downs of inventory in Sapa Profiles 2008)	8	3,066	(372)	3,066	(372)
Restructuring and significant impairments		(195)	(1,282)	(91)	(1,248)
Operating profit		5,106	2,358	3,985	(692)
Profit/loss, gains and write-downs associates	7	(3,919)	2,189	(3,516)	284
Received dividends		252	473	13	16
Gains, losses and write-downs in the Share Portfolio		584	(6,043)	337	(3,537)
Financial items, net		(952)	(992)	(209)	(446)
Profit/loss before taxes		1,071	(2,015)	610	(4,375)
Tax expenses	8	496	(895)	588	57
Profit/loss for the period for continued operations		1,567	(2,910)	1,198	(4,318)
Gains/profit discontinued operations	8	993	(55)	0	(101)
Profit/loss for the period		2,560	(2,965)	1,198	(4,419)
Minority interest's share of the profit/loss for the period		(31)	(137)	28	(268)
Majority interest's share of the profit/loss for the period		2,591	(2,828)	1,170	(4,151)
Profit/loss before taxes, the Industry division		310	3,341	291	(838)
Profit/loss before taxes, Orkla Financial Investments		761	(5,356)	319	(3,537)

EARNINGS PER SHARE

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Earnings per share	2.5	(2.8)	1.2	(4.1)
Earnings per share (diluted)	2.5	(2.8)	1.1	(4.1)

THE GROUP'S CONDENSED COMPREHENSIVE INCOME

Amounts in NOK million	Note	1.1. – 31.12.		1.10. – 31.12.	
		2009	2008	2009	2008
Profit/loss for the period		2,560	(2,965)	1,198	(4,419)
Change in unrealised gains on shares		2,511	(2,334)	557	726
Change in hedging reserve		591	68	125	173
Translation effects		(2,398)	2,788	(597)	2,446
The Group's comprehensive income	3	3,264	(2,443)	1,283	(1,074)

THE GROUP'S CONDENSED BALANCE SHEET

	31.12. 2009	31.12. 2008
Amounts in NOK million		
Intangible assets	14,731	17,301
Property, plant and equipment	24,694	26,368
Financial assets	15,922	18,331
Non-current assets	55,347	62,000
Assets in discontinued operations	-	3,148
Inventories	7,531	9,564
Receivables	16,568	14,331
Share Portfolio, etc,	11,087	11,445
Cash and cash equivalents	4,153	4,438
Current assets	39,339	39,778
Total assets	94,686	104,926
Paid-in equity	1,995	1,993
Earned equity	46,560	45,390
Minority interests	370	2,686
Equity	48,925	50,069
Provisions	4,339	5,233
Non-current interest-bearing liabilities	29,042	29,598
Current interest-bearing liabilities	1,746	3,654
Liabilities in discontinued operations	-	665
Other current liabilities	10,634	15,707
Equity and liabilities	94,686	104,926
Equity ratio (%)	51.7	47.7

CHANGES IN EQUITY (excluding minority interests)

	1.1. – 31.12. 2009	1.1. – 31.12. 2008
Amounts in NOK million		
Equity 1 January	47,383	52,663
The Group's comprehensive income	3,264	(2,443)
Deducted minority interests	31	137
Dividends	(2,288)	(2,282)
Buybacks of Orkla shares	94	(561)
Option costs	71	21
Adjustment of minority interests in Sapa Profiles	-	(152)
Equity at the close of the period	48,555	47,383

THE GROUP'S CONDENSED CASH FLOW

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Cash flow in the Industry division:				
Operating profit	5,191	2,509	4,000	(695)
Amortisation, depreciation and impairment charges	2,653	3,026	720	1,432
Gains on sales of power plants presented as "sale of companies"	(3,066)	-	(3,066)	-
Changes in net working capital, etc.	2,197	(721)	1,376	1,105
Cash flow from operations before net replacement expenditures	6,975	4,814	3,030	1,842
Net replacement expenditures	(1,173)	(2,271)	(343)	(772)
Cash flow from operations	5,802	2,543	2,687	1,070
Financial items, net	(1,261)	(1,611)	(239)	(644)
Cash flow from Industry division	4,541	932	2,448	426
Cash flow from Orkla Financial Investments	1,003	(697)	(72)	(995)
Taxes paid	(1,402)	(1,327)	284	(54)
Other payments	25	143	3	114
Cash flow before capital transactions	4,167	(949)	2,663	(509)
Paid dividends	(2,354)	(2,348)	(26)	(17)
Net purchase of Orkla shares	94	(561)	91	92
Cash flow before expansion	1,907	(3,858)	2,728	(434)
Expansion investment in Industry division	(1,765)	(4,142)	(301)	(1,091)
Sale of companies/shares of companies	5,914	1,317	5,837	1,149
Purchase of companies/share of companies	(3,282)	(1,059)	(327)	(9)
Net purchase/sale of portfolio investments	2,866	(1,829)	250	(262)
Net cash flow	5,640	(9,571)	8,187	(647)
Currency effects of net interest-bearing liabilities	1,936	(1,675)	191	(1,414)
Change in net interest-bearing liabilities	(7,576)	11,246	(8,378)	2,061
Net interest-bearing liabilities	19,848	27,424		

NOTES

NOTE 1 General information

Orkla ASA's condensed consolidated financial statements for the fourth quarter of 2009 were approved at a meeting of the Board of Directors on 10 February 2010. The accounting figures are unaudited. Orkla ASA is a public limited company and its office is located at Skøyen, Oslo (Norway).

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared and presented in conformity with IAS 34 Interim Financial Reporting, and the same accounting principles and methods of calculation have been applied as in last year's financial statements.

NOTE 2 Segments

Segments have been reported in accordance with IFRS 8. The segment breakdown has not been changed as a result of the transition from IAS 14 to IFRS 8, and further segment information on cash flows has been incorporated in the table for each business area in the quarterly report. As from the third quarter of 2009, Elkem Energy Trading is reported under Orkla Financial Investments. The figures for previous quarters in 2008 and 2009 have been restated.

OPERATING REVENUES

Amounts in NOK million	1.1. – 31.12.		1.10. – 31.12.	
	2009	2008	2009	2008
Orkla Group	56,228	65,579	15,040	16,492
Orkla Brands	23,046	23,398	6,324	6,741
Orkla Foods Nordic	9,754	9,913	2,658	2,792
Orkla Brands Nordic	7,722	7,719	2,085	2,111
Orkla Brands International	1,939	2,440	590	824
Orkla Food Ingredients	3,966	3,670	1,078	1,108
Eliminations Orkla Brands	(335)	(344)	(87)	(94)
Orkla Aluminium Solutions	20,803	27,809	5,592	6,139
Sapa Profiles	15,621	21,904	4,189	4,774
Sapa Heat Transfer & Building System	5,856	6,909	1,501	1,601
Eliminations Orkla Aluminium Solutions	(674)	(1,004)	(98)	(236)
Orkla Materials	11,317	13,725	3,169	3,598
Elkem	7,433	9,061	2,187	2,497
Elkem Energy	1,115	1,064	340	408
Elkem Silicon-related	6,332	8,025	1,848	2,103
Eliminations Elkem	(14)	(28)	(1)	(14)
Borregaard	3,893	4,673	984	1,104
Borregaard Energy	238	240	65	71
Borregaard Chemicals	3,815	4,632	960	1,090
Eliminations Borregaard	(160)	(199)	(41)	(57)
Eliminations Orkla Materials	(9)	(9)	(2)	(3)
Orkla Financial Investments	2,977	2,712	770	672
Orkla HQ/Other Business/Eliminations	(1,915)	(2,065)	(815)	(658)

OPERATING PROFIT - EBITA*

Orkla Group	2,448	4,240	1,070	998
Orkla Brands	2,793	2,590	874	804
Orkla Foods Nordic	1,088	1,050	341	341
Orkla Brands Nordic	1,380	1,324	391	333
Orkla Brands International	89	5	57	53
Orkla Food Ingredients	236	211	85	77
Orkla Aluminium Solutions	(344)	697	117	(102)
Sapa Profiles	(574)	109	13	(271)
Sapa Heat Transfer & Building System	230	588	104	169
Orkla Materials	436	1,426	213	413
Elkem	97	995	127	334
Elkem Energy	678	631	218	290
Elkem Silicon-related	(581)	364	(91)	44
Borregaard	339	431	86	79
Borregaard Energy	123	198	40	75
Borregaard Chemicals	216	233	46	4
Orkla Financial Investments	(85)	(151)	(15)	3
Orkla HQ/Other Business	(352)	(322)	(119)	(120)

* Operating result before amortisation, gains on sales of power plants, write-downs of inventory in Sapa Profiles in 2008, restructuring and significant write-downs.

NOTE 3 THE GROUP'S CONDENSED COMPREHENSIVE INCOME

The table showing Orkla ASA's condensed comprehensive income is new, in accordance with IAS 1(R). The amounts are presented net after tax and must be seen in conjunction with the figures reported in the ordinary presentation of results.

NOTE 4 ACQUISITION OF COMPANIES/AGREEMENT TO PURCHASE ASSETS/ SHARE ISSUE IN REC AND SPDE

On 16 June Sapa entered into an agreement with the US-based aluminium extrusions company Indalex regarding the possible acquisition of virtually all the company's assets in the USA and Canada. The agreement was completed on 31 July 2009. As a result of a decision by the competition authorities, is the plant in Catawba sold.

Under the agreement, Sapa took over Indalex's 11 active production plants in the USA (6) and Canada (5), with 29 presses and a total capacity of about 315,000 tonnes per year. Indalex's sales in 2008 totalled about 200,000 tonnes, which represent operating revenues of over USD 900 million. Indalex has around 1,400 employees.

The transferring enterprise was acquired from an estate in bankruptcy and has not previously existed as an independent legal entity. There are therefore no historical performance figures for the acquired enterprise. Sapa is taking over 100% of the enterprise.

The acquisition comprises current and non-current assets and some liabilities. No goodwill is expected in connection with the purchase and the acquisition price amounts to NOK 707 million. The purchase price allocation is not yet finalised. In addition a provision of NOK 94 million has been expensed for restructuring the new enterprise.

On 29 June, Orkla ASA subscribed for 27,755,068 shares at a subscription price of NOK 26.50 in REC's rights issue. Elkem AS, which is wholly-owned by Orkla ASA, has correspondingly subscribed for 39,977,689 shares at a subscription price of NOK 26.50 in REC's rights issue. This means that Orkla ASA and Elkem AS have subscribed for all their allocated subscription rights. Upon completion of the rights issue, Orkla ASA will own 108,244,768 shares and Elkem AS 155,912,989 shares in the company, and will thereby maintain their aggregate equity interest in REC of approximately 39.7%. The subscription is subject to certain conditions as described in the prospectus. The total increase in carrying value related to the share issue is NOK 1,741 million.

Orkla ASA has also subscribed for 242,218,858 SPDE shares at NOK 1 per share, with settlement on 17 July. Following the share issue, Orkla now holds a total of 268,618,858 shares, and as a result of an repair issue its equity interest has been reduced from 32.99% to 32.4%. The total subscription amount recognised is NOK 242 million.

The Group has also acquired some smaller enterprises. These are mainly a Sapa subsidiary, two companies bought by Krupskaya and some companies acquired by Orkla Eiendom. The total purchase price was NOK 570 million.

As a result of these acquisitions, the balance sheet has increased by NOK 1.8 billion in the addition to the subscription described above. The acquired companies entail only minor increases in the Group's results and sales.

NOTE 5 RELATED PARTIES

Orkla and Canica jointly bought Widerøveien 5 AS from SPDE in the third quarter. After the transaction, Orkla and Canica each own one-third of the company. There were no other special transactions between the Orkla Group and related parties per 31 December 2009. Orkla and the Canica system (largest Orkla shareholder with a holding of 23.3%) both own shares in certain companies.

The Orkla Group has provided a loan to Moss Airport Rygge (reported as a joint venture in which Orkla owns 40%) of NOK 40 million.

NOTE 6 OPTIONS AND TREASURY SHARES

A total of 6,525,000 options were issued in May 2009. The new options have a strike price of NOK 52.36, a life of six years, and are exercisable in the last three years. 1,160,000 options are exercised during the period. As of 31 December there were a total of 14,967,000 options outstanding.

The remaining part of the cash bonus programme was exercised (425,000) in 2009.

On 12 January and 12 March 2009 Orkla reduced its hedging position in a cash-settled financial derivative linked to the performance of the Orkla share price, equivalent to 800,000 underlying shares, to 600,000 underlying shares.

Orkla transferred on 16 December 2009 1,289,452 Orkla shares to own employees under the employee share purchase programme. The shares are sold with 25% discount. Orkla's total of treasury shares after this transaction are 9,857,815 shares.

Change in number of options:	
Outstanding number of options as of 1 January 2009	10.277.000
Granted during the period	6.525.000
Exercised during the period	(1.160.000)
Forfeited during the period	(675.000)
Outstanding number of options as of 31 December 2009	14.967.000

Change in treasury shares:	
Total as of 1 January 2009	11.917.888
Options exercised in treasury shares	(769.737)
Share purchase programme for employees ¹	(1.290.336)
Total as of 31 December 2009	9.857.815

¹ The share programme for employees includes additional transfer of 884 shares from the 2008 programme in January 2009.

NOTE 7 ASSESSMENTS RELATING TO IMPAIRMENT

The Group has tested all goodwill and intangible assets with an indefinite useful life for impairment, primarily as of the end of the third quarter. Due to the weak global economic conditions, greater uncertainty is attached to the measurement than can be said to be normal, but the markets now appear to be turning around. The Group has concluded that the value of goodwill and intangible assets with an indefinite useful life is still intact. Sapa has faced challenging conditions, but the valuation carried out in connection with the swap of Elkem Aluminium ANS for Alcoa's minority interest in Sapa Profiles was based on anticipated weak results through 2009. Sapa Profiles' performance is in line with the assessments carried out in that process, as has been confirmed by new calculations. Thus the value of Sapa remains unchanged in the consolidated financial statements.

Goodwill and intangible assets with an indefinite useful life related to the areas to which some uncertainty may attach were tested for value impairment once again prior to preparing and presenting the annual financial statements. The tests are based on budgets and forecasts approved by senior management, and no further write-downs were taken as a result of this process.

In accordance with the Group's accounting principles, the Share Portfolio has been written down by NOK 1.2 billion as of 31 December 2009 (NOK 47 million in third quarter).

Orkla has, however, decided to use the market price on the balance sheet date as the accounting value of the shareholding in REC as long as the market price is lower than the Group's carrying associates-related value. This value was NOK 56.62 as at 31 December 2009, while the market price was NOK 44.75 per share. Isolated this entails an accounting charge of NOK 3,135 million in the fourth

quarter 2009. In the future, the accounting value will be adjusted upwards and downwards on the basis of the market price and the accounting effect will be shown on the line for associates

Through the recognition of the Group's share of profit/loss, the investment in SPDE was adjusted downwards by NOK 103 million. The carrying value of the Group's stake in SPDE is NOK 616 million. The market value of the stake is NOK 389 million. The Group has carried out an assessment of the recoverable amount based on the utility value, which is assessed as higher than the market value. There is little trading in the share and the carrying value of the equity capital in SPDE is NOK 2.3 billion (as of 30 September 2009), which means that Orkla's 32.4% stake has a value of NOK 755 million. In 2010 the company changed its name to Fornebu Utvikling ASA.

NOTE 8 DISCONTINUED OPERATIONS

On 4 October 2009 the Boards of Directors of Orkla ASA and Elkem AS approved the agreements to sell the hydropower plants in Salten and Bremanger for a total of NOK 6,009 million. The Salten plant was sold for NOK 4,300 million and the Bremanger plant for NOK 1,709 million. The divested operations produce a total annual volume of 1.7 TWh, of which 1.5 TWh was owned by the Group. Elkem's power operations in Sauda and Borregaard's power plant in Sarpsborg have been retained. After thorough accounting assessment, the gains were recognised in the financial statements for 2009. Under the agreements, as of 31 December 2009, the buyer in fact has control of the companies and licensing and concession matters relating to the sale have essentially been clarified. The total gain of NOK 4.2 billion has been split up and is presented on two different lines. One line is included under operating profit and presents the gain on the sale of net assets, which amounts to NOK 3.1 billion, while deferred tax totalling NOK 1.1 billion in connection with the transaction is reversed on the line for tax. The claim arising from the sale is interest-bearing, which means that, in line with the principles applied in Orkla's condensed cash flow, it has an effect on cash flow.

The agreement to swap the Group's 50% interest in Elkem Aluminium ANS for Alcoa's 45.45% interest in Sapa Profiles was finally completed on 31 March 2009. Orkla has reported NOK 993 million as the result of this transaction. The transaction is a swap in which the value of the operations has been fixed at USD 500 million after Orkla received NOK 450 million in a unilateral payment from Elkem Aluminium. The result consists of the following elements:

Amounts in NOK million	1.1. – 31.12.	
	2009	2008
Operating revenue	498	2,688
EBITA	(102)	(76)
Profit/loss before taxes	(107)	(76)
Profit/loss after taxes	(107)	(55)
Gain on sale	1,116	-
Tax on gain	(16)	-
Total discontinued operations	993	(55)

For Orkla Aluminium Solutions the transaction is reported as a gradual acquisition and the difference between the purchase price and the carrying value of the minority interest has been recognised in the balance sheet as goodwill in the amount of NOK 1.3 billion.

NOTE 9 OTHER MATTERS

In the legal dispute concerning the taxation of convertible bonds, the parties reached an out-of-court agreement prior to the district court case to the effect that the valuation of the REC share at the time of conversion in March 2006 is to be reduced from NOK 81.50 to NOK 65 per share. In a new tax assessment decision for 2006, the Central Taxation Office for Large-Sized Enterprises (Sfs) therefore reduced Elkem's tax by roughly NOK 189 million from the original amount of NOK 751 million. As a consequence of this agreement NOK 189 million have been repaid to Orkla. Although the valuation issue has now been resolved, Elkem still does not agree with the basis used to determine its tax liability and will continue to contest this matter in the courts. Even if Elkem's claim is not upheld in a final judgment, the disputed tax amount in the case has now been reduced to around NOK 562 million.

In connection with certain partly-owned companies under the Financial Investments business area, there are rights that may result in Orkla being obliged to buy all or parts of its co-owners' interests in the companies. Any acquisition of such ownership interests will be effected at market value on the date of exercise of the rights.

So far Elkem Solar has received and recognised as income NOK 50 million in consequential loss insurance following the fire in July. The insurance case has not been concluded.

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