



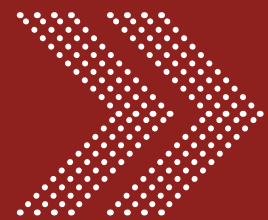
**annual and social  
report 2010  
coop**



**It's all about values**

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**Coop is a result of teamwork. Both the employees in the Group, member representatives and the members have contributed to the strong results in 2010. Without their effort, we would not have been where we are to-day.**



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# Report of the Board of Directors 2010

**Coop Norge SA is the co-operative societies' common organization and is owned by them. The organization has varying number of memberships and committed capital. Coop in Norway has a federative structure, in which Coop Norge is the secondary co-operative and the co-operative societies represent the primary co-operative. Coop Norge has its business address in Oslo and has the subsidiaries Coop Norge Handel AS, Coop Norge Eiendom AS and Smart Club AS. Coop Norge follows the development and adapts the activity to the applicable laws and rules with the purpose of creating values for its owners.**

**As of January 4<sup>th</sup> 2010, Coop NKL SA changed its name to Coop Norge SA.**

## THE BUSINESS OPERATION IN 2010

### Important events in 2010

- Coop NKL SA changed its name to Coop Norge SA. As a consequence of this, the common organization of the co-operative societies has been clarified. A new business management group has been established.
- Coop Norge Handel, the Group had its best value creation ever in the Company history by 776 million NOK.
- New membership record totalling 1,257,139 members
- Record turnover in excess of four billion NOK for Coop Norge Handel Faghandel
- New warehouse for the Østland region decided constructed at Bergmoen in Ullensaker. Estimated completion in 2014.
- The Coop i Norge-strategy adopted by the annual meeting.
- Coop Norge Handel AS determines the future chain and design strategy.
- The process of establishing a new main office for Coop Norge SA with subsidiaries and a meeting place for Coop i Norge was initiated.

### Coop Norge District

Coop Norge SA organizes its members, the co-operative societies, through regional owners' meetings/district. In 2010, the number of districts was reduced from seven to four: Coop Norge district Nord, Coop Norge district Midt-Norge, Coop Norge district Sør-Vest and Coop Norge district Østlandet. Even if only the annual meetings of the districts have been incorporated in the byelaws, extraordinary meetings in the

districts related to the ongoing work to increase the market share and the profitability in Coop in general were held during the autumn of 2010.

### Coop Election

Seven co-operative societies have organized their membership organization by means of the regional model in which the elections for the annual meetings are made in the shops and via the Internet. Most of the co-operative societies report of an increase both in terms of the number of votes compared to the past when the elections were made as a part of the annual meetings. Voting in the shops contributes to a greater variety and distribution both in terms of age and professional groups from both sexes among those who are nominated to the annual meeting. In addition, it provides added value through making Coop's distinctive character and democratic form of management more visible in the meet with the customers and the members in the shop.

Several co-operative societies have functioning circuit select committees, but low turnout in the elections. Therefore, Coop Norge's annual meeting adopted a pilot project to test and evaluate whether elections in the shop may lead to a higher turnout among the members in the co-operative societies with circuit select committees compared to the previous circuit annual meetings. Elections in the shops for co-operative societies with circuit select committees will be evaluated in 2011 and will be presented in the Annual meeting in June 2011.

### The co-operative societies

The co-operative societies are responsible for the operation of their own co-operative society. Good and efficient operation and professionalism is vital in order to strengthen Coop's position in the market. One of the main tasks for Coop Norge is to make an active contribution to ensure sound business activity in the co-operative societies. This is to be facilitated by proactive influence so that the co-operative societies obtain the best results possible and at the same time keep up the pressure on co-operative societies characterized by weak profitability and development.

The follow-up of co-operative societies with negative turnover development, failing results or weak equity is reported via the observation list. The goal is that challenges in the individual society are to be uncovered at an early stage in order to avoid



loss for the common organization. In 2010, 53 co-operative societies have been on the Coop Norge observation list, compared to 47 in 2009. Through this work, the co-operative societies are analyzed and individual measures are implemented in co-operation with the Board and the management in the co-operative society. In addition, we also focus on co-operative societies that are about to make investments, a task that will be of key importance in connection with alterations in the Coop chain and format strategy.

Through the reporting year, the common organization has also carried out extensive reviews of the operations in several co-operative societies. Operations reviews have proved to be a useful tool to come closer to issues in the co-operative societies and have uncovered that there has been a need for changes.

The number of co-operative societies in Norway as of December 31<sup>st</sup> 2010 is 127. This is a reduction from 133 co-operative societies at the close of 2009 by means of three mergers, two liquidations and one bankruptcy. The goal is still fewer, bigger and more robust co-operative societies. The need for more comprehensive market thinking together with reduced administrative costs and a more professional operation is behind the focus on structural measures.

The ambition is to build a co-operative society structure consisting of robust regional co-operative societies that together with the common organization will lead the way in terms of coordination and implementation of business related issues in Coop in Norway. Coop Norge works with its starting point in national structure plan and continuously tries to create contact and confidence between potential partners for merger. The Board wants to see the work related to the structure of the co-operative societies to be intensified in the time to come, hereunder it is expected that the "Profitability Programme" will put up structure on the agenda in most regions.

Mergers that have been completed in 2010:

- Coop Malm BA – Coop Steinkjer SA
- Coop Brandsfjord BA – Coop Fosen SA
- Coop Namsos SA – Coop Steinkjer SA

After the turn of the year, Coop Fauske SA has merged with Coop Sambo SA, and Coop Porsanger SA has merged with

Coop Finnmark SA. As of March 15<sup>th</sup> 2011, there are 125 co-operative societies that are members in Coop Norge. In 2010, all the merged co-operative societies have had their byelaws approved.

The Board of Directors hold the opinion that managers, employees and member representatives in Coop have high competence in order to carry out their jobs in the best possible manner. Therefore, great effort has been made to improve the competence of the member representatives and the managers of the co-operative societies through the reporting year.

The total gross profit for the co-operative societies reached 7.1 billion NOK. This is 0.1 billion NOK better than comparable figures for 2009. Measured in percentage, the gross profit is increased by 0.1 percent points compared to 2009. The operating result for the co-operative societies ended on 425 million NOK, 41 million NOK better than comparable figures die 2009. Net financial income is 29 million NOK weaker than in 2009, which means that the ordinary result before tax was 562 million NOK for the co-operative societies in total. This is 12 million NOK better than comparable figures for 2009.

### Shop Council

The Shop Council Project that was initiated in 2005 is followed up in several co-operative societies. Still, new co-operative societies join the scheme in which the members engage in their local store and act like a sparring partner for the shop manager. The Shop Council is to increase the shop's competitive edge and position, as well as to be a source of market information from the local community. The co-operative societies that leave circuit select committees in order to introduce the regional model, and the co-operative societies that reduce the number of circuit select committees, benefit greatly of the Shop Councils in order to maintain the members' local belonging and engagement. Work is being done to develop the concept further based on the experiences that are made in the co-operative societies. Most of the co-operative societies are still organized with circuit annual meetings which elect representatives to the co-operative society annual meeting. The small co-operative societies have open annual meetings in which all members may attend.

### Coop Medlem (Coop Member)

The influx of member to Coop continued at the same force in 2010. We welcomed 76,539 new members as Coop members in 2010 and at the close of the year, the co-operative societies had 1,257,139 members. This makes for a net growth of 48,586 members. The Board thinks that this proves that the Coop membership is attractive, and as a part of the picture, the launch of the Coop MasterCard has been a success. The card provides the members with two percent extra bonus on all they buy in Coop's shops.

Market surveys also show that Coop has the most attractive and most employed membership card in the Norwegian retail trade. This should provide us with good opportunities for further recruitment of new members.

Our members shopped for 30.2 billion NOK in our shops in 2010. This represents an increase of more than 1 billion NOK compared to 2009. In average, every member shopped for 26,465 NOK in 2010.

Paid out purchase return amounted to 495 million NOK in 2010. This represents an decrease of 32.1 million NOK compared to 2009. The average purchase return for purchases in the members' own co-operative societies has been reduced from 1.9 percent in 2009 to 1.72 in 2010. All in all, Coop distributes 642 million NOK in purchase return and membership discounts to our members.

In 2010, Coop had an agreement of collaboration with KappAhl, Esso, Statoil, NetCom, SmartClub and BestWestern. In total, the members have worked up membership discounts with collaborating partners of 147 million NOK. This represents a four percent increase compared to 2009. In addition, we offer member advantages related to Coop Hotellkupp, Coop member and credit card, Coop MasterCard and insurance products.

The composition of the member advantages has been made on the background of the members' requests. The total member advantage from purchase return, member coup and external collaborating partner amount to more than 920 million NOK.

The number of member who used our membership card during the course of the year decreased from 2009 to 2010. However, there are a lot of our members who still actively use our network of shops. In total, our members have drawn their membership card 96 million times in the Coop shops in 2010.

In 2010, the new Coop.no was launched. A total of 8 million visitors were recorded in 2010. The service, with electronic registration and the opportunity of full overview of the membership account and membership advantages has also been a success related to the members' needs and expectations.

### COOP OG MARKEDET I 2010

Coop is one of the biggest actors in the Norwegian grocery trade. But the market presented great challenges in 2010. The market growth in the grocery trade fell dramatically through the whole of 2010 and ended at 3.2 percent, which is the lowest turnover

development since 1993. In the same period, Coop's grocery chains had an increase i turnover of 1.7 percent. Thus, Coop's market share decreased by 0.3 percent points to 23.7 percent. In comparable shops (where new, liquidated and re-profiled shops are excluded), Coop's grocery chains has a growth of 1.6 percent, which is better than the comparable market growth of 1.4 percent. This means that Coop's rate of establishing new shops still is too low compared to the competitors. In 2010, Coop opened seven new shops, whereas 23 shops were wound up. The Board emphasizes the importance of establishing new shops.

Low price is the only segment that increased its market share in 2010. This is now nearly 53 percent, which equals an increase of two percent points compared to 2009. Through the revitalization of Coop Prix and a strong effort related to Coop Extra, Coop has strengthened its position in the low price segment.

The super/hyper market segment lost terrain through the whole of 2010, and reduced its market share by one percent point to 37 percent. Coop Obs! Hyper market has nevertheless strengthened its position considerably in a very tough market situation and appears to be controlling the market in its segment of competition.

2010 was another good year for Coop Handel Faghandel, which is able to present record figures for a number of areas. The turnover still points in one direction – and for the first time in history, it exceeded four billion NOK. Coop's building materials shops grew more than the competitors in 2010, and Coop captures marked shares within the specialist trades. The average market growth within the building materials business (private and professions) was 4.5 percent. Last year, the private market represented 3.8 percent, whereas Coop increased by 6.3 percent.

### STRATEGY

Coop will increase its profitability and position in the market. In 2010, all parts of our organization worked to produce solutions and plans for their enterprises so that all parts of the organization contribute to secure that we reach our superior common strategies. The Board emphasizes the importance of an offensive strategy which will contribute to reach the goal of 26 percent market share as well as secure a robust and efficient co-operative society structure with economically strong and efficient regional co-operative societies which provide two percent return on purchase as a minimum. This is a demanding and tough goal and in order to grow, Coop is dependent on striving for increased profitability.

In order to reach this goal, a big, nation-wide profitability project which involves both the co-operative societies and Coop Norge SA has been established. This project continues with full force in 2011.

The strategy plan for Coop i Norge was adopted in 2009, and this plan is leading both for the co-operative societies and Coop Norge SA, the Group, in the next few years. In Coop, the total of all these units' strategies is linked together by means of the adopted plan for Coop i Norge.

**RESULTS AND FINANCIAL POSITION****Coop Norge, the Group**

For the accounting year 2010, Coop Norge SA the Group had a profit of NOK 228 million after tax (majority).

The total balance of the Group as of December 31<sup>st</sup> 2010 is 13,117 million NOK, compared to 11,980 million NOK as of December 31<sup>st</sup> 2009.

In 2010, Coop Norge, the Group had sales revenues of 28,065 million NOK. This represents an increase of 597 million NOK or 2.2 percent. The increase is to a large extent due to the co-operative societies' purchases through Coop Norge. The gross profit for Coop Norge, the Group, for 2010 was 2,686 million NOK, an increase from 2,582 million NOK in 2009. This entails that the gross profit has been strengthened by 0.2 percent points.

The net finance result is somewhat better than expected, particularly as a consequence of the development in the stock market and the fact that there has been more liquid means to manage than assumed. The interest rates have been lower than budgeted. The result from the management of Coop Norge SA was reduced from 121 million NOK in 2009 to 65 million NOK in 2010. The share of the profit in partly owned companies and the profit from sale of shares in subsidiaries and partly owned companies increased from 10 million NOK to 37 million NOK. The profit from the sale of shares has been reduced from 13 million NOK to 9 million NOK. The interest income increased from 44 million NOK to 52 million NOK, whereas the interest costs were reduced from 154 million NOK to 152 million NOK. Net finance thus increased by four million NOK from minus 25 million NOK to minus 21 million NOK.

**Coop Norge Handel AS**

Coop Norge Handel with subsidiaries performed well in 2010, presenting the best value creation in the company's history. The total value creation was 776 million NOK in total in 2010.

The value creation in Coop Norge Handel has been decisive to facilitate a situation in which Coop Norge SA, the Group, has been able to realize the conditions of interactions that the co-operative societies benefit from – total discounts and bonuses and more constituted nearly 1,700 million NOK in 2010.

The operating result for Coop Norge Handel, the Group, was 258 million NOK. This is the same level as in 2009. The operating result from Coop Norge Industri, the Group, Coop Norge Grorud Eiendom and Coop Norge Stavanger Eiendom is included in the operating result for Coop Norge Handel, the Group.

**Coop Norge Eiendom AS**

The property market improved further in 2010. The second hand market for commercial properties is improving; however, it is still characterized by a low level of activity. New and wide-ranging environmental requirements make investments in property still costly. The access to external finance has improved, but there are stricter conditions before financing of new projects. Coop Norge Eiendom expects a higher level of activity within new projects in 2011. The low interest rates in 2010 affect the result positively both in the property activity as well as in finance management.

The property organization is managed from the main office in Moss. The work related to develop the organization further and to increase the profitability is a continuous process with high focus.

**Smart Club AS**

In 2010, Smart Club AS has had a positive growth both in turnover and gross profit compared to the result for 2009. In addition, the company has managed to reduce the costs in a year characterized by major rebuilding activity. In spite of the positive development, the result is unfortunately weaker than the expectations for 2010.

The main reason to the fact that the company does not live up to the expectations in 2010 is great investments in connection with extensive rebuilding work in all the three Smart Club department stores. Both Slependen, Råde and Alnabru were totally rebuilt during the course of the year and they were re-opened in November 4<sup>th</sup> 2010. The challenges have been many in connection with this rebuilding work and have definitely affected the daily operations, particularly for Alnabru and Slependen. In these two facilities, the rebuilding was extensive, and this has affected the result. The rebuilding work was not 100 percent completed at the re-opening in November, and may not be considered to be completed at the close of the year. For Alnabru, a new goods reception area is expected to be completed in March 2011. Råde was re-profiled back to Smart Club from being Coop Extra and Coop Obs Bygg. The re-profiling has contributed to a great growth in turnover in 2010, in which the turnover has been doubled after the re-profiling.

In 2010, Coop Mega Bislett has shown a positive development in turnover and is one of the shops in the Coop Mega chain with the best sales development.

Ever since Smart Club was purchased by Coop in 2008, Coop has worked continuously to improve all processes in order to secure the best earning possible. This work is gradually producing better results and is expected to provide even better results when all the rebuilding projects are being completed and the company is able to focus 100 percent on the ordinary operation.

**Balance, liquidity and financing**

During the course of the autumn of 2010, in connection with the signing of a new main bank agreement, a refinancing of the Group was made so that Coop Norge Eiendom AS to a greater extent is financed by loans from banks and to a lesser extent by means of loans from the parent company. Coop Norge Eiendom AS has loans and drawing rights amounting to 1,800 million NOK in the banks. The remaining financing of Coop Norge Eiendom AS has been made by means of loans from Coop Norge SA. Coop Norge Handel AS has no loans in the parent company and is financed with drawing rights in bank, whereas Smart Club does not have external loans, but all of its financing from Coop Norge SA. Loans from Coop Norge SA have been extended at market conditions. At the close of 2010, Coop Norge SA had bank overdraft facilities of 250 million NOK. At the turn of the year, nothing was drawn on this facility.

As per December 31<sup>st</sup> 2010, Coop Norge SA has no other loan than the surplus liquidity that the co-operative societies

deposits on account in Coop Norge SA. At the turn of the year, this represented an amount of 1,210 million NOK. Short-term securities have been entered at market value in the accounts of the company. Financial investments constitute 629 million NOK in the parent company at the turn of the year. In addition, 193 million NOK were deposited in unrestricted bank accounts at the turn of the year. Subsidiaries and affiliated companies are entered according to the equity method of accounting and are thus included with the book value of the equity. It is the Board of Directors' opinion that the annual accounts present a fair picture of the activity and the results from then operations in Coop Norge SA for 2010. In accordance with the Accounting Act and the generally accepted principles of accounting, the Board confirms that the assumptions for further operations are fulfilled. The annual accounts are thus presented according to the principle that the company's operations are to be continued.

### Financial risk

Coop Norge SA, the Group, has an equity amounting to 4,847 million NOK. The equity constitutes 37 per cent of a total balance of 13,117 million NOK. 695 million NOK of the equity is made up of responsible committed deposits from the owners. Of the total debt of 8,270 million NOK in the Group, placements from the co-operative societies and trade advances constitute 2,144 million NOK. The cash flow analysis shows a negative cash flow in the company of 1,034 million NOK. Liquid means make up 2,295 million NOK. In addition, Coop Norge SA, the Group, has unused drawing rights amounting to 893 million NOK as of December 31<sup>st</sup> 2010. The Board assesses the equity as adequate for the future investments in the Group. For more information about financial risk, see note 2.

Of the fixed assets in the parent company, 2,411 million NOK constitutes ownership shares in Coop Norge Handel AS. This includes an added value of 1,189 million NOK. The ownership share in Coop Norge Eiendom AS constitutes NOK 1,441 million of the balance sheet. The shares in Coop Norge Eiendom AS have been assessed by means of the equity method. The Board deems the value adjusted equity as higher than the booked equity. The ownership share in Smart Club AS constitutes NOK 137 million of the balance sheet.

The main bulk of property in the companies is property which is of strategic interest to Coop, primarily related to shops. The majority of the leases that are related to the properties are long-term leases with co-operative societies and the Group company Smart Club. Risk related to losses on accounts receivables, vacant premises and default from lessees is thus lower than would be the normal situation with reference to renting to external customers.

Receivable on towards the co-operative societies constitute 1,975 million NOK. Loans from the parent company to partly owned companies constitute NOK 1,136 million. Coop Norge SA manages 628 million NOK in financial investments as of December 31<sup>st</sup> 2010. The means are invested in the bond and stock markets. The risk profile of the finance management is low.

## EMPLOYEES

### Staff

As of December 31<sup>st</sup> 2010, Coop Norge SA, the Group, had 2,519 employees compared to 3,005 in 2009. At the close of 2010, 858 women and 1,661 men were employed in Coop Norge SA, the Group. The Board of Directors hold the opinion that managers, employees and member representatives in Coop have high competence in order to carry out their jobs in the best possible manner. Therefore, great effort has been made to improve the competence of the member representatives and the managers of the co-operative societies through the reporting year.

### Working environment

Coop Norge SA is committed to ensuring that all employees enjoy their workplace. During the course of the year, an ergonomic workplace study was carried out. In addition, several social common events were staged to increase the sense of work fellowship.

Reorganization has been carried out in that departments have been merged in line with the guidelines adopted by the Board.

The absence due to sickness in Coop Norge SA, the Group, in 2010 was 5.9 percent compared to 7.5 percent in 2009.

Through the occupational health service, Coop Norge SA has initiated preventive measures against work related health problems and illness. During the year, all employees have been offered health control and vaccination.

### Equal status

In all elected bodies in Coop Norge SA, we strive for equal gender representation. The proportion of women on the Coop Norge's annual meeting is 46 percent, compared to 42 percent in 2009.

Among the three members of the control committee, two are women.

In the Board of Directors for Coop Norge, 40 percent of the member elected Directors are women. Since 2005, Coop NKL has had a female Chairperson of the Board.

At the close of 2010, the proportion of women in the Board of the co-operative societies was 47 percent compared to 48 percent in 2009.

The office of Chairperson is still male dominated. Of 127 Chairmen, we have only had 22 female Chairpersons in 2010.

### Discrimination and accessibility

The purpose of the Act relating to Discrimination is to promote equal status, safeguard equal opportunities and rights and to prevent discrimination based on ethnicity, national origin, descent, colour of skin, language, religion and outlook on life. The Group works actively, purposefully and with a plan to promote the objective of the Act within our enterprise. The activities include recruitment, wage and work conditions, promotions, development opportunities and protection against harassment.

The purpose of the Act relating to discrimination and accessibility is to promote equal status and equal value, safeguard equal opportunities and right to participation in society for all, irrespective of level of functionality and prevent discrimination because of reduced functional ability. The Group has as its goal to be a workplace in which discrimination because of reduced functional ability does not occur. We work actively and purposefully to design and adapt the physical conditions so that the functions of the enterprise may be employed by as many as possible. This is provided that no danger for the employees' health or safety may occur.

#### **Competence for administrative managers**

Top manager class V was completed in 2010. In addition, several seminars in various professional teams have been organized as important network building and professionally developing venues for managers from various fields of activity. The Coop Management Conference 2010 gathered 90 managers from various parts of Coop in Norway and resulted in a lot of positive feedback from the participants.

### **EMPLOYEE REPRESENTATIVES**

#### **Competence for employee representatives**

Board Programme class III began in 2010. A total of 65 participants completed the programme which is aimed at strengthening the chairmen and the directors of the Boards so that they safeguard the future operation in a positive direction for Coop.

The organization Department has organized a number of Board courses, courses for member representatives and guidance with member representatives in 2010. This also entails professional meetings for nominating committees and control committees. In addition, brochures have been produced and the work related to the revision of the manual for member representatives has been initiated.

In the archives, Coop Norge has a number of historic films. Several of these have now been digitalized and will be made available for the co-operative societies and others who have an interest in local history.

### **SOCIAL RESPONSIBILITY**

#### **Environment and climate**

The environmental work that is done in Coop Norge builds on the section relating to compassion in the organization's value compass. This entails that Coop works for a sustainable development of society through care for people, animals and the environment. Coop in Norway has focused sharply on the environment over the last few years.

The global climate effort is more or less at rest. This causes worries. Coop is committed to strengthen the efforts to reduce our own emissions. Optimization of transport and energy efficiency are central goals in this context. The Coop energy project, E-kutt, has after three years almost reached the five year goal and enters into a new phase with more concrete measures. In 2010, CO<sub>2</sub> was established as standard refrigerant for new shops. In combination with fitting doors

and lids on all new refrigerators and freezers, great energy gains and reductions in emission are obtained. A new lighting concept for several of Coop's chains is another important measure.

Better waste treatment solutions in the shops have been another area of priority in 2010. A substantial effort has been made to improve the shop's agreements and environmental performance. These efforts have resulted in great savings – both in terms of money as well as the environment, and the work will be continued in 2011.

Even in 2010, Coop has emphasized the work related to Swan marked products and shops. We are leading within Swan marked shops, and 57 Coop shops have now been Swan marked of a total of 68 shops in the whole of Norway. Coop Extra is Norway's only Swan marked chain of shops.

The Board has decided to prepare a new Group strategy for social responsibility in 2011. This strategy will chisel even clearer the direction of the work related to social responsibility and make sure that Coop will continue to be leading in this area, in line with our ambitions and history.

#### **Reputation**

The Board of Directors is pleased with the fact that Coop, over time, has one of Norway's best public ratings and that the members, on the whole, are pleased with the activity and the membership. However, good public rating and high satisfaction with the membership is not synonymous with a situation in which the customers and the members choose to spend their money in a Coop shop. Therefore, the Board is anxious to strengthen the loyalty among the members and other customers.

#### **Ecological products**

Coop set a record in the turnover of both ecological and environment marked products in 2010. This is an inspiration for Coop to reinforce the effort in the environment area. It is also positive that the negative trend from 2009 has been turned.

Coop launched Norway's first EMV (egne merkevarer (own brands)), Coop Ånglamark ecological extra light milk. In addition, a number of other ecological EMVs have been introduced in the market. The advantages of ecological production for the environment, people and animals is becoming clearer and commits Coop to deliver more and better ecological products and through this effort take our share of the responsibility for developing the market for ecological products in Norway.

Equal tendencies have been observed within environment marked products, in which in particular in the specialist trade, we have seen a strong development related to both turnover and range.

#### **Ethical trade**

The work related to ethical trade has become an increasingly greater part of our social responsibility. Through the work with our purchase organization in Asia, Intercoop, the Board holds the opinion that we will obtain better conditions for the

workers that manufacture goods for Coop. It is necessary to focus on all factors that violate the principles of ethical trade and transparency around the results of the audits and measures is necessary. Coop has also nationally carried out audits in individual areas in order to safeguard the working conditions.

#### **Coop Solidaritetsfond (The Coop Solidarity Foundation)**

Coop Solidaritetsfond has, through an agreement of co-operation with Norsk Folkehjelp, chosen to support development projects in Bolivia, Mozambique and Cambodia. In addition, the Board of the foundation decided in 2010 to increase the support even to include the dog training school in Sarajevo for mine detecting dogs. The goal for the projects is to promote communion, solidarity, human value, peace and freedom with a focus on rights to land and resources and the right to participate. In 2010, representatives for the Board of the foundation visited the projects in Mozambique.

In 2010, it was decided to place new bottle deposit machines in all Coop's shops with the opportunity for the customers to donate their deposits to the Solidarity fund's projects.

#### **Cultural commitment**

Coop Norge is the main sponsor of Ungdommens Kulturmønstre (UKM) (Youth Festivals of Art). Every year, UKM presents about 25,000 participants all over the country. UKM is a decentralized organization which makes the sponsorship best employed locally. The sponsorship is managed by the Market Department in Coop Norge Handel.

#### **Samvirkemuseet (The Co-operative Museum)**

In August 2010, the Samvirkemuseet celebrated its 30 year anniversary. The museum is visited every year by various organizations and classes from the local area and by participants in courses and conferences from the co-operative societies and Coop's central organization. The museum is also employed as venue for local meetings and is well suited for culture building and making people conscious of our co-operative values. In 2010, there were 1500 visitors to the museum.

The Board of the museum consisted of Odd Rune Andersen, Coop Norge SA, Marit Hemmingsen, Coop Nord and Tove Raastad Breien, Coop Østafjells with Reidar Stangenes, Coop Innlandet as deputy.

#### **Advokat Dehlis fond (Lawyer Dehli's Foundation)**

The foundation has as its goal to promote co-operative information activity. In 2010, the foundation has supported the preparation of the film and photo package "Litt av vår egenart" (A glimpse of our distinctive character) which has been distributed to all the co-operative societies. Every year, the foundation awards the Advokat Dehlis Award which consists of a work of art and a diploma. For 2010, the award was given to writer and member representative Gunnar M. Roalkvam, Coop Økonom. The Board for Advokat Dehlis Fond consisted of Odd Rune Andersen, Coop Norge SA, Marit Hemmingsen, Coop Nord and Tove Raastad Breien, Coop Østafjells. Deputy is Reidar Stangenes, Coop Innlandet.

### **IMPORTANT COLLABORATING PARTNERS**

#### **Internationally**

##### **International Co-operative Alliance (ICA)**

Coop Norge SA is a member of International Co-operative Alliance (ICA) which is the international common organization for co-operative enterprises. ICA is an independent interest organization which unites, represents and serves co-operative enterprises all over the world.

#### **Cooperatives Europe**

Cooperatives Europe is the European branch of the global ICA.

#### **EuroCoop**

Coop Norge SA became a member of EuroCoop as of 2008. EuroCoop is an independent interest organization for the consumer co-operation in Europe in which the activity is directed at practical issues around business related co-operation, exchange of experience, best practice and more. The CEO and the organization manager participated in EuroCoop's annual meeting in Florence in 2010. Representatives from Coop Norge SA's administration have been elected into the organization's governing bodies with sub-groups.

#### **Nationally**

##### **Samvirkesenteret**

Coop Norge SA forms, together with the other founders of the centre (NBBL, Landkreditt, Gjensidige, Norges Råfisklag, Norges Vel and Norsk Landbruksamvirke) the Board of the centre. In 2010, a new general manager was appointed. The centre's purpose is to disseminate knowledge of the co-operative society as a form of enterprise. In 2010, the Samvirkefrokosten (Co-operative Breakfast) set a record with 120 participants. Further, a number of courses related to the Samvirkeoven (the Act relating to Co-operative Societies) has been organized. The Samvirkesenteret also supports a doctoral scholarship fellow who studies co-operative law.

### **OWNER GOVERNANCE AND COMPANY MANAGEMENT**

#### **The Board's work**

The Board of Directors in Coop Norge SA has had 23 board meetings, of which some were telephone conferences. The Board has dealt with 164 cases. The Board of Directors consists of 8 Directors, and of these, five have been elected by the Annual Meeting in Coop Norge and three among the employees.

Each Director is, as a starting point, elected for two years. In 2009, Chairperson Lisbeth Bull Husby was re-elected and Rut Sollien elected for two years. Magne Vathne, who was elected to the Board in 2007, was in 2010 elected deputy Chairman for two years. Olav Rønningen was re-elected for two years in 2010, and Wilhelm Gjertsen was elected for one year in 2010. The employee Directors, Knut Berg and Tore Veia Berghagane, were re-elected in 2009. In connection with the adoption of new bylaws in June 2009, the Board was extended to include 8 Directors, in that the employees got another Director in the Board. Helge Rygh - the previous deputy Director - was elected for two years in September 2009.

**The annual meeting in Coop Norge**

The Annual Meeting is Coop Norge's most senior body and consists of 55 representatives elected by Coop Norge Distrikt and four representatives elected by and among the employees. The most important task is to check that Coop Norge SA is managed in accordance with common law, Coop Norge SAs byelaws and the decisions that the Annual Meeting makes. In 2010, three meetings have been held in which 34 cases have been discussed, compared to 36 cases the previous year. The annual meeting was held in Oslo June 15<sup>th</sup>–16<sup>th</sup> 2010.

The Chairperson for the annual meeting in Coop Norge SA in 2010 was Grete Marie Eikebu representing Coop Norge district Midt-Norge, and in the same period, Sølvi Jensen representing district Nord was deputy.

**SAMVIRKELAGENES GARANTIFOND AL**

Samvirkelagenes Garantifond is a co-operative society in which Coop Norge is the sole owner. The objective of the fund is to guarantee for loan deposits in co-operative societies that are members of Coop Norge. The fund is built up with the return on the capital and paid in charges from the co-operative societies and Coop Norge. The fund places its means in the Norwegian bond market, mostly in bonds issued by Norwegian public authorities. Samvirkelagenes Garantifond is not consolidated in the Coop Norge Group accounts. The reason for this is that Coop Norge does not have majority influence in the company. The co-operative society representatives in Coop Norge's Annual Meeting constitute the General Assembly for the fund. The fund's total operating and financial income was 34.7 million NOK. The annual loss was 3.7 million NOK. The fund's equity is 436.8 million NOK, or 98.4 per cent of the total capital. The Board of Directors of the fund are elected by the annual meeting of the Samvirkelagenes Garantifond. The Chairperson of the fund's Board is Lisbeth Bull Huseby, whereas Nils-Edvard Olsen, Tove Raastad Breien and John Thunes constitute the rest of the Board. At the turn of the year, Ola H. Strand was the general manager and a member of the Board. The Samvirkelagenes Garantifond is supervised by Finanstilsynet.

**ALLOCATION OF THE PROFIT FOR THE YEAR**

2.5 percent interest of the	
<u>deposited ownership shares</u>	17 millioner NOK
<u>To other equity</u>	210 millioner NOK
<u>Total allocated</u>	228 millioner NOK

**FUTURE OUTLOOK**

The Board is confident that Coop will reach its strategic goal, with a special focus on profitability for growth. The demanding market situation continues into 2011 and will sharpen the competition in the business further.

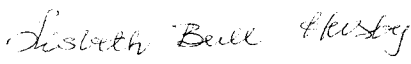
We expect continued high rate of establishment, and the low price chains will continue to establish bigger shops with a broader range of goods. Coop will, through its offensive strategy and market approach, strengthen its position by being in the forefront of the challenges and the opportunities in the market.

Own brands (EMV) will both increase the competitive edge and profitability and the Board is satisfied to see that the introduction of new EMVs is prioritized in 2011.

Continuous readjustments are necessary to participate, but the Board also points to the importance of the fact that Coop must see growth in the years ahead. This growth must be as substantial to safeguard that Coop maintains its position as the country's second biggest grocery trade actor.

The Board of Directors wants to extend its gratitude to the employees in the whole Group, the management, the elected member representatives and the members for the co-operation and the effort to obtain good results. Coop is the result of teamwork, and without your help we would not have been where we are. The Board sees that the challenges that face us are great, but we hold the opinion that we will succeed in the work ahead.

**Oslo March 25<sup>th</sup> 2011  
The Board of Directors  
of Coop Norge SA**

  
Lisbeth Bull Huseby  
Chairperson of the Board

  
Magne Vathne  
Deputy Chairperson

  
Wilhelm Gjertsen  
Director

  
Olav Rønningen  
Director

  
Rut Sollien  
Director

  
Tore Veia Berghagene  
Director

  
Knut Berg  
Director

  
Helge Rygh  
Director

  
Ola H. Strand  
CEO

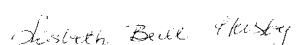
## Profit and loss accounts

COOP NORGE SA		PROFIT AND LOSS ACCOUNTS		COOP NORGE, THE GROUP	
2009	2010	Note	Amounts in millions NOK	2010	2009
26 892	27 573	5	Sales revenues	28 065	27 468
25 273	25 897		Consumption of goods	25 379	24 886
1 619	1 676		Gross profit	2 686	2 582
8	9	5	Other operating revenues	1 223	1 194
<b>1 628</b>	<b>1 685</b>		<b>Net operating revenues</b>	<b>3 909</b>	<b>3 776</b>
42	50	6,7,9	Cost employees	1419	1399
59	55	14,16	Depreciations	315	298
-	-	16	Write-down	(49)	5
35	(20)	10	Loss on accounts receivable	(19)	49
1 522	1581	8,10,11	Other operating costs		1 868
<b>1 658</b>	<b>1 666</b>		<b>Total other operating expenses</b>	<b>3 608</b>	<b>3 620</b>
<b>(30)</b>	<b>19</b>	<b>5</b>	<b>OPERATING PROFIT/LOSS</b>	<b>301</b>	<b>156</b>
6	169	4, 12,15	Revenues investments in subsidiaries and affiliated companies	37	10
12	4	12	Profit on sale of shares	9	13
123	108	12	Interest income	43	44
(77)	(73)	12	Interest costs		(154)
75	25	12	Net other financial items	42	63
<b>139</b>	<b>234</b>		<b>Total net financial items</b>	<b>(21)</b>	<b>(25)</b>
<b>109</b>	<b>252</b>		<b>PROFIT/LOSS BEFORE TAX</b>	<b>280</b>	<b>131</b>
(23)	(25)	13	Tax on ordinary profit/loss	(66)	(42)
<b>85</b>	<b>228</b>		<b>THIS YEAR'S RESULT</b>	<b>214</b>	<b>89</b>
-	-		<b>Minority</b>	<b>(14)</b>	<b>4</b>
<b>85</b>	<b>228</b>		<b>THE MAJORITY'S SHARE OF THIS YEAR'S RESULT</b>	<b>228</b>	<b>85</b>
68	210	21	Transferred to equity		68
17	17	21	Interest from co-operative share capital		17
-	-	22	Minority interests		4
<b>85</b>	<b>228</b>		<b>Total transfers</b>	<b>214</b>	<b>89</b>

## Balance sheet

COOP NORGE SA			PROFIT AND LOSS ACCOUNTS	PROFIT AND LOSS ACCOUNTS	
2009	2010	Note	Amounts in millions NOK	2010	2009
158	123	13	Deferred tax advantage		151
200	146	14	Other intangible assets	176	220
17	17	16, 28	Tangible fixed assets		5 902
3 795	3 989	3, 15	Investments in shares and units	633	571
2 347	1 230	7, 17, 25	Other long-term receivables		368
<b>6 517</b>	<b>5 506</b>		Fixed assets		<b>7 212</b>
-	-	20, 28	Stocks	1 002	<b>918</b>
2 199	2 087	10, 25, 28	Accounts receivable from customers/trade debtors		<b>2 263</b>
334	163	25	Other short-term receivables		<b>326</b>
338	628	18	Financial investments		<b>338</b>
486	1 224	19	Bank deposits, cash in hand etc.		<b>924</b>
<b>3 356</b>	<b>4 103</b>		<b>Current assets</b>	<b>5 900</b>	<b>4 769</b>
<b>9 874</b>	<b>9 608</b>		<b>TOTAL ASSETS</b>	<b>13 117</b>	<b>11 980</b>
696	695	29	Committed deposits		696
3 823	4 047		Other equity	4 039	3 803
-	-	22	Minority interests		111
<b>4 519</b>	<b>4 742</b>	<b>21</b>	<b>Equity</b>		<b>4 611</b>
16	19	7	Pension commitments	13	18
93	92		Other long-term liabilities		104
<b>109</b>	<b>112</b>		<b>Provisions for liabilities</b>	<b>126</b>	<b>122</b>
-	-	<b>23, 28</b>	<b>Long-term liabilities</b>	<b>2 541</b>	<b>1 115</b>
<b>1191</b>	<b>1283</b>	<b>1, 26</b>	<b>Deposits</b>	<b>1283</b>	<b>1191</b>
2 225	2 287	25	Trade creditors		2 298
10	8	13	Payable tax		19
1 102	934		Advance payment from customers	935	1 102
717	243	24, 25	Other short-term debt		1 521
<b>4 054</b>	<b>3 472</b>		<b>Short-term liabilities</b>	<b>4 320</b>	<b>4 941</b>
<b>9 874</b>	<b>9 608</b>		<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13 117</b>	<b>11 980</b>

OSLO, MARCH 25<sup>TH</sup> 2011  
THE BOARD OF COOP NORGE AS

  
LISBETH BULL HUSBY  
CHAIRPERSON OF THE BOARD

  
MAGNE VATHNE  
DEPUTY CHAIRPERSON

  
KNUT BERG  
DIRECTOR

  
HELGE RYGH  
DIRECTOR

  
OLA H. STRAND  
CEO

  
TORE VEA BERGHAGENE  
DIRECTOR

  
OLAV RØNNINGEN  
DIRECTOR

  
WILHELM GJERTSEN  
DIRECTOR

  
RUT SOLLIE  
DIRECTOR

## Cash flow statement

COOP NORGE SA		CASH FLOW STATEMENT		COOP NORGE, THE GROUP	
2009	2010	Note	Amounts in millions NOK	2010	2009
109	252		Profit before taxes		131
(10)	(10)		Taxes paid in the period		(23)
59	55		Ordinary depreciations	315	298
-	-		Write-downs		5
-	(2)		Profit from sale of current assets		(9)
(12)	-		Profit from sale of shares		(13)
1	3		Pensions		13
(6)	(169)		Adjusted share of profit/loss subsidiary/affiliated company		(10)
<b>141</b>	<b>129</b>		<b>Net cash flow from the this year's operating activities</b>		<b>392</b>
-	-		Stocks		26
(147)	112		Changes trade debtors		(143)
92	107		Changes other current assets		189
76	62		Changes trade creditors		(30)
120	(630)		Changes other time limited items		123
<b>282</b>	<b>(220)</b>		<b>Net cash flow from operating activities</b>	<b>10</b>	<b>558</b>
256	1 625		Payments in for long term receivables	39	24
(279)	(530)		Payments long-term receivables		(28)
-	2		Payments from sale of fixed assets		41
(2)	(1)		Payments for investments in fixed assets		(337)
28	-		Payments from the sale of shares and units		29
-	-		Payments for investments in shares and units		(94)
<b>3</b>	<b>1 096</b>		<b>Net cash flow from investment activities</b>	<b>(305)</b>	<b>(365)</b>
-	-		Payments on incurring new long-term liabilities		31
-	-		Down payment of long-term liabilities		(97)
(104)	92		Changes in time restricted deposits		(104)
-	(1)	21	Changes in committed deposits	(1)	-
(43)	13		Changes in equity	13	(40)
53	64		Received group contribution	-	-
-	-		Changes in minority interests		(41)
-	-		Changes in overdraft facilities		(56)
-	(17)		Paid interest of committed capital	(17)	-
<b>(94)</b>	<b>152</b>		<b>Net cash flow from financing activities</b>	<b>1 327</b>	<b>(307)</b>
<b>191</b>	<b>1 029</b>		<b>Net change in liquid resources</b>	<b>1 034</b>	<b>(114)</b>
633	824		Liquid resources as of 1.1.	1 261	1 376
824	1 852		Liquid resources as of 31.12. 1)	2 295	1 262
<b>191</b>	<b>1 029</b>		<b>Changes in liquid resources</b>	<b>1 034</b>	<b>(114)</b>

1) Liquid resources are made up of financial investments and bank deposits, cash in hand etc.



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# Notes

## 1. ACCOUNTING PRINCIPLES

### GENERAL

Coop Norge SA, the Group, consists of companies in trading, wholesale, property as well as industrial production of foodstuff. The parent company in the group is Coop Norge SA.

The companies in the group are presented in Note 3.

Coop Norge SA is the common organization for the co-operative societies in Norway. Coop Norge SA is owned by the 125 co-operative societies that are Coop Norge SA's members. A co-operative society is a company in which each members' commitment is limited to his committed deposit and in which the company's profit is distributed on the members in relation to the purchase they have made from the co-operative society (purchase return). Coop Norge SA is a co-operative society. A co-operative society's objective is to provide its members with suitable goods at competitive prices.

Every co-operative society has paid up committed deposits to Coop Norge SA. 25 per cent of the purchase return from Coop Norge SA is re-invested in increased committed deposits. Thus there is a difference between the committed deposits of the individual co-operatives in Coop Norge SA.

The committed deposit is not negotiable. If a member withdraws, the committed deposits will be refunded. Thus the owners have no possibility to realize the values which the equity represents through a sale. In addition to the nominal value, the committed deposit only has a value through the advantages that the membership offers, buying return, membership offers, discounts, and advantageous interest offers etc.

Co-operative societies may not be bought. This is a natural consequence of the fact that the committed deposits are not negotiable. All and everyone who supports the objective and the byelaws have a right to become a member against payment of the determined committed deposit.

The Board of Coop Norge SA has laid down guide lines as to how surplus liquidity in Coop Norge SA may be placed in securities and/or as bank deposits.

In accordance with the Apport Agreement, signed by the parties that established Coop Norden AB, the "cost plus" model is employed. The "cost plus" model entails that Coop Norge SA buys all of its good from Coop Norge Handel AS with a mark-up on the cost of the goods with a predetermined margin. Further, Coop Norge SA buys all services that are carried out in Coop Norge Handel AS at cost price with the exception of determined extraordinary items. Coop Norge Handel AS presents its accounts in accordance with Norwegian accounting principles.

The accounts have been prepared in accordance with the requi-

rements that follow from the Accounting Act with additional provisions, the generally accepted accounting principles and the accounting standards adopted by Norsk Regnskaps-Stiftelse (The Norwegian Accounting Foundation).

Certain adjustments in the grouping of items in the accounts compared to previous years have been made.

### CONSOLIDATION PRINCIPLES

#### Consolidated company

In the Group, subsidiaries are defined as companies in which Coop Norge SA has a decisive influence in that it controls more than 50 per cent of the votes, directly or indirectly.

In the Group accounts, affiliated companies are defined as companies in which Coop Norge SA has a strong influence through an ownership interest of between 20–50 per cent. These companies are consolidated according to the equity method.

#### Elimination of shares in subsidiary

In the Group accounts, a subsidiary is consolidated according to the purchase method. In cases of purchase of a company, the difference between the purchase price of the shares and the company's equity related to those of the company's assets or liabilities that have added value/subtracted value. In Coop Norge's accounts, the added/subtracted value is treated in accordance with the company's other assessment principles. Any other residual value is treated as goodwill in the Group accounts. Goodwill is depreciated in accordance with the underlying circumstances, but never less than 10 per cent per year.

#### Elimination of internal transactions

All essential transactions and inter-company balance between the companies that are included in the Group accounts have been eliminated. The minority interests are specified in a separate entry after "Annual profit/loss" and in a separate entry in the balance sheet under "Equity". Group-internal profit relating to sale of fixed assets in the parent has been reversed and treated as deferred revenue.

#### Purchase of subsidiary

Purchased subsidiaries are entered in the Group accounts based on the parent company's acquisition cost. The acquisition cost is allocated the real value of the identifiable assets and liabilities in the subsidiary which is entered in the Group accounts at real value on the point of time of the acquisition. Any added value in excess of what may be referred to identifiable assets and liabilities is brought to the balance as goodwill. Goodwill is treated as a residual and is brought to the balance with the share that has been observed in the acquisition transaction. Added value in the Group accounts is depreciated over the acquired assets' expected economic life.

Added value related to acquisitions before 2008 have been entered with deferred tax, but later acquisitions have been entered without deferred tax (the net method)

### **Conversion of foreign companies**

In consolidating foreign companies, the profit/loss accounts have been converted to Norwegian NOK using an average exchange rate for the accounting period, whereas the balance has been converted by using the exchange rate of the day of the balance.

## **ASSESSMENT PRINCIPLES AND CLASSIFICATION**

### **PRINCIPLES**

#### **Assets**

Assets that are appraised as permanent or for permanent use are classified as fixed assets. Assets that are related to the cycle of goods are classified as current assets. Accounts receivables are classified as current assets if they are to be paid back within a year after the point of time of payment. For liabilities, analogous criteria are used as a basis.

Current assets are assessed at the lowest of purchase cost and real value. Short-term liabilities in NOK are brought to the balance at nominal amount at the point of time of establishment.

Fixed assets are assessed at acquisition cost. Fixed assets that are diminished in value are depreciated linearly over the expected economic lifetime. Fixed assets are depreciated at real value in case of decline in value to the extent the generally accepted accounting rules require such depreciation. Allocations are discounted down if the element of interest is considerable.

Nominal amounts are discounted down if the element of interest is considerable.

#### **Sales income and net operating revenues**

Entering as revenue in case of sale of goods is made at the point of time of delivery. Services are entered in pace with the execution. Net operating revenues are presented after the deduction of discounts, Value Added Tax, any public contributions and consumption of products.

Ordinary sales discounts (collaboration discounts) as well as establishment discounts have been brought to deduction of the sales revenues. Discounts and commissions from suppliers have been deducted from Purchase of goods.

#### **Subsidiaries and affiliated companies**

Subsidiaries, affiliated companies and jointly controlled enterprises have been assessed according to the equity method in the company accounts. The share of the result is based on the result after tax in the company the investment has been made. In the share of the result, deduction is made for internal profit and depreciations on added value in case the cost price of the shares was higher than the acquired share of the equity brought to balance, if any. In the profit and loss accounts, the share of the result is presented under financial items.

### **Taxes**

The tax costs in the profit/loss accounts include both the payable tax for the period and changes in deferred tax. Deferred tax is calculated to 28 per cent on the basis of the temporary differences that exist between the values in the accounts and the tax accounts, and moreover, any tax related loss brought forward at the close of the accounting year. Temporary differences that increase or decrease the tax are differences that emerge in one period and that will be reversed or may be reversed in a later period. Deferred tax and deferred tax advantage that may be brought to the balance have been entered net into the balance. The tax expense in per cent of ordinary profit/loss before tax is affected by permanent differences as well as provisions for jointly owned committed capital and buying return which both form a part of the allocation of the profit in the parent company.

#### **Intangible assets**

Intangible assets are brought to the balance to the extent the criteria for bringing to balance are fulfilled. The intangible assets are depreciated linearly over the expected economic lifetime. Intangible assets consist of other rights and goodwill.

#### **Tangible fixed assets**

Fixed assets have been set out in the assets side in the balance sheet at their historical cost price, reduced by linear depreciation and any write-down. The depreciations are classified in the profit/loss accounts as ordinary depreciations. The rates for calculating the depreciations have been determined on the basis of a conservative assessment of the economic service life of the individual tangible fixed asset item. Current assets that are considered to have a permanent value that is lower than the value presented in the balance sheet have been written down. In the event of any sale or other disposal of tangible fixed assets, the profit is set out as operating revenue and loss as operating expense.

Leased tangible fixed assets are brought to the balance as tangible fixed assets if the lease contract is considered as financial.

#### **Lease agreements**

Lease agreements in which the lessee does not have a considerable risk are classified as operational leases. Payment related to operational leases (with deduction for any economic contribution from the lessor) is charged to the profit and loss accounts linearly over the lease period.

Lease agreements in which the Group has the greater risk and control are classified as financial leasing and are brought to the balance at real value.

#### **Loan**

Loans are classified as a short-term liability provided an unconditional right to defer the payment of the debt for more than 12 months from the balance day exists.

**Interest swap agreements (interest swap)**

The Company employs interest swap agreements to handle its risk exposure for changes in the interest rates (cash flow hedging). Interest swap agreements that fulfil the requirements of being cash flow hedging instruments are not brought to the balance.

**Guarantee liability**

Expected costs for future guarantee work related to sale/completed projects are charged and are brought as provisions under short-term liabilities in the balance sheet. The provision is based on historical figures for guarantee liabilities.

**Financial investments**

Securities in the form of bonds, certificates and current asset investments have been classified as financial investments and assessed to market value at the end of the year. Long-term share investments that have been classified as long-term investments and that have not been treated according to the equity method (see above), have been assessed at purchase cost. Such shares are written down when the real value is substantially lower than the value entered into the balance and the reduction in value is not expected to be of a temporary character.

**Equity**

The equity has been specified in accordance with Coop Norge SA's byelaws and classified as committed deposits, jointly owned share capital, legal reserve and other equity.

**Deposits**

Co-operative societies may receive and manage savings deposits from their members. Apart from the equity, this is an important source of financing. To the extent that the co-operative societies have surplus liquidity, this is to be placed in Coop Norge SA. In the balance, these deposits are presented in a separate group between short-term and long-term liabilities. All deposits may be withdrawn on short notice, but fixed term deposits and placement accounts have a long-term nature and represent a stable financing of Coop Norge SA. In calculating the liquidity, 65 per cent of the deposits on the placement accounts are regarded as long-term. The interest rate of the placement accounts in Coop Norge SA is linked to the 3 month NIBOR as this is determined in the money market between the banks. To the extent that Coop Norge SA manages the means so that the return is higher than the interest on the placement accounts, the profit from this activity is transferred to the members in accordance with their deposit in the placement account.

**Foreign currency**

Receivables, trade creditors and commodities advances in foreign currencies are converted to Norwegian NOK by using the exchange rates as per December 31. Realized as well as unrealized loss and profit on exchange rates have been entered under financial items. Any conversion differences on receivable and debts relative to foreign subsidiaries and affiliated companies are excepted and such differences are set out directly against the equity. Of other items in the balance, only minor items are entered in foreign currencies.

**Cash flow statement**

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid placements that immediately and with immaterial exchange risk may be converted to known cash amounts and with a due date shorter than three months from the acquisition date.

**The use of estimates and information about considerable estimates**

The accounting principles that have been described entail that the management in Coop Norge SA has employed estimates and assumptions that affect items in the result and the balance. The estimates are based on experience and as assessment of the underlying factors. Future events and changes in the framework conditions may entail that the estimates and the assumptions must be modified. Modifications of accounting estimates are brought to the profit/loss in the period the estimates are modified provided deferred entry is prescribed in the generally accepted accounting principles. Assessments, estimates and assumptions that have considerable impact on the accounts as summed up below.

**Depreciation of fixed assets**

At any indication of value brought to the balance of a fixed asset is higher than the real value, a test for decrease in value should be made. The test should be made for the lowest level of fixed assets that have independent cash flows. If the value brought to balance is higher than both the sales value and the recoverable amount (current value provided continued use/lease), depreciation to the highest of sales value and recoverable amount should be done.

Previous depreciations are to be reversed if the assumptions for the depreciation are not present any more (with the exception of depreciation of goodwill).

**Accounts receivable**

Accounts receivable and other receivables are brought to the balance at face value after deduction for provisions for bad debts. Provisions for bad debts are made on the basis of individual assessments of the individual receivables. In addition, an unspecified provision for assumed bad debts is made.

**Stock**

The stock of purchased goods is valued at the lowest of purchase cost according to the FIFO principle and real value. Finished goods of own manufacture and goods in production are assessed at full production cost. Depreciation is made if the real value (sales price with deduction for sales costs) is lower than the cost price. Sales costs include all remaining costs related to sale, administration and storage.

**Deferred tax advantage**

Deferred tax advantage is brought to the balance only to the extent it is probable that there will be a future tax liability which is big enough to make use of the tax advantage either in that the unit has presented profits lately or in that there have been identified property with added value.

**Allocations**

For individual items in the profit/loss accounts, anticipated future costs based on estimates and information that is available on the time of the completion of the accounts are allocated. These allocations may deviate from the actual cost. Allocations may deviate from future cost. Allocations may be linked to restructuring costs, loss on receivables, obsolescence and conditional loss that is probable and quantifiable, hereunder disputed circumstances and lawsuits.

**Pension costs and pension commitments**

Pension costs and pension commitments are calculated according to linear earning based on assumptions of discounting interest, future adjustments of wages, pensions and benefits from the national insurance, future return on pension means as well as actuary assumptions of mortality, voluntary retirement and so on. Pension means in collective schemes are assessed at real value and are deducted in net pension commitments in the balance sheet. Changes in the commitment that are caused by changes in pension plans are distributed over the assumed remaining contribution time. The same applies to estimate deviances to the extent they exceed 10% of the highest of pension commitments and the pension means (corridor).

The employers national insurance contribution is charged based on paid pension premium for the secured (collective) pension schemes, whereas it is accrued in accordance with the changes in the pension commitments for unsecured pensions. Coop Norge SA with its subsidiaries has decided a voluntary transition from defined benefit to defined contribution from January 1<sup>st</sup> 2008 and from the same date, earnings for widow and child pension benefits and paid-up policy for disability pension were discontinued. Please also see note 7.

**2. FINANCIAL MARKET RISK**

The co-operative societies place their surplus liquidity in Coop Norge SA. At the turn of the year, these deposits constitute 1.2 billion NOK including interests. The interest on the placement accounts is determined every month on the basis of the previous month's 3 month NIBOR, but depends on the size of the deposit (interest steps at 5 and 100 million NOK). The interest cost in 2010 was 2.5 per cent of the average deposit.

At the close of the year, Coop Norge SA had invested 122 million NOK in domestic shares, 25 million NOK in foreign shares, 31 million NOK in foreign unit investment trusts, 244 million NOK in Norwegian bonds, 207 million NOK in Norwegian money market placements and other means in bank (see also below regarding the acquisition of Smart Club AS).

Domestic share investments are limited to shares listed on the Oslo Børs (Oslo Stock Exchange). No individual investment is to be greater than 15% of the share portfolio and no ownership share in an individual company may exceed 5% of the company's stock value. The return on domestic share investments in the year 2010 was 9.6 per cent, whereas the fund index increased by 22.3 per cent. The return on the foreign investments in 2010 was 18.3 per cent for the single shares and 11.1 per cent for the bonus shares respectively.

The investments in bonds are clean bonds, not convertible or committed loans. A maximum of 10 per cent of the bond portfolio may be invested in one single issuer. However, this does not apply for bonds issued by public authorities. The maximum maturity is 5 years and the duration at the end of the year was 3.4. The return in 2010 was 6.0 per cent. The benchmark ST4X (weighted government bond index with 3 years maturity) gave a return of 4.5 per cent.

Money market placements are mainly made as special deposits in banks, but there is also a certain trade related to certificates issued by banks, credit institutions and large industrial companies. There are rules as to how big a placement one may have in an individual enterprise based on the equity of the enterprise. The money market portfolio was built up from the middle of the year and gave a return of 3.2 percent.

At the turn of the year, Coop Norge SA in addition to the above had free liquid means amounting in excess of 1.2 billion NOK. The reason is that the Smart Club acquisition was refinanced by Coop Norge Eiendom AS and the property company thereafter cleared loans to the parent company. This took place in the final days of the year.

At the turn of the year, Coop Norge SA had no loan and no withdrawals on the overdraft facilities. The overdraft facilities with a limit of 250 million NOK are Coop Norge AS' only drawing facility. Coop Norge Handel, the Group, had unexploited overdraft facilities of 493 million NOK, whereas Coop Norge Eiendom AS has unexploited drawing rights of 150 million NOK. Smart Club AS does not have drawing rights from institutions outside of the Group.

A stress test shows that a fall in the share market of 30 per cent and a simultaneous interest increase of 2 per cent of total interest bearing capital which lasts for a year will hit Coop's net finance with approximately 93 million NOK.

### 3. COMPANIES IN THE GROUP

As per December 31<sup>st</sup> 2010, Coop Norge, the Group, consists of the following companies in addition to Coop Norge SA which is the parent company:

SUBSIDIARY	OWNER SHARE
Coop Norge Handel AS, Oslo	100 %
Coop Norge Eiendom AS, Moss	100 %
Smart Club AS, Oslo	100 %

As of December 31<sup>st</sup> 2010, Coop Norge Handel, the Group, consist of the following companies in addition to Coop Norge Handel AS which is the parent company:

Coop Norge Industri AS, Oslo	100 %
› Coop Norge Kaffe AS, Oslo	100 %
› AS Margarinfabrikken Norge, Oslo	100 %
› A/S Røra Fabrikker, Inderøy	100 %
› Gomanbakeren Holding AS, Sandnes	100 %
›› Goman-Bakeriet AS Hønefoss, Hønefoss	100 %
›› Goman-Bakeriet AS Jæren, Figgjo	100 %
›› Goman-Bakeriet AS Oslo, Oslo	100 %
›› Goman-Bakeriet AS Nord-Trøndelag, Verdal	100 %
›› Goman Bakeriet AS Sørlandet, Kristiansand S	100 %
›› Goman Bakeriet AS Trondheim, Trondheim	100 %
›› Goman Bakeriet AS Østfold, Rolvsøy	100 %
›› Goman Valaker AS, Søvik	50 %
›› Rognaldsen Bakeri AS, Lindås	50 %
› Smart Club Gourmet AS, Oslo	100 %
› NAFT Trading A/S, Brøndby, Danmark	47,5 %
Coop Norge Stavanger Eiendom AS, Oslo	100 %
Coop Norge Grorud Eiendom AS, Oslo	100 %
Coop Norge Hamar Eiendom AS, Oslo	100 %

As of December 31<sup>st</sup> 2010, Coop Norge Eiendom, the Group, consist of the following companies in addition to Coop Norge Eiendom AS which is the parent company:

Hundskinnveien 100 AS, Moss	100 %
Meierikvartalet AS, Kristiansund	100 %
Siv Egedom AS, Kristiansund	100 %
Anton Jensens Gate 2 AS, Moss	100 %
Jessheim Vest Eiendom AS, Moss	100 %
Tangerud Eiendom AS, Moss	100 %
Coop Ellingsrud Eiendom AS, Moss	100 %
Hensmoen Eiendom AS, Moss	100 %
SAM Selskap 7 AS, Moss	100 %
Haugesundsgata Eiendom AS, Moss	100 %
Kallerud Handelspark AS, Moss	100 %
Coop Eiendom Forvaltning AS, Moss	100 %
Hadelandsparken AS, Lunner	66 %
› Hadelandsporten AS, Lunner	100 %
Moss Parkering AS, Moss	100 %
Grønland Brygge AS, Moss	100 %
Coop Innlandet Eiendom AS, Moss	100 %
Nordic Retail Park, Moss	100 %
Region Øst Eiendom AS, Moss	100 %
Coop Raufoss Kjøpesenter AS, Moss	100 %
Bondelia Eiendom AS, Moss	100 %
Kvartal 15 Gjøvik AS, Moss	100 %
Lungum Park AS, Moss	100 %

#### SUBSIDIARY

Jernbanegata Lillestrøm AS, Moss	100 %
Pustutveien 6-14 AS, Moss	100 %
Brånås AS, Moss	100 %
Jonsten Råde AS, Moss	100 %
Smalvollveien 65 Eiendom AS, Moss	100 %
Lilletuneveien 3 AS, Moss	100 %
Morstongveien 47 AS, Moss	100 %

#### OWNER SHARE

Coop Østafjells Eiendom AS, Moss	100 %
› Beitostølen AS, Moss	100 %
› Stølstunet AS, Øystre Slidre	50 %
› Granstunet Eiendom AS, Gran	50 %
›› Granstunet Parkering AS, Gran	100 %

Coop Øst Eiendom AS, Moss	100 %
› Nittedalsgt ANS, Sarpsborg	99 %
› Coop Stoa AS, Oslo	100 %
› Romsåsveien 6 AS, Oslo	100 %
› Grønland Næringseiendom AS, Moss	100 %
› CØE Selskap 1 AS, Moss	100 %
› CØE Selskap 2 AS, Moss	100 %
› CØE Selskap 3 AS, Moss	100 %

Coop Romerike Eiendom AS, Moss	100 %
› Sentrumsbygget Nes AS, Moss	100 %
› Jernbanegaten 6 Kongsvinger AS, Moss	100 %
› Bjerkesenteret AS, Moss	100 %

Norsk Bransjesenter AS, Kristiansund	66 %
› Nordmørssenteret AS, Kristiansund	100 %
› Breivikssenteret AS, Kristiansund	100 %
› Askim Næringspark KS, Kristiansund	100 %
›› Askim Produksjonspark AS, Kristiansund	100 %
› Askim Næringspark Invest AS, Kristiansund	100 %
› Mo Handelspark AS, Kristiansund	60 %
›› Mo Handelspark I AS, Kristiansund	100 %
›› Mo Handelspark II AS, Kristiansund	100 %
› Stoa Holding AS, Kristiansund	53 %
›› Stoa Bransjesenter AS, Kristiansund	100 %
› Hangaren Lade AS, Kristiansund	100 %
› Kilen Handelspark AS, Kristiansund	40 %
›› Tolvkanten AS, Kristiansund	100 %
›› Kilen Syd AS, Kristiansund	100 %
›› Reservatveien 6 AS, Kristiansund	100 %
›› Reservatveien 2 c AS, Kristiansund	100 %
›› Reservatveien 10 AS, Kristiansund	100 %
› Rosenlund Bydelssenter AS, Kristiansund	20 %
› Namsos Handelspark III AS, Asker	25 %
› Larønningen Eiendom AS, Moss	25 %
› Trio Eiendoms Invest AS, Tromsø	40 %
›› Fauske Handelspark AS, Tromsø	100 %
››› Fauske HP I AS, Tromsø	100 %
››› Fauske HP II AS, Tromsø	100 %
››› Fauske HP III AS, Tromsø	100 %
›› Mosjøen Handelspark AS, Kristiansund	100 %
›› Nordlysparken AS, Harstad	50 %
›› Mo Sentrumsutvikling AS, Mo i Rana	40 %

## 3. SELSKAP I KONSERNET

AFFILIATED COMPANIES	OWNER SHARE	AFFILIATED COMPANIES	OWNER SHARE
<b>Coop Norge Eiendom konsern:</b>		<b>Stoa Holding AS, Kristiansund</b>	<b>17 %</b>
<b>FinansGruppen Eiendom AS, Kristiansund</b>	<b>33,3 %</b>	› Stoa Bransjesenter AS, Kristiansund	100 %
› Storgata 19 Haram AS, Kristiansund	100 %	Rosenlund Bydelssenter AS, Kristiansund	40 %
› Huldrestien 32 a + b AS, Kristiansund	100 %	Strandparken Utvikling AS, Kristiansund	40 %
› Møllendalsvein 68 AS, Kristiansund	100 %	› Strandparken Holding AS, Hammerfest	50 %
› Aukra Utleieboliger AS, Kristiansund	100 %	» Strandparken Eiendom AS, Hammerfest	100 %
› Jessheim Utvikling AS, Kristiansund	100 %	» Strandparken Handel AS, Hammerfest	100 %
› Nordvestlandet Eiendom AS, Kristiansund	100 %	» Strandparken Hotell AS, Hammerfest	100 %
› Rørgata 14 B AS, Kristiansund	100 %	» Strandparken Kontor AS, Hammerfest	100 %
› Helgeland Trykkerieieid. AS, Kristiansund	100 %	» Strandparken Parkering AS, Hammerfest	100 %
› Finnsnes Senter AS, Kristiansund	100 %		
› Løkkemyra Handelpark AS, Kristiansund	100 %	<b>Åsane Utvikling AS, Kristiansund</b>	<b>25 %</b>
› Pilotveien Eiendom AS, Kristiansund	100 %	› Åsane Nord AS, Kristiansund	100 %
› FG Eiendom 16 AS, Kristiansund	100 %	» Åsane Eiendomsinvest AS, Kristiansund	100 %
› FG Eiendom 17 AS, Kristiansund	100 %	› Åsane Bransjesenter AS, Kristiansund	100 %
› FG Eiendom 18 AS, Kristiansund	100 %	› Coop Åsane Eiendom AS, Kristiansund	100 %
› FG Eiendom 19 AS, Kristiansund	100 %	Ruggevik Næringspark AS, Harstad	30 %
› FG Eiendom 20 AS, Kristiansund	100 %	Alta Handelpark AS, Moss	50 %
› FG Eiendom 21 AS, Kristiansund	100 %	Kvassnessveien 3 og 5 AS, Bergen	50 %
› FG Eiendom 22 AS, Kristiansund	100 %	Coop Oppdal Eiendom AS, Moss	50 %
› FG Eiendom 23 AS, Kristiansund	100 %	› Taverna Alvdal AS, Alvdal	29 %
› FG Eiendom 24 AS, Kristiansund	100 %	Nøsthaugen Eiendom II AS, Kristiansund	40 %
› FG Eiendom 25 AS, Kristiansund	100 %	Larønningen Eiendom AS, Moss	50 %
› FG Eiendom 26 AS, Kristiansund	100 %	Botnkrona Eiendom AS, Kristiansund	50 %
› FG Eiendom 27 AS, Kristiansund	100 %		
› FG Eiendom 28 AS, Kristiansund	100 %	IEU Møbel Invest AS, Gjøvik	50 %
› FG Eiendom 30 AS, Kristiansund	100 %	IEU Mjøsen Eiendom Nord AS, Gjøvik	100 %
› FG Eiendom 31 AS, Kristiansund	100 %	› EU Mjøsen Eiendom Vest AS, Gjøvik	100 %
› FG Eiendom 32 AS, Kristiansund	100 %	› Rubo Eiendom AS, Gjøvik	100 %
› FG Eiendom 36 AS, Kristiansund	100 %		
› FG Eiendom 37 AS, Kristiansund	100 %	Lofot-Senteret AS, Leknes	24 %
› FG Eiendom 38 AS, Kristiansund	100 %		
› FG Eiendom 39 AS, Kristiansund	100 %	<b>Amco Eiendom AS, Surnadal</b>	<b>50 %</b>
› FG Eiendom 40 AS, Kristiansund	100 %	› Amfi Bygg Fauske AS, Surnadal	100 %
› FG Eiendom 41 AS, Kristiansund	100 %	» Havnegården Fauske AS, Surnadal	100 %
› FG Eiendom 42 AS, Kristiansund	100 %	› Amfi Bygg Svolvær AS, Surnadal	66,7 %
› FG Eiendom 43 AS, Kristiansund	100 %	› BB-Senteret Årnes, Surnadal	100 %
› FG Eiendom 44 AS, Kristiansund	100 %	› Elverum Senterdrift Eiendom AS, Surnadal	100 %
› FG Eiendom 45 AS, Kristiansund	100 %	› Råholt-senteret AS, Surnadal	100 %
› FinansGruppen Prosjekt AS, Kristiansund	75 %	› Sogningen Storsenter AS, Surnadal	100 %
› Meieriskogen Næringspark AS, Kristiansund	50 %	› Ørsta Kjøpesenter AS, Surnadal	80 %
› Raufoss Industripark III AS, Kristiansund	55 %	› Amco Bygg Nærbø AS, Surnadal	50 %
› Mortensrud Eiendom AS, Asker	60 %	» Amfi Bygg Nærbø AS, Surnadal	50 %
› Opera Eiendom AS, Kristiansund	100 %	› Dølastugu Eiendom AS, Surnadal	50 %
<b>Coop Vestfold og Telemark AS, Moss</b>	<b>50 %</b>	<b>Coop Norge Handel AS:</b>	
› Merdeveien 4 AS, Moss	100 %	Coop Trading A/S, Albertslund, Danmark	25 %
› Storgt. 137 AS, Moss	100 %	Takecargo AS, Lysaker	32 %
› Larønningen Eiendom AS, Moss	25 %	Joh.Weydahl AS, Oslo	45 %
Gran Handelpark AS, Gran	50 %	Dagligvareleverandørens Miljøforum AS, Oslo	25 %
Værftsgata 7 AS, Namsoy	50 %	Coop Norden Bygg Inköp AB, Solna, Sverige	50 %
Innlandsporten AS, Stange	25 %		
<b>Mo Handelpark AS, Kristiansund</b>	<b>20 %</b>	Samvirkelagenes Garantifond AL is neither treated as a subsidiary not as an affiliated company because Coop Norge SA has only one out of eight votes in spite of a 100 % owner share; see also note 27.	
› Mo Handelpark I AS, Kristiansund	100 %		
› Mo Handelpark II AS, Kristiansund	100 %		

#### 4. CHANGES IN THE GROUP

##### Sale

The following subsidiaries have been sold in Coop Norge Eiendom, the Group

Rudshøgda Kjøpesenter AS  
Borgarveien 13 AS  
Nittedalsgata 50 AS  
Kaitomta Vadsø AS  
Coop Jessheim Eiendom AS

Other sold companies in Coop Norge Eiendom, the Group

Coop Eiendom Vest AS  
Son Brygge AS

##### Liquidations

Liquidations in Coop Norge Eiendom, the Group

Jernbanegata Utvikling AS  
IEU Østviken Eiendomsutvikling AS  
Tranby Eiendom AS  
Flexipark Holding AS  
Haakon Tveters vei Eiendom AS

##### Acquisitions

The following subsidiaries have been bought in Coop Norge Eiendom, the Group

Coop Østfjells Eiendom AS, tidligere tilknyttet selskap  
Anton Jensensgate AS  
Verftsgata 7 AS

The following subsidiaries have been bought in Coop Norge Handel, the Group

Rognaldsens Bakeri AS

##### Establishments

The following subsidiaries have been established in Coop Norge Handel, the Group

Coop Norge Hamar Eiendom AS

##### Mergers/de-mergers

Mergers/de-mergers in Coop Norge Eiendom, the Group

Merger between Coop Norge Eiendom AS and Conseptbygg AS (parent-subsidiary merger) with Coop Norge Eiendom AS as overtaking company

Group merger in which four properties have been established as separate private limited companies.

This is the case with Kallerud Handelspark AS, Longum Park AS, Haugesundsgate Eiendom AS and Jernbanegata Lil-lestrøm AS with Coop Norge Eiendom AS as the transferring company

The merger and the de-merger was carried out with accounting effect as of January 1<sup>st</sup> 2010 and to tax and tax related continuity.

Mergers/de-mergers in Coop Norge Handel, the Group

Merger between Goman Lettbakt Østfold AS and Goman Bakeriet Østfold AS with Goman Bakeriet Østfold AS as the overtaking company

##### Sale 2011 Coop Norge Eiendom, the Group

Coop Norge Eiendom AS has sold its block of shares of 33.3 % in the Finansgruppen Eiendom AS in February 2011.

#### 5. AREAS OF ACTIVITY

##### COOP NORGE KONSERN

Amounts in millions NOK

2010

2009

##### OPERATING INCOME (TOTAL SALES AND OTHER REVENUES)

Goods supply/wholesale		28 597
Retail trade		1 263
Property activity		406
Eliminations		(1 604)
<b>Total operating revenues</b>	<b>29 288</b>	<b>28 662</b>

##### OPERATING PROFIT/LOSS

Goods supply/wholesale		232
Retail trade		(137)
Property activity		94
Eliminations		(32)
<b>Total operating result</b>		<b>156</b>

The activity is mainly found in Norway.

## 6. WAGES AND PERSONNEL COSTS

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	Amounts in millions NOK	2010	2009
28	33	Salaries, remunerations and more	1 060	1 049
5	6	Employers' national insurance contribution		158
8	9	Pension costs	112	74
1	2	Other remuneration		118
<b>42</b>	<b>50</b>	<b>Personnel costs</b>		<b>1 399</b>
30	30	Average number of man-labour years	2 267	2 449

## 7. PENSION COMMITMENTS

The Group's pension commitments present the employees' earned rights to future pension. The company has both defined benefit and defined contribution pension schemes. In a defined contribution pension scheme, the company contributes with an annual deposit based on the employees' wages, whereas in a defined benefit pension scheme, the company has the responsibility to secure the employee a defined pension benefit related to his terminal pay and the calculated national insurance..

**Defined contribution pension**

All the companies in Coop, the Group, have established defined contribution pension schemes for their employees. Companies with defined benefit pension schemes closed their schemes for new members as of December 31<sup>st</sup> 2007 and at the closing time, the employees were asked to choose whether they wanted defined contribution pension or continue with defined benefit pension.

**Defined benefit pension**

Includes funds based benefit schemes for employees who chose to maintain defined benefit pension on the closing time, December 31<sup>st</sup> 2007, and benefit schemes that are covered over the operations of the companies. Benefit sche-

mes covered over the operations and early retirement pension schemes such as uninsured pension for wages in excess of 12 times the national insurance basic amount (12 G). The "old AFP" scheme was discontinued in 2010 and the commitment with the related estimate deviation has been included in the NRS calculation. There is a remaining allocation to cover the Company's contribution to the national insurance for the AFP pensioners who employed the scheme to and including December 31<sup>st</sup> 2010. In addition, an allocation for premiums belonging to the same scheme to be paid to the LO/NHO scheme in the period 2011–2013 of a total of 17 million NOK has been made.

**Assumptions defined benefit pension**

The discount interest is to be set at the interest on company bonds of high creditworthiness with equal maturity as the pension commitments. As there is no well functioning market for such bonds in Norway, government bond interest with 10 years maturity with addition for risk for company bonds is used.

Both pension schemes satisfy the requirements for compulsory service pension. The number of employees in the Group with defined contribution pension is 1228, whereas 882 employees have a defined benefit pension scheme.

CALCULATION ASSUMPTIONS	2010	2009
Discount interest		5,4 %
Return on pension means		5,3 %
Wage adjustments		3,5 %
G-adjustment		4,0 %
Pension adjustment	0,9 %	1,3 %
Voluntary retirement/turnover		
Employees under the age of 45		2,0 %
Employees over the age of 45	0,0 %	0,0 %

## 7. PENSION COMMITMENTS cont.

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	AMOUNTS IN MILLION NOK	2010	2009
<b>COMPOSITION OF NET PENSION COMMITMENT</b>				
3	6	Present value of the year's pension earnings		32
4	3	Interest cost on pension commitments		59
(2)	(2)	Expected return on pension means	(49)	(53)
-	0	Administrative costs		-
3	1	Deviance from assumptions/plan charged to the profit/loss accounts	32	3
<b>7</b>	<b>8</b>	<b>Net pension costs according to NRS</b>	<b>68</b>	<b>41</b>
1	1	Other pension costs	44	30
<b>8</b>	<b>9</b>	<b>Total pension costs</b>	<b>112</b>	<b>71</b>
<b>COMPOSITION OF NET PENSION COMMITMENTS AS OF DECEMBER 31<sup>ST</sup></b>				
66	76	Gross pension commitments		1 013
(40)	(41)	Pension means		(925)
<b>26</b>	<b>35</b>	<b>Net pension commitment</b>	<b>180</b>	<b>88</b>
(10)	(17)	Deviance from the assumption not charged to the profit/loss accounts		(90)
<b>16</b>	<b>19</b>	<b>Net pension commitments brought to the balance (over financing)</b>	<b>10</b>	<b>(1)</b>
0	-	Individual uninsured pension commitments outside NRS	3	5
<b>17</b>	<b>19</b>	<b>Total net pension commitments (over)/under financed brought to the balance *)</b>	<b>13</b>	<b>3</b>

\*) In 2009, the net over financing of Coop Norge Handel's pension scheme totalled 15 million NOK in other long-term receivables in the profit/loss accounts for the Group as per December 31<sup>st</sup> 2009. See Note 17

## 8. AUDIT

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	Amounts in millions NOK	2009	
658	540	Statutory audit		4 317
-	218	Attestation		132
-	277	Tax and charges related assistance		-
9	650	Other services		1 393
<b>667</b>	<b>1 685</b>	<b>Total</b>		<b>5 842</b>

9. REMUNERATION TO THE BOARD OF DIRECTORS, REPRESENTATIVES, THE CEO AND THE SENIOR MANAGEMENT

COOP NORGE SA

Amounts in millions NOK	2010	2009
Audit Committee		133
The Annual Meeting	574	424
The Board of Directors		1 450
<i>The CEO</i>		
Salary	3 630	2 552
Actuary calculated pension costs *)	3 282	1 184
Payment in kind		262
<b>Total</b>	<b>7 176</b>	<b>3 998</b>
<b>Total</b>	<b>9 319</b>	<b>6 005</b>

\*) Service Cost is calculated before the employers national insurance contribution

Remuneration to senior persons

The Group management group and the CEO are members of the service pension scheme that applies for the Company. For employees with a defined benefit scheme, this scheme provides a total pension including the national insurance benefit of about 66 percent of the wage up to 12 times the basic amount of the national insurance. For employees with a defined contribution pension scheme, an annual savings amount is paid on the basis of the wage up to 12 times the basic amount of the national insurance.

Operation pension schemes that secure pension on the basis of wages in excess of 12 times of the national insurance have been established. For employees who qualify for admission

before December 31<sup>st</sup> 2006, 66 percent pension of the wage is secured. For employees who qualify for admission after this date, 25 percent of the wage is allocated in a defined contribution pension scheme. The total of the earned deposits and the calculated return is presented as pension commitment in the Group balance. This scheme is thus presented as a defined benefit pension scheme.

The retirement age for the CEO is 62 years. In the period from 62 years until 67 years, an early retirement pension of 66 % of the wage is paid.

The CEO has a termination pay agreement running for 2 years in case of dismissal on the part of the company.

10. LOSS ON ACCOUNTS RECEIVABLE

The provisions for bad debts are designed to cover expected losses on receivables and other short-term and long-term receivables.

COOP NORGE SA			COOP NORGE, THE GROUP		
2009	2010	Amounts in millions NOK	2010	2009	
1	-	Established losses/Conversion of depreciated receivables		2	
37	19	Provisions for bad debts	21	53	
(2)	(39)	Reversing of previous losses		(7)	
-	-	Net influx to the Group profit/loss accounts		-	
<b>35</b>	<b>(20)</b>	<b>Losses on accounts receivable</b>	<b>(19)</b>	<b>49</b>	
6	40	Provisions for bad debts	70	21	
35	(20)	Changes in the provisions for bad debts	(45)	49	
<b>40</b>	<b>20</b>	<b>Provisions for bad debts as of December 31<sup>st</sup></b>	<b>25</b>	<b>70</b>	

## 11. OTHER OPERATING COSTS

COOP NORGE SA		COOP NORGE, THE GROUP		
2009	2010	Amounts in millions NOK	2010	2009
13	18	Lease premises, energy, other costs related to premises	305	280
2	2	Lease of machines, equipment and similar, acquisitions charged to the accounts	80	83
15	14	Market support	703	670
1 465	1 523	Costs related to wholesale activities in Coop Norge Handel	-	-
27	23	Other operating cost	853	835
<b>1 522</b>	<b>1 581</b>	<b>Total</b>	<b>1 942</b>	<b>1 868</b>

## 12. FINANCIAL ITEMS

COOP NORGE SA		COOP NORGE, THE GROUP		
2009	2010	Amounts in millions NOK	2010	2009
94	88	Interest income from subsidiaries	-	-
6	4	Interest income from affiliated companies	10	(6)
3	3	Interest income from co-operative societies	3	3
9	13	Interest income from others	31	36
12	-	Profit from sale of long-term shares	-	-
104	34	Return on current asset investments including profit and return *)	34	107
37	16	Return on bonds including profit and return	16	37
-	-	Other financial income	-	-
<b>265</b>	<b>158</b>	<b>Total financial income</b>	<b>132</b>	<b>177</b>
3	4	Interest costs to subsidiaries	-	-
45	45	Interest cost to co-operative societies	-	45
30	24	Interest costs to others including interest swap agreement	107	110
42	15	Losses from the sale of current asset investments	15	42
11	4	Losses from the sale of bonds	-	-
1	1	Other financial costs	-	15
<b>132</b>	<b>93</b>	<b>Total financial costs</b>		<b>212</b>
<b>6</b>	<b>169</b>	<b>Results from subsidiaries and affiliated companies</b>	<b>37</b>	<b>10</b>
<b>139</b>	<b>234</b>	<b>Net financial items</b>	<b>(21)</b>	<b>(25)</b>

\*) Profit from sale of current assets: 7 million NOK and loss related to sale of bonds: 3 million NOK.

13. TAXES

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	Amounts in millions NOK	2010	2009
<b>THIS YEAR'S TAX COSTS</b>				
-	-	Payable tax	3	10
8	-	Too little (too much) allowed last year	-	8
(18)	(18)	Tax effect from received group contribution	-	-
23	35	Changes deferred tax	56	14
10	8	Property tax		10
<b>23</b>	<b>25</b>	<b>Tax expense</b>	<b>66</b>	<b>42</b>
<b>CALCULATION OF THIS YEAR'S PAYABLE TAX</b>				
109	252	Result before tax expense	280	131
(6)	(169)	Profit sharing from DS and TS		(15)
(85)	(23)	Permanent differences	(83)	(135)
(185)	(65)	Changes temporary differences	(156)	(52)
64	66	Received group contribution	-	-
103	(61)	Losses brought forward	(37)	108
-	-	<b>Basis for payable tax</b>		<b>37</b>
-	-	Tax 28%	<b>3</b>	<b>10</b>
10	8	Property tax	8	10
<b>10</b>	<b>8</b>	<b>Total payable tax in the balance</b>	<b>11</b>	<b>19</b>
<b>SPECIFICATION OF THE BASIS FOR DEFERRED TAX</b>				
18	3	Tangible fixed assets		187
(40)	(19)	Short-term receivables	(27)	(73)
-	-	Stock	(94)	(93)
(17)	(20)	Provisions for liabilities	(9)	1
100	80	Profit and loss account	76	86
(307)	(224)	Provisions pursuant to generally accepted accounting principles	(296)	(384)
(9)	(9)	Unexploited return non tax profit	(9)	(9)
(311)	(250)	Tax related deficit	(279)	(316)
-	-	Elimination of temporary differences	28	64
<b>(565)</b>	<b>(439)</b>	<b>Basis for calculation of deferred tax</b>	<b>(376)</b>	<b>(537)</b>
<b>(158)</b>	<b>(123)</b>	<b>Deferred tax advantage in the balance</b>	<b>(105)</b>	<b>(151)</b>
-	-	TInflow/outflow the Group *)	-	(21)
-	-	<b>Tax reducing temporary differences</b>	<b>(376)</b>	<b>(558)</b>
<b>23</b>	<b>35</b>	<b>CHANGES IN DEFERRED TAX</b>	<b>51</b>	<b>30</b>
23	35	Deferred tax on ordinary profit/loss	56	14
-	-	Changes deferred tax on items brought to the balance		(2)
-	-	Deferred tax effect charged directly against the equity		23
-	-	Influx the Group	(6)	(4)
<b>23</b>	<b>35</b>	<b>Changes deferred tax</b>	<b>51</b>	<b>30</b>

\*) Temporary differences as per January 1<sup>st</sup> 2010 on bought/sold company in 2010.

Payable tax in the Group as the sum of payable tax in the company accounts.

Deferred tax related to added values concerning the purchase of Coop Norge Handel AS has not been considered. The added values in their entirety are related to buildings. Deferred tax in Coop Norge Handel AS which refers to buildings has therefore been eliminated in the Group accounts of Coop Norge SA. This amount equals 8 million NOK.

## 14. INTANGIBLE ASSETS

COOP NORGE SA				COOP NORGE, THE GROUP			
Other rights	Goodwill	Total	Intangible assets (Amounts in millions NOK)	Other rights	Goodwill	Total	
-	280	280	Purchase cost as per January 1 <sup>st</sup>	15	295	310	
-	-	-	Inflow	-	13	13	
-	-	-	Outflow / reclassification *)	-	-	-	
-	280	280	Purchase cost as per December 31 <sup>st</sup>	15	308	323	
-	(133)	(133)	Value brought to balance as per December 31 <sup>st</sup>	(3)	(143)	(146)	
-	<b>146</b>	<b>146</b>	<b>Value brought to balance as per December 31<sup>st</sup></b>	<b>11</b>	<b>165</b>	<b>176</b>	
	(54)	(54)	This years depreciations	(2)	(55)	(57)	
			Expected economic lifetime	30 years	5 years		
			Depreciation plan	Linear	Linear		

\*) Purchase cost has been changed by means of reclassification between accumulated depreciations and purchase cost.

Other rights in the Group are related to a lease in the Meierikvartalet AS. The lease rights are depreciated over 28 years which is the remaining maturity.

## 15. INVESTMENTS IN SHARES AND UNITS

COOP NORGE SA											
Amounts in millions NOK	Owner share	Original cost price 01.01.10	Value as per 01.01.10	Influx 2010	Sale 2010	Share of the profit 31.12.10	Write-down/ depreciation added value	Group contribution/ dividend	Other adjustments	Closing balance 31.12.10	Remaining added value
Coop Norge Eiendom AS	100 %	1 063	1 234			89		102	16	1 441	
Coop Norge Handel AS	100 %	2 529	2 422			175	(32)	(152)	(3)	2 411	1 189
Smart Club AS	100 %	169	138			(63)		63		137	
<b>Investments in subsidiaries</b>		<b>3 761</b>	<b>3 795</b>			<b>201</b>	<b>(32)</b>	<b>13</b>	<b>13</b>	<b>3 989</b>	<b>1 189</b>

COOP NORGE SA				COOP NORGE, THE GROUP			
Share capital	Ownership share	Value brought to the balance	(Amounts in millions NOK)	Value brought to the balance			
565	100 %	3 989	Subsidiaries				
			Affiliated companies	630			
			Other shares	3			
		<b>3 989</b>	<b>Investment in shares and units as per December 31<sup>st</sup> 2010</b>	<b>633</b>			

## COOP NORGE KONSERN

Amounts in millions NOK	Original price 01.01.10	Value 01.01.10	Influx 2010	Sale 2010	Profit share 31.12.10	Write-down/ depreciation added value	Group contribution/ dividend	Other adjustments	Value 31.12.10	Remaining added value
FinansGruppen Eiendom AS	136	228			8				236	21
Coop Eiendom Vest AS	3	3		(3)						
Innlandsporten AS										
Tranby Eiendom AS, avviklet										
Son Brygge AS										
Stoa Holding AS	5	4							4	
Jernbanegt Utvikling AS, avviklet										
Rosenlund Bydelsenter AS	24	16	7		1				24	5
Strandparken Utvikling AS	6	5			(1)				5	2
Mo Handelspark AS	2	1	5						6	
Åsane Utvikling AS	7	5			(1)				4	
Ruggevik Næringspark AS	2	2							2	2
Alta Handelspark AS	1	1							1	
Flexipark Holding AS										
Kvassnesveien 3 og 5 AS	7	7							6	7
Nøsthaugen Eiendom 2 AS	3	4	7						10	3
Larønningen Eiendom AS	1		2		(1)				1	
Coop Oppdal Eiendom AS	1	1							1	
Lofotsenteret AS	10	10							10	7
Amco Eiendom AS	200	183	24		10		1		218	
Coop Østfjells Eiendom AS, blitt DS i 2010	10									
Coop Vestfold og Telemark Eiendom AS	18	16			(6)				10	
IEU Østviken Eiendomsutvikling AS, avviklet	5	5			(5)					
IEU Møbel Invest AS	8	9			1				9	
Gran Handelspark AS	1	1							1	
Værftsgata 7 AS			2						1	
Botnkrona AS	1	1							1	
Hangaren Lade AS, kjøpt opp til DS i 2010	5	5		(5)						
Kilen Handelspark AS		(6)							(6)	
Rosenlund Bydelsenter AS	16	17							17	9
Namsos Handelspark III AS										
Trio Eiendomsinvest AS										
Larønningen Eiendom AS			1						1	
Granstunet Eiendom AS			27		2		1		28	19
Stølstunet AS			18		(12)		(6)			
Coop Trading A/S	39	41			(1)		(2)		38	
NAF Trading A/S		3			-		(0)		2	
TakeCargo AS	5		1		(1)					
Joh. Weydahl AS	5	1	1		(1)				1	
<b>Total affiliated companies</b>	<b>520</b>	<b>562</b>	<b>94</b>	<b>(8)</b>	<b>(9)</b>			<b>(7)</b>	<b>630</b>	<b>75</b>

## 16. TANGIBLE FIXED ASSETS

### COOP NORGE SA

Sites, buildings and other property	Buildings under construction	Machinery and equipment	Chattels, fixtures, means of transport	Total	Amounts in millions NOK
21	1	11	26	59	<b>Purchase cost as per 01.01.10 *)</b>
					Changes in the Group composition
			1	1	Influx
		(11)	(8)	(19)	Outflow
	(1)		1		Reclassification
21		(0)	20	41	<b>Purchase cost per December 31<sup>st</sup></b>
(7)			(17)	(24)	Accumulated depreciations December 31 <sup>st</sup>
					Accumulated write-downs December 31 <sup>st</sup>
14		(0)	3	17	<b>Book value December 31<sup>st</sup></b>
			(1)	(1)	This year's depreciations on fixed tangible assets
				(54)	This year's depreciations on intangible assets (note 34)
				(55)	<b>Total this year's depreciations</b>
					This year's write-downs/reversing of write-downs
					<b>Total this year's total write-downs and reversing of write-downs</b>
					Annual rent of asserts not brought to the balance
					The company does not employ linear depreciations for all tangible assets.
					The economic service life for the assets is calculated to be:
					Machines and installations
					Chattels, fixtures and equipment
					Buildings

\*) The purchase cost has been changed by means of reclassification between classes of long-term investments and accumulated depreciations/write-downs.

COOP NORGE, THE GROUP

Sites, buildings and other property	Machines and installations	Buildings under construction	Chattels, fixtures and means of transport	Total
6 467	574	216	816	8 073
(45)	3	(11)	6	(47)
100	46	302	81	529
(96)	(47)	(19)	(63)	(225)
24	26	(58)	8	-
6 450	602	430	848	8 330
(1 002)	(463)	(5)	(538)	(2 008)
(143)	(5)	(69)	(37)	(254)
5 305	134	356	273	6 068
(137)	(39)		(82)	(258)
				(57)
				(315)
49				49
				49
124	45		1	170
				3–10 years
				3–10 years
				15–50 years

## 17. OTHER LONG-TERM RECEIVABLES

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	Amounts in millions NOK	2010	2009
<b>RESPONSIBLE LOANS TO:</b>				
78	78	Affiliated company, interest-bearing	78	78
35	35	Co-operative societies, interest-bearing	35	35
-	-	Other companies, interest-bearing	-	11
<b>113</b>	<b>113</b>	<b>Total responsible loans</b>	<b>113</b>	<b>124</b>
<b>LONG-TERM RECEIVABLES ON:</b>				
2 188	1 117	Subsidiaries, interest-bearing	-	-
75	-	Affiliated company, interest-bearing	96	202
6	15	Co-operative societies, interest-bearing	15	6
1	-	Co-operative societies, interest free	-	1
-	-	Other companies/organisations, interest-bearing	11	59
-	-	Other companies/organisations, interest free	15	15
-	-	Pension receivables	-	15
<b>2 270</b>	<b>1 132</b>	<b>Total</b>	<b>137</b>	<b>298</b>
(36)	(15)	Share of provisions for bad debts	(15)	(54)
<b>2 234</b>	<b>1 117</b>	<b>Total long-term receivables</b>	<b>122</b>	<b>244</b>
<b>2 347</b>	<b>1 230</b>	<b>Other long-term receivables</b>	<b>235</b>	<b>368</b>

## 18. FINANCIAL INVESTMENTS

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	Amounts in millions NOK	2010	2009
<b>MARKET VALUE</b>				
165	243	Bonds (specified below)	243	165
-	207	Bank deposits and certificates	207	-
25	31	Unit investment trusts	31	25
148	147	Current assets	147	148
<b>338</b>	<b>628</b>	<b>Total market value financial investments</b>	<b>628</b>	<b>338</b>
<b>PURCHASE COST</b>				
179	244	Bonds (specified below)	244	179
-	207	Bank deposits and certificates	207	-
25	31	Unit investment trusts	31	25
169	160	Current assets	160	169
<b>373</b>	<b>642</b>	<b>Total purchase cost financial investments</b>	<b>642</b>	<b>373</b>

COOP NORGE SA			COOP NORGE, THE GROUP			
Face value	Interest	Brought to the balance	Amounts in millions NOK	Face value	interest	Brought to the balance
10	3,3 %	10	Credit institutions	10	3,3 %	10
172	3,7 %	172	Bank/insurance	172	3,7 %	172
47	5,2 %	43	Industry	47	5,2 %	43
20	4,5 %	19	Property	20	4,5 %	19
<b>249</b>		<b>243</b>	<b>Total bonds</b>	<b>249</b>		<b>243</b>

#### 19. BANK DEPOSITS, CASH

COOP NORGE SA			COOP NORGE, THE GROUP		
2009	2010	Amounts in millions NOK	2010	2009	
25	33	Restricted means	37	70	
461	1191	Other bank deposits	1629	854	
<b>486</b>	<b>1224</b>	<b>Total bank deposits, cash and similar</b>	<b>1666</b>	<b>924</b>	

**Coop Norge SA:** Unexploited drawing rights on the company's overdraft facility as per December 31<sup>st</sup> 2010 were 250 million NOK.r.

**Coop Norge Handel, the Group:** Coop Norge Handel AS with subsidiaries has unexploited drawing rights on the Group's overdraft facility as of December 31<sup>st</sup> 2010 which constituted 493 million NOK. Total drawing facilities constitute 800 million NOK.

The Group has made a guarantee of 45 million NOK available on towards Oslo Kemnerkontor (The Oslo Chief Municipal Treasurer) for the employees' advance tax deductions.

**Coop Norge Eiendom, the Group:**

Coop Norge Eiendom AS has unexploited drawing rights of 150 million NOK on towards DnBNOR and total drawing facilities are 500 million NOK. In addition, Coop Norge Eiendom AS has a drawing right of 500 million NOK towards Coop Norge SA.

**Smart Club AS:** Drawing rights in Coop Norge SA of 170 million NOK. Guarantee has been put up for the employees' advance tax deductions equalling 10 million NOK.

#### 20. GOODS

COOP NORGE SA			COOP NORGE, THE GROUP		
2009	2010	Amounts in millions NOK	2010	2009	
-	-	Purchased raw materials	63	53	
-	-	Finished goods	26	14	
-	-	Purchased commercial goods	914	852	
-	-	<b>Total goods</b>	<b>1002</b>	<b>918</b>	

## 21. EQUITY

### COOP NORGE SA

Amounts in millions NOK

	2010	2009
<b>COMPOSITION OF THE EQUITY</b>		
Committed deposits	695	696
Other restricted equity	1 716	1 716
Other equity	2 330	2 107
<b>Total equity</b>	<b>4 742</b>	<b>4 519</b>

Equity as per January 1st	4 519	4 495
Equity as per December 31 <sup>st</sup>	4 742	4 519
<b>Changes in the equity</b>	<b>223</b>	<b>25</b>

#### CHANGES IN THE EQUITY

Changes committed deposits	(1)	-
This year's profit transferred from other equity	210	68
Adjustments, the equity method	13	(43)
<b>Changes in equity</b>	<b>223</b>	<b>25</b>

### COOP NORGE, THE GROUP

Amounts in millions NOK

	2010	2009
<b>COMMITTED DEPOSITS AND OTHER EQUITY</b>		
Committed deposits as per January 1st	696	696
Changes committed deposits	(1)	-
<b>Committed deposits as per December 31<sup>st</sup></b>	<b>695</b>	<b>696</b>

Other equity as per January 1 <sup>st</sup>	3 803	3 779
This year's result	228	85
Changes deferred tax	10	2
Adjustments, the equity method	13	(44)
Interest from the committed deposits	(17)	(17)
<b>Other equity as per December 31<sup>st</sup></b>	<b>4 039</b>	<b>3 803</b>

#### MINORITY INTERESTS

Minority interests as per January 1 <sup>st</sup>	111	149
This year's share of the result	(14)	4
Outflow minority interests	-	(41)
Influx minority interests	15	-
<b>Minority interests as per December 31<sup>st</sup> included in the equity</b>	<b>112</b>	<b>111</b>

<b>TOTAL EQUITY AS PER DECEMBER 31<sup>ST</sup></b>	<b>4 847</b>	<b>4 611</b>
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## 22. MINORITY INTERESTS

Amounts in millions NOK	2010	2009
Hadelandsparken AS	1	2
Norsk Bransjesenter AS	109	107
Goman Valaker AS	2	2
<b>Minority interests under equity</b>	<b>112</b>	<b>111</b>

## 23. LONG-TERM LIABILITIES TO CREDIT INSTITUTIONS

## COOP NORGE, THE GROUP

Amounts in millions NOK	2010			2009		
	Amount	Average interest	Maturity later than 5 years	Amount	Average interest	Maturity later than 5 years
DnB NOR Bank ASA	1950	3,6 %	963	415	2,7 %	415
Fokus Bank	25	3,5 %	-	-	0,0 %	-
Handelsbanken	-	3,5 %	6	71	5,0 %	25
Nordea Bank ASA	431	3,5 %	216	597	3,5 %	395
SpareBank 1	110	3,5 %	77	-	0,0 %	-
Others	25	0,0 %	-	31	0,0 %	-
<b>Total long-term liabilities as per December 31<sup>st</sup></b>	<b>2 541</b>		<b>1 261</b>	<b>1 115</b>		<b>835</b>

## 24. OTHER SHORT-TERM LIABILITIES

## COOP NORGE SA

## COOP NORGE, THE GROUP

2009	2010	Amounts in millions NOK	2010	2009
-	-	Overdraft facilities	11	173
400	-	Certificate loans	-	400
-	4	Public charges	153	34
6	6	Deferred income registration	6	7
190	64	Accrued discounts and market support to co-operative societies	64	190
73	114	Accrued operations related costs	563	546
17	17	Accrued interests of committed deposits	17	17
30	37	Other short-term liabilities	20	154
<b>717</b>	<b>243</b>	<b>Total</b>	<b>835</b>	<b>1 521</b>

## 25. GROUP RECEIVABLES AND LIABILITIES

### COOP NORGE SA

INTERCOMPANY BALANCE IS INCLUDED IN THE FOLLOWING AMOUNT:

Amounts in millions NOK	2010	2009
Long-term receivables	1 117	2 188
Trade debtors	91	45
Other short-term receivables	19	121
Group contribution	6	64
Other short-term liabilities	27	1
Trade creditors	2 276	2 212

## 26. CLOSE-STANDING PARTIES

### COOP NORGE SA

Coop Norge SA is the co-operative societies' common organization and was owned by 127 co-operative societies as per December 31<sup>st</sup> 2010. Transactions with the co-operative societies are therefore considered as close-standing parties and are specifically presented below.

Amounts in millions NOK and transactions presented aggregated	2010	2009
<b>ITEMS IN THE PROFIT/LOSS ACCOUNTS</b>		
Sales income (Note 5) - Co-operative societies	26 717	26 157
Rent income (Note 5) - Co-operative societies	152	131
Interest income co-operative societies (Note 12)	3	3
Interest costs co-operative societies (Note 12)	45	44
<b>Total</b>	<b>26 917</b>	<b>26 336</b>
<b>BALANCE ITEMS</b>		
Loans/responsible loans co-operative societies (Note 17)	50	42
Trade debtors co-operative societies	1 982	2 086
Goods advances to co-operative societies	934	1 102
Loans in/deposits from co-operative societies	1 210	1 191
<b>Total balance</b>	<b>4 176</b>	<b>4 421</b>

#### Material transactions with close-standing parties:

- As per December 31<sup>st</sup> 2010, Coop Norge has extended a loan of 35 million NOK to Coop Øst BA. This is unchanged compared to 2007.
- As per December 31<sup>st</sup> 2010, Coop Norge SA has extended drawing rights to Coop Romerike SA of 15 million NOK which as per December 31<sup>st</sup> 2010 were fully exploited.

27. SAMVIRKELAGENES GARANTIFOND AL

The Samvirkelagenes Garantifond AS is owned by Coop Norge Distrikt and Coop Norge SA. Coop Norge Distrikt are bodies in Coop Norge SA and consequentially, Coop Norge SA is the sole owner of the fund. However, Coop Norge SA has not decisive authority in the Board of the Garantifond.

SAMVIRKELAGENES GARANTIFOND AL

PROFIT/LOSS ACCOUNTS

Amounts in millions NOK	2010	2009
Operating income		
Membership fee from the co-operative societies	15	14
<b>Total operating income</b>	<b>15</b>	<b>14</b>
Loss related to guarantee liability	(38)	0
Other operating costs	0	(1)
<b>Total operating costs</b>	<b>(38)</b>	<b>(1)</b>
<b>Operating profit/loss</b>	<b>(23)</b>	<b>13</b>
Nest finance costs/income	19	18
<b>This year's profit/loss</b>	<b>(4)</b>	<b>31</b>

BALANCE

Bonds	437	425
Current assets	7	16
<b>Total assets</b>	<b>444</b>	<b>441</b>
Equity	437	440
Accrued, not paid loss	7	1
<b>Total liabilities and equity</b>	<b>444</b>	<b>441</b>

## 28. ASSETS PLEDGED AS SECURITY

COOP NORGE SA			COOP NORGE, THE GROUP	
2009	2010	Amounts in millions NOK	2010	2009
<b>ASSETS PLEDGED AS SECURITY</b>				
-	-	Secured long-term debt	2 132	1 068
-	-	Secured overdraft	323	162
-	-	<b>Total assets pledged as security</b>	<b>2 455</b>	<b>1 230</b>
<b>GUARANTEES</b>				
-	-	Property/current assets	2 006	1 949
-	-	Stock	2	751
-	-	Trade debtors	137	2 285
-	-	<b>Total book value of pledged assets</b>	<b>2 145</b>	<b>4 985</b>
48	57	Guarantee for purchase return and rent	57	48
	100	Guarantee related to power co-operation	100	
<b>48</b>	<b>157</b>	<b>Total guarantees</b>	<b>157</b>	<b>48</b>
37	46	Guarantee for rent and tax deductions for Smart Club AS	46	37
-	-	Guarantees related to loans, rent and projects in Coop Norge Eiendom, the Group	111	132
-	-	Surety for loan in Coop Norge Eiendom, the Group	-	72
-	-	Guarantee for loan in Norsk Bransjesenter, the Group	459	435
-	-	Security in property, employees	100	-
<b>37</b>	<b>46</b>	<b>Commitments related to subsidiaries</b>	<b>717</b>	<b>675</b>
		Guarantee for tax deductions and operations related aspects in Coop Norge Handel, the Group	58	71
-	-	Guarantee commitments rent, loan relating to projects in Coop Norge Eiendom, the Group	129	85
-	-	Surety for loan/interests for affiliated companies in Coop Norge Eiendom, the Group	30	4
		Security in property relating to affiliated company in Coop Norge Eiendom, the Group	250	250
-	-	<b>Commitments related to affiliated companies and others</b>	<b>467</b>	<b>410</b>
<b>85</b>	<b>203</b>	<b>Total</b>	<b>1 341</b>	<b>1 133</b>

**Åsane Eiendom AS:** Coop Norge Eiendom AS has undertaken pro rata to pay interest related to a loan of 40 million NOK. Coop Norge Eiendom AS is 25% indirect owner of Coop Åsane Eiendom AS.

29. THE LARGEST OWNERS OF COOP NORGE SA

Amounts in millions NOK	Committed deposits	Committed deposits in %	Number of members
Coop Øst SA	104	14,9 %	196 404
TRONDOS SA	56	8,1 %	112 720
Coop Orkla Møre SA	45	6,5 %	71 392
Coop Innlandet BA	34	4,9 %	53 625
Coop Hordaland SA	34	4,9 %	82 801
Coop Vest SA	33	4,8 %	43 186
Coop Økonom SA	29	4,2 %	51 887
Coop Nord SA	28	4,0 %	54 546
Coop Vestfold og Telemark SA	28	4,0 %	66 400
Forbrukersamvirket Sør SA	24	3,5 %	61 695
Coop Haugaland SA	20	2,9 %	44 595
Coop Helgeland SA	17	2,5 %	21 989
Coop Sambo SA	17	2,4 %	33 024
Coop Vestviken SA	16	2,4 %	28 459
Coop Østafjells SA	15	2,1 %	23 033
Coop Inn-Trøndelag SA	15	2,1 %	19 531
Coop Finnmark SA	14	2,1 %	18 300
Coop Høyland og Jæren SA	14	2,1 %	33 265
Coop Steinkjer SA	14	2,0 %	19 134
Coop Midt-Troms SA	12	1,8 %	13 708
<b>20 largest owners</b>	<b>570</b>	<b>82,1 %</b>	<b>1 049 694</b>
All of Coop's 127 owners as per December 31 <sup>st</sup> 2010	695	100 %	1 257 139

### 30. SWAP AGREEMENTS

Swap agreements secure companies in Coop Norge SA, the Group, fixed interest rates and predictability related to parts of the long-term liabilities. For the parent company, the requirement is the opposite and we swap for short-term interest. The debt portfolio's fixed interest profile is formed through the choice of interest structure of the Company's loans and by employing interest swap agreements.

In the table below, the market value of these agreements is presented if they were to be realized as per December 31<sup>st</sup> 2010. Because of a lower interest level than has been agreed, the market value is negative. Interest swap agreements that fulfil the requirements of being cash flow hedging instruments are not brought to the balance.

Amounts in millions NOK	Secured loan amount	Maturity	Book value	Market value 31.12.10
<b>COOP NORGE SA</b>				
Interest Swap agreement 3	250	30.09.2003–30.09.2013	0	(13)
Interest Swap agreement 4	40	30.10.2003–30.09.2013	0	(2)
Interest Swap agreement 5	52	19.03.2004–30.09.2014	0	(1)
Interest Swap agreement 6	113	30.12.2008–31.03.2014	0	(4)
<b>Total</b>	<b>455</b>			<b>(20)</b>
<b>COOP NORGE, THE GROUP</b>				
Interest Swap agreement 1	400	05.12.2008–05.12.2011	0	(3)
Interest Swap agreement 2	330	05.12.2008–05.12.2013	0	(5)
Interest Swap agreement 3	250	30.09.2003–30.09.2013	0	(13)
Interest Swap agreement 4	40	30.10.2003–30.09.2013	0	(2)
Interest Swap agreement 5	52	19.03.2004–30.09.2014	0	(1)
Interest Swap agreement 6	113	30.12.2008–31.03.2014	0	(4)
Interest Swap agreement 7	400	19.01.2009–21.01.2019	0	(6)
Interest Swap agreement 8	30	11.10.2005–15.10.2012	0	-
Interest Swap agreement 9	34	22.12.2005–30.11.2012	0	(1)
Interest Swap agreement 10	30	15.10.2010–18.07.2013	0	(2)
Interest Swap agreement 11	200	31.12.2008–30.12.2011	0	(1)
<b>Total</b>	<b>1 600</b>			<b>(38)</b>

## Annual report from the Audit Committee

The Audit Committee has examined the periodical accounts and all the minutes of the meeting from the Board of Directors and the Annual Meeting in Coop Norge SA. The Audit Committee has also examined other documents that have been considered necessary in order to exercise the function as an auditing body. The annual accounts for 2010 with the Directors' report from the Board and the Auditor's Statement have been examined.

The Audit Committee holds the opinion that the operations in Coop Norge SA are in accordance with the general legislation, the byelaws and the decisions of the Annual Meeting.

Oslo, April 1<sup>st</sup> 2011



Laura Kvamme  
Chairperson



Knut Eide  
Chairperson



Inger S. Øvergaard  
Director

## GRI indicators

Systematic reporting of the work related to social responsibility is an important part of our commission as a co-operative enterprise. The concept of social responsibility includes economic, environmental, social, ethical and other social issues that companies must relate to in the day-to-day operative work.

Last year, Coop chose to report in accordance with the principles in Global Reporting initiative – GRI. GRI is an internationally acknowledged standard for reporting on social responsibility, that the Government also recommends for Norwegian enterprises.

Even this year, Coop reports on the GRI index' level C, which entail reporting on selected indicators. The Company has a clear ambition to develop the scope of the GRI reporting over time, and to link the reporting closer to the adopted goals, in line with the recommendations from GRI.

The table below shows which indicators that have been answered in Coop Norge SA's annual report for 2010.

GRI indicators		Page reference
EC1	Distribution of economic value creation	p. 64
EN3	Direct energy consumption: Energy consumption in Coop Norge Handels warehouse units	p. 40
EN16	Direct emission of greenhouse gases: Emission of CO <sub>2</sub> from the energy consumption related to Coop Norge Handels warehouse units and transport	p. 41
EN2	Recirculation: Recirculation and waste treatment in Coop Norge Handels warehouse units	p. 39
EN26	Measures to reduce the environmental impact from goods and services: Number of Swan marked shops	pp. 34, 67
EN26	Measures to reduce the environmental impact from goods and services: Turnover of Swan marked products	pp. 36, 37
EN26	Measures to reduce the environmental impact from goods and services: Turnover of ecological products	pp. 18, 19, 67
HR2	Human Rights; relevance related to purchase: Result from Intercoops revision of ethical guidelines	pp. 16, 17, 67
PR1	Impact on health and safety: Safe food-revisions in Coops shops	pp. 14, 15
PR3	Information and marking: Number of Keyhole marked products	p. 19



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To the annual meeting in  
Coop Norge SA

#### AUDITOR' REPORT

##### Statement about the annual accounts

We have audited the annual accounts for Coop Norge SA, which consists of the Company accounts, showing a profit of 228 million NOK, and the Group accounts, showing a profit of 214 million NOK.

The Company accounts and the Group accounts consist of balance sheet as per December 31<sup>st</sup> 2010, profit/loss accounts and cash flow statement for the annual accounts ending on this date, and a description of the principal accounting principles and other information in the notes.

##### *The Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for preparing the annual accounts and for ensuring that it presents a fair image in accordance with the provisions of the Accounting Act and the generally accepted accounting principles in Norway, and for such internal control that the Board finds necessary to facilitate the preparation of annual accounts that do not contain material misrepresentation, neither as a consequence of irregularities or errors.

##### *The auditor's responsibility and duty*

Our responsibility is to state our opinion about these annual accounts on the background of our audit. We have conducted our audit in accordance with applicable law, regulations and the generally accepted auditing standards in Norway, hereunder International Standards on Auditing. The auditing standards require us to live up to ethical requirements and that we plan and conduct the audit in order to obtain adequate security to determine that the annual accounts are free from material misrepresentation.

An audit entails the performance of auditing procedures to collect auditing proof of the amounts and the information contained in the annual accounts. The procedures that are chosen depend on the assessment of the auditor, hereunder assessment of the risk of safeguarding that the annual accounts do not contain material misinformation, whether such misinformation is caused by irregularities or errors. In such risk assessment, the auditor considers the internal control that is relevant for the Company's preparation of annual accounts that present fairly the financial status of the Company. The objective is to design auditing procedures that are appropriate according to the circumstances, but not to express any views as to the efficiency of the Company's internal control. An audit also includes an assessment of whether the accounting principles that have been employed are appropriate and whether the accounting estimates prepared by the management are fair, as well as an assessment of the total presentation of the annual accounts.

In our opinion, the collected auditing proof is adequate and appropriate as a basis for our conclusion.

BDO AS, et norsk aksjeselskap, er deltaker i BDO International Limited, et engelsk selskap med begrenset ansvar, og er en del av det internasjonale nettverket BDO, som består av uavhengige selskaper i de enkelte land. Foretaksregisteret: NO 997 606 650 #IVA.



#### *Conclusion*

In our opinion, the annual accounts have been prepared in accordance with the provisions and regulations and provide a fair presentation of the Company and the Group Coop Norge SA's financial position as per December 31<sup>st</sup> 2010 and of its results and cash flows for the accounting year that was concluded as per this date in accordance with the provisions of the Accounting Act and the generally accepted accounting principles in Norway.

#### **Statement of other circumstances**

##### *Conclusion about the annual report*

Based on our audit of the annual accounts as described above, we hold the opinion that the information provided in the annual report about the annual accounts, the assumption as to continued operation and the proposal for the application of the profit are consistent with the annual accounts and in accordance with the applicable laws and regulations.

##### *Conclusion about registration and documentation*

Based on our audit of the annual accounts as described above and the control procedures we have deemed necessary in accordance with the international standards for attestation engagements (ISAE) 3000 "Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon" (Attestation engagements that are not audits or simplified auditing checks of historical financial information), we hold the opinion that the management has fulfilled its duty to safeguard proper and clear registration and documentation of the Company's accounting information in accordance with applicable law and the generally accepted accounting practice in Norway.

Oslo, March 25<sup>th</sup> 2011

BDO AS

A handwritten signature in blue ink that reads 'Bente Sletten'.

Bente Sletten

Partner- Certified public accountant



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