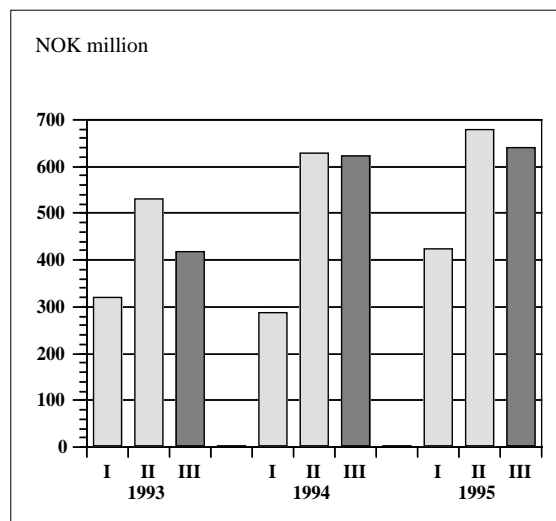


Group profit and loss account

NOK million	1.1.-31.12.		1.9.-31.12.		Formal 1995
	1995	1994	1995	1994	
Operating revenues	21,529	20,698	8,403	7,370	18,458
Operating expenses	(18,831)	(18,121)	(7,402)	(6,394)	(16,217)
Ordinary depreciation	(1,080)	(1,118)	(374)	(403)	(897)
Other revenues and costs	127	82	13	50	171
Operating profit	1,745	1,541	640	623	1,515
Financial items, net	(448)	(514)	(253)	(205)	(425)
Profit from ass. companies, etc.	148	129	33	18	344
Gains/losses on sale of shares, etc.	481	418	123	161	481
Profit before tax, Group	1,926	1,574	543	597	1,915
Taxes and minority interests	(494)	(425)	(140)	(161)	(483)
Profit after tax, Group	1,432	1,149	403	436	1,432
Profit before tax, Industry	1,428	1,224	478	521	1,417
Profit before tax, Investment area	498	350	65	76	498
Earnings per share (NOK)	29.8	24.0	8.4	9.1	29.8
Cashflow per share (NOK)	55.8	46.6	19.5	17.3	50.6

In Orkla's opinion the Group's financial interest in Pripps Ringnes (45%), and thus its investment in beverages, should be valued and consolidated using the gross method. This is in line with the proposed new Accounting Act. All comments on the business development are based on this accounting principle. In order to satisfy current accounting legislation Orkla has also prepared formal accounts in which Pripps Ringnes is valued and included as an associated company using the equity method. This is also shown in tables for the profit and loss account (page 1) and balance sheet (page 4). The profit for the year and earnings per share are not affected by this.

Operating profit*), 4 month periods



*) inclusive of "Other revenues and costs".

Orkla Group 1995

Main aspects

1995 was a good year for Orkla. There was a positive development in profits and earnings per share increased by 24% to NOK 29.80. Overall the Industrial activities achieved good progress and the return on the Investment area's equity portfolio once again exceeded the rise in the Oslo Stock Exchange All Share Index. In 1995 the acquisition of the food product businesses Procordia Food and Abba Seafood from Volvo and the establishment of a jointly owned beverages company, Pripps Ringnes AB, represented important steps in realising the Orkla Group's internationalisation strategy. More than half the Group's operating revenues is now derived from markets outside Norway.

The Group's operating revenues increased by NOK 831 million (+4.0%) to NOK 21,529 million. The net effect of acquisitions and disposals of businesses has not significantly affected operating revenues. The operating profit in 1995 was NOK 1,745 million, against NOK 1,541 million in the previous year.

The Group's operating profit for 1995 includes non-recurring items in a net amount of NOK 127 million. These are shown on a separate line in the profit and loss account under "Other revenues and costs". These relate to gains on the sale of industrial operations in a net amount of NOK 367 million, together with write-downs/provisions relating to the restructuring of businesses of NOK 240 million. The most important items are gains on the sale of the beve-

rages business in Poland (NOK 219 million), restructuring provisions in Abba Seafood (NOK 160 million) and a provision for possible changes in the contractual arrangement with The Coca-Cola Company for the Swedish market (NOK 80 million for Orkla's 45% share). Excluding "Other revenues and costs" the operating profit was NOK 1,618 million, and the operating margin improved from 7.0% in 1994 to 7.5%. The profits improvement was mainly in Orkla Beverages, Orkla Brands and the Chemicals area and can be attributed to a good development in prices and volumes, as well as lower costs.

The Group's profit before tax rose by NOK 352 million (+22%) to NOK 1,926 million. The tax charge was NOK 470 million, corresponding to 24.4% of

the profit before tax. The Group's profit after tax rose by 25% to NOK 1,432 million, which gives earnings per share of NOK 29.80.

In order to provide the best possible view of underlying operations and earnings, the operating profit for the business areas is presented exclusive of "Other revenues and costs". The breakdown of this item is shown in the footnote to the table on page 3.

ORKLA FOODS

Orkla Foods' operating revenues amounted to NOK 7,003 million in 1995. Procordia Food and Abba Seafood have been consolidated in the accounts with effect from 1.10.1995 and the impact on the operating profit is therefore limited. Adjusted for companies acquired, operating revenues in-

creased by some NOK 200 million. The operating profit in 1995 was NOK 368 million, against NOK 362 million in the previous year.

The Norwegian food products business improved profits in 1995. Considerable cost reductions have been obtained through production improvement projects. Stabburet's position in important segments of the Norwegian grocery market was strengthened and several successful product launches took place. There was also a satisfactory development for the catering sector, while the fresh meat products continued to be affected by low margins and a weak result.

On an annual basis Procordia Food's operating profit for 1995 was in line with the previous year. There was a decline in volume in the grocery market in Sweden in 1995, but Procordia's market position was strengthened in important product areas. The businesses in Denmark and Finland achieved an improvement in profits. The result for BOB Industrier for 1995 was unsatisfactory due to a lack of price compensation for higher raw material costs and high fixed costs. Measures have been taken which led to the situation improving towards the end of 1995. The unit is being integrated with Procordia Food, which will lead to further cost reductions.

Abba Seafood recorded a poor result in 1995. The company was unable to compensate sufficiently for higher raw material costs through increased prices in the market. In the Swedish market Abba Seafood maintained or increased its market shares of caviar, herring and fish quenelles. However, the businesses which were acquired at the end of the 1980s and early 1990s continue to report poor profitability. This is particularly the case for some of the businesses in Denmark and the businesses outside the Nordic region. In line with Orkla's plans when acquiring Abba Seafood, operations will be rationalised and concentrated on the Nordic region. This will involve a reduction in the number of products and markets in which Abba Seafood operates.

Measures to realise synergies in Orkla Foods have been implemented. Irrespective of trade barriers, substan-

tial synergies can be achieved. The effect of these measures will be realised in the coming years.

ORKLA BEVERAGES

The beverages businesses, Pripps and Ringnes, were merged with accounting effect from 1.1.1995. Orkla's financial interest in Pripps Ringnes AB is 45%. The interest is included in Orkla's accounts with 45% of the items in Pripps Ringnes' financial statements.

On 30.11.1995 The Coca-Cola Company (TCCC) decided to terminate the agreement with Pripps Ringnes on licence production and distribution of its products in the Swedish market. Pripps Ringnes is disputing the validity of the termination notice. The parties are now discussing various alternatives for future cooperation. Production, distribution and sale of the TCCC products will continue while these discussions take place, at least until the end of the summer season 1996.

As a result of the EU Commission's requirement that the beer operations of Hansa should be sold during 1996, this company is treated as a financial investment and is thus not included in Pripps Ringnes' operating profit for 1995.

Pripps Ringnes AB's operating revenues was NOK 6,816 million, while the operating profit rose by 11% to NOK 609 million (100% basis). The improvement in profits is due to good progress in Norway and the Baltic countries/Russia, but there was a deterioration in Sweden.

The Swedish business' turnover rose by 2% to NOK 3,494 million. There was volume growth in the total Swedish market of 3% for soft drinks/water products and 0.5% for beer. The market share for beer is unchanged at approximately 45%, while the share for soft drinks/water at approximately 60% was slightly lower than the previous year. In Sweden, Pripps Ringnes has experienced a substantial price increase on important raw materials as a result of Swedish EU membership from 1.1.1995. It took longer than expected to obtain compensation for this. As a result of substantial differences in beer duties between Sweden and Denmark a not insignificant proportion of consumers in Southern Sweden have purchased

beer in Denmark. These factors led to a weaker operating profit in 1995 than in 1994.

Operating revenues for the Norwegian business rose by 2% to NOK 3,061 million, while the operating profit increased significantly. The improvement in profits is due to a favourable shift in the product mix where a particularly good advance for premium beer and water products was an important element. In addition the Gjelleråsen plant has led to lower production and distribution costs. Preliminary figures for the Norwegian carbonated soft drink and water market show volume growth of 2.1%, while the total market for beer increased by 0.5%. Market shares for beer and mineral water are at roughly the same level as in 1994.

All four companies in Baltic Beverages Holding (50%) developed positively in 1995. Operating revenues rose by 79% to NOK 274 million and there was a good improvement in the operating result. Volume growth totalled 29% for 1995, but slowed towards the end of the year as a result of reduced buying power and colder weather than normal. The strategy of continuing expansion in eastern Europe remains unchanged and further acquisitions are under consideration.

In addition to 45% of the operating profit in Pripps Ringnes, the beverages businesses in Poland are also included in the operating result for Orkla Beverages up to the date of sale 31.8.1995. The operating result for the Polish businesses was NOK -29 million, against NOK -43 million for the whole of 1994.

In total the operating profit for Orkla Beverages thus increased by NOK 82 million to NOK 245 million compared with 1994, which consists of the figures for the then wholly-owned Orkla company Ringnes, including the business in Poland.

ORKLA BRANDS

Operating revenues for 1995 increased by 5% to NOK 5,666 million, while the last 4 months were unchanged compared with the corresponding period the previous year. For the first 8 months of the year Edible Oils experienced a better market situation and higher prices than in 1994, while the situation was

Operating revenues

Operating profit*)

NOK million	1.1.-31.12.		1.9.-31.12.		1.1.-31.12.		1.9.-31.12.	
	1995	1994	1995	1994	1995	1994	1995	1994
Orkla Foods	7,003	5,286	3,383	1,862	368	362	175	155
Orkla Beverages	3,328	3,322	981	1,050	245	163	71	24
Orkla Brands	5,666	5,386	2,041	2,037	500	421	183	160
Orkla Media	1,791	1,726	654	677	161	140	79	78
Elimination	(651)	(709)	(232)	(265)	(39)	(32)	(18)	(20)
Branded Consumer Goods	17,137	15,011	6,827	5,361	1,235	1,054	490	397
Chemicals	3,601	3,105	1,337	1,151	403	299	168	96
H.O./Unalloc./Elimination	619	2,424	173	811	(40)	90	(40)	85
Other revenues and costs *)	0	0	0	0	127	82	13	50
Industry	21,357	20,540	8,337	7,323	1,725	1,525	631	628
Investment area	172	158	66	47	20	16	9	(5)
Group	21,529	20,698	8,403	7,370	1,745	1,541	640	623

*) The business areas' operating profit is shown exclusive of "Other revenues and costs". These are split between NOK -162 million on Orkla Foods, NOK 175 million on Orkla Beverages and NOK 114 million on HO/unallocated in 1995. In 1994 they are split between NOK 50 million for Chemicals and NOK 32 million for HO/unallocated.

the opposite in the last 4 months.

The operating profit rose by 19% to NOK 500 million. The businesses in Snacks, Confectionery and Edible Oils recorded a good increase in profits. The confectionery manufacturer Needlers in Britain was sold at a loss at the end of the year and overall foreign operations incurred an operating loss of NOK 11 million in 1995, against NOK 28 million in 1994.

The increase in profits in the last 4 month period was NOK 23 million (14%). The improvement is mainly due to higher profits for Confectionery and Snacks. The Danish snacks business Party Food, which was acquired with effect from 1.8.1995, is developing as planned. It has been decided to group snacks production in Norway at a single plant. Similarly measures are being taken in other operations to strengthen competitiveness.

The overall development in market shares was positive in both the last 4 months and the year as a whole. The most important launches during the 4 month period were Golden Crisp crackers, a new potato crisp range, and new designs for Nidar's Christmas marzipan.

ORKLA MEDIA

Operating revenues for 1995 rose by 3.8% to 1,791 million, while operating revenues for the last 4 month period showed a reduction of 3.4% to NOK 654 million. The reduction towards the end of the year was largely due to lower

operating revenues in the sector Direct Marketing. The operating profit for 1995 rose by NOK 21 million (+15%) to NOK 161 million, mainly due to higher advertising revenues in the Newspaper sector and cost reductions which counteracted substantial price increases on newsprint and magazine paper. The operating margin for 1995 rose by 0.9% points to 9.0% and all sectors advanced from 1994.

Advertising volume in the Newspaper sector increased by 10.7% during the last 4 months and by 8.7% for the whole of 1995 in relation to the previous year. Advertising volumes in the Magazine sector increased by 9.6% in the third 4 months, while Norwegian magazines overall recorded an increase of 0.2% in the period. For the whole of 1995 the Magazine sector achieved an increase in advertising volume of 5.3%, while the increase for Norwegian magazines as a whole was 3.2%. Orkla Media's newspapers recorded a marginally positive development in circulation in 1995, while the magazines experienced an aggregate decline in circulation of 4.4%, which is in line with the Norwegian magazine market in total.

Orkla Media acquired the direct marketing company Sandberg A.S during the last 4 months and a substantial minority interest in the multimedia companies Mogul Media A.S and Norsk Lokal TV AS.

CHEMICALS

The Chemicals area's operating revenues for the year rose by 16% compared with the previous year to NOK 3,601 million, and the operating profit rose from NOK 299 million in 1994 to 403 million. The profit for the last 4 month period was NOK 168 million. The improvement in profits mainly relates to higher prices for specialty pulp.

Specialty chemicals achieved volume growth in most segments in 1995, but the result for the year showed a reduction from 1994. The result in the third 4 months was lower than in the corresponding period in 1994. This was due to an unfavourable development in exchange rates, a less advantageous product mix in feed binding agents and slightly higher costs.

Fine chemicals operating revenues increased substantially, mainly as a result of the full year effect of businesses acquired in 1994. The profits advance from the previous year was moderate. In the last 4 months the operating profit showed an increase from the same period in 1994 due to differences in the timing of sales of intermediates for X-ray contrast agents. The market development for diphenols has been positive. The vanillin business suffered a fall in profits due to operational problems and lower prices.

Specialty pulp recorded a considerable increase in operating profit, both for the third 4 months and for the year as a whole. The improvement is mainly

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When changing address, shareholders are requested to contact their account operator

Group balance sheet

NOK million	31.12.1995	31.12.1994	Formal 31.12.1995
Assets:			
Current assets	14,051	11,755	13,063
Long-term assets	12,489	9,647	11,575
Total assets	26,540	21,402	24,638
Liabilities and equity:			
Interest-free liabilities	6,655	5,268	5,517
Interest-bearing liabilities	11,558	8,692	10,824
Minority interests	131	213	101
Equity	8,196	7,229	8,196
Liabilities and equity	26,540	21,402	24,638
Equity ratio (%)	31.4	34.8	33.7
... incl. unrealised gains	38.4	42.0	40.9

Cashflow

NOK million	1.1.-31.12.	
	1995	1994
Cashflow - Industry:		
Operating profit	1,725	1,526
Ordinary depreciation and write-downs	1,259	1,107
Changes in net working capital	(592)	(250)
Cashflow from operations	2,392	2,383
Net replacement expenditure	(256)	(891)
Free cashflow from operations	2,136	1,492
Financial items, net	(440)	(391)
Free cashflow - Industry	1,696	1,101
Cashflow from Investment area before net purchases/sales	(33)	(93)
Tax and dividends	(616)	(522)
Misc. capital transactions, for exch.diff.	(311)	188
Group's self-financing capacity	736	674
Expansion investments Industry	(3,755)	(1,175)
Net purchases/sales portfolio inv.	361	(43)
Net cashflow	(2,658)	(544)
Change in net interest-bearing debt	2,658	544

due to the development in the pulp market, which saw significantly higher prices. The area, however, also experienced a price increase in raw materials compared with 1994.

Other areas recorded an overall result in line with the previous year.

HO/UNALLOCATED

As a result of the sale of Emo in 1994 and Norgro, Helly-Hansen and Høvellast in 1995, the figures for the area for 1994 and 1995 are not directly comparable. In total the businesses sold led to a reduction in operating revenues of close to NOK 1.8 billion. This also largely explains the fall in the operating result. In addition the footwear company Viking Fottøy recorded a weaker operating profit than for the previous year.

THE INVESTMENT AREA

The Oslo Stock Exchange All Share Index rose by 11.6% in 1995, while in comparison Orkla's portfolio achieved a return of 12.7%. On an annual basis the profit before tax was NOK 498 million, against NOK 350 million in 1994. The last 4 month period showed a profit before tax of NOK 65 million, against NOK 76 million for the previ-

ous year.

Net sales of shares amounted to approximately NOK 300 million in 1995. Realised portfolio gains totalled NOK 481 million in 1995, against NOK 418 million in 1994. Dividends totalling NOK 200 million were received, against NOK 130 million in the previous year. Unrealised gains in the portfolio rose during the year by NOK 356 million to 3,019 million. The market value of the portfolio at 31.12.1995 was NOK 8,761 million and value adjusted equity at the end of the year NOK 6,125 million.

CASHFLOW, INVESTMENTS AND CAPITAL SITUATION

The acquisition of Procordia Food and Abba Seafood was a major financial step for Orkla. Expansion investments totalled NOK 3.8 billion in 1995, of which most related to this acquisition. In addition replacement expenditure amounted to NOK 0.9 billion. The capital requirement was covered through the sale of industrial businesses and shares (NOK 1.6 billion) and through an increase in net interest-bearing debt of NOK 2.7 billion.

The Group's net interest-bearing debt at 31.12.1995 was NOK 10.3 billion. Pripps Ringnes is separately financed, but is included in the Group's debt with 45%.

The equity ratio was 31.4% at the end of 1995. This is 3.4% points lower than at 31.12.1994, mainly as a result of the purchase of Procordia Food and Abba Seafood. Including unrealised gains on the equities portfolio the equity ratio was 38.4%.

DIVIDEND

The Board proposes the payment of a dividend of NOK 6.00 per share for 1995. This represents an increase of 20% from 1994.

GENERAL MEETING

The Annual General Meeting will be held in Sarpsborg on 8 May 1996 at 3.00 pm. The annual report will be despatched in week 15.

Lysaker, 26.2.1996
The management of Orkla