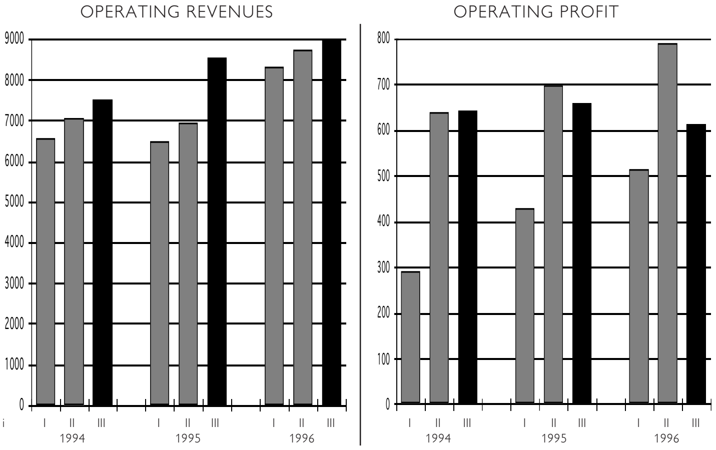
Orkla

LAST FOUR MONTHS - PRELIMINARY RESULTS 1996

GROUP PROFIT AND LOSS ACCOUNT

NOK million	1.1.-31.12. 1996	1.1.-31.12. 1995	1.9.-31.12. 1996	1.9.-31.12. 1995
OPERATING REVENUES	**25,998**	21,977	**8,970**	8,557
Operating expenses	**(22,772)**	(19,223)	**(7,893)**	(7,532)
Ordinary depreciation	**(1,330)**	(1,097)	**(464)**	(380)
Other revenues and costs	**20**	127	**0**	13
OPERATING PROFIT	**1,916**	1,784	**613**	658
Financial items, net	**(398)**	(451)	**(138)**	(253)
Profit from associated companies	**97**	76	**16**	10
Portfolio gains	**816**	481	**236**	123
PROFIT BEFORE TAX	**2,431**	1,890	**727**	538
Taxes and minority interests	**(679)**	(458)	**(210)**	(135)
NET PROFIT	**1,752**	1,432	**517**	403
Profit before tax, Industry	**1,332**	1,392	**413**	473
Profit before tax, Investment area	**1,099**	498	**314**	65
EARNINGS PER SHARE (NOK)	**36.5**	29.8	**10.8**	8.4

OPERATING REVENUES AND OPERATING PROFIT IN NOK MILL. *) 4 MONTH PERIODS



*) Inclusive of "Other revenues and costs".

The following accounting changes have been made in relation to the accounts for the first eight months presented on 31 August 1996: Rzeczpospolita (51%) has been changed from a subsidiary to a jointly controlled company, while Hjemmet Mortensen (50%) has been changed from an associated company to a jointly controlled company. Jotun have been regarded as an associated company and tax expenses has been included in the profit from associated companies rather than in the Group's tax expense, as was done previously. The historical figures have been adjusted to reflect these factors.

Orkla Group

MAIN TRENDS 1996

The Orkla Group has recorded profit growth in 1996. Profit before tax increased by 29 % to NOK 2,431 million, while earnings per share rose by 22 % to NOK 36.50. This increase in profits is attributable to the positive performance of both the Financial Investments and the Branded Consumer Goods areas. Orkla Foods and Orkla Brands in particular contributed to the profit gains in Branded Consumer Goods, while profits in Financial Investments increased substantially as a result of higher realised portfolio gains and higher dividends received. In 1996 Financial Investments achieved a return of 32.5 %, which is 0.4 percentage-points higher than the Oslo Stock Exchange's All-Share Index. The Group's financial position has been strengthened and the equity ratio has increased from 31.2 % to 36.5 %. The Board has proposed payment of a dividend of NOK 7.00 per share, an increase of 17 % from 1995.

ORKLA ACQUIRES VOLVO'S 55 % INTEREST IN PRIPPS RINGNES

Orkla and Volvo have entered an agreement concerning the purchase of Volvo's 55 % interest in Pripps Ringnes. Orkla will thereby be the sole owner of the company. With this acquisition, Orkla has taken over all the food and beverage operations originally owned by Volvo. The price Orkla is paying sets the value of the 55 % shareholding at NOK 4.0 billion and the entire Pripps Ringnes operation at approximately NOK 7.3 billion at the time of the takeover. Most of the payment will be made towards the end of the year. With this acquisition, Orkla will become the leading player on the Nordic beverage market and strengthen the Group's Branded Consumer Goods area. With a 50 % share in Baltic Beverage Holding, Orkla will also have strong positions on the beverage markets in the Baltic States, Russia and Ukraine. The agreement is conditional upon the approval of the corporate assembly. Orkla will not be undertaking an equity issue in connection with the acquisition.

In 1996 Group operating revenues increased by NOK 4,021 million to NOK 26.0 billion. Taking into account divestitures and acquisitions and exchange rate fluctuations, the underlying growth was approximately 3.3 %. Group operating profit totalled NOK 1,916 million, compared with NOK 1,784 million in 1995. The growth for continuing business*) in 1996 was 11 %. The Branded Consumer Goods area exhibited a growth in operating profit of approximately 25 % for continuing business, while the 19 % decline in profits in the Chemicals area is primarily due to the fall in specialty pulp prices. Operating profit in H.O./Unallocated also decreased by NOK 84 million. This decline is largely attributable to non-recurring

**) Continuing business has been adjusted for acquisitions and divestitures. New businesses for 1996 have been adjusted into the 1995 figures for the corresponding period, while divested businesses have been excluded in both 1995 and 1996.*

costs related to the restructuring of Viking Fottøy, and to higher provisions resulting from the impact of the increase in the Orkla share price on share-related bonus programmes.

In the last four months of 1996, profit before tax rose by 35 %, a slight improvement on the second four-month period. This increase is due to higher profits in the Financial Investments area. The Industry area achieved mixed results, with 18 % growth in operating profit in the Branded Consumer Goods area but a decline in profit for Chemicals and H.O./ Unallocated.

Profit after tax amounted to NOK 1,752 million in 1996, up 22 % from 1995. The taxrate in 1996 was 26.4 % compared to 23.0 % in 1995.

On the whole, trends in the most important markets for the Group's Branded Consumer Goods operations were favourable. Volume growth in the Swedish groceries market improved gradually in the course of 1996, totalling 2.2 % for the year. This increase is primarily due to the VAT reduction at the start of 1996. Volume in the Norwegian groceries market rose by 1.6 %. Market trends for Chemicals were mixed.

ORKLA FOODS

Orkla Foods' operating revenues totalled NOK 10,527 million in 1996. Revenues for continuing business adjusted for exchange rate fluctuations increased by 3.1 % compared with 1995. Operating profit amounted to NOK 608 million, excluding realised gains of NOK 20 million. Operating profit before goodwill depreciation for continuing business rose by 32 % compared with 1995. The increased profit for the last four months of 1996, seen in isolation, is mainly a result of the impact of divestitures in Abba Seafood, good Christmas sales on the Norwegian market and positive contributions from synergy projects.

In 1996 realised synergies generated an increase in profit of approximately NOK 70 million, which was somewhat higher than planned. The greatest effect of the synergy project in 1996 can be ascribed to the integration of BOB Industries into Procordia Foods' Swedish operations. The Group is continuing its efforts to realise further synergy gains.

Since Sweden joined the EU, Procordia Food has experienced increased competition. Nonetheless, the company has largely maintained its market positions. In 1996 Procordia Food had operating revenues of SEK 4,405 million. Adjusted for divestitures and exchange rate fluctuations, underlying growth was 3.0 % from 1995. Synergy gains, increased sales in Denmark and Finland and a favourable cost trend all contributed to a good increase in profit.

As a consequence of Abba Seafood's new strategy, all businesses outside the Nordic home markets were divested. Operating revenues totalled SEK 1,491 million. After adjustment for divestitures, this resulted in underlying growth of 3.7 %. Abba Seafood reported profit growth in 1996, and a marked improvement on 1995.

The Norwegian foods businesses also achieved higher profits in 1996. Stabburet Engros strengthened or maintained its market positions in important product areas. The acquisition of Chef's sausage business bolstered Stabburet's position in the fast-food segment. Stabburet Fresh Meat Products showed improved performance, achieving a satisfactory profit in 1996. Construction of a new pizza factory at Stranda is proceeding as planned, and the factory will be completed in early 1998.

ORKLA BEVERAGES

Operating profit for Orkla Beverages (45 % financial interest in Pripps Ringnes) totalled NOK 300 million in 1996, an increase of NOK 55 million compared with 1995. Last year's figures included Orkla's beverage operations in Poland with an operating loss of NOK -29 million.

Operating revenues for 1996 for Pripps Ringnes (100 % basis) amounted to SEK 7,522 million compared with SEK 7,667 million in 1995. Operating profit for continuing business rose by 7 % to SEK 711 million. The businesses in Eastern Europe posted good profit growth. The total sales volume for Pripps Ringnes increased by 1.7 %.

Operating profit for the last four months of 1996 for Pripps Ringnes amounted to SEK 99 million, down SEK 46 million from the same period in 1995. This decline is due to weaker results in the Nordic beverage area. Operating revenues of SEK 2,346 million were on a par with last year.

Operating revenues for 1996 for the Swedish operation (Pripps) totalled SEK 3,778 million, 4 % lower than last year. Operating profit was somewhat lower than in 1995. Favourable trends in raw materials costs and product mix could not fully compensate for a 5 % drop in volume, primarily due to a colder summer and increased cross-border trade in beer. Furthermore, volume in the last four months of 1996 was negatively affected by the introduction of a new, lower beer duty effective from 1 January 1997. The Swedish brewery industry experienced a 12 % decline in beer volumes in 1996 which can be attributed in full to increased private imports. Pripps strengthened its market share in relation to other Swedish producers. The overall market for carbonated soft drinks and water declined by approximately 1 %. Pripps' own brands strengthened their position, while the total market share decreased slightly.

The Norwegian operation (Ringnes) had operating revenues in 1996 of NOK 3,029 million, down 1.1 % from 1995. The decline in operating revenues is primarily a result of a slight drop in volume. A positive trend in the product mix for beer is offset by a negative trend as regards the mix between carbonated soft drinks and water products. On the whole, operating profit in 1996 was somewhat better than in 1995, but took a negative turn in the last four months, when profits were affected by lower volume and higher operating costs primarily due to operational problems in a newly built part of the Gjelleråsen plant This increase in costs is considered to be of a temporary nature.

In 1996 the Norwegian beer market grew by 3.1 %, while the market for carbonated soft drinks and water products increased by 2.9 %. Due to increased competition from private labels, market shares for beer are somewhat lower than in the corresponding period last year. The market share for carbonated soft drinks and water products is at the same level as 1995.

Operating revenues in Baltic Beverages Holding - BBH (50 % basis) increased by SEK 315 million in 1996 to SEK 623 million. Adjusted for acquisitions, the increase was SEK 220 million. Operating profit in 1996 improved significantly, primarily as a result of strong volume growth and higher prices in Russia. BBH expanded its operations in 1996 through the acquisition of another three breweries (50 % interest), Slavutich in Ukraine, Yarpivo in Russia and, most recently, Taopin in the Moscow region of Russia.

On 28 January 1997 the final agreement regarding termination of cooperation with The Coca-Cola Company (TCCC) was concluded. This agreement is essentially based on the letter of intent dated 19 June 1996, apart from certain adjustments in the transitional periods. TCCC will take over responsibility for the sale and distribution of its products in Sweden as from 1 April 1997, while Pripps will continue to produce TCCC products until 31 December 1997. In Norway, cooperation on sales and distribution will continue until 1 October 1997, while Ringnes will be responsible for production until 1 September 1998, a period TCCC has the possibility of extending until 31 December 1998. The financial terms set out in the agreement are essentially the same as in the letter of intent, except for the effects of the changes in production periods. The agreement does not affect Orkla's profit for 1996.

Approval of the merger between Pripps and Ringnes was conditional on the owners committing themselves to dispose of Hansa's beer operations. On 30 December 1996, Hansa was sold to a group of investors for NOK 410 million, the seller retaining certain assets.

ORKLA BRANDS

Operating revenues for Orkla Brands totalled NOK 4,213 million, on a par with last year. However, operating revenues for continuing business increased by 5 %. Given the generally limited price increases, this growth can chiefly be related to increases in volume. Market shares remained stable on the whole, but in important product areas where Orkla Brands has a dominant market position, efforts to generate good growth in the overall market were successful. Increased exports of detergents and personal hygiene products, coupled with

NOK million	OPERATING REVENUES 1.1.-31.12. 1996	1995	1.9.-31.12. 1996	1995	OPERATING PROFIT*) 1.1.-31.12. 1996	1995	1.9.-31.12. 1996	1995
Orkla Foods	**10,527**	7,003	**3,563**	3,383	**608**	368	**257**	175
Orkla Beverages	**3,265**	3,328	**1,020**	981	**300**	245	**34**	71
Orkla Brands	**4,213**	4,229	**1,511**	1,533	**431**	360	**173**	141
Orkla Media	**2,220**	1,791	**831**	654	**175**	161	**87**	79
Elimination	**(168)**	(149)	**(63)**	(62)	**0**	0	**0**	0
BRANDED CONSUMER GOODS	**20,057**	16,202	**6,862**	6,489	**1,514**	1,134	**551**	466
CHEMICALS	**5,161**	5,033	**1,852**	1,841	**441**	543	**115**	210
H.O./Unallocated/Elimination	**514**	570	**156**	161	**(124)**	(40)	**(79)**	(40)
Other revenues and costs	**0**	0	**0**	0	**20**	127	**0**	13
INDUSTRY	**25,732**	21,805	**8,870**	8,491	**1,851**	1,764	**587**	649
INVESTMENT AREA	**266**	172	**100**	66	**65**	20	**26**	9
GROUP	**25,998**	21,977	**8,970**	8,557	**1,916**	1,784	**613**	658

*) The business areas' operating profit it shown exclusive of "Other revenues and costs". (In 1996 NOK 20 mill. in Orkla Foods. In 1995 NOK -162 mill. in Orkla Foods, NOK 175 mill. in Orkla Beverages and NOK 114 mill. in H.O./Unallocated.)

improvements in the grocery textile business in Sweden, also contributed to satisfactory growth in underlying operating revenues in 1996.

The operating profit of NOK 431 million was NOK 71 million (20 %) higher than last year. All business areas achieved results that were better than, or on a par with, those in 1995, with Snacks accounting for the greatest profit growth. Orkla Brands increased its advertising investments by 12 %.

Construction of a new detergents plant at Ski is progressing as scheduled, and will ensure that Orkla Brands has its own competitive detergent production. The plant in Oslo was sold in January 1997.

In the course of 1996, Snacks grouped all its production operations in one plant in Norway. Combined with the acquisition of Party Food in Denmark, this contributed to improved profits.

Göteborgs Kex decided to invest in a new biscuits line. This decision, combined with other measures to improve efficiency, will reduce manpower by 60 man-years. The costs of this measure will be charged against 1996 profits.

Nidar has made significant efforts to improve the market position of its brands and advertising. In 1996 this contributed to increased sales of the most important branded products. However, due to the deliberate phasing out of unprofitable varieties and brands, there was little overall growth in sales. Operating profit for continuing business was on a par with that of last year, but advertising investments increased substantially.

Operating revenues for continuing business increased in the last four months of 1996 by 2 % compared with the same period in 1995. Operating profit rose by NOK 32 million (23 %).

ORKLA MEDIA

Operating revenues for 1996 totalled NOK 2,220 million. Continuing business accounted for a 3.5 % increase in operating revenues. Orkla Media's operating profit rose by NOK 14 million to NOK 175 million in 1996, and the increase for continuing business was 7 %. The reduction in operating margin from 9.0 % in 1995 to 7.9 % in 1996 is primarily due to increased goodwill amortisation for the Group's Polish operations, as well as to greater efforts to meet stronger competition in the Norwegian newspapers sector. Moreover, higher costs related to the establishment of a new printing structure and increased variable wage costs in this sector have had a negative impact. The operating margin for comparable businesses improved by 0.3 percentage-points to 7.9 % in 1996. Higher paper prices in the newspaper and magazine market reduced profits compared with last year. On the basis of negotiated agreements, a reduction in newspaper prices of approximately 17 % is anticipated for 1997.

Operating revenues in the last four months increased by 27 % to NOK 831 million, primarily due to acquisition of operations and consolidation of the accounts of Orkla Media's Polish newspaper companies. Operating profit increased by 10 % to NOK 87 million in the last four-month period. This profit growth can be attributed to increased circulation revenues in the magazine sector and the acquisition of 51 % of the Polish newspaper Rzeczpospolita, where developments so far have been satisfactory.

Growth in advertising volume in the Norwegian Newspaper sector was slightly weaker in the last six months of 1996, resulting in a growth rate of 1.8 % for the year compared with the previous year. Advertising volume in the Magazine sector fell in 1996 by 0.6 % compared with 1995, a somewhat weaker trend than for the market as a whole. Profits developed favourably for Magazines as a result of improved productivity and higher circulation revenues.

Circulation figures for Orkla Media's newspapers increased throughout the year. Circulation for the Magazine sector improved in the last six months, and was on a par with 1995 for the year as a whole. Hjemmet Mortensen launched a number of new magazines in 1996, which have developed satisfactorily so far.

CHEMICALS

Operating revenues in the Chemicals area totalled NOK 5,161 million, an increase of 2.5 % compared with the previous year. Operating profit was NOK 441 million compared with NOK 543 million in 1995. Profits in 1996 were negatively affected by falling specialty pulp prices and reduced but more normalised margins for edible oils. The other business areas posted satisfactory profit growth. Profit for the last four months was NOK 115 million, which is NOK 95 million less than in the same period in 1995. The weaker results are chiefly due to a fall in specialty pulp prices.

In addition to acquiring a small lignin factory in northeast China, Borregaard has in 1996 finalised negotiations with the US firm PolyOrganics, concerning the acquisition of their fine chemicals business. The acquisition will take place in the first quarter of 1997.

Specialty Chemicals recorded volume growth in most segments in 1996. Operating revenues increased by 10 % to NOK 1,091 million. Trends were particularly favourable in the Asian market and in sales to the construction industry. Profit growth in 1996 was satisfactory. Compared with 1995, Specialty Pulp experienced lower prices in the last eight months of the year, resulting in a substantial decline in profits. In the last four months of 1996, prices fell approximately 24 % compared with the same period of 1995. Operating revenues declined by 11 % to NOK 1,148 million for the year as a whole.

Fine Chemicals reported improved profits in 1996, primarily as a result of an increase in volumes supplied to the pharmaceutical industry. Sales to certain major customers vary significantly from year to year due to production for special campaigns and variations in product mix. Volumes are therefore expected to decline in 1997. Changes in our customers' operating parameters have resulted in increased pressure on prices.

Although Ingredients (edible oils) recorded significantly lower profits than in 1995, the profit achieved is nonetheless considered satisfactory. Prices and margins related to the soya area were particularly low in 1996, while in the first six months of 1995 there was high demand for soya oil due to the low supply of other vegetable oils.

Return address: **ORKLA ASA, Shareholder Service**
P.O.Box 308, N-1324 Lysaker

Our new address from 3.3.97: P.O.Box 423 Skøyen, N-0212 Oslo

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

Financial information about Orkla can be fount at the internet address: http://hugin.sol.no/ORK/index_e.shtml

GROUP BALANCE SHEET

NOK million	31.12. 1996	31.12. 1995
Assets:		
Current assets	**13,719**	14,221
Long-term assets	**12,777**	12,475
TOTAL ASSETS	**26,496**	26,696
Liabilities and equity:		
Interest-free liabilities	**6,753**	6,811
Interest-bearing liabilities	**10,070**	11,558
Minority interests	**183**	131
Equity	**9,490**	8,196
LIABILITIES AND EQUITY	**26,496**	26,696
Equity ratio (%):		
Book	**36.5**	31.2
Incl. unrealised gains before tax	**45.9**	38.2

CASHFLOW *)

NOK million	31.12. 1996	31.12. 1995
Cashflow Industry:		
Operating profit	**1,851**	1,764
Ordinary depreciation and write-downs	**1,319**	1,276
Changes in networking capital	**420**	(572)
Cashflow from operations	**3,590**	2,468
Net replacement expenditure	**(967)**	(256)
Free cashflow from operations	**2,623**	2,212
Financial items, net	**(613)**	(437)
Free cashflow - Industry	**2,010**	1,775
Cashflow from Investment area before net purchases/sales	**312**	(33)
Taxes and dividends paid	**(762)**	(616)
Misc. capital transactions, foreign exchange diff.	**204**	(311)
Group's self-financing capacity	**1,764**	815
Expansion investments Industry	**(664)**	(3,765)
Net purchases/sales portfolio investments	**264**	361
Net cashflow	**1,364**	(2,589)
Change in net interest-bearing debt	**(1,364)**	2,589
Net interest bearing debt	**8,778**	10,142

*) Orkla has not implemented the new cashflow standard from NRS. It is Orkla's opinion that the current standard gives a better understanding of the Group's structure and activities.

On the whole, other areas achieved profits in line with the previous year.

HEAD OFFICE/UNALLOCATED

In 1996 Group profit was negatively affected by items related to the Head Office and operations outside the Group's core businesses. Operating profit was NOK 84 million lower in 1996 than the year before. This decline is primarily due to lower profits in Viking Fottøy, and the increase in costs/provisions related to the Group's share-related bonus programmes arising from the rise in the Orkla share price in 1996. Viking Fottøy had to restructure its operations in 1996, chiefly as a result of a negative trend in Eastern Europe and the Swedish market. In this connection, non-recurring costs totalling approximately NOK 33 million were charged against operating profit in 1996.

FINANCIAL INVESTMENTS

The Oslo Stock Exchange All-Share Index rose by 17.7 % in the last four months of 1996, making a total increase of 32.1 % for the year. Orkla's share portfolio achieved a return of 32.5 % in 1996. Reported profit before tax was NOK 1,099 million, compared with NOK 498 million in 1995. For the last four months alone, profit totalled NOK 314 million compared with NOK 65 million the year before.

Net sales of shares amounted to approximately NOK 300 million in 1996. Realised portfolio gains increased by NOK 335 million to NOK 816 million. Dividends received totalled NOK 339 million, compared with NOK 200 million the year before. There were no significant structural changes in the portfolio in 1996.

Unrealised capital gains increased during 1996 by NOK 1,594 million to NOK 4,612 million. The market value of the portfolio was NOK 11,043 million as of 31 December 1996. At the end of the year net asset value was NOK 8,909 million. During 1996 the value adjusted debt ratio was reduced by 11 percentage-points to 19,4 %.

CASH FLOW, INVESTMENTS AND FINANCIAL SITUATION

The Group's net cash flow was NOK 1,364 million, an increase of NOK 3,953 million compared with 1995. This is primarily due to lower investments related to expansion in 1996, but also improved cash flow from both the Industry and the Financial Investments area.

Net interest-bearing debt was reduced by NOK 1,364 million in 1996 to NOK 8,778 million. The Group's average interest rate in 1996 was 7.4 %. The fall in the interest rate level towards the end of 1996 will have a positive effect on Orkla's interest costs in 1997.

As of 31 December 1996, the Group's book equity ratio was 36.5 %, which represents an increase of 5.3 percentage-points since year-end 1995. Including unrealised gains on the share portfolio (before tax), the equity ratio as of 31 December 1996 was 45.9 %.

FUTURE PROSPECTS

Operating parameters for the Group's Branded Consumer Goods businesses in the Nordic markets are expected to remain unchanged on the whole. In Sweden the beer duty was reduced as from 1 January 1997 and this is expected to have a positive impact on volume in 1997. The trend in Norway is moving in the opposite direction. Duties in the Nordic markets must gradually be harmonised with EU levels in order to maintain a competitive local brewery sector.

The demand for specialty pulp is satisfactory but prices remain low. Fine Chemicals is expecting lower profits in 1997.

Developments in the Norwegian economy, including the steady strengthening of the Norwegian krone, may over time have a negative impact on the competitiveness of Norwegian manufacturers. Nevertheless, the prospect of continued low interest rates may encourage a moderately positive trend in the stock market.

DIVIDEND/RISK

The Board of Directors has proposed a dividend for 1996 of NOK 7.00 per share. This represents an increase of 17 % compared with 1995. As of the 1 January 1997 the RISK amount is estimated to be NOK 21.40 per share.

GENERAL MEETING

An ordinary general meeting will be held on 7 May 1997 at 3 p.m. in Sarpsborg. The annual report will be issued in week 15.

Lysaker, 13 February 1997
The Board of Directors of Orkla ASA