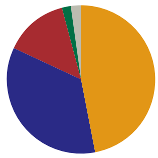
This is Orkla

OPERATING REVENUES BY GEOGRAPHICAL AREA

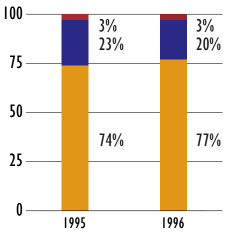
- Norway 47 %
- Nordic region [1] 35 %
- Europe [2] 14 %
- USA 2 %
- Other 2 %



Total operating revenues NOK 25,998 million
1) Excl. Norway
2) Excl. Nordic region

OPERATING REVENUES BY BUSINESS AREA

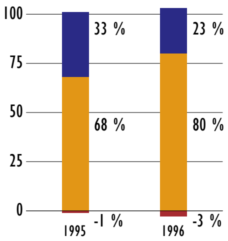
- Branded Consumer Goods
- Chemicals
- Other



Total operating revenues
1995 NOK 21,977 million
1996 NOK 25,998 million

OPERATING PROFIT BY BUSINESS AREA

- Branded Consumer Goods
- Chemicals
- Other



Operating profit (excl. other revenues and costs)
1995 NOK 1,657 million
1996 NOK 1,896 million

THE ORKLA GROUP

Orkla is Norway's second largest listed company on the Oslo Stock Exchange in terms of market capitalisation. In 1996 the Group's operating revenues totalled NOK 26,0 billion, of which 53 % were derived outside Norway. The Group has a total of 18,869 employees, of whom 10,592 work in Norway.

The Branded Consumer Goods area is the Group's largest business area and accounts for 77 % of total operating revenues. Orkla is the leading supplier of branded consumer goods to the grocery trade in the Nordic region, with many number one or two positions in strategically important product areas.

The Chemicals area has strong global niche positions in specialty chemicals, fine chemicals and ingredients. The Chemicals area accounts for approximately 20 % of the Group's total operating revenues.

Financial Investments is Orkla's third business area, consisting of long-term equity investments, primarily in major Norwegian and Nordic companies. Its objective is to out-perform the Oslo Stock Exchange. Since 1982, the Financial Investments area has achieved an average return of approximately 21.9 % per year.

THE GROUP'S STRATEGY

Orkla is a competence and market driven corporation, which bases its expansion and development on market and product areas which show a good potential for becoming the preferred choice of consumers and customers.

The Group participates actively in the development and restructuring of the industries in which its main activities are concentrated. This is done by means of a combination of internal development measures, acquisitions and cooperative arrangements.

The Branded Consumer Goods area will strengthen its position as the leading supplier of branded consumer goods to Nordic households. Orkla has established itself as the market leader in Norway and Sweden, and aims at further improving its market positions and business systems in Denmark and Finland. Eastern Europe is also an important target area. The Chemicals area will be developed further within global niches primarily based on fine and specialty chemicals. Orkla will continue to be a major equity investor, mainly focused in the Nordic region.

THE GROUP'S HISTORY

The present Orkla is the result of two major mergers.

The 1986 merger between Orkla Industrier and Borregaard laid the foundation for Orkla's three core business areas: Branded Consumer Goods, Chemicals and Financial Investments. Orkla Industrier was founded in 1904 to continue operation of the pyrite mines at Løkken Verk. Since the latter 1940s, the company has gradually built up a growing investment portfolio. Borregaard was established in 1918 when Nor-wegian interests acquired the British company The Kellner Partington Paper Pulp Co. Ltd., which produced pulp and paper. From 1960 onwards, Borregaard expanded its activities to include chemicals and consumer goods.

In 1991 Orkla Borregaard merged with Nora Industrier. This merger significantly strengthened the Group's position in branded consumer goods and provided a platform for further Nordic expansion. Nora Industrier, which traditions date back to the 1820s, was established in 1978. At the time of the merger, Nora was Norway's leading supplier of beer and carbonated softdrinks, in addition to being very well-positioned in the Norwegian food products market.

Orkla has also grown through a number of large and small acquisitions. In 1995 Orkla took over the Volvo food companies Procordia Food and Abba Seafood. At the same time, Pripps and Ringnes merged to become the jointly owned beverage company Pripps Ringnes, in which Orkla so far had a 45 % financial interest. In February 1997 Orkla and Volvo entered into an agreement, whereby Orkla took over Volvo's 55 % financial interest in Pripps Ringnes. Orkla thereby became the sole owner of the company. Orkla's takeover of the rest of Pripps Ringnes marks the final chapter in the acquisition of all Volvo's food and beverage operations. The full takeover of Pripps Ringnes confirms Orkla's position in the Nordic region and gives the Group a strong position in Eastern Europe.

Branded Consumer Goods

	1996	1995	1994	1993	1992
Operating revenues 1)	20,057	16,202	14,288	12,158	11,151
Operating profit1)	1,514	1,134	972	931	898
Operating margin	7.5 %	7.0 %	6.8 %	7.7 %	8.1 %
Return on capital employed	15.0 %	15.4 %	15.8 %	20.0 %	21.0 %

Excl. non-recurring items
1) NOK million

The Branded Consumer Goods area comprises the main businesses Orkla Foods, Orkla Beverages, Orkla Brands and Orkla Media.

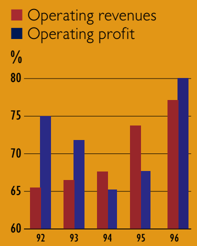
Orkla Foods is the market leader in the Nordic region in frozen pizza, ketchup, juice, jam and preserved vegetables. It also has strong positions in frozen ready meals, fresh and chilled meats, cereals, bread and yeast in Norway, and processed potato products and seafood in Sweden.

In 1996 Orkla Beverages consisted of 45 % financial interest in Pripps Ringnes. In February 1997 Orkla and Volvo entered into an agreement, whereby Orkla took over Volvo's 55 % financial interest in Pripps Ringnes. Orkla thereby became the sole owner of the company. Pripps Ringnes is the market leader for beer, carbonated soft drinks and mineral water in both Sweden and Norway. Pripps Ringnes and the Finnish market leader for beer, carbonated soft drinks and mineral water, Oy Hartwall Ab, each own 50 % of Baltic Beverages Holding (BBH). BBH is the leading beer producer in the Baltic states and the St. Petersburg region. Through further acquisitions in 1996, operations have now been established in the Moscow region and Ukraine. Pripps Ringnes owns 20.5 % of Oy Hartwall Ab.

Orkla Brands controls several of Norway's best-known brands in confectionery, biscuits, snacks, detergents, personal products and cosmetics. Orkla is the Nordic region's largest supplier of biscuits, with operations in Norway, Sweden and Finland. Orkla holds strong No. 2 positions in Norway for confectionery and snacks, and is market leader for snacks in Denmark. Orkla Brands has a long-term cooperation agreement with Unilever for detergents, personal products and cosmetics in the Norwegian market.

Orkla Media encompasses newspapers, magazines and direct marketing. Orkla's newspaper business in Norway is concentrated on local newspapers with leading market positions. Since 1991 Orkla Media has gained a strong foothold on the Polish newspaper market. This position was further strengthened in 1996 through the acquisition of 51 % in Rzeczpospolita, Poland's third largest newspaper, making Orkla Media the second-largest player on the Polish newspaper market today. Orkla Media owns 50 % of Hjemmet Mortensen, through which it has achieved a strong position in the Norwegian magazine market.

BRANDED CONSUMER GOODS SHARE OF THE GROUP´S OPERATING REVENUES AND OPERATING PROFIT 1992-1996



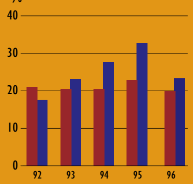
Chemicals

	1996	1995	1994	1993	1992
Operating revenues 1)	5,161	5,033	4,323	3,739	3,596
Operating profit 1)	441	543	413	301	211
Operating margin	8.5 %	10.8 %	9.6 %	8.0 %	5.9 %
Return on capital employed	15.4 %	20.5 %	18.9 %	15.7 %	11.9 %

Excl. non-recurring items
1) NOK million

CHEMICALS SHARE OF THE GROUP´S OPERATING REVENUES AND OPERATING PROFIT 1992-1996.

■ Operating revenues
■ Operating profit



The Chemicals area (Borregaard) comprises the main businesses Specialty Chemicals, Fine Chemicals, and Ingredients.
Specialty Chemicals produces lignin-based binding and dispersing agents for applications in concrete textile dyes, animal feed and agrochemicals. Specialty Chemicals also comprises production of specialty pulp for chemical applications. A strong focus on research and development has resulted in a range of value added products and good market positions.
The Fine Chemicals area is a major global supplier of advanced fine chemicals to pharmaceutical industry. As the world's only full range supplier of vanillin, Orkla is firmly established in the No. 2 position on the global market. The Group's Fine Chemicals area is also the world's second largest producer of diphenols.
The new core area, Ingredients, produces edible oils, fats and proteins for the food manufacturing industry and feed production.
Orkla also owns extensive forest and hydro electric power resources.

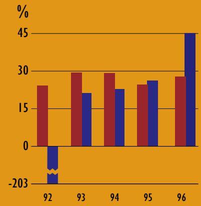
Financial Investments

	1996	1995	1994	1993	1992
Profit before tax 1)	1,099	498	350	273	-563
Securities portfolio:					
Market value of portfolio 1)	11,043	8,761	8,194	7,361	3,798
Unrealised gains before tax 1)	4,612	3,019	2,663	2,473	5
Net asset value 1)	8,909	6,125	5,252	4,690	1,865
Return on investments	32.5 %	12.7 %	9.5 %	67.0 %	-9.8 %

1) NOK million

FINANCIAL INVESTMENTS SHARE OF THE GROUP´S BALANCE SHEET AND PROFIT BEFORE TAX 1992-1996

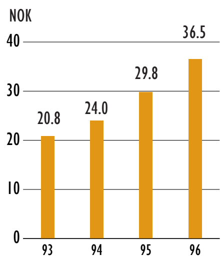
■ Balance Sheet
■ Profit before tax



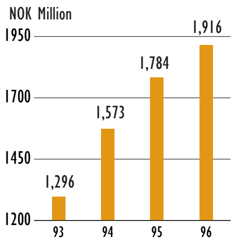
Orkla owns one of Norway's largest equity portfolios, concentrated on long-term investments in Norwegian and Nordic listed companies. The market value of the portfolio as of 31 December 1996 was NOK 11.0 billion, of which NOK 4.6 billion consisted of unrealised gains before tax. Net asset value of the securities portfolio (market value less debt) totalled NOK 8.9 billion.
Through its investment activities, Orkla has established a broad network of contacts with the Norwegian and international financial markets. The insight this provides also contributes to the development of the Group's industrial businesses. At the same time, proximity to an industrial environment provides the Investments area with access to information and analyses which are not necessarily available to a portfolio investor. The synergic effects of this duality are valuable for the entire Group.
Stockbroking and other financial services are provided through the company Orkla Finans.

Report of the Board of Directors

EARNINGS PR SHARE



OPERATING PROFIT



Included other revenues and costs

After several major acquisitions and strong expansion in 1995, 1996 was a year in which Orkla concentrated on operational and financial consolidation. Branded Consumer Goods and Financial Investments in particular achieved considerably improved profits. The return on the securities portfolio was good (+32.5 %). Earnings per share rose by 22 % to NOK 36.50.

After the acquisition of the Swedish food companies Procordia Food and Abba Seafood and the establishment of the jointly-owned beverages company Pripps Ringnes in 1995, Orkla's main focus has been on integrating these companies and establishing a series of projects to improve competitiveness. Expansion in 1996 has therefore been moderate and mainly related to Orkla Media and the Chemicals business.

In 1996, Orkla revised its strategic plan for the coming three-year period. The Group will continue its strategy with three core areas; branded consumer goods, chemicals and financial investments.

The Orkla-share experienced a strong performance during 1996. The price increased 40% in 1996. Including the dividend received, the total return was 42%.

PRIPPS RINGNES BECOMES A WHOLLY-OWNED SUBSIDIARY

In February 1997, Orkla and Volvo entered into an agreement whereby Orkla will take over Volvo's interest in Pripps Ringnes, which will become a wholly-owned subsidiary of the Orkla Group. In 1995, Orkla acquired Volvo's food companies Procordia Food and Abba Seafood. At the same time, Pripps and Ringnes merged to become the jointly-owned beverages company Pripps Ringnes, in which Orkla has so far held a 45 % financial interest. The acquisition of the remaining part of Pripps Ringnes completes the takeover of all Volvo's food and beverage operations.

Volvo's financial interest (55%) in Pripps Ringnes was valued at approximately NOK 4 billion at the time of acquisition. The parties agree that most of the purchase price will be paid towards the end of 1997. Orkla will not be undertaking a share issue in connection with this acquisition.

After the takeover, Orkla will have a 50 % interest in Baltic Beverages Holding (BBH), which Orkla owns jointly with the leading Finnish beverage company Hartwall. BBH, which now owns seven breweries in the former Soviet Union, is achieving good growth in terms of both operating revenues and profits.

The Nordic region is Orkla's natural domestic market for branded consumer goods. Outside the Nordic countries, growth will primarily occur in selected niche markets or particular geographical areas. Eastern Europe, with particular focus on the Baltic region, is a market on which Orkla has been concentrating for some time. The acquisition of the remaining interest in Pripps Ringnes will therefore strengthen the Group's branded goods operations in this region.

RESULTS

Group operating revenues totalled NOK 26.0 billion, 18 % higher than in 1995. Adjusted for businesses acquired and divested and exchange rate fluctuations, the rise in operating revenues for continuing business was approximately 3.3 %. The underlying growth in operating revenues can mainly be ascribed to higher volumes and an improved product mix in the branded goods businesses.

Group operating profit amounted to NOK 1.916 million, compared with NOK 1,784 million in 1995 (+7 %). However, the difference in profits compared with 1995 was affected by non-recurring items, which are classified under "Other revenues and costs", and businesses acquired and divested. Adjusted for these items, operating profits rose by 11 %. Adjusted for the same items, the rise in operating profits for the Branded Consumer Goods business totalled 25 %, while the fall in profits for Chemicals (-19 %) and Head Office/Non-core business had a negative effect.

The Group's operating margin was 7.4 % compared with 8.1 % in 1995. For comparable business and adjusted for other revenues and costs, the operating margin for the Industry area (i.e. everything except Financial Investments) improved by 0.4 percentage points. The Branded Consumer Goods business increased its operating margin for continuing business by 1.2 percentage points to 7.6 %, while the operating margin for the Chemicals business fell by 2.3 percentage points to 8.5 %.

Profits from associated companies totalled NOK 97 million in 1996, up NOK 21 million from 1995. The increase can mainly be ascribed to Oy Hartwall Ab, of which Pripps Ringnes owns 20.5 %.

Group net financial items amounted to NOK 398 million, NOK 53 million lower than in 1995. Higher average net interest-bearing debt resulting from the whole year effect of the acquisition of the Swedish food companies was more than compensated for by lower average interest rates and higher dividends received from the securities portfolio. Portfolio gains totalled NOK 816 million compared with NOK 481 million in 1995.

Group profits before tax rose by NOK 541 million to NOK 2.431 million (+ 29 %), while the total tax charge was NOK 641 million, equivalent to 26.4 % of pre-tax profits. Earnings per share rose by 22 % to NOK 36.50.
The Board is satisfied with the Group's profit performance and proposes a dividend of NOK 7.00 per share. This is 17 % higher than in 1995.

COMMENTS ON INDIVIDUAL BUSINESS AREAS

Profits before tax for the Industry area totalled NOK 1,332 million, NOK 60 million lower than in 1995. Adjusted for other revenues and costs (NOK 127 million in 1995 and NOK 20 million in 1996), profits were 4 % higher than in 1995. The trend was rather weaker in the last four months, primarily due to weaker results for Chemicals, Orkla Beverages and Head Office/Non-core business. While prices for specialty pulp rose steadily throughout 1995, the trend was negative in 1996.

Return on capital employed in the Industry area was 13.8 %, compared with 16.6 % in 1995. This decline must be viewed in conjunction with the whole-year effect of consolidating Procordia Food and Abba Seafood, which involved considerable goodwill amortisation and where the purchase price gives a significantly higher asset base than in the rest of the Group's Industry businesses. A lower operating margin for Chemicals, reduced other revenues and costs and a weaker result for Head Office/Non-core business also had a negative effect on the return on capital employed.

Orkla Foods' operating profit before non-recurring items was NOK 608 million in 1996 compared with NOK 368 million the previous year. Adjusted for businesses acquired and divested, profits increased by NOK 188 million (+45 %). Procordia Food achieved profit growth, mainly due to synergy gains, increased sales in Denmark and Finland and a favourable cost trend. The Norwegian food business achieved improved profits from Stabburet Wholesale Products and Fresh Meat Products. Profits from Bakery Products increased, mainly as a result of an improved product mix and higher volumes.

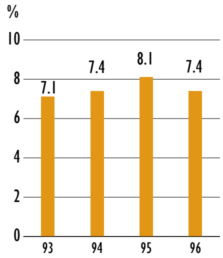
A major restructuring of Abba Seafood in order to concentrate business in the Nordic markets was carried out in 1996 within the financial provisions made in the 1995 accounts. The German operations and the Danish factories at Løgstør (mackerel), Frederikshavn (shrimp) and Nykøbing (mussels) were divested. The profit for 1996 shows that clear progress has been made, and there should still be a potential for further profit growth. Developments on the company's main markets have been favourable.

Operating profits (excluding non-recurring items) for the Beverages business increased by NOK 55 million to NOK 300 million. Adjusted for businesses acquired and divested, profits rose by NOK 39 million (+15 %). The East European companies achieved good profit growth, while operating profits from the Nordic beverages business are on a par with 1995. Favourable volume growth for BBH, particularly in Russia, and lower costs for the Norwegian operation made a positive contribution. On the Swedish market, a decline in volume for beer in particular led to a weaker operating profit. Reduced beer duties from the beginning of 1997 should have a favourable effect this year.

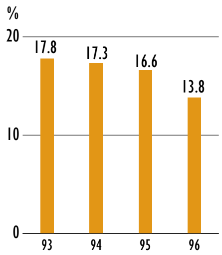
On 28 January 1997, final agreement was reached with TCCC concerning the orderly winding up of the parties' cooperation in Norway and Sweden. The agreement involves tollfilling and distribution of The Coca Cola Company (TCCC) products for a limited period of time. In all essential details, the agreement is based on the letter of intent of 19 June 1996 (cf. Note 20 to the annual accounts).

The precondition for official approval of the merger between Pripps and Ringnes was that the owners divest the Hansa beer business. On 30 December 1996, Hansa was sold to a group of investors. The sale does not affect Orkla's 1996 results.

OPERATING MARGIN THE GROUP

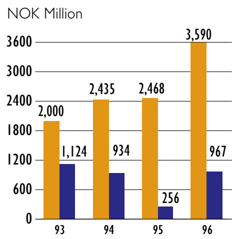


RETURN ON CAPITAL EMPLOYED INDUSTRY AREA



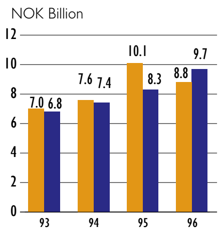
CASHFLOW INDUSTRY AREA

■ Cashflow from operations
■ Net replacement expenditure



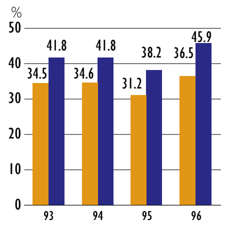
DEBT AND EQUITY

■ Net interest-bearing debt
■ Equity (incl. min. int.)



EQUITY RATIO

■ Book value
■ Incl. unrealised gains in the security portfolio



Operating profits for Orkla Brands rose by 20 % to NOK 431 million in 1996. All business areas achieved profits better than or on a par with the previous year. Snacks made particularly good progress, primarily as a result of volume growth and the realisation of synergies after the acquisition of Party Food, Denmark.

The construction of a new detergent factory in Oslo and a new biscuit line in Gothenburg are proceeding according to plan and will ensure competitive own production.

For Orkla Media, operating profits rose by NOK 14 million to NOK 175 million in 1996. The increase can be ascribed to progress for the Magazine business and the acquisition of Rzeczpospolita (51 %), Poland's largest subscription-based newspaper. The operating margin fell from 9.0 % to 7.9 %, mainly due to increased goodwill amortisation for the Group's Polish operation and efforts to meet stronger competition in the Norwegian Newspaper sector. Higher project costs related to the establishment of a new printing structure and increased variable wage costs in the Norwegian Newspaper sector have had a negative effect. Newspapers achieved a growth in advertising volume of 1.8 %, while Magazines experienced a volume decline of 0.6 % compared with 1995. Higher newsprint prices had a negative effect on profits in comparison with the previous year. On the basis of negotiated agreements, a fall of approximately 17 % in newsprint prices is expected in 1997.

The Chemicals business achieved operating profits of NOK 441 million in 1996, which is NOK 102 million lower than the previous year. The decline in profits can be ascribed to falling pulp prices and lower margins for edible oils, while Lignin (Specialty Chemicals) and Fine Chemicals made a positive contribution. The favourable trend for Lignin is primarily due to volume growth, particularly on the Asian market, while the progress of Fine Chemicals can mainly be explained by higher volumes to the pharmaceutical industry.

In 1996, Borregaard undertook further expansion in its core areas. A new factory for the production of lignin-based products was established in north-east China. Borregaard holds a 60 % interest and is supplying the technology. An agreement has also been signed concerning the acquisition of technological expertise and assets in the fine chemicals company PolyOrganix (Boston, USA) in the first quarter of 1997.

The increased involvement of the Chemicals business in Asia has resulted in a rise of 32 % in sales to this market in 1996. Asia accounted for 11 % of Borregaard's total sales.

The value adjusted return from the Investment portfolio was 32.5 % compared with 12.7 % in 1995. In 1996 the Oslo Stock Exchange All Share Index rose by 32.1 %. Value adjusted profit before tax totalled NOK 2,692 million, of which NOK 1,099 million (41 %) was reflected in the profit and loss account. The remaining NOK 1,593 has augmented unrealised gains. The improvement in accounting profit of NOK 601 million is mainly due to a rise in portfolio gains (NOK + 335 million) and a rise in dividends received (NOK + 139 million). The market value of the portfolio as of 31 December 1996 was NOK 11,043 million, which represents an increase of NOK 2.3 billion in 1996. Unrealised gains amounted to NOK 4.612 million, 53 % higher than at the end of 1995. During the period, net sales of shares totalled just over NOK 300 million. Orkla Finance achieved a satisfactory rise in profits in 1996 and has maintained its strong market position in the field of brokerage and financial advisory services.

Operating profit for Head Office and non-core business declined by NOK 84 million in 1996, primarily due to a fall in profits from Viking Footwear, which was restructured in 1996. This is mainly due to a negative trend in Eastern Europe and the Swedish market. In this connection, non-recurring costs of approximately NOK 33 million were charged against profit and loss account for 1996. Increased costs/provisions relating to the Group's share-related bonus programmes as a result of the significant rise in the value of the Orkla share in 1996 were also charged against profit and loss account.

CASH FLOW, INVESTMENTS AND EQUITY

In 1996, the Group's financial situation was strengthened, mainly due to good cash flow from the Industry area and moderate investments in expansion.

The takeover of Procordia Food and Abba Seafood was a major financial undertaking for Orkla in 1995. The capital requirement was covered by the sale of industrial enterprises and shares and by increased borrowing. The Group's equity capital ratio was, for a brief period, reduced to 31.2 %, but by the end of 1996 it was back at 36.5 %, which is just above the level prior to the acquisition of the Swedish food companies the previous year.

In 1996, a net amount of NOK 967 million was invested in the renewal of plant and equipment. Expansion investements totalled a further NOK 664 million, primarily linked to the acquisition of 51 % of the Polish newspaper Rzezcpospolita and investment in a new plant for the production of high value added pulp. A high level of cash flow from industrial operations led to a reduction of NOK 1.4 billion in net interest-bearing debt. As of 31 December 1996, net interest-bearing debt totalled NOK 8,778 million. There was also a positive trend in the company's net operating capital.

As of 31 December 1996, 57 % of net interest-bearing debt had floating interest rates or fixed interest rates for less than 12 months. Seven per cent of Group debt as of 31 December 1996 will mature in the course of 1997. The average remaining loan period is approximately 5.3 years compared with 3.4 years as of 31 December 1995. The average remaining fixed interest period increased by 0.2 years to 1.8 years as of 31 December 1996. The average interest rate for 1996 was 7.4 %, compared with 7.6 % in 1995. Due to declining interest rates throughout 1996, the Group's average interest rate at the beginning of 1997 was approximately 6.5 %.

Of the Group's total interest-bearing debt of NOK 10,070 million, 56 % was in Norwegian kroner and 33 % in Swedish kronor. In comparison with 31 December 1995, the proportion of debt in Norwegian kroner is somewhat higher and in Swedish kronor somewhat lower. As of 31 December 1996, Orkla had long-term unutilised drawing facilities of just over NOK 5 billion.

During 1996, the Group's equity rose by NOK 1,294 million to NOK 9,490 million. In the same period, the equity ratio rose by 5.3 percentage points to 36.5 %. Including unrealised gains (before tax) on the share portfolio, the equity ratio was 45.9 %, a rise of 7.7 percentage points.

MARKETS AND OPERATING PARAMETERS

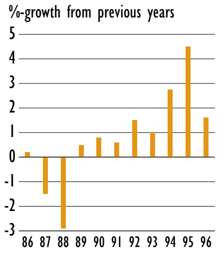
Trends in the most important markets for the Group's branded consumer goods businesses were generally positive. Volume growth in the Swedish market has gradually improved during 1996 and annual growth was 2.2 %. This is largely due to a 9 % reduction in VAT on food from 1 January 1996 and a general improvement in the Swedish economy. Volume on the Norwegian grocery market rose by 1.6 %, which is lower than in 1995. The Danish and Finnish grocery markets achieved no volume growth in 1996.

Volume growth for Orkla's branded products business was approximately 2-4 % on most markets, with the exception of sales of beer on the Swedish market, where volume declined by approximately 12 % in 1996. The branded goods businesses continued to record only moderate price increases, and for several important products, the prices even declined during 1996. Continuing strong focus on product development, cooperation with the retail trade and increased emphasis on brand building have enabled us to maintain and in some cases strengthen the market positions of important product groups. An average of approximately 6.3 % of operating revenues was spent on branded goods advertising in 1996, compared with 4.2 % in 1992. However, there are considerable variations between product groups. The 0.6 percentage point rise since 1995 can mainly be ascribed to increased advertising investments in the areas covered by Orkla Brands.

International brand names are widely represented in most product categories on the Nordic grocery market. In the case of Sweden and Finland, membership of the European Union has led to increased competition from international players. In Norway, mechanisms to protect the agricultural sector limit competition in product groups where competing finished products are not based on Norwegian raw materials. In the longer term, trade barriers between Norway and the EU are expected to be gradually reduced. Orkla Foods' businesses are preparing for this eventuality. The proportion of private labels is still low on the Nordic market but rising.

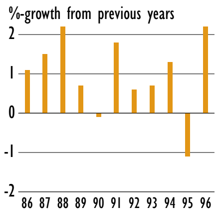
Beverage operations in Sweden have been affected by a strong rise in private imports of beer due to significant differences between Swedish and Danish duties and high quotas for private imports. Private imports of beer to Sweden in 1996 are estimated to have amounted to approximately 110 million litres, equivalent to

VOLUME IN GROCERY RETAILING, NORWAY



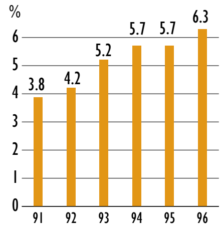
Source: DLF; 1986-95 and HSH; 1996

VOLUME IN GROCERY RETAILING, SWEDEN

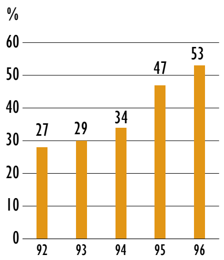


Source: Fri Köpenskap

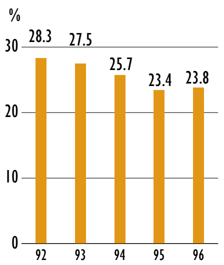
BRANDED CONSUMER GOODS' ADVERTISING EXPENSES IN % OF REVENUES



SALES OUTSIDE NORWAY



FIXED COSTS* IN % OF REVENUES



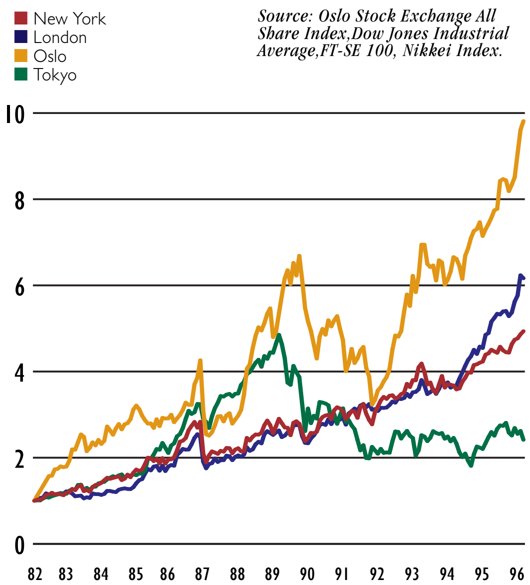
*All fixed costs excl. advertising, R&D and depreciation.

about 17 % of total Swedish beer consumption. In comparison with 1995, this represents a rise of approximately 20 million litres. From 1 January 1997, a new, lower beer duty was introduced in Sweden, but it still remains higher than the Danish beer duty. The reduction should have a favourable effect, but is unlikely to be sufficient to significantly reduce private imports.

For the Chemicals business, reduced growth in Western Europe has led to falling prices for specialty pulp. On average, prices in 1996 dropped by 11 %. Specialty chemicals achieved good volume growth, mainly ascribable to the building and construction sector, and increased sales in Asia. The vanillin business achieved positive volume growth, but increased supply led to falling prices.

The Nordic stock markets did considerably better than most of the world's stock exchanges in 1996. The strongest rise, 45.8 %, was in Finland. The Norwegian stock market, represented by the Oslo Stock Exchange All Share Index, rose by 32.1 % in 1996. The Norwegian market was characterised by falling interest rates, a rise in real incomes and strong oil prices. The rise in real incomes led to greater focus on shares oriented towards domestic consumption, while high oil and gas prices led to the continued strong performance of oil-related shares.

STOCKMARKET PERFORMANCE OSLO AND INTERNATIONALLY



INTERNATIONALISATION

One key element of Orkla's strategy has been to expand outside Norway. In 1996, Group operating revenues outside Norway accounted for 53 % of total revenues compared with 47 % in 1995. The rise can mainly be ascribed to the whole-year effects of the acquisition of the food companies Procordia Food and Abba Seafood. Operating revenues outside Norway have risen from 27 % to 53 % in the period 1992-1996.

A considerable proportion of the Group's expansion investments in 1996 (NOK 664 million) took place outside Norway. Of total investments in expansion, approximately half were in Eastern Europe, most of them relating to the acquisition of 51 % of the Polish newspaper Rzeczpospolita and BBH's acquisition of 50% of the breweries Yarpivo, Slavutich and Taopin. The Chemicals business has continued to expand in Asia in 1996 with the purchase of a small lignin factory in north-east China (60 %). The acquisition of Volvo's remaining interest in Pripps Ringnes will considerably strengthen the Group's position in the former Soviet Union.

RATIONALISATION

Competitiveness is dependent upon effectiveness in every link of the value chain. Orkla has therefore continuously focused on this area. Over time, the Group has pursued an extremely cautious price policy whereby price rises have been significantly lower than the general rate of inflation. A favourable development in profit margins is therefore dependent upon effective cost control. During the period 1991-1996, the operating margin for branded consumer goods rose by 0.9 percentage points to 7.5 %, in spite of the fact that advertising costs as a percentage of operating revenues rose from 3.8 % to 6.3 %. This can be explained by a significant decline in fixed costs. In 1992, Group fixed costs amounted to 28.3 % of operating revenues, while in 1996 they had been reduced to 23.8 %. In comparison with 1995, they rose by 0.4 percentage points, largely due to the whole-year effect of the Group's new food businesses, which involve somewhat higher fixed costs.

In Orkla Foods, several projects are in progress to improve productivity. With the acquisition of Procordia Food and Abba Seafood on 1 October 1995, the foundation was laid for improving the competitive position on Nordic markets. Efforts to integrate the new companies and realise the expected synergy gains have had high priority. The projects have separate project organisations which each have groups for purchasing, production, sales/marketing, R&D and administration. Each group has transferred the financial targets to concrete projects and established activity and progress plans, submitting status reports every four months. Implementation, tempo and necessary standardisation are critical factors for success. Orkla Foods' operating profit for 1996 increased by approximately NOK 70 million due to synergy gains. The most important contribution came from the acquisition and integration of BOB and Procordia Food. The savings achieved in 1996 were somewhat higher than expected at this stage of the process. The most significant gains are expected to be achieved in 1997 and 1998.

Orkla Media has been making efforts to realise synergy gains within its area of business for several years. This particularly applies to the printing structure for newspapers and magazines. It is important to develop a printing structure which fulfils the requirements for efficient operations, flexibility and competitive quality and at the same time secures full control of production. It is also important to be able to improve the utilisation of the considerable capital investments involved. A decision has therefore been made to coordinate the printing of newspapers on the western side of the Oslo Fjord by building a new printing plant, to be completed in 1998. During the ten-year period from 1988 to 1998, the number of printing plants in this region will have been reduced from six to one. The new plant will print nine newspapers in all, eight of which are owned by Orkla Media.

PERSONNEL AND ORGANISATION

At year-end, the Group had a total of 18,869 employees, 8,278 of whom were working outside Norway. With 100 % of Pripps Ringnes, the total number of employees will increase to 22, 682.

As an expertise-driven group, Orkla invests a great deal of time and resources in recruitment, training and human resource development. The Group continues to run its own trainee programme, technical training and further education in the fields of marketing and brand awareness. All education and training is linked as closely as possible to the individual employee's work situation.

While career planning and internal management transfers create major challenges for the Group, the geographical distribution of companies provides new career opportunities for employees.

As part of the effort to improve productivity, companies are undergoing a continuous process of change. New organisational structures and working methods and the use of information technology make considerable demands on employees' adaptability.

In close cooperation with employees' organisations, the Group has established systems for cooperation and representation for employees in Norway, Sweden and Denmark. The new election process was implemented in connection with the elections to the Board and Corporate Assembly in spring 1996. A European cooperation and information structure was established later in the year, which includes representatives of Group employees in non-Nordic European countries. Cooperation with employees through the established channels functions well.

The Board wishes to express its thanks for employees' efforts and its recognition of the results that have been achieved.

HEALTH, ENVIRONMENT AND SAFETY

Sick leave in the Group has risen. The increase from 1994 to 1995 continued in 1996. In recent years, short-term sick leave has remained relatively constant at about 2 %. The rise in total sick leave in Norway from 6.4 % to 6.7 % is therefore entirely due to long-term sick leave. This trend has led to increased focus on local health, environment and safety activities in Group companies. With the exception of a small rise in 1995, in recent years there has been a steady decline in the number of injuries per million working hours. This positive trend continued in 1996. From 1 January 1996, the health, environment and safety figures also include Orkla's foreign companies. We refer otherwise to the Environment Report.

ALLOCATION OF PROFIT FOR THE YEAR

In 1996, Orkla ASA recorded a profit for the year of NOK 1,276 million after group transfers received. The Board proposes the following allocation (NOK million):

Allocated to dividend	(330)
Allocated to legal reserve	(164)
Transferred from temporary restricted reserve	31
Allocated to free reserves	(813)
Total	(1,276)

PROSPECTS FOR 1997

The basic operating parameters for the Group's branded consumer goods business in the Nordic market are expected to remain virtually unchanged. In Sweden, the reduction in beer duty from 1 January 1997 is anticipated to have a favourable effect on the producton and sales of beer in Sweden. The trend in Norway is in the opposite direction. In order to maintain a competitive local brewery sector, it will be necessary for the Nordic countries to gradually adapt duties to the EU level.

Borregaard is experiencing satisfactory demand for specialty pulp. However, prices remain low. A weaker result is expected for the Fine Chemicals business in 1997.

Trends in the Norwegian economy, including an increasingly strong Norwegian krone, may have a negative effect on Norwegian manufacturers' competitiveness over time. The prospect of continuing low interest rates may nevertheless lead to a moderate rise on the stock market.

Oslo, 18. March 1997
The Board of Directors of Orkla ASA

Svein Ribe-Anderssen
Chairman

Jonny Bengtsson

Odd Gleditsch jr.

Truls Holthe

Roger Johansen

Harald Norvik

Björn Savén

Stein Stugu

Eva Bergquist
Observer

Kjell Kjønigsen
Observer

Jens P. Heyerdahl d.y.
Group Chief Executive

Profit and Loss Account

ORKLA GROUP

Amounts in NOK million	Note	**1996**	1995	1994
OPERATING REVENUES	1	**25,998**	21,977	21,144
Raw materials, goods in process and finished goods		**(11,500)**	(9,691)	(9,297)
Wages and other personnel costs	2	**(5,474)**	(4,650)	(4,474)
Other manufacturing, selling and administrative expenses	5	**(5,798)**	(4,882)	(4,749)
Ordinary depreciation	14	**(1,330)**	(1,097)	(1,133)
Other revenues and costs	12	**20**	127	82
OPERATING PROFIT		**1,916**	1,784	1,573
Profits from associated companies	13	**97**	76	62
Financial items, net	6	**(398)**	(451)	(520)
Portfolio gains		**816**	481	418
PROFIT BEFORE TAXES AND MINORITY INTERESTS		**2,431**	1,890	1,533
Taxes	7	**(641)**	(434)	(369)
Minority interests	24	**(38)**	(24)	(15)
PROFIT FOR THE YEAR		**1,752**	1,432	1,149
Earnings per share		**36.50**	29.80	24.00

Balance Sheet

ORKLA GROUP

Amounts in NOK million	Note	**1996**	1995	1994
ASSETS				
Cash and bank deposits	8	**1,063**	1,416	1,029
Portfolio investments etc.	4	**6,512**	5,866	5,531
Accounts and other short-term receivables	5	**3,400**	4,001	3,218
Inventories	9	**2,744**	2,938	2,081
Current assets		**13,719**	14,221	11,859
Interests in associated companies	13	**1,061**	1,212	958
Shares and investments in other companies	10	**91**	93	92
Other receivables	3	**637**	389	444
Goodwill	14	**3,704**	3,776	1,507
Fixed assets	14	**7,284**	7,005	6,668
Long-term assets		**12,777**	12,475	9,669
Total assets		**26,496**	26,696	21,528
LIABILITES AND EQUITY				
Short-term interest-bearing liabilities	16, 17	**726**	3,399	2,651
Short-term interest-free liabilities	11	**5,308**	5,440	4,568
Current liabilities		**6,034**	8,839	7,219
Long-term interest-bearing liabilities	16, 17	**9,344**	8,159	6,041
Long-term interest-free liabilities	18	**1,445**	1,371	826
Long-term liabilities		**10,789**	9,530	6,867
Minority interests	24	**183**	131	213
Share capital		**1,219**	1,219	1,219
Other equity		**8,271**	6,977	6,010
Equity	21	**9,490**	8,196	7,229
Liabilities and equity		**26,496**	26,696	21,528
Mortgages	22	**167**	239	350
Guarantees and other commitments	20, 22, 23	**830**	447	548

Cashflow Statement

ORKLA GROUP [1)]

Amounts in NOK million	Note	1996	1995	1994
Industrial activities (including Head Office):				
Operating profit		**1,851**	1,764	1,557
Ordinary depreciation and write-downs		**1,319**	1,276	1,123
Changes in net working capital		**420**	(572)	(245)
Cashflow from operations	page 32-33	**3,590**	2,468	2,435
Net replacements expenditure and environmental investments	page 32-33	**(967)**	(256)	(934)
Free cashflow from operations		**2,623**	2,212	1,501
Financial items, net		**(613)**	(437)	(390)
Free cashflow from Industrial activities (including Head Office)		**2,010**	1,775	1,111
Cashflow from Investment activities before net purchases/sales of shares and properties		**312**	(33)	(93)
Tax and dividends paid		**(762)**	(616)	(522)
Miscellaneous capital transactions, foreign exchange differences, etc.		**204**	(311)	187
Group's self-financing capacity		**1,764**	815	683
Expansion investments in industrial activities	page 32-33	**(664)**	(3,765)	(1,179)
Net purchase/sale of portfolio shares		**301**	321	(225)
Net purchase/sale of properties (Investment area)		**(37)**	40	182
Net cashflow		**1,364**	(2,589)	(539)
Change in gross interest-bearing debt		**(1,488)**	2,866	951
Change in liquid assets/interest-bearing receivables		**124**	(277)	(412)
Change in net interest-bearing debt		**(1,364)**	2,589	539
Net interest-bearing debt	17	**8,778**	10,142	7,553

1) Orkla has decided to keep its previous cashflow statement as the main presentation. However, the cashflow statement according to NASB is presented in note 15.

Cashflow from operations expresses the gross cashflow generated by the Industrial activitites (including Head Office), adjusted for changes in funds employed in providing working capital.

Free cashflow from operations represents the Industrial activitites (including Head Office) debt service capacity and the ability to expand when the current level of activity has been maintained through renewal and environmental investments.

Free cashflow from Industrial activitites (including Head Office) shows the Industrial activitites' ability to expand after financial items.

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

Net cashflow shows the Group's ability to repay debt/borrowing requirement after expansion investments and net purchase/sale of portfolio shares/properties.

The Group Accounts

The Orkla Group in its present form was established through mergers between Orkla Industrier A.S and Borregaard A.S in 1986 and between Orkla Borregaard and Nora Industrier A.S in 1991. The Group has concentrated its activities in three main areas: Branded Consumer Goods, Chemicals and Financial Investments. Since 1990 the Group has developed as follows:

1991. Orkla Beverages establishes operations in Poland in cooperation with The Coca-Cola Company. Purchase of Daishowa Chemicals (USA) makes Borregaard LignoTech the world's largest lignin producer. The Vanillin area is strengthened through cooperation with the Italian company EniChem through EuroVanillin (50-50). Orkla Media acquires Sunnmørsposten, Haugesunds Avis and Romsdals Budstikke.

1992. Purchase of 27 % in Frionor which sells fish and seafood in more than 30 countries. The interest has since been increased to more than 50 %. Through the purchase of Kemetyl Borregaard secures its position as the Nordic region's largest supplier of ethanol to the consumer and industrial sector. 49 % of the shares in Göteborgs Kex was acquired. Option to acquire the remaining 51 %. Orkla Media and Norske Egmont establish a joint company, Hjemmet Mortensen, for magazines.

1993. Orkla Foods purchases BOB Industrier, a leading Swedish supplier of jams, squashes, etc. The Chemicals area acquires Metsä-Serlas' lignin business in Finland. The acquisition expands the product range and provides increased access to the markets in Eastern Europe. New plant for the production of lignin completed in October. Orkla Media acquires a minority interest in Bergens Tidende and establishes at the same time strategic minority holdings in a total of 6 Polish newspapers. Orkla Media's shareholding in TVNorge sold.

1994. Orkla Brands acquires the remaining 51 % of Göteborgs Kex and Kantolan in Finland is acquired. Orkla Media purchases 91.5 % of the shares in Drammens Tidende & Buskerud Blad and acquires 87.5 % of shares in Varden and strengthens its position in Poland. The Chemicals area purchases the difenols business in Italy, the remainder of EuroVanillin, together with 55 % of Taicang (China). At the same time the Chemicals area continues its growth through further investments in a new fine chemicals plant in Norway while the polymer business is sold. The Group sells its holding in the Emo group.

1995. Orkla buys the food products companies Procordia Food and Abba Seafood from Volvo and establishes a joint venture with Volvo for their combined beverages businesses through Pripps Ringnes including 50 % of BBH. Pripps Ringnes buys a 20.5 % interest in the Finnish beverages company Hartwall. Media's investments in Poland are increased. Orkla sells its beverages investments in Poland. The Coca-Cola cold drink companies in Norway and Sweden are sold. In addition Norgro, Høvellast, Dacapo and Smaks Salater, together with 50 % of Helly-Hansen are sold.

1996. Orkla Media involvement in Poland is further increased through the purchase of 51 % of Rzeczpospolita, one of Poland's leading newspapers, and in addition the papers printing company Warsaw-Print (50.8 %). Orkla Foods sells Österberg and Löfquist in Sweden, Beauvais Catering in Denmark as well as Abba Tyskland and the production operations in Denmark. The Kalas brand was sold in December. The co-ordination projects are according to the plans. BBH increases activities in Russia and Ukraine. The Chemicals division and the Chinese Kaishantun establish a joint venture for production of lignin based products. It is decided that Frionor and Norway Seafood should merge, and the group's stake is transferred to Financial Investments. The sale of Hansa Bryggerier is agreed upon.

1996 IN PARTICULAR

The Group Accounts for 1996 have mainly been prepared based on the same principles and with the same classification of items as in previous years.

The Oslo Stock Exchange and The Norwegian accounting Standards Board have changed their recommendation regarding the presentation of interests held in jointly-controlled limited companies. The group's 50 % share of Hjemmet Mortensen is henceforth presented using the proportionate consolidation method. The comparative figures are changed accordingly. Pripps Ringnes is still presented using the proportionate consolidation method (see note 19).

The principles for the accounting of the groups' share of Jotun have been reconsidered. The reconsideration has meant that Jotun now will be treated in accordance with the equity method. The comparative figures have been adjusted similarly. For the presentation of Jotun this means that the "Result from associated companies" will be reduced by NOK 36 million in 1995 and NOK 41 million in 1994, as a contra entry to "Taxes". The corresponding figures for 1996 is NOK 30 million. The "Profit for the year" is unaffected.

GENERAL

The Group accounts show the consolidated result and financial position of the parent company Orkla ASA and its interests in other companies. Interests in **companies** where the Group holds **more than 50 % of** the capital and exerts a dominant influence are consolidated 100 % in accordance with the purchase method. The minority interests' share of profit after tax are presented separatly. Interest in jointly controlled limited companies are presented using the proportionate consolidation method. **Interests in associated companies** where the Group has a strategic interest and significant influence (20-50 %), are included based on the equity method. Assets defined as "Financial Investments" are valued at the cost method irrespective of the share of equity.

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

ACCOUNTING AND CONSOLIDATION PRINCIPLES

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

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

The remaining equity of the aquired company is presented as minority interests.

The Group's interests in jointly controlled companies are eliminated using the same principles as for subsidiaries. Orkla's share of each caption is included within the Group accounts (proportionate consolidation method, see note 19).

Investments in associated companies are valued in accordance with the equity method and the Group's share of the results after amortisation of goodwill is added to the cost of the investment. The treatment of goodwill in associated companies is based on the same principles as for subsidiaries, see note 13.

Foreign subsidiaries which are not an integrated part of the parent company are translated using the exchange rate at 31.12. for the balance sheet and average exchange rates over the year for the profit and loss account. Translation differences are charged directly against equity. Monetary items on the balance sheets of foreign subsidiaries which operate as an integrated part of the parent company are translated on the basis of the exchange rate on 31.12, while the exchange rate on the transaction date is used for non-monetary items. In the profit and loss account, depreciation and the cost of materials are translated using the historic rate while other items are translated using the average exchange rate for the year. Translation differences are recorded under the caption "Other financial items". In countries defined as hyperinflationary, the accounts have been inflation adjusted. Depreciation and the book value of operating assets are translated at the exchange rate in effect on the date of acquisition. The profit and loss account is translated using the average exchange rate for the year. Other balance sheet items are translated at the year-end exchange rate. Translation differences are recorded under the caption "Other financial items".

CLASSIFICATION, VALUATION AND ACCRUAL PRINCIPLES

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

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

Valuation of current assets is made at the lower of original cost and market value. Fixed assets are valued at original cost less accumulated ordinary depreciation. If the market value of a fixed asset has suffered a permanent diminution, it is written down.

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

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

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

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

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

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

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

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

Cashflow statement. Orkla has decided to continue using the previous format of the cashflow statement setup as the main presentation. The reason is that the new prelimenary standard from NASB does not have a corresponding section with an informative summary accounts of the operating units. Cashflow statement NASB, see note 15.

Notes

ORKLA GROUP

NOTE 1, Operating revenues

Amounts in NOK million	1996	1995	1994
Net sales in Norway	**11,682**	11,242	13,577
Net sales in Sweden	**6,887**	4,186	2,070
Net sales in Denmark	**1,474**	1,213	1,019
Net sales in Finland and Iceland	**560**	375	266
Net sales outside the Nordic region	**4,955**	4,587	3,780
Total net sales	**25,558**	21,603	20,712
Miscellaneous operating revenues	**440**	374	432
Operating revenues	**25,998**	21,977	21,144

Revenues on an operating unit level are presented at page 32-33, "Summary Accounts of the Operating Units".

NOTE 2, Wages and other personnel costs

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

Amounts in NOK million	1996	1995	1994
Wages and holiday pay	**(4,401)**	(3,833)	(3,786)
Other remuneration	**(22)**	(31)	(33)
Employment tax	**(873)**	(666)	(567)
Pension costs	**(178)**	(120)	(88)
Wages and other personnel costs	**(5,474)**	(4,650)	(4,474)

Pension matters

Most employees in the Group are members of the Group service pension schemes. As at 31.12. 1996, a total of 14,831 present employees were members of the service pension schemes. In addition the service pension schemes include 3,950 previous employees. The service pension schemes are defined as "net schemes" which do not bind the Group to liabilities arising from any changes in benefits from State's social security fund. The Norwegian pension plans are treated as defined benefit pension plans. Pension plans are in Sweden mainly treated as defined benefit pension plans, and in Denmark as defined contribution pension plans. Orkla's legal obligations are not influenced by the accounting treatment.

In addition, the Group has pension liabilities which are not managed by outside insurance company. These relate to early retirement pensions, discretionary pensions to early retired employees, pensions with a pension base higher than the Taxes Act maximum limit, pensions to previous board members and pensions to people who for various reasons have not been included in the service pension schemes which are to be paid by the Group. 4,409 people are covered by these schemes.

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

The pension charge for the year is calculated by an independent actuary based on information as at 1.1. 1996. It is adjusted for any subsequent material changes. Pension costs and liabilities in foreign countries are calculated by actuaries based on local accounting principles, and assumptions as at 1.1. 1996. Adjustments are made for material divergence from Norwegian general accepted accounting principles.

In 1996 mistakes were found in the actuary calculation from 1994 when the company implemented the new accounting standards. These computation errors are taken directly against equity (NOK 26 million) and against deferred tax allowances (NOK 10 million) in accordance with pronouncement from the Oslo Stock Exchange.

Assumptions:

	Norway
Discount rate	6 %
Future salary adjustment	3 %
Average remaining working life	15 år
Pension adjustment/G-adjustment	2 %
Voluntary resignation before/after 45 years	2 %/0 %
Return on pension funds	7 %
Estimated return 1996	10 %

Composition of net pension cost

Amounts in NOK million	1996	1995	1994
Present value of this year's pension benefits (including employment tax)	**(132)**	(104)	(97)
Interest cost on pension liability	**(157)**	(133)	(138)
Expected return on pension funds	**142**	130	153
Amortisation of deferred liability due to differences between plan/assumptions	**0**	0	0
Net pension cost benefit plans	**(147)**	(107)	(82)
Contribution plans	**(31)**	(13)	(6)
Net pension cost	**(178)**	(120)	(88)

Composition of net pension liability

Amounts in NOK million	31.12.96	31.12.95	31.12.94
Gross pension liability	**(2,711)**	(2,521)	(2,493)
Pension funds	**2,188**	2,032	2,222
Actual net pension liability	**(523)**	(489)	(271)
Unamortised differences from plan assumptions	**30**	34	134
Net pension liability	**(493)**	(455)	(137)
Capitalised net pension liability	**(662)**	(616)	(319)
Capitalised net pension assets	**169**	161	182

Composition of pension funds at

	31.12.96	31.12.95	31.12.94
Liquid assets	**2 %**	3 %	3 %
Money market investments	**3 %**	3 %	4 %
Bonds	**48 %**	48 %	47 %
Loans	**16 %**	16 %	17 %
Shares	**24 %**	23 %	21 %
Real estate	**7 %**	7 %	8 %
Total pension funds	**100 %**	100 %	100 %

Approximately 20 % of pension funds are managed by the company's own pension funds and 80 % by life insurance companies.

NOTE 3, Other receivables

Amounts in NOK million	1996	1995	1994
Loans to persons and companies covered by Section §§ 12-10 and 11-8, 16 of the Norwegian Companies act	**61**	65	73
Capitalised net pension assets	**169**	161	182
Deferred tax allowance	**79**	69	64
Other long-term receivables	**328**	94	125
Total	**637**	389	444

NOTE 4, Portfolio Investments, etc.

Financial Investments is one of the Group's three strategic business areas. The portfolio investments are managed as a portfolio. The portfolio represents financial investments in its entirety and such is separated from the Group's strategic industrial investments. The portfolio is characterised by a focus on large individual holdings and has historically had a long term nature. However, there are no directions regulating the Financial Investments group's timing of a sale of the shares in any given company.

Amounts in NOK million	Number of shares	Book value	Market value	Share owned %
Owned by Orkla ASA				
Norwegian listed shares				
Bank/Insurance				
Bolig & Næringsbanken	293,900	43	45	3.0
Den norske Bank	4,530,000	84	111	0.7
Storebrand	34,243,213	408	1,265	9.1
Industry				
Adresseavisen	325,931	72	119	17.1
Adelsten B	102,750	14	15	1.1
Aker A	161,200	23	23	0.3
Alcatel STK	255,762	33	118	3.0
Alvern Norway	559,843	22	46	9.6
Ark	1,222,000	24	55	9.9
Avantor	669,300	23	35	3.3
Bøhler-Gruppen	2,111,000	8	18	3.4
Dyno	4,623,262	518	750	18.1
Elkem A	12,497,867	483	1,322	25.4
Gyldendal	127,295	5	38	5.4
Hafslund A	6,039,155	174	284	6.4
Hafslund B	1,366,100	58	60	
Håg	507,700	28	100	15.9
Kverneland	821,983	74	144	9.2
Kværner A	2,510,878	427	775	5.8
Nera	951,750	150	260	7.2
Norsk Hydro	719,500	156	247	0.3
Norske Skog A	97,300	19	21	1.0
Norske Skog B	243,000	42	47	
NetCom	5,212,772	26	323	11.0
Nycomed A	3,411,055	350	337	3.3
Raufoss	775,172	68	91	10.3
R G I (Antilles) [2]	1,334,200	76	87	2.0
Rica Hotell	513,650	49	82	8.6
Saga A	533,064	56	57	0.4
Saga B	65,000	5	6	
Schibsted	3,062,231	248	358	4.4
Scana	1,456,614	62	70	7.0
Steen & Strøm Invest	1,547,600	17	139	9.7
Miscellaneous		20	26	
Shipping				
Awilco Shipping B	300,000	21	22	0.9
Bergesen A	1,889,392	242	291	3.4
Bergesen B	671,723	86	101	
Benor Tankers	1,497,900	49	62	7.1
First Olsen Tankers	421,200	19	24	2.1
Ganger Rolf	71,300	10	19	0.8
Leif Høegh	638,000	57	84	2.1
Nordic American Shipping	418,064	18	22	5.8
Miscellaneous		18	22	
Investment Funds				
Omega AMS	9,950	1	3	
Omega Investment Fund	1,951	39	99	
Total Norwegian listed shares		4,425	8,223	
Foreign listed share				
Nordic				
Astra A	135,000	36	43	
Bure	2,667,500	91	202	4.9
Cultor II	53,200	12	17	
Chips Pref. [1]	417,476	52	173	
Danisco	52,000	19	20	
Hartwall A	80,200	8	22	

1) In addition Orkla owns 187,500 voting shares in Chips OY. See note 10. Orkla's total holding is 19.6 %.
2) After conversion of convertible bond the holding in RGI will be 6.1 %.

Amounts in NOK million	Number of shares	Book value	Market value	Share owned %
Owned by Orkla ASA continuous				
Huhtamäki I	85.000	20	25	
KoneCranes	463.403	12	93	3.1
Kesko	294.000	29	26	
Kinnevik B	100.000	16	18	
Lindex	1.339.428	30	201	9.7
Nokia Ord.	85,000	22	31	
Sampo	30,000	15	15	
TV4 A	115,100	15	15	
Miscellaneous		112	134	
Other countries				
British Biotech	500,000	12	11	
Intel Corp	21,000	5	18	
Int. Biotech	1,000,000	11	11	
SITA Units	9,000	5	12	
Smithkline Beecham	125,000	10	11	
Uni Env. Fond	51,101	50	54	
Miscellaneous		126	163	
Total foreign listed shares		708	1,315	
Total listed shares		5,133	9,538	
Unlisted shares, options and other securities				
Addum B	150,000	15	15	
Berlingske Officin A	91,400	37	35	8.5
Berlingske Officin B	93,400	38	30	
Carl Aller	6,120	40	40	3.4
Chips Stamm [1]	52,245	11	22	
Dagbladet Pref.	71,677	23	32	14.4
Dagbladet A	101,466	37	46	
Eiendomsspar	212,222	34	38	2.4
Frionor	1,662,994	175	175	51.1
Helly-Hansen	211,750	58	125	50,0
Holberg Industries Ord.	520,750	33	33	30.0
Holberg Industries Pref.	71,944	52	52	40.0
Nebco Evans Holdings Comp		58	58	
Nordic American Tankers wts.	761,000	16	20	
Norway Seafoods	4,347,826	154	154	6.9
Rurik Fond	3,000,000	20	20	
Software Innovation	100,000	15	17	7.6
Scala	1,001,800	35	35	10.0
Telia Overseas	472,647	47	47	13.1
Miscellaneous		64	59	
Total unlisted shares, options and other sec.		962	1.053	
Limited partnerships				
Head Ins. Inv.		20	20	
Industri Kapital 1989 I II III		31	31	
Industri Kapital 1994 I II III IV		113	113	
European Acquisition Capital		31	31	
Miscellaneous		9	5	
Total limited partnership,. current assets		204	200	
Convertible bond				
I.M.Skaugen 94/01 konv. obl.		25	25	
RGI konv. obl. [2]		75	195	
Total convertible bonds owned by Orkla ASA		100	220	
Shares owned by Group companies				
Miscellaneous shares		32	32	
Total portfolio investments		6,431	11,043	

In addition Orkla owns shares with book value of NOK 81 million. This is due to Orkla's 45 % share of Pripps Ringnes' 100 % ownership in Hansa.

NOTE 5, Other manufacturing, selling and administrative expenses

Other manufacturing expenses

Amounts in NOK million	**1996**	1995	1994
Freight costs	**(924)**	(808)	(776)
Energy costs	**(483)**	(437)	(392)
Repair and maintenance costs	**(615)**	(526)	(442)
Advertising and research and development costs	**(1,405)**	(1,041)	(998)
Other	**(2,371)**	(2,070)	(2,141)
Total	**(5,798)**	(4,882)	(4,749)

Accounts receivables at 31.12. are shown less a reserve for bad debts. The reserve for bad debts is included in "other" above. The reserve has developed as follows:

Amounts in NOK million	**1996**	1995	1994
Bad debt reserve at 01.01.	**61**	76	82
Realised losses	**(24)**	(37)	(34)
Provison for bad debts	**22**	22	28
Bad debt reserve at 31.12.	**59**	61	76

NOTE 6, Financial items, net

Amounts in NOK million	**1996**	1995	1994
Dividends	**342**	203	134
Interest income	**179**	268	103
Interest expenses	**(885)**	(887)	(661)
Net foreign exchange gains/losses	**3**	(10)	(35)
Other financial items, net	**(37)**	(25)	(61)
Financial items, net	**(398)**	(451)	(520)

NOTE 7, Taxes

Amounts in NOK million	**1996**	1995	1994
Tax payable in Norway	**(425)**	(331)	(316)
Tax payable abroad	**(136)**	(87)	(51)
Total tax payable	**(561)**	(418)	(367)
Change in deferred tax Norway	**(20)**	(54)	3
Change in deferred tax abroad	**(60)**	38	(5)
Total change in deferred tax [1]	**(80)**	(16)	(2)
Total tax charge	**(641)**	(434)	(369)
Tax in % av "Profit before taxes and minorities"	**26.4**	23.0	24.1

1) See note 18.

NOTE 8, Cash and bank deposits

Amounts in NOK million	**1996**	1995	1994
Restricted deposits consolidated	**90**	140	199

NOTE 9, Inventories

Amounts in NOK million	**1996**	1995	1994
Raw materials	**1,104**	1,188	764
Goods in process	**172**	143	132
Finished goods and merchandises	**1,468**	1,607	1,185
Total	**2,744**	2,938	2,081

NOTE 10, Shares and investments in other companies [1]

Amounts in NOK million	Number of shares	Book value	Share owned %
Owned by Orkla ASA			
AB Chips OY [2]	187,500	60	10.0
Owned by Group companies			
Viking Askim SB	2,400,000	6	30.0
Solo [4]	1,136	1	56.8
Norsk Avfallshåndtering	3,330	3	2.5
Miscellaneous		16	
Total shares		86	
Miscellaneous interests in partnerships [3]		5	
Total Group		91	

1) In companies where the interest is larger than 20 %, an evaluation of the Group's influence and strategic intend has concluded that it would not be correct to present the interest as "associated companies".
2) Interest in voting share capital. In addition to the above item, the Investment area owns shares in AB Chips OY recorded as current assets. In total the company owns 13.9 % of the voting share capital and 19.6 % of the total share captial of AB Chips OY.
3) Of which owned by Orkla ASA: ANS Høgset (7.1 %) NOK 2 million.
4) Shares stated represent Pripps Ringnes' at a 100 % basis.

NOTE 11, Short-term interest-free liabilities

Amounts in NOK million	**1996**	1995	1994
Accounts payable	**1,402**	1,538	1,371
State duties, taxes, holiday pay etc.	**1,383**	1,423	1,233
Accrued unassessed taxes	**511**	403	350
Allocated to dividend	**339**	290	244
Other short-term liabilities	**1,673**	1,786	1,370
Total	**5,308**	5,440	4,568

NOTE 12, Other revenues and costs

Other revenues and costs represent items of a special character which are material for the Group. These include the result effect from the sale of industrial businesses and write-downs/provisions related to restructuring of existing operations. These have been split out and grouped on a separate line in order to provide better comparability on the other lines in the profit and loss account.

Amounts in NOK million	**1996**	1995	1994
Gains on sale fixed assets in Abba Tyskland	**20**	-	-
Gains on sale of Helly-Hansen, Norgro and Høvellast	**-**	114	-
Gains on sale of beverages activitites in Polen and the Coca-Cola cold drink companies in Sweden and Norway	**-**	255	-
Provision for possible new contractual structure with The Coca-Cola Company in Sweden	**-**	(80)	-
Gain on sale of the business related to salads and rice and loss on desposal of Gemüse Verarbeitungs Gesellschaft m.b.H.	**-**	(2)	-
Restructuring costs related to the business in Abba Seafood	**-**	(160)	-
Gains on disposal of the polymer business and the Emo-group	**-**	-	82
Total	**20**	127	82

NOTE 13, Interests in associated companies

Amounts in NOK million	Share owned %	Original costprice at 01.01.	Book value at 01.01.	Additions/ disposals during the year	**Share of profit**	Dividend received/ price adjustment	**Book value 31.12.96**	Deprecia-tion of goodwill in 1996	Book value of goodwill at 31.12.
Jotun A.S	41.6	145	504	-	**63**	(17)	**550**	(2)	34
Frionor A/S [1)]	50.9	160	175	(175)	**3**	(3)	**-**	(2)	-
Oy Hartwall Ab [2)]	20.5	134	143	23	**9**	(10)	**165**	(6)	73
Asker og Bærums Budstikke A.S	30.5	75	81	-	**6**	(5)	**82**	(2)	26
Bergens Tidende A.S	28.4	67	90	-	**8**	(1)	**97**	(1)	11
A/S Østlandets Blad [3)]	56.5	25	27	1	**2**	-	**30**	(1)	6
Norsk Telegrambyrå A.S	22.1	3	14	-	**2**	-	**16**	-	-
Media companies in Poland [4)]	-	61	59	(48)	**1**	-	**12**	-	4
K/S Swan Sea	35.0	18	13	-	**(6)**	-	**7**	-	-
K/S Knutsen Bøyelaster III	28.0	20	10	-	**(1)**	-	**9**	-	-
Norgesbuss Invest A.S	25.1	18	19	5	**3**	-	**27**	-	-
Orkla Exolon K/S	42.3	4	25	-	**4**	-	**29**	-	-
Oskar Sylte A.S [2)]	44.0	4	7	-	**3**	(1)	**9**	-	1
Borregaard Taicang Chemicals [4)]	55.0	28	28	(28)	**-**	-	**-**	-	-
Miscellaneous	-	17	17	14	**-**	(3)	**28**	(1)	9
Total		779	1,212	(208)	**97**	(40)	**1,061**	(15)	164

1) Frionor is transferred to "Financial Investments" (see note 4 and page 14 "1996").
2) The interest represents Pripps Ringnes' share on a 100 % basis.
3) Not consolidated due to voting right regulations that prevent decisive influence.
4) The Media Companies in Poland and Borregaard Taicang Chemicals are partly consolidated and partly proportionately consolidated from 1996. Hjemmet Mortensen is presented using the proportionate consolidation method. Regarding Hjemmet Mortensen, comparative amounts are changed.

NOTE 14, Fixed assets and goodwill, intangible assets, etc.

Fixed assets

Amounts in NOK million	Accumulated cost at 01.01.	Re-valuations at 01.01.	Written down at 01.01.	De-preciation at 01.01.	Book value at 01.01.	Addi-tions in 1996	Dis-posals in 1996	**Ordinary de-preciation and write-downs in 1996**	**Book value 31.12.96**
Machinery, vehicles	9,385	4	(6)	(5,779)	3,604	1,085	(161)	**(896)**	**3,632**
Buildings and plant	3,908	116	(121)	(1,533)	2,370	230	(19)	**(139)**	**2,442**
Commercial property	275	-	-	(52)	223	23	(45)	**(11)**	**190**
Other real estate	443	61	(8)	(34)	462	31	(28)	**(1)**	**464**
Total	14,011	181	(135)	(7,398)	6,659	1,369	(253)	**(1,047)**	**6,728**
Construction in progress	345	-	-	-	345	213	(4)	**-**	**554**
Prepaid costs relating to new con.	1	-	-	-	1	1	-	**-**	**2**
Total	14,357	181	(135)	(7,398)	7,005	1,583	(257)	**(1,047)**	**7,284**

Goodwill, intangible assets etc.

Amounts in NOK million	Accumulated costs at 01.01.	Written down at 01.01.	Depreciation at 01.01.	Book value at 01.01.	Additions in 1996	**Ordinary de-preciation and write-downs in 1996**	**Book value 31.12.96**
Orkla Foods	3,104	-	(267)	2,837	(90)	**(164)**	**2,583**
Orkla Beverages	32	-	(6)	26	-	**(10)**	**16**
Orkla Brands	655	(115)	(105)	435	(23)	**(30)**	**382**
Orkla Media	531	-	(151)	380	314	**(51)**	**643**
Chemicals	60	-	(50)	10	10	**(4)**	**16**
Others	122	-	(34)	88	-	**(24)**	**64**
Total	4,504	(115)	(613)	3,776	211	**(283)**	**3,704**

Investments in and disposals of fixed assets and goodwill

	Investments in:					Disposals at sales price:				
Amounts in NOK million	1992	1993	1994	1995	**1996**	1992	1993	1994	1995	**1996**
Goodwill, etc.	45	341	658	2,431	**211**	-	-	-	-	**109**
Machinery, vehicles	952	1,000	1,275	1,565	**1,085**	72	82	165	542	**163**
Ships	-	-	-	-	**-**	73	-	-	-	**-**
Buildings and plant	153	633	568	663	**230**	14	27	247	560	**52**
Commercial property	12	1	19	65	**23**	2	-	37	10	**53**
Other real estate	71	71	24	26	**31**	20	7	7	70	**39**
Construction in progress	170	98	(102)	7	**213**	-	-	-	-	**-**
Prepaid costs relating to new con.	-	8	(1)	(7)	**1**	-	-	-	-	**-**
Total	1,403	2,152	2,441	4,750	**1,794**	181	116	456	1,182	**416**

NOTE 15, Cashflow Statement prepared in accordance with The Norwegian Accounting Standard Boards (prelimenary accounting standard)

Amounts in NOK million	1996	1995
Cashflow NASB		
Profit before taxes	**2,431**	1,890
Taxes paid	**(448)**	(355)
Changes in working capital and other adjustments	**442**	(336)
Depreciation and write-downs	**1,330**	1,288
Reversal of gains and associated companies	**(983)**	(947)
Cashflow from operating activities	**2,772**	1,540
Investments in fixed assets	**(1,388)**	(1,309)
Other long-term investments	**(414)**	(3,438)
Sales of assets	**252**	241
Other sales	**116**	663
Net purchases/sales of portfolio shares	**301**	321
Cashflow from investing activities	**(1,133)**	(3,522)
Dividends paid	**(289)**	(243)
Increased long-term debt	**4,231**	6,352
Payment of long-term debt	**(3,194)**	(3,892)
Changes in short term financing	**(2,719)**	174
Cashflow for financing activities	**(1,971)**	2,391
Other changes	**(21)**	(66)
Change in funds available	**(353)**	343
Funds available 01.01.96	**1,416**	1,073
Funds available 31.12.96	**1,063**	1,416

See cashflow statement page 13 and general accounting principles.

NOTE 16, Loans

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

NOK million	Balance at 31.12.96	Maturity 1997[1]	1998	1999	2000	2001	After 2001
Bond issues [2]	5,798	400	-	31	500	187	4,680
Bank loans [3]	4,062	200	50	581	47	1,961	1,223
Mortgage institutions, insurance companies	83	10	6	7	7	7	46
Miscellaneous	127	116	2	2	3	2	2
Total interest-bearing debt	10,070	726	58	621	557	2,157	5,951
Short-term debt [1]	726						
Long-term debt	9,344						

1) Next year's loan installments included.
2) Bond issues are described separately in this note.
3) Includes bank overdraft.

The average time to maturity at 31.12. 1996 on the Group's interest-bearing debt was 5.3 years, compared to 3.4 years at 31.12. 1995.

At 31.12. 1996 Orkla had NOK 5 billion in unutilised drawing rights/facilities.

Orkla ASA has a group bank account system with Den norske Bank and Christiania Bank og Kreditkasse. The accounts of Orkla ASA are the only accounts directly settled with the banks and all subsidiaries' accounts are treated as intercompany receivables and payables. At 31.12. 1996 the aggregate deposits were NOK 130 million, while the total drawing rights amounted to NOK 450 million.

The company may not sell shares in the following companies without the consent of the lenders in the long-term international bank loans: Borregaard Industries Ltd, Lilleborg A.S, Orkla Foods A.S and Procordia Food Förvaltning AB.

Bond issues publicly quoted (Orkla ASA) at 31.12. 1996

(Amounts in million)

ISIN	Coupon	Term	Currency	Out-standing
NO 185855	10.00 %	1981/1999	NOK	31
NO 185861	9.40 %	1993/2000	NOK	500
NO 185862	7.75 %	1993/2003	NOK	500
NO 185863	6.10 %	1994/2002	NOK	500
NO 185865	6.40 %	1994/1997	NOK	400
NO 185866	8.00 %	1995/2002	NOK	650
NO 185867	7.40 %	1995/2005	NOK	1,000
NO 185868	7.05 %	1996/2003	NOK	1,000
SE 312050	9.00 %	1996/2004	SEK	400

The coupon does not reflect the Group's real interest costs, as there are various interest rate swaps (see note 17).

NOTE 17, Currency and interest rate management

The objectives of the Orkla Group's interest rate management is to follow the general trends in the market rates and to make dispositions to moderate the market fluctuations. The loan portfolio's fixed interest structure is shaped by the choice of the interest rate structure on the group's borrowings and by the use of interest rate derivatives.

Orkla seeks to limit the currency exposure arising from the group's operations and investments. Exposure related to balance sheet items and shares in operations abroad are hedged through continuos adjustments of the loan portfolio's currency composition. This is achieved partly through direct borrowing in foreign currencies and partly through financial derivatives to change the portfolio's real currency composition. Within a limited time period, exposure related to operations (expected cash flows) is hedged through foreign exchange contracts and options.

Loan portfolio's foreign exchange and interest fixing distribution,

(Including hedging transactions)

Amounts in NOK million

	Balance at	Next interest rate fixing					After
Currency	31.12.96	1997	1998	1999	2000	2001	2001
NOK	5,594	2,075	730	1,031	500	750	508
SEK	3,327	3,327	-	-	-	-	-
USD	353	63	-	-	290	-	-
Others	796	796	-	-	-	-	-
Total int.bear. debt	10,070	6,261	730	1,031	790	750	508
Liquid assets	(1,063)	(1,063)	-	-	-	-	-
Other int. bear. rec.	(229)	(229)	-	-	-	-	-
Net int. bear. debt	8,778	4,969	730	1.031	790	750	508

The average remaining interest period for Orkla's debt (including hedging transactions) was at 31.12. 1996 1.8 years, compared to 1.6 years at 31.12. 1995.

Outstanding interests swaps (net position)

Amounts in million

Currency	Amounts	Orkla receives	Orkla pays	Maturity
NOK	2,550	Floating NIBOR	Fixed 6.65 %	1997-01
NOK	3,150	Fixed 6.95 %	Floating NIBOR	2002-05
SEK	400	Floating STIBOR	Fixed 6.31 %	1997
SEK	900	Fixed 9.08 %	Floating STIBOR	2003-04
USD	45	Floating LIBOR	Fixed 6.43 %	2000

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

Outstanding interest and currency swaps (net position)

Orkla receives			Orkla pays			
Currency	Amount in million	Interest [1]	Currency	Amount in million	Interest [1]	Maturity
USD	30	Floating LIBOR	NOK	218	Fixed 6.82 %	1997
USD	150	Floating LIBOR	SEK	1,006	Floating STIBOR	1999

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

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

Oustanding forward foreign exchange contracts[1] related to Orkla's loan portfolio

Amounts in million

Purchase currency	Amount	Sale currency	Amount
USD	87	SEK	573
USD	58	NOK	376
SEK	17	DKK	15
NLG	8	NOK	30
NOK	64	SEK	53
NOK	77	DKK	70
NOK	99	FIM	71
NOK	107	DEM	26
NOK	102	GBP	10
NOK	25	CHF	5
NOK	127	ITL	30,294
NOK	12	FRF	10
NOK	6	ESP	126
MYR	5	NOK	13

Outstanding foreign exchange transactions related to hedging of operating exposure

Details below include forward foreign exchange contracts[1] and currency options[2]

Amounts in million

Purchase currency	Amount	Sale currency	Amount
NOK	47	USD	7
NOK	131	DEM	31
NOK	10	GBP	1
NOK	1	ATS	2
NOK	3	BEF	17
NOK	1	FRF	1
NOK	4	ESP	74
SEK	45	NOK	44
SEK	15	FRF	12
SEK	35	FIM	24
SEK	14	GBP	1
SEK	3	DKK	3
USD	5	SEK	31
USD	5	DKK	27
USD	1	ITL	1,238
FIM	4	USD	1
CHF	1	DEM	1
CHF	1	SEK	3
CHF	3	NOK	16
ITL	769	DEM	1
ITL	347	FRF	1
DKK	11	NOK	12
DKK	31	GBP	3
DEM	9	SEK	40
DEM	1	DKK	6
NLG	2	NOK	6
ECU	3	SEK	23
FRF	1	DKK	1
JPY	365	NOK	24

1) Forward foreign exchange contracts are agreements for the purchasing or selling of currencies, in specific future periods.
2) Currency options are agreements where the buyer of the option has a right to purchase or sell a specific currency at a specific price on a specific future date.

The volume of outstanding forward contracts and currency options related to hedging of operating exposure amounts to NOK 543 million as of 31.12. 1996, which is unchanged compared to 31.12. 1995.

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

Amounts in NOK million	1996	1995	1994
Pension obligations/liabilities [1]	**662**	616	319
Deferred tax	**709**	641	427
Other long-term debt	**74**	114	80
Total	**1,445**	1,371	826

1) Pension obligations/liabilities are classified as interest-free because interests are presented together with other pension costs under salaries.

Deferred tax

Shown below is a table listing timing differences between tax and accounting values. Deferred tax/tax allowances constitute the timing differences multiplied by the nominal tax rate. The table shows how the Group's deferred tax base is composed, in order to indicate when deferred taxes will fall due for payment. Net positive timing differences mean that the tax which relates to positive and negative timing differences which will fall due in the same time period is presented together. Negative differences which either relate to pensions or cannot be reversed in the same period are presented separately.

Amounts in NOK million	1996	1995	1994
Net positive timing differences:			
Short-term receivables	**(53)**	(58)	(51)
Shares	**(56)**	(177)	(299)
Inventories	**65**	87	67
Other short-term items	**(229)**	(89)	(3)
Total short-term items	**(273)**	(237)	(286)
Fixed assets	**2,308**	2,181	1,415
Net pension funds	**163**	154	171
Other long-term items	**262**	372	282
Total long-term items	**2,733**	2,707	1,868
Losses carried forward	**(50)**	(213)	-
Base for calculation of deferred tax	**2,410**	2,257	1,582
Deferred tax	**709**	641	427
Negative timing differences which can not be set off:			
Net pension liabilities	**195**	162	192
Other negative differences not set off	**92**	76	32
Base for calculation of deferred tax allowances	**287**	238	224
Deferred tax allowances	**79**	69	64
Net deferred tax	**630**	572	363
Change in deferred tax	**(58)**	(209)	58
Effect of accounting reform pensions	**(10)**	-	(109)
Purchase of new companies, conversion diff. etc.	**(12)**	193	49
Change in deferred tax profit and loss account	**(80)**	(16)	(2)

The table below shows the correlation between the Group's profit for accounting purposes and tax payable for the Group's Norwegian businesses. In Norway the tax rate is 28 %, but changes in temporary and permanent timing differences mean that the accounting profit will differ from the corresponding profit for tax purposes.

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

Amounts in NOK million	1996	1995	1994
Profit before taxes	**2,431**	1,890	1,533
Changes in timing differences	**(96)**	(199)	47
Group items and eliminations	**56**	133	108
Permanent differences, dividends, etc.	**16**	(51)	32
RISK-adjustment shares	**(58)**	(67)	(32)
Cost price adjustment shares	**(169)**	(220)	(186)
Losses carried forward	**(46)**	(33)	(51)
Foreign companies	**(265)**	52	(64)
Associated companies	**(97)**	(76)	(62)
Taxable income for Norwegian companies	**1,772**	1,429	1,325
Tax calculated on Norwegian activities (28 %)	**(496)**	(400)	(371)
Deductions for withhold. tax on foreign div.	**6**	3	3
Deductions for allowances on dividends	**65**	68	52
Shortfall in previous years' provision	**-**	(2)	-
Tax payable Norwegian businesses	**(425)**	(331)	(316)

NOTE 19, Jointly controlled limited companies

The Group's main jointly controlled limited companies comprise Pripps Ringnes (45 % financial interest), Hjemmet Mortensen (50 %) and Rzeczpospolita (51 %) and are included line by line in the financial statements. In a specification of the main captions, operating revenues, operating profit and total assets, the amounts will appear as the following:

Amounts in NOK million	1996	1995	1994
Operating revenues			
Pripps Ringnes [1]	**3,265**	3,072	-
Hjemmet Mortensen	**461**	448	446
Rzeczpospolita-group	**129**	-	-
Operating profit			
Pripps Ringnes [1]	**300**	230	-
Hjemmet Mortensen	**54**	39	32
Rzeczpospolita-group	**13**	-	-
Total Assets			
Pripps Ringnes [1]	**2,475**	2,661	-
Hjemmet Mortensen	**154**	156	126
Rzeczpospolita-group	**302**	-	-

1) In 1994 Ringnes was 100 % consolidated.

In 1996 Orkla owned 51 % in Pripps Ringnes (PR). The Group has after year-end acquired Volvo's 49 % ownership and convertible bond in PR. The above stated figures for 1995 and 1996 represent Orkla's 45 % financial interest in PR. As a result of the agreement with Volvo, PR will from 1997 be 100 % consolidated in the Orkla group. The purchase price, slightly more than NOK 4.0 billion will in the consolidated accounts give rise to interest effect for 1997 .

NOTE 20, Long-term cooperating agreements

Orkla has a cooperation agreement with Unilever relating to detergents and personal products. This agreement, which was originally signed in 1958, was renegotiated in February 1995. The renegotiated agreement maintains the cooperation based on the same main business principles as previously and runs until 2014.

Agreement with The Coca Cola Company

At November 30. 1995 The Coca Cola Company (TCCC) decided to terminate the agreement with Pripps Ringnes regarding licensed production and distribution of TCCC's products in the Swedish market.

At June 19. 1996 Pripps Ringnes and TCCC signed a letter of intent regarding an orderly winding-up of the co-operation in Norway and Sweden. The agreement implies a rented production of TCCC's products for a limited time period. According to the letter of intent, Pripps Ringnes should receive a financial compensation amounting to approximately SEK 1,1 billions. In addition to a lump sum, the remaining represented a compensation for the services Pripps Ringnes should offer during the winding-up period. The final agreement with TCCC was entered into January 28. 1997. The agreement is primarily based on the letter of intent, with the exception of some adjustments in the transition periods. TCCC will take over the responsibility of sale and distribution of TCCC's products in Sweden from April 1. 1997, but Pripps will continue the production until 31.12.1997. In Norway the co-operation relating to sale and distribution will continue until October 1. 1997, whilst Ringnes is responsible for production until September 1. 1998. TCCC has the option of extending the period to 31.12. 1998. The agreement's financial terms are essentially the same as in the letter of intent, with the exception of the effects of reduced production periods, especially in Sweden.

NOTE 21, Development in equity over the last 5 years

Amounts in NOK million	Share capital	Legal reserve	Temporary restricted reserve	Free reserve	Orkla ASA	Group reserve	Total
Equity at 1.1. 1992	1,108	676	166	1,658	3,608	2,168	5,776
Bonus issue 1:10	111	(111)	-	-	-	-	-
Profit for the year Orkla ASA	-	-	-	(817)	(817)	817	-
Group transfer received	-	-	-	713	713	(713)	-
Allocation to dividend	-	-	-	(178)	(178)	-	(178)
Allocation to legal reserve and free reserves	-	-	(34)	34	-	-	-
Group profit for the year	-	-	-	-	-	211	211
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	28	28
Equity at 31.12. 1992	1,219	565	132	1,410	3,326	2,511	5,837
Adjustment reserves at 01.01. and cash payment	-	(7)	7	(15)	(15)	-	(15)
Profit for the year Orkla ASA	-	-	-	8	8	(8)	-
Group transfer received	-	-	-	818	818	(818)	-
Allocation to dividend	-	-	-	(192)	(192)	-	(192)
Allocation to legal reserve and free reserves	-	15	(36)	21	-	-	-
Group profit for the year	-	-	-	-	-	984	984
Write-down own shares in Oktav Invest	-	-	-	-	-	(28)	(28)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	(13)	(13)
Equity at 31.12. 1993	1,219	573	103	2,050	3,945	2,628	6,573
Profit for the year Orkla ASA	-	-	-	198	198	(198)	-
Entries resulting from introduction of new pension standard	-	6	-	51	57	(57)	-
Group transfer received	-	-	-	711	711	(711)	-
Allocation to dividend	-	-	-	(236)	(236)	-	(236)
Allocation to legal reserve and free reserves	-	77	(36)	(41)	-	-	-
Group transfer received	-	-	-	-	-	1,149	1,149
Charge as a result of the introduction of new pension standard	-	-	-	-	-	(285)	(285)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	28	28
Equity at 31.12. 1994	1,219	656	67	2,733	4,675	2,554	7,229
Profit for the year Orkla ASA	-			2,217	2,217	(2,217)	-
Group transfer received	-			814	814	(814)	-
Allocation to dividend	-			(283)	(283)	-	(283)
Allocation to legal reserve and free reserves	-	318	(36)	(282)			
Group transfer received	-					1,432	1,432
Adjustment due to the merger between Pripps Ringnes	-					(182)	(182)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	0	0
Equity at 31.12. 1995	1,219	974	31	5,199	7,423	773	8,196
Profit for the year Orkla ASA	-	-	-	535	535	(535)	-
Group transfer received	-	-	-	741	741	(741)	-
Allocation to dividend	-	-	-	(330)	(330)	-	(330)
Allocation to legal reserve and free reserves	-	164	(31)	(133)	-	-	-
Group transfer received	-	-	-	-	-	1,752	1,752
Adjustment pension liability, see note 2	-	-	-	-	-	(26)	(26)
Conversion difference foreign subsidiaries etc.	-	-	-	-	-	(102)	(102)
Equity at 31.12. 1996	1,219	1,138	-	6,012	8,369	1,121	9,490

Share capital development

Amounts in NOK Date/year	Number of shares	Par value	Type of issue	Amount (mill.)	Ratio	Correction factor [1]	Issue price	Share capital (mill.)
31.12. 1987	7,216,997	100				5.32		721.7
1988	14,433,994	50	split		2:1	2.42		721.7
1988	15,558,110	50	bonus issue	56.2	1:10	2.42		777.9
1988	12,365,274	50	amortization	159.6		2.42		618.3
31.12. 1988	12,365,349	50	conversion			2.42		618.3
1989	13,275,874	50	internat. offering	45.5		2.42	365.00	663.8
31.12. 1989	13,339,097	50	conversion	3.2		2.42		667.0
1990	26,678,194	25	split		2:1	1.10		667.0
1990	29,346,582	25	bonus issue	66.7	1:10	1.10		733.7
1990	31,646,582	25	internat. offering	57.5		1.10	230.00	791,2
1990	31,886,582	25	merger	6.0		1.10		797.2
31.12. 1990	31,894,938	25	conversion	0.1		1.10		797.4
1991	44,314,828	25	merger	310.5		1.10		1,107.9
31.12. 1991	44,314,895	25	conversion			1.10		1,107.9
1992	48,746,384	25	bonus issue	110.8	1:10			1,218.7
31.12. 1992	48,746,384	25						1,218.7
31.12. 1993	48,747,241	25	conversion					1,218.7
31.12. 1994	48,747,241	25						1,218.7
31.12. 1995	48,747,241	25						1,218.7
31.12. 1996	48,747,241	25						1,218.7

1) The correction factor is multiplied by the number of old shares to make these figures comparable to the number of shares in 1996.

The Board is authorized until the Annual General Meeting in 1997 to issue up to 3.3 million new shares without preferential right for existing shareholders.

The Annual General Meeting of 10.5. 1994 decided to allocate options for 633,605 B-shares to all empolyees in the Norwegian Group companies. The options can be exercised in May 1997 at the earliest and have a subscription price of NOK 25.

Treasury shares and convertible bonds

Amounts in NOK 1,000	Par value	Number of shares	Book value
Shares owned by:			
A/S Drammen Kjexfabrik	4,018	160,708	-
Rederi-A/S Orkla	4,183	167,319	-
Chr. Salvesen & Chr. Thams's Comm. A/S	-	14	-
Oktav Invest A.S [2]	25,128	1,005,139	-
Total shares held in treasury	33,329	1,333,180	-
Convertible bonds owned by:			
A/S Drammen Kjexfabrik	30,097	2,149,785	132,423
Orkla ASA	413	29,500	4,463
Total convertible bonds held in treasury	30,510	2,179,285[1]	136,886
Total	63,839	3,512,465	136,886

1) Convertible bonds with a nominal value of NOK 30.5 million may be converted into shares at a rate of NOK 14.00 per share. The loan expires on 31.12. 1999.
2) Oktav Invest owned 1,256,424 shares in Orkla ASA and Orkla ASA ownes 80 % of Oktav Invest.

Members of the management within the Group have been allotted options equivalent to 258,900 shares. Average subscription price at 31.12. 1996 was NOK 241.77, corresponding to the shares' market price at issue date, adjusted for changes in the consumer price index.

NOTE 22, Mortgages and guarantees

Amounts in NOK million	1996	1995	1994
Liabilities secured by mortgages	**167**	239	350
Mortgaged assets:			
Machinery, vehicles, etc.	**668**	769	1.138
Buildings and plant	**567**	709	1.132
Other real estate	**58**	61	105
Construction in progress	**273**	82	66
Inventories, etc.	**67**	65	175
Total book value	**1,633**	1,686	2,616
Guarantees, etc.:			
Joint and several guarantees	**48**	48	50
Subscribed, uncalled limited partnership capital	**132**	210	248
Other guarantee liabilities [1]	**650**	189	250
Total guarantee liabilities	**830**	447	548

1) Includes guarantee limits for activities within Financial Services of NOK 170 million (NOK 141 million in 1995 and NOK 206 million in 1994).

NOTE 23, Other issues

Orkla Foods has an obligation to purchase further share in Dragsbæk Margarinefabrik A.S (50 %) and Margarinefabriken Blume IS (50 %). Orkla's existing holdings were acquired in 1989 for approximately NOK 45 million. The price for additional shares will be based on indexation of this amount, adjusted for the development in earnings during the three years prior to the obligations/ right being exercised. Final aquisiton must be finalized before 2006.

Included in other short-term receivables, is a claim, NOK 65 million, against an insurance company relating to a loss on a financial placing. The placing was undertaken by the manager of the German subsidiary Abba Seafood GMBH before Orkla purchased the company from Volvo in 1995. The insurance company has rejected the claim. However, the Group management, in consultation with outside legal counsel, considers the claim to be valid and will file a claim against the parties involved through the courts. The full amount of the claim has therefore been entered on the balance sheet.

NOTE 24, Minority interests

Amounts in NOK million	1996	1995	1994
Minority interests on:			
Depreciation	**25**	33	44
Operating profit	**53**	33	29
Profit before tax and minority interests	**54**	33	25
Taxes	**16**	9	10
Development in minority interests:			
Minority interests 01.01.	**131**	213	197
Minorities' share of 1996 profit	**38**	24	15
Increase due to establishment of new subsidiary companies	**51**	26	16
Decrease due to further acquisition of shares in subsidiary companies	**(24)**	(130)	(8)
Balance dividends to minorities, and share of profit as well as conversion differences	**(13)**	(2)	(7)
Minority interests at 31.12.	**183**	131	213
Minority interests relates to:			
Orkla Foods	**38**	52	88
Orkla Beverages	**87**	30	85
Orkla Brands	**4**	3	-
Orkla Media	**19**	15	23
Chemicals	**13**	13	8
Others	**22**	18	9
Total	**183**	131	213

Accounts for Orkla ASA

The accounts of the holding company Orkla ASA consist, in addition to all Head Office activity, of the Security division, the company Peter Möller and some real estate activitites which for business purposes are grouped under Orkla Eiendom.

The activity in the Head Office includes the Group's senior management and staff functions information, legal, corporate development, personnel and accounting/finance. The staff departments also carry out a number of assignments for the Group's other companies. The central finance department acts as a Group bank which is responsible for the Group's external financing, management of the Group's liquidity and overall management of the Group's foreign exchange and interest risks.

Operations at Head Office are financed through directly related costs being invoiced, while other costs are divided between companies within the Group. Any uncovered costs, uncovered net financial items and external dividends are mainly covered through dividends and group transfers from Group companies.

All holdings in subsidiaries are presented using the cost method.

The notes for the Group will in certain cases include Orkla ASA.

PROFIT AND LOSS ACCOUNT

Amounts in NOK million	Note	**1996**	1995
Operating reveneus		**208**	217
Raw materials, etc.		**(39)**	(56)
Wages and other personnel costs	1, 2	**(107)**	(89)
Other expenses		**(103)**	(103)
Depreciation	7	**(18)**	(18)
Operating profit		**(59)**	(49)
Dividends from subsidiaries		**-**	26
Dividends from others		**345**	206
Financial income, Group companies		**222**	251
Other financial income		**360**	2,385[1)]
Financial expenses, Group companies		**(43)**	(46)
Other financial expenses		**(1,031)**	(1,033)
Share of result, associated companies		**3**	5
Portfolio gains		**814**	481
Profit before tax		**611**	2,226
Taxes	4	**(76)**	(9)
Profit/loss for the year		**535**	2,217
Group transfers received		**741**	814
Allocated to dividends		**(330)**	(283)
Allocated to legal reserve		**(164)**	(318)
Transferred from temporary restriced reserve		**31**	36
Allocated to/transferred from free reserves		**(813)**	(2,466)

1) Included gain in parent company regarding Ringnes-transaction(NOK 1,981 million). The amount is eliminated in the Group's accounts.

CASHFLOW STATEMENT

Amounts in NOK million	**1996**	1995
Cashflow NASB (temporary)		
Profit before taxes	**611**	2,226
Taxes paid	**(10)**	(9)
Changes in working capital	**96**	(73)
Depreciation and write-downs	**18**	18
Reversal of gains and associated companies	**(820)**	(2,585)
Cashflow from operating activities	**(105)**	(423)
Investments in fixed assets	**(22)**	(57)
Other long-term investments	**(243)**	(3,531)
Sale of assets	**7**	12
Other sales	**-**	270
Net purchase/sale of portfolio shares	**253**	387
Cashflow from investing activitites	**(5)**	(2,919)
Dividends paid	**(283)**	(236)
Received payment of group transfer	**900**	783
Increased long-term debt	**4,231**	5,604
Payment of long-term debt	**(2,924)**	(3,892)
Other changes	**(1,859)**	1,149
Cashflow from financing actitivites	**65**	3,408
Other changes	**(81)**	(78)
Change in funds available	**(126)**	(12)
Funds available 1.1. 1996	**420**	432
Funds available 31.12. 1996	**294**	420

BALANCE SHEET

Assets

Amounts in NOK million	Note	1996	1995
Cash and bank deposits		**294**	420
Portfolio investments		**6,403**	5,679
Short-term receivables, Group companies		**994**	1,504
Short-term receivables, others		**65**	311
Inventories		**23**	19
Current assets		**7,779**	7,933
Shares in subsidiaries	3	**8,232**	7,989
Shares and investments in other companies		**91**	250
Loans to Group companies		**3,182**	2,860
Other long-term receivables	6	**80**	70
Fixed assets	7	**181**	181
Long-term assets		**11,766**	11,350
Total assets		**19,545**	19,283

Liabilities and equity

V.A.T., taxes etc.		**19**	19
Accrued unassessed taxes		**72**	6
Dividends payable		**330**	283
Short-term debt to Group companies		**1,069**	930
Other short-term debt		**688**	2,544
Current liabilities		**2,178**	3,782
Long-term debt to Group companies		**345**	336
Other long-term debt		**8,653**	7,742
Long-term liabilities		**8,998**	8,078
Share capital		**1,219**	1,219
Legal reserve		**1,138**	974
Temporary restricted reserve		**-**	31
Free reserve		**6,012**	5,199
Equity		**8,369**	7,423
Liabilities and equity		**19,545**	19,283
Mortgages	5	**8**	8
Guarantees and other commitments	5	**361**	268

Notes

ORKLA ASA

NOTE 1, Pension matters

Composition of net pension costs

Amounts in NOK million	1996	1995
Present value of the year's pension earnings (including employment tax)	(7)	(5)
Amortisation on deferred liabilities due to difference from plan/assumptions	0	0
Interest cost on pension liability	(11)	(11)
Expected return on pension funds	16	14
Net pension cost	(2)	(2)

Composition of net pension liability

	31.12.96	31.12.95
Gross pension liability	(189)	(179)
Pension funds	235	209
Actual net pension funds	46	30
Unamortised differences from plan assumptions	(1)	13
Capitalised net pension funds	45	43

Composition of pension funds at	31.12.96	31.12.95
Liquid assets	4 %	3 %
Money market investments	0 %	0 %
Bonds	55 %	50 %
Loans	1 %	1 %
Shares	40 %	46 %
Real estate	0 %	0 %
Total pension funds	100 %	100 %

NOTE 2, Remuneration and contractual arrangements

Remuneration to the Group Chief Executive amounted to NOK 1,896,778. Other taxable remuneration amounted to NOK 10,975. The Group Chief Executive received no internal director's fees.

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

Remuneration to the Board, Corporate Assembly and Auditor

Remuneration to the Board and Corporate Assembly amounted to NOK 976,250 and NOK 332,000. According to a separate agreement, the Chairman of the Board received an additional remuneration of NOK 220,000 as manager of "Orkla School for Business Relations". The Auditor's fees amounted to NOK 520,000.

NOTE 3, Shares in subsidiaries (directly owned)

Amounts in NOK million	Currency	Company's share capital	Book value	Owned by the Group %
Procordia Food Förvaltning AB	SEK	550	5,440	100.0
Orkla Foods A.S		436	493	100.0
Sætre AS		5	11	100.0
Nidar AS		110	110	100.0
Lilleborg A.S		18	87	100.0
Denofa A.S		10	118	100.0
Viking Fottøy A.S		25	27	100.0
Orkla Media A.S		487	503	100.0
Bakers AS		2	249	100.0
Borregaard Industries Limited				
Ordinary shares	GBP	20	271	100.0
Preference shares	GBP	1	43	99.9
Kemetyl AB	SEK	4	36	100.0
Borregaard NEA AS		5	101	100.0
Chr. Salvesen & Chr. Thams's Comm. A/S		4	23	100.0
Borregaard Skoger A.S		7	3	100.0
Orkla Finans A.S		19	21	94.7
Oktav Invest A.S		65	0	80.0
Viking Askim A.S		36	104	100.0
Rederi-A/S Orkla		-	-	100.0
The Borregaard Comp. Inc.	USD	-	-	100.0
Omega Consultants A.S		-	-	100.0
AB Orklaprodukter	SEK	-	-	100.0
A.S Drammen Kjexfabrik		-	12	100.0
Nora A.S		1	1	100.0
NINO A.S		21	24	100.0
Orkla Eiendom A.S		1	1	100.0
Kantolan OY	FIM	10	41	100.0
Swebiscuits AB	SEK	10	512	100.0
Scan-TV A.S		-	-	100.0
Peter Möller Omega-3 GmbH	DEM	-	-	100.0
Orkla Asia Pte Ltd	SGD	-	1	100.0
Total		-	8,232	-

Notes

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

Amounts in NOK million	**1996**	1995
Profit before tax	**611**	2,226
Timing differences:		
Realization of shares earlier written down	**(111)**	(95)
Change in other temporary timing differences	**8**	(35)
Total	**(103)**	(130)
Permanent differences:		
Non-deductible costs (permanent differences)	**1**	2
Allowance for share dividends	**-**	10
Cost price regulations on shares sold	**(169)**	(220)
RISK adjustments on shares sold	**(50)**	(57)
Parent company's profit on Ringnes transaction	**-**	(1,981)
Total	**(218)**	(2,246)
Taxable group contribution received	**182**	392
Total taxable income	**472**	242
Tax calculated (28 %)	**132**	68
Deduction for allowance on share dividends, and tax at source	**(61)**	(62)
Withholding tax foreign dividends	**5**	3
Excess provision previous years	**-**	-
Total tax payable	**76**	9

Deferred tax Orkla ASA

Orkla ASA has not recorded deferred tax in the accounts at 31.12. 1996. This is due to a tax allowance of NOK 9 million (NOK 37 million in the opening balance) being recorded at Group level in connection with the write-down of shares. This is not reflected in Orkla ASA in accordance with Norwegian GAAP (Global rule).

NOTE 5, Guarantees and mortgages

Mortgages and other guarantees

Amounts in NOK million	**1996**	1995
Book value of assets secured	**8**	9
Loans secured by mortgages	**8**	8
Guarantees for Group companies	**124**	124
Other guarantee liabilities	**176**	5
Joint and several guarantees	**2**	3
Subscribed, uncalled limited partnership capital	**59**	136

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

Other receivables include loans totalling NOK 24 million to persons and companies falling within § 12-10 of the Companies Act.

NOTE 7, Fixed assets

Amounts in NOK million	Accumulated cost at 01.01.96	Additions in 1996	Disposals in 1996	**Ordinary depreciation in 1996**	Accumulated depreciation and write-downs at 31.12.96	**Book value at 31.12.96**
Intangible assets	18	-	-	**(4)**	(10)	**8**
Machinery, vehicles	98	13	(5)	**(10)**	(59)	**47**
Buildings and plant	125	9	-	**(4)**	(44)	**90**
Other real estate	38	-	(2)	**-**	-	**36**
Total parent company	279	22	(7)	**(18)**	(113)	**181**

Investments in, and sales of, fixed assets

	Investments in:					Sales at sale prices:				
Amounts in NOK million	1992	1993	1994	1995	**1996**	1992	1993	1994	1995	**1996**
Intangible assets	-	-	-	18	**-**	-	-	-	-	**-**
Machinery, vehicles	4	5	11	14	**13**	5	1	1	2	**5**
Buildings and plant	1	1	20	14	**9**	83	-	-	7	**-**
Other real estate	-	-	3	11	**-**	8	-	2	3	**2**
Total	5	6	34	57	**22**	96	1	3	12	**7**

Audit Report to the Annual General Meeting of Orkla ASA

We have audited the annual accounts of Orkla ASA for 1996, showing profit of the year of NOK 535 million for the company and profit of the year of NOK 1,752 million for the Group. The annual accounts, which consist of the Board of Directors' report, statement of income, balance sheet, statement of cashflow, notes and the corresponding consolidated financial statement, are the responsibility of the Board of Directors and the Group Chief Executive.

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

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

The allocation of profit and equity transfers, as proposed by the Board of Directors, complies with the requirements of the Joint Stock Companies Act.

In our opinion, the annual accounts have been prepared in conformity with the Joint Stock Companies Act and present fairly the company's and the Group's financial position as of 31 December 1996 and the result of its operations for the fiscal year in accordance with generally accepted accounting principles.

Oslo, 18 March 1997

Arthur Andersen & Co.

Finn Berg Jacobsen
Sate Authorised Public Accountant (Norway)

Statement from the Corporate Assembly to The Annual General Meeting of Orkla ASA

The Corporate Assembly of Orkla ASA has received the Board of Directors' proposed Profit and Loss Account and Balance Sheet for 1996 for Orkla ASA and the Group and recommends that the Annual General Meeting adopts the accounts and the proposal of the Board of Directors for the allocation of profit for 1996.

Oslo, 20 March 1997

The Corporate Assembly of Orkla ASA

Øystein Eskeland
Chairman of the Corporate Assembly

Shares and Shareholders

SHAREHOLDER POLICY

Orkla's shareholders should over time receive a competitive return on their shares in the form of a combination of dividends and a rise in the share price. The Group's objective is that shareholders should have a steady, stable increase in dividends, provided that the underlying development of the business is satisfactory. Orkla pursues a conservative new issue policy in which the interests of existing shareholders are decisive. The last share issue took place in 1990. The Group's main profitability measure is the rate of return on capital employed.

INVESTOR RELATIONS

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

VOTING RIGHTS AND OWNERSHIP

Orkla has two classes of shares. The A-shares carry one vote per share, while the B-shares do not carry voting rights. The company has no limitations on ownership other than those imposed by Norwegian concession laws. Voting rights may be exercised at the earliest two weeks after the Norwegian Registry of Securities has been notified of the name of the shareholder. Under Norwegian law, votes may only be cast for shares that are registered in the owner's name. General meetings are convened on at least 12 days' notice. Notice of attendance must be given to Orkla no later than 3.00 p.m., on the third working day before the date of the General meeting.

Orkla's shares are listed on the Oslo Stock Exchange. Both classes of shares may be traded on SEAQ in London and through Orkla's Level-1 ADR programme in the USA. Close to 50 million shares were registered as traded in 1996, more than one time the number of shares outstanding. Orkla shares traded on the Oslo Stock Exchange amounted to NOK 8,185 million, equivalent to 3.5 % of the Exchange's total turnover. 30 % of the volume of trading in Orkla shares took place on SEAQ.

As of 31 December 1996 Orkla had 31,449 shareholders. International investors and analysts continued to show growing interest in Orkla shares in 1996. At year-end 47 % of the shares were owned by foreign investors, up from 37 % as of 1 January 1996. In the past few years, there has been a marked increase in the number of analysts who cover Orkla. Most of the broking houses in Oslo and London cover the company, and analyses are also published in Stockholm and Copenhagen.

The Annual General Meeting on 10 May 1994 resolved to give all employees in the Norwegian operations options to purchase 633,605 B-shares. The options may not be exercised until May 1997 at the earliest and have a subscription price of NOK 25.00. Employees in management positions at various levels in the Group have options to purchase 258,900 shares. The average redemption price of these shares as of 31 December 1996 was NOK 241.77, equivalent to the market price at the time of issue, adjusted for changes in the consumer price index.

The Board of Directors holds an authorisation, granted on 10 May 1995 and valid until the Annual General Meeting in 1997, to issue up to 3.3 million shares without preferential rights to existing shareholders. This authorisation was initially granted at an Extraordinary General Meeting on 2 September 1991 and has subsequently been renewed, but has not as yet been utilised.

DIVIDEND AND VALUATION

The Board proposes that a dividend of NOK 7.00 per share should be paid for 1996, an increase of 17 %. The dividend will be paid on 27 May 1997 to shareholders of record on the date of the Annual General Meeting.

Orkla's market value as of 31 December 1996 was NOK 20,737 million, equivalent to 5.3 % of the Oslo Stock Exchange's market capitalisation, which at year-end made Orkla the Oslo Stock Exchange's second largest company in terms of market capitalisation. During 1996 there was an average rise in the Orkla share price of 40 %, compared with a rise in the Oslo Stock Exchange All Share Index of 32.1 %. A dividend of NOK 6.00 per share was paid to shareholders in 1996.

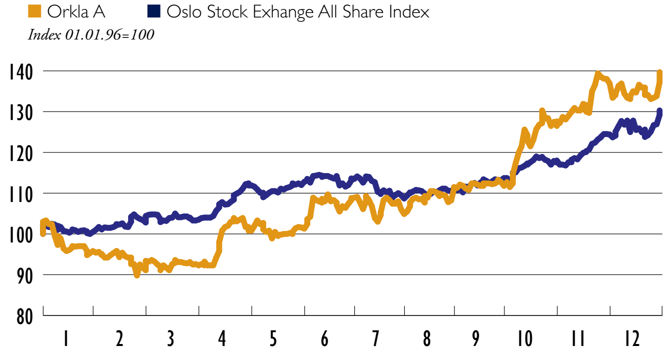
As of 31 December 1996 the share capital totalled NOK 1,218,681,025 divided into 48,747,241 shares of NOK 25.00. The average number of shares outstanding in 1996 and externally owned shares as of 31 December 1996, fully diluted, was 48,053,701.

SEAQ in London is a market-maker-based trading system for shares which are not listed in London. An ADR (American Depository Receipt) is a deposit arrangement in which a bank, with the necessary approval from the US authorities, own shares on behalf of US investors who themselves do not have access to or wish to own foreign shares directly. Investors receive instead an ADR as confirmation of the deposit.

SHARE PRICE 1996

NOK	Orkla A-shares	Orkla B-shares
High	452.00	410.00
Low	286.00	268.00
Close at 30.12.1996	445.00	405.00

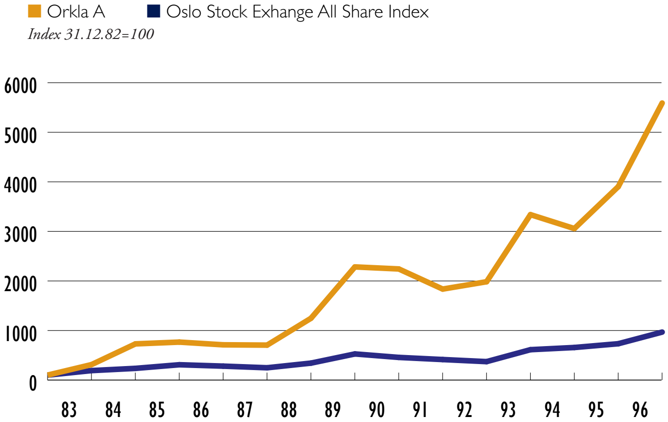
SHARE PRICE DEVELOPMENT 1996



SHARES BY SIZE OF SHAREHOLDING AT 31.12.1996

No. of shares	No. of shareholders	% of capital
1 - 100	21,554	1.3%
101 - 1,000	8,349	5.1%
1,001 - 10,000	1,255	6.8%
10,001 - 100,000	230	14.6%
100,001 - 500,000	47	19.8%
500,001 -	14	52.4%

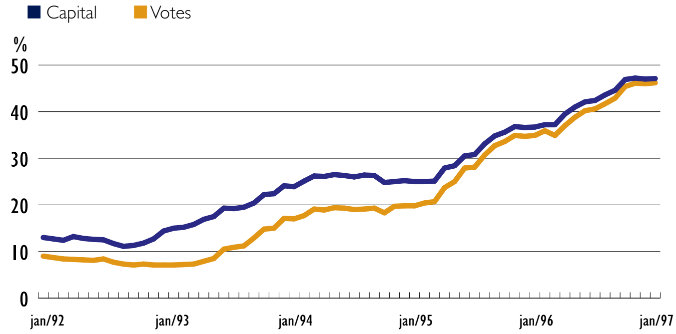
SHARE PRICE DEVELOPMENT 31.12.82-31.12.96



SHARES OUTSTANDING AT 31.12.1996

	A-shares	B-shares	Total
Issued shares	39,488,961	9,258,280	48,747,241
Treasury shares (see note 20)	(1,135,838)	(197,342)	(1,333,180)
Externally owned shares	38,353,123	9,060,938	47,414,061
Convertible bonds	1,986,655	198,665	2,185,320
Treasury convertible bonds (see note 20)	(1,981,168)	(198,117)	(2,179,285)
Employee share scheme options	-	633,605	633,605
Externally owned shares (fully diluted)	38,358,610	9,695,091	48,053,701

OWNERSHIP BY FOREIGN INVESTORS



THE TEN LARGEST SHAREHOLDERS AT 31.12.1996

Shareholders	A-shares	B-shares	Total shares	% of capital	% of votes
Chase Manhattan Bank	5,823,700	2,367,610	8,191,310	16.8%	14.7%
Folketrygdfondet	4,033,038	0	4,033,038	8.3%	10.2%
Storebrand*)	3,606,843	0	3,606,843	7.4%	9.1%
State Street Bank	2,166,370	363,261	2,529,631	5.2%	5.5%
Oktav Invest A.S**)	1,047,021	209,403	1,256,424	2.6%	2.7%
Morgan Guaranty Trust	914,288	149,285	1,063,573	2.2%	2.3%
Gjensidige*)	955,432	73,000	1,028,432	2.1%	2.4%
Boston Safe Deposit	919,519	63,119	982,638	2.0%	2.3%
Avanse Forvaltning A.S	860,470	60,000	920,470	1.9%	2.2%
The Northern Trust Co.	706,430	185,300	891,730	1.8%	1.8%
Total	21,033,111	3,470,978	24,504,089	50.3%	53.2%
Total all shares	39,488,961	9,258,280	48,747,241	100.0%	100.0%

**) A grouping of several legal entities with intercompany relationships*
***) 80% owned by Orkla ASA*

Summary Accounts for the Operating Units

	ORKLA FOODS			ORKLA BEVERAGES			ORKLA BRANDS			ORKLA MEDIA		
	1996	1995	1994	**1996**	1995	1994	**1996**	1995	1994	**1996**	1995	1994
PROFIT AND LOSS ACCOUNT (NOK million)												
Operating revenues	**10,527**	7,003	5,286	**3,265**	3,328	3,322	**4,213**	4,229	4,162	**2,220**	1,791	1,726
Cost of goods sold	**(5,656)**	(3,788)	(3,001)	**(1,019)**	(1,156)	(892)	**(1,849)**	(1,968)	(1,898)	**(511)**	(400)	(394)
Salaries and social expenses	**(1,895)**	(1,329)	(873)	**(875)**	(855)	(1,010)	**(802)**	(790)	(791)	**(812)**	(675)	(629)
Other operating expenses	**(1,874)**	(1,212)	(822)	**(853)**	(845)	(924)	**(967)**	(938)	(978)	**(574)**	(445)	(463)
Depreciation and write-off goodwill	**(164)**	(74)	(42)	**(10)**	(2)	(1)	**(30)**	(29)	(27)	**(51)**	(28)	(24)
Ordinary depreciation	**(330)**	(232)	(186)	**(208)**	(225)	(332)	**(134)**	(144)	(161)	**(97)**	(82)	(76)
Operating profit excl. Other revenues and costs	**608**	368	362	**300**	245	163	**431**	360	307	**175**	161	140
Other revenues and costs	**20**	(162)	0	**0**	175	0	**0**	0	0	**0**	0	0
Operating profit	**628**	206	362	**300**	420	163	**431**	360	307	**175**	161	140
Profit from associated companies	**4**	0	0	**12**	(1)	4	**63**	62	29	**15**	12	17
CAPITAL EMPLOYED AT 31.12. (NOK million)												
Net working capital	**1,090**	1,279	97	**(29)**	(13)	(67)	**167**	215	195	**(196)**	(164)	(222)
Associated companies	**4**	4	1	**177**	153	15	**550**	504	452	**248**	278	253
Goodwill	**2,583**	2,864	585	**16**	26	13	**382**	436	451	**643**	380	386
Fixed assets	**2,098**	2,189	1,202	**1,349**	1,348	1,899	**849**	833	794	**610**	550	541
Capital employed	**5,775**	6,336	1,885	**1,513**	1,514	1,860	**1,948**	1,988	1,892	**1,305**	1,044	958
KEY FIGURES												
International sales (NOK million)	**6,339**	3,002	1,525	**1,912**	1,954	318	**1,239**	1,353	1,284	**290**	0	0
Cashflow from operations (NOK million)	**1,283**	(214)	521	**637**	814	523	**617**	608	410	**352**	262	309
Net replacement expenditure (NOK million)	**(251)**	(190)	(212)	**(169)**	314	(297)	**(128)**	(144)	(115)	**(91)**	(65)	(69)
Expansion investments (NOK million)	**(24)**	(3,349)	(62)	**(91)**	(169)	(27)	**-**	(51)	(269)	**(340)**	(68)	(401)
Operating margin (%) 1)	**5.8**	5.3	6.8	**9.2**	7.4	4.9	**10.2**	8.5	7.4	**7.9**	9.0	8.1
Return on capital employed (%) 2)	**10.0**	11.7	19.2	**21.3**	14.8	8.8	**24.7**	20.7	18.1	**16.1**	16.8	18.8
Total man-years	**6,494**	4,378	3,234	**3,102**	3,886	3,792	**2,905**	3,024	3,104	**2,673**	1,672	1,656

	BRANDED CONSUMER GOODS			CHEMICALS		
	1996	1995	1994	**1996**	1995	1994
PROFIT AND LOSS ACCOUNT (NOK million)						
Operating revenues	**20,057**	16,202	14,288	**5,161**	5,033	4,323
Cost of goods sold	**(8,867)**	(7,162)	(5,978)	**(2,365)**	(2,203)	(1,881)
Salaries and social expenses	**(4,384)**	(3,649)	(3,305)	**(817)**	(794)	(692)
Other operating expenses	**(4,268)**	(3,441)	(3,183)	**(1,290)**	(1,252)	(1,131)
Depreciation and write-off goodwill	**(254)**	(133)	(94)	**(4)**	(11)	(8)
Ordinary depreciation	**(770)**	(683)	(756)	**(244)**	(230)	(198)
Operating profit excl. Other revenues and costs	**1,514**	1,134	972	**441**	543	413
Other revenues and costs	**20**	13	0	**0**	0	50
Operating profit	**1,534**	1,147	972	**441**	543	463
Profit from associated companies	**94**	73	50	**5**	5	5
CAPITAL EMPLOYED AT 31.12. (NOK million)						
Net working capital	**1,032**	1,318	3	**937**	938	681
Associated companies	**979**	938	721	**20**	39	35
Goodwill	**3,624**	3,706	1,436	**16**	10	25
Fixed assets	**4,906**	4,920	4,437	**1,984**	1,756	1,729
Capital employed	**10,541**	10,882	6,597	**2,957**	2,743	2,470
KEY FIGURES						
International sales (NOK million)	**9,780**	6,310	3,128	**3,833**	3,753	3,097
Cashflow from operations (NOK million)	**2,889**	1,469	1,763	**741**	546	481
Net replacement expenditure (NOK million)	**(639)**	(86)	(693)	**(271)**	(169)	(191)
Expansion investments (NOK million)	**(455)**	(3,637)	(759)	**(203)**	(87)	(390)
Operating margin (%) 1)	**7.5**	7.0	6.8	**8.5**	10.8	9.6
Return on capital employed (%) 2)	**15.0**	15.4	15.8	**15.4**	20.5	18.9
Total man-years	**15,174**	12,960	11,786	**2,547**	2,487	2,406

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

	1996	1995	1994
PROFIT AND LOSS ACCOUNT (NOK million)			
Operating revenues	**25,743**	21,819	20,998
Operating expenses	**(22,593)**	(19,097)	(18,400)
Depreciation and write-off goodwill	**(281)**	(155)	(110)
Ordinary depreciation	**(1,038)**	(930)	(1,013)
Other reveneus and costs	**20**	127	82
Operating profit	**1,851**	1,764	1,557
Profit from associated companies	**97**	76	62
Financial items	**(616)**	(448)	(436)
Profit before tax	**1,332**	1,392	1,183
KEY FIGURES			
International sales (NOK million)	**13,876**	10,361	7,135
Cashflow from operations (NOK million)	**3,590**	2,468	2,435
Net replacement expenditure (NOK million)	**(967)**	(256)	(934)
Expansion investments (NOK million)	**(664)**	(3,765)	(1,179)
Operating margin (%)	**7.2**	8.1	7.4
Return on capital employed (%)	**13.8**	16.6	17.3
Total man-years	**18,181**	15,833	16,196

	1996	1995	1994
BALANCE SHEET (NOK millon)			
ASSETS			
Current assets	**9,183**	10,890	9,198
Long-term assets	**12,636**	12,331	9,492
Total assets 3)	**21,819**	23,221	18,690
LIABILITES AND EQUITY			
Interest-free debt	**7,043**	7,071	5,638
Interest-bearing debt	**10,016**	11,472	8,674
Equity	**4,760**	4,678	4,378
Total liabilities and equity	**21,819**	23,221	18,690
Net interest-bearing debt	**6,591**	7,436	4,485
3) Of which lending to Financial Investments	**2,282**	2,699	3,083

1) Operating profit/Operating revenues.
2) (Operating profit excl. of other revenues and costs + Profit from associated companies)/Average capital employed.

FINANCIAL INVESTMENTS

	1996	1995	1994
PROFIT AND LOSS ACCOUNT (NOK million)			
Operating revenues	**266**	172	158
Operating expenses	**(190)**	(140)	(131)
Ordinary depreciation	**(11)**	(12)	(11)
Operating profit	**65**	20	16
Portfolio gains	**816**	481	418
Dividends received	**339**	200	130
Financial items	**(121)**	(203)	(214)
Profit before tax	**1,099**	498	350
SECURITIES PORTFOLIO (NOK million)			
Market value	**11,043**	8,761	8,194
Book value	**6,431**	5,742	5,531
Unrealised gains before tax	**4,612**	3,019	2,663
Net asset value 1)	**8,909**	6,125	5,252
Equity ratio, value adjusted (%)	**80.7**	69.9	64.1

1) Market value - debt.

	1996	1995	1994
BALANCE SHEET (NOK million)			
ASSETS			
Current assets	**6,795**	6,051	5,789
Long-term assets	**599**	518	521
Total assets	**7,394**	6,569	6,310
LIABILITIES AND EQUITY			
Interest-free debt	**204**	168	145
Interest-bearing debt	**2,277**	2,753	3,101
Equity	**4,913**	3,648	3,064
Total liabilities and equity	**7,394**	6,569	6,310
Net interest-bearing debt	**2,187**	2,706	3,068

Key Figures

	Notes		1996	1995	1994	1993	1992	1991
Turnover								
1. Operating revenues		(NOK million)	**25,998**	21,977	21,144	18,292	17,014	16,133
2. International sales		(%)	**53 %**	47 %	34 %	29 %	27 %	26 %
Profit/Turnover								
3. Operating profit		(NOK million)	**1,916**	1,784	1,573	1,296	1,198	870
4. Of this depreciation and write-off goodwill		(NOK million)	**(283)**	(176)	(111)	(66)	(67)	(93)
5. Net profit	1	(NOK million)	**1,752**	1,432	1,149	984	211	767
6. Self-financing capacity	2	(NOK million)	**1,764**	815	683	14	494	(144)
7. Net replacement expenditure	3	(NOK million)	**967**	256	934	1,124	823	856
8. Expansion investments	4	(NOK million)	**664**	3,765	1,179	941	802	380
Profitability								
9. Operating margin	5	(%)	**7.4**	8.1	7.4	7.1	7.0	5.4
10. Return on capital employed (Industry area)	6	(%)	**13.8**	16.6	17.3	17.8	17.7	12.3
11. Return on equity	7	(%)	**19.8**	18.6	17.0	15.9	3.5	14.0
Capital								
12. Market capitalisation	8	(NOK million)	**20,737**	14,818	11,727	13,358	7,912	7,262
13. Book value of total assets		(NOK million)	**26,496**	26,696	21,528	19,614	16,857	17,093
14. Book value of equity, incl. minority interests	9	(NOK million)	**9,673**	8,327	7,442	6,770	6,043	5,892
15. Equity ratio	10	(%)	**36.5**	31.2	34.6	34.5	35.8	34.5
16. Net interest-bearing debt	11	(NOK million)	**8,778**	10,142	7,553	7,014	5,177	5,485
17. Interest coverage ratio	12		**4.4**	4.1	3.7	3.2	1.5	2.2
Shares								
18. No. of shares outstanding (fully diluted) at 31.12.		(x 1,000)	**48,054**	48,054	48,054	47,420	47,420	47,450
19. Average no. of shares outstanding (fully diluted)		(x 1,000)	**48,054**	48,054	47,817	47,420	47,435	47,610
Share-related key figures								
20. Share price at 31.12. A-shares		(NOK)	**445**	315	250	280	167	155
Share price at 31.12. B-shares		(NOK)	**405**	302	240	278	165	145
21. Earnings per share	13	(NOK)	**36.50**	29.80	24.00	20.80	4.30	16.10
22. Dividend per share		(NOK)	**7.00**	6.00	5.00	4.10	3.75	3.41
23. Payout ratio	14	(%)	**19.2**	20.1	20.8	19.7	87.2	21.2
24. Price/earnings ratio	15		**12.2**	10.6	10.4	13.5	39.0	9.6
Personnel								
25. Total employees at 31.12.			**18,869**	18,353	16,873	15,081	14,679	14,505
26. Total man-years			**18,277**	15,920	16,281	14,532	13,606	13,473

1. Excluding other items in 1991.
2. From cashflow statement page 13.
3. Investments in industrial plants, machinery, etc. within existing axtivities - Book value of fixed assets sold.
4. Strategic investments to expand the Group's activities.
5. (Operating profit/Operating revenues) x 100
6. (Operating profit + Profit from associated companies)/(Average interest free current assets - Average interest free current liabilitites + Average long-term assets)
7. (Net profit/Average book equity) x 100
8. Market capitalisation is calculated on the basis of number of shares outstanding x average share price at year-end.
9. Book value of equity includes minority interests.
10. Book equity capital including min. interests/Total assets.
11. Total interest-bearing debt - Interest-bearing receivables and liquid assets (cash, bank deposits, etc.).
12. (Profit before tax - Other items + Net interest expenses)/Net interest expenses.
13. Profit for the year/Average no. of shares held externally.
14. (Dividend per share/Earnings per share) x 100
15. Relates to Orkla A-shares.

Asset Values

One possible model for valuing Orkla is to distinguish between industrial assets where the value is related to future earnings from continuing operations and negotiable assets with identifiable market values.

Set out below are details of the main data necessary for a valuation of Orkla's assets. On this basis, and on the basis of his own assumptions, the investor will be able to assess the value of the various assets in order to undertake a valuation of the Group.

FORESTS

The Group owns 110,000 hectares of forest, of which approximately 80,000 hectares is productive. Forests have a book value under fixed assets of NOK 116 million. The annual quantity harvested is approximately 112,000 sm3, which is sold at market price.

POWER

The Group's hydropower production in a normal year is 660 GWh, of which 655 GWh is derived from waterfalls not subject to reversion. Power is sold or set off internally at market prices, mainly on long-term contracts. The book value of assets related to the power business under fixed assets is NOK 126 million.

FINANCIAL INVESTMENTS

As of 31 December 1996, the Group's securities portfolio had a market value of NOK 11,043 million. The book value was NOK 6,431 million.

The Group owns an older office building of 2,500 m^2, a new office building of 8,000 m^2 and a site with capacity for a further 19,000 m^2 of office premises, of which a decision has been made to develop 4,000 m^2, at Skøyen in Oslo. The book value of Orkla's interest was NOK 86 million as of 31 December 1996.

As of 31 December 1996, the Financial Investments area had net interest-bearing debt of NOK 2,187 million and book equity of NOK 4,913 million.

INDUSTRY

Orkla owns a number of Norwegian and Nordic brand names which are important for the Group's future earnings. Since 1958 Orkla also has had long-term cooperation agreements with Unilever relating to detergents and personal products. Exicsting agreement runs until 2014.

Operating profit, cash flow and investments for the various business segments are shown in the tables on pages 32 and 33. As of 31 December 1996, the Industry area had net interest-bearing debt of 6,591 million.

TAX

The average tax rate for the Industry area is normally around 30 %. As a result of dividends received from the share portfolio, RISK adjustments of the cost price base and unutilised cost price adjustments related to the tax reform, the tax rate for the Financial Investments area is normally low. The Group's total tax charge for 1996 amounted to NOK 641 million, equivalent to 26.4 %, of profit before tax.

Adjusted profit, Industry	**1996**	1995	1994	1993
Operating profit, Industry	**1,851**	1,764	1,557	1,267
Adjustments for forests and power	**(46)**	(51)	(63)	(36)
Non-recurring items [1]	**(20)**	(127)	(82)	0
Adjusted operating profit	**1,785**	1,586	1,412	1,231
Profit from associated companies	**97**	76	62	166
Net financial expenses	**(616)**	(448)	(436)	(423)
Adjusted profit before tax	**1,266**	1,214	1,038	974

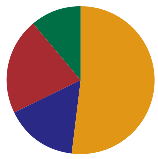
1) Other investments and costs

Branded Consumer Goods

Orkla's Branded Consumer Goods business comprises Orkla Foods, Orkla Beverages, Orkla Brands and Orkla Media. Orkla is the leading supplier of branded products to the grocery trade in the Nordic countries and holds no. 1 and no. 2 positions in several strategically important product areas. Long time experiences from the branded consumer goods area has given Orkla a thorough understanding of the consumers needs. On the background of these experiences the product range is continuously improved and renewed in order to give consumers added value. It is Orkla's ambition to ensure that the consumers consider Orkla to be genuinely concerned about their interests. Orkla wishes to continue to strengthen its position in the Nordic region. The Group also aims at further growth in Eastern Europe, particularly in the Baltic States, Poland and Western Russia. The market positions of the Branded Consumer Goods business will be maintained and reinforced by means of continuous focus on cost-cutting measures and increased investments in advertising and product development.

OPERATING REVENUES BY BUSINESS AREA

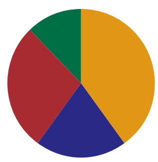
- Orkla Foods 52 %
- Orkla Beverages 16 %
- Orkla Brands 21 %
- Orkla Media 11 %



Total revenues NOK 20,057 million

OPERATING PROFIT BY BUSINESS AREA

- Orkla Foods 40 %
- Orkla Beverages 20 %
- Orkla Brands 28 %
- Orkla Media 12 %



Operating profit NOK 1,514 million. (excl. other revenues and costs)

RESULTS

In 1996, Orkla's Branded Consumer Goods business achieved operating revenues of NOK 20,057 million, equivalent to a rise of 3.1 % for continuing business. Operating profit before other revenues and costs totalled NOK 1,514 million. This represents an underlying operating profit growth of 25 %. The trend was particularly good for Orkla Foods and Orkla Brands.

In 1996, volumes in the grocery trade rose by 1.6 % in Norway, 2.2 % in Sweden, while the volumes in Denmark and Finland were on a par with 1995.

THE NORDIC GROCERY MARKET

The Nordic grocery market consists of a total population of 23.5 million. At the end of 1995, total Nordic grocery sales amounted to approximately NOK 360 billion of which Denmark accounted for NOK 91 billion, Norway NOK 78 billion, Sweden NOK 115 billion, and Finland NOK 75 billion.

The Nordic region is to an increasing extent regarded as a single market. Culture, lifestyles, attitudes and tastes in the various countries have many characteristics in common. International innovations and trends are often reflected in the Nordic markets at about the same time. The Nordic countries have high purchasing power and stable operating parameters. With the exception of Norway, all the countries are members of the European Union. Due to its membership of the EEA, however, Norway also has close trade policy ties with the EU.

COMMON CHARACTERISTICS OF THE NORDIC GROCERY TRADE

The Nordic countries have a strongly concentrated grocery trade, and the competition is strong. The three largest players on each national market account for between 68 % and 86 % of grocery sales. With few exceptions, these players have vertically integrated trading systems.

Retailers have also begun to organise their activities at the Nordic level. Swedish ICA owns shares in the Norwegian Hakon Group and is currently establishing a comprehensive network of ICA stores in Norway. Similarly, the Hakon Group has established RIMI stores in Sweden. The Norwegian Reitan Group has established REMA stores in Sweden and Denmark.

ICA, Finnish Kesko and the Hakon Group have together established the Viking Retail Alliance. The alliance has a Nordic market share of 29 % (1995) and a market share for Norway, Sweden and Finland of 39%. The Nordic cooperatives - NKL in Norway, FDB in Denmark, KF in Sweden and SOK in Finland - have a combined share of 28 % (1995 figures) of the Nordic market.

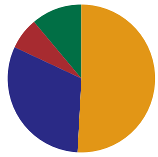
In the last five years, the number of retail outlets has declined in all the Nordic countries as a result of greater concentration in the grocery trade. Small to medium-sized supermarkets (100-400 m²) are the most common size for retail outlets in the Nordic countries.

COMPETITION

International brand names are widely represented in most product categories on the Nordic grocery market. In Sweden and Finland, EU membership has led to tougher competition from international players. In Norway, mechanisms to protect the agricultural sector limit competition. In the longer term, however, trade barriers between Norway and the EU are expected to be gradually reduced.

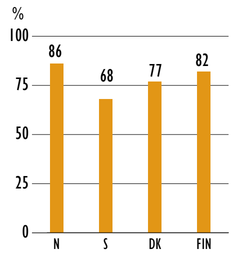
OPERATING REVENUES BY MARKET

Norway 51 %
Sweden 31 %
Denmark 7 %
Other 11 %

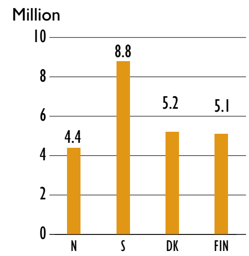


Total revenues NOK 20,057 million

THE THREE LARGEST RETAILERS' MARKETSHARE

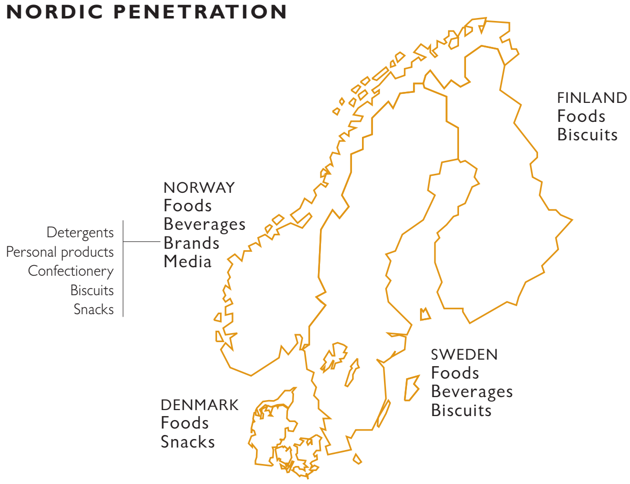


POPULATION IN THE NORDIC COUNTRIES

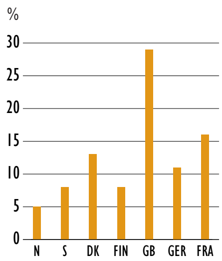


May Lisbeth Vesteng and Norbert Volkmer, bottling operators, Ringnes

NORDIC PENETRATION



TOTAL PRIVATE LABEL VALUE SHARES BY COUNTRY 1996



(Source Nielsen: "Total Private Label Value Share by Country 1995")

In spite of strong concentration in the retail trade, the occurrence of private labels are still far less widespread in the Nordic countries than in other countries in Western Europe.

It is expected that private labels will continue to increase their market shares. However, a development similar to the situation in Great Britain for example, where significant investments are made in private labels, will require considerable resources and long term planning on the part of the grocery trade. Private labels must achieve high volumes and satisfy customers' quality requirements in order to become a success for the chain concerned. In the Nordic region, strong concentration over several years and price pressure has left little room for price differentiation between branded products and private labels.

It should also be pointed out that there are certain differences between the various Nordic grocery markets. The mini price concept and "soft discounters", mini-price stores with a somewhat broader range of products and a high proportion of national brands, fresh products etc., is most widespread in Norway. It accounts for approximately 36 % of the grocery trade. Corresponding figures for Sweden are 10 % and for Denmark approximately 18 %. Mini-price stores are not particularly widespread in Finland. The European average is approximately 13 %.

ORKLA'S MARKET POSITIONS

Orkla is the leading supplier of grocery products to Nordic households and holds a number of first and second positions in important product groups. During the 1990s, Orkla has undertaken major acquisitions which will lead to further growth and an exchange of products between the Nordic countries. This expansion provides a solid base for the Group's Nordic branded consumer goods strategy.

Orkla's strong position on the Nordic market is important in the face of increasing Nordic concentration in the grocery sector and strong competition from large international suppliers. Orkla has a well-developed sales apparatus in all the Nordic countries. With its size, expertise and long experience, the Group is a professional partner who wishes to increase retailer efficiency by cooperating with the trade on time and cost-saving measures, campaign support, merchandising etc.

At the moment, Orkla's market positions are clearly strongest in Norway and Sweden. However, efforts are being made to strengthen the Group's position in Finland, Denmark and in selected markets in Eastern-Europe.

From left: Arvid Sydholen, salesman Personal Products, Yngve Kristiansen, product-group manager, Detergents and Fiona Strømstad, productmanager Sætre.

Laila Lindström, Line Operator, Procordia Foods

Products	N	S	DK	FIN
Orkla Foods				
Frozen Pizza	1	1	-	1
Ketchup	1	1	1	1
Dressings	1	1	-	2
Gherkins	1	1	1	1
Jam	1	1	1	-
Caviar	3	1	-	1
Marzipan	1	3	1	-
Orkla Beverages				
Beer	1	1	-	-
Carbonated soft drinks	1	1	-	-
Bottled water	1	1	-	-
Orkla Brands				
Detergents	1	-	-	-
Personal products	1	-	-	-
Biscuits	1	1	-	2
Confectionery	2	-	-	-
Snacks	2	-	1	-
Orkla Media				
Newspapers *)	1	-	-	-
Weekly magazines	1	-	-	-

*) All newspapers owned by Orkla Media have number one positions in their local markets.

ORKLA'S BRANDED CONSUMER GOODS STRATEGY

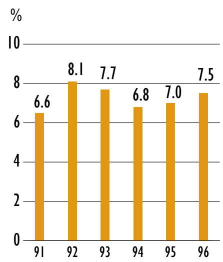
The most important element of the effort to further strengthen the Group's position in the branded consumer goods area is to focus on products which satisfy customer needs and at the same time have the branded product's ability to generate customer loyalty. Through a decrease in real prices and continuous product improvements, Orkla creates value for the consumers. With its expertise and experience at the Nordic level, Orkla is in a good position to develop products tailored for the Nordic consumer. This gives Orkla an important competitive advantage compared to international competitors.

Investments in advertising will increase in order to strengthen the position of priority branded products. Strong brands with high quality, effective marketing and a continued moderate price policy are Orkla's most important competitive parameters. Fierce competition and the demands of the retail trade necessitate a high degree of cost-awareness. Cost reductions will be achieved by realising synergy gains after the acquisitions and through ongoing rationalisation measures.

Orkla has now established Nordic organisations for product areas where this is appropriate. Orkla Foods considers to incorporate all its products into a new category model, a tool for organising, focusing and prioritising branded goods operations at the Nordic level. Pripps Ringnes has a Nordic organisation with a head office in Stockholm. With the exception of logistics and sales, all functions are managed from Stockholm. Orkla's existing brand names will be strengthened on their national domestic markets. If the market situation is appropriate, national brand names may also be launched on other Nordic markets. Two examples of the latter are the launches of Swedish Vichy Nouveau mineral water in Norway and Ringnes beer in Sweden. Another example is the BOB product RisiFrutti, which has now been launched in both Norway and Denmark. Pizza is launched in Norway, Sweden and Finland under brand names suited to the national market concerned.

Orkla's strategic plan for branded goods in the Nordic region was drawn up in 1991. Since then, the branded consumer goods business has been developed in accordance with this strategic plan. In February 1997, Orkla finalised the acquisition of all Volvo's food and beverages operations by taking over Volvo's 55 % financial interest in Pripps Ringnes. This has strengthened Orkla's branded consumer goods business and provided a solid base for operations on the Nordic market. The acquisition also provides a good foundation for further growth in the Baltic States and Russia.

DEVELOPMENT IN OPERATING MARGIN FOR THE BRANDED CONSUMER GOODS AREA



Orkla Foods

Stabburet
Abba
Felix
Sunda
Ekströms
Odense
Beauvais
Önos
Idun
Nora
Glyngøre
BOB
Fra Den
Gamle Fabrik
Regal

Orkla Foods is the leading supplier of industrial processed food to the grocery trade in the Nordic region. Brands like Abba, Felix, BOB, Ekströms and Kalles Caviar in Sweden, Beauvais and Odense in Denmark and Stabburet, Nora and Idun in Norway are some of the best known brands among the consumers in their countries. It is Orkla's ambition to ensure that the consumers consider Orkla to be genuinely concerned about their interests. Bakers, which is Norway's largest producer of bakery products, is also part of Orkla's food business.

Orkla Foods is a leading developer, marketer and producer of food products and concentrates on its own strong brands and concepts. The company intends to further develop the Nordic region as its domestic market and gradually expand into selected international markets.

In 1996, Orkla Foods sold a number of companies in order to concentrate its activities on fewer product areas. The trading company Österberg & Löfquist in Sweden, Beauvais Catering and three seafood factories in Denmark and a sales company and a factory in Germany was sold in 1996. Since the establishment of Orkla Foods in October 1995, companies with annual operating revenues totalling NOK 1,180 million and 770 employees have been divested.

After several years with reduced margins, the negative trend for Abba Seafood has been turned around. In 1997, the profitability of the remaining businesses will be further improved and the foundation will be laid for new growth.

RESULTS

Orkla Foods' operating revenues totalled NOK 10,527 million in 1996. For continuing business corrected for exchange rate fluctuations, revenues increased by 3.1 % in comparison with 1995. Operating profit amounted to NOK 608 million excluding sales gains of NOK 20 million. For continuing business, operating profit before goodwill depreciation increased by 32 % compared with 1995.

Procordia Food achieved higher profits in 1996. Increased sales in Denmark and Finland and a favourable cost trend contributed towards this success. The integration of BOB Industries with Procordia Food's Swedish operations have led to a manpower reduction of 110 persons. This project clearly had a positive impact on Procordia Food's profits in 1996.

Abba Seafood achieved significantly improved profits. The trend on the Swedish market had a particularly favourable effect.

Profits continued to rise in the Norwegian food business. Despite increasingly strong competition in the Norwegian grocery market, Stabburet strengthened or maintained its market positions in important product areas and undertook several new launches in the course of the year.

In 1996, a decision was made to invest just under NOK 200 million in a new pizza factory at Stranda. Construction is proceeding according to plan in terms of both progress and costs, and the factory is due to be completed at the beginning of 1998.

SYNERGIES

Orkla anticipated synergy gains of approximately NOK 300 million with the acquisition of Volvo's food operations and the merger between Pripps and Ringnes. The synergy gains will mainly benefit the food business. In 1996, synergies realised in Orkla Foods generated approximately NOK 70 million in increased profits. Although the bulk of the synergy effects will not be felt until 1997 and 1998, Orkla Foods' synergy project is ahead of schedule.

As expected, most of the synergies are in Procordia Food. In Sweden, jam production at Kumla was moved to Tollarp and juice production was moved from Tollarp to Kumla. Efforts are being made to further coordinate and specialise production. Savings are also achieved by coordinating purchasing of raw materials and packaging.

Synergy groups have been established in the fields of production and purchasing, product development, marketing/sales and administration. So far, a sound foundation has been laid for synergy gains in the years ahead.

PROCORDIA FOOD

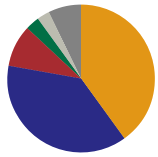
In 1996 Procordia Food achieved operating revenues of SEK 4,405 million. Adjusted for divested companies, and exchange rate fluctuations underlying growth was 3.0 %. The improved results can be ascribed to the successful integration of BOB Industries with Procordia Food's Swedish operations, improved sales in Denmark and Finland, and a favourable cost trend.

As a result of Sweden's membership of the EU, competition on the Swedish market has intensified. Prices of Swedish food products dropped by approximately 6 % in 1996, primarily due to VAT reductions on food from 1 January 1996. Volume growth on the Swedish grocery market was 2.2 % in 1996. Procordia Food has largely maintained its leading positions in Sweden. However, sales of frozen potato products declined as a result of several new foreign competitors entering the market.

Beauvais in Denmark achieved improved results in 1996 and strengthened all its market positions. In Finland, Felix Abba maintained and in some cases strengthened its positions. In Austria there are strong price pressures in all product areas. Felix Austria improved its market position for ketchup.

OPERATING REVENUES BY MARKET

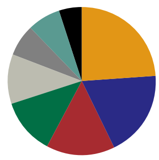
- Norway 39 %
- Sweden 38 %
- Denmark 9 %
- Finland 3 %
- Austria 3 %
- Other 8 %



Total revenues NOK 10,527 million

OPERATING REVENUES BY PRODUCT GROUP

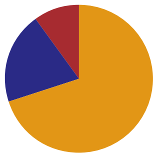
- Ready-made meals, pizza, and meat 24 %
- Fruit and berry products 19 %
- Seafood 15 %
- Ingredients to bakeries 12 %
- Potatoes and vegetables 11 %
- Dressing, ketchup and sauces 7 %
- Bread and bakery products 7 %
- Other5 %



Total revenues NOK 10,527 million

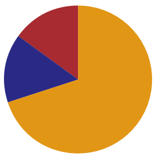
MARKET POSITIONS GROCERY MARKET SCANDINAVIA

- No. one 70 %
- No. two 20 %
- Other 10 %



REVENUES BY SEGMENT

- Retail 70 %
- Industry 15 %
- Catering sector 15 %



Total revenues NOK 10,527 million.

A number of new products were launched in Sweden in 1996. In Finland a new type of pizza was launched, in addition to ready-cooked meals and stir-fry dishes. In Austria, eleven varieties of frozen ready-made meals were launched under the label “East to West”.

STABBURET WHOLESALE PRODUCTS

Stabburet Wholesale Products achieved operating revenues of NOK 2,116 million in 1996. This represents an underlying growth of 1.2 % compared with 1995. Operating profit was satisfactory and showed an improvement compared with 1995.

Although competition intensified in 1996 with the introduction of an increasing number of private labels, Stabburet Wholesale Products maintained or increased its market positions for important product groups. Sales of Stabburet’s pizza, Idun ketchup, Idun dressing and Stabbur mackerel in tomato sauce were particularly encouraging.

The establishment of chains and purchasing cooperatives is also increasingly affecting the catering market. Most of Stabburet’s sales on this market were in the ready-made meals product group, which achieved higher volumes in 1996.

In 1996, Stabburet launched three main new products: Regal’s breakfast mix “Go’Dag”, ARION’s dinners and Stabburet’s “Middagsgryter”. These products were well received on the market. “Go’Dag” is already market leader on the cereals market.

In 1996 there was a marked rise in the price of Norwegian agriculture-based raw materials as a result of the termination of the VAT compensation scheme. The price increase was only partly passed on in Stabburet’s prices.

INDUSTRY

This business area consists of Regal Mølle, Idun Industri, Sunda, Odense Marcipan and the 50 %-owned Dragsbæk Group. Products are sold to bakeries, the ice cream industry and other food manufacturers and to the retail trade. The product range comprises flour, cereals, baking yeast, sweet spreads, marzipan, margarine and many other input factors for further industrial processing. Operating revenues totalled NOK 1,612 million in 1996. Adjusted for the sale of the Danish sandwich spread business, Dacapo, at the end of 1995, this represents an underlying growth of 4 %. Despite increased competition on the market and stronger chain structures, this business area achieved a satisfactory operating profit at the same level as 1995.

ABBA SEAFOOD

1996 was a year of major structural change for Abba Seafood. In the course of the year, the company sold a sales company and a production plant in Germany and three factories in Denmark, which produced mussels, mackerel and shrimp. Operating revenues totalled SEK 1,491 million. Adjusted for the divestiture and exchange rate fluctuations, this represents an underlying growth of 3.7 %, mainly due to increased sales on the Swedish market. Abba Seafood achieved improved profits in 1996, turning around a negative trend that had lasted for several years.

In spite of strong competition on the Swedish market, sales of Kalles caviar increased in 1996. Most of Abba Seafoods' other product groups strengthened or maintained their market positions.

A stronger Swedish krone reduced profitability for all Abba Seafoods' companies outside Sweden, since they mainly purchase finished products from the Kungshamn factory. The Danish business was particularly hard hit by higher purchasing costs. In 1996, Felix Abba in Finland took over the competitor, Åbo Fisk. The company is now market leader for herring in Finland.

Since three production plants were closed down in 1995, production volume at Abba Seafoods' factory in Kungshamn has risen by 50 %. In the longer term, Abba Seafoods will benefit from increased economies of scale at the production plant, at which the employment rate is now 600 man-years.

Abba Seafoods' management has initiated a comprehensive analysis designed to ensure that the profitability of the remaining operations is satisfactory. The company will also be focusing more on product development.

STABBURET FRESH MEAT PRODUCTS

Operating revenues for Stabburet Fresh Meat Products totalled NOK 632 million, which is the same level as the previous year. The company made good progress and achieved satisfactory operating profits. The rise in operating profits is due to a comprehensive improvement programme in all parts of the organisation which is focusing particularly on reducing costs.

Stabburet Fresh Meat Products strengthened or maintained its market shares in important product groups. The trend for sliced salami was particularly good.

BAKERS

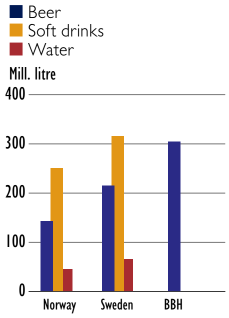
Operating revenues increased by 9.3 % to NOK 773 million in 1996. Of this, 7.5 % was due to volume growth and 2.0 % to price and product mix effects. Cost trends were negative as regards energy, distribution and maintenance. Despite these negative trends, good capacity utilisation led to satisfactory profits in 1996.

Orkla

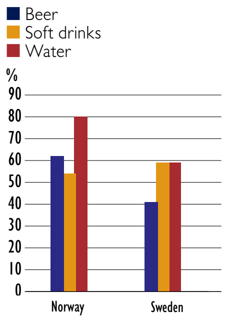
Beverages

Ringnes Pils
Pripps Blå
Three Towns
Ramlösa
Farris
Vichy Nouveau
Baltika
Saku
Pommac
Mozell
Lysholmer
Zingo

LITRES SOLD BY PRODUCT GROUP 1996



MARKETSHARE BY PRODUCT GROUP



In 1996, Orkla Beverages comprised a 45 % financial interest in Pripps Ringnes. In February 1997, Orkla and Volvo entered into an agreement concerning the purchase of Volvo's 55 % financial interest in Pripps Ringnes. Orkla is thereby the sole owner of the company.

Pripps Ringnes is the market leader for beer, carbonated soft drinks and mineral water in Sweden and Norway. The company also holds strong positions on the beer market in the Baltic States and the St. Petersburg region through Baltic Beverages Holding (BBH). BBH is a joint venture (50 %) with Finnish Oy Hartwall Ab. Pripps Ringnes owns 20.5 % of Oy Hartwall Ab, which is market leader on the Finnish beer, carbonated soft drinks and water market. In 1996, BBH expanded further through the acquisition of the breweries Slavutich (50 % share) in Ukraine, and Yarpivo (50 % share) and Taopin (50 % share) both in the Moscow region. All three breweries are market leaders in their respective regions.

On 28 January 1997 the final agreement was signed for the winding up of cooperation with The Coca-Cola Company (TCCC). In all essential details, the agreement is based on the letter of intent of 19 June 1996 with the exception of reduced transition periods, especially in Sweden. TCCC will take over responsibility for sales and distribution of its products in Sweden from 1 April 1997. 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. TCCC has the option of extending the production period until 31 December 1998. The agreement is not affecting the profits in 1996.

The condition for official approval of the merger between Pripps and Ringnes was that the owners divest the Hansa beer operation. On 30 December 1996, agreement was reached concerning the sale of assets in Hansa to a group of investors.

In 1996, Orkla Beverages' operating revenues totalled NOK 3,265 million, NOK 63 million lower than in the previous year. Operating profit rose by NOK 55 million to NOK 300 million. The 1995 figures include Orkla's beverage operations in Poland, where the operating loss was NOK - 29 million.

PRIPPS RINGNES

Pripps Ringnes' (100 %) operating revenues in 1996 totalled SEK 7,522 million compared with SEK 7,667 million in 1995. Operating profits for continuing business increased by 7 % to SEK 711 million. Operations in Eastern Europe achieved significantly improved profits in 1996. In the Nordic markets, profits remained at the same level as 1995. Total sales volume for Pripps Ringnes rose by 1.7 %

SWEDEN

Operating revenues for the Swedish operation (Pripps) amounted to SEK 3,778 million in 1996, 4 % lower than in 1995. Operating profits were somewhat lower than in 1995. A positive trend in raw materials prices and changes in the product mix were unable to fully compensate for a 5 % drop in volume. The decline in volume was primarily due to a colder summer and increased border trade in beer. Volume in the last four months was also negatively affected by the introduction of a new, lower beer tax, effective from 1 January 1997.

Sales of beer in Sweden dropped by 12 % in 1996. The entire shortfall can be attributed to increased private imports from Denmark. However, Pripps strengthened its market position in relation to other Swedish manufacturers and achieved a market share of 41 % (excluding private imports) in 1996. In the course of the year, Pripps Blå confirmed its position as the most sold beer in the country. Of the new launches in 1996, the introduction of Ringnes on the Swedish beer market was particularly successful. Saku Originaal, from the brewery in Estonia, was also launched on the Swedish market.

The total market for carbonated soft drinks and water declined by 1 %. Pripps' total market share for carbonated soft drinks was 59 %, which is somewhat lower than in 1995. However, Pripps' own brands of carbonated soft drinks, primarily Apotekarnes, Zingo, Pommac and Festis, strengthened their positions in relation to competitors. The market share for water was 59 % in 1996, on a par with 1995.

NORWAY

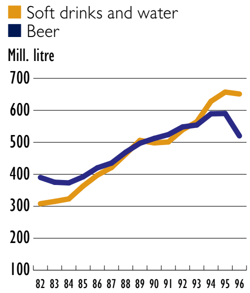
The Norwegian business (Ringnes) recorded operating revenues of NOK 3,029 million in 1996, 1.1 % lower than in 1995. The decline is primarily due to somewhat lower volume. The positive trend for the beer product mix was offset by a negative trend for the mix of carbonated soft drinks and water products. Total operating profit in 1996 was rather better than in 1995, although there was a setback in the last four months, due to lower volume, increased operating costs resulting from operational problems at the Gjelleråsen plant, and higher personnel costs. The increase in costs is assumed to be of a temporary nature.

The Norwegian beer market increased by 3.1 % in 1996. Ringnes' market share for beer was 62 %. Due to greater competition from private labels, this is rather lower than in the corresponding period of 1995. In 1996, Arendals beer made the greatest progress. Munkholm also achieved improved results and is now market leader in the non-alcoholic beer segment. In 1996 there was a further swing towards increased sales of products with higher margins.

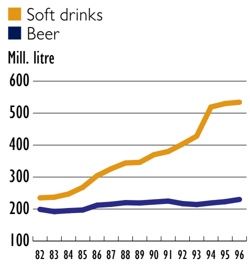
The market for carbonated soft drinks and water products increased by 0.7 % in 1996. For carbonated soft drinks market shares were 54 % and for water products 80 %. Ringnes' own brands have maintained their market positions. At the beginning of 1996, Vichy Nouveau was launched in three different flavours in Norway, and in the first year has already achieved a number two position on the Norwegian water market.

In 1996, costs relating to distribution and tapping at the Gjelleråsen plant have been reduced.

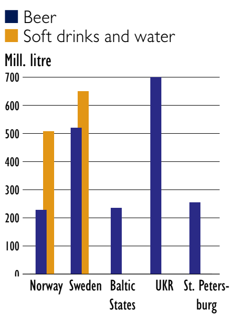
SWEDEN: THE DEVELOPMENT IN THE TOTAL MARKET
(sold volume in Sweden)



NORWAY: THE DEVELOPMENT IN THE TOTAL MARKET



BEVERAGE MARKET



The benefits of automating the high-stacked warehouse at Gjelleråsen have not yet been fully realised. Gjelleråsen has the potential for further improvement.

BALTIC BEVERAGES HOLDING

Operating revenues for Baltic Beverages Holding - BBH (50 %) increased by SEK 315 million to SEK 623 million in 1996, twice as high as in the previous year. Adjusted for acquired businesses, underlying growth was SEK 270 million. Operating profit in 1996 was considerably stronger, increasing by SEK 87 million to SEK 167 million. This improvement was primarily driven by strong volume growth and higher price levels. Stronger focus on brand building, the development of the sales and distribution function and raising product quality and production technology to international levels has made a positive contribution to volume growth. The acquisitions of Yarpivo, Slavutich and Taopin had only a marginal effect on the 1996 result.

Sales volume for Baltika, which is the largest brewery in BBH, continued to rise. In March, beer tax was reduced in Russia. This had a positive effect on the total beer market. Baltika's market share in the St. Petersburg region was approximately 70 % in 1996. The brand Baltika further strengthened its position in 1996.

In the course of the year, Aldaris strengthened its position in Latvia. Sales volume increased and Aldaris' market share is now approximately 60 %. Aldaris Zelta and Aldaris Luksus dominate the Latvian beer market.

The total beer market in Estonia declined somewhat in 1996. However, Saku's market share remains unchanged at 55 %. Exports of Saku's beer products to Sweden began in 1996. Saku Orginaal, Saku Pilsener and Saku Luksus are the dominant brands of beer in Estonia. Vichy Classic was introduced in Estonia in 1995 and is now the dominant brand on the water market.

Kalnapilis in Lithuania launched a new product portfolio in 1996, which has considerably increased sales volume. The company's market share rose to 21 % and Kalnapilis has confirmed its position as number two on the market. The premium beer Kalnapilis Dvaro was launched in Lithuania in 1996 and made excellent progress.

BBH's ambition is continuing growth in Russia and the surrounding countries through both organic growth and further acquisitions.

Orkla Brands

Omo
Zalo
Jif
Organics
Dove
Solidox
La Mote
Peter Möller
Stratos
Laban
KIMs
Ballerina
Bixit

Orkla Brands comprises Detergents, Personal Products, Chocolate/ Confectionery, Snacks, Biscuits, Cod Liver Oil and Household Textiles. The characteristic common to all the companies within Orkla Brands is that they develop, produce and market leading branded products.

With profit growth of almost 20 %, 1996 may be regarded as a good year for Orkla Brands. At the same time, the basis for future profit growth has been strengthened by means of concerted effort in all parts of the business. This will help to realise Orkla Brands' overall priorities:

- strengthen the branded products
- develop a good relationship with the partners in the retail trade
- provide value for the consumers

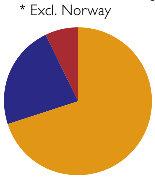
In 1996 Orkla Brands strengthened its branded products by increased investments in advertising (+12 %), increased focus on product development and improved positioning. Human resource development measures in 1996 have prioritised efforts to improve understanding of customer behaviour on the basis of market research.

Orkla Brands focuses strongly on developing a good relationship with its partners in the retail trade, measuring results through customer satisfaction surveys, which provide valuable indicators for improvements. Surveys carried out in 1996 showed that Orkla Brands has made progress in its efforts to be the preferred supplier. Delivery service was satisfactory in 1996. By generating growth in product categories where Orkla Brands holds a dominant position and focusing more strongly on activities in retail outlets and cooperative projects, Orkla Brands has succeeded in making a constructive contribution towards increased profitability for the retail trade.

Orkla Brands wishes to provide value for consumers through genuine price reductions and continuous product improvements. In 1996, increased productivity in the factories and reduced cost for

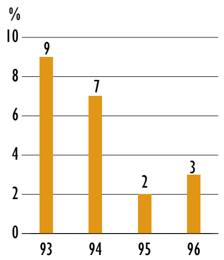
OPERATING REVENUES BY MARKET

Norway 70 %
Nordic region* 23 %
Outside Nordic region 7 %
* Excl. Norway

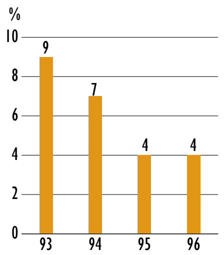


Total revenues NOK 4,213 million

MARKET GROWTH
DETERGENTS (VALUE)



MARKET GROWTH
PERSONAL PRODUCTS
(VALUE)



the administrative support functions led to a fall in real prices. Furthermore, many products were re-launched with improved flavour, formula or packaging. The ambition is to ensure that consumers regard Orkla Brands as being genuinely concerned to safeguard their interests.

RESULTS

Orkla Brands' operating revenues in 1996 totalled NOK 4,213 million. However, for continuing business adjusted for exchange rate fluctuations, operating revenues increased by 4.3 %. Improved sales were the result of hard work on the part of the sales apparatus, increased investments in advertising and a series of successful product launches. Increased exports of detergents and personal hygiene products and progress for household textiles in Sweden also contributed towards growth in 1996. Total market shares were stable.

The operating profit of NOK 431 million in 1996 was NOK 71 million (20 %) higher than in 1995. All business areas achieved profits higher than or equal to 1995. The rise in profits was due to a rise in operating revenues from continuing business and a satisfactory cost trend.

DETERGENTS

In terms of value, the Norwegian market for household detergents increased by 3 % in 1996, compared with 2 % in 1995. Market growth in the last two years is therefore back to a more normal level after the changeover to concentrated products led to higher growth in the preceding years.

Lilleborg's market shares have increased, and the division achieved higher operating profits than in 1995. With environmental considerations as an important starting point, another series of improvements in formulas and packaging was carried out in 1996. The new factory will be completed in summer 1997 and will ensure competitive production and provide a stronger platform for increasing exports. The old factory was sold in January 1997.

Industrial detergents achieved good sales growth in 1996 and market shares rose. Diversey's Norwegian operations were taken over as of 1 August. The integration of the business was completed by the end of the year.

PERSONAL PRODUCTS

The total market for Personal Products in Norway increased in value by 4 % in 1996. The division achieved a 7 % growth in total operating revenues, with stronger growth on the export market than on the domestic market. Since all the major multinationals are represented in Norway, competition is extremely tough. Nevertheless, the division's market shares have increased in important segments such as personal washing products and deodorants. Operating profits in 1996 were higher than in 1995. From the end of 1996 Personal Products took over the shampoo and conditioner brand Finesse. This acquisition will strengthen Lilleborg's position on the hair care market.

Thanks to comprehensive rationalisation and a strong increase in exports, productivity at the Kristiansund factory has risen and competitiveness has further improved.

CHOCOLATE/CONFECTIONERY

The total market for chocolate and confectionery in Norway increased in value by 2 % in 1996. Nidar's market share was stable. A great deal of work has been done in 1996 to improve Nidar's brand positioning and advertising. This has led to rising sales for Stratos, Troika, Sfinx and Laban. However,

due to the intentional phasing out of varieties and brands that were not sufficiently profitable, there was only a modest rise in operating revenues. For this reason, and due to a considerable rise in advertising investments, the results for continuing business were at the same level as last year.

The confectionery manufacturer Needlers in England was sold at the end of 1995 and the Wiversales company in Holland/Belgium was sold in May, but this has no effect on the 1996 results.

SNACKS

In terms of value, growth on the Norwegian snacks market was 2-3 % in 1996, while growth in Denmark was 8-9 %. Our market share in Norway is relatively stable. In Denmark, the acquisition of Party Food in August 1995 improved our market position, but the Kims brand also did well in 1996. The good sales trend in Denmark and efficiency gains from combining all production at one plant in Norway led to increased profits.

BISCUITS

In terms of value, growth on the Norwegian biscuit market was 5 % in 1996. Sætre's market share increased. Thanks to several successful launches, the sweet biscuits and cheese biscuits segments made the most progress.

In Sweden there was a 3 % rise in value. The market share for Göteborgs Kex remained unchanged from 1995. It has been decided that SEK 50 million will be invested in a new production line for Göteborgs Kex. Due to this and other rationalisation measures, manpower will be reduced by 60 man-years in 1997.

In Finland, Kantolan was unsuccessful in its objective of increasing its market share. The company has therefore been reorganised and the sales apparatus has been integrated with the food company Felix Abba.

Excluding non-recurring costs relating to the reorganisation in Finland and the personnel cutbacks in Sweden, which have been recorded as an operating loss, profits for the biscuit business were on a par with 1995.

HOUSEHOLD TEXTILES

La Mote's market share in Norway increased in 1996. As dominant category supplier the main objective for the company is to generate growth in the total market by means of a good distribution system, frequent product launches and brand building. La Mote has been successful in this respect in 1996. The Swedish campaign proceeded as planned and the market share increased considerably. Operating profits for this division were at the same level as in 1995.

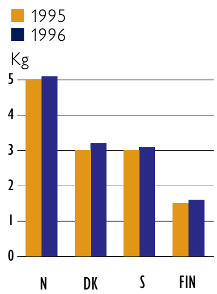
COD LIVER OIL

The total market for cod liver oil and fish oil products increased by 6 %. Total market growth was somewhat lower than in previous years, mainly because there were fewer new products on the market. The market share was on a par with 1995. Exports to Finland and Denmark were somewhat lower due to a drop in total markets. Exports to the Baltic States are rising fast. Peter Møller's operating profits were higher than in 1995.

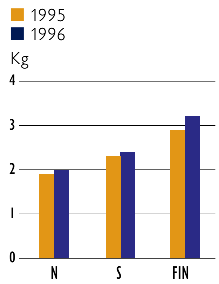
JOTUN

Jotun (associated company – 41.6 %) achieved higher sales than in 1995. In combination with relatively favourable raw materials prices and the initiation of a series of rationalisation measures, this led to a rise in profits in 1995.

SNACKS CONSUMPTION PER CAPITA



BISCUITS CONSUMPTION PER CAPITA

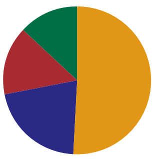


Orkla Media

Hjemmet
Norsk Ukeblad
Familien
Vi Menn
Villmarksliv
Drammens Tidende og Buskeruds Blad
Haugesunds Avis
Sunnmørsposten
Varden
Tønsbergs Blad
Fredriksstad Blad
Rzeczpospolita
Gazeta Pomorska

OPERATING REVENUES BY SECTOR

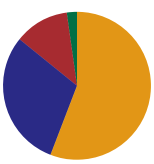
- Newspapers 51 %
- Magazines 21 %
- Direct marketing 15 %
- Poland 13 %



Total revenues NOK 2,220 million

OPERATING PROFIT BY SECTOR

- Newspapers 56 %
- Magazines 30 %
- Direct marketing 12 %
- Poland 2 %



Total revenues NOK 175 million

Orkla Media is Norway's second largest private media company, comprising businesses in the newspaper, magazine and direct marketing sectors. In 1996 the company acquired 51 % of the Polish newspaper Rzeczpospolita, thereby gaining a market share of approximately 18 % of the Polish newspaper market.

RESULT

Operating revenues in 1996 totalled NOK 2,220 million. This is an increase of 24 % from 1995 and is chiefly due to the consolidation of the Group's Polish operations.

Operating profits rose by NOK 14 million (+8 %) to NOK 175 million. This improvement in profits can be ascribed to higher circulation revenues in the Magazines sector and the purchase of Rzeczpospolita.

The operating margin was reduced from 9.0 % in 1995 to 7.9 % in 1996, largely as a result of consolidation of the Polish business and investments in product development in the Norwegian Newspapers sector. The operating margin for continuing businesses increased from 7.6 % to 7.9 %.

NORWEGIAN NEWSPAPERS

In 1996 Orkla Media's 17 majority-owned Norwegian newspapers posted an aggregate increase in circulation of 0.8 % to 299,400 copies. All the newspapers hold number one positions in their local markets.

The sector recorded an operating profit of NOK 100 million and an operating margin of 8.8 % compared with NOK 116 million and 10.7 % respectively in 1995. The decline in profits is attributable to increased investments in the face of stronger competition, costs related to the establishment of a joint printing plant for Orkla Media's newspapers in the Vestfold area, investments in local TV and increased variable wage expenses.

Newsprint prices in 1996 were 15 % higher than in 1995. The rise in costs was partially offset by an increase in advertising volume, up 2 % from 1995. Efforts related to product development, productivity improvements and upgrading skills in Orkla Media's newspapers were intensified in 1996.

The sector sold its holding in Norsk Lokal TV in 1996, at the same time acquiring ownership interests in several local TV stations in the Oslo Fjord region.

MAGAZINES

The Magazine sector achieved an operating profit of NOK 54 million and an operating margin of 11.6 % in 1996, compared with NOK 40 million and 8.7 % respectively in 1995.

Prices of magazine paper continued to increase significantly in 1996. Measures to reduce costs and improve productivity led to an improvement in profits and margins. The aggregate circulation of the Hjemmet Mortensen magazines decreased by 1 % compared with 1995, while the total market recorded growth of 1 %. Family magazine circulation recorded weak growth in autumn 1996, a trend that has continued into 1997. During 1996 Hjemmet Mortensen launched seven new titles, and developments so far have been satisfactory. The Hjemmet Mortensen magazines maintained their frequency-adjusted market share at 54% in the Norwegian magazine market. While advertising volume in the Norwegian magazine sector rose by 2 %, it fell by 1 % for the Hjemmet Mortensen magazines. The market share, measured in terms of volume, declined with 1.0 percentage-point to 46 % in 1996.

In autumn 1996, all of Hjemmet Mortensen's publishing operations were grouped in one building.

DIRECT MARKETING

Operating profit for this sector totalled NOK 21 million in 1996, compared with NOK 19 million in 1995. The operating margin was 6.2 %, compared with 7.2 % the previous year.

The Orkla DM Group is now the leading player in dialogue marketing in Norway. The sector expanded in 1996 through the acquisition of the businesses in Scelto and Responssenteret. The advertising agency Metropolis was also established.

In autumn 1996, the direct advertising agency DM Partner DK AS was established in Denmark.

ORKLA MEDIA POLAND

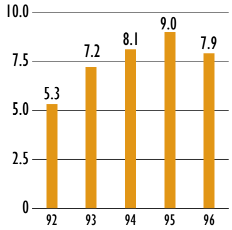
This sector achieved an operating profit of NOK 4 million in 1996, an improvement of NOK 15 million compared with 1995. The operating margin was 2.0 % after joint costs and goodwill amortisation totalling NOK 30 million. This growth in profits was driven by the consolidation of new acquisitions and improved profits in existing newspapers. As in the Norwegian market, the Polish newspapers experienced a substantial increase in newsprint prices in 1996.

During 1996 Orkla Media acquired 51 % of Poland's largest subscription-based daily newspaper Rzeczpospolita (effective in the accounts as of 1 May 1996) and 34 % of the leading regional newspaper Nowa Trybuna Opolska (effective in the accounts as of 1 September 1996).

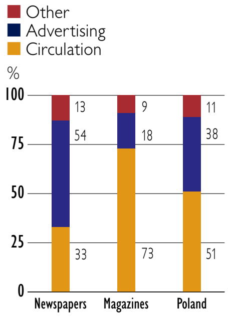
At the end of 1996, Orkla Media held strategic positions in a total of 11 regional number one newspapers, five of which are majority-owned. Orkla Media Poland has a market share of approximately 18 % (100% basis) in the Polish newspaper market, which makes them Poland's second largest newspaper group.

The sector's jointly controlled newspapers have been consolidated according to the proportionate consolidation method with Orkla's share of the companies' profits and balance sheet total.

DEVELOPMENT IN OPERATING MARGIN



DISTRIBUTION OF OPERATING REVENUES



Marit Stokkeland Asklien, engineer Borregaard Synthesis

Borregaard produces advanced intermediate products for the pharmaceutical industry. These products are developed and manufactured in close cooperation with customers.

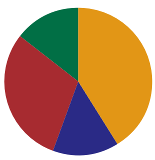
Chemicals

Borregaard is an international chemicals company with strong global positions in selected niches of specialty chemicals, fine chemicals and additives. Borregaard's core business areas are based on a long-term strategy focused on developing products that are highly processed and offer possibilities for specialisation. The company's core areas comprise lignin-based binding and dispersing agents, specialty pulp for chemical applications, fine chemicals for the pharmaceutical industry, the food manufacturing industry and other selected markets, and oils, fats and proteins for the food manufacturing and animal feed industries. Furthermore, a number of products are produced for internal use and external sale. Borregaard has over 20 production units in 11 countries and sales offices in Europe, America and Asia.

In line with Borregaard's continuous efforts to improve its competitiveness, the company's organisation and structure were simplified in 1996. As of 1 January 1997, the number of business areas has been reduced with a view to creating larger, more effective units and streamlining operations.

OPERATING REVENUES
BY BUSINESS AREA

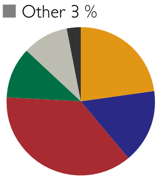
- Specialty chemicals 40 %
- Fine chemicals 14 %
- Ingredients 29 %
- Other 14 %



Total revenues NOK 5,161 million

OPERATING REVENUES
BY MARKET

- Norway 23 %
- Nordic region [1] 16 %
- Europe [2] 37 %
- Asia 11 %
- America 10 %
- Other 3 %



Total revenues NOK 5,161 million
[1] Excluding Norway
[2] Excluding Nordic region

Borregaard continued its global expansion within its core business areas in 1996. In Specialty Chemicals, a new, small plant was established in the province of Jilin in northeast China for the production of lignin-based products. Borregaard owns 60 % and supplies the plant's technology.

In 1996 Borregaard concluded negotiations for the purchase of technological expertise and assets from the US fine chemicals company PolyOrganix. The purchase includes PolyOrganix' unique expertise in special fields of organic chemistry. The acquisition took place in the first quarter of 1997. Operating revenues in 1995 totalled approximately NOK 75 million. The company's products are used in the manufacture of new anti-hypertensive, anti-migraine and anti-HIV medicines.

Borregaard's new core business area, ingredients for food products and feed, was established on 1 January 1996 when the edible oils division of Denofa-Lilleborg was integrated with Borregaard. The establishment of Ingredients as a separate core area reflects the company's desire to focus more strongly on the feed and food manufacturing industry.

RESULTS

Borregaard's operating revenues increased by 2.5 % to NOK 5,161 million in 1996. Operating profit amounted to NOK 441 million, compared with NOK 543 million in 1995. Profit performance in 1996 was negatively affected by falling specialty pulp prices and reduced margins for edible oils. Profits in the other business areas improved satisfactorily.

Borregaard continued to focus on Asia in 1996. In addition to establishing a new company in China, the company substantially increased its investments in this area. Sales to Asia rose by 32 % in 1996, accounting for 11 % of Borregaard's total sales.

A large proportion of the company's costs are in Norwegian kroner, while revenues are mainly in foreign currency. Borregaard is therefore vulnerable to exchange rate fluctuations, particularly changes in the rate of the US dollar. In 1996 currency fluctuations had little impact on profits. If the Norwegian krone remains strong, this will reduce the company's competitiveness and lead to lower profits in 1997.

SPECIALTY CHEMICALS

Borregaard's Specialty Chemicals business is based on the further development of natural polymers into a range of added value products. The Specialty Chemicals business consists of Borregaard LignoTech and Borregaard ChemCell. In 1996 total operating revenues declined by 1.9 % to NOK 2,239 million.

Borregaard LignoTech is a leading international supplier of binding and dispersing agents. Products are based on lignin, a raw material recovered from pulp production.

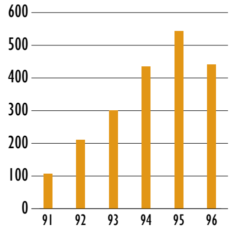
The products are used as binding agents in animal feed and briquetting, and as dispersing agents in concrete, ceramic products, textile dyes, agrochemicals and drilling mud, etc. Market-oriented research and development have enabled the company to increase the proportion of specialised products and expand sales to new geographical areas.

Operating revenues in 1996 rose by 10 % to NOK 1,091 million. The business area showed good profit growth, primarily due to an increase in volume. The trend as regards sales to the construction industry has been particularly positive, and prices have remained stable. The proportion of sales to Asia increased by 5 percentage-points to 19 %.

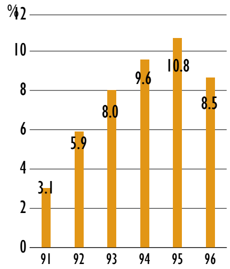
Borregaard ChemCell is a leading supplier to the European market of specialty pulp for chemical applications. The business focuses on applications of the cellulose molecule, which is a natural, biodegradable polymer. Borregaard's chemicals expertise provides a platform for specialisation in products with a high degree of processing and with properties suited for chemical industrial applications. This makes the business less sensitive to cyclical changes, and stabilises and improves earnings. Investment in a new plant for the production of highly processed pulp is a continuation of this strategy. Highly processed pulp will be offered on the market in the course of 1997, and will position ChemCell in the upper half of the specialty pulp market. The investment has a beneficial environmental effect by further reducing discharges resulting in chemical oxygen demand (COD).

Operating revenues declined by 11 % to NOK 1,148 million in 1996. Selling prices fell throughout 1996, resulting in substantially reduced profits.

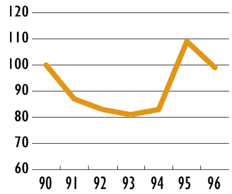
OPERATING PROFIT
NOK Million



OPERATING MARGIN



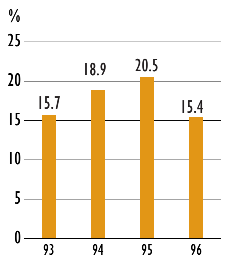
PRICE DEVELOPMENT ON SPECIALITY PULP



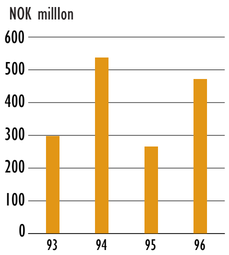
Index 1990 = 100

Denofa produces oils and fats from vegetable and marine raw materials. A large proportion of these products are used in margarine production.

RETURN ON CAPITAL EMPLOYED



TOTAL INVESTMENTS



Borregaard LignoTech produces lignin-based binding and dispersing agents. One of the most important uses for these agents is in concrete. Lignin-based products improve the flow properties of concrete, making it possible to reduce the amount of water and cement required and thereby increasing quality and reducing costs.

The average price of pulp dropped by 11 % compared with the previous year. Sales volumes was at the same level as in 1995. Timber costs decreased by 7 % compared with 1995. Although Borregaard is experiencing considerable demand for its products, continuing low prices and thereby lower profits are expected in 1997.

FINE CHEMICALS

While specialty chemical products are sold on the basis of performance, fine chemicals are specifically defined chemical substances. Borregaard's fine chemicals business is based on the utilisation of special strategic input factors and highly specialised expertise in the field of organic chemistry. As of 1 January 1997, Borregaard's fine chemicals activities will be grouped within the business area Borregaard Synthesis. Operating revenues in 1996 rose by NOK 60 million to NOK 765 million. Fine Chemicals achieved profit growth in 1996, primarily due to particularly high volumes supplied to the pharmaceutical industry.

Borregaard Synthesis is a leading international supplier of advanced fine chemicals to the pharmaceutical industry. Products are divided into two main groups. One product group is sold to several customers and consists of intermediates for X-ray contrast agents. Synthesis is an international market leader in this area. The other product group comprises more advanced intermediates developed for individual customers and involving extensive R&D efforts by Borregaard. Sales to certain large customers vary significantly from one year to the next due to production for special campaigns and changes in product mix. High sales volumes and more efficient production generated profit growth in 1996. Volumes are expected to decline in 1997, and changes in customers' operating parameters will increase pressure on prices. Profits from pharmaceutical products are therefore expected to fall in 1997.

Synthesis is a leading producer of vanillin and the only company able to offer both lignin and guaiacol-based vanillin, as well as ethyl vanillin. Vanillin is used in the food manufacturing industry as a flavouring and fragrance, and as an intermediate in the production of pharmaceuticals. This area recorded volume growth, but increased competition from China and other countries has led to a fall in prices. Operating profits are on a par with 1995.

Borregaard's business in Italy consists of the production and processing of fine chemicals for the pharmaceutical industry, the food manufacturing industry and the production of agricultural and photochemicals. In autumn 1996 a new office and research centre was opened in Madone, near Milan. Production capacity for diphenols also increased by 25 %, causing a brief halt in production and resulting in lower profits in 1996 than the previous year. The market for diphenols was satisfactory in 1996.

Borregaard Taicang Chemicals in China produces an active substance used in crop protection chemicals. Borregaard is a majority owner (61 %), and supplies technology and raw materials from Borregaard's diphenol operations in Italy. The plant's start-up has progressed somewhat more slowly than planned, and price and volume performance have been weaker than anticipated. The investment

Arne Mathisen, production assistant Borregaard Synthesis

must be viewed in a long-term perspective, and is not expected to make a positive contribution to profits in 1997.

INGREDIENTS

The Ingredients business area consists of processing marine and vegetable raw materials for oils, fats and feed products. Denofa holds a dominant market position in Norway in oils and fats for the food manufacturing industry and a leading international position in marine fats. The company has also a solid market position as supplier of protein to the Nordic animal feed market and as supplier to the growing fish feed market.

Operating revenues in 1996 increased by 11 % to NOK 1,516 million. Operating profit was satisfactory, but considerably lower than in 1995. Prices and margins in the soya business have been particularly low in 1996, whereas there was strong demand in the first six months of 1995 due to the low availability of other vegetable oils. Export activities recorded favourable volume and margin growth in 1996, while domestic activities remained at the 1995 level.

To satisfy customer demands for flour and oil made of soybeans that are not gene-modified, Denofa purchases raw materials from Canada and South America. As a result of Sweden joining the EU, the customs rules for processed soy flour have been changed. Under the new system of classification, duty may be imposed on imports of the feed product SoyPass from Norway to Sweden.

OTHER AREAS

Operating revenues in other areas rose by NOK 36 million to NOK 1,072 million in 1996. Operating profit was on a par with the year before.

In 1996 Borregaard entered into an agreement with Tinfos regarding the purchase of substantial amounts of hydro electric power. This long-term agreement secures the Group's access to necessary firm power in excess of its own power production on satisfactory commercial terms. Borregaard Energy achieved operating profits on a par with 1995 in spite of significantly lower power production, due to lower costs and the use of price-hedging agreements.

Borregaard Skoger reported operating profits and operating revenues approximately in line with 1995. The group is one of Norway's largest private forest owners with approximately 110.000 hectares of forest, some 80,000 of which are productive. Annual logging quantities are around 112,000 sm3.

Borregaard NEA experienced a considerable decline in profits in 1996, due to a significantly weakened market for paper.

Borregaard Basic Chemicals and the steel drums business achieved results on a par with 1995.

Borregaard ChemCell has invested in a new plant for highly processed specialty pulp, providing opportunities for new products and new markets. Spectacle frames are one example of the use made of these new pulp qualities.

PRODUCTS AND APPLICATION AREAS

Specialty Chemicals		
	Lignin	Dispersing agents in concrete, textile dyes, agrochemicals and oil well drilling muds. Binding agents for animal feed, ceramics and briquetting
	Specialty Pulp	Thickening agents in foods, in production of glue, detergents, painting, concrete, rayon and moulding plastics
Fine Chemicals		
	Pharmaceutical	Intermediates for x-ray contrast media and other pharmaceuticals
	Vanillin/Ethylvanillin	Flavourings and fragrances, raw materials for pharmaceuticals
	Diphenol	Photo chemicals, intermediates for the pharmaceutical, agro- and fragrance industry
Ingredients		
	Oils, fat and proteins	Food ingredients and feed ingredients
Other areas		
	Ethanol	Paints and lacquers, cosmetics, car care products, methylated spirit and industrial products
	Sulphuric acid	Fertilisers, pigments, fibres, plastics
	Sodium hydroxide	Pulp and vanillin production
	Hydrochloric acid	Pharmaceuticals, food manufacturing, stimulation of oil wells
	Silicon carbide	Abrasives, alloys
	Paper	Book paper
	Mechanical pulp	Board
	Timber	Saw wood, pulp wood
	Energy	Intern use and external sale

Lars Nordby and Charlotte Bjørn, brokers, Orkla Finans

Financial Investments

MAIN SHARE HOLDINGS AT 31.12. 1996

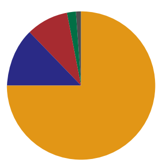
	Share of portfolio (%)	Ownership (%)	Marketvalue (NOK million)
Elkem	12.0	25.4	1,322
Storebrand	11.5	9.1	1,265
Kværner	7.0	5.8	775
Dyno	6.8	18.1	750
Bergesen	3.5	3.4	392
Schibsted	3.2	4.4	358
Hafslund	3.1	6.4	344
Nycomed	3.1	3.3	337
NetCom	2.9	11.0	323
Nera	2.4	7.2	260
Total main share holdings	55.5		6,126

Orkla manages one of Norway's largest share portfolios. The Group has a long tradition of equity investment, and Financial Investments has constituted a separate business area since 1977. The performance has been strong, both in absolute terms and compared to the Oslo Stock Exchange All Share Index. Since 1982, the Financial Investments business has achieved an average annual return of 21.9 % while the average return on Oslo Stock Exhange has been 17.6 % per annum. Furthermore, the business provides Orkla with broad insight into and contacts with the Norwegian and international financial markets. Investments are made in a long-term perspective, and the portfolio consists predominantly of large holdings in listed Norwegian companies. The proportion of Nordic shares has gradually increased in the past few years.

This business area also comprises Orkla Finans, which is one of Norway's leading companies in the field of stockbroking and other financial services, and a real estate section. The latter administers the Group's properties which are not used in, or which are released from, Orkla's own industrial operations.

THE PORTFOLIO STRUCTURE 31.12. 1996

- Norwegian shares 76 %
- Foreign shares 13 %
- Direct investments 9 %
- Convertible bonds 2 %



Market value NOK 11,043 million

MARKET CONDITIONS

On the whole, international stock markets provided a good rate of return in 1996. One exception was Japan, where share prices fell by 2.6 %. The US market recorded a 26 % rise in the Dow Jones Index, despite the fact that the interest rate on 10-year bonds increased from approximately 6 % to 6.7 % in the course of the year. In 1996, shares totalling USD 228 billion were purchased in US mutual funds, in addition to which many companies channelled liquidity to the market by repurchasing their own shares. In Norway, by way of comparison, approximately NOK 3.5 billion was invested in equity funds. Based on the number of inhabitants in Norway, some NOK 25 billion would have been invested in Norway had the level of investment equalled that in the USA. Thus a high supply of liquidity has been an important factor in driving the US market to a higher level.

The British market recorded a rise of 11.6 %, making it one of the weaker markets in Europe. The main reason for this was a slightly higher interest rate, coupled with a stronger pound. The other European stock markets were driven by falling interest rates. Developments on the Nordic stock markets were considerably better than the international average. The Oslo Stock Exchange All Share Index rose 32.1 %, the stock exchange in Finland increased by 45.8 % and Sweden recorded a rise of 38.2 %. In Denmark, share prices increased by 28.8 %.

The world economy is experiencing a favourable trend with moderate growth combined with structural development measures that have an anti-inflationary effect. This has laid the foundation for stable, low nominal interest rates, and has had a favourable impact on stock market valuation levels. US industry is now extremely competitive, following comprehensive restructuring in the early 1990s. Germany and France are struggling with high unemployment and institutional constraints that hamper necessary restructuring. Reforms are also needed in Japan, and the Japanese stock exchange is still more than 50 % below its 1989 peak. Generally speaking, economic growth has been somewhat lower in Asia in the past year, yet remains at a high level. In Eastern Europe and South America, however, economic growth appears to be picking up.

In 1996 the Norwegian stock market reflected falling interest rates, a rise in real incomes and strong oil prices. Declining interest rates and a robust Norwegian economy caused the bank index to rise most in 1996. The increase in real incomes focused attention on shares oriented towards domestic consumption, while high oil and gas prices continued to generate strong growth in the price of oil-related shares. Throughout 1996 there has been growing focus in Norway on the higher return investors receive over time by placing savings in shares rather than banks. Due to the low interest rates for bank saving in Norway, new share capital subscription in equity funds has risen sharply and liquidity conditions in the market are good.

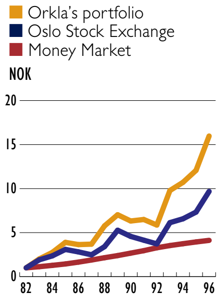
The aggregate return on Orkla's total portfolio was 32.5 % in 1996, which is 0.4 %-points better than the performance of the Oslo Stock Exchange All Share Index. There were no significant changes in the structure of the portfolio during the year, but the proportion of foreign investments increased from about 15 % to about 17.5 %. The Group increased its interest in Schibsted in the course of the year, and sold its holding in Smedvig. The value of the investment in NetCom was illustrated through a public share issue and stock exchange listing, at which time approximately 13 % of Orkla's holding was sold. Shares for a net total of approximately NOK 300 million were sold in 1996. At the end of the year, the market value of Orkla's portfolio was NOK 11,043 million, and the net asset value before tax was NOK 8,909 million. The debt-equity ratio was reduced by 11 %-points to 19.4 % in 1996.

RESULTS

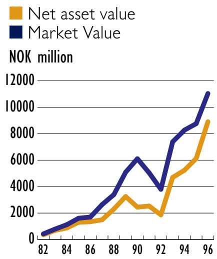
The Investment area recorded a profit before tax of NOK 1,099 million in 1996, compared with NOK 498 million in 1995. Portfolio gains totalled NOK 816 million, and dividends received amounted NOK 339 million. Unrealised portfolio gains increased in 1996 by NOK 1,593 million to NOK 4,612 million.

Orkla Finans posted an operating profit of NOK 78 million in 1996, compared with NOK 36 million in 1995. The Group has maintained its strong position in the stockbroking and financial advisory services market, and enters 1997 with even greater confidence. A separate office was opened in London at year-end 1996. Prospects for the world economy in 1997 appear to be good, with no indication of any marked increase in inflation. Low interest rates will continue to generate a high demand for shares. Share valuation levels both in Norway and on the international market largely reflect the favourable economic climate.

GROWTH OF NOK 1
(31.12.82 - 31.12.96)



MARKET VALUE AND NET ASSET VALUE
1982–1996



Orkla in Eastern Europe

The Eastern European countries are facing a demanding adjustment process. The countries are experiencing high inflation, transition to market economy, combined with weak growth and lack of social and political stability. In some of these regions and countries a positive development is seen, and in those the possibilities to be chosen as the preferred supplier are good. This is the background for Orkla's decision to entry selected parts of the former Soviet Union and Poland.

The Group's turnover in the Eastern European[1)] region was approximately NOK 1 billion in 1996 equivalent to about 4 % of the Group's turnover. In 1997 the Group anticipates a turnover around NOK 1.5 billion. Orkla has approximately 2,800 employees in the Eastern European region.

The Group's activities in Eastern Europe are primarily concentrated on Orkla Media's operations in Poland and Baltic Beverages Holdings (BBH)'s brewery operations in the Baltic States, Russia and Ukraine. Pripps Ringnes and Hartwall, the Finnish market leader in beer, carbonated soft drinks and mineral water, each own 50 % of BBH. After the purchase of Volvo's 55 % financial interest in Pripps Ringnes, Orkla is now the sole owner of Pripps Ringnes and has further strengthened its position in the beverage market in the Baltic States, Russia and Ukraine.

Other business areas within the Group have also established operations in Eastern Europe. Orkla Foods has activities in the frozen pizza, fruit/berry-based products and seafood segments in Poland and Estonia. Orkla Foods is also the leading ketchup producer in Hungary. Orkla Brands is starting production of snacks in Lithuania. Cod liver oil is also exported to the Baltic States. Through its Ingredients activities, the Chemicals area has established operations in Russia and Romania, and several companies in the Group have export to the Baltic States and the rest of Eastern Europe.

The countries around the Baltic have historical and geographical ties with the Nordic region, which is the home market for Orkla´s branded consumer goods business. The Eastern European markets comprises approximately 250 million consumers.

Since the fall of the Berlin Wall and the subsequent democratisation process, there has been a gradual shift from a planned economy to a market economy. This period has been characterised by increased privatisation, high inflation, negative growth rates and a decrease in real wages. The adjust-

[1)] The Group's activities are concentrated on Poland, the Baltic States, Western part of Russia and Ukraine.

ment process has been very demanding, but businesses can now produce and sell largely on market terms.

The democratisation process, a growing trend towards positive economic development and closer ties with the EU, OECD and other intergovernmental organisations, have enabled western companies to gain entry to and establish a position on the large but little developed Eastern European markets. The capital and know-how provided by western companies have reinforced these developments.

Orkla wishes to take part in this process of economic adjustment by investing in businesses that offer an opportunity to create preferences and loyalties, and thereby achieve the status of the preferred supplier of retailers and consumers. Orkla wishes to proceed gradually but energetically. The goal is to establish interesting market positions relatively quickly.

Orkla has closely followed the development in Eastern Europe. In cooperation with The Coca-Cola Company (TCCC), Ringnes established bottling plants for carbonated soft drinks and mineral water in Poland in 1992. The business was operationally and marketwise a success. In view of the changes in TCCC's strategy, a decision was made in 1995 to sell these businesses back to TCCC.

The experiences gained in connection with the investments in Poland combined with Pripps´ experiences since 1991 from the BBH cooperation, have formed a basis for the Group's further activities in the region.

One factor of decisive importance for the Group's activities and acquisitions in Eastern Europe is the fact that they have taken place in close cooperation with local authorities and owners, as well as local management and employees.

Orkla has focused special attention on quality and productivity improvements in its work in Eastern Europe. Investments in human resource development and training programmes in order to raise levels of expertise have had high priority. Orkla Beverages and Orkla Media have made the greatest progress in these fields.

BALTIC BEVERAGES HOLDING (BBH)

In 1991 Swedish Pripps and Finnish Hartwall established the jointly owned company BBH. Since then BBH has been acquiring interests in breweries in the Baltic States, Russia and Ukraine. At the end of 1996, BBH consisted of seven breweries with a total production capacity of about 460 million litres of beer. On an annual basis, BHH now produces more beer than Pripps Ringnes' total volume in Norway and Sweden.

In 1996 BBH had a strong growth both in revenues and profit. BBH's (50 % basis) operating revenues amounted to SEK 623 million and operating profit totalled SEK 167million.

Upgrading the quality and durability of beer through investments in new production equipment has been of decisive importance for the BBH companies. At the same time improvement of packaging, design and marketing is central. Education and training for employees also have high priority. The ambition is relatively fast to establish leading market positions and to be the preferred local brand. This should safeguard the positions of the breweries as leaders in the future.

BBH's activities were initially based on the Baltic States and St. Petersburg. In 1991, BBH and the Estonian government established a joint venture in respect of Saku, Estonia's oldest brewery. This was followed by acquisitions of holdings in Aldaris (Latvia), Baltika (St. Petersburg) and Kalnapilis (Lithuania) from 1992-94.

In 1996, BBH acquired a 50% interest in the Yarpivo and the Taopin breweries in Russia and the Slavutich brewery in Ukraine. Investments in these companies will ensure the necessary technology and transfer of expertise to enable them to expand.

Six of the seven breweries are market leaders in their market areas, with market shares of more than 50 %. Kalnapilis is Lithuania's second largest brewery, with a market share of 21 %. Its goal is to become market leader and the situation is developing favourably. Baltika is the market leader in the St. Petersburg region and Russia's largest brewery. 20 % of operating revenues are derived from the Moscow area.

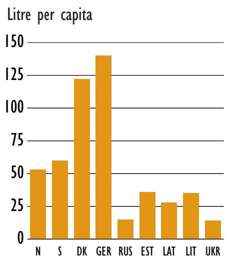
BBH's breweries as of January 1997

BALTIC BEVERAGES HOLDING AS OF JANUARY 1997

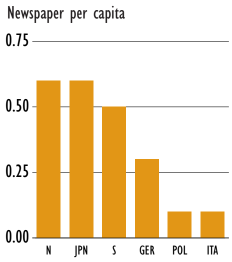
Brewery	Country	Volume (mill. litre**)	Marketshare (%)	Employees**	Established	BBH Joint Venture
Saku	Estonia	27	54	207	1820	1991 (75 %)
Aldaris	Latvia	40	55	257	1865	1992 (75 %)
Baltika	Russia	179	64*	758	1990	1993 (74 %)
Kalnapilis	Lithuania	25	25	396	1902	1994 (86 %)
Slavutich	Ukraine	54	60*	600	1974	1996 (50 %)
Yarpivo	Russia	75	90*	600	1975	1996 (50 %)
Taopin	Russia	60	60*	700	1974	1996 (50 %)
Total		460		3,518		

** Market share in local market*
*** 100 %- basis*

BEER CONSUMPTION



NEWSPAPER CONSUMPTION



BBH's revenues and profts are positive. The competition on the market is strong, particularly in the premium segments, which large international breweries such as Carlsberg, Heineken and Interbrew are currently entering. Marketing efforts have therefore been intensified.

Although Nordic beer brands such as the Swedish Pripps and the Finnish Lapin Kulta have been launched in selected markets, BBH's strategy is to invest in building up and achieving market leadership for its own local brands. With market shares of over 50 %, BBH's foremost objective is to increase the general consumption of beer at the expense of stronger alcoholic beverages. Efforts to create a beer culture are therefore an important aspect of marketing.

Beer consumption in these countries is low. Per capita consumption totals 15-20 litres in Russia, 15 litres in Ukraine and about 30 litres in the Baltic States, compared with 60-80 litres in most European countries.

With improved quality, a change of consumer habits and future economic growth, there is an interesting potential for increased beer consumption.

ORKLA MEDIA

Orkla Media's corporate goal in Poland is to concentrate on developing local/regional and segmented number-one newspapers, and other media which are naturally linked with these papers. Orkla Media acquired its first newspaper in 1990. The Group's activities in Poland have gradually been expanded and intensified through new acquisitions and the establishment of its own central organisation in Poland. The purchase of 51 % of the daily newspaper Rzeczpospolita in 1996, which has a circulation of around 225,000 and is Poland's third largest newspaper after the tabloids Gazeta Wyborcza and Super Express, positioned Orkla Media as Poland's second largest newspaper corporation. In 1996, total circulation for Orkla Media's newspapers was approximately 580,000, equivalent to a market share of 18 % (100 %-basis).

Orkla Media's newspapers in Poland as of January 1997

Orkla Media has acquired strategic interests in 11 newspapers, five of which are majority-owned and three 50 %-owned. Rzeczpospolita is Poland's leading newspaper within its segment with special emphasis on business, economics, law, politics and culture.

Operating revenues for Orkla Media Poland in 1996 was NOK 295 million, with operating profits of NOK 4 million after goodwill amortisation of NOK 18 million.

The newspapers are largely number-one papers with good market positions in their defined target areas and market segments.

Total circulation for the Polish newspaper market has fallen from around 9.6 million in 1989 to around 3.5 million in 1995, a decline of more than 65%. The main reasons for this drop in circulation are:

- a decrease in real incomes up to 1994
- growing unemployment in connection with the transition to a market economy
- substantial increases in the real price of newspapers
- poorer distribution and coverage by fewer retailers
- relatively poor print quality
- increased competition from other media, especially TV

The Polish newspaper consumption pr. household was approximately 0.3 in Poland, compared to 0.8 in Germany and 1.6 in Norway. Readership surveys indicate that the Polish newspaper culture is in many ways similar to the German. The structure is identical, with numerous regional newspapers and few national and local papers.

The Polish newspapers' decline in circulation levelled out in 1996. One of Orkla Media's main challenges is to halt the negative trend and increase circulation levels through product development and the establishment of its own printing plants, thereby achieving good printing quality. This work has high priority, and will open up new editorial possibilities in terms of the use of pictures and colours. Improving distribution and marketing is also important in order to strengthen the newspapers' position. Newspaper prices in Poland are relatively higher than in Norway, for example. Efforts to enhance the quality of the

ORKLA MEDIA´S POLISH NEWSPAPERS AS OF JANUARY 1997

Newspaper	Region	Population in the area (mill.)	Established	Acquired	Holding (%)
Slowo Polskie	Wroclaw	2.9	1945	1991	50.0
Wieczor Wroclawia	Wroclaw	2.9	1967	1993	92.9
Nowiny	Rzeczow	2.3	1953	1993	25.5
Glos Pomorza	Koszalin-Slupsk	1.0	1952	1993	100.0
Gazeta Wspolczesna	Bialystok	1,5	1951	1993	49.0
Gazeta Pomorska	Bydgoszcz	2.2	1948	1994	50.0
Dziennik Wieczorny	Bydgoszcz	2.2	1959	1995	50.0 *
Kurier Poranny	Bialystok	1.5	1990	1995	76.3
Dziennik Wschodni	Lublin	2.1	1945	1995	62.7
Rzeczpospolita	Warsaw/Poland	38.6	1982	1996	51.0
Nowa Trybuna Opolska	Opole	1.0	1952	1996	33.8

** Indirectly owned through Gazeta Pomorska*

newspaper product coupled with a reduction in real prices are therefore considered important means of reversing the decline in circulation. Ownership of Polish newspapers is largely concentrated in the hands of a few foreign media companies which directly or indirectly control approximately 60 % of circulation. The largest is the German controlled Polskapresse, followed by Orkla Media, Marquard/ Fibak, Agora and Bonnier.

Through its position, Orkla Media has laid the foundation for long-term involvement in the Polish newspaper market. Realising synergies and exploiting the advantages of cooperation, such as the possibility of transferring expertise between Norway and Poland, are significant factors for the success of the Group's development efforts. There is also considerable potential for operational improvements in all the newspaper companies.

Orkla Media is the second largest player in the Polish newspaper market. A qualified organisation have now been established in Poland, and efforts to realise synergies have begun.

Experience gained from previously established businesses, participation in the privatisation of companies and cooperation with the authorities and employees' organisations provide the Group with a solid foundation for further expansion.

At the same time, expertise acquired through extensive activities in the Beverages and Media areas with regard to operating parameters, market conditions and consumer behaviour gives the Group an opportunity gradually to grow in new areas in terms of products and geography. Orkla regularly evaluate projects linked to other business areas in several Eastern European countries.

RISK

Orkla's investments in the Eastern European countries involve a variety of risks. Fluctuations in foreign exchange rates, which do not sufficiently reflect the underlying economic situation are together with political instability important risk factors. To reduce the level of risk, an effort is made to minimize the companies' net operating capital. Through financial instruments, Orkla seeks to protect the investments and assets in the businesses.

FUTURE PROSPECTS

Orkla seeks to contribute towards the reorganisation of companies in which it has a participating interest. Productivity improvement and brand building are key factors in the effort to achieve profitability and leading market positions. The BBH breweries hold market shares of between 21 and 90 % in their local areas. Profitability is good and the market is growing fast. At the same time BBH is evaluating new expansions.

Group Organisation

EXECUTIVE GROUP MANAGEMENT

STAFF

BRANDED CONSUMER GOODS

ORKLA FOODS

Chairman: Finn Jebsen
Managing Dir.: Bent Fuglesang

ORKLA BEVERAGES

Chairman: Jens P. Heyerdahl d.y.
Managing Dir.: Paul Bergqvist

ORKLA BRANDS

Chairman: Jens P. Heyerdahl d.y.
Managing Dir.: Finn Jebsen

ORKLA MEDIA

Chairman: Odd Vigmostad
Managing Dir.: Jan Lindh

CHEMICALS

CHEMICALS

Chairman: Jens P. Heyerdahl d.y.
Managing Dir.: Egil M. Ullebø

FINANCIAL INVESTMENTS

FINANCIAL INVESTMENTS
Tom Vidar Rygh

Orkla Finans
Chairman: Tom Vidar Rygh
Managing Dir.: Inge K. Hansen

EXECUTIVE GROUP MANAGEMENT

Jens P. Heyerdahl d.y. (54)
President and
Group Chief Executive

Finn Jebsen (47)
Exec. Vice-President

Tom Vidar Rygh (39)
Exec. Vice-President

Halvor Stenstadvold (53)
Exec. Vice-President

Odd Vigmostad (64)
Exec. Vice-President

STAFF

Halvor Stenstadvold (53)
Exec. Vice-President
Group Staff

Bjørn Erik Næss (42)
Chief Financial Officer
Finance/Accounting

Morten Ringvold (43)
Legal

Roar Engeland (37)
Corporate Development

Lisbeth Lindberg (38)
Information/Investor Relations

Geir Aarseth (50)
Personnel/Organisation

Astrid Løken Øyehaug (33)
Investor Relations

Elected Representatives

CORPORATE ASSEMBLY

Elected by the shareholders

Øystein Eskeland (1,220)
Chairman

Synnøve Liaaen Jensen (38)
Deputy Chairman

Svein Erik Amundsen (83)

Ebbe C. Astrup (41,078)

Westye Egeberg (506)

Svein R. Hagen (0)

Hans Herman Horn (5,300)

Leif Kjær (4,582)

Borger A. Lenth (115)

Tore Lindholt (0)

Cathrine Mellbye Schultz (2,427)

Leiv L. Nergaard (0)

Halvor Svenkerud (1,036)

Halgrim Thon (500)

Deputies

Egil Alnæs jr.

Mari Pran

Anders Ringnes

Fabian Stang

Olaug Svarva

Elisabeth Wille

Election Committee

Øystein Eskeland (1,220)

Tore Lindholt (0)

Svein R. Hagen (0)

Elected by the employees

Ted Düring (0)

Bjørn Johansen (0)

Kristin Kvikstad (0)

Sussi Larsen (0)

Gunn Liabø (0)

Esa Mäntylä (0)

Sverre Olsen (4)

Observers

Jon-Ivar Fjeld (0)

Robert Johansson (0)

Ann-Karin Karlsen (0)

Personal deputies for the Swedish and Danish representatives

Bert Jagerby

Göran Hedberg

Bo Gullberg

Karin Nielsen

Deputies elected by the employees

Louis Belaska

Asbjørn Bråtekas

Thorhild Fredly

Britt-Karin Gundersen

Steinar Halvorsen

Eli Raaen Iversen

Harald Johansen

Hans Johnsen

Arvid Liland

Tor Wangen

THE BOARD OF DIRECTORS

Svein Ribe-Anderssen (159)
Chairman

Jonny Bengtsson* (0)

Odd Gleditsch jr. (100)

Jens P. Heyerdahl d.y. (120,668)

Truls Holthe (6,149)

Roger Johansen* (18)

Harald Norvik (11)

Björn Savén (5,000)

Stein Stugu* (0)

* Elected by the employees

Board observers elected by the employees

Eva Bergquist (0)

Kjell Kjønigsen (4)

Personal deputies for the Swedish representatives

Anders Thorselius

Monica Bengtsson

Deputy board members elected by the employees

Egil Friberg (8)

Anne Margrethe Grimsvang (0)

Terje Vidar Hansen (0)

Jan A. Jørgensen (30)

Jon Cato Landsverk (0)

Arvid Strand (0)

Tove Vig (41)

Figures in brackets indicate the number of shares owned at 31 December 1996, including shares owned by spouse and dependent minors.

AUDITOR

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

INDUSTRIAL DEMOCRACY AT ORKLA

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

The employees elect three of Orkla's nine Board members and two observers. One third of the Corporate Assembly's members are elected by the Group's employees.

As from January 1996 the industrial democracy arrangements encompassing the employees in the Norwegian, Swedish and Danish companies in the Group have been organised in the form of an International Committee of Union Representatives. This arrangement ensures broad representation for the Group's employees, both by company, union and country. The Committee of Representatives has regular meetings with the Group's management to discuss issues relevant to the Group.

To ensure that the employees in the Group's other companies in Europe are also informed and aware of important issues concerning the Group, an agreement regarding a European Work Council at Orkla has been established.

In addition to the Group arrangements mentioned here, the employees have representatives on the Boards of Directors in the individual subsidiaries.

The summary shows the members of Orkla's International Committee of Union Representatives as of January 1997.

THE INTERNATIONAL COMMITTEE OF UNION REPRESENTATIVES

Working Committee

Stein Stugu
Chairman

Eva Bergquist
First Deputy Chairman

Bjarne Poulsen
Second Deputy Chairman

Roger Johansen
Secretary

Egil Friberg
Committee Member

Aage Andersen
Committee Member

Jonny Bengtsson
Committee Member

Anders Thorselius
Committee Member

Committee of Representatives

Kjell Kjønigsen

Karin Nielsen

Harald Johansen

Gunn Liabø

Thor Arild Bolstad

Ulf Ling

Anne Margrethe Grimsvang

Ann-Karin Karlsen

Monica Bengtsson

Åke Ligardh

Arvid Frode Strand

Roland Larsson

Bjørn Johansen

Kolbjørn Hole

Deputies

Jon Cato Landsverk

Terje Vidar Hansen

Jan Lillebo

Tom Stokstad

Kristin Kvikstad

Personal Deputies for the Swedish and Danish representatives

Roger Börjesson

Johnny Dahlström

Stefan Hall

Paul Hallberg

Christer Johansson

Jette Kofoed

Bo Lindquist

Karl-Arne Södergren

Peer Sörensen

Group Directory

THE PARENT COMPANY

Orkla ASA
P.O.Box 423 Skøyen
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Telefax +47 69 11 87 70

Orkla ASA
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N-7332 Løkken Verk
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Telefax +47 72 49 63 20

The registered office is in Sarpsborg. The Group Management is located in Oslo.

Representation in Singapore
Orkla Asia Pte Ltd.
400 Orchard Road
10-04 Orchard Towers
Singapore 238875
Tel. +65 7 37 08 37
Telefax +65 7 37 89 96

BRANDED CONSUMER GOODS

ORKLA FOODS

Orkla Foods A.S
P.O.Box 711
N-1411 Kolbotn
Tel. +47 66 81 61 00
Telefax +47 66 80 63 78

- Stabburet Polska Sp. z.o.o.
  Warsaw, Poland

Stabburet Wholescale Products

Stabburet A/S
P.O.Box 711
N-1411 Kolbotn
Tel. +47 66 81 61 00
Telefax +47 66 80 63 67

- Stabburet A/S
  Fredrikstad
- Stabburet A/S
  Gressvik
- Stabburet A/S
  Brumunddal
- Stabburet A/S
  Rygge
- Stabburet A/S
  Ualand
- Stabburet A/S
  Vigrestad
- Stabburet A/S
  Division Idun Rygge, Rygge
- Stabburet A/S
  Gimsøy Kloster, Skien
- Stabburet A/S
  Stranda

Stabburet Fresh Meat Products

- Stabburet A/S
  Kolbotn
- Stabburet A/S
  Brumunddal

Procordia Food

Procordia Food AB
S-241 81 Eslöv
Sweden
Tel. +46 413 65 000
Telefax +46 413 14 984

Procordia Food
- Fågelmarafabriken
  Fågelmara, Sweden
- Vansbrofabriken
  Vansbro, Sweden
- AB Vätternpotatis
  Ödeshög, Sweden
- Tollarpsfabriken
  Tollarp, Sweden
- Ölandsfabriken
  Färjestaden, Sweden
- Örebrofabriken
  Örebro, Sweden
- Kumlafabriken
  Kumla, Sweden
- Empaco AB
  Åhus, Sweden

Beauvais
- A/S Beauvais
  Tåstrup, Denmark
- A/S Beauvais
  Svinninge, Denmark
- A/S Beauvais
  Skrave, Denmark
- A/S Beauvais
  Frörup, Denmark

Felix
- Felix Abba Oy
  Åbo, Finland
- AS Põltsamaa Felix
  Põltsamaa, Estonia
- Felix Austria GmbH
  Mattersburg, Austria

Abba Seafood

Abba Seafood AB
P.O.Box 206
S-401 23 Göteborg
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Tel. +46 31 701 44 00
Telefax +46 31 701 44 90

- Abba Seafood AB
  Kungshamn, Sweden
- Abba Seafood AB
  Uddevalla, Sweden
- Abba Skaldjur AB
  Hovenäset, Sweden

Industry Division

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P.O.Box 4349 Torshov
N-0402 Oslo
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Telefax +47 22 89 34 30

- Regal Mølle a.s
  Division Bjølsen
- Regal Mølle a.s
  Division Kristiansand
- Regal Mølle a.s
  Division Moss
- Regal Mølle a.s
  Division Tau

Idun Industri A.S
P.O.Box 4214 Torshov
N-0401 Oslo
Tel. +47 22 22 12 50
Telefax +47 22 22 07 11

- Idun Industri A.S
  Rakkestad
- Idun Industri A.S
  Kokstad

Other areas
- Bako Serviceprodukter A.S
  Ålgård
- Sunda A.S
  Oslo
- Odense Marcipan A/S
  Odense C, Denmark
- Dragsbæk Margarinefabrik A/S
  Thisted, Denmark
- Margarinefabriken Blume I/S
  Randers, Denmark
- Kjarnavôrur HF
  Hafnarfjôrdur, Iceland

Bakery Products

Bakers AS
P.O.Box 43 Økern
N-0508 Oslo
Tel. +47 22 88 03 00
Telefax +47 22 65 82 12

- Bakers Økern AS, Oslo
- Bakers Bærum AS, Rud
- Bakers Larvik, Larvik
- Bakers Arendal, Arendal
- Bakers Heba, Brumunddal
- Bakers Kløfta, Kløfta
- Bakers Bryne AS, Bryne
- Bakers Martens AS, Kokstad
- Kvalitetsbakeren A/S, Nesttun
- Bakers Trøndelag AS, Trondheim

ORKLA BEVERAGES

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Sweden
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AB Pripps Bryggerier
S-161 86 Stockholm
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Tel. +46 8 757 70 00
Telefax +46 8 28 98 61

- Pripps Bryggeri
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- Pripps Bryggeri
  Gothenburg, Sweden
- Ramlösa Hälsobrunn
  Helsingborg, Sweden

Ringnes a.s
P.O.Box 7152 Majorstua
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Tel. +47 22 06 95 00
Telefax +47 22 06 97 70

- Ringnes Bryggeri, Oslo
- Ringnes Gjelleråsen, Nittedal
- Ringnes Arendals Bryggeri, Arendal
- Ringnes E.C. Dahls Bryggeri, Trondheim
- Ringnes Nordlandsbryggeriet, Bodø
- Ringnes Tou Bryggeri, Forus
- Ringnes Farris, Larvik
- Ringnes Imsdalen, Koppang

Baltic Beverages Holding AB
S-161 86 Stockholm
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Telefax +46 8 29 13 03

- Saku Bryggeri, Saku, Estonia
- Aldaris Bryggeri, Riga, Latvia
- Kalnapilis Bryggeri
  Panevezys, Lithuania
- Baltika Bryggeri
  St. Petersburg, Russia
- Taopin Bryggeri, Tula, Russia
- Yarpivo Bryggeri
  Yaroslavl, Russia
- Slavutich Bryggeri
  Zaporozhy, Ukraine

ORKLA BRANDS

Detergents, personal product, etc.

Lilleborg as
P.O.Box 4236 Torshov
N-0401 Oslo
Tel. +47 22 89 50 00
Telefax +47 22 15 74 89

- Lilleborgs Divisjon for Storforbrukere, Ski
- Ello, Kristiansund N
- Elico, Oslo
- Otares AS, Oslo
- Meling & Co., Bergen
- Renimex, Kristiansand
- La Mote AS, Oslo
- La Mote AB, Askim, Sweden
- Peter Möller, Oslo

Biscuits

Göteborgs Kex AB
P.O.Box 73
S-442 21 Kungälv
Sweden
Tel. +46 303 20 90 00
Telefax +46 303 20 90 50

- Sætre AS, Kolbotn
- Esskå, Division of Sætre AS, Sagstua
- Kantolan OY Hämeenlinna, Finland

Snacks

Sætre AS
P.O.Box 4272 Torshov
N-0401 Oslo
Tel. +47 22 89 25 00
Telefax +47 22 89 50 93

- KIMs A/S, Søndersø, Denmark
- KIMs, Skreia, division of Sætre AS, Skreia

Confectionery

Nidar AS
N-7005 Trondheim
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Telefax +47 73 91 78 28

- Nidar AS, Oslo

ORKLA MEDIA

Orkla Media A.S
P.O.Box 424 Skøyen
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Newspapers (Norway)

Orkla Dagspresse A.S
P.O.Box 20
N-1324 Lysaker
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Telefax +47 67 11 08 99

- Moss Avis A/S, Moss
- A/S Fredriksstad Blad, Fredrikstad
- A/S Varden, Skien
- Vardens Mediateam A.S, Skien
- A/S Gjengangeren, Horten
- Sandefjords Blad AS, Sandefjord
- Tønsbergs Aktietrykkeri (Tønsbergs Blad), Tønsberg
- Drammens Tidende og Buskeruds Blad A/S, Drammen
- A/S Laagendalsposten Kongsberg
- Telen A/S, Notodden
- Røyken og Hurums Avis AS Slemmestad
- Telemark Trykk A.s, Notodden
- A/S Buskerud Distribusjon Drammen
- Sunnmørsposten AS, Ålesund
- Sunnmøringen A/S, Stranda
- Vaagsø Bladforetagende A/S (Fjordenes Tidende), Måløy
- A/S Haugesunds Avis Haugesund
- A/S Romsdals Budstikke, Molde
- A/S Driva Trykk, Sunndalsøra
- A/S Åndalsnes Avis, Åndalsnes

Magazines (Norway)

Hjemmet Mortensen AS
P.O.Box 5001 Majorstua
N-0301 Oslo
Tel. +47 22 58 50 00
Telefax +47 22 58 50 69

- Hjemmet Mortensen Trykkeri AS Oslo

Direct Marketing

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Telefax +47 22 52 54 34

- Direct Mail A/S, Oslo
- Forbruker-Kontakt A.S, Oslo
- Selektiv Markedsføring A.S, Oslo
- Selektiv Markedsføring A.S, Grimstad
- Selektiv DM AS, Oslo
- DM-Distribusjon AS, Oslo
- DM-Distribusjon AS, Grimstad
- Media Data AS, Oslo
- Sandberg AS, Oslo
- Metropolis Reklamebyrå AS, Oslo

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- Kurier Poranny, Bialystok
- Dziennik Wschodni, Lublin
- Glos Pomorza, Koszalin
- Wieczor Wroclawia, Wroclaw
- Slowo Polskie, Wroclaw
- Gazeta Pomorska, Bydgoszcz
- Rzeczpospolita, Warsaw
- Przekroj, Krakow

CHEMICALS

Borregaard
P.O.Box 162
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Tel. +47 69 11 80 00
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Specialty Chemicals

- LignoTech Sweden AB Vargön, Sweden
- LignoTech Finland Oy Tampere, Finland
- LignoTech Deutschland GmbH Karlsruhe, Germany
- LignoTech Verkaufsgesellschaft mbH Düsseldorf, Germany
- LignoTech Schweiz AG Luterbach, Switzerland
- LignoTech USA Inc. Wisconsin, USA
- LignoTech USA Inc. Mount Vernon, USA
- LignoTech USA Inc. New Jersey, USA
- LignoTech Iberica S.A Torrelavega, Spain
- LignoTech Yanbian Kaishantun Ltd. Jilin Province, China
- Borregaard UK Ltd. Surrey, England

Fine Chemicals

- Borregaard Italia S.p.A. Madone, Italy
- Borregaard Italia S.p.A. Ravenna, Italy
- Borregaard Taicang Chemicals Co. Ltd., Jiangsu Province, China

Ingredients

- Denofa AS, Oslo
- Denofa AS, Fredrikstad
- Denofa Food Romania Bucuresti, Romania
- Arctic Food Company Murmansk, Russia
- Nordic Food Company Pskov, Russia
- Norsk Förtilsetning AS, Skjetten

Other areas

- Fredrikstad Blikk & Metallvarefabrikk A.S Fredrikstad
- Borregaard NEA AS, Oslo
- Borregaard Trælandsfos AS, Kvinesdal
- Borregaard Hellefos AS, Hokksund
- Borregaard Vafos AS, Kragerø
- A/S Tronstad Brug Ltd., Sylling
- A/S Børresen, Sylling
- Borregaard Skoger A.S, Elverum
- Orkla Exolon KS, Orkanger
- Kemetyl AB, Haninge, Sweden

Sales offices abroad

- Borregaard S.E.A. Pte Ltd. Singapore Science Park, Singapore
- Borregaard Industries Limited Shanghai Rep. Office, Shanghai, China
- Borregaard Industries Limited Japan Branch, Tokyo, Japan
- Borregaard North America, Inc. New Jersey, USA
- Borregaard France Paris, France
- Borregaard GmbH Frankfurt/Main, Germany
- Borregaard UK Ltd. Surrey, England
- Borregaard UK Ltd. Cheshire, England

FINANCIAL INVESTMENTS

PORTFOLIO INVESTMENTS

Orkla ASA
Portfolio Investments
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P.O.Box 1724 Vika
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Telefax +47 22 33 14 41

- Securities brokerage
- Insurance brokerage
- Portfolio management
- Real estate business

OTHER ACTIVITIES

Chr. Salvesen & Chr. Thams's Communications Aktieselskab
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Hemne Orkladal Billag AS
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Viking Fottøy A.S
P.O.Box 33 Alnabru
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- Viking Sko AB Mölndal, Sweden
- Viking Jalkineet OY Vantaa, Finland
- Herold Halle Viking A/S Ringsted, Denmark

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ORKLA

Orkla ASA P.O.Box 423 Skøyen N-0212 Oslo Telephone +47 22 54 40 00 Telefax +47 22 54 45 90 Enterprise number N 910 747 711

The Orkla Group

Orkla is the second largest listed company in Norway in terms of market capitalisation, and its core businesses are Branded Consumer Goods, Chemicals and Financial Investments. The Group's main goal is "Security and growth through profitability". Orkla has achieved substantial growth in recent years, primarily through acquisitions of businesses in the other Nordic countries. In 1996, operating revenues totalled NOK 26.0 billion, of which 53 % were derived outside Norway.

CONTENTS

FINANCIAL CALENDAR 1997

Annual General Meeting	7 May 1997
Shares quoted ex dividend	9 May 1997
Dividend payment to shareholders	27 May 1997
Publication of financial statements for the first four months	5 June 1997
Publication of financial statements for the first eight months	2 October 1997

(Subject to change)

Investor relations:
Lisbeth Lindberg tel: +47 22 54 44 23
Astrid Løken Øyehaug tel: +47 22 54 44 25

Financial information about Orkla may be found on the Internet at: http://hugin.sol.no/ORK/index_e.shtml

Orkla´s annual report has been approved by the Board of Directors in its original Norwegian version. This is an English translation of the original version.

1996 in brief

- Consolidation and continued profit growth.
- A 22 % growth in earnings per share
- Considerable contributions to profits from Financial Investments and Branded Consumer Goods.
- Continued international expansion for Chemicals.
- Orkla acquires the remaining 55 % of Pripps Ringnes in February 1997 and confirmed its position in the Nordic region and Eastern Europe.
- The final agreement regarding the termination of cooperations with the Coca Cola Company was signed in January 1997.

RESULTS

(NOK millions)	1996	1995	1994	1993	1992
Operating revenues	25,998	21,977	21,144	18,292	17,014
Operating profit	1,916	1,784	1,573	1,296	1,198
Operating margin (%)	7.4	8.1	7.4	7.1	7.0
Profit before tax	2,431	1,890	1,533	1,283	277
Earnings per share (NOK)	36.50	29.80	24.00	20.80	4.30
Return on capital employed* (%)	13.8	16.6	17.3	17.8	17.7
Equity ratio (%)	36.5	31.2	34.6	34.5	35.8

* Industry area

Orkla

Orkla

Annual Report 1996

Branded Consumer Goods Orkla is the leading supplier of branded goods to the Nordic grocery market. The Branded Consumer Goods area represents approximately 75 % of the Group's total revenues.

Chemicals Orkla has strong global market positions in selected niches of specialty and fine chemicals. Approximately 77 % of sales are outside Norway. The chemicals business accounts for close to 20 % of the Group's revenues and is expanding.

Financial Investments Orkla owns one of Norway's largest equity portfolios. This represents approximately 1/4 of the Group's balance sheet. The portfolio has generated over time a better return than the Oslo Stock Exchange.

ORKLA