Orkla

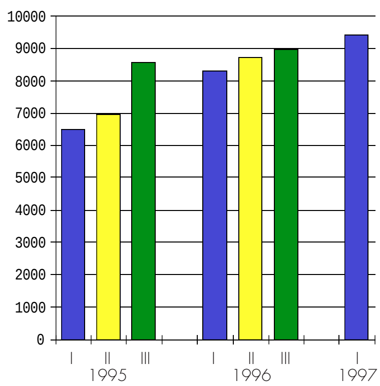
First four months 1997

GROUP PROFIT AND LOSS ACCOUNT

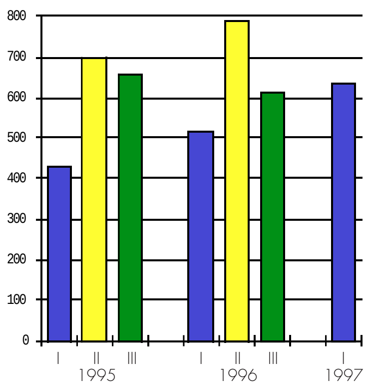
NOK million	1.1.-30.4. 1997	1.1.-30.4. 1996	1.1.-31.12. 1996
OPERATING REVENUES	9,419	8,308	25,998
Operating expenses	(8,365)	(7,384)	(22,772)
Depreciation/write-downs goodwill	(127)	(82)	(283)
Ord. depreciation and write-downs	(452)	(348)	(1,047)
Other revenues and costs	158	20	20
OPERATING PROFIT	633	514	1,916
Financial items, net	(154)	(230)	(398)
Profit from associated companies	35	38	97
Portfolio gains	419	371	816
PROFIT BEFORE TAX	933	693	2,431
Taxes and minority interests	(285)	(210)	(679)
NET PROFIT	648	483	1,752
Profit before tax, Industry	483	303	1,332
Profit before tax, Investments area	450	390	1,099
EARNINGS PER SHARE (NOK)	13.5	10.1	36.5

OPERATING REVENUES AND OPERATING PROFIT IN NOK MILLION*) 4 MONTH PERIODS

OPERATING REVENUES



OPERATING PROFIT



*) Inclusive «Other revenues and costs»

The Orkla Group

MAIN TRENDS

The Orkla Group achieved profit growth in the first four months of 1997. Group profit before tax amounted to NOK 933 million, an increase of NOK 240 million (35%) compared with the same period last year. Earnings per share rose by 34%. Operating profit totalled NOK 633 million. Adjusted for non-recurring items ("Other revenues and costs"), this is NOK 19 million less than for the same period in 1996. The Branded Consumer Goods area continues to develop favourably, but profit in the Chemicals area shows a marked decline. Profit growth in the Branded Consumer Goods area is particularly good for Orkla Brands and Baltic Beverages Holding. The Financial Investments area achieved a return of 16% in the first four months, which is 3.2 percentage-points higher than the Oslo Stock Exchange All-Share Index. Of the total increase of NOK 1,736 in net asset value of the investment portfolio, only NOK 404 million (23%) is reflected in the profit, while the remaining NOK 1,332 million are reflected in the rise in unrealised gains.

Group operating revenues increased by NOK 1,111 million to NOK 9,419 million. Adjusted for acquisitions, divestitures and exchange rate fluctuations, the underlying growth was approximately 2%.

Trends in the most important markets for the Group's branded goods business were mixed in the first four months of 1997. Volumes in the Swedish groceries market remained virtually unchanged, although there were substantial variations from one month to the next. The Norwegian groceries market recorded moderate volume growth during the four-month period. Prices and margins are under pressure due to continued competition. The Group's branded goods businesses have largely maintained their market positions. However, market shares for beer in Sweden and Norway have decreased slightly. In the Chemicals area, prices of specialty pulp have been on a par with prices in the last four months of 1996, but about 21% lower than prices in the first four months of 1996. The Fine Chemicals business has recorded a decline in volume, resulting in lower profits.

Group operating profit totalled NOK 633 million, compared with NOK 514 million for the same period the year before. Operating profit has been positively affected by "Other revenues and costs" amounting to NOK 158 million. Compensation in connection with the termination of the agreement with The Coca-Cola Company (TCCC) and provision for necessary restructuring of the Norwegian beverages business have resulted in a net financial gain of approximately NOK 380 million. Of this, 45% has been included in the four-month profit as «Other revenues and costs», while the remaining 55% has been offset against surplus value (goodwill) related to the Group's acquisition of Volvo's 55% financial interest in Pripps Ringnes.

Group operating profit for continuing business*), adjusted

**) Continuing business has been adjusted for acquisitions and divestitures. New businesses for 1997 have been adjusted into the 1996 figures for the corresponding period, while divested businesses have been excluded in both 1996 and 1997.*

for exchange rate fluctuations, declined by 12%. The Branded Consumer Goods area showed an underlying growth of approximately 10%, while the Chemicals area suffered a decline in operating profit of NOK 88 million (-56%).

The Group's net financial items of NOK -154 million have been positively affected by the a capital gain of NOK 62 million, which is 45% of the profit from the sale of Hansa. The remaining 55% of the profit has been offset against the surplus value arising from the full acquisition of Pripps Ringnes.

Profit after tax and minority interests amounted to NOK 648 million compared with NOK 483 million for the corresponding period in 1996.

The Group's tax charge for 1997 is estimated to be 28%, compared with 26.4% for 1996. The rise is primarily due to increased goodwill depreciation and calculated interests in connection with the acquisition of Pripps Ringnes.

ORKLA FOODS

Orkla Foods achieved operating revenues of NOK 3,126 million in the first four months of 1997. Revenues for continuing business, adjusted for exchange rate fluctuations, were on a par with last year. Operating profit amounted to NOK 140 million, compared with NOK 134 million for the same period last year. Lower volumes in Sweden in the first months of the year and lower prices in Norway were offset by synergy gains.

Procordia Food recorded operating revenues of SEK 1,361 million in the first four months of 1997. Adjusted for exchange rate fluctuations and divested companies, operating revenues were 8% lower than in the same period last year. This can be ascribed partly to planned changes in the product range and partly to a slightly weaker market. The decline was greatest in the catering market. The company has maintained its market positions in the groceries market. There was also a minor decline in sales in Austria.

Abba Seafood reported operating revenues of SEK 385 million. Adjusted for exchange rate fluctuations and divested businesses, operating revenues were at about the same level as last year. Abba Seafood continues to achieve profit growth and showed a clear improvement compared with the corresponding period last year. The growth in profit is largely explained by a better product mix, lower costs and the positive impact of business divestitures. The company has maintained its market position for important products.

The Norwegian foods business recorded an increase in sales volume, but somewhat lower prices. Operating profit was in line with that of last year. Several new products were launched, including "Pizza Originale", which is produced in Sweden for the Norwegian market. Regal Mølle reported good volume growth and strengthened its market position for breakfast cereals.

Since it was established on 1 October 1995, Orkla Foods has realised synergies resulting in an annual increase in profits of about NOK 115 million. The process of realising synergies is progressing somewhat faster than planned. One of the objectives of several projects currently being implemented is to evaluate greater coordination of production.

In order to increase focus on developing Nordic products and building brand names, Orkla Foods is restructuring its organisation. Nordic cross-border product categories will form the core of the new organisation.

In April, the Polish Ministry of Finance approved the privatisation of the state-owned company ZPOW Kotlin. With accounting effect from 1 May 1997, Orkla Foods owns a 65% interest in the newly established company Kotlin Sp.z.o.o. The company will produce and market frozen pizzas, ketchup, jam and tinned vegetables, and is expected to report annual operating revenues totalling approximately NOK 160 million.

ORKLA BEVERAGES

Following the acquisition of Volvo's 55% financial interest in Pripps Ringnes, this entire business has now been consolidated in the accounts of Orkla Beverages, as opposed to 45% for 1996. Based on a purchase price of approximately NOK 4 billion, total surplus value amounts to approximately NOK 2.9 billion. About NOK 0.6 billion is related to surplus value in the form of tangible assets, while about NOK 2.3 billion is goodwill. Approximately NOK 133 million in annual depreciation of goodwill and fair value will be deducted from operating profit. Furthermore, about NOK 16 million in goodwill depreciation will be deducted from the annual profit from associated companies (20.5% interest in Hartwall).

In accordance with the agreement regarding termination of cooperation with The Coca-Cola Company (TCCC), Pripps ceased to sell and distribute TCCC products on the Swedish market as from 1 April 1997. Pripps will continue to toll-fill TCCC products from the same date until the end of the year.

Operating revenues for Orkla Beverages in the first four months of 1997 totalled NOK 2,233 million, compared with NOK 951 million for the corresponding period last year (45% financial interest in 1996). Operating revenues for continuing business, adjusted for currency rate fluctuations, rose by about 7%. Operating profit before other revenues and costs for the period amounted to NOK 73 million after deducting NOK 44 million for depreciation of goodwill and fair value related to the acquisition of Pripps Ringnes. Operating profit for continuing business was NOK 14 million higher than for the corresponding period last year.

Operating revenues for the Nordic business amounted to approximately NOK 2 billion, up about 1% from the same period last year after adjustment for currency rate fluctuations. Operating profit before goodwill depreciation totalled NOK 58 million compared with NOK 75 million for the corresponding period last year. The decline in profit may be ascribed to lower profits on the Norwegian market.

Operating revenues for the Swedish business (Pripps) in the first four months amounted to SEK 1,179 million, which was 6% higher than for the first four months of 1996. The sales volume of beer declined by about 1% during the period. The market for the new beer with 2.8% alcohol content recorded somewhat less growth than anticipated.

As expected, the reduction in beer duties in Sweden (from 1 January 1997) has not led to any decline in cross-border trading with Denmark. In the first four months, Pripps' own carbonated soft drinks and mineral water products performed favourably, achieving volume growth of 7% and 3% respectively. Profit for the first four months of 1997 was higher than for the same period last year, largely due to favourable prices and product mix for beer, and volume growth for soft drinks and mineral water products.

Operating revenues for the Norwegian business (Ringnes) totalled NOK 902 million, compared with NOK 923 million for the corresponding period last year. The reduction is chiefly due to a decline in beer volumes of about 5%. The Norwegian beer market has been somewhat lower than in the same period in 1996. The decline in market share can primarily be ascribed to stronger competition, particularly from private labels. However, Ringnes' own soft drink and mineral water products performed favourably in the first four months of 1997, recording volume growth of 10% and 3% respectively. Profit performance for the Norwegian business has not been satisfactory, and profits are lower than for the corresponding period last year. This is largely explained by lower beer volumes and the fact that costs related to the production plant at Gjelleråsen are still too high.

Operating revenues in Baltic Beverages Holding - BBH (50% basis) increased in the first four months of 1997 by SEK 167 million to SEK 298 million. Adjusted for the acquisition of breweries, growth in operating revenues amounted to approximately 76%. The increase in sales can primarily be attributed to Baltika, which continues to strengthen its market position in the St. Petersburg region. Operating profit for the first four months totalled SEK 74 million, compared with SEK 24 million for the corresponding period in 1996. The growth in profits is chiefly linked to volume growth of 94%. Volume growth for continuing business was just under 40%.

NOK million	OPERATING REVENUES 1.1.-30.4. 1997	1.1.-30.4. 1996	1.1.-31.12. 1996	OPERATING PROFIT*) 1.1.-30.4. 1997	1.1.-30.4. 1996	1.1.-31.12. 1996
Orkla Foods	**3,126**	3,434	10,527	**140**	134	608
Orkla Beverages	**2,233**	951	3,265	**73**	45	300
Orkla Brands	**1,344**	1,380	4,213	**123**	105	431
Orkla Media	**789**	658	2,220	**69**	59	175
Elimination	**(58)**	(60)	(168)	**0**	0	0
BRANDED CONSUMER GOODS	**7,434**	6,363	20,057	**405**	343	1,514
CHEMICALS	**1,673**	1,677	5,161	**79**	153	441
H.O./Unallocated/Elimination	**183**	179	514	**(47)**	(23)	(124)
Other revenues and costs	**0**	0	0	**158**	20	20
INDUSTRY	**9,290**	8,219	25,732	**595**	493	1,851
INVESTMENTS AREA	**129**	89	266	**38**	21	65
GROUP	**9,419**	8,308	25,998	**633**	514	1,916

*) The business areas' operating profit is shown exclusive of «Other revenues and costs». Other revenues and costs first four months 1997: NOK 170 million in Orkla Beverages and NOK -12 million H.O./Unallocated. First four months 1996: NOK 20 million in Orkla Foods.

ORKLA BRANDS

Operating revenues for the first four months amounted to NOK 1,344 million. Continuing business recorded growth of 4% at fixed exchange rates. Personal Products achieved the greatest growth.

The operating profit of NOK 123 million is NOK 18 million (17%) higher than in the first four months of 1996. Continuing business achieved profit growth of NOK 19 million, due to growth in operating revenues combined with favourable cost trends. Advertising costs rose by 9%.

The operating margin increased from 7.6% to 9.2%. The improved margin is attributable to reduced purchasing costs and relatively stronger growth in sales for the most profitable products.

The competitive situation has remained relatively unchanged in the first four months. On the whole, net price increases have remained very low in 1997, so growth in operating revenues can primarily be ascribed to increased volumes and the introduction of new, improved products.

While several of the major confectionery brands are recording good growth, overall growth is moderate due to restructuring of the product range.

The snacks market is reporting satisfactory growth in Denmark, while growth in Norway was limited in the first four months of 1997.

The biscuits markets in Sweden, Norway and Finland all exhibited good growth. In Finland, the business was reorganised at the start of the year, and responsibility for sales has been taken over by Felix Abba. In Sweden, workforce reductions totalling 60 man-years, resulting from investments in a new biscuit production line, have been carried out as planned.

The Norwegian detergents market is on a par with the first four months of 1996. The new plant is to open in August and will result in lower production costs.

The introduction of Möllers Dobbel in Finland and Denmark in January has generated good growth in operating revenues for the Cod Liver Oil business. La Mote continues to increase its share of the Swedish market for grocery textiles.

On the whole, Orkla Brands market shares have remained virtually unchanged. Measures to strengthen the branded goods in this area are proceeding as planned. An effort is being made to strengthen relations with the trade through cooperation on cost reductions and sales promotion campaigns for priority categories of goods.

ORKLA MEDIA

Operating revenues in the first four months of 1997 totalled NOK 789 million. Continuing business increased operating revenues by 3.8%. Orkla Media's operating profit rose by NOK 10 million to NOK 69 million, while operating profit for continuing business was on a par with last year. The operating margin for continuing business decreased from 9.1% in 1996 to 8.7% in the first four months of 1997, primarily due to a lower level of activity and newly established businesses in the Direct Marketing sector, combined with start-up costs related to the introduction of new products by Hjemmet Mortensen. Paper prices in the newspaper and magazine markets fell by approximately 17% in 1997, generating an increase in profits for continuing business of approximately NOK 13 million, compared with last year.

Advertising volume in the Norwegian Newspaper sector has developed favourably. Volume growth for the first four months amounted to 2% compared with 1996. Comparable advertising volume in the Magazine sector rose by about 6% compared with the first four months of 1996, in line with overall market trends. The Magazine sector's share of the advertising market, including new magazines, increased by about 2 percentage-points to about 46% compared with last year.

Circulation for the Norwegian Newspaper sector has improved. The Magazine sector continues to experience the same positive trend in circulation as in the last six months of 1996, and circulation growth for Hjemmet Mortensen's new magazines has been satisfactory so far.

Orkla Media's business in Poland is developing favourably, and achieved an operating profit of NOK 9 million, up NOK 11 million from the same period last year. The increase in operating profit for continuing business was NOK 3 million. In January a new printing plant was inaugurated in Wroclaw, where two of Orkla Media's newspapers will now be printed.

CHEMICALS

Borregaard's operating revenues of NOK 1,673 million were on a par with the first four months of 1996. Operating profit amounted to NOK 79 million compared with NOK 153 million for the same period last year. The decline in profit is due to low specialty pulp prices and lower sales of fine chemicals.

Operating profit for the lignin business was at the same level as last year. Lower sales of binding agents for animal feed on the European market have been offset by higher sales of dispersing agents, improved product mix and a stronger dollar. Trends on the Asian market continue to rise. The decline in profit for specialty pulp compared with the first four months of 1996 is mainly due to a 21% drop in prices. Prices have been stable in relation to the last four months of 1996, but the average price in the first four months of 1997 was just under 10% less than the average price in 1996.

Fine Chemicals reported a decline in operating profit. In 1996, volumes of advanced intermediates for the pharmaceuticals industry were particularly high, but sales to this segment have decreased substantially in 1997. The vanillin business is achieving profit growth, despite increased Chinese competition. In February Borregaard took over the fine chemicals business of the US company PolyOrganix. This business is not expected to contribute significantly towards higher profits in 1997.

Ingredients achieved improved profits for both animal feed and food products. Demand in this area has been satisfactory,

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

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

GROUP BALANCE SHEET

NOK million	30.4. 1997	30.4. 1996	31.12. 1996
Assets:			
Current assets	15,716	14,082	13,719
Long-term assets	17,783	12,734	12,777
TOTAL ASSETS	33,499	26,816	26,496
Liabilities and equity:			
Interest-free liabilities	8,237	6,592	6,753
Interest-bearing liabilities	14,954	11,513	10,070
Minority interests	328	157	183
Equity	9,980	8,554	9,490
LIABILITIES AND EQUITY	33,499	26,816	26,496
Equity to total assets ratio (%):			
Book	30.8	32.5	36.5
Incl. unrealised gains before tax	41.2	40.8	45.9

CASHFLOW

NOK million	1.1.-30.4. 1997	1.1.-30.4. 1996	31.12. 1996
Cashflow Industry:			
Operating profit	595	493	1,851
Ordinary depreciation and write-downs	658	426	1,319
Changes in net working capital	(171)	(90)	420
Cashflow from operations	1,082	829	3,590
Net replacement expenditure	(578)	(261)	(967)
Free cashflow from operations	504	568	2,623
Financial items paid	(179)	(258)	(613)
Free cashflow - Industry	325	310	2,010
Cashflow from Investments area before net purchases/sales	(513)	16	312
Taxes and dividends paid	(277)	(245)	(762)
Misc. capital transactions, foreign exchange diff.	429	(3)	204
Group's self-financing capacity	(36)	78	1,764
Expansion investments Industry	(4,964)	(118)	(664)
Net purchases/sales portfolio investments	37	139	264
Net cashflow	(4,963)	99	1,364
Change in net interest-bearing debt	4,963	(99)	(1,364)
Net interest bearing debt	13,741	10,043	8,778

and the favourable trends in the fish feed market and butter substitutes for Eastern Europe have continued.

Profit in other areas increased in relation to the first four months of 1996 due to the low prices of purchased hydro electric power. Slightly weaker results are anticipated in the energy area for the rest of the year. Borregaard NEA recorded a decline in profits due to a very weak market for paper pulp.

FINANCIAL INVESTMENTS

Last year's upward trends in the financial markets continued in the first four months of 1997. The Oslo Stock Exchange All-Share Index rose by 12.8%, and the other Nordic stock exchanges also performed well. The Orkla Finance Group consolidated its strong position in the market and recorded substantial profit growth.

Orkla's share portfolio achieved a return of 16.0% in the first four months. The Investments area reported profit amounting to NOK 450 million, compared with NOK 390 million in the same period last year. Realised portfolio gains totalled NOK 419 million, compared with NOK 371 million last year. The largest gain was generated by the recapitalisation of Helly-Hansen. Dividends received totalled NOK 54 million, equivalent to dividends in the first four months of 1996.

Net sales of shares generated a minor gain in the first four months. Orkla's financial interest in Helly-Hansen was reduced to 30%. A decision was made to merge Frionor with Norway Seafoods, and the merger took place in April. Norway Seafoods was listed on the stock exchange on 16 May 1997.

Net asset value increased by NOK 1,736 million to NOK 10,645 million in the first four months of 1997. The market value of the portfolio was NOK 12,868 million at the end of the four-month period and the debt-equity ratio was reduced to 17.3%. Unrealised capital gains totalled NOK 5,944 million, an increase of NOK 1,332 million since the beginning of the year.

CASH FLOW, INVESTMENTS AND FINANCIAL SITUATION

The Group's net cash flow was NOK -4,963 million, NOK 5,062 million lower than in the first four months of 1996. This is primarily due to expenditure on industrial expansion in connection with the full acquisition of Pripps Ringnes. The financing of and payment for the purchase of a 55% financial interest in Pripps Ringnes was completed as of 1 June 1997 and totalled NOK 4 billion. In the first four months, net interest-bearing debt increased by NOK 4,963 million to NOK 13,741 million.

The Group's average borrowing rate at the end of the first four months was approximately 5.8%. Net financial items include a foreign exchange loss of NOK 18 million, compared with a profit on foreign exchange of NOK 5 million for the corresponding period last year.

As of 30 April 1997, the Group's book equity ratio was 30.8%, down 5.7 percentage-points in relation to the ratio as of 31 December 1996. This reduction must be seen in connection with the full acquisition of Pripps Ringnes. Including unrealised gains on the share portfolio (before tax), the equity ratio as of 30 April 1997 was 41.2%.

FUTURE PROSPECTS

The market conditions and the competitive environment for the Group's branded consumer goods business are on the whole expected to remain unchanged. Moderate volume growth is anticipated in the Norwegian groceries market, with continued strong competition. Volume growth in the Swedish groceries market has been weak so far this year, but has undergone significant periodic fluctuations. Trends for the rest of the year are uncertain.

The reduction in Swedish beer duty as of 1 January 1997 does not seem to have led to any reduction in cross-border trading in beer from Denmark. Baltic Beverages Holding is expected to continue to achieve volume growth as a result of growth in the overall market and its own utilisation of capacity.

The markets for specialty pulp and fine chemicals are expected to remain weak in the last six months of 1997, even though specialty pulp prices seem to have bottomed out.

The Norwegian stock market has shown a rising trend in the first four months of 1997, primarily due to favourable interest trends in Norway and Europe. International economic conditions remain encouraging with moderate growth combined with low inflation and low interest rates. However, it is uncertain how long these favourable conditions will prevail.

Oslo, 4 June 1997
The Board of Directors of Orkla ASA