First quarter 2012

ORKLA

Contents

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The first quarter in brief

- First-quarter EBITA[1] for the Orkla Group amounted to NOK 888 million (NOK 786 million)[2].

- Overall, Orkla Brands had stable market shares and underlying[3] sales growth for products sold through the grocery channel. However, this was partly counteracted by reduced contract production. Total EBITA[1] was NOK 523 million (NOK 520 million)[2].

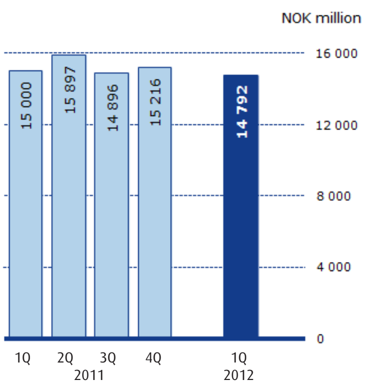
- Sapa achieved EBITA[1] of NOK 182 million (NOK 215 million)[2]. Markets for Sapa Profiles were softer in Europe and the volumes were down by 9%, but continued to improve in North America. Sapa Heat Transfer has implemented improvement measures, and results were significantly better than the weak result in the fourth quarter of 2011.

- Market conditions for Borregaard Chemicals remained good, but were offset to some extent by high raw material prices. First-quarter operating profit amounted to NOK 125 million (NOK 134 million)[2]. Higher production for Hydro Power was partially offset by low power prices.

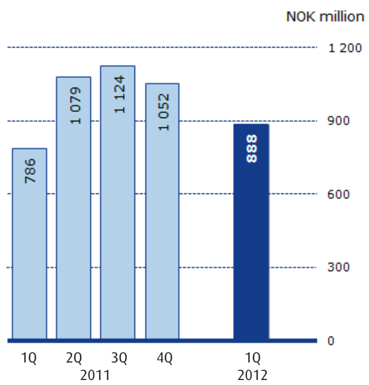
- In line with the strategy communicated by the Group, Borregaard's chemicals business was demerged to form a new company, effective 1 April, with a view to possible divestment in the second half of 2012. Net sales from the Share Portfolio totalled NOK 1,050 million in the first quarter, while gains on property sales contributed EBITA[1] of approximately NOK 100 million.

KEY FIGURES FOR THE ORKLA GROUP		1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	Note	**2012**	2011	**2011**
Operating revenues	2	**14,792**	15,000	61,009
Adjusted EBITA[1]	2	**888**	786	4,041
Profit/loss before taxes		**1,550**	1,960	(923)
Earnings per share, diluted (NOK)		**1.3**	2.9	(0.8)
Cash flow from operating activities		**16**	(437)	2,460
Net interest-bearing liabilities		**9,487**	20,664	10,645
Equity ratio (%)		**52.6**	55.6	51.8
Net gearing[4]		**0.27**	0.42	0.31

OPERATING REVENUES



EBITA[1]



[1] Operating profit before amortisation and other income and expenses
[2] Figures in parentheses are for the corresponding period in the previous year
[3] Excluding acquired and sold operations and currency translation effects
[4] [Net interest-bearing liabilities]/Equity

The Group

Orkla's first-quarter operating revenues totalled NOK 14,792 million (NOK 15,000 million)[2]. Orkla Brands had underlying[3] sales growth of 4% in the first quarter, while Sapa Profiles' business in North America saw volume growth. However, these improvements were offset by the sale of Bakers, lower power prices for Hydro Power, and softer markets and declining volumes for Sapa in Europe. Currency translation effects had a negative impact of NOK 200 million on operating revenues in the first quarter.

Group EBITA[1] amounted to NOK 888 million (NOK 786 million)[2], of which Orkla Brands accounts for around 60%. Orkla Brands experienced positive Easter effects compared with 2011, but profit was negatively impacted by high advertising investments in the first quarter. Due to gains on property sales, Orkla Financial Investments made a substantial contribution to profit, with a total EBITA[1] of NOK 103 million (NOK 0 million)[2]. Overall currency translation effects had a neutral impact on profit.

Other income and expenses totalled NOK -40 million, and are chiefly related to current recognition of M&A expenses at Group level.

First-quarter profit from associated companies totalled NOK 353 million (NOK 920 million)[2]. The accounting gain on the sale of shares in Fornebu Utvikling ASA amounted to NOK 77 million, while the accounting effect on profit related to the investment in REC was NOK 187 million.

The Share Portfolio posted a net accounting gain of NOK 427 million (NOK 361 million)[2] in the first quarter. Net sales of shares totalled NOK 1,050 million in the quarter. At 31 March 2012, the return on the Share Portfolio was 12.9%, around 2 percentage points higher than the return on the Oslo Stock Exchange Benchmark Index in the same period.

Net financial costs amounted to NOK 119 million (NOK 118 million)[2]. Interest expense was equivalent to an average borrowing rate of 3.9%.

Group profit before tax amounted to NOK 1,550 million (NOK 1,960 million)[2]. The tax charge in the first quarter was NOK 245 million. Orkla's diluted earnings per share were NOK 1.3 in the first quarter, compared with NOK 2.9 in the first quarter of 2011.

The business areas

Orkla Brands

	1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	**2012**	**2011**	**2011**
Operating revenues	**5,583**	5,714	24,621
EBITA[1]	**523**	520	2,784
EBITA margin (%)	**9.4**	9.1	11.3
Cash flow from operations before net replacement expenditures	**503**	340	2,800
Net replacement expenditures	**(109)**	(113)	(646)
Cash flow from operations	**394**	227	2,154
Expansion investments	**(24)**	(118)	(216)

- Profit on a par with 2011
- Volume growth for grocery channel sales
- Increased market investments, especially in Russia and India

Overall, there was weak growth in the first quarter in the markets in which Orkla Brands operates. First-quarter operating revenues totalled NOK 5,583 million (NOK 5,714 million)[2]. Underlying[3] sales growth in the quarter was around 4%, about one third of which was related to the timing of Easter. Overall volumes were slightly higher than in 2011, since volume growth for products sold through the grocery channel was partially counteracted by weak markets and the loss of contract sales to industrial and export customers. Orkla Brands maintained its overall market shares.

First-quarter EBITA[1] amounted to NOK 523 million (NOK 520 million)[2]. Profit growth was boosted by the sale of Bakers and the timing of Easter. Increased advertising investments in the quarter have reduced profit in the short term. Taking into account the above-mentioned factors, first-quarter profit is considered to be on a par with the same period in 2011.

Profit from Orkla Foods Nordic is somewhat higher than in 2011, while Orkla Brands Nordic experienced a certain decline in profit. Loss of contract production has had a negative impact on profit from the Nordic business units. In Orkla Brands International, Orkla Brands Russia achieved profit growth, even taking into account the one-off expenses related to last year's merger. In a demanding market, Orkla Food Ingredients posted slightly lower profit than in 2011. Work on implementing cost improvement programmes in Orkla Brands is progressing normally and savings in the first quarter were on a par with 2011.

The biscuits business has announced workforce cuts of up to 70 man-years, primarily due to reduction of volume in the business's own factory and the possibilities of rationalisation. Costs related to these cuts will be moderate and will be expensed immediately. The positive financial effects will largely be realised in 2013.

The FAO's Food Price Index is now slightly lower than in the corresponding quarter of 2011 and at the same level as in the fourth quarter of 2011. However, Orkla Brands continued to see higher raw material costs in the first quarter, primarily due to its raw material mix and a certain contract-related time-lag. These costs have been offset by raising prices.

In the first quarter of 2012, Stabburet expanded its "Kokkeklare" (Ready-to-Cook) concept to include ground beef patties, while Göteborgs/Sætre launched a new Ballerina Cookie in Sweden. Nutrilett was launched in Denmark and Poland.

Axellus acquired Pharma-Vinci A/S, thereby strengthening its focus on the pharmacy sector in Denmark. The company was established in 1941 and develops, manufactures and markets dietary supplements and women's health products for pharmacies and health food stores. Pharma-Vinci is market leader in its categories and has annual sales of around DKK 50 million.

In mid-2012, Axellus will take over the omega-3 manufacturer Denomega from Borregaard, thereby strengthening its position in marine oils. Denomega is a leading international supplier of odour and taste-free omega-3 oils manufactured from sustainable Norwegian and North Atlantic marine raw materials. The consolidation of omega-3 expertise in Axellus will open up new opportunities for innovation. Sales in Denomega totalled NOK 98 million in 2011.

In Orkla Food Ingredients, agreements were entered into in the last four months to purchase four sales and distribution companies, two in Poland, one in Slovakia and one in Romania. Total annual sales are approximately NOK 270 million.

Orkla Foods Nordic

Orkla Foods Nordic posted first-quarter operating revenues of NOK 2,026 million (NOK 2,213 million)[2]. This was an underlying[3] improvement of about 5%, about half of which is related to the timing of Easter. Panda and the Baltic businesses showed the highest growth rates in the quarter. First-quarter EBITA[1] amounted to NOK 197 million (NOK 186 million)[2]. Profit growth was positively affected by the sale of Bakers and the timing of Easter. The improved results achieved by Stabburet, Panda and all the Baltic companies were partially offset by slightly weaker growth for Abba Seafood, Procordia and Felix Abba. However, Beauvais Foods and Abba Seafood reported sales growth, and Procordia strengthened its market shares in the quarter.

For Stabburet, a good programme of launches, driven by innovations such as Kokkeklare ground beef patties, Grandiosa Nacho and Stabbur-makrell grovhakket (chopped mackerel spread), contributed to improvement in the form of sales growth, strengthened market shares and better results.

Orkla Brands Nordic

Orkla Brands Nordic reported first-quarter operating revenues of NOK 1,924 million (NOK 1,937 million)[2]. Underlying[3], this was on a par with 2011. First-quarter EBITA[1] amounted to NOK 334 million (NOK 363 million)[2], an underlying[3] year-on-year decline of 7%. The timing of Easter is considered to have had only moderate positive effects.

The first-quarter decline in profit is primarily attributable to the weak start in terms of sales volume in January and part of February, mainly for Nidar, Göteborgs/Sætre and Axellus, and the effect of the loss of contract production.

On the other hand, Lilleborg posted higher sales and profit, particularly in the hair and dishwashing product segments, compared, however, to a weak quarter in 2011. OLW, in the Chips Group, made good progress in Sweden.

Several innovations launched in the quarter have made a promising start. This applies to "Ballerina Fylld Cookie" (Göteborgs Kex), men's boxer shorts from Pierre Robert and the launch of Nutrilett in Denmark and Poland.

Orkla Brands International

Orkla Brands International posted first-quarter operating revenues of NOK 452 million (NOK 445 million)[2], equivalent to underlying[3] growth of 5%. First-quarter EBITA[1] was NOK -37 million (NOK -63 million)[2]. Underlying[3], this was equivalent to a profit improvement of NOK 25 million.

The increase in operating revenues was linked to India and continuing growth for the core categories spices and ready mixes, while operating revenues in Russia and Austria were on a par with the same period in 2011. The profit improvement was primarily related to Russia, generated by the realisation of synergies and the lower prices on inputs (cocoa beans and sugar). At the same time, profit in 2011 was reduced by one-off costs of around NOK 20 million, related to the establishment of Orkla Brands Russia. Advertising expenses in Russia and India were higher than in 2011.

Orkla Food Ingredients

Orkla Food Ingredients reported first-quarter operating revenues of NOK 1,232 million (NOK 1,192 million)[2], equivalent to underlying[3] growth of 6%. This increase was primarily related to Norway and Sweden, and is ascribable to increased market shares and higher prices. First-quarter EBITA[1] amounted to NOK 29 million (NOK 34 million)[2]. Underlying[3] profit declined by NOK 3 million. The market is challenging, with increased competition and lower demand from small bakeries. The timing of Easter probably had a certain positive effect, year-on-year, on sales and profit in the first quarter of this year.

Sapa

	1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	**2012**	2011	2011
Operating revenues	**7,712**	7,882	30,844
EBITA[1]	**182**	215	812
EBITA margin (%)	**2.4**	2.7	2.6
Cash flow from operations before net replacement expenditures	**(152)**	(456)	312
Net replacement expenditures	**(214)**	(209)	(659)
Cash flow from operations	**(366)**	(665)	(347)
Expansion investments	**(67)**	(86)	(588)

- Market growth and share gain in Sapa Profiles North America, while volumes in Europe were down by 9%
- Lower volumes for Sapa Heat Transfer, but improved profit compared with the fourth quarter of 2011

Volume for the first quarter totalled 271,000 tonnes, 2,000 tonnes higher than in 2011. First-quarter operating revenues amounted to NOK 7,712 million (NOK 7,882 million)[2] and EBITA[1] was NOK 182 million (NOK 215 million)[2]. EBITA[1] was lower than in 2011 due to the negative market trend in Europe, which affected both Sapa Profiles Europe and Sapa Heat Transfer. Restructuring activities are proceeding according to plan and are expected to gradually generate an annualised full-year effect of NOK 250-300 million when fully implemented.

Sapa Profiles

Sapa Profiles' sales volume in the first quarter totalled 225,000 tonnes, 7,000 tonnes (3%) higher than in 2011. EBITA[1] declined slightly to NOK 110 million (NOK 119 million)[2].

The North American volumes totalled 115,000 tonnes, a year-on-year increase of 13,000 tonnes (13%). The volume increase was driven by both market growth and gain in market share. Volume growth performance was also strengthened by increased productivity as a result of the North American restructuring activities. Optimised production footprint and operational improvements over the last two years have increased the EBITA margin to 4.5% in a market that is still significantly below mid-cycle.

The European market continued to follow the deteriorating trend seen in the fourth quarter of 2011, and Sapa Profiles Europe's sales volume declined to 106,000 tonnes in the first quarter, 10,000 tonnes lower than in the same period in 2011. Due to lower demand, the business experienced lower margins, especially in the struggling South European markets.

EBITA[1] for Sapa Profiles Asia amounted to NOK -12 million in the first quarter, including a positive one-off related to the sale of production equipment. The establishment and build-up phase in Asia, which includes organisational, manufacturing and market development, will have a negative impact on Sapa's EBITA[1] in 2012.

Sapa Heat Transfer & Building System

Sapa Heat Transfer's volume for the first quarter was 47,000 tonnes, which was 4,000 tonnes lower than in 2011. EBITA[1] for Sapa Heat Transfer & Building System amounted to NOK 72 million (NOK 96 million)[2] in the first quarter. This is lower than in the first quarter of 2011, but a strong improvement compared to the fourth quarter of 2011. The majority of the decline in EBITA[1] compared to the first quarter of 2011 for Sapa Heat Transfer & Building System is explained by lower volumes in Sapa Heat Transfer, stemming from the weakened market for welded products in Southern Europe and weaker automotive markets.

Sapa Heat Transfer's improvement programme to enhance results through restructuring, operational improvements and price increases is progressing as planned. As a result of these enhancements, the Swedish entity showed improved EBITA[1] in the first quarter. In China, the Shanghai plant has completed investments in capacity and productivity enhancements to provide an improved platform for profitable growth when the automotive market regains momentum.

Sapa Building System continues to be affected by low building and construction activity across Europe, and markets are softening further, with the most pronounced negative impact in Southern Europe. In light of the adverse market conditions and seasonally low activity level in the first quarter, results are considered satisfactory and Sapa Building System continues to gradually strengthen its market position.

Other businesses

Orkla Financial Investments

	1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	**2012**	2011	2011
EBITA[1]	**103**	0	(58)
Other income and expenses	**-**	-	(20)
Dividends received	**52**	84	438
Gains, losses and write-downs			
Share Portfolio	**427**	361	1,643
Other financial matters	**81**	14	94
Profit/loss before taxes	**663**	459	2,097
Share Portfolio:			
Market value	**4,963**	11,105	5,497
Unrealised gains	**1,361**	4,168	1,180

Profit before tax for Orkla Financial Investments amounted to NOK 663 million (NOK 459 million)[2] in the first quarter.

Net sales of portfolio shares in the quarter totalled NOK 1,050 million. At quarter end, the market value of the Share Portfolio was NOK 4,963 million, while unrealised gains amounted to NOK 1,361 million. In the first quarter, gains, losses and write-downs amounted to NOK 427 million (NOK 361 million)[2]. Write-downs under IFRS totalled NOK -110 million (NOK -83 million)[2].

First-quarter EBITA[1] for Orkla Eiendom amounted to NOK 112 million (NOK 11 million)[2]. The increase is primarily ascribable to the delivery of apartments in an ongoing property development project (Idun), and the sale of property in Switzerland and Widerøveien 5 AS. In the Idun project, the apartments will be delivered on an ongoing basis throughout the year, and are expected to generate a profit contribution on the order of NOK 30-50 million in the second quarter. The accounting gain of NOK 77 million on the sale of Fornebu Utvikling ASA is included in profit from associated companies.

Borregaard Chemicals

Borregaard Chemicals posted first-quarter operating revenues of NOK 981 million (NOK 1,032 million)[2]. Underlying[3] operating revenues were more or less unchanged from 2011. EBITA[1] amounted to NOK 125 million (NOK 134 million)[2]. Borregaard Chemicals' industrial operations in Sarpsborg were legally demerged from its energy operations. The special oil product business (Denomega) was also demerged and will become part of Axellus as from mid-2012.

In the first quarter, market conditions remained largely positive for key product groups, although there were certain soft spots, especially for the aroma business. Profitability is limited by the continued high prices of raw materials and energy, and the effect of a strong Norwegian krone. Production volume at the Sarpsborg plant was slightly higher than in the corresponding quarter of 2011.

The speciality cellulose business reported first-quarter profit on a par with the corresponding period of 2011. Higher selling prices, increased production volume and lower variable costs were offset by increased fixed costs and the stronger NOK exchange rate. The lignin business posted somewhat weaker profit than in the same quarter of 2011. Higher sales volume was counteracted by higher energy and raw material prices. Price increases compensated for the currency situation. The ingredients and pharma business reported weaker profit for aroma products due to lower sales volumes, while the fine chemicals business had high delivery volumes and therefore a marked improvement in profit.

Hydro Power

EBITA[1] for Hydro Power amounted to NOK 33 million (NOK -13 million)[2]. Hydro Power had higher production in the first quarter due to high inflow in Sauda, and higher production from its own plants resulting in reduced spot market purchases for the business in Sarpsborg. However, power prices in the first quarter were significantly lower than in the same quarter of 2011.

At the end of the first quarter, the reservoir in Sauda was 47% full, which is 24% higher than normal. The snowpack level was also higher than normal.

Jotun AS (42.5% stake)

Jotun's established growth strategy and operations in important markets contributed to a satisfactory first quarter, with higher year-on-year sales. This is mainly due to continued growth in Asia and the Middle East, but also to the positive performance of parts of its European operations. Margin performance was also satisfactory compared with the same period of 2011. Jotun has continued to pursue its comprehensive investment programme, in line with the company's strategy.

Cash flow and financial situation

The following comments relate to the cash flow statement as presented in Orkla's in-house format. Reference is made to Note 12 of this report.

Cash flow from operations in the first quarter amounted to NOK 16 million (NOK -437 million)[2]. Due to seasonal fluctuations, working capital was higher than at the start of the year. However, this effect was somewhat lower than at the same time in 2011.

Expansion investments totalled NOK 137 million in the first quarter (NOK 229 million)[2]. Company acquisitions amounted to NOK 121 million in the quarter, and consisted of the purchase of Pharma-Vinci A/S and a few minor acquisitions in Orkla Food Ingredients. Divestments totalled NOK 933 million in the quarter, consisting primarily of the sale of shares in Fornebu Utvikling ASA and Bakers. Net sales of portfolio investments amounted to NOK 1,050 million. The sell-off of shares is proceeding as planned.

Share buybacks totalled NOK 431 million in the first quarter.

The Group had a net cash flow of NOK 1,011 million in the first quarter (NOK -1,098 million)[2]. At 31 March, the Group's net interest-bearing liabilities totalled NOK 9,487 million, and bore an average borrowing rate of 3.9%. The interest-bearing liabilities are chiefly distributed among the following currencies: NOK, SEK, EUR and USD. At quarter end, the equity ratio was 52.6%, while net gearing[4] was 0.27.

Other matters

Orkla's Board of Directors and Bjørn M. Wiggen have agreed that he will resign as President and CEO of Orkla with effect from 30 April. The Deputy Chair of the Board of Directors, Åge Korsvold, has been appointed Acting President and CEO. Åge Korsvold has many years of experience in top executive and Board positions in Norwegian and international business and industry, including as CEO of Storebrand from 1994 to 2000 and CEO of Kistefos AS from 2001 to 2010. He has been a member of Orkla's Board of Directors since May 2011. The process of finding a new President and CEO for Orkla has begun.

The Board of Directors of Orkla ASA wishes to thank Bjørn M. Wiggen for his efforts as President and CEO in a very demanding period, and for his work for the Group over many years.

At the Annual General Meeting on 19 April 2012, the dividend for 2011 was set at NOK 2.50 per share, equivalent to the ordinary dividend for 2010. The dividend will be paid on 3 May 2012 to shareholders of record on the date of the general meeting.

The following members of the Corporate Assembly were re-elected for a term of one year: Johan H. Andresen jr., Idar Kreutzer, Rune Bjerke, Nils-Henrik Pettersson, Gunn Wærsted, Lars Windfeldt, Olaug Svarva, Dag Mejdell, Marianne Blystad, Nils Selte, Terje Venold and Ann Kristin Brautaset. Furthermore, Odd Gleditsch d.y. and Gunnar Rydning were elected as new members of the Corporate Assembly for a term of one year.

Scilla Treschow Hokholt, Benedikte Bjørn and Mimi K. Berdal were re-elected as deputy members of the Corporate Assembly for a term of one year, while Kjetil Houg, Camilla Hagen and Kirsten Idebøen were elected as new deputy members for a term of one year. Andreas Enger declined to be re-elected, due to a new position. The Board of Directors of Orkla ASA thanks Andreas Enger for his efforts in the Group's best interests.

Idar Kreutzer, Olaug Svarva and Leiv Askvig were re-elected as members of the Nomination Committee for a term of two years. Idar Kreutzer was re-elected as Chair of the Nomination Committee for a term of two years.

Outlook

There is still uncertainty with regard to future global economic trends. The European market is expected to remain soft, while the growth rate in Asia in the first quarter was slightly lower than last year. A positive trend is expected in the USA, but for the time being the upswing is fragile. Orkla is well prepared to deal with slower growth and, due to its composition and structure, is not particularly vulnerable to individual factors or markets. Nevertheless, a weaker economic climate will have a negative impact, particularly on Sapa and Borregaard Chemicals.

Orkla Brands anticipates a relatively stable trend in the Nordic grocery market. Raw material prices have remained high, but the FAO Food Price Index fell slightly in the first quarter. Due to the mix of raw materials and a certain contractual time-lag, raw material costs for Orkla Brands are still higher than last year. Selling prices are being raised to compensate for this effect. Orkla Brands continues to implement its cost reduction programme and, among other things, has announced workforce cuts of up to 70 man-years in its biscuits business.

Sapa Profiles North America is expected to continue its positive performance, but with a slightly lower growth rate than in the first quarter. The markets for Sapa Profiles Europe are expected to remain soft in the first half year. For Sapa Heat Transfer the markets are expected to be at the same level as in the first quarter of 2012. The effect of the restructuring carried out towards the end of last year is expected to contribute to profit growth.

Borregaard Chemicals expects market conditions to remain chiefly good in the second quarter. The strong Norwegian krone and the persistently high raw material and energy prices will have a negative effect on profitability. Hydro Power's reservoir and snowpack levels are both higher than normal, and production is therefore expected to be high in the coming period. Power prices, on the other hand, are expected to remain low.

Oslo, 2 May 2012
The Board of Directors of Orkla ASA

THE GROUP'S CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 31.3. 2012	1.1. – 31.3. 2011	1.1. – 31.12. 2011
Operating revenues	2	**14,792**	15,000	61,009
Operating expenses		**(13,458)**	(13,736)	(55,107)
Depreciation and write-down property, plant and equipment		**(446)**	(478)	(1,861)
Amortisation intangible assets		**(11)**	(7)	(55)
Other income and expenses	3	**(40)**	(66)	(1,041)
Operating profit		**837**	713	2,945
Profit/loss from associates	9	**353**	920	(5,505)
Dividends received		**52**	84	440
Gains, losses and write-downs Share Portfolio		**427**	361	1,643
Financial items, net		**(119)**	(118)	(446)
Profit/loss before taxes		**1,550**	1,960	(923)
Taxes		**(245)**	(219)	(1,018)
Profit/loss for the period for continued operations		**1,305**	1,741	(1,941)
Gains/profit discontinued operations	10	**-**	1,213	1,213
Profit/loss for the period		**1,305**	2,954	(728)
Profit/loss attributable to non-controlling interests		**16**	2	48
Profit/loss attributable to owners of the parent		**1,289**	2,952	(776)

EARNINGS PER SHARE

Amounts in NOK	1.1. – 31.3. 2012	1.1. – 31.3. 2011	1.1. – 31.12. 2011
Earnings per share	**1.3**	2.9	(0.8)
Earnings per share (diluted)	**1.3**	2.9	(0.8)

THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 31.3. 2012	1.1. – 31.3. 2011	1.1. – 31.12. 2011
Profit/loss for the period		**1,305**	2,954	(728)
Change in unrealised gains on shares after tax	4	**201**	(238)	(3,143)
Change in hedging reserve after tax	4	**128**	269	(770)
Translation effects		**(582)**	(542)	(109)
The Group's comprehensive income		**1,052**	2,443	(4,750)
Comprehensive income attributable to non-controlling interests		**12**	(1)	48
Comprehensive income attributable to owners of the parent		**1,040**	2,444	(4,798)

THE GROUP'S CONDENSED BALANCE SHEET

Amounts in NOK million	Note	31.3. 2012	31.12. 2011
Intangible assets		**12,674**	12,801
Property, plant and equipment		**17,913**	18,058
Financial assets	6, 9	**4,999**	5,682
Non-current assets		**35,586**	36,541
Assets held for sale	5	**-**	391
Inventories		**8,276**	8,047
Receivables	6	**11,206**	10,462
Share Portfolio etc.		**4,967**	5,502
Cash and cash equivalents	6	**6,517**	5,453
Current assets		**30,966**	29,855
Total assets		**66,552**	66,396
Paid in equity		**1,984**	1,997
Earned equity		**32,711**	32,109
Non-controlling interests		**290**	280
Equity		**34,985**	34,386
Provisions and other non-current liabilities		**3,107**	3,165
Non-current interest-bearing liabilities	6	**15,227**	15,488
Current interest-bearing liabilities	6	**1,568**	1,472
Liabilities held for sale	5	**-**	177
Other current liabilities		**11,665**	11,708
Equity and liabilities		**66,552**	66,396
Equity ratio (%)		**52.6**	51.8

THE GROUP'S CONDENSED CHANGES IN EQUITY

	1.1. – 31.3.2012			1.1. – 31.3.2011		
Amounts in NOK million	Attributed to equity holders of the parent	Non-controlling interests	Total equity	Attributed to equity holders of the parent	Non-controlling interests	Total equity
Equity 1 January	**34,106**	**280**	**34,386**	46,566	365	46,931
The Group's comprehensive income	**1,040**	**12**	**1,052**	2,444	(1)	2,443
Dividends	**-**	**(1)**	**(1)**	-	(3)	(3)
Net buy-back/sale of Orkla shares	**(467)**	**-**	**(467)**	18	-	18
Option costs	**20**	**-**	**20**	22	-	22
Change in non-controlling interests	**(4)**	**(1)**	**(5)**	-	(58)	(58)
Equity at the close of the period	**34,695**	**290**	**34,985**	49,050	303	49,353

THE GROUP'S CONDENSED CASH FLOW STATEMENT IFRS

		1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	Note	**2012**	**2011**	**2011**
Cash flow from operations before net replacement expenditure[1]		**385**	163	3,430
Received dividends and financial items		**19**	24	109
Taxes paid		**(255)**	(187)	(603)
Cash flow from operating activities		**149**	0	2,936
Net investments fixed assets		**(541)**	(634)	(2,437)
Net sale (purchase) of companies	5, 10	**791**	(219)	12,165
Net sale portfolio investments		**1,050**	630	4,494
Discontinued operations and other payments		**209**	(758)	(479)
Cash flow from investing activities		**1,509**	(981)	13,743
Net paid to shareholders		**(668)**	15	(7,545)
Change in interest-bearing liabilities and interest-bearing receivables		**156**	560	(6,488)
Cash flow from financing activities		**(512)**	575	(14,033)
Currency effects cash and cash equivalents		**(82)**	(35)	(12)
Change in cash and cash equivalents		**1,064**	(441)	2,634
Cash and cash equivalents	6	**6,517**	2,378	5,453

[1] The difference between cash flow from operations before investments in the condensed IFRS-compliant cash flow statement and the corresponding line in Orkla's cash flow statement in Note 12, is that Orkla's cash flow statement comprises only industrial activities.

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for the first quarter of 2012 were approved at a meeting of the Board of Directors on 2 May 2012. The figures in the statements have not been audited. Orkla ASA is a public limited liability company and its offices are located in Skøyen, Oslo (Norway).

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculation have been applied as in the last Annual Financial Statements. The future effects of new accounting standards were described in the Annual Financial Statements. The entry into force of the standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities may be postponed for a year, until 1 January 2014. This will entail a corresponding delay in amendments to the associated standards IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates.

NOTE 2 SEGMENTS

OPERATING REVENUES

	1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	2012	2011	2011
Orkla Group	**14,792**	15,000	61,009
Orkla Brands	**5,583**	5,714	24,621
Orkla Foods Nordic	**2,026**	2,213	9,496
Orkla Brands Nordic	**1,924**	1,937	7,928
Orkla Brands International	**452**	445	2,113
Orkla Food Ingredients	**1,232**	1,192	5,392
Eliminations Orkla Brands	**(51)**	(73)	(308)
Sapa	**7,712**	7,882	30,844
Sapa Profiles	**6,093**	6,168	24,479
Sapa Heat Transfer & Building System	**1,822**	1,941	7,280
Eliminations Sapa	**(203)**	(227)	(915)
Borregaard Chemicals	**981**	1,032	4,004
Hydro Power	**208**	706	1,691
Orkla Financial Investments	**321**	78	328
HQ/Other Business/Eliminations	**(13)**	(412)	(479)

Intercompany sales within the different segments are eliminated on separate lines in the above table. The only segment with considerable intercompany sales is Hydro Power: in the first quarter these amounted to NOK 61 million (NOK 405 million). The other segments have entirely insignificant intercompany sales, as follows: Orkla Brands NOK 2 million (NOK 5 million), Sapa 0 million (NOK 1 million), Borregaard NOK 3 million (NOK 4 million) and Orkla Financial Investments NOK 1 million (NOK 0 million).

OPERATING PROFIT - EBITA*

	1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	2012	2011	2011
Orkla Group	**888**	786	4,041
Orkla Brands	**523**	520	2,784
Orkla Foods Nordic	**197**	186	1,082
Orkla Brands Nordic	**334**	363	1,464
Orkla Brands International	**(37)**	(63)	8
Orkla Food Ingredients	**29**	34	230
Sapa	**182**	215	812
Sapa Profiles	**110**	119	534
Sapa Heat Transfer & Building System	**72**	96	278
Borregaard Chemicals	**125**	134	531
Hydro Power	**33**	(13)	260
Orkla Financial Investments	**103**	0	(58)
HQ/Other Business	**(78)**	(70)	(288)

Reconciliation against operating profit

EBITA*	**888**	786	4,041
Amortisation intangible assets	**(11)**	(7)	(55)
Other income and expenses	**(40)**	(66)	(1,041)
Operating profit	**837**	713	2,945

* Operating profit before amortisation and other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

	1.1.–31.3.		1.1.–31.12.
Amounts in NOK million	**2012**	2011	**2011**
M&A costs	**(37)**	(14)	(124)
Special IFRS effects	**(3)**	-	-
Net costs fires, Sapa	**-**	(48)	(41)
Restructuring Profiles and Heat Transfer/ Building Systems, Sapa	**-**	-	(679)
Step acquisition in Orkla Brands and Orkla Eiendom	**-**	4	(6)
Closing down Vancouver, reversed write-down and provisions Holland, Sapa	**-**	(8)	-
Gain on sale/settlements provisions etc., Borregaard	**-**	-	19
Write-down and expenses attached to Bakers	**-**	-	(155)
Write-down property, plant and equipment in Denomega, Borregaard	**-**	-	(55)
Total other income and expenses	**(40)**	(66)	(1,041)

NOTE 4 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows changes in the value of the Share Portfolio (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect for the first quarter of 2012 relating to unrealised gains amounts to NOK 10 million, while the tax effect relating to the hedging reserve amounts to NOK 41 million.

Unrealised gains on shares and the hedging reserve included in equity at 31 March 2012 (after tax) total NOK 1,335 million and NOK -143 million, respectively.

NOTE 5 ACQUISITIONS AND SALES OF COMPANIES

In the first quarter, Orkla Brands acquired a few small companies representing an enterprise value of NOK 119 million. The Axellus Group purchased the company Pharma-Vinci, thereby strengthening its investment in the pharmacy segment in Denmark. In 2011, Pharma-Vinci had total sales of around DKK 50 million and 35 employees. Orkla Food Ingredients acquired Sebmag, a sales and distribution company in the bakery and confectionery ingredients segment in Poland. In 2011, Sebmag had sales of around EUR 5.2 million and 20 employees.

Orkla sold Fornebu Utvikling, Widerøveien 5 and Bakers in the first quarter, for a total of NOK 933 million.

NOTE 6 NET INTEREST-BEARING LIABILITIES

The various elements of net interest-bearing liabilities are shown in the following table:

	31.3.	31.12.
Amounts in NOK million	**2012**	**2011**
Non-current interest-bearing liabilities	**(15,227)**	(15,488)
Current interest-bearing liabilities	**(1,568)**	(1,472)
Non-current interest-bearing receivables (in "Financial Assets")	**747**	798
Current interest-bearing receivables (in "Receivables")	**44**	64
Cash and cash equivalents	**6,517**	5,453
Net interest-bearing liabilities	**(9,487)**	(10,645)

NOTE 7 RELATED PARTIES

The Canica system (largest shareholder, with a 24.3% stake) and Orkla both have equity interests in certain investments.

Prior to the sale of Widerøveien 5 AS, Sjøflyhavna Eiendom AS was sold by Widerøveien. Three of the buyers of Sjøflyhavna Eiendom are Canica AS (20%), Ventotene (15%) and Punis AS (15%). Ventotene is wholly-owned by Peter Ruzicka and Punis is owned by Canica employees. The sale was transacted on commercial terms and conditions.

There were no other special transactions between the Group and related parties in the first quarter of 2012.

The Group has provided loans totalling NOK 90 million and NOK 184 million, respectively, to joint ventures and associates within Sapa and Orkla's real estate investments.

NOTE 8 OPTIONS AND TREASURY SHARES

Changes in outstanding options and treasury shares are shown in the following table.

Change in number of options:

Outstanding number of options as of 1 January 2012	22,651,500
Allocated during the period	0
Exercised during the period	0
Forfeited during the period	0
Outstanding number of options as of 31 March 2012	22,651,500

As of 31 December 2011, Orkla had a hedge through a cash-settled financial derivative of 600,000 underlying shares related to its option programme. The hedge agreement was terminated on 20 March 2012 and NOK 1 million was expensed in this connection.

Change in treasury shares:

Treasury shares as of 1 January 2012	8,920,791
External purchasing of own shares	10,188,000
Options exercised in treasury shares	0
Share programme for Orkla employees	0
Treasury shares as of 31 March 2012	19,108,791

On 19 April 2012, the General Meeting of Orkla ASA decided to reduce share capital by NOK 12,500,000 from NOK 1,286,163,712.50 to NOK 1,273,663,712.50 by cancelling 10,000,000 shares owned by Orkla ASA. The number of shares in the company will be reduced from 1,028,930,970 to 1,018,930,970. The amount by which the share capital is reduced will be used to cancel treasury shares.

NOTE 9 ASSESSMENTS RELATING TO IMPAIRMENT

In accordance with the Group's accounting principles, the Share Portfolio was written down by NOK 110 million in the first quarter of 2012.

No impairments were identified in the Group's property, plant or equipment or intangible assets.

In line with the principle stated in the 2011 Annual Financial Statements, the Group's investment in REC is reported at market price as long as this is lower than the carrying value under the principles applied for associates. At 31 March 2012, the market price was NOK 3.38 per share, compared with NOK 3.32 at 31 December 2011. A total of NOK 187 million relating to REC was recognised in income in the first quarter of 2012. Reported profit/loss from REC does not tally exactly with changes in the market price multiplied by the number of shares. The reason for this is that underlying translation differences recognised in REC's comprehensive income statement will be an income statement element in Orkla's financial statements. Translation differences are normally reported against the equity interest, but in a situation where the value of the interest is determined by the market price, items reported directly against the interest will have to be offset through recognition in the income statement. Profit/loss from REC at 31 March 2012 was impacted by NOK 163 million due to this effect.

NOTE 10 DISCONTINUED OPERATIONS

On 10 January 2011, Orkla ASA entered into a binding agreement regarding the sale of Elkem to China National Bluestar Group Co., Ltd. Settlement took place on 14 April in accordance with the conditions for the sale. For accounting purposes, the transaction was completed in the first quarter of 2011 when all the official approvals had been obtained. Profit and the gain on the sale of Elkem are presented on a single line in the consolidated income statement. The profit item consists of the following elements:

	1.1. – 31.3.	
Amounts in NOK million	2012	2011
Operating revenues	-	2,675
Operating expenses	-	(2,126)
Depreciation and impairment charges	-	(157)
Amortisation intangible assets	-	(20)
Operating profit	-	372
Financial items, net	-	(39)
Profit/loss before taxes	-	333
Taxes	-	(72)
Profit/loss after taxes	-	261
Gain on sale after tax	-	1,137
M&A costs	-	(185)
Profit/loss for discontinued operations	-	1,213

NOTE 11 OTHER MATTERS

At the Annual General Meeting on 19 April 2012, the dividend for 2011 was fixed at NOK 2.50 per share, entailing a disbursement of NOK 2,525 million. The dividend will be paid on 3 May 2012.

There have otherwise been no events after the balance sheet date that would have had an impact on the financial statements or the assessments carried out.

NOTE 12 CASH FLOW STATEMENT ORKLA-FORMAT

The bottom line item of the Orkla-format cash flow statement is the change in net interest-bearing liabilities, which is an important key figure for the Group that is used directly in the management of the business areas, and is included in the presentation of segment information. Cash flow from operations differentiates between industrial activities and investing activities, and shows the Group's overall financial capacity generated by operations to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. The last part of the cash flow statement shows which expansion measures have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies and changes in the level of investments in the Share Portfolio. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

CASH FLOW STATEMENT ORKLA-FORMAT

		1.1. – 31.3.		1.1. – 31.12.
Amounts in NOK million	Note	2012	2011	2011
Cash flow Industrial Activities:				
Operating profit		**734**	713	3,023
Amortisation, depreciation and impairment charges		**449**	477	2,088
Changes in net working capital, etc.		**(789)**	(1,254)	(1,094)
Cash flow from operations before net replacement expenditures		**394**	(64)	4,017
Net replacement expenditures		**(378)**	(373)	(1,557)
Cash flow from operations		**16**	(437)	2,460
Financial items, net		**(84)**	(122)	(488)
Cash flow from Industrial Activities		**(68)**	(559)	1,972
Cash flow from Orkla Financial Investments		**68**	356	66
Taxes paid		**(255)**	(187)	(603)
Discontinued operations and other payments		**209**	(773)	(509)
Cash flow before capital transactions		**(46)**	(1,163)	926
Paid dividends		**(237)**	(3)	(7,436)
Net sale/purchase of Orkla shares		**(431)**	18	(109)
Cash flow before expansion		**(714)**	(1,148)	(6,619)
Expansion Industrial Activities		**(137)**	(229)	(906)
Sale of companies/share of companies (enterprise value)	5, 10	**933**	-	13,503
Purchase of companies/share of companies (enterprise value)	5	**(121)**	(351)	(1,498)
Net purchase/sale portfolio investments		**1,050**	630	4,494
Net cash flow		**1,011**	(1,098)	8,974
Currency effects of net interest-bearing liabilities		**147**	86	33
Change in net interest-bearing liabilities		**(1,158)**	1,012	(9,007)
Net interest-bearing liabilities	6	**9,487**	20,664	10,645