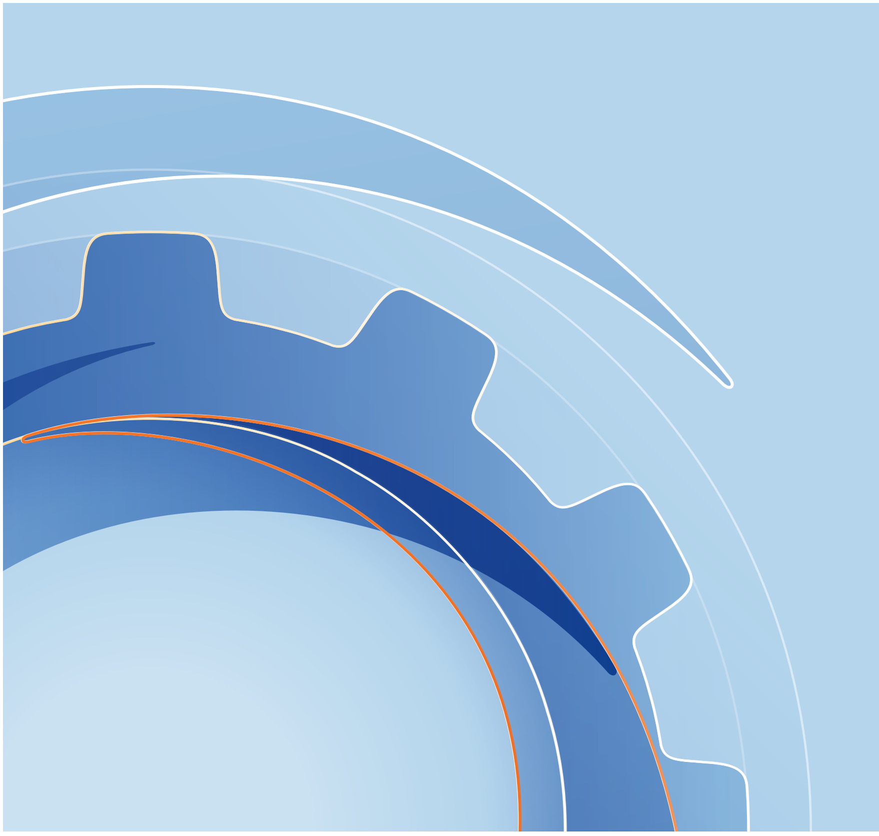
Third Quarter 2011



ORKLA

Contents

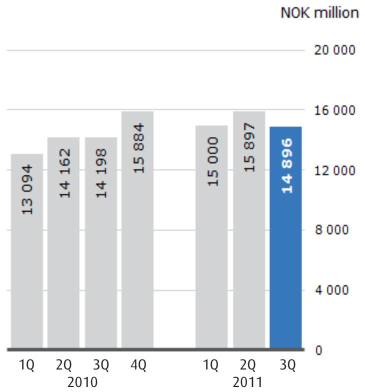
The third quarter in brief

- The Orkla Group reported operational improvement in the third quarter, and EBITA[1] increased by 9% to NOK 1,124 million (NOK 1,035 million)[2].
- Orkla Brands achieved improved profit compared to the trend in the first half-year. Third-quarter EBITA[1] was on a par with the same period in 2010, amounting to NOK 762 million (NOK 776 million)[2]. Higher raw material prices were offset by price increases in the quarter.
- Sapa achieved continued sales growth in the third quarter; however, the markets were somewhat weaker than in the first half of 2011. EBITA[1] amounted to NOK 163 million (NOK 162 million)[2]. Further restructuring projects were initiated in the quarter.
- Continued favourable market conditions led to profit growth for Borregaard Chemicals, and EBITA[1] rose to NOK 164 million (NOK 92 million)[2] in the quarter. Results for Hydro Power were somewhat weaker than in the same period of 2010, due to lower market prices.
- In line with Orkla's accounting practice, the investment in REC was written down to market value, entailing a negative impact on profit of NOK -1.8 billion in the quarter. Jotun reported satisfactory volume and sales growth in the quarter, but higher raw material prices resulted in lower operating profit than in 2010.
- At 30 September 2011, the return on the Share Portfolio was -15.6% compared with -21.8% for the Morgan Stanley Nordic Index (-20.8% for the Oslo Stock Exchange Benchmark Index). After net sales of shares totalling NOK 2,475 million in the first nine months, the Share Portfolio had a market value of NOK 7,433 million at the end of the third quarter.

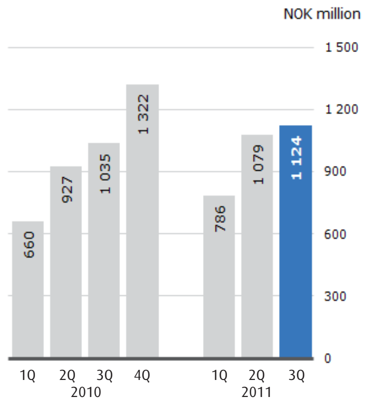
KEY FIGURES FOR THE ORKLA GROUP

		1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK	Note	**2011**	2010	2010	**2011**	2010
Operating revenues	2	**45,793**	41,454	57,338	**14,896**	14,198
Adjusted EBITA[1]	2	**2,989**	2,622	3,944	**1,124**	1,035
Profit/loss before taxes		**(1,456)**	(1,791)	20	**(1,029)**	3,375
Earnings per share diluted (NOK)		**(1.0)**	(2.5)	(0.9)	**(1.3)**	3.1
Cash flow from operating activities		**866**	921	2,469	**1,183**	844
Net interest-bearing liabilities		**8,060**	23,983	19,652		
Equity ratio (%)		**55.0**	49.4	53.6		
Net gearing[4]		**0.20**	0.54	0.42		

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 third-quarter operating revenues totalled NOK 14,896 million (NOK 14,198 million)[2]. Sapa's volume growth was the main reason for the 5% growth in sales in the quarter, but Borregaard Chemicals also achieved higher sales in the period. Currency translation effects had a negative impact of NOK -570 million on operating revenues in the third quarter.

Group EBITA[1] was NOK 1,124 million (NOK 1,035 million)[2] in the third quarter. This improvement was primarily ascribable to good results for Borregaard Chemicals, while results for both Orkla Brands and Sapa were on a par with the same period of 2010. EBITA[1] was negatively affected by currency translation effects totalling NOK -27 million in the third quarter.

The Group's equity interests in REC (39.7%) and Jotun (42.5%) are presented according to the equity method on the line for associates. Orkla bases the value of its stake in REC on the market price, as long as the market price is lower than the carrying value, according to the principles applied for associates. The REC share price fell from NOK 9.28 at 30 June 2011 to NOK 5.24 at 30 September 2011. The total accounting effect on profit was NOK -1,848 million in the third quarter, of which translation differences amounted to NOK -247 million. Reference is otherwise made to Note 9 to this report.

Other income and expenses totalled NOK -178 million in the third quarter, and were largely related to further restructuring projects in Sapa.

The Share Portfolio reported a net accounting loss of NOK -105 million in the third quarter (NOK 318 million)[2]; for the first nine months the reported accounting gain was NOK 914 million (NOK 905 million)[2].

Net finance costs in the third quarter totalled NOK 97 million (NOK 100 million)[2]. The interest costs were equivalent to an interest rate of 2.9% on an average interest-bearing liability of NOK 8,480 million in the period.

Group profit before tax amounted to NOK -1,029 million (NOK 3,375 million)[2] in the third quarter. The tax charge for the third quarter was NOK -269 million. Orkla's diluted earnings per share amounted to NOK -1.3 kroner in the third quarter, compared with NOK 3.1 in the same period of 2010.

The business areas

Orkla Brands

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	**2011**	2010	2010	**2011**	2010
Operating revenues	**17,752**	16,647	23,627	**6,030**	5,804
EBITA[1]	**1,908**	2,057	2,967	**762**	776
EBITA margin (%)	**10.7**	12.4	12.6	**12.6**	13.4
Cash flow from operations before net replacement expenditures	**1,632**	2,117	3,582	**847**	906
Net replacement expenditures	**(444)**	(402)	(618)	**(159)**	(155)
Expansion investments	**(179)**	(19)	(43)	**(34)**	(4)

[1] Operating profit before amortisation and other income and expenses

- Third-quarter profit was on a par with last year despite difficult market conditions for most of the companies
- Price increases compensated for higher raw material costs in the quarter
- The Russian business achieved profit growth and integration is proceeding as planned

Orkla Brands' companies are generally facing difficult markets, where consumers and B2B customers are showing greater caution. Results for the first half-year reflected a natural lag in the implementation of price increases to compensate for significantly higher costs, primarily related to raw material prices. For the third quarter alone, this imbalance had been corrected.

Orkla Brands posted third-quarter operating revenues of NOK 6,030 million (NOK 5,804 million)[2]. Underlying[3], there was 4% sales growth in the quarter, primarily driven by price increases. The biggest increase was within Orkla Food Ingredients and Orkla Brands International, which are the businesses that have experienced the greatest increases in raw material costs. For the Nordic branded consumer goods business, the price effect was more moderate and, all in all, volume and product mix performance was somewhat weaker than in the third quarter of 2010.

Third-quarter EBITA[1] was NOK 762 million (NOK 776 million)[2]. Underlying[3], the decline in profit was 1%, compared to around 12% in the first half of this year. Orkla Brands Nordic and Orkla Brands International achieved moderate profit growth, while Orkla Foods Nordic and Orkla Food Ingredients reported a slight decline in profit. All in all, sales growth was absorbed by higher raw material costs, a slight increase in fixed costs and a certain increase in advertising investments. The effect of the cost improvement programmes at Orkla Brands was on a par with last year's contribution.

Global raw material prices showed a mixed trend, but prices fell slightly overall in the quarter. FAO's Food Price Index has fallen around 3% since it peaked in February this year. However, prices in the third quarter have been around 25% higher than in the corresponding quarter of 2010. In particular, sugar prices in the EU currently pose a major challenge, with an average price around 50% higher than in 2010.

The biggest launches in the quarter were Kokkeklare soups from Stabburet and Crunchos crisps from OLW. Market share performance for the Orkla Brands companies was mixed. The snacks businesses in Sweden and Denmark, and the broad-based food companies Stabburet and Procordia are gaining market shares, while the biscuits business in Norway and Sweden is losing some shares.

Orkla Foods Nordic
Orkla Foods Nordic reported third-quarter operating revenues of NOK 2,242 million (NOK 2,267 million)[2], which was an underlying[3] decline of 1%. EBITA[1] amounted to NOK 262 million (NOK 290 million)[2], equivalent to an underlying[3] decline in profit of around 5%. The drop in both sales and profit was primarily related to the negative volume trend at Bakers, but also to a weaker performance in Finland.

For Stabburet, a good programme of launches contributed to continued improvement in the third quarter in the form of sales growth, stronger market shares and improved results. At Bakers, cost adjustments were counteracted by a weak volume performance, and profit was lower than in 2010. In Sweden, both total operating revenues and profit increased, and Procordia was also able to report stronger market shares. The results of the Finnish businesses and Beauvais foods were weaker than in the corresponding period of 2010. On the other hand, the Baltic businesses achieved better results.

Orkla Brands Nordic
Orkla Brands Nordic had third-quarter operating revenues of NOK 1,947 million (NOK 1,939 million)[2], an underlying[3] improvement of 1%. EBITA[1] amounted to NOK 428 million (NOK 418 million)[2], an underlying improvement of 2%.

The Pierre Robert Group and Axellus reported particularly good growth in sales and profit, but Nidar and the Chips Group also delivered profit growth in the quarter. On the other hand, Göteborgs/Sætre experienced an especially weak quarter, partly as a result of slow sales largely due to a weaker innovation programme, and partly as a consequence of production and delivery problems at the factory in Sweden. Both Lilleborg and Göteborgs/Sætre reported lower export revenues.

Margins improved slightly in the quarter for several of the companies, due partly to favourable mix effects and partly to price increases implemented this summer to compensate for rises in raw material prices earlier this year.

Orkla Brands International
Orkla Brands International posted third-quarter operating revenues of NOK 498 million (NOK 464 million)[2], equivalent to underlying[3] growth of 14%. Third-quarter EBITA[1] amounted to NOK 10 million (NOK 0 million)[2]. The underlying[3] improvement in profit was NOK 10 million.

All of the businesses reported higher operating revenues. The improved results were primarily driven by the business in Russia, and were ascribable mainly to price increases that compensated for higher costs and the positive cost effects of merging the businesses. The business in India continued to achieve good sales growth, driven by strong volume growth for the core categories spices and ready mixes.

Orkla Food Ingredients
Orkla Food Ingredients posted third-quarter operating revenues of NOK 1,418 million (NOK 1,201 million)[2], which was an underlying[3] rise of 16%. Third-quarter EBITA[1] amounted to NOK 62 million (NOK 68 million)[2], which was an underlying[3] decline of 7%.

Most of the companies in Orkla Food Ingredients achieved good growth in operating revenues, driven by price growth to compensate for higher raw material prices, but also by volume growth.

Profit performance was negatively impacted by the delay in the effect of higher prices in the market to offset the rise in raw material prices. Nevertheless, the situation during the quarter improved in terms of covering the higher costs. Furthermore, the competitive and market situation in several markets in Central and Eastern Europe is challenging.

The introduction of a tax on fat in Denmark from 1 October 2011 led to extensive hoarding of margarine products towards the end of the quarter. This will probably mean lower sales of these products in the fourth quarter.

Sapa

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	**2011**	2010	2010	**2011**	2010
Operating revenues	**23,810**	20,395	27,684	**7,621**	7,024
EBITA[1]	**698**	589	744	**163**	162
EBITA margin (%)	**2.9**	2.9	2.7	**2.1**	2.3
Cash flow from operations before net replacement expenditures	**(338)**	(178)	144	**361**	163
Net replacement expenditures	**(374)**	(413)	(732)	**(88)**	(154)
Expansion investments	**(458)**	(235)	(339)	**(209)**	(97)

[1] Operating profit before amortisation and other income and expenses

- Weaker markets
- Volume growth and profit improvement in Sapa Profiles North America; however, margins for Profiles Europe remain weak
- Plant structure established in Asia and integration proceeding as planned

Volume and sales performance in the third quarter was positive. Operating revenues for the quarter reached NOK 7,621 million (NOK 7,024 million)[2]. EBITA[1] was NOK 163 million (NOK 162 million)[2] in the third quarter, which included a negative currency translation effect of NOK -18 million. Sales in the quarter were seasonally lower due to vacation months in Europe in July and August. In general, both the European and North American markets showed signs of slowing as from July, and the market has cooled down further in September.

With the signing of the agreement to acquire the Chinese extrusion plant Haihong at the end of September, Sapa's plant structure in Asia has now been established. The facility has 15 presses and is located close to Shanghai. Closing of the transaction and Sapa's takeover are expected to take place by the end of the fourth quarter.

Sapa Profiles

Sapa Profiles' sales volume reached 215,000 tonnes and EBITA[1] increased to NOK 119 million (NOK 99 million)[2] in the third quarter, including a currency translation effect of NOK -13 million that was mainly related to the weaker USD. Sapa Profiles' volume increased 5% compared to the same period of 2010, and Sapa Profiles at the same time increased its market shares in both North America and Europe. The North American extrusion business continued its positive development in the third quarter, with good volume and EBITA[1] improvement. The European business faced relatively stable markets in Central and Northern Europe, while Southern Europe continued to weaken. The results in Europe were still weak in the quarter. The restructuring of Profiles Europe in Denmark, Benelux, and Portugal that was announced in the second quarter is proceeding according to plan. Fabrication activities in Grenå, Denmark and the extrusion activity in Cacem, Portugal have been closed, and in Belgium negotiations with the unions have been completed and the formal signing will take place on 27 October.

As previously indicated, further synergies and optimisation opportunities have been evaluated for the European extrusion operations. In this connection, Sapa has expanded the scope of the restructuring programmes and made an additional provision of NOK -148 million under "Other income and expenses" in the third quarter. Further measures will be implemented in the fourth quarter to mitigate the effect of unfavourable market conditions. The overall annualised profit impact of initiated and planned cost reduction measures has increased to NOK 250-300 million, with gradual effect in the course of 2012. Reference is otherwise made to Note 3 to this report.

As reported earlier, Sapa Profiles' plant in Finspång, Sweden had a serious fire in its anodising line on 29 June. Commercial and financial impacts following the fire have been limited in the third quarter, and no significant financial impact is expected going forward. The process with the insurance company is proceeding according to plan.

Sapa Heat Transfer & Building System

Sapa Heat Transfer's volume for the third quarter of 2011 was 45,000 tonnes, an improvement of 7% compared to last year. Sapa Heat Transfer and Building System had an aggregate EBITA[1] of NOK 44 million (NOK 63 million)[2] in the third quarter, including a currency translation effect of NOK -5 million. Sapa Heat Transfer in Finspång, Sweden continues to be negatively influenced by a stronger SEK to USD and EUR compared to the same period in 2010. This affected operating margins negatively. Restructuring and optimisation opportunities are currently being evaluated in Sapa Heat Transfer and Sapa Building System.

Sapa Heat Transfer's order intake in the third quarter was weaker than in previous quarters in all regions. Sapa Building System is still affected by a weak building and construction market, and the expected third-quarter recovery in the French market did not materialise.

Orkla Financial Investments

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2011	2010	2010	2011	2010
EBITA[1]	**(40)**	(41)	151	**1**	2
Other income and expenses	**(6)**	(105)	1,131	**(6)**	-
Dividends	**342**	448	521	**22**	60
Gains, losses and write-downs					
Share Portfolio	**914**	905	1,772	**(105)**	318
Other financial matters	**72**	168	177	**(5)**	59
Profit/loss before taxes	**1,282**	1,375	3,752	**(93)**	439
Share Portfolio:					
Market value	**7,433**	11,721	11,661		
Return (%)	**(15.6)**	21.3	31.8		
Unrealised gains	**1,822**	4,371	4,438		

[1] Operating profit before amortisation and other income and expenses

Orkla Financial Investments reported a loss before tax of NOK -93 million (NOK 439 million)[2] in the third quarter. Profit before tax for the first nine months amounted to NOK 1,282 million (NOK 1,375 million)[2].

The Share Portfolio achieved a return of -15.6% for the first nine months, compared with -21.8% for the Morgan Stanley Nordic Index (-20.8% for the Oslo Stock Exchange Benchmark Index).

The market value of the Share Portfolio was NOK 7,433 million after net share sales totalling NOK 2,475 million in the first nine months. At 30 September 2011, unrealised gains amounted to NOK 1,822 million. Net share sales in the third quarter totalled NOK 424 million.

In the third quarter, the Share Portfolio reported a net accounting loss of NOK -105 million (NOK 318 million)[2]. The negative result in the quarter was primarily ascribable to writedowns totalling NOK -347 million (NOK -46 million)[2].

The Share Portfolio reported an accounting gain of NOK 914 million (NOK 905 million)[2] for the first nine months of 2011. At 30 September, dividends received totalled NOK 342 million (NOK 448 million)[2].

Orkla's real estate investments generated operating profit of NOK 11 million (NOK 29 million)[2] in the third quarter.

Borregaard Chemicals
Borregaard Chemicals reported third-quarter operating revenues of NOK 985 million (NOK 933 million)[2], an underlying[3] rise of 14% from the corresponding quarter of 2010. EBITA[1] was NOK 164 million (NOK 92 million)[2]. Market conditions remained favourable in the quarter with good demand and price growth for key product segments. However, the impact on profit was counteracted by high input costs and unfavourable currency rates.

The speciality cellulose business posted a substantial increase in profit in the third quarter, due to good market conditions. Significantly higher invoiced selling prices and somewhat higher volume more than offset high input costs and negative currency rates. Results for the lignin business were somewhat weaker than in the third quarter of 2010, as volume growth was counteracted by higher costs and a weaker USD. The ingredients business saw an improvement in profit from the corresponding period of 2010. For the fine chemicals business, both capacity adjustments and better market conditions for intermediates for x-ray contrast agents contributed positively to results.

Hydro Power
EBITA[1] for Hydro Power was NOK 93 million (NOK 98 million)[2] in the third quarter. Saudefaldene delivered higher profit in the third quarter than in the corresponding period of 2010. Heavy precipitation at the end of the quarter resulted in higher production than in the third quarter of 2010. Production at Saudefaldene totalled 553 GWh (322 GWh)[2]. The improvement in profit was partly offset by significantly lower prices than in the third quarter of 2010. At 30 September 2011, the reservoir in Sauda was 93% full, compared with the normal level of 83%. Results for Borregaard Energi were somewhat weaker than in the third quarter of 2010, primarily due to lower spot market prices and the reduction in contract volume in accordance with the agreement with DNN Industrier. However, due to the long period of flooding in the Glomma River, the volume produced by Borregaard Energi's own plants was higher than in the third quarter of 2010.

Associated companies

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	**2011**	2010	2010	**2011**	2010
Profit/loss from associates	**(4,744)**	(5,303)	(6,169)	**(1,787)**	2,089
Of which Renewable Energy Corporation (REC)					
Share of profit/loss REC	***(2,996)***	*82*	*393*	***(301)***	*(356)*
Write-down/revaluation REC	***(1,952)***	*(5,643)*	*(6,841)*	***(1,547)***	*2,371*

Renewable Energy Corporation ASA (REC) (39.7% stake)
The figures below are on a 100% basis.

In the third quarter of 2011, revenues amounted to NOK 3,001 million, a decrease of 21% from the third quarter of 2010. EBITDA came in at NOK 370 million compared to NOK 827 million in the third quarter of 2010. The Board of Directors decided on 25 October to permanently shut down the cell production and parts of the wafer production in Norway.

For further information, reference is made to www.recgroup.com.

Jotun AS (Jotun) (42.5% stake)
Jotun's established growth strategy and operations in important growth markets contributed to satisfactory growth in the Group's sales in the third quarter. Nevertheless, results were lower than for the same period of 2010. This is due to declining margins as a result of the continued rise in the prices of important raw materials.

Cash flow and financial situation
The comments below are related to Orkla's internal cash flow statement. Reference is made to page 11 of this report.

Cash flow from operations totalled NOK 866 million (NOK 921 million)[2] at 30 September 2011. In the third quarter, cash flow amounted to NOK 1,183 million (NOK 844 million)[2].

Working capital was flat in the quarter. At the end of the first nine months of 2011 working capital had increased, due to increased activity, higher raw material prices and seasonal variations. A seasonal reduction in working capital is expected towards the end of the year.

Expansion investments totalled NOK 728 million (NOK 353 million)[2] at 30 September 2011. These are largely related to Axellus' purchase of Nutrilett trademark rights, and several minor investments by Sapa and Orkla Brands.

Company acquisitions totalled NOK 1,038 million (NOK 2,619 million)[2] at 30 September 2011, and are primarily related to Orkla Financial Investments' increased stake in Finansgruppen Eiendom (FG Eiendom), Sapa's acquisition of Alufit and Orkla Brands' purchase of the companies Henskjold, Dagens AS and Rasoi Magic. Sales of companies totalled NOK 13,503 million at 30 September, after completion of the sale of Elkem and the sale of the joint venture Utstillingsplassen Eiendom (UPL), which was part of Orkla's real estate investments. At 30 September 2011, net sales of portfolio investments amounted to NOK 2,475 million.

After expansion and net sales of portfolio investments, the Group had a net positive cash flow of NOK 1,305 million in the third quarter. After negative currency effects of NOK -147 million, net interest-bearing liabilities were reduced by NOK 1,158 million in the quarter and totalled NOK 8.1 billion at 30 September.

At 30 September 2011, the Group's interest-bearing liabilities bore an average interest rate of 2.6% and were largely subject to floating interest rates. The interest-bearing liabilities are chiefly distributed among the following currencies: NOK, EUR, GBP and USD.

Since 31 December 2010, the Group's balance sheet has been reduced by NOK 15.4 billion, primarily due to the sale of Elkem and the change in the value of REC shares. At 30 September 2011, the equity ratio was 55.0%, while net gearing[4] at the end of the third quarter was 0.20, compared with 0.54 at the same time in 2010.

Other matters

On 14 September, Orkla held an Investor Day in London where the Group's strategy was clarified. Strategic focus will in the future be on growth in branded goods, where Orkla's potential for growth and long-term value creation is greatest. Based on the company's core competencies in brand-building and M&A, Orkla intends to exploit the increasing growth opportunities now emerging, particularly in the Nordic region. The Share Portfolio, REC, Borregaard and Sapa therefore lie outside Orkla's long-term areas of focus.

Svein Tore Holsether took up the post as CEO of Sapa on 1 September 2011, succeeding Tim Stubbs. Holsether previously held the position as Executive Vice President, M&A, in Orkla ASA and has been Finance Director at both Elkem and Sapa, in addition to heading Sapa's expansion in Asia in his role as Business Area President. Tim Stubbs is leaving the company to pursue new opportunities outside the Group. The Orkla Board of Directors wishes to thank Tim Stubbs for his efforts, both as Business Area President of Sapa's operations in North America and as CEO of Sapa.

On 13 September 2011, the Board of Directors of Orkla ASA decided to present a proposal to pay an extraordinary dividend of NOK 5 per share, except for shares owned by the Group. Orkla's Corporate Assembly had a meeting on 26 September 2011 to consider the Board's proposal, and recommended the proposal to the General Meeting. An Extraordinary General Meeting in Orkla will be held on 3 November 2011 at 3 p.m. at the company's offices at Karenslyst allé 6, Oslo, to consider the Board's proposal to pay an extraordinary dividend. The share will be quoted ex-dividend on 4 November 2011. Subject to the decision of the General Meeting regarding the share dividend, the dividend will be paid on 15 November 2011 to shareholders of record as of the date of the General Meeting.

On 31 August 2011, Orkla's wholly-owned subsidiary, Lilleborg AS, made an offer for all of the A shares in Jotun AS that are not owned by Orkla. Completion of the offer was conditional, among other things, on Orkla achieving a total stake in Jotun AS that represented more than 50% of the voting rights in the company after other shareholders had exercised any pre-emption rights to shares. The condition that the offer had to be accepted by shareholders representing 50% of the voting rights in Jotun was not fulfilled, and the offer lapsed on 30 September 2011.

Outlook

The macro picture for the coming months reflects uncertainty as regards the debt situation in several European countries, and downward revisions of growth forecasts. Due to Orkla's structure and composition, the Group is not particularly exposed to individual factors in the macro situation, but lower economic growth is expected in the next few quarters in most of the markets relevant to Orkla. Furthermore, there is still uncertainty as regards raw material price trends going forward.

Orkla Brands expects to see a relatively stable trend in the Nordic grocery market in 2011. Global raw material prices increased substantially up until the start of 2011, but have levelled off in the second and third quarters. Nonetheless, prices are considerably higher than at the same time in 2010. The restructuring of operations in Russia, through the establishment of Orkla Brands Russia, is proceeding as planned and the results were positive in the third quarter. Orkla Brands Russia still aims to achieve break-even for the full year.

Sapa is seeing a trend of softening markets in the extrusion business in all regions in Europe as well as in North America. The outlook for the remainder of the year is uncertain in these regions. Sapa Heat Transfer is also affected by weaker markets and lower order intake in all regions, including Asia. However, the market in China is still expected to grow. Sapa expects a weaker result in the fourth quarter of 2011 than in the same period last year. Sapa will intensify its focus on realising synergies and cost reductions, but the effect of both initiated and planned measures will be seen in 2012.

Borregaard Chemicals expects market conditions to remain good in the fourth quarter, but the third quarter is a seasonally better quarter for the chemicals business. However, price trends in 2012 are uncertain. Reservoir levels in Sauda were higher than normal at the end of the third quarter. However, the price level could have a negative impact on fourth-quarter profit.

A strong NOK and SEK will be negative for Borregaard in Norway and Sapa Heat Transfer's operations in Sweden, respectively.

Jotun expects the trend in raw material prices and results to continue throughout the remainder of 2011.

Oslo, 26 October 2011
The Board of Directors of Orkla ASA

THE GROUP'S CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 30.9. 2011	1.1. – 30.9. 2010	1.1. – 31.12. 2010	1.7. – 30.9. 2011	1.7. – 30.9. 2010
Operating revenues	2	**45,793**	41,454	57,338	**14,896**	14,198
Operating expenses		**(41,401)**	(37,488)	(51,582)	**(13,310)**	(12,701)
Depreciation and write-down property, plant and equipment		**(1,403)**	(1,344)	(1,812)	**(462)**	(462)
Amortisation intangible assets		**(23)**	(37)	(52)	**(9)**	(12)
Other income and expenses	3	**(613)**	(176)	330	**(178)**	(15)
Operating profit		**2,353**	2,409	4,222	**937**	1,008
Profit/loss from associates		**(4,744)**	(5,303)	(6,169)	**(1,787)**	2,089
Dividends received		**343**	449	522	**23**	60
Gains, losses and write-downs Share Portfolio		**914**	905	1,772	**(105)**	318
Financial items, net		**(322)**	(251)	(327)	**(97)**	(100)
Profit/loss before taxes		**(1,456)**	(1,791)	20	**(1,029)**	3,375
Taxes		**(739)**	(746)	(844)	**(269)**	(305)
Profit/loss for the period for continued operations		**(2,195)**	(2,537)	(824)	**(1,298)**	3,070
Gains/profit discontinued operations	10	**1,213**	10	(40)	**0**	42
Profit/loss for the period		**(982)**	(2,527)	(864)	**(1,298)**	3,112
Profit/loss attributable to non-controlling interests		**23**	38	53	**7**	(1)
Profit/loss attributable to owners of the parent		**(1,005)**	(2,565)	(917)	**(1,305)**	3,113
Profit/loss before taxes, Industrial Activities		**(2,738)**	(3,166)	(3,732)	**(936)**	2,936
Profit/loss before taxes, Orkla Financial Investments		**1,282**	1,375	3,752	**(93)**	439

EARNINGS PER SHARE

Amounts in NOK million	1.1. – 30.9. 2011	1.1. – 30.9. 2010	1.1. – 31.12. 2010	1.7. – 30.9. 2011	1.7. – 30.9. 2010
Earnings per share	**(1.0)**	(2.5)	(0.9)	**(1.3)**	3.1
Earnings per share (diluted)	**(1.0)**	(2.5)	(0.9)	**(1.3)**	3.1

THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million		1.1. – 30.9. 2011	1.1. – 30.9. 2010	1.1. – 31.12. 2010	1.7. – 30.9. 2011	1.7. – 30.9. 2010
Profit/loss for the period		**(982)**	(2,527)	(864)	**(1,298)**	3,112
Change in unrealised gains on shares	4	**(2,511)**	850	950	**(1,506)**	825
Change in hedging reserve	4	**(910)**	(396)	359	**(459)**	(210)
Translation effects		**(147)**	(46)	(305)	**638**	(516)
The Group's comprehensive income		**(4,550)**	(2,119)	140	**(2,625)**	3,211
Comprehensive income attributable to non-controlling interests		**23**	32	51		
Comprehensive income attributable to owners of the parent		**(4,573)**	(2,151)	89		

THE GROUP'S CONDENSED BALANCE SHEET

Amounts in NOK million	Note	30.9. 2011	31.12. 2010
Intangible assets		**13,082**	12,960
Property, plant and equipment		**17,828**	17,730
Financial assets	6, 9	**6,501**	10,985
Non-current assets		**37,411**	41,675
Assets in discontinued operations	10	**-**	13,891
Inventories		**8,094**	7,102
Receivables	6	**11,019**	10,380
Share Portfolio, etc.		**7,438**	11,674
Cash and cash equivalents	6	**8,205**	2,819
Current assets		**34,756**	31,975
Total assets		**72,167**	87,541
Paid-in equity		**1,995**	1,999
Earned equity		**37,334**	44,567
Non-controlling interests		**333**	365
Equity		**39,662**	46,931
Provisions and other non-current liabilities		**3,511**	4,081
Non-current interest-bearing liabilities	6	**16,114**	21,820
Current interest-bearing liabilities	6	**1,021**	1,380
Liabilities in discontinued operations	10	**-**	2,544
Other current liabilities		**11,859**	10,785
Equity and liabilities		**72,167**	87,541
Equity ratio (%)		**55.0**	53.6

CHANGES IN EQUITY

	1.1. – 30.9.2011			1.1. – 31.12.2010		
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	46,566	365	46,931	48,555	370	48,925
The Group's comprehensive income	(4,573)	23	(4,550)	89	51	140
Dividends	(2,556)	(5)	(2,561)	(2,294)	(66)	(2,360)
Net buy-back/sale of Orkla shares	(171)	-	(171)	138	-	138
Option costs	63	-	63	78	-	78
Change in non-controlling interests	-	(50)	(50)	-	10	10
Equity at the close of the period	39,329	333	39,662	46,566	365	46,931

THE GROUP'S CONDENSED CASH FLOW STATEMENT IFRS

		1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	Note	2011	2010	2010	2011	2010
Cash flow from operations before net replacement expenditures[1]		**1,974**	2,096	4,341	**2,189**	1,251
Received dividends and financial items		**184**	123	141	**(116)**	(110)
Taxes paid		**(523)**	(494)	(686)	**(154)**	(102)
Cash flow from operating activities		**1,635**	1,725	3,796	**1,919**	1,039
Net investments fixed assets		**(1,832)**	(1,369)	(1,914)	**(642)**	(574)
Net purchase/sale of companies	5, 10	**12,423**	1,906	4,988	**(281)**	1
Net purchase/sale of portfolio investments		**2,475**	1,178	2,130	**424**	674
Discontinued operations and other payments		**(491)**	(1,052)	(536)	**52**	(819)
Cash flow from investing activities[2]	11	**12,575**	663	4,668	**(447)**	(718)
Net paid to shareholders		**(2,732)**	(2,297)	(2,222)	**0**	(123)
Change in interest-bearing liabilities and interest-bearing receivables		**(6,036)**	(1,004)	(7,657)	**15**	(9)
Cash flow from financing activities	11	**(8,768)**	(3,301)	(9,879)	**15**	(132)
Currency effects cash and cash equivalents	11	**(56)**	97	81	**59**	(2)
Change in cash and cash equivalents		**5,386**	(816)	(1,334)	**1,546**	187
Cash and cash equivalents	6	**8,205**	3,337	2,819		

[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 below is that Orkla's cash flow statement comprises only industrial activities.

CASH FLOW STATEMENT ORKLA FORMAT

		1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	Note	2011	2010	2010	2011	2010
Cash flow Industrial Activities:						
Operating profit		**2,399**	2,555	2,940	**942**	1,006
Amortisation, depreciation and impairment charges		**1,582**	1,369	2,503	**531**	464
Changes in net working capital, etc.		**(2,159)**	(1,989)	(1,462)	**1**	(261)
Cash flow from operations before net replacement expenditures		**1,822**	1,935	3,981	**1,474**	1,209
Net replacement expenditures		**(956)**	(1,014)	(1,512)	**(291)**	(365)
Cash flow from operations		**866**	921	2,469	**1,183**	844
Financial items, net		**(308)**	(398)	(544)	**(79)**	(237)
Cash flow from Industrial Activities		**558**	523	1,925	**1,104**	607
Cash flow from Orkla Financial Investments		**506**	697	1,236	**610**	105
Taxes paid		**(523)**	(494)	(686)	**(154)**	(102)
Discontinued operations and other payments		**(501)**	(1,069)	(620)	**57**	(830)
Cash flow before capital transactions		**40**	(343)	1,855	**1,617**	(220)
Paid dividends		**(2,561)**	(2,319)	(2,360)	**0**	(128)
Net sale/purchase of Orkla shares		**(171)**	22	138	**0**	5
Cash flow before expansion		**(2,692)**	(2,640)	(367)	**1,617**	(343)
Expansion Industrial Activities		**(728)**	(353)	(509)	**(288)**	(134)
Sale of companies/share of companies (enterprise value)	10	**13,503**	224	1,854	**0**	224
Purchase of companies/share of companies (enterprise value)	5	**(1,038)**	(2,619)	(2,878)	**(448)**	(56)
Net sale/purchase of portfolio investments		**2,475**	1,178	2,130	**424**	674
Net cash flow		**11,520**	(4,210)	230	**1,305**	365
Currency effects of net interest-bearing liabilities		**72**	75	(34)	**(147)**	438
Change in net interest-bearing liabilities		**(11,592)**	4,135	(196)	**(1,158)**	(803)
Net interest-bearing liabilities	6	**8,060**	23,983	19,652		

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for the first nine months of 2011 were approved at a meeting of the Board of Directors on 26 October 2011. 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.

Orkla has previously presented a condensed cash flow statement in its quarterly report, which is consistent with the way in which cash flow is reported and monitored internally in the Orkla Group. In the Annual Report, this is disclosed in Note 34, while the main cash flow statement in the Annual Financial Statements shows cash flow under IFRS. Orkla has chosen to show both cash flow statements on the same page of the quarterly report. The IFRS-compliant cash flow statement has been condensed in accordance with the rules of IAS 34.10. Cash flow IFRS presents "Change in cash and cash equivalents", while Orkla's cash flow format presents "Change in net interest-bearing liabilities". This will affect the presentation of sold and acquired companies.

Four new IFRS have been issued by the IASB in 2011: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities and IFRS 13 Fair Value Measurement. In addition, changes were made in associated standards (IAS 27 and IAS 28). The new standards appear to be of minor relevance to Orkla's financial statements except that the gross consolidation method may no longer be applied for joint ventures. It has also been proposed that IAS 19 Employee Benefits be amended, as a result of which use of the "corridor method" will no longer be permitted. The expected return on pension assets will be replaced by an estimated return based on the market rate of interest on corporate bonds. Not all the effects of the standards have been reviewed. The standards are expected to come into force in 2013.

NOTE 2 SEGMENTS

OPERATING REVENUES

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2011	2010	2010	2011	2010
Orkla Group	**45,793**	41,454	57,338	**14,896**	14,198
Orkla Brands	**17,752**	16,647	23,627	**6,030**	5,804
Orkla Foods Nordic	**6,846**	6,719	9,438	**2,242**	2,267
Orkla Brands Nordic	**5,795**	5,720	7,896	**1,947**	1,939
Orkla Brands International	**1,391**	1,304	2,009	**498**	464
Orkla Food Ingredients	**3,935**	3,097	4,560	**1,418**	1,201
Eliminations Orkla Brands	**(215)**	(193)	(276)	**(75)**	(67)
Sapa	**23,810**	20,395	27,684	**7,621**	7,024
Sapa Profiles	**18,901**	16,152	21,671	**6,077**	5,577
Sapa Heat Transfer & Building System	**5,608**	4,834	6,814	**1,762**	1,648
Eliminations Sapa	**(699)**	(591)	(801)	**(218)**	(201)
Borregaard Chemicals	**3,033**	2,783	3,750	**985**	933
Hydro Power	**1,449**	717	1,321	**214**	493
Orkla Financial Investments	**205**	1,694	2,015	**69**	182
HQ/Other Business/Eliminations	**(456)**	(782)	(1,059)	**(23)**	(238)

OPERATING PROFIT - EBITA*

	1.1. – 30.9. 2011	1.1. – 30.9. 2010	1.1. – 31.12. 2010	1.7. – 30.9. 2011	1.7. – 30.9. 2010
Orkla Group	**2,989**	2,622	3,944	**1,124**	1,035
Orkla Brands	**1,908**	2,057	2,967	**762**	776
Orkla Foods Nordic	**725**	762	1,115	**262**	290
Orkla Brands Nordic	**1,103**	1,133	1,544	**428**	418
Orkla Brands International	**(79)**	(15)	40	**10**	0
Orkla Food Ingredients	**159**	177	268	**62**	68
Sapa	**698**	589	744	**163**	162
Sapa Profiles	**453**	343	373	**119**	99
Sapa Heat Transfer & Building System	**245**	246	371	**44**	63
Borregaard Chemicals	**451**	153	238	**164**	92
Hydro Power	**173**	104	177	**93**	98
Orkla Financial Investments	**(40)**	(41)	151	**1**	2
HQ/Other Business	**(201)**	(240)	(333)	**(59)**	(95)

Reconciliation against operating profit

	1.1. – 30.9. 2011	1.1. – 30.9. 2010	1.1. – 31.12. 2010	1.7. – 30.9. 2011	1.7. – 30.9. 2010
EBITA*	**2,989**	2,622	3,944	**1,124**	1,035
Amortisation intangible assets	**(23)**	(37)	(52)	**(9)**	(12)
Other income and expenses	**(613)**	(176)	330	**(178)**	(15)
Operating profit	**2,353**	2,409	4,222	**937**	1,008

* Operating profit before amortisation and other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	**2011**	2010	2010	**2011**	2010
Restructuring within Sapa	**(554)**	-	-	**(148)**	-
M&A costs	**(45)**	(38)	(28)	**(24)**	(15)
Net costs fire Finspång, Sapa	**(48)**	-	(212)	**-**	-
Step acquisition in Orkla Brands and Orkla Eiendom	**(2)**	-	-	**(6)**	-
Closing down Vancouver, reversed write-down and provisions Holland, Sapa	**2**	-	3	**-**	-
Gain on sale of property in Switzerland, Borregaard	**12**	-	47	**-**	-
Settlements/provisions closure Borregaard Fine Chemicals	**22**	(63)	(63)	**-**	-
Termination of the old AFP schemes and issued paid-up polices	**-**	30	1	**-**	-
Loss and write-down goodwill Orkla Finans	**-**	(105)	(172)	**-**	-
Gain on sale of Borregaard Skoger	**-**	-	1,309	**-**	-
Write-down buildings and machinery Magnolia and Drunen Sapa	**-**	-	(27)	**-**	-
Write-down goodwill Bakers	**-**	-	(276)	**-**	-
Settlement sale power plants and correction value power contracts regarding sale of Elkem	**-**	-	(254)	**-**	-
Orkla Brands, settlement Russian Snack Company	**-**	-	2	**-**	-
Total other income and expenses	**(613)**	(176)	330	**(178)**	(15)

In the second quarter of 2011, Sapa made a restructuring provision of NOK 406 million after a review of Sapa Profiles' European operations in order to optimise the company's operational structure. In the continuation of this process, further needs for restructuring were identified in Sapa Profiles Europe in the third quarter. At the same time, processes have also been initiated in Profiles North America and Heat Transfer/Building System to optimise their operational structure. A total provision of NOK 148 million was thus made in Sapa in the third quarter, distributed between Profiles Europe, Profiles North America and Heat Transfer/Building System. Property, plant and equipment (primarily buildings) were written down by NOK 69 million in the third quarter and NOK 194 million in the first nine months. In total, NOK 554 million has been expensed in Sapa in connection with restructuring.

Strict rules apply as to when a restructuring provision can be recognised in the financial statements. Parts of the currently ongoing process in Profiles North America and Heat Transfer/Building System do not qualify as a provision at 30 September 2011 because the decisions had not been adequately communicated at the balance sheet date. These will be expensed in the fourth quarter and are expected to be approximately NOK 100 million.

Costs related to the fire at Sapa Heat Transfer's plant at Finspång in 2010 concerned the air transport of goods. A claim for these costs will be included in the insurance settlement.

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 in the first nine months of 2011 relating to unrealised gains amounts to NOK 109 million, while the tax effect relating to the hedging reserve amounts to NOK 153 million.

NOTE 5 ACQUISITION OF COMPANIES/AGREEMENT TO PURCHASE ASSETS

No further acquisitions by Orkla Brands or Sapa were recognised in the financial statements in the third quarter (see Note 11). Orkla Financial Investments acquired the remaining 33.33% of Finansgruppen Eiendom AS in the quarter. This is disclosed in the last paragraph of this note.

On 9 May, Sapa Profiles India Pvt Ltd acquired the assets related to Alufit (India) Pvt Ltd's aluminium extrusion operations in Kuppam, close to Bangalore in Southern India. The plant's current annual production capacity totals 9,000 tonnes.

In the first and second quarter of 2011, Orkla Brands acquired the businesses Rasoi Magic Foods (India), Dagens AS (Norway) and Henskjold Agenturforretning (Norway). Rasoi Magic Foods, an Indian manufacturer of spices and spice mixes, is located in Pune, Western India. Under the agreement, Orkla Brands acquired 100% of the shares through its Indian company, MTR Foods. The company has 60 employees and its annual sales total approximately NOK 20 million. Stabburet AS bought 100% of the shares in Dagens AS, which owns a factory for the small-scale production of pizza. Dagens is currently one of Stabburet's suppliers as manufacturer of the pizza brand Chicago, which is sold as fast food by convenience stores and petrol stations. Dagens has 22 employees and annual sales of around NOK 40 million. On 1 January, Orkla Food Ingredients acquired a majority share of Henskjold Agenturforretning. The company has 11 employees and annual sales totalling around NOK 50 million. In connection with this acquisition, NOK 4 million was entered as income as an adjustment of the prior ownership interest (see Note 3).

The total purchase price for the acquisitions by Brands and Sapa is NOK 257 million. The acquisitions were made in order to establish new and strengthen existing market positions. The excess values are largely related to goodwill and intangible assets. M&A expenses for the first nine months amount to NOK 45 million. M&A expenses in the third quarter largely relate to Sapa's acquisition activities.

In connection with certain partly owned companies under Orkla Financial Investments, the shareholder agreement provides for option rights that may result in Orkla being obliged to buy all or parts of its co-owners' interests in the companies. In 2010 Orkla's real estate investments received notification from Coop Eiendom AS regarding the exercise of a put option relating to 33.33% of the shares in Finansgruppen Eiendom AS. At 31 December 2010, Orkla's real estate investments held a 33.33% stake in Finansgruppen Eiendom AS. The option was exercised in the first quarter of 2011. At that time, the company was still a joint venture within the Orkla Group, and was proportionately consolidated into Orkla's financial statements on a 66.67%, rather than a 33.33%, basis. At the start of the third quarter, Orkla Financial Investments acquired the remaining 33.33% of Finansgruppen Eiendom AS. The company has therefore been treated as a subsidiary as from the third quarter. The acquisitions represent an enterprise value of NOK 781 million. Orkla's balance sheet increased by NOK 1.1 billion as a result of these two purchases.

NOTE 6 NET INTEREST-BEARING LIABILITIES

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

Amounts in NOK million	30.9. 2011	31.12. 2010
Non-current interest-bearing liabilities	**(16,114)**	(21,820)
Current interest-bearing liabilities	**(1,021)**	(1,380)
Non-current interest-bearing receivables (in "Financial assets")	**820**	600
Current interest-bearing receivables (in "Receivables")	**50**	129
Cash and cash equivalents	**8,205**	2,819
Net interest-bearing liabilities	**(8,060)**	(19,652)

NOTE 7 RELATED PARTIES

On 8 June 2011, a company closely associated with Stein Erik Hagen, Chair of the Board of Orkla ASA, bought 10,800,000 shares in Orkla at an average price of NOK 49.97 per share. Fresje AS is no longer considered to be a related party. After this transaction Stein Erik Hagen and related parties own 249,542,000 shares in Orkla, which is equivalent to 24.3% of shares outstanding. There have been no other special transactions between the Group and related parties in the first nine months of 2011. The Canica system and Orkla both have equity interests in certain investments.

The Group has provided subordinated loans totalling NOK 111 million and NOK 99 million, respectively, to joint ventures and associates within Orkla's real estate investments and Sapa.

On 1 September, Svein Tore Holsether was appointed new CEO of Sapa. Former CEO Tim Stubbs left the company to seek new challenges outside of the Group. Svein Tore Holsether previously held the position of Executive Vice President M&A in Orkla ASA, where he took over responsibility for the Share Portfolio and Orkla Eiendom on 29 March 2011.

On 14 February 2011, Orkla and Roar Engeland agreed that Roar Engeland would resign from his position as Executive Vice President, Orkla Financial 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 2011	19,769,500
Allocated during the period	5,719,000
Exercised during the period	(400,000)
Forfeited during the period	(70,000)
Outstanding number of options as of 30 September 2011	25,018,500
Change in treasury shares:	
Total as of 1 January 2011	6,945,749
External purchasing of own shares	3,800,000
Options exercised in treasury shares	(400,000)
Total as of 30 September 2011	10,345,749

NOTE 9 ASSESSMENTS RELATING TO IMPAIRMENT

In the third quarter, the Orkla Group carried out impairment tests of all goodwill and all trademarks with an indefinite useful life. Particularly in the Sapa businesses, there is still considerable uncertainty in the market and it is hard to predict developments in 2011 and beyond. Based on the forecasts, expectations and assumptions that have been applied, Sapa justifies the carrying values at 30 September 2011. Total goodwill in Sapa amounts to NOK 3,862 million.

In Orkla Brands Russia, the businesses in Krupskaya and SladCo have been merged and an impairment test was carried out for the new unit as a whole. Based on the forecasts, expectations and assumption that were applied, Orkla Brands Russia justifies the carrying values at 30 September 2011. There is a total of NOK 292 million in goodwill and NOK 74 million in trademarks related to this unit.

Updated impairment tests will be carried out for both Sapa and Orkla Brands Russia before the Annual Financial Statements are prepared and presented. There are otherwise no indicators to show that other goodwill items or trademarks with an indefinite useful life have a value lower than their carrying value.

In accordance with the Group's accounting principles, the Share Portfolio was written down by NOK 511 million in the first nine months of 2011.

Bakers is currently undergoing a process in which sale is a possible outcome. Existing impairment tests justify its value, but there is considerable uncertainty attached to the latter. An updated impairment test will be carried out in the fourth quarter when final budgets and forecasts have been presented.

In connection with restructuring in Sapa, property, plant and equipment were written down by a total of NOK 194 million (see Note 3).

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

In line with the principle stated in the 2009 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. The market price was NOK 5.24 per share at 30 September 2011, compared with NOK 17.79 at the start of the year. A total of NOK 4.9 billion relating to REC has therefore been expensed in the first nine months of 2011. 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 30 September was positively impacted by NOK 25 million (negative NOK -247 million in third quarter) 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 (Bluestar). 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 when all the official approvals had been obtained. All risk and control were then considered to have passed to the buyer. At 31 March, Orkla therefore had a receivable from Bluestar in the amount of NOK 12.8 billion, which was paid in the second quarter.

Profit from 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. – 30.9.	
Amounts in NOK million	**2011**	**2010**
Operating revenues	**2,675**	6,125
Operating expenses	**(2,126)**	(5,398)
Depreciation and impairment charges		
property, plant and equipment	**(157)**	(542)
Amortisation intangible assets	**(20)**	-
Operating profit	**372**	185
Financial items, net	**(39)**	(171)
Profit/loss before taxes	**333**	14
Taxes	**(72)**	(4)
Profit/loss after taxes	**261**	10
Gain on sale	**1,137**	-
M&A costs	**(185)**	-
Profit/loss for discontinued operations	**1,213**	10

NOTE 11 OTHER MATTERS

In the fourth quarter, Sapa will expense approximately NOK 100 million in restructuring provisions. The processes had begun as of 30 September, but for accounting purposes they will not qualify as a provision because the decisions had not been adequately communicated at the balance sheet date (see Note 3 Other income and expenses).

At the end of September, Sapa signed an agreement with Jiangyin Haihong Non-Ferrous Materials Co., Ltd. ("Haihong"), to acquire the assets and the business of its aluminum profiles facility in Jiangyin, located 150 km north-east of Shanghai. The facility comprises 15 presses with a total capacity of 60,000 tonnes and is one of the largest extrusion operations in the Yangtze River Delta region. The facility is also equipped with casting, anodizing, horizontal powder coating, thermal break and fabrication capabilities. In 2010, the company had 550 employees, and a production volume of more than 20,000 tonnes. The transaction is subject to government approval, which the parties expect to receive in the fourth quarter of 2011.

A fire broke out at Sapa Profiles' plant at Finspång on 29 June 2011. The plant is fully insured. The effect on the financial statements for the first nine months of 2011 is insignificant.

On Friday, 8 April, Aluminium Corporation of China Limited (Chalco), the largest aluminium company in China, and the Sapa Group, the world's largest manufacturer of aluminium extrusions, signed an agreement to form a joint venture to serve the rapidly growing Chinese railway industry. Each of the parties will own a 50% stake in the new joint venture. The joint venture will build a modern, fully integrated aluminium extrusion and production plant in Chongqing, Southwestern China. The enterprise will also establish research and development facilities to support the development of rolling stock in China. This plant will have state-of-the-art technology in terms of extrusion, press and fabrication capabilities. The total expenditures related to the planned new plant are limited for Sapa.

In the legal dispute concerning NOK 562 million in tax paid for 2006 on the gain on subscription rights relating to convertible bonds issued by REC, the Borgarting Court of Appeal, in its judgment of 7 March, dismissed Orkla's appeal against the district court's judgment for the State. The Court of Appeal's judgment was delivered with dissenting votes (3-2). Orkla has appealed against the judgment and the case will be tried by the Supreme Court.

Orkla's reported profit/loss from REC will depend on REC's future market price, see Note 9. The market price as of 30 September was NOK 5.24.

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.

Cash flow matters (IFRS)
The classification of the sale of power assets has been changed in the comparative figures for 2010 by moving the cash flow from financing activities to investment activities in the cash flow IFRS. The amount for which the power plants were sold was originally presented as an investing activity in 2009. The reason for this was that the receivable generated by the sale was interest-bearing. The actual cash settlement was made in two payments in 2010, NOK 4.3 billion in the first quarter and NOK 1.7 billion in the fourth quarter. Since then, it has been ascertained that, under IFRS, an interest-bearing receivable cannot be equated with cash and cash equivalents in a cash flow statement. This restating has no impact on reported figures in the income statement or in the balance sheet.

The "currency effect of net interest-bearing liabilities" presented in the 2010 Annual Report has been broken down into the currency effect relating to cash and cash equivalents and the effect relating to other net interest-bearing liabilities. The currency effect relating to cash and cash equivalents is presented on a separate line. The remainder of the currency effect is included in "Change in net interest-bearing liabilities".