

First Quarter 2011



ORKLA

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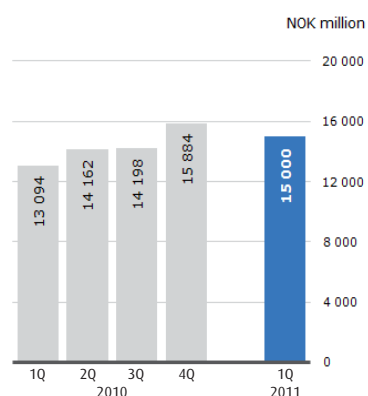
The first quarter in brief

- The Orkla Group showed continued growth in sales and profit in the first quarter. Sales rose by 15% to NOK 15,000 million (NOK 13,094 million)², while Group EBITA¹ increased by 19%, amounting to NOK 786 million (NOK 660 million)².
- Orkla Brands reported weaker results than in the same quarter of 2010. In the Nordic region, profit was negatively impacted by the fact that more Easter sales took place in the second quarter of 2011, rather than in the first quarter as in 2010. When this is taken into account, underlying³ profit for the Nordic businesses was on a par with 2010. Weak results in Russia related to restructuring and higher input costs.
- Sapa experienced market growth and higher sales in the first quarter. EBITA¹ amounted to NOK 215 million (NOK 129 million)².
- Generally good markets contributed to strong profit growth for Borregaard Chemicals, and EBITA¹ increased to NOK 134 million (NOK 30 million)².
- The Investment Portfolio achieved a return of 1.7% in the quarter, compared to -0.3% for the Morgan Stanley Nordic Index and 1.3% for the Oslo Stock Exchange Benchmark Index.
- REC posted EBITDA of NOK 1,449 million in the first quarter (NOK 415 million)². Jotun had a satisfactory first quarter with higher sales than in the same period in 2010.
- The settlement in connection with the sale of Elkem was completed on 14 April 2011. The transaction has a total value for Orkla of over NOK 13 billion. In accounting terms, the transaction will make a net contribution to profit of NOK 1,213 million.

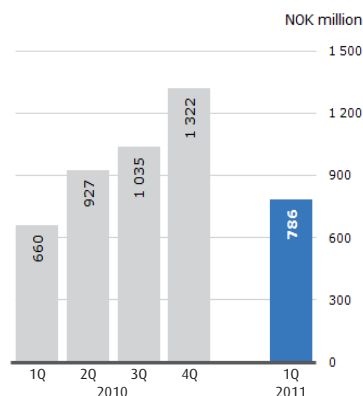
KEY FIGURES FOR THE ORKLA GROUP

Amounts in NOK	Note	1.1. – 31.3.		1.1. – 31.12.
		2011	2010	2010
Operating revenues	2	15,000	13,094	57,338
Adjusted EBITA ¹	2	786	660	3,944
Profit/loss before taxes		1,960	(3,412)	20
Earnings per share diluted (NOK)		2.9	(3.6)	(0.9)
Cash flow from operating activities		(437)	(101)	2,469
Net interest-bearing liabilities		20,664	19,861	19,652
Equity ratio (%)		55.6	52.9	53.6
Net gearing ⁴		0.42	0.43	0.42

OPERATING REVENUES



EBITA¹



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

Group operating revenues totalled NOK 15,000 million in the first quarter, compared with NOK 13,094 million in the first quarter of 2010. The improvement of 15% was mainly driven by market growth and volume improvement for Sapa. Currency translation effects had a negative impact of NOK -20 million in the quarter.

First-quarter EBITA¹ amounted to NOK 786 million (NOK 660 million)². Sapa and Borregaard Chemicals posted good profit growth, while Orkla Brands reported lower profit than in the same quarter of 2010. Aggregate currency translation effects had a neutral effect on profit.

Orkla Brands posted lower profit than in the same quarter of 2010. The Nordic businesses were negatively affected by the timing of Easter. However, when this is taken into account, the underlying performance was satisfactory and on a par with 2010. In Russia, Orkla Brands International has carried out a significant restructuring of its operations by merging the Russian companies into a single operational unit under common management. This generated one-off costs in the quarter, in addition to which a sharp rise in the cost of factor inputs has not been fully offset by Orkla Brands' own price increases.

Improved profit in Sapa was primarily driven by market growth and good profit growth for Sapa Profiles in North America. In the European market, performance is more mixed, as activity remains sluggish in several Southern European markets. The contribution from structural and improvement programmes is also lower in Europe, and focus on these programmes will be increased. Heat Transfer reported a satisfactory quarter, while the market for Building System is still very slow.

Borregaard Chemicals posted record-high profit in the first quarter, and EBITA¹ amounted to NOK 134 million (NOK 30 million)². First-quarter profit for the energy business was weak and EBITA¹ totalled NOK -13 million (NOK -14 million)². Production has been abnormally low due to the cold, dry weather, resulting in low reservoir levels at Sauda and low water flow at Borregaard's power plants.

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 rose from NOK 17.79 at 31 December 2010 to NOK 19.41 at 31 March 2011. The total accounting effect on profit was NOK 858 million in the first quarter. Reference is otherwise made to Note 9 in this report. Jotun achieved sales growth in the quarter compared with the same quarter of 2010.

Orkla's Investment Portfolio carried out net sales of shares totalling NOK 630 million in the first quarter, and the market value of the Investment Portfolio was NOK 11,105 million at quarter-end. The Investment Portfolio reported a net gain of NOK 361 million in the first quarter (NOK 339 million)². Dividends received in the quarter totalled NOK 84 million (NOK 138 million)² for the Group.

The settlement in connection with the sale of Elkem was completed on 14 April 2011. The transaction has generated an accounting contribution to profit of NOK 1,213 million, which is included in the line "Gains/profit discontinued operations".

Group profit before tax amounted to NOK 1,960 million (NOK -3,412 million)² in the first quarter. The tax charge for the first quarter was NOK 219 million. Orkla's diluted earnings per share amounted to NOK 2.9 in the first quarter, compared with NOK -3.6 in the first quarter of 2010.

The Business Areas

Orkla Brands

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
Operating revenues	5,714	5,403	23,627
EBITA ¹	520	624	2,967
EBITA margin (%)	9.1	11.5	12.6
Cash flow from operations before net replacement expenditures	340	527	3,582
Net replacement expenditures	(113)	(98)	(618)
Expansion investments	(118)	(5)	(43)

¹ Operating profit before amortisation and other income and expenses

- Satisfactory performance for the Nordic branded consumer goods business, taking into account the negative effects of the timing of Easter
- The establishment of Orkla Brands Russia will reduce the cost base in Russia, but entailed substantial one-off costs in the first quarter
- Significant increases in raw material prices are compensated for on an ongoing basis by raising prices, but the effect was somewhat delayed in the first quarter
- Successful launches and profit improvement for Stabburet and Procordia
- Overall market shares were slightly strengthened

Orkla Brands reported operating revenues of NOK 5,714 million (NOK 5,403 million)² in the first quarter of 2011. Underlying³, this was on a par with the same quarter in 2010. Taking into account the timing of Easter, the underlying³ growth in sales was approximately 2%.

First-quarter EBITA¹ amounted to NOK 520 million (NOK 624 million)². Profit was significantly affected by the decline of NOK 63 million in EBITA¹ for Orkla Brands International.

The Nordic branded goods business reported profit on a par with the first quarter of 2010 when the timing of Easter is taken into account. Weaker volume development for Bakers and Lilleborg was offset by good growth for Stabburet, Procordia and Axellus, in particular. Lilleborg's volume development must be seen in conjunction with its very strong performance at the end of 2010.

The decline in profit reported by Orkla Brands International was entirely related to the Russian companies. In connection with the establishment of Orkla Brands Russia, one-off costs were incurred related to workforce cuts, restructuring and write-down of inventories. These costs totalled around NOK 20 million. Most of the rest of the reduction in profit is ascribable to increased advertising investments, combined with the fact that the businesses have experienced a substantial rise in raw material prices and in other cost components such as energy, transport and labour. Prices were raised in March and April to compensate for these higher costs.

The object of the merger is to strengthen the businesses' competitiveness in the Russian market, and to realise both cost and revenue synergies. Positive effects on profit are expected to be seen in the second half of 2011 as a result of the merger. The full effect of the synergies is expected to be achieved as from 2012.

Global raw material prices climbed sharply throughout 2010 and have continued to rise in 2011. Orkla Brands has implemented price increases that largely offset the higher costs, but there will be a natural delay in this connection. Further price increases are planned. For Orkla Food Ingredients, in particular, the increases are so great that negative impacts on volume must be expected.

The most important launches in the first quarter were Pizza Grandiosa Hjemmelaget (Stabburet), Originale Pastaretter (Stabburet), Exclusive Collection (Pierre Robert Group), Polly Max Salt & Pepper (KiMs Norge) and Laban Salte Rockere (Nidar).

Orkla Foods Nordic

Orkla Foods Nordic reported first-quarter operating revenues of NOK 2,213 million (NOK 2,190 million)². When the negative effects of the timing of Easter are taken into account, this was an underlying³ decline of 1%, which was primarily ascribable to slower sales growth for Bakers. First-quarter EBITA¹ amounted to NOK 186 million (NOK 194 million)², which in combination with negative Easter effects was equivalent to underlying³ profit growth of 3%.

Stabburet and Procordia continued their positive trend, reporting higher sales, increased market shares and improved profit performance. The introduction at the start of the year of a tax on confectionery in Finland resulted in somewhat weak volume growth, particularly since the customers built

up their stocks at the end of 2010, which had a negative impact on profit. At Bakers, cost adjustments were counteracted by weak volume growth, and results were not as good as in the first quarter of 2010. Taking into account the timing of Easter, Abba strengthened both market shares and profit, while Beauvais reported a slight decline in profit.

Orkla Brands Nordic

Orkla Brands Nordic posted first-quarter operating revenues of NOK 1,937 million (NOK 1,949 million)². When the negative effects of the timing of Easter are taken into account, this was an underlying³ improvement of 1%. First-quarter EBITA¹ amounted to NOK 363 million (NOK 385 million)². Considering the negative effects of the timing of Easter, this was an underlying decline of 2% from the first quarter of 2010. The drop in EBITA¹ was mainly attributable to higher raw material prices, and to a certain extent a decline in volume for some of the businesses.

Lilleborg and Göteborgs/Sætre, in particular, experienced a weak quarter in terms of sales, partly as a result of fewer campaign activities than in 2010, and a slightly weaker programme of innovations so far this year. On the other hand, Axellus and the Pierre Robert Group saw good growth in sales and profit in the first quarter.

Overall, market shares remained unchanged.

Orkla Brands International

Orkla Brands International reported first-quarter operating revenues of NOK 445 million (NOK 412 million)², which represented underlying³ growth of around 5%. First-quarter EBITA¹ amounted to NOK -63 million (NOK 0 million)².

The negative profit performance was ascribable to Russia, where the business has undergone extensive restructuring. The Russian chocolate and biscuits market is still weak. Furthermore, the higher costs of factor inputs, particularly sugar, cocoa beans, transport and wages, have not been fully offset by raising prices to customers.

In India, MTR Foods continued to achieve good growth driven by its core categories spices and ready meals. On 5 April 2011, MTR Foods concluded an agreement to acquire Rasoi Magic (manufacturer of spices, spice mixes and ready mixes).

Orkla Food Ingredients

Orkla Food Ingredients posted first-quarter operating revenues of NOK 1,192 million (NOK 916 million)². When account is taken of the negative effects of the timing of Easter, this represented underlying³ growth of 12%. First-quarter EBITA¹ amounted to NOK 34 million (NOK 45 million)². Considering the negative Easter effects, this was equivalent to an underlying³ decline of 13%.

Most of the companies in Orkla Food Ingredients experienced good growth in operating revenues, driven by a rise in prices in the raw material markets, but also by volume growth. Profit performance was negatively impacted by the delay in the effect of raising market prices to offset higher raw material costs. Nevertheless, performance in the quarter showed a positive change in terms of recouping the increased costs. The competition and market situation in several markets in Central and Eastern Europe is also challenging.

A majority stake in Henskjold (a bakery ingredients wholesaler located in Fredrikstad, Norway) was acquired on 1 January 2011. The company changed its name to BaKo as of 1 February 2011, and will remain a separate entity, but will be operationally integrated with Idun Industri, which was the purchaser of the stake. The company has 11 employees and annual sales going forward of approximately NOK 50 million.

Sapa

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
Operating revenues	7,882	6,120	27,684
EBITA ¹	215	129	744
EBITA margin (%)	2.7	2.1	2.7
Cash flow from operations before net replacement expenditures	(456)	(226)	144
Net replacement expenditures	(209)	(96)	(732)
Expansion investments	(86)	(58)	(339)

¹ Operating profit before amortisation and other income and expenses

- Volume growth and profit improvement in Profiles in North America
- Volume growth, however mixed development in results for Profiles Europe. Increased focus on optimisation of plant structure and realisation of synergies going forward
- The expansion in Asia continues according to plan
- Satisfying market for Heat Transfer, while Building System is still operating in very weak business conditions

Volume and sales performance in the first quarter was positive. First quarter operating revenues reached NOK 7,882 million (NOK 6,120 million)². EBITA¹ ended at NOK 215 million (NOK 129 million)² in the first quarter. January started slow as many customers had prolonged vacation shut-downs, but the end of the quarter showed strong sales growth. Both the European and North American markets are improving, although from historically low levels. The North American market is currently picking up faster than the European, which is still impacted by low activity in several countries in Southern Europe. Asia continues to see strong growth. The results were affected by negative translation effects due to a strong SEK and NOK against USD and EUR.

The capital expenditure level increased in the first quarter, compared to the same period in 2010, mainly due to higher spending in order to address new business segments and productivity improvement projects.

On 4 March 2011, Sapa Profiles India Pvt Ltd entered into an agreement with Alufit (India) Pvt Ltd, whereby Sapa will buy the assets linked to Alufit's aluminium extrusion business in Kuppam, close to Bangalore in Southern India. The transaction is subject to various regulatory conditions, which the parties expect to satisfy in the near future. The plant was built in 2009 and is an integrated one-press extrusion facility with both powder coating and anodizing capabilities. After completion of the transaction, Sapa will be the first global aluminium extrusion company with local extrusion facilities in India. The plant currently has an annual capacity of 9,000 tonnes.

Sapa announced that a joint venture will be formed with Aluminium Corporation of China Limited (Chalco), the largest aluminium company in China, on 8 April 2011. A new green-field plant is planned to be ready for production at the beginning of 2013. Total capital expenditures related to the planned new plant are limited for Sapa. The completion of the JV establishment is subject to approval by Chinese authorities, and is expected in the course of the second quarter of 2011.

Sapa Profiles

Sapa Profiles' sales volumes reached 218,000 tonnes and EBITA¹ increased to NOK 119 million (NOK 43 million)² in the first quarter. The increase in volume from the first quarter of 2010 was close to 18%. The North American extrusion business delivered a satisfactory performance in the first quarter, with good volume and EBITA¹ improvement. The European business faces mixed market conditions with recovery in Central and Northern Europe while Southern Europe remains slow. In spite of overall volume increases and market share growth, EBITA¹ development was weak in the quarter. Consequently, the overall European operational structure has been assessed, and action is now being taken to improve margins through a more optimised plant and cost structure.

The preliminary ruling in the anti-dumping case concerning Chinese imports to America has reduced import volumes as anticipated and the impact is now beginning to show in domestic demand. The provisional antidumping duty of 33% imposed in December 2010 was made permanent in April 2011 and will remain in effect for five years.

Sapa Heat Transfer & Building System

Sapa Heat Transfer's volume for the first quarter of 2011 was 51,000 tonnes, an improvement of 38% compared to last year. Sapa Heat Transfer and Building System had aggregate EBITA¹ of NOK 96 million (NOK 86 million)² in the quarter. Sapa Heat Transfer's order intake has continued to increase and the outlook for the rest of 2011 is positive. However, Sapa Building System is affected by a weak building and construction market, and sees few signs of improved activity in the European market.

The further expansion of the Heat Transfer Shanghai operations (from 75,000 tonnes to 100,000 tonnes) is proceeding as planned and is moving into a ramp-up phase in the second quarter of 2011.

Investments

Orkla Financial Investments

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
EBITA ¹	0	(39)	151
Other income and expenses	-	-	1,131
Dividends	84	138	521
Gains, losses and write-downs			
Investment Portfolio	361	339	1,772
Other financial matters	14	56	177
Profit/loss before taxes	459	494	3,752
Market value Investment Portfolio	11,105	11,727	11,661
Return Investment Portfolio (%)	1.7	11.2	31.8
Unrealised gains Investment Portfolio	4,168	4,257	4,438

¹ Operating profit before amortisation and other income and expenses

Profit before tax for Orkla Financial Investments amounted to NOK 459 million (NOK 494 million)² in the first quarter.

The Investment Portfolio achieved a first-quarter return of 1.7%, compared to -0.3% for the Morgan Stanley Nordic Index (1.3% for the Oslo Stock Exchange Benchmark Index).

The market value of the Investment Portfolio was NOK 11,105 million after net sales of shares totalling NOK 630 million in the quarter. At quarter-end, unrealised gains amounted to NOK 4,168 million.

The Investment Portfolio had a net gain of NOK 361 million (NOK 339 million)² in the first quarter.

Dividends received totalled NOK 84 million (NOK 138 million)².

Orkla's real estate investments generated first-quarter EBITA¹ of NOK 11 million (NOK 9 million)².

Borregaard Chemicals

Borregaard Chemicals reported operating revenues of NOK 1,032 million (NOK 913 million)² for the first quarter of 2011, an underlying³ increase of 18% from the first quarter of 2010. EBITA¹ amounted to NOK 134 million (NOK 30 million)². All of the main segments achieved good profit growth compared to the first quarter of 2010.

The quarter saw favourable market conditions, with continued good demand and higher prices for key product segments. In the speciality cellulose business, in particular, there was strong profit growth in the quarter, driven by higher prices and a better product mix, but the lignin business also

achieved volume and profit improvement compared to the same period in 2010. The Ingredients and Pharma businesses reported satisfactory profit growth, overall, compared to the corresponding quarter of 2010.

The improvement in profit was partly offset by a marked rise in raw material and energy costs, and by a negative currency trend.

Borregaard's fine chemicals plant in Italy, where production was shut down in July 2010, was sold in the first quarter to the Indian company Camlin.

Hydro Power

EBITA¹ for Hydro Power amounted to NOK -13 million (NOK -14 million)². AS Saudefaldene delivered a better first-quarter result than in the first quarter of 2010. However, production and profit were lower than in a normal year due to low precipitation in Sauda in the quarter, combined with a significantly lower reservoir level than normal at the start of the quarter. Maintenance costs were high on account of the rehabilitation of the Storlivatn power plant. The cold, dry weather has affected the water flow in the Glomma river, and production at Borregaard's power plants in Sarpsborg has been lower than normal. The reduction in contract volume in accordance with the agreement with DNN Industrier has made it necessary to purchase more power on the spot market at high prices in order to meet the power needs of the plant in Sarpsborg.

Associated companies

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
Profit/loss from associates	920	(4,484)	(6,169)
Of which Renewable Energy Corporation (REC)			
Share of profit/loss REC	(43)	137	393
Revaluation/write-down REC	901	(4,689)	(6,841)

Renewable Energy Corporation ASA (REC) (39.7 % stake)

The figures below are on a 100% basis.

Overall revenues amounted to NOK 4,109 million in the first quarter of 2011, an increase of 74% from the first quarter of 2010, but down 16% from the previous quarter. In the first quarter, average selling prices for polysilicon were fairly stable while selling prices for wafers and modules were down 4% compared to the previous quarter. EBITDA was NOK 1,449 million in the first quarter (NOK 415 million)², compared to NOK 1,836 million in the fourth quarter of 2010.

Reference is also made to www.recgroup.com.

Jotun AS (Jotun) (42.5 % stake)

Jotun had a satisfactory first quarter with higher sales than in the same period of 2010. The markets in Asia showed continued good growth, while market growth was weaker in Europe. Political unrest in several countries in the Middle East has increased the uncertainty in the region. Margins declined in the first quarter due to continued substantial increases in the prices of key raw materials. Jotun continues to pursue its programme of extensive investment in line with its strategy of organic growth.

Cash flow and financial situation

Cash flow from operations totalled NOK -437 million in the quarter, compared to NOK -101 million in the first quarter of 2010.

Working capital increased in the first quarter, largely as a result of an activity-driven, seasonal increase in trade receivables for Sapa and higher inventories in Orkla Brands due to Easter and higher raw material prices. Borregaard Chemicals also saw a certain activity-driven increase in working capital.

Cash and cash equivalents were reduced due to the fact that Elkem was removed from Orkla's balance sheet at the end of the first quarter. This is reported on the line for "Discontinued operations and other payments".

Expansion investments totalled NOK 229 million in the first quarter (NOK 100 million)², and were primarily related to Axellus's purchase of the Nutrilett trademark and several minor investments made by Sapa.

Company acquisitions amounted to NOK 351 million and consist of Orkla Brands' purchase of Henskjold (a bakery ingredients wholesaler) in Norway and Orkla Financial Investments' increased stake in Finansgruppen Eiendom (FG Eiendom).

Net sales of portfolio investments totalled NOK 630 million, compared to net sales totalling NOK 389 million in the same quarter of 2010.

After expansion and net portfolio investments, the Group had a net cash flow of NOK -1,098 million. After positive currency effects of NOK 86 million, net interest-bearing liabilities increased by NOK 1,012 million to NOK 20,664 million.

The interest-bearing liabilities are largely distributed among the following currencies: NOK, SEK, EUR, DKK, and USD.

At 31 March 2011, the equity ratio was 55.6%, while net gearing⁴ at quarter-end was 0.42, compared to 0.43 at the same time in 2010. The proceeds from the sale of Elkem were reported as a receivable at 31 March 2011.

Other matters

At the annual general meeting on 14 April 2011, the dividend for 2010 was set at NOK 2.50 per share, an increase from NOK 2.25 kroner in 2010. The dividend was paid out on 29 April 2011 to shareholders of record on the date of the general meeting.

Johan H. Andresen jr., Rune Bjerke, Marianne Blystad, Ann Kristin Brautaset, Claus R. Flinder, Kjetil Houg, Idar Kreutzer, Dag Mejdell, Nils-Henrik Pettersson, Nils Selte, Olaug Svarva, Terje Venold, Lars F. Windfeldt and Gunn Wærsted were re-elected as members of the Corporate Assembly for a term of one year.

Odd Gleditsch d.y., Scilla Treschow Hokholt, Benedikte Bjørn, Andreas Enger and Mimi K. Berdal were re-elected as deputy members of the Corporate Assembly for a term of one year, while Gunnar Rydning was elected as a new deputy member for a term of one year.

Nils-Henrik Pettersson was re-elected as member of the Nomination Committee for a term of two years. The Nomination Committee thus consists of four members: Idar Kreutzer, Olaug Svarva, Leiv Askvig and Nils-Henrik Pettersson.

On 10 January 2011, Orkla ASA entered into a binding agreement on the sale of Elkem to China National Bluestar Group Co., Ltd (Bluestar). The transaction was completed on 14 April 2011 in accordance with the conditions described in the stock exchange notification of 11 January 2011. After closing and capital structure adjustments pursuant to the agreement, Orkla has received a total amount of just over NOK 12.5 billion consisting of the price paid for the shares and the buyer's takeover of debt in Elkem. Furthermore, Orkla expects to receive assets equivalent to around NOK 500 million related to the adjustment of insurance payouts and the utilisation of a deferred tax asset that was carried out by Orkla in the 2010 tax year. The total value of the agreement for Orkla is thus just over NOK 13 billion.

On 14 February 2011, Orkla and Roar Engeland agreed that Roar Engeland would resign from his position as Executive Vice President, Orkla Financial Investments. The Board of Directors of Orkla ASA would like to thank Roar Engeland for his significant efforts over many years for the benefit of the Group. On 29 March 2011, Executive Vice President, M&A, Svein Tore Holsether also took over responsibility for the Investment Portfolio and Orkla's real estate investments.

Outlook

Although the macro picture for 2011 is still positive, it reflects some uncertainty relating, in part, to higher raw material prices, and a high level of indebtedness in several countries. Interest rates are expected to rise moderately from record low levels in 2010. Due to Orkla's structure and composition, the Group is not particularly exposed to individual factors in the macro situation. Orkla is well positioned for

further economic growth, and the company's robust position will also enable it to weather eventual new declines in the economy.

Orkla Brands expects a stable trend in the Nordic grocery market in 2011. Raw material prices have increased substantially in the recent past, and associated price increases were carried out in the first quarter. With rising raw material prices, there will naturally be a slight delay before Orkla Brands can fully offset the higher costs by raising its own prices. Orkla Brands aims to be able to adjust prices during the year, to ensure that there is no significant impact on profit due to the higher raw material prices. The restructuring of operations in Russia, through the establishment of Orkla Brands Russia, is expected to reduce the cost base and generate positive effects on profit in the second half of 2011.

Sapa expects continued growth in all markets, with the exception of the building and construction sector which continues to experience demanding market conditions. Sapa Profiles expects continued volume growth in North America and Europe, but market demand is still significantly below normal. There will be an increased focus on realising operational synergies, mainly in Europe. The order intake in Sapa Heat Transfer is growing and the outlook for the rest of 2011 is positive.

Borregaard Chemicals expects market conditions to be good going forward, but expects raw material and energy prices to remain high. Reservoir levels for Hydro Power were still lower than in a normal year at quarter-end.

Oslo, 4 May 2011
The Board of Directors of Orkla ASA

THE GROUP'S CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 31.3.		1.1. – 31.12.
		2011	2010	2010
Operating revenues	2	15,000	13,094	57,338
Operating expenses		(13,736)	(11,998)	(51,582)
Depreciation and write-down property, plant and equipment		(478)	(436)	(1,812)
Amortisation intangible assets		(7)	(10)	(52)
Other income and expenses	3	(66)	27	330
Operating profit		713	677	4,222
Profit/loss from associates		920	(4,484)	(6,169)
Dividends received		84	138	522
Gains, losses and write-downs Investment Portfolio		361	339	1,772
Financial items, net		(118)	(82)	(327)
Profit/loss before taxes		1,960	(3,412)	20
Taxes		(219)	(193)	(844)
Profit/loss for the period for continued operations		1,741	(3,605)	(824)
Gains/profit discontinued operations	10	1,213	(7)	(40)
Profit/loss for the period		2,954	(3,612)	(864)
Profit/loss attributable to non-controlling interests		2	8	53
Profit/loss attributable to owners of the parent		2,952	(3,620)	(917)
Profit/loss before taxes, Industrial Activities		1,501	(3,906)	(3,732)
Profit/loss before taxes, Orkla Financial Investments		459	494	3,752

EARNING PER SHARE

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
Earnings per share	2.9	(3.6)	(0.9)
Earnings per share (diluted)	2.9	(3.6)	(0.9)

THE GROUP'S CONDENSED COMPREHENSIVE INCOME

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
Profit/loss for the period	2,954	(3,612)	(864)
Change in unrealised gains on shares	4 (238)	735	950
Change in hedging reserve	4 269	(110)	359
Translation effects	(542)	(122)	(305)
The Group's comprehensive income	2,443	(3,109)	140
Comprehensive income attributable to non-controlling interests	(1)	4	51
Comprehensive income attributable to owners of the parent	2,444	(3,113)	89

THE GROUP'S CONDENSED BALANCE SHEET

Amounts in NOK million	Note	31.3. 2011	31.12. 2010
Intangible assets		12,799	12,960
Property, plant and equipment		17,845	17,730
Financial assets	9	11,752	10,985
Non-current assets		42,396	41,675
Assets in discontinued operations	10		13,891
Inventories		7,582	7,102
Receivables	6, 10	25,335	10,380
Investment Portfolio, etc.		11,113	11,674
Cash and cash equivalents	6	2,378	2,819
Current assets		46,408	31,975
Total assets		88,804	87,541
Paid-in equity		2,000	1,999
Earned equity		47,050	44,567
Non-controlling interests		303	365
Equity		49,353	46,931
Provisions and other non-current liabilities		3,818	4,081
Non-current interest-bearing liabilities	6	21,204	21,820
Current interest-bearing liabilities	6	2,472	1,380
Liabilities in discontinued operations	10		2,544
Other current liabilities		11,957	10,785
Equity and liabilities		88,804	87,541
Equity ratio (%)		55.6	53.6

CHANGES IN EQUITY

Amounts in NOK million	1.1. – 31.3.2011			1.1. – 31.12.2010		
	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	2,444	(1)	2,443	89	51	140
Dividends	-	(3)	(3)	(2,294)	(66)	(2,360)
Buybacks of Orkla shares	18	-	18	138	-	138
Option costs	22	-	22	78	-	78
Change in non-controlling interests	-	(58)	(58)	-	10	10
Equity at the close of the period	49,050	303	49,353	46,566	365	46,931

THE GROUP'S CONDENSED CASH FLOW

Amounts in NOK million	Note	1.1. – 31.3.		1.1. – 31.12.
		2011	2010	2010
Cash flow in the Industrial Activities:				
Operating profit		713	716	2,940
Amortisation, depreciation and impairment charges		477	436	2,503
Changes in net working capital, etc.		(1,254)	(988)	(1,462)
Cash flow from operations before net replacement expenditures		(64)	164	3,981
Net replacement expenditures		(373)	(265)	(1,512)
Cash flow from operations		(437)	(101)	2,469
Financial items, net		(122)	(85)	(544)
Cash flow from Industrial Activities		(559)	(186)	1,925
Cash flow from Orkla Financial Investments		356	257	1,236
Taxes paid		(187)	(163)	(686)
Discontinued operations and other payments		(773)	(77)	(620)
Cash flow before capital transactions		(1,163)	(169)	1,855
Paid dividends		(3)	(2)	(2,360)
Net sale/purchase of Orkla shares		18	10	138
Cash flow before expansion		(1,148)	(161)	(367)
Expansion investments in industry division		(229)	(100)	(509)
Sale of companies/share of companies		-	-	1,854
Purchase of companies/share of companies	5	(351)	(103)	(2,878)
Net sale/purchase of portfolio investments		630	389	2,130
Net cash flow		(1,098)	25	230
Currency effects of net interest-bearing liabilities		86	(38)	(34)
Change in net interest-bearing liabilities		1,012	13	(196)
Net interest-bearing liabilities	6	20,664	19,861	19,652

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA' condensed consolidated financial statements for the first quarter of 2011 were approved at a meeting of the Board of Directors on 4 May 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.

On 10 January, Orkla ASA entered into a binding agreement on the sale of Elkem to China National Bluestar Group Co., Ltd. The transaction is described in further detail in Note 10.

NOTE 2 SEGMENTS

OPERATING REVENUES

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
Orkla Group	15,000	13,094	57,338
Orkla Brands	5,714	5,403	23,627
Orkla Foods Nordic	2,213	2,190	9,438
Orkla Brands Nordic	1,937	1,949	7,896
Orkla Brands International	445	412	2,009
Orkla Food Ingredients	1,192	916	4,560
Eliminations Orkla Brands	(73)	(64)	(276)
Sapa	7,882	6,120	27,684
Sapa Profiles	6,168	4,827	21,671
Sapa Heat Transfer & Building System	1,941	1,481	6,814
Eliminations Sapa	(227)	(188)	(801)
Investments:			
Borregaard Chemicals	1,032	913	3,750
Hydro Power	706	99	1,321
Orkla Financial Investments	78	835	2,015
HQ/Other Business/Eliminations	(412)	(276)	(1,059)

OPERATING PROFIT - EBITA*

Orkla Group	786	660	3,944
Orkla Brands	520	624	2,967
Orkla Foods Nordic	186	194	1,115
Orkla Brands Nordic	363	385	1,544
Orkla Brands International	(63)	0	40
Orkla Food Ingredients	34	45	268
Sapa	215	129	744
Sapa Profiles	119	43	373
Sapa Heat Transfer & Building System	96	86	371
Investments:			
Borregaard Chemicals	134	30	238
Hydro Power	(13)	(14)	177
Orkla Financial Investments	0	(39)	151
HQ/Other Business	(70)	(70)	(333)

Reconciliation operating profit

EBITA*	786	660	3,944
Amortisation intangible assets	(7)	(10)	(52)
Other income and expenses	(66)	27	330
Operating profit	713	677	4,222

* Operating profit before amortisation and other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

Amounts in NOK million	1.1. – 31.3.		1.1. – 31.12.
	2011	2010	2010
M&A costs	(14)	(3)	(28)
Net costs fire Finspång, Sapa	(48)	-	(212)
Step acquisition in Orkla Brands	4	-	-
Closing down Vancouver, Sapa	(8)	-	-
Termination of the old AFP schemes and issued paid-up policies	-	30	1
Provision closure of Borregaard Italy	-	-	(63)
Loss and write-down of goodwill Orkla Finans	-	-	(172)
Gain on sale of property in Switzerland, Borregaard	-	-	47
Gain on sale of Borregaard Skoger	-	-	1,309
Final settlements regarding Sapa Holland	-	-	3
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
	(66)	27	330

Costs in connection with the fire at Sapa Heat Transfer's plant in Finspång in 2010 are related to the air transport of goods. 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 Investment Portfolio (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect in the first quarter of 2011 relating to unrealised gains amounts to NOK 36 million, while the tax effect relating to the hedging reserve amounts to NOK 142 million.

NOTE 5 ACQUISITION OF COMPANIES/AGREEMENT TO PURCHASE ASSETS

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 Eiendom (real estate) 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 Eiendom held a 33.33% stake in FinansGruppen Eiendom AS. The option was exercised in the first quarter of 2011. The company is still a joint venture within the Orkla Group, and will now be consolidated into Orkla's financial statements on a 66.67%, rather than a 33.33%, basis. The acquisition represents a net enterprise value of just over NOK 300 million. Orkla's balance sheet will increase by NOK 511 million as a result of the purchase.

On 1 January Orkla Brands purchased a majority stake in Henskjold Agenturfor retning. The company has 11 employees and annual sales of approximately NOK 50 million. In connection with the acquisition, NOK 4 million have been entered as income as an adjustment to the prior ownership, see Note 3.

NOTE 6 NET INTEREST-BEARING LIABILITIES

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

Amounts in NOK million	31.3.	31.12.
	2011	2010
Non-current interest-bearing liabilities	(21,204)	(21,820)
Current interest-bearing liabilities	(2,472)	(1,380)
Non-current interest-bearing receivables (in «Financial assets»)	544	600
Current interest-bearing receivables (in «Receivables»)	90	129
Cash and cash equivalents	2,378	2,819
Net interest-bearing liabilities	(20,664)	(19,652)

NOTE 7 RELATED PARTIES

There have been no special transactions between the Group and related parties in the first quarter of 2011. The Canica system (largest Orkla shareholder with a 23.3% holding) and Orkla both have equity interests in certain investments. The Group has provided subordinated loans totalling NOK 110 million and NOK 134 million, respectively, to joint ventures and associates within its real estate operations (Eiendom) and Sapa.

On 29 March 2011, Executive Vice President M&A Svein Tore Holsether took over responsibility for the Investment Portfolio and Orkla Eiendom. Roar Engeland resigned on 14 February 2011 as Executive Vice President in charge of 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
Exercised during the period	(400,000)
Forfeited during the period	(70,000)
Outstanding number of options as of 31 March 2011	19,299,500

Change in treasury shares:	
Total as of 1 January 2011	6,945,749
Options exercised in treasury shares	(400,000)
Total as of 31 March 2011	6,545,749

NOTE 9 ASSESSMENTS RELATING TO IMPAIRMENT

In accordance with the Group's accounting principles, the Investment Portfolio was written down by NOK 83 million in the first quarter of 2011.

Bakers is still in the process of being sold, and the outcome of this process was not clear as of 31 March.

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 19.41 per share at 31 March 2011, compared with NOK 17.79 at year-end. A total of NOK 858 million relating to REC was therefore recognised in income in the first quarter. 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 was positively impacted by NOK 217 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 (Bluestar). Settlement took place on 14 April in accordance with the conditions for the sale. In accounting terms, 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. As of 31 March, Orkla therefore has a receivable from Bluestar in the amount of NOK 12.8 billion.

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:

Amounts in NOK million	1.1. - 31.3.	
	2011	2010
Operating revenues	2,675	1,934
Operating expenses	(2,126)	(1,702)
Depreciation and impairment charges		
property, plant and equipment	(157)	(188)
Amortisation intangible assets	(20)	-
Operating profit	372	44
Financial items, net	(39)	(54)
Profit/loss before taxes	333	(10)
Taxes	(72)	3
Profit/loss after taxes	261	(7)
Gain on sale	1,137	-
M&A costs	(185)	-
Profit/loss for discontinued operations	1,213	(7)

NOTE 11 OTHER MATTERS

Orkla paid a dividend for the 2010 financial year amounting to NOK 2,4 billion on 29 April 2011. Tax deducted at source, amounting to around NOK 126 million, will be paid in July.

Sapa Profiles India Pvt Ltd entered into an agreement on 4 March 2011 with Alufit (India) Pvt Ltd, whereby Sapa will buy Alufit's assets related to its aluminium extrusion business in Kuppam, near Bangalore in Southern India. The transaction is subject to various regulatory conditions, which the parties expect to satisfy in the near future. After completion of the transaction, Sapa will be the first global aluminium extrusion company with production facilities in India. The plant currently has an annual capacity of 9,000 tonnes.

Orkla Brands concluded an agreement on 5 April to buy Rasoi Magic Foods, an Indian manufacturer of spices and spice mixes, located in Pune, Western India. Under the agreement, Orkla Brands is acquiring 100% of the shares in the company through its Indian company, MTR Foods. Rasoi Magic Foods has 60 employees and annual sales of around NOK 20 million.

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 on Friday, 8 April, 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, southwest 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). On 7 April, Orkla appealed against the judgment to the Supreme Court.

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.