

# Orkla

## First Half 2009



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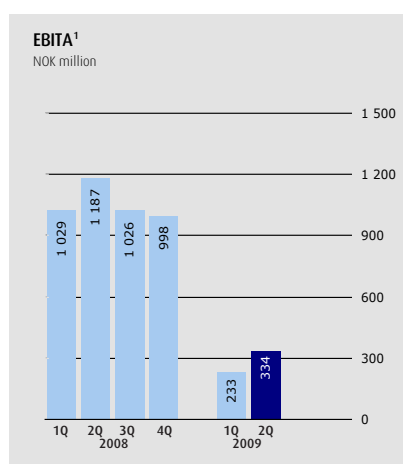
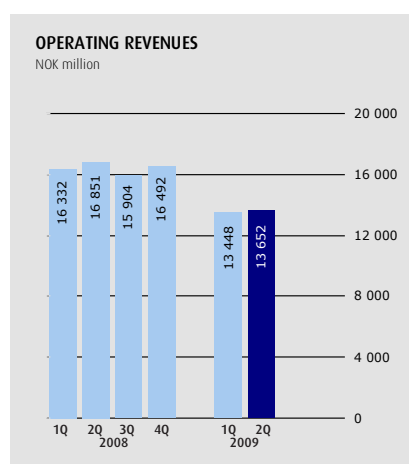
## THE FIRST HALF IN BRIEF

- Due in part to the weak global economy, Orkla's operating profit (EBITA) for the first half-year ended at NOK 567 million (NOK 2,216 million)<sup>1</sup>. EBITA for the second quarter alone was NOK 334 million (NOK 1,187 million)<sup>1</sup>.
- Profit before tax in the first half-year totalled NOK -33 million (NOK 3,299 million)<sup>1</sup>, while for the second quarter alone it amounted to NOK 282 million (NOK 2,453 million)<sup>1</sup>.
- Reductions in working capital helped to improve cash flow in the second quarter. Cash flow from operations at the end of the first half-year was NOK 1,485 million (NOK 1,106 million)<sup>1</sup>.
- Orkla Brands reported a good first half with continued profit improvement. EBITA for the first half-year was NOK 1,160 million (NOK 1,078 million)<sup>1</sup>.
- Orkla Aluminium Solutions has been strongly impacted by the weak economic conditions in the USA and Europe, resulting in a 35 % decline in volume compared with the second quarter of 2008. However, volume performance was relatively stable through the first half of 2009 and, partly due to the implementation of cost-cutting measures, the deficit in the second quarter alone was significantly lower than in the first quarter.
- For Orkla Materials, as expected, the market for the silicon-related businesses in Elkem weakened through the second quarter. A negative contribution to profit in the start-up phase of Elkem Solar was a further reason for Elkem's lacklustre first-half results.
- In Orkla Associates, REC reported EBITDA of NOK 745 million (NOK 1,631 million)<sup>1</sup> for the first half-year. Jotun's results were affected by somewhat slower activity in certain market segments, but profit performance is still satisfactory.
- In Orkla Financial Investments, realised portfolio gains were offset by accounting write-downs, and the net contribution to profit by portfolio investments in the first half-year was NOK -87 million.
- At the end of the first half-year, the return on the Share Portfolio was 13.7 %, compared with 16.7 % for the Morgan Stanley Nordic Index (25.2 % for the Oslo Stock Exchange Benchmark Index).
- Orkla Aluminium Solutions' agreement to purchase the US company Indalex was finally completed on 31 July.
- In July a small fire broke out at one of Elkem Solar's processing plants. It caused no personal injuries or serious damage to critical processing equipment, but repairs will delay Elkem Solar's ramp-up plans by 2-3 months.

<sup>1</sup> The figures in brackets refer to the corresponding period of the previous year.

## KEY FIGURES FOR THE ORKLA GROUP

Amounts in NOK million	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
	2009	2008	2008	2009	2008
Operating revenues	27,100	33,183	65,579	13,652	16,851
Adjusted EBITA <sup>1</sup>	567	2,216	4,240	334	1,187
Profit/loss before taxes	(33)	3,299	(2,015)	282	2,453
Earnings per share diluted (NOK)	0.9	2.5	(2.8)	0.3	1.9
Cash flow from operating activities	1,485	1,106	2,642	1,271	267
Net interest-bearing liabilities	27,903	22,840	27,424		
Equity ratio (%)	50.0	52.6	47.7		
Net gearing <sup>2</sup>	0.59	0.43	0.55		



<sup>1</sup> Earnings before amortisation, write-down in Sapa Profiles in 2008, restructuring and significant impairments.

<sup>2</sup> (Net interest-bearing liabilities)/(Equity)

## THE GROUP

Orkla's first-half operating revenues totalled NOK 27,100 million (NOK 33,183 million)<sup>1</sup>, while operating revenues for the second quarter alone were NOK 13,652 million (NOK 16,851 million)<sup>1</sup>. The decline was largely driven by low demand in Orkla Aluminium Solutions and slower markets for Orkla Materials.

The Norwegian krone was significantly weaker in the first half of 2009 than in the same period of last year, against both the USD and euro-related currencies. This has resulted in positive currency translation effects on operating revenues, amounting to around NOK 1.2 billion in the first half-year and around NOK 550 million in the second quarter.

The Group's EBITA for the second quarter was NOK 334 million (NOK 1,187 million)<sup>1</sup>, while first-half EBITA was NOK 567 million (NOK 2,216 million)<sup>1</sup>. Orkla Brands reported a satisfactory profit performance and underlying<sup>2</sup> profit growth in both the second quarter and the first half-year. Orkla Aluminium Solutions saw sales volumes level off at low levels in the first half-year. The implementation of cost-cutting measures had a positive effect, but first-half profit was negative at NOK -490 million (NOK 707 million)<sup>1</sup>. Orkla Materials posted profit of NOK 132 million (NOK 589 million)<sup>1</sup> for the first half-year. The decline in profit is primarily ascribable to weak markets for the silicon-related businesses resulting in around 55 % capacity utilisation in the second quarter, and to the start-up of Elkem Solar. For the Group as a whole, EBITA was affected by currency translation effects totalling NOK -20 million in the first half-year, and NOK +18 million in the second quarter alone.

Orkla's share in REC (39.73 %) and Jotun (42.5 %) are presented according to the equity method on the line for associates. The contribution from associates to Group profit in the first half-year totalled NOK -75 million (NOK 1,332 million)<sup>1</sup>, while the contribution in the second quarter amounted to NOK -210 million (NOK 1,153 million)<sup>1</sup>. Of the total amount, REC's contribution to Orkla's profit in the first half of 2009 accounted for NOK -115 million (NOK 280 million)<sup>1</sup> of which NOK -272 million (NOK 196 million)<sup>1</sup> is the second-quarter contribution. Associates' contribution to profit in 2008 was positively affected by the NOK 830 million gain on the sale of Orkla's interest in Hjemmet Mortensen.

At the end of the first half-year, the return on the Share Portfolio was 13.7 %, compared with 16.7 % for the Morgan Stanley Nordic Index (25.2 % for the Oslo Stock Exchange Benchmark Index). In accordance with IFRS, portfolio investments were written down by NOK 1,070 million in the first half-year, whereof write-downs of NOK 254 million in the second quarter. First-half gains realised on the portfolio totalled NOK 470 million, whereof NOK 460 million in the second quarter. Gains, losses and write-downs on the Share Portfolio thus ended at NOK -87 million (NOK -183 million) for the first half-year. For the second quarter alone, the contribution to profit was NOK 228 million (NOK 112 million)<sup>1</sup>. Dividends received in the second quarter totalled NOK 179 million (NOK 310 million)<sup>1</sup>, and for the first half-year NOK 224 million (NOK 397 million)<sup>1</sup>.

Orkla's first-half earnings per share, diluted, were NOK 0.9 (NOK 2.5)<sup>1</sup>. The tax charge for the first half-year is estimated to be NOK 79 million.

Strong focus on increasing capital efficiency helped to improve cash flow from operations through the second quarter, and cash flow from operations for the first half of 2009 totalled NOK 1,485 million, compared with NOK 1,106 million in the same period last year. Net interest-bearing liabilities were at the same level as at the end of 2008.

Orkla Aluminium Solutions' agreement to purchase the US company Indalex was finally completed on 31 July. Under the agreement Sapa will take over Indalex' 11 active production plants in the USA and Canada, with 29 presses and a total capacity of about 315,000 tonnes per year. Indalex' sales in 2008 totalled about 200,000 tonnes, which represents operating revenues of over USD 900 million. Indalex has around 1,400 employees.

## THE BUSINESS AREAS

### ORKLA BRANDS

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2009	2008	2008	2009	2008
Operating revenues	11,061	11,011	23,398	5,663	5,650
EBITA <sup>1</sup>	1,160	1,078	2,590	638	586
Operating margin (%)	10.5	9.8	11.1	11.3	10.4
Cash flow from operations before					
net replacement expenditures	1,369	863	2,984	778	365
Net replacement expenditures	265	242	633	128	106
Expansion investments	84	47	214	62	39

<sup>1</sup> Before amortisation, restructuring and significant impairments.

- Satisfactory results and underlying<sup>2</sup> profit growth, but volume growth remains a challenge.
- Intensified competition in several categories.
- Higher purchasing costs due to the weak NOK and SEK.

Orkla Brands posted first-half operating revenues of NOK 11,061 million (NOK 11,011 million)<sup>1</sup>. In the second quarter alone, operating revenues were NOK 5,663 million (NOK 5,650 million)<sup>1</sup>. Volume growth was weak in the first half-year, but slightly better for the second quarter. So far this year, growth on the Nordic grocery markets has been more sluggish than in the same period of last year. The decline is more apparent for the catering and export businesses. This, combined with some loss of market share, explains the weak sales performance.

First-half EBITA was NOK 1,160 million (NOK 1,078 million)<sup>1</sup>. Underlying<sup>2</sup> profit growth was around 4 %. Cost improvements in all parts of the value chain and somewhat lower advertising investments, partially as a consequence of lower advertising prices, contributed positively. Orkla Brands International achieved the greatest profit growth, driven by reduced costs and increased margins in Russia. Orkla Brands Nordic reported lower profit, primarily due to weaker results from Lilleborg.

<sup>2</sup> Excluding acquisitions, divestments and currency translation effects.

Orkla Brands is still experiencing higher raw material costs, driven by both prices and currency rates. International raw material markets continue to be affected by considerable uncertainty, but there are clear signs of rising prices. Internationally, the price of grain, vegetable oils and sugar rose in the second quarter, while Norwegian raw material prices continue to climb as a result of both last year's and this year's collective wage agreement for the agriculture sector.

Second-quarter EBITA was NOK 638 million (NOK 586 million)<sup>1</sup>. Profit was negatively impacted by the timing of Easter and underlying<sup>2</sup> growth is therefore stronger than in the first quarter. The main launches in the quarter were Smash (large chocolate bar, Nidar), Sunsilk Minerals (hair care, Lilleborg) and Grandiosa Ekstra Tynn (pizza, Stabburet).

The divestment of the Polish food companies Kotlin and Elbro was completed on 1 July 2009. The companies' annual sales total more than NOK 200 million. As a consequence, NOK 10 million has been recognised under "restructuring and significant impairment charges" in the second quarter.

#### Orkla Foods Nordic

Orkla Foods Nordic posted first-half operating revenues of NOK 4,719 million (NOK 4,729 million)<sup>1</sup>. In the second quarter alone, operating revenues totalled NOK 2,436 million (NOK 2,436 million)<sup>1</sup>. In the first half-year, there has been an underlying<sup>2</sup> decline of approximately 1 %, while the second quarter was on a par with last year. First-half EBITA was NOK 450 million (NOK 422 million)<sup>1</sup>, while EBITA for the second quarter was NOK 279 million (NOK 262 million)<sup>1</sup>. Underlying<sup>2</sup> profit was on a par with last year, both in the first half-year and in the second quarter.

For Stabburet, a good launch programme contributed to improved performance in the first half-year. Successful launches and efficiency improvement gains helped to spur continued progress in Finland. In Sweden, Abba reported profit improvement, while Procordia experienced a decline. Purchasing costs in Sweden increased significantly due to the weaker Swedish krone. Slower volume growth weakened results for Bakers. Beauvais reported slightly weaker results than last year.

#### Orkla Brands Nordic

Orkla Brands Nordic reported first-half operating revenues of NOK 3,747 million (NOK 3,739 million)<sup>1</sup>, which underlying<sup>2</sup> is on a par with last year. EBITA ended at NOK 622 million (NOK 631 million)<sup>1</sup>, an underlying<sup>2</sup> decline of 5 %. Second-quarter operating revenues totalled NOK 1,877 million (NOK 1,880 million)<sup>1</sup>, an underlying<sup>2</sup> decline of 1 %. EBITA in the second quarter was NOK 295 million (NOK 304 million)<sup>1</sup>.

The decline in first-half profit was primarily related to Lilleborg, which experienced declining volumes in several product categories. Nidar achieved profit improvement as a result of good sales growth. The weak NOK and SEK led to higher purchasing costs, and the price increases that were implemented were not sufficient to fully compensate these cost increases.

#### Orkla Brands International

Orkla Brands International reported first-half operating revenues of NOK 890 million (NOK 1,051 million)<sup>1</sup>. For the second quarter alone, operating revenues were NOK 460 million (NOK 525 million)<sup>1</sup>. Underlying<sup>2</sup> sales growth in the first half-year was 1 %, while sales grew by 3 % in the second quarter. First-half EBITA was NOK 1 million (NOK -57 million)<sup>1</sup>. The underlying<sup>2</sup> improvement in profit was close to NOK 50 million, of which around half was related to the second quarter.

Krupskaya, MTR Foods and Felix Austria reported improved sales, while SladCo experienced weaker volume growth. The improvement in profit was primarily achieved in Russia, at SladCo through cost cuts and lower advertising investments and at Krupskaya through higher sales and reduced costs.

#### Orkla Food Ingredients

Orkla Food Ingredients posted first-half operating revenues of NOK 1,870 million (NOK 1,660 million)<sup>1</sup>, which underlying<sup>2</sup> were on a par with last year. First-half EBITA was NOK 87 million (NOK 82 million)<sup>1</sup>, an underlying<sup>2</sup> increase in profit of 16 %. Operating revenues for the second quarter totalled NOK 972 million (NOK 880 million)<sup>1</sup>, underlying<sup>2</sup> on a par with last year. Second-quarter EBITA was NOK 60 million (NOK 50 million)<sup>1</sup>, an underlying<sup>2</sup> increase in profit of 27 %.

Orkla Food Ingredients' businesses in Scandinavia generally reported a satisfactory performance. Despite difficult market conditions in Eastern Europe on account of currencies weakening against the EUR/USD and a general decline in demand, many of the businesses maintained their market position and earnings.

#### ORKLA ALUMINIUM SOLUTIONS

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2009	2008	2008	2009	2008
Operating revenues	9,787	14,974	27,809	4,904	7,542
EBITA <sup>1</sup>	(490)	707	697	(148)	364
Operating margin (%)	(5.0)	4.7	2.5	(3.0)	4.8
Cash flow from operations before net replacement expenditures	382	819	765	368	148
Net replacement expenditures	189	366	950	110	281
Expansion investments	196	193	547	85	98

<sup>1</sup> Earnings before amortisation, write-down of inventory in Sapa Profiles in 2008, restructuring and significant impairments.

- Weak, but more stable markets.
- Enhanced action plan to stay cash neutral in underlying business through 2009.
- Heat Transfer's order intake increased towards the end of the second quarter.
- Indalex acquisition closed 31 July 2009.

Sapa had a weak start to the year and volumes have since been stable at a low level with operating revenues totaling NOK 9,787 million (NOK 14,974 million)<sup>1</sup> in the first half of the year. EBITA ended at NOK -490 million (NOK 707 million)<sup>1</sup>.

Sapa's markets have been very challenging in the first half of the year. Volumes fell sharply in the end of 2008 but have been

relatively stable during the first half of 2009, however on a low level. Especially Profiles experience a sharp decline compared to last year, and volumes in the first half of 2009 were 38 % lower than the same period last year. As lead times from extrusion producers have gone down to minimum levels, customers are able to continue to maintain stocks at minimum levels. In Building System and Heat Transfer, volumes have been falling more moderately.

The North European region had a better volume development than the other regions in 2008, but had a negative trend through the first half of 2009, with a particularly weak development in the UK. On the positive side are signs that customers seem to finish their de-stocking and shift reductions. However, no broad recovery is predicted in the near future. The Central European markets are volatile, but latest trends indicate that the destocking might be coming to an end. The competition is however, strong, with an increasing price pressure. The South European region continues to experience very difficult market conditions and is still worst hit in the Eurozone. The region is continuing its downward trend and stabilisation is expected at the earliest during the second half of 2009.

The North American extrusion market has now had year on year demand reduction for extruded aluminium for eleven quarters in a row, but sales volumes were relatively stable through the second quarter. In first half 2009, Sapa gained market share following the turmoil among competitors. The acquisition of Indalex was completed on July 31st, further strengthening Sapa's presence in the North American market.

Continued growth is expected for the Chinese economy in general and the Chinese GDP is expected to increase by about 8 % in 2009. The Chinese automotive segment experiences increased growth, and passenger vehicle sales have increased four months in a row, with June up 48 % on June 2008.

#### Sapa Profiles

Sapa Profiles' EBITA was a negative NOK -519 million, compared with NOK 408 million in H1 2008, and sales volumes reached 246,000 tonnes. The volume is 38 % lower than the same period last year. EBITA for the second quarter alone was NOK -206 million (NOK 208 million)<sup>1</sup>. Sales volume was slightly higher in second quarter than in first quarter, but the main improvement in EBITA is driven by cost reductions.

#### Sapa Heat Transfer & Building System

Heat Transfer and Building System had a joint EBITA of NOK 29 million (NOK 299 million)<sup>1</sup>. Heat Transfer's order intake increased through the second quarter, which might indicate a more positive development in the second half of the year. EBITA for the second quarter alone totalled NOK 58 million (NOK 156 million)<sup>1</sup>.

#### ORKLA MATERIALS

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2009	2008	2008	2009	2008
Operating revenues	5,658	6,718	13,600	2,850	3,439
EBITA <sup>1</sup>	132	589	1,373	(32)	307
Operating margin (%)	2.3	8.8	10.1	(1.1)	8.9
Cash flow from operations before					
net replacement expenditures	539	438	1,322	473	358
Net replacement expenditures	122	268	649	40	133
Expansion investments	814	1,732	3,381	333	1,095

<sup>1</sup> Before amortisation, restructuring and significant impairments.

- Weaker market conditions for the silicon-related units in the first half-year. Capacity utilisation averaged 55 % in the second quarter.
- Cost improvements of administrative and technical support functions at Elkem by 135 man-years in the second quarter.
- Profit growth for Elkem's energy business.
- Elkem Solar delivered a minor volume of high-purity silicon to customers in the first half-year. Full cost recognition including depreciation brought a negative profit contribution of NOK -322 million in the first half-year compared with project costs of NOK -162 million charged to the EBITA in the first half of 2008.
- A weaker market trend for Borregaard was partly counteracted by more favourable currency conditions and lower raw material prices. At the same time there was no profit contribution from divested and closed down businesses.

Orkla Materials posted first-half operating revenues of NOK 5,658 million (NOK 6,718 million)<sup>1</sup> and EBITA of NOK 132 million (NOK 589 million)<sup>1</sup>. In the second quarter operating revenues totalled NOK 2,850 million (NOK 3,439 million)<sup>1</sup> and EBITA came to NOK -32 million (NOK 307 million)<sup>1</sup>.

#### Elkem

Elkem's first-half operating revenues totalled NOK 3,721 million (NOK 4,260 million)<sup>1</sup>. First-half EBITA was NOK 7 million compared with NOK 347 million in the same period of 2008. The silicon-related units, excluding Elkem Solar, experienced weak markets, resulting in negative profit of NOK -6 million in the period. EBITA at Elkem Solar was NOK -322 million in the first half-year, of which depreciation accounted for NOK -127 million.

The volume of silicon and ferrosilicon taken out by customers in the steel industry, the aluminium industry and the chemical market was low in the first half-year. Activity levels were further reduced from the first quarter to the second quarter, resulting in capacity closures at most of Elkem's plants in Norway. The carbon business also saw weak demand and operated at just under 50 % capacity in the first half-year. Microsilica sales to the construction industry and the steel industry were weak in the first half-year. Activity levels are adapted to the market trend on a continuous basis, and at the end of the second quarter the silicon-related units, excluding than Elkem Solar, were operating at about 50 % capacity overall.

Elkem Energy delivered significantly better profit than in the first half of 2008, mainly due to a positive EBITA from trading compared with the loss recorded in the same period last year. Trading EBITA

was positive at NOK 48 million. The merger of Elkem Fornybar Energi and Norsk Grønnekraft AS brought an accounting gain of NOK 54 million in the first quarter. Production in the half-year was 1,242 GWh compared with 1,380 GWh in the same period last year. The decline was due to a planned production increase in last year's fourth quarter prompted by price expectations, as well as lower reservoir inflow and lower snow storage levels in the period. The low production volume was offset by higher realised prices.

Elkem has implemented a wide-ranging cost improvement programme at Head Office and other support functions. Staff cuts total 135 man-years overall. A charge of NOK 25 million in this connection has been expensed in the second quarter financial statements. The staff cuts entail a reduction of NOK 180 million in the cost base which will have effect from 2010 onwards. In the first half of 2008 Elkem saw a positive one-off effect of NOK 15 million related to the sale of the calcium carbide plant at Pryor in the US.

After quarter-end a fire broke out at one of Elkem Solar's processing plants. While there were no personal injuries or serious damage to equipment, full repairs are expected to take 2-3 months. The ramp-up plan will be subject to a delay of the same duration, and delivered volume in 2009 will be lower than previously estimated.

### Borregaard

Borregaard's operating revenues in the first half of 2009 amounted to NOK 1,946 million (NOK 2,465 million)<sup>1</sup>, equivalent to an underlying<sup>2</sup> reduction of 5 % compared with the same period of 2008. EBITA was NOK 125 million (NOK 242 million)<sup>1</sup>. The chemicals business showed a decline on the first half of last year, in part because the closed down business in Switzerland made a large profit contribution in the first half of 2008. In the case of continuing business and for the energy business the profit reduction was more moderate. Second-quarter operating revenues were NOK 958 million (NOK 1,249 million)<sup>1</sup>, an underlying<sup>2</sup> decline of 3 %. EBITA was NOK 77 million compared with NOK 140 million last year.

Continuing business in the speciality cellulose area posted a result on a par with the first half of 2008. A stronger US dollar, lower raw material costs and higher prices in some segments offset a weaker product mix. Profit for the lignin business was lower than last year. The sales volume declined by 26 % as a result of reduced activity and lower demand, especially for products for the building industry and for industrial applications. This was partly compensated for by cost reductions, higher selling prices and currency conditions. The fine chemicals business in Norway and Italy posted profit on a par with last year all in all. In the ingredients business, a volume decline for aroma products was offset by better prices. Although Omega 3 products continued their market growth, profits are curbed by costs related to expansion in the start-up period.

The reduced profit recorded by the energy business (NOK -20 million against last year) in the first half-year was due to lower energy production by the company as a result of smaller inflow to run-of-river hydropower plants. The market price was higher while the contribution from financial power trading declined. Two new generators went on stream at the Borregaard power plant.

### ORKLA ASSOCIATES

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2009	2008	2008	2009	2008
Profit/loss from associates	(75)	1,332	2,189 <sup>1</sup>	(210)	1,153 <sup>1</sup>
Of which Renewable					
Energy Corporation (REC)	(115)	280	1,217	(272)	196

<sup>1</sup> Of which NOK 830 million were a profit from the sale of a 40 % share in Hjemmet Mortensen.

Orkla Associates primarily consists of investments in Renewable Energy Corporation ASA (REC) (39.73 % stake) and Jotun AS (42.5 % stake). The figures below are on a 100 % basis.

REC reported revenue of NOK 2,308 million in the second quarter 2009 (NOK 2,121 million)<sup>1</sup>, an increase of 9 % from the second quarter 2008. For the first six months of 2009, revenue increased by 11 % to NOK 4,321 million compared with NOK 3,892 million in first half of 2008. EBITDA for the second quarter was NOK 218 million (NOK 889 million)<sup>1</sup>, while EBITDA for first half-year was NOK 745 million in 2009 compared with NOK 1,631 million in 2008. The significant decline in EBITDA mainly relates to weaker market demand and reduced capacity utilisation in REC Solar and REC Wafer, expansion cost and negative contribution from the ramp-up of new plants, a provision in REC Solar of approximately NOK 308 million for repairs of malfunctioning junction boxes, and loss on sales and write-down of cell and module inventories.

Jotun is also affected by the economic crisis. However, there are large variations between the various business areas. The powder division was affected by the downturn at an early stage since a large portion of its products are sold to cyclically sensitive industries. Areas such as the new shipbuilding market and the real estate market have so far been little affected, although larger effects are anticipated in the period ahead. The maintenance market is traditionally somewhat less sensitive to cyclical fluctuations and is holding up relatively well. In the first four months of the year operating profit was 7 % weaker than in the same period last year. A weaker krone contributed to a relatively strong increase of 18 % in operating revenues reported in NOK.

### ORKLA FINANCIAL INVESTMENTS

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2009	2008	2008	2009	2008
EBITA <sup>1</sup>	(86)	(29)	(98)	(39)	(14)
Dividends	224	397	471	179	310
Gains, losses and write-downs					
in the Share Portfolio	(87)	(183)	(6,043)	228	112
Other financial items	3	243	299	37	129
Profit/loss before taxes	54	428	(5,371)	405	537
Market value of the Share Portfolio	10,113	16,155	11,426		
Return on the Share Portfolio	13.7	(8.3)	(45.3)		
Unrealised gains on the					
Share Portfolio	2,045	2,069	847		

<sup>1</sup> Before amortisation, restructuring and significant impairments.



Orkla Financial Investments posted a second quarter profit before tax of NOK 405 million (NOK 537 million)<sup>1</sup>. The pre-tax profit for the first half-year came to NOK 54 million (NOK 428 million)<sup>1</sup>.

At the half-year mark the Share Portfolio showed a return of 13.7 % (the Morgan Stanley Nordic Index 16.7 % and the Oslo Børs Benchmark Index 25.2 %).

The Share Portfolio's market value was NOK 10,113 million after net share sales totalling NOK 1,930 million in the first half-year. Unrealised gains came to NOK 2,045 million at the end of the quarter. Shares worth NOK 1,568 million, net, were sold in the quarter.

In the first half-year, gains, losses and write-downs on the Share Portfolio amounted to NOK -87 million (NOK -183 million)<sup>1</sup>, while for the second quarter this figure was NOK 228 million (NOK 112 million)<sup>1</sup>. Write-downs under IFRS totalled NOK 1,070 million, while positive currency hedging effects came to NOK 494 million in the first half-year and realised portfolio gains came to NOK 470 million. Dividends received in the first half-year and the second quarter respectively amounted to NOK 224 million (NOK 397 million)<sup>1</sup> and NOK 179 million (NOK 310 million)<sup>1</sup>.

Demanding financial markets affected Orkla Finans in the first half-year. Operating revenues totalled NOK 28 million (NOK 57 million)<sup>1</sup> in the second quarter and the pre-tax result was NOK -10 million (NOK -1 million)<sup>1</sup>, while in the first half-year operating revenues were NOK 53 million (NOK 108 million)<sup>1</sup> and the pre-tax result was NOK -24 million (NOK -5 million)<sup>1</sup>.

Orkla Eiendom posted a pre-tax result of NOK -18 million for the second quarter (NOK 17 million)<sup>1</sup>. For the first half-year the pre-tax result was NOK -73 million (NOK 30 million)<sup>1</sup>.

### CASH FLOW AND FINANCIAL SITUATION

Cash flow from operating activities totalled NOK 1,485 million in the first half-year, NOK 379 million higher than in the same period last year. The improvement was achieved by close monitoring of the business areas' investments combined with more efficient use of working capital, which more than offset lower EBITA. The inventory reduction refers essentially to Orkla Aluminium Solutions and Orkla Materials, while Orkla Brands is still seeing price increases on some factor inputs. Financial items paid came to NOK -805 million in the first half-year compared with NOK -650 million in the same period last year.

First-half expansion investments for the Group totalled NOK 1,093 million, which is NOK 879 million lower than in the same period last year. The investments mainly relate to the completion of Elkem Solar at Fiskaa and the hydropower development at Sauda.

Net sales of portfolio investments totalled NOK 1,930 million in the first half-year as against net purchases of NOK 763 million in the same period last year. Business acquisitions came to NOK 91 million in the first half-year.

Dividends totalling NOK 2,169 million were paid in the first half of 2009.

After expansion and net sales of portfolio investments the Group had a negative net cash flow of NOK -1,592 million. However, taking into account positive currency translation effects, the Group's net interest-bearing liabilities increased by NOK 479 million. The bulk of the interest-bearing liabilities carries floating interest rates and is distributed on NOK, SEK, EUR, DKK and USD. The average borrowing rate in the first half-year was 4.3 %.

Group balance sheet assets were reduced by about NOK 10 billion in the first half-year as a result of reduced inventories, currency effects and the fact that discontinued operations (Elkem Aluminium) are out of the balance sheet after completion of the transaction on 31 March 2009.

### OTHER MATTERS

At the Corporate Assembly on 27 May 2009 the following were re-elected to Orkla's Board of Directors: Stein Erik Hagen, Svein S. Jacobsen, Åse Aulie Michelet, Bjørg Ven, Lennart Jeansson, Peter Ruzicka and Kristin Skogen Lund. Stein Erik Hagen was re-elected as Chairman and Svein S. Jacobsen as Deputy Chairman of the Board. All the above were re-elected for a period of one year, i.e. for the period up to the first meeting of the Corporate Assembly after the Annual General Meeting in 2010. The Board of Directors is thus unchanged and comprises the following shareholder-elected members: Stein Erik Hagen (Chairman), Svein S. Jacobsen (Deputy Chairman), Åse Aulie Michelet, Bjørg Ven, Lennart Jeansson, Peter Ruzicka and Kristin Skogen Lund.

On 29 June 2009 Orkla subscribed for a total of 67,732,757 shares at a subscription price of NOK 26.50 per share in a rights issue by REC, thereby subscribing for all its allocated subscription rights. After the rights issue Orkla will own 264,157,757 shares in REC, thereby maintaining its stake of 39.73 %. The subscription is subject to certain conditions, as detailed in the prospectus.

### OUTLOOK

The international economy remains weak, with negative growth expected in the US and Europe alike in 2009. There are however signs that demand is in the process of stabilising in several markets, although there is no expectation of a rapid recovery in the leading economies.

In Orkla's markets visibility is generally low, making it difficult to prepare reliable forecasts and estimates. The Group's focus on high preparedness and the ability to adapt operations and cost levels to market developments continues.

Comprehensive cost reduction programmes implemented across all business areas are helping to reduce the cost base ahead.

Although Orkla Brands is relatively speaking less affected by economic developments, it sees a slight downturn in the Nordic



grocery market. Volume decline is in evidence in Denmark, Sweden and Finland, whereas in Norway growth has levelled off. Although a weak overall market trend and intensified competition in several categories make for a demanding second half-year, Orkla Brands expects to maintain satisfactory profit levels in 2009.

Orkla Aluminium Solutions has taken substantial steps to adapt its cost structure to weak growth and demand through 2008 and 2009, and assesses the need for further adjustments on a continuous basis. Sapa Profiles has seen stable low volumes through the first half-year, and there are few signs that demand will pick up significantly in the second half-year. Orkla Aluminium Solutions expects to achieve its objective of cash-neutral operations in 2009. The acquisition of Indalex is not expected to significantly affect results in 2009.

Where Orkla Materials is concerned the silicon-related markets in particular have weakened in the first half-year, while Borregaard's chemicals business is also experiencing sluggish markets. Borregaard nevertheless has a somewhat better balance between demand and capacity and anticipates a more stable trend in the second half-year.

In July a small fire broke out in one of Elkem Solar's processing plants. Repairing the damage will delay the ramp-up plan. Delivered volume in 2009 is estimated at 500-800 tonnes.

Orkla's borrowing rate in the first half-year has averaged 4.3 %. The Group's liabilities are spread across currencies in accordance with its net investments in countries outside Norway. Liabilities measured in NOK will therefore fluctuate in step with exchange rate movements.

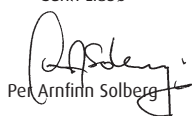
#### STATEMENT FROM THE BOARD OF DIRECTORS


We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2009 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 11 August 2009  
The Board of Directors of Orkla ASA

  
Stein Erik Hagen  
Chairman

  
Gunn Liabø

  
Per Arnfinn Solberg

  
Svein Jacobsen  
Deputy Chairman

  
Kristin Skogen Lund

  
Bjørge Ven

  
Aage Andersen

  
Åse Aulie Michelet

  
Dag J. Opedal  
President and CEO

  
Lennart Jeansson

  
Peter Ruzicka

## THE GROUP'S CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
		2009	2008	2008	2009	2008
<b>Operating revenues</b>	2	27,100	33,183	65,579	13,652	16,851
Operating expenditures		(25,328)	(29,998)	(59,336)	(12,731)	(15,178)
Depreciation and impairment charges on tangible assets		(1,205)	(969)	(2,003)	(587)	(486)
Amortisation of intangible assets		(100)	(105)	(228)	(50)	(53)
Write-down of inventory in Sapa Profiles		-	-	(372)	-	-
Restructuring and significant impairments		(10)	(34)	(1,282)	(10)	(34)
<b>Operating profit</b>		457	2,077	2,358	274	1,100
Profit/loss from associates		(75)	1,332	2,189	(210)	1,153
Dividends		225	399	473	180	311
Gains, losses and write-downs in the Share Portfolio		(87)	(183)	(6,043)	228	112
Financial items, net		(553)	(326)	(992)	(190)	(223)
<b>Profit/loss before taxes</b>		(33)	3,299	(2,015)	282	2,453
Tax expenses		(79)	(687)	(895)	(39)	(503)
<b>Profit/loss for the period for continued operations</b>		(112)	2,612	(2,910)	243	1,950
Gains/profit discontinued operations	8	993	57	(55)	0	32
<b>Profit/loss for the period</b>		881	2,669	(2,965)	243	1,982
Minority interest's share of the profit/loss for the period		(82)	130	(137)	(12)	78
Majority interest's share of the profit/loss for the period		963	2,539	(2,828)	255	1,904
Profit/loss before taxes, the Industry division		(87)	2,871	3,356	(123)	1,916
Profit/loss before taxes, Orkla Financial Investments		54	428	(5,371)	405	537

## EARNINGS PER SHARE

Amounts in NOK million	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
	2009	2008	2008	2009	2008
<b>Earnings per share</b>	0.9	2.5	(2.8)	0.3	1.9
<b>Earnings per share (diluted)</b>	0.9	2.5	(2.8)	0.3	1.9
<b>Earnings per share (diluted)<sup>1</sup></b>	0.1	2.5	(1.1)	0.3	1.9

<sup>1</sup> Excl. amortisation, write-down of inventory in Sapa Profiles in 2008, restructuring significant impairments and discontinued operations.

## THE GROUP'S CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
		2009	2008	2008	2009	2008
<b>Profit/loss for the accounting period</b>		881	2,669	(2,965)	243	1,982
Change in unrealised gains on shares		1,198	(1,741)	(2,334)	1,527	(663)
Change in hedging reserve		241	(191)	68	186	279
Translation effects		(728)	(349)	2,788	341	(70)
Total other income and expenses		711	(2,281)	522	2,054	(454)
<b>The Group's condensed comprehensive income</b>	3	1,592	388	(2,443)	2,297	1,528

## THE GROUP'S CONDENSED BALANCE SHEET

	30.6. 2009	31.12. 2008
Amounts in NOK million		
Intangible assets	17,780	17,301
Property, plant and equipment	25,734	26,368
Financial assets	17,538	18,331
<b>Non-current assets</b>	<b>61,052</b>	<b>62,000</b>
<b>Assets in discontinued operations</b>	<b>-</b>	<b>3,148</b>
Inventories	8,029	9,564
Receivables	11,465	14,331
Share Portfolio, etc.	10,155	11,445
Cash and cash equivalents	3,704	4,438
<b>Current assets</b>	<b>33,353</b>	<b>39,778</b>
<b>Total assets</b>	<b>94,405</b>	<b>104,926</b>
Paid-in equity	1,993	1,993
Earned equity	44,808	45,390
Minority interests	392	2,686
<b>Equity</b>	<b>47,193</b>	<b>50,069</b>
Provisions	4,699	5,233
Non-current interest-bearing liabilities	28,329	29,598
Current interest-bearing liabilities	3,702	3,654
Liabilities in discontinued operations	-	665
Other current liabilities	10,482	15,707
<b>Equity and liabilities</b>	<b>94,405</b>	<b>104,926</b>
Equity ratio (%)	50.0	47.7

## CHANGES IN EQUITY (excluding minority interests)

	1.1. – 30.6. 2009	1.1. – 31.12. 2008
Amounts in NOK million		
Equity 1 January	47,383	52,663
The Group's condensed comprehensive income	1,592	(2,443)
Deducted minority interests	82	137
Dividends	(2,288)	(2,282)
Buybacks of Orkla shares	0	(561)
Option costs	32	21
Adjustment of minority interests in Sapa Profiles	-	(152)
<b>Equity at the close of the accounting period</b>	<b>46,801</b>	<b>47,383</b>

## THE GROUP'S CONDENSED CASH FLOW

Amounts in NOK million	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
	2009	2008	2008	2009	2008
<b>Cash flow in the Industry division:</b>					
Operating profit	543	2,106	2,456	313	1,113
Amortisation, depreciation and impairment charges	1,283	1,081	3,026	625	553
Changes in net working capital, etc.	289	(1,189)	(569)	638	(854)
Cash flow from operations before net replacement expenditures	2,115	1,998	4,913	1,576	812
Net replacement expenditures	(630)	(892)	(2,271)	(305)	(545)
Cash flow from operations	1,485	1,106	2,642	1,271	267
Financial items, net	(805)	(650)	(1,544)	(304)	(368)
<b>Cash flow from Industry division</b>	<b>680</b>	<b>456</b>	<b>1,098</b>	<b>967</b>	<b>(101)</b>
<b>Cash flow from Orkla Financial Investments</b>	<b>602</b>	<b>518</b>	<b>(863)</b>	<b>95</b>	<b>45</b>
Taxes paid	(1,445)	(1,181)	(1,327)	(989)	(754)
Other payments	(6)	28	143	(61)	46
<b>Cash flow before capital transactions</b>	<b>(169)</b>	<b>(179)</b>	<b>(949)</b>	<b>12</b>	<b>(764)</b>
Paid dividends	(2,169)	(2,194)	(2,348)	(2,168)	(2,175)
Net purchase of Orkla shares	0	(661)	(561)	0	1
<b>Cash flow before expansion</b>	<b>(2,338)</b>	<b>(3,034)</b>	<b>(3,858)</b>	<b>(2,156)</b>	<b>(2,938)</b>
Expansion investment in Industry division	(1,093)	(1,972)	(4,142)	(479)	(1,232)
Sale of companies/shares of companies	0	111	1,317	0	10
Purchase of companies/shares of companies	(91)	(997)	(1,059)	(24)	(512)
Net purchase/sale of portfolio investments	1,930	(763)	(1,829)	1,568	292
<b>Net cash flow</b>	<b>(1,592)</b>	<b>(6,655)</b>	<b>(9,571)</b>	<b>(1,091)</b>	<b>(4,380)</b>
Currency effects of net interest-bearing liabilities	1,113	(7)	(1,675)	(224)	163
<b>Change in net interest-bearing liabilities</b>	<b>479</b>	<b>6,662</b>	<b>11,246</b>	<b>1,315</b>	<b>4,217</b>
<b>Net interest-bearing liabilities</b>	<b>27,903</b>	<b>22,840</b>	<b>27,424</b>		

## NOTES

## NOTE 1 General information

Orkla ASA's condensed consolidated financial statements for the first half of 2009 were approved at a meeting of the Board of Directors on 11 August 2009. The accounting figures are unaudited. Orkla ASA is a public limited liability company and its office is located at Skøyen, Oslo (Norway).

Orkla shares are traded on the Oslo Stock Exchange. The half-year report has been prepared and presented in conformity with IAS 34 Interim Financial Reporting, and the same accounting principles and methods of calculation have been applied as in last year's financial statements.

## NOTE 2 Segments

Segments have been reported in accordance with IFRS 8. The segment breakdown has not been changed as a result of the transition from IAS 14 to IFRS 8, and further segment information on cash flows has been incorporated in the table for each business area in the quarterly report.

## OPERATING REVENUES

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2009	2008	2008	2009	2008
<b>Orkla Group</b>	<b>27,100</b>	<b>33,183</b>	<b>65,579</b>	<b>13,652</b>	<b>16,851</b>
<b>Orkla Brands</b>	<b>11,061</b>	<b>11,011</b>	<b>23,398</b>	<b>5,663</b>	<b>5,650</b>
Orkla Foods Nordic	4,719	4,729	9,913	2,436	2,436
Orkla Brands Nordic	3,747	3,739	7,719	1,877	1,880
Orkla Brands International	890	1,051	2,440	460	525
Orkla Food Ingredients	1,870	1,660	3,670	972	880
Eliminations Orkla Brands	(165)	(168)	(344)	(82)	(71)
<b>Orkla Aluminium Solutions</b>	<b>9,787</b>	<b>14,974</b>	<b>27,809</b>	<b>4,904</b>	<b>7,542</b>
Sapa Profiles	7,312	11,883	21,904	3,532	5,922
Sapa Heat Transfer & Building System	2,848	3,637	6,909	1,558	1,883
Eliminations Orkla Aluminium Solutions	(373)	(546)	(1,004)	(186)	(263)
<b>Orkla Materials</b>	<b>5,658</b>	<b>6,718</b>	<b>13,600</b>	<b>2,850</b>	<b>3,439</b>
Elkem	3,721	4,260	8,939	1,883	2,195
Elkem Energy	980	862	1,954	424	420
Elkem Silicon-related	3,043	3,908	8,025	1,587	2,042
Eliminations Elkem	(302)	(510)	(1,040)	(128)	(267)
Borregaard	1,946	2,465	4,673	958	1,249
Borregaard Energy	105	105	240	57	43
Borregaard Chemicals	1,918	2,456	4,632	931	1,249
Eliminations Borregaard	(77)	(96)	(199)	(30)	(43)
Eliminations Orkla Materials	(9)	(7)	(12)	9	(5)
<b>Orkla Financial Investments</b>	<b>628</b>	<b>525</b>	<b>876</b>	<b>257</b>	<b>237</b>
<b>Orkla HQ/Other Business/Eliminations</b>	<b>(34)</b>	<b>(45)</b>	<b>(104)</b>	<b>(22)</b>	<b>(17)</b>

## OPERATING PROFIT - EBITA\*

<b>Orkla Group</b>	<b>567</b>	<b>2,216</b>	<b>4,240</b>	<b>334</b>	<b>1,187</b>
<b>Orkla Brands</b>	<b>1,160</b>	<b>1,078</b>	<b>2,590</b>	<b>638</b>	<b>586</b>
Orkla Foods Nordic	450	422	1,050	279	262
Orkla Brands Nordic	622	631	1,324	295	304
Orkla Brands International	1	(57)	5	4	(30)
Orkla Food Ingredients	87	82	211	60	50
<b>Orkla Aluminium Solutions</b>	<b>(490)</b>	<b>707</b>	<b>697</b>	<b>(148)</b>	<b>364</b>
Sapa Profiles	(519)	408	109	(206)	208
Sapa Heat Transfer & Building System	29	299	588	58	156
<b>Orkla Materials</b>	<b>132</b>	<b>589</b>	<b>1,373</b>	<b>(32)</b>	<b>307</b>
Elkem	7	347	942	(109)	167
Elkem Energy	335	182	578	85	78
Elkem Silicon-related	(328)	165	364	(194)	89
Borregaard	125	242	431	77	140
Borregaard Energy	45	65	198	35	40
Borregaard Chemicals	80	177	233	42	100
<b>Orkla Financial Investments</b>	<b>(86)</b>	<b>(29)</b>	<b>(98)</b>	<b>(39)</b>	<b>(14)</b>
<b>Orkla HQ/Other Business</b>	<b>(149)</b>	<b>(129)</b>	<b>(322)</b>	<b>(85)</b>	<b>(56)</b>

\* Earnings before amortisation, write-down of inventory in Sapa Profiles in 2008, restructuring and significant impairments.

### NOTE 3 GROUP REVENUES AND EXPENSES RECOGNISED IN EQUITY (COMPREHENSIVE INCOME)

The table showing Orkla ASA's condensed consolidated revenues and expenses recognised in equity is new, in accordance with IAS 1(R). The amounts are presented net after tax and must be seen in conjunction with the figures reported in the ordinary presentation of results.

### NOTE 4 ACQUISITION OF COMPANIES/AGREEMENT TO PURCHASE ASSETS/ SHARE ISSUE IN REC AND SPDE

In 2009 Orkla has acquired a few small businesses, the main acquisitions being a Sapa subsidiary and an Orkla Eiendom associate. The total cost price was NOK 91 million. The balance sheet has increased by NOK 112 million as a result of these acquisitions. The acquired companies entail only minor increases in the Group's financial results and sales.

On 16 June Sapa entered into an agreement with the US-based aluminium extrusions company Indalex regarding the possible acquisition of virtually all the company's assets in the USA and Canada. The agreement was completed on 31 July 2009. As a result of a decision by the competition authorities, one plant will have to be sold.

Under the agreement, Sapa will take over Indalex's 11 active production plants in the USA (6) and Canada (5), with 29 presses and a total capacity of about 315,000 tonnes per year. Indalex's sales in 2008 totalled about 200,000 tonnes, which represent operating revenues of over USD 900 million. Indalex has around 1,400 employees.

The transferring company has been purchased from an estate in bankruptcy and has therefore not a normal profit for the first half of 2009. Sapa is taking over 100 % of the company.

The acquisition represents an underlying enterprise value of USD 95 million with an initial cash outlay of USD 125 million.

The acquisition comprises current and non-current assets and some minor liabilities. No goodwill is expected in connection with the purchase.

On 29 June, Orkla ASA, which is represented on the Board of Directors of REC, subscribed for 27,755,068 shares at a subscription price of NOK 26.50 in REC's rights issue. Elkem AS, which is wholly-owned by Orkla ASA, has correspondingly subscribed for 39,977,689 shares at a subscription price of NOK 26.50 in REC's rights issue. This means that Orkla ASA and Elkem AS have subscribed for all their allocated subscription rights. Upon completion of the rights issue, Orkla ASA will own 108,244,768 shares and Elkem AS 155,912,989 shares in the company, and will thereby maintain their aggregate equity interest in REC of approximately 39.73 %. The subscription is subject to certain conditions as described in the prospectus.

Orkla ASA has subscribed for an initial 232,570,663 shares in SPDE at NOK 1 per share, with settlement on 17 July. A subsequent repair issue will result in a slight decrease of Orkla's share in SPDE.

### NOTE 5 RELATED PARTIES

There were no special transactions between the Orkla Group and related parties in the first half of 2009. Orkla and the Canica system (largest Orkla shareholder with a holding of 23.3 %) both own shares in certain companies.

The Orkla Group has provided a loan of NOK 150 million to SPDE (reported as an associate in which Orkla owns 32.99 %) and NOK 32 million to Moss Airport Rygge (reported as a joint venture in which Orkla owns 40 %). The loan to SPDE was repaid in July in connection with the share issue (see Note 4).

### NOTE 6 OPTIONS AND TREASURY SHARES

A total of 6,525,000 options were issued in the first half of 2009, bringing the total number of options issued by the Group to 16,802,000 as of 30 June. The new options have a strike price of NOK 52.36, a life of six years, and are exercisable in the last three years.

A total of 325,000 options were exercised under the cash bonus programme in the first half of 2009. As of 30 June 2009 there were 134,000 outstanding cash bonus options.

On 12 January and 12 March 2009 Orkla reduced its hedging position in a cash-settled financial derivative linked to the performance of the Orkla share price, equivalent to 800,000 underlying shares, to 600,000 underlying shares.

In connection with Orkla's employee share purchase programme, on Friday, 9 January 2009 an additional 884 shares were transferred to Orkla employees. A total of 1,992,381 shares have now been transferred to Group employees under the employee share purchase programme for 2008. There have been no other movements in treasury shares in the first half-year, and Orkla's holding of treasury shares following this transaction totals 11,917,004 shares.

Change in number of options:

Total number of options as of 1 January 2009	10,277,000
New options issued	6,525,000
Total number of options as of 30 June 2009	16,802,000

### NOTE 7 ASSESSMENTS RELATING TO VALUE IMPAIRMENT

Due to the ongoing financial crisis, several of the markets on which the Orkla Group operates are challenging. This is particularly the case for Sapa Profiles. This company was carefully analysed and valued in connection with the swap of the Group's interest in Elkem Aluminium ANS for Alcoa's minority interest in Sapa Profiles. Sapa Profiles' performance is in line with the assessments made in this process. Due to the transaction value of USD 500 million (see Note 8), the value of Sapa Profiles has been maintained unchanged in the consolidated financial statements.

In accordance with the Group's accounting principles, the Share Portfolio has been written down by NOK 1,070 million in the first half of 2009. Continued weak markets will lead to further write-downs.

The carrying value of the investment in REC was NOK 14.8 billion as of 31 December 2008, while the corresponding market value was NOK 12.6 billion. The REC share price has fluctuated significantly in the first half of 2009, and the carrying value as of 30 June was NOK 14.4 billion, while the market value was NOK 11.4 billion. The value of the approximately 39.73 % interest that Orkla owns in REC is still considered to justify its carrying value.

The investment in SPDE has been adjusted downwards by NOK 82 million in the first half-year through the recognition of the Group's share of profit/loss.

No other adjustments in the value of businesses have been made as of the end of the first half of 2009, but developments are still being followed closely.

**NOTE 8 DISCONTINUED OPERATIONS**

The agreement to swap the Group's 50 % interest in Elkem Aluminium ANS for Alcoa's 45.45 % interest in Sapa Profiles was finally completed on 31 March 2009. Orkla has reported NOK 993 million as the result of this transaction. The transaction is a swap in which the value of the operations has been fixed at USD 500 million after Orkla received NOK 450 million in a unilateral payment from Elkem Aluminium. The result consists of the following elements:

Amounts in NOK	1.1. – 30.6.	
	2009	2008
Operating revenue	498	1,414
EBITA	(102)	76
Profit/loss before taxes	(107)	80
Profit/loss after taxes	(107)	57
Profit from sales	1,116	
Tax on profit	(16)	
Total discontinued operations	993	57

For Orkla Aluminium Solutions the transaction is reported as a gradual acquisition and the difference between the purchase price and the carrying value of the minority interest has been recognised in the balance sheet as goodwill in the amount of NOK 1.3 billion (see Note 7).

**NOTE 9 OTHER MATTERS**

No events took place after the balance sheet date that would have affected the financial statements or any assessments carried out.