Fourth quarter 2012

ORKLA

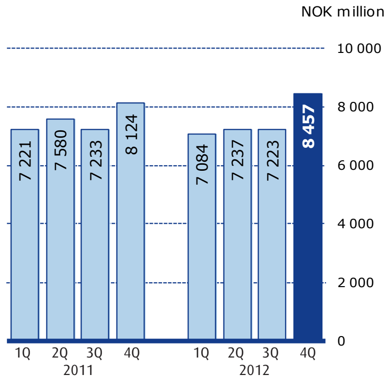
Contents

The fourth quarter in brief

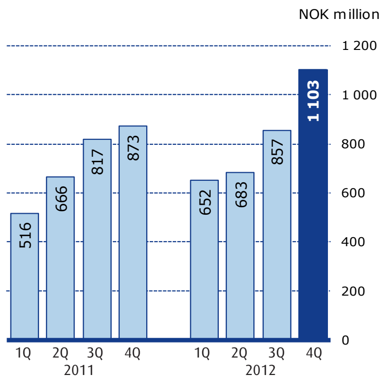
- The Orkla Group achieved operational improvement in the fourth quarter, and EBITA[1] reached NOK 1,103 million (NOK 873 million)[2]. The realisation of the Idun real estate project contributed NOK 81 million in the quarter.
- Profit improvement for Branded Consumer Goods in the quarter. Positive trend for several of the businesses in the Nordic region, while results in Russia remain weak.
- Sapa's extrusion and building system businesses are presented as discontinued operations. These activities were negatively impacted by very weak European markets. Sapa Heat Transfer is still consolidated as a subsidiary and achieved profit growth in the fourth quarter.
- 81% of the shares in Borregaard were sold through the initial public offering on the stock exchange, resulting in a total accounting gain of NOK 110 million in the quarter.
- Improved cash flow from operating activities, combined with the sale of businesses and financial assets, contributed to reduce net interest-bearing liabilities to NOK 4,960 million.
- The Board of Directors proposes to pay a dividend of NOK 2.50 per share for the 2012 financial year.

KEY FIGURES FOR ORKLA GROUP		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2012	2011	2012	2011
Operating revenues	2	**30,001**	30,158	**8,457**	8,124
EBITA[1]	2	**3,295**	2,872	**1,103**	873
Profit/loss before taxes		**3,873**	4,426	**638**	1,317
Profit/loss from discontinued operations		**(1,583)**	(4,503)	**(362)**	(1,036)
Earnings per share, diluted (NOK)		**1.6**	(0.8)	**0.2**	0.2
Cash flow from operating activities	13	**3,335**	2,460	**1,627**	1,594
Net interest-bearing liabilities	6	**4,960**	10,645		
Equity ratio (%)		**53.9**	51.8		
Net gearing[4]		**0.16**	0.31		

OPERATING REVENUES



EBITA[1]



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

The Group

Orkla's operating revenues totalled NOK 8,457 million (NOK 8,124 million)[2] in the fourth quarter. The Branded Consumer Goods area reported underlying[3] sales growth of 1% in the quarter.

Group EBITA[1] in the fourth quarter amounted to NOK 1,103 million (NOK 873 million)[2]. Branded Consumer Goods accounts for 85% of Group profit and had an underlying[3] rise in profit of 9% in the fourth quarter. Gains on the sale of property continued to ensure a substantial contribution to profit from Orkla Financial Investments in the fourth quarter.

Orkla's full-year operating revenues totalled NOK 30,001 million (NOK 30,158 million)[2], while EBITA[1] amounted to NOK 3,295 million (NOK 2,872 million)[2].

Other income and expenses amounted to NOK -244 million in the fourth quarter and NOK -433 million for the full year. A total of NOK 267 million related to restructuring and ongoing litigation in Orkla Brands Russia was expensed for the full year.

The Group continued to sell shares and financial assets in the fourth quarter, and net sales of shares totalled NOK 436 million in the quarter. For the full year, the Group posted a net accounting gain on the sale of shares and financial assets of NOK 857 million (NOK 1,643 million)[2]. A total of NOK 412 million related to the adjustment of the value of the Group's exposure in REC was expensed in the fourth quarter. The full-year return on the portfolio was 19%. The market value of the portfolio, including the investments in REC and Borregaard, was NOK 3,592 million at quarter end. The remaining portfolio of shares and financial assets is largely expected to be sold by the end of the first half of 2014.

Net finance costs amounted to NOK -101 million (NOK -88 million)[2] in the fourth quarter. Interest expenses were equivalent to an average borrowing rate of 3.7%. As at 31 December 2012, the Group's net interest-bearing liabilities totalled NOK 4,960 million.

Group profit before tax amounted to NOK 638 million (NOK 1,317 million)[2] in the fourth quarter. Fourth-quarter taxes totalled NOK 137 million. Discontinued operations generated a loss of NOK -362 million in the fourth quarter. Sapa made a negative contribution of NOK 463 million, which was partly offset by the gain on Borregaard's initial public offering on the stock exchange. Orkla's diluted earnings per share were NOK 0.2 in the fourth quarter (NOK 0.2)[2].

The business areas

Branded Consumer Goods

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	**2012**	2011	**2012**	2011
Operating revenues	**24,105**	24,621	**6,931**	6,869
EBITA[1]	**2,819**	2,784	**936**	876
EBITA margin (%)	**11.7**	11.3	**13.5**	12.8
Cash flow from operations before net replacement expenditures	**3,452**	2,800	**1,494**	1,168
Net replacement expenditures	**(667)**	(646)	**(226)**	(202)
Cash flow from operations	**2,785**	2,154	**1,268**	966
Expansion investments	**(142)**	(216)	**(29)**	(37)

Orkla's branded consumer goods business posted an underlying[3] profit increase of 9% in the fourth quarter. The Nordic branded consumer goods businesses reported sales and profit growth. As previously communicated, advertising costs in 2012 were slightly higher than in 2011 at the start of the year and correspondingly lower at year end.

Underlying[3] operating revenues rose 1% in the fourth quarter. There was somewhat higher growth in sales to the grocery sector in the Nordic region, while sales to other areas continued to be affected by the earlier loss of contract production. All in all, volume performance is considered to have improved slightly during the year.

Although global commodity prices have shown a weak declining trend since they peaked in 2011, they are still at a historically high level. Due to delayed effects, Orkla's branded consumer goods companies, in particular Orkla Food Ingredients, continued to see a slight increase in raw material costs in the quarter. Prices were raised to compensate for this increase.

Closure of the agreement to purchase Rieber & Søn is awaiting approval by relevant competition authorities.

Jordan Personal & Home Care was organisationally integrated into Lilleborg as from 1 January 2013. Jordan House Care is financially presented under Orkla Brands Nordic. On 9 January, Orkla announced that it was merging the Swedish food companies Procordia and Abba Seafood in order to strengthen their competitiveness.

Orkla Foods Nordic

- Broad-based profit growth
- Growth through the grocery channel and strengthened market shares
- Establishment of a single food company in Sweden

Orkla Foods Nordic posted fourth-quarter operating revenues of NOK 2,378 million (NOK 2,650 million)[2]. This was a small underlying[3] decline ascribable to fewer selling days in the quarter for some companies (opposite effect in the third quarter). The Nordic food companies had sales growth in the grocery channel in the fourth quarter. EBITA[1] amounted to NOK 392 million (NOK 357 million)[2], an underlying[3] profit rise of 11%.

Profit growth in the quarter was broad-based, but Stabburet and Abba Seafood in particular reported good improvement. Raw material costs were still somewhat higher in the fourth quarter compared with 2011, but the pace of increase has slowed slightly during the year. However, this was compensated for by implemented price increases. Profit was also positively impacted by a front-loaded advertising programme during the year. The effects of the cost improvement projects were as expected.

Abba Seafood launched a new variety of its Middagsklart (Dinner's Ready) concept in the fourth quarter. This concept helped to drive continued improvement for Abba Seafood in the quarter, with growth in the grocery channel and strengthened market shares. Stabburet also continued to report good growth, with a rise in profit in the fourth quarter driven by earlier launches of new products. Stabburet increased its market shares in the fourth quarter. Beauvais foods in Denmark achieved underlying[3] profit growth in the fourth quarter, despite still difficult market conditions. In Finland, profit performance was on a par with 2011, while the Baltic businesses as a whole achieved income and profit growth.

On 9 January, Orkla announced that it was merging its Swedish food companies Procordia and Abba Seafood. The purpose of establishing a single food company in Sweden is to create a solid platform for future growth and further development of the two companies' strong brands. The company will be one of Sweden's largest food companies, with a turnover of around NOK 4 billion and over 1,300 employees. The company will be operational as from 2 April and will be headquartered in Esløv.

The establishment of a single food company in Sweden and the integration plans for Rieber & Søn are part of Orkla Foods Nordic's strategy to create national food companies in Norway, Sweden and Denmark.

In the fourth quarter it was also announced that Beauvais foods in Denmark is planning to move parts of its production to other Orkla factories in order to enhance its competitiveness. This decision will affect around 50 employees in Denmark.

Orkla Brands Nordic

- Improvement in the fourth quarter related to Lilleborg and Nidar
- Weak performance by the biscuits business
- Jordan Personal & Home Care organisationally integrated with Lilleborg as of 1 January 2013

Orkla Brands Nordic reported fourth-quarter operating revenues of NOK 2,388 million (NOK 2,133 million)[2], which was an underlying[3] improvement of 2%. EBITA[1] amounted to NOK 408 million (NOK 361 million)[2], an underlying[3] rise of 16%. Orkla Brands Nordic experienced mixed market share development.

The improvement in turnover and profit was primarily ascribable to increased sales at Lilleborg and Nidar. Lilleborg achieved broad-based sales growth, particularly in the laundry detergent, cleaning and hair segments. Nidar's focus on assorted sweets and candy boosted growth. Lilleborg Profesjonell, the Chips Group and the Axellus Group also achieved profit growth in the quarter.

Göteborgs/Sætre reported lower profit in the fourth quarter, primarily due to extraordinarily high factory costs related to ongoing restructuring. The biscuits business is encountering generally difficult market conditions in both Sweden and Norway.

The Pierre Robert Group saw a decline in sales in Norway in the fourth quarter due to reduced distribution in one of the grocery chains as from the summer of 2012.

Jordan became part of Orkla Brands Nordic as of 1 September 2012. The business's performance has been in line with Orkla's expectations of the acquisition. Jordan Personal & Home Care was organisationally integrated with Lilleborg as of 1 January 2013.

Orkla Brands International

- Increased advertising investments in MTR Foods to support geographical expansion
- Pressure on margins in Orkla Brands Russia

Orkla Brands International reported fourth-quarter operating revenues of NOK 716 million (NOK 722 million)[2], equivalent to an underlying[3] rise of 2%. Fourth-quarter EBITA[1] amounted to NOK 62 million (NOK 87 million)[2]. Underlying[3], this was equivalent to a decline in profit of NOK 25 million.

MTR Foods increased its operating revenues by underlying[3] 14% in the fourth quarter, and also achieved volume growth in its core categories powder mixes and spice mixes. The general growth in the Indian economy slowed slightly in 2012, and MTR Foods' growth in the second half-year was somewhat weaker than in the first half-year. As communicated earlier, a substantial share of cash flow from the business is being reinvested in order to create organic growth. In the fourth quarter, this was reflected in increased advertising investments, and overall profit was lower than in 2011.

Orkla Brands Russia is still undergoing a demanding restructuring process. The changed market situation, where national grocery chains in particular are gaining market shares, has necessitated a major reorganisation of operations. In this process, the number of product lines has been substantially reduced, resulting in a slight fall in fourth-quarter volume.

The change in customer structure also put pressure on prices. The internal restructuring process, which entails consolidating production, is on track. A total of NOK 267 million for the year in costs related to restructuring and ongoing litigation in Orkla Brands Russia were expensed under "Other income and expenses".

Felix Austria reported good growth, particularly in the grocery sector, driven by ketchup and pasta sauces.

Orkla Food Ingredients

- Profit growth in the fourth quarter
- Markets still weak in Southern and Eastern Europe

Orkla Food Ingredients posted fourth-quarter operating revenues of NOK 1,523 million (NOK 1,457 million)[2]. Underlying[3], this was an improvement of 3%. Fourth-quarter EBITA[1] amounted to NOK 74 million (NOK 71 million)[2], equivalent to an underlying[3] rise of 8%. Some of the improvement was the result of low sales in 2011 of products affected by the introduction, on 1 October 2011, of a Danish tax on fat. Overall, Orkla Food Ingredients maintained its market positions throughout 2012.

Other businesses

Sapa

As a result of the agreement on the announced joint venture (JV) between Sapa and Hydro Extruded Products, changes have been made in Sapa's segment structure. The part of Sapa's operations that is covered by the agreement with Norsk Hydro (Sapa Profiles in Europe, Sapa Profiles in North America, Sapa Profiles in Asia, Sapa Building System and Welded & Extruded Products) is presented net after tax on the line for discontinued operations, and is defined in the following as Sapa (part of future JV). Sapa Heat Transfer, which includes the rolling mills in Finspång (Sweden) and Shanghai (China) is still consolidated as a wholly-owned subsidiary.

Sapa Heat Transfer

- Satisfactory markets in Asia and North America
- Positive effect from improvement programmes in Sweden
- Improved cash flow

Sapa Heat Transfer delivered a volume of 37,000 tonnes in the fourth quarter (33,000 tonnes)[2]. EBITA[1] increased to NOK 73 million (NOK 6 million)[2]. Volumes in the quarter were negatively impacted by an 11% reduction in European automotive production, compared with the same quarter of 2011. However, the softening European market was largely counterbalanced by continued growth in the North American and Chinese automotive markets.

The strong EBITA[1] performance was largely driven by the positive trend in Sapa Heat Transfer's operations in Finspång, where a major improvement programme is being carried out. The improvement programme involves cost reduction, operational improvements and price adjustments. As part of the programme, new local management was put in place in Finspång in the fourth quarter. The business in Shanghai continued to deliver strong volume growth and improved EBITA[1] in the fourth quarter.

Considerable emphasis has been put on cash flow and Sapa Heat Transfer generated NOK 616 million in cash from operations for the full year.

Orkla Financial Investments

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	**2012**	2011	**2012**	2011
EBITA[1]	**299**	(58)	**103**	(18)
Other income and expenses	**(19)**	(20)	**0**	(14)
Dividends received	**208**	438	**28**	96
Gains, losses and write-downs share portfolio	**1,297**	1,643	**221**	729
Other financial matters	**101**	94	**8**	22
Profit/loss before taxes	**1,886**	2,097	**360**	815
Share portfolio:				
Market value	**2,630**	5,497		
Unrealised gains	**412**	1,180		

Net sales of portfolio shares amounted to NOK 436 million in the fourth quarter. At quarter end, the market value of the share portfolio was NOK 2,630 million. In the fourth quarter, realised portfolio gains and changes in the fair value of associates totalled NOK 221 million (NOK 729 million)[2]. Write-downs under IFRS amounted to NOK -68 million (NOK -157 million)[2]. For the full year, the return on the share portfolio was 19%, equivalent to a net increase in value of NOK 720 million. Full-year sales of shares totalled NOK 3.4 billion.

Including the value of the Group's shareholdings in REC (15.6%) and Borregaard (19%), the value of shares and financial assets totalled NOK 3.6 billion at quarter end. In the fourth quarter, NOK 412 million was expensed in connection with the adjustment in the value of the Group's exposure in REC.

EBITA[1] for Orkla Eiendom was NOK 104 million (NOK 28 million)[2] in the fourth quarter. The increase is mainly ascribable to the delivery of the last apartments in a property development project in Oslo (Idun Industri Eiendom). The apartments in the Idun project were delivered as and when they were completed during the year. All of the apartments have now been delivered, and the project's contribution to EBITA[1] amounted to NOK 232 million as at 31 December 2012.

Hydro Power

Hydro Power had fourth-quarter EBITA[1] of NOK 85 million (NOK 87 million)[2]. The volume produced in the quarter was lower than in the same period of 2011. Power prices in the fourth quarter averaged 27.5 øre/kWh (26.6 øre/kWh)[2]. Inflow in the fourth quarter of 2012 was lower than normal due to an extremely dry December.

Jotun (42.5% ownership interest)
Profit from associates amounted to NOK 47 million (NOK 59 million)[2] in the fourth quarter, and derived mainly from Jotun. Jotun's turnover in the fourth quarter of 2012 was satisfactory. In 2012, Jotun continued to pursue its extensive investment programme in line with the company's strategy. The most important investments in the period consisted of the building of new factories in Brazil, the USA and Russia.

Discontinued operations
The line for "Discontinued operations" presents, in 2012, net profit after tax for the Sapa (part of future JV), profit as at 30 September 2012 for Borregaard, and the accounting gain from the company's listing on the stock exchange. Discontinued operations generated a negative result of NOK -362 million in the fourth quarter. Sapa (part of future JV) made a negative contribution of NOK 463 million, which was partly offset by the gain on Borregaard's listing on the stock exchange.

Sapa (part of future JV)
- Profit significantly affected by weak European markets
- Market growth and continued market share gain for Sapa Profiles North America

Volumes for Sapa Profiles North America continued to increase compared with 2011, while the demanding European market led to a further reduction in activity for Sapa Profiles and Sapa Building System in Europe. The decline in demand from the solar market was particularly strong in the fourth quarter, compared with 2011. Operating revenues reached NOK 5,670 million (NOK 6,169 million)[2], and EBITA[1] was NOK -72 million (NOK 107 million)[2]. On the line for "Other income and expenses" a provision of NOK 282 million was expensed in the fourth quarter. This was mainly related to restructuring costs.

Sapa Profiles North America delivered 103,000 tonnes in the fourth quarter, an 8% volume increase year on year. The market and market share gain continued to drive volume growth for Sapa, despite the slower growth pace. Optimisation of Sapa's production structure and operational improvements have increased profitability in the past two years, and the EBITA[1] margin for the fourth quarter strengthened to 2.9%, compared with 2.2% in the same period of 2011. The EBITA[1] margin for 2012 was 4.6% (4.0%)[2].

Sapa Profiles Europe's sales volumes continued to decline in the fourth quarter due to further market deterioration. Volume totalled 85,000 tonnes, a drop of 11% year on year. Although restructuring is progressing as planned, savings were more than offset by weak markets and price pressure, in addition to the significant decline in Sapa's downstream solar business. The full-year EBITA[1] margin was 0.7% (2.0%)[2]. Further restructuring measures are being implemented in Sapa Profiles Europe.

The Asian business is in a comprehensive establishment and expansion phase, which entails organisational, manufacturing and market investments. Contributions to profit in 2012 were negative, being affected by the slower growth of the Chinese economy, where the Chinese solar and building and construction industries in particular weakened in the second half of 2012. Sapa continues to adjust its Jiangyin (China) operations to market demand, and 55 employees were laid off in the fourth quarter (150 employees were let go in the third quarter of 2012). In addition, activities are being moved from low value-added segments to the industrial ("high end") segments in China. This process will take some time and positive EBITA[1] from the Asian activity is expected to be realised during 2014, somewhat later than previously expected. Fourth-quarter EBITA[1] for Sapa Profiles Asia amounted to NOK -27 million (NOK -5 million)[2].

Sapa Building System is still affected by low activity in the building & construction market in Europe, which is generating lower sales than in 2011. The productivity issues in the Belgium operations that arose in the third quarter continued in the fourth quarter. This resulted in further delivery delays and customer claims which had a negative impact on results. Sapa Building System continues to gradually improve its market position. The market is not expected to pick up in the first quarter of 2013.

Cash flow and financial situation
The comments below relate to the cash flow statement as presented in Orkla's in-house format. Reference is made to Note 13 to this report.

Cash flow from operations as at 31 December 2012 amounted to NOK 3,335 million (NOK 2,460 million)[2]. Working capital was lower at the end of 2012 than at the end of 2011.

Expansion investments totalled NOK 347 million at the end of the fourth quarter. Acquired companies totalled NOK 1,617 million as at 31 December 2012, and chiefly consist of the acquisition of Jordan. Sales of companies/shares of companies amounted to NOK 3,538 million at quarter end. The interest-bearing debt in Borregaard was included in sales of companies in the third quarter, while the proceeds from the sale of shares in Borregaard are included in sales of companies in the fourth quarter. The sale of shares in Fornebu Utvikling and Bakers is also included in sales of companies/shares of companies. As at 31 December 2012, net sales of portfolio investments totalled NOK 3,350 million. The sell-off of shares is proceeding as planned.

As at 31 December 2012, the Group's net cash flow was NOK 5,273 million. The Group's net interest-bearing liabilities were reduced by NOK 4,528 million in the fourth quarter, and totalled NOK 4,960 million at year end. In 2012, the Group's interest-bearing liabilities had an average borrowing rate of 3.7%, and were chiefly distributed among the following currencies: NOK, SEK, EUR and USD. At quarter end, the equity ratio was 53.9%, while net gearing[4] was 0.16.

The General Meeting

The Annual General Meeting will be held on 18 April 2013 at 3 p.m. at the Norwegian Opera & Ballet in Oslo. The deadline for giving notice of attendance is 15 April 2013 at 3 p.m. The Board of Directors proposes to pay out a dividend of NOK 2.50 per share for the 2012 financial year. The dividend will be paid out on 30 April, in accordance with the decision of the General Meeting. The Annual Report for 2012 will be published on 27 March 2013.

Other matters

Since the autumn of 2011, Orkla has worked to implement its strategy of converting the Group into a focused branded consumer goods company. As part of this process, Orkla announced on 9 January 2013 that it was changing its structure from four to five business areas. Orkla now consists of the following business areas: Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients. Jan Ove Rivenes will be the new CEO of the Orkla Home & Personal business area. A new CEO will be appointed for Orkla Confectionery & Snacks. Until the new CEO is in place, Jan Ove Rivenes will head this business area as well. Effective as of 9 January 2013, Ole Petter Wie has been appointed Executive Vice President, Business Development, and will be a member of Orkla's Group Executive Board. Mr Wie has broad experience from Ringnes, Nestlé, Coca-Cola and McKinsey.

On 1 February 2013, Karin Aslaksen resigned from her position as Executive Vice President HR.
Marianne Romslo-Macarie, Senior Vice President Business Development, has been appointed Acting Executive Vice President HR. Ms Romslo-Macarie began work at Orkla on 2 January 2013 and came from the position of General Manager of Nike Norway. She has prior experience from Oakley Europe SNC and other companies.

The Board of Directors of Orkla ASA wish to thank Karin Aslaksen for her efforts on behalf of the Group over many years.

Outlook

The macro picture for the coming months is still uncertain, and individual events could have a significant effect on developments. Emerging economies in Asia are helping to sustain the level of activity in the global economy, but growth has slowed somewhat in these countries. Markets in Europe are expected to remain weak. In the USA, moderate growth is expected, but the recovery is fragile. Despite the weak trend outside Norway, growth in the Norwegian economy is holding up. In general, the Nordic markets are stable.

In Norway, two grocery chains have entered into an agreement to coordinate purchasing. In effect, this means that the number of purchasing chains will be reduced from four to three. This change underscores the importance of Orkla continuing to develop its strong, local brand positions so as to be an equal partner for the retail trade. Through the acquisitions of Rieber and Jordan, and by concentrating its resources, Orkla will strengthen its competitiveness. This will be achieved by means of innovations and growth and by reducing costs. The Nordic grocery market is otherwise expected to remain relatively stable in 2013.

The FAO Food Price Index was slightly lower at year end 2012 compared with the beginning of the year. However, prices vary significantly between different groups of commodities and uncertainty as to food price trends in the future is generally high. Orkla will compensate for higher raw material prices by raising prices.

Through the establishment of a joint venture with Norsk Hydro, Orkla will maintain an exposure to aluminium extrusions and building systems. The market outlook for the extrusion business in North America is weakly positive. Markets are challenging in Europe due to the debt crisis in the eurozone. The building and construction industry and the extrusion market in Europe are expected to be weak in the first quarter of 2013. The agreement with Norsk Hydro on the establishment of a joint venture will increase Sapa's possibilities of implementing effective structural and improvement projects.

In the first quarter of 2013, Hydro Power will carry out maintenance projects in Sauda, and production and profit will be lower than normal.

Jotun anticipates continued growth in 2013 despite the slow market for the construction of new ships.

Orkla's financial position is robust, and the Group has cash reserves and committed credit lines to cover known capital expenditures in 2013.

Oslo, 6 February 2013
The Board of Directors of Orkla ASA

CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 31.12. 2012	1.1. – 31.12. 2011	1.10. – 31.12. 2012	1.10. – 31.12. 2011
Operating revenues	2	**30,001**	30,158	**8,457**	8,124
Operating expenses		**(25,773)**	(26,295)	**(7,116)**	(7,006)
Depreciation and write-down property, plant and equipment		**(933)**	(991)	**(238)**	(245)
Amortisation intangible assets		**(16)**	(17)	**(5)**	(11)
Other income and expenses	3	**(433)**	(375)	**(244)**	(342)
Operating profit		**2,846**	2,480	**854**	520
Profit/loss from associates		**414**	263	**47**	59
Dividends received		**211**	440	**29**	97
Gains, losses and write-downs shares and financial assets		**857**	1,643	**(191)**	729
Financial items, net		**(455)**	(400)	**(101)**	(88)
Profit/loss before taxes		**3,873**	4,426	**638**	1,317
Taxes		**(707)**	(651)	**(137)**	(27)
Profit/loss for the period for continuing operations		**3,166**	3,775	**501**	1,290
Gains/profit/loss discontinued operations	10	**(1,583)**	(4,503)	**(362)**	(1,036)
Profit/loss for the period		**1,583**	(728)	**139**	254
Profit/loss attributable to non-controlling interests		**0**	48	**(44)**	25
Profit/loss attributable to owners of the parent		**1,583**	(776)	**183**	229

EARNINGS PER SHARE

Amounts in NOK	1.1. – 31.12. 2012	1.1. – 31.12. 2011	1.10. – 31.12. 2012	1.10. – 31.12. 2011
Earnings per share	**1.6**	(0.8)	**0.2**	0.2
Earnings per share (diluted)	**1.6**	(0.8)	**0.2**	0.2

CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 31.12. 2012	1.1. – 31.12. 2011	1.10. – 31.12. 2012	1.10. – 31.12. 2011
Profit/loss for the period		**1,583**	(728)	**139**	254
Change in unrealised gains on shares after tax	4	**(753)**	(3,143)	**3**	(632)
Change in hedging reserve after tax	4	**(5)**	(770)	**(88)**	140
Translation effects		**(1,186)**	(109)	**(155)**	38
The Group's comprehensive income		**(361)**	(4,750)	**(101)**	(200)
Comprehensive income attributable to non-controlling interests		**(8)**	48		
Comprehensive income attributable to owners of the parent		**(353)**	(4,798)		

CONDENSED BALANCE SHEET

Amounts in NOK million	Note	31.12. 2012	31.12. 2011
Intangible assets		**10,069**	12,801
Property, plant and equipment		**9,929**	18,058
Financial assets	6	**3,630**	5,682
Non-current assets		**23,628**	36,541
Assets in discontinued operations	10	**13,740**	391
Inventories		**4,243**	8,047
Receivables	6	**5,273**	10,462
Shares and financial assets		**3,601**	5,502
Cash and cash equivalents	6	**7,201**	5,453
Current assets		**34,058**	29,855
Total assets		**57,686**	66,396
Paid in equity		**1,985**	1,997
Earned equity		**28,839**	32,109
Non-controlling interests		**258**	280
Equity		**31,082**	34,386
Provisions and other non-current liabilities		**3,107**	3,165
Non-current interest-bearing liabilities	6	**9,531**	15,488
Current interest-bearing liabilities	6	**3,460**	1,472
Liabilities in discontinued operations	10	**3,793**	177
Other current liabilities		**6,713**	11,708
Equity and liabilities		**57,686**	66,396
Equity ratio (%)		**53.9**	51.8

CONDENSED CHANGES IN EQUITY

	1.1. – 31.12.2012			1.1. – 31.12.2011		
Amounts in NOK million	Attributed to equity holders of the parent	Non-controllling interests	Total equity	Attributed to equity holders of the parent	Non-controllling interests	Total equity
Equity 1 January	**34,106**	**280**	**34,386**	46,566	365	46,931
The Group's comprehensive income	**(353)**	**(8)**	**(361)**	(4,798)	48	(4,750)
Dividends	**(2,525)**	**(18)**	**(2,543)**	(7,649)	(22)	(7,671)
Net buy-back/sale of Orkla shares	**(416)**	**-**	**(416)**	(109)	-	(109)
Option costs	**33**	**-**	**33**	86	-	86
Change in non-controlling interests	**(21)**	**4**	**(17)**	10	(111)	(101)
Equity at the close of the period	**30,824**	**258**	**31,082**	34,106	280	34,386

CONDENSED CASH FLOW STATEMENT IFRS

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2012	2011	2012	2011
Cash flow from operations before net replacement expenditure[1]		**4,931**	3,430	**2,119**	1,456
Received dividends and financial items		**(170)**	109	**(53)**	(75)
Taxes paid		**(995)**	(603)	**(35)**	(80)
Cash flow from operating activities		**3,766**	2,936	**2,031**	1,301
Net investments fixed assets		**(1,148)**	(2,437)	**(322)**	(605)
Net sale (purchase) of companies	5, 10	**1,246**	12,165	**1,660**	(258)
Net sale portfolio investments		**3,350**	4,494	**436**	2,019
Discontinued operations and other payments		**578**	(479)	**533**	12
Cash flow from investing activities		**4,026**	13,743	**2,307**	1,168
Net paid to shareholders		**(3,194)**	(7,545)	**33**	(4,813)
Change in interest-bearing liabilities and interest-bearing receivables		**(2,673)**	(6,488)	**130**	(452)
Cash flow from financing activities		**(5,867)**	(14,033)	**163**	(5,265)
Currency effects cash and cash equivalents		**(177)**	(12)	**(48)**	44
Change in cash and cash equivalents		**1,748**	2,634	**4,453**	(2,752)
Cash and cash equivalents	6	**7,201**	5,453		

[1] The difference between cash flow from operations before investments in the condensed IFRS-compliant cash flow statement and the corresponding line in Orkla's cash flow statement in Note 13, is that Orkla's cash flow statement comprises only industrial activities.

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements as at 31 December 2012 were approved at a meeting of the Board of Directors on 6 February 2013. 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.

As a result of significant restructuring carried out/announced prior to reporting of results for the third quarter 2012, the Group's reporting was substantially altered. The businesses that were previously reported as Borregaard Chemicals (separate segment), Sapa Profiles (separate segment) and Sapa Building System and parts of Sapa Heat Transfer (parts of a joint segment) were reclassified and presented as "Discontinued operations". Borregaard Chemicals was listed on the stock exchange on 18 October and is reported in both this year's and last year's income statement as "Discontinued operations". An agreement has been entered into to combine the aforementioned parts of Sapa with similar operations in Norsk Hydro to establish a 50/50 joint venture, and that part is reported as "Discontinued operations". Both the profit/loss figures for the year and reported comparative figures have been reclassified and presented as "Discontinued operations". Sapa (part of future JV) will be reported as "Discontinued operations" until the joint venture is established, probably in the second quarter of 2013.

For Borregaard, "Discontinued operations" will correspond to the figures that were published in Borregaard's Combined Financial Statements in the prospectus related to the stock exchange listing. For 2012, this corresponds to Borregaard Chemicals in Orkla's quarterly reports. In 2011, Borregaard Chemicals comprised a number of smaller businesses that are not part of the stock exchange listed company. These are presented in HQ/Other Business in the comparative figures. The part of Sapa that is not included in the agreement with Norsk Hydro is presented in the segment Sapa Heat Transfer. The figures relate to Heat Transfer's operations in Finspång and Shanghai. Orkla's share of REC is also presented as «Discontinued operations"; see Note 10.

Borregaard is a listed company and as at 31 December 2012 is no longer consolidated into Orkla's balance sheet. Sapa (part of future JV) is presented on two lines as assets and liabilities in "Discontinued operations". The joint venture with Norsk Hydro is to be established on a debt-free basis. The presentation of figures in both the income statement and the balance sheet is intended to reflect this fact. Consequently, interest has not been reported separately and in the balance sheet Sapa items are shown without interest-bearing items.

The future effects of new accounting standards are described in the Annual Financial Statements. However, the date of entry into force of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities have been postponed for one year, until 1 January 2014. This entails a corresponding delay in amendments to the associated standards IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates. Early implementation will be permitted, and Orkla will make use of this possibility. IFRS 11 will be of relevance for Orkla as the planned Sapa/Norsk Hydro joint venture will be presented in accordance with the equity method, probably as from the second quarter of 2013.

NOTE 2 SEGMENTS

As explained in Note 1, the Group has undergone significant changes as a result of agreements entered into prior to publication of third-quarter results. On 9 January 2013, Orkla announced how future segment information for the Group will be presented. Orkla has chosen to present historical segment information for 2012 in the same way as has been done throughout the year, but in addition, future segment information for 2012 and 2011 has been presented in Note 12. Segment information for continuing operations is as follows:

OPERATING REVENUES

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2012	2011	2012	2011
Orkla Group	**30,001**	30,158	**8,457**	8,124
Branded Consumer Goods	**24,105**	24,621	**6,931**	6,869
Orkla Foods Nordic	**8,569**	9,496	**2,378**	2,650
Orkla Brands Nordic	**8,213**	7,928	**2,388**	2,133
Orkla Brands International	**2,133**	2,113	**716**	722
Orkla Food Ingredients	**5,435**	5,392	**1,523**	1,457
Eliminations Branded Consumer Goods	**(245)**	(308)	**(74)**	(93)
Sapa Heat Transfer	**3,990**	3,908	**943**	890
Hydro Power	**812**	1,691	**232**	242
Orkla Financial Investments	**1,229**	328	**381**	123
HQ/Other Business/Eliminations	**(135)**	(390)	**(30)**	0

Intercompany operating revenues within the different segments have been eliminated on separate lines in the above table. The only area with material inter-company sales is Hydro Power: as at 31 December 2012 these amounted to NOK 217 million (NOK 531 million). The other areas have entirely immaterial inter-company operating revenues, as follows: Branded Consumer Goods NOK 8 million (NOK 21 million) and Orkla Financial Investments NOK 2 million (NOK 2 million).

OPERATING PROFIT - EBITA*

	1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	2012	2011	2012	2011
Orkla Group	**3,295**	2,872	**1,103**	873
Branded Consumer Goods	**2,819**	2,784	**936**	876
Orkla Foods Nordic	**1,161**	1,082	**392**	357
Orkla Brands Nordic	**1,435**	1,464	**408**	361
Orkla Brands International	**(5)**	8	**62**	87
Orkla Food Ingredients	**228**	230	**74**	71
Sapa Heat Transfer	**309**	179	**73**	6
Hydro Power	**208**	260	**85**	87
Orkla Financial Investments	**299**	(58)	**103**	(18)
HQ/Other Business	**(340)**	(293)	**(94)**	(78)

Reconciliation against operating profit

EBITA*	**3,295**	2,872	**1,103**	873
Amortisation intangible assets	**(16)**	(17)	**(5)**	(11)
Other income and expenses	**(433)**	(375)	**(244)**	(342)
Operating profit	**2,846**	2,480	**854**	520

* Operating profit before amortisation and other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

	1.1.–31.12.		1.10.–31.12.	
Amounts in NOK million	2012	2011	2012	2011
M&A costs	**(79)**	(69)	**(9)**	(63)
Special IFRS effects	**(22)**	-	**(15)**	-
Gain on disposal of Salvesen & Thams	**44**	-	**44**	-
Restructuring and legal disputes				
Orkla Brands Russia	**(267)**	-	**(175)**	-
Restructuring Procordia, Abba and Beauvais	**(55)**	-	**(55)**	-
Property tax in Sauda for earlier periods	**(19)**	-	**(19)**	-
Final settlements Group Executive Board and Orkla Financial Investments	**(43)**	-	**(4)**	-
Insurance settlements Sapa Heat Transfer	**30**	(41)	**-**	7
Restructuring Sapa Heat Transfer	**(16)**	(69)	**(11)**	(60)
Write-down property, plant and equipment in Denomega	**(6)**	(55)	**-**	(55)
Step acquisition in Orkla Branded Consumer Goods and Orkla Eiendom	**-**	(6)	**-**	(4)
Gain on sale/settlements provisions etc., Switzerland and Italy	**-**	20	**-**	(12)
Write-downs and expenses related to Bakers (goodwill 2010)	**-**	(155)	**-**	(155)
Total other income and expenses	**(433)**	(375)	**(244)**	(342)

New items have been added in the fourth quarter which have been recognised as "Other income and expenses" (OIC).

This applies to the following matters:

- In order to strengthen its competitiveness on the Swedish market, Orkla is merging Abba Seafood with Procordia to create one of Sweden's largest food companies. The merger process has been under way for a long time and although it was finally announced on 9 January 2013, trade unions and other bodies as required under the Swedish regulatory framework were informed well before 31 December 2012. In accordance with IFRS, a provision for costs incurred as a result of the merger decision was thus made as at 31 December 2012. Furthermore, production equipment was moved from Beauvais to two sister companies. Total costs related to these matters amount to NOK -55 million. Further costs will be incurred in 2013 in connection with the merger, and will be reported on the same accounting line.
- The Russian grocery market is undergoing major changes, and Orkla Brands Russia is restructuring its operations to adapt to the market. A provision of NOK 267 million for the year has been made for restructuring and ongoing litigation in the company.
- The Sauda power plant has been charged property tax for the period 2007-2012. Sauda is contesting the validity of the property tax, but has reported this year's property tax as ordinary operating expenses and property tax for 2010 and 2011 (NOK 19 million) as OIC. The property tax charge for 2007-2009 has been refused by Sauda on the ground that the period of limitation has expired.
- A gain on the sale of Salvesen & Thams (NOK 44 million) has been recognised, and a minor adjustment was made in restructuring costs (dismissal costs) in Sapa Heat Transfer. An increase in costs related to final settlements for Group Executive Board members was also recognised.

NOTE 4 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows changes in the value of the shares and financial assets (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect as at 31 December 2012 relating to unrealised gains amounts to NOK 18 million, while the tax effect relating to the hedging reserve amounts to NOK 6 million.

Unrealised gains on shares and the hedging reserve included in equity as at 31 December 2012 (after tax) total NOK 381 million and NOK -276 million, respectively.

NOTE 5 ACQUISITIONS AND SALES OF COMPANIES

Acquisition of Rieber & Søn

Orkla ASA has entered into an agreement with the Rieber family to purchase their shares in Rieber & Søn ASA. The agreement covers 90.11% of the shares in Rieber & Søn at a price of NOK 66.58 per share. The transaction values the entire company (on a debt-free basis) at NOK 6.1 billion.

Rieber & Søn is listed on the Oslo Stock Exchange, and is a major supplier to the grocery sector in the Nordic region, parts of Central Europe and Russia. The company has well-known brands such as Toro, Vitana, K-Salat, Delecta, Frödinge, Chaka and Bähncke. In 2011, sales totalled around NOK 4.3 billion. Operating profit before depreciation and write-downs (EBITDA) amounted to NOK 642 million in 2010 and NOK 464 million in 2011. As at 30 September 2012, sales in Rieber totalled NOK 3.1 billion and EBITDA NOK 296 million. The company has a total of 2900 employees, of whom 1700 work outside of Norway.

Rieber & Søn have a number of well-known brands and businesses: Toro is Norway's leading supplier of sauces, soups and ready meals, among other things. Other popular Norwegian brands in Rieber & Søn's portfolio are Denja, Mr. Lee, Vossafår and Vestlandslefsa. Vitana is one of the Czech Republic's largest and longest-established food manufacturers. K-Salat is well-positioned in both Sweden and Denmark in the mayonnaise, remoulade and salad markets. Delecta is one of Poland's leading dessert and baking mix brands. Frödinge is market leader for refrigerated and frozen cakes and desserts in Sweden. Chaka is a well-known Russian brand of nuts. Bähncke holds the leading position in the Danish mustard market. In addition, Rieber & Søn is a supplier to the out-of-home sector in Norway, Sweden, Denmark, the Czech Republic and Slovakia.

Orkla has entered into this agreement with the companies AS Atlantis Vest, Zee Ploeg AS and Flu AS. The selling companies are owned and controlled by representatives of the Rieber family. The purchase price will be paid in a cash settlement, which will be financed by means of available drawing facilities. The purchase price will be adjusted for interest at a rate equivalent to 3-month NIBOR for the period between the conclusion of the agreement and completion.

Completion of the agreement is subject to approval of the transaction by the relevant competition authorities. After completion of the agreement with the Rieber family, Orkla will make a mandatory offer to the remaining shareholders in the company based on the same purchase price per share that will be paid to the Rieber family, and it will then apply for delisting of the company's shares from the Oslo Stock Exchange.

Excess values related to the acquisition of Rieber & Søn total approximately NOK 3.6 billion and will mainly be ascribed to goodwill and brands.

Acquisition of Jordan

The agreement to purchase Jordan, a leading branded consumer goods company in the oral hygiene, cleaning and painting tools segments, was concluded on 22 June 2012. The Norwegian Competition Authority approved the acquisition on 27 August, and the transaction was completed on 31 August 2012. Under the agreement, Orkla ASA has acquired 100% of the shares in Jordan Personal & Home Care AS and Jordan House Care AS. In 2011, sales totalled approximately NOK 900 million. Operating profit (EBITA) was NOK 90 million and operating profit before depreciation and write-downs (EBITDA) was NOK 120 million. At the end of 2011, the company had around 620 employees.

The purchase price of the company is NOK 1.1 billion on a cash and debt-free basis. The seller is Jordan AS, which has been a Norwegian family-owned company since its establishment in 1837.

Jordan is market leader in the Nordic region in toothbrushes, toothpicks and dental floss, as well as painting tools. In Norway, Jordan is the leading supplier of dishwashing brushes and microfiber cloths to the grocery sector. The company also exports its products to several countries outside the Nordic region. Jordan is Europe's third largest manufacturer of painting tools, under brands such as Anza, Spekter and Hamilton. Its subsidiary Peri-dent is one of the world's leading manufacturers of dental floss.

A purchase price allocation has been carried out for Jordan. A total of NOK 237 million has been ascribed to brands and NOK 570 million to goodwill. Goodwill largely refers to the extraction of synergies.

Jordan is reported through the segment Orkla Brands Nordic.

Other acquisitions
In 2012, the Branded Consumer Goods area acquired other smaller companies representing a total enterprise value of NOK 265 million. The largest of these acquisitions was made by Axellus Group, which purchased the company Pharma-Vinci, thereby strengthening its focus on the pharmacy sector in Denmark. In 2011, Pharma-Vinci had a turnover of around DKK 50 million and 35 employees. Axellus has also acquired the company Gevita to strengthen its operations in the pharmacy sector in Norway and Sweden. In 2011, the company had a turnover of around NOK 29 million and 5 employees.

Felix Abba has entered into an agreement to purchase the Finnish company Boyfood, which manufactures and supplies refrigerated herring products under the BOY brand. In 2011 Boyfood had annual sales on the order of EUR 18 million.

Orkla Food Ingredients has purchased the companies Sebmag (Poland), Kobo (Poland), Food Distribution Services (Romania) and Ekvia (Slovakia), all of which are sales and distribution companies in the bakery and confectionery ingredients sector. In 2011, the companies had an aggregate turnover of around EUR 35 million and a total of 128 employees.

Sale of companies
Borregaard was listed on the stock exchange in October 2012. In the third quarter, Borregaard's interest-bearing debt was presented as discontinued operations and reported in Orkla's cash flow statement on the line for the sale of companies. The proceeds from the sale of shares are included in the figure for the sale of companies in the fourth quarter, and the total cash flow effect related to the listing of Borregaard is NOK 2,425 million. In 2012, Orkla also sold Salvesen & Thams, Fornebu Utvikling, Widerøveien 5 and Bakers for a total of NOK 1,113 million.

NOTE 6 NET INTEREST-BEARING LIABILITIES

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

Amounts in NOK million	**31.12. 2012**	**31.12. 2011**
Non-current interest-bearing liabilities	**(9,531)**	(15,488)
Current interest-bearing liabilities	**(3,460)**	(1,472)
Non-current interest-bearing receivables (in "Financial Assets")	**766**	798
Current interest-bearing receivables (in "Receivables")	**64**	64
Cash and cash equivalents	**7,201**	5,453
Net interest-bearing liabilities	**(4,960)**	(10,645)

Net interest-bearing liabilities will be reduced by NOK 1.8 billion when the joint venture with Norsk Hydro is established. At that time, Orkla will receive an interest-bearing note receivable from the joint venture which will be paid six months after the establishment. Interest-bearing liabilities will increase in connection with the settlement for Rieber & Søn (see Note 5).

NOTE 7 RELATED PARTIES

The Canica system (largest shareholder, with a 24.5% stake) and Orkla both have equity interests in certain investments.

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

As at the end of the fourth quarter of 2012, there were no other special transactions between the Group and related parties.

In April, Åge Korsvold was appointed as new President and CEO, following the resignation of Bjørn M. Wiggen. On 6 September, the Board of Directors of Orkla ASA decided to extend Åge Korsvold's contract as President and CEO. The contract now runs until the end of 2013, but may be extended if both parties so desire. In May, Torkild Nordberg resigned from his position as CEO of Orkla Brands.

The Group has provided loans totalling NOK 78 million and NOK 180 million, respectively, to joint ventures and associates within Sapa and Orkla's real estate investments.

NOTE 8 OPTIONS AND TREASURY SHARES

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

Change in number of options:

Outstanding options as at 1 January 2012	22,651,500
Allocated during the period	0
Exercised during the period	(45,000)
Forfeited during the period	(5,004,500)
Outstanding options as at 31 December 2012	17,602,000

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

The management and employees of Borregaard accepted the offer to exchange their options for shares in Orkla for an equivalent number of options for shares in Borregaard. Consequently, a total of 1,590,000 share options in Orkla have been cancelled. In addition 1,584,500 options have expired without being "in the money".

Change in number of treasury shares:

Treasury shares as at 1 January 2012	8,920,791
Options exercised in treasury shares	(45,000)
External purchase of treasury shares	10,188,000
Amortisation treasury shares	(10,000,000)
Share programme for Orkla employees	(1,076,677)
Treasury shares as at 31 December 2012	7,987,114

After amortisation of 10,000,000 treasury shares, the new share capital in Orkla ASA is NOK 1,273,663,712.50, and the new number of shares is 1,018,930,970.

NOTE 9 ASSESSMENTS RELATING TO IMPAIRMENT

In accordance with the Group's accounting principles, the share portfolio was written down by NOK 316 million as at the end of the fourth quarter of 2012.

In the third quarter, the Group carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill, in line with adopted principles.

Further changes have been made in Orkla Brands Russia (OBR) in order to strengthen competitiveness, and in this connection the number of factories will be reduced from four to three. This will reduce production costs and free up a property in St. Petersburg. The forecasts, expectations and assumptions on which the figures are based justify OBR's book values as at 31 December 2012. The total value of brands and goodwill in OBR is NOK 366 million.

Goodwill related to the investment in the part of Sapa that is to be included in the joint venture with Norsk Hydro was written down by NOK 1.5 billion in the third quarter. This write-down is included in the figures presented as "Discontinued operations". The remainder of the goodwill in the part that is to be included in the joint venture amounts to NOK 1.1 billion.

Apart from the write-downs presented as "Other income and expenses", no other deficit values have been identified in the Group's property, plant or equipment or intangible assets.

NOTE 10 DISCONTINUED OPERATIONS

Borregaard and Sapa

As stated in Note 1, the operations in Borregaard Chemicals (up until the end of the third quarter of 2012), Sapa Profiles, Sapa Building System and parts of Sapa Heat Transfer are presented as "Discontinued operations" as at 31 December. The reason for this is that as at 31 December, it was "highly probable" that the agreement with Norsk Hydro on the establishment of a joint venture will enter into force. All the income statement figures have been restated and Sapa (part of future JV) is presented on two lines in the balance sheet, one for net assets and one for net liabilities.

The gain on the stock exchange listing and the selling costs incurred in connection with the process of selling Borregaard have been reported as "Discontinued operations". Some of the selling costs were incurred before the third quarter and the total gain on Borregaard's listing is calculated to be NOK 110 million. Orkla still has a 19% ownership interest in Borregaard, which is presented in the short term as available for sale.

The investment in REC

After the share issue in which Orkla was allotted 133,333,333 new shares in REC at a share price of NOK 1.50, Orkla sold 200,000,000 REC shares at a price of NOK 1.90 per share on 26 September. Orkla subsequently entered into a total return swap (TRS) agreement with exposure to 200,000,000 shares in REC at the same price. The term to maturity is six months unless the parties agree to terminate the agreement at an earlier date.

After this trade, Orkla owns 329,569,968 shares in REC, equivalent to approximately 15.6% of the share capital and voting rights in the company. This means that the investment in REC is no longer to be regarded as an Orkla associate. Under IFRS, the investment must be remeasured and will be presented as "available for sale". This means that the investment will still be recognised at fair value in the balance sheet, but in accordance with the rules the change in value will be presented in "Comprehensive income". However, the performance of the REC share price after the sale has been weak, and in accordance with the Group's principles, a share that is available for sale will be written down in the ordinary income statement if the share price falls by more than 25% of the original acquisition price (NOK 1.90). This was the case for REC and the write-down to the share price as at 31 December 2012 (NOK 1.07) has been reported as "Gains, losses/write-downs shares and financial assets". The TRS must be presented at fair value with changes in value recognised in the ordinary income statement (finance item), so with regard to the income statement the Group is still exposed to approximately 25% of the negative change in the value of REC shares. A total of NOK -440 million has been recognised as a result of the change in the value of the REC share and the TRS.

The investment in REC has been significant for the Group. The transition from "Associate" to "Available for sale" entails a change in the presentation of historically reported figures for REC as associate, and the investment will be shown as "Discontinued operations" on a separate line after ordinary profit/loss for the period after tax. In connection with the change related to the REC shareholding, accumulated positive currency effects in Orkla's period of ownership, totalling NOK 240 million, were recognised in the income statement.

Elkem

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

In 2012, Orkla received the final insurance settlement for the fire in Elkem Solar in 2009. The final settlement entailed a disbursement to Orkla of NOK 101 million. This is regarded as part of the sale of Elkem and has therefore been presented on the line for "Discontinued operations". Moreover, costs have been incurred and a provision made for a possible tax liability of NOK 65 million relating to the Elkem sale.

Profit & loss for discontinued operations:

	1.1. – 31.12.	
Amounts in NOK million	2012	2011
Operating revenues	28,388	33,586
Operating expenses	(26,835)	(31,000)
Depreciation/write-downs of property, plant and equipment	(867)	(1,027)
Amortisation intangible assets	(27)	(58)
Other income and expenses	(1,815)	(664)
Operating profit	(1,156)	837
Profit/loss from associates	(200)	(5,768)
Financial items, net	(43)	(85)
Profit/loss before taxes	(1,399)	(5,016)
Taxes	(319)	(439)
Profit/loss for the period after taxes	(1,718)	(5,455)
Gain on sale after tax	299	1,137
Miscellaneous transactions	(164)	(185)
Profit/loss for discontinued operations	(1,583)	(4,503)

EBITA, by segment

Sapa (part of future JV)	233	631
Borregaard Chemicals	453	536
Elkem	-	392
Total	686	1,559

EBITA for the fourth quarter consists of Sapa (part of future JV) NOK -72 million (NOK 104 million).

NOTE 11 OTHER MATTERS

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

NOTE 12 NEW SEGMENT INFORMATION

On 9 January 2013, Orkla announced how the segments will be presented in future. The statements on the next page show the Group's sales revenues and EBITA based on the future segment structure.

OPERATING REVENUES

	1.1. – 31.12.	
Amounts in NOK million	2012	2011
Orkla Group	**30,001**	30,158
Branded Consumer Goods	**24,105**	24,621
Orkla Foods	**7,972**	8,906
Orkla Confectionery & Snacks	**4,794**	4,810
Orkla Home & Personal	**4,025**	3,722
Orkla International	**2,133**	2,113
Orkla Food Ingredients	**5,435**	5,392
Eliminations Branded Consumer Goods	**(254)**	(322)
Sapa Heat Transfer	**3,990**	3,908
Hydro Power	**812**	1,691
Orkla Financial Investments	**1,229**	328
HQ/Other Business/Eliminations	**(135)**	(390)

OPERATING PROFIT - EBITA*

	1.1. – 31.12.	
Amounts in NOK million	2012	2011
Orkla Group	**3,295**	2,872
Branded Consumer Goods	**2,819**	2,784
Orkla Foods	**1,114**	1,058
Orkla Confectionery & Snacks	**780**	762
Orkla Home & Personal	**702**	726
Orkla International	**(5)**	8
Orkla Food Ingredients	**228**	230
Sapa Heat Transfer	**309**	179
Hydro Power	**208**	260
Orkla Financial Investments	**299**	(58)
HQ/Other Business	**(340)**	(293)

* Operating profit before amortisation and other income and expenses

NOTE 13 CASH FLOW ORKLA-FORMAT

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

		1.1. – 31.12.		1.10. – 31.12.	
Amounts in NOK million	Note	2012	2011	2012	2011
Cash flow Industrial Activities:					
Operating profit		**2,566**	2,558	**751**	552
Operating profit discontinued operations		**-**	465	**-**	72
Amortisation, depreciation and impairment charges		**943**	2,088	**245**	506
Changes in net working capital, etc.		**526**	(1,094)	**823**	1,065
Cash flow from operations before net replacement expenditures		**4,035**	4,017	**1,819**	2,195
Net replacement expenditures		**(700)**	(1,557)	**(192)**	(601)
Cash flow from operations		**3,335**	2,460	**1,627**	1,594
Financial items, net		**(469)**	(488)	**(93)**	(180)
Cash flow from Industrial Activities		**2,866**	1,972	**1,534**	1,414
Cash flow from Orkla Financial Investments		**1,120**	66	**364**	(440)
Taxes paid		**(995)**	(603)	**(35)**	(80)
Discontinued operations and other payments		**552**	(509)	**472**	(8)
Cash flow before capital transactions		**3,543**	926	**2,335**	886
Paid dividends		**(2,778)**	(7,436)	**(18)**	(4,875)
Net sale/purchase of Orkla shares		**(416)**	(109)	**51**	62
Cash flow before expansion		**349**	(6,619)	**2,368**	(3,927)
Expansion Industrial Activities		**(347)**	(906)	**(93)**	(178)
Sale of companies/share of companies (enterprise value)	5, 10	**3,538**	13,503	**1,682**	0
Purchase of companies/share of companies (enterprise value)	5	**(1,617)**	(1,498)	**(55)**	(460)
Net purchase/sale portfolio investments		**3,350**	4,494	**436**	2,019
Net cash flow		**5,273**	8,974	**4,338**	(2,546)
Currency effects of net interest-bearing liabilities		**412**	33	**190**	(39)
Change in net interest-bearing liabilities		**(5,685)**	(9,007)	**(4,528)**	2,585
Net interest-bearing liabilities	6	**4,960**	10,645		
Operating profit in the Group		**2,846**	2,480	**854**	520
- EBITA Orkla Financial Investments		**299**	(58)	**103**	(18)
- Other income and expenses Orkla Financial Investments		**(19)**	(20)	**0**	(14)
Operating profit Industrial Activities		**2,566**	2,558	**751**	552