FIRST HALF

2013

ORKLA

CONTENTS

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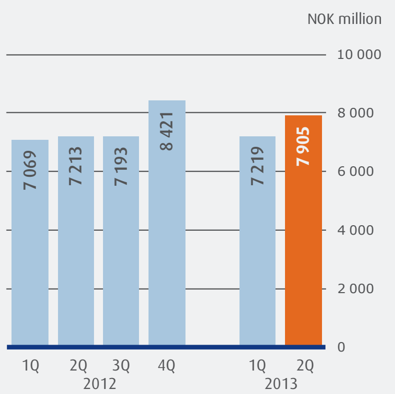
THE FIRST HALF IN BRIEF

- The acquisition of Rieber & Søn was approved by the competition authorities on 22 April 2013 and all material structural and organisational matters have been clarified.
- Merger of Procordia and Abba Seafood in Sweden and new organisational structure for Orkla Confectionery & Snacks.
- Weak performance for Rieber & Søn and generally weak underlying[3] sales performance for Branded Consumer Goods in June. Satisfactory results for Orkla Home & Personal and Orkla Food Ingredients.
- Sapa's extrusion and building system businesses continued to show profit improvement in North America, while the European markets remain weak.
- Sapa joint venture agreement approved by the EU commission. Pending approval by Chinese competition authorities. The exclusive negotiation with a potential strategic buyer for Sapa Heat Transfer has been terminated.
- Write-down of intangible assets in Orkla Brands Russia and Sapa (part of future JV) totalling NOK 1.5 billion in the second quarter.
- Sell-off of shares and financial assets totalling NOK 2,776 million in the first half of 2013. All of Orkla's remaining shares in REC and Borregaard were sold in the second quarter.

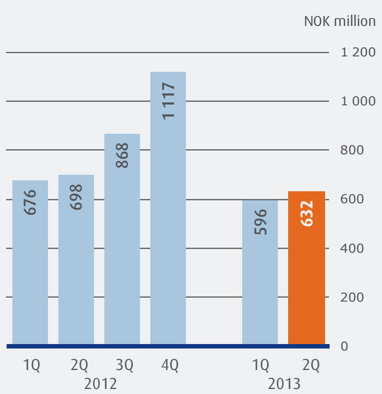
KEY FIGURES FOR THE ORKLA GROUP

		1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	Note	2013	2012	2012	2013	2012
Operating revenues	2	**15,124**	14,282	29,896	**7,905**	7,213
EBITA[1]	2	**1,228**	1,374	3,359	**632**	698
Profit/loss before taxes		**1,414**	2,092	3,907	**514**	938
Gains/profit/loss discontinued operations		**(1,175)**	(132)	(1,547)	**(1,119)**	(488)
Earnings per share, diluted (NOK)		**(0.1)**	1.6	1.6	**(0.7)**	0.3
Cash flow from operating activities	13	**704**	1,600	4,111	**664**	1,247
Net interest-bearing liabilities	6	**11,759**	10,511	4,786		
Equity ratio (%)		**47.7**	50.2	52.9		
Net gearing[4]		**0.41**	0.33	0.16		

OPERATING REVENUES



EBITA[1]



OPERATING REVENUES

15,124

Group operating revenues for the first half 2013 totalled NOK 15,124 million.

EBITA[1]

1,228

Group EBITA[1] for the first half 2013 totalled NOK 1,228 million.

[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 15,124 million (NOK 14,282 million)[2] in the first half, while operating revenues for the second quarter alone amounted to NOK 7,905 million (NOK 7,213 million)[2]. The increase is ascribable to the consolidation of the acquired companies Jordan and Rieber & Søn. Branded Consumer Goods saw an underlying[3] decline in sales of 2% in the first half of 2013. The bulk of the decline came towards the end of the second quarter. Currency translation effects had a positive impact of around NOK 72 million on Group operating revenues in the first half.

Group EBITA[1] for the first half totalled NOK 1,228 million (NOK 1,374 million)[2], while EBITA[1] for the second quarter alone was NOK 632 million (NOK 698 million)[2]. Last year's EBITA[1] was boosted by particularly high gains for Orkla Financial Investments on the sale of property; EBITA[1] from this area was NOK 150 million in the first half of 2012, compared with NOK 5 million in 2013. Weak results in Russia, combined with a challenging market situation for several companies in Orkla Confectionery & Snacks, pulled profit down for the Branded Consumer Goods area. Synergies related to the acquisition of Jordan and higher profit in Procordia, Lilleborg, Axellus and other companies offset the decline in profit to some extent. Profit from the energy area in the first half of 2013 was negatively affected by cold, dry weather which led to low production volume, as well as by a scheduled maintenance halt. However, this was counteracted by higher market prices and gains on the sale of property. All in all, operating profit from the energy area was on a par with 2012. Sapa Heat Transfer delivered slightly lower profit in the first half of 2013.

Other income and expenses totalled NOK -619 million in the first half, primarily related to the write-down of intangible assets in Orkla Brands Russia, integration costs in Rieber & Søn and the immediate recognition of M&A costs.

Sales of shares and financial assets totalled NOK 2,776 million in the first half, and consisted primarily of the sale of ownership interests in Borregaard, REC and Pharmaq. In the first half year, the Group had a net accounting gain on shares and financial assets of NOK 573 million (NOK 658 million)[2]. As of 30 June 2013, the market value of shares and financial assets was NOK 1,056 million with unrealised gains of NOK 184 million.

Net first-half finance costs amounted to NOK -223 million (NOK -242 million)[2]. The borrowing rate averaged 3.3% and the Group's net interest-bearing liabilities totalled NOK 11,759 million as of 30 June 2013.

Group profit before tax amounted to NOK 1,414 million (NOK 2,092 million)[2] in the first half of 2013. First-half taxes totalled NOK 280 million. Profit from discontinued operations amounted to NOK -1,175 million in the first half, and is related entirely to Sapa (part of future JV). Goodwill was written down by NOK 1,161 million in the second quarter. This write-down will have no consequence for the agreement to establish a future joint venture with Norsk Hydro, but capital employed will be reduced correspondingly. Underlying performance is still affected by weak European markets. Increased profitability in North America, driven by higher prices, production structure optimisation and operational improvements, was offset in the first half by the decline in Europe.

Orkla's diluted earnings per share were NOK -0.1 in the first half (NOK 1.6)[2].

FURTHER DESCRIPTION OF STRUCTURAL CHANGES IN THE BRANDED CONSUMER GOODS AREA

Since the autumn of 2011, Orkla has been engaged in the process of transforming the Group into a focused branded consumer goods company. As part of this process, comprehensive restructuring projects were initiated in the first half of 2013. While this work is demanding, it will generate significant potential synergies and strengthen the Group's competitiveness in the long term.

In Orkla Foods, the Swedish companies Abba Seafood and Procordia have been merged. Together with the Rieber company Frödinge, they will form one of Sweden's largest food companies. In Norway, the process of integrating Rieber & Søn Norway has begun and a similar process has commenced in Denmark. In Orkla Confectionery & Snacks, the businesses in Norway, Sweden and Finland will be merged to form a single operational entity in each country. This process has already begun and management teams and middle management staff have been put in place in the new companies in each country. The new companies are expected to become operational in the course of the third quarter of 2013. A new management structure has been established in Orkla Food Ingredients. In Orkla Brands Russia, restructuring, which entails consolidating production, continued in the first half of 2013 and is expected to be completed in early 2014.

THE BUSINESS AREAS

BRANDED CONSUMER GOODS

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	**2013**	2012	2012	**2013**	2012
Operating revenues	**12,463**	11,245	24,105	**6,524**	5,662
EBITA[1]	**1,163**	1,132	2,863	**584**	597
EBITA margin (%)	**9.3**	10.1	11.9	**9.0**	10.5
Cash flow from operations before net replacement expenditures	**884**	1,178	3,452	**641**	675
Net replacement expenditures	**(329)**	(273)	(667)	**(196)**	(164)
Cash flow from operations	**555**	905	2,785	**445**	511
Expansion investments	**(43)**	(65)	(142)	**(30)**	(41)

Operating profit for Branded Consumer Goods increased by 3% to NOK 1,163 million compared with the first half of 2012. This profit growth is related to acquisitions, Branded Consumer Goods experienced an underlying[3] decline in operating profit in the first half. For Orkla Confectionery & Snacks the market situation was challenging, and the area reported weaker results in the first half of 2013 than in the same period of 2012. Overall, innovations and campaign programmes have not been strong enough in Orkla Foods compared with the first half of 2012, and underlying[3] profit was slightly lower. Profit performance was negative for Orkla Brands Russia. Orkla Home & Personal achieved good profit growth in the first half, driven by cost synergies from the acquisition of Jordan and by the good performance delivered by Lilleborg and Axellus.

Rieber & Søn was consolidated into the financial statements as from May 2013. Its net contribution to EBITA[1] was NOK 7 million for May and June 2013. Rieber & Søn's first-half EBITA[1] was NOK 43 million. Overall, Rieber & Søn posted an underlying[3] decline of NOK 8 million in the first half. In Norway, the company delivered a weak first-half sales and profit performance, which was partly offset by lower head-office costs.

Operating revenues for Branded Consumer Goods rose by 11% to NOK 12,463 million compared with the first half of 2012. This growth was related to acquired companies. Due to the weak end of the second quarter, underlying[3] operating revenues for Branded Consumer Goods fell by 2% compared with the first half of 2012. Market share performance varied, but market shares declined slightly overall. Orkla Confectionery & Snacks is facing particularly demanding market conditions.

All in all, raw material costs were stable in the first half, but varied substantially from one commodity group to another. Cost improvement projects made a positive contribution in the first half, driven in part by the realisation of synergies from acquisitions, restructuring in Orkla Foods and continuous improvement efforts. Advertising investments for the Nordic businesses were at the same level as in 2012.

Orkla Foods

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	**2013**	2012	2012	**2013**	2012
Operating revenues	**4,306**	3,836	7,972	**2,382**	1,938
EBITA[1]	**489**	464	1,144	**263**	262
EBITA margin (%)	**11.4**	12.1	14.4	**11.0**	13.5
Cash flow from operations before net replacement expenditures	**339**	413	1,217	**245**	228
Net replacement expenditures	**(123)**	(98)	(238)	**(80)**	(52)
Cash flow from operations	**216**	315	979	**165**	176
Expansion investments	**(11)**	(24)	(40)	**(11)**	(20)

- The weak end to the quarter resulted in slightly lower sales in Norway
- Good progress in the integration of Rieber & Søn in Norway, Denmark and Sweden
- Good performance by new products launched in Sweden

Orkla Foods posted first-half operating revenues of NOK 4,306 million (NOK 3,836 million)[2]. Growth was related to the consolidation of Rieber & Søn as from May, and underlying[3] revenues were 2% lower than in 2012. For the second quarter alone, operating revenues totalled NOK 2,382 million (NOK 1,938 million)[2]. Around half of the underlying[3] decline in first-half revenues is ascribable to the deliberate reduction of sales in categories with low profitability. Sales through the grocery channel increased in the first half. Sales in Norway fell due to the weak performance of Rieber & Søn, and lower sales from new products launched by Stabburet.

First-half EBITA[1] was NOK 489 million (NOK 464 million)[2]. For the second quarter alone, EBITA[1] was NOK 263 million (NOK 262 million)[2]. Part of the profit improvement in the first half is attributable to the consolidation of Rieber & Søn, which contributed NOK 9 million to operating profit in May and June. Profit from Rieber & Søn was significantly lower than for the corresponding period in 2012. In Norway, profit performance for Orkla Foods was somewhat weaker than in 2012, the decline being related to both Stabburet and Rieber & Søn Norway. Orkla Foods achieved profit improvement on its other markets in the first half. In Sweden, there was top-line and profit growth, as well as a positive trend in market shares. In Denmark, profit growth was driven by cost reduction programmes. Operations in Finland and the Baltics continued to achieve profit growth, boosted by strong growth in sales in the Baltics and the positive effects of cost improvement programmes in Finland.

Good progress is being made on integrating Rieber & Søn's Nordic businesses into Orkla Foods. New management is now in place and the companies began operating under a new corporate structure in the second quarter. The estimated potential synergies have been verified and positive effects are expected as from the second half of 2013.

In the second quarter it was also decided that the management team in the Orkla Foods Fenno Baltic division is to be amalgamated with the management of Felix Abba, and that the management teams of the Estonian companies are to be combined.

Several innovations were launched in the first half of 2013 which contributed to growth in the grocery channel. In Sweden, Felix launched a new series, consisting of refrigerated soups, pasta sauces and stew bases. A range of breakfast cereals with no added sugar was launched under the Pauluns brand. These launches have contributed substantially to sales growth and the positive trend in market shares in Sweden.

Orkla Confectionery & Snacks

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	**2013**	**2012**	**2012**	**2013**	**2012**
Operating revenues	**2,201**	2,269	4,794	**1,101**	1,140
EBITA[1]	**263**	320	787	**119**	151
EBITA margin (%)	**11.9**	14.1	16.4	**10.8**	13.2
Cash flow from operations before net replacement expenditures	**254**	345	996	**192**	201
Net replacement expenditures	**(108)**	(86)	(211)	**(56)**	(55)
Cash flow from operations	**146**	259	785	**136**	146
Expansion investments	**0**	0	0	**0**	0

- Weak sales growth in chips and biscuits
- Challenging competition in all the Nordic countries
- Comprehensive process of company mergers in Norway, Sweden and Finland is being implemented as planned

Orkla Confectionery & Snacks reported first-half operating revenues of NOK 2,201 million (NOK 2,269 million)[2], an underlying[3] decline of 4%. For the second quarter alone, operating revenues totalled NOK 1,101 million (NOK 1,140 million)[2]. First-half EBITA[1] was NOK 263 million (NOK 320 million)[2]. For the second quarter alone, EBITA[1] totalled NOK 119 million (NOK 151 million)[2].

The decline in sales and profit was related to Chips Group and Göteborgs/Sætre, and was a result of demanding competition, partly from other branded consumer goods manufacturers and partly from private labels. Innovations and campaign programmes have not been strong enough. Squeezed margins, particularly in the chips business in Sweden and Denmark, also contributed to profit decline.

Nidar posted results on a par with 2012. Volume-driven sales growth for "pick-and-mix" sweets contributed positively, while a decline in sales of parts of the chocolate assortment pulled profit down.

The Baltic companies reported a positive trend, with both top-line and profit growth in the first half. In Estonia, Kalev continues to enjoy the success of its Mesikäpp brand (biscuit products), under which the company has launched new varieties. These launches combine a strong Estonian brand with Göteborgs Kex's production technology and product innovations.

Overall, market shares weakened slightly in the first half of 2013.

Since the establishment of the Orkla Confectionery & Snacks business area in January 2013, a process has been initiated to restructure the business into larger, more effective national companies in each of the Nordic companies. The changes will be implemented in the autumn of 2013. In Norway, Nidar, KiMs and Sætre will be merged to form a new company, in Sweden OLW and Göteborgs Kex will be merged, and in Finland Chips and Panda will become one company. The ongoing process is wide-ranging and demanding, but is proceeding as planned. In the long term, the new structure will be an important pillar of sales and profit growth.

Orkla Home & Personal

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	**2013**	**2012**	**2012**	**2013**	**2012**
Operating revenues	**2,308**	1,788	4,025	**1,097**	863
EBITA[1]	**379**	302	704	**165**	131
EBITA margin (%)	**16.4**	16.9	17.5	**15.0**	15.2
Cash flow from operations before net replacement expenditures	**263**	358	879	**127**	180
Net replacement expenditures	**(33)**	(19)	(58)	**(22)**	(12)
Cash flow from operations	**230**	339	821	**105**	168
Expansion investments	**0**	(5)	(6)	**0**	0

- Profit improvement for Lilleborg and Axellus
- Jordan Personal & Home Care successfully integrated into Lilleborg
- Demanding markets for Lilleborg Profesjonell and Pierre Robert Group

Orkla Home & Personal posted first-half operating revenues of NOK 2,308 million (NOK 1,788 million)[2]. The growth was primarily related to acquired companies. Underlying[3] the operating revenues were 2% lower than first half of 2012. For the second quarter alone, operating revenues totalled NOK 1,097 million (NOK 863 million)[2]. First-half EBITA[1] amounted to NOK 379 million (NOK 302 million)[2]. For the second quarter alone, EBITA[1] totalled NOK 165 million (NOK 131 million)[2]. The improved results are ascribable to Lilleborg in Norway, Axellus in Norway and Poland, and the contribution from Jordan.

Lilleborg improved its overall performance in the first half of 2013. Jordan Personal & Home Care was successfully integrated into Lilleborg. However, sales of Jordan products have been slightly weaker than in 2012, although in line with the acquisition assumptions. Cost synergies realised from the purchase of Jordan have exceeded expectations at the time of the acquisition. Furthermore, the continued Lilleborg operations (excluding Jordan) showed sales and profit improvement in the first half.

Axellus reported a good profit performance in the first half, primarily related to growth in Norway and Poland. The integration of the omega-3 business Denomega, which was taken over from Borregaard as from 1 July 2012, is developing as expected. Turnover and costs in this business have been significantly reduced, as part of a restructuring process.

Pierre Robert Group posted a somewhat disappointing sales and profit performance due to a weaker campaign programme than in 2012.

Lilleborg Profesjonell saw a decline in volume as a result of the demanding competitive situation in several sub-segments.

Market share performance varied, with Lilleborg and Axellus reporting a particularly good increase.

Orkla International

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	**2013**	2012	2012	**2013**	2012
Operating revenues	**990**	923	2,133	**584**	471
EBITA[1]	**(82)**	(52)	(5)	**(40)**	(15)
EBITA margin (%)	**(8.3)**	(5.6)	(0.2)	**(6.8)**	(3.2)
Cash flow from operations before net replacement expenditures	**(60)**	(44)	29	**(12)**	(35)
Net replacement expenditures	**(22)**	(25)	(61)	**(9)**	(16)
Cash flow from operations	**(82)**	(69)	(32)	**(21)**	(51)
Expansion investments	**(24)**	(17)	(39)	**(18)**	(17)

- Underlying positive trend for MTR Foods in India and Felix Austria
- Weak sales and profit performance in Russia
- The integration of new companies from Rieber & Søn is on track

Orkla International posted first-half operating revenues of NOK 990 million (NOK 923 million)[2]. For the second quarter alone, operating revenues totalled NOK 584 million (NOK 471 million)[2]. EBITA[1] for the first half was NOK -82 million (NOK -52 million)[2], and for the second quarter NOK -40 million (NOK -15 million)[2].

The negative sales and profit performance in the first half of 2013 was driven by Orkla Brands Russia. The company reported an 18% decline in sales in the first half. A change in the market situation, where national grocery chains in particular are taking market shares, coupled with increased competition, contributed to the decline. The internal restructuring process, which entails consolidation of production, is expected to be completed in early 2014. As a result of profit performance so far this year, intangible assets in Orkla Brands Russia have been written down to zero, and the provision for ongoing litigation has been increased slightly.

The Rieber companies Vitana, Rieber Polska and Rieber Russia were consolidated into the figures with effect from May 2013. Profit contribution in May and June was NOK 1 million. This was slightly lower than in the corresponding period of 2012. The business in the Czech Republic has been affected by the uncertain economic situation, in addition to which the weather situation was extreme in June. The process of integrating the companies is proceeding as planned.

MTR Foods increased its operating revenues by 13% in the first half, achieving volume growth in the spice and spice mix segments which was driven by new product launches. The general growth in the Indian economy slowed somewhat in the course of 2012, a trend that continued in the first half of 2013.

In Austria, Felix Austria reported good growth in both the grocery and out-of-home channels. Market shares were strengthened for the company's core categories, ketchup and pasta sauces.

Orkla Food Ingredients

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	**2013**	2012	2012	**2013**	2012
Operating revenues	**2,748**	2,540	5,435	**1,415**	1,308
EBITA[1]	**114**	98	233	**77**	68
EBITA margin (%)	**4.1**	3.9	4.3	**5.4**	5.2
Cash flow from operations before net replacement expenditures	**87**	106	331	**89**	102
Net replacement expenditures	**(43)**	(45)	(99)	**(29)**	(29)
Cash flow from operations	**44**	61	232	**60**	73
Expansion investments	**(8)**	(20)	(57)	**(1)**	(5)

- Profit improvement driven by acquisitions
- Positive contribution from the sale of Kolding Salatfabrik in Denmark

Orkla Food Ingredients posted first-half operating revenues of NOK 2,748 million (NOK 2,540 million)[2], which was an underlying[3] improvement of 1%. EBITA[1] for the first half was NOK 114 million (NOK 98 million)[2]. This improvement is mainly ascribable to contributions to profit by acquisitions and the gain on the sale of assets in Dragsbæk (Kolding Salatfabrik). Underlying[3] EBITA[1] was at the same level as in 2012.

Orkla Food Ingredients' sales and distribution companies for bakery ingredients in Norway (Idun) and Denmark (Credin Bageripartner) saw a marked improvement in the second quarter, while KåKå in Sweden experienced a fall in operating revenues and EBITA[1]. The sales and distribution companies in the Baltics and Central/Eastern Europe generated top-line growth, but EBITA[1] was slightly weaker due to the tough competitive climate.

Orkla Food Ingredients' business for ice cream ingredients reported good growth in operating revenues and EBITA[1], as a result of relatively good summer weather. A new factory in Malmø, Sweden, for the production of ice cream ingredients was completed. The margarine category (Dragbæk in Denmark) generated higher EBITA[1] than in 2012, strengthening its market position for butter blends, while margarine products saw a decline. Operating revenues and EBITA[1] for the yeast category (Jästbolaget in Sweden) were weakened, primarily due to the general decline on the Swedish consumer market. The trend for category mixes and bread and cake improvers (with production in several countries) improved during the period, but overall operating revenues and EBITA[1] ended at around the same level as in 2012. In the marzipan category, Odense maintained its market position in Scandinavia, and operating revenues and EBITA[1] were slightly higher than in 2012. Production of almond-based products (Natural in Italy) for the German market was negatively affected by quality problems.

OTHER BUSINESSES

Sapa

As a result of the agreement on the announced joint venture (JV) between Sapa and Hydro Extruded Products, changes were made in Sapa's segment structure in the third quarter of 2012. The part of Sapa's operations that is covered by the agreement with 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". Sapa Heat Transfer, which consists of the rolling mills in Finspång (Sweden) and Shanghai (China) is still consolidated as a wholly-owned subsidiary.

Sapa Heat Transfer

- Demand remains high in Asia and results in China are satisfactory
- Productivity challenges at the Swedish plant

Sapa Heat Transfer delivered 82,000 tonnes in the first half of 2013, an increase of 3,000 tonnes compared to the same period of 2012. EBITA[1] was NOK 169 million (NOK 173 million)[2], the decline being ascribable to the Swedish entity in Finspång. The trend in the European automotive market was negative in the first half and the North American market was flat, while growth in the Chinese automotive market accelerated.

Sapa Heat Transfer continued to implement its improvement programme, which involves cost reduction, operational improvements and price adjustments, in the first half. Despite a negative trend in the European market, volumes for the Swedish entity in Finspång were in line with 2012. However, first-half EBITA[1] was negatively impacted by production disruptions, unfavourable currency effects and increasing metal premiums. The Chinese entity in Shanghai benefited from a stronger domestic market; however, as competition increases the Chinese market is subject to general price pressure. Cost reduction programmes are in place to offset price pressure and Chinese wage inflation.

Orkla Financial Investments

EBITA[1] for Orkla Financial Investments was NOK 5 million (NOK 150 million)[2] in the first half. Profit before tax for Orkla's real estate investments amounted to NOK 8 million (NOK 297 million)[2] in the first half, while EBITA[1] was NOK 5 million (NOK 167 million)[2]. Last year's EBITA[1] was boosted by high gains on the sale of properties. The contribution in 2012 stemmed from the completion and sale of apartments in a major real estate development project (Idun Industri Eiendom).

Hydro Power

Hydro Power had first-half EBITA[1] of NOK 74 million (NOK 79 million)[2]. The fall in profit is mainly due to lower volume production. Higher market prices and the gain on the sale of property offset some of the drop in produced volume. At the end of the first half, reservoir levels were slightly lower than normal.

Jotun (42.5% ownership interest)

Jotun's overall sales performance has been flat so far this year. There is still good growth in all segments except Marine, which is affected by the general decline in new ship building activity. Moreover, a cold spring has resulted in lower sales in Scandinavia. However, Jotun's EBITA[1] improved due to higher gross earnings. In 2013, Jotun has continued its comprehensive investment programme, in line with the company's growth strategy. The most important investments are the construction of new factories in Brazil, Russia and China.

DISCONTINUED OPERATIONS

The line for "discontinued operations" presents net profit after tax for Sapa (part of future JV). Profit from discontinued operations amounted to NOK -1,175 million in the first half.

Sapa Profiles and Building System (part of future JV)

- Margin and profit growth in North America
- European market still weak

Operating revenues for the first half of 2013 totalled NOK 12,596 million (NOK 13,631 million)[2] and sales volume 460,000 tonnes (472,000 tonnes)[2]. EBITA[1] was NOK 209 million (NOK 283 million)[2].

Sapa Profiles North America delivered 235,000 tonnes (236,000 tonnes)[2] in the first half. As a result of an optimised production footprint, operational improvements, customer integration and price increases, profitability continued to strengthen, and EBITA[1] margin for Sapa in North America was 5.8% (5.0%)[2] in the first half. The overall North American market showed a declining volume trend in the first half, and the outlook for the third quarter is similar.

Sapa Profiles Europe's volume declined in the first half, ending at 202,000 tonnes, a 5% drop compared to 2012. Overall, the market is weak, affecting both volume and price.

In addition, a strong decline in the solar segment impacted significantly on Sapa's extrusion and solar business. EBITA[1] margin for the first half was 1.4% compared to 2.3% in 2012. Further restructuring measures in Sapa Profiles Europe are in progress as current restructuring savings are not sufficient to offset the effects of the weak market.

The Asian business is in a comprehensive establishment and build-up phase, which includes organisational, manufacturing and market development. Activities to move from low value-added segments in China to the industrial ("high end") markets to improve profitability continued in the first half. Although positive signs can be seen, it will take some time for the results of initiatives to materialise in EBITA[1], and EBITA[1] in Sapa Profiles Asia is not expected to reach break-even level until the end of 2014 at the earliest. First-half EBITA[1] for Sapa Profiles Asia amounted to NOK -46 million (NOK -47 million)[2].

The European building & construction market remains weak, which negatively affected activity for Sapa Building System in the first half of 2013. Cold weather in continental Europe in the first quarter further hampered activity and reduced the number of construction days in the first half of the year. The overall market situation is not expected to improve in the second half of 2013. The remaining goodwill in Sapa (part of future JV) was written down by a total of NOK 1,161 million in the second quarter.

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 of 30 June 2013 amounted to NOK 704 million (NOK 1,600 million)[2]. There was a seasonal increase in working capital in the first half, and cash flow from operations is expected to be higher in the second half of 2013. First half of 2012, working capital was positively affected by settlement from the sale of shares in Tomra.

Expansion investments totalled NOK -70 million in the first half of 2013. Acquired companies amounted to NOK -6,935 million in the first half, and largely consisted of the acquisition of Rieber & Søn, the properties at Drammensveien 149 and 151, which are where Orkla's new headquarters are to be established, and smaller acquisitions in Orkla Foods and Orkla Food Ingredients. Sales of companies/shares of companies totalled NOK 47 million in the first half, and consisted of the sale of Kolding Salater (Orkla Food Ingredients). In the first half, capital freed up from shares and financial assets totalled NOK 2,776 million.

Net cash flow for the Group was NOK -6,414 million in the first half of 2013. The Group's net interest-bearing liabilities totalled NOK 11,759 million as of 30 June 2013. In the first half, the Group's interest-bearing liabilities had an average borrowing rate of 3.3%, and were chiefly spread across the following currencies: NOK, SEK, EUR and USD. As of 30 June 2013, the equity ratio was 47.7%, while net gearing[4] was 0.41.

OTHER MATTERS

On 18 April 2013, the General Meeting of Orkla authorised the Board of Directors to discontinue the Corporate Assembly, after the election of Orkla's shareholder-elected Board members, Board Chair and Deputy Chair. Orkla's Corporate Assembly held its last meeting on 21 May 2013. Idar Kreutzer was elected as Chair and Terje Venold as Deputy Chair of the Corporate Assembly. Stein Erik Hagen, Peter Ruzicka, Jesper Ovesen, Jo Lunder and Grace Reksten Skaugen were re-elected as shareholder-elected members of Orkla's Board of Directors. Ingrid Jonasson Blank and Lisbeth Valther Pallesen were elected as new Board members. Stein Erik Hagen was re-elected as Board Chair and Grace Reksten Skaugen was elected as Deputy Chair. All of the Board members were elected for a term of one year. Orkla's Board of Directors now comprises the following shareholder-elected members: Stein Erik Hagen (Board Chair), Grace Reksten Skaugen (Deputy Chair), Peter Ruzicka, Jesper Ovesen, Jo Lunder, Ingrid Jonasson Blank and Lisbeth Valther Pallesen. After the discontinuation of the Corporate Assembly, the employees' representation on Orkla's Board of Directors increased from three Board members and two observers to four Board members and one observer. Kenneth Hertz's status thus changed from observer to ordinary Board member, while Peer Sørensen continues as observer. Orkla's Board of Directors now comprises the following employee-elected members: Terje Utstrand, Gunn Liabø, Sverre Josvanger and Kenneth Hertz.

On 13 May 2013, the EU Commission approved the closing of the transaction whereby Norsk Hydro and Orkla will become 50/50 owners of the planned joint venture, Sapa (JV). Approval was granted on condition that Norsk Hydro's extrusion business in Raufoss (Norway) and Vetlanda (Sweden) and Sapa's multi port extrusion (MPE) business in Harderwijk (the Netherlands) are sold. In accordance with the EU Commission's decision, the parties have commenced the process of separating out these businesses. The approval of the Chinese competition authorities has yet to be obtained before the agreement can be completed.

As announced earlier, Orkla has conducted exclusive negotiations with a potential strategic buyer for Sapa Heat Transfer. This process did not generate the desired results for Orkla and has therefore been terminated. Orkla will thus remain the active owner of this business and will ensure that Sapa Heat Transfer remains a long-term, preferred supplier for its customers. The decision does not change the Group's strategy of being a fully focused branded consumer goods company.

On 22 May 2013, Marianne Romslo-Macarie (44) was appointed Executive Vice President HR at Orkla with effect from 1 May 2013. Marianne Romslo-Macarie held the post of interim Executive VP HR since 1 February 2013. Ms Romslo-Macarie was employed at Nike International Ltd., as General Manager, Norway, in the period 2008-2012. She will be a member of Orkla's Executive Board and will report to Orkla President and CEO Åge Korsvold.

OUTLOOK

Global growth is being sustained by growth in emerging economies, but the economic trend is weak in many industrial countries. Growth is expected to continue in the USA. There is still considerable uncertainty regarding the international economic situation going forward, particularly in the eurozone. Despite weak growth outside Norway, growth in the Norwegian economy has been sustained. Nonetheless, the growth rate is lower than previously estimated, and there is increasing uncertainty in Norway, too. The other Nordic markets are expected to remain relatively stable in 2013.

The acquisitions of Jordan and Rieber & Søn, and the initiated and planned restructuring programmes in Orkla Foods, Orkla Confectionery & Snacks and Orkla International, will strengthen the Group's competitiveness in the longer term, while also generating substantial potential synergies that will gradually be realised in the course of 2013 and 2014. In the short term, these processes will be demanding. Great importance will be attached to maintaining a good level of activity in existing operations and carrying out both planned market activities and internal improvement programmes.

In the branded consumer goods business, commodity prices have flattened out at a high level. However, the price situation varies considerably from one commodity group to another and uncertainty as regards raw material price trends going forward is generally high.

Through the establishment of the joint venture with Norsk Hydro ASA, Orkla will maintain its exposure to aluminium extrusions and building systems. The overall North American market for the extrusions business in North America showed a declining volume trend in the first half of 2013, and the outlook is similar for the third quarter. The market in the European building and construction industry is still weak and markets are not expected to improve in 2013. For Sapa Heat Transfer, the trend in the European automotive market was negative in the first half and the North American market was flat, while growth in the Chinese automotive market accelerated. Market prospects for the second half of 2013 are similar to the trend in the first half of the year, but growth in China is expected to slow somewhat.

With regard to the energy business, reservoir levels are slightly lower than normal and annual production is expected to be lower than in 2012.

Orkla's financial position is robust and the Group has cash reserves and committed credit lines that exceed known capital expenditures in the next 12 months.

STATEMENT BY THE BOARD OF DIRECTORS

We confirm that, to the best of our knowledge, the unaudited, condensed half-year financial statements for the period 1 January to 30 June 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting, and that the information in the financial statements gives a true and fair view of the enterprise and the Group's assets, liabilities, financial position and overall results, and that the half-year report gives a fair overview of the information specified in section 5-6, fourth paragraph, of the Securities Trading Act.

Oslo, 17 July 2013
The Board of Directors of Orkla ASA

Stein Erik Hagen Chair	Grace Reksten Skaugen Deputy Chair	Jo Lunder	Jesper Ovesen
Peter A. Ruzicka	Ingrid Jonasson Blank	Lisbeth Valther Pallesen	Terje Utstrand
Sverre Josvanger	Gunn Liabø	Kenneth Hertz	Åge Korsvold President & CEO

All the figures for 2012 have been restated, see Notes 1 and 10.

CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 30.6. 2013	1.1. – 30.6. 2012	1.1. – 31.12. 2012	1.4. – 30.6. 2013	1.4. – 30.6. 2012
Operating revenues	2	**15,124**	14,282	29,896	**7,905**	7,213
Operating expenses		**(13,369)**	(12,456)	(25,619)	**(6,989)**	(6,288)
Depreciation and write-downs property, plant and equipment		**(527)**	(452)	(918)	**(284)**	(227)
Amortisation intangible assets		**(10)**	(7)	(16)	**(3)**	(3)
Other income and expenses	3	**(619)**	(144)	(433)	**(583)**	(130)
Operating profit		**599**	1,223	2,910	**46**	565
Profit/loss from associates and joint ventures		**225**	279	418	**130**	120
Dividends received		**240**	174	211	**120**	122
Gains, losses and write-downs shares and financial assets		**573**	658	857	**352**	231
Financial items, net		**(223)**	(242)	(489)	**(134)**	(100)
Profit/loss before taxes		**1,414**	2,092	3,907	**514**	938
Taxes		**(280)**	(338)	(726)	**(120)**	(140)
Profit/loss for the period for continuing operations		**1,134**	1,754	3,181	**394**	798
Gains/profit/loss discontinued operations	10	**(1,175)**	(132)	(1,547)	**(1,119)**	(488)
Profit/loss for the period		**(41)**	1,622	1,634	**(725)**	310
Profit/loss attributable to non-controlling interests		**24**	31	0	**10**	15
Profit/loss attributable to owners of the parent		**(65)**	1,591	1,634	**(735)**	295

EARNINGS PER SHARE

Amounts in NOK	1.1. – 30.6. 2013	1.1. – 30.6. 2012	1.1. – 31.12. 2012	1.4. – 30.6. 2013	1.4. – 30.6. 2012
Earnings per share	**(0.1)**	1.6	1.6	**(0.7)**	0.3
Earnings per share (diluted)	**(0.1)**	1.6	1.6	**(0.7)**	0.3

CONDENSED COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	1.1. – 30.6. 2013	1.1. – 30.6. 2012	1.1. – 31.12. 2012	1.4. – 30.6. 2013	1.4. – 30.6. 2012
Profit/loss for the period		**(41)**	1,622	1,634	**(725)**	310
Items not to be reclassified to profit/loss in subsequent periods						
Change in actuarial gains and losses pensions after tax		**0**	0	(37)	**0**	0
Items to be reclassified to profit/loss in subsequent periods						
Change in unrealised gains on shares after tax	4	**(225)**	(382)	(753)	**(229)**	(583)
Change in hedging reserve after tax	4	**(19)**	8	(5)	**34**	(120)
Translation effects		**768**	(430)	(1,173)	**427**	139
The Group's comprehensive income		**483**	818	(334)	**(493)**	(254)
Comprehensive income attributable to non-controlling interests		**34**	29	(8)		
Comprehensive income attributable to owners of the parent		**449**	789	(326)		

CONDENSED BALANCE SHEET

Amounts in NOK million	Note	30.6. 2013	31.12. 2012
Intangible assets		**15,054**	10,069
Property, plant and equipment		**12,048**	9,601
Financial assets	6	**3,505**	3,686
Non-current assets		**30,607**	23,356
Assets in discontinued operations	10	**14,075**	13,740
Inventories		**4,981**	4,243
Receivables	6	**6,450**	5,357
Shares and financial assets		**1,056**	3,601
Cash and cash equivalents	6	**2,369**	7,196
Current assets		**28,931**	34,137
Total assets		**59,538**	57,493
Paid in equity		**1,987**	1,985
Earned equity		**26,183**	28,196
Non-controlling interests		**255**	258
Equity		**28,425**	30,439
Provisions and other non-current liabilities		**4,000**	3,380
Non-current interest-bearing liabilities	6	**12,499**	9,352
Current interest-bearing liabilities	6	**2,340**	3,460
Liabilities in discontinued operations	10	**5,385**	4,163
Other current liabilities		**6,889**	6,699
Equity and liabilities		**59,538**	57,493
Equity ratio (%)		**47.7**	52.9

CONDENSED CHANGES IN EQUITY

	1.1. – 30.6.2013			1.1. – 30.6.2012		
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	**30,181**	**258**	**30,439**	33,436	280	33,716
The Group's comprehensive income	**449**	**34**	**483**	789	29	818
Dividends	**(2,528)**	**(41)**	**(2,569)**	(2,525)	-	(2,525)
Net buy-back/sale of Orkla shares	**75**	**-**	**75**	(467)	-	(467)
Option costs	**15**	**-**	**15**	35	-	35
Change in non-controlling interests	**(22)**	**4**	**(18)**	(4)	(2)	(6)
Equity at the close of the period	**28,170**	**255**	**28,425**	31,264	307	31,571

CONDENSED CASH FLOW STATEMENT IFRS

Amounts in NOK million	Note	1.1. – 30.6. 2013	1.1. – 30.6. 2012	1.1. – 31.12. 2012	1.4. – 30.6. 2013	1.4. – 30.6. 2012
Cash flow from operations before net replacement expenditure		**1,023**	1,984	4,907	**821**	1,476
Received dividends and financial items		**132**	232	84	**(25)**	7
Taxes paid		**(380)**	(839)	(995)	**(190)**	(665)
Cash flow from operating activities		**775**	1,377	3,996	**606**	818
Net investments fixed assets		**(389)**	(539)	(1,143)	**(201)**	(312)
Net sale (purchase) of companies	5, 10	**(5,941)**	775	1,246	**(5,176)**	(16)
Net sale portfolio investments		**2,776**	2,015	3,350	**2,099**	965
Discontinued operations and other payments		**(194)**	(738)	333	**66**	(215)
Cash flow from investing activities		**(3,748)**	1,513	3,786	**(3,212)**	422
Net paid to shareholders		**(2,494)**	(3,090)	(3,194)	**(2,460)**	(2,423)
Change in interest-bearing liabilities and interest-bearing receivables		**392**	(264)	(2,666)	**1,918**	(420)
Cash flow from financing activities		**(2,102)**	(3,354)	(5,860)	**(542)**	(2,843)
Currency effects cash and cash equivalents		**248**	(82)	(177)	**106**	0
Change in cash and cash equivalents		**(4,827)**	(546)	1,745	**(3,042)**	(1,603)
Cash and cash equivalents	6	**2,369**	4,905	7,196		

See also Note 13 for cash flow Orkla-format.

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for the first half of 2013 were approved at a meeting of the Board of Directors on 17 July 2013. The figures in the statements have not been audited. Orkla ASA is a public limited company and its offices are located at Skøyen in 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. In addition to implementing the amendments to the pension standard (IAS 19) and IFRS 11 Joint Arrangements, the same accounting principles and methods of calculation have been applied as in the last Annual Financial Statements (see below).

Orkla's ownership interest in Sapa that will be part of the future joint venture with Norsk Hydro was restated as "Discontinued operations" as from the third quarter of 2012 (see Note 10).

The future effects of new accounting standards are described in Note 3 to the Annual Financial Statements for 2012. As from the 2013 accounting year, Orkla has early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. In addition, IFRS 13 Fair Value Measurement and amendments to IAS 19 Employee Benefits were adopted as from 1 January 2013. The effects of the changes with regard to pensions (IAS 19) and joint ventures (IFRS 11) are described below. The other standards have no material effect on Orkla's consolidated financial statements.

The main change in the pension standard is that the "corridor approach" may no longer be used. This means that all actuarial gains and losses must be recognised in the statement of comprehensive income in the period in which they arise. The "corridor approach" was an amortisation principle, whereby only the portion of the actuarial gains and losses that exceeded 10% of the higher of gross pension liabilities or gross pension assets was to be recognised in the income statement. Thus the balance sheet did not show gross liabilities, but was reduced (increased) by unrecognised actuarial gains and losses. Under the new standard, net pension liabilities must be presented in their entirety in the balance sheet and all actuarial gains and losses must thus be charged against the Group's equity.

Furthermore, the finance part of the net pension costs will be presented as a finance element rather than as part of the net pension expense in EBITA. This means that both "Interest on pension liabilities" and "Expected return on pension assets" will be recognised as finance items.

When a new principle is introduced, historical figures are restated accordingly. As a result of the introduction of the new principle, equity as at 31 December 2012 was reduced by NOK 643 million due to the recognition of actuarial gains and losses after tax. Similarly, operating profit (EBITA) for 2012 increased by NOK 33 million due to the fact that actuarial gains and losses are no longer to be recognised in the ordinary income statement. Furthermore, operating profit (EBITA) increased by NOK 43 million due to the fact that the finance element of the pension cost is now presented as a finance item. The latter does not change the Group's profit/loss before tax. It is important to note that the effect of actuarial gains and lossses in the statement of comprehensive income will not be symmetrical with the figure that was previously recognised as actuarial gains and losses in the income statement. This is because the charge in the income statement was based on an amortisation principle (the corridor approach), while the charge recognised in the statement of comprehensive income is based directly on the actuarial gains and losses reported in the period.

The Group's ownership interest in the Moss Airport Rygge (40%) which has previously been reported as a joint venture (IFRS 11 Joint arrangements) according to the proportionate consolidation method (consolidated line by line with the Group's ownership interest) has been restated and is presented in the restated figures in accordance with the equity method (single-line consolidation using the same method as for an associate). The effect of this on Orkla's financial statements is limited: revenues have been reduced by NOK 105 million in 2012 and NOK 98 million in 2011, and EBITA has been reduced by NOK 12 million in 2012 and NOK 6 million in 2011.

Restated figures that have been adjusted for the effects of amendments to the pension standard and the new Joint Arrangement standard may be found at www.orkla.com.

The cash flow statement in Orkla format has also been amended. This is described in Note 13.

NOTE 2 SEGMENTS

OPERATING REVENUES

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2013	2012	2012	2013	2012
Orkla Group	**15,124**	14,282	29,896	**7,905**	7,213
Branded Consumer Goods	**12,463**	11,245	24,105	**6,524**	5,662
Orkla Foods	**4,306**	3,836	7,972	**2,382**	1,938
Orkla Confectionery & Snacks	**2,201**	2,269	4,794	**1,101**	1,140
Orkla Home & Personal	**2,308**	1,788	4,025	**1,097**	863
Orkla International	**990**	923	2,133	**584**	471
Orkla Food Ingredients	**2,748**	2,540	5,435	**1,415**	1,308
Eliminations Branded Consumer Goods	**(90)**	(111)	(254)	**(55)**	(58)
Sapa Heat Transfer	**2,068**	2,099	3,990	**1,058**	1,102
Hydro Power	**331**	403	812	**204**	195
Orkla Financial Investments	**284**	579	1,124	**133**	273
HQ/Other Business/Eliminations	**(22)**	(44)	(135)	**(14)**	(19)

OPERATING PROFIT - EBITA*

	1.1. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	2013	2012	2012	2013	2012
Orkla Group	**1,228**	1,374	3,359	**632**	698
Branded Consumer Goods	**1,163**	1,132	2,863	**584**	597
Orkla Foods	**489**	464	1,144	**263**	262
Orkla Confectionery & Snacks	**263**	320	787	**119**	151
Orkla Home & Pesonal	**379**	302	704	**165**	131
Orkla International	**(82)**	(52)	(5)	**(40)**	(15)
Orkla Food Ingredients	**114**	98	233	**77**	68
Sapa Heat Transfer	**169**	173	313	**84**	102
Hydro Power	**74**	79	209	**77**	46
Orkla Financial Investments	**5**	150	294	**(3)**	40
HQ/Other Business	**(183)**	(160)	(320)	**(110)**	(87)

Reconciliation against operating profit

EBITA*	**1,228**	1,374	3,359	**632**	698
Amortisation intangible assets	**(10)**	(7)	(16)	**(3)**	(3)
Other income and expenses	**(619)**	(144)	(433)	**(583)**	(130)
Operating profit	**599**	1,223	2,910	**46**	565

* Operating profit before amortisation and other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

Amounts in NOK million	1.1.–30.6. 2013	1.1.–30.6. 2012	1.1.–31.12. 2012	1.4.–30.6. 2013	1.4.–30.6. 2012
M&A costs	**(92)**	(25)	(79)	**(61)**	(14)
Write-down intangible assets, provisions for litigation and restructuring in Orkla Brands Russia	**(435)**	(92)	(267)	**(435)**	(92)
Final settlements conditions of employment	**(50)**	(39)	(43)	**(50)**	(39)
Restructuring Procordia, Abba and Beauvais	**(12)**	-	(55)	**(7)**	-
Special IFRS effects	**(30)**	(2)	(22)	**(30)**	1
Insurance settlements Sapa Heat Transfer	**-**	29	30	**-**	29
Restructuring Sapa Heat Transfer	**-**	(9)	(16)	**-**	(9)
Write-down property, plant and equipment in Denomega	**-**	(6)	(6)	**-**	(6)
Gain on disposal of Salvesen & Thams	**-**	-	44	**-**	-
Property tax in Sauda for earlier periods	**-**	-	(19)	**-**	-
Total other income and expenses	**(619)**	(144)	(433)	**(583)**	(130)

Orkla Brands Russia is not delivering satisfactory results and brands and goodwill have been written down and a further provision has been made in connection with ongoing litigation, totalling NOK 435 million.

Costs directly related to the integration of Rieber & Søn have largely been recognised as “Other income and expenses” (OIE). These largely consist of severance settlements for redundant staff, consultancy fees related to the integration process and certain short-term IT changes for system coordination. These are costs that are not associated with a normal operating situation. In addition, costs related to severance settlements for employees rendered redundant by the reorganisation of Orkla Confectionery & Snacks and Orkla Home & Personal have in the same way been recognised as OIE. Further costs in connection with the integration of Rieber & Søn and reorganisation in the Group may arise right up until 31 December 2013.

NOTE 4 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows changes in the value of the share portfolio (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect for the first half of 2013 relating to unrealised gains amounts to NOK 0 million (NOK 7 million), while the tax effect relating to the hedging reserve amounts to NOK 49 million (NOK 8 million).

Unrealised gains/losses on shares and the hedging reserve included in equity as at 30 June 2013 (after tax) totalled NOK 156 million and NOK -295 million, respectively. Corresponding accumulated translation differences amounted to NOK -1,497 million as of 30 June 2013. Currency effects related to restating of pensions affected the accumulated translation differences by NOK 8 million. Accumulated actuarial gains and losses charged against equity amounted to NOK -722 million as of 30 June 2013.

NOTE 5 ACQUISITIONS AND SALES OF COMPANIES

Branded Consumer Goods

The acquisition of Rieber & Søn was finally closed after the competition authorities approved the transaction as of 26 April 2013. Orkla ASA has purchased the shares through its wholly-owned subsidiary Orkla Brands AS. After completion of the agreement, a mandatory offer was made to the remaining shareholders in Rieber & Søn based on the same purchase price per share that was paid to the Rieber family. In parallel, a decision was made to make a compulsory acquisition of minority shareholdings, followed by an application for the company’s shares to be delisted from the Oslo Stock Exchange. The enterprise value (EV) for Rieber & Søn (100%) totals NOK 6.1 billion and, in accordance with the preliminary purchase price allocation, the main items will be capitalisation of goodwill and brands. Once the purchase price allocation has been carried out, the total carrying value of Rieber brands will be on the order of NOK 1.2 billion and goodwill approximately NOK 3.5 billion. The purchase price allocation is not expected to be final until 31 December 2013. Rieber & Søn was consolidated into the Group as of 1 May 2013 and contributed EBITA of NOK 9 million to Orkla Foods, NOK 1 million to Orkla Brands International and NOK -3 million to HQ/Other business for two months. At the end of the first half Rieber & Søn reported EBITA of NOK 43 million.

In the first half year, Branded Consumer Goods also bought a number of small companies representing an enterprise value of NOK 144 million. The largest acquisitions were the company Marcantonio Foods and the Jokk brand.

Marcantonio Foods is a leading supplier of accessories and ingredients for ice cream parlours and ice cream manufacturers in the UK. The company has a production plant for ice cream cones and wafers in Barking, outside London. In 2011, Marcantonio Foods had sales of GBP 7.6 million. The company has a total of 55 employees.

Procordia has purchased the Jokk brand from Norrmejerier, thereby strengthening its position in the fruit and berry beverage sector. Jokk consists of a range of berry drinks, which are sold both as a concentrate and as ready-to-drink beverages, and has annual sales of around NOK 58 million.

Orkla Food Ingredients sold the company Kolding Salatfabrik in Denmark in the first half.

Orkla Financial Investments

Orkla has purchased the real estate properties at Drammensveien 149 and 151 in Oslo for NOK 690 million. Drammensveien 149 is currently an office building, while Drammensveien 151 was previously a petrol station. At present the site is used as a parking lot. Orkla will now apply for the rezoning of Drammensveien 151 for the construction of a new office building. Combined with the existing office building at Drammensveien 149, this building will become Orkla’s new corporate centre and headquarters, into which the Group is expects to move in the course of 2016.

NOTE 6 NET INTEREST-BEARING LIABILITIES

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

Amounts in NOK million	30.6. 2013	31.12. 2012
Non-current interest-bearing liabilities	**(12,499)**	(9,352)
Current interest-bearing liabilities	**(2,340)**	(3,460)
Non-current interest-bearing receivables (in “Financial Assets”)	**636**	766
Current interest-bearing receivables (in “Receivables”)	**75**	64
Cash and cash equivalents	**2,369**	7,196
Net interest-bearing liabilities	**(11,759)**	(4,786)

NOTE 7 RELATED PARTIES

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

There were no special transactions between the Group and related parties in the first half of 2013.

The Group has provided loans totalling NOK 32 million and NOK 176 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 1 January 2013	17,602,000
Exercised during the period	(1,795,000)
Forfeited during the period	(365,000)
Outstanding options 30 June 2013	15,442,000

Change in number of treasury shares:

Treasury shares 1 January 2013	7,987,114
Options exercised in treasury shares	(1,775,000)
Share programme for Orkla employees	(881)
Treasury shares 30 June 2013	6,211,233

NOTE 9 ASSESSMENTS RELATING TO IMPAIRMENT

In accordance with the Group's accounting principles, the share portfolio was written down by NOK 46 million in the first half of 2013.

As disclosed in Note 3, Orkla Brands Russia is not delivering satisfactory results.The remaining goodwill and brands related to Orkla Brands Russia have therefore been written down by a total of NOK 364 million. Following the write-down, the carrying value of brands and goodwill related to the Russian operations is nil.

The markets in which Sapa (part of future JV) operates are extremely challenging and the remaining goodwill has been written down by a total of NOK 1,161 million. The write-down is presented in the financial statements on the line for "Discontinued operations".

No other deficit values have been identified in the Group's property, plant or equipment or intangible assets.

NOTE 10 DISCONTINUED OPERATIONS

Orkla's ownership interest in Sapa (part of future JV) is still presented as "Discontinued operations", and will be presented as such until the joint venture agreement with Norsk Hydro becomes effective. The part of Sapa's operations that is covered by the agreement with Norsk Hydro concerns Sapa Profiles, Sapa Building System and Welded & Extruded Products. After it comes into force, Orkla's share of the new joint venture (50%) will be presented in accordance with the equity method, not included in the Group's operating profit/loss. The figures presented for "Discontinued operations" have been restated to take into account the amendments to the pension standard.

Profit & loss for discontinued operations:

	1.1. – 30.6.	
Amounts in NOK million	**2013**	**2012**
Operating revenues	**12,596**	15,648
Operating expenses	**(12,031)**	(14,631)
Depreciation/write-downs of property, plant and equipment	**(356)**	(449)
Amortisation intangible assets	**(11)**	(15)
Other income and expenses	**(1,328)**	(57)
Operating profit	**(1,130)**	496
Profit/loss from associates	**(3)**	(377)
Financial items, net	**(21)**	(40)
Profit/loss before taxes	**(1,154)**	79
Taxes	**3**	(152)
Profit/loss for the period after taxes	**(1,151)**	(73)
Transaction costs	**(24)**	(59)
Profit/loss for discontinued operations	**(1,175)**	(132)

EBITA, by segment

Sapa (part of future JV)	**209**	283
Borregaard Chemicals	**-**	285
Total	**209**	568

NOTE 11 FINANCIAL INSTRUMENTS

Financial instruments measured at fair value:

	Measurement level			
Amounts in NOK million	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2013:				
Assets				
Shares and financial assets	116	-	995	1,111
Derivatives	-	606	-	606
Liabilities				
Derivatives	-	88	-	88
31 December 2012:				
Assets				
Shares and financial assets	1,497	-	2,162	3,659
Derivatives	-	743	-	743
Liabilities				
Derivatives	-	627	-	627

Change in measurement level 3

Amounts in NOK million	
Book value 31 December 2012	2,162
Gain, losses and write-downs shares and financial assets	215
Change in unrealised gains (comprehensive income)	(94)
Net sale of shares and financial assets	(1,288)
Book value 30 June 2013	995

See also Note 6 for a overview of interest-bearing assets and liabilities.

NOTE 12 OTHER MATTERS

Orkla settled the Total Return Swap relating to REC shares the week before Easter 2013. For accounting purposes, a gain of NOK 32 million was recognised in the first quarter, which is included in "Gains/losses, write-downs shares and financial assets". Orkla sold its entire holding of REC shares in May and has thus recognised a further gain of NOK 158 million. The basis for the gain was the written-down value of the share as of 31 December 2013 of NOK 1.07. Orkla has also sold its entire holding of Borregaard shares, generating a gain of NOK 76 million. The gains are presented on the line for "Gains/losses, write-downs shares and financial assets".

Orkla Confectionery & Snacks intends to create a single, effective company per country. KiMs Norge, Sætre and Nidar will be merged into one company in Norway. Similarly, OLW and Göteborgs Kex will be merged in Sweden, and Chips and Panda in Finland. The integration process is well underway and redundancy costs were recognised as "Other income and expenses". Additional costs will be incurred in the third quarter in connection with these processes.

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 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. This cash flow format is used directly in the management of the business areas, and is included in the presentation of segment information. Due to the significant reduction in investing activities, no differentiation is now made between industrial activities and investing activities. Historical figures have been restated, and the figures for investing activities have been distributed between the ordinary lines. The statement 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. – 30.6.		1.1. – 31.12.	1.4. – 30.6.	
Amounts in NOK million	Note	**2013**	**2012**	**2012**	**2013**	**2012**
Operating profit		**599**	1,223	2,910	**46**	565
Amortisation, depreciation and impairment charges		**901**	476	969	**651**	248
Changes in net working capital, etc.		**(477)**	285	1,028	**124**	663
Cash flow from operations before net replacement expenditures		**1,023**	1,984	4,907	**821**	1,476
Net replacement expenditures		**(319)**	(384)	(796)	**(157)**	(229)
Cash flow from operations		**704**	1,600	4,111	**664**	1,247
Financial items, net		**(217)**	(159)	(372)	**(145)**	(114)
Taxes paid		**(380)**	(839)	(995)	**(190)**	(665)
Received dividends		**349**	391	456	**120**	121
Discontinued operations and other payments		**(194)**	(738)	333	**66**	(215)
Cash flow before capital transactions		**262**	255	3,533	**515**	374
Paid dividends		**(2,569)**	(2,623)	(2,778)	**(2,531)**	(2,387)
Net sale/purchase of Orkla shares		**75**	(467)	(416)	**71**	(36)
Cash flow before expansion		**(2,232)**	(2,835)	339	**(1,945)**	(2,049)
Expansion investments		**(70)**	(155)	(347)	**(44)**	(83)
Sale of companies/share of companies (enterprise value)	5, 10	**47**	933	3,538	**0**	0
Purchase of companies/share of companies (enterprise value)	5	**(6,935)**	(128)	(1,617)	**(6,108)**	(7)
Net purchase/sale portfolio investments		**2,776**	2,015	3,350	**2,099**	965
Net cash flow		**(6,414)**	(170)	5,263	**(5,998)**	(1,174)
Currency effects of net interest-bearing liabilities		**(559)**	120	412	**(284)**	(27)
Change in net interest-bearing liabilities		**6,973**	50	(5,675)	**6,282**	1,201
Net interest-bearing liabilities	6	**11,759**	10,511	4,786		