Annual Report 2013

Contents

Financial calendar for Orkla ASA

Date	Event
10.04.2014	*Annual General Meeting 2014*
11.04.2014	*Share traded ex. dividend**
25.04.2014	*Dividend payment**
08.05.2014	*1st quarter 2014*
17.07.2014	*2nd quarter 2014*
30.10.2014	*3rd quarter 2014*
05.02.2015	*4th quarter 2014*

*Subject to the approval of the proposed dividend at the General Meeting.

Business areas

Orkla Foods	Orkla Confectionery & Snacks	Orkla Home & Personal	Orkla International	Orkla Food Ingredients
Operating revenues (NOK million): ***9,797***	Operating revenues (NOK million): ***4,784***	Operating revenues (NOK million): ***4,770***	Operating revenues (NOK million): ***2,644***	Operating revenues (NOK million): ***5,998***
EBITA[1] (NOK million): ***1,275***	EBITA[1] (NOK million): ***682***	EBITA[1] (NOK million): ***823***	EBITA[1] (NOK million): ***-86***	EBITA[1] (NOK million): ***288***
Number of man-years: ***4,083***	Number of man-years: ***2,247***	Number of man-years: ***1,738***	Number of man-years: ***4,957***	Number of man-years: ***2,366***

Other businesses

Gränges	Hydro Power	Shares and financial assets	Orkla Eiendom
Rolled aluminium products EBITA[1] (NOK million):	EBITA[1] (NOK million):	Value (NOK billion):	*(real estate)* Book value (NOK billion):
337	***213***	***1.1***	***2.3***

Associated companies and joint ventures

Sapa (JV) (50%)	Jotun (42.5%)
Pro forma EBITDA* (NOK billion):	EBIT* (NOK billion):
1.1	***1.3***

Corporate centre and support functions

*The figures from associates and joint ventures are on a 100 % basis.
[1]Operating profit before amortisation and other income and expenses.

The leading Nordic branded consumer goods company

Orkla ASA is listed on the Oslo Stock Exchange and headquartered in Oslo, Norway. Orkla is a leading supplier of branded consumer goods and concept solutions to the grocery and out-of-home sectors in the Nordic and Baltic regions. In addition, the Group holds good positions in certain product categories in India, the Czech Republic, Austria, Poland and Russia. The company is also a major supplier to the European bakery market. Orkla's vision is to improve everyday life with healthier and more enjoyable local brands.

The Group also operates in the aluminium, hydropower and real estate sectors.

As at 31 December 2013, Orkla had around 17,000 employees. The Group's turnover in 2013 totalled NOK 33 billion.

Sales revenues[1] per business area

Orkla Foods	***9,730***	*30%*
Orkla Confectionery & Snacks	***4,755***	*15%*
Orkla Home & Personal	***4,743***	*15%*
Orkla International	***2,508***	*8%*
Orkla Food Ingredients	***5,939***	*18%*
Gränges	***3,895***	*12%*
Hydro Power	***639***	*2%*
Other businesses	***7***	*0%*
Total sales revenues (NOK million)	***32,216***	*100%*

[1]Excluding internal sales and other operating revenues.

Key figures*

	2013	2012	2011	2010	2009
Operating revenues (NOK million)	**33,045**	30,001	61,009	57,338	56,228
EBITA[1] (NOK million)	**3,163**	3,295	4,041	3,944	2,448
EBITA[1] margin (%)	**9.6**	11.0	6.6	6.9	4.4
Ordinary profit before tax (NOK million)	**2,664**	3,873	-923	20	1,071
Diluted earnings per share (NOK)	**0.7**	1.6	-0.8	-0.9	2.5
Return on capital employed industrial activities[2] (%)	**11.1**	12.9	10.7	10.5	5.2
Total dividends per share (NOK)	**2.50[3]**	2.50	2.50	7.50	2.25
Equity ratio (%)	**59.1**	53.9	51.8	53.6	51.7

*Figures as reported in 2009-2012.
[1]Operating profit before amortisation and other income and expenses.
[2]See definition on page 111.
[3]Proposed dividend.

33.0

OPERATING REVENUES

Group operating revenues totalled NOK 33.0 billion.

3.2

EBITA[1]

Group EBITA[1] totalled NOK 3.2 billion.

0.7

EARNINGS PER SHARE

Earnings per share were NOK 0.7 in 2013.

A more powerful Orkla

2013 has been a year of changes. Following the Board of Directors' decision in the autumn of 2011 to focus on Orkla's branded consumer goods business, work on creating a more pure-play, competitive company is now well under way. Orkla's new logo and visual identity, which we presented in the autumn of 2013, is a visible expression of Orkla's new direction.

We have undertaken a comprehensive restructuring of the Group to create a more logical, simpler organisation. We have grouped our branded consumer goods operations into five business areas, and reduced the number of operational companies. In both the Orkla Foods and Orkla Confectionery & Snacks business areas, the number of companies has been slashed from seven to three.

Orkla's acquisition of Rieber & Søn was approved by the Norwegian competition authorities in the second quarter. Stabburet and Rieber & Søn were merged to form Orkla Foods Norge, thereby becoming one of the largest branded consumer goods suppliers of food in Norway. In Sweden, the Rieber company Frödinge was integrated into Orkla Foods Sverige, after Procordia and Abba Seafood were merged into a single company. Orkla Foods Danmark is the result of the merger of two companies, Beauvais foods and Rieber & Søn Danmark.

The Orkla Confectionery & Snacks business area has been restructured to create larger, stronger national units. In Norway, Nidar, KiMs Norge and Sætre were merged into one company. OLW and Göteborgs Kex were similarly merged in Sweden, and Chips and Panda have become a single company in Finland.

In the Orkla Home & Personal business area, the integration of Jordan has been completed. The Personal & Home Care unit was integrated into Lilleborg, while the House Care unit has been maintained as a separate company. There are now five businesses in the business area: Lilleborg, Lilleborg Profesjonell, Orkla House Care, Axellus Group and Pierre Robert Group.

We have products that are greatly appreciated by consumers. Orkla products can be found in virtually every home throughout the Nordic region. Many of the products have been with us for generations. But we cannot rest on our laurels. Consumer demands with regard to health, the environment and food safety are rising. Orkla must be a name synonymous with good raw materials, sustainable production and safe, reliable products.

Orkla's strategy remains unchanged. Orkla aims to be the Nordic region's leading branded consumer goods company. We will make products which are healthier and easier to enjoy, which make life simpler and which our customers can be proud of displaying on their store shelves. Local brands are the foundation for Orkla's operations, now and in the future.

We aim to ensure that Orkla products are tomorrow's favourites too. Operational excellence and a good dose of business acumen are crucial. As a large branded consumer goods company with substantial resources, we are well positioned to contribute to creating growth and profitability for our customers, and a good return for our shareholders.

"We have products that are greatly appreciated by consumers. Orkla products can be found in virtually every home throughout the Nordic region. Many of the products have been with us for generations."

Peter A. Ruzicka
President and CEO

Orkla

Orkla is a leading branded consumer goods company in the Nordic and Baltic regions.

Orkla's branded consumer goods business consists of a portfolio of well-known brands and concept solutions, most of which hold number one or number two positions in their respective categories. Orkla is also a major supplier to the European bakery market.

The Branded Consumer Goods area comprises five business areas: Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients.

Orkla's other businesses consist of Gränges, Hydro Power and shares and financial assets, in addition to its investments in Sapa (JV) (50% ownership interest) and Jotun (42.5% ownership interest).

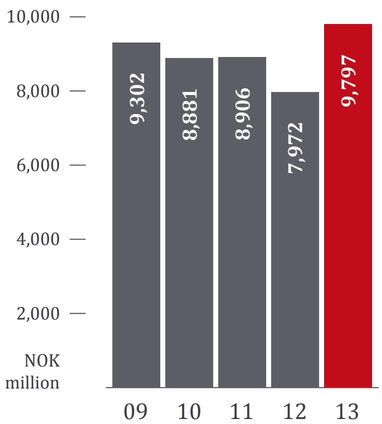
Orkla's vision

"Improving everyday life with healthier and more enjoyable local brands"

Orkla Foods

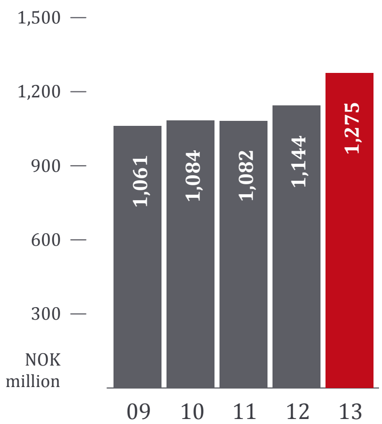
Orkla Foods comprises Orkla's food businesses in the Nordic and Baltic regions. The companies in this business area are Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Põltsamaa Felix in Estonia, Spilva in Latvia and Suslavicius-Felix in Lithuania. Orkla Foods' operations are concentrated on its own strong brands, which largely hold number one positions in their home markets.

OPERATING REVENUES ORKLA FOODS



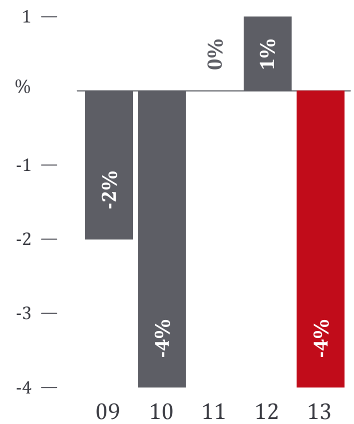
EBITA[1*] ORKLA FOODS

[1]Operating profit before amortisation and other income and expenses.
**Figures from 2009-2012 are restated due to a change in pension calculation principles.*



UNDERLYING[2] GROWTH IN OPERATING REVENUES ORKLA FOODS

[2]Adjusted for acquired and sold companies, and currency translation effects.



OPERATING REVENUES
9,797

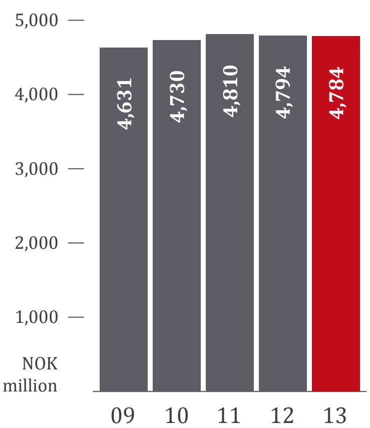
EBITA[1]
1,275

Read more about Orkla Foods under "Report of the Board of Directors" on page 14.

Orkla Confectionery & Snacks

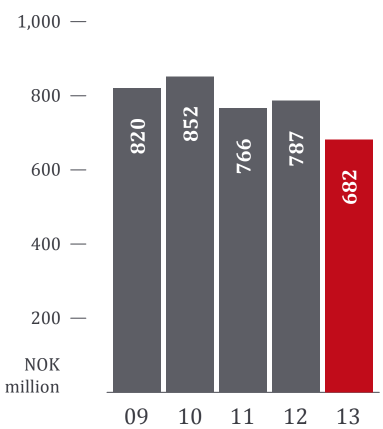
Orkla Confectionery & Snacks comprises six branded consumer goods businesses which serve the Nordic and Baltic regions as their home markets. The companies in Orkla Confectionery & Snacks are Orkla Confectionery & Snacks Norge (snacks, biscuits and confectionery), Orkla Confectionery & Snacks Sverige (snacks and biscuits), Orkla Confectionery & Snacks Finland (snacks, biscuits and confectionery), KiMs in Denmark (snacks), Latfood in the Baltics (snacks) and Kalev in Estonia (confectionery).

OPERATING REVENUES ORKLA CONFECTIONERY & SNACKS



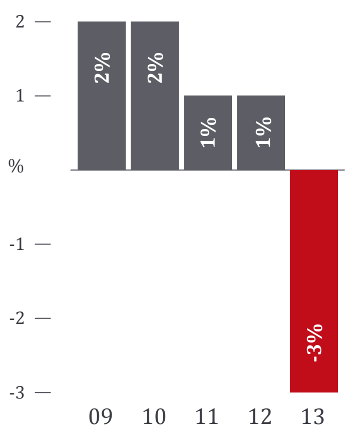
EBITA[1*] ORKLA CONFECTIONERY & SNACKS

[1]Operating profit before amortisation and other income and expenses.
**Figures from 2009-2012 are restated due to a change in pension calculation principles.*



UNDERLYING[2] GROWTH IN OPERATING REVENUES ORKLA CONFECTIONERY & SNACKS

[2]Adjusted for acquired and sold companies, and currency translation effects.



OPERATING REVENUES
4,784

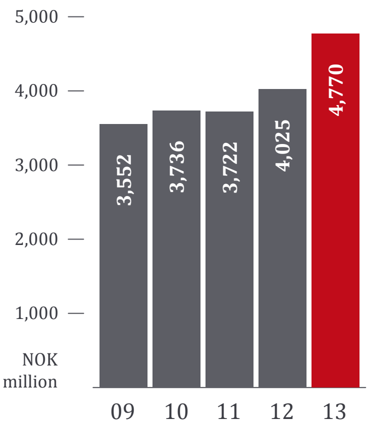
EBITA[1]
682

Read more about Orkla Confectionery & Snacks under "Report of the Board of Directors" on page 14.

Orkla Home & Personal

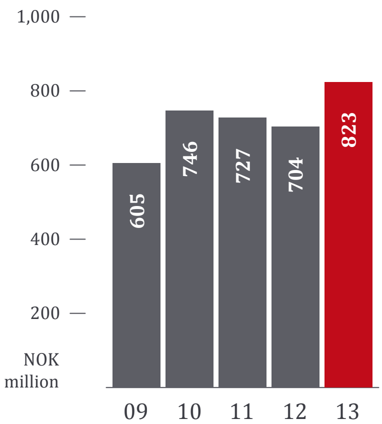
Orkla Home & Personal comprises five branded consumer goods businesses which primarily serve the Nordic region as their home market. The companies in the Orkla Home & Personal business area are Lilleborg (detergents, toothbrushes and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions for the professional market), Axellus Group (dietary supplements and health products), Pierre Robert Group (basic textiles in the grocery channel) and Orkla House Care (painting tools and cleaning products).

OPERATING REVENUES ORKLA HOME & PERSONAL



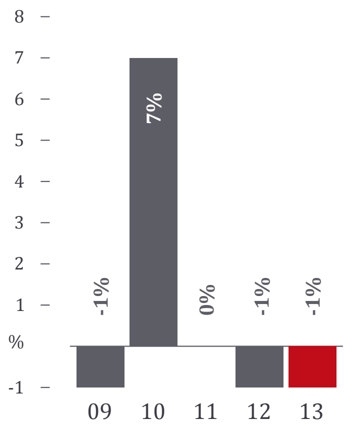
EBITA[1*] ORKLA HOME & PERSONAL

[1]Operating profit before amortisation and other income and expenses.
**Figures from 2009-2012 are restated due to a change in pension calculation principles.*



UNDERLYING[2] GROWTH IN OPERATING REVENUES ORKLA HOME & PERSONAL

[2]Adjusted for acquired and sold companies, and currency translation effects.



OPERATING REVENUES
4,770

EBITA[1]
823

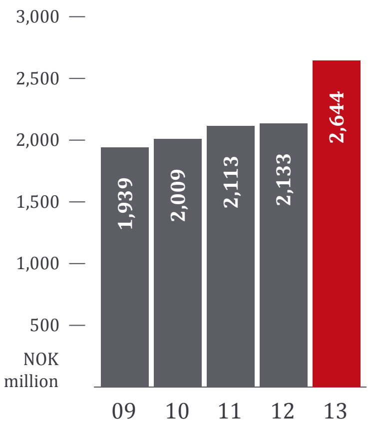
Read more about Orkla Home & Personal under "Report of the Board of Directors" on page 14.

Orkla International

Annual Report

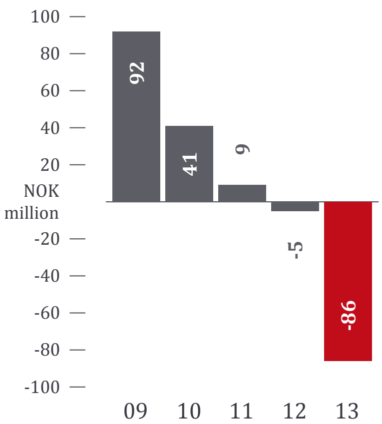
Orkla International comprises branded consumer goods companies outside the Nordic and Baltic regions. This business area consists of Orkla Brands Russia and Rieber Russia in Russia, Vitana in the Czech Republic, Rieber Foods Polska in Poland, Felix Austria in Austria and MTR Foods in India. These companies focus primarily on local brands, and largely hold number one or number two positions at national or regional level in their home markets.

OPERATING REVENUES ORKLA INTERNATIONAL



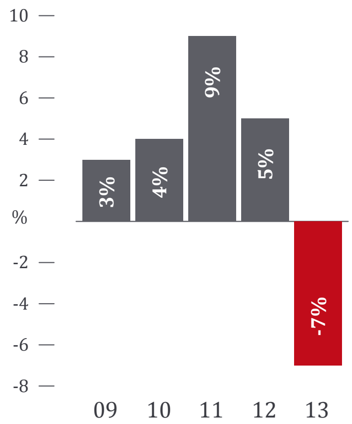
EBITA[1*] ORKLA INTERNATIONAL

[1]Operating profit before amortisation and other income and expenses.
*Figures from 2009-2012 are restated due to a change in pension calculation principles.



UNDERLYING[2] GROWTH IN OPERATING REVENUES ORKLA INTERNATIONAL

[2]Adjusted for acquired and sold companies, and currency translation effects.



2013

OPERATING REVENUES
2,644

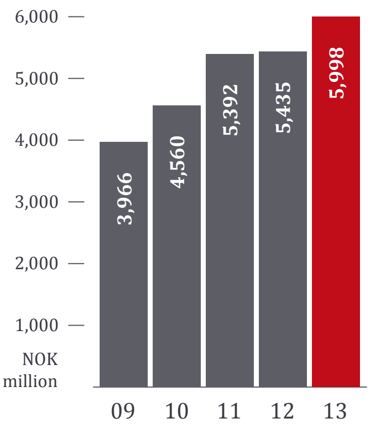
EBITA[1]
-86

Read more about Orkla International under "Report of the Board of Directors" on page 14.

Orkla Food Ingredients

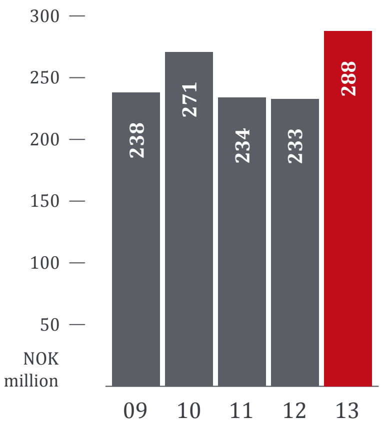
Orkla Food Ingredients is the leading player in the Nordic bakery ingredients sector, and holds growing market positions in selected countries in Europe. The business area ensures proximity to its customers through sales and distribution companies in a total of 19 countries. Its largest product groups are margarine and butter blends, bread and cake improvers and mixes, marzipan and yeast. These products are mainly produced by the business area's own facilities and account for approximately 60% of total sales.

OPERATING REVENUES ORKLA FOOD INGREDIENTS



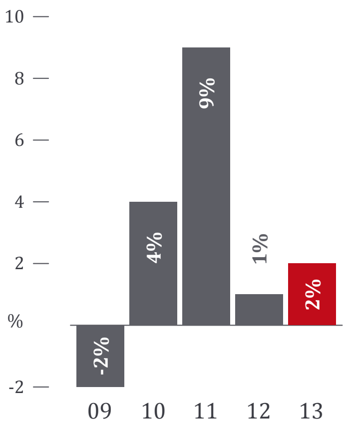
EBITA[1*] ORKLA FOOD INGREDIENTS

[1]Operating profit before amortisation and other income and expenses.
**Figures from 2009-2012 are restated due to a change in pension calculation principles.*



UNDERLYING[2] GROWTH IN OPERATING REVENUES ORKLA FOOD INGREDIENTS

[2]Adjusted for acquired and sold companies, and currency translation effects.



OPERATING REVENUES
5,998

EBITA[1]
288

Read more about Orkla Food Ingredients under"Report of the Board of Directors" on page 14.

The Board of Directors of Orkla ASA

Read more about the Board of Directors on page 120

STEIN ERIK HAGEN

Chairman of the Board
Member of the Compensation Committee

PETER A. RUZICKA

*Member of the Board of Directors**
*Member of the Audit Committee**

**Up until 10 February 2014*

JESPER OVESEN

Member of the Board of Directors
Chair of the Audit Committee

GRACE REKSTEN SKAUGEN

Deputy Chair of the Board of Directors
Chair of the Compensation Committee

JO LUNDER

Member of the Board of Directors

LISBETH VALTHER PALLESEN

Member of the Board of Directors

INGRID JONASSON BLANK
Member of the Board of Directors

TERJE UTSTRAND
Employee-elected member of the Board of Directors
Member of the Compensation Committee

GUNN LIABØ
Employee-elected member of the Board of Directors
Member of the Audit Committee

SVERRE JOSVANGER
Employee-elected member of the Board of Directors

LAILA FAST PETROVIC
*Regularly attending employee-elected deputy**

**Since 1 September 2013*

PEER SØRENSEN
Employee-elected Board observer

Report of the Board of Directors

The general strategy of transforming Orkla into a Nordic-based branded consumer goods group remains unchanged. The Board of Directors worked on organising and strengthening the branded consumer goods business throughout 2013. In total, more than NOK 6 billion was invested in new branded consumer goods companies in 2013.

The integration of Rieber & Søn was a particularly resource-intensive process, in addition to which major restructuring and cost-cutting measures were implemented in the other branded consumer goods businesses. The corporate and management structure was changed in accordance with the strategy, thereby laying a good foundation for future value creation in the Branded Consumer Goods area. Orkla has continued to sell off assets outside the Branded Consumer Goods area, and the Group's agreement with Norsk Hydro to combine their respective aluminium profile, building system and tubing businesses in a joint venture was completed in September 2013. Capital totalling close to NOK 5 billion was freed up in 2013 from businesses and ownership interests outside the Branded Consumer Goods area.

The acquisition of branded consumer goods businesses contributed to 15% growth in turnover for the Branded Consumer Goods area. Cost synergies of around NOK 300 million have been identified in connection with these acquisitions. Measures to exploit these synergies have largely been adopted and are being implemented, but the impact on profit will primarily be seen in the course of 2014 and beyond. Other important structural changes and cost improvement measures were also carried out with a view to strengthening the Group's competitiveness.

The market for the branded consumer goods business was relatively stable, and Orkla Foods Sverige, Orkla Food Ingredients and Orkla Home & Personal achieved profit improvement. A comprehensive integration and restructuring process has had a negative effect on Orkla Foods Norge's results in the short term, while Orkla Confectionery & Snacks has faced a more demanding competitive situation. In Russia, the market remained challenging and profit performance was very weak. A process to sell Orkla Brands Russia has been initiated. Orkla holds very strong branded consumer goods positions and large market shares in the Nordic region, but overall underlying growth in top-line revenues and market shares was unsatisfactory in 2013.

The agreement on the Sapa joint venture with Norsk Hydro was approved in the third quarter of 2013, and on 1 September, Sapa was established as a 50/50 joint venture between Norsk Hydro and Orkla.

The exclusive negotiations with a potential buyer for Gränges (formerly Heat Transfer) were terminated in the second quarter, and the company will continue to be operated as a wholly-owned subsidiary. In 2013, Gränges continued to implement substantial improvement programmes, resulting in increased profitability and good cash flow during the year.

At the end of 2013, the Group had a solid financial position, with the necessary financial flexibility to support its strategy. Net interest-bearing liabilities totalled NOK 8.5 billion as at 31 December 2013, while its equity ratio was 59.1%.

Based on both underlying operations and the capital freed up by the sale of businesses, the Board of Directors proposes to pay an ordinary dividend of NOK 2.50 per share for the 2013 financial year.

The annual financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors confirms that the going-concern assumption applies.

FURTHER DESCRIPTION OF STRUCTURAL CHANGES

Since the autumn of 2011, the Group has worked to transform Orkla into a pure-play branded consumer goods company. As part of this process, comprehensive restructuring and improvement projects were initiated in 2013. This work has been challenging, but represents substantial potential cost savings and will help to strengthen the Group's competitiveness in the long term.

The acquisition of Rieber & Søn was approved by the competition authorities on 22 April 2013, and the process of integrating the company and establishing national food companies in Norway, Sweden and Denmark was begun. This process is on track. At the end of 2013, run-rate cost synergies exceeded NOK 150 million. In Orkla Foods, the Swedish businesses Abba Seafood, Procordia and Frödinge were merged to form Orkla Foods Sverige. The newly established company is one of Sweden's largest food companies with a turnover of almost SEK 5 billion and around 1,500 employees. In Norway, the integration of Rieber & Søn Norge with Stabburet is proceeding as planned. The new company, Orkla Foods Norge, is one of the largest food suppliers in Norway with a product portfolio comprising around 1,300 products. In Denmark, Beauvais foods and Rieber & Søn Danmark merged to become Orkla Foods Danmark.

In Orkla Confectionery & Snacks, the snacks, biscuits and confectionery businesses in Norway, Sweden and Finland were merged into a single operational entity in each country. This will generate substantial synergies and enhanced innovations across national borders and categories.

In Orkla Food Ingredients, a new management structure was established in 2013.

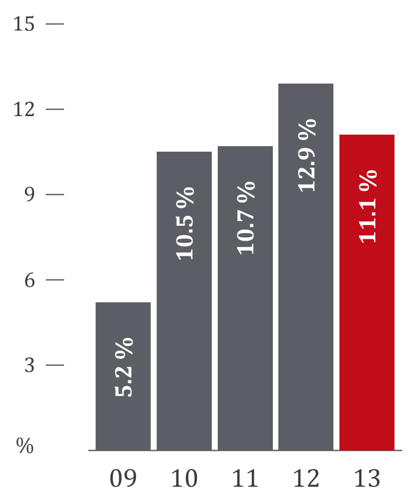
On 1 September, Sapa AS was established as a 50/50 joint venture between Norsk Hydro and Orkla, and the new company was founded with non-cash contributions from the two venturers. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla received just under NOK 2 billion in compensation for this difference. The newly established company has been re-established in Orkla's financial statements as a joint venture. Sapa (JV) is the global leader in extruded aluminium solutions, with sales in over 40 countries. The new company will be better positioned to compete effectively in today's demanding markets. Sapa has initiated a major restructuring and improvement process, which targets the realisation of annual synergies totalling around NOK 1 billion by the end of 2016.

The Group's share portfolio was also reduced in 2013, and is reported as financial assets. The largest transactions included the sale of Orkla's remaining ownership interests in REC, Borregaard and Pharmaq.

FURTHER COMMENTS ON THE GROUP'S RESULTS

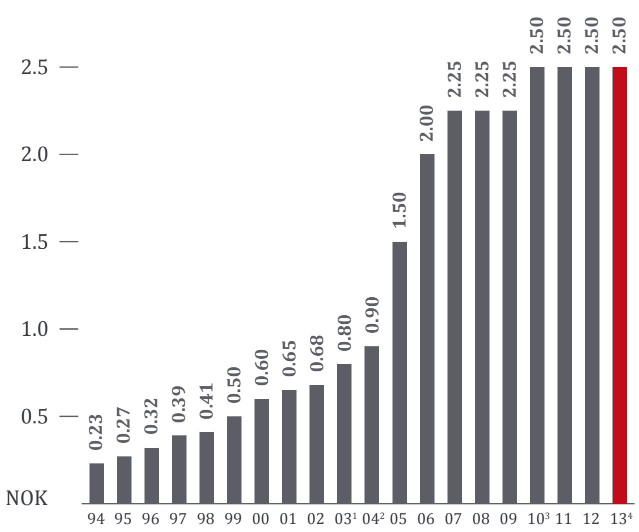
Orkla's operating revenues in 2013 totalled NOK 33,045 million (NOK 29,896 million)[2]. The increase of 11% is

*Return on capital employed industrial activities**



**Figures as reported from 2009-2012.*

Ordinary dividend per share



[1]Additional dividend NOK 5.00 per share.
[2]Additional dividend NOK 1.00 per share.
[3]Additional dividend NOK 5.00 per share.
[4]Proposed dividend.

mainly ascribable to contributions from acquired companies. The Branded Consumer Goods business saw an underlying[3] fall in operating revenues of 2.6% in 2013. This decline was primarily related to a negative performance in Russia, a weaker underlying[3] performance by the merged food company in Norway, and a demanding situation for Orkla Confectionery & Snacks.

Group EBITA[1] amounted to NOK 3,163 million, compared with NOK 3,359 million in 2012. The weaker result is primarily due to the fact that profit in 2012 reflected high gains on the realisation of a major real estate development project. The Branded Consumer Goods area achieved profit growth of 4%, driven by contributions to profit from acquired companies. Orkla International experienced a fall in profit in 2013 as a result of the weak performance of the Russian business. In Orkla Confectionery & Snacks, profit declined, driven by a challenging market situation. Orkla Foods reported profit improvement in 2013, primarily attributable to profit contributions from acquired companies. Both Orkla Home & Personal and Orkla Food Ingredients achieved profit growth in 2013, partly due to contributions from acquired companies, but also due to improved underlying[3] operations. Raw material costs remained relatively stable in 2013, but trends varied in the different commodity groups. The weakening of the Norwegian krone resulted in increased raw material costs in particular for the Norwegian companies in the second half of 2013, and this trend is expected to continue into 2014. Gränges reported profit growth, partly due to improvement programmes and partly to increased demand. Slightly lower volume for Hydro Power than in 2012 was offset to some extent by higher prices.

The results of foreign entities are translated into NOK on the basis of average annual exchange rates. In 2013, due to currency market fluctuations, the Group benefited from positive currency translation effects of NOK 847 million on operating revenues and NOK 97 million on EBITA[1].

Other income and expenses totalled a net NOK 860 million in 2013, mainly consisting of the write-down of intangible assets in Orkla Brands Russia and substantial restructuring costs and severance settlements in the Branded Consumer Goods area. Restructuring costs were also incurred in Gränges, the Pastella brand in Orkla Foods Danmark was written down, and M&A costs were recognised in profit or loss as incurred. About half of these costs will have no impact on cash flow. The final settlement of an insurance claim in Gränges related to the fire in the Finspång factory in 2010 resulted in a reversal of NOK 127 million in 2013. Reference is made to Note 1 and Note 13 for further specification of other income and expenses.

After amortisation and other income and expenses, the Group's operating profit totalled NOK 2,282 million in 2013, compared with NOK 2,910 million in 2012.

Associates and joint ventures consist primarily of Orkla's 42.5% ownership interest in Jotun and 50% ownership interest in Sapa (JV) following the establishment of the joint venture with Norsk Hydro with effect from 1 September 2013. The investments are presented according to the equity method on the line for "Associates and joint ventures". Sapa (JV) was still affected by the weak European market, and its continued positive performance in North America only partly offset the decline. Substantial restructuring provisions in the fourth quarter of 2013 had a negative impact on profit for Sapa (JV), resulting in a net contribution to profit of NOK -347 million for Orkla. Jotun achieved good results for 2013. There was good growth in all segments, except for marine coatings where the decline in shipbuilding activity continued to pull profit down. In total, the contribution to profit by associates and joint ventures amounted to NOK 2 million, compared with NOK 418 million in 2012. The sale of Fornebu Utvikling had a positive impact of NOK 77 million on profit in 2012.

Shares and financial assets consist of Orkla's remaining share portfolio, which had a market value of NOK 1,051 million at the end of 2013. Capitalised unrealised gains totalled NOK 302 million as at 31 December 2013. Net sales of shares amounted to NOK 3,090 million in 2013, and mainly consisted of the sale of the Group's remaining ownership interests in Borregaard, REC and Pharmaq. Net gains on shares and financial assets totalled NOK 623 million in 2013, compared with NOK 857 million in 2012.

Dividends received by the Group amounted to NOK 250 million (NOK 211 million)[2]. Net finance costs totalled NOK -493 million, and pre-tax profit amounted to NOK 2,664 million.

Orkla's industrial activities are subject to ordinary company tax in the countries in which the Group operates. The accounting tax charge amounted to NOK 692 million in 2013. However, realised capital gains and dividends from shares in companies resident in the EEA are largely tax-exempt. The tax charge for the 2013 financial year was 26%.

The operating result from discontinued operations was NOK -1,225 million in 2013, and was entirely related to Sapa's contribution to profit before the joint venture with Norsk Hydro was established with effect from 1 September. In the first half of 2013, goodwill in Sapa was written down by NOK 1,161 million, before the joint venture with Norsk Hydro was established.

Profit for the year amounted to NOK 747 million, and earnings per share were NOK 0.7.

FINANCIAL SITUATION AND CAPITAL STRUCTURE

Cash flow

The Group's cash flow from operating activities totalled NOK 2,775 million for the industrial activities, compared with NOK 3,334 million in 2012. For the full year, working capital increased by NOK 155 million. Cash flow from operations for the real estate business and financial assets amounted to NOK 384 million (NOK 777 million)[2].

Expansion investments totalled NOK 180 million in 2013, and were chiefly related to capacity expansion.

In 2013 the Group acquired companies and parts of companies for a total of NOK 6,986 million. These primarily consist of the acquisition of Rieber & Søn and smaller acquisitions in Orkla Foods and Orkla Food Ingredients. This amount also includes Orkla's purchase of the properties at Drammensveien 149 and 151, where the Group plans to build its new headquarters.

Net sales of shares and financial assets totalled NOK 3,090 million in 2013 (NOK 3,350 million)[2].

An ordinary dividend of NOK 2.50 per share was paid out for the 2012 financial year. Orkla has sold treasury shares to fulfill the remaining option programme and employee share purchase programmes. All in all, the Group paid dividends and sold treasury shares amounting to NOK 2.4 billion in 2013.

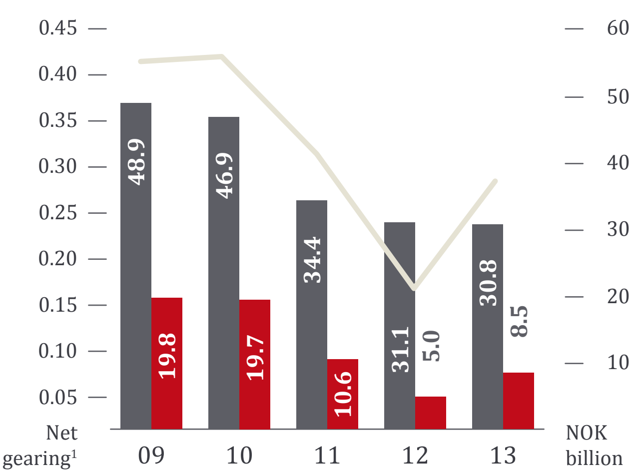
Net sales of companies/parts of companies totalled NOK 1,713 million. Sales consisted mainly of the cash settlement from the establishment of Sapa (JV) with Norsk Hydro (approx. NOK 2 billion), while the cash holdings in the paid-in company reduced the cash flow effect by around NOK 350 million. In addition, Kolding Salater, a company formerly part of Orkla Food Ingredients, was sold in the first half of 2013.

The Group's average borrowing rate for the full year was 3.4% on average interest-bearing liabilities totalling NOK 8.8 billion. These liabilities are mainly denominated in NOK, EUR, GBP and USD.

Foreign currency

In 2013, 67% of Orkla's sales revenues were generated outside Norway. Orkla is moderately exposed to currency rate changes, since its business areas largely have local production facilities. The consolidation effect of the weaker Norwegian krone was positive for the Group, but was counteracted to some extent by the rise in purchasing costs for the Norwegian businesses due to negative currency effects.

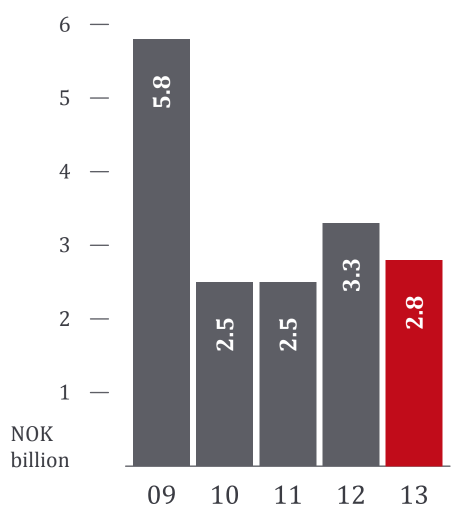
*Equity, liabilities and net gearing[1]**



Equity (incl. minority interests)
Net interest-bearing liabilities
Net gearing[1]

[1] [Net interest-bearing liabilities]/Equity
**Figures as reported from 2009-2012.*

*Cash flow from operations industrial activities**



**Figures as reported from 2009-2012.*

However, Gränges in Sweden is exposed to currency fluctuations, due to its cost base in SEK and export revenues in EUR and USD. Gränges has a foreign currency exposure of approximately EUR 85 million and USD 34 million.

The Group's liabilities are denominated in different currencies depending on its net investments in countries other than Norway, and liabilities measured in NOK will therefore fluctuate in step with currency rate changes.

Contracts and financial hedge instruments

Orkla generally has few long-term purchasing and sale contracts. In Hydro Power, AS Saudefaldene has certain long-term power contracts. Further details of contracts and financial instruments may be found in Note 22 to the annual financial statements.

Capital structure

In the course of 2013, the consolidated statement of financial position was reduced by NOK 5.4 billion, totalling NOK 52.1 billion at year end. An increase in the statement of financial position due to the acquisition of Rieber & Søn was offset by the further freeing-up of capital through the net sale of shares in the share portfolio and write-downs in Orkla's share of Sapa (JV) prior to the establishment of the joint venture with Norsk Hydro and write-downs in the Branded Consumer Goods area. Furthermore, the statement of financial position was reduced by the fact that Sapa (JV) is now reported net on the line for "Investments in associates and joint ventures" since the establishment of the joint venture with Norsk Hydro.

Net interest-bearing liabilities increased by NOK 3.7 billion in 2013 mainly in connection with the acquisition of Rieber & Søn. The weakening of the Norwegian krone resulted in a negative translation effect of NOK 953 million on net interest-bearing liabilities at the end of 2013. Net gearing[4] was 0.28% (0.16%)[2] at the end of 2013.

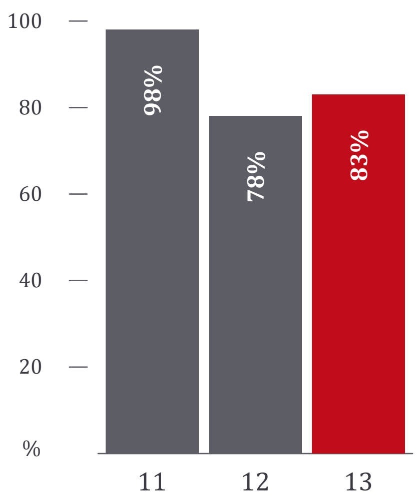
After paying dividends in 2013, the Group's equity totalled NOK 30.8 billion at year end. The equity ratio at the end of 2013 was 59.1% (52.9%)[2]. The Group enters 2014 with a robust capital structure and the financial flexibility to support its business priorities.

Pensions

Orkla's businesses in Norway mainly have defined contribution pension plans. This also applies to most of the pension plans outside Norway.

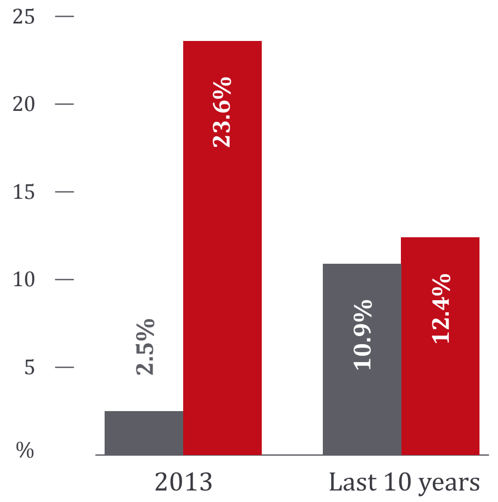
An estimated 2/3 of the Group's pension costs are related to defined contribution plans, which means that the Group's exposure to future pension liabilities does not represent particularly high uncertainty or risk. Pension costs in 2013 were slightly higher than in 2012, primarily as a result of the acquisition of Rieber & Søn. The funded defined

*Replacement investments as % of depreciation**



*Figures as reported from 2011-2012 for the industrial activities.

Annual rate of return[1] %



The Orkla share
OSEBX

[1]The Orkla share, dividend reinvested on first trading day after Orkla's Annual General Meeting.

benefit pension plans in Rieber & Søn were converted to defined contribution plans as at 1 October 2013.

The Orkla share

As at 31 December 2013, there were 1,013,958,864 shares outstanding, and Orkla owned 4,972,106 treasury shares. The number of shareholders decreased from 44,253 to 41,307 in 2013. The proportion of shares held by foreign investors rose by 6 percentage points to 52% at the end of 2013.

The price of the Orkla share was NOK 48.50 at the start of the year. At year end, the share price was NOK 47.32. Taking into account the reinvested dividend, the return on the Orkla share was 2.5% in 2013, while the return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 23.6%. The value of Orkla shares traded on the Oslo Stock Exchange amounted to NOK 19 billion. Further information on shares and shareholders may be found on page 113.

RISK MANAGEMENT

The Board of Directors is committed to ensuring that risk is managed purposefully and systematically in all parts of the Group, and considers this a prerequisite for long-term value creation for shareholders, employees and society at large. Growth opportunities must always be assessed against the associated risk picture.

Orkla's overall risk picture is consolidated and reviewed with the Group Executive Board. If unacceptable factors are identified, risk-reducing measures are implemented. The Group's overall risk picture is also presented to the Board of Directors and the Board's Audit Committee. The risk picture includes risks relating to profitability, EHS, food safety, information security, financial reporting, reputation, corporate responsibility and compliance. In addition, particularly important risk factors are reviewed regularly to assess whether the Group's exposure is acceptable. The goal, over time, is to improve the ability of the organisation in general and the various decision-making bodies in particular to assess risk in relation to the anticipated return. This will further improve the Group's decision-making processes.

According to the Group's Risk Management Instructions, risk assessments must be carried out routinely in all units, including major projects, and thereafter be reported to the next organisational level. The risk pictures of the different units are presented to and discussed by the various internal boards of directors as part of the budget process. There is special focus on changes in relation to previous years and the effect of risk-mitigating measures. When important decisions are to be made on matters such as acquisitions, divestments or major investments, the same formal requirement applies to risk identification as to routine risk management. The risk picture of each unit identifies the main risk factors associated with the unit's value chain. Each senior executive in the Orkla Group must ensure that he or she is informed of all material risk factors within his or her area of responsibility, so that these risk factors are managed in a financially and administratively sound manner.

Orkla's diversified company and product portfolio reduces the risk of industry-specific volatility, and dampens the effects of economic cycles. Moreover, the breadth of the Group's activities ensures lower net exposure to individual factors (natural hedge).

COMMENTS ON THE INDIVIDUAL BUSINESS AREAS

Orkla is one of the leading Nordic branded consumer goods companies, and supplies branded consumer goods and concept solutions primarily to the grocery and out-of-home sectors in the Nordic region. The Branded Consumer Goods area comprises five business areas: Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients. Other businesses consist of Gränges, Hydro Power and shares and financial assets. Associates and joint ventures consist of the investment in Jotun (42.5% interest) and Sapa (JV) (50% ownership interest).

BRANDED CONSUMER GOODS

Orkla Foods

Orkla Foods comprises Orkla's food businesses in the Nordic and Baltic regions. The companies in this business area are Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Põltsamaa Felix in Estonia, Spilva in Latvia and Suslavicius-Felix in Lithuania. Orkla Foods' operations are concentrated around its own strong brands, most of which hold number one positions in their home markets.

Orkla Foods achieved EBITA[1] of NOK 1,275 million, equivalent to a reported improvement of 11%. This profit improvement was ascribable to the consolidation of Rieber & Søn. Operating revenues for Orkla Foods totalled NOK 9,797 million in 2013, equivalent to an underlying[3] fall of 4%. Orkla Foods Norge saw an underlying[3] decline in sales due to the weak performance of Rieber & Søn and lower contributions from new launches. The businesses in Sweden, Finland and the Baltics achieved profit improvement due to good sales growth through the grocery channel. In Sweden, newly launched ranges of products from Felix (refrigerated soups, pasta sauces and casserole bases) and innovations under the Paulúns brand (cereals with no added sugar) made a positive contribution. Overall market shares weakened slightly in 2013.

Orkla Confectionery & Snacks
Orkla Confectionery & Snacks comprises six branded consumer goods businesses which serve their home markets in the Nordic and Baltic regions. The companies in Orkla Confectionery & Snacks are Orkla Confectionery & Snacks Norge (snacks, biscuits and confectionery), Orkla Confectionery & Snacks Sverige (snacks and biscuits), Orkla Confectionery & Snacks Finland (snacks, biscuits and confectionery), KiMs in Denmark (snacks), Latfood in the Baltics (snacks) and Kalev in Estonia (confectionery).

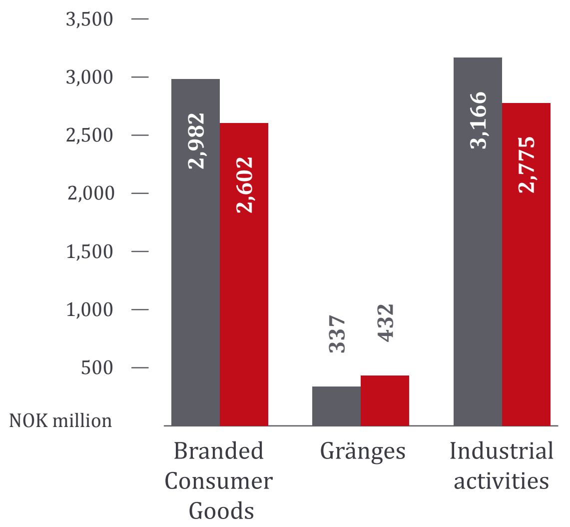
Operating revenues for Orkla Confectionery & Snacks in 2013 totalled NOK 4,784 million, equivalent to an underlying[3] decline of 3%. EBITA[1] was NOK 682 million, compared with NOK 787 million in 2012. The decline was attributable to the Nordic companies, and was primarily due to difficult market conditions, consisting in part of competition from other branded goods manufacturers and in part from private labels. Weak overall market performance in certain markets and categories, combined with the business area's own insufficient innovation and growth measures, also contributed to the fall in operating revenues. In the Baltics, however, there was profit improvement driven by an underlying[3] increase of 13% in operating revenues generated by the companies Kalev (confectionery) and Latfood (snacks).

Orkla Home & Personal
Orkla Home & Personal comprises five branded consumer goods businesses which primarily serve the Nordic region as their home market. The companies in Orkla Home & Personal are Lilleborg (detergents, toothbrushes and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions to the professional market), Axellus Group (dietary supplements and health products), Pierre Robert Group (basic textiles in the grocery channel) and Orkla House Care (painting tools and cleaning products).

In 2013, Orkla Home & Personal achieved EBITA[1] of NOK 823 million (NOK 704 million)[2]. This improvement in profit was primarily driven by the acquisition of Jordan and by the underlying[3] positive performance of Lilleborg. The integration of Jordan Personal & Home Care into Lilleborg has been successful, and cost synergies have been realised more rapidly than expected. Operating revenues for Orkla Home & Personal totalled NOK 4,770 million (NOK 4,025 million)[2] in 2013, equivalent to an underlying[3] decline of 1%. Market shares remained relatively stable, overall, with a positive trend for Axellus and Lilleborg.

Orkla International
Orkla International comprises branded consumer goods companies outside the Nordic and Baltic regions. The business area consists of Orkla Brands Russia and Rieber Russia in Russia, Vitana in the Czech Republic, Rieber Foods Polska in Poland, Felix Austria in Austria and MTR Foods in India. The companies' operations are concentrated around local brands. Most of the companies hold

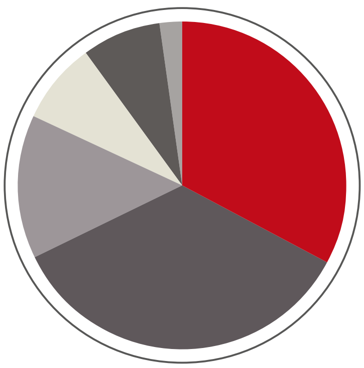
Conversion of profit to cash flow



EBITA[1]
Cash flow from operations.

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

Sales revenues[1] by geographical area



Norway	***10,656***	*33%*
Nordic region excl. Norway	***11,185***	*35%*
Central and Eastern Europe	***4,516***	*14%*
Rest of Europe	***2,566***	*8%*
Asia	***2,482***	*8%*
America/Rest of the world	***811***	*2%*
Total sales revenues (NOK million)	***32,216***	*100%*

[1]*Excluding internal sales and other operating revenues.*

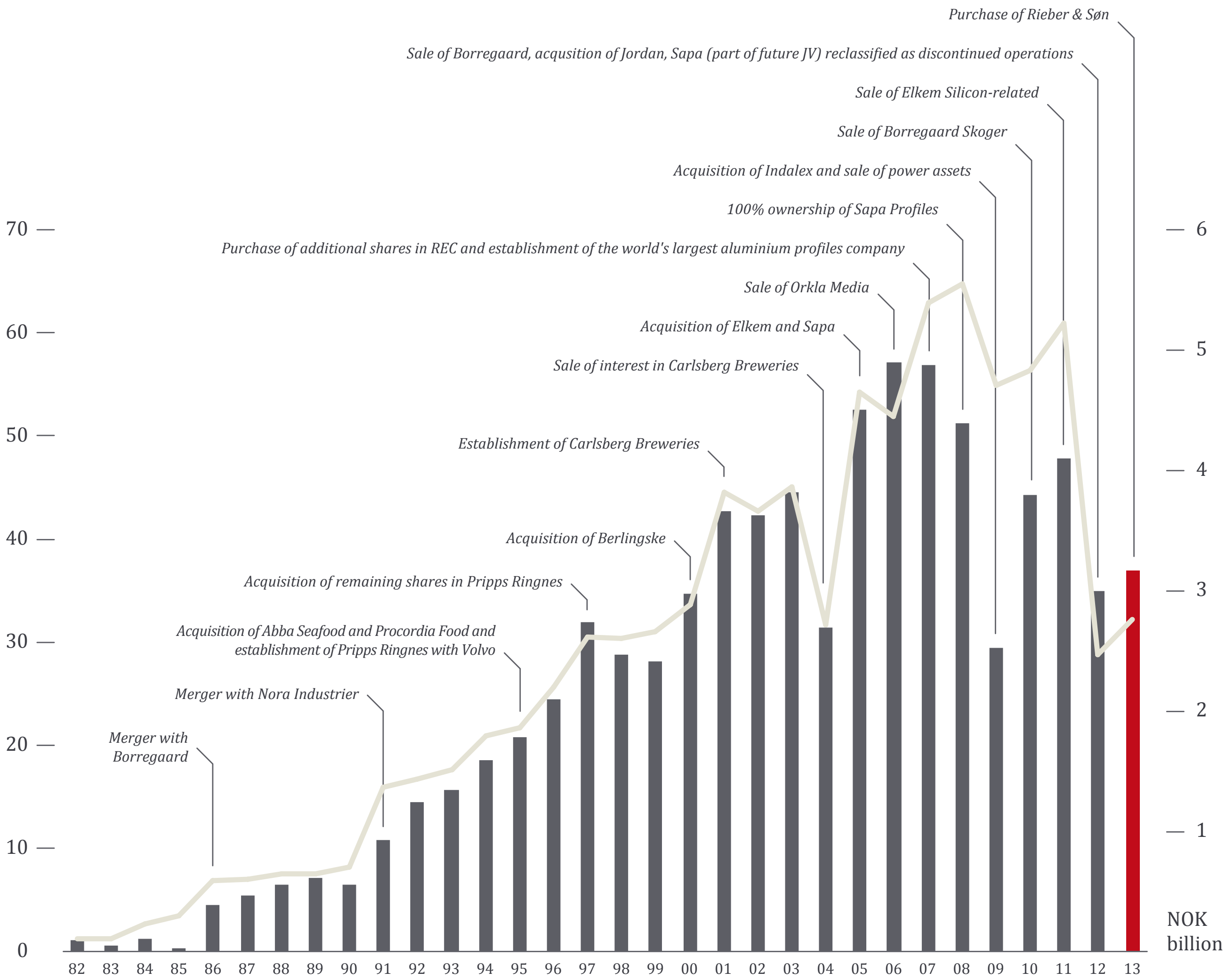
number one or number two positions at national or regional level in their home markets.

Operating revenues for Orkla International totalled NOK 2,644 million (NOK 2,133 million)[2]. The increase was ascribable to the consolidation of Rieber & Søn. Underlying[3] operating revenues were 7% lower than in 2012. EBITA[1] amounted to NOK -86 million (NOK -5 million)[2]. The decline was related to the continued demanding situation in Orkla Brands Russia. Its weak overall market position on the Russian chocolate market, combined with increased competition, contributed to a fall in sales and profit in 2013. However, Orkla Brands Russia is market leader in its home regions St. Petersburg and Ekaterinburg. MTR Foods maintained its market positions in India, and the company achieved higher sales and profit in 2013. The Rieber companies in Orkla International contributed NOK 19 million to profit for the period from May to December 2013.

Orkla Food Ingredients

Orkla Food Ingredients is the leading supplier of bakery ingredients in the Nordic region, in addition to holding growing market positions in selected countries in Europe. Sales and distribution companies ensure proximity to the customer market in a total of 19 countries. The largest product groups are margarine and butter blend products, bread and cake improvers and mixes, marzipan and yeast. These product groups are primarily produced by Orkla

Development in operating revenues and EBITA[*1]*



EBITA[1] (right axis)
Operating revenues (left axis)

[1]Operating profit before amortisation and other income and expenses.
**From industrial activities. Figures as reported from 1982-2012. Figures for 2004-2013 are stated under IFRS, while figures for 1982-2003 are stated under NRS.*

Food Ingredients itself and account for around 60% of turnover.

Operating revenues for Orkla Food Ingredients in 2013 totalled NOK 5,998 million, an underlying[3] increase of 2%. EBITA[1] amounted to NOK 288 million (NOK 233 million)[2]. The rise was ascribable to a broad-based underlying[3] improvement in profit. The positive performance was generally driven by a better product mix, organic growth and internal improvement projects. In Norway, on the other hand, performance was weakened by higher purchasing costs due to the substantially weaker Norwegian krone. This effect is expected to continue at the start of 2014.

OTHER BUSINESSES

Sapa

In the third quarter of 2012, the part of Sapa that is included in the joint venture with Norsk Hydro was restated as "Discontinued operations" (see Note 7). The establishment of the joint venture was completed on 1 September 2013, and the new company Sapa AS was founded with non-cash contributions from the two venturers. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla has received just under NOK 2 billion in compensation for this difference. The new company was re-established in Orkla's financial statements as a joint venture.

Up until the end of August 2013, the contribution to profit from the part of Sapa's operations that is covered by the agreement with Norsk Hydro was reported on the line for "Discontinued operations". Following the completion of the transaction on September 1 2013, Orkla's share of the new Sapa (JV) was reported according to the equity method on the line "Profit/loss from associates and joint ventures" for four months (September to December 2013). Gränges, which comprises the rolling mills in Finspång, Sweden, and Shanghai, China, is still consolidated as a wholly-owned subsidiary.

Sapa (JV) (50% interest)

Sapa is the world's leading supplier of extrusion-based aluminium solutions. At the end of 2013, it had a market share of 26% in Europe and 30% in North America, and a strong platform in South America and Asia. Sapa is organised into five business areas: Extrusion Europe, Extrusion Americas, Extrusion Asia, Sapa Building Systems and Precision Tubing. With operations in more than 40 countries, Sapa has a good platform for establishing close cooperation with both local and international customers. The group delivers extruded aluminium solutions to customers in most industries, and is a front-runner in the development of energy-efficient building solutions.

On a pro forma basis, underlying EBITDA totalled NOK 1,096 million in 2013, compared with NOK 1,429 million in 2012. Volumes in 2013 totalled 1,366,000 metric tonnes (mt), compared with 1,394,000 mt in 2012. Sapa's Extrusion Europe business area experienced a weakening market in 2013, primarily affected by the downturn in the building & construction and transportation segment. Major improvement initiatives are underway to optimise capacity, reduce costs and improve profitability. Sales volumes for Extrusion Americas were stable compared to 2012. An optimised production system, combined with operational improvements, has increased profitability in the past two years. In Asia, underlying results remained weak impacted by costs related to establishing and expanding operations.

Market conditions and financial results for Sapa Building Systems continued to deteriorate in 2013, particularly in Southern Europe. Restructuring measures and other improvement programmes continued, offsetting the negative market trend to some extent. Results and volumes for Precision Tubing strengthened in 2013, compared with 2012. The improvement was driven by increased demand and internal cost and productivity programmes.

In the fourth quarter of 2013, substantial provisions were made for restructuring which had negative accounting impacts. A significant restructuring process has been initiated in the company, aimed at generating annual synergies of around NOK 1 billion by the end of 2016.

Gränges

Gränges is the world's leading supplier of solutions for the heat exchanger industry, and specialises in rolled, welded and extruded solutions for aluminium-based heat exchanger applications. Gränges has a global market share of 21%, and holds strong positions in China and Europe. Operating revenues for Gränges in 2013 totalled NOK 3,958 million, a decline of 1% compared with 2012. Volumes amounted to 159,000 mt in 2013, a year-over-year increase of 5%. EBITA[1] amounted to NOK 337 million (NOK 313 million)[2]. The continued strong performance of the Chinese business, driven by a strong Chinese automotive market and improvement programmes in both the Swedish entity in Finspång and the Chinese entity in Shanghai, contributed positively.

Orkla Financial Investments

Orkla Eiendom develops and sells real estate properties derived primarily from Orkla's own operations. Orkla Eiendom also meets the Group's needs for specialised real estate expertise. In 2013, Orkla's real estate investments generated a pre-tax loss of NOK -9 million

(NOK 447 million)[2]. The decline in profit is primarily ascribable to the sale of apartments in the Idun project (development of Idun's former factory site in Oslo) and the gain on the sale of Fornebu Utvikling in 2012. The main activities in 2013 were the development and sales activities relating to the existing real estate portfolio and the acquisition of the properties at Drammensveien 149 and 151.

Shares and financial assets consist of Orkla's share portfolio. After net sales of portfolio investments totalling NOK 3,090 million, the value of the portfolio was NOK 1,051 million as at 31 December 2013. Gains, losses and write-downs amounted to NOK 623 million (NOK 857 million)[2] in 2013. Dividends received totalled NOK 250 million (NOK 211 million)[2]. Write-downs in accordance with IFRS amounted to NOK 51 million (NOK 316 million)[2].

Hydro Power

Hydro Power consists of power plants in Sarpsfoss and Orkla's 85% equity interest in AS Saudefaldene. The energy business produces and supplies power to the Nordic power market, and has a total production capacity of 2.4 TWh. A total of 1.1 TWh of AS Saudefaldene's production is subject to contractual conditions. Operating revenues amounted to NOK 734 million and EBITA[1] to NOK 213 million, compared with NOK 812 million and NOK 209 million, respectively, in 2012. Lower production volume was offset by higher prices and the recognition in income of a final settlement in connection with the termination of a power contract. At the end of 2013, reservoir levels were somewhat higher than normal.

Jotun (42.5% ownership interest)

Jotun is presented in Orkla's financial statements according to the equity method on the line for profit/loss from associates and joint ventures.

Jotun is one of the world's leading manufacturers of paint and powder coatings, with 58 subsidiaries, four joint ventures and seven associates. Jotun has 36 production plants distributed across all of the world's continents. Its activities consist of the development, manufacture, marketing and sale of various paint systems for the residential, shipping and industrial sectors. Jotun's operations are organised into four segments (decorative paints, marine coatings, protective coatings and powder coatings) in seven regions. Jotun's operating revenues totalled NOK 12,034 million in 2013, compared with NOK 11,351 million in 2012. EBIT was NOK 1,258 million, compared with NOK 1,126 million in 2012.

Jotun achieved good results in 2013. There was good growth in all segments except marine coatings, where the decline in shipbuilding activity continued to pull profit down. Both turnover and operating profit improved compared with 2012. Margins were improved, largely due to stable raw material costs and product mix. Geographically, Western and Eastern Europe, Asia and the Middle East were the primary contributors to the company's positive profit performance.

RESEARCH AND DEVELOPMENT (INNOVATION)

Innovation is Orkla's primary tool for creating growth, and is therefore pivotal to the way Orkla is run. Orkla's innovation activities are based on an interdisciplinary focus that spans from idea to launch. In Orkla's Branded Consumer Goods area, consumer, customer and market insight is combined with technological expertise and investments to develop products and solutions of the highest quality, all designed to meet consumer needs in an even better way.

Orkla has two main sources of growth through innovation: innovation in the form of new products in new or associated categories, and innovation in categories in which Orkla already holds strong positions, in the form of either new products or improvements in existing product mix. In all innovation work, the actual user experience (often the taste experience) is the key factor, but advantages that make products even simpler to use are also crucial to inspiring consumer delight. Health-related aspects are another important driver of innovation. Focus areas for innovation at Orkla therefore include "Taste and sensory experience", "Packaging innovation" and "Health and nutrition". Good examples of innovation in 2013 are Paulúns Granola, Comfort FreshTECH (fabric softener), OLW Cheez Heartz (snacks), Stratos relaunch (chocolate), Möller's Tran relaunch (cod liver oil), Fun Light Årets Smak (cordial) and Felix Mustig Soppa (soups).

Orkla pursues a broad-based approach to identifying potential innovations, such as through the establishment of a special pre-stage gate interdisciplinary process, and through increased collaboration with external innovation and research centres.

High levels of expertise and exploitation of synergies across categories and companies are among Orkla's most important competitive advantages. The Orkla Brand Academy is an example of skills-building across categories and companies and has for many years been a driving force in Orkla's branded consumer goods work. A similar, separate academy is now being established for product development and innovation, which will serve as an arena for building and sharing expertise in this field across Orkla.

In the coming years, Orkla's focus on innovation will remain its first priority, and all employees will work continuously to ensure that local brands are consumers' first choice by making them a better, simpler and healthier part of everyday life.

CORPORATE RESPONSIBILITY

Orkla's directive on corporate responsibility describes the overarching principles defining the way in which Group companies are to address the issues of human and workers' rights, environment, health and safety (EHS), anti-corruption and other important areas of responsibility in their day-to-day operations. The directive is based on the Universal Declaration of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. It has been adopted by Orkla's Board of Directors, and applies to the entire Group, including wholly-owned subsidiaries. Orkla has been a signatory to the UN Global Compact since 2005.

Orkla is subject to corporate responsibility reporting requirements under section 3-3c of the Norwegian Accounting Act. This includes a requirement to give an account of "the enterprise's efforts to integrate consideration for human rights, workers' rights and social conditions, the external environment and efforts to combat corruption into its business strategies, its day-to-day operations and its relationship with its stakeholders". An overall account of the Group's efforts in relation to corporate responsibility, human rights, working conditions, including the working environment and gender equality and diversity, the external environment and anti-corruption is provided on page 41 of this annual report.

PERSONNEL AND ADMINISTRATION

As at 31 December 2013, the Orkla Group had 16,756 employees (15,001)[2]. Of these, 3,835 (3,101)[2] worked in Norway, 5,121 (4,883)[2] in other Nordic countries and 7,800 (7,017)[2] in countries outside the Nordic region. The figures for 2012 have been adjusted for Sapa (JV), which is now reported as a joint venture and is no longer included in employee statistics.

Cooperation between management and the employees' organisations through the established cooperative and representational systems functions well, and makes a valuable contribution to finding constructive solutions to the challenges faced by the Group and the individual companies. The cooperative systems are being adapted to the structural changes in the Group. In consultation with the employee representatives, it was decided to discontinue the Corporate Assembly of Orkla ASA, and the last meeting was held on 21 May 2013. In accordance with the decision of the Industrial Democracy Board, an additional member, Kenneth Hertz, was then elected to the Board of Directors. In connection with the establishment of Sapa AS, the joint venture with Norsk Hydro, Kenneth Hertz stepped down from the Board and was replaced by Laila Fast Petrovic.

Stein Erik Hagen, Peter A. Ruzicka, Jesper Ovesen, Jo Lunder and Grace Reksten Skaugen were re-elected as shareholder-elected members of Orkla's Board of Directors. In addition, Ingrid Jonasson Blank and Lisbeth Valther Pallesen were elected to the Board. Stein Erik Hagen was re-elected as Chairman of the Board.

All of the shareholder-elected members of Orkla's Board of Directors were elected for a term of one year, i.e. until the Annual General Meeting in 2014.

All of the members were elected in accordance with the recommendations of the Nomination Committee.

Three out of a total of seven shareholder-elected members of Orkla's Board of Directors are women, while two of the three employee-elected Board members are women. Orkla ASA therefore fulfils the requirement under section 6-11a of the Public Limited Companies Act regarding representation of both genders on the Board of Directors.

With effect from 22 April 2013, Stig Ebert Nilssen was appointed as EVP of Orkla Home & Personal and is now a member of Orkla's Group Executive Board. Mr Nilssen was previously CEO of Axellus. From the same date, Jan Ove Rivenes resigned as Executive Vice President for Orkla Home & Personal. Effective 1 August 2013, Christer Åberg was appointed as EVP of Orkla Confectionery & Snacks. Mr Åberg has broad experience from the branded consumer goods sector, most recently as Executive Vice President of Arla Foods with responsibility for the Swedish and Finnish consumer markets. On 15 September 2013, Johan Clarin took up the position of Executive Vice President, Operations. Mr Clarin was previously employed at Accenture, among other companies, and most recently held the position of Head of Manufacturing and Logistics at Sony Mobile.

Marianne Romslo-Macarie, who was appointed as Acting Executive Vice President for HR on 1 February 2013 was employed on a permanent basis as from 1 May 2013. Ms Romslo-Macarie first joined Orkla on 2 January 2013, before which she held the post of General Manager of Nike Norway. She also has prior experience from Oakley Europe SNC.

On 2 January 2014, Orkla announced that Åge Korsvold wished to resign as President and CEO of Orkla ASA.

Mr Korsvold was appointed as Acting President and CEO on 30 April 2012, and in August of the same year the Board of Directors decided to extend his contract. Since May 2012, under Åge Korsvold's leadership, Orkla has carried out major structural changes in line with the strategy adopted by the Board in the autumn of 2011. The company is now in the process of becoming a pure-play branded consumer goods company. On 5 February 2014, the Board of Directors of Orkla ASA appointed Peter A. Ruzicka as new President and CEO. He took up the position on 10 February 2014. Mr Ruzicka has over 24 years of experience in the retail sector. He has also been a member of Orkla's Board of Directors since 2008, and in the period 2003-2005.

The Group Executive Board now also comprises business area EVPs Atle Vidar Nagel-Johansen (Orkla Foods), Stig Ebert Nilssen (Orkla Home & Personal), Christer Åberg (Orkla Confectionery & Snacks), Pål Eikeland (Orkla Food Ingredients) and Paul Jordahl (Orkla International), as well as Executive Vice Presidents Terje Andersen (CFO), Karl Otto Tveter (Legal Affairs), Ole Petter Wie (Business Development), Håkon Mageli (Corporate Communications and Corporate Affairs), Johan Clarin (Operations) and Marianne Romslo-Macarie (HR).

The Board of Directors would like to thank all employees for their efforts and for the results achieved in 2013.

COMPETENCE

Continuously building the Group's capabilities is essential to strengthening its competitive edge. This also means continuous focus on building specialist and leadership skills, and on creating a workday environment in which employees can use their expertise to optimal benefit.

Several initiatives were carried out in the course of the year with a view to enhancing the Group's overall competency and competitiveness.

Through the merger of a number of Orkla companies in 2013, larger, more robust units were created which will provide the basis for stronger specialist teams,

more attractive workplaces and a stronger competitive edge. KiMs Norge, Sætre and Nidar were thus merged to become Orkla Confectionery & Snacks Norge, OLW and Göteborgs Kex became Orkla Confectionery & Snacks Sverige, Chips AB and Panda became Orkla Confectionery & Snacks Finland, Stabburet and Rieber & Søn Norge became Orkla Foods Norge, Abba Seafood, Procordia and Frödinge became Orkla Foods Sverige and Beauvais foods and Rieber & Søn Danmark became Orkla Foods Danmark.

The new management teams have been bolstered by external expertise that will ensure a strong, diversified executive management and bring new ideas and energy to the organisation.

The skills of individual employees are primarily developed in everyday on-the-job training. Orkla has had a clear focus on opening up career paths within the Group, and will actively promote a better flow of talent across the different companies and business areas in the Group. Orkla also offers a range of training programmes in the form of Orkla Academies that are designed to provide the Group companies with crucial competence in leadership and important specialist fields. In addition to enhancing the participants' technical and professional skills, these programmes provide an arena for fostering shared attitudes, common working methods and a corporate culture that transcends inter-company borders. Through its Academies, Orkla has built up a proud tradition of skills-building over many years. In 2013, the Academies were run on traditional lines, but a comprehensive evaluation of the training programmes will be carried out in 2014 to ensure that they are effective and relevant and underpin the Group's strategy and objectives.

CORPORATE GOVERNANCE

Orkla's governance systems are based on principles set out in the Norwegian Code of Conduct for Corporate Governance, and are largely aligned with current international guidelines on good corporate governance.

An overall report on corporate governance at Orkla may be found on page 31 of this Annual Report. The report will be an item of business for discussion at the 2014 Annual General Meeting.

PAY AND OTHER REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors has established a separate Compensation Committee, which deals with all material matters related to pay and other remuneration of senior executives before such matters are formally discussed and decided by the Board of Directors.

In accordance with Norwegian company legislation, the Board of Directors has also prepared a separate statement of guidelines on the pay and other remuneration of senior executives, included in Note 6 to the financial statements for Orkla ASA, which will be presented and discussed at the 2014 Annual General Meeting. The note also provides details of remuneration and contractual arrangements.

ACCOUNTING PRINCIPLES

The consolidated financial statements for 2013 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS). The financial statements for the parent company have been prepared in accordance with section 3-9 of the Accounting Act (simplified IFRS). The explanation of accounting principles in Notes 1-5 describes important matters relating to accounting treatment under IFRS.

ALLOCATION OF COMPREHENSIVE INCOME FOR THE YEAR

In 2013, Orkla ASA posted a comprehensive income of NOK 2,535 million. The Board of Directors proposes the following allocation (NOK million):

Covered by other equity	0
Provision for dividends	2,535
Total	2,535

As at 31 December 2013, Orkla ASA had total equity of NOK 23.9 billion. The Board of Directors has considered that Orkla ASA had adequate equity and liquidity at the end of 2013.

The Board of Directors proposes to pay an ordinary dividend of NOK 2.50 per share for the 2013 financial year.

OUTLOOK FOR 2014

The global economy is showing a moderate upturn. In Europe, there are signs of increased growth, but uncertainty about the economic situation still prevails. Growth in the US economy is expected to remain moderate. Growth in emerging economies has tapered off slightly in the past year, but will still exceed growth in industrialised countries in the next few years. The Norwegian economy slowed in 2013, and the growth rate is expected to remain moderate in the near future. In other Nordic countries, the growth rate is expected to increase slightly. The Nordic grocery market is expected to remain relatively stable in 2014.

At the start of 2013, ICA and NorgesGruppen anounced their intention to enter into an agreement to collaborate on purchasing in Norway. COOP Norge Handel and Rema 1000 responded in the fourth quarter of 2013 by announcing that they too will initiate collaboration on purchasing if the Norwegian Competition Authority approves the cooperation agreement between ICA and NorgesGruppen. If the two agreements are approved by the Competition Authority, the number of major purchasing entities in the Norwegian grocery market will be reduced from four to two. On 13 February, the Norwegian Competition Authority announced a halt in the agreement between ICA and NorgesGruppen. It may be some time before a final decision is reached on this matter.

The acquisitions of Jordan and Rieber & Søn, and the planned and initiated restructuring processes, are strengthening Orkla's competitiveness. The acquisitions have also brought substantial potential synergies, and work on realising these synergies will continue in 2014. International raw material costs were relatively stable, overall, in 2013, but price trends varied for the different commodity groups. The FAO Food Price Index is still high. There is uncertainty as to the effect of the change of government in Norway on this spring's agricultural policy negotiations. Orkla will compensate for any increases in raw material costs by raising prices.

The different business areas are exposed to currency risk to varying degrees, and in 2013 the weakening of the Norwegian krone resulted in higher purchasing costs. The Norwegian krone is expected to remain weak in 2014, at a level lower than in 2011 and 2012.

On Orkla Investor Day in London on 26 September 2013, the Group communicated ambitious growth targets for both organic growth in turnover and an increase in operating margin. The Group aims to achieve annual organic growth in turnover of 2-5% as from 2016, and an increase in operating margin to a level of 15.0-17.5% by 2016 for Orkla Foods, Orkla Confectionery & Snacks and Orkla Home & Personal. The restructuring measures that have been initiated in the Branded Consumer Goods area are strengthening the platform for further growth.

Sapa (JV) aims to deliver annual synergies totalling around NOK 1 billion by the end of 2016. This objective is to be achieved by optimizing production and sourcing activities, restructuring and rationalization of operations and increasing margins through optimizing the product portfolio. Sapa (JV) has already announced the closure of several plants in Europe in 2013, and further restructuring measures are expected in 2014.

Orkla's financial position is robust, with cash reserves and committed credit lines that will cover known capital expenditures in 2014.

[1] *Operating profit before amortisation and other income and expenses.*
[2] *Figures in brackets relate to the corresponding period of the previous year.*
[3] *Adjusted for acquired and sold companies and currency translation effects.*
[4] *[Net interest-bearing liabilities]/Equity.*

Oslo, 5 February 2014

The Board of Directors of Orkla ASA

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

The Group Executive Board

Read more about the Group Executive Board on page 122

PETER A. RUZICKA (49)

*President and CEO**

**Since 10 February 2014*

TERJE ANDERSEN (56)

Executive Vice President, Chief Financial Officer

OLE PETTER WIE (48)

Executive Vice President, Business Development

KARL OTTO TVETER (49)

Executive Vice President, Legal Affairs

HÅKON MAGELI (49)

Executive Vice President, Corporate Communications and Corporate Affairs

MARIANNE ROMSLO-MACARIE (45)

Executive Vice President, HR

JOHAN CLARIN (42)

Executive Vice President, Operations

CHRISTER ÅBERG (47)

Executive Vice President, Orkla Confectionery & Snacks

ATLE VIDAR NAGEL-JOHANSEN (51)

Executive Vice President, Orkla Foods

PAUL JORDAHL (52)

Executive Vice President, Orkla International

PÅL EIKELAND (54)

Executive Vice President, Orkla Food Ingredients

STIG EBERT NILSSEN (49)

Executive Vice President, Orkla Home & Personal


Paulúns
GRANOLA

Corporate governance

(Statement of policy on corporate governance)

Orkla's principles for good corporate governance aim to lay the foundation for long-term value creation, for the benefit of shareholders, employees and society at large. These principles cannot replace efforts to foster a sound corporate business culture, but must be viewed in conjunction with them. Openness, transparency, accountability and equal treatment underpin confidence in the Orkla Group, both internally and externally.

1. STATEMENT OF POLICY ON CORPORATE GOVERNANCE

Orkla is subject to corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 23 October 2012, may be found at www.nues.no.

This statement of policy will be an item of business at Orkla's Annual General Meeting on 10 April 2014. The company's auditor has assessed whether the information provided in this statement with regard to section 3-3b of the Accounting Act is consistent with the information provided in the annual financial statements. The auditor's statement may be found on page 110.

The Board of Directors at Orkla actively adheres to good corporate governance standards and will at all times ensure that Orkla complies with the requirements of section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance. This is done by ensuring that the topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. Moreover, Orkla's corporate governance principles are subject to annual assessment and discussion by the Board, which has also considered this text at a Board meeting.

The following section is structured in the same way as the Code of Practice, covers each point of the Code and describes Orkla's compliance efforts. Orkla is committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving its operations in relation to the external environment, climate and energy resources and investing in profitable business projects that can generate positive ripple effects for society. The Group's attitudes towards corporate responsibility have been defined in the Orkla Code of Conduct and the Group directive on corporate responsibility. The documents may be found on Orkla's website under "Sustainability", and are described in further detail in a separate statement on Orkla's Corporate Responsibility (see section 3-3c of the Accounting Act), and in Orkla's Sustainability Report. The statement and the Sustainability Report also give an account of the Group's efforts to address important corporate responsibility issues in 2013.

2. ACTIVITIES

Orkla's mission statement reads as follows: "The objectives of the company are to engage in activities comprising industry, commerce, forestry, transport, finance, the acquisition and sale of securities and other investments, the purchase, sale, development and management of real estate, the publication of newspapers, magazines and other media, services and any other activity connected with the aforementioned objectives. The activities are conducted by the company itself or by its subsidiaries in Norway and abroad."

In accordance with its mission statement, Orkla operates in several areas. The Group's main focus is on branded consumer goods, but the Group still operates in the aluminium, energy, real estate and financial investments sectors. In 2011, Orkla announced that the Group will in future focus on and allocate its resources to its branded consumer goods operations. In 2012 and 2013, in line with this strategy, Orkla made substantial acquisitions of businesses within its branded consumer goods area, while gradually phasing out businesses that lie outside the Group's core business area. The Board of Directors will consider whether it is appropriate to propose adjusting the mission statement when the phase-out process has been completed.

In 2013, there was focus on highlighting Orkla's vision

Account is taken in this statement of information which Orkla is required to provide under section 3-3b of the Norwegian Accounting Act regarding reporting on corporate governance, and the information is structured in accordance with the Code of Practice where it is logical to do so. The following specifies where the items on which information must be disclosed under section 3-3b of the Accounting Act may be found:

1. ***«a statement of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with»: section 1 of the Code of Practice , Implementation and reporting on corporate governance.***

2. ***«information on where the recommendations and regulations mentioned in no. 1 are available to the public»: section 1 of the Code of Practice, Implementation and reporting on Corporate Governance***

3. ***«the reason for any non-conformance with recommendations and regulations mentioned in no. 1»: There are two non-conformances with the Code of Practice which are described in further detail in italics under section 6, General Meetings, and section 14, Takeovers.***

4. ***«a description of the main elements in the enterprise's, and for entities that prepare consolidated financial statements, if relevant also the Group's, internal control and risk management systems linked to the financial reporting process»: section 10 of the Code of Practice, Risk Management and internal control.***

5. ***«Articles of Association which entirely or partly expand on or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act»: section 6 of the Code of Practice, General Meetings.***

6. ***«the composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees»: section 8 of the Code of Practice, the Corporate Assembly and the Board of Directors, composition and independence, and section 9, The work of the Board of Directors.***

7. ***«Articles of Association governing the appointment and replacement of Board Members»: section 8 of the Code of Practice, the Corporate Assembly and the Board of Directors, composition and independence.***

8. ***«Articles of Association and authorisations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates»: section 3 of the Code of Practice, Equity and dividends.***

and strategic pillars. Orkla's vision is "Improving everyday life with healthier and more enjoyable local brands". In the autumn of 2013, Orkla introduced a new logo and visual identity to underscore its focus on branded consumer goods and the Group's vision. Orkla aims to outperform and create greater value than its competitors and others with whom it is natural to compare the Group. Orkla will achieve this objective through targeted efforts across four strategic pillars: (1) Local Brands and Innovations, (2) Customers and Markets, (3) Operations and Efficiency and (4) People and Management.

3. EQUITY AND DIVIDENDS

As at 31 December 2013, Group equity totalled NOK 30.8 billion. An ordinary dividend of NOK 2.50 per share was paid out in the 2012 accounting year. Orkla has pursued a consistent shareholder and dividend policy for many years.

Over time, Orkla shareholders shall receive a competitive return on their investment through a combination of dividends and an increase in the share price. The Board of Directors has proposed that a dividend of NOK 2.50 per share be paid for the 2013 financial year. The dividend will be paid out on 25 April to shareholders of record on the date of the Annual General Meeting.

The authorisations empowering the Board of Directors to undertake share buybacks are limited to specific purposes and are granted for a period no longer than until the next general meeting. The General Meeting is given the opportunity to vote on every purpose covered by the authorisation.

At the Annual General Meeting in 2013, the Board of Directors was granted authorisation to buy back up to 100,000,000 Orkla shares so that the company can acquire and hold up to 10% of its share capital. The authorisation is limited to specific purposes, and applies until the Annual General Meeting in 2014. Shares acquired under this authorisation are to be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. Each purpose was discussed as a separate item of business at the Annual General Meeting. A similar authorisation has been granted each year since 1998. Orkla has not acquired any of its own shares under the current authorisation, but in the past five years has on average bought back 0.3% of outstanding shares each year. As at 31 December 2013, Orkla held 4,972,106 treasury shares.

Up until the Annual General Meeting in 2011, authorisation was regularly granted to the Board of Directors to increase share capital through the subscription of new shares. The purpose has been to simplify procedures if it should prove desirable to further develop the Group's core businesses by acquiring companies in return for consideration in the form of the subscription of new shares or otherwise increasing share capital by means of private placements. The Board of Directors does not wish to propose to the General Meeting that this authorisation be reintroduced in 2014. Questions concerning increases in share capital must be submitted to the General Meeting for decision.

The company's transactions in its own shares are effected on the market at market price, in accordance with good stock exchange practice in Norway. There are otherwise no provisions in Orkla's Articles of Association that regulate the buyback or issue of shares.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Orkla has one class of share and each share entitles the holder to one vote. Each share has a nominal value of NOK 1.25. Further information on voting rights at general meetings is provided under point 6, "General Meetings".

The company's policy is not to dilute the shareholdings of existing shareholders. In accordance with this policy, there have been no real share capital increases in the company in recent years. Should the Board of Directors wish to propose to the General Meeting that a departure be made from the pre-emptive right of existing shareholders in the event of a capital increase, such a proposal will be justified by the common interests of the company and the shareholders, and the grounds for the proposal will be presented in the notice of the general meeting.

To avoid any detriment to the Group's reputation, the Board considers it important to pursue a policy of transparency and caution in connection with investments that could be perceived as an unfortunately close involvement, or close relationship, between the company and a member of the Board, executive management or parties related thereto. Procedural rules for such transactions have therefore been drawn up in the Rules of Procedure for the Board of Directors, which may be found on Orkla's website under "Investor Relations". According to the Rules of Procedure, the Board Chair must be informed of such transactions and must decide how the matter should be dealt with. If the matter concerns the Board Chair, this duty is incumbent upon the Deputy Chair of the Board. Further information on transactions between related parties is provided in Note 37 to the consolidated financial statements. In the event of non-immaterial transactions between the company and shareholders, a shareholder's parent company, Board members, executive management or parties related thereto, the Board of Directors will ensure that a valuation is carried out by an independent third party. The Board will similarly arrange for a valuation by an independent third party in the event of non-immaterial transactions between companies within the Group where there are minority shareholders.

The Rules of Procedure further establish that a Board member must not take part in the consideration of or a decision on an issue that is of such importance to himself or herself or to any related party that the member must be considered to have an obvious personal or financial interest in the matter. It is incumbent upon each Board member to consider on an ongoing basis whether there are matters which, from an objective point of view, are liable to undermine the general confidence in that Board member's independence and impartiality, or which could give rise to conflicts of interest in connection with the Board of Directors' consideration of the matter. Such matters must be taken up with the Board Chair. According to the Orkla Code of Conduct, employees must on their own initiative inform their superior if they should recuse themselves from dealing with or if they have a conflict of interest in connection with a matter, and consequently should not take part in considering such matters.

5. FREELY NEGOTIABLE SHARES

All Orkla shares carry equal rights and are freely negotiable. No special limitations on transactions have been laid down in Orkla's Articles of Association. Article 3, second paragraph, of the Articles of Association states that «The Board of Directors may entirely or partly refuse to approve the transfer of shares if the company pursuant to statute or to regulations laid down pursuant to statute is given the discretionary right to refuse such approval or to apply other restrictions on sales.» In this connection, it should be noted that the provisions of the Industrial Licensing Act requiring Board consent for acquisitions of shares representing more than 20% of all shares in the company are applicable, due to Orkla's ownership interests in waterfalls. Transactions in the Orkla share are described in more detail on Orkla's website under "Investor Relations".

6. GENERAL MEETINGS

Orkla seeks to ensure that as many shareholders as possible are able to exercise their rights by participating in general meetings, and that the general meeting is an effective meeting place for shareholders and the Board of Directors. The Annual General Meeting is held every year before the end of May. Notices of general meetings and related documents are made available on Orkla's website at the latest 21 days prior to the date of the meeting. The final date for giving notice of attendance is three working days prior to the general meeting. Shareholders are given the opportunity to vote on the election of every single candidate to an office in the Nomination Committee and on the Board of Directors. The auditor, members of the Board of Directors and Nomination Committee are present at general meetings.

Previously, the general meeting was opened by the Chair of the Corporate Assembly, in accordance with Orkla's Articles of Association. As part of the process of discontinuing the Corporate Assembly, the Articles of Association were amended, and the general meeting is now opened by the Chair of the Board of Directors in accordance with the provisions of the Public Limited Companies Act. The General Meeting then elects the meeting chair.

The voting right for a transferred share may be exercised when the transfer has been recorded by the Norwegian Central Securities Depository (VPS) within the time limit for giving notice of attendance at the general meeting, or if the share acquisition has been notified to the VPS and proof of the acquisition is presented at the general meeting. Under Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares that are registered in a nominee account must be reregistered in the VPS in order for the shareholder to be able to vote the shares. Further information may be found in the notice of the general meeting and on Orkla's website.

Shareholders who are unable to attend the general meeting may vote by proxy. Orkla will appoint the Board Chair or meeting chair to vote for shareholders. The proxy form is designed in such a way that voting instructions may be given for each item of business that is to be considered. Shareholders who were unable to attend the Annual General Meeting in 2013 could, in addition to voting by proxy, cast a direct advance vote on the company's website or through VPS Investor Services. The Board of Directors has decided that shareholders may cast advance votes again in 2014. Further information regarding use of proxies, advance voting and shareholders' right to submit items of business for consideration at general meetings is provided in the notice of the general meeting and on Orkla's website.

Under Article 12, second paragraph, of the Articles of Association, the Board of Directors may decide that documents concerning items of business to be considered at the general meeting are not to be sent to shareholders when the documents are made available on the company's website. This also applies to documents which by law must be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that documents pertaining to items of business to be considered at the general meeting be sent to him or her. The provision in the Articles of Association departs from the general rule laid down in Chapter 5 of the Public Limited Liability Companies Act which prescribes that the annual financial statements, the report of the Board of Directors, the auditor's report and the Board of Directors' statement of guidelines for the remuneration of the executive management pursuant to section 6-16a must be sent to all shareholders no later than one week before the general meeting.

As authorised by the Public Limited Liability Companies Act, a resolution was adopted at the 2013 Annual General Meeting to the effect that the Board of Directors may decide to send notice of an extraordinary general meeting at least two weeks prior to the date of the meeting if the Board, in accordance with section 5-8a of the Public Limited Liability Companies Act, has decided that votes at the general meeting may be cast electronically. The decision applies until the Annual General Meeting in 2014. The Board of Directors intends to propose a similar resolution at the 2014 Annual General Meeting.

Members of the Board of Directors are present at general meetings, but normally not the entire Board has attended. No items of business at general meetings have made this necessary to date. The Board Chair, the general manager and the heads of the various business areas are always *present in order to reply to any questions that may be raised.*

7. THE NOMINATION COMMITTEE

Under the Articles of Association, Orkla has a Nomination Committee that is elected by the General Meeting. The General Meeting adopted further Rules of Procedure for the Nomination Committee in 2010. These Rules of Procedure were updated by the General Meeting in 2013 as a result of the decision to discontinue Orkla's Corporate Assembly. The Rules of Procedure for the Nomination Committee may be found on Orkla's website under "Investor Relations". The Nomination Committee shall consist of two to five members, who are elected for a term of up to two years. The General Meeting elects the Chair and members of the Nomination Committee and determines its remuneration. The Committee is tasked with submitting the following reasoned recommendations:

Recommendation to the General Meeting:
- Election of shareholder-elected members and deputy members to the company's Board of Directors,
- Election of members to and the Chair of the Nomination Committee
- Remuneration of the Board of Directors and the Nomination Committee

Recommendation to the body that elects the Chair of the Board of Directors:
- Election of the Chair and Deputy Chair of the Board of Directors. (For this purpose, the Nomination Committee is supplemented by a representative appointed by the employee-elected members of the Board of Directors.)

The Rules of Procedure for the Nomination Committee contain further guidelines for the preparation and implementation of elections to the Nomination Committee and the Board of Directors, as well as criteria for eligibility, general requirements regarding recommendations, the number of members in the Committee and their term of service, and detailed procedural rules for the work of the Nomination Committee. Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals may be submitted to the Committee is posted on Orkla's website under "Investor Relations".

The composition of the Nomination Committee is intended to ensure that the interests of all the shareholders are served, and meets the requirement of the Norwegian Code of Practice for Corporate Governance as regards independence of the company's management and Board of Directors. None of the members of the Nomination Committee are a member of the Board of Directors of Orkla ASA. Neither the general manager nor other senior executives are members of the Nomination Committee. Information regarding the composition of the Nomination Committee and the number of Orkla ASA shares owned by each Committee member as at 31 December 2013 may be found on page 124.

8. THE CORPORATE ASSEMBLY AND THE BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

At the Annual General Meeting in 2013, a resolution was adopted to discontinue Orkla's Corporate Assembly in accordance with the agreement entered into with the employee unions. The Corporate Assembly was discontinued immediately after the election of shareholder-elected members to the Board of Directors and the Board Chair in May 2013. Consequently, the General Meeting will elect shareholder-elected members to the Board directly. It is proposed that the Board Chair should be elected by the General Meeting.

The composition of the Board of Directors is intended to serve the interests of all the shareholders and meet the company's need for competence, capacity and diversity. The Board's composition meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards Board members' independence of the company's executive management, main shareholders and material business relationships. Two of the Board members are defined as non-independent of the company's main shareholders, and all the Board members are defined as independent of the company's executive management or material business relationships. There are few instances in which Board members are disqualified from considering Board matters. Representatives of the executive management are not members of the company's Board of Directors.

Under Article 4 of Orkla's Articles of Association, the Chair, the Deputy Chair and the other shareholder-elected members of the Board may be elected for a term of up to two years. Since 2007, however, the Corporate Assembly has practised a term of one year for shareholder-elected members and deputy members, on the grounds that an annual assessment of the overall composition of the Board will ensure greater flexibility. There are no other provisions in the Articles of Association governing the appointment and replacement of Board members.

Further pursuant to Article 4 of Orkla's Articles of Association, the shareholder-elected members of the Board of Directors are required to own shares in the company with a view to strengthening the shared financial interests of shareholders and Board members. A more detailed description of the number of Orkla shares owned by each member of the Board, the members' background, qualifications, term of service and independence, how long they have been an Orkla Board member and any material functions in other companies and organisations is provided on page 120. Information regarding each Board member's attendance at Board meetings may be found on page 120.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Group employees have the right to elect four members of the Board of Directors of Orkla ASA, and one observer. The composition of the company's governing bodies is described on page 124.

9. THE WORK OF THE BOARD OF DIRECTORS

Tasks of the Board of Directors

The tasks of the Board of Directors are laid down in the Rules of Procedure for the Board of Directors, which govern the Board's responsibilities and duties and the administrative procedures of the Board, including which matters are subject to Board consideration and rules for convening and holding meetings.

The Board's Rules of Procedures also contain rules regarding the general manager's duty to inform the Board about important matters, and to ensure that Board decisions are implemented, see to it that company employees and other parties involved are adequately informed of Board decisions, and see to it that the guidelines for preparing matters for Board consideration are followed. The Board's other instructions and clarification of duties, authorisations and responsibilities to the general management are provided through routine communication.

The Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. In 2013, eight meetings were held in accordance with the Board's activity plan, including a two-day meeting to address strategic issues and one extraordinary Board meeting. The Board dealt with a total of 94 items of business. The content of the Board's work is discussed in further detail in the Report of the Board of Directors.

Board matters are prepared by the general manager and the Corporate Secretariat in consultation with the Board Chair. The Rules of Procedure for the Board of Directors contain provisions regarding procedural rules in connection with disqualification, joint investments and parallel investments. This is described in further detail under point 4 "Equal treatment of shareholders and transactions with related parties". The Board of Directors has established two permanent Board Committees, which are described in further detail below. These committees do not make decisions, but supervise the work of the company management on behalf of the Board and prepare matters for Board consideration within their specialised areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the company.

The Compensation Committee

The Compensation Committee is chaired by the Deputy Chair of the Board of Directors, Grace Reksten Skaugen, and its other members are Stein Erik Hagen and Terje Utstrand. The Group's SVP Corporate HR is the committee secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of executive management. The mandate of the committee is set out in the Rules of Procedure for the Board of Directors and in brief is as follows:

- prepare for consideration matters relating to the salary and terms of employment of the President and CEO to enable the entire Board, once a year, to participate in the evaluation of the President and CEO and in decisions concerning the latter's terms of employment;
- prepare for consideration matters of principle relating to levels of pay, bonus systems, pension terms, employment contracts and the like for senior Orkla executives.

The committee will otherwise deal with special questions relating to compensation for Group employees insofar as the committee finds that these questions concern matters of particular importance for the Group's competitive position, corporate identity, recruitment ability, etc.

The Audit Committee

The Audit Committee is chaired by Jesper Ovesen, and the other members are Peter A. Ruzicka (up until 10 February 2014) and Gunn Liabø. The Chief Internal Auditor is the secretary of the Audit Committee. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence and competence. The Nomination Committee's recommendation of candidates for election to the Board also contains information as to which Board members satisfy the requirements as regards independence and competence to sit on the Audit Committee. The committee's mandate is set out in the Board's Rules of Procedure and in brief is as follows:

- ascertain that internal and external accounting reporting processes are organised appropriately and carried out efficiently, and are of high professional quality;

- keep under review the effectiveness and relevance of the work of the internal audit staff and of the company's risk management systems;
- monitor and assess the quality of the statutory audit of Group companies and the Group's financial statements;
- help to ensure the independence of the external auditor, and ensure compliance with applicable rules and guidelines regarding the provision of additional services by the auditor to the Group or Group companies;
- initiate investigations, if necessary, and propose measures relating to the above-mentioned points;
- annually review and, if necessary, update its mandate, and submit its recommendations concerning its mandate to the Board of Directors.

The Board of Directors' self-evaluation
Each year, the Board of Directors carries out an evaluation of its own activities and competence, and discusses improvements in the organisation and implementation of its work, both at individual level and as a group, in relation to the goals that were set for its work. The results are made available to the Nomination Committee. An external person is used at regular intervals to facilitate the Board's self-evaluation.

10. RISK MANAGEMENT AND INTERNAL CONTROL

A prerequisite for Orkla's system of decentralised responsibility is that the activities in every part of the Group meet general financial and non-financial requirements, and are carried out in accordance with the Group's common norms and values. The executive management of each company is responsible for risk management and internal control in the company with a view to ensuring:

- exploitation of business opportunities,
- targeted, safe, high-quality and cost-effective operations,
- reliable financial reporting,
- compliance with applicable legislation and regulations,
- operations in accordance with Orkla's governing documents, including ethical and corporate responsibility standards.

Orkla's risk management system is fundamental to the achievement of these goals. To ensure ongoing risk monitoring in individual companies, all boards of operational subsidiaries are required to carry out a thorough analysis of the company's risk picture and internal control function at least once a year, in addition to the risk analysis that is an integral part of the company's decision-making processes.

Great importance is attached in Orkla's governing documents to defining the standards that apply to Orkla's businesses, and who is responsible for monitoring compliance with the various standards. Emphasis is also placed on ensuring that the documents are user-friendly and easily accessible. All the governing documents may be found on the web portal The Orkla Way. All employees can access The Orkla Way through the Group intranet, as well as by logging in on the Internet.

Risk management at Orkla
The Group's risk management is carried out by the financial staffs and is designed to ensure that all risk that is significant for Orkla's goals is identified, analysed, effectively dealt with and exploited across business areas and professional disciplines. This entails, among other things:

- continuously monitoring important risk indicators in order to reassess the Group's level of risk, if necessary
- identifying, communicating and monitoring risk factors critical to the Group in order to ensure that adequate risk mitigation measures are in place
- maintaining instructions and guidelines for risk management, emergency response and continuous operations
- assisting in the implementation of coherent risk management in routine operations and in connection with projects and major decisions
- presenting Orkla's consolidated risk profile to the Group Executive Board, the Board of Directors and the Board's Audit Committee
- facilitating the transfer of best risk management practices throughout the Group
- ensuring that formal risk assessments are uniformly carried out, presented, discussed and concluded by the Boards of the respective Group companies
- carrying out detailed risk analyses in particularly exposed areas
- ensuring that Orkla's risk management is in accordance with relevant regulatory requirements and the wishes of Orkla's stakeholders
- being responsible for selected measures to mitigate risk at Group level.

EHS
Risk identification is also an important tool in preventive environment, health and safety (EHS) efforts, and the Senior Vice President EHS ensures the systematic, continuous follow-up of this work. All companies and businesses report their ten main EHS risk factors and associated risk-mitigating measures as part of the annual reporting process.

The internal audit function
As part of the Group's internal control system, Orkla has an Internal Audit Department, which works closely with

the external auditor. The responsibilities of the Group's Internal Audit Department are as follows:

- Verify that internal control procedures which reduce risk have actually been established and are functioning as intended;
- Assist the Board of Directors, the Group Executive Board and the business areas by providing auditing competence and capacity, which includes monitoring and control of selected companies in the Group;
- Be the recipient of and follow up on reports submitted under the Group's whistle-blowing system for breaches of the Group's Code of Conduct. Information on this system may be found on Orkla's website under "Sustainability".
- Coordinate the choice of and monitor external auditors in the Group companies in accordance with the instructions of the Audit Committee
- Act as secretary to the Audit Committee

The Internal Audit Department is independent of "the line", since the Chief Auditor reports to the Board's Audit Committee.

Business ethics and corporate responsibility

There is systematic focus on business ethics and corporate responsibility at Orkla. Reference is made to a separate account of Corporate Responsibility at Orkla, and to Orkla's Sustainability Report for 2013.

The financial reporting process

The Orkla Group prepares and presents its financial statements in accordance with current IAS/IFRS rules.

The Group's governing documents are collected in The Orkla Way, and contain requirements and procedures for the preparation and presentation of interim reports and year-end reports. A set of Orkla Accounting Standards has also been drawn up, in which Orkla's ten main principles for financial reporting are set out. Financial information is reported through the Group's common reporting system, Hyperion Financial Management (HFM). Every month, each company reports figures in HFM, based on output from its own Enterprise Resource Planning (ERP) systems. HFM has a general chart of accounts, and built-in control systems in the form of data check accounts and check reports designed to ensure that the information is consistent. The reporting is expanded in the year-end reporting process to meet various requirements for supplementary information.

The process of consolidating and checking financial data takes place at several levels in the business areas.

Training and further development of accounting expertise within the Group is provided at the central level through the Orkla Finance Seminar, the Orkla Finance Academy, Year-End Reporting Day, HFM courses and the Orkla Accounting Committee. This training is offered in addition to the training provided by the various business areas.

11. REMUNERATION OF THE BOARD OF DIRECTORS

All remuneration of the Board of Directors is disclosed in Note 6 to Orkla ASA's financial statements. The note shows that remuneration of the Board of Directors is not linked to the Group's performance and that no options have been issued to Board members.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board's Compensation Committee presents a recommendation concerning the compensation and benefits for the President and CEO to the Board of Directors and monitors the general conditions for other senior executives in the Group. The Board assesses the President and CEO and his conditions once a year. A description of the remuneration of the executive management and the Group's compensation and benefits policy, including the scope and design of bonus and share-price-related programmes, is given in the Board of Directors' statement of guidelines for the remuneration of executive management; see Note 6 to Orkla ASA's financial statements. A ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is made available to shareholders together with the notice of the Annual General Meeting.

13. INFORMATION AND COMMUNICATIONS

Orkla seeks to ensure that its accounting and financial reporting are worthy of the confidence of investors. Orkla's accounting procedures are highly transparent, and since 2005 Orkla has prepared and presented its financial statements in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors' Audit Committee monitors company reporting on behalf of the Board.

Orkla strives to communicate actively and openly with the market. The company's annual and quarterly reports contain extensive information on the various aspects of the company's activities. The company's quarterly presentations are webcast directly and may be found on Orkla's website, along with the quarterly and annual reports, under "Investor Relations". In 2013, the company's Annual General Meeting was webcast and simultaneously interpreted to English. Orkla normally holds a Capital Markets Day every other year, on which occasion the market is given an in-depth review of the Group's strategic direction and operational development. The Capital Markets Day presentations are webcast directly on the company's websites.

In addition, Orkla arranges excursions for analysts and investors to selected Orkla factories so as to better acquaint the market with Orkla's operations. All shareholders and other financial market players are treated equally as regards access to financial information. The Group's Investor Relations Department maintains regular contact with company shareholders, potential investors, analysts and other financial market stakeholders. The Board is regularly informed of the company's investor relations activities. The financial calendar for 2014 may be found on Orkla's website under "Investor Relations".

14. TAKEOVERS

The Board of Directors will not seek to hinder or obstruct any takeover bid for the company's operations or shares. In the event of such a bid as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board will make a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

The Group has not found it appropriate to draw up any explicit basic principles for Orkla's conduct in the event of a takeover bid, other than the actions described above. The Board of Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

15. AUDITOR

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. Each autumn, the external auditor presents to the Board his assessment of risk, internal control and the quality of financial reporting at Orkla, at the same time presenting his audit plan for the following year. The external auditor also takes part in the Board's discussions on the annual financial statements. On both occasions, the Board of Directors ensures that it is able to discuss relevant matters with the auditor without the presence of the management.

The external auditor and the President and CEO attend all meetings of the Board's Audit Committee. For information regarding the work of the internal auditor, reference is made to the section above on risk management and internal control.

Orkla has established guidelines for the right of the general management to use the external auditor for services other than auditing. Responsibility for monitoring such use in detail has been delegated to the secretary of the Audit Committee, who is the Chief Internal Auditor. The secretary of the Audit Committee approves all material assignments in advance and receives an annual summary from the external auditor of services other than auditing that have been provided to Orkla. His annual report to the Audit Committee and the Board of Directors includes special comments on these services. Details of the company's use and remuneration of the external auditor are disclosed in Note 6 to the financial statements of Orkla ASA. The General Meeting is informed about the Group's overall remuneration of the auditor, broken down in accordance with statutory requirements into remuneration for statutory auditing and remuneration for other services. In connection with the auditor's participation in the Audit Committee and the Board of Directors' consideration of the annual financial statements, the auditor also confirms his independence.


PIERRE

Corporate responsibility at Orkla

Orkla defines corporate responsibility as achieving commercial profitability in a way that is consistent with fundamental ethical values and with respect for individuals, the environment and society. Through responsible operations and systematic improvement efforts, the Group seeks to contribute to the sustainable production of food and grocery products.

In 2013, Orkla continued its ongoing efforts to improve its performance in relation to human rights, working conditions, the environment and anti-corruption work in both its own operations and its supply chain. Important issues for the Group were the sustainable production of agricultural raw materials and fish, occupational health and safety, and addressing the needs of its own employees in connection with the restructuring of Group operations. At the same time, Orkla further intensified its focus on nutrition and health, and made significant progress in its efforts to develop healthy, safe and tasty food.

REPORTING ON CORPORATE RESPONSIBILITY

Orkla is subject to corporate responsibility reporting requirements under section 3-3c of the Norwegian Accounting Act. This includes a requirement to give an account of "the enterprise's efforts to integrate consideration for human rights, workers' rights and social conditions, the external environment and efforts to combat corruption into its business strategies, its day-to-day operations and its relationship with its stakeholders." The information provided in this chapter is in compliance with these requirements.[1] Orkla has also chosen to report on its work in the fields of food safety, nutrition and health, all of which are key issues of responsibility for Orkla in light of the Group's substantial presence in the food production industry.

The company auditor has assessed whether the information provided in this report relating to section 3-3c of the Accounting Act is consistent with information provided in the annual financial statements. The auditor's statement may be found on page 110.

Orkla's Board of Directors takes an active approach to the Group's corporate responsibility, and will at all times see to it that Orkla complies with the requirements in section 3-3c of the Accounting Act. This is accomplished by means of an annual assessment of the progress made in the Group's corporate responsibility work, a quarterly review of changes in key EHS indicators and the ongoing discussion of individual matters considered to be of material importance for Orkla's operations.

ORKLA'S APPROACH TO CORPORATE RESPONSIBILITY

Orkla's directive on corporate responsibility describes the overarching principles defining the way in which Group companies are to address the issues of human and workers' rights, environment, health and safety (EHS), anti-corruption and other important areas of responsibility in their day-to-day operations. The directive is based on the Universal Declaration of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. It has been adopted by Orkla's Board of Directors, and applies to the entire Group, including wholly-owned subsidiaries. Orkla has been a signatory to the UN Global Compact since 2005.

Orkla is a leading manufacturer of food and consumer goods in the Nordic region. The Group is committed to promoting sustainable development, above all in the food value chain, where more effective resource utilisation in every part of the chain could generate substantial environmental and welfare gains. The global challenges related to consumer health, climate change and resource scarcity constitute a commercial risk for the Group, but also offer opportunities for innovation and enhanced efficiency. Orkla contributes to sustainable food production by maintaining high food safety standards, engaging in development work in nutrition and health, making conscious choices in its use of resources and promoting improvement in its supply chain.

Based on a general assessment of the responsibility of Orkla companies to their stakeholders and the commercial significance of sustainability trends for the Group's operations, Orkla has identified six main corporate issues:

[1] *The information covers Orkla ASA and its wholly-owned subsidiaries.*

- Human resource development and corporate culture
- Occupational health and safety
- Environment
- Responsible purchasing
- Food safety
- Nutrition and health

The status of the Group's work on each of these issues is described in separate sections below.

Orkla's procedures for safeguarding human rights are described in the section on Employee involvement and corporate culture and the section on Responsible purchasing. The Group's procedures for safeguarding workers' rights and social conditions are described in the section on human resource development and corporate culture, the section on occupational health and safety and the section on responsible purchasing. Orkla's procedures for protecting the external environment and combating corruption are set out in separate sections.

Corporate responsibility management procedures
The CEO of each of Orkla's subsidiaries is responsible for implementing the Group's directive on corporate responsibility. This work must be based on the precautionary principle and the principle of continuous improvement, and companies must direct their efforts at the areas where the need for improvement and the possibility of exercising influence are the greatest. The companies' prioritisation of resource use must be based on an assessment of the needs of both the business and its stakeholders.

To ensure that the directive is effectively implemented, internal training is provided by both the Group and the individual companies. In 2013, Orkla reviewed the procedures for in-house training in corporate responsibility and business ethics, and began work on developing new training tools. These will come into use in 2014. A total of around 2,440[2] management staff and employees participated in training activities related to corporate responsibility and business ethics in 2013, compared with 740 in 2012. This represents around 14.6% of the total number of employees. The substantial increase from 2012 to 2013 is ascribable in part to the fact that some of the companies held courses in business ethics for all their employees. The training carried out in the past few years has increased employee awareness and knowledge of corporate responsibility and sustainability issues and promoted a more uniform approach to efforts in this field.

Orkla has developed a method for analysing sustainability-related risk and opportunities in individual companies. This method was tested in selected companies in 2012, and showed good results. The method is designed to define the company's responsibility towards important stakeholder groups in all parts of the company's value chain. Orkla assists individual companies in applying the method. Less progress has been made in rolling out the method than planned. For 2014, analyses are scheduled in three companies. To increase the companies' ability to carry out this type of analysis on their own, in 2014-2015 the Group will also train specialised staff in each company for this purpose.

Orkla monitors its companies' corporate responsibility work by means of annual internal status reports. In 2013, reporting procedures were improved by the introduction of new performance indicators and more uniform procedures for company-level reporting.

HUMAN RESOURCE DEVELOPMENT AND CORPORATE CULTURE

At the end of 2013, Orkla had 16,756 employees, working in around 140[3] enterprises[4] in 28 countries. Orkla strives to enable employees at all levels and in all parts of the Group to use their abilities, develop their potential and be a part of a good, inclusive work environment. This is both a responsibility and an important means of developing the Group's competitiveness.

Orkla's general principles for safeguarding human and workers' rights are described in Orkla's Human Rights Policy. This policy provides guidelines for ways in which companies should address the human and workers' rights considered to be the most relevant for the companies' everyday operations. These include the right to human dignity, freedom of opinion and expression, the right to life, liberty and security, competence development, privacy, diversity and non-discrimination, consultation and employee involvement, working conditions, prevention of child labour and protection of marginalised population groups. The Group has drawn up detailed guidelines for internal corporate democracy arrangements at Orkla and for work relating to recruitment, competence development, wages and terms and conditions.

The Orkla Code of Conduct describes the Group's standards and expectations in respect of individual managers, employees and Board members with regard to important human and workers' rights, such as respect and tolerance, gender equality and non-discrimination, and requirements

[2] *Estimate based on figures reported by central specialised functions and the Group companies.*
[3] *Businesses in which Orkla owns more than a 50% interest.*
[4] *Includes both production units and administrative units.*

related to the environment and anti-corruption efforts. These documents are accessible to all the companies through the Group's web-based governance portal.

In 2013, Orkla drew up a new strategy for organisational and leadership development which is aimed at developing the necessary expertise, leadership capacity and management systems to realise the Group's overarching strategic ambitions. At the same time, the Group's HR competency was strengthened by increasing the number of HR managers in the companies and expanding Orkla's central HR function. Orkla's talent base for management positions was reinforced during the year through external recruitment and activities aimed at inspiring behavioural change. The process of developing capable management staff and a competent organisation will continue in 2014 in the form of a programme to increase awareness of desirable conduct, focus on renewing Orkla's competency programme and a review of the Group's compensation and benefits policy.

Orkla undertook a major restructuring of its operations in 2013. In September, Sapa AS was established as a new company based on a 50/50 joint venture between Norsk Hydro and Orkla. Rieber & Søn was integrated into Orkla's other food businesses. In the Orkla Confectionery & Snacks business area, several companies were merged, and a new company was established in each of the Nordic countries. Operations were also restructured in the other business areas. The purpose of these changes is to improve the Group's competitiveness by rationalising its organisational structure, increasing expertise in key business processes and developing strong companies with a good corporate culture. Emphasis has been placed on achieving a seamless integration of the merged organisations, in terms of systems, working environments and corporate culture. The restructuring process has called for extra effort on the part of a large number of management staff and employees, and has been carried out successfully. The process of establishing a good corporate culture and well-functioning internal systems will continue in 2014. Orkla will also conduct an employee opinion survey in 2014 to chart job satisfaction and the need for organisational development.

Gender equality and diversity

Diversity and a corporate culture based on respect and equality are important for Orkla's success in competition for labour, and for utilising the potential of employees in the best interests of the Group and the individual employees. Orkla tolerates no form of harassment or other behaviour that may be perceived as threatening or degrading. All employees are entitled to fair and equitable treatment. Orkla's commitment to diversity, equality and non-discrimination is described in the Group's directive on corporate responsibility and human rights policy, and the requirements that apply to Board members, management and employees are set out in the Orkla Code of Conduct. In 2013, Orkla had no matters related to gender equality or discrimination[5].

Orkla seeks to ensure that the wages of all its employees are consistent with the pay and collective wage targets defined by employer organisations and other bodies in the respective countries. When determining an employee's wage, Orkla attaches importance to the expertise required for and complexity of the position, and the employee's work performance and competitiveness on the market, regardless of gender, background or functional ability.

Orkla aims to maintain a good gender balance at every level of its organisation, and attaches importance to this aspect when recruiting and training employees. Gender equality and diversity are topics covered in courses provided on the Orkla Code of Conduct. In 2013, such training was provided for 1,500 management staff and employees, compared with 350 the year before. For instance, Orkla's Indian food company, MTR Foods, provided business ethics training for all its employees in 2013. Orkla Foods Sverige drew up a gender equality plan in 2013 with emphasis on ensuring equal pay for equal work and increasing diversity in management teams and departments with a gender imbalance. In 2013, Orkla Foods Danmark formulated a gender equality policy aimed at improving gender balance in management.

As at 31 December 2013, Orkla had 46.5% female employees and 53.5% male employees, which is the same level as in 2012[6]. A total of 42.1% of machine operators were women, compared with 53.9% of administrative employees. At year end, women accounted for 27.1% of management team members at Group, business area and company level, compared with 28.6% in 2012. The proportion of women in management positions at all levels of the Group's businesses was 36.3%, compared with 34.7% in 2012.

To ensure continued improvement in this area, Orkla has initiated a joint project with five other Norwegian companies. In 2013, in cooperation with the AFF Foundation at the Norwegian School of Economics, the companies

[5] *Based on annual internal reporting by companies on disputes, litigation, supervisory cases and similar matters.*

[6] *The figures for 2012 have been adjusted for Sapa (JV).*

carried out a management survey in the six companies. The results of this project have given the companies valuable knowledge regarding the factors that promote a good gender balance in management. In 2014, Orkla will present these research findings to the companies' senior management and HR functions, and apply the insight gained from the project in preparing a plan for further efforts to promote gender equality.

Consultation and employee involvement
Good internal communication and cooperation between management and employees are crucial to Orkla's potential for success, and to the employees' job satisfaction and working environment. All of the Orkla companies have established working environment committees or other formal arrangements for regular dialogue and collaboration between management and employee representatives. The employees are also represented on Orkla's Board of Directors and in other governing bodies. Organisational changes that may affect employees' employment situation are discussed with employee representatives, and the procedures for such discussions are laid down in the collective cooperation agreements entered into between management and trade unions in the individual companies. The normal period for notifying employees following the conclusion of discussions with employee representatives is a minimum of two weeks prior to implementation of the changes.

In connection with the reorganisation of the Orkla Home & Personal and the Orkla Confectionery & Snacks business areas, liaison committees were established in 2013 between management and employee representatives in both business areas. Such committees were already in place in Orkla Foods, Orkla Food Ingredients and Orkla International. In 2013, several of the companies also improved their internal communication and management-employee cooperation procedures.

The main topic of dialogue between Orkla's management and employee representatives in 2013 was the restructuring of the Group. The management at Group and company level has involved employee representatives in implementing organisational changes through regular discussion meetings. The Group has provided support for restructuring measures to help redundant employees find new jobs.

Orkla aims to ensure that all employees receive regular feedback on their work performance. In 2014, to achieve this objective, the Group will provide information and training to familiarise management staff with the Group's performance assessment interview procedures.

Competence development
To further develop Orkla's competitiveness and successfully realise the Group's strategy, it is important that each employee and manager have the right competence. This applies at all levels of the organisation.

The development of individual skills primarily takes place in the on-the-job training that each employee receives in his or her day-to-day work. In addition, the companies provide training on topics relevant to their operations, such as quality, food safety and production systems, environment, health and safety, project management and sales-related functions. Several of the companies also offer vocational training programmes, either on their own or in collaboration with public education institutions. Orkla facilitates key competency programmes in management and important specialised areas. A total of 393 employees participated in Orkla's central training programmes in 2013, compared with 540 the year before. In 2014, Orkla will review the Group's central programmes with a view to increasing the learning impact of the courses.

Anti-corruption and competition law
Value creation in Orkla must take place in conformity with the Group's Code of Conduct and applicable legislation. Orkla has zero tolerance for corruption, price-fixing agreements, market sharing or any other measures that limit free competition. Orkla's overarching goal in its efforts to combat corruption and promote competition law compliance is to develop a corporate culture characterised by good judgement and the ability to deal with difficult situations in order to avoid breaching rules and regulations and to promote sound business practices. The Group's internal requirements and guidelines in this area are described in Orkla's anti-corruption manual, competition law manual and Code of Conduct. All Orkla employees are required to adhere to the principles set out in these documents, which may be found on Orkla's web portal for governing documents.

The management of each company is responsible for communicating the Group's Code of Conduct to all employees and for ensuring that all employees who may be exposed to risk are familiar with the requirements in the anti-corruption and competition law manuals.

To prevent breaches of anti-corruption and competition law rules, the Group provides training for management and employees who hold positions which may expose them to risk in this area. Combating corruption is a regular topic in Orkla's leadership training programmes and in the Group's general training in corporate responsibility. In 2013, anti-corruption training was provided for a total of 1,320 managers and employees, equivalent to 7.9% of the total number of Group employees. Among other things, MTR Foods, Orkla's Indian food company, held an employee training programme in corporate responsibility and business ethics, in which anti-corruption was one of several topics. Competition law is a regular topic in Orkla's sales and purchasing training programme. Orkla's Legal Affairs Department also holds special courses on competition law for managers and key personnel. In 2013, training in competition law was provided for 144 management and key personnel. In 2013, Orkla began work on developing an e-learning programme on anti-corruption and competition law, which will be implemented in 2014.

Through its Supplier Code of Conduct, Orkla requires its suppliers to have zero tolerance for corruption. Suppliers are monitored on the basis of a risk assessment, and Orkla's long-term goal is to ensure that all Orkla suppliers sign the Group's Code of Conduct.

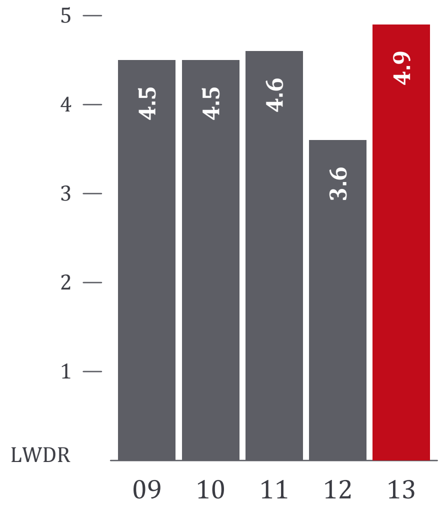
As part of the Group's due diligence procedures in connection with acquisitions and major investments, Orkla assesses the risk of becoming involved in breaches of anti-corruption and competition law rules. According to the Group's internal guidelines, Orkla companies must take necessary risk-mitigating action to prevent independent business partners, including customers and joint venture partners, from participating in corruption or other illegal or unethical activities in connection with its business dealings with Orkla. In 2013, Orkla had no cases related to anti-corruption or competition rules[7].

OCCUPATIONAL HEALTH AND SAFETY

A safe working environment for all employees, contract personnel and suppliers is essential to creating sustainable value. Orkla's ambition is to conduct its operations with zero injuries. We will achieve this goal by managing risk effectively, working systematically to prevent injuries and work-related diseases, and actively involving all employees.

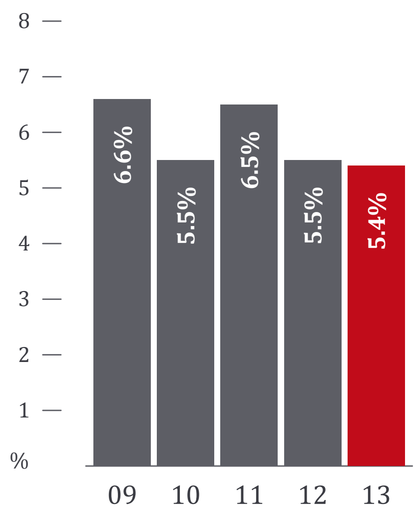
The general requirements with which Orkla companies must comply are set out in Orkla's EHS policy. The guidelines are designed to ensure compliance, and continuous improvement over time. EHS targets and activity plans must be prepared, systems and control procedures must be established, measures must be implemented and activities must be reported on. All employees, contract personnel and suppliers must be made aware of their EHS responsibility. All our management staff are expected to be strongly committed to optimising our EHS performance, and all employees are expected to be involved in EHS activities at their workplace.

*Lost Work Day Rate (LWDR[1]) at Orkla**



**Figures as reported 2009-2012.*
[1]Number of injuries leading to absence per million hours worked.

*Sickness Absence Rate for Orkla in Norway**



**Figures as reported 2009-2012.*

[7]Based on annual internal reporting by companies of disputes, litigation, supervisory cases and similar matters.

In line with Orkla's decentralised management structure, each company has an independent responsibility for its own EHS work. A fundamental principle is that efforts must be preventive. Risk assessments are therefore a key element of EHS activities, and all units in Orkla must carry out such assessments. The risk analysis process serves as the basis for determining which measures must be carried out, and helps businesses to enhance improvement efforts by prioritising the most important measures and establishing effective action plans.

EHS activities are followed up through regular reporting in the businesses' boards and by means of internal audits headed by Orkla's central EHS function.

The long-term, ongoing efforts to improve EHS performance in accordance with the Group's targets and standards continued in 2013. In the course of the year, Orkla developed a common EHS standard and guidelines that apply to all business areas and businesses. Implementation of these norms will begin in 2014. Training and skills upgrading are important aspects of this work, and are based on knowledge and lessons learned across the Group. EHS work is monitored by Orkla's Board of Directors by means of quarterly status reports.

Safety

In 2013, very few serious injuries were sustained in Orkla, but several near misses occurred which could have had a serious outcome. These incidents show that there must still be full focus on efforts to prevent injuries in every part of the organisation. Incidents are investigated so as to learn from them and avoid their recurrence. The registration and follow-up of all types of injury and undesirable incidents are an important part of the Group's improvement work, fostering a greater understanding and awareness of risk throughout the organisation.

Orkla achieved a Lost Work Day Rate (number of injuries leading to absence per million hours worked) of 4.9 in 2013, compared with 3.6 in 2012. The Total Recordable Rate (number of injuries leading to absence, need for medical treatment or restricted work per million hours worked) was 11.5 in 2013, compared with 12.7 in 2012. Procedures for registering injuries requiring medical treatment or restricted work have still not been adequately established in all parts of the organisation, so we expect this figure to vary in the future. Although the number of occupational accidents at Orkla is not satisfactory, many companies improved their performance in 2013. Several companies recorded no injuries resulting in absence during the year. These results show that improvements can be achieved by applying key EHS principles, such as good order and cleanliness, engagement, skills upgrading and a willingness to learn from others. We will therefore continue to focus on and emphasise the application of these important principles throughout the organisation, while also introducing new measures to ensure that further progress is made towards our target of zero injuries. Efforts to foster a strong safety culture and improve the level of safety in all our operations will continue to have highest priority at Orkla.

Occupational Health

The sickness absence rate for the businesses in Norway was 5.4% in 2013, which is the same level as in 2012.

Orkla's global sickness absence rate was 3.9% in 2013, compared with 4.3% in 2012. There have been minor changes in sickness absence in Orkla in the past few years, with the same variations in the course of the year. The absence rate is highest in the winter months and lowest in the third quarter. However, sickness absence varies significantly from country to country and from company to company.

The rules for recording sickness absence and following up persons on sick leave vary from one country to another, but we see that the sickness absence rate, especially in some of the Norwegian companies, is too high. There is continuous focus on improvement measures. In Norway, the principles of an inclusive workplace, entailing active follow-up of persons on sick leave and collaboration with the company health service, are applied. In practice, this means that each business must put in place good processes in which management and employees participate actively to establish measures adapted to their workplace.

Orkla seeks to ensure that the principles underpinning health-promoting workplaces are adapted to the Group's operations all over the world. A health-promoting workplace is important for every employee, but healthy employees also have an influence on their working environment and are essential to achieving good financial results. Orkla's systematic improvement efforts are focused primarily on preventive measures and rehabilitation.

ENVIRONMENT

Protecting human beings and the environment is a large and important responsibility. Orkla's ambition is to operate in accordance with sustainable development principles and reduce the environmental footprint created by our products and processes.

Any emissions or discharges are recorded and dealt with in accordance with national and local requirements. In

2013, one incident was registered that resulted in follow-up action by local or national authorities.

Orkla's impact on the environment primarily consists of emissions generated in connection with energy use and transport. Use of materials and scarce natural resources, including water, are also important focus areas that must be considered in relation to the entire value chain and products' life cycle. At the local level, factories' waste management and noise abatement measures are key areas of activity.

Several Orkla businesses work systematically to map their energy consumption and explore possibilities for achieving more efficient energy use. Efficiency-improvement and investment projects are carried out each year to reduce energy consumption and increase energy recovery. Energy consumption in 2013 totalled 1.17 TWh, compared with 2.05 TWh in 2012. Approximately 0.6 TWh of this was generated by purchased energy. In 2013, a total of 2.1 TWh was produced by Orkla's own power plants in Norway.

For several years, Orkla has prepared energy and climate accounts based on the international Greenhouse Gas Protocol Initiative. These accounts are also reported to the Carbon Disclosure Project (CDP), an independent organisation that provides investors worldwide with a basis for assessing how the world's largest companies are responding to climate challenges.

In 2013, greenhouse gas emissions from Orkla's own global operations totalled 130,000 tonnes of CO_2 equivalent, which is the same level as in 2012. These emissions are primarily generated by factories' production of thermal energy (from fossil fuels). If emissions from purchased energy are included, total emissions for 2013 amount to approximately. 258,000 tonnes of CO_2 equivalent, compared with 274,000 tonnes in 2012. The changes in emissions for 2013 are ascribable to increased production in countries where non-renewable energy is used to a greater degree.

Orkla carried out a project in 2013 to learn more about emissions throughout the value chain with a view to initiating measures that have optimal effect on environmental conditions, such as reductions in greenhouse gas emissions and water consumption and better resource utilisation. In 2014, we will use this knowledge to establish goals and measures to promote improvement.

RESPONSIBLE PURCHASING

Responsible purchasing procedures play a significant role in achieving the desired product quality and ensuring that production in all parts of the value chain is carried out in accordance with international norms for human rights and working conditions, and environmental and anti-corruption standards. Orkla companies buy a large quantity of raw materials, materials and services from a total of around 21,000 suppliers[8].

A large part of the Orkla companies' purchasing takes place locally in the country in which the business is located. 66% of the Group's purchasing comes from suppliers in the Nordic and the Baltic regions, which are Orkla's main markets[9].

In 2009, Orkla drew up a responsible purchasing policy that must be adhered to by all the Group companies. Work is to be based on three main principles: (1) communicate our ethical standards to suppliers, (2) assess the risk of breaches of these standards, and (3) follow up on risky suppliers through dialogue, audits and guidance. A total of 23 companies have implemented, or are implementing, the procedures for risk identification and supplier monitoring. These companies account for a total of around 85% of Orkla's purchasing[10]. The status of Orkla companies' efforts to promote responsible purchasing is reviewed annually by the Group Executive Board through business area reviews.

The Supplier Code of Conduct

Orkla's Supplier Code of Conduct describes the requirements we set for suppliers with regard to human rights, workers' rights and social conditions, environmental management and anti-corruption efforts. These requirements are based on relevant UN and ILO conventions. They were revised in 2012 in collaboration with the Ethical Trading Initiative Norway (IEH), and are in conformity with IEH ethical trade guidelines.

Risk identification

In view of the large number of Orkla suppliers, it is important to give priority to monitoring the suppliers and raw material chains considered to be the most risky. To identify risky suppliers, Orkla companies carry out a rough risk assessment of their supplier portfolio. The assessment is based on known risk factors related to countries, industries and production process. All suppliers of raw materials and packaging and other important suppliers[11] have been subjected to this type of general risk assessment. New suppliers are also routinely subjected to a general risk assessment, and are required to accept Orkla's Supplier Code of Conduct.

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[8] *This figure applies to Orkla's branded consumer goods business.*

[9] *Applies to Orkla's branded consumer goods business.*

[10] *Applies to Orkla's branded consumer goods business.*

[11] *Important suppliers are identified on the basis of the size of the purchase and the product's importance for operations.*

In the case of potentially risky suppliers, a more detailed risk assessment must be carried out. The suppliers are asked to make a self-evaluation based on a standardarised method developed by the Sedex organisation. At the end of 2013, a total of 170 Orkla suppliers were registered in Sedex, which constitutes 80% of the suppliers classified as risky (i.e. there is a high risk that the supplier will not conform to Orkla's Supplier Code of Conduct). Orkla companies monitor potentially risky suppliers by means of dialogue, audits and guidance. An ethical audit is conducted in cases where the company perceives a need for a more detailed, independent examination of the supplier's procedures and practices with regard to working conditions, health and workplace safety, protection of the external environment and anti-corruption efforts. All audits are summed up in a non-conformity report and improvement plan, and the supplier must undertake to remedy the identified non-conformities within an agreed period of time. A total of 59 ethical supplier audits of Orkla suppliers were carried out in the period 2012-2013.

Work on the systematic identification of risk will continue in 2014, in the aim of completing audits of all risky suppliers by the end of the year.

Improvement work

In the period 2012-2013, 194 non-conformities were detected in supplier audits. The most common non-conformities are the lack of adequate personal protective equipment, inadequate fire safety, first aid and noise protection procedures, exaggerated use of overtime, and non-conformities related to wages and overtime compensation. A total of 107 non-conformities have been corrected, and the remaining non-conformities will be addressed in 2014.

Orkla is a member of the Ethical Trading Initiative Norway and AIM-PROGRESS, the European branded goods platform for responsible sourcing. Both these organisations hold courses for suppliers in risky countries and industries, and Orkla companies offer their suppliers the opportunity to participate in these courses.

Orkla companies are involved in certain raw material chains that present complex challenges. The most important chains in terms of purchasing volumes are cocoa, palm oil, fish and seafood, vegetables, fruit and berries, and nuts and seeds. The production of these raw materials may give rise to serious challenges in terms of poverty, child labour, breaches of labour standards, unsustainable cultivation and fishing methods, reduction of species diversity, greenhouse gas emissions and conflicts over land ownership rights. Several of the companies are engaged in improvement projects related to cocoa, palm oil, fish and seafood, vegetables, and fruit and berries. These projects include use of certification systems, participation in industry initiatives and collaborative projects in which the companies, public authorities and expert organisations are involved. In 2013, Orkla carried out a study to identify risk factors and possible improvement measures for the most important risky raw materials, and in 2014 will formulate general goals and guidelines for future work with these categories.

Training

In 2010, Orkla established an internal responsible purchasing network in which the companies' purchasing staff participate. The network is headed by Orkla's central purchasing department, and used to provide training and share experience. Responsible purchasing is also a topic addressed in Orkla's leadership development programme and in the Group's competency programme for purchasing, marketing and sales. In 2013, a total of 845 hours of training were provided for 82 managers and employees. The corresponding figures for the previous year were 1,300 hours of training for 90 employees. Training programmes and exchanges of experience will continue in 2014.

FOOD SAFETY

Food safety is an essential prerequisite for all food production, and requires systematic quality and control procedures throughout the value chain. The most important risk issues are pathogenic bacteria, contamination by undesirable substances, allergens and foreign bodies, and the threat of sabotage.

Safe food production

The Orkla Food Safety Standard (OFSS) is designed to ensure a high, uniform standard of quality in food production at all Orkla's production facilities. The standard is based on the British Retail Consortium (BRC)'s internationally recognised food safety standard, and has been further developed by Orkla's central food safety department to cover all risk factors of special importance for Orkla's food production. The OFSS sets stringent requirements for production premises, management procedures, expertise and operating procedures, and process and product control. The standard includes procedures for hazard analysis and critical control points (HACCP) in production.

All the Orkla companies that manufacture food, beverages and dietary supplements must meet OFSS requirements, and compliance is monitored by means of regular audits. Since the introduction of the OFSS in 2004, a total of 589 audits of Orkla's own factories have been carried out. In 2013, 56 food safety audits were performed. Binding activity plans describing corrective measures, assigning responsibility for measures and setting implementation deadlines were prepared in connection with all the audits.

Orkla has a team of 11 highly qualified, internal food safety auditors. The auditors regularly undergo training with external specialists. The training programme provided through the Orkla Food Safety Training Course has been well attended, especially by quality control and production employees in charge of food safety at Orkla factories. In 2013, 16 persons participated in this course, and a total of 92 employees have completed the training programme since the course was introduced in 2010. The Group will continue its efforts to provide training and monitor food safety in production in 2014.

Food safety in purchasing
Orkla sets stringent food safety requirements for all suppliers of raw materials and packaging, and has established a special system for food safety in purchasing that covers risk assessment, approval and monitoring of suppliers. The system applies to Orkla companies and all suppliers that produce food on behalf of Orkla. Orkla's system for food safety in purchasing consists of guidelines for risk identification and supplier audits, audit tools, support documents and an IT-based portal for registering information on suppliers and documentation of measures implemented. Orkla's central food safety training centre holds courses for quality and purchasing staff in use of the portal, and trains internal food safety auditors. Since Orkla's system for food safety in purchasing was introduced in 2008, a total of around 300 employees have participated in training programmes. Work in connection with internal training, supplier audits and follow-up will continue as before in 2014.

NUTRITION AND HEALTH

The global challenges posed by overweight and lifestyle diseases call for a concerted effort by all sectors of society. Orkla seeks to promote a healthier lifestyle. As a leading manufacturer of food, beverages and dietary supplements in the Nordic region, Orkla can make a positive contribution to public health by developing products that make it easier for people to maintain a balanced diet and encouraging consumers to make healthy choices.

Orkla has established general principles for its companies' nutrition and health work, but wants each company to define targets and measures adapted to the company's product portfolio, responsibility, market potential and practical operating conditions. Orkla's Group Executive Board monitors the companies' efforts through the status reports presented in business area reviews. The Group's central department for nutrition and health provides support for the companies in the form of expert guidance and coordination of common research and improvement activities. In 2014, Orkla will develop a joint nutrition training programme for employees who are involved in innovation and development work. The main areas of focus for the companies' nutrition and health work are innovation, consumer guidance, responsible marketing and support for health-promoting initiatives.

Orkla is engaged in an active dialogue with the health authorities in many of the countries in which the Group operates on the framework conditions for its activities and its efforts to promote a healthier lifestyle. In 2013, Orkla businesses have participated in meetings with the Norwegian Ministry of Health and Care Services, the Danish Veterinary and Food Administration and the Swedish National Food Agency.

Innovation
Orkla's food businesses work systematically to reduce the quantities of salt, sugar, saturated fat and artificial additives in food. Development work is challenging because changes in food products can affect the products' shelf life, taste and consistency. The development of healthier foods therefore requires thorough risk assessments, testing and innovation in use of raw materials, recipes and production processes. From 2009 to 2013, Orkla has reduced the quantity of salt in its products by a total of 260 tonnes and the quantity of saturated fat by 6,500 tonnes. In the past decade, Orkla has launched a number of new food products and dietary supplements with beneficial nutritional properties. These innovations include bread mixes, several varieties of pizza and breakfast cereals with a higher content of dietary fibre. Orkla has also intensified its focus on food products for consumers with food allergies and special nutritional needs. Work on reducing the content of salt and saturated fat will continue in 2014. Orkla also aims to launch more sugar-free and reduced sugar products.

Innovation work in the field of food and health requires a good knowledge of the way food affects the human body, and Orkla's food businesses work closely with several external centres of expertise. Orkla Foods Norway is heading the SALTO project, a three-year joint project between several Norwegian food companies and food researchers at Nofima, SINTEF and the Norwegian University of Life Sciences. The aim of the project is to reduce the amount of salt in everyday foods such as cheese, boiled ham, patés and forcemeat products by 25-50%. Orkla Foods Sverige is engaged in research collaboration with Igelösa Life Science Community on the development of healthy, climate-friendly foods, based on a high content of vegetable raw materials. This collaboration has resulted in the launch of food products with beneficial nutritional and environmental properties under the brand name FELIX Smart Mat. Several Orkla companies are working with the Antidiabetic Food Centre at the University of Lund, Sweden, on developing food products designed to reduce the risk of obesity, age-related diabetes and cardiovascular disease. Orkla Foods Sverige utilised the knowledge gained from this project to launch new varieties of food under the Paulúns brand in 2013. The three joint projects will continue in the period 2014-2015, and the research results will be applied in Orkla's innovation work.

Consumer guidance
The Orkla companies have consumer service departments that deal with complaints and other inquiries from consumers, and provide information on nutritional content, allergens and other relevant issues on their websites. In the past few years, Orkla companies have improved the nutritional content declaration on their product packaging. A total of 2,800 products have expanded their nutritional labelling in the form of the Guideline Daily Amount (GDA) voluntary food labelling system, and 37 products are labelled with the green Keyhole symbol. In 2013, Orkla drew up internal guidelines for good, uniform nutritional labelling of foods that apply across companies and product categories. Implementation of these guidelines will begin in 2014. In 2013, Orkla was also engaged in the discussion between the Norwegian, Swedish and Danish authorities regarding qualification criteria for the green Keyhole label, with a view to further improving these criteria. Orkla's businesses have good quality assurance procedures for nutrition and health claims. In 2013, Orkla was involved in five minor cases related to labelling rules. None of the cases resulted in fines for Orkla[12].

Responsible marketing
Orkla is committed to marketing its products responsibly. Orkla is a major advertiser, and its companies' marketing reaches a substantial number of consumers. Good and responsible marketing is important in order to meet consumers' need for information, exercise caution in relation to children and young people, and generally create confidence in Orkla products. The Group pursues a restrictive policy with regard to marketing to children and adolescents.

In the period 2012-2013, Orkla has participated actively in the formulation of new voluntary guidelines for marketing of food and beverages to children and young people in Norway, and in the establishment of the new Food and Drink Industry Professional Practices Committee (MFU), which is to deal with complaints concerning food and drink marketing. Orkla is represented on both the new Committee and the Committee Board.

In 2013, Orkla was involved in six minor cases under the regulatory framework for marketing. None of the cases resulted in fines for Orkla[13]. In 2014, Orkla will ensure that the new voluntary guidelines are effectively implemented in the Group businesses. Orkla's Legal Affairs Department and the Group's nutrition and health staff provide guidance for companies in the fields of marketing law and interpretation of the guidelines. In 2014, the Group will draw up common internal guidelines for responsible marketing.

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[12] *Based on annual internal reporting by companies on disputes, litigation, supervisory cases and similar matters.*
[13] *Based on annual internal reporting by companies on disputes, litigation, supervisory cases and similar matters.*


Bixit
SAFARI
Marie


Panda
soft & fresh
Licorice
Original

Annual Financial Statements 2013

INCOME STATEMENT, EARNINGS PER SHARE AND STATEMENT OF COMPREHENSIVE INCOME

__The Income Statement__ presents revenues and expenses for the companies consolidated in the Group and measures the results for the accounting period in accordance with current IFRS standards. All internal matters have been eliminated. The income statement distinguishes between what is deemed to be the Group's operations and what is deemed to be of a more financial nature. Special matters under operating activities are presented on a separate line as "Other income and expenses" because they only to a limited degree serve as reliable indicators of the Group's current earnings. The result of investments in associates and joint ventures is presented on a single line separate from operating activities. Reported results of shares and financial assets chiefly consist of items that have been sold or written down, while ongoing changes in value are presented in the statement of comprehensive income. Finance income and finance costs reflect the way the Group is financed and, to some extent, its foreign exchange position, and may include non-recurring items in the form of gains and losses on financial engagements. The notes explain the content of the various accounting lines. __Earnings per Share__ are calculated on the basis of profit/loss for the year attributable to owners of the parent share of profit/loss for the year. __The Statement of Comprehensive Income__ is presented as a separate table in connection with the income statement. The table shows the result of all income and expenses that are not included in the "profit/loss for the year" and that are not transactions with owners. This applies to actuarial gains and losses, changes in the value of or reversals related to the sale of shares and financial assets (unrealised gains), changes in the value of or reversals related to the sale of hedging instruments (hedging reserve) and exchange differences in connection with the translation of the financial statements of foreign subsidiaries, associates and joint ventures.

The figures for 2012 and 2011 have been restated in relation to the figures presented in the 2012 Annual Financial Statements. This is due to amendments to the pension standard (IAS 19) and the standard for joint ventures (IFRS 11), see Note 1.

INCOME STATEMENT

Amounts in NOK million	Note	2013	2012	2011
Sales revenues	8	**32,216**	28,559	29,640
Other operating revenues	8	**829**	1,337	420
Operating revenues		**33,045**	29,896	30,060
Cost of materials	8	**(16,690)**	(15,063)	(15,289)
Payroll expenses	8, 10, 11	**(5,918)**	(5,088)	(5,330)
Other operating expenses	8, 12	**(6,171)**	(5,468)	(5,539)
Depreciations and write-downs property, plant and equipment	8, 18, 19	**(1,103)**	(918)	(975)
Amortisations intangible assets	8, 18	**(21)**	(16)	(17)
Other income and expenses	8, 13	**(860)**	(433)	(375)
Operating profit		**2,282**	2,910	2,535
Profit/loss from associates and joint ventures	7, 8	**2**	418	257
Dividends received	23	**250**	211	440
Gains, losses and write-downs shares and financial assets	23	**623**	857	1,643
Finance income	14	**85**	196	296
Finance costs	14	**(578)**	(685)	(729)
Profit/loss before taxes		**2,664**	3,907	4,442
Taxes	15	**(692)**	(726)	(654)
Profit/loss after taxes from continuing operations		**1,972**	3,181	3,788
Gains/profit/loss discontinued operations	38	**(1,225)**	(1,547)	(4,496)
Profit/loss for the year		**747**	1,634	(708)
Profit/loss attributable to non-controlling interests	8, 34	**57**	0	48
Profit/loss attributable to owners of the parent		**690**	1,634	(756)
EBITA[1]	8	**3,163**	3,359	2,927
EBITDA[2]		**4,266**	4,277	3,902

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

[2]Operating profit before depreciation, amortisation and other income and expenses.

EARNINGS PER SHARE

	Note	2013	2012	2011
Earnings per share (NOK)	16	**0.7**	1.6	(0.7)
Earnings per share diluted (NOK)	16	**0.7**	1.6	(0.7)
Earnings per share for continuing operations diluted (NOK)	16	**1.9**	3.1	3.7

STATEMENT OF COMPREHENSIVE INCOME

	Note	2013	2012	2011
Profit/loss for the year		**747**	1,634	(708)
Items not to be reclassified to profit/loss in subsequent periods				
Actuarial gains and losses pensions	11, 15	**37**	(37)	(187)
Items to be reclassified to profit/loss in subsequent periods				
Change in unrealised gains on shares after tax	15, 23	**(79)**	(753)	(3,143)
Change in hedging reserve after tax	15, 31	**46**	(5)	(770)
Items charged to equity in associates and joint ventures	7	**81**	(325)	105
Translation effects		**2,015**	(848)	(218)
Comprehensive income		**2,847**	(334)	(4,921)
Comprehensive income attributable to non-controlling interests		**75**	(8)	48
Comprehensive income attributable to owners of the parent		**2,772**	(326)	(4,969)
Change in hedging reserve and translation effects from discontinued operations	38	**368**	(643)	(597)

The Statement of Financial Position *presents the Group's total assets and shows how they have been financed, broken down into equity and liabilities. All internal matters between companies in the Group have been eliminated. According to the system of classification applied to the statement of financial position, current assets and liabilities belong to a normal operating cycle, are cash and cash equivalents or have a useful life/repayment time of less than one year. Other assets and liabilities are classified as non-current. IFRS financial statements are oriented towards the statement of financial position and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the statement of financial position. Equity is a residual. The different standards determine how the items are to be treated. The valuation of items in the statement of financial position (examples in brackets) is therefore a combination of fair value (shares and financial assets), amortised cost (trade receivables), cost (inventories), cost minus depreciation (property, plant and equipment) and recoverable amount (certain written down property, plant and equipment and certain intangible assets and goodwill). The statement of financial position items are explained in the notes to the financial statements.*

Items in the statement of financial position have been changed due to amendments to the pension standard and the standard for joint ventures. The main change consists of an increase in pension liabilities (the corridor approach is no longer used) with a contra entry in equity and deferred tax (see Note 1).

Amounts in NOK million	Note	2013	2012	1.1.2012
ASSETS				
Property, plant and equipment	8, 19	**11,651**	9,601	17,720
Intangible assets	8, 17, 18	**15,368**	9,948	12,460
Deferred tax assets	15	**34**	121	342
Investments in associates and joint ventures	7, 8	**10,377**	2,794	4,774
Other financial assets	26	**665**	892	959
Total non-current assets		**38,095**	23,356	36,255
Assets in discontinued operations / held for sale	38	**-**	13,740	391
Inventories	8, 20	**4,836**	4,243	8,047
Receivables	24	**6,328**	5,357	10,548
Shares and financial assets	23	**1,051**	3,601	5,502
Cash and cash equivalents	25	**1,805**	7,196	5,451
Total current assets		**14,020**	34,137	29,939
Total assets		**52,115**	57,493	66,194
EQUITY AND LIABILITIES				
Paid-in equity	33	**1,989**	1,985	1,997
Retained earnings		**28,490**	28,196	31,439
Non-controlling interests	34	**301**	258	280
Total equity		**30,780**	30,439	33,716
Deferred tax	15	**1,210**	1,052	990
Provisions and other liabilities	21	**2,159**	2,328	2,845
Interest-bearing liabilities	22, 29	**8,041**	9,352	15,302
Total non-current liabilities		**11,410**	12,732	19,137
Liabilities in discontinued operations / held for sale	38	**-**	4,163	177
Interest-bearing liabilities	22, 29	**2,837**	3,460	1,472
Income tax payable	15	**402**	556	848
Other liabilities	27	**6,686**	6,143	10,844
Total current liabilities		**9,925**	14,322	13,341
Total equity and liabilities		**52,115**	57,493	66,194

Oslo, 5 February 2014

The Board of Directors of Orkla ASA

Stein Erik Hagen
Chairman

Grace Reksten Skaugen
Deputy Chair

Jo Lunder

Jesper Ovesen

Peter A. Ruzicka

Ingrid Jonasson Blank

Lisbeth Valther Pallesen

Terje Utstrand

Sverre Josvanger

Gunn Liabø

Laila Fast Petrovic

Åge Korsvold
President and CEO

__The Statement of Cash Flows__ in accordance with IFRS shows how the Group's cash flows are broken down into cash flow from operating, investing and financing activities, according to the indirect method. The cash flow statement explains the general changes in the Group's liquidity since the previous accounting period.

As described in the section on accounting principles, Orkla has in Note 40 presented a separate, Orkla-format cash flow statement, the bottom line of which is the change in net interest-bearing liabilities. This statement is used in the business areas' operational management and is thus very important for internal management purposes. Cash flow from operations before investments for the industrial activities is the financial capacity available to the Group when operating profit before depreciation is adjusted for changes in tied-up working capital. This concept is maintained and compared with net replacement investments (sale of property, plant and equipment minus replacement investments) and constitutes the "cash flow from operations". This is a key figure for the Group and shows the capacity that is available to the different business areas for expansion based on the cash flows they themselves generate. Cash flow from operations is also compared in the segment information with implemented expansion investments and acquisitions of companies (see Note 8 and Note 6).

Amounts in NOK million	Note	2013	2012
Profit before tax expense		2,664	3,907
Amortisations, depreciations and write-downs		1,544	969
Changes in net working capital etc.		(136)	1,028
Correction for profit from associates and joint ventures		(2)	(418)
Correction for gains, losses and write-downs shares and financial assets		(623)	(857)
Dividends received from associates		231	245
Correction against payable financial items, net	14	42	117
Taxes paid		(766)	(995)
CASH FLOW FROM OPERATING ACTIVITIES		2,954	3,996
Sale of property, plant and equipment	8	514	144
Investments property, plant and equipment and intangible assets	8	(1,225)	(1,287)
Sold companies		1,711	2,611
Acquired companies	6, 8	(6,021)	(1,365)
Net sale of shares and financial assets	23	3,090	3,350
Discontinued operations	38	(346)	309
Other capital transactions		(25)	24
CASH FLOW FROM INVESTING ACTIVITIES		(2,302)	3,786
Dividends paid		(2,579)	(2,778)
Sale of treasury shares		133	51
Buy-back of treasury shares		0	(467)
Net paid to shareholders	33	(2,446)	(3,194)
Change in interest-bearing liabilities		(4,292)	(2,697)
Change in interest-bearing receivables		258	31
Change in net interest-bearing liabilities	29	(4,034)	(2,666)
CASH FLOW FROM FINANCING ACTIVITIES		(6,480)	(5,860)
Currency effect of cash and cash equivalents		437	(177)
Change in cash and cash equivalents		(5,391)	1,745
Cash and cash equivalents 1 January		7,196	5,451
Cash and cash equivalents 31 December	25, 29	1,805	7,196
Change in cash and cash equivalents		(5,391)	1,745

The change in net interest-bearing liabilities is presented as a net figure in accordance with the way in which financing activities are managed (Note 29). Thus, a presentation of the gross increase in and repayment of loans is not a reliable indicator as such cash flows take place frequently within the bilateral borrowing facilities. In practice, day-to-day changes in cash flow in the Group create increases in/repayments of loans under the long-term facilities, which would in addition result in large gross figures.

***Equity** changes from one period to the next in accordance with the Group's profit or loss. Furthermore, transactions with owners will be presented as separate items. This applies to matters such as dividends to shareholders, share issues, the Group's purchase and sale of treasury shares and costs relating to options. Under IFRS, some elements are recognised in comprehensive income, and these items are presented in a separate table in connection with the income statement and presented in the statement of changes in equity. This e.g. applies to changes in the unrealised gains in the share portfolio and changes in the hedging reserve which by definition come under hedge accounting. Fluctuations in foreign exchange rates will also affect equity in the form of translation differences which are included in the statement of comprehensive income. The various elements of changes in equity are shown below. Equity can not be distributed to shareholders in its entirety, and the equity in Orkla ASA constitutes the basis of calculation for and the limitation on the dividend to be paid out by the Group.*

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Unrealised gains shares[1]	Hedging reserve[2]	Translation effects	Other retained equity	Total Group	Non-controlling interests	Total equity
Equity 31 December 2011 (before restatement of pensions)	1,287	(11)	721	**1,997**	1,134	(271)	(1,085)	32,331	**34,106**	**280**	**34,386**
Restatement of pensions	-	-	-	**-**	-	-	-	(670)	**(670)**	**-**	**(670)**
Equity 1 January 2012	1,287	(11)	721	**1,997**	1,134	(271)	(1,085)	31,661	**33,436**	**280**	**33,716**
Profit/loss for the year	-	-	-	**-**	-	-	-	1,634	**1,634**	**-**	**1,634**
Items in comprehensive income	-	-	-	**-**	(753)	(5)	(1,165)	(37)	**(1,960)**	**(8)**	**(1,968)**
Group comprehensive income	-	-	-	**-**	(753)	(5)	(1,165)	1,597	**(326)**	**(8)**	**(334)**
Dividends from 2011	-	-	-	**-**	-	-	-	(2,525)	**(2,525)**	**(18)**	**(2,543)**
Amortisation treasury shares	(13)	13	-	**-**	-	-	-	-	**-**	**-**	**-**
Net buy-back of treasury shares	-	(12)	-	**(12)**	-	-	-	(404)	**(416)**	**-**	**(416)**
Change in non-controlling interests, see Note 34	-	-	-	**-**	-	-	-	(21)	**(21)**	**4**	**(17)**
Option costs	-	-	-	**-**	-	-	-	33	**33**	**-**	**33**
Equity 31 December 2012	1,274	(10)	721	**1,985**	381	(276)	(2,250)	30,341	**30,181**	**258**	**30,439**
Profit/loss for the year	-	-	-	**-**	-	-	-	690	**690**	**57**	**747**
Items in comprehensive income	-	-	-	**-**	(79)	46	2,078	37	**2,082**	**18**	**2,100**
Group comprehensive income	-	-	-	**-**	(79)	46	2,078	727	**2,772**	**75**	**2,847**
Dividends from 2012	-	-	-	**-**	-	-	-	(2,528)	**(2,528)**	**(51)**	**(2,579)**
Net sale of treasury shares	-	4	-	**4**	-	-	-	129	**133**	**-**	**133**
Change in non-controlling interests, see Note 34	-	-	-	**-**	-	-	-	(101)	**(101)**	**19**	**(82)**
Option costs	-	-	-	**-**	-	-	-	22	**22**	**-**	**22**
Equity 31 December 2013	1,274	(6)	721	**1,989**	302	(230)	(172)	28,590	**30,479**	**301**	**30,780**

[1]See Note 23 for unrealised gains before tax.

[2]See Note 31 for the hedging reserve before tax.

Notes Group

A complete set of financial statements consists of an income statement, a statement of financial position, a statement of cash flows, a statement of changes in equity and notes. The notes are intended to provide supplementary information on items in the four aforementioned statements and background information on the way the financial statements have been prepared. Such information includes, for instance, the segments for which the financial statements have been prepared and presented, any circumstances which may have a particular effect on the financial statements, the general principles on which the financial statements are based and any sources of estimate uncertainty that may apply to the statements. The notes also disclose any accounting matters that will affect the Group in the future, especially in the form of new framework conditions issued by the International Accounting Standard Board.

NOTE 1 GENERAL INFORMATION

The consolidated financial statements for Orkla ASA, including notes, for the year 2013 were endorsed by the Board of Directors of Orkla ASA on 5 February 2014. Orkla ASA is a public limited company and its offices are located in Nedre Skøyen vei 26, Oslo in Norway. The company's shares are traded on the Oslo Stock Exchange. The Orkla Group operates primarily in the branded consumer goods, aluminium solutions and renewable energy sectors. The business areas are described in Note 4 and in segment information for the various business areas which is disclosed in Note 8.

The financial statements for 2013 have been prepared and presented in full compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with current IFRS standards. The most important principles are described below.

As from the 2013 financial 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 introduction of the new standards has also entailed changes in IAS 27 Revised, Separate Financial Statements, IAS 28 Revised, Investments in Associates and Joint Ventures. A minor change has also been made in IAS 32 Amendment, Offsetting Financial Assets and Financial Liabilities. The effects of the changes with regard to pensions (IAS 19) and for joint ventures (IFRS 11) are described in this note. The other standards have no material effect on Orkla's consolidated financial statements.

IFRS 13 requires disclosures about value-in-use per cash-generating unit in the calculation of write-downs. The requirement has been removed through the Amendment to IAS 36 with effect from 1 January 2014 with an early adoption alternative. Orkla has early adopted this amendment.

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 reported in equity through 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 obligations" and "Expected return on pension plan assets" will be recognised as finance items.

When a new principle is introduced, historical figures are restated accordingly. 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 losses 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) using 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.

Effect of amended accounting standards on the income statement

Amounts in NOK million	2012	2011
Other operating revenues	(105)	(98)
Payroll expenses	80	65
Other operating expenses	74	73
Depreciation and write-down property, plant and equipment	15	15
Operating profit	64	55
Profit/loss from associates and joint ventures	4	(6)
Financial items	(34)	(33)
Profit/loss before taxes	34	16
Taxes	(19)	(3)
Profit/loss after taxes continuing operations	15	13
Gains/profit loss discontinued operations	36	7
Profit/loss for the year	51	20
Profit/loss attributable to non-controlling interests	0	0
Profit/loss attributable to owners of the parent	51	20

Profit/loss per share was unchanged in 2012, while corresponding figures for 2011 changed from NOK -0.8 to NOK -0.7 per share.

Effect of amended accounting standards on the statement of comprehensive income

Amounts in NOK million	2012	2011
Profit/loss for the year	51	20
Actuarial gains and losses pensions	(37)	(187)
Items charged to equity in associates and joint ventures	1	1
Translation effects	12	(5)
Comprehensive income	27	(171)
Comprehensive income atttributable to non-controlling interests	0	0
Comprehensive income attributable to owners of the parent	27	(171)

Effect of amended accounting standards on the statement of changes in equity

Amounts in NOK million	2012	1.1.2012
Change in pension obligations	(862)	(931)
Change in deferred tax	219	261
Reduction of equity	(643)	(670)

Restated figures 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 40.

The Group has otherwise not changed its presentation or accounting principles or adopted any new standards that affect its financial reporting to any significant degree or comparisons with prior periods. The most important valuation principles are described in Note 4.

Rieber & Søn

The acquisition of Rieber & Søn was finally completed after the competition authorities approved the transaction as at 26 April 2013. The activities of Rieber & Søn have thus been included in Orkla's consolidated financial statements for eight months in 2013. See further details in Note 6.

Sapa Joint Venture (JV)

The part of Sapa that was to form part of the 50/50 joint venture with Norsk Hydro was restated in the third quarter of 2012 as "Discontinued operations" (see Note 7). The establishment of the joint venture was completed on 1 September 2013, and the new company Sapa AS was founded with contribution in kind from the two venturers. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla has received approximately NOK 2 billion in compensation for this difference. The cash holdings in the paid-in company reduced the cash flow effect by around NOK 350 million. The transition to a joint venture is deemed to be a loss of control for the venturers and the establishment is therefore regarded as a transaction at fair value. Accumulated translation effects were recognised in profit or loss on the date of transition.

As at the end of the fourth quarter of 2013, Sapa (part of future JV) has been reported on the line for "Discontinued operations" for eight months along with the recognition of the profit/loss related to the transaction. Orkla's share of the new Sapa joint venture (JV) has been reported using the equity method on the line for "Profit/loss from associates and joint ventures" for the remaining four months (September-December).

The consolidated financial statements of the JV have been established at continuity, i.e. carrying values in Sapa (part of future JV) and Norsk Hydro, respectively, are maintained. Loss after tax for Sapa (JV) (100%) for four months is reported at NOK -2.1 billion, which is primarily ascribable to substantial write-downs of plants in Europe. In connection with the establishment of the JV, the venturers have each carried out their preliminary purchase price allocation of the new company, and both venturers have allocated deficit values to the aforementioned plants in Europe. The contra entry is goodwill. Overall, the value of the JV is thus considered to be intact. After this effect of the purchase price allocation, Orkla is reporting an operating result of NOK -347 million for the period September-December for the Group's 50% ownership interest in Sapa (JV), (see Note 7).

Other income and expenses (OIE)

"Other income and expenses" are presented after Group profit/loss (EBITA), broken down by segment, and include items of a special nature. M&A costs are costs relating to the acquisition of companies which cannot be capitalised together with the shares. This applies to both acquisitions that are carried out and not carried out. Accrued expenses arising from the sale of companies are also presented on this line, until the sale is finally completed. At that time, the selling costs will be included in the profit/loss calculation and presented together with the latter. Special IFRS effects include such items as the recognition in the income statement of fair value ascribed to inventories in acquired companies and any impacts on value of the acquisition of additional shares in partly-owned companies.

In addition to the description in Note 13, the following should be commented on:

Costs directly related to the acquisition and integration of Rieber & Søn have largely been recognised as "Other income and expenses" (OIE). Integration costs mainly 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 been recognised as OIE in the same way. Further costs in connection with the integration of Rieber & Søn and reorganisation in the Group may arise also in 2014. At the end of the fourth quarter, costs related to M&A, integration and severance settlements totalled NOK 373 million.

The insurance claim relating to the fire in Gränges' (Heat Transfer) factory in Finspång, Sweden, in 2010 was settled by arbitration, and the Group has taken to income a final settlement of NOK 127 million for this claim. The entire settlement amount has been recognised as OIE.

It was decided to write down the Pastella brand and associated goodwill by NOK 48 million to 0 in the third quarter. The brand has not performed as expected and even if it is winning market shares in a falling market, this is not deemed to be sufficient to justify its value (see also Note 17).

Orkla Brands Russia is not delivering satisfactory results, and brands and goodwill were written down in the second quarter and further provisions totalling NOK 435 million were made in connection with ongoing litigation.

Special IFRS effects apply to the accruals-based reporting of the fair value of the inventory of finished goods in Rieber & Søn. Excess value is reported over a period of three months, two months in the second quarter and one month in the third quarter.

Restructuring in Gränges (Heat Transfer) consists of further restructuring measures and employee dismissals totalling 65 man-years.

Orkla Shared Services has undergone two reorganisation processes, the relocation of its data centre and outsourcing of its operations to Cognizant. These two processes have entailed costs of NOK 41 million, which have been reported under OIE.

Other matters

Orkla is still exposed to the weak markets in Southern Europe through the activities of Sapa (JV). Although Sapa's performance does not affect the Group's ordinary operations, the effect is seen in part on the line for «Discontinued operations» (up until 31 August 2013) and in part on the line for "Profit/loss from associates and joint ventures", from the same date. Goodwill related to Sapa Profiles was written down by NOK 1.2 billion as at 30 June 2013, before the transition to a joint venture.

The consolidated financial statements reflect the strong impact of currency effects resulting from the weakening of the Norwegian krone against the currencies in the markets in which the Group operates, in particular the SEK and the EUR. Translation differences totalling NOK 2 billion have been recognised in comprehensive income. At the same time, interest-bearing liabilities increased by NOK 1 billion, as a consequence of the changes in currency rates. The statement of financial position is restated at currency rates published by Norges Bank as at 31 December.

Orkla has largely switched to defined contribution pension plans, and it is primarily the businesses in Sweden that still have defined benefit plans. The contractual early retirement scheme is accounted for as a defined contribution plan.

Orkla has no loan agreements containing financial covenants.

Impairment tests that have been carried out confirm that the capitalised value at 31 December 2013 of the Group's most exposed assets is intact, except for what was written down for the Pastella brand, in Orkla Brands Russia and in Sapa Profiles.

NOTE 2 BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are primarily based on the historical cost principle. However, this does not apply to the treatment of financial assets, which are mainly reported at fair value as available for sale or with changes in value reported in profit or loss. The effect of these principles will be less and less significant for the Group as the share portfolio is sold off. Cash flow hedges that satisfy the criteria for hedge accounting are reported at fair value in the statement of financial position and changes in value are recognised in comprehensive income. Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value minus selling costs. The accrual accounting principle and the going concern assumption are underlying assumptions for preparing the financial statements.

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months and when it consists of cash or cash equivalents on the statement of financial position date. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting. "Discontinued operations" and assets held for sale are presented on separate lines as current items (see separate description). Financial instruments held to maturity are included in financial non-current assets, unless the redemption date is within 12 months after the statement of financial position date. The financial instruments in the Group held for trading and financial instruments available for sale are presented as current assets.

The amortisation of intangible assets and the above-mentioned "Other income and expenses" are presented on separate lines. The amortisation of intangible assets will essentially consist of the cost accrual over useful life for intangible assets related to acquired companies.

All amounts are in NOK million unless otherwise stated. Figures in brackets are expenses or disbursements (cash flow). The functional currency of the parent company (Orkla ASA) is NOK and the Group's reporting currency is NOK.

The information in italics preceding the income statement, statement of financial position, statement of cash flows and notes is provided to give a more detailed explanation of the various presentations.

Consolidation principles

The consolidated financial statements show the overall financial results and the overall financial position when the parent company Orkla ASA and its controlling interests in other companies are presented as a single economic entity. All the companies have applied consistent principles and all intercompany matters have been eliminated.

Interests in companies in which the Group alone has controlling interest (subsidiaries) have been fully consolidated, line by line, in the consolidated financial statements from the date the Group has control and are consolidated until the date that such control ends. The determining factor for whether an enterprise is to be consolidated is whether the Group is deemed to have control. If the Group has control, but owns less than 100% of the subsidiaries, the non-controlling interests' share of profit or loss after tax and their share of equity are presented on separate lines.

Interests in companies in which the Group together with others has controlling interest (joint ventures, see Note 7) are valued using the equity method. This applies to companies where the Group has entered into an agreement with another party to operate and develop a joint company in which neither of the parties alone has control. The Group's share of profit or loss after tax and equity in the joint venture is presented on one line in the income statement and the statement of financial position, respectively, on the line "Profit/loss from associates and joint ventures" in the income statement and the line "Investments in associates and joint ventures" in the statement of financial position". The main company in this category is Sapa (JV), in which Orkla owns 50%, and the remaining 50% is owned by Norsk Hydro. An agreement has been entered into regarding the period of joint ownership (see Note 1 and Note 7). Previously, joint ventures were consolidated line by line with the Group's ownership interest. These amended rules were early adopted by the Group and joint ventures are valued using the equity method. Orkla has another joint venture, Moss Airport Rygge (40%). Historical figures have been restated, see above.

Interests in companies over which the Group has significant influence (associates, see Note 7) are also valued using the equity method. This applies to companies in which the Group owns an interest of between 20% and 50%. Orkla's most important associate is Jotun, in which the Group has a 42.5% ownership interest.

Shares and financial assets are reported on in a separate section below. A decision has been made to divest the share portfolio and the value of the remaining portfolio was only NOK 1.1 billion at 31 December 2013. The ownership interests in REC and Borregaard were also divested in 2013. Other smaller financial investments have been treated as available for sale and recognised in the statement of financial position at fair value with changes in value taken to comprehensive income.

NOTE 3 NEW ACCOUNTING STANDARDS

New and amended IASB accounting standards that have been endorsed by the EU may affect the preparation and presentation of financial statements to varying degrees. In 2013, as mentioned in the introductory paragraphs, new rules for pensions and joint ventures have affected the financial statements. Otherwise, no changes in rules have had any material impact on the contents of the Orkla Group's financial statements.

Future changes in standards

The consolidated financial statements will be affected by IFRS amendments in the future. Several standards have been endorsed and will be implemented as from 1 January 2014. Early application is permitted, but subject to the "all or nothing" principle (except for IFRS 12). Orkla has adopted early application of these standards; see the introductory section. The standards are implemented retrospectively, so comparative figures have been restated accordingly.

The IASC is working on several projects, the most important of which are Recognition of Income, Leasing, Financial Instruments and Insurance Contracts. These projects will not be completed for some time, and may come into force in the period from 2015 and beyond. According to Orkla's understanding of the application of the new standards, they will not have a material impact on the Group. Nor will the amendments to IFRS 9 Financial Instruments entail any material changes, particularly after the share portfolio has been sold off.

NOTE 4 KEY ACCOUNTING PRINCIPLES

Business combinations

Business combinations are accounted for using the acquisition method. When a subsidiary is acquired, a purchase price allocation is carried out. The acquisition is reported in the financial statements from the date the Group has control. The date of control is normally the date on which the acquisition agreement takes effect and has been approved by all the relevant authorities, and will normally be after the contract date. Assets and liabilities are valued at fair value at the time of acquisition. The residual value of the acquisition is classified as goodwill. If there are non-controlling interests in the acquired company, these will receive their share of allocated assets and liabilities. Transactions with the non-controlling interests will be recognised in equity. In companies where the Group already owned interests prior to the business combination, any change in the value of earlier interests will be recognised in the income statement. The Group's equity will therefore be affected by the fact that the assets are repriced as if the entire acquisition had been made at this time. The same procedure will in principle be carried out in connection with the establishment of a joint venture and with the acquisition of an associate. However, these are not considered to be business combinations because the Group does not obtain control.

Sale of companies

When a business is divested, the gain is measured as the difference between the selling price and book equity, minus any remaining excess value related to the business. Any sales expenses incurred will also reduce the gain/increase the loss. Accumulated translation differences related to the divested business will be recognised in profit or loss as part of the gain, with a corresponding contra entry in comprehensive income, and any hedging reserves are recognised in profit or loss. Sales expenses incurred will be reported as "Other income and expenses" (M&A) in the period prior to the agreement date and will be recognised as a part of the gain upon completion of the agreement. The gain will be reported before tax and the business's associated tax will be recognised on the tax line of the income statement. The real gain is being reflected in the sum total of the gain and the tax. If the sold business qualifies for recognition as "Discontinued operations", all the effects associated with the gain will be reported on the line for "Discontinued operations" in the income statement.

Discontinued operations/held for sale

If a material part of the Group's operations is divested, an agreement is made to divest it, or if the Group loses its controlling interest/significant influence, these operations are presented as "Discontinued operations" on a separate line in the income statement and the statement of financial position. A material part is defined as a separate segment or a significant asset. Consequently, all the other figures are presented exclusive of "Discontinued operations". The comparative figures in the income statement are restated and presented with the "Discontinued operations" on one line. The comparative figures for the statement of financial position and the statement of cash flows are not restated correspondingly. If an agreement is entered into to sell operations or assets that constitute less than a segment, assets and liabilities are reported on separate lines of the statement of financial position as "Held for sale". The income statement and the statement of cash flows are not restated.

Profit/loss

Revenue is recognised when it is probable that transactions will generate future economic benefit that will flow to the company and the amount of the revenue can be measured with reliability. Sales revenues are presented after deducting discounts, value added tax and other government charges and taxes. The Orkla Group sells goods and services on many different markets, and revenues from the sale of goods or services are recognised in the income statement when the goods have been delivered or the service has been provided. Generally speaking, the Group's operating revenues and the point in time at which they are recognised in income will be clear in most cases.

Sales of goods produced by the Group and merchandise for resale by the branded consumer goods area are recognised in income when the goods have been delivered and the risk has passed to the buyer. Sales revenues largely consist of sales of consumer goods to wholesalers.

Sales of goods internally manufactured by Gränges (Heat Transfer) are B2B sales and are taken to income when control and risk have transferred to the customer upon delivery. Deliveries are to some extent based on long-term contracts.

External sales of electric power are taken to income on the basis of the price agreed with the customer upon delivery. Electric power is mainly sold by the Saudefaldene and Sarpsfoss plants.

In the investments area, rental revenues are recognised in income when they are earned. Remuneration related to sales assignments for which the company has profit and loss responsibility, is recognised in income upon delivery. This means that a long period of time may elapse between the start of a building project and the recognition of revenues. In the intervening period, incurred project expenses are reported as inventories.

Interest revenues are recognised when they are earned, while dividends are taken to income on the date they are approved by the company paying out the dividend.

Gains (losses) on the sale of shares from the share portfolio are presented on a separate line after operating profit/loss. Gains (losses) on shares and interests that have been reported as available for sale are calculated as the difference between the cost price of the share or, if appropriate, the value of the share or interest written down for accounting purposes, and the sales value. Any excess value or shortfall in market value that has temporarily been taken to comprehensive income is reversed at the same time. The effect of portfolio gains/losses will be significantly reduced as the share portfolio is sold off.

Statement of comprehensive income

The statement of comprehensive income presents items that are recognised in equity, but are not included in ordinary profit or loss for the period. The items in the statement are actuarial gains and losses on pensions, changes in hedging reserves in hedging transactions, changes in unrealised gains or losses on investments in shares, and currency translation effects. Actuarial gains and losses on pensions are recognised in equity with permanent effect, while the other items are recognised in equity temporarily and reversed when the related assets/items are sold or settled.

Assets

Property, plant and equipment are tangible items intended for production, delivery of goods or administrative purposes and have a lasting useful life. They are recognised in the statement of financial position at cost minus any accumulated depreciation and write-downs. Direct maintenance of assets is expensed under operating expenses as and when the maintenance is carried out, while major periodical maintenance and expenditure on replacements or improvements are added to the cost price of the assets. Property, plant and equipment are depreciated on a straight line basis over their useful life. Residual value is taken into account and the depreciation plan is reviewed annually. If there is any indication that an asset may be impaired, the asset will be written down to the recoverable amount if the recoverable amount is lower than the carrying value.

When carrying out a purchase price allocation in connection with an acquisition, excess value or shortfall is allocated to the assets concerned, so that these are recognised in the statement of financial position at the Group's acquisition cost. Financing expenses related to the production of the Group's own property, plant and equipment are recognised in the statement of financial position (see Note 14).

Intangible assets. Research and development (R&D) expenditure is the expenses incurred by the Group in conducting research and development, studies of existing or new products, production processes, etc. in order to secure future earnings. Expenditure on research will always be expensed directly, while expenditure on development will be recognised in the statement of financial position if the underlying economic factors are identifiable and represent probable future economic benefits of which the Group has control. The Group has a large number of projects under consideration at all times, but for the time being no projects that end in capitalisation, apart from the IT development described below. This is due to the considerable uncertainty throughout the decision-making process and the fact that only a small percentage of all projects culminate in commercial products. Furthermore, the expenses that qualify for recognition in the statement of financial position are relatively small, as it is only from the time the decision to develop the product is made that development expenses can be capitalised, and that decision-making point comes at a late stage of the process (see Note 18).

Capitalised expenditure on internally generated or specially adapted computer programmes is presented as intangible assets. The reinvestment need of specially adapted computer programmes and the like is similar to that of other tangible assets, and the amortisation of this type of intangible asset is presented together with the Group's other depreciation.

Expenditure related to internally generated trademarks, etc. (marketing) is expensed directly since the future economic benefits to the company cannot be identified and shown to be probable with any degree of certainty at the time the trademark is launched. Intangible assets taken over by the company through acquisitions are capitalised. Orkla has drawn up special guidelines (premium profit method) for valuing trademarks taken over through acquisitions. Trademarks that have existed for a long period of time and have a sound development at the time of acquisition, have an indefinite useful life and are not amortised. An indefinite useful life means that it is impossible on the statement of financial position date to estimate the period during which assets will be available for use. Other identified trademarks will be amortised over their anticipated useful life, which is normally 5-10 years. Other intangible assets will be amortised over their useful life.

Intangible assets with an indefinite useful life must be tested annually for impairment to assess whether the values are recoverable. The Orkla Group carries out this test prior to preparing and presenting its financial statements for the third quarter. If there are indications of impairment, the assets are tested immediately. A new impairment test is carried out in the fourth quarter when necessary, for instance if the underlying assumptions have changed. Such impairment tests are described in Note 17.

Intangible assets arising from new acquisitions are disclosed in Note 6 and Note 18.

Goodwill is the residual value consisting of the difference between the purchase price and the capitalised value of an acquired company after a purchase price allocation has been carried out. The concept of goodwill comprises payment for expectations of synergy gains, assets related to employees, other intangible assets that do not qualify for capitalisation as a separate item, future superprofit and the fact that deferred tax may not be discounted. Capitalised goodwill derives solely from acquisitions. Goodwill is not amortised, but is tested at least once a year for impairment prior to preparing and presenting the financial statements for the third quarter and if there is any indication of a decline in value. New goodwill is disclosed in Note 6 and Note 18.

Inventories are valued at the lower of cost and net realisable value. Purchased goods are valued at cost according to the FIFO principle, while internally manufactured finished goods and work in progress are valued at production cost. Deductions are made for obsolescence. Net realisable value is the estimated selling price minus selling costs. Inventories also include ongoing real estate projects.

Accounts receivable are recognised and presented at the original invoice amount and written down if events causing a loss have occurred that can be measured reliably and that will affect payment of the receivable. Trade receivables are thus valued at amortised cost using the effective interest rate method. The interest rate element is disregarded if it is immaterial, which is the case for the vast majority of the Group's trade receivables.

Shares and financial assets. The share portfolio is being phased out and its capitalised value at 31 December 2013 was NOK 1.1 billion. The remaining shares and financial assets are investments of a financial nature and are presented at fair value as a current asset. Shareholdings defined as available for sale which have a value lower than carrying value are written down in the income statement if the impairment in value is prolonged or significant. Any further value impairment will result in an immediate write-down of value by a corresponding amount. The write-down cannot be reversed in the income statement until the value is realised. Dividends received are recognised in the income statement at the time they are adopted by the company paying out the dividend, which usually coincides with the time of payment. Purchases and sales of shares are recognised at trade date (see Note 23).

Cash and cash equivalents are held for the purpose of meeting short-term fluctuations in liquidity rather than for investment purposes. Cash and cash equivalents consist of cash, bank deposits and current deposits (which satisfy the criteria for cash equivalents). For Orkla, the level of the Group's "net interest-bearing liabilities" is a more important management parameter than the level of cash and cash equivalents.

Equity, debt and liabilities

Treasury shares are reported in equity at the cost price to the Group.

Pensions. The Group mainly has defined contribution pension plans, but also has some defined benefit pension plans, primarily in Sweden and Norway.

In the defined contribution pension plans, the company is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, i.e. there is no liability to record in the statement of financial position. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in the reporting period.

Defined benefit pension plans are based on a promise by the company to the employees that they will receive a certain level of pension upon retirement, normally defined as a percentage of final pay. The company is responsible for the amount of the future pension benefit and the financial value of this obligation must be reported in the income statement and statement of financial position.

The accrued liability is calculated on a straight-line accruals basis, and is measured as the present value of the estimated future pension payments that are vested on the statement of financial position date. The capitalised net liability is the sum of the accrued pension liability minus the fair value of associated pension fund assets.

Changes in the liability for defined benefit plans due to changes in pension plans are reported in their entirety in the income statement in the case of changes that give rise to an immediate paid-up policy entitlement.

Since 2013, the revised IAS 19 standard has been applied for the Group's pension plans. The former method of dealing with actuarial gains and losses (the "corridor approach") is no longer permitted and such gains and losses must now be recognised in equity through the statement of comprehensive income in the period in which they arise. In addition, the financial part of net pension expense is presented as a finance item rather than as part of the net pension expense in EBITA. This means that "Interest on pension obligations" and "Expected return on pension plan assets" are reported as finance items. In connection with the introduction of the new principle in the first quarter of 2013, historical figures were restated accordingly.

Provisions are recognised in the financial statements in the case of potential lossmaking contracts and restructuring measures that have been adopted. The provisions will not cover possible future operating losses. In the case of restructuring provisions, there must be a detailed plan that identifies which parts of the business are to be restructured, and a valid expectation must have been created among those concerned that the restructuring will be carried out. In addition, it must be possible to provide a reliable estimate of the amount of the liability. It is a condition that the restructuring materially changes the size of the business or the way in which it is operated. The provision is calculated on the basis of the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pretax interest rate that reflects the risks specific to the provision.

Contingent liabilities and contingent assets. A contingent liability or asset is a possible obligation or a possible asset whose existence is uncertain and will be confirmed by the occurrence or non-occurrence of a future special event, such as the outcome of legal proceedings or the final settlement of an insurance claim. Contingent liabilities are recognised in the financial statements based on estimated outcome, if there is a more than 50% probability that the liability has arisen; if the probability is lower, the matter is disclosed in notes to the financial statements unless the probability of disbursement is very small. An asset will only be recognised in the statement of financial position if it is highly probable (95%) that the Group will receive the asset. The disclosure requirement applies to other contingent assets.

Income tax. Current tax liabilities (assets) for the current and previous periods are measured at the amount that is expected to be paid to (recovered from) the tax authorities. Tax rates and tax laws used to calculate the amounts are those that are enacted or substantively enacted at the reporting date in the countries in which the Group operates and generates taxable income.

Current income tax relating to items recognised through the statement of comprehensive income is recognised through the statement of comprehensive income and not in the income statement.

Deferred tax liabilities (assets) are computed by using the liability method for all temporary differences between the tax basis and the carrying amount of an asset or liability at the reporting date, including tax losses carried forward.

Deferred tax liabilities (assets) are not recognised for temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax liabilities (assets) are not recognised either for the initial recognition of goodwill.

Deferred tax liabilities are recognised on retained profits in associates, joint ventures and foreign subsidiaries to the extent it is expected that a dividend will be paid in the foreseeable future.

Deferred tax assets are recognised to the extent it is probable that there will be available taxable income against which the deductible temporary differences and unused tax losses can be applied.

Deferred tax that concerns items recognised through the statement of comprehensive income is recognised through the statement of comprehensive income and not in the income statement.

Deferred assets and liabilities are measured at the nominal tax rates expected to apply to the period when the asset is realised or the liability is settled. The assessment is thereby based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities and deferred tax assets are only reported net to the extent that netting is permitted under the tax rules, and the Group is capable of and intends to settle its assets and liabilities related to current tax using group contributions.

Financial matters

Foreign currency. Transactions in foreign currencies are presented at the exchange rate on the date of the transaction. Financial receivables and liabilities in foreign currencies are presented at the exchange rate on the statement of financial position date, and any gain/loss is reported in the income statement as financial items. Other monetary items in a foreign currency are presented at the exchange rate on the statement of financial position date, and any gain/loss is reported in the income statement as operating items. Revenues and expenses in subsidiaries with a different functional currency from that of the parent company are translated monthly at the average exchange rate for the month and accumulated. Statement of financial position items in subsidiaries with a different functional currency are translated at the exchange rate on the statement of financial position date. Translation differences are reported in comprehensive income. Translation differences arising from borrowing and lending in another functional currency, identified as net investment, are also reported in comprehensive income. Upon disposal of foreign subsidiaries, accumulated translation differences reported in comprehensive income will be reclassified to profit/loss.

Derivatives are valued at fair value on the statement of financial position date and reported as receivables or liabilities. Gains and losses due to realisation or changes in fair value are reported in the income statement in cases where the derivative is not part of a hedge relationship that satisfies the criteria for hedge accounting. Embedded derivatives in contracts are identified and valued separately. Orkla currently has no embedded derivatives. Purchases and sales of derivatives are recognised at trade date. Gains and losses on forward currency contracts that hedge exchange rate risk in the share portfolio are reported in "Gains, losses and write-downs shares and financial assets".

Loans/receivables and interest rate derivatives. Loans and receivables are carried at amortised cost. Thus changes in value resulting from changes in interest rate during the interest rate period are not reported in the income statement. Interest rate derivatives that are identified as hedges for future interest expenses (floating to fixed rate contracts) are treated as cash flow hedges. Interest rate derivatives that are identified as hedges of fixed interest rate loans (fixed to floating rate contracts) are treated as fair value hedges.

Hedging. The Group uses the following criteria for classifying a derivative or another financial instrument as a hedging instrument: (1) the hedging instrument is expected to be highly effective in offsetting changes in fair value or cash flows to an identified object – the hedging effectiveness is expected to be between 80-125%, (2) the hedging effectiveness can be measured reliably, (3) satisfactory documentation is established before entering into the hedging instrument, showing among other things that the hedging relationship is effective, (4) in the case of cash flow hedges, that the future transaction is considered to be probable, and (5) the hedging relationship is evaluated regularly and has proved to be effective.

Fair value hedging. Changes in the fair value of derivatives designated as hedging instruments are immediately recognised in income. Changes in the fair value of the hedged item are recognised in income in the same way. Hedge accounting is discontinued if: (a) the hedging instrument has matured, or is terminated, exercised or sold, (b) the hedge no longer satisfies the above mentioned requirements for hedging, or (c) the Group for some reason decides not to continue the fair value hedge. In the case of a discontinued hedge relationship, the changes in the fair value of the hedged item recognised in the statement of financial position will be amortised over the remaining life of the item, using the effective interest rate method, in the same way as for the hedging instrument.

Cash flow hedges. The efficient part of changes in the fair value of a hedging instrument is recognised in comprehensive income and reclassified to the income statement when the hedged transaction is carried out, and presented on the same line as the hedged transaction. The inefficient part of the hedging instrument is immediately reported in the income statement. When a hedging instrument has matured, or is sold, exercised or terminated, or the Group discontinues the hedging relationship, even though the hedged transaction is still expected to occur, the accumulated gains or losses at this point will remain in comprehensive income, and will be recognised in the income statement when the transaction occurs. If the hedged transaction is no longer expected to occur, the accumulated unrealised gains or losses on the hedging instrument will be recognised in income immediately.

Hedges of net investments in foreign subsidiaries are reported against translation differences in comprehensive income. Currency gains or losses on hedging instruments affecting the efficient part of the hedging relationship are reported in comprehensive income, while currency gains or losses in the inefficient part of the hedge are reported in the income statement. Upon disposal of the foreign unit, the accumulated value of all currency gains or losses previously reported in comprehensive income will be reported in the income statement.

Unrealised gains or losses on financial power trading contracts that do not constitute hedges are recognised in the income statement.

Measurement of financial instruments. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments, by valuation technique (see Note 22):

Level 1: Quoted, unadjusted prices in active markets for identical assets and liabilities

Level 2: Other techniques for which all inputs which have significant effect on the recorded fair value, are observable, either directly or indirectly

Level 3: Other techniques which use inputs that have significant effect on the recorded fair value that are not based on observable market data.

Listed shares are considered to be in level 1 as the shares are quoted on stock exchanges and are freely negotiable and measured at the latest stock market price. Unlisted shares and financial assets are measured by applying the International Private Equity and Venture Capital Valuation Guidelines, and a number of valuation techniques are used to measure the fair value of unlisted investments (see Note 23). These techniques are not immediately observable and there is a limited turnover in some of these shares. The unlisted shares are therefore considered to be in level 3.

Derivatives are considered to be in level 2. The foreign exchange element in currency forward contracts is measured at observable market prices using the foreign exchange rate set by Norges Bank. Different maturity dates add an interest-rate element resulting in an estimated fair value of the currency forward contracts. The energy futures contracts are measured at the quoted closing rate at Nord Pool, and the time element is also considered in measuring the fair value of these futures (level 2).

Segments

Orkla has business areas as operating segments. The operating segments correspond to the way in which the business areas report figures to the Group Executive Board (chief operating decision maker), but are limited to an expedient number. Sales revenues are broken down by geographical market based on the customer's location. The accounting principles on which segment reporting is based are the same as for the rest of the consolidated financial statements.

The arm's length principle is applied to pricing of inter-segment transactions. Orkla ASA provides services to the companies in the Orkla Group and charges them for these services.

Figures for the geographical distribution of capital employed, investments in property, plant and equipment and the number of man-years are also presented (see Note 9).

Further comments on the individual business areas:

The Branded Consumer Goods area in Orkla consists of leading brands and concept solutions, primarily supplied to the grocery and out-of-home sectors in the Nordic region. Five segments are presented under the Branded Consumer Goods area: Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients.

Orkla Foods comprises Orkla's food businesses in the Nordic and Baltic regions. The companies in this business area are Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Põltsamaa Felix in Estonia, Spilva in Latvia and Suslavicius-Felix in Lithuania. Orkla Foods' operations are concentrated around its own strong brands, most of which hold number one positions in their home markets.

Orkla Confectionery & Snacks comprises six branded consumer goods companies which primarily serve their home markets in the Nordic and Baltic regions. The companies in Orkla Confectionery & Snacks are Orkla Confectionery & Snacks Norge (snacks, biscuits and confectionery), Orkla Confectionery & Snacks Sverige (snacks and biscuits), Orkla Confectionery & Snacks Finland (snacks, biscuits and confectionery), KiMs Danmark (snacks), Latfood (snacks) and Kalev (chocolate).

Orkla Home & Personal comprises five branded consumer goods companies which primarily serve the Nordic region as their home market. The companies in Orkla Home & Personal are Lilleborg (detergents, toothbrushes and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions to the professional market), Axellus Group (dietary supplements and health products), Pierre Robert Group (basic textiles sold through the grocery channel) and Orkla House Care (painting tools and cleaning products).

Orkla International comprises branded consumer goods companies outside the Nordic and Baltic regions. The business area consists of Orkla Brands Russia and Rieber Russia in Russia, Vitana in the Czech Republic, Delecta in Poland, Felix Austria in Austria and MTR Foods in India. The companies' operations are concentrated around local brands. Most of the companies hold number one or number two positions at national or regional level in their home markets.

Orkla Food Ingredients is the leading supplier of bakery ingredients in the Nordic region, in addition to holding growing market positions in selected countries in Europe. Sales and distribution companies ensure proximity to the customer market in a total of 19 countries. The largest product groups are margarine and butter blend products, bread and cake improvers and mixes, marzipan and yeast. These product groups are primarily internally manufactured and account for around 60% of turnover.

Other businesses

Three segments are presented under "Other businesses": Gränges (Heat Transfer), Hydro Power and Orkla Financial Investments.

Gränges (Heat Transfer) is the world's leading supplier of solutions for the heat exchanger industry, and specialises in rolled, welded and extruded solutions for aluminium-based heat exchanger applications. Gränges (Heat Transfer) has a global market share of 21%, and holds strong positions in China and Europe.

Hydro Power consists of power plants in Sarpsfoss and Orkla's 85% interest in AS Saudefaldene. The energy business produces and supplies power to the Nordic power market, and has a total production capacity of 2.4 TWh.

Orkla Financial Investments consists of the remainder of the share portfolio and Orkla Eiendom. Orkla Eiendom develops and sells real estate primarily derived primarily from Orkla's own operations. Orkla Eiendom also meets the Group's needs for specialised real estate expertise.

In addittion, HQ/Others presented as a separate segment.

Companies reported using the equity method are presented and discussed in Note 7.

Other matters

Cash flow. The cash flow statement has been prepared using the indirect method and shows cash flows from operating, investing and financing activities and explains changes in "Cash and cash equivalents" in the reporting period.

Orkla also presents an Orkla-format cash flow statement. The bottom line of the statement, which is presented in Note 40, shows the change in net interest-bearing liabilities. Segment information and information provided in the Report of the Board of Directors refer extensively to this statement, as the Group's cash flows are reported and managed in this way. Cash flow from operating activities is an important management parameter at Orkla (see Note 8).

Leasing. Leases are classified according to the extent to which the risks and rewards associated with ownership of a leased asset lie with the lessor or the lessee. A lease is classified as a finance lease if it substantially transfers all risks and rewards incidental to ownership of an asset. Finance leases are capitalised and depreciated over the lease period. Other leases are operating leases. Expenses related to such leases are reported as current operating expenses.

Share-based remuneration. The Group has share savings programmes, long-term incentive agreements and share options. The sale of shares to employees at a price lower than the market value is accounted for by recognising the difference between the market value of the shares and the purchase price as a payroll expense. In 2013, a 30% discount was again offered in connection with the sale of shares to employees. The option programme for executive management was replaced in 2012 by a long-term incentive (LTI) agreement. An amount equivalent to what was paid out in annual bonuses is deposited in a bonus bank for bonus recipients. The amounts are adjusted in accordance with the price performance of the Orkla share and fall due for payment in two equal halves, two and three years, respectively, after the bonus is awarded. In order to be eligible for the bonus, the recipient must be employed at the time the bonus is paid out. No new options have been awarded since 2012. The former option programme for executive management was valued on the basis of the fair value of the option at the time the option programme was adopted (the award date), using the Black-Scholes model. The cost of the option was accrued over the period during which the employee earned the right to receive it (the vesting period). The option costs are recognised as payroll expenses and offset in equity. Provisions are made for the employer's social security contributions in connection with share option programmes, which are related to the difference between the issue price and the market price of the share at year end, on the basis of the vested amount. Option costs are broken down by operating segment based on the fair value of the options at the date of issue including employer's national insurance contribution and accrued over the vesting period.

Government grants are recognised in the financial statements when it is highly probable that they will be received. The grants are presented either as revenue or as a reduction in costs and, in the latter case, matched with the costs for which they are intended to compensate. Government grants that relate to assets are recognised as a reduction in the acquisition cost of the asset. The grant reduces the depreciation of the asset.

NOTE 5 USE OF ESTIMATES IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The management has made use of estimates and assumptions in preparing the consolidated financial statements. This applies to assets, liabilities, revenues, expenses and supplementary information related to contingent liabilities.

Areas where estimates have considerable significance are, for example:

Amounts in NOK million

Accounting item	Note	Estimate/assumptions	Carrying value
Goodwill	17, 18	Net present value future cash flows/NSV[1]	11,360
Intangible assets	18	Net present value future cash flows/NSV[1]	4,008
Joint ventures reported using the equity method	7	Net present value future cash flows/NSV[1]	7,701
Property, plant and equipment	19	Recoverable amount and estimation of correct remaining useful life	11,651
Pension liabilities	11	Economic and demographic assumptions	1,437

[1]NSV: Net sales value.

Fair value assessments are affected by estimates of required rates of return. The required rate of return is determined by using the capital asset pricing model and is affected by estimates of risk-free interest and risk premium.

The areas where there is the greatest risk of material changes are capitalised goodwill and trademarks with an indefinite useful life. This is because the amounts involved are substantial and the value of the asset is based on recognition principles from purchase price allocations (see Note 17). These assets are not routinely amortised, but their value is tested at least once a year. The impairment tests are based on estimates of the value of the cash-generating units to which goodwill and trademarks have been allocated. The estimates are based on assumptions of anticipated future cash flows that are discounted using a selected discount rate. The latter is based on the Group's Weighted Average Cost of Capital (WACC) and adjusted to the relevant calculation that is carried out in relation to country risk, inflation and operational risk (see Note 17).

Goodwill is allocated to cash-generating units (CGU) on the date of acquisition. Normally all goodwill is allocated to one CGU, but in the event of the acquisition of a group with several business areas a discretionary allocation is carried out based on assessments made on the date of acquisition. This allocation may thus affect subsequent impairment assessments.

The value of joint ventures essentially consists of the Group's 50% ownership interest in Sapa. The valuation is based on the contribution in kind when the subsidiary became a joint venture. Through this transaction and Orkla's excess value analysis, goodwill was indirectly capitalised in connection with the value of the ownership interest. Joint ventures are reported using the equity method on one line of the income statement and one line of the statement of financial position.

Property, plant and equipment are in a slightly different category than goodwill and intangible assets. The former are largely based on a directly paid cost price, but in this case too the value largely depends on estimates of future earnings and useful life. In the case of several of the Group's tangible assets, changes in assumptions may lead to substantial changes in value.

Other estimates and assumptions are disclosed in various notes and any information that is not logically included in other notes is presented in Note 39 "Other matters".

Future events and changes in operating parameters may make it necessary to change estimates and assumptions. New interpretations of standards may result in changes in the choice of principles and presentation. Such changes will be recognised in the financial statements when new estimates are prepared and whenever new requirements with regard to presentation are introduced. These matters are discussed in both the section on principles and other notes.

Exercise of judgement

The financial statements may also be affected by the choice of accounting principles and the judgement exercised in applying them. This applies, for instance, to the assessment of whether a "Discontinued operation" is to be presented on a separate line and the date on which this is to be done. Certain items are presented as "Other income and expenses" on a separate line. Orkla has also chosen to present profit or loss from associates and joint ventures after operating profit. It is important to note that use of a different set of assumptions for the presentation of the financial statements could have resulted in significant changes in the lines presented.

NOTE 6 BUSINESS COMBINATIONS

Acquisitions affect the comparison with last year's figures, and the changes in the various notes must be seen in the light of this. Acquired companies are presented in the financial statements from the date on which control transfers to the Group, and for most of the acquisitions figures are indicated for profit or loss before and after the date of acquisition. The date of control is normally the date on which the contract takes effect and all official approvals have been obtained. The date of control will normally be after the contract date.

Amounts in NOK million	Date of purchase	Interest acquired (%)	Acquisition cost	Excess/ deficit value[1]	Trademarks	Other intangible assets	Property, plant and equipment	Other	Deferred tax	Goodwill	Operating revenues after acquisition date	Operating profit after acquisition date	Operating revenues before acquisition date	Operating profit before acquisition date
2013														
Rieber & Søn[2], Branded Consumer Goods	April	100	6,122	4,276	1,216	(53)	(341)	45	(244)	3,653	2,419	187	1,235	35
Marcantonio Foods, Orkla Food Ingredients	January	77	81	28	-	-	-	-	-	28	74	7	-	-
Minor acquisitions in Branded Consumer Goods			82	53	-	-	-	-	(3)	56	198	1	57	6
Drammensveien 149/151 (buildings), Orkla Financial Investments	March	100	688	305	-	-	305	-	-	-	na	na	na	na
Acquisitions at enterprise value			**6,973**	**4,662**	**1,216**	**(53)**	**(36)**	**45**	**(247)**	**3,737**	-	-	-	-
Investments in associates			13											
Acquisitions in segments, enterprise value, see Note 40			**6,986**											
Interest-bearing liabilities acquisitions			(965)											
Cash flow effect acquisitions[3,4]			**6,021**											
2012														
Jordan, Orkla Home & Personal	August	100	1,128	730	237	-	(5)	(10)	(62)	570	274	6	695	101
Pharma Vinci, Orkla Home & Personal	January	100	101	78	26	-	-	(2)	(7)	61	53	11	-	-
Boyfood, Orkla Foods	July	100	66	4	1	-	-	1	(1)	3	54	(6)	61	(7)
Gevita, Orkla Home & Personal	October	100	38	32	6	-	-	2	(2)	26	5	0	22	2
Minor acquisitions in Orkla Food Ingredients			60	27	-	14	-	(6)	(3)	22	140	3	102	3
Acquisitions at enterprise value			**1,393**	**871**	**270**	**14**	**(5)**	**(15)**	**(75)**	**682**	-	-	-	-
Investments in associates			224											
Acquisitions in segments, enterprise value, see Note 40			**1,617**											
Interest-bearing liabilities acquisitions			(252)											
Cash flow effect acquisitions[3,4]			**1,365**											
2011														
Rasoi Magic Foods, Orkla International	April	100	48	47	16	-	-	-	(2)	33	11	1	3	-
Dagens, Orkla Foods	June	100	35	24	1	-	10	(7)	6	14	15	(10)	29	(7)
Henskjold and Iglo, Orkla Food Ingredients	January/ October	75/ 100	18	18	-	3	9	-	(1)	7	66	1	16	(5)
Finansgruppen Eiendom, Orkla Financial Investments	February/ July	67	806	353	-	-	225	135	(7)	-	40	10	32	12
Acquisitions at enterprise value			**907**	**442**	**17**	**3**	**244**	**128**	**(4)**	**54**	-	-	-	-
Changes in associates			(111)											
Acquisitions in segments, enterprise value, see Note 40			**796**											
Interest-bearing liabilities acquisitions			(321)											
Cash flow effect acquisitions[3,4]			**475**											

[1]Excess/deficit value is the difference between the purchase price of the shares and the Group's share of equity in the acquired company.

[2]Operating revenues and operating profit before and after the date of acquisition of Rieber & Søn have been estimated and due to the application of different accounting principles the figures are not comparable.

[3]This includes cash and cash equivalents of NOK 112 million in 2013, NOK 114 million in 2012 and NOK 143 million in 2011.

[4]Equivalent to compensation for equity.

Branded Consumer Goods

The acquisition of Rieber & Søn was finally completed after the competition authorities approved the transaction as at 26 April 2013. Orkla ASA purchased the shares through its wholly-owned subsidiary Orkla Brands AS. After the agreement was closed, 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, it was decided 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 NOK 3.7 billion. The purchase price allocation is not expected to be final until 30 June 2014. Rieber & Søn was consolidated into the Group as of 1 May 2013 and contributed EBITA of NOK 181 million to Orkla Foods, NOK 19 million to Orkla Brands International and NOK -13 million to HQ/Other business for eight months.

Branded Consumer Goods also bought a number of small companies representing an enterprise value of NOK 163 million as at 31 December 2013. The largest acquisition, at a cost of NOK 81 million, was the company Marcantonio Foods.

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.

Goodwill related to the acquisitions largely consists of the extraction of synergies. The goodwill is not tax deductible.

Orkla Financial Investments

Orkla has purchased the real estate properties at Drammensveien 149 and 151 in Oslo for NOK 688 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 has applied 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 expects to move in the course of 2016.

Other matters relating to purchase price allocations

There are no material contingent considerations or contingent liabilities related to the acquisitions.

The fair value of the non-controlling ownership interests was estimated on the basis of market value.

NOK 18 million was expensed in acquisition costs related to the Rieber transaction. A total of NOK 28 million was expensed in acquisition costs in 2013.

Acquired companies statement of financial position

Amounts in NOK million	Total 2013 Fair value	Rieber & Søn 2013 Fair value	Total 2012 Fair value
Property, plant and equipment	1,636	921	209
Intangible assets	1,242	1,230	292
Deferred tax assets	24	20	17
Inventories	514	496	212
Receivables	661	634	388
Shares in other companies	23	23	20
Assets	**4,100**	**3,324**	**1,138**
Provisions	323	323	94
Non-current liabilities non interest-bearing	9	9	1
Current liabilities non interest-bearing	559	523	329
Non-controlling interests	(27)	0	3
Net assets	**3,236**	**2,469**	**711**
Goodwill	3,737	3,653	682
Acquisition cost at enterprise value	**6,973**	**6,122**	**1,393**

NOTE 7 INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

Investments in associates are investments in companies in which the Orkla Group has significant influence by virtue of its ownership interest. These are usually companies in which Orkla owns a 20-50% stake. Joint ventures are investments in companies where the Group, together with others, has controlling interest. This type of collaboration is based on a specific agreement. These types of investment are accounted for under the equity method by the Group presenting its share of the companies' results on a separate line in the income statement and accumulating the results reported for the share on a single line in the statement of financial position. Any excess value that is to be amortised is deducted from profit according to the same principles as for consolidated companies. Goodwill is not amortised. Dividends received from associates and joint ventures are reported against the ownership interest in the statement of financial position and are regarded as repayment of capital. The value of associates and joint ventures presented in the statement of financial position thus represents the original cost price plus profit/loss accumulated up to the present date, minus any amortisation of excess value and accumulated dividends received and taking account of the share of any translation differences and the like in the associate or joint venture. Any write-downs of the value of the ownership interest are presented on the same line. Joint ventures were previously reported using the proportionate consolidation method. The Group accounted for its involvement in the joint venture by including its proportionate share of revenues, expenses, assets, liabilities and cash flows in its consolidated financial statements. Upon implementation of the new IFRS 11, the proportionate consolidation method is no longer permitted and joint ventures must be accounted for using the equity method. Historical figures have been restated (see Note 1).

Orkla's 50% ownership interest in Sapa AS is based on an agreement with another party and is considered to be a joint venture, Sapa (JV). Sapa (JV) is presented using the equity method, see the description on the next page. A description of Orkla's ownership interest and the transition from a subsidiary to a joint venture is disclosed in Note 1. The Group also has a 40% ownership interest in Moss Airport Rygge, which is also a joint venture.

Orkla has an ownership interest in Jotun, which is considered to be an associate. This is also presented using the equity method, see the description on the next page. In addition, Orkla has some smaller associates which derive from the acquisition of Jordan, and some associates owned through FG Eiendom.

No significant capital contributions are required in joint ventures in which Orkla is a participant. Figures for associates and joint ventures which do not report in accordance with IFRS are restated prior to inclusion in the consolidated financial statements. Orkla has no contingent liabilities either on its own or jointly with other investors in associates.

Associates included in "Shares and financial assets" are presented in Note 23.

Material associates and joint ventures:

Amounts in NOK million	Sapa (JV)	Jotun	Others	Fornebu Utvikling	Renewable Energy Corporation (REC)[1]	Total
Cost price 31 December 2013	7,745	175	-	-	-	-
Book value 1 January 2011	-	1,961	463	573	7,049	**10,046**
Additions/disposals 2011	-	1	123	-	-	**124**
Additions/disposals 2012	-	-	(44)	(581)	-	**(625)**
Additions/disposals 2013	7,745	-	(14)	-	-	**7,731**
Share of profit/loss 2011	-	265	18	0	-	**283**
Write-downs 2011	-	-	(26)	-	-	**(26)**
Share of profit/loss 2012	-	318	23	-	-	**341**
Gains on sale 2012	-	-	-	77	-	**77**
Share of profit/loss 2013	(347)	335	14	-	-	**2**
Dividends 2011	-	(109)	(9)	-	-	**(118)**
Dividends 2012	-	(218)	(27)	-	-	**(245)**
Dividends 2013	-	(218)	(13)	-	-	**(231)**
Items charged to equity 2011	-	64	3	8	30	**105**
Items charged to equity 2012	-	(12)	0	-	(313)	**(325)**
Items charged to equity 2013	243	(166)	4	-	-	**81**
Items restated in profit/loss, but not in statement of financial position	-	-	124	-	-	**-**
Book value 31 December 2011	-	2,182	696	581	1,315	**4,774**
Book value 31 December 2012	-	2,270	524	-	-	**2,794**
Book value 31 December 2013	7,641	2,221	515	-	-	**10,377**
Ownership interest 31 December 2013	50.0%	42.5%[2]				

[1]REC reported as "Discontinued operations" (see Note 38).

[2]The Group has 38.3% of the voting rights in Jotun.

Sapa (JV)

Sapa became part of the Orkla Group through the acquisition of Elkem in 2005 and was reported as a subsidiary until the agreement with Norsk Hydro was entered into in 2012. At that time, the operations in Sapa Profiles, Sapa Building System and parts of Heat Transfer (Precision Tubing) were identified as a separate item as Sapa (part of future JV) and presented on one line as "Discontinued operations". Historical figures were restated. The agreement with Norsk Hydro became effective from September 2013, from which time Orkla's 50% ownership interest in Sapa (JV) was presented using the equity method. Heat Transfer is still wholly-owned and presented as a separate segment under the name Gränges.

Sapa is the leading global manufacturer of extruded aluminium profiles, and holds leading or strong positions on all the major continents. Sapa is organised in five business areas: Extrusion Europe, Extrusion Americas, Extrusion Asia, Sapa Building System and Precision Tubing. With operations in over 40 countries, Sapa has a good platform for establishing a close partnership with both local and international customers. The Group supplies high-quality, customised extruded aluminium profiles to customers in most industries. The company is also a front-runner in the development of energy-efficient building solutions.

The parent company Sapa AS is a Norwegian limited company and its registered office is in Oslo, Norway. The company is a holding company with interests in a number of Norwegian and foreign companies. The Orkla Group's 50% ownership interest in Sapa AS is owned through Orkla Industriinvesteringar AB. Hydro Aluminium AS, a subsidiary of Norsk Hydro ASA, owns the remaining 50% of the shares in Sapa AS. Orkla and Norsk Hydro have entered into a shareholder agreement which, supplemented by Norwegian company legislation, regulates the parties' rights and obligations in this connection. The agreement contains provisions whereby both parties may initiate a process for stock exchange listing after around three years from the date of completion of the agreement (1 September 2013), and whereby both parties may decide to retain a 34% ownership interest.

The tables show 100% figures for the full years 2012 and 2013 based on Sapa's and Norsk Hydro's financial statements, and are presented using the continuity method. This means that carrying values in the two financial statements are maintained and presented together as unaudited "combined" financial statements. As a result, two financial statements are presented together but are not really to be regarded as a group. The financial statements for four months in 2013 (September to December) have also been prepared using the continuity method, but this represents a group into which each of the shareholders has contributed an equal amount of capital. In their own financial statements, the shareholders have carried out purchase price allocation, and parts of what Sapa (JV) wrote down in September have been allocated in the shareholders' financial statements to deficit values in Sapa and in practice replaced by goodwill in the shareholders' opening balances. This is described in greater detail in Note 1 to the financial statements.

The following tables show 100% figures for Sapa (JV).

Income statement	Sapa (JV)
	1.9.-31.12.
Amounts in NOK million	2013
Operating revenues	13,987
Operating expenses	(13,887)
Depreciation	(391)
Other income and expenses	(1,915)
Operating profit	(2,206)
Financial items	(52)
Profit/loss before tax	(2,258)
Taxes	168
Profit/loss after tax	(2,090)
Discontinued operations / non-controlling interests	(2)
Net profit/loss	(2,092)
Deficit values from the owner's Purchase Price Allocation	1,398
Profit/loss owners (100%)	(694)
Of this Orkla's share (50%)	(347)

Statement of financial position Amounts in NOK million	31.12.2013
Cash and cash equivalents	2,073
Current assets	11,264
Non-current assets	11,257
Total assets	24,594
Current liabilities	9,289
Non-current liabilities	4,079
Total liabilities	13,368

Reconcilation of equity Sapa (JV) against Orkla's share Amounts in NOK million	31.12.2013
Equity in Sapa (JV) (continuity method)	11,226
Non-controlling interests	37
Owners of the parents equity	11,189
Orkla's share of equity based on continuity method (50%)	5,595
Goodwill at Orkla level	2,046
Booked share	7,641

Combined income statement (unaudited)	Sapa (JV)	
	Combined 12 months	Combined 12 months
Amounts in NOK million	2013	2012
Operating revenues	42,270	43,255
Depreciations	(1,183)	(1,163)
Other income and expenses	(3,928)	(1,635)
Operating profit	(4,015)	(1,369)
Profit/loss before tax	(4,417)	(1,633)
Profit/loss after tax	(4,222)	(1,712)

Jotun

Jotun (42.5%) is one of the world's leading manufacturers of paints and powder coatings, with 58 subsidiaries, four joint ventures and seven associates. Jotun has 38 production plants distributed across all of the world's continents. The Jotun Group is divided into four segments (decorative paints, marine coatings, protective coatings and powder coatings) and seven regions. Jotun is reported as an associate and presented in the HQ/Other Business segment.

Orkla's 42.5% ownership interest in Jotun is presented as an associate and Orkla has been an active minority shareholder in Jotun for close to 40 years. The cost price for Jotun is NOK 175 million, while the carrying value using the equity method is NOK 2,221 million. Orkla's 42.5% ownership interest in Jotun serves as the basis for recognition using the equity method, while Orkla has 38.3% of the voting rights. Orkla owns 42,008 A shares and 103,446 B shares in the company. An A-share carries 10 times as many votes as a B-share.

The following tables show 100% figures for Jotun.

Items in the income statement and statement of financial position		Jotun
Amounts in NOK million	2013	2012
Operating revenues	12,034	11,351
Operating profit	1,258	1,126
Profit/loss after tax and non-controlling interests	791	750
Current assets	6,146	5,195
Non-current assets	4,653	4,122
Total assets	10,799	9,317
Current liabilities	3,641	3,978
Non-current liabilities	1,643	323
Total liabilities	5,284	4,301

NOTE 8 SEGMENTS

Orkla reports business areas as its operating segments. The business areas are described in Note 4. In the segment information, sales revenues, profit and loss, cash flow and capital employed, together with operating margin and the number of man-years, are broken down between the different business areas, thereby giving those using the financial statements a better basis for understanding the Group's underlying operations. See also Note 9 where capital employed, investments and number of man-years are broken down by geographical market.

SEGMENTS 2013

Amounts in NOK million	Orkla Foods	Orkla Confectionery & Snacks	Orkla Home & Personal	Orkla International	Orkla Food Ingredients	Eliminations	Branded Consumer Goods	Gränges	Hydro Power	Orkla Financial Investments	HQ/ Other Business	Orkla Group
REVENUES/PROFIT/LOSS												
Norway	4,174	1,841	3,130	1	873	-	**10,019**	-	637	-	-	**10,656**
Sweden	3,596	1,077	437	-	1,157	-	**6,267**	189	2	-	-	**6,458**
Denmark	738	462	356	-	1,249	-	**2,805**	35	-	-	-	**2,840**
Finland and Iceland	696	749	215	3	207	-	**1,870**	17	-	-	-	**1,887**
Nordic region	9,204	4,129	4,138	4	3,486	-	**20,961**	241	639	-	-	**21,841**
Rest of Western Europe	196	195	165	321	1,024	-	**1,901**	665	-	-	-	**2,566**
Central and Eastern Europe	303	397	255	1,633	1,371	-	**3,959**	557	-	-	-	**4,516**
Asia	8	8	104	521	36	-	**677**	1,798	-	-	7	**2,482**
North America	19	26	69	22	16	-	**152**	456	-	-	-	**608**
South and Central America	-	-	2	-	4	-	**6**	172	-	-	-	**178**
Rest of the world	-	-	10	7	2	-	**19**	6	-	-	-	**25**
Outside Nordic region	526	626	605	2,504	2,453	-	**6,714**	3,654	-	-	7	**10,375**
Sales revenues[1]	9,730	4,755	4,743	2,508	5,939	-	**27,675**	3,895	639	-	7	**32,216**
Other operating revenues	4	10	12	11	9	-	**46**	6	95	629	53	**829**
Intercompany sales	63	19	15	125	50	(262)	**10**	57	-	1	(68)	**-**
Operating revenues	9,797	4,784	4,770	2,644	5,998	(262)	**27,731**	3,958	734	630	(8)	**33,045**
Cost of materials	(4,765)	(1,920)	(1,909)	(1,458)	(3,997)	251	**(13,798)**	(2,308)	(282)	(361)	59	**(16,690)**
Payroll expenses	(1,861)	(1,031)	(878)	(506)	(808)	-	**(5,084)**	(365)	(40)	(47)	(382)	**(5,918)**
Other operating expenses	(1,583)	(975)	(1,078)	(675)	(788)	11	**(5,088)**	(782)	(139)	(184)	22	**(6,171)**
Depreciations and write-downs	(313)	(176)	(82)	(91)	(117)	-	**(779)**	(166)	(60)	(41)	(57)	**(1,103)**
EBITA[2]	1,275	682	823	(86)	288	-	**2,982**	337	213	(3)	(366)	**3,163**
Amortisations intangible assets	-	-	(5)	(1)	(15)	-	**(21)**	-	-	-	-	**(21)**
Other income and expenses	(262)	(74)	(18)	(437)	(7)	-	**(798)**	69	-	(22)	(109)	**(860)**
Operating profit/loss	1,013	608	800	(524)	266	-	**2,163**	406	213	(25)	(475)	**2,282**
Profit/loss from associates and joint ventures	-	-	2	-	-	-	**2**	4	-	38	(42)	**2**
Non-controlling interests' share of profit/loss	-	-	-	-	(31)	-	**(31)**	-	(5)	(21)	-	**(57)**
[1]Of this sales in EU	5,498	2,832	1,373	812	4,813	-	**15,328**	1,432	2	-	-	**16,762**
CASH FLOW (SEE NOTE 40)												
Cash flow from operations before net replacement expenditures	1,409	796	869	(97)	379	-	**3,356**	461	223	35	(385)	**3,690**
Net replacement expenditures	(341)	(184)	(69)	(63)	(97)	-	**(754)**	(29)	9	349	(106)	**(531)**
Cash flow from operations	1,068	612	800	(160)	282	-	**2,602**	432	232	384	(491)	**3,159**
Expansion investments	(27)	-	-	(61)	(11)	-	**(99)**	(81)	-	-	-	**(180)**
Acquired companies (enterprise value)	(5,322)	-	(6)	(855)	(110)	-	**(6,293)**	(5)	-	(688)	-	**(6,986)**
CAPITAL EMPLOYED												
Segment assets												
Accounts receivable	1,263	816	710	652	843	(42)	**4,242**	724	24	38	(42)	**4,986**
Other current receivables	188	60	42	50	61	-	**401**	482	57	185	97	**1,222**
Inventories	1,587	489	719	483	606	-	**3,884**	644	-	308	-	**4,836**
Pension plan assets	31	-	4	-	6	-	**41**	-	-	-	-	**41**
Investments in associates and joint ventures	-	-	22	-	3	-	**25**	24	-	466	9,862	**10,377**
Intangible assets	6,340	3,949	2,287	657	902	-	**14,135**	1,244	20	-	(31)	**15,368**
Property, plant and equipment	2,202	1,367	529	1,062	880	-	**6,040**	1,573	2,199	1,520	319	**11,651**
Total segment assets	11,611	6,681	4,313	2,904	3,301	(42)	**28,768**	4,691	2,300	2,517	10,205	**48,481**
Segment liabilities												
Accounts payable	(751)	(333)	(380)	(318)	(455)	42	**(2,195)**	(669)	(15)	(32)	63	**(2,848)**
Value added tax, employee taxes	(228)	(164)	(80)	(45)	(132)	-	**(649)**	(31)	(16)	(54)	(50)	**(800)**
Other current liabilities	(732)	(472)	(468)	(131)	(192)	-	**(1,995)**	(178)	(33)	(113)	(317)	**(2,636)**
Pension liabilities	(652)	(131)	(35)	(8)	(133)	-	**(959)**	(113)	(27)	(7)	(331)	**(1,437)**
Deferred tax, excess values	(346)	(392)	(126)	(31)	(13)	-	**(908)**	-	-	(10)	-	**(918)**
Total segment liabilities	(2,709)	(1,492)	(1,089)	(533)	(925)	42	**(6,706)**	(991)	(91)	(216)	(635)	**(8,639)**
Capital employed[3]	8,902	5,189	3,224	2,371	2,376	-	**22,062**	3,700	2,209	2,301	9,570	**39,842**
KEY FIGURES												
Operating margin EBITA (%)	13.0	14.3	17.3	(3.3)	4.8	-	**10.8**	8.5	29.0	na	na	**9.6**
Total man-years	4,083	2,247	1,738	4,957	2,366	-	**15,391**	971	47	52	276	**16,737**

[2]Before amortisation and other income and expenses.

[3]Most of the lines under "Segment assets" and "Segment liabilities" can be matched directly with the notes and the statement of financial position. The difference between "Other current receivables" in Note 24 and "Other current liabilities" in Note 27 is ascribable to the fact that other current receivables and liabilities also comprise items that are not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess value is included in deferred tax. See the reconciliation of segment assets with total assets on page 52.

The Group applies the same principles for the presentation of segment information as for the rest of its annual financial statements, and the operating profit/loss in the segment information is identical to the information presented in the income statement for the Group. There is therefore no need for further reconciliation of these income statement items. The segment information also contains a breakdown of profit/loss from companies reported using the equity method. The Orkla Group has a central finance function and the financing of the various segments does not necessarily reflect the real financial strength of the individual segments. Financial items are therefore presented only for the Group as a whole. The same applies to tax expense. Cash flow figures were taken from the Orkla-format cash flow statement (see Note 40).

The segment information tables show sales broken down by market for each business area, based on the customers' location. The different business areas are defined and described in Note 4. This table shows the revenues generated by various products and services for each segment. "Orkla HQ/Other business" primarily covers activities at the Group's head office.

SEGMENTS 2012

Amounts in NOK million	Orkla Foods	Orkla Confec-tionery & Snacks	Orkla Home & Personal	Orkla Inter-national	Orkla Food Ingre-dients	Elimin-ations	Branded Consumer Goods	Gränges	Hydro Power	Orkla Financial Invest-ments	HQ/ Other Business	Orkla Group
REVENUES/PROFIT/LOSS												
Norway	3,143	1,938	2,815	-	790	-	**8,686**	-	533	-	20	**9,239**
Sweden	3,146	1,069	326	-	1,135	-	**5,676**	193	-	-	3	**5,872**
Denmark	460	456	292	-	1,219	-	**2,427**	38	-	-	-	**2,465**
Finland and Iceland	643	751	170	-	183	-	**1,747**	12	-	-	-	**1,759**
Nordic region	7,392	4,214	3,603	-	3,327	-	**18,536**	243	533	-	23	**19,335**
Rest of Western Europe	135	179	85	247	953	-	**1,599**	674	-	-	9	**2,282**
Central and Eastern Europe	276	334	211	1,313	1,044	-	**3,178**	500	-	-	1	**3,679**
Asia	8	7	38	500	34	-	**587**	2,097	-	-	10	**2,694**
North America	26	25	43	16	15	-	**125**	203	-	-	30	**358**
South and Central America	1	-	3	-	3	-	**7**	178	-	-	-	**185**
Rest of the world	1	1	3	1	2	-	**8**	18	-	-	-	**26**
Outside Nordic region	447	546	383	2,077	2,051	-	**5,504**	3,670	-	-	50	**9,224**
Sales revenues[1]	7,839	4,760	3,986	2,077	5,378	-	**24,040**	3,913	533	-	73	**28,559**
Other operating revenues	14	10	8	17	8	-	**57**	3	62	1,122	93	**1,337**
Intercompany sales	119	24	31	39	49	(254)	**8**	74	217	2	(301)	**-**
Operating revenues	7,972	4,794	4,025	2,133	5,435	(254)	**24,105**	3,990	812	1,124	(135)	**29,896**
Cost of materials	(3,822)	(1,945)	(1,606)	(1,132)	(3,617)	162	**(11,960)**	(2,454)	(314)	(590)	255	**(15,063)**
Payroll expenses	(1,457)	(994)	(728)	(403)	(729)	-	**(4,311)**	(316)	(43)	(54)	(364)	**(5,088)**
Other operating expenses	(1,307)	(907)	(927)	(529)	(741)	92	**(4,319)**	(773)	(186)	(160)	(30)	**(5,468)**
Depreciation and write-downs	(242)	(161)	(60)	(74)	(115)	-	**(652)**	(134)	(60)	(26)	(46)	**(918)**
EBITA[2]	1,144	787	704	(5)	233	-	**2,863**	313	209	294	(320)	**3,359**
Amortisation intangible assets	-	-	(2)	(2)	(12)	-	**(16)**	-	-	-	-	**(16)**
Other income and expenses	(95)	-	(55)	(267)	(4)	-	**(421)**	14	(19)	(19)	12	**(433)**
Operating profit/loss	1,049	787	647	(274)	217	-	**2,426**	327	190	275	(308)	**2,910**
Profit/loss from associates and joint ventures	-	-	-	-	-	-	**-**	2	-	101	315	**418**
Non-controlling interests' share of profit/loss	-	-	-	-	(20)	-	**(20)**	-	65	(45)	-	**-**
[1]Of this sales in EU	4,644	2,749	1,044	256	4,350	-	**13,043**	1,364	-	-	14	**14,421**
CASH FLOW (SEE NOTE 40)												
Cash flow from operations before net replacement expenditures	1,217	996	879	29	331	-	**3,452**	607	250	872	(274)	**4,907**
Net replacement expenditures	(238)	(211)	(58)	(61)	(99)	-	**(667)**	9	(17)	(95)	(26)	**(796)**
Cash flow from operations	979	785	821	(32)	232	-	**2,785**	616	233	777	(300)	**4,111**
Expansion investments	(40)	-	(6)	(39)	(57)	-	**(142)**	(200)	(5)	-	-	**(347)**
Acquired companies (enterprise value)	(66)	-	(1,267)	-	(60)	-	**(1,393)**	-	-	(22)	(202)	**(1,617)**
CAPITAL EMPLOYED												
Segment assets												
Accounts receivable	817	735	672	484	725	(38)	**3,395**	676	34	68	20	**4,193**
Other current receivables	156	72	48	47	69	-	**392**	312	122	147	38	**1,011**
Inventories	1,292	455	618	293	543	-	**3,201**	683	-	359	-	**4,243**
Pension plan assets	23	-	-	-	5	-	**28**	-	-	-	-	**28**
Investments in associates and joint ventures	-	-	15	-	5	-	**20**	23	-	457	2,294	**2,794**
Intangible assets	1,582	3,579	2,177	731	779	-	**8,848**	1,112	20	-	(32)	**9,948**
Property, plant and equipment	1,416	1,249	555	672	768	-	**4,660**	1,237	2,251	1,209	244	**9,601**
Total segment assets	5,286	6,090	4,085	2,227	2,894	(38)	**20,544**	4,043	2,427	2,240	2,564	**31,818**
Segment liabilities												
Accounts payable	(594)	(322)	(278)	(222)	(437)	38	**(1,815)**	(762)	(46)	(42)	101	**(2,564)**
Value added tax, employee taxes	(156)	(154)	(108)	(60)	(94)	-	**(572)**	(17)	(15)	(44)	(58)	**(706)**
Other current liabilities	(589)	(451)	(474)	(106)	(158)	-	**(1,778)**	(158)	(94)	(241)	(437)	**(2,708)**
Pension liabilities	(617)	(131)	(40)	(6)	(129)	-	**(923)**	(84)	(25)	10	(322)	**(1,344)**
Deferred tax, excess values	(17)	(372)	(125)	(37)	(13)	-	**(564)**	-	-	(11)	-	**(575)**
Total segment liabilities	(1,973)	(1,430)	(1,025)	(431)	(831)	38	**(5,652)**	(1,021)	(180)	(328)	(716)	**(7,897)**
Capital employed[3]	3,313	4,660	3,060	1,796	2,063	-	**14,892**	3,022	2,247	1,912	1,848	**23,921**
KEY FIGURES												
Operating margin EBITA (%)	14.4	16.4	17.5	(0.2)	4.3	-	**11.9**	7.8	25.7	na	na	**11.2**
Total man-years	3.061	2.231	1.787	4.432	2.224	-	**13.735**	928	50	64	265	**15.042**

SEGMENTS 2011

Amounts in NOK million	Orkla Foods	Orkla Confec-tionery & Snacks	Orkla Home & Per-sonal	Orkla Inter-national	Orkla Food Ingre-dients	Elimin-ations	Branded Con-sumer Goods	Gränges	Hydro Power	Orkla Finan-cial Invest-ments	HQ/ Other Busi-ness	Discon-tinued oper-ations	Orkla Group
REVENUES/PROFIT/LOSS													
Norway	3,942	1,941	2,663	-	685	-	**9,231**	-	1,105	-	39	-	**10,375**
Sweden	3,254	1,073	290	-	1,099	-	**5,716**	170	-	-	-	-	**5,886**
Denmark	504	460	214	-	1,464	-	**2,642**	65	-	-	-	-	**2,707**
Finland and Iceland	638	777	185	-	163	-	**1,763**	22	-	-	-	-	**1,785**
Nordic region	8,338	4,251	3,352	-	3,411	-	**19,352**	257	1,105	-	39	-	**20,753**
Rest of Western Europe	137	178	60	243	898	-	**1,516**	768	-	-	62	-	**2,346**
Central and Eastern Europe	269	312	195	1,341	906	-	**3,023**	521	-	-	-	-	**3,544**
Asia	6	4	43	446	30	-	**529**	1,663	-	-	28	-	**2,220**
North America	21	27	30	16	10	-	**104**	410	-	-	59	-	**573**
South and Central America	-	-	1	-	3	-	**4**	181	-	-	-	-	**185**
Rest of the world	1	-	3	6	2	-	**12**	7	-	-	-	-	**19**
Outside Nordic region	434	521	332	2,052	1,849	-	**5,188**	3,550	-	-	149	-	**8,887**
Sales revenues[1]	8,772	4,772	3,684	2,052	5,260	-	**24,540**	3,807	1,105	-	188	-	**29,640**
Other operating revenues	6	21	4	21	8	-	**60**	6	55	228	71	-	**420**
Intercompany sales	128	17	34	40	124	(322)	**21**	95	531	2	(649)	-	**-**
Operating revenues	8,906	4,810	3,722	2,113	5,392	(322)	**24,621**	3,908	1,691	230	(390)	-	**30,060**
Cost of materials	(4,058)	(1,952)	(1,433)	(1,153)	(3,556)	224	**(11,928)**	(2,503)	(1,207)	(29)	378	-	**(15,289)**
Payroll expenses	(1,782)	(975)	(631)	(392)	(720)	-	**(4,500)**	(315)	(41)	(119)	(355)	-	**(5,330)**
Other operating expenses	(1,682)	(953)	(880)	(483)	(762)	98	**(4,662)**	(784)	(122)	(129)	158	-	**(5,539)**
Depreciation and write-downs	(302)	(164)	(51)	(76)	(120)	-	**(713)**	(123)	(60)	(17)	(62)	-	**(975)**
EBITA[2]	1,082	766	727	9	234	-	**2,818**	183	261	(64)	(271)	-	**2,927**
Amortisation intangible assets	-	-	(2)	(1)	(12)	-	**(15)**	-	-	-	(2)	-	**(17)**
Other income and expenses	(184)	-	(1)	(5)	3	-	**(187)**	(110)	-	(20)	(58)	-	**(375)**
Operating profit/loss	898	766	724	3	225	-	**2,616**	73	261	(84)	(331)	-	**2,535**
Profit/loss from associates and joint ventures	-	-	-	-	-	-	**-**	2	-	(15)	270	-	**257**
Non-controlling interests' share of profit/loss	-	-	-	-	(23)	-	**(23)**	-	0	(5)	(20)	-	**(48)**
[1]Of this sales in EU	4,782	2,758	918	251	4,366	-	**13,075**	1,505	-	-	-	-	**14,580**
CASH FLOW (SEE NOTE 40)													
Cash flow from operations before net replacement expenditures	1,117	755	694	(6)	240	-	**2,800**	70	479	(607)	(225)	-	**2,517**
Net replacement expenditures	(260)	(178)	(54)	(65)	(89)	-	**(646)**	11	(21)	31	(59)	-	**(684)**
Cash flow from operations	857	577	640	(71)	151	-	**2,154**	81	458	(576)	(284)	-	**1,833**
Expansion investments	-	-	(110)	(73)	(33)	-	**(216)**	(228)	(57)	-	-	-	**(501)**
Acquired companies (enterprise value)	(35)	-	-	(48)	(20)	-	**(103)**	-	-	(689)	(4)	-	**(796)**
CAPITAL EMPLOYED													
Segment assets													
Accounts receivable	875	728	508	450	721	(64)	**3,218**	708	40	66	(3)	4,016	**8,045**
Other current receivables	160	72	96	52	67	-	**447**	242	154	568	11	791	**2,213**
Inventories	1,302	513	486	282	555	-	**3,138**	770	-	612	47	3,480	**8,047**
Pension plan assets	-	-	-	-	-	-	**-**	-	-	-	-	49	**49**
Investments in associates and joint ventures	-	-	-	-	5	-	**5**	23	-	1,018	2,285	1,443	**4,774**
Intangible assets	1,608	3,677	1,282	778	788	-	**8,133**	1,144	20	-	(22)	3,185	**12,460**
Property, plant and equipment	1,412	1,250	381	684	749	-	**4,476**	1,254	2,296	1,155	221	8,318	**17,720**
Total segment assets	5,357	6,240	2,753	2,246	2,885	(64)	**19,417**	4,141	2,510	3,419	2,539	21,282	**53,308**
Segment liabilities													
Accounts payable	(644)	(338)	(250)	(188)	(431)	64	**(1,787)**	(736)	(28)	(44)	74	(2,788)	**(5,309)**
Value added tax, employee taxes	(160)	(122)	(66)	(71)	(80)	-	**(499)**	(15)	(18)	(88)	(6)	(177)	**(803)**
Other current liabilities	(671)	(443)	(359)	(81)	(176)	-	**(1,730)**	(132)	(114)	(200)	(88)	(1,230)	**(3,494)**
Pension liabilities	(644)	(129)	(44)	(6)	(110)	-	**(933)**	(84)	(9)	(9)	(300)	(1,002)	**(2,337)**
Deferred tax, excess values	(18)	(388)	(53)	(39)	(14)	-	**(512)**	-	-	(11)	-	(16)	**(539)**
Total segment liabilities	(2,137)	(1,420)	(772)	(385)	(811)	64	**(5,461)**	(967)	(169)	(352)	(320)	(5,213)	**(12,482)**
Capital employed[3]	3,220	4,820	1,981	1,861	2,074	-	**13,956**	3,174	2,341	3,067	2,219	16,069	**40,826**
KEY FIGURES													
Operating margin EBITA (%)	12.1	15.9	19.5	0.4	4.3	-	**11.4**	4.7	15.4	na	na	na	**9.7**
Total man-years	3,679	2,313	1,139	4,376	2,074	-	**13,581**	944	36	72	282	14,482	**29,397**

Reconciliation segment assets vs. total assets

	2013	2012
Segment assets	48,481	31,818
Assets in discontinued operations	0	13,740
Shares and financial assets	1,051	3,601
Cash and cash equivalents	1,805	7,196
Financial assets	624	864
Deferred tax assets	34	121
Interest-bearing receivables etc.	120	153
Total assets	52,115	57,493

[2]Before amortisation and other income and expenses.

[3]Most of the lines under "Segment assets" and "Segment liabilities" can be matched directly with the notes and the statement of financial position. The difference between "Other current receivables" in Note 24 and "Other current liabilities" in Note 27 is ascribable to the fact that other current receivables and liabilities also comprise items that are not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess value is included in deferred tax.

NOTE 9 GEOGRAPHICAL BREAKDOWN OF CAPITAL EMPLOYED, INVESTMENTS AND NUMBER OF MAN-YEARS

Capital employed, investments and number of man-years are broken down by geographical markets based on the location of the companies. Capital employed is a measure of the enterprise's net capitalised "working capital" and is defined in the segment note as the net of segment assets and liabilities. Investments are the total of replacement expenditures and expansion investments. The number of man-years is the number of employees adjusted for fractional posts in the current reporting period. See Note 8 for segment information.

	Capital employed			Investments			Number of man-years		
Amounts in NOK million	2013	2012	2011	2013	2012	2011	2013	2012	2011
Norway	22,555	9,620	13,678	509	426	507	3,703	3,049	3,560
Sweden	6,819	5,318	7,477	286	377	286	3,000	2,788	2,742
Denmark	3,415	3,055	3,157	86	99	86	1,305	1,241	1,230
Finland and Iceland	1,954	1,693	1,693	37	74	37	648	657	655
Nordic region	34,743	19,686	26,005	918	976	916	8,656	7,735	8,187
Rest of Western Europe	758	564	4,678	32	16	32	561	502	434
Central and Eastern Europe	2,590	2,166	3,325	184	126	184	5,633	4,918	4,700
Asia	1,727	1,477	2,448	82	159	82	1,887	1,887	1,594
America	24	28	4,036	0	0	0	0	0	0
Rest of the world	0	0	334	0	0	0	0	0	0
Outside Nordic region	5,099	4,235	14,821	298	301	298	8,081	7,307	6,728
Total	39,842	23,921	40,826	1,216	1,277	1,214	16,737	15,042	14,915
Link between segments and "Investments":									
Net replacement expenditures, from segments (see Note 8)				531	796	684			
Sale of property, plant and equipment (see cash flow statement)				514	144	41			
Expansion investments (see Note 8)				180	347	501			
Changes in accounts payable investments				(9)	(10)	(12)			
Total				1,216	1,277	1,214			

NOTE 10 PAYROLL EXPENSES

Payroll expenses are the total disbursements relating to remuneration of personnel employed by the Group and of Group officers. These expenses comprise direct salaries and holiday pay, fees to Group officers, any bonuses paid, the accounting effects of employees' share and option programmes, pension costs and public taxes/ charges relating to the employment of personnel. Any benefits in kind such as a company car, telephone or the like are reported as wages, but are presented as operating expenses according to the nature of the expense.

Amounts in NOK million	2013	2012	2011
Wages	(4,801)	(4,095)	(4,285)
Employer's national insurance contributions	(792)	(696)	(761)
Pension costs[1]	(303)	(259)	(248)
Other remuneration etc.	(22)	(38)	(36)
Payroll expenses	(5,918)	(5,088)	(5,330)
Average number of man-years (continuing operations)	16,021	14,894	14,295

[1]For detailed information regarding pension costs, see Note 11.

Bonus systems

Orkla has a system of annual bonuses that rewards improvement (operational excellence).

Under this system, a "good performance", which is specifically defined for the various elements, can result in an annual bonus of 30% of an employee's fixed pay, while the maximum bonus is 100% of the employee's annual pay. This bonus system applied to approximately 175 senior executives in 2013.

Remuneration of the executive management

	2013			2012			2011		
Amounts in 1,000 NOK	Salary	Benefits in kind	Pension costs	Salary	Benefits in kind	Pension costs	Salary	Benefits in kind	Pension costs
Remuneration to CEO	10,989	15	57	8,999	60	500	6,864	190	1,498
Remuneration to other members of the Group Executive Board	28,163	2,615	5,914	21,336	1,326	4,588	24,411	1,042	4,055
Number of options to CEO 31 December	0			0			412,000		
Number of options to other members of the Group Executive Board 31 December	1,376,000			1,686,000			1,085,000		

For other matters relating to the remuneration of the executive management and members of the Board of Directors, reference is made to Note 6 to the Financial Statements for Orkla ASA.

Share-related programmes

In 2012, to replace its former option programme, the Group introduced a cash-based long-term incentive programme (LTI). An amount based on the result of the annual bonus programme will be deposited in a bonus bank. The balance will be adjusted in accordance with the price performance of the Orkla share until it is paid out. 50% of the vested amount is paid out after two years, and the remainder after three years provided the employee has not resigned. The annual payment from the LTI must not exceed one year's salary at the time of payment. Any excess amount is deposited in the bank to be paid out the following year. See also the description in Note 6 to the financial statements for Orkla ASA.

The Group also has a programme for the sale of shares to employees at a discount (see Note 6 to the financial statements for Orkla ASA).

Overview of changes in outstanding options awarded prior to 2013:

	2013 No.	2013 WAEP[1]	2012 No.	2012 WAEP[1]
Outstanding at the beginning of the year	**17,602,000**	**51.55**	22,651,500	54.71
Granted during the year	**-**	**-**	-	-
Exercised during the year	**(2,060,000)**	**42.21**	(45,000)	44.86
Forfeited during the year	**(385,000)**	**88.13**	(5,004,500)[3]	62.26
Outstanding at year end[2]	**15,157,000**	**47.74**	17,602,000	51.55
Exercisable options at year end	**10,520,000**	**47.87**	7,685,000	-

[1]Weighted average exercise price. Amounts in NOK.
[2]As a result of a dividend, all exercise prices were reduced by NOK 2.50 on 19 April 2013.
[3]Consists primarily of options moved to Borregaard and options that expired in 2012 without being "in the money".

The weighted average contractual life of outstanding options as of 31 December 2013 is 3 years.

Weighted average exercise price for outstanding options at year end:

Expiry date	2013 No.	2013 WAEP[1,2]	2012 No.	2012 WAEP[1]
20.02.2013	**-**	**-**	400,000	86.44
08.05.2014	**2,120,000**	**71.40**	2,115,000	73.90
14.08.2014	**25,000**	**68.10**	25,000	70.60
22.05.2015	**4,015,000**	**42.36**	5,145,000	44.86
10.05.2016	**4,360,000**	**41.38**	5,260,000	43.88
09.05.2017	**4,567,000**	**47.53**	4,587,000	50.03
01.11.2017	**70,000**	**43.41**	70,000	45.91
Total	**15,157,000**		17,602,000	

[1]Weighted average exercise price. Amounts in NOK.
[2]As a result of a dividend, all exercise prices were reduced by NOK 2.50 on 19 April 2013.

Orkla has used the Black-Scholes model when estimating the value of the options. The volatility is calculated on the basis of the past performance of the Orkla share price during the same period as the maturity of the options. No new options were issued in 2012 or 2013.

Effects of the option programme on the financial statements:

Amounts in NOK million	2013	2012
Option costs in the vesting period	(22)	(33)
Change in provision for national insurance contributions	(1)	(8)
Net option costs	(23)	(41)
Liabilities[1]	9	8

[1]Relates only to employer's national insurance contributions.

NOTE 11 PENSIONS

The Group has both defined contribution and defined benefit pension plans. In the defined contribution pension plans, the cost is equal to the contributions to the employees' pension savings in the accounting period. The future pension will be determined by the amount of the contributions and the return on the pension savings. In a defined benefit plan, the company is responsible for paying an agreed pension to the employee based on his or her final pay. The cost for the accounting period shows the employees' pension entitlement of the agreed future pension in the financial year. The majority of Orkla's pension plans are defined contribution plans.

Defined contribution plans

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employees' pension plans, and where the future pension is determined by the amount of the contributions and the return on the pension plan assets. Contribution plans also comprise pension plans that are common to several companies and where the pension premium is determined independently of the demographic profile in the individual companies (multi-employer plans). Employees in the Orkla Group are mainly covered by pension plans classified as contribution plans.

Defined benefit plans

The Group has defined benefit pension plans that are classified as funded and unfunded. A large part of the Group's defined benefit plans are in Sweden and Norway. These countries account for around 60% and 37%, respectively, of the Group's net carried pension liabilities.

Sweden

The pension plans in Sweden are "net plans" that do not link the Group's liabilities to changes in Swedish social security. The plans are largely determined by collective agreements. They are not funded, but provisions are made in the companies' statement of financial position. To secure accrued pension rights, companies must take out a credit insurance in the PRI Pensionsgaranti insurance company. PRI Pensionsgaranti records and calculates the companies' pension liabilities. All employees born in 1979 or later must by law be covered by a defined contribution plan, which means that the scope of the defined benefit plans will gradually be reduced.

The Group also has some pension plans, primarily related to senior executives, financed through endowment insurances. The gross amount of these plans is reported in the financial statements.

Account has been taken of payroll tax on the pension liabilities in Sweden.

Norway

Net pension liabilities in Norway mainly consist of unfunded pension plans for former key personnel, early retirement schemes for the Group Executive Board, and book liabilities related to contribution-based plans for employees who earn more than twelve times the Norwegian National Insurance Scheme's basic amount (12G).

The pension plan for employees in Norway who earn more than 12G is a contribution-based plan. The sum of the accrued contributions and the return on the plan assets are presented as a pension liability in the company's statement of financial position. This pension plan is therefore presented as a defined benefit plan.

A small part of the pension liability consists also of provisions made to cover the under-funding in the old contractual early retirement (AFP) scheme, as recommended under the Norwegian Accounting Standards.

The new AFP scheme is recognised as a multi-employer defined benefit plan, but is recognised as a defined contribution plan. This is in line with the Ministry of Finance's conclusion regarding the new AFP, which was published in connection with the presentation of the government budget on 14 October 2013. All of the companies in the Orkla Group in Norway participate in the AFP scheme. The premium for the new AFP scheme will increase from 2.0% in 2013 to 2.2% in 2014 of total payments of wages between 1 and 7.1 times the average basic amount. This change in premium is in line with the announced change whereby the premium for the new AFP scheme for the years 2011-2015 is gradually to be increased as the premiums and employer's contributions for the old AFP scheme are phased out.

Assumptions relating to defined benefit plans

As from the 2012 financial year, the discount rate in Norway is fixed on the basis of Norwegian covered bonds (OMF). The Norwegian Accounting Standards Board considers the OMF market to be a sufficiently deep market to be used for computing the discount rate. Orkla has chosen a discount rate based on the average life of the pensions in each company and in each pension plan, so that it varies between 2.5% and 4.0%, depending on the life of the pension. In cases where the life exceeds 15 years, the OMF yield curve has been extrapolated on the basis of the swap rate.

The discount rate in Sweden is based on Swedish mortgage bonds.

As a rule, parameters such as wage growth, growth in basic amount (G) and inflation are set in accordance with recommendations in the various countries.

The mortality estimate is based on up-to-date mortality tables for the various countries (K2013 in Norway and updated mortality tables at 30 June 2011 in Sweden). This has had no material effect on the consolidated financial statements in 2013.

A reasonable expected change in key assumptions will have no material impact on the figures for the Group.

Pension plan assets

Virtually all the Group's pension plans with pension plan assets are in the Netherlands, Switzerland and the UK. Pension plan assets are mainly invested in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. A breakdown of pension plan assets is presented below. Contributions of pension plan assets in 2014 are expected to total NOK 11 million.

	Norway		Sweden	
	2013	2012	2013	2012
Discount rate	2.5-4%	2-3.75%	4.0%	3.5%
Future salary adjustment	3.50%	3.25%	3.0%	3.0%
G-multiplier[1]	3.50%	3.25%	3.0%	3.0%
Adjustment of benefits	0.6%	0.5%	2.0%	2.0%
Turnover	0-5%	0-5%	3.0%	3.0%
Expected average remaining vesting period (year)	6.3	5.1	15.5	15.8

[1]As at 31 December 2013, 1G is NOK 85,245.

Breakdown of net pension costs

Amounts in NOK million	2013	2012	2011
Contribution plans	(241)	(228)	(212)
Current service cost (incl. national insurance contributions)	(64)	(39)	(40)
Curtailments and settlements pension plans	2	8	4
Pension cost defined as operating cost	(303)	(259)	(248)
Interest on pension obligations	(68)	(53)	(56)
Expected return on pension plan assets	16	10	12
Pension cost defined as finance cost	(52)	(43)	(44)
Net pension costs	(355)	(302)	(292)

Breakdown of net pension liabilities as of 31 December

Amounts in NOK million	2013	2012
Present value of funded pension obligations	(333)	(358)
Pension plan assets (fair value)	291	289
Net funded pension liabilities	(42)	(69)
Present value of unfunded pension obligations	(1,354)	(1,247)
Capitalised net pension liabilities	(1,396)	(1,316)
Capitalised pension liabilities	(1,437)	(1,344)
Capitalised plan assets	41	28

Changes in the present value of pension obligations during the year

Amounts in NOK million	2013	2012
Pension obligations 1 January	(1,605)	(3,919)
Current service cost (incl. national insurance contributions)	(64)	(39)
Interest on pension obligations	(68)	(53)
Actuarial gains and losses reported in statement of comprehensive income	42	(49)
Past service cost	0	1
Acquisition/sale of companies	(610)	(103)
Curtailments and settlements pension plans	539	56
Benefits paid during the year	193	120
Currency translations	(114)	16
Changes related to discontinued operations	0	2,365
Pension obligations 31 December	(1,687)	(1,605)

Changes in pension plan assets during the year

Amounts in NOK million	2013	2012
Pension plan assets (fair value) 1 January	289	1,682
Expected return on pension plan assets	16	10
Actuarial gains and losses reported in statement of comprehensive income	10	45
Acquisition/sale of companies	506	98
Curtailments and settlements	(531)	(48)
Contributions and benefits paid during the year	(4)	(33)
Assets transferred to contribution plans	0	(4)
Currency translations	36	(4)
Effect of asset ceiling	(31)	(15)
Changes related to discontinued operations	0	(1,442)
Pension plan assets (fair value) 31 December	291	289

Breakdown of pension plan assets (fair value) as of 31 December

	2013	2012
Cash, cash equivalents and money market investments	11%	9%
Bonds	46%	61%
Loans	2%	2%
Shares	30%	27%
Property	11%	1%
Total pension plan assets	100%	100%

Summary of net pension liabilities and adjustments in past three years

Amounts in NOK million	2013	2012	2011
Pension obligations	(1,687)	(1,605)	(3,919)
Pension plan assets	291	289	1,682
Net pension liabilities	(1,396)	(1,316)	(2,237)
Actuarial gains and losses in pension obligations reported in statement of comprehensive income	42	(48)	(229)
Actuarial gains and losses in pension plan assets reported in statement of comprehensive income	10	45	(30)

NOTE 12 OTHER OPERATING EXPENSES

The Orkla Group has chosen to present its income statement based on the nature of the item of income or expense. Operating expenses have been broken down into the following main items: "Cost of materials", "Payroll expenses", "Depreciation/ Amortisation" and "Other operating expenses". Thus "Other operating expenses" comprises all operating expenses that are not related to cost of materials, employee payrolls and capital costs in the form of depreciation. The most important items have been grouped into the main items below.

Amounts in NOK million	2013	2012	2011
External freight costs	**(705)**	(638)	(751)
Energy costs (production and heating)	**(689)**	(637)	(671)
Advertising	**(1,352)**	(1,172)	(1,208)
Repair and maintenance costs	**(529)**	(457)	(505)
Consultants, legal advisors, temporary staff etc.	**(402)**	(559)	(458)
Operating expenses vehicles	**(138)**	(134)	(154)
Rental/leasing	**(338)**	(253)	(225)
Operating expenses, office equipment etc.	**(80)**	(65)	(75)
Other	**(1,938)**	(1,553)	(1,492)
Total other operating expenses	**(6,171)**	(5,468)	(5,539)

NOTE 13 OTHER INCOME AND EXPENSES

Other income and expenses will largely consist of material positive and negative non-recurring items, restructuring costs and any substantial write-downs of both tangible and intangible assets. The main purpose of this line is to present material non-recurring items and items substantially relating to other periods separately to ensure that the changes in and comparability of the lines presented in EBITA are more relevant to the company. M&A costs relating to acquired businesses will be expensed here as and when they arise.

The most important items are disclosed in Note 1.

Amounts in NOK million	2013
M&A costs and integration costs	**(204)**
Special IFRS effects	**(46)**
Severance settlements of employment contracts	**(169)**
Write-down trademark and goodwill in Orkla Foods Danmark (Pastella)	**(48)**
Write-down intangible assets and provisions for litigation Orkla Brands Russia	**(435)**
Restructuring Orkla Foods Sverige and Orkla Foods Danmark	**(20)**
Restructuring Gränges (Heat Transfer)	**(24)**
Outsourcing IT management Orkla Shared Services	**(41)**
Insurance settlements Gränges (Heat Transfer)	**127**
Total	**(860)**
Of this: Write-down property, plant and equipment	**(7)**
Write-down intangible assets	**(413)**

Amounts in NOK million	2012
M&A costs	(79)
Special IFRS effects	(22)
Gain on disposal of Salvesen & Thams	44
Restructuring and legal disputes in Russia	(267)
Restructuring Orkla Foods Sverige and Orkla Foods Danmark	(55)
Property tax in AS Saudefaldene for previous periods	(19)
Final settlements Group and Orkla Financial Investments	(43)
Insurance settlements Gränges (Heat Transfer)	30
Restructuring Gränges (Heat Transfer)	(16)
Write-down property, plant and equipment in Denomega	(6)
Total	(433)
Of this: Write-down property, plant and equipment	(35)
Write-down intangible assets	-

Amounts in NOK million	2011
M&A costs	(69)
Restructuring Gränges (Heat Transfer)	(69)
Net costs fires Finspång, Gränges (Heat Transfer)	(41)
Step acquisition in Branded Consumer Goods and Orkla Eiendom	(6)
Gain on sale/settlements provisions etc., Switzerland and Italy	20
Write-down assets and selling expenses related to Bakers, Orkla Foods Norge	(155)
Write-down property, plant and equipment in Denomega	(55)
Total	(375)
Of this: Write-down property, plant and equipment	(56)
Write-down intangible assets	-

Further information on provisions is provided in Note 21.

NOTE 14 FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs mainly consist of interest income and interest expense relating to the Group's total financing. The net unhedged exchange rate effects of the Group's receivables and liabilities in foreign currencies will also be reported as net foreign currency gains/losses. Gains or losses on foreign currency transactions may result from the fact that hedges are not 100% effective. Any gains or losses on securities not reported under the item "Shares and financial assets" in the statement of financial position, will be included in "Finance income and finance costs". Borrowing costs for internally generated tangible assets are capitalised together with the asset.

Amounts in NOK million	2013	2012	2011
Interest income	**79**	178	270
Other finance income	**6**	18	26
Total finance income	**85**	196	296
Interest costs	**(454)**	(572)	(579)
Capitalised interest costs	**-**	5	11
Net foreign exchange loss	**(1)**	(18)	(17)
Interest pensions	**(52)**	(43)	(44)
Other finance costs	**(71)**	(57)	(100)
Total finance costs	**(578)**	(685)	(729)
Net finance costs (A)	**(493)**	(489)	(433)
Reconciliation against cash flow:			
Change in accrued interest etc.	**18**	(12)	(16)
Interest pensions not cash flow effect	**52**	43	44
Sale of shares outside share portfolio	**-**	-	75
Foreign exchange gain/loss share portfolio	**(28)**	86	56
Total, see cash flow statement (B)	**42**	117	159
Paid financial items in cash flow, see Note 40 (A+B)	**(451)**	(372)	(274)

NOTE 15 TAXES

Taxes refer to the authorities' taxation of the profits of the different companies in the Group. Value added tax, social security contributions and similar indirect taxes are thus not included in "taxes". Taxes are computed on the basis of accounting profit/loss and broken down into current taxes and change in deferred tax liability. Deferred tax liability is the result of timing differences between financial accounting and tax accounting.

Amounts in NOK million	2013	2012	2011
Profit/loss before tax	2,664	3,907	4,442
Current tax expense	(612)	(710)[1]	(848)
Deferred tax expense	(80)	(16)	194
Total tax expense	(692)	(726)	(654)
Tax as % of "Profit/loss before taxes" from continuing operations	26%	19%	15%

[1]Current tax expense includes a reduction in current taxes related to previous years, amounting to NOK 71 million related to a settled tax case.

Reconciliation of the Group's tax rate

In the following table, reported taxes are reconciled with the tax expense based on the Norwegian tax rate of 28%. The main tax components are specified.

Amounts in NOK million	2013	2012	2011
28% of profit before taxes (tax rate in Norway)	(746)	(1,094)	(1,244)
Foreign operations with tax rates other than 28%	53	54	50
Changes in tax laws	33	69	8
Associates	1	116	73
Write-down of goodwill Russia and assets Bakers	(82)	-	(43)
Write-down of shares within the TEM[1, 2]	(27)	(181)	(170)
Dividends within the TEM[1, 2]	73	60	114
Gains/losses on shares within the TEM[1, 2]	153	324	591
Other nondeductible expenses	(73)	(96)	(51)
Derecognition deferred tax divested subsidiaries	-	-	44
Other taxes payable	(47)	(24)	(24)
Recognised deferred tax assets this year, prev. unrecognised	8	15	3
Write-down of previously recognised deferred tax assets	(7)	-	-
Unrecognised deferred tax assets, this year	(31)	(39)	(5)
Correction previous years' taxes	0	70	-
The Group's total tax expense	(692)	(726)	(654)

[1]TEM = Tax Exemption Method

[2]Includes the share portfolio NOK 148 million in 2013 (NOK 314 million in 2012 and NOK 451 million in 2011).

The ordinary tax rate for companies domiciled in Norway was 28% in 2013, but it has been decided that it is to be reduced to 27% as from the 2014 income year. It has also been decided that company tax rates in Finland and Denmark are to be reduced from 24.5% and 25% to 20% and 24.5%, respectively, in 2014. Orkla's businesses in countries with tax rates other than 28% have the net effect of reducing the tax expense. In 2013, net tax liabilities in Norway, Finland and Denmark were reduced by a total of NOK 41 million due to the lower company tax rates as from 2014.

Results from associates are recognised on an after-tax basis and thus do not impact the Group's tax expense.

The Group has gains, losses and dividends covered by the tax exemption method which are not subject to normal taxation or deduction, but for which 3% of net profit or loss is recognised in the income statement. This applies, in particular, to shares and financial assets. Shares and financial assets contribute to reducing tax expense.

Unrecognised deferred tax assets in 2013 mainly relate to tax deficits in Orkla Brands Russia. The depreciation of deferred tax assets recognised in previous years concerns Orkla Food Ingredients in Italy. The recognition of deferred tax assets unrecognised in previous years mainly relate to Orkla Eiendom, Switzerland.

The Group operates in certain industries that are subject to special tax regimes in Norway, such as the hydropower tax regime.

Deferred tax liabilities

Deferred tax liabilities consists of the Group's tax liabilities that are payable in the future. The table below lists deferred tax assets and liabilities relating to the temporary differences between the carrying amount of an asset or liability and its tax base.

The table shows the composition of the Group's deferred tax, and indicates as such when deferred taxes are payable.

Amounts in NOK million	2013	2012
Deferred tax on temporary differences		
Hedging reserve in equity	(86)	(115)
Intangible assets	881	606
Property, plant and equipment	280	333
Net pension liabilities	(162)	(182)
Gain and loss tax deferral	312	245
Other non-current items	167	181
Total non-current items	1,392	1,068
Unrealised gains (losses) on shares outside the TEM[1] in equity	0	30
Accumulated write-downs of shares outside the TEM[1]	(3)	(39)
Current receivables	(79)	(74)
Inventories	14	19
Provisions	(116)	(124)
Other current items	(6)	152
Total current items	(190)	(36)
Tax losses carried forward	(309)	(435)
Tax credit carried forward	0	(5)
Net deferred tax asset/deferred tax liabilities	893	592
Deferred tax hydro power tax regime[2]	(22)	(32)
Deferred tax assets, not recognised	305	371
Net deferred tax liabilities	1,176	931
Change in deferred tax	(245)	(116)
Deduction of change in deferred tax discontinued operations	0	86
Change in deferred tax continuing operations	(245)	(30)
Change in deferred tax unrealised gains taken to comprehensive income	(29)	(17)
Change in deferred tax hedging reserve taken to comprehensive income	29	6
Change in deferred tax actuarial gains and losses pensions taken to comprehensive income	11	(11)
Acquisitions/sale of companies etc.	329	(17)
Translation effects	(175)	53
Change in deferred tax income statement	(80)	(16)

[1]TEM = Tax Exemption Method

[2]Deferred tax liabilities and deferred tax assets related to hydro power taxes have been recognised gross for each power plant.

Net deferred tax presented in statement of financial position

Amounts in NOK million	2013	2012
Deferred tax liabilities	1,210	1,052
Deferred tax assets	34	121
Net deferred tax	1,176	931

Losses carried forward by expiry date

Amounts in NOK million	2013	2012
2013	-	428
2014	137	106
2015	601	554
2016	38	47
2017	33	15
2018	20	26
2019	2	2
2020 or later	304	135
Without expiry date	247	466
Total tax losses carried forward	1,382	1,779

Tax losses carried forward totalling NOK 1,382 million constitute a deferred tax asset of NOK 312 million, of which only NOK 17 million have been recognised. Unrecognised tax losses carried forward amount to NOK 1,315 million. A total of NOK 192 million of these have no expiry date, NOK 294 million expire from 2020 onwards, NOK 54 million expire in the period 2017-2019 and NOK 775 million expire in the period 2014-2016.

Deductible temporary differences with corresponding deferred tax assets

Amounts in NOK million	Deductible temporary differences	Recognised deferred tax assets	Un-recognised deferred tax assets	Total deferred tax assets
Tax losses carried forward by country				
Switzerland	675	0	169	169
Russia	270	0	54	54
Other Eastern Europe	78	1	14	15
South Europe	65	0	17	17
Ireland	65	0	8	8
Denmark	62	4	12	16
Romania	57	0	9	9
Baltics	37	2	4	6
Great Britain	24	2	3	5
Sweden[1]	18	3	1	4
Norway[2]	14	2	2	4
Others	17	3	2	5
Total	**1,382**	**17**	**295**	**312**
Other deductible temporary differences	1,655	436	10	446
Total deductible temporary differences	**3,037**	**453**	**305**	**758**
Netted deferred tax	(1,551)	(419)	0	(419)
Net deductible temporary differences	**1,486**	**34**	**305**	**339**

[1]Concerns tax losses carried forward blocked for utilisation in the Swedish tax group until 2019.

[2]Concerns companies outside the Norwegian tax group, i.e. in which the Group has an ownership interest of less than 90%.

A provision of NOK 20 million has been made for withholding tax on dividends approved in subsidiaries and of NOK 17 million for deferred tax liability on retained profit in associates.

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. If there are not likely to be future profits sufficient to absorb the deductible temporary differences, deferred tax assets are not recognised. Borregaard's former production companies in Switzerland (which are now part of Orkla Eiendom) and Orkla Brands Russia have substantial deductible temporary differences that have not been recognised.

The Norwegian, Swedish and Finnish tax groups have utilised all available tax losses carried forward and were liable to tax in 2013.

Tax ownership of power plant

AS Saudefaldene (of which Orkla owns 85%) has brought a legal action against the Norwegian goverment, represented by the Central Tax Office for Large Enterprises (SfS) after the SfS Tax Appeal Board in December 2011 reversed an earlier SfS decision regarding ownership for tax purposes of one of the Sauda power plants which AS Saudefaldene leases from Statkraft. Orkla claims, as SfS found in its original decision in 2008, that Statkraft SF is the owner of the power plant for tax purposes. The District Court case has been suspended pending a final tax assessment decision for AS Saudefaldene. In December 2012, SfS amended the basis for property tax applied in AS Saudefaldene's assessments. AS Saudefaldene disagrees with SfS's decision and has appealed it. In August 2013, AS Saudefaldene brought a legal action against the decision of Sauda Municipality to impose property tax on the Sønnå Høy power plant, and in March 2013 appealed against the decision to impose property tax on the same plant in Suldal Municipality. To date, NOK 28 million in property tax has been paid for the years 2010-2012, and in 2013 NOK 13 million was charged to operating profit. No decision has yet been made regarding amendment of the assessment of AS Saudefaldene's hydro power tax.

NOTE 16 EARNINGS PER SHARE

Earnings per share are one of several indicators that can be used in financial analyses to assess a company's performance. This key figure shows how much the profit or loss for the period amounts to per share and is calculated by dividing the profit or loss for the period after non-controlling interests by the average number of shares outstanding.

Earnings per share is calculated on basis of profit of the year after non-controlling interests. As a result of the Orkla Group's option programme (see Note 10), outstanding shares may be diluted when options are exercised. In order to take into account this future increase in the number of shares outstanding, diluted earnings per share are calculated in addition to basic earnings per share. In this calculation, the average number of shares outstanding is adjusted to take into account the estimated diluting effect of the option programme.

Amounts in NOK million	2013	2012	2011
Profit/loss for the year after non-controlling interests for continuing operations	**1,915**	3,181	3,740
Profit/loss/gains discontinued operations	**(1,225)**	(1,547)	(4,496)
Profit/loss for the year after non-controlling interests	**690**	1,634	(756)
Weighted average of number of shares outstanding	**1,012,284,074**	1,011,722,749	1,020,194,465
Estimated dilution effect option programme	**1,027,629**	47,713	0
Weighted average of number of shares outstanding diluted	**1,013,311,703**	1,011,770,462	1,020,194,465

Amounts in NOK	2013	2012	2011
Earnings per share	**0.7**	1.6	(0.7)
Earnings per share diluted	**0.7**	1.6	(0.7)
Earnings per share diluted for discontinued operations	**(1.2)**	(1.5)	(4.4)
Earnings per share diluted adjusted for discontinued operations	**1.9**	3.1	3.7

NOTE 17 IMPAIRMENT ASSESSMENTS

The value of long-term capitalised assets will largely be based on discretionary assessment and estimates. It is important that the users of the financial statements are familiar with the assumptions that apply to the valuation of these assets and the way the Group assesses future earnings. There will be particular focus on assets that are not initially depreciated or amortised. In the Orkla Group's financial statements, this will largely concern goodwill and trademarks with an indefinite useful life.

Routine monitoring of non-current assets

The Orkla Group has substantial non-current assets in the form of both tangible (property, plant and equipment) and intangible assets. An explanation of the details of and changes in these assets is presented separately in Note 18 and Note 19. The Group also has other non-current assets that mainly consist of investments in companies recognised using the equity method. These are disclosed in Note 7 and are not covered in the description below.

Estimate uncertainty, in some cases considerable, attaches to property, plant and equipment and intangible assets. Both valuation and estimated useful life are based on future information that is always subject to a certain degree of uncertainty.

Tangible assets (property, plant and equipment) are basically capitalised at acquisition cost and, if they have a limited useful life, will be systematically depreciated over that period. Account is taken of residual value. Useful life and residual value are based on estimates of future development. The uncertainty is perhaps greatest where intangible assets are concerned. These assets have no direct "cost price", and their value is primarily derived from the Group's own valuations and has generally been capitalised in connection with the Group's acquisition of a new business. Goodwill is to be regarded as a residual in the same acquisition. Consequently, the total of all excess value, including goodwill, related to the acquisitions is basically to be regarded as the market value (fair value) of the total assets, and the breakdown by various types of asset is based on this total.

The Orkla Group routinely monitors assets and if there are indications that the value of an asset is no longer recoverable, an impairment test will immediately be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, the asset is written down to the recoverable amount, i.e. the greater of the net sales value and the value in use (discounted cash flow). In 2013, this resulted in the write-down of goodwill in Orkla Brands Russia by a total of NOK 364 million, presented as "Other income and expenses" as at 30 June 2013. In addition, Sapa Profiles wrote down goodwill by NOK 1.2 billion as at 30 June 2013, before the establishment of Sapa (JV). This write-down is presented on the line for "Discontinued operations" (see Notes 1 and 38). Trademarks and goodwill related to the pasta business in Orkla Foods Denmark under the Pastella brand were written down to 0 by a total of NOK 48 million. Pastella has not performed as anticipated, and although the brand is gaining market share in a falling market, its performance does not justify the total value of the brand. The write-down was recognised under "Other income and expenses".

Due to continued low power prices, the valuation of the Sauda power plants has been updated. The valuation is based on future estimates of power prices and contract-based production in the lease period, as well as on the value at the time the plants are returned to Statkraft. The WACC applied reflects lower risk than for other Group companies. The assessment carried out justifies the Group's investment in AS Saudefaldene.

Apart from the above-mentioned three write-downs, no other impairments in value were found in routine monitoring in the Group.

Assets with an indefinite useful life

Goodwill and intangible assets with an indefinite useful life are not amortised on a regular basis. These assets are therefore tested at least annually for impairment. At Orkla, impairment testing is carried out in the third quarter. If there are special indications of a reduction in value, impairment testing is carried out more frequently (see above). Cash flows relating to the assets are identified and discounted. Future cash flow is based on specified assumptions (see separate table in this note) and the plans adopted by the unit. If the discounted value of future cash flows is lower than the capitalised value of the unit's capital employed, the assets are written down to the recoverable amount. If the discounted value is higher than the capital employed, this means that the value of the intangible asset or goodwill is recoverable. In cases where the discounted value exceeds the capital employed by less than 20%, a further sensitivity analysis is carried out to check the calculation. Where relevant, assumptions and estimates are reviewed and the robustness of the investment is measured in relation thereto. Alternatively, the sales value of the asset will be calculated to determine whether it justifies maintaining the carrying value.

Trademarks with an indefinite useful life are tested for impairment by discounting estimates of the future sales value of the trademark and measuring them against the trademark's carrying value. This process is based on a model whereby the trademark's discounted value is calculated on the basis of a percentage rate that indicates the strength of the trademark. This strength was assumed at the time of acquisition and is basically maintained in the impairment testing.

The table below shows the most important goodwill and trademarks. Items in foreign currencies mainly increased from 2012 to 2013 due to the weakening of the Norwegian krone against the respective currencies (see Note 18).

	Goodwill		Trademarks	
Amounts in NOK million	2013	2012	2013	2012
Orkla Foods Norge	**3,369**	14	**1,260**	44
Orkla Foods Sverige	**1,364**	1,186	**-**	-
Confectionery & Snacks Norge	**510**	510	**201**	201
Confectionery & Snacks Sverige	**821**	748	**373**	343
KiMs Danmark	**492**	427	**342**	299
Confectionery & Snacks Finland	**495**	434	**612**	530
Axellus	**948**	861	**436**	413
Lilleborg	**337**	337	**170**	170
Jordan House Care	**233**	233	**90**	90
Orkla Brands Russia	**-**	293	**-**	73
MTR Foods	**241**	249	**91**	95
Gränges (Heat Transfer)	**1,236**	1,101	**-**	-
Others	**1,314**	876	**100**	110
Total	**11,360**	7,269	**3,675**	2,368

Cash-generating units

A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. The highest level of a CGU is a reportable operating segment. This applies to Gränges (Heat Transfer).

The situation is different in the various segments of the Branded Consumer Goods area. Many of the activities are in companies that have been part of the Group for a very long time. No capitalised intangible assets are associated with these companies, as was the case for the former Stabburet in Orkla Foods and for Lilleborg in Orkla Home & Personal. Following the acquisitions of Rieber & Søn and Jordan, the situation has changed for these companies. Both Rieber & Søn Norge and Jordan Home Care are being fully integrated into Orkla Foods Norge and Lilleborg, respectively, and excess value associated with these acquisitions must in future be justified by the units as an aggregate. The same situation applies to the Rieber & Søn businesses that are being taken over in Sweden (Frødinge integrated into Orkla Foods Sverige) and Denmark (Rieber DK integrated into Orkla Foods Danmark). Here, too, the excess value must be justified by the units as a aggregate. Orkla Foods Sverige (formerly Procordia and Abba Seafood) was acquired in 1995, and goodwill associated with these operations was amortised by 1/20 per year in the period from the acquisition to 1 January 2004 when the Group switched to reporting under IFRS. This means that the original goodwill from these acquisitions has approximately been halved in relation to the acquisition cost.

The operations of Confectionery & Snacks have been restructured, and after the reorganisation there is now one company per country. This means that the impairment of goodwill will have to be tested at a higher level than before, because the cash flows can no longer be separated. This applies, for instance, to Göteborgs Kex and OLW in Sweden, where the activities were grouped in one company with common cash flows. The same also applies in Finland, where Panda is being merged with former Chips companies. Goodwill and trademarks in OLW and Panda derive from acquisitions made in 2005 (Chips Group and Panda).

In the case of acquisitions made in the Axellus Group in 2005 and 2006 (Collett Pharma and Dansk Droge), it is impossible to identify separate cash flows because the new units are extensively integrated in existing operations. Thus the units in Axellus will be tested for impairment on an aggregate basis, and integration with the units that were already part of Orkla prior to the acquisition will generate an aggregate return well above the required rate. The Axellus Group is part of Orkla Home & Personal.

In the case of trademarks, a new organisational structure will normally not change the possibility of measuring the strength of the various trademarks. The trademarks continue to exist in the new organisation and, in most cases, it will be possible to identify them in future. The value of a trademark will be dynamic and new products launched under the trademark in question will help to maintain the value of the trademark.

Orkla Eiendom has in the past acquired and sold real estate companies. The remaining portfolio mainly consists of FG Eiendom. Most of the excess value arising from this acquisition has been allocated to property, plant and equipment and associates.

Budget assumptions

The branded consumer goods business is basically relatively stable in terms of market fluctuations, while the Gränges operations (Heat Transfer) are far more exposed to economic cycles. In the case of Gränges (Heat Transfer), this means that estimates made in weak markets may differ substantially from estimates made in stronger markets, and it may be difficult to make the right, long-term decisions when markets are affected by significant short-term fluctuations. Future cash flows are estimated on the basis of a number of assumptions. This applies both to such factors as assumptions concerning economic trends and factors such as the estimated useful life of important trademarks. Cash flow estimates are sensitive to changes in raw material prices and thereby other purchase prices and the associated ability to maintain margin assumptions and market shares. Future cash flows are estimated on the basis of the budget for next year and the following two forecast years. As from year four a terminal value is calculated. The largest cash-generating units (CGU) are shown in a separate table, by segment. The main companies in each segment are presented and the main factors on which the impairment tests are based are summed up. The CGUs operate in different markets, and the table is intended to provide an overview of the main drivers. See also the separate brand table in Note 18 for an overall picture of trademarks that have been capitalised, capitalised through goodwill and not capitalised.

Discount rate

The discount rate applied is based on the Group's cost of capital, which is estimated to be 8.7% before tax, based on a weighted average of required rates of return for the Group's equity and debt (WACC). The required rate of return on the Group's equity is estimated by using the capital asset pricing model (CAPM). The required rate of return on debt is estimated on the basis of a long-term risk-free interest rate to which is added a credit margin derived from Orkla's marginal long-term borrowing rate. The discount rate is adjusted for country risk, the level of inflation and operational risk, depending on the particular value being calculated. In the calculations, the Group's WACC has been increased by two percentage points for Gränges (Heat Transfer) in order to take account of differences in business risk.

Sensitivity

The valuation of Gränges (Heat Transfer) exceeds the total capitalised values. In future, an EBITA margin in the terminal value that is slightly higher than the current level of EBITA will be required. Based on the forecasts, expectations and assumptions that have been applied for the future, Gränges (Heat Transfer) justifies the capitalised values as at 31 December 2013. Goodwill related to Gränges (Heat Transfer) totals NOK 1.2 billion.

In the Branded Consumer Goods area, the largest brand and goodwill items related to the businesses are performing well. Trademarks and goodwill related to Chips Group were previously presented as an aggregate, but in underlying operations they were split up and linked to companies in different countries with different currencies. After the companies in the different countries were merged, trademarks and goodwill were distributed between the different markets by segment. Under the new organisational model, goodwill will be tested at a higher level in several cases. Trademarks will be tested for impairment regardless of the reorganisation.

The Panda trademark has delivered a flat performance in the past few years, and must increase future sales to justify its capitalised value of NOK 366 million.

As mentioned above, goodwill and trademarks in Orkla Brands Russia were written down to zero.

In Orkla Food Ingredients, goodwill is distributed among many small companies. These are tested individually and the risk is thus spread among many operational units. No units are materially exposed.

Key assumptions for estimating future performance

	Orkla Foods			Orkla Confectionery & Snacks (OC&S)			Orkla Home & Personal		
Amounts in NOK million	Units	Goodwill	Trademarks	Units	Goodwill	Trademarks	Units	Goodwill	Trademarks
Units in segment	Orkla Foods Norge	3,369	1,260	OC&S Norge	510	201	Lilleborg	337	170
	Orkla Foods Sverige	1,364	-	OC&S Sverige	821	373	Axellus	948	436
	Orkla Foods Danmark	83	2	KiMs Danmark	492	342	Pierre Robert Group	-	5
	Orkla Foods Finland	61	2	OC&S Finland	495	612	Lilleborg Profesjonell	19	-
	Orkla Foods in the Baltics	51	37	Baltics	-	46	Jordan House Care	233	90
	Total	4,928	1,301	Total	2,318	1,574	Total	1,537	701
Total capital employed	As at 31 December 2013	8,902		As at 31 December 2013	5,189		As at 31 December 2013	3,224	
EBITA	Full year 2013	1,275		Full year 2013	682		Full year 2013	823	
Factors that affect the discount rate	Operate largely in the different Nordic markets, low industry risk and budget in NOK, SEK, DKK, EUR.			Operate largely in the different Nordic and Baltic markets, low industry risk and budget in NOK, SEK, DKK, EUR, LVL.			Operate largely in the different Nordic markets and the Baltics and Poland, low industry risk and budget in NOK, SEK, DKK, EUR.		
Raw material prices are estimated on the basis of the market situation at the time of calculation	Key raw materials: sugar & salt (incl. sweeteners, etc.), meat and eggs, dairy products, fruits and berries, glass and metal packaging, marine raw materials			Key raw materials: sugar, salt, potatoes, nuts, cocoa, flour, vegetable oil			Key raw materials: plastic packaging, polyester, crude oil, fish oil, soybeans, cotton and wool		
Production site	Production is carried out in the Nordics and Baltics.			Production is carried out in the Nordics and Baltics. Goods manufactured under licence are imported.			Own production mainly in Norway and the Nordics, as well as China for Jordan House Care and Malaysia for the part of Jordan included in Lilleborg. Pierre Robert largely purchases its production from Italy and China.		
Contribution margin is based on past performance, adjusted for future expectations	Contribution margin is affected by retail chain price negotiations and raw material prices that on the whole are expected to remain stable.			Contribution margin is affected by retail chain price negotiations and raw material prices that on the whole are expected to remain stable.			Contribution margin is affected by innovations, productivity, retain chain negotiations and raw material prices that on the whole are expected to remain stable or rise slightly.		
Customisation and ability to develop products in collaboration with customers	Orkla Foods follows consumer trends and has a high innovation rate – growth is expected in existing segments.			OC&S follows consumer trends and has a high innovation rate – growth is expected in existing segments.			Orkla Home & Personal follows consumer trends and has a high innovation rate – growth is expected in existing segments.		
Market shares	Budgets assume stable market shares in the short and long term.			Budgets assume stable market shares in the short and long term.			Budgets assume stable market shares in the short and long term.		
Economic conditions	Markets and sales are expected to remain normal – Orkla Foods is generally little affected by the economic situation.			Markets and sales are expected to remain normal – OC&S is generally little affected by the economic situation.			Markets and sales are expected to remain normal – Orkla Home & Personal is generally little affected by the economic situation.		
Terminal value	Growth rate equal to inflation in the countries in which the businesses operate (range 1.5–3%).								

	Orkla International			Orkla Food Ingredients (OFI)			Gränges		
Amounts in NOK million	Units	Goodwill	Trademarks	Units	Goodwill	Trademarks	Units	Goodwill	Trademarks
Units in segment	Orkla Brands Russia	-	-	KåKå	140	-	Gränges	1,236	-
	MTR Foods India	241	91	Idun	182	-		-	-
	Felix Austria	-	-	Credin	201	-		-	-
	Rieber Eastern Europe	300	5	Odense	128	-		-	-
				Others	214	3		-	-
	Total	541	96	Total	865	3	Total	1,236	-
Total capital employed	As at 31 December 2013	2,371		As at 31 December 2013	2,376		As at 31 December 2013	3,700	
EBITA	Full year 2013	(86)		Full year 2013	288		Full year 2013	337	
Factors that affect the discount rate	Operate in Russia, Poland, Czech Rep., Slovakia, Austria and India. Budget in local currency.			Operate in several different countries. Budget in local currency. Moderate industry risk.			Global market, relatively higher risk, budget primarily in SEK, EUR and USD.		
Raw material prices are estimated on the basis of the market situation at the time of calculation	Key raw materials: cocoa beans, sugar, spices, nuts, wheat, rice and flexible packaging			Key raw materials: vegetable oil, butter, molasses, sugar and flour			Key raw materials: primary and secondary aluminium, electric power and alloys		
Production site	Production is carried out in local markets.			Own production mainly in Scandinavia. Other production in the Netherlands and at certain production units in Central and Eastern Europe.			Production is carried out in Finspång (Sweden) and Shanghai (China).		
Contribution margin is based on past performance, adjusted for future expectations	Contribution margin is affected by retail chain price negotiations, innovations and raw material prices that on the whole are expected to remain stable.			Contribution margin is affected by companies' competitive strength in delivery of products and services. This strength is supported by ability to develop good "cost in use" products. OFI seeks to offset raw material cost changes in customer markets.			Higher raw material prices are expected to be reflected in higher selling prices, increased long-term gross profit with targeted EBITA margin.		
Customisation and ability to develop products in collaboration with customers	The companies follow consumer trends and have a high rate of innovation – growth is expected in existing segments.			OFI follows consumer trends and collaborates closely with its customers who are manufacturers and suppliers. This collaboration will be further strengthened.			Gränges engages in close dialogue with its customers on innovation and customisation.		
Market shares	Budgets assume stable market shares going forward.			Budgets assume gently rising market shares going forward.			Budgets assume stable and slightly rising market shares in the short and long term.		
Economic conditions	Markets and sales are expected to remain normal. In the short term, the Czech and Russian economy is expected to weaken, which may affect growth in these markets.			Markets and sales are expected to remain normal in Scandinavia. However, OFI's markets in Central and Eastern Europe are more affected by the economic downturn.			Markets and sales are expected to rise in step with expectations of growth in the global market.		
Terminal value	Growth rate equal to inflation in the countries in which the businesses operate (range 1.5–3%).								

NOTE 18 INTANGIBLE ASSETS

Intangible assets and goodwill are non-physical assets that have largely been capitalised in connection with the acquisition of a company. Intangible assets classified as non-amortisable have an indefinite useful life and it is impossible on the balance sheet date to foresee when the asset will cease to have value. Goodwill is not regularly amortised either. Other intangible assets are amortised over their useful life. Amortisation is reported on a separate line in the income statement. Expenses relating to product development are essentially expensed as and when they are incurred. IT consists of customised software and will differ from other intangible assets in terms of the need for reinvestment. The same applies to development costs. Amortisation of these assets is therefore included in "Depreciation property, plant and equipment" in the income statement.

Amortisable intangible assets are amortised on a straight line basis at the following rates: trademarks 10–20% and IT 16–33%. Intangible assets are broken down by segments in Note 8 and significant goodwill and trademarks are presented in Note 17.

Amounts in NOK million	Trademarks, not amortisable	Trademarks, amortisable	Other intangible assets	IT	Goodwill	Total
Book value 1 January 2013	2,368	30	143	138	7,269	**9,948**
Investments	3	1	1	26	-	**31**
Reclassifications[1]	-	-	-	5	-	**5**
Companies acquired[2]	1,216	-	-	26	3,737	**4,979**
Disposals / Discontinued operations	(1)	-	-	-	(1)	**(2)**
Amortisations	-	(6)	(15)	(48)	-	**(69)**
Write-downs	(107)	-	-	-	(306)	**(413)**
Translation differences	196	1	20	11	661	**889**
Book value 31 December 2013	3,675	26	149	158	11,360	**15,368**
Initial cost 1 January 2013	2,384	65	1,076	419	9,433	**13,377**
Accumulated amortisations and write-downs	(16)	(35)	(933)	(281)	(2,164)	**(3,429)**
Book value 1 January 2013	2,368	30	143	138	7,269	**9,948**
Initial cost 31 December 2013	3,805	71	1,120	487	14,230	**19,713**
Accumulated amortisations and write-downs	(130)	(45)	(971)	(329)	(2,870)	**(4,345)**
Book value 31 December 2013	3,675	26	149	158	11,360	**15,368**

Book value 1 January 2012	2,159	38	356	286	9,621	**12,460**
Investments	1	-	-	40	-	**41**
Reclassifications[1]	-	-	-	9	-	**9**
Companies acquired[2]	278	-	14	-	682	**974**
Disposals / Discontinued operations	-	(1)	(218)	(170)	(2,784)	**(3,173)**
Amortisations	-	(5)	(10)	(26)	-	**(41)**
Write-downs	-	-	-	-	-	**0**
Translation differences	(70)	(2)	1	(1)	(250)	**(322)**
Book value 31 December 2012	2,368	30	143	138	7,269	**9,948**

[1]Net reclassifications relate to figures transferred from Note 19.

[2]See Note 6 for information about acquisitions of companies.

In addition, the Orkla Group expensed NOK 131 million in 2013 in research and development costs (NOK 91 million in 2012).

MARKET POSITIONS IN THE NORDIC GROCERY MARKET FOR BRANDED CONSUMER GOODS

In addition to the items presented in the table for intangible assets, the Group owns several trademarks that have not been capitalised. These are proprietary trademarks which, under accounting rules, may not be capitalised. These trademarks are presented in the table as "A". When the transition was made to IFRS in 2005, goodwill that had already been capitalised could be maintained and part of the goodwill indirectly represents trademarks. These trademarks are presented as "B" in the table. Capitalised trademarks are trademarks that are either directly acquired, or indirectly acquired through purchase price allocations in the acquisition analysis. They are presented as "C" in the table. The classification in the note is based on management judgement.

The Group also has trademark positions in India (MTR), Russia (SladCo, Krupskaya, Chaka), Poland (Delecta), Czech Republic (Vitana), Austria (Felix) and Estonia (Kalev).

Overview of Branded Consumer Goods' market positions in the Nordic region

	NORWAY			SWEDEN			DENMARK			FINLAND		
PRODUCTS	Major brands	P	R	Major brands	P	R	Major brands	P	R	Major brands	P	R
Frozen pizza	Grandiosa, Big One, Originale	●	A	Grandiosa	●	B		○		Grandiosa	◑	B
Ketchup	Idun	●	A	Felix	●	B	Beauvais	◑	B	Felix	●	B
Jam and marmalade	Noras hjemmelagede, Noras rørte, Nora	●	A	Felix, Ônos, BOB	●	B	Den Gamle Fabrik	●	B		○	
Preserved vegetables	Nora	●	A	Ônos, Felix	●	B	Beauvais	●	B	Felix	●	B
Dressings	Idun	●	A	Felix	●	B	Beauvais	◔	B	Felix	◑	B
Herring		○		Abba	●	B	Glyngøre	◑	B	Boy, Ahti, Abba	●	B, C
Cod roe spread		○		Kalles Kaviar	●	B		○		Kalles Kaviar	●	B
Cordials/soft drinks (non-carbonated)	Fun Light, Nora, Gøy	◑	A	Fun Light, Ekströms, BOB	●	B		○		Fun Light, Ekströms	◑	B
Fresh pasta		○		Felix	◔	C	Pastella	●	C	Pastella	◑	C
Dry goods (sauce, casserole, soup)	TORO	●	C		○			○			○	
Snacks	KiMs, Polly, Cheez Doodles	◑	C	OLW, Cheez Doodles	●	C	KiMs	●	C	Taffel	●	C
Biscuits	Café Bakeriet, Bixit, Safari, Ballerina	●	A	Ballerina, Brago, Singoalla	●	B		○		Ballerina	◔	B
Confectionery	Stratos, Smash, Nidar Favoritter	◑	A		○			○		Panda	◔	C
Detergents	JiF, Omo, Sun, Zalo	●	A		○			○			○	
Personal care products	Define, Lano, Jordan, Dr. Greve	●	A, C	Jordan	◔	C	Jordan	◔	C	Jordan	◔	C
Dietary supplements	Möller's, Nutrilett, Collett	●	A, C	Nutrilett, Pikasol, Litomove	◑	C	Gerimax, Livol, Futura, Pikasol	●	C	Möller's, Nutrilett, SanaSol	◑	A,C
Textiles	Pierre Robert, LaMote	●	C, A	Pierre Robert, LaMote	◔	C, A		○			○	
House Care	Jordan	●	C	Anza	●	A	Spekter	●	A	Anza	◑	A
Yeast	Idun Gjær	●	A	Kronjäst	●	B		○			○	
Marzipan	Odense	●	B	Odense	●	B	Odense	●	B		○	
Margarine		○			○		AMA Margarine, Dragsbæk Oliemargarine	◔	B		○	

P = Position: ● STRONG no. 1, clearly stronger than no. 2, ◑ GOOD no. 1 or no. 2 equivalent in size to no. 1, ◔ PRESENT no. 2 or weaker, clearly weaker than no. 1, ○ NOT PRESENT in the market

R = Accounting treatment: A - Not capitalised, B - Capitalised through goodwill, C - Capitalised

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are various types of assets that are necessary for the Group's operating activities. Unless there are significant changes in operating parameters, these assets will largely necessitate corresponding reinvestment over time. They comprise such items as land, buildings, plants, machinery, fixtures and fittings, IT equipment and vehicles. Assets that have an indefinite useful life (such as property) are not depreciated, while other assets are depreciated over their remaining useful life, taking into account their residual value. If there are indications of a decline in the value of a specific asset, the recoverable value is calculated and if it is lower than the asset's sales value or value in use, the asset is written down. Annual ordinary depreciation is an indication of the extent of the need for corresponding reinvestment.

Property, plant and equipment are depreciated on a straight line basis at the following rates: buildings 2–4%, machinery, fixtures and fittings 5–15%, vehicles 15–25% and IT equipment 16–33%. The period of depreciation is reviewed each year and if there are changes in useful life, depreciation is adjusted. The residual value is also calculated and if it is higher than the carrying value, depreciation is stopped. This applies in particular to buildings. The table below covers both directly acquired assets and assets acquired through the allocation of excess value in connection with the purchase of a business. Property, plant and equipment are broken down by segments in Note 8.

Amounts in NOK million	Land, buildings and other property	Machinery and plants	Assets under construction	Fixtures, fittings, vehicles, IT etc.	Total
Book value 1 January 2013	4,666	3,853	652	430	**9,601**
Investments	156	407	445	177	**1,185**
Disposals/scrapping	(369)	(16)	(111)	(5)	**(501)**
Reclassifications[1]	(23)	(21)	49	(19)	**(14)**
Companies acquired	1,205	382	9	40	**1,636**
Sold companies / Discontinued operations[2]	221	15	(20)	12	**228**
Transferred assets under construction	88	338	(501)	75	**0**
Write-downs	(23)	(3)	-	(1)	**(27)**
Depreciations	(204)	(665)	-	(167)	**(1,036)**
Translation differences	229	298	28	24	**579**
Book value 31 December 2013	5,946	4,588	551	566	**11,651**
Initial cost 1 January 2013	6,449	9,754	652	2,171	**19,026**
Accumulated depreciation and write-downs	(1,783)	(5,901)	-	(1,741)	**(9,425)**
Book value 1 January 2013	4,666	3,853	652	430	**9,601**
Initial cost 31 December 2013	8,006	11,307	551	2,485	**22,349**
Accumulated depreciation and write-downs	(2,060)	(6,719)	-	(1,919)	**(10,698)**
Book value 31 December 2013	5,946	4,588	551	566	**11,651**
Book value 1 January 2012	7,760	7,651	1,589	720	**17,720**
Investments	316	397	490	33	**1,236**
Disposals/scrapping	(4)	(17)	-	(1)	**(22)**
Reclassifications[1]	-	-	(9)	-	**(9)**
Companies acquired	73	94	5	37	**209**
Sold companies / Discontinued operations	(3,299)	(3,865)	(1,023)	(265)	**(8,452)**
Transferred assets under construction	38	259	(328)	31	**0**
Write-downs	(9)	(29)	-	(1)	**(39)**
Depreciations	(169)	(592)	-	(128)	**(889)**
Translation differences	(40)	(45)	(72)	4	**(153)**
Book value 31 December 2012	4,666	3,853	652	430	**9,601**

[1]Net reclassifications relate to figures transferred to Notes 18 and 20.

[2]Mainly concerns the transfer of property, plant and equipment between Sapa (JV) and Gränges.

See Note 36 for disclosures of security and mortgages related to the Group's property, plant and equipment.

NOTE 20 INVENTORIES

The Group's inventories are specified in terms of type of goods, and the breakdown by business area is shown in the segment reporting. Inventories comprise the Group's stocks of raw materials, work in progress, internally manufactured finished goods and merchandise, valued at cost price or manufacturing cost. Any profit from internal sales has been eliminated. Inventories presented here should, as for cost of material, be goods that are, or will be, part of the finished product, including all packaging. Any redundant stock has been written down to net realisable value (estimated future selling price).

Amounts in NOK million	2013	2012
Raw materials	1,646	1,424
Work in progress	680	692
Finished goods and merchandise	2,510	2,127
Total	4,836	4,243

Inventories are valued at the lower of acquisition cost and net realisable value after deducting selling costs. This has resulted in a total write-down of inventories at 31 December 2013 of NOK 88 million (NOK 65 million in 2012). Inventories valued at net realisable value total NOK 807 million (NOK 588 million in 2012).

Inventories include development property recognised at NOK 308 million in 2013 (NOK 359 million in 2012).

NOTE 21 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions have been made for pension and other liabilities. Pension liabilities are disclosed in Note 11. A distinction may be made between provisions and other liabilities such as accounts payable because there is uncertainty regarding the settlement date or the amount of the future expenses. An enterprise has a liability when it is obliged to transfer financial resources to another party at a future date. This obligation may be self-imposed if the enterprise through its decisions and actions has created expectations of its assuming a financial liability in the future, e.g. in the form of the restructuring of parts of its operations. In such case, agreed severance pay for employees would be a natural part of the restructuring provision. The liability will be reduced over time as the disbursements are made. A contingent liability is a possible obligation that will be confirmed by the future occurrence or non-occurrence of one or more uncertain events. A contingent liability will only be recognised if it is likely (>50%) to arise and if the amount of the obligation can be measured reliably.

Amounts in NOK million	2013	2012
Pension liabilities	1,437	1,344
Derivatives	313	422
Other non-current liabilities	5	42
Other provisions	404	520
Total	2,159	2,328

Provisions per business area:

Amounts in NOK million	Branded Consumer Goods	Sapa (JV)	Other provisions	Total
Provisions 1 January 2012	59	109	327	495
New provisions	189	0	10	199
Transferred to "Discontinued operations"	0	(109)	0	(109)
Utilised	(7)	0	(41)	(48)
Provisions 31 December 2012	241	0	296	537
Of this current provisions	(17)	0	0	(17)
Non-current provisions 31 December 2012	224	0	296	520
New provisions	77	0	67	144
Utilised	(55)	0	(25)	(80)
Provisions 31 December 2013	246	0	338	584
Of this current provisions	(180)	0	0	(180)
Non-current provisions 31 December 2013	66	0	338	404
	Main matters: Severance settlements for employees which are not to be considered pensions, and some minor restructuring provisions	Transferred to "Discontinued operations"	Main matters: Compensation to property owners and demolition costs related to Saudefaldene, residual settlements Brazil, Italy and Switzerland, and insurance provisions in the Group's captive third party writer. Orkla self-insures for losses up to NOK 50 million	Conclusion: The provisions cover known matters and there are no indications of any change in estimated expenses

NOTE 22 OVERVIEW OF FINANCIAL INSTRUMENTS

This note gives an overview of the carried and fair value of the Group's financial instruments and the accounting treatment of these instruments. The table is the basis for all further information regarding the Group's financial risk and refers to the following notes on this subject. The table also shows the level of objectivity in the measurement hierarchy of each method of measuring the fair value of the Group's financial instruments.

2013

Amounts in NOK million	Note	Measure-ment level	Financial assets available for sale	Financial instruments at fair value through profit and loss	Financial instruments at fair value through comprehen-sive income	Financial liabilities measured at amortised cost	Receiv-ables	Total	Of this interest-bearing	Fair value
Non-current assets										
Share investments	26	3	50	-	-	-	-	50	-	50
Non-current financial receivables	26	-	-	-	-	-	146	146	112	146
Non-current derivatives	26, 31	2	-	428	-	-	-	428	428	428
Total								624	540	624
Current assets										
Listed shares	23	1	83	-	-	-	-	83	-	83
Unlisted shares	23	3	924	44	-	-	-	968	-	968
Accounts receivable	24	-	-	-	-	-	4,986	4,986	-	4,986
Other current receivables	24	-	-	-	-	-	506	506	37	506
Current derivatives	24, 31	2	-	18	7	-	-	25	-	25
Cash and cash equivalents	25	-	-	-	-	-	1,805	1,805	1,805	1,805
Total								8,373	1,842	8,373
Non-current liabilities										
Non-current financial liabilities	29	-	-	-	-	8,041	-	8,041	8,041	8,021
Non-current derivatives	21, 31	2	-	-	313	-	-	313	-	313
Total								8,354	8,041	8,334
Current liabilities										
Current financial liabilities	29	-	-	-	-	2,770	-	2,770	2,770	2,782
Accounts payable	27	-	-	-	-	2,848	-	2,848	-	2,848
Other current liabilities	27, 29	-	-	-	-	106	-	106	13	106
Current derivatives	27, 31	2	-	102	13	-	-	115	54	115
Total								5,839	2,837	5,851
Total financial instruments			1,057	388	(319)	(13,765)	7,443	(5,196)	(8,496)	(5,188)
Total measurement level 1 Quoted, unadjusted prices in active markets for identical assets and liabilities								83		
Total measurement level 2 Other techniques for which all inputs which have significant effect on the recorded fair value are observable, directly or indirectly								25		
Total measurement level 3 Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data								1,018		

2012

Amounts in NOK million	Note	Measure-ment level	Financial assets available for sale	Financial instruments at fair value through profit and loss	Financial instruments at fair value through comprehen-sive income	Financial liabilities measured at amortised cost	Receiv-ables	Total	Of this interest-bearing	Fair value
Non-current assets										
Share investments	26	3	58	-	-	-	-	58	-	58
Non-current financial receivables	26	-	-	-	-	-	182	182	142	182
Non-current derivatives	26, 31	2	-	624	-	-	-	624	624	624
Total								864	766	864
Current assets										
Listed shares	23	1	1,497	-	-	-	-	1,497	-	1,497
Unlisted shares	23	3	1,686	418	-	-	-	2,104	-	2,104
Accounts receivable	24	-	-	-	-	-	4,193	4,193	-	4,193
Other current receivables	24	-	-	-	-	-	461	461	50	461
Current derivatives	24, 31	2	-	103	16	-	-	119	14	119
Cash and cash equivalents	25	-	-	-	-	-	7,196	7,196	7,196	7,196
Total								15,570	7,260	15,570
Non-current liabilities										
Non-current financial liabilities	29	-	-	-	-	9,352	-	9,352	9,352	9,280
Non-current derivatives	21, 31	2	-	-	422	-	-	422	-	422
Total								9,774	9,352	9,702
Current liabilities										
Current financial liabilities	29	-	-	-	-	3,285	-	3,285	3,285	3,285
Accounts payable	27	-	-	-	-	2,564	-	2,564	-	2,564
Other current liabilities	27, 29	-	-	-	-	152	-	152	63	152
Current derivatives	27, 31	2	-	202	3	-	-	205	112	205
Total								6,206	3,460	6,206
Total financial instruments			3,241	943	(409)	(15,353)	12,032	454	(4,786)	526
Total measurement level 1 Quoted, unadjusted prices in active markets for identical assets and liabilities								1,497		
Total measurement level 2 Other techniques for which all inputs which have significant effect on the recorded fair value are observable, directly or indirectly								116		
Total measurement level 3 Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data								2,162		

There were no transfers from one level to another in the measurement hierarchy in 2012 and 2013. The Group defines the measurement of the listed shares as level 1, while the measurement of the unlisted shares is defined as level 3. Information regarding the measurement of the fair value of the share portfolio's unlisted shares may be found in Note 23. The measurement of the Group's derivatives is defined as level 2. A description of how the derivatives are measured is provided in Note 31.

NOTE 23 SHARES AND FINANCIAL ASSETS

A strategic decision was made in 2011 to sell off the share portfolio, in accordance with which further shares were sold for a total of NOK 3,090 million for the full year 2013. At 31 December 2013, the market value of the share portfolio was NOK 1,051 million (NOK 3,601 million). Unrealised gains totalled NOK 302 million (NOK 410 million) at year end.

Amounts in NOK million	Fair value 31.12.2013	Unrealised gains 2013	Fair value 31.12.2012	Unrealised gains 2012
Securities available for sale				
Listed securities Norway	83	21	531	90
Market share in Solsten-fund	711	243	511	42
Listed securities outside Norway	-	-	218	86
Unlisted securities	213	38	961	196
Investments in Renewable Energy Corporation incl. TRS-value			567	
Shares in Borregaard ASA (owned by Borregaard Holding AS)			395	(4)
Total	1,007	302	3,183	410
Securities, with change in fair value through profit and loss	44	-	418	
Total shares and financial assets	1,051	302	3,601	410
Of this owned by Orkla ASA	1,003	300	3,156	412

Unlisted securities and unlisted funds
The value of unlisted securities is measured on the basis of the International Private Equity and Venture Capital Valuation Guidelines.

Several valuation methodologies are used to measure the fair value of unlisted investments. Where there has been a recent arm's length transaction in the security in question, the value is based on the transaction price. If there has been no recent arm's length transaction, the value of the company is deduced from a relative valuation of comparable listed companies, adjusted for individual characteristics such as differences in size and selection between comparable companies.

Valuation methodologies other than those described above are also used in cases where they better reflect the fair value of an unlisted investment.

The fair value of the share portfolio's unlisted fund shares is measured as the portfolio's share of the fund's assets as reported by the fund management. If there are indications that the management's valuation does not take sufficient account of factors that affect the value of the underlying unlisted investments in the fund, a separate valuation is carried out. Adjustments are also made of the value of listed investments in the fund based on the latest bid price.

Listed securities
The fair value of listed securities is based on the latest bid price. At the time of acquisition, the shares are recognised at their value on the transaction date including transaction costs.

Prolonged or significant decline in value
A prolonged decline in the value of a security classified as available for sale is defined as having occurred if the market value of a share is lower than the acquisition cost for more than two successive quarters (six months) or if the market value is more than 25% lower than the cost price. Once an investment has been written down, further value impairment will result in an immediate further write-down.

Unrealised gains
The difference between the fair value and acquisition cost of the security is included in the unrealised gain until the security is either sold or written down. When the security is sold or written down, the unrealised gain is recognised in the income statement and offset in comprehensive income. When the security is written down, a new "acquisition price" is established and subsequent increases in fair value are recognised in comprehensive income as "changes in unrealised gains".

Market risk relating to the share portfolio
The greatest risk factor is a general stock market decline or a major drop in the price of shares in an individual company in which the share portfolio is highly exposed. Risk management is handled through clearly defined authorisations and mandates and other quality assurance procedures.

Change in fair value

Amounts in NOK million	Shares and financial assets 2013	2012
Opening balance fair value shares and financial assets	3,601	5,497
Change in unrealised gains	(107)	(768)
Net sale of shares	(3,090)	(3,350)
Reclassified to portfolio shares	-	1,402
Gains, losses and write-downs	623	857
Net foreign exchange gains/losses and eliminations	24	(37)
Closing balance fair value shares and financial assets	1,051	3,601

Change in unrealised gains shares

Amounts in NOK million	2013	2012
Opening balance unrealised gains before tax	410	1.181
Change in unrealised gains before tax	(108)	(771)
Change in deferred tax unrealised gains	29	18
Change in unrealised gains taken to comprehensive income	(79)	(753)
Closing balance unrealised gains before tax	302	410
Deferred tax unrealised gains	0	(29)
Closing balance unrealised gains after tax	302	381

Profit and loss shares and financial assets

Amounts in NOK million	Securities available for sale 2013	2012	Securities with change in fair value through profit and loss 2013	2012	Total shares and financial assets 2013	2012
Realised gains/losses	306	1,390	282	(63)	588	1,327
Foreign exchange gain/loss currency hedge and fees	(61)	86	-	-	(61)	86
Write-downs	(51)	(316)	-	-	(51)	(316)
Change in fair value	-	-	(119)	200	(119)	200
Gains (losses) REC- and Borregaard shares	266	(440)	-	-	266	(440)
Gains, losses and write-downs shares and financial assets	460	720	163	137	623	857
Received dividends	250	211	-	-	250	211
Recognised in income statement	710	931	163	137	873	1,068

NOTE 24 RECEIVABLES (CURRENT)

Receivables (current) are both operating receivables and interest-bearing receivables. Operating receivables are broken down into trade receivables, accrued advance payments to suppliers and other current receivables. Trade receivables are continuously reviewed and are written down if there are objective criteria that indicate that an event causing a loss has occurred, and the amount of the loss can be reliably measured and will affect payment of the receivable.

Amounts in NOK million	2013	2012
Accounts receivable	4,986	4,193
Non interest-bearing derivatives	25	105
Interest-bearing derivatives	-	14
Interest-bearing receivables	37	50
Other current receivables	469	411
Total financial receivables	5,517	4,773
Advance payment to suppliers/earned income	760	543
Tax receivables	51	41
Total current receivables	6,328	5,357

Accounts receivable have the following due dates:

Amounts in NOK million	2013	2012
Accounts receivable not due	4,183	3,541
Overdue receivables 1–30 days	575	450
Overdue receivables 31–60 days	113	104
Overdue receivables 61–90 days	55	32
Overdue receivables over 90 days	176	128
Accounts receivable carrying amount 31 December	5,102	4,255

Change in provisions for bad debts:

Amounts in NOK million	2013	2012
Provisions for bad debts 1 January	62	309
Bad debts recognised as expense	49	17
Provisions in acquired companies	3	6
Provisions in sold companies / discontinued operations	(1)	(231)
Bad debts	(6)	(22)
Translation effects	9	(17)
Provisions for bad debts 31 December	116	62

NOTE 25 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents consist of liquid assets necessary for transactions and some current placements. Orkla ASA also has unutilised, long-term, committed credit facilities that may be drawn upon at short notice, see Note 29. Changes in liquid assets in the cash flow statement do not necessarily provide an accurate picture of the Group's financial position as excess liquidity is used to repay interest-bearing debt.

Amounts in NOK million	2013	2012
Cash at bank and in hand[1]	1,113	1,478
Current deposits	577	5,608
Restricted deposits	115	110
Total cash and cash equivalents	1,805	7,196

[1]Of "Cash at bank or in hand" a total of NOK 109 million is in partly owned companies and in Orkla Insurance Company. This liquidity is only to a limited extent available to the rest of the Group. Provisions are made for tax due from repatriating major cash holdings from abroad.

NOTE 26 OTHER ASSETS (NON-CURRENT)

Other assets (non-current) consist of financial investments of a long-term nature. The shares are presented at fair value with changes in value taken to comprehensive income. If the shares have decreased in value and the decline in value is significant or prolonged, the shares are written down in the income statement. This item also includes net pension plan assets in companies that have greater pension plan assets than pension liabilities. Other items are derivatives and receivables due in more than one year's time.

Amounts in NOK million	2013	2012
Share investments	50	58
Interest-bearing derivatives	428	624
Receivables interest-bearing	112	142
Receivables non interest-bearing	34	40
Total financial assets	624	864
Pension plan assets	41	28
Total other assets (non-current)	665	892

NOTE 27 OTHER LIABILITIES (CURRENT)

Other liabilities (current) are operating liabilities (trade accounts payable, unpaid public taxes/charges, prepaid revenues, other accruals, etc.) and financial liabilities (payable interest). All these items are interest-free borrowings. Dividends do not become liabilities until they have been approved by the General Meeting.

Amounts in NOK million	2013	2012
Accounts payable	2,848	2,564
Non interest-bearing derivatives	61	93
Non interest-bearing current liabilities	93	89
Total financial liabilities non interest-bearing	3,002	2,746
Value added tax, employee taxes	800	706
Current provisions	2,884	2,691
Total other liabilities (current)	6,686	6,143

NOTE 28 CAPITAL MANAGEMENT

The level of a company's capital and the way it is managed are important factors in evaluating the company's risk profile and its capacity to withstand unexpected events. It is therefore important to provide information that enables users of the financial statements to understand the company's goals, policy and management of the company's capital base.

Orkla's capital management is designed to ensure that the Group has sufficient financial flexibility, short-term and long-term. One main objective is to maintain a financial structure that, through solidity and cash flow, secures the Group's strong, long-term creditworthiness, as well as a good return for the shareholders. Orkla's dividend policy is described in "Corporate Governance" section 3.

In allocating capital for acquisitions and other investments, the weighted average cost of capital (WACC) adjusted for project specific risk is applied. WACC is also applied for calculating the Economic Value Added (EVA®), as a measure of value creation in Branded Consumer Goods.

Available liquidity should at all times at least cover loan instalments that fall due over the next 12 months, known capital needs, and a reserve in addition to the aforementioned. Orkla's liquidity reserve, beyond cash and cash equivalents, primarily consists of unutilised, long-term, credit lines under bilateral bank facilities. The Group uses several sources of long-term loan capital, whereof banks and bond markets are the most important. External borrowing is centralised at parent level, and capital needs in subsidiaries are mainly covered by internal loans, or equity. Capital structure in subsidiaries is adapted to commercial, as well as legal and tax considerations. The short term liquidity of Group companies is managed at Group level through cash pools. For funding of partly owned subsidiaries, Orkla either provides loans according to its share of capital jointly with other shareholders, or external funding is established.

Orkla's management of funding is further described in Note 29. Orkla has no official credit rating, but actively monitors quantitative and qualitative measures which affect the creditworthiness of the Group.

The Group's capital consists of net interest-bearing liabilities and equity:

Amounts in NOK million	2013	2012
Total interest-bearing liabilities	10,878	12,812
Total interest-bearing receivables	2,382	8,026
Net interest-bearing liabilities	8,496	4,786
Group equity[1]	30,780	30,439
Net gearing (net interest-bearing liabilities/equity)	0.28	0.16
Unutilised long-term credit facilities	8,045	14,087

[1]The Group's equity also includes the value of cash flow hedges taken to comprehensive income, and unrealised gains on shares available for sale are taken to comprehensive income.

Orkla's net interest-bearing liabilities increased through 2013, mainly due to the acquisition of Rieber & Søn for NOK 6.1 billion. The agreement with Norsk Hydro on the establishment of the Sapa joint venture reduced net interest-bearing debt by NOK 1.7 billion at completion. Additionally, shares and financial assets for NOK 3.1 billion were realised. There were no changes in Orkla's approach and goals regarding financial management in 2013.

As an industrial Group, Orkla is not subject to any external capital requirements. The subsidiary Orkla Insurance Company Ltd. (Ireland) is subject to capital adequacy and solvency requirements under current regulations in Ireland. These requirements were met in 2013.

NOTE 29 FUNDING AND INTEREST-BEARING LIABILITIES

Interest-bearing liabilities, together with unutilised credit facilities, available liquid assets and equity, constitute the capital available to the Group. The composition and the level of gross interest-bearing liabilities plus unutilised credit facilities are managed as part of the Group's funding activity. Changes in net interest-bearing liabilities result from the cash flow of the Group.

Funding

The primary goal of Orkla's financial policy is to ensure that the Group has sufficient financial flexibility in the short and long term to achieve its strategic and operational objectives.

Orkla's policy is to have unutilised, long-term, committed credit facilities which together with liquid deposits are sufficient to cover loans that fall due and known capital needs over the next 12 months, as well as a strategic reserve. This means that Orkla's credit facilities are normally refinanced one year before maturity and that short-term interest-bearing debt is at all times covered by unutilised long-term credit facilities. Commercial paper and money markets are used as a source of liquidity when conditions in these markets are competitive as an alternative to drawing on unutilised committed long-term credit facilities. As of 31 December 2013 there were no drawings on these credit facilities.

Orkla's main sources of financing are bilateral loans from Orkla's relationship banks and loans in the Norwegian bond market. Funds have also been raised in the US Private Placement market and historically in the German Schuldschein market. The Group Treasury also continuously assesses other funding sources. The term to maturity for new loans and credit facilities is normally 5–10 years.

In 2013 Orkla repaid loans and cancelled credit facilities totalling NOK 10.8 billion. New bilateral loan agreements totalling NOK 2.0 billion were entered into, and a new bond for NOK 0.5 billion was issued.

Orkla has no loan agreements with financial covenants for the Group or for Orkla ASA. The loan agreements include some limitations on disposals of businesses, creation of security interest on assets, borrowing at subsidiary level, and cross default clauses. Bonds issued in the Norwegian bond market are listed on the Oslo Stock Exchange.

	Book value		Fair value[1]			Notional in		
Amounts in NOK million	31.12.2013	31.12.2012	31.12.2013	31.12.2012	Currency	ccy million[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK03 (10177538)	-	964	-	964				
ELK18 (10219223)	343	342	343	344	NOK	400	Nibor +1.05%	2004/2014
ORK78 (10502909)	1,052	1,098	1,061	1,099	NOK	1.250	Fixed 6.65%	2009/2014
RIE04 (10610991)	200	-	200	-	NOK	200	Nibor +0.75%	2011/2014
ORK79 (10502917)	393	393	396	405	NOK	400	Nibor +3.00%	2009/2014
ORK10 (10364920)	1,315	1,337	1,304	1,295	NOK	1.200	Fixed 5.70%	2007/2017
ORK09 (10364912)	1,299	1,299	1,283	1,254	NOK	1.300	Nibor +0.42%	2007/2017
ORK80 (10694680)	489	-	496	-	NOK	500	Fixed 4.35%	2013/2024
US Private Placement	2,057	1,996	2,057	1,996	USD/GBP	220/40	Fixed 6.09-6.27%	2007/2017/2019
Schuldschein-loan	-	714	-	714				
Total bonds	7,148	8,143	7,140	8,071				
Of this current liabilities	(1,988)	(1,678)	(2,000)	(1,678)				
Bank loans	2,827	2,586	2,827	2,586				
Other loans	54	301	54	301				
Interest-bearing derivatives	-	-	-	-				
Total non-current interest-bearing liabilities	8,041	9,352	8,021	9,280				
Current interest-bearing liabilities								
Bonds, maturity < 1 year	1,988	1,678	2,000	1,678				
Bank loans, overdraft	512	1,566	512	1,566				
Other loans	283	104	283	104				
Interest-bearing derivatives	54	112	54	112				
Total current interest-bearing liabilities	2,837	3,460	2,849	3,460				
Total interest-bearing liabilities	10,878	12,812	10,870	12,740				
Interest-bearing assets								
Non-current interest-bearing receivables	540	766	540	766				
Current interest-bearing receivables	37	64	37	64				
Cash and cash equivalents	1,805	7,196	1,805	7,196				
Net interest-bearing liabilities	8,496	4,786	8,488	4,714				

[1] The fair value of exchange-traded bonds is calculated on the basis of observed market prices, whereas book values are used for other loans and receivables. The book values of US Private Placement loans take into consideration observed interest rates as of 31 December 2013 as these loans are hedging-objects in fair value hedges, but not credit margin, as there is no observation of this available.

[2] Of the notional amount the Group holds some of its own bonds. These reduce recognised liabilities.

[3] The nominal interest rate is not an expression of the Group's actual interest cost, since various interest rate swaps have been agreed on. Note 30 discloses further details of interest rate levels, interest rate risk and a break down of the liabilities portfolio by currency.

The maturity profiles of the Group's interest bearing liabilities and unutilised committed credit facilities are shown in the table to the right. The Group also has cash pools and bank accounts with short-term credit lines. Unutilised credit lines on these accounts are not included in the table. As of 31 December 2013 the average time to maturity on the Group's combined interest-bearing liabilities and unutilised credit facilities was 3.6 years, compared with 3.1 years as of 31 December 2012.

Maturity profile interest-bearing liabilities and unutilised credit facilities

	Gross interest-bearing liabilities		Unutilised credit facilities	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Maturity <1 year	2,837	3,460	-	1,468
Maturity 1–3 years	204	2,179	2,113	5,742
Maturity 3–5 years	5,247	5,048	5,932	6,877
Maturity 5–7 years	1,455	1,390	-	-
Maturity >7 years	1,135	735	-	-
	10,878	12,812	8,045	14,087

The Group's unutilised credit facilities are multi-currency loan agreements with limits denominated in NOK, EUR and SEK.

NOTE 30 FINANCIAL RISK

This note describes the Group's financial risks within each of the business areas, and the management of these. Market risk connected to financial instruments (currency risk, interest rate risk, and price risk for input factors and sold products), liquidity risk and credit risk are described specifically. In addition to loans and receivables, the financial instruments consist of derivatives used for hedging market risk. Derivatives and hedging relationships are described in more detail in Note 31.

(I) ORGANISATION OF FINANCIAL RISK MANAGEMENT

Orkla operates internationally and is exposed to financial risks like currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk. Orkla uses derivatives and other financial instruments to reduce these risks in accordance with the Group's financial policy.

The responsibility for managing financial risk in Orkla is divided between business areas, which manage risk related to business processes, and Group level, which manages risk related to centralised activities like funding, interest-rate management and currency risk management.

Centralised risk management

Orkla has a central Group Treasury. Its most important tasks are to ensure the Group's financial flexibility in the short and long term, and to monitor and manage financial risk in cooperation with individual operational entities. The guidelines for the Group Treasury are set out in the Group's finance policy. The Group Executive Board monitors financial risk by means of regular reporting, and meetings of the Orkla Treasury Committee. The Group Treasury acts as the internal bank for the Group and is responsible for, and executes, all major external funding and hedging transactions relating to currency and interest rate hedging. Each year the Board of Directors grants authorisation for establishing loans and entering into master agreements for financial instruments. Debt and treasury positions are managed in a non-speculative manner, such that all transactions in financial instruments are matched to an underlying business requirement.

Financial risks within each business area

This section describes the most important risk factors within each business area of the Group and the management of these. In this context, financial risk is defined as risk related to financial instruments. These may either be hedging instruments for underlying risk, or viewed as a source of risk themselves. Market risk not hedged with financial instruments is also discussed in this section.

Branded Consumer Goods

Entities within this area are primarily located in the Nordic countries, Eastern Europe and India. Production and sales mainly take place in local markets. A significant part of the input factors are imported, as well as some finished goods.

The two primary sources of financial risk within this business area are price risk on agricultural products and ingredients in food production, and currency risk on imported goods. Price risk on raw materials is normally dealt with in commercial contracts. Each company hedges the currency risk arising from contracts with currency forward contracts against its own functional currency.

Gränges (Heat Transfer)

Gränges (Heat Transfer) has substantial export out of Sweden and China, and is therefore exposed to currency risk. This risk is being hedged according to policy. Currency exposure related to firm commitments is hedged, usually for periods of up to 15 months.

For Gränges (Heat Transfer), the prices of both products and metal purchases are affected by fluctuations in the market price of aluminium. Gränges (Heat Transfer) seeks to reduce this risk primarily by linking prices from metal suppliers to prices towards customers. Additionally, aluminium futures contracts are entered into, within defined limits, to mitigate price risk related to orders and the value of unsold metal in stock. Gränges (Heat Transfer) normally has a certain stock level for which prices to customers have not been fixed. When the LME (London Metal Exchange) price is increasing, this will have a positive effect on profit, and a decreasing price will affect profit negatively. As of 31 December 2013 Gränges (Heat Transfer) had net sold 21,615 tonnes (2012: 29,375 tonnes) of aluminium for hedging at the LME.

Hydro Power

Hydro Power is a large producer of hydroelectric power (see Note 32). A substantial part of the production is sold under long-term contracts, whereas the remainder is sold in the spot market. Where contractual commitments exceed available power from own production, this is covered through purchases in the power market. The companies' hedging of the power price by derivatives has been discontinued.

Shares and financial assets

Shares and financial assets include listed and unlisted shares and investments (described in Note 23). The shares and investments are exposed to price movements.

(II) CATEGORIES OF FINANCIAL RISK FOR THE GROUP

Currency risk

As NOK is the presentation currency for the Group, Orkla is exposed to currency translation risk on net investments in foreign operations. Orkla maintains, as far as possible, a distribution of its net interest bearing liabilities across currencies which corresponds to the relative enterprise value distribution across the foreign subsidiaries' home currencies. This ensures the same hedging level in all currencies, where net interest-bearing liabilities hedge the currency risk in enterprise value.

Net interest-bearing liabilities in each currency constitute the hedging of translation risk on net investments in foreign subsidiaries, and are made up of hedges of internal loans to subsidiaries in their home currency, plus hedges of net investments according to IAS 39. Orkla primarily uses loans and forward currency contracts to hedge internal loans and net investments in foreign subsidiaries.

At the operational level, transaction risk is hedged against each entity's functional currency as described in (I) "Organisation of financial risk management". Orkla applies hedge accounting for most hedges of future transactions, either cash flow hedges, or fair value hedges of firm commitments. The different types of hedges are described in Note 31.

The Group's aggregated outstanding currency hedges of future transactions as of 31 December 2013 are shown in table 1.

TABLE 1

Foreign exchange contracts[1] linked to hedging of future revenues and costs

Amounts in million

Purchase currency	Amount	Sale currency	Amount	Maturity
SEK	698	EUR	79	2014
SEK	100	EUR	11	2015
SEK	360	USD	55	2014
SEK	15	USD	2	2015
EUR	9	NOK	74	2014
USD	9	EUR	7	2014
USD	8	DKK	46	2014

[1]In currency pairs where the net total of hedges is more than NOK 50 million.

Interest rate risk

Orkla's interest rate risk is mainly related to the Group's debt portfolio. This risk is managed at Group level. The Group's policy is that interest costs should follow the general trend in money market rates. Further, steps are taken to mitigate the effects of short-term fluctuations in money market rates. Material decisions regarding interest hedging are made by the Orkla Treasury Committee.

The interest risk profile of the debt portfolio is determined by selection of interest periods on the Group's loans and the use of currency and interest rate derivatives. As of 31 December 2013, 46% (2012: 37%) of the Group's gross interest-bearing liabilities was at fixed interest rates for periods exceeding one year.

The interest rate exposure on interest-bearing liabilities broken down by currency and financial instrument is shown in Table 2 a and b.

TABLE 2a
Interest-bearing liabilities by instrument and interest risk profile

		Next interest rate adjustment					
Amounts in NOK million	31.12.2013	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years
Bonds	**7,148**	935	2,352	-	-	2,379	1,482
Bank loans	**3,169**	2,485	654	7	-	-	23
Overdraft	**170**	170	-	-	-	-	-
Other loans	**337**	55	281	1	-	-	-
Interest rate swap (fair value hedge)	**0**	1,703	1,727	-	-	(2,113)	(1,317)
Interest rate swap (cash flow hedge)	**0**	(2,670)	(1,460)	-	-	1,008	3,122
Interest rate derivatives (others)	**0**	189	(650)	-	102	209	150
Currency forwards/currency swaps	**54**	52	2	-	-	-	-
Gross interest-bearing liabilities	**10,878**	2,919	2,906	8	102	1,483	3,460
	31.12.2012						
Bonds	8,143	1,354	1,827	531	1,098	2,363	970
Bank loans	3,790	3,159	631	-	-	-	-
Overdraft	362	362	-	-	-	-	-
Other loans	405	88	291	18	-	8	-
Interest rate swap (fair value hedge)	0	1,378	2,966	(514)	(1,047)	(2,034)	(749)
Interest rate swap (cash flow hedge)	0	(2,595)	(1,161)	-	830	-	2,926
Interest rate derivatives (others)	0	214	(650)	-	-	202	234
Currency forwards/currency swaps	112	112	-	-	-	-	-
Gross interest-bearing liabilities	12,812	4,072	3,904	35	881	539	3,381

TABLE 2b
Interest-bearing liabilities by instrument and currency

Amounts in NOK million	31.12.2013	NOK	SEK	EUR	USD	DKK	Other
Bonds	**7,148**	5,091	-	-	1,578	-	479
Bank loans	**3,169**	639	-	2,317	-	50	163
Overdraft	**170**	40	-	66	-	46	18
Other loans	**337**	314	-	10	-	-	13
Currency forwards/currency swaps	**54**	(3,590)	2,450	(562)	(1,153)	888	2,021
Gross interest-bearing liabilities	**10,878**	2,494	2,450	1,831	425	984	2,694
Average interest fixing period	**2.8 years**	2.9 years	4.1 years	5.7 years	2.7 years	0.2 years	0.4 years
Interest level borrowing rate	**3.5%**	3.1%	3.7%	3.6%	1.4%	1.0%	4.8%
	31.12.2012						
Bonds	8,143	5,432	-	714	1,532	-	465
Bank loans	3,792	1,062	-	2,386	9	53	282
Overdraft	362	-	74	142	-	132	14
Other loans	403	278	-	58	-	12	55
Currency forwards/currency swaps	112	(3,634)	2,439	(583)	(68)	584	1,374
Gross interest-bearing liabilities	12,812	3,138	2,513	2,717	1,473	781	2,190
Average interest fixing period	2.2 years	2.7 years	4.3 years	2.2 years	1.4 years	0.2 years	0.5 years
Interest level borrowing rate	3.3%	3.6%	3.7%	2.5%	1.9%	1.3%	5.2%

For currency forwards and basis-swaps the asset and liability components are shown separately per currency, including those that are recognised with a positive fair value (receivables).
Fair value of interest rate derivatives are not included in interest-bearing liabilities.

Liquidity risk

Liquidity risk is the risk that Orkla is not able to meet its payment obligations. The management of liquidity risk has high priority as a measure of meeting the objective of financial flexibility.

Orkla's policy for funding activities, described in Note 29, implies that short-term interest-bearing liabilities and known capital expenditures are funded by long-term loans or credit facilities at least one year prior to maturity.

The cash flow from operations, which among other factors is affected by changes in working capital, is managed operationally by the business areas, and is largely stable. Group Treasury monitors liquidity flows, short- and long-term, through reporting. interest-bearing liabilities are managed together with interest-bearing assets at Group level.

Due to the above-mentioned measures, the Group has limited liquidity risk. In order to further reduce refinancing risk, Orkla seeks to ensure that the maturities of loans and credit facilities are evenly distributed.

The table shows the maturity profile for the Group's contractual financial liabilities, including liabilities which are not recognised in the financial position. The amounts represent undiscounted future cash flows, and may therefore deviate from recognised figures. Derivatives are presented as split between those with gross settlement (currency), and those with net settlement (interest, aluminium, power). The table also includes derivatives recognised as assets on the balance sheet date, as derivatives may include both positive and negative cash flows, and the fair value fluctuates over time. Forward interest rate curves are applied to estimate future interest payments. Similarly, forward prices are used to determine the future settlement amounts for aluminium, power, and currency derivatives.

TABLE 3

Maturity profile financial liabilities

31.12.2013

Amounts in NOK million	Book value	Contractual cash flow	<1 years	1-3 years	3-5 years	5-7 years	>7 years
Interest-bearing liabilities	10,824	10,358	2,737	204	4,982	1,290	1,145
Interest payable	87	1,706	388	593	398	160	167
Accounts payable	2,848	2,848	2,848	-	-	-	-
Subscribed, uncalled partnership capital	-	51	51	-	-	-	-
Net settled derivatives[1]	(84)	-	-	-	-	-	-
Inflow	-	(1,478)	(301)	(524)	(402)	(150)	(101)
Outflow	-	1,349	250	461	349	202	87
Gross settled derivatives[1]	60	-	-	-	-	-	-
Inflow	-	(10,664)	(10,555)	(109)	-	-	-
Outflow	-	10,707	10,601	106	-	-	-
Total	13,735	14,877	6,019	731	5,327	1,502	1,298

31.12.2012

Amounts in NOK million	Book value	Contractual cash flow	<1 years	1-3 years	3-5 years	5-7 years	>7 years
Interest-bearing liabilities	12,701	12,080	3,151	2,304	4,721	1,169	735
Interest payable	89	2,178	535	626	513	165	339
Accounts payable	2,565	2,565	2,565	-	-	-	-
Subscribed, uncalled partnership capital	-	94	94	-	-	-	-
Net settled derivatives[1]	(438)						
Inflow		(1,627)	(493)	(532)	(430)	(172)	-
Outflow		1,495	518	395	340	205	37
Gross settled derivatives[1]	491						
Inflow		(12,625)	(12,586)	(39)	-	-	-
Outflow		12,668	12,629	39	-	-	-
Total	15,408	16,828	6,413	2,793	5,144	1,367	1,111

[1]Including derivatives recognised as assets (with negative sign).

The financial liabilities are serviced by cash flow from operations, liquid and interest-bearing assets, and, when necessary, drawings on unutilised credit facilities. Unutilised committed credit facilities, the maturity profile of which is shown in Note 29, totalled NOK 8.0 billion at 31 December 2013.

Credit risk

The management of credit risk related to accounts receivable and other operating receivables is handled as part of the business risk, and is continuously monitored by the operating entities. The Nordic markets for grocery trade are characterised by relatively few, but large, participants, which results in a certain concentration of the credit risk exposure towards single counterparts. When selling in countries with high political risk, trade finance products are used to a certain extent to reduce the credit risk. The current credit risk level is considered acceptable. Provisions have been made for losses on accounts receivable, and the recognised amount represents the fair value as of the balance sheet date. The provisions and the age distribution of accounts receivable are shown in Note 24. Orkla`s credit risk related to financial instruments is managed by Group Treasury. Risk arises from financial hedging transactions, money market deposits, and bank accounts. Firstly, Orkla seeks to minimise the liquid assets deposited outside the Group. Secondly, relationship banks that provide long-term funding are the targeted counterparties for bank accounts and financial hedge transactions according to policy. Further, limits and requirements related to the banks' credit ratings apply for deposits of liquidity. The risk is continuously monitored by Group Treasury, and is considered to be low.

Orkla ASA has International Swap Dealers Association (ISDA) agreements with its counterparts for derivative interest-rate and currency transactions, which provide for netting of settlement risk.

Maximum credit risk

The maximum credit exposure for the Group related to financial instruments corresponds to total gross receivables. In the hypothetical, unlikely event that no receivables are redeemed this amounts to:

Amounts in NOK million	2013	2012
Cash and cash equivalents	1,805	7,196
Accounts receivable	4,986	4,193
Other current receivables	506	461
Non-current receivables	145	183
Derivatives	453	743
Total	7,895	12,776

Commodity price risk

The Group is exposed to price risks in respect of a number of raw materials, in particular agricultural products within Branded Consumer Goods, and aluminium within Gränges (Heat Transfer). However, the prices of sold products are also affected by raw material prices, and it is generally Orkla's policy to reduce the price risk through commercial contracts. Commodity price risk is described for the individual business areas in section (I) "Organisation of financial risk management".

Sensitivity analysis

The financial instruments of the Group are exposed to different types of market risk which can affect the income statement or equity. Financial instruments, in particular derivatives, are applied as a means of hedging both financial and operational exposure.

In Table 4, Orkla presents a partial analysis of the sensitivity of financial instruments, where the isolated effect of each type of risk on the income statement and on equity is estimated. This is done on the basis of a selected hypothetical change in market prices/rates on the statement of financial position as of 31 December 2013. According to IFRS, the analysis covers only financial instruments and is not meant to give a complete overview of the Group's market risk, for instance:

- For currency hedges of contracts entered into, changes in the fair value of the hedging instrument will affect the income statement, while changes in the fair value of the underlying hedged contract offset by the hedging instrument will not be shown, as it is not a financial instrument.
- If one of the parameters changes, the analysis will not take account of any correlation with other parameters.
- Financial instruments denominated in the entities' functional currencies do not constitute any currency risk and are therefore not included in this analysis. Nor is the currency exposure on translation of such financial instruments to the presentation currency of the Group included.

Generally, the effect on the income statement and equity of financial instruments in Table 4 is expected to offset the effects of the hedged items where financial instruments are part of a hedging relationship.

TABLE 4
Sensitivity financial instruments

31.12.2013

	Accounting effect on income statement of		Accounting effect on comprehensive income of	
Amounts in NOK million	increase	decrease	increase	decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	(7)	6	227	(243)
Currency risk: 10% change in FX-rate USD/NOK	5	(5)	(26)	26
Currency risk: 10% change in FX-rate EUR/NOK	(8)	8	(435)	435
Currency risk: 10% change in FX-rate SEK/NOK	(6)	6	29	(29)
Price risk: 20% change in LME-prices	(59)	59	9	(9)
Financial instruments not in hedging relationships				
Sensitivity of share investments: 10% change in share price	4	(6)	102	(100)

31.12.2012

	Accounting effect on income statement of		Accounting effect on comprehensive income of	
Amounts in NOK million	increase	decrease	increase	decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	21	(23)	200	(214)
Currency risk: 10% change in FX-rate USD/NOK	3	(3)	102	(102)
Currency risk: 10% change in FX-rate EUR/NOK	(69)	69	(266)	266
Currency risk: 10% change in FX-rate SEK/NOK	(9)	9	56	(56)
Price risk: 20% change in LME-prices	(75)	75	6	(6)
Financial instruments not in hedging relationships				
Sensitivity of share investments: 10% change in share price	42	(80)	318	(280)

Accounting effects of changes in market risk are classified to income statement and comprehensive income according to where the effect of the changes in fair value will be recognised initially.
Effects recognised in the income statement will also affect equity beyond the figures presented in the table.

NOTE 31 DERIVATIVES AND HEDGING

Derivatives are used in risk management to hedge against the risk related to foreign exchange, interest rates, power and aluminium prices. The value of the derivatives fluctuates in accordance with the prices of the underlying assets, and the note shows the fair value of open derivative contracts as of year-end. The derivatives in the table are classified by type of accounting hedge, and the purpose of the derivatives is described below. The derivatives in the table are presented as assets or liabilities according to how they are classified in the statement of financial position.

The Group seeks as far as possible to apply the IFRS rules for hedge accounting. The table below shows the fair value of all outstanding derivative financial instruments grouped according to treatment in the financial statements:

	31.12.2013		31.12.2012	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
a) Cash flow hedges				
Interest rate swaps	-	(313)	-	(422)
Currency forwards, currency swaps	7	(11)	15	(3)
Aluminium futures	-	(2)	1	-
Total	7	(326)	16	(425)
b) Net investments hedges of foreign entities				
Currency forwards, currency swaps	-	(50)	-	(92)
Total	-	(50)	-	(92)
c) Fair value hedges				
Interest rate swaps	428	(4)	624	(3)
Currency forwards, currency swaps	4	(3)	16	(2)
Aluminium futures	11	(4)	6	(19)
Total	443	(11)	646	(24)
d) Other hedges – fair value changes recognised in income statement				
Energy forwards	-	-	68	(29)
Currency forwards, currency swaps	3	(9)	13	(17)
Interest rate and currency swaps, interest rate derivatives	-	(32)	-	(40)
Total	3	(41)	81	(86)
Total derivatives	453	(428)	743	(627)

Calculation of fair value:

- Currency forwards and currency swaps are measured at fair value using the observed forward exchange rate for contracts with a corresponding term to maturity at the balance sheet date.
- Interest rate swaps are measured at fair value using the present value of future cash flows calculated from observed market interest rates and exchange rates at the balance sheet date including accrued interest.
- Energy forwards are measured at fair value using the quoted price at Nord Pool discounted at a risk-free interest rate.
- Aluminium futures are measured at fair value using the quoted futures price on the LME (London Metal Exchange).

These derivative financial instruments are designated in hedge relationships as follows:

a) Cash flow hedges

- Orkla maintains interest rate swaps for hedging of future interest payments on liabilities that qualify for hedge accounting. These are swaps where Orkla pays a fixed interest rate and receives a floating rate.
- In hedges of currency risk on highly probable future cash flows, currency forward contracts are designated as hedging instruments.
- Gränges' (Heat Transfer) purchases of aluminium futures on the LME are designated as hedging instruments in cash flow hedges.

All derivatives designated as hedging instruments in cash flow hedges are carried at fair value in the statement of financial position. Changes in fair value are provisionally recognized in the equity hedging reserve, and recycled to the income statement as the cash flows being hedged are recognised in the income statement.

In 2013 no gain or loss was recorded in the income statement as a result of hedging inefficiency (2012: NOK 0 million). All expected cash flows which have been hedged during 2013 still qualify for hedge accounting.

Changes in the equity hedging reserve

Amounts in NOK million	2013	2012
Opening balance hedging reserve before tax	(391)	(392)
Hedging reserve discontinued operations	(25)	130
Reclassified to P/L – operating revenues	(1)	26
Reclassified to P/L – operating costs	4	2
Reclassified to P/L – net financial income	101	41
Fair value change during the year	(4)	(198)
Closing balance hedging reserve before tax	(316)	(391)
Deferred tax hedging reserve	86	115
Closing balance hedging reserve after tax	(230)	(276)

A negative hedging reserve means a negative recognition in the income statement in the future. Accumulated hedging gains/losses from cash flow hedges recognised in the equity hedging reserve as of 31 December 2013 are expected to be recycled to the income statement as follows (before tax):

2014:	NOK -103 million
After 2014:	NOK -213 million

b) Hedges of net investments in foreign entities

Currency risk on foreign net investments is hedged with loans, currency forward contracts, or cross currency swaps.

During 2013, effects of NOK 72 million (2012: NOK -31 million) relating to net investment hedges of divested investments were recycled to the income statement.

c) Fair value hedges

- Some of Orkla's loans in the bond market carry fixed interest coupons. The interest rate risk is hedged with interest rate swaps in fair value hedges where Orkla receives the fixed rate and pays a floating rate. During 2013 NOK 196 million was recognised as costs in the income statement related to fair value changes in the interest rate swaps, and NOK 196 million was recognised as income related to fair value changes in the hedged loans.
- Orkla has hedges of currency risk on firm commitments using forward currency contracts. Gains/losses on hedging objects and hedging instruments are recorded as currency gain/loss in the income statement.
- Gränges (Heat Transfer) sells aluminium futures contracts in order to hedge the value of inventory in fair value hedges.

d) Derivatives not included in IFRS hedging relationships

There are also derivatives not included in hedging relationships according to IFRS for the following reasons:

- Derivatives are not designated in formal hedging relationships when changes in the fair value of hedging instruments and hedging objects are naturally offset in the income statement, for example currency risk on loans and other monetary items.
- Meeting strict IFRS hedge accounting criteria is not always possible or practical. Some of the currency hedges, some of the forward power contracts, and forward rate agreements (FRAs) are in this category.

Changes in the fair value of derivative instruments which are not part of a hedging relationship are immediately recognised in the income statement.

NOTE 32 POWER AND POWER CONTRACTS

The Group both owns and leases large power plants. The table below shows the type of power plant, annual production, ownership status and key financial terms and conditions.

Plant, type, location/contract	Annual saleable normal production/ contract volume	Ownership, status and remaining utilisation period/contract duration	Key financial terms and conditions
POWER PLANTS (in Norway)			
Storlivatn power plant **Svartkulp power plant** **Dalvatn power plant** **Sønnå High power plant** **Sønnå Low power plant** **Storli Low power plant** **Kleiva small power plant** Hydropower reservoir Rogaland	1,810 GWh	Operation started 1970 Operation started November 2001 Operation started December 2006 Operation started August 2008 Operation started October 2008 Operation started February 2009 Operation started November 2009 Pursuant to lease agreements with Statkraft , AS Saudefaldene[1] has the use of all plants until 2030. See Note 15 for further description of the dispute related to tax ownership.	AS Saudefaldene[1] has an annual concession power commitment of 134 GWh. Annual delivery commitment of 436 GWh which, following the termination of the contract with Eramet, is to be sold to Statkraft on the same terms. An agreement has been entered into with Elkem AS for the delivery of 501 GWh/year until 31 December 2030 to satisfy the condition regarding use of power in Elkem's industrial operations. The terms are equivalent to the terms in the leasing agreement with Statkraft. On hand-over to Statkraft the plants must be in good working condition. Statkraft SF shall pay AS Saudefaldene[1] the residual value for tax as at 1 January 2031 of the expansions carried out by AS Saudefaldene[1].
Borregaard power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	244 GWh	100% ownership, infinite licence period.	
Sarp power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	265 GWh	50% ownership, infinite licence period. The other ownership interest owned by Hafslund Produksjon.	Hafslund Produksjon has the operational responsibility.
Trælandsfos power plant[2] Hydropower run-of-river, Kvinesdal, Vest-Agder	30 GWh	100% ownership, infinite licence period.	
Mossefossen power plant[2] Hydropower run-of-river, Moss, Østfold	14 GWh	100% ownership, partly infinite licence period.	
POWER CONTRACTS (in Norway)			
SiraKvina replacement power, Rogaland	35 GWh	Infinite	Replacement for lost production in Trælandsfos.

[1]Orkla owns 85% of AS Saudefaldene.

[2]Saleable normal production given average inflow adjusted for loss of water, leakages in the power grid and own consumption.

NOTE 33 SHARE CAPITAL

A company's share capital and the distribution of the number of shares outstanding determines who controls a company and the way formal ownership is held by shareholder groups. In a Norwegian group context, it is the share capital of the parent company that is relevant and it is Orkla ASA's equity capital that serves as the basis of calculation and the limit for distribution of dividends from the Group.

Changes in share capital

Date/year	Number of shares	Nominal value (NOK)	Type of change	Amounts (NOK million)	Ratio	Share capital (NOK million)
31 December 2005	208,286,194	6.25				1,301.8
31 December 2006	208,286,194	6.25				1,301.8
2007	1,041,430,970	1.25	split		5:1	1,301.8
2007	1,036,430,970	1.25	amortisation	(6.3)		1,295.5
31 December 2007	1,036,430,970	1.25				1,295.5
2008	1,028,930,970	1.25	amortisation	(9.4)		1,286.2
31 December 2008	1,028,930,970	1.25				1,286.2
31 December 2009	1,028,930,970	1.25				1,286.2
31 December 2010	1,028,930,970	1.25				1,286.2
31 December 2011	1,028,930,970	1.25				1,286.2
2012	1,018,930,970	1.25	amortisation	(12.5)		1,273.7
31 December 2012	1,018,930,970	1.25				1,273.7
31 December 2013	1,018,930,970	1.25				1,273.7

The 20 largest shareholders as of 31 December 2013[1]

	Shareholders		Number of shares	% of capital[2]
1	CANICA AS		150,342,000	14.8%
2	TVIST 5 AS		77,000,000	7.6%
3	CLEARSTREAM BANKING S.A.	Nominee	63,846,860	6.3%
4	FOLKETRYGDFONDET		57,725,779	5.7%
5	STATE STREET BANK & TRUST COMPANY	Nominee	54,553,435	5.4%
6	STATE STREET BANK AND TRUST CO.	Nominee	21,521,968	2.1%
7	NEWTON GLOBAL HIGHER INCOME FUND		20,000,000	2.0%
8	STATE STREET BANK & TRUST COMPANY	Nominee	17,081,732	1.7%
9	CANICA INVESTOR AS		16,000,000	1.6%
10	THE BANK OF NEW YORK MELLON	Nominee	15,830,393	1.6%
11	STATE STREET BANK AND TRUST CO.	Nominee	14,610,812	1.4%
12	BANK OF NEW YORK MELLON	Nominee	13,690,184	1.3%
13	JP MORGAN CLEARING CORP.	Nominee	13,395,560	1.3%
14	STATE STREET BANK AND TRUST CO.	Nominee	12,803,520	1.3%
15	J.P. MORGAN CHASE BANK N.A. LONDON	Nominee	11,527,974	1.1%
16	STATE STREET BANK & TRUST CO.	Nominee	10,937,770	1.1%
17	THE NORTHERN TRUST CO.	Nominee	10,824,282	1.1%
18	THE BANK OF NEW YORK MELLON SA/NV	Nominee	9,572,652	0.9%
19	BNY MELLON INVESTMENT FUND NEWTON		9,089,695	0.9%
20	EUROCLEAR BANK S.A./N.V. ('BA')	Nominee	8,640,151	0.8%
	Total shares		**608,994,767**	**59.8%**

[1]The list of shareholders is based on the Norwegian Central Securities Depository's (VPS) register of members at year end. For a list of grouped shareholders and nominee shareholders, see Shareholder information on page 113.
[2]Of total shares issued.

Treasury shares at 31 December 2013

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	6,215,133	4,972,106	235

Treasury shares have been deducted from Group equity at cost.

Changes in the number of treasury shares

	2013	2012
Total as at 1 January	7,987,114	8,920,791
Redemption of options in treasury shares	(2,040,000)	(45,000)
External purchasing of treasury shares	-	10,188,000
Amortisation treasury shares	-	(10,000,000)
Orkla employee share purchase programme	(975,008)	(1,076,677)
Total as at 31 December	4,972,106	7,987,114

As at 31 December 2013, there were 15,157,000 options outstanding (see Note 10).

See the "Corporate governance" section on page 31 regarding the authorisations granted by the General Meeting concerning share capital.

Dividend

The Board of Directors proposes that an ordinary dividend of NOK 2.50 per share be paid out, totalling NOK 2,535 million for the 2013 financial year.

Under Norwegian law, the equity capital in Orkla ASA will, where relevant, constitute a legal limitation on the distribution of dividends by the Orkla Group. Dividends may be distributed insofar as the company has adequate equity and liquidity.

NOTE 34 NON-CONTROLLING INTERESTS

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. As shown by the figures, most of the Group's businesses are wholly-owned.

Amounts in NOK million	2013	2012	2011
Non-controlling interests' share of:			
Depreciation and write-downs	19	26	32
Operating profit	64	98	80
Profit/loss before taxes	70	88	69
Taxes	(13)	(16)	(16)

Changes in non-controlling interests:	2013	2012
Non-controlling interests 1 January	258	280
Non-controlling interests' share of profit/loss	57	0
Increase due to acquisitions of companies with non-controlling interests	10	22
Increase due to sale to non-controlling interests	68	0
Decrease due to further acquisitions of non-controlling interests	(10)	(5)
Decrease due to sale of companies with non-controlling interests	(15)	0
Dividends to non-controlling interests	(51)	(18)
Translation differences	18	(8)
Discontinued operations	(34)	(13)
Non-controlling interests 31 December	301	258

Non-controlling interests relating to:	2013	2012
Orkla Food Ingredients	125	92
Orkla Confectionery & Snacks	1	1
Hydro Power	55	52
Orkla Financial Investments	120	82
Discontinued operations	0	31
Total non-controlling interests	301	258

NOTE 35 LEASING

Leasing shows the Group's current and non-current commitments arising from leasing contracts for property, plant and equipment. Most leases are regarded as operating leases, and the lease amounts are presented only as operating expenses in the Group's income statement. Finance leases are capitalised.

Reported costs related to operating leases reflect the minimum leasing cost during the period of notice.

Rented/leased property, plant and equipment	Lessee Operating leases									
	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Total	
Amounts in NOK million	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Cost current year	17	16	174	120	128	107	19	10	338	253
Cost next year	15	14	161	104	106	90	29	6	311	214
Total costs 2–5 years	21	23	375	237	185	169	15	4	596	433
Total costs after 5 years	0	0	243	35	2	3	0	0	245	38
Total future leasing costs	36	37	779	376	293	262	44	10	1,152	685

Rented/leased property, plant and equipment	Lessee Finance leases									
	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Total	
Amounts in NOK million	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Cost current year	11	6	1	2	4	4	0	1	16	13
Cost next year	10	6	1	1	4	3	0	1	15	11
Total costs 2–5 years	14	8	1	1	8	2	0	3	23	14
Total costs after 5 years	2	0	0	0	0	0	0	0	2	0
Total future leasing costs	26	14	2	2	12	5	0	4	40	25
Discounted effect	(1)	0	0	0	0	0	0	0	(1)	0
Net present value leasing costs	25	14	2	2	12	5	0	4	39	25

The Group also leases out real estate under operating leases. Leasing revenues in 2013 totalled NOK 62 million. Total future leasing revenues amount to NOK 176 million and may be broken down as follows: NOK 65 million in 2014 and NOK 111 million in 2–5 years.

NOTE 36 PLEDGES AND GUARANTEES

Pledges and guarantees show the book value of Group assets which are accessible for pledgees in the event of a bankruptcy or a winding-up. Claims that have priority by law (taxes and charges, wages etc.) must also be taken into account. The table shows that the book value of pledged assets is considerably higher than outstanding liabilities secured by pledges. Moreover, the Group's most important loan agreements are based on a negative pledge and therefore the Group can only to a limited extent pledge its assets to secure its liabilities.

Amounts in NOK million	2013	2012
Liabilities secured by pledges	593	1.012
Pledged assets		
Machinery, vehicles etc.	0	93
Buildings and plants	392	1.007
Inventory	303	28
Accounts receivables	19	78
Other assets	126	130
Total book value	840	1.336

"Liabilities secured by pledges" and "pledged assets" are mainly property development projects in companies in Orkla's real estate group, Orkla Eiendom.

Guarantee commitments are undertaken as part of the Group's day-to-day operations and in connection with participation in general and limited partnerships. Guarantee commitments cover a variety of guarantees such as surety, rent guarantees and guarantees for other payments, but do not cover product or service liability in connection with ordinary sales.

Guarantees

Amounts in NOK million	2013	2012
Subscribed, uncalled limited partnership capital	51	94
Other guarantee commitments	131	283
Total guarantee commitments	182	377

The Group makes limited use of guarantees.

NOTE 37 RELATED PARTIES

Two parties are deemed to be related if one party can influence the decisions of the other. Related party relationships are a normal feature of commerce and business. However, related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. A company's profit or loss and financial position could in principle be affected by a related party relationship even if no transactions with related parties have actually taken place. The mere existence of the relationship may be sufficient to affect the way the company's other transactions are perceived. To ensure full access to all information of this nature, the following related party relationships are disclosed below.

Orkla ASA is a parent company and has direct and indirect control of around 250 different companies in various parts of the world. Directly-owned subsidiaries are presented in Note 10 to Orkla ASA's financial statements, while other important companies are presented in the Group Directory. Orkla ASA's internal relationship with these companies is shown on separate lines in the company's financial statements (see the Financial Statements for Orkla ASA). Activity within the Group is reported in the segment information disclosed in Note 8.

Orkla has ownership interests in joint ventures. These are presented using the equity method. Orkla has provided loans to joint ventures and to associates under its real estate group Eiendom and Gränges (Heat Transfer), totalling NOK 70 million and NOK 160 million, respectively. Gränges sells products to Sapa (JV), totalling NOK 46 million for the last four months in 2013. There have been no other special material transactions between associates and joint ventures and the Group.

An agreement has been entered into with the management of FG Eiendom whereby they are to take over a small part of the portfolio on certain conditions. The agreement was made on an arm's length basis.

Internal trading within the Group is carried out in accordance with special agreements on an arm's length basis, and joint expenses in Orkla ASA are distributed among the Group companies in accordance with distribution formulas, depending on the various types of expense. For further information on intra-Group transactions (see Note 8 "Segments").

Chairman of the Board of Directors Stein Erik Hagen and related parties own 249,142,000 shares in Orkla, which is equivalent to 24.5% of shares issued. No loan relationship has been established. The Canica system and Orkla both have equity interests in certain investments.

There were no other transactions with related parties. Information regarding the executive management is disclosed in Note 10 to the consolidated financial statements and Note 6 to the financial statements for Orkla ASA.

NOTE 38 SOLD AND DISCONTINUED OPERATIONS

In a Group as large as Orkla, the corporate structure will change over time as companies are sold and purchased. In connection with major acquisitions, pro forma figures will normally be prepared for the new business combination, while major divestments will be presented as "discontinued operations", extracted from both the figures for the period and comparative figures, and presented on one line in the income statement. This is done in order to make the figures comparable over time and to focus on continuing operations. Where Orkla's businesses are concerned, it will not be relevant to present discontinued operations until an entire segment or material assets are divested.

Sapa (part of future JV)
The part of Sapa Profiles, Sapa Building Systems and parts of Heat Transfer which were to become part of a joint venture with Norsk Hydro, Sapa (part of future JV), was presented as "Discontinued operations" as at 31 December 2012.

The remaining goodwill related to Sapa (part of future JV) was written down as at 30 June 2013 by NOK 1.2 billion. See the description of the establishment of the new joint venture with Norsk Hydro in Note 1.

Borregaard
Borregaard was listed on the stock exchange in October 2012 and up until 30 September 2012 was reported as "Discontinued operations". The gain on the stock exchange listing and costs related to the process of selling Borregaard were recognised as "Discontinued operations". The gain on Borregaard's listing is calculated to be NOK 141 million in the fourth quarter of 2012.

The investment in REC
The investment in REC has been significant for the Group, and the transition from "Associate" to "Available for sale" in 2012 entailed 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 REC investment's change to "Available for sale", positive currency effects totalling NOK 240 million, accumulated during Orkla's period of ownership, were recognised in the income statement.

Elkem
On 10 January 2011, Orkla ASA entered into a binding agreement on the sale of Elkem to China National Bluestar Group Co., Ltd. For accounting purposes, the transaction was completed in the first quarter of 2011 and presented as "Discontinued operations". 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":

Amounts in NOK million	2013	2012	2011
Operating revenues	16,700	28,388	33,586
Operating expenses	(16,007)	(26,789)	(30,963)
Depreciation and write-downs property, plant and equipment	(479)	(867)	(1,027)
Amortisation intangible assets	(18)	(27)	(58)
Other income and expenses	(1,453)	(1,815)	(664)
Operating profit/loss	(1,257)	(1,110)	874
Profit/loss from associates	(5)	(200)	(5,768)
Other financial items	(37)	(71)	(112)
Profit/loss before tax	(1,299)	(1,381)	(5,006)
Taxes	99	(332)	(442)
Profit/loss after tax[1]	(1,200)	(1,713)	(5,448)
Gain on sale after tax	12	330	1,137
M&A costs	(37)	(164)	(185)
Profit/loss for discontinued operations	(1,225)	(1,547)	(4,496)
[1]Of this non-controlling interests	-	-	19

Comprehensive income related to "Discontinued operations" totals NOK -857 million for 2013 after changes of NOK -15 million in the hedging reserve, and NOK 383 million in translation differences.

EBITA, by segment:

Amounts in NOK million	2013	2012	2011
Sapa (part of future JV)	214	276	667
Borregaard Chemicals (nine months in 2012)	-	456	537
Elkem (three months in 2011)	-	-	392
Total	214	732	1,596

Cash flow "Discontinued operations":

Amounts in NOK million	2013	2012	2011
Cash flow from operations before net replacement expenditures	274	1,522	1,031
Net replacement expenditures	(375)	(1,057)	(943)
Expansion investments	(59)	(156)	(412)
Total	(160)	309	(324)

Statement of financial position figures for "Discontinued operations":

Amounts in NOK million	Sapa 2012
Non-current assets	7,661
Current assets	6,079
Assets in discontinued operations	13,740
Non-current liabilities	553
Current liabilities	3,610
Liabilities in discontinued operations	4,163

NOTE 39 OTHER MATTERS

Several factors that are not strictly accounting matters may be crucial to the way in which the financial statements are understood. For instance, there may be matters relating to time-limited agreements that could have an impact on future earnings. There may be unresolved legal disputes that could have significant effects if the judgment passed is not as expected. The information below is intended to shed light on such matters and, in combination with the financial statements and other notes, to provide a correct overall picture of the Group's total earnings and financial position.

Agreement with Unilever. Orkla has a cooperation agreement with Unilever relating to detergents and personal care products sold through Lilleborg AS. This agreement was originally entered into in 1958, and has since been renewed twice. The current agreement runs until July 2014, and the parties have entered into constructive renegotiations with the intention of renewing their collaboration. This process is expected to be completed before the end of the current agreement period.

The Non-Annex I raw material price compensation agreement (RÅK). Through the EEA Agreement, Norway has regulated trade in processed agricultural products (Non-Annex 1 products). The agreement ensures free movement of goods, but customs duties and a compensation system are used to even out the differences between the raw material prices paid by Norwegian manufacturers who use Norwegian raw materials and the prices paid by foreign manufacturers who use raw materials from the EU. Around 90% of Orkla's sales of food products in Norway are exposed to competition from imports, most of which are non-Annex 1 products.

Contracts. The Group has contracts at all times for the sale and purchase of goods and services in connection with the production of potatoes, vegetables, fish etc. These contracts are regarded as part of the Group's ordinary operating activities and are therefore not specified or indicated in any other way. The contracts are deemed to be strictly sale or purchase contracts with no embedded derivatives.

Government grants. Orkla received only an entirely insignificant amount in other government grants in 2013.

Events after the balance sheet date

Material events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a matter that existed on the balance sheet date, and the matter is material, the financial statements must be changed. If events concern matters that arose after the balance sheet date, the matters may have to be disclosed in a note.

No events have taken place after the balance sheet date that would have had a material impact on the financial statements or any assessments carried out.

NOTE 40 CASH FLOW ORKLA-FORMAT

The Orkla-format cash flow statement is presented as a note to Orkla's quarterly reports and used as a reference in the Report of the Board of Directors. At Group level, the bottom line of the Orkla-format cash flow statement is net interest-bearing liabilities, an important key figure for the Group. The statement is used directly in management of the business areas and is part of the presentation of segment information. For further information, see page 56 and Note 4.

Orkla Eiendom has had and will have significant fluctuations in cash flow from operations. These are related to the development and sale of real estate projects. Cash flow from operations for real estate and financial assets is therefore presented on a separate line, independently of cash flow from operations for industrial activities.

Amounts in NOK million	2013	2012	2011
Operating profit	2,307	2,635	2,619
Amortisation, depreciation and impairment charges	1,503	943	1,031
Change in net working capital, etc.	(155)	457	(526)
Cash flow from operations before net replacement expenditures	3,655	4,035	3,124
Net replacement expenditures	(880)	(701)	(715)
Cash flow from operations, industrial activities	2,775	3,334	2,409
Cash from from operations, real estate and financial assets	384	777	(576)
Financial items, net	(451)	(372)	(274)
Taxes paid	(766)	(995)	(443)
Received dividends	481	456	547
Discontinued operations and other payments	(371)	333	(1,776)
Cash flow before capital transactions	2,052	3,533	(113)
Paid dividends	(2,579)	(2,778)	(7,436)
Net sale/purchase of Orkla shares	133	(416)	(109)
Cash flow before expansion	(394)	339	(7,658)
Expansion investment in industrial activities	(180)	(347)	(501)
Sale of companies/share of companies	1,713	3,538	13,429
Purchase of companies/share of companies	(6,986)	(1,617)	(796)
Net purchase/sale shares and financial assets	3,090	3,350	4,494
Net cash flow	(2,757)	5,263	8,968
Currency effects of net interest-bearing liabilities	(953)	412	33
Change in net interest-bearing liabilities	3,710	(5,675)	(9,001)
Net interest-bearing liabilities	8,496	4,786	10,461

Reconciliation operating profit in the cash flow statement against operating profit

Amounts in NOK million	2013	2012	2011
Operating profit in the Group	2,282	2,910	2,535
- EBITA Orkla Financial Investments	(3)	294	(64)
- Other income and expenses Orkla Financial Investments	(22)	(19)	(20)
Operating profit Industrial Activities	2,307	2,635	2,619

Financial Statements for Orkla ASA

INCOME STATEMENT

Amounts in NOK million	Note	2013	2012
Operating revenues		4	18
Other operating revenues Group	1	534	442
Operating revenues		538	460
Payroll expenses	2	(305)	(259)
Other operating expenses	6	(583)	(340)
Depreciation/write-downs and amortisation	8, 9	(21)	(16)
Operating loss		(371)	(155)
Income from investments in other companies		230	277
Dividends and group contribution from Group		2,926	80
Interest income Group		734	785
Other finance income	7	40	205
Finance costs Group		(158)	(179)
Other finance costs	7	(734)	(2,281)
Net foreign exchange gains and losses		(630)	190
Gains, losses and write-downs in the share portfolio		544	1,298
Profit before taxes		2,581	220
Taxes	11	(50)	(41)
Profit after tax		2,531	179

Comprehensive income

Profit after tax	2,531	179
Change in unrealised gains on shares after tax	(82)	(751)
Change in hedging reserve after tax	75	(91)
Change in actuarial gains and losses pensions	11	10
Comprehensive income	2,535	(653)
Proposed dividend (not provided for)	(2,535)	(2,528)

CASH FLOW

Amounts in NOK million	2013	2012
Profit/loss before tax	2,581	220
Depreciations and write-downs	21	16
Changes in net working capital etc.	129	434
Received Group contributions etc.	(2,926)	0
Portfolio gains	(544)	(1,298)
Correction against payable finance items	919	1,515
Taxes paid	(55)	(514)
Cash flow from operating activities	125	373
Sale of property, plant and equipment	1	16
Replacement expenditures	(124)	(1)
Sale of companies	0	964
Net change in investments in subsidiaries	(1,117)	(2,127)
Investments in other companies	(2)	(220)
Net purchase/sale share portfolio	2,647	3,350
Received Group contributions etc.	2,009	2,235
Cash flow from investing activities	3,414	4,217
Dividends paid	(2,528)	(2,760)
Net share buy-back	133	(416)
Net paid to shareholders	(2,395)	(3,176)
Change in other interest-bearing liabilities	(2,732)	(1,114)
Change in interest-bearing receivables	(3,671)	2,138
Change in net interest-bearing liabilities	(6,403)	1,024
Cash flow from financing activities	(8,798)	(2,152)
Change in cash and cash equivalents	(5,259)	2,438
Cash and cash equivalents 1 January	5,780	3,342
Cash and cash equivalents 31 December	521	5,780
Change in cash and cash equivalents	(5,259)	2,438

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in NOK million	Note	2013	2012
Intangible assets	9	32	35
Deferred tax asset	11	185	73
Property, plant and equipment	8	246	141
Investments in subsidiaries	10	19,387	18,722
Loans to Group companies		22,388	18,078
Shares in other companies	5	24	21
Other financial assets		459	662
Non-current assets		42,721	37,732
Accounts receivable external		10	9
Other receivables		67	36
Loans to Group companies		1,870	1,535
Share portfolio investments	See Note 23 Group	1,003	3,156
Cash and cash equivalents		521	5,780
Current assets		3,471	10,516
Total assets		46,192	48,248

Equity and liabilities

Amounts in NOK million	Note	2013	2012
Paid-in equity		1,989	1,985
Retained earnings		21,897	21,739
Equity		23,886	23,724
Pension liabilities	2	320	313
Non-current liabilities Group		84	53
Other non-current liabilities		7,779	8,913
Non-current liabilities and provisions		8,183	9,279
Tax payable		233	117
Current liabilities to Group companies		11,415	12,438
Accounts payable external		33	27
Other current liabilities		2,442	2,663
Current liabilities		14,123	15,245
Equity and liabilities		46,192	48,248

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Other equity	Total Orkla ASA
Equity 1 January 2012	1,287	(11)	721	1,997	25,288	27,285[2]
Comprehensive income Orkla ASA	-	-	-	0	(653)	(653)
Dividends from 2011	-	-	-	0	(2,525)	(2,525)
Amortisation own shares	(13)	13	-	0	-	0
Net buy-back of treasury shares	-	(12)	-	(12)	(404)	(416)
Option costs	-	-	-	0	33	33
Equity 31 December 2012	1,274	(10)	721	1,985	21,739	23,724
Comprehensive income Orkla ASA	-	-	-	0	2,535	2,535
Dividends from 2012	-	-	-	0	(2,528)	(2,528)
Net sale of treasury shares	-	4	-	4	129	133
Option costs	-	-	-	0	22	22
Equity 31 December 2013	1,274	(6)	721	1,989	21,897[1]	23,886

[1]Other equity for Orkla ASA as at 31 December 2013 includes a fund for unrealised gains totalling NOK 300 million (NOK 507 million as at 31 December 2012) and other paid-in equity (options) totalling NOK 383 million (NOK 361 mill. kroner as at 31 December 2012).

[2]Opening balance equity has been adjusted by NOK 85 million related to restating of pensions.

NOTE 1 ACCOUNTING PRINCIPLES

Besides all head office activities, the financial statements of the holding company Orkla ASA cover the remainder of the Group's share portfolio and some real estate activities. The latter are part of the business operations of Orkla Eiendom. The financial statements also cover the administration of the Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients business areas, and the Purchasing and Marketing & Sales functions and the administration of the Purchasing Academy, Sales Academy and Brands Academy in Orkla ASA.

Activities at head office include the Group's executive management and the corporate functions communications, legal affairs, corporate development, HR, accounting/finance, risk management and internal audit. The corporate function staff largely carry out assignments for the Group's other companies, and charge the companies for these services. Orkla ASA owns certain trademarks that are utilised by various companies in the Orkla Group. Royalty fees are invoiced for the use of these trademarks. The revenues from these activities are presented on the line for "other operating revenues Group". The Group Treasury acts as an internal bank and is responsible for the Group's external financing, management of the Group's liquid assets and overall management of the Group's currency and interest risks. Interest from the Group's internal bank and dividends and contributions to the Group from investments in subsidiaries are presented as finance items and specified in the income statement.

As a result of the acquisition of Rieber & Søn, certain headquarter functions at Rieber & Søn were transferred to Orkla ASA by means of a transfer of business in 2013. Orkla ASA also took over the lease of Rieber & Søn's headquarters in Nøstegaten, Bergen. Employees mainly working in administrative positions and purchasing were transferred to Orkla ASA.

Since 2013, the revised IAS 19 standard has been applied to the Group's pension plans, cf. Note 11 to the consolidated financial statements. As a result, historical figures in Orkla ASA have been restated. Following the introduction of a new principle, equity as at 1 January 2012 was reduced by NOK 85 million owing to the recognition of actuarial gains and losses after tax. Profit after tax for 2012 increased by NOK 6 million due to the fact that actuarial gains and losses are no longer to be recognised in the ordinary income statement. In addition, operating profit increased by NOK 18 million due to the fact that the finance element of the pension cost is now to be presented as a finance cost. The latter does not change the company's pre-tax profit.

The financial statements for Orkla ASA have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act. Internal dividends and contributions to the Group have been accounted for according to good accounting practice as an exception to IFRS. The explanations of the accounting principles for the Group also apply to Orkla ASA, and the notes to the consolidated financial statements in some cases cover Orkla ASA. Ownership interests in subsidiaries are presented at cost.

The Board of Directors has considered that Orkla ASA, after the proposed dividend of NOK 2.50 per share, has adequate equity and liquidity at the end of 2013.

NOTE 2 PAYROLL AND PENSIONS

Amounts in NOK million	2013	2012
Wages	(230)	(188)
National insurance contributions	(39)	(33)
Remuneration of the Board, Corporate Assembly and other pay-related costs	(11)	(24)
Pension costs	(25)	(14)
Payroll expenses	(305)	(259)
Average number of man-years	157	131

Breakdown of net pension costs

The assumptions on which the calculation of pension costs has been based are disclosed in Note 11 to the consolidated financial statements.

Amounts in NOK million	2013	2012
Current service cost (incl. national insurance contribution)	(21)	(9)
Curtailment and settlements pension plans	3	-
Costs contribution plans	(7)	(5)
Pension classified as operating cost	(25)	(14)
Pension classified as financial items	(13)	(9)
Net pension costs	(38)	(23)

Breakdown of net pension liabilities 31 December

Amounts in NOK million	2013	2012
Present value of pension obligations	(320)	(313)
Pension plan assets	0	0
Capitalised net pension liabilities	(320)	(313)

The figures for 2012 have been restated (see Note 1, as well as Note 11 to the consolidated financial statements).

The remaining net pension liabilities at 31 December 2013 mainly consist of unfunded pension plans for former key personnel and unfunded early retirement plans, and liabilities related to contribution-based plans for employees who earn more than twelve times the Norwegian National Insurance Scheme's basic amount (12G). For other employees, the company primarily has defined contribution pension plans.

The company has a pension plan that meets the requirements of the Compulsory Service Pensions Act.

NOTE 3 GUARANTEES AND MORTGAGES

Amounts in NOK million	2013	2012
Subscribed, uncalled limited partnership capital	51	94
Guarantees to subsidiaries	284	244

NOTE 4 LOANS TO EMPLOYEES

Other financial assets include loans to employees.

Amounts in NOK million	2013	2012
Loans to employees	5	6

NOTE 5 SHARE INVESTMENTS

Amounts in NOK million	Book value	Ownership interest	Head office
Thams Invest AS	20	12.8%	Løkken, Norway
Other companies	4		
Total shares	24		

NOTE 6 REMUNERATION AND CONTRACTUAL ARRANGEMENTS

Remuneration of the Group Executive Board

The Board of Directors decides the terms and conditions of the President and CEO and makes decisions on fundamental issues relating to the Group's conditions policy and compensation arrangements for other employees. The Board of Directors has a special Compensation Committee that prepares matters relating to compensation for decision by the Board. The Committee consists of three Board members, one of whom is elected by the employees, and was chaired by the Deputy Chair of the Board in 2013. The administration prepares matters for the Compensation Committee and the Board.

As of 31 December 2013, the Group Executive Board comprised the following members: Åge Korsvold, Marianne Romslo-Macarie (from 1 February 2013), Terje Andersen, Karl Otto Tveter, Håkon Mageli, Atle Vidar Nagel-Johansen, Stig Ebert Nilssen (from 22 April 2013), Pål Eikeland, Paul Jordahl, Ole Petter Wie (from 9 January 2013), Christer Åberg (from 1 August 2013) and Johan Clarin (from 15 September 2013). President and CEO Åge Korsvold was appointed on special conditions and receives a fixed remuneration of NOK 950,000 per month which covers his salary, fixed bonus, benefits in kind, long-term bonus and accrued pension entitlement in addition to the collective pension plan.

The following salaries and remuneration were paid to the Group Executive Board in 2013:

Amounts in 1,000 NOK	Ordinary salary	Bonus	Benefits in kind	Pension costs
Åge Korsvold	10,989	-	15	57
Terje Andersen	3,089	828	209	868
Marianne Romslo-Macarie[1]	1,933	-	170	383
Karl Otto Tveter	2,370	657	233	480
Håkon Mageli	2,188	671	181	437
Atle Vidar Nagel-Johansen	2,882	800	209	705
Pål Eikeland	2,377	304	202	501
Stig Ebert Nilssen[1]	1,661	-	118	489
Ole Petter Wie	2,719	-	232	636
Paul Jordahl	2,681	442	116	808
Christer Åberg[1]	1,833	-	867	486
Johan Clarin[1]	728	-	78	121
Total remuneration	35,450	3,702	2,630	5,971

[1]From commencement in the Group Executive Board.

The shareholdings of members of the Group Executive Board are presented on page 122.

The period of notice of the President and CEO is three months, with a period of pay of one month after termination of employment. The members of the Group Executive Board other than the President and CEO have a period of notice of six months, and their retirement age is 65. From the age of 65 until they reach the age of 67, Orkla will pay them 66% of their salary upon retirement, after which their pension will be paid from Orkla's pension plan. Terje Andersen and Karl Otto Tveter have personal loans on which a regulated interest rate is charged. The balance at 31 December 2013 was NOK 701,542 for Mr Andersen and NOK 158,274 for Mr Tveter. No other members of the Group Executive Board have personal loans.

If an employee in the Group Executive Board, by mutual agreement and in the best interests of the company, terminates his or her employment contract, the employee will receive pay and contractual benefits for up to 12 months after the period of notice. Up to 75% of any income from another permanent post during the 12-month period will be deducted.

In 2013 the members of the Group Executive Board, except for the President and CEO, have participated in the Group's annual bonus system. The Group Executive Board participates in the Group's general employee share purchase programme. No guarantees have been provided for members of the Group Executive Board.

The Group Executive Board, except for the President and CEO, has also participated in the Group's long-term incentive programme. The Group Executive Board's bonus bank balance as at 31 December 2013, and the underlying exposure in number of shares based on the share price at 19 April 2013, are presented below:

Amounts in 1,000 NOK	Balance bonus bank	Number of underlying shares	Balance options
Terje Andersen	1,969	40,036	311,000
Marianne Romslo-Macarie	733	14,896	-
Karl Otto Tveter	1,475	30,002	175,000
Håkon Mageli	955	19,410	175,000
Atle Vidar Nagel-Johansen	1,424	28,947	220,000
Pål Eikeland	816	16,592	100,000
Paul Jordahl	1,052	21,392	220,000
Stig Ebert Nilssen	1,438	29,233	175,000
Ole Petter Wie	1,102	22,399	-
Christer Åberg	726	14,762	-
Total	11,690	237,669	1,376,000

Options awarded to the Group Executive Board as of 31 December 2013

	Number	Award date (dd/mm/yyyy)	Strike price	1st exercise (dd/mm/yyyy)	Last exercise (dd/mm/yyyy)
Terje Andersen	40,000	08.05.2008	71.40	08.05.2011	08.05.2014
	90,000	22.05.2009	42.36	22.05.2012	22.05.2015
	95,000	10.05.2010	41.38	10.05.2013	10.05.2016
	86,000	09.05.2011	47.53	09.05.2014	09.05.2017
Karl Otto Tveter	25,000	08.05.2008	71.40	08.05.2011	08.05.2014
	50,000	22.05.2009	42.36	22.05.2012	22.05.2015
	50,000	10.05.2010	41.38	10.05.2013	10.05.2016
	50,000	09.05.2011	47.53	09.05.2014	09.05.2017
Håkon Mageli	25,000	08.05.2008	71.40	08.05.2011	08.05.2014
	50,000	22.05.2009	42.36	22.05.2012	22.05.2015
	50,000	10.05.2010	41.38	10.05.2013	10.05.2016
	50,000	09.05.2011	47.53	09.05.2014	09.05.2017
Atle Vidar Nagel-Johansen	30,000	08.05.2008	71.40	08.05.2011	08.05.2014
	60,000	22.05.2009	42.36	22.05.2012	22.05.2015
	60,000	10.05.2010	41.38	10.05.2013	10.05.2016
	70,000	09.05.2011	47.53	09.05.2014	09.05.2017
Stig Ebert Nilssen	25,000	08.05.2008	71.40	08.05.2011	08.05.2014
	50,000	22.05.2009	42.36	22.05.2012	22.05.2015
	50,000	10.05.2010	41.38	10.05.2013	10.05.2016
	50,000	09.05.2011	47.53	09.05.2014	09.05.2017
Pål Eikeland	30,000	08.05.2008	71.40	08.05.2011	08.05.2014
	70,000	09.05.2011	47.53	09.05.2014	09.05.2017
	-50,000	22.05.2009	42.36	22.05.2012	Exercised in 2013
	-60,000	10.05.2010	41.38	10.05.2013	Exercised in 2013
Paul Jordahl	30,000	08.05.2008	71.40	08.05.2011	08.05.2014
	60,000	22.05.2009	42.36	22.05.2012	22.05.2015
	60,000	10.05.2010	41.38	10.05.2013	10.05.2016
	70,000	09.05.2011	47.53	09.05.2014	09.05.2017

The Board of Directors' statement of guidelines for the remuneration of the executive management

Pursuant to section 6-16a of the Public Limited Companies Act, the Board of Directors must draw up a special statement of guidelines for the pay and other remuneration of senior executives. Furthermore, under section 5-6 (3) of the same Act, an advisory vote must be held at the General Meeting on the Board of Directors' guidelines for the remuneration of the executive management for the coming financial year (see (ii) below). In so far as the guidelines concern share-related incentive arrangements, these must also be approved by the General Meeting (see (iii) below).

(i) Pay and other remuneration of the executive management

Information regarding pay and other remuneration of the executive management in 2013 has been provided on previous page.

(ii) Guidelines for pay and other remuneration of the executive management

With regard to guidelines for pay and other remuneration of the executive management in the coming financial year, the Board of Directors will present the following guidelines to the General Meeting in 2014 for an advisory vote:

The purpose of Orkla's terms and conditions policy is to attract personnel with the competence that the Group requires, to further develop and retain employees with key expertise, and to promote a long-term perspective and continuous improvement with a view to achieving Orkla's business goals. The general approach adopted in Orkla's policy has been to pay fixed salaries and pensions based on the market median, while offering a variable element which is linked to results, share price performance etc. (short- and long term incentives) and which should be better than the median. Compensation may consist of the following elements:

a) Fixed elements

Orkla uses internationally recognised job assessment systems to find the "right" level for the job and the fixed salary. Jobs are assessed in relation to their local market (country) and a pay range of the median +/- 20% is applied. The employee's responsibilities, results and performance determine where he or she is placed on the salary scale. Orkla has a defined contribution pension plan in Norway. The contribution rates have been 4% for salaries between 1G and 6G and 8% for salaries between 6G and 12G. For salaries over 12G, the contribution rate is 15% (as from 1 May 2013 1G is NOK 85,245). For members of the Group Executive Board, the rate is 27% during the period in which they serve on the Group Executive Board. Employees who have entered into an early retirement agreement entitling them to retire before the age of 67 receive a pension (unfunded) that is equivalent to 60 per cent of their annual pay, with the exception of the Group Executive Board who receive 66%. Both rates are subject to a minimum of 30 qualifying years. These rates will be reconsidered in connection with the pension reform. In addition to the above, the Group provides benefits such as a company car and company telephone and other limited benefits in kind.

(b) Variable elements – annual bonus

Orkla has a system of annual bonuses. Under this system, a "good performance", which is specifically defined for the various elements, can result in an annual bonus of 30% of an employee's fixed pay, while the maximum bonus is 100% of the employee's annual pay. Approximately 175 senior executive in the Branded Consumer Goods area currently participate in this bonus programme. The bonus programme for 2014 will consist of three components, and its primary target will be substantial profit growth. However, the Branded Consumer Goods area has for some time had difficulty in achieving organic top-line growth, which is a very important driver in the long term for ensuring value creation. Consequently, this has now been added as a component of the overall bonus model. Individual bonuses with a maximum percentage of 25%, are also a key element of the programme which focus on employee behaviour.

(iii) Special comments on share-based incentive arrangements

Orkla has a cash-based long-term incentive. An amount based on the result of the annual bonus programme will be deposited in a bonus bank. The balance will be adjusted according to the performance of the Orkla share until it is paid out. 50% of the entitlement will be paid out after two years and the rest after three years, provided that the employee has not given notice of resignation. The annual amount paid out from the long-term programme must not exceed one year's pay on the disbursement date. Any excess amount will be added to the bank deposit to be paid out the following year.

(iv) Senior executive pay policy in previous accounting years

The guidelines for the pay and remuneration of senior executives described in (ii), which were considered at the Annual General Meeting in 2013, also served as guidelines for the determination of senior executive remuneration in 2013.

(v) Changes in contractual arrangements

Karen Aslaksen resigned from her position as Executive Vice President, HR on 1 February 2013 and will receive pay for 12 months after expiry of her period of notice, reduced by 75% of any other income received. Jan Ove Rivenes left his position as Executive Vice President for Home & Personal on 22 April 2013. Mr Rivenes will receive pay until 31 December 2013 and pay after termination of employment in 2014, after which the company has undertaken to purchase some limited consultancy services from Mr Rivenes in the following 3.5 years.

Discounted shares for employees

For several years the Group has had a programme that gives employees the opportunity to buy a limited number of shares at a discount of 30% in relation to the market price of the share. Shares may be purchased for five different amounts: NOK 28,000, 20,000, 12,000, 4,000 and 1,000 (amounts after discount). In 2013 this programme was available to around 12,400 employees in 22 countries. Shares were purchased by 1,498 employees (1,668 in 2011). Costs related to the share purchase programme in 2013 amounted to approximately NOK 16 million (NOK 17 million in 2012).

The Board of Directors recommends to the General Meeting that the employee share purchase programme be continued on the same conditions as in 2013.

Remuneration of the Board of Directors and Board members' shareholdings

As from 21 May 2013, the Board of Directors is remunerated at the following rates:

Board Chair:	NOK	640,000	per year
Board Deputy Chair:	NOK	500,000	per year
Board member:	NOK	378,000	per year
Observer:	NOK	143,000	per year
Deputy member:	NOK	25,000	per meeting
Compensation Committee			
Committee Chair:	NOK	123,000	per year
Member:	NOK	92,000	per year
Audit Committee			
Committee Chair:	NOK	154,000	per year
Member:	NOK	103,000	per year

In addition, shareholder-elected Board members residing outside Norway receive an additional NOK 15,500 per meeting attended.

No loans have been granted to or guarantees provided for members of the Board of Directors.

Payments actually received by members of the Board of Directors are as follows:

Amounts in NOK	Director's fee incl. committee work	Number of shares[1]
Shareholder-elected Board members		
Stein Erik Hagen	753,417	249,142,000
Jesper Ovesen	525,749	20,000
Peter A. Ruzicka	475,165	403,500
Grace Reksten Skaugen	579,741	0
Jo Lunder	508,575	0
Ingrid Jonasson Blank	231,677	0
Lisbeth Valther Pallesen[2]	231,677	0
Employee-elected Board members		
Terje Utstrand	See table next page	3,904
Gunn Liabø	See table next page	9,053
Sverre Josvanger	See table next page	16,717
Laila Fast Petrovic	See table next page	0

[1]Total share ownership including related parties.

[2]Lisbeth Valther Pallesen bought 3,000 shares on 13 January 2014.

Amounts in NOK	Ordinary salary	Director's fees	Benefits in kind	Pension costs
Employee-elected Board members				
Terje Utstrand	509,670	465,583	18,000	16,977
Gunn Liabø	249,742	475,165	10,698	4,483
Sverre Josvanger	482,600	373,416	32,147	15,200
Laila Fast Petrovic	301,488	126,000	0	5,123

Remuneration of the Corporate Assembly and Nomination Committee

Following the Corporate Assembly meeting on 21 May 2013, Orkla's Corporate Assembly was discontinued. For the meetings held in 2013, remuneration of NOK 7,000 per meeting was paid for attendance. In addition, the Chair of the Corporate Assembly received a fee of NOK 137,000, and the Deputy Chair received NOK 10,000. The Chair of the Nomination Committee receives remuneration of NOK 7,000 per meeting, while the other members receive NOK 5,000.

Fees to Group external auditor

Amounts in NOK million (excl. VAT)	Continuing operations 2013	2012
Parent company		
Statutory audit	3.4	2.4
Other attest services	0.0	0.0
Tax consultancy services	2.9	1.4
Other non-audit services	1.8	2.3
Group		
Statutory audit	26	21
Other attest services	0	1
Tax consultancy services	5	5
Other non-audit services	6	3
Total fees to Ernst & Young	37	30
Statutory audit fee to other auditors	2	1

NOTE 7 OTHER FINANCE INCOME AND OTHER FINANCE COSTS

Other finance income

Amounts in NOK million	2013	2012
Interest income	40	77
Other finance income	0	128
Total other finance income	40	205

Other finance costs

Amounts in NOK million	2013	2012
Interest costs	(307)	(351)
Change in fair value interest element	(23)	(50)
Write-down loans subsidiaries	(335)	-
Write-down share investments	-	(949)
Losses and write-downs subsidiaries	-	(872)
Other	(69)	(59)
Total other finance costs	(734)	(2,281)

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million	Land, buildings and other property	Machinery, equipment etc.	Assets under construction	Total
Book value 1 January 2013	98	43	0	**141**
Additions	-	92	32	**124**
Disposals	-	(1)	-	**(1)**
Depreciation	-	(5)	-	**(5)**
Write-downs	-	(13)	-	**(13)**
Book value 31 December 2013	98	116	32	**246**
Initial cost 1 January 2013	116	105	-	**221**
Accumulated depreciation and write-downs 1 January 2013	(18)	(62)	-	**(80)**
Book value 1 January 2013	98	43	0	**141**
Initial cost 31 December 2013	116	183	32	**331**
Accumulated depreciation and write-downs 31 December 2013	(18)	(67)	-	**(85)**
Book value 31 December 2013	98	116	32	**246**

NOTE 9 INTANGIBLE ASSETS

Amounts in NOK million	Trademarks not amortisable	IT	Total
Book value 1 January 2013	26	9	**35**
Amortisation	-	(3)	**(3)**
Book value 31 December 2013	26	6	**32**
Initial cost 1 January 2013	26	56	**82**
Accumulated amortisation and write-downs 1 January 2013	-	(47)	**(47)**
Book value 1 January 2013	26	9	**35**
Initial cost 31 December 2013	26	56	**82**
Accumulated amortisation and write-downs 31 December 2013	-	(50)	**(50)**
Book value 31 December 2013	26	6	**32**

NOTE 10 SHARES IN SUBSIDIARIES, DIRECTLY OWNED

Amounts in NOK million	Book value	Group's share of capital
Orkla Foods Sverige AB[1]	5,469	100%
Orkla Confectionery & Snacks Finland[2]	4,345	100%
Industriinvesteringer AS	2,848	100%
Orkla Energi AS	1,065	100%
Orkla Confectionery & Snacks Norge AS[3]	906	100%
Axellus AS	590	100%
Orkla Eiendom AS	574	100%
Orkla Brands AS	517	100%
Jordan House Care AS	515	100%
Swebiscuits AB	512	100%
Lilleborg AS	502	100%
BRG Holding AS	325	100%
Sarpsfoss Limited		
Ordinary shares	253	100%
Preference shares	43	99.9%
Attisholz AB	187	100%
Orkla Foods Romania SA	184	100%
Orkla Asia Holding AS	166	100%
Viking Askim AS	108	100%
Orkla Insurance Company Ltd.	71	100%
Øraveien Industripark AS	55	100%
Orkla Shared Services AS	55	100%
Trælandsfos Holding AS[2]	41	100%
Orkla Invest AB	38	100%
Meraker Eiendom Holding AS	15	100%
Orkla Accounting Centre Estonia[4]	2	100%
Attisholz Infra AG[5]	1	0.4%
Total	19,387	

[1]Formerly Procordia AB.
[2]Formerly Chips Ab.
[3]Formerly Nidar AS, incl. the merged companies KiMs AS and Sætre AS.
[4]Formerly Rieber & Son Estonia.
[5]The rest of the shares are owned by Attisholz AB.

Only directly owned subsidiaries are included in the above table. The Group also has indirect ownership of around 250 subsidiaries with profit/loss and equity of importance in the evaluation of the above companies. The most important indirectly-owned subsidiaries are shown in the Group Directory at the end of the Annual Report.

NOTE 11 TAXES

Taxes

Amounts in NOK million	2013	2012
Profit before taxes	2,581	220
Change in temporary differences	415	(77)
Correction for change in temporary differences taken to comprehensive income	17	(173)
Total change in temporary differences	432	(250)
Tax-free dividends, capital gains (losses) and write-downs	(1,721)	445
Group contributions without tax	(800)	0
Other permanent differences	(12)	(213)
Total permanent differences	(2,533)	232
Total taxable income	480	202
Calculated current tax expense	(134)	(57)
Withholding tax foreign dividends	(2)	6
Correction in provisions for previous years' taxes	(34)	80
Total current tax expense	(170)	29
Change in deferred tax liabilities	120	(70)
Total tax expense	(50)	(41)

Deferred tax liabilities

Amounts in NOK million	2013	2012
Financial derivatives	147	708
Unrealised gains (losses) on shares outside the TEM[1] in equity	1	107
Accumulated write-downs outside the TEM[1]	(11)	(140)
Hedging reserve in equity	(313)	(421)
Property, plant and equipment	(17)	1
Pension liabilities	(205)	(233)
Other current liabilities	(286)	(281)
Basis deferred tax	(684)	(259)
Deferred tax asset	(185)	(73)
Change in deferred tax	112	(22)
Change in deferred tax taken to comprehensive income	8	(48)
Change in deferred tax in the income statement	120	(70)

[1]TEM = Tax Exemption Method

Reconciliation of total tax expense

Amounts in NOK million	2013	2012
28% of profit before taxes	(722)	(62)
Tax-free dividends, capital gains (losses) and write-downs shares and financial assets	54	293
Dividends and write-downs subsidiaries	394	(220)
Total return swap, gain on and write-down of REC	53	(266)
Net loss/gain on sale of Salvesen & Thams, Fornebu Utvikling	0	68
Group contributions without tax	224	0
Other permanent differences	(16)	60
Withholding tax	(2)	6
Correction previous years' taxes	(35)	80
Total tax expense for Orkla ASA	(50)	(41)

NOTE 12 FINANCIAL RISK

The risk associated with financial instruments in Orkla ASA is related to the following activities:

Shares and financial assets

Changes in share prices rates are sources of financial risk for shares and financial assets. This risk is quantified in Note 23 to the consolidated financial statements.

The Group's internal bank

The Treasury Department of Orkla ASA manages the interest rate and currency risk for the Group. The Treasury Department acts as Group internal bank and initiates virtually all external borrowing and hedging transactions in interest rate and currency derivatives. The subsidiaries mitigate their currency risk by entering into internal currency hedging contracts with the internal bank, which in turn hedges this risk through external hedging positions. Additionally, the internal bank holds debt in foreign currencies in order to hedge currency risk on internal loans, book equity and goodwill. The internal bank does not actively take on currency risk. Internal loans and receivables are at floating interest rates, and no Group-internal interest hedging contracts are made. Management of interest rate and currency risk for Group-external items is described in more detail in Note 30 to the consolidated financial statements.

Other matters

Further details of the organisation of risk management and the risk related to financial instruments are disclosed in Note 30 to the consolidated financial statements.

Derivatives and hedge accounting

Currency forward contracts. The internal and external currency forward contracts and cross currency swaps are recognised at fair value in the statement of financial position with changes in fair value recognised through profit and loss. Currency effects on internal and external loans are also accounted for through profit and loss.

Interest rate swaps. External borrowing for the Group is mainly originated in the name of Orkla ASA. Loans originated at fixed interest rates are swapped to floating interest rates through interest rate swaps. These swaps are recognised as fair value hedges with fair value changes recognised through profit and loss. At 31 December 2013, the fair value of such interest rate swaps was NOK 427 million (2012: NOK 624 million). During the year NOK 196 million was recognised as financial cost from changes in the fair value of these interest rate swaps, and NOK 196 million was recognised as financial income from fair value changes relating to the hedged loans.

When Orkla hedges future interest payments, interest rate swaps, where Orkla receives floating interest rates and pays fixed interest rates, are used. These interest rate swaps are recognised as cash flow hedges with changes in fair value recognised through comprehensive income. At 31 December 2013, the fair value of these swaps amounted to NOK -313 million (2012: NOK -422 million).

Interest rate swaps with short maturities and FRAs are recognised with changes in fair value through profit and loss. The fair value at 31 December 2013 was NOK 1 million (2012: NOK -1 million).

Equity hedging reserve. Change in equity hedging reserve:

Amounts in NOK million	2013	2012
Opening balance hedging reserve before tax	(422)	(300)
Recognised as finance income/expenses	101	44
Fair value change during the year	7	(166)
Closing balance equity hedging reserve before tax	(314)	(422)
Deferred tax hedging reserve	85	118
Closing balance equity hedging reserve after tax	(229)	(304)

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):

2014:	NOK -100 million
After 2014:	NOK -213 million

In 2013 no hedging inefficiency was recognised on cash flow hedges.

NOTE 13 OTHER MATTERS

PAYE tax guarantee

Orkla ASA has a bank guarantee to cover Pay-As-You-Earn (PAYE) tax payable by employees. The company has no other tied assets.

Material leases

In 2013, Orkla ASA moved to new temporary premises in Nedre Skøyen vei 26, Oslo, along with the companies Axellus, Lilleborg, Orkla Confectionery & Snacks Norge, Pierre Robert Group, Orkla Hydro Power, Orkla Shared Services, Jordan House Care and Orkla Eiendom. The building has been leased for five years from Evry pending the construction of new permanent premises at Drammensveien 149 and 151. Annual leasing costs total NOK 33 million, but Orkla ASA subleases premises to the other companies.

Orkla ASA still leases premises at Karenslyst allé 6, Skøyen, in Oslo, from Investorprosjekt 93 AS until the year 2020. Annual leasing costs total NOK 19 million. At present, the building has not been leased out, and a provision of NOK 20 million was therefore made in the financial statements for 2013.

As a result of the acquisition of Rieber & Søn ASA, Orkla ASA took over the lease of Rieber's headquarters in Nøstegaten 58, Bergen. The contract runs until 2019, and the lessor is AS Inventor Eiendommer. Annual leasing costs total NOK 20 million. The building is subleased, primarily to Orkla Foods Norge and to Bergen Municipality.

Matters disclosed in the Notes to the consolidated financial statements

Share-based payment – Note 10.
Events after the balance sheet date – Note 39.

Shareholders in Orkla ASA

A list of the largest shareholders in Orkla ASA is presented in Note 33.

Statement from the Board of Directors of Orkla ASA

We confirm that the financial statements for the period 1 January up to and including 31 December 2013 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group as a whole, and that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the Group as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, 5 February 2014

The Board of Directors of Orkla ASA

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

Auditor's Report

TO THE GENERAL MEETING OF ORKLA ASA

Report on the financial statements

We have audited the accompanying financial statements of Orkla ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2013, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Orkla ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 7 February 2014
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Historical Key Figures (as reported 2009-2012)

	Definition		2013	2012	2011	2010	2009
INCOME STATEMENT							
Operating revenues		(NOK million)	**33,045**	30,001	61,009	57,338	56,228
EBITA*		(NOK million)	**3,163**	3,295	4,041	3,944	2,448
Amortisation intangible assets		(NOK million)	**(21)**	(16)	(55)	(52)	(213)
Other income and expenses		(NOK million)	**(860)**	(433)	(1,041)	330	2,871
Operating profit		(NOK million)	**2,282**	2,846	2,945	4,222	5,106
EBITA-margin*	1	(%)	**9.6**	11.0	6.6	6.9	4.4
Ordinary profit/loss before taxes		(NOK million)	**2,664**	3,873	(923)	20	1,071
Gains/profit/loss discontinued operations		(NOK million)	**(1,225)**	(1,583)	1,213	(40)	993
Profit/loss for the year		(NOK million)	**747**	1,583	(728)	(864)	2,560
CASH FLOW							
Net cash flow		(NOK million)	**(2,757)**	5,273	8,974	230	5,640
RETURN							
Return on capital employed (excl. Orkla Financial Investments)	2	(%)	**11.1**	12.9	10.7	10.5	5.2
Return on share portfolio investments		(%)	**35.8**	18.6	(14.1)	31.8	39.0
CAPITAL AS OF 31 DECEMBER							
Book value of total assets		(NOK million)	**52,115**	57,686	66,396	87,541	94,686
Market capitalisation	3	(NOK million)	**47,981**	49,031	45,543	57,947	57,934
Equity ratio	4	(%)	**59.1**	53.9	51.8	53.6	51.7
Net interest-bearing liabilities	5	(NOK million)	**8,496**	4,960	10,645	19,652	19,848
Interest coverage ratio	6		**8.1**	10.6	(1.4)	1.1	2.2
Average borrowing rate		(%)	**3.4**	3.7	2.7	2.2	3.5
Share of floating interest-bearing liabilities	7	(%)	**54**	63	67	76	78
Average time to maturity liabilities	8	(year)	**3.6**	3.1	4.1	4.3	4.2
SHARES							
Average number of shares outstanding diluted		(x 1,000)	**1,013,312**	1,011,770	1,020,194	1,019,688	1,017,509
Average number of shares outstanding		(x 1,000)	**1,012,284**	1,011,723	1,020,194	1,019,619	1,017,110
SHARE-RELATED KEY FIGURES							
Share price at 31 December		(NOK)	**47.32**	48.50	44.65	56.70	56.85
Earnings per share diluted	9	(NOK)	**0.7**	1.6	(0.8)	(0.9)	2.5
Ordinary dividend per share (proposed for 2013)		(NOK)	**2.50**	2.50	2.50	2.50	2.25
Payout ratio	10	(%)	**357.1**	156.3	(312.5)	(277.8)	90.0
Price/earnings ratio	11		**67.6**	30.3	(55.8)	(63.0)	22.7
PERSONNEL							
Number of employees			**16,756**	28,379	29,785	30,233	30,167
Number of man-years			**16,737**	28,350	29,397	29,748	29,571

*EBITA = Operating result before amortisation and other income and expenses.

Definition:

1 EBITA* / Operating revenues
2 EBITA* / (Average net working capital + Average tangible assets + Average intangible assets at cost – Average net pension liabilities – Average deferred tax excess value)
3 Market capitalisation is calculated on the basis of number of shares outstanding x Average share price at year end
4 Book equity / Total assets
5 Total interest-bearing liabilities - Interest-bearing receivables and liquid assets (cash, bank deposits etc.)
6 (Profit before tax + Net interest expenses) / (Net interest expenses)
7 Liabilities with remaining period of fixed interest of less than one year
8 Average time to maturity for long-term interest-bearing liabilites and unutilised committed credit facilities
9 Profit for the year after minority interests / Average number of shares outstanding diluted at year end
10 Ordinary dividend per share / Earnings per share diluted
11 Share price / Earnings per share diluted


Solidox

Share information

Through efficient business operations, Orkla aims to achieve long-term value growth for its shareholders which exceeds that of relevant, competitive investment alternatives. For shareholders, this is reflected in the combination of the long-term price performance of the Orkla share and the dividend that is paid out.

Return on investment
Over time, Orkla shareholders have enjoyed a good return on their shares. In 2013 the Orkla share gave shareholders a return of 2.5%, including dividend, on their investment. The return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 23.6%. In the past 20 years, the annual return on the Orkla share has averaged 12.3%, slightly higher than the Oslo Stock Exchange (9.5%).

Market capitalisation and turnover
The Orkla share is listed on the Oslo Stock Exchange under the ticker code ORK. All shares have equal rights and are freely transferable. Orkla is one of the largest companies listed on the Oslo Stock Exchange, and accounted for approximately 4.3% of the OSEBX at the end of 2013. The Oslo Stock Exchange's OBX list comprises the 25 most liquid companies on the Oslo Stock Exchange. As of 31 December 2013, Orkla accounted for 4.7% of the OBX list. At the end of 2013, the Orkla share was listed at NOK 47.32. Orkla's market capitalisation was therefore NOK 48.0 billion, down NOK 1.0 billion from 31 December 2012. Orkla shares were traded for a total of NOK 19 billion in 2013, equivalent to 2.3% of the Oslo Stock Exchange's total trading volume. The average daily volume of trades on the Oslo Stock Exchange was 1.6 million shares.

In 2013, around two-thirds of Orkla share trades took place through marketplaces other than the Orkla Stock Exchange, such as Boat xoff and BATS Chi-X. The Orkla share may also be traded through Orkla's Level-1 ADR programme in the USA. More information on the ADR programme may be found on Orkla's website under "Investor Relations".

Dividend policy
Over time, Orkla's shareholders shall receive a competitive return on their investment through a combination of dividends and an increase in the share price. Over time, Orkla has achieved a steady, stable increase in the dividends paid out. An ordinary dividend of NOK 2.50 per share was paid out for the 2010, 2011 and 2012 financial years. Additionally, an extraordinary dividend of NOK 5.00 per share was paid out in November 2011. The Board of Directors proposes to pay a dividend of NOK 2.50 per share for the 2013 financial year. The dividend will be paid out on 25 April 2014 to shareholders of record on the date of the Annual General Meeting.

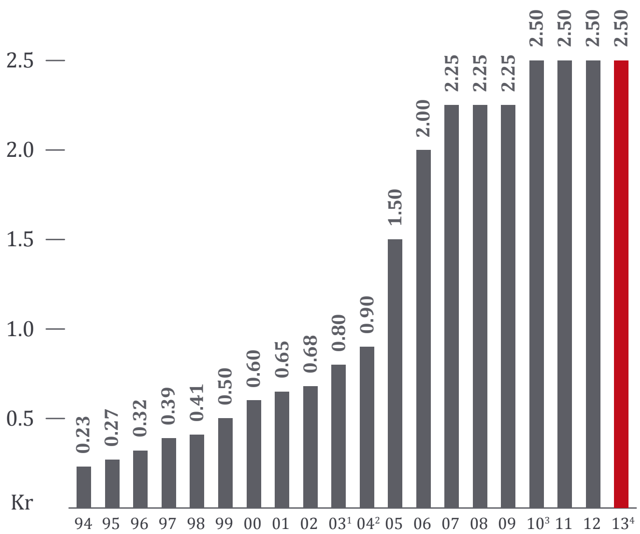
Treasury shares
Orkla supplements its dividends with moderate share buybacks. At the 2013 Annual General Meeting, the Board of Directors was granted authorisation to buy back up to 100,000,000 Orkla shares. The authorisation must be implemented within a limited period of time, at the latest by the Annual General Meeting in 2014. No Orkla shares were bought back in 2013. Shares acquired under the authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. As at 31 December 2013, Orkla owned 4,972,106 treasury shares. The Board of Directors will propose to the General Meeting in 2014 that the authorisation to buy back Orkla shares be renewed.

Shareholders
As at 31 December 2013, Orkla had 41,307 shareholders, compared with 44,253 as at 31 December 2012. At year end, 52% of the shares were owned by foreign investors, compared with 46% at the start of the year. Read more about Orkla's biggest shareholders on Orkla's website under "Investor Relations".

Voting rights
Orkla has one class of share, and each share carries one vote and has a par value of NOK 1.25. Each shareholder is entitled to vote the number of shares which he or she owns and which are registered in the Norwegian Central Securities Depository (VPS) on the date of the general meeting. If the shareholder has acquired the shares shortly before the general meeting, voting rights for the transferred shares may only be exercised if the acquisition has been registered in the VPS, or if the acquisition has been reported to the VPS and proof of the acquisition is presented at the general meeting.

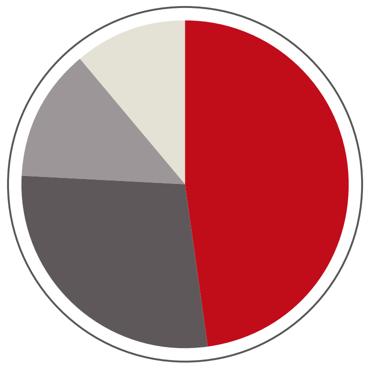
Read more about Orkla's voting rights and the general meeting on Orkla's website under "Investor Relations".

Ordinary dividend per share



[1]Additional dividend NOK 5.00 per share.
[2]Additional dividend NOK 1.00 per share.
[3]Additional dividend NOK 5.00 per share.
[4]Proposed dividend.

Shareholders by geographical region as of 31 December 2013



Norway	48%
USA	28%
Great Britain	13%
Other	11%

Shares by size of shareholding as of 31.12.2013

No. of shares	No. of shareholders	% of capital
1 - 500	17,041	0.4%
501 - 5,000	19,842	3.4%
5,001 - 50,000	3,802	4.8%
50,001 - 500,000	470	7.0%
500,001 - 2,500,000	97	10.4%
Over 2,500,000	55	74.0%

Average number of shares outstanding, diluted

	2013	2012	2011	2010	2009
Average no. of shares issued	1,018,930,970	1,026,308,018	1,028,930,970	1,028,930,970	1,028,930,970
Average no. of treasury shares	6,646,896	14,585,271	8,736,505	9,311,764	11,820,991
Average no. of shares outstanding	1,012,284,074	1,011,722,749	1,020,194,465	1,019,619,206	1,017,109,979
Estimated dilution effect	1,027,629	47,713	0	68,637	398,956
Average no. of shares outstanding, diluted	1,013,311,703	1,011,770,462	1,020,194,465	1,019,687,843	1,017,508,935

The 20 largest shareholders as of 31.12.2013[1]

Shareholder		No. of shares	% of capital
1	Canica AS Group[2]	249,142,000	24.5%
2	Folketrygdfondet	57,725,779	5.7%
3	Newton Investment Management Ltd.	45,371,758	4.5%
4	Artisan Partners Limited Partnership	35,459,700	3.5%
5	BlackRock, Inc.	26,949,136	2.6%
6	First Pacific Advisors, LLC	24,411,778	2.4%
7	State Administration of Foreign Exchange	20,411,012	2.0%
8	State Street Corporation	18,211,243	1.8%
9	INVESCO LTD	14,711,361	1.4%
10	Toronto-Dominion Bank	14,326,321	1.4%
11	First Eagle Investment Management, L.L.C.	13,613,812	1.3%
12	MSDC Management, L.P.	13,324,975	1.3%
13	Standard Life Investments Ltd.	12,486,995	1.2%
14	DNB ASA	12,326,158	1.2%
15	Old Mutual plc	12,136,865	1.2%
16	Kensico Capital Management Corp.	11,095,800	1.1%
17	The Vanguard Group, Inc.	10,307,230	1.0%
18	Kommunal Landspensjonskasse	9,467,268	0.9%
19	Pareto AS	8,340,566	0.8%
20	International Value Advisers, LLC	7,920,593	0.8%

[1] *The list of shareholders is provided by ThomsonReuters.*
[2] *Canica: Canica AS, Canica Investor AS, Tvist AS, Stein Erik Hagen AS.*

Key figures for the Orkla share

	2013	2012	2011	2010	2009
Share price, high (NOK)	52.8	49.3	58.8	58.2	58.0
Share price, low (NOK)	43.3	39.2	39.1	40.0	38.4
Share price, closing 31.12 (NOK)	47.3	48.5	44.7	56.7	56.9
Diluted earnings per share (NOK)[2]	0.7	1.6	-0.8	-0.9	2.5
Dividend paid per share (NOK)	2.50[1]	2.50	2.50	7.50	2.25
Percentage of foreign shareholders	52.1%	45.9%	40.4%	38.7 %	37.0 %
Number of shares issued as at 31.12.	1,018,930,970	1,018,930,970	1,028,930,970	1,028,930,970	1,028,930,970
Number of shares outstanding as at 31.12.	1,013,958,864	1,010,943,856	1,020,010,179	1,021,985,221	1,019,073,155

[1] *Proposed dividend*
[2] *Figures as reported from 2009-2012*

Analysts

Brokerage house	Contact	Telephone	E-mail
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Arctic Securities	Kenneth Sivertsen	+47 21 01 32 32	kenneth.sivertsen@arcticsec.no
Carnegie	Preben Rasch-Olsen	+47 22 00 93 59	pro@carnegie.no
Credit Agricole Cheuvreux	Daniel Ovin	+46 87 23 51 75	dovin@cheuvreux.com
Danske Market Equities	Martin Stenshall	+47 85 40 70 73	martin.stenshall@danskebank.com
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Fondsfinans	Daniel Johansson	+47 23 11 30 61	dj@fondsfinans.no
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RS Platou Markets	Terje Mauer	+47 22 01 63 24	t.mauer@platoumarkets.com
SEB Enskilda	Atle Vereide	+47 21 00 85 33	atle.vereide@enskilda.no
SpareBank1 Markets	Lars-Daniel Westby	+47 24 14 74 16	lars.westby@sb1markets.no
Swedbank Securities	Henning C. Steffenrud	+47 23 23 80 35	hs@swedbank.no
UBS Investment Bank	David Hallden	+46 84 53 73 00	david.hallden@ubs.com

Additional information for valuation purposes

One possible model for valuing Orkla is based on distinguishing between industrial assets, where the value lies in future earnings from continuing operations, and the Group's negotiable assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from industrial activities.

HYDRO POWER

The power operations have been fully consolidated into Orkla's income statement and are reported as Hydro Power. The power operations consist of two assets, a reservoir power plant in Sauda and a run-of-the-river plant in Sarpsfoss.

The Sauda hydropower operations are regulated by a civil law lease agreement with Statkraft. The lease runs until 31 December 2030, after which the power plants will be returned to Statkraft in return for a financial compensation equivalent to the estimated residual value, written down for tax purposes, of the newly built plants (around NOK 1.1 billion). There is an ongoing dispute regarding the tax ownership of one of the Sauda power plants. See Note 15 "Taxes".

The Saudefaldene plant's normal annual production totals 1,810 GWh. Saudefaldene leases approximately 1 TWh per year from Statkraft and has corresponding sales commitments, the net effect of which is zero. The rest of the power is sold on the spot market. Payroll expenses and other operating costs related to these activities amounted to approximately NOK 65 million in 2013. Major maintenance investments are recognised in the financial statements under operating expenses, and account for around NOK 10 million of operating costs. Depreciation totalled approximately NOK 50 million in 2013.

The power operations in Sarpsfoss are based on power rights that are not subject to reversion, and normal annual production totals 588 GWh. The power is sold on the spot market. Payroll expenses and other operating costs related to these activities totalled around NOK 45 million in 2013. Depreciation amounted to around NOK 10 million in 2013.

SHARES AND FINANCIAL ASSETS

The market value of shares and financial assets was NOK 1.1 billion as at 31 December 2013. For more information, see Note 23 "Shares and financial assets".

ORKLA EIENDOM (REAL ESTATE)

Orkla's real estate operations have essentially been focused on the development of properties derived from discontinued industrial operations within the Group. As at 31 December 2013, the carrying value of Orkla's real estate investments was NOK 2.3 billion. Orkla Eiendom consists of the real estate company FG Eiendom, Rygge Civilian Airport and Øra Industripark. Read more at www.orklaeiendom.no.

JOTUN

Orkla owns 42.5% of Jotun, which is reported as an associate. Jotun is a well-established global manufacturer of paint and powder coatings, and holds strong positions in Asia and the Middle East. The company is steadily expanding and has achieved good organic growth in the past few years. Jotun reported operating revenues of NOK 12,034 million in 2013 and EBIT amounted to NOK 1,258 million. Read more at www.jotun.com.

SAPA

In 2013, Orkla and Hydro combined their respective extruded profiles, building systems and tubing operations to form a leading global supplier of aluminium solutions. The combined company, Sapa (JV), is presented on one line of the income statement (Associates and joint ventures) according to the equity method. Sapa's income statement is presented in Note 7 "Investments in companies reported according to the equity method". As a result of the joint venture, the company is expected to extract synergies totalling NOK 1 billion in the period up until 2016. The owners have an agreement that the company is to be listed on the stock exchange after three years if one of the parties so wishes.


Barnas

People and leadership at Orkla

Our employees and management personnel play a pivotal role in Orkla's development and, along with our culture, conduct and values, are the primary factors for our success. We work purposefully to attract, recruit, develop and retain critical expertise to ensure growth and operational excellence throughout our value chain.

In our transition from a conglomerate to a pure-play brand company, we are now moving from a decentralised model towards adopting a more integrated HR strategy for performance management, talent management, capability building and leadership across the Group.

ATTRACTING AND RECRUITING THE BEST TALENT

Ensuring a continuous pool of expertise and access to top talent is one of the most critical processes for Orkla. The fight for top performers is increasingly tough, the demands greater and the range of channels broader.

2013 was an active year in terms of identity-building and recruitment. We maintained a high level of activity, and are seeing clear results from our efforts in the form of highly qualified candidates and good recruitment. We have taken a firm step into social media like LinkedIn and use it actively in our corporate identity and recruitment work. We work continuously to asure – and enhance – the quality of our recruitment processes. In 2013, we focused on bringing external competence into the Group, while also increasing internal mobility. Sharing talented employees across the organisation is increasingly important in the fight not just to attract and recruit, but also retain the best talent.

Promoting diversity at all levels is crucial to building strong, complementary teams, and a key objective of our recruitment activities. To maintain our competitiveness, we must ensure that our organisation reflects the diversity of our consumers. One example of this focus is our active engagement in the non-profit organisation Alarga. This year, our seventh Orkla grant recipient is participating in the Alarga programme, and we are actively involved in Alarga's further development.

Potential candidates shall be given a clear and honest picture of what it means to work at Orkla. We must define our promises to candidates and ensure that we have systems and procedures in place that enable us to keep those promises. In this way we will be able to attract, recruit and retain the best talent at all times.

DEVELOPING, MOTIVATING AND RETAINING EXCELLENT EMPLOYEES

Continuously building the Group's capabilities is essential to strengthening our competitive edge. This also entails continuous focus on developing our specialist and leadership expertise, and on creating an everyday working environment in which our employees can use their skills to optimal benefit. Several initiatives were carried out in the course of the year which we believe will contribute to developing the Group's overall competency and competitiveness.

By merging a number of our companies in 2013, we created larger, more robust units, which will in turn provide the basis for stronger specialist teams, more attractive workplaces and a stronger competitive advantage. The new management teams have been bolstered by external expertise that will ensure forceful, diversified management staff and infuse the organisation with new inspiration and vigour. Individual employees are primarily trained on the job. We have had a clear focus on opening up career paths within the Group, and will actively promote a better flow of talent across the different companies and business areas in the Group.

Orkla also offers a range of training programmes in the form of Orkla Academies that are designed to provide the Group companies with crucial competence in leadership and important specialised fields of expertise. In addition to enhancing the participants' technical and professional skills, these programmes provide an arena for fostering shared attitudes, common working methods and a corporate culture that transcends inter-company borders. Through our Academies, Orkla has built up a proud tradition of skills-building over a period of many years. In 2013, the Academies were run on traditional lines, but we will undertake a comprehensive evaluation of our training programmes in 2014 to ensure that they are effective and relevant and underpin the Group's strategy and objectives.

Incentives and reward systems consistent with prevailing market conditions play a key role in retaining good employees. In 2013, our management incentive system was amended to align it more closely with the Group's overarching goals. However, this is not enough. To ensure the Group's continued progress as the Nordic region's leading Fast Moving Consumer Goods (FMCG) company, we strive to build a culture of openness, willingness to change and flexibility, and to be an attractive arena for the personal development of talented professionals.

The Board of Directors of Orkla ASA

STEIN ERIK HAGEN[1]

Chairman of the Board

Degree from the Retail Institute (now the Norwegian School of Retail)

First elected to the Board in 2004 and up for re-election in 2014. Retailer and founder of RIMI Norge AS and Hakon Gruppen AS from 1976. Co-founder of ICA AB and retailer, 1999-2004.Owner and Executive Chairman of the Board of Canica AS and associated family-owned companies since 2004. Member of the Board of Jotun AS. Member of the Council of Det Norske Veritas. Chairman and member of the Board of various companies in which the S.E. Hagen family has direct or indirect ownership interests. Member of the Board of the Stein Erik Hagen Stiftelse for Klinisk Hjerteforskning (Foundation for Clinical Heart Research) and member of the Committee of Shareholders' Representatives of Stein Erik Hagens Allmennyttige stiftelse (Charitable Foundation). General Manager of the Prostate Cancer Foundation of Norway. Orkla and Canica and/or Stein Erik Hagen have one common business interest*. The Board of Directors of Orkla has been informed of these interests, and has taken due note of the information.

Mr Hagen and related parties own 249,142,000 shares in Orkla ASA[2]. Mr Hagen attended 9 Board meetings in 2013.

GRACE REKSTEN SKAUGEN

Deputy Chair of the Board of Directors

MBA, Norwegian School of Management BI, BSc and PhD in Laser Physics, Imperial College of Science and Technology

First elected to the Board in 2012 and up for re-election in 2014. Independent consultant. Chair of the Board of the Norwegian Institute of Directors. Deputy Chair and Chair of the Compensation Committee of Statoil ASA. Member of the Board and Board Chair of the Finance & Risk Committee of Investor AB. Advisor, Deutsche Bank. Former Director, SEB Enskilda Securities, Corporate Finance.

Ms Reksten Skaugen and related parties own no shares in Orkla ASA[2]. Ms Reksten Skaugen attended 4 Board meetings in 2013.

PETER A. RUZICKA[1]

Member of the Board of Directors (up until 10 February 2014)

MBA and degree in Business Economics, Oslo School of Business Administration

Board member from 2003 to 2005. Member of the Corporate Assembly, 2005-2007. Elected as deputy member of the Board of Directors in 2007, and elected as Board member in 2008. Peter A. Ruzicka stepped down from the Board of Directors on 10 February 2014. Mr Ruzicka has 25 years of experience in the retail sector. Managing Director of Hakon Gruppen from 1995 to 2000, and in charge of establishing ICA in the Baltics in the same period. Deputy CEO of ICA AB, 1998-2000. Head of Ahold's operations in the Czech Republic and Slovakia from 2000. Managing Director of Jernia ASA, 2003-2006, and Managing Director of Canica AS, 2006-2014. In addition to being Chairman of the Board of Jernia AS from 2007 to 2014, he has been Chairman of the Board of Komplett AS and member of the Board of Storebrand and REC.

Mr Ruzicka and related parties own 403,500 shares in Orkla ASA[2]. Mr Ruzicka attended 8 Board meetings in 2013.

JO LUNDER

Member of the Board of Directors

MBA, Henley Management College

First elected to the Board in 2012 and up for re-election in 2014. From 2011, CEO of VimpelCom Ltd. President of Ferd Capital and Executive VP of Ferd Holding, 2007-2011. President & CEO Atea ASA, 2005-2007. CEO, President, COO of OSJC Vimpel-Com, 1999-2005. Prior to that, many executive management positions at Telenor ASA, Norgeskreditt and 3M Norge. Formerly Chair and member of the Board of several companies, including Tomra, Pronova, Ferd, Aibel, Elopak, Swix and VimpelCom.

Mr Lunder and related parties own no shares of Orkla ASA[2]. Mr Lunder attended 7 Board meetings in 2013.

JESPER OVESEN

Member of the Board of Directors

MSc in Economics (Finance), Copenhagen Business School and State Authorised Public Accountant (with deposited license)

First elected to the Board in 2010 and up for re-election in 2014. Senior Executive Vice President and Chief Financial Officer at TDC A/S from 2008 to 2011. Prior to 2008, career in various companies such as LEGO, Danske Bank and NOVO Nordisk A/S. Chair of the Board of Nokia Solutions and Networks and member of the Board of Skandinaviska Enskilda Banken.

Mr Ovesen and related parties own 20,000 shares in Orkla ASA[2]. Mr Ovesen attended 7 Board meetings in 2013.

LISBETH VALTHER PALLESEN

Member of the Board of Directors

Bachelor in Business Administration and Diploma in Marketing, Handelshøjskole Syd, Denmark

First elected to the Board in 2013 and up for re-election in 2014. Co-founder and CEO of Next Step Citizen A/S since 2012. Career at LEGO, 1989-2012, most recently as EVP Consumer, Education & Direct, 2006-2012, in charge of the LEGO Group's direct trade with consumers, digital activities and new business development.

Ms Valther Pallesen and related parties own no shares in Orkla ASA[2]. Ms Valther Pallesen attended 6 Board meetings in 2013.

**Oslo Business Park (Østre Aker vei 90) is jointly owned by FG Eiendom AS (50%) and Winta Eiendom AS (50%). Canica owns 25% of Winta Eiendom AS.*

INGRID JONASSON BLANK

Member of the Board of Directors

MBA, University of Gothenburg, School of Business, Economics and Law, Harvard BS, Oxford

First elected to the Board in 2013 and up for re-election in 2014. Career in ICA, 1986-2010, most recently as EVP Functional Market Responsibility, ICA Sverige.

Ms Jonasson Blank and related parties own no shares in Orkla ASA[2]. Ms Jonasson Blank attended 6 Board meetings in 2013.

TERJE UTSTRAND

Employee-elected member of the Board of Directors

Chief trade union representative (2010-), Chair of the Board for LO union members at Orkla, Chair of Orkla's Committee of Union Representatives and European Works Council. NNN union representative at Nidar AS since 1999 (chief union representative 2002-2010), deputy member of the Board of Nidar AS, 2004-2010, member of the Board of Orkla Brands AS, 2008-2012. Member of Orkla's Committee of Union Representatives-Working Committee since 2000. First elected to the Board in 2012, up for re-election in 2014.

Mr Utstrand and related parties own 3,904 shares in Orkla ASA[2]. Mr Utstrand attended 9 Board meetings in 2013.

GUNN LIABØ

Employee-elected member of the Board of Directors

Trade union representative at Orkla and Lilleborg Ello. Member of the Audit Committee of Orkla ASA and Orkla's Committee of Union Representatives. First elected to the Board in 2004 and up for re-election in 2014.

Ms Liabø and related parties own 9,053 shares in Orkla ASA[2]. Ms Liabø attended 9 Board meetings in 2013.

SVERRE JOSVANGER

Employee-elected member of the Board of Directors

Chair of the Executive Committee for Salaried Employees at Orkla and secretary of Orkla's Committee of Union Representatives and the Working Committee of the Executive Committee since 2012. Member of Orkla's Pension and Insurance Council (POFFO) since 2012. In 2010 elected as member of the Liaison Committee in Orkla Brands Nordic. Head of the trade union division in Nidar since 1994 and chief union representative for salaried employees at Nidar since 2010 and deputy representative on Nidar's Board of Directors since 2010. Employed in Orkla Confectionery & Snacks as sales consultant since 1988. First elected to the Board in 2012 and up for re-election in 2014.

Mr Josvanger and related parties own 16,717 shares in Orkla ASA[2]. Mr Josvanger attended 9 Board meetings in 2013.

LAILA FAST PETROVIC

Regularly attending employee-elected deputy (Since 1 September 2013)

Employed at Orkla Foods Sverige AB (formerly AB Felix) since 1967, member of Orkla's Committee of Union Representatives and the Working Committee of the Executive Committee. Member of Orkla Foods' liaison committee and working committee. Member of the Board of Orkla Foods Sverige. Up for re-election in 2014.

Ms Fast Petrovic and related parties own no shares in Orkla ASA[2]. Ms Fast Petrovic attended 4 Board meetings in 2013.

PEER SØRENSEN

Employee-elected Board observer

Observer, Second Deputy Chair of Orkla's Committee of Union Representatives-Working Committee, joint trade union representative Odense Marcipan A/S. Up for re-election in 2014.

Mr Sørensen and related parties own 2,400 shares in Orkla ASA[2]. Mr Sørensen attended 9 Board meetings in 2013.

[1]Not independent.
[2]Number of shares owned as of 31 December 2013.
On 7 February 2014, Mr Ruzicka bought 280,000 shares, thereby increasing his shareholding to 683,500 shares. On 13 January 2014, Ms Valther Pallesen bought 3,000 shares.

The Group Executive Board

PETER A. RUZICKA (49)

President and CEO

MBA and degree in Business Economics, Oslo School of Business Administration

President and CEO since 10 February 2014.

Mr Ruzicka has 25 years of experience in the retail sector. Managing Director of Hakon Gruppen from 1995 to 2000, and in charge of establishing ICA in the Baltics in the same period. Deputy CEO of ICA AB, 1998-2000. Head of Ahold's operations in the Czech Republic and Slovakia from 2000. Managing Director of Jernia ASA, 2003-2006, and Managing Director of Canica AS, 2006-2014. In addition to being Chairman of the Board of Jernia AS from 2007 to 2014, he has been Chairman of the Board of Komplett AS and member of the Board of Storebrand and REC.

Mr Ruzicka and related parties own 403,500 shares in Orkla ASA[1].

TERJE ANDERSEN (56)

Executive Vice President, Chief Financial Officer

Degree in Business Economics, Norwegian School of Economics (NHH)

Senior Vice President, Chief Financial Officer at Orkla since 2000. Senior Vice President Corporate Finance from 2003 and member of Orkla's Group Executive Board since 2005. Prior to that, Finance Director at Orkla Brands and Lilleborg, and managerial positions at Deloitte Consulting and Nevi Finans.

Mr Andersen and related parties own 39,640 shares and 311,000 options in Orkla ASA[1].

OLE PETTER WIE (48)

Executive Vice President, Business Development

MBA, University of Colorado, Bachelor of Science, Indiana University

Executive Vice President Business Development, Orkla ASA since January 2013, SVP Business Development Orkla ASA, 2012-2013. Executive VP (Interim), Arcus-Gruppen, CEO, Ringnes (Carlsberg Norge), 2009-2012 and Sales Director, Ringnes, 2008-2009. Vice President Strategic Marketing & Sales Unit, Nestle, Global Headquarters, 2005-2008. Engagement Manager and Marketing Expert, McKinsey & Company, 2003-2005. Managing Director, Dayrates, 2000-2003. Career in The Coca-Cola Company, 1992-2000, the last two years in the USA as Director Value Based Management.

Mr Wie and related parties own 1,717 shares in Orkla ASA[1].

KARL OTTO TVETER (49)

Executive Vice President, Legal Affairs

Degree in Law, University of Oslo

Member of Orkla's Group Executive Board since February 2012. Senior Vice President Legal Affairs since 2000. Deputy counsel/counsel at Orkla from 1992. Prior experience from the Ministry of Finance, Tax Law Department.

Mr Tveter and related parties own 36,332 shares and 175,000 options in Orkla ASA[1].

HÅKON MAGELI (49)

Executive Vice President, Corporate Communications and Corporate Affairs

Degree in Business Economics, BI Norwegian Business School, The Executive Programme (Darden, USA)

Member of Orkla's Group Executive Board since June 2012. Director Corporate Affairs Orkla Brands, 2008-2012. Information Director, Orkla Foods, 1995-2008. Director Public Affairs, Orkla Foods, Brussels, 1993-1995. Company Secretary, Nora Foods, 1991-1993. Journalist, Dagens Næringsliv, 1985-1990. Chairman of the Confederation of Norwegian Enterprise's Control Committee and Trade Policy Committee. Member of the Board of the Norwegian Agricultural Economics Research Institute (NILF).

Mr Mageli and related parties own 74,665 shares and 175,000 options in Orkla ASA[1].

MARIANNE ROMSLO-MACARIE (45)

Executive Vice President, HR

Degree in Business Economics, Norwegian School of Economics (NHH)

Member of Orkla's Group Executive Board since February 2013. General Manager, Nike International Ltd. Norway, 2008–2012. Prior to that, career at Oakley Europe SNC, Sales Director for Nordics, 1999-2007 and Regional Director for Norway and Denmark, 1995-1999.

Marianne Romslo-Macarie and related parties own no shares in Orkla ASA[1].

JOHAN CLARIN (42)

Executive Vice President, Operations

Master of Science, Business Administration, University of Gothenburg, Stockholm School of Economics

Member of Orkla's Group Executive Board since September 2013. From 2007 to 2013 several management positions at Sony Mobile Communications AB, most recently as Global Head of Manufacturing and Logistics and CEO/President of BMC, Sony Mobile, China. Member of the Board of Directors of Sony Mobile's Chinese joint venture, 2011-2013. Senior Manager Accenture, 1997-2006 with focus on supply chain management.

Mr Clarin and related parties own 836 shares in Orkla ASA[1].

CHRISTER ÅBERG (47)

Executive Vice President, Orkla Confectionery & Snacks

Market Economist, Business Management, IHM Business School, Stockholm

Member of Orkla's Group Executive Board since August 2013. Executive Vice President, Arla Foods and CEO Arla Foods AB, 2009-2013. Managing Director of Atria Scandinavia, 2006-2009. From 2004-2006 Managing Director, HPC Unilever and 1987-2004 various management positions at Unilever and Unilever Nordic.

Mr Åberg and related parties own 836 shares in Orkla ASA[1].

ATLE VIDAR NAGEL-JOHANSEN (51)

Executive Vice President, Orkla Foods

Authorised Financial Analyst, Norwegian School of Economics (NHH), degree in Business Economics, BI Norwegian Business School

Member of Orkla's Group Executive Board since June 2012. CEO, Orkla Foods Nordic since 2008. CEO, Orkla Foods, 2005-2008. Marketing Director, Orkla Foods International, 2003-2005. Finance Director, Orkla Foods, 2001-2003. Chief Financial Officer, Tandberg Data ASA, 1999-2000. Finance Director, Sætre AS/Orkla Snacks, 1996-1999. Head of Economic Planning & Analysis, Orkla HQ, 1993-1996. Financial analyst, Carl Kierulf & Co, 1989-1992. Financial analyst, Jøtun Fonds, 1987-1989.

Mr Nagel-Johansen and related parties own 7,345 shares and 220,000 options in Orkla ASA[1].

PAUL JORDAHL (52)

Executive Vice President, Orkla International

Market Economist, Oslo School of Management (NMH)

Member of Orkla's Group Executive Board since June 2012. Managing Director, Orkla Brands International, 2008-2012. Managing Director, Orkla Foods Russia, 2007, Managing Director, Abba Seafood, 2005-2006. Marketing Director, Abba Seafood, 2004. Various positions at Kraft Foods in Norway and Europe, most recently as Managing Director, Estrella/Category Director, Snacks Nordic, 1987-2003.

Mr Jordahl and related parties own 3,345 shares and 220,000 options in Orkla ASA[1].

PÅL EIKELAND (54)

Executive Vice President, Orkla Food Ingredients

Degree in Business and Business Administration, BI Norwegian Business School

Member of Orkla's Group Executive Board since June 2012, CEO Orkla Food Ingredients since 2010. Senior Vice President Corporate Development Purchasing, Orkla, 2005-2010, Purchasing Director, Orkla/Orkla Foods, 2001-2005. Director, Lilleborg Profesjonell, 1994-2001. CEO, Phillips Lys A/S, 1992-1994. Various managerial positions in sales and marketing, Lilleborg, 1983-1992.

Mr Eikeland and related parties own 18,836 shares and 100,000 options in Orkla ASA[1].

STIG EBERT NILSSEN (49)

Executive Vice President, Orkla Home & Personal

Major in Finance and International Marketing, Oslo Handelshøyskole

Member of Orkla's Group Executive Board since April 2013 and Senior Vice President and CEO of Orkla Home & Personal from the same date. CEO Axellus AS, 2005-2013. Managing Director Collett Pharma A/S, 2004-2005. Vice President, Nycomed Pharma, Nordic Consumer Health, 2000-2004. Director, Profit Center, Consumer in Norway, Nycomed Pharma A/S, 1999-2000. Marketing Director and Marketing Manager Herman Lepsøe, 1994-1999. Nordic Product Group Manager, SC Johnsen, 1991-1993. Trainee, Product Manager, Marketing Manager, Scandinavian Press (part of IMP Group), 1988-1991.

Mr Nilssen and related parties own 44,440 shares and 175,000 options in Orkla ASA[1].

[1]Number of shares and options owned as of 31 December 2013. On 7 February 2014, Mr Ruzicka bought 280,000 shares, thereby increasing his shareholding to 683,500 shares.

Governing bodies and elected representatives

Nomination Committee

Nomination Committee elected by the General Meeting (cf. Article 13 of the Articles of Association)

Idar Kreutzer (0)
Olaug Svarva (0)
Nils-Henrik Pettersson (42,080)
Leiv Askvig (0)

Board of Directors

Stein Erik Hagen (249,142,000)
Jesper Ovesen (20,000)
Peter Ruzicka (403,500)[1]
Grace Reksten Skaugen (0)
Jo Lunder (0)
Ingrid Jonasson Blank (0)
Lisbeth Valther Pallesen (0)[1]

Employee-elected Board members

Terje Utstrand (3,904)
Gunn Liabø (9,053)
Sverre Josvanger (16,717)
Laila Fast Petrovic (0)

Employee-elected Board observers

Peer Sørensen (2,400)

Auditor

Ernst & Young AS (0)
Jan Wellum Svensen (0),
State authorised public accountant

Figures in brackets indicate the number of shares owned as at 31 December 2013, including those owned by related parties.

[1]*On 7 February 2014, Mr Ruzicka bought 280,000 shares, thereby increasing his shareholding to 683,500 shares.*

On 13 January 2014, Ms Valther Pallesen bought 3,000 shares.

Corporate democracy at Orkla ASA

Active participation by the employees in the governing bodies both at Group level and in the individual Group companies is an important element of decision-making processes at Orkla. An aim has been to evolve representational arrangements that adequately ensure broad-based involvement and genuine influence.

The employees elect four of the 11 members of Orkla's Board of Directors and one observer.

A Committee of Union Representatives has been established for employees of the Norwegian, Swedish and Danish companies in the Orkla Group. This arrangement ensures broad representation for Group employees, based on company, union and country. In Norway, there are also separate committees of representatives for LO union members and for salaried employees. The Committee meets regularly with the Group's executive management to discuss matters relevant to the Group.

An agreement establishing a European Works Council (EWC) has been entered into at Orkla, and liaison committees have been established in the Orkla Foods, Orkla Confectionery & Snacks and Orkla Home & Personal business areas.

In addition to the corporate arrangements described above, the employees are represented on the Board of Directors of the individual companies in the Orkla Group.

The members of the Orkla Committee of Union Representatives as at 31 December 2013 were as follows:

Orkla Committee of Union Representatives Working Committee

Terje Utstrand, Chair
Laila Fast Petrovic, 1st Deputy Chair
Peer Sørensen, 2nd Deputy Chair
Sverre Josvanger, Secretary
Åke Ligardh, member
Gunn Liabø, member
Øystein Larsen, member

Committee of Representatives

Terje Utstrand
Sverre Josvanger
Gunn Liabø
Eldar Johnsen
Roger Vangen
Ingrid Sofie Nielsen
Svein Arne Bjørnland
Perny Emdal
Conny Svensson
Åke Ligardh
Laila Fast Petrovic
Marit Tyft
Anders Norgren
Øystein Larsen
Nils-Erik Nilson
Peer Sørensen
Julie Nielsen


Stabburet
LEVERPOSTEI
Stabburet
LEVERPOSTEI

Group directory

PARENT COMPANY

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Tel.: +47 22 54 40 00
www.orkla.com

BRANDED CONSUMER GOODS

ORKLA FOODS
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00

Orkla Foods Norge AS
P.O. Box 711
NO-1411 Kolbotn, Norway
Tel.: +47 66 81 61 00
www.orklafoods.no

Orkla Foods Norge branches
- Denja, Larvik
- Gimsøy Kloster, Skien
- Idun, Rygge
- Lierne Bakeri, Sørli
- Nora, Brumunddal
- Nora, Rygge
- Saritas, Kristiansand
- Stabburet, Fredrikstad
- Stabburet, Sem
- Stabburet, Stranda
- Stabburet, Vigrestad
- Sunda, Oslo
- Toro, Arna
- Toro, Elverum
- Vossafår, Voss

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- Orkla Foods Sverige AB, Frödinge, Sweden
- Orkla Foods Sverige AB, Fågelmara, Sweden
- Orkla Foods Sverige AB, Kumla, Sweden
- Orkla Foods Sverige AB, Kungshamn, Sweden
- Orkla Foods Sverige AB, Tollarp, Sweden
- Orkla Foods Sverige AB, Uddevalla, Sweden
- Orkla Foods Sverige AB, Vansbro, Sweden
- Orkla Foods Sverige AB, Örebro, Sweden

Orkla Foods Danmark A/S
Hørsvinget 1-3
DK-2630 Taastrup, Denmark
Tel.: +45 43 58 93 00
www.orklafoods.dk

- Orkla Foods Danmark A/S, Ansager, Denmark
- Orkla Foods Danmark A/S, Havnsø, Denmark
- Orkla Foods Danmark A/S, Skælskør, Denmark
- Orkla Foods Danmark A/S, Svinninge, Denmark

Orkla Foods Fenno-Baltic
Orkla Foods Finland Oy
P.O. Box 683
FI-20361 Åbo, Finland
Tel.: +358 20 785 4000
www.felixabba.fi

- Orkla Foods Finland Oy, Åbo, Finland
- Orkla Foods Finland Lahden tehdas, Lahti, Finland
- Orkla Foods Finland Rymättylän tehdas, Rymättylä, Finland
- AS Põltsamaa Felix, Põltsamaa, Estonia
- SIA Spilva, Riga, Latvia
- UAB Suslavicius-Felix, Kaunas, Lithuania

ORKLA CONFECTIONERY & SNACKS
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Orkla Confectionery & Snacks Norge AS
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- Skreia, Norway
- Nord-Odal, Sagstua, Norway

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www.göteborgskex.se

Orkla Confectionery & Snacks Sverige branches
- Filipstad, Sweden
- Kungälv, Sweden

KiMs A/S, Denmark
Sømarksvej 31-35
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Tel.: +45 63 89 12 12
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Orkla Confectionery & Snacks Finland AB
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- Haraldsby, Åland, Finland
- Vaajakoski, Finland

A/S Latfood
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Tel.: +371 67709200
www.cipsi.lv

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www.lilleborg.no
www.lilleborgprofesjonell.no

- Lilleborg AS, Ski, Norway
- Lilleborg AS, Ello branch, Kristiansund N, Norway
- Lilleborg AS, Flisa branch, Norway
- Lilleborg AS, Jørpeland branch, Norway
- Lilleborg AS, Kronull branch, Frei, Norway
- Jordan Asia Pacific Sdn Bhd, Kuala Lumpur, Malaysia
- Peri-dent LTD, Galashiels, Scotland
- Peri-dent Star Sdn Bhd, Nilai, Malaysia

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www.anza.se

- Jordan House Care AS, Skøyen, Norway
- Spekter A/S, Slangerup, Denmark
- Hamilton Acorn Ltd, Norfolk, U.K.

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www.axellus.com

- Axellus AS, Oslo, Norway
- Axellus OY, Vantaa, Finland
- Axellus A/S, Ishøj, Denmark
- Axellus AB, Solna, Sweden
- Axellus Sp z.o.o., Warsaw, Poland
- Axellus SIA, Riga, Latvia
- UAB Axellus, Vilnius, Lithuania

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- Confectionery Factory, Ekaterinburg
- Confectionery Factory «SladCo», Ulianovsk
- Krupskaya Confectionery Factory, St. Petersburg
- Confectionery Plant «Pekar», Leningrad Oblast

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www.vitanafs.cz

- VITANA, a.s. Bysice, Chech Republic
- VITANA, a.s. Roudnice, Chech Republic
- VITANA, a.s. Varnsdorf, Chech Republic
- VITANA, a.s. s.r.o., Chech Republic

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www.rieberson.ru

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Tel.: +91 80 40 81 21 00
www.mtrfoods.com

- Rasoi Magic Foods Pvt. Limited, Pune, India

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Idun Industri AS, Hvam, Norway
- Idun Industri AS, Kokstad, Norway
- Idun Industri AS, Rakkestad, Norway
- Bako AS, Rolvsøy, Norway
- Iglo Logistikksenter, Jessheim, Norway
- Candeco Confektyr AB, Malmö, Sweden
- Nimatopaal i Dala-Järna AB, Dala-Järna, Sweden
- Frima Vafler, Århus, Denmark
- Call Caterlink Ltd., Cornwall, England
- Marcantonio Foods Ltd, Essex, England

Odense Marcipan A/S, Odense, Denmark
- Bæchs Conditori A/S, Hobro, Denmark
- Natural Food, Coseano, Italy

Credin Group, Freixeira, Portugal
- Credin Polska, Sobotka, Poland
- Credin Danmark, Juelsminde, Denmark
- Credin Productos Alimenticios, Barcelona, Spain
- Credin Russia, Ulyanovsk, Russia
- Merkur 09 Sp.z.o.o, Warsaw, Poland
- Kobo, Nisko, Poland
- Sebmag, Ciechanów, Poland
- Holpol, Nowe Skalmierzyce, Poland

Credin BageriPartner A/S, Vejle, Denmark

Dragsbæk A/S, Thisted, Denmark
- Kjarnavörur HF, Inbak, Iceland
- UAB Vilniaus Margarino Gamykla (VMG), Vilnius, Lithuania
- Poznan Onion, Poznan, Poland
- KT Foods, Fårup, Denmark
- Gædabakstur, Reykjavik, Iceland
- Blume Food I/S, Randers, Denmark
- Naturli Foods, Højbjerg, Denmark
- PureOil I/S, Tåstrup, Denmark

KåKå AB, Lomma, Sweden
- KåKå AB, Sollentuna, Sweden
- KåKå AB, Örebro, Sweden
- KåKå Czech, Prague, Czech Republic
- Belusa Foods, Belusa, Slovakia
- Jästbolaget AB, Sollentuna, Sweden
- MiNordija, Kaunas, Lithuania
- LaNordija, Riga, Latvia
- Vilmix, Tallinn, Estonia
- Ekvia, Nitra, Slovakia

Orkla Foods Romania SA, Bucharest, Romania
- Orkla Foods Romania, Covasna, Romania
- Orkla Foods Romania, Iasi, Romania
- FDS, Bucharest, Romania

Sonneveld Group B.V., Papendrecht, The Netherlands
- Sonneveld Sarc, Cergy Pontoise, France
- Sonneveld NV/SA, Brussels, Belgium
- Sonneveld KfT, Öcsa, Hungary
- Sonneveld Poland, Nowe Skalmierzyce, Poland

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- Granges Aluminium (Shanghai) Co.,Ltd., Shanghai, China

Sweden
- Gränges Sweden AB, Finspång, Sweden

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Photo: Ole Walter Jacobsen
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