First half

2016

Contents

More information about Orkla at www.orkla.com/investor-relations

Photo: Ole Walter Jacobsen.
Orkla employees, their children and friends are models in the photos taken by Ole Walter Jacobsen.

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The first half in brief

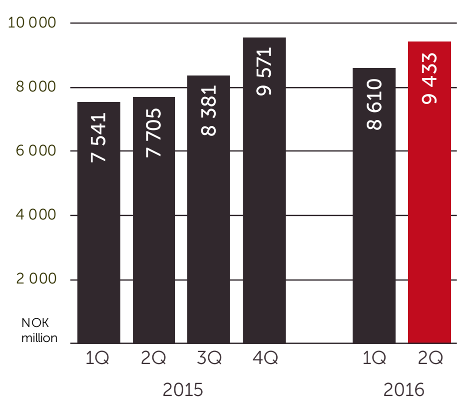
- Group first-half EBIT (adj.)[1] amounted to NOK 1,813 million, up 20% compared with the first half of 2015
- Branded Consumer Goods posted organic[3] top-line growth of 2.8% and EBIT (adj.)[1] growth of 16%. Adjusted for currency translation effects, EBIT (adj.)[1] improved by 11%
- Internal improvement programmes in Branded Consumer Goods contributed positively to first-half results. However, the EBIT (adj.)[1] margin declined by 0.4 percentage-points due to the dilutive effects from the inclusion of acquisitions and higher purchasing costs. The latter were attributable to the weaker Norwegian krone compared with the first half of 2015 and higher prices for several key raw materials
- Branded Consumer Goods was further strengthened in the first half through a number of announced and completed acquisitions, in addition to internal restructuring projects
- Associates and joint ventures made a positive contribution, mainly driven by very good growth for Sapa and a good performance by Jotun
- Earnings per share amounted to NOK 2.07, up from NOK 1.71 in the first half of 2015, equivalent to an increase of 21%

Key figures for the Orkla Group

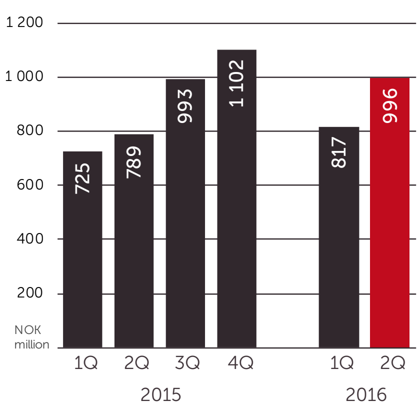
Amounts in NOK million	Note	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
Operating revenues	2	18 043	15 246	33 198	9 433	7 705
Operating revenues Branded Consumer Goods	2	17 509	14 624	32 002	9 147	7 404
Organic revenue growth Branded Consumer Goods (%)		2.8	2.3	2.8	3.8	0.2
EBIT (adj.)[1]	2	1 813	1 514	3 609	996	789
EBIT (adj.)[1] Branded Consumer Goods	2	1 842	1 589	3 839	982	820
Profit/loss before taxes		2 510	2 075	4 090	1 259	1 280
Earnings per share, diluted (NOK)		2.07	1.71	3.24	1.00	1.09
Cash flow from operations*	13	887	1 352	3 641	673	1 066
Net interest-bearing liabilities	6	10 180	7 353	7 805		
Equity ratio (%)		58.1	62.4	62.2		
Net gearing[4]		0.32	0.24	0.23		

*Excluding Financial Investments

Operating revenues



EBIT (adj.)[1]



18,043

OPERATING REVENUES

Group operating revenues for the first half of 2016 totalled NOK 18,043 million

1,813

EBIT (ADJ.)[1]

Group EBIT (adj.)[1] for the first half of 2016 totalled NOK 1,813 million

[1]Operating profit before other income and expenses
[2]Figures in parentheses are for the corresponding period of the previous year
[3]Adjusted for currency translation effects and structural changes
[4]Net interest-bearing liabilities/Equity

Continued good growth in Branded Consumer Goods

Branded Consumer Goods

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Operating revenues	17 509	14 624	32 002	9 147	7 404
Organic revenue growth Branded Consumer Goods (%)	2.8	2.3	2.8	3.8	0.2
EBIT (adj.)[1]	1 842	1 589	3 839	982	820
EBIT (adj.)[1] margin (%)	10.5	10.9	12.0	10.7	11.1
Cash flow from operations before net replacement expenditures	1 608	1 789	4 627	950	1 234
Net replacement expenditures	(723)	(361)	(859)	(351)	(175)
Cash flow from operations	885	1 428	3 768	599	1 059
Expansion investments	(97)	(159)	(388)	(57)	(113)

	1.1.–30.6.2016			
Sales revenues changes (%)	FX	Structure	Organic growth	Total
Branded Consumer Goods	5.5	11.4	2.8	19.7

Branded Consumer Goods delivered 2.8% organic[3] top-line growth in the first half of 2016. Growth was driven by all the business areas except Orkla Care. Branded Consumer Goods' second-quarter performance was positively impacted by the timing of Easter, which had the opposite effect in the first quarter of 2016.

Orkla Foods delivered satisfactory organic[3] growth, driven by successful launches of new products, campaigns and positive effects from the expanded distribution agreement with PepsiCo. The improvement in sales was particularly driven by the businesses in Scandinavia, the Czech Republic and India. Orkla Confectionery & Snacks achieved broad-based organic[3] growth in turnover, with especially strong growth in Norway, Sweden and Denmark. The rise in sales was strongly driven by successful innovations, the pick-and-mix sweets category and the distribution agreement with PepsiCo. Orkla Care reported a marginal organic[3] decline in sales, primarily driven by a weak performance by Orkla Home & Personal Care which faced a strong programme of launches in Norway in the first half of 2015, as well as a still challenging competitive climate. Orkla Food Ingredients achieved broad-based sales improvement.

All in all, market growth in Orkla's categories was positive in the first half of 2016. Orkla's performance varied from one category and market to another, but overall growth for Branded Consumer Goods matched market growth.

EBIT (adj.)[1] for Branded Consumer Goods amounted to NOK 1,842 million (NOK 1,589 million)[2], equivalent to growth of 16%. The increase was primarily driven by a good improvement in sales and comprehensive cost improvement programmes, but also by positive currency translation effects arising from the consolidation and acquisitions.

The first-half EBIT (adj.)[1] margin was favourably impacted by Group cost improvement programmes. The dilutive effects of acquired companies and significantly increased purchasing costs, due to the weaker Norwegian krone and higher prices for several key raw materials, caused the margin to decline. Overall, the EBIT (adj.)[1] margin fell by 0.4 percentage points to 10.5%.

Structural measures

To further secure its competitiveness going forward, Orkla continued to make structural changes in the first half of 2016 aimed at rationalising its factory footprint and achieving economies of scale. In addition to ongoing efficiency improvement measures, Orkla entered into new acquisition agreements.

In December 2015, Orkla signed an agreement to purchase Hamé, a leading central European branded food company based in the Czech Republic. Hamé holds strong positions in the Czech Republic, Slovakia, Romania and other countries in a range of categories that are a good fit with Orkla's current portfolio. The acquisition of Hamé doubles Orkla's turnover in Central Europe. In March, the agreement was approved by relevant competition authorities and the transaction was completed on 31 March 2016. In connection with the integration of Hamé, Orkla Foods has established a new organisation in Central Europe, Orkla Foods Central Europe, consisting of Felix Austria, Vitana and Hamé.

In January 2016, Orkla Foods Danmark entered into an agreement with Kavli Holding AS on the purchase of O. Kavli A/S, a major supplier to the grocery trade in Denmark. The acquisition has brought to the Group well-known brands such as Fun, Grønnegården, Kavli, Scoop and Blomberg's Glögg. Orkla already owns the Fun brand in the other Nordic countries, and through this agreement has acquired full ownership of Fun in the Nordic region. O. Kavli has been integrated into Orkla Foods Danmark. The agreement was approved by the Danish competition authorities, and the takeover became effective on 1 March 2016.

Through its wholly-owned subsidiary Idun Industri AS, Orkla Food Ingredients acquired The Waverley Bakery Limited, a leading supplier of ice cream cones, wafers and accessories to the UK grocery sector. The company also offers ice cream cones, ingredients and accessories to ice cream parlours and small-scale ice cream manufacturers. The company's results were incorporated into the Group's financial statements as from 1 March 2016.

In March 2016, Pierre Robert entered into an agreement with the Finnish branded goods supplier Nanso Group to purchase four well-known sock, tights and underwear brands. Under the agreement, Pierre Robert will acquire the Norlyn, Amar, Black Horse and Finnwear brands, which hold strong positions in the Finnish grocery trade. The agreement has now been completed, and the company's results were incorporated into the Group's financial statements as from 1 May 2016.

Through its wholly-owned subsidiary Orkla House Care Norge AS, Orkla entered into an agreement in May 2016 to purchase L.G. Harris & Co. Limited, a leading supplier of "do-it-yourself" painting tools in the UK. With this acquisition Orkla House Care is doubling the size of its operations. The agreement is contingent on the approval of the British competition authorities.

In the first half of 2016, Orkla Investments sold its equity interest in Gränges and completed several sales of securities in its share portfolio, including the sale of Enterfondet and part of its shareholding in the Solsten Nordic Equities Fund. Orkla Eiendom (real estate) sold its subsidiary Mortensrud Næring and its equity interest in Raufoss Næringspark in the first half.

For more information on acquisitions and disposals, please see notes 5 and 12.

Financial matters

Orkla's first-half operating revenues totalled NOK 18,043 million (NOK 15,246 million)[2], equivalent to an 18% rise in revenues. Second-quarter operating revenues amounted to NOK 9,433 million (NOK 7,705 million)[2]. The improvement in the first half of the year was attributable to both good organic[3] sales growth and structural growth in Branded Consumer Goods. Currency translation effects arising from consolidation also made a positive contribution of NOK 804 million to Branded Consumer Goods' first-half operating revenues.

Group first-half EBIT (adj.)[1] amounted to NOK 1,813 million (NOK 1,514 million)[2], equivalent to an increase of 20%. Second-quarter EBIT (adj.)[1] was NOK 996 million (NOK 789 million)[2]. For Branded Consumer Goods, first-half EBIT (adj.)[1] amounted to NOK 1,842 million (NOK 1,589 million)[2], of which second-quarter EBIT (adj.)[1] was NOK 982 million (NOK 820 million)[2]. The improved performance in the first half of 2016 was strongly driven by organic[3] and structural top-line growth, combined with cost savings in Branded Consumer Goods. Due to higher prices for Orkla's main raw materials and the weaker Norwegian krone, the companies incurred higher overall purchasing costs. Currency translation effects in connection with consolidation made a positive contribution of NOK 83 million to Branded Consumer Goods' first-half EBIT (adj.)[1].

The restructuring work within the Group continued in the first half of 2016, and the Group's other income and expenses totalled NOK -111 million in the period, see Note 3. These consisted chiefly of acquisition and integration costs arising from numerous structural measures and several restructuring processes in the Group.

Profit from associates and joint ventures amounted to NOK 904 million (NOK 783 million)[2], a rise of 15% compared to last year's strong first half when a profit of NOK 425 million on the sale of Gränges shares was recognised. The increase was driven by Sapa's very good performance and good results delivered by Jotun, as well as by the gain of NOK 57 million on the sale of an associate in the real estate portfolio. Orkla's share of profit in Sapa was NOK 528 million (NOK 52 million)[2].

Orkla has written down the book value of its interest in the Moss Airport Rygge, as a result of the decision to discontinue civilian traffic as of 1 November 2016. The shareholder loan was also written down, see Note 10 for more details.

Net first-half interest expenses totalled NOK -97 million (NOK -81 million)[2]. Lower interest rates reduced interest expense, whereas last year's results were favourably affected by the increase in the value of interest rate swaps that are not reported as hedging contracts and therefore contributed to an increase in overall net interest expense. The average borrowing rate was 1.9% in the first half, and the Group's net interest-bearing liabilities as at 30 June 2016 totalled NOK 10.2 billion, compared with NOK 7.8 billion as at 31 December 2015.

Group profit before taxes amounted to NOK 2,510 million (NOK 2,075 million)[2], and first-half taxes were estimated to be NOK 335 million (NOK 310 million)[2]. Orkla's diluted earnings per share totalled NOK 2.07 (NOK 1.71)[2] in the first half of 2016.

The business areas

Orkla Foods

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Operating revenues	7 385	6 167	13 250	3 967	3 122
EBIT (adj.)[1]	840	711	1 701	463	389
EBIT (adj.)[1] margin (%)	11.4	11.5	12.8	11.7	12.5
Cash flow from operations before net replacement expenditures	714	656	1 888	501	451
Net replacement expenditures	(434)	(112)	(382)	(219)	(67)
Cash flow from operations	280	544	1 506	282	384
Expansion investments	(87)	(145)	(368)	(47)	(107)

- Satisfactory first-half sales and profit growth
- Improvement due to acquisitions, sales growth and cost improvement effects
- Hamé was integrated effective 1 April 2016 and contributed to significant structural growth
- Profit slightly weakened by higher purchasing prices and delivery challenges

Orkla Foods reported first-half operating revenues of NOK 7,385 million (NOK 6,167 million)[2], equivalent to reported sales growth of 20%. Organic[3] growth was 3.6%. Second-quarter operating revenues totalled NOK 3,967 million (NOK 3,122 million)[2]. The improvement in sales in the first half of 2016 was driven by the businesses in Scandinavia, the Czech Republic and India with growth in several main categories, underpinned by sales activities and product launches. The expansion of the distribution agreement for Tropicana Juice in Norway and Quaker products in the Nordic region also generated positive effects.

Innovations and launches, which boosted sales growth in the first half, included organic, vegetarian and healthier options. Several existing categories and brands were expanded in this direction to include products such as organic rice porridge and vegetarian ready meals under the Felix brand and organic lemonade from BOB. The portfolio of products under the Paulúns health brand was expanded in the first half of 2016, in addition to being launched in Denmark, Finland and the Baltic states.

EBIT (adj.)[1] amounted to NOK 840 million (NOK 711 million)[2], a rise of 18%. The improvement was driven by structural growth resulting from the acquisition of Hamé, favourable currency translation effects and contributions from sales growth and cost improvements. However, profit was negatively impacted to some degree by higher purchasing costs for key raw materials, partly due to the weaker Norwegian krone, and by delivery problems in the Nordic region related in part to ongoing restructuring programmes. The first-half EBIT (adj.)[1] margin was 11.4% (11.5%)[2]. The EBIT (adj.)[1] margin was weakened by higher purchasing costs, dilutive effects of the inclusion of Hamé, the distribution agreement with PepsiCo and the aforementioned delivery problems.

Orkla Confectionery & Snacks

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Operating revenues	2 933	2 543	5 813	1 476	1 344
EBIT (adj.)[1]	336	291	843	159	132
EBIT (adj.)[1] margin (%)	11.5	11.4	14.5	10.8	9.8
Cash flow from operations before net replacement expenditures	425	325	962	165	197
Net replacement expenditures	(126)	(152)	(270)	(51)	(61)
Cash flow from operations	299	173	692	114	136
Expansion investments	-	(14)	(16)	-	(5)

- Strong, broad-based, volume-driven sales growth
- Profit improvement in most companies
- Flat margin development

Orkla Confectionery & Snacks posted first-half operating revenues of NOK 2,933 million (NOK 2,543 million)[2], equivalent to reported sales growth of 15%. The organic[3] improvement in sales was 6.8%. Second-quarter operating revenues totalled NOK 1,476 million (NOK 1,344 million)[2]. The sales improvement in the first half of 2016 was broad-based, but primarily driven by volume growth in Norway, Sweden and Denmark.

A new agreement to supply pick-and-mix sweets to Coop in Norway, and a distribution agreement with PepsiCo for the sale of Lay's snack products in Norway, Sweden and Finland, generated substantial growth in sales in the first half. A number of innovations also contributed positively, especially Nidar Melkesjokolade milk chocolate and Totenflak potato crisps in Norway, Waffel/Crunch Cut potato crisps launched in Sweden, Denmark and Finland, and a new milk chocolate in Latvia.

The acquisition of NP Foods in Latvia, effective from the second quarter of 2015, contributed to structural sales growth in the first quarter of 2016. The acquisition has entailed major changes in the business area's structure, particularly in Latvia but also in Estonia. In the first half of 2016, the Latvian business improved sales, but profit fell due to higher costs. The company is currently carrying out a comprehensive improvement programme and profit performance improved towards the end of the first half.

First-half EBIT (adj.)[1] amounted to NOK 336 million (NOK 291 million)[2], and profit improvement was driven by growth in sales. The first-half EBIT (adj.)[1] margin was 11.5% (11.4%)[2]. The inclusion of NP Foods had a dilutive effect on margin. The Norwegian business reported a negative margin development, largely driven by negative changes in product mix and substantially higher purchasing costs.

Orkla Care

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Operating revenues	3 284	2 484	5 534	1 629	1 157
EBIT (adj.)[1]	463	408	881	216	178
EBIT (adj.)[1] margin (%)	14.1	16.4	15.9	13.3	15.4
Cash flow from operations before net replacement expenditures	331	654	1 224	147	491
Net replacement expenditures	(52)	(33)	(75)	(19)	(14)
Cash flow from operations	279	621	1 149	128	477
Expansion investments	-	-	-	-	-

- Significant top-line growth driven by acquisitions and currency translation effects
- Operating margin negatively affected by the integration of Cederroth, the loss of Unilever brands and higher purchasing costs due to the weaker Norwegian krone
- Approval of the acquisition of the textile business in Finland which was consolidated as from 1 May

At the start of the year, Orkla Care integrated Cederroth's businesses with its own companies in all the Nordic countries. The integration process has been successful so far, and turnover improvement and synergy realisation are both being achieved faster than planned.

Orkla Care posted first-half operating revenues of NOK 3,284 million (NOK 2,484 million)[2], equivalent to an increase of 32%. The business saw organic[3] sales growth of -0.4%, and was chiefly related to Orkla Home & Personal Care. Second-quarter operating revenues totalled NOK 1,629 million (NOK 1,157 million)[2].

Orkla Home & Personal Care achieved broad-based international growth, but overall performance was slightly poorer than in the first half of 2015 when results were boosted by a stronger programme of launches in Norway than this year, in addition to which the competitive climate is still challenging. Orkla Health was somewhat adversely affected in the first half by the loss of a major distribution agreement in Denmark, combined with the continued weak sales performance of the weight control category. Lilleborg Profesjonell reported broad-based organic[3] sales and profit growth. Orkla House Care delivered good organic[3] growth, partly driven by favourable weather conditions for painting in the Nordic region.

A number of innovations made a positive contribution in the first half, particularly the launch of Dr. Greve by Orkla Home & Personal Care. In a short time, Dr. Greve has won back market-leading positions in the skin care category in Norway, after the loss of the Unilever brands. The wound care category, which was integrated into Orkla Care as a result of the acquisition of Cederroth, also showed broad-based revenue growth in the first half of 2016 as a result of several successful launches and increased distribution.

First-half EBIT (adj.)[1] amounted to NOK 463 million (NOK 408 million)[2]. Profit improvement was driven by contributions from acquisitions, synergies and cost reductions. The first-quarter EBIT (adj.)[1] margin was 14.1% (16.4%)[2]. The decline compared with last year was largely attributable to the dilutive effect of the inclusion of Cederroth and the loss of highly profitable Unilever brands. Higher purchasing costs due to the weakening of the Norwegian krone against several key purchasing currencies had a negative impact on the margin of several of the companies in the first half of 2016.

Orkla Food Ingredients

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Operating revenues	3 994	3 494	7 598	2 121	1 814
EBIT (adj.)[1]	203	179	414	144	121
EBIT (adj.)[1] margin (%)	5.1	5.1	5.4	6.8	6.7
Cash flow from operations before net replacement expenditures	138	154	553	137	96
Net replacement expenditures	(112)	(64)	(132)	(63)	(33)
Cash flow from operations	26	90	421	74	63
Expansion investments	(9)	-	(4)	(9)	-

- Broad-based organic[3] sales growth
- Continued expansion in ice cream ingredients with the peak season starting in the second quarter
- Strongly reduced earnings from margarine and butter blend products on the European market. The elimination of milk quotas in the EU has resulted in a milk surplus that has squeezed the profitability of dairies and margarine manufacturers

Orkla Food Ingredients posted first-half operating revenues of NOK 3,994 million (NOK 3,494 million)[2], equivalent to reported sales growth of 14%. There was broad-based organic[3] improvement in sales of 1.4%. Second-quarter operating revenues amounted to NOK 2,121 million (NOK 1,814 million)[2].

As announced in the first quarter, the price of butter blends has plummeted. Dragsbæk has compensated for some of the loss of revenues and profit by successfully focusing on vegetarian food on the Danish market and on margarine, bread and ice cream products in Iceland. Most of the markets saw a positive price and volume/mix trend. The investment in the ice cream ingredients and accessories segment also contributed favourably in the second quarter.

First-half EBIT (adj.)[1] amounted to NOK 203 million (NOK 179 million)[2], equivalent to reported growth of 13%. The improvement was driven by higher sales, structural growth from acquisitions and favourable currency fluctuation effects. The EBIT (adj.)[1] margin was 5.1% in the first half, showing no change from the same period of last year.

In the first half of 2016, Orkla Food Ingredients acquired additional companies in the ice cream ingredients and accessories (the Netherlands, the UK and Iceland), service articles (Sweden) and industrial bakery (Iceland) sectors, which have boosted sales and profit as from the second quarter.

Orkla Investments

Hydro Power

First-half EBIT (adj.)[1] for Hydro Power amounted to NOK 97 million (NOK 83 million)[2]. The increase was chiefly due to higher realised power prices. The area price in Sauda in the first half was 21.2 øre/kWh (20.5 øre/kWh)[2]. The price trend for Sarpsfoss was similar, but the area price in the first quarter of 2016 was slightly higher (21.9 øre/kWh)[2]. Production in the first half of 2016 totalled 1,221 GWh (1,246 GWh)[2]. First-half operating costs were slightly lower than in the same period of 2015. In accordance with the lease agreement, the operating refund from Statkraft was reduced by NOK 6 million compared with the same period of 2015. At the end of June, the reservoir level in Sauda was lower than normal, while the snowpack level was higher than normal. The reservoir level in Glomma was at 88% of the normal level.

Financial Investments

First-half EBIT (adj.)[1] for Orkla Financial Investments amounted to NOK 23 million (NOK 60 million)[2]. The profit was mainly attributable to the sale of a shopping centre in Oslo (Mortensrud Næring) and the final settlement of an earlier sale of a property in Switzerland. Otherwise, the most important activities in the first half of 2016 were the development and preparation for sale of properties in the current real estate portfolio.

In the first half, Orkla sold its remaining shareholding in Gränges, at a gain of NOK 26 million. As at 30 June 2016, the market value of the remaining share portfolio (including funds) was NOK 288 million, with associated unrealised gains of NOK 133 million.

Sapa (50% interest)

Underlying EBIT for Sapa increased significantly compared to the same quarter of the previous year. Earnings improved across all business areas, driven by positive effects from improvement programmes, increased share of value-add products and positive market developments. The second quarter last year was negatively influenced by sharply falling metal premiums in North America.

Underlying EBIT for the first half of 2016 improved compared with the same period in 2015, influenced by the same factors discussed above.

Compared to the same period last year, market demand increased by 2.5% in North America and 1.5% in Europe. In North America, building and construction activity and automotive demand contributed positively. In Europe there were positive developments in automotive and transportation and a mixed picture in building and construction.

Going forward, a continued moderate market growth is expected in Europe, while certain market segments in North America show indications of flattening out. In both North America and Europe, aluminium substitution in the automotive industry is contributing positively.

Jotun (42.5% interest)

Jotun delivered record-high sales and operating profit for the first half of 2016. The good results were mainly driven by volume growth in all segments and improved margins. Sales growth was primarily related to sales in the Decorative Paints segment in the Middle East and South-East Asia, but the sales performance in Scandinavia was also positive in the second quarter. Activity in the Marine Coatings segment was high, but growth in sales declined. Jotun continues to invest in increased production capacity in line with the company's growth strategy. The biggest investments in the period were related to the construction of production facilities in Oman, the Philippines and Myanmar.

Cash flow and financial position

The comments below are based on the cash flow statement as presented in Orkla's internal format and refer to the period 1 January to 30 June 2016. Reference is made to Note 13 in this report.

Cash flow from operations (excluding Financial Investments) amounted to NOK 887 million (NOK 1,352 million)[2] as at 30 June 2016. There was a seasonal build-up of working capital of NOK 564 million (NOK -72 million)[2] in the first half of 2016. The year-over-year increase was largely related to the receipt last year of payment of a claim for a one-time contractual termination fee from the renegotiation of the Unilever agreement. Net replacement investments totalled NOK 760 million (NOK 404 million)[2], chiefly related to higher investment at Orkla Foods due to ongoing improvement programmes. As at 30 June 2016, cash flow from operations from Financial Investments amounted to NOK -97 million (NOK 35 million)[2], negatively impacted by investments in development projects in the real estate portfolio.

An ordinary dividend of NOK 2.50 per share was paid for the 2015 financial year, totalling NOK 2,581 million as at 30 June 2016. To fulfil remaining option programmes for senior executives, Orkla shares for a net total of NOK -91 million (NOK 5 million)[2] had been bought back at the end of the first half. Expansion investments totalled NOK 97 million (NOK 159 million)[2] as at 30 June 2016.

Companies were sold for a total of NOK 399 million, relating mainly to a sale of an asset in the real estate portfolio, and the sale of the Asan brand. The total cost of companies purchased was NOK -1,951 million, related to acquisitions in Branded Consumer Goods, where Hamé accounted for the majority of the amount. As at 30 June 2016, the net sale of shares and financial assets, including the sale of Gränges shares, totalled NOK 1,045 million.

Net cash flow for the Group amounted to NOK -2,796 million (NOK -1,689 million)[2] as at 30 June 2016. In the first half of 2016, the Group's interest-bearing liabilities had an average borrowing rate of 1.9%, and are mainly denominated in SEK, EUR, NOK and DKK. Exchange rate fluctuations resulted in positive translation effects of NOK 421 million on net interest-bearing liabilities, which totalled NOK 10,180 million at the end of the first half.

As at 30 June 2016, the equity ratio was 58.1%, compared with 62.2% as at 31 December 2015. Correspondingly, net gearing[4] was 0.32 compared with 0.23 as at 31 December 2015. The average remaining life of long-term liabilities and unutilised credit lines is 3.4 years. Orkla's financial position is robust, with cash reserves and credit lines that more than exceed known capital expenditures in the next 12 months.

Other matters

In June, the Oslo City Council approved the zoning plan for Orkla's new office building at Drammensveien 149 in Skøyen, Oslo. The building will provide workspace for around 800 employees and will serve as the base for a leading branded consumer goods community in the Nordic region. Orkla's new headquarter will house the Group Executive Board, the corporate centre, the executive management of Orkla's five business areas and several of Orkla's Norwegian companies, including Orkla Foods Norge which is currently located in office premises in Kolbotn. In addition to offices, premises will be built for product development and a test kitchen. The head office's central location in the midst of a growing hub will be utilised to create an experience centre for the general public and engage in iterative collaboration with both consumers and customers as a basis for new innovations. The plan is to move into the new premises in the course of 2018.

Outlook

In the markets in which Orkla has a presence, growth is expected to remain moderate in the coming years, but the trend will vary somewhat from one market to another.

Orkla faces increasingly tough competition from imported international brands and private labels. To meet this strong competition, changing trends and consumer needs, Orkla will continue to focus on innovations and portfolio optimisation, and on increasing the efficiency of its factory footprint so as to exploit economies of scale and reduce costs.

Overall, the global commodity prices to which Orkla is exposed have risen somewhat recently, and the prices of certain key raw materials are particularly high. Prices vary substantially from one commodity group to another, and the uncertainty attached to future raw material price trends is generally high. Orkla's raw material and packaging costs have increased, especially for some of the companies.

The different business areas are exposed to currency risk to varying degrees. There is still uncertainty as to exchange rate trends going forward. Many of Orkla's Norwegian companies do a substantial share of their purchasing in Norwegian krone, thereby reducing the total impact of changes in the Norwegian krone relative to other currencies.

The trade policy situation in the wake of the UK referendum on leaving the EU is still uncertain. As far as Orkla is concerned, Brexit will have a minor impact in the short term, as the majority of Orkla's operations are in the Nordic and Baltic regions and Central Europe, with limited exposure to the UK.

The previously communicated strategy of being a leading branded consumer goods company, with the Nordic and Baltic regions as main markets, remains unchanged. Orkla also holds good positions in selected product categories in Central Europe and India. Orkla aims to deliver organic[3] growth that at least matches market growth and annual adjusted EBIT (adj.)[1] growth of 6–9% in the Branded Consumer Goods business in the period 2016–2018.

Declaration by the Board of Directors

We confirm, to the best of our knowledge, that the unaudited, condensed half-year financial statements for the period 1 January to 30 June 2016 have been prepared in conformity with IAS 34 Interim Reporting and that the information in the financial statements provides a fair view of the enterprise and the Group's assets, liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Oslo, 14 July 2016
The Board of Directors of Orkla ASA

Stein Erik Hagen Chairman of the Board	Grace Reksten Skaugen Deputy Chair of the Board	Ingrid Jonasson Blank	Lars Dahlgren
Lisbeth Valther	Nils K. Selte	Terje Utstrand	Sverre Josvanger
Karin Hansson	Roger Vangen	Peter A. Ruzicka President and CEO	

(This translation of Orkla's first half report of 2016 has been made for information purposes only.)

Condensed income statement

Amounts in NOK million	Note	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
Operating revenues	2	18 043	15 246	33 198	9 433	7 705
Operating expenses		(15 666)	(13 221)	(28 532)	(8 152)	(6 643)
Depreciation and write-downs property, plant and equipment and amortisation intangible assets		(564)	(511)	(1 057)	(285)	(273)
Operating profit before other income and expenses (EBIT adj.)	2	1 813	1 514	3 609	996	789
Other income and expenses	3	(111)	(172)	(502)	(81)	(55)
Operating profit		1 702	1 342	3 107	915	734
Profit/loss from associates and joint ventures		904	783	1 111	442	545
Interest, net		(97)	(81)	(192)	(47)	(18)
Other financial items, net	7	1	31	64	(51)	19
Profit/loss before taxes		2 510	2 075	4 090	1 259	1 280
Taxes		(335)	(310)	(722)	(200)	(155)
Profit/loss for the period for continuing operations		2 175	1 765	3 368	1 059	1 125
Gains/profit/loss discontinued operations		-	-	(17)	-	-
Profit/loss for the period		2 175	1 765	3 351	1 059	1 125
Profit/loss attributable to non-controlling interests		63	27	56	42	16
Profit/loss attributable to owners of the parent		2 112	1 738	3 295	1 017	1 109

Earnings per share

Amounts in NOK	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
Earnings per share	2.07	1.71	3.24	1.00	1.09
Earnings per share (diluted)	2.07	1.71	3.24	1.00	1.09
Earnings per share for continuing operations (diluted)	2.07	1.71	3.25	1.00	1.09

Condensed statement of comprehensive income

Amounts in NOK million	Note	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
Profit/loss for the period		2 175	1 765	3 351	1 059	1 125
Items not to be reclassified to profit/loss in subsequent periods						
Change in actuarial gains and losses pensions after tax		-	-	(15)	-	-
Items to be reclassified to profit/loss in subsequent periods						
Change in unrealised gains on shares after tax	4	(153)	(100)	6	(38)	(117)
Change in hedging reserve after tax	4	(64)	123	31	(8)	77
Carried against the equity in associates and joint ventures		(369)	57	685	(1)	(206)
Translation effects		(330)	(186)	881	(111)	110
The Group's comprehensive income		1 259	1 659	4 939	901	989
Comprehensive income attributable to non-controlling interests		57	26	71		
Comprehensive income attributable to owners of the parent		1 202	1 633	4 868		

Condensed statement of financial position

Amounts in NOK million	Note	30.6. 2016	31.12. 2015
Intangible assets		18 393	17 676
Property, plant and equipment		10 892	10 523
Investments in associates and joint ventures and other financial assets	6	13 174	13 029
Non-current assets		42 459	41 228
Assets held for sale		-	182
Inventories		5 257	4 623
Inventory of development property		244	216
Trade receivables		5 668	5 267
Other receivables	6	695	625
Shares and financial assets		288	1 376
Cash and cash equivalents	6	954	721
Current assets		13 106	13 010
Total assets		55 565	54 238
Paid in equity		1 993	1 994
Earned equity		29 889	31 335
Non-controlling interests		402	417
Equity		32 284	33 746
Provisions and other non-current liabilities		4 306	4 191
Non-current interest-bearing liabilities	6	11 055	8 722
Current interest-bearing liabilities	6	645	399
Trade payables		4 264	3 869
Other current liabilities		3 011	3 311
Equity and liabilities		55 565	54 238
Equity ratio (%)		58.1	62.2

Condensed statement of changes in equity

	1.1.–30.6.2016			1.1.–30.6.2015		
Amounts in NOK million	Attributed to equity holders of the parent	Non-controlling interest	Total equity	Attributed to equity holders of the parent	Non-controlling interest	Total equity
Equity 1 January	33 329	417	33 746	31 059	245	31 304
The Group's comprehensive income	1 202	57	1 259	1 633	26	1 659
Dividends	(2 543)	(38)	(2 581)	(2 544)	(10)	(2 554)
Net purchase/sale of treasury shares	(91)	-	(91)	5	-	5
Option costs	-	-	-	-	-	-
Change in non-controlling interests	(15)	(34)	(49)	(15)	117	102
Equity at the close of the period	31 882	402	32 284	30 138	378	30 516

Condensed statement of cash flows IFRS

Amounts in NOK million	Note	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
Cash flow from operations before net replacement expenditure		1 560	1 689	4 574	983	1 133
Received dividends and financial items		(15)	42	(3)	(56)	(8)
Taxes paid		(307)	(581)	(727)	(175)	(357)
Cash flow from operating activities		1 238	1 150	3 844	752	768
Net investments fixed assets		(867)	(461)	(1 227)	(437)	(185)
Net sale (purchase) of companies	5	(1 238)	(492)	(779)	(113)	485
Net sale shares and financial assets		1 045	149	298	120	74
Other payments and discontinued operations		12	135	158	31	127
Cash flow from investing activities		(1 048)	(669)	(1 550)	(399)	501
Net paid to shareholders		(2 672)	(2 549)	(2 594)	(2 550)	(2 503)
Change in interest-bearing liabilities and interest-bearing receivables[1]		2 723	287	(1 617)	1 689	(108)
Cash flow from financing activities		51	(2 262)	(4 211)	(861)	(2 611)
Currency effects cash and cash equivalents		(8)	5	23	(2)	65
Change in cash and cash equivalents		233	(1 776)	(1 894)	(510)	(1 277)
Cash and cash equivalents	6	954	839	721		

[1]Does not include interest-bearing liabilities and receivables related to acquired and sold companies.

See also Note 13 for cash flow Orkla-format.

NOTES

NOTE 1 GENERAL INFORMATION

Orkla ASA's condensed consolidated financial statements for the first half of 2016 were approved at the meeting of the Board of Directors on 14 July 2016. The figures in the statements have not been audited. Orkla ASA is a public limited liability company and its offices are located at Skøyen in Oslo, Norway.

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculation have been applied as in the last Annual Financial Statements.

Due to new rules governing "Alternative performance measures in financial reporting", the Group has clarified its definition of "Organic growth"; see the definition on page 3 of this report. At the same time, the change in top-line growth is presented in a separate table, broken down into "currency effects", "structural changes" and "organic growth" (see page 4). The term "expansion investments" has similarly been defined in Note 13 Cash-flow Orkla format.

In the presentation of key figures for the Group, three new lines have been added as from 2016 that specify items relating to the Branded Consumer Goods business: operating revenues, EBIT (adj.) and organic growth. The line for "Discontinued operations" has been removed.

In the income statement, "Depreciation and write-downs property, plant and equipment" and "Amortisation of intangible assets" have been presented on one line as from 2016. The main reasons for this are a materiality consideration and the fact that the Group now presents EBIT (adj.) and thus does not present amortisation separately. The comparative figures have been changed correspondingly.

The Group has not made any other changes in presentation or accounting principles or adopted any new standards that significantly affect its financial reporting or comparisons with previous periods.

The Group has purchased new businesses. The acquisitions are presented in Note 5 and Note 12.

NOTE 2 SEGMENTS

Operating revenues

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Orkla Group	18 043	15 246	33 198	9 433	7 705
Branded Consumer Goods	17 509	14 624	32 002	9 147	7 404
Orkla Foods	7 385	6 167	13 250	3 967	3 122
Orkla Confectionery & Snacks	2 933	2 543	5 813	1 476	1 344
Orkla Care	3 284	2 484	5 534	1 629	1 157
Orkla Food Ingredients	3 994	3 494	7 598	2 121	1 814
Eliminations Branded Consumer Goods	(87)	(64)	(193)	(46)	(33)
Orkla Investments	519	601	1 166	274	286
Hydro Power	359	342	690	186	159
Financial Investments	160	259	476	88	127
HQ/Other Business/Eliminations	15	21	30	12	15

Operating profit - EBIT (adj.)[1]

	1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	2016	2015	2015	2016	2015
Orkla Group	1 813	1 514	3 609	996	789
Branded Consumer Goods	1 842	1 589	3 839	982	820
Orkla Foods	840	711	1 701	463	389
Orkla Confectionery & Snacks	336	291	843	159	132
Orkla Care	463	408	881	216	178
Orkla Food Ingredients	203	179	414	144	121
Orkla Investments	120	143	211	86	84
Hydro Power	97	83	154	53	27
Financial Investments	23	60	57	33	57
HQ/Other Business	(149)	(218)	(441)	(72)	(115)

[1]Operating profit before other income and expenses

NOTE 3 OTHER INCOME AND EXPENSES

Amounts in NOK million	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
M&A and integration costs	(113)	(52)	(248)	(64)	(38)
Final settlement employment relationships	(21)	(43)	(142)	(10)	(10)
Gain/write-downs relating to coordination projects	25	(65)	(51)	5	-
Write-down due to value impairment test Natural Food, Orkla Food Ingredients Italy	-	-	(23)	-	-
Final settlement one-off contractual termination fee relating to the Unilever agreement	-	-	(9)	-	-
Other restructuring costs and special IFRS effects	(2)	(12)	(29)	(12)	(7)
Total other income and expenses	(111)	(172)	(502)	(81)	(55)

Major integration and restructuring projects are still in progress in the Group. Projects related to the integration of acquired companies and the merging of factories require extensive resources and give rise to substantial costs, and will continue to do so.

Changes in Orkla Foods' factory footprint entail major projects that result in adjustments of plants and costs relating to severance packages. In the first half of 2016 a decision was made to move all beverage production from Gimsøy Kloster in Skien to Kumla, Sweden. Costs are also being incurred in connection with the relocation, approved in 2015, of production from Brumunddal and Larvik to Elverum (Nora and Denja) and from Svinninge to Skælskør in Denmark.

Costs have also been incurred in connection with the continued integration of Cederroth and NP Foods and O. Kavli. The integration of Cederroth is an especially large-scale process, but the integration of NP Foods also necessitates numerous organisational adjustments that affect the Group's entire structure in the Baltic region.

M&A costs have been incurred in connection with the acquisition of Hamé, O. Kavli, brands from Nanso Group and new companies in Orkla Food Ingredients. The purchase of Kavli has resulted in income related to recognised badwill.

NOTE 4 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows changes in the value of shares and financial assets (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect as at 30 June 2016 relating to changes in unrealised gains is NOK 0 million (NOK 0 million in 2015), and the tax effect relating to changes in the hedging reserve amounts to NOK 9 million (NOK 14 million in 2015).

Unrealised gains/losses on shares and the hedging reserve included in equity as at 30 June 2016 (after tax) totalled NOK 134 million and NOK -413 million, respectively. Accumulated translation differences correspondingly amounted to NOK 961 million, and accumulated items recognised in equity in associates and joint ventures amounted to NOK 1.324 million as at 30 June 2016.

NOTE 5 ACQUISITION AND SALE OF COMPANIES

Acquisition of companies

Orkla Foods has purchased **Hamé**, a leading branded food company in the Czech Republic and Slovakia. The transaction was completed on 31 March 2016. In the Czech Republic and Slovakia, Hamé holds leading positions in the categories liver patés, ready meals, ketchup, conserved vegetables, jams and baby food. Its product portfolio includes brands like Hamé, Májka, Znojmia and Otma. Hamé also holds strong positions in the paté market in Hungary, Romania and Russia. Hamé has around 2,400 employees and ten factories. In 2014, Hamé achieved sales revenues of CZK 4.9 billion (approx. NOK 1.7 billion) and a net profit of CZK 234 million (around NOK 83 million). 70% of Hamé's sales revenues come from the Czech Republic and Slovakia.

Excess values primarily consist of trademarks and goodwill, the latter accounting for the majority. Hamé was consolidated into Orkla's financial statements from 1 April 2016.

Orkla Foods Danmark has acquired 100% of the shares in **O. Kavli A/S**. The company is a major supplier to the Danish grocery trade, with well-known brands such as Fun, Grønnegården, Kavli, Scoop and Blomberg's Glögg. Orkla already owned the Fun brand in the other Nordic countries, and through this agreement acquired full ownership of Fun in the Nordic region. O. Kavli had a turnover of DKK 170 million in 2014. The company has 70 employees. The takeover took place with effect from 1 March 2016, and badwill was calculated at the time of takeover (see Note 3).

Pierre Robert has entered into an agreement with the Finnish branded goods supplier **Nanso Group** for the purchase of four well-known socks, tights and underwear brands. The agreement concerns the purchase of the Norlyn, Amar, Black Horse and Finnwear brands, which hold strong positions in the Finnish grocery trade. The products are a good fit with Pierre Robert's current product portfolio which, in addition to underwear, socks and tights, comprises workout wear and wool undergarments. The brands covered by the agreement generated a turnover of EUR 17.2 million (approx. NOK 163 million) in 2015. A total of 22 employees will be transferred to Pierre Robert as a result of the transaction. The acquisition was consolidated into Orkla's financial statements as of 1 May 2016.

Orkla Food Ingredients (OFI) has purchased **The Waverley Bakery Limited**, a leading supplier of ice cream cones and accessories in the UK. Waverley primarily sells ice cream cones and wafers to the UK grocery sector. The company also offers ice cream cones, ingredients and accessories to ice cream parlours and small-scale ice cream manufacturers. Waverley Bakery has been a well-known name in the Scottish ice cream industry for more than 100 years. The company has around 45 employees. The company had a turnover of GBP 5.9 million (approx. NOK 72 million) in 2015 and EBITDA of GBP 0.7 million (approx. NOK 8.7 million). Waverley Bakery was included in Orkla's financial statements as of 1 March 2016.

Orkla Food Ingredients also purchased the remaining ownership interests in Call Caterlink and Marcantonio Foods, and acquired four smaller companies, three of which are in Iceland and one in Sweden.

The purchase price allocations of the companies NP Foods (Orkla Confectionery & Snacks), Condite (Orkla Food Ingredients) and W. Ratje Frøskaller (Orkla Care) were concluded in 2016 with no material changes. Other purchase price allocations had not been finalised as at 30 June 2016.

As at 30 June 2016, businesses had been acquired for a total of NOK 1.951 million on a debt-free basis.

Sale of companies
In the second quarter of 2016, Orkla Eiendom sold its subsidiary Mortensrud Næring at a book gain of NOK 28 million which is included in EBIT (adj.). In the first quarter of 2016, Orkla Eiendom sold its share in Raufoss Næringspark. The gain of NOK 57 million is presented on the line "Associates and joint ventures" in the income statement. Payment for the Asan brand was received in the first quarter. The disposal of Asan did not give rise to any income statement effects. The three sales are presented on the line "Sold companies" in the statement of cash flows.

Orkla's remaining interest of 16% in Gränges was sold in the first quarter of 2016 at a gain of NOK 26 million, which is presented on the line "Other financial items, net". The proceeds, which total NOK 826 million, are presented in the statement of cash flows on the line "Net purchase/sale shares and financial assets".

NOTE 6 NET INTEREST-BEARING LIABILITIES

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

Amounts in NOK million	30.6. 2016	31.12. 2015
Non-current interest-bearing liabilities	(11 055)	(8 722)
Current interest-bearing liabilities	(645)	(399)
Non-current interest-bearing receivables (in "Financial Assets")	558	586
Current interest-bearing receivables (in "Other receivables")	8	9
Cash and cash equivalents	954	721
Net interest-bearing liabilities	(10 180)	(7 805)

NOTE 7 OTHER FINANCIAL ITEMS, NET

The various elements of net other financial items are shown in the following table:

Amounts in NOK million	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–31.12. 2015	1.4.–30.6. 2016	1.4.–30.6. 2015
Gains, losses and write-downs shares and financial assets	137	53	107	73	35
Dividends	15	11	28	1	0
Net foreign currency gain/loss	(9)	1	0	(10)	0
Interest on pensions	(24)	(22)	(41)	(12)	(11)
Other financial items	(118)	(12)	(30)	(103)	(5)
Total	1	31	64	(51)	19

NOTE 8 RELATED PARTIES

The Canica system, controlled by Orkla Board Chairman Stein Erik Hagen (largest shareholder, with 24.5% of issued shares), and Orkla both have equity interests in certain investments.

There were no material transactions between the Group and related parties in the first half of 2016.

The Group has intercompany balances totalling NOK 46 million with joint ventures and associates within Orkla's real estate investments.

NOTE 9 OPTIONS AND TREASURY SHARES

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

Change in number of options:	
Outstanding options 1 January 2016	2 722 000
Exercised during the period	(1 377 000)
Forfeited during the period	(40 000)
Outstanding options 30 June 2016	1 305 000

Change in number of treasury shares:	
Treasury shares 1 January 2016	940 300
External purchases of treasury shares	2 000 000
Options exercised in treasury shares	(1 377 000)
Employee share purchase programme	(165)
Treasury shares 30 June 2016	1 563 135

NOTE 10 ASSESSMENTS RELATING TO IMPAIRMENT

As a result of the introduction of an air passenger tax as of 1 June 2016 and Ryanair's decision to close its operations base, the Board of Directors of Moss Airport Rygge no longer sees any basis for maintaining civilian air traffic after 1 November 2016. In light of this, Orkla has written down the statement of financial position assets that are related to Moss Airport Rygge by a total of NOK 171 million. The carrying value of Orkla's equity interest has been written down by NOK 71 million and is presented on the line for "Profit/loss from associates and joint ventures". Loans totalling NOK 100 million to the company have been written down on the line for "Other financial items, net".

In the first half of 2016 there were otherwise no indications of any impairment in the value of any of the Group's assets.

NOTE 11 SHARES AND FINANCIAL ASSETS

Shares and financial assets recognised at fair value:

	Measurement level			
Amounts in NOK million	Level 1	Level 2	Level 3	Total
30 June 2016:				
Assets				
Investments	-	223	101	324
Derivatives	-	400	-	400
Liabilities				
Derivatives	-	466	-	466
31 December 2015:				
Assets				
Investments	876	405	131	1 412
Derivatives	-	448	-	448
Liabilities				
Derivatives	-	649	-	649

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

NOTE 12 OTHER MATTERS

No new factors have emerged in the assessments regarding the situation in Denofa do Brasil (see Note 39 in Orkla's Annual Report for 2015) and the situation in Sapa Profiles Inc. Portland (SPI) (see Note 6 in the Annual Report for 2015).

Through its wholly owned subsidiary Orkla House Care Norge AS, Orkla has entered into an agreement to purchase L.G. Harris & Co. Limited ("Harris"), a leading supplier of Do-It-Yourself painting tools in the UK with well-known brands such as Harris, Lynwood, Harris Victory and T-Class. With this acquisition, Orkla House Care is doubling the size of its operations.

Harris owns two factories, one of which is located in Stoke Prior, Bromsgrove, outside Birmingham (UK), and the other in Zhaoqing City in Guangdong Province (China). In total, Harris has almost 1,000 employees. The company's head office is in Bromsgrove. Harris also owns 50% of a joint venture with a local partner in India, serving the Indian market. Furthermore, the company has a minority shareholding in a painting tool manufacturer in Sri Lanka.

As at March 2016, Harris had achieved sales revenues for the last 12 months totalling GBP 60.9 million (approx. NOK 718 million) and EBITDA of GBP 5.7 million (approx. NOK 67 million) (unaudited figures). The parties have agreed on a purchase price of GBP 55 million (on a debt-free basis) (approx. NOK 648 million).

The agreement is contingent on the approval of the UK competition authorities.

There have been no other events after the statement of financial position date that would have had an impact on the financial statements or the assessments carried out.

NOTE 13 CASH FLOW ORKLA-FORMAT

The Orkla-format cash flow statement shows the change in net interest-bearing liabilities at Group level, which is an important key figure for the Group (see Note 6). This cash flow format is used directly in the management of the business areas, and is included in the tabular presentation of segment information preceding the descriptions of the various businesses in the information on the Group. The statement shows the Group's overall financial capacity, generated by operations, to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. Cash flow from operations is broken down into "Cash flow from operations[1]" and "Cash flow from operations, Financial Investments".

The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies/parts of companies and changes in the level of investments in shares and financial assets. Direct expansion investments are investments either in new geographical markets or new categories or that represent substantial increases in capacity. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

		1.1.–30.6.		1.1.–31.12.	1.4.–30.6.	
Amounts in NOK million	Note	2016	2015	2015	2016	2015
Operating profit		1 678	1 282	3 058	882	677
Amortisation, depreciation and impairment charges		533	546	1 109	280	245
Changes in net working capital, etc.		(564)	(72)	404	(119)	343
Cash flow from operations before net replacement expenditures		1 647	1 756	4 571	1 043	1 265
Net replacement expenditures		(760)	(404)	(930)	(370)	(199)
Cash flow from operations[1]		887	1 352	3 641	673	1 066
Cash flow from operations, Financial Investments		(97)	35	94	(70)	(5)
Financial items, net paid		(143)	(114)	(285)	(58)	(40)
Taxes paid		(307)	(581)	(727)	(175)	(357)
Received dividends		128	156	282	2	32
Other payments and discontinued operations		12	135	158	31	127
Cash flow before capital transactions		480	983	3 163	403	823
Dividends paid		(2 581)	(2 554)	(2 563)	(2 566)	(2 551)
Net sale/purchase of treasury shares		(91)	5	(31)	16	48
Cash flow before expansion		(2 192)	(1 566)	569	(2 147)	(1 680)
Expansion investments		(97)	(159)	(388)	(57)	(113)
Sale of companies (enterprise value)	5	399	1 077	1 133	164	727
Purchase of companies (enterprise value)	5	(1 951)	(1 190)	(3 173)	(212)	(117)
Net purchase/sale shares and financial assets		1 045	149	298	120	74
Net cash flow		(2 796)	(1 689)	(1 561)	(2 132)	(1 109)
Currency effects of net interest-bearing liabilities		421	(3)	(583)	220	(34)
Change in net interest-bearing liabilities		2 375	1 692	2 144	1 912	1 143
Net interest-bearing liabilities	6	10 180	7 353	7 805		

[1]Excluding Financial Investments