ANNUAL REPORT
2012

ORKLA

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FINANCIAL CALENDAR FOR ORKLA ASA

DATE	EVENT
18.04.2013	Annual General Meeting
19.04.2013	Share traded ex. dividend*
30.04.2013	Dividend payment*
02.05.2013	1st quarter 2013
18.07.2013	2nd quarter 2013
30.10.2013	3rd quarter 2013

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

ORKLA

Business areas

	Orkla Foods	Orkla Confectionery & Snacks	Orkla Home & Personal	Orkla International	Orkla Food Ingredients
Operating revenues (NOK million):	7,972	4,794	4,025	2,133	5,435
EBITA[1] (NOK million):	1,114	780	702	-5	228
Number of man-years	3,061	2,231	1,787	4,432	2,224

Associated company

	Jotun (42.5%)
Operating revenues* (NOK million):	11,351
EBIT* (NOK million):	1,126
Number of man-years	6,379

Non-core

Sapa (part of future JV)
Aluminium profiles and building systems
EBITA[1] (NOK million):
233

Sapa Heat Transfer
Rolled aluminium products
EBITA[1] (NOK million):
309

Hydro Power
EBITA[1] (NOK million):
208

Shares and financial assets
Value (NOK billion):
3.6

Orkla Eiendom (real estate)
Book value (NOK billion):
1.8

Corporate centre and support functions

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

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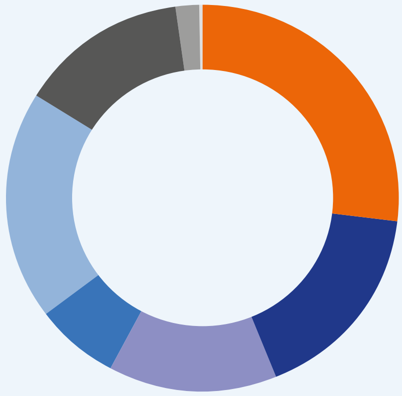
THE LEADING NORDIC BRANDED CONSUMER GOODS COMPANY

Orkla ASA is an international group listed on the Oslo Stock Exchange and headquartered in Oslo, Norway. The Group is the leading Nordic supplier of branded consumer goods and concept solutions to the grocery and out-of-home sectors. Orkla also holds several strong positions in India, Russia and Austria. Moreover, Orkla Food Ingredients is a major supplier to the European bakery market.

In addition to its branded consumer goods business, Orkla still operates in the real estate, hydropower and aluminium sectors and has financial investments.

As of 31 December 2012, Orkla had around 28,000 employees, of whom some 14,000 were employed in its branded consumer goods business. In 2012, the Group had a total turnover of around NOK 30 billion.



SALES REVENUES PER BUSINESS AREA

- Orkla Foods **7,839** (27 %)
- Orkla Confectionery & Snacks **4,760** (17 %)
- Orkla Home & Personal **3,986** (14 %)
- Orkla International **2,077** (7 %)
- Orkla Food Ingredients **5,378** (19 %)
- Sapa Heat Transfer **3,913** (14 %)
- Hydro Power **533** (2 %)
- Other **73** (0 %)

Total sales revenues NOK 28,559 million.

KEY FIGURES

KEY FIGURES*	2012	2011	2010	2009	2008
Operating revenues (NOK million)	**30,001**	61,009	57,338	56,228	65,579
EBITA[1] (NOK million)	**3,295**	4,041	3,944	2,448	4,240
EBITA[1] margin (%)	**11.0**	6.6	6.9	4.4	6.5
Ordinary profit before tax (NOK million)	**3,873**	-923	20	1,071	-2,015
Diluted earnings per share (NOK)	**1.6**	-0.8	-0.9	2.5	-2.8
Return on capital employed industrial activities[2] (%)	**12.9**	10.7	10.5	5.2	9.4
Total dividends per share (NOK)	**2.50[3]**	2.50	7.50	2.25	2.25
Equity ratio (%)	**53.9**	51.8	53.6	51.7	47.7

* Figures as reported in 2008–2011.
[1] Operating profit before amortisation and other income and expenses.
[2] See definition on page 90.
[3] Proposed dividend.

OPERATING REVENUES

30.0 Group operating revenues totalled NOK 30.0 billion.

EBITA[1]

3.3 Group EBITA[1] totalled NOK 3.3 billion.

EARNINGS PER SHARE

1.6 Earnings per share were NOK 1.6 in 2012.

MESSAGE FROM THE CEO

IN 2012, ORKLA TOOK MAJOR, DECISIVE STEPS TOWARDS BECOMING A PURE BRANDED CONSUMER GOODS COMPANY WITH FOCUS ON THE NORDIC MARKETS. EVEN WHILE MAKING COMPREHENSIVE STRUCTURAL CHANGES, WE DELIVERED SATISFACTORY RESULTS.

The acquisitions of the branded goods companies Jordan and Rieber & Søn are important milestones in themselves. They are companies with long-standing traditions, strong brands, good management and a strong corporate culture, which fit in well in Orkla. With these acquisitions, we are translating our strategy into action. Furthermore, these purchases will generate cost synergies that justify the price that we are paying. In addition we expect to realise substantial revenue synergies in the coming years.

Jordan is market leader in the Nordic region in the toothbrush, toothpick, dental floss and painting equipment segments. In Norway, Jordan is also a leading supplier of dishwashing brushes and microfibre cloths to the grocery sector. The company also exports products to many countries outside the Nordic region. Jordan gives Orkla a whole new strength in the oral hygiene category, and offers exciting potential for Lilleborg.

Rieber & Søn complements Stabburet in Norway. Through this acquisition, we are expanding our portfolio of strong number one and number two positions in the Nordic region. Rieber & Søn also significantly widens the geographical scope of our operations. All in all, Orkla will now be the leading Nordic food group, with the expertise and resources necessary to develop strong local products and brands in competition with international companies.

A good solution has been found for Orkla's substantial investment in aluminium by ensuring the continuation of parts of Sapa through a joint venture with Hydro. Together, we can create a stronger company with a broader base of expertise and a highly experienced management team. In today's very demanding markets, the new company will be better equipped to restructure operations and create value. This will enhance Orkla's possibilities of realising the substantial inherent value in our aluminium business. The transaction is awaiting approval by the competition authorities. A resolution is expected in the first half of 2013.

Orkla also made a number of adjustments to the rest of its portfolio in 2012. We substantially reduced our shareholding in REC, and Orkla now has a stake of 15.6% in the company. Borregaard was listed on the Oslo Stock Exchange on 18 October 2012. Our share portfolio is gradually being sold off, and will largely be divested in the first half of 2014. We expect to sell Sapa Heat Transfer, which will not be part of the future joint venture with Hydro, in the course of the first half of 2013.

We are also making changes in our existing portfolio of companies. To increase our competitive edge in the Swedish market, Abba Seafood and Procordia are to be merged and form one of Sweden's largest food companies. By combining the best of these two companies, we will create a new company that will strengthen the competitiveness of our well-known Swedish food brands, and give them greater impact in the Swedish market.

Orkla's branded consumer goods businesses are market leaders in attractive categories. We are well positioned in geographical markets that are prosperous and relatively stable. We have a powerful business model which offers reasonable economies of scale while also giving us a local footing that enables us to be responsive to the market and adapt to customer needs. Last, but not least, we have human and financial resources that will enable us to continue to develop our operations. Large organisations only perform well when there is consensus on and commitment to the strategy that has been adopted. There is full agreement in Orkla's Board of Directors and Orkla's executive management on the strategic choices that we have made. That is why we have succeeded in maintaining the momentum of implementation.

Orkla now has a single strategic agenda: to continue to build up our position as the leading branded consumer goods company in the Nordic region.

Åge Korsvold, President and CEO Orkla ASA

Good, efficient operations will be a critical success factor for Orkla going forward. The Rieber transaction is contingent on approval by relevant competition authorities. The approval is expected in the course of the first half of 2013, and we then intend to ensure that the company is well integrated and that substantial synergies are realised. In the near term, we will increase our focus on organic growth, combined with value-creating "add-on" acquisitions.

We will also take a closer look at how we can extract further cost synergies across the Group, along the entire value chain.

We must deliver quality, innovation and competitive prices to our customers and consumers. We must offer our employees an enjoyable, challenging workday. To our shareholders, we must deliver top-line growth and profitable operations.

Orkla now has a single strategic agenda: to continue to build up our position as the leading branded consumer goods company in the Nordic region.

Åge Korsvold
President and CEO

THE BOARD OF DIRECTORS OF ORKLA ASA

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SHAREHOLDER-ELECTED MEMBERS OF THE BOARD OF DIRECTORS

1 STEIN ERIK HAGEN, CHAIRMAN OF THE BOARD[1]

Degree, the Retail Institute (now the Norwegian School of Retail).

First elected to the Board in 2004 and up for re-election in 2013. Retailer and founder of RIMI Norge AS and Hakon Gruppen AS from 1976. Co-founder of ICA AB and retailer from 1999 to 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 of the Board 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). Orkla and Canica and/or Stein Erik Hagen have some common business interests. 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 249,542,000 shares in Orkla ASA[2]. Mr Hagen attended 14 Board meetings in 2012.

2 BJØRG VEN

Degree in Law, University of Oslo.

First elected to the Board in 2006 and up for re-election in 2013. Corporate lawyer in private practice with authorisation to appear before the Supreme Court and partner in the Law Firm of Haavind AS. Chairman of the Appeal Board of the Oslo Stock Exchange and Chairman of the Board of the Norwegian State Finance Fund. Formerly Chairman of the Board of Folketrygdfondet, member of the Board of several listed companies, and member of the Nomination Committee of Yara International ASA. Ms Ven and related parties own 15,000 shares in Orkla ASA[2]. Ms Ven attended 13 Board meetings in 2012.

3 PETER A. RUZICKA[1]

MBA and degree in Business Economics (handelsøkonom), Oslo School of Business Administration.

First elected to the Board in 2003 and sat until 2005. Elected as member of the Corporate Assembly in 2006. In 2007 elected as deputy member for the shareholder-elected members of the Board of Directors for 2008. In 2008 elected as Board member and up for re-election in 2013. Mr Ruzicka has 20 years of experience in the retail sector. Managing Director of Hakon Gruppen AS from 1995 and later in charge of establishing ICA in the Baltics. 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 since 2006. In addition to being Chairman of the Board of Jernia ASA and Chairman of the Board of the Stein Erik Hagen Stiftelse for Klinisk Hjerteforskning (Foundation for Clinical Heart Research) since 2007, he is also, i.a. member of the Board of Komplett ASA and REC ASA. Mr Ruzicka and related parties own 405,250 shares in Orkla ASA[2]. Mr Ruzicka attended 14 Board meetings in 2012.

4 JESPER OVESEN

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 2013. 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 NokiaSiemens 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 12 Board meetings in 2012.

5 BARBARA M. THORALFSSON[1]

MBA, Columbia University and BA – Psychology, Duke University.

First elected to the Board in 2011 and up for re-election in 2013. From 2006, Director in Fleming Invest AS. President and CEO at NetCom AS from 2001–2005. Career in Midelfart & Co 1988-2001, last five years as President & CEO. Prior to 1988 career in various companies such as A/S Denofa and Lilleborg Fabrikker (Orkla), General Foods Corporation and Pepsi Cola Company. Chairman of the Remuneration Committee at Electrolux AB. Member of the Board and member of the Audit Committee of SCA AB, member of the Board of Fleming Invest and related companies, and member of the Audit Committee of Telenor ASA. Ms Thoralfsson and related parties own no shares in Orkla ASA[2]. Ms Thoralfsson attended 13 Board meetings in 2012.

6 GRACE REKSTEN SKAUGEN

MBA, Norwegian Business School (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 2013. 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 2012.

7 JO LUNDER

MBA, Henley Management College.

First elected to the Board in 2012 and up for re-election in 2013. From 2011, CEO of VimpelCom Ltd. President of Ferd Capital and Executive Vice President of Ferd Holding, 2007–2011. President & CEO Atea ASA, 2003–2007. CEO, President, COO of OSJC VimpelCom, 1999–2003. Prior to that, many executive management positions at Telenor ASA, Telenor Mobil and Norgeskreditt. 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 4 Board meetings in 2012.

EMPLOYEE-ELECTED MEMBERS OF THE BOARD OF DIRECTORS

8 TERJE UTSTRAND

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 since 2000. First elected to the Board in 2012, up for re-election in 2014. Mr Utstrand and related parties own 3,068 shares in Orkla ASA[2]. Mr Utstrand attended 10 Board meetings in 2012.

9 GUNN LIABØ

Trade union representative 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 8,217 shares in Orkla ASA[2]. Ms Liabø attended 14 Board meetings in 2012.

10 SVERRE JOSVANGER

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. Since 2011 Chair of the Negotiations Committee for Salaried Employees 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 at Nidar as sales consultant since 1988. First elected to the Board in 2012 and up for re-election in 2014. Josvanger and related parties own 15,881 shares in Orkla ASA[2]. Mr Josvanger attended 10 Board meetings in 2012.

EMPLOYEE-ELECTED BOARD OBSERVERS

11 PEER SØRENSEN

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 13 Board meetings in 2012.

12 KENNETH HERTZ

Observer, chief trade union representative from LO at Sapa since 1999. Member of Orkla's Committee of Union Representatives-Working Committee.

Up for re-election in 2014. Mr Hertz and related parties own no shares in Orkla ASA[2]. Mr Hertz attended 13 Board meetings in 2012.

[1] Not independent
[2] Number of shares owned as of 31 December 2012

REPORT OF THE BOARD OF DIRECTORS

IN THE AUTUMN OF 2011, ORKLA ANNOUNCED THE ADOPTION OF A NEW STRATEGIC DIRECTION FOR THE GROUP, WHEREBY IT WILL CONCENTRATE ITS RESOURCES ON ITS BRANDED CONSUMER GOODS OPERATIONS AND GRADUALLY DEVELOP INTO AN INCREASINGLY PURE PLAY BRANDED GOODS COMPANY WITH ITS BASE IN THE NORDIC REGION. IN 2012, THE BOARD OF DIRECTORS HAS FOCUSED ON OPERATIONALISING THIS STRATEGY, AND HAS IMPLEMENTED A NUMBER OF IMPORTANT STRUCTURAL CHANGES TO THIS END.

The agreement to purchase Rieber & Søn and the acquisition of Jordan will increase the Group's branded consumer goods sales by around 20%, thereby strengthening Orkla's position as the leading branded goods company in the Nordic region. A new Group Executive Board reflects the Group's concentration on branded consumer goods, and Orkla is adapting both its business structure and its expertise to meet the strategic challenges it now faces.

MAIN TRENDS IN 2012

The Group has carried out major structural changes in 2012, but at the same time maintained focus on the ongoing operations in the various business areas. All in all, Orkla's continuing operations achieved operational improvement in 2012.

Branded Consumer Goods delivered a positive profit performance compared with 2011. Strong branded goods positions were generally maintained. Raw material costs increased slightly in 2012, but at a slower pace. The higher raw material prices have generally been offset by raising product prices correspondingly. Large companies like Stabburet, Lilleborg and Nidar achieved profit growth in 2012. Sapa Heat Transfer carried out major improvement programmes and strengthened profitability throughout the year. In line with the Group's strategy, a structural sales process has been initiated for this business. Sapa's profiles and building system business has faced very weak markets in Europe. The improvement in North America was not sufficient to compensate for weak European markets, and profit was lower than in 2011. The agreement with Norsk Hydro to establish a joint venture will increase Sapa's possibilities of implementing effective structural and improvement projects.

During 2012, the Group freed up substantial capital through the sale of financial assets and businesses that lie outside its strategic core focus. All in all, NOK 6.9 billion in capital was freed up, deriving primarily from the sale of assets in the share portfolio and the stock exchange listing of Borregaard. As at 31 December 2012, net interest-bearing liabilities had been reduced to NOK 4,960 million.

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 2012 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.

In 2012, important structural changes were made to implement this strategy and strengthen Orkla's position as the leading branded consumer goods company based in the Nordic region.

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

STRUCTURAL CHANGES

At Orkla Investor Day held in London on 14 September 2011, Orkla presented a new strategy which entailed transforming the Group from a broad-based industrial and investment company to a more focused branded consumer goods company. In 2012, important structural changes were made to implement this strategy and strengthen Orkla's position as the leading branded consumer goods company based in the Nordic region.

The Group will retain its multi-local structure in its branded goods operations, and has decided to organise its activities into five business areas so as to group units with more homogeneous strategic and operational opportunities. As of 2013, the five business areas will be Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients. The business area CEO's sit on the Group Executive Board.

In August 2012, Orkla ASA concluded an agreement with the Rieber family to purchase their shares in Rieber & Søn ASA. This acquisition will strengthen Orkla's position as the leading branded consumer goods company in the Nordic market. Completion of the agreement is subject to approval of the relevant competition authorities.

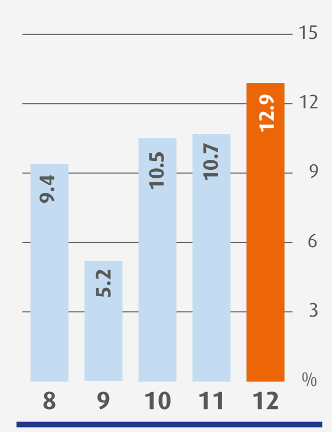
Orkla's acquisition of Jordan was completed on 31 August 2012. Jordan Personal & Home Care was organisationally integrated into Lilleborg at the beginning of 2013, while Jordan House Care operates as an independent company under Orkla Home & Personal.

In October 2012, Orkla ASA and Norsk Hydro ASA agreed to combine their respective aluminium extrusion and building system businesses, thereby establishing a globally leading company in the aluminium solutions industry. The agreement covers the Profiles and Building System operations and Extruded and Welded Tubes operations from Orkla's wholly-owned Sapa and Norsk Hydro's entire Extruded Products business. The new combined company will be a joint venture owned on a 50/50 basis by Orkla and Norsk Hydro. To compensate for the difference in size and to harmonise certain items in the consolidated statement of financial position, Orkla will receive NOK 1.8 billion from the new company in addition to a 50% equity interest. The transaction is expected to be completed in the first half of 2013, upon approval by the relevant competition authorities. Orkla has presented the part of Sapa that will be part of the new combined company as discontinued operations in 2012.When the agreement has been approved, Orkla will present its 50% interest in accordance with the equity method.

For Sapa's other Heat Transfer operations, a structured sale process was initiated in the autumn of 2012 which is expected to be concluded in the first half of 2013.

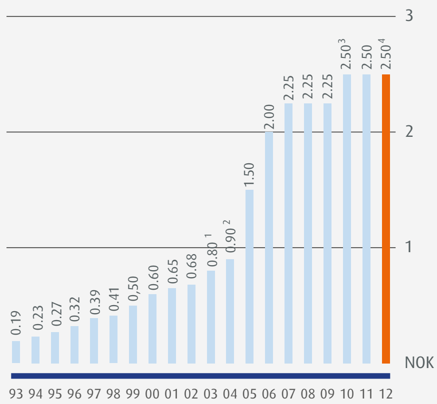
Borregaard ASA was sold in an initial public offering in connection with the company's listing on the stock exchange in October 2012. At year end, Orkla had an equity interest of 19% in the listed company. Due to the sale, Borregaard is presented as discontinued operations.

In order to strengthen its competitiveness on the Swedish market, Orkla has decided to merge the food companies Abba Seafood and Procordia. The merged company will be one of Sweden's largest food companies. Together with the plans for integrating Rieber & Søn, this is part of Orkla Foods' strategy to create national food companies in Norway, Sweden and Denmark.



RETURN ON CAPITAL EMPLOYED INDUSTRIAL ACTIVITIES*

* Figures as reported from 2008–2011.



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.

OPERATING REVENUES

30.0 Group operating revenues totalled NOK 30.0 billion.

EBITA[1]

3.3 Group EBITA[1] totalled NOK 3.3 billion.

Several minor acquisitions were also made in 2012, primarily in Orkla Home & Personal, Orkla Foods and Orkla Food Ingredients. The sale of Bakers was approved by the competition authorities in January 2012.

The share portfolio is gradually being sold off and will as from 2013 be reported as financial assets, together with the shareholdings in REC and Borregaard. The real estate portfolio is also being sold off, but this process will take somewhat longer.

FURTHER COMMENTS ON THE GROUP'S RESULTS

Now that both Sapa's profiles and building system businesses and Borregaard are no longer consolidated as subsidiaries, but instead presented as discontinued operations, the Group reported operating revenues for 2012 of NOK 30,001 million (NOK 30,158 million)[2]. The bulk of the decrease of 0.5% is ascribable to the sale of Bakers. The Branded Consumer Goods business achieved underlying[3] growth in operating revenues of 1.1% in 2012.

Group EBITA[1] amounted to NOK 3,295 million, compared with NOK 2,872 million in 2011. The improved results are due to the stronger performance of Orkla Foods, Orkla Confectionery & Snacks and Sapa Heat Transfer and the realisation of the Idun project in 2012. Orkla International and Hydro Power reported slightly lower profit in 2012.

The results of foreign entities are translated into NOK on the basis of average exchange rates for the year. Due to fluctuations in the currency market, the Group experienced negative currency translation effects of NOK -351 million on operating revenues and NOK -8 million on EBITA[1] in 2012.

Other income and expenses totalled NOK -433 million net in 2012. In accordance with applicable IFRS rules, a provision of NOK 267 million was made in connection with restructuring costs and litigation in Russia. Provisions were also made for restructuring projects at Beauvais foods and costs related to the merger of Procordia and Abba Seafood. After amortisation and other income and expenses, the Group's operating profit amounted to NOK 2,846 million in 2012, compared with NOK 2,480 million in 2011.

Associated companies mainly consist of Orkla's equity interest in Jotun (42.5%). Investments are presented according to the equity method on the line for associated companies. Jotun had a good year in 2012, with growth in both turnover and profit. Associated companies' contribution to profit totalled NOK 414 million, compared with NOK 263 million in 2011.

Shares and financial assets consist of Orkla's share portfolio, the equity interests in Borregaard (19%) and REC (15.6%) and the exposure to 200 million REC shares through a total return swap agreement entered into on 26 September 2012. The agreement will run for six months. Including Borregaard and REC, shares and financial assets had a market value of NOK 3,592 million at the end of 2012. The original share portfolio accounted for NOK 2,630 million of this amount. Capitalised unrealised gains totalled NOK 412 million at the end of 2012. Net sales of shares amounted to NOK 3,350 million. Net gains on shares and financial assets totalled NOK 857 million in 2012, compared with NOK 1,643 million in 2011. As of 1 October 2012, the investment in REC is reported as part of the financial assets, at an initial acquisition price of NOK 1.90 per share. The fall in the price of the REC share resulted in a total accounting charge of NOK 440 million in 2012.

Dividends received by the Group totalled NOK 211 million (NOK 440 million)[2]. Net finance costs amounted to NOK -455 million, and pre-tax profit amounted to NOK 3,873 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 707 million in 2012. However, realised capital gains and dividends from shares in companies resident in the EEA are largely tax-exempt. The tax charge for the 2012 financial year was 18%.

The line for discontinued operations presents Borregaard as at 30 September 2012 with accumulated profit after tax, minus costs incurred in connection with the company's listing on the stock exchange. The gain realised on the listing of Borregaard has also been recognised as discontinued operations. The Sapa businesses covered by the agreement with Norsk Hydro ASA are presented in the same way. This part of Sapa was established through a series of acquisitions which have given rise to accounting goodwill. An impairment assessment was carried out in the third quarter, and the investment was written down by NOK 1,500 million. The write-down was ascribed to discontinued operations. Orkla's equity interest in REC has been reduced to 15.6%. Accordingly, accumulated profit as at 30 September 2012 has been presented as discontinued operations, while the financial exposure as from that date has been presented as shares and financial assets.

The profit for the year for the Group amounted to NOK 1,583 million, and earnings per share were NOK 1.6.

FINANCIAL SITUATION AND CAPITAL STRUCTURE

Cash flow (see Note 41)

A number of measures were implemented in 2012 to reduce the amount of Group capital tied up in property, plant and equipment. As a result, the Group's cash flow from operations increased to NOK 3,335 million, compared with NOK 2,460 million in 2011. For the full year, working capital was reduced by NOK 526 million, while maintenance investments accounted for 78% of depreciation.

Expansion investments totalled NOK 347 million in 2012, and were chiefly related to capacity expansion in Sapa Heat Transfer.

In 2012, the Group purchased companies and parts of companies for a total of NOK 1,617 million. These primarily consist of Orkla's purchase of Jordan and a number of smaller acquisitions in Orkla Home & Personal, Orkla Foods and Orkla Food Ingredients.

With regard to the Group's shares and financial assets, net sales of securities totalled NOK 3,350 million in 2012 (NOK 4,494 million)[2]. An ordinary dividend of NOK 2.50 per share was paid out. In 2012, a total of 10.2 million shares were bought back. All in all, Orkla paid dividends and undertook share buybacks amounting to NOK 3.2 billion in 2012.

In the course of 2012, the Group freed up NOK 6.9 billion in capital through the sale of companies (Borregaard, Fornebu Utvikling and Bakers) and the sell-off of the share portfolio. Net interest-bearing liabilities were reduced by NOK 5,685 million, and totalled NOK 4,960 million at year end.

The Group's average borrowing rate for the full year was 3.7% on average interest-bearing liabilities totalling NOK 9.4 billion. These liabilities are mainly denominated in NOK, EUR, GBP and USD.

Foreign currency

In 2012, 68% of Orkla's sales revenues were generated outside Norway. Orkla is moderately exposed to currency rate changes, since Orkla's business areas mainly have local production facilities.

However, Sapa Heat Transfer in Sweden is exposed to currency fluctuations, due to its cost base in SEK and export revenues in EUR and USD. Sapa Heat Transfer has a foreign currency exposure of approximately EUR 82 million and USD 36 million.

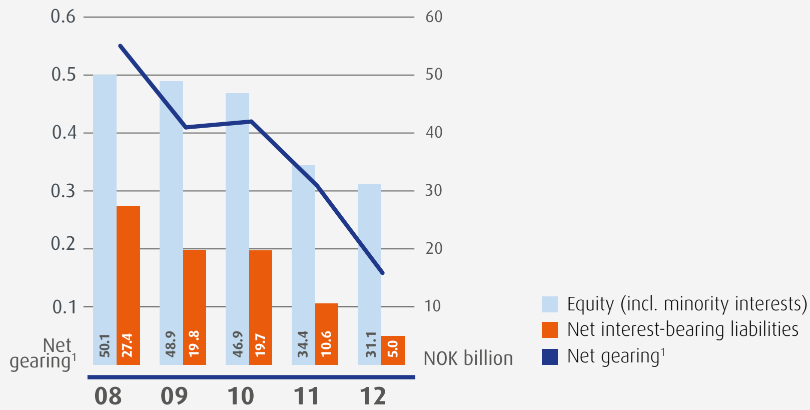
The Group's liabilities are denominated in different currencies, depending on its net investments in countries other than Norway. Liabilities measured in NOK will therefore fluctuate in step with currency rate changes.

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 23 to the annual financial statements.

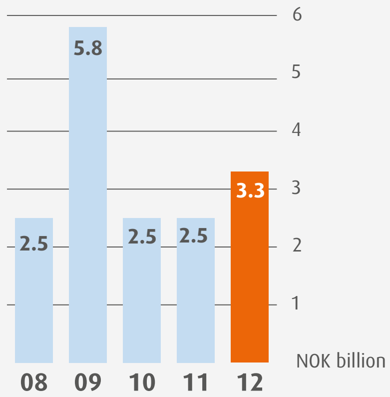
Capital structure

In the course of 2012, the consolidated statement of financial position was reduced by NOK 8.7 billion, totalling NOK 57.7 billion at year end. The reduction was mainly related to the freeing-up of capital through the sale of Borregaard and the net sale of shares in the share portfolio. Furthermore, the value of the investment in REC was reduced by the fall in the REC share price in 2012.



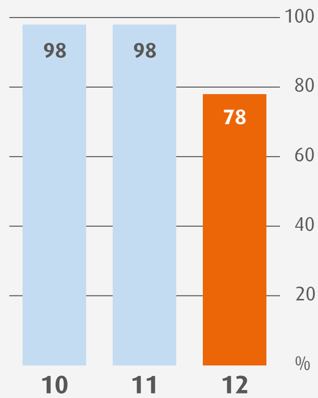
EQUITY, LIABILITIES AND NET GEARING[1]*

[1] [Net interest-bearing liabilities]/Equity.
* Figures as reported from 2008–2011.



CASH FLOW FROM OPERATIONS INDUSTRIAL ACTIVITIES*

* Figures as reported from 2008–2011.



REPLACEMENT INVESTMENTS AS % OF DEPRECIATION*

* Figures as reported in 2010 and 2011. For the industrial activities.

In 2012, the Group purchased companies and parts of companies for a total of NOK 1,617 million. These primarily consist of Orkla's purchase of Jordan and a number of smaller acquisitions in Orkla Home & Personal, Orkla Foods and Orkla Food Ingredients.

CASH FLOW FROM OPERATIONS

3.3

Cash flow from operations was NOK 3.3 billion.

NET INTEREST-BEARING LIABILITIES

5.0

Net interest-bearing liabilities were reduced by NOK 5,685 million, and totalled NOK 4,960 million at year end.

Net interest-bearing liabilities were reduced by NOK 5.7 billion in the course of the year, and net gearing[4] was NOK 0.16 (NOK 0.31)[2] at the end of 2012.

After paying dividends and undertaking share buybacks for a total of NOK 3.2 billion in 2012, the Group's equity was approximately NOK 31 billion at year end. This is equivalent to an equity ratio of 53.9% (51.8%)[2]. At the start of 2013, the Group has 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 for most of the pension plans outside of 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 any particularly high uncertainty or risk. Pension costs in 2012 were slightly higher than in 2011.

The Orkla share

As at 31 December 2012 there were 1,018,930,970 shares in Orkla, following the General Meeting's resolution to cancel 10,000,000 treasury shares. The number of shareholders decreased by 1,947 to 44,253. The proportion of shares held by foreign investors rose by 5 percentage points to 46%.

The price of the Orkla share was NOK 44.65 at the start of the year. At year end, the share price was NOK 48.50. Taking into account the reinvested dividend, the return on the Orkla share was 15.1% in 2012, while the return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 15.4%. The value of Orkla shares traded on the Oslo Stock Exchange amounted to NOK 23 billion, which is equivalent to 2.3% of the Exchange's total trading volume. Further information on shares and shareholders may be found in the Annual Report on Orkla's website (www.orkla.com).

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 the community. Growth opportunities must always be assessed against the associated risk picture.

Orkla's overall risk picture is consolidated and discussed 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 to this, 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 help to 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 a special focus on changes in relation to the previous year 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. A unit's risk picture identifies the main risk factors on the basis of 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 consists of leading branded consumer goods and concept solutions, supplied primarily to the grocery and out-of-home sectors in the Nordic region. The Branded Consumer Goods business comprises five business areas: Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients. Other businesses consist of Sapa Heat Transfer, Hydro Power, the investment in Jotun (42.5%) and shares and financial assets. Sapa's aluminium profiles and building system businesses are included in discontinued operations and will be reestablished as an associate when the joint venture agreement with Norsk Hydro becomes effective.

Orkla Foods

Orkla Foods comprises food businesses in the Nordic region and the Baltics. Orkla Foods' operations are concentrated around its own branded consumer goods, most of which hold no. 1 and no. 2 positions in their home markets. The companies in this business area are Stabburet in Norway, Procordia and Abba Seafood in Sweden, Beauvais foods in Denmark, Felix Abba in Finland, Põltsamaa Felix in Estonia, Spilva in Latvia and Suslavicius-Felix in Lithuania.

Orkla Foods reported operating revenues of NOK 7,972 million in 2012, an underlying[3] rise of 1% compared with 2011. Turnover growth for Orkla Foods was mainly driven by grocery channel sales. EBITA[1] for Orkla Foods amounted to NOK 1,114 million, compared to NOK 1,058 million in 2011. Most of the Orkla Foods companies achieved profit growth in 2012. Stabburet in Norway and Abba Seafood in Sweden, in particular, launched successful products. Overall, market shares were slightly strengthened in 2012.

Orkla Confectionery & Snacks

Orkla Confectionery & Snacks comprises five branded consumer goods companies which primarily serve their home markets in the Nordic region and the Baltics. The companies hold solid market positions in Norway, Sweden, Denmark, Finland and Estonia.
The companies that make up Orkla Confectionery & Snacks are Chips Group (snacks), Nidar (confectionery),

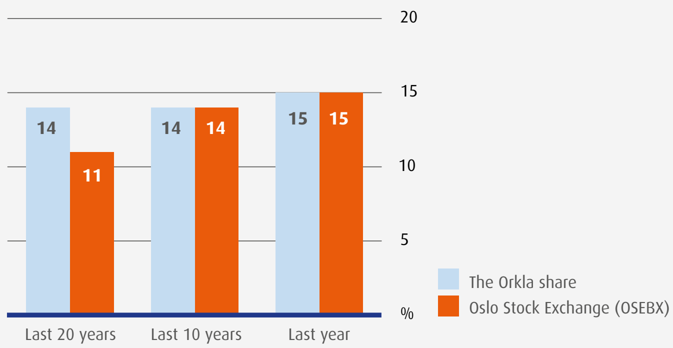
Göteborgs/Sætre (biscuits), Panda (licorice and chocolate) and Kalev (chocolate).

Operating revenues for Orkla Confectionery & Snacks in 2012 totalled NOK 4,794 million, equivalent to an underlying[3] increase of 1%. EBITA[1] was NOK 780 million, compared with NOK 762 million in 2011. All the businesses in Orkla Confectionery & Snacks reported profit growth in 2012, except for the biscuits business.

Orkla Home & Personal

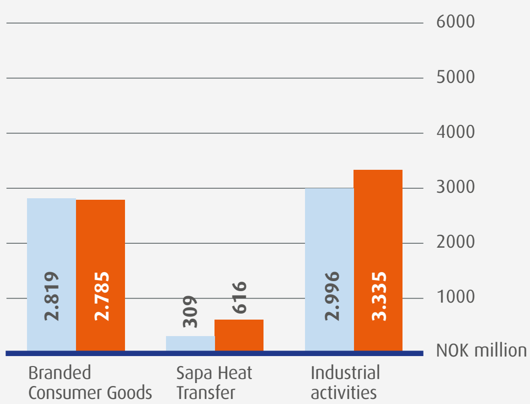
Orkla Home & Personal comprises Lilleborg (detergents, toothbrushes and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions to the professional market), Axellus (dietary supplements and health products), the Pierre Robert Group (basic textiles in the grocery channel) and Jordan House Care (painting tools). The businesses hold strong no.1 positions in the Norwegian market in all their areas, as well as solid market positions in Sweden, Denmark and Finland.

Orkla Home & Personal achieved somewhat lower profit than in 2011. The main reason for the profit decline was Lilleborg Profesjonell's loss of contract production to a major customer. Operating revenues for Orkla Home & Personal in 2012 totalled NOK 4,025 million, equivalent to an underlying[3] fall of -1 %. EBITA[1] amounted to NOK 702 million, compared with NOK 726 million in 2011. Market share performance varied from one category to another, but overall was on a par with 2011.



ANNUAL RATE OF RETURN*

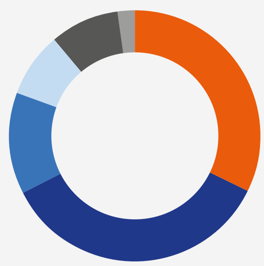
* The Orkla share, dividend reinvested on first trading day after Orkla's Annual General Meeting.



CONVERSION OF PROFIT TO CASH FLOW

EBITA[1]
Cash flow from operating activities

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



SALES REVENUES BY GEOGRAPHICAL AREA

- Norway **9,239** (32 %)
- Nordic region excl. Norway **10,096** (35 %)
- Central and Eastern Europe **3,679** (13 %)
- Rest of Europe **2,282** (8 %)
- Asia **2,694** (9 %)
- America/Rest of the world **569** (2 %)

Total sales revenues NOK 28,559 million.

Orkla International

Orkla International comprises branded consumer goods companies outside the Nordic region and the Baltics. The business area consists of Orkla Brands Russia, Felix Austria and MTR Foods. In Russia, Orkla Brands Russia holds good regional positions in the chocolate and biscuits sector. In India, MTR Foods holds strong regional positions in the spice and spice mix categories, in addition to good national positions in the ready mix and ready meals categories. Through Felix Austria, Orkla is market leader for ketchup in Austria.

Operating revenues for Orkla International totalled NOK 2,133 million in 2012, equivalent to an underlying[3] increase of 5%. EBITA[1] amounted to NOK -5 million, which was an underlying[3] fall of NOK 11 million from 2011. MTR Foods continued to achieve growth in 2012, and it has been decided that part of the cash flow is to be invested to support regional expansion. Challenging market conditions in Russia have contributed to a profit decline for Orkla Brands Russia. Under other income and expenses, a total of NOK 267 million was expensed for the full year for costs related to restructuring and ongoing litigation in Orkla Brands Russia.

Orkla Food Ingredients

Orkla Food Ingredients is the leading supplier of bakery ingredients in the Nordic region, in addition to holding growing positions in selected countries in Europe. The business area has a decentralised management structure, consisting of eight main reporting units with sales and/or production companies in 19 countries. The business area's largest product categories are margarine, marzipan, bread improvers, bread mixes and yeast. The largest sales and distribution companies are KåKå, Idun and Credin Bageripartner.

Orkla Food Ingredients achieved results on a par with its 2011 performance, despite difficult framework conditions. The business area maintained its market positions. Operating revenues for Orkla Food Ingredients totalled NOK 5,435 million in 2012, equivalent to an underlying[3] increase of 1% compared with 2011. At NOK 228 million, EBITA[1] was at the same level as in 2011.

Other businesses

As a result of the agreement to establish a joint venture consisting of parts of Sapa and Norsk Hydro ASA, segment reporting for Sapa has been changed. Sapa Heat Transfer will be reported as a separate segment and will be included in the Group's turnover and operating profit. As stated earlier, a sale process has been initiated for Sapa Heat Transfer, which is expected to be concluded during the first half of 2013. Net profit after tax for Sapa Profiles & Building System is presented on the line for discontinued operations. When the joint venture agreement is finally approved, this investment will be re-established as a joint venture and presented in the same way as an associate, in accordance with the equity method.

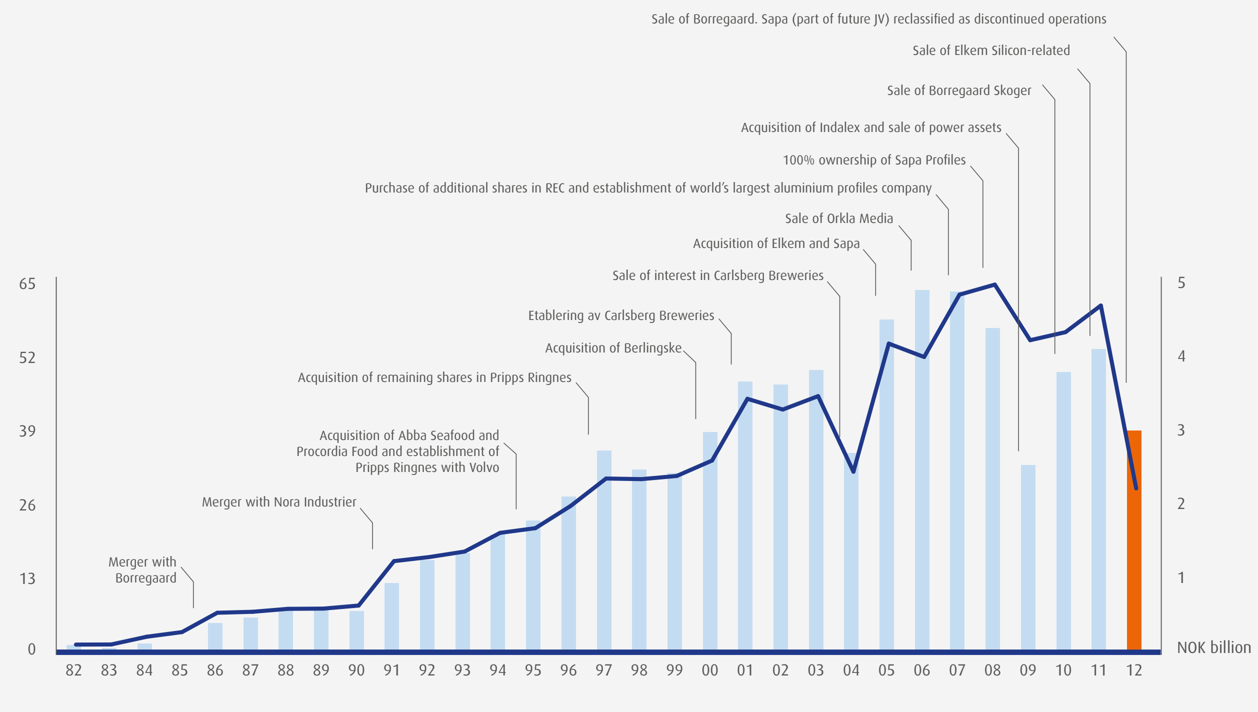
Sapa Heat Transfer is the world's leading supplier of solutions for the heat exchanger industry, and specialises in rolled, welded and extruded solutions for aluminium-based heat exchanger applications. Sapa Heat Transfer has a global market share of 21%, and holds strong positions in China and Europe.

Operating revenues for Sapa Heat Transfer totalled NOK 3,990 million in 2012, equivalent to a rise of 2% from 2011. EBITA[1] was NOK 309 million (NOK 179 million)[2]. Major improvement measures contributed to these improved results.

Orkla Eiendom engages in real estate development and the sale of properties derived primarily from Orkla's own operations. Orkla Eiendom also meets the Group's needs for specialised real estate expertise. In 2012, Orkla's real estate investments generated a pre-tax profit of NOK 437 million (NOK-63 million)[2]. The improved results are largely 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.

Hydro Power consists of energy 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 normal production volume of 2.4 TWh. Hydro Power delivered weaker results in 2012 than in 2011, due to low power prices. Operating revenues amounted to NOK 812 million and EBITA[1] to NOK 208 million, compared with NOK 1,691 million and NOK 260 million, respectively, in 2011.

Shares and financial assets consist of Orkla's share portfolio, the equity interests in REC and Borregaard and the



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 1982–2011. Figures for 2004–2012 are stated under IFRS, while figures for 1982–2003 are stated under NRS.

exposure to 200 million shares in REC through a total return swap agreement entered into on 26 September 2012. The agreement will run for six months. The Group has decided to liquidate the share portfolio, and the systematic sell-off of shares continued in 2012. After net sales of portfolio investments totalling NOK 3,350 million, the value of the portofolio, including Borregaard and the REC investments, was NOK 3,592 million at year end. In 2012, gains, losses and write-downs amounted to NOK 857 million (NOK 1,643 million)[2]. Dividends received totalled NOK 211 million (NOK 440 million)[2]. Write-downs in accordance with IFRS amounted to NOK 756 million (NOK 668 million)[2], of which NOK 440 million was related to the fall in the price of the REC share.

Associated companies primarily consist of the investment in Jotun AS (42.5% interest). Jotun is presented in Orkla's financial statements according to the equity method, and Orkla's share of profit after tax is presented on the line for profit/loss from associates.

Jotun is one of the world's leading manufacturers of paint and powder coatings, with 65 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 business segments (decorative paints, marine coatings, protective coatings and powder coatings) and seven regions. Jotun's operating revenues totalled NOK 11,351 million in 2012, compared with NOK 10,659 million in 2011. EBIT was NOK 1,126 million, compared with NOK 956 million in 2011.

Jotun achieved good results in 2012. Volumes, sales and operating profit are record-high. Margins improved compared with the same period of 2011, primarily due to lower raw material prices and price rises. Geographically, Scandinavia, Asia and the Middle East are the primary contributors to the company's positive performance.

Discontinued operations

Sapa develops, manufactures and markets value-added profiles, profile-based building systems and heat-exchanger solutions, all made of aluminium. Sapa has operations in Europe, North America and Asia. Its most important customers are in the building, transport, automotive, engineering and telecommunications industries, and in the renewable energy sector.

Operating revenues for the part of Sapa that is included in the joint venture totalled NOK 25,372 million in 2012, compared with NOK 27,057 million in 2011. EBITA[1] was NOK 233 million, compared with NOK 631 million in 2011.

Sapa Profiles is the world's leading supplier of extruded aluminium profiles, and is organised into three geographical segments: North America, Europe and Asia. With businesses in 26 countries, Sapa Profiles has a good platform for establishing close cooperation with both local and international customers.

Operating revenues for Sapa Profiles totalled NOK 22,956 million in 2012, compared with NOK 24,479 million in 2011. EBITA[1] was NOK 248 million compared with NOK 534 million in 2011. The North American operations delivered a good performance during the year and achieved profit improvement in 2012. Production structure optimisation and operational improvements have increased profitability in the last two years. The European operations reported weak results for the year, largely due to a weak European market. In particular, demand from the solar market has fallen substantially compared with 2011. The Asian operations are undergoing a comprehensive establishment and expansion phase entailing organisational, production and market-related investments. The contribution to profit in 2012 was negative, affected by the slower growth in the Chinese economy. The Chinese solar, building and construction industry, in particular, experienced a weak trend in the second half of 2012.

Sapa Building System is one of Europe's largest suppliers of building systems based on aluminium profiles. Sapa Building System offers a broad range of innovative aluminium systems for architects, designers, specifiers and contractors.

Operating revenues for Sapa Building System totalled NOK 2,165 million in 2012 (NOK 2,313 million)[2]. EBITA[1] amounted to NOK 11 million, compared with NOK 71 million in 2011. Sapa Building System is still affected by the low level of activity in the European building and construction sector. Moreover, Sapa Building System's Belgian unit experienced operational challenges which impacted negatively on profit in 2012. Sapa Building System is continuing its efforts to gradually strengthen its market position.

RESEARCH AND DEVELOPMENT (R&D)

Orkla's innovation activities focus on creating growth through an interdisciplinary approach 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 consumers' increasingly demanding needs.

Orkla has two main sources of growth through innovation: innovation in the form of new products in new or associated categories, or innovation in the form of improvements in existing product mix or products that are very similar to existing products. In all innovation work, the actual user experience (often the taste experience) is pivotal, but health-related aspects and advantages that make products even simpler to use are crucial to inspiring consumer delight.

In 2012, Orkla had good examples of both types of innovation. Take Away Pizza from Stabburet and Abba Middagsklart (Dinner's Ready) are innovations in new categories that create category growth for the grocery sector and generate more satisfied consumers. The launch of a unique new lid for Nora Syltetøy jam jars and the new Define Moroccan Argan Oil hair care products are examples of ways to further enhance consumer perceived quality.

Through Orkla's central sales and marketing organisation, there is emphasis on extracting synergies across local innovation projects. In the years to come, Orkla's focus on innovation will remain a top priority, and all employees will work continuously to ensure that our local brands are consumers' first choice by making them a little better, simpler and healthier part of their everyday life.

CORPORATE RESPONSIBILITY

Orkla defines corporate responsibility as achieving commercial profitability in a way that is consistent with fundamental ethical values and respect for individuals, the environment and society. The Group is a member of the UN Global Compact initiative, and endorses the Global Compact's ten principles. Through clearly defined attitudes, active influence and targeted improvement efforts, Orkla companies will help to promote human rights, good working and environmental standards and zero tolerance for corruption, both in their own operations and in respect of their suppliers and external partners. Other sustainability topics of importance to Orkla are food safety, nutrition and health. In addition to the information below, a more detailed description of the Group's work in priority areas may be found in Orkla's Sustainability Report for 2012.

The Group directives on corporate responsibility and business ethics were revised in 2011, and the documents were made available to the management and staff of Orkla companies through the establishment of a new web-based information portal in 2012. Internal information and training programmes have also been carried out to increase knowledge of Orkla's standards and principles with regard to corporate responsibility and business ethics. Efforts to provide training in and raise awareness of these issues will continue in 2013.

In 2012, Orkla improved procedures for monitoring companies' corporate responsibility work by expanding in-house sustainability reporting. An annual status report was established in 2012 as part of the business areas' business reviews.

In 2011, Orkla devised a method for identifying sustainability-related risk, and in 2012 a pilot project was carried out in selected companies to review experience in the use of this method. In 2013, the Group will launch a broader roll-out of the method.

In 2009, Orkla drew up principles for its companies' efforts to assess and monitor suppliers with a view to identifying the risk of breaches of the Group's ethical supplier standards, and has subsequently provided training and guidance to support the companies' application of these principles. Among other things, an internal network for responsible purchasing was established, which promotes systematic learning, experience-sharing and common improvement processes. Work on risk identification, supplier monitoring and improvement processes will continue in 2013. Identifying risk of breaches of human rights, EHS standards and other rules is part of Orkla's due diligence procedures in connection with business acquisitions, and needs for improvement are addressed in the process of integrating new companies. A priority task in 2013 will be to ensure the smooth incorporation of Jordan and Rieber & Søn into the Group's procedures and to draw on the experience gained from the acquired companies as a source of further improvement of Orkla's principles and practice.

As a leading manufacturer of food and beverages, Orkla's companies can make a positive contribution to public health by developing products that make it easier for people to have a balanced diet. Orkla has a wide and varied portfolio of products that span from supplements to staple foods to confectionery products. In the market segments where it is natural and possible, the companies develop products that can contribute to a healthier diet. The companies have, for many years, worked systematically in order to develop products with less saturated fat, sugar and salt, and emphasise good consumer guidance, customer service and responsible marketing.

In 2012, Orkla has been engaged in an active dialogue with special-interest organisations, public authorities, politicians and other external stakeholders on relevant issues related to its operations. The Group has also sought to promote sound principles for corporate responsibility through its participation in the Global Compact's Nordic network and other external arenas where attention has been focused on this topic.

PERSONNEL AND ADMINISTRATION

The Orkla Group had 28,379 employees (29,785)[2] at year end. Of these, 3,115 (4,394)[2] worked in Norway, 6,259 (6,147)[2] in another Nordic country and 19,005 (19,244)[2] in countries outside the Nordic region.

A total of 13,378 persons were employed by Sapa (part of future JV), 14 in Norway, 1,376 in another Nordic country and 11,988 in countries outside the Nordic region.

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. Elections of new employee representatives to the Board of Directors and the Corporate Assembly were held in the spring of 2012. Sverre Josvanger was elected as a Board member as a representative for the salaried employees, while chief union

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

representative Terje Utstrand and Gunn Liabø, representing members of the Norwegian Confederation of Trade Unions, were elected as new members of the Board of Directors. In addition, Kenneth Hertz from Sapa Sweden and Peer Sørensen from Odense Denmark were elected as observers.

The following persons were elected to the Corporate Assembly: Janne Halvorsen (Stabburet Norway), Ådne Jensen (Stabburet Norway), Tonje Kåsene (Nidar Norway), Åsmund Dybedahl (Borregaard Norway), Esa Mäntylä (Göteborg Kex Sweden), Mats Ekvall (Sapa Profiles Sweden) and Charlotte Poulsen (KiMs Denmark). In connection with Borregaard's listing on the stock exchange, Åsmund Dybedal resigned and was replaced by Vidar Dahl (Idun Norway).

A meeting of the Corporate Assembly of Orkla ASA was held on 24 May 2012. Idar Kreutzer was re-elected as Chair. Dag Mejdell resigned his position as Deputy Chair on 1 June 2012 and Terje Venold was elected as new Deputy Chair.

Stein Erik Hagen, Bjørg Ven, Peter Ruzicka, Jesper Ovesen and Barbara M. Thoralfsson were re-elected as shareholder-elected members of Orkla's Board of Directors.

Stein Erik Hagen was re-elected as Chairman of the Board. At a meeting of the Corporate Assembly on 19 August 2012, Grace Reksten Skaugen and Jo Lunder were elected as new members 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 first meeting of the Corporate Assembly after the Annual General Meeting in 2013.

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

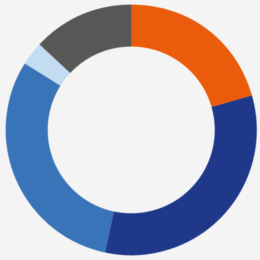
Three out of a total of seven shareholder-elected members of Orkla's Board of Directors are women, while one of the three employee-elected Board members is a woman. Orkla ASA therefore fulfils the requirement under section 6-11a of the Public Limited Companies Act regarding representation of both genders on the Board of Directors. In the Corporate Assembly, four out of a total of 14 shareholder-elected members are women. Three of the seven employee-elected members are women.

On 30 April 2012 the Board of Directors reached an agreement with Bjørn M. Wiggen that he was to resign as President and CEO of Orkla. The Deputy Chair of the Board, Åge Korsvold, was appointed Acting President and CEO and in August 2012 the Board extended Mr Korsvold's contract.

Torkild Nordberg resigned from his position as CEO of Orkla Brands in May 2012. On 1 June the heads of the four business units in Orkla Brands and Håkon Mageli became members of Orkla's Group Executive Board, while Sapa CEO Svein Tore Holsether stepped down from the Group Executive Board.

Effective as of 9 January 2013, Ole Petter Wie has been appointed Executive Vice President Business Development and will sit on Orkla's Group Executive Board. Mr Wie has broad experience from companies such as Ringnes, Nestlé, Coca-Cola and McKinsey.

On 1 February 2013, Karin Aslaksen resigned from her position as Executive Vice President HR. Senior Vice President Business Development Marianne Romslo-Macarie has been appointed as temporary Executive Vice President HR and meets in the Group Executive Board. Ms Romslo-Macarie joined Orkla on 2 January 2013, having previously held the position of General Manager of Nike Norway. She has prior experience from Oakley Europe SNC and other companies.



NUMBER OF EMPLOYEES, BY GEOGRAPHICAL AREA*

- Norway **3,101** (21 %)
- Nordic region excl. Norway **4,883** (33 %)
- Central and Eastern Europe **4,614** (31 %)
- Rest of Europe **517** (3 %)
- Asia **1,886** (13 %)
- America/Rest of the world **0** (0 %)

* For continuing operations.
Total employees 15,001.

The Group Executive Board now consists of President and CEO Åge Korsvold, Business Area CEOs Atle Vidar Johansen (Orkla Foods), Jan Ove Rivenes (Orkla Home & Personal), Paul Jordahl (Orkla International) and Pål Eikeland (Orkla Food Ingredients), and Executive Vice Presidents Terje Andersen (CFO), Karl Otto Tveter (Legal Affairs), Ole Petter Wie (Business Development) and Håkon Mageli (Corporate Communications and Corporate Affairs).

A new CEO is to be appointed for Orkla Confectionery & Snacks. Until then, Jan Ove Rivenes will also head this business area.

The Board of Directors would like to thank all employees for their efforts and for the results achieved in 2012.

NUMBER OF EMPLOYEES

28,379 The Orkla Group had 28,379 employees at year end.

EQUALITY AND DIVERSITY

To achieve Orkla's business goal of growth in a global market, the company is dependent on attracting competent individuals with broad-based experience and expertise. The Group's view is that ensuring a diversity of experience and perspectives among management and employees enhances the quality of decisions, and is important for Orkla's value creation.

Orkla's internal standards of diversity, equality and non-discrimination were highlighted in 2011 through the elaboration of the Group's human rights policy and the revision of Orkla's directives on corporate responsibility and business ethics. In connection with the implementation of these directives, internal information programmes were carried out in 2012. In 2013, Orkla will assess how procedures for providing training in and raising awareness of these topics can be improved.

Recruitment

Orkla's businesses aim at achieving an even gender balance among its employees, and attaches importance to this factor when recruiting new staff. At the end of 2012, the Group had 9,581 female employees, equivalent to 33.8% of its workforce. The corresponding figure for 2011 was 33.3%.

Orkla wants a diverse working environment and considers equal treatment a basic tenet of its recruitment policy. Orkla has collaborated with the non-profit organisation, Alarga, for several years. A representative of the Orkla Group sits on Alarga's Advisory Board, and in 2012 the Group awarded an educational grant to one of the students in the Alarga programme. Through this partnership, Orkla has provided grants for five students of multicultural background in the period 2007–2012. The Group is also engaged in a partnership with Ambisjoner.no, a career and education web portal for persons of minority background.

Pay and working conditions

Orkla aims to ensure that all employees are paid in accordance with the pay targets and collective wage agreements drawn up by employers' organisations and other bodies in the respective countries. When determining pay levels, Orkla attaches importance to expertise, the complexity of the position, performance and competitiveness in the market, regardless of gender, background or disability. Another factor considered important in promoting gender equality is measures that make it easier to combine a career with family life.

Promotion and development opportunities

Orkla aims to increase the percentage of women in leading positions. In the past decade, many of Orkla's companies have achieved an increase in the percentage of women at both middle management and senior management levels. Progress was also made in this respect for the Group as a whole in 2012. At year end, the proportion of women among the Group's senior management staff at Group, business area and company level was 23.5%, up from 22% the previous year. The proportion of women among all managers at all levels of the Group's operations was 26%, compared with 25% in 2011.

To ensure further progress in this area, Orkla has initiated a joint project in collaboration with five other Norwegian companies. By conducting an internal survey in the collaborating companies, the project aims to provide more knowledge of the factors that promote a good gender balance in management. The survey will be conducted in partnership with the Administrative Research Institute (AFF) at the Norwegian School of Economics (NHH) and will be carried out in 2013.

To promote a wider range of international backgrounds and experience among Orkla's senior management, there is emphasis on broad geographical participation in leadership development programmes. Thirteen different nationalities were represented among the 27 participants in the Orkla Senior Management Programme in 2012.

Protection against harassment

Orkla is committed to establishing a working environment that promotes dignity and respect for all, and does not tolerate any form of harassment or other conduct that colleagues or business contacts may find threatening or demeaning. All employees are entitled to fair and equal treatment. The Group's attitudes are described in Orkla's internal human rights policy, and the requirements that apply to Board members, management and employees are set out in the Orkla Code of Conduct. In 2012, training and information programmes were carried out to increase awareness of these guidelines among the management and employees of Group companies.

Through the Orkla Code of Conduct, the Group urges company employees to notify their immediate superior of any act that may be contrary to rules and regulations or Orkla's Code of Conduct. Orkla's whistleblowing service gives employees and other persons the opportunity to alert the Group's governing bodies to possible breaches of the Orkla Code of Conduct in cases where it is difficult to take up a matter at the local level. In 2012, information measures were implemented to create greater awareness of Orkla's whistle-blowing service among company employees.

COMPETENCE

The success of the Group's strategy and restructuring calls for considerable expertise on the part of each employee. This requirement applies at all levels and to operators and senior executives alike. Overall, the continuous development of employee competencies is crucial to maintaining and strengthening the Group's competitiveness.

The efforts to develop individual skills focus primarily on the on-the-job training that each employee receives. Several of the

To achieve Orkla's business goal of growth in a global market, the company is dependent on attracting competent individuals with broad-based experience and expertise. The Group's view is that ensuring a diversity of experience and perspectives among management and employees enhances the quality of decisions, and is important for Orkla's value creation.

Orkla companies also run local training programmes to improve their own efficiency and ability to adjust. Management development and professional development programmes, called Orkla Academies, have been established at the central level. Moreover, vocational training programmes are run either in collaboration with public education institutions or by the Group itself. Increased focus on specialised training in the Group's food companies is essential to meet future challenges. This means that the number of apprentices must be increased.

In addition to enhancing the participants' technical and professional skills, these programmes play an important role in fostering shared attitudes, common working methods and a corporate culture that transcends inter-company borders.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Protecting people and the environment is a great and important responsibility. Good performance in the fields of environment, health and safety (EHS) is a prerequisite for efficient, profitable production and quality in every part of the value chain.

Orkla's vision is to conduct its operations with zero injuries, in accordance with principles for sustainable development. It intends to achieve this goal by ensuring effective risk management, by making systematic efforts to prevent injuries and work-related illnesses and by reducing the environmental footprint created by the Group's products and processes.

The general requirements that must be met by Group companies are set out in Orkla's EHS policy. These guidelines are intended to ensure a system of controls and continuous improvement over time. Each company must define goals and prepare activity plans, establish systems and control procedures, implement measures and report on its EHS activities. All employees, contract workers and suppliers must be made aware of their EHS responsibility. Orkla expects all management staff to be strongly committed to the Group's EHS work and all employees to be actively engaged in EHS activities at their workplace.

In line with Orkla's multi-local management structure, each company has an independent responsibility for its own EHS activities. As a fundamental principle, these activities must be preventive in nature. Risk assessments are therefore a key element of EHS work. This means that every unit must conduct a risk survey, followed by continuous assessment of the risk picture for the business's external environment, working environment and hazardous conditions. The risk analysis serves as the basis for determining the measures that must be implemented to prevent injuries and negative impacts on human health and the environment. This process is intended to facilitate businesses' improvement efforts by prioritising the most important EHS activities and establishing effective action plans. EHS work is followed up through regular reporting in the businesses' boards and audits.

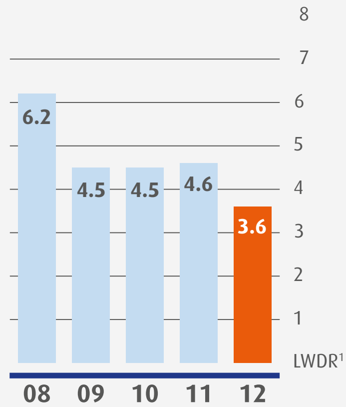
In 2012, there was focus on training and sharing of experience across the entire Group, and on further improvement of EHS reporting procedures. Uniform reporting procedures have now been put in place throughout the Group, and the central EHS reporting system has been further developed to include quarterly recording of key health and safety indicators. EHS activities are followed up by Orkla's Board of Directors every quarter.

Safety

Regrettably, 2013 began with an accident in which an employee at Sapa Profiles Ghlin, Belgium, died in connection with clearing and maintenance work on the warehouse site for scrap aluminium.

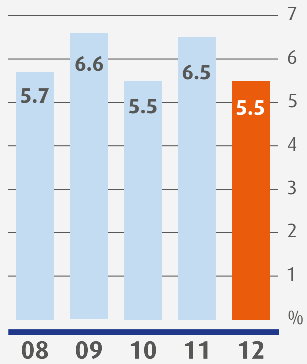
No incidents with serious results were reported in 2012. However, several incidents that could potentially have had far more serious results were reported. This demonstrates that the organisation must continue to give its full attention to injury prevention efforts. Incidents are investigated in order to learn from them and prevent them from recurring. Recording and following up on all types of injuries and undesired incidents are an important element of the improvement process. This promotes a greater understanding of risk and raises risk awareness within the organisation.

Orkla achieved a Lost Work Day Rate (number of personal injuries leading to absence per million hours worked) of 3.6 in 2012,



DEVELOPMENT OF LWDR[1] AT ORKLA*

* Figures as reported 2008–2011.
[1] Number of injuries leading to absence per million hours worked.



TRENDS IN SICKNESS ABSENCE FOR ORKLA IN NORWAY*

* Figures as reported in 2008–2011.

compared with 4.6 in 2011. The Total Recordable Rate (number of personal injuries leading to absence, a need for medical treatment, or restricted work per million hours worked) was 8.4 in 2012, compared with 14.6 in 2011. The systematic recording of injuries leading to medical treatment or restricted work is not yet satisfactory in all areas of the organisation, so this figure is expected to vary in the future.

The number of work accidents decreased throughout 2012. Moreover, several of the companies have recorded no injuries leading to absence during the year. These results show that compliance with key EHS principles, such as good order and cleanliness, commitment, expertise-building and a willingness to learn from others, leads to improvement. There must be focus and emphasis on working in accordance with these important principles throughout the organisation, while at the same time introducing new measures to ensure that progress is made towards the goal of zero injuries.

HEALTH AND THE WORKING ENVIRONMENT

A health-promoting workplace is important for each and every employee, but healthy employees also influence their working environment and are crucial to achieving good financial results. Systematic improvement efforts to improve health and the working environment focus both on preventive measures and rehabilitation.

The recorded sickness absence rate in Orkla was 3.2% in 2012. This was on a par with the 2011 rate. There have been minor changes in sickness absence in Orkla in the last few years, with the same variations during the year. The absence rate is highest in the winter months and lowest in the third quarter. On the other hand, the rate varies significantly both from country to country and from company to company.

The sickness absence rate for the businesses in Norway was 5.5% in 2012, a marked improvement from 2011, when the absence rate was 6.5%. Nonetheless, the rate of sickness absence in several Norwegian companies is too high, and continuous improvement measures are being implemented. In Norway, Orkla complies with the principles of an inclusive work environment, which entail active follow-up of absentees and cooperation with the company health service. In practice, it is a question of ensuring that individual businesses put in place effective processes, in which management and employees participate actively, to establish measures adapted to their workplace.

The rules for recording sickness absence and following up on employees on sick leave vary from one country to another. Orkla aims to ensure that principles for health-promoting workplaces are adapted to its operations in all parts of the world.

The external environment

Orkla is committed to taking responsibility for the external environment, and maintains strong focus on reducing any negative environmental impacts related to the company's processes and products. Any emissions or discharges are recorded and dealt with in compliance with national and local requirements. No serious matters entailing follow-up by local or national authorities were recorded in 2012.

Orkla's environmental impacts are primarily related to emissions generated by energy consumption and transport. Use of materials and scarce natural resources, including water, are also important focus areas that must be assessed in relation to the entire value chain and product life cycle. At the local factory level, waste and noise management are key areas of activity.

Several of Orkla's businesses systematically monitor their energy consumption and explore possibilities of achieving more efficient energy use. Efficiency improvement and investment projects are carried out each year with a view to reducing energy consumption and increasing energy recovery.

Orkla's total energy consumption in 2012 was 6.4 TWh, compared with 6.6 TWh in 2011. Around 1.9 TWh of this energy is from electricity. Orkla's own hydropower plants in Norway produced 2.7 TWh.

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

In 2012, global greenhouse gas emissions from Orkla's own operations totalled 615,000 tonnes of CO_2 equivalents, compared with 640,000 tonnes in 2011. Emissions are primarily generated by factories' production of thermal energy (from fossil fuels). If emissions from purchased energy are included, emissions in 2012 totalled around 1.1 million tonnes of CO_2 equivalents, compared with 1.2 million tonnes in 2011.

In 2013, Orkla aims to acquire a better knowledge of the emissions generated at every stage of the value chain with a view to initiating measures that will have the best possible environmental impact, such as the reduction of greenhouse gas emissions, water consumption and resource utilisation.

CORPORATE GOVERNANCE

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

An overall report on corporate governance at Orkla may be found on pages 24–31 of this Annual Report. The report will be an item of business for discussion at the 2013 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 2013 Annual General Meeting. The note also provides details of remuneration and contractual arrangements.

ACCOUNTING PRINCIPLES

The consolidated financial statements for 2012 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS). The financial statements for the parent company have

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

been prepared in accordance with section 3-9 of the Accounting Act (simplified IFRS). The explanation of accounting principles on pages 38-45 describes important matters relating to accounting treatment under IFRS.

ALLOCATION OF PROFIT/LOSS FOR THE YEAR

In 2012, Orkla ASA posted a profit of NOK 173 million. The Board of Directors proposes the following allocation (NOK million):

Covered by other equity	-2,354
Provision for dividends	2,527
Total	173

As at 31 December 2012, free equity amounted to NOK 19,009 million. The Board of Directors proposes to pay an ordinary dividend of NOK 2,50 per share for the 2012 financial year.

OUTLOOK FOR 2013

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

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

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

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

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

Overall, Jotun anticipates continued growth in 2013 despite the weak market for the construction of new ships.

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

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

Stein Erik Hagen
Chair

Jo Lunder

Jesper Ovesen

Peter A. Ruzicka

Grace Reksten Skaugen

Barbara M. Thoralfsson

Bjørg Ven

Terje Utstrand

Sverre Josvanger

Gunn Liabø

Åge Korsvold
President and CEO

THE GROUP EXECUTIVE BOARD

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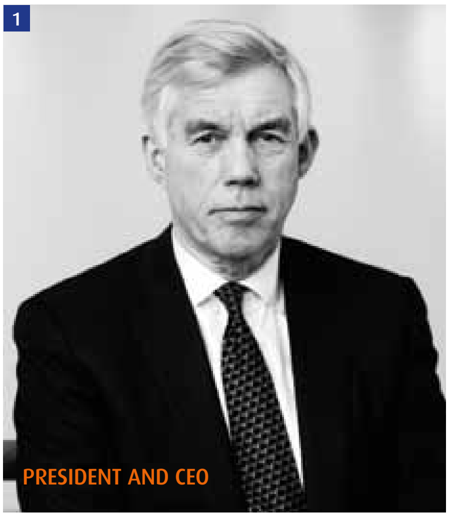

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1 ÅGE KORSVOLD (66), PRESIDENT AND CEO
MBA (Wharton School, University of Pennsylvania).

President and CEO since May 2012. Deputy Chair of Orkla's Board of Directors, May 2011–May 2012. President and CEO, Kistefos, 2001–2011, President and CEO, Storebrand ASA, 1994–2000. Prior to that, career in Procorp, Fondsfinans, Orkla, Golden West Shipping and Storebrand. Mr Korsvold and related parties own 20,881 shares and have a forward contract for the purchase of 200,000 shares in Orkla ASA[1]. Mr Korsvold participated in 4 Board meetings up until May 2012.

2 TERJE ANDERSEN (55), EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER
Degree (siviløkonom), Norwegian School of Economics and Business Administration (NHH).

Chief Financial Officer at Orkla since 2000. Senior Vice President Corporate Finance Orkla ASA 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 38,804 shares and 311,000 options in Orkla ASA[1].

3 OLE PETTER WIE (47), EXECUTIVE VICE PRESIDENT, BUSINESS DEVELOPMENT
MBA, University of Colorado, Bachelor of Science, Indiana University.

Executive Vice President Business Development, Orkla ASA since January 2013, Senior Vice President Business Development Orkla ASA, 2012–2013. Executive Vice President (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 881 shares in Orkla ASA[1].

4 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 35,496 shares and 175,000 options in Orkla ASA[1].

5 HÅKON MAGELI (48), EXECUTIVE VICE PRESIDENT, CORPORATE COMMUNICATIONS & CORPORATE AFFAIRS
Degree (siviløkonom), Norwegian Business School (BI), 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 73,829 shares and 175,000 options in Orkla ASA[1].

6 JAN OVE RIVENES (56), EXECUTIVE VICE PRESIDENT, ORKLA HOME & PERSONAL
Degree (siviløkonom), Norwegian School of Economics and Business Administration (NHH).

Member of Orkla's Group Executive Board since June 2012. CEO Orkla Brands Nordic 2008–2012. CEO, Stabburet AS, 2000–2008. Business Area Head, Procordia Food AB, 1998–2000. Director, Product Development, Stabburet AS, 1993–1998. Prior to that, career at Hartmark-IRAS/PA Consulting Group and Lilleborg. Mr Rivenes and related parties own 9,218 shares and 220,000 options in Orkla ASA[1].

7 ATLE VIDAR JOHANSEN (50), EXECUTIVE VICE PRESIDENT, ORKLA FOODS
Authorised Financial Analyst, Norwegian School of Economics and Business Administration (NHH), Degree (siviløkonom), Norwegian Business School (BI).

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 Johansen and related parties own 6,509 shares and 220,000 options in Orkla ASA[1].

8 PAUL JORDAHL (51), EXECUTIVE VICE PRESIDENT, ORKLA INTERNATIONAL
Market Economist, Oslo School of Management (NMH).

Member of Orkla's Group Executive Board since June 2012. CEO, Orkla Brands International, 2008–2012. CEO, 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 2,509 shares and 220,000 options in Orkla ASA[1].

9 PÅL EIKELAND (53), EXECUTIVE VICE PRESIDENT, ORKLA FOOD INGREDIENTS
Degree (siviløkonom), Norwegian Business School (BI).

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 10,400 shares and 210,000 options in Orkla ASA[1].

[1] Number of shares and options owned as of 31 December 2012.

CORPORATE GOVERNANCE

(STATEMENT OF POLICY ON CORPORATE GOVERNANCE)

ORKLA'S PRINCIPLES FOR GOOD CORPORATE GOVERNANCE AIM TO PROVIDE THE BASIS FOR LONG-TERM VALUE CREATION, TO THE BENEFIT OF SHAREHOLDERS, EMPLOYEES AND SOCIETY AT LARGE. THESE PRINCIPLES CANNOT REPLACE EFFORTS TO PROMOTE 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 18 April 2013. 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 is included on page 88.

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 the text of this chapter 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 Goals and Values, the Orkla Code of Conduct and the Group directive on corporate responsibility. The latter two documents were revised in 2011. The documents may be found on Orkla's website under "Sustainability", and are described in further detail in Orkla's Sustainability Report. The Sustainability Report also gives an account of the Group's efforts to address important corporate responsibility issues in 2012.

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 the text of this chapter at a Board meeting.

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 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 Directors":* 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.

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, aluminium solutions and financial investments. In 2011, Orkla announced that the Group will in future focus on and allocate its resources to its branded consumer goods operations.
In 2012, in line with this strategy, Orkla has taken a number of steps towards becoming a more pure-play branded consumer goods company by phasing out businesses that lie outside the Group's priority area. Reference is also made to page 4 of the Annual Report for further information. The Board of Directors will assess whether it is appropriate to propose adjusting the mission statement when the phase-out process has been completed.

Orkla's primary goal is "Developing people – creating value". 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 by sharpening its business focus and strengthening its consumer orientation. Further information on the Group's goals and main strategies, and the goals and main strategy of each business area, may be found on the Orkla website under "About Orkla". Work is in progress on developing Orkla's vision and strategic pillars.

3. EQUITY AND DIVIDENDS

As of 31 December 2012, Group equity totalled NOK 31.1 billion, which is a reduction of around NOK 3.3 billion. This change is largely ascribable to dividends paid. An ordinary dividend of NOK 2.50 per share was paid out for the 2011 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 2012 accounting year. The dividend will be paid out on 30 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 2012, 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 2013. 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 0.5% of outstanding shares each year. As at 31 December 2012, Orkla held 7,987,114 treasury shares.

At earlier general meetings, authorisation has regularly been 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. At the Annual General Meeting in 2012, this authorisation was not renewed, and the Board of Directors will not propose to the General Meeting that such authorisation be reintroduced in 2013. 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 govern 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 38 to the consolidated financial statements. In the event of not 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 not 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 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 in the Corporate Assembly. The auditor, Board of Directors and Nomination Committee are present at general meetings.

Under the Articles of Association, general meetings are chaired by the Chair of the Corporate Assembly, or in his or her absence, by the Deputy Chair. The Chair of the Corporate Assembly satisfies the requirements of the Norwegian Code

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.

of Practice for Corporate Governance regarding independence.

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. More information may be found in the notice of the Annual 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 as their proxy. 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 2012 could, for the first time, in addition to voting by proxy, cast a direct advance vote on the company's website or through VPS Investor Services. 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 16, 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, the statements of the Corporate Assembly pursuant to section 6-37, third paragraph, and the Board of Directors' statement of guidelines for the remuneration of the executive management pursuant to section 6-16 a must be sent to all shareholders no later than one week before the general meeting.

As authorised by the Public Limited Companies Act, a resolution was adopted at the Annual General Meeting in 2012 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 Companies Act, has decided that votes at the general meeting may be cast electronically. The decision applies until the Annual General Meeting in 2013. The Board of Directors will submit a similar resolution at the General Meeting in 2013.

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 guidelines for the Nomination Committee in 2010. The Rules of Procedure for the Nomination Committee may be found on Orkla's website under "Investor Relations". The Nomination Committee consists 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 Corporate Assembly,
- Election of members to and the Chair of the Nomination Committee

HOW ORKLA'S GOVERNING BODIES ARE ELECTED

EMPLOYEES OF ORKLA COMPANIES

Elect in accordance with the Orkla Group's system of corporate democracy

THE GENERAL MEETING

Elects on the basis of a recommendation by the Nomination Committee

THE CORPORATE ASSEMBLY

7 employee-elected members

The entire Corporate Assembly elects its own Chair and Deputy Chair

14 shareholder-elected members

Elects on the basis of a recommendation by the Nomination Committee

THE BOARD OF DIRECTORS

3 employee-elected members
2 employee-elected observers

The entire Corporate Assembly elects the Chair and Deputy Chair of the Board

7 shareholder-elected members

- Determination of the remuneration of the Corporate Assembly and the Nomination Committee

Recommendation to the Corporate Assembly:
- Election of the Chair and Deputy Chair of the Corporate Assembly
- 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 Corporate Assembly.)
- Determination of the remuneration of the Board of Directors

Recommendation to the shareholder-elected members of the Corporate Assembly:
- Election of shareholder-elected members to 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, the Corporate Assembly and the Board of Directors, as well as criteria for eligibility, general requirements regarding recommendations, the number of members in the Committee, the term of service and detailed procedural rules for the work of the Nomination Committee. An agreement has been concluded with the employee organisations to discontinue the Corporate Assembly, see point 8 below. Upon discontinuation of the Corporate Assembly, the functions of the Nomination Committee will be amended correspondingly.

Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals can 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, Board of Directors and Corporate Assembly. One of the Committee members is not a member of the Corporate Assembly, and 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 member of the Committee as of 31 December 2012 may be found on page 95 of the Annual Report.

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

Under the Public Limited Companies Act and Article 10 of Orkla's Articles of Association, it is the task of the Corporate Assembly to exercise control and oversight of the company and the Board of Directors, and to elect the Board of Directors and the Board Chair. It also elects the Deputy Chair of the Board of Directors. On 30 April 2012, the Deputy Chair of the Board of Directors was appointed as acting general manager and CEO, and consequently had to resign from the Board of Directors. Since then, the Board of Directors has had no deputy chair. As prescribed by law, the Corporate Assembly elects its Chair and has a permanent Deputy Chair. The Corporate Assembly normally convenes three times a year, and its composition is intended to ensure that it represents a broad cross-section of the company's shareholders. As from 2008, the General Meeting determined that shareholder-elected members and deputy members are to serve a term of one year, based on the rationale that an annual assessment of the overall composition of the Corporate Assembly will ensure greater flexibility. A proposal will be submitted to the 2013 General Meeting to discontinue the Corporate Assembly in accordance with the agreement concluded with the employee organisations, and to amend the provisions of the Articles of Association regarding the Corporate Assembly. It is proposed that the Corporate Assembly be discontinued immediately after it has elected shareholder-elected members to the Board of Directors and Board Chair.

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. Three of the Board members are defined as non-independent of the company's main shareholders. 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, the Nomination Committee 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, except for Article 10, which prescribes further rules for appointing a new Board member or a substitute if a Board member is prevented from serving for a long period of time or dies.

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, their 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 6. Information regarding each Board member's attendance at Board meetings is provided on page 6.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Group employees have the right to elect seven of the 21 members of the Corporate Assembly of Orkla ASA. Similarly, Group employees have the right to elect three members of the Board of Directors of Orkla ASA, and two observers. If the agreement to discontinue the Corporate Assembly comes into effect, one of the observers will change status and become a Board member. A description of the composition of the company's governing bodies is provided on page 95.

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. The Board's activity plan for 2012 stipulated eight meetings, including a two-day meeting to address strategic issues. In addition to this, the Board has held six meetings; a total of 14 meetings were thus held in 2012, at which the Board dealt with a total of 84 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 Orkla's Chairman of the Board, Stein Erik Hagen, and its other members are Barbara M. Thoralfsson and Terje Utstrand. The Group's Assistant HR Director 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 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 the rules and guidelines that apply at any given time 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 current legislation and regulations and
- 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.

Orkla's governing documents were revised in 2012. Great importance was attached to clarifying the standards that apply to Orkla's businesses, and who is responsible for monitoring compliance with the various standards. Emphasis was also placed on ensuring that the documents are user-friendly and easily accessible. A web portal, The Orkla Way, was developed, on which all the governing documents may be found. 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 that are critical to the Group in order to ensure that adequate risk mitigation measures are in place
- Drawing up 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 with 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.

Internal audit

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 and, in special cases, to the Chair of the Corporate Assembly.

Business ethics and corporate responsibility

The Group's businesses continuously focus on relevant topics related to business ethics and corporate responsibility, and responsibility assessments must be an integral part of the grounds on which the local businesses base their decisions. The Group monitors the business areas' exercise of their corporate responsibility by means of an annual review of status in connection with business area reviews. The status of the companies' corporate responsibility work, including plans for the subsequent period, is also reported to the Group as part of the annual sustainability reporting process. For more information, see Orkla's Sustainability Report for 2012.

Orkla's guidelines for business ethics and corporate responsibility were revised in 2012 in order to enhance the Group's efforts and ensure compliance with changes in external requirements in this field. In this connection, Orkla strengthened the requirements regarding systematic risk management in the Group companies. Each company is required to carry out an annual survey of risk factors related to the company's corporate responsibility at a general level, and to introduce procedures for identifying the risk of breaches of Orkla's ethical standards, including in connection with purchasing and investments. The requirements in the revised guidelines are being implemented by the companies by means of information activities and training, and this work will continue in 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 infor-

Orkla's governing documents were revised in 2012. Great importance was attached to clarifying the standards that apply to Orkla's businesses, and who is responsible for monitoring compliance with the various standards. Emphasis was also placed on ensuring that the documents are user-friendly and easily accessible. A web portal, The Orkla Way, was developed, on which all the governing documents may be found.
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mation 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 terms and conditions for the President and CEO to the Board of Directors and monitors the general terms and conditions for other senior executives of the Group. The Board assesses the President and CEO and his terms and conditions once a year.

A description of the remuneration of the executive management and the Group's conditions policy, including the scope and organisation 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 considered by the Corporate Assembly and 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, on Orkla's website under "Investor Relations". In 2012, the company's Annual General Meeting was webcast and simultaneously interpreted to English. Orkla has held 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 2013 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. Both the Corporate Assembly and the General Meeting are 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.

ANNUAL FINANCIAL STATEMENTS 2012

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 is presented on a single line separate from operating activities. Results reported for 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 the parent's 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 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 and associates.*

The figures for 2011 and 2010 have been restated in relation to the figures presented in the 2011 Annual Financial Statements. This is due to the classification of operations as "Discontinued operations" (see Note 1).

INCOME STATEMENT

Amounts in NOK million	Note	2012	2011	2010
Sales revenues	9	**28,559**	29,640	28,480
Other operating revenues	9	**1,442**	518	1,212
Operating revenues		**30,001**	30,158	29,692
Cost of materials	9	**(15,063)**	(15,288)	(14,458)
Payroll expenses	9, 11, 12	**(5,168)**	(5,395)	(5,388)
Other operating expenses	9, 13	**(5,542)**	(5,612)	(5,633)
Depreciation and write-down property, plant and equipment	9, 19, 20	**(933)**	(991)	(962)
Amortisation intangible assets	9, 19	**(16)**	(17)	(35)
Other income and expenses	9, 14	**(433)**	(375)	339
Operating profit		**2,846**	2,480	3,555
Profit/loss from associates	8, 9	**414**	263	279
Dividends received	24	**211**	440	522
Gains, losses and write-downs in shares and financial assets	24	**857**	1,643	1,772
Finance income	15	**196**	296	262
Finance costs	15	**(651)**	(696)	(539)
Profit/loss before taxes		**3,873**	4,426	5,851
Taxes	16	**(707)**	(651)	(755)
Profit/loss after taxes from continuing operations		**3,166**	3,775	5,096
Gains/profit/loss discontinued operations	39	**(1,583)**	(4,503)	(5,960)
Profit/loss for the year		**1,583**	(728)	(864)
Profit/loss attributable to non-controlling interests	9, 35	**0**	48	53
Profit/loss attributable to owners of the parent		**1,583**	(776)	(917)
EBITA (adjusted)[1]		**3,295**	2,872	3,251
EBITDA (adjusted)[2]		**4,228**	3,863	4,213

[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	2012	2011	2010
Earnings per share (NOK)[3]	17	**1.6**	(0.8)	(0.9)
Earnings per share diluted (NOK)[3]	17	**1.6**	(0.8)	(0.9)

[3] Calculated on the basis of profit for the year after non-controlling interests incl. discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME[4]

	Note	2012	2011	2010
Profit/loss for the year		**1,583**	(728)	(864)
Change in unrealised gains on shares after tax	24	**(753)**	(3,143)	950
Change in hedging reserve after tax	32	**(5)**	(770)	359
Items charged to equity in associates	8	**(326)**	104	(55)
Translation effects		**(860)**	(213)	(250)
Comprehensive income		**(361)**	(4,750)	140
Comprehensive income attributable to non-controlling interests		**(8)**	48	51
Comprehensive income attributable to owners of the parent		**(353)**	(4,798)	89
Change in hedging reserve and translation effects from discontinued operations	39	**(643)**	(597)	(21)

[4] Items recognized in the statement of comprehensive income will be reversed through profit/loss for the year when sold.

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.*

The classification of items in the statement of financial position has changed as a result of the fact that parts of the operations are no longer to be subsidiaries and are presented as "Discontinued operations".

Amounts in NOK million	Note	2012	2011
ASSETS			
Property, plant and equipment	9, 20	**9,929**	18,058
Intangible assets	9, 18, 19	**9,948**	12,460
Deferred tax assets	16	**121**	341
Investments in associates	8, 9	**2,738**	4,723
Other assets	27	**892**	959
Non-current assets		**23,628**	36,541
Assets in discontinued operations/held for sale	39	**13,740**	391
Inventories	9, 21	**4,243**	8,047
Receivables	25	**5,273**	10,462
Shares and financial assets etc.	24	**3,601**	5,502
Cash and cash equivalents	26	**7,201**	5,453
Current assets		**34,058**	29,855
Total assets		**57,686**	66,396
EQUITY AND LIABILITIES			
Paid-in equity	34	**1,985**	1,997
Retained earnings		**28,839**	32,109
Non-controlling interests	35	**258**	280
Equity		**31,082**	34,386
Deferred tax	16	**1,139**	1,251
Provisions and other liabilities	22	**1,968**	1,914
Interest-bearing liabilities	30	**9,531**	15,488
Non-current liabilities		**12,638**	18,653
Liabilities in discontinued operations/held for sale	39	**3,793**	177
Interest-bearing liabilities	30	**3,460**	1,472
Income tax payable	16	**556**	848
Other liabilities	28	**6,157**	10,860
Current liabilities		**13,966**	13,357
Total equity and liabilities		**57,686**	66,396

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

Stein Erik Hagen Chair	Jo Lunder	Jesper Ovesen	Peter A. Ruzicka
Grace Reksten Skaugen	Barbara M. Thoralfsson	Bjørg Ven	Terje Utstrand
Sverre Josvanger	Gunn Liabø		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 41 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 – 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 9 and Note 6).

Amounts in NOK million	Note	2012	2011	2010
Operating profit continuing operations		**2,846**	2,480	3,555
Operating profit discontinued operations		**-**	465	667
Amortisation, depreciation and impairment charges		**984**	2,121	2,649
Gain on sale of operations presented as investing activity (sold companies)		**-**	-	(1,309)
Changes in net working capital, etc.		**1,101**	(1,636)	(1,221)
Cash flow from operations before net replacement expenditures	9, 41	**4,931**	3,430	4,341
Dividends received		**211**	440	522
Financial items, net	15	**(381)**	(331)	(381)
Taxes paid		**(995)**	(603)	(686)
CASH FLOW FROM OPERATING ACTIVITIES		**3,766**	2,936	3,796
Sale of property, plant and equipment	9	**144**	262	667
Investments property, plant and equipment and intangible assets	9	**(1,292)**	(2,699)	(2,581)
Sold companies		**2,611**	13,144	7,656
Acquired companies	6, 9	**(1,365)**	(979)	(2,668)
Net purchases/sales share portfolio	24	**3,350**	4,494	2,130
Discontinued operations	39	**309**	(529)	(695)
Other capital transactions		**269**	50	159
CASH FLOW FROM INVESTING ACTIVITIES		**4,026**	13,743	4,668
Dividends paid		**(2,778)**	(7,436)	(2,360)
Sale of treasury shares		**51**	81	138
Buy-back of treasury shares		**(467)**	(190)	-
Net paid to shareholders	34	**(3,194)**	(7,545)	(2,222)
Change in interest-bearing liabilities		**(2,704)**	(6,353)	(7,710)
Change in interest-bearing receivables		**31**	(135)	53
Change in net interest-bearing liabilities	30	**(2,673)**	(6,488)	(7,657)
CASH FLOW FROM FINANCING ACTIVITIES		**(5,867)**	(14,033)	(9,879)
Currency effect of cash and cash equivalents		**(177)**	(12)	81
Change in cash and cash equivalents		**1,748**	2,634	(1,334)
Cash and cash equivalents as of 1 January		**5,453**	2,819	4,153
Cash and cash equivalents as of 31 December	26, 30	**7,201**	5,453	2,819
Change in cash and cash equivalents		**1,748**	2,634	(1,334)

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 30). 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.

Joint ventures have the following impact on cash flow:

	2012	2011	2010
Cash flow from operating activities	**15**	27	76
Cash flow from investing activities	**(5)**	(8)	(151)
Cash flow from financing activities	**(13)**	(1)	93
Change in cash and cash equivalents (Note 7)	**(3)**	18	18

***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 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 in changes in equity are shown below. Equity may 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 paid out by the Group.*

Amounts in NOK million	Share capital	Treasury shares	Premium fund	**Total paid-in equity**	Other equity	**Total Orkla ASA**	Unrealised-gains shares[1]	Hedging reserve[2]	Translation effects	Group reserve	**Total Group**	**Non-controlling interests**	**Total equity**
Equity 31 December 2009	1,287	(13)	721	**1,995**	30,701	**32,696**	3,327	140	(673)	13,065	**48,555**	**370**	**48,925**
Comprehensive income Orkla ASA	-	-	-	**-**	10,820	**10,820**	-	-	-	(10,820)	**0**	**-**	**0**
Group comprehensive income	-	-	-	**-**	-	**-**	950	359	(303)	(917)	**89**	**51**	**140**
Dividends from 2009	-	-	-	**-**	(2,294)	**(2,294)**	-	-	-	-	**(2,294)**	**(66)**	**(2,360)**
Sale of treasury shares	-	4	-	**4**	134	**138**	-	-	-	-	**138**	**-**	**138**
Change in non-controlling interests, see Note 35	-	-	-	**-**	-	**-**	-	-	-	-	**0**	**10**	**10**
Option costs	-	-	-	**-**	78	**78**	-	-	-	-	**78**	**-**	**78**
Equity 31 December 2010	1,287	(9)	721	**1,999**	39,439	**41,438**	4,277	499	(976)	1,328	**46,566**	**365**	**46,931**
Comprehensive income Orkla ASA	-	-	-	**-**	(6,396)	**(6,396)**	-	-	-	6,396	**0**	**-**	**0**
Group comprehensive income	-	-	-	**-**	-	**-**	(3,143)	(770)	(109)	(776)	**(4,798)**	**48**	**(4,750)**
Dividends from 2010 and extraordinary dividends in 2011	-	-	-	**-**	(7,649)	**(7,649)**	-	-	-	-	**(7,649)**	**(22)**	**(7,671)**
Net buy-back of treasury shares	-	(2)	-	**(2)**	(107)	**(109)**	-	-	-	-	**(109)**	**-**	**(109)**
Change in non-controlling interests, see Note 35	-	-	-	**-**	-	**-**	-	-	-	10	**10**	**(111)**	**(101)**
Option costs	-	-	-	**-**	86	**86**	-	-	-	-	**86**	**-**	**86**
Equity 31 December 2011	1,287	(11)	721	**1,997**	25,373	**27,370**	1,134	(271)	(1,085)	6,958	**34,106**	**280**	**34,386**
Comprehensive income Orkla ASA	-	-	-	**-**	(669)	**(669)**	-	-	-	669	**0**	**-**	**0**
Group comprehensive income	-	-	-	**-**	-	**-**	(753)	(5)	(1,178)	1,583	**(353)**	**(8)**	**(361)**
Dividends from 2011	-	-	-	**-**	(2,525)	**(2,525)**	-	-	-	-	**(2,525)**	**(18)**	**(2,543)**
Amortisation treasury shares	(13)	13	-	**0**	-	**0**	-	-	-	-	**0**	**-**	**0**
Net buy-back of treasury shares	-	(12)	-	**(12)**	(404)	**(416)**	-	-	-	-	**(416)**	**-**	**(416)**
Change in non-controlling interests, see Note 35	-	-	-	**-**	-	**-**	-	-	-	(21)	**(21)**	**4**	**(17)**
Option costs	-	-	-	**-**	33	**33**	-	-	-	-	**33**	**-**	**33**
Equity 31 December 2012	1,274	(10)	721	**1,985**	21,808	**23,793**	381	(276)	(2,263)	9,189	**30,824**	**258**	**31,082**

[1] See Note 24 for unrealised gains on shares before tax.
[2] See Note 32 for the hedging reserve before tax.

Other equity for Orkla ASA at 31 December 2012 includes a fund for unrealised gains totalling NOK 507 million (NOK 1,133 million at 31 December 2011) and other paid-in equity (options) totalling NOK 361 million (NOK 328 million at 31 December 2011) that is not shown in a separate column because of the non-material amount.

Free equity in Orkla ASA amounted to NOK 19,009 million at 31 December 2012 (NOK 21,878 million at 31 December 2011).

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 units 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 2012 were endorsed by the Board of Directors of Orkla ASA on 6 February 2013. Orkla ASA is a public limited company and its offices are located in Karenslyst allé 6, Skøyen, 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, renewable energy and financial investment sectors. The business areas are described in Note 4 and in segment information for the various business areas which is disclosed in Note 9.

The financial statements for 2012 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.

Reporting of Group results has changed significantly due to the restructuring measures that were announced in connection with the reporting of results for the third quarter of 2012. As a result of these changes, material parts of what was previously presented as Orkla's "operations" have been restated and reclassified as "Discontinued operations". The restructuring referred to consists of the following:

The businesses Sapa Profiles (separate segment), Building System and parts of Heat Transfer (part of a joint segment), Borregaard Chemicals (separate segment) and the Group's investment in REC have been reclassified and presented as "Discontinued operations". Income statement and statement of financial position items relating to "Discontinued operations" are specified in Note 39. The other notes for 2012 thus apply only to continuing operations. However, segment information is provided for the part of Sapa that is included in "Discontinued operations" (see Note 9).

An agreement has been concluded to combine Sapa Profiles, Building System and parts of Heat Transfer with similar operations in Norsk Hydro to form a 50/50 joint venture (JV). The Sapa operations are hereinafter referred to as Sapa (part of future JV). Both the income statement figures for the year and reported comparative figures have been reclassified and are presented as "Discontinued operations". The part of Sapa that is not covered by the agreement with Norsk Hydro is presented as Sapa Heat Transfer. The figures refer to the Heat Transfer operations in Finspång and Shanghai. In the statement of financial position at 31 December 2012, Sapa (part of future JV) is presented on two lines as assets and liabilities, respectively, in discontinued operations. The establishment of the joint venture with Norsk Hydro is to be effected on a debt-free basis. The presentation of figures in both the income statement and the statement of financial position is intended to reflect this fact. Consequently, interest has not been shown as a separate item and Sapa (part of future JV) is shown in the statement of financial position without interest-bearing items.

When the agreement with Norsk Hydro becomes effective, probably in the second quarter of 2013, the joint venture between Sapa and Norsk Hydro will be presented on one line in the income statement and one line in the statement of financial position according to the same principles as for an associate. This is compliant with new IFRS rules regarding accounting for joint ventures. The establishment of this joint venture results in loss of control and establishment of joint control. Completion of the agreement is treated as a transaction and profit/loss will have to be calculated.

Borregaard Chemicals was listed on the stock exchange on 18 October and all reported profit and loss figures have been extracted from the Group's figures and presented as a single sum on the line for "Discontinued operations". For Borregaard, the "discontinued operations" will correspond to the figures published in Borregaard's combined financial statements in the prospectus prepared in connection with its listing on the stock exchange. For 2012, this corresponds to Borregaard Chemicals in Orkla's quarterly reports. In 2011, Borregaard Chemicals comprised a number of smaller businesses that are not part of the listed company. These are presented in HQ/Other business in the comparative figures.

Orkla still owns a 19% shareholding in Borregaard ASA. This is presented as a current "available for sale" share and normal fluctuations in profit and loss will be included in the statement of comprehensive income. The original cost of the shareholding was NOK 21 per share.

On 26 September, Orkla reduced its equity interest in REC from 25.1% to 15.6%. Consequently, the investment changed from an investment in an associate to an investment in an available-for-sale company. As a consequence of the sell-down of shares, all reported results in REC have been moved to "Discontinued operations". Furthermore, as a result of the transition from being an associate to being available for sale, previously reported currency translation effects in REC which were recognised in the statement of comprehensive income have been recirculated through "Discontinued operations" in the income statement. The effect of this is an income of NOK 240 million which is also included in "Discontinued operations". The change to an available-for-sale shareholding was effected at a share price of NOK 1.90. Future changes in the market price should normally be reported in the statement of comprehensive income and no longer be included in the Group's financial results. Since the market price has fallen by more than 25% since the establishment of the available for sale investment, the shareholding has been written down through "Gains, losses and write-downs in shares and financial assets" in the income statement. At the same time, Orkla entered into a total return swap (TRS) agreement entailing exposure to 200,000,000 shares in REC at the same price. The agreement's term to maturity is six months unless the parties agree to terminate the agreement at an earlier date. The TRS must be presented at fair value with changes in value reported in the ordinary income statement (finance item). The exposure in the statement of financial position is 15.6% for the shares and 9.5% for the TRS.

"Other income and expenses" are presented after Group profit/loss (EBITA), broken down by segment, and includes items of a special nature. The Group has chosen to present current IFRS effects arising from excess value analyses on this line. M&A costs are costs relating to the acquisition of companies which cannot be capitalised together with the shares. This applies to both mergers 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 e.g. items such as the recognition in 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 what is disclosed in Note 14, comments may be made on the following matters:

The Russian grocery market is undergoing major changes and Orkla Brands Russia is restructuring its operations to adapt to the market. A provision of NOK 267 million was made for 2012 for restructuring and ongoing litigation in the company.

In order to increase its competitiveness in the Swedish market, Orkla intends to merge Abba Seafood with Procordia to form one of Sweden's largest food companies. The merger process has been underway for a long time and although the merger was finally announced on 9 January 2013, trade unions and other bodies as required under the Swedish regulatory framework were informed well before 31 December 2012. In accordance with IFRS, a provision for costs incurred as a result of the merger decision was thus made at 31 December 2012. Furthermore, production equipment was moved from Beauvais to two sister companies. Consequently, NOK 55 million was expensed in connection with these matters. Further costs will be incurred in 2013 in connection with the merger, and will be reported on the same accounting line.

AS Saudafaldene has been charged property tax for the period 2007-2012. Saudafaldene is contesting the validity of the property tax, but has reported this year's property tax as ordinary operating expenses and property tax for 2010 and 2011 (NOK 19 million) as other income and expenses. The property tax charge for 2007-2009 has been refused by Saudafaldene on the ground that the period of limitation has expired.

"Final settlements Group and Orkla Financial Investments" refer to severance packages for Bjørn M. Wiggen, Torkild Nordberg and employees in the share portfolio unit. The Sapa Heat Transfer insurance settlement chiefly concerns the taking to income of a residual provision for customer claims after a settlement was reached with the insurance company. The matter concerned the fire at Finspång in 2010. No final insurance settlement has been reached for this fire.

Other matters

Orkla is still exposed to the weak markets in Southern Europe through Sapa Profile's operations. This does not impact on the Group's ordinary results, but the effect is presented on the line for "Discontinued operations". Nonetheless, the exposure remains unchanged. Goodwill relating to Sapa Profiles was written down by NOK 1.5 billion at the end of the third quarter 2012.

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. This may be changed if reliable and consistent data that justify accounting for the plan as a defined benefit plan can be obtained.

Orkla has no loan agreements containing financial covenants.

Impairment tests that have been carried out confirm that the capitalised value at 31 December 2012 of the Group's most exposed assets is intact, except for what was written down in Sapa Profiles.

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.

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. 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 of the statement of financial position (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 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 influence (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. "Controlling influence" means formal "power to govern", i.e. ownership of more than a 50% equity interest. If the Group owns more than 50%, but 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 influence (joint ventures, see Note 7) are consolidated with the Group's interest line by line in the consolidated financial statements using the proportionate consolidation method with the same control dates as for subsidiaries. As disclosed in Note 7, the Group has no material joint ventures.

Interests in companies in which the Group has significant influence (associates, see Note 8) are valued using the equity method. This applies to companies in which the Group owns an interest of between 20% and 50%. The Group's share of profit or loss after tax from and equity in the associate is presented on a single line in the consolidated income statement and the statement of financial position, respectively. Orkla's most important associate is Jotun, in which the Group has a 42.5% shareholding. Financial assets in the share portfolio 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 2.6 billion at 31 December 2012. Other financial investments are treated as available for sale and recognised in the statement of financial position at fair value with changes in value taken to comprehensive income. As mentioned above, this also applies to shares in REC (15.6%) and in Borregaard ASA (19%).

New and sold companies

The Orkla Group acquired companies in 2012. These companies were consolidated from the date on which the Group had control and are presented collectively in Note 6. Orkla also entered into an agreement with the Rieber family to purchase their shares in Rieber & Søn ASA. The agreement covers 90.11% of the shares in Rieber & Søn at a price of NOK 66.58 per share. The transaction fixes the value of the entire company (on a debt-free basis) at NOK 6.1 billion. The Group is awaiting the reply of the competition authorities. See Note 6 for further information.

Orkla has listed Borregaard on the stock exchange and sold Fornebu Utvikling, Widerøveien 5, Bakers and Salvesen & Thams, generating a cash flow effect of NOK 3.5 billion (see Note 41).

Discontinued operations/held for sale
If a material part of the Group's operations is divested, or a decision has been made to divest it (segment) or by loss of control/significant influence, these operations are presented as "Discontinued operations" on a separate line of the income statement and the statement of financial position. Material means a separate segment or a significant asset. Consequently, all other figures presented are exclusive of the "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 correspondingly restated. If an agreement is entered into to sell businesses or assets that constitute less than a segment, assets and liabilities are presented on separate lines of the statement of financial position as "held for sale". The income statement and statement of cash flows are not restated.

NOTE 3 NEW ACCOUNTING STANDARDS

New and amended IASB accounting standards that have been endorsed by the EU can affect the preparation and presentation of financial statements to varying degrees. In 2012, as mentioned in the introductory paragraphs, no new or amended 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 principle "all or none" (except for IFRS 12). Orkla will adopt early application of the standards. The standards will be implemented retrospectively, so comparative figures will be restated accordingly. The following describes only such changes as will or may be of significance for accounting in the Orkla Group.

IFRS 9 Financial Instruments
IFRS 9 will replace the current IAS 39 Financial Instruments. The IASB has divided the project up into several phases, and as and when the individual phases of IFRS 9 are completed, the relevant parts of IAS 39 will be deleted. IAS 39 is an important standard and changes in this standard will affect the Group's accounting, primarily through the share portfolio. It is the Group's understanding that the proposed rules will replace the current available-for-sale principle with a stricter regime. The Group must choose between recognising all changes in value either in the statement of comprehensive income or recognising them all in the income statement. If they are recognised in the statement of comprehensive income, all changes in value, gains and losses will be reported in the Group's statement of comprehensive income. This category will thus never be reflected in the ordinary income statement, except for dividends which apparently may still be recognised in the ordinary income statement. In accordance with the announced change in the Group's strategy, the share portfolio will be less important for the Group in the future. The standard will probably become effective as from 2015.

IFRS 10 Consolidated Financial Statements (mandatory as from 1.1.2014/ Orkla 1.1.2013)
IFRS 10 will replace the parts of IAS 27 that deal with consolidated financial statements, in addition to addressing the matters discussed in SIC-12. IFRS 10 is based on a simple control model that is to apply to all entities. Questions relating to consolidation will change from a principle-based decision to more of a discretionary decision (de facto control). In the Group's view, since its shareholding in REC has been reduced, "de facto control" is no longer a relevant issue for Orkla.

IFRS 11 Joint Arrangements (mandatory from 1.1.2014/Orkla 1.1.2013)
IFRS 11 will replace IAS 31 Interests in Joint Ventures and SIC 13. IFRS 11 retains some of the same terms that were used in IAS 31, but defines them differently. IFRS 11 eliminates the possibility of using the proportionate consolidation method for joint ventures. Under IFRS 11, these entities are to be presented according to the equity method. In the current situation, this will have little relevance for the Group. As mentioned earlier, Orkla has no material joint arrangements. It is important to note, however, that the joint venture between Sapa (part of future JV) and Norsk Hydro will be accounted for according to the equity method, most probably from the second quarter of 2013.

IFRS 12 Disclosure of Interests in Other Entities (from 1.1.2014)
IFRS 12 will contain all the disclosure requirements that were previously set out in IAS 27 Consolidated and Separate Financial Statements, in addition to the disclosure requirements that were formerly included in IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. In addition to this, new requirements apply to disclosure of information regarding consolidated companies. This will further increase the volume of disclosures. IAS 27 now only contains rules governing company financial statements, while IAS 28 describes the application of the equity method, among other things.

IFRS 13 Fair Value Measurement (from 1.1.2013)
IFRS 13 will consolidate and clarify the guidelines for measuring fair value. A number of standards require or permit companies to measure or disclose information regarding the fair value of assets, liabilities or equity instruments. Prior to the issue of IFRS 13, limited guidance was provided on how to measure fair value, and in some cases the guidelines were not consistent. This standard may, for instance, affect the way the value of brands is determined in connection with acquisitions.

IAS 19 – Amendment: Employee Benefits (from 1.1.2013)
There will be significant amendments to IAS 19 Employee Benefits. The changes entail that the corridor approach (deferred recognition of changes in pension liabilities and assets) is no longer permitted as an alternative. In practice, this will mean that a pension cost estimated on the basis of selected assumptions will, as before, be recognised in profit or loss, while all estimate variances will be recognised in the statement of comprehensive income. This will result in higher statement of financial position volatility for those who currently apply the corridor approach, while ordinary profit or loss (in EBITA) will be normalised and will not be affected by the impact on profit or loss of any accrual of estimate variances. If a similar accounting principle had been applied for 2012, it would have resulted in an improvement of NOK 33 million in EBITA. The anticipated return on assets in the plan will be replaced by an estimated return based on the market rate of interest on corporate bonds. The interest charge resulting from the discounting effect will in the future be reported as a finance cost. This would have reduced the impact on EBITA by NOK 43 million for 2012. Orkla has a large proportion of defined contribution plans and the effect of the described amendments will be limited. Based on figures reported at 31 December 2012, however, Group equity will be reduced by NOK 778 million minus tax due to this change in accounting principles. This also includes the effect from companies recognised as "Discontinued operations" and companies recognised according to the equity method.

IAS 1 Presentation of financial statements (from 1.1.2013)
The changes in IAS 1 require that items in the statement of comprehensive income should be grouped in two categories. Items that can be reclassified to the income statement at a future date (such as a net gain on a hedge of a net investment, translation differences arising from the translation of a foreign business to the presentation currency, a net change in a cash flow hedge and a net gain or loss on financial assets classified as available for sale) must be presented separately from items that will never be reclassified (such as actuarial gains or losses related to defined benefit pension plans). These changes are only of significance for presentation, and have no impact on the Group's financial position or profit/loss.

Other matters
Amendments described earlier have not yet materialised in the form of final standards. This applies to the standards for Revenue Recognition and Leases. Both of these drafts have undergone substantial changes since the consultation documents and no final version has yet been produced. These standards are expected to be finalised in 2013 and implemented by 1 January 2015 at the earliest.

Not all the effects of the new standards have been reviewed.

NOTE 4 KEY ACCOUNTING PRINCIPLES

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 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.

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, it is relatively easy to obtain a clear picture of the Group's operating revenues and the point in time at which they are to be 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 the income statement 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 produced by Sapa Heat Transfer are B2B sales and are recognised in the income statement 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.

In the investments area, rental revenues are taken to income when they are earned. Remuneration related to sales assignments, for which the company is responsible, is taken to income upon the delivery.

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 (see Note 24).

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 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 15).

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 the number of projects that end in capitalisation is small. 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 19).

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. Expenses related to 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 impairments, 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 18.

Intangible assets arising from new acquisitions are disclosed in Note 6 and Note 19.

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 19.

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 insignificant, which is the case for the vast majority of the Group's trade receivables.

The share portfolio is being phased out and its capitalised value at 31 December 2012 was NOK 2.6 billion. The remaining share portfolio consists of investments of a financial nature and is presented at fair value as a current asset. Shares and equity interests of less than 20% are recognised at fair value as available for sale with changes in value taken to comprehensive income, while shares and equity interests of between 20% and 50% are treated as associates and changes in value are recognised through profit or loss. Items in the share portfolio 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 recognized 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 24).

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). In the presentation, the Orkla ASA Group bank account system is netted by offsetting deposits against withdrawals in each country. 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, adjusted for any actuarial gains and losses and changes in the plan.

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. Actuarial gains and losses are recognised in the income statement over the estimated average remaining vesting period for the part of the gains and losses that exceeds 10% of the greater of the gross pension liabilities or the gross pension plan assets. Gains and losses on curtailment or settlement of a defined benefit pension plan are recognised at the time of curtailment or settlement.

As from 2013, the new IAS 19 standard will be adapted for the Group's pension plans. This method of dealing with variances from estimates (the "corridor approach") is no longer permitted and variances must be recognised immediately in the statement of comprehensive income; for more information, see further description on page 40.

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 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 payment 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.

Taxes. The tax charge is based on the accounting profit/loss, and consists of the total of current taxes and changes in deferred tax. Current taxes are recognised in the financial statements at the amount that is expected to be paid on the basis of taxable revenues reported in consolidated financial statements. The share of profit from associates is reported after tax, and the share of tax in these companies is therefore not presented as a tax charge in the consolidated financial statements.

Current taxes and changes in deferred tax are taken to comprehensive income to the extent that they relate to items that are taken to comprehensive income.

Deferred tax liability in the statement of financial position has been calculated at the nominal tax rate based on timing differences between accounting and tax values on the statement of financial position date. Deferred tax has been calculated on excess value allocated in connection with the acquisition of companies. Deferred tax liability relating to goodwill has not been recognised in the statement of financial position.

A provision for deferred tax on retained earnings in associates and foreign subsidiaries is made to the extent it is expected that dividends will be distributed in the near future.

Deferred tax assets are continuously assessed and are only recognised in the statement of financial position to the extent it is probable that future taxable profit will be large enough for the asset to be usefully applied.

Deferred tax liability and deferred tax assets are offset as far as this is possible under taxation legislation and regulations.

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 sheet 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. In the case of interest rate derivatives that are identified as hedges for future interest expenses (floating to fixed rate contracts), changes in value 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 the 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) for cash flow hedges, that the future transaction is considered to be highly probable, and (5) the hedging relationship is evaluated regularly and is considered to be effective.

Fair value hedging. Gains and losses on derivatives designated as hedging instruments in fair value hedges are reported in the income statement and are offset by changes in the value of the hedged item. 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. The same will apply 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 and 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 the income statement 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.

Changes in the value of financial contracts concerning future purchases or sales of electric power that hedge future production and consumption are recognised in comprehensive income. 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 23):

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.

The listed shares of the share portfolio 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. The unlisted shares of the share portfolio are measured by applying the International Private Equity and Venture Capital Valuation Guidelines, and there are a number of measurement techniques used for measuring the fair value of the unlisted shares (see Note 24). 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, Norway's central 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 management (chief operating decision maker), but are limited to an expedient number. Sales revenues are broken down by geographical markets 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 transactions between the various segments. 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 10).

Further comments on the individual business areas
Since the autumn of 2011, Orkla has been engaged in implementing its strategy to transform the Group into a focused branded consumer goods company. On 9 January 2013, as part of this process, Orkla announced that it was changing its structure from four to five segments. The composition of the new segments is described below.

Branded Consumer Goods
Orkla is a supplier of leading brands and concept solutions, primarily to the grocery and out-of-home sectors in the Nordic region. The business consists of five segments: Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients.

Orkla Foods comprises food businesses in the Nordic region and the Baltics. Orkla Foods' operations are concentrated on its own brands which largely hold number one and number two positions in their home markets. The companies in this business area are Stabburet in Norway, Procordia and Abba Seafood in Sweden, Beauvais foods in Denmark, Felix Abba in Finland, Põltsamaa Felix in Estonia, Spilva in Latvia and Suslavicius-Felix in Lithuania.

Orkla Confectionery & Snacks comprises five branded goods businesses which serve the Nordic region and the Baltics as their home markets. The businesses hold solid market positions in Norway, Sweden, Denmark, Finland and Estonia. The businesses in Orkla Confectionery & Snacks are the Chips Group (snacks), Nidar (confectionery), Göteborgs/Sætre (biscuits), Panda (chocolate and licorice) and Kalev (chocolate).

Orkla Home & Personal consists of Lilleborg (detergents, toothbrushes and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions for the professional market), Axellus (dietary supplements and health products), the Pierre Robert Group (basic textiles in the grocery channel) and Jordan House Care (painting tools). The businesses hold strong number one market positions in Norway in all their segments, and solid market positions in Sweden, Denmark and Finland.

Orkla International comprises branded consumer goods companies outside the Nordic region and the Baltics. The business unit consists of Orkla Brands Russia, Felix Austria and MTR Foods. Orkla Brands Russia holds good regional positions in the Russian chocolate and biscuits markets. MTR Foods holds strong regional positions in the spice and spice-mix segments in India, in addition to good national positions in the ready-mix and ready-meal segments. Through Felix Austria, Orkla is market leader for ketchup in Austria.

Orkla Food Ingredients is the leading supplier of bakery ingredients in the Nordic region, and has growing positions in selected countries in Europe. The business area has a decentralised management structure consisting of eight main reporting units, with sales and/or production companies in 19 countries. The business unit's largest product categories are margarine, marzipan, bread improvers and mixes, and yeast. Its largest sales and distribution companies are KåKå, Idun and Credin Bageripartner.

Other businesses
Sapa 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. Sapa Heat Transfer has a global market share of 21%, and holds strong positions in China and Europe.

Orkla Eiendom engages in real estate development and the sale of properties primarily derived from Orkla's own operations. Orkla Eiendom also meets the Group's needs for specialised real estate expertise. Orkla Eiendom is part of the segment Orkla Financial Investments.

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.

Jotun (42.5%) is one of the world's leading manufacturers of paints and powder coatings, with 65 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 associated company and presented in the HQ/Other Business segment.

Other matters
Cash flow. The cash flow statement has been prepared according to 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 in its quarterly reports. The bottom line of the statement, which is presented in Note 41, 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 9).

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 will be 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 2012, a 30% discount was again offered in connection with the sale of shares to employees. The option arrangement 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 receive the bonus, the employee must be employed at the time the bonus is paid out. No new options were awarded in 2012. The former option plan for executive management was valued on the basis of the fair value of the options at the time the option plan 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 expensed as pay and offset in equity. Provisions are made for the employer's social security contributions in connection with share option plans, 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	18, 19	Net present value future cash flows/NSV[1]	7,269
Intangible assets	19	Net present value future cash flows/NSV[1]	2,679
Property, plant and equipment	20	Recoverable amount and estimation of correct remaining useful life	9,929
Unlisted shares	24	Net present value future cash flows/NSV[1]	2,104
Pension liabilities	12	Economic and demographic assumptions	984
Deferred tax assets	16	Assessment of future ability to utilise tax positions	121
Provisions	22	Correctly and adequately estimated	520
Assets in discontinued operations	39	Assessment of assets	13,740
Liabilities in discontinued operations	39	Assessment of liabilities	3,793

[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 18). 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 based on 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 18).

Goodwill is allocated to cash-generating units (CGU) on the date of acquisition. Normally all goodwill is allocated to one CGU, but if the acquired company is a group itself a rough allocation based on assessments made on the date of acquisition is carried out. This allocation may thus affect later impairment assessments.

Tangible assets (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 is largely dependent 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.

In valuing unlisted shares, external assessments have been used as far as possible to determine the value of these items (see the description of the valuation process in Note 24). Listed shares classified as available for sale are valued at market price at 31 December.

After the write-down of goodwill by NOK 1.5 billion, the carrying value of Sapa (part of future JV) as "Discontinued operations" was equivalent to the value in the agreement concluded with Norsk Hydro at the end of the third quarter of 2012. The carrying value will in future be affected by results, changes in exchange rates and changes in working capital, and at 31 December 2012, the carrying value was slightly lower than the valuation on which the agreement is based. The residual carrying value of goodwill in Sapa (part of future JV) is NOK 1.1 billion.

Other estimates and assumptions are reported in various notes and any information that is not logically included in other notes is presented in Note 40 "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 principles chosen 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 to the presentation of certain items as "Other income and expenses" on a separate line. Orkla has also chosen to present profit or loss from associates 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
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 41			**1,617**											
Interest-bearing liabilities acquisitions			(252)											
Cash flow effect acquisitions[2, 3]			**1,365**											
2011														
Alufit, Sapa	May	100	161	43	-	-	-	1	-	42	39	(15)	21	1
Jiangyin (Haihong), Sapa	December	100	402	-	-	-	14	(14)	-	-	-	-	261	(1)
Haticon (acquisition of non-controlling interest), Sapa	December	49	33	(7)	-	-	-	(7)	-	-	-	-	-	-
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			**1,503**	**478**	**17**	**3**	**258**	**108**	**(4)**	**96**	-	-	-	-
Investments in associates			20											
Remaining payment Haticon in 2012			(25)											
Acquisitions in segments, enterprise value, see Note 41			**1,498**											
Interest-bearing liabilities acquisitions			(519)											
Cash flow effect acquisitions[2, 3]			**979**											
2010														
Peterhof, Orkla International	May	100	263	80	4	-	(8)	(4)	-	88	68	(20)	-	-
Kalev, Orkla Confectionery & Snacks	May	100	257	(36)	(43)	-	-	-	7	-	121	3	75	(1)
Sonneveld, Orkla Food Ingredients	July	100	217	96	-	-	21	(30)	2	103	209	22	192	10
Other acquisitions Branded Consumer Goods			252	116	-	8	-	-	(1)	109	91	5	225	0
Thule, Sapa	October	100	113	36	-	44	-	1	(9)	-	45	4	227	10
Vijalco, Sapa	December	65	53	7	-	-	7	1	(1)	-	-	-	73	8
Arch Extrusions (purchase net assets), Sapa	December	100	13	-	-	-	-	-	-	-	-	-	66	(14)
Acquisitions at enterprise value			**1,168**	**299**	**(39)**	**52**	**20**	**(32)**	**(2)**	**300**	-	-	-	-
Investments in associates			1,710											
Acquisitions in segments, enterprise value, see Note 41			**2,878**											
Interest-bearing liabilities acquisitions			(210)											
Cash flow effect acquisitions[2, 3]			**2,668**											

[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] This includes cash and cash equivalents of NOK 114 million in 2012, NOK 143 million in 2011 and NOK 43 million in 2010.
[3] Equivalent to compensation for equity.

Acquisition of Jordan
The agreement to purchase Jordan, a leading branded goods company in the oral hygiene, cleaning and painting tool sectors, was concluded on 22 June. The Norwegian Competition Authority approved the acquisition on 27 August, and the transaction was completed on 31 August. Under the agreement, Orkla ASA has purchased 100% of the shares in Jordan Personal and Home Care AS and Jordan House Care AS. In 2011, sales totalled around NOK 900 million. Operating profit (EBITA) was NOK 90 million and operating profit before depreciation and write-downs (EBITDA) was NOK 120 million. The company had a total of around 620 employees at the end of 2011. The seller is Jordan AS, which has been a Norwegian family-owned company since its establishment in 1837.

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

The excess value is chiefly related to goodwill and brands. Goodwill largely consists of the extraction of synergies. The goodwill is not tax deductible. NOK 32 million was expensed in acquisition costs related to the purchase of Jordan.

Other acquisitions
In 2012, the branded consumer goods area purchased other smaller companies representing a total enterprise value of NOK 265 million. The largest of these acquisitions was made by Axellus, which purchased the company Pharma-Vinci. Pharma-Vinci develops, manufactures and markets dietary supplements and women's health care products for pharmacies and health food stores. Axellus has thereby strengthened its focus on the pharmacy sector in Denmark. In 2011, Pharma-Vinci had sales of around DKK 50 million and 35 employees. Axellus has also acquired the company Gevita to strengthen its focus on the pharmacy sector in Norway and Sweden. In 2011, the company had sales of around NOK 29 million and 5 employees.

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

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

Other matters relating to excess value analyses
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.

A total of NOK 79 million was expensed in M&A costs in 2012 (see Note 14). Acquisitions made in 2012 accounted for NOK 42 million of this amount.

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

Rieber & Søn is listed on the Oslo Stock Exchange, and is a major supplier to the grocery sector in the Nordic region, parts of Central Europe and Russia. The company has well-known brands such as Toro, Vitana, K-Salat, Delecta, Frödinge, Chaka and Bähncke. In 2011, sales totalled around NOK 4.3 billion. Operating profit before depreciation and write-downs (EBITDA) amounted to NOK 642 million in 2010 and NOK 464 million in 2011. At 30 September 2012, sales in Rieber totalled NOK 3.1 billion and EBITDA NOK 296 million. The company has a total of 2,900 employees, of whom 1,700 work outside of Norway.

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

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

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

Total excess value related to the purchase of Rieber & Søn amounted to around NOK 3.6 billion and will mainly be ascribed to goodwill and brands.

Acquired companies statement of financial position

	Total 2012	Jordan 2012	Total 2011
Amounts in NOK million	**Fair value**	**Fair value**	**Fair value**
Property, plant and equipment	**209**	170	1,061
Intangible assets	**292**	245	20
Deferred tax assets	**17**	10	15
Inventories	**212**	157	71
Receivables	**388**	318	69
Shares in other companies	**20**	20	292
Assets	**1,138**	920	1,528
Provisions	**94**	81	15
Non-current liabilities non interest-bearing	**1**	1	16
Current liabilities non interest-bearing	**329**	279	120
Non-controlling interests	**3**	1	(30)
Net assets	**711**	558	1,407
Goodwill	**682**	570	96
Acquisition cost at enterprise value	**1,393**	1,128	1,503

NOTE 7 JOINT VENTURES

Joint ventures are investments in companies in which the Group, together with others, has controlling influence. This type of collaboration is based on a specific agreement. The Group accounts 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. The Group naturally has more limited access to the liquidity, for instance, of this type of company than to that of Group subsidiaries. Joint ventures may not, for example, participate in the Group bank account system and normally have independent financing which is reported in their own statement of financial position. Nor are they part of the same group for tax purposes.

	Total joint venture	
Amounts in NOK million	**2012**	**2011**
Operating revenues	**105**	98
Operating expenses	**(93)**	(92)
Operating profit/loss	**12**	6
Profit/loss for the year	**4**	(7)
Non-current assets	**328**	385
Current assets	**22**	19
Non-current liabilities	**100**	333
Current liabilities	**193**	18
Cash and cash equivalents[1]	**5**	5

[1] Changes in cash and cash equivalents will not tally with changes in cash and cash equivalents in the table under the IFRS-compliant cash flow statement on page 35. This is because there are fewer joint ventures in 2012.

As of 31 December 2012, the Group had only one joint venture, Moss Lufthavn Rygge (40%). As from 2013, the joint venture will be presented in accordance with new rules and will be recognised in the Group according to the equity method.

No significant capital contributions are required in the joint venture in which Orkla is a participant.

NOTE 8 INVESTMENTS IN ASSOCIATES ACCOUNTED FOR UNDER THE EQUITY METHOD

Investments in associates accounted for under the equity method 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. This type of investment is accounted for by the Group presenting its share of the associate's profit/loss 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 are reported against the ownership interest in the statement of financial position and regarded as repayment of capital. The value of associates presented in the statement of financial position thus represents the original cost price plus profit accumulated up to the present, 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. Any write-downs of the value of the ownership interest are presented on the same line.

Figures for associates that do not report in accordance with IFRS are restated prior to inclusion in the consolidated financial statements. Associates that are part of the share portfolio are presented in Note 24.

Amounts in NOK million	Jotun	Fornebu Utvikling	Others	Renewable Energy Corporation (REC)	Total
Cost price 31 December 2012	175	-	-	-	**-**
Book value 1 January 2010	1,902	616	337	-	**2,855**
Additions/disposals 2010	-	-	128	-	**128**
Additions/disposals 2011	1	-	123	-	**124**
Additions/disposals 2012	-	(581)	(41)	-	**(622)**
Share of profit/loss 2010	325	(43)	(30)	-	**252**
Gains on sale 2010	-	-	27	-	**27**
Share of profit/loss 2011	265	0	24	-	**289**
Write-downs 2011	-	-	(26)	-	**(26)**
Share of profit/loss 2012	318	-	19	-	**337**
Gains on sale 2012	-	77	-	-	**77**
Dividends 2010	(97)	-	(28)	-	**(125)**
Dividends 2011	(109)	-	(9)	-	**(118)**
Dividends 2012	(218)	-	(30)	-	**(248)**
Items charged to equity 2010	(169)	-	-	114	**(55)**
Items charged to equity 2011	64	8	2	30	**104**
Items charged to equity 2012	(12)	-	(1)	(313)	**(326)**
Items restated in profit/loss, but not in balance sheet	-	-	124	-	**-**
Book value 31 December 2010	1,961	573	407	7,049	**9,990**
Book value 31 December 2011	2,182	581	645	1,315	**4,723**
Book value 31 December 2012	2,270	0	468	-	**2,738**
Ownership interest 31 December 2012	42.5%[1]				

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

The following table shows 100%-figures for Orkla's largest associate accounted for under the equity method. Figures for the remaining associates accounted for under the equity method and associates in the share portfolio are largely based on estimates, and it is difficult to present reliable figures for these companies. Orkla has no contingent liabilities in associates, either on its own or jointly with other investors.

Key figures (100%):

Amounts in NOK million	Jotun 2012	2011
Operating revenues	**11,351**	10,659
Operating profit/loss	**1,126**	956
Profit/loss after taxes and non-controlling interests	**750**	603
Total assets	**9,317**	9,140
Total liabilities	**4,301**	4,112

Orkla has been an active non-controlling shareholder in Jotun for almost 40 years. The cost price paid for Jotun was NOK 175 million, while the carrying value under the equity method is NOK 2,270 million. Orkla has a 42.5% ownership interest in Jotun, which serves as the basis for recognition in accordance with the equity method, while it has 38.3% of the voting rights. Orkla owns 42,000 A shares and 103,446 B shares in the company. An A share carries 10 times as many votes as a B share.

Since the sell-down of Orkla's shares in REC, the investment is no longer to be considered an associate. Historical profit and loss figures have been moved to "Discontinued operations" (see Notes 1 and 39). The Group's remaining shareholding in REC (15.6%) is presented as "Shares available for sale" on the same line as the rest of the share portfolio (see Note 24).

NOTE 9 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 10 where capital employed, investments and number of man-years are broken down by geographical market.

Since the autumn of 2011, Orkla has been engaged in the process of implementing its strategy of transforming the Group into a focused branded consumer goods company. On 9 January 2013, as part of this process, Orkla announced that its structure would be changed from four to five business areas. The segment information has been restated for all three of the presented years based on the new segment structure and has also been adjusted for "Discontinued operations". Figures for Sapa (part of future JV) are presented at the end of this note, but are not formally part of the segment information.

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 Con-sumer Goods**	Sapa Heat Transfer	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	1,227	93	**1,442**
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	1,229	(135)	**30,001**
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	(1,487)	(1,001)	(730)	(403)	(734)	-	**(4,355)**	(320)	(44)	(65)	(384)	**(5,168)**
Other operating expenses	(1,307)	(907)	(927)	(529)	(741)	92	**(4,319)**	(773)	(186)	(234)	(30)	**(5,542)**
Depreciation and write-down	(242)	(161)	(60)	(74)	(115)	-	**(652)**	(134)	(60)	(41)	(46)	**(933)**
EBITA (adjusted)[2]	1,114	780	702	(5)	228	-	**2,819**	309	208	299	(340)	**3,295**
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	1,019	780	645	(274)	212	-	**2,382**	323	189	280	(328)	**2,846**
Profit/loss from associates	-	-	-	-	-	-	**-**	2	-	97	315	**414**
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 41)												
Cash flow from operations before net replacement expenditures	1,217	996	879	29	331	-	**3,452**	607	250	896	(274)	**4,931**
Net replacement expenditures	(238)	(211)	(58)	(61)	(99)	-	**(667)**	9	(17)	(100)	(26)	**(801)**
Cash flow from operations	979	785	821	(32)	232	-	**2,785**	616	233	796	(300)	**4,130**
Expansion investments	(40)	-	(6)	(39)	(57)	-	**(142)**	(200)	(5)	-	-	**(347)**
Acquired companies (enterprise value)	(66)	-	(1,267)	-	(60)	-	**(1,393)**	-	-	(22)	(202)	**(1,617)**
SEGMENT ASSETS												
Accounts receivable	817	735	672	484	725	(38)	**3,395**	676	34	78	20	**4,203**
Other current receivables	156	72	48	47	69	-	**392**	312	122	53	38	**917**
Inventories	1,292	455	618	293	543	-	**3,201**	683	-	359	-	**4,243**
Pension plan assets	23	-	-	-	5	-	**28**	-	-	-	-	**28**
Investments in associates	-	-	15	-	5	-	**20**	23	-	401	2,294	**2,738**
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	1,537	244	**9,929**
Total segment assets	5,286	6,090	4,085	2,227	2,894	(38)	**20,544**	4,043	2,427	2,428	2,564	**32,006**
SEGMENT LIABILITIES												
Accounts payable	(594)	(322)	(278)	(222)	(437)	38	**(1,815)**	(762)	(46)	(43)	101	**(2,565)**
Value added tax, employee taxes etc.	(156)	(154)	(108)	(60)	(94)	-	**(572)**	(17)	(15)	(44)	(58)	**(706)**
Other current liabilities	(589)	(451)	(474)	(106)	(158)	-	**(1,778)**	(158)	(94)	(254)	(437)	**(2,721)**
Pension liabilities	(461)	(89)	(29)	(6)	(103)	-	**(688)**	(52)	(15)	(7)	(222)	**(984)**
Deferred tax, excess values	(17)	(372)	(125)	(37)	(13)	-	**(564)**	-	-	(11)	-	**(575)**
Total segment liabilities	(1,817)	(1,388)	(1,014)	(431)	(805)	38	**(5,417)**	(989)	(170)	(359)	(616)	**(7,551)**
Capital employed (book value)[3]	3,469	4,702	3,071	1,796	2,089	-	**15,127**	3,054	2,257	2,069	1,948	**24,455**
KEY FIGURES												
Operating margin EBITA (%)	14.0	16.3	17.4	(0.2)	4.2	-	**11.7**	7.7	25.6	na	na	**11.0**
Total man-years[4]	3,061	2,231	1,787	4,432	2,224	-	**13,735**	928	50	64	265	**15,042**

[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 25 and "Other current liabilities" in Note 28 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 53.
[4] Man-years in "Discontinued operations" are not included in this note. Note 10 shows the total number of man-years, including "Discontinued operations".

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 associates. 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 costs. Cash flow figures were taken from the Orkla-format cash flow statement (see Note 41).

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 2011

Amounts in NOK million	Orkla Foods	Orkla Confectionery & Snacks	Orkla Home & Personal	Orkla International	Orkla Food Ingredients	Eliminations	**Branded Consumer Goods**	Sapa Heat Transfer	Hydro Power	Orkla Financial Investments	HQ/ Other Business	Discontinued operations	**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	326	71	-	**518**
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	328	(390)	-	**30,158**
Cost of materials	(4,058)	(1,952)	(1,433)	(1,153)	(3,556)	224	**(11,928)**	(2,503)	(1,207)	(28)	378	-	**(15,288)**
Payroll expenses	(1,806)	(979)	(632)	(393)	(724)	-	**(4,534)**	(319)	(42)	(123)	(377)	-	**(5,395)**
Other operating expenses	(1,682)	(953)	(880)	(483)	(762)	98	**(4,662)**	(784)	(122)	(202)	158	-	**(5,612)**
Depreciation and write-down	(302)	(164)	(51)	(76)	(120)	-	**(713)**	(123)	(60)	(33)	(62)	-	**(991)**
EBITA (adjusted)[2]	1,058	762	726	8	230	-	**2,784**	179	260	(58)	(293)	-	**2,872**
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	874	762	723	2	221	-	**2,582**	69	260	(78)	(353)	-	**2,480**
Profit/loss from associates	-	-	-	-	-	-	**-**	2	-	(9)	270	-	**263**
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 41)													
Cash flow from operations before net replacement expenditures	1,117	755	694	(6)	240	-	**2,800**	70	479	(587)	(225)	893	**3,430**
Net replacement expenditures	(260)	(178)	(54)	(65)	(89)	-	**(646)**	11	(21)	26	(59)	(842)	**(1,531)**
Cash flow from operations	857	577	640	(71)	151	-	**2,154**	81	458	(561)	(284)	51	**1,899**
Expansion investments	-	-	(110)	(73)	(33)	-	**(216)**	(228)	(57)	-	-	(405)	**(906)**
Acquired companies (enterprise value)	(35)	-	-	(48)	(20)	-	**(103)**	-	-	(689)	(4)	(702)	**(1,498)**
SEGMENT ASSETS													
Accounts receivable	875	728	508	450	721	(64)	**3,218**	708	40	74	(3)	4,016	**8,053**
Other current receivables	160	72	96	52	67	-	**447**	242	154	474	11	791	**2,119**
Inventories	1,302	513	486	282	555	-	**3,138**	770	-	612	47	3,480	**8,047**
Pension plan assets	-	-	-	-	-	-	**-**	-	-	-	-	49	**49**
Investments in associates	-	-	-	-	5	-	**5**	23	-	967	2,285	1,443	**4,723**
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	1,493	221	8,318	**18,058**
Total segment assets	5,357	6,240	2,753	2,246	2,885	(64)	**19,417**	4,141	2,510	3,620	2,539	21,282	**53,509**
SEGMENT LIABILITIES													
Accounts payable	(644)	(338)	(250)	(188)	(431)	64	**(1,787)**	(736)	(28)	(45)	74	(2,788)	**(5,310)**
Value added tax, employee taxes etc.	(160)	(122)	(66)	(71)	(80)	-	**(499)**	(15)	(18)	(88)	(6)	(177)	**(803)**
Other current liabilities	(671)	(443)	(359)	(81)	(176)	-	**(1,730)**	(132)	(114)	(213)	(88)	(1,230)	**(3,507)**
Pension liabilities	(467)	(88)	(33)	(6)	(106)	-	**(700)**	(50)	(1)	(8)	(177)	(470)	**(1,406)**
Deferred tax, excess values	(18)	(388)	(53)	(39)	(14)	-	**(512)**	-	-	(11)	-	(16)	**(539)**
Total segment liabilities	(1,960)	(1,379)	(761)	(385)	(807)	64	**(5,228)**	(933)	(161)	(365)	(197)	(4,681)	**(11,565)**
Capital employed (book value)[3]	3,397	4,861	1,992	1,861	2,078	-	**14,189**	3,208	2,349	3,255	2,342	16,601	**41,944**
KEY FIGURES													
Operating margin EBITA (%)	11.9	15.8	19.5	0.4	4.3	-	**11.3**	4.6	15.4	na	na	na	**9.5**
Total man-years	3,679	2,313	1,139	4,376	2,074	-	**13,581**	944	36	72	282	14,482	**29,397**

SEGMENTS 2010

Amounts in NOK million	Orkla Foods	Orkla Confec-tionery & Snacks	Orkla Home & Personal	Orkla Inter-national	Orkla Food Ingre-dients	Elimin-ations	**Branded Con-sumer Goods**	Sapa Heat Transfer	Hydro Power	Orkla Financial Invest-ments	HQ/ Other Business	Discon-tinued oper-ations	**Orkla-Group**
REVENUES/PROFIT/LOSS													
Norway	3,982	1,986	2,644	-	552	-	**9,164**	-	579	792	21	-	**10,556**
Sweden	3,168	1,013	281	-	994	-	**5,456**	131	-	23	-	-	**5,610**
Denmark	542	448	232	-	1,298	-	**2,520**	60	-	-	-	-	**2,580**
Finland and Iceland	660	811	181	-	153	-	**1,805**	14	-	-	-	-	**1,819**
Nordic region	8,352	4,258	3,338	-	2,997	-	**18,945**	205	579	815	21	-	**20,565**
Rest of Western Europe	141	188	80	253	649	-	**1,311**	635	-	-	135	-	**2,081**
Central and Eastern Europe	255	220	201	1,289	753	-	**2,718**	433	-	-	-	-	**3,151**
Asia	3	5	47	396	18	-	**469**	1,488	-	-	49	-	**2,006**
North America	24	34	35	18	8	-	**119**	311	-	-	85	-	**515**
South and Central America	-	-	-	-	4	-	**4**	118	-	-	-	-	**122**
Rest of the world	-	-	-	5	2	-	**7**	11	-	-	22	-	**40**
Outside Nordic region	423	447	363	1,961	1,434	-	**4,628**	2,996	-	-	291	-	**7,915**
Sales revenues[1]	8,775	4,705	3,701	1,961	4,431	-	**23,573**	3,201	579	815	312	-	**28,480**
Other operating revenues	6	9	5	11	6	-	**37**	250	76	820	29	-	**1,212**
Intercompany sales	100	16	30	37	123	(289)	**17**	90	666	380	(1,153)	-	**-**
Operating revenues	8,881	4,730	3,736	2,009	4,560	(289)	**23,627**	3,541	1,321	2,015	(812)	-	**29,692**
Cost of materials	(3,953)	(1,869)	(1,431)	(1,094)	(2,873)	210	**(11,010)**	(2,072)	(924)	(1,248)	796	-	**(14,458)**
Payroll expenses	(1,843)	(925)	(640)	(353)	(642)	-	**(4,403)**	(286)	(41)	(193)	(465)	-	**(5,388)**
Other operating expenses	(1,714)	(926)	(870)	(432)	(665)	79	**(4,528)**	(739)	(121)	(382)	137	-	**(5,633)**
Depreciation and write-down	(306)	(158)	(53)	(90)	(112)	-	**(719)**	(104)	(58)	(41)	(40)	-	**(962)**
EBITA (adjusted)[2]	1,065	852	742	40	268	-	**2,967**	340	177	151	(384)	-	**3,251**
Amortisation intangible assets	-	-	(5)	-	(6)	-	**(11)**	-	(24)	-	-	-	**(35)**
Other income and expenses	(258)	7	17	(4)	(7)	-	**(245)**	(212)	(255)	1,131	(80)	-	**339**
Operating profit/loss	807	859	754	36	255	-	**2,711**	128	(102)	1,282	(464)	-	**3,555**
Profit/loss from associates	-	-	-	-	1	-	**1**	3	-	(58)	333	-	**279**
Non-controlling interests' share of profit/loss	-	-	-	-	(20)	-	**(20)**	-	9	(6)	(36)	-	**(53)**
[1] Of this sales in EU	4,745	2,647	938	256	3,701	-	**12,287**	1,244	-	23	-	-	**13,554**
CASH FLOW (see Note 41)													
Cash flow from operations before net replacement expenditures	1,371	1,032	749	138	292	-	**3,582**	(69)	124	360	(267)	611	**4,341**
Net replacement expenditures	(256)	(169)	(48)	(67)	(78)	-	**(618)**	(135)	(28)	107	(52)	(679)	**(1,405)**
Cash flow from operations	1,115	863	701	71	214	-	**2,964**	(204)	96	467	(319)	(68)	**2,936**
Expansion investments	(6)	-	-	(37)	-	-	**(43)**	(113)	(118)	-	-	(235)	**(509)**
Acquired companies (enterprise value)	(45)	(257)	-	(265)	(422)	-	**(989)**	-	-	(120)	(28)	(1,741)	**(2,878)**
SEGMENT ASSETS													
Accounts receivable	936	683	532	344	644	(52)	**3,087**	610	255	106	(124)	3,868	**7,802**
Other current receivables	155	58	50	54	71	-	**388**	246	306	101	33	711	**1,785**
Inventories	1,176	425	433	258	470	-	**2,762**	738	-	219	83	3,300	**7,102**
Pension plan assets	-	-	-	-	-	-	**-**	-	-	-	84	41	**125**
Investments in associates	-	-	-	-	3	-	**3**	21	-	859	2,058	7,049	**9,990**
Intangible assets	1,577	3,668	1,178	801	791	-	**8,015**	1,148	20	-	(52)	3,206	**12,337**
Property, plant and equipment	1,860	1,254	380	658	738	-	**4,890**	1,110	2,276	1,657	338	7,459	**17,730**
Total segment assets	5,704	6,088	2,573	2,115	2,717	(52)	**19,145**	3,873	2,857	2,942	2,420	25,634	**56,871**
SEGMENT LIABILITIES													
Accounts payable	(666)	(333)	(224)	(153)	(374)	52	**(1,698)**	(799)	(88)	(34)	2	(2,827)	**(5,444)**
Value added tax, employee taxes etc.	(182)	(131)	(66)	(62)	(69)	-	**(510)**	(21)	15	(49)	(46)	(187)	**(798)**
Other current liabilities	(798)	(456)	(376)	(71)	(179)	-	**(1,880)**	(126)	(295)	(99)	(165)	(1,306)	**(3,871)**
Pension liabilities	(482)	(84)	(44)	(9)	(107)	-	**(726)**	(47)	(1)	(9)	(221)	(557)	**(1,561)**
Deferred tax, excess values	(18)	(388)	(52)	(41)	(11)	-	**(510)**	-	-	(65)	-	16	**(559)**
Total segment liabilities	(2,146)	(1,392)	(762)	(336)	(740)	52	**(5,324)**	(993)	(369)	(256)	(430)	(4,861)	**(12,233)**
Capital employed (book value)[3]	3,558	4,696	1,811	1,779	1,977	-	**13,821**	2,880	2,488	2,686	1,990	20,773	**44,638**
KEY FIGURES													
Operating margin EBITA (%)	12.0	18.0	19.9	2.0	5.9	-	**12.6**	9.6	13.4	na	na	na	**10.9**
Total man-years	3,765	2,315	1,140	4,657	2,041	-	**13,918**	961	40	64	326	14,439	**29,748**

[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 25 and "Other current liabilities" in Note 28 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.

SAPA (PART OF FUTURE JV)
Sapa Profiles, Building System and part of Heat Transfer

Amounts in NOK million	2012	2011	2010
REVENUES/PROFIT/LOSS			
Norway	**202**	233	218
Sweden	**1,310**	1,452	1,286
Denmark	**202**	251	166
Finland and Iceland	**91**	114	113
Nordic region	**1,805**	2,050	1,783
Rest of Western Europe	**10,172**	12,069	11,196
Central and Eastern Europe	**1,556**	1,711	1,762
Asia	**703**	607	397
North America	**10,907**	10,307	8,897
South and Central America	**81**	124	101
Rest of the world	**37**	43	25
Outside Nordic region	**23,456**	24,861	22,378
Sales revenues[1]	**25,261**	26,911	24,161
Other operating revenues	**54**	115	44
Intercompany sales	**57**	31	35
Operating revenues	**25,372**	27,057	24,240
Cost of materials	**(14,912)**	(16,194)	(13,613)
Payroll expenses	**(4,655)**	(4,574)	(4,527)
Other operating expenses	**(4,866)**	(4,988)	(5,046)
Depreciation and write-down	**(706)**	(670)	(650)
EBITA (adjusted)[2]	**233**	631	404
Amortisation intangible assets	**(24)**	(32)	(11)
Other income and expenses	**(1,752)**	(664)	(31)
Operating profit/loss	**(1,543)**	(65)	362
Profit/loss from associates	**(4)**	(4)	0
Non-controlling interests' share of profit/loss	**0**	(12)	(12)
[1] Of this sales in EU	**12,909**	15,205	14,204
CASH FLOW			
Cash flow from operations before net replacement expenditures	**1,038**	242	212
Net replacement expenditures	**(843)**	(669)	(598)
Cash flow from operations	**195**	(427)	(386)
Expansion investments	**(98)**	(360)	(226)
Acquired companies (enterprise value)	**0**	(701)	(179)
SEGMENT ASSETS			
Accounts receivable	**3,250**	3,543	3,486
Other current receivables	**467**	687	582
Inventories	**2,380**	2,922	2,832
Pension plan assets	**0**	0	0
Investments in associates	**117**	129	0
Intangible assets	**1,456**	3,113	3,131
Property, plant and equipment	**6,306**	6,495	5,668
Total segment assets	**13,976**	16,889	15,699
SEGMENT LIABILITIES			
Accounts payable	**(2,423)**	(2,567)	(2,638)
Value added tax, employee taxes etc.	**(176)**	(128)	(143)
Other current liabilities	**(844)**	(1,065)	(1,196)
Pension liabilities	**(337)**	(398)	(479)
Deferred tax, excess values	**(3)**	(16)	16
Total segment liabilities	**(3,783)**	(4,174)	(4,440)
Capital employed (book value)[3]	**10,193**	12,715	11,259
KEY FIGURES			
Operating margin EBITA (%)	**0.9**	2.3	1.7
Total man-years	**13,308**	13,370	13,278

Reconciliation segment assets vs. total assets

	2012	2011
Segment assets	**32,006**	53,509
Assets in discontinued operations/held for sale	**13,740**	391
Shares and financial assets etc.	**3,601**	5,502
Cash and cash equivalents	**7,201**	5,453
Financial assets	**864**	910
Deferred tax assets	**121**	341
Interest-bearing receivables etc.	**153**	290
Total assets	**57,686**	66,396

NOTE 10 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 9 for segment information.

	Capital employed			Investments			Number of man-years		
Amounts in NOK million	**2012**	2011	2010	**2012**	2011	2010	**2012**	2011	2010
Norway	**9,944**	14,035	19,121	**431**	695	1,011	**3,065**	4,336	4,402
Sweden	**5,546**	7,942	7,505	**377**	469	356	**4,135**	4,106	4,247
Denmark	**3,055**	3,157	3,098	**99**	98	104	**1,254**	1,257	1,353
Finland and Iceland	**1,692**	1,693	1,630	**74**	96	57	**669**	667	725
Nordic region	**20,237**	26,827	31,354	**981**	1,358	1,528	**9,123**	10,366	10,727
Rest of Western Europe	**547**	4,801	4,155	**16**	568	421	**4,837**	5,116	5,875
Central and Eastern Europe	**2,166**	3,331	3,268	**126**	322	219	**7,268**	7,201	7,251
Asia	**1,477**	2,448	1,510	**159**	174	144	**2,850**	2,565	2,158
America	**28**	4,429	4,219	**0**	292	252	**4,266**	4,102	3,685
Rest of the world	**0**	108	132	**0**	3	3	**6**	47	52
Outside Nordic region	**4,218**	15,117	13,284	**301**	1,359	1,039	**19,227**	19,031	19,021
Total	**24,455**	41,944	44,638	**1,282**	2,717	2,567	**28,350**	29,397	29,748
Link between segments and "Investments":									
Net replacement expenditures, from segments (see Note 9)				**801**	1,531	1,405			
Sale of property, plant and equipment (see cash flow statement)				**144**	262	667			
Expansion investments (see Note 9)				**347**	906	509			
Changes in accounts payable investments				**(10)**	18	(14)			
Total				**1,282**	2,717	2,567			

Capital employed and investments are presented exclusive of "Discontinued operations" in 2012 (see the corresponding figures in Note 9). Man-years are presented inclusive of "Discontinued operations". Sapa (part of future JV) amounts to NOK 13,308 million.

NOTE 11 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 for tax purposes as wages, but are presented as operating expenses according to the nature of the expense.

Amounts in NOK million	**2012**	2011	2010
Wages	**(4,099)**	(4,289)	(4,258)
Employer's national insurance contribution	**(696)**	(761)	(716)
Pension costs[1]	**(335)**	(309)	(325)
Other remuneration etc.	**(38)**	(36)	(89)
Payroll expenses	**(5,168)**	(5,395)	(5,388)
Average number of man-years (continuing operations)	**14,331**	14,894	14,295

[1] For detailed information about pension costs see Note 12.

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 300 senior executives in 2012.

Remuneration of the executive management

	2012			2011			2010		
Amounts in NOK	**Salary**	**Benefits in kind**	**Pension costs**	Salary	Benefits in kind	Pension costs	Salary	Benefits in kind	Pension costs
Remuneration to CEO[1]	**8,999**	**60**	**500**	6,864	190	1,498	6,756	196	1,335
Remuneration to other members of the Group Executive Board	**21,336**	**1,326**	**4,588**	24,411	1,042	4,055	22,920	935	4,878
Number of options to CEO 31 December	**0**			412,000			340,000		
Number of options to other members of the Group Executive Board 31 December	**1,686,000**			1,085,000			1,750,000		

[1] Due to the change of CEO as of 1 May, one third of Bjørn M. Wiggen's salary and bonus have been included in addition to Åge Korsvold's salary.

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
A quota of a maximum of 1 million options (approximately 0.1% of shares outstanding) was allocated in 2012. This quota has not been used.

To replace the options, the Group has 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 2012:

	2012		2011	
	No.	WAEP[1]	No.	WAEP[1]
Outstanding at the beginning of the year	**22,651,500**	**54.71**	19,769,500	59.71
Granted during the year	**-**	**-**	5,789,000	52.48
Exercised during the year	**(45,000)**	**44.86**	(400,000)	50.97
Forfeited during the year	**(5,004,500)[3]**	**62.26**	(2,507,000)	51.23
Outstanding at year end[2]	**17,602,000**	**51.55**	22,651,500	54.71
Exercisable options at year end	**7,685,000**	**-**	4,619,500	78.45

[1] Weighted average exercise price. Amounts in NOK.
[2] As a result of a dividend, all exercise prices were reduced by NOK 2,5 on 20 April 2012.
[3] Consists primarily of options moved to Borregaard and options that expired in 2012 without being "in the money"; (see the table in the next column).

The weighted average contractual life of outstanding options as of 31 December 2012 is 3 years.

In connection with the listing of Borregaard on the stock exchange, the management and employees of Borregaard accepted the offer to exchange their options for shares in Orkla for an equivalent number of options for shares in Borregaard. Consequently, a total of 1,590,000 share options in Orkla have been cancelled.

Weighted average exercise price for outstanding options at year end:

	2012		2011	
Expiry date	WAEP[1,2]	No.	WAEP[1]	No.
20.02.2012	**-**	**-**	58.25	500,000
15.12.2012	**-**	**-**	88.94	1,084,500
20.02.2013	**86.44**	**400,000**	88.94	400,000
08.05.2014	**73.90**	**2,115,000**	76.40	2,610,000
14.08.2014	**70.60**	**25,000**	73.10	25,000
22.05.2015	**44.86**	**5,145,000**	47.36	6,090,000
10.05.2016	**43.88**	**5,260,000**	46.38	6,285,000
09.05.2017	**50.03**	**4,587,000**	52.53	5,587,000
31.10.2017	**45.91**	**70,000**	48.41	70,000
Total		**17,602,000**		22,651,500

[1] Weighted average exercise price. Amounts in NOK.
[2] As a result of a dividend, all exercise prices were reduced by NOK 2.5 on 20 April 2012.

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. In the model, new option awards have been based on the following assumptions:

	2012	2011
Expected dividend-yield (%)		6
Expected volatility (%)		40
Historical volatility (%)	**NA[1]**	40
Risk-free return (%)		2.0
Expected life of option (years)		5.6
Weighted average share price (NOK)		47.7

[1] No new options were issued in 2012.

Effects of the option programme on the financial statements:

Amounts in NOK million	2012	2011
Option costs in the vesting period	**(33)**	(86)
Change in provision for national insurance contribution	**(8)**	19
Net option costs	**(41)**	(67)
Liabilities[1]	**8**	0

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

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

NOTE 12 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 pension plans that are classified as funded benefit plans and unfunded benefit plans. A large part of the Group's benefit plans are in Sweden and Norway. These countries account for around 60% and 40%, 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.

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

Norway
The net pension liabilities 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. The 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 underfunding in the old AFP scheme, as recommended under the Norwegian Accounting Standards.

The new AFP scheme is recognised as a defined contribution plan. This may change if there are sufficient reliable, consistent data to be able to recognise it as a defined benefit plan. The premium for the new AFP scheme will increase from 1.75% in 2012 to 2.0% in 2013 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.

The note for 2012 covers only pension liabilities for continuing operations. Pension liabilities included in the line for "Discontinued operations" will be part of the new company with Norsk Hydro from the second quarter of 2013.

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, so that it varies between 2.0% and 3.75%, 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 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 (K2005 in Norway and updated mortality tables at 30 June 2011 in Sweden).

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. The breakdown of pension plan assets is presented below. Contributions of pension plan assets in 2013 are expected to total NOK 12 million.

	Norway		Sweden	
	2012	**2011**	**2012**	**2011**
Discount rate	**2-3.75%**	2.5%	**3.5%**	3.5%
Future salary adjustment	**3.25%**	3.75%	**3.0%**	3.0%
G-multiplier[1]	**3.25%**	3.75%	**3.0%**	3.0%
Adjustment of benefits	**0.5%**	0.7%	**2.0%**	2.0%
Turnover	**0-5%**	0-5%	**3%**	3-4%
Expected average remaining vesting period (year)	**5.1**	5.5	**15.8**	19.1

[1] 1G is NOK 82,122 as of 31 December 2012.

Breakdown of net pension costs

Amounts in NOK million	2012	2011	2010
Contribution plans	**(228)**	(212)	(232)
Current service cost (incl. national insurance contributions)	**(39)**	(40)	(44)
Interest on pension obligations	**(53)**	(56)	(64)
Expected return on pension plan assets	**10**	12	36
Actuarial gains and losses/past service cost	**(33)**	(17)	(22)
Settlements pension plans	**8**	4	(20)
Net pension costs	**(335)**	(309)	(346)

Breakdown of net pension liabilities as of 31 December

Amounts in NOK million	2012	2011
Present value of funded pension obligations	**(313)**	(1,957)
Pension plan assets (fair value)	**289**	1,682
Net funded pension liabilities	**(24)**	(275)
Present value of unfunded pension obligations	**(1,247)**	(1,917)
Unrecognised actuarial gains and losses	**324**	835
Unrecognised past service cost	**(9)**	-
Capitalised net pension liabilities	**(956)**	(1,357)
Capitalised pension liabilities	**(984)**	(1,406)
Capitalised plan assets	**28**	49

Changes in the present value of pension obligations during the year

Amounts in NOK million	2012	2011
Pension obligations 1 January	**(3,874)**	(3,827)
Current service cost (incl. national insurance contributions)	**(39)**	(40)
Interest on pension obligations	**(53)**	(56)
Pension cost discontinued operations	**-**	(121)
Unrecognised actuarial gains and losses	**1**	(229)
Unrecognised past service cost	**1**	-
Acquisition/sale of companies	**(103)**	23
Curtailments and settlements	**56**	15
Benefits paid during the year	**120**	407
Currency translations	**16**	(46)
Changes related to discontinued operations	**2,315**	-
Pension obligations 31 December	**(1,560)**	(3,874)

Changes in pension plan assets during the year

Amounts in NOK million	2012	2011
Pension plan assets (fair value) 1 January	**1,682**	1,784
Expected return on pension plan assets	**10**	12
Expected return on pension plan assets discontinued operations	**-**	85
Unrecognised actuarial gains and losses	**30**	(30)
Acquisition/sale of companies	**98**	(5)
Curtailments and settlements	**(48)**	-
Contributions and benefits paid during the year	**(33)**	(122)
Assets transferred to contribution plans	**(4)**	(84)
Currency translations	**(4)**	42
Changes related to discontinued operations	**(1,442)**	-
Pension plan assets (fair value) 31 December	**289**	1,682

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

	2012	2011
Cash, cash equivalents and money market investments	**9%**	3%
Bonds	**61%**	60%
Loans	**2%**	1%
Shares	**27%**	33%
Property	**1%**	3%
Total pension plan assets	**100%**	100%

Summary of net pension liabilities and adjustments in past five years

Amounts in NOK million	2012	2011	2010	2009	2008
Pension obligations	**(1,560)**	(3,874)	(3,827)	(5,252)	(5,938)
Pension plan assets	**289**	1,682	1,784	3,183	3,880
Net pension liabilities	**(1,271)**	(2,192)	(2,043)	(2,069)	(2,058)
Changes in unrecognised actuarial gains and losses in pension obligations	**2**	(229)	(86)	(249)	160
Changes in unrecognised actuarial gains and losses in pension plan assets	**30**	(30)	42	71	(536)

NOTE 13 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	2012	2011	2010
External freight costs	**(638)**	(751)	(954)
Energy costs (production and heating)	**(639)**	(673)	(698)
Advertising	**(1,172)**	(1,208)	(1,194)
Repair and maintenance costs	**(457)**	(505)	(463)
Consultants, legal advisors, temporary staff, etc.	**(626)**	(522)	(538)
Operating expenses vehicles	**(134)**	(154)	(152)
Rental/leasing	**(253)**	(225)	(226)
Operating expenses, office equipment etc.	**(65)**	(75)	(65)
Other	**(1,558)**	(1,499)	(1,343)
Total other operating expenses	**(5,542)**	(5,612)	(5,633)

NOTE 14 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		2012
M&A costs		**(79)**
Special IFRS effects		**(22)**
Gain on disposal of Salvesen & Thams		**44**
Restructuring and legal disputes in Russia		**(267)**
Restructuring Procordia, Abba and Beauvais		**(55)**
Property tax in AS Saudefaldene for previous periods		**(19)**
Final settlements Group and Orkla Financial Investments		**(43)**
Insurance settlements Sapa Heat Transfer		**30**
Restructuring Sapa 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 Sapa Heat Transfer		(69)
Net costs fires Finspång, Sapa 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 and selling expenses related to Bakers, Orkla Foods		(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	-

Amounts in NOK million		2010
Termination of the old AFP schemes and issued paid-up policies		(21)
M&A costs		(21)
Provision closure of Borregaard Italy		(63)
Loss and write-down of goodwill Orkla Finans		(172)
Gain on sale of property in Switzerland		47
Gain on sale of Borregaard Skoger		1,309
Net costs fire Finspång, Sapa Heat Transfer		(212)
Write-down goodwill Bakers, Orkla Foods		(276)
Settlement sale power plants and correction value power contracts related to sale of Elkem		(254)
Orkla Confectionery & Snacks, settlement Russian Snack Company		2
Total		339
Of this:	Write-down property, plant and equipment	(26)
	Write-down intangible assets	(732)

For further information about the provisions, see Note 22.

NOTE 15 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	2012	2011	2010
Interest income	**178**	270	226
Net foreign exchange gain	**-**	-	-
Other finance income	**18**	26	36
Total finance income	**196**	296	262
Interest costs	**(581)**	(590)	(433)
Capitalised interest costs	**5**	11	7
Net foreign exchange loss	**(18)**	(17)	(9)
Other finance costs	**(57)**	(100)	(104)
Total finance costs	**(651)**	(696)	(539)
Net finance costs (A)	**(455)**	(400)	(277)
Reconciliation against cash flow:			
Change in accrued interest etc.	**(12)**	(16)	12
Sale of shares outside share portfolio	**-**	75	-
Financial items discontinued operations	**-**	(46)	(50)
Foreign exchange gain/loss share portfolio	**86**	56	(66)
Total (B)	**74**	69	(104)
Paid financial items in cash flow (A+B)	**(381)**	(331)	(381)

NOTE 16 TAXES

Taxes refer to the authorities' taxation of the profits of the different companies in the Group. Matters like 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	2012	2011	2010
Profit/loss before tax	**3,873**	4,426	5,851
Current tax expense	**(710)**[1]	(848)	(484)
Deferred tax expense	**3**	197	(271)
Total tax expense	**(707)**	(651)	(755)
Tax as % of "Profit/loss before taxes" from continuing operations	**18%**	15%	13%

[1] Current tax expense includes a reduction in current taxes related to previous years, amounting to NOK 71 million relating 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	2012	2011	2010
28% of profit before taxes (tax rate in Norway)	**(1,084)**	(1,239)	(1,638)
Foreign operations with tax rates other than 28%	**54**	50	49
Changes in tax laws	**69**	8	(2)
Associates	**116**	73	78
Write-down of assets/goodwill Bakers and Orkla Finans	**-**	(43)	(107)
Write-down of shares within the TEM[1, 2]	**(181)**	(170)	(64)
Dividends within the TEM[1, 2]	**60**	114	135
Gains/losses on shares within the TEM[1, 2]	**324**	591	781
Other nondeductible expenses	**(87)**	(53)	(80)
Derecognition deferred tax divested subsidiaries	**-**	44	60
Other taxes payable	**(24)**	(24)	(21)
Recognised tax assets this year, previously unrecognised	**15**	3	9
Unrecognised deferred tax assets, this year	**(39)**	(5)	(4)
Correction previous years' taxes	**70**	-	-
Sale of power plants	**-**	-	49
The Group's total tax expense	**(707)**	(651)	(755)

[1] TEM = Tax Exemption Method
[2] Includes the share portfolio NOK 314 million in 2012 (NOK 451 million in 2011 and NOK 421 million in 2010).

The ordinary tax rate for companies domiciled in Norway is 28%. Orkla's businesses in countries with tax rates other than 28% have the net effect of reducing the tax expense. In 2012, net tax liabilities in Sweden were reduced by NOK 69 million due to lower company tax as from 2013.

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

The Group has substantial 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 the share portfolio. The share portfolio activities contribute significantly to reducing tax expense.

Unrecognised deferred tax assets are mainly related to tax deficits in Orkla Brands Russia.

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

Deferred tax liabilities

Deferred tax liability 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 timing differences between tax accounting and financial value.

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

Amounts in NOK million	2012	2011
Deferred tax on temporary differences		
Hedging reserve in equity	**(115)**	(121)
Intangible assets	**606**	570
Property, plant and equipment	**333**	849
Net pension liabilities	**(95)**	(91)
Gain and loss tax deferral	**245**	281
Other non-current items	**181**	(110)
Total non-current items	**1,155**	1,378
Unrealised gains (losses) on shares outside the TEM[1] in equity	**30**	47
Accumulated write-downs of shares outside the TEM[1] (taken to P/L)	**(39)**	(80)
Current receivables	**(74)**	(94)
Inventories	**19**	63
Provisions	**(124)**	(92)
Other current items	**152**	65
Total current items	**(36)**	(91)
Losses carried forward	**(435)**	(1,306)
Tax credit carried forward	**(5)**	(12)
Net deferred tax asset/deferred tax	**679**	(31)
Deferred tax hydro power tax regime[2]	**(32)**	(23)
Deferred tax assets, not recognised	**371**	964
Net deferred tax	**1,018**	910
Change in deferred tax	**(108)**	341
Deduction of change in deferred tax discontinued operations	**86**	233
Change in deferred tax continuing operations	**(22)**	574
Change in deferred tax unrealised gains taken to comprehensive income	**(17)**	(117)
Change in deferred tax hedging reserve taken to comprehensive income	**6**	(271)
Acquisitions/sale of companies, translation effects etc.	**36**	11
Change in deferred tax income statement	**3**	197

[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	2012	2011
Deferred tax	**1,139**	1,251
Deferred tax assets	**121**	341
Net deferred tax	**1,018**	910

Losses carried forward by expiry date

Amounts in NOK million	2012	2011
2012	**-**	131
2013	**428**	484
2014	**106**	221
2015	**554**	750
2016	**47**	98
2017	**15**	105
2018	**26**	107
2019 or later	**137**	1,210
Without expiry date	**466**	1,512
Total tax losses carried forward	**1,779**	4,618

Tax loss carry forwards totalling NOK 1,779 million constitute a deferred tax asset of NOK 435 million, of which only NOK 64 million has been recognised. Unrecognised tax loss carry forwards amount to NOK 1,547 million. A total of NOK 305 million of these have no expiration date, NOK 145 million expire from 2019 onwards, NOK 56 million expire in the period 2016-2018 and NOK 1,041 million expire in the period 2013-2015.

Deductible temporary differences with corresponding deferred tax assets

	Deductible temporary differences	Recognised deferred tax assets	Un-recognised deferred tax assets	Total deferred tax
Losses carried forward by country				
Switzerland	994	0	249	249
Norway	271[1]	33	43	76
Russia	137	0	28	28
Ireland	65	0	8	8
Denmark	62	2	13	15
Romania	54	0	8	8
Baltics	41	3	4	7
Other Eastern Europe	37	0	7	7
South Europe	42	7	8	15
Others	76	19	3	22
Total	**1,779**	**64**	**371**	**435**
Other deductible temporary differences	1,458	345	3	348
Total deductible temporary differences	**3,237**	**409**	**374**	**783**
Netted deferred tax	(1,193)	(288)	0	(288)
Net deductible temporary differences	**2,044**	**121**	**374**	**495**

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

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 tax losses carried forward and were liable to tax in 2012.

Tax ownership of power plant

Orkla 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 reversed an earlier SfS decision regarding ownership for tax purposes of one of the Sauda power plants which AS Saudefaldene (of which Orkla owns 85%) leases from Statkraft. Orkla claims, in accordance with the basis for SfS's 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 Saudefaldene's assessments as regards the basis for property tax. Although Orkla disagrees with the decision and has appealed it, NOK 29 million in property tax for the years 2010-2012 has been paid and charged to operating profit. Saudefaldene's tax assessment as regards the hydro power tax has not yet been amended by SfS.

NOTE 17 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.

As a result of the Orkla Group's option programme (see Note 11), 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	2012	2011	2010
Profit/loss for the year after non-controlling interests for continuing operations	**3,166**	3,727	5,043
Profit/loss/gains discontinued operations	**(1,583)**	(4,503)	(5,960)
Profit/loss for the year after non-controlling interests	**1,583**	(776)	(917)
Weighted average of number of shares outstanding	**1,011,722,749**	1,020,194,465	1,019,619,206
Estimated dilution effect option programme	**47,713**	0	68,637
Weighted average of number of shares outstanding diluted	**1,011,770,462**	1,020,194,465	1,019,687,843

To calculate profit or loss per share for discontinued operations, the gain/profit/loss on discontinued operations and the weighted average number of shares outstanding from the tables are used.

Amounts in NOK	2012	2011	2010
Earnings per share	**1.6**	(0.8)	(0.9)
Earnings per share diluted	**1.6**	(0.8)	(0.9)
Earnings per share diluted for discontinued operations	**(1.6)**	(4.4)	(5.8)
Earnings per share diluted adjusted for discontinued operations	**3.1**	3.7	4.9

NOTE 18 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.

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 19 and Note 20. The Group also has other non-current assets that mainly consist of investments in associates. These are disclosed in Note 8 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 lifetime are based on future information that is always subject to a great degree of uncertainty.

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 overall acquisitions, and the breakdown by various types of asset is based on this total.

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 growth.

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 2012, this has resulted in the write-down of goodwill in Sapa Profiles by NOK 1.5 billion at 30 September (see Notes 1, 9 and 39). After this write-down, the carrying value of capital employed was equivalent to the transaction value in connection with the establishment of the joint venture with Norsk Hydro. This value is substantiated by payment of a cash consideration in connection with the transaction. The carrying value will be affected by future results, exchange rate fluctuations and changes in working capital, and at 31 December 2012 the carrying value was slightly lower than the valuation on which the agreement is based. The residual goodwill in Sapa Profiles was NOK 1.1 billion at 31 December 2012.

Due to lower power prices in 2012 than in 2011, 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 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 Saudefaldene.

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. Cash flows relating to the assets are identified and discounted. Future cash flow is based on specified assumptions (see the table on the next page) and the plans adopted by the entity. 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.

The greatest risk of material changes in value is related to the Group's major goodwill items and trademarks. The Group has goodwill and trademarks related to a number of acquisitions, the largest goodwill items and trademarks being related to the following units (capitalised value):

	Goodwill		Trademarks	
Amounts in NOK million	**2012**	**2011**	**2012**	**2011**
Chips Group	**1,884**	1,942	**1,048**	1,087
Axellus	**861**	808	**413**	395
Procordia/Abba Seafood	**1,186**	1,207	**-**	-
Jordan	**570**	-	**237**	-
Panda	**83**	88	**321**	339
Orkla Brands Russia	**293**	298	**73**	74
Sapa Profiles (discontinued in 2012)	**-**	2,632	**-**	-
Sapa Heat Transfer	**1,101**	1,248	**-**	-
Others (mainly minor items in Branded Consumer Goods)	**1,291**	1,398	**276**	264
Total	**7,269**	9,621	**2,368**	2,159

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. Some of the cash-generating units in the Group correspond to the segments presented in Note 9. This applies in particular to Sapa Heat Transfer.

The situation is different in the branded consumer goods business. 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 in the case of Stabburet and Lilleborg. The largest cash-generating units that have goodwill or trademarks in the branded consumer goods business thus derive from acquisitions such as Procordia and Abba Seafood dating from 1995 and more recent acquisitions made in 2005 (the Chips Group and Panda). These are business units in Orkla Foods Nordic and Orkla Confectionery & Snacks, and are tested for value impairment. Goodwill related to Procordia and Abba Seafood was amortised by 1/20 per year between the date of acquisition and 1 January 2004 when the transition to IFRS was made. This means that the original goodwill from these acquisitions has been approximately halved in relation to the acquisition cost. Acquisitions made in the Axellus Group in 2005 and 2006 (Collett Pharma and Dansk Droge) are difficult to identify as independent units because the new units are extensively integrated into existing operations. Thus the units in Axellus will be tested for impairment on an aggregate basis, and integration with the units that already were part of Orkla prior to the acquisition will generate an aggregate return well above the required rate. Synergies between the CGUs are taken into account in the valuation.

Orkla Eiendom has in the past acquired and sold real estate companies. Remaining portfolio mainly consists of FGEiendom. Most of the excess value arising from these acquisitions has been allocated to property, plant and equipment and associates.

BUDGET ASSUMPTIONS

Calculations of future cash flows are based on a number of assumptions regarding both economic trends and the estimated useful life of important trademarks. Many of the businesses in the Orkla Group are affected by fluctuating markets, and estimates made in weak markets can differ substantially from estimates made in stronger markets. Consequently, it can be difficult for companies operating in volatile markets to make the right, long-term decisions in markets characterised by significant short-term fluctuations.

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. Cash flow estimates are sensitive to changes in raw material prices and thereby other purchase prices and the coherent ability to maintain margin assumptions. The sensitivity of the estimates, even when there is a reasonable possibility of a change in assumptions, does not give grounds for impairment charges.

The main factors on which the impairment tests are based are summed up in the table below. The largest cash-generating units (CGU) are shown in a separate table and consist of Orkla Confectionery & Snacks with Chips, Orkla Home & Personal with Axellus and Jordan, Orkla Foods with Procordia/Abba Seafood and Panda, and Sapa Heat Transfer. The CGUs operate in different markets, and the table is intended to provide an overview of the main drivers that apply.

Sensitivity

In cases where the discounted value is only marginally higher than the level of capital employed, sensitivity analyses have been carried out to ensure that the various parameters are valid. This applies mainly to the operations of Orkla Brands Russia.

In Orkla Brands Russia, the operations of Krupskaya and SladCo were merged and further action was taken to strengthen competitiveness. In this connection, the number of factories will be reduced from four to three, thereby reducing production costs and freeing up a property in St. Petersburg. Based on the forecasts, expectations and assumptions that were applied, Orkla Brands Russia justifies the capitalised values at 31 December 2012 as regards turnover and profit performance. However, a significant improvement in profit is required in relation to current earnings. Furthermore, the transaction value of similar companies is considered to substantiate the capitalised value. A total of NOK 293 million in goodwill and NOK 73 million in trademarks is related to this unit.

The valuation of Sapa Heat Transfer also exceeds the total capitalised values. In this case, an EBITA margin in the terminal value that is slightly higher than the current EBITA level is required. Based on the forecasts, expectations and assumptions that have been applied for the future, Sapa Heat Transfer justifies the capitalised values at 31 December 2012. Goodwill related to Sapa Heat Tranfer totals NOK 1,101 million.

In the other parts of the branded consumer goods business, the main cause of some uncertainty is raw material price trends. Raw material prices increased throughout 2010 and continued to rise in 2011 and 2012. The various companies in the branded consumer goods business are following developments closely and will compensate for the increased costs by raising prices.

Discount rate

The discount rate applied is based on the Group's cost of capital, which is estimated to be 9.7% 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 was reduced by one percentage point for the businesses in the branded consumer goods business and increased by one percentage point for Sapa Heat Transfer in order to take account of differences in business risk.

	Branded Consumer Goods		**Sapa Heat Transfer**
Cash-generating units	Chips, Axellus, Jordan	Abba Seafood, Procordia, Panda	Heat Transfer
Factors that affect the discount rate	Operate largely in the Nordic market, relatively lower industry risk, budget in SEK, DKK, EUR og NOK	Operate largely in the Swedish and Finnish markets, relatively lower industry risk, budget in SEK and EUR	Global market, relatively higher risk, budget primarily in SEK, EUR and USD
Raw material prices are estimated on the basis of the market situation (forward or spot prices) at the time of calculation	Key raw materials: potatoes, nuts, sugar, cocoa, wheat, vegetables, fish and fish oil		Key raw materials: primary and secondary aluminium, electric power and alloys
Production site	Production is mainly carried out in the Nordic region, except in the case of Jordan where production mainly takes place outside the Nordic region		Production is carried out in Finspång (Sweden) and in Shanghai (China)
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by retail chain negotiations on prices and raw material prices which on the whole are expected to remain stable		Higher raw material prices are expected to be reflected in higher selling prices, increased long-term gross profit with a targeted EBITA margin
Customisation and ability to develop products in collaboration with customers	Branded Consumer Goods follows consumer trends and has a high rate of innovation – growth is expected within existing brands		Sapa works in close dialogue with customers on innovation and tailored solutions
Market shares	Budgets assume stable market shares in the short and long term		Budgets assume stable and slightly increasing market shares in the short and long term
Economic conditions	The model is based on a normalisation of markets and sales - Branded Consumer Goods has generally been little affected by the economic situation		Markets 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 19 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. Moreover goodwill is not regularly amortised. 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 "Depreciations 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 9 and significant goodwill and trademarks are presented in Note 18.

Amounts in NOK million	Trademarks, not amortisable	Trademarks, amortisable	Other intangible assets	Development	IT	Goodwill	Total
Book value 1 January 2012	2,159	38	350	6	286	9,621	**12,460**
Investments	1	-	-	-	40	-	**41**
Reclassifications[1]	-	-	-	-	9	-	**9**
Companies acquired[2]	278	-	14	-	-	682	**974**
Disposals/Discontinued operations	-	(1)	(212)	(6)	(170)	(2,784)	**(3,173)**
Amortisation	-	(5)	(10)	-	(26)	-	**(41)**
Write-downs	-	-	-	-	-	-	**0**
Translation differences	(70)	(2)	1	-	(1)	(250)	**(322)**
Book value 31 December 2012	2,368	30	143	0	138	7,269	**9,948**
Initial cost 1 January 2012	2,176	68	1,380	14	741	11,998	**16,377**
Accumulated amortisation and write-downs	(17)	(30)	(1,030)	(8)	(455)	(2,377)	**(3,917)**
Book value 1 January 2012	2,159	38	350	6	286	9,621	**12,460**
Initial cost 31 December 2012	2,384	65	1,076	-	619	9,433	**13,577**
Accumulated amortisation and write-downs	(16)	(35)	(933)	-	(481)	(2,164)	**(3,629)**
Book value 31 December 2012	2,368	30	143	0	138	7,269	**9,948**
Book value 1 January 2011	2,078	43	365	5	268	9,578	**12,337**
Investments	107	-	6	4	85	-	**202**
Reclassifications[1]	-	(15)	26	(1)	21	-	**31**
Companies acquired[2]	-	17	3	-	-	96	**116**
Amortisation	-	(7)	(48)	(2)	(89)	-	**(146)**
Write-downs	-	-	-	-	-	(7)	**(7)**
Translation differences	(26)	-	(2)	-	1	(46)	**(73)**
Book value 31 December 2011	2,159	38	350	6	286	9,621	**12,460**

[1] Net reclassifications relate to figures transferred from Note 20.
[2] See Note 6 for information about the acquisition of companies.

In addition, the Orkla Group expensed NOK 91 million in 2012 in research and development costs (NOK 89 million in 2011).

MARKET POSITIONS IN THE NORDIC GROCERY MARKET FOR BRANDED CONSUMER GOODS

In addition to the items presented in the table below, the Group owns several trademarks that have not been capitalised. These are the 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 represent 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), 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	●	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, Abba	●	B
Cod roe spread		○		Kalles Kaviar	●	B		○		Kalles Kaviar	●	B
Cordials/soft drinks (non-carbonated)	Fun Light, Nora	◑	A	Fun Light,Önos, BOB	●	B		○		Fun Light, Ekströms	◑	B
Fresh pasta		○		Felix	◔	C	Pastella	●	C	Pastella	◑	C
Detergents	JiF, Omo, Sun, Zalo	●	A		○			○			○	
Personal care products	Define, Lano, Jordan, Dr. Greve	●	A, C	Jordan	◔	B	Jordan	◔	B	Jordan	◔	B
Dietary supplements	Möllers, Nutrilett, Collett	●	A, C	Nutrilett, Pikasol, Litomove	◑	C	Gerimax, Livol, Futura, Pikasol	●	C	Möllers, Nutrilett, SanaSol	●	A,C
Snacks	KiMs, Polly, Cheez Doodles	◑	C	OLW, Cheez Doodles	●	C	KiMs	●	C	Taffel	●	C
Textiles	Pierre Robert, LaMote	●	C, A	Pierre Robert, LaMote	◑	C, A		○			○	
Biscuits	Café Bakeriet, Bixit, Safari	●	A	Ballerina, Brago, Singoalla	●	B		○		Ballerina	◔	B
Confectionery	Stratos, Smash, Nidar Favoritter	◑	A		○			○		Panda	◔	C
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 20 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 9.

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 2012	8,032	7,675	1,631	720	**18,058**
Investments	314	392	502	33	**1,241**
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)**
Depreciation	(184)	(592)	-	(128)	**(904)**
Translation differences	(40)	(45)	(72)	4	**(153)**
Book value 31 December 2012	4,921	3,872	706	430	**9,929**
Initial cost 1 January 2012	12,392	25,407	1,631	2,831	**42,261**
Accumulated depreciation and write-downs	(4,360)	(17,732)	-	(2,111)	**(24,203)**
Book value 1 January 2012	8,032	7,675	1,631	720	**18,058**
Initial cost 31 December 2012	9,474	22,225	706	2,670	**35,075**
Accumulated depreciation and write-downs	(4,553)	(18,353)	-	(2,240)	**(25,146)**
Book value 31 December 2012	4,921	3,872	706	430	**9,929**
Book value 1 January 2011	8,106	7,665	1,311	648	**17,730**
Investments	230	671	1,378	236	**2,515**
Disposals/scrapping	(127)	(49)	(5)	(12)	**(193)**
Reclassifications[1]	-	-	-	(31)	**(31)**
Companies acquired	791	259	10	1	**1,061**
Sold companies/held for sale	(754)	(207)	(26)	(23)	**(1,010)**
Transferred assets under construction	333	578	(1,038)	127	**0**
Write-downs	(202)	(6)	-	(2)	**(210)**
Depreciation	(323)	(1,214)	-	(221)	**(1,758)**
Translation differences	(22)	(22)	1	(3)	**(46)**
Book value 31 December 2011	8,032	7,675	1,631	720	**18,058**

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

See Note 37 for disclosures of security and mortgages related to the Group's property, plant and equipment.

NOTE 21 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	2012	2011
Raw materials	**1,424**	2,802
Work in progress	**692**	1,563
Finished goods and merchandise	**2,127**	3,682
Total	**4,243**	8,047

Figures for 2011 include inventories in "Discontinued operations" totalling NOK 3.5 billion.

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 2012 of NOK 65 million (NOK 89 million in 2011). Inventories valued at net realisable value total NOK 588 million (NOK 615 million in 2011).

Inventories include development property recognised at NOK 359 million in 2012 (NOK 612 million in 2011).

NOTE 22 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions have been made for pension and other liabilities. Pension liabilities are disclosed in Note 12. 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	2012	2011
Pension liabilities[1]	**984**	1,406
Derivatives	**422**	3
Other non-current liabilities	**42**	10
Other provisions	**520**	495
Total	**1,968**	1,914

[1] Pension liabilities are classified as non-interest-bearing liabilities because the interest elements are presented with other pension expenses under "Payroll expenses".

Provisions per business area:

Amounts in NOK million	Branded Consumer Goods	Sapa	Other provisions	Total
Provisions 1 January 2011	51	133	373	**557**
New provisions	15	21	0	**36**
Utilised	(4)	(45)	(16)	**(65)**
Provisions 31 December 2011	62	109	357	**528**
Of this current provisions	(3)	0	(30)	**(33)**
Non-current provisions 31 December 2011	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**
	Litigation in Russia and severance settlements for employees which are not to be considered pensions.	Transferred to "Discontinued operations".	Compensation to property owners and demolition costs related to Saudefaldene, the remainder of the Brazil settlement and insurance provisions in the Group's captive third party writer. Orkla self-insures for losses up to NOK 50 million.	The provisions cover known matters and there are no indications of any change in estimated expenses.

NOTE 23 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.

2012 Amounts in NOK million	Note	Measure-ment level	Financial assets available for sale	Financial instruments at fair value through profit and loss	Financial instru-ments at fair value through comprehensive income	Financial liabilities measured at amortised cost	Re-ceivables	Total	Of this interest-bearing	Fair value
Non-current assets										
Share investments	27	3	58	-	-	-	-	58	-	58
Non-current financial receivables	27	-	-	-	-	-	182	182	142	182
Non-current derivatives	27, 32	2	-	624	-	-	-	624	624	624
Total								864	766	864
Current assets										
Share portfolio - listed shares	24	1	749	-	-	-	-	749	-	749
Share portfolio - unlisted shares	24	3	1,463	418	-	-	-	1,881	-	1,881
Other listed shares	24	1	748	-	-	-	-	748	-	748
Other unlisted shares	24	3	223	-	-	-	-	223	-	223
Accounts receivable	25	-	-	-	-	-	4,203	4,203	-	4,203
Other current receivables	25	-	-	-	-	-	361	361	50	361
Current derivatives	25, 32	2	-	103	16	-	-	119	14	119
Cash and cash equivalents	26	-	-	-	-	-	7,201	7,201	7,201	7,201
Total								15,485	7,265	15,485
Non-current liabilities										
Non-current financial liabilities	30	-	-	-	-	9,531	-	9,531	9,531	9,459
Non-current derivatives	22, 32	2	-	-	422	-	-	422	-	422
Total								9,953	9,531	9,881
Current liabilities										
Current financial liabilities	30	-	-	-	-	3,285	-	3,285	3,285	3,285
Accounts payable	28	-	-	-	-	2,565	-	2,565	-	2,565
Other current liabilities	28, 30	-	-	-	-	152	-	152	63	152
Current derivatives	28, 32	2	-	202	3	-	-	205	112	205
Total								6,207	3,460	6,207
Total financial instruments			3,241	943	(409)	(15,533)	11,947	189	(4,960)	261
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		

2011 Amounts in NOK million	Note	Measure-ment level	Financial assets available for sale	Financial instruments at fair value through profit and loss	Financial instru-ments at fair value through comprehensive income	Financial liabilities measured at amortised cost	Re-ceivables	Total	Of this interest-bearing	Fair value
Non-current assets										
Share investments	27	3	43	-	-	-	-	43	-	43
Non-current financial receivables	27	-	-	-	-	-	214	214	166	214
Non-current derivatives	27, 32	2	-	632	21	-	-	653	632	653
Total								910	798	910
Current assets										
Share portfolio - listed shares	24	1	4,236	-	-	-	-	4,236	-	4,236
Share portfolio - unlisted shares	24	3	921	340	-	-	-	1,261	-	1,261
Other share investments	24	3	5	-	-	-	-	5	-	5
Accounts receivable	25	-	-	-	-	-	8,053	8,053	-	8,053
Other current receivables	25	-	-	-	-	-	916	916	37	916
Current derivatives	25, 32	2	-	282	65	-	-	347	27	347
Cash and cash equivalents	26	-	-	-	-	-	5,453	5,453	5,453	5,453
Total								20,271	5,517	20,271
Non-current liabilities										
Non-current financial liabilities	30	-	-	-	-	15,389	-	15,389	15,389	15,354
Non-current derivatives	22, 32	2	-	99	3	-	-	102	99	102
Total								15,491	15,488	15,456
Current liabilities										
Current financial liabilities	30	-	-	-	-	1,327	-	1,327	1,327	1,327
Accounts payable	28	-	-	-	-	5,310	-	5,310	-	5,310
Other current liabilities	28, 30	-	-	-	-	196	-	196	91	196
Current derivatives	28, 32	2	-	218	486	-	-	704	54	704
Total								7,537	1,472	7,537
Total financial instruments			5,205	937	(403)	(22,222)	14,636	(1,847)	(10,645)	(1,812)
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)								4,236		
Total measurement level 2 (Other techniques for which all inputs which have significant effect on the recorded fair value are observable, directly or indirectly)								194		
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)								1,309		

There were no transfers from one level to another in the measurement hierarchy in 2011 and 2012. 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 24. The measurement of the Group's derivatives is defined as level 2. A description of how the derivatives are measured is provided in Note 32.

NOTE 24 SHARES AND FINANCIAL ASSETS

Orkla Financial Investments has managed a substantial share portfolio and its investment universe has primarily been the Nordic region. Orkla's share portfolio is being phased out and is expected to be divested in its entirety during the first half of 2014.

A strategic decision was made in 2011 to sell off the share portfolio, in accordance with which further shares were net sold for a total of NOK 3,350 million for the full year 2012. At 31 December 2012, the market value of the share portfolio was NOK 2,119 million (NOK 5,497 million) in addition to the Solsten fund, which had a market value of NOK 511 million on the same date. Unrealised gains totalled NOK 412 million (NOK 1,180 million) at year end.

Amounts in NOK million	Fair value 31.12.2012	Unrealised gains 2012	Fair value 31.12.2011	Unrealised gains 2011
Securities available for sale				
Listed securities Norway	**531**	**90**	1,782	450
Market share in Solsten-funds	**511**	**42**		
Listed securities outside Norway	**218**	**86**	2,454	652
Unlisted securities	**952**	**194**	921	78
Total	**2,212**	**412**	5,157	1,180
Securities, with change in fair value through profit and loss	**418**		340	
Total value share portfolio	**2,630**	**412**	5,497	1,180
Shares available for sale outside the share portfolio				
Investments in Renewable Energy Corporation incl. TRS-value	**567**			
Shares in Borregaard ASA (owned by Borregaard Holding AS)	**395**	**(4)**		
Other shares	**9**		5	
Total	**971**	**(4)**	5	-
Total shares and financial assets	**3,601**	**408**	5,502	1,180
Of this owned by Orkla ASA	3,156	412	5,455	1,180

The remainder of the share portfolio consists of listed securities in Norway, a share of the Solsten fund, listed securities outside Norway and unlisted securities.

Portfolio investments in companies in which the Group owns an interest of between 20% and 50% (associates) are presented at fair value with changes in value recognised in profit or loss. In 2012, a total of NOK 200 million in changes in the value of associates was recognised as income on the line "Gains, losses and write-downs shares and financial assets".

NOK 1,327 million has been recognised in realised portfolio gains, while NOK 86 million has been recognised in foreign currency gains. Furthermore, securities were written down by NOK 316 million.

Net unrealised excess value in the share portfolio at 31 December 2012, totalling NOK 412 million, was taken to equity through comprehensive income. The Group also has investments presented as "Other financial assets" (see Note 27).

The methods used to determine the fair value of securities in the share portfolio are described below.

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 the one 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 in the share portfolio 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 gains until security either are sold or written down. When the security is sold or written down, the unrealised gain is recognised in the income statement with a contra entry 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 unrealised gains

	Share portfolio		Group	
Amounts in NOK million	**2012**	**2011**	**2012**	**2011**
Opening balance unrealised gains before tax	**1,180**	4,438	**1,182**	4,442
Change in unrealised gains before tax	**(768)**	(3,258)	**(771)**	(3,260)
Change in deferred tax unrealised gains	**17**	117	**18**	117
Change in unrealised gains taken to comprehensive income	**(751)**	(3,141)	**(753)**	(3,143)
Closing balance unrealised gains before tax	**412**	1,180	**411**	1,182
Deferred tax unrealised gains	**(30)**	(47)	**(30)**	(48)
Closing balance unrealised gains after tax	**382**	1,133	**381**	1,134

Change in fair value

	Share portfolio	
Amounts in NOK million	**2012**	**2011**
Opening balance fair value share portfolio	**5,497**	11,661
Change in unrealised gains	**(768)**	(3,258)
Net sale of shares	**(3,350)**	(4,494)
Gains, losses and write-downs share portfolio	**1,297**	1,643
Net foreign exchange gains/losses and eliminations	**(46)**	(55)
Closing balance fair value share portfolio	**2,630**	5,497

Profit and loss share portfolio

	Securities available for sale			Securities with change in fair value through profit and loss			Total share portfolio		
Amounts in NOK million	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Realised gains/losses	**1,390**	2,218	2,061	**(63)**	(73)	-	**1,327**	2,145	2,061
Foreign exchange gain/loss currency hedge/realised	**86**	56	(72)	**-**	-	-	**86**	56	(72)
Write-downs	**(316)**	(668)	(266)	**-**	-	-	**(316)**	(668)	(266)
Change in fair value	**-**	-	-	**200**	110	49	**200**	110	49
Gains, losses and write-downs share portfolio	**1,160**	1,606	1,723	**137**	37	49	**1,297**	1,643	1,772
Received dividends	**208**	438	521	**-**	-	-	**208**	438	521
Recognised in income statement	**1,368**	2,044	2,244	**137**	37	49	**1,505**	2,081	2,293

NOTE 25 RECEIVABLES (CURRENT)

Current receivables 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.

The decrease from 2011 to 2012 is primarily due to "Discontinued operations".

Amounts in NOK million	**2012**	**2011**
Accounts receivable	**4,203**	8,053
Non interest-bearing derivatives	**105**	320
Interest-bearing derivatives	**14**	27
Interest-bearing receivables	**50**	37
Other current receivables	**311**	879
Total financial receivables	**4,683**	9,316
Advance payment to suppliers/earned income	**550**	1,018
Tax receivables	**40**	128
Total current receivables	**5,273**	10,462

Change in provisions for bad debt:

Amounts in NOK million	**2012**	**2011**
Provisions for bad debts 1 January	**309**	289
Bad debts recognised as expense	**17**	68
Provisions in acquired companies	**6**	-
Provisions in discontinued operations	**(231)**	-
Bad debts	**(22)**	(47)
Translation effects	**(17)**	(1)
Provisions for bad debts 31 December	**62**	309

Accounts receivable have the following due dates:

Amounts in NOK million	**2012**	**2011**
Accounts receivable not due	**3,549**	6,452
Overdue receivables 1-30 days	**452**	1,010
Overdue receivables 31-60 days	**104**	290
Overdue receivables 61-90 days	**32**	98
Overdue receivables over 90 days	**128**	512
Accounts receivable carrying amount 31 December	**4,265**	8,362

NOTE 26 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents consist of liquid assets necessary for transactions and some current placements. 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	2012	2011
Cash at bank and in hand	**1,483**	1,689
Current deposits[1]	**5,608**	3,468
Restricted deposits	**110**	296
Total cash and cash equivalents	**7,201**	5,453

[1] See liquidity risk on page 73.

NOTE 27 OTHER ASSETS (NON-CURRENT)

Other non-current assets 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	2012	2011
Share investments	**58**	43
Interest-bearing derivatives	**624**	632
Non interest-bearing derivatives	**0**	21
Receivables interest-bearing	**142**	166
Receivables non interest-bearing	**40**	48
Total financial assets	**864**	910
Pension plan assets	**28**	49
Total other assets (non-current)	**892**	959

NOTE 28 OTHER LIABILITIES (CURRENT)

Current liabilities 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	2012	2011
Accounts payable	**2,565**	5,310
Non interest-bearing derivatives	**93**	650
Non interest-bearing liabilities	**89**	105
Total financial liabilities non interest-bearing	**2,747**	6,065
Value added tax, employee taxes etc.	**706**	803
Provision for dividends (withholding tax)[1]	**-**	235
Current provisions	**2,704**	3,757
Total other liabilities (current)	**6,157**	10,860

[1] Applicable to retained tax deducted at source related to extraordinary dividends disbursed in November 2011.

NOTE 29 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" point 3.

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 need in subsidiaries is 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 30. Orkla has no official credit rating, but actively monitors quantitative and qualitative measures which affect the credit worthiness of the Group.

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

Amounts in NOK million	2012	2011
Total interest-bearing liabilities	**12,991**	16,960
Total interest-bearing receivables	**8,031**	6,315
Net interest-bearing liabilities	**4,960**	10,645
Group equity[1]	**31,082**	34,386
Net gearing (net interest-bearing liabilities/equity)	**0,16**	0,31
Unutilised long-term credit facilities	**14,087**	15,112

[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 were significantly reduced through 2012, mainly due to the proceeds from the sale of Borregaard and the sale of portfolio shares. The agreement to acquire Rieber & Søn ASA is expected to be completed, and will increase net interest-bearing debt in 2013 by approximately NOK 6.1 billion. The agreement with Norsk Hydro on establishment of a joint venture will reduce net interest-bearing debt by NOK 1.8 billion at completion. There were no changes in Orkla's approach and goals regarding financial management in 2012.

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 2012.

NOTE 30 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 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 2012 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 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 2012 Orkla cancelled loan agreements and repaid loans under credit facilities totalling NOK 3.8 billion, and bonds totalling NOK 0.2 billion were repurchased. Orkla has not established new bilateral loan agreements in 2012.

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.

	Book value		Fair value[1]			Notional in		
Amounts in million	31.12.2012	31.12.2011	31.12.2012	31.12.2011	Currency	ccy million[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK03 (10177538)	**964**	1,083	**964**	1,094	NOK	1,500	Fixed 6.54%	2003/2013
ELK18 (10219223)	**342**	362	**344**	362	NOK	400	Nibor +1.05%	2004/2014
ORK78 (10502909)	**1,098**	1,163	**1,099**	1,221	NOK	1,250	Fixed 6.65%	2009/2014
ORK79 (10502917)	**393**	393	**405**	410	NOK	400	Nibor +3.00%	2009/2014
ORK10 (10364920)	**1,337**	1,317	**1,295**	1,258	NOK	1,200	Fixed 5.70%	2007/2017
ORK09 (10364912)	**1,299**	1,298	**1,254**	1,236	NOK	1,300	Nibor +0.42%	2007/2017
US Private placement	**1,996**	2,133	**1,996**	2,133	USD/GBP	220/40	Fixed 6.09-6.27%	2007/2017/2019
Schuldschein-loan	**714**	766	**714**	766	EUR	95		2008/2013
Other private placements								
Total bonds	**8,143**	8,515	**8,071**	8,480				
Of this current liabilities	**(1,678)**		**(1,678)**					
Bank loans	**2,765**	6,518	**2,765**	6,518				
Other loans	**301**	356	**301**	356				
Interest-bearing derivatives	**-**	99	**-**	99				
Total non-current interest-bearing liabilities	**9,531**	15,488	**9,459**	15,453				
Current interest-bearing liabilities								
Bonds, maturity < 1 year	**1,678**	-	**1,678**	-				
Bank loans, overdraft	**1,566**	898	**1,566**	898				
Other loans	**104**	519	**104**	520				
Interest-bearing derivatives	**112**	55	**112**	54				
Total current interest-bearing liabilities	**3,460**	1,472	**3,460**	1,472				
Total interest-bearing liabilities	**12,991**	16,960	**12,919**	16,925				
Non-current interest-bearing receivables	**766**	798	**766**	798				
Current interest-bearing receivables	**64**	64	**64**	64				
Cash and cash equivalents	**7,201**	5,453	**7,201**	5,453				
Net interest-bearing liabilities	**4,960**	10,645	**4,888**	10,610				

[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 2012 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 31 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 2012 the average time to maturity on the Group's combined interest-bearing liabilities and unutilised credit facilities was 3.1 years, compared with 4.1 years as of 31 December 2011.

Maturity profile interest-bearing liabilities and unutilised credit facilities

	Gross interest-bearing liabilities		Unutilised credit facilities	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Maturity <1 year	**3,460**	1,472	**1,468**	-
Maturity 1-3 years	**2,358**	4,920	**5,742**	4,470
Maturity 3-5 years	**5,048**	3,202	**6,877**	7,509
Maturity 5-7 years	**1,390**	5,188	**-**	3,133
Maturity >7 years	**735**	2,178	**-**	-
	12,991	16,960	**14,087**	15,112

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

NOTE 31 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. The risk related to equity investments is described in Note 24. In addition to loans and receivables, the financial instruments are made up of derivatives used for hedging market risk. In Note 32 derivatives and hedging-relationships are described in more detail.

(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, Russia 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, as well as 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.

Sapa Heat Transfer

Sapa 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 Sapa Heat Transfer, the prices of both products and metal purchases are affected by fluctuations in the market price of aluminium. Sapa 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. Sapa 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 2012 Sapa Heat Transfer had net sold 29,375 tonnes (2011: 28,675 tonnes) of aluminium for hedging at the LME.

Hydro Power

Hydro Power is a large producer of hydroelectric power through Orkla Energi and Borregaard Energi (see Note 33). 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. In order to optimise such factors as 24-hour variations, seasonal variations, and its own production level, Hydro Power may utilise financial and physical contracts that are traded on Nasdaq OMX (financial) and on Nord Pool (physical).

Shares and financial assets

Shares and financial assets include mainly the share portfolio which consists of listed and unlisted shares and investments, as well as share holdings in REC and Borregaard (described in Note 24). The shares and investments are exposed to price movements. In accordance with changes in the Group strategy the liquidation of the share portfolio continued in 2012, with net sales of shares totalling NOK 3.4 billion, and the value of the portfolio as of 31 December 2012 was NOK 2.6 billion. Approximately 37% of the investments are denominated in currencies other than NOK, primarily EUR, SEK and USD. The policy is to hedge 70%-90% of the currency risk related to the market value of foreign investments.

(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 for 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 subsidiaries' home currencies. This ensures the same hedging level in all currencies, where net interest-bearing liabilities hedge the currency risk in enterprise value. Further, the composition of the currency distribution of the liabilities is affected by currency hedges of the market value of the share portfolio.

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, forward currency contracts and cross currency swaps 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 32.

The Group's aggregated outstanding currency hedges of future transactions as of 31 December 2012 are shown in table 1. The amount of outstanding currency hedges in USD and EUR was significantly reduced in 2012 as a consequence of the sale of Borregaard and presentation of Sapa (ex Sapa Heat Transfer) as "discontinued operations".

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	545	EUR	61	2013
SEK	36	EUR	4	2014
SEK	527	USD	77	2013
SEK	7	USD	1	2014
EUR	37	NOK	313	2013

[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. 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 2012, 37% (2011: 33%) 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	**31.12.2012**	**0–3 months**	**3–6 months**	**6–12 months**	**1–3 years**	**3–5 years**	**5-10 years**
Bonds	**8,143**	1,354	1,827	531	1,098	2,363	970
Bank loans	**3,969**	3,159	810	-	-	-	-
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	**12,991**	4,072	4,083	35	881	539	3,381
	31.12.2011						
Bonds	8,515	387	1,859	-	2,819	-	3,450
Bank loans	7,163	5,385	1,748	8	22	-	-
Overdraft	253	253	-	-	-	-	-
Other loans	876	352	501	13	-	-	10
Interest rate swap (fair value hedge)	0	2,481	3,158	-	(2,750)	-	(2,889)
Interest rate swap (cash flow hedge)	0	(2,845)	(1,661)	-	996	520	2,990
Interest rate derivatives (others)	99	291	(649)	13	-	83	361
Currency forwards/currency swaps	54	25	30	2	(3)	-	-
Gross interest-bearing liabilities	16,960	6,329	4,986	36	1,084	603	3,922

TABLE 2b
Interest-bearing liabilities by instrument and currency

Amounts in NOK million	**31.12.2012**	**NOK**	**SEK**	**EUR**	**USD**	**DKK**	**Other**
Bonds	**8,143**	5,432	-	714	1,532	-	465
Bank loans	**3,969**	1,239	-	2,386	9	53	282
Overdraft	**362**	-	74	142	-	132	14
Other loans	**405**	280	-	58	-	12	55
Currency forwards/currency swaps	**112**	(3,634)	2,439	(583)	(68)	584	1,374
Gross interest-bearing liabilities	**12,991**	3,317	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%
	31.12.2011						
Bonds	8,515	5,616	-	766	1,658	-	475
Bank loans	7,163	1,160	22	2,624	3,047	70	240
Overdraft	253	17	(141)	229	1	134	13
Other loans	876	524	65	54	11	18	204
Basis-swaps/interest rate derivatives	99	-	-	1,897	(1,798)	-	-
Currency forwards	54	(3,805)	2,887	(589)	(1,025)	703	1,883
Gross interest-bearing liabilities	16,960	3,512	2,833	4,981	1,894	925	2,815
Average interest fixing period	2.2 years	2.9 years	5.0 years	1.7 years	1.3 years	0.3 years	0.5 years
Interest level borrowing rate	3.1%	4.6%	4.3%	2.7%	1.6%	2.3%	1.7%

For currency forwards and basis-swaps the asset and liabilities parts 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 30, 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. As of 31 December 2012 the Group has liquid assets beyond a normal level, both as a result of the decision to maintain already established long-term funding, and to meet the obligations resulting from the agreement to acquire Rieber & Søn (see Note 26).

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 power, aluminium, and currency derivatives.

TABLE 3
Maturity profile financial liabilities

31.12.2012

Amounts in NOK million	Book value	Contractual cash flow	<1 year	1-3 years	3-5 years	5-7 years	>7 years
Interest-bearing liabilities	**12,879**	**12,259**	3,327	2,307	4,721	1,169	735
Interest payable	**89**	**2,183**	540	626	513	165	339
Accounts payable	**2,565**	**2,565**	2,565	-	-	-	-
Subscribed, uncalled partnership capital	**-**	**94**	94	-	-	-	-
Net settled derivatives[1]	**(438)**						
Inflow		**(918)**	(318)	(322)	(222)	(56)	-
Outflow		**773**	330	185	132	89	37
Gross settled derivatives[1]	**491**						
Inflow		**(13,135)**	(13,096)	(39)	-	-	-
Outflow		**13,191**	13,152	39	-	-	-
Total	**15,586**	**17,012**	6,594	2,796	5,144	1,367	1,111

31.12.2011

Amounts in NOK million	Book value	Contractual cash flow	<1 year	1-3 years	3-5 years	5-7 years	>7 years
Interest-bearing liabilities	16,807	16,180	1,417	4,753	3,202	4,857	1,951
Interest payable	105	3,325	681	1,064	718	384	478
Accounts payable	5,310	5,310	5,310	-	-	-	-
Subscribed, uncalled partnership capital	-	162	162	-	-	-	-
Net settled derivatives[1]	(290)						
Inflow		(1,223)	(498)	(389)	(183)	(127)	(26)
Outflow		793	387	170	98	63	75
Gross settled derivatives[1]	96						
Inflow		(16,910)	(14,555)	(2,342)	(13)	-	-
Outflow		16,986	14,567	2,407	12	-	-
Total	22,028	24,623	7,471	5,663	3,834	5,177	2,478

[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 30, totalled NOK 14.1 billion at 31 December 2012.

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 25. 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	2012	2011
Cash and cash equivalents	**7,201**	5,453
Accounts receivable	**4,203**	8,053
Other current receivables	**361**	916
Non-current receivables	**182**	214
Derivatives	**743**	1,000
Total	**12,690**	15,636

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 Sapa 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. 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.

- For the currency hedges in the share portfolio, hedge accounting is not used. This means that fair value changes on the currency forward contracts are recognised in the income statement, while fair value changes from currency gain/loss on the shares (available for sale) are recognised in comprehensive income.

- 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, for the same reason.

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

31.12.2012	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)**

31.12.2011	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	(17)	15	248	(269)
Currency risk: 10% change in FX-rate USD/NOK	(14)	14	5	(4)
Currency risk: 10% change in FX-rate EUR/NOK	(123)	123	(226)	226
Currency risk: 10% change in FX-rate SEK/NOK	(75)	75	184	(184)
Price risk: 20% change in LME-prices	(275)	275	308	(308)
Price risk: 20% change in Nord Pool power prices	0	0	15	(15)
Share price risk on total return swap: 10% change in the price of the Orkla share	3	(3)		
Financial instruments not in hedging relationships				
Sensitivity of share investments: 10% change in share price	55	(320)	495	(230)

Accounting effects of changes in market risk are classified to income statement and equity 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 32 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 liabilities or assets according to how they are classified in the financial statement.

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:

	31.12.2012		31.12.2011	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
a) Cash flow hedges				
Interest rate swaps	**-**	**(422)**	-	(315)
Currency forwards, currency swaps	**15**	**(3)**	57	(2)
Aluminium futures	**1**	**-**	30	(166)
Energy forwards	**-**	**-**	-	(7)
Total	**16**	**(425)**	87	(490)
b) Net investments hedges of foreign entities				
Currency forwards, currency swaps	**-**	**(92)**	4	(8)
Total	**-**	**(92)**	4	(8)
c) Fair value hedges				
Interest rate swaps	**624**	**(3)**	632	-
Currency forwards, currency swaps	**16**	**(2)**	-	(20)
Aluminium futures	**6**	**(19)**	118	(30)
Total	**646**	**(24)**	750	(50)
d) Other derivatives – fair value changes recognised in income statement				
Energy forwards	**68**	**(29)**	135	(84)
Currency forwards, currency swaps	**13**	**(17)**	17	(45)
Interest rate and currency swaps, interest rate derivatives	**-**	**(40)**	7	(127)
Total return swap – Orkla-share	**-**	**-**	-	(2)
Total	**81**	**(86)**	159	(258)
Total derivatives	**743**	**(627)**	1,000	(806)

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).
- The fair value of currency options is calculated using Garman-Kohlhagen's version of the Black-Scholes Option pricing method, and the variables are based on observed indicative market prices at the balance sheet date.

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.
- Sapa Heat Transfer's purchases of aluminium futures on the LME are designated as hedging instruments in cash flow hedges.
- 2011: Power derivatives entered into by Borregaard for the purchase of power are designated as hedging instruments in hedges for cash flows from future consumption of electric power.

All derivatives designated as hedging instruments in cash flow hedges are carried at fair value in the balance sheet. 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 2012 no gain or loss was recorded in the income statement as a result of hedging inefficiency (2011: NOK 1 million). All expected cash flows which have been hedged during 2012 still qualify for hedge accounting.

Development in the equity hedging reserve

Amounts in NOK million	2012	2011
Opening balance hedging reserve before tax	**(392)**	649
Hedging reserve discontinued operations	**130**	(295)
Reclassified to P/L - operating revenues	**26**	(184)
Reclassified to P/L - operating costs	**2**	(57)
Reclassified to P/L - net financial income	**41**	26
Fair value change during the year	**(198)**	(531)
Closing balance hedging reserve before tax	**(391)**	(392)
Deferred tax hedging reserve	**115**	121
Closing balance hedging reserve after tax	**(276)**	(271)

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 2012 are expected to be recycled to the income statement as follows (before tax):

2013:	NOK -55 million
After 2013:	NOK -336 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 2012, effects of NOK -31 million (2011: NOK 67 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 2012 NOK 8 million was recognised as costs in the income statement related to fair value changes on the interest rate swaps, and NOK 8 million was recognised as income related to fair value changes of 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.
- Sapa Heat Transfer sells aluminium futures contracts in order to hedge the value of stocks 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 33 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			
Storlivatn Power plant **Svartkulp Power plant** **Dalvatn Power plant** **Sønnå High Power plant** **Sønnå Low Power plant** **Storli mini 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 16 for further description of the dispute related to tax ownership.	AS Saudefaldene[1] has an annual concession power commitment of 91 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			
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 34 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 2004	212,302,265	6.25				1,326.9
2005	208,286,194	6.25	amortisation	(25.1)		1,301.8
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

The 20 largest shareholders as of 31 December 2012[1]

	Shareholders		Number of shares	% of capital[2]
1	Canica AS		150,342,000	14.8%
2	State Street Bank and Trust Co.	Nominee	78,447,078	7.7%
3	Tvist 5 AS		77,000,000	7.6%
4	Folketrygdfondet		75,046,879	7.4%
5	Clearstream Banking S.A.	Nominee	57,727,334	5.7%
6	State Street Bank and Trust Co.	Nominee	31,988,075	3.1%
7	JP Morgan Chase Bank	Nominee	18,178,184	1.8%
8	Canica Investor AS		16,000,000	1.6%
9	The Bank of New York Mellon	Nominee	15,201,388	1.5%
10	State Street Bank and Trust Co.	Nominee	13,493,922	1.3%
11	The Northern Trust Company	Nominee	11,207,493	1.1%
12	State Street Bank and Trust Co.	Nominee	10,400,356	1.0%
13	Orkla ASA		7,987,114	0.8%
14	Skandinaviska Enskilda Banken	Nominee	7,767,058	0.8%
15	DNB Livsforsikring ASA		7,116,528	0.7%
16	Six SIS AG	Nominee	7,027,718	0.7%
17	Credit Suisse Securities (USA) LLC	Nominee	6,823,700	0.7%
18	Legal and General Assurance (pension)		6,578,452	0.6%
19	KLP Aksje Norge Indeks VPF		6,072,860	0.6%
20	Stein Erik Hagen AS		5,800,000	0.6%
	Total shares		610,206,139	59.9%

[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 www.orkla.com/investor.
[2] Of total shares issued.

Treasury shares at 31 December 2012

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	9,983,893	7,987,114	387

Treasury shares have been deducted from Group equity at cost.

Changes in the number of treasury shares

	2012	2011
Total as of 1 January	**8,920,791**	6,945,749
Redemption of options in treasury shares	**(45,000)**	(400,000)
External purchasing of own shares	**10,188,000**	3,800,000
Amortisation treasury shares	**(10,000,000)**	
Share purchase programme for Orkla employees	**(1,076,677)**	(1,424,958)
Total as of 31 December	**7,987,114**	8,920,791

At 31 December 2012, there were 17,602,000 options outstanding (see Note 11).

See the section on corporate governance on page 24 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 2,527 million for the 2012 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. Free equity in Orkla ASA is disclosed in the Report of the Board of Directors and under "Equity".

NOTE 35 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	2012	2011	2010
Non-controlling interests' share of:			
Depreciation and write-downs	**26**	32	30
Operating profit	**98**	80	83
Profit/loss before taxes[1]	**88**	69	67
Taxes[1]	**(16)**	(16)	(9)
Changes in non-controlling interests:			
Non-controlling interests 1 January	**280**	365	370
Non-controlling interests' share of profit/loss[1]	**0**	48	53
Increase due to acquisitions	**22**	4	38
Decrease due to further acquisitions of non-controlling interests	**(5)**	(48)	(28)
Dividends to non-controlling interests	**(18)**	(22)	(66)
Translation differences etc.	**(8)**	0	(2)
Discontinued operations	**(13)**	(67)	0
Non-controlling interests 31 December	**258**	280	365
Non-controlling interests relating to:			
Orkla Food Ingredients	**92**	78	
Orkla Confectionery & Snacks	**1**	1	
Hydro Power	**52**	116	
Orkla Financial Investments	**82**	37	
Discontinued operations	**31**	48	
Total non-controlling interests	**258**	280	

[1] The difference between pre-tax profit less tax and non-controlling interests' share of profit is due to the recognition in income of excess value ascribed to the non-controlling interest in Saudefaldene and Idun Eiendom.

NOTE 36 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 relating to operating leases reflect the minimum leasing cost during the term of notice.

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Lessee Operating leases Total	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost current year	16	14	120	125	107	80	10	6	253	225
Cost next year	14	13	104	72	90	62	6	3	214	150
Total costs 2–5 years	23	19	237	177	169	130	4	5	433	331
Total costs after 5 years	0	1	35	61	3	4	0	0	38	66
Total future leasing costs	37	33	376	310	262	196	10	8	685	547

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Lessee Finance leases Total	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost current year	6	6	2	4	4	4	1	0	13	14
Cost next year	6	6	1	1	3	3	1	0	11	10
Total costs 2–5 years	8	13	1	0	2	2	3	0	14	15
Total costs after 5 years	0	0	0	0	0	0	0	0	0	0
Total future leasing costs	14	19	2	1	5	5	4	0	25	25
Discounted effect	(1)	(1)	0	0	0	0	0	0	(1)	(1)
Net present value leasing costs	13	18	2	1	5	5	4	0	24	24

The Group also leases out real estate under operating leases. Leasing revenues in 2012 totalled NOK 49 million. Total future leasing revenues amount to NOK 139 million and may be broken down as follows: NOK 38 million next year and NOK 101 million in 2-5 years.

NOTE 37 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	2012	2011
Liabilities secured by pledges	1,012	839
Pledged assets		
Machinery, vehicles, etc.	93	119
Buildings and plants	1,007	1,388
Inventory	28	241
Accounts receivables	78	169
Total book value	1,206	1,917

"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	2012	2011
Subscribed, uncalled limited partnership capital	94	162
Other guarantee commitments	283	722
Total guarantee commitments	377	884

The Group makes limited use of guarantees.

NOTE 38 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 400 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 9.

Orkla has an ownership interest in a joint venture. This is presented line by line in the consolidated financial statements based on the Group's ownership interest. The Group's share of internal balances and transactions relating to the joint venture has been eliminated in the consolidated financial statements. Orkla has provided loans to the joint venture and to associates under its real estate group Eiendom and Sapa, totalling NOK 78 million and NOK 180 million, respectively. There are no other material transactions relating to these companies. There have been no other special material transactions between associates and the Group.

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 intercompany transactions (see Note 9).

The Board Chair Stein Erik Hagen and related parties own 249,542,000 shares in Orkla, which is equivalent to 24.5% of shares issued. There were no other special transactions between the Group and related parties in 2012, and no form of loan relationship was established. The Canica system and Orkla both have equity interests in certain investments.

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

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

There were no other transactions with related parties. Information regarding the executive management is disclosed in Note 11 to the consolidated financial statements and Note 6 to the financial statements for Orkla ASA.

NOTE 39 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

Sapa Profiles, Sapa Building Systems and parts of Heat Transfer, Sapa (part of future JV), are presented as "Discontinued operations" at 31 December. This is disclosed in Note 1.

A write-down was made in Sapa Profiles as a result of impairment tests carried out at the end of the third quarter, and goodwill has been written down by NOK 1.5 billion and presented as "Discontinued operations" (see also Note 18). The capitalised value of Sapa (part of future JV) corresponds to Orkla's share of the new joint venture that is to be established with Norsk Hydro. The new joint venture will in future be reported according to the equity method on one line in the income statement and the statement of financial position. The establishment of the new joint venture is subject to the approval of the competition authorities. For Sapa (part of future JV), more information regarding profit and loss, cash flow and capitalised assets is disclosed in Note 9.

Borregaard

Borregaard was listed on the stock exchange in October 2012 and up until 30 September was reported as "Discontinued operations". The gain on the stock exchange listing and costs related to the process of selling Borregaard have been recognised as "Discontinued operations". Some of the selling costs were incurred before the third quarter and the total gain on Borregaard's listing is calculated to be NOK 110 million. Orkla still has a 19% ownership interest in Borregaard (see Note 24).

The investment in REC

The investment in REC has been significant for the Group. The transition from "Associate" to "Available for sale" entails a change in the presentation of historically reported figures for REC as associate, and the investment will be shown as "Discontinued operations" on a separate line after ordinary profit/loss for the period after tax (see Note 1 and Note 24). In connection with the change to "Available for sale" for the REC investment, NOK 240 million in positive accumulated currency effects during Orkla's period of ownership was recognised in the income statement.

Elkem

On 10 January 2011, Orkla ASA entered into a binding agreement regarding the sale of Elkem to China National Bluestar Group Co., Ltd. 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	2012	2011	2010
Operating revenues	**28,388**	33,586	36,356
Operating expenses	**(26,835)**	(31,000)	(33,735)
Depreciations and write-downs property, plant and equipment	**(867)**	(1,027)	(1,546)
Amortisation intangible assets	**(27)**	(58)	(17)
Other income and expenses	**(1,815)**	(664)	(9)
Operating profit/loss	**(1,156)**	837	1,049
Profit/loss from associates	**(200)**	(5,768)	(6,448)
Other financial items	**(43)**	(85)	(300)
Profit/loss before tax	**(1,399)**	(5,016)	(5,699)
Taxes	**(319)**	(439)	(144)
Profit/loss after tax[1]	**(1,718)**	(5,455)	(5,843)
Gain on sale after tax	**299**	1,137	-
M&A costs	**(164)**	(185)	(117)
Profit/loss for discontinued operations	**(1,583)**	(4,503)	(5,960)
[1] Of this non-controlling interests	**-**	19	36

Comprehensive income related to "Discontinued operations" totals NOK -2,226 million for 2012 after changes of NOK 70 million in the hedging reserve, NOK -400 million in translation differences and items totalling NOK -313 million charged to equity in associates.

EBITA, by segment:

Amounts in NOK million	2012	2011	2010
Sapa (part of future JV)	**233**	631	404
Borregaard Chemicals (nine months in 2012)	**453**	536	289
Elkem (three months in 2011)	**-**	392	382
Total	**686**	1,559	1,075

Cash flow "Discontinued operations":

Amounts in NOK million	2012	2011	2010
Cash flow from operations before net replacement expenditures	**1,522**	1,031	1,183
Net replacement expenditures	**(1,057)**	(943)	(1,086)
Expansion investments	**(156)**	(412)	(1,157)
Total[1]	**309**	(324)	(1,060)

[1] The cash flow figures for 2011 and 2010 include Sapa and Borregaard, while the cash flow statement has not been restated for those years.

Statement of financial position figures for discontinued operations and operations held for sale:

Amounts in NOK million	Sapa 2012	Bakers 2011
Non-current assets	**7,661**	251
Current assets	**6,079**	140
Assets in discontinued operations	**13,740**	391
Non-current liabilities	**183**	14
Current liabilities	**3,610**	163
Liabilities in discontinued operations	**3,793**	177

Moreover, in 2012, Orkla sold Salvesen & Thams, Fornebu Utvikling, Widerøveien 5 and Bakers. The total sales value of these companies and Borregaard amounted to NOK 3,358 million (see Note 41).

NOTE 40 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 through Lilleborg AS. This agreement was originally entered into in 1958, and has since been renewed twice. The agreement runs until 2014.

Contracts. The Group at all times has contracts 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.

Insurance settlement. The remainder of the insurance settlement for the fire in 2010 at Sapa's plant in Finspång is expected to be taken to income in the first half of 2013 at the earliest. The accounting income from this settlement will be presented on the same line as the cost (other income and expenses).

Government grants. Orkla received only an entirely insignificant amount in government grants in 2012.

Events after the balance sheet date

Significant 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 significant, 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 41 CASH FLOW ORKLA-FORMAT

The Orkla-format cash flow statement is presented as a note to its 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 35 and Note 4.

Amounts in NOK million	2012	2011	2010
Cash flow in the industrial activities:			
Operating profit	**2,566**	2,558	2,273
Operating profit discontinued operations	**-**	465	667
Amortisation, depreciation and write-downs	**943**	2,088	2,503
Change in net working capital, etc.	**526**	(1,094)	(1,462)
Cash flow from operations before net replacement expenditures	**4,035**	4,017	3,981
Net replacement expenditures	**(700)**	(1,557)	(1,512)
Cash flow from operations	**3,335**	2,460	2,469
Financial items, net	**(469)**	(488)	(544)
Cash flow from industrial activities	**2,866**	1,972	1,925
Cash flow from Orkla Financial Investments	**1,120**	66	1,236
Taxes paid	**(995)**	(603)	(686)
Discontinued operations/Other payments	**552**	(509)	(620)
Cash flow before capital transactions	**3,543**	926	1,855
Paid dividends	**(2,778)**	(7,436)	(2,360)
Net purchase of treasury shares	**(416)**	(109)	138
Cash flow before expansion	**349**	(6,619)	(367)
Expansion investment in industrial activities	**(347)**	(906)	(509)
Sale of companies/share of companies	**3,538**	13,503	1,854
Purchase of companies/share of companies	**(1,617)**	(1,498)	(2,878)
Net purchase/sale of portfolio investments	**3,350**	4,494	2,130
Net cash flow	**5,273**	8,974	230
Currency effects of net interest-bearing liabilities	**412**	33	(34)
Change in net interest-bearing liabilities	**(5,685)**	(9,007)	(196)
Net interest-bearing liabilities	**4,960**	10,645	19,652

Reconciliation operating profit in the cash flow statement against operating profit

Amounts in NOK million	2012	2011	2010
Operating profit in the Group	**2,846**	2,480	3,555
- EBITA Orkla Financial Investments	**299**	(58)	151
- Other income and expenses Orkla Financial Investments	**(19)**	(20)	1,131
Operating profit Industrial Activities	**2,566**	2,558	2,273

Reconciliation "cash flow from operations before replacement expenditures" against condensed cash flow

Amounts in NOK million	2012	2011	2010
Cash flow from operations before net replacement expenditures in cash flow Orkla-format	**4,035**	4,017	3,981
Cash flow from operations before net replacement expenditures from Orkla Financial Investments	**896**	(587)	360
Cash flow from operations before net replacement expenditures, see cash flow statement on page 35	**4,931**	3,430	4,341

FINANCIAL STATEMENTS FOR ORKLA ASA

INCOME STATEMENT

Amounts in NOK million	Note	2012	2011
Operating revenues		**18**	2
Other operating revenues Group	1	**442**	400
Operating revenues		**460**	402
Payroll expenses	2	**(277)**	(286)
Other operating expenses	6	**(340)**	(335)
Depreciation and amortisation	8, 9	**(16)**	(23)
Operating loss		**(173)**	(242)
Income from investments in other companies		**277**	424
Finance income Group		**865**	3,265
Other finance income	7	**205**	116
Finance costs Group		**(179)**	(351)
Other finance costs	7	**(2,272)**	(7,180)
Net foreign exchange gains and losses		**190**	(77)
Gains, losses and write-downs in the share portfolio		**1,298**	1,619
Profit before taxes		**211**	(2,426)
Taxes	11	**(38)**	(624)
Profit after tax		**173**	(3,050)
Proposed dividend (not provided for)		**(2,527)**	(2,550)

Comprehensive income

Profit after tax	**173**	(3,050)
Change in unrealised gains on shares after tax	**(751)**	(3,117)
Change in hedging reserve after tax	**(91)**	(229)
Comprehensive income	**(669)**	(6,396)

CASH FLOW

Amounts in NOK million	2012	2011
Operating profit/loss	**(173)**	(242)
Depreciations and impairment charges	**16**	23
Changes in net working capital etc.	**452**	(270)
Dividends received	**275**	424
Financial items, net	**317**	130
Taxes paid	**(514)**	(8)
Cash flow from operating activities	**373**	57
Sale of property, plant and equipment	**16**	-
Replacement expenditures	**(1)**	(5)
Sale of companies	**964**	10,777
Net change in investments in subsidiaries	**(2,127)**	(1,317)
Investments in foreign companies	**(220)**	-
Net purchase/sale share portfolio	**3,350**	4,518
Received Group contributions etc.	**2,235**	9,314
Cash flow from investing activities	**4,217**	23,287
Dividends paid	**(2,760)**	(7,414)
Net share buy-back	**(416)**	(109)
Net paid to shareholders	**(3,176)**	(7,523)
Change in other interest-bearing liabilities	**(1,114)**	(11,459)
Change in interest-bearing own receivables	**1,758**	(1,014)
Change in net interest-bearing liabilities	**644**	(12,473)
Cash flow from financing activities	**(2,532)**	(19,996)
Change in cash and cash equivalents	**2,058**	3,348
Cash and cash equivalents 1 January	**3,342**	(6)
Cash and cash equivalents 31 December	**5,400**	3,342
Change in cash and cash equivalents	**2,058**	3,348

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in NOK million	Note	2012	2011
Intangible assets	9	**35**	47
Deferred tax asset	11	**45**	64
Property, plant and equipment	8	**141**	144
Investments in subsidiaries	10	**18,722**	17,650
Loans to Group companies		**18,078**	21,622
Shares in other companies	5	**21**	1,896
Other financial assets		**662**	632
Non-current assets		**37,704**	42,055
Accounts receivable external		**9**	458
Other receivables		**36**	-
Loans to Group companies		**1,535**	3,614
Share portfolio investments	See Note 24 Group	**3,156**	5,455
Cash and cash equivalents		**5,400**	3,342
Current assets		**10,136**	12,869
Total assets		**47,840**	54,924

Equity and liabilities

Amounts in NOK million	Note	2012	2011
Paid-in equity		**1,985**	1,997
Retained earnings		**21,808**	25,373
Equity[1]		**23,793**	27,370
Pension liabilities	2	**216**	174
Non-current liabilities Group		**53**	573
Other non-current liabilities		**8,913**	14,170
Non-current liabilities and provisions		**9,182**	14,917
Tax payable		**117**	659
Current liabilities to Group companies		**12,058**	11,106
Accounts payable		**27**	39
Other current liabilities		**2,663**	833
Current liabilities		**14,865**	12,637
Equity and liabilities		**47,840**	54,924

[1] The change in equity is presented in the Group's statement of changes in equity on page 36.

NOTES FOR ORKLA ASA

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.

Activities at head office include the Group's executive management and the corporate functions communication, 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".

In 2012, Orkla ASA and Orkla Brands AS were merged through a transfer of business. All persons actively employed at Orkla Brands AS were transferred to Orkla ASA. Administration of the business areas Orkla Foods, Orkla Confectionery & Snacks, Orkla Home & Personal, Orkla International and Orkla Food Ingredients, in addition to Orkla Brands' headquarter functions, were thereby transferred to Orkla ASA. Orkla ASA also took over the Purchasing, Marketing & Sales functions and the administration of the Purchasing Academy, Sales Academy and Brands Academy.

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.

Receivables and liabilities related to the items above are specified in the statement of financial position for Orkla ASA.

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. 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.

NOTE 2 PAYROLL AND PENSIONS

Amounts in NOK million	2012	2011
Wages	**(188)**	(192)
National insurance contribution	**(33)**	(35)
Remuneration of the Board, Corporate Assembly and other pay-related costs	**(24)**	(21)
Pension costs	**(32)**	(38)
Payroll expenses	**(277)**	(286)
Average number of man-years	**131**	120

Breakdown of net pension costs

The assumptions on which the calculation of pension costs has been based are disclosed in Note 12 to the consolidated financial statements.

Amounts in NOK million	2012	2011
Current service cost (incl. national insurance contribution)	**(9)**	(9)
Interest cost on pension obligations	**(10)**	(17)
Expected return on plan assets	**-**	-
Actuarial gains and losses	**(8)**	(8)
Contribution plans	**(5)**	(4)
Net pension costs	**(32)**	(38)

Breakdown of net pension liabilities 31 December

Amounts in NOK million	2012	2011
Present value of pension obligations	**(312)**	(293)
Pension plan assets	**-**	-
Net pension liabilities	**(312)**	(293)
Unrecognised actuarial gains and losses	**96**	119
Capitalised net pension liabilities	**(216)**	(174)

The remaining net pension liabilities at 31 December 2012 mainly consist of unfunded pension plans for former key personnel and early retirement plans charged to revenues, 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	2012	2011
Subscribed, uncalled limited partnership capital	**94**	162
Guarantees to subsidiaries	**244**	299
Other guarantees	**0**	35

NOTE 4 LOANS TO EMPLOYEES

Other financial assets include loans to employees.

Amounts in NOK million	2012	2011
Loans to employees	**6**	5

NOTE 5 SHARE INVESTMENTS

Amounts in NOK million	Book value	Ownership interest	Head office
Thams Invest AS	**20**	12.8%	Løkken, Norway
Other companies	**1**		
Total shares	**21**		

The shareholding in REC was reduced to 15.6% in 2012, and is now reported together with portfolio investments. A further description of this item is provided under Note 24 to the consolidated financial statements.

Orkla's shares in Fornebu Utvikling ASA were sold on 30 January 2012 for NOK 2.45 per share, amounting to NOK 658 million for the entire shareholding.

NOTE 6 REMUNERATION AND CONTRACTUAL ARRANGEMENTS

Remuneration to 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 is chaired by the Board Chair. The administration prepares matters for the Compensation Committee and the Board.

In 2012 the Group Executive Board comprised the following members: Bjørn M. Wiggen (until 30 April 2012), Åge Korsvold (from 30 April 2012), Torkild Nordberg (until 3 May 2012), Karin Aslaksen, Terje Andersen, Svein Tore Holsether (until 1 June 2012), Karl Otto Tveter (from 9 February 2012), Håkon Mageli (from 1 June 2012), Atle Vidar Johansen (from 1 June 2012), Jan Ove Rivenes (from 1 June 2012), Pål Eikeland (from 1 June 2012) and Paul Jordahl (from 1 June 2012).

The following salaries and remuneration were paid to the Group Executive Board in 2012:

Amounts in 1,000 NOK	Ordinary salary	Bonus	Benefits in kind	Pension costs
Bjørn M. Wiggen[1]	6,630	1,390	178	1,390
Åge Korsvold (from 30 April)	6,326	-	-	37
Torkild Nordberg[1]	3,935	519	207	994
Terje Andersen	3,032	930	205	682
Karin Aslaksen	2,216	666	189	516
Karl Otto Tveter	2,292	642	216	467
Håkon Mageli[2]	1,048	-	94	254
Atle Vidar Johansen[2]	1,621	-	118	382
Jan Ove Rivenes[2]	1,713	-	117	392
Pål Eikeland[2]	1,310	-	118	271
Paul Jordahl[2]	1,412	-	62	630
Total remuneration	31,535	4,147	1,504	6,015

[1] Includes pay during the period of notice.
[2] Salary as from commencement in position 1 June 2012.

The shareholdings of members of the Group Executive Board are presented on page 22.

President and CEO Åge Korsvold was appointed on special conditions and receives a fixed remuneration of NOK 924,000 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 other members of the Group Executive Board 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 2012 was NOK 774,386 for Mr Andersen and NOK 188,725 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. 75% of any income from another permanent post during the 12-month period will be deducted.

In 2012 the members of the Group Executive Board 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 in NOK 1,000 at 31 December 2012, and the underlying exposure in number of shares based on the share price at 19 April 2012, are presented below:

Amounts in 1,000 NOK	Balance bonusbank	Number of underlying shares
Terje Andersen	1,042	24,907
Karin Aslaksen	746	17,826
Karl Otto Tveter	740	17,690
Håkon Mageli	203	4,849
Atle Vidar Johansen	528	12,623
Jan Ove Rivenes	725	17,329
Pål Eikeland	475	11,358
Paul Jordahl	553	13,234
Total	5,012	119,816

Options awarded to the Group Executive Board as of 31 December 2012

	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	73.90	08.05.2011	08.05.2014
	90,000	22.05.2009	44.86	22.05.2012	22.05.2015
	95,000	10.05.2010	43.88	10.05.2013	10.05.2016
	86,000	09.05.2011	50.03	09.05.2014	09.05.2017
Karin Aslaksen	20,000	08.05.2008	73.90	08.05.2011	08.05.2014
	35,000	22.05.2009	44.86	22.05.2012	22.05.2015
	35,000	10.05.2010	43.88	10.05.2013	10.05.2016
	65,000	09.05.2011	50.03	09.05.2014	09.05.2017
Karl Otto Tveter	25,000	08.05.2008	73.90	08.05.2011	08.05.2014
	50,000	22.05.2009	44.86	22.05.2012	22.05.2015
	50,000	10.05.2010	43.88	10.05.2013	10.05.2016
	50,000	09.05.2011	50.03	09.05.2014	09.05.2017
Håkon Mageli	25,000	08.05.2008	73.90	08.05.2011	08.05.2014
	50,000	22.05.2009	44.86	22.05.2012	22.05.2015
	50,000	10.05.2010	43.88	10.05.2013	10.05.2016
	50,000	09.05.2011	50.03	09.05.2014	09.05.2017
Atle Vidar Johansen	30,000	08.05.2008	73.90	08.05.2011	08.05.2014
	60,000	22.05.2009	44.86	22.05.2012	22.05.2015
	60,000	10.05.2010	43.88	10.05.2013	10.05.2016
	70,000	09.05.2011	50.03	09.05.2014	09.05.2017
Jan Ove Rivenes	30,000	08.05.2008	73.90	08.05.2011	08.05.2014
	60,000	22.05.2009	44.86	22.05.2012	22.05.2015
	60,000	10.05.2010	43.88	10.05.2013	10.05.2016
	70,000	09.05.2011	50.03	09.05.2014	09.05.2017
Pål Eikeland	30,000	08.05.2008	73.90	08.05.2011	08.05.2014
	50,000	22.05.2009	44.86	22.05.2012	22.05.2015
	60,000	10.05.2010	43.88	10.05.2013	10.05.2016
	70,000	09.05.2011	50.03	09.05.2014	09.05.2017
Paul Jordahl	30,000	08.05.2008	73.90	08.05.2011	08.05.2014
	60,000	22.05.2009	44.86	22.05.2012	22.05.2015
	60,000	10.05.2010	43.88	10.05.2013	10.05.2016
	70,000	09.05.2011	50.03	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 the previous financial year has been provided on the 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 2012 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. (bonuses and options) 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 2012 1G is NOK 82,122). 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, charged to revenues, 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. 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. This bonus system applies to approximately 300 senior executives.

(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.

The quota of 1 million options granted by the General Meeting in 2012 has not been used. The Group Executive Board has instead been covered by the cash-based incentive programme described above.

(iv) Senior executive pay policy in previous accounting years

The guidelines for the pay and remuneration of senior executives described in (ii) also served as guidelines for the determination of senior executive remuneration in 2012.

(v) Changes in contractual arrangements

Bjørn M. Wiggen resigned from his position as President and CEO on 30 April 2012 and will receive a salary for 18 months. Torkild Nordberg left his position as CEO of Orkla Brands AS on 3 May 2012. Mr Nordberg left the Group on 31 December 2012 and will receive a salary for 18 months. Each salary will be reduced by any other income received. As a consequence of the industrial operations being separated from Orkla, Sapa CEO Svein Tore Holsether was relieved of other Group responsibilities in order to concentrate fully on Sapa, and the processes which Sapa is currently undergoing. He therefore stepped down from the Group Executive Board on 1 June 2012, but continues to report to President and CEO Åge Korsvold.

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 2012 this programme was available to around 24,400 employees in 25 countries. Shares were purchased by 1,668 employees (2,074 in 2011). Costs related to the share purchase programme in 2012 amounted to approximately NOK 17 million (NOK 21 million in 2011). The Board of Directors recommends to the General Meeting that the employee share purchase programme be continued on the same conditions as in 2012.

Remuneration of the Board of Directors and Board members' shareholdings

As from 24 May 2012, the Board of Directors is remunerated at the following rates:

Board Chair:	NOK	620,000	per year
Board Deputy Chair:	NOK	485,000	per year
Board member:	NOK	367,000	per year
Observer:	NOK	139,000	per year
Deputy member:	NOK	24,500	per meeting

A shareholder-elected Board member residing outside Norway receives a supplement of NOK 15,000 per Board meeting attended.

Compensation Committee

Committee Chair:	NOK	120,000	per year
Member:	NOK	90,000	per year

Audit Committee

Committee Chair:	NOK	150,000	per year
Member:	NOK	100,000	per year

No loans have been granted to or guarantees provided for members of the Board of Directors.

Shareholdings of members of the Board of Directors

	Number of shares[1]
Shareholder-elected Board members	
Stein Erik Hagen	249,542,000
Bjørg Ven	15,000
Peter A. Ruzicka	405,250
Jesper Ovesen	20,000
Barbara M. Thoralfsson	0
Grace Reksten Skaugen	0
Jo Lunder	0
Employee-elected Board members	
Terje Utstrand	3,068
Gunn Liabø	8,217
Sverre Josvanger	15,881

[1] Total share ownership including related parties.

Remuneration of the Corporate Assembly and Nomination Committee

The Chair of the Corporate Assembly receives an annual fee of NOK 137,000, and the Deputy Chair receives NOK 34,000. Remuneration for meeting attendance is NOK 7,000 per meeting. The Chair of the Nomination Committee receives remuneration of NOK 7,000 per meeting, while the other members receive NOK 5,000.

No loans have been granted to or guarantees provided for members of the Corporate Assembly. The shareholdings of members of the Corporate Assembly are presented on page 95.

Fees to Group external auditor

Amounts in NOK million (excl. VAT)	Continuing operations 2012	Continuing operations 2011	Discontinued operations 2012	Discontinued operations 2011
Parent company				
Statutory audit	**2.4**	2.5		
Other attest services	**0.0**	0.2		
Tax consultancy services	**1.4**	4.2		
Other non-audit services	**2.3**	1.8		
Group				
Statutory audit	**21**	20	**23**	17
Other attest services	**1**	0	**0**	1
Tax consultancy services	**5**	6	**8**	4
Other non-audit services	**3**	5	**11**	2
Total fees to Ernst & Young	**30**	31	**42**	24
Statutory audit fee to other auditors	**1**	1	**1**	1

NOTE 7 OTHER FINANCE INCOME AND OTHER FINANCE COSTS

Other finance income

Amounts in NOK million	2012	2011
Interest income	**77**	105
Other finance income[1]	**128**	11
Total other finance income	**205**	116

[1] Primarily gain on sale of Salvesen & Thams.

Other finance costs

Amounts in NOK million	2012	2011
Interest costs	**(351)**	(416)
Change in fair value interest element	**(50)**	(27)
Write-down share investments[1]	**(949)**	(5,726)
Losses and write-downs subsidiaries[2]	**(872)**	(376)
Loss on sale of shares in Elkem	**-**	(556)
Others	**(50)**	(79)
Total other finance costs	**(2,272)**	(7,180)

[1] Write-down Renewable Energy Corporation (REC).
[2] Primarily the write-down of BRG Holding, Denomega and Orkla Insurance Company. (2011: Bakers).

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million	Land, buildings and other property	Machinery, equipment etc.	Total
Book value 1 January 2012	99	45	**144**
Additions	-	2	**2**
Disposals	(1)	-	**(1)**
Depreciation	-	(4)	**(4)**
Book value 31 December 2012	98	43	**141**
Initial cost 1 January 2012	117	103	**220**
Accumulated depreciation and write-downs 1 January 2012	(18)	(58)	**(76)**
Book value 1 January 2012	99	45	**144**
Initial cost 31 December 2012	116	105	**221**
Accumulated depreciation and write-downs 31 December 2012	(18)	(62)	**(80)**
Book value 31 December 2012	98	43	**141**

NOTE 9 INTANGIBLE ASSETS

Amounts in NOK million	Trademarks not amortisable	IT	Total
Book value 1 January 2012	26	21	**47**
Amortisation	-	(12)	**(12)**
Book value 31 December 2012	26	9	**35**
Initial cost 1 January 2012	26	62	**88**
Accumulated depreciations and write-downs 1 January 2012	-	(41)	**(41)**
Book value 1 January 2012	26	21	**47**
Initial cost 31 December 2012	26	56	**82**
Accumulated depreciations and write-downs 31 December 2012	-	(47)	**(47)**
Book value 31 December 2012	26	9	**35**

NOTE 10 SHARES IN SUBSIDIARIES, DIRECTLY OWNED

Amounts in NOK million	Book value	Group's share of capital
Procordia Food AB	5,469	100%
Chips Ab	4,345	100%
Industriinvesteringer AS	2,848	100%
Orkla Energi AS	1,065	100%
Jordan selskaper	930	100%
Axellus AS	590	100%
Orkla Brands AS	517	100%
Swebiscuits AB	512	100%
Orasa Invest AS	452	100%
BRG Holding AS	325	100%
Borregaard Industries Limited Norge		
Ordinary shares	253	100%
Preference shares	43	99.9%
Orkla Eiendom AS	244	100%
Attisholz AB[1]	187	100%
Orkla Foods Romania SA	184	100%
Orkla Asia Holding AS	166	100%
Nidar AS	110	100%
Viking Askim AS	108	100%
Lilleborg AS	87	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%
Sætre AS	11	100%
Attisholz Infra AG[3]	1	0.4%
Total	18,722	

[1] Formerly LignoTech Sweden AB.
[2] Formerly Borregaard Nea AS.
[3] 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 in approximately 400 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	2012	2011
Profit before taxes	**211**	(2,426)
Change in temporary differences	**(67)**	782
Correction for change in temporary differences previous years	**0**	(42)
Correction for change in temporary differences taken to comprehensive income	**(173)**	(730)
Total change in temporary differences	**(240)**	10
Tax-free dividends, capital gains (losses) and write-downs	**445**	5,766
Group contributions without tax	**0**	(1,130)
Other permanent differences	**(213)**	(83)
Total permanent differences	**232**	4,553
Total taxable income	**203**	2,137
Calculated current tax expense	**(57)**	(598)
Withholding tax foreign dividends	**6**	(17)
Correction concerning previous years taxes	**80**	(24)
Total current tax expense	**29**	(639)
Change in deferred tax	**(67)**	15
Total tax expense	**(38)**	(624)

Deferred tax

Amounts in NOK million	2012	2011
Financial derivatives	**708**	516
Unrealised gains (losses) on shares outside the TEM[1] in equity	**107**	169
Accumulated write-downs outside the TEM[1]	**(140)**	(285)
Hedging reserve in equity	**(421)**	(310)
Property, plant and equipment	**1**	(6)
Pension liabilities	**(136)**	(174)
Other current liabilities	**(281)**	(139)
Losses carried forward	**(162)**	(229)
Deferred tax asset	**(45)**	(64)
Change in deferred tax	**(19)**	219
Change in deferred tax taken to comprehensive income	**(48)**	(204)
Change in deferred tax in the income statement	**(67)**	15

[1] TEM = Tax Exemption Method

Reconciliation of total tax expense

Amounts in NOK million	2012	2011
28% of profit before taxes	**(59)**	679
Tax-free dividends, capital gains (losses) and write-downs share portfolio	**293**	451
Write-down shares in Borregaard Holding, Denomega	**(220)**	0
Write-down shares in REC	**(266)**	(1,710)
Net loss/gain on sale of Salvesen & Thams, Fornebu Utvikling and Elkem	**68**	(156)
Tax gain Elkem	**0**	(200)
Group contributions without tax	**0**	316
Other permanent differences	**60**	23
Withholding tax	**6**	(17)
Correction previous years' taxes	**80**	(10)
Total tax expense for Orkla ASA	**(38)**	(624)

NOTE 12 FINANCIAL RISK

The risk associated with financial instruments in Orkla ASA is related to the following activities:

The share portfolio

Changes in share prices and currency exchange rates are sources of financial risk for the share portfolio. This risk is quantified in Note 24 to the consolidated financial statements. Currency risk and currency hedges are shown in Note 31 and Note 32 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 31 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 31 to the consolidated financial statements.

Derivatives and hedge accounting

Currency forward contracts. The currency risk on the market value of foreign shares in the share portfolio is hedged according to policy with currency forward contracts. This is further described in Note 31 to the consolidated financial statements. Hedge-accounting is not applied for currency hedging of the share portfolio.

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 2012, the fair value of such interest rate swaps was NOK 624 million (2011: NOK 632 million). During the year NOK 8 million was recognised as financial cost from changes in the fair value of these interest rate swaps, and NOK 8 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 2012, the fair value of these swaps amounted to NOK -422 million (2011: NOK -310 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 2012 was NOK -1 million (2011: NOK 1 million).

Equity hedging reserve. Development in equity hedging reserve:

Amounts in NOK million	2012	2011
Opening balance hedging reserve before tax	**(300)**	18
Recognised as financial income/expenses	**44**	28
Fair value change during the year	**(166)**	(346)
Closing balance equity hedging reserve before tax	**(422)**	(300)
Deferred tax hedging reserve	**118**	87
Closing balance equity hedging reserve after tax	**(304)**	(213)

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):

2013:	NOK -83 million
After 2013:	NOK -339 million

In 2012 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
Orkla ASA leases office premises at Karenslyst allé 6, Skøyen, in Oslo. In 2010 the building was sold by the Group subsidiary Sjølyst Park AS to Investorprosjekt 93 AS. A new time-limited agreement was therefore entered into which expires in 2020, with an option to extend the contract twice for five years. Leasing expenses amounted to NOK 19 million in 2012.

Matters disclosed in the Notes to the consolidated financial statements
Share-based payment – Note 11.
Events after the balance sheet date – Note 40.

Shareholders in Orkla ASA
A list of the largest shareholders in Orkla ASA is presented in Note 34.

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 2012 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, 6 February 2013

The Board of Directors of Orkla ASA

Stein Erik Hagen Chair	Jo Lunder	Jesper Ovesen	Peter A. Ruzicka
Grace Reksten Skaugen	Barbara M. Thoralfsson	Bjørg Ven	Terje Utstrand
Sverre Josvanger	Gunn Liabø		Åge Korsvold President & 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 2012, 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 2012 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 2012 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 the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and the statement on corporate governance concerning the financial statements and the going concern assumption 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 2013
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

STATEMENT FROM THE CORPORATE ASSEMBLY

TO THE GENERAL MEETING OF ORKLA ASA

The Corporate Assembly of Orkla ASA has received the Board of Directors' proposed annual report and financial statements for 2012 for Orkla ASA and the Group and recommends that the General Meeting approve the financial statements and the proposal of the Board of Directors for the allocation of profit for 2012.

Oslo, 27 February 2013
For the Corporate Assembly of Orkla ASA

Idar Kreutzer
Chair of the Corporate Assembly

HISTORICAL KEY FIGURES

	Definition		2012	2011	2010	2009	2008
Income statement							
Operating revenues		(NOK million)	**30,001**	61,009	57,338	56,228	65,579
EBITA*		(NOK million)	**3,295**	4,041	3,944	2,448	4,240
Amortisation intangible assets		(NOK million)	**(16)**	(55)	(52)	(213)	(228)
Other income and expenses		(NOK million)	**(433)**	(1,041)	330	2,871	(1,654)
Operating profit		(NOK million)	**2,846**	2,945	4,222	5,106	2,358
EBITA-margin*	1	(%)	**11.0**	6.6	6.9	4.4	6.5
Ordinary profit/loss before taxes		(NOK million)	**3,873**	(923)	20	1,071	(2,015)
Gains/profit/loss discontinued operations		(NOK million)	**(1,583)**	1,213	(40)	993	(55)
Profit/loss for the year		(NOK million)	**1,583**	(728)	(864)	2,560	(2,965)
CASH FLOW							
Net cash flow		(NOK million)	**5,273**	8,974	230	5,640	(9,571)
RETURN							
Return on capital employed (excl. Orkla Financial Investments)	2	(%)	**12.9**	10.7	10.5	5.2	9.4
Return on share portfolio investments		(%)	**18.6**	(14.1)	31.8	39.0	(45.3)
CAPITAL AS OF 31 DECEMBER							
Book value of total assets		(NOK million)	**57,686**	66,396	87,541	94,686	104,926
Market capitalisation	3	(NOK million)	**49,031**	45,543	57,947	57,934	46,223
Equity ratio	4	(%)	**53.9**	51.8	53.6	51.7	47.7
Net interest-bearing liabilities	5	(NOK million)	**4,960**	10,645	19,652	19,848	27,424
Interest coverage ratio	6		**10.6**	(1.4)	1.1	2.2	(1.1)
Average borrowing rate		(%)	**3.7**	2.7	2.2	3.5	5.3
Share of floating interest-bearing liabilities	7	(%)	**63**	67	76	78	96
Average time to maturity liabilities	8	(year)	**3.1**	4.1	4.3	4.2	4.7
SHARES							
Average number of shares outstanding diluted		(x 1,000)	**1,011,770**	1,020,194	1,019,688	1,017,509	1,017,830
Average number of shares outstanding		(x 1,000)	**1,011,723**	1,020,194	1,019,619	1,017,110	1,016,315
SHARE-RELATED KEY FIGURES							
Share price at 31 December		(NOK)	**48.50**	44.65	56.70	56.85	45.45
Earnings per share diluted	9	(NOK)	**1.6**	(0.8)	(0.9)	2.5	(2.8)
Ordinary dividend per share (proposed for 2012)		(NOK)	**2.50**	2.50	2.50	2.25	2.25
Payout ratio	10	(%)	**156.3**	(312.5)	(277.8)	90.0	(80.4)
Price/earnings ratio	11		**30.3**	(55.8)	(63.0)	22.7	(16.2)
PERSONNEL							
Number of employees			**28,379**	29,785	30,233	30,167	31,541
Number of man-years			**28,350**	29,397	29,748	29,571	30,937

* 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 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

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 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 power plants in Sauda. See Note 16 "Tax".

The Saudefaldene plant's normal annual production totals 1,810 GWh. Saudefaldene pays an annual lease of approximately 1 TWh to Statkraft and has corresponding delivery commitments, resulting in a net effect of 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 70 million[1] in 2012. Major maintenance investments are recognised in the income statement under operating expenses as a consequence of the lease agreement, and account for around NOK 25 million in operating costs. Depreciation totalled approximately NOK 50 million in 2012.

The power operations in Sarpsfoss (previously Borregaard Energy) 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 approximately NOK 50 million in 2012. Depreciation amounted to around NOK 10 million in 2012.

SHARES AND FINANCIAL ASSETS

Shares and financial assets consist of what was formerly reported as the Share Portfolio and the ownership interests in Borregaard and REC.

As at 31 December 2012, the financial assets had a market value of NOK 3.6 billion, of which 38% were unlisted shares (primarily Private Equity funds)[2]. Unrealised gains totalled NOK 408 million at year end. Gains realised on shares domiciled in the EEA are largely tax-free, while losses on the same shares are not tax deductible. Financial assets are presented in the balance sheet as current assets at fair value, and gains and write-downs/losses are recognised in the income statement, in accordance with IFRS. See also Note 24 "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. Orkla's real estate investments had total book values of NOK 1.8 billion as at 31 December 2012.

Among other assets, Orkla Eiendom consists of the real estate company FG Eiendom, Rygge Civilian Airport and Øra Industripark. The operating profit of NOK 318 million in 2012 was related to the delivery of apartments in the Idun real estate development project and the sale of properties in Switzerland and Widerøveien 5 in Norway. More information on www.orklaeiendom.no/english.

JOTUN

Orkla owns 42.5% of Jotun, which is reported as an associated company. 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 11,351 million in 2012 and EBIT amounted to NOK 1,126 million. More information on www.jotun.com.

SAPA

In 2012, Orkla and Hydro concluded an agreement to merge their respective extrusion, building system and tubing operations to create a leading global supplier of aluminium solutions. As a consequence, Profiles and Building System, as well as Extruded and Welded Tubes, are presented on a single line in the income statement, as discontinued operations. Sapa's entire income statement is presented in Note 9 "Segments".

[1] Net after operating refund.
[2] In this context, the shares in Solsten Nordic Equity Fund and the TRS in REC are recognised as listed shares.

GROUP DIRECTORY

PARENT COMPANY

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BRANDED CONSUMER GOODS

ORKLA FOODS

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Stabburet AS
P.O. Box 711
NO-1411 Kolbotn, Norway
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www.stabburet.no

- Stabburet AS, Brumunddal, Norway
- Stabburet AS, Fredrikstad, Norway
- Stabburet AS, Gimsøy Kloster, Skien, Norway
- Stabburet AS, dept. Idun Rygge, Rygge, Norway
- Stabburet AS, Rygge, Norway
- Stabburet AS, Stranda, Norway
- Stabburet AS, dept. Sunda, Oslo, Norway
- Stabburet AS, Vigrestad, Norway

Procordia AB
Ellingevägen 14
SE-241 81 Eslöv, Sweden
Tel.: +46 413 65 000
www.procordia.se

- Procordia Food AB, Fågelmara, Sweden
- Procordia Food AB, Kumla, Sweden
- Procordia Food AB, Tollarp, Sweden
- Procordia Food AB, Vansbro, Sweden
- Procordia Food AB, Örebro, Sweden

Abba Seafood AB
P.O. Box 24077
SE-400 22 Göteborg, Sweden
Tel.: +46 31 701 44 00
www.abbaseafood.se

- Abba Seafood AB, Kungshamn, Sweden
- Abba Seafood AB, Uddevalla, Sweden

Beauvais foods A/S
Hørsvinget 1-3
DK-2630 Tåstrup, Denmark
Tel.: +45 43 58 93 00
www.beauvais.dk

- Beauvais foods A/S, Svinninge, Denmark
- Beauvais foods A/S, Ansager, Denmark

Orkla Foods Fenno-Baltic
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P.O. Box 683
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Tel.: +358 20 785 4000
www.felixabba.fi

- Felix Abba Oy Ab, Åbo, Finland
- Felix Abba Lahden tehdas, Lahti, Finland
- Felix Abba Rymättylän tehdas, Rymättylä, Finland
- AS Põltsamaa Felix, Põltsamaa, Estonia
- SIA Spilva, Riga, Latvia
- UAB Suslavicius-Felix, Kaunas, Lithuania

ORKLA CONFECTIONERY & SNACKS

P.O. Box 4236 Nydalen
NO-0401 Oslo, Norway
Tel.: +47 22 89 50 00

Chips Ab
Sundsvägen 420
Haraldsby
AX-22 410 Godby
Åland, Finland
Tel.: +358 20 7918 700
www.chips.fi

- Chips Ab, Haraldsby, Åland, Finland
- Chips Ab, Helsingfors, Finland
- KiMs Norge AS, Oslo, Norway
- KiMs Norge AS, Skreia, Norway
- KiMs A/S, Søndersø, Denmark
- OLW Sverige AB, Filipstad, Sweden
- OLW Sverige AB, Solna, Sweden
- Latfood A/S, Riga, Latvia

Göteborgs Kex AB
SE-442 82 Kungälv, Sweden
Tel.: +46 303 20 90 00
www.goteborgskex.se

- Sætre AS, Oslo, Norway
- Sætre AS, dept. Nord-Odal, Sagstua, Norway

Nidar AS
P.O. Box 2444 Sluppen
NO-7005 Trondheim, Norway
Tel.: +47 73 58 30 00
www.nidar.no

- Nidar AS, Oslo, Norway

Oy Panda Ab
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FI-40801 Vaajakoski, Finland
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www.pandalicorice.com

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Harjumaa 75 306, Estonia
Tel.: +372 6877 710
www.kalev.ee

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www.lilleborgprofesjonell.no

- Lilleborg AS, Ski, Norway
- Lilleborg AS, dept. Ello, Kristiansund N, Norway
- Lilleborg AS, dept. Kronull, Frei, Norway
- Lilleborg AS, dept. Flisa, Norway
- Jordan Asia Pacific Sdn Bhd, Kuala Lumpur, Malaysia
- Peri-dent LTD, Galashiels, Scotland
- Peri-dent Star Sdn Bhd (joint venture), Kuala Lumpur, Malaysia

House Care
Anza AB
P.O. Box 133
SE-564 23 Bankeryd, Sweden
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- Jordan House Care AS, Skøyen, Norway
- Spekter A/S, Slangerup, Denmark
- Hamilton Acorn Ltd, Norfolk, United Kingdom

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www.axellus.no
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
- Axellus Oü, Tallinn, Estonia
- UAB Axellus, Vilnius, Lithuania
- Axellus s.r.o, Prague, Czech Republic

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- Pierre Robert Group AB, Stockholm, Sweden

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- Confectionery Factory "SladCo", Ulianovsk
- Krupskaya Confectionery Factory, St. Petersburg
- Confectionery Plant "Pekar", Leningrad Oblast

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www.mtrfoods.com

- Rasoi Magic Foods Pvt. Limited, Pune, India

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- 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

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 Denmark, 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

Credin bageripartner A/S, Vejle, Denmark
- FC Food, Støvring, 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, Bucuresti, Romania
- Orkla Foods Romania, Covasna, Romania
- Orkla Foods Romania, Iasi, Romania
- FDS, Bucuresti, Romania

Sonneveld Group B.V., Papendrecht, Netherlands
- Sonneveld Sarc, Cergy Pontoise, France
- Sonneveld NV/SA, Brussels, Belgium
- Sonneveld KfT, Öcsa, Hungary

OTHER BUSINESSES

SAPA GROUP

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Austria
- Sapa Building System Vertriebs GmbH, Gleisdorf

Belgium
- Sapa Building System NV, Landen
- Sapa Building System NV, Lichtervelde
- Sapa Building System International NV, Leuven
- Remi Claeys Aluminium NV (Alutubes), Lichtervelde
- Sapa RC Profiles NV/SA, Ghlin
- Sapa RC Profiles NV/SA, Lichtervelde
- Cuprochimique NV, Gent

Canada
- Sapa Canada Inc., Mississauga (Toronto), Ontario
- Sapa Canada Inc., Pointe Claire (Montreal), Quebec

China
- Sapa Heat Transfer Ltd., Shanghai
- Sapa Heat Transfer, Tube Division, Shanghai
- Sapa Profiles Jiangyin Co Ltd., Shanghai
- Sapa Chalco Aluminium Products Ltd., Chongqing (50% joint venture)

Czech Republic
- Sapa Profily s.r.o., Ostrava
- Sapa Building System s.r.o, Prague

Denmark
- Sapa Profiler A/S, Risskov (Sales Office)
- Sapa Building System AB, Tilst

England
- Sapa Building Systems Ltd., Tewkesbury, Severn Drive
- Sapa Components Ltd., Gloucester
- Sapa Profiles UK Ltd., Cheltenham
- Sapa Profiles UK Ltd., Tibshelf
- Sapa Profiles UK Ltd., Redditch
- Sapa Components UK Ltd, Rotherham

Estonia
- Sapa Profiilid AS, Sales Office, Harjumaa

Finland
- Sapa Profiilit Oy, Sales Office, Espoo
- Sapa Building System AB, Espoo

France
- Sapa Profilé Puget SA, Puget sur Argens
- Sapa Lacal SNC, Le Garric
- Sapa Profiles Albi SNC, Le Garric
- Sapa Building System France SAS, Puget Sur Argens
- Compex EURL, Pégomas

Germany
- Sapa Aluminium Profile GmbH, Offenburg
- Sapa Aluminium Profile GmbH, Sales Office, Düsseldorf
- Sapa Building System GmbH, Ratingen
- Sapa Heat Transfer Tubes, Remscheid
- Haticon GmbH, Pinnow
- Haticon GmbH, Güterfelde

Hungary
- Sapa Profiles Kft, Székesfehérvár

India
- Sapa Profiles India Pvt Ltd, Bangalore
- Sapa Building Systems India PVT Ltd, Mumbai
- Sapa Heat Transfer Tubes India PVT, Pune

Italy
- Sapa Profili S.r.l., Fossanova
- Sapa Profili S.r.l., Feltre
- Sapa Profili S.r.l., Bolzano
- Sapa Building System S.r.l., Bolzano

Japan
- Sapa Heat Transfer Japan, Tokyo

Latvia
- Sapa Profili SIA, Sales Office, Riga

Lithuania
- Sapa Statyby Sistemos, Vilnius
- UAB Sapa Profiliai, Kaunas

Mexico
- Sapa H E Tubing, Monterrey

Mozambique
- Sapa Building System Mosambique Lda, Maputo

The Netherlands
- Sapa Aluminium BV, Hoogezand
- Sapa Extrusions Inc., Harderwijk
- Sapa Profiles NL BV, Harderwijk
- Sapa Profiles NL BV, Drunen
- Sapa Pole Products, Drunen
- Sapa H E Tubing, Harderwijk
- Sapa Building System BV, Breda

Norway
- Sapa Profiler AS, Sales Office, Kjeller
- Sapa Building System AB, Kjeller

Poland
- Sapa Aluminium Sp. z o.o., Lodz
- Sapa Aluminium Sp. z o.o., Trzcianka
- Sapa Components Poland, Huta
- Sapa Building System Sp. z o.o., Lodz

Portugal
- Sapa II Perfis SA, Cacém
- Sapa Building System Portugal, Sintra
- Sapa Portugal, Extrusão e Distribuição de Aluminio SA, Sintra
- Novas Tecnologias em Persianas e Componentes para o Alumínio SA, Sintra

Qatar
- Sapa Building System Qatar, Doha

Romania
- SC Sapa Profiles SRL, Chisneu Cris

Slovakia
- Sapa Profily a.s., Žiar nad Hronom
- Sapa Building System s.r.o., Bratislava

South Korea
- Sapa Heat Transfer Korea, Sales Office, Seoul

Spain
- Sapa Profiles Perfialsa, La Coruna
- Sapa Profiles La Selva, Tarragona
- Sapa Profiles Navarra, Pamplona

Sweden
- Sapa AB, Technology, Finspång
- Sapa Building System AB, Vetlanda
- Sapa Heat Transfer AB, Finspång
- Sapa Komponenter AB, Vetlanda
- Sapa Lackering AB, Vetlanda
- Sapa Profilbearbetning AB, Finspång
- Sapa Profilbockning AB, Vetlanda
- Sapa Profiler AB, Vetlanda
- Sapa Profiler AB, Finspång
- Sapa Profiler AB, Sjunnen
- Sapa Profiler AB, Sales Office, Göteborg
- Sapa Profiler AB, Sales Office, Stockholm
- Sapa Profiler AB, Sales Office, Umeå

Switzerland
- Sapa Aluminium Profile AG, Sales Office, Zürich
- Sapa Building System s.a.r.l., Sevaz
- Sapa Profiles HQ, Lausanne

Turkey
- Sapa Yapi Sistem Sanayi ve Ticaret AS, Istanbul

Ukraine
- Sapa Profiles Ukraine, Kiev

United Arab Emirates
- Sapa Building System FZE, Dubai

USA
- HatiCon Solar LLC (HatiCon Solar US operations), Ontario, California
- Norca Heat Transfer, Great Neck, New York (Sapa Heat Transfer)
- Sapa H E Tubing, Inc., Rosemont, Illinois (Sapa Heat Transfer)
- Sapa Extrusions North America (HQ), Rosemont, Illinois
- Sapa Extruder Inc., City of Industry, California
- Sapa Extruder Inc., Gainesville, Georgia
- Sapa Extruder Inc., Connersville, Indiana
- Sapa Extruder Inc., Elkhart, Indiana
- Sapa Extruder Inc., Burlington, North Carolina
- Sapa Extruder Inc., Mountaintop, Pennsylvania
- Sapa Extrusions, Inc., Magnolia, Arkansas
- Sapa Extrusions, Inc., Miami, Florida
- Sapa Extrusions Inc., Cressona, Pennsylvania
- Sapa Extrusions Inc., Yankton, South Dakota
- Sapa Extrusions Inc., Spanish Fork, Utah
- Sapa Extrusions LLC, Delhi, Louisiana
- Sapa Extrusions, Inc., Portland, Oregon

Vietnam
- Sapa Ben Thahn Aluminium Profiles Co Ltd, Ho Chi Minh City

HYDRO POWER

Borregaard Energi
P.O. Box 162
NO-1701 Sarpsborg, Norway
Tel.: +47 69 11 80 00

AS Saudefaldene
Vangsnes
NO-4200 Sauda, Norway
Tel.: +47 52 78 80 00

ORKLA EIENDOM

Orkla ASA – Eiendom (Real Estate)
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00
www.orklaeiendom.no

OTHER GROUP COMPANIES

Orkla Shared Services AS
P.O. Box 7189, Majorstuen
NO-0307 Oslo, Norway
Tel.: +47 22 09 61 00

Orkla Insurance Company Ltd.
Grand Mill Quay
Barrow Street
Dublin 4, Ireland
Tel.: +353 1 407 4986

Orkla Asia Pacific Pte Ltd
111C Telok Ayer Street, 4th Floor
Singapore 068580
Tel.: +65 68 80 79 10

GOVERNING BODIES AND ELECTED REPRESENTATIVES

Figures in brackets indicate the number of shares owned as of 31 December 2012, including those owned by related parties. Figures in brackets after the name of the employer indicate the number of shares owned by the employer.

Corporate Assembly

Shareholder-elected members

Idar Kreutzer (0)	Finansnæringens Fellesorganisasjon (0)
Johan H. Andresen Jr. (0)	FERD AS (100,000)
Rune Bjerke (0)	DNB ASA (22,368,460)
Marianne Blystad (0)	Ro Sommernes Advokatfirma DA (0)
Ann Kristin Brautaset (0)	Folketrygdfondet (77,966,879)
Odd Gleditsch d.y. (0)	HEJO Holding AS (101,000)
Nils-Henrik Pettersson (42,080)	Advokatfirma Schjødt AS (0)
Gunnar Rydning (0)	Fermin AS + Gryd AS (0)
Nils K. Selte (53,000)	Canica system (249,142,000)
Olaug Svarva (0)	Folketrygdfondet (77,966,879)
Terje R. Venold (1,000)	Veidekke ASA (0)
Lars F. Windfeldt (10,000)	Arcanum Eiendom AS (0)
Gunn Wærsted (0)	Nordea Group (2,225,558)

Shareholder-elected deputy members

Scilla Treschow Hokholt (47,965)	Fritzøe Gård (0)
Kjetil Houg (600)	Oslo Pensjonsforsikring AS (3,800,000)
Camilla Hagen Sørli (0)	Canica system (249,142,000)
Bendikte B. Bjørn (0)	Statoil ASA (3,739,034)
Kirsten Idebøen (0)	Sparebank 1 Gruppen AS (0)
Mimi K. Berdal (0)	

Employee-elected members

Janne Halvorsen (0)
Ådne Jensen (5,440)
Tonje Kåsene (0)
Esa Mäntylä (0)
Mats Ekvall (4,090)
Charlotte Poulsen (0)

Employee-elected personal deputies

Per Carlsson (0)
Louise Nilsson (0)
Mats Erlandsson (0)
Mikael Loberg (0)
Lene Aarøe Larsen (1,324)
Rune Kjerholt Stubbe (0)
Trine Rasmussen (0)

Employee-elected deputies

Anders Finstad (0)
Vidar Dahl (4,287)
Borghild Hjortnes (0)
Johannes Skjølås (50)
Inger Johanne Witsø (773)

Nomination Committee

Nomination Commitee elected by the General Meeting (cf. Article 18 of the Articles of Association)

Idar Kreutzer (0)
Olaug Svarva (0)
Nils-Henrik Pettersson (42,080)
Leiv Askvig (0)
Vidar Dahl (4,287)

Board of Directors

Stein Erik Hagen (249,542,000)
Jesper Ovesen (20,000)
Bjørg Ven (15,000)
Barbara M. Thoralfsson (0)
Peter Ruzicka (405 250)
Grace Reksten Skaugen (0)
Jo Lunder (0)

Employee-elected Board members

Terje Utstrand (3,068)
Gunn Liabø (8,217)
Sverre Josvanger (15,881)

Employee-elected Board observers

Peer Sørensen (2,400)
Kenneth Hertz (0)

Auditor

Ernst & Young AS (0)
Jan Wellum Svensen (0)
State authorised public accountant

Corporate democracy at Orkla

Active participation by the employees in the governing bodies both at Group level and in the individual subsidiaries 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 three of the ten members of Orkla's Board of Directors and two observers. One third of the members of the Corporate Assembly are elected by the Group employees.

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. The Committee of Union Representatives meets regularly with the Group's executive management to discuss matters relevant to the Group.

To ensure that the employees in the Group's other companies in Europe are also informed of important matters concerning the Group and that their opinions on such matters are heard, an agreement regarding a European Works Council (EWC) has been established at Orkla.

In addition to the corporate arrangements mentioned here, the employees, as is customary, have representatives on the Board of Directors of the individual companies in the Group. The following is a list of the members of Orkla's Committee of Union Representatives as of 31 December 2012.

Orkla Committee of Union Representatives

Working Committee

Terje Utstrand, Chair
Kenneth Hertz, 1st Deputy Chair
Peer Sørensen, 2nd Deputy Chair
Sverre Josvanger, Secretary
Laila Petrovic Fasth
Gunn Liabø
Åke Ligardh

Committee of Representatives

Terje Utstrand
Sverre Josvanger
Gunn Liabø
Eldar Johnsen
Roger Vangen
Ingrid Sofie Nielsen
Svein Arne Bjørnland
Perny Emdal
Kenneth Hertz
Åke Ligardh
Laila Petrovic Fasth
Marit Tyft
Christer Sjunneborn
Øystein Larsen
Nils-Erik Nilson
Peer Sørensen
Lene Aarøe Larsen

ORKLA'S OPERATIONS

BUSINESS AREAS

ASSOCIATED COMPANIES

NON CORE

BRANDED CONSUMER GOODS

ORKLA BRANDED CONSUMER GOODS IS ONE OF THE NORDIC REGION'S LEADING BRANDED CONSUMER GOODS COMPANIES, HOLDING STRONG POSITIONS ON ITS HOME MARKETS NORWAY, SWEDEN, DENMARK, FINLAND AND THE BALTICS. THE BULK OF THE PORTFOLIO LIES IN THE NORDIC REGION AND THE BALTICS, BUT ORKLA ALSO HOLDS SEVERAL STRONG POSITIONS IN RUSSIA, POLAND, INDIA AND AUSTRIA. ORKLA'S BRANDED CONSUMER GOODS AREA CONSISTS OF A PORTFOLIO OF WELL-KNOWN BRANDS AND CONCEPT SOLUTIONS THAT HOLD MAINLY NO. 1 AND NO. 2 POSITIONS IN THEIR CATEGORIES. THROUGH ORKLA FOOD INGREDIENTS, ORKLA IS AN IMPORTANT SUPPLIER TO THE EUROPEAN BAKERY MARKET.

2012 IN BRIEF

Orkla Branded Consumer Goods achieved slightly higher EBITA[1] in 2012 than in 2011. The Nordic branded consumer goods companies delivered a positive performance and large companies like Stabburet, Lilleborg, the Chips Group and Nidar reported profit improvement. Orkla International posted weaker results than in 2011. In MTR Foods in India, a large part of the cash flow has been reinvested to support regional expansion, while profit in Russia is still weak. Orkla Food Ingredients achieved profit on a par with 2011. In line with Orkla's strategy to focus on future growth and expansion on branded consumer goods, Jordan was purchased in 2012 and an agreement to purchase Rieber & Søn was concluded. Jordan was organisationally integrated in Orkla with accounting effect from 1 September. Completion of the acquisition of Rieber & Søn is subject to the approval of relevant competition authorities.

EBITA[1] BY BUSINESS AREA

	2012	2011
Orkla Foods	**1,114**	1,058
Orkla Confectionery & Snacks	**780**	762
Orkla Home & Personal	**702**	726
Orkla International	**-5**	8
Orkla Food Ingredients	**228**	230

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

OPERATING REVENUES BY COMPANY*

	2012	2011
Orkla Foods	**7,972**	**8,906**
Stabburet	3,196	3,063
Procordia	2,700	2,829
Abba Seafood	1,098	1,056
Beauvais foods	572	626
Orkla Foods Fenno Baltic	909	885
Orkla Confectionery & Snacks	**4,794**	**4,810**
Chips Group	2,204	2,208
Göteborgs/Sætre	804	844
Nidar	1,201	1,182
Panda	367	389
Kalev	260	219
Orkla Home & Personal	**4,025**	**3,722**
Lilleborg	1,530	1,315
Lilleborg Profesjonell	513	583
Pierre Robert Group	516	539
Axellus Group	1,322	1,262
House Care[1]	128	0
Orkla International	**2,133**	**2,113**
Orkla Food Ingredients	**5,435**	**5,392**

*Internal sales between companies have not been eliminated.
[1] Consolidated from 1 September 2012.

ORKLA FOODS

ORKLA FOODS COMPRISES ORKLA'S FOOD BUSINESSES IN THE NORDIC REGION AND THE BALTICS. THE COMPANIES IN THE BUSINESS AREA ARE STABBURET IN NORWAY, PROCORDIA AND ABBA SEAFOOD IN SWEDEN, BEAUVAIS FOODS IN DENMARK, FELIX ABBA IN 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 NO. 1 AND NO. 2 POSITIONS IN THEIR HOME MARKETS.

2012 IN BRIEF

Orkla Foods achieved profit improvement in 2012, primarily due to sales growth through the grocery channel.

FURTHER COMMENTS ON ORKLA FOODS

Orkla Foods achieved EBITA[1] of NOK 1,114 million, equivalent to an underlying[3] improvement of 3%. Most of the Orkla Foods companies reported profit growth in 2012. Growth was particularly strong in Stabburet and Abba Seafood. In Stabburet, launches of product ranges such as Big One American Diner, Kokkeklare kjøttkaker & karbonader (meat patties) and Big One Take Away pizza made a particularly positive contribution to the improvement. The launch of Middagsklart (Dinner's Ready) meals contributed to improved performance for Abba Seafood in Sweden. Overall market shares were slightly strengthened in 2012. International raw material costs were on a par with 2011. In Orkla Foods, raw material costs continued to rise throughout 2012, largely due to delayed effects. For the full year, however, the higher costs were more than offset by previously implemented price increases. The effects of cost improvement projects were in line with expectations.

OPERATING REVENUES

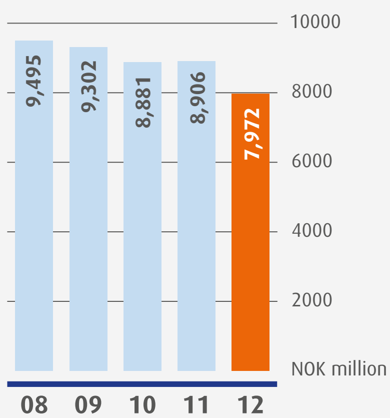
7,972

Orkla Foods' operating revenues totalled NOK 7,972 million.

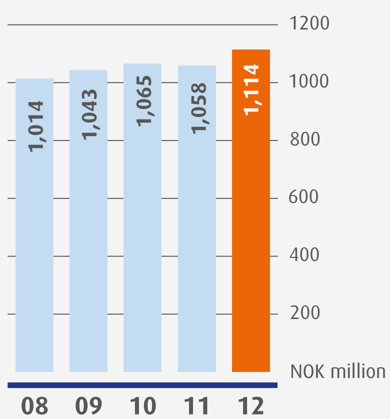
EBITA[1]

1,114

Orkla Foods' EBITA[1] totalled NOK 1,114 million.

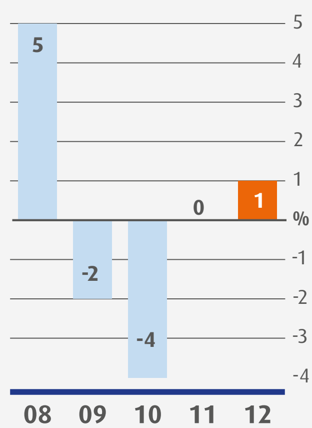


OPERATING REVENUES ORKLA FOODS



EBITA[1] ORKLA FOODS

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



UNDERLYING[3] GROWTH IN OPERATING REVENUES ORKLA FOODS

[3] Adjusted for acquired, sold and divested companies, and currency effects.

ORKLA CONFECTIONERY & SNACKS

ORKLA CONFECTIONERY & SNACKS COMPRISES FIVE BRANDED CONSUMER GOODS BUSINESSES WHICH SERVE THE NORDIC REGION AND THE BALTICS AS THEIR HOME MARKETS.

THE SEGMENTS IN ORKLA CONFECTIONERY & SNACKS ARE THE CHIPS GROUP (SNACKS), GÖTEBORGS/SÆTRE (BISCUITS), NIDAR (CONFECTIONERY), PANDA (LICORICE AND CHOCOLATE) AND KALEV (CHOCOLATE). ORKLA CONFECTIONERY & SNACKS' WELL-KNOWN BRANDS MAINLY HOLD NO. 1 AND NO. 2 POSITIONS IN THEIR HOME MARKETS.

2012 IN BRIEF

Orkla Confectionery & Snacks reported profit improvement in 2012. The improvement was related to all companies, except for Göteborgs/Sætre.

FURTHER COMMENTS ON ORKLA CONFECTIONERY & SNACKS

Orkla Confectionery & Snacks achieved EBITA[1] of NOK 780 million in 2012, equivalent to an underlying[3] improvement of 4%.

All of the companies in Orkla Confectionery & Snacks reported profit growth in 2012, except for Göteborgs/Sætre. Growth was particularly strong in Nidar and Kalev, but also Chips Group had profit improvement. Panda had profit improvement compared with a weak 2011.

The effects of the planned cost improvement projects at Panda were in line with expectations, and contributed significantly to the company's profit growth. Kalev's good sales and profit performance was generated by broad-based growth in value, volumes and market shares. Growth for Nidar was particularly driven by launches in the loose sweets segment.

2012 was a demanding year for Göteborgs/Sætre, which saw lower volumes due to increased activity by other branded consumer goods players and the retail trade's private labels. As a result of the volume decline, workforce reductions were implemented at the factory in Kungälv in 2012.

OPERATING REVENUES

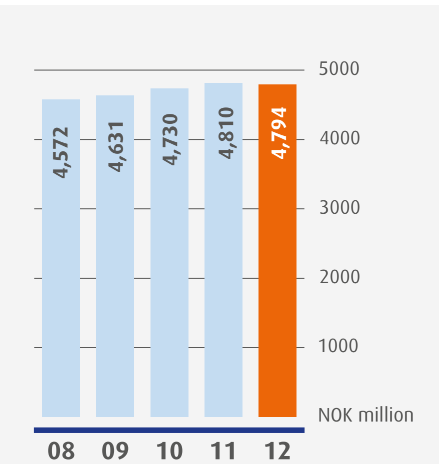
4,794

Orkla Confectionery & Snacks' operating revenues totalled NOK 4,794 million.

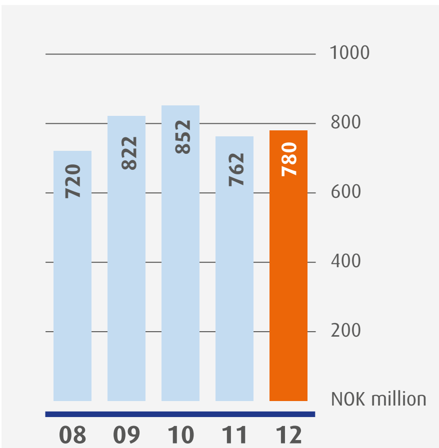
EBITA[1]

780

Orkla Confectionery & Snacks' EBITA[1] totalled NOK 780 million.

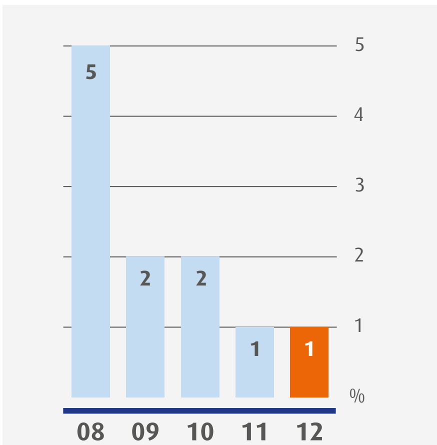


OPERATING REVENUES ORKLA CONFECTIONERY & SNACKS



EBITA[1] ORKLA CONFECTIONERY & SNACKS

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



UNDERLYING[3] GROWTH IN OPERATING REVENUES ORKLA CONFECTIONERY & SNACKS

[3] Adjusted for acquired, sold and divested companies, and currency effects.

ORKLA HOME & PERSONAL

ORKLA HOME & PERSONAL CONSISTS OF FIVE BRANDED CONSUMER GOODS BUSINESSES WHICH PRIMARILY SERVE THE NORDIC REGION AS THEIR HOME MARKET.

THE SEGMENTS COMPRISED BY ORKLA HOME & PERSONAL ARE LILLEBORG (DETERGENTS, TOOTHBRUSHES AND PERSONAL CARE PRODUCTS), LILLEBORG PROFESJONELL (FULL-RANGE SUPPLIER OF HYGIENE AND CLEANING SOLUTIONS FOR THE PROFESSIONAL MARKET), THE AXELLUS GROUP (DIETARY SUPPLEMENTS AND HEALTH PRODUCTS), PIERRE ROBERT GROUP (BASIC TEXTILES THROUGH THE GROCERY CHANNEL) AND HOUSE CARE (PAINTING TOOLS AND CLEANING PRODUCTS).

2012 IN BRIEF

Orkla Home & Personal had slightly lower profit than in 2011. The main reason for the decline in profit was the loss of contract production in Lilleborg Profesjonell.

FURTHER COMMENTS ON ORKLA HOME & PERSONAL

In 2012, Orkla Home & Personal achieved EBITA[1] of NOK 702 million, equivalent to an underlying[3] decline of 4%. Profit was primarily reduced by the loss of contract production in Lilleborg Profesjonell. Lilleborg reported good sales growth in 2012, with particularly high growth in the hair care and dishwashing categories.

2012 was a demanding year for Pierre Robert Group, due to lower distribution in the second half of the year by one of its customers in Norway.

Several acquisitions were made in Orkla Home & Personal in 2012. The largest of these was the purchase of Jordan, which became part of Orkla Home & Personal as of 1 September 2012. Jordan Personal & Home Care was organisationally integrated into Lilleborg as of 1 January 2013, while Jordan House Care was established as a new company in Orkla Home & Personal. Besides the acquisition of Jordan, Axellus made several smaller acquisitions.

OPERATING REVENUES

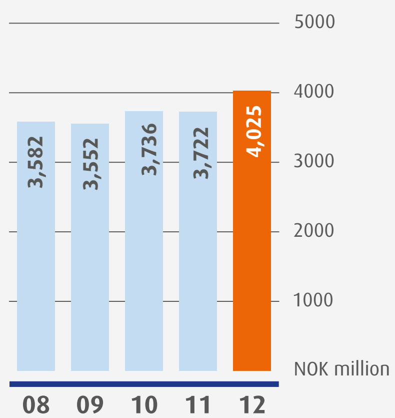
4,025

Orkla Home & Personal's operating revenues totalled NOK 4,025 million.

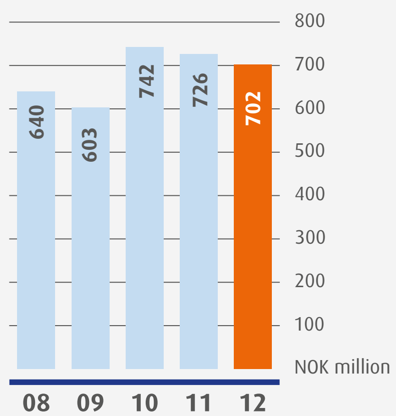
EBITA[1]

702

Orkla Home & Personal's EBITA[1] totalled NOK 702 million.

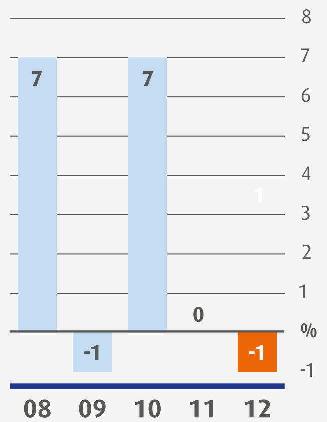


OPERATING REVENUES ORKLA HOME & PERSONAL



EBITA[1] ORKLA HOME & PERSONAL

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



UNDERLYING[3] GROWTH IN OPERATING REVENUES ORKLA HOME & PERSONAL

[3]Adjusted for acquired, sold and divested companies, and currency effects.

ORKLA INTERNATIONAL

ORKLA INTERNATIONAL COMPRISES BRANDED CONSUMER GOODS COMPANIES OUTSIDE THE NORDIC REGION AND THE BALTICS. THIS BUSINESS AREA CONSISTS OF ORKLA BRANDS RUSSIA, FELIX AUSTRIA AND MTR FOODS.

ORKLA BRANDS RUSSIA HAS GOOD REGIONAL POSITIONS IN THE RUSSIAN CHOCOLATE AND BISCUITS MARKETS. MTR FOODS HOLDS STRONG REGIONAL POSITIONS IN THE SPICE AND SPICE-MIX SEGMENTS IN INDIA, IN ADDITION TO GOOD NATIONAL POSITIONS IN THE READY-MIX AND READY-MEAL SEGMENTS. FELIX AUSTRIA IS MARKET LEADER FOR KETCHUP IN AUSTRIA.

2012 IN BRIEF

Good sales growth in India and Austria. Demanding market situation and continued weak profit in Russia.

FURTHER COMMENTS ON ORKLA INTERNATIONAL

Orkla International reported EBITA[1] of NOK -5 million in 2012, equivalent to an underlying[3] decline of NOK 11 million. This performance must be seen in conjunction with increased investments in brand-building, particularly in India. After the establishment of Orkla Brands Russia in 2011, a project was commenced in 2012 to further strengthen competitiveness. In this connection, the number of factories will be reduced from four to three. The project is proceeding as planned and is expected to be completed in the course of 2013.

The market positions in India were maintained. MTR Foods is market leader in the snack mixes, sweet mixes and ready meals segments in India. In the spice and spice mix segments, MTR Foods is market leader in its home state of Karnataka. In Austria, Felix Austria strengthened its leading positions in ketchup and pasta sauces. In Russia, market shares decreased marginally. Orkla Brands Russia is market leader in its home regions of St. Petersburg and Ekaterinburg.

OPERATING REVENUES

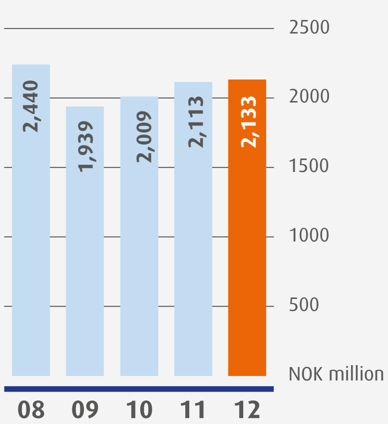
2,133

Orkla International's operating revenues totalled NOK 2,133 million.

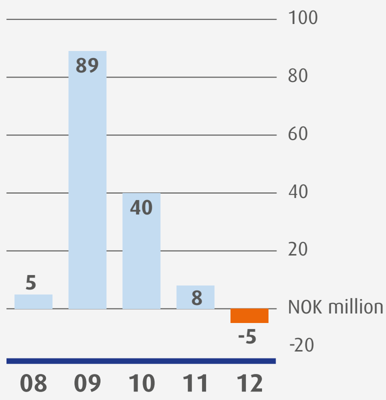
EBITA[1]

-5

Orkla International's EBITA[1] totalled NOK -5 million.

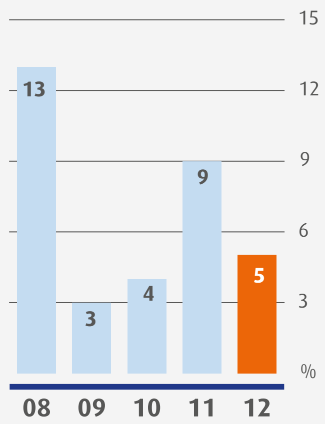


OPERATING REVENUES ORKLA INTERNATIONAL



EBITA[1] ORKLA INTERNATIONAL

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



UNDERLYING[3] GROWTH IN OPERATING REVENUES ORKLA INTERNATIONAL

[3]Adjusted for acquired, sold and divested companies, and currency effects.

ORKLA FOOD INGREDIENTS

ORKLA FOOD INGREDIENTS IS THE LEADING PLAYER IN THE NORDIC BAKERY INGREDIENTS SECTOR, AND HOLDS GROWING POSITIONS IN SELECTED COUNTRIES IN EUROPE. THE BUSINESS AREA HAS A DECENTRALISED GOVERNANCE STRUCTURE WITH EIGHT REPORTING UNITS WITH SALES- AND/OR PRODUCTION COMPANIES IN 19 COUNTRIES.

ORKLA FOOD INGREDIENTS' LARGEST PRODUCT CATEGORIES ARE MARGARINE, MARZIPAN, BREAD IMPROVERS AND MIXES, AND YEAST. THE LARGEST SALES AND DISTRIBUTION COMPANIES ARE KÅKÅ, IDUN AND CREDIN BAGERIPARTNER.

2012 IN BRIEF

In 2012, Orkla Food Ingredients achieved results on a par with its 2011 performance, despite very demanding framework conditions in several markets. Orkla Food Ingredient maintained its market positions in the most important markets.

FURTHER COMMENTS ON ORKLA FOOD INGREDIENTS

Orkla Food Ingredients achieved results on a par with 2011. Demanding market conditions in the majority of Orkla Food Ingredients' markets continued to drive margins down. Profitability performance was satisfactory in important product categories in Norway and Sweden, while conditions were more demanding in other markets where Orkla Food Ingredients are present. There is a general trend for the production and sale of bakery products to be increasingly affected by the decisions of major players in the grocery sector. This means that a larger percentage of the ingredients market is turning towards industrial players who demand lower prices, thereby driving down the margins of the ingredients suppliers. High raw material prices and the financial crisis in Central and Eastern Europe have exacerbated pressure on margins. All in all, Orkla Food Ingredients maintained its market positions in 2012, securing a good starting point for profitable growth in the coming year. Efforts to implement cost improvement programmes were intensified throughout 2012.

To strengthen the positions in sales and distribution in Eastern Europe, Orkla Food Ingredients made four acquisitions in 2012, two in Poland, one in Slovakia and one in Romania.

OPERATING REVENUES

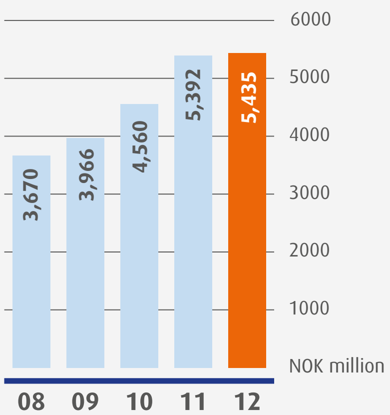
5,435

Orkla Food Ingredients' operating revenues totalled NOK 5,435 million.

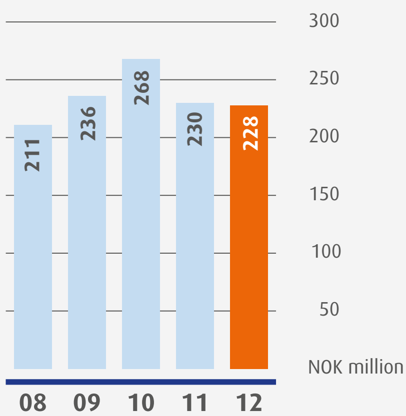
EBITA[1]

228

Orkla Food Ingredients' EBITA[1] totalled NOK 228 million.

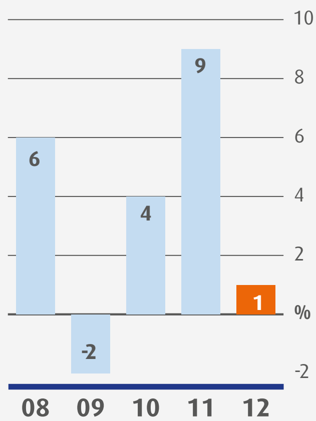


OPERATING REVENUES ORKLA FOOD INGREDIENTS



EBITA[1] ORKLA FOOD INGREDIENTS

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



UNDERLYING GROWTH[3] IN OPERATING REVENUES ORKLA FOOD INGREDIENTS

[3]Adjusted for acquired, sold and divested companies, and currency effects.

JOTUN

JOTUN IS ONE OF THE WORLD'S LEADING MANUFACTURERS OF PAINTS, COATINGS AND POWDER COATINGS, WITH 65 SUBSIDIARIES, FOUR JOINT VENTURES AND SEVEN ASSOCIATED COMPANIES. THE GROUP HAS 38 PRODUCTION FACILITIES, DISTRIBUTED ACROSS ALL THE CONTINENTS. JOTUN ALSO HAS AGENTS, BRANCH OFFICES AND DISTRIBUTORS IN MORE THAN 90 COUNTRIES, AND AN AVERAGE NUMBER OF MAN-YEARS OF APPROXIMATELY 6,300. THE GROUP'S OPERATIONS COVER THE DEVELOPMENT, MANUFACTURE, MARKETING AND SALE OF VARIOUS PAINT SYSTEMS FOR THE RESIDENTIAL, SHIPPING AND INDUSTRIAL SECTORS.

As of 1 January 2013, Jotun has reorganised its operations based on a matrix consisting of four segments (decorative paints, marine coatings, protective coatings and powder coatings) and seven regions. The aim is to ensure Jotun's continued growth through greater proximity to its markets.

The decorative paints segment supplies paints, stains and varnishes for the global craft and "do it yourself" markets. The main regions for decorative paints are Scandinavia, the Middle East and South East Asia. Powder coatings are primarily sold in Europe, the Middle East and Asia. The marine coating and protective coating segments are global.

Jotun achieved good results in 2012. Volumes, sales and operating profit were record-high. Margins improved compared with the same period of 2011, chiefly due to lower raw material costs and price increases. Geographically, Scandinavia, Asia and the Middle East are the primary contributors to the company's positive performance.

There is a marked decline in demand for ship newbuildings, and this trend is expected to last for some time. In addition to increased focus on maintenance sales and innovative product solutions such as "Hull Performance Solutions" (HPS), which were launched in 2012, the need to adjust cost levels will be assessed on an ongoing basis.

Jotun has a long-term, ambitious organic growth strategy that will require greater production capacity. In addition to a new factory in Sandefjord that was completed in 2012, existing facilities are continuously upgraded, and new plants are currently under construction in Brazil, China and Russia. The development of new markets is also important to ensure future growth, and Jotun has established operations in several new countries such as Cambodia, Bangladesh, Myanmar, the Philippines and Kazakhstan.

Read more about Jotun at www.jotun.com.

OPERATING REVENUES*

11,351

Jotun's operating revenues totalled NOK 11,351 million.

EBIT*

1,126

Jotun's EBIT totalled NOK 1,126 million.

*The figures are on a 100% basis.

SAPA (PART OF FUTURE JV)

SAPA PROFILES IS THE WORLD'S LEADING SUPPLIER OF SOLUTIONS USING EXTRUDED ALUMINIUM PROFILES, WITH 14% MARKET SHARE IN EUROPE AND 29% IN NORTH AMERICA. THE OPERATIONS IN ASIA INCLUDE EXTRUSION AND FABRICATION FACILITIES IN CHINA AND INDIA, AND AN EXTRUSION PLANT IN VIETNAM. SAPA BUILDING SYSTEM IS ONE OF THE THREE LARGEST EUROPEAN SUPPLIERS OF BUILDING SYSTEMS BASED ON ALUMINIUM PROFILES.

Sapa (part of future JV) had an EBITA[1] of NOK 233 million in 2012, compared with NOK 631 million in 2011. Sapa Profiles Europe faced a weakening European market in 2012 and the volume growth for Sapa Profiles North America could not fully compensate for the volume shortfall in Europe. In addition to volume loss in Europe, Sapa's downstream exposure to the weak European solar market and general price pressure impacted EBITA[1] negatively in 2012. Volume for Sapa Profiles totalled 862,000 tonnes (855,000 tonnes in 2011), whereof 19,000 tonnes were related to Asia. Sapa Building System's market continued to deteriorate in 2012, and restructuring effects and other improvement initiatives could not fully counteract the negative market impact. In addition, there were operational disturbances at Sapa Building System's Belgian entity which had a considerable negative effect on full-year EBITA[1].

OPERATING REVENUES

25,372

Operating revenues for Sapa (part of future JV) totalled NOK 25,372 million.

EBITA[1]

233

EBITA[1] for Sapa (part of future JV) totalled NOK 233 million.

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

SAPA HEAT TRANSFER

SAPA HEAT TRANSFER IS THE LEADING GLOBAL MANUFACTURER OF ROLLED ALUMINIUM SOLUTIONS FOR THE HEAT TRANSFER INDUSTRY. ITS CURRENT WORLDWIDE MARKET SHARE IS 21%, WITH PARTICULARLY STRONG POSITIONS IN CHINA AND EUROPE.

Sapa Heat Transfer had an EBITA[1] of NOK 309 million in 2012 compared with NOK 179 million in 2011. The improvement was related to both the Swedish and the Chinese operations. Sapa Heat Transfer's improvement programme, which includes restructuring, operational improvements and price increases progressed in 2012. Sapa Heat Transfer develops solutions that provide significant added value to customers in terms of performance, quality, reliability, consistency, flexibility and total economy. Based on its core competencies and decades of experience from cooperation with the demanding automotive heat-exchanger industry, Sapa Heat Transfer will continue to develop new and promising segments for stationary applications.

OPERATING REVENUES

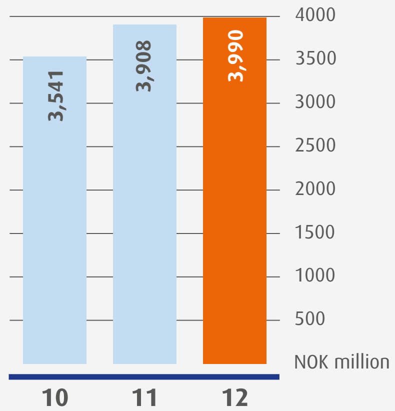
3,990

Sapa Heat Transfer's operating revenues totalled NOK 3,990 million.

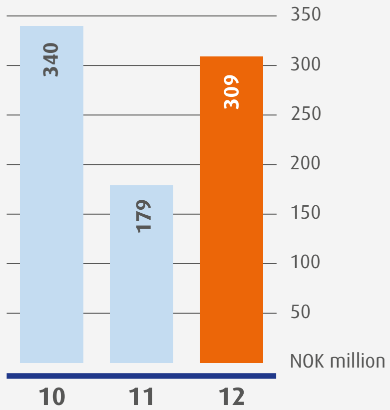
EBITA[1]

309

Sapa Heat Transfer's EBITA[1] totalled NOK 309 million.



OPERATING REVENUES SAPA HEAT TRANSFER



EBITA[1] SAPA HEAT TRANSFER

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

HYDRO POWER

HYDRO POWER CONSISTS OF THE SARPSFOSS POWER PLANT AND ORKLA'S 85% STAKE IN AS SAUDEFALDENE. THE UNIT HAS A NORMAL PRODUCTION VOLUME OF 2.4 TWH. HYDRO POWER PRODUCES AND SUPPLIES POWER TO THE NORDIC POWER MARKET.

Overall, Hydro Power delivered lower EBITA[1] in 2012 than in 2011. The hydro-power operations generally produced high volumes, due to good flow in the Glomma River and substantial precipitation in Sauda. However, the market price of power in 2012 was significantly lower than in 2011, which affected the value of volumes sold at the spot price on the market. Operating revenues totalled NOK 812 million and EBITA[1] amounted to NOK 208 million, compared with NOK 1,691 million and NOK 260 million in 2011. Around NOK 800 million of the fall in operating revenues is ascribable to the phasing out of management activities in Energi Handel.

ORKLA EIENDOM (REAL ESTATE)

ORKLA'S REAL ESTATE ACTIVITIES ARE CONCENTRATED ON INVESTMENT IN AND THE DEVELOPMENT AND SALE OF PROPERTIES PRIMARILY DERIVED FROM ORKLA'S OPERATIONS. ORKLA EIENDOM ALSO PROVIDES SPECIALISED REAL ESTATE EXPERTISE TO MEET THE GROUP'S NEEDS.

Turnover totalled NOK 1,228 million in 2012, compared with NOK 326 million in 2011. Profit before tax amounted to NOK 437 million in 2012, compared with NOK -63 million in 2011. The capitalised value of Orkla's real estate investments as at 31 December 2012 was NOK 1.8 billion, compared with NOK 1.9 billion in 2011. Profit/loss from Orkla Eiendom is reported under Financial Investments. The most important activities in 2012 were the sale of Orkla's interest in Fornebu Utvikling ASA to OBOS and the completion of the Idun project in Oslo.

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

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 2012 the Orkla share gave shareholders a return of 15.1%, including dividend, on their investment. The return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 15.4%. In the past ten years, the annual return on the Orkla share has averaged 14.2%, on a par with OSEBX (14.4%).

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 5.2% of the OSEBX at the end of 2012. The Oslo Stock Exchange's OBX list comprises the 25 most liquid companies on the Oslo Stock Exchange. As of 31 December 2012, Orkla accounted for 5.8% of the OBX list.

At the end of 2012, the Orkla share was listed at NOK 48.50. Orkla's market capitalisation was therefore NOK 49.0 billion, up NOK 3.5 billion from 31 December 2011. Orkla shares were traded for a total of NOK 23 billion in 2012, equivalent to 2.3% of the Oslo Stock Exchange's total trading volume. The average daily volume of trades of Orkla shares on the Oslo Stock Exchange was 2.0 million shares. In 2012, around 60% 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 and 2011 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 2012 accounting year. The dividend will be paid out on 30 April 2013 to shareholders of record on the date of the Annual General Meeting.

TREASURY SHARES

Orkla supplements its dividend by moderately buying back its own shares. At the Annual General Meeting in 2011, the Board of Directors was granted authorisation to buy back up to 100,000,000 Orkla shares. The authorisation was granted for a limited period of time, and had to be utilised at the latest by the Annual General Meeting in 2012. A total of 10,188,000 Orkla shares were bought back in the first quarter of 2012 under the aforementioned authorisation granted in 2011. It is a condition that shares acquired under this authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. On 19 April 2012, Orkla's General Meeting adopted a resolution to cancel 10,000,000 treasury shares.

At the Annual General Meeting in 2012, the Board of Directors was granted a new authorisation to buy back up to 100,000,000 Orkla shares. This authorisation must be utilised by the date of the Annual General Meeting in 2013 at the latest. No share buybacks have been made based on the current authorisation in 2012. On average, in the last five years, Orkla has bought back 0.5% of shares outstanding each year. At 31 December 2012, Orkla owned 7,987,114 treasury shares.

The Board of Directors will propose to the General Meeting in 2013 that the authorisation to buy back Orkla shares be renewed.

SHAREHOLDERS

As of 31 December 2012, Orkla had 44,253 shareholders, compared with 46.200 as of 31 December 2011. At year end, 46% of the shares were owned by foreign investors, compared with 41% at the start of the year. Read more about Orkla's biggest shareholders on Orkla's website under "Investor Relations".

VOTING RIGHTS

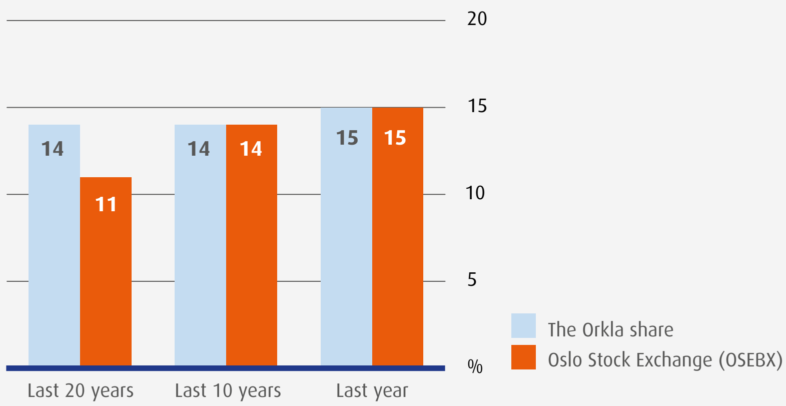
Orkla has one class of share, and each share carries one vote and has a par value of NOK 1.25.

Shareholders are entitled to vote the number of shares that they each own, and that are registered in the Norwegian Central Securities Depository (VPS) on the date of the general meeting. If a shareholder has acquired shares shortly before the general meeting, the voting rights for the transferred shares may only be exercised if the acquisition has been recorded by the VPS, or if the acquisition has been notified to the VPS and proof of the acquisition is presented at the general meeting.

With regard to shares that are registered in a nominee account, it is the company's view that neither the beneficial shareholder nor the nominee is entitled to vote shares that are registered in a VPS account belonging to the nominee. However, the beneficial shareholder may vote the shares if he documents that he has taken the necessary steps to terminate the nominee registration of the shares, and that the shares will be transferred to an ordinary VPS account in the name of the shareholder. If the shareholder can document that he has taken such steps, and that he has a beneficial interest in the company, he may, in the company's opinion, vote the shares, even if they have not yet been registered in an ordinary VPS account.

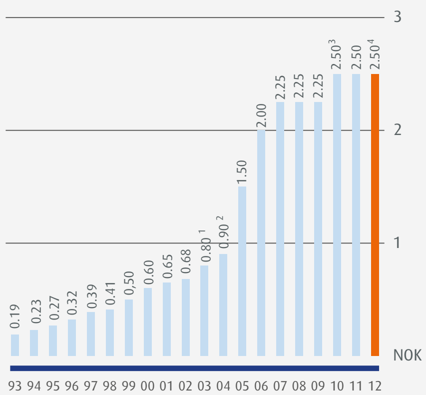
If the shareholder is unable to attend the general meeting and vote in person, he or she may vote by proxy. Shareholders who are unable to attend the general meeting may also cast a direct advance vote on each item of business electronically on the company's website, or through VPS Investor Services before the expiry of the time limit for giving notice of attendance. Until the time limit expires, votes cast in advance may be amended or retracted. If a shareholder chooses to attend the general meeting either in person or by proxy, any votes cast in advance are deemed to have been retracted. A further explanation of the use of advance votes and proxies during general meetings may be found on Orkla's website under "About Orkla".

The next Annual General Meeting will be held on Thursday, 18 April 2013 at 3 p.m. in the Norwegian Opera House in Oslo. Notice of attendance may be given electronically, or by completing and



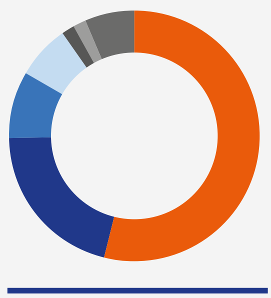
ANNUAL RATE OF RETURN[1]

[1] The Orkla share, dividend reinvested.



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 AREA*

- Norway **54.1%**
- USA **20.7%**
- UK **8.7%**
- Luxembourg **6.9%**
- Belgium **1.7%**
- Sweden **1.6%**
- Other **6.3%**

* As of 31 December 2012.

SHARES BY SIZE OF SHAREHOLDING AS OF 31.12.2012

No. of shares	No. of shareholders	% of capital
1–500	18,338	0.4%
501–5,000	21,014	3.6%
5,001–50,000	4,190	5.4%
50,001–500,000	550	8.3%
500,001–2,500,000	115	12.5%
over 2,500,000	46	69.8%

AVERAGE NUMBER OF SHARES OUTSTANDING, DILUTED

	2012	2011	2010	2009	2008
Average no. of shares issued	**1,026,308,018**	1,028,930,970	1,028,930,970	1,028,930,970	1,034,955,560
Average no. of treasury shares	**14,585,271**	8,736,505	9,311,764	11,820,991	18,640,916
Average no. of shares outstanding	**1,011,722,749**	1,020,194,465	1,019,619,206	1,017,109,979	1,016,314,644
Estimated dilution effect[1]	**47,713**	0	68,637	398,956	1,515,057
Average no. of shares outstanding, diluted	**1,011,770,462**	1,020,194,465	1,019,687,843	1,017,508,935	1,017,829,701

[1] As of 31.12.2012 Orkla had issued a total of 17,602,000 options to executive management. See Note 11.

sending the attendance form to Orkla's account manager, DNB ASA. The time limit for notice of attendance is Monday, 15 April 2013 at 3 p.m.

Notice of Orkla's Annual General Meeting is sent to all shareholders by post to the address on record at the VPS. Documents concerning items of business to be considered at the general meeting, attachments to the notice of the general meeting and the annual report are made available on Orkla's website. Individual shareholders may request that documents relating to the general meeting be sent to him or her free of charge by post. The aforementioned documents may be ordered electronically on Orkla's website or by contacting Orkla's Investor Relations Department. Further information regarding procedures in connection with the general meeting may be found on Orkla's website.

Shareholders who wish to have information concerning their own holding of Orkla shares or to give notice of a change of address must contact their own account manager. If you are in doubt as to who your account manager is, please contact Orkla's account manager.

DNB ASA
Registrar's Department
NO-0021 Oslo
Tel.: +47 22 48 35 90
Fax.: +47 22 48 11 71
E-mail: vps.kontoforer@dnb.no

INVESTOR RELATIONS

Communication with shareholders, potential investors, analysts and other financial market players is an important, priority task for Orkla. The Investor Relations Department is responsible for coordinating the Group's communication with the capital market. The objective is to make certain that the capital market has sufficient information about the company to ensure that the share price reflects the company's underlying values. A general goal of Orkla's investor relations activities is to generate confidence by ensuring that all players have equal access to financial information.

www.orkla.com/investor-relations

Orkla's website is an important channel for information to the capital market. Presentations, quarterly reports, annual reports, stock exchange notifications and press releases are posted on Orkla's website as and when they are made public. The website also contains information on Orkla's strategic direction, the Orkla share price performance, dividends and general meetings, as well as updated lists of shareholders and analysts. The Orkla website is compliant with the Oslo Stock Exchange's recommendations regarding reporting of IR information.

CONTACTS

For more information on investing in Orkla, please consult the contact information below:

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Investor Relations
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anders.kalleberg@orkla.no

THE 30 LARGEST SHAREHOLDERS AS OF 31.12.2012[1]

SHAREHOLDER	NO. OF SHARES	% OF CAPITAL[2]
Canica[3]	249,142,000	24.5%
Folketrygdfondet	75,046,879	7.4%
Artisan Partners Limited Partnership	23,003,781	2.3%
First Pacific Advisors, LLC	22,244,100	2.2%
International Value Advisers, LLC	21,496,270	2.1%
DNB Asset Management AS	20,239,807	2.0%
SAFE Investment Company Limited	18,621,315	1.8%
Taube, Hodson, Stonex Partners, LLP	16,120,124	1.6%
Bank Delen - Custodian	15,187,765	1.5%
BlackRock Institutional Trust Company, N.A.	13,213,964	1.3%
Asset Value Investors Limited	12,972,510	1.3%
INVESCO Asset Management Limited	11,700,434	1.1%
Kensico Capital Management Corp.	10,955,000	1.1%
Pareto Forvaltning AS	10,481,000	1.0%
Newton Investment Management Ltd.	9,704,319	1.0%
First Eagle Investment Management LLC	9,643,379	0.9%
KLP Forsikring	9,337,090	0.9%
Legal & General Investment Management Ltd. (UK)	8,621,666	0.8%
Epoch Investment Partners, Inc.	8,206,868	0.8%
Storebrand Kapitalforvaltning AS	8,200,510	0.8%
Vanguard Group, Inc.	8,119,425	0.8%
State Street Global Advisors (US)	8,094,699	0.8%
State Street Global Advisors (UK) Ltd.	8,020,205	0.8%
Fidelity Management & Research Company	6,658,124	0.7%
Standard Life Investments Ltd.	6,366,426	0.6%
Dimensional Fund Advisors, LP	6,298,171	0.6%
Barrow, Hanley, Mewhinney & Strauss, LLC	5,877,548	0.6%
Edinburgh Partners Limited	5,443,381	0.5%
Capital Research Global Investors	5,207,948	0.5%
Thornburg Investment Management, Inc.	5,161,600	0.5%

[1] The list of shareholders is provided by ThomsonReuters. Orkla ASA owned 7,987,114 treasury shares as of 31 December 2012.
[2] Share of issued capital.
[3] Canica: Canica AS, Canica Investor AS, Tvist AS, Stein Erik Hagen AS.

KEY FIGURES FOR THE ORKLA SHARE

	2012	2011	2010	2009	2008
Share price, high (NOK)	**49.3**	58.8	58.2	58.0	106
Share price, low (NOK)	**39.2**	39.1	40.0	38.4	32.9
Share price, closing 31.12 (NOK)	**48.5**	44.7	56.7	56.9	45.5
Diluted earnings per share (NOK)	**1.6**	-0.8	-0.9	2.5	-2.8
Dividend paid per share (NOK)	**2.50**[1]	2.50	7.50	2.25	2.25
Percentage of foreign shareholders	**45.9%**	40.4%	38.7%	37.0%	35.9%
Number of shares issued as at 31.12	**1,018,930,970**	1,028,930,970	1,028,930,970	1,028,930,970	1,028,930,970
Number of shares outstanding as at 31.12	**1,010,943,856**	1,020,010,179	1,021,985,221	1,019,073,155	1,017,013,082

[1] Proposed dividend.

ANALYSTS

BROKERAGE HOUSE	CONTACT	TELEPHONE	E-MAIL
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Handelsbanken Capital Markets	**Kjetil Lye**	+47 22 94 07 00	kjly01@handelsbanken.no
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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

ORKLA'S HR STRATEGY

ORKLA'S HR STRATEGY IS BASED ON AND DESIGNED TO SUPPORT IMPLEMENTATION OF THE COMPANY'S BUSINESS STRATEGY. ACTIVITIES ARE FOCUSED PRIMARILY ON RECRUITING, DEVELOPING AND RETAINING CRITICAL EXPERTISE AT THE INDIVIDUAL AND ORGANISATIONAL LEVEL IN ORDER TO ENSURE CONTINUED GROWTH AND OPERATIONAL EXCELLENCE IN EVERY PART OF ORKLA'S VALUE CHAIN.

HR activities must be adapted to the company's structure, business composition and management model. Orkla's structure is highly diversified, and there are few links between its business areas. The Group's multi-local model imposes constraints on the way decisions are made and the way day-to-day operations are carried out in the companies. The multi-local model also determines the distribution of roles between the central HR function and the local companies.

The content of Orkla's HR strategy can be summed up in three main objectives:
- Attracting and recruiting the best talent
- Developing, motivating and retaining good employees
- Building a strong organisation

ATTRACTING AND RECRUITING THE BEST TALENT

Attracting and recruiting talented individuals is one of the most critical processes at Orkla. This applies to executive management staff and other key persons, as well as to specialists and skilled operators. There must be emphasis on giving all employees a thorough introduction to the Group's work processes, standards and expectations.

In a company that operates in a dynamic environment, ensuring that the workforce is correctly dimensioned at all times is also an important task. At times, this means downsizing the workforce and terminating employment relationships. Derecruitment is as important a process as recruitment.

DEVELOPING, MOTIVATING AND RETAINING GOOD EMPLOYEES

Developing the Group's overall competence is crucial to strengthening its competitiveness. This means continuously developing specialised expertise and leadership skills, and creating a working environment in which our employees can participate in decision-making processes and make optimal use of their expertise in interaction with colleagues. Substantial resources are therefore devoted to realising this objective. The focus is primarily on the on-the-job training that each employee receives. This training is supplemented by a range of training programmes run by the 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 play an important role in fostering shared attitudes, common working methods and a corporate culture that transcends inter-company borders.

Several of the Group companies provide systematic technical training for operators, with a view to ensuring safe, efficient operations and increasing the companies' adaptability. Our companies in the food industry need skilled workers in order to succeed. We must address this challenge proactively to ensure that they have access to sufficient competent manpower in the future.

Incentives and reward systems that are consistent with market conditions play an important role in employee retention. However, they are not enough. The Group seeks to build a culture of openness that offers opportunities for personal development. Orkla attaches importance to ensuring that each employee is systematically followed up, with emphasis on goals and results. Special performance management tools have been developed to make sure that our employees benefit as intended from such development processes.

BUILDING A STRONG ORGANISATION

Orkla's further development will depend on how well the Group succeeds in building a sustainable organisation. This means combining good leadership with a high level of expertise and a sound, competitive culture.

We work towards this goal by continuously emphasising efforts to define our fundamental principles, as formulated in the company's "Goals and Values". In sum, "Goals and Values" establishes the basic criteria for the way we want our employees and management staff to conduct themselves. More information on Orkla's website under "Sustainability".

The multi-local model is flexible enough to include cross-functional arenas and networks that promote learning across our business areas. Annual leadership audits identify the Group's management capacity needs, and shared leadership skills are built through our Senior Management Programme in an inter-company, international environment.

Finally, our human resource development efforts aim to promote organisational learning. In the final analysis, organisational learning will be the decisive measure of the success of our HR strategy.

SUSTAINABILITY REPORT 2012

Orkla also publishes a sustainability report. The report describes how the Group fulfils its corporate responsibility, with emphasis on efforts to promote human rights, good working and environmental standards and zero tolerance for corruption. The report also gives an account of the progress made in the Orkla companies' efforts to address important sustainability issues such as energy efficiency improvement, consumer health and sustainable supply chains. Orkla's Sustainability Report 2012 may be found at www.orkla.com.

SPONSORSHIPS

ORKLA IS A MAIN SPONSOR OF

SOS CHILDREN'S VILLAGES
NORWAY

The SOS Children's Village in Valmiera, Latvia. Orkla has financed one of the family houses and a multipurpose building. Photo: Peter Tubaas.

Orkla is fully funding the SOS Children's Village in Pleiku, Vietnam, which will open in 2014. Photo: Orkla.

The SOS Children's Village in Hemeiusi, Romania. Orkla has financed one of the family houses. Photo: Katerina Ilievska.

Support SOS Children's Villages. Photo: Nina Edholm.

SOS Children's Villages is a non-political, non-religious organisation that works in the spirit of the UN Convention on the Rights of the Child. SOS Children's Villages works in more than 130 countries to support families and help children at risk grow up in a loving home.

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