



THIRD QUARTER 2013



CONTENTS

The third quarter in brief	03
The Group	04
The business areas	04
Branded Consumer Goods	04
Orkla Foods	05
Orkla Confectionery & Snacks	05
Orkla Home & Personal	06
Orkla International	06
Orkla Food Ingredients	07
Other businesses	07
Sapa	07
Sapa (JV)	07
Gränges (Heat Transfer)	08
Orkla Financial Investments	08
Hydro Power	08
Jotun	08
Cash flow and financial situations	08
Other matters	08
Outlook	09
Condensed income statement	10
Earnings per share	10
Condensed comprehensive income statement	10
Condensed balance sheet	11
Condensed changes in equity	11
Condensed cash flow statement IFRS	12
Notes	13

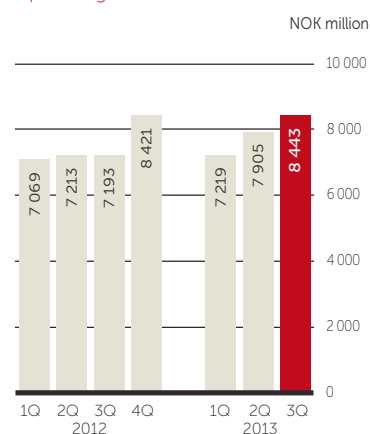
THE THIRD QUARTER IN BRIEF

- Contributions from acquisitions, and a positive development, boosted profit for Orkla Home & Personal and Orkla Food Ingredients in the third quarter.
- The integration of Rieber & Søn is proceeding as planned and contributed to growth in third-quarter sales and profit. Cost synergies had a slight positive impact on third-quarter profit and will generate further effects in the fourth quarter. Sales performance for the merged food company in Norway was weaker than last year.
- Markets for Orkla Confectionery & Snacks in the Nordic region remain challenging and Orkla International posted weak results in Russia.
- Gränges (Heat Transfer) saw volume and profit growth for both its Swedish and Chinese operations, as well as good cash flow from operations so far this year.
- Sapa was established as a 50/50 joint venture between Norsk Hydro and Orkla on 1 September, following approval by the Chinese competition authorities.

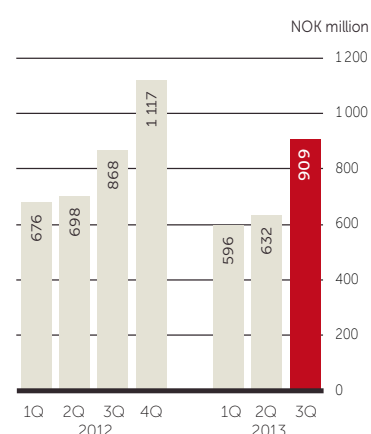
KEY FIGURES FOR THE ORKLA GROUP

Amounts in NOK million	Note	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
		2013	2012	2012	2013	2012
Operating revenues	2	23,567	21,475	29,896	8,443	7,193
EBITA ¹	2	2,137	2,242	3,359	909	868
Profit/loss before taxes		2,095	3,283	3,907	681	1,191
Gains/profit/loss discontinued operations		(1,225)	(1,237)	(1,547)	(50)	(1,105)
Earnings per share, diluted (NOK)		0.4	1.4	1.6	0.4	(0.2)
Cash flow from operating activities	13	1,265	2,238	4,111	561	638
Net interest-bearing liabilities	6	9,902	9,322	4,786		
Equity ratio (%)		57.0	51.2	52.9		
Net gearing ⁴		0.33	0.31	0.16		

Operating revenues



EBITA¹



Operating revenues

8,443

Group operating revenues for the third quarter 2013 totalled NOK 8,443 million.

EBITA¹

909

Group EBITA¹ for the third quarter 2013 totalled NOK 909 million.

¹ Operating profit before amortisation and other income and expenses

² Figures in parentheses relate to the corresponding period of the previous year

³ Excluding acquired and sold businesses, currency translation effects and other considerable structural changes

⁴ [Net interest-bearing liabilities]/Equity

THE GROUP

Orkla's operating revenues totalled NOK 8,443 million (NOK 7,193 million)² in the third quarter. The increase in operating revenues was ascribable to the consolidation of acquired businesses, primarily Rieber & Søn and Jordan. Currency translation effects boosted the Group's third-quarter operating revenues by about NOK 245 million. Branded Consumer Goods reported slightly weaker underlying³ sales growth in the third quarter, chiefly related to a decline for the acquired business in Orkla Foods Norge, as well as for Orkla Confectionery & Snacks and Orkla Brands Russia. Orkla Food Ingredients achieved broad-based revenue growth driven by higher volumes. Overall market shares weakened slightly in the third quarter.

Third-quarter Group EBITA¹ amounted to NOK 909 million (NOK 868 million)². Profit improvement was largely attributable to contributions from acquired companies in the Branded Consumer Goods area, good progress for Gränges (Heat Transfer) and positive currency translation effects.

Operating profit for Branded Consumer Goods rose 11% to NOK 868 million compared with the third quarter of 2012. Profit was positively impacted by contributions from acquired companies and improved results from Orkla Home & Personal and Orkla Food Ingredients. This improvement was somewhat counteracted by a challenging competitive situation for several companies in Orkla Confectionery & Snacks and the weak performance of Orkla Brands Russia. In Branded Consumer Goods, currency translation effects made a positive contribution of NOK 20 million in the quarter.

Rieber & Søn contributed an estimated NOK 81 million to EBITA¹ for the third quarter of 2013. This was approximately NOK 28 million lower than for comparable operations last year. Weak sales and profit performance in Norway were partially offset by improved performance in Poland and by lower costs related to the closure of the company's head office.

Overall raw material costs were stable in the third quarter, but varied substantially from one commodity group to the other. Cost improvement projects made a positive contribution in the third quarter, driven by the realisation of synergies from acquired companies, continuous improvement efforts, and restructuring in Orkla Foods and Orkla Confectionery & Snacks. Underlying³ advertising investments for the Nordic businesses were on a par with 2012.

Gränges (Heat Transfer) reported improved profit in the third quarter, driven by increased volume and enhanced efficiency. Third-quarter EBITA¹ for Orkla Financial Investments was NOK 1 million (NOK 45 million)². Last year's EBITA¹ reflected high gains on the sale of apartments in a major property development project. Profit from the energy area in the third quarter of 2013 was on a par with

last year, as the fall in production volume due to lower-than-normal inflow was offset by higher prices.

Other income and expenses in the Group totalled NOK -228 million in the third quarter, and mainly consisted of substantial restructuring costs in the branded consumer goods area and Gränges (Heat Transfer), the write-down of the Pastella brand in Orkla Foods Danmark, and the immediate recognition of M&A and integration costs. Roughly one third of other income and expenses will not have a cash flow effect.

The contribution from associates and joint ventures was NOK 77 million in the third quarter (NOK 88 million)². Since 1 September, profit from the Sapa JV has been reported as profit from associates and joint ventures since the new business was officially established. The contribution from associates and joint ventures in the third quarter was mainly affected by profit from Jotun and from Sapa (JV) for one month (September).

Third-quarter sales of shares and financial assets totalled NOK 168 million. In the third quarter, the Group posted a net accounting gain on shares and financial assets of NOK 56 million (NOK 390 million)². As at 30 September 2013, the market value of shares and financial assets was NOK 982 million, with unrealised gains of NOK 232 million.

Net third-quarter financial costs amounted to NOK -131 million (NOK -137 million)². The average borrowing rate was 3.3% and the Group's net interest-bearing liabilities totalled NOK 9,902 million as at 30 September 2013.

Group profit before tax amounted to NOK 681 million (NOK 1,191 million)² and taxes totalled NOK 180 million in the third quarter. Third-quarter profit from discontinued operations was NOK -50 million (NOK -1,105 million)². Profit includes gains and losses, translation effects and profit from Sapa (part of future JV) for the months of July and August.

Orkla's diluted earnings per share were NOK 0.4 (NOK -0.2)² in the third quarter.

THE BUSINESS AREAS

BRANDED CONSUMER GOODS

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
Operating revenues	19,578	17,174	24,105	7,115	5,929
EBITA ¹	2,031	1,916	2,863	868	784
EBITA margin (%)	10.4	11.2	11.9	12.2	13.2
Cash flow from operations before net replacement expenditures	1,660	1,958	3,452	776	780
Net replacement expenditures	(513)	(441)	(667)	(184)	(168)
Cash flow from operations	1,147	1,517	2,785	592	612
Expansion investments	(67)	(113)	(142)	(24)	(48)

Orkla Foods

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
Operating revenues	6,903	5,809	7,972	2,597	1,973
EBITA ¹	853	776	1,144	364	312
EBITA margin (%)	12.4	13.4	14.4	14.0	15.8
Cash flow from operations before net replacement expenditures	789	804	1,217	450	391
Net replacement expenditures	(202)	(151)	(238)	(79)	(53)
Cash flow from operations	587	653	979	371	338
Expansion investments	(21)	(42)	(40)	(10)	(18)

- Profit growth ascribable to contributions from acquired companies
- Continued good performance in Sweden, Finland and the Baltics
- Integration of Rieber & Søn in Norway, Denmark and Sweden on track

Orkla Foods posted third-quarter operating revenues of NOK 2,597 million (NOK 1,973 million)². Growth in revenues was related to the consolidation of Rieber & Søn. In Norway, underlying³ sales declined due to the weak performance of Rieber & Søn, as well as lower sales of newly launched products. Revenues were also lower in Denmark, largely as a result of the planned reduction in sales in categories with poor profitability. In Sweden, underlying³ revenues were on a par with 2012. The growth in market shares continued in Sweden. The businesses in Finland and the Baltics saw good growth in sales through the grocery channel.

EBITA¹ was NOK 364 million (NOK 312 million)². The improvement in third-quarter profit was ascribable to the consolidation of Rieber & Søn, which contributed NOK 71 million to Orkla Foods' EBITA¹. However, profit for Rieber & Søn was lower than in the corresponding period of 2012. A slightly weaker performance in Norway and Denmark was otherwise offset by improvement in Sweden, Finland and the Baltics.

Good progress is being made in integrating Rieber & Søn's Nordic operations into Orkla Foods. The integration has generated some positive cost effects and further effects are expected in the fourth quarter and into 2014. On 15 July, Rieber & Søn Danmark merged with Beauvais foods, and on 1 October Rieber & Søn Norge merged with Stabburet. Orkla's food companies in Norway, Sweden, Denmark and Finland will now be named Orkla Foods Norge AS, Orkla Foods Sverige AB, Orkla Foods Danmark A/S and Orkla Foods Finland Oy.

Innovations and product launches have contributed well to profit performance and to market share growth in Sweden. Furthermore, several innovations were launched in the third quarter in the Swedish grocery channel; among other products, Felix ostpaj (cheese pie) and Paulúns Supergrøt (porridge) were introduced on the market in September.

Orkla Confectionery & Snacks

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
Operating revenues	3,348	3,407	4,794	1,147	1,138
EBITA ¹	448	532	787	185	212
EBITA margin (%)	13.4	15.6	16.4	16.1	18.6
Cash flow from operations before net replacement expenditures	398	535	996	144	190
Net replacement expenditures	(159)	(143)	(211)	(51)	(57)
Cash flow from operations	239	392	785	93	133
Expansion investments	0	0	0	0	0

- Continued weak sales and profit performance in the Nordics, but improvement in the Baltics
- Challenging competition in all the Nordic countries
- Wide-ranging process of company mergers in Norway, Sweden and Finland proceeding as planned and integration processes expected to be completed by end of fourth quarter

Orkla Confectionery & Snacks reported third-quarter operating revenues of NOK 1,147 million (NOK 1,138 million)², an underlying³ decline of 4%. EBITA¹ amounted to NOK 185 million (NOK 212 million)².

The fall in profit was experienced in all the Nordic countries as a result of tough competition, partly from other branded consumer goods manufacturers and partly from private labels. The overall market programme has not been sufficiently strong in more competitive markets. Squeezed margins further contributed to the decline in profit, especially in Sweden and Denmark. Total market shares weakened slightly in the third quarter.

A comprehensive programme to create profitable top-line growth, and a demanding cost reduction programme, are currently being developed. The cost reduction programme aims at cutting costs by NOK 300 million in the next three years, which is equivalent to an annual reduction of 3% of total costs. The programme will entail measures throughout the value chain, and will include product and packaging optimisation, portfolio and brand structure simplification and general efforts to increase the efficiency of production processes and administrative functions as part of the ongoing integration processes. A significant portion of the savings will be reinvested in measures to drive growth.

After the establishment of the Orkla Confectionery & Snacks business area in January 2013, a process was initiated to restructure operations into larger and stronger national companies in each of the Nordic countries. This process is being carried out in the course of this autumn. In Norway, Nidar, KiMs and Sætre were merged to form a new company as of 1 October of this year. In Sweden, OLW and Göteborgs Kex are being merged, and in Finland, Chips and Panda will become a single company. This ongoing restructuring process is comprehensive and demanding, but is proceeding as planned. In the longer

term, the new structure will provide an important foundation for sales and profit growth and stronger local companies.

Orkla Home & Personal

	1.1. – 30.9.		1.1. – 31.12.		1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012	
Operating revenues	3,500	2,804	4,025	1,192	1,016	
EBITA ¹	629	518	704	250	216	
EBITA margin (%)	18.0	18.5	17.5	21.0	21.3	
Cash flow from operations before net replacement expenditures	417	467	879	154	109	
Net replacement expenditures	(52)	(34)	(58)	(19)	(15)	
Cash flow from operations	365	433	821	135	94	
Expansion investments	0	(5)	(6)	0	0	

- Profit growth from acquired companies and Pierre Robert Group
- Cost synergies from the integration of Jordan Personal & Home Care into Lilleborg are being realised more quickly than anticipated
- Continued weak profit performance for Lilleborg Profesjonell

Orkla Home & Personal posted third-quarter operating revenues of NOK 1,192 million (NOK 1,016 million)². Growth was linked to acquired companies. Underlying³ revenues were down 1% from the third quarter of 2012. Third-quarter EBITA¹ amounted to NOK 250 million (NOK 216 million)². Profit improvement was ascribable to positive development in acquired companies and Pierre Robert Group.

Pierre Robert Group delivered a positive sales and profit performance in the third quarter, as a result of campaigns and the relaunch of wool collections for children and adults in Norway, and the launch of a wool collection and the Technical Baselayser sport collection in Sweden.

Orkla House Care reported improvement in both sales and profit in the third quarter compared with the same period in 2012. The Swedish operations delivered a particularly positive performance.

Lilleborg reported profit growth driven by contributions from acquired companies. Jordan Personal & Home Care has been successfully integrated into Lilleborg. Sales of Jordan products have been slightly weaker than in 2012, but in line with acquisition assumptions. Cost synergies from the acquisition of Jordan are being realised more rapidly than anticipated at the time of acquisition.

Axellus reported slightly higher profit in the third quarter driven by positive currency effects and profit contribution from acquired business operations. The integration of the omega-3 business Denomega, which was taken over from Borregaard on 1 July 2012, is on track. Cost levels and sales have been substantially reduced, as part of a restructuring

process. The integration of the Norwegian pharmacy supplier Gevita, which was acquired in the autumn of 2012, is also proceeding as planned.

Lilleborg Profesjonell saw a decline linked to challenging competition in several sub-segments.

Market share performance varied, with good growth for Axellus in Sweden and Denmark and for Lilleborg.

Orkla International

	1.1. – 30.9.		1.1. – 31.12.		1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012	
Operating revenues	1,728	1,417	2,133	738	494	
EBITA ¹	(90)	(67)	(5)	(8)	(15)	
EBITA margin (%)	(5.2)	(4.7)	(0.2)	(1.1)	(3.0)	
Cash flow from operations before net replacement expenditures	(96)	(24)	29	(36)	20	
Net replacement expenditures	(36)	(47)	(61)	(14)	(22)	
Cash flow from operations	(132)	(71)	(32)	(50)	(2)	
Expansion investments	(35)	(31)	(39)	(11)	(14)	

- Positive development in India, Poland and Austria
- Weak sales and profit performance in Russia
- Integration of new companies on track

Orkla International posted third-quarter operating revenues of NOK 738 million (NOK 494 million)², equivalent to an underlying³ decline of 1%. Third-quarter EBITA¹ amounted to NOK -8 million (NOK -15 million)², to which acquired companies contributed NOK 10 million.

Orkla Brands Russia continued to deliver a weak sales performance, with an underlying³ sales decline of 12%. The decline was largely ascribable to increased competition, combined with the fact that national grocery chains (in which Orkla Brands Russia is less well represented) are taking market shares. The internal restructuring process, which entails consolidation of production, is expected to be completed in early 2014.

MTR Foods increased underlying³ operating revenues by 18% in the third quarter and achieved volume growth in its core categories, powder mixes and spice mixes. The general growth in the Indian economy slowed somewhat during the first half of 2013, and remained sluggish in the third quarter.

Felix Austria achieved good growth in the grocery sector fueled by price increases, while growth in the out-of-home sector was more moderate.

The former Rieber companies Vitana, Delecta and Chaka contributed EBITA¹ of NOK 10 million in the third quarter, but delivered mixed performances. In Poland, Delecta achieved good growth in revenues, which rose 10%, driven by higher volumes in the bakery and dessert categories. In the Czech Republic, Vitana saw a 2% decline in revenues in

a weak market where extensive promotional activity squeezed margins. In Russia, sales for Chaka dropped 23% due to a changed sales pattern in which sales shifted from kiosks to stores in which the business is not as well represented.

Orkla Food Ingredients

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
Operating revenues	4,272	3,912	5,435	1,524	1,372
EBITA ¹	191	157	233	77	59
EBITA margin (%)	4.5	4.0	4.3	5.1	4.3
Cash flow from operations before net replacement expenditures	154	176	331	67	70
Net replacement expenditures	(64)	(66)	(99)	(21)	(21)
Cash flow from operations	90	110	232	46	49
Expansion investments	(10)	(35)	(57)	(2)	(15)

- Broad-based profit improvement
- Good weather conditions for ice cream ingredients contributed positively

Orkla Food Ingredients reported third-quarter operating revenues of NOK 1,524 million (NOK 1,372 million)². Underlying³ operating revenues rose 3%. Third-quarter EBITA¹ amounted to NOK 77 million (NOK 59 million)². The improvement was linked to broad-based underlying³ profit improvement, contributions to profit from acquired companies, and positive currency translation effects.

Overall, the Scandinavian sales and distribution companies for bakery ingredients maintained their strong market position and increased earnings. In Norway, the improvement was attributable to higher sales, while in Sweden and Denmark it was linked to lower costs. The sales and distribution companies in the Baltics and Central and Eastern Europe generated top-line growth and EBITA¹ was significantly improved.

Orkla Food Ingredients' ice cream ingredients business continued to achieve strong growth in operating revenues and EBITA¹ in the third quarter. The company's expansion in the United Kingdom, through the acquisition of the production and sales company Marcantonio Foods in the first quarter, has been more successful than expected.

Sales and profit performance for the margarine category (Dragsbæk in Denmark) was somewhat weaker than in the same period of 2012, due to a sharp increase in the prices of key factor inputs.

Operating revenues and EBITA¹ for the yeast category (Jästbolaget in Sweden) fell, primarily due to a general decline on the Swedish consumer market and increased competition in the industrial segment.

The good trend for the mix and bread and cake improver category continued from the end of the previous quarter,

with an overall increase in both operating revenues and EBITA¹. The improvement was primarily driven by broad-based sales growth in the Netherlands (Sonneveld), strong growth for sourdough products in Norway and a more profitable product mix in Portugal (Credin Portugal).

In the marzipan category, Odense maintained its market position in Scandinavia, and delivered underlying³ EBITA¹ growth.

OTHER BUSINESSES

Sapa

In the third quarter of 2012, the part of Sapa that is included in the joint venture with Norsk Hydro was restated as "discontinued operations" (see Note 10). The establishment of the joint venture was completed on 1 September 2013 and the new company Sapa AS was founded with non-cash contributions from the two parties. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla has received just under NOK 2 billion in compensation for this difference. The new company has been re-established in Orkla's financial statements as a joint venture.

The contribution to profit from the part of Sapa's operations that is covered by the agreement with Norsk Hydro has been reported in the third quarter on the line for "Discontinued operations" for two months, and Orkla's share of the new Sapa (JV) has been reported according to the equity method on the line for "Profit/loss from associates and joint ventures" for one month (September). Gränges (Heat Transfer), which comprises the rolling mills in Finspång (Sweden) and Shanghai (China), is still consolidated as a wholly-owned subsidiary.

Sapa (JV) (50% ownership interest)

Extruded products demand in North America increased 2% in the third quarter of 2013 compared to the third quarter of 2012. Demand was mainly supported by growth in the automotive segment. Within the transport and industrial segments demand was stable.

The decline at the beginning of 2013 in demand for extruded products in Europe has slowed. Total market demand was down approximately 2% in the third quarter of 2013 compared to the previous quarter and the third quarter of 2012. Transport, renewable energy and building segments contributed negatively, while the automotive segment, especially in emerging markets, continued to support demand in Europe. The building industry remained weak in particular in Southern Europe.

Global demand in the automotive sector supported the precision tubing segment in emerging markets in particular.

Underlying EBIT for the Sapa group for September reflects positive developments in the Americas and within the

Precision Tubing segment. Weak European extrusion demand affected both the general extrusion business and the building systems business.

Gränges (Heat Transfer)

- Volume growth despite slow European market
- Further restructuring in Sweden
- Continued strong performance in China

Gränges (Heat Transfer) delivered a volume of 39,000 tonnes in the third quarter of 2013, an increase of 10% compared with the same period of 2012. EBITA¹ rose to NOK 90 million (NOK 66 million)², driven by increased volume and positive effects from improvement programmes. The trend on the European automotive market was slightly negative in the third quarter, while the North American and Chinese markets continued to develop positively.

EBITA¹ for the Swedish unit in Finspång increased in the third quarter, driven by volume growth and positive effects from improvement programmes. This improvement was counteracted to some extent by a stronger SEK and higher metal premiums. The improvement programme in Gränges (Heat Transfer), which entails cost reduction, operational improvements and price adjustments, continued in the third quarter. As part of this programme, notice has been given of a workforce reduction of 65 employees at the Swedish entity in Finspång. The business in Shanghai benefited from the stronger domestic market and EBITA¹ increased in the third quarter. Commercial and cost-cutting programmes have effectively countered pressure on prices from the increasingly competitive market and high wage inflation in China.

Orkla Financial Investments

EBITA¹ for Orkla Financial Investments amounted to NOK 1 million (NOK 45 million)² in the third quarter. Last year's EBITA¹ reflected high gains on the sale of properties. The contribution in the third quarter of 2012 stemmed primarily from the completion and sale of apartments in a major real estate development project (Idun Industri Eiendom).

Hydro Power

Third-quarter EBITA¹ for Hydro Power was NOK 42 million (NOK 45 million)². The fall in profit was mainly ascribable to lower production volume due to lower inflow than usual. Higher market prices offset some of the decline in volume production. At quarter-end, reservoir levels were slightly lower than normal.

Jotun (42.5% ownership interest)

Jotun has achieved a 6% increase in sales and 19% increase in operating profit so far this year. There was good growth in all segments except Marine, which was still affected by the general decline in new ship building activity. However, volume growth and higher gross earnings contributed to improved EBITA¹. In 2013, Jotun has continued its compre-

hensive investment programme, in line with the company's growth strategy. The most important investments are the construction of new factories in Brazil, Russia and China.

CASH FLOW AND FINANCIAL SITUATION

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

Cash flow from operations as at 30 September 2013 amounted to NOK 1,265 million. There was a seasonal increase in working capital at quarter end, and a reduction in working capital is expected towards the end of the year.

Expansion investments totalled NOK -115 million at quarter end. Acquired companies amounted to NOK -6.935 million as at 30 September 2013, and largely consisted of the acquisition of Rieber & Søn, the purchase of Drammensveien 149 and 151, which are the properties on which Orkla's new headquarters are to be established, and smaller acquisitions in Orkla Foods and Orkla Food Ingredients. Net sales of companies/shares of companies totalled NOK 1,688 million as at 30 September 2013. These sales were primarily related to the cash settlement in connection with the establishment of Sapa (JV) with Norsk Hydro (approx. NOK 2 billion), while the cash holdings in the paid-in company reduced the cash flow effect by around NOK 350 million. In addition, Kolding Salater, a former company in Orkla Food Ingredients, was sold in the first half of 2013. As at 30 September, capital freed up from shares and financial assets totalled NOK 2,944 million.

Net cash flow for the Group was NOK -4,307 million as at 30 September 2013. In the first nine months of 2013, the Group's interest-bearing liabilities had an average borrowing rate of 3.3%, and were chiefly spread across the following currencies: SEK, EUR, NOK and DKK. The weaker NOK resulted in a negative currency effect of approximately NOK 800 million on net interest-bearing liabilities. As at 30 September 2013, the Group's net interest-bearing liabilities totalled NOK 9,902 million. At quarter end, the equity ratio was 57.0%, while net gearing⁴ was 0.33.

OTHER MATTERS

In October 2012, Norsk Hydro and Orkla agreed to combine their respective aluminium extrusion, building system and tubing businesses into a joint venture, owned by the two companies on a 50/50 basis. The final outstanding approval of the Chinese competition authorities was secured on 19 August and the new company Sapa AS was established on 1 September 2013. The new company will be a global leader of extruded aluminium solutions.

In the Orkla Foods and Orkla Confectionery & Snacks business areas, there have been several mergers of compa-

nies and businesses. The business areas have established a new company in each of the Nordic countries. In this connection, the merged companies have acquired new names. Orkla's food companies in Norway, Sweden, Denmark and Finland will be named Orkla Foods Norge AS, Orkla Foods Sverige AB, Orkla Foods Danmark A/S and Orkla Foods Finland Oy. Similarly, the chocolate, biscuits and snacks companies in Norway, Sweden and Finland will be named Orkla Confectionery & Snacks Norge AS, Orkla Confectionery & Snacks Sverige AB and Oy Orkla Confectionery & Snacks Finland Ab. KiMs A/S in Denmark will change its name to Orkla Confectionery & Snacks Danmark A/S at a later date. JSC Latfood in Latvia will keep its present name.

On 14 August 2013, Johan Clarin was appointed Executive Vice President Operations at Orkla, effective 15 September 2013. Since 2009, Johan Clarin has headed manufacturing and logistics worldwide at Sony Mobile Communications AB, based in China, while in the past few years also serving as President and CEO of Sony Mobile's Chinese joint venture. He will be a member of Orkla's Group Executive Board and will report to Orkla President and CEO Åge Korsvold.

OUTLOOK

In many industrialised countries, there are signs that growth is picking up, while growth has slowed and been weaker than expected in several emerging economies. The U.S. economy continues to improve, and growth is expected to increase going forward. In the euro area, the decline in activity has stopped and a moderate upturn is now expected. Despite the weak trend elsewhere, Norway's economic situation is still good, although growth has slowed somewhat and is lower than expected. The other Nordic markets are expected to remain relatively stable in 2013.

The acquisitions of Jordan and Rieber & Søn, and the initiated and planned restructuring programmes in Orkla Foods, Orkla Confectionery & Snacks and Orkla International, will strengthen the Group's competitiveness in the longer term, while also generating substantial potential synergies that will gradually be realised in the course of 2013 and 2014. These processes will be demanding for the individual business areas, but maintaining a good level of activity in existing operations and carrying out planned market activities will continue to be emphasized.

Overall, raw material prices remain high. Price trends for the different commodities have varied significantly in the third quarter; for instance, the global market prices of sugar and cocoa butter rose, while the global market price of vegetable oils has fallen slightly. The prices of the underlying raw materials used in various types of packaging also showed a rising trend in the third quarter. While uncertainty as regards future raw material price trends is very high, prices are expected to remain at a high level in the fourth quarter.

The trend on the European automotive market was somewhat negative in the third quarter, while the North American and Chinese markets continued to show a positive trend. Market prospects for Gränges (Heat Transfer) in the fourth quarter of 2013 are expected to remain the same as in the third quarter.

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

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

Oslo, 29 October 2013
The Board of Directors of Orkla ASA

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

Condensed income statement

Amounts in NOK million	Note	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
		2013	2012	2012	2013	2012
Operating revenues	2	23,567	21,475	29,896	8,443	7,193
Operating expenses		(20,605)	(18,551)	(25,619)	(7,236)	(6,095)
Depreciation and write-downs property, plant and equipment		(825)	(682)	(918)	(298)	(230)
Amortisation intangible assets		(14)	(11)	(16)	(4)	(4)
Other income and expenses	3	(847)	(166)	(433)	(228)	(22)
Operating profit		1,276	2,065	2,910	677	842
Profit/loss from associates and joint ventures		302	367	418	77	88
Dividends received		242	182	211	2	8
Gains, losses and write-downs shares and financial assets		629	1,048	857	56	390
Financial items, net		(354)	(379)	(489)	(131)	(137)
Profit/loss before taxes		2,095	3,283	3,907	681	1,191
Taxes		(460)	(576)	(726)	(180)	(238)
Profit/loss for the period for continuing operations		1,635	2,707	3,181	501	953
Gains/profit/loss discontinued operations	10	(1,225)	(1,237)	(1,547)	(50)	(1,105)
Profit/loss for the period		410	1,470	1,634	451	(152)
Profit/loss attributable to non-controlling interests		40	44	0	16	13
Profit/loss attributable to owners of the parent		370	1,426	1,634	435	(165)

Earnings per share

Amounts in NOK	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
	2013	2012	2012	2013	2012
Earnings per share	0.4	1.4	1.6	0.4	(0.2)
Earnings per share (diluted)	0.4	1.4	1.6	0.4	(0.2)
Earnings per share for continuing operations (diluted)	1.6	2.6	3.2	0.5	0.9

Condensed comprehensive income statement

Amounts in NOK million	Note	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
		2013	2012	2012	2013	2012
Profit/loss for the period		410	1,470	1,634	451	(152)
<i>Items <u>not</u> to be reclassified to profit/loss in subsequent periods</i>						
Change in actuarial gains and losses pensions after tax		0	0	(37)	0	0
<i>Items to be reclassified to profit/loss in subsequent periods</i>						
Change in unrealised gains on shares after tax	4	(176)	(756)	(753)	49	(374)
Change in hedging reserve after tax	4	92	83	(5)	111	75
Translation effects		1,534	(1,024)	(1,173)	766	(594)
The Group's comprehensive income		1,860	(227)	(334)	1,377	(1,045)
Comprehensive income attributable to non-controlling interests		54	38	(8)		
Comprehensive income attributable to owners of the parent		1,806	(265)	(326)		

Condensed balance sheet

Amounts in NOK million	Note	30.9.	31.12.
		2013	2012
Intangible assets		15,273	10,069
Property, plant and equipment		12,003	9,601
Investments in companies accounted for under the equity method and other financial assets	6	11,140	3,686
Non-current assets		38,416	23,356
Assets in discontinued operations	10	-	13,740
Inventories		4,971	4,243
Receivables	6	6,558	5,357
Shares and financial assets		992	3,601
Cash and cash equivalents	6	1,337	7,196
Current assets		13,858	34,137
Total assets		52,274	57,493
Paid in equity		1,987	1,985
Earned equity		27,487	28,196
Non-controlling interests		299	258
Equity		29,773	30,439
Provisions and other non-current liabilities		3,877	3,380
Non-current interest-bearing liabilities	6	10,215	9,352
Current interest-bearing liabilities	6	1,664	3,460
Liabilities in discontinued operations	10	-	4,163
Other current liabilities		6,745	6,699
Equity and liabilities		52,274	57,493
Equity ratio (%)		57.0	52.9

Condensed changes in equity

Amounts in NOK million	1.1. – 30.9.2013			1.1. – 30.9.2012		
	Attributed to equity holders of the parent	Non-controlling interests	Total equity	Attributed to equity holders of the parent	Non-controlling interests	Total equity
Equity 1 January	30,181	258	30,439	33,436	280	33,716
The Group's comprehensive income	1,806	54	1,860	(265)	38	(227)
Dividends	(2,528)	(43)	(2,571)	(2,525)	-	(2,525)
Net buy-back/sale of Orkla shares	83	-	83	(467)	-	(467)
Option costs	18	-	18	44	-	44
Change in non-controlling interests	(86)	30	(56)	(7)	2	(5)
Equity at the close of the period	29,474	299	29,773	30,216	320	30,536

Condensed cash flow statement IFRS

Amounts in NOK million	Note	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
		2013	2012	2012	2013	2012
Cash flow from operations before net replacement expenditure		1,761	2,806	4,907	738	822
Received dividends and financial items		153	140	84	21	(92)
Taxes paid		(472)	(960)	(995)	(92)	(121)
Cash flow from operating activities		1,442	1,986	3,996	667	609
Net investments fixed assets		(611)	(822)	(1,143)	(222)	(283)
Net sale (purchase) of companies	5, 10	(4,300)	(414)	1,246	1,641	(1,189)
Net sale portfolio investments		2,944	2,914	3,350	168	899
Discontinued operations and other payments		(347)	(228)	333	(153)	510
Cash flow from investing activities		(2,314)	1,450	3,786	1,434	(63)
Net paid to shareholders		(2,488)	(3,227)	(3,194)	6	(137)
Change in interest-bearing liabilities and interest-bearing receivables		(2,874)	(2,803)	(2,666)	(3,266)	(2,539)
Cash flow from financing activities		(5,362)	(6,030)	(5,860)	(3,260)	(2,676)
Currency effects cash and cash equivalents		375	(129)	(177)	127	(47)
Change in cash and cash equivalents		(5,859)	(2,723)	1,745	(1,032)	(2,177)
Cash and cash equivalents	6	1,337	2,728	7,196		

See also Note 13 for cash flow Orkla-format.

NOTES

Note 1 General information

Orkla ASA's condensed consolidated financial statements for the first nine months of 2013 were approved at a meeting of the Board of Directors on 29 October 2013. The figures in the statements have not been audited. Orkla ASA is a public limited company and its offices are located at Skøyen in Oslo, Norway.

Orkla shares are traded on the Oslo Stock Exchange. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. In addition to the effect of implementing the amendments to the pension standard (IAS 19) and IFRS 11 Joint Arrangements, the same accounting principles and methods of calculation have been applied as in the last Annual Financial Statements (see below).

The part of Sapa that was to form part of the joint venture with Norsk Hydro was restated in the third quarter of 2012 as "Discontinued operations" (see Note 10). The establishment of the joint venture was completed on 1 September, and the new company Sapa AS was founded with non-cash contributions from the two venturers. Orkla's contribution was valued at a higher amount than the corresponding contribution from Norsk Hydro, and Orkla has received around NOK 2 billion in compensation for this difference. The cash holdings in the paid-in company reduced the cash flow effect by around NOK 350 million. The transition to a joint venture is deemed to be a loss of control for the venturers and the establishment is therefore regarded as a transaction at fair value. Accumulated translation effects were recognised in profit or loss on the date of transition.

In the financial statements for the third quarter of 2013, Sapa (part of future JV) is reported on the line for "Discontinued operations" for two months along with the recognition of the profit/loss related to the transaction. Orkla's share of the new Sapa joint venture (JV) is reported according to the equity method on the line for "Profit from associates and joint ventures" for one month (September).

The consolidated financial statements of the JV have been established at continuity, i.e. carrying values in Sapa (part of future JV) and Norsk Hydro, respectively, are maintained. The first reporting of the JV is, as mentioned earlier, for one month (September) in the third quarter. Profit/loss after tax in Sapa JV (100%) for September is reported at NOK -1.5 billion, primarily due to substantial write-downs of plants in Europe.

In connection with the establishment of the JV, the venturers have each carried out their preliminary purchase price allocation of the new company, and both venturers will allocate deficit value to plants in Europe. The contra entry will be goodwill. Thus, overall, the value of the JV is considered to be intact. After this transaction, Orkla will have goodwill related to Sapa JV of approx. NOK 1.1 billion. After this effect of the purchase price allocation, Orkla is reporting a negative result of NOK -35 million for September for the Group's ownership interest in Sapa JV.

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

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

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

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

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

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

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

Note 2 Segments

Operating revenues

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
Orkla Group	23,567	21,475	29,896	8,443	7,193
Branded Consumer Goods	19,578	17,174	24,105	7,115	5,929
Orkla Foods	6,903	5,809	7,972	2,597	1,973
Orkla Confectionery & Snacks	3,348	3,407	4,794	1,147	1,138
Orkla Home & Personal	3,500	2,804	4,025	1,192	1,016
Orkla International	1,728	1,417	2,133	738	494
Orkla Food Ingredients	4,272	3,912	5,435	1,524	1,372
Eliminations Branded Consumer Goods	(173)	(175)	(254)	(83)	(64)
Gränges (Heat Transfer)	3,018	3,047	3,990	950	948
Hydro Power	509	580	812	178	177
Orkla Financial Investments	475	779	1,124	191	200
HQ/Other Business/Eliminations	(13)	(105)	(135)	9	(61)

Operating profit - EBITA*

	1.1. – 30.9.		1.1. – 31.12.	1.7. – 30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
Orkla Group	2,137	2,242	3,359	909	868
Branded Consumer Goods	2,031	1,916	2,863	868	784
Orkla Foods	853	776	1,144	364	312
Orkla Confectionery & Snacks	448	532	787	185	212
Orkla Home & Personal	629	518	704	250	216
Orkla International	(90)	(67)	(5)	(8)	(15)
Orkla Food Ingredients	191	157	233	77	59
Gränges (Heat Transfer)	259	239	313	90	66
Hydro Power	116	124	209	42	45
Orkla Financial Investments	6	195	294	1	45
HQ/Other Business	(275)	(232)	(320)	(92)	(72)

Reconciliation against operating profit

EBITA*	2,137	2,242	3,359	909	868
Amortisation intangible assets	(14)	(11)	(16)	(4)	(4)
Other income and expenses	(847)	(166)	(433)	(228)	(22)
Operating profit	1,276	2,065	2,910	677	842

* Operating profit before amortisation and other income and expenses

Note 3 Other income and expenses

	1.1.–30.9.		1.1.–31.12.	1.7.–30.9.	
Amounts in NOK million	2013	2012	2012	2013	2012
M&A and integration costs	(135)	(47)	(79)	(43)	(22)
Final settlements employment contracts	(101)	(39)	(43)	(51)	-
Write-down trademark and goodwill in Orkla Foods Danmark (Pastella)	(48)	-	-	(48)	-
Write-down intangible assets, provisions for litigation and restructuring in Orkla Brands Russia	(435)	(92)	(267)	-	-
Restructuring Orkla Foods Sverige and Orkla Foods Danmark	(15)	-	(55)	(3)	-
Special IFRS effects	(46)	(7)	(22)	(16)	(5)
Restructuring Gränges (Heat Transfer)	(39)	(5)	(16)	(39)	4
Outsourcing IT management Orkla Shared Services	(28)	-	-	(28)	-
Insurance settlements Gränges (Heat Transfer)	-	30	30	-	1
Write-down property, plant and equipment in Denomega	-	(6)	(6)	-	-
Gain on disposal of Salvesen & Thams	-	-	44	-	-
Property tax in Sauda for earlier periods	-	-	(19)	-	-
Total other income and expenses	(847)	(166)	(433)	(228)	(22)

Costs directly related to the acquisition and integration of Rieber & Søn have largely been recognised as "Other income and expenses" (OIE). Integration costs largely consist of severance settlements for redundant staff, consultancy fees related to the integration process and certain short-term IT changes for system coordination. These are costs that are not associated with a normal operating situation. In addition, costs related to severance settlements for employees rendered redundant by the reorganisation of Orkla Confectionery & Snacks and Orkla Home & Personal have been recognised as OIE in the same way. Further costs in connection with the integration of Rieber & Søn and reorganisation in the Group may arise right up until 31 December 2013. Costs related to M&A, integration and severance settlements amounted to NOK 236 million at the end of the third quarter.

It was decided that the Pastella brand and associated goodwill was to be written down by NOK 48 million to 0 in the third quarter. The brand has not performed as expected and even if it is winning market shares in a falling market, this is not deemed to be sufficient to justify its value (see also Note 9).

Orkla Brands Russia is not delivering satisfactory results and brands and goodwill were written down in the second quarter and a further provision was made in connection with ongoing litigation for a total of NOK 435 million.

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

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

Orkla Shared Services has undergone two reorganisation processes: relocation of its data centre and outsourcing of its operations to Cognizant. These two processes have entailed costs of NOK 28 million, which have been reported under OIE.

Note 4 Statement of comprehensive income

The statement of comprehensive income shows changes in the value of the share portfolio (unrealised gains) and hedging instruments (hedging reserve). These figures are presented after tax. The tax effect for the first nine months of 2013 relating to unrealised gains amounts to NOK 32 million (NOK 7 million), and the tax effect relating to the hedging reserve amounts to NOK 0 million (NOK 45 million).

Unrealised gains/losses on shares and the hedging reserve included in equity as at 30 September 2013 (after tax) totalled NOK 205 million and NOK -184 million, respectively. Accumulated translation differences correspondingly amounted to NOK -721 million as at 30 September 2013. Currency effects related to restating of pensions have an impact of NOK 8 million on translation differences. Accumulated actuarial gains and losses reported in equity amounted to NOK -722 million as at 30 September 2013.

Note 5 Acquisitions and sales of companies**Branded Consumer Goods**

The acquisition of Rieber & Søn was finally closed after the competition authorities approved the transaction as at 26 April 2013. Orkla ASA purchased the shares through its wholly-owned subsidiary Orkla Brands AS. After the agreement was closed, a mandatory offer was made to the remaining shareholders in Rieber & Søn based on the same purchase price per share that was paid to the Rieber family. In parallel, it was decided to make a compulsory acquisition of minority shareholdings, followed by an application for the company's shares to be delisted from the Oslo Stock Exchange. The enterprise value (EV) for Rieber & Søn (100%) totals NOK 6.1 billion and, in accordance with the preliminary purchase price allocation, the main items will be capitalisation of goodwill and brands. Once the purchase price allocation has been carried out, the total carrying value of Rieber brands will be on the order of NOK 1.2 billion and goodwill approximately NOK 3.5 billion. The purchase price allocation is not expected to be final until 31 December 2013. Rieber & Søn was consolidated into the Group as of 1 May 2013 and contributed EBITA of NOK 80 million to Orkla Foods, NOK 11 million to Orkla Brands International and NOK -8 million to HQ/Other business for five months. At the end of the first half Rieber & Søn reported EBITA of NOK 43 million.

In the first nine months of 2013, Branded Consumer Goods has also bought a number of small companies representing an enterprise value of NOK 144 million. The largest acquisitions are the company Marcantonio Foods and the Jokk brand.

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

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

Orkla Food Ingredients sold the company Kolding Salatfabrik in Denmark in the first quarter. See also Note 10 for discontinued operations.

Orkla Financial Investments

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

Note 6 Net interest-bearing liabilities

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

	30.9.	31.12.
Amounts in NOK million	2013	2012
Non-current interest-bearing liabilities	(10,215)	(9,352)
Current interest-bearing liabilities	(1,664)	(3,460)
Non-current interest-bearing receivables (in "Financial Assets")	597	766
Current interest-bearing receivables (in "Receivables")	43	64
Cash and cash equivalents	1,337	7,196
Net interest-bearing liabilities	(9,902)	(4,786)

Note 7 Related parties

The Canica system, controlled by Orkla Board Chair Stein Erik Hagen (largest shareholder, with a 24.5% stake) and Orkla both have equity interests in certain investments.

An agreement has been entered into with the management of FG Eiendom whereby they are to take over a small part of the portfolio on certain conditions. The agreement is an arm's length agreement.

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

The Group has provided loans totalling NOK 79 million and NOK 179 million, respectively, to joint ventures and associates within Sapa and Orkla's real estate investments.

Note 8 Options and treasury shares

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

Change in number of options:

Outstanding options 1 January 2013	17,602,000
Exercised during the period	(1,995,000)
Forfeited during the period	(365,000)
Outstanding options 30 September 2013	15,242,000

Change in number of treasury shares:

Treasury shares 1 January 2013	7,987,114
Options exercised in treasury shares	(1,975,000)
Share programme for Orkla employees	(881)
Treasury shares 30 September 2013	6,011,233

Note 9 Assessments relating to impairment

In accordance with the Group's accounting principles, the share portfolio was written down by NOK 47 million as at 30 September 2013.

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

Brands and goodwill associated with Orkla Foods Danmark's pasta operations under the Pastella brand have been written down to 0 by a total of NOK 48 million. Pastella has not developed as planned and although the brand is winning market shares in a falling market, its performance does not justify the total value of the brand. The write-down has been reported under "Other income and expenses".

Furthermore, the remaining goodwill and brands related to Orkla Brands Russia were written down by a total of NOK 364 million in the second quarter. Following the write-down, the carrying value of brands and goodwill related to the Russian operations is nil.

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

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

Note 10 Discontinued operations

Orkla's ownership interest in Sapa (part of future JV) is presented as "Discontinued operations" up until and including August, and the transition from "Discontinued operations" to joint venture is to be regarded as a transaction (see Note 1). The figures presented for "Discontinued operations" have been restated to take account of changes in the pension standard.

Profit & loss for discontinued operations:

	1.1. – 30.9.	
Amounts in NOK million	2013	2012
Operating revenues	16,700	22,718
Operating expenses	(16,007)	(21,242)
Depreciation/write-downs of property, plant and equipment	(479)	(682)
Amortisation intangible assets	(18)	(21)
Other income and expenses	(1,453)	(1,532)
Operating profit	(1,257)	(759)
Profit/loss from associates	(5)	(199)
Financial items, net	(37)	(68)
Profit/loss before taxes	(1,299)	(1,026)
Taxes	77	(239)
Profit/loss for the period after taxes	(1,222)	(1,265)
Net gain on sale	34	0
Transaction costs	(37)	28
Profit/loss for discontinued operations	(1,225)	(1,237)
EBITA, by segment		
Sapa (part of future JV)	214	338
Borregaard Chemicals	-	456
Total	214	794

Note 11 Financial instruments

Financial instruments measured at fair value:

Amounts in NOK million	Measurement level			
	Level 1	Level 2	Level 3	Total
30 September 2013:				
Assets				
Shares and financial assets	78	-	972	1,050
Derivatives	-	510	-	510
Liabilities				
Derivatives	-	434	-	434
31 December 2012:				
Assets				
Shares and financial assets	1,497	-	2,162	3,659
Derivatives	-	743	-	743
Liabilities				
Derivatives	-	627	-	627

Change in measurement level 3

Amounts in NOK million	
Book value 31 December 2012	2,162
Gains, losses and write-downs shares and financial assets	255
Change in unrealised gains (comprehensive income)	(20)
Net sale of shares and financial assets	(1,425)
Book value 30 September 2013	972

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

Note 12 Other matters

Orkla settled the Total Return Swap relating to REC shares the week before Easter 2013. For accounting purposes, a gain of NOK 32 million was recognised in the first quarter, which is included in "Gains/losses, write-downs shares and financial assets". Orkla sold its entire holding of REC shares in May and thus recognised a further gain of NOK 158 million. The basis for the gain was the written-down value of the share as at 31 December 2012 of NOK 1.07. Orkla has also sold its entire holding of Borregaard shares at a gain of NOK 76 million. The gains are presented on the line for "Gains/losses, write-downs shares and financial assets".

The processes related to the establishment of Orkla Confectionery & Snacks in each country are on track and redundancy costs were expensed as "Other income and expenses". Additional costs will be incurred in the fourth quarter in connection with these processes.

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

Note 13 Cash flow Orkla-format

The bottom-line item of the Orkla-format cash flow statement is the change in net interest-bearing liabilities, which is an important key figure for the Group. This cash flow format is used directly in the management of the business areas, and is included in the presentation of segment information. Due to the significant reduction in investing activities, no differentiation is now made between industrial activities and investing activities. Historical figures have been restated, and the figures for investing activities have been distributed between the ordinary lines. The statement shows the Group's overall financial capacity, generated by operations, to cover the Group's financial items,

taxes and items more subject to Group control such as dividends and treasury share transactions. The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies and changes in the level of investments in the share portfolio. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

Amounts in NOK million	Note	1.1. – 30.9.		1.1. – 31.12.		1.7. – 30.9.	
		2013	2012	2012	2013	2012	
Operating profit		1,276	2,065	2,910	677	842	
Amortisation, depreciation and impairment charges		1,258	711	969	357	235	
Changes in net working capital, etc.		(773)	30	1,028	(296)	(255)	
Cash flow from operations before net replacement expenditures		1,761	2,806	4,907	738	822	
Net replacement expenditures		(496)	(568)	(796)	(177)	(184)	
Cash flow from operations		1,265	2,238	4,111	561	638	
Financial items, net		(333)	(262)	(372)	(116)	(103)	
Taxes paid		(472)	(960)	(995)	(92)	(121)	
Received dividends		486	402	456	137	11	
Discontinued operations and other payments		(347)	(228)	333	(153)	510	
Cash flow before capital transactions		599	1,190	3,533	337	935	
Paid dividends		(2,571)	(2,760)	(2,778)	(2)	(137)	
Net sale/purchase of Orkla shares		83	(467)	(416)	8	0	
Cash flow before expansion		(1,889)	(2,037)	339	343	798	
Expansion investments		(115)	(254)	(347)	(45)	(99)	
Sale of companies/share of companies (enterprise value)	5, 10	1,688	1,856	3,538	1,641	923	
Purchase of companies/share of companies (enterprise value)	5	(6,935)	(1,562)	(1,617)	0	(1,434)	
Net purchase/sale portfolio investments		2,944	2,914	3,350	168	899	
Net cash flow		(4,307)	917	5,263	2,107	1,087	
Currency effects of net interest-bearing liabilities		(809)	222	412	(250)	102	
Change in net interest-bearing liabilities		5,116	(1,139)	(5,675)	(1,857)	(1,189)	
Net interest-bearing liabilities	6	9,902	9,322	4,786			