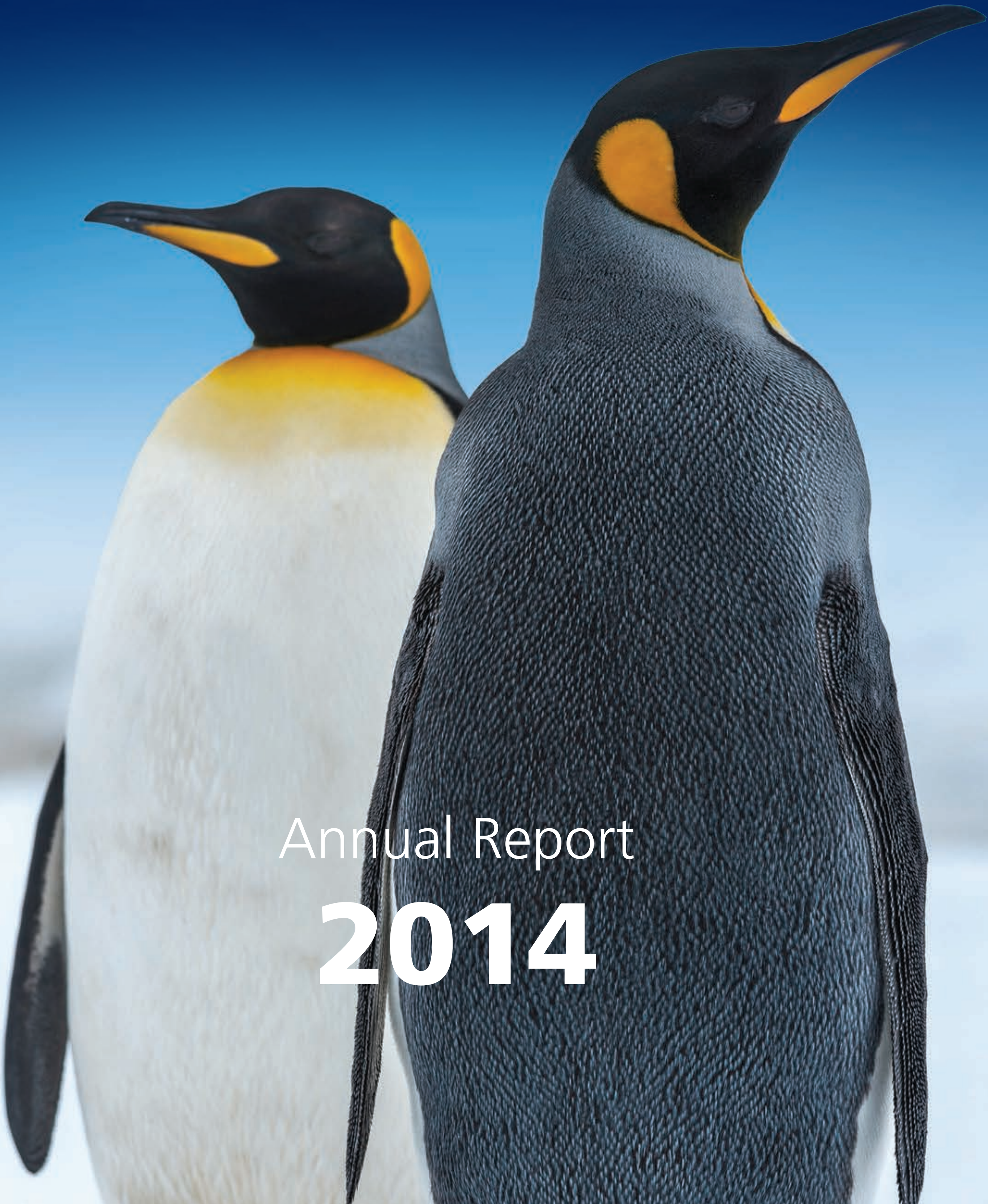
JOTUN

Jotun Protects Property



Annual Report 2014

Contents

Sales summary

The Jotun Group is a matrix organisation divided into seven regions responsible for the sale of Decorative Paints and Marine, Protective and Powder Coatings. The company has 33 production facilities in 20 countries, 68 companies in 43 countries and is represented in more than 90 countries around the world.

REGIONS

- **Scandinavia**
- **West Europe**
- **East Europe and Central Asia**
- **Middle East, India and Africa**
- **South East Asia and Pacific**
- **North East Asia**
- **Americas**

SEGMENTS

Decorative Paints: Jotun manufactures, sells and distributes interior and exterior paints to consumers and professionals worldwide.

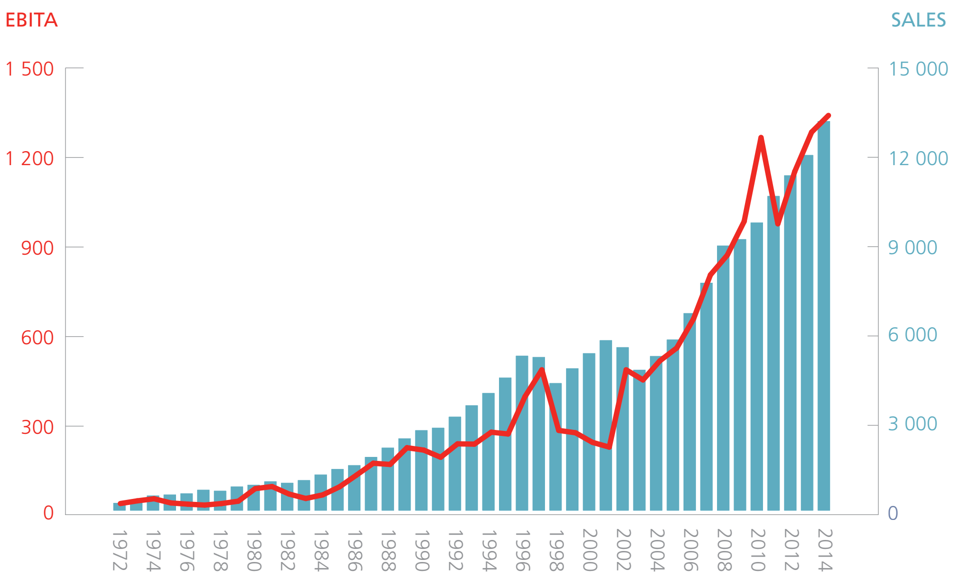
Marine Coatings: Jotun is a world leading provider of marine coatings to the newbuilding, DryDock and SeaStock markets. In addition, Jotun supplies coatings solutions for megayachts and leisure yachts.

Protective Coatings: Jotun's protective coatings are sold to companies active in industries related to offshore, energy, infrastructure, hydrocarbon processing industry and mining.

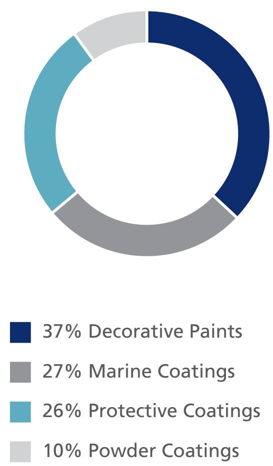
Powder Coatings: Jotun Powder Coatings is a leading supplier to companies active in industries related to appliances, furniture, building components, pipelines and general industries.

SALES AND EBITA DEVELOPMENT

(NOK million)



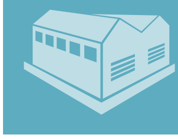
BUSINESS SEGMENTS



43
COUNTRIES

9 676
EMPLOYEES

33
FACTORIES



GROUP KEY FIGURES

(NOK million)		2014	2013	2012	2011
Profit/loss					
Operating revenue		**13 171**	12 034	11 351	10 659
Operating revenue outside Norway in %		**83**	82	80	77
Operating profit		**1 314**	1 258	1 126	956
Profit before tax		**1 301**	1 191	1 055	893
Net cash flow from operating activities		**919**	819	902	303
Profitability					
Return on capital employed, in %	1)	**17.2**	20.0	19.5	18.3
Operating margin, in %	2)	**10.0**	10.5	9.9	9.0
Return on equity, in %	3)	**14.0**	15.5	15.8	13.1
Year-end financial positions					
Total assets		**13 300**	10 799	9 317	9 140
Investments in intangible and fixed assets		**911**	733	590	867
Equity (including non-controlling interests)		**6 739**	5 515	5 016	5 028
Equity / assets ratio, in %		**50.7**	51.1	53.8	55.0
Number of employees in the Group		**7 158**	6 695	6 379	5 884
Number of employees in the Group, including 100 per cent in joint ventures and associated companies		**9 676**	8 991	8 740	8 296

Definitions

1) Return on capital employed % $= \dfrac{\text{Operating profit + amortisation of intangible assets}}{\text{Average capital employed}} \times 100$

2) Operating margin % $= \dfrac{\text{Operating profit}}{\text{Operating revenue}} \times 100$

3) Return on equity % $= \dfrac{\text{Total comprehensive income for the year}}{\text{Average equity}} \times 100$

Strong performance

Jotun's positive results in 2014 owe much to the company's strong performance in the second part of the year. However, slower growth recorded in the first two tertiaries of 2014 served as a powerful reminder that we cannot take our enduring success for granted.

Board of Directors, from left: Birger Amundsen, Ingrid Luberth, Nicolai A. Eger, Odd Gleditsch d.y. (Chairman), Richard Arnesen, Terje Andersen, Karl Otto Tveter and Einar Abrahamsen.

Jotun's growth has continued uninterrupted since 2003, and 2014 was no exception. To help support this growth, the Board of Directors has approved financing for more than a dozen new factories, factory upgrades, offices, warehouses, R&D laboratories and has funded a broad range of other initiatives. Today, Jotun has more employees and production capacity than ever before.

Wake up call

While the Board remains wholly committed to supporting Jotun's growth going forward, we were reminded in 2014 that our business is vulnerable to market forces beyond our control. A persistently weak newbuilding market in the Marine segment, combined with unanticipated delays for a number of projects in the Protective segment, slowed our growth in the first half of the year. This led to some concerns about how best to manage the business going forward.

The Board is pleased with how the organisation responded to these challenges to get the company back on track.

However, maintaining our healthy growth rate in the future will require that we continue to improve our performance in every aspect of the business. For example, we see room for improvement in project execution (factory construction, systems implementation, etc.), initiatives that too often are plagued by costly and unnecessary delays. And while we acknowledge the sincere and dedicated efforts by personnel throughout the organisation to improve HSE performance, the Board will continue to challenge management until results meet with our expectations.

Avoiding complacency

At present, Jotun's business model focuses on growth, and the Board will continue to evaluate and support investments to build the business. Positive economic developments in industrial segments and regions where we are active suggest a strong year for Jotun in 2015. However, as we learned in the summer of 2014, our growth trajectory is not guaranteed. We had another strong year, but cannot afford to become complacent.

Directors' Report

1. MAIN ACTIVITIES

Jotun's business activities include development, production, marketing and sales of paints and coatings systems and products for surface treatment and protection. The Jotun Group is structured into seven regions: Scandinavia, Western Europe, Eastern Europe and Central Asia, Middle East, India and Africa, North-East Asia, South East Asia and Pacific, and the Americas. Each region is responsible for the sale of paints and coatings in four segments: Marine, Protective and Powder Coatings and Decorative Paints.

Decorative Paints

Jotun manufactures, sells and distributes interior and exterior paints to consumers and professionals.

Marine Coatings

Jotun is a world leading provider of marine coatings to the newbuilding, DryDock and SeaStock markets. In addition, Jotun supplies coatings solutions for megayachts and leisure yachts.

Protective Coatings

Jotun's protective coatings are sold to companies active in industries related to offshore, energy, infrastructure, the hydrocarbon processing industry and mining.

Powder Coatings

Jotun Powder Coatings is a leading supplier to companies active in industries related to appliances, furniture, building components, pipelines and general industries.

Jotun has a worldwide network and is represented on every continent by subsidiaries and joint ventures. The Group, including joint ventures and associates, comprises 68 companies in 43 countries, including 33 production facilities. In addition, Jotun has agents, sales offices and distributors in a number of countries. The parent company, Jotun A/S has its head office in Sandefjord, Norway.

2. REVIEW OF THE ANNUAL ACCOUNTS

After a slow start, Jotun has delivered results in line with expectations for the year.

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on the going concern principle.

Profits

The company's long-term growth trend continued in 2014, with improved sales in most segments and regions.

The Group's total operating income was NOK 13 171 million in 2014 compared with NOK 12 034 million in 2013.

The Group achieved a consolidated profit for the year of NOK 946 million (NOK 857 million in 2013). Operating profit increased by NOK 56 million to NOK 1 314 million. Net financial costs totalled NOK 12 million, and the pre-tax profit amounted to NOK 1 301 million. Jotun's activities are subject to ordinary company tax in the countries in which the Group operates. The tax costs increased by NOK 21 million to NOK 356 million for 2014.

The parent company, Jotun A/S, achieved a total profit for the year of NOK 846 million, compared to NOK 422 million in 2013. The increase mainly attributable to higher dividends received from subsidiaries and associated companies and joint ventures.

Associated companies and joint ventures consist of Jotun's shareholding in companies in South Korea, China, the UAE, Saudi Arabia and Yemen. These investments are presented according to the equity method on the line for associated companies and joint ventures. The Group's share of the net result ended at NOK 356 million compared with NOK 287 million in 2013. The increase is mainly due to higher sales in North East Asia within the Marine Coatings segment, and higher activity in key markets in the Middle East.

The currency situation, with a generally weak NOK, positively impacted the Group's results for the year.

Financial position, capital structure and risk

The Jotun Group had a consolidated positive cash position of NOK 1 421 million at year end 2014 compared to a positive cash position of NOK 1 120 million as of 31 December 2013. The cash balance is attributable to a combination of the Group's cash pool agreement, short-term deposits in money market funds and local bank accounts. In addition, Jotun A/S has NOK 900 million in long-term credit lines. This committed funding serves as a backstop for the certificate loans as well as a strategic reserve for short-term financing of the Group. At year-end, all of these credit lines were unused.

The Group increased its investments in 2014 to NOK 911 million from NOK 733 million in 2013. Moreover, higher activity following the Group's sales growth in combination with significant currency translation effects resulted in an increase in working capital.

The net interest bearing debt for the Group was NOK 1 702 million at year end 2014 compared to NOK 1 322 million as of 31 December 2013. Jotun Group is mainly funded by bilateral loans from the Group's relationship banks and loans in the Norwegian bond market. At year end, Jotun A/S had NOK 1 300 million in bonds and NOK 1 111 million in non-current bank debt outstanding. The subsidiaries main source of funding is equity and loans from Jotun A/S.

The Group's equity ratio remains stable from last year at 51 per cent. The Group is in a sound financial position.

In its regular business operations Jotun is exposed to a variety of risks, and the Board of Directors is committed to ensure that risk is managed in a systematic and complete manner through the Group. Key operational risks relates to HSE, corporate responsibility and compliance, reputation and political risk. From a financial perspective, the main risks are relating to credit, interest rates, currency exchange rates and commodity prices.

The Group's credit risk is mainly related to markets with generally long customer payment terms. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The net interest-bearing debt for Jotun is considered to be low, and the Group's policy is not to hedge this exposure. This policy will be re-considered if the debt increases to a significantly higher level.

The company has established procedures for currency hedging related to financial cash flows such as dividend payments, royalty payments, interest payments, instalments and issuing of loans and equity. Operational cash flows is only hedged if the related risk is found significant. The Group is exposed to a commodity price risk in respect of a number of raw materials, the hedging by financial instruments of this risk is limited.

In general, Jotun's geographical footprint and presences within its different business segments reduce the Group's net exposure by way of natural hedge. Jotun's procedures and measures in this respect are considered satisfactory in relation to the Group's exposure to risk.

3. THE MARKET

Jotun Decorative Paints

Jotun manages the sale of both interior and exterior paints to the consumer and professional market through a global network of about 7 000 shops around the world. In 2014, Jotun achieved satisfactory growth in the Decorative segment, driven primarily by strong sales in the Middle East, South East Asia and Turkey. Despite fierce competition and challenging market conditions, Jotun's results in Scandinavia improved over 2013.

Jotun's strength in the Decorative segment is driven in part by product innovation to meet rising consumer demand for healthier and "greener" ways to protect and beautify their homes. In 2014, Jotun successfully completed a launch in South East Asia of a premium interior paint, Majestic True Beauty. In the Middle East, Jotun introduced a new series of premium exterior products - Jotashield ColourLast and Jotashield ColourXtreme.

In 2014, Jotun worked to improve the end user shopping experience by providing retail shops and other shopkeepers with enhanced service and in-store tools and material.

Jotun also strengthened awareness and knowledge of the Jotun brand through social media campaigns and produced a series of global TV commercials that aired in multiple countries simultaneously.

The stronghold of Jotun's business in the Decorative segment remains the BIY and DIY homeowner market, but a significant portion of Jotun's business is derived from the project market, which includes malls, hotels, large housing projects, airports and hospitals, etc. To secure these contracts, Jotun has a structured approach to win and manage the projects. Jotun will continue to pursue contracts in the project market, expand its global retail network and build more awareness of the Jotun brand.

Jotun Protective Coatings

Jotun sells protective coatings to multiple industries and companies active in offshore, energy, infrastructure, the hydrocarbon processing industry and mining industries. In 2014, Jotun introduced a number of products to help differentiate Jotun from competing coatings manufacturers. In response to increased public awareness of environmental issues, Jotun has developed a broad range of water borne products, and is developing several pipeline solutions that combine both protective and powder coatings. Jotun's Passive Fire Protection (PFP) coating system Jotachar JF750 has been embraced by leading offshore companies and yards.

Jotun has also identified significant opportunities in the maintenance market. In 2014, launched a number of products, systems and support functions to provide customers with cost-effective maintenance solutions.

While most of Jotun's sales in the Protective Coatings segment are generated locally, a growing share of the business involves multinational stakeholders. To capture a greater share of this market, Jotun has strengthened its International Specification Management (ISM) team. In 2014, Jotun's ISM team were involved in a significant share of Jotun's business in the Protective Coatings segment. While ISM contributions to Jotun's bottom line are influenced by macro-economic trends, the company anticipates that growth in this highly specialised area will continue over the next few years.

Despite market uncertainties, the Protective Coatings segment remains a growth opportunity. By making the necessary adjustments to the strategy to match a changing world, Jotun is in a strong position to capture a greater share of this growing market.

Jotun Marine Coatings

A weak newbuilding market had an impacting on Jotun's Marine Coatings business in 2014. Yet with a slight improvement in world trade recorded in the second half the year and incremental growth projected in 2015, the industry may experience a modest recovery.

Despite challenging markets, Jotun has retained its leading market share in the marine coatings market. While continuing to compete for a limited number of newbuilding contracts, Jotun has focused more resources on the maintenance market, launching coatings systems that are easy to use and reduce paint consumption. The company has also launched more environmentally friendly topcoats, antifoulings and anticorrosives.

2014 was also an important year for Jotun's Hull Performance Solutions, an innovative concept that includes next-generation silyl methacrelate antifoulings, superior service and the tools to monitor hull performance over time. HPS has been applied to more than 150 vessels since its launch in 2011 and has helped lift sales of other Jotun antifouling products.

Jotun has also expanded its market share in other specialised coatings. Jotun is now a recognised player in the tank coatings market and has expanded its business in the megayacht and leisure boat market. While 2014 was a challenging year for the organisation, Jotun continues to invest in new sub-segments, products and concepts, confident that the action taken now will place the company in a stronger position when the newbuilding market improves.

Jotun Powder Coatings

Powder coatings are increasingly recognised as a more environmentally friendly alternative to industrial liquid paints because they are solvent free and do not contain VOCs. As a result, many coatings analysts expect the growth rate in the Powder segment to outpace other segments in the paints and coatings industry. Jotun has organised its business in the Powder Coatings segment into five concepts: Appliances, Furniture, Building Components, Pipelines and General Industries. In 2014, Jotun took decisive action to position the company to meet rising global demand and improve the segment's growth rate by focusing on product development to help differentiate Jotun from both multinational competitors and local, low-cost suppliers in different concepts.

For example, Jotun introduced Ultra Shine, a sustainable alternative to the chrome plating process for the Furniture concept, and has expanded the Guard Endure product line to meet higher, more stringent industry standards for scratch and marring resistance. Other new products for other concepts were launched to help users improve sustainability, efficiency, and reduce costs.

Most sales of Jotun powder coatings occur locally, but an increasingly large portion of Jotun's business is with global manufacturers of consumer goods, automotive components and internationally-specified real estate construction and pipeline projects. To capture a greater share of this project market, Jotun has assigned Key Account Managers to oversee Jotun's relationships with these global companies and build relationships with global specifiers. Looking ahead, rising global demand for powder coatings, together with a focus on product development, is likely to generate growth for Jotun in this segment.

4. RESEARCH AND DEVELOPMENT

Jotun's R&D function is made up of about 300 skilled personnel active in all four segments. Headquartered in Sandefjord, Norway, Jotun R&D has a global network of regional laboratories in the Middle East (UAE and India), South-East Asia (Malaysia and Thailand), Northern Asia (South Korea and China), and the Americas (USA). In addition to adapting products to meet local demand or customising paint solutions to meet project specifications, the regional laboratories are also responsible for testing of raw materials and providing claims and verification services when required.

Over the past five years, public sensitivity to environmental and health issues has resulted in growing consumer demand for healthier, more environmentally friendly paints and coatings. At the same time, new and pending regulations limiting the use of solvents and other potentially harmful substances have and will continue to influence purchasing decisions among owners, contractors and engineers active in a broad range of industrial segments. As such, Jotun's R&D department plays a critical role in supporting the company's business and environmental objectives.

In 2014, Jotun R&D has moved quickly to meet these global trends in all segments and countries. In the Decorative Paints segment, the company continues to develop waterborne exterior and interior paints and customise some products to meet local regulations. Jotun also customises products to help developers comply with voluntary LEED and BREEAM building standards.

In the Protective and Marine segments, Jotun launched a number of waterborne topcoats, primers and steel protection products, and worked closely with key customers to develop products to meet environmental specifications unique to specific projects. While powder coatings do not have solvents, Jotun has developed a number of products that cure at lower temperatures, helping customers reduce energy costs and corresponding emissions. In the Marine segment, Jotun's evolving line of antifoulings help vessel decrease speed loss over time, which reduces fuel usage and results in less emissions to air.

In 2014, Jotun launched a number of programmes to increase the pace and quality of product development. The Board approved plans to invest in new binder technologies (alkyd emulsions) and Jotun launched a web-based tool that will support innovation, research, development and product management processes. By continuously developing quality products Jotun is in a strong position to meet evolving market demand and help users improve environmental performance.

5. COMPETENCE DEVELOPMENT

Jotun invests significant resources in continually developing the skills of our employees. In 2014, Jotun focused on driving lasting changes in behaviour, improving competence and exploring new trends in skills training.

In addition to on-the-job training, Jotun provides a big part of its competence development programmes through Jotun Academy. The academy includes training programmes in human resources, marketing, sales, purchasing, R&D, operations, technical sales support, finance, and management, as well as a number of stand-alone modules. In 2014, Jotun also piloted the Customer Service Academy, which aims to differentiate Jotun through market-leading service, thus covering the entire sales process.

During the reporting year, Academy trainers instructed around 2 200 employees in over 150 Jotun Academy training programmes around the world. In addition, Jotun launched a new e-learning portal that has more than 170 e-learning courses and nearly 7 600 users.

Jotun's Competence Board is responsible for developing and disseminating new training initiatives throughout the company, including Academy programmes. This board has been integral to maintaining Jotun's international expansion momentum.

Jotun has managed to create a culture where competence development is highly valued. This is one of the key drivers behind Jotun's low employee turnover and gives the company a competitive edge.

6. HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Goals and activities

All of Jotun's activities are carried out in accordance with local laws and regulations and the Jotun HSE standard. Occupational hazards and diseases are to be prevented and physical and psychological good health promoted. Life and property is to be safeguarded, and the company's environmental footprint minimised.

All our production companies are certified according to ISO 9001, 14001 and OHSAS 18001. In addition, Jotun has an internal HSE standard that is compulsory for all sites and personnel.

In 2014, Group HSE carried out seven HSE audits of Jotun's production facilities, and made it a priority to better educate personnel about our HSE requirements. In addition, more emphasis was placed on addressing specific issues identified in audits through e-learning courses and the sharing of best practices. These activities have had an immediate payoff, with improvements in the 2014 HSE audit results.

Training

Developing knowledge is critical for Jotun to achieve sustainable long-term growth. The Jotun Operations Academy provides training in health, safety and environment, among other areas of the business. In 2014, 582 employees attended at least one of these training courses. All producing companies in Jotun have an HSE coordinator.

As a minimum, all production companies must have one "HSE day", which includes training in all aspects of HSE. In 2013, each employee in Jotun received an average of 11 hours of specific HSE training.

Web-based HSE training was introduced in 2012. In 2014, two new HSE e-learning courses were launched. Jotun has found this to be an effective way to raise awareness and introduce HSE standards at Jotun.

Working environment

One fatality was reported in 2014. A hired third-party Technical Service inspector died when a gondola collapsed at a customer project site in India. Jotun was considered a witness in the case.

There were 57 injuries reported resulting in lost-time due to injury (LTI) absences in 2014, compared with 68 in 2013. The number of injuries resulting in an absence of one day or more per one million working hours (Lost Time Injury Rate) was 3.6 (4.5 in 2013). The Lost Time Injury Rate for Jotun A/S was 2.8 compared to 3.4 in 2013.

Absence due to sickness for the Jotun Group in 2014 was 1.6 per cent, compared to 1.7 in 2013. The sick-leave for Jotun A/S was 4.5 per cent in 2014, compared to 4.6 per cent in 2013.

Environment

Air emissions from Jotun's factories mainly consist of solvents. Some factories have abatement systems for waste water, and they are all operating in line with local requirements.

A carbon footprint analysis based on Scope 1 and 2 of the International Greenhouse Gas Protocol was carried out in 2014. The total emissions from our activities were 80 100 tonnes CO_2 equivalents. Compared to the production volume, this represents a decrease of three per cent compared to 2013.

The purchased electricity was 139 kwH per ton produced in 2014 compared to 156 kwH per ton produced in 2013. The biggest reduction has been in Norway due to the closedown of facilities, a milder climate in 2014 and several energy reducing actions.

The Jotun Group generated 17 500 tonnes of waste in 2014 compared to 18 400 tonnes of waste in 2013, with 11 000 tonnes classified as hazardous waste. The waste generated relative to the volume produced was 2.1 per cent in 2014 (2.3 per cent in 2013).

There were no discharges to water or soil causing any significant pollution to the environment in 2014.

Safety

As a chemical company, fire is the main safety risk faced by Jotun. As such, considerable resources are allocated to ensuring that the necessary training and systems are in place to deal with this threat.

In 2014 there were a total of 14 fires at Jotun premises. None of these fires were major incidents and no injuries or serious damage to property was sustained. Four fires were caused by hot work, such as welding, soldering and cutting. The remaining ten incidents were electrical fires, although most of these were minor.

The Board of Directors has made it clear that all incidents related to fires are unacceptable and has implemented a zero tolerance policy. A raft of measures were brought in during 2014, including upgrading of firefighting equipment and compiling case studies of fires in 2014 in order to prevent such events from reoccurring.

Challenges ahead

As a fast growing company, Jotun's biggest HSE challenge is in maintaining a strong focus on HSE throughout this growth. The company makes efforts to build a HSE management system and believes that robust HSE practices results in better outcomes for the company and its workforce. Jotun continues to communicate the importance of HSE throughout the organisation to ensure a safe and healthy working environment for all employees.

7. CORPORATE RESPONSIBILITY

Jotun remains committed to strengthening its strategic approach to Corporate Responsibility (CR), which is based on commitment to our corporate values (Loyalty, Care, Respect and Boldness), UN Human Rights, the ILO convention and the UN's Global Compact principles, as well as local laws and regulations. Jotun's Board and Group Management have overall responsibility for the company's CR commitment.

Jotun's Business Principles and corporate governance provide the moral and administrative backing which is necessary to ensure responsible behaviour towards all stakeholders. These structures result in the selection of credible suppliers, the respectful treatment of customers, the implementation of initiatives that enhance the health and wellbeing of employees and good corporate citizenship in the communities where we operate.

Through the Jotun GreenSteps programme, the company embraces initiatives to better protect the environment. This includes developing products that minimise impact on the environment, producing those products in efficient factories, and providing customers with paints and coatings that will reduce their carbon footprint and protect their property.

Jotun also seeks to minimize risk by working against corruption and bribery. The company combats these threats through a variety of means, most notably through a robust anti-corruption policy. Emphasis is placed on training via e-learning courses and regular practical dilemma training which is prioritised for employees in management, purchasing and sales. Anti-corruption training is also included in the induction programme for new employees as well as in Jotun Academies.

Jotun is always seeking new ways to reinforce its strong stance against corruption. In 2014, the company developed a board game called the Penguin Spirit game. Among other benefits, the game provides a common understanding of what it means to conduct business responsibly and helps to strengthen Jotun's corporate culture.

8. DIVERSITY

Jotun is committed to preventing discrimination in all forms. Jotun recognises the value of a diverse workforce and has deliberately sought to recruit individuals of different ethnic, religious, and national origin to make the company stronger. The company cooperates with a number of institutions that facilitate job training for people who, for different reasons, are unable to fulfil usual working commitments.

In addition, Jotun works to ensure that women are provided with the same opportunities as men. To ensure equal opportunity, Jotun has implemented strict, professional and transparent recruitment policies, tools and practices.

Two of the nine senior management positions that report to the President & CEO are female. Of those with personnel responsibility in Jotun A/S, 27 per cent are women (29 per cent in 2013). Women make up 10 per cent of skilled workers (9 per cent in 2013), while the corresponding percentage for women among office staff is 34 per cent (same as in 2013).

9. FUTURE PROSPECTS

In 2014, Jotun recorded positive growth in all segments. Gross margin has been stable, and the company recorded improvements in operating profits. Costs continued to rise in line with Jotun's growth ambitions. Jotun continues to invest significant resources, both externally and internally, to grow the business, spending about USD 150 million a year to construct new facilities or upgrade existing facilities. Going forward, it will be important to balance cost development with expected growth.

In the past three years, the company has invested for the future in China, Russia, Brazil, Indonesia, Oman, Myanmar, and the Philippines, and is currently evaluating opportunities in other markets. In Africa, where Jotun already has operations in Egypt, Libya, South Africa, Algeria and Morocco, the company sees promising economic developments in countries like Kenya and Tanzania, in addition to the oil-rich countries of Nigeria and Angola.

Internally, Jotun continues to commit substantial resources in R&D and to modernise our business practices to improve profitability, HSE performance, operational efficiency and knowledge sharing. Business improvement initiatives include IT systems and tools, recruiting and training personnel, coordinated global marketing campaigns and the development of innovative new products in all segments.

As a global organisation, Jotun is sensitive to the price of raw materials and currency fluctuations, political unrest, severe weather, shocks to local economies macro-economic trends. For example, if low oil prices persist into 2016, planned offshore projects may be delayed or cancelled, impacting sales in the Protective Coatings segment. However, it should be noted that low oil prices may boost long term global growth, as energy costs will fall sharply for oil-importing countries and benefit many industries around the world that depend on oil. If so, this growth may encourage more investment in a broad range of industrial sectors and boost consumer spending, creating opportunities for Jotun in the future.

Jotun will continue to build the business consistent with the three main components of Jotun's core strategy; Organic growth, segment diversity and adopting a differentiated approach to selected markets and regions. By making targeted investments and adopting a long-term perspective, Jotun has become one of the fastest growing paints and coatings manufacturers in the industry.

Jotun Group

Consolidated statement of comprehensive income

The income statement presents revenues and expenses for the companies consolidated in the Group and measures the results for the accounting period in accordance with current IFRS standards as adopted by the EU. All internal matters have been eliminated. The profit or loss statement distinguishes between what is deemed to be the Group's operations and what is deemed to be of a more financial nature. The result of investments in associates is presented on a single line. The notes explain the content of the various accounting lines. The statement of other comprehensive income is presented as a separate table in connection with the income statement. The table shows all income and expenses that are not included in the "Profit for the year".

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK thousand)	Note	2014	2013
Operating revenue		13 170 781	12 034 454
Share of profit from associated companies and joint ventures	2	356 352	286 961
Cost of goods sold		-7 118 515	-6 515 133
Payroll expenses	3, 4	-2 191 774	-2 016 281
Other operating expenses	5, 21	-2 566 327	-2 228 257
Depreciation, amortisation and impairment	7, 8	-336 929	-303 883
Operating profit		**1 313 588**	**1 257 862**
Net financial items	5	-12 166	-66 494
Profit before tax		**1 301 422**	**1 191 368**
Income tax	6	-355 737	-334 625
Profit for the year		**945 685**	**856 743**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains (losses) on defined benefit pension plans	4	1 137	-9 623
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences on net investments in foreign operations	16	149 202	30 510
Loss on hedge of net investments in foreign operations	16	-120 010	3 407
Currency translation difference	16	803 860	183 967
Other comprehensive income for the year, net of tax		**834 190**	**208 260**
Total comprehensive income for the year		**1 779 875**	**1 065 003**
Profit for the year attributable to:			
Equity holders of the parent company		894 920	798 268
Non-controlling interests	18	50 765	58 475
Total		**945 685**	**856 743**
Total comprehensive income attributable to:			
Equity holders of the parent company		1 695 833	1 002 222
Non-controlling interests	18	84 042	62 781
Total		**1 779 875**	**1 065 003**

Consolidated statement of financial position

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 various standards determine how the items are to be treated. The valuation of the balance sheet items is therefore a combination of fair value (Derivative financial instruments), amortised cost (trade receivables), cost (inventories), cost minus depreciation (property, plant and equipment), and recoverable amount (certain written down assets). The statement of financial position items are explained in the notes to the financial statements.

(NOK thousand)	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Deferred tax assets	6	134 957	97 732
Other intangible assets	7	281 508	231 868
Property, plant and equipment	8	3 754 514	2 967 311
Investments in associated companies and joint ventures	2	1 491 021	1 163 318
Other investments	11	8 248	8 248
Other interest-bearing receivables	11, 14	202 855	184 647
Total non-current assets		**5 873 104**	**4 653 125**
Current assets			
Inventories	9	1 957 520	1 762 005
Trade and other receivables	11, 12	4 047 525	3 263 759
Cash and cash equivalents	11, 13	1 421 421	1 120 161
Total current assets		**7 426 466**	**6 145 925**
Total assets		**13 299 570**	**10 799 050**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	102 600	102 600
Other equity		6 484 811	5 301 977
Non-controlling interests	18	151 356	110 090
Total equity		**6 738 767**	**5 514 667**
Non-current liabilities			
Pension liabilities	4	193 164	184 888
Deferred tax liabilities	6	32 194	36 489
Provisions	10, 19	42 006	30 006
Interest-bearing debt	11, 14	2 379 037	1 368 482
Interest-free debt		23 934	23 325
Total non-current liabilities		**2 670 335**	**1 643 190**
Current liabilities			
Interest-bearing debt	11, 14	946 843	1 258 748
Trade and other payables	11	1 514 783	1 235 491
Current tax payable	6	159 397	127 202
Other current liabilities	10, 11, 15	1 269 445	1 019 752
Total current liabilities		**3 890 468**	**3 641 193**
Total liabilities		**6 560 803**	**5 284 383**
Total equity and liabilities		**13 299 570**	**10 799 050**

Sandefjord, Norway, 10 February 2015
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Richard Arnesen

Birger Amundsen

Nicolai A. Eger

Ingrid Luberth

Karl Otto Tveter

Terje Andersen

Morten Fon
President & CEO

Consolidated statement of cash flows

The statement of cash flows present 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.

(NOK thousand)	Note	2014	2013
Cash flow from operating activities			
Profit before tax		1 301 422	1 191 368
Adjustments to reconcile profit before tax to net cash flows:			
Share of profit from associated companies and joint ventures	2	-356 352	-286 961
Dividend paid from associated companies and joint ventures	2	378 481	247 916
Depreciation, amortisation and impairment	7, 8	336 929	303 883
Change in accruals, provisions and other		251 394	61 610
Working capital adjustments:			
Change in trade and other receivables		-783 764	-440 190
Change in trade and other payables		279 292	138 597
Change in inventories		-195 514	-192 571
Tax payments	6	-293 336	-204 193
Net cash flow from operating activities		**918 552**	**819 358**
Cash flow from investing activities			
Proceeds from sales of property, plant and equipment	8	13 585	8 932
Purchase of property, plant and equipment	8	-842 303	-659 790
Purchase of intangible assets	7	-68 326	-73 376
Purchase of shares from non-controllling interests	18	-	-17 145
Net cash flow used in investing activities		**-897 044**	**-741 379**
Cash flow from financing activities			
Proceeds from borrowings	14	1 289 531	1 373 607
Repayments of borrowings	14	-589 906	-682 272
Dividends paid	17	-513 000	-513 000
Dividends paid to non-controlling interests		-42 775	-35 927
Net cash flow from financing activities		**143 849**	**142 408**
Net currency translation effect		135 904	97 762
Net increase/(decrease) in cash and cash equivalents		165 357	220 388
Cash and cash equivalents at 1 January	13	1 120 161	802 012
Cash and cash equivalents at 31 December	**13**	**1 421 421**	**1 120 161**

Jotun Group had unused credit facilities of NOK 900 million as at 31 December 2014 (2013: NOK 900 million).

Consolidated statement of changes in equity

The statement of changes in equity from one period to the next in accordance with the Group's profit or loss. Transactions with owners will be specified and applies to matters such as dividends to shareholders and share issues. Fluctuations in foreign exchange rates will affect equity in the form of currency differences on translation of foreign operations.

		Attributable to parent company equity holders					
Note	(NOK thousand)	Share capital	Other equity	Translation differences	Total	Non-controlling interests	Total equity
	Equity as at 1 January 2013	**102 600**	**4 792 677**	**31 819**	**4 927 095**	**88 641**	**5 015 736**
17	Dividends		-513 000		-513 000	-35 927	-548 927
	Profit of the period		798 268		798 268	58 475	856 743
	Other comprehensive income		24 294	179 661	203 954	4 306	208 260
	Acquisition of non-controlling interests		-11 739		-11 739	-5 406	-17 145
	Equity as at 31 December 2013	**102 600**	**5 090 499**	**211 479**	**5 404 578**	**110 090**	**5 514 667**
17	Dividends		-513 000		-513 000	-42 775	-555 775
	Profit of the period		894 920		894 920	50 765	945 685
	Other comprehensive income		30 329	770 584	800 913	33 277	834 190
	Equity as at 31 December 2014	**102 600**	**5 502 749**	**982 063**	**6 587 412**	**151 356**	**6 738 767**

Summary of significant accounting policies

GENERAL
The Jotun Group consists of Jotun A/S and its subsidiaries. The consolidated financial statement consists of the Group and Group's net interests in associated companies and jointly controlled entities.

Jotun A/S is a limited company incorporated in Norway. The Jotun Group's headquarter is in Sandefjord, Norway, and the Group including associated companies and jointly controlled entities employs around 9 700 people in 43 countries.

1. STATEMENT OF COMPLIANCE
The Jotun Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

2. BASIS FOR PREPARATION OF THE ANNUAL ACCOUNTS
The consolidated financial statements are based on historical cost, with the exception of financial instruments at fair value and loans, receivables and other financial liabilities which are recognised at amortised cost.

The consolidated financial statements have been prepared on the basis of going concern.

3. BASIS FOR CONSOLIDATION
The Jotun Group's consolidated financial statements comprise Jotun A/S and companies in which Jotun A/S has a controlling interest. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

Control is achieved when the Jotun Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if Jotun Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

Interests in joint ventures and associates
The Group has interests in joint ventures, which are jointly controlled entities, whereby the ventures have contractual arrangements that establish joint control over the economic activities of the entities. The agreements require unanimous agreements for financial and operating decisions among the ventures.

The Group's investments in its associates and joint ventures are accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method the investments in the joint venture and associated companies are recognized in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture and associate. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the Group's share of the result of operation of the joint venture and associated company. This is the profit attributable to equity holders of the joint venture and associated company, after tax and non-controlling interests in the subsidiaries of the joint venture and associated company.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Non-controlling interests

The non-controlling interests in the consolidated financial statements are the minority's share of the carrying amount of the equity. In a business combination the non-controlling interests are measured at the non-controlling interest's proportionate share of the acquirer's identifiable net assets.

4. FOREIGN CURRENCY

The Jotun Group's presentation currency is Norwegian krone (NOK). This is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statement of each entity are measured using that functional currency.

Transactions in foreign currency

Transactions in foreign currency are initially recorded by the Group entities at the functional currency rates prevailing at the date of transition. Monetary items in a foreign currency are translated into functional currency using the exchange rate applicable at the balance sheet date. Non-monetary items in foreign currency are translated into functional currency using the exchange rate applicable at transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable at the balance sheet date. Changes to exchange rates are recognised in the statement of income as they occur during the accounting period.

Translation to NOK of foreign operations

Assets and liabilities in entities with other functional currency than NOK are translated into NOK using the exchange rate applicable at balance sheet date. Their income statements are translated at exchange rates prevailing at the date of the transaction. Exchange-rate differences are recognised in other comprehensive income.

On disposal of a foreign operation the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

5. THE USE OF ESTIMATES WHEN PREPARING THE ANNUAL ACCOUNTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and the underlying assumptions are reviewed on a continuous basis. Amendments to accounting estimates are recognised in the period in which the estimate is revised if the amendment affects only that period, or in the period of the amendment and future periods if the amendment affects both current and future periods. See note 1 for further details regarding the most significant estimates, assumptions and judgements made when preparing the financial statement for the Group.

6. IMPAIRMENT OF FINANCIAL AND NON-CURRENT ASSETS

Financial assets stated at amortised cost are written down when it is probable, based on objective evidence, that the instrument's cash flows have been negatively affected by one or more events occurring after the initial recognition of the instrument. The impairment loss is recognised in the statement of income.

7. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenues are presented net of value added tax and discounts.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income and expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend

Revenue is recognised when the Group's right to receive the payment is established.

8. INCOME TAX

Income tax expense comprises both current and deferred tax, including effects of changes in tax rates.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax liabilities and deferred tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current assets (long-term liabilities) in the balance sheet. Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. Deferred tax liabilities and deferred tax assets are offset as far as this is possible under taxation legislation and regulations.

Other comprehensive income
Taxes payable and deferred taxes are recognised in other comprehensive income to the extent that they relate to items in other comprehensive income. Items in other comprehensive income are presented net of tax.

9. TANGIBLE ASSETS
Tangible assets are recognised at their cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of income. The cost of tangible non-current assets is the purchase price, including all costs directly linked to preparing the asset for its intended use.

Depreciation is calculated by estimating the useful life of the assets. The depreciation period and method are assessed each year. Residual value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

Assets under construction are classified as fixed assets and recognised at cost until the assets are ready for its intended use. Assets under construction are not depreciated until the asset is ready for its intended use.

Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a non-current asset that takes a substantial period of time to get ready for it's intended use. The interest costs are accrued during the construction period until the non-current asset is capitalised. Borrowing costs are allocated to respective asset and depreciated over the estimated useful life of the asset.

10. INTANGIBLE ASSETS
Intangible assets are measured at cost less any amortisation and impairment losses.

Development expenditures attributable to an individual project are recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use

The economic life of an intangible asset is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications of impairment. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate. Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually. Amortisation is calculated based on the useful life of the asset.

11. LEASES
Operating leases
Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Jotun Group are classified as operating leases. Lease payments are classified as operating costs and recognised in the statement of income in a straight line during the contract period.

Financial leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Jotun Group. Assets held under financial leases are recognised as assets and depreciated over the shorter of useful life or the lease term.

12. FINANCIAL INSTRUMENTS
I) Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

II) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

III) Financial liabilities
Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognised in the income statement.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

IV) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

V) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 10.

Derivative financial instruments and hedge accounting

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement. The Group uses a USD loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 14 and 16 for more details.

13. INVENTORIES
Inventories are recognised at the lowest of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials
The cost of inventories (raw materials) is determined using the weighted average cost method as an overall principle within the Group. This involves the computation of an average unit cost by dividing the total cost of units by the number of units.

Finished goods
Finished goods include cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Allowances are made for inventories with a net realisable value less than cost, or which are slow moving.

14. CASH AND CASH EQUIVALENTS
Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that immediately can be converted into a known amount of cash and have a maximum term to maturity of three months.

15. POST EMPLOYEE BENEFITS
Post-employment benefits are recognised in accordance with IAS 19 Employee Benefits. The Group has both defined contribution plans and defined benefit pension plans, primarily in Norway and UK. The defined contribution plans represents the majority of the Groups pension plans.

Defined contribution plans
The pension cost related to a defined contribution plan is equal to the contributions to the employee's pension savings in the accounting period. The annual contributions related to the defined contribution pension plan have been made for all employees and equal the agreed percentage of the employee's salary (in Norway the rate is 3-5 per cent). The pension premiums are charged to expenses as they are incurred. The return on the pension funds will affect the size of the employees' pension.

Defined benefit plans
In the defined benefit plans the company is responsible for paying an agreed pension to the employee based on his or her final pay. Defined benefit plans are valued at the present value of accrued future pension obligations at the end of the reporting period. Pension plan assets are valued at their fair value.

The capitalised net liability is the sum of the accrued pension liability minus the fair value of the associated pension fund asset.

Actuarial gains and losses are recognised in other comprehensive income. Introduction of new or changes to existing defined benefit plans that will lead to changes in pension liabilities are recognised in the statement of income as they occur. Gains or losses linked to changes or terminations of pension plans are also recognised in the statement of income when they arise.

Multi-employer plans
Multi-employer plans are accounted for as defined contribution plans.

Other severance schemes
Obligations under "other severance schemes" comprise mainly obligations to employees in other countries that fall due for payment when employees leave a Jotun company. The size of the obligation depends on how many years the employees have worked in the company. Obligations related to other severance schemes are recognised as other non-current liabilities.

16. PROVISIONS
A provision is recognised when the Jotun group has an obligation (legal or constructive) as a result of a past event, it is probable that a financial settlement will take place and the size of the amount can be measured reliably. The amount recognised is the best estimate of the expenditure required. If the effect is material, the future cash flows will be discounted using a pre-tax interest rate reflecting the risks specific to the obligation.

A provision for claim is recognised when it is probable that there will be a financial settlement that has been measured reliably. The provision is measured and based on evaluated information from customer, technical, legal and sales department.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plans main features.

Environmental provisions are made when there is a present obligation, it is probable that expenditures for remediation work will be required, and the cost can be measured within a reasonable range of possible outcomes. Generally, the timing of recognition coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

17. CONTINGENT LIABILITIES AND ASSETS
Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred. Contingent assets (unless virtually certain) are not recognised in the annual accounts but are disclosed if the inflow of economic benefits is probable.

18. EVENTS AFTER THE REPORTING PERIOD
New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

19. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Jotun Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

20. STANDARDS ISSUED BUT NOT YET EFFECTIVE
For comments related to standards issued but not yet effective, see note 23.

Note 1

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

General
In the process of applying Jotun Group's accounting policies, management has made the following judgements, estimates and assumptions which may have significant effect on the amounts recognised in the consolidated financial statements:

Accounts receivable and allowance for bad or doubtful debts
Accounts receivable are assessed at nominal value less allowance for bad or doubtful debts. Allowances for bad or doubtful debts are recognised when there are objective indicators that the Group will not receive settlement in accordance with the original terms. The allowance for bad or doubtful debts represents the difference between the asset's carrying amount and the fair value (estimated collectible amount). Management has used its best estimate in setting the fair value of account receivables. The carrying amount of accounts receivable at 31 December 2014 is NOK 3 575 million and allowance for bad or doubtful debts at year-end is NOK 186 million. See note 12 for more information.

Inventories and allowances for obsolete goods
Inventories are measured at the lowest of cost and net realisable value. Jotun Group's products are sold in markets where there are limited observable market references available and this requires judgement in determining net realisable value. Management has used its best estimate in setting net realisable value for inventory. The carrying amount of inventory at 31 December 2014 is NOK 1 958 million and write-down at year-end is NOK 69 million. See note 9 for more information.

Pension benefits
The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details about the assumptions used are given in note 4.

Environmental provisions
Provisions for remediation cost are made based on currently available facts;
- Laws and regulations presently or virtually certain to be enacted
- Conducted inspections, either taken on own initiative or implemented on the order of local authorities. Inspections and measurements are made by independent specialists in the field.
- Prior experience in remediation of contaminated sites
- Technology expected to be available at the time of the clean up

Future expenditures for remediation work depends on a number of uncertain factors which include, but are not limited to, the extent and type of remediation required. Environmental laws and regulations may change, and such changes may require the Group to make investments and/or increase costs. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term, refer to note 10.

Deferred tax
Deferred tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses and temporary differences can be utilised. Uncertainties exist with respect to determining the Group's deferred tax assets and deferred tax liabilities. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Jotun Group has tax loss carry forwards amounting to NOK 971 million (2013: NOK 583 million). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. Jotun's operations in the United States of America, Spain and Brazil have substantial tax reducing timing differences that have not been recognised due to uncertainty with regard to utilisation. These subsidiaries have neither taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by NOK 308 million. Further details on taxes are disclosed in note 6.

Non-consolidation of entity in which the Group holds the majority of ownership interest
Jotun Group considers that it does not control Jotun Abu Dhabi Ltd. even though it holds 51.6 per cent of the ownership interest. The Group directly controls 35 per cent. However, the remaining 16.6 per cent is an indirect ownership through a non-controlling entity. As Jotun Group does not de facto control the majority of the voting rights of Jotun Abu Dhabi Ltd., the investment is classified as an associated company. Furter details are given in note 2.

Non-consolidation of entity in which the Group holds a significant of ownership interest
Jotun Group has a 50 per cent joint investment with China Ocean Shipping Company (COSCO) and Chokwang Paint in respectively China and South Korea. The companies are considered being jointly controlled as the shareholders jointly direct the operational activities of the investees. These investments are therefore considered being joint ventures, applying the equity method refer note 2.

Note 2

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Jotun Group has investments in associated companies in the Middle East involved in production and sales of products within all of the Group's four segments, and joint ventures in North East Asia involved in the production and sales of marine and protective coatings. The Group's interests in associated companies and joint ventures are recognised in the consolidated financial statement accounts applying the equity method. Summarised financial information, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below.

a) Overview
Jotun Group's total overview of investments in associated companies and joint ventures:

	2014			2013		
(NOK thousand)	Associated companies	Joint ventures	Total	Associated companies	Joint ventures	Total
As of 1 January	576 678	586 640	1 163 318	495 816	516 557	1 012 374
Net profit / (loss) during the year	276 854	79 498	356 352	247 128	39 833	286 961
Exchange differences	186 390	163 442	349 832	52 706	59 194	111 899
Dividend	-308 001	-70 480	-378 481	-218 972	-28 944	-247 916
As of 31 December	**731 921**	**759 100**	**1 491 021**	**576 678**	**586 640**	**1 163 318**

b) Associated companies
Investments in associates are investments in companies in which the Group has significant influence by virtue of its ownership interest. These are usually companies in which Jotun holds a 20-50 per cent interest share.

Jotun Group has the following investments in associated companies (all the associated companies are limited liability companies):

Entity (NOK thousand)	Red Sea Paints Co. Ltd	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (LLC)	Jotun Abu Dhabi Ltd. (LLC)	Jotun Powder Coatings Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd (LLC)	Total
Country	Saudi Arabia	Saudi Arabia	Yemen	U.A.E.	U.A.E.	Saudi Arabia	U.A.E.	
Ownership interest	40.0 %	40.0 %	34.4 %	41.5 %	51.6 %	46.6 %	47.0 %	
As of 1 January 2014	24 504	190 014	283	171 747	97 530	55 809	36 790	576 678
Net profit / (loss) during the year	3 351	105 527	-114	99 282	43 943	6 953	17 912	276 854
Exchange differences	6 464	64 157	40	59 010	30 642	14 337	11 741	186 390
Dividend	-1 593	-109 925	-	-107 223	-73 483	-	-15 777	-308 001
As of 31 December 2014	**32 726**	**249 772**	**208**	**222 816**	**98 632**	**77 100**	**50 667**	**731 921**

Although the Group holds more than 50 per cent of the ownership interest in Jotun Abu Dhabi Ltd., the Group does not have the power over the investee, or the ability to exercise significant influence. This investment is classified as an associated company, for more details see note 1.

A summary of the financial information on the individual associated companies as of 2014 and 2013, based on 100 per cent figures:

2014 (NOK thousand)	Red Sea Paints Co. Ltd	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (LLC)	Jotun Abu Dhabi Ltd. (LLC)	Jotun Powder Coatings Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd. (LLC)
Non-current assets	48 133	306 186	6 447	110 627	47 163	59 210	71 748
Current assets	105 120	606 051	4 413	622 169	260 466	178 470	167 433
Total assets	**153 253**	**912 236**	**10 860**	**732 795**	**307 630**	**237 680**	**239 182**
Equity	81 815	624 431	604	540 162	191 148	165 450	113 647
Non-current liabilities	19 855	42 026	5 938	19 571	842	15 714	4 258
Current liabilities	51 584	245 779	4 319	173 063	115 640	56 516	121 276
Total equity and liabilities	**153 253**	**912 236**	**10 860**	**732 795**	**307 630**	**237 680**	**239 182**
Revenues	-	1 250 182	698	1 258 535	448 325	277 157	346 733
Profit / (loss) for the year	**8 378**	**263 817**	**-332**	**239 235**	**85 161**	**14 921**	**38 110**

Note 2 continues

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

2013 (NOK thousand)	Red Sea Paints Co. Ltd	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (LLC)	Jotun Abu Dhabi Ltd. (LLC)	Powder Coatings Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd (LLC)
Non-current assets	43 673	223 295	4 701	94 054	34 870	28 847	62 670
Current assets	68 117	382 201	4 504	436 187	207 925	140 631	122 514
Total assets	**111 790**	**605 495**	**9 204**	**530 241**	**242 795**	**169 477**	**185 184**
Equity	61 260	475 036	821	416 491	189 012	119 763	83 021
Non-current liabilities	12 284	28 676	7 888	13 687	595	12 096	4 369
Current liabilities	38 245	101 784	496	100 063	53 189	37 619	97 794
Total equity and liabilities	**111 790**	**605 495**	**9 204**	**530 241**	**242 795**	**169 477**	**185 184**
Revenues	-	1 064 429	4 147	1 074 118	489 219	275 020	321 786
Profit / (loss) for the year	**5 975**	**231 460**	**-2 401**	**200 049**	**102 459**	**13 623**	**22 859**

c) 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, for further details see note 1.

Jotun Group has the following investments in joint ventures (all the joint ventures are limited liability companies):

Entity (NOK thousand)	Chokwang Jotun Ltd.	Jotun COSCO Marine Coatings (Guangzhou) Co. Ltd.	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd.	Jotun COSCO Marine Coatings (H.K.) Ltd.	Total
	South Korea	China	China	China	
Figures bases on ownership	50.0 %	50.0 %	50.0 %	50.0 %	
As of 1 January 2014	251 776	67 404	139 341	128 119	586 640
Net profit / (loss) during the year	26 277	-	23 131	30 091	79 498
Exchange differences	47 261	13 568	27 437	75 176	163 442
Dividend	-34 100	-80 973	-	44 593	-70 480
As of 31 December 2014	**291 213**	**-**	**189 908**	**277 978**	**759 100**

During 2014 Jotun COSCO Marine Coatings (Guangzhou) Co. Ltd. was dissolved and the equity distributed to its shareholders.

A summary of the financial information on the individual joint ventures for 2014 and 2013, based on 100 per cent figures:

2014 (NOK thousand)	Chokwang Jotun Ltd.	Jotun COSCO Marine Coatings (Guangzhou) Co. Ltd.	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd.	Jotun COSCO Marine Coatings (H.K.) Ltd.
Non-current assets	229 116	-	574 116	652 874
Current assets	895 491	-	981 086	234 750
Total assets	**1 124 607**	**-**	**1 555 202**	**887 624**
Equity	582 427	-	379 816	843 500
Non-current liabilities	120 080	-	363 188	-
Current liabilities	422 100	-	812 197	44 124
Total equity and liabilities	**1 124 607**	**-**	**1 555 202**	**887 624**
Revenues	1 045 606	-	1 508 354	507 269
Net profit / (loss) for the year	**52 553**	**-**	**46 262**	**60 181**

Note 2 continues

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

2013 (NOK thousand)	Chokwang Jotun Ltd.	Jotun COSCO Marine Coatings (Guangzhou) Co. Ltd.	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd.	Jotun COSCO Marine Coatings (H.K.) Ltd.
Non-current assets	206 081	-	427 484	637 325
Current assets	743 512	134 813	773 717	123 943
Total assets	**949 593**	**134 813**	**1 201 201**	**761 268**
Equity	503 552	134 808	278 682	550 222
Non-current liabilities	127 614	-	341 223	84 928
Current liabilities	318 426	5	581 296	126 118
Total equity and liabilities	**949 593**	**134 813**	**1 201 201**	**761 268**
Revenues	976 859	234 231	1 300 191	390 613
Net profit / (loss) for the year	**73 010**	**21 898**	**-71 852**	**56 610**

Note 3

PAYROLL EXPENSES

Payroll expenses are the total disbursements relating to remuneration of personnel employed by the Group. These expenses comprise direct salaries and holiday pay, bonuses, pension costs and public taxes/charges relating to the employment of personnel.

Wages and other social costs (NOK thousand)	2014	2013
Wages including bonuses	1 770 183	1 623 433
Social costs	216 739	198 428
Pension costs defined contribution plans	134 766	113 741
Pension costs defined benefit plans, ref. note 4	5 769	12 258
Other personnel costs	64 317	68 419
Total	**2 191 774**	**2 016 281**
Average full-time equivalent	6 644	6 560

Bonus systems
Jotun Group has a system of annual bonuses that rewards improvement. The annual bonus is limited to a maximum of 20 per cent of annual base salary. This bonus system applies to approximately 100 executives.

Remuneration to President & CEO (NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	4 119	488	194	982	5 783

The President & CEO is part of a pension scheme that includes employees in the Group's senior management. The retirement age is 67 years, with mutual opportunity to discontinue employment in whole or in part up to five years earlier. Further the Group's senior management is also part of an annual profit-dependent bonus system limited upward to 50 per cent of ordinary salary.

Jotun Group has no obligation to give the President & CEO or the Chairman of the Board special remuneration upon discontinuance or change of the employment office. Should the President & CEO employment discontinue, his contract has a clause stipulating that one-year "competition quarantine" may be imposed with compensation. The President & CEO has a notice period of 6 months.

The Group has given no loans or guarantees to the President & CEO or the Chairman of the Board. Nor has the Group given loans or guarantees to shareholders or members of Board and Corporate Assembly.

Note 3 continues

PAYROLL EXPENSES

Remuneration to Board of Directors (NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Board of Directors	2 340	-	-	-	2 340
Corporate assembly	113	-	-	-	113
Total	**2 453**	**-**	**-**	**-**	**2 453**

Shares owned by members of the Board of Directors and the Group Management are specified in note 17.

External auditor remuneration (NOK thousand)	2014	2013
Statutory audit	10 435	8 864
Other attestation services	102	291
Tax services	2 590	2 233
Other services	2 247	1 652
Total	**15 374**	**13 040**

Note 4

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The Group has both defined contribution and defined benefit pension plans. In the defined contribution 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 the defined benefit plan, the company is responsible for paying a pension to the employee based on pensionable salary. The cost for the accounting periods shows the employees' pension entitlement of the agreed future pensions in the accounting year. The majority of the Jotun Group'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, andwhere the future pension is determined by the accounts of the contributions and the return on the pension plan assets. Employees in the Jotun Group are mainly covered by pension plans that are classified as contribution plans. Costs associated with defined contribution plans are specified in note 3 Payroll expenses.

Defined benefit plans
The Jotun Group has pension plans that are classified as funded benefit plans and unfunded benefit plans, recognised in the groups balance sheet. A large part of the group's benefit plans are in Norway and the United Kingdom of Great Britain and Northern Ireland, about 80 per cent of the total net obligation as at 31 December 2014.

Norway
The schemes in Norway are closed for new members. The existing arrangements are a define pension benefit scheme of up to 60 per cent of final salary at retirement, limited up to twelve times the social security basic amount (G).

As of 31 December the basis amount (1G) is NOK 88 370. The pension liability of the company is linked to changes in Norwegian social security benefits. Other schemes with net pension obligation include the contractual-pension scheme (AFP) and end financing of old AFP scheme (early retirement). In addition comes unfunded pension obligations related to social security benefits. Other schemes with net pension obligations include the related to old-age pensions, early retirement for Jotun Group's senior executives and book liabilities related to contribution-based plans for employees who earn more than twelve times the social security basic amount (G).

United Kingdom
The defined benefit schemes in the UK are closed for all members. The net pension obligation represent defined benefit plans related to employees that entered this scheme prior to close. Contribution schemes are established for new employees.

Middle East and South East Asia
In other countries like Indonesia, Thailand and Oman there are pension schemes, based on the final salary principle. These are included in net pension obligations.

Other severance schemes
Obligations indicated under "Other severance schemes" (see below) comprise mainly statutory obligations to employees in its companies elsewhere in the world. The obligations fall due for payment when employees leave a Jotun company. The size of the obligations depend on how many years the employees have worked in the company, among other things.

Assumptions relating to the defined benefit plans
"The discount rate is fixed at the rate on high quality corporate bonds with the same lifetime as the pension liabilities. For the Schemes in UK the iBoxx Sterling Corporates AA 15+ index is used as basis for the discount rate. The index showed an annual yield on its corporate bonds of 3.6 per cent pa at 31 December 2014. However, the average term of the collection of bonds within the iBoxx index is significantly shorter than the term of the liabilities of the Scheme, consequently the discount rate has been adjusted accordingly.

In countries where there is no deep market in such bonds, the market yields on 10 years government bonds are used, adjusted for actual lifetime of the pension liabilities. The discount rate related to the Schemes in Norway is based on the assumption that there exists no deep market for high quality corporate bonds in Norway."

Note 4 continues

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

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 (K2013BE in Norway and S1PxA (YoB) in UK).

Accounting of actuarial losses and gains
All actuarial losses and gains related to pensions are presented under other comprehensive income in the income statement.

Pension plan assets
Pension plan assets are mainly in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. The actual return and breakdown of pension plan assets may be seen in the notes below. Contributions to pension plan assets during 2015 is expected to be approximately NOK 9 million.

Breakdown of pension plan assets (fair value) as of 31 December	2014	2013
Cash and cash equivalents in %	0.2	0.3
Bonds in %	49.6	46.2
Shares in %	45.7	49.2
Property in %	4.5	4.3
Total pension plan assets	**100**	**100**

	Norway		UK	
Actuarial assumptions	2014	2013	2014	2013
Discount rate in %	2.7	3.3	3.7	4.5
Expected return in %	2.7	3.3	3.7	5.4
Wage adjustment in %	3.0 - 3.25	3.0 - 3.75	3.1	3.5
Inflation / increase in social security basic amount (G), in %	3.0	3.5	2.1	2.5
Pension adjustment in %	0.5 - 3.25	0.5 - 3.75	3.5	3.5

	Indonesia	
	2014	2013
Discount rate in %	8.0	9.0
Expected return in %	8.0	9.0
Wage adjustment in %	9.0	10.0
Inflation / increase in social security basic amount (G), in %	5.0	5.0

Note 4 continues

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Schemes with net pension obligations (NOK thousand)	2014	2013
Changes in pension obligations including social security		
Pension obligation as of 1 January	427 571	404 181
Translation difference as of 1 January	50 680	28 345
Pension earning for the year	-755	8 507
Interest cost on pension obligations	20 178	14 480
Actuarial loss/(gain)	-10 429	-2
Social security upon paying pension premiums	-460	-1 011
Pension payments	-27 966	-26 899
Pension obligation as of 31 December	**458 819**	**427 601**
Changes in plan assets		
Plan assets as of 1 January	280 472	256 411
Translation difference as of 1 January	38 488	23 660
Expected return on plan assets	13 716	13 689
Settlement	5 796	5 542
Actuarial (loss) / gain	-10 383	-12 174
Payments in / (out)	4 015	8 400
Pension payments	-18 107	-15 055
Plan assets as of 31 December	**313 998**	**280 472**
Reconciliation of pension liabilities/assets recognised in the consolidated statement of financial position		
Net pension obligation - overfunded (underfunded)	-144 821	-147 129
Other severance schemes	-48 344	-37 759
Total pension liabilities	**-193 164**	**-184 888**
The period's pension costs including social security		
Pension earnings for the year	-729	8 553
Interest cost for the pension obligations	19 150	14 370
Expected return on plan assets	-12 652	-12 746
Curtailment and settlements	-	2 081
Pension cost recognised in the consolidated statement of profit or loss	**5 769**	**12 258**
Actuarial (gain) / loss recognised in other comprehensive income, net of taxes	**-1 137**	**9 623**
Breakdown of net pension liabilities as of 31 December in unfunded and funded schemes		
Present value of funded pension obligations	-393 738	-361 137
Pension plan assets	313 998	280 472
Net funded pension assets	**-79 740**	**-80 665**
Present value of unfunded pension obligations	-113 425	-104 223
Capitalised net pension liabilities	**-193 164**	**-184 888**

Note 5

OTHER OPERATING EXPENSES AND NET FINANCIAL ITEMS

Other operating expenses (NOK thousand)	2014	2013
Manufacturing costs	300 325	277 364
Warehouse costs	134 458	141 113
Transport costs	354 118	322 101
Sales costs	967 914	858 449
Technical service	73 293	59 434
Research and development	103 964	85 011
General and administrative	513 993	406 103
Other	118 262	78 682
Total	**2 566 327**	**2 228 257**

Jotun Group presents its consolidated statement of profit or loss based on the nature of the items of income and expense. Other operating expenses comprise all operating expenses that are not related to cost of goods sold, employee payroll expenses and capital cost in the form of depreciation. The main items of other operating expenses have been grouped in the table above.

The item "Research and development" consists of costs from projects in a research phase and development costs related to cancelled projects.

The item "Other" consists manly of royalty and warranty costs.

Finance income (NOK thousand)	2014	2013
Interest income	33 875	14 638
Interest income on loan to associated companies	3 366	3 126
Foreign exchange gain	103 830	35 938
Other financial income	16 086	-
Total	**157 157**	**53 702**

Finance costs (NOK thousand)	2014	2013
Net fair value loss financial instruments	-17 770	-2 290
Interest costs	-86 621	-78 674
Foreign exchange loss	-64 931	-27 335
Other financial costs	-	-11 897
Total	**-169 323**	**-120 196**
Net financial items	**-12 166**	**-66 494**

Note 6

INCOME TAX

Taxes refer to the authorities taxation of the profits of the different companies in the Group. Matters like value added tax, social security contribution etc. are not included in "taxes". Taxes are computed on the basis of accounting profit / loss and broken down into current taxes and change in deferred taxes. Deferred tax is the result of timing differences between financial accounting and tax accounting. The major components of the income tax expense for the years ended 31 December 2014 and 2013 are:

Consolidated statement of profit or loss

Income tax related to the consolidated statement of profit or loss (NOK thousand)	2014	2013
Current income tax charge:		
Tax payable	383 924	305 314
Deferred tax:		
Relating to original and reversal of temporary differences	-28 187	29 311
Income tax	**355 737**	**334 625**

Note 6 continues

INCOME TAX

Consolidated statement of other comprehensive income

Deferred tax related to items charged or credited directly to other comprehensive income during the year (NOK thousand)	2014	2013
Net gain on translation difference on net investment in foreign operations	10 797	12 545
Net actuarial gain / (loss)	421	-3 559
Income tax charged directly to other comprehensive income	**11 218**	**8 985**

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

A reconciliation between tax expense and the product of accounting profit multiplied by Jotun A/S' domestic tax rate for the years ended 31 December 2014 and 2013 are as follows:

(NOK thousand)	2014	2014	2013
Profit before tax as reported in consolidated statement of profit or loss		1 301 422	1 191 368
Share of profit from associated companies and joint ventures, net of tax		-356 352	-286 961
Expected income taxes at statutory tax rate*	27 %	255 169	253 234
Effect of credit deduction	2 %	17 340	32 179
Correction previous years	0 %	13 191	-7 803
Non deductible expenses and non taxable income**	9 %	80 374	100 703
Tax loss not recognised	6 %	53 339	53 582
Foreign tax rate differences	-6 %	-63 676	-97 269
Total income tax		**355 737**	**334 625**
Effective tax rate		38 %	37 %

*) Expected income tax is calculated based on profit before tax, less the net of tax amount share of profit from associated companies and joint ventures. The calculation is based on the Norwegian nominal statutory tax rate applied to income before tax. As of 2014 this tax rate is 27 per cent (2013: 28 per cent).
**) The amounts include limitations in tax credits for foreign tax paid by Jotun A/S in Norway derived from low-tax jurisdictions and income taxable under the Controlled Foreign Corporation (CFC) rules.

Current tax payable presented in the consolidated statement of financial position (NOK thousand)	2014	2013
Tax payable for the year	383 924	305 413
Prepaid taxes	-166 134	-113 536
Withholding taxes receivable	-66 967	-57 608
Other tax payable	8 574	-7 067
Total tax payable	**159 397**	**127 202**

Specification of deferred tax

Deferred tax liability consists of the Group tax liabilities that are payable in the future. The table below lists the timing differences between tax accounting and financial accounting.

Temporary differences (NOK thousand)	2014	2013
Non-current assets	212 434	335 284
Current assets	-178 241	-42 375
Liabilities	-277 208	-382 888
Tax losses carried forward	-41 272	-52 942
Net temporary differences	**-284 286**	**-142 921**
Net deferred tax presented in the consolidated statement of financial position		
Recognised deferred tax liabilities	-32 194	-36 489
Recognised deferred tax assets	134 957	97 732

Note 6 continues

INCOME TAX

Specification of tax loss carry forward and unused tax credits (NOK thousand)	2014	2013
2014	-	18 608
2015	5 953	8 879
2016	12 442	6 054
2017	30 884	12 843
2018	69 789	38 048
2019 and after	485 666	255 292
Without expiration	366 465	243 562
Total loss carry forward	**971 198**	**583 286**
Calculated nominal tax effect of tax loss carry forward	320 836	192 667
Valuation allowance	308 165	176 534
Deferred tax asset recognised in the statement of financial position	**12 671**	**16 133**

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 repored a profit or because assets with excess value have been identified. If it is not likely that sufficient future profits will be generated to absorb the tax-reducing timing differences, no deferred tax asset has been recognised.

Jotun entities in Spain and Pakistan have substantial tax reducing timing differences that have been recognised based on the expected improvement in profitability the coming years.

The Jotun Group's operations in the US, India, Spain and Brazil have substantial tax reducing timing differences that have not been recognised due to uncertainty with regard to utilisation.

Note 7

INTANGIBLE ASSETS

(NOK thousand)	Development cost	Other intangibles	Total
Cost			
Balance as of 1 January 2013	88 685	284 048	372 733
Additions	17 593	55 783	73 376
Disposals	-	-156	-156
Foreign currency translation effect	-232	15 202	14 970
Balance as of 31 December 2013	**106 046**	**354 877**	**460 923**
Additions	24 981	43 345	68 326
Disposals	-1 833	-106 805	-108 638
Foreign currency translation effect	4	21 315	21 320
Balance as of 31 December 2014	**129 198**	**312 733**	**441 931**
Amortisation/impairment			
Balance as of 1 January 2013	-6 343	-199 140	-205 483
Amortisation	-6 247	-12 201	-18 447
Disposals	-	-156	-156
Foreign currency translation effect	351	-5 320	-4 969
Balance as of 31 December 2013	**-12 239**	**-216 816**	**-229 055**
Amortisation	-8 567	-21 117	-29 684
Disposals	1 404	106 188	107 591
Foreign currency translation effect	-494	-8 783	-9 276
Balance as of 31 December 2014	**-19 895**	**-140 528**	**-160 423**
Net book value			
Balance as of 31 December 2014	**109 303**	**172 205**	**281 508**
Balance as of 31 December 2013	**93 807**	**138 059**	**231 868**

Amortisable intangible assets are amortised over the following useful lifetimes:

Asset category	Useful life
Development cost	8 - 10 years
Other intangible assets	up to 10 years

Note 7 continues

INTANGIBLE ASSETS

Intangible assets are non-physical assets that have either been capitalised in connection with acquisition of businesses or through internal development of products (product development) or customisation of IT applications (other intangible assets).

Development cost
Development costs are capitalized if the costs can be measured reliably, the related product or process is technically and commercially feasible, sufficient future economic benefits will be generated and sufficient resources are available to complete the development. The expenditures capitalized include the cost of materials and direct labor. Capitalised development costs are amortised on a straight-line basis.

Research and development (R&D) cost that are not eligible for capitalisation have been expensed and are recognised in administrative expenses (refer note 5).

Product development in the Jotun Group is carried out both in the Jotun R&D Centre in Norway, as well as in the regional R&D Laboratories in Dubai, Malaysia, India, Korea and China. The combination of a central and regional R&D set-up is a success factor ensuring both a solid technology platform and necessary local product adaptations. Sustainability is a main driver for new developments in all segments (Decorative Paints, Protective Coatings, Marine Coatings and Powder Coatings). The main focus areas are:

- Reduced energy consumption and carbon footprint during the lifecycle of products and the objects they are applied on. This is achieved by developing highly efficient antifouling concepts, highly durable coatings with the need of less maintenance, optimization of TiO2 usage, and launching low temperature curing powder coatings.

- Reducing VOC emissions by the development of high solid and waterborne alternative to traditional solvent-based paints.

- Continuously substituting hazardous raw materials with less hazardous. A recent example is the global phase out Lead Chromate during 2014.

Within all segments the Jotun Group is committed to serve the markets with high quality products. This is a common denominator for new developments. An important objective for using decorative products is beautification of homes; new Lady Design effects are launched in Middle East and Majestic Design in China.

Note 8

PROPERTY, PLANT AND EQUIPMENT

(NOK thousand)	Land	Buildings	Electrical installation	Machinery, vehicles and equipment	Construction in progress	Total
Cost						
Balance as of 1 January 2013	165 343	1 890 704	119 013	2 588 409	222 512	4 985 982
Additions at cost	45 876	145 572	32 770	252 405	183 167	659 790
Disposals	-	-1 654	-	-57 689	-	-59 343
Foreign currency translation effect	-4 838	49 264	3 481	60 323	-5 269	102 960
Balance as of 31 December 2013	**206 381**	**2 083 886**	**155 264**	**2 843 448**	**400 409**	**5 689 388**
Additions at cost	28 052	85 288	22 196	275 058	431 710	842 303
Disposals	-	-21 854	-1 183	-168 000	-2 554	-193 591
Reclassifications	-6 720	-8 353	-7 378	10 874	11 577	-
Foreign currency translation effect	32 478	243 602	10 666	287 367	26 822	600 935
Balance as of 31 December 2014	**260 191**	**2 382 569**	**187 565**	**3 240 747**	**867 964**	**6 939 036**
Depreciation and impairment						
Balance as of 1 January 2013	-2 416	-773 512	-20 085	-1 630 602	-	-2 426 615
Depreciation	-386	-82 725	-15 172	-187 154	-	-285 436
Depreciation on disposals	-	1 654	-	47 893	-	49 547
Impairment	-	-	-	120	-	121
Foreign currency translation effect	-15	-17 984	-1 142	-40 553	-	-59 694
Balance as of 31 December 2013	**-2 816**	**-872 567**	**-36 399**	**-1 810 295**	**-**	**-2 722 078**
Depreciation	-940	-83 345	-15 727	-207 233	-	-307 245
Depreciation on disposals	-	11 297	1 281	100 883	-	113 461
Reclassifications	-1 553	3 364	-985	-826	-	-
Foreign currency translation effect	-328	-80 411	-5 479	-182 443	-	-268 660
Balance as of 31 December 2014	**-5 637**	**-1 021 662**	**-57 308**	**-2 099 915**	**-**	**-3 184 522**
Net book value						
Balance as of 31 December 2014	**254 554**	**1 360 908**	**130 256**	**1 140 832**	**867 964**	**3 754 514**
Balance as of 31 December 2013	**203 565**	**1 211 320**	**118 864**	**1 033 152**	**400 409**	**2 967 311**

Note 8 continues

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated over the following useful lifetimes:

Asset category	Useful life
Land	Infinite
Buildings	25 - 33 years
Electrical Installations	10-14 years
Machinery	7-10 years
Office equipment and furniture	5-7 years
Vehicles	4-5 years
IT equipment	3 years

The period of depreciation is reviewed each year and if there are changes in useful life, depreciation is adjusted. Residual value is estimated and if it is higher than the carrying value, depreciation is stopped.

Construction in progress
A major part of amount under "Construction in progress" relates to production facility projects in Brazil, Russia, Oman and Indonesia.

Note 9

INVENTORIES

Inventories consists of the Group's stock of raw materials and finished goods. Inventories are valued at the lowest value of cost and net realisable value. Cost of inventories is assigned by using weighted average cost formula. Production cost for finished goods include direct materials and wages as well as share of indirect manufacturing costs. Deduction has been made for obsolescence.

(NOK thousand)	31.12.2014	31.12.2013
Raw materials	835 457	738 390
Finished goods	1 122 063	1 023 615
Total	**1 957 520**	**1 762 005**
Total allowance for obsolete inventories	69 314	63 547

Note 10

PROVISIONS

2014 (NOK thousand)	Claims	Restructuring	Environmental	Other	Total provisions
Balance as of 1 January 2014	38 492	8 520	41 400	9 609	98 020
Provisions arising during the year	22 226	-	17 600	6 053	45 879
Utilised	-3 905	-1 597	-18 195	-	-23 698
Unused amounts reversed	-7 284	-	-	-	-7 284
Currency translation effect	2 826	-	-	-696	2 131
Balance as of 31 December 2014	**52 355**	**6 923**	**40 805**	**14 966**	**115 048**
Current, ref. note 15	43 761	6 923	11 300	11 058	73 042
Non-current	8 594	-	29 505	3 908	42 006
Total	**52 355**	**6 923**	**40 805**	**14 966**	**115 048**

2013 (NOK thousand)	Claims	Restructuring	Environmental	Other	Total provisions
Balance as of 1 January 2013	35 408	28 312	55 000	52 629	171 349
Provisions arising during the year	12 715	-	-	5 368	18 084
Utilised	-3 475	-14 647	-13 600	-13 578	-45 300
Unused amounts reversed	-6 960	-5 145	-	-35 883	-47 988
Currency translation effect	804	-	-	1 072	1 876
Balance as of 31 December 2013	**38 492**	**8 520**	**41 400**	**9 609**	**98 020**
Current, ref. note 15	33 486	8 520	16 400	9 609	68 015
Non-current	5 006	-	25 000	-	30 006
Total	**38 492**	**8 520**	**41 400**	**9 609**	**98 020**

Note 10 continues

PROVISIONS

Claims
A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year (see note 15) and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provision for claims were based on current information available about claim cases and the expected claims based on the warranty period for specific products sold.

Restructuring provisions
Provisions for restructuring are related to close-down of plants in Norway. For all restructuring provisions detailed plans have been made and implemented. In accordance with the restructuring plans all of the costs will be incurred in 2015.

Environmental provisions
Jotun Group has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. Pre-studies and analysis of relevant areas have been undertaken to reliably estimate the provisions that have been recognised. The clean-up activities have been initiated and will continue until 2018. These provisions are estimates of amounts payable or expected to become payable.

Other provisions
Other provisions are other liabilities of uncertain timing or amount. It is our opinion that the provisions made are adequate based upon currently available information.

Note 11

OVERVIEW OF FINANCIAL INSTRUMENTS

This note gives an overview of the carrying and fair value of Jotun 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 subsequent 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 instruments.

2014 (NOK thousand)	Note	Measurement level	Financial instruments at fair value through statement of income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Of this interest-bearing
Non-current assets							
Share investments		3	8 248			8 248	
Non-current financial receivables					202 855	202 855	202 855
Total			**8 248**	**-**	**202 855**	**211 102**	**202 855**
Current assets							
Accounts receivable	12				3 574 994	3 574 994	
Other current receivables	12				472 531	472 531	
Cash and cash equivalents	13				1 421 421	1 421 421	
Total			**-**	**-**	**5 468 946**	**5 468 946**	**-**
Total financial assets			**8 248**	**-**	**5 671 801**	**5 680 049**	**202 855**
Non-current liabilities							
Non-current financial liabilities	14	2		2 379 037		2 379 037	2 379 037
Total			**-**	**2 379 037**	**-**	**2 379 037**	**2 379 037**
Current liabilities							
Interest-bearing debt	14,16			946 843		946 843	946 843
Trade and other payables				1 514 783		1 514 783	
Current tax liabilities	6			159 397		159 397	
Other liabilities	15			1 269 098		1 269 098	
Current derivatives	16	1	347			347	
Total			**347**	**3 890 121**	**-**	**3 890 468**	**946 843**
Total financial liabilities			**347**	**6 269 157**	**-**	**6 269 852**	**3 325 880**

Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)
Total measurement level 2 (Other techniques for which all inputs that have significant effect on the recorded fair value are observable, directly or indirectly)
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)

Note 11 continues

OVERVIEW OF FINANCIAL INSTRUMENTS

2013 (NOK thousand)	Note	Measure-ment level	Financial instruments at fair value through statement of income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Of this interest-bearing
Non-current assets							
Share investments		3	8 248			8 248	
Non-current financial receivables					184 647	184 647	184 647
Total			**8 248**	**-**	**184 647**	**192 895**	**184 647**
Current assets							
Accounts receivable	12				2 786 607	2 786 607	
Other current receivables	12				477 152	477 152	
Current derivatives	16	1	74			74	
Cash and cash equivalents	13				1 120 156	1 120 156	
Total			**74**	**-**	**4 383 915**	**4 383 990**	**-**
Total financial assets			**8 322**	**-**	**4 568 563**	**4 576 885**	**184 647**
Non-current liabilities							
Non-current financial liabilities	14	2		1 368 482		1 368 482	1 368 482
Total			**-**	**1 368 482**	**-**	**1 368 482**	**1 368 482**
Current liabilities							
Interest-bearing debt	14,16			1 258 748		1 258 748	1 258 748
Trade and other payables				1 235 491		1 235 491	
Current tax liabilities	6			127 202		127 202	
Other liabilities	15			362 532		362 532	
Current derivatives	16	1	4 190			4 190	
Total			**4 190**	**2 983 973**	**-**	**2 988 163**	**1 258 748**
Total financial liabilities			**4 190**	**4 352 455**	**-**	**4 356 645**	**2 627 230**

Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)
Total measurement level 2 (Other techniques for which all inputs that have significant effect on the recorded fair value are observable, directly or indirectly)
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)
Share investment consist of 33.4 per cent of the shares in Nor-Maali OY

Note 12

TRADE AND OTHER RECEIVABLES

Trade and other receivables (NOK thousand)	31.12.2014	31.12.2013
Accounts receivable	3 574 993	2 786 607
Bank receivables	86 717	74 432
Other receivables	385 815	402 720
Total	**4 047 525**	**3 263 759**

Bank receivables consist of bank drafts received from customers for payment of accounts receivable.

Allowances for credit losses have been recorded upon individual evaluation of the accounts receivable and other receiveables. Realised losses for bad debt is classified as other operating expenses in the income statement.

Note 12 continues

TRADE AND OTHER RECEIVABLES

Changes in allowances for bad debt is shown in following table:

Allowances for bad debt (NOK thousand)	31.12.2014	31.12.2013
Allowances for bad debt as of 1 January	160 255	161 983
Allowances for bad debt made during the period	58 905	35 583
Realised losses for the year	-32 950	-37 311
Total	**186 210**	**160 255**

The maximum credit risk exposure at the year-end is the fair value of each class of receivable mentioned above. Further information regarding credit risk and foreign exchange risk regarding accounts receivable is discussed in note 16.

Aging of accounts receivable as of 31 December was as follows:

(NOK thousand)	Total	Not due	Less than 30 days	30-60 days	60-90 days	More than 90 days
2014*	3 761 203	2 555 257	442 898	185 602	102 645	474 801
2013*	2 946 862	1 951 312	373 896	176 373	91 699	353 582

*) Does not include allowance for bad debt.

Note 13

CASH AND CASH EQUIVALENTS

For the purpose of the Consolidated statement of cash flows, cash equivalents comprise the following at 31 December:

(NOK thousand)	31.12.2014	31.12.2013
Cash at banks and on hand	862 638	1 120 161
Short-term deposits	558 783	-
Total	**1 421 421**	**1 120 161**

Cash and cash equivalents have a maturity between one day and three months. Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, the return is based on short-term money market funds. The average interest rate for bank deposits is approximately 2.9 per cent as of 31 December 2014 (2013: 1.84 per cent).

At 31 December 2014 the Group had available NOK 900 million (2013: NOK 900 million) of undrawn credit facilities.

Cash at banks and on hand are attributable the Group's cash pool arrangement and local bank accounts held by the respective subsidiaries. The table below provides an overview of cash balances as of 31 December:

(NOK thousand)	31.12.2014	31.12.2013
China	119 665	95 505
Egypt	114 903	72 991
Singapore	84 469	77 102
Malaysia	78 017	92 536
Net position Group cash pool	76 506	430 534
Brazil	55 697	14 005
Russia	31 877	16 876
Other	301 504	320 612
Total cash at banks and on hand	**862 638**	**1 120 161**

Note 14

FUNDING AND BORROWINGS

The Jotun Group's policy is to have sufficient long-term loans and committed credit facilities to cover expected financing needs with an additional strategic reserve of five per cent of consolidated sales. Commercial papers and money markets are used as a source of liquidity when conditions in these markets are competitive compared to drawing on committed long-term credit facilities. As of 31 December 2014 there were no drawings on these credit facilities.

Jotun Group's main sources of financing are loans in the Norwegian Bond market and bilateral loans from the Group's relationship banks. The term to maturity for new loans and credit facilities is normally 5-10 years.

In 2013 Jotun Group increased long-term loans with bonds totaling NOK 600 million and new bilateral loan with Nordic Investment Bank (NIB) of USD 120 million, replacing short term certificate loans. In 2014 Jotun Group continued the shift from short to longer term financing by reducing its certificate loans and by increasing its bonds funding to NOK 1 300 million. The table below gives an overview of interest-bearing debts and net interest-bearing debts.

	Book value				
(NOK thousand)	**31.12.2014**	**31.12.2013**	**Currency**	**Coupon**	**Term**
Non-current interest-bearing liabilities					
Bonds*					
Bond 2013-16	600 000	600 000	NOK	NIBOR + 1.2 %	2016
Bond 2014-19	300 000	-	NOK	Fixed rate 3.9%	2019
Bond 2014-21	400 000	-	NOK	NIBOR + 0.9 %	2021
Bank debt (NIB), unsecured	898 660	729 596	USD	US LIBOR + 1.2 %	2024
Bank debt BNDS Brazil, secured with bank guaranty	130 504	26 049	BRL	TJLP + 1.8 % **	2021
Other bank debt, unsecured	81 409	65 933			
Total	**2 410 573**	**1 421 578**			
Of this current liabilities (first year's repayment)	-31 536	-53 096			
Total non-current interest-bearing liabilities	**2 379 037**	**1 368 482**			
Current interest-bearing liabilities					
Certificate loans, unsecured	200 000	750 000	NOK	Average 2.0 %	
Credit line facilities	74 422	48 105			
Bank loans, maturity < 1 year	31 536	53 096			
Other loans	640 885	407 547			
Total current interest-bearing liabilities	**946 843**	**1 258 748**			
Total interest-bearing liabilities	**3 325 880**	**2 627 230**			
Non-current interest-bearing receivables***	202 855	184 647			
Cash and cash equivalents	1 421 421	1 120 156			
Net interest-bearing liabilities	**1 701 604**	**1 322 426**			

The fair value of interest-bearing assets and liabilities in the table above equal to the respective book values.

*) Interest rates related to the floawting rate bond agreements are based on a 3 months floating-rate note, making the fair value in all material aspects equal to its book value. The fixed rate bond agreement is accounted for based on amortised cost.
**) The nominal interest rate related to the BNDS loan in Brazil is at a rate defined by the government (TJLP), and is below the local market interest level.
***) Non-current interest-bearing receivables consists mainly of loans from Jotun A/S to joint ventures and associated companies.

Maturity profile interest-bearing liabilities and unutilised credit facilities
The maturity profiles of Jotun Group's interest bearing liabilities and unutilised committed credit facilities are shown in the table below. 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.

(NOK thousand)	**Total**	**< 1 year**	**1 year**	**2 years**	**3 years**	**4 years**	**> 4 years**
Gross interest-bearing liabilities at 31.12.2014	3 325 880	978 379	607 988	6 316	305 620	116 061	1 311 516
Gross interest-bearing liabilities at 31.12.2013	2 627 230	1 258 748	547	600 490	413	70 450	696 582
Unutilised credit facilities at 31.12.2014	800 000	-	400 000	-	-	400 000	-
Unutilised credit facilities at 31.12.2013	800 000	-	400 000	400 000	-	-	-

Note 14 continues

FUNDING AND BORROWINGS

Non-current interest-bearing debt by currency

The table below display the distribution of Jotun Group's non-current interest bearing liabilities including the first year's repayment per currency.

	31.12.2014		31.12.2013	
(NOK thousand)	Currency amount	NOK	Currency amount	NOK
NOK	1 300 000	1 300 000	600 000	600 000
USD	120 500	900 378	128 170	777 858
BRL	46 406	130 504	10 142	26 049
Other		79 692		17 670
Total non-current interest-bearing liabilities		**2 410 573**		**1 421 578**

Loan Covenants

The loan covenants in the Group's credit facility of NOK 800 million and the NIB bank loan are linked, among other things, to the equity ratio (equity / total assets) and the debt ratio (net interest-bearing debt / EBITDA). There are no financial covenants related to the Bonds for the Group or for Jotun A/S. The following covenants apply:

	Required level (Covenant)	Status year end 2014
Equity ratio	Minimum 25 %	51 %
External debt in subsidiaries/Total assets	Maximum 20 %	2 %
Net debt/EBITDA*	Maximum 4.0	1.0

*) EBITDA = Operating Profit before amortisation and depreciation

Note 15

OTHER CURRENT LIABILITIES

	Carrying amount	
Other current liabilities (NOK thousand)	31.12.2014	31.12.2013
Public charges and holiday pay	241 630	159 346
Prepaid dividend	189 616	135 171
Other accrued expenses*	765 157	657 220
Total current provisions, ref. note 10	73 042	68 015
Total	**1 269 445**	**1 019 752**

*) Other accrued expenses are related to bonuses to employees, agent fees/commissions, sales, marketing and other accrued expenses.

Note 16

FINANCIAL RISK MANAGEMENT

The Jotun Group is exposed to financial risks like currency risk, liquidity risk and credit risk. The Jotun Group handles these risks in accordance with the Group's Treasury policy.

The responsibility for managing financial risk in the Jotun Group is divided between the individual operational entities and Group level. At Group level, Group Treasury manages risk related to centralised activities like funding and currency risk management. Furthermore, Group Treasury monitors and advises the local entities on risk issues and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy not to trade for speculative purposes. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

As of 31 December 2014 all of the Group's financial instruments related to hedging are owned by Jotun A/S.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that cash flows, profits and balance sheet items will fluctuate because of future changes in foreign exchange rates. As NOK is the functional currency for Jotun A/S and the presentation currency for the Jotun Group, the Group is exposed to currency translation risk.

During 2014 the Norwegian krone (NOK) has weakened significantly compared to other functional currencies within the Group. Currency translation at year-end was based on the following key exchange rates:

	Closing rate in NOK		
Functional currencies	2014	2013	Change %
Chinese renminbi (CNY)	1.204	1.002	20 %
Hong Kong Dollar (HKD)	0.964	0.782	23 %
Malaysian Ringgit (MYR)	2.138	1.851	15 %
Thai Baht (TBH)	0.227	0.185	22 %
Egyptian Pound (EGP)	1.045	0.873	20 %
Omani Rial (OMR)	19.408	15.757	23 %
Saudi Riyal (SAR)	1.991	1.618	23 %
South Korean Won (KRW)	0.007	0.006	19 %
U.S. Dollar (USD)	7.472	6.066	23 %
Turkish Lira (TRY)	3.202	2.829	13 %

Translation risk on net investment

Currency translation risk arises when the financial statements of subsidiaries, presented in local currencies, are translated into NOK.

The asset side of the risk is the net investment in subsidiaries, joint ventures and associated companies. Net investment is defined as the Jotun Group's interest in the net assets of those operations. The net assets equal the booked value of equity and intercompany loans in foreign currency where settlement is neither planned nor likely to occur in the foreseeable future, adjusted for the Jotun ownership share.

For 2014, a currency gain of NOK 804 million has been recognised related to the equity investment in subsidiaries, joint ventures and associated companies (2013: gain NOK 184 million). These currency effects, net after tax, are presented as part of other comprehensive income (OCI) in the consolidated statement of comprehensive income. The currency gain is mainly arising from the following underlying functional currencies;

(NOK thousand)	2014	2013
CNY	211 267	95 198
HKD	74 743	4 846
MYR	53 796	4 236
EGP	53 757	-831
THB	52 306	1 415
OMR	48 715	11 632
SAR	42 033	15 286
KRW	41 918	17 082
IDR	40 109	-22 469
Other	185 218	57 573
Total	**803 860**	**183 967**

Furthermore, the translation difference related loans to subsidiaries classified as net investments in foreign operations amounted to a gain of NOK 149 million (2013: gain NOK 31 million).

The Group uses a traditional debt instrument in terms of a USD 120 million loan, for hedging net investments in foreign subsidiaries. The net investment hedging is carried out in accordance with IAS 39.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity and offset by translation differences from assets in subsidiaries. The gain or loss related to the ineffective portion is immediately recognised in the income statement. There was no ineffectiveness related to net investment hedge in 2014. The effective portion recognised in equity was a loss of NOK 120 million in (2013: gain NOK 3 million).

Note 16 continues

FINANCIAL RISK MANAGEMENT

Sensitivity analysis on net investment
The equity is the major part of the net investment. A large part derives from companies in the Middle East with mainly USD pegged currencies, and Asia, where China and Korea are significant (CNY is partly pegged to the USD). The equity of the Jotun Group has historically had a strong correlation to USD.

Given a 10 per cent appreciation/depreciation of NOK, equity would have been NOK 662 million lower/higher (NOK 640 million lower/higher at 31 December 2013) as a result of foreign exchange gains/losses on net investment in foreign operations. Such currency effect would decrease/increase the equity, and also decrease/increase the value of the total assets.

Local currency (NOK thousand)	NOK effect on Other Comprehensive Income 2014	2013
CNY	-93 132	-106 715
USD	-76 453	-72 226
MYR	-65 120	-59 139
TRY	-37 458	-38 500
KRW	-32 197	-25 178
AED	-30 542	-31 672
Other	-326 647	-306 668
Sum	**-661 550**	**-640 098**

Foreign currency risk on operational and financial cash flows
Each operating unit has a net inflow or outflow of foreign currency related to product sales and raw material purchases. The currency risk arises when the movements in currency rates can not immediately be passed on to the product prices. This creates an impact on the operational result. The Jotun Group has a policy to hedge against this effect in companies where the effect is significant, without applying hedge accounting in accordance with IAS 39.

Foreign currency financial cash flows such as dividend payments, royalty payments, interest payments, instalments and issuing of loans and equity, gives a currency exposure. For the Group this risk is concentrated to Jotun A/S. The policy is to hedge this exposure. Hedge accounting in accordance with IAS 39 is not applied. Both realised and unrealised effects are recognised in the financial result.

Jotun A/S has financial and operational foreign exchange income and costs which are hedged as a net position according to the policy of Jotun Group, relating to USD and EUR. This represents all hedging relationships for the Group.

The table below shows the status per 31. December:

2014 (NOK thousand)	Hedged value 31.12.2014	Unrealised gain/loss (-) 31.12.2014	Realised effect 2014
Hedging of cash flow	775 757	-9 114	-9 989

2013 (NOK thousand)	Hedged value 31.12.2013	Unrealised gain/loss (-) 31.12.2013	Realised effect 2013
Hedging of cash flow	696 444	-1 333	-17 378

Market value information related to the tables above is gathered from:

- Reuters 31 December 2014 and estimates generated by Jotun Group's financial system CRM

- The valuation is based on inputs that are derived from observable prices and are hence categorized as a "Level 2" input in the fair value hierarchy

Translation risk in sales and operating result
When all local sales and profit figures are converted to NOK and consolidated into Group accounts, there is a translation effect in the NOK numbers. This reflects the currency movement between NOK and all the relevant foreign currencies. This translation effect is not hedged.

Sensitivity analysis on translation effects
The Jotun Group has approximately 80 per cent of its sales and operational profit arising from foreign currency. Translating local currency figures into NOK, a ten percent currency change would give an impact on the sales and operational profit of NOK 1 050 million and NOK 105 million respectively.

INTEREST RATE RISK
Jotun Group's exposure to the risk of changes in market interest rates relates to the Group's long-term debt obligations with floating interest rates. In 2013 Jotun Group increased long-term loans with bonds totalling NOK 600 million and new bilateral loan with Nordic Investment Bank (NIB) of USD 120 million, replacing short term certificate loans. In 2014 Jotun Group continued the shift from short to longer term financing by reducing its certificate loans and by increasing its bond funding to NOK 1 300 million. One of the bond agreements entered into in 2014, with a carrying amount of NOK 300 million, is based on a fixed interest rate of 3.9 per cent. This financial instrument is accounted for based on amortised cost.

The Jotun Group has low net interest-bearing debt, and the Group's policy is not to hedge this exposure. This policy will be re-considered if the debt increases to a significantly higher level.

FUNDING AND LIQUIDITY RISK
The Group monitors its risk by using cash flow forecasts. The main elements of the funding strategy are the establishment of long-term loans and credit facilities with a minimum average 2 year to maturity and maintaining a strategic financing reserve calculated as of five per cent of consolidated sales. See note 14 for further details on the Group's funding.

Note 16 continues

FINANCIAL RISK MANAGEMENT

Cash flow from operations has seasonal cycles, especially following the sales of exterior decorative paints in Scandinavia, and sales of protective coatings in East-Europe and Central Asia. Through the first months of the year the Group has substantial build-up of working capital as a preparation for the spring and summer sales season. This is an expected cyclical movement and is taken into account when planning the financing. Other drivers for the liquidity development are investments in new factories and changes in working capital in the individual companies. Investments are financed mostly from Jotun A/S and the cash flows are predictable as the financing for each project is planned well in advance.

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.

Jotun Group's credit risk is mainly related to markets with generally high DSO (days sales outstanding). Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed by the respective business unit and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and credit risk assessments are undertaken.

There is no significant concentration of credit risk in respect of single counterparts. Some groups of counterparts can be viewed as significant: Shipyards, ship owners, real estate developers and some larger retail chains in Scandinavia. In combination with a geographical distribution and few large single accounts, the credit risk in the Jotun Group is viewed to be well diversified.

The requirement for impairment is analysed at each reporting date on individual customer basis. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 11. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Jotun A/S has International Swap Dealers Association (ISDA) agreements with its counterparts for derivative transactions, and transactions are made only with the Jotun Group core relationship banks with satisfactory ratings.

COMMODITY PRICE RISK

The Group is exposed to a significant price risk in respect of a number of raw materials. Raw material purchases accounts for approximately 55 per cent of total sales revenue. The volatile raw material prices over the past years have had a significant impact. Large short-term increases in the raw material prices cannot be compensated immediately in the product prices, and in the period until product prices can be increased, the profit will be negatively impacted.

Commodity price sensitivity

The following table shows the effect of price changes for the most significant raw materials.

(NOK thousand)	Increase in year-end price	Effect on profit before tax 2014	2013
Epoxy resins	5 %	-49 830	-45 606
Titanium Dioxide	5 %	-42 711	-39 091
Solvents	5 %	-35 593	-32 576
Cuprous Oxide	5 %	-32 033	-29 318

A decrease in year-end raw material prices would have a positive effect on the profit before tax. The effect of a 10 per cent general increase in raw material prices would, all other variables constant, reduce the profit before tax by NOK 712 million (2013: NOK 652 million).

Note 17

SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital in Jotun A/S as of 31 December 2014 consists of the following share classes:

(NOK thousand)	Quantity	Face value	Book value
A-shares	114 000	300	34 200
B-shares	228 000	300	68 400
Total	**342 000**	**300**	**102 600**

At the general meeting, each A-share has ten and each B-share has one vote. There are no changes from last year.

Note 17 continues

SHARE CAPITAL AND SHAREHOLDER INFORMATION

Ownership structure
The number of shareholders as of 31 December 2014 was 696. The largest shareholders were:

Shareholders	A-shares	B-shares	Total	Ownershare	Voting interest
Lilleborg AS	42 008	103 446	145 454	42.5 %	38.3 %
Odd Gleditsch AS	11 419	36 990	48 409	14.2 %	11.1 %
Mattisberget AS	29 339	536	29 875	8.7 %	21.5 %
Leo Invest AS	2 989	7 512	10 501	3.1 %	2.7 %
Abrafam Holding AS	3 369	3 815	7 184	2.1 %	2.7 %
BOG Invest AS	-	6 850	6 850	2.0 %	0.5 %
ACG AS	-	5 548	5 548	1.6 %	0.4 %
Elanel AS	3 012	2 353	5 365	1.6 %	2.4 %
HEJO Holding AS	-	5 242	5 242	1.5 %	0.4 %
Bjørn Ekdahl	1 872	3 281	5 153	1.5 %	1.6 %
Live Invest AS	4 057	567	4 624	1.4 %	3.0 %
Kofreni AS	131	4 114	4 245	1.2 %	0.4 %
Bjørn Ole Gleditsch	26	3 679	3 705	1.1 %	0.3 %
Pina AS	-	3 443	3 443	1.0 %	0.3 %
Conrad Wilhelm Eger	1 172	2 155	3 327	1.0 %	1.0 %
Jill Beate Gleditsch	-	3 172	3 172	0.9 %	0.2 %
Anne Cecilie Gleditsch	5	3 161	3 166	0.9 %	0.2 %
Fredrikke Eger	1 000	2 084	3 084	0.9 %	0.9 %
Odd Gleditsch d.y.	27	2 882	2 909	0.9 %	0.2 %
Vida Holding AS	142	2 588	2 730	0.8 %	0.3 %
Total 20 largest	**100 568**	**203 418**	**303 986**	**88.9 %**	**88.4 %**
Total others	13 432	24 582	38 014	11.1 %	11.6 %
Total number of shares	**114 000**	**228 000**	**342 000**	**100 %**	**100 %**

Shares owned by members of the Board of Directors, Corporate Assembly and Group Management and/or related parties:

Name	Office	A-shares	B-shares	Total
Odd Gleditsch d.y.	Chairman of the Board	27	8 224	8 251
Einar Abrahamsen	Member of the Board	3 369	3 823	7 192
Richard Arnesen	Member of the Board	1 855	2 629	4 484
Nicolai A. Eger	Member of the Board	1 110	5 202	6 312
Birger Amundsen	Member of the Board	-	2	2
Anders A. Jahre	Chairman of the Corporate Assembly	-	13	13
Bjørn Ole Gleditsch	Member of the Corporate Assembly	26	10 529	10 555
Anne Cecilie Gleditsch	Member of the Corporate Assembly	5	8 710	8 715
Kornelia Eger Foyn-Bruun	Member of the Corporate Assembly	100	272	372
Richard Arnesen d.y.	Member of the Corporate Assembly	7	515	522
Terje V. Arnesen	Member of the Corporate Assembly	-	1	1
Morten Fon	President & CEO	9	21	30
Vidar Nysæther	GEVP & CFO	-	20	20
Bård K. Tonning	GEVP Decorative Paints	-	5	5
Esben Hersve	GEVP Performance Coatings	-	4	4

There are no options for share aquisitions

Proposed for approval at the Annual General Meeting (NOK thousand)	2014	2013
Dividends on ordinary shares:		
Final dividend for 2014 *: NOK 1 500 per share (2013: NOK 1 500 per share)	513 000	513 000

*) not recognised as a liability as at 31 December

Note 18

LIST OF SUBSIDIARIES

Shares held directly by the parent company

Company	City	Country	Currency	Share capital	Number of shares	Face value	Stake %
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	162 848 335	3 434 678	96.00
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda.	Rio de Janeiro	Brazil	BRL	160 000	160 000	160 000	100.00
Jotun Paints OOO	St. Petersburg	Russia	RUB	971 107	-	971 107	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 002	48 000	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	100.00
Jotun Paints Inc.	New Orleans	US	USD	67 600	100	67 600	100.00
Jotun Paints (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	50 000	50 000 000	50 000	100.00
El-Mohandes Jotun S.A.E.	Cairo	Egypt	EGP	20 000	139 000	13 900	69.50
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	272 000	103 650 619	99.45
Jotun Paints (Europe) Ltd.	Flixborough	UK	GBP	7 500	7 500 000	7 500	100.00
Jotun Paints (H.K.) Ltd.	Hong Kong	China	CNY	93 884	110 334 615	93 884	100.00
Scanox AS	Drammen	Norway	NOK	4 000	20 000	4 000	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	THB	93 000	83 997	66 495	71.50
Jotun Paints (Vietnam) Co. Ltd.	Ho Chi Minh City	Vietnam	USD	12 115	-	12 115	100.00
Jotun Australia Pty. Ltd.	Melbourne	Australia	AUD	11 550	16 050 001	11 550	100.00
Jotun Cyprus Ltd.	Limassol	Cyprus	USD	9 723	1 000	9 723	100.00
Jotun Iberica S.A.	Barcelona	Spain	EUR	9 103	86 845	9 103	100.00
Jotun B.V.	Spijkenisse	Netherlands	EUR	1 316	29 001	1 316	100.00
Jotun Paints Co. L.L.C.	Muscat	Oman	OMR	250	15 500	155	62.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	55 719	158	55 719	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	4 275	30 000 000	3 000	70.17
Jotun Italia S.p.A.	Trieste	Italy	EUR	2 632	509 099	2 632	100.00
Jotun (Singapore) Pte. Ltd.	Singapore	Singapore	SGD	6 000	6 000 000	6 000	100.00
Jotun Libya J.S.Co.	Tripoli	Libya	LYD	7 184	65 000	5 747	80.00
Jotun Polska Sp.zo.o.	Gdynia	Poland	PLN	8 900	15 000	8 900	100.00
Jotun Maroc SARL/AU	Casablanca	Morocco	MAD	18 472	18 472	18 472	100.00
Jotun (Deutschland) GmbH	Hamburg	Germany	EUR	614	1 200	512	83.33
Jotun Pakistan (Private) Limited	Karachi	Pakistan	PKR	146 124	2 761 349	146 124	100.00
Jotun Algerie SARL	Algiers	Algerie	DZD	173 000	12 110	121 100	70.00
Jotun (Philippines) Inc.	Manila	Phillipines	PHP	52 464	15 463 695	52 464	100.00
Jotun Ireland Ltd.	Cork	Ireland	EUR	640	503 613	640	100.00
Jotun Sverige AB	Gothenburg	Sweden	SEK	4 000	80 000	4 000	100.00
Jotun Myanmar Company Limited	Yangon	Myanmar	USD	449 420	299 611	449 375	99.99
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	11 138	334	97.40
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	45	3 300	100.00
Jotun Bangladesh Ltd.	Dhaka	Bangladesh	USD	400	999 999	400	100.00
Jotun France S.A.	Paris	France	EUR	320	16 000	320	100.00
Jotun Insurance Cell	St. Peterport	Guernsey	GBP	121	1	121	100.00
Jotun (Cambodia) Ltd.	Phnom Penh	Cambodia	USD	200	1 000	200	100.00
Jotun Kazakhstan L.L.P.	Almaty	Kazakhstan	KZT	29 350	1	29 350	100.00
Jotun Romania S.R.L.	Voluntari City	Romania	RON	640	64 000	640	100.00
Jotun Myanmar Services Comp. Ltd	Yangon	Myanmar	MMK	49 200	4 870	48 708	99.00
Lady Interiørmaling AS	Sandefjord	Norway	NOK	105	1 000	105	100.00
Jotun Optimal Utendørsmaling AS	Sandefjord	Norway	NOK	100	500	100	100.00
Drygolin Værbestandig Oljemaling AS	Sandefjord	Norway	NOK	109	500	109	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	30	1	10.00

The voting interest corresponds to the share interest.

Note 18 continues

LIST OF SUBSIDIARIES

Shares held by subsidiaries and associated companies

Company	City	Country	Currency	Share capital	Number of shares	Face value	Stake %
Jotun Powder Coatings AS							
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	4 275	12 752 700	1 275	29.83
Jotun Thailand Ltd.	Bangkok	Thailand	THB	93 000	9 000	26 505	28.50
Jotun Powder Coatings (CZ) a.s.	Usti nad Labem	Czech Republic	CZK	128 000	12 800	128 000	100.00
Jotun Powder Coatings (M) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	1 950	1 950 003	1 950	100.00
PT Jotun Powder Coatings Indonesia	Jakarta	Indonesia	IDR	30 343 803	121 000	30 343 803	100.00
Jotun Powder Coatings Pakistan (Pvt) Ltd	Lahore	Pakistan	PKR	800 990	78 899 000	791 859	98.86
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	6 860 000	143 112	4.00
Jotun Powder Coatings Ltd.	Flixborough	UK	GBP	400	400 000	400	100.00
Jotun Bulgaria EOOD	Sofia	Bulgaria	EUR	3	-	3	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	270	5	90.00
Jotun Paints (HK) Ltd.							
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	CNY	217 858	-	217 858	100.00
Jotun (Shanghai) Management Co. Ltd.	Shanghai	China	CNY	12 349	-	12 349	100.00
Jotun Paints Inc							
PRS Delaware L.L.C.	New Orleans	US	USD	1 000	100	1 000	100.00
Jotun B.V.							
Jotun (Deutschland) Gmbh	Hamburg	Germany	EUR	614	1 200	614	100.00
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	297	9	2.60
Scanox AS							
Butinox Futura Beis og Maling AS	Drammen	Norway	NOK	100	500	100	100.00
Jotun (Malaysia) Sdn.Bhd.							
Jotun Myanmar Services Comp. Ltd	Yangon	Myanmar	MMK	49 200	50	492	1.00
Jotun Myanmar Company Limited	Yangon	Myanmar	USD	499 420	1	50	0.01
Jotun Singapore Pte Ltd							
P.T Indonesia	Jakarta	Indonesia	IDR	104 223 850	1 500	573 231	0.55

Note 19

CONTINGENT LIABILITIES

Disputes and claims
Jotun Group is, through its on-going business, involved in disputes and claims cases in connection with the company's operational activities. Provisions have been made to cover the expected outcome of disputes insofar as negative outcomes are likely and reliable estimates can be made. In evaluating the size of the provisions, expected insurance cover is taken into account separately. Jotun acknowledges the uncertainty of the disputes, but believes that these cases will be resolved without significant impact on the Group's financial position. There are no significant disputes and claims with the uncertainty of probability or unreliable estimate accounted for in the balance sheet.

Environmental matters
A number of factories have been inspected regarding environmental conditions in the ground. Actions have either been taken on own initiative or implemented on the order of local authorities. Inspections and measurements are made by independent specialists in the field. For clean-up projects where implementation is considered to be probable and for which reliable estimates have been done provisions are made accordingly. The future expenditures for remediation work depends on a number of uncertain factors, such as the extent and type of remediation required. Environmental laws and regulations may change, and such changes may require the Group to make investments and/or increase costs. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised.

Note 20

CONTRACTUAL OBLIGATIONS AND GUARANTEES

Purchase obligations
The Group's contractual purchase obligations are mainly related to investments in new plants and buildings. For the major on-going investment projects in Russia, Brazil, Indonesia, Oman and Turkey the contractually committed capital expenditures as of 31 December 2014 is approximately NOK 325 million. For purchase of raw materials there are no actual commitments for the Group. In general these contracts can be terminated more or less without penalties.

Sales obligations
The Jotun Group has several sales contracts that are material for each entity. We have evaluated existing contracts with contract value of NOK 10 million or more. These contracts are mainly related to the Protective Coatings and the Marine Coatings business. Products are often considered to be commodities in these markets, and alternative suppliers and products are available. Contracts can easily be transferred to other suppliers without inconvenience to the customer and therefore there is no actual commitment involved. Some contracts include breach penalty clauses. Should the Group be forced to cancel any agreement with penalty clause that situation could involve compensation of 10 per cent of contract value. The actual commitment related to these contracts is approximately NOK 43 million. There are also contracts within the Marine Coatings segment where certain performance guarantees are given. The actual commitment related to these contracts is approximately NOK 27 million.

For most sales contracts within the Group there are no penalty clauses involved. In some situations breach could cause obligation to compensate the customer for change of supplier, including price variations. This type of commitment is considered to be insignificant for the Group.

Other obligations
On behalf of subsidiaries and Joint Ventures Jotun A/S issued Letters of Comfort amounting to NOK 2 032 million in 2014 (2013: NOK 1 332 million). Guarantees covering tax withholding and other guarantees for subsidiaries amounts to approximately NOK 340 million in 2014 (2013: NOK 300 million).

Note 21

LEASES

Operating lease expenses included in other operating expenses are:

(NOK thousand)	2014	2013
Operating lease expenses		
Machinery, vehicles and equipment	50 696	52 721
Factory, premises and buildings	50 778	41 077
Land	2 287	2 768
Total	**103 761**	**96 566**
Overview of future minimum lease payments related to operating leases:		
Costs next year	83 853	79 607
Costs next 2-5 years	123 383	153 264
Costs after 5 years	75 056	73 566
Total	**282 293**	**306 437**

Leasing commitments show Jotun Group's current and non-current commitments arising from leasing contracts for property, plant and equipment. All leasing contracts included in this disclosure note are regarded as operating leases and lease amounts are presented as operating expenses in the income statement. Finance leases are capitalised. There are no capitalised financial leases as of 31 December 2014.

Note 22

RELATED PARTIES

Parties are related if one party can influence the decisions of the other. If one party either controls, is controlled by or is under common control with the entity the two parties are related. During 2014 we purchased and sold goods and services to various related parties in which we hold a 50 per cent or less equity interest. Investments in associated and joint venture companies are presented in note 2, shareholder information and dividend is presented in note 17, and subsidiaries are presented in note 18.

Terms and conditions of transactions with related parties
The transactions between related parties are purchases and sales of finished goods, raw materials and technical service. Joint expenses are distributed in accorance with agreed cost contribution arrangements. Internal trading within the Group is carried out in accordance with arms length principles.

For raw materials normal process for producing entities is to call off volumes on frame agreements entered into at corporate level. Regularly raw materials are sold within the Group (from large to small entities), but the majority of raw material supplies comes directly from external suppliers. Sales transactions between the Group and joint ventures and associates are mainly related to sales of finished goods from producing units to non-producing units. Other situations can be levelling of stock between entities and coordination of deliveries to customers around the world. Prices are based on fixed intercompany price lists. The consolidated Group has also lendings to joint venture companies mainly in China and in Korea. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: NOK Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The amount of these transactions is shown in table below.

2014 (NOK thousand)	Sales to	Purchase from	Loans to	Interests on loans to	Other current liabilities	Trade and other receivables
Joint ventures	1 041 497	271 575	60 893	2 379	72 954	385 364
Associated companies	86 592	88 281	10 324	294	85 940	57 924
Total	**1 128 089**	**359 856**	**71 217**	**2 673**	**158 894**	**443 288**

2013 (NOK thousand)	Sales to	Purchase from	Loans to	Interests on loans to	Other current liabilities	Trade and other receivables
Joint ventures	891 818	234 975	93 714	3 672	38 646	260 425
Associated companies	71 357	74 943	10 119	7	41 275	35 831
Total	**963 175**	**309 918**	**103 833**	**3 679**	**79 921**	**296 256**

Aside the transactions with joint ventures and associates described in table above, there have been very few transactions between the Jotun Group and other related parties during 2014.

Compensation of key management personnel of the Group and Board of Directors compensation
Details on remuneration and shares held for the Board of Directors and Group management is described in note 2 and 14. Besides remuneration and shares, Jotun Group has not identified any transactions with the Board of Directors or Group management during 2014.

Note 23

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. Jotun Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments
IFRS 9, as issued, is the first phase in the process of replacing the current standard IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

ANNUAL IMPROVEMENTS 2011-2013 CYCLE
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 13 Fair value measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

Amendments to IFRS 11 Joint arrangements: accounting for acquisitions of interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Jotun Group.

IFRS 15 Revenue from contracts with customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 27: Equity method in separate financial statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Note 24

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 exists 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 affected the financial statements or any assessments carried out.

Jotun A/S

Statement of comprehensive income

STATEMENT OF PROFIT OR LOSS

(NOK thousand)	Note	2014	2013
Operating revenue	1	2 950 977	2 636 816
Cost of goods sold		-1 328 126	-1 234 552
Payroll expenses	2	-786 256	-756 513
Other operating expenses	4, 20	-647 709	-514 756
Depreciation, amortisation and impairment	6, 7	-111 700	-99 505
Operating profit		**77 186**	**31 490**
Dividend/Group contribution from subsidiaries		642 405	344 103
Dividend from joint ventures and associated companies		264 282	225 748
Net finance costs	4, 19, 21	24 429	-71 576
Profit before tax		**1 008 302**	**529 765**
Income tax expense	5	-162 577	-108 225
Profit for the year		**845 724**	**421 540**

STATEMENT OF OTHER COMPREHENSIVE INCOME

Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/losses(-) on defined benefit pension plans	3	3 403	-1 418
Other comprehensive income for the year, net of tax		**3 403**	**-1 418**
Total comprehensive income for the year		**849 127**	**420 122**
Proposed dividend		**513 000**	**513 000**

Statement of financial position

(NOK thousand)	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Deferred tax assets	5	18 823	16 187
Other intangible assets	6	187 505	141 245
Property, plant and equipment	7	821 728	866 190
Investments in subsidiaries	8	2 312 659	2 247 295
Investments in associated companies and joint ventures	9	254 242	254 242
Other investments	10	8 728	8 728
Other interest-bearing receivables	13, 15, 21	1 875 700	1 765 437
Total non-current assets		**5 479 385**	**5 299 324**
Current assets			
Inventories	11	321 071	408 743
Trade and other receivables	12, 13	949 048	638 640
Cash and cash equivalents	15	639 962	432 553
Total current assets		**1 910 081**	**1 479 936**
Total assets		**7 389 466**	**6 779 260**
EQUITY AND LIABILITIES			
Equity			
Share capital	14, 22	102 600	102 600
Other equity	22	3 596 422	3 309 765
Total equity		**3 699 022**	**3 412 365**
Non-current liabilities			
Pension liabilities	3	104 965	102 615
Provisions	17, 18	37 890	30 006
Interest-bearing debt	15, 21	2 198 660	1 329 596
Total non-current liabilities		**2 341 515**	**1 462 217**
Current liabilities			
Interest-bearing debt	15	200 000	750 000
Trade and other payables	13	276 985	264 784
Provisions	17	19 423	24 765
Current tax payable	5	54 730	12 036
Other current liabilities	13, 15, 16	797 791	853 093
Total current liabilities		**1 348 929**	**1 904 678**
Total liabilities		**3 690 444**	**3 366 895**
Total equity and liabilities		**7 389 466**	**6 779 260**

Sandefjord, Norway, 10 February 2015
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Richard Arnesen

Birger Amundsen

Nicolai A. Eger

Ingrid Luberth

Karl Otto Tveter

Terje Andersen

Morten Fon
President & CEO

Statement of cash flows

(NOK thousand)	Note	2014	2013
Cash flow from operating activities			
Profit before tax		1 008 302	529 765
Adjustments to reconcile profit before tax to net cash flow:			
Gains/losses on sale of fixed assets	7	-475	-310
Depreciation, amortisations and impairment	6, 7	111 700	99 505
Write down shares		90 000	140 000
Gains/losses on liquidation of shares		-613	-
Change in accruals and other provisions		68 214	-28 818
Working capital adjustments:			
Change in trade and other receivables		-246 800	-27 973
Change in trade payables		-3 291	-11 383
Change in inventories		102 810	-66 721
Tax payments	5	-108 879	-73 111
Net cash flow from operating activities		**1 020 968**	**560 954**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	7	475	397
Proceeds from sale of shares		7 250	-
Purchase of property, plant and equipment	7	-34 337	-43 225
Purchase of intangible assets	6	-46 495	-59 333
Investments in susidiaries, joint ventures and associated companies		-162 001	-480 500
Net cash flow used in investing activities		**-235 108**	**-582 661**
Cash flow from financing activities			
Repayment(-)/proceeds in group account system		8 604	8 947
Cash payments for new lending		-393 119	-23 214
Proceeds from borrowings		319 064	779 596
Dividend paid		-513 000	-513 000
Net cash flow from financing activities		**-578 451**	**252 330**
Net increase/decrease(-) in cash and cash equivalents		207 409	230 623
Cash and cash equivalents at 1 January		432 553	201 930
Cash and cash equivalents at 31 December		**639 962**	**432 553**

Figures for 2013 does not include Jotun Powder Coatings (N) AS. Their net cash per 31.12.2013 was NOK 18 thousand.
The company had unused credit facilities of NOK 900 million at 31 December 2014 (2013: NOK 900 million).

There are no restrictions on the use of these cash and cash equivalents.

Statement of changes in equity

Note	(NOK thousand)	Share capital	Other equity	Total
	Equity as of 1 January 2013	**102 600**	**3 402 643**	**3 505 243**
14	Dividends		-513 000	-513 000
	Profit of the period		421 540	421 540
	Other comprehensive income		-1 418	-1 418
	Equity as of 31 December 2013	**102 600**	**3 309 765**	**3 412 365**
14	Dividends		-513 000	-513 000
	Merger with Jotun Powder Coatings (N) AS		-49 469	-49 469
	Profit for the period		845 724	845 724
	Other comprehensive income		3 403	3 403
	Equity as of 31 December 2014	**102 600**	**3 596 422**	**3 699 022**

Jotun Powder Coatings (N) AS had a share capital of NOK 12.5 million and other equity of NOK 168 million per 31.12.2013.

In 2014 Jotun A/S bought the shares for Jotun Powder Coatings (N) AS from Jotun Powder Coatings AS at a value of NOK 230 million. After purchase of shares Jotun Powder Coatings (N) AS merged into Jotun A/S with the effect from 01.01.2014. The merger is a continuity merger. At the time of the merger the total equity in Jotun Powder Coatings was NOK 180 million, and with the shares valued at NOK 230 million a net equity reduction of NOK 49 million was booked in Jotun A/S.

Because of immaterial values of Jotun Powder Coatings (N) AS the comparable figures for Jotun A/S per 31.12.2013 has not been adjusted in the annual report. The effect of the merger on income statement and statement of financial position for 2013 is presented in note 22.

Accounting policies

The financial statements for Jotun A/S have been prepared in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act. This mainly implies that the financial statements are presented in accordance with IFRS and the notes are presented in accordance with the requirements of the Norwegian Accounting Act. The accounting policies for the Group therefore also apply to Jotun A/S, see summary of significant accounting policies in Group statement.

In the process of applying Jotun A/S' accounting policies, management has made the judgements, estimates and assumptions which may have significant effect on the amounts recognised in the financial statements.

Shares in subsidiaries, joint ventures and associated companies are incorporated using the cost method of accounting, and are consequently within the scope of impairment testing. Impairment tests are made when objective evidence indicates that a loss event has occurred after initial recongnition. The value in use of the investment is calculated based on future net cash flows. Key assumptions related to the cash flow analysis are sales and profit development, discount rate and terminal value.

Merger between Jotun A/S and a subsidary is only a reorganisation of ownership and does not have any change in control or other rights, therefore a continuity base of accouting is used. If values of merged company is immaterial comparable figures will not be made on last years figures.

For more information about accounting policies see Jotun Group report.

Note 1

OPERATING REVENUE

(NOK thousand)	2014	2013
Sales revenue	1 470 322	1 403 556
Sales revenue from subsidiaries and joint ventures	824 784	759 988
Other revenue	194 718	133 152
Other revenue from subsidiaries	461 152	340 120
Total	**2 950 976**	**2 636 816**

Jotun Powder Coatings (N) AS had sales revenues of NOK 122 million in 2013.
In addition Jotun Powder Coatings (N) AS had other external revenue amounting NOK 24 million, and NOK 23 million of other revenues from subsidaries in 2013.

Other revenue include rental income, licence revenue, compensations and profit on sale of fixed assets.

Note 2

PAYROLL EXPENSES

Wages and other social costs (NOK thousand)	2014	2013
Wages including bonuses	650 684	607 299
Social security tax	91 577	89 734
Pension costs defined benefit plans	6 149	6 123
Pension costs defined contribution plans	49 380	48 232
Other personnel costs	-11 534	5 125
Total salaries and personnel expense	**786 256**	**756 513**
Average number of full time equivalent	890	843

Jotun Powder Coatings (N) AS had 35 fulltime employees in 2013.
For detailed information about pension costs, see note 3.

Other personnel costs is an income due to capitalization of development costs.

Remuneration to President & CEO (NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	4 119	488	194	982	5 783

The President & CEO is part of a pension scheme that includes employees in the company's top management. The retirement age is 67 years, with mutual opportunity to discontinue employment in whole or in part up to five years earlier.

Further the Group senior management is also part of an annual profit-dependent bonus system limited upward to 50 per cent of ordinary salary.

Jotun A/S has no obligation to give the President and CEO or the Chairman of the Board special remuneration upon discontinuance or change of the employment or office. Should the President & CEO employment discontinue, his contract has a clause stipulating that one-year "competition quarantine" may be imposed with compensation. The President & CEO has a notice period of 6 months.

Jotun A/S has given no loans or guarantees to the President & CEO or the Chairman of the Board. Nor has the company given loans or guarantees to shareholders or members of the Board and Corporate Assembly.

Remuneration to the Board of Directors (NOK thousand)	
Board of Directors	2 340
Corporate assembly	113
Total remuneration	**2 453**

Shares owned by Board of Directors and Group Management are specified in note 14.

Exernal auditor remuneration (NOK thousand)	2014	2013
Statutory audit	1 703	1 490
Tax services	830	723
Other services	1 096	889
Total	**3 629**	**3 102**

Jotun Powder Coatings (N) AS had an expense of NOK 167 thousand for statutory audit in 2013. Other services provided by an external auditor amounted to NOK 48 thousand.

Note 3

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The company has both defined contribution and defined benefit pension plans. In the defined contribution 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 the defined benefit plan, the company is responsible for paying an agreed pension to the employee based on his or her pensionable salary. The cost for the accounting periods shows the employees' pension entitlement of the agreed future pensions in the accounting year.

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 accounts of the contributions and the return on the pension plan assets.

Employees in Jotun A/S are mainly covered by pension plans that are classified as contribution plans.

Costs associated with defined contribution plans are specified in note 2 Payroll expenses.

Defined benefit plans
The company has pension plans that are classified as funded benefit plans and unfunded benefit plans, recognised in the statement of financial position.

The schemes define a pension benefit of up to 60 per cent of final salary at retirement, limited up to twelve times the social security basic amount (G). As of 31 December the basis amount (1G) is NOK 88 370. The pension liability of the company is linked to changes in

Norwegian social security benefits. Other schemes with net pension obligations include the contractual-pension scheme (AFP) and end financing of old AFP scheme(early retirement). In addition comes unfunded pension obligations related to old-age pensions, early retirement for Jotun's senior executives and book liabilities related to contribution-based plans for employees who earn more than twelve times the social security basic amount (G).

Other severance schemes
Included in this scheme are Jotun's operating pension schemes in the Norwegian companies regarding a pension base exceeding 12 times the basic amount (G).

Assumptions relating to the defined benefit plans
For the company, the market yields on government bonds are used, adjusted for actual lifetime of the pension liabilities.

Parameters such as wage growth, growth in G and inflation deviates from the latest recommendations in Norway.

The differences between the parameters used and the recommendations will not have significant impact on the pension liabilities.

The mortality estimate is based on an up-to-date mortality table (K2013BE).

Accounting of actuarial losses and gains
All actuarial losses and gains related to pensions are presented under other comprehensive income in the income statement.

Pension plan assets
Pension plan assets are mainly in bonds and shares. The estimated return will vary depending on the composition of the various class of assets. The actual return and breakdown of pension plan assets may be seen in the notes below.

The number of active and pensioners in the various schemes is shown in the table below:

Breakdown of pension plan assets (fair value) as of 31 December	2014	2013
Cash and cash equivalents in %	4	2
Bonds in %	53	52
Shares in %	34	34
Property in %	9	12
Total pension plan assets in %	**100**	**100**

Actuarial assumptions	2014	2013
Discount rate in %	2.70	3.30
Expected return in %	2.70	3.30
Wage adjustment in %	3.00-3.75	3.00-3.75
Inflation / increase in social security basic amount (G), in %	3.00	3.50
Pension adjustment in %	2.00-3.25	0.50-3.75
Schemes with net pension funds		
Defined benefit scheme - active	-	17
Defined benefit scheme - pensioners	-	11
Schemes with net pension obligations		
Old-age pensioners in unfunded schemes	14	14
Early-retirement-pension agreements - agreed and implemented	33	48
Senior-executive schemes - active	7	7
Senior-executive schemes - pensioners	1	2
Contractual pension (AFP) - pensioners	8	24
Benefit scheme financed over operations	-	5

Note 3 continues

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Schemes with net pension obligations (NOK thousand)	2014	2013
Changes in pension obligations including social security		
Pension obligation at the beginning of the period	109 883	133 181
Pension obligation Jotun Powder Coatings (N) AS as of 31.12.2013	690	-
Pension earning for the year	3 640	4 279
Interest cost on pension obligations	3 511	2 770
Settlement	-168	-
Actuarial loss/(gain)	-36 966	-14 444
Social security upon paying pension funds	-460	-1 011
Pension payments	-8 148	-14 892
Pension obligation at the end of the period *	**71 983**	**109 883**
Changes in plan assets		
Plan assets at the beginning of the period	33 125	46 791
Expected return on plan assets	1 002	927
Actuarial (loss) / gain	-32 305	-16 413
Payments in / (out)	3 492	7 877
Pension payments	-4 308	-6 057
Plan assets at the end of the period	**1 005**	**33 125**
Reconciliation of pension liabilities/ assets recognized in the balance sheet		
Net pension obligation - overdunded (underfunded)	-70 978	-76 758
Total pension liabilities	**-70 978**	**-76 758**
The period's pension costs including social security		
Pension earnings for the year	3 667	4 325
Interest cost for the pension obligations	2 482	1 781
Expected return on plan assets	-	17
Pension cost recognised in the profit or loss statement	**6 149**	**6 123**
Actuarial loss/gain(-) recognised in other comprehensive income, net of taxes	**-3 403**	**1 418**
Pension obligations in the statement of financial position		
Benefit schemes and other unsecured schemes	-70 978	-76 758
Other severance schemes	-33 987	-25 857
Plan liabilities recognised in the statement of financial position	**-104 965**	**-102 615**

*) - including unsecured schemes
Jotun Powder Coatings (N) AS had 2 contractual (AFP) pensioners in 2013. Their net pension obligation was NOK 0.7 million per 31.12.2013

Note 4

OTHER OPERATING EXPENSES AND FINANCE INCOME/COSTS

Other operating expenses (NOK thousand)	2014	2013
Manufacturing costs	61 486	88 116
Warehouse costs	19 924	32 237
Transport costs	50 389	45 498
Sales costs	158 802	112 372
Research and development	115 170	93 433
General and administrative	112 031	63 571
Royalty costs	33 476	26 131
Other	96 430	53 398
Total	**647 709**	**514 756**

Other operating expenses amounted to NOK 40 million for Jotun Powder Coatings (N) AS in 2013, and was primary related to manufacturing and sales costs. From 01.01.2014 production facility was closed down in Jotun Powder Coatings (N) AS and the costs are now mainly sales related.

Jotun A/S presents its income statement based on nature of the item of income and expense. "Other operating expenses" comprise all operating expenses that are not related to cost of goods sold, employee payrolls and capital cost in the form of depreciation.

The main items of other operating expenses have been grouped in the table above.

The item "Research and development" consists of cost from projects in a research phase and development costs related to cancelled projects.

The item "Other" mainly consist of technical service cost, claims and change in cost of conversion.

(NOK thousand)	2014	2013
Net finance income		
Interest income	1 849	2 289
Interest income on loan to Group companies	69 052	54 820
Net realised foreign currency gain	5 783	7 336
Net unrealised foreign currency gain	82 516	52 612
Other financial income	17 333	8 206
Total finance income	**176 533**	**125 263**
Finance cost		
Interest costs	-58 934	-49 028
Write down of financial fixed assets	-90 000	-140 000
Other financial costs	-3 171	-7 811
Total finance costs	**-152 105**	**-196 839**
Total net finance income/cost(-)	**24 428**	**-71 576**

Jotun Powder Coatings (N) AS had net NOK 3 million in financial income in 2013.

Note 5

INCOME TAX

Income statement (NOK thousand)	2014	2013
Tax payable	162 404	84 303
Changes in deferred tax	173	23 922
Income tax expense reported in the income statement	**162 577**	**108 225**

Statement of other comprehensive income (NOK thousand)	2014	2013
Deferred tax related to items charged directly to other comprehensive income during the year:		
Actuarial gains/losses on defined benefit pension plans	-1 258	551
Income tax expenses charged directly to other comprehensive income	**-1 258**	**551**

Reconciliaton of the effective rate of tax and the tax rate in Jotun A/S' country of registration (NOK thousand)	2014	2013
Profit before tax	**1 008 302**	**529 765**
Expected income taxes according to income tax rate in Norway *	272 241	148 334
Exempted tax on dividends	-206 226	-113 083
Tax on dividends and surplus in NOKUS companies	29 808	27 355
Non-deductible expenses for tax purposes	29 624	43 184
Correction previous year and change in temporary differences **	14 226	-10 752
Taxation outside Norway (other than 27 per cent)	22 904	13 187
Total income tax expense	**162 577**	**108 225**
Effective tax rate	16 %	20 %

*) Tax rate in 2013 was 28 per cent. Tax rate in 2014 is 27 per cent.
**) Correction previous year is mainly caused by Group contribution. Group contribution was included in tax papers in 2013, but booked as income present year in line with IFRS.

Tax payable presented in the statement of the financial position (NOK thousand)	2014	2013
Tax payable for the year	123 950	59 634
Due tax previous years	-	10 363
Withholding taxes receivable	-48 698	-45 971
Foreign tax receivable	-18 690	-11 205
Skattefunn	-1 833	-785
Total tax payable	**54 730**	**12 036**

Jotun Powder Coatings (N) AS had a net tax receivable of 31 thousand NOK in 2013 caused by a Norwegian Government tax incentive (Skattefunn).

Note 5 continues

INCOME TAX

Specification of deferred tax
Deferred tax liability consists of tax liabilities that are payable in the future. The table below lists the timing differences between tax accounting and financial accouting.

Temporary differences (NOK thousand)	2014	2013
Non-current assets	55 360	54 587
Current assets	12 332	18 325
Liabilities	-137 405	-132 862
Net temporary differences	**-69 714**	**-59 950**
Tax rate	27 %	27 %
Deferred tax asset recognised in the statement of financial position	18 823	16 187

Jotun Powder Coatings (N) AS had a deffered tax asset of NOK 4 million in 2013.

Note 6

INTANGIBLE ASSETS

(NOK thousand)	Technology	Software	Development cost	Total
Cost				
Balance as of 1 January 2013	96 495	109 982	71 326	277 803
Additions and internal development	5 334	36 964	17 036	59 334
Disposals	-	-	-4 933	-4 933
Balance at 31 December 2013	**101 829**	**146 946**	**83 429**	**332 204**
Additions Jotun Powder Coatings (N) AS per 31.12.13	-	-	22 617	22 617
Additions and internal development	-	21 532	24 963	46 495
Disposals	-96 495	-	-1 833	-98 328
Balance at 31 December 2014	**5 334**	**168 478**	**129 177**	**302 988**
Amortisation/impairment				
Balance as of 1 January 2013	-96 495	-76 315	-4 348	-177 158
Amortisation	-933	-8 094	-4 911	-13 938
Disposals	-	-	138	138
Balance at 31 December 2013	**-97 428**	**-84 409**	**-9 121**	**-190 958**
Amortisation Jotun Powder Coatings (N) AS per 31.12.13	-	-	-3 118	-3 118
Amortisation	-1 067	-9 178	-7 762	-18 007
Disposals	96 495	-	106	96 601
Balance at 31 December 2014	**-2 000**	**-93 587**	**-19 896**	**-115 482**
Net book value				
Balance at 31 December 2014	**3 334**	**74 891**	**109 281**	**187 505**
Balance at 31 December 2013	4 400	62 537	74 308	141 245

Figures specified from Jotun Powder Coatings (N) AS relates to the balances per 31.12.2013 that where merged into Jotun A/S in 2014. All new aquisitions and amortisations for the year 2014 is included in additions and amortisation specification for present year.

Amortisable intangible assets are amortised over the following lifetimes:

Asset category	Useful life
Technology	5 years
Software	8 years
Development costs	up to 10 years

See Group’s note 7 for further information.

Note 7

PROPERTY, PLANT AND EQUIPMENT

(NOK thousand)	Land	Buildings	Electrical installation	Machinery, vehicles and equipment	Construction in progress	Total
Cost						
Balance as of 1 January 2013	14 469	641 896	73 833	1 019 451	89 202	1 838 851
Additions at cost	-	22 515	19 525	70 022	-68 837	43 225
Disposals	-	-	-	-1 731	-	-1 731
Balance at 31 December 2013	**14 469**	**664 411**	**93 358**	**1 087 742**	**20 365**	**1 880 345**
Additions per 31.12.2013 from						
Jotun Powder Coatings (N) AS	173	49 443	-	30 395	-	80 011
Additions at cost	-	4 700	2 790	28 563	-1 716	34 337
Disposals	-	-	-	-494	-	-494
Reclassification and corrections	-	-	-1 390	1 390	-	-
Balance at 31 December 2014	**14 642**	**718 554**	**94 758**	**1 147 596**	**18 649**	**1 994 199**
Depreciation and impairment						
Balance as of 1 January 2013	-	-352 801	-3 955	-576 466	-	-933 222
Depreciation	-	-19 169	-8 185	-52 636	-	-79 990
Disposals	-	-	-	-943	-	-943
Reclassification and corrections	-	72	-	-72	-	-
Balance at 31 December 2013	**-**	**-371 898**	**-12 140**	**-630 117**	**-**	**-1 014 155**
Depreciation per 31.12.2013 from						
Jotun Powder Coatings (N) AS	-	-36 681	-	-29 239	-	-65 920
Depreciation	-	-21 412	-9 328	-61 656	-	-92 395
Disposals	-	-	-	-	-	-
Reclassification and corrections	-	-	351	-351	-	-
Balance at 31 December 2014	**-**	**-429 991**	**-21 117**	**-721 363**	**-**	**-1 172 470**
Net book value						
Balance at 31 December 2014	**14 642**	**288 563**	**73 641**	**426 233**	**18 649**	**821 728**
Balance at 31 December 2013	**14 469**	**292 513**	**81 218**	**457 625**	**20 365**	**866 190**

Figures specified from Jotun Powder Coatings (N) AS relates to the balances per 31.12.2013 that where merged into Jotun A/S in 2014. All new aquisitions and amortisations for the year 2014 is included in additions and amortisation specification for present year.

See Group's note 8 for further information.

Note 8

LIST OF SUBSIDIARIES

Shares held directly by the parent company
(Share capital and values in thousand)

Company	City	Country	Currency	Share capital	Number of shares	Face value	Book value NOK	Stake %
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	162 848 335	3 434 678	437 847	96.00
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda.	Rio de Janeiro	Brazil	BRL	160 000	160 000	160 000	206 374	100.00
Jotun Paints OOO	St. Petersburg	Russia	RUB	971 107	-	971 107	179 548	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 002	48 000	114 349	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	109 320	100.00
Jotun Paints Inc.	New Orleans	US	USD	67 600	100	67 600	106 097	100.00
Jotun Paints (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	50 000	50 000 000	50 000	92 863	100.00
El-Mohandes Jotun S.A.E.	Cairo	Egypt	EGP	20 000	139 000	13 900	91 945	69.50
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	272 000	103 650 619	87 401	99.45
Jotun Paints (Europe) Ltd.	Flixborough	UK	GBP	7 500	7 500 000	7 500	86 408	100.00
Jotun Paints (H.K.) Ltd.	Hong Kong	China	CNY	93 884	110 334 615	93 884	85 320	100.00
Scanox AS	Drammen	Norway	NOK	4 000	20 000	4 000	80 280	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	THB	93 000	83 997	66 495	61 430	71.50
Jotun Paints (Vietnam) Co. Ltd.	Ho Chi Minh City	Vietnam	USD	12 115	-	12 115	60 360	100.00
Jotun Australia Pty. Ltd.	Melbourne	Australia	AUD	11 550	16 050 001	11 550	55 027	100.00
Jotun Cyprus Ltd.	Limassol	Cyprus	USD	9 723	1 000	9 723	54 713	100.00
Jotun Iberica S.A.	Barcelona	Spain	EUR	9 103	86 845	9 103	50 000	100.00
Jotun B.V.	Spijkenisse	Netherlands	EUR	1 316	29 001	1 316	49 175	100.00
Jotun Paints Co. L.L.C.	Muscat	Oman	OMR	250	15 500	155	45 146	62.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	55 719	158	55 719	41 784	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	4 275	30 000 000	3 000	32 556	70.17
Jotun Italia S.p.A.	Trieste	Italy	EUR	2 632	509 099	2 632	29 925	100.00
Jotun (Singapore) Pte. Ltd.	Singapore	Singapore	SGD	6 000	6 000 000	6 000	28 040	100.00
Jotun Libya J.S.Co.	Tripoli	Libya	LYD	7 184	65 000	5 747	27 854	80.00
Jotun Polska Sp.zo.o.	Gdynia	Poland	PLN	8 900	15 000	8 900	17 591	100.00
Jotun Maroc SARL/AU	Casablanca	Morocco	MAD	18 472	18 472	18 472	13 302	100.00
Jotun (Deutschland) GmbH	Hamburg	Germany	EUR	614	1 200	512	12 090	83.33
Jotun Pakistan (Private) Limited	Karachi	Pakistan	PKR	146 124	2 761 349	146 124	11 104	100.00
Jotun Algerie SARL	Algiers	Algerie	DZD	173 000	12 110	121 100	9 110	70.00
Jotun (Philippines) Inc.	Manila	Phillipines	PHP	52 464	15 463 695	52 464	7 231	100.00
Jotun Ireland Ltd.	Cork	Ireland	EUR	640	503 613	640	5 500	100.00
Jotun Sverige AB	Gothenburg	Sweden	SEK	4 000	80 000	4 000	4 550	100.00
Jotun Myanmar Company Limited	Yangon	Myanmar	USD	449 420	299 611	449 375	3 078	99.99
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	11 138	334	2 937	97.40
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	45	3 300	2 698	100.00
Jotun Bangladesh Ltd.	Dhaka	Bangladesh	USD	400	999 999	400	2 268	100.00
Jotun France S.A.	Paris	France	EUR	320	16 000	320	2 108	100.00
Jotun Insurance Cell	St. Peterport	Guernsey	GBP	121	1	121	1 350	100.00
Jotun (Cambodia) Ltd.	Phnom Penh	Cambodia	USD	200	1 000	200	1 166	100.00
Jotun Kazakhstan L.L.P.	Almaty	Kazakhstan	KZT	29 350	1	29 350	1 098	100.00
Jotun Romania S.R.L.	Voluntari City	Romania	RON	640	64 000	640	1 084	100.00
Jotun Myanmar Services Comp. Ltd	Yangon	Myanmar	MMK	49 200	4 870	48 708	292	99.00
Lady Interiørmaling AS	Sandefjord	Norway	NOK	105	1 000	105	120	100.00
Jotun Optimal Utendørsmaling AS	Sandefjord	Norway	NOK	100	500	100	111	100.00
Drygolin Værbestandig Oljemaling AS	Sandefjord	Norway	NOK	109	500	109	109	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	30	1	1	10.00
Total							**2 312 659**	

The voting interest corresponds to the share interest.
Jotun Paints Inc. is written down with NOK 90 million in 2014.

Note 8 continues

LIST OF SUBSIDIARIES

Shares held by subsidiaries and associated companies
(Share capital and face value in thousand)

Company	City	Country	Currency	Share capital	Number of shares	Face value	Stake %
Jotun Powder Coatings AS							
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	4 275	12 752 700	1 275	29.83
Jotun Thailand Ltd.	Bangkok	Thailand	THB	93 000	9 000	26 505	28.50
Jotun Powder Coatings (CZ) a.s.	Usti nad Labem	Czech Republic	CZK	128 000	12 800	128 000	100.00
Jotun Powder Coatings (M) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	1 950	1 950 003	1 950	100.00
PT Jotun Powder Coatings Indonesia	Jakarta	Indonesia	IDR	30 343 803	121 000	30 343 803	100.00
Jotun Powder Coatings Pakistan (Pvt) Ltd	Lahore	Pakistan	PKR	800 990	78 899 000	791 859	98.86
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	6 860 000	143 112	4.00
Jotun Powder Coatings Ltd.	Flixborough	UK	GBP	400	400 000	400	100.00
Jotun Bulgaria EOOD	Sofia	Bulgaria	EUR	3	-	3	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	270	5	90.00
Jotun Paints (HK) Ltd.							
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	CNY	217 858	-	217 858	100.00
Jotun (Shanghai) Management Co. Ltd.	Shanghai	China	CNY	12 349	-	12 349	100.00
Jotun Paints Inc							
PRS Delaware L.L.C.	New Orleans	US	USD	1 000	100	1 000	100.00
Jotun B.V.							
Jotun (Deutschland) Gmbh	Hamburg	Germany	EUR	614	1 200	614	100.00
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	297	9	2.60
Scanox AS							
Butinox Futura Beis og Maling AS	Drammen	Norway	NOK	100	500	100	100.00
Jotun (Malaysia) Sdn.Bhd.							
Jotun Myanmar Services Comp. Ltd	Yangon	Myanmar	MMK	49 200	50	492	1.00
Jotun Myanmar Company Limited	Yangon	Myanmar	USD	499 420	1	50	0.01
Jotun Singapore Pte Ltd							
P.T Indonesia	Jakarta	Indonesia	IDR	104 223 850	1 500	573 231	0.55

The voting interest corresponds to the share interest.

Note 9

SHARES IN JOINT VENTURES AND ASSOCIATED COMPANIES

Shares held by subsidiaries and associated companies
(Share capital and values in thousand)

Company	City	Country	Currency	Share capital	Number of shares	Face value	Book value NOK	Stake %
Jotun U.A.E. Ltd. (L.L.C.)	Dubai	U.A.E.	AED	4 000	2 000	1 660	108 929	41.50
Jotun COSCO Marine Coatings (H.K.) Ltd.	Hong Kong	China	HKD	279 150	2 000	139 575	34 231	50.00
Chokwang Jotun Ltd.	Busan	South Korea	KRW	11 140 000	557 000	6 572 600	31 953	50.00
Jotun Abu Dhabi Ltd. (L.L.C.)	Abu Dhabi	U.A.E.	AED	4 000	4 000	1 400	28 061	35.00
Red Sea Paints Co. Ltd.	Jeddah	Saudi Arabia	SAR	9 500	9 500	3 800	21 995	40.00
Jotun Saudia Co. Ltd.	Dammam	Saudi Arabia	SAR	9 000	9 000	3 600	17 278	40.00
Jotun Powder Coatings Saudi Arabia Co. Ltd.	Dammam	Saudi Arabia	SAR	7 320	21 960	2 196	11 385	30.00
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	78 709	710	14.00
Shares held by Jotun A/S for third parties							-301	
Total							**254 242**	

Shares held by subsidiaries and associated companies
(Share capital and values in thousand)

Company	City	Country	Currency	Share capital	Number of shares	Face value	Stake %
Jotun COSCO Marine Coatings (H.K.) Ltd.							
Jotun COSCO Marine Coatings (Quingdao) Co. Ltd.	Qingdao	China	CNY	250 973	-	250 973	100.00
Jotun Powder Coatings AS							
Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)	Dubai	U.A.E.	AED	3 000	3 000	1 410	47.00
Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)							
Jotun Powder Coatings Saudi Arabia Co. Ltd.	Dammam	Saudi Arabia	SAR	7 320	29 280	2 928	40.00
Jotun UAE Ltd (L.L.C.)							
Jotun Abu Dhabi Ltd. (L.L.C.)	Abu Dhabi	U.A.E.	AED	4 000	4 000	1 600	40.00
Jotun Paints Co. L.L.C.							
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	123 686	22.00
Jotun Saudia Co. Ltd.							
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	106 819	19.00

The voting interest corresponds to the share interest.
For extended information regarding joint ventures and associated companies see Group's note 2.

Note 10

FINANCIAL INVESTMENTS

Company (Share capital and values in thousand)	City	Country	Currency	Share capital	No. of shares	Face value	Book value NOK	Stake %
Nor-Maali OY	Lahti	Finland	EUR	8	10 000	3	8 180	33.44
Other companies							548	
Total							**8 728**	

Note 11

INVENTORIES

(NOK thousand)	31.12.2014	31.12.2013
Raw materials at cost	118 444	147 554
Finished goods at cost	211 627	273 669
Allowance for obsolescence	-9 000	-12 480
Total	**321 071**	**408 743**

Jotun Powder Coatings (N) AS had inventory amounting net NOK 15 million per 31.12.2013. In 2014 all inventory has been sold to Jotun Sverige AB.

Inventories are valued at the lowest value of cost and net realiasable value. Cost of inventories are assigned by using weighted average cost formula.

Note 12

RECEIVABLES

(NOK thousand)	31.12.2014	31.12.2013
Accounts receivable external	69 439	64 090
Accounts receivable Group companies	529 330	244 811
Other receivables external	67 330	51 873
Other receivables Group companies	282 949	277 866
Total receivables	**949 048**	**638 640**

Changes in allowances for bad debt is shown in the following table:

(NOK thousand)	31.12.2014	31.12.2013
Allowances for bad debt as of 1 January	41	135
Allowances for bad debt made during the period	177	102
Realised losses for the year	-168	-196
Total allowances for bad debt as of 31 December	**50**	**41**

Jotun Powder Coatings (N) AS had NOK 17 million in external receivables, and NOK 7 million in receivables against Group companies in 2013. Jotun Powder Coatings (N) AS had other receivables against Group companies amounting 138 million in 2013, of this amount NOK 128 million was connected to cash pool receivables against Jotun A/S. See note 13 for more information. There was no allowances for bad debt in Jotun Powder Coatings (N) AS in 2013.

Allowances for credit losses have been evaluated upon individual basis on the accounts receivables and other receivables. Credit risk and foreign exchange risk regarding accounts receivable is discussed in note 21. Aging of external receivables as of 31 December was as follows:

			Overdue			
(NOK thousand)	Total	Not due	Less than 30 days	31-60 days	61-90 days	More than 91 days
2014*	69 489	52 295	13 026	801	197	3 169
2013*	64 132	43 912	13 372	4 169	-	2 679

*) Does not include allowance for bad debt.

Note 13

INTERCOMPANY BALANCES WITH SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

(NOK thousand)	Subsidiaries 31.12.2014	Subsidiaries 31.12.2013	Joint ventures/associated companies 31.12.2014	Joint ventures/associated companies 31.12.2013
Non-current assets				
Other non-current receivables	1 840 177	1 703 340	31 809	59 634
Total non-current assets	**1 840 177**	**1 703 340**	**31 809**	**59 634**
Current assets				
Trade receivables	457 296	199 834	71 961	44 978
Other current receivables	243 342	251 983	39 607	25 883
Total current assets	700 639	451 817	111 568	70 861
Total assets	**2 540 816**	**2 155 157**	**143 377**	**130 494**
Current liabilities				
Trade creditors	76 753	62 628	15 403	15 339
Other current liabilities	307 150	477 623	230 588	170 623
Total liabilities	**383 903**	**540 251**	**245 991**	**185 962**

Jotun Powder Coatings (N) AS had NOK 128 million in other receivables against Jotun A/S per 31.12.2013 related to cash pool. Jotun A/S had the same amount stated as other short term liabilities per 31.12.2013. Sum of receivables against Group companies without cash pool was NOK 16 million in Jotun Powder Coatings (N) AS per 31.12.2013, and current liabilities was NOK 25 million per 31.12.2013.

Note 14

SHARE CAPITAL AND SHAREHOLDER INFORMATION

(NOK thousand)	Quantity	Face value	Balance sheet
A-shares	114 000	300	34 200
B-shares	228 000	300	68 400
Total	**342 000**	**300**	**102 600**

At the General Meeting, each A-share has ten and each B-share has one vote. There are no changes from last year.

Ownership structure

The number of shareholders as of 31 December 2014 was 696. The 20 largest shareholders were:

Shareholders	A-shares	B-shares	Total	Ownershare	Voting interest
Lilleborg AS	42 008	103 446	145 454	42.5 %	38.3 %
Odd Gleditsch AS	11 419	36 990	48 409	14.2 %	11.1 %
Mattisberget AS	29 339	536	29 875	8.7 %	21.5 %
Leo Invest AS	2 989	7 512	10 501	3.1 %	2.7 %
Abrafam Holding AS	3 369	3 815	7 184	2.1 %	2.7 %
BOG Invest AS		6 850	6 850	2.0 %	0.5 %
ACG AS *		5 548	5 548	1.6 %	0.4 %
Elanel AS	3 012	2 353	5 365	1.6 %	2.4 %
HEJO Holding AS		5 242	5 242	1.5 %	0.4 %
Bjørn Ekdahl	1 872	3 281	5 153	1.5 %	1.6 %
Live Invest AS	4 057	567	4 624	1.4 %	3.0 %
Kofreni AS	131	4 114	4 245	1.2 %	0.4 %
Bjørn Ole Gleditsch	26	3 679	3 705	1.1 %	0.3 %
Pina AS		3 443	3 443	1.0 %	0.3 %
Conrad Wilhelm Eger	1 172	2 155	3 327	1.0 %	1.0 %
Jill Beate Gleditsch		3 172	3 172	0.9 %	0.2 %
Anne Cecilie Gleditsch	5	3 161	3 166	0.9 %	0.2 %
Fredrikke Eger	1 000	2 084	3 084	0.9 %	0.9 %
Odd Gleditsch d.y.	27	2 882	2 909	0.9 %	0.2 %
Vida Holding AS	142	2 588	2 730	0.8 %	0.3 %
Total 20 largest	**100 568**	**203 418**	**303 986**	**88.9 %**	**88.4 %**
Total others	13 432	24 582	38 014	11.1 %	11.6 %
Total number of shares	**114 000**	**228 000**	**342 000**	**100 %**	**100 %**

Note 14 continues

SHARE CAPITAL AND SHAREHOLDER INFORMATION

Shares owned by members of the Board of Directors, Corporate Assembly and Group Management and/or related parties

Name	Office	A-shares	B-shares	Total
Odd Gleditsch d.y.	Chairman of the Board	27	8 224	8 251
Einar Abrahamsen	Member of the Board	3 369	3 823	7 192
Richard Arnesen	Member of the Board	1 855	2 629	4 484
Nicolai A. Eger	Member of the Board	1 110	5 202	6 312
Birger Amundsen	Member of the Board	-	2	2
Anders A. Jahre	Chairman of the Corporate Assembly	-	13	13
Bjørn Ole Gleditsch	Member of the Corporate Assembly	26	10 529	10 555
Anne Cecilie Gleditsch	Member of the Corporate Assembly	5	8 710	8 715
Kornelia Eger Foyn-Bruun	Member of the Corporate Assembly	100	272	372
Richard Arnesen d.y.	Member of the Corporate Assembly	7	515	522
Terje V. Arnesen	Member of the Corporate Assembly	-	1	1
Morten Fon	President & CEO	9	21	30
Vidar Nysæther	GEVP & CFO	-	20	20
Bård K. Tonning	GEVP Decorative Paints	-	5	5
Esben Hersve	GEVP Performance Coatings	-	4	4

There are no options for share aquisitions.

Dividends paid and proposed (NOK thousand)	2014	2013
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for 2013: NOK 1 500 per share (2012: NOK 1 500 per share)	513 000	513 000
Proposed for approval at the Annual General Meeting		
(not recognised as a liability as at 31 December):		
Dividends on ordinary shares:		
Final dividend for 2014: NOK 1 500 per share (2013: NOK 1 500 per share)	513 000	513 000

Note 15

FUNDING AND BORROWINGS

Cash flow from Jotun's operations has seasonal cycles. Through the winter and spring there is a substantial build up of working capital as a preparation for the summer sales season. This is an expected cyclical movement and is taken in to account when planning the financing. Other drivers for the liquidity development are the investments in new factories around the world. Investments within the Jotun Group are financed mostly from Jotun A/S and the cash flows are predictable as the financing for each project is planned well in beforehand. Jotun A/S received NOK 860 million in dividends in 2014, compared to NOK 530 million in 2013. It was received NOK 50 million in Group contribution in 2014, compared to NOK 42 million in 2013. In 2014 Jotun increased the long term financing by establishing two new bonds with a total of NOK 700 million.

	Carrying amount	
(NOK thousand)	**31.12.2014**	**31.12.2013**
Non-current interest-bearing liabilities		
Bonds	1 300 000	600 000
Bank debt (NIB), unsecured	898 660	729 596
Total non-current liabilities	**2 198 660**	**1 329 596**
Current interest-bearing liabilities		
Certificate loans	200 000	750 000
Other current interest-bearing liabilities (cash pool)	267 224	425 884
Total current liabilities	**467 224**	**1 175 884**
Total interest-bearing liabilities	**2 665 884**	**2 505 480**
Interest-bearing receivables		
Non-current interest-bearing receivables	1 875 700	1 765 437
Current interest-bearing receivables	225 150	211 657
Cash and cash equivalents	639 962	432 553
Total interest-bearing receivables	**2 740 812**	**2 409 647**
Net interest-bearing receivables/liabilities(-)	**74 928**	**-95 833**

Of the non-current bonds NOK 600 million are due for payment in 2016, NOK 300 million in 2019 and the remaining NOK 400 million is due for payment in 2021.

Jotun has a USD 120 million long term loan with Nordic Investment Bank (NIB) which will be paid by installments of USD 10 million twice a year from 2018 until 2024.The non-current interest-bearing receivables consists mainly of intercompany loans to subsidaries, joint ventures and associated companies.

The current interest-bearing receivables consists mainly of intercompany receivables.

Jotun Powder Coatings (N) AS had no interest-bearing debt per 31.12.2013, but they had interest-bearing receivables of NOK 128 million connected to cash pool per 31.12.2013.

See Group`s note 14 for further information about funding and borrowings, including loan covenants.

Note 16

OTHER CURRENT LIABILITIES

(NOK thousand)	Carrying amount 31.12.2014	31.12.2013
Other current liabilities		
Liabilities to subsidiaries, joint ventures and associated companies	537 739	648 246
Public charges and holiday pay	123 274	116 802
Other accrued expenses	136 779	88 045
Total other current liabilities	**797 791**	**853 093**

Jotun Powder Coatings (N) AS had NOK 18 million in account payable towards external and Group companies, and NOK 14 million in other debt per 31.12.2013. There where no tax payable, and no current provisions. Jotun Powder Coatings (N) AS had NOK 5 million in public charges debt per 31.12.2013.

Other accrued expenses are related to bonuses to employees, royalty, interests and other accrued expenses.

Note 17

PROVISIONS

(NOK thousand)	Claims	Restructuring	Environmental	Total
2014				
Balance as of 1 January 2014	5 466	7 905	41 400	54 771
Provisions arising during the year	8 279	-	17 600	25 879
Utilised	-4 160	-982	-18 195	-23 337
Unused amounts reversed	-	-	-	-
Total provisions 31 December 2014	**9 585**	**6 923**	**40 805**	**57 313**
Current	1 200	6 923	11 300	19 423
Non-current	8 385	-	29 505	37 890
Total	**9 585**	**6 923**	**40 805**	**57 313**
2013				
Balance as of 1 January 2013	11 567	22 652	55 000	89 219
Provisions arising during the year	1 802	-	-	1 802
Utilised	-1 100	-14 747	-13 600	-29 447
Unused amounts reversed	-6 803	-	-	-6 803
Total provisions 31 December 2013	**5 466**	**7 905**	**41 400**	**54 771**
Current	460	7 905	16 400	24 765
Non-current	5 006	-	25 000	30 006
Total	**5 466**	**7 905**	**41 400**	**54 771**

Jotun Powder Coatings (N) AS had no provisons per 31.12.2013.

Claims
A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next five years. Assumptions used to calculate the provision for claims were based on current information available about claim cases and the expected claims based on the warranty period for specific products sold.

Restructuring provisions
Long-term provisions for restructuring are related to close-down of plants in Norway. For all restructuring provisions detailed plans have been made and implemented. In accordance with the restructuring plans most of the costs have already occured. According to the plans the remaining costs will incur in 2015.

Environmental provisions
Jotun A/S has recorded provisions for environmental liabilities at some currently owned sites. Pre-studies and analysis of relevant areas have been undertaken to reliably estimate the provisions that have been recognised. The clean-up activities started in 2013 and will continue until 2018. These provisions are estimates of amounts payable or expected to become payable.

Note 18

CONTINGENT LIABILITIES

Disputes and claims
Jotun A/S is, through its ongoing business operations, involved in disputes and claims cases in connection with the company's operational activities. Provisions have been made to cover the expected outcome of disputes insofar as negative outcomes are probable and reliable estimates can be made. In evaluating the size of the provisions expected insurance cover is taken into account separately. Jotun acknowledges the uncertainty of the disputes, but believes that these cases will be resolved without significant impact on the company's financial position. There are no significant disputes or claims with the uncertainty of probability or reliable estimate accounted for in the balance sheet.

Environmental matters
A number of factories have been inspected regarding environmental conditions in the ground. Actions have either been taken on own initiative or implemented on the order of local authorities. Inspections and measurements are made by independent specialist in the field. For clean-up projects where implementation is considered to be probable and for which reliable estimates have been done provisions are made accordingly (ref. note 17). The future expenditures for remediation work depends on a number of uncertain factors, such as the extent and type of remediation required. Environmental laws and regulations may change, and such changes may require Jotun to make investments and/or increase costs. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term.

Note 19

CONTRACTUAL OBLIGATIONS AND GUARANTEES

Jotun A/S has the following guarantees:

Other obligations not accounted for (NOK thousand)	Guarantees
Guarantees for tax withholding	50 000
Letter of Comfort on behalf of subsidiaries	1 792 455
Letter of Comfort on behalf of joint ventures	239 613
Guarantees for subsidiaries	284 651
Sureties for customers etc. and guarantees for Jotun A/S	5 300
Total	**2 372 019**

Jotun Powder Coatings (N) AS had NOK 2.4 million in guarantee for tax withholding per 31.12.2013.

Note 20

LEASES

Leasing commitment shows current and non-current commitments arising from leasing contracts for vehicles. All leasing contracts included in this note are regarded as operating leases and lease amounts are presented as operating expenses in the income statement.

(NOK thousand)	2014	2013
Operating lease expenses		
Vehicles	11 537	17 194
Cost current year	**11 537**	**17 194**
Overview of future minimum lease payments related to operating leases:		
Cost next year	11 826	17 624
Cost next 2 years	18 546	20 312
Future minimum lease payments	**30 372**	**37 936**

Jotun A/S is committed to the lease agreement for 3 years.

Note 21

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ORGANISATION OF FINANCIAL RISK MANAGEMENT
Jotun operates internationally and is exposed to financial risks like currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk. Jotun A/S uses financial instruments to reduce these risks in accordance with the Group's Treasury policy.

CATEGORIES OF FINANCIAL RISKS AND RISK POLICIES FOR JOTUN A/S
Foreign currency risk on net investments
As NOK is the functional currency for Jotun A/S and the presentation currency, Jotun A/S is exposed to currency translation risk for net investments in foreign operations. Jotun A/S finances most of the investments for the Jotun Group, and therefore has a substantial intercompany loan portfolio in different currencies, see table below. From 2013 Jotun A/S has a USD 120 million external loan, see note 15. The currency gain/losses are presented as part of net finance costs in the income statement, see note 4 for more information. Jotun Group's note 16 gives additional information on the financial risk management. The table below gives an overview of loan given in foreign currency from Jotun A/S to its subsidaries, joint ventures and associates. It refers to long term loans of NOK 1 869 million and installments be paid in 2015 of NOK 131 million. The main currency exposes are specified.

	31.12.2014		31.12.2013	
Local currency (NOK thousands)	**Currency amount**	**NOK**	**Currency amount**	**NOK**
USD	101 275	756 725	98 016	594 595
MYR	108 000	230 893	108 000	199 930
EUR	19 837	179 307	19 837	165 411
IDR	283 025 000	170 834	259 525 000	129 477
RUB	902 358	121 187	427 358	78 805
SGD	16 347	92 120	16 347	78 485
GBP	7 700	89 335	7 700	77 301
BRL	31 000	87 178	8 000	20 548
TRY	22 676	72 611	22 676	64 146
KRW	8 928 590	60 893	13 392 885	76 875
Other		139 581		123 222
Total		**2 000 664**		**1 608 795**

The table below gives an overview of long term debt in foreign currency for Jotun A/S.

	31.12.2014		31.12.2013	
Currency (NOK thousands)	**Currency amount**	**NOK**	**Currency amount**	**NOK**
USD	120 000	898 660	120 000	729 596

Foreign currency risk on operational cash flows
Jotun A/S has inflows and outflows of foreign currency related to product sales and raw material purchases. The currency risk arises when the movements in currency rates can not immediately be passed on to the product prices. This creates an impact on the operational result. Jotun A/S has a policy to hedge against this effect when the effect is significant.

Foreign currency risk on financial cash flows
Foreign currency financial cash flows such as dividend payments, royalty payments, interest payments, installments and issuing of loans and equity, gives a currency exposure. The policy is to hedge this exposure.

Interest rate risk
Jotun A/S has low net interest bearing debt with the seasonal peaks within one billion NOK. The interest rate risk is not regarded as a critical factor. Based on the present net debt situation, Jotun's policy is not to hedge interest rate risk. If the net debt should increase and become permanently substantially higher than the present level, the policy will be reviewed.

Liquidity risk
Cash flow from Jotun's operations has seasonal cycles. There is a substantial build up of working capital during winter and spring in preparation for the summer sales season. Other drivers in the liquidity development are the investments within the Jotun Group which is mostly financed from Jotun A/S. See note 15 for more information.

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. There is a slight concentration of credit risk in respect of single counterparts, but the risk is moderate. The losses on accounts receivables have been insignificant through Jotun's history.

Jotun A/S has International Swap Dealers Association (ISDA) agreements with its counterparts for derivative transactions, and transactions are made only with Jotun's core relationship banks with satisfactory ratings.

Commodity price risk
Jotun A/S is exposed to a significant price risk in respect of a number of raw materials. Raw material purchases accounts for almost 60 per cent of total sales revenue. The volatile raw material prices the last years have had a significant impact. Large short term increases in the raw material prices can not be compensated immediately in the product prices, and in the period until product prices can be increased, the profit will suffer.

Note 21 continues

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Most of the raw materials do not have a financial derivative price market, and therefore most of the raw material prices are not accessible for hedging. Two raw material prices have previously been hedged, namely copper and zinc price. Copper and zinc accounts for around five percent of the total raw material purchase in the company. Jotun A/S has no hedging positions per 31 December, but might hedge this risk in the future if significant effects are anticipated.

Hedging of operational and financial cash flows
Jotun A/S has financial and operational foreign exchange income and costs which are hedged as a net position according to the policy of Jotun A/S. The table below shows the status per 31. December:

(NOK thousand)	Hedged value 31.12.2014	Unrealised gain/loss (-) 31.12.2014	Realised effect 2014
2014			
Hedging of cash flow	775 767	-9 114	-9 989

(NOK thousand)	Hedged value 31.12.2013	Unrealised gain/loss (-) 31.12.2013	Realised effect 2013
2013			
Hedging of cash flow	696 444	-1 333	-17 378

Market value:
Market value information is gathered from:
- Reuters 31 December 2014 and estimates generated by Jotun's financial system CRM.

- The valuation are based on inputs that are derived from observable prices and are hence categorized as a "Level 2" input in the fair value hierarchy.

Hedging operational and financial cash flows
Jotun A/S do not apply hedge accounting for cash flow hedging.

Realised and unrealised loss/gain of the hedges is brought to Jotun A/S' financial result. Realised and unrealised currency loss/gain on short term and long term loans is equally brought to the financial result.

Note 22

COMPARATIVE FIGURES AFTER MERGER OF JOTUN POWDER COATINGS (N) AS WITH JOTUN A/S

Statement of profit or loss 2013

(NOK thousand)	Jotun Powder Coatings (N) AS	Jotun A/S	Adjusted	2013
Operating revenue	169 404	2 636 816	-31 482	2 774 738
Cost of goods sold	-77 520	-1 234 552		-1 312 072
Payroll expenses	-34 875	-756 513		-791 388
Other operating expenses	-39 745	-514 756	31 482	-523 019
Depreciation, amortisations and impairment	-7 484	-99 505		-106 989
Operating profit	**9 780**	**31 490**		**41 270**
Dividend/Group contribution from subsidiaries	-	344 103		344 103
Dividend from joint ventures and associated companies	-	225 748		225 748
Net finance costs	2 912	-71 576		-68 665
Profit before tax	**12 692**	**529 765**		**542 457**
Income tax expense	-3 743	-108 225		-111 968
Profit for the year	**8 949**	**421 540**		**430 489**

Statement of financial position 2013

(NOK thousand)	Jotun Powder Coatings (N) AS	Jotun A/S	Adjusted	2013
ASSETS				
Non-current assets				
Deferred tax assets	4 068	16 187		20 255
Other intangible assets	19 500	141 245		160 745
Fixed assets	13 696	866 190		879 886
Investments in subsidiaries	1	2 247 295		2 247 296
Investments in associated companies and joint ventures	-	254 242		254 242
Other investments	-	8 728		8 728
Other long-term receivables	-	1 765 437		1 765 437
Total non-current assets	**37 265**	**5 299 324**		**5 336 589**
Current assets				
Inventories	15 138	408 743		423 881
Trade and other receivables	165 201	638 640	-138 274	665 567
Cash and cash equivalents	18	432 553		432 571
Total current assets	**180 357**	**1 479 936**		**1 522 019**
Total assets	**217 622**	**6 779 260**		**6 858 608**
EQUITY AND LIABILITIES				
Equity				
Share capital	12 500	102 600	-12 500	102 600
Other equity	168 031	3 309 765	12 500	3 490 296
Total equity	**180 531**	**3 412 365**		**3 592 896**
Non-current liabilities				
Pension liability	697	102 615		103 312
Provisions	-	30 006		30 006
Interest-bearing debt	-	1 329 596		1 329 596
Total non-current liabilities	**697**	**1 462 217**		**1 462 914**
Current liabilities				
Interest-bearing debt	-	750 000		750 000
Other current liabilities	36 394	1 154 678	-138 274	1 052 798
Total current liabilities	**36 394**	**1 904 678**		**1 802 798**
Total liabilities	**37 091**	**3 366 895**		**3 265 712**
Total equity and liabilities	**217 622**	**6 779 260**		**6 858 608**

Statement of cash flows 2013

The net cash in Jotun Powder Coatings (N) AS per 31.12.2013 was NOK 18 thousand.

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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To the Annual Shareholders' Meeting of
Jotun A/S

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Jotun A/S, 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 2014, the statements of 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 Jotun A/S 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 2014 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 2014 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

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report 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, 11 February 2015
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)

President & CEO
Morten Fon

- ***Group Functions***
- ***CFO***
  Vidar Nysæther
- ***Decorative Paints***
  Bård K. Tonning
  - ***Middle East, India & Africa***
    Peder Bohlin
  - ***South East Asia & Pacific***
    Martin Chew
  - ***Scandinavia***
    Stein Petter Lunde
- ***Performance Coatings***
  Esben Hersve
  - ***Powder***
    Ram Ramnath
  - ***Marine***
    Geir Bøe
  - ***Protective***
    Bjørn Wallentin
  - ***North East Asia***
    Erik R. Aaberg
  - ***West Europe***
    Kjell Gundersen
  - ***East Europe & Central Asia***
    Sükru Ergün
  - ***Americas***
    Idar Salvesen

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Einar Abrahamsen
Birger Amundsen
Terje Andersen
Richard Arnesen
Nicolai A. Eger
Ingrid Luberth
Karl Otto Tveter

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