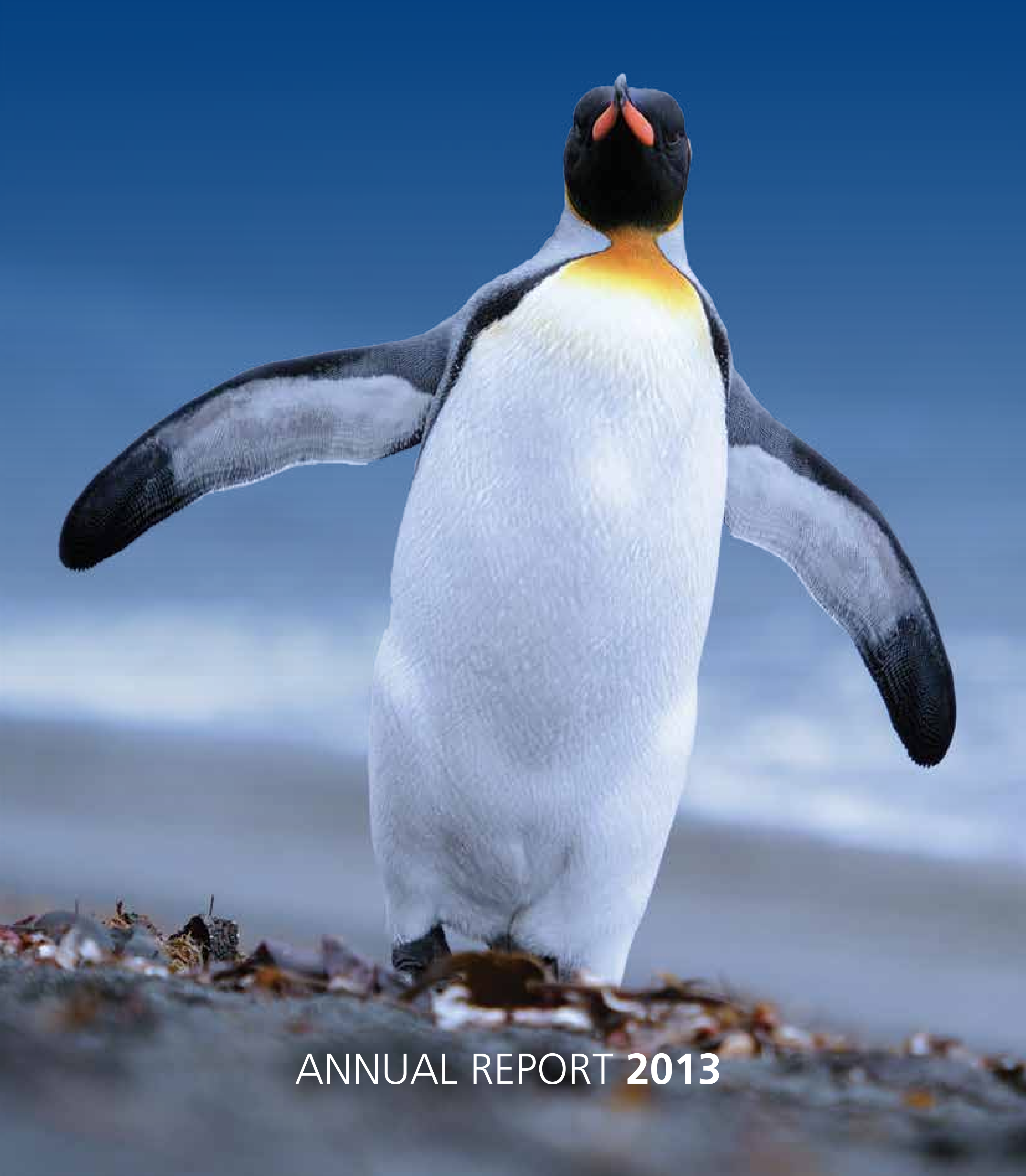
Jotun Protects Property



ANNUAL REPORT **2013**

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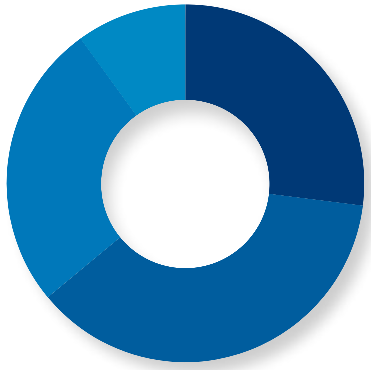
SALES SUMMARY

The Jotun Group is a matrix organisation divided into seven regions responsible for the sale of Decorative Paints and Performance Coatings (Marine, Protective and Powder Coatings). The company has 36 production facilities in 21 countries, 70 companies in 44 countries and is represented in more than 90 countries around the world.

BUSINESS SEGMENTS

- 27 % Marine Coatings
- 37 % Decorative Paints
- 26 % Protective Coatings
- 10 % Powder Coatings



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

SEGMENTS

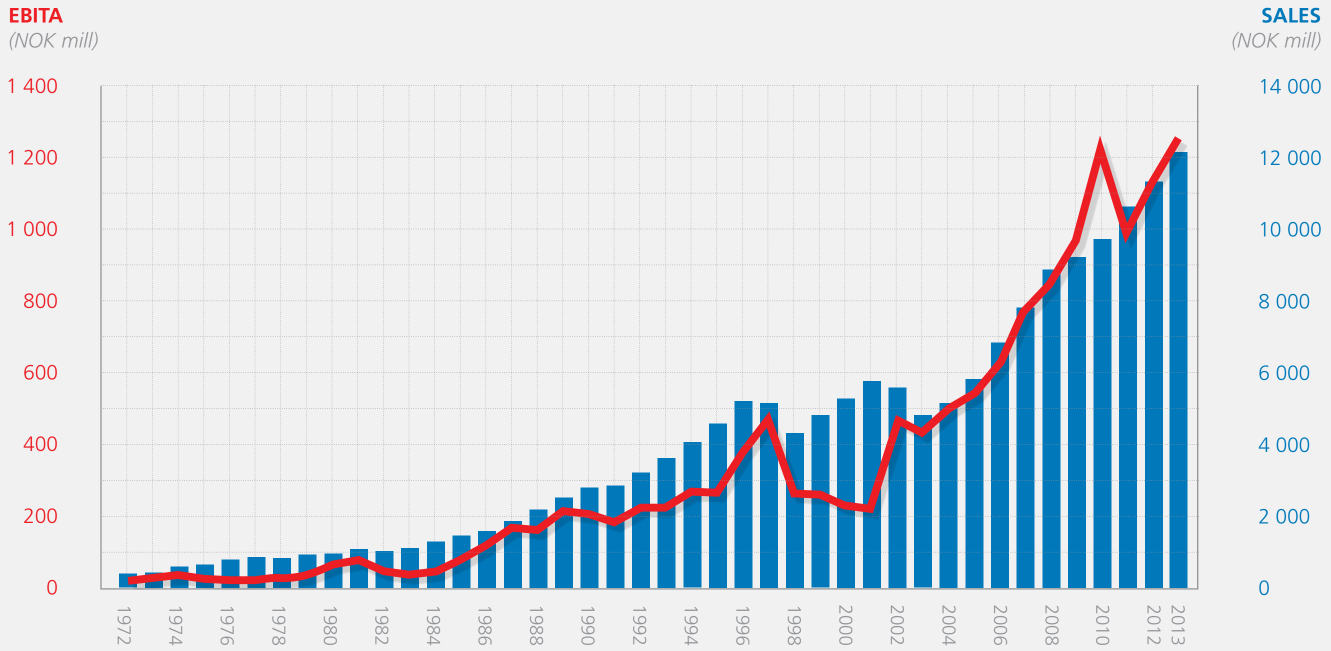
Decorative Paints: Jotun manufactures, sells and distributes interior and exterior paints to consumers and professionals worldwide.

Marine Coatings: Jotun is the world's leading provider of marine coatings to the newbuilding and Drydock (maintenance) markets.

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 and metal furniture, building components, pipelines and general industries.

SALES AND EBITA DEVELOPMENT



From 2003 the sales and EBITA is according to IFRS. Before 2003 the figures are according to NGAAP.
EBITA is earning before interest, tax and amortisation.

GROUP KEY FIGURES

(Figures in USD million from consolidated Group accounts)		2013	2012	2011	2010
REVENUE					
Operating revenue		**2 049**	1 952	1 902	1 617
Operating revenue outside Norway in %		**82**	80	77	75
PROFIT/LOSS					
Operating profit		**214**	194	171	205
Profit before tax expense		**203**	181	159	198
Net cash flow from operations		**140**	155	54	117
PROFITABILITY					
Return on capital employed, in %	1)	**20.0**	19.5	18.3	29.2
Operating margin, in %	2)	**10.5**	9.9	9.0	12.7
Return on equity, in %	3)	**16.3**	15.8	13.1	19.9
YEAR-END FINANCIAL POSITION					
Total assets		**1 780**	1 670	1 522	1 329
Investments in intangible and fixed assets		**121**	106	144	95
Equity (including minority interests)		**909**	899	837	801
Equity / assets ratio, in %		**51.1**	53.8	55.0	60.3
Number of employees in Group		**6 695**	6 379	5 884	5 577
Number of employees in Group including 100 per cent in joint ventures and associated companies		**8 991**	8 740	8 296	7 819

DEFINITIONS

1) Return on capital employed % = $\frac{\text{Operating profit - amortisation of intangible assets}}{\text{Average total assets - non-interest-bearing liabilities}} \times 100$

2) Operating margin % = $\frac{\text{Operating profit}}{\text{Operating revenues}} \times 100$

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

FOCUS ON FURTHER IMPROVEMENTS

Jotun's excellent results in 2013 have strengthened the company's resolve to increase focus on health, safety and the environment and work to improve on the quality of project execution.

In the past decade, Jotun has emerged as a truly global player in the paints and coatings industry. Despite recording more modest increases in sales in 2013 than in previous years, the company's growth trend seems likely to continue. Jotun's rapid expansion represents a significant achievement, but our long-term success cannot be measured in factory openings or sales alone.

FUTURE GROWTH

An important element of Jotun's strategy is to grow organically in both existing and new markets. Emphasis will be put on investments to support this strategy, and preparing the organisation to handle more business entities and higher volumes in the future.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Being a chemical company, Jotun has always had high focus on HSE. While the company has maintained a good health and safety record, Jotun recognises that a greater focus in this area has become increasingly important, considering the growing size of the company.

In 2013, Jotun reviewed a number of plans to upgrade older factories and has supported investments in fire safety equipment and other equipment and systems to improve working conditions at all our facilities. Jotun employs close to 10,000 people worldwide and recognises their right to a safe workplace. This will remain a top priority in the years to come.

QUALITY OF IMPLEMENTATION

Over the past five years, Jotun has undertaken a number of factory and warehouse construction and upgrade projects. These projects are necessary to handle future growth, but also to improve working conditions for our employees. While most of these projects are related to investments in markets where Jotun has a strong position, a substantial portion also goes into new markets, where there is more risk.

The Board has supported these investments, but notes that projects have become increasingly complex and expensive. By renewing our focus on efficient project execution, the company can keep costs down and improve profitability.

The Board is satisfied with the result for 2013 and has high expectations to the future development of Jotun. By continuing to focus on safe operations and continuous improvement, the Board expects the company to grow further and create value for shareholders.

DIRECTORS' REPORT

From left to right: Richard Arnesen, Birger Amundsen, Stein Erik Hagen, Odd Gleditsch d.y. (Chairman), Einar Abrahamsen, Ingrid Luberth, Terje Andersen and Nicolai A. Eger.

1. MAIN ACTIVITIES

By the end of 2013, Jotun's business activities included development, production, marketing and sales of paints and coatings systems and products for surface treatment and protection. The Jotun Group is a matrix organization divided 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 Americas, responsible for the sale of paints and coatings in four segments: Marine, Protective and Powder Coatings (Performance Coatings) and Decorative Paints.

Decorative Paints: Interior and exterior decorative paints, stains and varnishes for the professional and DIY markets.

Protective Coatings: Coatings for the offshore, energy, hydrocarbon processing industries, mining and infrastructure projects.

Marine Coatings: Antifoulings and marine coatings in the newbuilding and maintenance market.

Powder Coatings: Powder coatings for appliances and metal furniture, general industries, building components and pipelines.

Jotun has a worldwide network and is represented on every continent by subsidiaries and joint ventures. The Group, including joint ventures and associates, comprises 70 companies in 44 countries, including 36 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

Overall, the company has delivered results in line with expectations for the year.

In accordance with Section 4-5 of the Norwegian Financial Reporting Act, the Board of Directors finds that conditions are present for a going concern and the accounts for 2013 are rendered on this assumption.

Profits

The Group's total operating income was NOK 12,034 million in 2013 compared with NOK 11,351 million in 2012. The company's long-term growth trend continued in 2013, with improved sales in most segments and regions.

The Group achieved a consolidated profit for the year of NOK 857 million compared to NOK 795 million in 2012. Operating profit increased by NOK 132 million to NOK 1,258 million. Net financial costs totalled NOK 66 million, and the pre-tax profit amounted to NOK 1,191 million. Jotun's activities are subject to ordinary company tax in the countries in which the Group operates. The tax costs increased by NOK 74 million to NOK 335 million for 2013, mainly due to higher taxable dividends received by Jotun A/S.

The parent company, Jotun A/S, achieved a total profit for the year of NOK 422 million, compared to NOK 212 million in 2012. The increase is in part attributable to higher dividends from subsidiaries compensating for a decrease in operational sales.

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 287 million compared with NOK 340 million in 2012. The reduction is mainly due to lower sales in North East Asia within the Marine Coatings segment.

Financial position, capital structure and risk

The Jotun Group had a positive cash position of NOK 1,120 million at year end 2013 compared to a positive cash position of NOK 802 million as of 31 December 2012.

The Group increased its investments in 2013 to NOK 773 million from NOK 590 million in 2012, and the sales growth also resulted in more tied up working capital.

The net interest bearing debt for the Group was NOK 1,322 million at year end 2013 compared to NOK 870 million as of 31 December 2012. Jotun Group changed its main source of financing in 2013 by shifting from short-term certificate loans to more long-term liabilities. 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 600 million in bonds and NOK 730 million in non-current bank debt outstanding. External borrowing in the subsidiaries is primarily short-term and through local banks.

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's equity ratio was 51 per cent at the end of the year as opposed to 54 per cent the previous year. The reduction in equity ratio is attributable to increased investments in factories and growing operational working capital. The Group is in a sound financial position.

In its regular business operations, Jotun is exposed to risks relating to credit, interest rates, commodity prices and currency exchange rates and has established procedures for currency and commodity hedging as well as customer credit rating. The Group hedges its currency risk connected to the USD, USD-related currencies and the EUR through forward contracts, options and foreign currency loans. 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 enjoyed another year of good results and top line growth in the Decorative segment in 2013. Strong segment performance was supported by stable raw material prices.

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. Over the past five years, the Group has almost doubled the number of shops. In 2013, Jotun's growth in the Decorative segment was driven mainly by the Middle East region.

About one third of Jotun's revenues in the Decorative Paints segment derived from the project market, which includes commercial real estate developments, hotels, malls and large-scale housing projects, etc. Jotun has strengthened its project teams who work across borders to track projects, manage specifications and coordinate technical support.

Product innovation has played a critical role in Jotun's success. Over the last few years, Jotun has introduced a number of new interior and exterior products to meet the growing demand for healthier, more sustainable paint solutions. Jotun has also introduced medium range solutions to compete with lower cost products offered by competitors. While Jotun will continue to fine-tune elements of its long-term strategy in the decorative segment, the existing model has proven highly effective in establishing a strong brand in fast-moving markets the worldwide.

Jotun Protective Coatings

In 2013, Jotun experienced continued strong growth in the Protective segment, especially in the Offshore, Hydrocarbon Processing Industry and Infrastructure concepts. The company recorded particularly good growth in China, Turkey, Russia and Indonesia. While other markets such as in India and the Americas region did not perform as well, Jotun achieved an overall record bottom-line growth in the Protective segment.

Jotun's concept-focused approach to sales has helped the company attract new business. By providing more industry-specific training to personnel, Jotun is able to better understand the individual needs of customers. The company has also worked to develop strong local and regional teams to more effectively manage specifications, serve large, complex projects and provide quality technical service. For projects involving multinational stakeholders, Jotun has identified key global players and is currently working across borders to secure mega projects.

Jotun continues to invest in the development of coatings solutions to help users save money or comply with environmental regulations or project specifications, such as LEED and REACH, which restrict the use of certain chemicals. The company has also launched Jotachar, a revolutionary mesh-free intumescent coating introduced to help Jotun take a firm position in the Passive Fire Protection (PFP) market segment.

While Jotun expects growth to accelerate in the Protective segment over the next few years, the company recognises that the construction of infrastructure and energy-related installations are subject to cyclical economic shifts, both regionally and globally. However, Jotun has a focus on maintenance of existing installations, and is working to develop both the competencies and products to serve this growth area.

Jotun Marine Coatings

Jotun experienced a contraction in its marine coatings business in 2013. While the segment remains profitable, persistent tonnage over-capacity issues in primary shipping segments have resulted in a sharp decline in newbuilding deliveries. These market forces had a negative impact on sales, especially in China and Korea. However, a modest growth in global trade over the past two years has increased the demand for sea-borne transportation, and the newbuilding market seems to be on a path to recovery.

In 2013, the company continued to market its industry-leading expertise in antifouling technologies. The SeaQuantum line, based on third-generation silyl acrylate technology, includes products customized for different trades. Jotun's Hull Performance Solutions (HPS) combines premium marine coatings, priority technical service and reliable tools to measure hull performance, allowing owners to accurately calculate speed loss over time caused by hull foulings.

Over the past three years, Jotun has successfully developed its SeaStock and DryDock concepts to support growth in the maintenance market. By working closely with customers and offering unique product solutions, Jotun helped to build customer loyalty and generated positive sales growth in this market segment. The company has also strengthened its position in the highly specialized tank coatings and yachting concepts.

By taking a more concept-driven approach to sales in both the newbuilding and maintenance markets and continuing to focus on global key accounts, Jotun will be in a strong position when the market recovers.

Jotun Powder Coatings

Jotun performed moderately well in the Powder Coatings segment in 2013, led by strong growth in Turkey, Malaysia, Indonesia and UAE. Growth in China, which represents the world's leading market for powder coatings, was slowed by intense competitive pressure from low-cost producers and the need to customise products to manage the lack of uniform standards found in China's powder coatings market. In India, price pressure, the unavailability of locally produced raw materials and the weakening rupee cut into profits.

Jotun has reorganised the segment into the following concepts; Appliances & Metal Furniture, General Industries, Building Components and Pipelines. While Jotun continues to develop and launch premium products the company has also introduced medium-range products in certain market segments and regions to improve competitiveness.

In order to achieve faster growth, Jotun is working to align R&D, marketing and technical service throughout the organisation. At the same time, Jotun is streamlining production and logistics. For example, in 2013 Jotun shifted all production for Scandinavia to the Czech Republic, and expanded capacity in Turkey. In Asia, Jotun has completed the construction a new factory in China and made investments in Thailand to improve flexibility. Further investments in production capacity are currently being considered in Asia and the Middle East.

Looking ahead, a more concept-based approach to the business will lead to a strong focus on selected market segments and specialisation in global concepts, helping Jotun to create a series of both premium and medium range product portfolios tailored to different industries and applications. To meet the growing demand for smarter solutions, Jotun will continue to develop lower thin-film products and coatings that cure at lower temperatures, helping users save money and reduce emissions.

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 laboratoriess in the Middle East (UAE), South-East Asia (Malaysia), Northern Asia (Korea and China), and the Americas (Louisiana). 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.

Jotun's R&D department plays a critical role in supporting the company's business and environmental objectives. Declining public tolerance for environmental damage has led to new regulations and a growing market for more sustainable paints and coatings. Jotun R&D has worked to meet this new market reality by focussing on substituting harmful substances found in some formulations with more sustainable alternatives.

A core focus of Jotun's R&D effort remains to develop paints and coatings that protect property longer. In addition to saving on maintenance costs, durable paints and coatings systems extend the life cycle of the asset, helping customers to reduce replacement costs and improve the sustainability profile in a long-term perspective. By continuously developing products that extend the life of assets, Jotun is in a strong position not only to meet market demand but also to help users remain in compliance with emerging environmental regulations.

5. COMPETENCE DEVELOPMENT

Jotun invests a considerable amount each year in competence development initiatives. Through these initiatives, Jotun can offer a wide range of life-long learning programmes internally, starting with on-the-job training and continuing through various training courses carried out through Jotun Academy. The Jotun Academy covers training programmes within human resources, marketing, sales, purchasing, R&D, operations, technical sales support, finance, and management – as well as stand-alone modules.

In 2013, Academy trainers instructed around 2,500 employees undertaking over 200 Jotun Academy training programmes around the world. In addition, Jotun offers 136 e-learning courses and nearly 50,000 such courses have been completed since the launch in 2007.

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

Over time, the company has established a culture whereby employees value long-term learning that makes it possible for employees to grow and maintain their enthusiasm for developing themselves and Jotun. This is one of the key reasons why the company has sustained a low level of global staff turnover.

6. HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Goals and activities

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

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

In 2013, Group HSE carried out 11 HSE audits of Jotun's production facilities. The results from these audits show that some of the factories have a good HSE level. However, there is a need for improvements in other units. A colour score rating system for the sites was introduced in 2012 to identify differences in HSE performance.

Training

Developing knowledge is a key parameter for Jotun to achieve sustainable long-term growth. The Jotun Operations Academy is an umbrella for several training courses in which health, safety and environment plays a major role. In 2013, 416 employees attended at least one of these training courses. All producing companies in Jotun have an HSE coordinator.

All production companies shall as a minimum have one "HSE day", with training in different aspects relevant to the company. In 2013, each employee in Jotun received an average of 9.5 hours of specific HSE training.

Web-based HSE training was introduced in 2012. In 2013, four new modules were introduced, and a total of eleven e-learning courses are available in this field.

Working environment

A tragic accident took place in Egypt in December 2013, entailing the death of one employee as a result of a car accident.

There were 68 injuries reported resulting in lost-time due to injury (LTI) absences in 2013, compared with 64 in 2012. The number of injuries resulting in an absence of one day or more per one million working hours (H value) was 4.5 (4.4 in 2012). The H value for Jotun A/S was 3.4, compared with 3.5 in 2012.

Absence due to sickness for the Group in 2013 was 1.7 per cent, compared to 1.6 in 2012. Absence due to sickness in Jotun A/S was 4 per cent in 2013, compared with 4.1 per cent in 2012.

Environment

Air emissions from the factories mainly consist of solvents and marginal emissions of dust. Some factories have abatement systems for wastewater, 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 2013. The total emissions from our activities were 82,000 tonnes carbon dioxide equivalents. Compared to the production volume, this represents an increase of one per cent compared to 2012.

The total electrical consumption was 123 GWh. When measured against production volume, electricity consumption has risen by three per cent compared to 2012. The negative development is caused by an increase in powder production, which is more energy-intensive than wet paint production.

The Group generated 18,400 tonnes of waste in 2013, with 12,000 tonnes classified as hazardous waste. The corresponding figure for 2012 was 17,600 tonnes, of which 11,000 tonnes consisted of hazardous waste. The waste generated relative to the volume produced was 2.3 per cent in 2013 (same as in 2012).

There were no discharges to water or soil causing any significant pollution to the environment in 2013.

Safety

Some initial stages of fire breakout or small fires were reported, of which six incidents were considered serious. The incidents did not result in injuries to personnel or significant damage to property and all were handled by Jotun`s own staff.

All incidents related to fires are unacceptable. Special measures to prevent incidents caused by electrical equipment and hot work will be implemented.

Challenges ahead

Jotun takes a very serious view of all HSE deviations, and has a vision of zero tolerance in relation to serious incidents. Fewer injuries translates as improved quality in all areas through a satisfactory and safe working environment. 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 continues to strengthen the strategic approach to Corporate Responsibility (CR), which is based on commitment to the corporate values of Loyalty, Care, Respect and Boldness, UN Human Rights, ILO convention and the UN's Global Compact principles as well as local laws and regulations. Jotun's CR commitment is anchored in the Board and Group Management.

Jotun's Business Principles and corporate governance help to achieve the desired responsible behaviour towards all stakeholders, from choosing the right supplier to treating customers the way they expect to be treated, undertaking initiatives that enhance the health and well-being of employees to being a good corporate citizen in local societies.

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, not least, providing customers with paints and coatings that will reduce their carbon footprint and protect their property.

Corruption and bribery is a threat to integrity and reputation. This is why Jotun continuously works actively against corruption. Besides having a strong anti-corruption policy, various initiatives have introduced, such as e-learning and regular practical dilemma training that prioritise management, purchasing and sales teams. Anti-corruption training is also included in the induction programme for new employees as well as in Jotun Academies. In 2013, new reporting routines were implemented as part of the anti-corruption effort as well as for Human Rights compliance.

8. DIVERSITY

Jotun is committed to creating a workforce as diverse as the customer base we serve around the globe. Our understanding of diversity includes race, gender, personal differences, lifestyle, age, religion, sexual orientation, marital status and geography. Over the years, Jotun has put a special focus on bringing people of different ethnic, religious and nationalities together in our offices, factories and networks because Jotun recognises that cultural understanding and diversity make the company stronger.

Jotun considers discrimination on the basis of gender, religion or reduced operability to be unacceptable. The company operates with 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. Firm and professional recruitment policies, tools and practices are implemented in order to ensure equal opportunities.

Two of the nine senior management positions that report to the President & CEO are female. Of those with personnel responsibility in Jotun A/S, 29 per cent are women (24.1 per cent in 2012). Women make up 9 per cent of skilled workers (11 per cent in 2012), while the corresponding per centage for women among office staff is 34 per cent (same as in 2012).

9. FUTURE PROSPECTS

As a global organisation, Jotun is sensitive to macro-economic trends that impact industrial and consumer segments in which we are active. For example, in 2013, persistent tonnage over-capacity issues in the shipping industry have led to a weaker newbuilding market, resulting in declining demand for marine coatings. At the same time, expanding world population and rising global economic activity in high growth regions has created a new generation of middle class consumers, supporting Jotun's growth in the Decorative, Protective and Powder Coatings segments.

Other forces also impact results, such as the price of raw materials and currency fluctuations, or political unrest, severe weather, shocks to local economies. These types of events are unpredictable, but because Jotun is active in four segments serving different industries, the company's exposure to financial risk is mitigated. Looking ahead, Jotun remains committed to growing the business in all four segments, allocating resources as needed.

Jotun has established common Group standards that apply to all Jotun businesses worldwide, but the company recognises that no markets are alike. Differences include local rules and regulations, economy, climate, business culture and consumer buying habits, all of which impact how Jotun products are developed, produced, marketed, sold and distributed. As a consequence, Jotun has a differentiated approach built into its business model.

In 2013, the company reorganised internally, dividing the company's activities into seven regions. The new set-up creates a platform to better support the local companies and encourages more efficient regional and inter-regional cooperation. This structure has led to a decentralised business model that supports the efforts of regional managers and local sales teams to grow the business in all segments.

To achieve its ambitious organic growth strategy, Jotun remains focused on improving operational efficiency and production capacity. In 2013, Jotun celebrated the opening of new factories in China (Qingdao), USA and Pakistan, constructed a new marine and protective coatings factory in Russia (St. Petersburg) and one in Brazil (Rio de Janeiro), and announced plans to build new factories in Oman, Myanmar and the Philippines.

Recruiting and competence development is also a critical part of Jotun's growth strategy. In 2013, Jotun added several hundred new employees and increased spending on training programmes. The company will continue to utilise internal resources to increase capacity, upgrade existing production facilities and evaluate new markets in the years ahead.

Jotun is working to minimise business risk. Raw materials represent about 60 per cent of Jotun's total costs. While prices stabilized in 2013, the company continues to manage this cost by securing long-term relationships with suppliers, working to find safer, more affordable alternatives and occasionally hedging.

Over the next two years, Jotun has identified significant market potential in Asia and will focus more resources on developing our business in emerging markets. At the same time, the company will work to make more products available, more rapidly, to the market, and will continue to develop paints and coatings that help customers reduce their environmental impact and contribute to a more sustainable world.

Sandefjord, Norway, 13 February 2014
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Terje Andersen

Birger Amundsen

Richard Arnesen

Nicolai A. Eger

Stein Erik Hagen

Ingrid Luberth

Morten Fon
President & CEO

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 income 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".

1 JANUARY - 31 DECEMBER *(NOK thousand)*	Note	2013	2012
Operating revenue		12 034 454	11 350 602
Share of profit of associated companies and joint ventures	2	286 961	339 728
Cost of goods sold		-6 515 133	-6 301 822
Payroll expenses	3, 4	-2 016 281	-1 876 583
Other operating expenses	5, 21	-2 228 257	-2 138 024
Depreciation, amortisation and impairment	7, 8	-303 883	-248 090
Operating profit		**1 257 862**	**1 125 810**
Net finance costs	5	-66 494	-70 423
Profit before tax		**1 191 368**	**1 055 387**
Income tax expense	6	-334 625	-260 582
Profit for the year		**856 743**	**794 805**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses on defined benefit pension plans	4	-9 623	-6 798
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation difference	16	217 883	-255 786
Other comprehensive income (loss) for the year, net of tax		**208 260**	**-262 583**
Total comprehensive income for the year		**1 065 003**	**532 222**
Profit for the year attributable to:			
Equity holders of the parent company		798 268	749 635
Non-controlling interests	18	58 475	45 170
Total		**856 743**	**794 805**
Total comprehensive income attributable to:			
Equity holders of the parent company		1 002 222	494 435
Non-controlling interests	18	62 781	37 787
Total		**1 065 003**	**532 222**

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 balance sheet, 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 are balance-sheet oriented and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the balance sheet. 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 balance sheet items are explained in the notes to the financial statements.

(NOK thousand)	Note	31.12.13	31.12.12
ASSETS			
Non-current assets			
Deferred tax assets	6	97 732	110 724
Other intangible assets	7	231 868	167 249
Property, plant and equipment	8	2 967 311	2 559 367
Investments in associated companies and joint ventures	2	1 163 318	1 012 373
Other investments	11	8 248	8 248
Other interest-bearing receivables	11	184 647	264 125
Total non-current assets		**4 653 125**	**4 122 087**
Current assets			
Inventories	9	1 762 005	1 569 434
Trade and other receivables	11, 12	3 263 759	2 823 569
Cash and cash equivalents	11, 13	1 120 161	802 012
Total current assets		**6 145 925**	**5 195 016**
TOTAL ASSETS		**10 799 050**	**9 317 103**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	102 600	102 600
Other equity		5 301 977	4 824 495
Non-controlling interests	18	110 090	88 641
TOTAL EQUITY		**5 514 667**	**5 015 736**
Non-current liabilities			
Pension liability	4	184 888	177 333
Deferred tax	6	36 489	22 826
Provisions	10, 15, 19	30 006	41 227
Interest-bearing debt	11, 14	1 368 482	60 424
Interest-free long term debt	14	23 325	21 144
Total non-current liabilities		**1 643 190**	**322 952**
Current liabilities			
Interest-bearing debt	11	1 258 748	1 875 471
Other current liabilities	6, 11, 15, 16	2 382 445	2 102 944
Total current liabilities		**3 641 193**	**3 978 415**
TOTAL LIABILITIES		**5 284 383**	**4 301 367**
TOTAL EQUITY AND LIABILITIES		**10 799 050**	**9 317 103**

Sandefjord, Norway, 13 February 2014
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Terje Andersen

Birger Amundsen

Richard Arnesen

Nicolai A. Eger

Stein Erik Hagen

Ingrid Luberth

Morten Fon
President & CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

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

(NOK thousand)	Note	2013	2012
Cash flow from operating activities			
Profit before tax		1 191 368	1 055 387
Adjustments to reconcile profit before tax to net cash flows:			
Share of profit of associated companies and joint ventures	2	-286 961	-339 728
Dividend paid from associated companies and joint ventures	2	247 916	204 094
Gains/losses on sale of fixed assets	7, 8	-3 081	-47 375
Depreciation	7, 8	303 883	248 090
Change in accruals, provisions and other		-48 944	-174 194
Working capital adjustments:			
Change in trade and other receivables	12	-440 190	116 968
Change in trade payables	15	138 597	-244 134
Change in inventories	9	-192 571	270 018
Tax payments	6	-90 657	-187 432
Net cash flow from operating activities		**819 358**	**901 695**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	8	8 932	47 149
Purchase of property, plant and equipment	8	-659 790	-533 449
Purchase of intangible assets	7	-73 376	-56 778
Purchase of shares from non-controllling interests	18	-17 145	-5 231
Net cash flow used in investing activities		**-741 379**	**-548 310**
Cash flows from financing activities			
Proceeds from borrowings	14	1 373 607	714 204
Repayment of borrowings	14	-682 272	-240 865
Dividend paid to equity holders of the parent	17	-513 000	-513 000
Dividend paid to non-controlling interests		-35 927	-26 157
Net cash flow from financing activities		**142 408**	**-65 819**
Net currency translation effect		97 762	-103 476
Net increase/(decrease) in cash and cash equivalents		220 388	287 566
Cash and cash equivalents at 1 January	13	802 012	617 923
Cash and cash equivalents at 31 December	13	**1 120 161**	**802 012**

The Group had unused credit facilities of NOK 900 million as at 31 December 2013 (2012: NOK 2 000 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.

(NOK thousand)		Attributable to parent company equity holders					
Note		Share capital	Other equity	Translation differences	Total	Non-controlling interests	Total equity
	Equity as at 1 January 2012	**102 600**	**4 634 040**	**212 851**	**4 949 491**	**78 411**	**5 027 902**
17	Dividends		-513 000		-513 000	-26 157	-539 157
	Profit of the period		749 635		749 635	45 170	794 805
	Other comprehensive income		-74 168	-181 032	-255 201	-7 383	-262 583
	Acquisition of non-controlling interests		-3 831		-3 831	-1 400	-5 231
	Equity as at 31 December 2012	**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**

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 employs around 6,700 people in 44 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. 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 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 per centage 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

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19 such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Jotun Group adopted IFRS for the first time in 2011 and has since then recognised actuarial gains and losses in other comprehensive income and the removal of the corridor mechanism have not affected the financial statement.

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:

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 been taken on own initiative or implemented on the order of local authorities. Inspections and measurements are made by independent specialist in the field
- Prior experience in remediation of contaminated sites
- Technology expected to be available at the time of the clean up

The future expenditures for remediation work depends on a number of uncertain factors which include, but 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 583 million (2012: NOK 402 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 177 million.

Further details on taxes are disclosed in Note 6.

Inventory

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 realizable value. Management has used its best estimate in setting net realizable value for inventory. The carrying amount of inventory at 31 December 2013 is NOK 1 762 million and write-down at year-end is NOK 64 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.

NOTE 2
INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Investments in associated companies and joint ventures are recognised in the Group's accounts applying the equity method.

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

	2013			2012		
(NOK thousand)	Associated companies	Joint Ventures	Total	Associated companies	Joint Ventures	Total
Carrying amount 1 January	495 816	516 557	1 012 374	502 341	443 571	945 912
Net profit / (loss) during the year	247 128	39 833	286 961	243 896	95 832	339 728
Exchange differences	52 706	59 194	111 899	-46 327	-22 846	-69 173
Dividend	-218 972	-28 944	-247 916	-204 094	-	-204 094
Carrying amount 31 December	**576 678**	**586 640**	**1 163 318**	**495 816**	**516 557**	**1 012 372**

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.

The Jotun Group has the following investments in associated companies:

(NOK thousand)	Red Sea Paints Co. Ltd.	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (L.L.C.)	Jotun Abu Dhabi Ltd. (L.L.C.)	Jotun Powder Coatings Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)	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 %	
Carrying amount 1 January 2013	21 403	156 445	1 037	150 635	91 239	45 059	29 997	**495 816**
Net profit / (loss) during the year	2 390	92 584	-827	83 020	52 869	6 348	10 744	**247 128**
Exchange differences	2 005	17 336	72	15 844	10 010	4 402	3 036	**52 706**
Dividend	-1 294	-76 351	-	-77 753	-56 588	-	-6 986	**-218 972**
Carrying amount 31 December 2013	**24 504**	**190 014**	**283**	**171 747**	**97 530**	**55 809**	**36 790**	**576 678**

Although the Group holds more than 50 per cent of the ownership interest in Jotun Abu Dhabi Ltd. (L.L.C.), the Group do not have the power over the investee, or the ability to exercise significant influence. This investment is classified as an associated company.

A summary of the financial information on the individual associated companies as of 2013 and 2012, based on 100 per cent figures:

2013 *(NOK thousand)*	Red Sea Paints Co Ltd.	Jotun Saudia Co Ltd	Jotun Yemen Paints Ltd	Jotun U.A.E Ltd (L.L.C.)	Jotun Abu Dhabi Ltd (L.L.C.)	Jotun Powder Coatings Saudi Arabia Co. Ltd	Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)
Long-term 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
Long-term 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

Cont. NOTE 2
INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

2012 *(NOK thousand)*	Red Sea Paints Co. Ltd.	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (L.L.C.)	Jotun Abu Dhabi Ltd. (L.L.C.)	Jotun Powder Coatings Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)
Long-term assets	43 465	196 183	5 103	92 847	30 749	12 012	61 869
Current assets	52 051	333 343	7 580	402 779	221 409	127 273	117 318
Total assets	**95 517**	**529 526**	**12 683**	**495 626**	**252 159**	**139 285**	**179 187**
Equity	53 508	391 112	3 012	365 408	176 821	96 693	68 185
Long-term liabilities	11 499	61 237	7 272	10 305	726	3 191	10 226
Current liabilities	30 510	77 177	2 398	119 913	74 612	39 401	100 776
Total equity and liabilities	**95 517**	**529 526**	**12 683**	**495 626**	**252 159**	**139 285**	**179 187**
Revenues	-	964 042	10 298	1 003 132	516 454	283 472	299 248
Profit / (loss) for the year	9 960	202 428	-1 983	182 971	111 101	34 127	22 254

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.

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

(NOK thousand)	Chokwang Jotun Ltd.	Jotun COSCO Marine Coatings (GZ) Ltd.	Jotun COSCO Marine Coatings (Qingdao) Co.	Jotun COSCO Marine Coatings (H.K.) Ltd.	Total
Country	South Korea	China	China	China	
Figures bases on ownership	50.0 %	50.0 %	50.0 %	50.0 %	
Carrying amount 1 January 2013	220 807	116 761	52 028	126 962	**516 557**
Net profit / (loss) during the year	36 505	10 949	-35 926	28 305	**39 833**
Exchange differences	23 165	14 488	15 877	5 663	**59 194**
Dividend	-28 700	-74 794	-	74 550	**-28 944**
Carrying amount 31 December 2013	**251 777**	**67 405**	**31 979**	**235 480**	**586 640**

A summary of the financial information on the individual joint ventures for 2013 and 2012, based on 100 per cent figures:

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.) Co. Ltd.
Long-term 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
Long-term 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**

Cont. NOTE 2
INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

2012 *(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.) Co. Ltd.
Long-term assets	206 850	10 781	180 198	466 983
Current assets	732 982	373 864	746 920	128 613
Total assets	**939 832**	**384 645**	**927 118**	**595 595**
Equity	441 612	233 521	318 779	309 586
Long-term liabilities	196 618	33 475	170 166	206 431
Current liabilities	301 602	117 648	438 174	79 578
Total equity and liabilities	**939 832**	**384 645**	**927 118**	**595 595**
Revenues	1 187 992	698 612	1 757 231	401 690
Net profit / (loss) for the year	**115 938**	**25 376**	**9 632**	**40 718**

Jotun Group holds 33.4 per cent of the shares in Nor-Maali OY. Although the Group holds more than 20 per cent of the ownership interest, the Group does not have the ability to exercise significant influence. This investment is classified as other investments.

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)	2013	2012
Wages including bonuses	1 623 433	1 505 945
Social costs	198 428	167 094
Pension costs defined contribution plans	113 741	101 698
Pension costs defined benefit plans, ref. note 4	12 258	25 370
Other personell costs	68 419	76 476
Total salaries and personnel expenses	**2 016 281**	**1 876 583**
Number of employees	6 695	6 379

Bonus systems
Jotun has a system of annual bonuses that rewards improvement (operational excellence). Under this system, an "excellent performance", which is specifically defined for the various elements, can result in an annual bonus of maximum 20 per cent of annual basic salary.
This bonus system applies to approximately 100 senior executives.

REMUNERATION TO PRESIDENT & CEO

(NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	3 965	1 875	197	1 034	**7 071**

The President & CEO is part of a pension scheme that includes employees in the Group 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 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 notice period of 6 months.

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

Cont. NOTE 3
PAYROLL EXPENSES

REMUNERATION TO BOARD OF DIRECTORS

(NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Board of Directors	2 558	-	-	-	**2 558**
Corporate assembly	188	-	-	-	**188**
Total remuneration	**2 746**	**-**	**-**	**-**	**2 746**

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

EXTERNAL AUDITOR REMUNERATION

(NOK thousand)	2013	2012
Statutory audit	8 864	7 733
Other attestation services	291	141
Tax services	2 233	3 358
Other services	1 652	969
Total	**13 040**	**12 201**

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, and where 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 Group's 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 2013.

Norway
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 85,245. The pension liability of the company is linked to changes in Norwegian social security benefits. Other schemes with net pension obilagtion 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 new 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 Oman, Indonesia, and Thailand 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. Also included 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
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 4.42 per cent at 31 December 2013. However, the average term of the collection of bonds within the ibex index is significantly shorter than the term of the liabilities of the Scheme, consequently the discount rate have 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.

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).

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 2014 is expected to be approximately NOK 9 million.

BREAKDOWN OF PENSION PLAN ASSETS (FAIR VALUE) AS OF 31 DECEMBER

	2013	2012
Cash and cash equivalents in %	-	1
Bonds in %	46	46
Share in %	49	46
Property in %	5	7
Total pension plan assets in %	**100**	**100**

ACTUARIAL ASSUMPTIONS	Norway		UK		Indonesia	
	2013	2012	2013	2012	2013	2012
Discount rate in %	3.3	2.2	4.5	4.3	9.0	5.7
Expected return in %	3.3	3.6	5.6	5.5	9.0	6.0
Wage adjustment in %	3.0 - 3.75	3.0 - 3.25	3.5	3.1	10.0	8.0
Inflation / increase in social security basic amount (G), in %	3.5	3.0	2.5	2.8	5.0	4.3
Pension adjustment in %	0.5 - 3.75	0.5 - 3.50	3.5	3.1	10.0	9.0

JOTUN GROUP	2013		2012	
(NOK thousand)	Schemes with net pension assets	Schemes with net pension obligations	Schemes with net pension assets	Schemes with net pension obligations
CHANGES IN PENSION OBLIGATIONS INCLUDING SOCIAL SECURITY				
Pension obligation at the beginning of the period	-	404 181	317 881	356 207
Translation difference at the beginning of the period	-	28 345	-	-8 998
Curtailment in future increase in wages	-	-	-	-64
Pension earning for the year	-	8 507	1 487	13 814
Interest cost on pension obligations	-	14 480	1 396	13 737
Settlement	-	-	-260 406	-
Transfer to/from schemes with net pension liabilities	-	-	-47 081	47 081
Actuarial loss/(gain)	-	-2	-163	11 821
Social security upon paying pension premiums	-	-1 011	-1 484	-674
Pension payments	-	-26 899	-11 630	-28 743
Pension obligation at the end of the period	**-**	**427 601**	**-**	**404 181**
CHANGES IN PLAN ASSETS				
Plan assets at the beginning of the period	-	256 411	324 095	202 868
Conversion difference at the beginning of the period	-	23 660	-	-5 962
Expected return on plan assets	-	13 689	804	10 239
Settlement	-	5 542	-266 623	-
Transfer to/from schemes with net pension liabilities	-	-	-45 676	45 676
Actuarial (loss) / gain	-	-12 174	-6 877	10 183
Payments in / (out)	-	8 400	6 207	8 484
Pension payments	-	-15 055	-11 930	-15 078
Plan assets at the end of the period	**-**	**280 472**	**-**	**256 411**
RECONCILIATION OF PENSION LIABILITIES/ASSETS RECOGNISED IN THE BALANCE SHEET				
Net pension obligation - overfunded (underfunded)	-	-147 129	-	-147 770
Other severance schemes	-	-37 759	-	-29 562
Total pension assets (liabilities)	**-**	**-184 888**	**-**	**-177 333**
The period's pension costs including social security				
Pension earnings for the year	-	8 553	1 487	13 814
Interest cost for the pension obligations	-	14 370	1 396	13 737
Expected return on plan assets	-	-12 746	-804	-10 414
Curtailment and settlements (AFP)	-	2 081	6 217	-64
Pension cost recognised in income statement	**-**	**12 258**	**8 296**	**17 074**
Actuarial loss recognised in other comprehensive income (net of taxes)	**-**	**9 623**	**4 834**	**1 964**
Breakdown of net pension liabilities as of 31 December in unfunded and funded schemes				
Present value of funded pension obligations	-	-361 137	-	-331 180
Pension plan assets	-	280 472	-	256 411
Net funded pension assets	**-**	**-80 665**	**-**	**-74 769**
Present value of unfunded pension obligations	-	-104 223	-	-102 563
Capitalised net pension assets (liabilities)	**-**	**-184 888**	**-**	**-177 333**

NOTE 5
OTHER OPERATING EXPENSES AND FINANCE INCOME/COSTS

OTHER OPERATING EXPENSES

(NOK thousand)	2013	2012
Manufacturing costs	299 670	249 976
Warehouse costs	141 113	125 542
Transport costs	322 101	289 679
Sales costs	858 446	830 624
Research and development	85 011	108 944
General and administrative	480 465	358 924
Other	41 451	174 335
Total	**2 228 257**	**2 138 024**

The Jotun Group presents its income statement based on the 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 consists of technical service costs, royalty and warranty cost.

FINANCE INCOME

(NOK thousand)	2013	2012
Net fair value gain financial instruments	-	15 853
Interest income	14 638	20 298
Interest income on loan to associated companies	3 126	3 547
Foreign exchange gain	35 938	10 283
Total finance income	**53 702**	**49 981**

FINANCE COSTS

(NOK thousand)	2013	2012
Net fair value loss financial instruments	-2 290	-
Interest costs	-78 674	-94 350
Foreign exchange loss	-27 335	-17 249
Other financial costs	-11 897	-8 805
Total finance costs	**-120 196**	**-120 404**
Total net finance cost	**-66 494**	**-70 423**

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 note 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 acconting and tax accounting. The major components of the income tax expense for the years ended 31 December 2013 and 2012 are:

INCOME TAX RELATED TO CONSOLIDATED INCOME STATEMENT

(NOK thousand)	2013	2012
Current income tax charge:		
Tax payable	305 314	223 737
Deferred tax:		
Relating to original and reversal of temporary differences	29 311	36 845
Income tax expense reported in the income statement	**334 625**	**260 582**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK thousand)	2013	2012
Deferred tax related to items charged or credited directly to other comprehensive income during the year		
Net gain(loss) on translation difference on net investment in foreign operations	12 545	-26 200
Net (loss)/gain om actuarial gains and losses	-3 559	-2 754
Income tax charged directly to other comprehensive income	**8 985**	**-28 954**

Cont. NOTE 6
INCOME TAX

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 2013 and 2012 is as follows:

(NOK thousand)	2013	2013	2012
Profit before tax as reported in the income statement		1 191 368	1 055 387
Share of profit of associated companies and joint ventures net of tax		-286 961	-339 728
Expected income taxes at statutory tax rate*	28 %	253 234	200 385
Effect of credit deduction	4 %	32 179	19 780
Correction previous years	-1 %	-7 803	-13 257
Non deductible expenses and non taxable income**	11 %	100 703	94 152
Tax loss not recognised	6 %	53 582	76 473
Foreign tax rate differences	-11 %	-97 269	-116 951
Total income tax expense		**334 625**	**260 582**
Effective tax rate		37 %	36 %

**) Expected income tax is calculated based on profit before tax less the net of tax amount share of profit of associated companies and joint ventures. The calculation is based on the Norwegian nominal statutory tax rate applied to income before tax. From 2014 this tax rate is reduced from 28 per cent to 27 per cent. The effect on changes in deferred tax as recognised in the income statement is NOK 0.7 million.*

***) 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 Foregin Corporation (CFC) rules.*

TAX PAYABLE PRESENTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK thousand)	2013	2012
Tax payable for the year	305 314	223 737
Prepaid taxes	-116 888	-73 699
Withholding taxes receivable	-57 608	-44 605
Tax payable on previous years	3 352	17 289
Other tax payable	-6 968	-32 066
Total tax payable	**127 202**	**90 656**

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)	2013	2012
Non-current assets	335 284	149 383
Current assets	-42 375	-36 511
Liabilities	-382 888	-316 856
Tax losses carried forward	-52 942	-54 219
Net temporary differences	**-142 921**	**-258 203**
Net deferred tax presented in the consolidated statement of financial position		
Recognised deferred tax liabilities	-36 489	-22 826
Recognised deferred tax asset	97 732	110 724

Cont. NOTE 6
INCOME TAX

Specification of tax loss carry forward and unsed tax credits
The Group has a total loss carry forward of NOK 583 million (2012: NOK 403 million), which gives a nominal deferred tax asset of NOK 193 million (2012: NOK 131 million). The total capitalised amount at 31 December 2013 is NOK 16 million (2012: NOK 18 million).

(NOK thousand)	2013	2012
2013		1 546
2014	18 603	1 707
2015-2017	27 776	599
2018 and after	293 340	92 561
Without expiration	243 562	306 449
Total loss carry forward	**583 281**	**402 862**
Calculated nominal tax effect of tax loss carry forward	192 677	130 503
Valuation allowance	176 544	112 916
Deferred tax asset recognised in the statement of financial position	**16 133**	**17 587**

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. To the extent that there is not likely to be future profits sufficient to absorb the tax-reducing timing differences, no deferred tax asset has been recognised.
Jotun entites in Spain, Australia and Pakistan have substansial tax reducing timing differences that have been recognized based on the expected improvement in profitability the coming years.

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

NOTE 7
INTANGIBLE ASSETS

(NOK thousand)	Technology	Development cost	Other intangibles	Total
Cost				
Balance at 1 January 2012	109 324	65 282	154 653	**329 259**
Additions	-	31 548	25 231	**56 778**
Impairment	-	-8 145	-	**-8 145**
Disposals	-	-	-1 846	**-1 846**
Foreign currency translation	-1 234	-	-2 080	**-3 314**
Balance at 31 December 2012	**108 090**	**88 685**	**175 958**	**372 733**
Additions	**7 107**	17 593	48 676	**73 376**
Impairment	-	-	-	**-**
Disposals	-	-	-156	**-156**
Foreign currency translation	7 927	-232	7 275	**14 970**
Balance at 31 December 2013	**123 124**	**106 046**	**231 753**	**460 923**
Amortisation/impairment				
Balance at 1 January 2012	-97 572	-8 129	-85 241	**-190 942**
Amortisation	-95	-4 328	-14 923	**-19 345**
Impairment	-	6 114	-	**6 114**
Disposals	-	-	-1 634	**-1 634**
Reclassification and corrections	-	-	-	**-**
Foreign currency translation	265	-	58	**324**
Balance at 31 December 2012	**-97 401**	**-6 343**	**-101 739**	**-205 483**
Amortisation	-907	-6 247	-11 294	**-18 447**
Impairment		-		**-**
Disposals	-	-	-156	**-156**
Reclassification and corrections	1 105	-	-1 105	**-**
Foreign currency translation	-1 516	351	-3 804	**-4 969**
Balance at 31 December 2013	**-98 718**	**-12 239**	**-118 098**	**-229 055**
Net book value				
Balance at 31 December 2013	**24 406**	**93 807**	**113 655**	**231 868**
Balance at 31 December 2012	10 688	82 341	74 220	**167 249**

Amortisable intangible assets are amortised over the following lifetimes:

Asset category	**Useful life**
Product development	8 - 10 years
Technology	up to 10 years
Other intangible assets	up to 8 years

IntIntangible assets are non-physical assets that have either been capitalized in connection with acqusition of businesses or through internal development of products (product development) or customisation of IT applications (technology and 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.

Capitalized development costs are amortised on a straight-line basis.
Research and development (R&D) cost that are not eligible for capitalization have been expensed and are recognised in administrative expenses (Note 4).
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 (Powder, Decorative, Protective and Marine). 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 water borne alternatives to traditional solvent borne paints (i.e. Drygolin Ultimat and Drygolin Plus).
- Continuously substituting hazardous raw materials with less hazardous; like phase out of lead chromate globally and phase out of all formaldehyde in decorative products in the Middle East.

Within all segments the Jotun Group is commited to serve the markets with high quality products. A common denominator for new developments of high quality exterior coatings is improved durability, meaning better colour/gloss retention and lower dirt pick-up and better mould/algea resistance, good examples are Jotashield AntiFade and Drygolin Ultimate.

An important objective for using decorative products is beautification of your home; Lady Design is launched both in Middle East and Scandinavia.

NOTE 8
PROPERTY, PLANT AND EQUIPMENT

(NOK thousand)	Land	Buildings	Electrical installation	Machinery, vehicles and equipment	Construction in progress	Total
Cost						
Balance at 1 January 2012	174 887	1 624 971	31 459	2 136 465	698 258	**4 666 040**
Additions at cost	1 479	95 553	17 900	251 755	166 762	**533 449**
Disposals	-	-47 761	-77	-74 194	474	**-121 559**
Reclassifications	-	243 060	70 583	314 186	-627 828	**-**
Foreign currency translation	-11 023	-25 118	-852	-39 803	-15 154	**-91 950**
Balance at 31 December 2012	**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	-4 838	49 264	3 481	60 323	-5 269	**102 960**
Balance at 31 December 2013	**206 381**	**2 083 886**	**155 264**	**2 843 448**	**400 409**	**5 689 388**
Depreciation and impairment						
Balance at 1 January 2012	-2 115	-750 115	-13 371	-1 568 619		**-2 334 220**
Depreciation	-404	-63 798	-7 609	-153 177		**-224 987**
Depreciation on disposals	-	32 262	175	75 741		**108 178**
Impairment	-	-1 386	-	-341		**-1 727**
Foreign currency translation	103	9 525	719	15 794		**26 141**
Balance at 31 December 2012	**-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	-15	-17 984	-1 142	-40 553		**-59 694**
Balance at 31 December 2013	**-2 816**	**-872 567**	**-36 399**	**-1 810 295**		**-2 722 078**
Net book value						
Balance at 31 December 2013	**203 565**	**1 211 320**	**118 864**	**1 033 152**	**400 409**	**2 967 311**
Balance at 31 December 2012	**162 928**	**1 117 192**	**98 928**	**957 807**	**222 512**	**2 559 367**

Property, plant and equipment are depreciated over the following 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
PCs and other EDP 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 factory projects in Russia and Brazil. This mainly consists of production facilities and warehouses.

NOTE 9
INVENTORIES

Inventories consists of the Group's stock of raw materials and finished goods. Inventories are valued at the lowest value of purchase price, material cost and net realisable value. Cost of inventories are 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)	31.12.13	31.12.12
Raw materials at cost	738 390	650 087
Finished goods at cost	1 023 615	919 347
Total	**1 762 005**	**1 569 434**
Total allowance for obsolete inventories at year-end	63 547	58 663

NOTE 10
PROVISIONS

PROVISIONS 2013

(NOK thousand)	Claims	Restructuring	Environmental	Other	Total provisions
Balance sheet 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 effects	804	-	-	1 072	1 876
Total provisions 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**

PROVISIONS 2012

(NOK thousand)	Claims	Restructuring	Environmental	Other	Total provisions
Balance sheet 1 January 2012	40 659	45 976	62 310	47 537	196 482
Provisions arising during the year	10 960	5 760	-	39 775	56 495
Utilised	-15 691	-13 107	-500	-34 592	-63 890
Unused amounts reversed	-1 013	-10 317	-6 842	-	-18 172
Currency translation effects	493	-	32	-92	434
Total provisions 31 December 2012	**35 408**	**28 312**	**55 000**	**52 629**	**171 349**
Current, ref. note 15	24 941	22 552	30 000	52 629	130 122
Non-current	10 467	5 760	25 000	-	41 227
Total	**35 408**	**28 312**	**55 000**	**52 629**	**171 349**

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
Non-current 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 incur in 2014.

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. Parts of the clean-up activities have started during 2013 and 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 the Group's financial instruments and the accounting treatment of these instruments. The table is the basis for all further information regarding the Group's financial risk and refers to the 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.

2013 (NOK thousand)	Note	Measurement level	Financial instruments at fair value through statement of income	Financial instruments at fair value through other comprehensive 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					2 515 605	2 515 605	
Other current receivables	12					748 080	748 080	
Current derivatives	16	1	74				74	
Cash and cash equivalents	13					1 120 156	1 120 156	
Total			**74**	**-**	**-**	**4 383 841**	**4 383 916**	-
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
Accounts payable	15				1 235 491		1 235 491	
Other liabilities	15			-	489 734		489 734	
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**	**-**	**5 009 675**	**-**	**5 013 865**	**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)

Cont. NOTE 11
OVERVIEW OF FINANCIAL INSTRUMENTS

This note gives an overview of the carrying and fair value of the Group's financial instruments and the accounting treatment of these instruments. The table is the basis for all further information regarding the Group's financial risk and refers to the 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.

2012 (NOK thousand)	Note	Measurement level	Financial instruments at fair value through statement of income	Financial instruments at fair value through other comprehensive 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						264 125	264 125	
Total			**8 248**	**-**	**-**	**264 125**	**272 373**	-
Current assets								
Accounts receivable	12					2 199 213	2 199 213	
Other current receivables	12					624 357	624 357	
Current derivatives		1	3 593				3 593	
Cash and cash equivalents						802 012	802 012	
Total			**3 593**	**-**	**-**	**3 625 582**	**3 629 175**	-
Total financial assets			**11 841**	**-**	**-**	**3 889 707**	**3 901 548**	**-**
Non-current liabilities							-	
Non-current financial liabilities	14	2			60 424		60 424	60 424
Total			-	-	60 424	-	**60 424**	**60 424**
Current liabilities								
Interest-bearing debt	14, 16				1 875 471		1 875 471	1 875 471
Accounts payable	15				1 096 894		1 096 894	
Other liabilities	15			-	1 005 166		1 005 166	
Current derivatives	16	1	884	-			884	
Total			**884**	**-**	**3 977 531**	-	**3 978 415**	**1 875 471**
Total financial liabilities			**884**	**-**	**4 037 955**	**-**	**4 038 839**	**1 935 895**

Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)
Total measurement level 2 (Other techniques for that all inputs which 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

(NOK thousand)	31.12.13	31.12.12
Accounts receivables	2 515 605	2 199 212
Bank receivables	74 432	53 812
Other receivables	673 722	570 545
Total receivables	**3 263 759**	**2 823 569**

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

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.

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

(NOK thousand)	31.12.13	31.12.12
Allowances for bad debt as of 1 January	161 983	146 451
Allowances for bad debt made during the period	35 583	43 319
Realised losses for the year	-37 311	-27 787
Total allowances for bad debt as of 31 December	**160 255**	**161 983**

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 receivables is discussed in note 16.

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

	Total	Not due	Overdue			
(NOK thousand)			Less than 30 days	31-60 days	61-90 days	More than 91 days
2013*	**2 675 860**	1 680 310	373 896	176 373	91 699	353 582
2012*	**2 361 195**	1 303 739	448 012	149 901	79 423	380 120

** Does not include allowance for bad debt.*

NOTE 13
CASH AND CASH EQUIVALENTS

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

(NOK thousand)	31.12.13	31.12.12
Cash at banks and on hand	689 627	586 114
Current deposits	430 534	215 898
Total	**1 120 161**	**802 012**

Cash and cash equivalents have a maturity between one day and three months. Cash at banks earns interest at floating rates based on daily bank deposit rates. The average interest rate for bank deposits are approximately 1.84 per cent as of 31 December 2013 (2012: 1.74 per cent). Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 31 December 2013 the Group had available NOK 900 million (2012: NOK 2 000 million) of undrawn credit facilities.

NOTE 14
FUNDING AND BORROWINGS

The Jotun Group's policy is to have sufficient long-term loan 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 2013 there were no drawings on these credit facilities.

Jotun Group's main source of financing is bilateral loans from the Group's relationship banks and loans in the Norwegian Bond market. 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 totalling NOK 600 million and new bilateral loan with Nordic Investment Bank (NIB) of NOK 730 million, replacing short-term certificate loans. The table below gives an overview of the Group's net interest-bearing debts.

	Book value*		Currency	Coupon	Maturity
(NOK thousand)	31.12.13	31.12.12			
Non-current interest-bearing liabilities					
Bonds	600 000	-	NOK	NIBOR + 1.2 %	2016
Bank debt (NIB), unsecured	729 596	-	USD	US LIBOR + 1.2 %	2024
Bank debt BNDES Brazil, secured with bank guaranty	26 049	-	BRL	TJLP + 1.8 % **	2021
Other bank debt, unsecured	65 933	70 614			
Total	**1 421 578**	**70 614**			
Of this current liabilities (first year's repayment)	-53 096	-10 190			
Total non-current interest-bearing liabilities, ref. note 11	**1 368 482**	**60 424**			
Current interest-bearing liabilities					
Certificate loans, unsecured	750 000	1 300 000	NOK	Average 2.5 %	
Credit line facilities	48 105	30 143			
Bank loans, maturity < 1 year	53 096	10 190			
Other loans	407 547	535 138			
Total current interest-bearing liabilities, ref. note 11	**1 258 748**	**1 875 471**			
Total interest-bearing liabilities	**2 627 230**	**1 935 895**			
Non-current interest-bearing receivables***	184 647	264 125			
Cash and cash equivalents, ref. note 13	1 120 156	802 012			
Net interest-bearing liabilities	**1 322 426**	**869 757**			

**) The fair value of interest-bearing assets and liabilities in the table above equals to the respective book values. Interest rate related to the bond agreement has a 3 months floating-rate basis, making the fair value in all material aspects equal to its book value.*

***) The nominal interest rate related to the BNDES 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 consist 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 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years
Gross interest-bearing liabilities at 31.12.2013	**2 627 230**	1 258 748	547	600 490	413	70 450	696 582
Gross interest-bearing liabilities at 31.12.2012	**1 935 895**	1 875 471	45 529	376	322	260	13 938
Unutilised credit facilities at 31.12.2013	**800 000**		400 000	400 000			
Unutilised credit facilities at 31.12.2012	**2 000 000**	-	600 000	1 000 000	400 000	-	-

Cont. NOTE 14
FUNDING AND BORROWINGS

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

	31.12.13		31.12.12	
(NOK thousand)	Currency amount	NOK	Currency amount	NOK
NOK	600 000	600 000	-	-
USD	128 170	777 858	10 195	57 261
BRL	10 142	26 049	-	-
Other		17 670		13 353
Total non-current interest-bearing liabilities		**1 421 578**		**70 614**

Loan Covenants
The loan covenants in the Group's credit facility of NOK 800 million, the NIB bank loan and the Bond agreement are linked, among other things, to the equity ratio (equity / total assets) and the debt ratio (net interest-bearing debt / EBITDA, and external interest bearing debts held by Jotun A/S' subsidiaries / Consolidated total assets). The following covenants apply:

(NOK thousand)	Required level (covenant)	Status year end 2013
Equity ratio	Minimum 25 %	52 %
Net debt/EBITDA*)	Maximum 4.0	0.8
External debt in subsidiaries/Total assets	Maximum 20 %	0 %

**)EBITDA = Operating Profit before amortisation and depreciation*

NOTE 15
OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES	Carrying amount	
(NOK thousand)	31.12.13	31.12.12
Trade accounts payables	1 235 491	1 096 894
Public charges and holiday pay	159 346	149 137
Tax payable, ref. note 6	127 202	90 657
Prepaid dividend	135 171	120 634
Other accrued expenses	657 220	515 500
Total current provisions, ref. note 10	68 015	130 122
Total other current liabilities	**2 382 445**	**2 102 944**

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 operates internationally and 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 2013 all of the Group's financial instruments related to hedging are owned by Jotun A/S.

a) 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.

Foreign currency risk on operational 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.

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:

HEDGING OF CASH FLOW

(NOK thousand)	Hedged value	Unrealised gain/ loss (-)	Realised effect
2013	135 433	-1 333	-17 378
2012	487 973	1 965	-16 573

Market value information related to the tables above is gathered from:
- Reuters 31 December 2013 and estimates generated by Jotun Group'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

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 per cent currency change would give an impact on the sales and operational profit of NOK 960 million and NOK 100 million respectively.

Foreign currency risk on financial cash flows
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.

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 2013 the translation difference related to net investments in foreign operations amounted to a gain of NOK 34 million (2012: loss NOK 67 million). Furthermore, a currency gain of NOK 184 million has been recognised related to the net investment in subsidiaries, joint ventures and associated companies (2012: loss NOK 188 million). This currency effects are presented as part of other comprehensive income (OCI) in the Consolidated statement of comprehensive income.

From December 2013 the Group started using traditional debt instruments, 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 2013. The effective portion recognised in equity was a gain of NOK 3 million in 2013.

Sensitivity analysis on net investment
The equity is the major part of the net investment. A large part stems 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). In the overall picture the equity of the Jotun Group has historically had a strong correlation to USD.

Given a ten per cent appreciation/depreciation of NOK, equity would have been NOK 640 million lower/higher (NOK 537 million lower/ higher at 31 December 2012) as a result of foreign exchange gains/ losses on net investment in foreign operations. Such currency effect would decrease/increase the equity, but also decrease/increase the value of the total assets. The effect on the equity ratio would be negligible.

Cont. NOTE 16
FINANCIAL RISK MANAGEMENT

The table below displays the distribution of the currency effect among the Group's key currencies.

	NOK effect on net profit	
(NOK thousand)	31.12.13	31.12.12
CNY	-106 715	-104 401
USD	-72 226	-12 446
MYR	-59 139	-33 282
TRY	-38 500	-27 305
KRW	-25 178	-22 081
AED	-31 672	-31 118
Other	-306 668	-306 101
Total	**-640 098**	**-536 735**

b) 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. 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.

c) 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 length 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.

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 the investments in new factories and changes in the tied-up 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.

d) 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.

e) 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 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 cannot be compensated immediately in the product prices, and in the period until product prices can be increased, the profit will be negatively impacted.

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 per cent of the total raw material purchase in the Group. The hedging programme stopped in 2013.

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

	Increase in year-end price	Effect on profit before tax	
(NOK thousand)		31.12.13	31.12.12
Epoxy resins	5 %	-45 606	-44 113
Titanium Dioxide	5 %	-39 091	-37 811
Solvents	5 %	-32 576	-31 509
Cuprous Oxide	5 %	-29 318	-28 358

A decrease in year-end raw material prices would have had the opposite positive effect on the profit before tax. The effect of a ten per cent general increase in raw material prices would, all other variables constant, reduce the profit before tax by NOK 652 million (2012: NOK 630 million).

NOTE 17
SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

The share capital in Jotun A/S as of 31 December 2013 consists of the follwing share classes:

(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 2013 was 669. The 20 largest shareholders were:

Shareholders	A-shares	B-shares	Total	Share interest in %	Voting interest in %
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	25 053	536	**25 589**	7.5	18.4
Leo Invest AS	2 988	7 512	**10 500**	3.1	2.7
Abrafam Holding AS	3 368	3 815	**7 183**	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	3 011	2 353	**5 364**	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	4 056	567	**4 623**	1.4	3.0
Odd Gleditsch Jr.	4 281	43	**4 324**	1.3	3.1
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
Britt Fanny Arnesen	1 855	1 178	**3 033**	0.9	1.4
Total 20 largest	**102 245**	**199 169**	**301 414**	88.1	89.3
Total others	11 755	28 831	**40 586**	11.9	10.7
Total number of shares	**114 000**	**228 000**	**342 000**	100.0	100.0

Cont. NOTE 17

SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

SHARES OWNED BY MEMBERS OF THE BOARD OF DIRECTORS, CORPORATE ASSEMBLY, PRESIDENT & CEO AND/OR RELATED PARTIES:

Name	Office	A-shares	B-shares	Total shares
Odd Gleditsch d.y.	Chairman of the board	27	8 224	**8 251**
Einar Abrahamsen	Member of the board	3 368	3 823	**7 193**
Richard Arnesen	Member of the board	1 855	3 129	**4 984**
Nicolai A. Eger	Member of the board	1 110	5 203	**6 313**
Birger Amundsen	Member of the board	-	2	**2**
Olav Christensen	Chairman of the corporate assembly	3 011	2 364	**5 375**
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	271	**371**
Richard Arnesen jr.	Member of the corporate assembly	7	10	**17**
Terje V. Arnesen	Member of the corporate assembly	-	1	**1**
Morten Fon	CEO	9	21	**30**
Vidar Nysæther	CFO	-	18	**18**
Bård K. Tonning	Head of Jotun Decorative Paints	-	5	**5**
Esben Hersve	Head of Jotun Performance Coatings	-	4	**4**

There are no options for share acquisitions.

PROPOSED FOR APPROVAL AT THE ANNUAL GENERAL MEETING (NOT RECOGNISED AS A LIABILITY AS AT 31 DECEMBER):	2013	2012
Dividends on ordinary shares:		
Final dividend for 2013: NOK 1 500 per share (2012: NOK 1 500 per share)	513 000	513 000

NOTE 18

LIST OF SUBSIDIARIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY

(NOK thousand)

Company	City	Country	Currency	Share capital	No. of shares	Face value	Stake %
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	162 848 335	3 406 056	100.00
Jotun Paints OOO	St. Petersburg	Russia	RUB	971 107	17 000	971 107	100.00
Jotun Paints Inc.	New Orleans	US	USD	60 600	100	60 600	100.00
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda.	Rio de Janeiro	Brazil	BRL	126 082	126 082	126 082	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 000	48 000	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	100.00
Jotun Paints (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	50 000	15 000 000	50 000	100.00
El-Mohandes Jotun S.A.E.	Cairo	Egypt	EGP	20 000	2 000 000	14 000	70.00
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	172 000	103 327 525	99.14
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	120 250	110 334 615	120 250	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	12 189	-	12 189	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	25 000	155	62.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	55 719	110	55 719	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	25 279	30 000 000	17 738	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	Phillippines	PHP	52 464	15 463 695	52 464	100.00
Jotun F.Z.E.	Dubai	U.A.E.	AED	4 000	4	4 000	100.00
Jotun Ireland Ltd.	Cork	Ireland	EUR	640	487 409	640	100.00
Jotun Sverige AB	Gothenburg	Sweden	SEK	4 000	80 000	4 000	100.00
Jotun Hellas Ltd.	Piraeus	Greece	EUR	343	11 435	334	97.40
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	6 600	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	KHR	797 029	1 000	797 029	100.00
Jotun Kazakhstan L.L.P.	Almaty	Kazakhstan	KZT	29 350	1	29 350	100.00
Jotun Romania S.R.L.	Constanta	Romania	RON	640	64 000	640	100.00
Jotun Myanmar Services Company Ltd	Yangon	Myanmar	MMK	49 200	487	48 708	99.00
Lady Interiørmaling AS	Sandefjord	Norway	NOK	120	1 000	120	100.00
Jotun Optimal Utendørsmaling AS	Sandefjord	Norway	NOK	111	500	111	100.00
Drygolin Værbestandig Oljemaling AS	Sandefjord	Norway	NOK	109	500	109	100.00

The voting interest corresponds to the share interest.

Cont. NOTE 18
LIST OF SUBSIDIARIES

SHARES HELD BY SUBSIDIARIES AND ASSOCIATED COMPANIES
(NOK thousand)

Company	City	Country	Currency	Share capital	No. of shares	Face value	Stake %
Jotun Powder Coatings AS							
Jotun Powder Coatings (N) AS	Larvik	Norway	NOK	12 500	125 000	12 500	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	25 279	12 752 700	7 541	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	2 329 234	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	540 990	52 898 998	508 531	94.00
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	6 860 000	171 734	4.80
Jotun Powder Coatings Ltd.	Flixborough	UK	GBP	400	1 000 000	400	100.00
Jotun Bulgaria EOOD	Sofia	Bulgaria	EUR	3	-	3	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	300	5	90.00
Jotun Paints (HK) Ltd.							
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	CNY	217 858	-	217 858	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	102	16.67
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	300	9	2.60
Scanox AS							
Butinox Futura Beis og Maling AS	Drammen	Norway	NOK	100	500	100	100.00
Jotun Powder Coatings (N) AS							
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	300	5	10.00
Jotun (Malaysia) Sdn.Bhd.							
Jotun Myanmar Services Company Limited	Yangon	Myanmar	MMK	49 200	5	492	1.00
Jotun Singapore Pte Ltd							
P.T Indonesia	Jakarta	Indonesia	IDR	104 223 850	-	938 015	0.86
Jotun (Ireland) Ltd							
Penguin Paints Ltd	Cork	Ireland	EUR	64	100	64	100.00

NOTE 19
CONTINGENT LIABILITIES

Disputes and claims
Jotun Group is, through its on-going 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 Group's financial position. There are no significant disputes or 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 environA 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 in the near term.

NOTE 20
CONTRACTUAL OBLIGATIONS AND GUARANTEES

The group has the following contractual obligations and guarantees per 2013:

Purchase obligations
The Group's contractual purchase obligations are mainly related to investments in new plants and buildings. For expansion and on-going projects in Russia, Brazil, Pakistan, Vietnam, Indonesia and Russia contractually committed capex is NOK 143 million as of 31 December 2013. 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.

Jotun Group has signed a letter of intent related to the purchase of 100 per cent of the shares in Du Pont Powder Saudi Company Ltd, located in Jeddah, Saudi Arabia. The objective of the planned acquisition is to secure continued growth by increasing Jotun Group's production capacity needs in the region.

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 mill or more. These contracts are mainly related to the protective or marine 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 35 million. For most 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 1 332 million in 2012 (2012: NOK 1,105 million). Guarantees covering tax withholding and other guarantees for subsidiaries amounts to approximately NOK 300 million (2012: NOK 90 million).

NOTE 21
LEASES

Operating lease expenses included in other operating expenses are:

(NOK thousand)	2013	2012
Operating lease expenses		
Machinery, vehicles and equipment	52 721	40 095
Factory, premises and buildings	41 077	19 170
Land	2 768	2 957
Cost current year	**96 566**	**62 223**
Overview of future minimum lease payments related to operating leases		
Cost next year	79 607	93 196
Cost next 2-5 years	153 264	131 497
Cost after 5 years	73 566	86 160
Future minimum lease payments	**306 437**	**310 854**

Leasing commitments show the 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. Financial leases are capitalised. There are no capitalised financial leases per end of 2013.

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 2013 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, subsidiaries are presented in note 18 and share capital, shareholder information and dividend is presented in note 17.

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 accordance with agreed cost contribution arrangements. Internal trading within the Group is carried out in accordance with arms length principles.

For raw materials the normal process for producing entities is to call off volumes on frame agreements entered into at the corporate level. Raw materials are regularly 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 also has 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 2013, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2012: 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 volume of these transactions is shown in table below.

Related parties *(NOK thousand)*	Sales to	Purchase from	Loan 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
Associates	71 357	74 943	10 119	7	41 275	35 831
Total	**963 175**	**309 918**	**103 833**	**3 679**	**79 921**	**296 256**

In addition to 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 2013.

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 3 and 17. Besides remuneration and shares, Jotun Group has not identified any transactions with the Board of Directors or Group Management during 2013.

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.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

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

1 JANUARY - 31 DECEMBER *(NOK thousand)*	Note	2013	2012
Operating revenue	1	2 636 816	2 727 775
Cost of goods sold		-1 234 552	-1 307 344
Payroll expenses	2	-756 513	-723 674
Other operating expenses	4, 20	-514 756	-497 858
Depreciation, amortisations and impairment	6, 7	-99 505	-69 383
Operating profit		**31 490**	**129 516**
Dividend/group contribution from subsidiaries		344 103	120 466
Dividend from joint ventures and associated companies		225 748	195 495
Net finance costs	4, 19, 21	-71 576	-155 069
Profit before tax		**529 765**	**290 408**
Income tax expense	5	-108 225	-78 908
Profit for the year		**421 540**	**211 500**
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	3	-1 418	1 262
Other comprehensive income for the year, net of tax		**-1 418**	**1 262**
Total comprehensive income for the year		**420 122**	**212 762**
Proposed dividend		**513 000**	**513 000**

STATEMENT OF FINANCIAL POSITION

(NOK thousand)	Note	31.12.13	31.12.12
ASSETS			
Non-current assets			
Deferred tax assets	5	16 187	47 674
Other intangible assets	6	141 245	100 645
Fixed assets	7	866 190	905 629
Investments in subsidiaries	8	2 247 295	1 906 793
Investments in associated companies and joint ventures	9	254 242	254 722
Other investments	10	8 728	8 248
Other long-term receivables	13,15,21	1 765 437	1 708 198
Total non-current assets		**5 299 324**	**4 931 909**
Current assets			
Inventories	11	408 743	342 022
Trade and other receivables	12,13	638 640	655 782
Cash and cash equivalents	15	432 553	201 930
Total current assets		**1 479 936**	**1 199 734**
TOTAL ASSETS		**6 779 260**	**6 131 643**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	102 600	102 600
Other equity		3 309 765	3 402 643
Total equity		**3 412 365**	**3 505 243**
Non-current liabilities			
Pension liability	3	102 615	106 461
Provisions	17,18	30 006	35 467
Interest-bearing debt	15, 21	1 329 596	-
Total non-current liabilities		**1 462 217**	**141 928**
Current liabilities			
Interest-bearing debt	15	750 000	1 300 000
Other current liabilities	5,13,16,17	1 154 678	1 184 472
Total current liabilities		**1 904 678**	**2 484 472**
Total liabilities		**3 366 895**	**2 626 400**
TOTAL EQUITY AND LIABILITIES		**6 779 260**	**6 131 643**

Sandefjord, Norway, 13 February 2014
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Terje Andersen

Birger Amundsen

Richard Arnesen

Nicolai A. Eger

Stein Erik Hagen

Ingrid Luberth

Morten Fon
President & CEO

STATEMENT OF CASH FLOWS

(NOK thousand)	Note	2013	2012
Cash flow from operating activities			
Profit before tax		529 765	290 408
Adjustments to reconcile profit before tax to net cash flow:			
Gains/losses on sale of fixed assets	7	-310	-856
Depreciation, amortisations and impairment	6,7	99 505	69 383
Write down shares		140 000	92 000
Gains/losses on liquidation of shares		**-**	**1 755**
Change in accruals and other provisions		**-28 818**	**62 972**
Working capital adjustments:			
Change in trade and other receivables		**-27 973**	**144 499**
Change in trade payables		-11 383	-75 641
Change in inventories		-66 721	45 308
Tax payments	5	-73 111	-137 159
Net cash flow from operating activities		**560 954**	**492 668**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	7	397	861
Purchase of property, plant and equipment	7	-43 225	-203 192
Purchase of intangible assets	6	-59 333	-36 904
Investments in subsidiaries, joint ventures and associated companies		-480 500	-405 992
Net cash flow used in investing activities		**-582 661**	**-645 227**
Cash flows from financing activities			
Repayment(-)/proceeds in group account system		8 947	60 990
Cash payments for new lending		-23 214	64 935
Proceeds from borrowings		779 596	600 000
Dividend paid		-513 000	-513 000
Net cash flow from financing activities		**252 330**	**212 925**
Net increase/(decrease) in cash and cash equivalents		230 623	60 365
Cash and cash equivalents at 1 January		201 930	141 565
Cash and cash equivalents at 31 December		**432 553**	**201 930**

The company had unused credit facilities of NOK 900 million at 31 December 2013 (2012: NOK 1.900 million).
There are no restrictions on the use of these cash and cash equivalents.

STATEMENT OF CHANGES IN EQUITY

Note		Share capital	Other equity	Total
	Equity as at 1 January 2012	**102 600**	**3 702 881**	**3 805 481**
14	Dividends		-513 000	-513 000
	Profit of the period		211 500	211 500
	Other comprehensive income		1 262	1 262
	Equity as at 31 December 2012	**102 600**	**3 402 643**	**3 505 243**
14	Dividends		-513 000	-513 000
	Profit for the period		421 540	421 540
	Other comprehensive income		-1 418	-1 418
	Equity as at 31 December 2013	**102 600**	**3 309 765**	**3 412 365**

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. Shares in subsidiaries, jointly controlled entities and associated companies are incorporated using the cost method of accounting.

NOTE 1

OPERATING REVENUES

(NOK thousand)	2013	2012
Sales revenues	1 403 556	1 531 087
Sales revenues from subsidiaries	759 988	748 240
Other revenues	133 152	114 292
Other revenues from subsidiaries	340 120	334 156
Total	**2 636 816**	**2 727 775**

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

NOTE 2

PAYROLL EXPENSES

WAGES AND OTHER SOCIAL COSTS

(NOK thousand)	2013	2012
Wages including bonuses	607 299	574 634
Social costs	89 734	81 081
Pension costs defined benefit plans	6 123	18 215
Pension costs defined contribution plans	48 232	43 279
Other personell costs	5 125	6 465
Total salaries and personell expenses	**756 513**	**723 674**
Average number of employees	843	847

For detailed information about pension costs, see note 3.

REMUNERATION TO PRESIDENT & CEO

(NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	3 965	1 875	197	1 034	7 071

The President and 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 President and CEO is also part of a profit-dependent bonus system for the group management limited upward to 50 per cent of agreed annual wage.

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 and CEO employment discontinue, his contract has a clause stipulating that one-year "competition quarantine" may be imposed with compensation. The contracutal notice period is 6 months.

Jotun A/S has given no loans or guarantees to the President and 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 AND CORPORATE ASSEMBLY

(NOK thousand)	
Board of Directors	2 558
Corporate Assembly	188
Total	**2 746**

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

EXTERNAL AUDITOR REMUNERATION

(NOK thousand)	2013	2012
Statutory audit	1 490	1 609
Tax services	723	1 196
Other services	889	513
Total	**3 102**	**3 318**

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 85 245. 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.

As a rule, parameters such as wage growth, growth in G and inflation are set in accordance with the recommendations in Norway.

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.

Contributions to pension plan assets during 2014 is expected to be approximately NOK 0,4 million.

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

	2013	2012
Cash and cash equivalents in %	2	1
Bonds in %	52	66
Shares in %	34	18
Property in %	12	15
Total pension plan assets in %	**100**	**100**

ACTUARIAL ASSUMPTIONS

	2013	2012
Discount rate in %	3.30	2.20
Expected return in %	3.30	3.60
Wage adjustment in %	3.00-3.75	3.00-3.25
Inflation / increase in social security basic amount (G), in %	3.50	3.00
Pension adjustment in %	0.50-3.75	0.50-3.25

(NOK thousand)	2013	2012
Schemes with net pension funds		
Defined benefit scheme - active	17	38
Defined benefit scheme - pensioners	11	7
Schemes with net pension obligations		
Old-age pensioners in unfunded schemes	14	12
Early-retirement-pension agreements - agreed and implemented	48	61
Senior-executive schemes - active	7	7
Senior-executive schemes - pensioners	2	3
Contractual pension (AFP) - pensioners	24	39
Benefit scheme financed over operations	5	2

Cont. NOTE 3
Pensions and other long-term employee benefits

(NOK thousand)	2013 Schemes with net pension funds	2013 Schemes with net pension obligations	2012 Schemes with net pension funds	2012 Schemes with net pension obligations
CHANGES IN PENSION OBLIGATIONS INCLUDING SOCIAL SECURITY				
Pension obligation at the beginning of the period	-	133 181	288 442	99 266
Pension earning for the year	-	4 279	1 454	9 172
Interest cost on pension obligations	-	2 770	1 366	2 254
Settlement	-	-	-232 759	-
Transfer to/from schemes with net pension liabilities	-	-	-46 206	46 206
Actuarial loss/(gain)	-	-14 444	-724	-6 649
Social security upon paying pension funds	-	-1 011	-1 173	-674
Pension payments	-	-14 892	-10 400	-16 394
Pension obligation at the end of the period *	**-**	**109 883**	**-**	**133 181**
CHANGES IN PLAN ASSETS				
Plan assets at the beginning of the period	-	46 791	289 365	1 239
Expected return on plan assets	-	927	807	63
Settlement	-	-	-237 598	-
Transfer to/from schemes with net pension liabilities	-	-	-44 828	44 828
Actuarial (loss) / gain	-	-16 413	-5 671	51
Payments in / (out)	-	7 877	8 325	5 140
Pension payments	-	-6 057	-10 400	-4 530
Plan assets at the end of the period	**-**	**33 125**	**-**	**46 791**
Reconciliation of pension liabilities/assets recognized in the balance sheet				
Net pension obligation - overdunded (underfunded)	-	-76 758	-	-86 390
Total pension assets (liabilities)	**-**	**-76 758**	**-**	**-86 390**
THE PERIOD'S PENSION COSTS INCLUDING SOCIAL SECURITY				
Pension earnings for the year	-	4 325	1 454	9 172
Interest cost for the pension obligations	-	1 781	1 366	2 254
Expected return on plan assets	-	17	-807	-63
Curtailments and settlements (AFP)	-	-	4 839	-
Pension cost recognised in the profit and loss account	**-**	**6 123**	**6 852**	**11 363**
Actuarial loss/(gain) recognised in other comprehensive income (net of taxes)	**-**	**1 418**	**3 562**	**-4 824**
PENSION OBLIGATIONS IN THE BALANCE SHEET				
Benefit schemes and other unsecured schemes	-	-76 758	-	-86 390
Other severance schemes	-	-25 857	-	-20 071
Plan assets (liabilities) recognised in the balance sheet	**-**	**-102 615**	**-**	**-106 461**

** - including unsecured schemes*

NOTE 4
OTHER OPERATING EXPENSES AND FINANCE INCOME/COSTS

OTHER OPERATING EXPENSES

(NOK thousand)	2013	2012
Manufacturing costs	88 116	72 039
Warehouse costs	32 237	28 794
Transport costs	45 498	46 019
Sales costs	112 372	118 826
Research and development	93 433	117 775
General and administrative	63 571	54 345
Other	79 529	60 060
Total	**514 756**	**497 858**

NET FINANCE COSTS

(NOK thousand)	2013	2012
Interest income	2 289	6 435
Interest income on loan to an associate	54 820	68 859
Other financial income	8 206	8 498
Interest costs	-49 028	-44 618
Net realised foreign currency gain/loss	7 336	-13 537
Net unrealised foreign currency gain/loss	52 612	-85 454
Write down of financial fixed assets	-140 000	-92 000
Other financial costs	-7 811	-3 252
Total finance costs	**-71 576**	**-155 069**

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, royalty and warranty cost.

NOTE 5
INCOME TAX

INCOME STATEMENT

(NOK thousand)	2013	2012
Income tax related to income statement		
Tax payable	84 303	41 575
Changes in deferred tax	23 922	37 333
Income tax expense reported in the income statement	**108 225**	**78 908**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK thousand)	2013	2012
Deferred tax related to items charged directly to other comprehensive income during the year		
Actuarial gains/losses on defined benefit pension plans	551	-491
Income tax expenses charged directly to other comprehensive income	**551**	-491

RECONCILIATION OF THE EFFECTIVE RATE OF TAX AND THE TAX RATE IN JOTUN A/S' COUNTRY OF REGISTRATION

(NOK thousand)	2013	2012
Profit before tax	**529 765**	**290 408**
Expected income taxes according to income tax rate in Norway (28 per cent)	148 334	81 314
Taxes on dividends	-85 728	-53 894
Correction previous year	-10 752	-10 047
Non-deductible expenses for tax purposes	43 184	49 825
Tax rate outside Norway (other than 28 per cent)	13 187	11 710
Total income tax expense	**108 225**	**78 908**
Effective tax rate	20 %	27 %

TAX PAYABLE PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

(NOK thousand)	2013	2012
Tax payable for the year	59 634	41 256
Due tax previous years	10 363	21 475
Effect of group contribution	-	8 118
Withholding taxes receivable	-45 971	-44 070
Foreign tax receivable	-11 205	-10 271
Skattefunn	-785	-633
Total tax payable	**12 036**	**15 875**

Cont. NOTE 5
INCOME TAX

SPECIFICATION OF DEFERRED TAX
Deferred tax liability consists of tax liabilities that are payable in the future. The tax rate in Norway will be reduced from 28 per cent to 27 per cent from accounting year 2014. The deferred tax asset as of 31 December 2013 is therefore valued at 27 per cent.

The table below lists the timing differences between tax accounting and financial accounting.

TEMPORARY DIFFERENCES

(NOK thousand)	2013	2012
Non-current assets	18 325	29 980
Current assets	54 587	6 532
Liabilities	-132 862	-177 785
Group contribution*	-	-28 991
Net temporary differences	**-59 950**	**-170 264**
Tax rate	27 %	28 %
Deferred tax asset recognised in the statement of financial position	16 187	47 674

** The net tax effect of group contribution received from subsidiaries is recognised as a increase in tax payable and increased deferred tax asset.*

NOTE 6
INTANGIBLE ASSETS

(NOK thousand)	Technology	Goodwill	Other intangibles	Development cost	Total
Cost					
Balance at 1 January 2012	96 495	7 175	97 186	55 363	**256 219**
Additions and internal development	-	-	12 796	24 108	**36 904**
Disposals	-	-	-	-8 145	**-8 145**
Balance at 31 December 2012	**96 495**	**7 175**	**109 982**	**71 326**	**284 978**
Additions and internal development	5 333	-	36 964	17 036	**59 333**
Disposals	**-**	**-**	-	-4 933	**-4 933**
Balance at 31 December 2013	**101 828**	**7 175**	**146 946**	**83 429**	**339 378**
Amortisation/impairment					
Balance at 1 January 2012	-96 495	-7 175	-64 993	-7 313	**-175 976**
Amortisation	-	-	-11 322	-3 149	**-14 471**
Disposals	-	-	-	6 114	**6 114**
Balance at 31 December 2012	**-96 495**	**-7 175**	**-76 315**	**-4 348**	**-184 333**
Amortisation	-933	-	-8 094	-4 911	**-13 938**
Disposals	-	-	-	138	**138**
Balance at 31 December 2013	**-97 428**	**-7 175**	**-84 409**	**-9 121**	**-198 133**
Net book value					
Balance at 31 December 2013	4 400	-	**62 537**	**74 308**	**141 245**
Balance at 31 December 2012	**-**	**-**	33 667	66 978	**100 645**

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 at 1 January 2012	14 469	471 340	2 962	644 611	504 617	**1 637 999**
Additions at cost	-	6 074	288	65 865	130 965	**203 192**
Disposals	-	-	-	-2 340	-	**-2 340**
Reclassification and corrections	-	164 482	70 583	311 315	-546 380	**-**
Balance at 31 December 2012	**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**
Reclassification and corrections	-	-	-	-	-	**-**
Balance at 31 December 2013	**14 469**	**664 411**	**93 358**	**1 087 742**	**20 365**	**1 880 345**
Depreciation and impairment						
Balance at 1 January 2012	-	-337 238	-123	-545 316	-	**-882 677**
Depreciation	-	-15 563	-3 832	-33 485	-	**-52 880**
Disposals	-	-	-	2 335	-	**2 335**
Reclassification and corrections	-	-	-	-	-	**-**
Balance at 31 December 2012	**-**	**-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**
Net book value						
Balance at 31 December 2013	**14 469**	**292 513**	**81 218**	**457 625**	**20 365**	**866 190**
Balance at 31 December 2012	**14 469**	**289 095**	**69 878**	**442 985**	**89 202**	**905 629**

See Group's note 8 for further information

Construction in progress
The reclassification of construction in progress is related to the new Vindal factory in Sandefjord, Norway.

NOTE 8
LIST OF SUBSIDIARIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY
(NOK thousand)

Company	City	Country	Currency	Share capital	No. of shares	Face value	Book value NOK	Stake %
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	162 848 335	3 406 056	411 435	100.00
Jotun Paints OOO	St. Petersburg	Russia	RUB	971 107	17 000	971 107	179 548	100.00
Jotun Paints Inc.	New Orleans	US	USD	60 600	100	60 600	154 076	100.00
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda.	Rio de Janeiro	Brazil	BRL	126 082	126 082	126 082	115 885	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 000	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 (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	50 000	15 000 000	50 000	92 863	100.00
El-Mohandes Jotun S.A.E.	Cairo	Egypt	EGP	20 000	2 000 000	14 000	91 945	70.00
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	172 000	103 327 525	87 401	99.14
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	120 250	110 334 615	120 250	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	12 189	-	12 189	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	25 000	155	45 146	62.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	55 719	110	55 719	41 784	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	25 279	30 000 000	17 738	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 F.Z.E.	Dubai	U.A.E	AED	4 000	4	4 000	6 637	100.00
Jotun Ireland Ltd.	Cork	Ireland	EUR	640	487 409	640	5 500	100.00
Jotun Sverige AB	Gothenburg	Sweden	SEK	4 000	80 000	4 000	4 550	100.00
Jotun Hellas Ltd.	Piraeus	Greece	EUR	343	11 435	334	2 937	97.40
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	6 600	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	KHR	797 029	1 000	797 029	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.	Constanta	Romania	RON	640	64 000	640	1 084	100.00
Jotun Myanmar Services Company Limited	Yangon	Myanmar	MMK	49 200	487	48 708	292	99.00
Lady Interiørmaling AS	Sandefjord	Norway	NOK	120	1 000	120	120	100.00
Jotun Optimal Utendørsmaling AS	Sandefjord	Norway	NOK	111	500	111	111	100.00
Drygolin Værbestandig Oljemaling AS	Sandefjord	Norway	NOK	109	500	109	109	100.00
Total							**2 247 295**	

The voting interest corresponds to the share interest.
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda. is written down with NOK 242 mill.

Cont. NOTE 8
LIST OF SUBSIDIARIES

SHARES HELD BY SUBSIDIARIES AND ASSOCIATED COMPANIES
(NOK thousand)

Company	City	Country	Currency	Share capital	No. of shares	Face value	Stake %
Jotun Powder Coatings AS							
Jotun Powder Coatings (N) AS	Larvik	Norway	NOK	12 500	125 000	12 500	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	25 279	12 752 700	7 541	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	2 329 234	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	540 990	52 898 998	508 531	94.00
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	6 860 000	171 734	4.80
Jotun Powder Coatings Ltd.	Flixborough	UK	GBP	400	1 000 000	400	100.00
Jotun Bulgaria EOOD	Sofia	Bulgaria	EUR	3	-	3	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	300	5	90.00
Jotun Paints (HK) Ltd.							
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	CNY	217 858	-	217 858	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	102	16.67
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	300	9	2.60
Scanox AS							
Butinox Futura Beis og Maling AS	Drammen	Norway	NOK	100	500	100	100.00
Jotun Powder Coatings (N) AS							
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	300	5	10.00
Jotun (Malaysia) Sdn.Bhd.							
Jotun Myanmar Services Company Limited	Yangon	Myanmar	MMK	49 200	5	492	1.00
Jotun Singapore Pte Ltd.							
P.T Indonesia	Jakarta	Indonesia	IDR	104 223 850	-	938 015	0.86
Jotun (Ireland) Ltd.							
Penguin Paints Ltd.	Cork	Ireland	EUR	64	100	64	100.00

The voting interest corresponds to the share interest.

NOTE 9
SHARES IN JOINT VENTURES AND ASSOCIATED COMPANIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY
(NOK thousand)

Company	City	Country	Currency	Share capital	No. 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.	Kyungnam	South Korea	KRW	11 140 000	557 000	5 570 000	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	73 200	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	

Cont. NOTE 9
SHARES IN JOINT VENTURES AND ASSOCIATED COMPANIES

SHARES HELD BY SUBSIDIARIES AND ASSOCIATED COMPANIES
(NOK thousand)

Company	City	Country	Currency	Share capital	No. of shares	Face value	Stake %
Jotun COSCO Marine Coatings (H.K.) Ltd.							
Jotun COSCO Marine Coatings (Guangzhou) Co. Ltd.	Guangzhou	China	CNY	72 957	-	72 957	100.00
Jotun COSCO Marine Coatings (Qingdao) 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	73 200	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	105 133	22.00
Jotun Saudia Co. Ltd.							
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	95 575	17.00

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

(NOK thousand) Company	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)	31.12.13	31.12.12
Raw materials at cost	147 554	120 313
Finished goods at cost	273 669	234 420
Provision for obsolescence	-12 480	-12 710
Total	**408 743**	**342 022**

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

NOTE 12
RECEIVABLES

(NOK thousand)	31.12.13	31.12.12
Accounts receivable external	64 090	59 136
Accounts receivable group companies	244 811	230 248
Other receivables external	51 873	54 155
Other receivables group companies	277 866	312 242
Total receivables	**638 640**	**655 782**

Allowances for credit losses have been evaluated upon individual basis on the accounts receivables and other receivables.

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

(NOK thousand)	31.12.13	31.12.12
Allowances for bad debt as of 1 January	135	-
Allowances for bad debt made during the period	102	447
Realized losses for the year	-196	-312
Total allowances for bad debt as of 31 December	**41**	135

Credit risk and foreign exchange risk regarding accounts receivable is discussed in note 21.
Aging of accounts receivable external as of 31 December was as follows:

(NOK thousand)	Total	Not due	Overdue			
			Less than 30 days	31-60 days	61-90 days	More than 91 days
2013*	64 132	43 912	13 372	4 169	-	2 679
2012*	59 271	42 841	13 861	420	767	1 382

** Does not include provision for bad debt.*

NOTE 13

INTER-COMPANY BALANCES WITH SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

(NOK thousand)	Subsidiaries		Joint ventures / associated companies	
	31.12.13	31.12.12	31.12.13	31.12.12
Non-current assets				
Other interest-bearing receivables	1 703 340	1 611 143	59 634	94 590
Total non-current assets	**1 703 340**	**1 611 143**	**59 634**	**94 590**
Current assets				
Trade receivables	199 834	194 005	44 978	36 242
Other current receivables	251 983	276 355	25 883	35 887
Total current assets	**451 817**	**470 360**	**70 861**	**72 129**
Total assets	**2 155 157**	**2 081 503**	**130 494**	**166 719**
Current liabilities				
Trade creditors	62 628	57 194	15 339	16 374
Other short term liabilities	477 623	507 239	170 623	122 194
Total liabilities	**540 251**	**564 433**	**185 962**	**138 568**

NOTE 14

SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital in Jotun A/S as of 31 December 2013 consist of the following share classes:

(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 2013 was 669. The 20 largest shareholders were:

Shareholders	A-shares	B-shares	Total	Ownershare in %	Voting interest in %
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	25 053	536	25 589	7.5	18.4
Leo Invest AS	2 988	7 512	10 500	3.1	2.7
Abrafam Holding AS	3 368	3 815	7 183	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	3 011	2 353	5 364	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	4 056	567	4 623	1.4	3.0
Odd Gleditsch Jr.	4 281	43	4 324	1.3	3.1
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
Britt Fanny Arnesen	1 855	1 178	3 033	0.9	1.4
Total 20 largest	**102 245**	**199 169**	**301 414**	88.1	89.3
Total others	11 755	28 831	40 586	11.9	10.7
Total number of shares	**114 000**	**228 000**	**342 000**	100.0	100.0

Cont. NOTE 14

SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARES OWNED BY MEMBERS OF THE BOARD OF DIRECTORS, CORPORATE ASSEMBLY, PRESIDENT & CEO AND/OR RELATED PARTIES:

Name	Office	A-shares	B-shares	Total shares
Odd Gleditsch d.y.	Chairman of the board	27	8 224	**8 251**
Einar Abrahamsen	Member of the board	3 368	3 823	**7 191**
Richard Arnesen	Member of the board	1 855	3 129	**4 984**
Nicolai A. Eger	Member of the board	1 110	5 203	**6 313**
Birger Amundsen	Member of the board	-	2	**2**
Olav Christensen	Chairman of the corporate assembly	3 011	2 364	**5 375**
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	271	**371**
Richard Arnesen jr.	Member of the corporate assembly	7	10	**17**
Terje V. Arnesen	Member of the corporate assembly	-	1	**1**
Morten Fon	CEO	9	21	**30**
Vidar Nysæther	CFO	-	18	**18**
Bård K. Tonning	Head of Jotun Decorativ Paints	-	5	**5**
Esben Hersve	Head of Jotun Performance Coatings	-	4	**4**

There are no options for share acquisitions.

DIVIDEND PAID AND PROPOSED

(NOK thousand)	2013	2012
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2012: NOK 1 500 per share (2011: NOK 1 500 per share)	513 000	513 000
Proposed for approval at the annual general meeting		
Dividend on ordinary shares:		
Final dividend for 2013: NOK 1 500 per share (2012: NOK 1 500 per share)	513 000	513 000

NOTE 15
FUNDING AND BORROWINGS

Cash flow from Jotuns 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. Working capital movements are a mix of companies in a lot of different countries and levels out over time. 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. In 2013 Jotun entered into the Norwegian bond market with a NOK 600 mill issue, and established a USD 120 mill long term loan with Nordic Investment Bank (NIB).

(NOK thousand)	31.12.13	31.12.12
Non-current interest-bearing liabilities		
Bonds	600 000	-
Bank debt (NIB), unsecured	729 596	-
Total non-current liabilities	**1 329 596**	**-**
Current interest-bearing liabilities		
Certificate loans	750 000	1 300 000
Other current interest-bearing liabilities (cash pool)	425 884	425 742
Total current liabilities	**1 175 884**	**1 725 742**
Total interest-bearing liabilities	**2 505 480**	**1 725 742**
Interest-bearing receivables		
Non-current interest-bearing receivables	1 765 437	1 708 198
Current interest-bearing receivables	211 657	254 404
Cash and cash equivalents	432 553	201 930
Net interest-bearing debt	**95 833**	**-438 790**

The non-current bonds of 600 MNOK are due for payment in May 2016.
NIB loan will be paid by installments of 10 mill USD twice a year from July 2018 until January 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.
See Group`s note 14 for further information about funding and borrowings, including loan covenants.

NOTE 16
OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES	Carrying amount	
(NOK thousand)	31.12.13	31.12.12
Accounts payable external	186 817	202 599
Liabilities to subsidiaries, joint ventures and associated companies	726 213	703 000
Public charges and holiday pay	116 802	110 383
Tax payable, ref. note 5	12 036	15 875
Other accrued expenses	88 045	98 863
Total current provisions, ref. note 17	24 765	53 752
Total other current liabilities	**1 154 678**	**1 184 472**

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

NOTE 17
PROVISIONS

PROVISIONS 2013

(NOK thousand)	Claims	Restructuring	Environmental	Other	Total
Balance sheet 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, ref. note 16	460	7 905	16 400	-	24 765
Non-current	5 006	-	25 000	-	30 006
Total	**5 466**	**7 905**	**41 400**	**-**	**54 771**

PROVISIONS 2012

(NOK thousand)	Claims	Restructuring	Environmental	Other	Total
Balance sheet 1 January 2012	18 501	45 974	60 000	-	124 475
Provisions arising during the year	3 300	-	-	-	3 300
Utilised	-9 221	-13 007	-500	-	-22 728
Unused amounts reversed	-1 013	-10 315	-4 500	-	-15 828
Total provisions 31 December 2012	**11 567**	**22 652**	**55 000**	**-**	**89 219**
Current, ref. note 16	1 100	22 652	30 000	-	53 752
Non-current	10 467	-	25 000	-	35 467
Total	**11 567**	**22 652**	**55 000**	**-**	**89 219**

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 2014.

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	46 000
Letter of Comfort (on behalf of subsidiaries)	1 332 361
Guarantees for subsidiaries	253 777
Sureties for customers etc. and guarantees for Jotun A/S	8 800
Total	**1 640 938**

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)	2013	2012
Operating lease expenses		
Vehicles	17 194	17 700
Cost current year	**17 194**	**17 700**
Overview of future minimum lease payments related to operating leases		
Cost next year	17 624	17 700
Cost next 2-5 years	37 936	35 400
Future minimum lease payments	**55 560**	**53 100**

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. In 2013 Jotun A/S entered into a 120 million USD loan. The currency gain/losses are presented as part of net finance costs in the income statement. For further information see note 4 and 15. See also Jotun Group's note 16 for additional information.

The table below gives an overview of loan given in foreign currency from Jotun A/S to its subsidiaries, joint ventures and associates. The main currency exposes are specified.

	31.12.13		31.12.12	
(NOK thousand)	Currency amount	NOK	Currency amount	NOK
USD	98 016	594 595	85 367	476 281
MYR	108 000	199 930	118 000	215 362
EUR	19 837	165 411	14 517	106 872
IDR	259 525 000	129 477	259 525 000	150 369
RUB	427 358	78 805	207 358	37 946
SGD	16 347	78 485	16 347	74 632
GBP	7 700	77 301	7 700	69 446
KRW	13 392 885	76 875	17 857 180	93 572
Other		207 916		361 102
Total		**1 608 795**		**1 585 582**

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

	31.12.13		31.12.12	
(NOK thousand)	Currency amount	NOK	Currency amount	NOK
USD	120 000	729 596	-	-

Cont. NOTE 21
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 Jotuns 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.
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 per cent 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:

2013 *(NOK thousand)*	Hedged value 31.12.13	Unrealised gain/loss (-) 31.12.13	Realised effect 2013
Hedging of cash flow	135 433	-1 333	-17 378

2012 *(NOK thousand)*	Hedged value 31.12.12	Unrealised gain/loss (-) 31.12.12	Realised effect 2012
Hedging of cash flow	487 973	1 965	-16 573

Market value:

Market value information is gathered from:
* Reuters 31 December 2013 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.

Building a better working world

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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 2013, 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 Managing Director's responsibility for the financial statements

The Board of Directors and Managing Director 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 Managing Director 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.

Building a better working world

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 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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 Managing Director 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, 17 February 2014
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited

President & CEO
Morten Fon

Group functions

CFO
Vidar Nysæther

Decorative Paints
Bård K. Tonning

Performance Coatings
Esben Hersve

Middle East, India & Africa
Peder Bohlin

South East Asia & Pacific
Martin Chew

Scandinavia
Stein Petter Lunde

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

Board of Directors:
Odd Gleditsch d.y. (Chairman)
Einar Abrahamsen
Birger Amundsen
Terje Andersen
Richard Arnesen
Nicolai A. Eger
Stein Erik Hagen
Ingrid Luberth

Corporate Assembly:
Olav Christensen (Chairman)
Richard Arnesen jr.
Terje V. Arnesen
Kornelia Eger Foyn-Bruun
Anne Cecilie Gleditsch
Bjørn Ole Gleditsch
Thomas Hammer
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