Jotun Protects Property

ANNUAL REPORT **2011**

Contents

Belle Chasse, Louisiana
Jotun completes upgrade of its Coatings factory on the coast of the Gulf of Mexico.

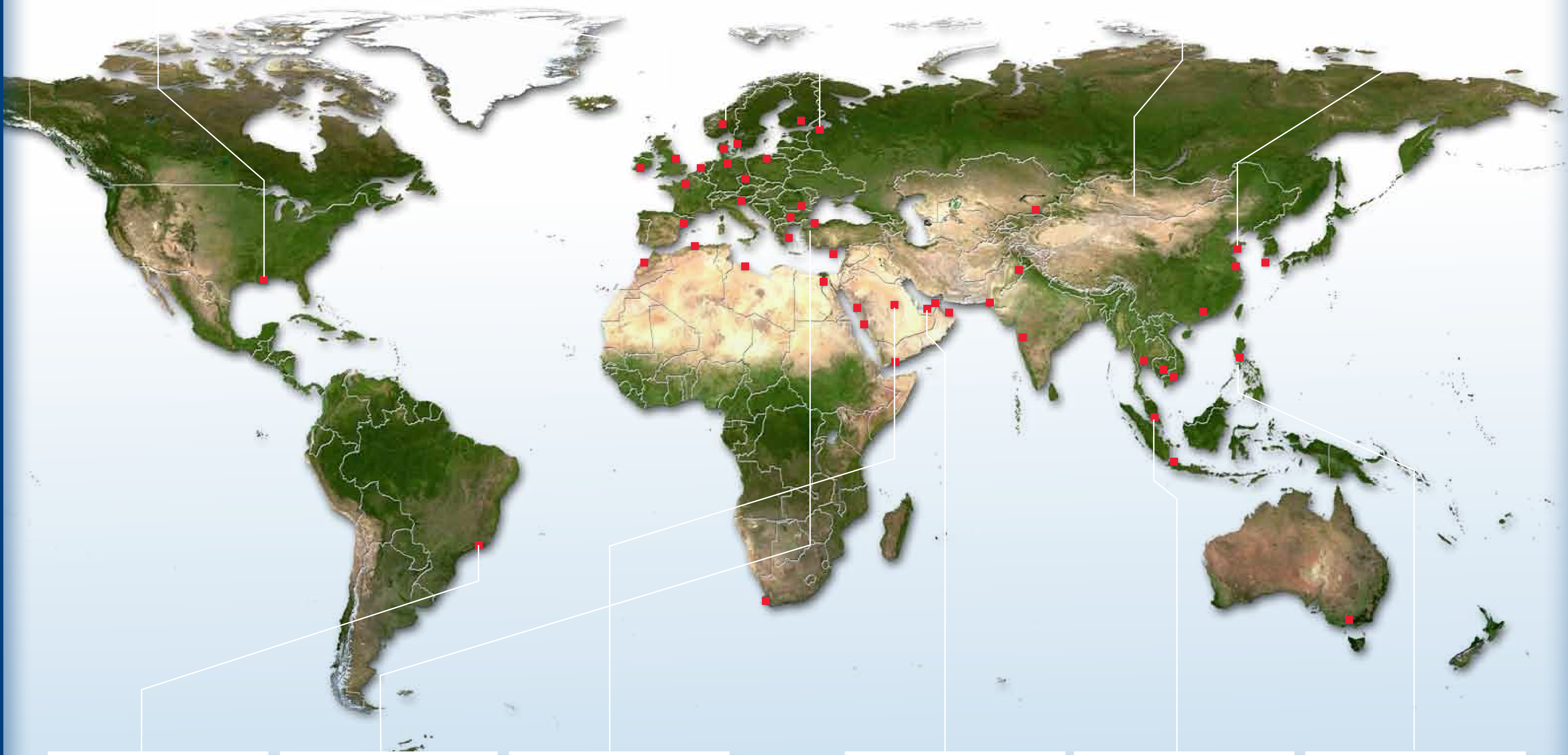
North Sea
Jotun Coatings wins contract to supply coatings to Statoil's Gundrun Platform, which will be deployed west of Stavanger.

Sandefjord, Norway
Jotun launched Group Technical, a new function tasked with improving operational efficiency throughout Jotun's global network.

St. Petersburg, Russia
Jotun Paints acquires nine hectares of land in the Fedorovsky Industrial Park as the first step in constructing a factory for production of paint and powder coatings.

Inner Mongolia, China
Jotun Coatings secures agreement to supply protective coatings to the YaKeShi Wind Farm in China.

Quingdao, China
Jotun COSCO Marine holds groundbreaking ceremony for the construction of a new 85,333 square meter factory to serve China's growing maritime activity.



Rio de Janeiro, Brazil
Jotun announces plans to invest in a factory in Duque de Caxias to serve Brazil's growing offshore, industrial and marine activity.

Istanbul, Turkey
Jotun Powder Coatings wins contract to supply Super Durable powder coatings to the Varyap Meridian project, an iconic retail and residential development.

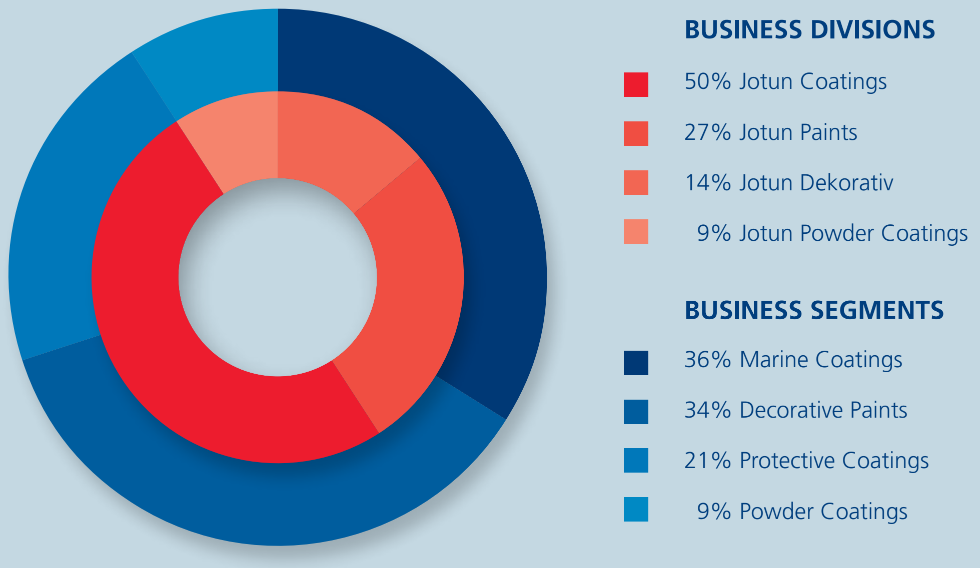
Riyadh, Saudi Arabia
Jotun Saudia opens new offices in Bilda Mall, Riyadh following another year of strong results.

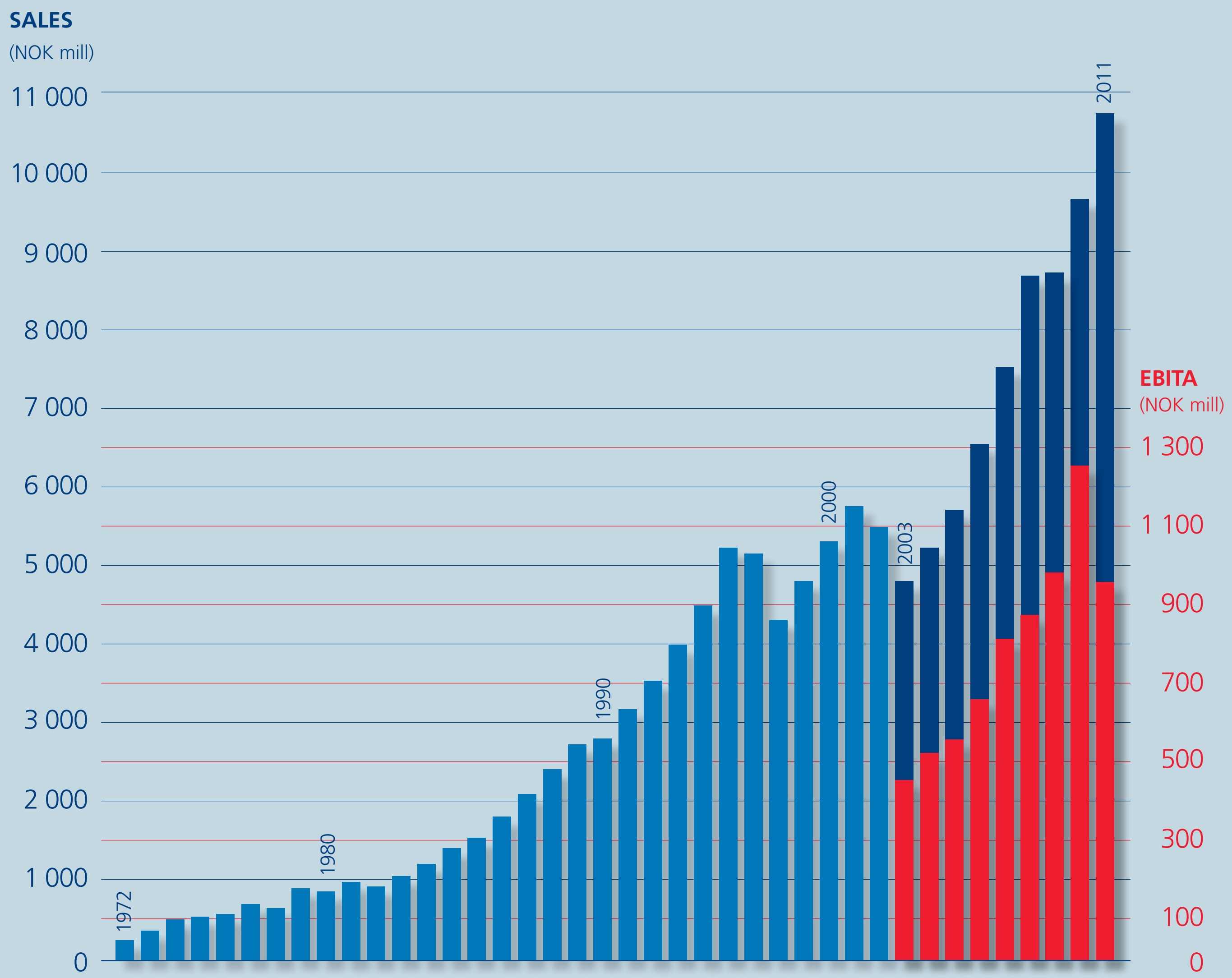
Abu Dhabi, UAE
Jotun wins contract to supply coatings for seven packages for the Takreer Ruwais Refinery Expansion Project, representing one of the largest Protective contracts won by Jotun to date.

Nilai, Malaysia
Jotun Paints opens the largest paint factory of its kind in the Asia Pacific region. The 93,000 square meter factory will also serve the Singaporean market.

Manila, Philippines
Jotun established a sales company in the Philippines to meet the increased demand for marine and protective coatings in the local market.

Group sales and EBITA





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)		2011	2010
REVENUE			
Operating revenue		**1 902**	1 617
Operating revenue outside Norway in %		**77**	75
COMPREHENSIVE INCOME			
Operating profit		**171**	205
Profit before tax expense		**159**	198
Net cash flow from operations		**54**	117
PROFITABILITY			
Return on capital employed, in %	1)	**18.3**	29.2
Operating margin, in %	2)	**9.0**	12.7
Return on equity, in %	3)	**13.1**	19.9
YEAR-END FINANCIAL POSITION			
Total assets		**1 522**	1 329
Investments in intangible and fixed assets		**144**	95
Equity		**837**	801
Equity ratio, in %		**55.0**	60.3
Number of employees in group (FTE)		**6 013**	5 577
Number of employees in group (FTE), including 100 per cent in joint ventures and associated companies		**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 % = $\frac{\text{Total comprehensive income for the year}}{\text{Average equity}} \times 100$

Directors' Report

1. MAIN ACTIVITIES

By the end of 2011, Jotun's business activities included development, production, marketing and sales of a range of paint and coatings systems and products for surface treatment and protection. The Jotun Group is organised into four divisions:

Jotun Dekorativ: Decorative paints, stains and varnishes for the professional and DIY markets in Norway, Sweden, Denmark and Iceland, as well as production of binding agents.

Jotun Paints: Decorative paints in the Middle East and South East Asia, including marine and protective coatings for local customers in the same regions.

Jotun Coatings: Marine and protective coatings for industry and offshore in Europe, the USA, South Africa, Australia and North Asia, as well as decorative products for local customers in the same regions.

Jotun Powder Coatings: Architectural, functional and industrial powder coatings in Scandinavia, Europe, the Middle East and Asia.

Jotun has a worldwide network and is represented on every continent by subsidiaries and joint ventures. The group, including Joint Ventures and associates, comprises 74 companies in 43 countries, including 39 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

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 2011 are rendered on this assumption.

Transition to IFRS

With effect from 2011, including comparable figures from 2010, Jotun has transitioned to International Financial Reporting Standards (IFRS) from Norwegian Accounting Standards (NGAAP). The purpose of the transition is to make financial information from Jotun more easily understandable for a wider international group of readers. The transition has a number of effects on the reported accounts. Please see note 23 in the Accounts/Annual Report regarding explanations of the transitional effects.

Profits

The group's total operating income was NOK 10,659 million in 2011 compared with NOK 9,767 million in 2010. The company's long-term growth trend continued in 2011, with improved sales in most segments and divisions, primarily ascribable to improved markets particularly in Asia and parts of the Middle East. However, Middle East markets were affected by the Arabic Spring, and European markets struggle with slow economic growth. Despite a number of unexpected events in the global economy, Jotun's business model has proven to be resilient.

The group achieved a consolidated profit for the year of NOK 634 million compared to NOK 861 million in 2010. Group operating profit amounted to NOK 956 million, compared with NOK 1,240 million in 2010. Net financial costs totalled NOK 63 million, and pre-tax profit amounted to NOK 893 million. Jotun's activities are subject to ordinary company tax in the countries in which the group operates. The tax amounted to NOK 259 million for 2011 representing an average tax rate of 29 per cent, slightly up from last year.

The parent company, Jotun A/S, achieved a total profit for the year of NOK 404 million, compared to NOK 780 million in 2010. The decrease is in part attributable to increased raw material costs, reduced dividends from subsidiaries, increases in financial costs and write downs of shares in subsidiaries.

Strong demand for raw materials continued from 2010 into 2011 resulting in shortage of key raw materials, longer delivery times and frequent price increases. For the group, the cost of goods sold rose 16% compared with last year. Gross margin continued to decline, although the price of some raw materials levelled out during the last part of the year. Price increases and other improvement measures were taken in most product segments, but these were not sufficient to maintain the margin from last year. Around mid-year the situation eased following major events like the Euro zone turbulence, China's stricter monetary policy to curb inflation and a continued slow growth in the USA. Combined, this led to slower world economic growth.

Associated companies and joint ventures consist of Jotun's equity interests in South Korea, China, the UAE., Saudi 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 265 million compared with NOK 323 million in 2010.

Financial position, capital structure and risk

The Jotun Group had a positive cash position of NOK 618 million at year end 2011 compared to a positive cash position of NOK 717 million as of 31 December 2010.

The group increased its investments in 2011 to NOK 796 million from NOK 512 million in 2010, and the sales growth also resulted in more tied up working capital. This led to an increase in the net debt of the group. The net interest bearing debt increased from a net cash position of NOK 24 million at year end 2010 to a net debt position of NOK 837 million at year end 2011.

During 2011 Jotun A/S started using the short term certificate loan market as its main funding source. At year end 2011 Jotun A/S had NOK 700 million of certificate loans. Most of the external lending in the subsidiaries is short term local bank loans.

Board of Directors (from left to right): Einar Abrahamsen, Richard Arnesen, Torkild Nordberg, Odd Gleditsch d.y., Paul Jordahl, Ingrid Luberth, Birger Amundsen and Nicolai A. Eger.

Jotun A/S had committed long-term bank credit lines of NOK 1,400 million that were available at year end. Additionally, NOK 600 million of long-term credit lines were agreed in the first week of January 2012. The NOK 2,000 million of long-term credit lines serves as a back stop for the certificate loans, and will be utilised if the short term certificate market dries up. The NOK 2,000 million credit lines also serve as a strategic reserve for short-term financing for the group companies.

The group's equity ratio was 55 per cent at the end of the year as opposed to 60 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, raw material prices, commodity prices and currency exchange rates. To reduce risk, Jotun has established procedures for currency and commodity hedging as well as customer credit rating. Following instability in the global economy and reduced margins mainly due to raw material prices, Jotun has increased its focus on improvement measures in all parts of the business.

The main risk regarding exchange rates is connected with the USD and USD-related currencies as well as the EUR. The group hedges its currency risk through foreign exchange loans, forward contracts, currency swaps and options.

Allocation of profit for the year

The allocation of the total comprehensive income for 2011 is presented in the statement of changes in equity. Additionally, the Board of Directors proposes a dividend of NOK 513 million for 2011. Free equity after the proposed dividend amounts to NOK 2,708 million.

The Board of Directors proposes the distribution of an ordinary dividend of NOK 1.500 per share for the 2011 financial year.

3. THE MARKET

Jotun Dekorativ

Jotun has strengthened its position in Scandinavia with steady sales growth in 2011. To improve margins and profitability, internal programmes focusing on prices and lowering manageable cost have been initiated.

The mature markets in Norway, Sweden and Denmark are characterised by increasingly demanding customers and a complex, highly competitive environment. Jotun's position in Sweden has strengthened in the last year. Jotun Denmark's result improved satisfactorily after having undergone a significant improvement programme. In Norway, Jotun is the overall market leader with strong brands in both the consumer market and the professional market.

Jotun continuously strives to improve the customer's experience with Jotun and Jotun products. This is done by working closely with dealers and chain stores through in-store concepts and equipment. The division has also invested in more user-friendly web-enabled software for Multicolor tinting machines. Innovation and new product launches are crucial to strengthening Jotun's position and to combat private labelled products in the market. A number of new products, such as Lady Pure Color, were launched in 2011 adding a high quality product with new features to the Lady series.

Jotun's production structure in Scandinavia has been a challenge for years. A new state-of-the-art factory in Sandefjord has been constructed throughout 2011 and is expected to be operational in early 2012. The factory will house a number of automated systems that will improve worker safety, bring flexibility to the processes and thereby raise productivity.

Jotun Coatings

The division's overall result was satisfactory as the division delivered growth in both the Marine and Protective segments in 2011. The result was, however, affected by low margins mainly due to the raw material situation. Like the other divisions, a number of steps have been taken to improve profitability.

The Marine market is expected to remain challenging in the years to come and Jotun's focus is on product innovation as well as moving resources from the newbuilding segment to gain a stronger foothold in the repair and maintenance market. This will enhance Jotun's market position as the number of vessels in the world fleet has never been higher. Furthermore, Jotun continues to aim to be the preferred supplier for ship owners. To achieve this, key account programmes, new and innovative products and concepts are important measures. The Hull Performance Concept is an example of the latter, making it possible to document how quality coatings reduce fuel consumption and corresponding carbon emissions.

The Protective segment saw significant growth in 2011, especially in the offshore market. The company expects further growth also in the years to come and the segment is in a good position to gain an even stronger foothold in new industries, such as mining and renewable energy. Jotun launched Jotamastic 90 in 2011, an innovative epoxy mastic coating which among other innovations and programmes will enhance Jotun's effort to take a leading position in selected markets.

Jotun is well positioned in different regions and markets, which in turn reduces exposure to economic risks and downturn in the shipping market. The division has proved its ability to adapt to different economic conditions and it is well positioned to secure future growth in line with the overall strategy of the Jotun Group.

Jotun Paints

Jotun Paints continued its long-term growth trend recording positive development in both sales value and volume in 2011. The regional and segment diversity enabled the division to deliver strong results despite political unrest and slower growth in many of the division's major markets in the Middle East and Northern Africa. In countries like Yemen, Libya, Syria and Jordan, poor security and limited access to fuel and raw materials made conditions very difficult in 2011.

The division's margins have been under pressure and measures to stem the negative impact of raw material price increases were taken throughout the organisation.

Jotun remains the market leader in the Middle East and strives to strengthen its position in South East Asia, in both existing and new markets. The division launched Lady Effects in the Middle East and Strax Easy Clean in South Asia in 2011, which complimented well Jotun's already sustainable product range. Majestic EcoHealth and Jotashield Extreme (temperature reducing exterior coating) were introduced in more countries in South East Asia during 2011. An efficient production and supply structure is crucial for a leading market player, and the division continues to invest in improved and new facilities to meet the demand for capacity in growing markets. A new state-of-the-art production facility, the largest factory in South East Asia, opened in Nilai, Malaysia in 2011.

Entering new markets in line with the Jotun Group's organic growth strategy is a focus for the division. The division will typically develop sales in countries where economic stability has created increased demand for paints. In 2011 Jotun took steps to expand in countries like Laos, Cambodia and Pakistan.

The division has demonstrated that it can generate growth even in difficult circumstances. Jotun expects the division's strong growth over the past years will continue ahead.

Jotun Powder Coatings

The division's growth trend continued in 2011 with overall improvement in both sales value and volume. The 2011 results were affected by unrest in the Middle East, the difficult situation in Europe, as well as raw material prices, which have all impacted the profitability.

There are significant possibilities in Asia, and the division entered the Chinese market in 2011. A new production unit is under construction in China, expected to be operational in 2012. Overall growth has led to a need for improved production capacity also elsewhere and steps have been taken to fulfil this need. The supply chain situation in Europe is up for evaluation with a view to improving the structure and gaining optimum efficiency.

The division is positioned to be outside the commodity market, and innovations and concepts are being developed to support this strategic direction and fulfil demanding customer needs. In 2011 the division launched the Guard product range allowing customers to coat more surfaces with less powder. Furthermore, the new products cure at lower temperature, which represents a major innovation leading to reduced energy cost and lower carbon footprint at the customer side. The environmental aspect is a rising concern and since powder coatings do not contain VOCs, the division offers an alternative to wet paints.

Through regional diversity, an extensive segmentation of the division's products along with improvement programmes and launching innovative solutions to the customers, the division is in a strong position to grow along with the significant opportunities in the years to come.

4. RESEARCH AND DEVELOPMENT

Future oriented, highly skilled and efficient research and development (R&D) resources are crucial in order to support Jotun's market positions. Over the years Jotun has built an active R&D function located in the head-quarters in Sandefjord, supported by regional laboratories. This decentralisation is important for ensuring more effective product development with proximity to the different market and regional needs.

Within the coatings business, new and more stringent environmental legislation is applied. As a responsible company, it is important that Jotun is in the forefront of the legislative development so that quality substitutes can in time replace products containing banned raw materials or components. A substantial part of R&D resources are employed in developing new technology and more sustainable products and solutions to various markets.

Through Jotun's structured innovation process, the R&D function is tightly involved in a cross-functional network. This process ensures that development and innovations are linked to marketing and sales as well as customer needs.

5. COMPETENCE DEVELOPMENT

Jotun invests in development of employees in order to bring about continuous improvement and shared value for the company and the employee. The Jotun Academy contains Jotun's internal training courses which cover learning in Human Resources, Sales, Purchasing, R&D, Operations, Technical Sales Support and Management in addition to stand alone courses and e-learning modules. In 2011 Jotun ran around 150 academies covering more than 2,000 employees.

6. HEALTH, SAFETY AND ENVIRONMENT (HSE)

Goals and activities

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

35 companies are now certified according ISO 14001 and OHSAS 18001. In addition a revised and improved Jotun HSE standard was introduced in 2011.

Group HSE carried out 14 HSE audits of Jotun's production facilities in 2011. The results from these audits indicate that some of the factories have a good HSE level. However, there is need for improvements in some units.

Jotun recognises the importance of maintenance for factory safety, but also for on-time deliveries. Benefits of the ongoing maintenance improvement programme are now visible.

Training

Developing knowledge is of key importance for Jotun in achieving long-term and healthy growth. The Jotun Operations Academy is a two-week internal training programme primarily aimed at technical staff in management positions. This programme covers a large number of elements relating to HSE. In 2011, 54 employees attended this training.

All Jotun companies with production facility have a HSE coordinator who receives HSE training annually. In 2011 a three-day gathering for all HSE coordinators was arranged, to ensure learning across regions and to support competence development. Jotun companies with production facilities are required to have an "HSE day" with relevant training.

In 2011 each employee in Jotun had an average of 7.3 hours specific HSE training.

Working environment

A tragic accident took place in the raw material store in one of our factories in China in July, when an operator was killed by a falling pallet of raw materials. Several measures have since been implemented in all factories in order to avoid recurrence.

For the group as a whole, 82 injuries were reported resulting in lost-time-due-to-injury (LTI) absences in 2011, compared with 85 in 2010. The number of injuries resulting in an absence of one day or more per one million working hours (H1-value) was 5.5, the same level as in 2010. The H1-value for Jotun A/S was 4.3 compared with 0.6 in 2010.

Absence due to sickness for the group in 2011 was 1.6 per cent; unchanged from 2010. Absence due to sickness in Jotun A/S was 4.5 per cent in 2011 compared with 5.1 per cent in 2010.

Environment

Air emissions from the factories mainly consist of solvents and marginal emissions of dust. Some factories have abatement systems for waste water and all factories are operating in line with local requirements.

A CO_2 footprint analysis based on Scope 1 and 2 of the International Greenhouse Gas Protocol has been carried out. The total emissions from our activities are 61,900 tonnes of CO_2 equivalents. Relative to the volume produced this is a reduction of 6 per cent compared to 2010.

The total electrical consumption was 110,900 MWh. Relative to the volume produced the electricity consumption has been reduced by 6 per cent.

The group generated 18,000 tonnes of waste in 2011, with 10,900 tonnes classified as hazardous waste. Corresponding figures for 2010 were 16,600 tonnes, of which 10,500 tonnes were hazardous waste. The volume of waste generated relative to the volume produced was 2.5 per cent in 2011, the same as in 2010.

There were no discharges to water or soil in 2011 causing any significant pollution to the environment.

Safety

Four fires registered in 2011 had the potential to cause significant injury to personnel or damage to property, compared to three in 2010. In addition some early stages of fire or small fires were reported. None of the fires in 2011 resulted in injuries, and only minor damage was caused to equipment. All of the fires were extinguished by Jotun's own staff.

The Board emphasises that fire incidents are unacceptable and that there is need for an even stronger focus in this area. Special measures to avoid fire incidents related to electrical equipment will be carried out.

Challenges ahead

Jotun views seriously all HSE deviations, and has a vision of zero tolerance in relation to serious incidents. 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 conducts its business operations with loyalty, care, respect and boldness in the interest of customers, suppliers, employees, shareholders, the environment and society at large. This is a true Corporate Responsibility (CR) commitment, well anchored in the Board and Group Management. As a result of the CR commitment, Jotun policies and conduct are built on UN Human Rights, ILO convention and UN's Global Compact principles as well as local regulations in the locations where Jotun operates.

Over the last years, Jotun has boosted activities to structure its CR work. Among other focus areas in 2011, Jotun GreenSteps was launched to communicate Jotun's responsible position towards the environment. Furthermore, Jotun launched new policies, training and awareness tools to enhance Jotun's commitment to work actively against corruption.

8. DIVERSITY

Diversity and cultural understanding areof crucial importance in order to support the group's organic growth strategy. Therefore, Jotun invests a lot in country, regional and cultural interactions and meeting points. Cross-border assignments, network meetings and internal competence development programmes ensure that Jotun employees are exposed to and value differences and diversity.

Jotun A/S has employees with disabilities, and will to the extent that it is possible adjust working conditions to ensure that disabled persons can work in the company.

Two of the nine senior management positions that report to the President & CEO are female. Of those with personnel responsibility in Jotun A/S, 22.6 per cent are women (18.7 per cent in 2010 and 15.5 per cent in 2009). Women make up 9 per cent of skilled workers (10 per cent in 2010 and 9.5 per cent in 2009), while the corresponding percentage for women among office staff is 33 per cent (33 per cent in 2010 and 32 per cent in 2009).

The Jotun Group has a firm and professional recruitment policy, tools and practices securing equal opportunities regardless of culture, ethnicity, religion, gender and age.

9. FUTURE PROSPECTS

In the face of a turbulent macro-economic environment in the past few years Jotun has proved its ability to adjust to challenging market conditions with a differentiated approach. This enables Jotun to continue with its ambitious growth strategy that represents both significant challenges and opportunities for the group.

Operational efficiency and production capacity are of crucial importance and a significant investment programme was initiated in new and existing markets. In 2011, Jotun opened new facilities in Malaysia and Singapore and continued to move forward on a number of other construction projects in Norway, China, Brazil, Russia and the United States.

To support an organic growth strategy, development of people is of great importance. Jotun invests considerably in different competence programmes to secure such development, to build loyalty among employees and to offer exciting opportunities benefiting both employees and Jotun long term.

Financially the rising cost of raw materials is likely to continue to put pressure on profits, and an expected slowdown in the Marine market will impact results ahead. In the short term, the company has taken steps to manage these potential risks and continues to improve efficiency throughout the organisation and to lower costs.

Jotun's differentiated approach to different markets helps mitigate risk. The group's presence in high-growth countries like China, India, Brazil and Russia is likely to offset slower growth in more mature markets.

In spite of challenges in a number of different markets, Jotun expects to continue its growth with stable results in the year to come. With its solid business model, a sound financial foundation with satisfactory liquidity and a good equity base, Jotun is in a good position to invest further in line with a well proven organic growth strategy.

Sandefjord, Norway, 16 February 2012
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Richard Arnesen

Birger Amundsen

Paul Jordahl

Ingrid Luberth

Torkild Nordberg

Nicolai A. Eger

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 adapted by 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 and joint ventures is presented on a separate 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	2011	2010
Operating Revenue	23	10 658 991	9 767 290
Share of profit of associated companies and joint ventures	8,23	265 002	323 458
Cost of goods sold		-6 220 856	-5 366 042
Payroll expenses	1, 2	-1 674 822	-1 530 335
Other operating expenses	3, 20	-1 825 061	-1 693 374
Depreciation, amortisations and write downs	5, 6	-247 573	-261 123
Operating profit		**955 680**	**1 239 874**
Finance income	3	99 455	54 072
Finance costs	3	-162 180	-94 930
Profit before tax		**892 955**	**1 199 016**
Income tax expense	4	-258 650	-337 815
Profit for the year		**634 305**	**861 201**
Other comprehensive income			
Loss on hedge of net investments in foreign operations	19	-15 467	-20 250
Gain from raw material hedging	19	-	3 025
Actuarial losses on defined benefit pension plans	2	-35 550	-21 220
Currency translation differences		77 071	143 720
Other comprehensive income for the year, net of tax		**26 054**	**105 275**
Total comprehensive income for the year		**660 359**	**966 476**
Profit for the year attributable to:			
Equity holders of the parent company	23	602 791	807 943
Non-controlling interests	7, 23	31 514	53 258
Total		**634 305**	**861 201**
Total comprehensive income attributable to:			
Equity holders of the parent company		625 668	913 218
Non-controlling interests	7	34 691	53 258
Total		**660 359**	**966 476**

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	31.12.11	31.12.10	01.01.10
ASSETS				
Non-current assets				
Deferred tax assets	4	142 755	111 031	152 947
Other intangible assets	5	138 318	65 685	73 809
Fixed assets	6	2 331 819	1 818 204	1 503 041
Investments in associated companies and join ventures	8	945 912	851 893	791 505
Other investments	9	8 248	15 939	15 813
Pension assets	2	6 214	21 544	17 709
Derivative financial instruments	19	-	14 601	-
Other long-term receivables	9	168 890	138 157	155 007
Total non-current assets		**3 742 157**	**3 037 055**	**2 709 831**
Current assets				
Inventories	10	1 839 452	1 498 089	1 152 062
Trade and other receivables	11	2 940 537	2 483 887	1 938 396
Derivative financial instruments		-	-	36 200
Cash and cash equivalents		617 923	716 552	681 565
Total current assets		**5 397 912**	**4 698 528**	**3 808 223**
TOTAL ASSETS		**9 140 069**	**7 735 582**	**6 518 053**
EQUITY AND LIABILITIES				
Equity				
Share capital	12	102 600	102 600	102 600
Other equity		4 846 891	4 477 723	3 790 225
Non-controlling interests	7	78 411	85 501	78 887
TOTAL EQUITY		**5 027 902**	**4 665 824**	**3 971 712**
Non-current liabilities				
Pension liability	2	173 090	160 820	210 731
Deferred tax	4	14 106	9 492	27 352
Provisions	16	155 823	107 958	106 846
Interest-bearing debt	13	4 067	10 783	111 274
Interest-free long term debt	13	28 415	19 843	20 269
Total non-current liabilities		**375 500**	**308 896**	**476 472**
Current liabilities				
Interest-bearing debt	9.14	1 451 219	682 248	413 104
Other current liabilities	4,15,19	2 285 448	2 078 613	1 656 764
Total current liabilities		**3 736 668**	**2 760 861**	**2 069 868**
TOTAL LIABILITIES		**4 112 167**	**3 069 757**	**2 546 340**
TOTAL EQUITY AND LIABILITIES		**9 140 069**	**7 735 582**	**6 518 053**

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, investment 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	2011	2010
Cash flow from operating activities			
Profit before tax		892 955	1 199 016
Share of profit of associated companies and joint ventures	8	-265 002	-323 458
Dividend paid from associated companies and joint ventures		226 269	264 802
Tax payments	4	-177 802	-111 223
Gains/losses on sale of fixed assets		8 734	3 728
Depreciation	5, 6	247 573	261 123
Change in inventories, trade receiables and trade creditors		-582 598	-484 388
Change in accruals, provisions and other		-46 793	-105 180
Net cash flow from operating activities		**303 336**	**704 420**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	5, 6	7 033	10 516
Purchase of property, plant and equipment	5, 6	-867 024	-552 201
Net cash flow used in investing activities		**-859 991**	**-541 685**
Cash flows from financing activities			
Proceeds from borrowings		937 139	313 213
Cash payments for new lending		-167 615	-158 853
Dividend paid to equity holders of the parent		-256 500	-225 720
Dividend paid to minority interests		-41 781	-46 644
Net cash flow from financing activities		**471 243**	**-118 004**
Net currency translation effect		-13 217	-9 744
Net increase/(decrease) in cash and cash equivalents		-85 412	44 731
Cash and cash equivalents at beginning of period		716 552	681 565
Cash and cash equivalents at end of period		**617 923**	**716 552**

The group had unused credit facilities of MNOK 1 425 as at 31 December 2011 (2010: MNOK 1 435).
There are no restrictions on the use of these cash and cash equivalents.

Consolidated statement of changes in equity

The Statement of Changes in Equity changes 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. Changes in hedging reserve due to hedge accounting are recognised in other comprehensive income, specified in separate table in connection with the income statement. Fluctuations in foreign exchange rates will also 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 31.12.2009	**102 600**	**3 037 809**	**560 104**	**3 700 513**	**340 472**	**4 040 985**
23	Effect of implementing IFRS		752 416	-560 104	192 312	-261 585	-69 273
	Equity adjusted as at 01.01 2010	**102 600**	**3 790 225**	**-**	**3 892 825**	**78 887**	**3 971 712**
12	Dividends		-225 720	-	-225 720	-46 644	-272 364
	Total comprehensive income		774 261	138 957	913 218	53 258	966 476
	Equity as at 31.12 2010	**102 600**	**4 338 766**	**138 957**	**4 580 323**	**85 501**	**4 665 824**
12	Dividends		-256 500		-256 500	-41 781	-298 281
	Total comprehensive income		551 774	73 894	625 668	34 691	660 359
	Equity as at 31.12 2011	**102 600**	**4 634 040**	**212 851**	**4 949 491**	**78 411**	**5 027 902**

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.

The Jotun Group's headquarter is in Sandefjord, Norway, and the group employs around 5900 people in more than 40 countries.

1. First time adoption of IFRS
The Jotun Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The financial statements for the year ending 31 December 2011 are the Jotun Group's first IFRS financial statements. Prior to adoption of IFRS, including the year ended 31 December 2010, the group's primary financial statements were prepared in accordance with accounting principles generally accepted in Norway (NGAAP). The Jotun Group has prepared an IFRS opening balance sheet as of 1 January 2010 in accordance with IFRS 1, see note 23 Transition to IFRS. The same principles used in the opening balance are used throughout the periods presented. Therefore, there are no changes in accounting principles between 2010 and 2011.

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 through profit or loss and loans, receivables and other financial liabilities which are recognised at amortised cost.

The consolidated financial statements have been prepared on the accrual basis of accounting and going concern assumption.

The Jotun Group's presentation currency is NOK. This is also the parent company's functional currency.

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. All intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated.

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

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Interests in joint ventures and associates
Investments in joint ventures and associated companies are accounted for using the equity method. Under the equity method the investments in joint venture and associated companies are recognised 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. 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.

Non-controlling interests (minority 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 group's financial statements are presented in NOK which is also the parent company's functional currency. Each entity in the group determines it's 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 transaction. 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.

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 management has used estimates and assumptions that have affected the profit and loss account and valuation of assets and liabilities as well as uncertain assets and obligations of the balance sheet date, in preparing the accounts. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Estimates are used to measure reliably the share of research and development cost to be capitalised as intangible assets, and where it is probable that the group will receive a future economic benefit attributable to the assets. For areas like provisions, allowances for bad debt and pension liabilities the estimates can have considerable significance. Loans and receivables are initially recognised at fair value which is normally equal to market prices, and accounted for at amortised cost. If the effect is considered material discounting is used. Estimates are also used for impairment evaluations of property, plant, equipment and intangible assets. If the carrying amount is not recoverable an impairment loss is recognised in the amount that carrying value exceeds its recoverable amount. Impairment losses (other that goodwill) are reversed in case of increase in recoverable amount.

6. Impairment of financial and non-current assets

Financial assets valued 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. Borrowing costs

Borrowing costs are recognised in the statement of income when they arise. 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.

9. 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.

10. 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 using the straight-line method over the following useful life:

Buildings	25 - 33 years
Electrical Installations	10-14 years
Machinery	7-10 years
Office equipment and furniture	5-7 years
Vehicles	4-5 years
IT equipment	3 years

The 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.

11. 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 using the straight-line method over the following useful life:

Patents and licences	5-10 years
Capitalised development cost	8-10 years
Software	3-8 years

12. 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.

Finance 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 finance leases are recognised as assets and depreciated over the shorter of useful life or the lease term.

13. Business combinations and goodwill

Business combinations are accounted for using the acquisition method and reported in the financial statements from the date the group has control. Assets and liabilities, included intangible assets are valued at fair value at the time of acquisition. The residual value is classified as goodwill.

14. Government grants

Grants are deducted from the cost which the grant is meant to cover. Investment grants are recognised as a deduction from the cost of the related asset.

15. 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 9.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The group uses derivative financial instruments such as forward currency contracts and forward commodity contracts to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of commodity contracts that meet the definition of a derivative as defined by IAS 39 are recognised in the income statement in cost of sales. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement as financial items, except for hedges of net investments in subsidiaries, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk)
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in the income statement in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement in finance costs. For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedge item is derecognised, the unamortised fair value is recognised immediately in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as a finance item (unrealised) or operating income (realised). Amounts recognised as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. The group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. Refer to Note 9 and 19 for more details.

JOTUN GROUP - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 9 and 19 for more details.

16. Inventories
Inventories are recognised at the lowest of cost or net realisable value. The cost of inventories (raw materials) is determined using the weighted average cost method as an overall principle within the group. Finished goods include cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

17. 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.

18. 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 represent the majority of the group's pension plans.

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

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

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

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

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

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

19. 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. 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.

Restructuring provisions are recognised when the Jotun Group additionally has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

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.

20. Contingent liabilities and assets
Contingent liabilities (unless virtually certain) 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.

21. Events after the reporting period
New information on the company's financial position at 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 at the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

22. Standards issued but not yet effected
Implementation of standards in later years:

- IFRS 9 Financial instruments – Classification and Measurement, effective date 1 January 2013. IFRS 9 will have an effect on the classification and measurement of the group's financial asset.

- IFRS 10 Consolidated Financial Statements, effective date 1 January 2013. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Settlements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

- IFRS 11 Joint Arrangements, effective date 1 January 2013. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The group already apply the equity method accounting for joint ventures.

- IFRS 12 Disclosures of Interest with Other Entities, effective date 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- IAS 27 Separate Financial Statements, effective date 1 January 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. For the time being the group does not present separate financial statements.

- IAS 28 Investments in Associates and Joint Ventures, effective date 1 January 2013. As a consequence of the new IFRS 11 and IFRS 12, IAS 18 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in Joint Ventures in addition to associates.

- IAS 19 Employee Benefits (Amendment), effective date 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected return on plan assets to simple clarifications and re-wording. The group has applied policy to recognise actuarial gains and losses in OCI in the current period. The group is currently assessing the full impact of the remaining amendments.

NOTE 1
Payroll expenses

Payroll expenses are the total disbursements relating to remuneration of personnel employed by the group and of group officers. These expenses comprise direct salaries and holiday pay, fees to group officers, bonuses, pension costs and public taxes/charges relating to the employment of personnel. Any benefits in kind such as a company car, telephone or the like are reported for tax purposes as wages, but are presented as operating expenses according to the nature of expense.

WAGES AND OTHER SOCIAL COSTS

(NOK thousand)	2011	2010
Wages incl. bonuses	1 330 522	1 229 557
Social costs	156 446	147 121
Pension costs defined contribution plans 1)	90 095	77 666
Pension costs defined benefit plans 1)	22 221	-15 650
Other personell costs	75 538	91 641
Total salaries and personnel expense	**1 674 822**	**1 530 335**
Number of employees (FTE)	5 884	5 494

1) For detailed information about pension costs, see note 2.

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	3 584	1 594	184	452	5 814

The President & CEO and members of the Group Executive Board are 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 Executive Board are also part of a profit-dependent bonus system for the group management limited upward to 50 per cent of ordinary salary.

Should the empoyment of the President & CEO, he has a clause in his contract stipulating that one-year "competition quarantine" may be imposed with compensation.

Beyond this, Jotun has no obligation to give the President and CEO or the Chairman of the Board special remuneration upon discontinuance or change of the employment office. Jotun 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.

REMUNERATION TO THE BOARD OF DIRECTORS, CORPORATE ASSEMBLY

(NOK thousand)	Ordinary compensation	Bonus	Benefits in kind	Pension cost	Total
Board of Directors	2 308	-	-	-	2 308
Corporate assembly	161	-	-	-	161
Total	**2 469**	-	-	-	**2 469**

Shares owned by Board of Directors and Group Management are specified in note 12

EXTERNAL AUDITOR REMUNERATION

(NOK thousand)	2011	2010
Statutory audit	6 792	6 849
Other attestation services	108	344
Tax services	2 316	1 591
Other services	980	1 900
Total	**10 195**	**10 684**

NOTE 2
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 an agreed pension to the employee based on his or her final pay. The cost for the accounting periods shows the employees' pension entitlement of the agreed futures pension in the accounting year. The majority of Jotun'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. Contribution plans that are common to several companies and where the pension premium is determined independently of the demographic profile in the individual companies (multi-employer plans). Employees in the Jotun Group are mainly covered by pension plans that are classified as contribution plans. Costs associated with defined contribution plans are specified in note 1 Payroll expenses.

Defined benefit plans
The Jotun Group has pension plans that are classified as funded benefit plans and unfunded benefit plans, recognised in the groups balance sheet. A large part of the group's benefit plans are in Norway and UK. About 84 per cent of the total net obligation related to defined benefit plans as at 31 December 2011 are related to Norway and UK. For the pension plans with net assets all relates to Norway.

Norway
All schemes with net pension assets and the majority of the schemes with net pension obligations relate to the Norwegian companies. The schemes define a pension benefit of up to 60 per cent of final salary at retirement, limited up to 12 times the social security basic amount (G). 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 Norwegian National Insurance Scheme's basic amount (12G).

As a result of a contractual early retirement (AFP) scheme which was enacted into law by the Norwegian Parliament in February 2010, provisions relating to the old AFP scheme was reversed and recognised to the income statement in 2010.

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

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

Other serverance schemes
Obligations indicated under "Other severance schemes" (see below) comprise mainly statutory obligations to employees in its companies elswhere in the world. The obligations fall due for payment when employees leave a Jotun company. The size of the obligations depends 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. In countries where there is no deep market in such bonds (such as Norway), 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 recommendations in the various countries.

The mortality estimate is based on up-to-date mortality tables for the various countries (K2005 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 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 2012 is expected to be 37 million.

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

	2011	2010
Cash and cash equivalents	1%	1%
Bonds	44%	40%
Shares	43%	47%
Property	13%	12%
Total pension plan assets	**100%**	**100%**

ACTUARIAL ASSUMPTIONS	Norway		UK	
	2011	2010	2011	2010
Discount rate in %	2.6	4.00	4.7	5.5
Expected return in %	4.1	5.4	5.4	6.4
Wage adjustment in %	3.25-3.50	3.75-4.00	3.2	3.2
Inflation / increase in social security basic amount (G), in %	3.25	3.75	2.7	3.2
Pension adjustment in %	0.5-3.50	1.20-4.00	3.1	3.2

	Indonesia	
	2011	2010
Discount rate in %	7.00	10.00
Expected return in %	7.00	10.00
Wage adjustment in %	9.00	9.00
Inflation / increase in social security basic amount (G), in %	4.00	10.00

JOTUN GROUP	2011		2010	
(NOK thousand)	Schemes with net pension funds	Schemes with net pension obligations	Schemes with net pension funds	Schemes with net pension obligations
CHANGES IN PENSION OBLIGATIONS INCLUDING SOCIAL SECURITY				
Pension obligation at the beginning of the period	309 421	330 657	310 447	367 653
Translation difference at the beginning of the period	1 175	6 187	-	-5 879
Curtailment in future increase in wages	-	-8 186	-	-
Pension earning for the year	-	23 332	1 496	23 069
Interest cost on pension obligations	11 170	16 452	12 526	15 835
Re-allocated obligation due to new contractual-pension scheme (AFP)	-	-	-	-58 411
Actuarial loss/(gain)	18 719	15 715	6 928	13 132
Social security upon paying pension premiums	-959	-609	-976	3 718
Pension payments	-21 645	-27 341	-21 000	-28 460
Pension obligation at the end of the period	**317 881**	**356 207**	**309 421**	**330 657**
CHANGES IN PLAN ASSETS				
Plan assets at the beginning of the period	330 965	191 311	328 156	172 517
Conversion difference at the beginning of the period	-	5 292	-	-5 279
Expected return on plan assets	17 429	12 479	17 966	10 606
Actuarial (loss) / gain	-7 917	-7 023	-468	11 965
Payments in / (out)	5 263	13 963	6 311	13 995
Pension payments	-21 645	-13 154	-21 000	-12 493
Plan assets at the end of the period	**324 095**	**202 868**	**330 965**	**191 311**
RECONCILIATION OF PENSION LIABILITIES/ASSETS RECOGNISED IN THE BALANCE SHEET				
Net pension obligation - overfunded (underfunded)	6 214	-153 339	21 544	-139 346
Other severance schemes	-	-19 751	-	-21 474
Total pension assets (liabilities)	**6 214**	**-173 090**	**21 544**	**-160 820**
The period's pension costs including social security				
Pension earnings for the year	1 175	23 332	1 496	23 069
Interest cost for the pension obligations	11 170	16 452	12 526	15 835
Expected return on plan assets	-17 429	-12 479	-17 966	-10 606
Curtailment and settlements (AFP)	-	-	-	-40 004
Pension cost recognised in income statement	**-5 084**	**27 305**	**-3 944**	**-11 706**
Actuarial loss recognised in other comprehensive income (net of taxes)	**19 178**	**16 372**	**3 576**	**17 644**
Breakdown of net pension liabilities as of 31 December in unfunded and funded schemes				
Present value of funded pension obligations	-317 881	-269 040	-309 421	-241 340
Pension plan assets	324 095	202 868	330 965	191 311
Net funded pension assets	**6 214**	**-66 172**	**21 544**	**-50 029**
Present value of unfunded pension obligations	-	-106 918	-	-110 791
Capitalised net pension assets (liabilities)	**6 214**	**-173 090**	**21 544**	**-160 820**

NOTE 3
Other operating expenses and finance income/costs

OTHER OPERATING EXPENSES

(NOK thousand)	2011	2010
Manufacturing costs	244 139	216 962
Warehouse costs	100 269	98 395
Transport costs	270 710	259 368
Sales costs	751 057	696 526
Technical services	49 788	38 161
Warranty costs (see note 15)	16 020	-26 375
Research and development	67 200	64 690
Royalty	21 846	20 528
Restructuring cost	-	9 400
Other	304 033	315 721
Total	**1 825 061**	**1 693 374**

The Jotun Group present its income statement based on nature of the item of income and expense. "Other operating expenses" comprise operating expenses that are not releated 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.

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 general administration costs such as human resource management, procurement costs related to purchase of finished goods and non raw materials, and costs as IT, legal, finance, strategic planning, public affairs and general management.

FINANCE INCOME

(NOK thousand)	2011	2010
Interest income	7 920	12 589
Other financial income	91 535	41 483
Total finance income	**99 455**	**54 072**

FINANCE COSTS

(NOK thousand)	2011	2010
Faire value changes financial instruments	-1 760	1 671
Interst costs	-56 019	-40 406
Other financial costs	-104 401	-56 195
Total finance costs	**-162 180**	**-94 930**

NOTE 4
Income tax

Taxes refer to the authorities taxation of the profits of the different companies in the Group. Matters like value added tax, social security contribution etc. are not included in "taxes".

Taxes are computed on the basis of accounting profit / loss and broken down into current taxes and change in deferred tax liabiliy. Deferred tax liability is the result of timing differences between financial acconting and tax accounting.

INCOME TAX EXPENSE

(NOK thousand)	2011	2010
Tax payable	281 564	306 970
Changes in deferred tax	-33 073	29 550
Translation difference	10 159	1 295
Income tax expense	**258 650**	**337 815**

Tax payable for the year	255 202	260 184
Prepaid taxes	-69 019	-77 408
Withholding taxes receivable	-56 187	-32 933
Tax payable on previous years	20 880	6 411
Other tax payable	16 986	23 314
Corrections of previous years	19 570	-1 766
Total tax payable	**187 432**	**177 802**

A reconciliation of the effective rate of tax and the tax rate in Jotun A/S' country of registration:

(NOK thousand)	2011	2010
Pre-tax profit	892 955	1 199 016
Expected income taxes according to income tax rate in Norway (28 per cent)	242 064	328 575
Effect of credit deduction and corrections previous year	22 798	-15 671
Effect of permanent differences	13 990	37 864
Effect of goodwill impairment and other eleminations	-	6 193
Tax rate outside Norway other than 28 per cent	-20 202	-19 146
Income tax expense	**258 650**	**337 815**

Cont. NOTE 4
Income tax

DEFERRED TAX AND DEFERRED TAX ASSETS

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.

DEFERRED TAXES (NOK thousand)	2011	2010
Non-current assets	142 361	179 539
Current assets	39 894	-82 452
Liabilities	-560 453	-315 538
Tax losses carried forward	-66 065	-92 179
Other	-	-
Net temporary differences	**-444 263**	**-310 630**
Net recognised deferred tax liabilities	-14 106	-9 492
Net recognised deferred tax asset	142 755	111 031

The group has a total tax loss carried forward of NOK 330 million as at 31 December 2011, which gives a nominal deferred tax assets of NOK 107 million. The total capitalised amount is NOK 21 millions at 31 December 2011.

Tax reducing timing differences related to losses carried forward with corresponding tax assets:

(NOK thousand)	2011	2010
Loss carried forward	329 764	310 013
Calculated nominal value of deferred tax asset	106 511	99 336
Capitalised	21 358	19 271
Uncapitalised	85 154	80 065
Total	**106 511**	**99 336**

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

The deferred tax which is recognised directly in equity is related to:

(NOK thousand)	2011	2010
Loss on hedge of net investments	-6 015	-7 875
Gain from raw material hedging	-	1 176
Actuarial losses on defined benefit pension plans	-13 825	-8 252
Total	**-19 840**	**-14 951**

NOTE 5
Intangible assets

(NOK thousand)	Technology	Goodwill	Other	Development	Total
Book value 1 January 2010	2 344	24 428	47 037	-	**73 809**
Additions	88	-	9 721	29 585	**39 394**
Disposals	-	-	-54	-	**-54**
Write downs	-	-22 118	-	-	**-22 118**
Depreciation	-496	-	-7 726	-3 149	**-11 371**
Reclassification and corrections	-1 573	-2 409	-10 226	-	**-14 208**
Exchange differences	-7	98	140	-	**232**
Book value 31 December 2010	**356**	**-**	**38 893**	**26 436**	**65 685**
Book value 1 January 2011	356	-	38 893	26 436	**65 685**
Additions	11 140	-	24 081	36 161	**71 382**
Disposals	-	-	-1 886	-	**-1 886**
Write downs	-	-	-	-371	**-371**
Depreciation	-347	-	-13 256	-5 073	**-18 676**
Reclassification and corrections	606	-	21 582	-	**22 188**
Exchange differences	-4	-	-1	-	**-5**
Book value 31 December 2011	**11 752**	**-**	**69 413**	**57 153**	**138 318**
Initial cost 1 January 2011	98 705	294 796	95 321	29 585	**518 407**
Accumulated depreciation and write downs	-98 349	-294 796	-56 429	-3 149	**-452 722**
Book value 1 January 2011	**356**	**-**	**38 892**	**26 436**	**65 685**
Initial cost 31 December 2011	109 324	294 796	154 653	65 282	**624 055**
Accumulated depreciation and write downs	-97 572	-294 796	-85 241	-8 129	**-485 737**
Book value 31 December 2011	**11 752**	**-**	**69 412**	**57 153**	**138 318**

Amortisable intangible assets are amortised on a straight-line basis 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

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

Goodwill is not amortised, but tested yearly for impairment. Goodwill has been amortised based on a straight-line basis according to Norwegian GAAP prior to IFRS implementation.

Development costs are capitalised 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 capitalised include the cost of materials and direct labor. Capitalised development costs are amortised on a straight-line basis.

Product development in Jotun is carried out both in the Jotun R&D Centre in Norway, as well as in the regional R&D laboratories in Dubai, Malaysia, Thailand, 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 by launching highly efficient antifouling concepts (HPC), heat reducing powder and wet coating to be applied on buildings (Cool Shades and Jotashield Extreme) and 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. Lady Supreme Finish).
- Introducing more health friendly decorative paints (SENS and Majestic Ecohealth).
- Continuously substituting hazardous raw materials with less hazardous materials.

Within all segments Jotun 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. An important objective for using decorative products is beautification of your home; Lady Pure Color and Lady Effects are important innovations in that segment.

NOTE 6
Property, plant and equipment

(NOK thousand)	Land	Buildings	Electrical installation	Machinery, vehicles and equipment	Construction in progress	Total
Book value 1 January 2010	132 214	693 760	9 396	563 930	103 741	**1 503 041**
Additions	936	105 008	8 656	138 284	259 924	**512 807**
Disposals	-	-1 296	-	-11 964	-1 206	**-14 467**
Depreciation	-613	-71 191	-2 629	-153 235	35	**-227 634**
Reclassification and corrections	884	260	416	3 431	-7 242	**-2 252**
Exchange differences	5 907	18 502	317	20 502	1 482	**46 710**
Book value 31 December 2010	**139 327**	**745 043**	**16 155**	**560 947**	**356 733**	**1 818 204**
Book value 1 January 2011	139 327	745 043	16 155	560 947	356 733	**1 818 204**
Additions	41 733	84 852	2 100	217 683	449 274	**795 642**
Disposals	-1 663	-	-	-5 706	-	**-7 369**
Depreciation	-400	-60 016	-3 576	-164 534	-	**-228 526**
Reclassification and corrections	-6 209	104 002	2 882	-42 750	-109 231	**-51 306**
Exchange differences	-16	975	526	2 205	1 482	**5 172**
Book value 31 December 2011	**172 772**	**874 856**	**18 087**	**567 846**	**698 259**	**2 331 819**
Initial cost 1 January 2011	141 576	1 451 621	24 660	2 048 785	356 733	**4 023 375**
Accumulated depreciation and write downs	-2 250	-706 578	-8 505	-1 487 838	-	**-2 205 171**
Book value 1 January 2011	**139 327**	**745 043**	**16 155**	**560 947**	**356 733**	**1 818 204**
Initial cost 31 December 2011	174 887	1 624 971	31 459	2 136 465	698 258	**4 666 040**
Accumulated depreciation and write downs	-2 115	-750 115	-13 371	-1 568 619	-	**-2 334 220**
Book value 31 December 2011	**172 772**	**874 856**	**18 088**	**567 846**	**698 258**	**2 331 819**

Property, plant and equipment are depreciated on a straight line basis over the following lifetimes:

Asset category	**Useful life**
Land	infinite
Buildings	20-33 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.

A major part of the amount under "Construction in progress" relates to factory projects in Norway, US and China (Zhangjiagang). This mainly consists of production facilities and warehouses. These projects will be ready within summer 2012.

NOTE 7
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.	Pune	India	INR	1 959 190	71 439 000	1 959 190	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 000	44 702	93.13
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
Jotun Paints (Europe) Ltd.	Flixborough	England	GBP	7 500	7 500 000	7 500	100.00
Jotun Paints (HK) Ltd.	Hong Kong	China	HKD	115 876	110 334 615	115 876	100.00
Scanox AS	Drammen	Norway	NOK	4 000	20 000	4 000	100.00
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	8 675	172 000	8 600	99.14
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 Australia Pty. Ltd.	Melbourne	Australia	AUD	11 550	16 050 001	11 550	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	THB	84 000	84 000	80 186	95.46
Jotun Do Brasil Imp. Exp. & Industria de Tintas Lda.	Rio de Janeiro	Brazil	BRL	27 163	12 163 200	27 163	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	3 000	115 000	3 000	100.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	37 719	110	37 719	100.00
Jotun Paints Inc.	Belle Chasse	USA	USD	42 600	100	42 600	100.00
Jotun Italia S.p.A.	Trieste	Italy	EUR	2 632	509 099	2 632	100.00
Jotun Singapore Pte. Ltd.	Singapore	Singapore	SGD	4 399	6 000 000	4 399	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 Paints (Vietnam) Co. Ltd.	Ho Chi Minh City	Vietnam	USD	2 309	-	2 309	100.00
Jotun (Deutschland) Gmbh	Hamburg	Germany	EUR	614	1 200	512	83.33
Jotun FZE	Dubai	U.A.E	AED	4 000	4	4 000	100.00
Jotun Pakistan (Private) Limited	Karachi	Pakistan	PKR	146 124	2 761 349	146 124	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 Paints OOO	St. Petersburg	Russia	RUB	106 555	17 000	106 555	100.00
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	11 435	334	97.40
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	6 600	3 300	100.00
Jotun Algerie S.A.R.L	Aknoun	Algerie	DZD	40 000	4 000	28 000	70.00
Jotun France S.A.	Paris	France	EUR	320	16 000	320	100.00
Jotun Philippines Inc	Manila	Phillipines	PHP	15 464	15 464	15 464	100.00
Jotun Maroc SARL AU	Casablanca	Maroc	MAD	2 000	20 000	2 000	100.00
Jotun Insurance Cell	St. Peterport	Guernsey	GBP	121	1	121	100.00
Jotun (Cambodia) LTD	Phnom Penh	Cambodia	KHR	791 045	1 000	791 045	100.00
Jotun Kazakhstan LLP	Almaty	Kazakhstan	KZT	29 350	1	29 350	100.00
Jotun Romania SRL	Constanta	Romania	RON	640	64 000	640	100.00
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 7
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 Toz Boya San ve .Ticaret A.S.	Istanbul	Turkey	TRY	23 600	23 600 000	23 600	100.00
Jotun Powder Coatings (Thailand) Ltd.	Bangkok	Thailand	THB	9 000	9 000	9 000	100.00
Jotun Powder Coatings (CZ) a.s.	Usti nad Labem	Czech Republic	CZK	128 000	12 800	128 000	100.00
Jotun Powder Coatings (M) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	1 950	1 950 933	1 572	80.60
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	175 990	6 000 000	164 023	93.20
Jotun Powder Coatings (India) Private Ltd.	Mumbai	India	INR	68 600	6 860 000	68 600	100.00
Jotun Powder Coatings Ltd.	Flixborough	England	GBP	700	1 000 000	700	100.00
Jotun Powder Coatings Bulgaria Ltd.	Sofia	Bulgaria	EUR	3	-	3	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	300	300	270	90.00
Other holdings Jotun Powder Coatings AS							
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.	Belle Chasse	USA	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	300	300	30	10.00
Jotun Singapore Pte Ltd							
P.T Indonesia	Jakarta	Indonesia	IDR	56 283 850	-	605 555	0.90

The voting interest corresponds to the share interest.

NOTE 8
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.

JOTUN GROUP TOTAL OVERVIEW INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	2011			2010		
(NOK thousand)	Associated companies	Joint Ventures	Total	Associated companies	Joint Ventures	Total
Carrying amount 01.01	473 084	378 811	851 893	493 488	298 016	791 504
Net profit / (loss) 2011	197 400	67 602	265 002	223 272	100 186	323 458
Exchange differences	32 197	20 309	52 506	-3 539	11 619	8 080
Dividend	-199 157	-23 310	-222 467	-242 355	-31 012	-273 366
Stock increase	-	-	-	2 217	-	2 217
Other equity changes	-1 182	160	-1 022	-	-	-
Carrying amount 31.12	**502 342**	**443 572**	**945 912**	**473 084**	**378 811**	**851 893**

Cont. NOTE 8
Investments in associated companies and joint ventures

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. (LLC)	Jotun Abu Dhabi Ltd.	Jotun Powder Coat. Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd.	Total
Country	Saudi Arabia	Saudi Arabia	Yemen	U.A.E.	U.A.E.	Saudi Arabia	Saudi Arabia	
Ownership interest	40.0 %	40.0 %	34.4 %	41.5 %	51.6 %	46.6 %	47.0 %	
Carrying amount 31.12.2010	19 563	152 058	1 960	161 570	71 189	29 965	36 781	**473 084**
Net profit / (loss) 2011	1 220	68 304	-530	68 766	46 661	5 054	7 925	**197 400**
Exchange differences	726	11 273	392	10 974	5 739	1 203	1 891	**32 197**
Dividend	-1 282	-69 843	-	-78 244	-34 432	-4 098	-11 258	**-199 157**
Stock increase	-	-	-	-	-	-	-	**-**
Other equity changes	-	-1 164	-	-	-	-18	-	**-1 182**
Carrying amount 31.12.2011	**20 228**	**160 627**	**1 822**	**163 066**	**89 157**	**32 105**	**35 338**	**502 341**

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

(NOK thousand)	Red Sea Paints Co. Ltd.	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (LLC)	Jotun Abu Dhabi Ltd.	Jotun Powder Coat. Saudi Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd.
Assets	98 807	461 759	15 257	550 205	247 763	102 760	162 057
Liabilities	48 238	60 191	9 967	154 659	74 979	33 866	82 172
Equity	50 569	401 567	5 290	395 546	172 784	68 894	79 884
Revenues	-	816 844	12 746	906 044	427 411	169 033	247 536
Profit / (loss) for the year	3 050	170 759	(1 530)	189 777	90 429	10 845	19 893

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 Coat. (Guangzhou) Ltd	Jotun COSCO Marine Coatings (Qingdao) Co	Jotun COSCO Marine Coatings (HK) Ltd.	Total
Country	South Korea	China	China	Hong Kong	
Figures bases on ownership	50.0 %	50.0 %	50.0 %	50.0 %	
Carrying amount 31.12.2010	161 219	86 131	37 031	94 430	**378 811**
Net profit / (loss) 2011	22 157	16 596	16 604	12 245	**67 602**
Exchange differences	432	8 690	3 885	7 302	**20 309**
Dividend	-23 310	-	-	-	**-23 310**
Stock increase	-	-	-	-	**-**
Other equity changes	-	-	160	-	**160**
Carrying amount 31.12.2011	**160 498**	**111 417**	**57 680**	**113 977**	**443 572**

Cont. NOTE 8
Investments in associated companies and joint ventures

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

(NOK thousand)	Chokwang Jotun Ltd.	Jotun COSCO Marine Coat. (Guangzhou) Ltd	Jotun COSCO Marine Coatings (Qingdao) Co	Jotun COSCO Marine Coatings (HK) Ltd.
Assets	919 561	534 188	1 069 207	442 858
Liabilities	598 565	311 355	739 124	139 100
Equity	320 995	222 833	330 082	303 758
Revenues	1 098 223	931 865	2 021 407	419 764
Net profit / (loss) for the year	44 315	33 191	33 209	24 490

Jotun Group holds 33.4 per cent of the shares in Nor-Maali Oy. This investment is classified as other investments. The equity method is not used since the Jotun Group does not have significant influence of the company. Nor-Maali OY is not complying with Jotun Group's reporting requirements and basis for using equity method is not present.

NOTE 9
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.

2011 (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			-			168 890	168 890	
Total			**8 248**	**-**	**-**	**168 890**	**177 138**	-
Current assets								
Accounts receivable	11					2 522 454	2 522 454	
Other current receivables	11					418 084	418 084	
Current derivatives			930				930	
Cash and cash equivalents						617 923	617 923	
Total			**930**	**-**	**-**	**3 558 461**	**3 559 391**	-
Total financial assets			**9 178**	**-**	**-**	**3 727 351**	**3 736 529**	**-**
Non-current liabilities							-	
Non-current financial liabilities	13.19	2			4 067		4 067	4 067
Total			-	-	4 067	-	**4 067**	**4 067**
Current liabilities								
Current financial liabilities	14				1 451 219		1 451 219	1 451 219
Accounts payable	15				1 341 027		1 341 027	
Current derivatives			24 656	12 119			36 775	
Total			**24 656**	**12 119**	**2 792 246**	-	**2 829 021**	**1 451 219**
Total financial liabilities			**24 656**	**12 119**	**2 796 313**	**-**	**2 833 088**	**1 455 286**

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)

2010 (NOK thousand)	Note	Measure-ment level	Financial instru-ments at fair value through statement of income	Financial instru-ments at fair value through other compre-hensive income	Financial liabilities measured at amortised cost	Deposits and receivables	Total	Of this interest-bearing
Non-current assets								
Share investments		3	15 939				15 939	
Non-current financial receivables						138 157	138 157	
Total			**15 939**	**-**	**-**	**138 157**	**154 096**	**-**
Current assets								
Accounts receivable	11					2 046 177	2 046 177	
Other current receivables	11					437 710	437 710	
Current derivatives			21 673	9 400			31 073	
Cash and cash equivalents						716 552	716 552	
Total			**21 673**	**9 400**	**-**	**3 200 439**	**3 231 512**	**-**
Total financial assets			**37 612**	**9 400**	**-**	**3 338 596**	**3 385 608**	**-**
Non-current liabilities							-	
Non-current financial liabilities	13.19	2			10 783		10 783	10 783
Total			**-**	**-**	**10 783**	**-**	**10 783**	**10 783**
Current liabilities								
Current financial liabilities	14				682 248		682 248	682 248
Accounts payable	15				1 087 872		1 087 872	
Current derivatives			20 802				20 802	
Total			**20 802**	**-**	**1 770 120**	**-**	**1 790 922**	**682 248**
Total financial liabilities			**20 802**	**-**	**1 780 903**	**-**	**1 801 705**	**693 031**

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)

Financial investments consist of 33.4 per cent of the shares in Nor-Maali OY.

NOTE 10
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)	31.12.11	31.12.10	1.1.10
Raw materials at cost	809 051	642 611	471 492
Finished goods at cost	1 030 401	855 478	680 571
Total	**1 839 452**	**1 498 089**	**1 152 062**

Total allowance for obsolete inventories at year end is 56 278 (2010: 49 699).

NOTE 11
Receivables

(NOK thousand)	31.12.11	31.12.10	1.1.10
Accounts receivables	2 522 454	2 046 177	1 653 635
Bank receivables	55 971	65 373	-
Other receivables	362 113	372 337	284 761
Total receivables	**2 940 538**	**2 483 887**	**1 938 396**

Bank receivables consists 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 receivables. Realised losses for bad debt are classified as other operating expenses in the income statement.

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

(NOK thousand)	31.12.11	31.12.10	1.1.10
Allowances for bad debt as of 1.1.	167 038	172 209	173 136
Allowances for bad debt made during the period	5 953	28 278	36 726
Realised losses for the year	-26 539	-33 449	-37 653
Total allowances for bad debt per 31.12.	**146 452**	**167 038**	**172 209**

Credit risk and foreign exchange risk regarding accounts receivable is discussed in note 19.

Aging of accounts receivables as of 31.12. was as follows:

	Total	Not due	Less than 30 days	Overdue		More than 90 days
(NOK thousand)				30-60 days	60-90 days	
2011	**2 300 868**	1 309 649	460 616	148 194	88 040	294 370
2010	**1 970 242**	1 114 624	393 285	127 309	73 740	261 284

NOTE 12
Share capital, shareholder information and dividend

The share capital in Jotun A/S as of 31 December 2011 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**		**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.

Dividend
The board of Directors proposes that an ordinary dividend of NOK 1 500 per share be paid out, totalling NOK 513 million.

OWNERSHIP STRUCTURE

The number of shareholders as of 31 December 2011 was 599. The largest shearholders were:

Shareholders	A-shares	B-shares	Total	Share interest in %	Voting interest in %
Lilleborg AS	42 000	103 446	**145 446**	42.5	38.3
Odd Gleditsch AS	11 417	36 894	**48 311**	14.1	11.0
Mattisberget AS	25 050	86	**25 136**	7.3	18.3
Leo Invest AS	2 988	8 184	**11 172**	3.3	2.8
Abrafam Holding AS *	3 368	3 815	**7 183**	2.1	2.7
BOG Invest AS *		6 750	**6 750**	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 *		5 234	**5 234**	1.5	0.4
Bjørn Ekdahl	1 872	3 281	**5 153**	1.5	1.6
Odd Gleditsch Jr.	4 681	43	**4 724**	1.4	3.4
Live Invest AS	4 055	547	**4 602**	1.3	3.0
Kofreni AS *	131	4 094	**4 225**	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	**102 631**	**199 147**	**301 778**	88.2	89.6
Total others	11 369	28 853	**40 222**	11.8	10.4
Total number of shares	**114 000**	**228 000**	**342 000**	100	100

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	8 216	**8 243**
Einar Abrahamsen	Member of the board	3 368	3 817	**7 185**
Richard Arnesen	Member of the board	1 862	3 128	**4 990**
Nicolai A. Eger	Member of the board	1 110	5 184	**6 294**
Birger Amundsen	Member of the board	-	2	**2**
Olav Christensen	Chairman of the corporate assembly	3 011	2 355	**5 366**
Bjørn Ole Gleditsch	Member of the corporate assembly	26	10 429	**10 455**
Anne Cecilie Gleditsch	Member of the corporate assembly	5	8 709	**8 714**
Kornelia Eger	Member of the corporate assembly	100	271	**371**
Nils Petter Ekdahl	Member of the corporate assembly	1 872	815	**2 687**
Terje V. Arnesen	Member of the corporate assembly	-	1	**1**
Morten Fon	CEO	8	18	**26**
Ben Guren	CFO	-	5	**5**
Bård K. Tonning	Head of Jotun Dekorativ	-	3	**3**
Erik R. Aaberg	Head of Jotun Paints	-	15	**15**
Esben Hersve	Head of Jotun Coatings	-	4	**4**

There are no options for share acquisitions.

*The majority of the shares in following companies are owned by;
Hejo Holding AS owned by Odd Gleditsch d.y.
Abrafam Holding AS owned by Einar Abrahamsen
Kofreni AS partly owned by Nicolai A. Eger
BOG Invest AS owned by Bjørn Ole Gleditsch
ACG AS owned by Anne Cecilie Gleditsch

NOTE 13
Long-term debt

LONG-TERM INTEREST-BEARING DEBT			Carrying amount		
(NOK thousand)	Effective interest rate in %	Maturity date	31.12.11	31.12.10	01.01.10
Bank debt secured	4	2012-2017	3 521	46 589	45 142
Bank debt unsecured	4	2012-2017	46 169	45 989	66 408
Total long-term interest-bearing debt			**49 690**	**92 578**	**111 550**
First year's repayments on long-term debt		2012	-45 623	-81 795	-276
Total long-term interst-bearing debt excluding first year's repayments			**4 067**	**10 783**	**111 274**

The rate of interest is a calculated weighted average.

REPAYMENT PROFILE

(NOK thousand)	Total	2012	2013	2014	2015	2016	Thereafter
Bank debt	**49 690**	45 623	816	541	351	299	2 060

Bank debt is partly secured by pledged group assets as land, buildings, machinery, plants, stock of goods and trade receivables. Carrying value of total assets pledged as security per 2011 is NOK 100 mill for short-term and long-term debt.

(NOK thousand)	31.12.11	31.12.10	01.01.10
Long-term non-interst-bearing debt	**28 415**	19 843	20 269

Long-term interest-bearing debt includes retirement and termintation pay liabilities and other liabilities related to operations.

NOTE 14
Short-term loans

SHORT TERM DEBT	Carrying amount		
(NOK thousand)	31.12.11	31.12.10	01.01.10
Bank debt, secured	2 610	361	2 566
Certificate loans and creditline facilities, unsecured	1 402 986	600 092	410 262
Bank debt, short term	1 405 596	600 453	412 828
Short-term part of long-term debt	45 623	81 795	276
Total short-term interest bearing debt	**1 451 219**	**682 248**	**413 104**

Interest bearing short-term loans consist of four certificate loans of NOK 700 mill total with maturity dates within the first four months of 2012. These certifiate loans represents the increase in short-term loans from 2010 to 2011. Remaining part of short-term loans are credit line facilities with yearly renewal. Average maturity of these loans is six months. The group's short-term loans are backed by long-term credit facilities of NOK 1 400 mill. For futher information see note 19.

Bank debt is partly secured by pledged group assets as land, buildings, machinery, plants, stock of goods and trade receivables. Carrying value of total assets pledged as security per 2011 is NOK 100 mill for short-term and long-term debt.

NOTE 15
Other current liabilities

OTHER CURRENT LIABILITIES	Carrying amount		
(NOK thousand)	31.12.11	31.12.10	01.01.10
Trade accounts payables	1 341 027	1 087 872	807 315
Public charges and holiday pay	133 985	119 549	136 765
Tax payable	187 432	177 802	111 223
Provisions for claims	40 659	64 872	118 696
Prepaid dividend	96 170	411 467	378 558
Other accrued expenses	486 175	217 051	104 207
Total other current liabilities	**2 285 448**	**2 078 613**	**1 656 764**

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

NOTE 16
Provisions

PROVISIONS 2011			
(NOK thousand)	Restructuring provisions	Other provisions	Total provisions
Balance sheet 1 January 2011	55 563	52 395	107 958
Additions 2011	-	109 847	109 847
Utilised 2011	-9 587	-52 395	-61 982
Non-current provisions 31 December 2011	**45 976**	**109 847**	**155 823**

PROVISIONS 2010			
(NOK thousand)	Restructuring provisions	Other provisions	Total provisions
Balance sheet 1 January 2010	55 790	51 056	106 846
Additions 2010	26 773	17 000	43 773
Utilised 2010	-27 000	-15 661	-42 661
Non-current provisions 31 December 2010	**55 563**	**52 395**	**107 958**

Restructuring provisions
Long-term provisions for restructuring are related to close-down of plants in Norway and in Singapore. For all restructuring provisions detailed plans have been made and implemented. In accordance with the restructuring plans most of the costs will incur in the period 2013-2014. Only minor activities related to the restructuring will take place in 2012.

Other provisions
The major part of other provisions covers constructive obligations for environmental clean-up. Pre-studies and analysis of relevant areas have been undertaken to reliably estimate the provisions that have been recognised. The clean-up activities will intentionally start in 2013-2015 and continue until 2018.

NOTE 17
Contingent liabilities

Disputes and claims
Jotun is 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 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.

NOTE 18
Contractual obligations and guarantees

Purchase obligations
The group's contractual purchase obligations are mainly related to investments in new plants and buildings. The new plants in Norway and China, the warehouse in USA will be completed in 2012.
For expansion projects in Brazil, Pakistan and Libya contractually committed capex is insignificant per 31 December 2011.
The actual commitment related to purchase contracts for ongoing investment projects is estimated to be NOK 256 mill per 31 December 2011. For purchase of raw materials there are no actual commitments for the group. In general these contracts can be terminated without penalties.

Sales obligations
The Jotun Group has several sales contracts that are material for each entity. These contracts are mainly related to the Coatings division and protective or marine business. The products are often considered to be commodities 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 approx NOK 35 mill.

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 1 206 mill in 2011. Guarantees covering tax withholding and other guarantees for subsidiaries amounts to approx NOK 85 mill.

NOTE 19
Financial 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. The Jotun Group uses financial instruments to reduce risks in accordance with the group's Treasury policy.

The responsibility for managing financial risk within the group is divided between the individual operational entities and group level, which manages risk related to centralised activities like funding and currency risk management.

Centralised risk management
Jotun has a central Group Treasury. Its most important tasks is to ensure the group's financial flexibility in the short and long term, and to monitor and manage financial risk in cooperation with individual operational entities. The guidelines for the group Treasury are stated in the group's Treasury policy which is approved by the Board of Directors. The Group Treasury acts as the internal bank for the group and is responsible for, and executes, all major external funding and hedging transactions relating to currency rate hedging. Debt and treasury positions are managed in a non-speculative manner, such that all transactions in financial instruments are matched to an underlying business requirement.

Financial risks within each operating entity
Each company in Jotun shall handle its own currency risk and risk related to raw material price movements. Hedging of these exposures shall be based on a local Finance policy approved by the local Board of Directors and also approved by Jotun A/S, and be in accordance with the Treasury Policy. All local hedging activity is monitored by Group Treasury, and a majority of the hedging instruments are executed by Group Treasury on behalf of the local entities.

CATEGORIES OF FINANCIAL RISKS AND RISK POLICIES FOR THE GROUP

Currency risk on net investments
As NOK is the functional currency for Jotun A/S and the presentation currency for the group is exposed to currency translation risk for net investments in foreign operations.

Jotun's policy is to hedge a portion of the net investment reflecting the most liquid part of it, an amount equal to the expected inflow of dividend and royalty for the next 16 months. The policy is to hedge 80-100 per cent of the expected inflow the next 8 month and 0-40 per cent of the expected inflow the following 8 months.

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. Jotun has a policy to hedge against this effect, in companies where the effect is significant. The policy is to hedge 80-100 per cent of the risk in currency cash flows the next 8 month and 0-40 per cent of the cash flow risk the following 8 months.

Interest rate risk
Jotun Group has low net interest bearing debt with 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
The most important goal of Jotun's Treasury policy is to ensure that the group has sufficient financial flexibility in the short and long term to achieve its strategic and operational objectives. Jotun's policy is to have sufficient unutilised, long-term, committed credit facilities to cover expected financing need, including loans that fall due, over the next 12 months, as well as a strategic reserve. The strategic reserve shall be 5 per cent of the consolidated sales. This means that Jotun's credit facilities are normally refinanced one year before maturity. Commercial papers are used as a source of liquidity when conditions in these markets are competitive compared to drawing on committed long-term credit facilities.

Cash flow from operations has seasonal cycles, especially for Dekorativ Scandinavia. Through the winter and spring there is a substantial build up of working capital as a preparation for the summer sales season. This is an expected cyclical movement and is taken in to account when planning the financing. Other drivers for the liquidity development are the investments in new factories and changes in the tied up working capital in the individual companies other than Dekorativ Scandinavia. Investments are financed mostly from Jotun A/S and the cash flows are predictable as the financing for each project is planned well in beforehand. Working capital movements are a mix of companies in a lot of different countries and levels out over time. In average Jotun companies has a working capital at about 32 per cent of sales.
In order to further reduce refinancing risk, Jotun has a policy to distribute maturities of loans and credit facilities evenly.

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.

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 Jotun is viewed to be well diversified.

The losses on accounts receivables have been insignificant through Jotun's history.

Jotun has no general policy for credit risk insurance. Individual companies can insure their risk based on local circumstances.
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.

Price risk on input factors
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 can not be compensated immediately in the product prices, and in the period until product prices can be increased, the profit will suffer. It is important to notice though, that in the last two years when raw material prices have increased substantially, Jotun has still managed to maintain a healthy profit.

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.

Only two raw material prices are hedged, namely Copper and Zinc price. Copper and Zinc accounts for around 10 per cent of the total raw material purchase in the group. There exists a liquid market for price derivatives, with London Metal Exchange as the leading market place for pricing. The policy is to hedge a certain percentage of expected purchases of metals.

SENSITIVITY ANALYSIS

Currency risk on net investments
Net investments in foreign currencies is calculated to NOK 5 374 mill. For the purpose of calculating the underlying risk, we have summed up the equity and internal loans for all foreign entities and adjusted for Jotuns ownership share in each of the companies. A majority of the equity stems from companies in the Middle East (USD pegged currencies) and the rest of Asia, where China and Korea are significant. CNY is partly pegged to the USD. In the overall picture the equity of Jotun has historically had a strong correlation to USD.

A 10 per cent strengthening of the NOK against all currencies would result in a reduction of equity of NOK 537 mill.

A 10 per cent currency effect would decrease the equity, but also decrease the value of the total assets. The effect on the equity ratio would be negligible.

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 major currency involved is USD. Most purchases of raw material are made in USD and in some of the market segments like the marine industry the sales are made in USD. Summing up the net USD exposures in all individual companies the net USD exposure is relatively small. The amount of USD raw material purchase is close to the amount of USD sales in total. Movements in USD against all the local currencies have only a small impact on the net results of Jotun.

Still, when all local sales and profit figures are converted to NOK in the monthly reporting there is a translation effect in the NOK numbers. This reflects the currency movement between NOK and all the relevant Jotun currencies.

Looking at Sales and Operating profit, we have the following distribution between NOK and currency:

(NOK mill)	Total	Of which in currency	Translation effect of 10% currency change
Sales 2011	10 659	7 928	793
Operating profit 2011	956	795	79

Translating local currency figures into NOK, a 10 per cent currency change gives an impact on the sales figures and the Operating profit figures on NOK 793 mill and NOK 79 mill respectively. The profit margin impact is only marginal, since the change occurs both in the Operating profit and in the sales figure.

Liquidity risk
Jotun had long term credit lines amounting to NOK 1400 mill covering expected and planned financing needs including a contingency financing of 5 per cent of consolidated turnover (NOK 500 mill).

The credit lines has the following maturity:

(NOKmill)	2012	2013	2014	2015	2016	Total
Maturity	-	-	600	400	400	**1 400**

In addition to the NOK 1 400 mill in unused credit lines, Jotun A/S has NOK 25 mill in bank overdraft facility. Additional NOK 600 mill with maturity in 2015 have been added to the total credit facility based on an agreement of 5 January. Total unused credit facility is therefore NOK 2 000 mill as of 5 January 2012.
Jotun has the following covenants in its credit line agreements:

	Required level (Covenant)	Status year end 2011
Equity ration	Minimum 25%	52.2%
Net debt/ EBITDA*	Maximum 4.0	0.47

*)EBITDA = Operating Profit before amortisation and depreciation

Based on this the liquidity risk is regarded as small.

Credit risk
Receivables from customers amounted to NOK 2 522 mill at year end 2011 in the consolidated accounts. A 10 per cent loss would imply NOK 252 mill. Jotuns has had a loss of 1.6 per cent of outstanding accounts in average per year over the last 5 years.

Interest rate risk
Based on the year end net debt situation, with a year end net debt of NOK 837 mill a 2 per cent interest will give an increase in yearly interest cost of NOK 16,7 mill. Based on the 2011 average net debt level, with an average net debt of NOK 516 mill a 2 per cent interest will give an increase in yearly interest cost of NOK 10,3 mill.

Price risk on input factors
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.

(NOK mill)	2011 figures	Effect of 10% change in raw material prices
Cost of goods sold	6 221	622

The effect takes into account only the cost side. Over time Jotun will be able to adjust sales prices to compensate for a change in raw material prices. The net effect will be less than in the sensitivity analysis.

HEDGING EFFECTS 2011

Hedging of net investments in foreign operations
Net investments is defined as invested share capital in partially or wholly owned companies and long term internal loans from Jotun A/S.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2011
Net investment hedging					
USD fwd/options	199.4	-11.3	-10.9	-0.4	18.2
Other currencies fwd	22.0	-0.8	-0.8	-	0.5
Total	**221.3**	**-12.1**	-11.7	-0.4	18.7

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2010
Net investment hedging					
USD fwd/options	258.5	8.7	6.1	2.6	6.9
Other currencies fwd	73.5	0.7	0.9	-0.2	-0.8
Total	**332.0**	**9.4**	7.0	2.4	6.1

Hedges at a total of NOK 221,3 million have been made by the end of 2011 (calculated at original rates). Unrealised gain/loss on the financial instruments is based on a market evaluation at period end compared to original rates.
Total net investments in foreign currency were NOK 5 374 mill at year end, and the hedging amounted to 4.1 per cent of net investments. For the purpose of calculating the underlying risk, we have summed up the equity and internal loans for all foreign entities and adjusted for Jotuns ownership share in each of the companies.

Hedging operational cash flows
The group has operational foreign exchange income and costs (product sale and purchases) which are hedged according to the group's policy.
The group operates in a joint hedging programme in Jotun A/S (companies in Norway, Sweden, Denmark and the UK), as well as by individual companies hedging locally.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2011
Hedging of income					
USD fwd and options	114.2	-6.4	-6.2	-0.2	21.9
Other curr. fwd and opt	74.8	-1.1	-0.8	-0.2	2.5
Total	**189.0**	**-7.4**	**-7.0**	**-0.4**	**24.4**
Hedging of costs					
EUR fwd and options	398.1	-2.9	-2.5	-0.4	-15.2
Other curr. fwd and opt	21.8	0.9	0.9	-	-6.7
Total	**419.9**	**-2.1**	**-1.6**	**-0.4**	**-21.9**
Total Cash Flow hedging	**608.9**	**-9.5**	**-8.7**	**-0.8**	**2.6**

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2010
Hedging of income					
USD fwd and options	54.5	4.9	4.3	0.6	4.4
Other curr. fwd and opt	69.9	0.2	-0.4	0.6	-1.1
Total	**124.5**	**5.1**	**3.9**	**1.2**	**3.3**
Hedging of costs					
EUR fwd and options	438.8	-16.4	-12.2	-4.1	-13.3
Other curr. fwd and opt	96.2	-4.3	-2.8	-1.5	-5.2
Total	**535.0**	**-20.7**	**-15.1**	**-5.6**	**-18.4**
Total Cash Flow hedging	**659.5**	**-15.6**	**-11.2**	**-4.4**	**-15.1**

The table shows joint hedging of the group's cash flows. This hedging is operated by the Group Treasury. In addition some companies operates their own hedging programmes. The only significant programme in 2011 was Chokwang Jotun, a joint venture not consolidated in the group accounts.

Hedging of investment cost of new factory at Vindal in Sandefjord, Norway
In addition to hedging of operational cash flows, hedging have also been made for investment cost at the new Vindal factory.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2011
EUR fwd	5.1	0.1	0.1	-	-6.3

Hedging of short term loans to subsidiaries
As part of the cash flow hedging Jotun also performs hedging of short term internal loans and repayment of long term loans within the next 12 months. In 2011 hedges was made for short term loan to Thailand and first instalment for long term loan from Chokwang Jotun (Korea). At year end only hedging of the instalment from Chokwang Jotun (Korea) is active.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2011
Loan hedging	21.9	-0.5	-0.5	-	5.3

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2010
Loan hedging	70.5	-0.1	-0.1	-	2.7

Realised and unrealised loss/gain of the hedges is brought to the group's financial result. Realised and unrealised currency loss/gain on short term loans is equally brought to the financial result.

Hedges on raw material prices
The group has made financial price hedges for zinc and copper prices based on estimated demand relating to signed contracts for the sale of paint products. The table below shows hedging in The group's based on agreed raw material prices and USD exchange rate at 31 December 2011.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2011
Metals					
Hedging of copper	74.4	-8.4	-6.3	-2.1	8.6
Hedging of zinc	38.5	-5.4	-3.5	-1.8	-0.3
	112.9	**-13.7**	**-9.8**	**-3.9**	**8.3**

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity Mat 0-6m	Maturity Mat 6-12	Realised effects 2010
Metals					
Hedging of copper	67.6	13.1	10.4	2.7	4.4
Hedging of zinc	29.4	3.5	1.8	1.7	2.3
	97.0	**16.6**	**12.2**	**4.4**	**6.6**

The table shows joint hedging of the group's metal price exposure. This hedging is operated by the Group Treasury. In addition two companies operate their own hedging programmes, Jotun COSCO Marine Coatings (HK) and Chokwang Jotun. These are joint ventures not consolidated in the group's accounts.

Market value:
Market value information is gathered from:
*Reuters 31 December 2011 and estimates generated by Jotun's financial system CRM.
*Hedging of raw materials in Jotun A/S: Information from London Metal Exchange, official fixing.
*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.

ACCOUNTING OF HEDGING INSTRUMENTS

Hedging of net investments in foreign operations
The group apply hedge accounting for net investment hedging. The realised effects from Dividend hedging are booked as a part of the Financial result, while realised effect from Royalty is booked as a part of the Operational result. The unrealised effect recognised in other comprehensive income.

Hedging operational cash flows
The group does not apply hedge accounting for operational cash flow hedging. The realised effects are recognised in cost of sales. The unrealised effects are booked as part of financial items.

Hedging of investment cost at Vindal
The group does not apply hedge accounting for project investment hedging. The EUR cost related to the building of the Vindal factory is hedged. The unrealised effect is booked as a part of net finance, while the realised effects are capitalised as a part of the project investment.

Hedging against price risk on raw materials
The group does not apply hedge accounting for raw material hedging. The realised effect is booked as part of the Operational result. The unrealised effects are recognised in financial items.

NOTE 20
Leases

(NOK thousand)	2011	2010
Operating lease expenses		
Machinery, vehicles and equipment	31 697	15 885
Factory, premises and buildings	17 485	24 887
Land	117	199
Cost current year	**49 299**	**40 971**
Overview of future minimum lease payments related to operating leases:		
Cost next year	42 433	40 971
Cost next 2-5 years	71 438	68 977
Cost after 5 years	21 183	20 453
Future minimum lease payments	**135 054**	**130 401**

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. Finance leases are capitalised. There are no capitalised finance leases per 2011.

NOTE 21
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 2011 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 8, subsidiaries are presented in note 7 and share capital, shareholder information and dividend is presented in note 12. The transactions between related parties are purchases and sales of finished goods, raw materials and technical service. Joint expenses are distributed in accorance with agreed cost contribution arrangement. Internal trading within the group is carried out in accordance with arms length principles.

For raw materials normal process for producing entities is to call off volumes on frame agreements entered into at corporate level. Regularly raw materials are sold within the group (from large to small entities), but the majority of raw material supplies comes directly from external suppliers. Sales transactions between the group and joint ventures and associates are mainly related to sales of finished goods from producing units to non-producing units. Other situations can be levelling of stock between entities and coordination of deliveries to customers around the world. Prices are based on fixed intercompany price lists. The consolidated group has also lendings to joint venture companies mainly in China and in Korea. Volume of these transactions are shown in table below.

Related parties (NOK thousand)	Sales to	Purchase from	Loan to	Interests on loans to	Amounts due to	Amounts receivables from
Joint ventures	1 146 075	267 630	143 252	5 459	57 916	324 374
Associates	78 413	188 279	10 377	-	62 545	42 201
Total	**1 224 488**	**455 909**	**153 629**	**5 459**	**120 461**	**366 575**

Beside 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 2011. The value of transactions with other related parties are of lesser amounts and considered to be insignificant for the group's consolidated financial statement.
Details on remuneration and shares held for the Board and Group Management is described in note 1 and 12. Besides remuneration and shares, Jotun has not identified any transactions with the Board or Group Management during 2011.

NOTE 22
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 informations 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.

NOTE 23
First time adoption of IFRS

These financial statements, for the year ended 31 December 2011, are the first the group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2010, the group prepared its financial statements in accordance with Norwegian generally accepted accounting practice (NGAAP).

Accordingly, the group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2011, together with the comparative period data as at and for the year ended 31 December 2010, as described in the accounting policies. In preparing these financial statements, the group's opening statement of financial position was prepared as at 1 January 2010, the group's date of transition to IFRS. This note explains the principal policy made by the group in restating its local GAAP statement of financial position as at 1 January 2010 and its previously published local GAAP financial statements as at and for the year ended 31 December 2010.

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before 1 January 2010. Use of this exemption means that the local GAAP carrying amounts of assets and liabilities, which are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2010.
- Land and buildings, other than investment property, were carried in the statement of financial position prepared in accordance with local GAAP on the basis of book values as of 1 January 2010. The group has elected to regard those values as deemed cost as it is broadly comparable to depreciated cost in accordance with IFRS.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2010.
- The group has designated unquoted equity instruments held at 1 January 2010 as available-for-sale.
- The group has designated derivative financial instruments that do not qualify for hedge accounting at fair value through profit or loss

Under previous GAAP the group did not capitalise or measure development expenditures as assumed by the group accounting policy and IAS 38, and consequently no reliable estimate for development cost to be capitalised existed at 1 January 2010. Based on this development costs are only recognised as an intangible asset subsequent to the transition to IFRS.

RECONCILIATION OF TRANSITIONAL EFFECTS	Note	01.01.10		
(NOK thousand)		NGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non - current assets				
Deferred tax assets	5	143 062	9 885	152 947
Other intangible assets	5	74 336	-527	73 809
Fixed assets	5	1 785 698	-282 657	1 503 041
Investments in associated companies and join ventures	5	-	791 505	791 505
Other investments	5	15 813	-	15 813
Pension assets	4.5	73 757	-56 048	17 709
Other long-term recevables	5	113 353	41 654	155 007
Total non - current assets		**2 206 019**	**503 812**	**2 709 831**
Inventories	5	1 436 959	-284 897	1 152 062
Accounts receivable	5	2 628 729	-690 333	1 938 396
Derivative financial instruments	3	-	36 200	36 200
Cash and cash equivalents	5	1 019 958	-338 393	681 565
Total current assets		**5 085 646**	**-1 277 423**	**3 808 223**
Total assets		**7 291 665**	**-773 612**	**6 518 053**

RECONCILIATION OF TRANSITIONAL EFFECTS	Note	01.01.10		
(NOK thousand)		NGAAP	Effect of transition to IFRS	IFRS
EQUITY AND LIABILITIES				
Share capital		102 600	-	102 600
Other equity	2,3,4,5	3 597 913	192 312	3 790 225
Minority interests	5	340 472	-261 585	78 887
Total equity		**4 040 985**	**-69 273**	**3 971 712**
Non current liabilities				
Pension liability	4	174 519	36 212	210 731
Deferred tax	3,4,5	20 772	6 580	27 352
Provisions	5	55 790	51 056	106 846
Interest-bearing debt to credit institutions	1.5	237 079	-125 805	111 274
Interest-free long term debt.	5	23 408	-3 139	20 269
Current Liabilities				
Interest-bearing debt	1.5	421 013	-7 909	413 104
Trade and other payables	1.5	998 326	262 981	1 261 308
Income tax payable	5	187 630	-76 407	111 223
Allocated dividend	2	226 552	-226 552	-
Derivative financial instruments	3	-	12 700	12 700
Proisions for other liabilities and charges	1,3,5	905 589	-634 056	271 533
Total liabilities		**3 250 680**	**-704 341**	**2 546 340**
Total equity and liabilities		**7 291 665**	**-773 613**	**6 518 053**

RECONCILIATION OF TRANSITIONAL EFFECTS	Note	31.12.10		
(NOK thousand)		NGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non - current assets				
Deferred tax assets	5	117 595	-6 564	111 031
Other intangible assets	5	43 581	22 104	65 685
Fixed assets	5	2 134 093	-315 889	1 818 204
Investments in associated companies and join ventures	5	-	851 893	851 893
Other investments	5	15 939	-	15 939
Pension assets	5	72 625	-51 081	21 544
Derivative financial insruments	5	-	14 601	14 601
Receivables, associaed and Join Ventures	5	-	118 597	118 597
Other long-term recevables	3.5	102 248	-82 688	19 560
Total non - current assets		**2 486 081**	**550 974**	**3 037 055**
Inventories	5	1 888 790	-390 701	1 498 089
Accounts receivable	5	3 316 904	-833 017	2 483 887
Cash and cash equivalents	5	966 612	-250 060	716 552
Total current assets		**6 172 306**	**-1 473 778**	**4 698 528**
Total assets		**8 658 387**	**-922 804**	**7 735 582**

RECONCILIATION OF TRANSITIONAL EFFECTS

(NOK thousand)	Note	NGAAP 31.12.10	Effect of transition to IFRS 31.12.10	IFRS 31.12.10
EQUITY AND LIABILITIES				
Share capital		102 600	-	102 600
Other equity	2,3,4,5	4 253 870	223 853	4 477 723
Minority interests	5	376 166	-290 665	85 501
Total equity		**4 732 636**	**-66 812**	**4 665 824**
Non current liabilities				
Pension liability	4.5	148 983	11 837	160 820
Deferred tax	3,4,5	24 639	-15 147	9 492
Provisions	5	55 563	52 395	107 958
Interest-bearing debt to credit institutions	1.5	191 923	-99 345	92 578
Interest-free long term debt.	5	21 886	-2 043	19 843
Current Liabilities				
Interest-bearing debt to credit institutions	1,2,5	681 621	-81 168	600 453
Accounts payable	1,2,5	1 281 990	398 801	1 680 791
Income tax payable	2.5	205 940	-28 138	177 802
Allocated dividend	3.5	237 824	-237 824	-
Derivative financial instruments	4	-	15 025	15 025
Other current liabilities	1,2,4,5	1 075 380	-870 385	204 995
Total liabilities		**3 925 751**	**-855 992**	**3 069 758**
Total equity and liabilities		**8 658 387**	**-922 805**	**7 735 582**

RECONCILIATION OF RESULTS FOR 2010

(NOK thousand)	Note	2009 NGAAP	2010 NGAAP	Effect of transition to IFRS	2010 IFRS
Operating revenues		11 218 703	12 002 743	-2 235 453	9 767 290
Share of (loss)/profit of associatesd and joint ventures	5			323 458	323 458
Total operating revenue		**11 218 703**	**12 002 743**	**-1 911 995**	**10 090 748**
Raw materials and consumeables used	5	5 926 849	6 474 389	-1 108 347	5 366 042
Emloyee benefit expense	4.5	1 754 280	1 806 707	-242 555	1 564 152
Depreciation, amortisation and impairment changes	5	261 916	297 584	-36 461	261 123
Other operating cost	5	2 118 192	2 081 224	-421 666	1 659 558
Operating profit (loss)		**1 157 466**	**1 342 840**	**-102 967**	**1 239 873**
Financial income	3.5	77 478	76 258	-22 187	54 072
Financial expenses	3.5	-138 861	-115 333	20 403	-94 930
Profit (loss) before tax		**1 096 084**	**1 303 766**	**-104 752**	**1 199 015**
Tax	3,4,5	-310 448	-382 250	44 435	-337 815
Net profit (loss)		**785 636**	**921 517**	**-60 317**	**861 201**
Profit (loss) for the year		**785 636**	**921 517**	**-60 317**	**861 201**
Of which:					
Majority interests		93.60 %	765 563	42 380	807 943
Minority interests		6.40 %	155 954	-102 697	53 258
Profit for the year			**921 517**	**-60 317**	**861 201**

1. Reclassification

Specific liabilities have been reclassified from 'Provision for other liabilities and charges' to 'Trade and other payables'. After reclassification, the line "Provision for other liabilities and charges" consists of estimated provisions. Interest-bearing debt to credit institutions are reclassified from long term to short term due to first year's repayments on long-term debt.

(NOK thousand)	31.12.10	01.01.10
Accounts payable	592 919	453 993
Other current liabilities	-592 919	-453 993
Interest-bearing debt to credit institutions (long-term)	-81 795	-276
Interest-bearing debt (short-term)	81 795	276

2. Dividend

Jotun A/S has prior to transition to IFRS made provisions for proposed dividends. This is not allowed under IFRS, and as such, the proposed dividend as of 31 December 2009 has been reversed in the IFRS opening balance. (NOK 225.7 mill).

3. Financial instruments

Derivative financial instruments were accounted for as off balance sheet items, deferring any net unrealised gain or losses, but disclosed in a separate note. Unrealised gains and losses on hedging instruments that do not qualify for hedge accounting, will under IFRS be recognised at fair value over profit and loss.

The deferred tax effect of the transition effect is calculated base on the applicable tax rate (28 per cent) for the relevant group companies. Recognition under 'Derivative financial instruments' (current assets) is a result of:

(NOK thousand)	01.01.10
Unrealised gain (currency sold)	25 800
Unrealised gain (hedging of Zinc and Copper prices)	10 400
Total	36 200

Recognition under 'Derivative financial instruments' (current liabilities) is a result of:

(NOK thousand)	01.01.10
Unrealised loss (currency purchased)	12 700
Deferred tax effect (28 per cent)	6 580
Net equity effect (excl 28 per cent tax)	16 920

4. Pension obligation and assets

At the date of transition to IFRS, all cumulative non-expensed actuarial changes in estimates for defined benefit pension liabilities have been booked to equity in accordance with IFRS 1. The deferred tax effect of the transition effect is calculated base on the applicable tax rate (28 per cent) for the relevant group companies.

(NOK thousand)	31.12.10	01.01.10
Cumulative non-expensed actuarial changes in estimates as of transition date:	87 431	110 002
Deferred tax effect as of transition date (28 per cent):	29 449	30 801
Equity effect as of transition date (72 per cent):	57 982	79 201

5. Investments in joint ventures and associated companies

Prior to transition to IFRS, joint ventures where proportionate consolidated in the group financial statement. According to IAS 31, investments in joint ventures can either be accunted for using the equity or the proportionate consolidation method. The group has desided to use the equity method accounting for joint ventures and associated companies. The remaining IFRS adjustments are related to this change.

Jotun A/S

Statement of comprehensive income

1 JANUARY - 31 DECEMBER *(NOK thousand)*	Note	2011	2010
Operating revenue	1	2 648 495	2 545 758
Cost of goods sold		-1 273 653	-1 168 005
Payroll expenses	2	-662 327	-592 841
Other operating expenses	4	-487 795	-444 624
Depreciation, amortizations and write downs	6, 7	-84 163	-74 231
Operating profit		**140 557**	**266 058**
Dividend/group contribution from subsidiaries		248 226	445 182
Dividend from joint ventures and associated companies		190 783	204 577
Finance income	4	104 840	76 359
Finance costs	4	-136 572	-26 024
Profit before tax		**547 834**	**966 152**
Income tax expense	5	-125 924	-184 515
Profit for the year		**421 910**	**781 637**
Proposed dividend		513 000	256 500
Other comprehensive income			
Actuarial losses on defined benefit pension plans	3	-18 042	-1 173
Other comprehensive income for the year, net of tax		**-18 042**	**-1 173**
Total comprehensive income for the year		**403 868**	**780 465**

Statement of financial position

(NOK thousand)	Note	31.12.11	31.12.10
ASSETS			
Non-current assets			
Deferred tax assets	5	77 381	53 091
Other intangible assets	6	80 243	63 349
Fixed assets	7	755 321	455 405
Investments in subsidiaries	8	1 595 037	1 531 215
Investments in associated companies and joint ventures	9	254 242	256 043
Other investments	10	8 248	15 812
Pension funds	3	922	13 655
Other long-term receivables	13	1 885 763	1 273 764
Total non-current assets		**4 657 157**	**3 662 334**
Current assets			
Inventories	11	387 329	332 219
Trade and other receivables	12,13	653 997	506 768
Cash and cash equivalents		141 565	456 199
Total current assets		**1 182 892**	**1 295 186**
TOTAL ASSETS		**5 840 049**	**4 957 520**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	102 600	102 600
Other equity		3 702 881	3 555 514
TOTAL EQUITY		**3 805 481**	**3 658 114**
Non-current liabilities			
Pension liability	3	115 155	113 790
Provisions	16	105 976	91 770
Total non-current liabilities		**221 131**	**205 560**
Current liabilities			
Certificate loans	15	700 000	-
Accounts payable	13,15	351 807	269 408
Income tax payable	5	104 604	113 225
Other current liabilities	13,15,16	657 026	711 213
Total current liabilities		**1 813 437**	**1 093 846**
TOTAL LIABILITIES		**2 034 568**	**1 299 406**
TOTAL EQUITY AND LIABILITIES		**5 840 049**	**4 957 520**

Statement of cash flows

(NOK thousand)	Note	2011	2010
Cash flow from operating activities			
Profit before tax		547 834	966 152
Tax payments	5	-85 033	-16 590
Gains/losses on sale of fixed assets	7	-2 129	-1 292
Depreciation	6, 7	84 163	74 231
Write down shares		91 800	-
Loss on liquidation of shares in joint venture		-	3 845
Gain on liquidation of shares		-268	-
Change in inventories, trade and other receivables and trade creditors		-119 940	-53 500
Change in accruals and other provisions		-131 089	-74 763
Net cash flow from operating activities		**385 338**	**898 083**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	7	3 692	3 235
Proceeds from sale of shares		7 833	-
Purchase of property, plant and equipment	7	-363 831	-162 679
Purchase of intangible assets	6	-38 673	-27 450
Investments in subsidiaries, joint ventures and associated companies		-153 821	-120 780
Net cash flow used in investing activities		**-544 800**	**-307 674**
Cash flows from financing activities			
Repayment(-)/proceeds in group account system		13 327	-119 111
Cash payments for new lending		-611 999	-221 267
Proceeds from borrowings		700 000	-
Dividend paid		-256 500	-225 720
Net cash flow from financing activities		**-155 172**	**-566 098**
Net increase/(decrease) in cash and cash equivalents		-314 634	24 311
Cash and cash equivalents at beginning of period		456 199	431 888
Cash and cash equivalents at end of period		**141 565**	**456 199**

The company had unused credit facilities of MNOK 1.425 MNOK at 31 December 2011 (2010: MNOK 1.435).
New loan agreements on additional 600 MNOK is commited from 2012. There are no restrictions on the use of these funds.

Statement of changes in equity

Note		Share capital	Other equity	Total
	Equity as at 31.12.2009	**102 600**	**2 833 008**	**2 935 608**
21	Effect of implementing IFRS		167 761	167 761
	Equity adjusted as at 01.01 2010	**102 600**	**3 000 769**	**3 103 369**
	Dividends		-225 720	-225 720
	Total comprehensive income		780 465	780 465
	Equity as at 31.12 2010	**102 600**	**3 555 514**	**3 658 114**
	Dividends		-256 500	-256 500
	Total comprehensive income		403 868	403 868
	Equity as at 31.12 2011	**102 600**	**3 702 881**	**3 805 481**

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)	2011	2010
Sales revenues	1 410 879	1 374 883
Sales revenues from subsidiaries	754 969	763 591
Other revenues	135 539	122 806
Other revenues from subsidiaries	347 108	284 478
Total	**2 648 495**	**2 545 758**

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)	2011	2010
Wages incl bonuses	529 338	502 311
Social costs	78 655	75 759
Pension costs defined benefit plans	10 920	-22 093
Pension costs defined contribution plans	35 871	26 687
Other personell costs	7 543	10 177
Total salaries and personell expense	**662 327**	**592 841**
Average number of employees	851	874

For detailed information about pension costs, see note 3.

REMUNERATION TO PRESIDENT & CEO

(NOK thousand)	Ordinary compensation	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	3 584	1 594	184	452	5 814

The President & CEO is part of a pension scheme that includes employees in the company's top management. The retirement age is 67 years, with mutual opportunity to discontinue employment in whole or in part up to five years earlier (see note 3).

Further the President & CEO is also part of a profit-dependent bonus system for the group management limited upward to 50 per cent of agreed annual wage. Should his employment discontinue, the President & CEO has a clause in his contract stipulating that one-year "competition quarantine" may be imposed with compensation.

Beyond this, Jotun has no obligation to give the President & CEO or the Chairman of the Board special remuneration upon discontinuance or change of the employment or office.

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

REMUNERATION TO THE BOARD OF DIRECTORS AND CORPORATE ASSEMBLY

(NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Board of Directors	2 308	-	-	-	2 308
Corporate assembly	161	-	-	-	161
Total	**2 469**	**-**	**-**	**-**	**2 469**

Shares owened by board of directors and group management are specified in note 14

EXTERNAL AUDITOR REMUNERATION

(NOK thousand)	2011	2010
Statutory audit	1 560	1 325
Tax services	979	77
Other services	374	510
Total	**2 913**	**1 912**

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 final pay. The cost for the accounting periods shows the employees' pension entitlement of the agreed future pensions in the accounting year.

The company is required to have a mandatory company pension, pursuant to the Act relating to occupational insurance.
The company's pension schemes satisfy the requirements of that Act.

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.

The schemes define a pension benefit of up to 60 per cent of final salary at retirement, limited up to 12 times the social security basic amount (G). 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 Norwegian National Insurance Schemes's basic amount (12G).

As a result of a contractual early retirement (AFP) scheme which was enacted into law by the Norwegian Parliament in February 2010, provisions relating to the old AFP scheme was reversed and recognised to the income statement in 2010.

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.

The mortality estimate is based on an up-to-date mortality table (K2005).

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 2012 is expected to be approximately NOK 11 million.

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

(NOK thousand)	2011	2010
Schemes with net pension funds		
Defined benefit scheme - active	61	88
Defined benefit scheme - pensioners	604	598
Schemes with net pension obligations		
Old-age pensioners in unfunded schemes	12	10
Early-retirement-pension agreements - agreed and implemented	42	51
Senior-executive schemes - active	7	7
Senior-executive schemes - pensioners	4	5
Contractual pension (AFP) - active	-	-
Contractual pension (AFP) - pensioners	51	75
Benefit scheme financed over operations	6	7

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

	2011		2010	
(NOK thousand)	Schemes with net pension funds	Schemes with net pension obligations	Schemes with net pension funds	Schemes with net pension obligations
CHANGES IN PENSION OBLIGATIONS INCLUDING SOCIAL SECURITY				
Pension obligation at the beginning of the period	279 787	101 130	280 194	144 702
Pension earning for the year	1 024	11 538	1 390	13 124
Interest cost on pension obligations	10 143	3 777	11 352	3 590
Re-allocated obligation due to new contractual-pension scheme (AFP)	-	-	-	-53 420
Actuarial loss/(gain)	17 728	403	6 605	12 279
Social security upon paying pension funds	-940	-609	-954	-606
Pension payments	-19 300	-16 973	-18 800	-18 539
Pension obligation at the end of the period *	**288 442**	**99 266**	**279 787**	**101 130**
CHANGES IN PLAN ASSETS				
Plan assets at the beginning of the period	293 442	1 238	290 081	998
Expected return on plan assets	15 505	57	15 908	55
Actuarial (loss) / gain	-6 947	20	-515	-65
Payments in / (out)	6 665	4 673	6 768	4 636
Pension payments	-19 300	-4 749	-18 800	-4 386
Plan assets at the end of the period	**289 365**	**1 239**	**293 442**	**1 238**
Total pension assets (liabilities)	**923**	**-98 028**	**13 655**	**-99 892**
THE PERIOD'S PENSION COSTS INCLUDING SOCIAL SECURITY				
Pension earnings for the year	1 024	11 538	1 390	13 124
Interest cost for the pension obligations	10 143	3 777	11 352	3 590
Expected return on plan assets	-15 505	-57	-15 908	-55
Curtailments and settlements(AFP)	-	-	-	-35 586
Pension cost recognised in the profit and loss account	**-4 338**	**15 258**	**-3 166**	**-18 927**
Actuarial loss/(gain) recognised in other comprehensive income (net of taxes)	**17 766**	**276**	**5 126**	**-3 954**

** - including unsecured schemes*

THE ACTUARIAL ASSUMPTIONS FOR THE MAJOR CALCULATIONS ARE AS FOLLOWS:

(NOK thousand)	2011	2010
Discount rate in %	2.60	4.00
Expected return in %	4.10	5.40
Wage adjustment in %	3.25-3.50	3.75-4.00
Inflation / increase in social security basic amount (G), in %	3.25	3.75
Pension adjustment in %	0.50-3.50	1.20-4.00

PENSION OBLIGATIONS IN THE BALANCE SHEET	2011		2010	
(NOK thousand)	Schemes with net pension funds	Schemes with net pension obligations	Schemes with net pension funds	Schemes with net pension obligations
Benefit schemes and other unsecured schemes	923	-98 028	13 655	-99 892
Other severance schemes	-	-17 128	-	-13 898
Plan assets (liabilities) recognised in the balance sheet	**923**	**-115 156**	**13 655**	**-113 790**

NOTE 4
Other operating expenses and finance income/costs

OTHER OPERATING EXPENSES

(NOK thousand)	2011	2010
Manufacturing costs	74 723	76 321
Warehouse costs	18 986	17 776
Transport costs	50 591	54 031
Sales costs	131 090	100 506
Technical services	14 612	10 690
Warranty costs	14 568	-37 579
Research and development	75 164	91 974
Royalty	28 494	27 361
Restructuring cost	-	9 400
Other	79 567	94 143
Total	**487 795**	**444 623**

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 consists of general administration costs such as human resource management, procurement costs related to purchase of finished goods and non raw materials, and costs as IT, legal, finance, strategic planning, public affairs and general management.

FINANCE INCOME

(NOK thousand)	2011	2010
Interest income	59 708	43 717
Other financial income	45 132	32 642
Total finance income	**104 840**	**76 359**

FINANCE COSTS

(NOK thousand)	2011	2010
Interest costs	-12 142	-3 524
Write down of financial fixed assets	-91 800	-
Other financial costs	-32 630	-22 500
Total finance costs	**-136 572**	**-26 024**

NOTE 5
Income tax

INCOME TAX EXPENSE

(NOK thousand)	2011	2010
Tax payable	143 197	156 464
Changes in deferred tax	-17 273	28 051
Income tax expense	**125 924**	**184 515**
Tax payable for the year	132 265	141 772
Due tax previous years	22 647	21 949
Withholding taxes receivable	-50 308	-50 496
Total tax payable	**104 604**	**113 225**

A reconciliation of the effective rate of tax and the tax rate in Jotun AS' country of registration:

(NOK thousand)	2011	2010
Profit before tax	547 834	966 152
Expected income taxes according to income tax rate in Norway (28 per cent)	153 394	270 523
Taxes on dividends	-90 012	-133 433
Effect of permanent differences	45 613	29 690
Tax rate outside Norway other than 28 per cent	16 929	17 735
Income tax expense	**125 924**	**184 515**

DEFERRED TAX AND DEFERRED TAX ASSETS:
Deferred tax liability consists of tax liabilities that are payable in the future.
The table below lists the timing differences between tax accounting and financial accounting.

TEMPORARY DIFFERENCES *(NOK thousand)*	2011	2010
Non-current assets	-42 686	-19 408
Current assets	17 751	24 566
Liabilities	-253 767	-191 727
Other	2 343	-3 041
Net temporary differences	**-276 359**	**-189 610**
Net recognised deferred tax asset	77 381	53 091
THE DEFERRED TAX WHICH IS RECOGNISED TO OTHER COMPREHENSIVE INCOME:		
Pension liabilites	7 016	17 303
Total	**7 016**	**17 303**

NOTE 6
Intangible assets

(NOK thousand)	Technology	Goodwill	Other	Development	Total
Book value 1 January 2010	-	4	40 227	-	**40 231**
Additions	-	-	9 721	27 450	**37 171**
Depreciation	-	-4	-11 113	-2 936	**-14 053**
Book value 31 December 2010	**-**	**-**	**38 835**	**24 514**	**63 349**
Book value 1 January 2011	-	-	38 835	24 514	**63 349**
Additions	-	-	10 296	28 377	**38 673**
Write-downs	-	-	-5 889	-371	**-6 260**
Depreciation	-	-	-11 049	-4 470	**-15 519**
Book value 31 December 2011	-	-	**32 193**	**48 050**	**80 243**
Initial cost 1 January 2011	96 495	7 175	92 872	27 450	**223 992**
Accumulated depreciation and write downs	-96 495	-7 175	-54 037	-2 936	**-160 643**
Book value 1 January 2011	-	-	**38 835**	**24 514**	**63 349**
Initial cost 31 December 2011	96 495	7 175	97 186	55 363	**256 219**
Accumulated depreciation and write downs	-96 495	-7 175	-64 993	-7 313	**-175 976**
Book value 31 December 2011	**-**	**-**	**32 193**	**48 050**	**80 243**

See group's note 5 for further information.

NOTE 7
Property, plant and equipment

(NOK thousand)	Land	Buildings	Electrical installation	Machinery, vehicles and equipment	Construction in progress	Total
Book value 1 January 2010	14 469	151 222	-	119 406	79 471	**364 568**
Additions	-	17 122	-	34 601	101 239	**152 962**
Disposals	-	-	-	-8 658	-	**-8 658**
Depreciation	-	-18 186	-	-35 280	-	**-53 466**
Book value 31 December 2010	**14 469**	**150 158**	**-**	**110 069**	**180 710**	**455 405**
Book value 1 January 2011	14 469	150 158	-	110 069	180 710	**455 405**
Additions	-	832	-	39 124	323 907	**363 863**
Disposals	-	-	-	-1 563	-	**-1 563**
Depreciation	-	-14 049	-	-48 335	-	**-62 384**
Reclassification and corrections	-	-2 839	2 839	-	-	**-**
Booke value 31 December 2011	**14 469**	**134 102**	**2 839**	**99 295**	**504 617**	**755 321**
Initial cost 1 January 2011	14 469	473 470	-	616 619	180 710	**1 285 267**
Accumulated depreciation and write downs	-	-323 312	-	-506 550	-	**-829 862**
Booke value 1 January 2011	**14 469**	**150 158**	**-**	**110 069**	**180 710**	**455 405**
Initial cost 31 December 2011	14 469	471 340	2 962	644 611	504 617	**1 637 998**
Accumulated depreciation and write downs	-	-337 238	-123	-545 316	-	**-882 677**
Book value 31 December 2011	**14 469**	**134 102**	**2 839**	**99 295**	**504 617**	**755 321**

A major part of the amount under "Construction in progress" relates to the factory project at Vindal, Sandefjord, Norway.
See group's note 6 for further information.

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.	Pune	India	INR	1 959 190	71 439 000	1 959 190	251 954	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	109 320	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 000	44 702	101 023	93.13
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
Jotun Paints (Europe) Ltd.	Flixborough	England	GBP	7 500	7 500 000	7 500	86 408	100.00
Jotun Paints (HK) Ltd.	Hong Kong	China	HKD	115 876	110 334 615	115 876	85 319	100.00
Scanox AS	Drammen	Norway	NOK	4 000	20 000	4 000	80 280	100.00
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	8 675	172 000	8 600	58 851	99.14
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	45 145	62.00
Jotun Australia Pty. Ltd.	Melbourne	Australia	AUD	11 550	16 050 001	11 550	45 027	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	THB	84 000	84 000	80 186	44 285	95.46
Jotun Do Brasil Imp. Exp. & Industria de Tintas Lda.	Rio de Janeiro	Brazil	BRL	27 163	12 163 200	27 163	85 081	100.00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	3 000	115 000	3 000	32 556	100.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	37 719	110	37 719	30 199	100.00
Jotun Paints Inc.	Belle Chasse	USA	USD	42 600	100	42 600	46 813	100.00
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	4 399	6 000 000	4 399	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 Paints (Vietnam) Co. Ltd.	Ho Chi Minh City	Vietnam	USD	2 309	-	2 309	15 563	100.00
Jotun (Deutschland) Gmbh	Hamburg	Germany	EUR	614	1 200	512	12 090	83.33
Jotun FZE	Dubai	U.A.E	AED	4 000	4	4 000	6 637	100.00
Jotun Pakistan (Private) Limited	Karachi	Pakistan	PKR	146 124	2 761 349	146 124	11 104	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 Paints OOO	St. Petersburg	Russia	RUB	106 555	17 000	106 555	21 063	100.00
Jotun Hellas Ltd.	Glyfada	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 Algerie S.A.R.L	Aknoun	Algerie	DZD	40 000	4 000	28 000	2 191	70.00
Jotun France S.A.	Paris	France	EUR	320	16 000	320	2 108	100.00
Jotun Philippines Inc	Manila	Phillipines	PHP	15 464	15 464	15 464	2 097	100.00
Jotun Maroc SARL AU	Casablanca	Maroc	MAD	2 000	20 000	2 000	1 462	100.00
Jotun Insurance Cell	St. Peterport	Guernsey	GBP	121	1	121	1 350	100.00
Jotun (Cambodia) LTD	Phnom Penh	Cambodia	KHR	791 045	1 000	791 045	1 166	100.00
Jotun Kazakhstan LLP	Almaty	Kazakhstan	KZT	29 350	1	29 350	1 098	100.00
Jotun Romania SRL	Constanta	Romania	RON	640	64 000	640	1 084	100.00
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
Other holdings							10 344	
Total							**1 595 037**	

The voting interest corresponds to the share interest.

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 Toz Boya San ve .Ticaret A.S.	Istanbul	Turkey	TRY	23 600	23 600 000	23 600	100.00
Jotun Powder Coatings (Thailand) Ltd.	Bangkok	Thailand	THB	9 000	9 000	9 000	100.00
Jotun Powder Coatings (CZ) a.s.	Usti nad Labem	Czech Republic	CZK	128 000	12 800	128 000	100.00
Jotun Powder Coatings (M) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	1 950	1 950 933	1 572	80.60
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	175 990	6 000 000	164 023	93.20
Jotun Powder Coatings (India) Private Ltd.	Mumbai	India	INR	68 600	6 860 000	68 600	100.00
Jotun Powder Coatings Ltd.	Flixborough	England	GBP	700	1 000 000	700	100.00
Jotun Powder Coatings Bulgaria Ltd.	Sofia	Bulgaria	EUR	3	-	3	100.00
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	300	300	270	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.	Belle Chasse	USA	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	300	300	30	10.00
Jotun Singapore Pte Ltd							
P.T Indonesia	Jakarta	Indonesia	IDR	56 283 850	-	605 555	0.90

The voting interest corresponds to the share interest.
Spain and Yemen is written down with respectively NOK 90 and NOK 1,8 mill.

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 (HK) 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.	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 Abu Dhabi Ltd.	Abu Dhabi	U.A.E	AED	4 000	4 000	1 400	28 061	35.00
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	
Sum							**254 242**	

Cont. NOTE 9
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 COSCO Marine Coatings (HK) Ltd.							
Jotun COSCO Marine Coatings (Guangzhou) Co. Ltd.	Guangzhou	China	CNY	72 957	-	72 957	100.00
Jotun COSCO Marine Coatings (Quingdao) Co. Ltd.	Qingdao	China	CNY	250 973	-	250 973	100.00
Jotun Powder Coatings AS							
Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)	Dubai	U.A.E	AED	3 000	3 000	1 410	47.00
Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)							
Jotun Powder Coatings Saudi Arabia Co. Ltd	Dammam	Saudi Arabia	SAR	7 320	73 200	2 928	40.00
Jotun UAE Ltd (L.L.C.)							
Jotun Abu Dhabi Ltd.	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	282 500	20 000	52 828	22.00
Jotun Saudia Co. Ltd.							
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	282 500	20 000	48 025	17.00

The voting interest corresponds to the share interest.
For extended information regarding joint ventures and associated companies see group's note 8.

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	33.40
Other companies							68	
Sum							**8 247**	

NOTE 11
Inventories

(NOK thousand)	31.12.11	31.12.10
Raw materials at cost	109 518	117 877
Finished goods at cost	277 811	214 342
Total	**387 329**	**332 219**

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. Total write-down for obsolescence is MNOK 8,5 as of 31.12.11 (MNOK 6,6 as of 31.12.10). Obsolete goods valued at fair value total MNOK 3,9.

NOTE 12
Receivables

(NOK thousand)	31.12.11	31.12.10
Accounts receivable external	69 031	54 648
Accounts receivable group companies	321 064	216 404
Other receivables external	82 742	88 004
Other receivables group companies	181 160	147 712
Total receivables	**653 997**	**506 768**

From 2011 accruals for customer rebates have been reclassified from accounts receivables to other current liabilities. Comparable figures for 2010 have been changed accordingly.

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

The evaluation has not identified any need for allowances for bad debt.

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

(NOK thousand)	31.12.11	31.12.10
Allowances for bad debt as of January 1st	-	1 796
Allowances for bad debt made during the period	37	-35
Realized losses for the year	-37	-1 761
Total allowances for bad debt	**-**	-

Cont. NOTE 12
Receivables

Credit risk and foreign exchange risk regarding accounts receivable is discussed in note 19.

Aging of accounts receivable external as of 31.12.2011 was as follows:

(NOK thousand)	Total	Not due	Overdue			
			Less than 30 days	30-60 days	60-90 days	More than 90 days
2011	69 031	51 504	13 286	856	2 478	907
2010	54 648	44 444	8 363	1 353	488	-

NOTE 13
Inter-company balances with subsidiaries, joint ventures and associated companies

(NOK thousand)	Subsidiaries		Joint ventures / associated companies	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Other long-term receivables				
Other long-term receivables	1 766 577	1 152 752	116 722	118 547
Total financial assets	**1 766 577**	**1 152 752**	**116 722**	**118 547**
Receivables				
Trade receivables	263 077	196 771	57 987	19 921
Other current receivables	180 591	122 408	569	25 304
Total financial assets and receivables	**2 210 245**	**1 471 931**	**175 278**	**163 772**
Current liabilities				
Trade creditors	63 982	49 362	28 727	19 192
Other short term liabilities	352 946	339 502	98 261	152 704
Total liabilities	**416 928**	**388 864**	**126 988**	**171 896**

NOTE 14
Share capital and shareholder information

The share capital in Jotun A/S as of 31 Decemeber 2011 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 2011 was 599. The largest shareholders were:

Shareholders	A-shares	B-shares	Total	Ownershare in %	Voting interest in %
Lilleborg AS	42 000	103 446	145 446	42.5	38.3
Odd Gleditsch AS	11 417	36 894	48 311	14.1	11.0
Mattisberget AS	25 050	86	25 136	7.3	18.3
Leo Invest AS	2 988	8 184	11 172	3.3	2.8
Abrafam Holding AS *	3 368	3 815	7 183	2.1	2.7
BOG Invest AS *		6 750	6 750	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 *		5 234	5 234	1.5	0.4
Bjørn Ekdahl	1 872	3 281	5 153	1.5	1.6
Odd Gleditsch Jr.	4 681	43	4 724	1.4	3.4
Live Invest AS	4 055	547	4 602	1.3	3.0
Kofreni AS *	131	4 094	4 225	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	**102 631**	**199 147**	**301 778**	88.2	89.6
Total others	11 369	28 853	40 222	11.8	10.4
Total number of shares	**114 000**	**228 000**	**342 000**	100.0	100.0

* The majority of the shares in following companies are owned by;
Hejo Holding AS owned by Odd Gleditsch d.y.
Abrafam Holding AS owned by Einar Abrahamsen
Kofreni AS partly owned by Nicolai A. Eger
BOG Invest AS owned by Bjørn Ole Gleditsch
ACG AS owned by Anne Cecilie Gleditsch

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	8 216	**8 243**
Einar Abrahamsen	Member of the board	3 368	3 817	**7 185**
Richard Arnesen	Member of the board	1 862	3 128	**4 990**
Nicolai A. Eger	Member of the board	1 110	5 184	**6 294**
Birger Amundsen	Member of the board	-	2	**2**
Olav Christensen	Chairman of the corporate assembly	3 011	2 355	**5 366**
Bjørn Ole Gleditsch	Member of the corporate assembly	26	10 429	**10 455**
Anne Cecilie Gleditsch	Member of the corporate assembly	5	8 709	**8 714**
Kornelia Eger	Member of the corporate assembly	100	271	**371**
Nils Petter Ekdahl	Member of the corporate assembly	1 872	815	**2 687**
Terje V. Arnesen	Member of the corporate assembly	-	1	**1**
Morten Fon	CEO	8	18	**26**
Ben Guren	CFO	-	5	**5**
Bård K. Tonning	Head of Jotun Dekorativ	-	3	**3**
Erik R. Aaberg	Head of Jotun Paints	-	15	**15**
Esben Hersve	Head of Jotun Coatings	-	4	**4**

There are no options for share acquisitions.

NOTE 15
Current liabilities

CURRENT LIABILITIES	Carrying amount	
(NOK thousand)	31.12.11	31.12.10
Certificate loans	700 000	-
Accounts payable external	259 099	200 854
Liabilities to subsidiaries, joint ventures and associated companies	543 916	560 759
Public charges and holiday pay	103 895	99 770
Tax payable	104 604	113 225
Accrued expenses	101 923	119 238
Total current liabilities	**1 813 437**	**1 093 846**

Current liabilities consists of account payables, unpaid public taxes/charges, liabilities to associated companies and accrued expences. Liabilities to subsidiaries, joint ventures and associated companies consists of accounts payable, prepaid dividends and other current liabilities. Accrued expenses are mainly related to rebates, claims and other accruals.

Certificate loans consist of four short-term interest bearing loans with maturity dates within first four months of 2012.

NOTE 16
Provisions

PROVISIONS 2011

(NOK thousand)	Restructuring provisions	Other provisions	Total provisions
Balance sheet 1 January 2011	49 769	42 000	91 770
Additions 2011	-	30 298	30 298
Provisions reversed 2011	-	-	-
Amounts utilised 2011	-3 794	-12 298	-16 092
Balance sheet 31 December 2011	**45 975**	**60 000**	**105 976**

PROVISIONS 2010

(NOK thousand)	Restructuring provisions	Other provisions	Total provisions
Balance sheet 1 January 2010	48 488	20 000	68 488
Additions 2010	11 036	22 000	33 036
Provisions reversed 2010	-	-	-
Amounts utilised 2010	-9 755	-	-9 755
Balance sheet 31 December 2010	**49 770**	**42 000**	**91 770**

Restructuring
Long term provisions for restructuring are related to close-down of plants at Manger, Fredrikstad and Gimle in Norway. Detailed plans have been made and implemented for the projects. In accordance with the plans
most of the costs will incur in the period 2013-2014. Only minor activities will take place in 2012.

Other provisions
Other provisions covers constructive obligations for environmental clean-up. Pre-studies and analysis of relevant areas have been undertaken to reliably estimate the provisions that have been recognised. The clean-up activites will intentionally start in 2013-2015 and continue until 2018.

Reclassification
From 2011 provisions for environmental clean-up have been reclassified from other current liabilities to provisions. Comparable figures for 2010 have been changed accordingly.

NOTE 17
Contingent liabilities

Disputes and claims
Jotun is 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.

NOTE 18
Contractual obligations and guarantees

Jotun A/S has the following contractual obligations for the purchases:

CONTRACTUAL PURCHASE OBLIGATIONS - INVESTMENTS PER 2011

(NOK thousand)	Future payments
New plant at Vindal, Sandefjord	59 000
Total	**59 000**

The new plant will be completed in 2012.

OTHER OBLIGATIONS NOT ACCOUNTED FOR

(NOK thousand)	Guarantees
Guarantees for tax withholding	36 000
Letter of Comfort(on behalf of subsidiaries)	1 206 052
Guarantees for subsidiaries	40 076
Sureties for customers etc. and guarantees for Jotun A/S	9 100
Total	**1 291 228**

NOTE 19
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

Currency risk on net investments
As NOK is the presentation currency for Jotun A/S, we are exposed to currency translation risk for net investments in foreign operations. Jotun's policy is to hedge a portion of the net investment reflecting the most liquid part of it, an amount equal to the expected inflow of dividend and royalty for the next 16 months. The policy is to hedge 80-100 per cent of the expected inflow the next 8 months and 0-40 per cent of the expected inflow the following 8 months.

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 has a policy to hedge against this effect, in companies where the effect is significant. The policy is to hedge 80-100 per cent of the risk in currency cash flows the next 8 months and 0-40 per cent of the cash flow risk the following 8 months.

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
The most important goal of Jotun's Treasury policy is to ensure that the company has sufficient financial flexibility in the short and long term to achieve its strategic and operational objectives. Jotun's policy is to have sufficient unutilised, long-term, committed credit facilities to cover expected financing need, including loans that fall due, over the next 12 months, as well as a strategic reserve. The strategic reserve shall be 5 per cent of the consolidated sales. This means that Jotun's credit facilities are normally refinanced one year before maturity. Commercial papers are used as a source of liquidity when conditions in these markets are competitive compared to drawing on committed long-term credit facilities.

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. Other drivers for the liquidity development are the investments in new factory. 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. Working capital movements are a mix of companies in a lot of different countries and levels out over time.

In order to further reduce refinancing risk, Jotun has a policy to distribute maturities of loans and credit facilities evenly.

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.

Price risk on input factors
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. It is important to notice though, that in the last two years when raw material prices have increased substantially, Jotun has still managed to maintain a healthy profit.

Most of the raw material does not have a financial derivative price market, and therefore most of the raw material prices are not accessible for hedging.

Only two raw material prices are hedged, namely Copper and Zinc price. Copper and Zinc accounts for around 10 per cent of the total raw material purchase in the group. There exists a liquid market for price derivatives, with London Metal Exchange as the leading market place for pricing. The policy is to hedge a certain percentage of expected consumption.

HEDGING EFFECTS 2011

Hedging net investments
Net investments is defined as invested share capital in partially or wholly owned companies and long term internal loans from Jotun A/S.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2011
			Mat 0-6m	Mat 6-12	
Net investment hedging					
USD fwd/options	199.4	-11.3	-10.9	-0.4	18.2
Other currencies fwd	22.0	-0.8	-0.8	-	0.5
Total	**221.3**	**-12.1**	-11.7	-0.4	18.7

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2010
			Mat 0-6m	Mat 6-12	
Net investment hedging					
USD fwd/options	258.5	8.7	6.1	2.6	6.9
Other currencies fwd	73.5	0.7	0.9	-0.2	-0.8
Total	**332.0**	**9.4**	7.0	2.4	6.1

Hedges at a total of NOK 221,3 million have been made by the end of 2011 (calculated at original rates). Unrealised gain/loss on the financial instruments is based on a market evaluation at period end compared to original rates.

Total net investments in foreign currency were NOK 5 374 mill at year end, and the hedging amounted to 4.1 per cent of net investment. For the purpose of calculating the underlying risk, we have summed up the equity and internal loans for all foreign entities and adjusted for Jotuns ownership share in each of the companies.

Hedging operational cash flows

Jotun A/S has operational foreign exchange income and costs (product sale and purchases) which are hedged according to the group's policy. The table below shows the status per 31 December:

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2011
			Mat 0-6m	Mat 6-12	
Hedging of operational income	54.5	-1.5	-1.5	-	13.8
Hedging of operational costs	397.5	-1.5	-1.3	-0.2	-15.9
Total	**452.0**	**-3.0**	-2.8	-0.2	-2.1

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2011
			Mat 0-6m	Mat 6-12	
Hedging of operational income	31.4	0.6	0.6	-	13.5
Hedging of operational costs	398.9	-10.1	-6.8	-3.3	-21.8
Total	**430.2**	**-9.6**	-6.2	-3.3	-8.3

Hedging of investment cost of new factory at Vindal in Sandefjord

In addition to hedging of operational cash flows, hedging have also been made for investment cost at the new Vindal factory.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2011
			Mat 0-6m	Mat 6-12	
EUR fwd	5.1	0.1	0.1	-	-6.3

Hedging of short term loans to subsidiaries

As part of the cash flow hedging Jotun also performs hedging of short term internal loans and repayment of long term loans within the next 12 months. In 2011 hedges was made for short term loan to Thailand and first instalment for long term loan from Chokwang Jotun (Korea). At year end only hedging of the instalment from Chokwang Jotun (Korea) is active.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2011
			Mat 0-6m	Mat 6-12	
Loan hedging	21.9	-0.5	-0.5	-	5.3

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2010
			Mat 0-6m	Mat 6-12	
Loan hedging	70.5	-0.1	-0.1	-	2.7

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 loans is equally brought to the financial result.

Hedges on raw material prices

Jotun has made financial price hedges for copper and zink prices based on estimated demand relating to signed contracts for the sale of paint products. The table below shows hedging in Jotun A/S with an unrealised loss of NOK 13,7 million, based on agreed raw material prices and USD exchange rate at 31 December 2011.

2011 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2011
			Mat 0-6m	Mat 6-12	
Metals					
Hedging of copper	74.4	-8.4	-6.3	-2.1	8.6
Hedging of zinc	38.5	-5.4	-3.5	-1.8	-0.3
	112.9	**-13.7**	**-9.8**	**-3.9**	**8.3**

2010 (NOK mill)	Hedged volume	Unrealised gain/loss (-)	Maturity		Realised effects 2010
			Mat 0-6m	Mat 6-12	
Metals					
Hedging of copper	67.6	13.1	10.4	2.7	4.4
Hedging of zinc	29.4	3.5	1.8	1.7	2.3
	97.0	**16.6**	**12.2**	**4.4**	**6.6**

Market value:

Market value information is gathered from:

*Reuters 31 December 2011 and estimates generated by Jotun's financial system CRM.

*Hedging of raw materials in Jotun A/S: Information from London Metal Exchange, official fixing.

*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.

ACCOUNTING OF HEDGING INSTRUMENTS

Hedging net investments

Jotun A/S does not apply hedge accounting for net investment hedging. The realised effects from Dividend hedging are booked as a part of the Financial result, while realised effect from Royalty is booked as a part of the Operational result. The unrealised effect is booked as part of net finance.

Hedging operational cash flows

Jotun A/S does not apply hedge accounting for operational cash flow hedging. The realised effects are recognised in cost of sales. The unrealised effects is booked as part of net finance.

Hedging of investment cost at Vindal

Jotun A/S does not apply hedge accounting for project investment hedging. The EUR cost related to the building of the Vindal factory is hedged with fwd contracts. The unrealised effect is booked as a part of net finance, while the realised effects are capitalised as a part of the project investment.

Hedging against price risk on raw materials

Jotun A/S does not apply hedge accounting for raw material hedging. The realised effect is booked as part of the Operational result. The unrealised effect is recognised in financial items.

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)	2011	2010
Operating lease expenses		
Vehicles	11 220	10 800
Cost current year	**11 220**	**10 800**
Overview of future minimum lease payments related to operating leases:		
Cost next year	11 220	10 800
Cost next 2-5 years	22 440	21 600
Future minimum lease payments	**33 660**	**32 400**

NOTE 21
First time adoption of IFRS

This is the first financial statements prepared in accordance with IFRS principles.

The accounting principles described in note 1 have been used to prepare the accounts for 2011, corresponding figures for 2010 and the IFRS opening balance as of 1 January 2010 which is the transitional date for converting from NGAAP to IFRS.

The effects of the change in principles is explained in greater detail in this note.

RECONCILIATION OF TRANSITIONAL EFFECTS	Note	01.01.10		
(NOK thousand)		NGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non - current assets				
Deferred tax assets	2	58 147	22 539	80 686
Other intangible assets		40 231	-	40 231
Fixed assets		364 568	-	364 568
Investments in subsidiaries		1 451 491	-62 293	1 389 198
Investments in associated companies and joint ventures		205 583	62 293	267 876
Other investments		15 813	-	15 813
Pension funds	2	60 636	-50 749	9 887
Other long-term receivables		1 052 497	-	1 052 497
Total non - current assets		**3 248 966**	**-28 210**	**3 220 756**
Current assets				
Inventories		293 063	-	293 063
Receivables		400 222	-	400 222
Cash and cash equivalents		431 888	-	431 888
Total current assets		**1 125 173**	**-**	**1 125 173**
Total assets		**4 374 139**	**-28 210**	**4 345 929**
EQUITY AND LIABILITIES				
Share capital		102 600	-	102 600
Other equity	1, 2	2 833 008	167 761	3 000 769
Total equity		**2 935 608**	**167 761**	**3 103 369**
Non current liabilities				
Pension liability	2	122 308	29 749	152 057
Provisions		48 488	-	48 488
Total non current liabilities		**170 796**	**29 749**	**200 545**
Current liabilities				
Accounts payable		229 892	-	229 892
Income tax payable		53 480	-	53 480
Allocated dividend	1	225 720	-225 720	-
Other current liabilities		758 643	-	758 643
Total liabilities		**1 267 735**	**-225 720**	**1 042 015**
Total equity and liabilities		**4 374 139**	**-28 210**	**4 345 929**

Cont. NOTE 21
First time adoption of IFRS

RECONCILIATION OF TRANSITIONAL EFFECTS	Note	31.12.10		
(NOK thousand)		NGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Non - current assets				
Deferred tax assets	2	42 652	10 439	53 091
Other intangible assets		38 835	24 514	63 349
Fixed assets		455 405	-	455 405
Investments in subsidiaries		1 593 508	-62 293	1 531 215
Investments in associated companies and joint ventures		193 750	62 293	256 043
Other investments		15 812	-	15 812
Pension funds		60 653	-46 998	13 655
Other long-term receivables		1 273 764	-	1 273 764
Total non - current assets		**3 674 379**	**-12 045**	**3 662 334**
Current assets				
Inventories		332 219	-	332 219
Receivables		464 508	-	464 508
Cash and cash equivalents		456 199	-	456 199
Total current assets		**1 252 926**	**-**	**1 252 926**
Total assets		**4 927 305**	**-12 045**	**4 915 260**
EQUITY AND LIABILITIES				
Share capital		102 600	-	102 600
Other equity	1, 2	3 325 856	229 658	3 555 514
Total equity		**3 428 456**	**229 658**	**3 658 114**
Non current liabilities				
Pension liability	2	98 993	14 797	113 790
Provisions		49 770	-	49 770
Total non current liabilities		**148 763**	**14 797**	**163 560**
Current liabilities				
Accounts payable		269 408	-	269 408
Income tax payable		113 225	-	113 225
Allocated dividend	1	256 500	-256 500	-
Other current liabilities		710 953	-	710 953
Total liabilities		**1 350 086**	**-256 500**	**1 093 586**
Total equity and liabilities		**4 927 305**	**-12 045**	**4 915 260**

Cont. NOTE 21
First time adoption of IFRS

RECONCILIATION OF RESULTS FOR 2010

(NOK thousand)	Note	2009 NGAAP	2010 NGAAP	Effect of transition to IFRS	2010 IFRS
Operating revenues		2 399 150	2 545 758	-	2 545 758
Total operating revenue		**2 399 150**	**2 545 758**	**-**	**2 545 758**
Raw materials and consumeables used		-1 195 009	-1 168 005	-	-1 168 005
Employee benefit expense	2	-634 800	-636 110	43 269	-592 841
Depreciation, amortisation and impairment changes		-57 929	-71 295	-2 936	-74 231
Other operating cost		-601 699	-449 137	4 513	-444 624
Operating profit		**-90 287**	**221 212**	**44 846**	**266 058**
Dividend/group contribution from subsidiaries		251 924	445 182	-	445 182
Dividend from joint ventures and associated companies		120 091	204 577	-	204 577
Financial income		173 668	76 359	-	76 359
Financial expenses		-18 730	-26 024	-	-26 024
Profit before tax		**436 666**	**921 306**	**44 846**	**966 152**
Tax	2	-109 359	-171 958	-12 557	-184 515
Net profit		**327 307**	**749 348**	**32 289**	**781 637**
Profit for the year		**327 307**	**749 348**	**32 289**	**781 637**

The transition from NGAAP to IFRS has not led to significant changes to the cash flow statement.

1. Dividend
Jotun A/S has prior to transition to IFRS made provisions for proposed dividends. This is not allowed under IFRS, and as such, the proposed dividend as of December 31, 2009 has been reversed in the IFRS opening balance.

2. Pension obligation and funds
At the date of transition to IFRS, all cumulative non-expensed actuarial changes in estimates for defined benefit pension liabilities have been booked to equity in accordance with IFRS 1. The deferred tax effect of the transition effect is calculated.

(NOK thousand)	01.01.10	31.12.10
Cumulative non-expensed actuarial changes in estimates:	80 498	61 795
Deferred tax effect (28 per cent):	22 539	17 303
Equity effect (72 per cent):	57 959	44 491

Sandefjord, Norway, 16 February 2012
Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Richard Arnesen

Birger Amundsen

Paul Jordahl

Ingrid Luberth

Torkild Nordberg

Nicolai A. Eger

Morten Fon
President & CEO

ERNST & YOUNG

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www.ey.no
Member of the Norwegian Institute of Public Accountants

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 2011, 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 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.

ERNST & YOUNG

2

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 of 31 December 2011 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 of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards on Accounting 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, 16 February 2012
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)

COUNTRY	COMPANY	SHARE HOLDING %	
Algeria	Jotun Algerie SARL, Algiers	70	Jotun Paints
Australia	Jotun Australia Pty. Ltd., Victoria	100	Jotun Coatings, P
Brazil	Jotun Brasil Imp. Exp. & Industria de Tintas Ltda., Rio de Janeiro	100	Jotun Coatings
Bulgaria	Jotun Bulgaria EOOD, Sofia	100	Jotun Powder Coatings
Cambodia	Jotun (Cambodia) Ltd., Phnom Penh	100	Jotun Paints
China	Jotun Coatings (Zhangjiagang) Co. Ltd., Zhangjiagang	100	Jotun Coatings, P
	Jotun COSCO Marine Coatings (GZ) Co. Ltd., Guangzhou	50	Jotun Coatings, P
	Jotun COSCO Marine Coatings (HK) Co. Ltd., Hong Kong	50	Jotun Coatings
	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd., Qingdao	50	Jotun Coatings
	Jotun Paints (H.K.) Ltd., Hong Kong	100	Jotun Coatings
Cyprus	Jotun Cyprus Ltd, Limassol	100	Jotun Paints; Jotun Powder Coatings
Czech Republic	Jotun Powder Coatings (CZ) a.s., Usti nad Labem	100	Jotun Powder Coatings, P
Denmark	Jotun Danmark A/S, Kolding	100	Jotun Dekorativ
Egypt	El-Mohandes Jotun S.A.E., Cairo	70	Jotun Paints, P
Finland	Nor-Maali OY, Lahti	33	Jotun Coatings, P
France	Jotun France S.A.S., Paris	100	Jotun Coatings
Germany	Jotun (Deutschland) GmbH, Hamburg	100	Jotun Coatings
Greece	Jotun Hellas Ltd. Piraeus	100	Jotun Coatings
India	Jotun India Pvt. Ltd., Pune	100	Jotun Coatings, P; Jotun Powder Coatings, P
Indonesia	P.T. Jotun Indonesia, Jakarta	99	Jotun Paints, P
	P.T. Jotun Powder Coatings Indonesia, Jakarta	100	Jotun Powder Coatings, P
Ireland	Jotun (Ireland) Ltd., Cork	100	Jotun Coatings
Italy	Jotun Italia S.p.A., Trieste	100	Jotun Coatings
Kazakhstan	Jotun Kazakhstan L.L.P. Almaty	100	Jotun Coatings
Libya	Jotun Libya J.S.Co., Tripoli	80	Jotun Paints
Malaysia	Jotun (Malaysia) Sdn. Bhd., Shah Alam	93	Jotun Paints, P
	Jotun Powder Coatings (M) Sdn. Bhd., Shah Alam	81	Jotun Powder Coatings, P
	Jotun Paints Sdn.Bhd., Nilai	100	Jotun Paints, P
Morocco	Jotun Maroc SARL/AU, Casablanca	100	Jotun Paints
Netherlands	Jotun B.V., Spijkenisse	100	Jotun Coatings
Norway	Jotun A/S, Sandefjord	100	Jotun Dekorativ, P; Jotun Coatings, P
	Jotun Powder Coatings (N) AS, Larvik	100	Jotun Powder Coatings, P
	Scanox AS, Drammen	100	Jotun Dekorativ, P
Oman	Jotun Paints Co. L.L.C., Muscat	62	Jotun Paints, P
Pakistan	Jotun Pakistan (Pvt.) Lda., Karachi	100	Jotun Paints
	Jotun Powder Coatings Pakistan (Pvt.) Lda., Lahore	93	Jotun Powder Coatings, P
Philippines	Jotun (Philippines) Inc., Manila	100	Jotun Coatings
Poland	Jotun Polska Sp.zo.o., Gdynia	100	Jotun Coatings
Romania	Jotun Romania S.R.L., Otopeni	100	Jotun Coatings
Russian Federation	Jotun Paints OOO, St. Petersburg	100	Jotun Coatings
Saudi Arabia	Jotun Powder Coatings Saudi Arabia Co. Ltd., Dammam	49	Jotun Powder Coatings, P
	Jotun Saudia Co. Ltd., Jeddah	40	Jotun Paints, P
Singapore	Jotun (Singapore) Pte. Ltd., Singapore	100	Jotun Coatings
South Africa	Jotun Paint South Africa (Pty) Ltd., Cape Town	100	Jotun Coatings, P
South Korea	Chokwang Jotun Ltd., Kyungnam	50	Jotun Coatings, P
Spain	Jotun Ibérica S.A., Barcelona	100	Jotun Coatings, P
Sweden	Jotun Sverige AB, Gothenburg	100	Jotun Dekorativ
Thailand	Jotun Powder Coatings (Thailand) Ltd., ChonBuri	100	Jotun Powder Coatings, P
	Jotun Thailand Ltd., Samutprakarn	95	Jotun Paints, P
Turkey	Jotun Boya San. ve Tic. A.S., Istanbul	100	Jotun Coatings, P
	Jotun Toz Boya San. ve Tic. A.S., Istanbul	100	Jotun Powder Coatings, P
United Arab Emirates	Jotun Abu Dhabi Ltd. (L.L.C.), Abu Dhabi	52	Jotun Paints, P
	Jotun Powder Coatings U.A.E. Ltd. (L.L.C.), Dubai	47	Jotun Powder Coatings, P
	Jotun U.A.E. Ltd. (L.L.C.), Dubai	42	Jotun Paints, P
	Jotun F.Z.E., Jebel Ali Free Zone	100	Jotun Paints
United Kingdom	Jotun Paints (Europe) Ltd., Flixborough	100	Jotun Coatings, P
	Jotun Powder Coatings Ltd., Flixborough	100	Jotun Powder Coatings
USA	Jotun Paints Inc., Belle Chasse, LA	100	Jotun Coatings, P
Vietnam	Jotun Paints (Vietnam) Co. Ltd., Ho Chi Minh City	100	Jotun Paints, P; Jotun Powder Coatings
Yemen	Jotun Yemen Paints Ltd., Aden	26	Jotun Paints, P

- Sales Office
- P Production
- Jotun Powder Coatings
- Jotun Paints
- Jotun Coatings
- Jotun Dekorativ

In addition to the companies listed above, the Jotun Group also owns a number of holding and inactive companies.

In addition to legal companies Jotun has branch offices, agents, distributors and licesees in Argentina, Azerbaijan, Bahrain, Belgium, Canada, Chile, Croatia, Domenican Republic, Ecuador, Estonia, Ghana, Haiti, Hungary, Iceland, Iran, Japan, Jordan, Kenya, Kuwait, Latvia, Lebanon, Lithuania, Malta, Mauritius, Mexico Monaco, Montenegro, Namibia, Netherland Antilles, New Zealand, Nigeria, Panama, Peru, Portugal, Puerto Rico, Qatar, Slovak Republic, Slovenia, Sri Lanka, Sudan, Suriname, Switzerland, Syria, Taiwan, Trinidad, Tunisia, Ukraine and Uruguay.

The Jotun Group

PRESIDENT & CEO
Morten Fon

FINANCE, IT
Ben Guren

JOTUN DEKORATIV	JOTUN PAINTS	JOTUN COATINGS	JOTUN POWDER COATINGS
Bård K. Tonning	Erik R. Aaberg	Esben Hersve	Martin Chew

BOARD OF DIRECTORS

Odd Gleditsch d.y., Chairman
Birger Amundsen
Einar Abrahamsen
Ingrid Luberth
Nicolai A. Eger
Paul Jordahl
Richard Arnesen
Torkild Nordberg

CORPORATE ASSEMBLY

Olav Christensen, Chairman
Anne Cecilie Gleditsch
Bjørn Mellem
Bjørn Ole Gleditsch
Hilde Myrberg
Kjell Sundsli
Kornelia Eger
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Jotun Protects Property