Jotun Protects Property

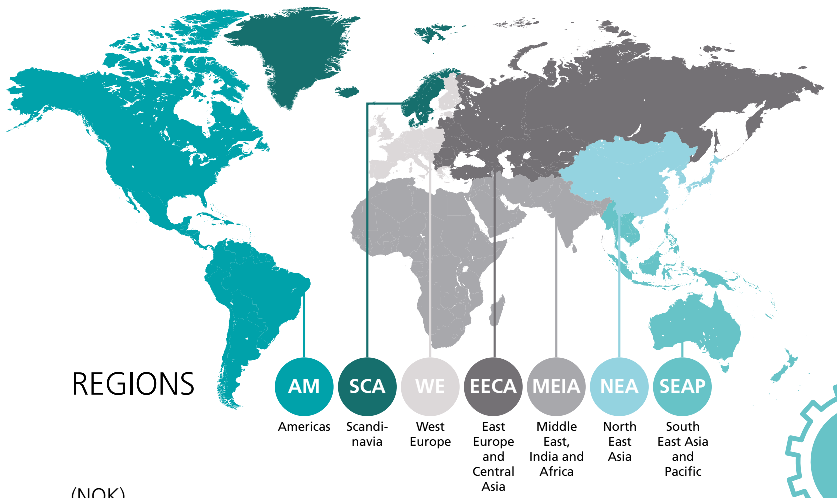
ANNUAL REPORT 2015

CONTENTS

AT A GLANCE

The Jotun Group is a matrix organisation divided into seven regions responsible for the sale of Decorative Paints and Marine, Protective and Powder Coatings.

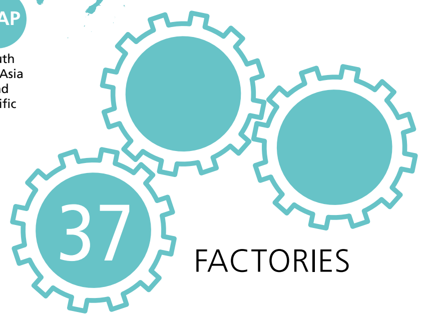
The company has 37 production facilities in 21 countries, 63 companies in 45 countries and is represented in more than 100 countries around the world.

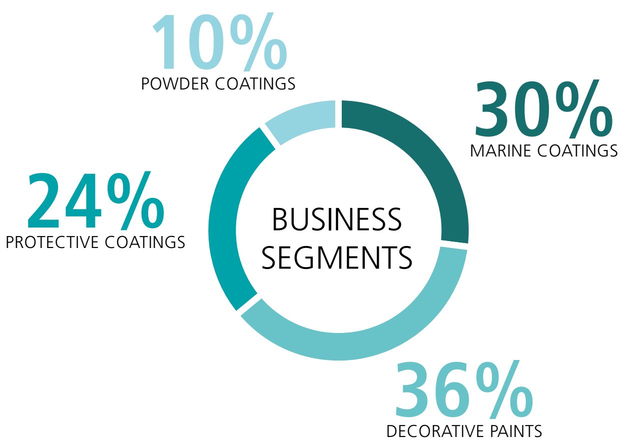


(NOK)

16 282 000 000

OPERATING REVENUE





SEGMENTS

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

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

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

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

GROUP KEY FIGURES

(NOK MILLION)		2015	2014	2013	2012	2011
PROFIT/LOSS						
Operating revenue		**16 282**	13 171	12 034	11 351	10 659
Operating revenue outside Norway in %		**86**	83	82	80	77
Operating profit		**2 064**	1 314	1 258	1 126	956
Profit before tax		**1 918**	1 301	1 191	1 055	893
Net cash flow from operating activities		**1 500**	919	819	902	303
PROFITABILITY						
Return on capital employed, in %	1)	**24.2**	17.2	20.0	19.5	18.3
Operating margin, in %	2)	**12.7**	10.0	10.5	9.9	9.0
Return on equity, in %	3)	**17.9**	14.0	15.5	15.8	13.1
YEAR-END FINANCIAL POSITIONS						
Total assets		**15 187**	13 300	10 799	9 317	9 140
Investments in intangible and fixed assets		**922**	911	733	590	867
Equity (including non-controlling interests)		**7 932**	6 739	5 515	5 016	5 028
Equity / assets ratio, in %		**52.2**	50.7	51.1	53.8	55.0
Number of employees in the Group		**7 415**	7 158	6 695	6 379	5 884
Number of employees in the Group, including 100 per cent in joint ventures and associated companies		**9 842**	9 676	8 991	8 740	8 296

DEFINITIONS

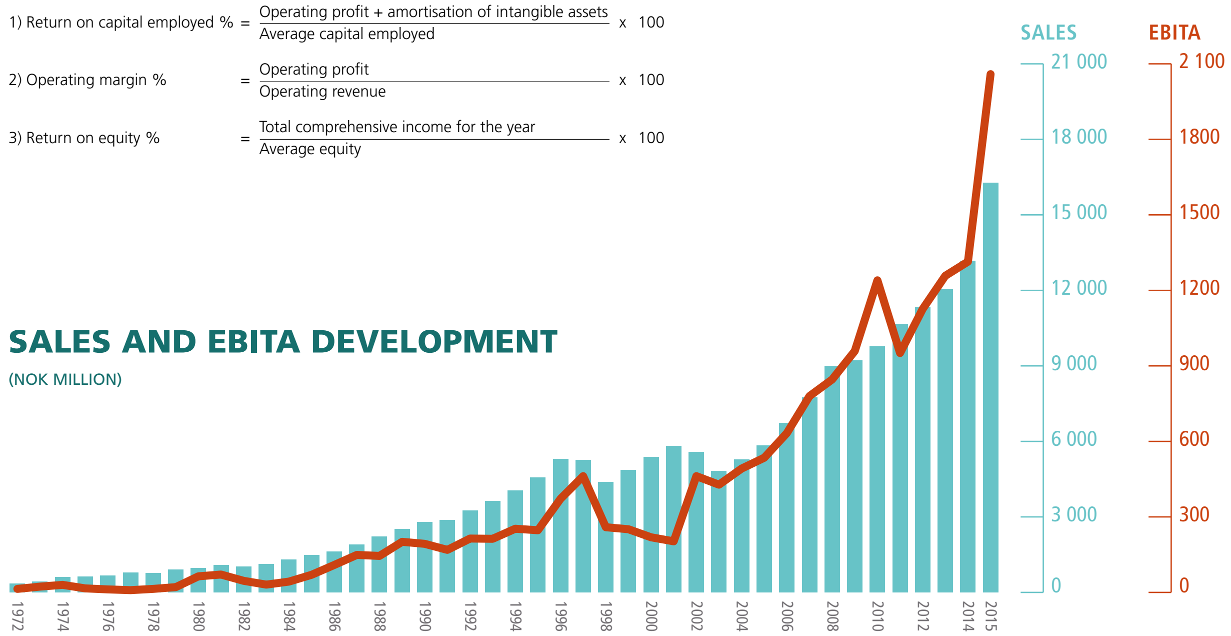
1) Return on capital employed % $= \frac{\text{Operating profit + amortisation of intangible assets}}{\text{Average capital employed}} \times 100$

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

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

SALES AND EBITA DEVELOPMENT

(NOK MILLION)



A LEGACY OF SUCCESS

Just as Jotun's success in 2015 owes much to wise decisions made decades ago, Jotun's long-term future will be shaped by decisions made today.

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

Now celebrating its 90th year, Jotun is stronger than ever. In 2015, the company achieved record-breaking sales, volumes and profits, achieving growth in every segment and region. This year's results were positively impacted by currency effects and lower raw materials prices, but the Board recognises that underlying sales and volume growth, and steps taken by the organisation to control costs, have also contributed to Jotun's excellent performance.

A BOLD HISTORY

While encouraged by the company's growth in 2015, neither the Board nor the management team can claim all the responsibility for Jotun's achievements. In fact, the seeds of our success today were planted by previous generations. For example, Jotun's strong growth in South East Asia this year has its roots in Jotun's bold decision to build a factory in Thailand as early as 1968. Likewise, the origins of Jotun's regional strength in the Middle East date back to 1975, when the company opened its first factory in Dubai. Jotun's ambition is to make the same bold and smart decisions today to ensure the company's growth for future generations.

This long-term perspective also applies to product development. In 2015, Jotun celebrated the delivery of the 10 000th vessel coated by SeaQuantum, a marine antifouling product conceived more than twenty years ago in response to new maritime regulations. Lady, introduced in 1983, remains one of Scandinavia's leading interior decorative paint brands, is a product that evolved from Jotun's pioneering work in alkyd resins in the 1950s. Jotun might not be recognised as a strong market player in the global powder coatings segment had the company not chosen to invest in this technology in 1969.

LESSONS FROM THE PAST

It should also be noted that Jotun has learned as much from its mistakes as its successes. New systems and processes have been developed and implemented to avoid poor business decisions, from imprudent acquisitions or investments, to products launched before they had been adequately tested. The company's experience with a catastrophic fire in Norway 1976 has kept worker safety and fire prevention a top priority, while repairing environmental damage related to the improper storage and disposal of chemicals near our factory in Sandefjord decades ago helped to strengthen our focus on improving Jotun's environmental performance today.

The Board is satisfied with the company's performance, but seen in the context of Jotun's 90-year history, our 2015 results are only a snapshot of our progress. Now as in the past, the Board remains focused on the long-term development of the company.

DIRECTORS' REPORT

1. MAIN ACTIVITIES

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

DECORATIVE PAINTS

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

PROTECTIVE COATINGS

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

MARINE COATINGS

Jotun is the world's leading provider of marine coatings to the newbuilding, DryDock and SeaStock (maintenance) markets. Jotun also supplies coatings solutions for mega yachts and leisure yachts.

POWDER COATINGS

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

Jotun is a global company made up of 63 companies in 45 countries, including 37 production facilities. The company extends its reach to other countries through a network of subsidiaries, joint ventures, associates, agents, sales offices and distributors. The parent company, Jotun A/S, is headquartered in Sandefjord, Norway. Of the Group's operating revenue, approximately 14 per cent is related to its activities in Norway while 86 per cent is related to the rest of the global network.

2. REVIEW OF THE ANNUAL ACCOUNTS

In 2015, Jotun recorded strong performance in all segments and regions, achieving record sales and profit growth. This growth was due in part to favourable macro-economic trends, including positive currency effects and lower raw material prices and a significant increase in newbuilding orders, which lifted sales in the Marine Coatings segment.

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

PROFITS

The Group's total operating income was NOK 16 282 million in 2015 compared with NOK 13 171 million in 2014. The company's long-term growth trend continued in 2015, with improved sales in all segments and regions.

Operating profit increased by NOK 750 million to NOK 2 064 million. Net financial costs totalled NOK 146 million, and the pre-tax profit amounted to NOK 1 918 million. Jotun's activities are subject to ordinary company tax in the countries in which the Group operates, and the tax costs increased by NOK 146 million to NOK 502 million for 2015. After tax, the Group achieved a consolidated profit for the year of NOK 1 416 million compared to NOK 946 million in 2014.

The parent company, Jotun A/S, achieved a total profit for the year of NOK 905 million, compared to NOK 846 million in 2014.

Associated companies and joint ventures consist of Jotun's shareholding in companies in South Korea, China, the UAE and Saudi Arabia. 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 562 million compared with NOK 356 million in 2014.

Changes in currency exchange rates had a significant impact on revenue and operating profit during 2015. The reported growth in operating revenue of NOK 3 112 million from NOK 13 171 million in 2014 to NOK 16 282 million, would theoretically have been NOK 1 449 million given equal currency exchange rates in 2014 and 2015. Similarly, the reported growth in operating profit for 2015 of NOK 751 million would have been NOK 536 million assuming equal currency exchange rates in 2014 and 2015.

FINANCIAL POSITION, CAPITAL STRUCTURE AND RISK

The Jotun Group generated a net cash flow from operating activities of NOK 1 500 million in 2015, an increase of

NOK 581 million compared to 2014. Higher profits offset cash outflows tied to working capital, and net cash flow from operating activities funded cash outflows related to both investments in non-current assets of NOK 875 million, as well as dividend payments of in total NOK 561 million.

At year end 2015, the Jotun Group had a cash position of NOK 1 521 million compared to NOK 1 421 million at year end 2014.

The net interest bearing debt for the Group was NOK 1 591 million at year end 2015 compared to NOK 1 702 million as of 31 December 2014. Net interest bearing debt relative to the operating profit before amortisation and depreciation (EBITDA) was 0.6 as of 31 December 2015 (2014: 1.0). At year end, Jotun A/S had NOK 1 300 million in bonds, of which NOK 1 000 million were long term and NOK 1 057 million in non-current bank debt outstanding. External borrowing in the subsidiaries is primarily short-term and through local banks.

Jotun A/S has NOK 800 million in long-term credit lines. This committed funding serves as a backstop for certificate loans, as well as a strategic reserve for short-term financing of the Group. At year end, all of these credit lines were unused.

The Group's equity ratio was 52 per cent at the end of the year as opposed to 51 per cent the previous year. The increase in equity ratio is attributable to profit for the year exceeding paid out dividends in 2015. The Group is in a sound financial position.

In its regular business operations, Jotun is exposed to risks relating to credit, interest rates, commodity prices and currency exchange rates. The company has established procedures for currency and commodity hedging as well as customer credit rating. The Group hedges its currency risk connected to the USD, USD-related currencies and the EUR through forward contracts, options and foreign currency loans. Jotun's procedures and measures in this respect are considered satisfactory in relation to the Group's exposure to risk.

3. THE MARKET

DECORATIVE PAINTS

Jotun manages the sale of interior and exterior paints to both consumers and contractors through a global network of about 7,500 dealer shops. In 2015, Jotun achieved good results, especially in the Middle East and South East Asia. In Scandinavia, slow sales in the exterior paints market were offset by good growth in the interior segment. In Turkey, Jotun recovered from a slow start to end the year with double-digit growth.

Jotun's growth in the consumer decorative paints market has been supported by an increased focus on improving the consumer shopping experience in existing stores, an expanded dealer network, and product innovation. Jotun is recognised globally as a manufacturer of premium products. However, in 2015, the company launched a number of medium-range interior and exterior products in South East Asia and the Middle East to compete with low-cost suppliers active in some markets.

In the project market, Jotun stepped up its efforts to work more closely with professionals. In addition to the launch of a new B2B website specifically designed to inspire and inform professionals, the company introduced a new concept (Green Building Solutions) to highlight Jotun's range of more environmentally friendly paints. Both the new website and concept were developed in cooperation with Jotun Protective and Powder Coatings segments to appeal to owners seeking "green building" certification.

The Decorative Paints segment remains an important part of the company's portfolio. The Board is encouraged by developments in 2015 and is confident the company is on the right track.

JOTUN PROTECTIVE COATINGS

The company managed to record modest overall growth in the Protective Coatings segment, despite facing significant challenges both in the offshore market globally and the general slowdown in the Chinese market. Low oil prices have caused many planned offshore projects to be delayed or cancelled, resulting in fewer orders for new units, particularly in yards in the Asia Pacific region. These trends have and will continue to impact Jotun's business going forward.

To offset expected declines in new-construction orders, Jotun is devoting more resources to secure offshore maintenance and repair projects. The company has had success in developing new, specialised products (e.g. Jotachar JF750, launched in 2013) and will continue to invest the time and resources to maintain the company's edge in product development.

Jotun's overall performance was strengthened by good results in other market segments. For example, for the infrastructure concept, Jotun recorded strong growth, especially in the Middle East, India, select countries in South East Asia and China, where Jotun has a leading market position. Jotun also performed well in the energy concept, where the company has had success providing specialised coatings for wind towers and blade coatings in some markets. Rising demand for fuel in some market has also placed significant demands on refineries. Combined with improved margins for refined products this has delayed scheduled maintenance and repair work, thus creating an opportunity for Jotun to expand its market share in this concept.

The company is also working more closely with dealers to make protective coatings available to more users, and in some markets, enabling them to sell protective coatings directly to equipment manufacturers. While encouraged by results in 2015, the Board believes the company is in a strong position to accelerate growth in this segment.

JOTUN MARINE COATINGS

Jotun's leading market position and excellent product range, combined with favourable raw materials prices and effective cost controls, helped Jotun achieve good results in the Marine Coatings segment in 2015. Growth was especially strong in China and South Korea, but the company also had good results in other markets, including Denmark and the United States.

Jotun's success in the Marine Coatings segment has been driven in part by a sharp increase in newbuilding orders over the last couple of years. Likewise, regulatory compliance and increased competition have lead to a growing demand for Jotun's premium antifouling products (e.g. SeaQuantum) and related concepts (Hull Performance Solution) that help lower fuel costs and corresponding emissions.

In addition to hull coatings, Jotun manufactures a range of specialised tankcoatings and coatings solutions for topsides. While these coatings and solutions are strong standalone products, they also put Jotun in a better position to secure hull coating contracts, supporting sales of the company's range of antifouling products.

Based on reported orderbooks from shipyards, sales of marine coatings are expected to level out next year. Tonnage overcapacity has kept freight rates low in most segments and the decline in the price of oil has forced lay-ups for many offshore vessels. However, by retaining Jotun's advantage in product performance, and continuing to develop solutions to meet the evolving needs of owners, the Board is confident that Jotun will remain the world's leading manufacturer of marine coatings.

JOTUN POWDER COATINGS

Despite a contraction in one key market (Saudi Arabia) and flat sales in Western Europe and Scandinavia, Jotun recorded positive growth in the Powder Coatings segment last year. Sales were strong in the UAE, China, India, Russia and Vietnam. In Turkey, another important market for Jotun, currency effects coupled with intense competitive pressure eroded profits derived from otherwise strong volume growth.

To help differentiate Jotun from competing suppliers, Jotun continues to develop high-quality products that meet market demand for safe, efficient and environmentally friendly powder coatings.

In 2015, Jotun launched Ultra Shine, a safe, affordable and sustainable powder coatings alternative for chrome plating process traditionally used for metal furniture and the Aurora Collection, an environmentally friendly alternative to the anodising process used to coat aluminium components for buildings. Jotun is also developing its line of products for Medium Density Fibreboard (MDF), used primarily in the furniture industry as an alternative to solvent-based wet coating systems.

The Board is encouraged by the company's efforts to secure more agreements with global customers, build stronger relationships with consultants and architects, and work more closely with dealers and distributors to improve market penetration. The Board is satisfied with the 2015 results, but believes the company can grow faster in this segment.

4. RESEARCH AND DEVELOPMENT (R&D)

Headquartered in Sandefjord, Norway, Jotun R&D has a global network of regional laboratories in the Middle East (UAE and India), South East Asia (Malaysia and Thailand), Northern Asia (Korea and China) and the Americas (U.S.A.). In addition to adapting products to meet local regulations and local demand, regional laboratories are also responsible for testing of raw materials, quality assurance, and providing claims and verification services when required. About 300 skilled personnel work in Jotun's global R&D network.

Jotun's R&D function plays a critical role for the company. In addition to being responsible for meeting growing demand for less hazardous waterborne paints and coatings and responding to new or pending regulations, Jotun's R&D personnel must also support the company's own business and environmental objectives.

For example, R&D personnel are responsible for managing Jotun's Chemical Policy, which represents the company's internal rules governing the use of certain chemicals and substances. In support of the launch of Jotun's Green Building Solutions, which provides specifiers and building owners worldwide with approved systems that meet green building certification requirements, R&D personnel conducted an exhaustive review of all appropriate products to verify that they match specific standards.

In the Decorative Paints segment, the company continues to push the development of increasingly safe, easy-to-use and solvent free interior and exterior paints. In the Protective and Marine segments, Jotun R&D is focused on developing and refining a number of waterborne topcoats, primers and steel protection products, often working with customers to develop products to meet environmental specifications unique to specific projects. Powder coatings do not contain solvents, but Jotun R&D has developed products that cure at lower temperatures, helping customers reduce energy costs and corresponding emissions and products which serve as safe and environmentally friendly alternatives to wet paint.

In 2015, Jotun approved plans to build new headquarters in Sandefjord. The new headquarters will include state-of-the-art research and development laboratories to ensure that Jotun retains its edge in product innovation. Jotun has a long history of developing paints and coatings in-house, and the Board believes the new facilities will support this effort for years to come.

5. COMPETENCE DEVELOPMENT

In recognition that Jotun's most important asset is its people, the company invests significant resources to develop our personnel. In addition to on-the-job training, Jotun provides a broad range of competence development programmes through Jotun Academy. The Academy includes training programmes in human resources, marketing, sales, purchasing, R&D, operations, technical sales support, finance, and management, as well as a number of stand-alone modules.

Jotun's Competence Board is responsible for developing and disseminating new training initiatives throughout the Group, including Academy programmes.

In 2015, around 2 750 employees participated in 37 Jotun Academy training programmes. In addition, over 200 online courses are available to employees through Jotun's e-learning programme, a virtual training environment that connects the entire global organisation. In 2015, Jotun added three new Academy training courses and nine new e-learning modules. Jotun also continued its focus on implementing a globally consistent and professional recruiting process, created more formalised requirements for high level management positions, increased regional accessibility and accountability for rotation and mobility, and worked to secure the company's leadership pipeline, among other activities. Jotun's ability to attract competent candidates, combined with the company's low turnover rate, represents a competitive advantage. By maintaining a strong focus on competence development, the Board is confident the company can retain this advantage.

6. HEALTH SAFETY AND THE ENVIRONMENT (HSE)

GOALS AND ACTIVITIES

All of Jotun's activities are carried out in accordance with local laws and regulations, and Jotun HSE requirement. Systems and training programmes have been implemented to prevent occupational illness, promote good physical and psychological well-being, safeguard life and property and reduce Jotun's environmental footprint. All our production companies are certified according to ISO 9001, 14001 and OHSAS 18001. In 2015, Group HSEQ carried out nine HSE audits of Jotun's production facilities. The year was also notable for the launch of the HSEQ Management System, which divides the HSEQ responsibility across the local management organisation, allowing for more individual focus on key elements and making standards easier to manage.

HSE TRAINING

Competence development is critical for Jotun to achieve HSE objectives and build a culture of good, health and safety environmental practices. In addition to HSE training offered through Jotun Academy and e-learning modules, all production facilities are required to have an HSE coordinator, who is responsible organising for at least one "HSE Day" every year, covering all aspects of HSE. In 2015, each employee in Jotun received an average of 9.6 hours of general HSE training.

In 2015, three new HSE e-learning modules were added to the portfolio of on-line courses. Group HSEQ has found this to be an effective way to raise awareness about HSE requirements in Jotun.

WORKING ENVIRONMENT

No fatalities were reported 2015.

There were 52 injuries reported resulting in lost-time due to injury (LTI) absences in 2015, compared with 57 in 2014. The number of injuries resulting in an absence of one day or more per one million working hours (Lost Time Injury Rate) was 3.2 (3.6 in 2014). The LTIR for Jotun A/S was 1.3, compared with 2.8 in 2014. Absence due to sickness for the Group in 2015 was 1.7 per cent, compared to 1.6 per cent in 2014. Absence due to sickness in Jotun A/S was 4.4 per cent in 2015, compared with 4.5 per cent in 2014.

ENVIRONMENT

Air emissions from Jotun's factories mainly consist of solvents. Some factories have abatement systems for wastewater, and they are all operating inline with local requirements. Jotun has been reporting carbon footprint since 2009, detailing CO_2 output of each area and company, and providing a detailed picture of Jotun's overall environmental performance.

In 2015, Jotun recorded global emissions of 87 163 tons CO_2-equivalents, marking an overall reduction of three per cent per ton produced. The total electrical consumption in 2015 was 138 kWh/tonnes produced, compared to 139 in 2014.

The waste generated relative to the volume produced was 1.9 per cent in 2015 compared to 2.1 per cent in 2014.

There were no discharges to water or soil causing any significant pollution to the environment in 2015.

SAFETY

Fire represents the most significant threat to Jotun personnel. The Board has "zero tolerance" regarding fires and has over the years approved the allocation of significant resources to manage this risk. In 2015 there were a total of 18 fires or early stage of fires at Jotun premises. None of these fires were major incidents and no injuries or serious damage to property was sustained. The Board acknowledges that improved reporting of incidents may have inflated these numbers and recognises the hard work of the company to eliminate fire risk, but will not be satisfied until no fires occur.

In 2015, the company introduced a number of new systems and procedures to further minimise risk. In 2015, Jotun hired external contractors to conduct a comprehensive thermographic survey of all sites to detect where fires are most likely to start. Other measures included strengthening requirements for electrical inspections, safety walks and inspections of all firefighting systems. Finally, all of Jotun's facilities were required to perform a fire-risk assessment, a process that involved mapping the individual sites to determine the location of flammable materials, potential ignition sources, positioning and availability of firefighting equipment, action plans to reduce risk and emergency response plans.

CHALLENGES AHEAD

As a fast growing company, Jotun's biggest HSE challenge is maintaining a strong focus on HSE. The company takes any deviation from its HSE requirements very seriously and believes that robust HSE practices results in better outcomes for the company and its workforce. Jotun continues to communicate the importance of HSE throughout the organisation to ensure a safe and healthy working environment for all employees.

7. CORPORATE RESPONSIBILITY

Jotun's strategic approach to Corporate Responsibility (CR) is based on commitment to our corporate values (Loyalty, Care, Respect and Boldness), UN Human Rights, the ILO convention and commitment to UN Global Compact, as well as local laws and regulations. While all employees are responsible for meeting Jotun's CR objectives, Jotun's Board and Group Management have overall responsibility for the company's CR commitment.

Jotun's Business Principles and corporate governance define the ethical and administrative framework necessary to ensure responsible behaviour towards all stakeholders. The framework guides the company's selection of suppliers, how the company interacts with customers, and how initiatives are implemented to enhance the health and wellbeing of employees. It also serves to define and encourage good corporate citizenship in the communities where we operate.

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

Jotun also seeks to minimise risk to its reputation by working to eliminate corruption. The company seeks to build a culture of transparency through a variety of means, most notably through a robust anti-corruption policy. Emphasis is placed on training via e-learning courses and regular practical dilemma training, especially for individuals working in management, purchasing and sales. Anti-corruption training is also included in the induction programme for new employees as well as in Jotun Academies.

8. DIVERSITY

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

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

Two of the seven senior management positions reporting to the President & CEO are female. Of those with personnel responsibility in Jotun A/S, 30 per cent are women (27 per cent in 2014). Women make up 10 per cent of skilled workers (unchanged from 2014), while the corresponding percentage for women among office staff is 36 per cent, compared to 34 in 2014.

While our employees come from many different cultures and backgrounds, and are spread over 200 different locations around the world, we are joined by our common set of values; Loyalty, Care, Respect and Boldness. By understanding that diversity is a strength, and actively promoting it throughout the company, Jotun employees create a vibrant corporate culture, resulting in an even stronger organisation.

9. FUTURE PROSPECTS

In 2015, Jotun recorded positive growth in all segments, with good development in both underlying sales and volume growth. Gross margin is up from last year, and the company's cash flow position has improved. It should also be noted that the focus on controlling operating expenses – an issue in years past – has been successful, with the company ending the year with a reduction in costs relative to sales.

Jotun continues to grow the organisation. In 2015, the company opened a new factory in Brazil, new offices in Egypt, expanded its factory in India, and opened business in Kenya and Mexico. The company has started factory construction projects in Myanmar, the Philippines and Oman, as well as approved the construction of a new corporate headquarters in Sandefjord. Looking ahead, it will be important for the Board to ensure that Jotun maintains a balance between growth ambitions and rising costs.

The Board also recognises that today's global economy has been impacted by market uncertainties, including the low oil prices, a weakening Chinese economy, flat growth in Europe, and a shipping and offshore industry beset by low rates and tonnage oversupply. These macro-economic conditions are likely to impact Jotun's earnings in the years ahead.

Internally, Jotun continues to commit substantial resources into R&D and to modernise our business practices to improve profitability, HSE performance, operational efficiency and knowledge sharing. Business improvement initiatives include sophisticated IT systems, coordinated global marketing campaigns and the development of innovative new products in all segments. These steps will help accelerate Jotun's evolution from a products based company to a company that provides solutions.

Jotun will continue to build the business consistent with the three main components of Jotun's core strategy: Organic growth, segment diversity and adopting a differentiated approach to selected markets and regions. By making targeted investments and adopting a long-term perspective, the Board is confident that the company can continue its growth trend, now entering its 11th consecutive year.

Sandefjord, Norway, 9 February 2016
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Birger Amundsen

Terje Andersen

Richard Arnesen

Nicolai A. Eger

Ingrid Luberth

Karl Otto Tveter

Morten Fon
President and CEO

JOTUN GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK THOUSAND)	NOTE	2015	2014
Operating revenue		16 282 314	13 170 781
Share of profit from associated companies and joint ventures	2	562 013	356 352
Cost of goods sold		–8 656 661	–7 118 515
Payroll expenses	3, 4	–2 520 743	–2 191 774
Other operating expenses	5, 21	–3 129 834	–2 566 327
Depreciation, amortisation and impairment	7, 8	–473 118	–336 929
Operating profit		**2 063 972**	**1 313 588**
Net financial items	5	–145 916	–12 166
Profit before tax		**1 918 055**	**1 301 423**
Income tax	6	–502 011	–355 737
Profit for the year		**1 416 044**	**945 685**

Profit for the year attributable to:			
Equity holders of the parent company		1 338 284	894 920
Non–controlling interests	18	77 760	50 765
Total		**1 416 044**	**945 685**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK THOUSAND)	NOTE	2015	2014
Profit for the year		**1 416 044**	**945 685**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / loss (–) on defined benefit pension plans	4	–2 113	1 137
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences on net investments in foreign operations	16	98 652	149 202
Loss on hedge of net investments in foreign operations	16	–118 563	–120 010
Currency translation difference	16	360 846	803 860
Other comprehensive income for the year, net of tax		**338 822**	**834 190**
Total comprehensive income for the year		**1 754 866**	**1 779 875**

Total comprehensive income attributable to:			
Equity holders of the parent company		1 648 330	1 695 833
Non–controlling interests	18	106 537	84 042
Total		**1 754 866**	**1 779 875**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK THOUSAND)	NOTE	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Deferred tax assets	6	164 287	134 957
Other intangible assets	7	312 000	281 508
Property, plant and equipment	8	4 220 218	3 754 514
Investments in associated companies and join ventures	2	1 839 810	1 491 021
Other investments	11	8 248	8 248
Other interest-bearing receivables	11, 14	165 557	202 855
Total non-current assets		**6 710 119**	**5 873 104**
Current assets			
Inventories	9	2 198 483	1 957 519
Trade and other receivables	11, 12	4 757 059	4 047 524
Cash and cash equivalents	11, 13	1 520 840	1 421 421
Total current assets		**8 476 382**	**7 426 466**
Total assets		**15 186 501**	**13 299 570**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	102 600	102 600
Other equity		7 620 141	6 484 811
Non-controlling interests	18	209 757	151 356
Total equity		**7 932 497**	**6 738 767**
Non-current liabilities			
Pension liabilities	4	214 012	193 164
Deferred tax liabilities	6	46 161	32 194
Provisions	10, 19	32 539	42 006
Interest-bearing debt	11, 14	2 323 512	2 379 037
Interest-free debt		31 858	23 934
Total non-current liabilities		**2 648 082**	**2 670 335**
Current liabilities			
Interest-bearing debt	11, 14	954 374	946 843
Trade and other payables	11	1 702 541	1 514 783
Current tax payable	6	185 275	159 397
Other current liabilities	10, 11, 15	1 763 731	1 269 445
Total current liabilities		**4 605 921**	**3 890 468**
Total liabilities		**7 254 003**	**6 560 803**
Total equity and liabilities		**15 186 501**	**13 299 570**

Sandefjord, Norway, 9 February 2016
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Birger Amundsen

Terje Andersen

Richard Arnesen

Nicolai A. Eger

Ingrid Luberth

Karl Otto Tveter

Morten Fon
President and CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK THOUSAND)	NOTE	2015	2014
Cash flow from operating activities			
Profit before tax		1 918 055	1 301 423
Adjustments to reconcile profit before tax to net cash flows:			
Share of profit from associated companies and joint ventures	2	–562 013	–356 352
Dividend paid from associated companies and joint ventures	2	491 634	378 481
Depreciation, amortisation and impairment	7, 8	473 118	336 929
Change in accruals, provisions and other		293 375	251 394
Working capital adjustments:			
Change in trade and other receivables		–709 535	–783 764
Change in trade and other payables		187 758	279 292
Change in inventories		–242 651	–195 514
Tax payments	6	–349 973	–293 336
Net cash flow from operating activities		**1 499 769**	**918 552**
Cash flow from investing activities			
Proceeds from sales of property, plant and equipment	8	46 837	13 585
Purchase of property, plant and equipment	8	–856 858	–842 303
Purchase of intangible assets	7	–65 293	–68 326
Net cash flow used in investing activities		**–875 314**	**–897 044**
Cash flow from financing activities			
Proceeds from borrowings	14	255 365	1 289 531
Repayments of borrowings	14	–295 434	–589 906
Dividends paid	17	–513 000	–513 000
Dividends paid to non–controlling interests		–48 136	–42 775
Net cash flow from financing activities		**–601 206**	**143 849**
Net currency translation effect		76 169	135 904
Net increase / decrease (–) in cash and cash equivalents		23 250	165 357
Cash and cash equivalents at 1 January	13	1 421 421	1 120 161
Cash and cash equivalents at 31 December	13	**1 520 840**	**1 421 421**

Jotun Group had unused credit facilities of NOK 900 million at 31 December 2015 (2014: NOK 900 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOTE	(NOK THOUSAND)	ATTRIBUTABLE TO PARENT COMPANY EQUITY HOLDERS Share capital	Other equity	Translation differences	Total	Non–controlling interests	Total equity
	Equity at 1 January 2014	**102 600**	**5 090 499**	**211 479**	**5 404 578**	**110 090**	**5 514 667**
17	Dividends		–513 000		–513 000	–42 775	–555 775
	Profit of the period		894 920		894 920	50 765	945 685
	Other comprehensive income		30 329	770 584	800 913	33 277	834 190
	Equity at 31 December 2014	**102 600**	**5 502 749**	**982 063**	**6 587 412**	**151 356**	**6 738 767**
17	Dividends		–513 000		–513 000	–48 136	–561 136
	Profit of the period		1 338 284		1 338 284	77 760	1 416 044
	Other comprehensive income		–22 024	332 070	310 045	28 777	338 822
	Equity at 31 December 2015	**102 600**	**6 306 009**	**1 314 133**	**7 722 741**	**209 757**	**7 932 497**

NOTES

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 the Group's net interests in associated companies and jointly controlled entities.

Jotun A/S is a limited company incorporated in Norway. The Jotun Group's headquarter is in Sandefjord, Norway, and the Group including associated companies and jointly controlled entities employs around 9 800 people in 45 countries.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-FINANCIAL ASSETS
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

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

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

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

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

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

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

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

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

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

9. TANGIBLE ASSETS

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

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

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

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

10. INTANGIBLE ASSETS

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

Development expenditures attributable to an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

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

11. LEASES

OPERATING LEASES

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

FINANCIAL LEASES

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

12 FINANCIAL INSTRUMENTS

I) FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

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

SUBSEQUENT MEASUREMENT

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

LOANS AND RECEIVABLES

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

DERECOGNITION

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

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

II) IMPAIRMENT OF FINANCIAL ASSETS

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

FINANCIAL ASSETS CARRIED AT AMORTISED COST

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

III) FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

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

SUBSEQUENT MEASUREMENT

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Gains or losses on liabilities held for trading are recognised in the income statement.

LOANS AND BORROWINGS

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

FINANCIAL GUARANTEE CONTRACTS

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

DERECOGNITION

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

IV) OFFSETTING OF FINANCIAL INSTRUMENTS

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

V) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

HEDGES OF A NET INVESTMENT

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

13. INVENTORIES

Inventories are recognised at the lowest of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is accounted for as follows:

RAW MATERIALS

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

FINISHED GOODS

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

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

14. CASH AND CASH EQUIVALENTS

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

15. POST EMPLOYEE BENEFITS

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

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

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

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

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

MULTI-EMPLOYER PLANS
Multi-employer plans are accounted for as defined contribution plans.

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

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

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

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

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

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

17. CONTINGENT LIABILITIES AND ASSETS
Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets (unless virtually certain) are not recognised in the annual accounts but are disclosed if the inflow of economic benefits is probable.

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

19. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES
AMENDMENTS TO IAS 19 DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

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

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

1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD OR DOUBTFUL DEBTS
Accounts receivable are assessed at nominal value less allowance for bad or doubtful debts. Allowances for bad or doubtful debts are recognised when there are objective indicators that the Group will not receive settlement in accordance with the original terms. The allowance for bad or doubtful debts represents the difference between the asset's carrying amount and the fair value (estimated collectible amount). Management has used its best estimate in setting the fair value of account receivables. The carrying amount of accounts receivable at 31 December 2015 is NOK 4 104 million and allowance for bad or doubtful debts at year-end is NOK 184 million. See note 12 for more information.

INVENTORIES AND ALLOWANCES FOR OBSOLETE GOODS
Inventories are measured at the lowest of cost and net realisable value. Jotun Group's products are sold in markets where there are limited observable market references available and this requires judgement in determining net realisable value. Management has used its best estimate in setting net realisable value for inventory. The carrying amount of inventory at 31 December 2015 is NOK 2 198 million and write-down at year-end is NOK 89 million. See note 9 for more information.

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

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

ENVIRONMENTAL PROVISIONS
A number of factories have been inspected regarding environmental conditions in the ground. Actions have either been taken on own initiative or implemented on the order of local authorities. Inspections and measurements are made by independent specialists in the field. For clean-up projects where implementation is considered to be probable and for which reliable estimates have been done provisions are made accordingly. Provisions for remediation cost are made based on currently available facts;
- Laws and regulations presently or virtually certain to be enacted
- Conducted inspections, either taken on own initiative or implemented on the order of local authorities. Inspections and measurements are made by independent specialists in the field.
- Prior experience in remediation of contaminated sites

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

IMPAIRMENT
The Jotun Group has material non-current assets in the form of both tangible (property, plant and equipment) and intangible assets. An explanation of the details of and changes in these assets is presented in note 7 and note 8. The Group also has other non-current assets that mainly consist of investments in companies recognised using the equity method. These are disclosed in note 2 and are not covered in the description below.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit (CGU) being tested. Estimate uncertainty is in some cases considerable, both valuation and estimated useful life are based on future information that is always subject to a certain degree of uncertainty. The calculation of value in use is most sensitive to:

Revenue growth – Factors concerning economic trends and the ability to gain market share are evaluated and included in the three year forecast period. Growth rates over the remaining estimated useful life of the assets beyond the forecast period are gradually reduced to general long term growth assumptions.

Gross margins - Gross margins are based on average values achieved in the four years preceding the beginning of the forecast budget period. These are adjusted over the budget period for expected changes in product segment mix.

Operating costs - Cost forecast for the projection forecast period are based on the historical development over the past four years, adjusted for anticipated efficiency improvements.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on a weighted average of required rates of return for the Group's equity and debt (WACC). The required rate of return on the Group's equity is estimated by using the capital asset pricing model (CAPM).The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

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

Jotun Group has tax loss carry forwards amounting to NOK 1 159 million (2014: NOK 971 million). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. Jotun's operations in the United States of America, Spain and Brazil have substantial tax reducing timing differences that have not been recognised due to uncertainty with regard to utilisation. These subsidiaries have neither taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by NOK 415 million. Further details on taxes are disclosed in note 6.

NON-CONSOLIDATION OF ENTITY IN WHICH THE GROUP HOLDS THE MAJORITY OF OWNERSHIP INTEREST
Jotun Group considers that it does not control Jotun Abu Dhabi Ltd. even though it holds 51.6 per cent of the ownership interest. The Group directly controls 35 per cent. However, the remaining 16.6 per cent is an indirect ownership through a non-controlling entity. As Jotun Group does not de facto control the majority of the voting rights of Jotun Abu Dhabi Ltd., the investment is classified as an associated company. Further details are given in note 2.

NON-CONSOLIDATION OF ENTITY IN WHICH THE GROUP HOLDS A SIGNIFICANT OWNERSHIP INTEREST
Jotun Group has a 50 per cent joint investment with China Ocean Shipping Company (COSCO) and Chokwang Paint in respectively China and South Korea. The companies are considered as jointly controlled as the shareholders jointly direct the operational activities of the companies. These investments are therefore accounted for using the equity method (refer note 2).

2 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

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

OVERVIEW

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

	2015			2014		
(NOK THOUSAND)	Associated companies	Joint ventures	Total	Associated companies	Joint ventures	Total
Balance at 1 January	731 921	759 100	1 491 021	576 678	586 640	1 163 318
Net profit / loss (–) during the year	408 624	153 388	562 013	276 854	79 498	356 352
Exchange differences	167 823	110 588	278 410	186 390	163 442	349 832
Dividend	–383 988	–107 646	–491 634	–308 001	–70 480	–378 481
Balance at 31 December	**924 380**	**915 430**	**1 839 810**	**731 921**	**759 100**	**1 491 021**

ASSOCIATED COMPANIES

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

The Jotun Group has the following investments in associated companies:

ENTITY (NOK THOUSAND)	Red Sea Paints Co. Ltd.	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (LLC)	Jotun Abu Dhabi Ltd. (LLC)	Jotun Powder Coatings Saudia Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd. (LLC)	Total
Country	Saudi Arabia	Saudi Arabia	Yemen	U.A.E.	U.A.E.	Saudi Arabia	U.A.E.	
Ownership interest	40.0%	40.0%	34.4%	41.5%	51.6%	46.6%	47.0%	
Balance at 1 January 2015	32 726	249 772	208	222 816	98 632	77 100	50 667	731 921
Net profit / loss (–) during the year	6 472	150 627	–189	152 750	69 278	–4 323	34 009	408 624
Exchange differences	6 474	59 137	35	52 303	23 552	14 211	12 110	167 823
Dividend	–1 873	–162 030	–	–137 797	–65 423	–	–16 865	–383 988
Balance at 31 December 2015	**43 798**	**297 506**	**54**	**290 073**	**126 039**	**86 988**	**79 921**	**924 380**

Although the Group holds more than 50 per cent of the ownership interest in Jotun Abu Dhabi Ltd., the Group does not control the company as part of the ownership interest is indirect through a non-controlling enitity. This investment is therefore classified as an associated company (see note 1 for more details).

A summary of the financial information on the individual associated companies as of 2015 and 2014, based on 100 per cent figures:

2015 (NOK THOUSAND)	Red Sea Paints Co. Ltd.	Jotun Saudia Co. Ltd.	Jotun Yemen Paints Ltd.	Jotun U.A.E. Ltd. (LLC)	Jotun Abu Dhabi Ltd. (LLC)	Jotun Powder Coatings Saudia Arabia Co. Ltd.	Jotun Powder Coatings U.A.E. Ltd. (LLC)
Non–current assets	60 840	421 960	4 159	131 199	62 504	73 370	75 751
Current assets	101 388	738 174	1 374	708 962	293 477	176 194	190 211
Total assets	**162 228**	**1 160 134**	**5 532**	**840 161**	**355 981**	**249 563**	**265 962**
Equity	109 496	743 766	156	702 798	244 262	186 670	176 916
Non–current liabilities	20 389	61 344	5 376	25 214	1 691	8 690	2 416
Current liabilities	32 343	355 024	–	112 149	110 028	54 204	86 631
Total equity and liabilities	**162 228**	**1 160 134**	**5 532**	**840 161**	**355 981**	**249 564**	**265 962**
Revenues	–	1 738 455	–	1 661 656	620 368	278 212	463 132
Profit /loss (–) for the year	**16 180**	**376 567**	**–550**	**368 073**	**134 259**	**–9 276**	**72 360**

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

JOINT VENTURES

Joint ventures are investments in which the Group has joint control over the companies together with other partners. This type of collaboration is based on specific agreements (see note 1 for further details).

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

ENTITY (NOK THOUSAND)	Chockwang Jotun Ltd.	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd.	Jotun COSCO Marine Coatings (H.K.) Ltd.	Total
Country	South Korea	China	China	
Figures bases on ownership	50.0%	50.0%	50.0%	
Balance at 1 January 2015	291 213	189 908	277 978	759 100
Net profit / loss (–) during the year	36 830	47 089	69 470	153 388
Exchange differences	29 293	25 666	55 628	110 588
Dividend	–37 350	–	–70 296	–107 646
Balance at 31 December 2015	**319 986**	**262 663**	**332 781**	**915 430**

A summary of the financial information on the individual joint ventures as of 2015 and 2014, based on 100 per cent figures:

2015 (NOK THOUSAND)	Chockwang Jotun Ltd.	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd.	Jotun COSCO Marine Coatings (H.K.) Ltd.
Non-current assets	329 090	630 742	802 548
Current assets	946 017	1 336 076	415 757
Total assets	**1 275 106**	**1 966 818**	**1 218 305**
Equity	639 972	525 327	1 003 835
Non-current liabilities	68 072	462 255	–
Current liabilities	567 062	979 236	214 470
Total equity and liabilities	**1 275 106**	**1 966 818**	**1 218 305**
Revenues	1 545 643	2 327 061	854 443
Profit /loss (–) for the year	**73 659**	**94 178**	**138 940**

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

3 PAYROLL EXPENSES

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

WAGES AND OTHER SOCIAL COSTS

(NOK THOUSAND)	2015	2014
Wages including bonuses	1 995 003	1 770 183
Social costs	234 845	216 739
Pension costs defined contribution plans	180 088	134 766
Pension costs defined benefit plans, ref. note 4	20 451	5 769
Other personnel costs	90 355	64 317
Total	**2 520 743**	**2 191 774**
Average full-time equivalent	6 794	6 644

BONUS SYSTEMS

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

REMUNERATION TO PRESIDENT & CEO

(NOK THOUSAND)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	4 641	1 662	243	1 115	7 661

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

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

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

REMUNERATION OF THE BOARD OF DIRECTORS

(NOK THOUSAND)	Ordinary compensation	Bonus	Benefits in kind	Pension cost	Total
Board of Directors	2 810	–	–	–	2 810
Corporate Assembly	165	–	–	–	165
Total	**2 975**	**–**	**–**	**–**	**2 975**

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

EXTERNAL AUDITOR REMUNERATION

(NOK THOUSAND)	2015	2014
Statutory audit	11 506	10 435
Other attestation services	259	102
Tax services	3 178	2 590
Other services	2 187	2 247
Total	**17 130**	**15 374**

4 PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The Group has both defined contribution and defined benefit pension plans. In the defined contribution plans, the cost is equal to the contributions to the employees' pension savings in the accounting period. The future pension will be determined by the amount of the contributions and the return on the pension savings. In the defined benefit plan, the company is responsible for paying a pension to the employee based on pensionable salary. The cost for the accounting period shows the employees' pension entitlement of the agreed future pensions in the accounting year. The majority of the Jotun Group's pension plans are defined contribution plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employees' pension plans, and where the future pension is determined by the accounts of the contributions and the return on the pension plan assets. Employees in the Jotun Group are mainly covered by pension plans that are classified as contribution plans. Costs associated with defined contribution plans are specified in note 3 Payroll expenses.

DEFINED BENEFIT PLANS

The Jotun Group has pension plans that are classified as funded benefit plans and unfunded benefit plans, recognised in the Group's balance sheet. A large part of the Group's benefit plans are in Norway and the United Kingdom, about 80 per cent of the total net obligation as at 31 December 2015.

Norway

The schemes define a pension benefit of up to 60 per cent of final salary at retirement, limited up to twelve times the social security basic amount (12G). As of 31 December the basis amount (1G) is NOK 90 068. The pension liability of the company is linked to changes in Norwegian social security benefits. Other schemes with net pension obilagtion include the contractual-pension scheme (AFP) and end financing of old AFP scheme (early retirement). In addition comes unfunded pension obligations related to social security benefits. Other schemes with net pension obligations include the related to old-age pensions, early retirement for Jotun Group's senior executives and book liabilities related to contribution-based plans for employees who earn more than twelve times the social security basic amount (12G).

United Kingdom

The defined benefit schemes in the UK are closed for all new members. The net pension obligation represents defined benefit plans related to employee who entered this scheme prior to closing. 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 a final salary principle. These are included in net pension obligations.

OTHER SEVERANCE SCHEMES

Obligations indicated under "Other severance schemes" (see below) comprise mainly statutory obligations to employees in its companies elsewhere in the world. The obligations fall due for payment when employees leave a Jotun company. The size of the obligations depends, among other, on how many years the employees have worked in the company. Also included are Jotun's operating pension schemes in the Norwegian companies regarding a pension base exceeding 12 times the basis amount (12G).

ASSUMPTIONS RELATING TO THE DEFINED BENEFIT PLANS

"The discount rate is fixed at the rate on high quality corporate bonds with the same lifetime as the pension liabilities. For the Schemes in the UK the iBoxx Sterling Corporates AA 15+ index is used as the basis for the discount rate. The index showed an annual yield on its corporate bonds of 3.3 per cent per annum at 31 December 2015. However, the average term of the collection of bonds within the iBoxx index is significantly shorter than the term of the liabilities of the Scheme, and the discount rate has consequently been adjusted accordingly.

In countries where a deep market for bonds matching the lifetime of the pension liabilities, the market yields on 10-year government bonds are used, and adjusted for the actual lifetime of the pension liabilities. The discount rate related to the schemes in Norway is, for instance, determined using this approach.

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

The mortality estimate is based on up-to-date mortality tables for the various countries (K2013BE in Norway and S1PxA (YoB) in UK).

Accounting of actuarial losses and gains

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

Pension plan assets

Pension plan assets are mainly in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. The actual return and breakdown of pension plan assets may be seen in the notes below. Contributions to pension plan assets during 2016 is expected to be approximately NOK 9 million.

BREAKDOWN OF PENSION PLAN ASSETS (FAIR VALUE) AS OF 31 DECEMBER	2015	2014
Cash and cash equivalents in %	0.2	0.2
Bonds in %	49.1	49.6
Shares in %	45.5	45.7
Property in %	5.2	4.5
Total pension plan assets in %	**100.0**	**100.0**

	NORWAY		UK	
ACTUARIAL ASSUMPTIONS	2015	2014	2015	2014
Discount rate in %	1.9	2.7	3.9	3.7
Expected return in %	1.9	2.7	3.9	3.7
Wage adjustment in %	2.5 – 3.3	3.0 – 3.3	3.3	3.1
Inflation / increase in social security basic amount (G), in %	2.3	3.0	2.3	2.1
Pension adjustment in %	0.5 – 2.5	0.5 – 3.3	3.3	3.1

	INDONESIA	
	2015	2014
Discount rate in %	9.0	8.0
Expected return in %	9.0	8.0
Wage adjustment in %	8.0	9.0
Inflation / increase in social security basic amount (G), in %	5.0	5.0

SCHEMES WITH NET PENSION OBLIGATIONS

(NOK THOUSAND)	2015	2014
CHANGES IN PENSION OBLIGATIONS INCLUDING SOCIAL SECURITY		
Pension obligation at the beginning of the period	458 819	427 571
Translation difference at the beginning of the period	46 052	50 680
Pension earning for the year	14 652	–755
Interest cost on pension obligations	18 552	20 178
Actuarial loss / gain (–)	320	–10 429
Social security upon paying pension premiums	–190	–460
Pension payments	–31 267	–27 966
Pension obligation at the end of the period	**506 938**	**458 819**

	2015	2014
CHANGES IN PLAN ASSETS		
Plan assets at the beginning of the period	313 998	280 472
Conversion difference at the beginning of the period	38 776	38 488
Expected return on plan assets	14 803	13 716
Settlement	8 397	5 796
Actuarial loss / gain (–)	–2 538	–10 383
Payments in / out (–)	497	4 015
Pension payments	–22 898	–18 107
Plan assets at the end of the period	**351 036**	**313 998**

	2015	2014
RECONCILIATION OF PENSION LIABILITIES/ASSETS RECOGNISED IN THE BALANCE SHEET		
Net pension obligation – overfunded / underfunded (–)	–155 902	–144 821
Other severance schemes	–58 110	–48 344
Total pension assets / liabilities (–)	**–214 012**	**–193 164**

	2015	2014
THE PERIOD'S PENSION COSTS INCLUDING SOCIAL SECURITY		
Pension earnings for the year	14 672	–729
Interest cost for the pension obligations	18 550	19 150
Expected return on plan assets	–12 771	–12 652
Pension cost recognised in profit or loss statement	**20 451**	**5 769**
Actuarial gain (–) / loss recognised in other comprehensive income (net of taxes)	**2 113**	**–1 137**

	2015	2014
BREAKDOWN OF NET PENSION LIABILITIES AT 31 DECEMBER IN UNFUNDED AND FUNDED SCHEMES		
Present value of funded pension obligations	–442 456	–393 738
Pension plan assets	351 036	313 998
Net funded pension assets	–91 420	–79 740
Present value of unfunded pension obligations	–122 592	–113 425
Capitalised net pension liabilities	**–214 012**	**–193 164**

5 OTHER OPERATING EXPENSES AND NET FINANCIAL ITEMS

OTHER OPERATING EXPENSES

(NOK THOUSAND)	2015	2014
Manufacturing costs	341 554	300 325
Warehouse costs	145 021	134 458
Transport costs	437 552	354 118
Sales costs	1 146 777	967 914
Technical service	112 967	73 293
Research and development	167 436	103 964
General and administrative	637 570	513 993
Other	140 958	118 262
Total	**3 129 834**	**2 566 327**

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

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

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

FINANCE INCOME

(NOK THOUSAND)	2015	2014
Interest income	60 176	33 875
Interest income on loan to associated companies	3 417	3 366
Foreign exchange gain	9 956	103 830
Other financial income	60 421	16 086
Total	**133 971**	**157 157**

FINANCE COSTS

(NOK THOUSAND)	2015	2014
Net fair value loss financial instruments	–70 949	–17 770
Interest costs	–99 817	–86 621
Foreign exchange loss	–109 121	–64 931
Total	**–279 887**	**–169 323**
Net financial items	**–145 916**	**–12 166**

6 INCOME TAX

Taxes refer to the authorities taxation of the profits of the different companies in the Group. Matters like value added tax, social security contribution etc. are not included in "taxes". Taxes are computed on the basis of accounting profit or loss and broken down into current taxes and change in deferred taxes. Deferred tax is the result of timing differences between financial accounting and tax accounting. The major components of the income tax expense for the years ended 31 December 2015 and 2014 are:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK THOUSAND)	2015	2014
Current income tax payable	506 268	383 924
Changes in deferred tax	–4 256	–28 187
Income tax expense reported in the profit or loss statement	**502 011**	**355 737**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK THOUSAND)	2015	2014
Net loss (–) / gain on translation difference on net investment in foreign operations	–6 637	10 797
Net loss (–) / gain om actuarial gains and losses	–704	421
Income tax charged directly to other comprehensive income	**–7 341**	**11 218**

RECONCILIATION OF NORWEGIAN NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

A reconciliation between tax expense and the product of accounting profit multiplied by Jotun A/S' domestic tax rate for the years ended 31 December 2015 and 2014 are as follows:

(NOK THOUSAND)	2015	2015	2014
Profit before tax as reported in the income statement		1 918 055	1 301 423
Share of profit of associated companies and joint ventures net of tax		–562 013	–356 352
Expected income taxes at statutory tax rate*	27%	366 132	255 169
Effect of credit deduction**	2%	23 229	17 340
Correction previous years	2%	24 786	13 191
Non-deductible expenses and non taxable income	7%	97 990	80 374
Tax loss not recognised	6%	84 495	53 339
Foreign tax rate differences	–7%	–94 621	–63 676
Total income tax expense		**502 011**	**355 737**
Effective tax rate		37%	38%

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

TAX PAYABLE PRESENTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK THOUSAND)	2015	2014
Tax payable for the year	506 268	383 924
Prepaid taxes	–225 286	–166 134
Withholding taxes receivable	–103 401	–66 967
Other tax payable	7 694	8 574
Total	**185 275**	**159 397**

SPECIFICATION OF DEFERRED TAX

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

TEMPORARY DIFFERENCES

(NOK THOUSAND)	2015	2014
Non–current assets	165 880	212 434
Current assets	–155 971	–178 241
Liabilities	–345 940	–277 208
Tax losses carried forward	–109 728	–41 272
Net temporary differences	**–445 760**	**–284 286**

NET DEFERRED TAX PRESENTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Recognised deferred tax liabilities	–46 161	–32 194
Recognised deferred tax asset	164 287	134 957

SPECIFICATION OF TAX LOSS CARRY FORWARD AND UNUSED TAX CREDITS

(NOK THOUSAND)	2015	2014
2015	–	5 953
2016	12 437	12 442
2017	41 656	30 884
2018	51 334	69 789
2019	76 285	485 666
2020 and after	585 285	–
Without expiration	392 258	366 465
Total	**1 159 254**	**971 198**
Calculated nominal tax effect of tax loss carry forward	414 926	320 836
Valuation allowance	384 202	308 165
Deferred tax asset recognised in the statement of financial position	**30 724**	**12 671**

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 future profits are not likely to be sufficient to absorb the tax-reducing timing differences, no deferred tax asset has been recognised.

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

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

7 INTANGIBLE ASSETS

(NOK THOUSAND)	DEVELOPMENT COST	OTHER INTANGIBLES	TOTAL
COST			
Balance at 1 January 2014	106 046	354 877	460 923
Additions	24 981	43 345	68 326
Disposals	–1 833	–106 805	–108 638
Foreign currency translation effect	4	21 315	21 320
Balance at 31 December 2014	**129 198**	**312 733**	**441 931**
Additions	27 129	38 164	65 293
Disposals	–4 368	–4 452	–8 819
Foreign currency translation effect	–	13 175	13 175
Balance at 31 December 2015	**151 959**	**359 620**	**511 579**
AMORTISATION/IMPAIRMENT			
Balance at 1 January 2014	–12 239	–216 816	–229 055
Amortisation	–8 567	–21 117	–29 684
Disposals	1 404	106 188	107 591
Foreign currency translation effect	–494	–8 783	–9 276
Balance at 31 December 2014	**–19 895**	**–140 528**	**–160 423**
Amortisation	–9 656	–23 583	–33 239
Disposals	530	75	604
Foreign currency translation effect	–	–6 521	–6 521
Balance at 31 December 2015	**–29 022**	**–170 557**	**–199 579**
NET BOOK VALUE			
Balance at 31 December 2015	**122 937**	**189 063**	**312 000**
Balance at 31 December 2014	109 303	172 205	281 508

Amortisable intangible assets are amortised over the following useful lifetimes:

ASSET CATEGORY	USEFUL LIFE
Development cost	8–10 years
Other intangible assets	up to 10 years

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

DEVELOPMENT COST

Development costs are 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 labour. Capitalised development costs are amortised on a straight–line basis.

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

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

– Reduced energy consumption and carbon footprint during the lifecycle of products and the objects they are applied on. This is achieved by developing highly efficient antifouling concepts and highly durable coatings with the need for less maintenance, optimizing TiO_2 usage, and launching low temperature curing powder coatings.
– Reducing VOC emissions by the development of high solid and water borne alternatives to traditional solvent borne paints.

– Continuously substituting hazardous raw materials with less hazardous. A recent example is the global phase out of lead chromate during 2015.

Within all segments the Jotun Group is committed to serve the markets with high quality products. This is a common denominator for new developments.

8 PROPERTY, PLANT AND EQUIPMENT

(NOK THOUSAND)	LAND	BUILDINGS	ELECTRICAL INSTALLATION	MACHINERY, VEHICLES AND EQUIPMENT	CONTRUCTION IN PROGRESS	TOTAL
COST						
Balance at 1 January 2014	206 381	2 083 886	155 264	2 843 448	400 409	5 689 389
Additions	28 052	85 288	22 196	275 058	431 710	842 304
Disposals	–	–21 854	–1 183	–168 000	–2 554	–193 590
Reclassifications	–6 720	–8 353	–7 378	10 874	11 577	–
Foreign currency translation effect	32 478	243 602	10 666	287 367	26 822	600 935
Balance at 31 December 2014	**260 191**	**2 382 569**	**187 565**	**3 240 747**	**867 964**	**6 939 036**
Additions	59 745	150 946	8 626	294 174	343 367	856 858
Disposals	–19 123	–87 181	17 859	–333 241	–18 242	–439 928
Reclassifications	49 668	205 629	5 207	49 526	–310 030	–
Foreign currency translation effect	16 231	123 966	6 628	131 675	39 527	318 026
Balance at 31 December 2015	**366 712**	**2 775 929**	**225 885**	**3 382 881**	**922 586**	**7 673 992**
DEPRECIATION AND IMPAIRMENT						
Balance at 1 January 2014	–2 816	–872 567	–36 399	–1 810 295	–	–2 722 078
Depreciation	–940	–83 345	–15 727	–207 233	–	–307 245
Depreciation on disposals	–	11 297	1 281	100 883	–	113 461
Reclassifications	–1 553	3 364	–985	–826	–	–
Foreign currency translation effect	–328	–80 411	–5 479	–182 443	–	–268 660
Balance at 31 December 2014	**–5 637**	**–1 021 662**	**–57 308**	**–2 099 915**		**–3 184 522**
Depreciation	–1 323	–131 630	–47 476	–180 443	–	–360 872
Depreciation on disposals	144	95 448	1 251	286 219	–	383 062
Impairment	–	–62 490	–1 572	–14 944	–	–79 006
Foreign currency translation effect	–79	–31 479	–5 259	–175 618	–	–212 435
Balance at 31 December 2015	**–6 895**	**–1 151 813**	**–110 365**	**–2 184 701**	**–**	**–3 453 774**
NET BOOK VALUE						
Balance at 31 December 2015	**359 816**	**1 624 116**	**115 520**	**1 198 180**	**922 586**	**4 220 218**
Balance at 31 December 2014	254 554	1 360 908	130 256	1 140 832	867 964	3 754 514

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

ASSET CATEGORY	USEFUL LIFE
Land	infinite
Buildings	25–33 years
Electrical Installations	10–14 years
Machinery	7–10 years
Office equipment and furniture	5–7 years
Vehicles	4–5 years
IT equipment	3 years

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

CONSTRUCTION IN PROGRESS

A major part of amount under “Construction in progress” relates to production facility projects in Russia, Oman, Indonesia, Egypt and Norway.

9 INVENTORIES

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

(NOK THOUSAND)	31.12.2015	31.12.2014
Raw materials	915 750	835 457
Finished goods	1 282 733	1 122 062
Total	**2 198 483**	**1 957 519**
Total allowance for obsolete inventories	88 652	69 314

10 PROVISIONS

PROVISIONS 2015

(NOK THOUSAND)	CLAIMS	ENVIRONMENTAL	OTHER	TOTAL
Balance at 1 January	52 355	40 805	21 889	115 048
Provisions arising during the year	11 202	44 000	15 197	70 399
Utilised	–3 802	–5 821	–22 160	–31 783
Unused amounts reversed	–7 735	–	–	–7 735
Currency translation effects	3 797	–	467	4 264
Balance at 31 December	**55 817**	**78 984**	**15 392**	**150 192**
Current, ref. note 15	47 882	54 379	15 392	117 653
Non–current	7 934	24 605	–	32 539
Total	**55 817**	**78 984**	**15 392**	**150 192**

PROVISIONS 2014

(NOK THOUSAND)	CLAIMS	ENVIRONMENTAL	OTHER	TOTAL
Balance at 1 January	38 492	41 400	18 129	98 020
Provisions arising during the year	22 226	17 600	6 053	45 879
Utilised	–3 905	–18 195	–1 597	–23 698
Unused amounts reversed	–7 284	–	–	–7 284
Currency translation effect	2 826	–	–696	2 131
Balance at 31 December	**52 355**	**40 805**	**21 888**	**115 048**
Current, ref. note 15	43 761	11 300	17 981	73 042
Non–current	8 594	29 505	3 908	42 006
Total	**52 355**	**40 805**	**21 889**	**115 048**

CLAIMS

A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year (see note 17), and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provision for claims were based on current information available about claim cases and the expected claims based on the warranty period for specific products sold.

ENVIRONMENTAL PROVISIONS

Jotun Group has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. Pre-studies and analysis of relevant areas have been undertaken to reliably estimate the provisions that have been recognised. The clean-up activities have been initiated and will continue until 2017. These provisions are estimates of amounts payable or expected to become payable.

OTHER PROVISIONS

Other provisions are other liabilities of uncertain timing or amount.

11 OVERVIEW OF FINANCIAL INSTRUMENTS

This note gives an overview of the carrying and fair value of Jotun Group's financial instruments and the accounting treatment of these instruments. The table is the basis for all further information regarding the Group's financial risk and refers to the subsequent notes on this subject. The table also indicates the measurement level for valuation of the Group's financial instruments according to the three-tier fair value hierarchy set forth in IFRS.

2015 (NOK THOUSAND)	NOTE	MEASUREMENT LEVEL	FINANCIAL INSTRUMENTS AT FAIR VALUES THROUGH STATEMENT OF INCOME	FINANCIAL LIABILITIES MEASURED AT AMOTISED COST	DEPOSITS AND RECEIVABLES	TOTAL	OF THIS INTEREST BEARING
NON-CURRENT ASSETS							
Share investments		3	8 248			8 248	
Non-current financial receivables					165 557	165 557	165 557
Total			**8 248**	**–**	**165 557**	**173 805**	**165 557**
CURRENT ASSETS							
Accounts receivable	12				4 104 342	4 104 342	
Other current receivables	12				652 717	652 717	
Cash and cash equivalents	13				1 520 840	1 520 840	
Total			**–**	**–**	**6 277 899**	**6 277 899**	**–**
Total financial assets			**8 248**	**–**	**6 443 456**	**6 451 703**	**165 557**
NON-CURRENT LIABILITIES						**–**	
Non-current financial liabilities	15	2		2 323 512		2 323 512	2 323 512
Total			**–**	**2 323 512**	**–**	**2 323 512**	**2 323 512**
CURRENT LIABILITIES							
Interest-bearing debt	14, 16			954 374		954 374	954 374
Trade and other payables				1 702 541		1 702 541	
Current tax liabilities	6			185 275		185 275	
Other liabilities	15			1 763 028		1 763 028	
Current derivatives	16	1	702			702	
Total			**702**	**4 605 218**	**–**	**4 605 921**	**954 374**
Total financial liabilities			**702**	**6 928 731**	**–**	**6 929 433**	**3 277 887**

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)

2014

(NOK THOUSAND)	NOTE	MEASURE-MENT LEVEL	FINANCIAL INSTRUMENTS AT FAIR VALUES THROUGH STATEMENT OF INCOME	FINANCIAL LIABILITIES MEASURED AT AMOTISED COST	DEPOSITS AND RECEIVABLES	TOTAL	OF THIS INTEREST BEARING
NON-CURRENT ASSETS							
Share investments		3	8 248			8 248	
Non-current financial receivables					202 855	202 855	202 855
Total			**8 248**	**–**	**202 855**	**211 102**	**202 855**
CURRENT ASSETS							
Accounts receivable	12				3 574 993	3 574 993	
Other current receivables	12				472 531	472 531	
Cash and cash equivalents	13				1 421 421	1 421 421	
Total			**–**	**–**	**5 468 945**	**5 468 945**	**–**
Total financial assets			**8 248**	**–**	**5 671 800**	**5 680 048**	**202 855**
NON-CURRENT LIABILITIES						**–**	
Non-current financial liabilities	14	2		2 379 037		2 379 037	2 379 037
Total			**–**	**2 379 037**	**–**	**2 379 037**	**2 379 037**
CURRENT LIABILITIES							
Interest-bearing debt	14, 16			946 843		946 843	946 843
Trade and other payables				1 514 783		1 514 783	
Current tax liabilities	6			159 397		159 397	
Other liabilities	15			1 269 098		1 269 098	
Current derivatives	16	1	347			347	
Total			**347**	**3 890 121**	**–**	**3 890 468**	**946 843**
Total financial liabilities			**347**	**6 269 157**	**–**	**6 269 852**	**3 325 880**

Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)
Total measurement level 2 (Other techniques for which all inputs that have significant effect on the recorded fair value are observable, directly or indirectly)
Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)
Share investment consisting of 33.4 percent of the shares in Nor-Maali OY.

12 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(NOK THOUSAND)	31.12.2015	31.12.2014
Accounts receivable	4 104 342	3 574 993
Bank receivables	187 089	86 717
Other receivables	465 628	385 814
Total	**4 757 059**	**4 047 524**

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

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

The change in allowances for bad debt is shown in following table:

ALLOWANCES FOR BAD DEBT

(NOK THOUSAND)	2015	2014
Balance at 1 January	186 210	160 255
Allowances for bad debt made during the period	40 269	58 905
Realised losses for the year	–42 737	–32 950
Balance at 31 December	**183 742**	**186 210**

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

Aging of accounts receivable at 31 December was as follows:

			OVERDUE			
(NOK THOUSAND)	TOTAL	NOT DUE	LESS THAN 30 DAYS	30-60 DAYS	60-90 DAYS	MORE THAN 90 DAYS
2015*	4 288 085	2 868 497	528 558	257 600	141 908	491 521
2014*	3 761 203	2 555 257	442 898	185 602	102 645	474 801

*) Does not include allowance for bad debt.

13 CASH AND CASH EQUIVALENTS

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

(NOK THOUSAND)	31.12.2015	31.12.2014
Cash at banks and on hand	1 520 840	862 638
Short-term deposits	–	558 783
Total	**1 520 840**	**1 421 421**

Cash and cash equivalents have a maturity between one day and three months. Cash at banks earns interest at floating rates based on bank deposit rates and return on short-term money market funds. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The average interest rate for bank deposits is approximately 2.0 per cent for 2015 (2014: 2.9 per cent).

At 31 December 2015 the Group had available NOK 900 million (2014: NOK 900 million) of undrawn credit facilities, of which NOK 800 million is long term.

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

(NOK THOUSAND)	31.12.2015	31.12.2014
Egypt	274 131	114 903
Net position Group cash pool	227 555	76 506
China	161 560	104 720
Thailand	128 147	30 903
Singapore	77 781	84 469
Malaysia	71 002	89 158
Turkey	56 900	30 891
Brazil	32 013	55 697
Other	491 751	275 392
Total	**1 520 840**	**862 638**

14 FINANCIAL RISK MANAGEMENT

The Jotun Group's policy is to have sufficient long-term loans and committed credit facilities to cover expected financing needs with an additional strategic reserve of five percent of consolidated sales. Commercial papers and money markets are used as a source of liquidity when conditions in these markets are competitive compared to drawing on committed long-term credit facilities. As of 31 December 2015 there were no drawings on these credit facilities.

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

In 2015 the Jotun Group has maintained its bond funding of NOK 1 300 million and its bilateral loan with the Nordic Investment Bank (NIB) of USD 120 million. The table below gives and overview of total and net interest-bearing debt.

	BOOK VALUE*				
(NOK THOUSAND)	31.12.2015	31.12.2014	CURRENCY	COUPON	TERM
NON-CURRENT INTEREST-BEARING LIABILITIES					
Bonds					
Bond 2013-16	–	600 000	NOK	NIBOR + 1.2%	2016
Bond 2014-19	600 000	300 000	NOK	NIBOR + 0.9%	2019
Bond 2014-21	400 000	400 000	NOK	Fixed rate 3.8%	2021
Bank debt (NIB), unsecured	1 056 744	898 660	USD	US LIBOR + 1.2%	2024
Bank debt Oman, pledge in tangible assets	145 433	28 490	OMR	Oman BLR – 9.5%	2019
Bank debt BNDES Brazil, secured with bank guaranty	104 839	130 504	BRL	TJLP + 1.8%	2021
Other bank debt, unsecured	**16 496**	**52 919**			
Total	**2 464 506**	**2 410 573**			
of this current liabilities (first year's repayment)	–140 994	–31 536			
Total non-current interest-bearing liabilities	**2 323 512**	**2 379 037**			
CURRENT INTEREST-BEARING LIABILITIES					
Bond 2013–16	300 000	–	NOK	NIBOR + 1.2%	2016
Certificate loans, unsecured	–	200 000	NOK	Average 1.97%	
Credit line facilities	14 616	74 422			
Bank loans, maturity < 1 year	140 994	31 536			
Other loans	498 765	640 885			
Total current interest-bearing liabilities	**954 374**	**946 843**			
Total interest-bearing liabilities	**3 277 887**	**3 325 880**			
Non-current interest-bearing receivables	165 557	202 855			
Current interest-bearing receivables	–	–			
Cash and cash equivalents	1 520 840	1 421 421			
Net interest-bearing liabilities	**1 591 490**	**1 701 604**			

*) The fair value of interest-bearing assets and liabilities in the table above equal the respective book values. Interest rates related to the bond agreements are based on a three month floating-rate note, making the fair value in all material aspects equal to its book value.

BANK DEBT OMAN, PLEDGE IN TANGIBLE ASSETS

The interest rate tied to the bank loan in Oman is based on the Base Lending Rate (BLR) as made public by the local central bank, less 9.5 percentage points. The loan is secured by a first charge over certain of Jotun Paints Co. L.L.C.'s (Oman) land and buildings with a carrying value of NOK 154 million (2014: NOK 41 million).

BANK DEBT BNDES BRAZIL, SECURED WITH BANK GUARANTEE

The nominal interest rate related to the BNDES loan in Brazil is at a rate defined by the government (TJLP), and is below the local market interest level.

NON-CURRENT INTEREST-BEARING RECEIVABLES

Non-current interest-bearing receivables consists mainly of loans from Jotun A/S to joint ventures and associated companies.

MATURITY PROFILE INTEREST-BEARING LIABILITIES AND UNUTILISED CREDIT FACILITIES

The maturity profiles of Jotun Group's interest bearing liabilities and unutilised committed credit facilities are shown in the table below. The Group also has cash pools and bank accounts with short-term credit lines. Unutilised credit lines on these accounts are not included in the table.

(NOK THOUSAND)	TOTAL	< 1 YEAR	1 YEAR	2 YEARS	3 YEARS	4 YEARS	> 4 YEARS
Gross interest-bearing liabilities							
31.12.2015	3 277 887	954 374	60 905	202 624	802 026	177 886	1 080 071
31.12.2014	3 325 880	946 843	607 988	6 316	305 620	116 061	1 343 053
Unutilised credit facilities							
31.12.2015	800 000	–	–	–	400 000	–	400 000
31.12.2014	800 000	–	400 000	–	–	400 000	–

NON-CURRENT INTEREST-BEARING DEBT BY CURRENCY

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

	31.12.2015		31.12.2014	
(NOK THOUSAND)	CURRENCY AMOUNT	NOK	CURRENCY AMOUNT	NOK
NOK	1 000 000	1 000 000	1 300 000	1 300 000
USD	120 449	1 056 744	120 500	900 378
OMR	6 372	145 433	1 468	28 489
BRL	47 242	104 839	46 406	130 504
Other	–	16 496	–	19 666
Total non-current interest-bearing liabilities		**2 323 512**		**2 379 037**

LOAN COVENANTS

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

(NOK THOUSAND)	REQUIRED LEVEL (COVENANT)	STATUS YEAR END 2015
Equity ratio	Minimum 25%	52%
Net debt/EBITDA*	Maximum 4.0	0.6

*) EBITDA = Operating Profit before amortisation and depreciation

15 OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES

(NOK THOUSAND)	31.12.2015	31.12.2014
Public charges and holiday pay	274 953	241 630
Prepaid dividend	315 014	189 616
Other accrued expenses	1 056 109	765 157
Total current provisions, ref. note 10	117 653	73 042
Total	**1 763 731**	**1 269 445**

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

16 FINANCIAL RISK MANAGEMENT

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

The responsibility for managing financial risk in the Jotun Group is divided between the individual operational entities and Group level. At Group level, Group Treasury manages risk related to centralised activities like funding and currency risk management. Furthermore, Group Treasury monitors and advises the local entities on risk issues and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives;

- Have financing available for investments and growth
- Ensure that working capital is giving satisfactory return
- Provide prudent financial risk management throughout the Group
- Utilise internal cash resources to minimise external borrowings
- Secure dividend inflows from subsidiaries and associates
- Maintain efficient and safe cash management routines
- Streamline processes for internal loans and equity transactions

Group Treasury shall ensure that the Group has financing available to meet both short-term funding needs and the long-term strategic ambitions of the Jotun Group. Minimizing the cost of capital shall be secondary to maintaining financial flexibility in line with the Jotun Group's strategy and business objectives. It is the Group's policy not to trade for speculative purposes. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Jotun Group's management of funding is further described in Note 14. The Group has no official credit rating, but actively monitors quantitative and qualitative measures which affect its creditworthiness.

As of 31 December 2015 all of the Group's financial instruments related to hedging are owned by the parent company Jotun A/S.

A) FOREIGN CURRENCY RISK

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

During 2015 the Norwegian krone (NOK) has weakened significantly compared to other functional currencies within the Group. Currency translation at year-end was based on the following key exchange rates:

NORWEGIAN KRONE 1 =	CLOSING RATE 2015	CLOSING RATE 2014	CHANGE %
Chinese renminbi (CNY)	1.353	1.204	12%
Hong Kong Dollar (HKD)	1.134	0.964	18%
Malaysian Ringgit (MYR)	2.048	2.138	–4%
Thai Baht (TBH)	0.244	0.227	7%
Egyptian Pound (EGP)	1.122	1.045	7%
Omani Rial (OMR)	22.824	19.408	18%
Saudi Riyal (SAR)	2.341	1.991	18%
South Korean Won (KRW)	0.007	0.007	10%
U.S. Dollar (USD)	8.786	7.472	18%
Turkish Lira (TRY)	3.003	3.202	–6%

FOREIGN CURRENCY RISK ON OPERATIONAL AND FINANCIAL CASH FLOWS

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

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

Jotun A/S has financial and operational foreign exchange income and costs, relating to USD and EUR, which are hedged as a net position according to the policy of Jotun Group. This represents all hedging relationships for the Group. During 2015 Jotun A/S has mainly hedged USD cash inflows and EUR cash outflows, in accordance with the Treasury policy. The table below shows the status per 31 December:

2015 (NOK THOUSAND)	HEDGED VALUE 31.12.2015	UNREALISED GAIN / LOSS(–) 31.12.2015	REALISED EFFECT 2015
Hedging of cash flows	1 146 597	–36 392	–34 557

2014 (NOK THOUSAND)	HEDGED VALUE 31.12.2014	UNREALISED GAIN / LOSS(–) 31.12.2014	REALISED EFFECT 2014
Hedging of cash flows	841 288	–9 114	–9 989

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

- Reuters 31 December 2015 and estimates generated by Jotun Group's financial system CRM
- Valuation is based on inputs that are derived from observable prices and are hence categorized as a "Level 2" input according to the three-tier fair value hierarchy in IFRS.

TRANSLATION RISK IN SALES AND OPERATING RESULT

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

SENSITIVITY ANALYSIS ON TRANSLATION EFFECTS

The Jotun Group has approximately 80 per cent of its sales and operational profit arising from foreign currency. Translating local currency figures into NOK, a ten per cent currency change would give an impact on the sales and operational profit of NOK 1 326 million and NOK 165 million respectively.

Changes in currency exchange rates had a significantly impact on sales and operating profit during 2015. The reported growth in operating revenue of NOK 3 112 million from NOK 13 171 million in 2014 to NOK 16 282 million, would theoretically have been NOK 1 449 million given equal currency exchange rates in 2014 and 2015. Similarly, the reported growth in operating profit for 2015 of NOK 751 million would have been NOK 536 million in the theoretical scenario of equal currency exchange rates in 2014 and 2015.

TRANSLATION RISK ON NET INVESTMENT

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

The net investment equals the booked value of equity and intercompany loans in foreign currency where settlement is neither planned nor likely to occur in the foreseeable future, adjusted for the Jotun ownership share.

For 2015, a currency gain of NOK 361 million has been recognised related to the net investment in subsidiaries, joint ventures and associated companies (2014: gain NOK 804 million). This currency effect, net after tax, is presented as part of other comprehensive income (OCI) in the consolidated statement of comprehensive income. The currency gain is mainly arising from the following underlying functional currencies;

(NOK THOUSAND)	2015	2014
CNY	142 732	211 865
HKD	45 013	74 954
USD	35 014	36 984
AED	34 818	38 939
GBP	29 227	24 541
KRW	28 038	42 036
THB	24 310	52 454
OMR	24 246	48 853
EGP	23 673	53 909
Other	–26 225	219 326
Total	**360 846**	**803 861**

Furthermore, the translation difference related to intercompany loans to subsidiaries classified as net investments in foreign operations, amounted to a gain of NOK 99 million (2014: gain NOK 149 million).

The Group uses a traditional debt instrument in the form of a USD 120 million loan, for hedging net investments in foreign subsidiaries. The net investment hedging is carried out in accordance with IAS 39. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity and offset by translation differences from assets in subsidiaries. The effective portion recognised in equity was a loss of NOK 119 million in (2014: loss NOK 120 million).

B) INTEREST RATE RISK

Jotun Group's exposure to the risk of changes in market interest rates relates to the Group's long-term debt obligations with floating interest rates. In 2015 Jotun Group has maintained its bond funding of NOK 1 300 million, of which NOK 1 000 million is long-term and NOK 300 million matures in 2016. One of the long-term bond agreements entered into in 2014, with a carrying amount of NOK 400 million, is based on a fixed interest rate of 3.9%. In addition, Jotun Group has a bilateral loan with Nordic Investment Bank (NIB) of USD 120 million. This financial instrument is accounted for based on amortised cost.

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

C) FUNDING AND LIQUIDITY RISK

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

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

D) CREDIT RISK

The management of credit risk related to accounts receivable and other operating receivables is handled as part of the business risk and is continuously monitored by the operating entities.

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

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

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

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

E) COMMODITY PRICE RISK

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

17 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital in Jotun A/S at 31 December 2015 consists 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 annual general meeting, each A-share has ten votes and each B-share has one vote. There are no changes from last year.

OWNERSHIP STRUCTURE

The number of shareholders at 31 December 2015 was 746. The largest shareholders were:

SHAREHOLDERS	A-SHARES	B-SHARES	TOTAL	OWNERSHARE	VOTING INTEREST
Lilleborg AS	42 012	103 446	145 458	42.5%	38.3%
Odd Gleditsch AS	11 437	36 990	48 427	14.2%	11.1%
Mattisberget AS	29 387	546	29 933	8.8%	21.5%
Leo Invest AS	2 994	7 522	10 516	3.1%	2.7%
Abrafam Holding AS	3 375	3 815	7 190	2.1%	2.7%
BOG Invest AS	–	6 850	6 850	2.0%	0.5%
ACG AS	–	5 548	5 548	1.6%	0.4%
Elanel AS	3 016	2 353	5 369	1.6%	2.4%
HEJO Holding AS	–	5 242	5 242	1.5%	0.4%
Bjørn Ekdahl	1 872	3 281	5 153	1.5%	1.6%
Live Invest AS	4 063	567	4 630	1.4%	3.0%
Kofreni AS	131	4 114	4 245	1.2%	0.4%
Bjørn Ole Gleditsch	26	3 679	3 705	1.1%	0.3%
Pina AS	–	3 443	3 443	1.0%	0.3%
Conrad Wilhelm Eger	1 172	2 155	3 327	1.0%	1.0%
Jill Beate Gleditsch	–	3 172	3 172	0.9%	0.2%
Anne Cecilie Gleditsch	5	3 141	3 146	0.9%	0.2%
Fredrikke Eger	1 000	2 084	3 084	0.9%	0.9%
Odd Gleditsch d.y.	27	2 882	2 909	0.9%	0.2%
Vida Holding AS	142	2 588	2 730	0.8%	0.3%
Total 20 largest	**100 659**	**203 418**	**304 077**	**88.9%**	**88.5%**
Total others	13 341	24 582	37 923	11.1%	11.5%
Total number of shares	**114 000**	**228 000**	**342 000**	**100.0%**	**100.0%**

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

NAME	OFFICE	A-SHARES	B-SHARES	TOTAL
Odd Gleditsch d.y.	Chairman of the Board	27	8 224	8 251
Einar Abrahamsen	Member of the Board	3 375	3 823	7 198
Richard Arnesen	Member of the Board	1 855	2 629	4 484
Nicolai A. Eger	Member of the Board	1 110	5 202	6 312
Birger Amundsen	Member of the Board	–	2	2
Terje Andersen	Member of the Board	–	2	2
Karl Otto Tveter	Member of the Board	–	2	2
Anders A. Jahre	Chairman of the Corporate Assembly	–	13	13
Bjørn Ole Gleditsch	Member of the Corporate Assembly	26	10 529	10 555
Anne Cecilie Gleditsch	Member of the Corporate Assembly	5	8 690	8 695
Kornelia Eger Foyn-Bruun	Member of the Corporate Assembly	100	272	372
Richard Arnesen d.y.	Member of the Corporate Assembly	7	515	522
Terje V. Arnesen	Member of the Corporate Assembly	–	1	1
Morten Fon	President & CEO	9	21	30
Bård K. Tonning	GEVP Decorative Paints	–	5	5
Vidar Nysæther	GEVP & CFO	–	20	20
Geir Bøe	GEVP Performance Coatings	–	1	1

There are no options for share aquisitions.

DIVIDENDS PAID AND PROPOSED

DECLARED AND PAID DURING THE YEAR	2015	2014
Dividends on ordinary shares:		
Final dividend for 2014: NOK 1 500 per share (2013: NOK 1 500 per share)	513 000	513 000

PROPOSED FOR APPROVAL AT THE ANNUAL GENERAL MEETING

(NOT RECOGNISED AS A LIABILITY AT 31 DECEMBER):	2015	2014
Dividends on ordinary shares:		
Final dividend for 2015: NOK 1 500 per share (2014: NOK 1 500 per share)	513 000	513 000

18 LIST OF SUBSIDIARIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY

(SHARE CAPITAL AND VALUES IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	FACE VALUE	STAKE %
Jotun Algerie SARL	Algiers	Algerie	DZD	335 000	12 110	234 500	70.00
Jotun Australia Pty. Ltd.	Melbourne	Australia	AUD	11 550	16 050 001	11 550	100.00
Jotun Bangladesh Limited	Dhaka	Bangladesh	BDT	225 622	999 900	225 599	99.99
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda.	Rio de Janeiro	Brazil	BRL	223 000	160 000	223 000	100.00
Jotun (Cambodia) LTD	Phnom Penh	Cambodia	USD	200	1 000	200	100.00
Jotun Paints (H.K.) Ltd.	Hong Kong	China	CNY	93 884	110 334 615	93 884	100.00
Jotun Cyprus Ltd.	Limassol	Cyprus	USD	9 723	1 000	9 723	100.00
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	45	3 300	100.00
El–Mohandes Jotun S.A.E.	Cairo	Egypt	EGP	20 000	139 000	13 900	69.50
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	30	1	10.00
Jotun France S.A.	Paris	France	EUR	320	16 000	320	100.00
Jotun (Deutschland) GmbH	Hamburg	Germany	EUR	614	1 200	512	83.33
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	11 138	334	97.40
Jotun Insurance Cell	St. Peterport	Guernsey	GBP	121	1	121	100.00
Jotun India Private Ltd.	Mumbai	India	INR	3 827 790	162 848 335	3 674 678	96.45
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	272 000	103 650 619	99.45
P.T. Jotun Powder Coatings Indonesia	Jakarta	Indonesia	IDR	30 343 803	6 050	1 517 190	5.00
Jotun Ireland Ltd.	Cork	Ireland	EUR	640	503 613	640	100.00
Jotun Italia S.p.A.	Trieste	Italy	EUR	2 632	509 099	2 632	100.00
Jotun Kazakhstan L.L.P.	Almaty	Kazakhstan	KZT	29 350	1	29 350	100.00
Jotun Kenya Limited	Nairobi	Kenya	KES	132 000	41 800	125 400	95.00
Jotun Libya J.S.Co.	Tripoli	Libya	LYD	7 184	65 000	5 747	80.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 002	48 000	100.00
Jotun Paints (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	50 000	50 000 000	50 000	100.00
Jotun Mexico S.A. de C.V.	Veracruz	Mexico	MXN	11 392	99	11 278	99.00
Jotun Maroc SARL/AU	Casablanca	Morocco	MAD	18 472	18 472	18 472	100.00
Jotun Myanmar Company Ltd.	Yangon	Myanmar	MMK	484 437	299 611	484 389	99.99
Jotun Myanmar Services Company Ltd.	Yangon	Myanmar	MMK	48 500	4 870	48 015	99.00
Jotun B.V.	Spijkenisse	Netherlands	EUR	1 316	29 001	1 316	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	100.00
Scanox AS	Drammen	Norway	NOK	4 000	20 000	4 000	100.00
Jotun Paints Co. L.L.C.	Muscat	Oman	OMR	250	15 500	155	62.00
Jotun Pakistan (Private) Limited	Karachi	Pakistan	PKR	146 124	2 761 349	146 124	100.00
Jotun (Philippines) Inc.	Manila	Philippines	PHP	360 660	15 463 695	360 660	100.00
Jotun Polska Sp.zo.o.	Gdynia	Poland	PLN	8 900	15 000	8 900	100.00
Jotun Romania S.R.L.	Voluntari City	Romania	RON	640	64 000	640	100.00
Jotun Paints OOO	St. Petersburg	Russia	RUB	971 107	–	971 107	100.00
Jotun (Singapore) Pte. Ltd.	Singapore	Singapore	SGD	6 000	6 000 000	6 000	100.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	85 719	158	85 719	100.00
Jotun Iberica S.A.	Barcelona	Spain	EUR	9 103	86 845	9 103	100.00
Jotun Sverige AB	Gothenburg	Sweden	SEK	4 000	80 000	4 000	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	THB	93 000	92 997	93 000	100,00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	8 130	30 000 000	8 130	100,00
Jotun Paints (Europe) Ltd.	Flixborough	UK	GBP	7 500	7 500 000	7 500	100.00
Jotun Paints Inc.	New Orleans	US	USD	77 600	100	77 600	100.00
Jotun Paints (Vietnam) Co. Ltd.	Ho Chi Minh City	Vietnam	VND	258 921 490	–	258 921 490	100.00

The voting interest corresponds to the share interest.

SHARES HELD BY SUBSIDIARIES

(SHARE CAPITAL AND FACE VALUE IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	FACE VALUE	STAKE %
Jotun Powder Coatings AS							
Jotun Bulgaria EOOD	Sofia	Bulgaria	EUR	3	–	3	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 L.L.L.	Cairo	Egypt	EGP	5	270	5	90.00
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	6 860 000	127 012	3.55
P.T. Jotun Powder Coatings Indonesia	Jakarta	Indonesia	IDR	30 343 803	114 950	28 826 613	95,00
Jotun Kenya Limited	Nairobi	Kenya	KES	132 000	2 200	6 600	5.00
Jotun Powder Coatings (M) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	1 950	1 950 003	1 950	100,00
Jotun Mexico S.A. de C.V.	Veracruz	Mexico	MXN	11 392	1	114	1.00
Jotun Powder Coatings Pakistan (Pvt) Ltd	Lahore	Pakistan	PKR	1 050 984	103 898 434	1 039 003	98.86
Jotun Powder Coatings Ltd.	Flixborough	UK	GBP	400	400 000	400	100.00
Jotun Paints (HK) Ltd.							
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	CNY	217 858	–	217 858	100.00
Jotun (Shanghai) Management Co. Ltd.	Shanghai	China	CNY	12 349	–	12 349	100.00
Jotun Paints Inc							100.00
PRS Delaware L.L.C.	New Orleans	US	USD	1 000	100	1 000	100.00
Jotun B.V.							
Jotun (Deutschland) Gmbh	Hamburg	Germany	EUR	614	1 200	102	16.67
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	297	9	2.60
Jotun (Malaysia) Sdn.Bhd.							
Jotun Bangladesh Ltd.	Dhaka	Bangladesh	BDT	225 622	1	23	0.01
Jotun Myanmar Services Company Ltd.	Yangon	Myanmar	MMK	7 500	50	776	1.00
Jotun Myanmar Company Ltd.	Yangon	Myanmar	MMK	48 000	1	5	0.01
Jotun Singapore Pte Ltd							
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	1 500	573 231	0.55

The voting interest corresponds to the share interest.

19 CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the annual accounts. A contingent liability is a present obligation that arises from past events but is not recognised because it is not probable (less likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

DISPUTES AND CLAIMS

Jotun Group is, through its on-going business, involved in disputes and claims cases in connection with the company's operational activities. Provisions have been made to cover the expected outcome of disputes insofar as negative outcomes are likely and reliable estimates can be made. In evaluating the size of the provisions, expected insurance cover is taken into account separately. Jotun acknowledges the uncertainty of the disputes, but believes that these cases will be resolved without significant impact on the Group's financial position.

ENVIRONMENTAL MATTERS

The Jotun Group is through its operation exposed to environmental and pollution risk. A number of production facilities and product storage sites have been inspected regarding environmental conditions in the soil. For clean-up projects where implementation is considered to be probable and for which reliable estimates have been done provisions are made accordingly. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

All of Jotun's activities are carried out in accordance with local laws and regulations, and Jotun HSE requirement. These laws and regulations are subject to changes, and such changes may require that the company make investments and/or incur costs to meet more stringent emission standards or to take remedial actions related to e.g. soil contamination.

INVESTIGATION BY THE NORWEGIAN COMPETITION AUTHORITY

The Jotun Group is subject to an investigation by the Norwegian Competition Authority related to its decorative paints operation in Norway. Jotun is of the opinion that no abuse of dominant market position (unilateral conduct) has taken place. Should the investigation from the Norwegian Competition Authority conclude otherwise, considerable fines could be imposed, depending on the gravity of the infringement. The potential amount involved, and the related timing of any outflow, is highly uncertain.

20 CONTRACTUAL OBLIGATIONS AND GUARANTEES

PURCHASE OBLIGATIONS

The Group's contractual purchase obligations are mainly related to investments in new plants and buildings. For the major on-going investment projects in Russia, Indonesia, Oman and Turkey the contractually committed capital expenditures (CAPEX) as of 31 December 2015 is approximately NOK 470 million. For purchase of raw materials there are no actual commitments for the Group. In general, these contracts can be terminated more or less without penalties.

SALES OBLIGATIONS

The Jotun Group has several sales contracts that are material for each entity. We have evaluated existing contracts with contract value of NOK 10 million or more. These contracts are mainly related to the Protective Coatings and the Marine Coatings business. Products are often considered to be commodities in these markets, and alternative suppliers and products are available. Contracts can easily be transferred to other suppliers without inconvenience to the customer and therefore there is no actual commitment involved. Some contracts include breach penalty clauses. Should the Group be forced to cancel any agreement with a penalty clause, this could entail having to pay a compensation of 10 per cent of contract value. The actual commitment related to these contracts is approximately NOK 65 million. There are also contracts within the Marine Coatings segment where certain performance guarantees are given. The actual commitment related to these contracts is approximately NOK 40 million.

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

OTHER OBLIGATIONS

On behalf of subsidiaries and joint ventures Jotun A/S issued Letters of Comfort amounting to NOK 2 496 million in 2015 (2014: NOK 2 032 million). Guarantees covering tax withholding and other guarantees for subsidiaries amounted to approximately NOK 303 million in 2015 (2014: NOK 340 million).

A subsidiary in China, Jotun Coatings (Zhangjiagang) Co. Ltd., has used bank drafts to pay some of its suppliers. The issuing bank(s) is obligated to make unconditional payment to the supplier (or bearer) on a designated date. If unforeseen events occur and the issuing bank(s) is not able to meet its obligation, then Jotun would still hold the final obligation towards its suppliers. Unsettled bank drafts totalling NOK 250 million has been used as payment at 31 December 2015.

21 LEASES

Operating lease expenses included in other operating expenses are:

(NOK THOUSAND)	2015	2014
OPERATING LEASE EXPENSES		
Machinery, vehicles and equipment	58 819	50 696
Factory, premises and buildings	57 255	50 778
Land	2 685	2 287
Total	**118 759**	**103 761**
OVERVIEW OF FUTURE MINIMUM LEASE PAYMENTS RELATED TO OPERATING LEASES		
Costs next year	105 196	83 853
Costs next 2-5 years	168 335	123 383
Costs after 5 years	94 115	75 056
Total	**367 647**	**282 293**

Leasing commitments show the Jotun Group's current and non-current commitments arising from leasing contracts for property, plant and equipment. All leasing contracts included in this disclosure note are regarded as operating leases and lease amounts are presented as operating expenses in the income statement. Financial leases are capitalised. There are no capitalised financial leases per end of 2015.

22 RELATED PARTIES

Parties are related if one party can influence the decisions of the other. If one party either controls, is controlled by or is under common control with the entity the two parties are related. During 2015 we purchased and sold goods and services to various related parties in which we hold a 50 per cent or less equity interest. Investments in associated and joint venture companies are presented in note 2, shareholder information and dividend is presented in note 17 and subsidiaries are presented in note 18.

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

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

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For raw materials, the normal process for producing entities is to call off volumes on frame agreements entered into at corporate level. Raw materials are regularly sold within the Group (from large to small entities), but the majority of raw material supplies comes directly from external suppliers.
Sales transactions between the Group and joint ventures and associates are mainly related to sales of finished goods from producing units to non-producing units. Other situations can be levelling of stock between entities and coordination of deliveries to customers around the world. Prices are based on fixed intercompany price lists. The Group also has lendings to joint venture companies mainly in China and in Korea. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: NOK Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The amount of these transactions is shown in the table below.

2015 (NOK THOUSAND)	PURCHASE SALES TO	FROM	LOAN TO	INTERESTS ON LOANS TO	OTHER CURRENT LIABILITIES	TRADE AND OTHER RECEIVABLES
Joint ventures	1 319 213	514 521	33 348	1 109	99 556	304 300
Associated companies	87 073	124 792	1 601	104	121 174	64 242
Total	**1 406 286**	**639 313**	**34 950**	**1 213**	**220 730**	**368 542**

2014 (NOK THOUSAND)	PURCHASE SALES TO	FROM	LOAN TO	INTERESTS ON LOANS TO	OTHER CURRENT LIABILITIES	TRADE AND OTHER RECEIVABLES
Joint ventures	1 041 497	271 575	60 893	2 379	72 954	385 364
Associated companies	86 592	88 281	10 324	294	85 940	57 924
Total	**1 128 089**	**359 856**	**71 217**	**2 673**	**158 894**	**443 288**

Aside from the transactions with joint ventures and associates described in the table above, there have been very few transactions between the Jotun Group and other related parties during 2015.

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP AND BOARD OF DIRECTORS COMPENSATION

Details on remuneration and shares held for the Board of Directors and Group management is described in note 2 and 14. Besides remuneration and shares, Jotun Group has not identified any transactions with the Board of Directors or Group Management during 2015.

23 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 9 FINANCIAL INSTRUMENTS

In 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Jotun Group plans to adopt the new standard on the required effective date. During 2015, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Jotun Group has preformed a preliminary assessing the impact of IFRS 15 and the impactions are not expected to be significant. The Group plans to adopt the new standard on the required effective date.

IFRS 16 LEASES

In January 2016, the IASB published the final version of IFRS 16 Leases. The standard requires that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The new standard will require changes to the Jotun Group's balance sheet and expense character, the detailed implications are currently being assessed. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, and the Group plans to adopt the new standard on the required effective date.

AMENDMENTS TO IAS 27: EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

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

ANNUAL IMPROVEMENTS 201–2014 CYCLE

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

These amendments are not expected to have any impact on the Group's consolidated financial statements.

24 EVENTS AFTER THE BALANCE SHEET DATE

Significant events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a matter that exists on the balance sheet date, and the matter is significant, the financial statements must be changed. If events concern matters that arose after the balance sheet date, the matters may have to be disclosed in a note.

No events have taken place after the balance sheet date that would have affected the financial statements or any assessments carried out.

JOTUN A/S

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF PROFIT OR LOSS

(NOK THOUSAND)	NOTE	2015	2014
Operating revenue	1	3 170 003	2 950 977
Cost of goods sold		–1 382 368	–1 328 126
Payroll expenses	2	–854 975	–786 256
Other operating expenses	4, 20	–733 444	–647 709
Depreciation, amortisation and impairment	6, 7	–114 042	–111 700
Operating profit		**85 174**	**77 186**
Dividend/group contribution from subsidiaries		777 241	642 405
Dividend from joint ventures and associated companies		319 863	264 282
Net finance income / costs (–)	4, 19, 21	–126 016	24 429
Profit before tax		**1 056 262**	**1 008 302**
Income tax expense	5	–151 470	–162 577
Profit for the year		**904 791**	**845 724**

OTHER COMPREHENSIVE INCOME

Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / loss (–) on defined benefit pension plans	3	–2 805	3 403
Other comprehensive income for the year, net of tax		**–2 805**	**3 403**
Total comprehensive income for the year		**901 986**	**849 127**
Proposed dividend		**513 000**	**513 000**

STATEMENT OF FINANCIAL POSITION

(NOK THOUSAND)	NOTE	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Deferred tax assets	5	29 130	18 823
Other intangible assets	6	209 924	187 505
Property, plant and equipment	7	801 533	821 728
Investments in subsidiaries	8	2 753 063	2 312 659
Investments in associated companies and joint ventures	9	254 242	254 242
Other investments	10	8 728	8 728
Other non-current receivables	13, 15, 21	2 364 843	1 875 700
Total non-current assets		**6 421 463**	**5 479 385**
Current assets			
Inventories	11	378 695	321 071
Trade and other receivables	12,13	1 013 069	949 048
Cash and cash equivalents	15	231 087	639 962
Total current assets		**1 622 851**	**1 910 081**
Total assets		**8 044 314**	**7 389 466**
EQUITY AND LIABILITIES			
Equity			
Share capital	14, 22	102 600	102 600
Other equity	22	4 119 633	3 596 422
Total equity		**4 222 233**	**3 699 022**
Non-current liabilities			
Pension liability	3	115 654	104 965
Provisions	17, 18	32 539	37 890
Interest-bearing debt	15, 21	2 056 744	2 198 660
Total non-current liabilities		**2 204 937**	**2 341 515**
Current liabilities			
Interest-bearing debt	15	300 000	200 000
Trade and other payables	13	320 683	276 985
Provisions	17	10 526	19 423
Current tax liabilities	5	26 679	54 730
Other current liabilities	13, 15, 16	959 256	797 791
Total current liabilities		**1 617 144**	**1 348 929**
Total liabilities		**3 822 081**	**3 690 444**
Total equity and liabilities		**8 044 314**	**7 389 466**

Sandefjord, Norway, 9 February 2016
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Birger Amundsen

Terje Andersen

Richard Arnesen

Nicolai A. Eger

Ingrid Luberth

Karl Otto Tveter

Morten Fon
President and CEO

STATEMENT OF CASH FLOWS

(NOK THOUSAND)	NOTE	2015	2014
Cash flow from operating activities			
Profit before tax		1 056 261	1 008 302
Adjustments to reconcile profit before tax to net cash flow:			
Gains/losses on sale of fixed assets	7	–24 403	–475
Depreciation, amortisation and impairment	6, 7	114 042	111 700
Impairment of shares	8	127 500	90 000
Gains/losses on liquidation of shares		–291	–613
Change in accruals and other provisions		186 650	68 214
Working capital adjustments:			
Change in trade and other receivables		–27 605	–246 800
Change in trade payables		43 698	–3 291
Change in inventories		–57 624	102 810
Tax payments	5	–159 404	–108 879
Net cash flow from operating activities		**1 258 824**	**1 020 968**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	7	27 029	475
Proceeds from sale of shares		630	7 250
Purchase of property, plant and equipment	7	–78 729	–34 337
Purchase of intangible assets	6	–46 860	–46 495
Investments in subsidiaries, joint ventures and associated companies		–434 020	–162 001
Net cash flow used in investing activities		**–531 950**	**–235 108**
Cash flows from financing activities			
Repayment(–)/proceeds in group account system		–53 614	8 604
Cash payments for new lending		–527 219	–393 119
Proceeds from borrowings		–41 917	319 064
Dividend paid		–513 000	–513 000
Net cash flow from financing activities		**–1 135 750**	**–578 451**
Net increase/(decrease) in cash and cash equivalents		–408 875	207 409
Cash and cash equivalents at 1 January		639 962	432 553
Cash and cash equivalents at 31 December		**231 087**	**639 962**

The company had unused credit facilities of NOK 900 million at 31 December 2015 (2014: NOK 900 million).
There are no restrictions on the use of these cash and cash equivalents.

STATEMENT OF CHANGES IN EQUITY

(NOK THOUSAND)	NOTE	SHARE CAPITAL	OTHER EQUITY	TOTAL EQUITY
Equity at 1 January 2014		**102 600**	**3 309 765**	**3 412 365**
Dividends	14		–513 000	–513 000
Merger with Jotun Powder Coatings (N) AS			–49 469	–49 469
Profit of the period			845 724	845 724
Other comprehensive income			3 403	3 403
Equity at 31 December 2014		**102 600**	**3 596 423**	**3 699 022**
Dividends	14		–513 000	–513 000
Dividend not recognised in statement of comprehensive income			134 224	134 224
Profit for the period			904 791	904 791
Other comprehensive income			–2 805	–2 805
Equity at 31 December 2015		**102 600**	**4 119 632**	**4 222 233**

In 2015 Jotun A/S received dividend from Jotun Powder Coatings AS. NOK 134 million of the dividend was related to Jotun Powder Coatings AS profit on sales of shares in Jotun Powder Coatings (N) AS to Jotun A/S in 2014. The amount was recognised in statement of comprehensive income for Jotun Powder Coatings AS in 2014, and therefore recognised directly in other equity in Jotun A/S in 2015.

ACCOUNTING POLICIES

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

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

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

For more information about accounting policies see Jotun Group.

NOTES

1 OPERATING REVENUE

(NOK THOUSAND)	2015	2014
Sales revenue	1 428 275	1 470 322
Sales revenue from subsidiaries and joint ventures	907 488	824 784
Other revenue	266 164	194 718
Other revenue from subsidiaries	568 075	461 152
Total	**3 170 003**	**2 950 976**

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

2 PAYROLL EXPENSES

WAGES AND OTHER SOCIAL COSTS

(NOK THOUSAND)	2015	2014
Wages including bonuses	682 958	650 684
Social security tax	96 907	91 577
Pension costs defined benefit plans, ref. note 3	950	6 149
Pension costs defined contribution plans	81 423	49 380
Other personnel costs	–11 263	–11 534
Total	**854 975**	**786 256**
Average full time equivalent	897	890

REMUNERATION TO PRESIDENT & CEO

(NOK THOUSAND)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
Morten Fon	4 641	1 662	243	1 115	7 661

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

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

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

REMUNERATION OF THE BOARD OF DIRECTORS

(NOK THOUSAND)	Ordinary compensation
Board of Directors	2 810
Corporate Assembly	165
Total	**2 975**

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

EXTERNAL AUDITOR REMUNERATION

(NOK THOUSAND)	2015	2014
Statutory audit	1 562	1 703
Tax services	121	830
Other services	1 250	1 096
Total	**2 933**	**3 629**

3 PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

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

DEFINED CONTRIBUTION PLANS

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employees' pension plans, and where the future pension is determined by the accounts of the contributions and the return on the pension plan assets.

Employees in Jotun A/S are mainly covered by pension plans that are classified as contribution plans. Costs associated with defined contribution plans are specified in note 2 Payroll expenses.

DEFINED BENEFIT PLANS

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

The schemes define a pension benefit of up to 60 per cent of final salary at retirement, limited up to twelve times the social security basic amount (12G). At 31 December the basis amount (1G) is NOK 90 068. 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, there are unfunded pension obligations related to old-age pensions, early retirement for Jotun's senior executives and book liabilities related to contribution-based plans for employees who earn more than twelve times the social security basic amount (12G).

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 (12G).

ASSUMPTIONS RELATING TO THE DEFINED BENEFIT PLANS

The discount rate related to the defined benefit plans in Norway is based on the market yield on 10-year government bonds adjusted for actual lifetime of the pension liabilities. As a rule, parameters such as wage growth, growth in G and inflation are set in accordance with the recommendations in Norway. The mortality estimate is based on an up-to-date mortality table (K2013BE).

ACCOUNTING OF ACTUARIAL LOSSES AND GAINS

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

PENSION PLAN ASSETS

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

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

BREAKDOWN OF PENSION PLAN ASSETS (FAIR VALUE) AT 31 DECEMBER	2015	2014
Cash and cash equivalents in %	4	4
Bonds in %	52	53
Shares in %	32	34
Property in %	12	9
Total	**100**	**100**
ACTUARIAL ASSUMPTIONS		
Discount rate in %	1.90	2.70
Expected return in %	1.90	2.70
Wage adjustment in %	2.50	3.00-3.75
Inflation / increase in social security basic amount (G), in %	2.25	3.00
Pension adjustment in %	1.50-2.50	2.00-3.25
SCHEMES WITH NET PENSION FUNDS		
Defined benefit scheme – pensioners	5	–
SCHEMES WITH NET PENSION OBLIGATIONS		
Old-age pensioners in unfunded schemes	14	14
Early-retirement-pension agreements - agreed and implemented	19	33
Senior-executive schemes - active	7	7
Senior-executive schemes - pensioners	1	1
Contractual pension (AFP) - pensioners	–	8

SCHEMES WITH NET PENSION OBLIGATIONS

(NOK THOUSAND)	2015	2014
CHANGES IN PENSION OBLIGATIONS INCLUDING SOCIAL SECURITY		
Pension obligation at the beginning of the period	71 983	109 883
Pension obligation JPC(N) AS at 31.12.2013	–	690
Pension earning for the year	3 064	3 640
Interest cost on pension obligations	1 865	3 511
Settlement	–	–168
Actuarial loss / gain (–)	5 830	–36 966
Social security upon paying pension funds	–190	–460
Pension payments	–6 089	–8 148
Pension obligation at the end of the period *	**76 464**	**71 983**
CHANGES IN PLAN ASSETS		
Plan assets at the beginning of the period	1 005	33 125
Expected return on plan assets	–20	1 002
Actuarial loss / gain (–)	2 091	–32 305
Payments in / out (–)	1 347	3 492
Pension payments	–2 318	–4 308
Plan assets at the end of the period	**2 104**	**1 005**
RECONCILIATION OF PENSION LIABILITIES/ASSETS RECOGNISED IN THE BALANCE SHEET		
Net pension obligation – overfunded / underfunded (–)	–74 360	–70 978
Total pension liabilities	**–74 360**	**–70 978**
THE PERIOD'S PENSION COSTS INCLUDING SOCIAL SECURITY		
Pension earnings for the year	3 084	3 667
Interest cost for the pension obligations	1 863	2 482
Expected return on plan assets	3	–
Pension cost recognised in the profit or loss statement	**4 950**	**6 149**
Actuarial loss/gain(–) recognised in other comprehensive income (net of taxes)	**2 805**	**–3 403**
PENSION OBLIGATIONS IN THE BALANCE SHEET		
Benefit schemes and other unsecured schemes	–74 360	–70 978
Other severance schemes	–41 294	–33 987
Plan liabilities recognised in the statement fo financial position	**–115 654**	**–104 965**

*) including unsecured schemes

4 OTHER OPERATING EXPENSES AND FINANCE INCOME/COSTS

OTHER OPERATING EXPENSES

(NOK THOUSAND)	2015	2014
Manufacturing costs	64 653	61 486
Warehouse costs	15 362	19 924
Transport costs	43 692	50 389
Sales costs	196 934	158 802
Research and development	179 352	115 170
General and administrative	148 137	112 031
Royalty costs	57 029	33 476
Other	28 287	96 430
Total	**733 444**	**647 709**

Jotun A/S presents its income statement based on the nature of the item of income and expense. "Other operating expenses" comprises all operating expenses that are not related to cost of goods sold, employee payrolls and capital cost in the form of depreciation. The main items of other operating expenses have been grouped in the table above.

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

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

(NOK THOUSAND)	2015	2014
NET FINANCE INCOME		
Interest income	5 520	1 849
Interest income on loan to group companies	100 326	69 052
Net realised foreign currency gain	–	5 783
Net unrealised foreign currency gain	–	82 516
Other financial income	12 637	17 333
Total	**118 483**	**176 533**
FINANCE COST		
Interest costs	–58 914	–58 934
Net realised foreign currency loss	–12 516	–
Net unrealised foreign currency loss	–43 248	–
Impairment of financial fixed assets	–127 500	–90 000
Other financial costs	–2 322	–3 171
Total	**–244 500**	**–152 105**
Total net finance income / cost (–)	**–126 016**	**24 428**

5 INCOME TAX

STATEMENT OF COMPREHENSIVE INCOME

(NOK THOUSAND)	2015	2014
Tax payable	160 841	162 404
Changes in deferred tax	–9 372	173
Income tax expense reported in the statement of comprehensive income	**151 470**	**162 577**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK THOUSAND)	2015	2014
DEFERRED TAX RELATED TO ITEMS CHARGED DIRECTLY TO OTHER COMPREHENSIVE INCOME DURING THE YEAR:		
Actuarial gains / losses (–) on defined benefit pension plans	935	–1 258
Income tax expenses charged directly to other comprehensive income	**935**	**–1 258**

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

(NOK THOUSAND)	2015	2014
Profit before tax	**1 056 262**	**1 008 302**
Expected income taxes according to income tax rate 27 per cent in Norway	285 191	272 241
Exempted tax on dividends	–252 954	–206 226
Tax on dividends and surplus in NOKUS companies	60 475	29 808
Non-deductible expenses for tax purposes*	23 821	29 624
Correction previous year and change in temporary differences	10 003	14 226
Taxation outside Norway less deductible in Norwegian Tax	24 933	22 904
Total income tax expense	**151 470**	**162 577**
Effective tax rate	14%	16%

*) Non-deductible expenses are primary connected to write down of shares. See note 8 for further information.

TAX PAYABLE PRESENTED IN THE STATEMENT OF THE FINANCIAL POSITION

(NOK THOUSAND)	2015	2014
Tax payable for the year	160 841	162 404
Net foreign tax paid	–24 933	–22 904
Norwegian tax paid on group contribution and previous years	–6 738	–15 550
Withholding taxes receivable	–69 660	–48 698
NOKUS tax receivable	–30 728	–18 690
Skattefunn receivable	–2 104	–1 833
Total tax payable in Norway	**26 679**	**54 730**

SPECIFICATION OF DEFERRED TAX

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

TEMPORARY DIFFERENCES

(NOK THOUSAND)	2015	2014
Non–current assets	68 467	55 360
Current assets	10 125	12 332
Liabilities	–195 112	–137 405
Net temporary differences	**–116 519**	**–69 714**
Tax rate*	25%	27%
Deferred tax asset recognised in the statement of financial position	**29 130**	**18 823**

*) The Norwegian nominal statutory tax rate will be reduced from 27 per cent in 2015 to 25 per cent in 2016.

6 INTANGIBLE ASSETS

(NOK THOUSAND)	TECHNOLOGY	SOFTWARE	DEVELOPMENT COST	TOTAL
COST				
Balance at 1 January 2014	101 829	146 946	83 429	332 204
Additions and internal development	–	21 532	47 580	69 112
Disposals	–96 495	–	–1 833	–98 328
Balance at 31 December 2014	**5 334**	**168 478**	**129 177**	**302 988**
Additions and internal development	–	19 731	27 129	46 860
Disposals	–	–	–4 346	–4 346
Balance at 31 December 2015	**5 334**	**188 209**	**151 960**	**345 502**
AMORTISATION/IMPAIRMENT				
Balance at 1 January 2014	–97 428	–84 409	–9 121	–190 958
Amortisation	–1 067	–9 178	–10 880	–21 125
Disposals	96 495	–	106	96 601
Balance at 31 December 2014	**–2 000**	**–93 587**	**–19 896**	**–115 482**
Amortisation	–1 067	–9 901	–9 657	–20 624
Disposals	–	–	530	530
Balance at 31 December 2015	**–3 067**	**–103 488**	**–29 023**	**–135 577**
NET BOOK VALUE				
Balance at 31 December 2015	**2 267**	**84 721**	**122 937**	**209 925**
Balance at 31 December 2014	3 333	74 891	109 281	187 506

Amortisable intangible assets are amortised over the following lifetimes:

ASSET CATEGORY	USEFUL LIFE
Technology	5 years
Software	8 years
Development costs	up to 10 years

See Jotun Group's note 7 for further information.

7 PROPERTY, PLANT AND EQUIPMENT

(NOK THOUSAND)	LAND	BUILDINGS	ELECTRICAL INSTALLATION	MACHINERY, VEHICLES AND EQUIPMENT	CONTRUCTION IN PROGRESS	TOTAL
COST						
Balance at 1 January 2014	14 469	664 411	93 358	1 087 742	20 365	1 880 345
Additions	173	54 143	2 790	58 958	–1 716	114 348
Disposals	–	–	–	–494	–	–494
Reclassification and corrections	–	–	–1 390	1 390	–	–
Balance at 31 December 2014	**14 642**	**718 554**	**94 758**	**1 147 596**	**18 649**	**1 994 199**
Additions	–	5 513	1 160	22 758	49 297	78 729
Disposals	–	–87 585	–	–222 389	–	–309 975
Balance at 31 December 2015	**14 642**	**636 482**	**95 918**	**947 965**	**67 946**	**1 762 953**
DEPRECIATION AND IMPAIRMENT						
Balance at 1 January 2014	–	–371 898	–12 140	–630 117	–	–1 014 155
Depreciation	–	–58 093	–9 328	–90 895	–	–158 315
Reclassification and corrections	–	–	351	–351	–	–
Balance at 31 December 2014	**–**	**–429 991**	**–21 117**	**–721 363**	**–**	**–1 172 470**
Depreciation	–	–20 527	–9 507	–63 385	–	–93 418
Disposals	–	84 766	–	219 703	–	304 469
Balance at 31 December 2015	**–**	**–365 751**	**–30 624**	**–565 045**	**–**	**–961 419**
NET BOOK VALUE						
Balance at 31 December 2015	**14 642**	**270 731**	**65 295**	**382 920**	**67 946**	**801 533**
Balance at 31 December 2014	14 642	288 563	73 641	426 233	18 649	821 728

Disposals are primary related to the sales of two dormant production sites located in Fredrikstad and Manger, as well as demolition of production facilities in Sandefjord.

See Jotun Group's note 8 for further information.

8 LIST OF SUBSIDIARIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY

(SHARE CAPITAL AND VALUES IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	BOOK FACE VALUE	VALUE NOK	STAKE %
Jotun Algerie SARL	Algiers	Algerie	DZD	335 000	12 110	234 500	18 012	70.00
Jotun Australia Pty. Ltd.	Melbourne	Australia	AUD	11 550	16 050 001	11 550	55 027	100.00
Jotun Bangladesh Limited	Dhaka	Bangladesh	BDT	225 622	999 900	225 599	20 948	99.99
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda.	Rio de Janeiro	Brazil	BRL	223 000	160 000	223 000	235 672	100.00
Jotun (Cambodia) LTD	Phnom Penh	Cambodia	USD	200	1 000	200	1 166	100.00
Jotun Paints (H.K.) Ltd.	Hong Kong	China	CNY	93 884	110 334 615	93 884	85 320	100.00
Jotun Cyprus Ltd.	Limassol	Cyprus	USD	9 723	1 000	9 723	54 713	100.00
Jotun Danmark A/S	Kolding	Denmark	DKK	3 300	45	3 300	2 698	100.00
El-Mohandes Jotun S.A.E.	Cairo	Egypt	EGP	20 000	139 000	13 900	91 945	69.50
Jotun Powder Coatings L.L.L.	Cairo	Egypt	EGP	5	30	1	1	10.00
Jotun France S.A.	Paris	France	EUR	320	16 000	320	2 108	100.00
Jotun (Deutschland) GmbH	Hamburg	Germany	EUR	614	1 200	512	12 090	83.33
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	11 138	334	2 937	97.40
Jotun Insurance Cell	St. Peterport	Guernsey	GBP	121	1	121	1 350	100.00
Jotun India Private Ltd.	Mumbai	India	INR	3 827 790	162 848 335	3 674 678	437 847	96.45
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	272 000	103 650 619	87 401	99.45
P.T. Jotun Powder Coatings Indonesia	Jakarta	Indonesia	IDR	30 343 803	6 050	1 517 190	–	5.00
Jotun Ireland Ltd.	Cork	Ireland	EUR	640	503 613	640	5 500	100.00
Jotun Italia S.p.A.	Trieste	Italy	EUR	2 632	509 099	2 632	29 925	100.00
Jotun Kazakhstan L.L.P.	Almaty	Kazakhstan	KZT	29 350	1	29 350	1 098	100.00
Jotun Kenya Limited	Nairobi	Kenya	KES	132 000	41 800	125 400	11 847	95.00
Jotun Libya J.S.Co.	Tripoli	Libya	LYD	7 184	65 000	5 747	27 854	80.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	MYR	48 000	48 000 002	48 000	114 349	100.00
Jotun Paints (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	50 000	50 000 000	50 000	92 863	100.00
Jotun Mexico S.A. de C.V.	Veracruz	Mexico	MXN	11 392	99	11 278	5 723	99.00
Jotun Maroc SARL/AU	Casablanca	Morocco	MAD	18 472	18 472	18 472	13 302	100.00
Jotun Myanmar Company Ltd.	Yangon	Myanmar	MMK	484 437	299 611	484 389	35 166	99.99
Jotun Myanmar Services Company Ltd.	Yangon	Myanmar	MMK	48 500	4 870	48 015	292	99.00
Jotun B.V.	Spijkenisse	Netherlands	EUR	1 316	29 001	1 316	49 175	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	NOK	87 000	87 000	87 000	109 320	100.00
Scanox AS	Drammen	Norway	NOK	4 000	20 000	4 000	80 280	100.00
Jotun Paints Co. L.L.C.	Muscat	Oman	OMR	250	15 500	155	45 146	62.00
Jotun Pakistan (Private) Ltd.	Karachi	Pakistan	PKR	146 124	2 761 349	146 124	3 604	100.00
Jotun (Philippines) Inc.	Manila	Philippines	PHP	360 660	15 463 695	360 660	99 619	100.00
Jotun Polska Sp.zo.o.	Gdynia	Poland	PLN	8 900	15 000	8 900	17 591	100.00
Jotun Romania S.R.L.	Voluntari City	Romania	RON	640	64 000	640	1 084	100.00
Jotun Paints OOO	St. Petersburg	Russia	RUB	971 107	–	971 107	179 548	100.00
Jotun (Singapore) Pte. Ltd.	Singapore	Singapore	SGD	6 000	6 000 000	6 000	28 040	100.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	ZAR	85 719	158	85 719	61 036	100.00
Jotun Iberica S.A.	Barcelona	Spain	EUR	9 103	86 845	9 103	50 000	100.00
Jotun Sverige AB	Gothenburg	Sweden	SEK	4 000	80 000	4 000	4 550	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	THB	93 000	92 997	93 000	132 809	100,00
Jotun Boya San. Ve Ticaret A.S.	Istanbul	Turkey	TRY	8 130	30 000 000	8 130	108 387	100,00
Jotun Paints (Europe) Ltd.	Flixborough	UK	GBP	7 500	7 500 000	7 500	86 408	100.00
Jotun Paints Inc.	New Orleans	US	USD	77 600	100	77 600	188 953	100.00
Jotun Paints (Vietnam) Co. Ltd.	Ho Chi Minh City	Vietnam	VND	258 921 490	–	258 921 490	60 360	100.00
Total							**2 753 066**	

The voting interest corresponds to the share interest.
Jotun Brasil Imp. Exp. & Industria de Tintas Ltda. was impaired with NOK 120 million in 2015.
Jotun Pakistan (Private) Limited is written down with NOK 7 million in 2015.

SHARES HELD BY SUBSIDIARIES

(SHARE CAPITAL AND FACE VALUE IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	FACE VALUE	STAKE %
Jotun Powder Coatings AS							
Jotun Bulgaria EOOD	Sofia	Bulgaria	EUR	3	–	3	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 L.L.L.	Cairo	Egypt	EGP	5	270	5	90.00
Jotun India Private Ltd.	Mumbai	India	INR	3 577 790	6 860 000	127 012	3.55
P.T. Jotun Powder Coatings Indonesia	Jakarta	Indonesia	IDR	30 343 803	114 950	28 826 613	95,00
Jotun Kenya Limited	Nairobi	Kenya	KES	132 000	2 200	6 600	5.00
Jotun Powder Coatings (M) Sdn. Bhd.	Kuala Lumpur	Malaysia	MYR	1 950	1 950 003	1 950	100,00
Jotun Mexico S.A. de C.V.	Veracruz	Mexico	MXN	11 392	1	114	1.00
Jotun Powder Coatings Pakistan (Pvt) Ltd	Lahore	Pakistan	PKR	1 050 984	103 898 434	1 039 003	98.86
Jotun Powder Coatings Ltd.	Flixborough	UK	GBP	400	400 000	400	100.00
Jotun Paints (HK) Ltd.							
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	CNY	217 858	–	217 858	100.00
Jotun (Shanghai) Management Co. Ltd.	Shanghai	China	CNY	12 349	–	12 349	100.00
Jotun Paints Inc							100.00
PRS Delaware L.L.C.	New Orleans	US	USD	1 000	100	1 000	100.00
Jotun B.V.							
Jotun (Deutschland) Gmbh	Hamburg	Germany	EUR	614	1 200	102	16.67
Jotun Hellas Ltd.	Glyfada	Greece	EUR	343	297	9	2.60
Jotun (Malaysia) Sdn.Bhd.							
Jotun Bangladesh Ltd.	Dhaka	Bangladesh	BDT	225 622	1	23	0.01
Jotun Myanmar Services Company LTD	Yangon	Myanmar	MMK	7 500	50	776	1.00
Jotun Myanmar Company Limited	Yangon	Myanmar	MMK	48 000	1	5	0.01
Jotun Singapore Pte Ltd							
P.T. Jotun Indonesia	Jakarta	Indonesia	IDR	104 223 850	1 500	573 231	0.55

The voting interest corresponds to the share interest.

9 SHARES IN JOINT VENTURES AND ASSOCIATED COMPANIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY

(SHARE CAPITAL AND VALUES IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	FACE VALUE	BOOK VALUE NOK	STAKE %
Jotun U.A.E. Ltd. (L.L.C.)	Dubai	U.A.E.	AED	4 000	2 000	1 660	108 929	41.50
Jotun COSCO Marine Coatings (H.K.) Ltd.	Hong Kong	China	HKD	279 150	2 000	139 575	34 231	50.00
Chokwang Jotun Ltd.	Busan	South Korea	KRW	11 140 000	557 000	6 572 600	31 953	50.00
Jotun Abu Dhabi Ltd. (L.L.C.)	Abu Dhabi	U.A.E.	AED	4 000	4 000	1 400	28 061	35.00
Red Sea Paints Co. Ltd.	Jeddah	Saudi Arabia	SAR	9 500	9 500	3 800	21 995	40.00
Jotun Saudia Co. Ltd.	Dammam	Saudi Arabia	SAR	9 000	9 000	3 600	17 278	40.00
Jotun Powder Coatings Saudi Arabia Co. Ltd.	Dammam	Saudi Arabia	SAR	7 320	21 960	2 196	11 385	30.00
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	78 709	710	14.00
Shares held by Jotun A/S for third parties							–301	
Total							**254 242**	

SHARES HELD BY SUBSIDIARIES AND ASSOCIATED COMPANIES

(SHARE CAPITAL AND FACE VALUE IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	FACE VALUE	STAKE %
Jotun COSCO Marine Coatings (H.K.) Ltd.							
Jotun COSCO Marine Coatings (Quingdao) Co. Ltd.	Qingdao	China	CNY	250 973	–	250 973	100.00
Jotun Powder Coatings AS							
Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)	Dubai	U.A.E.	AED	3 000	3 000	1 410	47.00
Jotun Powder Coatings U.A.E. Ltd. (L.L.C.)							
Jotun Powder Coatings Saudi Arabia Co. Ltd.	Dammam	Saudi Arabia	SAR	7 320	29 280	2 928	40.00
Jotun UAE Ltd (L.L.C.)							
Jotun Abu Dhabi Ltd. (L.L.C.)	Abu Dhabi	U.A.E.	AED	4 000	4 000	1 600	40.00
Jotun Paints Co. L.L.C.							
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	123 686	22.00
Jotun Saudia Co. Ltd.							
Jotun Yemen Paints Ltd.	Aden	Yemen	YER	562 207	20 000	106 819	17.00

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

10 FINANCIAL INVESTMENTS

(SHARE CAPITAL AND VALUES IN NOK THOUSAND)

COMPANY	CITY	COUNTRY	CURRENCY	SHARE CAPITAL	NO. OF SHARES	FACE VALUE	BOOK VALUE NOK	STAKE %
Nor-Maali OY	Lahti	Finland	EUR	8	10 000	3	8 180	33.44
Other companies	–	–	–	–	–	548	548	–
Total							**8 728**	

11 INVENTORIES

(NOK THOUSAND)	31.12.2015	31.12.2014
Raw materials at cost	139 188	118 444
Finished goods at cost	247 806	211 627
Allowance for obsolescence	–8 300	–9 000
Total	**378 695**	**321 071**

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

12 RECEIVABLES

(NOK THOUSAND)	31.12.2015	31.12.2014
Accounts receivable external	69 542	69 439
Accounts receivable group companies	576 944	529 330
Other receivables external	72 475	67 330
Other receivables group companies	294 108	282 949
Total receivables	**1 013 069**	**949 048**

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

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

(NOK THOUSAND)	2015	2014
Allowances for bad debt at 1 January	50	41
Allowances for bad debt made during the period	2 584	177
Realised losses for the year	–58	–168
Total allowances for bad debt at 31 December	**2 576**	**50**

Credit risk and foreign exchange risk regarding accounts receivable is discussed in note 21.

Aging of external receivables at 31 December was as follows:

			OVERDUE			
(NOK THOUSAND)	TOTAL	NOT DUE	LESS THAN 30 DAYS	30-60 DAYS	60-90 DAYS	MORE THAN 90 DAYS
2015*	72 118	54 185	9 317	695	105	5 241
2014*	69 489	52 295	13 026	801	197	3 169

*) Does not include allowances for bad debt.

13 BALANCES WITH SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

(NOK THOUSAND)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
NON-CURRENT ASSETS				
Other non-current receivables	2 356 037	1 840 177	1 601	31 809
Total non-current assets	**2 356 037**	**1 840 177**	**1 601**	**31 809**
CURRENT ASSETS				
Trade receivables	507 636	457 296	69 308	71 961
Other current receivables	260 696	243 342	33 412	39 607
Total current assets	**768 332**	**700 639**	**102 720**	**111 568**
Total assets	**3 124 368**	**2 540 816**	**104 321**	**143 377**
CURRENT LIABILITIES				
Trade creditors	93 300	76 753	19 869	15 403
Other current liabilities	279 437	307 150	339 308	230 588
Total liabilities	**372 737**	**383 903**	**359 177**	**245 991**

14 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital in Jotun A/S at 31 December 2015 consists 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 annual General Meeting, each A-share has ten votes and each B-share has one vote. There are no changes from last year.

OWNERSHIP STRUCTURE

The number of shareholders at 31 December 2015 was 746. The largest shareholders were:

SHAREHOLDERS	A-SHARES	B-SHARES	TOTAL	OWNERSHARE	VOTING INTEREST
Lilleborg AS	42 012	103 446	145 458	42.5%	38.3%
Odd Gleditsch AS	11 437	36 990	48 427	14.2%	11.1%
Mattisberget AS	29 387	546	29 933	8.8%	21.5%
Leo Invest AS	2 994	7 522	10 516	3.1%	2.7%
Abrafam Holding AS	3 375	3 815	7 190	2.1%	2.7%
BOG Invest AS	–	6 850	6 850	2.0%	0.5%
ACG AS	–	5 548	5 548	1.6%	0.4%
Elanel AS	3 016	2 353	5 369	1.6%	2.4%
HEJO Holding AS	–	5 242	5 242	1.5%	0.4%
Bjørn Ekdahl	1 872	3 281	5 153	1.5%	1.6%
Live Invest AS	4 063	567	4 630	1.4%	3.0%
Kofreni AS	131	4 114	4 245	1.2%	0.4%
Bjørn Ole Gleditsch	26	3 679	3 705	1.1%	0.3%
Pina AS	–	3 443	3 443	1.0%	0.3%
Conrad Wilhelm Eger	1 172	2 155	3 327	1.0%	1.0%
Jill Beate Gleditsch	–	3 172	3 172	0.9%	0.2%
Anne Cecilie Gleditsch	5	3 141	3 146	0.9%	0.2%
Fredrikke Eger	1 000	2 084	3 084	0.9%	0.9%
Odd Gleditsch d.y.	27	2 882	2 909	0.9%	0.2%
Vida Holding AS	142	2 588	2 730	0.8%	0.3%
Total 20 largest	**100 659**	**203 418**	**304 077**	**88.9%**	**88.5%**
Total others	13 341	24 582	37 923	11.1%	11.5%
Total number of shares	**114 000**	**228 000**	**342 000**	**100.0%**	**100.0%**

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

NAME	OFFICE	A-SHARES	B-SHARES	TOTAL
Odd Gleditsch d.y.	Chairman of the Board	27	8 224	8 251
Einar Abrahamsen	Member of the Board	3 375	3 823	7 198
Richard Arnesen	Member of the Board	1 855	2 629	4 484
Nicolai A. Eger	Member of the Board	1 110	5 202	6 312
Birger Amundsen	Member of the Board	–	2	2
Terje Andersen	Member of the Board	–	2	2
Karl Otto Tveter	Member of the Board	–	2	2
Anders A. Jahre	Chairman of the Corporate Assembly	–	13	13
Bjørn Ole Gleditsch	Member of the Corporate Assembly	26	10 529	10 555
Anne Cecilie Gleditsch	Member of the Corporate Assembly	5	8 690	8 695
Kornelia Eger Foyn-Bruun	Member of the Corporate Assembly	100	272	372
Richard Arnesen d.y.	Member of the Corporate Assembly	7	515	522
Terje V. Arnesen	Member of the Corporate Assembly	–	1	1
Morten Fon	President & CEO	9	21	30
Bård K. Tonning	GEVP Decorative Paints	–	5	5
Vidar Nysæther	GEVP & CFO	–	20	20
Geir Bøe	GEVP Performance Coatings	–	1	1

There are no options for share aquisitions.

DIVIDENDS PAID AND PROPOSED

DECLARED AND PAID DURING THE YEAR	2015	2014
Dividends on ordinary shares:		
Final dividend for 2014: 1 500 NOK per share (2013: 1 500 NOK per share)	513 000	513 000

PROPOSED FOR APPROVAL AT THE ANNUAL GENERAL MEETING

(NOT RECOGNISED AS A LIABILITY AT 31 DECEMBER):	2015	2014
Dividends on ordinary shares:		
Final dividend for 2015: NOK 1 500 per share (2014: NOK 1 500 per share)	513 000	513 000

15 FUNDING AND BORROWINGS

Cash flow from Jotuns operations has seasonal cycles. Through the winter and spring there is a substantial build up of working capital as a preparation for the summer sales season. This is an expected cyclical movement and is taken in to account when planning the financing. Other drivers for the liquidity development are the investments in new factories around the world. Investments within the Jotun Group are financed mostly from Jotun A/S and the cash flows are predictable as the financing for each project is planned well in advance. Jotun A/S received NOK 1 097 million in dividends from Jotun Group in 2015, compared to NOK 860 million in 2014. No group contribution was received in 2015, compared to NOK 50 million in 2014.

(NOK THOUSAND)	31.12.2015	31.12.2014
NON-CURRENT INTEREST-BEARING LIABILITIES		
Bonds	1 000 000	1 300 000
Bank debt (NIB), unsecured	1 056 744	898 660
Total non-current liabilities	**2 056 744**	**2 198 660**
CURRENT INTEREST-BEARING LIABILITIES		
Certificate loans	300 000	200 000
Other current interest-bearing liabilities (cash pool)	206 804	267 224
Total current liabilities	**506 804**	**467 224**
Total interest-bearing liabilities	**2 563 548**	**2 665 884**
INTEREST-BEARING RECEIVABLES		
Non-current interest-bearing receivables	2 364 843	1 875 700
Current interest-bearing receivables	256 395	225 150
Cash and cash equivalents	231 087	639 962
Total interest-bearing receivables	**2 852 324**	**2 740 812**
Net interest-bearing receivables / liabilities (–)	**288 777**	**74 928**

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

Jotun has a USD 120 million long term loan with Nordic Investment Bank (NIB) which will be paid by installments of USD 10 million twice a year from 2018 until 2024.

The non-current interest-bearing receivables consists mainly of intercompany loans to subsidaries, joint ventures and associated companies.

The current interest-bearing receivables consists mainly of installments due on intercompany loans in 2016 and Jotun subsidiaries drawings in group cash pool.

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

16 OTHER CURRENT LIABILITIES

(NOK THOUSAND)	31.12.2015	31.12.2014
OTHER CURRENT LIABILITIES		
Liabilities to subsidiaries, joint ventures and associated companies	618 744	537 739
Public charges and holiday pay	129 221	123 274
Other accrued expenses	211 292	136 779
Total	**959 256**	**797 791**

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

17 PROVISIONS

PROVISIONS 2015

(NOK THOUSAND)	CLAIMS	RESTRUCTURING	ENVIRONMENTAL	TOTAL
Balance at 1 January	9 585	6 923	40 805	57 313
Provisions arising during the year	2 009	–	–	2 009
Utilised	–2 019	–6 776	–5 826	–14 621
Unused amounts reversed	–1 636	–	–	–1 636
Total provisions at 31 December	**7 939**	**147**	**34 979**	**43 065**
Current	–	147	10 379	10 526
Non–current	7 939	–	24 600	32 539
Total	**7 939**	**147**	**34 979**	**43 065**

PROVISIONS 2014

(NOK THOUSAND)	CLAIMS	RESTRUCTURING	ENVIRONMENTAL	TOTAL
Balance at 1 January	5 466	7 905	41 400	54 771
Provisions arising during the year	8 279	–	17 600	25 879
Utilised	–4 160	–982	–18 195	–23 337
Total provisions at 31 December	**9 585**	**6 923**	**40 805**	**57 313**
Current	1 200	6 923	11 300	19 423
Non–current	8 385	–	29 505	37 890
Total	**9 585**	**6 923**	**40 805**	**57 313**

CLAIMS

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

RESTRUCTURING PROVISIONS

Remaining provisions for restructuring are related to demolish of the old factory at Gimle in Norway. Most of the costs have already incurred. According to the plans the remaining costs will incur in the beginning of 2016.

ENVIRONMENTAL PROVISIONS

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

18 CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the annual accounts. A contingent liability is a present obligation that arises from past events but is not recognised because it is not probable (less likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

DISPUTES AND CLAIMS

Jotun A/S is, through its on-going business, involved in disputes and claims cases in connection with the company's operational activities. Provisions have been made to cover the expected outcome of disputes insofar as negative outcomes are likely and reliable estimates can be made. In evaluating the size of the provisions, expected insurance cover is taken into account separately. Jotun acknowledges the uncertainty of the disputes, but believes that these cases will be resolved without significant impact on the company's financial position.

ENVIRONMENTAL MATTERS

A number of production facilities and product storage sites have been inspected regarding environmental conditions in the soil. For clean-up projects where implementation is considered to be probable and for which reliable estimates have been done provisions are made accordingly (ref. note 17). Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

All of Jotun's activities are carried out in accordance with local laws and regulations, and Jotun HSE requirement. These laws and regulations are subject to changes, and such changes may require that the company make investments and/or incur costs to meet more stringent emission standards or to take remedial actions related to e.g. soil contamination.

INVESTIGATION BY THE NORWEGIAN COMPETITION AUTHORITY

The Jotun Group is subject to an investigation by the Norwegian Competition Authority related to its decorative paints operation in Norway. Jotun is of the opinion that no abuse of dominant market position (unilateral conduct) has taken place. Should the investigation from the Norwegian Competition Authority conclude otherwise, considerable fines could be imposed, depending on the gravity of the infringement. The potential amount involved, and the related timing of any outflow, is highly uncertain.

19 CONTRACTUAL OBLIGATIONS AND GUARANTEES

OTHER OBLIGATIONS NOT ACCOUNTED FOR:

NOK THOUSAND)	GUARANTEES
Guarantees for tax withholding	45 000
Letter of Comfort on behalf of subsidiaries	2 084 470
Letter of Comfort on behalf of joint ventures	411 597
Guarantees for subsidiaries	257 433
Sureties for customers etc. and guarantees for Jotun A/S	800
Total	**2 799 300**

20 LEASES

(NOK THOUSAND)	2015	2014
OPERATING LEASE EXPENSES		
Vehicles	11 597	11 537
Cost current year	**11 597**	**11 537**
OVERVIEW OF FUTURE MINIMUM LEASE PAYMENTS RELATED TO OPERATING LEASES:		
Cost next year	14 068	11 826
Cost next 2 years	22 903	18 546
Future minimum lease payments	**36 971**	**30 372**

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

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ORGANISATION OF FINANCIAL RISK MANAGEMENT

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

CATEGORIES OF FINANCIAL RISKS AND RISK POLICIES FOR JOTUN A/S

FOREIGN CURRENCY RISK ON NET INVESTMENTS

As NOK is the functional currency for Jotun A/S and the presentation currency, Jotun A/S is exposed to currency translation risk for net investments in foreign operations. Jotun A/S finances most of the investments for the Jotun Group, and therefore has a substantial intercompany loan portfolio in different currencies, see table below. From 2013 Jotun A/S have a 120 million USD external loan, see note 15. The currency gain/losses are presented as part of net finance costs in the income statement, see note 4 for more information. Jotun Group's note 16 gives additional information on the financial risk management.

Total loans given in foreign currency from Jotun A/S to its subsidiaries, joint ventures and associates at 31 December 2015 was NOK 2 412 million, of which NOK 2 358 million were long term. The table below gives an overview of the main currency exposures related to internal loans in foreign currency.

LOCAL CURRENCY	31.12.2015		31.12.2014	
(NOK THOUSAND)	CURRENCY AMOUNT	NOK	CURRENCY AMOUNT	NOK
USD	98 490	865 373	101 275	756 725
IDR	589 775 000	375 923	283 025 000	170 834
EUR	24 837	238 041	19 837	179 307
MYR	108 000	221 195	108 000	230 893
RUB	1 167 358	138 916	902 358	121 187
SGD	16 347	101 619	16 347	92 120
GBP	7 700	100 216	7 700	89 335
CNY	64 540	87 310	–	–
TRY	22 676	68 103	22 676	72 611
BRL	26 000	57 699	31 000	87 178
KRW	4 464 295	33 348	8 928 590	60 893
Other	–	124 434	–	139 581
Total		**2 412 175**		**2 000 664**

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

CURRENCY	31.12.2015		31.12.2014	
(NOK THOUSAND)	CURRENCY AMOUNT	NOK	CURRENCY AMOUNT	NOK
USD	120 270	1 056 744	120 270	898 660

FOREIGN CURRENCY RISK ON OPERATIONAL CASH FLOWS

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

FOREIGN CURRENCY RISK ON FINANCIAL CASH FLOWS

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

INTEREST RATE RISK

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

LIQUIDITY RISK

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

CREDIT RISK

The management of credit risk related to accounts receivable and other operating receivables is handled as part of the business risk and is continuously monitored. There is a slight concentration of credit risk in respect of single counterparts, but the risk is moderate. The losses on accounts receivables have been insignificant through Jotun's history.

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

COMMODITY PRICE RISK

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

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

HEDGING OF OPERATIONAL AND FINANCIAL CASH FLOWS

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

(NOK THOUSAND)	HEDGED VALUE 31.12.2015	UNREALISED GAIN/LOSS (-) 31.12.2014	REALISED EFFECT 2015
2015			
Hedging of cash flow	1 146 597	–36 392	– 34 557
2014			
Hedging of cash flow	841 288	–9 114	–9 989

MARKET VALUE:

Market value information is gathered from:

- Reuters 31 December 2015 and estimates generated by Jotun's financial system CRM.
- Valuation is based on inputs that are derived from observable prices and are hence categorized as a "Level 2" input according to the three-tier fair value hierarchy in IFRS.

HEDGING OPERATIONAL AND FINANCIAL CASH FLOWS

Jotun A/S do not apply hedge accounting for cash flow hedging.

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

Statsautoriserte revisorer
Ernst & Young AS

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To the Annual Shareholder's 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 2015, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Jotun A/S have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

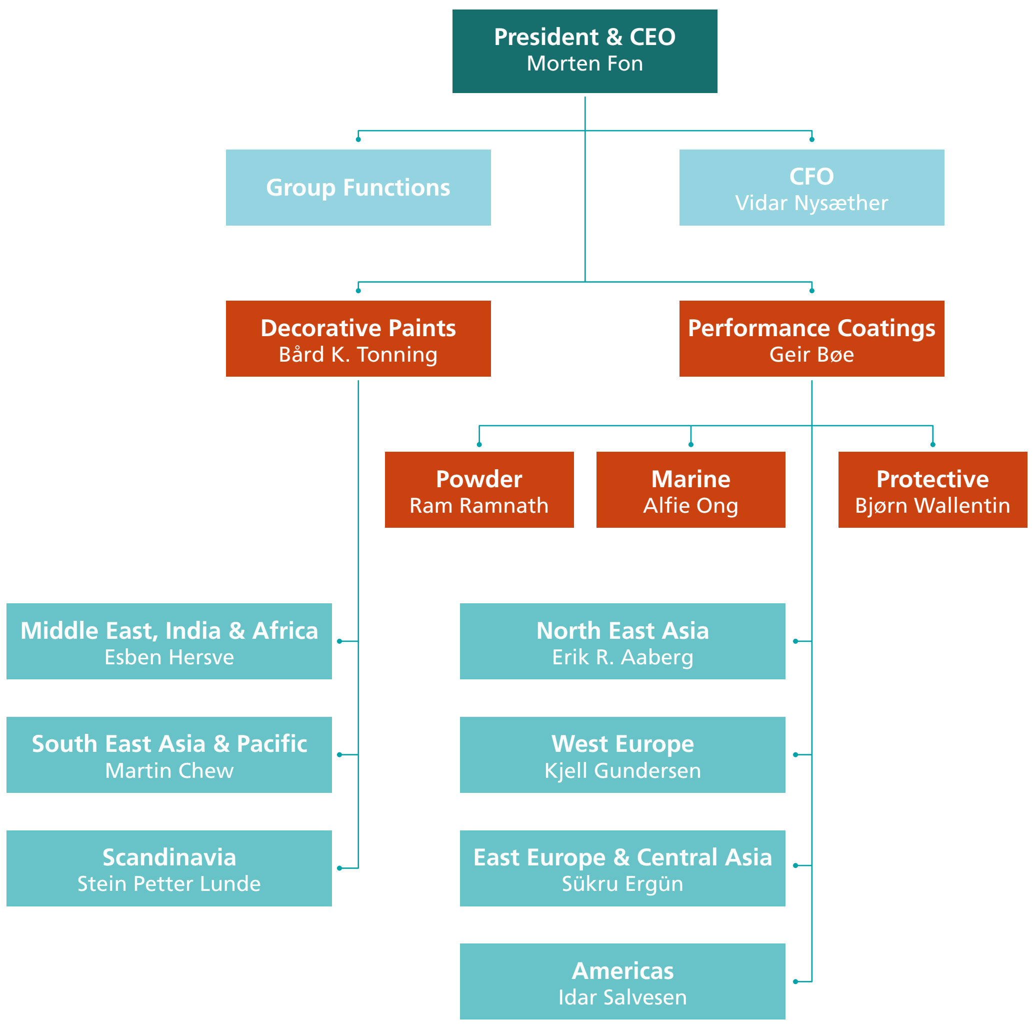
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 11 February 2016
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)



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Einar Abrahamsen
Birger Amundsen
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Richard Arnesen
Nicolai A. Eger
Ingrid Luberth
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Kornelia Eger Foyn-Bruun
Anne Cecilie Gleditsch
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Jotun Protects Property