CMI BOARD OF DIRECTORS REPORT AND FINANCIAL STATEMENT

2011

ANNUAL REPORT

CMI CHR. MICHELSEN INSTITUTE

REPORT FROM THE BOARD OF DIRECTORS

Activities and developments

Chr. Michelsen Institute (CMI) is a social science research institute focusing on international development challenges and human rights, including political, social and economic rights. Located in Bergen, CMI is one of the Nordic region's leading scientific communities in applied development research.

CMI has a multidisciplinary research profile. In 2010, CMI restructured its research activities from four large thematic research groups to ten more focused research clusters based on the institute's long-term research agenda:

- Poverty Dynamics
- Rights and Legal institutions
- Peace and Conflict
- Global Health and Development
- Gender
- Cultures and Politics of Faith
- Public Finance Management
- Governance and corruption
- Natural Resources
- Aid

In 2011, the institute adopted and started implementing a new strategy for the period 2011-15. CMI is committed to generate and communicate research-based knowledge relevant for fighting poverty, advancing human rights, and promoting sustainable social development. CMI's research focuses on local and global challenges and opportunities facing low- and middle-income countries and their citizens. Our geographic orientation is towards Africa, Asia, the Middle East, and Latin America.

CMI's work should feature:

- High standards of academic scholarship in a multidisciplinary environment
- Solid contextual knowledge developed in close cooperation with local partners
- Extensive research communication with scholars, policy makers, practitioners, and the public.

Our work should be guided by our core values: quality, integrity, respect and engagement.

Main strategic priorities:

- Address important questions for development and justice
- Strengthen contextual knowledge of countries and regions in the global South
- Engage with leading international researchers and research institutions
- Be an attractive partner for research institutions in the global South
- Be a driver of development research in Bergen
- Promote academic publishing
- Engage in dialogue with policy makers, practitioners, and the public
- Strengthen our communication in the global South
- Strengthen our dialogue with policy makers
- Build solid research clusters and strong teams in all parts of the organization
- Create a vibrant learning environment
- Recruit more broadly and internationally
- Increase CMI's financial robustness

CMI receives basic funding allocations from the Research Council of Norway (RCN) which is used to fund basic research and the institute's research programmes. In 2011, special strategic funding was allocated to new priorities: Lawfare and social transformation in the global south, Political sentiments of urban youth in Africa, Youth in Egypt/Middle East, New world powers and their implications for Norwegian foreign and development policy, and Anti-corruption impact assessment.

Research communication is important to ensure the quality and relevance of our research. We want our research to inform policy decision-making processes, and it is thus a priority to participate in the public debate and to create arenas for dialogue locally, nationally and internationally.

2011 was a very good year at CMI both in terms of academic publishing and other communication work. CMI researchers published 6 monographs, 30 articles in peer reviewed journals, 5 edited books and 27 book chapters. In 2011 CMI had a record year in media coverage both in Norwegian and international media. The increase in coverage in local media in countries where we do our research is particularly important and in line with our strategy. CMI hosted more than 100 arrangements, most of them at the Bergen Resource Centre for International Development, the communication venue CMI runs in co-operation with the University of Bergen. CMI hosted a series of seminar called Dialogues at Chr. Michelsen Institute: Emerging South Powers and Africa, sponsored by Refleks, the Norwegian Foreign Ministry's dialogue programme.

In 2011, there was an external evaluation of U4, CMI's anti-corruption resource centre. The evaluation was very positive and formed the basis for a new ambitious strategy reinforcing efforts on targeted and tailored communication to the development community.

CMI enjoys close co-operation and partnership with other research institutions both nationally and internationally. A major achievement in 2011 was a new four year co-operation programme with the Catholic University in Luanda, Angola, built around an extensive research programme on the Angolan society.

Locally, CMI works closely with the University of Bergen and the Norwegian Business School both in projects and with events at the Bergen Resource Centre for International Development.

CMI recruited several new colleagues in 2011. Most of them were recruited internationally. With their competence and diversity, they have strengthened CMI. The recruitment process has confirmed that CMI is an attractive work place in an international market.

The number of Master's and PhD students at the institute is at the same level as earlier. Two of our PhD candidates defended their thesis in 2011. The number of associate research positions at the Institute and the number of CMI employees with associate positions at other research institutions has increased.

The institute's performance

Income from commissioned assignments continued to grow, increasing from NOK 67.5 mill in 2010 to 72.2 mill in 2011. The 7 % increase is bigger than last year's 1.2% increase, and the main reason is an increase in the number of research man years.

In 2010, CMI carried out just over 160 externally funded research projects and consultancy assignments for a total of NOK 57.2 mill. The core funding constituted NOK 14 065 000 mill, a 1,6 % reduction from the previous year. In addition, NOK 1 mill was transferred from the Chr. Michelsen Fund (CMF).

The Norwegian government administration (the Ministry of Foreign Affairs (MFA), the Norwegian Agency for Development Cooperation (Norad and embassies) continue to be the Institute's most important clients, constituting 39% of the revenues, identical percentage share to 2010. The share of funding from Norad showed a slight decline from 16% to 14%. The embassy share increased from 15% to 16%, while the MFA's share increased from 8% to 9%.

Projects with funding from the Research Council of Norway represented 29% of the external project income. This represents a slight increase from 28% in 2010. Thus, this share of the total income revenues has been stable since 2009. This income was doubled from 2006 to 2009.

Income from international sources has varied between 20% and 30% of the institute's external project revenues the last 10 years. In 2011, this percentage was 29%, which represents a slight increase from 2010. The international funding of U4, CMI's anti-corruption resource centre, constitutes three-fourths of this income, up from two-thirds in 2010. The percentage of international project income is substantial compared with other social science institutes in Norway.

The percentage of income from other clients, remains stable at 3-5%, and constituted 3% in 2011. CMI's goal is to develop an even broader funding base.

Result and continued operation

CMI had an operating result of NOK1 578 490 and an annual result of NOK 775 251.

This is less than last year's result which was NOK 1 988 057 and mainly due to the fact that personnel costs has increased more than project income.

The equity situation has improved in recent years, and the net equity ratio is 20%, up from 19% in 2010. This reduces the Institute's financial vulnerability. We have favorable premises to continue to develop the organization and its research activities in 2012. In accordance with the Accounting Act, section 3-3a, the board confirms that the requirements for continued operations are fulfilled.

Cash flow, investments, finances and liquidity

The Institute's liquidity was strengthened considerably in 2011. The liquidity reserves increased with NOK 6 mill as of 31.12.2011. The increase can be attributed to a speedier turnover of accounts payable, i.e. funds received from clients.

The Institute's short-term debt outside public fees, was reduced with NOK 8 mill, and represented 44% of the total debt at the turn of the year 2011/2012, a reduction from 52% at the previous turn of the year. The reduction can mainly be attributed to the final settlement of the building in Jekteviksbakken and an increase in long-term loans from CMF. As of 31.12.2011, the Institute's short term debt can in its entirety be paid off with the liquid reserves.

Accounts receivable from customers has been reduced with NOK 8.6 Mill. This is mainly because of a strong focus on swifter payments from clients through tighter project follow-up. The risk of loss is minimal as income comes mainly from Norwegian and international development cooperation authorities and from the multilateral development cooperation system, with the exception of foreign exchange losses (see below).

At year-end 2011, total capital was NOK 92 million, compared with NOK 96 million the previous year. The reduction is linked to reduced accounts receivable from customers, which has been spent on reducing short term debt.

On 30 June 2009, Chr. Michelsen Institute received a notice of possible tax liability. CMI argues that the institute is not engaged in commercial activities and therefore should be regarded as a non-profit institution, cf. Norwegian Taxation Act, section 2-32, first paragraph. We refer to Note 12 to the annual accounts for further information.

In the view of the board, the annual accounts provide an accurate picture of the Institute's assets and debt, financial position, and result.

Market and financial risks

CMI is somewhat exposed to fluctuations in exchange rates. Approximately 20% of the Institute's income is paid in foreign currency. The institute entered an exchange profit of NOK 0.20 million and an exchange loss of NOK 0.14 million in 2011, that is a total exchange profit of NOK 0.06 million compared to a NOK 0.23 million loss in 2010. So far the institute has not entered into futures contracts or other contracts to reduce the institute's currency risk and the operations-related market risk. However, CMI has an on-going dialogue with the bank regarding this matter. The Institute uses floating interest rates on its bank deposits. These rates stay low because of the general low interest level. Yet, due to a strong improvement in liquidity, the Institute had capital gains of NOK 0.3 million in 2011, up from NOK 0.2 million in 2010.

Working environment and personnel

The sickness absence rate was 2,54 % i 2011, compared with 1,19 % in 2010. Thus, we are at the same level as in 2009. No occupational injuries or accidents were reported in 2011.

No special measures were implemented that affected the working environment in 2011. The institute's employees report that the working environment is good.

Gender equality

Of the Institute's 73 employees, 38 are women. 50% of the board members are women and 3 of 6 persons on the management team are women. CMI has established a wage system and welfare schemes designed to provide equal opportunities for wage and career development. Traditionally, the institute has recruited from arenas with an equal representation of men and women, and therefore has not introduced quotas to achieve gender equality.

Discrimination

Through recruitment both nationally and internationally, CMI seeks to ensure equal opportunities and rights, and to prevent discrimination based on a person's ethnicity, national origin, descent, colour, language, religion or life stance.

CMI seeks to ensure that working conditions allow all individuals to enjoy equal work opportunities at the institute regardless of functional ability.

Environmental report

The institute's activities are not regulated by licenses or directives, and do not have a direct impact on the external environment. It should be noted, however, that extensive travel by our staff contributes to greenhouse gas emissions.

Annual profit/loss and allocations

The annual profit of NOK 775 251 was added to the existing equity. The institute had NOK 2 554 532 in unrestricted equity as of 31 December 2011, in addition to called-up and fully paid share capital of NOK 15 300 000.

Bergen, 15 March 2012

Jan Fridthjof Bernt
Chair
(sign)

Bertil Tungodden
(sign)

Siri Lange
(sign)

Ruth Haug
(sign)

Arne Tostensen
(sign)

Karin Aslaksen
(sign)

Ottar Mæstad
Director
(sign)

INCOME STATEMENT 2011

	Note	2011	2010
Operating revenues			
Project revenues	1	72 217 245	67 498 280
Other revenues		70 007	241 239
Total operating revenues		**72 287 252**	**67 739 519**
Operating expenses			
Project expenses		17 408 782	15 843 785
Payroll expenses	2,3	44 615 522	39 498 014
Depreciation	4	1 924 229	1 966 415
Other operating expenses	2	6 760 229	7 334 281
Total operating expenses		**70 708 762**	**64 642 495**
Operating result		**1 578 490**	**3 097 024**
Financial income/expenses			
Interest income		277 830	186 702
Other financial income		205 222	102 505
Interest cost to enterprise in same firm		-1 140 000	-1 050 000
Other interest costs		-6 663	-16 303
Other financial costs		-139 627	-331 872
		-803 239	**-1 108 967**
Net result		**775 251**	**1 988 057**

BALANCE SHEET AS OF 31 DEC, 2011

ASSETS

	Note	2011	2010
Fixed assets			
Tangible fixed assets			
Building at Jekteviksbakken	4	49 148 137	50 174 201
Equipment, investments in building	4	2 626 799	3 466 208
		51 774 936	**53 640 409**
Financial fixed assets			
Long term receivables	6	602 500	634 016
		602 500	**634 016**
Total fixed assets		**52 377 436**	**54 274 425**
Current assets			
Debtors			
Accounts receivable	7	4 310 023	12 963 406
Others debtors		1 025 216	3 121 371
		5 335 239	**16 084 777**
Investments			
Shares in other companies	5	627	627
		627	**627**
Cash and bank deposits	**8**	**34 657 499**	**25 630 550**
Total current assets		**39 993 364**	**41 715 954**
TOTAL ASSETS		**92 370 800**	**95 990 378**

EQUITY AND LIABILITIES

	Note	2011	2010
EQUITY			
Paid-in capital			
Original fund	9	15 300 000	15 300 000
Retained earnings			
Other equity	9	3 329 784	2 554 532
Total equity		**18 629 784**	**17 854 532**
LIABILITIES			
Pension			
Pension funds	3	3 146 491	2 424 715
Long term liabilities			
Long term loans	10	38 000 000	35 000 000
Current liabilities			
Accounts payable		1 619 056	10 862 556
Short term debt CMF		0	731 961
Public duties payable		3 170 823	2 940 627
Other short term liabilities		27 804 647	26 175 988
		32 594 525	**40 711 131**
Total liabilites		**73 741 016**	**78 135 846**
TOTAL EQUITY AND LIABILITIES		**92 370 800**	**95 990 378**

CASH FLOW STATEMENT

	2011	2010
Cash flow from operating activities		
Annual result	775 252	1 988 058
Depreciations	1 924 229	1 966 415
Effects of pension fund	721 776	-578 888
Change project advances from funders	31 516	-193 267
Change debtors	8 653 382	-6 258 702
Change other receivables	1 940 605	-1 415 391
Change account payable and other liabilities	-7 761 055	1 782 268
	6 085 705	**-2 709 506**
Cash flow from investment activities		
Payment for purchase of fixed assets (new building)	-58 756	-969 938
Cash flow from financing activities		
Change of long-term debt	3 000 000	
Change of shares		
Change of bonds		
Change of funds		
Change in value, shares and bonds		
	3 000 000	
Net change in cash and cash equivalents	**9 026 949**	**-3 679 444**
Cash and cash equivalents at 1 January	25 630 550	29 309 995
Cash and cash equivalents at 31 December	34 657 499	25 630 550
NET CHANGE IN CASH AND CASH EQUIVALENTS	**9 026 949**	**-3 679 445**

NOTES TO THE ACCOUNTS
AT 31 DECEMBER 2011

Accounting principles
The annual accounts are produces in accordance with the Accounting Act and sound accounting practice.

Project revenues
Grants and other contributions are in its entirety credited to income in the period of allocation. Project revenues are credited according to the level of completion in every project. The level of completion is an estimate based on accrued hours and other costs held against estimated total hours and other costs.

Valuation and classification of assets and liabilities
Items due for payment within one year are classified as current assets and liabilities. Other assets are classified as fixed assets. Outstanding account with Chr. Michelsen Fund (CMF) is classified as long term debt. Outstanding account due within one year is classified as short-term debt.

Receivables
Accounts receivable and other receivables are listed in the balance sheet at nominal value.

Currency
The fund on finished projects held in foreign currency is equivalent to the exchange rate by 31 Dec.

Short-term investments
Short-term investments (shares) are estimated at market value by 31 Dec. Dividends are recorded as other financial income.

Fixed assets
Investments in fixed assets are recognised in the balance sheet and depreciated during the asset's useful life when this exceeds 3 years.

Cash flow
The cash flow statement uses the indirect method.

NOTE 1 PROJECT REVENUES

	2011	2010
Project revenues	57 152 245	53 197 947
Grants	14 065 000	14 300 334
Chr. Michelsen Fund	1 000 000	0
	72 217 245	**67 498 281**

Project revenues are stated without contributions to cooperating partners, NOK 15 427 058.

Geographic distribution

	2011	2010
Norway	55 580 428	52 517 378
Overseas	16 636 817	14 980 903
	72 217 245	**67 498 281**

NOTE 2 SALARIES AND SOCIAL COSTS

	2011	2010
Salaries	34 302 297	30 537 791
Social security taxes	4 822 858	4 326 046
Pension costs	4 272 380	3 534 233
Other benefits	546 471	523 727
	43 944 066	**38 921 797**
Other social costs	671 517	576 217
Total salary and social costs	**44 615 522**	**39 498 014**
Employees full-time equivalent	61	56

Leadership renumeration etc.

	2011	2010
Director's salary	898 739	829 721
Other benefits	8 565	11 687
Pension costs	112 314	215 669
	1 019 618	**1 057 077**

CMI and CMF share the same Board. Board member fees are paid by CMF. There are no contractual obligations (bonuses or shares) in the event of termination of employment.

Loans to employees amount to NOK 602 500. The interest rate equals the standard rate offered in employment relationships.

Auditor's fees (excluding VAT.)

	2011	2010
Audit of the accounts	113 000	175 052
Other audit related services	52 000	80 000
	165 000	225 052
Consultant fees, tax	81 230	11 000
Other services	0	6 600

NOTE 3 PROVISION FOR PENSION LIABILITIES, PENSION COSTS

CMI has a defined-benefit pension scheme for 37 regular employees. The scheme fulfills the requirements set by the Law on mandatory company pension scheme. The benefits are calculated according to years in service, salary at time of retirement and the benefits from the national pension scheme in Norway.

Up untill 2011, CMI had been participating in the LO/NHO-agreement AFP, which enables all employees to choose to retire from the age of 62. That arrangement has since been terminated and all benefits have been entered as 2010 income and presented as reduced salary costs. A remaining provosion for costs remains regarding one person who is a retiree in this arrangement.

At the termination of the AFP arrangement, there was a considerate underabsorption in which the participating companies must cover through the payment of a premium for the next 5 years. CMI's share of this underabsorption is estimated and provided for in the accounts.

A new AFP arrangement began 1 Jan 2011. This is not an early retirement scheme, but an arrangement which gives a life-lasting addition to the ordinary pension. This arrangement is financed by the payment of a premium which is currently 1.4% of all salary between 1G and 7.1G. This is a defined contribution pension scheme, and the premium is charged as expenses continously. It is expected that the level of this premium will increase in the years ahead.

Defined-benefits pension scheme and AFP	2011	2010
Pension rights earned during the year	2 364 463	2 024 238
Interest	1 960 047	1 852 184
Yield on pension funds	-1 867 959	-1 856 361
Administrations costs	241 480	213 927
Net pension costs ex social security	2 698 031	2 223 988
Social security taxes	380 422	314 992
Actuarial loss/earnings	324 658	0
Net liability of old AFP scheme	0	-120 306
Part of actuarial loss by closing old AFP	0	529 355
Net pension costs	**3 403 111**	**2 958 029**

Earned pension liabilities	51 788 229	49 873 682
Pension plan assets	37 177 968	33 450 210
Net pension commitments (underfinanced)	-14 610 262	-16 423 472
Social security taxes	-2 060 047	-2 315 710
Net pension inc. social security	-16 670 309	-18 739 182
Estimate deviations not recognized	11 852 602	14 298 394
Social security deviation	1 671 217	2 016 074
Net pension funds	**-3 146 490**	**-2 424 714**

Economic assumptions	2011	2010
Discount interest	3.90 %	3.80 %
Expected return on funds	4.80%	4.60 %
Expected salaries regulations	4.00 %	4.00 %
Expected G-regulations	3.75 %	3.75 %
Expected pension regulations*	1.88 %	1.88 %
Amortization factor*	12.18	12.92
Wanted size on corridor in %	10.00 %	10.00 %
Social security taxes	14.10 %	14.10 %

Deposit pension

1 April 2007 CMI introduced deposit pension for all new employees.
31 persons at CMI were enrolled in this scheme by 31 December 2011.

	2011	2010
Deposit pension	620 997	561 980
Administrative costs	70 238	51 946
	691 235	**613 926**

NOTE 4 TANGIBLE FIXED ASSETS

	Building Jekteviksbakken	Machinery etc	Investments building	Sum
Cost at 1 Jan	51 636 048	3 686 751	4 124 896	59 447 695
Purchased assets	0	58 756	0	58 756
Sold assets	0	0	0	0
Cost at 31 Dec	51 636 048	3 745 507	4 124 896	59 506 451
Accumulated depreciation	-2 487 911	-3 613 549	-1 630 055	-7 731 515
Balance value 31 Dec	49 148 137	131 958	2 494 841	51 774 936
Depreciations	1 026 064	201 322	696 843	1 924 299

Depreciation of the building at Jekteviksbakken is calculated linear with 2 % annually. Depreciation of machinery investments is applied linear over 3 years. Investments in furniture and fixtures etc. are depreciated linear over 3-10 years.

CMI rents copy machines from Canon and Ricoh. The annual cost for 2011 was 443 750.

NOTE 5 CURRENT ASSETS

	Number	Cost price	Balance sheet value
Norwegian shares			
Nordiag ASA	152	6 782	115
Novel Diagnostics AS	145	30 193	512
		36 975	**627**

NOTE 6 FINANCIAL FIXED ASSETS

Loans to employees, NOK 602 500 by 31 Dec.

NOTE 7 RECEIVABLES

Invoiced, not paid sales	3 644 896
Sales, not yet invoiced	665 127
	4 310 023

NOTE 8 TAX DEDUCTED

As of 31 Dec, NOK 1 713 592 had been put aside in a tax-deducting account.
Unpaid tax at the same date was NOK 1 583 368.

NOTE 9 EQUITY

	Retained earnings	Paid-in capital	Total
Equity at 1 Jan	2 554 531	15 300 000	17 854 531
Net result for the year	775 252		775 252
Equity at 31 Dec	3 329 783	15 300 000	18 629 783

NOTE 10 DEBT DUE LATER THAN 5 YEARS

	2011	2010	2009
Chr. Michelsens Fond	38 000 000	35 000 000	35 000 000

In accordance with the board's decision on 17 Oct 2008, the CMF provided a long-term loan for the construction of the new building in Jekteviken. In a board meeting on 17 Dec 2010, this was extended by NOK 3 mil to purchase a larger share of the building. The loan will secured by mortgage. The registratation forms were sent in March 2012, when the final building site agreement was finalised with University of Bergen.

NOTE 11 TAX

On 30 June 2009 CMI received a notice of possible tax liability and was asked to file the tax return for 2008. The response was sent 18 Sept 2009. In relation to this, CMI asked for a delay in handing in the tax return until the response was assessed. Delay was granted.

By 1 March 2012, CMI had not yet received any reply from the Tax Administration. CMI states that it is a not-for-profit foundation, and thus a tax exempt institution, according to § 2-32 second segment in the Act of Taxation.

Further, it is our understanding that commissioned research assignments fulfill CMI's non-profit purposes, and that this activity does not release limited tax liability. Thus, no provisions have been made for taxes in the accounts for 2009, 2010 and 2011.

To the Board of
Chr. Michelsens Insitutt

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AUDITOR'S REPORT

Report on the financial statements
We have audited the accompanying financial statements of Chr. Michelsens Insitutt, which comprise the balance sheet as at December 31, 2011, the statements of income, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Managing Directors responsibility for the financial statements
The Board of Directors and Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including the 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.

ERNST & YOUNG

Opinion
In our opinion, the financial statements of Chr. Michelsens Insitutt have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the [foundation/organisation] as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 [, and the proposal for the allocation of result] is consistent with the financial statements and complies with the law and regulations.

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

Opinion on payouts and asset management
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, it is our opinion that the [foundation/organisation) has been managed and the payouts performed in accordance with laws and the [foundation's/organisation's] objectives and articles of association.

Bergen, 21. March 2012
ERNST & YOUNG AS

Henrik Solberg-Johansen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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