

Annual Report 2015



om Froberg
31 marts
Hempel Foundation
Sunstorftegårdsvej 91,
CVR no. 21518018

The Foundation

Hempel Foundation
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Denmark

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CVR no. 21518018
Financial year: 1 January - 31 December

Home municipality: Copenhagen

Board of Trustees

Richard R. Sand, Chairman
Leif Jensen, Deputy Chairman
Kim Dam-Johansen
Carsten Gerner
Birgitte Hagemann Snabe
Pierre-Yves Jullien
Martin Bøggsted, elected by the employees
Louise Krüger Kofoed, elected by the employees
Claus Juul Petersen, elected by the employees

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark



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Key figures

In EUR thousands

	2015	2014	2013	2012	2011
Profit					
Revenue	1,765	1,024	178	157	120
EBITDA	317	-271	-1,324	-1,457	-1,720
Amortisation, depreciation and impairment	969	551	140	128	120
Operating profit	-652	-822	-1,464	-1,585	-1,840
Income from investments in subsidiaries	95,347	67,163	64,871	34,569	35,293
Net financials	976	7,073	4,264	3,499	-4,527
Profit before tax	95,671	73,414	67,671	36,483	28,926
Net profit for the year	95,514	71,226	67,031	35,156	30,070
Balance					
Balance sheet total	726,140	628,784	553,467	505,977	479,645
Equity	698,915	600,308	544,134	497,501	472,493
Cash flows					
<i>Cash flow from:</i>					
Operating activities	-27	23,778	126	63	23
Investing activities	8,701	-20,697	-31	-218	-86
– including net investments in property, plant and equipment and intangible assets	-74	-25,680	-144	-21	-342
Financing activities	-9,753	-4,081	-2,061	10	-1,140
Change in cash and cash equivalents	-1,079	-1,000	-3,338	3,567	2,487
Employees					
Average number of employees	3	3	3	3	3
Donations					
Donations for the year	7,589	24,320	5,934	4,005	3,604
Ratios (%)					
Gross margin	64.7	69.3	44.9	13.4	-260.0
Profit margin	-36.9	-80.3	-822.5	-1,009.6	-1,533.3
Return on assets	-0.1	-0.1	-0.3	-0.3	-0.4
Solvency ratio	96.3	95.5	98.3	98.3	98.5
Return on equity	14.7	12.4	12.9	7.2	6.6

For definitions, see Accounting policies.

About the Hempel Foundation

In July 1915, Jørgen Christian Hempel established J.C. Hempel's Marine Paints Ltd. (J.C. Hempel's Skibsfarve-Fabrik A/S), which later became the Hempel Group. As the basis for the future viability and success of the Hempel Group, in 1948 J.C. Hempel transferred all his shares in J.C. Hempel's Marine Paints Ltd. into the Hempel Foundation, which remains the sole shareholder of the Hempel Group to this day.

The Hempel Foundation is a commercial foundation, and the primary purpose of the Foundation is to provide and maintain a solid economic base for the Hempel Group.

Hempel is a world-leading coatings supplier for the decorative, protective, marine, container and yacht markets and operates in more than 80 countries with over 5,500 employees, 27 factories, 15 R&D centres and more than 150 stock points strategically located around the world.

Hempel's coatings protect man-made structures from the corrosive forces of nature – from windmills and bridges to ships and homes. Hempel's coatings help extend product life and this reduces the overall environmental impact of each structure during its lifetime.

The Foundation's secondary purpose is a social and charitable one: to provide assistance for cultural, social, humanitarian, scientific and artistic purposes.

Two specific concerns have been placed at the top of the international corporate social responsibility (CSR) agenda: the challenge of poverty and lack of education, and environmental challenges. In its role as the owner of a global business operation – the Hempel Group's – and as a foundation supporting the common good, the Hempel Foundation intends to play an active part in meeting these challenges. This is reflected in the Hempel Group CSR activities and in the Foundation's donation policy focusing on education for children in need and research in environmentally sustainable surface protection technologies.

The Hempel Foundation and Hempel Group are well aware of their responsibility beyond generating positive financial returns. CSR thus forms an integral part of the values and business approach of both the Hempel Foundation and the Hempel Group.

Management's statement

The Board of Trustees has today considered and adopted the Annual Report of the Hempel Foundation for the financial year 1 January - 31 December 2015.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Foundation's financial statements give a true and fair view of the assets, liabilities and financial position at 31 December 2015 of the Foundation and of the results of the Foundation's operations and the cash flows for 2015.

In our opinion, the management's review includes a true and fair account of the development of the Foundation's operations and financial affairs, the profit for the year and the Foundation's financial position together with a description of the principal risks and uncertainties that the Foundation faces.

The Annual Report has been submitted for adoption at the Annual General Meeting.

Copenhagen, 31 March 2016.

Board of Trustees



Richard R. Sand
Chairman



Leif Jensen
Deputy Chairman



Kim Dam-Johansen



Carsten Gerner



Birgitte Hagemann Snabe



Pierre-Yves Jullien



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Elected by the employees



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Information about the Board members' background, competences, election period, etc. can be read at hempelfoundation.com/Hempel-foundation/Board-of-Trustees

Independent auditor's report

To the Board of Trustees of the Hempel Foundation

Report on the financial statements

We have audited the financial statements of the Hempel Foundation for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The financial statements are prepared in accordance with the Danish financial statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish financial statements Act, and for such internal control as management determines 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 the financial statements based on our audit. We conducted our audit in

accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit 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 Foundation's preparation of financial statements that give a true and fair view 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 Foundation'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.

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Hempel Foundation's at 31 December 2015 and of the results of the Hempel Foundation operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish financial statements Act.

Statement on management's review

We have read management's review in accordance with the Danish financial statements Act. We have not

performed any procedures additional to the audit of the financial statements. On this basis, in our opinion, the information provided in management's review is consistent with the financial statements.

Copenhagen, 31 March 2016.

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 33771231

Lars Baungaard
State Authorised Public Accountant

Mads Melgaard
State Authorised Public Accountant

Board of Trustees' report

The Hempel Foundation's activities

The activities undertaken by the Hempel Foundation are described in this report. These include donations and business-related activities as well as financial investments.

Donations

The Hempel Foundation's primary purpose is to provide and maintain a solid economic base for the Hempel Group. The Foundation's secondary purpose is a social and charitable one: to support cultural, social, humanitarian, scientific and artistic purposes.

The total annual amount granted for donations is decided by the Board in accordance with the Foundation's Trust Deed. Over recent years, the Foundation has increased its donations to charitable purposes. Annual donations decided can fluctuate quite substantially, since donations decided one year can run for several years. The target for the Foundation is a further substantial increase in the average sum granted to donations over the coming years. Therefore, the Board is in a process of reviewing the donation strategy to cover a broader range of charitable areas and to cope with higher donation amounts. Likewise the administrative organisation will be strengthened to support this work.

The Board decides on an annual basis on the amounts to be allocated to donations, amounts to be carried over to the following year, and amounts transferred to the Foundation's equity.

The present donation strategy of the Foundation is inspired by three of the UN's eight Goals formulated in the

Declaration of 2000 related to the eradication of extreme poverty and hunger, promoting universal primary education, and ensuring environmental sustainability.

Based on this, the Foundation's donation strategy has a primary focus on projects providing a) education of children in need and b) research into environmentally sustainable technologies. The aim of these two areas is to help break the poverty cycle through education, and to find new ways to safeguard our environment. In addition the Foundation supports a number of cultural, social, humanitarian and other purposes to the benefit of society in general.

Education of children in need

The Hempel Foundation currently gives strong support to a total of 22 different educational projects spanning 18 countries around the world. The 18 countries are: Guatemala, Nicaragua, Bolivia, Argentina, Brazil, Mozambique, Uganda, Ghana, Tanzania, Sierra Leone, South Africa, Ethiopia, Somaliland, Cambodia, India, Indonesia, Vietnam and China, thus helping more than 55,000 underprivileged children to receive a better education.

The projects can be divided into four main categories: Improving local schools, helping child labourers into education, building new schools and after-school education and clubs.

For 18 of the educational projects the Hempel Foundation works together with Save the Children, IBIS, a Danish non-government organisation, and SOS Children's Villages. The remaining 4 projects are run directly with local NGO's.



One example is an education project in Ghana. Here many children still do not have the chance to attend school either because there is no school for them to go to or the school is too far away for the children to make the journey each day. To meet the challenge the Hempel Foundation has built nearby schools, educated local teachers and involved the parents in sending their children to school. The project started in 2012 and until today 12 schools have been built giving 2,500 out-of-school children a chance to go to school.

Sustainable surface protection technologies

The Hempel Foundation support for research within environmentally sustainable surface protection technologies has been given among others through donations to the Technical University of Denmark (DTU).

Since 2000 the Foundation has been involved in creating an international research environment at DTU for the education of highly skilled engineers and researchers. The main focus of these efforts has been on setting up PhD programmes with projects on sustainable products and advanced technologies. Topics covered in recent years are anticorrosive coatings for steel structures, blade coatings for wind turbines, intumescent coatings for passive fire protection, antifouling coatings for ships, insulation coatings, coatings for the cement and mineral industries, and coatings for oil and gas pipelines at high temperature and high pressure. The research conducted includes coating formulation, testing in laboratory and pilot-scale experimental setups and mathematical

modelling of coating behaviour and coating degradation. A substantial number of scientific articles have been published as part of the PhD programmes.

Furthermore, the Foundation provides support for the Honours Masters Programme (Industrial Track) in Chemical and Biochemical Engineering. This program gives students from all over the world the opportunity to undertake a master's degree programme with guidance from both industry professionals and university academics. In recent years, students from Spain, China, Russia and India have participated in the programme.

A laboratory, the Hempel Student Innovation Laboratory, has been made available by Foundation support for the students for testing their own original ideas.

Other donations

In addition to the two primary strategic donation areas, a number of social and cultural purposes and projects have received donations from the Foundation during 2015. In particular support has been increased to poor families, children excluded from regular family life, and groups of people exposed to violence.

In 2015 the Foundation did continue its support as the operational partner to HRH Crown Princess Mary's Foundation, the Mary Foundation, thereby supporting a charitable foundation working in the field of social inclusion of children.

In EUR thousands

HEMPEL FOUNDATION DONATIONS

	2015	2014	2013	2014-15 Average	2011-15 Average
Education of children in need	3,025	2,685	1,697	2,855	1,950
Research in environmentally sustainable technologies	590	1,309	758	950	938
Art and culture	1,687	172	1,344	930	922
Student projects	779	17,954	1,488	9,367	4,212
Other donations	2,058	2,237	694	2,148	1,280
	8,139	24,357	5,981	16,250	9,302
Reversal of previously approved donations and adjustments	(550)	(37)	(47)	(294)	(228)
Total donations	7,589	24,320	5,934	15,956	9,074

On 4 July 2015, it was exactly 100 years since J.C. Hempel founded the Hempel Group. To mark this impressive anniversary, the Foundation already in 2014 decided to give its largest single grant ever, being a donation of DKK 130 million (approx. EUR 17.5 million) to secure the establishment of a brand new student residence to be named "Hempel Student Residence, DTU", and consisting of approximately 200 furnished apartments for Danish and foreign students and researchers at DTU. The first apartments are expected to be ready in the third quarter of 2017.

For 2016, the Hempel Foundation has preliminary decided on a total maximum amount of donations of EUR 26.8 million, which is shown as a special item in the Foundation's equity as per 31 December 2015.

Business-related activities

The Hempel Foundation's business-related activities include ownership of the Hempel Group companies and various properties.

The Hempel Foundation's most important and significant investment is its ownership of Hempel A/S and its subsidiaries worldwide. Net income from this was EUR 96 million in 2015, up from EUR 72 million in 2014.

Please refer to the separate review of the activities of the Hempel Group on page 18.

The Hempel Foundation owns the property located at Amaliegade 8 in central Copenhagen, built in 1785-88 as

part of the newly established residential district next to the Royal Castle.

Amaliegade 8 was acquired by J.C. Hempel in 1933 and was the headquarters for the Hempel companies before they relocated to Lundtofte, north of Copenhagen, in 1972. The Hempel Foundation remained in Amaliegade 8 and today it has offices and meeting rooms in this building.

The Board of Trustees requires that the property shall remain in consistently excellent condition. Due to the age of the property, significant maintenance projects have been carried out in recent years.

The Hempel Foundation is also the owner of the property Lundtoftegårdsvej 91, Lyngby, where the Hempel Group headquarters and a R&D department are located. The Hempel Foundation in addition has shareholdings in two forests located in Denmark.

Financial investment activities

The Hempel Foundation's Board of Trustees has appointed an Investment Committee with the purpose to prepare decisions on the Foundation's financial investments. Investments in bonds, shares and other financial instruments are managed by professional external portfolio managers. The split of the management of the portfolio among 4-5 managers is intended to increase the risk-adjusted net return of the total portfolio. The same committee also prepares the Foundation's other investments. The Board has set down overall guidelines



and policies for investing in different types of assets, such as different kinds of properties, bonds and shares.

A conservative financial investment strategy is adopted, and a robust portfolio is managed with a limited risk appetite. The majority of investments are in listed securities that can be redeemed within a few days.

The net financial income in the Hempel Foundation was EUR 1.0 mill in 2015 compared to net financial income of EUR 7.1 million in 2014. 2015 was characterised as a rather turbulent investment year with increased interest rates and substantial fluctuations in quotations of shares. However, shares performed well as a whole for the year and contributed to the positive return of the portfolio for 2015.

Report of the Parent Foundation's activities and financial situation

The outcome of the Foundation's activities is considered satisfactory. The Hempel Foundation's total revenue for 2015 increased to EUR 1,765 thousand compared with EUR 1,024 thousand for 2014, and EBITDA for 2015 was EUR 317 thousand compared to EUR 271 thousand in 2014. The net profit after tax for 2015 increased to EUR 95,514 thousand compared to EUR 71,226 thousand in 2014.

For 2016 a similar outcome, although with a lower net profit, is expected. The Hempel Foundation's assets increased during 2015 and equity was EUR 698,915 thousand by end-2015. The financial situation of the Foundation is considered satisfactory.

Please see page 18 for information about the Hempel A/S Group.

Subsequent events

In order to streamline the investment activities of the Hempel Foundation, it has been decided that all investments in securities will be made by the Hempel Foundation and that future investments in properties and other active investments will be done through the subsidiary Hempel Holding A/S. Therefore, it has been decided to transfer the shareholdings in two forests from the Hempel Foundation to Hempel Holding A/S as per 1 January 2016.

No other significant events have occurred subsequent to balance sheet date that are considered to have a significant influence on the evaluation of the annual report for the Parent Foundation.



Foundation governance

As per 1 January 2015, the legislation for commercial foundations in Denmark was modernised with focus on transparency and openness, board tasks and responsibilities, remunerations and donations, etc. A committee for good governance in commercial foundations issued in late 2014 a number of recommendations in this respect. The recommendations are “soft law” and considered as supplementary to the legislation for commercial foundations with rules of comply or explain procedures. Failure to comply with a recommendation is not considered as a breach of rules but merely implies that the board has chosen a different approach.

The Hempel Foundation’s Trust Deed defines the overall principles for the Foundation’s activities. In addition, the Hempel Foundation is governed by a set of Rules of Procedures for board work and an Annual Wheel on planning of work during the year.

Based on the Trust Deed, Rules of Procedures and the Annual Wheel, the Board of Trustees considers the Hempel Foundation to be in full compliance with the new legislation and basically to comply with all recommendations from the committee for good governance in commercial foundations.

Regarding the recommendations from the committee for good governance in foundations, the Board of Trustees has made a full report available at our website hempelfonden.dk/hempel-fonden/fonds-governance/lovpligtig-redegørelse-for-god-fondsledelse

Purpose of the foundation and ownership structure of Hempel A/S

According to the Trust Deed, the Foundation's primary purpose is to provide and maintain a solid economic base for the Hempel Group companies, and to ensure that the companies

are able to operate on a sound business and financial basis. This is of greatest importance since the Foundation is the 100 per cent owner of the Hempel Group companies.

According to the goals stated in the Trust Deed, the policies and priorities adopted by the Foundation for its activities, including decisions on the extent of Foundation support for charitable purposes, are to be focused primarily on the continued ability to provide a solid financial base for the optimum business performance of the Hempel Group.

Board of Trustees

The Hempel Foundation is administered by a Board of Trustees comprising 5-7 members elected by the Foundation and 3-4 members elected by the employees.

The Foundation's Trust Deed states that the Board is a self-electing entity. Elections take place annually. Board members appointed by the Foundation are elected for a three-year term, and may be re-elected. The three-year term is stipulated in the Trust Deed, with a view to maintaining satisfactory continuity in the Board's activities. Board members must be no more than 65 years of age when elected for the first time. The age limit for Board members elected by the Foundation is 70 years, subject to an extension to 75 years under special circumstances.

The members appointed by employees are elected under Danish legislative provisions for employee representation on boards of directors, and accordingly are elected for a term of four years.

Under the Trust Deed, the following requirements apply to Board members appointed by the Foundation:

- A majority cannot at the same time be board members of Hempel A/S.

- A majority should preferably be current or former Hempel employees or persons who have somehow been involved with the Hempel Group over many years.
- At least two of the members must have international financial and business experience.

The Board of Trustees has additionally set targets for gender representation for members elected by the Foundation. In April 2015, a new female Board member joined the Board of Trustees and as such the first target was achieved. A new target has therefore been set that no later than 2020 preferably minimum two of the Board members appointed by the Foundation are female members.

The Chairman and Deputy Chairman are elected from among the Board members for a three-year term. The Chairman and the Deputy Chairman of the Board monitor and assess the composition of the Board and its performance on an ongoing basis, in consultation with individual Board members and the Board as a whole. This evaluation aims to ensure that the required commercial and investment and personal skills, as well as competences regarding charitable donations, are available among the Board members appointed by the Foundation.

Detailed information on Board of Trustee members can be found on the Foundation homepage hempelfoundation.com/hempel-foundation/board-of-trustees

All new Board members appointed by the Foundation are selected through a structured process based on the above mentioned evaluation and specific need for additional competencies on the Board. A professional executive search firm is used for external searches. To meet the specific requirement, stipulated in the Trust Deed, that certain Board members preferably should have

been involved with the Hempel Group, the Chairman and Deputy Chairman use a regularly updated list of potential candidates to be presented to the members appointed by the Foundation for evaluation and selection.

The Foundation has elected and established an Investment Committee among Board members for the preparation i.e. of the Board's higher-level decisions regarding the Foundation's financial investments, and evaluate portfolio managers.

The Foundation has also elected and established a Donations Committee. The Committee examines and evaluates the great number of applications the Foundation receives every year, many of which are for large and complex projects. The final decisions on donations are taken by Board members appointed by the Foundation (ref. Erhvervsfundslovens § 64). The final decision on the total amount of yearly contribution to donations is taken by all Board members.

Finally, the Board has also appointed, among its members, honorary board members of the two related foundation entities, Hempel Employee Foundation and Hempel Cultural Foundation.

The Chairman of the Board is entitled to speak on behalf of the Foundation and the Board. The Administration Manager of the Foundation can also carry out this task by prior agreement with the Chairman.

Meetings, committees, and remuneration

The Board of Trustees generally holds 5 to 6 all-day meetings a year. Two of these meetings take place as soon as possible after the completion of half-yearly and annual financial statements for the Foundation. The Board of Trustees has a continuing involvement in Group operations on an overall strategic level, with a view to

maintaining the required degree of consultation and consensus between the two entities.

The Investment Committee usually holds 5-6 meetings a year with each of the Foundation's four different portfolio managers as well as meetings on strategic investment issues. The Donations Committee generally holds four meetings each year.

Members of the Board of Trustees are paid a fixed annual remuneration that must not be above what is deemed to be usual in relation to the workload, nature of the job and competences involved. As is customary, a higher level of remuneration is received by the Chairman (+200%) and Deputy Chairman (+50%). Except for the Chairman, members of the Investment Committee and the Donations Committee receive a fixed annual remuneration for committee work. Trustees serving on the boards of the Hempel Employee Foundation or Hempel Cultural Foundation do not receive remuneration for these services.

Remuneration is decided by the Board of Trustees on an annual basis in a structured process taking into account the amount of working hours spent by the Trustees, the overall responsibilities for the Trustees and activities carried out by the Trustees, the purpose of the Foundation as well as the total activities of the Foundation, the leading role of the Trustees and the major responsibility of the Trustees in relation to the overall leadership of the Hempel Group and their participation in all major and strategic decisions in the Hempel Group as well as income derived by the Trustees from other positions in the Group.

To further support the correct handling of the decisions on these remuneration issues, the Trustees additionally and from a critical standpoint make sure that the suggested remuneration is reasonable in relation to the overall

interest of the Foundation as well as comparable to the level of remuneration in other commercial foundations of some similarity. This work includes benchmarking with a peer-group carried out by an independent external consultancy company.

It is the firm commitment and aim of the Trustees at all times that the Foundation and the Group will not accept costs and remunerations to management, Board members, Trustees and other kinds of administrative cost that are not directly supporting and strengthening the purpose of the Foundation as well as the charitable donations and the Trustees will at all times seek to limit the mentioned costs and remunerations etc. as much as possible in a responsible way.

The total remuneration paid to the Board in 2015 including remuneration for work on Board Committees, was EUR 452,400. The base remuneration paid to Board members in 2015 was EUR 33,500.

Conflict of interest

The Foundation is committed to ensuring that all persons involved in its investment and donation processes possess the requisite skills. The Foundation makes sure to avoid any potential conflict of interest. The aim is to ensure the integrity of decisions made on investment proposals and donation applications.

All decisions are made in accordance with common conflict of interest principles. In practice this means that no Board members or Foundation employees can take part in any decisions in which they may be deemed to have a material personal interest. When the Foundation uses the services of advisors, they too are expressly requested to provide details of any personal links to applicants that might influence their recommendations.

Review of the Hempel A/S Annual Report

The Hempel A/S Group 2015 in review

2015 saw the conclusion of the Hempel A/S Group's growth strategy *One Hempel – One Ambition*. In 2016, The Hempel A/S Group will be launching its new strategy: *Journey to Excellence*.

The first six months of 2015 delivered good sales growth. An even stronger development was seen in the second half of the year, with the launch of new products as a key contributor. For the entire year, the Hempel A/S Group's revenue growth was higher than expected and increased by 20 per cent over 2014, including the positive effect from the strengthened US dollar and US dollar-related currencies compared to the euro. Overall profitability for 2015 also improved significantly compared to 2014, exceeding expectations.

The Hempel A/S Group continued its efforts to achieve additional growth from strategic acquisitions. In early 2015, we completed the acquisition of Jones-Blair in the US, which has consequently been included in the Group accounts from 6 March 2015.

EBITDA

The Hempel A/S Group's EBITDA margin was 14 per cent in 2015, which was slightly better than both 2014 and 2013. In 2015, EBITDA amounted to EUR 220 million, which was the highest recorded in the Hempel A/S Group's history and well above 2014. In short, the Hempel A/S Group's overall financial performance can be considered satisfactory.

The Hempel A/S Group's operating profit for 2015 amounted to EUR 158 million, which was 23 per cent ahead of 2014. Our operating margin remained at 10 per cent. Interest rates were low and net financial expenses amounted to EUR 22 million, compared to EUR 17 million in the preceding year. The Hempel A/S Group's net profit for 2015 amounted to EUR 96 million, after taxation of EUR 30 million and minority interests of EUR 12 million. The Hempel A/S Group's effective tax rate was 22 per cent in 2015 compared with 28 per cent in 2014. This reduced tax rate was due to unrecognised tax assets being recognised and partly utilised in 2015.

Change in equity

The Group's equity increased to EUR 488 million from EUR 421 million in 2014, corresponding to a solvency ratio of 35 per cent, which was in line with last year. Equity was mainly affected by net profit and the dividend of EUR 40 million paid to the Hempel A/S Group's shareholder in 2015.

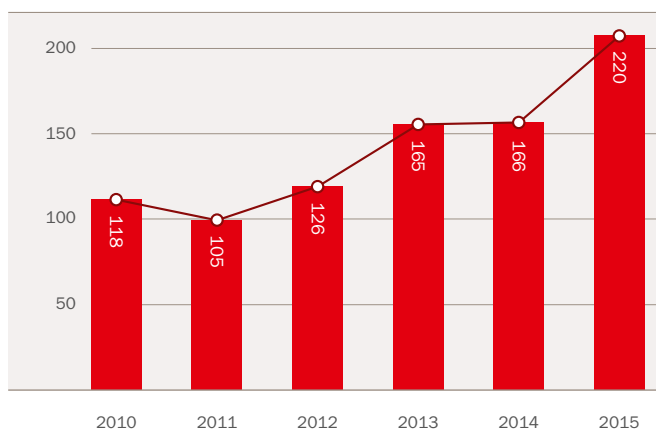
Strong cash flow

The Hempel A/S Group's cash flow continued to be strong despite the increased working capital. The cash flow from operating activities ended 2015 at EUR 145 million. Our high level of investment activities continued throughout the year with the acquisition of Jones-Blair as the most significant investment.

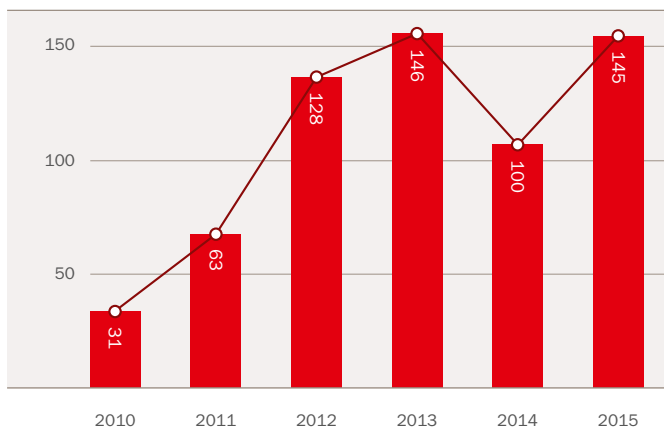
Capital resources

Hempel A/S refinanced its Group term loans, working capital facilities and short-term acquisition loan with the

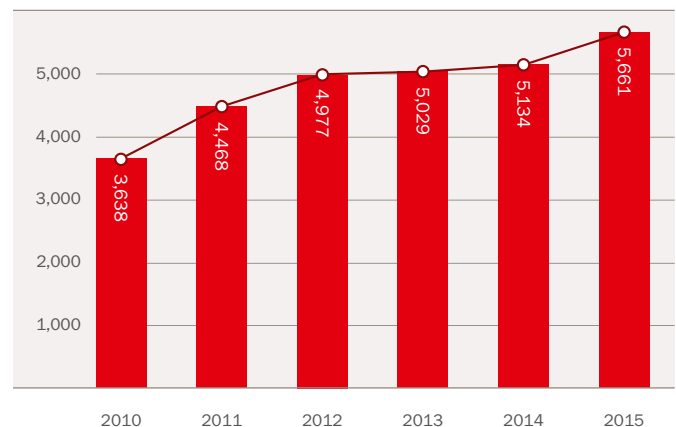
EBITDA (EUR million)



Cash flow from operating activities (EUR million)



Average number of employees



Hempel A/S Group's relationship banks in 2015. Existing loans and facilities of EUR 305 million maturing in 2016 were refinanced in December 2015 with a new Revolving Credit Facility (RCF) of EUR 500 million maturing in 2020. The increase in facility of EUR 195 million was obtained for general corporate purposes and the repayment of uncommitted bilateral facilities in 2016. An amortisation mechanism will reduce RCF commitment by EUR 25 million per year.

At the end of 2015, the Hempel A/S Group had committed loans and credit facilities of EUR 481 million and uncommitted facilities of EUR 207 million, compared to EUR 229 million and EUR 191 million at the end of 2014.

At the end of 2015, the Hempel A/S Group's net interest bearing debt amounted to EUR 272 million compared to EUR 147 million at the end of 2014, a ratio of 1.2 to EBITDA in 2015.

Increasing number of employees

The average number of employees increased to 5,661 during 2015, up from 5,134 in 2014. The main increase was a result of the acquisition of Jones-Blair.

Expectations for the year ahead

The Hempel A/S Group anticipates that the next year will be more challenging in many respects. Many markets will be affected by the stagnation following a long period of low oil prices and relatively low industrial growth, and these markets are not expected to show any significant growth opportunities. However, the Hempel A/S Group will pursue the few opportunities for growth that the Hempel A/S Group see, and expect to be able to deliver revenue growth above the overall market. The Hempel A/S Group will increase investments as part of its new strategy, *Journey to Excellence*. Initially, this will impact our profitability level compared to the record-high earnings achieved in 2015. However, the Hempel A/S Group still aims to deliver double-digit profitability at EBITDA level.

Financial statements

The notes structure is grouped into five sections, focusing on different aspects of the financial information. The accounting policies and key accounting estimates and judgments are incorporated into the notes to make the note information more transparent and clear.

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Income statement

In EUR thousands

Note		2015	2014
2.1	Revenue	1,765	1,024
	Other operating income	17	8
	Other external expenses	-640	-314
	Gross profit	1,142	710
2.2	Staff cost	-825	-981
3.1	Depreciation of property, plant and equipment	-969	-551
	Operating profit	-652	-822
2.3	Income from investments in subsidiaries	95,347	67,163
	Profit before financial income and expenses	94,695	66,341
4.3	Net financials	976	7,073
	Profit before tax	95,671	73,414
2.4	Income tax	-157	-2,188
	Net profit for the year	95,514	71,226

In EUR thousands

Distribution of profit	2015	2014
<i>Proposed distribution of profit:</i>		
Donations for the year	7,589	24,320
Reservation for donations	13,407	13,434
Reserve for net revaluation under the equity method	95,347	67,163
Retained earnings	-20,829	-33,691
	95,514	71,226

Balance sheet as at 31 December

– assets

In EUR thousands

Note		2015	2014
	Land and buildings	23,124	23,716
	Other fixed assets	3,139	3,495
3.1	Property, land and equipment	26,263	27,211
5.5	Investments in subsidiaries	505,019	467,825
3.2	Other securities and investments	122,579	129,458
	Fixed asset investments	627,598	597,283
	Total non-current assets	653,861	624,494
	Receivables from Group enterprises	69,152	236
	Other receivables	1,043	879
3.4	Receivables	70,195	1,115
	Cash at bank and in hand	2,085	3,175
	Current assets	72,280	4,290
	Total assets	726,141	628,784

Balance sheet as at 31 December

– equity and liabilities

In EUR thousands

Note		2015	2014
4.1	Base capital	4,691	4,691
	Reserve for net revaluation under the equity method	492,416	455,324
	Retained earnings	175,007	126,859
	Reservation for donations	26,801	13,434
	Total equity	698,918	600,308
	Pension obligations and similar obligations	277	295
	Provisions	277	295
	Payables to Group enterprises	1,976	1,878
	Other liabilities	24,973	26,303
	Total current liabilities	26,949	28,181
	Total liabilities	26,949	28,181
	Total equity and liabilities	726,141	628,784

Statement of changes in equity as at 31 December

In EUR thousands

Note	Base capital	Reserve for net revaluation	Retained earnings	Reservation for donations	Total
Equity					
Equity at 1 January 2014	4,691	397,322	137,470	-	539,483
Net profit for the year	-	67,163	-9,371	13,434	71,226
Dividend received	-	-22,838	22,838	-	-
Exchange adjustments at year-end rate	-	16,568	294	-	16,862
Hedging of future transactions	-	2,238	-	-	2,238
Remeasurements of defined benefit plans	-	-5,129	-52	-	-5,181
Donations for the year	-	-	-24,320	-	-24,320
4.1 Equity at 31 December 2014	4,691	455,324	126,859	13,434	600,308
Net profit for the year	-	95,347	-20,829	20,996	95,514
Dividend received	-	-69,288	69,288	-	-
Exchange adjustments at year-end rate	-	5,848	-328	-40	10,665
Hedging of future transactions	-	3,179	-	-	-
Remeasurements of defined benefit plans	-	2,006	17	-	17
Donations for the year	-	-	-	-7,589	-7,589
4.1 Equity at 31 December 2015	4,691	492,416	175,007	26,801	698,915

Cash flow statement

In EUR thousands

Note	2015	2014
Cash flows from operating activities		
Operating profit	-652	-822
5.2 Adjustment for non-cash operating items	952	550
4.5 Changes in working capital	-324	1,217
5.4 Dividend received from subsidiaries	0	22,838
Income tax paid	-3	-5
Total cash flows from operating activities	-27	23,778
Cash flows from investing activities		
5.4 Investments in subsidiaries	-134	-
3.1 Purchase of properties, plant and equipment	-144	-25,680
3.2 Purchase of fixed asset investments	-111,765	-166,921
Sale of properties, plant and equipment	70	-
3.2 Sale of fixed asset investments	120,674	171,904
Total cash flows from investing activities	8,701	-20,697
Cash flows from financing activities		
Interest income and expenses, net	-1,381	1,802
Paid donations	-8,372	-5,883
Total cash flows from financing activities	-9,753	-4,081
Change in cash and cash equivalents	-1,079	-1,000
4.4 Cash and equivalents, net, beginning of year	3,175	4,163
Exchange adjustment	- 11	12
4.4 Cash and equivalents, net, end of year	2,085	3,175
Bank facilities available	670	672
Capital resources available	2,755	3,847

Section 1

General accounting policies

General

The Annual Report of the Hempel Foundation for 2015 has been prepared in accordance with the provisions of the Danish financial statements Act (Årsregnskabsloven) applying to large enterprises of reporting class C. The Annual Report for 2015 is presented in EUR thousands.

The accounting policies applied remain unchanged from previous years.

Consolidated financial statements

With reference to section 111 of the Danish financial statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised.

Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Hempel Foundation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Hempel Foundation, and the value of the liability can be measured reliably. Assets and liabilities are initially

measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date. Euro is used as the presentation currency. All other currencies are regarded as foreign currencies.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Hempel Foundation entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

Translation of transactions and balances

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Translation of Group companies

Financial statements of foreign subsidiaries and associates are translated into euro at the exchange rates prevailing at the end of the reporting period for balance sheet items, and at average exchange rates for income statement items with the exception of exchange rate adjustments of investments in subsidiaries and associates arising from:

- the translation of foreign subsidiaries' and associates' net assets at the beginning of the year at the exchange rates at the end of the reporting period
- the translation of foreign subsidiaries' and associates' income statement from average exchange rates to exchange rates at the end of the reporting period
- the translation of intra-Group receivables that are considered to be an addition to net investments in subsidiaries

These specific exchange rate adjustments are recognised directly in equity.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Foundation's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Foundation's core activities, including expenses relating to administration, premises, etc.

Cash flow statement

The cash flow statement for the Hempel Foundation shows the cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents for the Hempel Foundation at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt.

Cash and cash equivalents

The cash flow statement cannot be immediately derived from the published financial records.

The Hempel Foundation's accounting policies are described in each of the individual notes to the financial statements.



Section 2

Results of the year

2.1 Revenue

Accounting policies

Revenue from rent income is recognised in the income statement in the periods the rent concerns.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

2.2 Employee costs

Accounting policies

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the associated services are rendered by employees of the Hempel Foundation. Where the Hempel Foundation provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

In EUR thousands

	2015	2014
<i>Employee costs:</i>		
Directors' fee	452	539
Wages and salaries	319	382
Pension contributions	54	55
	825	976
<i>Employees:</i>		
Average number of employees	3	3

An additional fee to the Board of Trustees in subsidiaries within the Hempel Foundation Group amounts to EUR 1,829 thousand, of which the vast majority relates to remuneration of one member of the executive board in underlying subsidiaries.

2.3 Income from investments in subsidiaries

Accounting policies

The items 'Income from investments in subsidiaries' in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

In EUR thousands

	2015	2014
<i>Income from investments in subsidiaries:</i>		
Profit before tax	125,361	98,920
Tax for the year	-30,014	-31,757
Profit after tax	95,347	67,163

2.4 Income tax and deferred tax assets and liabilities

Income tax

Accounting policies

Income tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The Danish subsidiaries of the Hempel Foundation are jointly taxed. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

In EUR thousands

	2015	2014
Current tax for the year	-157	-5
Deferred tax for the year	-	-2,185
Adjustment in respect of previous years	-	2
Income tax	-157	-2,188

Deferred tax assets and liabilities

Accounting policies

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Accounting policies

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Section 3

Operating assets and liabilities

3.1 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Costs comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, costs comprise direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in costs over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Leases in terms of which the Hempel Foundation assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Hempel Foundation.

Depreciation based on costs reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings (max.).....	50-100 years
Other fixtures and fittings, tools and equipment.....	3-10 years

Leasehold improvements are included in other operating equipment and are recognised at cost and depreciated over the term of the lease; however, not exceeding 10.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

In EUR thousands

	Land and buildings	Other fixed assets	Total
Cost, beginning of year	24,645	4,245	28,890
Exchange adjustment at year-end rate	-63	-12	-75
Additions for the year	-	144	144
Disposals for the year	-	-173	-173
Cost, end of year	24,582	4,204	28,786
Accumulated amortisation, beginning of year	929	750	1,679
Exchange adjustment at year-end rate	-3	-2	-5
Depreciation for the year	532	437	969
Reversal of depreciation of assets sold	-	-120	-120
Accumulated depreciation, end of year	1,458	1,065	2,523
Carrying amount, end of year	23,124	3,139	26,263

3.2 Other securities and investments

Accounting policies

Other securities and capital investment, recognised under fixed assets, consist of listed bonds and shares measured at the fair value of the balance sheet date.

The fair value is calculated on the latest listed closing quote.

In EUR thousands

	2015	2014
Cost, beginning of year	139,114	140,616
Additions for the year	111,765	166,921
Disposals for the year	-115,924	-168,739
Exchange rate	-353	316
Cost, end of year	134,602	139,114
Net revaluations, beginning of year	-9,656	-11,745
Net revaluations, for the year	-2,392	2,116
Exchange rate at year-end rate	25	-27
Net revaluations, end of year	-12,023	-9,656
Carrying amount, end of year	122,579	129,458

In EUR thousands

	2015	2014
<i>The net values are specified as follows:</i>		
Bonds	92,005	91,685
Shares	30,574	37,773
	122,579	129,458

3.3 Prepayments

Accounting policies

Prepayments comprise prepaid expenses relating to rent, insurance premium and interest.

3.4 Receivables

Accounting policies

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable and, in respect of trade receivables, a general provision is also made based on the Hempel Foundation's experience from previous years.

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

In EUR thousands

	2015	2014
Receivables	70,195	1,115
of which due more than one year from balance sheet date	–	–
	70,195	1,115

3.5 Provisions

Accounting policies

Provisions are recognised when – in consequence of an event having occurred before or on the balance sheet date – the Hempel Foundation has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions comprising provisions for environmental, warranty and restructuring obligations as well as other obligations are recognised and measured based on a best estimate of the expenses necessary to fulfil the obligations at the balance sheet date.

Provisions with an expected maturity exceeding one year from the balance sheet date are discounted at the average bond yield.

Key accounting estimates

Provisions for liabilities relating to environmental, warranty commitments and other provisions include factual, legal and estimated liabilities as a result of events occurring before the end of the financial year. Estimates are based on management's judgment.

3.6 Other liabilities

Accounting policies

Other liabilities are measured at amortised cost, substantially corresponding to nominal value. Other liabilities comprise donations not yet paid, employee costs payable, VAT and duties payable, accruals, other payables and fair values of derivative financial instruments.



Section 4

Capital structure and financing items

4.1 Base capital

The base capital of the Foundation amounts to DKK 35 million.

4.2 Financial risks

Accounting policies

The Foundation's financial management is focused only on managing financial risks relating to operations and financing. Accordingly, it is the Foundation's policy not to speculate actively in financial risks.

4.3 Net financials

Accounting policies

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

In EUR thousands

	2015	2014
External interest income	1,560	1,820
Interest income from subsidiaries	12	1
External interest expenses	-190	-879
Interest paid to subsidiaries	-4	-5
Dividend	800	1,101
Realised and unrealised exchange gains/losses, net	-1,201	5,035
	977	7,073

4.4 Cash and cash equivalents, net

Accounting policies

Cash and cash equivalents consist of cash at bank and in hand offset by overdraft facilities.

In EUR thousands

	2015	2014
Cash at bank and in hand, beginning of year	3,175	4,163
Overdraft facilities, beginning of year	-	-
	3,175	4,163
Cash at bank and in hand, end of year	2,085	3,175
Overdraft facilities, end of year	-	-
	2,085	3,175

4.5 Changes in working capital

Accounting policies

Working capital is defined as current operating assets less current operating liabilities.

In EUR thousands

	2015	2014
Change in receivables	206	617
Change in trade payables	-530	600
	-324	1,217

Section 5

Other disclosures

5.1 Fee to the auditors appointed at the General Meeting

In EUR thousands

	2015	2014
Audit fee	24	23
Other assurance engagements	-	-
Tax advice	-	6
Other fees	43	10
	67	39

5.2 Adjustments for non-cash operating items

For the purpose of presenting the statement of cash flows, non-cash items with effect on the income statement must be reversed to identify the actual cash flow effect from the income statement. The adjustments are specified as follows:

In EUR thousands

	2015	2014
Depreciations and impairment	969	551
Exchange adjustment, operating profit	-	-1
Gains and losses on the sale of fixed assets	-17	-
	952	550

5.3 Related parties and ownership

Hempel Holding A/S, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Hempel A/S, Lundtoftegårdsve 91, 2800 Kgs. Lyngby, Denmark	Related party
Members of the Executive Board and Board of Directors of Hempel A/S as well as the Board of Directors of the Hempel Foundation and Hempel Holding A/S are also regarded as related parties. For remuneration to the Board of trustees, please refer to section 2.2 Employee costs.	
<i>Other related parties:</i>	
Saudi Arabian Packaging Industry W.L.L., P.O. Box 1966, Dammam 31441, Saudi Arabia	Associate
Sapin United Arab Emirates L.L.C., P.O. Box 115132, United Arab Emirates	Associate
Keldskov ApS, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Brænderupvænge ApS, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Hempel's Employee Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Hempel's Cultural Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party

The Hempel Foundation had the following transactions with related parties, (income)/expense:

In EUR thousands

	2015	2014
<i>Hempel Holding A/S</i>		
Administrative services provided by the Hempel Foundation	-123	-127
<i>Hempel A/S</i>		
Administrative services provided by Hempel A/S	27	19
Rent payments	-1,459	-718

5.4 Investments in subsidiaries

Accounting policies

Investments in subsidiaries are recognised and measured under the equity method. This implies that the investments are measured in the balance sheet at the proportionate ownership share of the net asset value of the enterprises with deduction or addition of shares of unrealised intercompany profits and losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to 'Reserve for net revaluation under the equity method' under equity. The reserve is reduced by dividend distributed to the parent company and adjusted for other equity movements in subsidiaries.

In EUR thousands

	2015	2014
Costs, beginning of year	12,501	12,472
Additions	134	-
Exchange adjustment at year-end rate	-32	29
Costs, end of year	12,603	12,501
Net revaluations, beginning of year	455,324	397,322
Exchange adjustment at year-end rate	11,033	16,568
Other adjustments	-	-2,891
Profit before tax	125,361	98,920
Tax for the year	-30,014	-31,757
Dividend received	-69,288	-22,838
Net revaluations, end of year	492,416	455,324
Carrying amount, end of year	505,019	467,825

5.5 The Hempel Foundation Group including foreign branches

Country	Name	Currency	Share capital	Ownership
Argentina	Hempel Argentina S.R.L.	ARS	338,774,200	100%
Australia	Hempel (Australia) Pty. Ltd.	AUD	700,000	100%
Bahrain	Hempel Paints (Bahrain) W.L.L.	BHD	300,000	51%
Bahrain	Dahna Paint Middle East Holding B.S.C. (closed)	USD	65,637,500	51%
Brazil	Hempel Tintas do Brasil Ltda.	BRL	31,211,487	100%
Canada	Hempel (Canada) Inc.	CAD	1,776,005	100%
Canada	Jones-Blair Canada, ULC	CAD	200,000	100%
Chile	Hempel A/S (Chile) Ltda.	CLP	1,651,829	100%
China	Hempel (China) Limited	HKD	106,000,000	100%
China	Hempel (China) Management	CNY	50,000,000	100%
China	Hempel (Kunshan) Coatings Co. Ltd.	CNY	110,035,054	100%
China	Hempel (Yantai) Coatings Co. Ltd.	CNY	16,803,936	100%
China	Hempel (Guangzhou) Coatings Co. Ltd.	CNY	185,327,620	100%
China	Hempel-Hai Hong Coatings (Shenzhen) Co. Ltd.	HKD	40,000,000	100%
China	Hempel (Seagull) Coatings Co. Ltd.	HKD	20,000,000	100%
Croatia	Hempel Coatings (Croatia) Ltd.	HRK	31,019,200	100%
Cyprus	Hempel (Cyprus) Ltd.	EUR	17,100	100%
Cyprus	Hempel Coatings (Cyprus) Limited	EUR	1,000	100%
Czech Republic	Hempel (Czech Republic) s.r.o.	CZK	30,000,000	100%
Denmark	Hempel Foundation	DKK	35,000,000	-
Denmark	Hempel Holding A/S	DKK	115,000,000	100%
Denmark	Hempel A/S	DKK	115,000,000	100%
Denmark	Brænderupvænge ApS	DKK	130,000	100%
Denmark	Keldskov ApS	DKK	175,000	100%
Denmark	HSA (Denmark) A/S	DKK	10,000,000	100%
Denmark	Hempel Decorative Paints A/S	DKK	1,000,000	100%
Denmark	Hempel Properties A/S	DKK	1,000,000	100%
Ecuador	Hempel (Ecuador) S.A.	USD	100,000	100%
Egypt	Hempel Egypt L.L.C.	EGP	200,000	100%
Egypt	Hempel Paints (Egypt) L.L.C.	EGP	250,000	100%

Country	Name	Currency	Share capital	Ownership
Finland	OY Hempel (Finland) AB	EUR	63,000	100%
France	Hempel (France) S.A.	EUR	1,220,000	100%
Germany	Hempel (Germany) GmbH	EUR	1,533,876	100%
Greece	Hempel Coatings (Hellas) S.A.	EUR	7,800,000	100%
India	Hempel Paints (India) Pvt. Ltd.	INR	690,000,000	100%
Indonesia	P.T. Hempel Indonesia	USD	2,000,000	100%
Iraq	Hempel (Iraq) Ltd.	USD	8,300	31%
Ireland	Crown Paints Ireland Ltd.	EUR	127	100%
Italy	Hempel (Italy) s.r.l.	EUR	50,000	100%
Korea	Hempel Korea Co. Ltd.	KRW	1,450,000,000	100%
Kuwait	Hempel Paints (Kuwait) K.S.C.C.	KWD	600,000	51%
Malaysia	Hempel (Malaysia) Sdn. Bhd.	MYR	5,000,000	100%
Malaysia	Hempel Manufacturing (Malaysia) Sdn. Bhd.	MYR	9,500,000	100%
Mexico	Pinturas Hempel de Mexico S.A. de C.V.	MXN	9,943,450	100%
Morocco	Hempel (Morocco) SARL	MAD	2,500,000	99%
New Zealand	Hempel (New Zealand) Ltd.	NZD	300,000	100%
Norway	Hempel (Norway) AS	NOK	4,981,428	100%
Oman	Hempel (Oman) L.L.C	OMR	500,000	20%
Poland	Hempel Paints (Poland) Sp. z o.o.	PLN	60,500,000	100%
Portugal	Hempel (Portugal) Lda.	EUR	1,246,995	100%
Qatar	Hempel Paints (Qatar) W.L.L.	QAR	4,000,000	29%
Russia	ZAO Hempel	RUR	24,500,000	100%
Saudi Arabia	Hempel Paints (Saudi Arabia) W.L.L.	SAR	20,000,000	51%
Saudi Arabia	Saudi Arabian Packaging Industry W.L.L.*	SAR	20,000,000	18%
Singapore	Hempel (Singapore) Pte. Ltd.	SGD	2,700,000	100%
South Africa	Hempel Paints (South Africa) Pty Ltd.	ZAR	68,906,265	100%
Spain	Pinturas Hempel S.A. (Spain)	EUR	1,202,000	100%
Sweden	Hempel (Sweden) AB	SEK	2,500,000	100%
Syria	Hempel Paints (Syria) L.L.C.	SYR	121,600,000	49%
Taiwan	Hempel (Taiwan) Co. Ltd.	TWD	20,000,000	100%

Country	Name	Currency	Share capital	Ownership
Thailand	Hempel (Thailand) Ltd.	THB	3,000,000	100%
The Netherlands	Hempel (The Netherlands) B.V.	EUR	500,000	100%
The Netherlands	Schaepman's Lakfabrieken B.V.	EUR	306,302	100%
The Netherlands	Sabel Coatings B.V.	EUR	22,689	100%
Turkey	Hempel Coatings San. Ve Tic Ltd. Sti.	TRY	2,789,300	100%
UK	Crown Brands Ltd.	GBP	1	100%
UK	Crown Paints Ltd.	GBP	1	100%
UK	Grown Paints Group Ltd.	GBP	1,000,000	100%
UK	Crown Paints Holding Ltd.	GBP	1,000,000	100%
UK	Hempel Decorative Paints UK Ltd.	GBP	2,000	100%
UK	Hempel UK Ltd.	GBP	4,100,000	100%
UK	Reebor Ltd.	GBP	100	100%
Ukraine	Hempel Ukraine LLC	UAH	656,291	100%
United Arab Emirates	Hempel Paints (Abu Dhabi) L.L.C.	AED	150,000	23%
United Arab Emirates	Hempel Paints (Emirates) L.L.C.	AED	4,000,000	29%
United Arab Emirates	Sapin United Arab Emirates L.L.C.*	AED	1,000,000	18%
Uruguay	Hempel (Uruguay) S.A.	UYU	8,000,000	100%
USA	Hempel (USA) Inc.	USD	20,018,314	100%
USA	Hempel Coatings North America, Inc.	USD	35,000,000	100%
USA	Jones-Blair Company, LLC	USD	32,904,059	100%
Vietnam	Hempel Vietnam Company Limited	USD	2,690,017	100%

* Associate

Foreign branches	
Caribbean	Pinturas Hempel (Caribbean)
Hungary	Hempel (Czech Republic) s.r.o. Magyarorszagi Fioktelepe
India	Hempel (India) Liaison Office
Japan	Hempel (Singapore) Pte. Ltd. Tokyo Branch Office
Slovakia	Hempel (Czech Republic) s.r.o. org. zlozka Slovensko
Vietnam	Hempel (Singapore) Pte. Ltd. Vietnam Representative Office

5.6 Financial definitions

Financial ratios have been calculated as follows:

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating profit margin	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Operating profit} \times 100}{\text{Average assets}}$
Solvency ratio	=	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$



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