

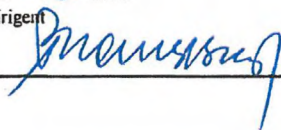
Hempel Holding A/S

CVR-nr. 32 05 82 05

Årsrapport for 2015

Årsrapporten er fremlagt og godkendt på
selskabets ordinære generalforsamling
den 31/3. 2016

Dirigent



The company

Hempel Holding A/S
Amaliegade 8
DK-1256 København K
Denmark

CVR-nr.: 32 05 82 05
Financial year: 1. January - 31. December

Board of Directors

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

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

Key figures

in EUR thousands

	2015	2014	2013	2012	2011
Profit					
Revenue	1.563.442	1.297.876	0	0	0
EBITDA	219.342	166.101	-17	-13	-33
Amortisation, depreciation and impairment	61.380	37.294	0	0	0
Operating profit	157.962	128.807	-17	-13	-33
Share of net profit of associates	1.958	2.162	0	0	0
Net financials	-21.551	-16.031	222	5	641
Profit before tax	138.369	114.938	64.880	34.513	35.388
Net profit for the year	96.036	71.640	64.829	34.508	35.236
Balance					
Balance sheet total	1.437.866	1.205.587	401.796	356.016	327.385
Equity	502.083	464.210	401.713	356.003	327.136
Cash Flows					
Operating activities	120.903	100.453	-147	-255	394
Investing activities	-178.200	-52.361	-24.369	-217	24.592
- including net investments in property, plant and equipment and intangible assets	-46.972	-23.236	0	0	0
Financing activities	46.323	-73.410	24.942	7	-24.716
Change in cash and cash equivalents	-10.974	-25.318	426	-465	269
Employees					
Average number of employees	5.661	5.134	0	0	0
Ratios					
Gross margin	41,7	41,0			
Profit margin	14,0	9,9			
Return on assets	12,0	16,0	0,0	0,0	0,0
Solvency ratio	34,9	38,5	100,0	100,0	99,9
Return on equity	19,9	16,5	17,1	10,1	21,5

1) For 2011-13, the key figures are based on the parent company only
For definitions, see Accounting policies

Management's statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Hempel Holding A/S 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 parent company's financial statements and the consolidated financial statements give a true and fair view of the assets, liabilities and financial position at 31 December 2015 of the parent company and the Group and of the results of the parent company's and the Group's operations and the consolidated cash flows for 2015.

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

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

Copenhagen 31 March 2016.

Executive Board



Klaus Jørgen Sørensen

Board of Directors



Richard Sand
Chairman



Leif Jensen
Deputy Chairman



Kim Dam-Johansen



Carsten Gerner



Birgitte Hagemann Snabe



Pierre-Yves Jullien



Louise Krüger Kofoed
Elected by the employees



Martin Bøgsted
Elected by the employees



Claus Juul Petersen
Elected by the employees

Independent auditor's report

To the shareholder of Hempel Holding A/S

Report on consolidated financial statements and parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Hempel Holding A/S for the financial year 1 January to 31 December 2015, which comprise the income statement, balance sheet, statement of changes in equity and notes including accounting policies for both the Group and the parent company, as well as the consolidated cash flow statements. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of consolidated financial statements and parent company 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 company'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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the company at 31 December 2015 and of the results of the Group's and company's operations as well as the consolidated 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 the management review, on page 5, in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in the management review is consistent with the consolidated financial statements and the parent company financial statements.

Hellerup 31 March 2016.

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33771231



Lars Baungaard
State Authorised Public Accountant



Mads Melgaard
State Authorised Public Accountant

Management's Review

Main activity and Management

Hempel Holding A/S' main activity is the ownership of Hempel A/S, acquisition and management of real estate as well as investment and business activities or other activities, which the Board of Directors assesses to be relevant.

Financial development

Development for the year has been satisfactory. Hempel Holding A/S' income statement shows a profit of EUR 96 million compared to EUR 72 million in 2014. The Company's balance sheet at 31 December 2015 constitutes EUR 1.438 million and equity of EUR 502 million.

At an extraordinary general meeting in December 2015, Hempel Holding A/S adopted the distribution of dividends of EUR 69 million (DKK 516.2 million) to Hempel Holding A/S' owner, the Hempel Foundation.

Corporate Social Responsibility Report

Hempel Holding A/S has no production; only financial assets.

Hempel Holding A/S does not prepare a separate Corporate Social Responsibility Report. Hempel Holding A/S' most significant asset, the subsidiary Hempel A/S, prepares a Corporate Social Responsibility Report as part of the Annual report. The Report can be found at www.hempel.com

Subsequent events

In order to streamline the Group's investment activities, Hempel Holding A/S acquired two companies owning forest and real estate from the Hempel Foundation, totalling EUR 7 million (DKK 49.8 million.), at 1 January 2016. The acquisition was performed on an arm's length basis.

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Outlook

Hempel Holding A/S' results are significantly impacted by the development in Hempel A/S. As a consequence of reduced growth expectations and continued low interest-rate levels, Hempel Holding A/S expects 2016 to show a lower result than in 2015.

Financial statements

Contents

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

Primary statements

Income statement
Balance sheet
Statement of changes in equity
Cash flow statement

Section 1 Basis of preparation

1.1 General accounting policies

Section 2 Results for the year

2.1 Revenue, segment information
2.2 Employee costs
2.3 Other operating income and expenses
2.4 Income from investments in subsidiaries and associates
2.5 Income tax and deferred tax assets and liabilities

Section 3 Operating assets and liabilities

3.1 Intangible assets
3.2 Property, plant and equipment
3.3 Other securities and investments
3.4 Inventories
3.5 Prepayments
3.6 Receivables
3.7 Pension and similar assets and obligations
3.8 Provisions
3.9 Other liabilities

Section 4 Capital structure and financing items

4.1 Share capital, distribution to shareholders
4.2 Bank loans etc.
4.3 Financial risks
4.4 Derivative financial instruments
4.5 Net financials
4.6 Cash and cash equivalents, net
4.7 Changes in working capital
4.8 Balance sheet items of acquired enterprises

Section 5 Other disclosures

5.1 Fee to auditors appointed at the general meeting
5.2 Adjustments for non-cash operating items
5.3 Contingent liabilities and other financial obligations
5.4 Related parties and ownership
5.5 Investments in subsidiaries and associates
5.6 The Hempel Group including foreign branches
5.7 Financial definitions

Income statement

in EUR thousands

Note	Group		Parent Company	
	2015	2014	2015	2014
2.1 Revenue	1.563.442	1.297.876	-	-
Production costs	- 910.915	- 765.653	-	-
Gross profit	652.527	532.223	-	-
Sales and distribution costs	- 366.580	- 299.057	-	-
Administrative costs	- 128.791	- 110.046	- 507	- 278
2.3 Other operating income	1.142	5.754	-	-
2.3 Other operating expenses	- 336	- 67	-	-
Operating profit	157.962	128.807	- 507	- 278
2.4 Income from investments in subsidiaries			96.188	70.778
2.4 Income from investments in associates	1.958	2.162	-	-
Profit before financial income and expenses	159.920	130.969	95.681	70.500
4.5 Net financials	- 21.551	- 16.031	355	1.140
Profit before tax	138.369	114.938	96.036	71.640
2.5 Income tax	- 30.001	- 31.754	-	-
Profit after tax	108.368	83.184	96.036	71.640
Minority interests	- 12.332	- 11.544	-	-
Net profit for the year	96.036	71.640	96.036	71.640

Distribution of profit

Proposed distribution of profit:

Dividend
Reserve for net revaluation under the equity method
Retained earnings

69.173	22.838
56.254	30.844
- 29.391	17.958
96.036	71.640

Balance sheet as at 31 December
– assets

In EUR thousands Note	Group		Parent Company	
	2015	2014	2015	2014
Goodwill	112.078	59.165	-	-
Software	6.978	9.314	-	-
Software under development	2.053	1.078	-	-
Customer relationships	64.310	33.109	-	-
Other intangible assets	72.109	55.609	-	-
3.1 Intangible assets	257.528	158.275	-	-
Land and buildings	146.862	121.138	-	-
Assets under construction	22.731	28.867	-	-
Plant and machinery	65.620	51.980	-	-
Other fixed assets	20.155	17.078	-	-
3.2 Property, plant and equipment	255.368	219.063	-	-
5.5 Investments in subsidiaries			488.069	420.750
5.5 Investments in associates	18.920	16.473	-	-
3.3 Other securities and investments	33.170	42.752	33.170	42.752
2.5 Deferred tax assets	32.648	19.870	-	-
3.7 Pension assets	169	-	-	-
Deposits etc.	3.460	3.502	-	-
Fixed asset investments	88.367	82.597	521.239	463.502
Total non-current assets	601.263	459.935	521.239	463.502
Raw materials and consumables	76.572	59.918	-	-
Work in progress	4.204	5.306	-	-
Finished goods	140.740	123.534	-	-
3.4 Inventories	221.516	188.758	-	-
3.6 Trade receivables	435.567	374.415	-	-
Receivables from Group enterprises	47	-	22.954	-
2.5 Tax receivables	5.785	4.595	-	-
Other receivables	20.827	25.341	130	158
3.5 Prepayments	12.297	13.312	-	-
3.6 Receivables	474.523	417.663	23.084	158
Cash at bank and in hand	140.564	139.231	27.032	953
Current assets	836.603	745.652	50.116	1.111
Total assets	1.437.866	1.205.587	571.355	464.613

**Balance sheet as at 31 December
– equity and liabilities**

in EUR thousands

Note

	Group		Parent Company	
	2015	2014	2015	2014
Share capital	15.450	15.450	15.450	15.450
Reserve for net revaluation under the equity method	-	-	278.945	211.095
Retained earnings	486.633	448.760	207.688	237.665
Proposed dividend for the year	-	-	-	-
4.1 Total equity	502.083	464.210	502.083	464.210
Minority interests	62.883	54.717		
2.5 Deferred tax liabilities	27.393	28.946	-	-
3.7 Pension obligations and similar obligations	17.606	19.499	-	-
5.5 Subsidiaries with negative equity	-	-	-	-
3.8 Other provisions	56.159	35.311	-	-
Provisions	101.158	83.756	-	-
4.2 Bank loans etc.	258.753	168.579	-	-
3.9 Other payables	1.758	4.385	-	-
Long-term debt	260.511	172.964	-	-
Overdraft facilities	96.969	84.058	-	-
4.2 Short-term part of bank loans etc.	6.604	31.897	-	-
Dividend Payable	69.173	-	69.173	-
Trade payables	162.124	158.331	-	-
Payables to Group enterprises	-	285	-	285
2.5 Tax liabilities	20.643	14.166	-	-
3.9 Other payables	155.718	141.203	99	118
Total current liabilities	511.231	429.940	69.272	403
Total liabilities	771.742	602.904	69.272	403
Total equity and liabilities	1.437.866	1.205.587	571.355	464.613

Statement of changes in equity as at 31 December

in EUR thousands
Note

		Group				
		Share capital	Reserve for net revaluation	Retained earnings	Proposed dividend	Total
	Equity					
	Equity at 1 January 2014	15.450		386.263		401.713
	Net profit for the year			71.640		71.640
	Exchange adjustment at year-end rate			16.586		16.586
	Remeasurements of defined benefit plans			- 2.891		- 2.891
	Dividend distributed			- 22.838		- 22.838
4.1	Equity at 31 December 2014	15.450	-	448.760	-	464.210
	Net profit for the year			96.036		96.036
	Exchange adjustment at year-end rate			11.010		11.010
	Dividend distributed			- 69.173		- 69.173
4.1	Equity at 31 December 2015	15.450	-	486.633	-	502.083

		Parent Company				
		Share capital	Reserve for net revaluation	Retained earnings	Proposed dividend	Total
	Equity					
	Equity at 1 January 2014	15.450	167.185	219.078		401.713
	Net profit for the year		70.844	796		71.640
	Dividend received		- 40.000	40.000		-
	Exchange adjustment at year-end rate		15.957	629		16.586
	Remeasurements of defined benefit plans		- 2.891	-		- 2.891
	Dividend distributed			- 22.838		- 22.838
4.1	Equity at 31 December 2014	15.450	211.095	237.665	*	464.210
	Net profit for the year		96.254	- 218		96.036
	Dividend received		- 40.000	40.000		-
	Exchange adjustment at year-end rate		11.596	- 586		11.010
	Dividend distributed			- 69.173		- 69.173
4.1	Equity at 31 December 2015	15.450	278.945	207.688	-	502.083

Cash flow statement

In EUR thousands		Group		Parent Company	
		2015	2014	2015	2014
Note					
	Cash flows from operating activities				
	Operating profit	157.962	128.807	- 507	- 278
5.2	Adjustment for non-cash operating items	54.989	35.654	55	102
4.7	Change in working capital	- 57.308	- 30.300	- 23.230	370
5.5	Dividend received from subsidiaries	-	-	40.000	40.000
	Income tax paid	- 34.740	- 33.708	-	- 51
	Total cash flows from operating activities	120.903	100.453	16.318	40.143
	Cash flows from investing activities				
4.8	Acquisition of enterprises	- 141.200	- 13.327	-	-
3.2	Purchase of property, plant and equipment	- 38.201	- 44.430	-	-
3.1	Purchase of intangible assets	- 10.282	- 6.101	-	-
3.3	Purchase of fixed asset investments	- 35.386	- 81.709	- 35.386	- 81.709
	Sale of property, plant and equipment	1.511	27.295	-	-
	Sale of intangible assets	-	-	-	-
	Sales of fixed asset investments	43.632	64.332	43.632	64.332
5.5	Dividend received from associates	1.726	1.579	-	-
	Total cash flows from investing activities	- 178.200	- 52.361	8.246	- 17.377
	Cash flows from financing activities				
	Change in bank borrowings etc.	80.315	- 18.907	-	-
	Interest income and expenses, net	- 12.009	- 11.296	1.583	616
	Change in minority shares (dividend distributed etc.)	- 11.243	- 10.396	- 66	- 66
	Other financial assets	172	-	-	-
	Dividend distributed to shareholders	-	- 22.838	-	- 22.838
	Capital losses and gains, net	- 10.912	- 9.973	-	-
	Paid donations	-	-	-	-
	Total cash flows from financing activities	46.323	- 73.410	1.517	- 22.288
	Change in cash and cash equivalents	- 10.974	- 25.318	26.081	478
4.6	Cash and equivalents, net, beginning of year	55.173	78.356	953	472
	Exchange adjustment	- 604	2.135	- 2	3
4.6	Cash and equivalents, net, end of year	43.595	55.173	27.032	953
	Bank facilities available	423.428	219.184	-	-
	Capital resources available	467.023	274.357	27.032	953

Section 1

General accounting policies

All entities in the Hempel Group follow the same Group accounting policies. This section gives a summary of the significant accounting policies.

General

The Annual Report of Hempel Holding A/S 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.

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 Group, 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 Group, 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.

Basis of consolidation

The consolidated financial statements comprise the Parent Company, Hempel Holding A/S, and subsidiaries in which the parent Company directly or indirectly holds more than 50 per cent of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20 per cent and 50 per cent of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Amortisation of goodwill is allocated in the consolidated financial statements to administrative costs.

Minority interests

On statement of Group results and Group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests, the changed share is included in results as of the date of change.

Foreign currency translation

Functional and presentation currency

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

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.

Classification of operating expenses in the income statement

Production costs

Production costs comprise costs incurred to achieve revenue for the year. Costs comprise raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc., as well as operation, administration and management of factories.

Production costs also include research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognised.

Sales and distribution costs

Sales and distribution expenses comprise costs incurred to distribute sales and for sales campaigns, including costs for sales and distribution staff, advertising costs and depreciation of sales equipment.

Administrative costs

Administrative costs comprise costs incurred for management and administration of the Group, including costs for administrative staff and management as well as office costs and depreciation and write-downs for bad debt losses. Depreciation on goodwill, customer relationships and brands are comprised in depreciation.

Cash flow statement

The cash flow statement for the Group 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 Group 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 as well as payments to and from shareholders.

Cash and cash equivalents

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

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

Section 2 Results for the year

Note

2.1 Revenue, segment Information

Accounting policies

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

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

Segments

Reporting of operating segments is based on internal reporting to regional and group management

Hempel operates in three geographical regions EMEA (Europe, including Russia, the Middle East and Africa), Asia-Pacific and Americas.

Sales are attributed to geographical regions according to the location of the customer. 1)

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
EMEA	892.492	788.514	-	-
Asia-Pacific	464.147	401.732	-	-
Americas	206.803	107.630	-	-
	1.563.442	1.297.876	-	-

1) For competitive reasons, a breakdown of revenue on activities has been left out (in accordance with section 96 of the Danish Financial Statements Act).

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 Hempel. Where Hempel provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Employee costs:				
Directors' fees	373	348	132	107
Wages and salaries etc.	262.505	214.923	-	1
Pension contributions	14.811	12.732	-	-
	277.689	228.003	132	108
Average number of employees	5.661	5.134	-	-
Staff expenses have been recognised in the income statement as follows:				
Production costs	69.536	52.278	-	-
Selling and distribution expenses	155.587	127.095	-	-
Administrative expenses	52.566	48.630	132	108
	277.689	228.003	132	108

2.3 Other operating income and expenses

Accounting policies

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Other operating income 1)	1.142	5.754	-	-
Other operating expenses	- 336	- 67	-	-
	806	5.687	-	-

1) Other operating income comprises curtailment gains in 2015 and income from sale of properties in 2014

Note**2.4 Income from investments in subsidiaries and associates****Accounting policies**

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

Income from investments in subsidiaries
in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Profit before tax	-	-	126.254	102.598
Tax for the year	-	-	30.000	31.754
Minority interest	-	-	66	66
Profit after tax	-	-	96.188	70.778

Income from investments in associates
in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Profit after tax	1.958	2.162	-	-
	1.958	2.162	-	-

2.5 Income tax and 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 Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Key accounting estimates

Hempel is subject to income taxes around the world. Significant judgement is required in determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provision for uncertain tax positions. Hempel recognises deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management has considered future taxable income in assessing whether deferred income tax assets should be recognised. In the course of conducting business globally, transfer pricing disputes with tax authorities may occur, and Management judgement is applied to assess the possible outcome of such disputes. Hempel believes that the provision made for uncertain tax positions not yet settled with local tax authorities is adequate. However, the actual obligation may deviate and is dependent on the result of litigations and settlements with the relevant tax authorities.

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Hempel Group:				
Profit before tax	138.521	114.076		
Income from investments in associates	- 1.958	- 2.162		
	136.563	111.914		
Income tax on profit for the year:				
Total tax	- 30.219	- 32.010	-	-
Tax in respect of subsidiaries			-	-
Tax in respect of associates	219	256	-	-
	- 30.000	- 31.754	-	-
Current tax for the year	- 39.933	- 31.320	-	-
Deferred tax for the year	6.212	1.696	-	-
Of which entered at Equity	- 791	- 1.004	-	-
Adjustment in respect of previous years	4.512	- 1.126	-	-
Income tax	- 30.000	- 31.754	-	-

	Group	
	2015	2014
Effective tax rate of the Group	22,0%	28,4%
Reconciliation of tax rate:		
Danish tax rate	23,5%	24,5%
Higher/(lower) tax rates of foreign subsidiaries	-3,3%	-3,2%
Weighted tax rate of the Group:	20,2%	21,3%
Permanent differences	1,4%	1,6%
Unrecognised deferred tax assets	1,6%	3,1%
Unrecognised deferred tax assets related to prior year	-5,8%	-0,4%
Adjustments related to previous years	0,1%	-0,4%
Other adjustments	2,3%	1,4%
Dividend tax and other taxes at source	2,2%	1,8%
Effective tax rate of the Group	22,0%	28,4%

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 carry-forwards, are measured at the value at settlement of the liability, respectively, 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.

in EUR thousands

Deferred tax (net) relates to the following items:

	Group		Parent Company	
	2015	2014	2015	2014
Inangible assets	- 8.930	- 13.526	-	-
Property, plant and equipment	- 108	- 1.264	-	-
Fixed asset investments	- 1.780	181	-	-
Inventories	3.808	1.605	-	-
Trade receivables	1.672	1.082	-	-
Provisions and other payables	7.002	2.503	-	-
Tax losses	3.591	343	-	-
	5.255	- 9.076	-	-

At 31 December 2015, the Group has a non-recognised tax asset of EUR 29 million (2014: EUR 30 million), of which the parent company represents EUR 15 million (2014: EUR 13 million).

in EUR thousands

The net value is recognised in the balance sheet as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Deferred tax assets	32.648	19.870	-	-
Deferred tax liabilities	- 27.393	- 28.946	-	-
	5.255	- 9.076	-	-

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 financial income and expenses.

in EUR thousands

The net value is recognised in the balance sheet as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Current tax assets	5.785	4.595	-	-
Current tax liabilities	- 20.643	- 14.166	-	-
	- 14.858	- 9.571	-	-

Section 3

Operating assets and liabilities

Note

3.1 Intangible assets

Accounting policies

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life on the basis of managements experience within the individual areas, which is assessed at 2-20 years.

Development projects concerning products, processes and software that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the product or process in question, are recognised as intangible assets. The costs comprise expenses, including salaries and amortisation, directly or indirectly attributable to these development projects.

Upon completion of the development project, costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3-10 years.

Other development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Customer relations are measured at cost less accumulated amortisation and impairment losses. The period of amortisation is 2-17 years.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives

Impairment

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation. If so, the asset is written down to its lower recoverable amount.

in EUR thousands

	Group					Total
	Goodwill	Software	Software under development	Customer relationships	Other intangible assets	
Costs, beginning of year	92.036	28.454	1.078	84.183	73.655	279.406
Exchange adjustment at year-end rate	7.490	222	- 3	7.359	4.057	19.125
Acquisition of enterprises	62.947	-	-	35.459	14.958	113.364
Additions for the year	54	1.444	3.235	-	5.549	10.282
Disposals for the year	-	- 693	-	-	- 415	- 1.108
Transfer to/from other items	-	2.257	- 2.257	-	-	-
Costs, end of year	162.527	31.684	2.053	127.001	97.804	421.069
Accumulated amortisation, beginning of year	32.871	19.140	-	51.074	18.046	121.131
Exchange adjustment at year-end rate	2.907	27	-	5.385	1.108	9.427
Amortisation for the year	14.671	6.232	-	6.232	6.956	34.091
Reversal of amortisation of assets sold	-	- 693	-	-	- 415	- 1.108
Accumulated amortisation, end of year	50.449	24.706	-	62.691	25.695	163.541
Carrying amount, end of year	112.078	6.978	2.053	64.310	72.109	257.528

Other intangible assets comprises brands, formulas, non compete and leaserights

Amortisation and impairment are specified as follows:

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Production costs	885	621	-	-
Sales and distribution costs	629	288	-	-
Administrative costs	32.577	18.432	-	-
	34.091	19.341	-	-

Note**3.2 Property, plant and equipment****Accounting policies**

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

Cost comprises 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, cost comprises 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 cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Leases in terms of which the Group 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 Group.

Depreciation based on cost 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 years
Laboratory equipment	10 years
Plant and machinery	10 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 years.

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

	Group				Total
	Land and buildings	Plant and machinery	Other fixed assets	Assets under construction	
Costs, beginning of year	178.697	192.604	81.378	28.867	481.546
Exchange adjustment at year-end rate	9.288	9.816	4.373	- 1.246	22.231
Acquisition of enterprises	10.206	8.212	1.413	-	19.831
Additions for the year	8.570	9.854	6.935	12.842	38.201
Disposals for the year	- 6.401	- 7.767	- 7.156	- 504	- 21.828
Transfer to/from other items	11.198	4.532	1.125	- 17.228	- 373
Costs, end of year	211.558	217.251	88.068	22.731	539.608
Accumulated amortisation, beginning of year	57.559	140.624	64.300	-	262.483
Exchange adjustment at year-end rate	4.000	7.630	3.528	-	15.158
Depreciation for the year	9.405	11.457	6.427	-	27.289
Reversal of amortisation of assets sold	- 6.268	- 8.080	- 6.342	-	- 20.690
Accumulated depreciation, end of year	64.696	151.631	67.913	-	284.240
Carrying amount, end of year	146.862	65.620	20.155	22.731	255.368
Including leased assets of	2.971	-	-	-	2.971
including interest expenses of	1.178	280	-	40	1.498

in EUR thousands

Depreciation and Impairment are specified as follows:

Production costs
Sales and distribution costs
Administrative costs

	Group	
	2015	2014
Production costs	17.118	10.311
Sales and distribution costs	5.428	4.185
Administrative costs	4.743	3.457
	27.289	17.953

Note**3.3 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

	Group		Parent Company	
	2015	2014	2015	2014
Costs, beginning of year	42.017	24.585	42.017	24.585
Additions for the year	35.386	81.709	35.386	81.709
Disposals for the year	- 43.632	- 64.332	- 43.632	- 64.332
Exchange adjustment at year-end rate	- 106	55	- 106	55
Costs, end of year	33.665	42.017	33.665	42.017
Net revaluations, beginning of year	735	211	735	211
Net revaluations, for the year	- 1.228	524	- 1.228	524
Exchange adjustment at year-end rate	- 2	-	- 2	-
Net revaluations, end of year	- 495	735	- 495	735
Carrying amount, end of year	33.170	42.752	33.170	42.752

The net values are specified as follows:

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Bonds	7.886	10.432	7.886	10.432
Shares	25.284	32.320	25.284	32.320
	33.170	42.752	33.170	42.752

3.4 Inventories**Accounting policies**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Raw materials and consumables	76.572	59.918	-	-
Work in progress	4.204	5.306	-	-
Finished goods	140.740	123.534	-	-
	221.516	188.758	-	-

3.5 Prepayments**Accounting policies**

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

Note**3.6 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 Company'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

	Group		Parent Company	
	2015	2014	2015	2014
Receivables	474.523	417.663	23.084	158
of which due more than one year from balance sheet date	6.218	5.160	-	-

3.7 Pension and similar assets and obligations**Accounting policies**

Hempel operates a number of defined contribution plans throughout the world. Hempel's contributions to the defined contribution plans are charged to the Income statement in the year to which they relate. In a few countries, Hempel still operates defined benefit plans. The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the valuation dates and is based on actuarial assumptions primarily regarding discount rates used in determining the present value of benefits and projected rates of remuneration growth. Discount rates are based on the market yields of high-rated corporate bonds in the country concerned. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise. Past service costs are recognised immediately in the income statement. Pension assets are only recognised to the extent that Hempel is able to derive future economic benefits such as refunds from the plan or reductions of future contributions.

The net obligation recognised in the Balance sheet is reported as non-current asset and liabilities.

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Pension and similar obligations comprise:				
Pension and similar obligations	54.205	59.107	-	-
Fair value of assets related to the plans	- 36.768	- 39.608	-	-
Pension obligations (net)	17.437	19.499	-	-
Recognition in the balance sheet:				
Assets	169	-	-	-
Liabilities	17.606	19.499	-	-
Pension obligations recognised in the balance sheet (net)	17.775	19.499	-	-
Defined benefit plans				
Specification of plan assets:				
Shares and properties	38%	37%	-	-
Fixed interest current asset investments	59%	61%	-	-
Cash at bank and in hand	3%	2%	-	-
Total	100%	100%	-	-
Weighted average assumptions:				
Discount rate	2,9%	2,6%	-	-
General wage inflation	2,5%	2,5%	-	-
General price inflation	1,5%	1,5%	-	-

Note**3.8 Provisions****Accounting policies**

Provisions are recognised when - in consequence of an event having occurred before or on the balance sheet date - the Group 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 both factual, legal and estimated liabilities as a result of events occurring before the end of the financial year. Estimates are based on Managements judgement

in EUR thousands

	Group				
	Environmental obligations	Warranty commitments	Other provisions	2015 Total	2014 Total
Total provisions, beginning of year	19.384	9.109	6.818	35.311	36.341
Exchange adjustment at year-end rate	271	-	249	520	566
Reclassification 1 January	-	-	-	-	- 1.677
Acquisition of enterprises	2.746	2.563	12.722	18.031	-
Additions for the year	119	1.911	708	2.738	845
Reversed	- 333	-	-	- 333	2
Disposals for the year	-	-	- 107	- 107	- 766
Total provisions, end of year	22.187	13.583	20.390	56.160	35.311
<i>Maturities are expected to be:</i>					
Within 1 year	875	501	-	1.376	-
Between 1 and 5 years	21.312	12.299	7.669	41.280	34.336
after 5 years	-	783	12.721	13.504	975
	22.187	13.583	20.390	56.160	35.311

3.9 Other liabilities**Accounting policies**

Other liabilities are measured at amortised cost, substantially corresponding to nominal value. Other liabilities comprise employee costs payable, VAT and duties payable, accruals, other payables and fair values of derivative financial instruments.

Section 4

Capital structure and financing items

Note

4.1 Share capital, distribution to shareholders

Accounting policies

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

The share capital amounts to DKK 115 million. (EUR 15.450 thousands)

There have been no changes to the share capital in the past five years.

4.2 Bank loans etc.

Accounting policies

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Long-term bank borrowings etc. including short-term part:

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Due within 1 year	6.604	31.897	-	-
Due within 1 to 5 years	256.045	167.468	-	-
Due after 5 years	2.708	1.111	-	-
	265.357	200.476	-	-

4.3 Financial risks

Due to its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. The Group's financial management is focused only on managing financial risks relating to operations and financing. Accordingly, it is Group policy not to speculate actively in financial risks.

The Group has no material risks relating to a single customer or business partner. It is the Group's credit policy to rate major customers and other business partners on a current basis.

Note**4.4 Derivative financial Instruments****Accounting policies**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualifies as a cash flow hedge. Changes in the fair values of the cash flow hedges are recognised in equity.

Currency risks:

Open foreign currency hedges at 31 December 2015 entered into in order to hedge future purchases and sales as well as receivables and payables in foreign currencies are specified as follows:

<i>in EUR million</i>	Contract amount based on exercise price ¹⁾	Fair value	Term to maturity (months)
BRL	-1,7	-0,1	1
CLP	-2,2	0,0	1
CZK	-0,7	0,0	1
EUR	-33,0	-0,0	1
GBP	-16,3	0,0	1
HKD	-11,9	-0,0	1
IDR	-3,6	-0,0	1
KRW	9,3	-0,0	1
PLN	-14,6	-0,0	1
RUB	-13,1	1,2	4
SGD	-12,9	-0,0	1
USD	-58,6	0,0	1
ZAR	-5,3	0,2	2
		1,3	

1) Positive principal amounts equal a purchase of the currency in question and negative amounts equal a sale.

	Bank borrowings covered by interest rate swaps	Cash flow Average term to maturity	Terms Average fixed interest rate
Financial instruments at 31 December 2015	141	0.6 years	of 2.8%

Bank borrowings of EUR 265 million comprise loans of EUR 75 million, GBP 50 million (EUR 68 million) and USD 100 million (EUR 91 million), as well as other loans denominated in other currencies. The interest effect of interest rate swaps of EUR 76 million and GBP 48 million (EUR 141 million) is included in the calculated interest. The fair value adjustments of Interest rate swaps of EUR -1.7 million (2014: EUR -4 million) in total at 31 December 2015 is recognised directly in equity.

The weighted average effective interest rates as at the balance sheet date were as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Bank borrowings etc.	2,8%	3,3%	-	-

4.5 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

	Group		Parent Company	
	2015	2014	2015	2014
External interest income	1.957	2.049	576	590
Interest income from subsidiaries	-	-	128	-
External interest expenses	- 15.141	- 13.380	- 170	- 181
Interest paid to subsidiaries	-	-	-	-
Dividend	791	399	790	147
Realised and unrealised exchange gains/losses, net	- 9.158	- 5.099	- 967	584
	- 21.551	- 16.031	355	1.140

Note**4.6 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

	Group		Parent Company	
	2015	2014	2015	2014
Cash at bank and in hand, beginning of year	139.231	143.930	953	472
Securities, beginning of year	-	-	-	-
Overdraft facilities, beginning of year	- 84.058	- 65.574	-	-
	55.173	78.356	953	472
Cash, end of year	140.564	139.231	27.032	953
Securities, end of year	-	-	-	-
Overdraft facilities, end of year	- 96.969	- 84.058	-	-
	43.595	55.173	27.032	953

4.7 Change in working capital**Accounting policies**

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

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Change in receivables	- 51.836	- 35.095	- 22.926	- 1
Change in inventories	- 6.227	- 18.122	-	-
Change in trade payables	755	22.917	- 304	371
	- 57.308	- 30.300	- 23.230	370

4.8 Balance sheet items of acquired enterprises**Accounting policies**

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life, but not exceeding 20 years. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill, including in amortisation already made. Amortisation of goodwill is allocated in the consolidated financial statements to administrative costs.

in EUR thousands

	Group	
	2015	2014
Intangible assets	112.900	2.457
Property, plant and equipment	19.800	9.836
Deferred tax asset	7.200	-
Inventories	20.200	2.945
Receivables	10.000	2.736
Cash at bank and in hand	-	-
Provisions	- 18.900	- 1.736
Long-term payables	-	-
Short-term payables	- 10.200	- 5.838
Net assets	141.000	10.400
Cash and cash equivalents	200	716
Settlement of intercompany loan	-	2.502
Non Cash	-	- 291
Net cash flows from acquisitions	141.200	13.327

Section 5

Other disclosures

Note

5.1 Fee to the auditors appointed at the General Meeting

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
Audit fee	1.236	924	17	7
Other assurance engagements	71	30	-	-
Tax advice	741	239	-	-
Other fees	882	295	9	-
	2.930	1.488	26	7

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

	Group		Parent Company	
	2015	2014	2015	2014
Amortisation, depreciation and impairment, including goodwill	61.380	37.294	-	-
Provisions	1.898	- 835	-	-
Exchange rate adjustment, operating profit	- 8.298	4.534	55	102
Gains and losses on the sale of fixed assets	9	- 5.339	-	-
	54.989	35.654	55	102

5.3 Contingent liabilities and other financial obligations

The operating lease commitments are related to non-cancellable operating leases primarily related to premises, company cars and office equipment.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Other guarantees primarily relate to bid and performance bonds

in EUR thousands

	Group		Parent Company	
	2015	2014	2015	2014
<i>Rental and lease obligations:</i>				
Due within 1 year from the balance sheet date	14.091	13.727	-	-
Due within 1 to 5 years from the balance sheet date	36.558	35.698	-	-
Due more than 5 years from the balance sheet date	10.477	13.968	-	-
	61.126	63.393	-	-
<i>Guarantees:</i>				
For local loans and bank credits to subsidiaries ¹⁾			-	-
Other guarantees	3.843	3.130	-	-
	3.843	3.130	-	-

1) Unutilised guarantees for local loans and bank credits to subsidiaries amount to EUR 31 million (2014: EUR 35 million).

Other contingent liabilities:

As part of its current operations, the Group is a party to certain legal disputes, and certain claims have been advanced against the Group concerning complaints, pollution and environmental issues. It is management's assessment that these disputes and claims will have no material effect on the Group's financial position.

Hempel Holding A/S is jointly taxed with a number of Danish companies in the Hempel Foundation Group.

The Group's Danish enterprises are jointly and severally liable for Danish taxes at source and income taxes.

Note**5.4 Related parties and ownership****Basis****Controlling influence:**

Hempel Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark

Ultimate parent company

Members of the Executive Board and Board of Directors of Hempel A/S as well as the Board of Trustees of the Hempel Foundation and Hempel Holding A/S are also regarded as related parties. The members of the Boards of Directors of the Hempel Foundation and Hempel Holding coincide.

Other related parties:

Saudi Arabian Packaging Industry W.L.L., P.O. Box 1966, Dammam 31441, Saudi Arabia
Sapin United Arab Emirates L.L.C., P.O. Box 115132, United Arab Emirates

Associate
Associate

Hempels Employee Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark
Hempels Cultural Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark
Brænderupvænge ApS, Amaliegade 8, 1256 Copenhagen K, Denmark
Keldskov ApS, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party
Related party
Related party
Related party**5.5 Investments in subsidiaries and associates**

Investments in subsidiaries and associates 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 and associates is transferred upon distribution of profit to 'Reserve for 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 and associates.

Subsidiaries and associates with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the parent company to cover the negative balance of the enterprise is recognised in provisions.

in EUR thousands

Investments in subsidiaries

Costs, beginning of year

Exchange adjustment at year-end rate

Costs, end of year

Net revaluations, beginning of year

Exchange adjustment at year-end rate

Other adjustments

Profit

Tax for the year

Dividend received

Net revaluations, end of year

Carrying amount, end of year

Investments in associates

Costs, beginning of year

Costs, end of year

Net revaluations, beginning of year

Exchange adjustment at year-end rate

Net profit

Dividend received

Net revaluations, end of year

Carrying amount, end of year

	Group		Parent Company	
	2015	2014	2015	2014
Costs, beginning of year			209.655	209.186
Exchange adjustment at year-end rate			- 531	469
Costs, end of year			209.124	209.655
Net revaluations, beginning of year			211.095	167.185
Exchange adjustment at year-end rate			11.596	15.957
Other adjustments			-	- 2.891
Profit			126.254	102.598
Tax for the year			- 30.000	- 31.754
Dividend received			- 40.000	- 40.000
Net revaluations, end of year			278.945	211.095
Carrying amount, end of year			488.069	420.750
Costs, beginning of year	84	84		
Costs, end of year	84	84		
Net revaluations, beginning of year	16.389	13.508		
Exchange adjustment at year-end rate	1.996	2.042		
Net profit	2.177	2.418		
Dividend received	- 1.726	- 1.579		
Net revaluations, end of year	18.836	16.389		
Carrying amount, end of year	18.920	16.473		

5.6 The Hempel 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	98%
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 Holding A/S	DKK	-	-
Denmark	Hempel A/S	DKK	115.000.000	100%
Denmark	HSA (Danmark) 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%
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) Ple. Ltd.	SGD	2.700.000	100%
South Africa	Hempel Paints (South Africa) Pty Ltd.	ZAR	68.906.265	100%

Country	Name	Currency	Share capital	Ownership
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.	SYP	121.600.000	49%
Taiwan	Hempel (Taiwan) Co. Ltd.	TWD	20.000.000	100%
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

Land	Navn
Caribien	Pinturas Hempel (Caribien)
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

6.7 Financial definitions

Financial ratios have been calculated as follows:

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	=	$\frac{\text{Operating profit before amortisation/depreciation} \times 100}{\text{Revenue}}$
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	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$