CCL Label A/S

Tjærbyvej 90
DK-8930 Randers NØ

CVR no. 15 51 24 15

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting

on 16.05.2018 20 ____

chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of CCL Label A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Randers, 16 May 2018
Executive Board:

Lars Vadstrup Søberg
CEO

Board of Directors:

Svend Lynge Jørgensen Chairman	Wilfried Mathias Männel	Lars Vadstrup Søberg
Claus Christensen	Michael Helge Unold	Brian Vilstrup Beier

Independent auditor's report

To the shareholders of CCL Label A/S

Conclusion

We have audited the financial statements of CCL Label A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 16 May 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
MNE-NO: 32737

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Gross profit	52,038	69,073	71,593	82,509	79,632
Operating profit	13,468	23,945	27,662	38,533	35,078
Profit before tax	2,234	23,290	27,457	37,957	35,512
Profit for the year	**2,041**	**18,252**	**21,062**	**28,567**	**27,397**
Total assets	186,701	117,623	114,340	123,754	150,216
Investments in property, plant and equipment	21,205	1,555	9,403	12,952	2,976
Equity	-81,510	76,771	70,820	74,758	101,190
Return on invested capital	7.2%	20.4%	24.2%	31.1%	23.4%
Return on equity	-86.1%	24.7%	28.9%	32.5%	25.7%
Solvency ratio	-43.7%	65.3%	61.9%	60.4%	67.4%
Average number of full-time employees	157	175	176	186	181

No restatement of comparative figures, why the financial highlights from 2013-2016 only contains CCL Label A/S.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

Return on invested capital $$\frac{\text{Operating profit/loss} \times 100}{\text{Total assets}}$$

Return on equity $$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities of the Company

The Company principal activity is production and sale of labels.

Development in activities and financial position

The results for 2017 were in line with expectations due to lower activity level than in 2016.

With effect from 1 January 2017, the Company has merged with the former parent company, Syrinx ApS, and consequently investment in the German subsidiary and intercompany loan is recognised in the balance sheet. The equity of the German subsidiary is significantly higher than the recognised carrying amount of the investment. Comparable figures have not been restated. Equity is negatively impacted by DKK 160 million and is therefore negative in the amount of DKK 81 million at 31 December 2017. After the balance sheet date, the equity is expected to be re-established through capital increase of between DKK 110-150 million. Based on this, Management considers the capital resources to be sufficient.

Outlook

With the current market conditions, gross profit and profit for 2018 are expected to be higher than in 2017.

Risks

Currency risks

Activities are primarily settled in DKK, EUR and SEK. Foreign exchange translations are deemed not to have any significant impact on the results for the year.

Environment

The Company has maintained its certification in accordance with ISO 14001.

Intellectual capital

The primary intellectual capital of CCL Label A/S is its employees and their knowledge.

Product development

CCL Label A/S has continuously given product development high priority and developed several new products during the year. Product development partly takes place in cooperation with customers and partly at the Company's own account in order to secure a successful outcome for the products developed.

Financial statements 1 January – 31 December

Income statement

	Note	2017	2016
Gross profit		52,037,689	69,072,543
Distribution costs	2	-11,863,518	-13,427,911
Administrative expenses	2	-26,705,772	-31,699,735
Operating profit		13,468,399	23,944,897
Financial income	3	55,509	76,327
Financial expenses	4	-11,289,525	-731,138
Profit before tax		2,234,383	23,290,086
Tax on profit for the year	5	-193,277	-5,038,434
Profit for the year	6	2,041,106	18,251,652

Financial statements 1 January – 31 December

Balance sheet

	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	7		
Goodwill		1,166,120	1,360,474
		1,166,120	1,360,474
Property, plant and equipment	8		
Land and buildings		13,478,691	14,239,695
Plant and machinery		31,684,665	22,971,332
Fixtures and fittings, tools and equipment		3,421,280	3,350,215
Leasehold improvements		31,069	40,389
Property, plant and equipment under construction		1,497,068	695,383
		50,112,773	41,297,014
Investments			
Equity investments in group entities	9	84,496,033	0
Other securities and equity investments		610,309	0
Deposit		812,644	808,609
		85,918,986	808,609
Total fixed assets		137,197,879	43,466,097
Current assets			
Inventories			
Raw materials and consumables		4,486,209	4,755,602
Work in progress		1,829,605	2,087,484
Finished goods and goods for resale		697,355	678,951
		7,013,169	7,522,037
Receivables			
Trade receivables		27,287,912	30,920,820
Receivables from group entities		7,413,058	25,028,922
Other receivables		931,734	292,741
Corporation tax		1,016,131	0
Prepayments		1,459,879	1,724,074
		38,108,714	57,966,557
Cash at bank and in hand		4,380,852	8,667,990
Total current assets		49,502,735	74,156,584
TOTAL ASSETS		186,700,614	117,622,681

Financial statements 1 January – 31 December

Balance sheet

	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital	10	12,000,000	12,000,000
Retained earnings		-93,510,367	64,771,326
Proposed dividends for the financial year		0	0
Total equity		-81,510,367	76,771,326
Provisions			
Provisions for deferred tax	11	2,653,783	3,075,358
Total provisions		2,653,783	3,075,358
Liabilities other than provisions			
Non-current liabilities other than provisions			
Trade payables		14,910,003	11,626,200
Payables to group entities	12	230,599,642	1,703,565
Other payables, including tax payables		20,047,553	24,446,232
		265,557,198	37,775,997
Total liabilities other than provisions		265,557,198	37,775,997
TOTAL EQUITY AND LIABILITIES		186,700,614	117,622,681

Financial statements 1 January – 31 December

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2017	12,000,000	64,771,326	0	76,771,326
Addition regarding business combinations	0	-160,322,799	0	-160,322,799
Distributed dividends	0	0	0	0
Transferred over the profit appropriation	0	2,041,106	0	2,041,106
Equity at 31 December 2017	12,000,000	-93,510,367	0	-81,510,367

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of CCL Label A/S for 2017 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidatd financial statements have been prepared. The financial statements of CCL Label A/S and its subsidiaries are included in the consolidated financial statements of CCL Industries inc., Canada.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of CCL Industries Inc., Willowdale, Ontario, Canada.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

Business combinations

When acquiring new entities, the acquisition method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

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1 Accounting policies (continued)

Business combinations (continued)

The bookvalue method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the merger without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Income statement

Gross profit

In accordance with section 32 of the Danish Financial Statements Act revenue and production costs are aggregated in the financial statement caption "Gross profit".

Revenue

Revenue is recognised in the income statement provided that invoicing, delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of plant.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses, depreciation and amortisation.

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at costs are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Goodwill

On initial recognition, intangible assets are measured at cost. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. Amortisation is provided on a straight-line basis over 10 years. Goodwill has arisen in connection with strategic acquisition, and therefore goodwill is amortised over 10 years on the basis of Management's experience in the relevant area of business.

Gains and losses on the disposal of goodwill are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Production buildings	25-40 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	2-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

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Notes

2 Accounting policies (continued)

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the

Property, plant and equipment (continued)

date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets.

Investments

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Deposits are recognised at amortised cost.

Leases

All leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories (continued)

Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

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Notes

		2017	2016
2	**Staff costs**		
	Wages and salaries	74,558,175	79,225,382
	Pensions	6,318,735	6,198,847
	Other social security costs	1,912,083	597,127
		82,788,993	86,021,356
	Average number of full-time employees	157	176
	Staff costs are recognised in the financial statements as follows:		
	Production costs	62,222,829	62,465,958
	Distribution costs	7,687,764	8,525,076
	Administrative expenses	12,878,400	15,030,322
		82,788,993	86,021,356
3	**Financial income**		
	Interest income, banks	707	1,351
	Foreign exchange gains	3,867	74,976
	Other interest income	50,935	0
		55,509	76,327
4	**Financial expenses**		
	Interest expense, banks	31,206	7,597
	Interest expense, associated companies	9,174,668	0
	Foreign exchange losses	843,719	538,583
	Other financial expenses	1,239,932	184,958
		11,289,525	731,138

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Notes

		2017	2016
5	**Tax on profit for the year**		
	Current tax for the year	614,852	5,820,093
	Deferred tax adjustment for the year	-421,575	-781,659
		193,277	5,038,434
6	**Profit appropriation**		
	Proposed dividends for the financial year	0	0
	Retained earnings	2,041,106	18,251,652
		2,041,106	18,251,652

7 Intangible assets

	Goodwill
Cost at 1 January 2017	1,943,534
Cost at 31 December 2017	1,943,534
Amortisation and impairment losses at 1 January 2017	-583,060
Amortisation	-194,354
Amortisation and impairment losses at 31 December 2017	-777,414
Carrying amount at 31 December 2017	1,166,120

Financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Non-current assets under construction	Total
Cost at 1 January 2017	40,812,411	185,652,962	18,149,118	1,138,732	695,383	246,448,606
Transferred	0	695,383	0	0	-695,383	0
Additions	0	18,497,196	1,210,996	0	1,497,068	21,205,260
Disposals	0	-39,609,070	-3,208,934	0	0	-42,818,004
Cost at 31 Decem ber 2017	40,812,411	165,236,471	16,151,180	1,138,732	1,497,068	224,835,862
Depreciation at 1 January 2017	-26,572,716	-162,681,630	-14,798,903	-1,098,343	0	-205,151,592
Disposals	-761,004	-8,184,313	-1,106,159	-9,320	0	-10,060,796
Depreciation	0	37,314,137	3,175,162	0	0	40,489,299
Depreciation at 31 Decem-ber 2017	-27,333,720	-133,551,806	-12,729,900	-1,107,663	0	-174,723,089
Carrying amount at 31 Decem-ber 2017	13,478,691	31,684,665	3,421,280	31,069	1,497,068	50,112,773

Financial statements 1 January – 31 December

Notes

9 Investments

	Equity investments in subsidiaries
Cost at 1 January 20177	84,496,033
Cost at 31 December 2017	84,496,033
Carrying amount at 31 December 20177	84,496,033

Name/legal form	Voting rights and ownership interest	Equity	Profit for the year
Syrinx Holding Germany GmbH, Holzkirchen, Germany (Consolidated)	100%	807,024,000	225,052,000
		807,024,000	225,052,000

	2017	2016
10 Share capital		
One share of a nominal amount of DKK 3,000,000	3,000,000	3,000,000
One share of a nominal amount of DKK 2,700,000	2,700,000	2,700,000
One share of a nominal amount of DKK 300,000	300,000	300,000
One share of a nominal amount of DKK 6,000,000	6,000,000	6,000,000
	12,000,000	12,000,000

11 Deferred tax

	2017	2016
Deferred tax at 1 January	3,075,358	3,857,017
Deferred tax for the year	-421,575	-781,659
	2,653,783	3,075,358

The provision for deferred tax relates to deferred tax on goodwill, property, plant and equipment and inventories.

Financial statements 1 January – 31 December

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12 Payables to group entities

Intercompany loan is due in 2018 and is therefore presented as current liabilities. Management expects the loan to be extended.

13 Contingent liabilities

At the balance sheet date, operating lease liabilities amount to DKK 992 thousand, of which DKK 617 thousand falls due within the initial year. The leases come with periods of interminability of up to 36 months.

At the balance sheet date, rental obligations amounted to DKK 4,115 thousand for the period of interminability. The tenancy agreement comes with a period of interminability of up to 12 months.

14 Mortgages and collateral

No assets have been provided as collateral to the Company's bankers.

15 Related party disclosures

CCL Label A/S' related parties comprise the following:

Controlling interest

CCL International Inc, 105 Gordon Baker Road, Suite 800, Willodale Ontario Canada.

CCL International Inc, holds the majority of the share capital in the Company.

CCL Label A/S is part of the consolidated financial statements of CCL Industries Inc, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of CCL Industries Inc. can be obtained by contacting the Company or at the following website: www.cclind.com/investors/investor-home.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

16 Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.